

Land reform: Importance of exploring, understanding various models to fast-track pace in 2021

The Vumelana Advisory Fund, a not-for-profit organisation that supports beneficiaries of the land reform programme to make land productive, believes the various models on how land reform can be administered should be explored and adapted to the programme as SA plans to fast-track its pace.



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Mazwi Mkhulisi, programmes manager at the Vumelana Advisory Fund, explains: “Community-private partnerships (CPPs) are structures established between private investors and communities that have acquired land under the land reform programme.”

He adds, “Typically, the communities bring their land and labour, and the private partner brings capital, skills and market access to the partnership. CPP contracts, usually lease-based, are designed to ensure that the partners can meet their obligations and exercise their rights in a manner that supports the profitable operation of the business venture into which they enter.”

Strong commitment required

Independent transaction advisor Geoff De Beer says, “CPP arrangements require strong commitment from both parties, as it takes time for new partners to develop trust and the business relationship.”

De Beer cautions that there are isolated cases where the more powerful commercial partners took advantage of the less empowered community entity, and conversely there have been cases where the beneficiary community institutions were delinquent.

“A lot of lessons have been learnt from CPPs that can be harnessed to ensure the success of the land reform programme. One of the important things is that partnership-based projects cannot be successfully implemented in locations where the ‘inherent development potential’ is lacking or missing. In other words, it is absolutely essential for communities and transaction advisors to carefully assess the development potential of each project site and to mobilise related investors accordingly. This is critical for matching the expectations of the community and the private investor to the investment realities.”

“Secondly, provision of independent transactional advisory and community facilitation services is crucial. These are critical technical services needed in all post-settlement projects. The reality is that private investors, rural communities and the public sector are in most cases novices in terms of the procedural, legal and operational methodologies for structuring commercial partnership deals on restituted land.”

Not a one-size-fits-all approach

Emile De Kock, another independent transaction advisor working with Vumelana, points out that, “While the CPP model presents one of the most plausible solutions to addressing the land reform issue, and providing post settlement support to beneficiaries, the CPP approach is not a one-size-fits-all approach that can have a blanket application in all cases.” He explains that it is difficult to apply that perspective to projects with limited financial potential, for example, and several considerations should be made before applying it as a blanket approach.

“Negotiating and structuring CPP agreements is an intensive and laborious process and the agreements always tend to be quite long term. If you have a large community owning the land but the land has limited economic potential, then it doesn't really justify going through that process where you now have to share the revenues between the private partner and the large community, so in that sense, it only has limited application,” says De Kock.

“It remains important to understand the depth of the impact that these models can make to establish what can work to support efforts to enable productive use of land as these approaches have not been widely explored and applied to determine their potential at scale. Government and the private sector have a significant role to play in ensuring that partnership-based models are effectively rolled out,” highlights Mkhulisi.

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