

CHAPTER 7

CONCLUSIONS AND RECOMMENDATIONS

The previous chapter presented the findings and preliminary conclusions based on oral and documentary evidence gathered. This chapter will present a model depicting the interrelationships among factors responsible for poor administration of the LRAD programme in the North West Province. Before the model and the recommendations are presented, the steps to the preceding chapters will be retraced.

Chapter 1 presented arguments for the relevance of qualitative research methods for this research project. It was argued that in qualitative research, the experiences of the subjects of research must be tapped into since they are the ones who give effect to the administration of the LRAD programme and are best placed to provide oral and documentary evidence of their encounters. However, it is the role of the researcher to go beyond the untested experiences of those responsible for administering the LRAD programme, by synthesising the data into information that not only conforms to the scientific dictates of conducting social science research, but can explain to the reader what happened with regard to LRAD programme administration in the North West Province.

The research question is about the impact of the policy framework of the Government on the effective administration of the LRAD programme (i.e. achievement of the LRAD programme policy goals and objectives). It was explained that the policy content provides the framework and policy context within which the LRAD programme has to be administered, which, in turn, determines the administrative capacity of the institutions responsible for administration of the programme, as well as impacts upon the action/interaction strategies taken by managers.

Chapter 2 gave a historical background to the problem of land dispossession in South Africa, which gave rise to the adoption of the redistributive policy of the LRAD programme by the new democratic Government. In discussing the achievement or non-achievement of the targets for the LRAD programme, the aim was to highlight how well the current Government is doing to reverse the past injustices meted out against Black people in terms of land ownership and/or use.

Chapter 3 gave an explanation of the scientific literature on Public Administration generally, but with specific reference to the administration of the LRAD programme. The intention of the chapter was to identify gaps that might exist in the literature, and to use some of the findings to deal with gaps in the literature. Scientific literature was also used to explain the policy dilemma and to indicate that even though this was a case study confined to the experiences of the North West Province, some of the findings can be reasonably expected to happen in other provinces of South Africa.

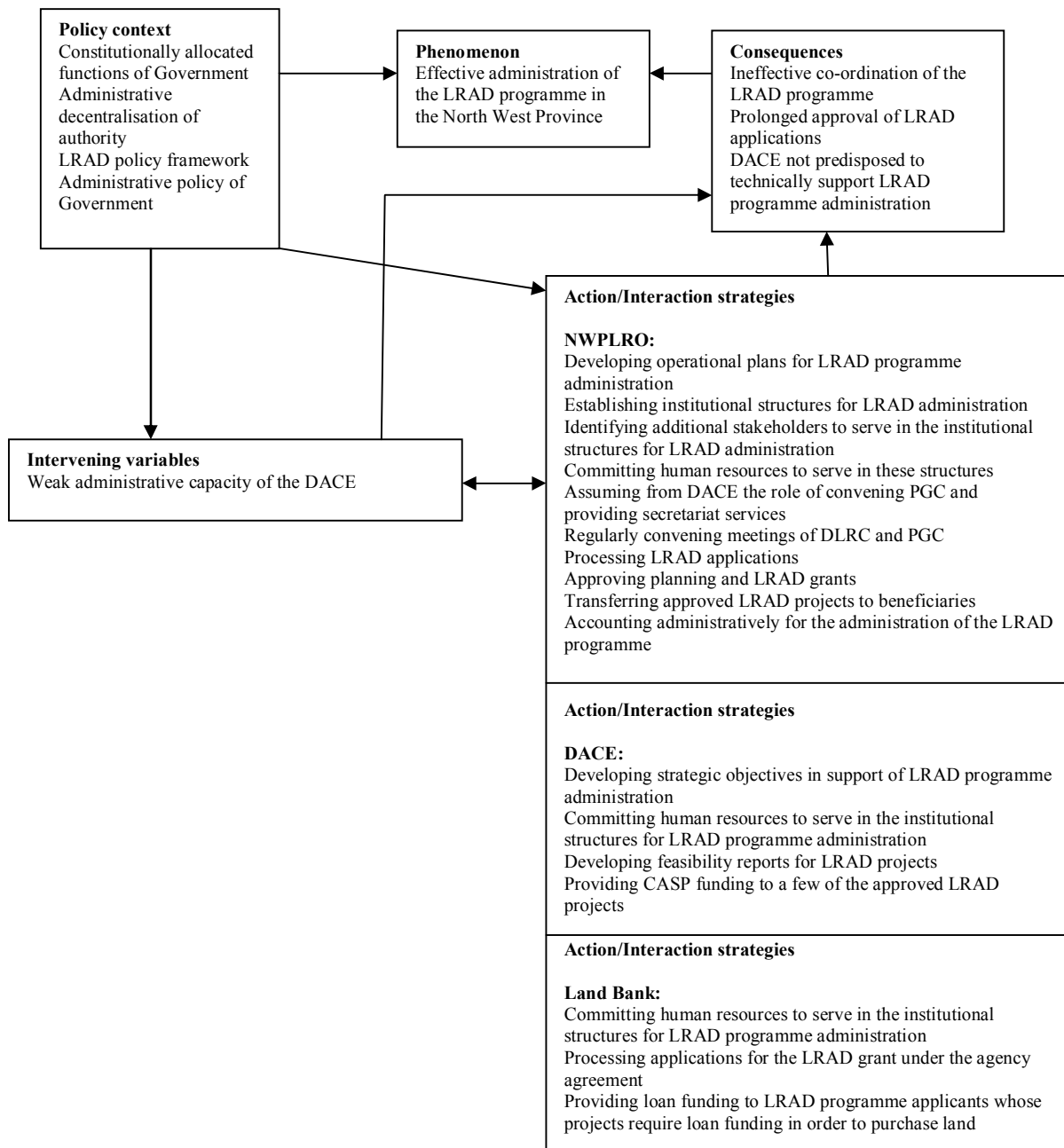
Chapter 4 provided the international perspective on administration of the land redistribution programmes. The experiences of Brazil and the Philippines were used mainly because both countries share similar backgrounds in terms of colonisation, land dispossession of indigenous people by colonial masters and in terms of the process of redressing the injustices of the past, the World Bank was a common denominator in designing market-led agrarian and land reform programmes. The commonalities of experiences in both countries in relation to the South African situation in terms of politically vested interests, insufficient financial resources for administration of redistribution programmes, and weak administrative capacity, were among others, highlighted.

Chapter 5 followed from the preceding chapter on international experience, by providing the national context within which the LRAD programme was implemented. The research question concerned the policy framework for the administration of the LRAD programme, and outlined this context in detail. The chapter was also instrumental in explaining and providing context to the findings as presented in Chapter 6.

Chapter 6 provided the findings based on the views of the respondents, as well as documentary evidence. The findings were synthesised with scientific literature as explained before, to indicate where similar observations can possibly be replicated in other provinces. The policy context, administrative capacity and poor co-ordination emerged as the main constraints impacting upon the administration in the North West Province. These findings put public administration at the centre of factors responsible for effective administration of the LRAD programme in the North West Province.

The important lessons learnt pertaining to the administration of the LRAD programme in the North West Province can be summarised in figure 7.1. The figure shows the interrelationship between a number of factors, as well as the dynamism of the policy environment.

Figure 7.1: Factors affecting LRAD programme administration in the North West Province



7.1 EFFECTIVENESS OF LRAD PROGRAMME ADMINISTRATION

The LRAD programme has to redistribute 30% of White-owned agricultural land to Black people by March 2014. In terms of the North West Province, this translates into land redistribution of 2 035 680 hectares (i.e. 30% of 6 785 600 hectares of White-owned agricultural land in the province) by 2014.

- From the above figure, 172 656 hectares of agricultural land already transferred through land redistribution programmes until March 2007 is deducted, and 1 863 024 hectares had to be delivered over the remaining seven financial years until March 2014.
- When compared with the average annual transfer of 28 776 hectares between the 2001/02 and 2006/07 financial years, this translates into an annual target increase of 825%, or additional 237 370 hectares of agricultural land to be transferred annually (i.e. additional to the 28 776 hectares the province has on average been transferring annually since 2001) by the North West Province in order to reach the target of 2 035 680 hectares transferred by March 2014.
- The NWPLRO targeted to transfer 10 325 hectares during the 2003/04 financial year, 33 166 hectares during the 2004/05 financial year, 36 482 hectares during the 2005/06 financial year and 40 130 hectares during the 2006/07 financial year, the annual targets which the NWPLRO considered 'realistic'. These annual targets by the NWPLRO were well below the area of White-owned agricultural land to be redistributed annually if the target of March 2014 is to be achieved.
- Based on the above information, the 30% target of 2 035 680 hectares of White-owned agricultural land in the North West Province will not have been redistributed to Black people by March 2014.

Any increase in the annual land redistribution targets by the North West Province has the following implications:

- The budget allocation by the national Government to the land redistribution programme would have to increase drastically if the land redistribution target of March 2014 has to be realised. The land reform budget allocation for the NWPLRO for the 2006/07 financial year was less than that of the 2005/06

financial year by 27%, after an amount of R183 000 000 was deducted in the 2006/07 financial year through the virement process from the national land redistribution programme, thus a shortfall in the land reform allocation to the NWPLRO. The land reform budget allocation for the NWPLRO for the 2004/05 financial year represents an 8% increase over the 2003/04 financial year of R35 033 000, and the 2005/06 financial year allocation represents a 34% increase over the 2004/05 financial year allocation of R40 400 000. Other than the 2006/07 financial year, the budget allocation for land reform programmes (i.e. LRAD programme, Extension of Security of Tenure and Commonage projects) for the NWPLRO has been on the increase, but would have to increase significantly more than the annual increase described above if the current backlog of agricultural land redistributed to Black people has to be resolved. Further motivation for the land reform budget increase is based on the high price of agricultural land, whose market value increases every year.

- The LRAD is a market-led programme which requires the co-operation of willing sellers to make the land available, and willing buyers to take the initiative of purchasing the available land. Increasing the budget for land reform will not translate into an increase in agricultural land redistributed unless the potential LRAD programme beneficiaries and land owners co-operate.
- An increase in the number of LRAD projects processed requires a commensurate increase in the administrative capacity (i.e. in terms of human resource capacity) of both the DACE and the NWPLRO, to plan/design projects for submission to the decision-making committees.

7.2 ADMINISTRATIVE INCAPACITY OF THE DACE

The NWPLRO has been dependent on the DACE for the development of feasibility reports during the design phase of LRAD projects, and to develop business plans for transferred projects. The DACE has suffered from administrative incapacity (i.e. in terms of financial and human resources), due mainly to the shortage of agricultural engineers and agricultural economists, both of which play a very important role in the planning/design phase of development projects. This constraint not only impacted on the ability of the DACE to deliver services for programmes which were its functional responsibilities, but also programmes for which it was mandated to administer

collectively with other government institutions. In the context of the LRAD programme, the NWPLRO is of the view that the administrative incapacity of the DACE resulted in late submission of feasibility reports, a situation that result in prolonging the approval process for LRAD projects.

Given the norm set by the NWPLRO of targeting to approve LRAD applications within 90 days from submission of an application, this research has established that between the financial years 2001/02 and 2006/07, it took on average 130 days (calendar days) for a project to be approved by PGC (this period was certainly swung upwards by a few projects which took extremely long before they could be approved). The prolonged approval process means that:

- not all the projects planned to be transferred in a given financial year, are transferred within that financial year; and
- the North West Province will not be able to redistribute the area of agricultural land that is to be redistributed annually (i.e. 266 146 hectares) if the land redistribution target for the North West Province is to be reached by March 2014.

It has been demonstrated in Chapter 5 that 66% of the hectares of agricultural land transferred (i.e. 25 813 hectares out of a total of 38 853 hectares) in the 2005/06 financial year emanates from projects that were approved in the 2004/05 financial year, a situation that not only indicates that the approval process for LRAD projects is prolonged, is inefficient, is ineffective and results in backlogs that are carried over into the next financial year/s.

7.3 INEFFECTIVE INTEGRATION OF GOVERNMENT POLICY

CASP was established as a support programme by the DOA, to enable provinces to provide financial support to land reform beneficiaries whose projects have an agricultural component. One of the conditions attached to the programme is that a minimum of 70% of the funds must be used for land reform projects. The NWPLRO has since the 2004/05 financial year complained about the lack of alignment of systems between the NWPLRO, the DACE and the municipalities, specifically indicating that the DACE did not support land reform projects sufficiently with CASP funds. The respondents from the DACE were

of the opinion that DACE management was not committed enough to the land reform programme of the Government.

This research has established that in the 2006/07 financial year, only 22% of the CASP grant funds were used to support land reform projects, as opposed to the prescribed minimum of 70%. Given that CASP grant funds are conditional funds (i.e. funds allocated to provinces with specific conditions attached to them, one of which is the 70% minimum as indicated in the foregoing statement), the conditions attached to the programme were not complied with by DACE management.

The failure of DACE management to sufficiently support land reform projects with CASP grant funds as was intended by the national Government is indicative of ineffective integration of development planning between the NWPLRO and the DACE, especially during the project design and approval phases. The NWPLRO respondents have already indicated that when LRAD projects are appraised, the sustainability of projects can be better determined when the financial and other resource contributions of other stakeholder institutions are known. A lack of integrated planning resulted in both the NWPLRO and the DACE engaging in separate project approval processes for grant funds under their jurisdiction, and in LRAD projects, requiring post-transfer funding, being approved by the PGC without any indication from the DACE whether they will receive CASP grant funding. Unless such projects are given post-transfer resources, they will not be able to sustain agricultural production. Failure to produce and generate income will ultimately result in the beneficiaries being forced to either lease out the farm or sell it altogether thus defeating the long-term goal of redistributing White-owned agricultural land to Black people.

The ineffective alignment of systems between the NWPLRO and the DACE is also due to the differences in decentralisation of administrative authority between the two institutions. Agriculture is a concurrent function between the DOA and the DACE. The DACE decides before the beginning of each financial year which projects are going to be funded, and after the DOA has satisfied itself that the DACE has met the basic conditions attached to the CASP, approves the projects and releases the funds. The funds for the DACE are allocated to the DACE through the annual Division of Revenue Act (as promulgated each year). The projects to be funded from the CASP are approved

all at once before the beginning of the financial year. The implementation of such projects, including spending all of the allocated funds under CASP, forms part of the performance contracts of senior managers of the DACE.

Land is a national sphere competency; as such the NWPLRO performs the functions of the DLA, which were de-concentrated to the provinces. Though the chief director of the NWPLRO was granted the authority to approve the release of the LRAD grant after the PGC had approved the project, control of the LRAD grant funds had been centralised at the DLA. Given the fact that the LRAD programme is market-led and demand-driven, the NWPLRO (i.e. through the PGC) does not approve LRAD projects all at once before the beginning of the financial year as the DACE does, but recommends them as and when they are ready for submission to the PGC for approval. It is only when a project has been approved by the PGC, and is ready to be registered in the name of the buyers that the DLA makes payment of the LRAD grant to the conveyancing attorney. The centralised management of LRAD grant funds by the DLA allows the management of this institution some flexibility to transfer funds during a financial year to provinces which could be experiencing increased demand for land purchase that it cannot meet with its financial allocation.

The performance of management of the DACE and the NWPLRO is measured in terms of achievement of targets as indicated in the strategic and operational plans, consistent with the New Public Management Approach that has entered the South African Public Service. However, it is DACE management that experiences more pressure to perform. Like all senior managers in the South African Public Service, the DACE management performance is incentive based. The management is expected to spend 100% of all the CASP funds allocated to the department within a given financial year, of which 25% must be spent each quarter on a cumulative basis. Failure to successfully spend CASP grant funds not only impacts negatively on their performance-based incentives, but it carries with it the risk of CASP funds being diverted to other provinces, as well as reduced future allocation of CASP funds to the DACE.

The two systems for managing the LRAD grant funds and CASP grant funds as described above are incompatible. The previous chapter indicated that performance contracts can promote:

- the 'check-list' mentality, an attitude whereby if managers are of the view that responsibilities pertaining to LRAD programme administration do not form part of their performance targets; they will not perform them even though such responsibilities are instrumental for promoting the general welfare of society;
- self-interest, whereby managers would pursue those objectives that increase their chances of realising their performance incentives, such as achieving 100% expenditure of the CASP programme budget irrespective of whether particular prescribed conditions have been met; and
- a failure to pursue collective interest, an attitude whereby managers would be reluctant to co-operate with other institutions for collective achievement of LRAD programme objectives, if these do not form a part of their performance contracts, or will reduce their chances of getting their performance incentives.

The pressure to meet expenditure targets in terms of the CASP grant funds can promote a spirit of individualism from DACE management. This is more so, given the fact that performance by DACE management in respect of CASP funds was incentivised by the DOA more on the basis of management meeting the CASP expenditure targets, and less on having supported LRAD projects or having integrated the CASP grants with LRAD grants. Ineffective integration of CASP with the LRAD programme was incentivised by the DOA as evidenced by the predictable, continuous and increasing supply of CASP funds to the DACE, funds which were not entirely used in accordance with the conditions attached for their release.

7.4 ACTION/INTERACTION STRATEGIES

In spite of the constraints identified above, there were specific action/interaction strategies that contributed to the achievement of outputs in terms of area of agricultural land. These are listed below:

- Both the NWPLRO and DACE incorporated the goal and objectives of the LRAD programme in their strategic and operational plans, to which resources were committed and management of both institutions held accountable.
- The NWPLRO, the DACE and the Land Bank were instrumental in establishing the DLRC and PGC, as well as keeping these structures operational by assigning human resources to serve in them.
- The role played by the NWPLRO as a lead organisation in terms of convening meetings of the DLRC and PGC, providing secretariat services, and ensuring the participation of additional stakeholders, was also instrumental in terms of ensuring the functionality of these structures.
- The DACE was able to provide the NWPLRO with technical support pertaining to development of feasibility reports, even though the NWPLRO complained about delays in submitting these reports due to weak administrative capacity from the DACE. The Land Bank was also instrumental in supporting the LRAD programme by way of loan funding to qualifying beneficiaries.
- The DLA and DOA operate within the constraint of the budget allocations appropriated by Parliament. In spite of the limited budget for land reform programmes, the DLA was able to support the LRAD programme in the North West Province with the planning and LRAD grants. This support has thus far enabled the NWPLRO to meet the annual agricultural land redistribution targets it had set for itself. Despite the possible failure to meet the conditions set for CASP, CASP funds, which the DOA has made available since the 2004/05 financial year, have benefited some of the land reform projects.

7.5 CONSEQUENCES

Given the constraints as discussed above, the major constraint with regard to the ineffective administration of the LRAD programme in the North West Province is ineffective integration of government policy. Ineffective integration of policy is manifested in terms of the following:

- non-compliance to government prescripts promoting policy integration, as evidenced by CASP;
- incompatibility of administrative systems and procedures between the DACE and the NWPLRO, due to differences in decentralisation of administrative authority; and
- insufficient financial support to government institutions involved in LRAD administration, a situation which not only incapacitates them from effectively executing their functional mandates, but also mandates which they have to perform in collaboration with other government institutions, such as the administration of the LRAD programme.

According to the Constitution of the Republic of South Africa, 1996, land reform is a policy goal of national interest. Sufficient funds must therefore be allocated to the land reform policy and programmes, in accordance with the importance accorded them.

Ineffective integration of government policy results in particular consequences in terms of administration of the LRAD programme as follows:

- the DACE is not predisposed to provide technical support to the NWPLRO in terms of planning/designing projects, as a result of administrative incapacity;
- lack of integrated planning for LRAD projects; and
- prolonged process of approval of LRAD projects.

Due to ineffective administration of the LRAD programme, the North West Province will not be able to achieve the target of redistributing 30% of White-owned agricultural land by March 2014. The problem statement proved that administration is instrumental for the achievement of the land redistribution policy goals and objectives of the Government.

7.6 RECOMMENDATIONS

In view of the conclusions reached above, the following recommendations are made:

7.6.1 Increased funding for the LRAD programme

In order for the North West Province to accelerate its effort towards achieving the land redistribution targets for March 2014, the budget for both the planning and LRAD grants has to be increased more than 100% (i.e. in comparison with the 2005/06 financial year allocation). Thereafter, the annual allocation would have to increase significantly more than the 34% increase from the 2004/05 financial year allocation to the 2005/06 allocation, to account for the escalating market value of agricultural land.

7.6.2 Increasing administrative capacity

An increase in the LRAD grant for the NWPLRO, if matched by increased supply of agricultural land by willing sellers, will result in an increased number of LRAD projects that must be designed and processed. An increase in grant funding must thus be matched by a commensurate increase in the administrative capacity of both the DACE and the NWPLRO. Building the administrative capacity of both requires additional funding for operational expenses. This will:

- enable these institutions to compete effectively in the labour market, in terms of recruiting and retaining critical and scarce skills, which are crucial during the planning phase of LRAD project administration (subject to enabling human resource policies);
- increase their capacity to perform their constitutional mandates; and
- increase their capacity to provide human resources required for joint programme administration.

7.6.3 Alignment of administrative systems and procedures between the DACE and the NWPLRO

LRAD programme applications are submitted and approved throughout the year, while CASP projects are approved once a year. Approval of projects funded under the CASP conditional grants was done by the DOA. Some of the approved LRAD projects are transferred in the financial year following the one they were approved in. Alignment of the project approval systems of the DACE and the NWPLRO would have to entail the following:

- Given the market-led and demand-driven nature of the LRAD programme, LRAD projects would have to be approved as and when they are ready for approval. For CASP to achieve the intended objective of supporting the LRAD programme, the approval process for CASP-funded projects must also be made as and when LRAD projects complying with the requirements for the LRAD programme are approved by the PGC.
- For this alignment to operate effectively, the DOA would have to continue budgeting for CASP as it has been doing. To ensure that land reform projects are fully supported with CASP funds, the DOA would have to retain and manage centrally, the 70% of CASP funds that have been earmarked for land reform beneficiaries, and make available to the DACE the remainder (i.e. 30% of total CASP funds) to fund projects that are not land reform related. CASP projects funded from the 30% of the budget would have to be approved on a once-off basis as is happening currently, for which DACE management would continue accounting in terms of the provisions of the annual Division of Revenue Act.
- For the DACE to release the 70% CASP funds from DOA, the following will have to apply:
 - The decision-making committees of the DLRC and PGC would have to remain in place to adjudicate on LRAD projects. The DLRC would have to continue playing the role of recommending LRAD projects to the PGC, and the PGC playing the role of project approval. For LRAD projects to be assessed as a complete package, they should be appraised by both the DLRC and PGC on the basis of a complete business plan, which should

indicate the funding requirements, as well as the sources of funds as in own contribution such as a loan funding, balance of LRAD grant, CASP funds and other types of support measures from government institutions. The DACE capacity to develop business plans prior to approval of LRAD projects would have to be improved if the projects are to be assessed on the basis of complete business plans as opposed to feasibility reports. Alternatively, where it would not be possible to improve the business plan development capacity of the DACE, market-based mechanisms as initially proposed by the NWPLRO to the DACE, would have to be instituted.

- In terms of participation by officials in the decision-making structures for the LRAD programme, stakeholders will have to decide between them which officials will serve in the DLRC and PGC, and who will chair the proceedings, but officials who are to serve in the PGC must be senior public managers who can make binding decisions on behalf of the institutions which they represent. Once a project is approved by the PGC, the NWPLRO chief director should, as is currently the practice, notify the DLA through a memo (copy of PGC minutes attached as evidence) jointly signed with the DACE representative, for preparations to be made for payment of LRAD grant funds once the project gets registered. The senior public managers representing the DACE must on the basis of a complete business plan, and with the full knowledge of the balance of the LRAD grant due to the project from the NWPLRO, as well as loan funding from banks, issue a guarantee to the PGC, indicating the amount of CASP funds which the department will make available to the project once it has been registered and transferred to the buyers. While the legal process of transferring the project is under way, the DACE would have to engage in the process (in consultation with the NWPLRO and other relevant stakeholders) of making preparations for provision of post-transfer agricultural support to the LRAD project.
- The process would have to be managed carefully to the letter and spirit governing intergovernmental relations because in the case of the DLA, once payment is made to the conveyancing attorneys, this signifies the achievement of a major milestone from the DLA's side namely that it would not only have spent its capital budget, but also have transferred

agricultural land. However, from the side of the DACE, transfer of funds would signify the beginning of a process to spend the funds through its supply chain management systems. The financial systems of the Government would have to be flexible to allow rollover of CASP funds, as well as multiyear planning. For the DOA to release funds, when the DACE is in no position to spend such funds before the end of the financial year, and the financial systems are inflexible to allow for rollover of unspent funds, this will create huge problems of under-performance for DACE management. The problem will persist if the performance of the DACE continues to be measured on the basis of ability to spend CASP funds.

- In terms of the process recommended above, the DOA would perform the following roles:
 - developing national policy and standards for CASP;
 - budgeting for and disbursing CASP funds; and
 - monitoring and evaluating the administration of the CASP programme, to ensure compliance with national standards.

The current system of ensuring predictability in terms of CASP funding for various provinces for the MTEF years must be retained, but the DOA would have to be allowed the flexibility to transfer funds between provinces to provide for the needs for additional funding from different provinces, as they would arise from time to time due to differences in demand and supply of agricultural land. The 70% CASP funds earmarked for the support of land reform beneficiaries would have to be disbursed by the DOA to the provincial treasury on a monthly basis, based on submissions by provinces of actual projects approved for CASP funding.

Other than dealing with the issue of alignment of administrative systems and procedures, the proposed approach would ensure sustainability of projects in that all projects would, by the time they have been transferred, have had all the necessary support in terms of funding and technical expertise. The approach would also assist in resolving the following issues:

- Relieving pressure from the DACE management, which has to approve a large number of projects, to be implemented by the end of each financial year.
- Spreading throughout the year, the already weak capacity of the DACE in the form of agricultural economists and agricultural engineers, who play a critical role as far as business plan development, is concerned. The current system of approving all projects at once creates peak demand for these critical skills, which the DACE is in short supply of, when all projects to be funded from the CASP budget as well as equitable share funds require business plans.
- Improving the turnaround for approval of LRAD projects.
- Making it possible for those approving projects to reconcile divergent policy objectives of LRAD administering institutions.

7.3.4 PERFORMANCE MANAGEMENT

In measuring and rewarding the performance of the senior public managers of LRAD administering institutions, emphasis should not mainly be on the extent to which outputs have been achieved, but also in terms of the extent to which symbolic as well as substantive collaboration was demonstrated and realised, as epitomised by the alignment of administrative systems and processes for LRAD administration. Linking performance to concrete consequences can only be done by building and reinforcing these measures within the existing system of performance contracts. This is because none of the administering institutions has the authority to enforce collaboration as described above.