

# The economic viability of emerging commercial farmers under the resettlement programme

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## Abstract

Land reform programmes have been embarked upon by some African governments to address land inequalities after gaining independence from their colonial masters. Land redistribution to the land poor and from large-scale farmers to small-scale farmers is thus robust, both theoretically and empirically. The Government of the Republic of Namibia (GRN) committed to addressing the skewed land ownership that prevailed for over a century in the country by introducing land reform programmes after independence. The National Resettlement Policy, the Agricultural (Commercial) Land Reform Act (No. 6 of 1995) and the Communal Land Reform Act (No. 5 of 2002) are the key instruments that guide land reform in the country, particularly concerning the acquisition of farmland for redistribution purposes. Secure land tenure is a necessary but not sufficient condition for the socioeconomic development of any society. Historically, many Namibian people were dispossessed of their land to pave the way for the establishment of large-scale commercial farms with freehold title for settlers. This practice resulted in many Namibians being confined to small-scale communal subsistence farming characterised by low returns and insecure land rights. The land redistribution programmes aimed at ensuring fair land distribution among all Namibians and the integration of previously disadvantaged Namibians into the mainstream of the country's economy. The Affirmative Action Loan Scheme (AALS) provides subsidised loans to previously disadvantaged Namibians enabling them to

acquire commercial farms and engage in large-scale farming, while the National Resettlement Programme (NRP) targets small-scale commercial farmers. While recognising that secure land rights are not the panacea for all shortcomings in agricultural productivity, this paper seeks to document factors influencing the economic viability of the resettlement programme in Namibia. This is done by analysing the ability of leasehold agreements granted to resettlement beneficiaries by the Ministry of Land Reform (MLR) to attract investment and subsequently trigger agricultural productivity, as well as by establishing other promoters contributing to this throughout. It is found that there has been improved productivity at the resettlement farms, but that there is still a lot of room for improvement. The current interventions by the stakeholders involved in land reform therefore have to be buttressed by more innovative efforts and also by the cooperation of the farmers themselves.

## 1 Introduction

African states' land reform policies and programmes have been geared towards redressing the land inequalities inherited from colonial regimes, particularly in countries where dispossession of land from local people was experienced.<sup>1</sup> In the same way, redistributive land policies respond to the demand for land by redressing skewed land distribution in order to promote inclusive agriculture for economic development.<sup>2</sup> The land reform legislation of southern African countries such as Namibia, South Africa and Zimbabwe, and to some extent Eswatini and Malawi, has been informed by redistributive land policies aimed at redressing unequal land distribution inherited from colonial regimes.<sup>3,4</sup> The rationale is that inclusive economic growth will be achieved through reformed land governance that improves agricultural productivity and eradicates poverty.<sup>5</sup>

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- 1 Byamugisha, F.K., 'Introduction and Overview of Agricultural Land Redistribution and Land Administration Case Studies', in Byamugisha, F., *Agricultural Land Redistribution and Land Administration in Sub-Saharan Africa: Case Studies of Recent Reforms*, International Bank for Reconstruction and Development / World Bank, Washington D.C., 2014.
  - 2 McKay, B., 'Redistributive Land Policies for Inclusive Growth and Poverty Eradication', International Institute of Social Studies (ISS) of Erasmus University, paper prepared for the meeting, 'Strategies for Eradicating Poverty to Achieve Sustainable Development for All', United Nations Department of Economic and Social Affairs (<https://www.un.org/development/desa/dspd/wp-content/uploads/sites/22/2017/04/Benedict-Mckay-Redistributive-Land-Policies-UN.pdf>).
  - 3 Mufune, P., 'Land Reform Management in Namibia, South Africa and Zimbabwe: A Comparative Perspective', *International Journal of Rural Management*, 6(1), 2010, pp. 1–31.
  - 4 Garcia, T. (n.d.), 'Land reform in Namibia: economic versus socio-political rationale' (retrieved 23 June 2019 from <http://www.fao.org/3/y5639t/y5639t05.htm>).
  - 5 Adams, M. & J. Howell, 'Redistributive Land Reform in Southern Africa', *Natural Resource Perspectives*, No. 64, Overseas Development Institute (ODI), London, 2001.

Against the backdrop of the foregoing, like many other southern African countries, Namibia has been, and to a lesser extent still is, an agrarian society.<sup>6</sup> Approximately 70% of the Namibian population depend on agricultural activities for their livelihoods; such activities are therefore imbued with deep cultural and social meaning for the Namibian people.<sup>7</sup> Agricultural land also accounts for 85% of the country's land area, with commercial farmland accounting for 44%.<sup>8</sup> Agriculture plays an important role in the country's economic sector as it is one of the pillar sectors. According to the 2016 Namibian Labour Force Survey,<sup>9</sup> together with the forestry and fishing sectors, agriculture accounted for 20.1% of total employment in the country. The Land Reform and Resettlement Programme (LRRP) has targeted further employment creation through the promotion of full-time farming.<sup>10</sup>

One of the burning issues at independence was the demand for agricultural land. After 1990, the GRN began to address the imbalances in land ownership to improve access to land and develop secure land tenure through land redistribution. The Namibian land reform policies and programmes are sociopolitically driven in the sense that they are intended to redress skewed land ownership brought about by the German and South African colonial regimes,<sup>11</sup> while also promoting rural development, economic empowerment and poverty alleviation.<sup>12</sup> Secure land rights are critical to the achievement of sustainable livelihoods and poverty reduction.<sup>13</sup> The provision of secure land tenure has also been documented as being important in improving land productivity in various countries.<sup>14</sup> In one model,<sup>15</sup> agricultural land over which there is secure tenure can serve as collateral for credit from financial institutions, and as an incentive to invest in the land, thereby strengthening long-

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- 6 Harring, S. & W. Odendaal, "No Resettlement Available": An assessment of the expropriation principle and its impact on land reform in Namibia, Land, Environment and Development Project (LEAD), Legal Assistance Centre (LAC), Windhoek, 2007.
  - 7 Food and Agriculture Organization (FAO) (n.d.), 'Extending the area under sustainable Land Management and reliable Water Control System' (retrieved 23 June 2019 from [www.fao.org/3/y6831e/y6831e-03.htm](http://www.fao.org/3/y6831e/y6831e-03.htm)).
  - 8 Garcia, T., op. cit.
  - 9 Namibia Statistics Agency (NSA), *The Namibia Labour Force Survey of 2016 Report* and *The Namibia Labour Force Survey of 2017 Report*, NSA, Windhoek, 2017 and 2018.
  - 10 Republic of Namibia, *National Resettlement Policy*, Ministry of Lands, Resettlement and Rehabilitation, Windhoek, 2001.
  - 11 Garcia, T., op. cit.
  - 12 Werner, W., *Land reform in Namibia: Motor or obstacle of democratic development*, Friedrich Ebert Foundation (1–18), FES, Berlin, 2003.
  - 13 Deininger, K. & R. van den Brink, *How land reform can contribute to economic growth and poverty reduction: Empirical evidence from international and Zimbabwean experience*, World Bank, Washington D.C., 2000.
  - 14 Deininger, K. & H. Binswanger, 'The Evolution of the World Bank's Land Policy: Principles, Experience, and Future Challenges', *World Bank Research Observer*, Vol. 14, No. 2, pp. 247–276.
  - 15 Place, F., 'Land Tenure and Agricultural Productivity in Africa: A Comparative Analysis of the Economic Literature and Recent Policy Strategies and Reforms', *World Development*, 37(8), pp. 1326–1336, 2009.

term user rights. In many Asian and North American countries, the land title has encouraged long-term investment and the adoption of the best, profitable and sustainable farming practices.<sup>16</sup>

Although it has been richly documented that access to agricultural land will enhance productivity, very little is known on land tenure security among the resettlement beneficiaries and the socioeconomic impact of land reform in Namibia. Therefore, this chapter seeks to demonstrate the economic viability of the resettlement programme in Namibia. This is done by analysing the ability of leasehold agreements given to resettlement beneficiaries to attract investment and subsequently trigger agricultural productivity. While economic viability is diversely defined, the definition adopted by O'Donoghue et al.<sup>17</sup> is suitable for the discussions in this chapter: "Broad goals that are basic livelihood security for farmers, and a return on investment sufficient to encourage investments in quality food production and responsible land stewardship". On the other hand, agricultural productivity is commonly defined as a ratio of output to inputs, with land, labour and capital being regarded as important factors for the evaluation of agricultural productivity. Other key production factors include labour, farming experience, fertilisers or animal feed and vaccinations, the availability and management of water, and other biological factors.<sup>18</sup> The analysis within this chapter will draw on MLR statistics and past assessments relating to impacts on poverty (2010), job creation through the National Resettlement Programme (NRP) and Affirmative Action Loans Scheme (AALS) farms, and the 2016 lease agreement assessment.

## 2 Land acquisition for redistributive purposes

Land tenure defines how property rights over land are to be allocated within societies.<sup>19</sup> The GRN thus developed appropriate regulations and procedures on the acquisition and granting of rights over commercial agricultural land in the hands of formerly advantaged Namibians to allow for access to and ownership of commercial farms by landless Namibians. LRRP initiatives are undertaken mainly under two pieces of legislation, namely the Agricultural (Commercial) Land Reform Act (No. 6 of 1995) (ACLRA) and the Communal Land Reform Act (No. 5

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16 Holden, S.T. & H. Ghebru, 'Land tenure reforms, tenure security and food security in poor agrarian economies: Causal linkages and research gaps', *Global Food Security*, Vol. 10, 2016, pp. 21–28.

17 O'Donoghue, C., S. Devisme, M. Ryan, R. Conneely, P. Gillespie & H. Vrolijk, 'Farm economic sustainability in the European Union: A pilot study', *Studies in Agricultural Economics*, Vol. 118, 2016, pp. 163–171 (oi.org/10.7896/j.1631), at p. 164.

18 Mikecz, Orsolya & Rob Vos, 'Can smallholders double their productivity and incomes by 2030?', *ESA Working Paper No. 16-04*, FAO, Rome, 2016.

19 Deininger, K., G. Feder, G. Gordillo de Anda & Paul Munro-Faure, *Land policy to facilitate growth and poverty reductions*, 2002 (<http://www.fao.org/3/y5026e/y5026e03.htm>).

of 2002). The Commercial Land Reform Act guides land reform in the country, particularly the acquisition of commercial farmland. The Act gives the State the right to buy commercial farmland when an owner wants to sell it. The GRN must decide whether it wants to buy a particular farm, and only if it chooses not to may the farm be sold to another buyer, following the issuance of a certificate of waiver. Section 16 of the Act<sup>20</sup> defines certificate of waiver as a statement in writing by the minister certifying that the state does not intend to acquire the agricultural land in question at the time of the offer. In most cases, waivers are issued by the GRN when negotiations over farm prices fail or when land is not suitable for resettlement, as the GRN utilises state funds that should be spent prudently. Some waivers have been issued in cases where a change of ownership is contemplated where a farm forms part of an inheritance, and no actual sale is involved. In some cases, when an offer is accompanied by AALS applications, the GRN will assess the applications, and in most cases waivers are issued in favour of prospective AALS farmers. In such cases, the farms in question are nevertheless classified by the GRN as land acquired for redistribution purposes.

The Namibian LRRP thus has two main components, namely the NRP and the AALS. Whereas the AALS provides subsidised loans to previously disadvantaged Namibians to enable them to own commercial farms, the NRP aims to provide 99-year leases to small-scale farmers. Section 14 of the ACLRA provides that any land acquired by the state under section 17 will be used for land reform. The land is mainly acquired under the willing-buyer willing-seller method and to a lesser extent through expropriation.<sup>21</sup> A total of 6 100 farms covering 19 700 000 hectares of land had been put on the market or offered between 1990 and May 2019.<sup>22</sup> Until 2015, the trend was for both farmland offers and waivers to increase; since 2015/16, however, offers have been almost unchanged, while waivers have decreased dramatically. The GRN had acquired about 48% of the total offers by May 2019 for redistribution purposes for the NRP and AALS programmes. These purchases included 3 194 775 hectares for the NRP, and 6 207 948 hectares for the AALS and commercial buyers. On average, farms bought via the NRP cost N\$709 per hectare, as opposed to only N\$228 per hectare for AALS purchases. Nearly two billion Namibian dollars (N\$1 888 673 716) had been spent by May 2019 by the GRN to acquire land for resettlement.<sup>23</sup>

There has also been a gradual increase in the acquisition of land owned by foreign and absentee landlords. By May 2019, there were 250 commercial farms that were said to be the private property of foreign nationals, most of whom were

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20 Republic of Namibia, Communal Land Reform Act (No. 5 of 2002), Windhoek, 2002.

21 Republic of Namibia, Regulations on Criteria to be used for Expropriation of Agricultural Land: Agricultural (Commercial) Land Reform Act (No. 6 of 1995), Windhoek, 1995.

22 Ministry of Land Reform updated land acquisition statistics, MLR, Windhoek.

23 Ibid.

alleged to be absentee landlords,<sup>24</sup> down from 382 such commercial farms in 1996.<sup>25</sup>

### 3 Trends in the resettlement of beneficiaries

The MLR facilitates the resettlement of land-poor and landless Namibians on state-acquired commercial farmland through the Land Reform Advisory Commission and decentralised regional resettlement committees. The beneficiaries of resettlement are those Namibian citizens who do not own or have the use of any or adequate agricultural land, and primarily those Namibian citizens who have been disadvantaged by past discriminatory laws or practices. The ACLRA stipulates that after the GRN has purchased the land, it should be demarcated into farming units which must be advertised for allocation. The farming units or allotments are mainly demarcated for livestock farming, with a few that are targeted for crop farming. The sizes of allotments for livestock range between 1 000 hectares in the areas with relatively high rainfall (north/northeast Namibia) and 3 000 hectares for medium to low rainfall areas (southern Namibia). Applications for advertised units are screened through the regional resettlement committees and thereafter passed on to the Land Reform Advisory Commission, which recommends beneficiaries for resettlement to the Minister of Land Reform.

The resettlement beneficiaries have hailed mainly from communal areas, and in the cases of historic farm labourers or those who were landless, from commercial farms. By 2005, only 1 526 families had been resettled on 142 commercial farms, comprising some 843 789 hectares, acquired at a total cost of N\$127 836 132.<sup>26</sup> By May 2019, the number of resettlement beneficiaries (inclusive of group resettlements) stood at 5 360 families on 3 194 775 hectares.<sup>27</sup> Group resettlements included cooperatives and agricultural group projects, and accounted for 33% of all resettlement beneficiaries. Group resettlement also targeted marginalised communities and destitute persons, mainly those found grazing their livestock in the corridors. However, this study does not analyse the viability of group resettlement.

Despite being perceived as emerging commercial farmers, most of the beneficiaries of resettlement had some farming background from communal areas, while a few had been farmworkers for many years. Resettlement farms are earmarked for small-scale farming with a livestock capacity of not more than 150

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24 NSA, *Namibia Household Income and Expenditure Survey (NHIES) 2015/2016 Report*, Windhoek, 2018.

25 Pankhurst, D., 'A Resolvable Conflict: The Politics of Land in Namibia', *Peace Research Report No. 36*, Department of Peace Studies, University of Bradford, United Kingdom, 1996.

26 Haring, S. & W. Odendaal, "No Resettlement Available": *An assessment of the expropriation principle and its impact on land reform in Namibia*, Land, Environment and Development Project (LEAD), Legal Assistance Centre (LAC), Windhoek, 2007.

27 Ministry of Land Reform updated land acquisition statistics, MLR, Windhoek.

large-stock units (LSU) or 800 small-stock units (SSU). This arrangement is intended not only to provide an opportunity for upcoming farmers but also to address the most important objectives of the NRP, namely to redress past imbalances by providing an opportunity to more Namibians to enter the agricultural economy.

## 4 Land tenure security among resettlement farmers

Redistributive land reform interventions to alleviate poverty and enhance economic development do not only involve land acquisition and distribution, but also entail technical and administrative processes supporting the titling of land.<sup>28</sup> The NRP in Namibia requires that successful applicants who are resettled enter into lease arrangements following an allotment letter issued by the Minister of Land Reform. In terms of section 42(2) of the ACLRA, beneficiaries receive a leasehold right over the allocated farming unit for the period of 99 years. The National Resettlement Policy states that such rights are granted so that beneficiaries can use the lease agreement as collateral to leverage agricultural credit from financial institutions to upsurge their production capacity.<sup>29</sup> By May 2019, a total of 509 lease agreements had been entered into with beneficiaries, accounting for only 14% of the 3 581 individual beneficiaries. This low level of lease agreements was brought about by several factors,<sup>30</sup> amongst them being the fact that the MLR recalled the initial lease agreement documents in 2008 which lacked clear terms and conditions, including confirmed demarcation of the farming units. The MLR started issuing the revised version from 2009, but the process has been hampered by a lack of the internal coordination within and between MLR directorates that is required to enable the synchronised surveying, demarcation and valuation of allotments, and by financial and human capital constraints faced by the MLR.<sup>31</sup>

Upon receiving the lease agreement signed by the Minister, the farmer is expected to register the agreement in the Deeds Registry within the MLR. Before such registration, the Office of the Surveyor-General has to survey the land after demarcation, whereafter the land is valued by the Office of the Valuer-General. The survey diagram, valuation letter and resettlement notice must then be attached to the leasehold agreement, which eventually enables the lessee to be registered in the Deeds Registry. Only a total of 14 (3%) of lease agreements had been registered in the Deeds Registry by May 2019. The issuance and registration of lease agreements

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28 Byamugisha, F.K., op cit.

29 Republic of Namibia, *National Resettlement Policy*, Ministry of Land, Resettlement and Rehabilitation, Windhoek, 2001.

30 Ministry of Land Reform updated land acquisition statistics, MLR, Windhoek.

31 Republic of Namibia, 'The Potential Impact of Lease Agreements on the Livelihoods and Productivity of National Resettlement Programme beneficiaries in Namibia', Ministry of Land Reform, Windhoek, 2018.

do not run concurrently with the resettlement process, as beneficiaries have been allowed to occupy and commence farming without registered leaseholds. The process has been retarded by the high degree of dependence on the MLR for land demarcations, surveying and valuation, as these services would be very costly for individual resettled farmers. Limited knowledge regarding the registration process on the part of most beneficiaries has also resulted in low registration rates of leases with the Deeds Office, as the GRN has done very little to educate the beneficiaries.

Furthermore, even if not yet registered with the Deeds Office, all lease agreement holders are expected to pay their rental fees to the GRN a month after issuance. This has led to the unpopularity of lease agreements amongst resettlement beneficiaries and has not only retarded the advancement of farmers' capacity but also resulted in the GRN forfeiting large sums of revenue that could have been generated through lease agreement rental fees.<sup>32</sup> Registered titles for land provide secure land tenure to the beneficiaries, not only legalising the ownership or lease agreement but also broadening benefits to the titleholders. Secured land tenure is able to contribute to a reduction in land-related disputes, incentives for environmental management, and the collateralisation effect by enabling access to finance to support farming.<sup>33</sup> Some studies have found that superior investment and higher productivity were associated with leaseholds titles, especially in Latin America and Asia.<sup>34</sup> Although the titling of land is important for security of land tenure, there has been no differentiated impact from land titling on investment behaviour in many African states.<sup>35</sup>

## 5 Levels of livestock production among resettlement beneficiaries

On average, resettlement farmers have recorded some appreciable successes in their farming activities, which would suggest that these are financially viable. Livestock production among resettlement farmers was assessed on the basis of changes over time, and the lease agreement status of the beneficiaries. Livestock numbers were generally low at the time of resettlement, and after several years

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32 Republic of Namibia, *ibid.*

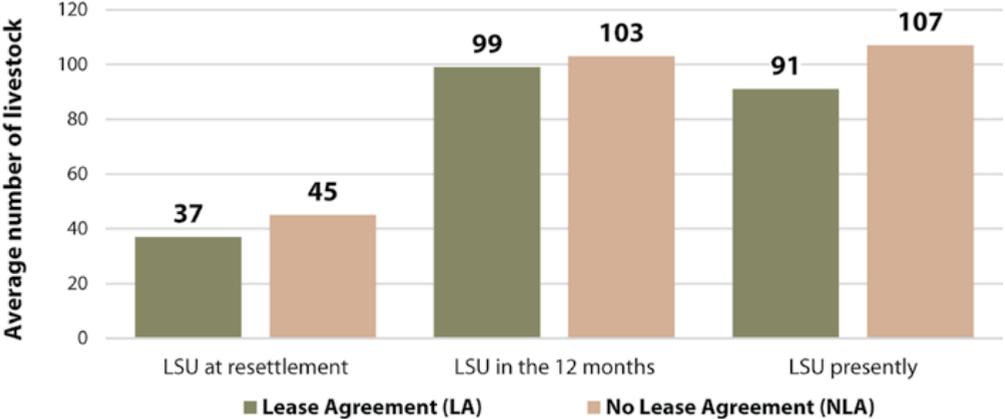
33 Zwelendaba, V.V., *An evaluation of the effects of land tenure security in on-farm investment and on-farm productivity: A case of the smallholder farmers in the Amathole District of the Eastern Cape Province of South Africa*, Thesis for the University of Fort Hare (Private), 2014.

34 Lawry, S.C., Samii, R. Hall, A. Leopold, D. Hornby & F. Mtero, 'The impact of land property rights interventions on investment and agricultural productivity in developing countries: a systematic review', *Campbell Systematic Reviews*, 2014, p. 1 (DOI: 10.4073/csr.2014.1.).

35 Platteau, J-P., 'Does Africa need land reform?', in C. Toulmin & J. Quan (eds), *Evolving land rights, policy and tenure in Africa*, DFID/IIED/NRI, London, 2000.

these farmers had started building up and maintaining their livestock numbers within the required capacity of less than 150 LSU (Figure 1). The maintenance of livestock numbers was also clearly illustrated in Table 1, which shows that farmers had continued with farming activities and that there had been a slight increase in livestock prices. However, livestock losses caused by predation and drought were more devastating in 2016<sup>36</sup> than they had been in 2009.<sup>37</sup> Most of the farmers could nevertheless make a living and meet most of their daily expenditures, although there were a few whose livestock numbers had declined over time.

**Figure 1: LSUs between resettlement and 2016 among leaseholder and non-leaseholder resettlement farmers**



Studies published in 2010<sup>38</sup> and 2018<sup>39</sup> record evidence of livestock marketing, with resettled farmers maintaining a certain level of livestock and selling between 15 and 18 LSU. However, the price per unit also fluctuated between 2009 and 2016 by just over N\$700, making it difficult for the farmers to make accurate projections of returns from their farming activities. There was very little difference between farmers with registered lease agreements, and (freehold) farmers without lease agreements in terms of farming investment measured in livestock numbers kept, purchased and sold, which suggests that lease registration does indeed trigger greater investment.

36 Republic of Namibia, ‘The Potential Impact of Lease Agreements on the Livelihoods and Productivity of National Resettlement Programme beneficiaries in Namibia’, Ministry of Land Reform, Windhoek, 2018.  
 37 Republic of Namibia, ‘Poverty Impact Assessment of different Land Reform Programmes’, Ministry of Land Reform and Namibia Institute of Democracy, Windhoek, 2010.  
 38 Ibid.  
 39 Republic of Namibia, ‘The Potential Impact of Lease Agreements on the Livelihoods and Productivity of National Resettlement Programme beneficiaries in Namibia’, Ministry of Land Reform, Windhoek, 2018.

**Table 1: Livestock production variation over time**

	2009		2016	
	Average Number	N\$ @ 3 473/unit	Average Number	N\$ @ 4 250/unit
Number owned	120	416 760	100	425 000
<b>Offtake</b>				
Number used	2.1	7 293	3.1	13 175
Number sold	18.5	64 251	15	63 750
Number lost	4.7	16 323	11.5	48 875
<b>Total offtake</b>	<b>25.3</b>	<b>87 867</b>	<b>29.6</b>	<b>125 800</b>

**Table 2: Lease agreement status**

	Lease agreement		No lease agreement	
	Average Number	N\$ @ 4 250/unit	Average Number	N\$ @ 4 250/unit
Number owned	91	386 750	107	454 750
Number bought	13	55 250	10	42 500
Number sold	18	76 500	12	51 000

## 6 Enhancers of farm productivity among resettlement farmers

One of the concerns raised during the 2<sup>nd</sup> National Land Conference held in 2018 was that the model of the resettlement programme was not working, and required revamping. However, there is a need for introspection and consideration of the achievements among the beneficiaries of resettlement farms, and on progress made by them, as well as for an exploration of factors impeding the realisation of the desired and expected outcomes. The MLR studies used for analysis have quantified growth in farming activities among the resettlement farmers, reflecting the contribution of the programme to national objectives of economic development and poverty alleviation. The upturn in productivity on these farms was attributed to several financial and mentorship programmes that the GRN has implemented in support of resettled farmers, although the personal investments of the farmers should also be recognised. It was also revealed that there were close-to-equal numbers of the full-time and part-time individual resettlement farmer beneficiaries, despite the National Resettlement Policy target of achieving a high proportion of full-time farmers in order to create employment.<sup>40, 41, 42</sup>

40 Republic of Namibia, 'Poverty Impact Assessment of different Land Reform Programmes', Ministry of Land Reform and Namibia Institute of Democracy, Windhoek, 2010.

41 Republic of Namibia, 'Employment creation by land reform programmes in commercial land, Namibia', Ministry of Land Reform, Windhoek, 2015.

42 Republic of Namibia, 'The Potential Impact of Lease Agreements on the Livelihoods and Productivity of National Resettlement Programme beneficiaries in Namibia', Ministry of Land Reform, Windhoek, 2018.

Capital accumulation in the form of livestock has been astonishing over the years on the resettlement farms, with the beneficiaries on average doubling their herds. A significant difference between the regions regarding land productivity was observed, with livestock production being significantly lower in //Kharas and Hardap regions than in Khomas, Oshikoto and Omaheke regions. This pattern is attributed to the prevailing climatic conditions in the respective regions. In general, the annual growth rate in LSUs was not influenced by the presence or absence of a leasehold agreement, but was more influenced by the type of income the farmers could access, with off-farm income opportunities being shown to be a crucial factor in annual growth in herds.<sup>43</sup> This is because farmers whose main income came from non-farm activities were more likely to increase their herds than those who depended entirely or substantially on income from farming activities. A part-time farmer may be employed elsewhere or may be running another business apart from farming that will enable him or her to finance operations. Rigg (2005) reflected in his paper on experience in Thailand that reduced land productivity coupled with a lack of sufficient investment opportunities for farmers leads to farmers going beyond farming to generate additional income. It is important to point out that resettled farmers who depended on sources of income other than farming were also likely to increase and sustain productivity, while also adhering to environmental provisions and employing more farmworkers.<sup>44</sup> Farmers cite investments aimed at improving agricultural management practices (for example grazing management, and using licks and concentrates) and years of good rains as having led to the positive growth in livestock herds.

Just as the previously advantaged farmers during the colonial regime built their operations on government subsidies and support, it has become clear that emerging farmers under the current LRRP would not be able to sustain profitable farming operations without some level of support under either the resettlement programme or the AALS.<sup>45</sup> To speed up the process of establishing successful farms, the new owners need to receive significant immediate support after they settle on the farms, and to benefit from long-term support structures to secure access to input and output markets, credit, and advisory services.<sup>46</sup>

The need for GRN support to resettled farmers cannot be avoided as the LRRP is making slow progress in the issuance and registration of leases that could have assisted farmers to diversify financial support systems. It became evident from earlier studies that there were no discernible differences in the levels of farm operations for resettled farmers with and without lease agreements. This might

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43 Ibid..

44 Ibid.

45 Fuller, B. & G. Eiseb, 'The commercial farm market in Namibia: Evidence from the first eleven years', *IPPR Briefing Paper No. 15*, Institute for Public Policy Research, Windhoek, 2002, pp. 1–16.

46 Binswanger-Mkhize, P.H., C. Bourguignon & R. van den Brink (eds), *Agricultural Land Redistribution: Toward Greater Consensus*, World Bank, Washington D.C., 2009.

also have contributed to the introduction of the collaborative post-resettlement support package between the MLR and Agribank, resulting in \$200 000 being available to each resettled farmer who applied, irrespective of their lease agreement status.

The support package has been in operation since 2009, with 1 145 farmers benefiting by May 2019, at a total cost of N\$60 610 067.<sup>47</sup> Beneficiaries used this support to invest in their farming operations by buying livestock and farming implements, and making infrastructural improvements. Investment in infrastructure has been cited as an important source of growth in agriculture.<sup>48</sup> The MLR studies published in 2015 and 2018 revealed that most of the resettled farmers obtained credit for their farm operations through post-settlement support.<sup>49, 50</sup> The acquisition of credit from private financial institutions was very low amongst the resettled farmers, perhaps as financial institutions were reluctant to make loans on the basis of personal credentials in the absence of collateral from the farm title.

## 7 Factors hampering productivity among resettlement farmers

Commercial farming is a long-term business operation with high start-up costs, as has been demonstrated among resettlement farmers who cited several costs associated with building up their farms before starting to invest in production. Moreover, the agricultural production on the resettlement farms was affected by various inhibiting factors including but not limited to the high acquisition and maintenance cost of infrastructure, limited access to credit or finance due to collateral issues emanating from tenure insecurities, and shortcomings in experience, training and mentorship.<sup>51, 52, 53</sup>

Productivity on resettlement farms has also been negatively affected by poor veld conditions caused by overgrazing, poor grazing management and/or recurrent droughts, bringing about further marginalisation especially among the lower

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47 Agribank latest statistics, Namibia.

48 Mikecz, Orsolya & Rob Vos, 'Can smallholders double their productivity and incomes by 2030?', *ESA Working Paper No. 16-04*, FAO, Rome, 2016.

49 Republic of Namibia, 'Employment creation by land reform programmes in commercial land, Namibia', Ministry of Land Reform, Windhoek, 2015.

50 Republic of Namibia, 'The Potential Impact of Lease Agreements on the Livelihoods and Productivity of National Resettlement Programme beneficiaries in Namibia', Ministry of Land Reform, Windhoek, 2018.

51 Ibid.

52 Republic of Namibia, 'Employment creation by land reform programmes in commercial land, Namibia', Ministry of Land Reform, Windhoek, 2015.

53 Republic of Namibia, 'Poverty Impact Assessment of different Land Reform Programmes', Ministry of Land Reform and Namibia Institute of Democracy, Windhoek, 2010.

performing farmers (MLR, 2018?). Farmers associated poor veld conditions with the limited size of the farming units, which they felt contributed to low productivity. They believed that their farming units are too small for commercial farming, even with the application of rotational grazing and other sustainable farming methods. Unemployed women, the elderly, the youth and former farmworkers are among the weaker performing farmers. The leasehold agreement makes provision for monitoring of sustainable environmental and land management strategies, and particularly for ensuring that the carrying capacity is adhered to on all farms. However, the 2018 study of the MLR revealed that monitoring has been weak, and that some farmers did not observe the environmental monitoring indicators,<sup>54</sup> which could have negative repercussions for the sustainability of farming activities.

The Namibian climatic reality is also reflected in statements from farmers who lost some of their stock due to drought. A large number of SSUs were lost as a result of the high prevalence of predators, and farmers complained about the limited support received from the Ministry of Environment and Tourism for resolving predator problems.

The lack of access to markets is another factor hampering productivity among resettled farmers. A 2009 study found that returns on sales of large stock were very strongly influenced by the distance to the market. The further the farm is from the market place, the lower the returns a farmer can generate from their livestock sales (see Figure 2 on the next page). Returns ranged between N\$5 625 where the markets were nearby and N\$2 614 where the markets were the furthest away.<sup>55</sup> As could be expected, the 2016 study revealed that about 76% of the farmers invested in vehicles to reach markets.<sup>56</sup> Farmers depend heavily on formal markets in Namibia, and these are situated at fixed auction locations because they are consistent and offer market-rate prices. Although informal markets also exist for livestock, they are more inconsistent, and do not operate following commercial trade principles. It also emerged from farmers that prices were strongly associated with the levels of rainfall, as the persistent drought has been depressing livestock prices in the country. Resettled farmers will be the most vulnerable to fluctuations in prices, because their farming businesses are not yet well-established and lack substantial investment.

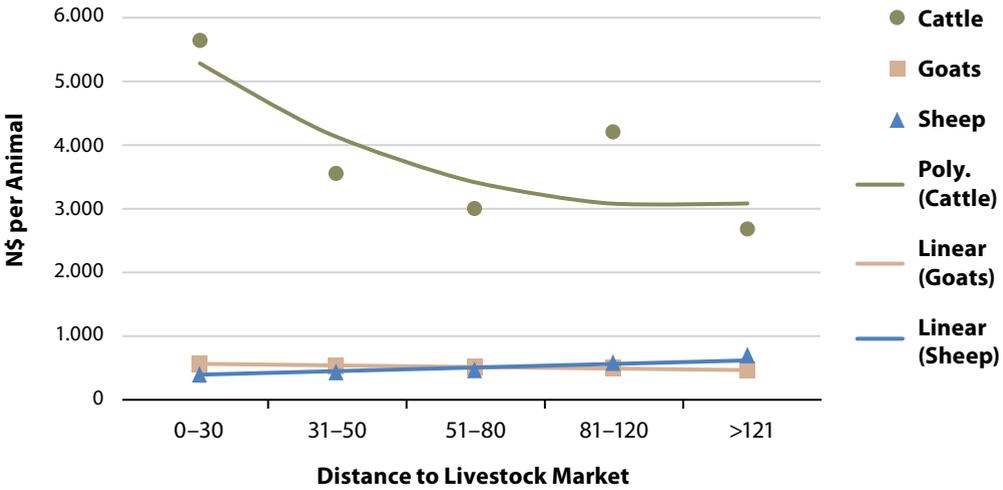
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54 Republic of Namibia, 'The Potential Impact of Lease Agreements on the Livelihoods and Productivity of National Resettlement Programme beneficiaries in Namibia', Ministry of Land Reform, Windhoek, 2018.

55 Republic of Namibia, 'Poverty Impact Assessment of different Land Reform Programmes', Ministry of Land Reform and Namibia Institute of Democracy, Windhoek, 2010.

56 Republic of Namibia, 'The Potential Impact of Lease Agreements on the Livelihoods and Productivity of National Resettlement Programme beneficiaries in Namibia', Ministry of Land Reform, Windhoek, 2018.

**Figure 2: Impact of distance to markets on returns on livestock sales (2009)**



Connected to the distance to the marketplace is the matter of access to services. The data reveal that most land reform beneficiaries operate a long way from their respective service centres.<sup>57</sup> This has serious financial implications for their farming operations and the expenditure they are required to make, since farmers who are further from service centres spend more of their income than those who are nearby. Long distances to the service centres reduce the prospect of regular support and/or access to service providers. At the same time, those who are further away may not receive important information in time, or at all.<sup>58</sup> Farmers who are far from service centres attend training sessions infrequently, and are automatically disadvantaged.

On the other hand, although marginal profits were evident, farming in Namibia is regarded as not only an economic activity, but a valuable cultural practice. This strengthens the resilience of resettlement farmers and supports their farming operations in the face of profound challenges.

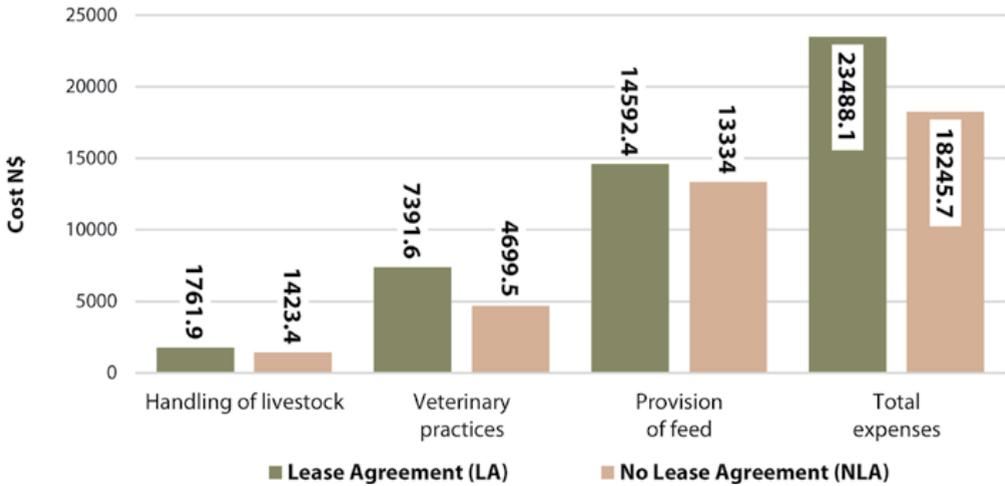
Expenditure related to farming operations are a further drain on the already overburdened capital resources of resettled farmers. Figure 3 shows expenditure related to livestock management, which was regarded as high by emerging farmers who are still in the process of establishing their income base.<sup>59</sup> Figure 3 also reflects minimal differences with respect to farm expenditure between resettled farmers with and without lease agreements.

57 Republic of Namibia, 'Poverty Impact Assessment of different Land Reform Programmes', Ministry of Land Reform and Namibia Institute of Democracy, Windhoek, 2010.

58 Ibid.

59 Republic of Namibia, 'The Potential Impact of Lease Agreements on the Livelihoods and Productivity of National Resettlement Programme beneficiaries in Namibia', Ministry of Land Reform, Windhoek, 2018.

**Figure 3: Livestock management expenditure of resettlement farmers**



The acquisition and maintenance of farming infrastructure and wages for farmworkers were among the farming-related expenditures that were said to affect the farming outcome of the resettled farmers. Furthermore, resettled farmers were also able to create jobs, on average each employing two farm workers. Despite this level of job creation, over 40% of the resettlement farmers complained that their farming operations were most affected by high staff turnover, with farm labourers only keeping their jobs for short periods. Water infrastructure, fencing, livestock handling equipment and vehicles for farming purposes were among the expenditures that were important, yet costly. During 2016, resettlement farmers on average spent N\$27 000 on buying or maintaining water infrastructure, which matched the amount spent on livestock handling, kraals and fencing of the farm. The analysis confirmed that part-time farmers with off-farm income sources were more able to invest in farm infrastructure, while those who depended on limited alternative income sources relied more on the GRN for these services, which are not always provided timeously.<sup>60</sup>

## 8 Conclusions

This chapter has shown that the land issue in Namibia has a long history, and that much remains to be done to resolve it. The chapter has further highlighted the status of land redistribution in Namibia to resettlement beneficiaries and its role in reducing land marginalisation and poverty. The speed of land reform now depends largely on increasing efficiency in land acquisition and administration. It is imperative that the

<sup>60</sup> Ibid.

land acquisition and allocation process, including the registration of leases, is more carefully planned and synchronised during implementation. Although there is little evidence that land tenure security attained through the registration of leases has the potential to contribute to the economic viability of farmers, there is evidence that the current state of affairs, with the majority of beneficiaries farming without lease agreements, runs counter to commercial farming philosophies and is likely to have undesired impacts in the future on the condition of farms. The chapter has further highlighted the current levels of productivity and existing support for production for emerging farmers to enhance their productivity. However, the slow pace at which land rights are being secured among resettled farmers through the registration of leasehold agreements with the Deeds Office prevents farmers from accessing credit and making the investments in their farming operations that could improve their productivity. Resettled farmers have primarily depended on the post-resettlement support provided through a special start-up capital arrangement between the MLR and Agribank. This chapter revealed the high farm-related expenditures that must be borne by farmers, underlining the need for them to access credit to succeed in their operations. Farmers with a stable source of off-farm income are more likely to invest in their farming operations, contributing to better returns. This reality indicates that the goal of creating employment and alleviating poverty by enabling the majority of resettlement beneficiaries to become “full-time farmers” is still a long way from being attained.

