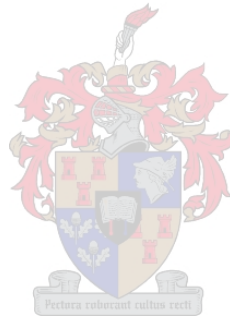


An Evaluation of a Public-Private Partnership as an alternative delivery mechanism to enable the effective redistribution of land in KwaZulu-Natal: The case of Inkezo Land Company

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Thesis presented in partial fulfillment of the requirements for the degree of Master in Public Administration at Stellenbosch University

Supervisor: Prof J J Muller

March 2008

DECLARATION

By submitting this thesis electronically, I declare that the entirety of the work contained therein is my own work, that I am the owner of the copyright thereof (unless to the extent explicitly otherwise stated) and that I have not previously in its entirety or in part submitted it for obtaining any qualification.

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Date: 3 March 2008

ABSTRACT

The dawn of a democratic South Africa in 1994 was seen as the beginning of a new era in South Africa.

Land Reform, as a matter of moral reconciliation, and within the context of rural development, was high on the agenda to be addressed by the new democratic ANC-led government.

Although South Africa's history of systematic racial land dispossession is not unique; the extent of the dispossession, and racial nature of the dispossession gave a uniqueness to South Africa's land history. In 1994 the racially skewed land ownership pattern reflected that 55 000 white commercial farmers owned 87 per cent of the land, yet the African majority of had access to 13 per cent of the marginal land.

The land reform imperative was restricted in approach by the compromise reached during the negotiations resulting in a transitional government for South Africa. In addition, the early 1990's, was a period of increasing dominance of the neo-liberal ideology with its minimal state and minimal state intervention, and reliance on the free market principles informing interventions and programmes.

The Constitution of the Republic of South Africa enshrined private property rights protection; and whilst given recognition to the requirement of land reform it enshrined a market-led approach with enabling legislation and policy statements such as a "willing-buyer/willing-seller" requirements for redistribution and market related prices for land acquisition.

The Department of Land Affairs, a national government department, was tasked with the development and implementation of land redistribution. Therefore, despite the neo-liberal principles informing land reform, a state-led approach towards the actual implementation was embarked upon. In 1998 a target was set to be achieved within 5 years; which the Department failed dismally to reach.

The target was then extended to be reached by 2014, and the thesis predicts that unless the delivery mechanism currently utilised for land redistribution is changed the target will not be reached by 2014.

The New Public Management paradigm, and various alternative delivery mechanisms have been considered, in addition to assessing the delivery mechanisms and approaches towards land reform in Brazil and the Philippines in an attempt to identify suitable delivery mechanisms for land reform in South Africa to enable it to achieve its target and objectives.

A detailed evaluation of an existing Public-Private Partnership, which exists to implement land redistribution was undertaken in terms of primary data collection and secondary data statistics. The evaluation assessed whether this delivery mechanism will enable targets to be met and land redistribution objectives in relation to rural development be achieved.

The thesis argues that the Public-Private Partnerships alternative delivery mechanism is a suitable vehicle to delivery land redistribution across agriculture commodities, with key recommendations on matters to address within the PPP mechanism.

For land reform to be implemented at the required scale and to achieve its developmental objectives innovation is required within partnership approaches and not a traditional bureaucratic-led approach.

OPSOMMING

Die aanbreek van 'n demokratiese Suid-Afrika in 1994 is beskou as die begin van 'n nuwe era in one land se geskiedenis.

Grondhervorming, as 'n aangeleentheid van morele versoening en binne die konteks van landelike ontwikkeling, was hoog op die agenda wat deur die nuwe demokratiese ANC-regering aangespreek sou word.

Hoewel Suid-Afrika se geskiedenis van stelselmatige landonteiening op rassegrondslag nie uniek is nie, het die omvang van die onteiening en die rasse-aard daarvan 'n uniekheid aan Suid-Afrika se grondhervormingsgeskiedenis verleen. Die grondeienaarspatroon het in 1994 in dié opsig 'n ras-verwonge prentjie gebied – 55 000 wit kommersiële boere het 87 persent van die grond besit, terwyl die swart meerderheid van die bevolking slegs tot 13 persent van marginale grond toegang gehad het.

Die benadering tot die grondhervormingsimperatief is ingeperk deur die kompromis wat aangegaan is tydens die onderhandelings oor 'n oorgangsregering in Suid-Afrika. Hierbenewens was die vroeë jare negentig 'n tydperk waarin die neo-liberale ideologie, met sy minimale staat en minimale staatsintervensie en vertroue op die vryemarkbeginsels onderliggend aan intervensies en programme, al hoe meer oorheers het.

Beskerming van private eiendomsreg is in die Grondwet van die Republiek van Suid-Afrika vasgelê; en terwyl dit erkenning gee aan die eis van grondhervorming, verskans dit 'n markaangedrewe benadering met beleidsverklarings en magtigende wetgewing soos 'n “gewillige-koper-gewillige-verkoper”-vereiste vir herverdeling en markverwante pryse vir grondaankope.

Die Departement van Grondsake, 'n nasionale regeringsdepartement, was met die ontwikkeling en implementering van grondherverdeling belas. Ondanks die neo-liberale

beginsels onderliggend aan grondhervorming, is 'n staatsbeheerde benadering gerig op die wesentlike implementering van stapel laat loop. In 1998 is 'n mikpunt gestel om binne vyf jaar bereik te word, maar die Departement het hiermee klaaglik misluk.

Die mikpunt is toe uitgestel om teen 2014 bereik te word. Hierdie verhandeling voorspel dat dit nie teen 2014 bereik sal word tensy die leweringsmeganisme wat vir grondverspreiding aangewend word, verander nie.

Die Nuwe Openbare Bestuursparadigma en verskeie alternatiewe leweringsmeganismes is reeds oorweeg. Dit is benewens die assessering van leweringsmeganismes en benaderings ten opsigte van grondhervorming in Brasilië en die Filippyne, wat 'n poging was om geskikte leweringsmeganismes vir grondhervorming in Suid-Afrika te eien sodat die gestelde mikpunt en doelwitte bereik kan word.

'n Omvattende evaluasie van 'n bestaande Openbare-Private Vennootskap (OPV) – dit is in die lewe geroep om grondherverdeling te implementeer – is in terme van primêre dataversameling en sekondêre datastatistiek uitgevoer. Dié evaluasie het bepaal of hierdie leweringsmeganisme sou meebring dat mikpunte bereik word en of doelwitte rondom grondherverdeling – in verhouding tot landelike ontwikkeling – haalbaar is.

Hierdie verhandeling voer aan dat die OPV alternatiewe leweringsmeganisme 'n gepaste middel is om grondherverdeling regdeur die landbousektor teweeg te bring – met sleutelaanbevelings oor aangeleenthede wat binne die OPV-meganisme aangespreek moet word.

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ACRONYMS AND ABBREVIATIONS

ADM	Alternative Delivery Mechanism
ANC	African National Congress
ARC's	Agrarian Reform Committees
ASDM	Alternative Service Delivery Mechanism
CARP	Comprehensive Agrarian Reform Programme
CASP	Comprehensive Agricultural Support Programme
CPT	Commissao Pastoral de Terra
DAEA	Department of Agriculture and Environmental Affairs
DAR	Department of Agrarian Reform
DLA	Department of Land Affairs
FAO	Food and Agricultural Organisation
GEAR	Growth, Employment and Redistribution
IMF	International Monetary Fund
LAPC	Land and Agricultural Policy Centre
LRAD	Land Redistribution for Agricultural Development
NGO's	Non-governmental Organisations
NPM	New Public Management
PLRO	Provincial Land Reform Office
PPP's	Public-Private Partnerships
RDP	Reconstruction and Development Programme
SASA	South African Sugar Association
SANT	South African Native Trust
SASEX	South African Sugar Experimental Station
SASRI	South African Sugar Research Institute
SLAG	Settlement and Land Acquisition Grant

CHAPTER ONE

THE STUDY: WHY, WHAT AND HOW?

1.1 RESEARCH CONTEXTUALISATION

The promulgation of the Native Land Act, Act 27 of 1913, marked the beginning of the systematic process of land dispossession in South Africa. Subsequent land (dispossession) legislation, settlement planning, forced removals and the Bantustan system contributed to the movement and displacement of an estimated 3,5 million Black people to homelands and black townships in South Africa (Thwala, 2003:3).

At the advent of the first democratic elections in 1994, the land ownership patterns were racially skewed: with 87 per cent of the land owned by White people and the remaining 13 per cent of land being occupied and utilised by black people. In addition, white farmers owned the commercially arable land (Kariuki & Van Der Walt, 2000:2).

In 1994, democracy raised expectations that the dispossessed would be able to return to their land, or have access to, or ownership of, land. However, the terms, on which the political transition were negotiated, constrained the approach towards redressing dispossession. The Reconstruction and Development Programme (RDP) endorsed that land reform

“is the central and driving force of a programme of rural development”

(Hall, Jacobs & Lahiff, 2003:1).

However, constitutional negotiations resulted in constitutional protection of property rights, and ensured that land reform would be pursued within a neo-liberal market-led framework. Therefore, the resultant land reform programme was conservative and arguably restrictive, being based on a neo-liberal policy framework that the World Bank advocated in its report on Land Reform in South Africa, entitled the Rural Restructuring Programme (Kariuki & Van der Walt, 2000:2).

The Reconstruction and Development Programme and the White Paper on South African Land Policy committed the African National Congress (ANC) led government to redistribute 30 per cent of agricultural land within the first five years of democracy (1994-1999). Furthermore, the White Paper on South African Land Policy committed government to a demand-driven programme, which advocated the willing-buyer willing-seller principle to land redistribution (Department of Land Affairs, 1997b:37).

The performance of the Department of Land Affairs (DLA) to achieve the land redistribution target of 30 per cent was not achieved. By March 1999, the Department of Land Affairs had facilitated the transfer of 480 400 hectares of land to 45 545 beneficiaries (Thwala, 2003:14); falling far short of the envisaged 30 per cent target. If one extends the period of delivery from 1994 to –2004, the Department of Land Affairs (2005) redistributed 3,5 million hectares, thus falling short of the estimated 25,5 million hectares of agricultural land required to meet the 30 per cent target. Having failed to achieve land-redistribution targets, the ANC Manifesto for the 2004 general elections committed the government to redistribute 30 per cent of agricultural land into Black ownership by 2014 (African National Congress, 2004:6). Therefore, the date, by which the target of 30 per cent was to be achieved, was extended in an attempt to enable government to meet its target for land redistribution.

For the Department of Land Affairs to realise the 30 per cent target by 2014, it would need to transfer 22 million hectares, which translates to 1,87 million hectares annually at a national level (Grobbelaar, 2005:15). The Province of KwaZulu-Natal would need to transfer approximately 1,24 million hectares of commercial farmland (Lyne, 1996:61).

The Provincial Land Reform Office: KwaZulu-Natal has redistributed 303 956 hectares (Provincial Land Reform Office, 2007a) and, therefore, would need to deliver 117 000.50 hectares of land annually for the next eight years to meet the 30 per cent target. With its current human resource capacity of 78 members of staff (Provincial Land Reform Office, 2007c) who are involved in project implementation, this would be difficult, should the current government-driven delivery mechanisms continue to be used, based on the trend of previous land redistribution transfers.

In order to achieve the 30 per cent target in a well-planned and integrated manner while ensuring that the necessary post transfer support services are aligned, this thesis argues that the Department of Land Affairs needs to review its delivery mechanisms.

Notwithstanding the limited success in meeting the delivery target, the ANC manifesto for the 2004 general elections committed the government to a redistribution of 30 per cent of white-owned agricultural land by 2014 (African National Congress, 2004:6). The Department Strategic Plan: 2005-2010 commits to

“accelerating the pace and quality of land redistribution to achieve social equity and sustainable development”

(Department of Land Affairs, 2005:13).

In addition, the Department Strategic Plan: 2005-2010 commits to the redistribution of 30 per cent of land by 2014. For the DLA to achieve its target for 2014 by accelerating the pace and quality of land redistribution, there must be a review of current delivery mechanisms. The review of current delivery mechanisms would aim towards improved approaches and mechanisms to increase the pace of delivery, whilst, at the same time, ensuring that the beneficiaries (new black farmers) receive the necessary post-transfer support in an attempt to achieve the rural development objectives of land reform.

The Provincial Land Reform Office: KwaZulu-Natal of the Department of Land Affairs has reflected on the delivery target that it faces. In an attempt to scale up delivery in a sustainable manner, the Provincial Land Reform Office has considered Alternative Delivery Mechanisms. The Provincial Land Reform Office entered into a Public-Private Partnership with a Section 21 Company called Inkezo Land Company. Inkezo is the creation of the South African Sugar Association (SASA), which aims to facilitate the sustainable redistribution of sugar-cane land in Kwazulu-Natal and ensure post-transfer support. Inkezo aims to facilitate the transfer of 78 000 hectares of land under sugar production by 2014, which will meet the government-set target of redistributing 30 per cent of land in the sugar-cane sector to black people (Inkezo, 2003).

1.2 PROBLEM ANALYSIS AND DESCRIPTION

The challenge of redistributing 837 044 hectares by 2014, in order to achieve the 30 per cent target of the ANC led government, faces the Provincial Land Reform Office. The performance of the past 11 years has shown that 303 956 hectares (Provincial Land Reform Office, 2007b:9) have been redistributed in the province of KwaZulu-Natal. This demonstrates that the current government-driven delivery mechanism will not realise the 30 per cent KwaZulu-Natal target. Therefore, alternative approaches to delivery must be investigated, formulated and implemented.

The New Public Management paradigm and the emergence of the new governance framework acknowledges the emergence of new hybrid forms of delivery “vehicles,” rather than the traditional bureaucracy. Within the new public management paradigm, new hybrid forms of delivery, known as “vehicles,” comprise: contracting out, privatization, agencification, partnerships with non-governmental organisations, community-based organisations, the private sector, and decentralisation (Minogue, 1998:17-35).

The New Governance paradigm refers to these new hybrid forms as “third parties” (Salamon 2002:5). Collectively, they form part of what has become known as “Alternative Service Delivery Mechanisms.”

Public-Private Partnerships (PPPs), as an Alternative Delivery Mechanism (ADM), are seen as a key delivery mechanism in South Africa. The National Treasury (2001:39-42) has provided a framework for their creation and implementation as a public service delivery mechanism. Kitchin (2003:212-218) and Lund (2004:73-75) have documented the opportunities for PPP at municipal and national government levels in South Africa; citing operational PPPs, such as the uThukela Water Partnership, Stellenbosch service level agreements with Health, the Cato Manor development project, Chapman’s Peak drive toll-road, as well as the Inkosi Albert Luthuli Hospital in Durban.

In 2004, the Provincial Land Reform Office: KwaZulu-Natal of the Department of Land Affairs entered into a PPP with a Section 21 Company called Inkezo Land Company. Inkezo is the creation of the South African Sugar Association, which aims to facilitate the redistribution of sugar-cane land in Kwazulu-Natal. This Company's objective is to facilitate the transfer of 78 000 hectares of land under sugar production by 2014, thus reaching the target of redistributing 30 per cent per cent of land in the sugar-cane sector to Black people (Inkezo, 2003).

Inkezo has a Chief Executive Officer, two Operational Managers and a Secretariat. Its structure is small in that its role is that of strategic facilitation between the Department of Land Affairs (land acquisition) and the service units of the sugar industry that provide post-transfer support. These service units, including the services of Canegrowers (which is a Section 21 company representing 47 000 cane-growers in South Africa), provide technical support to sugarcane farmers through its network of extension officers. In addition, the South African Sugar Research Institute provides tailor-made training programmes to emergent sugar farmers. The partnership with the Department of Land Affairs is one in which the DLA funds the land acquisition costs for the redistribution of land under sugar-cane, and Inkezo provides the expertise for project design, implementation and support services to the beneficiaries.

This thesis aims to evaluate the effectiveness of the partnership between Inkezo and the Provincial Land Reform Office: KwaZulu-Natal of the Department of Land Affairs as an alternative delivery mechanism and, more specifically, as a Public-Private Partnership. Effectiveness is defined as an increase in the rate of land redistribution, measured in hectares transferred, and the alignment of post-transfer support services for land reform beneficiaries in the sugar industry. The research aims to assess the applicability of the PLRO-Inkezo partnership model as an alternative service delivery mechanism for other agricultural commodity sectors in KwaZulu-Natal, and as a suitable alternative delivery mechanism for the Department of Land Affairs to achieve its objectives and targets for redistribution.

1.3 RESEARCH OBJECTIVES

This research aims to deal with the question whether the Public-Private Partnership delivery model, as implemented by the Provincial Land Reform Office and Inkezo Land Company partnership, provides a suitable mechanism for effective, sustainable land redistribution within the sugar industry in KwaZulu-Natal. The research further aims to recommend an alternative service-delivery mechanism to other agricultural commodity organisations in KwaZulu-Natal.

The primary objectives of the study are:

- to evaluate an existing PPP, the Inkezo Land Company and the PLRO, as to whether they are achieving their objectives; therefore, whether they provide an effective mechanism for land redistribution in KwaZulu-Natal;
- to recommend a suitable alternative service-delivery model for land redistribution within other agricultural sectors (timber, citrus, maize) in KwaZulu-Natal, and for the Department of Land Affairs, in general.

The secondary objectives of the study are:

- to analyse land redistribution delivery (transfers per hectares) to date in KwaZulu-Natal;
- to analyse the delivery mechanism/s to deliver land, which have dominated to date;
- to evaluate the public management responsibilities associated in a partnership of this nature.

1.4 RESEARCH METHODOLOGY

This research will use both primary and secondary data, and qualitative research methods.

1.4.1 Literature review

The literature review provides the contextualisation (both historical and current) of the land issue, and an analysis of land reform in South Africa, with a focus on land-redistribution delivery. The literature on land reform by Thwala (2003), May (1998), and Letsoalo (1987) focus on the history of dispossession. Hall (2003), Turner (2002), Lyne (2004) and Aliber (2003) review delivery patterns and have identified delivery challenges both in terms of the pace of delivery and post-settlement support. However, an emerging gap in the literature review is that of exploring alternative delivery mechanisms to achieve the desired targets and objectives.

By means of a literature review, a comparative analysis of the application of Alternative Delivery Mechanisms utilised in land reform in Brazil and the Philippines has been done, with the aim of assessing its usefulness for a South African context.

1.4.2 Data collection techniques

- Primary data collection was done by means of qualitative structured and semi-structured questionnaires administered to individuals within different stakeholder groups, i.e. land redistribution beneficiaries, Inkezo staff and DLA staff;
- A focused group session, with representatives of all the stakeholders, was held to confirm the findings of the individual interviews;
- Secondary data collection included: an understanding of applicable legislation, legal partnership agreements, minutes of various meetings, statistical information from the partnering organisations and correspondence between the two partnering organisations.

1.4.3 Interviews

- Three different questionnaires were administered: each stakeholder group received a specific questionnaire. Two questionnaires were semi-structured with open-

- **Inkezo Land Company: Interviews**

Semi-structured questionnaires were administered to the following employees of Inkezo Land Company: the Chief Executive Officer, Operations Manager, Technical Specialist and two staff members of the South African Canegrowers Association. The semi-structured questionnaires allowed the participants to elaborate on issues related to the Inkezo and PLRO relationship, and the structure and nature of support services to land redistribution beneficiaries.

- **Department of Land Affairs: Interviews**

Semi-structured questionnaires were administered to the following employees of the Department of Land Affairs: three Planners who are project managers of the Regional District Offices: Richards Bay, Pietermaritzburg and Port Shepstone. Therefore, nine questionnaires were administered to the staff associated with Inkezo projects. The nature of the questionnaire enabled the participants to elaborate on current delivery mechanisms and the PLRO-Inkezo partnership as an alternative.

- **Land Redistribution beneficiaries: Interviews**

Structured questionnaires were administered to 19 new landowners whom Inkezo had assisted. The emphasis of the questionnaire was on assessing the nature of supported services that Inkezo and different components of the South African Sugar Association provided. The selection of participants was based on a proportional representative sample who had benefited from land acquisition. A proportional representative sample of 50 per cent per cent were interviewed. The selection of participants from the proportional representative sample was based on random selection. The questionnaire administration and findings of the beneficiaries were done in conjunction with a similar research initiative of the University of KwaZulu-Natal and Inkezo (Chisoro *et al*, 2007).

1.4.4 Sampling technique

Purposive(?) sampling was utilised in identifying to whom (from Inkezo, the DLA and the beneficiaries) the questionnaire should be administered. The Inkezo staff interviewed worked directly within the parameters of the PPP. The DLA staff interviewed were identified on the basis of their association with Inkezo projects; and the beneficiaries identified were selected by a quota technique, using criteria relating to land transfer/-ownership that Inkezo facilitated, the geographical location, size of the project, and date of acquisition of the farm. Chisoro *et al* (2007) did the fieldwork of the beneficiaries.

1.4.5 Data analysis

Primary and secondary data were utilised for analysis purposes. The primary data findings from the three different questionnaires per stakeholder group: Inkezo staff, DLA staff and new land owners, were utilised in the qualitative analysis. The secondary data from the literature review and various statistical sources provided content to contextualise the research, and provided useful quantitative data to evaluate land reform delivery to date, so as to enable the necessary projections required to ensure that the 30 per cent per cent target is met.

1.5. STRUCTURE OF THE THESIS

The first chapter addresses the following questions. Why is there a need for such research? What is being researched? For what purposes? And how was the research conducted?

Chapter Two reflects on the history of land dispossession in South Africa and land-redistribution performance to date. This chapter furthermore defines government's land redistribution target , and quantifies what this target requires into hectares for KwaZulu-Natal. It argues that the delivery mechanism and approach that the Department of Land Affairs has pursued over the past eleven years has not enabled the previous initial target to be met, and cannot ensure that the 2014 target will be met.

Therefore, alternative service delivery mechanisms need to be explored to enable the 2014 target of land redistribution being met.

The concept of an Alternative Service Delivery Mechanism (ASDM) within the New Public Management and Good Governance frameworks is explored in chapter three. Public-Private Partnerships are described, followed by a comparative analysis of the application of Alternative Delivery Mechanisms in land reform in Brazil and the Philippines.

In chapter four, the emphasis is on the evaluation of the PLRO-Inkezo Partnership in terms of hectares transferred and post-transfer support services. This evaluation enables an assessment of the potential usefulness of the PLRO-Inkezo PPP model for other agriculture sectors in an attempt to achieve the land redistribution objectives and targets described in chapter five. The discussion concludes with recommendations.

CHAPTER TWO

THE CONTEXTUALISATION OF LAND REFORM IN SOUTH AFRICA

2.1 LAND DISPOSSESSION IN SOUTH AFRICA

“Land dispossession was a key feature of racism under the colonial rule and apartheid in South Africa. More than 3,5 million people were forcibly removed in the period 1960 to 1983 alone, through homeland consolidation, removals from ‘black spots’ and the land dispossession legislation. A result of this massive dispossession is the concentration of poverty in South Africa’s rural areas, where about 70 per cent of the population lives below the poverty line” (May,1998:9).

The dispossession of land can be traced back to as early as 1658;

“when Khoi were informed that they could no longer dwell to the west of the Salt and Liesbeck rivers, and in the 1800’s, when the first reserves were proclaimed by the British and the Boer governments” (Thwala, 2003:2).

Davenport and Hunt (1974) confirm this; they provided information on land transfers from the indigenous people of the Cape to white settlers during the early years of colonisation.

Whilst dispossession can be traced back to the early days of colonisation; the legislative process of systematic dispossession began in 1913 with the passing of the Native Land Act, No. 27 of 1913. The following legislation had an adverse impact on African land ownership and land use in South Africa:

- The Native Land Act, No.27 of 1913, which divided South Africa into areas where Black people could live (referred to as “reserves”): such areas totalled 7 per cent per cent of the country’s surface area ;

- The Native Administration Act, No.38 of 1927, which extended powers of the Governor-General to have authority to appoint native commissioners, chiefs and headmen as part of a control of access to, and utilisation of, land strategy;
- The Native Trust and Land Act No.16 of 1936 reinforced the policy of segregation by adding an additional 6,2 million hectares of land to the “reserves,” created in 1913, resulting in the size of “black land” increasing from seven to thirteen per cent;
- The Native Laws Amendment Act No.12 of 1937 prohibited Black people from buying land in urban areas;
- The Promotion of Bantu Self-Government Act, No 46 of 1959, allowed for the black reserves that were created to become self-governing, therefore granting political rights to black people in their own homelands.

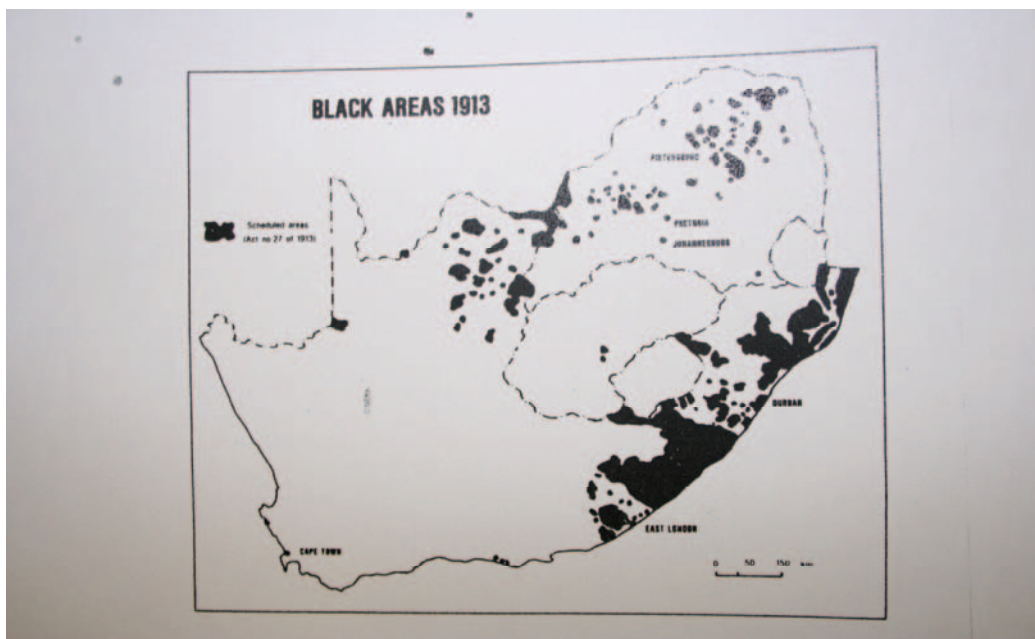
The Native Land Act of 1913 restricted the area of land for lawful African occupation to only seven per cent per cent of the total land in South Africa, which translated into 8,98 million hectares throughout South Africa, and 2 610 000 hectares in KwaZulu-Natal (Surplus People Project, 1983:29). Whilst the Native Land Act was primarily a legislative instrument for the territorial segregation of people according to race, it also served as an instrument to increase the pool of cheap black labour and, importantly, restricted access to land for black people. Furthermore, this restriction of access to land resulted in the reduction of competition from African peasant farmers in the emerging formal economy of the time (Hartley & Fotheringham, 1999:14). Letsoalo (1987:36) confirms that the implementation of the Native Land Act was an attempt to reduce competition from peasant producers in that it denied them their ability to participate in the economy of the country and, therefore, any economic and social benefits from economic participation.

During the period 1913 to 1948, the establishment of native reserves further restricted Africans' access to land . The Native Administration Act, No.38 of 1927, resulted in the structure of the tribal system being modified, to allow for the government's appointment of a Supreme Chief or Native Commissioner, who had the authority to appoint native commissioners, chiefs, headman and define the boundaries for chiefdoms (Davenport, 1991:266).

The Native Trust and Land Act of 1936 led to the establishment of a South African Native Trust (SANT), which was responsible for the purchase and administration of all African reserve areas. The SANT began a process of controlling livestock numbers by dividing arable land, and implementing a programme of agricultural-residential planning (referred to as “betterment planning”). The result of the implementation of the Native Trust and Land Act of 1936 was the systematic marginalisation of black people from access to land and its economic advantages, and the nationalisation of all land, in which Africans were settled (De Klerk, 1983:55). The growth in the black population increased the pressure on land for agricultural and settlement purposes, resulting in acute shortages. “Squatter”/Informal settlements were on the increase, and the lack of access to land for household food production led to increasing poverty levels (Hartley & Fotheringham, 1999:16).

The map below provides a spatial perspective of the land set aside for black people’s occupation. It is evident that these “reserves” were fragmented, and often located in the most inhospitable, and non-arable parts of South Africa.

Map 1: “Native Reserves” set aside in terms of the 1936 Native Trust and Land Act



Source: Letsoalo. E, 1987:36.

In 1948, the coming to power of the National Party government started an intense social engineering process, referred to as Apartheid (separate development). Although the process of segregation according to race had already been instituted before 1948, the black reserves were not differentiated on a tribal basis. However, the doctrine of apartheid witnessed the emergence of legislation that started to divide the black people according to tribal affinity and located them within defined tribal “homelands” (Letsoalo, 1987:43).

A key feature of the Apartheid programme was the objective of moving the mobile urban black population away from its urban base, back into the rural areas, which were under tribal control (Cross & Haines, 1988:86).

The National Party government introduced the Group Areas Act of 1950 and signalled the state’s intent to move towards the complete segregation of urban areas. Over time, the spatial segregation of residential areas according to race resulted in a full transformation of urban land distribution, with Blacks, Indians and Coloureds forced to move to new group areas further away from the city centres.

The Promotion of Bantu Self-Government Act of 1959 abolished the Africans’ parliamentary representation and led to the creation of nine “homeland” areas for eight ethnically defined black groups. The Homelands Constitution Act of 1971 and the Constitutional Act of 1983 provided for black citizenship and “independence” for the black homelands. The homelands needed geographic consolidation, which, in turn, resulted in the re-location or forced removals of persons. Since 1960, over a million black people have been removed from white farms following the strict application of laws against squatting and labour tenancy (Gilliomme, 1985:50). In addition, between 1948 and 1976, 258 632 Blacks were removed from “black spots” and resettled in the homelands (Letsoalo, 1987:48). “Black spots” being the term used to describe areas within white demarcated areas, in which black people were residing illegally.

By 1994, the decades of legislative dispossession resulted in a racially skewed land ownership and tenure pattern. In terms of the 1995 population statistics, South Africa’s

population was 41 million, of which 31 million (76 per cent per cent) were black (Central Statistical Services, 1995).

These statistics indicate that 76 per cent per cent of the population were confined to 13 per cent per cent of the land with varying forms of tenure, while 87 per cent per cent of the land was in the hands of some 66 000 white farmers and the state (Thwala, 2003:10).

According to Egero (1991:18) the level of dispossession in KwaZulu-Natal resulted in

“a quarter of the rural households having no access to land and 16% had neither land nor livestock.”

A study that the Land and Agricultural Policy Centre (LAPC) conducted in 1996 attempted to provide an estimate of the actual demand for agricultural land in South Africa. From the table below, it is evident that the need for land in KwaZulu- Natal was real, and had to be addressed immediately.

Table 1: The demand for land in South Africa

Province	No. of households (millions)	Mean household size	Percentage of householders who need land
1. Eastern Cape	1.106	5.3	70.3 per cent
2. Free State	0.618	4.0	50.0 per cent
3. Gauteng	1.887	3.8	76.0 per cent
4. KwaZulu-Natal	1.237	6.2	78.3 per cent
5. Mpumalanga	0.563	4.7	68.0 per cent
6. Northern Cape	0.213	3.5	40.0 per cent
7. Northern Province	0.764	5.4	72.4 per cent
8. North-West	0.879	3.9	40.1 per cent
9. Western Cape	1.0956	3.9	74.5 per cent
National	7.887	4.8	67.7 per cent

Source : LAPC Land Reform Research Programme, 1996 cited in DLA,1998.

2.2 NEGOTIATIONS, COMPROMISE AND THE DOMINANT PARADIGMS

Given the enormous disparities that had arisen, it might have been expected that the newly elected African National Congress (ANC) government would introduce a radical land-reform programme upon taking office in 1994. However, the ANC government faced two challenges: Firstly, it needed to fulfil its 1955 Freedom Charter promise to reverse the sectoral landscape, which had put 87 per cent per cent of the land into the ownership of 60 000 white commercial farmers, with only 13 per cent per cent remaining for black people.

Secondly, it had to ensure that, whilst it transformed the rural landscape, there was food security, it maintained an investor-friendly environment, continued to promote economic growth, and implemented programmes in a manner that fostered national reconciliation (Thwala, 2003:10).

The ANC led government committed itself to the above-mentioned goal in the Reconstruction and Development Programme, in which it advocated that the issues of land redistribution were vital, and would be a central driving force in the rural development programme (Kariuki & Van der Walt, 2000:2). The redistribution of land was essential to address the unequal land ownership and, in so doing, provide access to economic opportunities previously denied.

However, the following additional factors significantly influenced the negotiation process leading to the transition to democracy:

- the State was in crisis and had lost its legitimacy, the economy was suffering from sanctions and economic growth was minimal;
- an awareness emerged within the ruling Afrikaner elite that a change in government was essential for South Africa's economic survival;
- the successes of some Asian countries, which had developed a model of government that included a mixture of government intervention and free market policies, that led to economic growth;

- the Sub-Sahara and Latin America that were characterised by increasing international debt, and the limited success of donor-aided programmes directed to poverty alleviation;
- the collapse of Eastern Europe and the end of the cold war produced a situation in which capitalism as an economic system, and democracy as a form of governance, had no dominant conceptual rival in the world economic system (Hulme & Turner, 1997:225-227).

The above-mentioned factors led to the dominance of the neo-liberal ideology in which an economic market-led approach to development that international donor institutions advocated. The growth-centred approach to development, as represented by the World Bank and International Monetary Fund (IMF), became the mainstream economic approach, favouring a liberalised or “open” market economy, globalisation (participation in the world economic system), removal of trade barriers and the reduction of governments’ power and influence (Thwala, 2003; Kariuki & van der Walt, 2000). The growth-centred approach is premised on Rostow’s (1990) theory of the five stages of economic growth, which proposes that economic growth will ultimately lead to a reduction in poverty through a “trickle-down” approach.

However, from 1994 to date, South Africa has adopted an approach with elements of social democratic ideology and neo-liberalism, with a shifting focus and priorities. Different power blocs, and shifts in the dominance of power blocs, with a resultant dominance in ideologies coinciding with the ideology of the dominant power bloc, have characterized the South African state.

Initially, a social democratic ideology was dominant, focusing on moral regeneration and the “rights” of citizens to basic needs being met through the state provision of services to address “rights,” and a focus on maintaining a balance in respect of individual interests and those of the community. At an economic level, the state attempted to maintain a balance between the imperatives of neo-liberal, free market capitalism and the imperatives of intervention of the state in the market economy. The South African state accepted that capitalism is required to generate wealth, but maintained a strong desire to distribute that wealth more equitably in accordance with

moral, rather than market principles (Heywood, 1997:95). The Reconstruction and Development Programme (RDP) and the Growth, Employment and Redistribution (GEAR) Programme are manifestations of these ideologies.

In terms of land reform, the international context, which the neo-liberal world order reinforced, narrowed the space for radical reforms. This dominant neo-liberal ideology, coupled with the power of multi-national corporations, weighed towards the ANC's neo-liberal position on aspects of the land question (Karuiiki & Van der Walt, 2000:2), especially because of the importance of the security of private property rights in the capitalist ethos.

Two distinct approaches to the land reform programme emerged from the South African negotiations of the early 1990s. The Land Restitution and Tenure Reform Programmes, based on a social democratic approach in which restoration of title to those who had lost title and the provision of security of tenure, are viewed as fundamental rights - even constitutionally enshrined. Land Redistribution, however, is seen within a market-led, neo-liberal approach in keeping with the World Bank and International Monetary Fund's (IMF) approach in the 1990s to the developing world of linking donor-aid programmes to trade liberalisation, public sector restructuring and the outcomes-based intervention programmes (Roberts, 2004:623-631).

2.3 THE SOUTH AFRICAN CONSTITUTION OF 1996 AND LAND REFORM POLICY

The negotiations resulted in an agreement on a constitutionally mandated process for the land reform programme. The Constitution of The Republic of South Africa, Act No. 108 of 1996, requires the state to provide a legal framework for the implementation of a land reform programme that enables citizens to have access to land as stated in Section 25.

“The state must take reasonable legislative and other measures, within its available resources, to foster conditions which enable citizens to gain

access to land on an equitable basis” (Republic of South Africa, 1996: Section 25 (5).12).

The Constitution further requires the state to enact legislation that provides tenure security to those who are vulnerable.

“A person or community whose tenure of land is legally insecure as a result of past racially discriminatory laws or practices is entitled, to the extent provided by an Act of parliament, either to tenure which is legally secure or to comparable redress” (Republic of South Africa, 1996: Section 25(6).12).

In relation to people and communities who had been dispossessed of their land due to previous state legislation, the Constitution requires the following:

“A person or community dispossessed of property after 1913 as a result of past discriminatory laws or practices is entitled, to the extent provided by an Act of Parliament, either to restitution of that property or to equitable redress” (Republic of South Africa, 1996: Section 25(7).12).

The Constitution also entrenches the protection of individual property rights in terms of Section 25(1),(2),(3) and (4). Section 25(1) states:

“No one may be deprived of property except in terms of law of general application, and no law may permit arbitrary deprivation of property” (Republic of South Africa, 1996: Section 25(1).11).

In adherence to the above Constitutional imperatives, South Africa’s land reform policy has three distinctive components. Firstly, it has a Land Restitution Programme, which aims to restore land or to provide alternative compensation to those who were dispossessed as a result of racially discriminatory laws and practice since 1913. Secondly, a Tenure Reform Programme that aims to secure rights of people living

under insecure arrangements, such as on land owned by others, including the state and private landowners.

Thirdly, the Redistribution Programme, which is the focus of this thesis, was created to broaden the access to land amongst the black majority and, in so doing, address the racially skewed pattern of land ownership (Department of Land Affairs, 1997b).

The specific objectives and approach of the Redistribution Programme, as set out in the White Paper on South African Land Reform Policy, is as follows:

“the purpose of the land redistribution programme is to provide the poor with land for residential and productive uses, in order to improve their income and quality of life. Redistribution of land will be largely based on willing-buyer willing-seller arrangements where 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 processes” (Department of Land Affairs, 1997b:38).

The dominance of the neo-liberalist approach, in relation to land redistribution, is evident in both the legislative and policy frameworks. The principle of willing-buyer willing-seller was advocated and would limit the state in pursuing alternative approaches to redistribution that potentially could have increased the pace of delivery.

2.4 EVALUATING THE FIRST 12 YEARS OF DELIVERY: EXTENT OF DELIVERY

The Department of Land Affairs emerged from the new dispensation with the mandate of being responsible for the implementation of the Land Reform Programme. The South African government's Land Reform Programme is generally described as having three legs: Restitution, Tenure Reform and Redistribution. The Department of Land Affairs has adopted the following organisational structure to implement the programmes of the above three legs:

- Restitution: The Commission on Land Rights is an independent structure, that the Restitution Act, No of 22 of 1995, created. The structure comprises a Chief Land Claims Commissioner, with the support of Regional Land Claims Commissioners in each of the Provinces.
- A national government department, referred to as the Department of Land Affairs that has a centralised structure in policy making and management, implements the Land Redistribution and Tenure Reform. To some extent, the implemented land reform has been decentralised with the appropriate powers and functions to Provincial and District level. The Branch: Land and Tenure Reform comprises nine Provincial Land Reform Offices (PLRO) that are responsible for the implementation of redistribution and tenure legislation and associated policies. The responsibility of redistributing 30 per cent per cent of white-owned agricultural land for agricultural development by 2014 is located with this Branch, and is a performance output of each of the nine Provincial Land Reform Offices.

The mechanisms for land reform delivery, which were put in place in 1995, were within the context of the policy and the institutional framework of rural development that South Africa's post apartheid government had inherited.

“This was highly centralized, fragmented and provider-driven” (Danida, 1999:6).

Initially, decision-making was centralised in sector departments at a national level, with the Provinces and Homelands defining the needs. There were limited policy and planning frameworks for co-ordinating development or service delivery, both at central and even local levels (Danida, 1999).

Within this context, many government departments adopted an application-based system to service and resource delivery. The implementation of the redistribution programme was modelled similarly on an applicant-driven, market-based approach, using the Provision of Certain Land for Settlement Act, No. 126 of 1993, as the legal instrument. The Act was later amended in 1998 and is known as the Provision of Land

and Assistance Act, No.126 of 1993. A grant system was designed to assist beneficiaries to purchase land from willing sellers for settlement and production purposes.

The financial grant, known as the Settlement and Land Acquisition Grant (SLAG), was set at R15 000, mainly to conform to the already existing housing subsidy. In 1998, the SLAG was increased to R16 000 (Department of Land Affairs, 2005:30). Landless people, and those with a need for land, were able and encouraged to group themselves and pool their grants to acquire farms by using this funding instrument. The qualitative impact of “groups” of people becoming communal owners of land will be addressed in the next sub-section.

The African National Congress-led government committed the Department of Land Affairs to redistribute 30 per cent per cent of agricultural land within the first five years of democracy (1994-1999) using the SLAG as the primary instrument for delivery, and the nine Provincial Land Reform Offices as implementing agents. The performance of the Department of Land Affairs to achieve the above target has been limited. Within the first five years (1994-1998), the Department of Land Affairs (2003:23) has facilitated the transfer of 492 391 hectares of land to 34 434 beneficiaries.

Table 2: Land Redistribution per year, 1994-1998

Year	Total Hectares	Total Beneficiaries
1994	71 656	1 004
1995	11 629	1 819
1996	60 120	5 806
1997	123 135	10 259
1998	225 851	15 546
TOTAL	492 391	34 434

Source: Department of Land Affairs, 2007a.

The Department of Land Affairs were not able to achieve the target set, being 25 million hectares. The following are some of the reasons that may be attributed to the slow pace of land delivery:

- land reform was a new government programme, with policies, programmes and products still in a developmental phase;
- the capacity of government human resources assigned to land redistribution was limited;
- the centralised organisational structure that did not facilitate speedy decision-making in respect of project approvals;
- the programme was demand-driven, with the Department having to respond to applications, rather than embarking on pro-active redistribution.

The general election of 1999 was followed by the appointment of a new Minister for Agriculture and Land Affairs, Ms Thoko Didiza, who issued a policy statement in February 2000 in which she called for a

“revised redistribution programme (recognizing different categories of needs and therefore the need for different instruments to address the various needs) that would include grants for aspiring commercial farmers, food safety-net grants for the rural poor, settlement grants for both the urban and rural poor to access land for settlement, and a revised commonage grant that would be available to both municipalities and tribal authorities” (Jacobs et al, 2003:4).

In August 2001, the redistribution programme’s new sub-programme, known as Land Redistribution for Agricultural Development (LRAD), was launched. This programme had a revised, more flexible funding instrument that enabled individuals to access a grant ranging from R20 000 to R100000, depending on one’s own contribution.

The LRAD programme differed from the previous SLAG in a number of ways:

- grants under LRAD were now available to individuals rather than households, resulting in a significant increase in funding since each adult in a household could apply;
- implementation of the programme was decentralised from the PLRO to the District Offices of land reform;
- the LRAD grant could be accessed through acquisition of land, and long-term leases (over 10-year leases);
- the programme expanded its target grouping to include pro-poor persons (food safety-net projects), equity schemes, persons practising agriculture in communal areas, and commercial Black farmers (Department of Land Affairs, 2001).

The development of the LRAD programme represented the government's recognition of the importance of encouraging and supporting economically viable and sustainable land redistribution, i.e. commercial, rather than subsistence agriculture. The launch of the LRAD programme now set the redistribution target at 30 per cent per cent of agricultural land from white landowners to be redistributed to Black (African, Indian and Coloured) South Africans by 2014. This translated into 24 662 871 hectares to be transferred by 2014; the annual target being 1 644 191 hectares.

Table 3: Land Redistribution per year, 1999-2005

Year	Total Hectares	Total Beneficiaries
1999	244 520	28 210
2000	227 095	30 160
2001	111 291	18 536
2002	203 567	12 216
2003	182 964	13 345
2004	167 151	12 397
2005	89 383	9 887

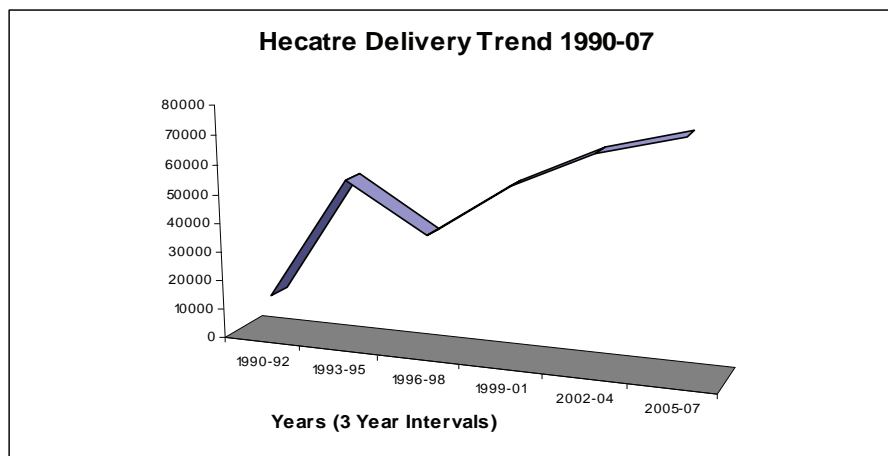
Source: Department of Land Affairs, 2007a.

The Department of Land Affairs also entered into an agency agreement with the Land Bank of South Africa in an attempt to find additional platforms for the delivery of the LRAD sub-programme. Through this agreement, the Land Bank transferred 199 384 hectares to 4 655 beneficiaries during the period, August 2001 to August 2003 (Department of Land Affairs, 2005:33). However, from the above table it is evident that the Department of Land Affairs was unable to achieve the land delivery target of 1,6 million hectares annually in order to meet the 30 per cent per cent target by 2014.

A review of the entire period of delivery from 1994 to 2005 indicates that the Department of Land Affairs (2005) was able to redistribute 3,5 million hectares . In terms of the latest delivery records, the Department has indicated that it has redistributed 4 per cent per cent of 25,5 million hectares in the last 12 years of Democracy (Department of Land Affairs, 2007c:3).

In KwaZulu-Natal, the Provincial Land Reform Office (KwaZulu-Natal, 2007a) has delivered 313 086 hectares over the past 12 years, representing a mere 14 per cent per cent of a target of 1 240 000 hectares of white-owned agricultural land. This means that the Provincial Land Reform Office would need to transfer 115 864.25 hectares annually in order to achieve the 30 per cent per cent target in the Province by 2014. However, graph 1 below indicates that, at best, the PLRO has delivered a maximum of 78 475 hectares between 2005 and 2007 (Provincial Land Reform Office: KwaZulu-Natal, 2007a).

Graph 1: Land delivery from 1990 to April 2007



Source: Provincial Land Reform Office: KwaZulu-Natal, 2007a.

2.5 EVALUATING THE FIRST 12 YEARS OF DELIVERY: QUALITY OF DELIVERY

The White Paper on Land Reform Policy (Department of Land Affairs, 1997b) makes a distinction between the redistribution of land and the provision of support services to land-reform beneficiaries. The new Strategic Framework (Department of Land Affairs, 2006b) and its annual strategic plans confirm the view that its mandate is limited to the acquisition of land and the provision of tenure security. The Department has always maintained that post-transfer support lies outside its mandate, and is essentially the function of the Department of Agriculture and other agencies, such as the Land Bank and the National Development Agency (Department of Land Affairs, 1998).

The “first phase” (1994-1998) of land reform occurred within a context where local government was still in a developmental phase. Local government structures and the provision of development support and services were fragmented. The former urban areas, known as Transitional Local Councils, provided support to people in the urban areas, whilst rural development was left to the former Development and Services Boards.

As noted in 2.4, the land redistribution delivery mechanism was grant-based and limited to R15 000 per household. This encouraged large groups to “band together” so as to make up the price of the land, often in larger number than the land could sustain.” (?) (Danida, 1999:15). Most of the grant funding was absorbed in the land purchase, with little remaining for land development (infrastructure and/or agricultural development).

The Departmental Mid-Term Review Report (Department of Land Affairs, 1997a) provided early indications into the modes of agricultural production being practised by two-thirds of the people to whom land had been transferred. The report also identified the nature of post-transfer agricultural support that these beneficiaries required.

These may be summarised in the following manner:

- **Extension services:** The new landowner/farmer needed farming advice on a frequent basis. The nature of support ranged from crop production techniques, to the care of livestock.
- **Skills development and capacity building:** The new farmer required training in respect of the commodities that were being produced. However, this support includes business management training, and mentorship training aimed at skills transfer.
- **Financial support:** Given that most of the grant was used for the purchase of land, credit for operational costs of farming was required.
- **Basic services support:** many communities had both a need for settlement and production. Therefore, in addition to production support, the new landowners required access to water, sanitation and internal - roads on the farms.
- **Agricultural infrastructure:** Bulk on-farm infrastructures, such as irrigation and fencing, was required since many of the farms that were acquired in the “first phase” were marginal farms with run-down infrastructures, such as fencing.
- **Marketing of produce:** Securing local markets, in partnership with commodity organizations, was needed for support.

During this first phase, there was limited support for the land reform beneficiaries. The Danida Report (1999:7) raised concerns in relation to weaknesses in the lack of attention to post-transfer support, failure to leverage resources adequately from other government departments, and questioned the economic and environmental sustainability of redistribution projects. As early as 1997, as part of the Mid-Term Review and Final Review of the Land Reform Pilot Project, the absence of a comprehensive post-transfer policy, especially in relation to agricultural support, was identified.

In August 2001, the Department of Land Affairs responded to the lack of farmer development and support by introducing the Land Redistribution for Agricultural Development Grant (LRAD), in order to target and support small-scale farmers. The National Minister for the Department of Land Affairs and Department of Agriculture, being a minister of both departments, ensured that the LRAD programme was a

joint/partnership between the two departments, whilst implementing their functional responsibilities and ensuring post-transfer agricultural support to ensure sustainable redistribution projects.

With greater flexibility in the grant (ranging from R20 000 to R100 000), and being individual-based, it was expected that the LRAD grant would allow for adequate funding for post-transfer infrastructure. In the implementation of the LRAD Programme, the associated support relating to extension services, mentoring, training and marketing support was assigned to the Provincial Departments of Agriculture. However, the “LRAD farmer” continued to face the following challenges:

- **Fragmented financial support:** Financial support, either in the form of grants or loans, was located in different institutions. This frustrated potential farmers who had to follow different administrative processes to secure finances. In KwaZulu-Natal, funding for agricultural development is located in the Department of Land Affairs, Provincial Department of Agriculture, Land Bank, Ithala Development Corporation, National Development Agency, and private financial institutions.
- **Extension support:** Extension support comprised extension officers’ dissemination of information to farmers (Anderson & Feder, 2003:3). Extension support, however, varied across Provinces. The extension support services that were available to large-scale white farmers consisted of the support of highly qualified officials with access to appropriate research services. In the former homeland areas, the extension services focused on smaller food-security projects. In KwaZulu-Natal, senior officials in the Department of Agricultural and Environmental Affairs acknowledge that extension officers are not appropriately skilled, and lack commodity focus in order to provide effective support services to African commercial farmers (Interview: Carlos Boldough-Chief Operations Officer of the Department of Agriculture and Environmental Affairs: May 2007).
- **Access to markets:** Land reform is occurring in a context of increasing farmer subsidy of up to 15 per cent per cent in the developed world, with an increasing move to deregulation of the agricultural sector in South Africa (Department of Agriculture, 2007:12). Market access can either be to formal or informal local markets, agreements with major chain stores, commodity organisations, and

international buyers. In KwaZulu-Natal, there has been limited market support from Provincial government departments and public entities charged with this responsibility. Land reform beneficiaries in some commodities, such as the sugar industry, have however secured cane supply agreements with the major millers.

- **Training, mentorship and management:** The training programmes of agricultural colleges have often been structured in a manner that has targeted school graduates, and commercial farmers who often have had some formal agricultural qualification. Many new land reform farmers have low levels of formal qualifications and lower literacy levels. To a large extent, the design of training programmes has not responded to these challenges. In KwaZulu-Natal, the mentorship programme of the Department of Agriculture and Environmental Affairs has realised some successes. However, as more commercial farms emerge, there is a greater need for farm management support rather than mere mentorship.

The challenges in addressing pre- and –post-transfer support to emerging farmers culminated in 2004, when the Minister of Agriculture and Land Affairs announced a R210 million funding allocated for the rollout of the Comprehensive Agricultural Support Programme (CASP), specifically targeting support to land reform beneficiaries. The aim of CASP was to enhance the provision of support services to beneficiaries of land and agrarian reform in order to promote and facilitate agricultural development (Department of Agriculture, 2007).

However, research into post-settlement support indicates that real challenges remain. A report by Maseko Hlwonga & Associates, entitled a Land Reform Framework for Kwazulu-Natal: Status Quo Report, confirms that no specific institutions are responsible for the co-ordination of post-transfer support, and that little has been forthcoming in terms of financial assistance to beneficiaries of redistribution in Kwazulu-Natal (Maseko, 2005:48).

The most recent review of post-settlement support, with specific focus on the CASP programme, revealed that the state's limitations to provide effective support services continue to exist:

- inadequate extension and inadequate advisory capacity of the Department of Agriculture;
- fragmented service delivery within departments (particularly within the Department of Agriculture);
- problematic coordination and integration between spheres of government;
- the lack of coordination with stakeholders outside government, resulting in a great deal of capacity and expertise being excluded from state programmes (Department of Agriculture, 2007:9).

Within this context, there is increasing debate on alternative delivery mechanisms to scale up the pace of land redistribution and improve the quality and sustainability of projects. The Minister of Agriculture and Land Affairs has acknowledged the need for alternative agents of delivery; on 18 May 2007, in her Budget Vote Speech, she referred to the creation of a Special Purpose Vehicle to accelerate the pace of land redistribution (Ministry of Agriculture and Land Affairs, 2007:12). Equally important is the realisation that the state has serious limitations, both in capacity and expertise, to provide pre- and post-transfer settlement support to the new emergent and commercial black farmers. Chapter four of this thesis evaluates the ability and the effectiveness of the Inkezo Land Company as an alternative delivery mechanism to increase the pace of land redistribution and, at the same time, providing effective support services to sugar-cane farmers.

Land redistribution, in terms of the hectares of land transferred, has failed to achieve the initial target set by government; therefore the target date was set at a later date. An attempt to predict whether the 2014 target of 30 per cent of per cent land transfers will be achieved within the current delivery mechanisms, based on the rate of land delivery to date, current resources and departmental organisation, indicates that it is highly probable that the target will not be met by 2014.

In addition, existing land redistribution projects have been fraught with post-settlement support challenges, which question the sustainability and whether or not land redistribution objectives in rural development are met. Within this context, this thesis argues that there is a need for seriously evaluating alternative service delivery mechanisms in order to provide options and alternatives that could enable land

redistribution targets to be met, for sustainable land redistribution, and achieve its rural development objectives. Currently, in KwaZulu-Natal, there is one PPP, with Inkezo Land Company, which has been operationalised and provides a useful case study to assess whether it is a suitable vehicle for land redistribution in general, and for application in other commodity sectors in particular.

CHAPTER THREE

NEW PUBLIC MANAGEMENT: ALTERNATIVE DELIVERY MECHANISMS AND LAND REFORM

The previous chapter demonstrated that the Department of Land Affairs has been unable to redistribute land at a pace that will ensure that 25 million hectares will be transferred by 2014. At a qualitative level, the chapter noted that agricultural support services to land reform beneficiaries are fragmented, unco-ordinated, and that appropriate functional responsibility is located in different state institutions. In summary, the state, as represented by the Department of Land Affairs, has failed to deliver at the scale, and has been unable to harness the necessary agricultural support services for land reform beneficiaries.

Given the above context, chapter three reviews alternative delivery mechanisms in the public service. Furthermore, this chapter provides a context for public sector reforms that have given rise to Alternative Delivery Mechanisms (ADM) and focuses on the following areas:

- public service reform with a focus on New Public Management;
- alternative delivery mechanisms arising from the New Public Management Paradigm;
- a definition and contextualisation of Public-Private Partnerships;
- a comparative analysis of alternative delivery mechanisms in land reform in Brazil and the Philippines.

3.1 PUBLIC SERVICE REFORM WITH A FOCUS ON NEW PUBLIC MANAGEMENT

“Public service reform never goes out of style. Inevitably, public service reform is highly complicated and emotional. It is bound up with ideology

and values, not just with techniques and processes, and includes not mere detail but key societal issues” (Caiden & Sudaram, 2004:373).

The mid-1980s and 1990s can be viewed as an intense period of international public service reform with various assessments of the suitability for the effectiveness and efficiency of public sector services and goods by the traditional Weberian model of government and bureaucracies. The Weberian bureaucracy approach was criticized as being slow, ineffective, inefficient, not cost-effective and unresponsive. During the mid-1980s and 1990s the neo-liberal ideology dominated the development arena. Capitalism was the dominant economic system, and the democratic form of governance had no significant rival (Hulme & Turner, 1997:226). A new model of public sector management, referred to as the New Public Management (NPM), emerged in many developed and developing countries as a suitable model for public sector reform and management (Hughes, 1998:2). As a public sector management approach or model, the World Bank and other donor agencies encouraged New Public Management. These international agencies linked donor aid to good governance, the development of strong central capacity for policy co-ordination, and the development of highly skilled staff to increase efficiency levels (Hughes, 1998: 218-219).

3.1.1 Definition of the New Public Management

Various academics in the field of public management have provided descriptions of the various innovations/changes that came to be described as new public management. Batley & Larbi (2004:1) defined new public management as follows:

“New public management can be defined as a set of particular management approaches and techniques, borrowed mainly from the private for profit sector(?) and applied to the public sector.” ...private sector for profit???

What is noteworthy from the above definition is the focus on the application of the private sector and market-related principles to the public service, with the aim of increasing the efficiency and effectiveness of the public service.

3.1.2 Reasons for the emergence of the New Public Management

Various academics have provided reasons for the emergence of the new public management. However, Minogue (1998:19-20) provides a structured set of reasons, under the term “pressures,” as follows:

- **Finance:** The period 1980-1990 witnessed a decline in the world economy, whilst government expenditure continued to rise in the developed countries. This created the perception that government was too big and too expensive. Therefore, a key element of the public management reform reflects aspects, such as down-sizing, performance contracts and other cost-cutting measures. Cuts to government spending became a common phenomenon, especially in European countries.
- **Quality:** In most countries, especially in the developed world, consumers increasingly requested quality services from government. Democratic governments, including South Africa, began advocating a people-centred development approach where citizens participate in planning processes to determine and prioritise their needs. Currently, this need for effective and quality services is reflected in the tensions between some South African municipalities and their citizens, where demonstrations have occurred in protest of the non-delivery of certain services, especially in relation to the need for shelter (Johnson, 2005).
- **Ideology:** Essentially, the neo-liberal ideology provided an ideological framework for improvements to the scope of government work, and the reduction of size. This dominant ideology called for a minimalist role of the state, and advocated private sector principles to become applicable in public sector practices. The minimalist state approach has led to practices, such as privatization, agencification, public entities and contracting-out of essential services. The United Kingdom, New Zealand and Australia have high levels of privatization (Minogue, 1998:19-20).

3.1.3 Theories of the New Public Management

The traditional theories of government programmes and interventions are that public goods and services should be distributed through public institutions that are organised in a hierarchical bureaucratic organisation. The assumption was that government, being neutral and impersonal, would be able to implement programmes to address the needs of the majority. The implementation of the land reform programme in South Africa has been predominately within this paradigm, although it appears to be changing. The traditional theories of hierarchical bureaucratic organisation have been questioned and a number of theories have emerged to challenge the traditional role of government. Batley & Larbi (2004:35-38) provide a description of the various theories that arose during this period, as follows:

- **Public Choice Theory:** Central to the Public Choice Theory's criticism of the traditional theories is that the reward system in the public sector does not promote effective performance management, that is the delivery of goods and services. Therefore, this theory proposes that bureaucrats have no incentive to manage operational costs effectively. Bureaucrats are seen to be self-serving, focusing on actions to sustain themselves and their personal interests. The Public Choice Theory provided the framework for public sector innovations, such as contracting out, privatization, planning and performance management systems (Batley & Larbi, 2004);
- **New Institutionalism:** The New Institutionalism approach calls for a focus on the co-ordination of goals and aims of an organisation in a manner that it addresses individual needs, rather than focusing on the specific needs of individuals. The processes of strategic planning and alignment between organisational and individual performances are products of the above theory (Batley & Larbi, 2004).
- **Principal-Agent:** The Principal-Agent theory examines the relations between the principal client or citizen and the agent, the state, or any other organisation that provides the service. This approach assumes that economic interests govern all players. The challenge is: how does the principal manage his/her self-interests to

ensure that there is effective delivery of a service? Batley & Larbi (2004:35) note that the principal-agent problem lies in the bureaucratic form of administration with its long, bureaucratic hierarchical structures. In this case, the agent has limited contact with its principals, resulting in delays in responding to changing needs (Batley & Larbi, 2004).

- **Transaction Cost:** The transaction Cost theory examines the relationship between different organisations in the market, and the internal hierarchical relations in an organisation. The transaction costs of a service determine whether a particular service will be contracted out, or performed internally. Where transaction costs are high, government often chooses to provide the service. Contracting out has become a popular option under NPM, especially in developed countries. However, the basis for effective management of complex contracting relationships is one in which there is trust, a strong legal framework, and skilled project management and legal personnel (Batley & Larbi, 2004).

- **Property Rights:** The Property Rights theory proposes that public sector organisations should incorporate elements of ownership and reward practices that exist in private organisations. In private organisations, employees have incentives to ensure that the organisation performs effectively. For example, employees are shareholders, receive bonuses and pay increases (Batley & Larbi, 2004). Some elements of this approach are utilised in the South African public service, especially amongst senior managers where performance contracts, salary levels and rewards are similar to those in the private sector.

3.1.4 The Experience in Developing Countries

Upon gaining independence from the colonial powers, the majority of developing countries adopted the traditional model of public administration both during and immediately following independence. In the bureaucracy, hierarchies were the norm, and employment in government was viewed as a career of a lifetime that was well-paid, even in the poorest of countries. Along with these bureaucratic structures, most developing countries also adopted the principle of a strong state sector in the

economy, within the ideals of socialism and Marxism (Hughes, 1998:206). It was thought that the fastest way of achieving economic growth was through government ownership of enterprises and government intervention in the economy. Therefore, governments played a major role in economic activity, but lacked the skills and competency to be effective players in the economy (Hughes, 1998:206).

However in recent decades developing countries have changed their attitude towards the public sector. Especially the International Monetary Fund (IMF) and World Bank (that have linked donor assistance to the lowering of trade barriers, cutting of subsidies, privatisation of state-owned enterprises, and minimising of state intervention in the economy) have forced developing countries into structural changes.

Batley & Larbi (2004:38) argue that, despite the economic theories and reasons advocated above, public sector reform measures in developing countries have been instituted for more pragmatic reasons. The most dominant reason for change in these countries has been due to their economic and fiscal crises. The high level of debt has resulted in the inability to effect reforms for addressing social programmes, such as poverty alleviation, health care, education and shelter.

Rugumyamheto (2004:437-446) notes that public sector reform in Tanzania is characterised by:

- streamlining the public service at all levels, resulting in the reduction of Ministries and Departments;
- reduction in the number of public servants as employees;
- restructuring and decentralisation to improve service delivery.

Rugumyamheto (2004) concludes that, despite the vast injection of finances into these reforms, questions are being asked as to the impact of these reforms on poverty reduction and improving service delivery.

Caiden & Sudaram (2004:373-383) discuss Indian public sector reform, with the following trends related to these reforms:

- the need for support from the leadership/senior management within the public service;
- public service reform is an investment;
- public service reform takes time, and there is a need to balance quick successes with long-term benefits.

Caiden & Sudaram (2004:376) argue that less developed countries have lacked the resources and managerial capacity to implement complex NPM reforms and furthermore state that, since the 1990s, India has successfully moved towards liberalisation and the dismantling of controls in general. Caiden & Sudaram's (2004:376) research in India reveal that all the stakeholders that were involved in the public sector reform programme deemed it as a re-orientation of the state to increase its involvement in certain areas, rather than a right-sizing exercise.

In South Africa, the principles of New Public Management have similarly impacted upon the transformation of the public service. Cameron & Tapscott (2000) note that the Mandela Presidency focused on reconciliation, whilst the Mbeki government committed the public service to efficiency and economic growth. Key elements of public service reform in South Africa have related to down-sizing, outsourcing, introduction of performance management systems, and the granting of greater autonomy to government departments.

3.2 Alternative Delivery Mechanisms

The new public management paradigm and the emergence of the new governance framework acknowledges the emergence of new hybrid forms of delivery "vehicles," rather than traditional bureaucracy. Under the New Public Management paradigm, these are commonly referred to as contracting out, privatization, agencification, partnerships with non-governmental organisations, community-based organisations and the private sector, and decentralisation (Minogue, 1998:17-35). Under the new governance paradigm, Salamon (2002:5) refers to these as "third parties." Collectively,

they form part of what has become known as Alternative Delivery Mechanisms (ADMs). Ford & Zussman (1997:6) define an ADM as:

“A creative and dynamic process of public sector restructuring that improves the delivery of services to clients by sharing governance function within individuals, community groups and other government entities.”

Alternative Service Delivery (ASD) is viewed as an innovative response to the pressures of scarce resources and the public insistence on improved services. ASD is not merely regarded as the reduction of deficits, decentralisation and central control, but that it also requires the re-definition of roles and function (Ford & Zussman, 1997). The 1990s witnessed the emergence of numerous types of delivery mechanisms, but these may be placed into four clusters:

- Mainstream government (ministries and departments);
- Agencies (statutory and non-statutory);
- Partnerships (other parties: public, private, contracts);
- Private entities (non-profit and for profit).

Extensive literature exists on the various types of delivery mechanisms. In relation to the mainstreaming of government, this has mainly taken the form of the re-alignment or re-organising of government departments and ministries to the socio-economic challenges that confront them. In the past two decades, the concept of decentralisation has also grown in developing countries, since the concentration of decision-making and authority within central government is seen to be hindering performance delivery (Hulme & Turner, 1997:151).

Smith (2002:389) indicates that decentralisation

“has come to refer to many different structures and processes of authority.”

Therefore, Smith (2002:389) further indicates that it is important to make a distinction between the terms, “devolution,” “deconcentration” and “delegation.” Devolution refers

to the decentralisation of political authority and quasi-legislative powers to territorial governments (with varying degrees of democratic recruitment and decision-making) (Smith, 2002:389). Deconcentration refers to the decentralisation of administrative authority to field officers of central government departments and agencies within territorially, in addition to functionally, defined responsibilities (Smith, 2002:389). Delegation refers to the decentralisation of executive authority to semi-autonomous agencies, headed by appointees of central government (Smith, 2002:389).

Smith (2002:390-395) provides a comprehensive list of positive expectations that have encouraged governments to embark on decentralisation. These include the ability to be much more responsive to local needs, empowering the poor through participation, reduced resistance to change, since planning and implementation of decision-making is done with local stakeholders, and resource mobilisation and co-ordination are more effective at the project level.

However, despite the benefits that Smith (2002) indicates, many authors have expressed caution in that decentralisation could lead to over-fragmentation and loss of control; and greater flexibility may introduce arbitrary and corrupt behaviour. From the literature review on decentralisation (Minogue *et al.* 2002; Smith, 2004; Hulme & Turner, 1997) it is evident that experiments in decentralisation have, in some instances, produced disappointments. In terms of responsiveness to local demand, centralised planning processes have often limited decentralisation initiatives. The Urban Renewal Programme (URP) and Integrated Sustainable Rural Development Programme (ISRDP) in South Africa are examples of such centralised planning processes.

In practice, decentralisation in developing countries have proved to be far more complicated. In developing nations, the question of power and a dominant ideological approach to government is important to determine the success of decentralisation. If considerable forces support centralisation then decentralisation has limited opportunities for success.

The colonial forces in Africa have favoured central administration and control. Therefore, decision-making was in the hands of a few immigrants, with local people being confined to menial operational activities. However, after World War I, colonial forces began to explore a gradual devolution of local government within African countries. However, District Commissioners, whom the colonial forces had appointed, were still in control.

In gaining their independence in the 1960s, many national leaders had to address greater challenges in their countries. Developmental priorities, such as poverty alleviation, basic health services, education and shelter, became the priorities. An analysis of African countries has shown that, under the concept of decentralisation, many of the initiatives in the 1960s and 1970s actually witnessed the centralisation of power in order to gain greater control (Hulme & Turner, 2002:63). This is evident in many African countries, such as Nigeria, Senegal, Ivory Coast and Zaire, where local government structures have been either dissolved, or their power severely restricted.

The creation of agencies, commonly known as **agencification**, has become a common phenomenon in the modern-day public service. This is mainly based on the principle of separating the core policy or arm of a government department from its implementation units (Batley & Larbi, 2004:45). This concept stemmed from the democratic political ideology that believes in the separation of political leadership's functions from the management of services delivery. Once an agency has been created, its relationship with the central department is by means of performance contracts, rather than through the traditional hierarchical structures. Thynne (2004:91-99) provides a useful classification of agencies, whilst Van Donge (2002:315-322) presents the concept of agencification where government departments are transformed into semi-autonomous units. This is particularly evident in the reforms of the public sector in Britain, the United States and New Zealand. In Britain, 140 agencies had been created by the late 1980s, with civil servants filling the majority of posts.

Agencification is also a common trend in developing countries. In many African countries including South Africa, revenue collection has been located with autonomous

organisations, resulting in increases in revenue collection. In South Africa, the provision of electricity, water services, and municipal development initiatives, in many cases, have been located in semi-autonomous units.

The contracting out of public services to private and voluntary organisations, public-private partnerships and outright privatization has arisen from the need for greater efficiency and a down-sized public service. Contracting out allows government to secure services through a competitive bidding (tender?) process. In both developed and developing countries, the contracting out of services is common-place. Services, such as refuse collection, vehicle maintenance, auditing, legal services and information technology, have been most commonly contracted out (Batley & Larbi, 2004:51). The challenges, relating to this form of service delivery, are that skilled staff are required to draft and manage these often-complex contracts. In developing countries, the danger lies in making the assumption that the capacity exists in the private sector to implement such contracts.

Brinkerhoff & Brinkerhoff (2002:3-18) provide a review on the emerging role of non-governmental organisations in public sector service delivery. Non-governmental organisations and community-based organisations have become important stakeholders in the delivery of services, with the recognition that government alone cannot solve societal problems and needs. In terms of service delivery, many non-profit organisations, especially in Western European countries, have been part of broad-based participatory partnerships in order to address area-specific problems. Research has also indicated that non-profit organisations are seen to be increasing competition, thus adding to the diversity of service providers.

In many instances, non-profit organisations are perceived to be more trustworthy than private sector service providers and, in some instances, they are not driven by profit motives (Brinkerhoff, 2002:3-18).

However, partnerships with non-profit organisations also create particular challenges, which relate to their resources for performing the functions associated with the

contracts and, being deflected from their core business that may be in conflict with their contractual obligations to government.

Brinkerhoff (2002:21) provides a broad definition of the partnership concept:

“Partnership is a dynamic relationship among diverse actors, based on mutually agreed objectives, pursued through a shared understanding of the most rational division of labour based on the respective comparative advantage of each partner. Partnership encompasses mutual influence, with a careful balance between synergy and respective autonomy, which incorporates mutual respect, equal participation in decision making, mutual accountability and transparency.”

The concept of partnership, especially multi-organisational partnerships, have become important as a means to govern and deliver public programmes. These partnerships range from business, community organisations, non-profit agencies, as well as units within government. However, the concept of partnerships, as researched by Lowndes & Sketcher (2002:302-322), indicate that complex arrangements are required in the management of these partnerships; such as institutional arrangements for management, access to markets, hierarchy and networks. Within this broad concept of partnerships as a delivery mechanism, lies the concept of public–private partnerships.

3.3 PUBLIC-PRIVATE PARTNERSHIPS

3.3.1 Definition of Public-Private Partnerships

The literature on Public-Private Partnerships (PPPs) provides a number of definitions on the concept. Lund (2004:70) describes a Public-Private Partnership as:

“a contract between a public institution and a private party in which the private party takes on significant financial, technical and operating risk to design, finance, build and operate a project. A government institution

in a PPP is no longer the hands and legs of delivery, but its enabler, strategist and monitor.”

Brinkerhoff (2002:21) defines partnerships as:

“a dynamic relationship among diverse actors, based on mutually agreed objectives, pursued through shared understanding of the most rational division of labour, based on the respective comparative advantage of each partner.”

However, Bovaird (2004:200) provides the following broad working definition of PPPs that is appropriate for this thesis: PPPs

“working arrangements based on mutual commitment (over and above that implied in any contract) between a public sector organisation with any organisation outside of the public sector.”

3.3.2 The Context of Public-Private Partnerships

Public-Private Partnerships became popular in the 1980s when developed countries began to examine private sector organisations as partners for improving service delivery. However, from the outset, PPPs have been viewed with suspicion for a number of reasons:

- From a traditional Weberian public sector viewpoint, PPPs are viewed as reducing political control over administrative decision-making;
- From the New Public Management paradigm, PPPs are seen to reduce competition, and encourage monopolies;
- Trade unions often associate PPPs with job losses for their members, or changes to their conditions of employment;
- End-users or clients often perceive these partnerships to be driven by profit-making motives, resulting in increased service fees;

- PPPs between government and non-profit organisations often lead to the blurring of roles, and the agency's possible loss of independence (Salamon,1995:103).

However, despite these concerns, PPPs are common in most public sector environments. Bovaird (2004:201) suggests two reasons for the emergence of PPPs:

- The developed countries of the 1980s were faced with challenges relating to large bureaucracies consuming significant amounts of the state funding. As a result of these fiscal challenges, countries were forced to mobilise alternative funding for service delivery. These resources were to be found in the private sector. Therefore, the earlier PPPs were often driven by funding/profit motives, rather than those based on shared responsibility and trust.
- The need to move towards greater efficiency in government required government to adopt electronic systems that were already operational in the private sector. However, "e-government" required vast capital investments and appropriate skills. Once again, these previously mentioned requirements were to be found in the private sector, hence the emergence of PPPs.

3.3.3 Public-Private Partnerships in developing countries

Public-Private Partnerships have emerged in developing countries for a number of reasons. According to Rondinelli (2002:382-2), given their limited budgetary resources, developing countries explored this concept to expand services and infrastructure. There was public dissatisfaction with the quality and slowness of service delivery. Moreover, international donor organisations, such as the World Bank and International Monetary Fund (IMF), had set preconditions for providing loans to developing countries that required governments to mobilize private investments and improve public service delivery. Rondinelli (2002:383-385) provides a useful categorisation of the different types of PPPs for developing countries. These include contracting for services and facilities, co-ownership or co-financing of projects, Build–Operate and Transfer (BOT) arrangements, informal co-operation between the government and private sector, and public financial support or incentives for the private provision of services.

Currently, developing countries at local and national government level commonly use Public-Private Partnerships (PPPs) to develop and expand their delivery programmes. PPPs are now found in almost all sectors - from public transportation, tourism, water provision, health and other services.

In South Africa, PPPs are seen as a key delivery mechanism and the National Treasury (RSA, 2001:39-42) has provided a framework for their creation and implementation as a public service delivery mechanism. Kitchin (2003:212-218) & Lund (2004:73-75) have provided case studies on PPPs in South Africa.

3.3.4 Purposes for Public-Private Partnerships

Bovaird (2004:202) provides an insight into the potential purposes of PPPs in the following manner :

- policy design and planning: the purpose of this partnership relates to the formulation of new policies, and the design of implementation tools and systems;
- policy co-ordination: partnerships in terms of co-coordinating policy formulation; but ultimate decision-making on policy options will rest with the public sector department;
- policy monitoring, evaluation and review: partnerships with various partners, including non-profit organisations and the private sector, to monitor the implementation of a programme;
- policy implementation and service delivery: these partnerships are normally conceptualised as joint ventures, securing in-house capacity from an agency to complement skills and capacity and full outsourcing of a service;
- resource mobilisation and allocation: partnerships charged with fund raising and fund management.

Bovaird (2004:202-203) provides a typology of PPPs. These include sector partnerships, power sharing/contractual economic partnerships that are driven by

supply and demand, and policy partnerships. Each partnership type has its own motive, and is very much dependent on a government's priorities during a particular period.

3.3.5 Theoretical framework underpinning Public-Private Partnerships

In order to understand and evaluate partnerships in the public sector, one needs to examine the public sector's theoretical frameworks that have informed the establishment of various types of partnerships.

The New Public Management (NPM) paradigm is based on the application of private sector economic principles to public sector practices. The application of private sector principles gave rise to privatization, outsourcing, and agency approaches in the public sector. Within the NPM paradigm, PPPs are perceived as valuable in the following cases:

- where the public will benefit from economies of scale, thereby reducing service fees; and
- where there are opportunities for sharing of expertise, skills transfer and mutual learning.

However, whilst these conditions could lead to economic efficiency, the NPM paradigm raised concerns that PPPs should not lead to monopolistic behaviour (Parker & Hartley, 1997). A further concern relates to the possibility of the public sector entering into partnerships in order to increase revenue, rather than acting in the interests of its citizens. Concerns, regarding the effectiveness of partnerships raised by the principal-agent theory, raised concern about the ability of the principal (public sector manager) to manage their agent (private sector partner) to deliver services within a cooperate social framework. This inability, together with the profit-motivated partnerships, often leads to confrontational relationships.

The Public Governance paradigm emerged in the 1990s, and was premised, not on the overwhelming need of making the public service more efficient, but on the need to

solve the “wicked problems” that confronted the public service (Bovaird, 2004:208). The public governance paradigm proposed that the public sector is unable to address these challenges without the assistance of the other sectors.

In terms of the Public Governance paradigm, the concepts that define partnerships take on a different meaning. Decision-making and partnership accountability are shared responsibilities, in which trust-building is central. The setting of objectives and planning processes are to reflect shared goals and joint management, in the form of cross-partnership teams, is a key feature.

In comparing the approach of both public sector paradigms to partnerships, the public governance paradigm provides a framework that encourages sharing responsibilities and negotiated strategies in which there is mutual benefit, as opposed to the NPM that advocates strict legal frameworks based on economic principles.

The demand for the application of good governance principles in the public sector has placed additional requirements on the formulation and management of PPPs. In solving society’s “wicked problems,” PPPs are required to move beyond issues of efficiency and improvements in outputs against objectives. As their primary aim, PPPs must have improvement in citizens’ quality of life in an area (Bovaird, 2004:209). These requirements have a significant impact on public sector managers who are now required to ensure that partnerships are structured within the good governance framework.

The good governance paradigm also proposes that absolute accountability should not be the primary objective in PPPs. Perri (2002), Langford & Harrison (2001) indicate that centralist control measures and bureaucratic processes are not as relevant to PPPs as the need for innovation and creativity.

3.3.6 Key elements of Successful Partnerships

Huxham & Vangen (2002:273) state that:

“the achievement of collaborative advantage is the ultimate goal for all partnership initiatives and that this could be an extremely powerful way to address(?) social issues.”

Both academics evaluate partnerships from the basis of *“complexity inherent in the reality of partnerships management”* (Huxham & Vangen, 2002:275), where issues that public sector managers raise are important to the successful implementation of partnerships. The key elements are:

- **Managing aims:** I.e. the need to have a set of clearly defined aims and objectives that are agreed upon by both parties. This is not always attainable, since some organisations focus on their own agendas.
- **Managing language and culture:** In partnerships between commercial organisations, non-profit organisations and the public sector different value systems may be evident. In the case of non-profit organisations, the emphasis is on empowerment and maximum participation. In relation to language, the commercial sector may well be more articulate, leading to the exclusion of others. This may lead to mistrust, and thereby hinder progress.
- **Managing trust and power:** Central to successful partnerships is a level of trust between parties. Trust is often reflected in a clear set of aims, objectives, and having shared leadership, with no dominant party. Power relations can also become a serious obstacle, in that they may result in power struggles that are destructive to the partnership. Often, imbalances in power arise from the resources that an organisation brings to the partnership. Community-based organisations that are not also well resourced often feel disempowered when they enter in contractual agreements with public sector organisations. (Huxham & Vangen, 2002:277-279).

Public-Private Partnerships will continue to be a delivery model in the public sector. However, their role within the good governance environment will require PPPs to focus beyond transactional contracting, where profit motives are paramount, to a role in which corporate social responsibilities and the need for trust and commitment are key features of the relationship. The section below reviews the application of alternative delivery mechanisms, especially partnership models in land reform in Brazil and Philippines.

3.4 A COMPARATIVE ANALYSIS OF ALTERNATIVE DELIVERY MECHANISMS IN LAND REFORM

Neo-liberal ideology has influenced the design and implementation of land reform programmes across many developing countries. Alternative Delivery Mechanisms have been part of implementation models, an especially in country where a market-based approach to land transfers was chosen. This sub-section briefly presents a comparative analysis of land reform in Brazil and Philippines, with particular emphasis on alternative delivery mechanisms/models of delivery.

3.4.1 Brazil

- **Brief background to Land Reform**

-

South Africa and Brazil have one of the most unequal distributions of land in the world. “Small farms of less than 30 hectares are farmed by 30 per cent of all farmers, but these farms comprise only 1.5 per cent of the total agricultural land” (Quan, 2005). Since the mid-1980s, the number of small farms has decreased from over three million to less than one million, with the trend of the rural poor migrating to the peri-urban centres. Large farms, on the other hand, in excess of 1 000 hectares, make up only 1.6 per cent of all farms, but take up 53 per cent of the total agricultural land. This has resulted due to the continued consolidation of large estates, to the detriment of the small farmer (Department of Land Affairs, 2006b:13).

The Brazilian Land Reform Programme has two components:

- The Brazilian Constitution prescribes that land reform must take place by means of the expropriation of large landholdings that are not being used productively. The compensation process, through expropriation, includes long-term payments through government bonds for the land, and cash for the improvements.
 - A market-based approach (known as *Cédula da Terra*) was also formulated as a parallel process, operating essentially on the basis of willing sellers and willing buyers. In 1998, This approach was introduced with the support of the World Bank (Department of Land Affairs, 2006b:13).
-
- **Land reform delivery mechanisms**

Land reform delivery in Brazil is located within two government ministries, the Instituto Nacional de Colonização e Reforma Agrária (Institute for Resettlement and Agrarian Reform, or INCRA) and another ministry responsible for agriculture (Frank, 2002).

The implementation model for land reform and the settlement support services are based on the concept of decentralisation. The state has introduced the “Territorial Development Approach” that targets local or focus areas where there are economic opportunities for small scale farmers, and where there are links between urban and rural land between districts and municipalities. The idea is to create a situation whereby government programmes are linked through local government structures, and where links are forged between government and civil society (Department of Land Affairs, 2006a).

Parallel to the Brazilian state developing its land reform machinery and institutional arrangements, land-based social movements have played a significant role in providing momentum to the land transfer programme in Brazil (Frank, 2002; Department of Land Affairs, 2006). Since the 1990s these militant social movements of the landless have forced the state to accelerate its land reform programme. The result has been an increase in the pace of land reform and the nature of support provided to beneficiaries (Frank, 2002).

The Landless Rural Workers' Movement has been the most active, and has pursued a strategy of occupying used land and forcing the state to expropriate the land. Between 1995 and 1999, largely as a result of the pressure from rural organisations, the federal government provided over eight million hectares of land to 370,000 families (Department of Land Affairs, 2006). According to Schwartzman (2000:2-3, as cited in Kenfield, undated), between 1995 and 1998 the Brazilian government settled more landless families on expropriated land than it had in the previous 30 years. This would not have been possible without the public pressure that was exerted by these rural worker organisations. According to Wolford (2001:311 as quoted in Kenfield, undated),

“The figures indicate that over half of the settlements in Brazil received land as a direct result of social pressure. This suggests that the mobilisation of the rural and urban poor in the pursuit of land reform is a fundamental determinant of success.”

The Catholic Church also played a significant role in the creation of social pressure to increase the pace of land reform. The Church created an organisation, known as the Comissão Pastoral de Terra (CPT), to work with poor communities on land and agrarian issues. In turn, CPT assisted the emergence of the Landless Rural Workers' Movement. CPT focused on particular groups that were not part of the broader organised political movement, namely, the indigenous, Afro-descendent and pastoral groups, farm dwellers, labour tenants and sharecroppers (Department of Land Affairs, 2006a).

Other external agencies also assisted Brazil in its land reform and support programmes. The Food and Agricultural Organisation (FAO) of the United Nations provided technical support by means of a series of projects to the country's agrarian reform and development of sustainable family farming strategies. The World Bank advocated the market-based land reform programme, and funded pilot initiatives. In addition, the World Bank has also provided technical assistance and grant funding for both land acquisition and the post-acquisition phase (Department of Land Affairs, 2006a).

The role of the private sector in providing agricultural support services has been limited, and the benefits of some of the arrangements have not brought the proposed benefits. The role of local and international non-governmental organisations have played a more significant role in addressing gaps in capacity building and settlement support services for land reform groups. These organisations have provided post-settlement technical support in farm production, marketing, and effective livelihood diversification (Quan, 2005).

The delivery mechanisms in the Brazilian model, which led to an increase in the pace of delivery and the provision of support services, were essentially non-governmental pressure groups. However, in response to the land invasions from non-governmental organisations, the state created the appropriate programmes and mechanisms for the acquisition of land. Essentially, the state began to put in place the institutions and a resource to give effect to the expropriation of land that was already settled.

3.2.2 The Philippines

- **Brief background to land and agrarian reform**

The Philippines, similar to South Africa, has a highly unequal landownership pattern. A small group, either within the ruling elite or closely linked to the ruling regimes and multi-national companies, has access to extensive commercial agricultural land. Much of this land has been accessed through non-market-related rentals of land under state control (Department of Land Affairs, 2006). On the other hand, rural dwellers are faced with widespread poverty, which is partially related to the dependence of rural households on inferior resource bases, such as land in the mountainous parts of the country. The lack of alternative rural employment opportunities adds to the challenges of rural food security.

The unequal balance of power between the ruling elite and the landless poor has resulted in traditional landowning families being able to retain power in the countryside through a network of political alliances. These relationships, together with government's neo-liberal, free-market policy framework, have resulted in national corporations and foreign companies occupying the most fertile land. The agricultural

policies that the government introduced were also based on free-market principles, with agricultural export-oriented commodities being prioritised. A small proportion of large-scale landowners again dominate the producers of these commodities (Ghimire, 1999).

The land reform programme in the Philippines had experienced 11 agrarian reform programmes by the 1990s. With challenges, relating to the access to land, confronted these programmes, since:

- 56 per cent per cent of the population is rural and are dependent on the land for household food security;
- only a minority of the rural population are able to cultivate their own small plots. These are mainly in the form of sharecropping arrangements (Riedinger, 1990).

- **Land reform delivery mechanisms**

Similar to Brazil and South Africa, the government of the Philippines created a National Department of Agrarian Reform (DAR) to administer the land reform and settlement support programme. The DAR's priority programmes are focused on food security and poverty alleviation, using land reform as a catalyst.

One of the DAR's lead programmes is the Comprehensive Agrarian Reform Programme (CARP). The CARP prepares farmers for post-acquisition challenges, by providing them with access to training and management skills in relation to the farms they will occupy and cultivate. CARP has adopted an integrated approach where beneficiary development activities are integrated from the very beginning with the land acquisition and distribution activities (Bravo, 2001).

The Comprehensive Agrarian Reform Programme committed the state to 'post-distribution' support that includes infrastructure and other support services necessary to augment the productive capacities of land reform beneficiaries. A number of policies

were developed in order to safeguard indigenous lands, provide rural credit and extension services, and organise potential beneficiaries into Agrarian Reform Committees (ARCs). The Department of Agrarian Reform (DAR) received extra-judicial powers to enable it to implement the Comprehensive Agrarian Reform Programme effectively, and to provide secure legal land title to beneficiaries (Ghimire, 1999).

In order to implement the Comprehensive Agrarian Reform Programme, the Department of Agrarian Reform adopted a decentralised approach. Similar to the former magisterial districts that existed in the pre-1994 South Africa, there are traditional local authorities, called *barangay*, which were tasked with the responsibility of local social economic development and, more particularly, during land reform implementation.

The Department of Agrarian Reform implemented a programme of establishing Agrarian Reform Communities (ARCs), which consist of a cluster of *barangays* (villages) within a municipality. The Agrarian Reform Beneficiaries (ARBs) then constitute the next layer of participants in the settlement support structure.

In particular areas, the focus of interventions and programmes was found to be more effective than thinly spreading the government's limited resources over undefined areas (Department of Land Affairs, 2006a).

The institutional structures of the ARCs provided for several types of organisations, such as co-operatives, farmer associations and saving groups. In addition, the Department of Agrarian Reform resourced the ARCs with staff support by means of development facilitators who were tasked with co-ordinating the provision of services. The Programme's ultimate goal is to transform the ARCs into self-sustaining economic and social institutions that are best placed to co-ordinate land reform delivery and agricultural support services.

To achieve these objectives, international donor agencies, such as the Food and Agricultural Organisation (FAO), supported the Department of Agrarian Reform in

developing and applying participatory development approaches. The major partners in this development process include the following:

- Agrarian reform beneficiaries and their organisations;
- Local government units at provincial and municipal levels;
- Government agencies, such as the DAR, the Department of Environment and Natural Resources, the Department of Agriculture and selected state agricultural universities and colleges;
- Non-governmental organisations (NGOs) active in the ARCs and supportive of CARP at various administrative levels;
- Agribusiness enterprises representing the private sector.

From the decentralised approach, the CARP accommodated private sector initiatives in land reform emerged. The landowners and investors were enabled to enter into joint-venture arrangements after the land had been redistributed to beneficiaries. The government, supported by agribusiness, has been eager to promote export-oriented crops and, during the CARP (1999–2004) phase, international agribusinesses were invited to invest in peasants' Agrarian Reform Committees as strategic partners. However, these partnerships were facilitated without considering the long-term impacts on local food security, since the focus of production was on the export market. A further challenge, concerning social relations and the unequal balance of power between the peasant landowner and agribusiness corporates, also arose (Department of Land Affairs, 2006a).

In a number of instances, these joint ventures and strategic partnership arrangements have revealed that

“land owners in collusion with corrupt government officials, bind land redistribution to post-distribution agribusiness arrangements that tend to disadvantage reform beneficiaries. In extreme cases, these

arrangements virtually lack the transfer of effective land control to beneficiaries” (Feranil, 2005:14).

New Public Management has replaced the dominance of the traditional Weberian approach in international moves to provide effective and efficient public sector service delivery. The dominance of Neo-liberal ideology provided impetus to the changed public management approach.

Whilst the South African state’s approach towards land reform to date has been predominately state-driven, and has been unable to reach targets or objectives, the need to consider alternative models to expedite land transfers and the provision of necessary support is recognised. The comparative analysis of land reform in Brazil and the Philippines, illustrates that a multi-sectoral approach has been employed or developed. The delivery models ranged from a combination of government-driven programmes, community pressure groups/social movement strategies, and joint ventures, especially in relation to the agricultural sustainability of the projects. These case studies have indicated the usefulness of moving from over-reliance on the state to provide land through defined instruments, to support services for land reform. (???)

In KwaZulu-Natal, there is an example of a PPP (Inkezo and PLRO), which is a vehicle aiming to expedite land delivery and meet targets and objectives.

The following chapter evaluates Inkezo’s performance in contributing to the pace and sustainability of land reform delivery. This is done by means of an analysis of statistical information on land transfers, and collation of data through the administration of questionnaires to a purposive sample of Inkezo and DLA staff and a random sample of beneficiaries of land using the PPP mechanism. The evaluation of the Inkezo PPP will provide recommendations whether, as an alternative delivery mechanism, it is suitable to enable land reform targets to be met and achieved across various agricultural commodities.

CHAPTER FOUR

AN EVALUATION OF THE PARTNERHIP BETWEEN THE PROVINCIAL LAND REFORM OFFICE: KWAZULU-NATAL AND INKEZO LAND COMPANY

4.1 Introduction

“Government in the developing countries have been forging partnerships with private enterprises and non-government organisations since the early 1980’s in order to expand infrastructure and services and to undertake other activities” (Rondinelli, 2002:381).

Chapter three provided a review of alternative delivery mechanisms and public-private partnerships in the public service, with a comparative analysis of delivery mechanisms in land reform in Brazil and the Philippines. The comparative evaluation revealed that delivery models are varied, ranging from state-driven programmes, community initiated programmes, and partnerships models. In the case of private sector partnerships, these were often in the area of post-land transfer agricultural support.

This chapter focuses on the evaluation of the partnership between the Provincial Land Reform Office: KwaZulu-Natal and Inkezo Land Company, with the view to assess whether it is a suitable mechanism for land redistribution delivery and support, and whether this can be applied to other agricultural commodity sectors.

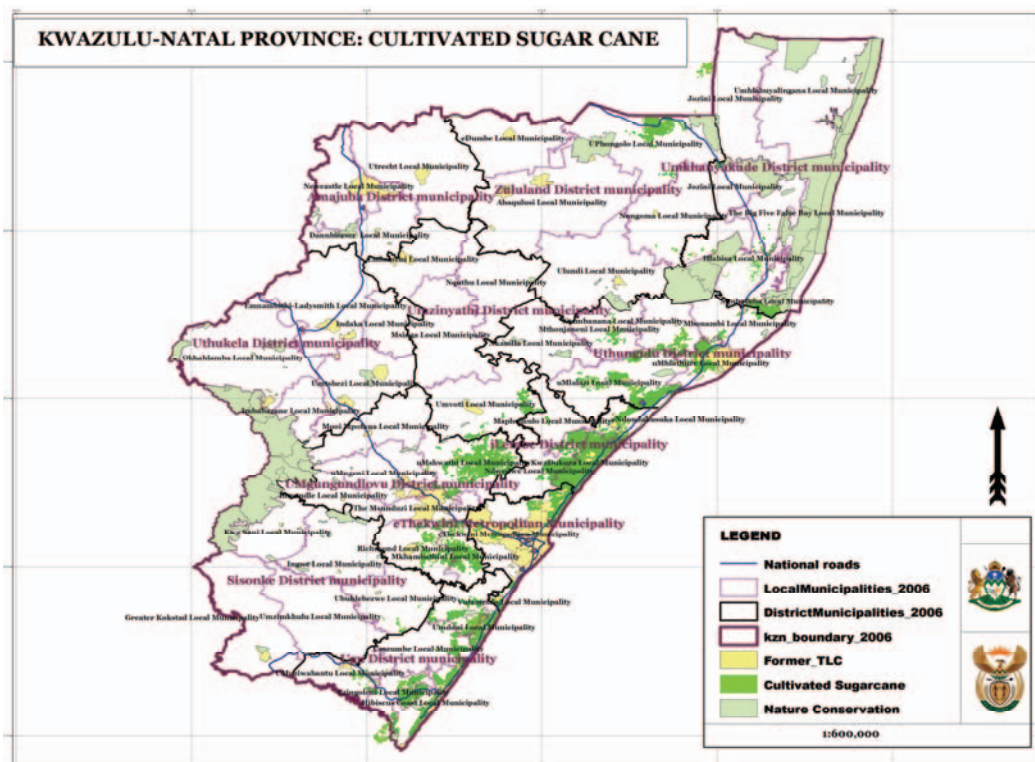
4.2 PROVINCIAL LAND REFORM OFFICE–INKEZO LAND COMPANY PARTNERSHIP

4.2.1 Brief background of the South African Sugar Industry

Sugar-cane planting and the processing of sugar occurs along the eastern seaboard of South Africa. The areas under sugar-cane production stretch from the Lowveld in Mpumalanga through to KwaZulu-Natal midlands and coastal areas. There are

approximately 50 000 sugar-cane farming units, of which freehold farmers or the 20 milling companies own 1773 (Canegrowers, 2007), and there are 45 000 small growers who farm on 80 000 hectares. In addition, there are 340 black farmers who farm on 37 700 hectares (Canegrowers, 2007).

Map 2: Sugar-cane growing area of KwaZulu-Natal



Source: Department of Land Affairs, Chief Directorate: Spatial Planning and Information, 2007d.

In respect of the milling of sugar-cane, 15 mills that large corporates own, are located within the production areas. Illovo Sugar Ltd own six mills, Tongaat-Hullet five, Transvaal Suiker Beperk two, and Union Co-operative one. In 2004, the first Black miller, uSukhela Milling, acquired the Gledhow Mill from Illovo (Inkezo, 2003).

In terms of production, South Africa is ranked eleventh amongst the top 20 producing nations, and seventh amongst the top 20 exporting nations (Canegrowers, 2007:2-3). In the 2006/7 season, sugar production reached 2 235 287 tons, of which 886 329 tons were available for export (Canegrowers, 2007:2-3). The income generated from

sugar-cane is in the region of R6,4 billion, of which R2 billion was generated through foreign exchange earnings. In respect of employment, the industry employs 83 490 people, with an estimated 350 000 people employed either directly or indirectly in the industry (Inkezo, 2003).

4.2.2 Rationale for the creation of Inkezo Land Company

“Agriculture Minister Thoko Didiza has welcomed an initiative by the sugar industry to transfer 78 000 hectares of farm land back into black ownership as a progressive move. Speaking at the launch yesterday of the Inkezo Land Company a non-profit making body - Didiza committed government to providing additional funding for the project” (Saturday Dispatch, 2004:7).

The sugar industry has been proactive and has recognised the importance of reform for the creation of security and stability in the industry. In doing so, the South African Sugar Association created an independent Section 21 company, known as Inkezo Land Company, to facilitate land redistribution in the sugar industry. According to the South African Sugar Association, a number of factors influenced the establishment of Inkezo:

- government had set a land redistribution target of 30 per cent, per cent and the sugar industry wanted to be pro-active in participating in the programme;
- the sugar industry wanted to counter the land-related risks of rural instability, and threats to security;
- the land redistribution programme offers the sugar industry opportunities to participate in the Black Economic Empowerment programme by broadening its base of growers to other racial groups;
- the need to provide agricultural support services, such as loan finance, extension services, research and development and mentorship to black farmers (Inkezo, August 2007).

The overwhelming reason for the pro-activeness of the South African sugar industry was the realisation that land redistribution was a reality and, by participating in the programme, they had the opportunity to define the nature of the redistribution programme in the sugar industry.

4.2.3 Functions and Services that Inkezo Land Company provided

Inkezo Land Company aims to provide the following services in the redistribution programme:

- facilitate the redistribution of land to new black sugar-cane farmers;
- develop information and other systems to fast-track land delivery;
- identify support services, and align them with the new black farmers;
- monitor the effectiveness of support services, for example mentorships, and propose innovative changes that will result in tailor-made services to the new black farmers;
- identify land, and develop a database of willing sellers for land availability purposes;
- engage with stakeholders, including government and financial institutions, to unlock funds, and lobby for new funding mechanisms;
- provide a one-stop shop on land reform related issues for the sugar industry;
- research new models and delivery mechanisms for land reform in the sugar industry (Inkezo, August 2007).

4.2.4 Organisational structure of Inkezo Land Company

Inkezo Land Company is a Section 21 company of the South African Sugar Association. As such, Inkezo has a board of four directors: two from the Miller Group and two from the Sugar-cane Growers Association. The implementation team comprises:

- a Chief Executive Officer;
- Two technical specialists;

- a restitution facilitator; and
- administrative staff.

The technical specialists are the core of the team and responsible for project packaging, facilitation of land transfers and the alignment of post-transfer support services. The existing structure provides for an additional technical specialist.

4.2.5 Memorandum of Understanding

In the partnership between the Department of Land Affairs and Inkezo Land Company, the DLA funds the acquisition of land for its redistribution under sugar-cane, and Inkezo provides the expertise for project design, implementation and support services to the new black farmers. In order to formalise this working relationship between the Provincial Land Reform Office and Inkezo, both organisations decided to enter into a Memorandum of Understanding (MOU), which also included the services of Canegowers.

(Appendix 1 – MOU between PLRO and Inkezo)

The responsibilities of all of the three stakeholders are defined in the MOU as follows:

The responsibilities of the PLRO are:

- To provide policy and legislative framework and guidelines in terms of the redistribution programme and LRAD in particular;
- To provide operational guidelines for the implementation of the agreement;
- To commit skilled and experienced staff members to facilitate the transfer process;
- To develop and implement a communication strategy for the partnership together with Inkezo;
- To accept the quality and standard of business plans that Inkezo has packaged in a spirit of mutual trust and good faith.

The responsibilities of Inkezo are:

- To provide the PLRO with annual operational plans, that indicate projects and budgets required;
- To ensure all LRAD applications from the sugar industry that are channelled through Inkezo; (???)
- To secure the alignment of agricultural support services to beneficiaries;
- Its technical team is to prepare business plans for land reform projects.

4.3 AN EVALUATION OF THE PLRO-INKEZO PARTNERSHIP

The primary objective of this thesis is to evaluate and determine whether the partnership between Inkezo and the PLRO leads to an increase in the pace of land redistribution in the sugar industry, and enables the effective provision of agricultural support services for the new black farmer. The evaluation of the partnership is divided into three categories:

- an analysis and evaluation of data related to land transfers by Inkezo;
- an evaluation of the provision of support services; and
- an evaluation of the appropriateness and effectiveness of the partnership.

4.3.1 Analysis and evaluation of data related to land transfers by Inkezo

The target set by Inkezo is the redistribution of 78 000 hectares of land under sugarcane by 2014 by means of its facilitation. This translates into transferring 650 hectares monthly, or 7800 hectares annually. The table below reveals that Inkezo had transferred 4 034 hectares through the Land Redistribution for Agricultural Development (LRAD) programme by August 2007.

Table 4: Land transfers to beneficiaries that Inkezo facilitated

Project	Beneficiaries	Total Area	Land Acquisition Cost R	Date of Transfer	Location of project
Ukushona Kwelanga	2	188	1,175,000	March 05	Stanger
Baleni CC	2	121	1,145,000	June 05	Mtunzini
Bonethis CC	2	68	385,000	July 05	Chaka's Kraal
Power Rush Trading	8	287	3,600,000	August 05	Tongaat
Khanye Kude	35	548	4,840,000	September 05	Ging
Ntshosho	1	98	500,000	December 05	Stanger
Verdun	4	187	1,130,300	January 05	Tongaat
Pencarrow	25	679	5,771,032	January 06	Tongaat
Clifton	2	206	2,113,192	March 06	Ging
Prospect	26	1,151	8,549,198	February 06	Tongaat
Siyaphambili	6	120	452,542	March 06	Stanger
T Bulala	3	122	1,000,000	April 06	Eston
S Sibiya	2	39	107,000	May 06	Tongaat
Furrowvale	4	151	700,000	September 06	Tongaat
Magalela	10	136	1,750,000	December 06	Ging
Sam Sibiya SP 10	2	70	480,000	January 07	Stanger
Manor A	6	180	1,800,000	January 07	Ging
Manor B	8	129	1,150,000	January 07	Ging
Lekha	6	168	1,504,000	February 07	Darnall
Chili	3	148	580,000	February 07	Eston
TOTAL	157	4,796	R38,732,264		

Source: INKEZO report to the Inkezo Board, August 2007.

In 2006, the Department of Land Affairs introduced a new land acquisition mechanism known as the Proactive Land Acquisition Strategy (PLAS). While using this strategy, Inkezo facilitated the state's purchase of land. Table 5 below provides a list of projects under the PLAS, where Inkezo facilitated the transfer of a further 1 439 hectares to the state between June 2006 and August 2007. A further 3 559 hectares is pending and will be transferred by March 2008.

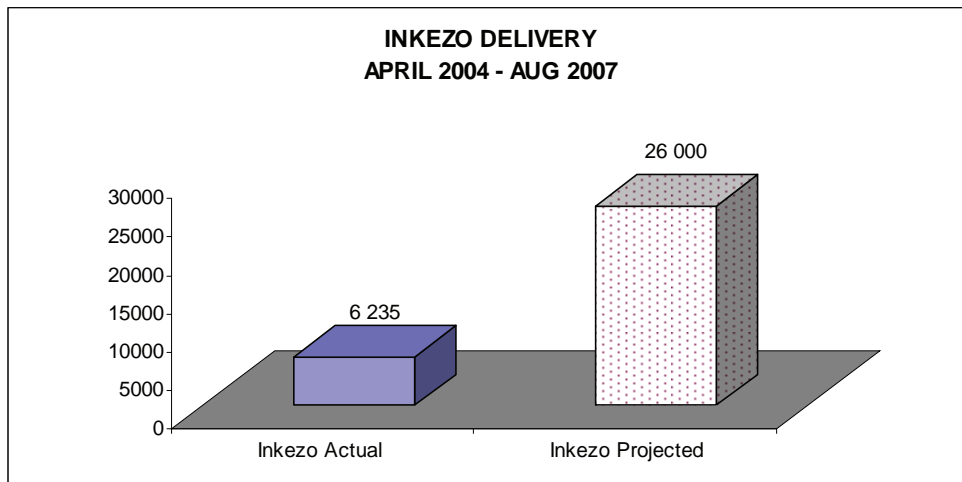
Table 5: Land transfers to the state that Inkezo facilitated

Project	Total Area	Purchase to Lease	Transferred	Region
Reserve Farm	189	(???)	February 07	Nkwaleni/H'ville
Ted Ford Farm	198	R4,113,000	January 07	Nkwaleni/H'ville
Leisegang	103	R2,200,000	August 07	Nkwaleni/H'ville
Bambella & Prospect	511	R5,583,500	Pending transfer	Nkwaleni/H'ville
Khandimpilo	440	R1,800,000	March 07	Nkwaleni/H'ville
Nkobela	1937	R22,000,000	Pending transfer	Nkwaleni/H'ville
Needmore	453	R7,800,000	Pending transfer	Nkwaleni/H'ville
Bonnavista	279	R2,700,000	Pending transfer	Nkwaleni/H'ville
Lezmin 2970cc	377	R3,789,000	Pending transfer	Nkwaleni/H'ville
Nefic Estates	509	R12,047,360	July 07	Nkwaleni/H'ville
Rhino Packhouse	2	R6,200,000	Pending transfer	Nkwaleni/H'ville
TOTAL	1,439 transferred	R69,932,860		
TOTAL	3,559 pending			

Source: INKEZO report to the Inkezo Board, August 2007

From April 2004 to August 2007 (a period of 40 months), Inkezo facilitated the transfer of 6 235 hectares. When applying the original projections, Inkezo was required to transfer 650 hectares on a monthly basis as contained in the MOU, therefore, Inkezo should have facilitated the transfer of 26 000 hectares of land during this period. This represents a shortfall of 19 765 hectares. The bar graph below indicates the transfers that Inkezo facilitated, as compared to Inkezo's projected transfer for the same period. In fact, Inkezo has achieved 23.9 per cent per cent of its projected transfers.

Graph 2: Inkezo's performance against projected transfers



From the above tables and graphs, it is evident that the Inkezo Land Company, as an alternative delivery mechanism, has not been able to increase the pace of land redistribution in KwaZulu-Natal. From the interviews conducted with both Inkezo staff and the PLRO officials, the following reasons were given for the current trends:

- Bureaucratic government approval processes:** The current arrangements for project approval, as per the Memorandum of Understanding, requires Inkezo to submit their projects to District Grants Appraisal Committees (DGAC) and, upon their recommendation, to a Provincial Grants Approval Committee (PGAC) for project approval. These government structures represent the institutional arrangements that the Provincial Land Reform Office has put in place for project appraisal and final approval.

All of the five Inkezo and Canegrowers staff interviewed stated that the current approval processes are too bureaucratic and have effectively reduced the process to the level of a government department. They indicated that this has severely impacted on their ability to facilitate transfers with greater efficiency. Two of the three Inkezo specialist staff interviewed said that these structures lack the expertise to appraise complex projects that have been packaged by “experts” in the field.

All of the five respondents from Inkezo and Canegrowers interviewed advocated for a revised business process, in which they would have greater authority in the packaging, valuations and final presentation of projects to a single approval structure. Of the nine PLRO staff interviewed, six agreed that the business processes could be refined for the partnership to allow for speedy approval. However, all of the PLRO staff were consistent in stating that these projects needed to pass through the current Provincial Grants Approval Committee for approval. The current data on Inkezo led projects indicates that the time it has taken from the point of application to transfer is, on average, 13 months.

The District Grants Appraisal Committees (DGAC) and Provincial Grants Approval Committee (PGAC) convene on a monthly basis. Furthermore, ad hoc meetings are also called if there are urgent submissions that cannot wait for the next scheduled meeting of either structure. The meetings and approval processes do not seem to be the key bottleneck. From an analysis of the Provincial Project Tracking System (A PLRO system that tracks all projects from application to final transfer), it relates most of the delays to challenges of the project management. PLRO planners often gain approval of funding for the appointment of professionals for valuations of land, the establishment of legal entities and sub-divisions of properties at the PGAC. However, the draft of the terms of reference to secure service providers to perform the above tasks is only submitted **two to three weeks** after funding approval. A second common practice amongst PLRO planners is that, whilst a sitting of the PGAC may approve a project, the members of the meeting often make recommendations requiring changes to the written submission.

Again, from the information contained in the Provincial Project Tracking System, it has become evident that these revised or corrected submissions are taking between two weeks to a month to reach delegated officials for their final approval.

From the responses and above verified timeframes from business process milestone analysis, there is a need to review the business processes associated with the Partnership. It is recommended that:

- Inkezo accept the responsibilities of completing valuations, price negotiation, sub-division of land and conveyancing;
- Project approval remains with the Provincial Land Reform Office;
- In addition, the legal framework that currently defines the partnership (i.e. the MOU) needs to be reviewed. An appropriate legal framework that enables the transfer of funds to Inkezo must be formulated.

Table 6: Summary of the project cycle for land redistribution

Processes	Current	Proposed
Project initiation	PLRO planner drafts Project Identification Report requesting the release of the planning funds.	Inkezo official drafts the Project Identification Report requesting the release of planning funds.
	Approval of Project Identification Report by DGAC/ PGAC.	Approval of Project Identification Report by Chief Director.
Project planning	Contracting and management of service providers (valuation of land, legal entity establishment, subdivision of land) by the PLRO planner.	Inkezo contracts professionals to perform the functions of land valuation, legal entity establishment, and subdivision of property.
Project approval and transfer	The PLRO planner drafts a designation memo requesting project approval.	Inkezo officials write designation memo for project approval, and are responsible for property transfers.

- **Restitution claims over sugar-cane land**

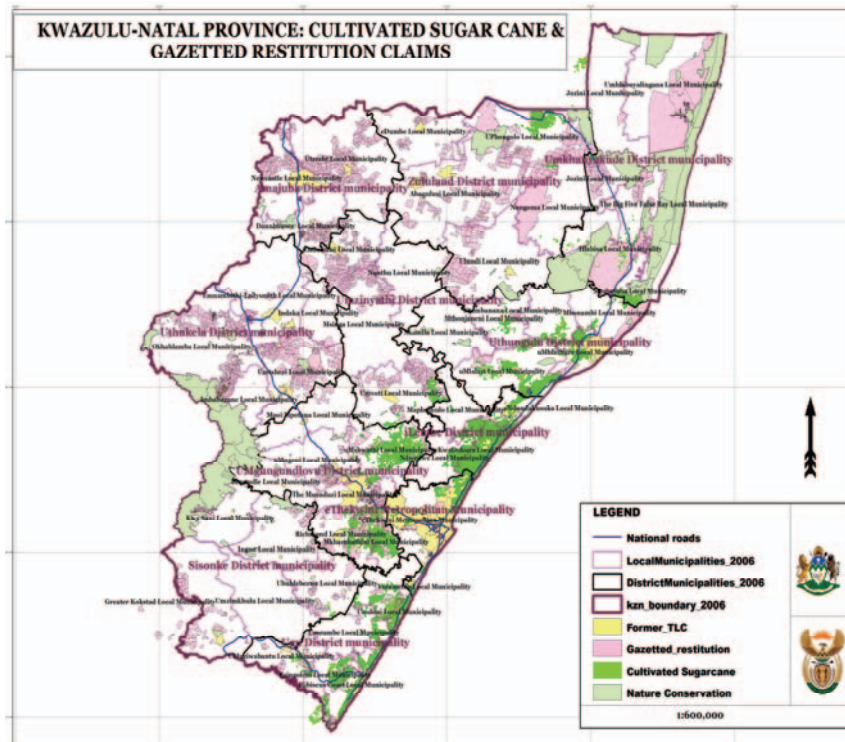
From the interviews conducted with Inkezo and Canegrowers' staff, the five have all cited that approximately 60 to 70 per cent per cent of the land under sugar-cane production is under restitution claims. This has resulted in the non-availability of sugar-cane land for redistribution purposes. The nine PLRO staff interviewed concurred that restitution claims over sugar-cane land have impacted negatively on the land redistribution programme. In addition, all of the five respondents from Inkezo and Canegrowers further stated that the slow

pace at which restitution claims are being settled adds to the challenge. Inkezo officials indicated that they are becoming increasingly frustrated in that once projects are facilitated through the land redistribution programme, they are only to find a restitution claim on the property in question.

A further frustration amongst the Canegrowers staff interviewed is that the Regional Land Claims Commission is unable to provide comprehensive spatial information of claims on sugar-cane land. This leads to tension amongst farmers and claimants.

From the map below it is evident that a significant percentage of land under sugar production is under restitution claims. The Regional Land Claims Commission (RLCC) is challenged in that there are 1606 claims still requiring research and mapping (interview with Walter Siluwe from the Regional Claims Commission: September 2007). Currently, the RLCC has committed all its resources towards the settlement of these claims. The sugar industry would find it beneficial to complement the RLCC capacity in targeted areas to assist with technical aspects of the gathering of information in relation to specific claims, and their mapping. This may assist the fast-tracking of the verification process.

Map 3: Restitution claim on sugar-cane land



Source: Department of Land Affairs, Chief Directorate: Spatial Planning and Information Services, 2007d.

- **The applicant-driven model:** Five of the nine PLRO staff interviewed attributed the slow pace of delivery to the applicant-driven model of land delivery. Like the PLRO, Inkezo follows a reactive approach, where Inkezo waits for willing-sellers and willing-buyers to approach them, rather than being proactive and engaging with both sellers and potential black farmers. The applicant-driven model results in dealing with applicants on a project-by-project basis, often involving fewer hectares. The net result is that Inkezo is unable to plan at scale across a particular geographical area, and thereby facilitate the acquisition of a greater number of hectares. PLRO officials have challenged Inkezo to adopt an area-based approach to land acquisition.

The area under sugar-cane production is clearly defined. Therefore, an approach based on adoption of an area will assist in identifying and prioritising

areas to be targeted for land reform purposes. The advantage of such an approach is that can include the restitution programme.

- **Capacity of Inkezo:** All of the nine officials from the Provincial Land Reform Office indicated that one of the reasons advanced for poor delivery is linked to the availability of Inkezo staff at a district office level. Those interviewed stated that Inkezo currently operates from a centralised venue in Durban, and officials found that this geographical separation impedes the ability of the organisation to respond to immediate needs. Furthermore, it limits interaction between staff of the PLRO, Inkezo and potential farmers, possibly missing opportunities to build trust, and closer working relationships.
- **Staff turnover at PLRO:** The two specialists from Inkezo stated that staff turnover at the PLRO causes delays in project processing. Inkezo staff have indicated that staff turnovers mean that new PLRO officials, upon appointment, often do not understand all the business processes associated with land transfer and are essentially going through a learning process. This results in delays in project approvals, poor procurement management for services, such as those of valuers, surveyors and conveyancers. It has also emerged from the interview process that PLRO staff lacked skills in the structuring of partnership deals between communities and the private sector.
- **Inappropriate funding instruments and funding models:** Both Inkezo, Canegrowers and the PLRO staff clearly stated that the current grant funding instruments were not appropriate for projects in the sugar industry. Currently, the Department of Land Affairs uses two funding instruments/grants (SLAG and LRAD grant) to acquire land, as previously discussed.

,The LRAD grant is targeted for farmer settlement, for which it is used as an instrument, together with loan finances, in the sugar industry. Despite the flexibility of the LRAD grant, all persons interviewed indicated that it has proven to be inappropriate for the settlement of farmers. The price of sugar farms range from R20 000 to R45 000 per hectare. This has resulted in farmers requiring

loan finances, coupled with grant funding to acquire farms. Therefore, the instrument has been a constraining factor in that only black people who have collateral and financial track records have been able to access loan finances to complement the LRAD grant.

The PLRO staff have reflected on the impact of this instrument in that:

- (i) the demand for sugar-cane land has been limited, thereby impacting negatively on the land acquisition process;
- (ii) the LRAD programme is viewed as an elitist programme, accessible only to those with the ability to raise loan finances.

From the interviews with the PLRO, Inkezo and Canegrowers staff, they have all concurred that the slow pace of delivery relates to restitution claims over sugar-cane land. This was closely followed by PLRO staff, who cited the lack of Inkezo's full-time presence at a district level as a limiting factor.

(Appendix B: Interview questionnaire for PLRO officials).

(Appendix C: Interview questionnaire for Inkezo and Canegrowers members of staff).

4.3.2 Evaluation of the Provision of Agricultural Support Services

The current research that was conducted on post-transfer support to land reform beneficiaries indicates that very little attention has been paid to post-transfer support services (Hall *et al*,2003). Agricultural support in the form of grant funding is located in different institutions: i.e. Micro-Finance Scheme at the Land Bank, and Comprehensive Agricultural Support Programme at the Department of Agriculture.

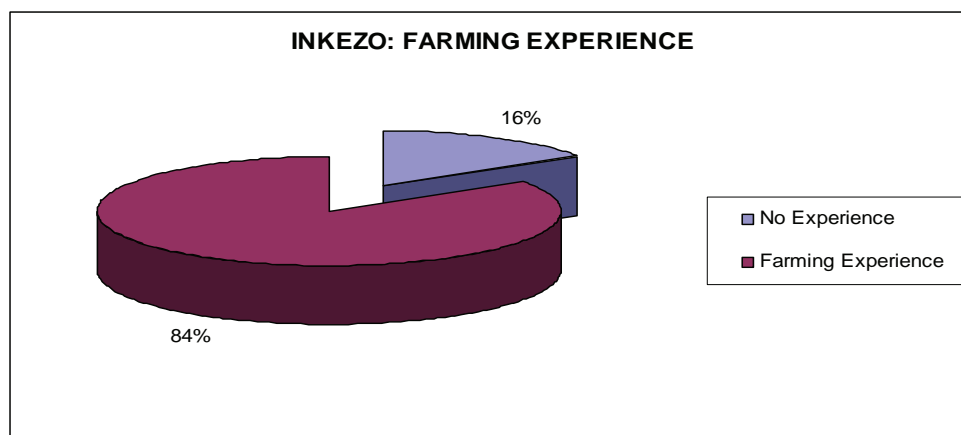
However, black farmers have complained that extension support, mentorship and training were weak, and often non-existent.

As a response to these limitations, the Provincial Land Reform Office realised that the sugar industry provided an extensive range of support services for its client. The

PLRO viewed replicating these services in government as futile, and preferred entering into a strategic partnership with the industry, so that these services could be accessible to the new farmer. The sugar industry, as represented by Inkezo, also saw value in providing such a service, since the industry realised that their supply to the various sugar-cane mills was dependent on successful black farmers. The Memorandum of Understanding committed Inkezo Land Company to provide or facilitate the following services: orientation and information sessions for potential farmers; formulation of business plans; opinions by cane growers on the value of land; services of Inkezo, sugar-milling, the South African Sugar Research Institute (SASRI), and Canegrowers; as well as mentorship and banking. In order to measure the effectiveness of the support service provided, structured interviews were conducted with the end-users or beneficiaries of the programme.

(Appendix D: Interview questionnaire for farmers as beneficiaries)

A total of 19 farmers were interviewed on a range of issues, with the focus on the effectiveness of post-transfer support services provided. In terms of the farmers' profile, it was noted that 84.2 per cent per cent of the farmers had no formal education, i.e. certificates, degrees, diplomas in agriculture, but that 85 per cent per cent of the farmers had had prior farming experience. Most of these farmers were either involved in small-scale sugar-cane farming or had been employed in the sugar-cane industry. In the case of the latter, these farmers worked for large companies, such as Tongaat-Hullet, as general workers or farm managers.

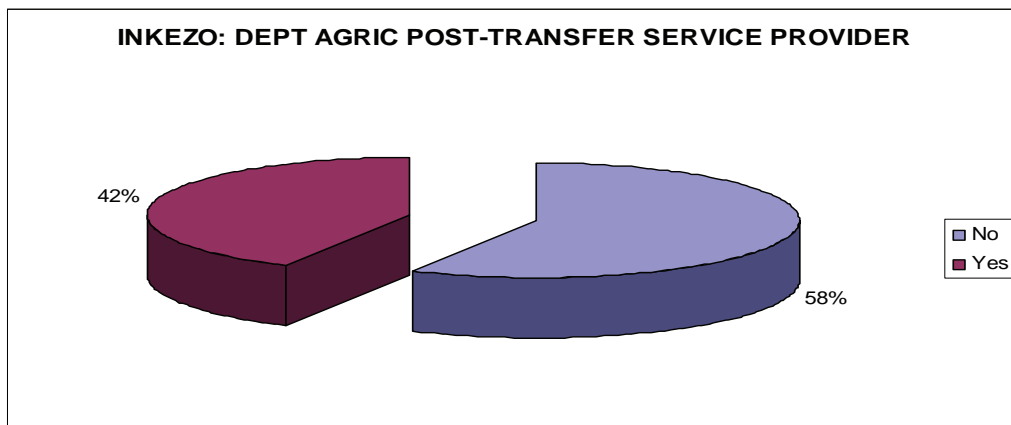
Graph 3: Beneficiaries with farming experience

- Effectiveness of the Provincial Department of Agriculture:** The farmers were questioned on the effectiveness of the support services from the Provincial Department of Agriculture. Of these farmers, 58 per cent responded that the post-transfer services were not effective. They complained that the LRAD and CASP funds, as well as the MAFISA loan finance, are not accessible, and were located in various institutions with different requirements for approval. Often, these funds are accessible only at a Provincial level. Furthermore, when funds, such as CASP, are made available, they are not available to the farmer, but he/she is required to go through the government tendering procedure, which results in unnecessary delays. Farmers further indicated cases where the lack of a timely supply of inputs, e.g. fertilizer and chemicals, has resulted in the failure of their farming operations.

It is recommended that more effective ways of accessing government funding must be put in place within a decentralised institutional framework. The alignment of the CASP and LRAD funding has proven to be a challenge, since two different departments, each with their own set of approval processes, administer them. Despite agreements between the Provincial Land Reform Office (PLRO) and the Department of Agriculture and Environmental Affairs (DAEA), the misalignment has grown resulting in some farmers only receiving agricultural support a year after acquisition. The DAEA needs to find innovative way of disbursement of the funds that are within the current legal framework, but allows for easy access to them upon land acquisition.

Some of the proposed solutions that will be discussed in chapter five relate to joint approvals of Land Redistribution for Agricultural Development (LRAD) Grant and Comprehensive Agricultural Support Services (CASP) Grant, and possible transfer of CASP to organisations such as Inkezo and Canegrowers.

Graph 4: Support Services from the Department of Agriculture and Environmental Affairs



- **Participation in: growers' days, the Inkezo information day, and the South African Sugar Association Experiment Station (SASEX) course:**

Of the 19 farmers interviewed, 16 attended the growers' days that Canegrowers organised. These farmers felt that these grower days were useful in that they received the opportunity to interact with other farmers and share ideas, and learn from the sugar industry's specialist staff. Study groups were also highlighted as being important sources of information and learning. They allowed farmers to meet regularly with other farmers in their region. Furthermore, 12 of the 19 were members of a study group.

Whilst Canegrowers provides the organisational infrastructure for these interactions, the goodwill and willingness of white commercial farmers to share their expertise cannot be overemphasized. Prior to the purchase of their farms, 50 per cent per cent of the farmers had attended Inkezo information days,

which provided them with good insight into the industry, and the challenges that would confront them as farmers.

- **Formulation and implementation of business plans:** Part of the services that Inkezo has provided is the formulation of business plans for sugar-cane projects. Business plans are required from land reform beneficiaries who wish to access loans and grants to acquire land. From the questionnaires, it emerged that Inkezo assisted 92 per cent per cent of the farmers in the compilation of these business plans and, most importantly, this was a free service. Most of the farmers had also participated meaningfully in the formulation of the partnership, and 90 per cent of them stated that the business plans were central in facilitating the land transfer. Farmers also regarded the business plans, not merely as a compliance toll for the acquisition of land, but a critical tool to manage their farming operations.

Officials of the PLRO also confirmed that the Inkezo specialist staff's formulation of the business plans, as compared to outsourcing them to service providers who have limited expertise in the sugar industry, has proven to be beneficial to both the farmers and to the PLRO. However, the structure of the business plans did pose problems initially, but both the PLRO and Inkezo were able to resolve them. All business plans are now presented at the PLRO approval structures as part of the land acquisition submission.

- **Post-transfer support services:** The post-transfer support services that business units of the sugar industry provide, are as follows:

Table 7: Post-transfer Support Services

Business Unit	Post-transfer Support Services
South African Sugar-cane Research Institute	<ul style="list-style-type: none"> • Provide technical support to farmers. An agronomist is located in each sugar-planting region; • Pest and disease inspection. Inspection teams are also located in each region, and undertake routine inspections on farms; • General research and development on new sugar-cane varieties.
Business Unit	Post transfer Support Services
Miller Groups	<ul style="list-style-type: none"> • Agricultural advice and contractual services for the supply of cane; • Technical advice and training; • Co-ordination of sugar-cane deliveries; • Mapping of sugar-cane fields; • Providing disease-free seed <u>can</u>(?).
Canegrowers	<ul style="list-style-type: none"> • Represents the interest of growers in SASA; • Bookkeeping services for farmers; • Economist in each region - assistance with tax and advice re property rates; • Developing and empowering cane-growing by the promotion of training and information support.
Umthombo Agricultural Finance	<ul style="list-style-type: none"> • Loan finances to small scale growers at competitive rates.
Inkezo	<ul style="list-style-type: none"> • Facilitation of land transfers; • Compilation of business plans; • Alignment of the above support service from the industry to the benefit of the new black farmers.

Source: D.N. Thompson & R.F. Bates, 2006.

The interviews with farmers indicated that the majority (79 per cent) had received an effective post-transfer support service from Inkezo, as compared to the other business units in the sugar industry. This is mainly due to Inkezo's interaction with these new farmers from the outset, and taking responsibility for the alignment of support services. Furthermore, interviews with the two Inkezo specialists revealed that farmers often come back to Inkezo for "re-assurance," despite being provided with technical support from the other support service units. Both attributed this trend to the level of trust that was built between Inkezo officials and the farmers during the process of business planning and land acquisition.

In respect of support from the Sugar Miller Groups, 58 per cent of the farmers responded positively in that they were provided with extension support, and on-farm advisory support. Farmers indicated that, among Sugar Millers, this service varies, and it would be useful if Millers standardised the nature of extension support to the new farmers, as well as the business management support. Thompson & Bates (2006:10) confirm this, stating that new entrants to the industry who have good business management skills yet lack technical knowledge, appear to be better prepared for an agricultural career. The following table summarises feedback from farmers on a range of support services.

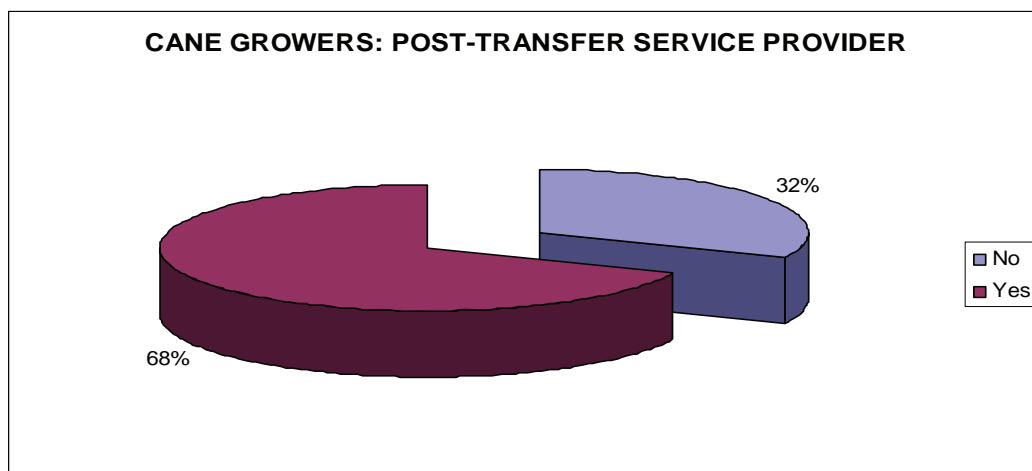
Table 8: Effectiveness of Post-transfer Services

Effectiveness of post-transfer support service	per cent	per cent
	yes	no
South African Sugar Research Institute services	53	47
Canegrowers services	68	32
Mentor: post-transfer service provider	26	74
Bank: post-transfer support	26	74
Inkezo: post-transfer technical support	79	21

The ability of Inkezo to align post-transfer support services is confirmed in that 79 per cent of the farmers indicated that this was done effectively. However, some of the services relating to mentorship require re-thinking. Farmers indicated that this service

was either non-existent, or needed to be adapted to suit the needs of entrant black farmers. Thompson & Bates (2006:11) also confirm these findings, stating that, given that these black farmers are first generation farmers unlike the white farmers who are third generational, more emphasis must be placed on mentoring. However, the nature of mentorship needs to be changed from the traditional agricultural extension services being offered. Thompson & Bates (2006:11) re-iterate the need for mentoring to focus on the transfer of business management skills.

Graph 5: Effectiveness of Canegrowers Support Services



A key indicator of the effectiveness of the support service can be found in farmers' response to the services from Canegrowers, since it is an organisation that the farmers/growers themselves own. The research revealed that 68 per cent of the farmers had received an effective service from this organisation. These findings correlate with the Canegrowers annual report that captures the following information of support services:

- Black farmers have received support from Regional Economic Advisors on budgeting, business plan compilation, property rates and transport matters;
- 791 small growers had access to training services;
- 112 black farmers have made use of their bookkeeping services;
- black farmers have participated in workshops on financial management training (Canegrowers, 2007:11-13).

- **Constraints that farmers experience:**

Despite the extensive services that the sugar industry offers, a number of challenges still confront the farmer, for example, constraints relating to cash-flow problems, mainly due to changes in input costs. Of the 19 respondents, 78.9 per cent identified changes in the cost of inputs, such as fertilizers and chemical costs, as a major constraint. Changes in the RV price (or the price of sugar-cane per ton, upon receipt at the Sugar Mill) were another serious constraint; 78.9 per cent of the farmers indicated that this had an impact on their cash flows. However, all farmers in the agricultural sector encounter these challenges, and are not particular to land redistribution beneficiaries; more sound business management skills of individual farmers would minimise the impact of these factors.

- **Success of the farming ventures**

The farmers were also consulted as to whether their farming enterprises have been profitable or not. Of the respondents, 73.7 per cent stated that their businesses had been profitable. Data confirms this in terms of debt servicing, in that 15 of the 19 were up-to-date with their debt servicing commitments. Furthermore, the productivity of these farms is also confirmed in that 12 of the 19 black farmers are on par with commercial and medium-scale white farmers, as they are producing the equivalent tonnage.

From the current survey of the black farmers, one can conclude that the current support services are effective, as the majority of the end-users are now commercially viable.

However, the methodology, employed in providing post-transfer support services, such as mentorship, training and extension support to new first generational black farmers, must be adapted to suit their immediate needs. Proposals, in relation to adaptive models, will be explored in chapter five.

4.3.3 Evaluation of the Effectiveness of the Partnership Agreement

In 2004, the partnership between the PLRO and Inkezo began on the basis of a mutual need of both the PLRO and the Sugar Industry. The then Provincial Director of the PLRO and senior members of the South African Sugar Association developed the concept around a shared partnership between the two organisations. These interactions culminated in the the South African Sugar Association (SASA) establishing the Inkezo Land Company.

Following the establishment of Inkezo, the interaction between the two organisations was based on formal discussions between management teams. However, this happened in the absence of a document as a guiding framework. By the end of 2004, the working relationship was formalised in a Memorandum of Understanding between the two parties.

The partnership is located within the good governance paradigm, since it arose out of mutual need, and is not profit-orientated. The PLRO required a partner to provide effective support to land reform beneficiaries in the sugar industry, and SASA realised the need for their own proactive support of the land reform programme in order to ensure the supply of sugar-cane. Ideally, a partnership that arises from mutual interest would be based on trust, accountability and transparency.

From interviews with both the PLRO and Inkezo officials, 80 per cent responded that the nature of the relationship at the onset was one in which both organisations tried to define their roles. They reflected upon the numerous meetings that were held to determine deliverables and resources required. At the initial stages (2004), Inkezo also sought the support of the National Minister of Agriculture and Land Affairs to commit funding for the projects that Inkezo facilitated. The Minister indicated that an amount of R6 million would be ring-fenced for Inkezo. However, the PLRO, from which this budget was to be allocated, requested projects and deliverables from Inkezo.

The signing of the MOU marked an improvement in the relationship as, to some extent, the roles and responsibilities were defined. However, the management of the relationship continued to be ad hoc at both provincial and district levels. At a project level, the partnership was effective. Seven of the nine PLRO staff interviewed revealed that project support was effective in the formulation of business plans and the alignment of support services.

However, the interviews of both the PLRO and Inkezo staff, also revealed the following challenges in relation to the partnership:

- **Issues of mutual trust:** The three members of Inkezo interviewed all stated that there are serious issues relating to the intervention of both parties, which had constrained the working relationship at one of the district offices of the PLRO. These related to whether Inkezo was independent and whether it really acts on the part of the beneficiaries or in the interest of the sugar industry. Five of the nine PLRO staff interviewed raised a concern relating to the willingness of Inkezo to support projects that were acquired through expropriation, since its participation is based on a willing-buyer willing-seller transaction. Both Inkezo and PLRO staff also raised personality differences, interpersonal relations, and professionalism as constraining factors. Whilst interpersonal differences will always arise, they must be managed within a structured framework. The current management arrangement between the two organisations is not clearly defined, nor has it been formalised.
- **Issues of power:** The Provincial Land Reform Office gave the assurance that it would provide grant funding on the basis of the sustainable projects of Inkezo packaging. Given that the PLRO controls the resources, ultimate decision-making rests with the PLRO officials, and Inkezo has limited recourse in this matter. Again, the Memorandum of Understanding does not provide a mechanism to resolve disagreements relating to project approval.
- **The project cycle is not clearly defined:** The two specialist staff of Inkezo indicated that the joint project cycle is not clearly defined, or varies from one

district office to another. The project cycle is expected to clearly define their point on entry, their functions, and point of exit in the project. However, an attachment to the Memorandum of Understanding captures the key elements of the project cycle. However, a need for detailed business processes with defined roles and responsibilities exists. In the absence of such detailed information, the environment for communication is challenging and interpersonal conflict is potentially increased.

- **The setting of targets and accountability:** Since the MOU does not provide a framework for the management of the agreement, the systematic setting of annual targets has been difficult, so district Offices convened ad hoc meetings. In the absence of target setting and a structured review of performance, accountability for delivery is difficult to implement.

Despite the partnership's encountering of challenges, both parties are keen to ensure that the partnership works. All PLRO staff interviewed have little confidence in the Provincial Department of Agriculture to provide effective support services. The implementation of the Comprehensive Agricultural Support Programme (CASP) has been fraught with project management and procurement challenges. The PLRO managers interviewed believe that, if current trends of employing persons with agricultural skills is an attempt to fill the void of a less than effective service from the Provincial Department of Agriculture, it is not the best long-term option that should be pursued by the PLRO. The above approach removes the critical capacity that should focus on land transfer and, more importantly, directs the PLRO to take responsibility for a function that is not within its mandate.

The following is a summary of key comments/observations that emerged from interviews with PLRO staff on the options available to increase the pace of delivery in a sustainable manner:

- No amount of additional staff will result in a dramatic increase in the pace of delivery. This was the view especially of PLRO managers;

- The Provincial Department of Agriculture does not have the required skills and capacity to provide an effective service to black commercial farmers. All persons interviewed shared this view;
- A need exists for partnerships (agency agreements) with strategic partners, such as commodity organisations, farmer associations, agri-business; and private sector service providers, to deliver post transfer agricultural services, especially to black farmers who acquire commercial enterprises;
- Business processes for the approval of commercial projects that the above partners have already packaged, need to be reviewed, allowing for speedy approval and implementation;
- The approval processes for the release of LRAD and CASP funding must be streamlined. Ideally, a single committee must approve these funds.

In the Province, consensus exists amongst the parties and in the land reform sector in general that partnerships may indeed be the best option in order to provide effective support services. However, 90 per cent of those interviewed want these to be structured in the form of agency agreements, in which funds transfers occur to the agent with a set of clear deliverables, and operating procedures, management and reporting structures, and auditing procedures agreed upon.

The current chapter has provided an evaluation of the PLRO-Inkezo partnership. It has demonstrated that, at the formulation phase, the appropriate “instrument/tool” that defines the partnership must be agreed upon. Clearly, in the PLRO-Inkezo partnership, the Memorandum of Understanding is not the most effective management instrument. The concluding chapter will propose options to strengthen the current partnership between the PLRO and Inkezo, and provide recommendations on the nature and structure of future partnerships for land redistribution.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 SUMMARY OF PREVIOUS FINDINGS

The context of this research is that government, as represented by the Department of Land Affairs, has been unable to and, predictably within the current delivery mechanisms, will not achieve the target of redistributing 30 per cent of white-owned agricultural land by 2014. In the Province of KwaZulu-Natal, the focus of this thesis, only 303 956 hectares of land had been redistributed by August 2007 (Provincial Land Reform Office, 2007a). In an attempt to increase the pace of delivery and provide a more effective pre- and –post-transfer support service to the land reform beneficiaries, the Provincial Land Reform Office: KwaZulu-Natal entered into a partnership with Inkezo Land Company.

Thwala (2003), Letsoalo (1997) and Cross & Haines (1998) presented the historical contextualisation of the racially-skewed land ownership pattern that characterised the South African landscape in 1994. Both local and global realities influenced the formulation of the government's development programmes to address the socio-economic development challenges that confronted it, including land reform. At a local level, the disparities and backlogs that the apartheid programme had created, required immediate intervention on areas, such as the provision of shelter, health care, water, sanitation and social welfare services. At an international level, the collapse of Russia and other Eastern Block Countries meant that the capitalist free-market ideology was in ascendance, even in the former socialist countries in Africa and Latin America.

The result was that neo-liberal thinking and practices, especially due to the influence of the World Bank, permeated the policy development environment of the ANC government.

The government's Land Reform Programme confirmed the influence of neo-liberal ideologies. The Constitution of the Republic of South Africa (2006:11-13) protected property rights and a willing-buyer willing-seller principle was advocated as the

mechanism for land redistribution. In addition, the envisaged land reform programme was to be state-led within a free market economy.

Within the restrictive context of land redistribution, as one land reform type, implementation commenced through the National Department of Land Affairs. The targets to be achieved were not achieved within the specified time-frames, resulting in the time-frame for achievement of the same target of 30 per cent being extended to 2014.

Assessing delivery to date within existing delivery mechanisms, this thesis predicts that the 30 per cent target will not be reached by 2014, unless more effective and efficient delivery mechanisms are explored and utilised. In chapter three, the New Public Management paradigm was evaluated from the perspective of providing the momentum and framework for the formulation of alternative delivery mechanisms in the public sector. In pursuit of making the public service more effective and efficient, private sector principles and practices began to be applied to the public sector. This resulted in a plethora of approaches to delivery, which included: the contracting out of services, agencification (Batley & Larbi, 2004), privatisation, down-sizing, decentralisation (Smith, 2002), and partnerships with a range of stakeholders (Brinkerhoff, 2002).

An existing Public-Private Partnership is thus analysed to assess whether it is more effective than a state-driven form of delivery. The partnership between Inkezo and the Provincial Land Reform Office of the Department of Land Affairs is evaluated as an alternative delivery mechanism to determine its impact:

- on the pace of land redistribution in the sugar industry on KwaZulu-Natal;
- on the provision of post-transfer agricultural support services for land reform beneficiaries in the sugar industry.

In chapter four, the evaluation of the public-private partnership revealed the following:

- Inkezo was unable to meet the targets that it had set for itself in relation to the hectares of land to be delivered on an annual basis. This was mainly due to restitution claims on land that was targeted for redistribution purposes;
- the alignment of support services to the entrant black farmer was effective, but with a strong call to review methodologies employed in training, mentorship and extension advice;
- the nature or structure of the overall partnership requires review. The interview process demonstrated that a Memorandum of Understanding (MOU) is not the most effective instrument/tool to define partnerships. By its very nature, MOUs are mutual agreements and do not present an effective framework to manage accountability.

Chapter five provides recommendations on the manner in which the current PLRO-Inkezo partnership could be strengthened, and for the broader application of public-private partnerships in the Department of Land Affairs. The chapter concludes with recommendations regarding the skills, expertise and nature of work of the public officials who are required to manage these partnerships.

5.2 RECOMMENDATIONS REGARDING THE PLRO-INKEZO PARTNERSHIP

The Provincial Land Reform, Inkezo, and Canegrowers officials have re-iterated the need for partnerships in order to fast-track land reform delivery. Furthermore, support for the current partnership exists, but with requests for it to be strengthened. It is proposed that the partnership be transformed in the following manner:

5.2.1 Transformation of the Partnership Agreement

The current Memorandum of Understanding must be transformed into an Agency Agreement. Such an agreement is defined as an “agreement when there are funds involved” (Department of Land Affairs, 2007:10). In this case, the Provincial Land Reform Office and Inkezo Partnership, i.e. the Agency Agreement, should be a programmatic agreement over a multi-year period of three to five years.

Funds will be transferred on an annual basis to the agent (Inkezo), with the written undertaking that the following functions will be performed:

- a valuation of land to be acquired;
- price negotiations and agreement on the selling prices;
- sub-division of land, should it be required;
- a formulation of business plans for the project;
- the formation of legal entities to take ownership of the properties to be acquired;
- final packaging and written submissions/motivations on the project;
- presentation of the project to the PLRO approval structures;
- conveyancing and land transfer to the beneficiaries.

The Agency Agreement must also address, in detail, the following key elements that were noted as limitations in the MOU:

- intuitional/institutional (???) arrangements for the management and accountability (how often do both organisations meet to review and evaluation the workings of the partnership?);
- cash flow management (are funds to be transferred in bulk as once-off payments, or are funds to be transferred on a quarterly basis based on performance?);
- reporting tools (a clearly defined set of reporting tools/proformas to be agreed upon from the outset);
- business processes to be redefined, based upon the above functions that Inkezo is to perform (the roles and responsibilities to be defined for each phase of the project cycle with agreed timeframes for delivery);
- a process to define Inkezo's deliverables for each of the financial years.
- control mechanisms for fund management and auditing;
- dispute resolution mechanisms;
- define the support services that the various components of the sugar industry are to provide.

5.2.2 Settlement Support Models

This research demonstrated that settlement support is effective, but some attention must be given to the appropriateness of methodologies employed in training, mentorship and extension services. In this regard, it is proposed that government, as represented by the Department of Land Affairs and the Provincial Department of Agriculture, and the various components of the industry develop a “tailor-made” support service package for new clients.

Secondly, this research demonstrated that services that were provided in a decentralised manner, were more effective. A further recommendation is that the various support service components develop a strategy to provide an effective support service from a single decentralised regional centre. The concept of a “one-stop-shop” of services, from bookkeeping, extension support, economist, and loan finances, would be much more effective and demystifying to new black farmers. Thomson & Bates (2006:11) indicate that such a pilot project is currently underway in the Darnall area in the KwaZulu-Natal Midlands.

Finally, a support service model that has a tailor-made training, mentoring and extension programme for the first generation black farmer, and a decentralised one-stop-shop implementation model, must include current/existing commercial farmers as a key component. At a local level, the existing farmer networks must be strengthened to ensure that maximum interaction occurs between the current commercial farmers and new entrant black farmers.

5.2.3 Pace of Delivery: Appropriate Funding Instruments

The previous chapter noted suggestions relating to fast-tracking the finalisation of the verification process for the outstanding restitution claims and the possible role that the sugar industry could play in providing additional capacity. It also recommended that Inkezo pursues an area-based approach to land acquisition, rather than a project-by-project approach. The appropriateness of the funding instrument also presented a challenge.

In order to develop an effective funding instrument for both land acquisition and post-transfer support, it is recommended that Inkezo develops a model/s for farm settlement in the sugar industry. Models need to be developed for individual/family farming units, group enterprises, and share equity ventures. Once developed, the funding proposals can then be presented to the policy development units of the Department of Agriculture and Land Affairs as a motivation for the revision of the current instruments.

5.3 RECOMMENDATIONS FOR DEPARTMENT OF LAND AFFAIRS PARTNERSHIPS

The nature of partnerships entered into between the Department of Land Affairs and private sector organisations range from memoranda of understanding, memoranda of agreements and agency agreements. From the evaluation process of the Inkezo-PLRO partnership, it is evident that the Department of Land Affairs must opt for the Agency Model in defining partnerships that are linked to increasing the pace of land redistribution and providing effective support services.

5.3.1 Advantages of an Agency-approach to Partnerships

The agency-approach is based on the transfer of funds between two organisations, in which the “agent” will perform clearly defined functions for the Department of Land Affairs. The advantages of such an approach are:

- increased acceleration of the delivery of land reform, since it allows the agent to perform certain functions . This adds capacity to the programme;
- additional specialist technical capacity to complement the capacity of the Department, especially commodity-specific specialists;
- commodity organisations and agri-business will have access to markets;
- specialist support services of a particular commodity or organisation then become accessible to land reform beneficiaries;
- beneficiaries will have access to a network of other farmers who produce the same

products.

At a broader level, it brings additional partners into the land reform programme, as well as “alternative delivery mechanisms” to facilitate land reform delivery, rather than merely relying on a state-driven delivery model.

5.3.2 Agency-driven Partnerships

- **Commodity-driven models:** These are partnerships with the various commodity organisations. Examples of the larger commodity partnerships are in the sugar, wine, grain, livestock and citrus industries. The Inkezo-PLRO partnership is a typical example of a partnership in this category.
- **Organised agriculture:** As demonstrated in the research, farmers’ associations provide effective support to entrant farmers. Structured agreements could be entered into to provide mentorship, training, and project support. The Besters Land Redistribution Project in Northern KwaZulu-Natal is a good example of such a partnership.
- **Agri-business companies:** Partnerships could be entered into with key role-players in the agri-business industry. This would enable access to support services and markets.
- **Financial institutions:** Financial institutions are keen to secure a long-standing relationship with farmers from a loan finance perspective. These institutions could also provide a value service in land valuations, price negotiation, business evaluation and packaging;
- **NGO and CBOs:** Partnerships relating to the training, mentorship, and programme communication.

5.3.3 Elements of Agency-agreement Partnerships

These partnerships will be project or programme specific. However, the structure of the agreement must have, at least, these elements:

- **Legal mechanisms to be defined:** Agency agreements will result in the transfer of public funds to the agents. Therefore, these agreements need to in compliance with the provisions and regulations of the PFMA. This would ensure transparency, accountability and sound management of the finances of the institutions to which the PFMA applies.
- **Indicate the service to be provided:** The agreement must list the services to that the agent will provide and provide details of each of the services.
- **Institutional arrangement for the management of the agreement:** The management structures and the frequency of meetings must be defined.
- **Funding allocation and processes for transfer:** Both organisations are to agree on the funding implications and on the manner of fund transfers.
- **Reporting, monitoring and evaluation mechanisms:** Reporting templates are to be agreed upon, and monitoring and evaluation systems and procedures must be developed.
- **Time period for agreement to be specified:** The parties are to agree upon the timeframes of the agreement, and determine whether they are programme or project specific.

5.4 RECOMMENDATION ON PUBLIC-SECTOR MANAGERS

The Department of Land Affairs has favoured the Agency Agreement Partnership model since, in most cases, there will be a transfer of funds. Both the National Office of the Department of Land Affairs and nine Provincial Land Reform Offices view this form of partnership as an opportunity to fast-track delivery, and to induce the private sector, commodities and organised agriculture to commit to the provision of support services (interview with Carmen van der Merwe, Director: Redistribution Implementation Systems: Department of Land Affairs: September 2007).

The prioritisation of this form of partnership will have implications for senior managers in the Department of Land Affairs. The Department of Land Affairs will need the appropriate skills and expertise to draft, implement, manage and monitor these agency specific agreements. A core team of persons with legal expertise, fund/transaction

management experience, and expertise in contract management will be required at each Provincial Land Reform Office. Their role will be to draft agency agreements on behalf of the Provincial and/or District Offices, and provide effective management support to the management team. Middle and senior managers must be provided with intensive training programmes in order to perform the functions associated with complex contract management.

5.5. CONCLUSION

This thesis has demonstrated that alternative delivery mechanisms or models for land reform are necessary for increasing the pace and sustainability of land redistribution in South Africa, in an attempt to achieve set targets and objectives. The Inkezo-PLRO model, as an example of a public-private partnership, is a suitable delivery mechanism for land redistribution. However, agreements that are structured on mutual benefit, high levels of trust, clearly defined aims, objectives and deliverables, sound management arrangements, and the need for skilled persons in the public sector to manage these complex agreements and the associated relationships, will determine the effectiveness of such mechanisms or partnerships.

The nature of the agreement should include maximising the allocation of functions to the agent or partner with the transfer of funds annually, to prevent the potential of bureaucratic processes and approvals delaying the achievement of targets and objectives. Finally, such partnerships can be applied within other agriculture sectors and they should be seriously explored to diversify agricultural production and benefits within land redistribution.

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APPENDIX A : MEMORANDUM OF UNDERSTANDING 111**DEPARTMENT OF LAND AFFAIRS**

**MEMORANDUM OF UNDERSTANDING
BETWEEN
PROVINCIAL LAND REFORM OFFICE:
KWAZULU-NATAL
AND
INKEZO LAND COMPANY and
CANEGROWERS**

1.1 AGREEMENT

Entered into by and between:

2 DEPARTMENT OF LAND AFFAIRS

PROVINCIAL LAND REFORM OFFICE

3 KWAZULU-NATAL

(hereinafter referred to as the “**Department**”)

and represented by Mr Mduduzi Sbabane
in his/her capacity as the Provincial Director

and

4 INKEZO LAND COMPANY

(hereinafter referred to as the “**INKEZO**”)

and represented by Mr Rodger Stewart
in his/her capacity as Chairman

SOUTH AFRICAN CANEGROWERS ASSOCIATION

(hereinafter referred to as the “**CANEGROWERS**”)

and represented by Mr Bruce Galloway
in his/her capacity as Chairman

4.1.1 PREAMBLE

- A. WHEREAS the Department of Land Affairs, through the establishment of the Provincial Land Reform Office: KwaZulu-Natal (herein referred to as PLRO-KwaZulu-Natal), has been charged with the responsibility to oversee, manage and implement the Redistribution and Tenure Reform components of the Government's Land Reform Programme in the Province of KwaZulu-Natal.
- B. AND WHEREAS INKEZO is the creation of the South African Sugar Association (SASA) with the aim of facilitating the transfer of land under sugar-cane production to persons from the disadvantaged groups in the Province of KwaZulu-Natal.
- C. AND WHEREAS CANEGROWERS, as the National organisation representative of all sugar-cane growers, has an interest in promoting the efficient transfer of land to emerging farmers via a market-driven land reform process, which will result in sustainable transformation;
- D. AND WHEREAS all organisations recognize their different and complementary roles within the said Land Reform Programme generally, and LRAD specifically; and recognize the need for combining efforts in joint interventions in order to deliver a sustainable LRAD Programme in the sugar industry.
- E. FURTHER NOTING that the PLRO: KwaZulu-Natal will work with all stakeholders in the sugar industry in mutual trust and good faith, but within the limitations and constraints of its human and financial resources.
- F. FURTHER NOTING that CANEGROWERS and SASRI will align support services for the beneficiaries of the LRAD Programme in the sugar Industry within their respective budget and human resource limitations.

- G. The parties to this agreement wish to record the terms and conditions to regulate the relationship between them with regard to the identified Programme. The parties further commit themselves to act as stipulated in this agreement in the spirit of mutual trust, respect and co-operation at all material times in regard to the identified projects.
- H. Annexure A. The Policy Document: Land Redistribution for Agricultural Development.
- I. Annexure B. Systems and procedures for the implementation of this MoU.
- J. Annexure C. Inkezo budget projects for land acquisition.

NOW THEREFORE THE ORGANISATIONS AGREE AS FOLLOWS:

1. DEFINITIONS

- 1.1. The headings of the clauses in this agreement are for the purpose of convenience and reference only, and shall not be used in the interpretation of, nor modify nor amplify the terms of this agreement nor any clause hereof. In this agreement, unless a contrary intention is clear.
- 1.2. Words importing
 - 1.2.1. any one gender include the other gender;
 - 1.2.2. the singular include the plural and vice versa; and
 - 1.2.3. natural persons include created entities (corporate or unincorporated) and vice versa.
- 1.3. If any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, effect shall be given to it as if it were a substantive clause in the body of the agreement, notwithstanding that it is only contained in the interpretation clause.
- 1.4. If any period is referred to in this agreement by way of reference to a number of days, the days shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a Saturday, Sunday or public holiday, in which case the last day shall be the next succeeding day which is not a Saturday, Sunday or public holiday.
- 1.5. Schedules and Annexures to this agreement shall form an integral part of this agreement, and this agreement shall be read in

conjunction with such Schedules and Annexures, all of which should be taken into account in the interpretation of the agreement.

- 1.6. This agreement shall be governed by, construed and interpreted in accordance with the law of the Republic of South Africa.
- 1.7. The following terms shall have the meanings assigned to them hereunder and cognate expressions shall have a corresponding meaning, namely:
 - 1.7.1 “**DLA**” means the Department of Land Affairs;
 - 1.7.2 “**PLRO**” means the Provincial Land Reform Office;
 - 1.7.3 “**Financial year**” means the period commencing 1 April and ending 31 March;
 - 1.7.4 “**INKEZO**” means Inkezo Land Company;
 - 1.7.5 “**LRAD**” means Land Redistribution for Agricultural Development;
 - 1.7.6 “**The Parties**” mean the parties to this agreement as more fully described on the first page of this agreement;
 - 1.7.7 “**This Agreement**” means this document being an agreement between the parties and the annexure thereto;
 - 1.7.8 “**SASA**” means the South African Sugar Association;
 - 1.7.9 “**DSC**” means the District Screening Committee;
 - 1.7.10 “**PGAC**” means the Provincial Grants Approval Committee;
 - 1.7.11 “**CANEGROWERS**” means the South African Cane Growers’ Association.

2. THE PARTIES

The parties of to this Memorandum of Understanding (MOU) are:

The DLA, which will function through the PLRO: KwaZulu-Natal as a Directorate implementing the Land Redistribution (LRAD) Programme in the Province of KwaZulu-Natal.

Inkezo, a Section 21 Company, created by the South African Sugar Association (SASA) which aims to transfer land under sugar-cane production in the Province of KwaZulu-Natal to persons from the disadvantaged group.

CANEGROWERS, a company incorporated not for gain under Section 21 of the Companies Act and which is the National representative body of all canegrowers in South Africa.

3. THE OBJECTIVES OF THIS AGREEMENT

3.1 The objectives of this Agreement are to:

- (a) outline a framework for providing distinct complementary and respective roles of the DLA, PLRO: KwaZulu-Natal and Inkezo in the achievement of a Land Redistribution (LRAD) target: transferring approximately 78 000 hectares of land under sugar-cane production by 2014.
- (b) ensure that all legislative and policy guidelines are adhered to in the redistribution of sugar-cane land when using the government's legal and funding mechanisms.
- (c) ensure the alignment of funds in respective financial years, dependent on the financial resources and priorities of the PLRO: KwaZulu-Natal.
- (d) ensure that a framework providing for the distinct and respective roles of Inkezo and CANEGROWERS in respect of training, extension and other support services is aligned and provided to beneficiaries of the LRAD programme on sugar-cane farms.

3.2 The Project

The purpose of this project is to provide a framework that reflects the distinct, complementary and respective roles of the DLA, PLRO: KwaZulu-Natal and Inkezo in the implementation of a programme to ensure the willing-buyer/willing-seller redistribution of 78 000 hectares of land under sugar-cane production in KwaZulu-Natal to persons from disadvantaged backgrounds by the year 2014.

4. PARTIES TO THE AGREEMENT

4.1 Department of Land Affairs

The DLA PLRO: KwaZulu-Natal seeks to accelerate the delivery of land reform projects (LRAD) to ensure that the 30 per cent target is achieved and to holistically develop vibrant and sustainable communities through land reform in an integrated and co-ordinated manner, maximising available resources and involving all stakeholders.

4.1.1 Priorities of the PLRO: KwaZulu-Natal

- Poverty alleviation and food security
- Creating a caring and responsive government
- Creation of black emergent and commercial farmers
- Creating a better life for all
- Redressing the legacies of apartheid

4.1.2 Strategic objectives

- To create integrated, sustainable and viable projects
- To ensure the participation and involvement of all relevant stakeholders in the Land Reform Programme To alleviate poverty and improve the livelihoods of the poor To increase access to agricultural land to the previously disadvantaged people
- To stimulate income generating opportunities in the agricultural sector To create employment and stimulate economic growth through agriculture
- To foster co-operation between different spheres of government, government and the private sector, government and civil society organisations
- To co-ordinate the resources from different stakeholders.

4.2 Inkezo Land Company

Inkezo Land Company is a Section 21 company created by the South African Sugar Association (SASA) to facilitate and project manage the transfer of approximately 78 000 hectares on land under sugar-cane production to disadvantaged persons in KwaZulu-Natal.

5. OBLIGATIONS OF THE PARTIES

5.1 Obligations of the DLA: PLRO: KwaZulu-Natal

- Provide legislative, policy and district specific guidelines to INKEZO in terms of redistribution and the LRAD sub-programme as defined in Annexure A.
- Provide operational procedures for the implementation of the agreement as defined in Annexure B.
- Deploy skilled and competent staff that will facilitate the submission of LRAD projects to the PGAC.
- Ensure that the limited financial resources are used optimally in the Province of KwaZulu-Natal, and in terms of National and Provincial priorities.
- Develop an effective communication strategy in conjunction with INKEZO and other stakeholders.
- PLRO, through mutual trust and good faith, accepts the quality and standard of INKEZO packaged business plans as defined in Annexure B heading 2.5.2.

5.2 Obligations of INKEZO

- Provide the DLA, PLRO: KwaZulu-Natal with an operational plan at the beginning of each financial year.
- The operational plan must document the envisaged projects, the location of projects and timeframes for transfer.
- Secure consensus within the sugar industry that all LRAD applicants relating to the industry will be facilitated and packaged by INKEZO.
- Ensure the sugar industry aligns and provides support service to beneficiaries.
- Develop an effective communication strategy in conjunction with PLRO: KwaZulu-Natal and other stakeholders.
- INKEZO will through the best of its endeavours and in mutual trust, prepare pre-packaged business plans for submission to the DLA as defined in Annexure B heading 2.5.2.

5.3 Obligations of CANEGROWERS

- CANEGROWERS will provide expert advice to INKEZO in its preparation of packaged business plans for sugar-cane projects. This will encompass:
 - undertaking cane farm valuations using CANEGROWERS' standard valuation techniques, subject to the consent of the current land owner;

- the development of a 5-year budget projection template to serve as a standard format for all sugar-cane project proposals prepared by INKEZO;
- the provision of ad-hoc support to INKEZO in the preparation and assessment of sugar-cane projects;
- Attend all District Grant Approval Committee (DGAC) meetings where sugar-cane projects are to be assessed, and to provide objective and expert comment on the business plan and feasibility of sugar-cane projects;
- Advise its members that all LRAD applicants relating to the sugar industry should be facilitated and packaged by INKEZO;
- Align CANEGROWERS' support services to provide appropriate post transfer support to all LRAD beneficiaries taking into account available resource and capacity constraints. CANEGROWERS will participate in INKEZO Information and Training days to ensure that potential beneficiaries are exposed to CANEGROWERS' and Industry support structures.
- Provide the contact point for and facilitate access by the DLA: PLRO KwaZulu-Natal and LRAD beneficiaries to the support services and facilities available to cane growers through SASA.

5.4 Commitment by parties

The parties further commit themselves as follows:

Participate fully in the project:

- to jointly explore and use relevant structures/mechanisms for full participation and decision making;
- to fully allow the participatory process in an open and transparent process; and
- to co-operate with one another in mutual trust and good faith by fostering friendly relations, assisting and supporting one another.

6. AMENDMENTS

- 6.1 This MOU constitutes the working agreement between the parties. No party shall be bound by any condition, warranty, representation or understanding whether express or implied, except as set forth in this agreement.
- 6.2 The parties may agree on any modification of or addition to this Agreement. When so agreed and approved in accordance with the applicable legal procedures, a modification or addition shall constitute an integral part of this agreement if it is reduced to writing.

7. DOMICILIA AND NOTICES

Each party designates a point of contact for communications between the parties and from the public related to the implementation and further elaboration of this agreement.

The points of contact so designated are as follows:

Department of Land Affairs

Postal Address

**Department of Land Affairs
Provincial Land Reform Office: KwaZulu-Natal
Private Bag X9000
Pietermaritzburg
3200**

Street Address

**Department of Land Affairs
Provincial Land Reform Office: KwaZulu-Natal
188 Berg Street
Pietermaritzburg**

Tel No: (033) 3554300

Fax No: (033) 394727

INKEZO Land Company

Postal Address
P O Box 1730
Country Club
4301

Street Address
3B Ground Floor
Gleneagles Park
10 Flanders Drive
Mount Edgecombe
4300

Tel No: 031 – 539 4514
Fax No: 031 – 539 5943

CANEGROWERS

Postal Address
P.O. Box 888
Mt Edgecombe
4300

Street Address
KwaShukela
170 Flanders Drive
Mt Edgecombe
4300

Tel No: 031 – 508 7200
Fax No: 031 – 508 7201

Any party may by notice in writing to the other party designate another point of contact for such communications.

8. NOTICES TO THE PUBLIC

- 8.1 The parties will develop mechanisms to inform the public of activities undertaken pursuant to this agreement, and will make efforts to create opportunities to engage the public, as appropriate, in such activities.

9. CONSULTATION

- 9.1 The parties shall at all times endeavour to agree on the interpretation and application of this agreement, and shall make every attempt through cooperation and consultation to resolve any matter that might affect its operation.

10. COMMENCEMENT

- 10.1 The parties agree that this MOU will commence on the date of signing of this document and shall come to an end on 31 March 2014.
- 10.2 The contents and obligations emanating from this MOU may be extended by mutual consent between the parties through signature of an addendum.

11. EARLY WARNINGS

- 11.1 Parties undertake to give prior notice as soon as any of the parties become aware of any situation that could:
- Negatively affect the agreed service levels
 - Change the agreed scope of work or timeframe for the delivery of services
 - Impair the usefulness or lower the quality of services rendered by either party.
- 11.2 Any other situation or issue that can undermine the integrity of the service relationship.

12. SERVICE VARIANCE MANAGEMENT

- 12.1 The parties commit to working together to refine their processes in order to avoid repetition of errors and service variances. Instances of recurring errors and service variances shall be reported by the representative of the aggrieved part to the responsible Senior Manager of the defaulting party within ten working days in order to allow the party to rectify the problem. The parties agree to work together to resolve deficiencies in the service levels before raising a formal dispute in terms of the official dispute resolution mechanism.

- 12.2 Where the parties disagree, or fail to resolve an issue, the aggrieved party shall lodge a formal dispute with the office of Signatories of this MOU within ten working days.

13. SETTLEMENT OF DISPUTES

13.1 Settlement

The parties shall negotiate amongst themselves in good faith with regard to any dispute between the parties.

13.2 Mediation

Any such dispute which cannot be settled between the parties, may be referred for mediation by the parties to the Arbitration Foundation of South Africa and may be resolved in terms of its rules and regulations.

14. SIGNATURE WARRANT

The persons signing this agreement warrant that he/she has been duly authorised to do so.

THUS DONE AND SIGNED at _____ on this
_____ day

of _____ 2006 in the presence of the undersigned
witnesses

Witnesses:

1. _____
2. _____

(for and on behalf of the Department of
Land Affairs: Provincial Land Reform Office:
KwaZulu-Natal)

THUS DONE AND SIGNED at _____ on this
_____ day

of _____ 2006 in the presence of the undersigned
witnesses

Witnesses:

1. _____

2. _____

(for and on behalf of Inkezo Land
Company)

THUS DONE AND SIGNED at _____ on this
_____ day

of _____ 2006 in the presence of the undersigned
witnesses

Witnesses:

1. _____

2. _____

(for and on behalf of CANEGROWERS)

APPENDIX B: INTERVIEW QUESTIONNAIRE FOR PLRO OFFICIALS

MPA THESIS: ALTERNATIVE DELIVERY MECHANISM FOR LAND REFORM: A CASE STUDY OF INKEZO LAND REFORM COMPANY

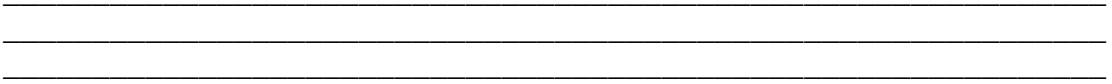
SEMI STRUCTURED: GOVERNMENT OFFICIALS (Department of Land Affairs)

The following questionnaire is targeted at officials of Department of Land Affairs and Department of Agriculture.

NAME : _____
 POSITION : _____
 DATE : _____

1. What are the delivery mechanisms / options available to speed up the delivery of hectares to ensure that the targets are achieved by 2014? (Explain)

2. What are the delivery mechanisms / options available to ensure that land reform projects are agriculturally sustainable? (Explain)



APPENDIX C: INTERVIEW QUESTIONNAIRE FOR INKEZO AND CANEGROWERS STAFF

MPA THESIS:AN ALTERNATIVE DELIVERY MECHANISM FOR LAND REFORM: A CASE STUDY OF INKEZO LAND REFORM COMPANY (MECHANISMS???)

SEMI STRUCTURED: INKEZO OFFICIALS

The following questionnaire is targeted at officials of INKEZO LAND COMPANY

NAME : _____
POSITION : _____
DATE : _____

1. What is the function of the INKEZO LAND COMPANY?

2. What is the structure of the INKEZO LAND COMPANY?

10. Are there any other alternative delivery mechanisms that would be more suitable to achieve INKEZO LAND COMPANY's objectives, or land reform objectives in general?

APPENDIX D: INTERVIEW QUESTIONNAIRE FOR FARMERS

Questionnaire to assess the perceptions of Inkezo's land reform beneficiaries

The information obtained in this questionnaire is strictly confidential and Inkezo staff, and staff and students at the University of KwaZulu-Natal will use it for research purposes and A. Madhanpall, University of Stellenbosch will use it for his research in the same area.

Code :
 Date : THS :Y/N (???)
 Name : Surname :
 Gender : Age :

1. How long have you been on the farm? _____ years.

2. Did you have any formal farming education before commencing farming operations?

- University Degree (Science and Agriculture)
- University Degree (Other)
- Diploma in Agriculture
- Diploma (other)
-

Other: _____

3. Did you have any farming experience and what level?

- Managerial
- Supervisor
- Worker
-

Other:

4. Indicate if you have attended any of the following since acquiring ownership of your farm? Please indicate how often you attended each during the past year.

Type	Yes	No	How often in the last year?
Farmers' Day			
SASEX courses			
Inkezo Information Day			
Study group meetings			
Other (specify)			

5. Who compiled the business plan for your farm?

Inkezo; Consultant; Yourself; The Land Bank; Ithala Bank.

6 Were you consulted during the compilation of the business plan?

Yes; No

(i) If yes, were you able to make a meaningful input? Yes; No

(ii) Is the business plan relevant? Yes No

7. How has the business plan benefited the business?

(i) Has it facilitated land transfer?

Yes; No

(ii) Has it been useful in raising finance?

Yes; No

(iii) Has it been useful in guiding marketing decisions?

Yes; No

8. Has your experience to date deviated from your expectations at transfer?

- Yes; No

(i) Why?

9. Rank each of the following as causes of deviations from your expectations at transfer on a scale of 1 to 5, where 1 is not important and 5 is very important.

Type	1	2	3	4	5
Cash flow constraints					
Changes in costs of inputs					
Changes in the RV price					
Lack of support/mentoring					
Low yield (tons of cane)					
Low yield (tons RV)					
Own management skills					
Other (specify)					

10. Do you agree that your sugar farming enterprises has been profitable?

- Strongly agree Agree Neutral Disagree
 Strongly disagree Don't know

11. Are you up-to-date with your debt-servicing commitments? Y/N If NO, provide details _____

12. Have you had to borrow more money to finance your farming enterprise?

Y/N _____

If YES, provide details: _____

13. Are you obtaining the same tonnage per ha as commercial farmers in your area?

- Strongly agree Agree Neutral Disagree Don't know

14. Are you obtaining the same tonnage of per ha as medium-scale farmers in your area?

- Strongly agree Agree Neutral Disagree
 Don't know

15. Rank the importance of each of the following as production risks to your farm on a scale of 1 to 5, where 1 is no risk and 5 is serious risk.

Type	1	2	3	4	5
Weather					
Pets and diseases					
Input costs					
Labour availability					
Other					

16. Who are your post-transfer service providers?

- Inkezo
 Sugar millers
 SASRIEO
 Canegrowers
 Mentor
 Bank
 Department of Agriculture
 Other (specify)

17. Indicate the adequacy of post-transfer support for each of the following categories on a scale of 1 to 5, where 1 is poor or inadequate and 5 is excellent or adequate.

Type	1	2	3	4	5
Production					
Technical					
Marketing					
Harvesting					
Financial					

18. In your opinion, what are the major constraints that you face in running your farm? Rank the following constraints from 1 to 5, where 1 is no problem and 5 is a severe problem (tick appropriate number).

Constraint	1	2	3	4	5
Your own business skills					
Lack of contacts in your industry and area					
Poor access to training and skills development					
Unreliability of contractors					
Inadequate supply of skilled labour					
Inadequate supply of unskilled labour					
Poor access to loans for business expansion					
Poor access to production loans					
Inadequate pre-transfer support					
Inadequate post-transfer support					
Access to electricity					
Access to water					
Access to good roads					
Other (specify)					

SECTION B

(i) Rank your satisfaction of the support you receive from Inkezo from 1 to -5.

1. Very Poor
2. Poor
3. Average
4. Good
5. Excellent

