LAND REDISTRIBUTION FOR AGRICULTURAL DEVELOPMENT: CASE STUDIES IN THREE PROVINCES

FINAL REPORT

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Contents

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List of acronyms

ABET	Adult Basic Education Training
ANC	African National Congress
ANCWL	African National Congress Women's League
ARC	Agricultural Research Council
CC	Close corporation
CPA	Communal Property Association
DAC	District Assessment Committee (also known as DSC – District Screening Committee)
DLA	Department of Land Affairs
EC-PDA	Eastern Cape Provincial Department of Agriculture
EC-PLRO	Eastern Cape Provincial Land Reform Office
HSRC	Human Sciences Research Council
IDP	Integrated Development Plan
KZN-PDA	KwaZulu-Natal Provincial Department of Agriculture
KZN-PLRO	KwaZulu-Natal Provincial Land Reform Office
L-PDA	Limpopo Provincial Department of Agriculture
L-PLRO	Limpopo Provincial Land Reform Office
LDV	Light delivery vehicle
LRAD	Land Redistribution for Agricultural Development
MEC	Member of Executive Council
NDA	National Department of Agriculture
PGC	Provincial Grant Committee
SADT	South African Development Trust
SLAG	Settlement/Land Acquisition Grant
VAT	Value Added Tax

Executive Summary

Overview

The goal of the present study has been to shed light on the operations of LRAD in a context in which very little is known about how the delivery process and the projects themselves are playing out on the ground. The guiding purpose has been to provide baseline information to sharpen the conceptualisation and delivery of LRAD. The work has been carried out under pressure of time and resources.

Qualitative inquiry here serves to illuminate the dynamics of the land reform process, but does not develop a quantitative database or show how often the observed trends occur. That is, the purpose of the present work has been to highlight issues of concern and help to frame the questions needing to be dealt with. Any discussion and recommendations here based on the qualitative study material must be taken as tentative and incomplete.

Results serve to underline the point that there can be no question of the need for land redistribution in South Africa today. Land-related rural poverty and the tensions over inequality cannot be fully addressed in the absence of land redistribution, and manifest demand for land is high. LRAD is already struggling to meet the needs of the clients being served, and it has not been publicised because of the shortage of resources to meet even the demand already reaching delivery agencies.

Findings

The lack of finance is impeding delivery

The perception that LRAD is constrained by its budget is borne out by discussions with implementers. The degree to which PRLOs could make use of larger budgets is not known precisely, but in some instances it appears that they could spend up to 50% more than they are presently doing using their existing staff complements. However, it is also the case that a number of PLROs are under-staffed, and could and should be accorded larger staff complements if expected to increase LRAD delivery.

The ability of the Land Bank to expand delivery via Land Bank-routed projects that make use of the agency agreement (i.e. if this were to be resurrected) is also difficult to gauge, but very likely it could expand by a factor of two to four. This would require, however, addressing the problems that afflicted the agency agreement in 2001-2002, and restoring trust among private sector service providers on whom the Land Bank delivery route largely depends.

The desirability of expanding delivery, by whichever route, remains the much more difficult question. The observations that follow contribute to the debate on this question, but by no means amount to a definitive answer.

A wide range of constituencies are accessing LRAD

The case studies show that LRAD is being accessed by a wide range of clients who differ in terms of aspirations, resources, and agricultural and entrepreneurial expertise. This is largely due to the flexibility of LRAD's grant system. Although LRAD clearly caters more to well-off applicants than did the SLAG-based redistribution programme, it is still widely accessed by poor households. Whether or not the 'poorest of the poor' are accessing LRAD in significant numbers is unclear. Clearly the own contribution requirement does not pose an obstacle, since the minimum own contribution of R5 000 can be, and is, pledged in the form of own labour, and numerous beneficiaries do access the minimum possible grant of R20 000 accordingly.

LRAD is supporting a diversity of project types

LRAD is supporting a variety of different project types, which in large measure reflects the diversity of applicants' aspirations and resources mentioned above. There is a tendency for better-off applicants to go for family-farm type projects, usually involving complementary loan finance and explicit commercial objectives, while poorer applicants are more apt to form multi-household groups to cover project costs entirely on the basis of the LRAD grant. Earlier research by the HSRC revealed that many group projects are 'farm-worker projects,' wherein a group of farm workers use LRAD to acquire the farm where they have been working, often at the impetus of the seller (HSRC, 2003); however, none of the projects examined as case studies for this exercise were of this type, though one involved a group of former farmworkers hoping to buy the farm they had left many years ago.

Some PLROs continue to use the SLAG to accommodate applicants whose primary need is settlement, and it would appear that this is a valuable way of conserving budget and ensuring that LRAD is not used to try to cater to too broad a range of needs.

Family-farm type projects appear to be working relatively well, with three qualifications

Given that LRAD is still quite new and that most projects have been on the ground a very brief time, it is premature to say which types of projects are working well, i.e. are rendering the expected benefits on a sustainable basis. However, early indications are that family-farm type projects are doing relatively well, owing to the fact that the beneficiaries of such projects tend to have more entrepreneurial experience, the projects are amply capitalised, and that relative to group projects, there is little occasion for in-fighting and management problems. On the other hand, there are a few concerns about family-farm type projects. First, in some instances the beneficiaries are so well-off to begin with that one questions whether they are deserving of the sort of government support they are able to extract from LRAD, and even whether they strictly needed LRAD in order to get into farming. The cases suggest that these projects appeal to applicants who want to diversify their economic support base. Although such projects contribute to the overall goal of redressing the racial imbalance of land ownership, the cost to the fiscus of such projects is high in relation to the number of beneficiaries served.

The second concern is that, as was observed in one of the case studies, some LRAD projects that outwardly appear to be family-farm type projects, are in fact projects where the applicant's objective is related more to gaining the prestige associated with owning land than with economic goals. This is possible where the applicant is so well-off that he can afford to choose to not use the land productively. Whether this is or will be a common problem is impossible to say.

Third, it is important to note that there is a sub-set of family-farm type projects that involve beneficiaries who are not particularly well-off and who do in fact consider farming to be their primary activity. These tend to be projects which cater to relatively large stockowners based in former homelands, who use their stock to qualify for relatively large grants (and sometime loans as well) in order to acquire property outside of the former homelands. Such projects are critically important for a number of reasons, including the fact that they provide real assistance to previously disadvantaged *farmers* to expand the scale and improve the conditions of their operations, and simultaneously open up land in congested former homeland areas that others can then access. Unfortunately, none of the case studies conducted for this exercise was of such a project. Although they engender enthusiasm among implementers for what they aim to achieve, and rightly so, interviews with implementers reveal concern about the prospects for these projects, mainly because these beneficiaries tend to be good livestock farmers but poor entrepreneurs, raising doubts that they will be able to meet their loan repayment obligations.

Most group projects are 'group farming projects,' the efficacy and sustainability of which remain uncertain

The main alternative to family-farm type projects is group projects which most often take the form of what we might call 'group farming projects' or 'cooperative farming projects.' By this is meant that the beneficiary group attempts to maintain or resume the farming operation of the previous owner. Though attempts at cooperative farming under SLAG tended to fail due to the formidable problems with organisation and management, this model still appears to be very popular with beneficiaries. In an attempt to maintain the existing farming model in production and comply with a large-farm business plan, beneficiaries often agree to operate the farm collectively. So far, relatively few groups have taken the more easily managed route of informal subdivision of bought properties into individual family farms. This is partly because not all properties acquired through redistribution lend themselves to this sort of treatment. However, probably just as important is the fact that the group farm commercial route looks more profitable on paper. Time will show whether group farming will be more successful under LRAD, but as will be discussed below the greater resources available through LRAD for project costs has generally not translated into better post-settlement support, which is probably more important for keeping group farm projects on track.

DLA and Land Bank in effect split the demand in terms of socioeconomic level

Because Land Bank deals with clients needing or wanting loan finance, the trend of the case studies, and the data reported, is for the Land Bank delivery route to take in the more advantaged beneficiaries, while DLA by default deals with poorer clients who do not expect to take loans. However, it appears to be the case that Land Bank projects regularly move forward faster than DLA projects, and sometimes twice as fast. Differences in the speed of transferring land appear to relate to differences in the organisational culture of the two institutions to some extent, but also to the different constituencies involved, and to the kinds of project being dealt with. Projects handled by Land Bank tend to be of a more clearly commercial character and done on behalf of better-resourced clients. For DLA's PLROs, which tend commonly to deal with the poor, commercial criteria compete with social concerns in making decisions, and land use is often not intended to be used for exclusively commercial purposes. Beneficiaries are often unsophisticated and unfamiliar with transactions that take place in offices, and often have difficulty in furnishing information required. Case-loads are reportedly very heavy in some provincial offices, requiring projects to be held back or advanced depending on the demands of other projects. Slower administration times in relation to DLA as opposed to Land Bank may therefore be partly a product of the kind of project being addressed, resulting in turn from the kind of demand and level of beneficiary resources involved.

The efficacy of post-settlement support is still in question

The critical importance of good post-settlement support to the sustainability of new farming enterprises is now recognised, and support is being provided by a range of private providers in addition to the provincial departments of agriculture. Though individual cases often show success with bringing in private support, results from the case studies suggest that in many cases there is still no institutionalised alternative to laying the whole burden of training, mentoring and general capacitation on the provincial agriculture departments. It is still often reported that the responsibility of Land Affairs and the Land Bank stops in practice at handover, with PDAs expected to take over at that point. Limited capacity for undertaking this mandate often makes it difficult for PDA staff to take on this task, though in some cases PDA post-settlement support has been provided effectively. To protect existing government investment in land redistribution projects under LRAD, it remains urgent that the ability of PDAs to perform their mandate be examined and effectively supported. It is also advisable that either national DLA of the NDA take a more active role in the design and funding of mentorship programmes; provinces should be commended for the initiative they have shown for creating their own mentorship programmes, but the often slow progress in taking these forward is an indication that central government should be playing a more active and useful role in this regard.

LRAD is occasionally used in place of restitution, but more commonly for 'restitution ethos' projects

Implementers in some provinces reported that some LRAD beneficiaries on state land might have qualified for restitution awards, but were encouraged to go the LRAD route because it promised speedier delivery and more certain support for agricultural development. It should be stressed that this use of LRAD in place of restitution is not common, and is used judiciously in cases where the nature of the claim is relatively uncomplicated, and then only with the full, informed agreement of the Restitution Commission. It should also be pointed out that none of the projects examined as case studies for this report was this type of project.

On the other hand, an untold number of LRAD projects are motivated by an underlying 'restitution ethos,' by which we mean situations in which applicants use LRAD to acquire land to which they feel an historical attachment or perhaps sense of entitlement, but to which there is no valid claim. There is nothing wrong with this in itself, except to the extent it underlines the point that LRAD is sometimes used for personal objectives that may nor may not be at odds with LRAD's explicit emphasis on agricultural production, and begs the question whether alternative mechanisms should be in place to accommodate what is a valid type of land demand.

LRAD is generally not suitable for the de-densification of the former homelands, and alternatives should be identified

As it is presently elaborated, LRAD is not an effective vehicle for dealing with congestion in the former homelands. To illustrate, as of 1997 there were roughly 675 000 households in the former homelands that did not have access to productive land (Rural Survey, 1997). By contrast, the budget for LRAD can only accommodate 2 000 to 3 000 households per year, many or most of whom in any event do not come from the former homelands. Presently, the only real significance of LRAD for addressing congestion in the former homelands is in terms of projects that involve the relocation of larger stockowners out of the former homelands, which, at least in principle, has the effect of making more grazing land available to those left behind.

Apart from obvious budget limitations, the primary problem with LRAD in respect of addressing congestion in the former homelands is that it relies primarily upon a farm-by-farm, project-by-project process. In the case of former homelands, where large numbers of poor households need access to productive land but are not willing or able to move far (and in any event cannot realistically all be expected to get into commercial agriculture), the commercial farms adjacent to the former homelands are of particular strategic importance. Some form of supply-led approach might be appropriate, very likely not depending on the LRAD grant system. If government made the decision to de-congest the former homelands, it could seek to make pro-active purchases of large, contiguous blocks of commercial farmland adjacent to the existing communal areas, either to be subsumed within some form of commonage, or to be reallocated to households, or some combination of the two. The delicate aspect of such a de-densification initiative would be ensuring that the new land administration and landholding arrangements were effected fairly, and perhaps that democratic institutions were put in place.

The LRAD project cycle shows useful adaptability

The LRAD project cycle is simpler than that in use under SLAG, not least in that it does not require ministerial approval. Instead, projects are approved by the Provincial Grant Committee and signed off by the Provincial Director of DLA. This principle holds even when Land Bank is dealing with the project.

Provinces have been able to experiment with their project cycles due to the planned flexibility of LRAD administration, and Eastern Cape has been able to waive the requirement of a full business plan in cases where the project's intended land use is not complicated enough to make business planning a necessity for the purposes of deciding whether or not to approve the project. Eastern Cape also carries out most of its project functions in-house, instead of making use of service providers. Until recently, KwaZulu-Natal, Free State, Mpumalanga and Western Cape all had active Land Bank delivery programmes for LRAD, and appeared to make extensive use of outside consultants for valuations and business planning, as well as for mentoring and training. PDA offices, which are in principle expected to provide feasibility studies as well as post-settlement support, are sometimes substituted for by private consultants where their staffing burden does not allow them to perform these functions. This kind of flexible approach appears to be to LRAD's benefit, since it allows for the emergence of a national body of practice from which successful innovations can be selected for use, and/or for future incorporation into policy. However, the impact of the Land Bank funding standstill is of serious concern in this connection.

Formal subdivision is rarely undertaken and should probably be encouraged

The Subdivision of Agricultural Land Act, Act 70 of 1970, allows for the subdivision of agricultural land only by means of application to government. In practice, getting authorisation for land subdivision is time consuming and costly. It has been argued that use of subdivision would be to the advantage of land redistribution because redistribution applicants are not always able to identify land on the market that suits them in terms of price and size (Aliber and Mokoena, 2002). (One reason for the large number of redistribution projects in the Eastern Cape and Free State is almost certainly that the land market in these two provinces is relatively conducive to redistribution, in that there is a comparatively high proportion of smaller, more affordable rural properties available in arable areas. However, this is not to suggest that there are not other reasons for the Eastern Cape's and Free State's success as well.)

Where Act 126 is the basis for the release of government money to effect land redistribution, as is the case for the majority of LRAD projects (i.e. mainly excluding those projects that involve the disposal of state land), the provisions of Act 70 are automatically waived. Thus in fact there are few if any legal barriers impeding subdivision for redistribution projects. It is therefore unclear why subdivision occurs so rarely in the context of LRAD. None of the case studies examined for this report involved subdivision, nor did government implementers indicate that subdivision was used to any great degree. Only some service providers mentioned using subdivision, in particular to carve up large commercial farms into smaller commercial farms suitable to individual LRAD-financed family-farms.

Our conjecture is that the absence of subdivision relates to three factors: i) PLRO/PDA staff are insufficiently aware of the potential advantages of subdivision, particularly as a strategy of avoiding problematic multi-household group projects; ii) subdivision can be costly on account of the need for professional surveyors, and it is not always affordable within the limits of the planning grant; iii) many beneficiaries prefer group ownership, because for whatever reason they have bought into the idea of group farming. The point here is not that subdivision should be employed whenever possible, but that it probably has more utility than is presently recognised, and that DLA should consider studying both the reasons for its apparent infrequency and measures that might encourage it.

1 Introduction

1.1 Purpose of this report

The Land Redistribution for Agricultural Development (LRAD) programme of the Department of Land Affairs (DLA) was launched in August 2001. It remains DLA's flagship redistribution initiative. Since its inception there have been close to 700 LRAD projects approved around the country, involving close to 12 000 grant recipients.

Capital expenditure on LRAD as of end of 2002 is estimated to have been around R350 million. Given how recently LRAD was introduced, this is an astonishing figure. In fact the pick-up in expenditure on LRAD has been so great that a number of DLA's Provincial Land Reform Offices (PLROs) exhausted their redistribution budgets for 2002/03 well before the end of the fiscal year. It appears the 2003/04 fiscal year is headed in the same direction. Most damaging of all, the R50 million set aside for the Land Bank in terms of its Memorandum of Agreement (commonly referred to as the 'agency agreement') with the DLA whereby it could allocate grants for LRAD projects to which it was also lending, was spent so quickly that, injudiciously, the Land Bank proceeded to cover the grant share of additional projects out of its own resources, apparently for fear of halting the momentum that was building. The picture that emerges is that LRAD is starved of capital, and if only it were to be given a large boost from the fiscus it would be able to expand in such a way as to make great strides.

On the other hand, information about the quantitative aspects of delivery (grants approved, hectares transferred, money spent) at this point is much greater than that as to the impact of LRAD on the ground. Beyond the fact that the programme appears to be in need of more budget, any decision as to increasing the resources allocated to LRAD would have to take into account at least two factors: first, the impact of LRAD on the ground, i.e. to its beneficiaries; and second, the absorptive capacity of the delivery system. The purpose of this study therefore is to make some preliminary observations on how well LRAD is working relative to its own ultimate objectives, and on the constraints to its delivery. It is hoped that the insights from the study – preliminary though they are – will provide some guidance to the medium term expenditure framework process as it seeks to balance the needs of land redistribution against other government priorities.

1.2 Methodology and organisation of the report

As part of its ongoing exploration of land reform and of LRAD specifically, the Integrated Rural and Regional Development unit of the HSRC has undertaken this short series of seven qualitative case studies aimed at illuminating the early performance of LRAD. No pretension to full representivity is made, and due to limitations of time and resources only a limited list of three provinces is provided for. Rather than statistical data on scale, insight into the LRAD situation for these three areas is gained from the consideration of qualitative information on specific projects, collected in as much depth as possible given the time available. Focal areas of the research include:

- institutional capacity and inter-institutional dynamics
- programme targeting
- beneficiary group size and dynamics
- service provision
- post-transfer support and mentoring
- access and contact
- the role of consultants
- the land market and how it is accessed
- sustainability of projects.

The process of developing the case studies involved three main activities. The first activity was interviewing project beneficiaries, and in particular asking the beneficiaries to recount the 'story' of their projects, while guiding the discussion to so that the themes indicated above were touched upon in sufficient depth. The second main activity was interviewing other individuals who either had a direct role in the project concerned, or who were in a position to comment on LRAD in the province. A key objective was to speak with people who work in different capacities, and who might have differing perspectives on the case study projects and/or LRAD in general. These included, *inter alia*:

- Provincial DLA official officials, including those who have worked on the case study projects and those who have not;
- Provincial agriculture officials, including those who have worked on the case study projects and those who have not;
- 'Design agents' and other service providers involved in assisting beneficiaries develop their applications;
- Mentors, trainers, and others who may be involved in post-settlement support; and
- Estate agents with knowledge of the area in which the projects are located.

Finally, for each case study project, an attempt was made to locate the project applications and, where possible, business plans, to observe what the original stated objectives and expectations of the projects were. To the extent there was a deviation from the original project objectives, it was valuable to understand why.

The three provinces in which the seven case studies were undertaken were KwaZulu-Natal, Limpopo, and Eastern Cape. These three provinces were chosen principally because, by most measures, they are the provinces with the most rural households living in poverty. It should be notes that no joint ventures were selected as case studies, on the grounds that joint ventures raise distinct issues which it was felt could not adequately be dealt with in this report. Joint ventures are however the subject of a forthcoming report by Mini, Mason, and Randela.

The report is organised as follows. Chapter 2 provides background information on LRAD, including an explanation of its relationship to land reform in general, a brief description of the delivery systems involved in LRAD, and a summary of LRAD's project delivery to date. Chapters 3, 4, and 5, cover the case studies for KwaZulu-Natal, Limpopo, and Eastern Cape, respectively. And Chapter 6 concludes by synthesising main findings and making preliminary recommendations.

2 An overview of LRAD

2.1 Context and background of LRAD

The land reform programme of the Department of Land Affairs (DLA) encompasses three distinct components, namely redistribution, restitution, and tenure reform. Redistribution in turn consists of three funding mechanisms: Land Redistribution for Agricultural Development programme (LRAD); Municipal Commonage; and the Settlement/Land Acquisition Grant (SLAG). Of these, LRAD is the 'flagship' redistribution product.

The strategic objectives of LRAD include:

- Contributing to the redistribution of 30% of South Africa's agricultural land over 15 years;
- Improving nutrition and incomes of the rural poor who want to farm on any scale;
- De-congesting overcrowded former homeland areas; and
- Expanding opportunities for women and young people who stay in rural areas.

LRAD deals with diverse objectives, reflecting the complex realities of land reform in South Africa. More so than the SLAG-based redistribution programme which prevailed from 1995 to 1999, LRAD was designed to cater to a range of needs and demands, from so-called 'food safety projects,' to projects designed to assist blacks get into commercial farming. The parameters of LRAD are deliberately broad. The grant can be accessed by people individually or can be pooled together by groups. It can be used to create farmworker-equity projects and other kinds of joint ventures; it can be used to help farmers leasing ex-SADT (state) land to become owners of that land, and in theory it can be accessed to develop farming operations within communal areas. This last possibility, although provided for in the LRAD framework document (DLA, 2001), remains unfulfilled, because DLA rightly recognises that it should not use its *redistribution* budget to develop land that people already have, whether within communal areas or on private land. (In principal, there was a notional agreement that the NDA would therefore budget for this aspect of LRAD, but to date this does not appear to have happened to any large degree, though some provincial agriculture departments do have modest budgets for such support.)

To give effect to these diverse aims, LRAD allows for grants to be accessed in a range of sizes. Beneficiaries can access the grant along a sliding scale from R20 000 to R100 000, the size of which is determined by the value of 'own contribution' they make to the establishment of the project. The own contribution can be made in cash or in kind, where the cash can be one's own or in the form of a loan, and where that which is in kind can be in the form of livestock, agricultural machinery, and to a limited degree 'sweat equity.' The total own contribution is the sum of the value of all forms of own contribution made. The minimum own contribution is R5 000, with which an applicant can qualify for a grant of R20 000, and the maximum is R400 000, with which an applicant qualifies for R100 000. The contribution of the minimum R5 000 can be made in the form of 'sweat equity,' which effectively means a notional commitment that the applicant will perform some work on the project. In essence, the R5 000 sweat equity contribution is accepted automatically; anybody qualifies for the minimum grant of R20 000 – provided the project as a whole is approved – but in order to access grants in excess of this, something more tangible must be committed.

Projects whose beneficiaries access the minimum grant of R20 000 are loosely dubbed 'food safety net projects,' meaning that their main aim is to assist the poor sustain themselves. It is generally the case that the larger the grant, the more commercially oriented the project. Policy also allows for LRAD beneficiaries to 'trade-up,' or graduate, from one grant level to another, subject to the ceiling of R100 000 per individual. In practice, this does not appear to happen much, firstly because most projects are still very new and do not justify additional resources (especially since grants may not be using for repaying existing loans); and secondly because implementers are inclined to prioritise new projects rather than additional assistance to existing ones.

The LRAD programme must to some extent be appreciated in relation to the approach it replaced, namely the SLAG-based redistribution programme that obtained between 1995 and 1999. The SLAG was initially R15 000 per household, and then R16 000 per household, effectively gauged to be on a par with the housing grant. Typically, numbers of households grouped together in order to be able to afford the purchase price of the property. Beneficiary groups occasionally also accessed loans, but this was mainly when the project took the form of a joint venture of some sort. There were three main problems cited with SLAG. First, because of the small size of the grant, groups were too large, were frequently crippled by internal conflict, and often had members whose only function was to boost the numbers receiving grants without having any meaningful role in the project. Second, projects took too long to deliver, to some extent because they did not rely sufficiently on the applicants' own initiative and effort. And third, there was insufficient coordination between the provincial Land Affairs branches (known as Provincial Land Reform Offices, or PLROs) and the provincial departments of agriculture (PDAs), one important consequence of which was that there was insufficient post-transfer support to projects. The overall concern was that too many redistribution projects were not economically viable, and linked to this, redistribution did not appear to provide a stepping-stone into medium or large-scale commercial farming.

As significant as the change in the size of the grant is the fact that, whereas the SLAG was a grant per household, the LRAD grant is now awarded to adult individuals. In practice, multiple adult members of the same household can and do apply for LRAD grants with the intention of pooling them. In fact, this is sometimes actively encouraged by government staff and private consultants who work with LRAD applicants, for the simple reason that it facilitates achieving one of the objectives under LRAD, namely to reduce group size, and by preference to focus as much as possible on family groups. In earlier work done by HSRC in Mpumalanga and the Free State, it emerged that the average grant per beneficiary was R35 000, and that there were around 5 beneficiary members belonging to the same household/family (HSRC, 2003). This implied a total grant captured by the same household of R175 000, effectively more than 10 times the old SLAG of R16 000 per household. However, because 'households' are no longer the beneficiary unit under LRAD, the number of households is generally not recorded, thus it is difficult to say how generalisable these figures are.

With the imposition of a moratorium on new redistribution projects imposed in 2000, and then the introduction of LRAD in 2001, SLAG-funded projects largely disappeared, but the grant is still used in some provinces for certain purposes. The Eastern Cape PLRO, for example, still uses the SLAG to finance the land acquisition for settlement-oriented projects that it undertakes in partnership with district municipalities. In some sense, then, the SLAG serves as the 'settlement grant' that DLA has long researched but never formally introduced. The other point to make about the replacement of SLAG with LRAD, is that many projects that were originally formulated as SLAG projects but were put on hold pending resolution as to the DLA's policy direction, were re-packaged as LRAD projects once it was possible to do so. Some of the earlier LRAD projects in particular, including a couple of those that served as case studies for this report, are in fact not very different from old SLAG-based projects.

2.2 Delivering LRAD

The generic project cycle for LRAD entails the following steps: the applicants identify a property they would like to purchase and negotiate a provisional sales agreement with the owner; the applicants then fill out application forms furnished by the PLRO or PDA; the property is assessed for its suitability; a business plan is drawn up explaining what the applicants propose to do with the property and the project money; the various application materials are submitted to the District Assessment Committee; after whatever reworking is required, the application is submitted to the Provincial Grant Committee; if approved, the project proceeds to the Provincial Director of the DLA. Unlike the earlier SLAG-based programme, the Minister's approval is not necessary to release LRAD grants.

In practice, there is much variability in the sequence and content of the steps, from province to province but also from project to project. Projects involving state land disposal obviously are different in important respects, as are projects involving share-equity arrangements, or co-investment from other government departments, e.g. for housing. *Who* is involved also varies from project to project. In some cases, there is great reliance on consultants; at other times on PDA staff; and sometimes PLRO staff undertake functions that were not even traditionally assigned to them, for instance determining if the asking price of the seller is fair and even assisting with business plan development. The latitude to allow different provinces to vary systems and procedures, within limits, is deliberate, and for the most part appears to be to the advantage of the programme. There is evidence of local experimentation and learning. There is, however, perhaps less evidence of sharing of lessons learned across provincial boundaries.

A project file ultimately comprises much more than an application form, including some or all of the following:

(1) a feasibility report, showing what the property is technically capable of supporting;
(2) a business plan, inclusive of a land-use plan, cash flow projections, etc.;
(3) a provisional agreement of sale;
(4) confirmation of the seller's legal possession of the land (from Deeds);
(5) a land valuation by a professional valuer;
(6) a list of beneficiaries, including ID numbers;
(7) an audit and valuation of beneficiaries' assets or a draft loan agreement;
(8) proof from the Restitution Commission or DLA that the property is free of claims; and
(9) a local government report to ensure that the project is in line with the local IDP.

An important aspect of LRAD is the split in delivery modes between DLA and the Land Bank. The project cycle differs depending on whether or not the beneficiary is to rely entirely on the amount of grant support available through DLA, or requires a loan available through the Land Bank. In terms of the original agency agreement between DLA and the Land Bank, the Land Bank could package projects for which it was prepared to approve loans. This entailed the allocation of R50 million from the DLA's redistribution budget that the Land Bank could consider at its disposal for covering the LRAD grants (including planning grants) supporting those projects. The loans, of course, came out of Land Bank's own capital resources.

The agency agreement lapsed in recent months under circumstances that remain highly sensitive. Although there is no clear indication of exactly where things went off the rails, it appears that of the two it was the DLA that was especially unhappy with the arrangement. DLA did not like the way in which the Land Bank's procurement system worked, not least because of the allegedly lavish amount of money that was spent on service providers. Among PLROs, there was discontent due to the fact that parallel processes created confusion and complicated the provinces' efforts to plan redistribution. Moreover, although in principle the Land Bank-routed projects relied on a ring-fenced budget in such a way that it would not affect PLROs' budgets or planning, the manner in which the DLA appears to have managed this led to friction on the ground. Rather than simply dedicating R50 million of its budget to Land Bank-routed projects, it indicated to each PLRO that a certain share of *its* budget must be set aside for local Land Bank-routed projects. However, Land Bank branches themselves were not aware of how much capital for LRAD they were permitted to draw down, not least because Land Bank branches are not organised by provinces. When the Land Bank branches collectively exhausted their R50 million but carried on committing to projects, some PLROs were effectively compelled to draw down additional budget on projects they were not responsible for planning and did not expect to fund.

Thus an arrangement that was meant to accelerate delivery by cutting down on the need for inter-institutional co-ordination, resulted in a fair number of headaches and hurt feelings. Nonetheless, there is evidence that, for a while at least, it worked very well. Between August 2001 and December 2002, while the agreement was still in place, delivery through the Land Bank accounted for roughly every third project. As one might suspect, Land Bank-routed projects were generally distinct in being more commercially oriented, having smaller beneficiary groups, and having larger grants per beneficiary. As a gross generalisation, PLRO-routed projects generally involved larger groups, were less commercially oriented, and had smaller grants per beneficiary. By many accounts, Land Bank-routed projects moved more quickly, most likely because, like private developers involved in the delivery of RDP houses, the service providers had a financial incentive to move them quickly to completion that is largely absent in PLRO-routed projects.

In the absence of the agency agreement, Land Bank is still playing a significant role in LRAD in some provinces, but this is hindered in those provinces where the money ran out especially quickly.

The LRAD framework document (DLA, 2001) states that, "the Department of Agriculture has a post-settlement support services in place to assist farmers. Training will be provided periodically and field officers will be available in all districts to offer technical assistance to all farmers, emerging as well as commercial." By this is meant the provincial agriculture departments. However, the actual involvement of the provincial agriculture departments varies greatly from province to province, and even from district to district. On the whole, provincial agriculture departments are more actively supportive of LRAD than they were of the SLAG-based redistribution programme, but as the case studies below reveal, problems still abound.

2.3 Delivery to date

LRAD's delivery record to date can be assessed from the table below, which depicts the provincial breakdown of LRAD projects approved up to 31 December 2002. Given that the data are already quite old, one can presume that the majority of these approved projects have by now also been transferred.

Table 1: Approved LRAD projects and hectares up to 31 December 2002

Province	PLRO-routed		Land Bank-routed		*Total projects*
	projects	hectares	projects	hectares	
Eastern Cape	129	51 632	7	2 627	136
Free State	149	39 231	60	21 324	209
Gauteng	16	583	18	701	34
KwaZulu-Natal	13	21 143	27	11 171	40
Limpopo	10	26 221	19	5 271	29
Mpumalanga	36	11 882	38	32 326	74
North Cape	23	15 369	49	13 934	72
North West	10	30 645	4	16 633	14
Western Cape	29	11 858	5	1 714	34
Total	415	208 564	227	105 701	642

Source: DLA, 2003 and PLAAS, 2003.

The total number of beneficiaries as of end of 2002 was 11 272. However, the number of distinct households subsumed within this figure is not known. On the assumption that each beneficiary is accompanied by 3 household or family members, then the total number of households benefiting was 2818. The actual figure could be somewhat higher or lower.

3 KwaZulu-Natal

3.1 The local economy and history of Ladysmith / Dundee / Glencoe / Vryheid

Northern KwaZulu-Natal stands in contrast to the lush sub-tropical coastlands and wet hillsides of the Midlands. Much of the northern interior of the province is dominated by medium-quality grassland, but cultivation is limited by the extremely hot summers and a lack of rain in the winter months that are often very cold. Extensive stock farming has long been the dominant activity, underpinned by the rough grazing and watered by pump and windmill irrigation. Some maize is grown although to a limited extent. For cultivation to take place irrigation is critical, especially in the current drought context. The areas appear to be wetter towards the Drakensberg/Ukahlamba range in the east. Large plantations and timber farming becomes more prevalent in the far north nearer Paulpietersberg and beyond. Intensive pig farming has also been an option until recently but these farmers stand to lose their market as Estcourt processing goes under. The limited agricultural endowment was compensated to some degree by rich coal seams although the majority of these have closed in the past few decades.

Glencoe is an obviously declining centre as the rail line has moved away towards Ladysmith, an indication of economic activity shifting towards this centre. This reflects a general pattern of loss of transport connections as road and rail routes have been moved away from local towns, undercutting local economy by starving small towns of outside trade. There has been a shift to tourism, and bed and breakfast ventures are proliferating in area. The competition for tourists visiting the battle-sites route has resulted in some saturation, particularly in Ladysmith with the resultant falling returns. Glencoe is said to be well organised for tourism but farmers unsure whether to risk the investment.

The general history of area revolves around the imposition of private tenure leading to labour tenancy, loss of land rights, co-running of stock, overgrazing, apartheid government policy of clearances to reduce stocking density and to effect group areas legislation resulting in immense social dislocation and faction fighting over land. Some of the worst *izimpi zemibango* (wars resulting from disputes – often over resources) have occurred in this region. In particular the loss of arable allocations to Msinga Tribal Authority communities has partly resulted in a history of violent crime as retaliation of the dispossessed to whites, leading up to planned land invasions of early 1990s and the declaration of the land reform pilot area as putative solution via urgent redistribution. These issues reflect the anger all around, the urgency of the dispossessed to recapture lost land, and the ongoing limited success of land reform in the area. A number of bordering farms were abandoned by early 1990s due to stock theft and other forms of pressure on established farmers who were seen as unjust occupiers. Numerous white diehards continue to live in the area who are likely to produce a group wanting to get rid of non-viable farms at high prices, history of bad valuations in the area. As a result there has been an apparent split away from more progressive farmers who want to use LRAD to accommodate the legitimate demands of African population to achieve new stable situation in region. As a result, people on all sides keep trying to achieve a stable future.

3.2 The role of land reform

High hopes have been expressed by some members of the farming community that land reform would help settle some of the underlying tensions in the area, particularly with farm murders continuing along with stock theft, and the patrolling of farms by farmers. The commercial sector therefore saw LRAD as an opportunity to introduce new viable African farming class on full size working farms and thereby cool down political and race tensions so that existing farming can continue as more inclusive enterprise.

Another element of the farming community had not embraced LRAD. There was a record of refusals from farmers to enter into sale agreements. Some farmers indicated that there had been deception from the government side, resulting in distrust shown in cases even by supportive farmer interests. There were also reported negative approaches to farmers by government in the highly charged historical context, which further fuelled the uncertainties felt by some in the profession. However, the offer from the provincial farming association, KwaNalu, to provide mentoring free of charge, was a sign that farmers generally saw LRAD as a positive opportunity for agriculture in the region. The uptake of this offer was, however, not clear.

The delivery to date of LRAD in KwaZulu-Natal is summarised in Table 2 below. The figures for delivery via the PLRO are more up-to-date than those in Table 1, which explains why more projects are reported. The fact that the total number of hectares for PLRO-routed projects is *less* in table 2 than in Table 1 is unclear – Table 1 is largely based on data provided by the Pretoria office of DLA, while Table 2 relies on information provided directly by the KZN-PLRO.

Table 2: Statistics on LRAD projects transferred to date in KwaZulu-Natal

Delivery route	Total projects	Total benefic-iaries	Total HA	Total grants[1] (mn)	Avg. no. beneficiaries / project	Avg. grant / project	Avg. grant / beneficiary
PLRO	14	1 081	19 454	10.1	77	840 880	22 226
Land Bank	27	203	11 171	10.2	8	377 357	50 190
Both	41	1 284	30 625	20.3	32	535 633	26 647

[1] This excludes planning grants. Also, the figure for PLRO-routed projects is possibly a significant understatement of the true total, since grant information was not available for two of the 14 projects. The calculations of average grant per project and average grant per beneficiary were therefore made on the basis of the 12 projects for which complete information was available.

3.3 Introduction and context of case studies

Interviews in KwaZulu Natal were carried out from 23-25 July 2003, in the Northern Natal region stretching from Ladysmith to Vryheid. On the west, part of this area falls into the original KwaZulu Natal land reform pilot area centring on Estcourt/Winterton and bordering Msinga. Projects selected for in-depth investigation were chosen on two criteria: first, in order to obtain both farmworker projects – expectations to be larger groups – and non-farmworker, small family projects, and second, in relation to whether or not transfer and handover had taken place. In addition to these criteria, spatial proximity was a factor due to limitations on time and resources in carrying out the case studies.

However, no large groups were available in the small first cluster of four Land Bank projects which had been handed over, though later on large groups became commoner. As a result, the two cases chosen represent one farm project with two beneficiaries and their families, and one family-type project with a single beneficiary, together with a small number of his family members. These two projects – near Glencoe and Vryheid respectively – were visited and interviews were conducted on-site. At the same time, some information has also been collected on several other projects, including one poverty safety net project in the Dundee area, and a cooperative in Empangeni. Both of these are group projects not associated with farm staff. One is led by a traditional leader in the Sithole tribe, and the other is self-organized.

The Ladysmith/ Dundee/ Glencoe/ Vryheid area was settled by the original Boer occupation of the 1840s, although it was already occupied by a number of Zulu-speaking clans. Farms in the area are reported to average some 1000-1500 hectares of mainly rough grazing, and to be priced at around R600 per hectare depending on land quality and land use. Carrying capacity is reported to be around 3-5 hectares per large stock unit in the Glencoe area, and annual rainfall around 800 mm.

The original white settlement of the area was angry and contentious for the indigenous population. It is reported that many clan members were expelled at the time of the Boer occupation, while others in effect woke up to find that private-tenure farms had been declared over their heads, leaving them as tenants rather than landholders. A system of labour tenancy was enforced, which became increasingly untenable as human and stock densities increased over time. By the 1960s the apartheid government had begun clearances in the Estcourt-Ladysmith area of labour tenants living on the farms, with the declared policy goal of reducing stocking levels by removing the tenant-owned stock then being grazed on the farms.

The impacts of these clearances reverberated bitterly across the whole of Northern Natal, poisoning race relations and resulting in the still-continuing struggles over land, water and grazing that are characteristic of the region. Probably nowhere in South Africa was inequitable land distribution and its consequences in poverty more evident.

Homeless former tenants were absorbed mainly into the chiefdoms of Msinga district, where a very large share of families had to give up their allocated agricultural land to accommodate the refugees. Other dispossessed families succeeded in finding places on other farms still accepting labour. However, exploitative labour practices were notorious in the backwards farming sector of the region, with its marginal farms and overloaded labour market. Evictions have continued through the 80s and 90s into the present as farmers try to avoid the implications of tenant protection legislation. The results have to been to consolidate the anger and feelings of injustice created in the African population by successive waves of dispossessions.

In Msinga, violent inter-clan fighting over land began in the 60s in response to imposed over-crowding, making the Estcourt-Ladysmith area the worst in Natal for what was described as faction fighting. Violence spilled over and gradually started to destabilize the region, with farm murders probably peaking around the time of the early land reform efforts of the mid-1990s. Levels of stock theft rose sharply as the chiefdoms in the area began to lose control over the activities of potential criminals. In their enforced move or later, many or most of the displaced refugees lost their livestock, representing their entire savings and also their potential capital for any new start.

By the early 90s, with evictions continuing, the situation had reached a tipping point. At the time of the democracy elections in 1994 numbers of farms lay abandoned along the borders of the old KwaZulu homeland, with groupings of former labour tenants poised to invade them from Msinga. Representations to the new Minister of Land Affairs brought about a visit, and the declaration of the area as a priority under the land redistribution programme. Land reform efforts began by 1995, but for some time had equivocal success.

3.4 Case study 1: Alson Joseph CC, Glencoe

3.4.1 Introduction

The AlsonClem LRAD project was selected essentially because it was one of four projects finalised in the entire northern KwaZulu-Natal area. This case study is based on interviews conducted with members of the AlsonClem Close Corporation located outside Glencoe. The acronym stands for Alson and Joseph M, the CC members, and also the LRAD beneficiaries who now legally own the new farm Tweespruit. The interviews were conducted mainly with Alson, the elder of the two brothers who own the close corporation, and the more knowledgeable about the project. Interviews were also conducted with David N, the owner of the parent farm Kykdaar, and the initiator of the project and the mentor and employer of the brothers. In addition, interviews were conducted with the Uthukela Regional office of the PLRO in whose jurisdiction the project fell, and with the Land Bank based in Vryheid, which arranged the finance for the project.

The interviews were structured around the following points:

- Objectives of the close corporation;
- Formation of the close corporation;
- Training for the close corporation member;
- Workforce on the farm;
- Markets;
- Concerns;
- What happens to the profit?

Individuals interviewed for the case studies include:
Mr Alson M, AlsonClem Close Corporation
Mr Joseph M, AlsonClem Close Corporation
Mr David N, neighbouring farmer on "Tweespruit" and "mentor," AlsonClem Close Corporation
Mr Reemal Sing, Chief Planner, Uthukela Regional Office, Provincial Department of Land Affairs (PLRO)
Mr John Fourie, Stockowners Association, Dundee
Mr Justice Mchunu, Provincial Department of Agriculture
Mr Cyril Zondi, Land Bank

3.4.2 History of the project

The AlsonClem project involves a farm called Tweespruit, which occupies 500 hectares in the Glencoe area. It is a farmworker project with two beneficiaries, Alson and Joseph M (all names have been changed to protect privacy), brothers who are long-term employees of the owner of the parent farm. The Tweespruit farm is not directly adjacent to the parent Kykdaar property, but is located a short distance away, separated from it by a farm owned by the niece of the sponsoring farmer, David N. Because of the high-lying location of the Tweespruit farm, there is potential to erect a telephone transmission tower, which would provide rent to the new owners. The N family also operates another stock farm of their own, about two kilometres from Kykdaar.

The rail line to Durban runs across the parent farm, Kykdaar, which is also the name of a former rail siding. The Anglo-Boer war was fought through this area, and at one point Boer fighters attempting to shell the Durban train accidentally blew up the kitchen of their leader, Karel Landman. The Landman house has been rebuilt and is still standing on the Kykdaar property, but the farm family is uncertain about committing the resources necessary to develop the house as a tourist attraction.

Size of group	Two individuals (M brothers, senior farmworkers, married with children)
Average grant per beneficiary	R71 000, or R142 000 grant in total (from DLA)
Number of households	Two individuals with respective households not registered as beneficiaries
Year transferred	2002

Main activity	Stock farming (beef)

Jafta and Joseph M are long-time employees of the David N family on the parent Kykdaar farm. According to Alson, they started working for Mr N's parents about forty years ago and at that time, Mr N was still a young boy. The brothers' parents and grandparents also worked for Mr N's family. They had worked for over twenty years for David N's father, as their ancestors worked for the N family for generations. The first N to reside on the farm had migrated from the Cape in 1852 to settle in the area. The great-great grandchild was the supervisor on the farm. David N had known the M brothers since he was four years old, and he spent much of his childhood herding cattle and attending rural weddings with the brothers. He also used to get involved in stick fighting with the boys, claiming that his association with them had "blossomed into good social relations and given him an insight into Zulu culture." Consequently, Mr N felt obliged to repay their long service by helping them to benefit from the LRAD programme.

Their close corporation is registered in Glencoe, a small rural farming town bordered by the Wasbank area as well as by some disused coalmines. The nearest township is Sithembile outside of Glencoe. The township is characterised by extreme poverty as a result of the closure of the mines, which were the major source of income for the community. The town itself is slowly getting dilapidated and most shops have closed down.

The CC was formed after persistent requests and encouragement from the employer David N for the M brothers to form a legal entity that would empower the brothers and their families economically, and could also serve the economic needs of the local community in terms of job creation. These requests were based on the fact that the new democratic government was committed to redressing land rights and redistribution, whereby the emerging black farmers would be assisted in buying white-owned farms or state land. At the same time, David N's two sons have moved to Pretoria and show no sign of wanting to return home and take over the family farm once their father becomes old and infirm. Perhaps wanting to escape the region's bloody history, David N expresses a desire to contribute toward social justice by helping to establish some of his formerly disadvantaged employees as landowners on their own farm.

The M brothers are particularly trusted employees of the N family. Joseph M works with livestock on the Kykdaar farm, while his brother Alson is a mechanic specializing in the heavy farm equipment. According to Joseph M, David N informed them about the LRAD programme and also told them about the nearby grazing farm that was being offered for sale. His brother Alson M was also aware of this farm, as he was closer to Mr N as a senior employee on the farm.

The price of the brothers' LRAD farm was negotiated by David N after he heard that the farm was for sale and consulted with the M brothers. He called the brothers to a meeting and explained the intricacies of accessing both the grant and the Land Bank loan. They visited the farm together and both agreed that it was the best available since it had all the facilities for livestock farming. The previous owner had also operated the farm as a livestock enterprise, but sold the land because, as he said, he wanted to pursue other business interests. Both stock theft and farm crime remain a high risk in the area according to David N. Another local farmer, Douglas P, remarked that there was a high level of doom and gloom floating in the farming community, and implied that a number of local farmers were thinking of quitting.

According to Alson M, the announcement of the LRAD programme in the region was first circulated through the media. After a thorough explanation by their employer David N, the brothers were convinced that the LRAD programme was worth trying. They authorized David N to go ahead with the registration of a close corporation on their behalf. He also suggested that they include their two names in the company's profile, so as to minimize future conflicts regarding the estate and the benefits that would accrue from the company. The employer also read out to them the regulations governing a close corporation.

Once this had been done, David N proceeded to the service providers who were to design the company's profile and business plan. He used his own money for the legal fees of R3000. The existence of the close corporation was also on record with the Land Bank in Vryheid. After a verification exercise checking the financial situation of the close corporation's members' assets, the money for the farm was released by the Land Bank in the amount of R300 000. An initial R150 000 was paid out by the Land Bank, and the balance of the money came from the Department of Land Affairs. The M brothers are expected to start the repayments in the year 2003.

3.4.3 The original settlement plan

The land was chosen for its proximity to their place of work, but it also offered a number of farming facilities, including a dipping tank and a very large house which could be used as a warehouse. After an evaluation conducted by their employer, the brothers decided the Tweespruit farm was reasonably cheap compared to other farms that were on sale. A second objective of the evaluation exercise was to determine whether, after working out the assets and the business plan, the two members of the CC would be in a position to repay the loan. According to the business plan, the farm and its financing were affordable.

The group members stay with Mr N, as they are still employed by him and there is no need for long distance travelling. If they need to visit the farm they use Mr N's vehicles. At the moment the brothers and their families are the only ones working, but once the project is fully profitable they may consider getting outside labour onto the farm. However, it was pointed out by one of the brothers that the reason why they had not offered employment to outsiders was because the livestock project had not yet started in earnest: they were still bringing up the livestock in keeping with the standards of the Livestock Owners Association. As a result, the workforce was confined to the family members of the M brothers. The same applied to the vegetable garden: the wives and the children carried out the agricultural activities, with no outside help.

3.4.4 State of the project

Although the farm was initially planned for livestock farming, the M brothers and their families are also working toward growing vegetables and raising chicks as broilers, in a classical African household mixed farming strategy. However, Mr N reported that the close corporation had so far sold eight cattle at the value of R4 000 each, for an interim income of R16 000.

In the context of the broiler enterprise, the close corporation is still handicapped by the lack of electricity on their farm. In the meantime, they are applying for a grant of R8 000 in order to have electricity connected. In addition, they need to install a borehole that would take care of the water supply for the vegetable farming. For this, they need an additional amount of R7 000. At present, they are relying on the Umzinyathi Municipality for the supply of water and they pay R500 per month. They have applied for a grant of R25 000 that would take care of the agricultural activities.

Mr N reported that together with the brothers they were planning to add agricultural activities to the LRAD farming operations. The two brothers own 80 cattle, and breed from this herd. Calves are sold, and David N helps the M brothers in doing this.

Although they were not receiving any training on how to run the livestock business, they were relying heavily on the experience they have gained by working for the N family and Mr N was always at hand to offer them his valuable expertise. However, Alson acknowledged that as members of the close corporation, they needed to have a more thorough grounding in the livestock business, including how to manage the books and calculating profit and loss. As they were also planning to become vegetable farmers, they needed to be exposed to technical know-how and they were hoping to work closely with the extension services. The various training exercises would put them in good stead when they eventually decide to stand on their own, without Mr N associated with them as mentor.

The transfer has taken place, and the beneficiaries already have a copy of the title deed. Whilst running their own close corporation farming project the M brothers are still employed by Mr N, which ensures that they receive a monthly wage. In addition, they have a taxi business and Alson's wife owns a dressmaking business, which provides a regular source of income. Although it is not clear how the management of the group is organised, it appears that the two brothers are running the project as equal partners, with Mr N managing the group purely as a mentor. His intention is to gradually pull away from the close corporation as the brothers learn to manage the intricacies of the operation in time.

3.4.5 Composition of the project beneficiary body

The two brothers are the only members of the close corporation, though their families are involved in the work of the farm, and particularly with the vegetable and broiler operations. Their CC should be governed by a constitution, but the constitution is still in the development stages. Mr N is the close corporation's mentor. Although the close corporation has been in existence for some time, it has not yet come up with a constitution and the employer was evasive on this issue. He agreed that there was a need for the constitution as it would serve to act as a safeguard against fraud or some kind of conflict between the co-op. members. He felt it was the responsibility of the members to work out the constitution, but was prepared to help where there was a problem or lack of direction. He observed that since the M people were not educated, the drawing up of the constitution was possibly too complex for them. He further pointed out that he was hoping that there would be no need for the constitution as they were brothers and had great trust in each other, but acknowledged that when they die, their children may not have the same attitude towards each other.

From the side of the brothers as beneficiaries, Alson said they were going to sit down and write up the constitution, but were constrained by lack of knowledge in as far as the writing of the constitution was concerned and were hoping to rope in their employer to help them as he has done in the past. He also pointed out that, so far, their close corporation was being handled on the basis of the family relationship, but felt it was good for the future generations to understand the core of the operations of the close corporation.

The farm is 500 hectares in extent, chosen predominantly because of its proximity to where they work. It was used for extensive grazing, as rangeland. Mr N said he had already established the markets for the envisaged broiler selling venture and the storage facilities have also been arranged. He was not much concerned about the markets for the livestock since the close corporation will be using the same markets as his, but the close corporation was at liberty to create its own market if that was feasible. The vegetables have already brought in some profit, at the level of R3000. According to Alson M, the livestock business was underpinned by the customers coming from the Glencoe township, Wasbank area and other surrounding farming areas.

According to Alson, the profits being derived from the sales are being saved in the bank and will be declared once there is sufficient money saved. They were focusing on a one year's savings period before declaring the profits. Furthermore, they were presently more focused on repayments before worrying too much about the declaration of the profits. However, if one of the members felt that he was in dire financial straits, there was a way of accessing the savings, but the money withdrawn would have to be repaid with interest on it.

3.4.6 Characteristics of the farm

The close corporation is dependant on the employer's generosity for the livestock feed it uses, and Mr N does not charge for his costs in providing feed. According to David N, he as the employer wanted to ensure the success of the project before he feels he can charge for any services he renders for the close corporation. Theirs is reported to be the only close corporation in the area, but there are community members around Wasbank area who were running their own community gardens. The brothers and their wives used to attend meetings of these community gardens in order to learn new ideas that could be transferred to their own close corporation.

At the moment, the M family livestock utilizes the employer's grazing land and all other facilities. The M families have access to water and they are already developing a very large mielie garden, from which they intend selling the produce. People come to the farm and buy livestock from them. Water sources exist on the farm, but there are no pumps. However, they have a windmill that is not working. At present, they are accessing water through Mzinyathi municipality, at R500 a month. This municipal water is used both for production and household use. The farm family is looking towards repairing the pump but the costs are very high, and David N has received quotes at about R7 000. There is no electricity, but Mr N claims that he wants to provide electricity to the Tweespruit farm, and has already approached Eskom. However, he cannot do so until such time as a tenant family now living there leaves the farm.

Alson's brother said they were planning to relocate the livestock to their own farm. This decision stemmed from the fact that the brothers harbour some suspicions against Mr N, that he might do something to their livestock. Furthermore, they said they were not sure whether David N was really promoting the sale of their livestock or if he was putting his own interest before theirs. This question arose as a result of the fact that the brothers were still working full-time for Mr N and it was not clear whether they were getting enough time off to carry out their own farming activities. At the time of the interview Alson was required to work on the parent Kykdaar farm for three days each week in order to get him enough time for his own farming activities on Tweespruit. Regarding the division of work, Joseph was more concerned with the technical side of farming and with breeding the Kykdaar cattle, while Alson was concerned with other duties.

The Tweespruit farm has a gravel road leading to the farmhouse from the secondary road outside. The only farm building is the residential house, and the M families intend to move in and live there as soon as they have complete possession of their new property. The Tweespruit farm also has all the necessary facilities for livestock farming, including a large cattle-holding area with a stone-built fence. There are also good dipping facilities on the new farm, but the M families cannot use them because they are afraid their cattle will be stolen by the tenant family. However, there is a need to upgrade the dipping facilities on the old farm. At the moment the M livestock are being kept by Mr N together with his own cattle. The livestock are branded to avoid confusion. The livestock are being sold at R3 000 per cow, depending on the size.

3.4.7 Obstacles to successful production

For the project to succeed the M brothers and their families will need to increase their technical understanding of livestock farming, and also to be able to market their business effectively. At the moment the business seems to be doing very well while they are keeping keep their livestock on Mr N's farm.

The concerns pertain to the future sustainability of the project activities. Alson was worried that if the project does not become successful, they will not be able to repay the loans. He was also worried about thieves that commonly wander around the area. Also, the lack of water to irrigate their vegetables was an on-going concern, likely to have negative consequences for production of vegetables. He was hoping to make more money so that when the time comes to go their separate ways, becoming independent of David N, the close corporation does not suffer because of lack of technical as well as business management skills.

Mr N indicated that he was also concerned about a squatter camp that was developing on their border. Apparently the land had been set aside for farming but was flooded by the squatters. This did not auger well for their farming operations, as theft would accelerate.

Although he believed he had a personal relationship with the M brothers, Mr N said sometimes there were feelings or perceptions of mistrust. This relates to the issue of Mr N visibly taking control of proceedings, trying mostly to help. Apparently, when Mr N asked the brothers to bring their cattle into his stable they were rumoured to have said that the white man was up to mischief. However, when he explained, they accepted the idea.

The biggest worry for the M brothers was cattle theft, together with the outsiders – former labour tenants of the previous owner - who were currently living on the Tweespruit farm. This cropped up as being the most serious problem they had to contend with. At the time when they bought the farm, there were people who were staying in one of the houses who used to work for the former farm owner, and the M brothers allege that the owner did not inform them about these tenants at the time he left the farm. The tenant family was surprised to see new owners, and decided to stay on until the issue was resolved by the courts or the Department of Land Affairs. But the department said they had to resolve the issue themselves. The presence of these people was hindering the farm development process and the vegetables they had grown were being stolen by the same people. Apparently, Mr N arranged for a place where these people could relocate to, but they refused the offer.

Mr N himself confirmed that alternative land had been offered to this tenant family, but they refused to leave. He had also offered to buy a three-hectare piece of land for the family in Wasbank, which is near Tweespruit. Mr N pointed out a patch of mielie crops which the brothers had started which was being destroyed by the cattle owned by one of the tenants staying on the Tweespruit farm. He said this family used to work for the farmer who sold the farm to them but apparently the farmer didn't tell them to move off the land. Also, the DLA did not communicate this to the family. In the meantime, he was planning to engage a lawyer to resolve the impasse. He has been communicating with the Land/Agricultural ministry to no avail.

3.4.8 Intended land use/ business plan

Instead of having the business plan done by the bank at R4000-5000, David N volunteered to do it himself with the assistance of the agricultural union officials, so that the costs were considerably reduced. According to the business plan, the M brothers intend breeding and selling livestock, and have 80 head of cattle already. This was regarded as an asset by the Land Bank. The brothers feel that it is a good plan, as it moulds them as new farmers into a productive pattern, and in the future they hope to be self-sufficient along the lines indicated by the business plan.

Alson M claimed that the brothers have experience with this kind of activity as they have been involved with this kind of business for many years on Mr N's farm. In addition, Mr N also gives them complete support. They heard about the LRAD programme through their employer, David N, who then helped them to establish the CC. That was around May 2002.

The application was also submitted in 2002. The project has already been approved, the grant paid out to the CC, and the transfer completed. The loan from Land Bank totalled R158 000. The loan came to R158 000 and the grant via LRAD to R142 000. Mr N was the one who communicated with the DLA. Alson said he was not aware of other properties that were for sale, but wanted the Tweespruit farm for its characteristics and location.

The transfer was effected in September 2002. The farm is paid fully paid for, and they pay a sum of R18 000 per year as loan repayment. Their own contribution was the livestock and vehicles. Also, they have a good bank balance.

David N took it upon himself the responsibility of accessing the relevant channels. This led to the acquisition of an LRAD grant from the DLA, R142 000 – a settlement of R20 000 each (two brothers) and the land bank offered them a loan of R158 000. This totalled R300 000 (the cost of the farm). The brothers took ownership in September 2002. He said the farm was poised to be very profitable as the other brother, Alson, also owned three taxis, to which Mr N contributed R11 000 as a deposit on the first taxi kombi. Two kombis were later bought with the profit generated by the first one. In addition, Alson's wife is involved in dressmaking and they are able to realize R500 per week.

David N claimed that the government officials were very good in their cooperation, and he also communicated with the Minister of Land Affairs. The group is dealing with the Land Bank in Vryheid and are being helped by Mr Cyril Zondi. They were told that they should not be earning above R3 500 per month to be eligible for the grant, and also that they were entitled to a settlement grant of R20 000 per person. Once these grants were made they would no longer be entitled to a housing grant in future.

3.4.9 Concluding observations and recommendations

On the question of the future success and impact of LRAD, David N said he had made a few recommendations to the KZN-PLRO. He said the critical part was mentoring. He also felt the expertise of the Farmer's Union should be utilized to guarantee that the mentoring function was carried out adequately. He explained to the ministry that the union was then willing to help. As he explained it, the white farmers in the Farmers' Union were trying to avoid a situation where the new black farmers would fail while the white farmers were successful. If this happened, the black farmers would look for a scapegoat, which would be the white farmers.

He felt that the AlsonClem Close Corporation has a "bright future," since the members have become more experienced in terms of livestock rearing. The pertinent issue, however, is the one around business management that would enable the members to draw up their own marketing strategy as well as ensuring sustainable growth. This will become crucial when they eventually withdraw from Mr N's mentoring and stand on their own.

Secondly, with regard to the agricultural activities, it is important that they become exposed to modern cultivation methods that would ensure productivity and also the ability to create outside markets for their produce. This long-term objective can be achieved through close co-operation between the close corporation and the extension services. Presently, it would seem that the close corporation is relying on the traditional methods of cultivation. The close corporation is also affected by the lack of basic resources such as water, which is critical for productive agriculture. Currently, they have to pay R500 in order to access this resource.

Mr N also argues that there is a need for the state to ensure continuity of agricultural projects when farms are bought by the previously disadvantaged community members. As he sees it, this can be achieved through constant monitoring and evaluation. There is an urgent need for these farming projects to be mentored by the Department of Agriculture until the members reach the required level of productivity and viability. In addition, the kind of mentoring that is offered by some of the white farmers needs to be encouraged since they have the technical capacity to infuse growth potential into the agricultural projects.

3.5 Case study 2: Vaalkop Farm, Vryheid

3.5.1 State of the project

The farm bought by Mr Muzomuhle Lucas L (all names have been changed to protect privacy) is Subdivision 8 of the farm Vaalkop, in the administrative district of Vryheid. It occupies 164 hectares about eight kilometres from the town, and includes two houses and a milking shed. This appears to be the first farm transferred under LRAD via the Land Bank in the Vryheid area. The official date of transfer was in March 2003 although occupation began in September 2002.

At the time of the interview (25th July 2003), there was no commercial or farming activity taking place on the Vaalkop farm. Mr L states that he was just starting his operation. He recently bought one head of cattle, a yearling, having reportedly possessed none before. This contradicts the 2001 business plan which lists 11 head as Mr L's assets to help start up operations. There are a small number of free-range chickens on the farm which were cared for by Mr L's niece. There were, however, no broilers or pigs, which were clearly described in the business plan as being at the core of Mr L's future operations. At present, he is leasing out grazing to a neighbouring farmer. About 13 head of stock are involved, although Mr L was not sure of the exact number.

Farm labour is provided by Mr L himself, his brother and niece, who live on the farm, and there are no plans to hire additional workers. At the time of the field visit the farm had no bakkie, truck or tractor as transport. The only visible sign of a vehicle was a Toyota sedan parked outside the residential quarters. Mr L states that he is considering buying a tractor, but not any kind of truck or LDV.

The lead time for getting the milk, beef, broiler and pig operations into full production is estimated in the business plan at 18 months, and that for the 30 hectares of maize and potato crops at one year. The dairy side of the farm was not operating at the time of the field visit, and Mr L reports that the milking equipment which was supposed to be sold with the farm disappeared in some way before he took transfer. No steps have been taken in response to this apparent loss, although the farm was to be sold 'together with all fixtures and fittings of a permanent nature' which Mr L understood to include the milking installations. Formal transfer took place in March 2003, and Mr L says he may yet investigate what may be done about the milking equipment. The Glencoe farmer Mr David S reports the value of the milking equipment on his own Glencoe farm as R200 000.

The irrigation system includes a dam and an electric pump drawing water from a small watercourse as well as a windmill with a borehole and a small water tower storage facility. The irrigation appears to be working at a minimal level only, and Lucas L reports that he knew the irrigation was not fully operational when he bought the farm. No work has been undertaken to fix the broken windmill, and at the moment the dam is dry due to the drought in the area. It seems that small amounts of water are being brought to the houses and storage tank from the watercourse by the electric pump. No field crops or vegetables were in production at the time of the field visit. Mr L says he has plans to repair the irrigation so as to be able to produce a small amount of field crops for home consumption. The buildings on the farm appear from the outside to be in good condition, but one of the main houses is not occupied, and the agricultural buildings are not in use.

3.5.2 Composition of the project beneficiary body

The only formal beneficiary of the project is Mr L himself, as his wife, children and brother are not listed project members. He has an elderly mother, who apparently does live on the farm but is not a beneficiary. Mr L's wife and children live in Durban, and no LRAD subsidy was received against any of them. At present, his brother and his niece are living with him on the farm and are doing the farm work, but they are not beneficiaries, and Mr L indicates that he takes all farm decisions himself as the owner – he does not call family meetings.

Neither Mr L's wife, aged 29, nor any of his children stay on farm. His oldest child is 19, but most of the children are not reported to be interested in farming. All but one of the children are in school in Durban. A son of 15 who is in school in Vryheid is expected to come into the farm business when he finishes school, as he is said to like cattle raising. However, Mr L says he intends to leave the farm eventually to all his children, both girls and boys. It seems unlikely that all these children belong to his present wife, and there may be future possibilities for friction around the future of the farm.

3.5.3 Characteristics of the project beneficiary body

Mr L has completed Standard 2, though his wife is a qualified teacher who has not been able to find work. She currently operates a small business taking children to and from crèche whilst their parents are at work. It appears that all seven of Mr L's children are still in school, and expect to achieve university qualifications if possible. His brother and niece appear to be local residents with relatively low standards of education, between the ages of 25 and 55. As Mr L is the only listed beneficiary of the project, there are no youth and no elderly people among the project members.

Since he is an established and profitable businessman as the owner of a taxi business in Durban, Mr L clearly has capacity to deal with the financial requirements of his loan and his farming operation, and he would be able to call on support from his more highly educated wife and children. He also has general familiarity with the operations of running a farm. It is less clear that he has management experience specifically in the farm context, although he considers himself competent, and he would certainly have the ability to learn farm management quickly if he is not already fully familiar with it.

Although a project with a single beneficiary has little potential for either gender or generation conflicts, there would appear to be some space for power dynamics to operate. The people currently living and working on the farm are both Mr L's relatives and his dependents, and are not among the heirs to the property. Mr L appears to have structured his project to concentrate authority with himself, in that he has taken a very large loan as an individual, and has not dispersed ownership status to his various relations even though he would have been able to claim additional LRAD grants perhaps reaching R100 000 if he had involved his brother, niece, wife and older children as project members. Payment of this loan appears to depend more on his taxi income than on what the farm itself earns from its future business operations. It is not clear what would happen to his dependent relatives if his children, who are said to have no interest in farming, were to inherit collectively in the medium term.

3.5.4 History of the project

Muzomuhle Lucas L is a taxi owner of 40, who was born in Paulpietersberg, which is about 50 kilometres from Vryheid. His listed residence is in the KwaDabeka township outside Durban, where his wife operates a school-transport business which appears to be informal, and where all but one of his seven children are in school. He completed Standard 2, and worked for six years as a farm worker for a local farmer named Moolman. During this period he became familiar with farming operations, including crops, cattle, sheep and game according to the business plan. Later he entered the taxi business, and now owns three kombi taxis.

When Lucas L eventually found that he had money to invest, he began to think of taking up his interest in farming. He went around the Vryheid area, where he had worked as a youth, inquiring for farms for sale. When Mr L reached the owner of Vaalkop 8, the owner told him he was not yet ready to sell, but to return in a year's time. This farmer also referred him to the Land Bank in order to help him make the purchase. Mr L made contact with Mr C Zondi at the Land Bank and explored making an application. He also continued to visit the owner of Vaalkop, but was careful not to push him. He was able to work out a deal and submit his application to Land Bank in 2001, around the time that LRAD was being launched.

It was necessary for him to satisfy Land Bank that he really was in possession of the assets he listed, and he submitted the logbooks of his vehicles as proof. It is not clear what validation may have been offered in relation to the 11 head of beef cattle claimed in the business plan. However, no formal verification of the farm situation through Department of Agriculture was undertaken. Instead, the Vaalkop farm was visited by a Land Bank representative, who complained about the drought conditions and the condition of the soil.

According to Land Bank records, the grant was approved on 5 July, 2002. Lucas L reports that it took more than a year until the transaction was complete up to the point where the owner was paid. During this period he reports that the farm owner was impatient, but that the Land Bank visited him repeatedly to reassure him that the transfer would go through, so that he agreed to wait. According to Mr L, the farmer who formerly owned Vaalkop was paid as of November 2002, although the transfer was only completed in March 2003.

Lucas L indicates that he likes the idea of crop farming, but thinks the soil on his farm is not of a good quality for crops other than in small domestic quantities. He says he has long-term aspirations to breed expensive dairy cattle. He did not specifically mention running an actual dairy operation or a broiler operation, both of which are very intensive both in terms of labour and in terms of quality control, supervision and management time. Between them, his brother and his niece might be able to manage a small beef herd on rough grazing, but would probably not be able to deal with dairying and broiler production together, and probably do not have the necessary skills.

3.5.5 Description of the farm and project business plan

The farm itself is very small, and Lucas L reports that he chose the Vaalkop farm largely for its price and its location, close to town, in his area of birth and where he worked as a young man, more than for its size or technical capabilities. Mr L noted that it was the best investment he had seen in the area where he grew up herding cattle. He appears to have had a relatively small farm in mind when he began his search, although his main interest was and is apparently in extensive rather than intensive cattle farming.

The business plan for the farm is very brief at 5 pages, and calls for a mixed intensive farming operation based on beef cattle, milking cows and crops, supplemented with broilers, pigs and vegetable production, as well as goats and sheep on an occasional basis. Without itemizing amounts taken off for production costs, it is anticipated that the farm's minimum profits will be made up of:

8 beef weaners at R1 500 each	R11 760
6 cows in milk at 10 litres each per day, for 60 litres at R2 per litre	R35 040
485 chickens every six weeks at R17 per chicken	R32 980
30 weaner pigs at 8 weaner pigs per sow for 4 sows in six months	R9 000
Maize and potatoes from 10 hectares of maize and 5 hectares potatoes, profits to depend on weather and not specifically estimated	?
	R88 780

It can be seen that the main returns from the farming operation are projected to be from the intensive, small-scale dairy and broiler production, with beef cattle supplementary and pigs perhaps added in as a profitable method of disposing of chicken losses. Maize, potatoes, goats and sheep are not essential elements of the planned return.

It is not clear whether the Vaalkop farm originally had irrigated pasture, or what the cattle feeding regimen was like. The business plan seems to have projected a herd of about 80 beef cattle, with supplementary fodder during the winter, and a yearly off-take of ten percent. On the carrying capacities suggested for the Glencoe area, 80 cattle on natural veld might need considerable supplementation, though not to an unrealistic extent.

The carrying capacity for large stock units in the area was two-and-a-half hectares per large animal unit. More conservative farmers assign three. According to some local estimates, particularly from individuals involved with the Stockowners Association in Dundee, on a piece of land the size of 164 hectares there should not be more than 60 head of cattle. A beef herd will graze on the rough veld of the area although supplementary feeding is sometimes utilized by commercial farmers. It is understood that cattle will generally lose a bit of condition in winter, but if there is good water and good grass they are generally in a sound condition when spring arrives. In the Dundee/Glencoe district, and up to Vryheid, the cold does not get to extremes and they do not have sour veld so cattle tend to maintain. However, all cattle still need licks to get trace elements such as phosphate. In terms of beef cattle marketing, farmers contact people involved in the trade and send cattle directly to either the Newcastle or Vryheid abattoirs. There are twice monthly sales in Dundee. In addition, many people use the local market, which emanates from places such as nearby Nqutu.

The dairy operation was projected to start with a further 10 high-producing quality milk cows, either Jersey or Friesland, with either a Brahman or an Nguni bull. Adequate feeding would clearly be needed for a satisfactory level of milk production. The pig production enterprise would involve four sows and a boar, and goats and sheep were to be bought in and sold off as the opportunity arose, presumably grazed on the natural veld. The usual system for feeding dairy cows tend to be utilized in the area revolving around a good diet. In winter there are usually fodder arrangements, maize silage or irrigated rye grass, a green feed system. Mostly, however, dairy cattle don't graze out and they are fed. They need a lot of roughage in the form of hay. They are also given a lot of grain, what is called hominy chop, or simply chop, which is the germ of maize.

However, it appears that Mr L's interpretation of the farm's future income stream may diverge from that of the business plan. As he sees it, his main interest is in beef cattle, and he also intends at some future date to produce a small amount of crops for family use. He does not mention dairy production or broiler or pig production in discussing his plans, though he would like eventually to breed high-quality dairy cattle.

3.5.6 Financial aspects

The formal valuation of the farm was at R450 000, a price of R2 700 per hectare, perhaps consistent with the intensive dairy operation which might be expected on a relatively small farm close to town. The actual selling price is recorded by the owner as R370 000, or R2 250 per hectare, still high for the general area and implying highly intensive land use. The Land Bank loan amount was R300 000, on top of an LRAD grant of R97 000. The owner reports that he is not aware of any LRAD grant funds and that to his knowledge the Land Bank covered the entire amount. His wife is expected to remain in Durban running her business and have little or nothing to do with the farm, and is not registered as a beneficiary.

There was no design agent appointed and no planning grant allocated, but a signed business plan is on record with Land Bank dated 12 December 2001. Repayments of about R25 000 per year are to take place over about twenty years. However, Mr L reports that he has already paid over the amount of R100 000 to Land Bank against the loan, making him current with his payments for the next four years. He stated that he intended to pay another R26 000 in December to further offset the loan.

Mr L states that the LRAD transaction covered the cost of the farmland and infrastructure only, and that no livestock, operating costs or improvements were included. At present, he is using his own money for the minimal operating costs, and he reports no plans to take further credit for expanding operations. Mr L noted that he is currently renting out some of his grazing to a neighbouring white farmer for R700 per month.

Mr L has considerable financial resources of his own due to his business operations. His house in KwaDabeka township is valued at R240 000. His first two taxis are fully paid for, while for the last one R140 000 remains to be paid off. He also owns a car and two LDVs, which may be in use in his wife's business in transporting KwaDabeka schoolchildren to out-of-area schools. These vehicles are also paid off, but it is not anticipated that they will be used on the farm.

At the time that the business plan was written in 2001, Mr L claimed a bank account worth R70 000, located in Pinetown near Durban. He also noted furniture and goods worth R40 000, and 11 beef cattle worth R16 500. It is not clear whether Mr L has sold his original herd of 11, because at the time of the interview in July 2003 he noted that he had only one head of cattle, recently bought. His total assets at the time the business plan was drawn up in 2001 were counted in at R928 000, less liabilities of R140 000 for his third kombi. It appears that he is having no difficulty in covering the amounts of funds he is working with in relation to the farm he has bought.

3.5.7 Institutions and individuals assisting

It appears that Mr L had relatively little assistance in buying his farm under LRAD, perhaps because his was one of the first transactions to go through under LRAD in the Vryheid district. No design agent was appointed, and there appears to have been no planning grant. There has been no contact at all with Department of Agriculture or any NGO. Lucas L located and identified the farm himself ahead of the time when he made contact with Land Bank. He has no advisers now, and considers himself competent to proceed on the basis of his farming experience.

The business plan document is short, and there is no payment listed against submission of a formal business plan in the Land Bank records. The brief document may have been drawn up in the Land Bank offices as a pro forma measure. Although it is signed by Mr L and a witness, he reports that he is not aware of the existence of a business plan, and may have understood this original document as an application form, or in some other light.

3.5.8 Post-settlement support

In this very early LRAD project, there does not appear to have been any distinct arrangement for post-settlement support, nor did Mr L himself express any need of technical advice or other aftercare. It seems that Mr L has lost contact with the farmer who sold him the land, and there is no design agent involved. No neighbouring farmer is assisting. He has reportedly had no contact with the KwaZulu Natal Department of Agriculture or with any extension agents.

Though he feels himself able to cope with his farm's needs, Mr L was interested to hear that the regional association of commercial farmers had made an offer to DLA and Land Bank to provide mentoring free of charge to all new LRAD farmers, and indicated that he might approach Land Bank and explore this option.

It is not entirely clear how much management expertise Mr L currently has in the field of farming as a result of his time as a farmworker, though he is evidently an effective business manager in his taxi operations. He is likely to be well versed in the technical operations normally carried out by workers, but record keeping and management decisions may not be included in his present experience. There is not at the moment anyone appointed or otherwise informally designated as a mentor, to give technical and other advice in relation to the farming operation. No farm records are reportedly being kept at the moment, and no supplies are being bought. It is not clear when repairs to the windmill are scheduled to start so that the irrigation can be brought on line. Repairs to busted windmill likely to cost around R7 000 going on Simpson's expectations – but this could be different job.

Under the brief business plan, no specific provision is made for marketing. It is noted that at the time of signing in 2001 there were no marketing contracts in force, and that an open market strategy was expected to be implemented on the Vaalkop farm under its new management. Mr L and the business plan document both note that he expects to sell his cattle on the traditional system, to people who visit his farm wanting to buy stock rather than through any organized commercial outlet. For an expected yearly off-take of 8 weaner calves, this marketing plan appears adequate.

3.5.9 Conclusions

The case indicates that LRAD is helping to establish an African landowning class but not necessary an African technical farming class that is competitive with current farming practices, or easily mixable with current commercial practice in the area. It is likely that the beneficiary can move ahead fairly easily with the extensive beef production that is envisaged in the business plan despite not beginning with it thus far.

Mr L may be moving slowly into an intensive management situation of the kind laid out in the business plan, in which case he might have to either hire a fulltime manager, hand over to his son, or give up taxis – the first two are more likely. Or he may be realistically expecting to stick with low-management, low-labour classical African cattle farming with no impact on taxi business except some useful diversification. At this moment in time the beneficiary probably does not have the management skills for dairy and broilers and also to run the taxi business. However, this might become more likely once the son at the nearby school becomes part of the business. In the meantime Mr L might prefer to run stock on labour-extensive system with fewer workers and very little supervision.

It is not clear how much Mr L is making off the three taxis, but it is probably far more than the R90 000 or so projected for the farm in full planned intensive production. This is unless the crop-farming component kicks in strongly, which could increase the profits of the farm considerably. An estimate of about R300 000 to R450 000 is not unrealistic for a three-vehicle taxi business running between KwaDabeka/Clermont and Durban where no bus routes exist. Therefore committing management time to the farm versus continued reliance on the taxi business is no contest. It is clear that Mr L will get far less returns from the farm to service the Land Bank loan unless intensive management is undertaken on the farm. Therefore the project will either become run under a classical African grazing system which may run the veld down but has no management implications or become intensely managed. The latter will happen by himself, which is not sensible from the taxi business perspective, by hiring a manager or by bringing in his son in about five years time.

If the farm is run under a classical African stockfarming system it will raise problems with neighbouring farmers and the local farmers' association who see this opportunistic grazing as what "ruins" grazing land under un-scientific methods. Another important issue is the potential high returns from rental – tenancy – which is an underlying problem in the area. This farm would suit settlement for tenants especially as the location is perfect for people employed or seeking work in Vryheid.

3.6 Conclusions from northern KwaZulu-Natal

Poverty and safety net issues

Poverty projects do exist under LRAD safety net but these are largely on commercial land that is purchased through LRAD for poorer beneficiaries. In other words, the programme cannot be used to conduct improvements on ex-bantustan land. Partly as result of this these projects seem to be group focused rather than on the household. The ones that exist do not seem to be very successful. On closer inspection, one study in the Uthukela region outside Ladysmith looked like a typical settlement project with very little emphasis on competitive farming

During the KwaZulu Natal field study it was not possible to visit a poverty safety net project due to limitations of time and funding, nor was it easy to find one that had been handed over. However, the business plan for one which is moving toward delivery was made available, which discusses the general parameters for one example of how this kind of project can be expected to work. It is clear that income enhancement and competitive commercial farming are not among the main objectives. Instead, these appear to revolve around secure tenure and household cultivation on a classical African system approximating that of pre-colonial times, with the exception that household stock-owning would be disallowed due to shortage of grazing land in good condition on the farms being bought. As can be seen below this is not a typical LRAD project but actually a settlement type project, similar to old style SLAG projects.

The group-oriented project under iNkosi Sithole outside of Ladysmith on the Greytown road consisted of 128 beneficiaries with dependents of up to 7-800 total occupiers. This was a tribal-based project with chief and councillors among beneficiaries. The agreed goals of the project were essentially around expansion onto more secure land and to provide household cultivation. It was intended that each household would receive one acre or three to four hectares of land. Therefore tenure security and good location were the main benefits of project with less emphasis on income improvement. Thus this was not a typical LRAD project but similar to old SLAG projects.

The livelihoods aspects of the project consisted of household cultivation and a communal goat herd, a boost to food security with approximately an extra R414 per beneficiary per year from the goats. The project did not grant as much land as the community wanted, either for people or for stock. A total ban on the expansion of settlement through parents dividing off landholdings for married children – children for isizinda (last born) - were expected to move out to ensure that farms were maintained at a maximum density when first occupied by beneficiaries. As there is no loan component for the project it is difficult to see how DLA is going to enforce such a ban in practice to ensure the production element of LRAD is maintained. DLA will be able to do very little if the community disregards anti-settlement and anti-stocking provisions.

Land market

High quality land is readily available for sale for redistribution, especially on coastal region. There were reports that the Cane Growers Association and other private organisations and individuals were offering land for LRAD. However, many opportunities had been lost due to delays in response and lack of staff to pick up on all offers.

State land

High-potential agricultural state land considered for LRAD (examples include Impendle and Ntambanana in KwaZulu-Natal) but not an easy process of simply transferring leases across to ownership. Many overlapping claims and disputes about rights have snarled up process of implementing LRAD on such land. It should be noted that it is often difficult for poor people to access leaseholds on state land and therefore may be excluded from the "option to purchase" through LRAD. This is an important policy question regarding the future use and distribution of a valuable state asset.

Design agents

A number of government officials indicated that a lack of adequate screening of design agents, consultants or informal assistance had resulted in inadequate planning in a number of early projects. At the moment anyone can put their name down to be a design agent and there is no way of verifying up front their abilities or integrity. Screening was therefore seen to be necessary to ensure successful application to become a design agent. It was recognised that this type of assistance was not easily supplied via the free market and allowed scope for illegal practice and opportunists, especially considering the weak interaction of government delivery with the private sector. The existing process does not guarantee sound work although it may be getting better as officials become more experienced and opportunists are identified. Beneficiaries may be vulnerable in some cases as they do not have much information about the agents although "word of mouth" may have alerted them as might DLA through their own experience.

Mentoring and advice

There has been reportedly a blanket offer from farmers to offer mentoring and advice to LRAD farmers. There is, however, no certainty that mentoring and technical advice are available in any specific project and it seems to be partly left up to initiative of beneficiaries, who may not know what they need or may not be motivated to have anyone snooping around

Agricultural inputs

Another problem identified has been the lack of capital for prospective farmers who are unable to raise additional finance apart from that required for the land purchase for agricultural inputs (seeds, equipment, fertiliser, etc). Cash flow problems are a major concern in this regard.

Staffing

The difficulties experienced within the LRAD process had created frustrations for government staff in a range of departments. Apart from creating disillusionment, some of the best people were considering leaving.

Funding interruption

The major funding interruption for all LRAD projects in the country, experienced by all Land Bank projects in Northern KwaZulu-Natal, was a major source of frustration for many organisations and individuals involved. Parliamentary funds gad been voted for the programme yet these monies had not been disbursed. In many ways this hold up in the process was a major threat to the success of the programme as opportunities were lost and bad faith was fuelled. The Land Bank was not taking on new applications and the existing ones were all frozen. The uncertainty was creating conditions of great stress for some sellers as their capital was tied up in the transaction yet their mortgages and other debts continued to erode their financial base.

Sustainability

The immediate risks to the sustainability of LRAD comes from the funding cut-off that has recently impacted on design agents, facilitators, farmers, and beneficiaries. This might result in a number of effective design agents being lost, viable projects going elsewhere with the market, the discouragement of motivated farmers who want to participate, and the loss of confidence of beneficiaries and all parties. Together these could result in a serious regional setback, which should be avoided particularly in northern KwaZulu-Natal with its delicate regional historical context. Contingency planning is therefore needed up front. The last DLA moratorium allowed an important refocus of the redistribution programme but also created significant local damage as people including DLA staff lost confidence in government delivery, were impacted on by financial liabilities they could not meet, which ultimately resulted in many stakeholders dropping out of process permanently due to the weak financial management

At the time of writing, long-term sustainability was in some doubt, not least the sustainability of intensive farming practice with inexperienced farmers. Many of these do not necessarily want to duplicate the large-farm model and may wish to run better understood traditional household farming at a larger scale or consider settlement options such as tenancy, which is popular in the area and seen as a social obligation. The involvement of experienced and established farmers is critical to ensure agricultural experience is shared but this is not always being advanced well. The involvement of the PDA is central but has been limited due to staff and budgetary capacity constraints up to present.

The PDA central offices in Hilton recognise the importance and challenges of after-care to ensure the sustainability of LRAD projects and their ultimate impact on the regional rural economy. In particular it is recognised that training for the LRAD farmers is vital although this is difficult to provide in practice. The regional offices of the PDA have resisted moving from traditional extension services, which have largely collapsed, and the Xoshindladla programme, to focus on functions such as LRAD training. To remedy this an effective communication strategy will have to be followed from the Minister's office to ensure locally based officials understand their roles and responsibilities in the programme. The training services offered by Cedara revolve largely around economic farm planning but do not take this far enough for LRAD beneficiaries. Budgetary allocations will be necessary to underpin such support.

4 Limpopo Province

4.1 Introduction

The purpose of this chapter is to provide a qualitative understanding of how LRAD operates in practice in Limpopo Province. The chapter starts by outlining the methodology used to collect data and information; proceeds with a broad overview of LRAD in Limpopo Province, with special reference to the state of LRAD projects, project planning and implementation as well as challenges facing LRAD projects; and then summarises the two case studies that were undertaken. The two projects that were recommended by Limpopo Provincial Land Reform Office (L-PLRO) for case studies were the Vele project and Mankweng Integrated. These projects were studied to gain an in-depth understanding of, *inter alia*, how they were designed, what they aim to achieve, and the adequacy of the post-settlement institutional support that the beneficiaries receive. The chapter concludes with suggestions and policy options that are critical to the success of LRAD projects in the province.

4.2 Methodology

On the recommendation of the L-PLRO, the two projects that were chosen for case studies were Vele and Mankweng Integrated. After making the recommendations, the L-PLRO referred the HSRC researchers to contact the Limpopo Provincial Department of Agriculture (L-PDA) for setting up the meetings with the project beneficiaries. The reason for establishing contact through the L-PDA was that, unlike the L-PLRO, which is responsible for land transfer, the L-PDA is expected to provide post-settlement support to LRAD beneficiaries and thus maintains contact with them in a manner the L-PLRO does not. Contact was established and subsequently interviews were set up with the beneficiaries on their farms. It was difficult to find the exact location of the farms due to the absence of clear landmarks. Semi-structured interviews were conducted to gather information from the beneficiaries.

Prior to the Limpopo provincial visit, staff members of the following major institutions involved in LRAD projects were notified of the possible meetings with the researchers: the L-PLRO, the L-PDA, the Land Bank and Nkuzi Development Agency. Taking into consideration that no specific time schedules for the meetings was set-up, the cooperation received and flexibility of all the staff members of the aforementioned institutions is acknowledged with thanks (see Table 3).

A snowball technique was also used to contact other LRAD stakeholders, namely University of the North, Tompi Seleka and Madzivhandila Colleges of Agriculture. It was established that these three educational institutions provides training to some of the LRAD beneficiaries in the province. Because of time and resources, only University of the North was contacted for the interviews. Formal discussions were held with staff members of the respective institutions. The following table shows various institutions with their respective staff members met for the interviews.

Table 3: Surveyed Institutions and the Respective Staff Members Interviewed

Institution/Department	Staff member	Position
Limpopo Provincial Land Reform Office (L-PLRO)	Mr T. Nelwamondo	Chief Planner
	Mr T. L. Ramathikhithi	Legal Officer
	Mr A. Leshaba	Project Officer
	Ms M. V. Mawela	Senior Planner
	Mr A. Malange	Chief Planner
	Mr V. Molope	Planner
	Ms R. Mkhari	Planner
	Mr Y. Sethaba	Planner
	Ms S. Cachalia	Chief Planner
	Ms M. Nkadimeng	Chief Planner
	Mr V. Madubanyana	Planner
Land Bank	Ms J. N. Shabangu	Admin Assistant
Nkuzi Development Agency	Mr D. Kauluma	Project Officer
Limpopo Provincial Dept. of Agriculture (L-PDA)	Mr S. Mhinga	Deputy Director
University of the North	Mr B. S. Raphala	Farm Manager

4.3 Overview of LRAD in Limpopo Province: issues, challenges and opportunities

This section sketches a broad overview of the progress to date on LRAD projects since its implementation in the Province. The section starts by highlighting the general state of LRAD projects, then proceeds with an analysis on LRAD project planning and implementation. The end of the section focuses on the challenges facing LRAD in Limpopo.

4.3.1 State of LRAD projects in Limpopo Province

There are two delivery routes for LRAD projects in the province namely, L-PLRO and Land Bank-routed projects. These routes are discussed below.

L-PLRO-routed LRAD projects

Limpopo Province is divided into six agricultural districts:

- Mopani/Giyani
- Northern/Vhembe
- Western region/Waterberg
- Southern Region/Sekhukhune
- Eastern Region/Bushbuckridge
- Capricorn/Central Region

Currently there are 37 LRAD projects approved by the L-PLRO as shown in Table 4 below. Table 4 shows the profile of delivery to date by L-PLRO. The first LRAD projects were approved in November 2001 and at the time of the survey the last projects were approved in June 2003. The 37 approved LRAD projects are found in three districts: Waterberg (48% of projects), Vhembe (38%) and Capricorn (14%).

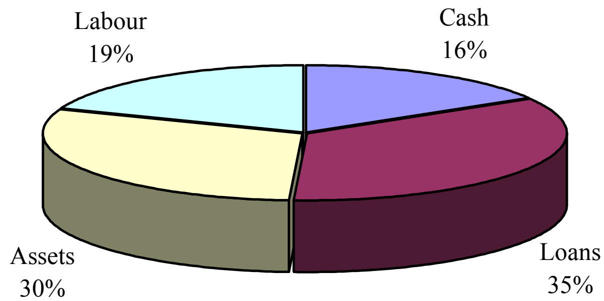
Table 4: Statistics on LRAD projects transferred to date by L-PLRO[2]

District	Total projects	Total benefici-aries	Total HA	Total grants (Rand)	Avg benefici-aries per project	Avg grant/ benefici ary (Rand)	Avg grant/ project (Rand)
Vhembe	14	15	4 374	965 243	1	64 349	68.946
Waterberg	18	104	25 311	4 768 461	6	45 851	264 915
Capricorn	5	253	2 814	5 246 951	51	20 739	1 049.390
Province	37	372	32 499	10 980 655	10	29 518	129 046

A large part of Limpopo Province is constituted by the former homelands of Venda, Gazankulu and Lebowa. With the exception of Waterberg, there is little land available for redistribution in the other districts, and where land is available it is largely state land. In fact, LRAD in Limpopo Province was kick-started on state land. Previously, private individual farmers were leasing state land. Most of the farmers who had lease agreement with the former homelands government and who are currently LRAD beneficiaries, were either senior public servants in the homelands government, or established businessmen. These farmers have long been occupying these farms and apparently these farms were sold to them under the assumption that they are experienced farmers, as a result most of them are farming without business plans (Nefale, 2003). In addition, most of the state land was never made available to the land market and as such it was not open for sale to the public except to the tenants who thereby because LRAD beneficiaries. Some of these farmers own more than one farm. According to Kauluma (2003), these farmers do not appear to be poor, as they never experienced problems with raising their own contribution to access LRAD. Figure 1 below shows various components of beneficiaries' own contribution of L-PLRO-routed LRAD projects. Loan finance and assets are the most important components constituting beneficiaries' own contribution.

2 Similarly up-to-date data were not available for Land Bank-routed projects.

Figure 1: Beneficiaries' own contribution (L-PLRO-routed projects)



Most L-PLRO-routed LRAD projects are based on livestock production. Fifty-four percent of the LRAD projects in the province are owned by a single member (single proprietor). It is estimated that there are 372 LRAD beneficiaries (project members) in the province. It is encouraging to note that women constitute 49% of the beneficiaries, however youth (<35 years of age) constitute a marginal 8% of the beneficiaries. The average number of beneficiaries per project is 10, however project size ranges from 1 (which is also the mode) to 203 project members.

Waterberg is an area dominated by private white commercial farms, and unlike other districts it has few land claims cases. It is expected that most of the land (willing sellers) for redistribution will come from this district. According to some respondents, a large share of the willing sellers in the province are either bankrupt or have ceased production. According to these same respondents, the biggest obstacle experienced in the province with the "willing-seller / willing-buyer" principle is that prime land is hardly available in the market. However, this would appear to be something of a simplification. Between 1995 and 1999, there were in excess of 3 million hectares of rural land transacted in Limpopo Province, out of a total 7.1 million hectares of commercial farmland; of this, only 0.9% was acquired for redistribution projects over that period (Aliber and Mokoena, 2002). It is not conceivable that there is an absence of quality land coming onto the market. Whether members of previously disadvantaged communities are able to access it is another matter. According to some respondents, there are cases of land withdrawn from the market by white commercial farmers, allegedly on account that those potential buyers are from the previously disadvantaged communities. The total hectares of land for LRAD projects distributed through L-PLRO/L-PDA in Limpopo is 32 499. Unfortunately, it what not possible to ascertain what share of this was redistributed state land.

Land Bank-routed LRAD Projects

There were 19 Land Bank-routed LRAD projects approved as of the time of the survey in Limpopo Province. The projects are located in the following four agricultural districts:

- Mopani (37%)
- Waterberg (26%)
- Capricorn (21%)
- Vhembe (16%)

These projects encompass a total of 93 beneficiaries. Of these beneficiaries, women and youth constitute 24% and 14%, respectively. The average number of beneficiaries per project is 5, but individually owned projects constitute 37% of all project. Projects are mostly on cash crops and livestock production. The total number of hectares redistributed via Land Bank-routed LRAD projects is 5 271 hectares. Loans make up the vast majority of own contribution, followed by labour, assets and cash contribution.

4.3.2 Project planning and implementation

There are three main institutions involved in LRAD project planning and implementation namely, the L-PLRO, the L-PDA and the Land Bank. Other role players include the Agricultural Research Council (ARC), University of the North, Madzivhandila and Tompi Seleka Colleges of Agriculture. As mentioned previously, the three educational institutions provide training to LRAD beneficiaries. ARC has been involved on certain farms long before LRAD started. Besides providing research and agricultural support, ARC has been assisting beneficiaries with the preparation of the business plans.

As shown in the previous section, potential applicants have two options through which they can apply for LRAD grants, i.e. via the L-PLRO or via the Land Bank. Before applications get submitted for approval, the L-PLRO usually helps applicants with the preparation of the business plans while the L-PDA conducts feasibility studies. There are no design agents involved in project planning in Limpopo Province. As explained by respondents, this is because the L-PLRO prefers to avoid engaging 'fly-by-night' consultants who merely wish to make easy money, and, allegedly, because applicants are sceptical of design agents in the belief that they tend to inflate the size of the cost of the project.

Once the business plan is finalised, the application is taken to the district screening committee, which is made up of representatives from local structures such as the Department of Local Government and Housing, the L-PDA, local farmers organisations, etc. The screening committee assesses, *inter alia*, the land price as well as the intentions of the beneficiaries.

The application is then forwarded to the Provincial Grant Committee (PGC) for evaluation. The PGC is constituted by representatives from the L-PLRO, the L-PDA, and the Department of Public Works. The PGC mainly examines the economic viability of the proposed venture. Land Bank-routed applications are dealt with directly by the Land Bank's own grant committee, which is constituted by the regional branch manager, conveyancers and loan specialists. Regional Land Bank branches are allowed to take decisions on loan applications up to a maximum of R500 000; applications above this amount are forwarded to the Land Bank's head office in Pretoria. Rejected applicants are advised to redesign their project plans. In addition, rejected Land Bank applicants are advised to obtain communal land from their chief, and once the land is secured they can apply for a maximum R25 000 production loan from the Land Bank. The most common reasons for which applications are rejected are:

- applicants misinformed about the application process and requirements;
- the group is too large relative to the size of the farm;
- the land is still under a restitution claim;
- the cost of the land is such that there is not enough money left over to cover operational expenses;
- the value of the house adds excessively to the asking price of the seller for the property.

To overcome the fourth limitation, the L-PLRO is beginning to ensure that the grant includes a surplus budget for agricultural development, as the L-PDA is failing to render such services.[3]

4.3.3 Issues in Limpopo Province as perceived by implementers and others

There are serious challenges that are emerging in Limpopo Province since LRAD implementation began in 2001. In fact, all the discussions held with representatives of the surveyed institutions in the province were dominated by the topic of the challenges facing LRAD. Apparently some of these challenges are not peculiar to Limpopo Province, as some of the LRAD flaws are found at policy level. Some of the challenges facing LRAD are highlighted below. However, because of time and resources some of the challenges could not be verified with other land reform stakeholders such as the white commercial farming community.

- *Unsettled land claims*. There are too many unsettled land claims in the province. These claims affect the approval of some of the applications and again limit the availability of land in the market for redistribution. This compounds the unwillingness of some white commercial farmers to sell land to redistribution beneficiaries.
- *High land price*. Land price per hectare in the province are average for the country, but vary enormously from one part of the province to another. Land with water rights and irrigation infrastructure, such as in the Tzaneen area, is exceptionally expensive. Respondents in the L-PLRO posed the question whether LRAD grants should be adjusted to reflect different land prices.[4]

3 This concern is in fact rather odd in that, as with the old SLAG-funded projects, the LRAD policy explicitly provides for the balance of the grant (i.e. what is left over after land purchase) to be used for operational expenses.

4 This is an age-old discussion among land reform implementers and observers, going back at least to the design of the Land Reform Pilot Programme in 1994-95. In our own opinion, the suggestion of

- *Promotion of group work*. Closely related to the preceding point is that the grant structure compels people to work as a group usually on farms that were owned by single individuals. Thus, people in districts where land is relatively expensive are compelled to form larger groups to access the land. What remains to be researched in this regard is what type of farming system LRAD can create and more importantly what is an optimal farm size for a viable economic activity. In addition, beneficiaries are never provided with pre-settlement support, e.g. training on group dynamics, conflict resolution, interpersonal skills, etc. Beginning to emerge in some of LRAD projects is that group work breeds conflict, just as with the old SLAG-based projects.[5]
- *LRAD qualification criteria*. To qualify for a grant, one of the criteria stipulated in the LRAD information booklet (2001) is that "You should neither be a civil servant, politician or hold any position within government structures." This clause excludes even public servants at the lower end of the scale, e.g. cleaners, while at the same time giving others access to grants regardless of how needy or wealthy they may be, e.g. businessmen and medical doctors. As a result, much of the land redistributed in Limpopo Province appears to be going to the so-called "black elites," though it must be noted that in part this is because of the policy that those individuals presently leasing state land should be prioritised as LRAD beneficiaries so as to become owners.
- *Access and attitude to credit*. Financial institutions are reluctant to finance LRAD projects because most of the beneficiaries lack both farming and managerial skills. Where credit is available, applicants are risk-averse because of their experiences with informal lending institutions.
- *Lack of a monitoring mechanism.* The PGC approves projects without putting project monitoring mechanisms in place. It is therefore difficult for those responsible for implementation of LRAD in the province to know what policies and approaches are working well versus those that need adjustment.
- *Lack of post-settlement support*. Post-settlement support to LRAD beneficiaries is the responsibility of the L-PDA. Apparently, there has not been any discernible post-settlement support. In fact, all surveyed institutions (including beneficiaries) except L-PDA, are not aware of any post-settlement support activity taking place. The L-PDA attributes lack of sufficient post-settlement support to budgetary constraints. (This is notwithstanding the fact that Limpopo typically receives a larger budget for agriculture than any other province; the medium-term estimate for 2003/04 is R788.)
- *Insufficient resources for training*. It appears that the training budget provided by the National Department of Agriculture (NDA) is insufficient. The training provided

differential grants is impractical and generally unjustified – unjustified particularly in that, where land assets are concerned, 'you get what you pay for.'

5 There is an alternative school of thinking that group ownership per se is not the problem, but rather the typical assumption that beneficiaries should resume the same agricultural activity as the former owner, which necessarily means group production. See e.g. Aliber and Mokoena, 2003.

is biased towards offering technical/farming skills and it tends to adopt the "hit and run" approach. Related to this is the fact many beneficiaries are old and illiterate, and are not well catered for in the training programmes provided.

- *Grant acquisition process.* The grant acquisition process for L-PLRO-routed applications is long. It takes L-PLRO-routed applications six months on average for a "normal" application to be approved, while it only takes an average of two months for a Land Bank-routed application to be approved. Some L-PLRO administered applications get approved after a year. The consequences of the delays are two-fold: first, some sellers end up withdrawing their property from the land market; second, some applicants lose patience and drop out such that by the time the project gets approved some intended applicants turns out to be ghost beneficiaries.
- *Problem of overstocking*. Most LRAD projects are based on livestock production. The grazing capacity of many beneficiaries' farms is not known and this will obviously affect the sustainability of these LRAD projects. Currently there are clear cases of overstocking on certain LRAD farms in the province.
- *Access to market.* LRAD beneficiaries, particularly black emerging livestock producers, compete with established white commercial farmers for the market. Access to the available market is the chief challenge facing black emerging livestock producers. To access these markets, emerging farmers sell their livestock at auction venues to their white counterparts at low prices, who then sell them to large meat retailers at higher prices. The perception (or excuse?) is that the livestock belonging to the emerging black farmers are of a low quality. At auction venues livestock from the emerging sector are labelled "VAT" and as soon as they get that status automatically they qualify for a relatively low price (Nefale, 2003)[6]. The average price of "VAT" cattle is R4.50/kg while "non-VAT" cattle cost R5.00/kg.

With the above in mind, the general feeling of the surveyed institutions is that LRAD has not as such managed to meet the expectations of either the beneficiaries or the public.

4.4 Case study 3: Vele Project, Louis Trichardt

4.4.1 History of the project

Vele is an LRAD project located 40 km west of Louis Trichardt on the R155 road to Vivo. It is a single-member project owned by Mr T. Mr T is an established businessman owning an air conditioning business in Gauteng. It all began when Mr T was desperately looking for a farm to purchase so as to diversify his business ventures. While reading newspapers and magazines he saw adverts by local estate agents for farms that were available for sale. He then approached a local estate agent, who

6 Apparently the term 'VAT' originates from the assumption that LRAD beneficiaries do not pay value added tax.

showed him 15 farms that were available. After making visits to those farms, he finally chose a farm that according to him was good for livestock production – which was his main farming interest – due to the availability of water and natural grazing. He then approached the local office of the L-PDA (Makwarela office - Sibasa) for assistance with the business plan. This also led to his interaction with the L-PLRO. The reason the previous owner decided to sell was supposedly bankruptcy.

4.4.2 Demographic and household characteristics of the project beneficiary

As mentioned above, Mr T is an established businessman with 14 years of experience in the air conditioning business. He grew up in Soweto and he is married with three children. His first-born is doing matric, the second child is doing Grade 8, and the last-born is three years of age. He has a house in Johannesburg and in Louis Trichardt where his family is currently staying. As a result of the Soweto uprising in 1976, Mr T never got a chance to complete his matric and his dream of being a Chartered Accountant was shattered. His wife has a matric certificate. He has no farming experience, but he thinks with time he will gather experience as he does a lot of reading. At the moment he relies heavily on the farming experience of his employees.

4.4.3 Characteristics of the farm

The project was approved on 21 August 2002, about three months after the application was completed. Mr T has employed three full-time male employees, of whom the youngest, who is 23-years-old, stays on the farm. The other two employees, aged 56 and 60 years, stay with their families in the neighbouring village. Mr T 'inherited' one employee from the previous owner, who has 13 years of experience working on that farm. He bought the farm together with a number of assets, including irrigation pipes, ploughs, a tractor, the house, pig sties and two sheds. Apparently all these assets are in good working condition as he has never experienced problems with them. The farm also has some mango trees and he uses mangoes for making atchar.

The farm is 915 hectares in size of which 615 hectares is flat while 300 hectares is part of the mountain bordering his farm. The farm was previously used for livestock production. It is subdivided into six camps for rotational grazing and calving. Mr T is the only black farmer amongst white commercial farmers in that area. When he took over the farm, he experienced a problem as at one stage the electricity supply to his farm was cut-off by one of his neighbours with whom he shares the power line. This problem was short-lived as Mr T was quick to take legal action. Mr T's main purchases on the farm were two electrical generators which turns on automatically when the Eskom power supply goes off.

Interestingly, Mr T's water source is a fountain situated on the mountain with water coming out from under a rock. The fountain has the capacity to meet all the water demands on the farm including irrigation. There are around two hectares that were previously used for crop production, but Mr T does not consider crop farming a central part of his business. The biggest problem with crop production on the farm is wild animals such as baboons, monkeys and wild pigs. Having said that, wild animals can also affect livestock production: leopards are known to attack calves and as such cows are not allowed to graze out with their calves.

4.4.4 Financial aspects and the description of intended land use

The total price of the property was R560 000. Of this amount R460 000 was Mr T's own contribution, which is an overdraft from Nedbank. The balance of R100 000 is the grant that he got from the L-PLRO. As part of his business plan, Mr T intends to use fully every productive asset available on the farm, but with a primary emphasis on livestock production. To kick-start the farming business, he bought 30 pigs, some cattle and indigenous chickens. He could not recall the number of cattle and chickens that he started with and he attributes this to initial poor record keeping. Currently, he has 200 pigs, 66 cattle and more than 100 indigenous chickens.

The youngest hired employee looks after the pigs and also performs simple record keeping, while the other two employees look after the cattle. Mr T intends to buy a computer for record keeping. Sometimes he hires part-time employees for spraying the mango trees. He pays his youngest employee R750 per month and R1 200 per month for each of the other two employees. Currently, his main production cost is feed. He spends roughly R30 000 per month on feed for the pigs and another R8 000 per month on protein licks that he buys to supplement natural grazing for his cattle. He sources feed from Bernnco Feed Company in Louis Trichardt.

Mr T's medium term objective is for the farm to sustain itself and be profitable in the next two years. When this is achieved he will contemplate becoming a fulltime farmer. He reckons he can achieve this by:

- Erecting nine houses for broiler production;
- Setting up a small outlet where he can sell processed pig products; and
- Building his stock of cattle to 100 units, beyond which he will start selling.

His main target market for all his produce is the local market. The farm will be put under a trust with his family members as beneficiaries.

4.4.5 Post-settlement support

In response to the question "how much assistance has the Department of Agriculture given to you since you settled on the farm?" Mr T's response was "the Department of Agriculture has given nothing so far." When he experiences livestock problems he goes to the co-operative (Noordelike Transvaal Kooperasie) in Louis Trichardt. If the problem persists he sells the livestock for slaughtering. There is a government veterinary office in Louis Trichardt, but he is not confident of the service they provide based on a visit he once made to the office seeking for advice on animal health issues.

4.5 Case study 4: Mankweng Integrated, Mankweng

4.5.1 History of the project

The chairperson (Ms M. J. Mothiba) and a few members of the project are members of the Mankweng Branch of the African National Congress Women's League (ANCWL). During one of their community meetings, they were visited by the Director of the L-PLRO, Ms E. Letsoalo, who informed them about the LRAD programme. After expressing their interest to her about getting involved in the programme, she assigned a planner to further guide them and help them with the administrative work.

The chairperson was tasked to recruit more people so as to enable them to amass more grant money, particularly because they did not have own contribution in the form of loan, cash or assets. The only contribution they made was labour, which could only unlock the minimum grant of R20 000 per individual. People were recruited irrespective of whether they were members of the African National Congress (ANC). The membership ultimately ended up at a total of 30 people, of whom 29 – all women – were recruited from the Mankweng community, and 1 – a man – was working on the farm that was eventually bought. The beneficiaries are not related and they are all heads of households.

The beneficiaries visited several farms in the Capricorn district and finally selected one that is situated along the Dendron road, and which happens to be around 60 kilometres away from the beneficiaries' homes in Mankweng. This farm was chosen because it has good infrastructure and also because of its reasonable and affordable price. Most of the other farms were deemed too expensive, or were under claim. The beneficiaries wee eager to get the project underway, and were willing to relocate to the farm on a shift basis, for example on weekly rotation.

Up to transfer, the beneficiaries worked hand-in-hand with the planner from the L-PLRO, who assisted them with the administrative aspects of the application process. There was no use of consultants during the process.

4.5.2 Composition and characteristics of the project beneficiary body

As mentioned, all but one of the 30 members are women. Twenty-eight percent of the beneficiaries are 'youth,' i.e. 35 years old or younger. Most of the beneficiaries have passed matric (Standard 10), and some have carried on to tertiary level. One of the beneficiaries is a retired teacher and has a Senior Education Diploma from Vista University, ABET certificate, and has taken a project management module in one of her courses. Most of the interviewed beneficiaries have taken agriculture as a subject during their schooling, and most also have farming experience.

About half of the beneficiary group members are unemployed, and they depend mainly on remittances from their husbands and/or government grants (pension and child support grants). By and large those that work on the farm belong to this group. The other half of the members have insecure employment at shops, restaurants, etc., and as a result they are not serious about working on the farm because they earn better income from their jobs.

The project has a committee with seven members. Project members usually hold meetings three times per month, but this differs depending upon the issues to be discussed. The project has a constitution which, *inter alia*, has an exit clause that states that any member intending to leave the project must submit his/her letter of resignation to the chairperson, which will then be presented to the members in a meeting. Members resigning from the project at their own will leave their shares, if any, with the project, i.e. they are not 'bought out' or entitled to any other sort of benefit.

4.5.3 State of the project

The project was approved in August 2002 and transferred to the beneficiaries in January 2003. The application took almost a year to be approved. Due to administrative delays that frustrated the group's need to access the balance of the grant to purchase inputs, the beneficiaries have only recently started farming activities on the farm, using inputs (e.g. seeds and diesel) bought out of their own resources. The member who was previously a farm worker on the property had been staying and working on the farm since it was transferred, but his activities had been limited to watering the existing fruit trees. Currently, 15 beneficiaries are working on the farm. The rest have not yet started because of their jobs. For operational purposes, the two hectares that the beneficiaries are currently working are subdivided into 15 plots. The group consciously decided that members should be responsible for their own plots, so as to avoid the problems of internal disputes and free-riding that are known to be common elsewhere.

4.5.4 Characteristics of the farm

The farm is 25 hectares in size and is located around 12 kilometres from Polokwane. The previous owner of the farm was using the land intensively for horticultural production, livestock farming with sheep and cattle as well as bee keeping. The infrastructure of the farm is generally in good condition, except for poor fencing that needs to be replaced. The farm depends on the underground water that is pumped using a diesel-powered pump; the irrigation pipes appear to be intact. There are no charges for water usage, however the beneficiaries have to pay for diesel to operate the pump. There is electricity on the farm and the roads and buildings are in good condition. There is also a nursery equipped with shade cloth.

According to the beneficiaries, the land price was inclusive of certain movable assets such as 25 sheep, five cattle, bees and beehives and other farming equipment. However, the former owner was seen removing the bees and beehives by the former farm worker who became a member of the beneficiary group. The previous owner also told some of the beneficiaries that he would be coming back to take other equipment.

The L-PLRO planner responsible for the project was interviewed telephonically, and on the question of what was meant to be included in the sale said that the beneficiaries had misunderstood the whole process. He said these movable assets were only mentioned in the business plan in order to show the activities that were going on on the farm at that stage and were not part of the land price. He further said that the DLA policy allows only the fixed assets to be included as part of the sales price, whereas the movable assets are always excluded.

4.5.5 Description of intended land use / business plan

The business plan of the project was prepared jointly by the officials of the L-PDA and the L-PLRO. The beneficiaries of the project intend to use the land for vegetable and crop (mainly maize) farming. There is a change in land use because the previous owner was farming with livestock and horticulture as well as bees. Due to the fact that there are horticulture resources on the farm, the beneficiaries intend to also continue with horticultural production. However, they doubt whether their horticultural farming would be sustainable because some of the beneficiaries have allegedly been stealing fruit from the farm.

At this moment it is impossible to comment on the beneficiaries' compliance with the business plan as they have just started working on the farm. During the interview session, beneficiaries failed to provide figures about the expected returns and in fact did not have a copy of the business plan at hand. Their main target market is Polokwane and the surrounding townships, where apparently there is a great demand for vegetables.

4.5.6 Financial aspects

Since the project has 30 beneficiaries, each of whom qualified for the minimum LRAD grant of R20 000, the L-PLRO approved a total grant of R600 000. The grant was used to purchase the farm at an agreed selling price of R280 000, leaving a balance of R320 000. The balance of the grant was used to purchase a second-hand tractor (R50 000), a second-hand Toyota bakkie (R68 000), and two ploughs. Although the cost of the two ploughs was not disclosed, it was probably not great, meaning that the remaining balance is likely not less than R150 000.

The group has hired a driver who drives them to the farm twice per week and he gets paid R40 per day. Due to the lack of collateral and the poor status of the beneficiaries, they are unable to secure a bank loan. However, they are hoping that the L-PLRO will release the balance of the grant to help them purchase inputs and improve the farm infrastructure. Beneficiaries use kraal manure to grow vegetables and they source some of the vegetable seedlings from their friends.

The beneficiaries opened an account at Standard Bank, but it was later closed because of insufficient balance. Concerning financial management and record keeping, the beneficiaries have asked an acquaintance who has auditing skills to help them.

4.5.7 Post-settlement support

At this moment there is no one providing mentoring to the beneficiaries regarding farm management and the technical aspects of running the farm. Beneficiaries use their own agricultural experience to grow vegetables, with the assistance of the male beneficiary who worked for the previous owner. According to the interviewed beneficiaries, they have received no support from the L-PDA, nor even a visit from any official of the L-PDA. The L-PDA's Deputy Director: Farmer Settlement indicated that he is aware of the existence of the project and it is in their records. He indicated the L-PDA is currently facing a major challenge of lack of financial resources to assist the farmers. Due to budgetary constraints, the L-PDA is unable to provide financial support to LRAD projects, and is still waiting for the NDA to help out. However, this does not answer the question as to why the L-PDA is not offering extension support to the project; the suggestion is that the budget shortfall is such that even this is not possible, notwithstanding the fact that it receives the largest budget of any PDA in the country. Moreover, it would seem that the beneficiary group does not necessarily need additional financial support, but rather greater ease in accessing the remaining balance of its grant with the L-PLRO.

4.6 Conclusions, suggestions and policy options

Based on the case studies in Limpopo Province, some of the preliminary policy implications are as follows:

- Pre-settlement support is fundamental to the sustainability of LRAD projects, particularly for group projects. However, there was no clear evidence of appropriate post-settlement support and backup from the L-PDA for project beneficiaries. There is an urgent need for a continued monitoring and support to create conditions for long-term success.
- Farmer training and extension services are integral components of post-settlement support. There is a great need for the development of a comprehensive and continuous training programme that also emphasises training on business skills and not farming skills only.

- The function of the PGC needs to go beyond the evaluation of project applications, perhaps by establishing 'service agreements' regarding the expected role of certain members of the PGC, e.g. Public Works, L-PLRO and L-PDA. It is also recommended that the PGC include representatives from local structures such as farmers' organisations, etc.
- The DLA should consider options for making a provision for the planning grant to cater for pre-settlement support, e.g. to workshop applicant groups on how to anticipate and deal with group dynamics.
- Among LRAD's aims is the integration of previously disadvantaged individuals into the commercial agricultural economy. A major problem for emerging farmers is gaining equitable access to markets. Intervention in this regard is needed, both by government and by farmers' organisations, e.g. such as the Limpopo Emerging Red Meat Producers Organisation. Steps needed to promote a smooth transition to commercialisation include the provision of market information, as well as market identification during project planning.

5 Eastern Cape

5.1 Introduction

The Eastern Cape PLRO (EC-PLRO) has six offices corresponding to the provinces six district municipalities. The total number of EC-PLRO staff is around 25, of which most have some involvement with LRAD, but few exclusively. Earlier this year, the EC-PLRO hired an M&E officer, who is responsible for monitoring all varieties of land reform activity in the Eastern Cape principally on behalf of the EC-PLRO but in conjunction with the national DLA M&E directorate.

As of July 2003, the Eastern Cape boasted 149 transferred LRAD projects and 53 others that had been approved but were awaiting transfer. In terms of numbers of projects, Eastern Cape accounts for the second largest number of projects from a single province (next to Free State), and almost one third of all projects in the country. Of the 149 transferred projects, about 24 have been routed through the Land Bank by means of the agency agreement, meaning they necessarily received Land Bank loans, and another 24 have involved loans from the Land Bank or other banks, e.g. uVimba Bank and Standard Bank. Of all of the grant beneficiaries, about 30% are women and 7.5% are youth. The profile of delivery to date is provided in Table 5:

Table 5: Statistics on LRAD projects transferred to date in Eastern Cape

District Municipality	Total projects	Total bene-ficiaries	Total hectares	Total grants (mn)	Avg beneficiaries /project	Avg grant/ beneficiary	Avg grant/ projects
Cacadu	39	604	9 749	16.1	15.5	26 607	412 075
Amatola	36	301	6 966	7.8	8.4	26 048	217 794
Chris Hani	12	164	9 045	4.9	13.7	29 707	405 996
Ukhahlamba	59	507	32 285	17.8	8.6	35 091	301 547
OR Tambo	2	15	90	0.4	7.5	26 731	200 486
Alfred Nzo	1	20	177	0.4	20.0	20 000	400 000
Province	149	1611	58 311	47.4	10.8	29 408	317 958

Initially two case studies were envisaged. These two were chosen with the assistance of the EC-PLRO, based on three considerations: i) that one project be small, preferably a ‘family farm’ type project, and the other medium-sized, say up to 25 members; ii) that they were transferred relatively long ago, as far as that is possible with LRAD; and iii) that the projects be not too distant from one another. Based on these loose guidelines, EC-PLRO staff first suggested that the projects be drawn from the Amatola District area; thereafter, discussion with Mr Vuyani Nqweniso, one of the project officers working in Amatola, led to the selection of Sinethemba Beef CPA, in Mooiplaas, and the Stanhope project (as it is often called after the farm name, though the official title is the Masakhane-Ndevana CPA), near Stutterheim. These two are among the five LRAD projects transferred in the Eastern Cape in 2001. Because time permitted, a third case study was also undertaken, also near

Stutterheim. This was the Masiphumelele CC, transferred in March 2002. Table 6 summarises some of the project data for the three projects.

Table 6: Comparative data for case study projects

	Sinethemba	Stanhope	Masiphumelele
Size of group	10 (originally 12)	23 (originally 24)	4
Grant per beneficiary	R20 000	R20 000	R20 000
Total grant	R240 000	R480 000	R80 000
Land price	R110 000	R360 000	R60 000
Date transferred	November 2001	December 2001	March 2002
Activities - primary - secondary	 cattle maize, vegetables	field crops, vegetables cattle, broilers	 vegetables pigs

Sinethemba turned out to be interesting and illuminating for a number of reasons, but in retrospect it did not fit the description of a family farm type project that was sought. The 10 members of the project come from as many different households, although two are brothers and two others are brothers-in-law. Nonetheless, it is small and cohesive, and the reasons for this cohesiveness can be identified.

Stanhope is a ‘typical’ larger project, especially in terms of some of the group dynamics encountered. Most of the members were indeed formerly farmworkers on the same farm, but this was some time ago. In the meantime, they had moved to a settlement near King Williams Town. Their initial hope with LRAD was to purchase the farm where they used to work, but when this was not possible they identified and purchased another.

Given its small size, Masiphumelele Cc is similar in character to Sinethemba, but it is also not a family group. The four members come from the same community outside of Stutterheim. What distinguishes their group from the others is that the members are more commercial in orientation, being businessmen in their own right.

5.2 Interviews

The table below lists the interviews that were conducted in respect of the case study projects as well as in respect of LRAD in the province. Most interviews were conducted in person, but some were conducted telephonically.

Table 7: Summary of interviews conducted

General		
Mr G. Roussouw, Loan Officer, Land Bank, East London branch Mr K. Mafu, Deputy Director, Projects and Planning, EC-PDA Mr B. Naude, estate agent based in East London Mr L. Coetzee, Provincial Manager, Agribusiness Linkages, Eastern Cape Mr A. Westaway, Director, Border Rural Committee Mr V. Loëst, EC-PLRO chief planner working in Amatola District Mr D. Matta, EC-PLRO District Manager for Amatola District Mr M. Kenyon, EC-PLRO Director, Eastern Cape		
Sinethemba	**Stanhope**	**Masiphumelele**
Four members of the Sinethemba CPA executive committee Ms M. Vigne, estate agent, Mooiplaas Mr S. Lemmer, chair of Bluewater Farmers Association Mr Vusani, extension agent who presently supports project Mr L. Nxoka, extension agent who supported project during its inception Mr V. Nqweniso, EC-PLRO project planner responsible for Sinethemba	Two members of the Stanhope executive committee Mr W. Erasmus, District Head, EC-PDA, Stutterheim Ms Shosha, extension agent, EC-PDA, Stutterheim Ms P. Fitzgerald, estate agent, Stutterheim Mr V. Nqweniso, EC-PLRO project planner responsible for Stanhope	Two members of the Masiphumelele cc Mr W. Erasmus, District Head, EC-PDA, Stutterheim Ms Shosha, extension agent, EC-PDA, Stutterheim Mr V. Nqweniso, EC-PLRO project planner responsible for Masiphumelele

5.3 Issues in the Eastern Cape as perceived by implementers and others

The issues most frequently mentioned by implementers and others in respect of LRAD were as follows:

- *Support from national DLA insufficient* – Staff members of the EC-PLRO felt that in general they did not receive adequate support from the national DLA office. This concern touched mainly on a lack of guidance with respect to policy, and was at times attributed to the perception that senior DLA staff have insufficient understanding of the situation on the ground.
- *The importance of local solutions* – Although it was not necessarily described as such, a number of officials interviews revealed instances where local initiative proved invaluable. An explicit case in point is in a sense a counterpoint to the previous observation: to some extent the lack of direction from national DLA was not always seen as a bad thing, in that it allowed the EC-PLRO to proceed unhindered in the manner it considered most expedient. More specific examples include: the agreement struck between the EC-PLRO and the Amatola District Council that lays a framework for joint delivery of settlement-oriented projects; working arrangements struck with the Land Bank following the lapse in the DLA-Land Bank agency agreement, which have allowed for and probably improved

co-ordination between the two; self-initiated policies for dealing with estate agents; etc.

- *Co-ordination with partners is difficult but easier at local level* – A common theme is the difficulty in co-ordinating with partners. It was felt that this was especially the case at the level of provincial heads, where personalities and 'politics' were most likely to interfere. A case in point mentioned by numerous EC-PLRO staff was the perceived proprietary attitude of the MEC for Agriculture, who on numerous occasions has contemptuously (and absurdly) stated his view that the Eastern Cape Department of Agriculture and Land Affairs can and should assume responsibility for land redistribution in the Eastern Cape, and that the EC-PLRO is unnecessary in this regard. On the positive side, the relationship between the EC-PLRO and some of the Land Bank branches appears to be good (though this is more true of some branches than others). Also very positive, there is ample evidence of amicable and productive relationships between district EC-PLRO offices and their agricultural counterparts. Some district offices of the EC-PDA in particular stand out as supportive to LRAD and as such have worked harmoniously with EC-PLRO staff.
- *Too few staff* – EC-PLRO staff working on LRAD are saddled with excessive case-loads. This is not because of a policy decision by management, but because their work in various communities puts them in constant contact with the very large need and demand, which they are loathe to ignore. A typical case-load per planner is 15 to 25 projects at some stage of the application/ planning process, not to mention some already-transferred projects for which they provide aftercare, and interaction with community members who are merely seeking introductory information about LRAD. This is despite the fact that, presently, LRAD is not being actively advertised in the province, for fear that it would create an even greater demand to which the EC-PLRO would not be able to cater. While on the positive side the commitment of EC-PLRO staff must be commended, on the negative side this over-stretching most probably explains the perception among some observers (e.g. some applicants and estate agents) that LRAD projects move too slowly and EC-PLRO staff are erratic. The slowness of projects is obviously also a function of the project cycle and the fact that redistribution is an exacting process susceptible to numerous pitfalls; but it is probably also true that the over-stretching does result in genuine inefficiency.
- *Too little budget* – The delivery of LRAD is also constrained by lack of budget. EC-PLRO staff estimate that, even with given staff, they could spend up to 50% more budget on LRAD were it available. Indeed, notwithstanding the comments above in respect of too few staff, much of this additional expenditure reflects existing commitments, meaning projects that are already in the pipeline, some at an advanced stage.
- *Support from EC-PDA is very uneven* – The extent of EC-PDA support for LRAD varies by district. In some districts, the support is strong, often owing to the personal interest of the EC-PDA's district head. Elsewhere, the support is weak

or non-existent, owing mainly to the lack of this commitment. Everywhere, there are additional constraints due to lack of resources and lack of appropriate training of extension officers. The Stutterheim district office is a case in point: the District Head has shown prodigious commitment to working hand-in-hand with the EC-PLRO, and together they have achieved a great deal; however, the Stutterheim EC-PDA office is hindered by the fact that its six extension officers share one vehicle, limiting the time they can spend with clients in the field. The District Manager's repeated efforts to resolve this have not been successful.

5.4 Case study 5: Sinethemba Beef CPA, Mooiplaas

5.4.1 Overview of the area

The Sinethemba project is located on a farm just off the N2, about 45 minutes from East London and 20 minutes Komga, and falling within the Great Kei Municipality. The name of the area is Mooiplaas, which designates an areas within the former 'Border' that contains an area of state land and continuous blocks of private properties, including farms. The state land portion encompasses numerous villages, of which the one closest to the project, and in which the project members stay, is Ngxingxolo, comprising around 350 households. Other nearby villages include Cefani (140 households), Slatshi (460 households), and Mzwini (450 households).

The pattern of settlement of Ngxingxolo and the other villages on state land in Mooiplaas, reflects the process of Betterment Planning. The villages have associated with them land set aside for ploughing and for grazing. According to community members, the utilisation of the ploughing land has been in decline, apparently for the same reasons affecting other former homeland areas: first, the decline in formal sector employment means less cash available for agricultural inputs; second, the youth show relatively little interest in agriculture; and third, whereas people used to rely on the homeland administrations for various types of assistance (e.g. tractor services), these have generally been withdrawn. The Ngxingxolo community was in recent months given a tractor (by the EC-PDA), seemingly in response to repeated pleas.

Although the area is former Ciskei, it is interspersed with blocks of contiguous white commercial farms. Many of these farms are on the small side – and a number of the owners are part-time farmers. According to both the estate agent and chair of the farmers' association, of the 15-20 farmers close to Ngxingxolo village, most or all would sell immediately given an acceptable price. Many are keen to do so. Those closest to the Mooiplaas communities report problems with fence cutting and stock theft, and one of the farmers was murdered in 2002. One of the farms immediately adjacent to Ngxingxolo has effectively been abandoned, and is soon to be made formally available to the community as a municipal commonage project. White farmers in the area attribute their problems to the fact that their neighbours living on the state land do not have enough land for their livestock. However, it also appears that there is a sense among some Mooiplaas residents that the white-owned farms should be returned to their rightful owners.

Of those white farmers inclined to sell, some would leave agriculture altogether, while others would attempt re-establish themselves as farmers elsewhere if they could. However, as one farmer explained, this may be impossible, because the price they are likely to receive when selling their present farms will not be enough to allow them to buy nearly equivalent farms elsewhere.

5.4.2 History of the project

The meaning of Sinethemba is "we have hope." The group members, mainly pensioners who lost their factory jobs during the 1990s, see the project as central to their upliftment.

Accounts differ as to how the Sinethemba project came into being. The project members relate how, in 2000, they initially formed a group of 10 members to explore the possibility of purchasing some cattle together. When they approached the local extension agent, he informed them about land redistribution, told them they would have to identify a farm they wanted to buy, and then approach the Land Affairs office in East London. However, according to the extension agent, he himself formed the group in 1999, with 12 members, with the idea of assisting them with livestock production. He then told them as well about the redistribution programme. It is likely that there is some truth in both accounts. It certainly appears to be the case that the group was largely self-formed, though it initially included fewer than 12 members, and may not have included the three women that it later did.

Whatever is the case, the extension officer explained the rudiments of the redistribution programme. Because the work on the project preceded the official launch of LRAD by probably a year or more, it was initially assumed that each applicant would be eligible for only R16 000. This may also account for the fact that adult family members were not brought on board as additional grant applicants, because whereas this is possible under LRAD, under the old programme the 'beneficiary unit' was the household.

When the extension officer explained that they would have to identify a farm, they approached Ms Vigne, who lived with her family on a small farm abutting the state land area within Mooiplaas. Ms Vigne was a part-time estate agent, who knew many of the community members on account of the fact that the family used to run a trading store on its property. She indicated that quite a number of farms in the area were for sale. The group quickly short-listed two of particular interest, both owned by the same man, a businessman based in East London whose father had retired from farming about five years earlier, and later died. Between the two, the deciding factor was that the one property was considered too close to Ngingxolo, the village where the project members themselves stayed. They were concerned that this proximity would make them too vulnerable to fence cutting and theft. They rather preferred the property that was a bit further away. It is about two kilometres, or half an hour's walk, from Ngingxolo.

At the time the group was in the process of identifying land, the farm was occupied by a tenant, a white man who stayed there and kept some of his own livestock there. This tenant in turn had two resident workers. When planning work on the project got underway, the EC-PLRO indicated that these two residents should be allowed to join the beneficiary group if they so wished. Thus the beneficiary group increased in size from 10 to 12 members.

According to the project members, the owner of the farm was initially asking R150 000 for the 115 hectare property, but agreed to come down to R110 000 because 'he knew their fathers.' According to the estate agent, he was initially asking R165 000, but was keen to offload the property as soon as possible for fear that if he waited too long, it would fetch even less. Because they ultimately bought the property using the LRAD grants of R20 000 each, or R240 000 in total, the beneficiary group in fact had more than enough money to purchase the land. With the balance, they purchased livestock, vaccines, a second-hand tractor, and a trailer.

5.4.3 State of the project

The project is stable and seemingly on course. The group initially purchased 17 cattle, and they now have 23 through natural increase. The small amount of land that is suitable for arable production, they have planted to maize, cabbages, and potatoes, and have sold the produce in Ngingxolo and elsewhere in Mooiplaas. A community member who does not belong to the group hires out tractor services, and gives the group a small share for the use of its tractor.

Thus far, the money that the group has earned from these activities has all been deposited in the group's bank account, and none distributed among the members. The only direct benefits that have been realised thus far is that the group members divided among themselves the non-saleable produce harvested on the land.

The project members did not expect the project to become more profitable more quickly, thus they are not disappointed. However, they repeatedly indicated that, if they could find the assistance, they would like to buy an additional property, because they felt that what they had was not enough. This is despite the fact that, according to what they were told by the extension agent, their property could accommodate twice as many cattle as they presently have. (This fact will be returned to below.)

None of the project members lives at the property. Nonetheless, most spend most of their time at the property, apparently clearing some of the land to make it more suitable for cropping and grazing. The farmhouse is in disrepair, but shows no signs of having been vandalised. The group would be happy to have a paying tenant on the property. The last tenant left abruptly and was not replaced. (It is unclear if they had stayed in the main farmhouse or rather in one of the other structures, e.g. for farm workers.)

Thus far, the group has earned income from sales of vegetables and from hiring out their tractor. None of the income has been paid out to members, but has rather been deposited in the group's bank account. The respondents were not clear about the amount of income, but it appears to have been in the order of a few hundred rand. The group took out no loans, thus is not needing to make loan repayments.

5.4.4 Composition and characteristics of the project beneficiary body

The ten members of the project include seven men and three women. All the members are between 55 and 70. Of the three women, one is a widow, one's husband works in East London, and the third's husband works in Ngingxolo at a crèche. When asked how they came to form this group, the members said that they had known one another since childhood, and knew one another to be hard workers. When asked whether they ever had disputes, and how they went about managing them, they indicated that they knew one another so well that they understood one another's perspectives and were able to avoid situations that would lead to discord.

The EC-PLRO indicated to the group that the two resident farm workers should be given an opportunity to be part of the group. They were duly accepted into the group, and the total grant allocated to the group was calculated on the basis of 12 members. Some time later these two members left the project. According to the original and remaining members (which was not verified), it was not a matter of discord, but rather that these other two were not interested in the project, not least because it had so little to offer. One of these two former members died since leaving the group. The whereabouts of the other is not known.

Of the ten members, five comprise the executive committee. These include four officers: the chairmen, deputy chairman, treasurer, and secretary. The fifth member of the executive committee is one of the three women members of the project.

All of the cattle on the farm are those that are owned by the group and were purchased out of the remainder of the grant. Apart from those that were purchased and are owned in common, some of the group members have their own personal livestock, and some do not. Those that do have their own livestock keep them on the communal grazing land. Asked why those with their own livestock did not keep them at the farm, at least while the farm remains under-stocked, they indicated that this was avoided because it might sow division among the members. One consequence of this is that the members ended up with the minimum grant each, because their livestock could not be counted as own contribution towards the establishment of the project. For this particular project, this is just as well, because the collective grant of the group was clearly adequate.

However, it is indicative of a common pattern on LRAD projects in the Eastern Cape (perhaps elsewhere as well), whereby, in addition to the fear of creating disharmony mentioned above, beneficiaries are loathe to mix livestock they keep for cultural or personal reasons, with livestock they obtain for purely commercial purposes.

Asked how they divided up tasks on the farm, the beneficiaries indicated that everybody does everything together, or they rotate, depending on the task. The group seems to have consciously adopted a way of working and managing the farm that protects harmony among the members, even if it is somewhat costly or impractical.

On the other hand, the group shows a talent for devising simple, practical solutions. The question was posed to the group, what happens if a member becomes ill and dies? Is their share paid out to his/her family? If so, how? The group had not thought of this possibility before, and did not have a ready answer. They stated that there was no policy pertaining to such a situation, even though one of the two add-on members who abandoned the group, did pass away after leaving the group. (They did not do anything in particular following his death, even though in principle he was a co-owner.) After some thought, one of the members proposed that, in the event a member died, they would invite a member of the deceased's household to take up active participation in the project in the place of the late member. (In fact, this is precisely what the CPA's constitution provides for, though none of the members being interviewed seemed to recall this or even make mention of the constitution.)

5.4.5 Characteristics of the farm

The farm is 115 hectares in extent. According to the extension agent who conducted the initial technical scoping, only three hectares of land that are presently accessible are arable (i.e. those adjacent to the homestead), though there are another 25 hectares of arable land that have been badly encroached by bush. The group aims to gradually bring more of the arable land into production, but in any event acknowledged that their main interest is in cattle. According to the extension agent's technical report, the capacity of the farm is 126 small stock units and 21 large stock units. It is not clear how many large stock units can be accommodated in the absence of small stock, but it is presumably in the order of 30 to 40.

The infrastructure for livestock farming is in good condition; boundary and internal fences are in good repair; there are four camps each with a functioning dam; there is a dipping tank in good condition. However, the windmill adjacent to the homestead does not function properly. It does pump some water that can be used to irrigate the adjacent vegetable patch, but seemingly not enough.

As appears to be typical in the Eastern Cape, the business plan is not necessarily a prerequisite for project approval, at least for projects that are relatively uncomplicated. The project memorandum for Sinethemba states that "…the Department of Agriculture and Land Affairs has been actively involved in this project and has offered to assist in training of the beneficiaries and to draft their business plan." The Directorate: Project Planning within the EC-PDA typically does the business planning, taking into account the technical reports compiled earlier, typically by staff of the Döhne Agricultural Development Institute in Stutterheim. A copy of this business plan was not obtained, but in discussion with beneficiaries it was clear that their day-to-day activities were not guided by it. On the other hand, they did receive frequent visits from an agricultural extension agent which they declared very useful.

5.4.6 Training and post-settlement support

The group received training at around the time the transfer took place. Oddly, the amount of training the group claims they received is significantly more than what the extension agent recalled they received. According to the group, the training consisted of full time instruction for two months (presumably excepting weekends), of which the first half was done in the community hall and the second half on their farm. According to the extension agent, it was rather altogether about five days: three days on farm management; one day on animal husbandry; and one day on crop production. According to the extension agent, he identified the training needs, and then the farm management training was organised and paid for by the Department of Labour, while the animal husbandry and crop farming training was done by the EC-PDA staff itself.

Regardless of its actual duration, the beneficiaries were pleased with the training. When asked if they had learned anything new, given that they had been farming all of their lives, they stressed that the training had helped them raise their knowledge of farming to a higher level.

The beneficiaries also indicated that they were satisfied with the amount of attention they receive from their agricultural extension agent. They indicated that they see the extension agent three or four times per month, and find the visits useful.

5.4.7 Overall assessment

This project is a good one in the sense that the group is cohesive, the property is well located relative to where they stay and to market opportunities, and the project is technical and managerially within the beneficiaries' grasp. What remains uncertain is how large a welfare difference it will make to the beneficiaries once it is fully operational. The short answer is that, in all likelihood, it will make a positive but modest difference. The total livestock capacity is not much greater than what the group could have otherwise maintained on the commons. Although having a farm of their own where they can exert more control will make some difference, that difference will not be large. Although it is difficult to judge, the members' expressed wish for assistance to acquire another farm probably reflects their realisation of this fact. (This further assistance is not likely to happen, given the numerous other groups in the local area that government would wish to assist first.) Only if a more intensive enterprise were entertained would the economics of the project have been significantly different. The obvious alternative would have been dairy farming, but the risks of dairy farming in the context of a group project are significant, which is not to say insurmountable.

The Sinethemba project in fact is fundamentally not very different from some of the better, small SLAG-based projects – the margin of difference is only R4 000 per group member. Interestingly, another LRAD project in the immediate which is nearing transfer stage, is going to be a family farm project. A third project in the area, mentioned above, is the integration of an abandoned farm into the community's commonage. These two projects probably represent a move in the right direction: where the land is further away from the community, a family farm project is likely to make a more palpable difference to the beneficiaries, the obvious drawback being that the beneficiaries are few; where the land is very close to the community, commonage is a good way of using the land to share the benefits widely, even if not at all deeply. Sinethemba runs between these, and one might argue that it is not a satisfactory compromise. Would any of the members of Sinethemba have benefited meaningfully from either of these alternatives? Possibly yes, but to different degrees.

The fact that there are two other projects in the immediate area is significant. In fact, an interesting aspect of the Sinethemba project is that it has inspired many other residents of Ngingxolo to form groups in hopes of getting land through land redistribution. According to the Sinethemba beneficiaries, they have even been approached by youth who ask for advice, or even if they can join the Sinethemba project. People are impressed by the fact that the project has appears to be going somewhere, that it has potential. In large measure this probably reflects the generally depressed state of the local economy, and time will tell whether this interest will be sustained – i.e. after the real economic significance of Sinethemba is clearer. But it is clear that thus far, in the perception of many local residents, the modest benefits of Sinethemba are significantly better than nothing.

5.5 Case study 6: Stanhope Farm, Stutterheim

5.5.1 Overview of the immediate area

Stanhope is 12 kilometres west of the town of Stutterheim, which itself is 80 kilometres northwest of East London along the N6. As with Mooiplaas, Stutterheim is in the former 'Border' area. It is populated with commercial farms and a fair number of smallholdings. Farms tend to be mixed livestock/field crop operations. ARCA Chickens has operations there, and somewhat further afield there is some commercial forestry.

There is a Stutterheim district office of the EC-PDA in Stutterheim town, and 10 minutes to the north the Döhne Agricultural Development Institute, which, as part of the EC-PDA, renders some technical support such as soil analysis and evaluation of veld quality.

5.5.2 History of the project

The origins of the Stanhope project date back to 1998. Some residents of Zwelithsha, near King Williams Town, were informed about the redistribution programme from an agricultural extension officer. The way the extension officer explained it, people could choose between a R15 000 grant for housing, or a R15 000 grant for land. Upon hearing this, a few of those in the audience took it upon themselves and canvas their neighbours to see who was interested in acquiring land. The initial list they produced included 32 names of households. This group appeared to be united by the fact that they had come from the same farm near Cathcart (some 45 kilometres further northwest of Stutterheim on the N6), called Stockdrift. The group's aim was to return there, though whether all the members had come from this farm is unclear. Having compiled this list, the group approached the EC-PDA office in Bisho, not far from where they lived. The official recommended that they identify a farm that was not too close to where they stayed or to any other settlement, because of the problems such as stock theft, and explained that they would have to make an application to the Department of Land Affairs.

Negotiations with the owner of Stockdrift began. According to the beneficiaries, the owner was favourably disposed to them because 'he knew their fathers.' The problem appeared to be one of timing. There was turnover at the EC-PLRO, and there was uncertainty as to policy. In the meantime, the owner became impatient and eventually accepted another offer. Although the group was very disappointed at this turn of events, in the opinion of Vernon Gibberd (who was previously employed by DFID and was based in Queenstown, and who wrote a short note on the group and their application on behalf of the EC-PLRO), this was fortunate, because Stockdrift was located in a "remote, dry, mountainous area," and was ill-suited to the needs of the beneficiaries.

Following the loss of Stockdrift, the EC-PLRO, with the assistance of an estate agent based in Stutterheim, identified two possible properties for sale in the Stutterheim area. One of these was Stanhope Farm. Stanhope was preferred because, of the two, it had more water infrastructure and more arable land. By the time the project got to this point, the group had dropped to 24 members. The various delays and disappointments had discouraged 8 of the original 32 members from continuing. The group that finally took transfer of the farm in December 2001 was understandably jubilant, not least because the rains were better here than in the Cathcart area where they were originally hoping to acquire land.

5.5.3 State of the project

The farm is 356 hectares in size of which about 50 are suitable for arable production. The property encompasses ten camps which are well watered, and other infrastructure in good repair conducive to livestock production. Before the arrival of the group, the arable land had not been ploughed since 1993.

The Stanhope project is still struggling to get on its feet. It could certainly be doing worse, but it is far from its potential. There have been internal conflicts within the group, and if not for the promise of free ploughing offered by the EC-PDA the coming crop year would be an almost complete loss. On the other hand, there has been some increase in the size of the group's cattle herd through natural increase (from 25 to 30, and soon to be 41), they are raising broilers in batches of 100, and they have recently planted 1.5 hectares of potatoes. Half a hectare of potatoes and cabbages was planted, all by hand, in the previous year, but owing to the late start and other problems (see below) the harvest was poor.

There are three main problems. First, the members of the group still reside with their families in Zwelitsha. The original idea was that half of the members would be on the project for a month, followed by the other half for the next month, and so on. But in practice it is rare for 12 members to be up at the farm at any given time. It involves being away from one's family for a whole month, and in many cases putting on hold one's other enterprises. (The property can barely accommodate 12 members, let alone them and their families.) Transport costs R21 one way. The group has recently purchased a bakkie, and the proposal now is that all members should be up at the farm most of the time, with the bakkie taking people back on weekends; but the practicality of this plan is doubtful. Another consequence of the fact that the members are not from Stutterheim is that they struggle to market their produce in the local communities. This problem is by no means insuperable, but whereas most projects of this sort can count on being able to market back in their own communities, for the Stanhope project this is not so. In fact, the project does sometimes market back in Zwelitsha; this has been facilitated by the recently acquired bakkie, whereas before they had to hire a vehicle for R300 a trip, and many chickens expired during the trip.

The second problem is the size of the group itself. Although there is a logic to the group that gives it some degree of cohesion, it remains too large for this cohesion to be sufficient. There have been problems with internal conflict, particularly around the provision of labour and impatience in reaping benefits. Some members allege that others have engaged in night time harvesting of the group's potatoes, though the scale of this internal theft was not disclosed. Seemingly, the most troublesome member is the one who passed away, but the likelihood of the remaining 23 members maintaining a harmony and commitment is still uncertain.

The third problem is that the project does not have a rational plan for ensuring that it can make use of its arable land. The balance of the grant did not allow for the purchase of a tractor. This would not in itself necessarily be a problem, but neither does the group now seem to have enough resources to hire in tractor services. It is rather hoping/expecting the Stutterheim EC-PDA office to take care of its tractor needs this year, which they will do by means of contracting a local farmer to provide ploughing services. This has already been done for the 1.5 hectares of potatoes recently planted, and it is anticipated that 20 hectares of land will be prepared and planted to various field crops later in the year. If this were a once-off extra bit of assistance, it would also not be of concern, but the impression gained from the group members interviewed is that their lack of means to plough is somebody else's problem. At this point, it is difficult to envisage the group becoming less dependent on outside intervention and assistance, unless it is provided with explicit guidance that it must do so.

5.5.4 Financial aspects

The project was initiated using R20 000 per beneficiary without any additional loan. The total grant therefore came to R480 000, against a purchase price for the farm of R360 000. The owner was originally asking R408 000, but was negotiated down.

With the balance of the grant, the group purchased mainly cattle and a bakkie. In terms of cattle, a mix of pregnant cows and cows with calves were purchased. Unlike Sinethemba, the Stanhope group agreed that members could bring some of their own livestock to the property (2 cattle per member for free, and those in excess of 2 would have to be paid for), and in the event there are now 14 personally owned cattle on the farm apart from those owned by the group. Nevertheless, these were not counted as own contribution in such a way as to leverage larger grants. (If the group herd does rise to 41 in October as expected, then altogether the farm will be at only 40% to 50% of its estimated carrying capacity.)

Thus far, members have not received any cash dividends from the project. Based on the preliminary business plan drafted by the Stutterheim EC-PDA office, the project should, conservatively, be able to generate a gross profit of about R440 000 per year, which works out to over R18 000 per beneficiary. Given average pre-project incomes of less than R4 000, this would constitute a handsome improvement. However, it is very far from being realised. First, the number of cattle and broilers are far less than assumed in the business plan. And second, the gross margins of the business plan for specific activities have not been achieved owing to marketing problems. It is still early days, and it would not have been expected that the project would have reached this potential by now. Technically, there is no reason why it cannot reach that potential within the next few years. What remains uncertain is whether it will.

5.5.5 Training and post-settlement support

Thus far the beneficiary group has received intensive training on broiler production, arranged and paid for by the Department of Labour at the request of the EC-PLRO. The training was on-site and lasted two weeks. The beneficiaries felt it was very useful, and judging by the fact that they are persevering with broiler production, they appear to be putting it to use. The group would now like a similar training in vegetable production.

Both the EC-PLRO and the EC-PDA recognise the need to provide the Stanhope project with steady support over the next year or so. The EC-PLRO intends to help the group review its constitution and attend to its internal management problems. Indeed, it appears that elections were not held after the first 12 months lapsed, as required by the group's constitution. An extension agent from the Stutterheim EC-PDA office has recently been assigned to the LRAD projects in the area, including Stanhope, and will soon be assisting the Stanhope group with its planning. This is a very welcome development. Realistically, notwithstanding how well developed a project's business plan, projects like Stanhope need persistent assistance to carry forward from where they are.

5.5.7 Overall assessment

It is impossible to predict what will happen with the Stanhope project. This is a project in which the potential of the farm does not appears to be matched by the potential of the group, but it is still certainly possible that the project could become successful. At this point in time, all one can say is that the project is at a juncture where it could go either way. The size of the group, and the fact that the members' homes are at some distance from the farm, are the greatest sources of risk.

However, even supposing the project moves ahead in the short-term, what are its medium-term prospects? This is also impossible to predict, but arguably there are three main scenarios: i) production and profits are not sustained, and none of the members benefit in the longer term; ii) production and profits are increased to a higher level, but only a minority of members with more continuous involvement derive meaningful benefits; or iii) production and profits are raised and sustained significantly, benefiting most or all of the members. One can almost rule out option (iii) on the grounds that too many things have to go right consistently for it to happen. Scenario (ii) is thus in a sense the best-case plausible outcome. If this is so (and at this point it is more for sake of argument than out of some clear-cut conviction), then one might argue that the project might have been planned differently. The main alternative would have been to assist smaller groups acquire smaller properties.

5.6 Case study 7: Masiphumelele, Stutterheim

5.6.1 Overview of the immediate area

The Masiphumelele project is not far from Stanhope farm, thus the comments above in 5.5.1 apply.

5.6.2 History of the project

In September 1999, one of the four men who is now a member of the group approached the district office of the EC-PDA to ask about the redistribution programme. The EC-PDA informed him that he would have to form a group, explained the basics of how redistribution worked, and advised him to approach the DLA. It is important to note that this was almost two years before LRAD was actually launched.

The EC-PLRO planner explained the options as to legal entities, and with the help of one the Stutterheim Development Foundation, they formed a close corporation. This was around February 2000. Following this, the group started looking for a property to acquire. They quickly discovered that the properties they had in mind were not for sale. They therefore approached an estate agent who gave them the names of three farms that were on the market. Having their own transport, they went together to look at each of the farms, and together decided that they preferred one in particular.

The owner was initially asking R135 000 for the property of 36 hectares. With the assistance of the EC-PLRO, they negotiated the price down to R60 000. By the time this happened the LRAD policy was in place so that, with each of the four members accessing the minimum grant of R20 000, they were left with a balance of R20 000. The owner in fact had quit the property before the transfer went through. She agreed with the beneficiaries that they could make use of the property pending the finalisation of the transfer. She did not feel safe on the property, but left unattended the property was getting vandalised.

5.6.3 Characteristics of the beneficiary group

The Masiphumelele group was different in character from the other two groups, in that the members were younger on the one hand than Sinethemba (they are all in their 40s), and seemingly more entrepreneurial and well organised than Stanhope. The Masiphumelele members are each entrepreneurs in their own right. Asked if they were friends, they explained that they were more like business associates who got on well with one another. Friends per se do not necessarily make good business partners; i.e. there is a sentiment that one should not team up with people who have not shown themselves to be capable, i.e. entrepreneurial. In their estimation, most of their fellow community members are not suited to projects such as theirs. That is saying a great deal, given that their project is off to such a slow start.

5.6.4 State of the project

The transfer took place in June 2002, but as mentioned the group had effectively taken occupation before then. Despite this, the project is in its very initial stages, in the sense that the activities presently undertaken are modest relative to what the beneficiaries had envisaged. The biggest problem appears to be an insufficient supply of ground water that would make it possible to keep more livestock and irrigate vegetables. In particular, one of the members keeps pigs which he would like to expand into a larger operation, provided the infrastructure permits; and they envisage cultivating cash crops which they will sell at supermarkets in the area.

The beneficiaries expressed surprise and disappointment at this turn of events. It is difficult to know to what extent they were gauging their remarks to make an impression on the interviewer, hoping he would be the key to further assistance. On the other hand, their surprise seemed genuine. Somehow they were not aware of the struggles they would face. The common refrain was that, having helped them this far, government should 'go all the way.'

This attitude was discussed with the District Manager and one of the extension agents of the Stutterheim PDA office. According to them, this kind of attitude is not uncommon with those getting land through redistribution. There appears to be an almost wilful inattention to detail and advice, because in the first instance people are so eager to get the land. The District Manager was very familiar with the property the Masiphumelele group purchased, and had tried to alert them to its limitations. Presently, the group has planted two hectares by hand, and is hoping the EC-PDA will later this year plough more of their land.

5.6.5 Training and post-settlement support

The group as yet has received sporadic post-transfer support. Their main concern is getting additional finance to drill a borehole and purchase a pump. Neither training nor extension are primary concerns. However, according to the EC-PDA, they will not likely be able to get enough groundwater from a borehole to support significant vegetable production.

5.6.7 Overall assessment

The Masiphumelele project is puzzling. It appears that these four men have a great deal of potential, and their straightforward, unsentimental market orientation will stand them in good stead. It appears however that, even though the project was actually quite slow in getting to the point of transfer, they ended up acquiring a property that was far from ideally suited to their needs. How this happened exactly is difficult to discern, but the most likely explanation is that their strong determination to get the project approved and transferred was ill-considered. The lesson of Masiphumelele is sobering: even groups that appear to have everything going for them – small size, committed members in the prime of their productive years, entrepreneurial experience – can mess up badly. Whether they are able to make something valuable out of the project is impossible to judge.

5.7 Overall conclusions on LRAD in the Eastern Cape

The overall impression of the EC-PLRO's implementation of LRAD in the province is that it is impressive. This is based on the following general impressions:

- The EC-PLRO uses the different financing mechanisms at its disposal strategically so that the project matches the need. For instance, the SLAG is still used for projects where agriculture is a secondary concern, while LRAD-funded projects vary significantly in grant size and objective.
- The EC-PLRO has striven to develop good working relationships with other institutions and partners, e.g. Land Bank, EC-PDA, estate agents, district municipalities, etc. All of these relationships are variable and have aspects that are fraught with difficulty, as will be discussed more below; but where possible the EC-PLRO has fostered them and used them to the advantage of LRAD.
- Notwithstanding the above, the EC-PLRO has internalised much of the skills for which it would otherwise rely on other institutions and service providers. Thus the EC-PLRO makes scarce use of service providers and valuers, because a number of EC-PLRO staff have become adept with drafting business plans and ascertaining a property's value. The lack of capacity within the EC-PDA in particular has necessitated this development. This has been assisted by the fact that many projects are relatively simple, e.g. those only involving livestock.
- The approach to land acquisition is pragmatic, such that the EC-PLRO is able to access sufficient quantities of land at good prices. In particular, the EC-PLRO takes advantage of the copious supply of commercial farmland adjacent to former Ciskei and former Transkei, where demand for redistribution is also strong.
- The EC-PLRO has succeeded in using LRAD to transfer significant amounts of state land, as well as to accelerate some land transfers that otherwise would have gone the time-consuming route of land restitution. Of some 20 000 hectares of state land in northwest Amatola District, about two thirds of which was under claim, about half has been redistributed (with the written permission of the Restitution Commission) to claimants using LRAD. Although this may not always be appropriate, it is evidence of pragmatism, good inter-institutional co-operation, and doubtlessly placed people on the land more quickly and at less cost to the State than would otherwise have been the case.
- There has been a marked shift in favour of small projects, including but not limited to family groups. This has been assisted by a land market which has a relatively high number of smaller farms or farms held under multiple title deeds.

There are two constraints which limit how much the Eastern Cape EC-PLRO can accomplish, namely lack of staff and insufficient budget. One consequence is that the EC-PLRO does not advertise or publicise LRAD, for fear of creating an even larger backlog.

The impact of LRAD projects on beneficiaries is more difficult to discern, not least because the LRAD programme is still relatively young, and older LRAD projects (such as those studied in the case studies) are not necessarily characteristic of LRAD overall. The following generalisations can be made:

- The benefits of participation in LRAD are positive but modest. Economic benefits in particular take a long time to be realised; provided beneficiaries are aware of this beforehand, they are not necessarily discouraged.
- Some beneficiaries feel such urgency in accessing land, they do not pay attention to advice and warnings of EC-PLRO and EC-PDA staff, and thus have unrealistic expectations of what the project will achieve, and also expect ongoing financial/material assistance that may not be forthcoming.
- The benefits of projects could at times be greater with existing resources if provided with necessary guidance. An example of this is the *under-stocking* of purchased land because the beneficiaries are reluctant to bring their own livestock there.
- Larger projects remain relatively problematic, as do projects that involve beneficiaries acquiring a property at a large distance from where they stay. Overall, these types of projects have become less common in the Eastern Cape.

6 Summary findings and recommendations

6.1 Overview

The goal of the present study has been to shed light on the operations of LRAD in a context in which very little is known about how the delivery process and the projects themselves are playing out on the ground. The guiding purpose has been to provide baseline information to sharpen the conceptualisation and delivery of LRAD. The work has been carried out under pressure of time and resources.

Qualitative inquiry here serves to illuminate the dynamics of the land reform process, but does not develop a quantitative database or show how often the observed trends occur. That is, the purpose of the present work has been to highlight issues of concern and help to frame the questions needing to be dealt with. Any discussion and recommendations here based on the qualitative study material must be taken as tentative and incomplete.

Results serve to underline the point that there can be no question of the need for land redistribution in South Africa today. Land-related rural poverty and the tensions over inequality cannot be fully addressed in the absence of land redistribution, and manifest demand for land is high. LRAD is already struggling to meet the needs of the clients being served, and it has not been publicised because of the shortage of resources to meet even the demand already reaching delivery agencies.

6.2 Findings

The lack of finance is impeding delivery

The perception that LRAD is constrained by its budget is borne out by discussions with implementers. The degree to which PRLOs could make use of larger budgets is not known precisely, but in some instances it appears that they could spend up to 50% more than they are presently doing using their existing staff complements. However, it is also the case that a number of PLROs are under-staffed, and could and should be accorded larger staff complements if expected to increase LRAD delivery.

The ability of the Land Bank to expand delivery via Land Bank-routed projects that make use of the agency agreement (i.e. if this were to be resurrected) is also difficult to gauge, but very likely it could expand by a factor of two to four. This would require, however, addressing the problems that afflicted the agency agreement in 2001-2002, and restoring trust among private sector service providers on whom the Land Bank delivery route largely depends.

The desirability of expanding delivery, by whichever route, remains the much more difficult question. The observations that follow contribute to the debate on this question, but by no means amount to a definitive answer.

A wide range of constituencies are accessing LRAD

The case studies show that LRAD is being accessed by a wide range of clients who differ in terms of aspirations, resources, and agricultural and entrepreneurial expertise. This is largely due to the flexibility of LRAD's grant system. Although LRAD clearly caters more to well-off applicants than did the SLAG-based redistribution programme, it is still widely accessed by poor households. Whether or not the 'poorest of the poor' are accessing LRAD in significant numbers is unclear. Clearly the own contribution requirement does not pose an obstacle, since the minimum own contribution of R5 000 can be, and is, pledged in the form of own labour, and numerous beneficiaries do access the minimum possible grant of R20 000 accordingly.

LRAD is supporting a diversity of project types

LRAD is supporting a variety of different project types, which in large measure reflects the diversity of applicants' aspirations and resources mentioned above. There is a tendency for better-off applicants to go for family-farm type projects, usually involving complementary loan finance and explicit commercial objectives, while poorer applicants are more apt to form multi-household groups to cover project costs entirely on the basis of the LRAD grant. Earlier research by the HSRC revealed that many group projects are 'farm-worker projects,' wherein a group of farm workers use LRAD to acquire the farm where they have been working, often at the impetus of the seller (HSRC, 2003); however, none of the projects examined as case studies for this exercise were of this type, though one involved a group of former farmworkers hoping to buy the farm they had left many years ago.

Some PLROs continue to use the SLAG to accommodate applicants whose primary need is settlement, and it would appear that this is a valuable way of conserving budget and ensuring that LRAD is not used to try to cater to too broad a range of needs.

Family-farm type projects appear to be working relatively well, with three qualifications

Given that LRAD is still quite new and that most projects have been on the ground a very brief time, it is premature to say which types of projects are working well, i.e. are rendering the expected benefits on a sustainable basis. However, early indications are that family-farm type projects are doing relatively well, owing to the fact that the beneficiaries of such projects tend to have more entrepreneurial experience, the projects are amply capitalised, and that relative to group projects, there is little occasion for in-fighting and management problems. On the other hand, there are a few concerns about family-farm type projects. First, in some instances the beneficiaries are so well-off to begin with that one questions whether they are deserving of the sort of government support they are able to extract from LRAD, and even whether they strictly needed LRAD in order to get into farming. The cases suggest that these projects appeal to applicants who want to diversify their economic support base. Although such projects contribute to the overall goal of redressing the racial imbalance of land ownership, the cost to the fiscus of such projects is high in relation to the number of beneficiaries served.

The second concern is that, as was observed in one of the case studies, some LRAD projects that outwardly appear to be family-farm type projects, are in fact projects where the applicant's objective is related more to gaining the prestige associated with owning land than with economic goals. This is possible where the applicant is so well-off that he can afford to choose to not use the land productively. Whether this is or will be a common problem is impossible to say.

Third, it is important to note that there is a sub-set of family-farm type projects that involve beneficiaries who are not particularly well-off and who do in fact consider farming to be their primary activity. These tend to be projects which cater to relatively large stockowners based in former homelands, who use their stock to qualify for relatively large grants (and sometime loans as well) in order to acquire property outside of the former homelands. Such projects are critically important for a number of reasons, including the fact that they provide real assistance to previously disadvantaged *farmers* to expand the scale and improve the conditions of their operations, and simultaneously open up land in congested former homeland areas that others can then access. Unfortunately, none of the case studies conducted for this exercise was of such a project. Although they engender enthusiasm among implementers for what they aim to achieve, and rightly so, interviews with implementers reveal concern about the prospects for these projects, mainly because these beneficiaries tend to be good livestock farmers but poor entrepreneurs, raising doubts that they will be able to meet their loan repayment obligations.

Most group projects are 'group farming projects,' the efficacy and sustainability of which remain uncertain

The main alternative to family-farm type projects is group projects which most often take the form of what we might call 'group farming projects' or 'cooperative farming projects.' By this is meant that the beneficiary group attempts to maintain or resume the farming operation of the previous owner. Though attempts at cooperative farming under SLAG tended to fail due to the formidable problems with organisation and management, this model still appears to be very popular with beneficiaries. In an attempt to maintain the existing farming model in production and comply with a large-farm business plan, beneficiaries often agree to operate the farm collectively. So far, relatively few groups have taken the more easily managed route of informal subdivision of bought properties into individual family farms. This is partly because not all properties acquired through redistribution lend themselves to this sort of treatment. However, probably just as important is the fact that the group farm commercial route looks more profitable on paper. Time will show whether group farming will be more successful under LRAD, but as will be discussed below the greater resources available through LRAD for project costs has generally not translated into better post-settlement support, which is probably more important for keeping group farm projects on track.

DLA and Land Bank in effect split the demand in terms of socioeconomic level
Because Land Bank deals with clients needing or wanting loan finance, the trend of the case studies, and the data reported, is for the Land Bank delivery route to take in the more advantaged beneficiaries, while DLA by default deals with poorer clients who do not expect to take loans. However, it appears to be the case that Land Bank projects regularly move forward faster than DLA projects, and sometimes twice as fast. Differences in the speed of transferring land appear to relate to differences in the organisational culture of the two institutions to some extent, but also to the different constituencies involved, and to the kinds of project being dealt with. Projects handled by Land Bank tend to be of a more clearly commercial character and done on behalf of better-resourced clients. For DLA's PLROs, which tend commonly to deal with the poor, commercial criteria compete with social concerns in making decisions, and land use is often not intended to be used for exclusively commercial purposes. Beneficiaries are often unsophisticated and unfamiliar with transactions that take place in offices, and often have difficulty in furnishing information required. Case-loads are reportedly very heavy in some provincial offices, requiring projects to be held back or advanced depending on the demands of other projects. Slower administration times in relation to DLA as opposed to Land Bank may therefore be partly a product of the kind of project being addressed, resulting in turn from the kind of demand and level of beneficiary resources involved.

The efficacy of post-settlement support is still in question
The critical importance of good post-settlement support to the sustainability of new farming enterprises is now recognised, and support is being provided by a range of private providers in addition to the provincial departments of agriculture. Though individual cases often show success with bringing in private support, results from the case studies suggest that in many cases there is still no institutionalised alternative to laying the whole burden of training, mentoring and general capacitation on the provincial agriculture departments. It is still often reported that the responsibility of Land Affairs and the Land Bank stops in practice at handover, with PDAs expected to take over at that point. Limited capacity for undertaking this mandate often makes it difficult for PDA staff to take on this task, though in some cases PDA post-settlement support has been provided effectively. To protect existing government investment in land redistribution projects under LRAD, it remains urgent that the ability of PDAs to perform their mandate be examined and effectively supported. It is also advisable that either national DLA of the NDA take a more active role in the design and funding of mentorship programmes; provinces should be commended for the initiative they have shown for creating their own mentorship programmes, but the often slow progress in

taking these forward is an indication that central government should be playing a more active and useful role in this regard.

LRAD is occasionally used in place of restitution, but more commonly for 'restitution ethos' projects

Implementers in some provinces reported that some LRAD beneficiaries on state land might have qualified for restitution awards, but were encouraged to go the LRAD route because it promised speedier delivery and more certain support for agricultural development. It should be stressed that this use of LRAD in place of restitution is not common, and is used judiciously in cases where the nature of the claim is relatively uncomplicated, and then only with the full, informed agreement of the Restitution Commission. It should also be pointed out that none of the projects examined as case studies for this report was this type of project.

On the other hand, an untold number of LRAD projects are motivated by an underlying 'restitution ethos,' by which we mean situations in which applicants use LRAD to acquire land to which they feel an historical attachment or perhaps sense of entitlement, but to which there is no valid claim. There is nothing wrong with this in itself, except to the extent it underlines the point that LRAD is sometimes used for personal objectives that may nor may not be at odds with LRAD's explicit emphasis on agricultural production, and begs the question whether alternative mechanisms should be in place to accommodate what is a valid type of land demand.

LRAD is generally not suitable for the de-densification of the former homelands, and alternatives should be identified

As it is presently elaborated, LRAD is not an effective vehicle for dealing with congestion in the former homelands. To illustrate, as of 1997 there were roughly 675 000 households in the former homelands that did not have access to productive land (Rural Survey, 1997). By contrast, the budget for LRAD can only accommodate 2 000 to 3 000 households per year, many or most of whom in any event do not come from the former homelands. Presently, the only real significance of LRAD for addressing congestion in the former homelands is in terms of projects that involve the relocation of larger stockowners out of the former homelands, which, at least in principle, has the effect of making more grazing land available to those left behind.

Apart from obvious budget limitations, the primary problem with LRAD in respect of addressing congestion in the former homelands is that it relies primarily upon a farm-by-farm, project-by-project process. In the case of former homelands, where large numbers of poor households need access to productive land but are not willing or able to move far (and in any event cannot realistically all be expected to get into commercial agriculture), the commercial farms adjacent to the former homelands are of particular strategic importance. Some form of supply-led approach might be appropriate, very likely not depending on the LRAD grant system. If government made the decision to de-congest the former homelands, it could seek to make pro-active purchases of large, contiguous blocks of commercial farmland adjacent to the existing communal areas, either to be subsumed within some form of commonage, or to be reallocated to households, or some combination of the two. The delicate aspect of such a de-densification initiative would be ensuring that the new land administration and landholding arrangements were effected fairly, and perhaps that democratic institutions were put in place.

The LRAD project cycle shows useful adaptability

The LRAD project cycle is simpler than that in use under SLAG, not least in that it does not require ministerial approval. Instead, projects are approved by the Provincial Grant Committee and signed off by the Provincial Director of DLA. This principle holds even when Land Bank is dealing with the project.

Provinces have been able to experiment with their project cycles due to the planned flexibility of LRAD administration, and Eastern Cape has been able to waive the requirement of a full business plan in cases where the project's intended land use is not complicated enough to make business planning a necessity for the purposes of deciding whether or not to approve the project. Eastern Cape also carries out most of its project functions in-house, instead of making use of service providers. Until recently, KwaZulu-Natal, Free State, Mpumalanga and Western Cape all had active Land Bank delivery programmes for LRAD, and appeared to make extensive use of outside consultants for valuations and business planning, as well as for mentoring and training. PDA offices, which are in principle expected to provide feasibility studies as well as post-settlement support, are sometimes substituted for by private consultants where their staffing burden does not allow them to perform these functions. This kind of flexible approach appears to be to LRAD's benefit, since it allows for the emergence of a national body of practice from which successful innovations can be selected for use, and/or for future incorporation into policy. However, the impact of the Land Bank funding standstill is of serious concern in this connection.

Formal subdivision is rarely undertaken and should probably be encouraged

The Subdivision of Agricultural Land Act, Act 70 of 1970, allows for the subdivision of agricultural land only by means of application to government. In practice, getting authorisation for land subdivision is time consuming and costly. It has been argued that use of subdivision would be to the advantage of land redistribution because redistribution applicants are not always able to identify land on the market that suits them in terms of price and size (Aliber and Mokoena, 2002). (One reason for the large number of redistribution projects in the Eastern Cape and Free State is almost certainly that the land market in these two provinces is relatively conducive to redistribution, in that there is a comparatively high proportion of smaller, more affordable rural properties available in arable areas. However, this is not to suggest that there are not other reasons for the Eastern Cape's and Free State's success as well.)

Where Act 126 is the basis for the release of government money to effect land redistribution, as is the case for the majority of LRAD projects (i.e. mainly excluding those projects that involve the disposal of state land), the provisions of Act 70 are automatically waived. Thus in fact there are few if any legal barriers impeding subdivision for redistribution projects. It is therefore unclear why subdivision occurs so rarely in the context of LRAD. None of the case studies examined for this report involved subdivision, nor did government implementers indicate that subdivision was used to any great degree. Only some service providers mentioned using subdivision, in particular to carve up large commercial farms into smaller commercial farms suitable to individual LRAD-financed family-farms.

Our conjecture is that the absence of subdivision relates to three factors: i) PLRO/PDA staff are insufficiently aware of the potential advantages of subdivision, particularly as a strategy of avoiding problematic multi-household group projects; ii) subdivision can be costly on account of the need for professional surveyors, and it is not always affordable within the limits of the planning grant; iii) many beneficiaries prefer group ownership, because for whatever reason they have bought into the idea of group farming. The point here is not that subdivision should be employed whenever possible, but that it probably has more utility than is presently recognised, and that DLA should consider studying both the reasons for its apparent infrequency and measures that might encourage it.

6.3 Towards recommendations

A number of possible recommendations come out of the cases studies, especially in combination with other recent research on LRAD:

- Government funding for LRAD should continue at not less than its present level, but also not at a greatly elevated level. The reasoning behind this recommendation is that there is no conclusive evidence that LRAD is not a worthwhile programme, and that it can only be properly assessed and refined if it is given the opportunity to continue. By the same token, it is also premature to deem LRAD an unqualified success, and there is a valid concern in particular that it would be imprudent to scale up LRAD delivery vastly in the absence of significant improvements in the availability and quality of post-settlement support.
- Post-settlement support is unevenly available to LRAD beneficiaries and is of variable quality. LRAD has resulted in increased commitment of provincial agriculture departments to land redistribution, but this is not always manifested in more and better tangible activity on the ground. Improving post-settlement support requires both greater support to the PDAs to assist them perform this function (not necessarily larger budgets, but more effectively spent), as well as a more concerted effort by DLA and/or NDA to launch a workable mentorship programme.
- Post-settlement support should be available to all types of LRAD beneficiaries, but particular emphasis should be given to family-farm type projects where the

beneficiaries are genuine farmers who are relocating from former homelands. The rationale for this recommendation is that these types of beneficiaries have significant prospects for becoming successful and sustainable, but require intense assistance early on to adapt to their new circumstances.

- Government should consider introducing a cap on the share of LRAD expenditure that can go to beneficiaries who are demonstrably very well-off, not to necessarily exclude such beneficiaries altogether, but to ensure a balance between LRAD's diverse and sometimes competing aims.
- Work should be initiated to identify and map land demand and in particular distinct categories of land demand, so as to allows for better targeting on the one hand, and more clarity as to the economic and poverty reduction potential of LRAD on the other hand.
- The Land Bank delivery route should be stabilised and expanded, in particular by revising and then re-establishing the DLA/Land Bank Memorandum of Agreement. Notwithstanding significant teething pains, the parallel delivery system that was available while the original Memorandum of Agreement was still in effect was to the benefit of LRAD, not least because the two routes were somewhat adapted to different constituencies. Re-establishing the Land Bank route will require resolving the thorny issue of selection and remuneration of service providers.
- The national office of the DLA should promote more sharing of information and experiences between provinces, so that PRLO can benefit more from one another's innovations in respect of delivery strategies and project cycles.
- DLA and its partners should review the farming models on offer, especially to further discourage group farming in favour of individualised farming. As part of this, attention should be given to studying the impediments to both formal and informal subdivision with a view to determining whether either or both could be actively encouraged.
- It would appear that formal subdivision occurs less frequently in LRAD than is desirable. However, further study is required to ascertain whether and why this is so, and if so what measures could be introduced to encourage appropriate subdivision.
- LRAD is not suitable for all types of land demand, nor is it appropriate for addressing the whole breadth of policy objectives in respect of redistribution. The need to channel certain types of land demand to vehicles other than LRAD is widely recognised but probably under-emphasised in practice. LRAD is particularly unsuitable for addressing demand for land for mainly settlement purposes and decongesting the former homelands. The use of the SLAG by some provinces is a useful way channelling settlement demand appropriately, but at present no suitable mechanism appears to exist to deal with the over-crowding in former homelands.

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