Now is the time to relook approaches to addressing the land issue

As the year draws to a close, it is worthwhile to reflect on one of the biggest highlights of 2020 in land reform. Government's new plan to reallocate 700,000 hectares of underutilised state-owned land has been hailed as a quantum leap in the land reform programme.

This move has also renewed interest in post-settlement solutions that can enable the success of land reform, driving effective utilisation to ensure productive use of land.

Eddie Oosthuizen via Wikimedia Commons

While this is a big milestone in the land reform programme, the initiative has been criticised for various reasons including threatening food security and spooking investors. Government has been criticised for its tardiness in speeding up the land redistribution programme and for not committing enough resources relative to the political rhetoric of redressing the wrongs of the past.

Independent transaction advisors work on the ground with the beneficiaries of the land reform programme to facilitate land reform transactions. As a non-profit organisation that helps beneficiaries of the land reform programme to make their land productive, Vumelana unpacks some of the current models, challenges, gaps, and a possible way forward as we forge ahead.

Here, transaction advisors, Geoff de Beer and Emile de Kock, provide their insights on the state of the land reform programme.

Current landscape

Debunking the general perception of the failure of the land reform programme, De Kock stresses that the success of the programme should be measured by how quickly it is concluded, and not by the success or failure of the various enterprise undertakings including agriculture and tourism projects.

"How quickly can the land reform programme be implemented and concluded, and not how the associated projects perform, should be the measure we use to gauge the success of the programme. How the enterprises are performing on transferred land is a totally different question – it becomes an agricultural and an economics question, not a land reform question. So, it would be irresponsible to combine these two and pretend that land reform is some kind of economic sub-sector," says De Kock.

He concedes that on both fronts – the speed of land reform implementation and the extent to which it has positively impacted the livelihoods of beneficiaries – the track record is disappointing.

De Kock attributes the slow pace of land reform programme to three factors: inadequate budget, resistance from interest groups and an absence of bureaucracy that is fit for purpose to implement and drive the process.

"There has never in the history of the new dispensation been a year where there was enough budget allocated to meet the land reform targets. It is not feasible to build a 5,000 kilometre stretch of tarred road with a budget allocation for three kilometres. Secondly, there is definitely a degree of resistance from interest groups within the political economy that does make it a little difficult. Thirdly, there has not been a reasonable amount of diligence applied in the bureaucracy of the mainstream land reform programme.

"What I mean by that is that land reform is a bureaucratic process. So you have targets, and you have processes and procedures, and if you combine budget with processes and procedures in order to achieve targets, then you have a bureaucracy at work," he says.

Geoff de Beer adds that: "Often, beneficiaries of the land reform programme lack the requisite finance, skills and expertise to sustain the land and keep it productive. In most cases, the enterprises operating on properties - at the time of settling land claims are in a state of financial decline or have largely collapsed. This is no surprise, bearing in mind that even moderately sized enterprises are capital and skills intensive and operate in a highly competitive local, national and international environment."

Current models in land reform

De Beer explains that many communities have chosen to retain their ancestral land instead of taking a cash equivalent and have opted for a wide variety of arrangements to offset the lack of capital and expertise, with varying degrees of success.

Broadly speaking, these models have included (amongst others) collectives, service level agreements (or management contracts), various lease-based agreements, shared-equity schemes, farm-worker-share-equity schemes and joint ventures,

De Beer notes that, while these models seem potentially commercially sound at face value, experience has shown that each one of these options has its own inherent pitfalls and solutions need to be designed and implemented on a case-specific basis. The careful 'up-front' identification and allocation of these key aspects of risk/reward in all of these 'partnerships' is essential.

He cautions that: "Failure to carefully and systematically design these 'partnerships' to identify, engage and agree on ways to mitigate or allocate such risks/responsibilities has led to the failure of many agricultural and tourism projects."

Way forward

De Beer says it is against this background that Vumelana developed the Community Private Partnership (CPP) model to provide much-needed support to beneficiary communities to enable them to run commercially viable farms. CPPs present one of the most viable options where beneficiary communities and the private sector enter into a win-win partnership for the management of the land.

A critical aspect of the Vumelana support programme, for example, has been the use of experienced transaction advisors to assist the Claimant communities in the up-front design and legal contracting for the CPPs.

The organisation has implemented the CPP model in a number of cases and it has proven to be a workable model. Case studies indicate that participation by the private sector via CPPs in the land reform programme has addressed the competency gaps for beneficiary communities by facilitating access to markets and finance, and has spurred investment in production and employment and led to skills transfer.

Support for CPI administration should be an integral part of supporting beneficiary communities. Communities are becoming owners of large capital investments, but they generally do not have the necessary governance and management structures and capabilities. As a result, they require professional services. Institutionalising community support should become an integral part of the post-land claims process to manage community expectations and aspirations," comments De Beer.

De Kock says the planned allocation of 700,000 hectares presents a great opportunity to implement the CPP model in some of the instances where communities apply for land. He says that experience has shown that the productive potential of the land, coupled with the cohesiveness of the community, are the two important factors that can attract potential investors.

"All that land tends to be already in use by smallholder livestock and fresh produce farmers, and therefore it is logical and beneficial that those people and families who had been arriving on the land for the past five decades or more should have the opportunity to formalise the tenure over that land through the new policy," says De Kock.

"There is a great amount of goodwill between traditional authorities and the commercial agricultural sector in the former homelands, which presents a significant opportunity for meaningful CPP ventures to be developed on those former commercial estates in state land areas.

"It would be necessary to develop transparent protocols for such partnerships to be concluded in a manner that is compliant with state policy. There are also large pieces of land with limited productive potential in the former homeland areas, including grazing land and smallholder cultivation plots," concludes De Kock.