

# Land reform: Overcoming challenges and creating opportunities for rural economies

The adoption, in 1996, of the Proactive Land Acquisition Strategy (PLAS) by the Department of Agriculture, Land Reform and Rural Development (DALRRD) sparked optimism for a revitalised land redistribution effort. However, this optimism has waned as reports emerge of numerous underperforming farms and extensive fallow land still awaiting redistribution.



Source: Supplied

The intentions of the government to empower communities through land redistribution have been thwarted by various challenges, including among others, corruption among state officials, bureaucratic hurdles, favouritism towards elites, limited access to funding, implementation inefficiencies, and external factors like crime and deteriorating infrastructure.

Since 2012, the Vumelana Advisory Fund, a non-profit organisation, has been collecting information about the challenges confronted by communities pursuing land restitution. Through the development and successful implementation of pragmatic solutions, they have started to overcome these obstacles. "Through our partnership with beneficiary communities, we've identified strategies to alleviate some of the key challenges within the land reform programme," says Peter Setou, chief executive of the Vumelana Advisory Fund.

## Lack of access to capital and its ripple effects

One significant barrier to the success of the land reform programme has been the lack of access to capital and the far-reaching implications of that. While initial grants provided by the Department of Rural Development and Land Reform facilitated the launch of farming activities, post-settlement support and sustained financial support are, however, crucial for the long-term success of land reform.

Commercial farming requires substantial investment and ongoing infusion of capital, which is often beyond the reach of emerging farmers. To address this, the government needs to create an enabling environment where emerging farmers can leverage their land as collateral to access funding from lending institutions. "We also need to explore other affordable and innovative financing mechanisms to address the current challenges faced by land reform beneficiaries.

"The involvement of the private sector and the financial services sector will be crucial if we are to achieve this. By facilitating access to capital, smallholder farmers and other land reform beneficiaries can be empowered to expand operations, acquire essential equipment, and adopt modern technologies to boost productivity," says Setou.

## **Create an enabling environment for investors**

Partnerships in land reform is a term that is often touted but rarely practised. Fostering community-private partnerships holds promise for advancing land reform, says Setou. "Although the private sector has a vested interest in agricultural development, tourism and conservation, a conducive investment environment is essential to enable these community-private partnership agreements. Increased private sector involvement, with investors providing funding, expertise, and avenues for market access to beneficiary communities can be an indispensable way to drive a successful land reform programme.

"To facilitate this, the government, specifically the Department of Rural Development and Land Reform, should create favourable conditions to enable these relationships to flourish and mitigate some of the risks," adds Setou.

## **Succession planning**

As with any business, succession planning is also crucial for the sustainability of land reform initiatives. Historically, the land reform programme was biased towards older male members of communities, neglecting the potential of the younger generations and of women.

The PLAS programme provides a classical example of this point. According to a comprehensive scientific analysis of the PLAS project compiled by the Agricultural Research Council for the DALRRD in 2019, more than half (approximately 54%) of all land reform beneficiaries were given a limited chance of achieving commercial success, with only 4% of the beneficiaries selected for funding scoring favourably in terms of capacity rating. It is, therefore, no surprise that a corresponding 54% of PLAS beneficiaries did not produce anything substantial on their farms.

The Agriculture Research Council correctly points out that: "poor beneficiary selection limits the chances of commercial success and results in wasteful expenditure. The PLAS investment should be used to support capable beneficiaries who are likely to achieve commercial success. In selecting beneficiaries, entrepreneurial aptitude; resilience and ability to handle risk; ability to manage; and technical ability (as determined by experience, education, and support) have to be considered."

While the above relates to land redistribution, the same applies to the restitution programme. To effectively address succession planning, there is a need to actively involve younger community members in leadership development programmes in CPAs and involve them in governance structures and processes to groom them to take over from older members currently running those CPAs. This will ensure continuity and sustainability within beneficiary communities. The current member profile in CPAs' leadership is ageing, and this is not sustainable for the land reform programme.

## **Address issues with decaying infrastructure**

The absence or deterioration of off-farm infrastructure is cited as a significant factor contributing to the failure of most of the land allocated to beneficiary communities. There is a noticeable improvement in performance on land with better

infrastructure, which gives credence to the importance of infrastructure upgrades.

Investing in infrastructure upgrades is essential for enhancing farm productivity and sustainability. The government has a responsibility to ensure that off-farm infrastructure is upgraded and maintained as part of creating an enabling business environment. Possible collaboration with the private sector should be explored to address this acute challenge as it negatively impacts the ability to run sustainable businesses in rural areas.

## **Capacity building**

Furthermore, capacity building is essential for the advancement of land reform beneficiaries. Strengthening governance and capabilities are key components in ensuring their success. While the specific needs for capacity building vary among communities, certain fundamental aspects are crucial for CPA development. These include institutional support, such as the establishment of an enabling CPA constitution or Trust deed, as well as the implementation of governance measures, including beneficiary verification, financial record-keeping, and regular report-back sessions including the holding of Annual General Meetings (AGMs)

It's also imperative to develop policies and procedures covering various aspects of CPA operations, says Setou, including remuneration policies, procurement guidelines, financial management practices, and codes of conduct. Management support is also vital, encompassing tasks such as premises acquisition, staff appointments, financial oversight, and legal compliance.

Training in areas like financial management and corporate governance is crucial for CPAs to thrive and fulfil their objectives. "These efforts can enhance the effectiveness and sustainability of CPAs, and in turn, ensure that they effectively manage and utilise land allocated to beneficiary communities," says Setou.

He emphasises that the private sector is more inclined to invest in entities with sound corporate governance practices, as these ensure transparency and accountability, and serve as a safeguard against fraud and mismanagement while fostering stability within the community.

"These recommendations have been tried and tested. What we require now is scalability – to provide support to struggling CPAs to enable them to use their land productively. This will involve assessing their current status and implementing progressive solutions to revive the potential of vast idle land tracts," he says. Vumelana is ready to partner with like-minded private sector players who can support capacity building of land reform beneficiaries as this will contribute towards better utilisation of restored land, create and maintain existing jobs and promote social cohesion.

Setou says: "Such efforts will contribute significantly to food security and the revitalisation of rural economies."

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