

**An appraisal of post-transfer production trends of selected  
land reform projects in the North West Province, South  
Africa**

by

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Submitted in partial fulfilment of the requirements for the degree of

**Magister Institutionis Agrariae (Agricultural Economics)**

in the

**Department of Agricultural Economics, Extension and Rural Development  
Faculty of Natural and Agricultural Sciences  
University of Pretoria  
Pretoria**

**December 2011**

## **DEDICATION**

To my son Mpumelelo Uluthando Lubambo and daughter Mbalehlehle Nokubonga Lubambo, my primary motivation to succeed.

## DECLARATION

I declare that the thesis submitted by me to the University of Pretoria for the degree M.Inst.Agrar (Agricultural Economics) contains only my own work and has not been used or submitted, either in the same or different form, for any other degree at any other University.

Signed: Pascalina Thandiwe Lubambo:.....

Date: December 2011

## ACKNOWLEDGEMENTS

I would like to express my sincere gratitude to my supervisor, Professor Johann Kirsten, for sacrificing his time and providing me with his support, constructive suggestions and guidance during this research. Thank you for your financial support for this research.

I would also like to express my appreciation to all the land reform beneficiaries that were interviewed, officials from the Department of Agriculture and Rural Development, and the Department of Rural Development and Land Reform for sharing their time, giving me essential information and providing their support during my field work. Without their cooperation, patience and understanding, this study would not have been successful.

My acknowledgement also goes to my friends and colleagues for their support and encouragement in the process of putting this research together. To Nonjabuliso Simelane and Bokang Tlali, thank you very much for helping me with data collection.

I would like to thank my sister Nompumelelo Masanabo, for her sacrifices and for taking care of my kids. To my son Uluthando and daughter Mbalenhle, thank you.

To my husband, Sylvester Lubambo, for his support, patience and understanding, I will be forever thankful.

Above all, I thank God Almighty for His blessings, guidance and for giving me strength through this journey.

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**Degree:** M Inst. Agrar (Agricultural Economics)  
**Department:** Agricultural Economics, Extension and Rural Development  
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## **ABSTRACT**

Many land reform projects have been implemented in South Africa since 1994 in an attempt to redress imbalances in land ownership which resulted from the racially biased policies of the South African government prior to 1994. The objective of land redistribution is commercially viable land reform projects, but evidence from various reports and other documents suggests that a large number of these projects have failed. Factors such as poor beneficiary selection, the problematic land acquisition process and a lack of post-settlement support have been reported in a number of studies as contributing to the failure of these projects.

This study expands on the work of Kirsten and Machethe (2005) with the main aim of revisiting land reform beneficiaries who were interviewed in 2004/5 and to assess their current performance and status, and to determine whether the prediction and classifications of the 2005 review were correct. The specific objectives of this study

were to determine the socio-economic profile of land reform beneficiaries over the five years since the previous study, to show changes in their farming activities, to determine factors affecting the performance of the already transferred projects in the study area and to make recommendations that may help to improve the performance of the land reform projects in South Africa.

The performance of projects in 2010 was analysed and compared with that of projects in 2005. A total of 37 of the 43 land reform projects studied in 2005 were revisited and interviews were conducted with representatives of the projects using a structured questionnaire. Government officials responsible for these projects were also interviewed and field observations of the farms were made to verify the responses of the beneficiaries.

The results show that the performance and situation of a number of beneficiaries of land redistribution in North West province have not improved since the previous study. Most of the beneficiaries still depend on remittances and social grants. The results indicate decreased production in 43% of the projects visited. As many as 27% of the projects are no longer in operation. Production in some of the projects that displayed success in 2004/5 has decreased, and the number of projects that are not in operation has increased. No production has taken place in four out of ten non-operational projects visited since the acquisition of the land.

The study identified poor infrastructure and limited access to capital and to the market as challenges that the beneficiaries of land reform face in their farming businesses. Conflict among project members was also reported to contribute to the poor performance of the projects and have led to the discontinuation of some projects. Most of the beneficiaries are still not aware of government support programmes such as the Comprehensive Agricultural Support Programme (CASP), even after more than five years in farming.

Recommendations have been made to address the poor performance of many land reform projects, both at the programme and project levels. The effectiveness of the

existing support programmes should be monitored to ensure that beneficiaries receive assistance. Suggestions from the study include a strong partnership between government and former cooperatives, acknowledging the external and internal factors affecting the relationship between farmers and these agribusinesses. Cooperation between the beneficiaries of land reform, the government and other agricultural stakeholders is essential for the success and sustainability of South Africa's land reform projects. The results of the study can be used for future evaluations of the performance in land reform programmes.

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## LIST OF ABBREVIATIONS AND ACRONYMS

|         |   |
|---------|---|
| AgriBEE | Agricultural Black Economic Empowerment                 |
| ASP     | Agriculture Starter Pack                                |
| CASP    | Comprehensive Agricultural Support Programme            |
| DLA     | Department of Land Affairs                              |
| DRDLR   | Department of Rural Development and Land Reform         |
| DoA     | Department of Agriculture                               |
| HHFP    | Household Food Production Programme                     |
| HSRC    | Human Sciences Research Council                         |
| LRAD    | Land Redistribution for Agricultural Development        |
| MALA    | Ministry of Agriculture and Land Affairs                |
| MAFISA  | Micro-Agricultural Financial Institutes of South Africa |
| NDA     | National Department of Agriculture                      |
| RDP     | Reconstruction and Development Programme                |
| SIS     | Settlement and Implementation Support                   |
| SLAG    | Settlement/Land Acquisition Grant                       |



## CHAPTER 1

### INTRODUCTION

#### 1.1 BACKGROUND

South Africa is one of many countries characterized by skewed land ownership patterns, which can be attributed mainly to racially based policies under the former colonial and apartheid governments. Before 1994, most of the land in South Africa was controlled by farmers who were members of the white minority – about 86% of all farmland was in the hands of the white minority (Lahiff, 2001).

In 1913, the Native Land Act was passed. It restricted black people from lawful possession and occupation of most land. Only ten per cent of land was reserved for black people. The Bantu Authorities Act (Act 68 of 1951), which led to the establishment of tribal, regional and territorial authorities, was passed in 1951 (Thwala, 2003). This Act resulted in further separation and unequal development. In the process of democratization, these racially biased laws were eventually abolished in 1991. After the election of a new government in 1994, the new government introduced a land reform programme in order to redress the inequality in land ownership.

The land reform programme was initially set out in the Reconstruction and Development Programme (RDP) document of 1994, which stated that the main aims of the programme are to 'redress effectively the injustices of forced removals and the historical denial of access to land and to ensure security of tenure for rural dwellers' (DLA, 1997). A number of programmes were introduced, such as the Reconstruction and Development Programme (RDP), land reform and Agricultural Black Economic Empowerment (AgriBEE) to mention just a few. The aim of the land reform programme was to transfer land to the historically disadvantaged black citizens, to improve people's livelihoods and stimulate the local economy (redistribution) by compensating people for or returning land unjustly taken during the apartheid era

(McCusker, 2004). Land reform in South Africa is divided into three main pillars, as discussed below.

### **1.1.1 Land tenure reform**

Land tenure reform is designed to provide security to all South Africans in diverse forms of locally appropriate tenure (DLA, 1997). This reform includes an initiative to provide legal recognition of and to formalize communal land rights in rural areas, and a recently legislated programme to strengthen the rights of tenants on mainly white-owned farms.

### **1.1.2 Land restitution**

Land restitution is designed to restore land ownership (or provide compensation) to those who were dispossessed without adequate compensation by racially discriminatory practices after 1913 (DLA, 1997). The institutional mechanisms to implement the programme include provincially-based restitution commissions and the Land Claims Court, which acts as the final arbiter in restitution cases.

### **1.1.3 Land redistribution**

Land redistribution is the largest component of land reform and its aim is to remedy the skewed nature of land holding patterns in South Africa and to provide the disadvantaged and the poor with access to land for residential and productive purposes (DLA, 1997). It was designed to deal with the past injustices of land dispossession, to ensure equitable distribution of land ownership and to reduce poverty and contribute to economic growth.

## **1.2 PROBLEM STATEMENT**

Many land reform projects have been implemented in South Africa since 1994 in an attempt to redress imbalances in land ownership. The National Department of

Agriculture (NDA) defines the objective of land redistribution for agriculture as ensuring the commercial viability of land reform projects (NDA, 2001).

There is a general perception that many land reform projects are failing. This perception is usually untested and is seldom empirically verified. In addition, limited evidence is provided on why projects are failing and how such failure can be prevented. Several studies have looked at why land reform projects are failing, but very few have looked at projects that are successful and how they managed to succeed under the same conditions that led to failure in other land reform projects.

This study therefore seeks to answer two questions. The first question is what makes some projects successful and has allowed them to remain in business after five years, while other projects are not successful and are no longer in operation. The second question is what should be done differently to improve the economic performance of the land reform beneficiaries in the North West Province.

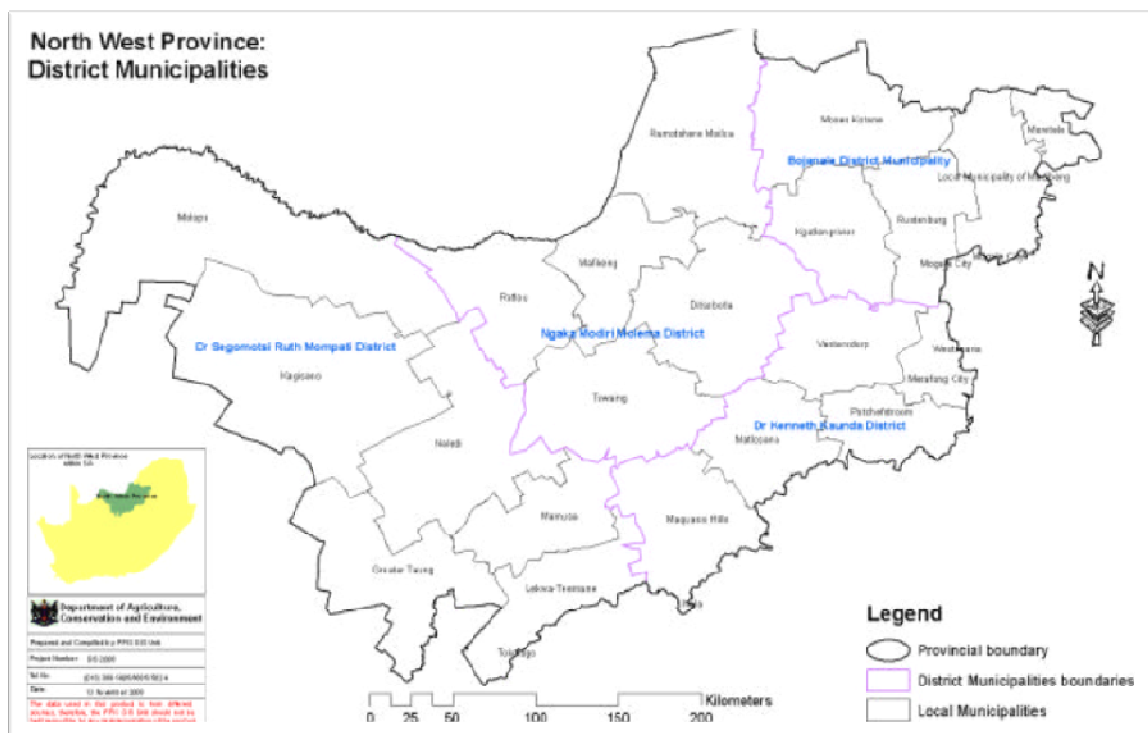
### **1.3 OBJECTIVES OF THE STUDY**

The main purpose of this study was to revisit the land reform beneficiaries that were interviewed by Kirsten and Machethe (2005) in their study in order to assess the current performance and status of these projects and to determine whether the prediction and classifications of the 2005 review were correct. The overall objective of the study was achieved through a set of secondary objectives, which were to:

- determine the socio-economic profile of land reform beneficiaries over the five years since the earlier survey;
- show changes in farming activities and economic performance of the land reform beneficiaries; and
- Identify possible problems and/or limitations experienced by land reform beneficiaries

## 1.4 STUDY AREA

The study investigated land reform projects in the North West Province of South Africa. The North West Province, home to 9.5% of South Africa’s total population, was created in 1994 by the merger of Bophuthatswana (one of the former black homelands) and the western part of the Transvaal (one of South Africa’s former provinces). Its 118 797 square kilometres of mostly flat grassland with scattered trees is bounded by Botswana to the north, the Free State and the Northern Cape provinces to the south, and on the north-east and east by the Limpopo Province and Gauteng.



**Figure 1.1: North West map**

Source: Department of Agriculture Conservation and Environment (2008)

The North West Province has a population of about 3.6 million and is predominantly rural (64.4%). The economy of the province is relatively small, contributing about 4.9% to the South African national gross domestic product (GDP). This contribution is mainly based on natural resources, as agriculture is one of the main contributors (35%) to the local economy. The unemployment rate in the North West Province is

estimated at 43%, the third highest in the country, behind the Eastern Cape and the Limpopo Province.

Agriculture is of extreme importance to the North West Province. About 64 000 people (1.7% of the North West Province's population) work in the agricultural sector (Statistics South Africa, 2007a) and the sector contributed about 2.6% to the economy through value added in 2006 (Statistics South Africa, 2007b).

The potential for agriculture and agricultural activities in the North West Province ranges from irrigation production around the highly fertile Bojanala District, to the production of grain in the central and southern parts of the province and stock farming in the dry, extensive grazing areas around Vryburg and in the Molopo (Kirsten & Machethe, 2005). High-yield crops include citrus, summer grains, tobacco and cotton, although almost every type of animal, crop, fruit and vegetable production is to be found in the North West Province.

The eastern part of the province has more water resources and higher rainfall, and it is closer to fresh produce markets so that it is comparatively advantageous to cultivate vegetables and flowers and produce poultry there. Further west, in the dryer Vryburg area, some of the largest cattle herds in the country are to be found. Sunflower seeds, groundnuts, maize, wheat and cattle dominate the agricultural sector in this region.

## **1.5 RESEARCH METHODOLOGY**

### **1.5.1 Sampling**

The survey was conducted in four district municipalities of the North West Province, namely the Dr Kenneth Kaunde, Ngaka Modiri Molema, Bojanala Platinum and Dr Ruth Segomotsi Mompati District Municipalities. The survey was built upon the previous survey conducted by Kirsten and Machethe (2005). In their study, all 177 transferred projects in the North West province were audited. A representative

sample of 43 projects was selected from the 177 projects and a detailed assessment and analysis of these projects was conducted.

For this study, the broad target population was the 43 land reform projects in the North West Province that were analysed in detail in the previous study. Purposeful sampling was used in this study in that the projects that were audited for the previous study were revisited in order to be able to determine changes in the operation of the projects. However, because of time and financial constraints, of the 43 projects, the researcher was only able to visit 37 which is close to 100% of the target population.

### **1.5.2 Data collection**

A field survey was chosen in this study to gather the necessary primary data. Letters were sent to the Department of Rural Development Land Reform (DRDLA) and the Department of Agriculture (DoA) in the study area about the intention to visit the land reform projects in the area. Appointments were made with the contact persons of projects to be visited. The representatives were identified by beneficiaries based on their involvement in the decision making on projects. In line with the requirements of academic research ethics, consent was sought from every individual to be interviewed. No incentives were offered to any participants and all individuals participated of their own free will, with the understanding that they could withdraw their participation at any time.

Primary data were collected, and a structured questionnaire was designed to accommodate both open-ended and closed-ended questions. In-depth, face-to-face interviews were conducted with the representative of each beneficiary group for each project; in total, 37 questionnaires were completed with beneficiaries. Face-to-face and telephonic interviews with extension officers and project officers were conducted using a semi-structured questionnaire to collect data after the visits to the beneficiaries.

Observations of the study area based on the expectations of the researcher were also carried out to verify the responses of the beneficiaries. Additional information on

non-operational projects was obtained from two extension officers and two projects officers. Secondary data were collected from documents on the status of land reform in South Africa, reports from government offices and previous studies on land reform projects.

### **1.5.3 Data analysis**

The data collected were coded and entered into Excel and later transferred to the Statistical Package for Social Sciences (SPSS 17.0 for Windows) for analysis. Kirsten and Machethe (2005) looked at the performance of the 43 projects from the time of transfer and classified the projects into the following categories:

- Category 1: Projects showing increased production;
- Category 2: Projects showing stable production;
- Category 3: Projects showing decreased production; and
- Category 4: Projects showing no production.

In this study, an analysis of the performance of 37 of the 43 projects was conducted to determine changes in farming activities and performance of the projects five years after the previous study. The same categories were retained in this study.

Both qualitative and quantitative methods were used in this study to analyse the data that were collected. The findings were used to compare the status of the selected land reform projects in 2005 and in 2009/2010.

## **1.6 RATIONALE FOR THE STUDY**

The Land Redistribution for Agricultural Development (LRAD) sub-programme emphasises the potential economic benefits from land redistribution and the promotion of a black commercial farming sector (Wegerif, 2004). The focus of this study was to conduct an empirical analysis of the economic performance of a number of land reform projects in the North West Province of South Africa and the impact of this performance on the livelihoods of the beneficiaries of land reform projects. This

study also looked at how many projects are still operational five years since a previous study was conducted and attempted to determine the reasons for their survival. It is hoped that this study will contribute to the discussion on and future research on the topic of land reform.

## **1.7 LIMITATIONS**

The study was limited to land reform beneficiaries in the North West Province. This sample of land reform projects may not be representative of land reform in South Africa as a whole. The interviewer was constrained by limited time and financial resources and could not visit all 43 projects as originally planned; therefore only 37 projects were revisited. It was also difficult to get answers from the beneficiaries of non-operational projects.

## **1.8 OUTLINE OF THE STUDY**

Chapter 2 provides an overview of land redistribution in South Africa. An analysis of the performance of projects in 2004/2005 vs 2009/2010 is presented in Chapter 3. In Chapter 4, a descriptive profile of land reform beneficiaries and project background is presented. Chapter 5 highlights the key challenges facing land reform projects and the support provided to the beneficiaries. Chapter 6 presents a summary of findings, conclusion and recommendations.



## CHAPTER 2

# OVERVIEW OF THE LAND REDISTRIBUTION PROGRAMME IN SOUTH AFRICA

### 2.1 INTRODUCTION

The aim of this chapter is to present an overview of land redistribution in South Africa, its implementation, success factors and challenges. Factors that contribute to the performance of land reform projects are also discussed. This chapter also reviews literature that examines land reform projects and the role of agribusiness in land reform.

### 2.2 LAND REDISTRIBUTION PROGRAMME

Land redistribution is the largest component of the land reform programme in South Africa. Its aim is to remedy the skewed nature of land holding patterns in South Africa. This programme was implemented in terms of the Provision of Land and Assistance Act, Act 126 of 1993 (South Africa, 1993), to provide for the acquisition and development of land for settlement and production purposes. It was stipulated in the Department of Land Affairs' (DLA's) *White Paper on South African Land Policy* that the approach to the implementation of the policy would not be rights-based, but that it would be based on the principle of a 'willing buyer-willing seller', whereby land would be acquired through purchases at market rates from owners who agreed to sell (DLA, 1997). The objective of land redistributions is to redistribute 30% of white-owned agricultural land by 2014 for sustainable agricultural development.

The land redistribution programme was first implemented in 1995 by the DLA by means of the Settlement and Land Acquisition Grant (SLAG), which was followed in 1999 by the LRAD programme.

### **2.2.1 The Settlement and Land Acquisition Grant (SLAG)**

The SLAG programme was designed to be flexible, allowing for different types of projects, such as group settlement, group and individual production, on-farm and off-farm settlement and farm worker equity schemes (DLA, 1997). The main objective of SLAG was to alleviate poverty. The targeted poor and landless black South Africans were expected to form groups to apply for a SLAG cash grant, which was R16 000 per beneficiary household, to buy and develop farm land.

However, a number of authors expressed concern about the size of grants under the SLAG programme. One argument was that the grant was not sufficient for an emerging entrepreneur who wanted to engage in commercial farming. Other arguments were that the system was not easy to administer and that it was not in line with the grant provided by the Department of Housing. The Settlement/Land Acquisition Grant was too small to start up income-generating agricultural projects or to make the necessary capital inputs required for agricultural development, and they also lacked a settlement support package (Jacobs, Lahiff & Hall, 2003).

In 1998, the DLA conducted a review of SLAG. The following factors were identified in the review as problems experienced with the SLAG programme (Wegerif, 2004):

- lengthy project cycles;
- excessive bureaucracy;
- over-centralisation of decision-making process;
- low levels of complementary support services;
- a lack of partnership and integration between departments;
- the land market itself was not restructured; and
- the lack of an official policy on what constitutes a legal entity.

## 2.2.2 Land Redistribution for Agricultural Development (LRAD)

In 1999, a team consisting of the DoA and the DLA was formed and tasked with the responsibility of reviewing the land redistribution programme. Subsequently, the programme was revamped and the government came up with the new sub-programme, the LRAD in 2001. According to the Ministry of Agriculture and Land Affairs (MALA), LRAD was designed to assist historically disadvantaged South Africans to access land specifically for agricultural purposes, to become progressive farmers and to improve nutrition and the incomes of the rural poor (MALA, 2001). LRAD was also expected to play a key part in the establishment of a black commercial farming class (Bradstock, 2005).

The strategic objectives of the sub-programme include contributing to the redistribution of 30% of the country's agricultural land by 2015, improving the nutrition and incomes of the rural poor who want to farm on any scale, de-congesting overcrowded former homeland areas, and expanding opportunities for women and young people who stay in rural areas (NDA, 2001). The goal of the new LRAD sub-programme was to contribute significantly to agricultural development and to extend the target group beyond the poor to include emerging black farmers. Generally, the land redistribution programme aims to improve the livelihoods and quality of life of the beneficiaries, as well as to stimulate growth in the agricultural sector (MALA, 2006).

The introduction of the LRAD sub-programme afforded land reform beneficiaries an opportunity to access grants based on their own contributions. The calculation of the grant and a person's own contribution is based on an individual adult (18 years and older). For those people who choose to apply as a group, the required own contribution and the total grant are both scaled up by the number of individuals represented in the group (NDA, 2000). The own contribution can be made in cash or 'in kind'. A cash contribution refers to person's own cash contribution or borrowed capital and an 'in kind' contribution refers to machinery, implements and livestock. A beneficiary (or groups) can contribute from a minimum of R5 000, which qualifies for a matching grant of R20 000 up to a maximum of R400 000, which then qualifies for a matching grant amount of R100 000 (MALA, 2001).

According to Lahiff (2008), LRAD encouraged the trend towards smaller group sizes in redistribution projects. Despite its great potential to contribute significantly to economic development, the following challenges are experienced with LRAD:

- Land owners are not willing to sell, or are demanding exorbitant prices and this leads to the slow progress of land redistribution;
- The grant is not big enough, given the price of land and the plans of the beneficiaries;
- Because of a lack of coordination between the DLA and the DoA, people do not know which department does what. The DLA transfers the land and expects the DoA to render post- settlement support;
- municipalities are not involved in assisting with projects;
- beneficiaries' lack of skills;
- natural disasters such as drought affect the projects;
- people are not willing to move to where the commercial farms are;
- people who are involved in subsistence agriculture are not ready to be involved in commercial ventures and are not willing to take advice.

Lahiff (2001) identified the following limitations of LRAD:

- there is no positive mechanism to ensure that more women, the unemployed and the very poor can participate;
- the volume, location and price of land is determined largely by the current owners;
- the design of projects remains in the hands of private consultants;
- major new responsibilities are allocated to provincial departments of agriculture, with no new commitment of resources;
- approval criteria are even more weighted towards commercial production, with little acknowledgement of the importance of part-time farming as part of a survival strategy for millions of poor households;
- no explicit role is allocated to local government, despite the official emphasis on the importance of the third tier of government in the delivery of services; and

- integration between different legs of land reform – tenure, restitution and redistribution – remain unaddressed, as do links between land reform and wider aspects of rural development.

To complement LRAD, the government introduced the Comprehensive Agricultural Support Programme (CASP) framework, a core programme within the DoA. The CASP was launched in 2004 as a response to limited agricultural support and aftercare, designed to provide post-settlement support to the targeted beneficiaries of land reform and to other producers who have acquired land through private means and are engaged in value-adding enterprises domestically or are involved in export (DoA, 2005). This includes four levels of clients in the field of farming, namely the hungry and vulnerable, subsistence and household food producers, farmers and the agricultural macro-system within the consumer environment.

The CASP received funding for agricultural support to land reform beneficiaries for the development and rehabilitation of dipping infrastructure in communal grazing areas, the improvement of animal health and an increase in the productivity of livestock farming and to step up capacity building and technical advisory programmes to enable land reform beneficiaries to use their land effectively and efficiently (MALA, 2006). Table 2.1 below indicates the CASP allocation per province for 2005 and 2010. About R 33 million was allocated to the North West Province to support 393 projects, with 4 278 beneficiaries for 2005. The CASP allocation for 2009/2010 was R91 518 to support 51 projects.

**Table 2.1: CASP allocation for 2004/2005 and 2009/2010**

| Province      | 2004/2005              |              |                    | 2009/2010              |            |
|---------------|------------------------|--------------|--------------------|------------------------|------------|
|               | Allocation (R million) | Projects     | # of Beneficiaries | Allocation (R'million) | Projects   |
| Eastern Cape  | 47                     | 240          | 2 544              | 149 268                | 110        |
| Free State    | 21                     | 127          | 517                | 65 659                 | 127        |
| Gauteng       | 5                      | 27           | 350                | 24 734                 | 154        |
| KwaZulu-Natal | 46                     | 136          | 30 773             | 94 487                 | 197        |
| Limpopo       | 41                     | 8            | 8 370              | 108 453                | 156        |
| Mpumalanga    | 23                     | 63           | 2 699              | 55 504                 | 22         |
| Northern Cape | 13                     | 33           | 777                | 36 541                 | 17         |
| North West    | 33                     | 393          | 4 278              | 91 518                 | 51         |
| Western Cape  | 17                     | 42           | 2 898              | 63 640                 | 121        |
| <b>Total</b>  | <b>246</b>             | <b>1 069</b> | <b>53 206</b>      | <b>689 741</b>         | <b>955</b> |

Source: DoA (2005), NDA (2009)

The financing services strategy of CASP resulted in the establishment of the Micro Agriculture Finance Institutions of South Africa (MAFISA), with the strategic objectives of strengthening the capacity of the rural working poor and their organisations, improving equitable access by the rural working poor and enterprises to productive natural resources and technology, and increasing access by the rural working poor and enterprises to financial assets and markets (NDA 2009).

CASP faced the challenges of aligning budgets and systems between the DLA, the National Department of Agriculture (NDA) and the Provincial Departments of Agriculture, implementing priorities with regard to infrastructure in the communal areas, stepping up capacity building and technical advisory to land reform beneficiaries, and integrating the Agriculture Starter Pack (ASP) into the Household Food Production Programme (HHFP) (MALA, 2006).

Underspending by CASP was reported for 2004/2005. Only 62% of the R 200 million allocated to 510 projects was spent (Table 2.2) and in 2008/2009, about 90% of the budget was spent to support 31 039 beneficiaries. The budget allocation has increased since 2004/2005 but no funds are being disbursed (Hall & Aliber, 2010) and the performance of land reform projects in different provinces is continuing to decrease.

**Table 2.2: CASP budget allocations, projects and beneficiaries, 2004/2005 to 2009/2010**

| Year     | Budget (R'million) | % spent | Projects | Beneficiaries |
|----------|--------------------|---------|----------|---------------|
| 2004/05  | 200                | 62%     | 510      | 46 500        |
| 2005/06  | 250                | 63%     | 1 090    | 53 200        |
| 2006/07  | 300                | 84%     | 870      | 67 400        |
| 2007/08  | 451                | 85%     | 786      | 60 300        |
| 2008/09  | 525                | 90%     | 703      | 31 039        |
| 2009/10* | 715                |         |          | 35 000        |
| 2010/11* | 862                |         |          | 32 000        |
| 2011/12* | 979                |         |          | 32 000        |

Source: Hall and Aliber (2010)

### 2.3 REDISTRIBUTED LAND REFORM PROJECTS

The land reform process shows little progress in terms of the number of completed projects. According to Jacobs (2003), the government is still falling short of its target of transferring 30% of land to beneficiaries by 2014. Table 2.3 outlines the amount of agricultural land to be redistributed in each province by 2014. At least 2 866 666 hectares of land have to be transferred per year to meet the targeted 25 800 000 hectares.

**Table 2.3: Area of agricultural land to be transferred in each province to target by 2014**

| Province      | Agricultural Land (ha) | % of Land | Aim of 30% (ha) | Aim/year to 2014 (ha) |
|---------------|------------------------|-----------|-----------------|-----------------------|
| Western Cape  | 11 560 609             | 13%       | 3 468 183       | 385 353               |
| Northern Cape | 29 543 832             | 34%       | 8 863 150       | 984 794               |
| Free State    | 11 572 000             | 13%       | 3 491 600       | 385 733               |
| Eastern Cape  | 10 815 867             | 13%       | 3 244 760       | 360 528               |
| KwaZulu-Natal | 3 439 403              | 4%        | 1 031 821       | 114 646               |
| Mpumalanga    | 4 486 320              | 5%        | 1 345 896       | 149 544               |
| Limpopo       | 7 153 772              | 8%        | 2 146 132       | 238 459               |
| Gauteng       | 828 623                | 1%        | 248 587         | 238 459               |
| North West    | 6 785 600              | 8%        | 2 035 680       | 226 186               |
| Total         | 86 200 000             | 100%      | 25 800 000      | 2 866 666             |

Source: MALA (2006)

Table 2.4 sets out the amount of land transferred between 1994 and 2009. Most of the land was transferred through redistribution. A total of 1 477 956 hectares were redistributed, contributing 43.8% to the total percentage of land transferred during this period (Greenberg, 2010). This is the total of both the SLAG and LRAD programmes.

**Table 2.4: Land transfers under SA land reform: 1994-2009**

| Programme           | Hectares  | Contribution to total (%) |
|---------------------|-----------|---------------------------|
| Redistribution      | 1 477 956 | 43.8                      |
| Restitution         | 1 007 247 | 29.9                      |
| State land disposal | 761 524   | 22.6                      |
| Tenure reform       | 126 519   | 3.7                       |
| Total               | 3 373 246 | 100                       |

Source: Greenberg (2010)

A total of 268 566 ha of land was transferred between 1994 and 2009 to 300 projects in the North West Province through redistribution, benefiting 40 539 people (see Table 2.5). This follows the restitution of 373 642 ha of land to 172 963 beneficiaries.

**Table 2.5: Land transferred in North West Province and beneficiaries, 1994-2009**

| North West Province | Number | Hectares | Beneficiaries |
|---------------------|--------|----------|---------------|
| Redistribution      | 300    | 268 566  | 40 539        |
| Restitution         | 3 709  | 373 642  | 172 963       |
| Total               | 4 009  | 642 208  | 213 502       |

Source: Greenberg (2010)

### 2.3.1 Previous studies on redistributed land reform projects

In a study by Kirsten and Machethe (2005), a detailed assessment and analysis of land reform projects was conducted to determine the extent to which the projects met or did not meet the objective of land reform, namely commercial viability. Their audit of land reform projects revealed that more than a quarter (27%) of the projects were not operational and thus did not meet the agrarian reform objective of commercial viability. It was noted in the study that many of the land reform projects in the North West Province failed to meet the objectives of the land reform programme because of both project- and programme-related reasons, such as the following:

- a lack of investment in, and improvements and the maintenance of farm infrastructure;
- limited access to funds to cover production costs;
- poor decision-making and management of farming activities;
- limited beneficiary involvement in farming activities;
- a lack of aftercare for beneficiaries;
- limited farming advice and support;



- limited farming experience of beneficiaries; and
- limited financial management skills.

Reviewing the land reform programme in Namibia, Werner (1999) found that none of the settlement projects older than four years have achieved self-sufficiency and all remained heavily dependent on government. Agricultural production in most projects was found not to provide sufficient food for the beneficiaries, let alone generate additional cash. Assessing the impact of land reform on agricultural production and welfare in the Eastern Cape, Aliber *et al.* (2006) point out a drop in production with the improvement of livelihoods of new land owners. Ahmed *et al.* (2003) found that a number of land reform projects are not producing anything and that some of the beneficiaries are worse off than before.

The results of a study of nine LRAD projects in the Eastern Cape Province by Hall (2004) indicate that none of the projects obtained any support from the private sector, and most had not had any contact with the DLA since obtaining their land. None of them were receiving any kind of extension service from the DoA.

## **2.4 REASONS FOR THE FAILURE OF LAND REFORM PROJECTS**

Many factors contribute to the failure of land reform projects. These factors include inappropriate beneficiary selection, the process of acquiring land, access to capital, access to markets, training and mentorship, and post-settlement support. These factors are discussed below.

### **2.4.1 Selection of beneficiaries**

The land reform policy requires that beneficiaries form large groups in order to qualify for grants to purchase land. According to the Quality of Life Reports by the DLA, people tend to form larger groups in order to qualify for the grants that will allow them to purchase a farm, but in the process bring in people who have no ambition to farm. Only a few beneficiaries have a passion for farming, while the rest wait for benefits, bringing conflict to land reform beneficiary groups (Kirsten & Machethe, 2005).

Bradstock (2005) adds that conflict is likely to arise where there is no structured and equitable allocation and utilisation of resources.

Another factor identified in most of the literature is the need to get the 'right beneficiaries' through well-developed selection criteria (Kinsey & Binswanger, 1996; Anim, 1997; Du Plessis, *et.al.* 2000; Kirsten & Machethe, 2005). The main reason behind this, as Kirsten and Machethe (2005) explain, is to ensure that there is interest and the potential to farm successfully. According to Terblanché (2008b), it is important that the selection of new farmers be done by means of the implementation of a screening instrument to enable the government to select the best candidates.

Although it is ideal to have the right beneficiaries operating on land reform projects, Van Rooyen, Coetzee and Swart (1993) believe that it is virtually impossible to select potentially successful farmers with a high degree of accuracy from the outset. This was a lesson from the settlement projects funded by the Development Bank of Southern Africa (DBSA). The main reason for their argument was that nepotism was a key factor in the selection of potential beneficiaries, contributing to the difficulty of ensuring that beneficiaries are objectively selected.

Kirsten and Machethe (2005) note that conflicts within and among land reform beneficiary groups contribute to the failure of land reform projects, because the active members do not want to produce and share the income generated with the other members who did not participate (Kirsten & Machethe, 2005).

#### **2.4.2 Delays in transactions**

After the introduction of LRAD, the pace of land redistribution first increased and then declined (Hall, 2005). According to the MALA (2001), human resource capacity constraints contributed to the slowing of the process of land redistribution. Another factor mentioned by Lyne & Darroch (2003) is that it is expensive to subdivide commercial farms into smaller units, to survey them and transfer them to aspiring farmers.

According to Kirsten and Machethe (2005), the lengthy process of getting an LRAD grant approved contributes to the failure of land reform projects. In their study they found that 40% of farms were left unoccupied, and as a result 15% of farms were vandalised while grants were processed. The late release of funds to purchase land leads to the loss of the identified farm, de-motivating potential beneficiaries, as well as to a deterioration of the production structure (Aliber & Mokoena, 2000, cited in Anseeuw & Mathebula, 2005; Kau, 2010).

The small size of the LRAD grant also contributes to the slow pace of land redistribution. Delays in releasing funds hamper the process of project implementation (Hall & Lahiff, 2004). Jacobs *et al.* (2003) pointed out that there is evidence of opportunities for sales being missed where willing sellers and willing buyers were unable to proceed because of institutional and budgetary blockages.

Kau (2010) discovered that a late release of funds had negative effects on the operational plans of projects where farms have fixed agricultural enterprises and that sometimes beneficiaries whose loans have already been granted end up in debt before the project is even started.

### **2.4.3 Access to capital**

Limited access to financial services is a major constraint for farmers and certainly affects their ability to take advantage of market-oriented production opportunities. Securing access to sufficient working capital, as well as the management of cash flow are major obstacles for emerging farmers and land reform beneficiaries in terms of Settlement and Implementation Support (SIS, 2007). Providing grants to acquire land without providing access to the necessary financial and other support for production may result in a loss of production potential (SIS, 2007).

According to Jacobs (2003), an effective agricultural programme requires adequate funding, and sustainable production and income generation depend on access to finance for production start-up inputs such as seed and fertilizer, and for fixed capital improvements. However, most of the time, land reform beneficiaries do not meet the

lending conditions of the financial institutions. Since most of the land reform beneficiaries engage in enterprises on land in groups, it is often difficult for them to access credit from financial institutions.

Kirsten and Machethe (2005) report limited access by land reform beneficiaries to the funds they need to cover production costs. Only 18 of the 43 projects (42%) in their study reported having access to funds. Sources of capital for the land reform programme include grant funding, loan funding from the State and loan funding from accredited private lending institutions. In 2001, the DLA entered into an agreement with the Land Bank and transferred R50 million of its capital budget to the Land Bank to be accessed by LRAD beneficiaries, as the Human Sciences Research Council (HSRC, 2003) report, but the funds were exhausted early in 2003 and the agreement between the DLA and the Land Bank was terminated in 2003 after a number of problems resulted from it.

#### **2.4.4 Access to markets**

The implementation of the Marketing of Agricultural Products Act of 1996 (South Africa, 1996) has led to the deregulation of the South African agricultural sector. The aim of the Act was to promote free and open agricultural commodity markets and facilitate access to these markets for new black producers. This market liberalization ensured a leaner and stronger agricultural industry, with some farmers and agribusiness able to enter the globally competitive environment (Vink & Kirsten, 2000).

By contrast, land reform beneficiaries face a number of challenges when attempting to establish a market for themselves and these challenges have a real influence on the approaches they take to production and marketing (Williams & Van Zyl, 2008). According to Senyolo *et al.* (2009), the market plays a crucial role in improving the income of the poor farmers. A lack of access to market and price information, a lack of secure and long-term contracts, small quantities of produce and inconsistent production are all factors that limit market access by land reform beneficiaries. According to the DoA (2005), a lack of access to market information is one of the main contributing factors to the slow development of market opportunities. Without

information, farmers cannot plan and market their produce effectively. This places them at a risk of losing considerable income if prices fluctuate, particularly if they fluctuate downward (Setboonsarng, 2008).

Land reform beneficiaries in the North West Province use various channels to sell their produce. They sometimes have to sell at a lower price because of inadequate transport facilities to transport and market their products (Kirsten and Machethe, 2005). Due to this problem, farmers find themselves having to sell their products to local buyers and often do not get an appropriate return on their inputs.

#### **2.4.5 Post-settlement support**

Williams and Van Zyl (2008) have identified the systematic failure of post-settlement support in South African land reform as a major contributing variable to the approximated 50 per cent failure rate of new land reform projects. The purpose of post-settlement support is to enhance the provision of support services to promote and facilitate agricultural development targeting the beneficiaries of the Land Reform Agrarian Forestry reform programmes (Deininger, 2003). The NDA listed a number of forms of post-transfer support in its strategic plan and emphasised the importance of post transfer support to land reform beneficiaries in order for them to improve their livelihoods, but there was no funding for them (Jacobs, 2003) The CASP, MAFISA and extension support services form part of the post-settlement support package (Taoana, 2008).

Training and capacity building are required for the land reform beneficiaries to improve their farm management skills. Successful applicants are required to participate in training courses and activities (MALA, 2006). In a national review of CASP by the NDA and Umhlaba Rural Services (2007), it was recommended that training provided through CASP should be accompanied with mentorship support and should remain in place for at least a year or until a farm is fully functional. Mentorship contributes to sustainable farming if it is identified as one of the support strategies in the business plans of a land reform project and a mentorship strategy is outlined in the business plan (Kirsten & Machethe, 2005), but Kirsten and Machethe (2005)

found that among the projects in their study only 21% of the projects outlined a mentorship strategy in their business plan.

Terblanché (2008a) argues that the success of mentorship programmes depends heavily on the successful development of mentoring relationships between mentors and farmers.

## **2.5 THE ROLE OF AGRIBUSINESS IN LAND REFORM**

Agribusiness has a vital role to play in supporting the success of the emerging farmers, land reform beneficiaries in particular. The primary roles of agribusiness include input supply, input finance, processing commodities and service provision.

During the late 1990s, the South African government deregulated the agricultural sector in response to international pressure to limit subsidies, and to domestic pressure to bring an end to apartheid-era support for the white commercial farming sector. The changes in agricultural policy created a hostile economic environment for new entrants, posing challenges for those entering farming through land reform (Hall, 2004).

The deregulation process resulted in high price volatility of products formerly sold under marketing boards, which can have a negative impact on the profitability levels of farmers. This lower profitability has affected farmers' financial position, resulting in increased difficulties in securing input cost financing, and other financing from commercial banks and co-operatives (Vink, 2004).

The new competitive environment has led to industrial concentration, with prices that result in the exclusion of domestic firms and small farmers from the benefits and rewards of the high-value market (Kirsten & Sartorius, 2002). When markets are in fact accessible, farmers may still be subject to price fluctuations or inequitable prices (Patrick, 2004). Baumann (2000) adds that firms can also lend to farmers in kind by providing them with seed, fertilizer and other inputs. The contract firms, or the banking system, may also offer investment credit for the acquisition of machinery and

buildings (Da Silva, 2005) and there is a guarantee that the products from farmers with contractual agreements will be bought by the purchaser(s) (Begum, 2005).

New techniques are often required to upgrade agricultural commodities for markets that demand high quality standards. To be successful, new technology should be initiated within a well-managed and structured farming operation (Eaton & Shepherd, 2001). Private agribusiness usually offers technology more diligently than government agricultural extension services, because it has a direct economic interest in improving farmers' production (Baumann, 2000).

Kirsten and Machethe (2005) found that cooperatives and agribusiness provide only limited support to their land reform clients. This has changed since 2005, with the involvement of farming and processing actors taking action to empower previously disadvantaged farmers (Van Rooyen & Kirsten 2010) through the provision of technical support, the facilitation of access to capital, training, input supply and mentorship.

**Table 2.6: Contribution of Agribusinesses to land reform beneficiaries**

| Agribusiness firm              | Support service   |
|--------------------------------|---|
| SenWes                         | Finance, Technical support, Market access, Production inputs, Risk mitigation, Training and mentorship  |
| MGK                            | Production loans, Crop insurance, Production inputs, Marketing & logistics, Mentorship.   |
| NWK                            | Farm management support, Grain handling and marketing, Financing of production inputs, Input cost insurance, Supply and procurement of production inputs, Technology transfer and training  |
| KAAP AGRI                      | Commercial farmer focus, Farm business focus, Securing a market, Skills development, training, mentoring, Funding and financial support   |
| OVK                            | Training, Mentorship, Coordinating and administrating input financing and insurance   |
| AFGRI                          | Market access, Support infrastructure, Production finance, Advisory services  |
| Sundays River Citrus Company   | Identification and selection of beneficiaries; Land identification, planning and acquisition, and development; Financial support and bridging financing; Technical and management support services; Mentorship, coaching and training |
| Klein Karoo Group of Companies | Farm skills development, Mentoring and management capacity training, Identifying markets, Mobilizing funding  |

Source: Van Rooyen and Kirsten (2010)

Although there are benefits to small-scale and emerging farmers' linkage with agribusiness, there are still a number of constraints on both farmers and agribusiness

firms (Dannson *et al.*, 2004). Internal constraints include a lack of knowledge, skills, experience and production equipment amongst farmers, which results in increased debt caused by a high default rate and the inability of farmers to use land as collateral, since they are farming communally (Dannson *et al.*, 2004; Van Rooyen & Kirsten, 2010).

External factors such as price volatility have a negative effect on trust relationships between farmers and agribusiness firms. The inability of the government to support such firms or share in the risk also threatens the success of agribusinesses' programmes to empower black farmers (Van Rooyen & Kirsten, 2010). According to Van Rooyen and Kirsten (2010), the current agribusiness support to emerging farmers could be sustainable and agribusinesses can do much more if the government can leverage and channel CASP through the agribusinesses (former cooperatives).

## **2.6 SUMMARY**

Chapter 2 presented an overview of land redistribution in South Africa. It described the implementation, success factors and challenges of two sub-programmes of the land distribution programme, SLAG and LRAD. The chapter reviewed previous studies on the performance of land reform projects. The chapter also looked at the factors that contribute to the failure of land reform projects. Inappropriate selection of beneficiaries, post-transfer support, access to capital and to the market and the time taken to transfer land were found to be the factors most cited as leading to the failure of land reform projects.

The chapter concluded by looking at the role of agribusiness in securing the survival of land reform beneficiaries. The involvement of agribusinesses (former cooperatives) in the post-transfer support of the beneficiaries and the factors affecting the relationships between these agribusinesses, farmers and the government are critical. The next chapter presents a descriptive profile of the land reform projects included in the study.



## **CHAPTER 3**

### **DESCRIPTIVE PROFILE OF SELECTED LAND REFORM PROJECTS IN THE STUDY AREA**

#### **3.1 INTRODUCTION**

This chapter presents the results of a descriptive analysis of the 37 land reform projects that were revisited. In-depth interviews were conducted with the land reform beneficiaries using a structured questionnaire.

General information on the respondents was obtained, including the age, gender and educational level of each respondent, the occupations of respondents before acquiring the land, other sources of income and beneficiaries' expenditure. This information was used to determine the socio-economic profile of the land reform beneficiaries over the five years since the earlier survey. Information on the farm size, number of years on the farm, number of beneficiaries, farming background and type of enterprise was collected to analyse the background and structure of the projects. The results are presented in terms of the characteristics of the beneficiaries per project and/or per category.

#### **3.2 PROJECT BACKGROUND AND STRUCTURE**

This section provides background on the structure of the 37 land reform projects included in the study. A total of 12 projects in the Dr Ruth Segomotsi Mompati District Municipality were revisited, three in the Bojananala Platinum District Municipality, nine in the Dr Kenneth Kaunda District Municipality and 13 in the Ngaka Modiri Molema District Municipality (see Table 3.1).

**Table 3.1: Number of projects visited per district**

| District  | Number of projects |
|---|--------------------|
| Dr Ruth Segomotsi Mompati District Municipality | 12                 |
| Bojanala Platinum District Municipality         | 3                  |
| Dr Kenneth Kaunda District Municipality         | 9                  |
| Ngaka Modiri Molema District Municipality       | 13                 |

### 3.2.1 Types of enterprises

Livestock, grain and broiler (largely chicken) production were found in the previous study to be the dominant enterprises on the majority of farms owned by land reform beneficiaries. The results of the current study show that beneficiaries are engaged in one or more types of farming enterprises. Most combinations included cattle and goats, and broilers and vegetables, even though vegetable gardens were found in almost all projects. Only one out of 37 projects was involved in pig farming. Cattle are owned individually. In one project with four active members, the vegetable garden belonged to two members and they all participated in the broiler production. Projects involved in cattle production are dominant in the western part of the province (the Dr Ruth Segomotsi Mompati District Municipality).

**Table 3.2: Primary farm enterprises of the 37 visited farms**

| Enterprise        | Number of projects |
|-------------------|--------------------|
| Cattle (beef)     | 13                 |
| Cattle/Goats      | 2                  |
| Goats             | 1                  |
| Sheep             | 2                  |
| Pigs              | 1                  |
| Broiler/Vegetable | 5                  |
| Crop production   | 3                  |
| No production     | 10                 |
| Total             | 37                 |

### 3.2.2 Number of years on the farm

Farming experience and the number of years since the transfer of the farm to the beneficiaries are thought to be important factors in determining the success of the farming operation. For this reason, the number of years since the transfer was investigated and it was established that ten projects were transferred four to six years

before the visit, 25 projects were transferred seven to nine years before the visit and two projects were transferred ten years or more before the study.

Considering the number of years since the transfer and the operational status of projects, Table 3.3 indicates that of the four projects that had been transferred ten years or more ago, only one project has increased production. Two of these projects are not in operation (Category 4), and indeed it was found that one of these projects has never been in operation since it was transferred to the new owners. It can be concluded from the results that the number of years on the farm did not affect the performance of the majority of projects.

**Table 3.3: Number of years since the 37 farms were transferred to beneficiaries**

| Number of years | Operational status |            |            |            |
|-----------------|--------------------|------------|------------|------------|
|                 | Category 1         | Category 2 | Category 3 | Category 4 |
| 4 to 6 years    | 1                  | 3          | 3          | 3          |
| 7 to 9 years    | 3                  | 4          | 12         | 5          |
| 10 to 12 years  | 1                  | 0          | 2          | 2          |
| Total           | 4                  | 7          | 16         | 10         |

### 3.2.3 Number of beneficiaries

The difference between the number of beneficiaries and the number of active beneficiaries gives an indication of the extent of beneficiary interest in the land reform projects. Table 3.4 presents the differences between current beneficiaries, active beneficiaries and beneficiaries involved in farming in each category. The results indicate that not all members of the projects are active in farming activities. Only 20% of the current members are actively involved in farming. Projects in Category 1 do not have large number of members and the percentage of active members is higher (58%) than the percentage in other categories. In Category 3, only 16 members are still trying to do something about their farms and this is the category with the largest initial number of members.

The initial number of beneficiaries of one project in Category 3 was 50, but only four members have been actively participating in farming activities in the last five years. All eight members of the project in Category 1 are actively participating in farming. According to the respondent for this project, those members who are working

elsewhere during the week work on the farm on weekends. This compares well with the results by Kirsten and Machethe in 2005 and their conclusion that the production status of projects is directly related to the extent of the involvement of beneficiaries in farming activities.

**Table 3.4: Current beneficiaries per category**

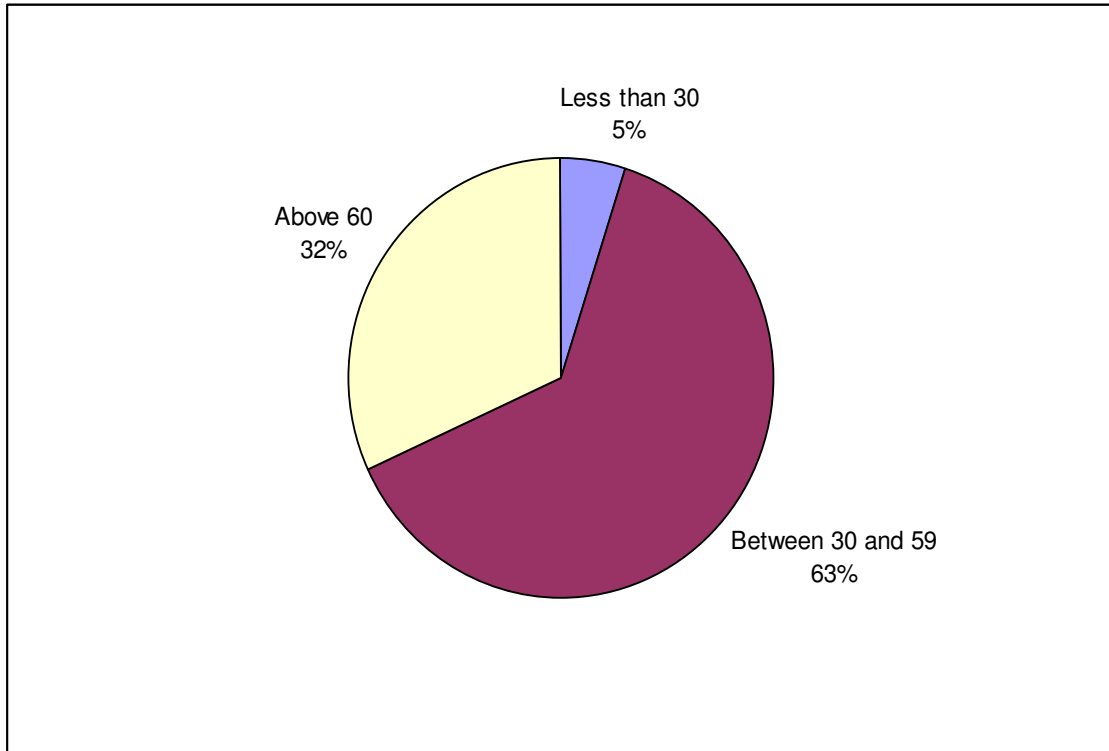
| Category   | Number of current beneficiaries | Number of active beneficiaries |
|------------|---------------------------------|--------------------------------|
| Total      | 1 017                           | 167                            |
| Category 1 | 55                              | 32                             |
| Category 2 | 105                             | 41                             |
| Category 3 | 490                             | 81                             |
| Category 4 | 367                             | 13                             |

### **3.3 SOCIO-ECONOMIC CHARACTERISTICS OF LAND REFORM BENEFICIARIES**

The questionnaire asked for the information about the demographic characteristic of the beneficiaries on the projects as well as that of the respondents. The respondents were the leaders and decision makers from each project.

#### **3.3.1 Age**

The age of a farmer was assumed to be an important factor for the success and sustainability of a farming business, as it may give an indication of variables such as the level of decision-making and the interest of a farmer. Beneficiaries younger than 30 years of age were classified as 'young', those between 30 and 60 as 'middle-aged', and those above 60 as 'old'. Figure 3.1 summarises the age distribution of beneficiaries. The average age of respondents was between 30 and 60, in other words, most of the beneficiaries were middle-aged. Only 6% of beneficiaries fell into the young category and 32% were above 60 years. The results correspond with those of the previous study in terms of the number of young people among the beneficiaries.



**Figure 3.1: Age distribution of beneficiaries**

In analysing age distribution against the performance status of projects, projects were classified into two categories: Category A for successful projects and Category B for failed projects. Successful projects are ones that are displaying stable or increased production and are able to generate additional income for reinvestment in the project. Projects falling into Categories 3 and 4 are regarded as having failed because they do not meet the land reform objective of commercial viability. For this analysis, projects in Categories 1 and 2 were grouped in Category A and projects in Categories 3 and 4 are grouped in Category B.

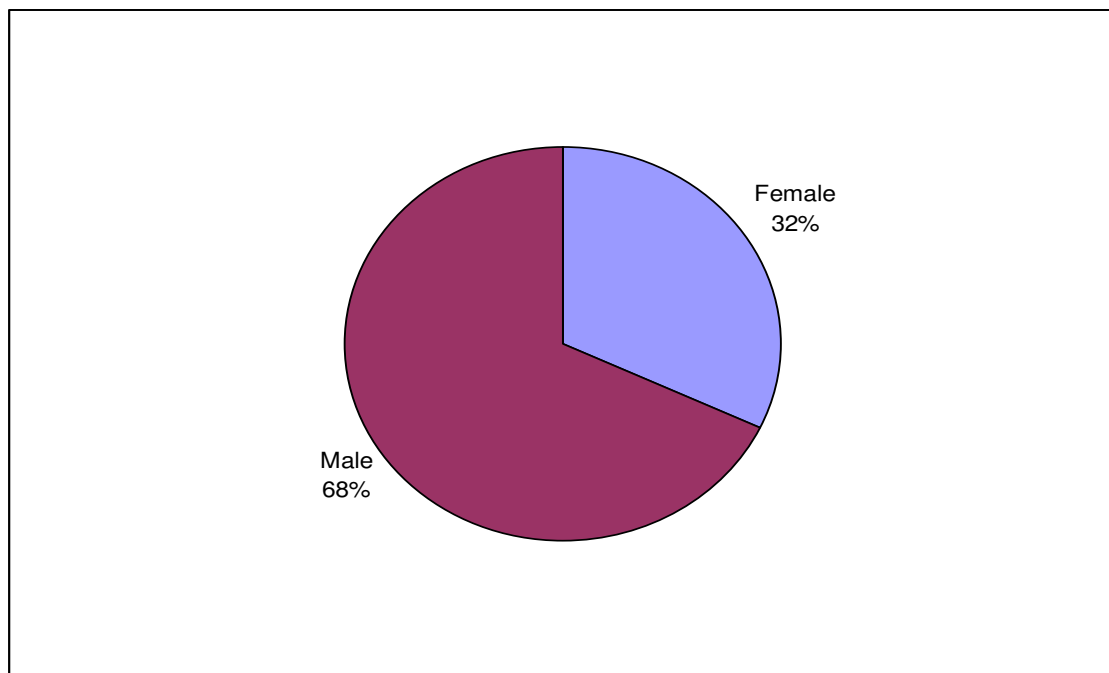
The age differences in Category A (Categories 1 and 2) are 27%, 72% and 0% for 'above 60', between 30 and 59 and below 30 respectively (Table 3.5). Category B (Categories 3 and 4) contain at least 54% of respondents older than 60, 38% between 30 and 59 and 8% who are classified as young. This indicates that most of the beneficiaries in successful projects are middle-aged.

**Table 3.5: Age of beneficiaries per category**

| Age group (years)               | Number of respondents |            |            |            |
|---------------------------------|-----------------------|------------|------------|------------|
|                                 | Category 1            | Category 2 | Category 3 | Category 4 |
| Youth (less than 30)            | 0                     | 0          | 1          | 1          |
| Middle-aged (between 30 and 59) | 2                     | 6          | 6          | 4          |
| Older (above 60)                | 2                     | 1          | 9          | 5          |
| Total                           | 4                     | 7          | 16         | 10         |

### 3.3.2 Gender

Figure 3.2 presents the gender composition of the beneficiaries of the 37 projects based on the current number of beneficiaries, both active and inactive. The results indicate that 62% of the beneficiaries were men and 32% were women. Women were more involved in vegetable and broiler production than with cattle and small stock. Of the four respondents of projects in Category 1, only one was a woman. Category 4 contained 20% women and 80% men.



**Figure 3.2: Gender of the beneficiaries**

### 3.3.3 Level of education

The level of farmers' education influences their level of decision-making, therefore the level of education is directly related to the success of a farming business. In

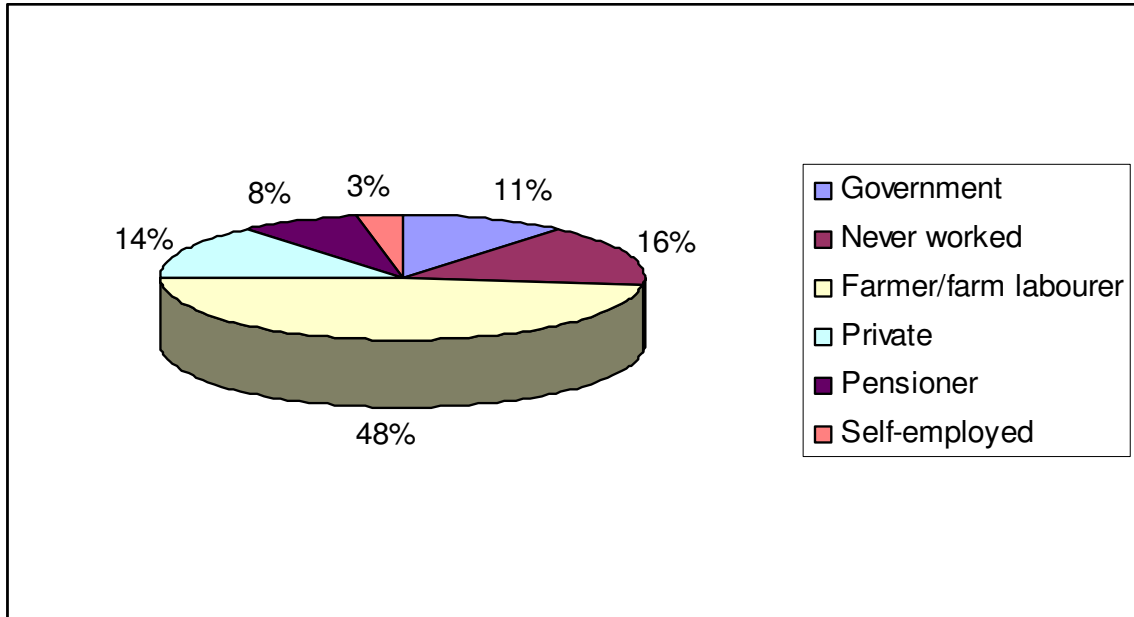
Category B (Categories 3 and 4), 11% of respondents had no formal education, but there were no respondents who had no formal education in Category A (Categories 1 and 2). In Category A, 36% of respondents had passed primary education and 9% had obtained tertiary education, while in Category B there were 46% with primary education, 31% with secondary education and 12% with tertiary education. The results indicate that of all the beneficiaries of projects in Category A (Categories 1 and 2) only two had a formal education.

**Table 3.6: Level of education of respondents**

| Education level:    | Category A |     | Category B |     |
|---------------------|------------|-----|------------|-----|
|                     | Frequency  | (%) | Frequency  | (%) |
| No formal education | 0          | 0   | 3          | 11  |
| Primary education   | 4          | 36  | 12         | 46  |
| Secondary education | 6          | 55  | 8          | 31  |
| Tertiary education  | 1          | 9   | 3          | 12  |

### 3.3.4 Occupation before land reform

An attempt was made to identify the occupation of beneficiaries before they acquired their land to determine the number of beneficiaries who were involved in farming before land reform, either as farm owners or as farm labourers. The results indicate that most of the respondents had been involved in farming in some form (48%), either as farm owners or as farm labourers (see Figure 3.3). Only 10% had farmed on a full-time basis and 28% of farm labourers were seasonal. Some (11%) had been working for the government, while 16% of the 37 respondents had never worked before, 8% were pensioners and 3% were self-employed.



**Figure 3.3: Occupation before land reform**

### 3.3.5 Farming background

Farming skills play an important role in boosting the farming confidence of a farmer and in making proper farming decisions. It was assumed that aside from training, beneficiaries who were farming before they acquired land stand a better chance of surviving than those who have never farmed before, but the results indicate a different scenario: 30% of beneficiaries who were involved in farming before are in Category 4 (no production) compared to the 21% with no farming background.

**Table 3.7: Farming background of respondents**

| Production status of project | Farming background of respondent |     |    |     |
|------------------------------|----------------------------------|-----|----|-----|
|                              | Yes                              |     | No |     |
|                              | #                                | %   | #  | %   |
| Increased                    | 2                                | 9   | 2  | 14  |
| Stable                       | 4                                | 17  | 3  | 21  |
| Decreased                    | 10                               | 44  | 6  | 44  |
| No production                | 7                                | 30  | 3  | 21  |
| Total                        | 23                               | 100 | 44 | 100 |



### 3.3.6 Source of income

The representatives of each group were asked to list the sources of income of beneficiaries in a group, both income from the farm and non-farm income. Non-farm income includes welfare grants, wage employment, remittances and others sources, such as small businesses. Payments, which includes pension, child support grants and disability grants, contributes 38% to the total of the sources of income. This is the largest percentage of the total of the sources of income of the land reform beneficiaries, followed by farm income. Farm income includes income from the sale of livestock and crops and contributes 28% to the total source of income. This income is mostly from livestock sales, which is mainly from broiler and small stock.

Some beneficiaries who are not getting income from farming and are not employed elsewhere depend on income sent by relatives who work in the cities. Remittances make up 19% of all sources of income. Other sources of income include spaza shops (small businesses), which make up 5% to all sources of income.

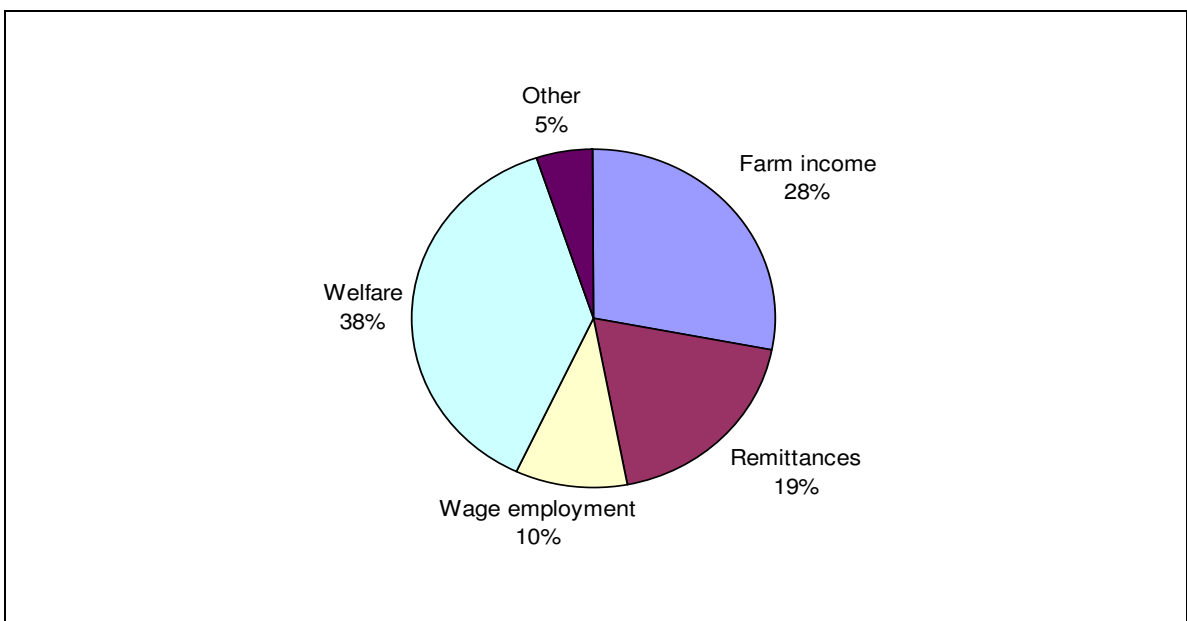


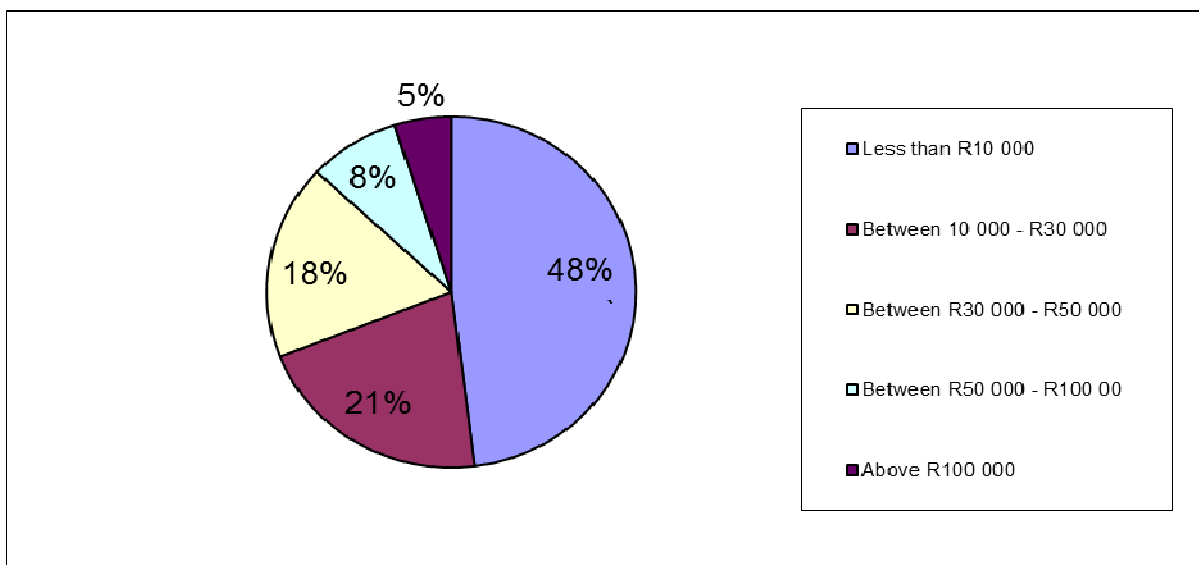
Figure 3.4: Beneficiaries' source of income

The results indicate that 86% of the beneficiaries from all four categories still rely on a source of income other than farming, and investments in farming are made from

non-farm income. Beneficiaries who are farming part-time mentioned the uncertainties in farming as one of the reasons they are not able to leave their current job and opt for full-time farming. They reported that the income received from their farm is far less than the income received from other sources and that it is difficult to survive on farm income only. They mentioned this as one of the reasons they look for employment elsewhere, which in turn contributes to the failure of some of the projects.

### 3.3.7 Income levels per farm

Only 5% of beneficiaries reported a gross farm income of more than R 100 000 per annum. The majority of the farms (48%) are making less than R 10 000 per annum. It should be noted that there were no financial records. The figures are estimates that beneficiaries gave. In interpreting the results, it should therefore be borne in mind that the beneficiaries may have reported unrealistically low figures in the hope of getting more funds from the government or to avoid tax. The low figures come from cattle farmers.



**Figure 3.5: Farm income levels for different projects**

Comparing farm income with income from other sources, beneficiaries mentioned that the farm income is lower. Members benefit from using the farm produce for

household consumption. According to the respondents, farming is better than sitting and doing nothing, even if there is not enough income from farming.

### 3.3.8 Beneficiaries' expenditure

In order to determine the contribution of farm income to the beneficiaries' welfare, beneficiaries were asked to list all activities they spend their farm income on. The results indicated that the income for 22 farms was re-invested in the farming business. This included renovations of farm houses, buying additional infrastructure, fixing existing implements and purchasing production inputs. The second most common expenditure was food and clothes (21 projects), followed by transport and electricity (16 projects). Only 6 projects representatives reported spending income from farms on education. Two respondents mentioned that they had used the farm income to purchase cars.

**Table 3.8: Contribution of farm income to the welfare of beneficiaries**

| Activities                   | Number of projects |
|------------------------------|--------------------|
| Food, clothes                | 21                 |
| Invested in farming business | 22                 |
| Building houses              | 3                  |
| Furniture, cars, etc.        | 2                  |
| Transport, electricity       | 16                 |
| Education                    | 6                  |

## 3.4 SUMMARY

This chapter presented the projects' background and the socio-economic characteristics of the beneficiaries of the revisited land reform projects. The demographic aspects covered were the age, level of education and gender distribution of beneficiaries and their farming background. Member involvement in the four categories were also considered. Most beneficiaries were middle-aged and the percentage of young people was very low. Although women were well represented, men dominated in the projects. The percentage of beneficiaries who relied on other sources of income such as welfare was high and many beneficiaries were farming on a part-time basis. This indicates that there is a need to encourage them to take farming as a business seriously and to provide them with the necessary information

on how to improve their farming business to the point of becoming a commercial farming enterprise that will benefit all.

## CHAPTER 4

### **ANALYSIS OF THE PERFORMANCE OF LAND REFORM PROJECTS IN THE NORTH WEST PROVINCE: 2005 TO 2010**

#### **4.1 INTRODUCTION**

In a previous study by Kirsten and Machethe (2005), 43 land reform projects were visited and in-depth interviews were conducted with the beneficiaries. In this study, 37 of the same projects were revisited to assess their current performance and status and to determine whether the prediction and classifications of the previous study were correct. Additional information on the non-operational projects was obtained from the project and extension officers.

The aim of this chapter is to present the performance of land reform projects. The production status of land reform projects in 2009/2010 was compared with that recorded in 2004/2005 to determine the changes in performance of these projects over the five years since the previous study.

#### **4.2 OVERVIEW OF THE OPERATIONAL STATUS OF THE PROJECTS**

For the previous study, four categories of land reform projects were identified and classified on the basis of their current production status. In this study, this classification was maintained:

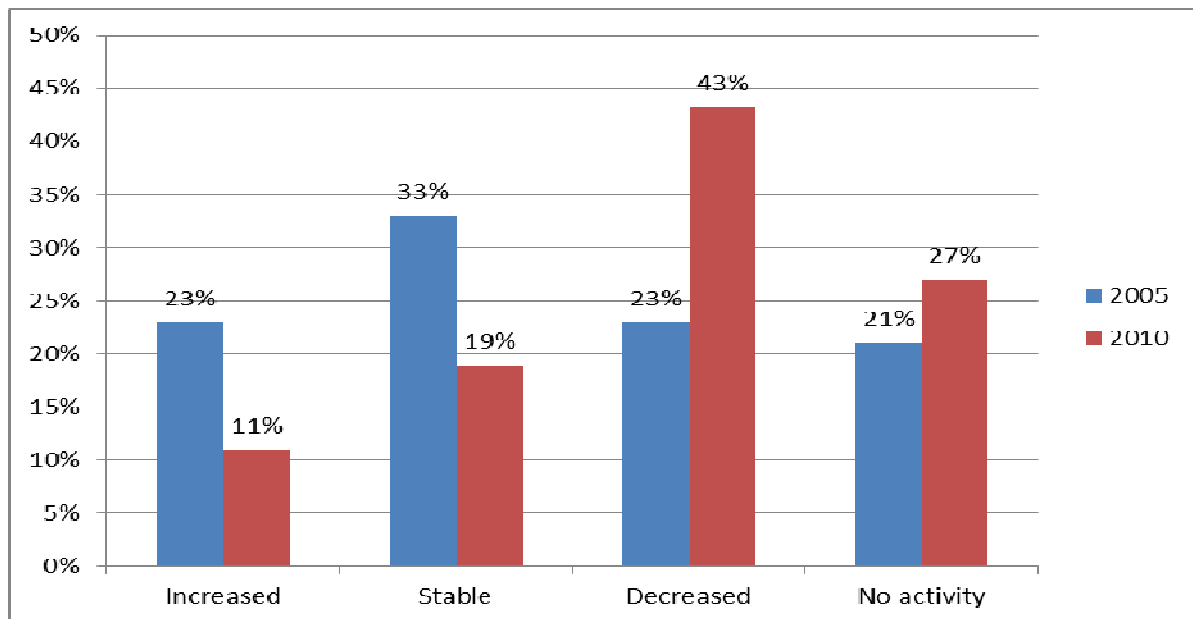
- Category 1: Projects showing increased production;
- Category 2: Projects showing stable production;
- Category 3: Projects showing decreased production; and
- Category 4: Projects showing no production

As was mentioned in the first chapter, only 37 projects could be revisited. Table 4.1 presents the profile of the six (of the original 43) projects that did not form part of this study.

**Table 4.1: Profile of six projects included in the previous study but not visited in this study**

| Project name                        | # of beneficiaries | Land size (ha) | # of years on the farm (2005) | Status (2005)        |
|-------------------------------------|--------------------|----------------|-------------------------------|----------------------|
| AST Afrika                          | 3                  | 773            | 3                             | Increased production |
| Batlhoki Trust                      | 25                 | 79             | 2                             | No production        |
| Kokosi-Thusanang CPA                | 60                 | 630.741        | 5                             | No production        |
| Migdol                              | 1200               | 1,757.00       | 6                             | No production        |
| Reida property Investment Ltd (Pty) | 2                  | 773            | 3                             | Stable production    |
| Tutubala (PTY) LTD-                 | 6                  | 11             | 2                             | No production        |

In order to analyse the production status of the revisited projects, information on the number of animals kept and the area planted/harvested per project was obtained from the beneficiaries. Figure 4.1 summarises the findings of the operational status of the 37 land reform projects in 2010, compared to 2005.



**Figure 4.1: Operational status of land reform projects: 2005 and 2010**

Source: Kirsten and Machethe (2005) and own calculations

Only 11% (four projects) had increased production, compared to 23% in 2005 (see Table 4.2). Only seven projects (19%) reported stable production for the past five years, compared to 33% in 2005. The number of projects with decreased production increased by 2010, being reported at 42%, compared to 23% in 2005, and there was

no production in 16 projects (28%). It is clear from the results that the production status of these projects has decreased in the last five years.

**Table 4.2: Number of projects per category: 2005 and 2010**

| Operational status of projects |          | 2004/5 |     | 2009/10 |     |
|--------------------------------|----------|--------|-----|---------|-----|
| Status                         | Category | #      | %   | #       | %   |
| Increased                      | 1        | 10     | 23  | 4       | 11  |
| Stable                         | 2        | 14     | 33  | 7       | 19  |
| Decreased                      | 3        | 10     | 23  | 16      | 43  |
| No operation                   | 4        | 9      | 21  | 10      | 27  |
| Total                          |          | 43     | 100 | 37      | 100 |

#### 4.2.1 Increased production

This category included two projects that were in Category 4 (no production) in 2005. The reason given by the beneficiaries of these two projects was that they had just started farming in 2005. Two other projects moved from Category 3 to Category 1 (see Table 4.3). Project 2 produces vegetables and broilers. The group size for these projects changed from two in 2005 to eight by 2010 (see Annexure B).

Of the 11 projects that were interviewed in 2005, only one project was not revisited. The results indicate that none of the projects that were in Category 1 in 2005 were still showing increased production in 2010.

**Table 4.3: Projects showing increased production**

| Project | Group size | Farm size (ha) | Production status: 2005 | Production status: 2010 |
|---------|------------|----------------|-------------------------|-------------------------|
| 1       | 22         | 410            | 4                       | 1                       |
| 2       | 8          | 20             | 3                       | 1                       |
| 3       | 15         | 428            | 4                       | 1                       |
| 4       | 10         | 72             | 3                       | 1                       |

According to the respondents, the performance of these four projects was improved by training and infrastructural support which they received from the government. Increased beneficiary involvement in farming activities was cited in three projects as a reason for the improved performance.

#### 4.2.2 Stable production

Production has neither increased nor decreased in seven of the 37 projects visited (Table 4.4). On one project involved in broiler production, changes have been on the contractors the project entered into an agreement with for the chickens. At the time of the interview, the project had changed contractors at least four times. Project 1 (in cattle farming) and Project 7 (broilers and vegetables) were in Category 1 (increased production) in 2005. At the time of the interview in 2010, there had been no changes in terms of the head of cattle sold per year for Project 1.

The results also indicated that no progress had been made in Projects 3, 4 and 6. These three projects had not moved to either Category 1 or 4, although there is a possibility that Projects 3 and 6 may move to Category 3 in the near future if no changes in terms of member commitment can be achieved.

The total number of beneficiaries for the projects in this category is 105, and in total, the farm size is 3 312 hectares of land. The number of beneficiaries per project ranges from four to 38, with the farm size ranging from 21 hectares to 2 182 hectares.

**Table 4.4: Projects showing stable production**

| Project | Group size | Farm size (ha) | Production status (2005) | Production status (2010) |
|---------|------------|----------------|--------------------------|--------------------------|
| 1       | 38         | 2182           | 1                        | 2                        |
| 2       | 8          | 21             | 2                        | 2                        |
| 3       | 28         | 753            | 3                        | 2                        |
| 4       | 4          | 131            | 3                        | 2                        |
| 5       | 8          | 99             | 2                        | 2                        |
| 6       | 15         | 43             | 3                        | 2                        |
| 7       | 4          | 83             | 1                        | 2                        |

#### 4.2.3 Decreased production

Table 4.5 indicates a decrease in production in projects that were reported to be successful in 2005. Six projects in Category 1 (increased production) in 2005 and



nine projects in Category 2 (stable production) were in Category 3 (decreased production) in 2010.

The beneficiary of one farm was voted farmer of the year in 2004. The project concerned was in Category 1 in 2005. The total size of the farm is 300ha, but 250ha had been leased out to a white commercial farmer by 2010. The project was operational, but the production had decreased since 2005 (see Annexure C).

The total amount of land allocated to these 16 projects was 6 551 hectares, with 490 beneficiaries. The number of beneficiaries ranged from one to 127 and farm size from seven hectares to 2 392 hectares.

**Table 4.5: Projects showing decreased production**

| Project | Group size | Farm size (ha) | Production status (2005) | Production status (2010) |
|---------|------------|----------------|--------------------------|--------------------------|
| 1       | 127        | 856            | 2                        | 3                        |
| 2       | 19         | 428            | 1                        | 3                        |
| 3       | 110        | 404            | 2                        | 3                        |
| 4       | 2          | 186            | 2                        | 3                        |
| 5       | 6          | 201            | 1                        | 3                        |
| 6       | 23         | 443            | 2                        | 3                        |
| 7       | 19         | 102            | 2                        | 3                        |
| 8       | 1          | 52             | 2                        | 3                        |
| 9       | 2          | 7              | 2                        | 3                        |
| 10      | 2          | 254            | 1                        | 3                        |
| 11      | 1          | 300            | 1                        | 3                        |
| 12      | 50         | 248            | 1                        | 3                        |
| 13      | 6          | 255            | 1                        | 3                        |
| 14      | 12         | 40             | 2                        | 3                        |
| 15      | 42         | 2 392          | 2                        | 3                        |
| 16      | 68         | 383            | 2                        | 3                        |

#### 4.2.4 No production

On ten of the projects (27%) from which someone was interviewed, no farming activity is taking place. This is slightly higher than the 21% found in 2005 (see Table 4.6). There has never been any production in three of the ten projects since the beneficiaries initially acquired the land. Six of these projects reported decreased

production in 2005, but at the time of the current study there was no production at all in any of the six projects.

**Table 4.6: Projects showing no production**

| Project | Group size | Farm size | Production status (2005) | Production status (2010) |
|---------|------------|-----------|--------------------------|--------------------------|
| 1       | 29         | 1 201     | 3                        | 4                        |
| 2       | 25         | 79        | 4                        | 4                        |
| 3       | 20         | 32        | 3                        | 4                        |
| 4       | 35         | 1 857     | 3                        | 4                        |
| 5       | 60         | 702       | 3                        | 4                        |
| 6       | 10         | 12        | 3                        | 4                        |
| 7       | 6          | 9         | 1                        | 4                        |
| 8       | 152        | 193       | 3                        | 4                        |
| 9       | 20         | 214       | 4                        | 4                        |
| 10      | 10         | 368       | 4                        | 4                        |

Project 7 was in Category 1 in 2005. This project, with six beneficiaries and nine hectares of land, were under broiler production and the project had a standing contract in 2005. According to the beneficiaries and the extension officer, it was only conflict among members that led to a discontinuation of production in this project.

The majority of respondents (70%) reported a lack of funds as one of the reasons for not producing anything. Beneficiaries of three projects indicated that they had received funds for inputs, but were not able to access the funds because other members were never available to sign for the funds. Respondents from six projects (60%) mentioned a lack infrastructure as one of the reasons for not producing five years after they had acquired the land. There have not been any infrastructural improvements in 86% of these projects.

According to an official interviewed from the Provincial Department of Agriculture, the infrastructure needed by these beneficiaries was identified and provided to them. Only 20% reported limited farming skills as the cause of the failure of their projects. Other beneficiaries indicated that they had lost interest in farming because they were not making any profit. The beneficiary of one project that has never produced anything since the acquisition of the land was working elsewhere.

### 4.3 PERFORMANCE OF OPERATIONAL PROJECTS

Volume of production, sales and the number of people employed or beneficiaries that are paid per operational project was analysed and compared to the figures reported for 2005. Projects in Category 4 were excluded from the list of operational projects, since there was no production on these projects at all. The analysis below is thus for 27 projects.

#### 4.3.1 Production

In order to analyse the production status of the revisited projects, information on the number of animals and area planted/harvested per project was obtained from the beneficiaries. The current production status was then compared to that reported in 2005.

##### 4.3.1.1 Cattle production

Cattle on 76% of the projects are individually owned. The total number of cattle in 2004/2005 was 1 576 from 25 projects, with an average number of 63 head of cattle per project. Table 4.7 indicates a decrease in the total number of cattle from 2004/2005 to 2009/2010. The highest number of cattle per project was 179. The average number per project in 2010 was 46.

**Table 4.7: Herd size: 2004/2005 vs 2009/2010**

| <b>Herd composition</b>    | <b>2004/2005</b> | <b>2009/2010</b> |
|----------------------------|------------------|------------------|
| Highest number/project     | 260              | 179              |
| Average number per project | 63               | 46               |
| Number of projects         | 25               | 20               |
| Total cattle               | 1576             | 933              |

Source: Survey data

##### 4.3.1.2 Small stock production

The results indicate an increase in the number of small stock in 2009/2010. Total small stock numbers were running 863 head of small stock on 16 projects at an average of 51 head per project in 2004/2005.

**Table 4.8: Small stock herd size**

| Herd composition           | 2004/2005 | 2009/2010 |
|----------------------------|-----------|-----------|
| Highest number/project     | 112       | 138       |
| Average number per project | 51        | 88        |
| Number of projects         | 16        | 7         |
| Total small stock          | 863       | 624       |

#### 4.3.1.3 Poultry production

Out of the 37 projects visited, there were only eight projects in poultry production and out of these, only five were operational at the time of the interview. The number of broilers per production cycle ranged from 100 to 5 500, with an average of 640. On average, beneficiaries had four to five production cycles per annum with an interval of two to three weeks between batches.

#### 4.3.1.4 Crop production

There were only three projects where crop farming was practised. Out of the three crop projects that were visited, only one had cultivated any crops in the current year. Table 4.9 below presents the extent of dry land cropping in 2004/2005 and 2009/2010. In 2004/2005, there was zero ha planted for the 4 active projects. After five years of farming, only one of the three active projects had cultivated. Cultivation increased from zero to 50 ha and average ha cultivated increased from zero in 2004/2005 to 17 in 2009/2010

**Table 4.9: Extent of dry land cultivation on interviewed projects: 2004/2005 and 2009/2010**

| Total                                       | 2004/05 | 2009/10 |
|---|---------|---------|
| Total ha planted                            | 0       | 50      |
| Highest number of ha planted                | 0       | 50      |
| Number of projects that cultivated          | 0       | 1       |
| Percentage of projects that cultivated      | 0       | 30      |
| Average number of ha cultivated per project | 0       | 50      |
| Number of crop producing projects active    | 4       | 3       |
| Average ha cultivated per active project    | 0       | 17      |

### 4.3.2 Marketing

There are not many changes in terms of how beneficiaries marketed their produce since the previous study. In 2005, there were three projects with standing contracts, two for broilers and one for vegetables, but only one of these projects had a standing contract at the time of the interview in 2010. The broiler contracts were written and the one for vegetables was verbal. One of the three projects was not operational at the time of interview in 2010 and the other project had decreased production. For the four operational broiler projects, live chickens are sold to the community.

Of the 14 cattle farmers, ten respondents reported that they take cattle to auction and three take cattle to butcheries. None of the beneficiaries have a standing contract for supplying cattle (see Table 4.10). Beneficiaries preferred auctions because they were easily accessible to them but cited transport costs as a constraint to taking the cattle to auctions. All respondents indicated that they also sold cattle to the community and that it was important always to have cattle available for individuals to purchase as projects are there to help the community as well, and there are no transport costs because the customers collect cattle from the farm themselves.

**Table 4.10: Cattle marketing channels of land reform projects**

| Marketing channel | Number of projects | Percentage |
|-------------------|--------------------|------------|
| Community         | 14                 | 100        |
| Butcheries        | 3                  | 21         |
| Abattoir          | 0                  | 0          |
| Auction           | 10                 | 71         |

## 4.4 SUMMARY

This chapter examined the performance of the land reform projects in 2010 and the results were compared to those of Kirsten and Machethe's study in 2005 to determine the changes that had occurred over the intervening five years. The same classification of projects was maintained (increased production, stable production, decreased production and no production). A detailed analysis of the operational status of projects was presented and factors contributing to project performance were investigated.

The results indicated a decreased performance in projects that were reported to be successful in 2005. The number of projects that were not operational has increased and there has not been any production in 40% of the non-operational projects since the acquisition of land. An increased number of beneficiaries involved and improved infrastructure were given as reasons for the improved performance of those projects that indicated an increase in production.

Compared with the results of the previous study, the results of this study indicate no evidence of the interaction between the policy makers and the beneficiaries of land reform projects after the report on the status of projects from the previous study. The next chapter discusses the challenges facing the beneficiaries in their farming businesses in detail.

## CHAPTER 5

### KEY CHALLENGES FACED BY LAND REFORM BENEFICIARIES IN THE STUDY AREA

#### 5.1 INTRODUCTION

In the previous chapter, a detailed analysis of the performance of land reform projects in the North West Province was presented. The production status of these projects in 2010 was compared with that reported in 2005 and the projects were classified according to their operational status. This chapter presents a detailed discussion of the challenges facing the beneficiaries of land reform in the North West province, thus affecting the performance of the projects. These challenges are briefly compared to the challenges that these beneficiaries faced in 2005, as reported in Kirsten and Machethe's (2005) study.

#### 5.2 FACTORS AFFECTING THE PERFORMANCE OF PROJECTS

In order to establish factors affecting the performance of projects, beneficiaries were asked during the interview to name key factors they perceived as a challenge to their farming businesses and to rank challenges in order of their importance. Table 5.1 sets out the key factors listed by beneficiaries.

**Table 5.1: Key factors affecting performance of land reform projects as perceived by respondents**

| Key factors                          | Order of importance |
|--------------------------------------|---------------------|
| Limited access to funds              | 1                   |
| Poor infrastructure                  | 2                   |
| Member conflict                      | 3                   |
| Theft                                | 4                   |
| Limited access to markets            | 5                   |
| Limited advice and extension support | 6                   |
| Limited training and mentorship      | 7                   |
| No sense of ownership                | 8                   |

### **5.2.1 Limited access to funds**

Crop farmers mentioned a lack of access to production inputs as a serious constraint in their farming business and cited a lack of access to funds as the main reason for this problem. Beneficiaries reported that the cash requirements to finance the costs of production presented a considerable challenge for them. One beneficiary said: 'We are unable to borrow money from the banks and the government has not given us funds to kick-start our businesses.' Only 13 projects reported having access to credit, but indicated that it was not enough to buy the necessary farm inputs.

One respondent indicated that they were still waiting for the grant they had applied for from the government to purchase irrigation infrastructure. When asked if they had tried to apply for a production loan, only 13 respondents indicated that they had made attempts to get loans from the Land Bank. Some of the other beneficiaries stated that they did not want to incur any debt – hence their reluctance to borrow money. They therefore relied totally on the government funds.

R33 million was allocated to support land reform beneficiaries in the North West Province in 2005 but only 39% of respondents reported knowing about CASP. They indicated that they had been awarded funding through CASP for infrastructure, but it was not enough.

The DRDLR requires all members of a project to sign for any money that is still remaining in their account from their grant. This requirement sometimes becomes a problem, making it difficult for some beneficiaries to access their grant, because inactive members are not willing or available to sign for its release. This situation is caused by a lack of trust among members and by beneficiaries' losing interest in farming. Some beneficiaries reported having access to funds and indicated that their failure was more related to conflict among themselves than to a lack of access to funding.



## 5.2.2 Poor infrastructure

Some farms reported that they did not have the infrastructure required for the enterprises that the beneficiaries were engaged in. The results show that the infrastructure that was available and in order in 2005 had deteriorated and, as a result, beneficiaries of two projects had switched to other kinds of enterprises, giving the reason that there was no infrastructure to continue with their initial plan. In other projects, there was good infrastructure before the land ownership was transferred but, according to the respondents, the previous farm owners removed these infrastructural elements from the farms after the sale.

### 5.2.2.1 Fencing

According to the respondents and the interviewer's observation, the fencing conditions among livestock farmers are problematic. The farms are poorly fenced and there is no fencing inside the farms. This affects farming operations because the farmers cannot maintain the required rotation. Beneficiaries mentioned that poor fencing increased the chances of stock theft and attacks by wild animals.

### 5.2.2.2 Houses

Most beneficiaries reported that the farm houses had already been vandalized when they took occupation of the farm. They mentioned the poor condition of the houses as a reason they were not able to live on the farms and claimed that the income received from the farm was used for the renovation of the farm houses. Most of the farms have storage facilities built for the beneficiaries by the government which are in good condition.

### 5.2.2.3 Roads

Poor roads affect business for farmers who sell at their farm gates because customers are not able to access their farms. In this regard, 41% of respondents reported not having access to a good road. Most of the farms are far from the

beneficiaries' residences – some members have to travel to and from the farms every day and it is difficult to access their farms during rainy seasons.

#### *5.2.2.4 Water*

Access to water was also mentioned as a challenge for farmers. The availability of water on farms is important for the sustainability of projects. Water on farms is used for both drinking and irrigation. Most of the beneficiaries use boreholes as a source of water on their farms and these boreholes are not pumping enough water to cater for their water needs. One farm visited shares one borehole with five other nearby farms. There are no streams close to the farm and the windmills are not working.

#### *5.2.2.5 Electricity*

All respondents confirmed having access to electricity and indicated that their problem was the amount of electricity they had to use to pump water for drinking and irrigation.

### **5.2.3 Member conflict**

Projects members are sometimes locked in conflict and are not able to make business decisions, so some of them end up not producing anything. This was also a problem in a number of projects in 2005, where 37% reported conflict among beneficiaries. Beneficiaries who had lost interest were never present during meetings and therefore farming decisions could not be taken in their absence.

One poultry project reported increased production (Category 1) in 2005. By the time of the interview in 2010, it had moved to Category 4 (no production). The project had a standing contract for broilers. According to the extension officer, this project was plagued by conflict between members, which led to its collapse. In another poultry project, only four members out of 50 are actively involved in the farming activities. The rest of the members either sit at home or work elsewhere. Some of the members

who do not help on the farm expect to get some of the profit made from selling the chickens, and this discourages other members from producing.

Conflict seemed to be experienced more in projects belonging to unrelated members and those that involve large groups, especially when members have to share profit or make financial contributions to the farming operation. Projects with a clear organisational structure were better able to resolve member conflict than to those with no organisational structure in place. It was not clear in 28% of projects who were managers and who were workers. Conflict between groups was also mentioned as a result of there being no clear boundaries and of inadequate infrastructure for projects that share boreholes and electricity meters.

Although the rules and regulations of the projects are stipulated in the constitutions of the projects, it is sometimes difficult for members to follow them. The respondents indicated that they required the intervention of the DRDLR to resolve the conflicts of the project.

#### **5.2.4 Theft**

Beneficiaries mentioned theft as another challenge faced on their farms. This is more common on livestock farms. Cattle, sheep and goats are stolen or found killed on the farms. Vegetable farms close to townships were not exempt from theft either. Respondents said that it was both members and non-members residing next to the farms and syndicates who were responsible for the loss of farm implements, livestock and crops. One respondent commented: 'We have stopped reporting to the police because they are not doing anything about it.' Poor fencing was reported as contributing to stock theft.

#### **5.2.5 Lack of access to formal markets**

Lack of access to formal markets for the operational projects was mentioned by beneficiaries as one of the factors that limit business growth. Only one poultry project out of five operational projects had a standing contract in 2010. The beneficiaries

mentioned two main reasons for not getting locked into contractual relationships: low prices received from the contractors and a production volume that is too low to be able to deliver what will be required by the contractor. They would consider a production contract if they were able to expand the business – they said: ‘If the government can help us get the market where we can take our chickens on a contractual basis or something like that we can benefit a lot.’

At the 27 operational projects visited, 73% of respondents reported high transaction costs as one of the problems they experienced in marketing their produce. The distance to markets, transport costs and searching for information contributed to limited access to formal markets. Some farmers in the Dr Ruth Segomotsi Mompati District Municipality had to travel more than 80km on poor gravel roads to reach suppliers and customers.

Transport was the most frequently cited problem experienced by beneficiaries in marketing cattle and poultry products. Some beneficiaries used bicycles to sell chickens and vegetables to nearby villages. Most land reform projects are far from the residences of beneficiaries. Taking their produce to better markets, which are far from their farms, increases costs. Therefore they are forced to sell their produce locally, and this affects their profit negatively. Other beneficiaries mentioned that the reason they sell at farm gates or locally is that they do not have proper vehicles to transport the products to the customers and if they collect the products themselves, they expect the price to be lower than the market price. Cattle farmers have to hire vehicles from other farmers or people in their communities to transport the animals to auction.

#### **5.2.6 Distance to farms**

Table 5.3 indicates that 35% of farms allocated to beneficiaries are more than 80 kilometres away from their places of residence. It is difficult for beneficiaries who do not reside on a farm to go to the farm every day. This leaves only a few members with the responsibility of participating in the activities on the farms. A lack of commitment by other members also contributes to this problem. Only 19% of projects

are located less than 10 kilometres from the residences of beneficiaries. This includes projects where all beneficiaries are residing on the farm and those where members can travel to the farm from their village or township.

**Table 5.3: Distance from the beneficiaries' residences to the farms**

| Distance (km) | Projects | % Projects |
|---------------|----------|------------|
| < 10km        | 7        | 19.1       |
| 10 – 30km     | 6        | 16.2       |
| 50-80km       | 11       | 29.7       |
| > 80km        | 13       | 35.1       |
| Total         | 37       | 100        |

### 5.2.7 Limited training and mentorship

Lack of financial management and production skills were identified as factors contributing to the performance of the projects. Beneficiaries of all 37 projects had acquired their farms five years or more before the study, but the majority of beneficiaries still felt that their poor farming background had contributed to their performance (or lack thereof). The 10% who were farming on a full-time basis operated on a very small scale. Beneficiaries mentioned that they had attended training, but some of them could not remember the details of the training. Four respondents said it was not possible to apply what they were trained on, as some of the things were not applicable to their farming operation. The results indicated that none of the projects visited had a mentor assigned specifically to them.

### 5.2.8 Limited extension support services

Only 27% of beneficiaries reported having received visits from extension officers from the government, but they also said they were not satisfied with the services they were getting. It was noted during visits that extension officers assigned to some of the projects that were to be visited did not know where these projects were. Other beneficiaries only knew the project officers from the DRDLR as these were the ones they were interacting with from time to time. The beneficiaries of one poultry project who also produces vegetables mentioned that the extension officer visits the project once a month and gave advice on vegetable production only and that he had informed them that he did not have any knowledge on broiler production.

According to the respondents, extension officers display a lack of knowledge and a lack of interest in the respondents' farming businesses. The information received from extension officers was that beneficiaries of land reform did not mention that they received visits from the extension officers because they were hoping for assistance from the interviewer in terms of funds and did not want to admit that they did not use the information given to them by the extension officers. They also mentioned that these beneficiaries did not come to farmers' days and information days arranged by the DoA.

### **5.2.9 No sense of ownership**

Beneficiaries in bigger groups did not feel a sense of ownership of the projects. In projects where the title deeds are held by the government, beneficiaries expressed their fears about not knowing if the land they were farming on will continue to be theirs, especially after the 'use it or lose it' campaign. Another point raised by the beneficiaries was that they did not feel that they owned the assets on the land. According to the respondents involved in three cattle projects, they had to wait for the officials from DRDLR before any marketing decisions can be made and this contributed to a loss of interest in farming among members.

## **5.3 SUMMARY**

This chapter discussed in detail the challenges faced by land reform beneficiaries in the North West Province and the effects these challenges had on the performance of projects. These include member conflicts, access to the formal market, access to funds, poor infrastructure and theft. Although beneficiaries have access to land, some do not feel a sense of ownership of the farming business because of the involvement of the government in farming decisions. The next chapter presents conclusions on the overall results of the study and makes recommendations on solutions to the poor performance of land reform projects and on future research.

## CHAPTER 6

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 6.1 SUMMARY

The study was conducted to assess the performance of land reform projects and the status of land reform beneficiaries in the North West Province. The objectives of the study were to determine the socio-economic profile of land reform beneficiaries over five years since study, to show changes in their farming activities, to determine factors affecting the performance of the projects and to make recommendations that may help to improve the performance of the land reform projects in South Africa.

Only 37 out of 43 projects from a previous study by Kirsten and Machethe (2005) were revisited and interviewed using a structured questionnaire. The data collected were analysed using simple statistics. Descriptive analysis was used to determine the socio-economic profile of the land reform beneficiaries in the study area and the structure and performance of the projects.

The study presented the results of the performance of the land reform projects based on the four categories of the production status of the projects (Kirsten & Machethe, 2005), namely

- increased production;
- stable production;
- decreased production; and
- no production.

The findings of this study indicated that production status of the projects has decreased in the last five years. Production in 16 projects is decreasing, even in projects that initially reported success after their acquisition of land. There are three

projects where no production has taken place since the land was transferred, and this includes projects that are more than seven years old. One project that is not in operation any more was producing under contract farming, but collapsed because of conflict between members. None of the projects that were in Category 1 in 2005 were still showing increased production in 2010.

In most of the projects, only a few members of groups are using their farms to generate income. Most beneficiaries rely on income from non-farm activities, remittances and social grants, even those who are farming. Most of the projects that are still in operation are not making any profit and the few members who are using the farms are producing for consumption only. The amount of land that is not in use has increased since the previous study. Two LRAD projects with more than 250ha each have leased out more than 200 ha to white farmers for crop production.

The number of beneficiaries involved in full-time farming has decreased. Members of projects are still locked in conflict. Non-participating members demand a share of profit from the farm and this often discourages the active members from investing their money, which in turn affects the sustainability of these projects.

The results indicated that there are very few young people participating in land reform projects and the level of education of beneficiaries is low. Since participation of young people and level of education contribute significantly to the level of decision-making, the success of these projects is at stake. As many as 32% of the beneficiaries were women.

A discussion on the challenges facing the beneficiaries of the land reform projects was also presented. These included a limited access to capital and the market, poor infrastructure, a lack of mentorship and limited financial management skills.

## **6.2 CONCLUSION**

The performance of the land reform projects has not improved in the last five years. Beneficiaries of land reform projects are faced with a number of challenges that



prevents them from being progressive farmers and threatens the sustainability of the projects. A lack of access to capital and the market, poor infrastructure, a lack of mentorship and limited financial management skills contributed to the failure of these land reform projects. These factors pose a serious threat to the survival of redistributed projects.

The challenges need to be addressed at both the programme and the projects level. It is important that the government and other stakeholders in the agricultural sector pay serious attention to these factors. A strong partnership between the government and former cooperatives is crucial. Cooperation between the beneficiaries of land reform, the government and other stakeholders in agriculture is essential for the success and sustainability of these emerging farmers.

## **6.3 RECOMMENDATIONS**

### **6.3.1 Post-transfer support**

Attention should be paid to the post-settlement support of the land reform beneficiaries to enable them to progress from being “waiting” farmers to being successful commercial farmers. The effectiveness of the existing support programmes should be monitored to make sure that beneficiaries of land reform receive assistance. Institutions involved in post-transfer support should be structured in a way that will enable them to function properly.

The percentage of beneficiaries who reported that they had not received extension support is high and the success on the few projects that are visited by extension officers is insignificant. Extension services should be improved and the extension officers should be accessible to farmers. Officers should be trained so that they will be able to provide relevant information to farmers.

### **6.3.2 Access to finance**

The DRDLR needs to come up with a way to assist the active members of groups to access the balance of their LRAD grants to be able to purchase implements and other farm inputs. Mostly beneficiaries of land reform are resource-poor, and since most of them do not have money left for input after using the LRAD grant to purchase land, they should be provided with start-up capital or soft loans. Funds from the government should be allocated according to the needs of the farmers. Commitment from the government and support will encourage private financial institutions in helping the beneficiaries of land reform to access production loans.

### **6.3.3 Infrastructure**

Farm infrastructure is lacking – even though funds have been allocated for farm infrastructure through CASP, most projects still do not have the required infrastructure for their farming operations. Improved road infrastructure will have a direct impact on the transportation of the produce and the accessibility of markets. Beneficiaries who are not able to purchase infrastructure at all, or those who do not have enough financial resources to make improvements should be fully funded after a needs assessment has been conducted.

### **6.3.4 Beneficiary involvement**

A passion for farming is necessary for the beneficiaries to be committed to making a success out of their land reform projects. Beneficiaries should be encouraged to take farming as a business seriously and not see it as an initiative aimed at promoting dependency on the government. Government and private sector need to increase awareness of programmes available to beneficiaries of land reform. When they are provided with extension support, they need to be informed about and assisted in forming organisational structures that will help them with the management of their projects and therefore minimise conflict among members.

Proper beneficiary selection process is vital for getting the right beneficiaries on the farms and therefore reducing the number of those who acquire the farms not to use them.

### **6.3.5 Training and mentorship**

Despite the fact that some beneficiaries have been on their farms for more than five years, they still do not have the skills they require to move to commercial farming. This indicates the urgent need for needs-based training to help to boost the knowledge and confidence of beneficiaries in managing their farms. Training should not be generalized – a training needs assessment should be conducted before training is given. Beneficiaries should be given practical training based on their required skills by knowledgeable officials and a post-training impact analysis should be done to ensure that the farmers have received appropriate training and that it has had the required effect.

Knowledgeable, available and experienced mentors should be assigned to land reform projects, and beneficiaries need to be committed to learning from them. Support systems for mentors and new farmers should be put in place to ensure the success of mentorship relationships. Beneficiaries should be encouraged to work together with willing successful neighbouring farmers and learn from them.

### **6.3.6 Access to markets**

Access to markets for beneficiaries of land reform should be facilitated. Land reform beneficiaries should be linked to the private sector to gain information on new technologies and secure markets for their produce. Adequate access of beneficiaries to market information will contribute to their participation in market. This requires frequent contacts with extension officers.

The number of beneficiaries per project should be reduced in order to deal with conflicts that arise from decision making processes and a sense of asset ownership is important for marketing decisions. Improved road infrastructure will reduce the constraints of accessing markets.

### **6.3.7 Further research**

Research is needed to stimulate the interest of young people in farming, given the low participation of the youth in land reform projects. Further research on the factors leading to poor extension support services for these emerging farmers is also needed to make a success of land reform in South Africa, and to meet the objective of commercial viability

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## ANNEXURE A: EVALUATION INSTRUMENT

|                   |  |       |  |
|-------------------|--|-------|--|
| Questionnaire No. |  | Date: |  |
|-------------------|--|-------|--|

| SECTION A: RESPONDENT  |       |  |         |
|------------------------|-------|--|---------|
| A1. Age:               |       |  |         |
| A2. Gender             | Male: |  | Female: |
| A3. Level of education |       |  |         |
| A4. Farming background |       |  |         |
| A5. Employment history |       |  |         |

| SECTION B: PROJECT INFORMATION |  |                              |  |
|--------------------------------|--|------------------------------|--|
| B1. Name of Project:           |  |                              |  |
| B2. Name of Contact Person     |  |                              |  |
| B3a. Contact details. Tel:     |  | B3b. Cell:                   |  |
| B4. Name of the Farm:          |  |                              |  |
| B5. Size of the Farm           |  | B6. No. of years on the Farm |  |
| B7. Local Municipality         |  |                              |  |
| B8. District Municipality      |  |                              |  |

| SECTION C: BENEFICIARIES INFORMATION     |  |
|--|--|
| C1 Initial number of beneficiaries       |  |
| C2 Total Number of current beneficiaries |  |
| C3 : Age structure                       |  |



|  |          |
|--|----------|
| Young (Under 30)   |          |
| Middle Age (Above 30)  |          |
| Old (60 and older)   |          |
| <b>C4 Gender structure</b>   |          |
| Male   | <b>1</b> |
| Female   | <b>2</b> |
| <b>C5:</b> How many members were involved in farming before the project?                             |          |
| <b>C6:</b> How many of them were subsistence farmers before?   |          |
| <b>C7</b> Where were they farming?   |          |
| <b>C8</b> How many members were commercial farmers before the project?                               |          |
| <b>C9.</b> Where were they farming?  |          |
| <b>C10.</b> How many members were farm labourers before the project?                                 |          |
| <b>C11a.</b> Are there any members who are employed elsewhere?                                       |          |
| Yes  | <b>1</b> |
| No   | <b>2</b> |
| <b>C11b. Why?</b>  |          |
| <b>C11c If yes, where and how many?</b>  |          |
| Government   | <b>1</b> |
| Private  | <b>2</b> |
| Nearby farm  | <b>3</b> |
| Self-employed  | <b>4</b> |
| <b>C12a.</b> How many members are currently actively involved in farming and management of the farm? |          |



|                                 |          |
|---------------------------------|----------|
| <b>C13b. Who are they?</b>      |          |
| Those who initiated the project | <b>1</b> |
| The executive                   | <b>2</b> |
| Other members                   | <b>3</b> |

|                        |
|------------------------|
| <b>SECTION D: LAND</b> |
|------------------------|

|  |  |  |  |
|--|--|--|--|
| <b>D1.</b> Confirm the size of the farm              |  | <b>D2.</b> Arable dry land   |  |
| <b>D3.</b> Irrigated land                            |  | <b>D4.</b> Planted pastures  |  |
| <b>D5.</b> Grazing land                              |  | <b>D6.</b> Land for intensive farming(Poultry, pigs, tunnel or shade cloth |  |
| <b>D6.</b> Is there any land that is leased out?     |  |  |  |
| Yes  |  | <b>1</b>   |  |
| No   |  | <b>2</b>   |  |
| <b>D7.</b> If yes, how many hectares?                |  |  |  |
| <b>D8.</b> Do you have, work or hire any other land? |  |  |  |
| Yes  |  | <b>1</b>   |  |
| No   |  | <b>2</b>   |  |
| <b>D9.</b> If yes how many hectares?                 |  |  |  |

|                                  |
|----------------------------------|
| <b>SECTION E: INFRASTRUCTURE</b> |
|----------------------------------|

|  |
|--|
| <b>E1.</b> How many boreholes are there on the farm? |
|--|



|  |          |
|--|----------|
| <b>E2.</b> How many are equipped?  |          |
| <b>E3.</b> How are they equipped (windmill/diesel engine/electric motor)?        |          |
| Borehole 1   |          |
| Borehole 2   |          |
| Borehole 3   |          |
| Other boreholes  |          |
| <b>E4</b> What is the use of boreholes on the farm?                              |          |
| Drinking water   | <b>1</b> |
| Irrigation   | <b>2</b> |
| Other (Please specify)   | <b>3</b> |
| <b>E5.a</b> Is there any other source of water on the farm?                      |          |
| Yes  | <b>1</b> |
| No   | <b>2</b> |
| <b>E5b.</b> If yes, please specify.  |          |
| <b>E6.</b> What is the condition of the access road to the farm?                 |          |
| <b>E7.</b> What is the condition of the outer perimeter fencing?                 |          |
| <b>E8.</b> Are the grazing camps fenced and what is the condition of the fences? |          |
| Yes  | <b>1</b> |
| No   | <b>2</b> |





|   |          |
|---|----------|
| <b>E9.</b> Is the farm connected to the electricity and for what is electricity used on the farm?   |          |
| Yes   | <b>1</b> |
| No  | <b>2</b> |
| <b>E10.</b> Besides the residential infrastructure what other buildings are on the farm (office, stores, dairy) what is their condition and how are they used?  |          |
| <b>E11.</b> Have new buildings been built in the past five on the farm?   |          |
| Yes   | <b>1</b> |
| No  | <b>2</b> |
| <b>E12.</b> Are the irrigation systems in full operation?   |          |
| Yes   | <b>1</b> |
| No  | <b>2</b> |
| <b>E13.</b> What kind of infrastructure is available for livestock farming (dip tank, crushing pen, kraal etc.) and what is its condition?                      |          |
| <b>E14.</b> What kind of infrastructure is there on the farm for broiler/layer production: number of houses, sizes, and carrying capacity per house, condition? |          |
| <b>E15.</b> Is there any other farming infrastructure on the farm (piggery/shade cloth structures/tunnels/dairy etc?).  |          |



| <b>SECTION F: ENTERPRISES</b>   |          |
|---|----------|
| <b>F1.</b> Is the farm operational (Are you farming)?   |          |
| Yes   | <b>1</b> |
| No  | <b>2</b> |
| <b>F2.</b> Describe all the farming activities currently practiced on the farm.   |          |
|   | <b>1</b> |
|   | <b>2</b> |
|   | <b>3</b> |
|   | <b>4</b> |
|   | <b>5</b> |
| <b>F3b.</b> If yes, copy information directly from the statements   |          |
| <b>F3.</b> Describe all the farming activities you have discontinued in the last five years and the reasons for your discontinuation. |          |
|   | <b>1</b> |
|   | <b>2</b> |
|   | <b>3</b> |
|   | <b>4</b> |
|   | <b>5</b> |
| <b>BEEF CATTLE FARMING</b>  |          |
| <b>1.</b> Give the number of beef cattle they bought in the past five years   |          |
| <b>2.</b> Give the number of beef Cattle sold in the past five years  |          |



|  |          |
|--|----------|
| <b>3. Current number of beef cattle</b>  |          |
| Herd composition:<br>Bulls:<br>Cows:<br>Heifers:<br>Steers:<br>Calves:<br>Oxen:  |          |
| <b>4. Have you attended any cattle farming training courses?</b>   |          |
| Yes  | <b>1</b> |
| No   | <b>2</b> |
| <b>5. What are your problems when marketing their cattle?</b>  |          |
| <b>6. Who do you go to for advice on cattle farming, and is their advice good?</b>   |          |
| <b>7. Give the most serious problems you experienced with livestock farming and how could these problems be overcome?</b>      |          |
| <b>SHEEP FARMING</b>   |          |
| <b>1. Give the number of sheep you bought in the past five years?</b>  |          |
| <b>2. Were they individually or collectively bought?</b>   |          |
| <b>3. Give the number of sheep sold in the past five years, reason for sheep sales income from sheep sales and the market.</b> |          |
| <b>4. What is the current number of sheep and the herd composition?</b>  |          |
| <b>5. Have you attended any sheep farming training courses in the past five years?</b>   |          |
| Yes  | <b>1</b> |



|  |          |
|--|----------|
| No   | <b>2</b> |
| 6. What are your problems when marketing your sheep?   |          |
| 7. Who do you go to for advice on sheep farming, and is their advice good?                                     |          |
| 8. Give the most serious problems you experienced with sheep farming and how could these problems be overcome? |          |
| <b>GOAT FARMING</b>  |          |
| 1. Give the number of goats you bought in the past five years.   |          |
| 2. Were they individually or collectively bought?  |          |
| 3. Give the number of goats sold in the past five years.   |          |
| 4. What was the income from goats' sales?  |          |
| 5. What is the current number of goats?  |          |
| 6. Have you attended any goats farming training courses?   |          |
| 7. What are your problems when marketing your goats?   |          |
| 8. Who do you go to for advice on goat farming, and is their advice good?                                      |          |
| 9. Give the most serious problems you experienced with goat farming and how could these problems be overcome?  |          |
| <b>PIG FARMING</b>   |          |
| 1. Give the number of pigs you bought in the past five years, from whom (auction/private sale)?                |          |



|  |  |
|--|--|
| 2. Were they individually or collectively bought?  |  |
| 3. Give the number of pigs sold in the past five years.  |  |
| 4. What was the income from pigs' sales and the market?  |  |
| 5. What is the current number of pigs and the herd composition?  |  |
| 6. Have you attended any pig farming training courses?   |  |
| 7. What are your problems when marketing your pigs?  |  |
| 8. Who do you go to for advice on pig farming, and is their advice good?   |  |
| 9. Give the most serious problems you experienced with pig farming and how could these problems be overcome?   |  |
| <b>POULTRY</b>   |  |
| 1. Give the number of broilers/layers with which they started their operation  |  |
| 2. Give the number and duration of cycles per year, the production capacity per cycle/month and the total annual production capacity when you started on the farm                    |  |
| 3. Has there been any change in the number and duration of cycles per year, the production capacity per cycle/month and the total annual production capacity in the past five years? |  |
| 4. Give the current number and duration of cycles per year, the production capacity per cycle/month and the total annual production capacity   |  |



|  |  |
|--|--|
|  |  |
| 5. Give the numbers of broilers/eggs sold in the past year:  |  |
| 6. Do you stock your houses all at the same time or one after the other?   |  |
| 7. What are your problems with marketing your chickens?  |  |
| 8. Where and to whom do you sell your chickens?  |  |
| 9. Who do they go to for advice on chicken farming, and is their advice good?  |  |
| 10. Give the three most serious problems you experienced with poultry farming and how could these problems be overcome?    |  |
| <b>CROP FARMING</b>  |  |
| 1. How many hectares of dry land crops did you plant on the farm in your last season (2009/2010), and what were the crops? |  |
| 2. What were the crops?  |  |
| 3. How many hectares of irrigated crops did you plant in your last season (2009/2010) on the farm and what were the crops? |  |
| 4. What were the crops?  |  |
| 5. How many hectares were harvested in the past production season?   |  |
| 6. What was the total production in the last production season?  |  |



|   |  |
|---|--|
| 7. What was your income from crop farming in your last season?  |  |
| 8. Give the three most serious problems you experienced with crop farming and how could these problems be overcome? |  |

**SECTION G: LABOUR**

| People who work on the farm                    | Enterprise | Full-time(30hours or more/week) |                | Part-time (less than 30 hrs./week) |                |
|--|------------|---------------------------------|----------------|------------------------------------|----------------|
|  |            | No. of males                    | No. of females | No. of males                       | No. of females |
| G1.Unpaid beneficiaries                        |            |                                 |                |                                    |                |
| G2.Paid beneficiaries                          |            |                                 |                |                                    |                |
| G3.Paid farm workers who are not beneficiaries |            |                                 |                |                                    |                |
| G4. How do you pay your labourers?             |            |                                 |                |                                    |                |
| Cash   |            |                                 |                | 1                                  |                |
| In kind (please specify)                       |            |                                 |                | 2                                  |                |
| Cash & in kind                                 |            |                                 |                | 3                                  |                |

**SECTION H. MARKETING**

|   |
|---|
| H1. What market surpluses is the farm currently producing?  |
| H2.How and where are these products marketed?   |
| H3.Where do you get information on product marketing and how does market information assists you? |



|   |          |
|---|----------|
| <b>H4.</b> Do you have access to market price information?  |          |
| Yes   |          |
| No  |          |
| <b>H5.</b> Where do you sell your products and why?   |          |
| <b>H6.</b> How do you distribute your products to the market?   |          |
| <b>H7a.</b> Do you/did you have any standing contracts?   |          |
| Yes   | <b>1</b> |
| No  | <b>2</b> |
| <b>H7b.</b> If yes, with whom?  |          |
| <b>H7c.</b> If yes, for which products?   |          |
| <b>H8.</b> Do you experience any marketing constraints, and how does it impact on your output and income? |          |
| Yes   | <b>1</b> |
| No  | <b>2</b> |

**SECTION I. INCOME**

|  |  |
|--|--|
| <b>I1.</b> Establish the estimated net farm income the past year   |  |
| <b>I2.</b> Do you have any other income sources and what are they? |  |





|   |   |
|---|---|
| Yes   | 1 |
| No  | 2 |
| <b>I3.</b> Establish whether the income from other sources:                               |   |
| <b>I3a.</b> Is more/less than the income from the farm?                                   |   |
| <b>I3B.</b> Is used to finance farming activities?  |   |
| <b>I4.</b> If there is little income from the farm, how do members benefit from the farm? |   |

#### SECTION J. EXPENDITURE

|   |  |
|---|--|
| <b>J1.</b> Establish the percentage of farm income spent on:              |  |
| <b>J1a.</b> Labour wages  |  |
| <b>J1b.</b> Members' living expenses (food, education, electricity, etc.) |  |
| <b>J1c.</b> Personal luxury expenses of members (furniture, cars, etc.)   |  |

#### SECTION K. EXTENSION SUPPORT

|   |   |
|---|---|
| <b>K1.</b> How often do Dept Agriculture officials/extension officers visit the farm? |   |
| <b>Never</b>  | 1 |
| <b>Seldom</b>   | 2 |
| <b>From time to time</b>  | 3 |
| <b>Regular</b>  | 4 |



|   |          |
|---|----------|
| <b>K2. Do extension officers provide you with good practical farming advice or not?</b>       |          |
| <b>Yes</b>  | <b>1</b> |
| <b>No</b>   | <b>2</b> |
| <b>K3. Who is the responsible officer for the project?</b>                                    |          |
|   |          |
| <b>K4. Name all the officials of Agriculture that visited the farm in the past five years</b> |          |
| <b>Only extension officers</b>  | <b>1</b> |
| <b>Other officials</b>  | <b>2</b> |
| <b>No one</b>   | <b>3</b> |
| <b>Don't know them</b>  | <b>4</b> |
|   |          |

**SECTION L. GENERAL**

|  |          |
|--|----------|
| <b>L1. In the order of importance, list factors that affect the performance of your project.</b> |          |
|  | <b>1</b> |
|  | <b>2</b> |
|  | <b>3</b> |
|  | <b>4</b> |
|  | <b>5</b> |
|  | <b>6</b> |
|  | <b>7</b> |



|  |           |
|--|-----------|
|  | <b>8</b>  |
|  | <b>9</b>  |
|  | <b>10</b> |
| <b>L2. What do you think should be done to improve the performance of your business? By who?</b> |           |

**THANK YOU FOR YOUR TIME AND PARTICIPATION IN THIS SURVEY.**

## ANNEXURE B: PROJECT IN CATEGORY 1

### **Box 1: Dream Team Project**

This project, located in the Dr Kenneth Kaunda District Municipality, started with two beneficiaries in 2002, one woman (who used her pension money to buy the farm) and her brother. She worked for a clothing company before starting the farming business. Two years after the start-up, the brother left the project because of reasons the respondent preferred not to disclose. Ms X then found seven people to partner with and formed a close cooperation. This brought the total number of beneficiaries of the farm to eight.

The gender composition is two women and six men, all middle-aged. Two members of this project are employed elsewhere and come on weekends to help on the farm. According to the respondent, besides beneficiaries, there are no other people working on the farm and the beneficiaries are only paid in kind sometimes, not in cash. None of the members were involved in farming – either as full-time farmers or as farm labourers – before this project.

The land size of the project is 20ha and it is all used for poultry and vegetable production. There are three boreholes on the farm, equipped with electric pumps. The boreholes provide water for drinking and irrigation. There is no earth or cement dam on the farm. The access road to the farm is in good condition. There are three chicken houses (two big houses that hold about 2 000 chickens each and one small house that can hold 1 000 chickens). The feeders and drinkers were already on the farm when Ms X bought the farm. The project has one bakkie that was bought with the farm, but the vehicle is in poor condition. They do not have any other vehicle.

They use the skills they received from training that was provided by the government for farming. The extension officers help them with information on how to price the chickens and the general management of the farm. Chickens and vegetables are sold to the local community. The respondent mentioned that they would like to have a contractual arrangement for their chickens and indicated that they are saving money to build a bigger chicken house that can hold more birds than the ones they have on the farm at present. According to the respondent, they will start making enough money to get a salary if they can participate in contract farming.

## ANNEXURE C: PROJECT IN CATEGORY 3

### Box 2: Ratsikana farm

The farm is located in the Ngaka Modiri Molema district municipality. The respondent is the only beneficiary of this project. At 72 years of age, she decided to invest her pension fund in farming. She was voted the 2004 North West Province "Female Farmer of the Year" two years after acquiring the land.

The beneficiary grew up farming with her grandmother and she started farming with one cow at "Morakeng". When her cattle numbers increased, she had to hire someone to look after the cattle, as she was still employed as a nurse by the government. Because she experienced a lot of problems with the labourers, she decided to buy land and start a formal farming business. She initiated the purchase of the farm. She tried to buy the farm from the former Bophuthatswana government but did not succeed. When she heard about land reform, she went to the DLA to enquire about it, and it took her six months to get the land.

The purchase price was R 350 000. Ms R obtained a Land Bank loan of R250 000 at 10% interest to add to the R100 000 grant. The DLA negotiated the loan with the Land Bank for her. The loan was granted in 2002. A separate production loan was also obtained. She made a contribution of R 140 000, which was all the property she had, as calculated by the DLA.

The total size of the farm is 300ha, but 250ha is leased out to a white farmer. She plants onions and tomatoes in summer and cabbage and beetroot in winter. From this, she normally produces 50 crates and gets an income of R 5 000. She harvested 50ha in the previous season at a cost of R 15 000, and she got an income of R 25 000. The beneficiary had a verbal contract with Fruit and Vegetables. She reported: "They would set the price based on the quality of my produce." She was approached by Potatoes Company to lease her farm to them. The proposal was that Potatoes Company would provide all the inputs and share the profit with her for about five years. She was still waiting for them to continue negotiations at the time of the interview.

The farm has one farm house, which is not in good condition. The respondent said the house had already been vandalised when she took occupation of the farm and she has been trying to fix it since 2003. There are two boreholes, both equipped with electric pumps. According to the beneficiary, the DLA had not responded to her application for an additional grant for implements (such as a tractor) and an irrigation system, but a government official stated that the beneficiary had been awarded the grant and was assisted with the required infrastructure.