A question of priorities: land settlement and rural development in Kenya and Malaysia

ABSTRACT

1. Malaysia's Federal Land Development Authority (FELDA), established in 1956, is widely regarded as the most successful public land settlement and development agency in the world.

2. FELDA enjoys consistent national priority and institutional autonomy; exists to alleviate rural poverty by resettling the poor on unused land; provides extensive site preparation and infrastructural support for settlers; and has an exclusive focus on cash crops.

3. Kenya has no national land development authority, and the efforts of its government in the field of land settlement have been intermittent and weakly coordinated.

4. Kenyan land settlement schemes are characterized by low national priority, poor planning, subversion by ethnic and sectional interests, and an emphasis on resolving conflict by redistributing existing farmland rather than alleviating poverty by exploiting unused resources.

5. The contrasts between the Malaysian and Kenyan schemes are diagnostic of broader contrasts in policy orientation and political structure which explain why Malaysia has achieved sustained economic growth, and Kenya has not.

6. Malaysian development policies exhibit rural bias, market-orientation, and forward planning; they are supported by a political consensus in favour of shared growth, and are efficiently implemented by strong administrative institutions.

7. Kenyan development policies exhibit urban bias, market-aversity, and short time horizons; they reflect a preoccupation with distribution rather than production of wealth (a 'zero-sum game'), and are inefficiently implemented by weak administrative institutions.

8. A Kenyan land settlement agency which even partly matched FELDA's success in alleviating poverty, exploiting unused resources, promoting exports, defusing social tensions, and generating political support would have a salutory demonstration effect on other Kenyan institutions.
On a recent visit to Kuala Lumpur, Jeffrey Sachs urged Malaysians to consider the plight of Africans and to 'help them in return' for the gift of oil palm, an originally West African crop of which Malaysia has become the world's biggest exporter. The state-sponsored land settlement schemes that led the historic expansion of oil palm cultivation in Malaysia, Sachs suggested, represented 'weapons of mass salvation', the secrets of which could be exported back to Africa to help win the war against poverty there.

This paper attempts to explore the desirability and feasibility of this prescription by comparing the Malaysian experience of state-sponsored land settlement, under the auspices of the FELDA land development authority, with similar schemes undertaken in Kenya, particularly the Coast Province of Kenya, since independence. In addition to serving as a potential model for renewed pioneer settlement and poverty alleviation efforts in Kenya, FELDA's relative success can also be seen as diagnostic of many of the broader factors behind Malaysia's rise since the 1970s to the status of an Asian miracle economy, and Kenya's descent since the 1970s to the status of one more African economic tragedy.

The FELDA story

Malaysia's Federal Land Development Authority (FELDA), established in 1956, is widely regarded as the most successful public land development agency in the world. FELDA has a reputation for efficiency and professionalism, and for avoiding the ecological and political problems which have dogged other resettlement programmes - including neighbouring Indonesia's notorious transmigrasi (transmigration) programme, which sometimes left settlers in inadequately prepared sites, practising inappropriate types of farming, and in places where conflict with existing local populations was unavoidable (Levang 1997). Between 1956 and 1990, when it was decided not to open any more new frontier settlements and to concentrate on consolidation of existing schemes, FELDA successfully resettled almost three quarters of a million originally landless or near-landless Malaysians in new pioneer settlements, or rural development schemes, in frontier areas. The first group of settlers was placed in Lurah Bilut, Pahang in 1958. Today there are more than 300 FELDA settlements, scattered through all parts of the country except Sarawak.
Unlike *transmigrasi* in Indonesia, which initially attempted to transplant the peasant rice agriculture of Java and Bali to the outer islands along with the peasants themselves, FELDA settlement schemes were from the outset based exclusively on the cultivation of cash crops for export: rubber, cocoa, sugar, and most importantly palm oil. Over the whole period of FELDA's existence, almost three quarters of all its settlers have been placed in oil palm programmes. FELDA's palm oil production has never matched that of the private sector, and during the early years of the oil palm boom in the 1960s it actually played a rather small role in the industry. Nevertheless Sachs is right that in the long run it made a major contribution to the emergence of Malaysia as the world's leading producer of this originally African crop. From modest beginnings, FELDA palm oil production grew rapidly until at its proportional peak in the late 1980s, it accounted for a quarter of the national total (Bahrin and Lee 1988:155). Like their private-sector counterparts, FELDA palm oil estates incorporate the processing and transport facilities necessary to ready the product for sale.

FELDA's role, for most of its history, has been to open up new land for agricultural development and for the relocation of poor and landless rural people. Settlers are selected according to a points system, the minimal conditions for eligibility (under the Land Act of 1960) being that prospective settlers must have Malaysian citizenship, be married, and own no more than two hectares of land. The possibility of conflict between landless and landed groups in the countryside has often been in the minds of Malaysian planners, and it is sometimes said that FELDA served as a counter-revolutionary alternative to the redistributive land reform by means of which other developing countries - including, briefly and abortively in the 1960s, Indonesia - attempted to tackle the same problems. The danger of open conflict over land, however, has seldom been very imminent in Malaysia, and the main concerns of resettlement policy have always been poverty alleviation and *mise en valeur* - the exploitation of untapped resources - rather than conflict resolution. Land settlement, as the inaugural meeting of FELDA made clear in 1956, was not about redistributing existing wealth, but about using unexploited resources to create new wealth for the benefit of the nation as a whole.

There is plenty of good land, and there are plenty of good people to develop it. The Authority should promote projects which bring the best of each together to produce the maximum wealth for Malaya's future. (Bahrin and Perera 1977:5.)

FELDA is also one manifestation of a broader commitment on the part of successive Malaysian governments to improving the condition of the rural Malay poor. This commitment became especially pronounced after 1969, when race riots led to the adoption of a New Economic Policy designed to rectify the inequality of wealth between the (mainly rural) Malay and (mainly urban) ethnic Chinese components of the Malaysian population. Besides rural resettlement, other aspects of what is now commonly referred to as the 'rural bias' and 'pro-poor' character of Malaysian development policy have included state support for agricultural research, subsidization of productivity-enhancing agricultural inputs such as fertilizer and farm credit, and heavy investment in rural public infrastructure - roads, electricity, schools, health services.
Although FELDA has been criticized as a relatively costly means of poverty alleviation, there is little doubt that it has been an effective one. Besides raising the incomes of their participants, FELDA schemes also provide direct access to schools, shops, and social amenities. A complementary function of FELDA in the early years was to help stem what was perceived as an excessive tide of migration to urban areas. However, this became less important over time as development accelerated and growth in the manufacturing and service industries created new employment opportunities in the towns and cities. The official closing of the Malaysian frontier in 1990 reflected the country's successful transition from an agrarian to an industrial and post-industrial economy (Vincent and Rozali 2005).

FELDA responded to this transition by consolidating its existing settlement-estates, and its position as a major corporate palm oil producer. It also began to diversify into manufacturing and banking, becoming what Sivalingam (1993:103) describes as 'a well managed conglomerate'. Its business activities, together with its control of settlers' savings and its access to both federal and international (World Bank, Asian Development Bank) funding, have made it an economic force to be reckoned with. Including staff and contract workers as well as settlers, it currently provides an income to more than half a million people, two percent of the Malaysian population. Its social and cultural influence is also considerable; it has made a feature film and even owns its own football team, Felda United.

Throughout its existence, FELDA has enjoyed high political priority in Malaysia. It is an autonomous agency at the federal (national) level, responsible to the Deputy Prime Minister. Initially constituted as a funding agency for settlement schemes developed by the governments of the constituent states, in 1960 it was made directly responsible for the planning and management of such schemes throughout the country. This might still not have enabled FELDA to solve the coordination problems it faced had it not been for strong political patronage at the highest level, most importantly that of successive prime ministers including Tun Abdul Razak (1970-75).

Tun Abdul Razak's personal interest in rural development in general, and FELDA in particular, provided all the necessary support to ensure that the complex process of land development and settlement was completed without any obstruction or undue delay. Such a support was essential as FELDA needed the assistance and participation of a number of public agencies at both the Federal and state levels. In many countries, the success or failure of resettlement practically hinges on the availability or non-availability of this kind of inter-departmental co-operation. (Bahrin and Perera 1977:152.)

Tun Abdul Razak's successor Hussein Onn (1975-1981) showed the same commitment to rural interests in general, and to FELDA in particular. Here we see the characteristically Southeast Asian phenomenon of a premier who evinces a personal interest in rural issues, and is prepared to intervene personally to ensure that development policies reflecting a rural bias are not thwarted by bureaucratic inertia. Other well-known examples of
Southeast Asian leaders who have been champions of rural interests include General Suharto of Indonesia, and Thailand's King Bhumibol. Under the prime ministership of Mahathir Mohamad (1981-2003), FELDA continued to enjoy high political priority, albeit now perhaps less as a tool of rural development than as a model of Mahathir's vision of 'Malaysia Incorporated'.

**Land settlement in Kenya**

Compared to its Malaysian counterpart, the story of land settlement in independent Kenya is a fragmentary one both in terms of discontinuous policies and programmes, and in terms of the scattered sources of information available to reconstruct it. One of the few recent writers to have studied the topic, Karuti Kanyinga, sums up the character of Kenyan land settlement politics over the years as follows.

What needs to be noted with regard to these schemes is that both an economic and a political rationale guided their establishment. Independence and pressures from radical politicians underpinned the political rationale which centred around giving land to the landless as a response to the looming political conflict between the landless and the [white] settlers upcountry, as well as between squatters and the Arab-Swahili 'landlords' on the coast. [...] The economic motive centred around the need for an equitable redistribution of land without affecting agricultural production [...] (Kanyinga 2000:66.)

The key words here, at least in contradistinction to the Malaysian story, are 'conflict' and 'redistribution'. In the Kenyan highlands, the land allocated to African settlers in the first years of independence was land that had been purchased by the state from European immigrants in order to satisfy nationalist demands and defuse racial tensions. On the coastal strip, the other main area of resettlement since independence, the beneficiaries have mostly been local 'squatters' on land either registered to, or claimed by, owners of Arab descent. Some were granted title to the land they already occupied, others resettled on state land in the vicinity - although often this too was subject to countervailing private claims by absentee Arab landlords. In both areas the priority was not to alleviate the poverty of the landless but to resolve, by means of either redistribution or resettlement, conflict between landless and landed groups, or between rival claimants to the same land.

Policy initiatives in this area, then, were typically responses, often triggered by questions in parliament, to current or looming political problems at local level. New schemes were initiated individually on an ad hoc, reactive basis. There was no permanent commitment to land settlement - or even, some would say, to rural development - in national policy. Accordingly, land settlement in Kenya is not the preserve of a separate agency like FELDA, but falls under the broader auspices of the Ministry of Lands and Settlement.

Whereas FELDA selected its new sites according to agronomic criteria, cleared them of forest before the settlers arrived, and provided housing and other infrastructure as well as long-term credit and continuing technical assistance, Kenyan land settlement schemes, at least in recent years, have never involved site preparation and infrastructure, only the
demarcation and distribution of land plots. Whereas FELDA established complete production systems for palm oil and other export crops, many Kenyan settlers, left to their own devices and thrown back on their own meagre resources, continued to practice subsistence farming on their new land. Even in the years immediately following independence, when planning was somewhat better and participants received credit and technical advice from the government, Kenyan settlement schemes were already notorious for their unsatisfactory economic performance and their loan repayment problems (Von Haugwitz 1972).

Whereas FELDA settlers were selected according to clear criteria and procedures, in Kenya the land allocation process, particularly in the Coast Province, was corrupt and unpredictable. Although initiated in response to local problems, once underway the settlement schemes were often hijacked by outside interests associated with the political elite in Nairobi. Politicians began to press their own lists of names upon provincial and ministerial officials. Along the coast where there was potential for tourism, large plots in the best locations near the beach were acquired by members of the Nairobi elite themselves for speculative purposes. Other beneficiaries included politically connected Kikuyu immigrants.

These schemes, thus, could not have been expected to eliminate the problem of landlessness [...]. Increasing numbers of 'outsiders' and malpractices in the allocation of plots gradually engendered hostilities between the Mijikenda, especially the Giriama who are the majority in Kilifi, and other groups. The cause of this hostility was the Giriama fear of domination by the Kikuyu and other immigrants [...]. (Kanyinga 2000:69.)

A similar exacerbation of ethnic tensions was also observed during earlier resettlement efforts in the central highlands (Bates 1989:57-63). Land settlement schemes in Kenya, in other words, have tended to become both arenas and causes of conflict, giving rise to new problems as well as failing to remedy those they were intended to resolve.

Cautionary notes

So far the picture would seem to be a very stark one of Malaysian success and Kenyan failure. A few critical footnotes to the FELDA story, however, are worth adding. One concerns its social and ecological impact. The original goal of FELDA was to transform its settlement schemes into communities of independent, landowning 'yeoman' farmers. After paying back their startup loans, settlers were granted full title to the land which they cultivated. Of all the major tropical tree crops, however, oil palm is the most subject to economies of scale and the least suitable for cultivation by independent smallholders. For this reason FELDA gradually moved away from the granting of individual land titles, shifting first to a system of 'cooperative land ownership' and ultimately to one in which ownership remained with the state. After 1985, FELDA settlers received shares in the profits of the schemes which they joined but were granted no land rights at all, making them 'little different from private estate workers' (Horii 1991:427). The ideal of eventual detutelage had been relinquished in favour of a permanent corporate paternalism,
designed to lock settlers into the embrace of the giant state-owned agribusiness corporation which FELDA had become. Whether this is a realistic or indeed desirable goal for Kenya, or any other African country, remains an open question, particularly considering that FELDA's oil palm plantations are also rigorous monocultures and have been major causes of rainforest destruction.

FELDA's ability to provide land to the landless without breaking up existing holdings or running foul of existing claims was due partly to some fortuitous circumstances not duplicated in Kenya. Malaysia is rather sparsely populated, partly because only limited areas of it are suitable for the wet rice cultivation on which its inhabitants mostly depended prior to the emergence of a world market for industrial tree crops. Palm oil and rubber require abundant rainfall, but are much less demanding than rice in terms of soil and hydrological conditions. They made it possible to exploit previously uncultivable and uninhabited rainforest land, which was plentiful in Malaysia. Much of Kenya has a dry climate that is marginal for either arable or tree crops. Crucially, even the wetter areas were (and are) poorly served with access roads by Malaysian standards, a circumstance beyond the control of the Ministry of Lands and Settlement. Whereas in Malaysia in the 1970s there were still 'large areas of State land available for development that are free of alienated lots or illegal cultivation' (Bahrin and Perera 1977:31), in Kenya much of the land suitable and accessible for cultivation was subject to existing claims of one kind or another. Formal land title registration was also more advanced and more widely accepted by the time of independence in Malaysia than it was in Kenya, where the persistence of various systems of customary rights alongside colonial land law laid the foundations for later disputes (Hamidin 2000).

Although FELDA has never been subject to the kind of gross political abuse that plagued land redistribution in Kenya, it would be wrong to see it as a purely technocratic organization free of ethnic bias or political manipulation. Few poor non-Malays (Chinese or Indian Malaysians) were ever selected for inclusion in FELDA schemes and from the 1970s onward, allocation of lots was often partly a form of political patronage intended to reward, or secure, support for the ruling Malay political party. Today, with its half million beneficiaries and its substantial autonomous revenue base, FELDA forms a bastion of electoral and economic power for the Malay political establishment. What remains true is that in Kenya, where the country's more complex ethnic composition means that no one group can secure a permanently dominant political position, this kind of stability in the relationship between ethnicity and institutions is intrinsically more difficult to achieve.

Conclusion

Government land settlement schemes are not in themselves crucial to developmental takeoff. However, the contrasts we have noted between the Malaysian and Kenyan schemes are clearly diagnostic of many of the reasons why Malaysia has taken off, and Kenya has not. At some risk of oversimplification, the major structural contrasts between FELDA and the Kenyan land settlement schemes can be summarized as follows.
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<tr>
<th></th>
<th>FELDA</th>
<th>Kenyan land settlement schemes</th>
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<tbody>
<tr>
<td><strong>high policy priority</strong></td>
<td>low policy priority</td>
<td></td>
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<tr>
<td>independent, well-organized agency at federal (national) level</td>
<td>loosely organized under Ministry of Lands and Settlement</td>
<td></td>
</tr>
<tr>
<td>partly self-funding through business activities</td>
<td>no commercial revenue</td>
<td></td>
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<tr>
<td>exclusive focus on cash crops</td>
<td>many settlers grow subsistence crops</td>
<td></td>
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<tr>
<td>aspect of pro-poor, pro-rural development policy</td>
<td>aspect of ethnic and class politics</td>
<td></td>
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<tr>
<td>way of creating new wealth</td>
<td>way of redistributing existing wealth</td>
<td></td>
</tr>
<tr>
<td>stable power base for political establishment</td>
<td>arena of political competition and economic exploitation</td>
<td></td>
</tr>
<tr>
<td>high continuity of implementation</td>
<td>intermittent, reactive implementation</td>
<td></td>
</tr>
<tr>
<td>site clearance, housing, services, credit, processing and transport facilities provided</td>
<td>land allocation only</td>
<td></td>
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<tr>
<td>efficient implementation</td>
<td>inefficient, corrupt implementation</td>
<td></td>
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<tr>
<td>clear land tenure situations</td>
<td>conflicts with existing land claims</td>
<td></td>
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At the risk of even greater oversimplification, these contrasts can readily be interpreted (according to highlight colour) as symptomatic of the following, much more general contrasts between the policy orientations and political systems of the two countries. In each case the characteristic on the Kenyan side represents a syndrome which tends to obstruct development, and that on the Malaysian side an asset in the quest for sustained growth.

<table>
<thead>
<tr>
<th></th>
<th>Malaysia</th>
<th>Kenya</th>
</tr>
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<tbody>
<tr>
<td>rural bias</td>
<td>urban bias</td>
<td></td>
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<tr>
<td>market-orientation</td>
<td>market-aversity</td>
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<tr>
<td>growth coalition</td>
<td>zero-sum game</td>
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<tr>
<td>forward planning</td>
<td>reactive policy-making</td>
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<tr>
<td>strong institutions</td>
<td>weak institutions</td>
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</table>
If the specific problems of the Kenyan settlement schemes are indeed manifestations of much more deeply seated anti-growth syndromes, then it might well be judged naive to recommend imitation of the FELDA model as a solution to those institutionally specific problems. Nevertheless the path to shared growth has to begin somewhere, and a Kenyan land settlement agency which even partly matched FELDA's success in alleviating poverty, exploiting unused resources, promoting exports, defusing social tensions, and generating political support would surely have a salutory demonstration effect on other Kenyan institutions.

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