

EXPLORING THE INTRINSIC ROLES OF INTERNATIONAL FINANCIAL INSTITUTIONS FOSTERING REDISTRIBUTED LAND FOR DEVELOPMENT AND ECONOMIC GROWTH IN SOUTH AFRICA

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Abstract

In 1994, South Africa was detached from the brutal apartheid regime which forcefully removed and dispossessed majority blacks from their arable land and allotted them non-arable and unproductive land. Post 1994, South Africa introduced various transformative interventions to redress the past apartheid land removal and injustices to give back and redistribute land back to the black majority. Against the backdrop of this, South Africa has continuously been using the freedom gained to join and belong to various international and regional financial institutions to seek financial assistance to work the resituated and redistributed land for development, economic growth and poverty alleviation. International institutions are known for supporting countries in their quest for development in order to enhance their economic growth, improved standard of living and eradication of hunger and starvation. To this end, this paper looks at the significant roles of these institutions in providing needed assistant to South Africa to ensure that redistributed land is developed and used for broad productive and beneficial purposes.

Keywords: *international financial institutions, arable land, land restitution, economic activities, South Africa.*

JEL Classification: K30, K33, K38

1. Introduction

The need to reform laws and legislation to enable equal access to land for everyone, has also necessitated to the need to ensure land development to accommodate the needs of all people, particularly those living in underdeveloped areas. However, same could not be achieved without establishing measures to assist underdeveloped countries to optimally redress the historical injustices and its legacies of underdevelopment.³ It was for this reason that the international committee (UN) invested in financial institutions to aid underdeveloped countries to improve the lives of all people.⁴ By ensuring that people are afforded better living conditions and access to other necessities of life such as health facilities and educational institutions despite the land tenure system used in their respective areas.⁵

Land development will not only grant access to fundamental human rights services; however, it will also contribute into productive use of land made available through redistribution.⁶ The much-needed developments particularly in rural areas will require land reform beneficiaries to utilise their land to realise development, economic growth, create jobs and employment and alleviate poverty. Land could be used for agricultural purposes or even industrial purposes, but it will still serve the need to avail fundamental rights services. If land is used for agricultural purposes, it will provide food that will nature the lives of people and generate income for the farmers. And if land is used for industrial purposes, it will also provide employment opportunities and ensure that people earn a living to fend their families. However, if the land is left unused it will neither provide food nor avail essential services to the people. Notwithstanding the need to utilise land productively to improve the lives of beneficiaries, same must be appreciated that the member state may not have enough budget to ensure that land is used productively by affording support services to everyone who has been given

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³ Dale, P. and McLaughlin, J. (2000). *Land administration*. Oxford University Press.

⁴ Stokke, O. (2009). *The un and development: from aid to cooperation*. Indiana University Press.

⁵ Murphy, C.N., 2006. *The United Nations Development Programme: A Better Way?* Cambridge University Press.

⁶ Ntsebeza, L. & Hall, R., 2007. *The land question in South Africa: The challenge of transformation and redistribution*. HSRC Press.

access to land. Hence the international committee established financial institutions to support and assist member states to develop their countries by utilising land productively to promote and improve better living conditions for all citizens. This chapter will discuss the institutions that promote and finance land development.

2. World land bank

World land bank is a financial institution aimed at providing loans and grants to developing states with the aim of alleviating poverty by promoting broad economic growth and development.⁷ The bank receives funding from member states and maintains its liquidity through interest of loans it makes available to borrowing states. However, the target projects for World Land Bank are those that private companies or firms would not necessarily take interest of and such projects do not necessarily generate income, however they contribute in improving the lives of people.⁸ Projects such as building of a health facility in rural areas which does not necessarily generate income to the developers, but it provides access to fundamental human rights services and it has a positive impact on the lives of the rural dwellers. Moreover, it creates employment opportunities to the local people and consequently improve the social and economic status of the rural dwellers. Furthermore, developmental projects attract investors to partner with the local people and establish new developments ventures as the developmental area would have pose as a new market for other developmental projects.

The World Bank is an international intermediary funded by 184 member states. The purpose of World Bank is to “provide loans and grants to developing states with the aim of alleviating poverty by promoting economic growth”.⁹ The World Bank receives funding from developed countries which are member states and also acquire its funds from borrowing on international capital markets. The World Bank operates in a similar fashion as the bank an individual may approach for a loan, except that it only borrows national governments.¹⁰ The World bank often fund projects that promotes infrastructure, health, education, alleviation of poverty and so forth. Projects like this may have social benefits but not enough to benefit private firms, hence they are not considered much but private firms. Building a bridge in a rural area is not a type of a project a private firm would associate with for profit. Hence projects like this are left to be attended by the government, which in most cases has limited resources and that is where World Bank is able to lend a helping hand to the government to ensure that projects of that nature are attended to timeously. South Africa is a developing country, which has suffered a lot of underdevelopment particularly in the rural areas where black people were relocated to.¹¹ The apartheid government did not only dispossess land belonging to black people, but it ensured that rural areas remain undeveloped. Infrastructures such as schools, libraries, clinics and other necessary institutions are still lacking in rural areas, even after land has been redistributed to black people.¹² This is owing to lack of development which is resultant from lack of resources and skills from land reform beneficiaries. However, institutions like world bank aimed at assisting developing countries with funds to improve the lives of the citizens should be approached by the state to lend funds that will focus on assisting land reform beneficiaries to utilise their land productively and develop their areas.

⁷ Zhuang, J. Gunatilake, H. Niimi, Y. Khan, M.E. Jiang, Y. Hasan, R. Khor, N. Lagman-Martin, A.S. Bracey, P. & Huang, B., 2009. *Financial sector development, economic growth, and poverty reduction: A literature review*. [Online] Available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1617022 [Accessed 10 04 2020].

⁸ Kapur, D. Lewis, J.P. & Webb, R.C., 2011. *The World Bank: its first half century*. The Brookings Institution Press, Washington, USA.

⁹ World Bank 2003. *The World Bank Annual Report 2003: Volume 1 Year in Review, Volume 2 Financial Statements and Appendixes*. [Online] Available at: <https://elibrary.worldbank.org/doi/abs/10.1596/0-8213-5594-5> [Accessed 12 06 2020].

¹⁰ Bond, P., 2003, *Against global apartheid: South Africa meets the World Bank, IMF and international finance*. Zed Books Ltd, New York.

¹¹ Mbatha, S. & Ngcoya, M., 2019. *Peri-urban land transactions: the new geographies and cultures of peri-urban land in eThekweni Municipality. Transformation: Critical Perspectives on Southern Africa*, 39(99), pp.1-36.

¹² Sinethemba, M. 2014. *Assessing the impacts of government agricultural projects on rural economic development in Ugu District Municipality*. [Online] Available at: <http://uzspace.unizulu.ac.za/handle/10530/1438> [Accessed 16 07 2020].

3. The International Monetary Fund

The International Monetary Fund (IMF) was established for the purposes of providing short-term support for countries facing financial challenges. This is clearly stated in the IMF's Articles of Agreement of the International Monetary Fund, "International Monetary Fund, February 22, 2010 as follows: "to give confidence to members by making the general resources of the Fund temporarily available to them under adequate safeguards, thus providing them with opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity."

The IMF's mode of operation is based on the phrase "under adequate safeguards" meaning as part of the agreement to provide resources to the country in need, the IMF makes certain demands about the government fiscal and monetary policies. This is referred to as "conditionality" as is described as follows; When a country borrows from the IMF, its government agrees to adjust its economic policies to overcome the problems that led it to seek financial aid from the international community. These loan conditions also serve to ensure that the country will be able to repay the Fund so that the resources can be made available to other members in need. In recent years, the IMF has streamlined conditionality in order to promote national ownership of strong and effective policies.

A country's balance of payments consists of two components. The first is the trade balance, which is the distinction between the value of a country's imports and exports for a particular period and is the largest component of a country's balance of payments.¹³ Accordingly, it means that the country that imports more goods and services than it exports in terms of value has a trade deficit as opposed to a country that exports more goods and services than it imports has a trade surplus. Therefore, in terms of the IMF balance of payment "maladjustment" means that a country is running persistent trade deficits. Consequently, this means that the country is borrowing more from other countries and is building up its external debt.

The second component of the balance of payments is the interest that a country must pay on its "existing external debt" (the debt that is accumulated when a country imports more than it exports). This means that the debt accumulated in the past lead to worse debt in the present. This consequently mean that a country that received funding or loan from IMF which also have previously imported more goods than it exported has a higher interest rate to pay. As a result of the previously accumulated debt. However, the country's external debt does not grow forever, at a certain point of indebtedness the country may be exempted from accumulating more debt through the application of default on understanding debt.

In order to have a positive account on external debt, South Africa must focus on manufacturing and producing goods locally to export to other countries. This will not only ensure that South Africa maintains a positive external account, but it will also improve the lives of South African citizens, particularly those living in poverty. The state must invest in land reform beneficiaries by providing adequate support services such as funds, resources and skills training to utilise their land productively and consequently participate in producing goods locally that will be sold on international market.¹⁴ This will not only improve the livelihoods of beneficiaries, but it will also improve the economy of the country and consequently ensures a positive external account on IMF. Therefore, South Africa can rely on productive use of land to strengthen the country's economy and consequently improve the living conditions of all citizens.¹⁵

4. The World Trade Organisations

The World Trade Organisation (WTO) is an international body that regulates trade operations

¹³ Gouvêa, R.R. & Lima, G.T., 2010. *Structural change, balance-of-payments constraint, and economic growth: evidence from the multisectoral Thirlwall's law*. *Journal of Post Keynesian Economics*, 33(1), pp. 169-204

¹⁴ Lahiff, E. & Li, G., 2012 *Land redistribution in South Africa: A critical review*. Available at: <https://elibrary.worldbank.org/doi/abs/10.1596/27168> [Accessed 06 09 2020].

¹⁵ Deininger, K.W., 2003. *Land policies for growth and poverty reduction*. Oxford University Press.

between member states. The WTO set out rules and regulation for international trade and resolves trade disputes between member states through negotiation process.¹⁶ Furthermore, WTO presides over matters emanating from trade agreements between countries, most notable the General Agreement on Tariffs and Trade (GATT). The WTO is generally known for its speciality in negotiation proceeding and has a recommendable history of assisting countries which have faced trade barriers and have them lowered, the negotiations have immensely helped to liberalize international trade.

The WTO will be very instrumental in assisting South Africa to forge more trade relations with other countries, in order to open more international market for the land reform beneficiaries who will be producing goods locally. Creating market for land reform beneficiaries will ensure continuity of developmental projects carried on from their lands. Moreover, it will ensure sustainability of developments and reduce the number of developmental projects which are often abandon due to lack of funds for continuity.¹⁷

5. United Nations Industrial Development Organisation (UNIDO)

UNIDO is the specialized agency of the United Nations that promotes industrial development for poverty reduction, inclusive globalization and environmental sustainability.¹⁸ The core objective of UNIDO is to ensure that development plays a role in eradicating poverty of all citizens of developing countries. UNIDO promotes use of natural resources to create sustainable development for all. However, for most states to make a meaningful developmental project, it requires financial assistance, hence the UNIDO promotes industries developments to improve the economy of the country.¹⁹ The state may loan money from other international financial institution for developmental purposes, UNIDO will then make available services to such borrowing states to advise and assist in executing industrial developments which will generate income for the state and also ensure that the state is liquidated to repay the loan and continue to use the development to improve the lives of all people. Moreover, ensure that such development is sustainable to continue to positively impact the lives of all citizens. Therefore, the duty of UNIDO in developing countries is to assist and ensure that such countries take part in industrial developmental projects that are both sustainable and gainful to all people.²⁰

6. New Development Bank

The New Development Bank (NDB) is a development bank established with the objective of financing infrastructure and sustainable development projects in Brazil, Russia, India, China, and South Africa and other emerging economies and developing countries.²¹ The development bank supports public or private projects through loans, guarantees, equity participation and other financial instruments.²² NDB is a financial institution which promotes development and provides financial support to ensure that development is realised in underdeveloped countries.²³ However, the financial

¹⁶ Chaisse, J. & Matsushita, M., 2013. *Maintaining the WTO's supremacy in the international trade order: a proposal to refine and revise the role of the trade policy review mechanism*. *Journal of International Economic Law*, 16(1), pp. 9-36.

¹⁷ Rabie, M. 2016. *A theory of sustainable sociocultural and economic development*. Palgrave McMillan Publishers.

¹⁸ Eisa, M.N. & Mlosy, C.D., 2016. The "ONE United Nations" Approach Working in KZN Province. *THE THINKER*, 69, pp. 96-81.

¹⁹ Vladimirovaa, K. & Le Blanc, D., 2015. *How Well are the Links Between Education and Other Sustainable Development Goals Covered in UN Flagship Reports?: A Contribution to the Study of the Science-Policy Interface on Education in the UN System (October 2015)*. Available at: <https://www.oecd-ilibrary.org/content/paper/5e8a5518-en> [Accessed 06 10 2020].

²⁰ Fernandez-Stark, K. Bamber, P. & Gereffi, G., 2012. *Upgrading in global value chains: Addressing the skills challenge in developing countries*. Available at: <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.364.7671&rep=rep1&type=pdf> [Accessed 06 10 2020].

²¹ Qobo, M. & Soko, M., 2015. *The rise of emerging powers in the global development finance architecture: The case of the BRICS and the New Development Bank*. *South African Journal of International Affairs*, 22(3), pp. 277-288.

²² Wang, H. 2019. *The New Development Bank and the Asian Infrastructure Investment Bank: China's Ambiguous Approach to Global Financial Governance*. Available at: <https://onlinelibrary.wiley.com/doi/abs/10.1111/dech.12473> [Accessed 29 03 2021].

²³ Ibid.

support made available by NDB is not given freely or rather donated. NDB makes available loans, guarantees and other financial instruments` in exchange of interest and repayment of the principal amount. This practice ensures the liquidity of the institution. Partnered states can borrow and repay the money from the institution, however the process of securing funds must be coupled with the undertaking of using the funds for developmental purposes.

7. International Bank for Reconstruction and Development

The International Bank for Reconstruction and Development (IBRD) is a global development cooperative owned by 189 member states. It is one of the largest development bank in the world, it supports the World Bank Group's mission by providing loans, guarantees, risk management products, and advisory services to middle-income and creditworthy low-income countries, as well as by coordinating responses to regional and global challenges. The IBRD is invested in ensuring that developing countries are afforded financial support to improve the lives of the people and consequently contribute to sustainable development of the country. A countries economy is deepened on the industrial activities of the country. Hence the need to ensure that states use their natural resources to improve the lives of the people and ensure that there is sustainability in their developments to positively impact the economy. IBRD provides financial relief to states in need to improve their social and economic status through developmental projects.

8. International Fund for Agricultural Development

The International Fund for Agricultural Development (IFAD) is an international organization whose objective is to improve agricultural development and livelihoods in developing countries.²⁴ Its mandate is carried out in projects and programmes are focused to remote and environmentally fragile locations, including least developed countries and small island developing States. The main objective of IFAD is to assist the most vulnerable groups such as smallholder farmers, pastoralists, foresters, fishers and small-scale entrepreneurs in rural areas by providing, among others, access to weather information, disaster preparedness, social learning and technology transfer that enables farmers to feed growing populations and increase the climate resilience of rural farming systems.²⁵ The expertise and services provided by IFAD are solely aimed to ensure that the emergent and non-skilled farmers are adequately assisted to ensure production in their farming activities. The programmes provided by IFAD contribute to knowledge transfer programmes to venerable farmers and also serve as a farming guidance programme to the beginners.

9. The link between international and domestic financial institutions

International institutions and agencies that promote development both by finances or other related services are of paramount importance to local or domestic institutions.²⁶ The international institutions serve as financial reservoirs for financial struggling countries in need of development. However, gaining access to the funds and services requires a state intervention. For local institutions and agencies to gain access to funds held in international financial institutions, the state must request financial support and make an undertaking to repay the loaned money.²⁷ After the state has borrowed

²⁴ Martha, R.S. 2009. *Mandate issues in the activities of the International Fund for Agricultural Development (IFAD)*. Available at: https://brill.com/view/journals/iolr/6/2/article-p447_6.xml [Accessed 29 03 2020].

²⁵ Alessandra, G. Martina, I. & Sónia, G., 2019. *IFAD IMPACT ASSESSMENT-Smallholder commercial agriculture project (PAPAC) and participatory smallholder agriculture and artisanal fisheries development Program*. Available at: <https://ageconsearch.umn.edu/record/288466/> [Accessed 29 03 2021].

²⁶ Levine, R., 1996. *Foreign Banks, Financial Development, and Economic - International financial markets: Harmonization*. Available at: http://faculty.haas.berkeley.edu/ross_levine/papers/1996_book_barfield_foreignbank%20&%20growth.pdf [Accessed 29 05 2020].

²⁷ Binagwaho, A. Birdsall, N. Broekmans, J. & Chowdhury, M., 2005. *Investing in development: a practical plan to achieve the millennium development goals: Overview*. Available at: <https://www.researchgate.net/profile/Jeffrey-Sachs-2/publication/20857495>

money, such money will be released to the state in question and allocated to relevant institutions for the intended development. Once the funds have been allocated to the local institutions it is then made available to the locals to apply for funding to execute their developmental projects. However, the application thereof requires borrowing individuals to furnish security and to repay the money in a specified period, with interest. whilst the state is making available funds for development, the international financial institution affords such state repayment holiday. In order to afford such state a reasonable time to execute developmental projects and generate income to repay the loan.

In South Africa Land Bank is one of the local financial institutions aimed at providing financial assistance to individuals intending to develop land. Land Bank is the national financial institution with the competencies of acquiring finances on international institutions.²⁸ Such funds are aimed at assisting land reform agencies and councils aimed at improving the lives of people through farming and other industrial activities that contributes to development which is sustainable. Accordingly, Land Bank plays a role of intermediary of land reform agencies and beneficiaries on international markets.

10. The Land Bank

Agriculture Development bank, which is commonly known as the Land bank, is aimed at assisting emergent farmers who require capital and financial support to fund their agricultural projects.²⁹ The Land bank is an independent institution created by the state to assist emergent farmers. However, it is not funded by the state, its liquidity relies on loans from foreign financial institution. Recently the land bank signed a R900million long term loan facility in 2018 with German Development Bank KfW. The loan facility is to be payable in 10 years' period with a 2-year payment holiday. However, this is not the only funding the land bank has received, in 2017 the land bank secured funding through the World Bank and its Multilateral Investment Guarantee Agency (MIGA) of an amount of R3.5billion loan facility with a 10-year maturity period, in support of a long-term commercial loan from Standard Chartered Bank and DZ Bank. The land bank further signed a similar facility with the European Investment Bank (EIB) to the amount of R50million. All these funds were secured for purposes of supporting the much-needed boost in agricultural development in South Africa.

The reason why land bank relies on loan facility to ensure liquidity of the bank for the benefit of the agricultural sector is owed to the fact that the state does not fund the land bank, however it provides guarantees and the bank is expected to raise all funds dispersed to farmers on the capital and debt market.³⁰ This could be a very strainers and lengthy process to acquire funding for purposes of supporting black emergent farmers. As a result, not all the time land bank is in a liquid position of funding black emergent farmers particularly those who are just beginning. The land bank awaits loan repayment from funded farmers in order to secure funding for other farmers and also relies much on loan facility from foreign funders (banks) in order to maintain long term liquidity.

The loan repayments instalments from funded farmers are not guaranteed and the land bank is expected to pay back the loan within a specified period of time and as a result it cannot risk funding beginners who are not well conversant with the agriculture industry. When farmers are granted the loan or funding by the land bank to conduct their agriculture activities, they are expected to repay the loan from the profits made from their sale of products. Meaning farmers are expected to have good production in order to make sales and generate income to repay the loan, however, it is

4_Investing_in_development_a_practical_plan_to_achieve_the_Millennium_Development_Goals/links/572f9f7208ae3736095c1d08/Investing-in-develop-ment-a-practical-plan-to-achieve-the-Millennium-Development-Goals.pdf [Accessed 02 11 2020].

²⁸ Hall, R. & Williams, G., 2001. *Land reform in South Africa: problems and prospects*. Available at: https://www.researchgate.net/profile/Gavin-Williams8/publication/265634097_land_reform_in_South_Africa_problems_and_prospects_1/links/557eccf808aec87640dde9a7/land-reform-in-south-africa-problems-and-prospects-1.pdf [Accessed 09 12 2020].

²⁹ Mmbengwa, V.M. Ramukumba, J. A. Groenewald, H. D. van Schalkwyk, M. B. Gundidza and A. N. Maiwashe (2011). *Factors that influence the success and failure of land bank supported farming small, micro and medium enterprises (SMMES) in South Africa*. *Journal of Development and Agricultural Economics*, 3(2), pp. 35-47.

³⁰ Van Schalkwyk, D. Gundidza, M.B. & Maiwashe, A.N., 2010. *Critical assessment of the performance and sustainability of Land Bank customers among emergent farmers in South Africa*. *African Journal of Business Management*, 4(13), pp. 2753-2762.

unfortunate for farmers who are not vested with the practices of conducting agriculture activities such as poor unskilled land reform beneficiaries, as there is no room for fail crop production, funded farmers are expected to be productive in their farming activities.

This is another weakness on the land reform program regarding post-settlement support services to land reform beneficiaries, in order to ensure that redistributed land is productively utilised. Another challenge is that most land reform beneficiaries lack collateral property in which the loan can be bonded against as security. Since the state no longer transfers rights of ownership of redistributed land to land reform beneficiaries, and as a result the land reform beneficiaries do not hold title over the land. However, they are lease holders and cannot register the land as security for loan.

Perhaps the requirements for land reform beneficiaries to gain access to funds should be revisited, in order to ensure accessibility of funds to utilise land productively, particularly for agricultural purposes. Revisiting the requirements does not necessarily mean that the requirements should be weakened but be realistic to the challenges faced by land reform beneficiaries. Challenges such as lack of ownership rights over the land they possess, and as a result they fail to furnish security for the funds they require. However, it should be noted that there are risks associated with loaning and lending money, therefore there must be some sort of security to safeguard the interests of the bank should a land reform beneficiary fail to repay the funds. Therefore, the state should furnish security on behalf of land reform beneficiaries as a surety and further take initiatives to ensure that land reform beneficiaries are mentored, monitored and assisted by experienced farmers to farm productively and generate income to fend for their families and also repay the funds.

Moreover, Land Bank should forge a workable relationship with land reform agencies and councils, in order ensure effective service to land reform beneficiaries. Agencies such as the National African Farmer's Union of South Africa (NAFU) provides services to black farmers who have been excluded from mainstream agriculture, the purpose of NAFU is to provide access to resources such as land, credit, information, and other related support services. African Farmers Association (AFASA) is aimed to promote successful commercial farming and ensure sustainability of the agricultural developments. Agricultural Research Council (ARC) is focused on providing agricultural research and development to ensure effective method transformation in the agricultural activities. Whilst Agri South Africa (Agri SA) Promotes development, profitability and sustainability of agricultural activities. Last but not least Agricultural Business Chamber (ABC) is focused on creating and negotiating favourable agricultural business environment to encourage healthy competition and open market for all agricultural farmers to participate in.

A collaboration of Land Bank and the above-mentioned Unions and farmer's association would ensure speedy realisation of land reform objectives. Particularly optimal use of redistributed land in agricultural activities to generate income and alleviate poverty amongst land reform beneficiaries. However, such partnership will need to have clear objectives on how to assist land reform beneficiaries to productively use their land and also contribute to the economy. Not only will the partnership assist land reform beneficiaries with funds, but it will also create a platform for exchange knowledge, skills and information necessary to farm productively. It will further create opportunities for emergent farmers to participate in the agricultural market. Consequently, this partnership will ensure that emergent farmers farm productively and sustainably. Therefore, the impact of social cohesion between financial institutions and land reform unions and associates would successfully contribute to sustainable development of the country. By ensuring that no land is left fallow or abandoned due to lack of resources, information and knowledge.

11. The significance of land development

According to Article 32 of UNDRIP the indigenous people have a right to determine and develop strategies for development and use their land productively. The provisions of Article 32 read together with the provisions of Section 5 of the Social, Economic and Property Rights Article XXV provides that indigenous people have a right to own, control, use and develop their lands. The

provisions of these two statutes implies that indigenous people are allowed to make strategies that can assist them to use and develop their land and consequently alleviate poverty. In the South African land context, when developers want to develop the land that belongs to indigenous people or land held in communal. That is land held in trust by the traditional leader for the benefit of the community. The developers have to approach the traditional leader to seek his permission to utilise the land. The traditional leader will therefore convene a meeting with the community and request the community's comments and interest on the proposed development. After such community engagement, the traditional leader will take a decision having considered the concerns and comments of the community.

In an event where the traditional leader would have granted permission to the developers, the developers will in return be required to compensate the community whether in monetary value or by affording community members employment opportunities or doing some community services to assist the community. However, in circumstances where the developers were already in possession of the land and had performed developmental activities on the land, before the land claim in favour of the community was lodged. The developers will have to compensate the community or in an event where land can be occupiable, return the land. Through the process of expropriation conducted by the state on behalf of beneficiaries and restitute or redistribute the land to land reform beneficiaries (community).

However, this does not necessarily mean that development is not encouraged and accepted in rural areas, but proper procedures of initiating development ought to be followed. Furthermore, laws ought to be complied with, legislation governing and regulating rural development. Legislation such as Development and Facilitation Act (DFA), which is aimed at supporting rural development and providing procedures to be undertaken and institutions to lodge relevant documentation with. According to Section 27 of the Development and Facilitation Act the Local Government body is entrusted with the duty to set land development objectives, and in any event, they fail to do so, the Minister of Executive Council (MEC) will be responsible to set out the land development objectives. Consequently, the responsibility to ensure that land development objectives are set lies with the Local government and the MEC, therefore developers and investors are encouraged to conduct developmental projects, however such projects must be in line with the outlined land development objectives.

South Africa should invest in ensuring that redistributed land is used productively to combat hunger and starvation like the Uganda land reform system. Which is focused on improving the lives of land reform beneficiaries both socially and economically. This is a land reform programme that is aimed at alleviating poverty through productive use of redistributed land to ensure food and income for land reform beneficiaries. In order to achieve this, South African land reform programme should consider redefining post-settlement support services, by ensuring that land reform beneficiaries are afforded a comprehensive post-settlement support service to enable them to farm productively and contribute to the economy of the country.³¹ Lastly South African land reform programme should also encourage new ways of farming to ensure good production. Farming strategies such as the Mexican's which focuses on technological innovation such as crop shifting and multiple crop system. This is the practice of growing two or more crops on the same land during one growing season, this will ensure productive production and allow intensive cultivation throughout the year seasons and consequently ensure food security and contributed to the country's economy. With this type of production hunger and starvation will be combatted amongst land reform beneficiaries, furthermore this type of farming strategy would ensure continuous use of redistributed land and consequently contribute to sustainable development. This would be another measure that South African land reform programme could consider together with a comprehensive support services to ensure that land reform beneficiaries do not abandon farming and leave land to lay fallow.

³¹ Nthai, M.M., (2017). *Effectiveness of land redistribution programme in improving the quality of life: a case of Vhembe District in Limpopo Province*. Available at: <http://ulspace.ul.ac.za/handle/10386/1895> [Accessed 09 12 2020].

12. Conclusion

Providing financial support to member states to ensure that the member states are liquidated to improve the lives of the citizens is a good initiative. However, the objective it is defeated when member states establish national or domestic financial institutions that impose strict requirements towards accessibility of funds to utilise land productively. Although one may argue that the strict requirements guard against liquidity of the institution, mismanagement of funds by officials and creates accountability to the institution, whilst ensuring that land developers are able to repay the funds. However, the strict lending requirements are often a hindrance to development in that people who are in possession of redistributed land are often not in possession of ownership rights as a result they cannot furnish security to the financial institution.

Furthermore, there is a need to reconcile developmental laws with the prerequisite requirements of financial institutions aimed at assisting land reform beneficiaries to utilise their land productively. It is of no benefit to have laws that advocate for development whilst the measures put in place to ensure realisation are not practicable to the target market (land reform beneficiaries) social and economic status.

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