

# Developmental dynamics in land reform projects: Comparative studies of two different land reform projects, farm-worker equity schemes and beneficiary-owned and run citrus projects

A Mini-dissertation submitted in partial fulfilment of the requirements for the  
degree of Master of Social Science (African Studies)

By

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# DECLARATION

I, Sebenzile Wilbert Tiwana, declare that the mini-dissertation submitted for the degree of Master of Science (African Studies) to the University of Fort Hare contains my own independent work and has not been submitted for any degree at any other university.

Signature.....

Date.....

# ABSTRACT

In this study, a comparison was made between two different land reform models in the Sarah Baartman District of the Eastern Cape to, firstly; evaluate and identify factors that influence long-term sustainability and prosperity of farms owned and run by beneficiaries, and farms jointly owned by beneficiaries and former farmer / mentor in a share equity scheme, referred to as Farmworkers Equity Share Schemes (FWES), and secondly; to identify forms of government support in each of the two models. Mixed methods were used to collect data for the study. It involved the administration of structured interviews to beneficiaries, and semi-structured interviews with the mentor and government officials.

The study found that the equity share scheme improved the livelihood of the beneficiaries in terms of getting annual dividends and acquiring new properties, empowered beneficiaries in decision-making in terms of having a say in financial expenditure on farm operations and the structuring of dividend pay-outs, and the project showed great potential of long-term sustainability and prosperity. Conversely, the beneficiary-owned and run project did not improve the lives of beneficiaries, was prone to infighting and fraught with organisational and management problems with no prospects of long-term sustainability and economic viability.

# ACRONYMS

ABET	Adult Basic Education and Training
CASP	Comprehensive Agricultural Support programme
CBS	Citrus Black Spot
CECs	Central European Countries
CEECs	Central and Eastern European Countries
CLaRA	Communal Land Rights Act
CRI	Citrus Research International
CRLR	Commission on Restitution of Land Rights
DAFF	Department of Agriculture, Forestry and Fisheries
DUAT	Direito de Uso e Aproveitamento dos Terras
DLA	Department of Land Affairs
DOA	Department of Agriculture
DRDLR	Department of Rural Development and Agrarian Reform
ECRDA	Eastern Cape Rural Development Agency
ESTA	Extension of Security of Tenure Act
EU	European Union
FRELIMO	Frente de Libertação de Moçambique
FWES	Farm-worker Equity Share Scheme
HSRC	Human Sciences Research Council
IDF	Investment and Development Fund
INCORA	Instituto Nacional Colombiano de reforma Agraria
LARP	Land and Agrarian Reform Project
LRAD	Land Redistribution for Agricultural Development
LRP	Land Reform Programme
MAFISA	Micro-financial Agricultural Financial Institutions of South Africa
MALR	Market-assisted Agrarian Land Reform
MNLP	Malawi National Land Policy
MST	Movimento dos Trabalhadores Rurais Sem Terra
PCT	Projecto Cédula da Terra
PDA's	Provincial Departments of Agriculture
PLAS	Proactive Land Acquisition Strategy

RENAMO	Resistência Nacional Moçambiana
SANT	South African Native Trust
SLAG	Settlement and Land Grant Acquisition
SRCC	Sundays River Citrus Company
SRFT	Sundays River Farming Trust

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# CHAPTER ONE - INTRODUCTION

## 1.1 Introduction

This study seeks to determine factors that could have contributed to the un-sustainability of some land reform citrus projects in the Sundays River Valley (SRV), in Kirkwood; and in Hankey. To achieve this, a comparison was made between two forms of the land reform programme, namely; Farmworkers Equity Schemes (FWES) and beneficiary-owned and run citrus land reform projects in the Sarah Baartman District of the Eastern Cape to, firstly; evaluate and identify factors that influence long-term sustainability and prosperity of farms owned and run by beneficiaries, and farms jointly owned by beneficiaries and former farmer / mentor in a share equity scheme, and secondly; to identify forms of government support in each of the two models.

The majority of South Africans were dispossessed of their land through the 1913 Natives Land Act, which was the first of a number of discriminatory laws that secured the massive land grab from black South Africans (Walker, 2014). With the advent of democracy in 1994, the democratic government embarked on a programme of redressing past imbalances by addressing issues relating to historical exclusion, equitable access to land and participation in the optimal utilization of land (Bernstein, 2014).

The Department of Land Affairs' Land Redistribution for Agricultural Development (LRAD) offered a grant to farmers in support of the Land Reform Programme and the first version of the redistribution programme was implemented in 1995 (Wegeriff 2004: 2). This grant allowed for black South African citizens to access land specifically for agricultural purposes. This grant was accessed, on an individual basis, per sliding scale from a minimum of R20 000 to a maximum of R100 000, depending on the participants' own contribution, which was between R5000 and R400 000 (DLA 2000: 11). The grant was used to cover expenses such as land acquisition, land improvements, agricultural infrastructure investments, capital assets, short-term agricultural inputs and lease options.

The land reform programme had initially grouped large numbers of beneficiaries such that their pooled R16 000 subsidies can purchase a farm for agricultural production under the Settlement and Land Grant Acquisition (SLAG) (Greenberg 2013: 9). However, due to organisational and management problems LRAD evolved to the Proactive Land Acquisition Strategy (PLAS), a process whereby a farm was leased to beneficiaries for a certain numbers of years and if a potential for long-term sustainability was demonstrated, the farm was transferred to the beneficiaries. The land reform programme has been reviewed several times with the view of speeding up land redistribution, but the programme to date is still fraught with problems ranging from infighting, organizational and management problems (HSRC 2003: iv).

Land reform has three different categories; land restitution, tenure reform and land redistribution (Moseley 2007: 4). The land redistribution programme has three different sub-programmes; agricultural development – to make land available for agricultural purposes, settlement – to provide land for settlement purposes, and non-agricultural enterprises – to provide land for eco-tourism. The objective of the LRAD programme is to improve land tenure security and to extend access to high potential agricultural land resources to black South African farmers.

## **1.2 Background Information and Problem Statement**

The initial stages of land redistribution occurred between 1994 – 1999, and involved Settlement and Land Acquisition Grant (SLAG), where beneficiaries pooled their individual grants to buy farms which were made available by the market-led “willing buyer – willing seller” model (Greenberg 2013: 9). The focus of this model was getting people back to the land they were removed from through the enactment of the 1913 Land Act.

The second phase, between 1999 – 2007, adopted a program referred to as the Land Redistribution for Agricultural Development (LRAD), where land reform beneficiaries were expected to cultivate crops and / or keep livestock for commercial production (Greenberg 2013). The third phase, between 2007 to the present, made use of the Proactive Land Acquisition Strategy (PLAS), where the government bought land and leased out the land to potential beneficiaries to resume production and to be transferred at a later stage (Greenberg 2013:). The LRAD programme was started in 2001 and one of the key objectives

for LRAD was to contribute to the redistribution of 30% of agricultural land to black South Africans within 15 years (HSRC 2003: 1-4).

Moseley (2007) reported that land redistribution projects are divided into two sub-categories, namely; projects that are owned and run by the land reform beneficiaries and projects that are co-owned as a partnership between beneficiaries and a white farmer who was the original owner of the farm. The latter partnership arrangement is known as a share equity scheme, where the beneficiaries can own 70% and white farmers who were original owners owning a 30% share in the venture. The government usually agrees to such partnerships with the objective that the original owner would mentor the beneficiaries towards profitable and sustainable production. According to Du Plessis et al (2009), farms that are owned as a share equity scheme between beneficiaries and a former farmer are more successful than those owned and run by beneficiaries alone.

In 2009 the Department of Land Affairs evaluated the Land Reform Programme (LRP) and found out that most farms acquired through LRAD were on the brink of being auctioned or had been sold due to the collapse of the projects owned and run by beneficiaries (LARP 2013), and in the Eastern Cape this is as a result of beneficiaries fighting amongst themselves and lack of skills in running agricultural enterprises, despite government providing financial support on the projects (Du Plessis et al 2009), and poor co-ordination between the Land Affairs Department and the Provincial Departments of Agriculture (PDAs) as to who should provide post-settlement support, and the resultant lack thereof in most instances. In this regard, the research problem is that beneficiary owned and run land reform projects have become unsustainable, are prone to in-fighting, experience huge management problems and are generally not economic viable in the long term.

### **1.3 Description of The Case Study Areas**

This section explores the origin and design of the case studies and the localities in which the research is based. It describes the agricultural potential and current agricultural production in the region. The Sarah Baartman District is the biggest producer of citrus in the Eastern Cape (see Appendix B), with port infrastructure for export located in the nearby Port Elizabeth harbour, minimizing transportation costs and damage to produce due to reduced time in transit. The Sundays River Citrus Company (SRCC) provides pack houses facilities

and offers technical assistance and marketing to member farmers, and serves the Sundays River Valley citrus farmers. Citrus producers in the Gamtoos River Valley send their produce to the Patensie pack houses. These locations provide unique opportunities for emerging citrus producers to enter commercial production with greater chances of success.

### **1.3.1 Sundays River Valley**

Sundays River Valley is a low-lying area along the Sundays River from which it derives its name. Its main urban settlements are Addo and Kirkwood, while smaller settlements include Enon, Bersheba, Sunlands, Colchester and Kinkelbos. It is characterized by intensive agricultural operations, mostly citrus production. Other agricultural produce include vegetables, potatoes, maize wheat, chicory, flowers and lucerne. In addition to citrus cultivation, various tourist attractions, bed and breakfast facilities, pack-houses and the Addo Elephant Park game reserve are located along the Sundays River Valley.

Luthando Citrus Farm, in Kirkwood, with about 139 hectares under citrus, according to Ms Nomzamo, was acquired in 2004 under the LRAD programme and is situated about 7km north-east of Kirkwood,. The project has 12 shareholders, according to Ms Nomzamo Kwanele<sup>1</sup> and employs about 21 permanent and 150 seasonal workers. It exports various citrus fruit to Asian countries. It produces about 220 579 cartons of export citrus fruit. The beneficiaries have a 75% stake, in the company with the Sundays River Citrus Company according to Ms Ms Nomzamo Kwanele<sup>1</sup> having 25%, in a share equity scheme business arrangement. Ms Nomzamo Kwanele<sup>1</sup> reported that she won the Female Entrepreneur Award (FEA), in both Export Category and Overall Winner prizes, totalling R750 000, which is sponsored by the Department of Agriculture, Forestry and Fisheries (DAFF) in 2013. The proceeds were ploughed back in the project. The FEA was started in 1999 when DAFF was still the Department of Agriculture (DOA), then referred to as Female Farmer of the Year. In 2009 the DOA was given a new mandate to include Forestry and Fisheries. It is then that the Female farmer of the Year was renamed Female Entrepreneur Award (FEA) to accommodate the new mandate.

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<sup>1</sup> Ms Nokwanele Mzamo; interviewed on 14 August 2014 at 09h20.

### **1.3.2 Gamtoos River Valley**

The Gamtoos River and its valley is comprised of large citrus farming operations and a renowned heritage site, the burial site of Sarah Baartman. Urban settlements in the Gamtoos River Valley, Hankey and Patensie are situated in the lower catchment area and other inland towns include Steytlerville, Joubertina, Loerie, Uniondale, Willowmore and Murraysburg, and is known as the Langkloof. Other agricultural produce and activities include potatoes, cabbages, tobacco, vegetables and the Gamtoos River Mouth Nature Reserve, which is located near the estuary where the Gamtoos River enters the Indian Ocean, between Jeffreys Bay and Port Elizabeth. Hankey not only is an agricultural production area, but is also the burial place of Sarah Baartman, after whom Port Elizabeth's Sarah Baartman District Municipality is named. Sarah Baartman was a Khoikhoi woman from the Hankey area who was exhibited in Europe as a 'freak' of nature, and died in Paris in 1816. Her remains were returned to South Africa in 2002 for a proper burial. Her burial site was declared a heritage site by the South African government.

The Peter Family Trust farm is situated in Hankey's outskirts and was acquired in 2004. It originally had 10 beneficiaries, but 7 left the project due to disagreement in the running of the project, a demonstrable and attributable case of group dynamics. Three members were left to run the project. The project experienced difficulties in obtaining credit as the other seven members did not avail themselves as signatories. In contrast to Luthando Citrus Farm, the Peter Family Trust project is owned and run by beneficiaries alone. The project has a total of 32 hectares, with 12.6 hectares under citrus production and 14 hectares dedicated to vegetables. They hire 21 seasonal workers during harvesting, after which their fruit is packed in a pack-house in nearby Patensie. The beneficiaries sell their vegetables to the Wholesale Vegetable Market in Port Elizabeth, earning an income of R30 000 per annum.

### **1.3.3 Land Reform Projects In The Case Study Areas**

Table 1, below shows the nature of land reform in the Sundays River Valley (SRV), in the Sundays River Valley Local Municipality and Gamtoos River Valley in the Kouga Local Municipality.

**Table 1. LRAD projects in the case study areas**

SRV and Kouga Local Municipalities Land Reform Acquired Farms - Sarah Baartman District								
Local Municipal	Town Name	Ward	Project Name	Land Ownership	Enterprise	Land Size	Project leader	Contact Details of Project
						(Ha)		
Kouga	Hankey	13	Umzamowethu	LRAD	Vegetable	50.3	Gugushe	0781031590
Kouga	Hankey	9	Dankbaar	LRAD	Citrus	314.23	S. Kweya	0606295547
Kouga	Hankey	13	Peter Family Trust	LRAD	Citrus + Vegetable	32	Godukile Peter	0607897240
Kouga	Humansdorp	4	Kruiskop	LRAD	Vegetable	30	Vaaltyn Felix	0728524520
Kouga	Humansdorp	5	Fatman	LRAD	Livestock	700	M. Fatman	
Kouga	Humansdorp	4	Demaskus	LRAD	Livestock	350	Pieter	0823344396
Kouga	Loerie	7	Chabe	LRAD	Vegetable	3	M. Chabe	042-2870642
Kouga	Loerie	7	Tshayingwe	LRAD	Vegetable	21.18	Mbuyiseli Tshayingwe	0735366644
Kouga	Loerie	7	Grootboom	LRAD	Livestock	42	Gladman Grootboom	0735254690
Kouga	Loerie	7	Umzomnye	LRAD	Livestock + Vegetable	206.91	Jerry Sutu	0826617951
Kouga	Loerie	7	Ekuphumleni	LRAD	Livestock	407	Joseph Nkengana	0716209436
SRV	Kirkwood	7	Mbuyiselo	LRAD	Citrus	63	Mr K Gqozo	0832892900
SRV	Kirkwood	7	Welvediend	LRAD	Citrus	8	Mr Hobbs	0732772784
SRV	Kirkwood	2	Luthando	LRAD	Citrus	139	Mrs N Mzamo	0608811302
SRV	Kirkwood	2	Jongisizwe	LRAD	underutilized	50	Mr Mboya	0727109778
SRV	Kirkwood	2	Nontsokolo	LRAD	Livestock	150	Mr Hini	0721485371
SRV	Paterson	8	De Bruinskraal	LRAD	Livestock	175.6	Mr Isaacs	0786606547
SRV	Paterson	3	Sallie Boom	LRAD	Livestock	150	Mr M Ndimba	0834380872

The case study areas are suitable agro-ecological zones for the production various horticultural crops and both the Sundays River and Gamtoos River Valley have perennial sources of water for irrigation purposes.

## 1.4 Research Aim

The over-all aim of this study is to determine which factors may have affected the potential sustainability and development of land reform citrus projects in the Sundays River Valley (SRV), in Kirkwood; and in the Gamtoos, near Hankey, both fruit growing areas in the Eastern Cape province

## 1.5 Research Objectives

The following are the respective objectives of the study:

- I. Comparative studies between two different land reform projects between farms jointly owned by beneficiaries and Farmworkers Share Equity Schemes (FWES).

- II. Identifying forms of government support in each of the two models that proved to be effective.
- III. Formulating recommendations on how farms distributed under the land reform post 1994 can be made more sustainable.

## **1.6 Rationale For The Selection Of The Case Studies**

The selection of the areas was for comparative studies of two different models of the land reform programme, of which Luthando, in Kirkwood represented the Farmworkers Equity Share model, while the Peter Family Trust represented the beneficiary-owned and run model. The Luthando Citrus Company had a mentor and still did at the time of conducting the research. The Peter Family Trust never had a mentor during the time of conducting the research.

Citrus represents one of South Africa's most important fruit crop by value and volume. Production occurs mainly in Limpopo, Western Cape, Mpumalanga, Eastern Cape, KwaZulu-Natal and Northern Cape provinces. In the Eastern Cape the major citrus producing areas are the Kat River Valley (Fort Beaufort, Alice and Peddie), Sundays River Valley (Addo and Kirkwood) and Gamtoos River valley (Patensie and Hankey) – but the Langkloof Gamtoos area is more of a general fruit growing area, with crops such as peaches, plums and other non-deciduous fruit. Citrus alone is produced in the SRV and Kat River. The Eastern Cape is the second biggest citrus producing area after Limpopo followed by the Western Cape. The citrus industry is extremely labour intensive and it is estimated that it employs more than 100 000 people with large numbers in the orchards and packing houses (DAFF 2012: 15).

However, as shown in various pieces of literature and confirmed by the project beneficiaries, the development initiatives have not always been beneficial. Some of the conceptualised projects either shut down or are struggling. It is therefore significant that this study is carried out so that it can bring to attention issues that are responsible for the relatively poor performance of these projects. Most importantly, findings from the study can also help policymakers identify some challenges and bottlenecks in the system which will help them avoid such issues in the future.

## 1.7 Ethical Considerations

An informed consent statement from participants of the study was sought, where participants were asked to participate in the research study. The necessary information was provided and explained of what was expected of participants. Guidelines included risks, benefits and a right to decide to take part or not to take part in the study. Furthermore, the participants were made aware that the ethical integrity of the study was approved by the Ethics Committee of the University.

### 1.7.1 Structure of The Thesis

The thesis has been organized into five chapters, namely;

**Chapter One** deals with the objectives of the study, rationale for selection of the case studies, research methodology, ethical considerations and significance of study.

**Chapter Two** gives perspectives of land reform in Southern Africa, South African land reform and the challenges of post-settlement support in the South African land reform perspective.

**Chapter Three** gives an in-depth perspective of research methodology in the case study areas and rationale for the methods of data collection.

**Chapter Four** presents detailed findings on the performance of the study areas, and looking at the issues that emerged from the field research and from the perspectives and experience of the beneficiaries.

**Chapter Five** concludes by drawing on the research problem, the validity of the case studies in terms of sustainability and economic competitiveness of the projects, and provides an insight on how group dynamics affects cohesion in the running of the projects.



# **CHAPTER TWO - LITERATURE REVIEW**

## **2.1 Introduction**

This chapter delves into the international experiences in land reform in countries such as Zimbabwe, Malawi and Botswana. These countries were chosen because of the similarities in the land reform approach being market related and also because DLA has also taken study tours to Brazil to learn further about its land reform strategies. The positive learning experiences from international land reform will be identified and implementation strategies in South African land reform projects identified. The chapter then goes on to look into the land reform processes that have unfolded in South Africa since 1999. Then it goes on to show how land reform moved from being pro-poor to being neo-liberalistic in nature. In closing, the chapter looks at how land reform targets have not been met and describes the lack of post-settlement support caused by lack of synergy between the Provincial Departments of Agriculture and the department of Land Affairs.

## **2.2 Land Reform in Southern Africa**

It is essential to compare countries in Southern Africa that have gone through the willing-seller, willing buyer approach that South Africa has gone through, in order to draw from experiences that these countries have gone through in the process of land reform.

In Southern Africa, most of the countries that attained independence before South Africa and Namibia, grappled with land reforms that affected both land tenure security and land administration in land that fell under customary tenure. Angola seized most of the land that was confiscated by the Portuguese settlers, after its independence in 1975 (Kleinbooï and Chanda, 2010). The Land Law that was enacted in 2004 was intended to regulate state land for privatization and to co-ordinate communal land tenure system (Kleinbooï and Chanda, 2010).

Botswana was less affected by colonial rule than any country in Southern Africa, as significant settlement by white farmers never took place, most probably due to Botswana's scarce farming land and low rainfall (White, 2010). Land reform in Madagascar aimed to offer land for purchase by foreign investors as an economic asset in 2005, contrary to the view that only citizens can buy land rights from the state, much to wide condemnation that

led to a coup in 2009 (Teyssier and Anseeuw, 2010). Since 2005, land that has been used for settlement and other developments was considered to belong to the users legally (Teyssier and Anseeuw, 2010). In Malawi, land tenure security and tightening administrative systems, through formalising communal land rights, were the focus of the Malawi National Land Policy (MNLP), introduced in 2002 (Hall, 2010). The market-assisted land reform was associated with Malawi at a later stage. The MNLP sought to address problems associated with land rights, including such issues as land grabbing and land speculation; conflict between 'first-comers' and 'late-comers'; the allocation of land to multiple users; the extraction of exorbitant allocation fees by chiefs; and the commercialisation of land use, whereby communal land were leased out to allow for further expansion of large estates (tea and tobacco fields), thus further aggravating congestion and conflict over the remaining communal land (Hall, 2010).

The implementation of the World Bank's market-assisted land reform consisted of land transaction between individuals financed by the government through subsidies for the acquisition of land and technical assistance (Pereira, 2007). In Malawi land owners were paid in cash and the loans were available for both communal and individual needs.

Agrarian reform is a process that takes place in a short period, by the government to redistribute considerable quantities of private landholdings to landless peasants or to peasants with inadequate land (Pereira, 2007). The focal point of this development is to ensure a reasonable spreading of farming land across the rural community and to promote national development by altering the skewed economic and political power in the countryside. Expectations of market-assisted land reform are different from those of state-assisted land reform. The former assumes that land is a mere commodity, and the latter acknowledges the political, economic and cultural value that is attached to land, and therefore, its control and property rights are reflected by the power relationships between social classes (Pereira, 2007).

## **2.3 Land Reform In South Africa**

Serious problems have been encountered, of a developmental nature, by the Department of Land Affairs and the Department of Agriculture (DOA) in South Africa, in as far as the land reform programme is concerned. Development can be defined as a form of social change that will lead to progress (Coetzee et al., 2001). It is a process of directed,

determined or controlled change leading to some form of economic growth and social benefits (Coetzee et al., 2001). In the context of developmental discourse, therefore, the absence of any agricultural development, in the form of economic growth through sales of agricultural produce from crop and / or animal production must be evaluated to identify and address constraints in the development process.

Development is grounded in the European notion of governability, disorder and disjuncture in African communities. Between 1960 and 1983, Africans were removed and excluded from their land and moved to the homelands or native reserves through a development process known as Betterment Planning (Hall, 2010). Colonialism was about gaining control of so-called disorderly African territories in the name of development. Development through betterment was premised on the notion that African cultivation and pastoral practices degraded the land. Only scientific management and educating the Africans could redeem the environment. The colonialists went as far as to design the African settlements because the colonialists believed that they would reign in the Africans' unwillingness to serve the white settlers (Stites, 1999). Rural resistance ensued following the displacement of Africans from their land. In this context of resistance to the white settlers, due to the influence caused by the interaction of rural dwellers with urban-based politics of migrant workers, the call of displaced communities for land-ownership and agrarian reforms became a rallying point (Hall, 2010).

Land reform in South Africa was designed to redress the imbalances in land ownership in favour of the rural communities, which was a direct consequence of the Land Act of 1913, which allowed white people to own 87% of land and black people had to make do with the remaining 13%. The route of land redistribution that South Africa followed was advocated by the World Bank using the market-led 'willing-seller / willing buyer' land reform model. This model involves the sale of commercial farmers to beneficiaries of land reform (Moseley, 2007).

Since 2001, there has been a shift towards subdivision of the land in the farm and more individual or family-based production, and a shift in policy towards a more private-entrepreneurial model of farming under the LRAD programme (Lahiff, 2002). Subdivision of land is underpinned by the widely accepted assertion that small farms are more productive than bigger farms as they use cheap family labour as compared to hired labour, which raises labour transaction costs (Dorward, 1999). In a conference entitled '*Experience with*

*Agricultural Policy: Lessons for South Africa*, which was held in Swaziland, the World Bank advisors advocated small-scale agriculture to promote equity, higher yields and job creation (Hall, 2010). Their argument was that small-scale agriculture used family labour instead of hired labour which involved transaction costs of supervision. Economists, political historians and South African delegates rejected the small-farmer path of development, citing racially motivated economic distortions, as there were different systems of economic farm units for white commercial farmers and black farmers in colonial planning (Hall, 2010). Preference for large-scale farming operations by government officials has been noticed in the processing of LRAD applications where criteria to assess applications required projections of R20 000 profit margins per person in the first year of production (Hall, 2010). Land reform in South Africa originally sought to target the rural poor and the landless for redistribution of land but is now aimed at creating a new class of few black commercial farmers, a neoliberal model of agricultural development, according to Moseley (2007). The approach of the neo-liberal land reforms is the promotion of privatisation of communal land to promote efficient owner-operated farms and to secure property rights to land, which in turn provides the basis for land transactions (Hall, 2010). The restoration of property rights to land has been for the purpose of improving the smooth operation of rural markets; in terms of land, credit and inputs, with minimal state intervention.

The National Party government passed the Abolition of Racially Based Land Measures Act 108 of 1991 restoring the rights of black people to purchase, own or dispose of land (Hall 2010). The promulgation of this legislation meant that the notorious land acts of 1913 were repealed – the Native Land Act 27 of 1913, the Development trust and land Act 18 of 1936, the Group Areas Act 41 of 1950 and the Black Communities Development Act 4 of 1984. These reforms were accompanied by the enactment of the Upgrading of Land Tenure Rights Act 112 of 1991, which private land ownership of land in communal land in the Bantustans (Hall 2010: 138). The McCuster and Schmitz (2008) reported that the land reform program started during the negotiation period (1991 – 1994) with the repeal of the Native Land Act of 1913, the Native Trust and Land Act of 1936 and the Group Areas Act of 1950, with the land reform program fully introduced with the promulgation of the Restitution of Land Rights Act; Act 22 of 1994.

### **2.3.1 Land Restitution**

Land restitution offers redress in terms of land or cash to people whose land was taken away with the promulgation of the Natives Land Act of 1913 and Native Trust and Land Act of 1936 (McCuster and Schmitz, 2008). The Act resulted in the formation of the South African Native Trust (SANT). The SANT directed and supervised the acquisition and control of all African native land by having separate grazing land, arable land and residential areas for each community, effectively controlling the number of livestock a household could have. Restitution provided for those who had been dispossessed of their rights to land to lodge claims either for the restoration of that land or for financial compensation. The scrutiny of and decisions on claims were delegated to an administrative process through the Commission of Restitution of Land Rights (CRLR). Standard offers of cash settlement enabled the rapid conclusion of the clear majority of urban claims in the period 2000 – 2006, and claims to rural land only took place after 2004 (Hall, 2009).

People living and working in commercial farms, as is the case with the Khoikhoi people, has met with hostile resistance from many farm owners, often resulting in job losses, casualization and evictions (Hall, 2010). Laws seeking to grant tenure rights to farm dwellers have been very difficult to enforce. In most cases, farm dwellers in the case study areas, have benefitted from the LRAD programme, where the farms they have been living and working in have been acquired for them through the LRAD programme.

### **2.3.2 Tenure Reform**

Tenure reform sought to extend land ownership to the population of ex-Bantustans, farm dwellers and workers on commercial farms (Aliber and Cousins, 2013). Tenure reform was necessary to address insecure rights to land by people on state land, communal land and privately owned land. The Extension of Security of tenure Act (ESTA), of 1997, was passed to protect the rights of people (referred to as “occupiers”) living in commercial farms, with the permission of the owner, as from 4 February 1997, regardless of whether they are employed on the farm or not (Hall et al., 2001).

However, laws introducing new labour and tenure rights for farm workers / dwellers resulted in job losses, casualization and evictions (Hall 2010). The land reform programme has failed to provide alternative livelihoods for such displaced workers (Vink and Kirsten, 2003). In July 2016, it was reported that a landmark ruling was made about ESTA with regards to the rights of women to tenure on farms in the Citrusdal District in the Western Cape (Thamm, 2016). A family was issued with an eviction order by a magistrate court after the husband absconded from work and was subsequently fired by his employer. The wife was a seasonal worker at the farm and was also included in the eviction order as the employers argued that her right of residence on the farm was through her husband (Ibid). The matter was then heard in the Constitutional Court, which found that the eviction of an individual based on the conduct of a spouse or partner was unlawful, providing legal clarity on the interpretation and administration of ESTA to such spouses and other similarly situated individuals.

### **2.3.3 Land Redistribution**

The land redistribution programme has three different sub-programmes; agricultural development – to make land available for agricultural purposes, settlement – to provide land for settlement purposes, and non-agricultural enterprises – to provide land for eco-tourism. For the purpose of the study, focus will be on agricultural development – to make land available for agricultural production.

The route followed by South Africa was the World Bank advocated market-led willing-seller / willing-buyer land reform model which involves the procurement of commercial farms for beneficiaries through the Land Redistribution for Agricultural Development (LRAD) programme (Moseley, 2007). The land reform programme had initially grouped large numbers of beneficiaries such that their pooled R16 000 subsidies could purchase a farm for agricultural production, and this mechanism focused on poverty alleviation. The South African Government, in its White Paper on South African Land Policy, set out its intention as follows:

The purpose of the land redistribution programme is to provide the poor with access to land for residential and productive uses, in order to improve their income and quality of life. The programme aims to assist the poor, labour tenants, farm workers, women, as well as emergent farmers. Redistributive land reform

will be largely based on willing-buyer / willing seller arrangements. Government will assist in the purchase of land, but will in general not be the buyer or owner. Rather it will make land acquisition grants available and will support and finance the required planning process (DLA, 1997)

The land reform programme has since evolved from the Settlement and Land Acquisition Grant (SLAG) of 1994 - 1999 into the Proactive Land Acquisition Grant (PLAS) of 2007, however, very little output could be described as sustainable and prosperous agricultural production. Land reform beneficiaries have had to apply for long-term mortgage loans to purchase farms which were transferred to former lessees by the Department of Land Affairs. These beneficiaries had no access to production capital and could not produce enough crops and / or livestock to generate sufficient revenue for sustainable and profitable agricultural production (Jordaan and Jooste, 2003). Land Bank loans could therefore not be serviced as well as costs for water rights and this predicament resulted in most farms and farmers becoming bankrupt. This phenomenon is widespread across all provinces in South Africa, as well as lack of cohesion amongst beneficiaries and inadequate or no post-settlement support. The sub-programme has not been successful in meeting the target of redistributing 30 % of land to previously disadvantaged communities due to land prices (ANC, 2012). However, external stakeholders have attributed the poor production performance of land reform projects to the use of group or co-operative farming; inadequate participation by beneficiaries in project identification, design and implementation; poor post-transfer support; focus on commercial farming operations; selection of beneficiaries with inadequate farming skills and capacity problems in the civil service (Binswanger-Mkhize, 2014).

### **2.3.4 Comprehensive Agricultural Support Programme**

The role of Provincial Departments of Agriculture in post-settlement support of land reform projects was realized in 2004 when the Department of Agriculture (DOA) established the Comprehensive Agricultural Support Programme (CASP) capital funding (Hall, 2010).

The objectives of CASP are to improve competitiveness, facilitate equitable access to agricultural infrastructure, services and participation by historically disadvantaged farmers, increase sustainable agricultural development, create job opportunities, reduce poverty,

increase economic activity from agriculture and increase household food security. CASP was streamlined further to provide mostly infrastructure grants to farmers (Hall, 2010).

Micro-Agricultural Financial Institutions of South Africa (MAFISA) also provides access to finance for farmers, especially beneficiaries of land restitution, land redistribution and land tenure reform programme. The Land Bank administers the credit scheme on behalf of the Department of Agriculture, Forestry and Fisheries and provincial departments provide assistance to access the scheme. CASP is more inclined to provide support in infrastructural grants to established previously advantaged commercial farmers and MAFISA looks after resource poor emerging farmers (Hall, 2010).

CASP is a conditional grant which provides support services, promotes and facilitates agricultural development targeting land reform beneficiaries and historically disadvantaged communities and farmers. CASP and MAFISA are mostly needed where land reform projects are struggling financially and availability or lack thereof has a significant impact in this study. Van der Elst (2007) argued that the rationale behind criticism that DLA did not provide effective post-settlement support was that most land reform beneficiaries continued to live in poverty even after resettlement on commercial farms.

### **2.3.5 Farm-Worker Equity Schemes**

Farm-worker equity schemes (FWES) involve arrangements in which farm workers buy shares in a commercial farm or an agro-processing company. In the context of land reform FWES is financed through the land reform grants from the DLA. Equity share schemes provide opportunities for farm workers to become shareholders in commercial farms while continuing to earn a cash income as employees. Equity schemes aim to foster partnerships between farmers and workers in a manner that can be beneficial for both. Farm workers can apply for land redistribution grants from DLA and use these grants to buy shares in the farm on which they are employed. This does not provide job or tenure security but has been viewed as an alternative source of income and results in a shift in power relations between employers and employees (Hall et al., 2001). There is, however, limited control by farm workers on operational, management and investment decisions, due to profoundly embedded power relations exerted over employees by employers, and these take time to break down.



Farmers have introduced equity share schemes with no ulterior motives, in many instances; but in distressed farming businesses farmers have initiated equity share schemes to fund struggling farming operations (Hall et al., 2001). In this scenario, the farmer undoubtedly is not sharing profit, but the intention is to share the risk of their failing farming operations through the funding that such operations are getting from government through FWES.

FWES began taking shape in the Western Cape Province's private sector in the early 1990's (Knight et al, 2003). FWES's are thought to be an alternative to beneficiary-owned and run land reform projects for sustainable and profitable development (Gray et al., 2004). There are however divergent opinions for and against share equity schemes. Tom (2006) reported that equity share schemes did not change power relations on the farm, Saamwerk in the Western Cape where farm-workers could not take part in key decision-making processes. Knight et al (2003) reported that there were positive correlations between performance indicators (housing), empowerment (skills), management (resolve) and incentives in FWES. Positive relationships were reported between institutional arrangements that prevented shares from transferring to non-workers and preserved credit-worthiness by preventing a sudden transfer of control to inexperienced owners, effective worker empowerment indicating a transfer of skills to workers and active participation of their representatives in business decisions (Knight et al, 2003). The FWES is the subject of this study and its successes and failures elsewhere will be weighed in the final analysis of this mini-dissertation.

The policy proposals on Strengthening the Relative Rights of People Working the Land (DRDLR 2014: 7) proposes that 50 % ownership of all commercial farms be transferred to farm workers / dwellers, who will be allocated share percentages based on their years of service. Farmers would retain the other 50 %. The proposal goes on to say that government will pay for the 50 % transferred to farm workers, but the money will be transferred into an Investment and Development Fund (IDF) jointly managed by shareholders. This proposal is a sub-policy of the Land Tenure Security Policy for Commercial Farming Areas, which emerged from the Green Paper on Land Reform consultation process (DRDLR, 2013).

### **2.3.6 The Land and Agrarian Reform Project (LARP)**

The land reform programme, in all its phases from Settlement and Land Grant Acquisition to the Proactive Land Acquisition Strategy, had not met government expectations such that an admission was made by government) that:

While different policies and programmes have supported land and agrarian reform in the last twelve years, the rate of transfer of land has been slow and the general sustainability of projects in question. The provision of settlement support has not aligned adequately to the transfer of land (LARP, 2008).

Land transfers increased in 1995 to 2001 but dropped as from 2002 and fell far short of the 2.1 million hectares per year required to meet the revised target of redistributing 30 % of agricultural land by 2015 (Hall, 2010). Wegerif (2004) reported that the programme has not delivered at the scale and speed expected, and they have not involved the very poor, nor have they reached the most capable beneficiaries. SLAG grants were reportedly unsuitable for the creation of a group of black commercial farmers (Wegerif, 2004) and in this regard LRAD replaced SLAG. LRAD lacked mechanisms to ensure women benefit and the willing-seller approach allowed current land owners to dictate the availability of land (Wegerif, 2004).

Government reviewed its performance on the land reform project by asking Directors-General of the Department of Agriculture to look into projects that would effectively deal with poverty alleviation, create jobs and fast-track economic growth in the following two years (2009 – 2010), paying particular attention to women and the youth. The Land and Agrarian Reform Project was subsequently proposed and adopted. The LARP did not effectively filter down to project level, if at all, as beneficiaries at the research sites were not aware of its existence. A possibility exists that it was overlooked by the new cabinet after the 2009 elections and therefore had no impact in this study.

### **2.3.7 Recapitalization and Development Programme**

The policy for the recapitalization and development programme of the National Department of Rural Development and Land Reform was formulated in 2013, corresponding to the centenary of the 1913 natives land Act. The purpose of the policy, is:

To review all land policies with a view to address issues relating to historical exclusion, equitable access to land, and participation in the optimal utilization of land; as well as to address challenges relating to access to food at both household and national level to bring about household food security and national food self-sufficiency (DRDLR, 2013).

The policy provides for funding, referred to as the Recapitalization and Development Fund, of distressed farms that were beneficiaries of the land reform programme and that due to debt can no longer perform farming operations. Properties eligible for funding included those acquired through SLAG, LRAD and PLAS. Approved business plans of land reform farms that were 100 % productive were targeted by the LARP.

In 2009 the Department of Rural Development and Land Reform (DRDLR) reviewed its performance on the land reform programme and identified that many land reform projects were unsustainable and unproductive due to lack of adequate post-settlement support (DRDLR, 2013). The policy advocated mentorship, co-management (which is an arrangement where two or more parties agree to a fair share of management functions and responsibilities for a given farm), share equity arrangements and contract farming (which is an agreement between farmers and agro-processors or marketing firms to provide a specific commodity, on the part of the farmer in quantities and at quality standards and agreed upon timeframes to the agro-processor or marketing firm).

## **2.4 Conclusion**

South Africa's land reform programme has not met its own target of redistributing 30% of high potential agricultural land by 2014, as originally planned during the initial phases of the land reform programme. Most beneficiaries under the land reform programme have become insolvent. Most land reform projects were lacking in post-settlement support in terms of assistance with financial support (production capital), agricultural training programs, mentorship programs and environmental support structures. There is no clarity in the land reform policy as to which government agencies should provide post-settlement support. The Provincial Departments of Agriculture (PDAs) have no capacity to handle the burden of training, mentoring and general capacity building (HSRC, 2003), although it is expected that PDAs should take over when the Department of Land Affairs transfers the farms to beneficiaries. National government did put in place various mechanisms to provide post-

settlement support including CASP, MAFISA and provision for mentorship through the Strategic Plan for South African Agriculture (Hall, 2010). CASP is intended to fund capital improvements in terms of infrastructure on agricultural land and MAFISA provides production and equipment loans of up to R100 000 to black farmers with secured access to land and a household income not exceeding R20 000 per month (Hall, 2010).

Land reform in the Gamtoos River Valley and SRV is through the land redistribution pillar of the land reform programme. Tenure reform sought to extend land ownership to the population of ex-Bantustans, farm dwellers and workers on commercial farms (Aliber and Cousins, 2013). Tenure reform was necessary to address insecure rights to land by people on state land, communal land and privately owned land.

# CHAPTER THREE - RESEARCH METHODOLOGY

## 3.1 Introduction

This chapter deals with research approach, research design, tools to collect data, target population, sampling and data analysis techniques that were used to conduct the research. The study adopted the qualitative research methodology as the primary reason for the data collection was to do comparative studies on of two different land reform models and get some insight and perception of the various beneficiaries of the land reform programme.

## 3.2 Research Design

Van Wyk (2016) states that a research design is the overall plan for connecting the conceptual research problems to the pertinent and achievable empirical research. A research design articulates what data is required and what methods are going to be used to gather the data required for the study and how all the data will be used to respond to the research questions. Van Wyk (2016) asserts that both data and methods and the manner in which they will be configured in the research project need to be the most effective in producing the answers to the research questions. Van Wyk (2016) further illustrates that the research design reflects the purpose of the enquiry which can be characterized as one or more of the following:

- Exploration;
- Description;
- Explanation;
- Prediction;
- Evaluation; and
- History.

Explanatory studies according to Van Wyk (2016) aim to identify any causal links between variables that pertain to the research problem. The current study wanted to adopt an explanatory research design in order to compare two different models of the land reform programme that were introduced post-1994.

### **3.3 Target Population**

A population is a group of elements or cases, whether individuals, objects, or events that conform to specific criteria and to which we intend to generalise the results of the research (McMillan & Schumacher, 2014). Draugalis & Plaza (2009) agrees with this view when they state that, a population is a collection of objects, events or individuals having some common characteristics that the researcher is interested in studying. The target population for this study includes the beneficiaries of the citrus projects in the Kat River and Sunday Valley area.

### **3.4 Sampling**

A sample is a group of subjects or participants from whom data are collected (McMillan & Schumacher, 2014). The sample is drawn from the target population to which the findings of the study were generalized. Participants are individuals who give information in the study and from whom data are collected (McMillan & Schumacher, 2006).

According to McMillan and Schumacher (2014) there are two major categories of different sampling techniques, namely probability (random) and non-probability (convenience) sampling. In probability sampling subjects are drawn from a large population such that the probability of selecting each member of the population is known. Each member of the population has an equal chance of being included in the sample. In non-probability sampling, the probability of selecting a participant from the population is unknown. The latter part is also confirmed by Bless (2005) who defines non-probability as referring to the case where the probability of including each element of the population in a sample is unknown and continues to add that some elements might even have no chance of being included in the sample.

Probability sampling was used in this study because the researcher knew all the people who were beneficiaries of the land reform as these were run by African people. In most of these areas mostly white commercial farmers own citrus farms. Because of the relatively small and specific target population which was in a specific and confined space, it was deemed appropriate to use convenience sampling. The researcher targeted those respondents who have been at the farms for a long time and therefore could narrate the various challenges that the farms went through as the as the details and circumstances of how they came to be

selected as respondents of the citrus farms. A sample size of ten respondents was deemed representative enough for the study.

## **3.5 Research Instruments To Collect Data**

### **3.5.1 Open Ended Interviews**

For this study, use will be made of semi-structured interviews. These were selected for the study because they allow for “focused, conversational, two-way communication. They can be used both to give and receive information. Unlike the questionnaire framework, where detailed questions are formulating ahead of time, semi structured interviewing starts with more general questions or topics. Not all questions are designed and phrased ahead of time. Most questions are created during the interview, allowing both the interviewer and the person being interviewed the flexibility to probe for details or discuss issues”. The semi-structured interviews will be looking at such themes as the effectiveness of the land reform programme, the support given to farmers, the sustainability of the projects as well as their idea of possible solutions.

## **3.6 Data Analysis Procedures**

In this study a thematic approach was used to analyse the data. Four main themes were conceptualised and these were used to analyse the various responses that were given by the respondents. This way, using these themes, the study managed to elicit the relevant information capable of achieving the objectives of the study.

## **3.7 Ethical Consideration**

### **3.7.1 Permission For Inclusion As Participants**

The researcher wrote a letter to the Department of Education to obtain permission to have access to schools to carry out the research on the role of SGB members within the Zwelidumile Circuit schools.

After obtaining the permission letter from the DoE, the researcher went to the different schools to make an appointment as to when the schools were free to administer the

instrument. During the visits the researcher outlined to the principals the purpose of the study and how data was to be collected.

### **3.7.2 Transmittal Letter**

A transmittal letter was written and attached to the questionnaire requesting the teachers and learners to be participants in the study, explaining to them the importance of participating, the purpose of the study, guaranteeing the anonymity and confidentiality of the informants, explaining to them that they had a right to participate in the study, and withdraw at any time they so wish and assuring them that the researcher will share the findings of the study with them.

### **3.7.3 Informed Consent**

Verbal informed consent was first obtained from the volunteers. Thereafter, informed consent forms were hand delivered to the respondents for signing as an indication that they agreed to voluntarily participate in the study before they completed the questionnaires. In this study the researcher assured the respondents that their names were not going to be used in the study and that their information remains confidential and will only be used for the purposes of the study.

## **3.8 Conclusion**

In this study an outline was given of the research methodology, research design and data collection instruments. The population for the study was also discussed showing how samples were drawn from the population using non-probability sampling techniques. Convenience sampling was used to select the respondents who were beneficiaries of the citrus farms. A mixed method research was used in the study. The main methods that are applicable in mixed method research consist of closed-ended/open-ended questionnaires, interviews and observations. The different ways of data collection in this method can supplement each other and hence increase the chances of validity. Lastly, the chapter looked at the ethical issues addressed by the study.



# **CHAPTER FOUR – FARM WORKERS: BEST INSTITUTIONAL ARRANGEMENTS**

## **4.1 Introduction**

This chapter examines the performance of the equity share scheme and beneficiary-owned and run citrus projects. It explores the relationships amongst the beneficiaries and between the beneficiaries and mentor. It goes on to describe the role that pack houses play in the projects and their contribution in the citrus value chain. It examines government support in the projects as government is the custodian of the land reform programme. The chapter gives feedback from beneficiaries of how they assessed the project in terms of whether their lives have or have not been improved and what benefits they enjoyed since the project was founded, if any.

Feedback from semi-structured questionnaires confirmed that mentorship is a key success factor in sustainable land reform projects in South Africa. The land reform programme has two main objectives: equity and productivity. In South Africa, emphasis has been placed on the number of hectares of land that has been redistributed to historically disadvantaged individuals, with minimal regard to the productivity of the farms. The findings in this study confirm the productivity of the farm where mentorship took place and as such, the aim of these land reform programs is not only the settlement of previously disadvantaged individuals, groups or communities on agricultural land, but to provide a better life to them.

## **4.2 Findings**

The two case studies provided an opportunity to critically look at the sustainability of land reform projects in the context of previously disadvantaged farmers as new entrants in commercial agricultural production. Luthando Citrus Farm, in Kirkwood, represents a Farm-Worker Equity Share scheme, with beneficiaries holding a 75% shareholding in the company and the mentor having a 25% share. Peter Family Trust, in Hankey, is a beneficiary-owned and run project. The two cases are both beneficiaries of the LRAD land reform programme.

Both farms were acquired through the two different models that were compared in this study. The two farms obtained grant funding from government through the land reform programme. The provincial Department of Rural Development and Agrarian Reform has provided extension services in the form of technical advice and provision of inputs such as vegetable seeds and seedlings to the Peter Family Trust for vegetable production. Luthando Citrus Farm was provided with harvesting bins, irrigation infrastructure and two tractors

Luthando Citrus Farm has a partnership with the Sundays River Citrus Company and its fruit is packed and marketed through the SRCC's pack house. The SRCC pack house provides technical assistance, like agronomy, so that Luthando Citrus meets international quality standard requirements . Peter Family Trust marketed their fruit through a marketing agent and did not receive any form of technical assistance. The marketing agent sought services of other agencies to implement fertilizer programs, and pest and disease management, at a cost to the beneficiaries. Luthando Citrus farm was provided with technical assistance, like agronomy, training and by the Sundays River Citrus Company's pack house which was also responsible for observing international quality standards. The Peter Family Trust was marketing through an agent and did not enjoy any technical support from that relationship.

The Luthando Citrus Farm beneficiaries reported improvements in their livelihoods through annual dividend pay-outs, from which they managed to send their children to higher education institutions, as well as renovations to their properties. The project was female-headed, actively took part in decision making, had high prospects of long term sustainability and enjoyed government support due to its organisational capabilities. The infighting in the Peter Family Trust made it impossible for the Trust to access funding and adequate post-settlement support.

The beneficiaries of Luthando Citrus Farm believed that they would benefit if their elected representatives were to receive on-going business management training and to be taken to national and international conferences to keep abreast of new developments in the citrus industry.

Mr Vulisani Gxogxo<sup>1</sup>, Extension Officer responsible for the Peter Family Trust and Mr Mfundo Ngcelwane<sup>2</sup>, Extension Officer responsible for the Luthando Citrus Farm, reported that they advised their farmers to attend Citrus Study Group meetings. In these meetings,

specific topics were discussed with farmers ranging from fertilization programmes, pest and disease management, pruning, and general orchard sanitation. There was no funding dedicated specifically for citrus farmers from their office. The officers strongly felt that the SRCC and other marketing agencies should be engaged by government to take over management of smallholder farms during the early stages of settlement as mentors and partners for sustainability of these projects.

The SRCC provided pack house services to Luthando Citrus Farm. Mr Frikkie Olivier<sup>3</sup>, Operations Manager: Primary Production, SRCC; spoke of the services rendered by the pack-house to smallholder farmers and these included financial and business management and these services empowered smallholder farmers to grow their businesses.

The Eastern Cape is the second biggest producer of citrus after Limpopo followed by the Western Cape. The citrus industry is labour intensive and it is estimated that it employs more than 100 000 people with large numbers in the orchards and packing houses (DAFF, 2012). The agricultural sector in the Eastern Cape, like the rest of South Africa is characterised by a dual economy comprised of a well-developed commercial sector, and a predominantly subsistence sector. Opportunities exist of merging the two to a single inclusive economy in the Citrus industry.

Extension Officers<sup>1,2</sup> expressed concern that most of farms that have become unsustainable did not receive post-settlement support from the Provincial Department of Agriculture and production inputs, implements and extension services were cited as the most common which they needed for normal farm operations to occur.

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<sup>2</sup> Mr Vulisani Gxogxo; interviewed on 13 August 2014 at 14h30.

<sup>3</sup> Mr Mfundo Ngcelwane; interviewed on 14 August 2014 at 13h25.

<sup>4</sup> Mr Frikkie Olivier; interviewed on 14 August 2014 at 14h35.

## 4.3 Perception Of Beneficiaries

### 4.3.1 Luthando Citrus Farm, Kirkwood

The beneficiaries acquired the farm in 2003, in Kirkwood. The farm was originally owned by a Mr Potgieter who was appointed a mentor by the Department of Land Affairs with a 25% shareholding in the farm, effectively rendering the farm a Farm-Worker Equity Share Scheme. The farm is fully paid up. The beneficiaries had been working in the farm as farmworkers under Mr Potgieter. According to Ms Nokwanele Mzamo<sup>4</sup>, General Manager of Luthando Citrus Farm, there were originally 59 beneficiaries (2014: pers. comm.). Eighteen (18) of them are actively participating in the running of the farm while 40 of them have. The mentorship was for five years and had since lapsed in 2008 and the SRCC was appointed as mentor of the farm since then. The beneficiaries were given training in the management of the farm and a female shareholder was appointed by the group to represent their interest. Ms Nokwanele Mzamo would later become General Manager of a prosperous Luthando Citrus farm. Mr Jeffrey Rossouw<sup>5</sup> said of Ms Mzamo:

*“When she became General Manager, she was very difficult to work with at first; she was inexperienced and was bossing everyone around, until a Mr Phillip Du Plessis from the SRCC turned her around through mentoring”.*

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<sup>5</sup> Ms Nokwanele Mzamo; interviewed on 14 August 2014 at 09h20.

<sup>6</sup> Mr Jeffrey Rossouw; interviewed on 14 August 2014 at 10h14.

The beneficiaries reported that they were involved in decision making processes in the running of the farm during Mr Potgieter's tenure as mentor and partner, but this did not happen regularly as sometimes he would take decisions by himself, approximately 80 % of the time, during the first year (2014: pers. comm.). The beneficiaries were all unanimous in giving accolades to Mr Potgieter as someone who unreservedly imparted his skills to them with much care and enthusiasm. However, one beneficiary, Mr Jeffrey Rossouw, believed that Mr Potgieter was not transparent in the relationship with the beneficiaries and had this to say:

*"I thought that he had used us to get funding from government to save his farm from bankruptcy, but I found that he was actually not like that. He treated us like his children".*

Mr Rossouw had started working at the farm in 1997. These sentiments by Mr Rossouw suggest deeply entrenched farm paternalism, through which farmers control their workforce and instil dependency by offering them accommodation on the farm and provide food parcels, which include cheap liquor. Paternalism is a highly authoritarian relationship based on servitude and dependence, maintained through various practices that keep farmworkers bound to the service of white masters and that subject them to those masters' authority without access to independent rights (Du Toit, 1993).

At the end of the mentor's five year term, Mr Potgieter did not want to renew his contract although the beneficiaries felt the need for him to continue as they were still not ready to run the farm by themselves. Mr Potgieter then recommended that they take on the SRCC as a mentor to which they agreed. The SRCC acquired the 25% stake of the previous mentor and provides pack houses services, management training, technical assistance and marketing of the beneficiaries' produce. The workers in the orchards were also attending adult education. The SRCC's mentorship contract was due to end by 2013, but the beneficiaries reported that they were still saving to buy back the 25% share from the SRCC. The SRCC's mentorship contract still stands. The beneficiaries strongly believe that they have acquired enough skills to run the farm by themselves. Their lives have improved drastically since they acquired the farm from Mr Potgieter, with most beneficiaries boasting extensions of their houses and even affording sending their children to universities. Ms Nombulelo Jacobs<sup>6</sup> said of her household:

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<sup>6</sup>Ms Nombulelo Jacobs; interviewed on 14 August 2014 at 11h17.

*“Hayi ndiyayibona ngoku into endiyisebenzelayo. Ndinempahla zendlu ezisemgangathweni nezitya”* [I can see much improvement in my personal finances now; I have new furniture and kitchen utensils].

The farm boasts a Bed and Breakfast from which they obtain extra revenue. The beneficiaries are getting their normal monthly salaries and dividends in March annually. They expressed a need to be able to learn such skills as bookkeeping and financial statements. Their farm has all the necessary equipment like tractors, spraying equipment and bakkies for farm operations. The only need they expressed was that of trucks for transportation of their produce to the pack house as they were hiring trucks from private companies for transportation. One beneficiary mentioned that their General Manager was not very easy to work with initially, but one of the SRCC representatives turned her around and they were all having cordial relations.

The project received crates for packing, irrigation infrastructure and two tractors from government and buy all their inputs, like fertilizers and other agro-chemicals from the SRCC. They have in-depth knowledge of when certain farming operations are done, like fertilizer application and spraying for pest and diseases. The General Manager has been capacitated in business management skills by the SRCC and all beneficiaries received training such as pruning and scouting for pests from the mentors. The General Manager felt that the SRCC sometimes takes unilateral decisions in the choice of export markets without their full involvement although the feeling is unanimous that the SRCC is transparent in all other co-responsibilities. All beneficiaries felt strongly about the need to buy out the SRCC so that they can learn to stand on their own feet but expressed appreciation of the two mentors during their tenure. Mrs Nokwanele Mzamo<sup>7</sup>, however, was of the view that:

*“Nangona sifuna ukuzimela, asikabinayo imali yokuthenga laa 25% ka-SRCC, ukuze ibeyeyethu le-company sedwa. Siyakuthi kodwa xa siqokelele imali ngokwaneleyo, siyithenge le-25%, ukuze sizimele, kuba sinakho. Sizasebenzisa ubuchule esibunikwe yi-SRCC xa siqhuba ishishini sizimele”* [Although we want to run the company without the SRCC, we do not have the funds required to buy out the SRCC’s 25% stake in the company. We are determined to save and ultimately our goal is to acquire the SRCC’s stake in the company, so we could have 100% shareholding in this venture].

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<sup>7</sup> Ms Nokwanele Mzamo; interviewed on 14 August 2014 at 09h20.

### **4.3.2 Peter Family Trust, Hankey**

The Peter Family Trust farm, in Hankey was acquired in 2004. The beneficiaries are still paying for the farm. They originally started as 10 members, but due to infighting 7 members left the project and only 3 are taking care of the day to day running of the project. Government has been assisting the beneficiaries with chemicals, fertilizers and irrigation pipes from time to time. The pack house in Patensie through which they market their fruit is not providing them with fertilizers but with technical assistance. They are hiring transport from the pack house to deliver their fruit for packing and marketing. The pack house is responsible for observing international quality and phytosanitary requirements and standards.

The beneficiaries reported that initially they were marketing through an agent prior to 2008 and every time after shipment of their fruit the agent would tell them that they did not get good prices from the market as their produce was not of good quality. In 2008 they employed the services of the pack house and they reported that business was doing well thereafter. The pack house contracted a white farmer to do all the necessary farming operations for them including fertilization, and pest and disease management. The costs of these operations were then deducted from proceeds of sales of their produce.

In 2009, 2010 and 2011 the beneficiaries had to lease out the farm to a white farmer as they had no capital to run the farm. The money that the farmer was supposed to give the beneficiaries was, however, paid directly to the Land Bank to service the beneficiaries' debt. The farmer did not pay the lease money at all nor did he do farm operations in the orchards like fertilization, pest and diseases management and pruning operations. The beneficiaries then reclaimed the farm in 2012 and since then the pack house is doing all farming operations for them and deducts the costs of these operations from proceeds of sales of their produce. They reported that the Department of Rural Development do supply them with inputs like fertilizers and seeds for their vegetable production which they do in 14 hectares while 12.6 hectares is reserved for citrus production.

The biggest challenge they face is lack of financial support from the public and private sector due to the fact that the 7 members who left the project are also required as signatories in any application for funding.

Ms Peter<sup>8</sup> voiced out her frustration:

*“Asikwazi tu ukunikwa imali zizo zonke ezi-departments, ngoba kufuneka naba bayi-7 besayinile. Asithethi nabo. Sinqwenela u-Rulumente asincede azolungisa le nto phakathi kwethu”* [We cannot access funding from any government department, because the seven members need to sign documents as well, but since they do not avail themselves we cannot get credit to invest in farming operations. We the government can come to our rescue in this regard].

The beneficiaries felt that the Department of Rural Development and Land Reform (DRDLR), former DLA, has let them down in this regard as they had been requesting DRDLR to dissolve the legal entity and install a new entity with the three beneficiaries in the helm so that they can access credit. The beneficiaries felt that DRDLR should be in a position to resolve the conflict amongst them for the project to be sustainable as they are the Department that established the legal entity in the first place. They expressed dismay for DRDLR abandoning them at such a crucial time of need. Other challenges reported include lack of farm equipment like boom sprayers, tractors and trucks, and a need for training in farm business management, pruning, harvesting, plant nutrition, insect scouting, and pest and disease management. Generally speaking, the beneficiaries have nothing to show since they assumed ownership of the land in 2004. Further, there has not been any significant improvements in their livelihoods.

#### **4.4 SRCC Perspective In The Partnership**

The SRCC stated that they had a Management Agreement with Luthando Citrus Company through which they offer management and financial services as it is their obligation and responsibility in the partnership. Management services consist of drawing up a schedule and direct farm operations, like application of the fertilization programme, pest and disease management and crop manipulation practices for fruit quality improvement. They also offered beneficiaries training in business management, training in all operations of orchard management and Adult Basic Education and Training (ABET) for illiterate beneficiaries.

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<sup>8</sup>Ms Peter; interviewed on 13 August 2017 at 09h01.



The SRCC also offers financial advice in terms of persuading beneficiaries to agree to the re-routing of funds for re-investing in the farm; and beneficiaries through their General Manager are given the space to manage their own farm in terms of production and administration costs, salary and wage bill, general farm maintenance and the management the Bed and Breakfast business.

## **4.5 Pack House Perspective**

The SRCC pack house in Sunland, in the Sundays River Valley is servicing 106 producers and three previously disadvantaged farming groups: Mbuyiselo Citrus Farm, that is 100% owned and run by beneficiaries, Luthando Citrus Farm which is an equity share scheme with 75% share and SRCC having a 25% stake in the company, and the Sundays River Farming Trust (SRFT) which is managed by a board of trustees. The SRFT is leasing land from government through the Proactive Land Acquisition Strategy, and is paying between R180 000 – R200 000 per annum. The producers are offered packing rights and operate as if they have shares in a company and pay levies per volume of produce packed. The pack house offers financial services and management services to these farmers. The SRCC has also assisted the farmers in their applications for Recapitalization and Development Funding, a fund administered by the DRDLR to fund distressed farmers who were beneficiaries of the land reform programme. The Luthando Citrus Farm application for recapitalization was not successful. They gave up due to the rigor of the process. The SRCC assisted Luthando with orchard inspection of Citrus Black Spot (CBS).

Citrus Black Spot (CBS) was first detected in Australia about 115 years ago and showed up in South Africa 30 years later, first in KwaZulu-Natal and later in Limpopo (Kotze 1981: 945). CBS is a fungal disease that causes unsightly blemishes on the fruit's skin. CBS is common in sub-tropical regions of the world where there is summer rainfall. Fruits with lesions and spots is unacceptable for export. The European Union (EU) is South Africa's largest trading partner. CBS is subject to phytosanitary legislation in the European Union and if detected in any consignment the country is banned from exporting fruit to the European Union until assurances are given to the EU that the source of the CBS has been subjected to phytosanitary control measures (Kotze 1981: 945). The only cure of CBS is the destruction of any infected tree. If the EU would close its market to South African citrus, the economy would suffer and many jobs would be lost.

## **4.6 Government Assistance**

### **4.6.1 Luthando Citrus Farm, Kirkwood**

The Extension Officer of the Department of Rural Development and Agrarian Reform, Mr. Mfundo Ngcelwane, reported that specific services they offered the beneficiaries involved primarily facilitating study group meetings, which are conducted by Citrus Research International (CRI). The meetings are held once a month and sometimes bi-monthly to discuss with citrus producers specific topics like fertilization and spraying programs, use of traps to monitor pest activity, pruning, Citrus Black Spot, Greening disease and general orchard sanitation, especially after harvesting. All these topics are covered just before these operations are to be executed in the field.

The beneficiaries did approach the Mr. Ngcelwane for assistance with production inputs like fertilizers and agro-chemicals and these were supplied, with no cost to the farmers, saving the farm thousands of rands in production costs. Furthermore, the beneficiaries were given a tractor, irrigation infrastructure, harvesting bins, boundary fencing, chainsaws and aluminum ladders.

There is no funding specifically reserved for citrus farmers, but they are catered for in the general development budget allocated. This fund is accessed by submitting a business plan detailing expenditure on items that are in fact necessary for the farm's prosperity and sustainability. In addition to this approach, farmers can access credit through the Eastern Cape Rural Development Agency (ECRDA), an entity of the Department of Rural Development and Agrarian Reform, which provides loan finance to deserving farmers to eradicate underdevelopment and its socio-economic manifestations such as unemployment, poverty and inequality.

Mr. Ngcelwane was of the view that for emerging farmers to improve in their farming undertakings companies such as the Humansdorp Co-operative and the SRCC, should come on board and assist the emerging farmers in managing their farms in all aspects of production, and help improve their financial management.

#### **4.6.2 Peter Family Trust, Hankey**

The Mr. Vulisani Gxogxo, servicing the Gamtoos River Valley, also assisted his farmers by having them attend the study group meetings offered by the CRI, which the beneficiaries found useful. Mr. Gxogxo further stated that he conducted needs analysis on the ground to determine what the farmers' needs were and acted upon areas that support.

The beneficiaries approached the Mr. Gxogxo, requesting assistance with inputs like seeds, fertilizers and agro-chemicals for their vegetable production programme and these were supplied and he reiterated the fact that there is no funding specifically set aside for citrus producers, other than the development fund available for all agricultural development projects, and the route of accessing credit from the ECRDA.

Mr. Gxogxo felt strongly that for smallholder farmers to improve their farming undertakings, farm business management training should be provided, a dedicated mentor should be assigned to smallholders, and that soft loans should be made available for production inputs.

#### **4.7 Livelihoods**

Luthando Citrus Farm beneficiaries, in Kirkwood, had been working on the farm before they acquired it in partnership with the original owner. They had good knowledge of farming operations of the citrus industry during this time and therefore the transition towards acquiring full ownership was relatively smooth. In turn they were also subjected to key decision making processes during the mentorship programme which spanned for more than ten years under Mr Potgieter and currently under the SRCC. The beneficiaries are from strikingly different cultural backgrounds as the composition of the group is made up of approximately equal numbers of African and Coloured people. This aspect in itself could have contributed to little or no infighting at all amongst the group. People from the same cultural background and from the same locality often tend to look down upon one another, and in a group situation arguments will always crop up from time to time until good leadership prevails. On the other hand grouping people from different cultural backgrounds tends to

pacify this phenomenon, as long as the other group is not outnumbered. Based on this argument, the group has the potential for long-term cohesion.

The beneficiaries are getting monthly salaries as well as dividends annually. They were all unanimous in expressing gratitude that they could ultimately extend and make structural improvements in their houses, as well as being able to send their children to universities. The project has two sources of revenue, namely; the orchards and the Bed and Breakfast. The SRCC representative concurred that the project was doing relatively well with the SRCC's management and financial systems in place. The beneficiaries are confident that they could put into practice all that they have learnt from the mentorship programme if they could go it alone in the business. Mr Jongile Dili<sup>9</sup> said:

*“Ukuba nje i-SRCC ka-Frikkie inohamba, sizokwazi ukuzimela, kuba ngoku sinawo amava awoneleleyo ukuzisebenzela. Sachitha iminyaka emihlanu no-Potgieter, saphinda sachitha eminye iminyaka emihlanu phantsi kwe-SRCC; sinako ukuyilawula le fama sisodwa ngoku”* [If Frikkie's SRCC can leave, we are capable of standing on our own feet as black people. We have enough experience. We spent five years under the mentorship of Mr Potgieter and another five years under the mentorship of Frikkie, the SRCC representative. We are capable of running this project on our own].

The fact that they will still be sending their produce to the SRCC's pack houses will ensure a smooth transition towards full independence. The pack houses offer management and financial services to the citrus producers who pack and market their fruit through them.

The General Manager of the project is female and this has placed the project in good stead for entering the annual Female Entrepreneur Award, which carries quite a substantial amount of money and she has ploughed this back when she won the award in 2014. Government Funding Programmes are more enthusiastic in funding such business ventures with a potential for long-term sustainability. Due to all these factors the group is remarkably inspired towards greater achievements.

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<sup>9</sup> Mr Jongile Dili; interviewed on 14 August 2017 at 11h45.

In contrast, the Peter Family Trust is an example of a family-type project and was founded with ten members. Seven members absconded leaving three beneficiaries to run the project. The remaining beneficiaries cannot access any form of credit as the legal entity requires all signatories to partake in any application for funding. This scenario alone has rendered the project unsustainable. It is difficult to determine whether the DRDLR should intervene in this case or the beneficiaries should engage services of other stakeholders to resolve the impasse, but it should be the responsibility of the DRDLR or any other government agency tasked with delivering on the land reform programme. The beneficiaries reported that they called on the DRDLR to assist in this regard, but to no avail. As it is now, the beneficiaries are despondent and disillusioned with the DRDLR.

The predicament that the Peter Family Trust found themselves in makes it impossible for them to make a living from the project. They are still indebted to Land Bank, and the pack house pays for farming operations which they deduct from sales of their produce.

By the time of field research, Luthando Citrus Farm had no resident mentor like it was the case with Mr Potgieter. The SRCC, which is acting as a mentor, has delegated a representative, Mr Frikkie Olivier, who is also responsible for Primary Production and Emerging Citrus Producers to attend to orchard inspection for CBS in the orchards and offer such services as financial services when the need arises. It is mainly the beneficiaries, led by their General Manager, who take key decisions in matters affecting the business. Most of the beneficiaries have expressed satisfaction in the cordial relations they shared.

## **4.8 Prospects For Long-Term Sustainability**

Results have shown great potential of the project to prosper and be sustainable in the long run, if the current momentum is anything to go by. When the SRCC is out of the picture as active partner in the equity share scheme, it will still be part of the project packing and marketing their produce. The project will have full access in the SRCC's management financial services which are offered to member producers who use the SRCC's pack houses. Therefore, prospects for long-term sustainability and prosperity of the project are very good.

However, this cannot be said of the Peter Family Trust until resolution of the impasse surrounding the absconded members can be expedited. The legal entity should be

dissolved, preferably by the DRDLR, and a new entity put in place. At the time of field work, prospects for long-term sustainability were non-existent under the circumstances and it was observed at the farm during field work that with their meagre sales, they must be living from hand to mouth. An urgent government intervention to restore the legal entity is necessary to avoid the project going under.

## **4.9 Post-Settlement Support**

Empirical evidence has shown quite a substantial amount of government support in the Luthando Citrus Farm in terms of the tractor, irrigation infrastructure, harvesting bins, chainsaws and aluminium ladders. The project was not really in distress even at the time of provision of this support, as the previous owner left all equipment with the farm at the end of his tenure as owner and mentor. It is interesting to note that the District Office of the Department of Rural Development and Agrarian Reform responsible for agricultural development for both Luthando Citrus Farm and Peter Family Trust is the same. Yet the support that the Peter Family Trust obtained was reported as production inputs only, which included seeds, fertilizers and irrigation pipes mainly for vegetable production. The two projects had been serviced by two different Extension Officers and one wonders if it would be plausible enough to deduce that one official works harder and enthusiastically than the other.

The Eastern Cape cultivates about 16 266.9 hectares in total of Navels, Valencias, Soft citrus, Lemons and Grapefruit (DAFF, 2012). The National Development Plan (NDP) projected the agricultural sector as having the potential to create 1000 000 jobs by 2030 (DAFF, 2014). The NDP grouped citrus as a crop with a high growth potential that could provide 1.3 jobs / hectare (DAFF, 2014). The Eastern Cape therefore has the potential to provide 16 267 permanent jobs and approximately 40 000 seasonal jobs. If these public-private partnerships could be entered into, with government providing land to deserving communities the number of jobs could increase and greatly contribute to the local economy.

Farm-worker equity schemes provide much better opportunities for beneficiaries to prosper and improve the sustainability of their agricultural enterprises as seen in the Luthando Citrus project. In a share equity scheme beneficiaries acquire shares with and retain controlling interest in an existing farm operation with the original owner acquiring a small percentage of

the business while at the same time transferring skills as a mentor. In this study the equity share scheme demonstrated beyond reasonable doubt that with a dedicated mentor who is transparent in sharing his knowledge of the farming operations and enthusiastic beneficiaries who are willing to learn, the project stands a good chance of economic viability and sustainability in the long term. In this relationship the beneficiaries had a fair amount of knowledge, skill and experience of the business as they worked on the farm prior to becoming majority shareholders, but required external support such as financial management, markets and mentorship.

The crucial components of these equity schemes are:

1. Profit and risk sharing based on shareholding components;
2. Management development;
3. Beneficiation; and
4. Off-take agreements and market development (DRDLR, 2013).

## **4.9 Conclusion**

The support that the equity share scheme obtained from the mentors greatly improved productivity and prosperity of the FWES. The selection criteria of the different interventions by government for farmers to access financial assistance from such programs as CASP require that a farm business should have a potential for economic viability and that the project owners should have the ability to plan, manage and maintain the project in the long run. These criteria seem to have favoured the Luthando Citrus Farm beneficiaries in accessing such massive support from the Provincial Government as compared to the Peter Family Trust who were beset with infighting.

The conditional grant, CASP, was initially established to target land reform beneficiaries in terms of training and capacity building, technical and advisory assistance, marketing and business development; but instead it has since its inception provided infrastructure and training support (LARP 2008: 22), and therefore projects like the Peter Family Trust were disadvantaged. The Recapitalization and Development Fund's criteria was that farmers should illustrate sustainable financial and enterprise development and due diligence, favouring such projects as the Luthando Citrus farm. The LARP which was intended to improve on gains made by the LRAD programme was either abandoned before

implementation or it did not filter down to provincial level as Extension Officers were not aware of any funding dedicated specifically to land reform beneficiaries.

The DLA had observed elsewhere that family-type projects were doing relatively well (HSRC, 2003), and obviously advocated for the roll-out of these projects, as it believed that there is little tendency for infighting and management problems. The Peter Family Trust is one such family-type land reform project, but seven beneficiaries out of ten, abandoned the project due to infighting.



# CHAPTER FIVE - CONCLUSION

## 5.1 Introduction

This chapter reviews the performance of the two land reform projects since the farms were acquired in relation to three broad categories, namely; livelihoods, power and gender relations, long-term sustainability prospects and post-settlement support. The aim and objectives of the study was, firstly; to evaluate and identify factors that influence long-term sustainability and prosperity of farms owned and run by beneficiaries, and farms jointly owned by beneficiaries and former farmer / mentor in a share equity scheme, and secondly; to identify forms of government support in each of the two models. The problem statement is that beneficiary owned and run land reform projects have become unsustainable, are prone to in-fighting, experience huge management problems and are generally not economic viable in the long term. The chapter will address this research problem and will answer questions related to the case studies.

## 5.2 General Observation

As shown in the first chapter the study had three main research objectives and these will be revisited here to show the extent to which the study managed to achieve them. First the study sought to identify factors that influence long-term sustainability and prosperity of farms owned and run by beneficiaries, and farms jointly owned by beneficiaries and former farmer / mentor in a share equity scheme. The study found that the equity share scheme improved the livelihood of the beneficiaries in terms of getting annual dividends and acquiring new properties, empowered beneficiaries in decision-making in terms of having a say in financial expenditure on farm operations and the structuring of dividend pay-outs, and the project showed great potential of long-term sustainability and prosperity. Conversely, the beneficiary-owned and run project did not improve the lives of beneficiaries, was prone to infighting and fraught with organisational and management problems with no prospects of long-term sustainability and economic viability.

The second objective of the study sought to identify the forms of government support in each of the two models that proved to be effective. It was learnt during field work that none of the

programmes of land reform program revitalization established by the national department had filtered down to provincial level as reported by the government officials interviewed. The LARP and the Recapitalization and Development Fund were meant to salvage distressed farms that were beneficiaries of the land reform programme, but the process is reportedly so rigorous it resembles that of commercial banks when applying for credit.

The third objective of the study was to provide some recommendations that can address some of the challenges that were identified in the study. These recommendations are contained in a section later in the chapter.

### **5.3 Case Studies**

Beneficiary owned and run projects, as concluded from this study, are not economically viable, are fraught with management problems and in-fighting, and have no long-term sustainability. The aim of the land reform programme has only been about transferring land to previously disadvantaged communities by government, without placing much emphasis on capacity building to the beneficiaries of land reform, most of whom are new entrants in agricultural production. Furthermore, the SLAG model of land reform, which features in both case studies, has been severely criticised since land ownership does not translate to improved livelihoods off the land by beneficiaries, and instead resulted in the complex group dynamics which cause management problems and in-fighting.

Equity share schemes result in improved livelihoods; enhanced gender relations, beneficiary empowerment, economic viability and participation in decision making processes, as seen in the case study under review. These schemes were initiated by the private sector in the early 1990's (Gray et al., 2004), and offer institutional arrangements that outperform conventional beneficiary owned and run projects. Equity share schemes are characterised by mentorship with the primary purpose of systematically developing skills and leadership abilities of the less experienced members of the organisation (Murray, 1991).

Beneficiary owned and run projects are not economic viable and have complex group dynamics. Equity share schemes empower beneficiaries of land reform, improve their livelihoods and have long-term sustainability.

## **5.4 Possible Recommendations**

Family-type projects, despite an earlier assessment that they were doing very well, because there is too little opportunity for infighting and management problems; have been shown to be no different than normal group projects that are beset with organizational and management problems as witnessed in the Peter Family Trust project. Such projects need active involvement of social scientists and sociologists. This study recommends that when giving support, there should be no distinction of the projects but should be given the same support because it appears that the sources of their problems are the same.

The contribution made by the private sector in improving smallholder and previously disadvantaged farmers should not be underestimated. Instead this study recommends that government should be more proactive in canvassing such support by entering public-private partnerships with the private sector by rolling out equity share schemes and mentoring programmes in all LRAD projects across the country. South Africa has a dual agricultural economy, a well-established commercial sector and a predominantly subsistence sector. The citrus industry provides an opportunity to merge these two to a single economy given all the necessary support from all stakeholders.

The SRCC has done a sterling contribution in the development of Luthando Citrus Farm and other emerging smallholder citrus producers in terms of its technical skills transfer, management and financial systems and packing rights offer for its member citrus producers. It has facilitated attendance of citrus producers 'conferences and symposia by the General Manager of Luthando Citrus Farm to broaden her knowledge of citrus production and the citrus industry at large. The private sector could enter formal agreements with the public sector in public-private partnerships in research, extension and training in the citrus industry.

## **5.5 Areas of Potential Future Research**

The study highlighted the challenges that specific farmers are facing as well as the difference between various forms of farmers in the citrus sector. However, the study identified some areas that might benefit from further research to plug those gaps that were identified in the literature.

First, while there are several problems that are besetting the farmers, there is also a general trend in resettlement farms where the initiatives are either struggling or dead. Future studies can seek to establish if the challenges are commodity specific as in the case of citrus or maybe they are affecting all or most of the resettled farmers which might point to problems with the way the land reform exercise in its entirety was conceptualised.

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# APPENDIX A - QUESTIONNAIRE

## 1. Fieldwork Schedule

	Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10
Interviewing Smallholder Farmers										
Interviewing White Commercial Farmers										
Interviewing Sundays River LM										
Interviewing Dept. of Agric Staff										
Interviewing Staff at Citrus Farms										
Interviewing										

Packing Houses										
Interviewing outstanding stakeholders										

## 2. Project Questionnaire - Smallholder Farmers

### 2.1 Baseline Questions

Farmer's Name	
Farm Name	
FarmerameNameestions.	
Village	
GPS Coordinates	
Questionnaire Number	

### 2.2 Land Ownership Model

Please tick the land ownership model which applies to you.

Bought the land (fully paid up)	
Bought the land (still paying for it)	
Leasing the land (from Government)	
Leasing the land (from private individual)	

Other	
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### 2.3 What kind of assistance do you receive from the Government.

1	Financial Assistance (Loans, Grants, Advances)	
2	Technical Assistance (Research etc.)	
3	Marketing	
4	International Lobbying	
5	Other	
6	None	

### 2.4 Farmer Relationships

What kind of relationships do you have with the packing houses?

Please tick where appropriate	
They provide inputs like fertilizers	
They provide technical services like agronomy	
They provide training	
They provide transport for taking my produce to the market	
They market my crops	
They are responsible for observing introduce to t	

**2.5 Can you please list the opportunities, benefits and conflicts that the relationship above provides.**

Opportunities	Benefits	Challenges	Conflicts

**2.6 In your opinion, in what way can the relationship be improved for the benefit of the smallholder farmers?**

1	
2	

3	
4	
5	
6	

### 3. Project Questionnaire - White Commercial Farmers

#### 3.1 Baseline Questions

Farmer's Name	
Farm Name	
Farmer Contact no.	
Village	
GPS Coordinates	
Questionnaire Number	

#### 3.2 Land Ownership Model

Please tick the land ownership model which applies to you.

Bought the land (fully paid up)	
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Bought the land (still paying for it)	
Leasing the land (from Government)	
Leasing the land (from private individual)	
Other	

### 3.3 What kind of assistance do you receive from the Government.

1	Financial Assistance (Loans, Grants, Advances)	
2	Technical Assistance (Research etc.)	
3	Marketing	
4	International Lobbying	
5	Other	
6	None	

### 3.4 Farmer Relationships

What kind of relationships do you have with the packing houses?

Please tick where appropriate	
They provide inputs like fertilizers	
The provide technical services like agronomy	
They provide training	
They provide transport for taking my produce to the market	
They market my crops	

Please tick where appropriate	
They are responsible for observing int' standards	

**3.5 Can you please list the opportunities, benefits and conflicts that the relationship above provides.**

Opportunities	Benefits	Challenges	Conflicts

#### **4. Interviews to Packing Houses**

- I. How Many farmers are you servicing with your packing house?
  - II. In general terms, what kind of agreements / relationships / contracts do you have with the emerging smallholder farmers?
  - III. What specific services do you offer these farmers?
  - IV. What kind of opportunities exist within these kind of relationships with smallholder farmers?
  - V. Do you often experience conflicts with smallholder farmers in your dealing with smallholder farmers? If yes, can you please
  - VI. What do you think need to be put in place so that smallholder farmers improve in their farming undertaking?
  - VII. In what ways are the emerging black farmers different from the established white commercial farmers?
5. Interview with Staff from Department of Rural Development and Agrarian Reform.

What kind of specific services do you offer the citrus farmers?

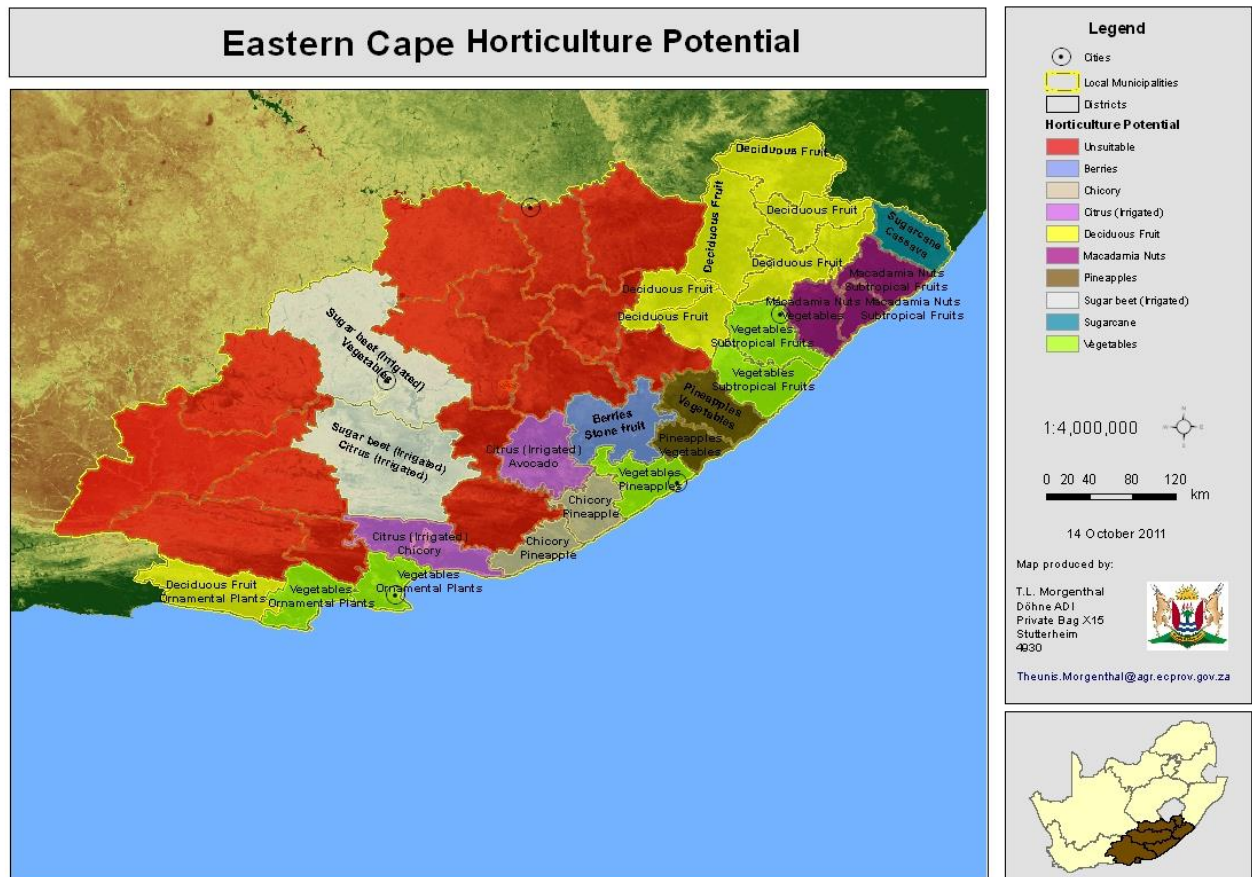
Have the citrus farmers approached you with specific requests for assistance?

Is there funding specifically for citrus farmers?

If there is dedicated funding, is this funding exclusively for smallholder citrus farmers?

In your experience, what needs to be put in place so that smallholder farmers improve in their farming undertaking?

# APPENDIX B



## APPENDIX C

