

LAND REFORM IN SOUTH AFRICA: A CASE STUDY OF THE WITZENBERG PALS INITIATIVE

by

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ABSTRACT

The post-1994 South African government introduced Black Economic Empowerment (BEE) in an attempt to address the economic inequality of the country. The primary goal of BEE policy is to assist black South Africans to enter the mainstream economy successfully. However, the agricultural sector faces various idiosyncratic problems rendering BEE ineffective; the unequal distribution of land is one. The objective of land distribution programmes is to enable black people to be successful participants in the economy. Commercial farmers (private sector) from the Witzenberg region collaborated with the municipality, the agribusiness sector, and the community to implement an effective and sustainable land reform programme. The goal was to contribute to successful land reform, job creation involving the community and improving social cohesion. In 2014, the Witzenberg Partnership in Agricultural Land Solutions (PALS) was born. The purpose of this study was to analyse whether this model for land redistribution meets the requirements for the successful empowerment of emerging farmers. The results could generate lessons for future land reform initiatives. A literature review determined entry difficulties, skills development, production rights, and an exit strategy as factors to be addressed for land reform to be successful in the agricultural sector of South Africa. A case study analysis was conducted on 13 Witzenberg initiative projects. Qualitative primary data were collected using semi-structured interviews and by reviewing official documentation of the implemented projects. These projects were measured against the four factors proposed for successful implementation of land reform. The results indicate the Witzenberg initiative meets the requirements for successful land reform in South Africa. It is recommended the government should incentivise private sector involvement to encourage partnerships between commercial and emerging farmers. Financial institutions should provide discount rates for land reform projects to support the acquisition, initial capital investment, and operating capital. Because this study was restricted to measuring the influence of the private sector in one region only, the results are not generalisable. Future studies could include other farming areas measuring the impact and contribution of the government instead of the private sector.

Keywords: Black Economic Empowerment; Land reform; Agricultural sector; National Development Plan

OPSOMMING

Na die 1994 verkiesing het die nuwe Suid-Afrikaanse regering Swart Ekonomiese Bemagtiging (SEB) ingestel om ekonomiese ongelikheid aan te spreek. Die primêre doelwit van die SEB-beleid is om swart Suid-Afrikaners by te staan in die proses om die hoofstroom-ekonomie suksesvol te betree. Die landbousektor ondervind verskeie idiosinkratiese probleme wat SEB ondoeltreffend maak. Die ongelyke verspreiding van grond is een. Kommersiële boere (privaatsektor) uit die Witzenberg-streek het saam met die munisipaliteit, die agri-besigheidsektor en die gemeenskap gewerk om 'n effektiewe en volhoubare grondhervormingsprogram te implementeer. Die doel was om 'n bydrae te maak tot suksesvolle grondhervorming en werkskepping wat die gemeenskap betrek en sosiale samewerking aanmoedig. In 2014 is die Witzenberg-vennootskap in Landbougrond Oplossings (PALS) gestig. Die doel van dié studie was om te ondersoek of die PALS model vir herverdeling van grond aan die vereistes vir die suksesvolle bemagtiging van opkomende boere voldoen. Die resultate kan lesse genereer vir toekomstige grondhervormings-inisiatiewe. 'n Literatuuroorsig het toetredingsprobleme, vaardigheidsontwikkeling, produksieregte en uitgangstrategieë wat aangespreek moet word vir grondhervorming om suksesvol te wees in die landbousektor van Suid-Afrika bepaal. 'n Gevallestudie-analise is uitgevoer op 13 Witzenberg-inisiatiefprojekte. Kwalitatiewe primêre data is ingesamel met behulp van semi-gestruktureerde onderhoude en ontleding van dokumentasie van die geïmplementeerde projekte. Hierdie projekte is gemeet aan die vier faktore wat voorgestel is vir die suksesvolle implementering van grondhervorming. Die resultate dui daarop dat die Witzenberg-inisiatief aan die vereistes vir suksesvolle grondhervorming in Suid-Afrika voldoen. Dit word aanbeveel dat die regering privaatssektor-betrokkenheid moet aanspoor om vennootskappe tussen kommersiële en opkomende boere aan te moedig. Finansiële instellings moet verdiskonteringskoerse vir grondhervormingsprojekte voorsien om verkryging van grond, kapitaalinvestering en bedryfskapitaal te steun. Omdat hierdie studie beperk is tot die meet van die invloed van die private sektor in die Witzenberg munisipale area, is die resultate nie algemeen nie. Toekomstige studies kan ander boerderygebiede insluit wat die invloed en bydrae van die regering in plaas van die private sektor meet.

Sleutelwoorde: Swart Ekonomiese Bemagtiging; Grondhervorming; Landbousektor; Nasionale Ontwikkelingsplan

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LIST OF ABBREVIATIONS

ANC	- African National Congress
AsgiSA	- Accelerated and Shared Growth Initiative for South Africa
BATAT	- Broadening of Access to Agriculture Thrust
BBBEE	- Broad-based black economic empowerment
BEE	- Black Economic Empowerment
CASP	- Comprehensive Agricultural Support Programme
CDE	- Centre for Development and Enterprise
DBSA	- Development Bank of Southern Africa
DLA	- Department of Land Affairs
DoA	- Department of Agriculture
EDD	- Economic Development Department
FSP	- Farmer Support Programmes
GEAR	- Growth, Employment and Redistribution Strategy
LRAD	- Land Redistribution for Agricultural Development
NDP	- National Development Plan
NERPO	- National Emergent Red Meat Producers Organisation
NGP	- New Growth Path
PALS	- Partnership in Agricultural Land Solutions
RDP	- Reconstruction and Development Programme
RSA	- Republic of South Africa
SLAG	- Settlement and Land Acquisition Grant
SSK	- Sentraal-Suid Koöporasie

CHAPTER 1

INTRODUCTION, BACKGROUND, OBJECTIVES AND OVERVIEW

1.1 INTRODUCTION

“It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change.”

This quote by Charles Darwin (in Van Marrewijk & Werre, 2003: 4) is appropriate in the South African context. Post-apartheid South African organisations had to undergo extensive institutional change directed to redress historical imbalances (Chabane, Goldstein & Roberts, 2006).

Various changes in economic policy followed the end of apartheid in South Africa. Among others, a programme for Black Economic Empowerment (BEE) was introduced. The programme was an attempt to redress the economic inequality in South Africa by enabling the black majority to share in the mainstream economy (Black, 2002; Chabane *et al.*, 2006). BEE was intended to be a voluntary programme for the economy as a whole but with special attention given to key industries. Agriculture was not initially included as a significant industry (the wine and sugar subsectors were). Over time, an AgriBEE scorecard was developed and gazetted as a Section 9 Scorecard (that is, it did not have the same legal recognition as a Section 12 Scorecard). Unfortunately, the AgriBEE Scorecard does not make sufficient provision for land reform, while the generic Codes of Good Practice make no provision at all.

This study aimed to investigate whether transformation (as an objective of AgriBEE) in the agricultural sector is possible through the successful implementation of land reform programmes in South Africa. The purpose of the research was to gather information delivering results that could generate lessons for future land reform initiatives. Attention was paid to redistribution programmes and tenure reform. For this case study, the Witzenberg Partnership in Agri Land Solutions (PALS) initiative was examined.

In this chapter, the study that was undertaken is introduced. Background information about aspects of the study to clarify the research problem as well as supporting

evidence why research about this topic is relevant is presented. The research problem statement and the research questions, creating a focus to narrow down to the research objectives, follow the background discussion. The proposed research design follows the research problem, identifying the appropriate method to conduct the data collection. Finally, an orientation of the study is given.

1.2 BACKGROUND TO THE STUDY

The post-1994 government of South Africa embarked on an ambitious social transformation programme in an attempt to address the inequalities caused by the apartheid regime (Black, 2002). As the governing party, the African National Congress (ANC) believed that previously disadvantaged groups needed to be uplifted in order to be able to participate in economic wealth-creating activities. The first of these attempts, the Reconstruction and Development Programme (RDP) of 1994 was superseded in the early 2000s by the Black Economic Empowerment (BEE) policy. The BBE policy attempted to encourage business enterprises to take part in activities that would lead to a higher participation rate of black people in economic activities. Owners and employees needed to be included (Jackson, Alessandri & Black, 2005; Wolmarans & Sartorius, 2009: 180). At the same time, land reform was implemented as an essential programme for empowerment, specifically in the agricultural sector. However, the failure of land reform by the government has seen some non-state initiatives. The most prominent private sector land reform programme has been the Witzenberg PALS initiative launched in August 2014 between commercial producers and emerging farmers. In the following section, information is supplied about important concepts of the study such as BEE, land reform, and the Witzenberg partnership.

1.2.1 Black Economic Empowerment in South Africa

As previously mentioned, the primary goal of BEE policy is to assist black South Africans to enter the mainstream economy successfully. The first focus area refers to a direct form of empowerment (a reference to the increase in ownership and management by black persons). Second, the emphasis is on human resource development concerning affirmative action and developing skills among black employees. Third, attention is given to indirect empowerment. Here the focus is on the

development and preferential procurement of black businesses (Republic of South Africa, 2006).

The BEE Commission defined BEE as follows (BEE Commission Report, 2001: 2):

“It is an integrated and coherent socio-economic process. It is located within the context of the country’s national transformation programme, namely the RDP (Reconstruction and Development Programme).

It is aimed at redressing the imbalances of the past by seeking to substantially and equitably transfer and confer the ownership, management, and control of South Africa’s financial and economic resources to most of the citizens.

It seeks to ensure broader and meaningful participation in the economy by black people to achieve sustainable development and prosperity.”

It is argued by Kovacevic (2007) that while BEE professes to promote the meaningful participation of black people in the economy, it tends to foster political cronyism that benefits only a few elites in the South African economy. This political cronyism leads to inadequate means of extending prosperity while the income disparity within the black population is being widened (Akinola, 2019: 7). Because the first phase of BEE was found limiting in its application, the second phase of BEE was introduced, namely Broad-Based Black Economic Empowerment (BBBEE). In the study on BEE in the South African wine industry, Du Toit, Kruger, and Ponte (2008) argue BEE has potentially provided an entirely new spectrum of possibilities to already established industries in the country. Nevertheless, the system of monitoring and verification as proposed by the government and the industry charters is technocratic. The system favours individuals rather than workers collectively or their communities (Du Toit, Kruger & Ponte, 2008).

The South African government formally implemented Broad-Based Black Economic Empowerment (BBBEE) in 2003. Establishing BBBEE followed with further strategies to increase black ownership of businesses and to accelerate the number of black people represented in management positions (Booyesen, 2007; Fauconnier & Mathur-Helm, 2008: 1).

In 2007, Codes of Good Practice were implemented by the Department of Trade and Industry in order to contribute to BBBEE implementation in a meaningful and

sustainable manner. The codes are also important for measuring BBBEE across all the sectors of the economy. The Codes of Good Practice aim to provide guidelines to ensure no industry is disadvantaged in relation to another when presenting its broad-based credentials. It also ensures all businesses and industries work towards a long-term plan for economic transformation. Economic transformation should be realistic for all stakeholders (Department of Trade and Industry, 2004).

The agricultural sector in South Africa faces various challenges and problems that are not relevant to other industries. A major obstacle is the unequal distribution of land and the manner in which this allocation came about. The unequal distribution of land was recognised already in 1991 when former president FW de Klerk announced committing the government to abolish racially based land measures in his State of the Nation address. This statement followed one year after he had announced the unbanning of proscribed political parties and the release of political prisoners. A comprehensive land reform programme by the new government followed (Lahiff, 2008; Kloppers & Pienaar, 2014).

1.2.2 Land reform

Before the demise of apartheid, some 87 per cent of the South African agricultural land was owned by roughly 35 000 white farmers producing around 95 per cent of agricultural output. Around 4 million black farmers occupied the rest of the farmland, mainly in the former homelands (Hall, 2007: 89; Lahiff, 2007: 1578; Aliber & Hart, 2009). Black people generally, and black farmers specifically, had inferior rights; they had been subjected to centuries of dispossession of their land. Both the need for and the nature of land reform are enshrined in Section 25 of the South African Constitution. The constitution mandates the government to implement land reform in the form of three programmes, namely land restitution, land tenure reform and land redistribution (De Villiers, 2008; Kloppers, 2014, Alinko, 2019). The three land reform programmes have been implemented as follows:

The Restitution of Land Rights Act 22 of 1994 (Republic of South Africa, 1994) facilitated the restitution programme. The objective of Act 22 was to enable historically disadvantaged South Africans. The Act assists historically disadvantaged South Africans who suffered from past racially discriminatory laws and practices with the redress for the disposition of land claim process. Because restitution, as envisaged in

the constitution, was not germane to the Western Cape Province, this study will not address it further.

The focus of tenure reform is to provide security for those whose tenure is insecure because of past discriminatory laws or practices, specifically rural-dwellers and those on semi-urban land (Alinko, 2019). Arrangements for access to secure tenure rights form a critical aspect of successful commercial agriculture. Hence, this programme remains of interest to the study.

The focal point of this research is the redistribution programmes, even though there is currently an informal moratorium on any grants for land reform. The objective of redistribution is to enable black people to be successful participants in the economy through agricultural activities and by the use of agricultural land.

However, this noble objective is not what is reflected in reality. According to Motshekga (2017), the ANC promised in 2013 to transfer 30 per cent of the 82 million hectares of agricultural land to black people by now. The government has not achieved this target. After 24 years of democracy, there is a consensus that land reform has failed (Vink, Van Rooyen & Karaan, 2012). This pronouncement is not entirely fair, as land issues in South African towns and cities are no longer a divisive political issue, but when it comes to agriculture, no doubt successes have been few. In their research, Van Rooyen, Vink & Christodoulou (1987), Vink and Kirsten (2000), and Vink *et al.* (2012) offer two main reasons for failure.

First, the emotive nature of the issue based on the long history of dispossession causes significant complications. Second, the South African agricultural marketing policy (for domestic and international markets) changed from a relatively rigid command-and-control regime to a neoliberal, free market system. Its input supply policy (especially about water, land, and labour use) became increasingly regulated at the same time that land reform policy was being designed and put into practice. This new policy regime favoured the larger over the smaller commercial farmers (Vink & Kirsten, 2000). More importantly, it deprived new (black) farmers of regular support services required for successful production.

Farming successfully requires access to inputs and produce markets (that is, infrastructure, property rights, and rights to export permits, and so forth). Access to new technologies (for example, the ability to influence the direction of research and

development spending) and finance is needed. Support services for the skills required to combine farming requisites into production processes that deliver the desired products were no longer available (Van Rooyen *et al.*, 1987; Vink *et al.*, 2012). The failure of land reform by the government prompted some non-state programmes of which the most prominent is the Witzenberg initiative.

1.2.3 The Witzenberg Partnership in Agri Land Solutions (PALS) initiative

The Witzenberg municipal district includes Ceres, Wolseley, the Koue Bokkeveld, Breede River North, Tulbagh, and the Ceres Karoo. Farmers in this area have established the Witzenberg initiative in order to implement a land reform programme effectively and sustainably.

The Witzenberg Partnership in Agri Land Solutions (PALS) initiative was established in an agreement between the Witzenberg municipality, agriproducers, and the community. It agreed to expedite land reform innovatively to stimulate economic growth, contribute to job creation and social harmony. The goal is to establish successful black farmers through an inclusive process that involves the whole community, changing landownership patterns and socio-economic dynamics. It is called a radical approach because of the high-value resources invested in the project without financial support from the government (Erasmus, 2015).

Implementation of the Witzenberg PALS initiative takes place in accordance with the principles of the NDP and the Integrated Development Plan of the municipality (Vink, 2014). The moratorium on equity share schemes in 2009 prompted commercial farmers in the Witzenberg district to get involved in successful land reform – become part of the solution (Kriel, 2018). The government regards this programme as a game changer and the best solution for land reform in South Africa. Several government ministers have referred publicly to the PALS initiative as the optimal solution for land reform. Hence, it is regarded as essential to investigate whether this model meets the requirements for successful land reform.

The vision of the Witzenberg initiative is a vibrant, prosperous, reformed, sustainable agricultural industry. With the vision, the mission statement is to initiate, facilitate, coordinate, and promote reform of agricultural landownership, economic growth, job

creation and social harmony based on the PALS framework (Vink, 2014). The initiative also focuses on mentorships and training programmes (Vink, 2014).

Land reform programmes should aim to empower black people to successfully enter the agricultural sector and eventually be able to contribute to the sector on a commercial level. According to Plaatjies (Kriel, 2018), the chief executive officer of PALS, the government should realise it cannot solve the challenges of land reform and socio-economic transformation on its own. It needs meaningful partnerships with private initiatives such as PALS. The Centre for Development and Enterprise (CDE), for example, states the private sector in agriculture can have a significant influence on the success or failure of land reform in South Africa (Centre for Development and Enterprise, 2005: 24).

For this study, the Witzenberg initiative is examined to establish whether this private model contributes to successful land reform in South Africa. The problem statement and research objectives are discussed in more detail in the section that follows.

1.3 RESEARCH PROBLEM STATEMENT AND OBJECTIVES

Before the study could be conducted, the researcher first defined the problem that needed to be addressed. This section is dedicated to state the focus of the proposed research study clearly.

1.3.1 Problem statement

BEE is an attempt to address the significant issue of ownership and unemployment in South Africa. However, because of the lack of a sufficient empowerment model and the idiosyncrasies of the agricultural sector, BEE has not contributed in the desired manner, and it has not resulted in redistributing land. The reason behind this study was to establish whether transformation (as an objective of AgriBEE) in the agricultural sector is possible through the successful implementation of land reform programmes in South Africa.

Lessons from the land reform programmes could help to identify those elements likely to make land reform more successful. These elements could be tested against the model of the Witzenberg initiative to ascertain whether the positive expectations of this

model are justified and whether there are lessons from the initiative that can be used in other land reform programmes and projects.

Most businesses require an inclusive supporting environment, but the idiosyncratic nature of agriculture such as its geographic dispersion, dependence on complicated biological production processes, and economic quirks affect the success factors of farms tremendously. Factors to address when building a model for successful land reform in South Africa include access to capital (financing), political certainty and accessibility to various resources such as water, seed, fertiliser and so forth. There are, therefore, certain elements that have to be in place before the land reform of any kind can be successful.

The problem stated above is addressed by investigating the following research questions:

1. What are the main reasons for the failure of the South African agricultural land reform programme?
2. How does the Witzenberg initiative measure up to the requirements for successful land reform?
3. Are the lessons from the Witzenberg initiative transferable to other parts of South Africa?

1.3.2 Research objectives

In line with the problem statement above, primary and secondary research objectives were formulated.

1.3.2.1 Primary objective

The primary objective of this research is to determine whether the Witzenberg initiative meets the requirements for land reform programmes to be successful in the agricultural sector.

1.3.2.2 Secondary objectives

The following secondary objectives were derived to support the primary research objective:

- to conduct an overview of land reform literature specifically related to empowerment programmes;
- to determine specific requirements for successful implementation of land reform in South Africa from literature;
- to determine the appropriate methodology and research design;
- to collect and analyse secondary data;
- to provide relevant conclusions and recommendations based on the literature review and findings.

1.4 RESEARCH DESIGN

Specific attention is given in this section to the research design, the use of the case study analysis and theory development.

1.4.1 Research paradigm

A qualitative research approach was selected to conduct exploratory research because of the lack of research on the topic. This approach was chosen to describe the phenomenon of successful land reform implementation in South Africa. The qualitative approach therefore entailed a phenomenological approach that allowed the researcher to derive conclusions through inductive reasoning (Patton, 2005:129).

1.4.2 Primary and secondary research

Primary data were collected by analysing official documents of the Witzenberg PALS initiative, conducting semi-structured interviews and observing stakeholders of the projects

Several secondary sources were consulted to conduct an extensive review of its land reform implementation process. These sources included official documentation and articles relevant to the Witzenberg PALS initiative, academic journal articles, books, and related websites.

1.4.3 Case study approach

This research follows a case study analysis contributing to theory development rather than testing particular hypotheses (Yin, 2009: 50). According to Yin (2009: 2-4), a case

study is a preferred method when the focus is on a present-day phenomenon in a real-life context; and the investigator has little control over events. This study analysed all aspects of the Witzenberg PALS initiative in a single holistic approach. The initiative represents a unique case and is eligible for testing theory. Results could therefore contribute to the successful implementation of land reform in South Africa.

1.4.4 Data collection

A requirement list for successful land reform in South Africa was developed from the existing literature. For this study, implemented Witzenberg PALS projects were reviewed against these requirements for success. Interviews with farmers and staff members forming part of the initiative were conducted to collect further evidence.

The study draws these components together by summarising the key findings, isolating critical themes, and identifying strategies for government and farmer (agricultural sector) engagement in the future.

1.5 CONTRIBUTION OF THE STUDY

The successful implementation of land reform in South Africa can contribute to alleviating unemployment, poverty, and a better livelihood for the unskilled workforce in the agricultural sector. Akinola (2019) stresses the importance of agriculture in regional development and survival. It is, therefore, of utmost importance to investigate whether the Witzenberg initiative model of land redistribution meets the requirements for the successful empowerment of emerging farmers. The purpose is to generate lessons for effective future land reform initiatives.

1.6 ORIENTATION OF THE STUDY

This study consists of the following five chapters.

Chapter 1 Introduction and background to the study

In Chapter 1, a broad overview of the study is provided. As part of the background discussion, the reasons for BEE implementation and land reform are explained to give substance to the problem statement. Research questions are established based on the problem statement. After that, the research objectives are described, followed by

the research methodology. Last, an outline of the contents of the following chapters is provided.

Chapter 2: Development policies and land reform in SA

In Chapter 2, the extant literature is examined, and the relevant research that assists the study is reflected. The analysis covers the literature about development policies and implementing land reform in South Africa. A broad overview of land reform and the necessary support elements for farmers to be successful in the agricultural sector about the objectives of land reform are provided. Specific elements required for successful implementation of land reform in South Africa are given as derived from the literature. The role of the private sector is also addressed, followed by a conclusion.

Chapter 3: Research design and methodology

Details on the following aspects are provided in this chapter. Attention is first given to the research objectives. After that, research strategies and approaches are developed, and attention paid to the case study analysis. The ethical considerations are described, followed by a summary of Chapter 3.

Chapter 4: Results

Chapter 4 is dedicated to explaining the results obtained by employing the relevant research methodology. Chapter 4 provides the biographical details of the implemented projects of the Witzenberg PALS. The PALS projects are reviewed against derived success factors needed for successful land reform implementation.

Chapter 5: Summary, conclusions and recommendations

In Chapter 5, a summary of the study is provided. Conclusions and recommendations derived from the results discussed in Chapter 4 are reported. Possible limitations of the research and suggestions for future research are presented.

1.7 CONCLUSION

In this chapter, a broad outline of the study was explained. The lack of an empowerment model and the idiosyncrasies of the agricultural sector have been described as reasons BEE has not resulted in the successful redistribution of land.

The private model represented by the Witzenberg PALS initiative is seen as a possible framework for future successful land reform. This study aimed to examine the Witzenberg initiative to establish whether the model reflected the requirements needed for successful land reform.

In the next chapter, development policies involving land reform will be described.

CHAPTER TWO

DEVELOPMENT POLICIES AND LAND REFORM IN SOUTH AFRICA

2.1 INTRODUCTION

“The developmental state has a central role to play in leading and sustaining rural development. This includes leading the process of land reform, promoting sustainable change in social and economic relations and supporting the goals of growth and development in the rural economy” (African National Congress, 2008: 29).

Twenty-four years after the democratic government was elected, the agricultural sector continues to be characterised by inequality about distributing economic assets, infrastructure, market access, support services and income (Pienaar & Traub, 2015). The ANC argues the role of the developmental state is critical in leading rural development in South Africa (African National Congress, 2008: 29; Karriem & Hoskins, 2016).

In this chapter, the available literature on land reform is examined. The literature overview is used to construct a model for successful land reform, which could be used in testing the Witzenberg initiative. The chapter first provides a brief outline of the history of rural social relations in South Africa. After that, the chapter explores how the government has supported rural development and land reform as part of a broader national development strategy by focusing on developmental programmes. A brief history of land reform is offered. An explanation of farmer support and the main problems in the agricultural sector are followed by the influence of the private sector on land reform. Lessons from the past regarding farmer support follow.

2.2 THE HISTORY OF RURAL SOCIAL RELATIONS

Under colonialism and apartheid in South Africa, millions of black South Africans were removed forcefully from their land. The Natives Land Act of 1913 (South Africa, 1913) and the Native Trust and Land Act 18 of 1936 (South Africa, 1936) officially codified this dispossession of land. The African majority was restricted to 13 per cent of South African land mostly in the former homelands (Karriem & Hoskins, 2016). In 1948, the apartheid government was elected, and the physical separation of black and white people was implemented (Platzky & Walker, 1985; Clark & Worger, 2016). The

government controlling process of 'accumulation by dispossession' persisted late into the twentieth century. The apartheid government evicted around 3.5 million black people from urban and rural areas into the former homelands between 1960 and 1980 (Platzky & Walker, 1985; Harvey, 2003).

The history of racially discriminatory laws and practices with colonial dispossession resulted in extreme inequalities in land use and ownership in South Africa (Walker, 2003: 116; Kloppers & Pienaar, 2014: 676). In 1994, after the apartheid regime ended and a democratically elected government was born, political and economic pressures mandated the disproportion of the 87/13 per cent division of land in South Africa should be addressed (Walker, 2003: 117; Hall, 2007: 89). A comprehensive land reform programme was established as part of committing the government to address the unequal distribution of land in the country (Lahiff, 2007: 1578; Kloppers & Pienaar, 2014: 678).

The ANC developed various programmes designed to create a more equitable society to foster economic transformation (Boudreaux, 2010). The programmes included the Reconstruction and Development Programme (RDP), the Growth, Employment and Redistribution Strategy (GEAR), Black Economic Empowerment (BEE), the Accelerated and Shared Growth Initiative for South Africa (ASGISA), the New Growth Path (NGP), and the National Development Plan (NDP). The six major programmes are presented below.

2.3 TRANSFORMATION AND DEVELOPMENT POLICIES IN SOUTH AFRICA

The post-apartheid government was confronted with numerous socio-economic challenges that stemmed from the apartheid regime (Moyo & Mamobolo, 2014; Karriem & Hoskins, 2016). Transformation and developmental programmes were implemented to address among other things racial discrimination, social exclusion and oppression of the black majority by being unable to own and control land (Moyo & Mamobolo, 2014). Some but not all the mentioned programmes referred to land reform.

2.3.1 The Reconstruction and Development Programme (RDP)

In 1994, the government introduced the RDP to establish comprehensive development in a democratic South Africa. The vision of the RDP was to transform South Africa by creating a non-racial democratic future for its citizens by developing sustainable growth and development. The programme aimed to target unemployment, poverty, inequality and deprivation by implementing strategies for land reform, agricultural growth, infrastructural development, improving productivity, industrialisation, developing human resources and providing essential social services (education, housing, health care water and sanitation) (Kloppers & Pienaar, 2014: 692; Moyo & Mamobolo, 2014).

The RDP furthermore acknowledged the importance of people's basic needs and therefore emphasised human resource development. In their guide to the RDP to reduce poverty and provide basic needs to the poor, the ANC (African National Congress, 1994) documented a strategy based on four factors, namely:

- providing accessible opportunities to all South Africans enabling them to develop to their full potential; 
- creating job opportunities increasing household income and production, efficiency and productivity, and create self-sustainable opportunities;
- improving access to essential physical and social services such as education, health care and training opportunities for communities in rural and urban areas;
- implementing a social security system to protect vulnerable groups (the elderly, the disabled, and the poor).

The RDP emphasises meeting the basic needs of all South Africans, acknowledging that land forms part of the basic needs of an individual and a community as a whole. Therefore, the need for a comprehensive land reform programme was identified. The RDP envisaged, "A dramatic land reform programme to transfer land from the inefficient, debt-ridden, ecologically-damaging and white-dominated large farm sector to all those who wish to produce incomes through farming in a more sustainable agricultural system" (African National Congress, 1994).

Land reform is considered "central to and a vital driving force of a process of rural reconstruction and development" (Van Rooyen, Nqganweni & Njobe, 1994: 257).

According to Van Rooyen *et al.* (1994: 257), the RDP “refers rather scantily to agricultural issues and did not emphasise agricultural development”. Nevertheless, the RDP stipulated a sound strategic framework for agricultural development to work in compliance with the land reform initiatives of the government.

The RDP aimed to implement land reform effectively in order to provide land to previously disadvantaged groups who suffered the significant effects of apartheid. The specific goal was to address the poverty in rural areas and the high levels of land and income inequality. The RDP set an ambitious goal of transferring 30 per cent of all white-owned agricultural land to black South Africans by 2001, which did not happen (Kloppers & Pienaar, 2014: 696; Karriem & Hoskins, 2016).

A second policy was introduced to support the objectives of the RDP in 1996. The Growth, Employment, and Redistribution Strategy (GEAR) was established as a rightward shift in economic policy.

2.3.2 The Growth, Employment and Redistribution Strategy (GEAR)

The GEAR policy was launched by the government as a more specific and enabling macroeconomic strategy to transform the economy by achieving the goals of the RDP (Moyo & Mamobolo, 2014:948; Naidoo & Maré, 2015).

GEAR was considered a turning point for economic policy planning in South Africa. The transition from the RDP programme to GEAR presented a change from an interventionist and redistributive state strategy to a broadly neoliberal approach towards economic policy (Marais, 2011: 95-96; Naidoo & Maré, 2015). The RDP emphasised ‘growth through redistribution’ whereas GEAR focused on a ‘redistribution through growth’ strategy (Karriem & Hoskins, 2016: 330). “The success of the RDP (was) dependent on the successful implementation of GEAR” (Manuel, 1997).

In consonance with the credible and conservative orthodox framework of GEAR, the state plays a facilitative role in its market-orientated policies. The policy encouraged competition in the agricultural and industrial sectors through liberalisation and deregulation of trade and therefore committed South Africa to a position of fiscal discipline (Gelb 2007: 21; Karriem & Hoskins, 2016: 33).

GEAR was an attempt by the government to pursue sustainable growth of greater than 3 per cent. The project would address unemployment, reduce poverty, redistribute income and wealth, and provide the necessary resources for sufficient social services delivery (Moyo & Mamobolo, 2014: 948; Naidoo & Maré, 2015).

Despite the attempt to align GEAR rhetorically with the socially progressive objectives of the RDP, no redistributive targets were set by the GEAR policy. The macroeconomic strategy of the GEAR policy failed to achieve its objectives. In the period 1996–2001, economic growth only reached 2,7 per cent a year, as opposed to the 6 per cent objective. Employment rates declined instead of growing by 3 per cent. More than 1 million jobs have been lost since 1996, in contrast to the aim of creating 1,3 million job opportunities by 2001 (Marais, 2001: 163,170-175; Visser, 2014). Objectives of the government to reduce poverty, redistribute income, and provide social services were not fulfilled by the GEAR policy (Moyo & Mamobolo, 2014: 956). Black Economic Empowerment followed.

2.3.3 Black Economic Empowerment (BEE)

While the emphasis was on privatising public services, the poor were the ones suffering the most (Habib & Kotze 2003). It became clear there was a gradual transition from neoliberalism to a more interventionist approach. Rather than relying on economic growth to create jobs, the government emphasised direct policy measures (for example, public works programmes) to enhance employment opportunities for the poor. BEE served as a critical instrument for the government to bring about transformation and equality in the private sector of South Africa (Ndhlovu, 2011: 73). The scope of the BEE policy widened with enacting Broad-Based BEE legislation in 2003 as discussed in Section 1.2.1. BBBEE was regarded by the government as a cornerstone strategy for development in South Africa against the inequalities of apartheid.

The BEE Charter for the Agriculture Sector (AgriBEE) was gazetted in 2008. AgriBEE encourages black ownership and management in a broad range of enterprises and promotes participation in the in the agricultural sector (Department of Trade and Industry, 2008). Bernstein (2013) states that even though the scope for AgriBEE is arguably broader than that of land reform, it remains to be seen whether it will succeed in transforming the prospects of significant numbers of the dispossessed and classes

of labour in the countryside. Bernstein (2013) further argues the evidence of land reform so far does not support any sensible expectations of the AgriBEE progress.

2.3.4 The Accelerated and Shared Growth Initiative for South Africa (ASGISA)

In 2006, the Accelerated and Shared Growth Initiative for South Africa (ASGISA) was adopted. This developmental strategy emphasised the role of the government in its aim to enhance economic growth accompanied by lessening unemployment and poverty (Makino & Sato, 2013). ASGISA served as a further extension of the RDP goals of building an integrated economy through a democratic, non-racial, and non-sexist society. While ASGISA had some success, mainly on the macroeconomic front, the programme was never fully implemented. ASGISA further excluded some fundamental issues proposed by the RDP such as land reform and BEE (Moyo & Mamobolo, 2014; Ndedi & Kok, 2017).

2.3.5 The New Growth Path (NGP)

The Economic Development Department (EDD) announced the New Growth Path (NGP) in 2010. The NGP acknowledged that structural unemployment and poverty rates remained high (Ndedi & Kok, 2017). The neo-Keynesian NGP committed to reducing inequality, poverty, and unemployment through accelerating economic growth in South Africa (Karriem & Hoskins, 2016: 330). The NGP targeted “more labour-absorbing activities across the main economic sectors, namely the agricultural and mining value chains, manufacturing and services” (EDD 2010: 9). It was regarded as necessary to implement the NGP policy to actively address these challenges (Ndedi & Kok, 2017). However, several sources strongly criticised the NGP (Archer, 2011; Simkins, 2011). For example, it was described as an unrealistic belief the state can introduce or manage far-reaching changes in the economy (Archer, 2011).

2.3.6 The National Development Plan (NDP)

The government launched the National Development Plan (NDP) on 15 August 2012 under the guidance of former minister Trevor Manuel as the South African 2030 long-term socio-economic development roadmap (Moyo & Mamobolo, 2014). From 2012–13, the NDP was adopted as the cornerstone strategy and a significant turning point for future socio-economic and economic development in South Africa. The NDP aimed

to reduce inequality and eliminate poverty in South Africa by 2030. The NDP presented an action plan for a more inclusive economy in South Africa (Moyo & Mamobolo, 2014; Ndedi & Kok, 2017). While the NDP recognised the constraints to faster growth, it was arguably the most comprehensive plan for the economic and social development of the country since 1994 (Chilenga, 2017; Ndedi & Kok, 2017). The development plan for the rural economy in South Africa is structured in Chapter 6 of the NDP (Republic of South Africa, 2012: 217-234).

2.3.6.1 Chapter 6 of the NDP: An integrated and inclusive rural economy

In Chapter 6 (Republic of South Africa, 2012: 218), marginalising the poor is recognised as the major problem in rural regions. The chapter emphasises the rural economy need to create opportunities for social, economic, and political advancement to reduce poverty in rural communities rapidly. The NDP states that access to resources such as land, water, education, and skills accompanied by improved infrastructure in rural areas and better government services can address this problem. As one of the expressed goals of the NDP, this strategy requires successful land reform and job creation in the agricultural sector of South Africa (Republic of South Africa, 2012: 217).

The 2030 NDP vision aims to create 1 million new employment opportunities in the agricultural sector. Central to attaining this vision is a support to the agricultural industry and specific regions with high employment and high growth potential together with expanding irrigated agriculture. Creating innovative strategies and solutions by the public and the private sectors are vital to construct these support and development structures (Vink, 2014).

Chapter 6 identifies the two main limitations to improve the rural economy. First is the lack of implementation of the NDP in the rural economy and after that, land reform difficulties. The NDP acknowledges that: "Creating jobs in agriculture will not be easy. It will require credible programmes, sound implementation, significant resources, and stronger institutions, such as agriculture departments in local and provincial government" (Republic of South Africa, 2012: 220).

Redress and transformation policies in South Africa have not achieved the desired outcome. The high failure of governmental economic policies in fighting poverty,

enhancing sustainable economic growth, reducing unemployment and addressing the unequal distribution of income is weighing heavily on society. Land reform is one such a redress programme where its interconnectedness with other economic, developmental and capacity issues have not been considered sufficiently (Pienaar, 2014:659).

In Chapter 6 of the NDP, strategies about land reform actualities in South Africa are addressed. Food security and rural development, job opportunities in the agricultural sector and land reform are included.

Conversely, the NDP debates that these strategies are arguably an essential condition for the sustainable transformation of the agricultural sector and the rural economy, but not sufficient even if people are settled on land (Vink, 2014).

The private sector can play an important role in achieving the ambitious goals set by the NDP. Therefore, Chapter 6 of the NDP proposes cooperation between the private and public sectors to stimulate economic growth in rural areas to make land reform successful and sustainable. Land reform in South Africa is discussed in the section that follows.

2.4 LAND REFORM IN SOUTH AFRICA

“Forced removals in support of racial segregation have caused enormous suffering and hardship in South Africa, and no settlement of land issues can be reached without addressing such historical injustices” (South Africa, 1997).

The 1997 White Paper on South African land policy was established to address racially based land dispossessions and the unequal ownership of land by implementing land reform in South Africa (Mbatha, 2017).

The paper aimed to reduce poverty while promoting economic growth through land reform (Department of Land Affairs (DLA), 1997). The World Bank played a critical role in the land and agricultural policy of the ANC. The institution committed the post-1994 government to land redistribution that would not intervene in the land market by the "willing buyer, willing seller" principle (Williams, 1996; Ntsebeza, 2007: 126).

Between 1994 and 1999, land policies were primarily focused on the landless and the rural poor. The government provided funds to acquire land at market value from

owners who agreed to sell their land (Karriem & Hoskins, 2016). The Department of Land Affairs further attempted to assist the poor with land purchases in the form of the Settlement and Land Acquisition Grant (SLAG) programme. This programme provided a grant of R16 000 to poor households that enabled them to buy land for subsistence purposes (Wegerif, 2004; Boudreaux, 2010; Kloppers & Pienaar, 2014: 694). This programme was criticised for its slow implementation and for providing grants that were too small. The Land Redistribution for Agricultural Development (LRAD) programme replaced the SLAG in 2001. This programme supported previously disadvantaged South Africans to enable them to buy agricultural land or inputs. The LRAD provided a sliding scale for grants from R20 000 to R100 000 (Boudreaux, 2010). The LRAD programme was also criticised for not providing the necessary support to poor rural farmers while providing grants to emerging farmers and neglecting support to the poor (Lahiff, 2009).

Former minister of Agricultural and Land Affairs, Thoko Didiza (2005) stated the government should not rely on the 'willing buyer-willing seller' approach. Instead, the government should act proactively to acquire land. "Markets by themselves do not redistribute land at the scale, quality, location and price [that is required] from rich to poor and from white to black participants; the willing buyer, willing seller approach needs to be mediated by the reality of a failure of land markets" (Didiza, 2005: 5).

The government identified the "willing buyer, willing seller" approach as an obstacle in the land redistribution process and moved towards a more aggressive expropriation approach (Kloppers & Pienaar, 2014: 694; Karriem & Hoskins, 2016). The former LRAD policy and subsidies were replaced with the 'Pro-active Land Acquisition Strategy' and the new 50/50 policy. This policy was implemented to institute the state as the owner of the agricultural land. This strategy infringes on the rights of all citizens, black and white as they are being deprived of their constitutional right to own land (Vink, 2014).

The land reform policies in South Africa aim to enhance socio-economic and economic development through newly created job opportunities in the agricultural sector. Land reform beneficiaries should be provided with the opportunity to engage in productive land use. However, most of the land reform beneficiaries are not using land productively; and, the land reform policies did not yield the intended results. Moreover,

the vision of creating additional jobs in the agricultural sector did not materialise. According to Bradstock (2005: 7), the land reform programme lacks two main elements. The programme does not provide viable options for small farmers to develop sufficiently. Furthermore, the programme requires sustained focus on implementation, resource mobilisation, and timely policy adjustments.

Clearly, land reform in South Africa faces many challenges while land reform beneficiaries receive little support from the government. Successful land reform in South Africa requires that appropriate farmer support services should be in place and that without necessary farmer support services, land reform would fail (Vink, 2014).

2.4.1 Farmer support in South Africa

The unsuccessful implementation of land reform in South Africa has been evident, and there is no doubt about the leading causes. Policies that have succeeded in transferring land did not supply enough support to these land reform beneficiaries to enable them to make use of the land productively and sustainably (Vink *et al.*, 2012). The government acknowledged its responsibility in the White Paper (South Africa, 1997). It declared, “The long-term success and sustainability of the land reform programme are to a large extent dependent on the ability of potential beneficiaries to be able to access the programme easily and to have a clear understanding of what assistance they can get from the government” (South Africa, 1997).

In the context of the RDP, the Broadening of Access to Agriculture Thrust (BATAT), already in 1994, focused on agricultural development. It was “intended to kick-start a shift away from white dominance in agriculture, and attempted to assess the needs of black agriculture – existing and new – black farmers, and identify development priorities and strategies to improve their access to agriculture” (Oettle, Fakir, Wentzel, Giddings & Whiteside, 1998: 50). When it became clear that the BATAT was not working, the Ministry of Agriculture and Land Affairs acknowledged the need for additional farmer support mechanisms to assist land reform beneficiaries (Lahiff, 2007). The Comprehensive Agricultural Support Programme (CASP) was implemented in 2004 to help land reform beneficiaries individually as a remedial action after BATAT that was mainly aimed at black farmers (Lahiff, 2007; Vink *et al.*, 2012). The inability of provinces to implement the CASP also became evident (Vink *et al.*, 2012; Liebenberg, 2015: 11), as implementers did not give attention to support farmers

by providing training, technical advice, production inputs, marketing assistance and risk management (Department of Agriculture (DoA), 2007).

The Development Bank of Southern Africa (DBSA) implemented Farmer Support Programmes (FSP) from the late 1980s. It was an attempt to provide the required support to farmers in the former homelands to enable them to become successful agricultural producers (Vink *et al.*, 2012). According to Vink *et al.* (2012), the real lessons were not learned from the DBSA experience, primarily because the later versions ignored historical and other lessons learned during the FSP implementation process.

In this regard, a publication by Merle Lipton in 1977 (in Vink *et al.*, 2012) titled 'South Africa: two agricultures?' contributed to the origin on the basic premise of the work of the DBSA on agricultural and rural development. Lipton compared majority white, large-scale, professionally managed farming enterprises with hired labour and modern technology termed 'commercial' farming with 'subsistence' farming mostly in the communal areas of South Africa about outputs and inputs used to produce the output.

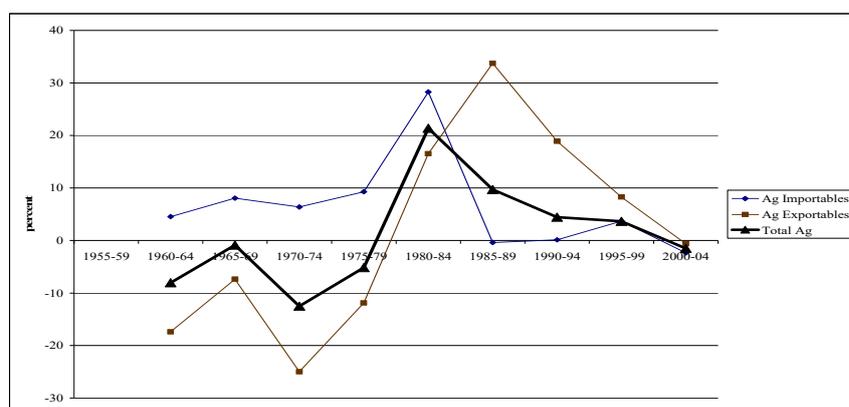
Lipton exhibited the origin of this dualistic nature of the agricultural sector (Vink & Kirsten, 2003; Pienaar & Traub, 2015) could be found in government policy in support of large-scale farming and to suppress small farmers, and not in market forces. She did not believe the 'two agricultures' were anything but a policy construct. In that sense, Lipton (in Vink *et al.*, 2012: 2) argued, "... policy should aim at creating an integrated and properly specialised farm economy, that could be stated as an integrated farmer support system that would serve the integration of the agricultural sector and agribusiness into supply chains that functioned in a manner that would be advantageous to all farmers in the country".

After 1994, integrated farmer support was not prioritised in South Africa. Addressing the challenge today, two significant difficulties to overcome were not present when Lipton was writing in 1977. First, the Land Acts distorted South African agriculture. According to Vink *et al.* (2012), the separation into 'two agricultures' was not the only spatial distortion in South African agriculture. Second, most support provided by the government to the commercial agricultural sector was removed in the early 1980s and gained momentum after the 1994 elections. Towards the end of the 1990s, the state hardly provided any support to commercial farmers and the agricultural sector (Vink *et*

al., 2012). Provincial agricultural departments and some non-governmental organisations supply services to land reform beneficiaries, but available evidence shows that these services only reach a minority of the beneficiaries (Lahiff, 2007). As a result, farmers have to fend for themselves. This lack of support inevitably favours large commercial farmers who can afford to arrange their own market access.

Further, black farmers, specifically those in the former homelands and surrounding areas, are not linked to input suppliers, financial institutions, markets and other necessary conditions (Vink *et al.*, 2012). Figure 2.1 below shows the decline in state support towards the commercial agricultural sector. The support from the state was the most during the first half of the 1980s and declined drastically afterwards.

Figure 2.1: Nominal rate of assistance to agriculture in South Africa 1960–2005



Source: Kirsten, Edwards & Vink (2008)

New entrants into the agricultural sector, including land reform beneficiaries, need more support when joining the agricultural sector (Van Rooyen *et al.*, 1987). The DBSA argued as far back as the 1980s that a comprehensive farmer support programme needed to be in place in the broader context of the agriculture milieu and applicable development policy (Van Rooyen *et al.*, 1987). It is suggested the support programme should alleviate both internal constraints (liquidity problems, labour shortages, and a lack of knowledge, skills, and education) and external constraints regarding the natural risks of agriculture (dependence on the weather and the high initial capital requirements) (Vink *et al.*, 2012). Liebenberg (2015: 36) proposes the Land Bank could play the role of a catalyst and become the centre through which support services are directed. He also recommends the government focus on supporting farmers who demonstrate a willingness to be progressive. Furthermore,

state capacity is low in rural developments. One reason is that political aspirations challenge the goals of growth and poverty reduction (Liebenberg, 2015; Alinko, 2019).

Finally, a comprehensive agricultural census of all farmers in the country is needed for developing a sustainable strategy (Liebenberg, 2015: 37). The last agricultural census in 2007 only included farmers registered for VAT; therefore, the actual number of commercial farmers is not known.

Land reform in South Africa faces many challenges, one being post-settlement support services to new land reform beneficiaries. Recent land reform studies indicate much-needed services such as credit, mentorship and training, transport, agricultural support services and access to markets are some major challenges experienced by land reform beneficiaries (Wegerif, M. 2004; Bradstock, 2005: 18).

2.5 ADDRESSING THE MAIN PROBLEMS IN THE AGRICULTURAL SECTOR

It became evident from the literature that implementation models need to address four major problems in the agricultural sector to establish successful land reform programmes. Several researchers agree in principle on the main issues facing implementation models (Bradstock, 2005; Worth, 2009; Vink *et al.*, 2012).

The first significant problem is entering the agricultural sector, after that acquiring the necessary knowledge and skills development to farm successfully, followed by acquiring production rights and last, an exit strategy. The four problems will now be examined in more detail.

2.5.1 Entry difficulties

Initial capital is necessary to invest in land in order to start operating activities. Capital is required for operating activities to supply and fund inputs as well as other essential fixed assets (Bradstock, 2005: 20). It should be considered this capital expenditure would only be redeemable at the end of the duration of the project when land and fixed assets are sold. Due to the idiosyncratic nature of the agricultural sector, farmers need to be able to finance operating activities. One should therefore be able to service the capital expenditure from other capital resources during the lifespan of the project. Consequently, they need be able to acquire working capital from financial service providers. Not being able to access funds places substantial constraints on emerging

farmers and restricts the full exploitation of farms (Nieuwoudt & Vink, 1995; Bradstock, 2005: 19).

The aim of providing for the supply of inputs and production assets to farmers is to ensure users have easy access to a complete package of inputs. Within identified high growth agricultural areas, establishing a service centre or depot could be an effective mechanism to ensure that access is available (Vink *et al.*, 2012). About inputs, Van Rooyen *et al.* (1987) and Vink *et al.* (2012) suggest the following guidelines for supplying and establishing a service:

- Necessary inputs should be available in the correct form, at the right place and time.
- The particular environment should match the inputs.
- All necessary inputs for specific agricultural activities in the specified area should be available.
- The design and planning of service centres should be adaptable to accommodate all existing services and development.
- The location of the service centres should consider transport networks.
- About the potential of privatising the service centres/depots, it should be affordable, and land tenure implications noted.
- The utilisation and expansion of existing facilities should be considered.
- In all possible ways, local skills and materials should be used in the construction and management of depots.
- In addition, mechanisation and marketing services are also significant obstacles for entering the farming market.

2.5.1.1 Mechanisation services

The absence of mechanisation services is another hindrance coming into the agricultural sector. The primary aim of providing mechanisation services is to alleviate hold-ups in preparing farmland and the transport of necessary inputs. Mechanisation services should be appropriate while emphasising employment creation. Mechanisation services should be regarded viable for particular areas, and active service and maintenance support should be provided. Mechanisation services should

be in place in contribution to overcoming the entry difficulties (Van Rooyen *et al.*, 1987; Vink *et al.*, 2012).

Bradstock (2005: 20) argues that land is transferred without the necessary infrastructure that would enable land reform beneficiaries to use and develop land effectively. The lack of support or none at all in some cases is an additional hindrance to land reform beneficiaries that restrict them to exploit land productively. Land reform beneficiaries have trouble in gaining access to funds for necessary improvements and repairs (Bradstock, 2005: 20). Insufficient infrastructure further prevents farmers to market their commodities effectively (Wynne & Lyne, 2003: 566; 2004: 9).

2.5.1.2 Marketing services

When entering the agricultural sector, new farmers do not necessarily have access to marketing structures or the knowledge to obtain sufficient marketing channels. Marketing refers to all activities that facilitate the removal process of produce from the farm-gate to the point-of-sale. It entails attention to grading standards and the required and specific equipment needed. Further, it requires timeliness of payment for produce delivered into the controlled marketing system (Van Rooyen *et al.*, 1987; Vink *et al.*, 2012).

Abolishing the state subsidies of the marketing boards and deregulating the agricultural sector after the 1994 elections caused various difficulties to commercial farmers and specifically for emerging farmers (Khapayi, & Celliers, 2016). In 1997, export and interest rate subsidies ended and by the end of 1998, marketing control boards were privatised with only the sugar industry continuing to have price support from the government (Chikazunga & Paradza, 2012: 3-4).

Farmer support programmes need to be implemented as an essential contribution to the success factor of which emerging farmers will be able to utilise resources allocated to them (Bradstock, 2005: 10). Therefore, the supporting environment is of utmost importance in order to address the entry difficulties. The skills problem will now be discussed.

2.5.2 Skills development

Bradstock (2005: 9) states that when emerging farmers acquire previously white-owned commercial farms, it is unlikely they will have the necessary skills and expertise to develop the potential of the farm. Skills and knowledge in one's operating environment are of utmost importance to be successful. As previously mentioned in Chapter 1, farmers and workers often do not have the skills and knowledge to be successful in the agricultural sector. This lack of skills and expertise contributes to the high failure of land reform projects (Bradstock, 2005: 10).

2.5.2.1 Training

The emphasis should be on training with the goal of transferring skills to existing farmers, land reform beneficiaries, extension staff, and administrators/managers of farming enterprises. Van Rooyen *et al.* (1987) and Vink *et al.* (2012), propose attention should be given to:

- identifying knowledgeable commercial farmers, management and skill deficiencies in the groups mentioned above who can serve as mentors;
- determining the most cost-effective method to provide the necessary training, and
- existing training facilities should be upgraded and receive additional support.

The National Emergent Red Meat Producer's Organisation (NERPO) conducted a research study in 2004 that identified various skills shortages as the primary growth constraint among emerging farmers. NERPO (2004) suggested that the government should focus on strategies to attract young people into the agricultural sector (Khapayi, & Celliers, 2016).

Agricultural extension services provided by the government as support system will be explained in the next section.

2.5.2.2 Extension services

Extension services are of utmost importance concerning being successful in the agricultural sector. The principal aim of the agricultural extension services is to transfer agrarian information and knowledge to farmers (including land reform beneficiaries) (Van Rooyen *et al.*, 1987; Vink *et al.*, 2012). According to Van Rooyen *et al.* (1987)

and Vink *et al.* (2012), attention should be given to the following aspects to facilitate the process:

- determining the most cost-effective method to provide a comprehensive extension programme to land reform beneficiaries and existing farmers;
- to fully utilise and upgrade existing extension facilities while giving extra support and services;
- to involve the private sector in providing valuable advice and services, and not only relying on the public sector; and
- creating various settings where the private and the public sector provide extension advice that would ensure a consensus regarding the content and appropriateness of transferred knowledge towards farmers and land reform beneficiaries.

In addition to the recommendations above, Liebenberg (2015) advocates retaining competent scientists for expanding research and development facilities, particularly in the former homeland areas.

A study by Worth (2009: 36) found that agricultural extension practitioners were “not equipped to deliver on the agenda of current South African agricultural policy”. Worth (2009: 36) maintains that without extensive revision of curricula regarding the quantity and content of extension training, the agricultural extension services cannot accomplish the projected transformation of agriculture. Key operatives will not have the knowledge and skills to fulfil their role as instructors.

The National Department of Agriculture launched the Extension Recovery Programme in 2011 to improve the quality of existing extension services (Lienberg, 2015). Although an ambitious project, Liebenberg (2015: 36) argues it is “not adequate in scale and scope”.

Thus, it appears the agricultural extension services of the government have not been implemented successfully.

The third major problem, production rights, is described next.

2.5.3 Production rights

Various production rights enable successful participation in the agricultural sector. The right to produce on land, water rights, and access to markets are discussed below.

2.5.3.1 Land

Even though landownership arrangements changed since the 1990s, access to land for farming purposes remains a problem. Emerging farmers who are unable to own land cannot mobilise loans, invest in land improvements, and expand growing businesses. Therefore, smallholders are generally trapped on too small landholding with too little development capital. Land reform also does not provide sufficient access to black farmers (Vink *et al.*, 2012). Cousins (2016) argues the government has offered little support for smallholder farmers and that no land reform farms have been officially subdivided.

The Subdivision of Agricultural Land Act 70 of 1970 (Republic of South Africa, 1970), prohibits subdividing land without the consent of the Minister of Agriculture (Hall & Kepe, 2017). Gary Moore (Subdivision and land use laws hinder land reform and are unconstitutional, 2018) stated the reasoning behind the subdivision law of 1970 was to prevent “agricultural land from being rendered economically unviable for the purpose of farming, as a result of uncontrolled subdivision”. The minister may grant or refuse an application for submission “in his discretion” or as he “deems fit”. In this regard, land reform projects were exempt from restrictions of the subdivision. In practice, large groups of people were expected to operate farms as unitary commercial enterprises (Cousins, 2016). The process of transferring title deeds is expensive and time-consuming and therefore places a hindrance on the subdivision for land reform purposes. Cousins (2016) proposes that large farm subdivision should be promoted to contribute to land reform.

Landownership is not a necessity, but the preferred option to grow and develop the agricultural sector. Alternative mechanisms such as long duration rental agreements could also be sufficient (Vink *et al.*, 2012).

2.5.3.2 Water

Water is a primary natural resource and a requirement for production. Water in South Africa is allocated unequally due to the history of the country. Cousins (2016) maintains the reallocation of water rights should be handled in compliance with land transfers to land reform beneficiaries. The National Water Act, Act No. 38 of 1998 (the NWA) (Republic of South Africa, 1998) and subsequently the National Water Resources Strategy (NWRS) provide for correcting such imbalances in line with the constitutional imperative. Not being able to acquire additional water rights is a hindrance for the agricultural sector.

2.5.3.3 Access to markets

Emerging farmers face various difficulties accessing formal markets in the agricultural sector. Bienabe and Vermeulen (2011: 494) state the lack of market participation by emerging farmers is a common feature worldwide that restricts developing emerging farmers. In South Africa, among other, poor rural areas restrict emerging farmers' access to commercial markets (Makhura & Mokoena 2003: 455; Wynne & Lyne, 2003: 566).

It is not surprising that land reform that mainly focuses small-scale farmers has not succeeded, as farmers do not have access to markets (Vink *et al.*, 2012). Appropriate methods to provide access to markets should be put into place to contribute to the successful establishment of land reform beneficiaries and new entrants into the sector.

The elements identified need to provide for new entrants and existing farmers in the agricultural market. A comprehensive farmer support programme should address these constraints. It is essential to acknowledge this is a time-consuming process to yield results (Bradstock, 2005:10). The importance of an exit strategy is explained next.

2.5.4 Exit strategy

A project between a commercial farmer and an emerging farmer should be structured that the commercial farmer or the beneficiaries can exit the project without a negative financial implication on either party (financier). This exit strategy should be documented and stipulated in a contractual agreement between the parties.

2.6 LESSONS FROM THE PAST

Vink *et al.* (2012) listed some of the main lessons derived from an evaluation conducted by the DBSA in the early 1990s of the FSP:

- The farmer support services had to be accessible and available for all farmers in South Africa.
- The importance of coordinating farmer support services; that is, aligning the public, private, and non-profit sectors to provide farmer support services successfully.
- The sequencing of farmer support services has focused on the specific needs of particular areas and identified groups of farmers.

Providing farmer support services to farmers and land reform beneficiaries remains one of the most important contributions to the agricultural sector. Adequate support would result in rural development, poverty alleviation, commercialisation, food security, unemployment reduction, and income generation of emerging farmers (Khapayi, & Celliers, 2016). Therefore, to develop successful black commercial farmers, farmer support services are of utmost importance. With the necessary farmer support services, developing farmers can make a sufficient contribution to increasing agricultural growth and rural development in South Africa. The influence of the private sector plays an essential role in providing farmer support programmes and the success factors concerning land reform in South Africa (Kleinbooi, 2009: 193).

2.7 INFLUENCE OF THE PRIVATE SECTOR ON LAND REFORM

Contradicting arguments remain regarding the debate around land reform and the role of the private sector. Fundamental disagreement occurs around the objectives, nature, and scale of current post-settlement support to emerging farmers in the agricultural sector. The Centre for Development and Enterprise (CDE) argues the private sector has a significant role to play in effective land redistribution and emerging farmer development. Therefore, the CDE believes the private sector in partnership with the government can implement land reform successfully and sustainably (Kleinbooi, 2009:193).

To implement land reform without eroding business confidence is a challenge that stalls the pace of land reform (Moyo & Mamobolo, 2014). Previously, the business

sector has been primarily opposed to land reform. After widespread land occupations from 2000 onwards in the South African neighbouring country, Zimbabwe, land reform received greater recognition by commercial farmers, private organisations, and agribusiness. Before the 2000 period, the private sector played a negligible role regarding land reform in South Africa. Therefore, it is essential to understand the part of the private sector as offering support that is subject to context and on the kinds of transformation being promoted (Kleinbooï, 2009: 193).

New land reform beneficiaries need innovative support to be able to participate in the agricultural sector successfully. Although the South African government provides some post-settlement support to land reform beneficiaries, it does not significantly contribute to the successful implementation of land reform due to limited financial and institutional capacity. According to Vink (2014), further developmental areas in current government policy include:

- The government is unable to possess some of the best agricultural lands to establish new black farming enterprises.
- The government does not persist in the required facility to mentor, assist, and support black beneficiaries.
- Black beneficiaries are deprived of much-needed capital, as financial institutions are unable to provide a credit against the state-owned land.
- Black beneficiaries are elected randomly without a proper selection criterion, causing prejudice to possible beneficiaries who are genuinely willing and able to farm.

The government has therefore encouraged strategic partnerships with the private sector to increase post-settlement support to emerging farmers in the agricultural industry and to contribute to successful land reform (Kleinbooï, 2009: 194).

2.8 CONCLUSION

In a community and individual sense, land remains a topic that goes beyond its functional scope. Land creates the basis of a community; embedded in the social identity of its owners and former owners (Walker, 2003: 117). Colonialism and apartheid resulted in extremely skewed landownership in South Africa, as white farmers still own most of the agricultural land. The injustices of the past and the

unequal distribution of land necessitated the need for a comprehensive land reform programme (Karriem & Hoskins, 2016).

Land reform continues to be a highly controversial topic in South Africa, and the land reform programme has had limited success (Vink *et al.*, 2012). In both the restitution and the redistribution programme, black beneficiaries did not possess the necessary knowledge and skills to be able to farm on a commercial level. It became evident from the literature that emerging farmers need better farmer support mechanisms to be able to farm successfully. Four major factors have been identified in the literature review to influence successful land reform in South Africa. Entry-level difficulties emerging farmers experience (financial), lack of skills, lack of production rights and appropriate exit strategies are problems hindering effective land reform. The issues identified in the agricultural sector should be adequately addressed (Bradstock, 2005: 18). This goal cannot be achieved by the private sector or the public sector alone – cooperation between the private and the public sector is needed. The achievement of the privately initiated Witzenberg land reform project will be tested against the framework derived from the literature review in this chapter.

In the following chapter, the research design and methodology will be discussed.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

“The time for talking and philosophising must end. Something needs to start happening on the ground. We want to make a difference and we felt we had to start doing something ourselves, as the national debate around land reform was in a cul-de-sac” (Du Toit, in Erasmus, 2015).

Commercial farmer Pieter du Toit and member of the Witzenberg initiative explained in an interview with Erasmus (2015) of the *Farmer’s Weekly* how frustrated farmers were with the lack of land reform. The farmers believed they could contribute significantly to successful land distribution given the opportunity. In the previous chapter, the elements and farmer support mechanisms needed for land reform to be successful in South Africa were recognised and examined in-depth. These factors were used for this research study to determine whether the identified case study (Witzenberg PALS) contained the necessary elements to achieve land reform successfully and sustainably.

Before the data collection process could commence, it was important to establish a well-designed research strategy. In this chapter, the appropriate research design and specified methods used to collect, analyse and interpret the data will be explained. The chapter provides an outline of how the empirical study was conducted with specific attention to the research design and the case study analysis.

3.2 RESEARCH DESIGN

The research process requires a well-established research design. A research design entails the ‘grand plan’ that specifies the method and procedure the researcher followed to collect and analyse the appropriate information (Greener, 2008:38; Zikmund, Babin, Carr & Griffin, 2013: 93). Likewise, Hair, Money, Samouel, and Page (2007: 151) defined a research design as a guideline for the researcher providing direction for selecting an applicable design method. The research strategies and research paradigms used in the study are explained. The primary and secondary research, the case study approach and data collection process are also included.

3.2.1 Research strategies

According to Zikmund & Babin (2010: 62), a distinction is made between exploratory, descriptive, and causal research design methods. Given the nature of this research study, exploratory research was conducted.

Exploratory research is mostly undertaken when little is known about the subject or for clarifying an ambiguous situation (Zikmund & Babin, 2010: 62). Exploratory research is also often used if existing theories do not apply to the situation (Creswell, 2003: 22). Land reform is a recognised topic that attracts much attention in the South African parliament and the media. However, little research has been done on implementing successful land reform and generating lessons for future land reform programmes in South Africa. Therefore, the researcher set out to investigate the opportunities, barriers, and motives related to land reform activities primarily in the Western Cape using exploratory research.

3.2.2 Research paradigms

Researchers can use either a positivistic or a phenomenological research paradigm (Coldwell & Herbst, 2004: 13). A researcher will select a research paradigm according to the nature of the study.

3.2.2.1 A positivistic research paradigm

A positivistic research paradigm adheres to the factual knowledge that is trustworthy and gained through observations. It is classified as the philosophy of knowing (Struwig & Stead, 2007: 4-5). The researcher uses an objective approach that is usually limited to data collection and interpretation, while the research findings are observable and quantifiable (Collins, 2010: 38). A positivistic paradigm is hence associated with quantitative research. Quantitative research requires the use of numerical data to resolve problems and describe data (Coldwell & Herbst, 2004: 13). Because this study used qualitative data, a positivistic research paradigm was not suitable.

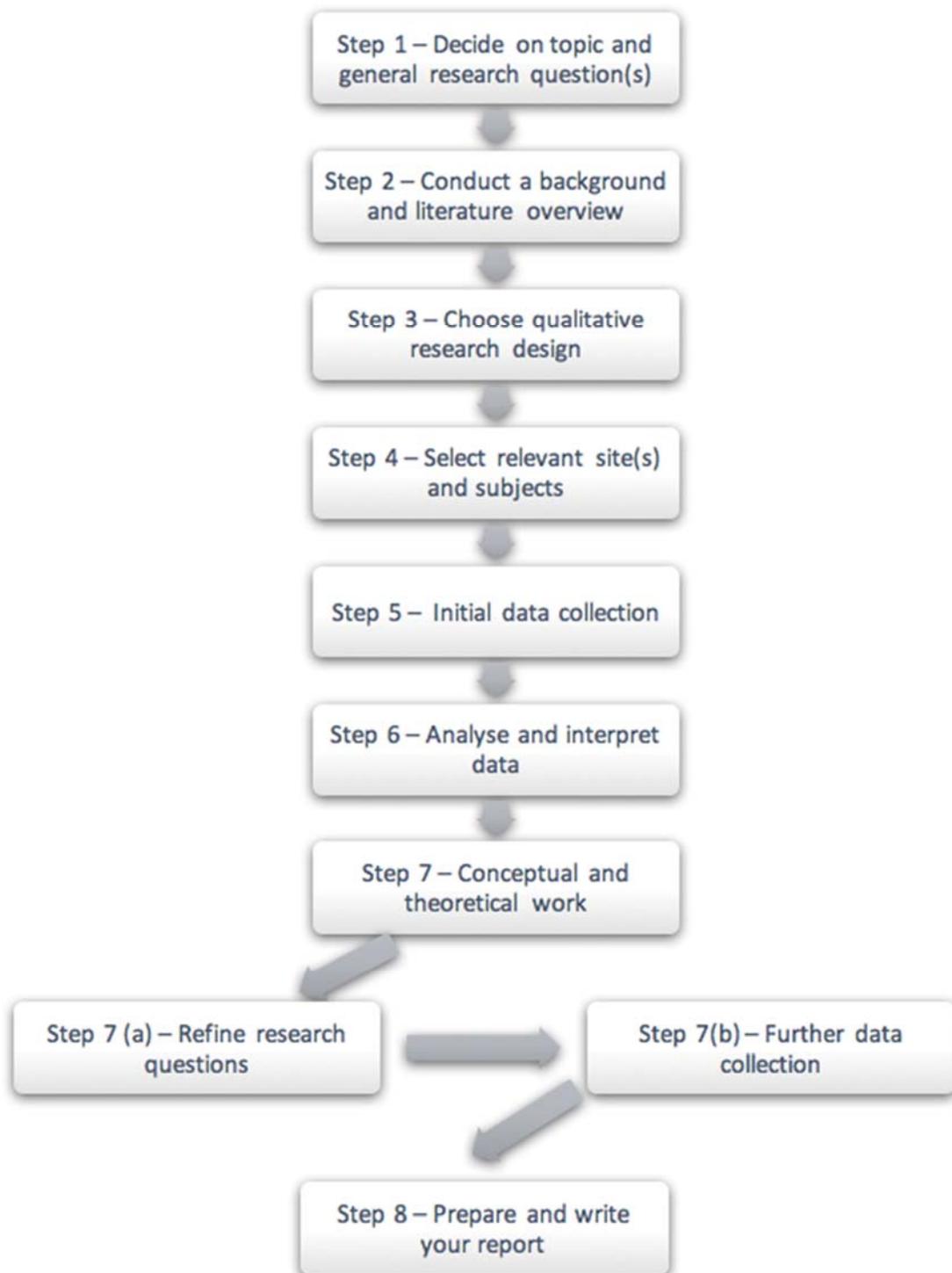
3.2.2.2 A phenomenological paradigm

A phenomenological research paradigm focuses on experiences, events, and occurrences. Words and descriptions are used to define observations with no required

statistical measurement (Struwig & Stead, 2007: 11-16; Zikmund & Babin, 2010: 131, 136). A phenomenological research paradigm is associated with an exploratory research approach and collecting qualitative data (Coldwell & Herbst, 2004: 13; Taylor, 2005). Qualitative research emphasises words rather than quantification in the data collection and data analysis process (Bryman, Bell, Hirschsohn, Dos Santos, Du Toit, Masenge, Van Aardt & Wagner, 2014: 61). Qualitative researchers collect data by studying written documents, making observations and conducting open-ended interviews (Patton, 2005:129). Qualitative research typically centres on “discovering (new) insights” (Zikmund, Babin, Carr & Griffin, 2013: 133). Furthermore, qualitative research is usually associated with an inductive approach as theory is generated throughout the research process. An inductive approach, however, does not prevent the researcher from using existing theory to formulate the research questions.

For this study, qualitative data were collected. Therefore, the selected research paradigm was a phenomenological approach and conclusions were drawn through an inductive approach. The qualitative research method can be described in eight systematic steps (Bryman *et al.*, 2014). Figure 3.1 provides a structured outline of the qualitative research process. Specific steps relevant to the proposed approach of the thesis include:

Figure 3.1: An outline of the main steps in qualitative research



Source: Bryman *et al.* (2014)

3.2.3 Secondary research

A new study conducted by researchers from social science usually start by using secondary data. This approach gives essence to the main argument of the research and assists with evaluating the results of previous researchers in the field (Kumar, 2011: 23; 58).

Secondary data are already in existence and have been previously collected for another purpose than the current study. Since secondary data stem from previously compiled sources at the time of the research study, it is readily available and usually less expensive and time-consuming to collect than primary data (Zikmund & Babin, 2010: 163).

A disadvantage of secondary data is the data were not collected for the specific need of the research study. Therefore, the researcher should carefully evaluate the data to determine the reliability and the applicability regarding the research study that it is used for (Boone & Kurtz, 2012).

Various secondary data sources were employed in this study. Official documents of the Witzenberg initiative were analysed. The literature review was based on journal articles, articles about the Witzenberg PALS initiative, textbooks, and relevant websites. If secondary data did not provide sufficient information to address the research objectives, primary data should be collected (Hair, Celsi, Money, Samouel & Page, 2011: 186). For this study, appropriate secondary data were not available, and it became necessary to collect primary data.

3.2.4 Primary research

Primary data are collected for the first time and have not been published previously (Wiid & Diggins, 2009: 85; Jones & Gratton, 2010: 8). Primary research is conducted if data were collected for the first time for the purpose of a research study to address a specific research question (Blaikie, 2010: 162). Methods such as interviews and questionnaires are used most often for collecting primary data (Kumar, 2011: 26). Interviews with farmers and staff members forming part of the initiative were conducted to collect further evidence. Primary data enable the researcher to answer specific research questions that could not be solved by merely applying secondary information

(Blaikie, 2010: 160). To obtain primary data might be time-consuming and expensive (Wiid & Diggins, 2009: 85; Jones & Gratton, 2010: 8).

Primary research was conducted using a case study approach to provide a comprehensive evaluation of the critical factors needed for successful land reform in South Africa. Primary data were collected by analysing official documents and using semi-structured interviews and direct observations that are discussed in Section 3.2.6.

3.2.5 Case study approach

The developed research questions are better described as research themes, as this research paper follows a case study approach assisting in theory development rather than testing particular hypotheses. The rationale for employing a case study approach is explained in the following section.

A case study approach is regarded as an appropriate mode of research to develop a theory. It facilitates an exploratory and explanatory research mode essential to theory building (Yin, 2003). Yin (1984: 23) defined the case study research method “as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used”. Therefore, case study research can be used as an exploration tool to investigate contemporary real-life phenomena. It is done through a detailed contextual analysis of a limited number of events or conditions and their relationships.

Case study research is regarded as a robust research method when an investigation is required. It, therefore, serves as a mechanism to understand and explore complex issues. The role of case study research becomes relevant when considering community-based problems such as poverty, unemployment and education (Gulsecen & Kubat, 2006; Johnson, 2006).

The process of case study research enables the researcher to go beyond the quantitative statistical results by understanding the behavioural conditions of the actor. A case study as a research method explains both the process and outcome of a phenomenon through complete observation, reconstruction and analysis of the case under investigation (Tellis, 1997).

When a particularly rare phenomenon is being investigated where every case involving the aspect is worth documenting, it justifies a single case study is employed. Further motivation for using a unique case study method is if the case is 'revelatory'. A revelatory example enables a researcher to study a phenomenon that has not previously been investigated, mostly due to a lack of data (Yin, 2003: 42). For this research study, a single case study analysis was employed. There were no other models available concerning the aim of the study, which was to analyse a significant development. When researching about a single case study, the researcher needs to establish whether a single holistic approach or a single embedded approach will be followed. This research study employed a single holistic approach where all aspects of the Witzenberg initiative were analysed, as opposed to an embedded approach where several units of the case are investigated (Yin, 2009: 50).

3.2.6 Data collection

Yin (2009: 102) suggested that multiple sources of evidence should be employed when using a case study as a research method. For the purpose of this study, documentation of the Witzenberg initiative was investigated to determine whether the programme comprises the elements necessary for successful land reform in South Africa. Interviews with farmers registered in the Witzenberg projects, as well as interviews with staff members of the Witzenberg initiative were conducted to collect further evidence. Multiple interviews were conducted with the legal and strategic advisor of the PALS initiative. The interviews were conducted to gain a better sense of how these projects operate. The researcher used the method of direct observations by visiting farms where the Witzenberg initiative model has been implemented.

3.2.7 Theory development

In a statistical sense, it is impossible to generalise derived theories to a broader population. In statistical generalisation, an inference is made about the population based on empirical data collection about a sample from that universe. Analytical generalisation should be employed when conducting case study research. Yin (2009:38) described analytical generalisation as a two-step process. First, the previously developed theory is used as a template to compare the results of the case study. An analytical generalisation can be used when a single case study is being

employed (Yin, 2009: 38-39). It is, however, possible to create models by exploring how matters work and why the outcome is as such, which enables the researcher to make analytical generalisations. Second, models built through case study analysis can be applied to other situations with similar characteristics (Yin, 2013). Case studies can therefore enable a researcher to produce theories of general utility (Eisenhardt & Graebner, 2007).

The Witzenberg initiative is eligible for theory development. The study could also contribute significant information to knowledge and theory development about land reform in South Africa. Second, the Witzenberg initiative represents a unique case, which makes it worth documenting and analysing to contribute to the successful implementation of land reform in South Africa.

3.3 RELIABILITY, VALIDITY AND ETHICAL CONSIDERATIONS

Yin (2003: 42) states that in a case study design, construct reliability and validity are essential. Reliability is defined as being concerned with the accuracy of the research results of a study (Hair *et al.*, 2007: 241; Reddy & Acharyulu, 2008: 203). According to Zikmund and Babin (2010: 335), validity is the accuracy of a measure for an intended concept. Struwig and Stead (2007:136) argue that validity is the degree to which the research design of a study was appropriately managed – the data were analysed and reported accurately. Because official legal documents were analysed in this case, subjective judgement did not play a role; thus, reliability and validity were not a concern. For this study to meet Yin's (2003: 42) test for construct validity, the concept land reform was defined, and the four factors necessary to achieve successful land reform were identified from the literature review.

Research that involves human participants should place a high emphasis on ethical considerations (Orb, Eisenhauer & Wynaden, 2001: 93; Saunders, Lewis & Thornhill, 2007). The Departmental Ethics Screening Committee, a subcommittee of Stellenbosch University's Research Ethics Committee, initially reviewed the research proposal. The ethical risk associated with this specific research was classified as being minimal.

3.4 CONCLUSION

The available literature on land reform provided secondary data used to construct a model for the primary analysis. This chapter described the research design and methodology used in the study. A qualitative research approach was chosen to obtain the required primary data. It was explained why a phenomenological research paradigm was employed. An exploratory research design was selected that enabled the researcher to identify and clarify ambiguous opportunities and barriers facing the land reform process in South Africa. A case study analysis was chosen to execute the research on the Witzenberg PALS initiative. Concluding the chapter, a brief account of the ethical aspects considered for this research study was presented. This research process met the necessary ethical considerations.

In the following chapter, the research findings will be presented.

CHAPTER 4

RESULTS

4.1 INTRODUCTION

“We recognise that South Africa belongs to all who live here, black, white and that our country will only become truly prosperous when all who live here enjoy equal rights and opportunities. We recognise further that all South Africans have not enjoyed equal opportunities to achieve success in the agricultural sector in the past. Accordingly, we seek to address these issues by allowing and empowering black people to become involved in agriculture in a structured and economically sustainable manner” (Van Vuuren, 2018).

The passionate words above are from the legal representative of the Witzenberg PALS initiative. As explained before, the rural areas of the Warm and Koue Bokkeveld and Agter-Witzenberg have been experiencing low economic growth and a high unemployment rate (Erasmus, 2015). The Witzenberg agriproducers, Witzenberg municipality, and the community decided three years ago to introduce the Witzenberg initiative to ensure land reform, job creation and social cohesion (Vink, in Erasmus, 2015). Settling independent and successful black commercial farmers in 10 to 15 years in the agricultural industry was the goal.

The purpose of this study was to examine whether the Witzenberg PALS model met the requirements for land reform to be successful in the agricultural sector. The motivation was to establish whether transformation (as an objective of AgriBEE) in the agricultural sector is possible through the successful implementation of land reform programmes in South Africa.

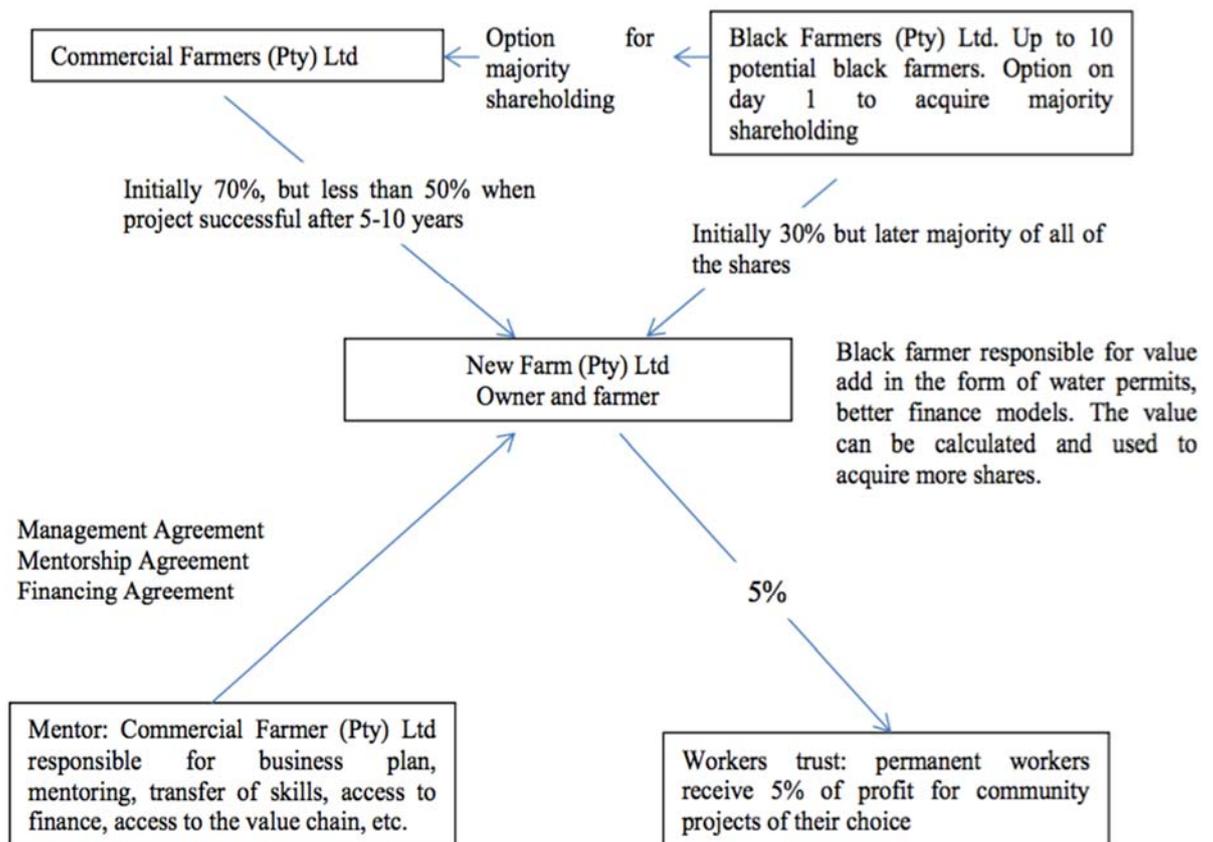
The researcher used a case study analysis to evaluate 13 projects of the initiative to address the research problem. Eleven projects have been implemented fully, and two have not yet been implemented because of technical issues. The biographical details of the information were obtained from the official documentation of the projects. Semi-structured interviews were conducted with the stakeholders and the legal representative of PALS. The information from these interviews was incorporated in the description of the 13 projects in this chapter.

The chapter first provides the generic structure of a PALS project. The 11 implemented and two unfinished projects of the initiative are each categorised into six subsections. The subsets refer to the beneficiaries, project structures, entry-level difficulties, skills development, production rights, and exit strategies. The focus of the investigation is on the four main themes derived from the literature. These aspects, the entry-level difficulties, skills transfer, production rights, and a proper exit strategy concerning each project are discussed in detail followed by further empirical results obtained from the analysis.

4.2 GENERIC STRUCTURE OF THE WITZENBERG PALS PROJECTS

Implementing PALS projects takes place in accordance with the principles of the NDP and lessons learned from previous unsuccessful land reform models. The plans differ from traditional equity share schemes because PALS projects focus on establishing successful individual black farmers instead of large unmanageable groups of beneficiaries (Kriel, 2018). The generic shape of the PALS proposal serves as a guideline to structure each PALS project (see Figure 4.1).

A generic representation of the PALS proposal is illustrated in Figure 4.1 below.

Figure 4.1 The generic shape of the PALS proposal

Source: Vink (2014)

In essence, participating commercial farmers donate a minimum of 30 per cent shares of each farm or project to the beneficiary farmers. The black farmer thus has a veto over all major decisions taken on behalf of the company. On the other hand, as a minority shareholder, the new farmer is indemnified from the debts of the new venture. The difference between this model and the LRAD programme is that the black farmer has the option to obtain the majority or even 100 per cent shareholding.

Large employee groups may benefit from profit sharing through a workers' trust. The workers' trust provides dividends to be spent on community projects chosen by the workers themselves (Kriel, 2018). The business plan for the first 10 years will be based on industry norms and mentoring experience. The mentoring and training programmes are compulsory and monitored by the PALS Centre.

Other aspects of the PALS proposal include priority access to value chains, security of tenure on privately owned land and investment in municipal livestock farms at Nduli and Tulbagh. Community projects such as food gardens at schools and nearby residential areas and housing for farm workers are urgent (Erasmus, 2015).

The Witzenberg PALS initiative invited the government to be an enabling partner. Help is needed for extending irrigation schemes, approving water permits, capital gains tax exemptions; facilitating more affordable loans, approval of expanding the electricity network and BEE recognition (Kriel, 2018). Tax exemptions for donations are already in place. Capital gains tax will be addressed in a new tax bill to be tabled in 2018. Six PALS projects have received new permits over the last three years, but approval of the permits still takes too long (Kriel, 2018).

4.3 IMPLEMENTED PROJECTS OF THE WITZENBERG PALS INITIATIVE

The literature provided evidence that implementation models need to address four major problems in the agricultural sector to establish successful land reform programmes. These four complications include entry difficulties, lack of necessary skills, production rights, and exit strategies. The 11 implemented and two unfinished projects of the Witzenberg PALS were measured against these four obstacles. The results are presented in the next section.

4.3.1 Project 1: Eyehtu Ntaba (Pty) Ltd

Eyehtu Ntaba is the BBBEE farming initiative of the commercial Donkerbos Estate in the Koue Bokkeveld region. The project aims to manage a farming business on the farm Disselfontein through new plantings and to farm profitably. Apples, pears, stone fruit, onions, and potatoes are produced.

4.3.1.1 Beneficiaries of the project

Currently, 13 workers form part of this empowerment transaction. All beneficiaries have been involved in farming before and as such have been recognised for their contribution to the business. Two of the shareholders are production managers, and the other beneficiaries are highly skilled workers who perform specific tasks. One of the recipients was recently appointed as the general manager of Eyehtu Ntaba farm.

4.3.1.2 Structure of the project

Eyehtu Ntaba was the first project implemented by the Witzenberg PALS initiative. A 1068 hectares farm began with 70 per cent ownership by the commercial farmer (Donkerbos Estate) and 30 per cent ownership by the black beneficiary company. An option agreement enables the black beneficiaries to increase the shareholders' percentage to 51 per cent.

The project was started by planting 30 hectares of fruit that increased to 91 hectares. Sixty hectares of onions have also been planted on the farm. The project aims to have 120 hectares of fruit and enough vegetable land for a 4-year crop rotation of 60 hectares in the coming years. Currently, 200 hectares are under irrigation, and cattle add to the fruit and vegetable income.

4.3.1.3 Entry difficulties

The entry-level problem was addressed by a financing contract. The financier (Donkerbos Estate) provided a 30 per cent loan obtained from a commercial bank to the lender. As stipulated in the financing contract, 70 per cent of the dividends/profit will be used to pay off the loan. A lease agreement was also incorporated for the newly established company to hire the land; the amount payable for the lease of the land is used to ensure the instalment on the loan.

4.3.1.4 Skills development

The commercial farmer at Donkerbos Estate operates as a mentor for assistance with management and transfer of skills to the beneficiaries. An ongoing mentoring programme is also stipulated in the mentorship agreement.

4.3.1.5 Production rights

The strategic partnership enables the necessary production rights to exploit operating activities.

Land: the 1068 ha land was acquired through a loan. It is a pilot project that has been operating since 2012. Two hundred hectares are currently under irrigation. The venture can establish a further 50 hectares irrigated land to extend the project to a 250 hectares irrigated unit.

Water: project 1 acquired a permit lifting the existing dam wall. This permit enabled the storage of water for irrigating the further 50 hectares of fruit.

Access to markets: the commercial farmer shares access to markets, branding, and infrastructure with the beneficiaries of the Eyehtu Ntaba farm. The beneficiaries have full access to the commercial farmer's agricultural value chain.

4.3.1.6 Exit strategy

A shareholders' agreement is present to guide the legal aspects of the project as well as the process of transfer/sale of shares. An option agreement (the option to buy) is included. If a conflict arises that cannot be resolved, the Witzenberg PALS Centre will identify a mediator to facilitate the process, and if necessary followed by an arbitrage. This rule is present and signed in all contractual agreements between the parties. A management agreement is also present to structure the agreement legally.

4.3.2 Project 2: La Vouere Stonefruit (Pty) Ltd

La Vouere Stonefruit is the farming initiative of the commercial Verdun Estates. The project aims to establish sustainable and profitable farming enterprises in the Ceres area in the Western Cape, owned and managed by well-trained and successful black farmers. The area is ideally situated for producing high-quality stone fruit for the mid to late season. Verdun Estates have the resources to initiate a project of this scale. The goal is to establish, manage, and put in place the necessary structures and provide sufficient training that would result in a self-sustaining project after at least 12 years.

4.3.2.1 Beneficiaries of the project

The beneficiary, Raymond Koopstad was identified as an emerging farmer who already owned a small farm in the Ceres valley. Although the farming endeavour of the family started well in 2003, challenges such as lack of experience and skills, access to finance, access to markets and other necessary factors caused him to realise his business model was not sustainable.

4.3.2.2 Structure of the project

The land is 100 per cent black-owned by Koopstad and his wife. The operating company, La Vouere Stonefruit has two shareholders, namely 60 per cent ownership by La Vouere (100 per cent owned by the beneficiary and his wife) and 40 per cent ownership by Verdun Estates. The management of Verdun Estates is acting as a mentor and the estate provides packing and marketing facilities. Verdun Estates purchased shares and facilitated finance for the new orchard development.

In the present structure, the focal point is on selecting, training, and mentoring of a motivated and efficient group of black managers. Verdun Estates intend using their experience to improve profitability and the size of the farming business and to support the beneficiary and his wife in their future ventures. Although the company supports the principles and aims of BEE, it has not received official BEE recognition.

4.3.2.3 Entry difficulties

The commercial Verdun Estates eliminated the entry difficulties by purchasing shares. The estate provided the necessary capital for the new orchard development by facilitating the process of becoming eligible for a loan from their commercial bank. This financial arrangement was possible because Verdun Estates is a client in good standing with their commercial bank and facilitated credit to leverage future expansions.

A packaging and marketing agreement is in place. The fruit from the La Vouere Stonefruit orchards will be packaged in the pack houses of Verdun Estates, which will also serve as an agent of the company. The project will benefit from the infrastructure of the commercial farmer. The new company can derive benefits from the administration and finance office, export packing, prepacking, and ripening facilities of Verdun Estates. La Vouere will still be responsible for the packaging costs of its own fruit. By making use of Verdun Estates pack houses and marketing structures, capital expenditure can be limited to the direct input costs of establishing the orchards and purchasing production infrastructure.

4.3.2.4 Skills development

A mentorship programme is in place for five years with the option to extend. Formal mentorship meetings happen regularly as stipulated in the mentorship agreement. The senior management of Verdun Estates has 110 years of combined experience in producing and managing stone fruit. The beneficiary (Koopstad) and his family will receive ongoing appropriate mentorship and training in technical and management skills. Over the years, Verdun Estates has acquired expertise in transferring skills in producing and managing stone fruit.

Adequate skills transfer and ongoing training to all shareholders and employees of La Vouere are present. Financial mentoring, asset management training, related tax training, director development training, and skills transfer, technical assistance, and training on how to implement and expand projects are also present.

The candidates will have the benefit of exposure to excellent management skills in packaging, orchard management, marketing, financial, and business management. The PALS Centre also provides training and monitor milestones and whether agreed goals are realised.

Detailed attention will also be on all other levels of staff training, that is, team leaders, irrigation management, crop protection, tree management, health, and safety.

4.3.2.5 Production rights

The strategic partnership between the beneficiary and the commercial farmer enable production rights.

Land: the beneficiary owns the land of 150 hectares; therefore, production rights are in order regarding land. A second neighbouring farm was recently purchased to acquire more water rights.

Water: the farm has water rights for 30 hectares land. Additional water rights were necessary for further development. La Vouere bought the neighbouring farm with 40 hectares of water rights. The water rights are utilised, and the newly acquired farm is leased to a third party. The access to water is sufficient to store enough water to irrigate 80 hectares of fruit.

Access to markets: the commercial Verdun Estates is a supplier to and a shareholder in Stems Fruit (Pty) Ltd. This relationship gives them access to programmes in the UK, EU, North America, the Middle East, and the Far East. Verdun is also one of the leading stone fruit suppliers to Woolworths as well as having a well-established brand on the local market. A marketing agreement between Verdun Estates and La Vouere Stonefruit is present for eight years (after that, seven years renewable). Verdun Estates will provide La Vouere with the appropriate knowledge and systems to pass global fruit safety requirements.

The new company also benefits from the access to the at least eight world-leading varieties and stone fruit breeding programmes. These benefits and access to markets take place on a subcontract basis.

4.3.2.6 Exit strategy

In the shareholders' agreement of La Vouere Stonefruit, Verdun Estates, and La Vouere an applicable exit clause is incorporated. It provides for the right of first refusal and an option to the beneficiary to acquire all the shares. If a conflict arises that cannot be resolved, the Witzenberg PALS Mediation and Arbitration Centre will identify a mediator to facilitate the process and if necessary, followed by arbitration. This regulation is present and signed in all contractual agreements between the parties.

4.3.3 Project 3: Bestwill Farming (Pty) Ltd

The Bestwill Farming project is the initiative of the commercial JW van Wyk Farming enterprise. The purpose is to set up a sustainable and profitable farming enterprise in the Ceres area, owned and managed by well-trained and successful black farmers. The target is to establish six properly trained black farmers successfully on a separate farm of 500 hectares adjacent to the current business units. Through proper mentoring and training programmes, the project intends to ensure the success and sustainability of these new landowners and assist them in establishing an independent, well managed, and profitable farming enterprise.

The area is ideally suited to producing fruit, grapes, wheat, and vegetables. JW van Wyk Farming is in the position to make available land, farming equipment, and infrastructure to assist in establishing and running the enterprise for at least ten years

until the project has a proven record of accomplishment and can continue independently.

With the assistance of JW van Wyk Farming, the project estimates a current cost of R190 000 per hectare to establish the table grape development. Should grant funding becomes available to the new company, the yearly planting and establishing of orchards can be expedited.

4.3.3.1 Beneficiaries of the project

Six selected black farmers are beneficiaries of the project. The criteria used for the selection procedure were the commercial producer's prerogative but agreed on with employees. The PALS Centre plays an advisory and support role to ensure smooth selection processes.

4.3.3.2 Structure of the project

At the conclusion of the project, the black employees of commercial JW van Wyk Farming will hold 100 per cent ownership in Tierkloof Investments. Initially, commercial JW van Wyk Farming will hold 70 per cent, and black-owned Tierkloof Investments will have 30 per cent of the shares. As soon as finance has been approved, the shares of the black-owned Tierkloof Investments will increase to 51 per cent.

4.3.3.3 Entry difficulties

Entry-level difficulties were overcome by using a loan agreement. The commercial JW van Wyk Farming lent 30 per cent of the operating cost to the receiver Bestwill Farming. By making use of the JW van Wyk Farming pack houses and marketing structures, capital expenditures can be limited directly to input costs of establishing the orchards, land and setting up the water supply.

4.3.3.4 Skills development

Commercial JW van Wyk Farming will undertake a mentorship and training programme over the next 10 years to ensure the successful establishment of the six black farmers on the land. Courses are presented regarding farm management, crop production, financial management, staff, and human resources management. The same financial controls and procedures are implemented in the new company as those

that operate in JW van Wyk Farming. The new farmers will receive continuous management guidance and infrastructure support.

4.3.3.5 Production rights

The partnership between the beneficiaries and the commercial farmer enables the necessary production rights.

Land: Bestwill farm, consisting of 500 hectares in the Ceres area, was bought and transferred to the newly established company. Approximately 100 hectares of this land is suitable for growing fruit and orchards can be established on that with great potential. The farm will be developed with 50 hectares of table grapes, which will be done in phases from 2018–2022.

The balance of 550 hectares is to be used for accommodation, wheat production, and grazing of animals.

Water: to successfully farm in this area, it is imperative to have a reliable and stable source of water. The project estimates a minimum requirement of 650 000 m³ water per year will be needed. Water is available in the area, and the dam on Swaarmoed will be used to store the water. The necessary agreements and servitude with commercial farmer JW van Wyk are in place.

Access to markets: commercial JW van Wyk Farming will provide services to the project at a discounted rate. The services include fruit pack house to pack the fruit, refrigeration facilities to store fruit, equipment to harvest lucerne, and fruit. Also, JW van Wyk Farming can ensure proper marketing and distribution of the products at the best rates.

4.3.3.6 Exit strategy

The shareholders' agreement provides for related exit strategies. Further technicalities are incorporated in the lease agreement, management agreement, option agreement, and loan agreement should one party want to exit the project. If a conflict arises that cannot be resolved, the Witzenberg PALS Mediation and Arbitration Centre will identify a mediator to facilitate the process and if necessary, followed by arbitration. This rule is present and signed in all contractual agreements between the parties.

4.3.4 Project 4: Dasberg Farming (Pty) Ltd

Dasberg Farming is a substantial farming project on nine farms and the initiative of the commercial SW Viljoen Farming Group. The project aims to enable previously disadvantaged individuals who are part of the SW Viljoen Farming Group to develop through knowledge, skills, and experience to become commercial farmers and landowners. The project further aims to uplift other members of the farming community in the process. The project intends to encourage development and create job opportunities in the community where unemployment is a major problem. The collaboration between Dasberg Farming and SW Viljoen Farming provides 200 job opportunities a day for six months, 80 job opportunities for two months and 20 permanent appointments.

4.3.4.1 Beneficiaries of the project

The three black beneficiaries of Kipara Farming were previously employees of SW Viljoen Farming. They were selected through a fair and transparent application process. Candidates had the chance to apply, and management of SW Viljoen Farming and external evaluators held interviews.

4.3.4.2 Structure of the project

The 51 per cent black-owned Dasberg Farming owns a 600 hectares farm in the Riviersonderend area. The commercial farmer leases his nine other farming units comprising 3500 hectares for five years to Dasberg Farming. Dasberg Farming is 49 per cent owned by SW Viljoen Farming, and 51 per cent by a black-owned company (Kipara Farming). Three black beneficiaries own 80 per cent, and the SW Viljoen Farming Workers Trust own 30 per cent.

Kipara Farming has the option to increase its 51 per cent share in Dasberg Farming to 100 per cent. The black-owned company, Kipara Farming is responsible for 30 per cent of external funding. The external funding will be supplied by the Jobs Fund that indicated a grant of R40 million to the project had been approved. Jobs Fund was established in 2011 as part of National Treasury to create jobs. Applications from companies and non-governmental organisations with innovative job creation projects are considered.

4.3.4.3 Entry difficulties

The Dasberg project addressed the entry problem by transferring one farm and leasing the entire farming entity from the partnering commercial farmer. Jobs Fund indicated a willingness to allocate a grant of R40 million to the project if the required water permit is approved. The water licence for the new farm of Dasberg was obtained in September 2018 and construction of a storage dam and orchard development is already in the advanced phase. The Jobs Fund grant will enable expediting developing 100 hectares of citrus trees. Capital required for further expansions and necessary operating activities is financed through a loan acquired by the commercial farmer from his commercial bank. The new company will be able to make use of existing equipment, machinery, and infrastructure.

4.3.4.4 Skills development

According to the mentorship agreement, the management of the SW Viljoen Farming will mainly be responsible for mentorship and training of new beneficiaries. The goal is to transfer the necessary skills to new black farmers. Professionals in the industry will collaborate with them to provide mentoring and training. Agribusinesses Sentraal-Suid Koöporasie (SSK) and NWK will in compliance with SW Viljoen Farming schedule and conduct necessary training course. Specific attention will be given to the agricultural sector, transportation, production management, and financial management. The beneficiaries already successfully passed the PALS New Venture Creation Course in 2017.

4.3.4.5 Production rights

Land: obtaining the lease agreement enabled the use of land and the right to produce. A leasing agreement further stipulates the operating arrangement. Through enabling the leasing agreement, existing support mechanisms incorporated in the farming entity are automatically available to the newly established company.

Water: SW Viljoen Farming carries the servitude of 40 hectares of water out of the Eksteenskloof over to Dasberg Farming for citrus development. Dasberg Farming applied for additional winter water rights from Eksteenskloof as well as a dam permit

for storing the water accumulated in winter. The water licence was issued in September 2018 that enables irrigating 100 hectares of citrus.

Access to markets: market access is addressed in the lease agreement between the parties, where access to existing markets is made available to the project.

4.3.4.6 Exit strategy

A shareholders' agreement is present to guide the legal aspects of the project and to guide the process of transfer/sale of shares as an appropriate exit strategy. An option agreement is present that enables the emerging farmer to buy the majority or all shares in the company. If a conflict arises that cannot be resolved, the Witzenberg PALS Mediation and Arbitration Centre will appoint a mediator for facilitating the process, and if necessary, an arbiter will be appointed. This rule is present and signed in all contractual agreements between the two parties.

4.3.5 Project 5: Koraanhoogte Farming (Pty) Ltd

Koraanhoogte Farming is a unique and innovative land reform project in the Robertson area. It forms part of Eilandia Plase regarding the Witzenberg PALS initiative. The project was conceptualised in order to recognise and give effect to successful land reform, empowering previously disadvantaged people, creating jobs, economic growth, and establishing skilful commercial black farmers.

The project aims to confront the socio-economic realities faced by black people in society and to empower these people, their future generations, and the broader community in which the commercial Eilandia Plase operates. The project further intends to support previously disadvantaged people, to establish black commercial farmers in line with the principles of the PALS framework and to create additional job opportunities in the agricultural sector. Project 5 creates 740 seasonal equivalent jobs and 125 permanent jobs.

The project entails a donation of land by the commercial farmer to a 100 per cent black-owned company where after the parties will jointly develop the land into a citrus and grape farm.

4.3.5.1 Beneficiaries of the project

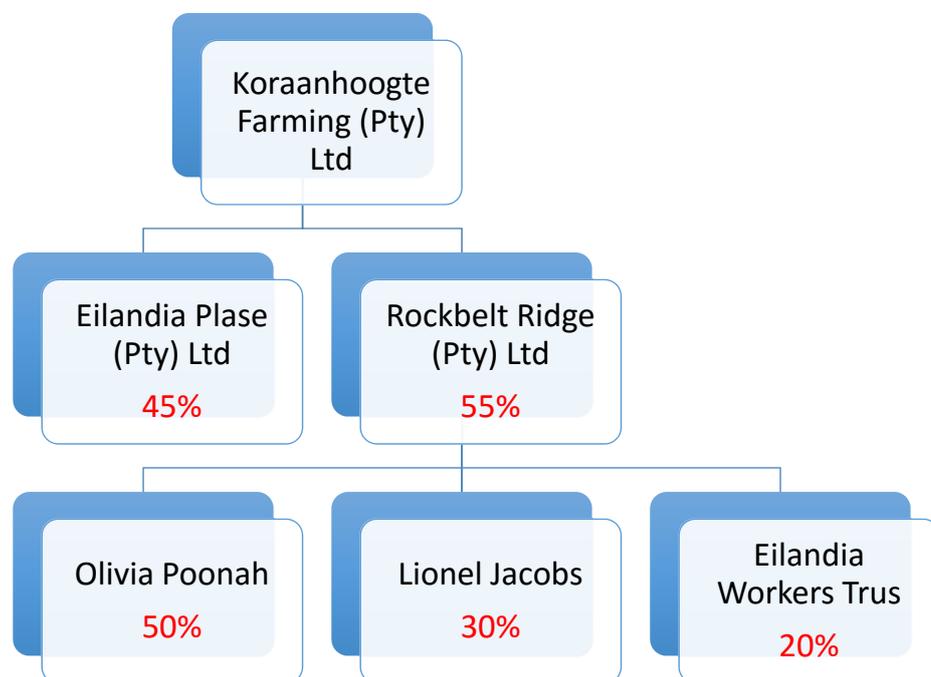
The shareholders of Rockbelt Ridge, the established 100 per cent black-owned company, consist of Poonah (50%), Jacobs (30%), and the Eilandia Workers' Trust (20%).

Poonah has a wealth of experience in the wine industry. She obtained her B.Agric degree at Stellenbosch University and a diploma at Cape Winelands Academy. Poonah completed an MBA degree at the Stellenbosch University and the Cape Wine Masters qualification at the Cape Wine Academy. Poonah is also the secretary of the Wine and Spirits Board and was previously a winemaker at the Robertson Winery and the Nelson Wine Estate.

Jacobs is a veteran entrepreneur with a wealth of experience in the wine industry. He has a BCom, an MBA, and has specialised in black economic empowerment transactions over the past 25 years. Jacobs serves as chairperson on various boards of directors, including Bidvest Foods and Perdeberg Wines. He previously served as a director on, among other, Bidvest Bank Ltd and African Merchant Bank Ltd.

The Eilandia Workers' Trust beneficiaries are the permanent black workers of Eilandia Plase. The dividends paid by Rockbelt Ridge to the workers' trust as a shareholder will be used to improve the socio-economic position of the employees and enhance the human capital. Educational bursaries and several social development initiatives will do this.

4.3.5.2 Structure of the project

Figure 4.2: Structure of the Koraanhoogte Farming project

Eilandia Plase is a successful farming business that produces high-quality wine grapes, deciduous fruit, vegetables, and breeds cattle. The farming activities are conducted on three production units:

The land will be subdivided into three portions according to the proposed subdivision plan. Portion A is approximately 567 hectares in extent and will be donated to the 100 per cent black-owned company Rockbelt Ridge once the property has been subdivided and the minimum water rights for cultivating fruit, citrus and suited crops have been acquired. Rockbelt Ridge will as 100 per cent black-owned company own the land and lease it to the operating company Korhaanhoogte Eiendomme. Rockbelt Ridge will be the 55 per cent majority shareholder in Korhaanhoogte Eiendomme.

A notarial lease agreement between Rockbelt Ridge and Korhaanhoogte Eiendomme for 30 years and a management agreement between Korhaanhoogte Eiendomme and Eilandia Plase will ensure the success of the project. Eilandia Plase as a shareholder in Korhaanhoogte Eiendomme represents 26 years of experience in wine grapes, deciduous fruit, vegetables, and agricultural management. The management of Korhaanhoogte Eiendomme plans to plant and develop table and wine grapes as well

as citrus orchards on approximately 300 hectares, which will result in a substantial number of permanent jobs being created.

4.3.5.3 Entry difficulties

Project 5 addressed the entry problem through a donation agreement. Commercial Eilandia Plase donated 567 hectares of land to establish Korhaanhoogte Eiendomme. Eilandia Plase finance the administration and legal fees, business plan, and documentation of the project, application for water and financing for subdividing the donated part of the land. Rockbelt Ridge can acquire finance.

Mechau Viljoen Trust will donate approximately R2,1 million to Korhaanhoogte Eiendomme, and Eilandia Group will make themselves available to support the project and give it a chance on success.

4.3.5.4 Skills development

An ongoing mentorship programme is present. Eilandia offers the project years of experience, knowledge, and access to markets, in order to give the emerging farmers the best possible chance to manage a successful farming entity.

To ensure transfer of necessary skills to the black beneficiaries, Eilandia will mentor the shareholders and directors of Rockbelt Ridge on production and overall management of an agricultural business.

4.3.5.5 Production rights

The nature of the project and the strategic partnership enables production rights as follows.

Land: land is acquired for implementation purpose of the project through a donation agreement that enables the right to produce on land

Water: implementing the project is subject to the approval of the application for water for 300 hectares during summer and water for 200 hectares in winter. Water is also needed for part 2 Koraanhoogte and water for 90 hectares in winter for part 1 of Koraanhoogte from the Brandvlei Water Scheme and consent for erecting a dam for storage of water.

Rockbelt Ridge can acquire extra water rights. Eilandia Farms will give Rockbelt Ridge access to purchase producing rights for wine grapes at Robertson Winery.

The Departments of Water and Sanitation, Agriculture and the irrigation boards have already decided in principle that extra irrigation water resulting from upgrading the Brandvlei Dam should be allocated for land reform projects.

Access to markets: all market access acquired by Korhaanhoogte Eiendome will also be available for the products of Eilandia Plase. A marketing agreement between the parties is also present. All processing facilities established by Koraanhoogte, will also be available to Eilandia Plase and related companies for processing and/ or packing of their products.

4.3.5.6 Exit strategy

The shareholder's agreement includes a management agreement, option agreement, notarial lease agreement and a purchase agreement is present and will regulate the process if either one of the parties wishes to exit the project. If a conflict arises that cannot be resolved, the Witzenberg PALS Mediation and Arbitration Centre will identify a mediator to facilitate the process and if necessary, followed by arbitration. This rule is present and signed in all contractual agreements between the parties.

4.3.6 Project 6: Thembelithsa Farming (Pty) Ltd

Thembelithsa Farming is the farming initiative of commercial Elandsrivier Farming. The company was registered with the aim to launch a black economic empowerment farming project based on the Witzenberg PALS framework. The object and principal business of the company will therefore be to operate as a black empowered business on among others, the 228 hectares' farm, Daytona, Ceres, as well as related investment activities in the agricultural sector. Project 6 is 51 per cent black-owned and is in operation planting garlic. The project has vast expansion potential that will create additional job opportunities.

4.3.6.1 Beneficiaries of the project

The beneficiaries of the project are black cattle farmers of Nduli previously selected by DRDCR as beneficiaries but then decided they prefer the PALS option. The eleven

beneficiaries (Yisa, Jeke, Kalo, Tinta, Ngwane, Nkamana, Mbangula, Nkwenya, Nyhadu, Mqungquthu and Thyobeka) were all small cattle farmers. They were the farmers who initially complained to the minister, as they had to farm cattle without the necessary land.

4.3.6.2 Structure of the project

Project 6 is 51 per cent owned by Daytona Farming and 49 per cent owned by Elandsrivier Farming. The commercial farmer of Elandsrivier Farming is the strategic partner and mentor.

4.3.6.3 Entry difficulties

Each shareholder providing a proportional amount regarding an approved business plan will contribute to the initial capital. Leasing agreement, management agreement and a packaging agreement are present.

4.3.6.4 Skills development

The mentorship agreement ensures adequate skills transfer and training to all shareholders, assistance with financial management, control, and decision-making. The beneficiaries receive assistance with financial analysis, asset management, technical assistance, and support with operating activities. The support mentioned above will ensure sustainable farming for the future. The strategic partner (commercial farming entity Elandsrivier Farming) provides the described assistance.

4.3.6.5 Production rights

Land: land acquired by the shareholders enable the beneficiaries to use the land.

Water: the farm has existing water rights.

Access to markets: access to markets is also provided by a marketing agreement that is facilitated by the participating commercial farming entity.

4.3.6.6 Exit strategy

A shareholders' agreement is present with a stipulated exit clause should anyone wish to leave the project. If a conflict arises that cannot be resolved, the Witzenberg PALS

Mediation and Arbitration Centre will identify a mediator to facilitate the process and if necessary, followed by arbitration. This rule is present and signed in all contractual agreements between all parties.

4.3.7. Project 7: Kaja Farming (Pty) Ltd

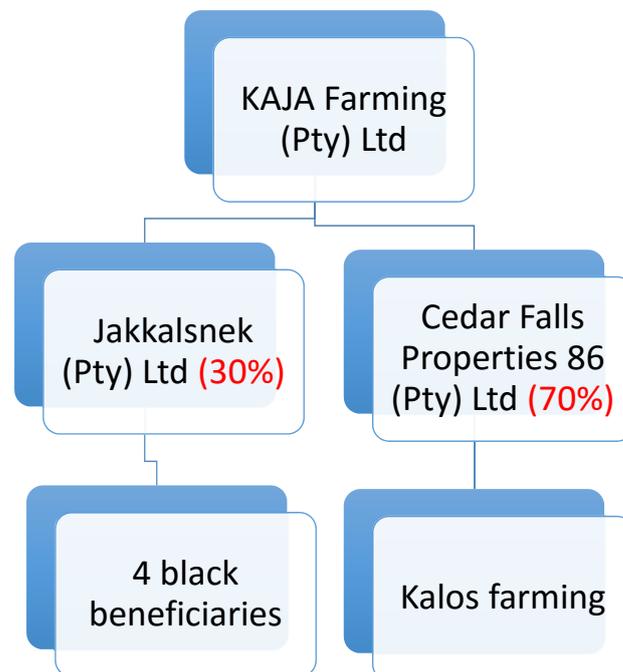
Kaja Farming is the initiative of Kalos Farming (through Cedar Falls Properties 86) in the Ceres region. The project aims to establish successful black commercial farmers in the Witzenberg area producing stem fruit on 60 hectares of land.

4.3.7.1 Beneficiaries of the project

In total, 33 women currently participate in this project. This project will empower 95 farm and warehouse workers in an enterprise with their current employers.

4.3.7.2 Structure of the project

Figure 4.3: Structure of the Kaja Farming project



For this project, Kaja Farming, with shareholding by Jakkalsnek (30%) and Cedar Falls Properties 86 (70%) will be the registered owners of the farm.

As part of commercial Kalos Farming, Properties 86 own 70 per cent of Kaja Farming. The Kalos Workers Trust consists of Kalos Farming's permanent workers. The Employer Trust will receive 5 per cent profit annually from KAJA Farming.

The commercial entity Kalos Farming will contribute further working capital until the company has been boosted.

4.3.7.3 Entry difficulties

The commercial entity Kalos Farming will subdivide the existing farm and donate land (63 ha) for this project.

4.3.7.4 Skills development

A mentorship agreement is present to ensure assistance with asset management, financial management, and assistance with interpretation of financial statements, general training, and mentorship.

4.3.7.5 Production rights

Production rights are enabled through the partnership between the commercial farming entity and the black beneficiaries.

Land: donated land enables the beneficiaries to use the land for production.

Water: project 7 bought additional water rights and acquired a licence to build a dam.

Access to markets: all marketable fruit of Kaja Farming will be packed in the warehouse of commercial Kalos Farming. The management of Kalos Farming will play an integral role in marketing the fruit.

4.3.7.6 Exit strategy

There is a shareholders' agreement with dispute resolution in place. The contract includes aspects such as donation, an asset for share agreement, option contract, water agreement, management agreement, and a leasing agreement to facilitate the exit procedure. If a conflict arises that cannot be resolved, the Witzenberg PALS Mediation and Arbitration Centre will identify a mediator to facilitate the process and if

necessary, followed by arbitration. This rule is present and signed in all contractual agreements between the parties.

4.3.8 Project 8: Morceaux (Pty) Ltd

Project 8 was an already established LRAD project registered as a trust. The project has undergone restructuring; the trustees were paid for their shares, and a new company was established.

4.3.8.1 Beneficiaries of the project

The beneficiaries of the Morceaux operation are the 137 employees of the commercial farmer Arbolane Estates.

4.3.8.2 Structure of the project

This project consists of a farming company with 60 per cent of the shares held by a black-owned company and 40 per cent by the commercial farmer. An employees' trust holds 100 per cent of the shares in the black-owned company. This project is expanding the previous Morceaux operation, which started in 2003 as a black-owned enterprise.

4.3.8.3 Entry difficulties

The donation of land by the commercial farmer and further restructuring addressed the entry problem.

4.3.8.4 Skills development

According to the mentorship agreement, beneficiaries receive training from the accredited Koue Bokkeveld training centre.

4.3.8.5 Production rights

Land: access to land is acquired through the already established LRAD project.

Water: the project receives 530 000 m³ water a year from the Koekedouw irrigation scheme that is stored in a large storage dam.

Access to markets: the beneficiaries have full access to the commercial farmer's agricultural value chain (markets, branding, and infrastructure).

4.3.8.6 Exit strategy

A shareholders' agreement is present that stipulate the exit clause. Should a conflict arise that cannot be resolved, the Witzenberg PALS Mediation and Arbitration Centre will identify a mediator to facilitate the process and if necessary, followed by arbitration. This rule is present and signed in all contractual agreements between the parties.

4.3.9 Project 9: TSR Farming (Pty) Ltd

TSR Farming is the initiative of the commercial entity Howbill Farming in the Koue Bokkeveld. The project aims to establish a sustainable and profitable farming enterprise on the farm Kleinvele in the Witzenberg area of South Africa, owned and managed by well-trained and successful black farmers.

The area is ideally situated for producing apples, pears, and onions as well as grazing and producing fodder. The commercial farming entity, Howbill Farming is in the position to make available land, farming equipment and infrastructure for establishing and running of such an enterprise throughout at least 15 years until the project has a proven record of accomplishment and can continue independently. The aim of the project over the next 15 years is therefore to set up a working partnership with emerging farmer Theodore van Rooyen and to establish him as a successful fruit farmer on the farm Kleinvele, Witzenberg municipality.

Although Van Rooyen already farms on a small scale, the project intends to assist him in becoming an independent and profitable fruit farmer, creating jobs and opportunities for workers and other black people as well.

4.3.9.1 Beneficiaries of the project

Theo and Susanna van Rooyen (TSR Farming (Pty) Ltd. Van Rooyen previously occupied a management position in other farming enterprises of the commercial farmer and was thus a suitable beneficiary.

4.3.9.2 Structure of the project

The farm comprises 295 hectares in the Koue Bokkeveld. Five hectares of pears have been planted already. The commercial farmer purchased the farm. TSR has the majority share of 51 per cent, and the commercial farmer (Howbill Farming) has a minority share of 49 per cent. The black beneficiary leases another farm to accommodate his needs for his sheep farming business.

At concluding the project, the aim is to have 15 per cent ownership in a workers trust (exclusively for black workers in the employment of Howbill Farming), 65 per cent ownership to TSR, and 20 per cent ownership to Howbill Farming. The Howbill farmer acts as a mentor and lending assistance in packing and marketing of produce.

4.3.9.3 Entry difficulties

Project 9 addressed the entry problem through a loan agreement to acquire the land; a lease agreement and a packaging agreement are present.

4.3.9.4 Skills development

Howbill Farming will undertake a mentorship programme over the next 15 years to ensure successful establishment of Van Rooyen on the land. The programme will entail partly employing Van Rooyen in Howbill Farming for a training period of at least three years. The programme will include courses for potential candidates and evaluate the outcome in farm management, crop production, financial management and decision-making and staff management. Adequate skills transfer and training will happen on an ongoing basis. Howbill Farming will also supply management support and employee management to TSR Farming.

4.3.9.5 Production rights

Land: project 9 enable production rights through obtaining land by a loan agreement. By making use of Howbill's pack house and marketing structures, capital expenditures can be limited to direct input costs of establishing the orchards and lands and setting up the water supply.

Water: the farm has a right of use of water from the Houdenbek River, but it will be imperative to build a dam in the mountain holding at least 1 000 000m³ of water. A

reliable and stable source of water is needed to farm in the area successfully. It is estimated the project will require a minimum of 600 000m³ of water per year.

Howbill Farming is prepared to supply water for the first two years of the project from the water supply on the farm De Hoek. During this time, a dam can be built in the mountain to ensure expanding the project and a continued and stable source of water.

To be able to accomplish the water improvements mentioned above the project would need:

- permission from the Department of Water Affairs to withdraw water from the overflow of De Hoek Dam;
- permission from the Department of Water Affairs to build a new dam in the property with a holding capacity of 1 000 000 m³
- permission to build a water pipeline from De Hoek to Kleinvlei.

Access to markets: market access is enabled through the strategic partnership between TSR Farming and Howbill Farming. The beneficiaries have full access to the commercial farmer's agricultural value chain.

4.3.9.6 Exit strategy

A shareholders' agreement is present that stipulate the exit procedure; an option agreement is also included that enables TSR Farming to become the majority shareholder. If a conflict arises that cannot be resolved, the Witzenberg PALS Mediation and Arbitration Centre will identify a mediator to facilitate the process and if necessary, followed by arbitration. This rule is present and signed in all contractual agreements between the parties.

4.3.10 Project 10: VDM Mpho (Pty) Ltd

VDM Mpho is the initiative of commercial farmer Van der Merwe. Project 10 is a partnership between the commercial farmer and the company Abel en Galant. Farmworkers previously employed by Van der Merwe own the enterprise Abel en Galant. Project 10 aims to use available fund towards social uplifting projects for the benefit of the beneficiaries, or generating funds in any other meaningful manner with the aim of social and economic empowerment of beneficiaries.

4.3.10.1 Beneficiaries of the project

Four employees of the commercial farmer became beneficiaries of the Abel en Galant new company.

4.3.10.2 Structure of the project

VDM Mpho is currently structured on a 70:30 partnership basis between Van der Merwe and his farm workers' company. As soon as the contract is finalised, 30 per cent of the shareholding will be transferred to be a black farm worker company, Abel en Galant. After that, regarding the option, a further 40 per cent can be transferred to Abel en Galant.

4.3.10.3 Entry difficulties

Project 10 overcame entry difficulties by a donation agreement. For this project, the developer created an inter vivos trust. The aim was to allow the beneficiaries of the trust, namely the permanent employees of Koppies Hoogte Farming, VDM Mpho, Abel and Galant and subsidiaries or related companies to benefit from the acquisition, management, and distribution of funds

4.3.10.4 Skills development

A mentorship programme has been established where the commercial farmer operates as the mentor to transfer skills and monitor progress. Beneficiaries also receive training from the accredited Koue Bokkeveld training centre.

4.3.10.5 Production rights

Project 10 has the necessary land, water, and production rights.

Land: land is acquired through a donation of shares agreement and enables production rights on the land

Water: the project receives 99 244 m³ fresh mountain water from the Platberg Irrigation Scheme, ten days a month.

The project requires additional water for 50 hectares. The project is currently registered for 40 hectares of water rights and needs an extra 10 hectares of water rights.

Access to markets: the beneficiaries have full access to the commercial farmer's agricultural value chain.

4.3.10.6 Exit strategy

A shareholders' agreement, lease and management agreement are present and stipulate an exit procedure. If a conflict arises that cannot be resolved, the Witzenberg PALS Mediation and Arbitration Centre will identify a mediator to facilitate the process and if necessary, followed by arbitration. This rule is present and signed in all contractual agreements between the parties.

4.3.11 Project 11: Leeurivier Farming (Pty) Ltd

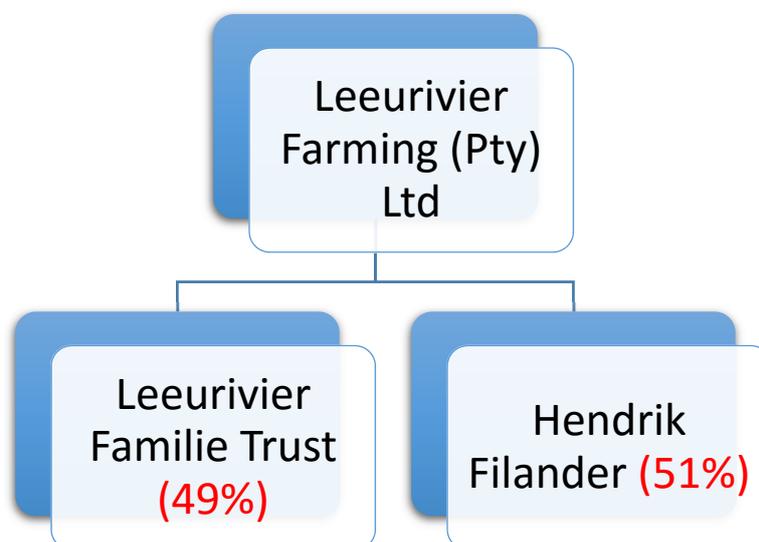
The Leeurivier Farming project is the initiative of the commercial entity the Leeurivier Familie Trust. The project aims to set up a black empowerment project in line with the guidelines of the Witzenberg PALS initiative.

4.3.11.1 Beneficiaries of the project

The beneficiary of the new project, Leeurivier Farming, is Hendrik Filander who previously filled a managerial position at the commercial farming entity. However, his selection was by transparent and objective criteria.

4.3.11.2 Structure of the project

Figure 4.4: Structure of the Leeurivier Farming project



4.3.11.3 Entry difficulties

A loan agreement is in place stipulating the lenders' agreement about the required capital to enable operating Project 11. A management arrangement and marketing arrangement is also present to guide the entry process of the project.

4.3.11.4 Skills development

A mentorship agreement is included in the document. According to this agreement, adequate skills transfer and training to all shareholders, assistance with financial management, control, and decision-making will be provided as stipulated in the mentorship agreement. Assistance with financial analysis, asset management, and further technical aid is also included. Continuous support with operating activities will also be provided. The mentor will regularly visit the mentee for help and guidance.

4.3.11.5 Production rights

Land: land was obtained through a loan that enabled production rights thereon.

Water: water is still a hindrance to implementing the project successfully.

Access to markets: a marketing agreement is present that permit the commercial farmer to market the products produced by Project 11. Shared access to markets,

branding, and infrastructure of the mentor will be available. The beneficiaries have full access to the commercial farmer's agricultural value chain.

4.3.11.6 Exit strategy

A shareholders' agreement is present to guide the exit procedure legally. Should a conflict arise that cannot be resolved, the Witzenberg PALS the initiative will identify a mediator to facilitate the process, and if necessary followed by an arbitration. This rule is present and signed in all contractual agreements between two parties.

4.3.12 Project 12: Bambisane Farming (Pty) Ltd

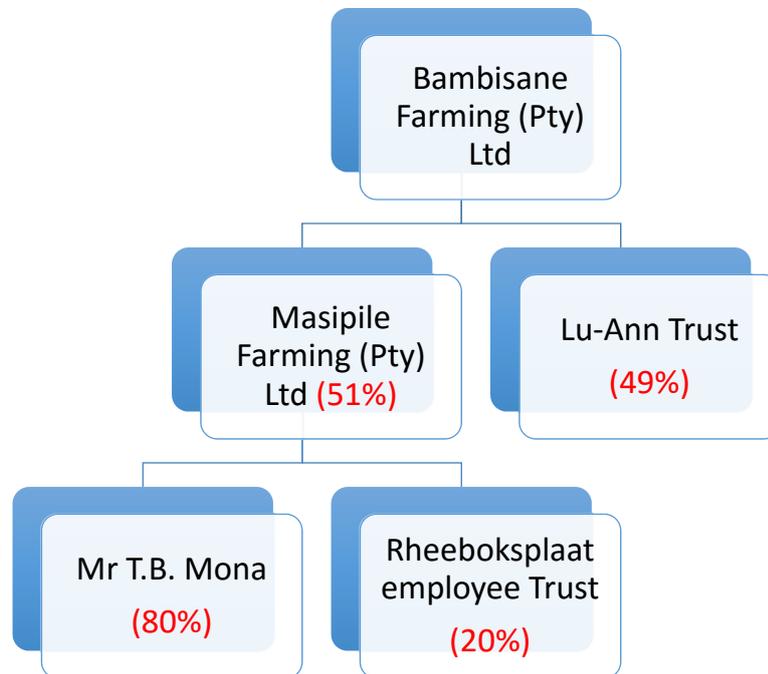
Bambisane Farming is the initiative of the Lu-Ann Trust representing the commercial farmer's operating company. The roughly 1000 hectares' project aims to establish successful black commercial farmers and to benefit the employees who work the land. A diversified farming business is conducted on the property including livestock (cattle and sheep) and expanding the existing fruit orchards on the farm. This project has not been implemented fully due to subdivision problems that hinder the implementation process and disable production rights.

4.3.12.1 Beneficiaries of the project

The beneficiary (Mona) was selected because of his leadership and organisational skills. He has previously managed farmworker teams as well.

4.3.12.2 Structure of the project

Figure 4.5: Structure of the Bambisane Farming project



4.3.12.3 Entry difficulties

Project 12 addresses the entry problem of acquiring financial support to be able to participate in a land reform project such as this through a financing arrangement (with a lenders agreement). Lu-Ann Trust operates as the financier to Masiphile Family Farming to be able to buy 51 per cent of the shares in Bambisane Farming. Furthermore, a lease and management arrangement is present to structure the process.

4.3.12.4 Skills development

A mentorship agreement is present. Beneficiaries receive training from the accredited Koue Bokkeveld training centre, PALS Centre and selected service providers.

4.3.12.5 Production rights

Land: land is acquired through a subdivision and lenders agreement that would enable the right to start producing. The project is currently on hold.

Water: water rights for 20 hectares was acquired and registered. The farm comprises three more boreholes that supply water to the houses, house gardens, and water storage in the existing dam.

The main dam on the farm has a capacity of 75 000 m³ and additional smaller dams are utilised in the irrigation system.

Access to markets: the project will have access to the value chain and best markets through the commercial partner.

4.3.12.6 Exit strategy

The shareholder's' agreement stipulates the exit procedure if either party wish to exit the project. Should a conflict arise that cannot be resolved, the Witzenberg PALS Mediation and Arbitration Centre will identify a mediator to facilitate the process and if necessary, followed by arbitration. This rule is present and signed in all contractual agreements between the two parties.

4.3.13 Project 13: Spitshoek Farming (Pty) Ltd

Spitshoek Farming is the initiative of the commercial entity Bokkenfontein (Pty) Ltd. The company was established to successfully implement a black economic empowerment project in cooperation with the Witzenberg PALS initiative. The company aims to establish a black empowered agricultural company on the farm Spitshoek that would result in profitable farming. Project 13 has not been fully implemented as the development awaits a water licence to obtain and store water.

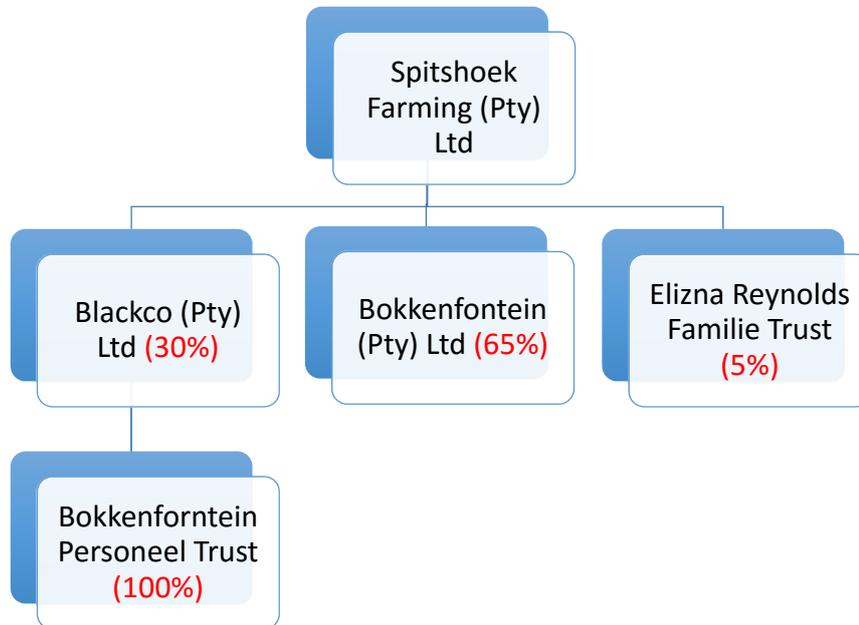
4.3.13.1 Beneficiaries of the project

The beneficiaries of the project are the black workers of Bokkenfontein. The Bokkenfontein Workers Trust is the 100 per cent owner of the newly established black-owned company.

4.3.13.2 Structure of the project

Project 13 is structured as a 5-year lease contract with the option to buy.

Figure 4.6: Structure of the Spitshoek Farming project



4.3.13.3 Entry difficulties

According to an approved business plan, each shareholder will contribute to the initial capital. The structure of the project is outlined in a lease agreement. A buyer's contract is present if the lease agreement needs to be replaced by a buying arrangement.

4.3.13.4 Skills development

According to the mentorship agreement, adequate skills transfer and training happens on an ongoing basis accompanied by help with financial management, control, and decision-making. Assistance is further provided with financial analysis, asset management, technical support, and help with general operating activities. The management agreement is present to assist in management matters. The mentor will visit the project properties on an ongoing basis to give assistance and provide mentorship.

4.3.13.5 Production rights

Land: land is successfully acquired by a lender's agreement accompanied by a lease agreement that enables production rights on the land.

Water: the project acquired a permit to build a dam in the Naauwkloof where an abundance of surplus winter water exists.

This dam will be able to provide water for four other PALS projects (+/- 1000 hectares of water).

Access to markets: the commercial farmer's entity will give access to markets, new varieties and established trademarks. In the packaging arrangement, the commercial farmer will act as an agent of the products produced by the project. A marketing agreement is present that permits the commercial farmer to market the products produced by Project 13.

4.3.13.6 Exit strategy

A shareholders' agreement is present that incorporates an exit strategy. If a conflict arises that cannot be resolved, the Witzenberg PALS Mediation and Arbitration Centre will identify a mediator to facilitate the process and if necessary, followed by arbitration. This rule is present and signed in all contractual agreements between the parties.

4.4 VARIABLES BETWEEN PROJECTS

The Witzenberg PALS initiative provides a generic framework that serves as a guideline to implement land reform projects. Although all the projects followed the general guidelines of the model, certain variations were observed in implementing the initiatives. Table 4.1 (below) provides the variables observed in the 13 analysed projects. Specific reference is made to the four major problems identified to enable successful land reform in the agricultural sector, namely entry difficulties, skills development, production rights and a suitable exit strategy. The biggest problem for new entrants has been lack of funds to become part of the agricultural industry. The Witzenberg initiative used mainly six solutions to overcome the entry-level difficulties of emerging farmers. These variables are listed in Table 4.1 below.

Several methods of training are included in all the partnership agreements to ensure successful development and transfer of skills (see Table 4.1).

Production rights in the agricultural sector are enabled mainly through land rights, water rights, and market access. Table 4.1 shows the various methods used by the Witzenberg initiative to facilitate these production rights.

Table 4.1 presents the contractual agreements providing an applicable legal process as an exit strategy by either party.

Table 4.1: Variable factors between projects

Entry difficulties	Commercial farmer donates shares, land, or capital; commercial farmer purchases the land on behalf of the beneficiaries or is involved in securing a grant; the emerging farmer already owns a farm or leases the farm from the commercial farmer.
Skills development	Mentorship agreement between commercial and emerging farmers for several years; ongoing training (Koue Bokkeveld training centre); mentor-mentee meetings; training in specific fields. Training from experts in the agricultural sector; training from PALS Centre.
Production rights	<p>Land: overcoming the entry problem of acquiring land; enabling production on land.</p> <p>Water rights acquisition: already existing water rights; buy water rights; transfer already existing water rights; apply for new water rights; apply for water storage rights.</p> <p>Market access: acquire new markets with new varieties; get market access through commercial farmer; acquire new markets by being a majority black-owned company.</p>
Exit strategy	Shareholders' agreement; loan agreement; option agreement;

	management agreement; lease agreement.
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4.5 CONCLUSION

The Witzenberg PALS initiative invested substantial human and intellectual capital in refining the PALS framework. The goal was to avoid mistakes of previous land reform models. The initiative corresponds with the guidelines of the NDP about land reform. Accordingly, the initiative supports the objective of economic growth, reducing unemployment, measurable and tangible economic transformation accompanied by black empowerment and ownership. The Witzenberg PALS initiative further emphasises transparency and trust by providing protection and veto rights regarding the Companies Act to the black beneficiaries. Security of tenure is provided on privately owned land.

The black beneficiary participating in a PALS project has the option (through a signed option agreement) as seen in the reported results to become the majority shareholder of the implemented PALS project. Furthermore, a minimum profit-sharing element forms part of the PALS projects. The profit-sharing aspect benefits the larger employee group of a project by enabling an employees' trust for all current farm workers. Projects of the Witzenberg PALS initiative in effect create black commercial farmers while uplifting the people who work the land.

The process to select beneficiaries to participate in a PALS project is done by a clear objective criterion that is agreed to by the strategic partner and participating farm workers. After some experience with projects in advanced stages, the following aspects are considered when selecting beneficiaries in the PALS projects: years of service and disciplinary record, true farmer; previous post level; knowledge of finances (budget and accounts); company (director, shareholder); management principles; familiarity with production processes; marketing experience; communication and leadership skills.

Participating commercial farmers provide access to markets as stipulated by a marketing agreement between the parties. Black farmers have priority access to value chains.

A shareholders' agreement that forms part of every PALS project incorporates a right of first refusal. Terms and conditions are also included that specifically preserve and protect the property and business for land reform purposes exclusively. The shareholders' agreement further stipulates the project remains in the hands of black people.

In assisting the PALS Centre, the Witzenberg Mediation and Arbitration Centre were established. At the centre, black beneficiaries can express concerns about problems with the strategic partner, project implementation problems, or have legal agreements interpreted freely.

The Witzenberg PALS initiative is based on a sound legal and structured framework to ensure sustainable black agricultural business. It can be seen from the reported results that projects implemented by the Witzenberg PALS initiative gave significant attention to the various factors that would enable successful land reform in South Africa. In addition, the model provides a platform for public-private partnerships and cooperation between government departments and the private sector addressing the issue of land reform.

Chapter 4 served the purpose to present the results obtained from the case analysis and evaluation of the Witzenberg PALS initiative. Chapter 5 provides conclusions and recommendations based on the reposted results presented in Chapter 4.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

“The secret of change is to focus all of your energy not on fighting the old, but on building the new” (Socrates).

Land reform is a complex issue and time-consuming development in South Africa. State capacity is of utmost importance together with strong management and leadership, applicable policies, proficient procedures, adequate budgets, sound institutional structures and an effective system for evaluation and monitoring (Cousins, 2016). Despite these acknowledgements, it became clear from the literature review that successful land reform would not be possible without post-settlement support from the government and the private sector (Kloppers & Pienaar, 2014: 694).

Limited research has been conducted on the successful implementation of land reform through collaborating the private and public sector in South Africa. Most of the previous studies focused on various government-implemented land reform programmes. Therefore, this study investigated whether the projects of the private Witzenberg PALS initiative meet the requirements for successful land reform in the agricultural sector. In the previous chapter, 13 land reform projects already implemented as part of the Witzenberg initiative were analysed. The developments were evaluated according to the four factors established to be needed for successful implementation of land reform. The projects were observed regarding solutions about entry-level difficulties, skills development, production rights, and appropriate exit strategies.

The remainder of this chapter comprises five sections. Conclusions are presented in Section 5.2. Based on the reported results, Section 5.3 provides recommendations about the research. Limitations applicable to this study are indicated, and suggestions for future research are offered in Section 5.4. Section 5.5 provides the reconciliation of the research objectives where after concluding remarks are given.

5.2 CONCLUSIONS

In this section, a summary is provided of the conclusions based on the reported results and the literature review. Conclusions are first reflected at the hand of the research questions, and the primary and secondary objectives.

5.2.1 Research questions

The answers to the questions posed in Chapter 1 about the research problem bring clarity and a better understanding of the Witzenberg PALS projects and the contribution of the initiative to achieve successful land reform in South Africa.

Question One: What are the main reasons for the failure of the South African agricultural land reform programme?

In the literature, several researchers agree some of the main reasons for the failure of land reform are because of a lack of political leadership and policy implementation as well as mismanagement and corruption. The lack of private and public cooperation further contributes to land reform failure.

Question Two: How does the Witzenberg initiative measure up to the requirements for successful land reform?

The findings of the case study analysis conducted for this thesis show the Witzenberg PALS initiative meets all the requirements of a successful land reform model as ascertained in the literature review. This aspect will be explained in Section 5.2.4.

Question Three: Are the lessons from the Witzenberg initiative transferable to other parts of South Africa?

Lessons generated from the Witzenberg initiative have already been transferred to other regions in South Africa. According to the management at the Witzenberg PALS Centre, commercial farmers from Mpumalanga, Limpopo, and the Eastern Cape are now filing similar projects to be implemented.

5.2.1 Primary research objective

The primary objective of this research was to determine whether the Witzenberg initiative meets the requirements for land reform programmes to be successful in the

agricultural sector. Four aspects were identified in the literature review to be necessary for successful land reform. A case study analysis was conducted to test the relevance of these four aspects on the Witzenberg PALS initiative: overcoming entry-level difficulties; skills development and training; production rights; and appropriate exit strategies. Hence, the Witzenberg initiative confirms transformation (as an objective of AgriBEE) in the agricultural sector is possible through the successful implementation of land reform programmes in South Africa. Conclusions and recommendations derived from the primary research will be explained in detail in Sections 5.3 and 5.4.

5.2.2 Secondary objectives

The following secondary objectives were formulated to support the primary research objective:

- **to conduct an overview of land reform literature related explicitly to empowerment programmes**

An in-depth literature review revealed the history of racially discriminatory laws and colonial dispossession resulted in inequalities in land use and ownership in South Africa (Walker, 2003: 116; Kloppers & Pienaar, 2014: 676). After the end of the apartheid regime, political and economic pressures mandated the disproportion of the 87/13 per cent division of land in South African should be addressed (Walker, 2003: 117; Hall, 2007: 89). The injustices of the past and the unequal distribution of land necessitated a comprehensive land reform programme (Karriem & Hoskins, 2016). The newly democratically elected government developed several programmes to create a more equitable society (Lahiff, 2007: 1578; Kloppers & Pienaar, 2014: 678). The programmes included the RDP, GEAR, BEE, the ASGISA, the NGP, and the NDP. From the literature review, it was concluded land reform remains a highly controversial topic in South Africa and the land reform programmes of the government have had limited success (Vink *et al.*, 2012).

- **to determine specific requirements for successful implementation of land reform in South Africa from literature**

The available literature showed that in both the restitution and the redistribution programme, black beneficiaries did not possess the knowledge and skills to be able to farm on a commercial level. Emerging farmers also need better farmer support mechanisms to be able to farm successfully. It became evident from the literature four factors in the agricultural sector need special attention to ensure a successful land reform programme. The factors include overcoming entry-level difficulties, proper skills development, essential production rights, and an appropriate exit strategy. Most researchers agree the public or private sector alone cannot achieve successful land reform – a collaboration between the public and private sectors is needed.

- **to determine the appropriate methodology and research design**

Little research has been conducted previously on implementing successful land reform in South Africa. Few positive lessons for future land reform programmes in the country have been generated. Therefore, the researcher used an exploratory research design to investigate the opportunities, barriers, and motives related to land reform activities in the Witzenberg area. A phenomenological research paradigm is usually associated with an exploratory research approach and collecting qualitative data (Coldwell & Herbst, 2004: 13; Taylor, 2005). Therefore, the selected research paradigm was a phenomenological approach and conclusions were drawn through an inductive approach. Primary research was conducted using a case study analysis to provide an evaluation of the factors needed for successful land reform in South Africa. Primary data were collected in the form of semi-structured interviews and direct observations.

- **to collect and analyse secondary data**

Various secondary data sources were employed in this study. Official documents of the Witzenberg initiative were analysed. The literature review was based on journal articles, articles about the Witzenberg PALS initiative, textbooks, and relevant websites. If secondary data did not provide enough information to address the research objectives, primary data should be collected (Hair *et al.*, 2011: 186). For this study, appropriate secondary data

were not available to address the problem statement, and therefore it became necessary to collect primary data.

- **to provide relevant conclusions and recommendations based on the literature review and findings**

The literature review confirmed the government policies about land reform have failed. Several researchers agreed that to develop a model for successful land redistribution and reform; four aspects should be addressed. Entry difficulties for emerging farmers need to be overcome; an appropriate skills development programme needs to be in place; new entrants need production rights, and proper exit strategies need to be negotiated. Primary research became necessary to evaluate the conclusions of the literature review.

5.2.3 Summary of literature

The colonial history and the apartheid regime in South Africa resulted in extreme inequality of landownership. The unequal distribution of land needs to be addressed in the agricultural sector. Since the abolishment of apartheid, various redistribution programmes have been implemented to among other address redistribution of land in rural South Africa. The success of these programmes was limited and did not make a meaningful contribution towards land reform neither resulted in the successful settlement of black commercial farmers. Chapter 6 of the NDP provides guidelines for successful land reform that would result in establishing successful black commercial farmers in South Africa. The NDP suggests that government and the private sector should work in collaboration to achieve successful land reform with the necessary support factors to land reform beneficiaries. In this regard, the private sector established the Witzenberg PALS initiative.

5.2.4 Conclusions based on reported results

All 13 projects of the Witzenberg PALS initiative complied with the necessary factors to ensure successful land reform in South Africa. Each project used a different approach to address the factors for successful land reform implementation. All 13 projects successfully addressed the entry difficulties, skills development, the production rights problem, and an exit strategy customised to their specific project

environment. Conclusions regarding complying the Witzenberg PALS projects with each of the success factors will now be discussed.

5.2.4.1 Entry difficulties

All 13 projects successfully overcame the entry problem by arranging the necessary financial requirements to be able to farm in the strategic partnership between emerging farmer(s) and a commercial farmer. This partnership resulted in successful land transfer and the sustainable establishment and development of black farmers. The partnership between the emerging farmer(s) and commercial partner provided access to various necessary inputs, marketing structures, access to infrastructure, and other support mechanisms. The Witzenberg PALS initiative is different from other land reform models because it provides contractual options to the black owner in order to become the majority shareholder or sole proprietor. The farmworkers involved in each project benefit from the implemented PALS project through a process of profit sharing.

5.2.4.2 Skills development

Mentorship and training is a compulsory component of PALS projects. As shown in the results, all implemented PALS projects contain a compulsory mentorship agreement being monitored by the PALS Centre and providing a progress analysis. The mentorship agreement ensures the black beneficiaries receive the necessary ongoing training and that other relevant skills are transferred. Commercial farmers also provide advice on specific operating activities. Human development is a crucial objective of PALS projects. All beneficiaries receive training from the accredited Koue Bokkeveld training centre on an ongoing basis.

5.2.4.3 Production rights

Production rights regarding land are addressed by the partnership between the commercial farmer and the emerging farmer(s) that enable the black beneficiaries to acquire land with the right to produce. As mentioned in Chapter 4, project 12 has not been implemented fully due to subdivision problems that hinder the implementation process and disable production rights.

Involving successful and experienced commercial farmers in the PALS partnership provide black farmers with immediate access to the best available resources, markets, intellectual capital, and networks.

Production rights concerning water rights are in most instances where projects have trouble. The responsibility of the government has not been fulfilled to assign necessary water rights. Project 13 has not been fully implemented as the project awaits a water licence to obtain and store water.

It is concluded the partnership between the private sector and the public sector are not fulfilled due to a lack of government participation.

5.2.4.4 Exit strategy

All 13 projects successfully address the exit strategy through a shareholders' agreement that provides sufficiently for an exit. Should a conflict arise that cannot be resolved, the Witzenberg PALS Mediation and Arbitration Centre will identify a mediator to facilitate the process and if necessary, followed by arbitration. This rule is present and signed in all contractual agreements between the involved parties

5.2.4.5 Witzenberg PALS as land reform model

Based on the reported results, it can be concluded the model of the Witzenberg PALS initiative meets all the identified requirements for successful land reform together with establishing and developing black commercial farmers in the agricultural sector.

There is a consensus that land reform as guided by the state has failed thus far. It is clear the public and private sectors need to work in compliance to achieve successful land reform in South Africa. However, it became evident from the research study that this is not the case. The Witzenberg PALS model is designed to work closely with the government, but the support and collaboration from the government are not achieved. In an interview with *Farmer's Weekly*, CEO Plaatjies (Kriel, 2018) mentioned that farmers are prepared to invest even more should the government grant the necessary enablers as mentioned in Section 4.2.

Although the initial focal point of the PALS model was black landownership, the initiative now provides opportunities for black entrepreneurs in agricultural value chains (pack houses, cold storage, and marketing) (Kriel, 2018).

Furthermore, the initiative has expanded to other regions. Projects are being established in Piketberg, Porterville, Robertson, and Riviersonderend. Farmers from provinces such as Mpumalanga, Limpopo, and the Eastern Cape have also expressed interest in the Witzenberg model.

The results of this case analysis confirm the Witzenberg PALS initiative provides a doable framework for successful land reform in the agricultural industry despite the lack of support from the government. Therefore, it can be concluded transformation (as an objective of AgriBEE) in the agricultural sector is possible through the successful implementation of land reform programmes in South Africa.

5.3 RECOMMENDATIONS

Based on the results presented, the following recommendations are provided.

It is recommended the Witzenberg PALS initiatives model should be investigated for implementation in other areas of South Africa. A land reform office in each of the nine provinces should be established to adjust the Witzenberg PALS model to the specific area requirements. This dedicated office will accelerate the pace of land reform. The agricultural sector across South Africa should be actively involved in developing emerging farmers that will result in black commercial farmers across the country. Replicating the Witzenberg model in other areas will effectively redistribute land and will also enhance economic growth and create extra jobs in the sector. It is furthermore recommended that these provincial offices should have realistic targets of land redistribution and black commercial farmer development.

It is recommended more attention should be given to the principles provided by Chapter 6 of the NDP. It must be implemented effectively to increase production in the agricultural sector that would improve food security.

It is suggested that community participation should be encouraged and that stakeholders should be actively involved to ensure the success of land reform projects. This recommendation follows the NDP directive that local land committees should be established to identify potential land for reform projects.

It is suggested the government should incentivise private sector involvement to encourage partnerships between commercial farmers and emerging farmers.

It is suggested to provide some acknowledgement to commercial farmers who take part in land reform projects to encourage further participation. BEE recognition has been proposed.

It is recommended that finance for land reform projects should be available at a discount rate from financial institutions to finance land acquisition, initial capital investment, and operating capital. It is furthermore suggested the Land Bank should issue specific Land Reform Bonds with the necessary state guarantees.

5.4 POSSIBLE LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

For this research, attention was given to projects of the Witzenberg PALS initiative in the Witzenberg area of South Africa. The results are hence not generalisable to other areas of South Africa, especially concerning production rights. Therefore, in future, a similar study could be conducted to develop implementation models custom for other farming areas within South Africa.

A possible limitation could be measuring government influence and the contribution of the government. This research study mainly focused on the influence of the private sector towards the collaboration between the private and the public sector concerning successful land reform implementation in South Africa. Future research could be conducted with a focus on the public sector when evaluating the private and public sector relationship towards the successful implementation of land reform.

Commentary by role players in the different projects is identified as a limitation of the study. The researcher suggests that future research studies should conduct interviews with various role players of land reform projects while emphasising the experience of land reform beneficiaries. This research study focused on the contribution of the Witzenberg PALS initiative towards successful land reform; future research could be conducted on other initiatives and their approach to successful land reform in South Africa

5.5 RECONCILIATION OF RESEARCH OBJECTIVES

The primary objective of this research was to determine whether the Witzenberg initiative meets the requirements for land reform programmes to be successful in the agricultural sector. The primary objective was achieved by collecting primary data on

the Witzenberg PALS projects as described in Chapter 4 and by providing the conclusions in Chapter 5.

Secondary objectives 1 and 2 state:

- to conduct an overview of land reform literature related explicitly to empowerment programmes
- to determine specific requirements for successful implementation of land reform in South Africa from literature

These two secondary objectives were achieved by providing a literature review in Chapter 2. The available literature on development policies and land reform in South Africa since 1994 was examined. The four main requirements for successful implementation of land reform were identified in that chapter as well.

Secondary objective 3 states:

- to determine the appropriate methodology and research design

This objective was achieved in Chapter 3 by explaining the research design and methodology used for the primary data collection.

Secondary objectives 4 and 5 state:

- to collect and analyse secondary data
- to provide relevant conclusions and recommendations based on the literature review and findings

These final two secondary objectives were achieved in Chapters 1, 2 and 3. However, the secondary objectives only provided a framework for investigating the primary objective. Achieving the secondary objectives did not provide answers to the primary objective; therefore, a case study analysis was conducted.

5.6 CONCLUDING REMARKS

The broad social challenge of land reform in South Africa has proven to be a long and complicated process. Land reform demands large inputs of time, skills, and money, and has uncertain outcomes. After 24 years, it is not possible to conclude in any definitive way whether land reform has actually benefited the South African economy or society.

There are many opinions on what has gone wrong with land reform, and what should be done about it. All share one opinion – the social fabric of the country and its economy are in danger unless a broad consensus can be reached on the way forward. Land may not play as strong an economic role as it did in the past, but its central place in the history of dispossession, and hence in the manifold inequalities of our country cannot be denied.

The study proposes to emphasise the importance to create opportunities for inclusive participation from all sectors of the economy in the process of redistributive justice while ensuring the successful settlement and development of black farmers in South Africa. Developing successful black farmers will require expert and experienced mentorship, supervision, extension services, training, and guidance, moral and other support provided by the private, and public sector together. Land reform should create and develop the ability of black people to own and develop the land as an asset, increase its value and thereby enable future prosperity, which could be passed on from one generation to another. This case study analysis proved that members of the Witzenberg PALS initiative realised the significance of successful land reform to achieve economic growth, job creation, and social cohesion.

Based on the observed complexities of land reform, the private and public sector should realise the successful implementation of land reform is essential – and not optional – to ensure radical economic transformation.

The researcher would like to conclude with the words of Nelson Mandela in his 1994 inaugural speech, “Our greatest fear is not that we are inadequate. Our greatest fear is that we are powerful beyond measure”.

We are living in a time when the commitment of every South African is of the utmost importance for the long-term survival and prosperity of an inclusive South African economy.

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