BASIS BRIEF
Broadening Access and Strengthening Input Market Systems

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LAND REDISTRIBUTION IN NAMIBIA AND ZIMBABWE

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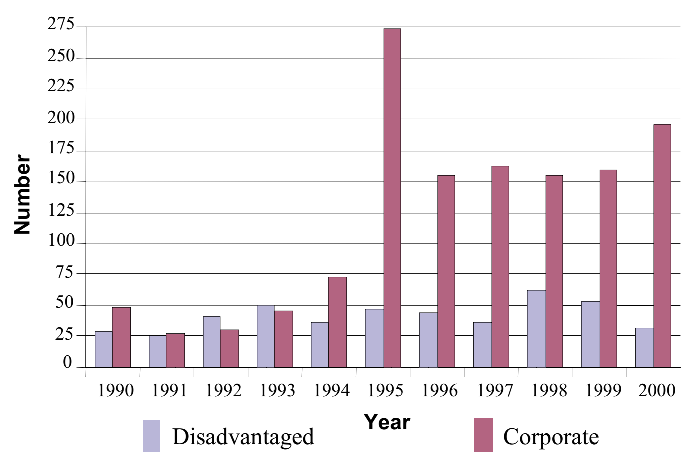
Will there be enough land to redistribute? The situation in Namibia

LAND REFORM IN NAMIBIA is governed by the Agricultural (Commercial) Land Act of 1995. This act created the mechanisms by which commercial farmland is acquired by the government and redistributed to the formerly disadvantaged. Using a combination of direct purchases (by the government and through an affirmative action loan scheme run by the parastatal, Agribank) approximately 300 commercial farms with a total area of about 2.5 million hectares have been purchased for redistribution. The principle that governs land acquisition is "willing buyer, willing seller," in which land is purchased on the open market.

Over the past 11 years, the government's reliance on the land market and its insistence on paying just compensation for land has come under increasing criticism. Labor unions, indigenous farmer's groups, and opposition politicians all have criticized the government's stance. There has even been criticism from within the government's own ranks, as backbenchers in Parliament raise their voices in opposition to paying for land they consider stolen. While these criticisms have not reached the level of other countries in southern Africa, it would be unwise to not pay attention. Land restitution, in response to the colonial expropriation that took place in the last century, was, and still is, a significant political force within Namibia.

BASIS-supported research undertaken by the University of Namibia has uncovered weaknesses in existing legislation that result in commercial farmland being removed from the redistribution process. Under the 1995 Act, commercial farmland that is sold must first be offered to the Namibian Government, which can purchase and then redistribute the farm in question. As part of its census of agricultural land transactions, the research team uncovered a loophole in the law that allows sellers of commercial farms to avoid the requirement of first offering land to the government. The key is that the law mentions the "sale" of property. By creating closed corporations, many

Farms transferred to the formerly disadvantaged versus those transferred to corporate control



landowners then “donate” their farms to the closed corporation and thus avoid having to offer the farm to the government. In the future, the farm can be “purchased” by acquiring a majority of the shares of the corporation. Such subsequent transactions are not covered by the 1995 Act because the Act is only concerned with land, not with corporate shares. In this way land is removed from consideration for redistribution in both the short and long term.

The agricultural land census found three disturbing trends. The number of farms transferred to the formerly disadvantaged has remained relatively constant (see figure, previous page). Since 1990, roughly 9% of commercial farmland has been redistributed. This includes farms purchased by the government and those purchased through affirmative action loan schemes or through banks. In many quarters this is seen as too slow and too little, and there have been consistent calls on the government to speed up the redistribution process. Conversely, 1325 commercial farms have been transferred to corporate control since 1990. This represents 25% of all commercial farms. When plotted on a yearly basis, the number of such transfers rises significantly in 1994 and then explodes in 1995, when the Agricultural (Commercial) Land Act was passed (see figure). Through 1999, more than 6.2 million hectares of land had been transferred to corporate status.

If patterns of the past several years continue, it is possible that more than 50% of commercial farmland in Namibia will be under corporate ownership by 2015. Less and less land will be available for the government to redistribute. While frustrations have not reached the boiling point, the government may find itself constrained by a lack of available land, and therefore unable to speed up land redistribution, at the very moment that popular political pressure becomes greatest.

Due to the research and data presented by the University of Namibia, the government currently is reviewing amendments to the Agricultural (Commercial) Land Act of 1995, as well as other legislation.

Equity in farmland transactions? The situation in Zimbabwe

Colonization created a dual agrarian structure in Zimbabwe, and land was distributed along racial lines. In 1997, approximately 4660 large-scale commercial farmers—mainly white—owned 11.2 million hectares; approximately 6 million black smallholder farmers occupied 16.4 million hectares, primarily in areas with low agricultural potential (UNDP 1998). Reversing the racial land imbalances created by colonization remains one of the greatest challenges facing the government.

The Land Tenure Act of 1969 divided land roughly equally between whites and Africans, though the whites constituted a small minority. An average white farmer owned about one hundred times more land than a black farmer (Bond-Stewart 1986). Table 1 shows ownership patterns in 1969.

Table 1. Division of land according to the Land Tenure Act of 1969 (in hectares)

	White	African
Forest area	753,023	171,635
General land	15,580,056	-
Tribal trust land	-	16,151,905
Specially designated land	7370	117,831
Purchase area	-	1,482,991
Parks and wildlife	1,770,913	254,733
TOTAL	**18,111,362**	**18,179,095**

Source: Riddell and Dickerman 1986.

With independence in 1980, the government initiated programs to reallocate land from white large-scale farmers to previously disadvantaged black smallholders. The Lancaster House Constitution of 1979 governed the first ten years of post-independence land redistribution. During this time, the government was obliged to acquire land for redistribution on a “willing buyer, willing seller” basis. Table 2 shows changes in the distribution of landownership after 1980.

After the Lancaster House Constitution expired, the government amended the clauses that constrained land transfers. Amendments were incorporated first in the Land Acquisition Act of 1985 and later in the Land Acquisition Act of 1992, which allowed the government to acquire agricultural land compulsorily for resettlement purposes. The Land Acquisition Act was amended in 2000 to remove government’s obligation to pay compensation, which now is paid only for fixed improvements made to land.

Table 2. Land distribution after independence (in millions of hectares)			
	1980	1990	1997
[1]Communal areas[a]	16.4	16.4	16.4
[1]Resettlement areas	0.0	3.3	3.6
[2]Small-scale commercial farms[b]	1.0	1.4	1.4
[2]Large-scale commercial farms[c]	14.8	11.4	11.3
[1]State farms	0.3	-	0.1
[1]National parks and wildlife and urban settlements	6.0	6.0	6.0

Source 1: GoZ 1999. Source 2: CSO 1998.
a. Formerly known as Tribal Trust Lands or Native Reserve.
b. Formerly known as Purchase Areas.
c. Formerly known as European Areas or General Land.

The government's land redistribution program focused mainly on the resettlement of black smallholder farmers from overcrowded areas—a political rather than market-driven process. These land reforms have been very slow and failed to meet targets. This has been attributed to restrictive clauses entrenched in the Lancaster House Constitution (Hlastwayo 1993), prohibitive prices of farmland, and unsuitable land offered by white farmers (GoZ 1990; World Bank 1991). Other authors have blamed the government for a lack of political will.

Early research concentrated on government efforts to redistribute land, yet little is understood about private land transactions between whites and the previously disadvantaged. The census surveys of farmland transaction from 1996-2000 investigated the redistribution of land from white commercial farmers to the previously disadvantaged in terms of public and private modes of land transfer, gender composition of beneficiaries, and the relative performance of each mode of redistribution.

The study revealed that the Zimbabwean land market is performing poorly in transferring land from whites to the previously disadvantaged. In South Africa, roughly 5% of agricultural land is transacted each year, whereas in Zimbabwe the annual turnover averaged just 1.4% over the five-year census period from 1996-2000. Trends are shown in table 3.

The dismal performance of the land market can be attributed largely to rampant inflation in the Zimbabwean economy that raised the cost of capital needed to finance farm purchases. Rising nominal interest rates also explain a steady decline in the number of farm transactions financed with mortgage loans. Lending rates grew from 27% in 1996 to 70.5% in 2000 (CSO 2001).

Restrictions on the subdivision of large commercial farms into smaller, more affordable units also reduce access to land markets. In Zimbabwe, the process of

Table 3: Estimated rate of land redistribution in Zimbabwe					
	1996	1997	1998	1999	2000
Area of farmland originally available for redistribution (ha)	15,106,479	15,106,479	15,106,479	15,106,479	15,106,479
Area of land transacted (ha)	215,058	350,647	295,450	133,503	92,443
Percentage of area redistributed (%)	1.424	2.321	1.955	0.883	0.611
Net area of farmland acquired by disadvantaged people (ha)	59,722	32,715	24,685	79,502	33,059
Rate of land redistribution (%)	0.396	0.213	0.163	0.527	0.219
Cumulative rate of land redistribution (%)	0.396	0.609	0.772	1.299	1.518

Source: survey data

BASIS Briefs

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applying for permission to subdivide land is cumbersome. The application has to be approved by some 13 government departments or parastatals. The Ministry of Local Government administers subdivisions through the Regional, Town and Country Planning Act. There is a need to review these procedures and the Act, which discourages subdivision. While there are valid economic arguments in favor of zoning good quality land for agriculture, there is no such basis for restrictions on subdivision. Areas operated are not constrained by areas owned when there is an active rental market for land.

The study shows that men still dominate the land market. The total area transferred to women as sole owners or co-owners was 60% of the area transferred to male owners. Land transfers to the female/co-owned category were mainly through private non-market transactions (inheritances and donations). Women were poorly represented in transactions financed by mortgage bonds. This could reflect adverse perceptions of their creditworthiness or legal status. Women deserve special attention when considering strategies to broaden access to the land market. An interesting feature of table 4 is the prominence of land purchased by corporate entities representing the interests of previously disadvantaged people.

Access to the land market in Zimbabwe has been severely constrained by (1) high nominal interest rates caused by rampant inflation, (2) legal barriers restricting the subdivision of large commercial farms, (3) the absence of innovative loan products designed to ease liquidity problems associated with conventional mortgage loans, and (4) the absence of public grants to complement loans and savings used by the previously disadvantaged (especially women) to finance land or equity in existing commercial farms. Without serious policy efforts to reduce these constraints, land reform has relied on a political process that has failed so far to draw emerging farmers more securely into the land market.

Table 4: Gender specific characteristics of farms acquired by disadvantaged people in Zimbabwe, 1996-2000 (2000=100)

	Male owner	Female owner/co-owned	Corporate owner
Mean area of farms (ha)	302 n=182	256 n=130	849 n=166
Total area of land (ha)	54,892 n=182	33,238 n=130	141,015 n=166
Total market value of land (ZW$)	322,965,584 n=160	137,465,752 n=98	612,829,997 n=155
Weighted land price (ZW$/ha)	7065 n=160	6732 n=98	4585 n=154

Source: survey data

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