

**ASSESSING THE FEASIBILITY OF LAND REFORM FARM EQUITY
SCHEMES:
A FOCUS ON CAPACITY BUILDING AND EMPOWERMENT**

By

GWENDOLINE MOSELA PHAYANE

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DISCLAIMER

The research described in this Mini-dissertation was carried out at the Centre for Environment, Agriculture and Development under Land Information Management Programme, University of KwaZulu-Natal. All the views and opinions expressed therein remain the Sole responsibility of the author, where use has been made of the work of others it is dully acknowledged in the text.

Author: Gwendoline M. Phayane

Supervisor: Dr. Denis Rugege

ABSTRACT

This research was undertaken to determine the extent to which share equity schemes have been successful. The research also investigated the possible causes of failure of the established share equity projects and sought to determine the feasibility requirements that may be put in place to ensure success and sustainability of the ventures in support of land reform.

The methodology used involved comparing the data gathered from business plans, valuation reports and other project documents from the Department of Land Affairs (DLA) with the information gathered through interviews and observations.

The results revealed causes of failure to include the fact that beneficiaries of the investigated equity schemes did not participate in business plan development or implementation and therefore had no sense of ownership in the intended joint ventures. It was also found that none of the business plans included any form of training for capacity building and therefore no mechanism for empowering beneficiaries existed to participate effectively at all levels of the farming enterprise. Furthermore, original farm owners as the majority shareholders tended to re-invest profits into farm assets rather than paying dividends.

It was concluded that the inclusion of a training programme in every business plan is crucial to the success of farm share equity ventures as this may enable beneficiaries to be sufficiently empowered to participate effectively at all levels of the business.

DEDICATION

I dedicate this to my late Mother for her love and support

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TABLE OF CONTENTS

DISCLAIMER	II
DEDICATION	IV
ACKNOWLEDGMENT	V
TABLE OF CONTENTS	VI
1. OVERVIEW	1
1.1 INTRODUCTION	1
1.2 PROBLEM ANALYSIS AND DESCRIPTION	5
1.3 RESEARCH OBJECTIVES	6
1.4 QUESTIONS.....	6
1.5 CONCEPTUAL FRAMEWORK	6
1.6 PRELIMINARY RESEARCH METHODS	9
1.7 RESOURCES REQUIRED	9
1.8 BENEFITS.....	9
2. LITERATURE REVIEW	10
2.1 INTRODUCTION	10
2.2 PREVIOUS RESEARCH	10
2.2.1 Previous studies conducted.....	11
2.2.2 Project Design.....	12
2.2.3 Capacity building.....	14
2.2.4 Institutional Arrangements.....	15
2.2.5 Legal entity.....	15
2.2.6 Share holding ratio.....	16
2.2.7 Skills Transfer.....	16
2.2.8 Project initiation.....	18
2.3 BEST PRACTICES	18
2.3.1 Institutional arrangements	18
2.3.2 Financial performance	20
2.3.2 Financial Performance.....	21
3. RESEARCH METHODOLOGY	24
3.1 METHODOLOGY	24
3.1.1 Collecting Primary Data	24
3.1.2 Secondary Data.....	25
3.2 STUDY AREAS.....	25
3.2.1 Introduction	25
3.2.2 Mapping of the study area	26
4 DATA ANALYSIS AND RESULTS	28
4.1 PRIMARY DATA.....	28
4.2 SECONDARY DATA.....	32
4.2.1 Business Planning.....	32
4.2.2 Capacity building.....	39
4.2.3 Empowerment.....	40
4.2.4 Institutional Arrangements.....	42
4.2.5 Shareholding.....	43
4.2.6 Fringe benefit.....	44
4.2.7 Payment of dividends.....	45

4.2.8	<i>Tenure Arrangements</i>	47
4.3	RESULTS.....	48
4.4	RESPONSE TO RESEARCH QUESTIONS	51
5	CONCLUSION	56
	REFERENCES	58
	APPENDICES	63

CHAPTER 1

1. OVERVIEW

1.1 Introduction

The White Paper on South African Land Policy was introduced in 1997, with a purpose of redressing the past injustices and alleviating impoverishment and suffering brought about by racially discriminatory laws. The result of the injustices over the years was a skewed land ownership pattern where 70% of land was owned by whites and Blacks only had access to 30% of the land. These past laws and policies were a major cause of insecurity, landlessness, homelessness and poverty amongst the majority of people in South Africa. The White Paper on Land Policy brought about the programme of Reform to ensure that those historically deprived of rights and access to land has the opportunity for redress (DLA, 1997). The Reconstruction and Development Programme (RDP) provided a set of guidelines and principles that gave direction to the initial process to formulate the Land Policy. The RDP document also emphasised a demand driven programme that aims to supply residential and productive land to the rural population and aspirant farmers. The land Policy must ensure security for all South Africans, regardless of their system of landholding (RDP Document: 1994). The Constitution of the Republic of South Africa, Act No. 108 of 1996 created a constitutional mandate for the Department of Land Affairs (DLA) to ensure that there is equitable land distribution among South Africans and that the injustices of land dispossessions dating back to 19 June 1913 are effectively addressed.

The Land Policy's programme of reform has three major elements, namely land restitution, land tenure reform and land redistribution. Land Restitution is a programme that aims at restoring the land rights of people who were dispossessed in terms of racially discriminatory laws and practices since 19 June 1913 in terms of section 25 (7) of the Constitution of South Africa. Land Tenure Reform aims at providing people with secure tenure where they live and prevent arbitrary evictions

thus securing tenure for people on land in terms of section 25(6) of the Constitution of South Africa. Land Redistribution programme is a programme of reform that provides the disadvantaged people which include African rural people, especially women, youth and the disabled with access to land for residential and agricultural purposes in order to improve their livelihoods in accordance with section 25(5) of the Constitution of South Africa.

The DLA in its mandate to deal with the inequitable distribution of land along racial lines adopted **an implementation strategy** that private land can only be acquired for land redistribution purposes on a “willing-buyer, willing-seller” principle. This ensures that both parties on their own account agree to transact on the sale of the land on their own free will. The Government can also implement the expropriation of land according to the Expropriation Act, No. 63 of 1975 to acquire land for land reform purposes. This however is being utilised as an option of last resort (White paper). The DLA through the Land Redistribution Programme provides grant subsidies to qualifying beneficiaries in terms of the Provision of Land and Assistance Act, 126 of 1993. When the Redistribution Programme started in 1994, the Settlement and Land Acquisition Grant (SLAG) was used for acquisition of land for agricultural production, settlement, production and settlement, share equity and also for municipal commonage. The grant amount in 1994 was R15 000 per household and later increased to R16 000 per household. The DLA commissioned a review of the SLAG grant and the review demonstrated that the programme and product types did not achieve or cater for all the objectives of the Redistribution Programme as outlined in the White paper. The DLA in the 2001 introduced and started to implement the Land Redistribution for Agricultural Development (LRAD) sub programme. The LRAD grant amount for qualifying individual is on a sliding scale from R20 000 to a maximum of R100 000 depending on the value of contribution. The beneficiary would have to advance own contribution of a minimum of R5 000 to can qualify for a grant of R20 000. Own contribution can either be in the form of labour (sweat equity), cash, loan, assets or a combination of any form of own contribution. In order for an individual to qualify for a maximum of R100 000 a contribution of R400 000 or more should be advanced. The criteria for qualifying is that a person has to be 18 years or older, a member of the previously disadvantaged South African (Africans,

Coloureds and Indians). Politicians holding public office as well as public servants are not eligible for the grant. The LRAD sub Programme is flexible in its application and beneficiaries can use this grant for household food security, commercial agricultural farming and share equity schemes.

All projects approved under LRAD must meet certain sustainability requirements. The approval of the grant is based on the viability of the project proposal which takes into account the total project costs and profitability. This is being assessed through the development of a business plan, valuation report and a feasibility report for the envisaged farming venture.

The White Paper on South African Land Policy supports the concept of partnership between the farm workers and farm owners that will lead to increased productivity and also make provision for secure tenure for the beneficiaries of land reform. The State President also echoed the same views in his State of the Nation Address in February 2000, where he indicated the Government's commitment to land reform and the importance of forging partnerships with the private sector with a view of reinforcing the growth and development of the economy. The White Paper stated that DLA would support private sector initiatives that have the potential to widen the scope of the land reform process and promote the sharing of risks and responsibilities and indicated that such schemes could improve both farm income and production.

Roth and Haase (1998) define Land Tenure Security as the individual's perception of his/her rights to a piece of land on a continuous basis, free of imposition or interference from outside sources, as well as the ability to reap the benefits of labour or capital invested in the land either in use or upon alienation.

Equity Schemes can be defined as an arrangement where both land reform beneficiaries and private sector partners purchase equity in the form of shares in a land-based enterprise (either a land and operating company or separate land and operating companies). Participants receive returns in the form of dividends and capital growth. The white paper on South African Land Policy of 1997 defined such initiatives as partnership or agreements between the recipients of the Settlement

or Land Acquisition Grant and ownership of private businesses. Mather and Adelzadeh (1997:11) quoted by Knight *et al.*, 2003, describes equity schemes “as a method of redistributing land without affecting the (operation) of the individual farms or overall production levels; indeed, with better job satisfaction and greater participation, productivity should increase on farms where workers are also owners”.

These models according to Van Rooyen *et al.*, 1999, are aimed to empower workers through sharing management responsibilities and allowing workers to acquire equity in the farm in the form of marketable shares which allows them to realize their capital should they wish exit from the scheme.

The farm worker equity scheme was first initiated in South Africa by the private sector in the early 1990's with a view to enhance land reform and to encourage private sector involvement and participation. Mc Kenzie, 1993: quoted by Knight *et al.*, 2003 indicates that equity sharing arrangements were thought to be suited to farming enterprises where it would be better to change the ownership structure of the enterprise rather than dividing the land into smaller units: for example, where the enterprise is indivisible due to technical, managerial or natural resource constraints. The first of such schemes was the Whitehall fruit farm in Elgin in 1992.

The Department of Land Affairs started implementing equity scheme projects when the grant was still R15 000 or R16 000. There are a total of 43 FES schemes that were implemented between 1997 and April 2005 (Unpublished DLA FES report 2005). Preliminary investigations have shown that these initiatives have not addressed the intended objectives of government. Mayson (2003) noted that although DLA has policy guidelines on share equity schemes not much research has been done by the Department nor statistics on the number of share equity schemes currently in operation in South Africa (SA).

Gray, (2004) undertook a study to determine the feasibility indicators for monitoring the performance of equity share schemes in South Africa. The study may have some similarities to this research in that they both look at the feasibility of the equity share schemes but the focus on Gray (2004) is on financial criteria

and centered around schemes in the Western Cape whilst this research focuses on capacity building and empowerment with case studies in North West, Northern Cape, Free State and Gauteng.

1.2 Problem Analysis and Description

The DLA through the Land Redistribution Sub-Programme has introduced the share equity schemes as a means of developing commercial farmers, providing ownership and control over the enterprise and ensures economic security and employment for the beneficiaries as both employees and shareholders.

Most of the equity schemes entered into so far did not yield the anticipated results as the status of beneficiaries has not changed, all are still working as labourers or some are unit supervisors with no prospect of advancement in the business. They are not involved in the running of the business and do not know the financial position of the business. There has been no transfer of skills since the inception of the partnership and the morale of beneficiaries is low. Some of the schemes have collapsed due to conflicts with the equity partner and because the ventures were no longer sustainable mostly due to lack of finance or market problems and the beneficiaries want dividends from the business.

Equity partners have pulled out of ventures leaving the beneficiaries alone on the land with no skills to continue farming. Provision has not been made for post settlement support by either the DLA or the Department of Agriculture (DoA). The beneficiaries cannot access any other financing from the banks as they have no other form of security and are regarded as high risk. The tenure status of people are at risk in some equity schemes as beneficiaries do not own the land and when the scheme fails there is no more employment and they are forced to vacate the farm they are occupying and are left homeless and stranded.

1.3 Research Objectives

The ultimate goal of this research is to identify the causes of the failure of Share equity schemes and propose an approach that will improve implementation requirements.

In order for the overall goal of the research to be accomplished, the following objectives need to be achieved:

- I. Determine the extent to which the share equity schemes have been successful.
- II. Examine the causes of failure of share equity projects
- III. Determine feasibility requirements that may be put in place to ensure success and sustainability of share equity joint ventures in support of land reform.

1.4 Questions

- What are the basic feasibility requirements for joint venture programmes?
- What is the extent to which share equity schemes are successful?
- What are the causes for the failure of share equity schemes?

1.5 Conceptual framework

This study determines the causes of wide spread failure of share equity joint ventures in Land Redistribution projects. This was achieved by establishing the basic feasibility requirements of land based enterprises that should be in place prior, during and after the life spans of the share equity projects as baseline information and comparing them with actual implementation processes.

Comparison includes a measurement of levels of achievement of the objectives set. Literature reviewed on previous studies was undertaken on the performance of equity schemes as well as experiences in other developing countries. Socio-economic data was collected through interviews of the intended beneficiaries,

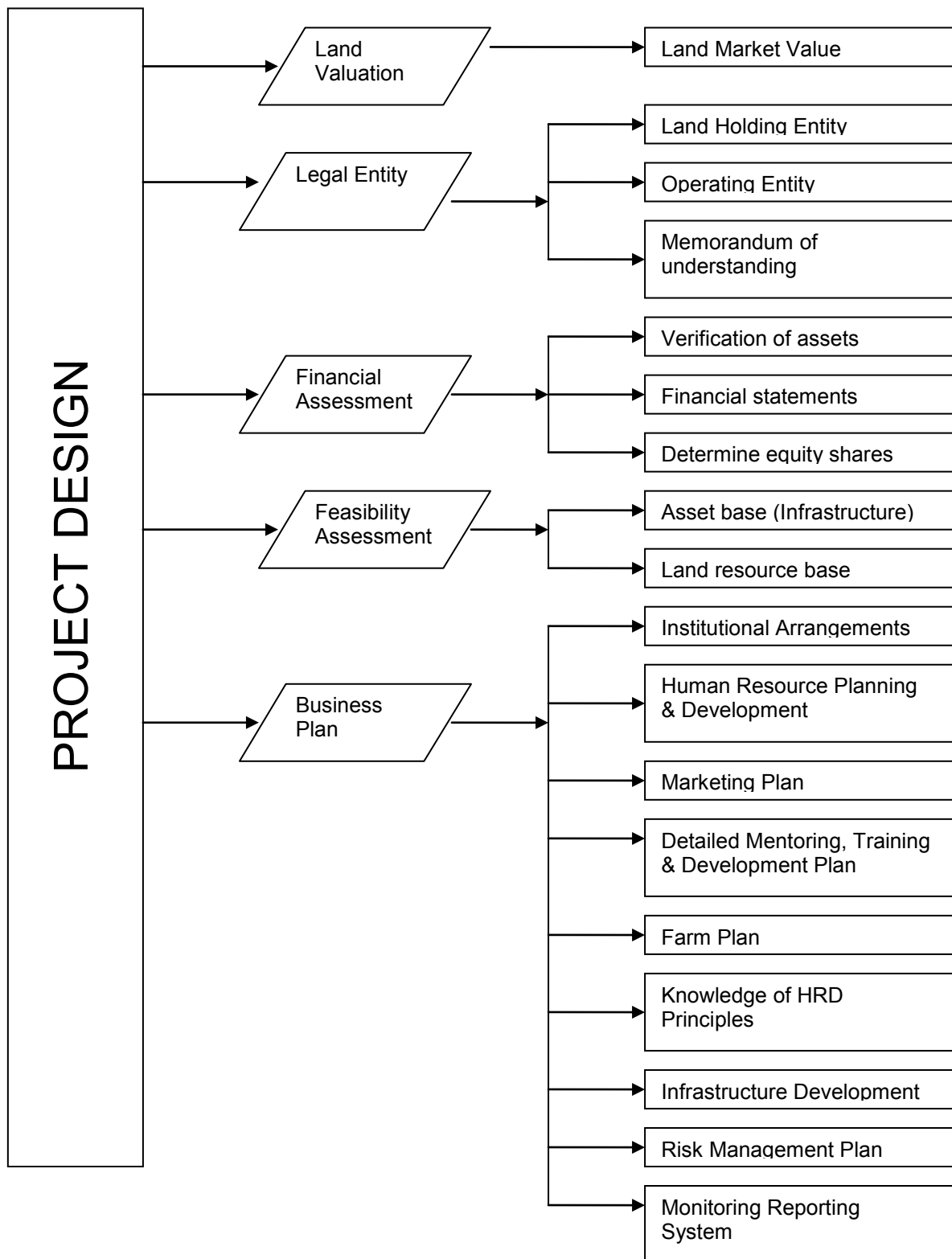
share equity partners as well as key stakeholders. Biophysical data was obtained through desktop mapping supported by field checks.

The project design is the most important element within the project cycle that determine to a large extent the success or failure of the proposed venture. The following stakeholders are important in the sustainability of the project:

- Department of Agriculture (National and Provincial) to determine feasibility of the proposed venture and ascertain the skills level and recommend appropriate training; provide post settlement support through grant funding and extension support.
- Department of Land Affairs (National and Provincial) provide grant financing for the acquisition of land and facilitate the process of land acquisition.
- Municipalities to ensure that needs of communities are catered for according to the IDP's and provide financial support to the projects.
- Financial Institutions to provide loans as part financing towards acquisition of land and also to provide production loans and financial advice and support to emerging farmer.
- Khula Enterprise to provide bridging finance to beneficiaries.
- Department of labour to provide skills training and development to the beneficiaries and monitor adherence to skills development initiatives on the farming venture.
- Financial Consultants e.g. Audit firms to determine profitability of the venture and allocation of shares and assess the risks.
- NGO's / Business investors to provide support to the venture and assist in marketing and skills development.
- Equity partner to provide mentorship, training and skills to the emerging farmers and participate in the production of the enterprise.
- Beneficiaries (emerging farmers) to participate in the development, management and production of the enterprises.

The planning process outlined in Figure 1 is an ideal process which can be followed to ensure that the business plan of the envisaged venture can be followed to yield social, environmental and economic benefits.

Figure 1: Flow chart of an ideal land-based enterprise planning process including Business Plan



1.6 Preliminary research methods

- Literature review on joint ventures in other provinces and developing countries.
- Description of study area.
- Mapping current and defunct joint venture projects.
- Office visits for secondary data collection e.g. statistics from Monitoring and Evaluation Directorate and the Redistribution Information Systems Directorate of DLA (before field visits).
- Participatory Rural Appraisal (PRA).
- Structured interviews with beneficiaries of land reform farm equity schemes and their equity partners.

1.7 Resources required

- Topographical maps, cadastral base-maps and aerial photographs of share equity project areas
- Camera,
- Transport to travel to the study area
- Guide

1.8 Benefits

- The outcome of the research will assist the Department of Land Affairs in the review of the Share Equity Scheme and hopefully come up with measures of ensuring implementation of viable schemes for the benefit of the target market.
- The research will benefit the community in ensuring that they receive the necessary training and skills especially managerial skills to can take over management of the venture after the exit to the equity partner.

CHAPTER TWO

2. LITERATURE REVIEW

2.1 Introduction

For the purpose of this research literature review is based on two main areas, namely case studies on previous performance of equity share schemes to determine whether the share equity schemes are a viable vehicle for contributing towards poverty reduction and economic growth as well as best practices in the design and implementation of share equity schemes by the Department of Land Affairs.

The Department of Land Affairs has since the inception of the Redistribution Programme until the end of April 2005, delivered 43 Share equity schemes in the country. The majority of these schemes are in the Western Cape.

Mini *et al*, (2004) in the HSRC report on the joint venture schemes in KZN, Western Cape, Mpumalanga and the Eastern Cape (2004) states that the economic and developmental performance of share equity schemes is a result of a clutter of different variables. These include the size of shares allocated (shareholding ratio of beneficiaries) to individual shareholders or groups, the socio-economic profile of beneficiaries, risk management strategies within the farming business, understanding of national and international market opportunities and risks involved, investment risks and opportunities within the farming business.

2.2 Previous Research

The discussions under this heading focus on previous research work done as well as the elements that are essential in the development of share equity schemes.

The subject of study does not have many library sources, internet sources were relied on more.

There is no documented evidence of the implementation of Farm Worker Equity Schemes (FWES) in other countries. However other forms of joint ventures like Cooperatives exist, which are criticised to have led to low productivity, free-ridership and an inability to encourage investment by Co-owners. The voting rights of Cooperatives are differentiated from the FWES in that benefit rights are egalitarian and non marketable whilst FWES rights are tradable and individuals have right proportional to their shareholding.

2.2.1 Previous studies conducted

There are raging debates ensuing on whether Equity Schemes do have a redistributive nature as stated in the DLA objectives of Redistribution in land reform. Hall *et al.* (2001) in a paper presented at the Southern African Regional Poverty Network (SARPN) Conference alluded that in most of the equity schemes implemented workers do not own the land but only have shares in the operational enterprises.

In a share equity scheme study conducted by Surplus People's Project (SPP) in 1998 a number of concerns were identified that convey worker participation during establishment, beneficiaries expectations, power relations between worker shareholders and the original owner, transfer of skills, labour relations, the position of employees who are not shareholders, gender issues, tenure security and issues concerning entry and exit from a project (Knight and Lyne, 2002). In a subsequent study conducted by Knight *et al* (2003) of the eight share equity scheme projects in the Western Cape, the concerns raised earlier in the report by SPP were corrected in the more successful projects. This is indicative in that worker shareholders in the studied cases had purchased net farm assets worth R7 million (measured in constant 2001 prices) representing 3.5-50 percent of total share holding (Knight and Lyne, 2002) which brought a balance in the shareholding and power in decision making.

However, Hall *et al.* (2001) maintain that equity share schemes might be failing to meet the objectives of redistributing power and resources. They argue that power relations at these schemes do not shift because the workers remain minority

shareholders and have little say in decision making processes. Mayson (2003) concurred with the findings by Hall et al. (2001) and further stated that even though the share is substantial, their contribution to the management process is often hampered by their lack of education and training. Even though no norm has been established in the development of the appropriate share holding by the workers, van Rooyen *et al.* (1999) further proposed that joint venture agreements need to have protective clauses for those with fewer shares.

In another study conducted by Karaan (2003) equity share schemes were reviewed from an institutional economic perspective and he concluded that equity schemes are subject to institutional incompleteness. This conclusion was based on Williamson's (1999) cited by Karaan, (2003) conceptual framework for analyzing economic institutions and compares share equity schemes with other private ownership models. In this respect, Knight and Lyne (2002) are of the opinion that the institutional arrangements of equity share schemes outperform conventional producer co-operatives and Communal Property Associations (CPA's).

Mayson (2003) concludes in his assessment of equity schemes that such schemes often fail to transfer skills to farmworkers because of limited time and skills for in-house training for workers, and that gender equality is compromised as shareholding is often linked to employment and females are excluded because they are not full time employees. This analysis contrasts with the findings of Knight and Lyne (2002) at eight share equity schemes in the Western Cape where women make up more than half of the worker-shareholders.

2.2.2 Project Design

The LRAD policy states that there should be active participation of the beneficiaries in the planning and implementation of the project. However this has not been the experience in most of the equity projects implemented. The findings by Mini *et al.*,(2004) on the research conducted on some land reform equity schemes show that due to the low literacy level of the beneficiaries and the complexities of share equity schemes, the beneficiaries could not actively

participate in the development of the business plan but generally relied on the service provider. The service providers as design agents know that if their business plans are not approved will not be paid for the services rendered and therefore end up drafting business plans that would satisfy the funders. They added that the business plans are often further removed from the realities on the farm, that the beneficiaries have immediate needs that will have to be provided for which are not necessarily included in the business plan. During the survey they conducted, most of the schemes had not yet paid dividends to shareholders. Other matters they believe not considered include threats of low returns on investments, risks in farming business enterprises as well as low level of marketing skills and knowledge of the beneficiaries on export marketing.

Another major problem is that most of these business plans are developed and reproduced around the experience and financial performance of the commercial equity partner and making estimates of potential returns has for the new farmers, ignoring the character of the new farming enterprise.

Mayson (2003) also holds a similar view as expressed in the paper by Mini *et al*, (2004) that indicate that the farm workers had little involvement in the initial preparation and involvement in the drafting of the business plans and the setting up of the equity schemes.

The time delays in the approval process and eventual transfer of the property has also been cited by Mini *et al*, (2004) to result in the sellers neglecting to maintain the property and implements after signing of the deed of sale. Upon transfer of the farm the venture became more dependent on investments by the private sector and loans for running expenses.

It has been established that lack of financing has also contributed to the profitability of the schemes. Mini *et al*, (2004) is of the opinion that share-equity schemes involving financial institutions and development agencies linked to government, such as the Industrial Development Corporation (IDC), Development Bank of Southern Africa (DBSA) and others, have been more successful than those that have relied on private commercial banks. They are of the opinion that

allowing commercial banks to administer land reform grant finance might enable them to play a more positive role in contributing to land reform.

They attribute the lack of capital investment to support the business at its initial stage makes the business to be entirely dependant on external investment and loan financing. The absence of such support at the initial stage may pose a major challenge to the sustainability of the project.

2.2.3 Capacity building

Mayson, D. (2003) states that lack of business expertise amongst poorer participants has meant that commercial partners often take decisions alone. He qualifies his statement by stating that in smaller projects it is unrealistic to expect the commercial partner to devote sufficient resources to provide extension services to the project members (equity partners) as the commercial partner assumes many roles and thus has little time for capacity building.

Even though the business is a joint venture the beneficiaries have not yet realised or assumed their role as co-owners and the entire decision making is still the responsibility of the equity partner and in some cases the beneficiaries are represented management on the structures but have no contribution to decisions taken. Mini *et al*, (2004) expressed this view and elaborates that whilst the representation of beneficiaries is a positive development, their contribution is limited by their knowledge as the schemes are a complex business. Moseley (2006) add that even though in some schemes beneficiaries are foremen and unit farm managers their participation in management is limited by their understanding of the business side of the farming since it has and continues to be the sole task of the white farmer.

The need for an integrated response from government on building the capacity of small scale partners involved in joint ventures is necessary to ensure active participation in the venture, Mayson, (2004). Failure to institute this will result in

limited people empowerment and perpetuate dependence on white farmers who have the expertise.

2.2.4 Institutional Arrangements

Another aspect that determines the success of share equity schemes is the extent to which government extension support is provided to beneficiaries. Mini *et al*, (2004) in their research findings showed that the Western Cape schemes had technical extension support from the Provincial Department of Agriculture as opposed to schemes in other provinces, especially in Eastern Cape, Mpumalanga and Limpopo due, to limited capacity within the Department of Agriculture to provide such support.

In conclusion of his study Mayson, (2003) states that lack of post settlement support and monitoring by departments, to the schemes perpetuates the situation where power relations determine the course the business will take.

2.2.5 Legal entity

Narayan (2002) stated that formal organizations are more likely to give members greater influence over decision-making than informal institutions. Knight and Lyne (2002) Western Cape case studies showed that extensive workshopping on selecting a suitable legal entity and establishment of its constitutional and operating rules occurred with prospective beneficiaries on the more successful schemes. Whatever legal entity is chosen, the constitutional arrangements should alleviate the free rider, horizon, portfolio, control and influence problems commonly associated with conventional producer co-operatives (Cook and Iliopoulos, 2000). Knight *et al*. (2003) recommended that these problems are best alleviated if the legal entity is structured as or like a company with tradable benefits and voting rights proportional to individual investment. Van Rooyen *et al*. (1999) recommend that the joint venture agreement should have a protective clause for those with fewer percentages of shares.

2.2.6 Share holding ratio

Karaan (2003) reported problems with control and ownership issues in equity schemes where ownership is diversified but control remains in the hands of specialized managers who exert considerable power and influence, and are often not workers.

The number of beneficiaries in an equity scheme is usually also big. The problem with this is that the dividends to individuals are so small they do not make any economical impact on the livelihoods of recipients.

Fast (1999) (quoted by Gray, 2004) recommended that worker shareholding should at least be 50 percent (%) to ensure that the balance of power lies with the workers. Gray (2004) however is of the opinion that the problem of financing large shares of the firm's equity does not recognise that the majority shareholding were transferred to people that have no track record of successful business management. The argument on increased shareholding to beneficiaries defeats the intentions of the institution of share equity schemes as a means of ensuring the land derive equal benefit to all who own it irrespective of their background.

Roth and Lyne (2003) indicated in their study of equity schemes in South Africa and Kyrgyzstan that under traditional cooperatives returns are proportional to patronage and to investment as members are required to make equal investments unlike in South Africa where a members share are proportional to his investment.

2.2.7 Skills Transfer

The report by HSRC (2004) indicates that a key constraint to farmer participation is their lack of access to education and training. Both Karaan (2003) and Knight and Lyne (2002) expressed comparable views that skills transfer should be a priority for all equity schemes, otherwise workers and their representatives cannot participate meaningfully in decision-making. Because of the level of education of most of the land reform beneficiaries, a board of trustees is established to administer the trust on their behalf and in most instances none of them is

represented on the board. The board has a more powerful role to play in that they contribute to the policy making for the farming enterprise. Thus training on financial management and administration should be given to the board, leadership of the legal entity as well as managers/supervisors in the various components of the enterprises, the training should be designed to suit the various level. The beneficiaries as shareholders also need to receive some training on financial management to be able to understand the financial reports and the performance of the company. Knight and Lyne's (2002) study in the Western Cape found that more successful schemes provided general training in literacy and life skills for ordinary worker-shareholders, and that trustees received higher level training in finance, management and administration. However Karaan (2003) criticised worker participation in planning and decision-making at equity-share schemes. He emphasised that to promote participation during the planning phase, initial training should be designed to improve basic life skills of all prospective worker-shareholders and to promote participation in decision-making, training should focus on Trustees and higher – level skills. This training must be ongoing as new Trustees are elected each year. The view held by Karaan (2003) is supported in that the role of ordinary share holders should not be neglected as these are to develop through training and education to take up management position in the venture. So there has to be training directed towards building up skills level of people for management position as the lifespan of the equity partnership is limited and there must be a succession plan in place.

Thwala (2003) considers participation and popular education to transform people's consciousness and leads to a process of self actualisation thus enabling the vulnerable to take control of their lives. The participation in the process should result in the beneficiaries attaining power in terms of access to and control over the joint resources. He emphasised that rights in land and access in land as major determinants of a households capacity to choose and plan it's own level of farm employment.

Mayson (2003) from research conducted at the De Kamp Boerdery in the Western Cape establish that equity schemes fail to transfer skills to farmworkers due to time constraints as training requires time and dedication.

The report by HSRC indicates that training that is being proposed need to be facilitated by the Department of Labour and the Department of Agriculture, and it needs to be ensured that all training programmes are Sectoral Education and training Authority (SETA) certified and must be compliant to the Skills Development Act, Act 97 of 1998. The purpose of the Act is to develop skills in the workforce, encourage worker participation in training programmes and to promote quality education and training.

2.2.8 Project initiation

The HSRC (2004) research state that joint ventures have been initiated by white commercial farmers, often to improve the profile of their own organization, recapitalize their business or deal with a debt problem. They determine the nature of these schemes and the DLA funds have often not been utilised into the best options- from a financial and empowerment point of view. The report also holds that the time it takes to set up these equity schemes and accessing financing also results in the failure of the scheme as delays results in deterioration in the farming infrastructure due to neglect and would require more money than was initially envisaged in the business plan for repair and replacement of infrastructure before initial production can take place.

2.3 Best practices

2.3.1 Institutional arrangements

Knight *et al.* (2003) in their analysis of the Western Cape equity schemes related financial performance to institutional rules (including governance and organisational arrangements), worker empowerment and management quality. Seven indicators of financial performance reflecting creditworthiness (private financing and collateral), liquidity (wages), dividends, capital gains and, from the worker 's perspective, improvements in working conditions and housing. Gray *et al.* (2004) conclude that the foundation of having sound institutions built on tradable voting and benefit rights assigned in proportion to shareholding (knight

et.al, 2003) is facilitated by organising the equity share scheme as a private company (investor-owned firm) which offers share holders well defined property rights, accommodates temporary restrictions on trading of shares and establishes legal requirements for transparent and accountable management.

Figure 2.1 adapted from Knight et al, (2003); Roth (2003) presents a conceptual model linking the institutional arrangements of a farmworker equity share scheme to its performance. The model indicates that a conducive macro-policy environment will aid the performance of even a badly designed enterprise, while a poor environment (currently the deciduous fruit sector for example) will constrain the performance of a well designed project. It is alleged that a favourable institutional environment combined with an enabled management and workforce, *ceteris paribus*, should improve the operating efficiency of the enterprise, thereby increasing demand for, and profitability of, fixed improvements and complementary inputs. Knight *et al.* (2003) through the previous studies highlight that performance in most commercial farming situations depend on availability of and access to loan finance from banks that often evaluate applicants according to their institutional features, quality of management, net worth and debt-servicing capacity.

The study conducted by Deininger and Binswanger (1999) in the Kenyan Million Acre scheme indicates that arrangements where financial institutions provide input credit and help with the marketing of the farm produce have in some cases helped beneficiaries overcome the obstacles posed by market imperfections.

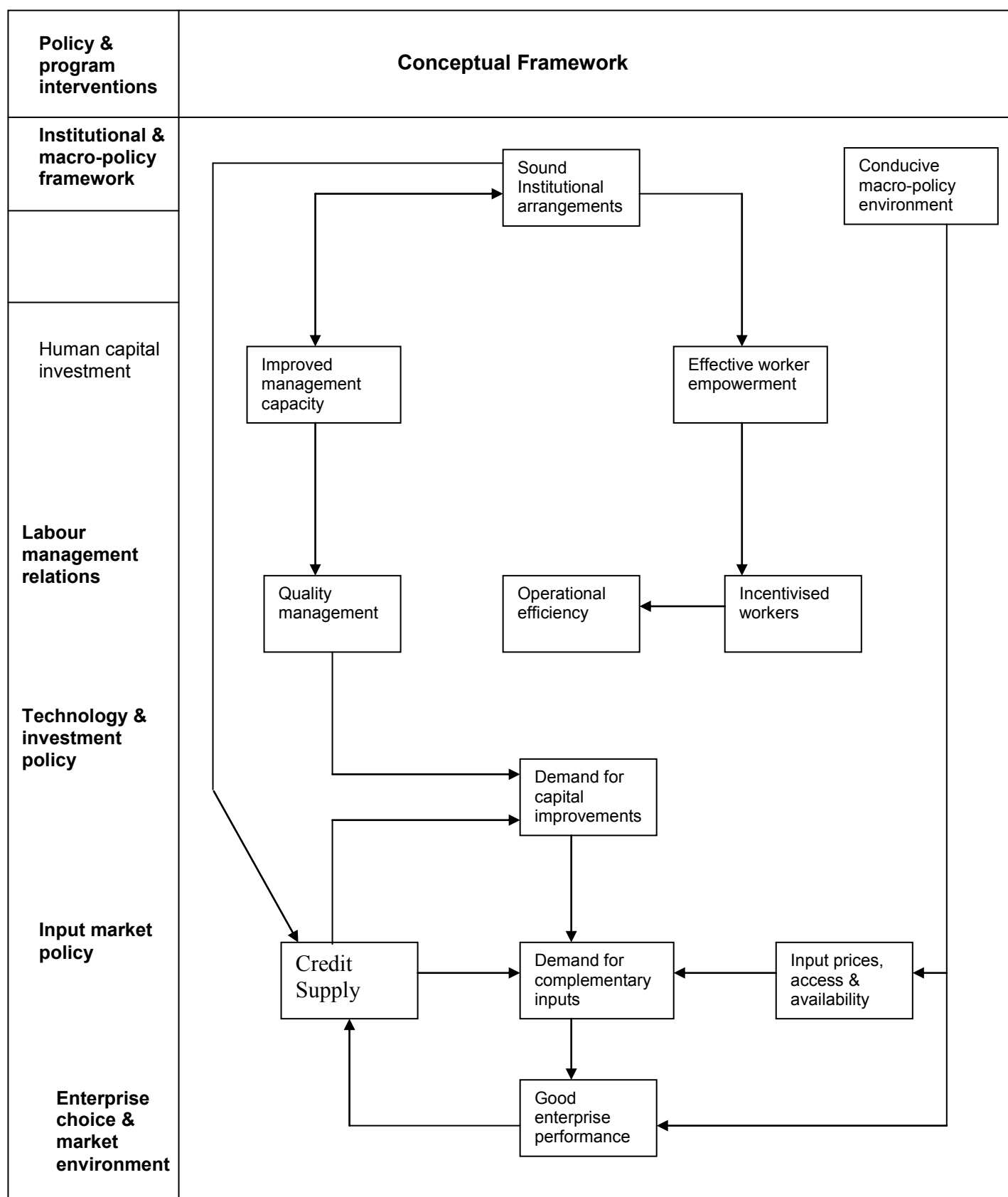


Figure 2.1 Conceptual model of factors contributing to the performance of a farm worker equity share scheme (source: Knight *et al* 2003; Roth, 2003).

2.3.2 Financial Performance

Koutroumandis *et al*, (2004) in their evaluation of the financial performance of rural co-operatives in Greece used eight financial ratios with measures of efficiency, reliability and management. Different subjective weights were assigned to the ratios to simulate four scenarios, with each scenario producing the overall financial performance measure for each cooperative. In the first scenario the ratios were all weighted equally, in the second management ratios were weighted higher and efficiency in the third scenario and lastly reliability in the forth scenario. The results of the study were that half of the eight ratios represented reliability and these were mainly based on aspects of liquidity. Thus similar proposals are being made to monitor the financial performance of share equity schemes.

Gray *et al*. (2004) also emphasise the importance of establishing a set of objective criteria to assess the financial performance of equity share schemes. They alluded that financial ratios should be differentiated into those that may be used for comparisons between schemes and those for monitoring the performance of a particular scheme. Gray *et al*. (2004) further states that ratios that are best suited for monitoring the performance of share equity schemes over time are leverage, profitability (return on assets, return on equity and dividend return), growth and worker's income. Worker's income is examined over time as there are however no generally accepted norms for these ratios. The worker's income measures financial benefits only viewed from the worker's perspective. The objective of introducing the measure is to determine if their real aggregate earnings improve as the equity sharing arrangements mature. This measure accounts for income from wages, dividends, capital gains, other benefits such as medical aid contributions and other non cash items, and interest received from lending to the business Gray *et al*. (2004). Gray *et al* (2004) affirm that there is a likelihood that the worker's ability to influence working conditions will decrease as their joint share of total equity increases , whilst their incentive demands for higher wages is likely to diminish as their share of profit grows with increase in their shareholding.

Knight and Lyne's (2004) in Table.2.1. summarises the study of the eight equity schemes case study and provide comparative characteristics of the schemes. The

table show how the schemes redistributed their net farm assets amounting to almost seven million rands measured in 2001 prices. This analysis shows how the size of the grant limits the beneficiary shareholding in relation to the total equity of the venture. Knight and Lyne (2004) further stated that the level of worker empowerment is expected to improve on the new farmworker equity share schemes under LRAD due to the increased value of own contribution due to the size of the grant.

This statement confirms the argument that has been highlighted by Mayson (2003) from research conducted at the De Kamp Boerdery in the Western Cape. He holds that equity share schemes are not instruments of land redistribution but should rather be regarded as investment schemes that are geared to ensure committed workers. Mini *et al* (2004) also states that workers were unable to influence financial or operational decisions and that there was a distinct lack of communication between management and worker shareholders especially with regard to financial reporting. In conclusion Mayson (2003) highlighted the discrepancies of power relation on shareholding ratio of the beneficiaries as a restriction to their contribution to the running of the business. In that the beneficiaries due to lack of finance have the minority shares and as such do not have any impact in the decisions made and that in some instances even though their contribution is high their lack of education and training is a hindrance to the amount of contribution they make to management processes. A similar view was expressed by Hall *et al* (2001) that power relations do not shift as workers remain the minority shareholders and has minimal input in decision making process.

In a study conducted by Moseley (2006) at the Bouwland Vineyard Share Equity Scheme the beneficiaries held 74% shareholding and the equity partner 26%, beneficiaries were also part owners of the Bouwland wine label. He established that whilst beneficiaries are majority shareholders (74%) the group still depends on the white farmer for use of his machinery and infrastructure. He indicated that the benefits of the equity scheme is that the emerging farmer can learn the business from the partnership, but this is not the case as all the decision making has not changed as the white farmers continue to occupy the role of 'boss'.

Table 2.1

COMPARATIVE CHARACTERISTICS OF FARMWORKER EQUITY SCHEMES (FWES)

Name of FWES, Location, Registration Date	Turnover 2000/1 (Rands)	Main Enterprises	No. of Worker-shareholders	% female Worker shareholders	Workers' equity (%) (a) (b)		Workers equity ¹ - absolute value 2000/1 (Rands)	3rd party investor/lender	DLA grant funding?
Project 1 Paarl 1997	R 15,000,000	Olives Table grapes	34	59%	3.5% Trust		551,924	Yes	Yes
Projects 2 Piketberg 2000	R 1,500,000	Stone fruit Pome fruit Proteas	66	52%	6% Company		902,220	Yes	Yes
Projects 3 Piketberg 2000	R 850,000	Stone fruit Pome fruit Citrus	70	54%		49% ²	2,170,000	Yes	Yes
Project 4 Elgin 1998	R 3,100,000	Wine grapes Pome fruit	48	56%	5% Company		656,000	Yes	Yes
Project 5 Elgin 1996	R 1,200,000	Wine Grapes Stone fruit Pome fruit	12	33%	17% Trust ³		228,382	No	Yes
Projects 6 Piketberg 1997	R 3,500,000	Table grapes Wine grapes Citrus	36	39%	20% Trust		428,217	Yes	Yes
Project 7 Lutzville 2001	R 2,500,000	Wine grapes Vegetables	27	33%	40% Company		405,000	Yes	Pending
Project 8 Stellenbosch 2001	R 0 ⁴	Wine grapes	72	53%		50% ⁵	1,440,000	No	Yes

¹ (a) – Equity in single farm-owning and operating entity

(b) – Equity in separate land-owning and operating entity

² Workers have a 49% share in both the land-holding company and the operating partnership³ Trust now to be registered as a company⁴ Project began in 2001, vines planted in same year. No turnover for 2000/01 as vines were not yet producing grapes⁵ Land is rented from the Stellenbosch Municipality. Shares are held in the operating partnership only

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Methodology

This chapter is based on five case studies of share equity scheme projects conducted in the North West, Northern Cape, Gauteng and the Free State provinces. These are the Provinces where not much research has been done. The share equity schemes chosen are farms that have been in operation for at least two years.

3.1.1 Collecting Primary Data

Data collection was mainly through primary data sources which included observations, interviews and informal discussions with key informants. Interviews were held with participants from beneficiaries at the various project sites, one of the equity partners and a financial manager who was representing the equity partner.

- **Structured Interviews**

Pre-determined set of structured questions were prepared and used for the interview with the farm manager, financial manager and worker representatives. The beneficiaries felt uncomfortable with individual interviews and preferred to be interviewed in groups of three or four, all had an opportunity to respond to the questions and responses were captured in the questionnaire. A consolidated interview questionnaire used for all projects is attached in **Appendix B**.

The sample size of the people interviewed ranged from 6 – 25 depending on the size of the group and the availability of the informants. These key informants have the information on the conceptualisation, compilation of the proposal and are also responsible for the implementation of the enterprise. The interview was used to examine how the project was initiated, how the business is being implemented and

what institutional arrangements are in place to ensure broad participation and empowerment of the beneficiary shareholders.

- **Observations**

Observation was mainly through walking through the plant and the farm and observing people at work. These also allowed for some interaction with the rest of the workforce and also perceive how they interact with each other.

3.1.2 Secondary Data

- **Maps**

Bio physical suitability data in the format of maps were collected from the various sites and from the Department of Agriculture indicating soil conditions, climatic data as well as hydrological information. These included the Surveyor General diagrams of all the farms obtained from the Department of Land Affairs. The information gathered through the interviews and the documents were put into the various maps to show their location on the farms. This is as depicted on **Appendix A**.

- **Documents**

Copies of project business plans, agricultural reports, and valuation reports of the various ventures which were produced as part of the project proposal for the approval of the project were collected from the Department of Land Affairs.

The Redistribution programme manual, the White Paper on Land Policy, Share Equity Scheme manual as well as the LRAD manual were studied.

3.2 STUDY AREAS

3.2.1 Introduction

In this section the study area, methods and approach used to achieve the objectives set out in chapter one are described.

3.1.1 Mapping of the study area

The study area is confined to five (5) farm equity schemes namely the Bray Corporative Enterprise in the North West Province, Handevat Boerdery located in Petrusburg District of the Free State Province, Greenway Farms which is located in the Krugersdorp District in Gauteng, Green's Greens Farms located in Vereeniging in Gauteng and the Vaallus – Zelpi Company in Douglas in the Northern Cape Province.

The representative sampling of the projects were based on the availability of information and the willingness of participants to participate. The locality of the projects, limited resources and language also influenced the selection of the farm equity schemes.

All the selected farms are agricultural farm equity schemes approved through the Settlement and Land Acquisition Grant (SLAG) and have been in operation for at least two years. They are group projects consisting of between 15 and 250 beneficiaries with their shareholding ranging between 49% and 50%. Four of the projects are for crop production and only one is farming on livestock.

The Geographic Information System (GIS) software, ARC View 3.3 was used to produce the maps. Data collected in the form of shape files was from the Department of Land Affairs and Cartographic Unit of the University Of KwaZulu Natal. The data used to produce the study site maps was from shape files on the map of South Africa as well as layer of shape files of the four provinces.

GIS layers with parent farm and vector data on farm portions, roads, rivers, and water sources were superimposed to produce the maps of the various farm share equity scheme farms.

The map indicated the spread of the projects in the various provinces (Figure 3.1) and maps on the individual farms are on Appendix A

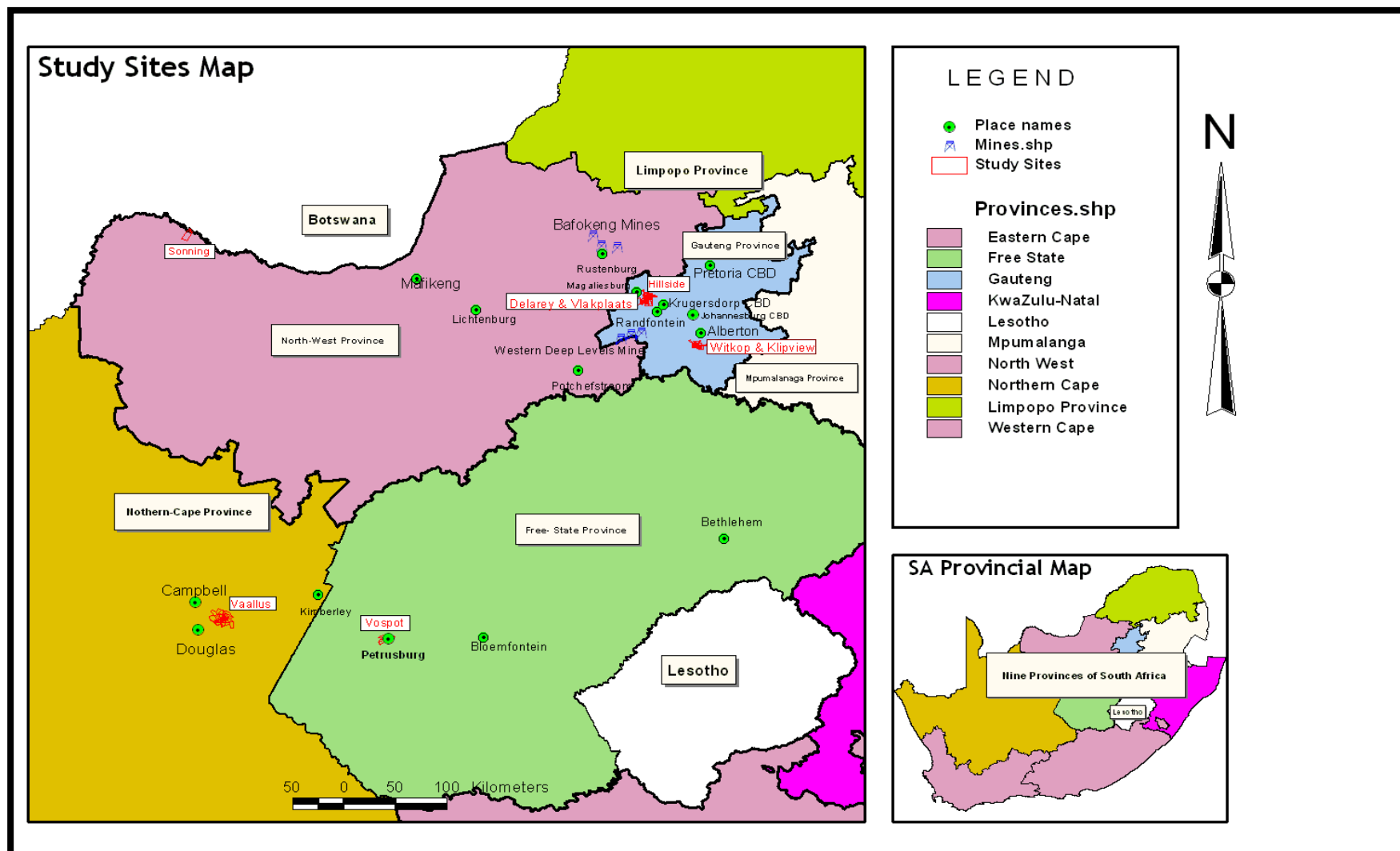


Figure 3.1. The map of the selected case studies

4 DATA ANALYSIS AND RESULTS

4.1 Primary data

a) Documents

Data collected included information collected from business plan, valuation reports and feasibility reports submitted for approval to the Department of Land Affairs. This information is placed in a schematic representation as shown in Table 4.1. It indicated name of the equity schemes, it's location and inception date. Information on number of beneficiaries, the number of shares they hold, the types of enterprises, the projected turnover, the availability of the financial plan, operational plan, management plan and training plan has been indicated where available. It was also important to indicate whether there are provisions for secure tenure for the beneficiaries, and whether there was any additional funding for the projects.

The information collected during the field visits and interview questionnaires with all respondents was compiled and attached in a summary form to the report as **Table 4.2**.

Table. 4.1 Data collected during planning

Name of project, Location, Province, Inception date	No. of hectares	No. of beneficiaries	Business Plan Expected Turnover for yr 1 (Rand)	% of Shareholder Equity	Main Enterprises	Financial Plan	Management Plan	Operations Plan	Training plan	Secure Tenure arrangements	Loan Funding (on top of Grant)	DLA Funding	Institutional Support
Zelpi Douglas Northern Cape 2004	51	15	639,961	49	Maize Wheat Potatoes Cotton Onion	Yes	No	Yes	No	No	No	Yes	No
Bray Corporative ; Bray, North West 1998	1,846	75	1,080,916	50	Abattoir, Butchery, Feedmill, Cattle	Yes	Yes		No	Yes	No	Yes	DACE, Bophirima District Municipality
Handevat Boerdery, Free State, 1999	191	13	289,266	6.50 ¹	Garlic, Onions, mealies, wheat and sunflower Cattle	Yes	Yes	Yes	No	No	Yes	Yes	Dep. of Agric.
Green's Greens, Vereeniging, Gauteng, 2001	338	250	11,100,000	25.5	Carrots, onions, spinach, cauliflower, broccoli.	Yes	Yes	Yes	No	Yes	No	Yes	No
Greenway Farms, Krugersdorp, Gauteng, 2000	211	51	9,373,286	25	Carrots	Yes	No	Yes	No	No	Yes	Yes	No

Table. 4.2 SUMMARY OF INTERVIEW QUESTIONNAIRES

Name of project	Focus group discussion respondents	Beneficiary contribution to business plan	Reference to Business Plan	Training	Stakeholder Involvement	Management training	Board membership	Dividend payout	1 st year's annual turnover	Worker benefits
Bray Corporate Enterprise	25	Yes	Reference was not made to the document as it was not implemented	Vegetable production; vegetable Processing; livestock	Dept. of Agriculture; Bophirima District Municipality	Yes	Yes	The farm was not operational for a long time.	None	None
Vaallus - Zelpi	8	Yes	They are operation according to the business plan but not sure whether it is being referred to.	Informal training on vegetable production	None	No	Yes	No	Not known	None
Handevat Boerdery	6	Yes	They do not refer to the business plan as they have changed operations as a result of changes in the weather conditions and unavailability of water.	Livestock	Dept. of Agriculture	Yes	Yes		not sure	None

Continuation of Table 4.2

Name of project	Focus group discussion respondents	Beneficiary contribution to business plan	Reference to b/plan	Training	Stakeholder Involvement	Management training	Board membership	Dividend payout	1 st year's annual turnover	Worker benefits
Greenway Farms	10	Yes	Yes	Informal training on vegetable production	None	No	No	No	not specified	None
Green's Greens	16	Yes	They are operation according to the business plan but not sure whether it is being referred to	Informal training on vegetable production	None	Yes	Yes	No		None

4.2 Secondary data

4.2.1 Business Planning

Bray Corporative Enterprise

The farm Sonning 109 measuring 1846.3975 ha is located in the Vryburg District of the North West Province. It is located on the northern part of the North West Province along the Molopo River and adjacent to Botswana.

The water supply to the farm is through two boreholes and the average rainfall for Bray varies between 350mm and 400 mm per annum (appendix A. Figure 1). The farm consists of 550 ha of dryland crop production and the rest is available for grazing with the carrying capacity of the farm being 1278 LSU (large stock unit). The main purpose of the dryland crop enterprise was to supply hay to the feedlot.

The equity partner and the beneficiaries established the Bray Corporative Enterprise of 75 members which comprise 74 households from the Bray community and one (1) equity partner, each with a 50% share in the business. The proposed enterprises were abattoir, feedmill, cattle production and vegetable production. The primary business would be a feedlot and abattoir as well as meat processing. The meat was to be sold in Mafikeng and Vryburg. The area is known for its intensive livestock farming. There are currently 55 LSU on the farm and the beneficiaries were preparing the land for the planting vegetables on the 5 ha that can be irrigated.

The respondents of Bray Corporative Enterprise (BCE) unanimously indicated that they were not involved in the compilation of the business plan but that only the equity partner and the previous chairperson who is no longer active in the project were involved in the development of the business plan. They were only informed of the proposed venture and how it would benefit them.

It has been established that the BCE partnership never operated as such since the equity partner was not involved in the Company and did not bring in his contribution. The viability of the business was dependent on his contribution in the form of the infrastructure and entrepreneurial skills he was bringing in the business. This resulted in the change in the operation of the business.

It has also been established that a forensic audit is underway as there are funds of the BCE that needs to be accounted for.

Greenways Farms

The Greenway Equity scheme is located in the Krugersdorp District in the Gauteng Province and measures 211.4227 ha in extent. The farm is located next to good secondary roads that lead to the National Road. The water supply to the farm is through six boreholes located on all the portions which are used to irrigate the land with a central dam erected as a closed system to reduce the need for underground water. The maps indicating the various portions of the farms and the features are *appendix A* (fig2, 3 and 4).

The venture comprises of 51 beneficiaries and two equity partners. The beneficiaries currently hold 25% shares and the equity partners hold the remaining 75% share in the Greenway Company. The farm equity scheme has been in operation since 2000 exclusively producing vegetables using the latest technology equipment purchased outside the country. They currently specialise in the production of carrots which are pre-packed supplying local fresh produce market and supermarkets. The automated carrot machine in Figure 4.1 wash sorts and pre pack the carrots. Due to the nature of the crop the farm remains in production the whole year, maintaining a regular supply for the market. The water source on the farm is through the utilisation of strong boreholes



Figure 4.1: Photo of the carrot automated machine

The respondents did not have any involvement in the compilation of the business plan. The equity partner was the developer of the business plan. They were informed of the opportunity to purchase shares in the Company and the benefits of the partnership. They were generally not sure whether there was any reference to the business plan to ensure compliance as they are not in management. What they know is that they have been operating the same way since the partnership started.

The equity partner indicated that it was never his intention to have the workers in the management of his farm as equity partnership was a business venture where his workers purchased shares in the company and will receive dividends when the company declares profits.

This perception is supported by literature in particular the research done by Mini *et al*, (2004) on some land reform equity schemes in KZN, Western

Cape, Mpumalanga and Eastern Cape whose findings were that joint ventures are initiated by white commercial farmers, often to improve the profile of their organisations, recapitalise their business or deal with debt problems.

Green's Green Farms

The Greens Green Company is located in the Vereeniging District in the Gauteng Province and measures 337.7192 ha in extent. The main water supply to the farm is from the Kliprivier and also through the 5 boreholes located on the Witkop portion. The maps of the two portions with the water sources are presented in appendix A (Figure 5 and 6) The company comprise of the equity partner who holds 74.5% shares in the business, the Greens' Greens Worker Trust 0.5% and the workers with a membership of 250 beneficiaries collectively hold 25,% shares (individually 0.8% share) in the business.

The Green's Greens company board comprise of three members i.e. the equity partner, a chartered accountant and one member of the worker trust. The equity partnership has been in operation since 2001 producing vegetables on a large scale.

The farm produce and supplies value added prepacked vegetables to all major chain stores as well as fresh and semi prepared vegetables to chain stores central distributions depots. They have spread their production such that there are crops that they can produce throughout the year especially the root crops as these are not predisposed to the cold during winter. The farm is functioning with machines that speed the process of packaging and have large cold rooms where vegetables are stored before being dispatched.

The respondents indicated that the equity partner compiled the business plan. They did not contribute to the development of the business plan as the farm was already operational and their involvement was not to change the operations of the business. They were only informed of the proposed partnership how it works and how it would benefit them. They were also not

sure of whether there has been any reference to the business plan but indicated that the operation has been the same ever since they started.

The Financial Manager however indicated that the equity partner compiled the business plan as the partnership was based on the current business and it's viability. The company has been referring to the business plan throughout it's operations.

Handevat Boerdery

The farm Vospost 538 is located in the Petrusburg District of the Free State Province. It comprise of 15 households and two equity partners. The partnership started in 1999 where all shareholders have an equal one seventeenth share in the company. The farm measures 190.6365 ha in extent, at the time of the partnership it had enough water to can irrigate 58 ha and the rest being grazing land. At present the underground water from the boreholes is not strong enough so the farmers were forced to irrigate less due to unpredictable and unreliable weather conditions and this affected the productivity of the farm.

The farm has been producing garlic and onions, and selling to the hawkers, supermarkets and individuals. The project does not have established contracts for the produce, the onions are still in the ground and the garlic is stored in the shed (Figure 4.2 and 4.3). The rest of the land is used for grazing purposes.



Figure 4.2: Photo of onions at Handevat farm



Figure 4.3: Garlic in storage at Handevat

Not all the members are active on the project only two are currently working on the farm and the rest are working and living on other farms belonging to the equity partners.

The respondent indicated that they compiled the business plans together with the equity partners. They are no longer operating according to the drawn business plan due to unpredictable weather conditions and low level of underground water on the farm.

Vaallus – Zelpi Company

The farm Vaallus 64 measures 51ha and is located in the Herbert District of the Northern Cape. The farm has about 700m river frontage with water rights to irrigate 37 ha source of which is the Vaal River. About 50% of the soil is “sandleem” soil 50% is light clay soil. The farm is purely used for crop farming in maize, wheat, cotton, potatoes and onions production.

The Company Zelpi was formed in 2003 and has been in operation for two years. The company comprise of 15 beneficiary households and the equity partner. The management of the farm is under the supervision of the equity partner who holds 51% and two members of the worker trust which holds the remaining 49% shares in the company.

The worker trust members did not have any contribution to the development of the business plan but were only informed by the equity partner of the proposed partnership and how it will work. They are operating according to the business plan in that their operation has been the same ever since they started operations but are not sure whether any reference it being made to the document.

The responses to the compilation of the business plans seem to be supported by findings on previous research done on some equity schemes in the country. Mayson (2003) holds the view that the farm workers had little involvement in the initial preparation and involvement in the drafting of the business plans and the setting up of the equity schemes.

The same conclusion was reached by Mini et al, (2004) and elaborated further to say that most business plans are developed and reproduced around the experience and financial performance of the commercial equity partner and making estimates of potential returns for the new farmers, ignoring the character of the new farming enterprise.

4.2.2 Capacity building

Training was a matter that created confusion to the respondents as they did not really know how to classify what they have learned on the job. To them it is not really formal training that is been given as it was gained through experience and informal instruction from a supervisor.

Bray

The BCE received training in vegetable production and processing, livestock farming as well as management training. The initial training was provided by the Department of Land Affairs and the subsequent training was provided by the Department of Agriculture. The respondents indicated that the Agricultural Extension Officer is responsible for the evaluation of the training by making frequent visits to the farm to ensure that the training conducted yields the desired results. Given the nature of the farming operation the respondents identified the Department of Agriculture as the responsible institution for the training of the beneficiaries on the farm.

Handevat

The beneficiaries indicated that the Department of Agriculture provided them with livestock training. They as well indicated the responsible Department for providing them with training as the Department of Agriculture. The extension Officer from the Department of also visits the farm to see how the training is being implemented and advises accordingly.

Greenway Farms

The respondents indicated that they have received informal on the job training on vegetable production and others also received training on fork lifting and that all

the training was conducted by the equity partner. They were not really sure who was responsible for their training, but that the unit supervisors and managers are the constantly checks to see whether the training provided is being implemented and is successful.

Greens Green

The participants indicated that they received informal training on vegetable production conducted by the equity partner. Some of them as well received management training also offered by the equity partner.

The financial manager added that the company has also provided HIV/AIDS training to beneficiaries as well as health and safety training which were SETA accredited.

The view of the respondents was that the equity partner is the person responsible for the training of the beneficiaries.

Vaallus – Zelpi Company

Both the equity partner and the financial manager agreed that the training that is being provided to the beneficiaries was mostly geared to their performance as farm workers and was not earmarked to prepare them for any management positions in the company.

4.2.3 Empowerment

Bray Corporative Enterprise

The Bray Corporative Enterprise is entirely managed by the beneficiaries. Problems with the previous management were highlighted thus making the work of the current management team much difficult as they need to build the trust of the members. The Board membership comprise of ten people who make up the management of the Corporative.

The respondents indicated that they initially received training on management from the Department of Land Affairs but the training was given to the old management

structure which is no longer in operation. Subsequent training was provided in 2004 by the Department of Agriculture to equip the current management. They believe the training provided will assist this management to administer the affairs of the company well and also to be able to provide regular feedback to the Company. It was also indicated that initially the Department of Agriculture was not involved in the project but only started in 2004 and since the training they have been visiting the farm to see how they are operating and advise accordingly.

Handevat Boerdery

The respondents indicated that one (1) of their members is their representative on the company board. These members and four (4) other committee members of the committee received management training from the Department of Agriculture. This has been evident in view of the fact that the farm is being managed by one of the members of the beneficiaries. He is responsible for making all the day to day decisions on the farm which he seems to be doing well. He did though indicate that he sometimes call the equity partners and the Department of Agriculture when he needs advice. The training has equipped them to manage the finance of the company and to provide leadership guidance on the farm.

Greenway Farms

The respondents indicated that they did not receive any management training. In response the equity partner indicated that he did not provide them with any management training as they are not on the company board.

He further stated that the farm is his business and as majority shareholder he does not see the need to have them on the board, and that it was never his intention to have them on the board. He just made them an offer to purchase shares from his company.

Green's Greens

The beneficiaries indicated that members of the Workers Trust and one (1) board member are given weekly one hour management training by the equity partner. To date the training they have received has been on financial management. The training they have received has enabled to conduct meetings write reports and explain financial reports at the meeting of the Worker Trust.

The Financial Manager also corroborated the information provided and indicated further that the Green's Greens equity partner has committed one hour every week for the training of unit managers thus equipping them for management responsibilities. This he believes has been beneficial to the Director as he is now in a position to explain to the Worker Trust members the financial reports without the assistance of the equity partner.

Vaallus – Zelpi Company

However in the Vaallus project the Worker Trust members did not receive any training and feel they are not adding much value as members of the company board. They currently have two (2) representatives on the company board.

4.2.4 Institutional Arrangements

The response on the involvement of Government Department has been poor and a cause for concern. This indicates the lack of integrated planning within government and the lack of support for land reform.

Bray Corporative Enterprise

The BCE has been receiving support in the form of extension support through the Department of Agriculture's Extension Officer who has been visiting the farm and providing advice to the farmers. The respondents indicated that this support was however not available from the onset. Currently the Department of Agriculture has also assisted the BCE with funds for the erection of fences and kraals from their Post Settlement Support Grant. The Bophirima District Municipality has also provided support in terms of their Local Economic Development Fund for the purchase of 51 cattle for the project.

Handevat Boerdery

The Department of Agriculture is the only government department which is providing post settlement support to the project. They have also provided funding through their Community Development Fund for the purchase of a centre pivot system. The Extension Officer frequently visits the farm to inspect how they are doing and offer advice where it is required.

Greenway Farms

The respondents indicated that there has been no other government department involved in their farm except the Department of Land Affairs with the allocation of grants for the equity partnership.

Green's Green Company

No other Government Department has been involved since the start of the project.

Vaallus – Zelpi Company

The respondents also indicated that there has been no involvement of other Government Departments. The Department of Labour once scheduled training in the area but the training was coinciding with the harvesting period and as noone was able to attend the training. The Planner from the Department of Land Affairs is making regular visits to the farm to see how they progress.

4.2.5 Shareholding

Bray Corporative Enterprise

The beneficiaries in the Bray project hold 50% of the shares in Bray Corporative Enterprise and the equity partner the remaining 50%. They have indicated that they want to apply to have the name of the Equity partner removed from the Corporative since he did not make any contribution and maintain 100% shares in the company. The ordinary shareholders are kept informed of the development of the business through general meetings. At these meetings members have an opportunity to influence the decision of the management through their participation.

Handevat Boerdery

There is an equal amount of 6.6% shareholding each between individual beneficiaries and the two equity partners. They believe there is power balance in the company and would want to increase their individual shareholding. The ordinary members are represented on the company board by the two equity partners and one (1) beneficiary. The beneficiaries are kept informed of progress on the farm through regular meetings held. The respondents further indicated that

when there is no agreement between the members a decision is reached through the casting of votes.

Greenway Farms

The beneficiaries hold 25% shares in the company and the two (2) equity partners the remaining 75%. The people have indicated that they did not have any desire to increase their shareholding as they need the money for household needs. The equity partner indicated that he has no intention of increasing the shares of the group but they are free to sell their individual shares amongst themselves.

Green's Green Company

In the Green's Green Company the Worker Trust held 25.5% of the shares whilst the equity partner holds 74.5% of the shares in the company. The Company board comprise of the equity partner, an independent businessman (Chartered Accountant) and one representative of the Worker Trust.

Vaallus – Zelpi Company

The worker Trust in Zelpi company hold 49% share and the equity partner 51% shares in the company. Two (2) members of the Worker Trust members are board representatives together with the equity partner. The rest of the ordinary shareholders are informed of progress on the company through regular meetings where they are given the financial status of the farm.

4.2.6 Fringe benefit

The beneficiaries as shareholders are also employees of the company and need to have fringe benefits that would sustain them on a daily basis as dividends are only paid when the company has declared profits.

Bray

The respondents indicated that there are no fringe benefits in the company. The farm has just started being operational and even the people who are currently working on the farm are not being paid. The only benefit that they receive that they are given supplies of milk to take home.

Handevat Boerdery

The respondents indicated that there are two of them working on the farm and are not receiving any fringe benefits. They only take weekly rations of vegetables home to feed their families. They also indicated that they are not even registered for Unemployment Insurance Fund (UIF).

Greenway Farms

The respondents also indicated that they do not receive any fringe benefits from the company and that they are only registered for the UIF. They indicated that there are vouchers that are paid monthly to best achiever for the month as well as annual bonuses for the best achievers.

The equity partner of the other hand indicated that the business even though it acknowledges the importance of fringe benefits have to ensure that it balance employment creation allowing people to decide how to spend their money and wealth creation in terms of investing whatever additional amount back into the business thus increasing the net value of the business.

Green's Green Company

The beneficiaries indicated that there are no fringe benefits for the workers; they are also registered for the UIF. The financial manager indicated that membership to the pension fund and medical aid is not compulsory for the workers.

Vaallus – Zelpi Company

The respondents of Zelpi also mentioned that their company does not offer any fringe benefit; they are only registered for the UIF.

4.2.7 Payment of dividends

Bray Corporative Enterprise

The respondents indicated that there were no dividends declared as the company has just started to be operational and has not started to make any profit.

Handevat Boerdery

There has been no dividends payout to shareholders. The respondents indicated that this is due to low productivity on the farm and problems with the market.

The project's approval memorandum indicate that there was a previous agreement reached by all company members that no dividends will be declared within the first four years of operation, and only after enough money has been set aside to build a reserve fund for the business.

The operation of the schemes ranges from 2 (two) years to 4 (four) years but none of them has declared dividends. Any profit that was made by the companies was reinvested into the business. This is one way of building the assets of the business and ensuring the liquidity of the company.

Greenway Farms

There has been no dividend payout since the company started operating in 2000. The equity partner's response was however different from that of the Worker Trust members as he alleges that dividends were declared last year and paid out to the individual shareholders. He also indicated that new machinery was bought by the company over the years.

No financial statements were provided to substantiate the claim of the equity partner.

Green's Green Company

All the respondents indicated that no dividends were paid out since the beginning of the partnership. Every profit made was reinvested into the company by purchasing new machinery. The financial manager further indicated that dividends will be declared the end of this financial year which will be 31st March 2006. No financial statements were provided.

Vaallus – Zelpi Company

The respondents indicated that the farm did not make much profit the last year due to crop failure. However the harvest for the current year looks good and might result in good profit for the company and dividends being declared after receipt of the financial statements from the accountant. The beneficiaries did not have the

financial statements of the previous years but only indicated that they did not make any profit.

4.2.8 Tenure Arrangements

Bray

The beneficiaries indicated that a portion of the land has been set aside for housing purposes. It is only a few of them who have been accommodated on the land. There is still uncertainty on the actual number of hectares they have as the land is already occupied by other people.

Handevat Boerdery

Two families live on the farm the others are accommodated on the other farms belonging to the equity partners. One family is accommodated in a brick house, the other family lives in a temporary zinc sheet structure. The business plan did not make any provision to ensure secure tenure for the beneficiaries.

Greenways farms

The business plan has not made any provision for secure tenure, the beneficiaries are accommodated elsewhere on the farm and others live on neighbouring farms. The equity partner indicated that he has plans to build an agri-village for the beneficiaries, but this will be dependant on availability of funds.

Green's Green Company

The Equity partner in order to ensure secure tenure for the members gave the Worker Trust 5ha of land for settlement purposes. Even though provision for the allocation of the land has been made in the business plan and has been confirmed by both the beneficiaries and the equity partner this piece of land has not been developed nor occupied. The beneficiaries are reluctant to move onto this piece of land as they fear since it is still in the name of the company and not subdivided from the Green's Green farm it can still be taken away from them.

Vaallus – Zelpi Company

There are beneficiaries who live on the farm and other live on the nearby farm which belong to the equity partner's brother. No provision has been made on the business plan for tenure arrangements for the beneficiaries.

4.3 RESULTS

i) Business plans

The responses from the respondents and from information gathered from the field and the documentation indicated that it is the equity partners who are the originator's of the business plan. The beneficiaries had little to do with the conceptualisation of the business and as such do not feel the sense of ownership in the whole business as it remains the domain of the equity partner. This is being confirmed by the opinion of the equity partner interviewed who indicated that the farm is the "the vision of the farmer and a fruit of his entrepreneurial labour".

The beneficiaries are not very involved in the management of the farm as they could not indicate with certainty whether there has been any reference to the business plan during their operations, this indicates that there is no measuring mechanism on whether they are still producing as intended.

ii) Capacity building

Training in the projects has been a matter of great concern as most of the projects have not received any formal training except the BCE and Handevat Boerdery. This in itself hampers the growth of the individual workers as the only thing they know is how to plant vegetables and this does not prepare them for management or to even take control over their own development. The intention of the equity partnership was also to ensure that there is some skills transfer from the equity partner to the workers. This can be tested when people have extra responsibilities. This can be ensured through some of the worker moving from being normal labourers to being supervisors and managers with real change in job content.

iii) Empowerment

There has been no plan on how the beneficiaries would be incorporated into management or how they would be developed to take up management positions. The Department of Land Affairs did not ensure that this is a condition to the approval of the partnership.

iv) Institutional Arrangements

The involvement of other stakeholders in the implementation of Land Reform projects is still a problem. There was no post settlement support given to most of the projects with the exception of Bray Corporative Enterprise and the Handevat Boerdery beneficiaries.

The key departments which are supposed to be involved in the Land reform are the Department of Agriculture, Department of Environmental Affairs, Department of Water Affairs, Department of Labour, the Department of Economic Affairs and Tourism as well as the Local Municipality. The involvement of these stakeholders would ensure that all the development is properly aligned to the beneficiaries are capacitated to participate as partners to the equity schemes developed.

These institutions provide services such as extension support, post settlement support grants (e.g CASP from DoA and the LED from Municipality), housing grant, feasibility and business reports, EIA reports and training.

Financial institutions have also indicated their support to Land reform by providing financing to the beneficiaries at special rates.

v) Shareholding

The shareholding ratio indicates the power and influence that the shareholders have in the business. There was no provision in any of the equity schemes studied for the increase in the number of shares owned by beneficiaries. One equity partner even indicated that he does not have any aspirations to increase the beneficiaries their shareholding. This would present an argument whether the objectives of the equity partnership are well understood by the equity partners or it is another avenue to enrich themselves through access to interest free loans.

vi) Fringe benefits

This has been a concern in all the beneficiary respondents as there are no fringe benefits attached to their employment. They feel like nothing has changed in that respect. They do understand that the farm does not make enough money to can introduce such benefits but they feel as workers they do need benefits like pension fund and annual bonuses.

Fast (1999) suggests that visible benefits should be built into every year of the financial plan and these may include activities such as cash crop production and setting aside of additional productive land for the private use of shareholders.

vii) Payment of dividends

The Farm Equity Schemes have undoubtedly failed to produce the anticipated results as indicated in their business plans. No dividends have been declared in any of the schemes studied even though various reasons were given for that. This seems to be an instrument that the equity partners use to build up the asset base of the farm at the expense of the beneficiaries who are not well paid and do not have another fringe benefit on the farm.

viii) Tenure arrangements

All the Farmer Equity Schemes studied have been financed through the Settlement and Land Acquisition Grant (SLAG) which is linked to the housing grant. This means that the beneficiaries who have accessed their grants through the Land Reform Grant will not be eligible for the housing subsidies.

There has been a provision for secure tenure in only two of the projects studied being Bray Corporative Enterprise and Green's Greens Company. Even in these two schemes the land allocated for housing has not been subdivided and separated from the business and thus poses doubts as to the security of tenure of the people. There is no provision made on how the beneficiaries are going to be assisted to ensure that some of the profits or dividends are channelled towards building houses of the allocated settlements.

4.4 RESPONSE TO RESEARCH QUESTIONS

i) Feasibility requirements for Joint Ventures

The feasibility requirements for a successful share equity scheme are based on the project design plan of the proposed venture (see Figure 1. on page 12) comprising of a detailed business plan, feasibility assessment report, financial assessment report including the due diligence report on the existing farming entity, proposed structure of legal entities and the land valuation report to determine the market value of the land.

The important elements of the business plan are the financial data which gives a summary on the performance of the business venture, a cash flow of the proposed new venture and the income statement projection; a farm plan with the detailed enterprise budget; a marketing plan indicating where the produce would be sold, the marketing strategy, and the growth potential of the business; a risk management plan that would indicate how risks would be mitigated; a human resource and development plan indicating the structure of the operation and how the beneficiaries would be integrated into management; as well as a detailed mentoring, training and development plan.

These documents need to be assessed by a panel of experts comprising of members from the financial institution, agricultural economists, members from Organised Agriculture, officials from Department of Agriculture, District Municipality and the Department of Land Affairs before LRAD funds could be approved.

ii) Extent to which Share Equity Schemes are successful.

Five case studies were conducted in four provinces (two in Gauteng, one in North West, Northern Cape and the Free State) and from the schemes visited there are a few elements of success in the implementation of the share equity schemes.

- All the projects were currently in production, Green's Green Farms and Greenways Farms have registered undisclosed profits from the produce of the previous season even though no dividends have been declared. There has been capital growth in the Green's Green Farms Greenways Farms and Vaallus-Zelpi Company whilst there was a depletion of capital growth at Bray Corporative Enterprise and Handevat Boerdery. The profits generated in two equity schemes have been reinvested in the business as the respondents have indicated that they have acquired new equipments for the business. Both Green's Green Farms and the Greenways farms which are highly commercial have bought new automated equipment and the Zelpi Company bought an irrigation system from the previous year's cashflow. Critical to the success of the three projects is that both equity partners and the beneficiaries are actively involved and are working on the farm unlike at Handevat Boerdery and Bray Corporative where the share equity partners are not involved. The Handevat Boerdery did not register any profits as they are struggling with the market to sell their produce and have resorted to selling to individuals and dividing the money as it is received. This method disadvantages the beneficiaries as they are not in a position to negotiate prices. The Bray project has been inactive over the years so no production took place on the farm. The capital growth will result in the value of the market shares increasing for Green's Green, Greenways and Vallus-Zelpi and a depletion resulting in decrease of the market share values.
- There has been evidence of capital growth at Greenways and The three companies (Green's Green Farms, Greenways farms and Vaallus-Zelpi) have established markets for their produce.
- There has been an improvement in the relationship between the equity partners and the beneficiaries at all projects. The beneficiaries have indicated that they are holding regular meetings with the management to obtain feedback on the developments on the farm. It can be stated that they are generally satisfied employees but unsatisfied as shareholders since no dividends have been paid to them.

- There has generally not been any formal training provided to the beneficiaries at the share equity schemes, the only training provided was on the job training conducted by either the equity partner or the Department of Agriculture. The training provided is not SETA accredited and the beneficiaries do not have certificates proof their competency.
- The share equity schemes did not succeed in making the beneficiary shareholders financially and socially independent. No dividends have been realised and the beneficiaries have to depend on their meagre farm worker wages to cater for their household needs.
- There has been no empowerment to the beneficiaries in terms exposure to management and training with the exception of Green's Green and Handevat Boerdery as they have received training. The Greenways farm does not have any representation of the beneficiaries on the board of directors. The Bray Corporative Enterprise has 10 members on their Board as the equity partner is no longer active on the farm. The Vaallus–Zelpi Company like the Bray Corporative Enterprise did not receive any management training.
- The beneficiaries have not been capacitated in terms of awareness, building analytical capacity and decision making. The beneficiaries were not adequately orientated into the new proposed venture to allow a change in mindset and behaviour and to be able to comprehend and participate effectively in realising the objectives on the venture.
- The Tenure security of the beneficiaries at Bray Corporative Enterprise and Green's Greens farms has been secured as both schemes have set aside some hectares of land for the settlement of the beneficiaries even though such rights are not expressly stated in the title deed through subdivision or registration of notarial deed. The other three ventures have not made any ensured any secure tenure rights for the beneficiaries as

most of the beneficiaries are not staying on the farm and they all do not have proper housing infrastructure.

iii) **Causes of Failure of Share Equity Schemes**

- **Lack of Empowerment**

There has been no mentorship programme in place for the beneficiaries.

This resulted in the beneficiaries not equipped to be financially and socially independent from the equity partner. They are not able think independently and make meaningful contribution to the management of the business as well as taking responsibilities for providing for their own future in relation to housing and general development.

- **Lack of Risk management plan**

All the share equity schemes did not have a risk management plan to mitigate any risk factors associated with the business venture.

- **Lack of Financial support**

The successes of the share equity schemes are depended on the financial support of the Government to alleviate the stress of financial debt. The Projects entered into except Handevat Boerdery and Greenways have received support from financial institutions to expand their businesses. The Handevat Boerdery still has an outstanding liability with the Bank even their business level activity has dropped. The Bray Corporative Enterprise could not produce over the years since they exhausted their grants from DLA and could not get any financial support from the Banks until recently when the Bophirima District Municipality provided them with funding for production inputs.

- **Lack of Management capacity**

There has been no development of entrepreneurial skills imparted to the beneficiaries. No capacity building to allow beneficiaries as shareholders to participate in the management of the business venture except in the case of the Green's Green farms where the equity partner has provided the management training to the leadership.

- **Ownership**

The equity schemes entered into did have an element of land purchase but the rights of the beneficiaries in Greenways, Green's Green and Zelpi schemes were not secured as the beneficiaries have the minimal shares of less than 50% and the business plan did not make allowance for the increase of the shares of the beneficiaries. This renders the schemes to have failed to provide for the tenure security of the beneficiaries and dilutes their ownership status of the land.

- **Institutional Support (venture monitoring/accountability, extension support)**

There has not been any monitoring on the implementation of the share equity schemes by the DLA and DoA. The success on the implementation of the business plan has been left to the discretion of the equity partner. This has caused a situation where the equity partner is not accountable for adhering to the agreed business plan.

The share equity schemes have not received any extension support from the DoA and where share equity partners are not actively involved has led to the collapse of the schemes or poor production as was the case with Bray Corporate Enterprise and Handevat Boerdery.

- **Marketing Plan**

There has been an absence of a marketing plan in the development of the business plan and was left solely to the initiatives and experience of the equity partner. Thus in instances like in Handevat Boerdery where the equity partner is not active the farm produce had to be sold to the informal market.

- **Lack of Human Resource Plan**

There are no written plans on how the beneficiaries would be developed and trained. This results in no-one taking the responsibility for the training of beneficiaries. No skills analysis was conducted to determine the training needs of the beneficiaries as well as the financial implications.

5 CONCLUSION

In evaluating the research findings, it is noted that that the five equity schemes investigated, although making up 10% of the estimated total number established in the country, do not provide enough data for determining that results obtained were not due to chance. A larger sample would be required to apply a procedure indicating statistical validity using conventional probabilistic statistics.

The research that was conducted at the five equity schemes confirms the conception that share equity schemes even though the ventures show elements of feasibility, the benefits thereof have not cascaded to the beneficiaries.

The share equity business plans are designed by the equity partners without input of the beneficiaries. The beneficiaries have no sense of ownership of the business and depend on the equity partner for future direction. The expectations of the beneficiaries regarding shared management and economic empowerment have not been met. Although the beneficiaries have been part of ventures for at least three years, they have not yet received any dividends. It generally seems that equity schemes are used as vehicles to build asset bases of the involved farms, which is good for improving the value of the farm but does not result in the any immediate benefit to the beneficiaries as it is done at the expense of payment of dividends.

There is no mentorship in the schemes entered but only committed workers. The schemes may incorporate the views of the beneficiaries, but due to the minimal amount of their shareholding and knowledge, lacked the clout to express their wishes.

There is no monitoring of the performance of the equity share schemes against the of the DLA Share Equity Scheme policy's objectives. This has been left in the hands of the equity partner who continues with operations as before the inception of the joint venture.

The conceptual model shown in Figure 2.1 adapted from Knight et al, (2003); Roth (2003) illustrates the effect of a conducive macro policy environment to the viability of an enterprise. This model when put in place will determine the feasibility requirements for any viable enterprise and enhance the sustainability of the business venture. This indicates the importance of improved management capacity, effective worker empowerment, incentivised workers and access to capital for the sustainability of the enterprise. Institutional arrangements need to be clearly indicated on how management would be capacitated and workforce trained.

The Department of Land Affairs has to ensure that the business plans developed meet the requirements and has been assessed and recommended by a financial institution. The proposed planning model when utilised will ensure that the business plan of any venture can be planned, operated, managed and maintained to the benefit of both the equity partner and the beneficiaries.

The empowerment and capacity building of the beneficiaries is very crucial and emphasis on the business plan presented has to include a training programme with timeframes and responsible person to ensure that it takes place. A monitoring mechanism has to be developed in collaboration with the Department of Labour and the Department of Agriculture to ensure that the training does take place as scheduled and that the equity partner receives the necessary support.

The success of land reform in particular the share equity scheme is dependent on cooperation with all the stakeholders which include the equity partners, financial institutions, organised agriculture as well as government departments.

The central issue in the land redistribution programme remain land ownership and not land use. There needs to be a review of the objectives of the share equity scheme as it does not contribute to the redistribution of land and securing tenure rights to the vulnerable group (farm workers) but can be an opportunity for creating employment and ensuring growth in the agricultural sector.

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APPENDICES

Appendix A

- ❖ Map of Bray Corporative Enterprise
- ❖ Maps of Greenways farms
- ❖ Maps of the Green's Green farms
- ❖ Maps of the Handevat Boerdery
- ❖ Map of the Zelpi Company

Appendix B

- ❖ Sample interview questions and summary of responses of Bray Corporative Enterprise
- ❖ Sample interview questions and summary of responses from Greenways farms
- ❖ Sample interview questions and summary of responses from Green's Green farms
- ❖ Sample interview questions and summary of responses from Handevat Boerdery
- ❖ Sample interview questions and summary of responses from Zelpi Company

Maps

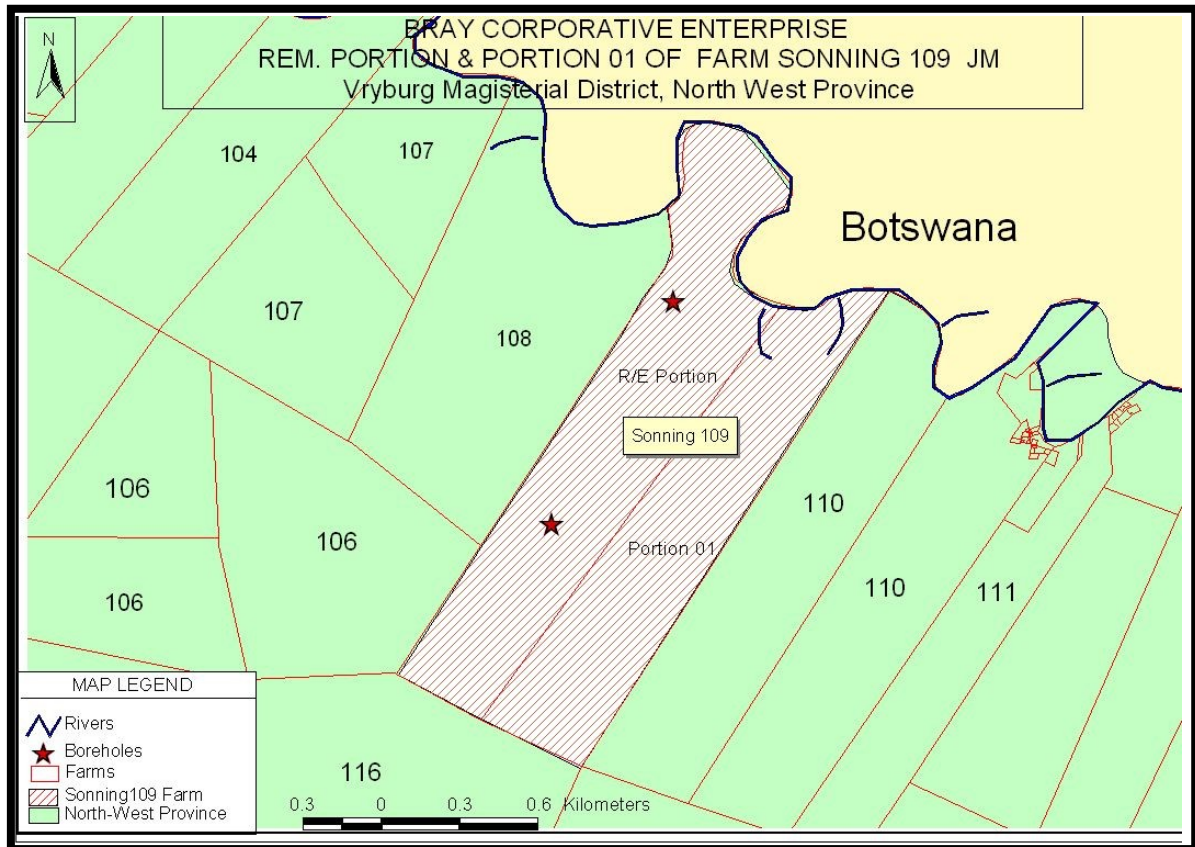


Figure 1: Remainder portion & portion 1 of Farm Sonning (Bray)

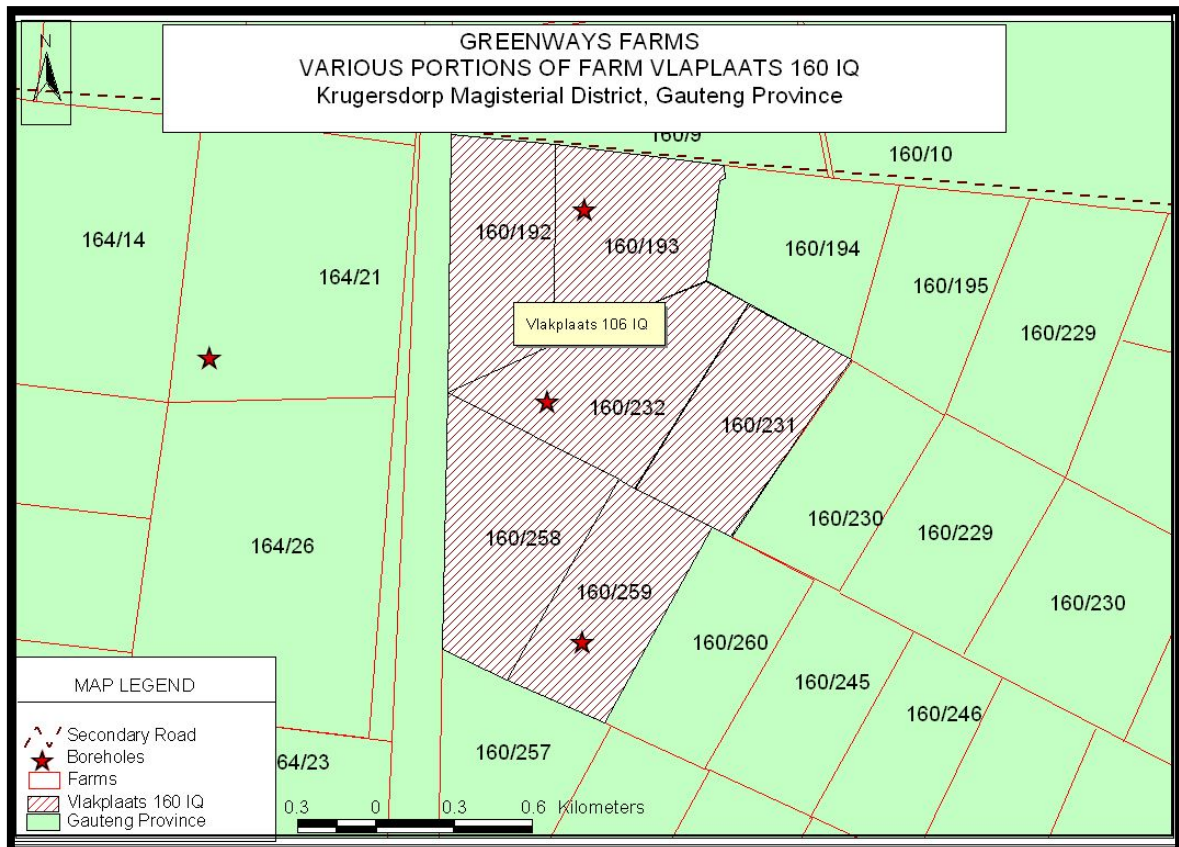


Figure 2: Various portions of Farm Vlakplaats

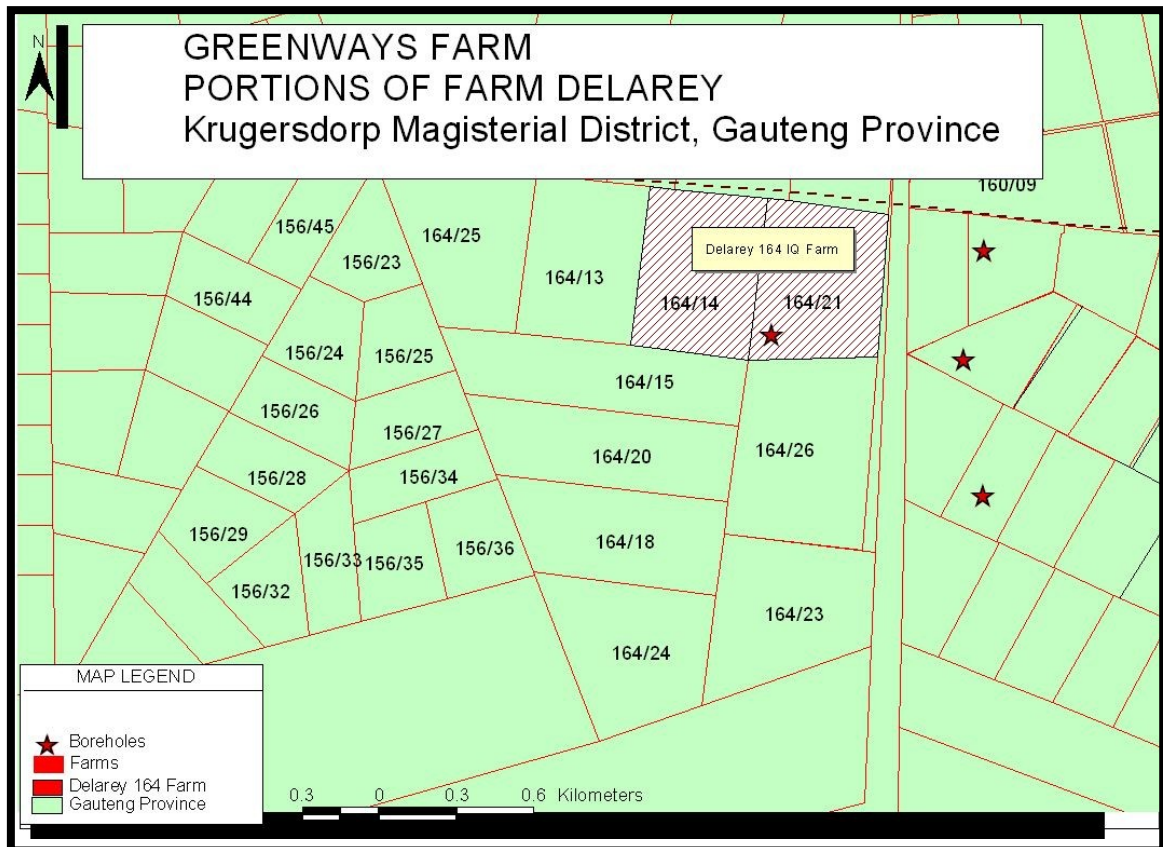


Figure 3: Portion 14 & 21 of the Farm Delarey

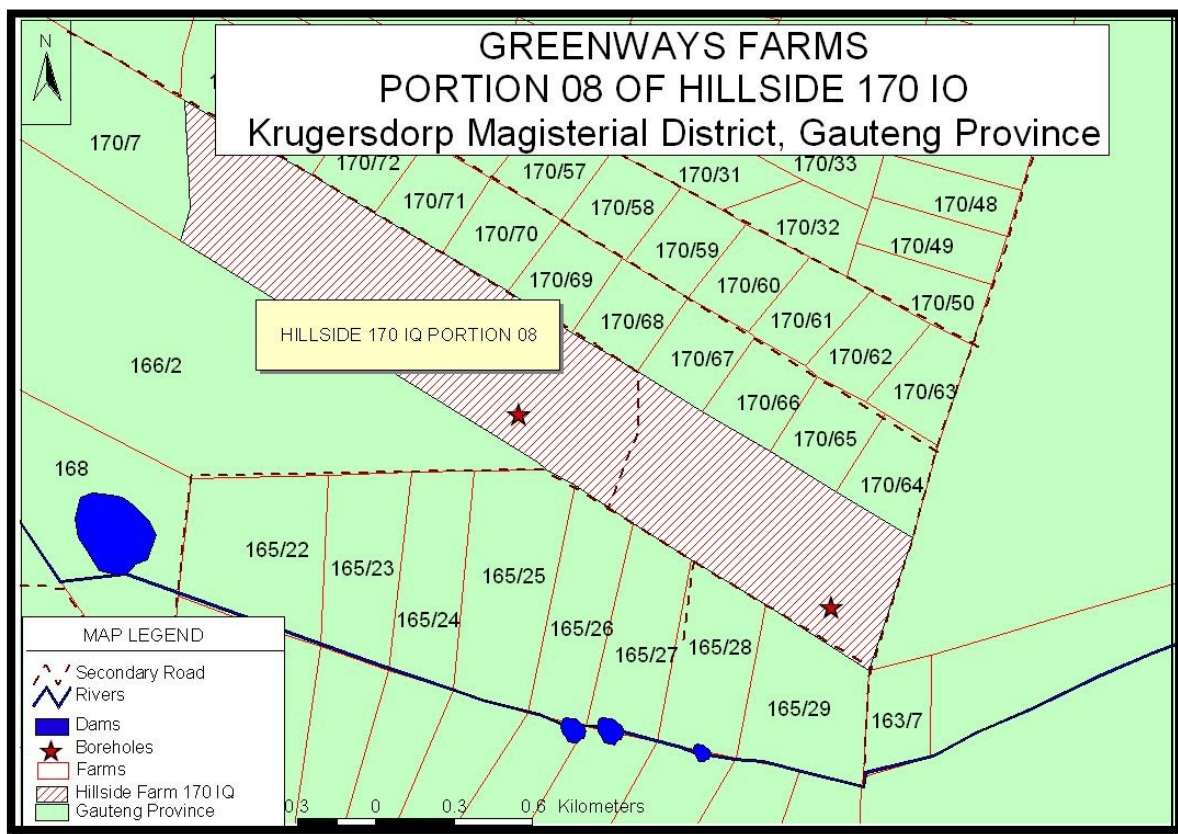


Figure 4: Portion 08 Farm Hillside

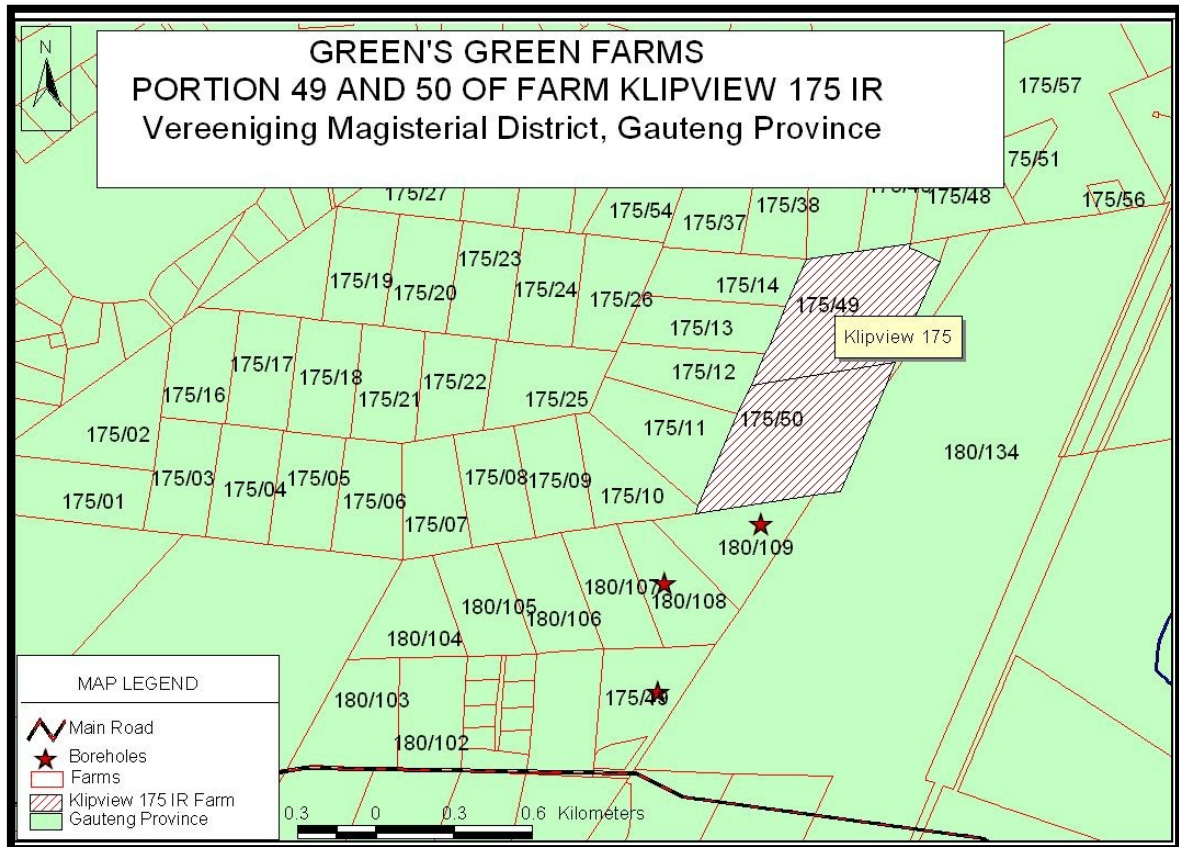


Figure 5: Portion 49 & 50 of Farm Klipview

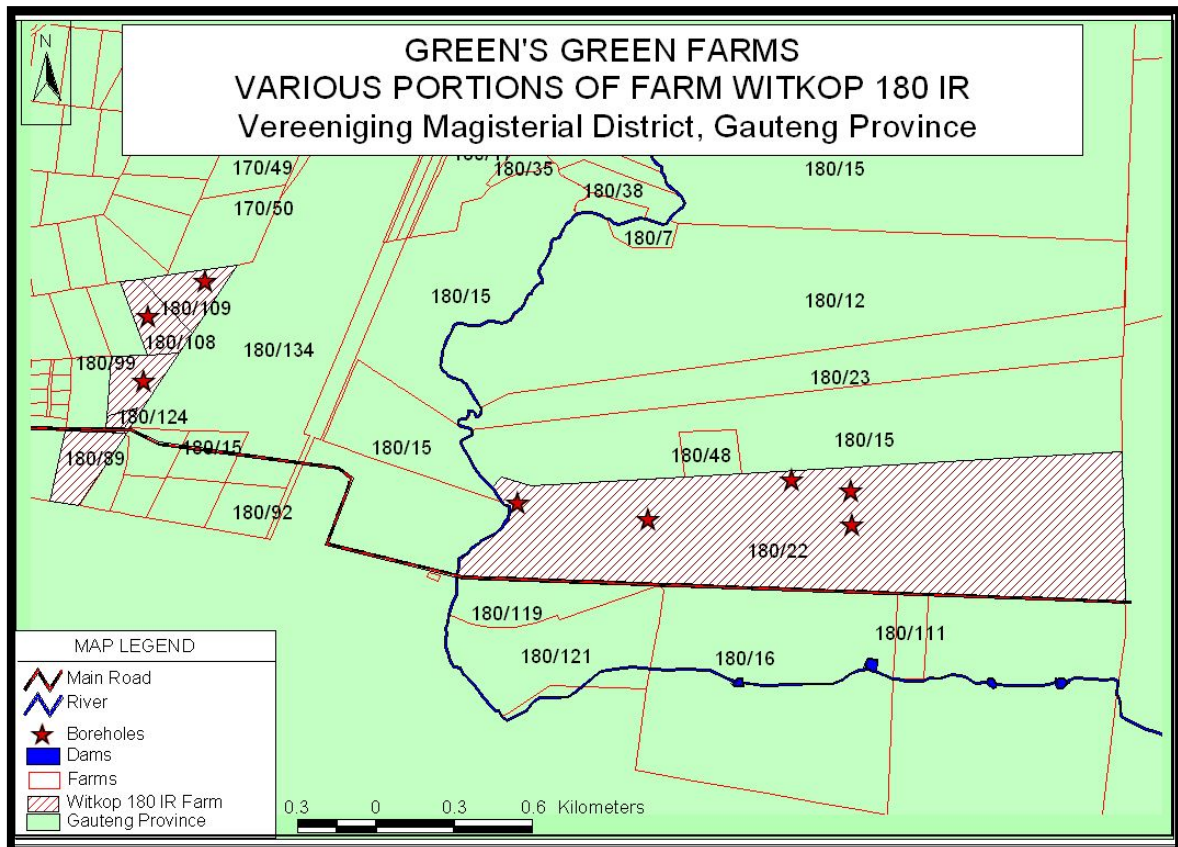


Figure 6: Various portions of Farm Witkop

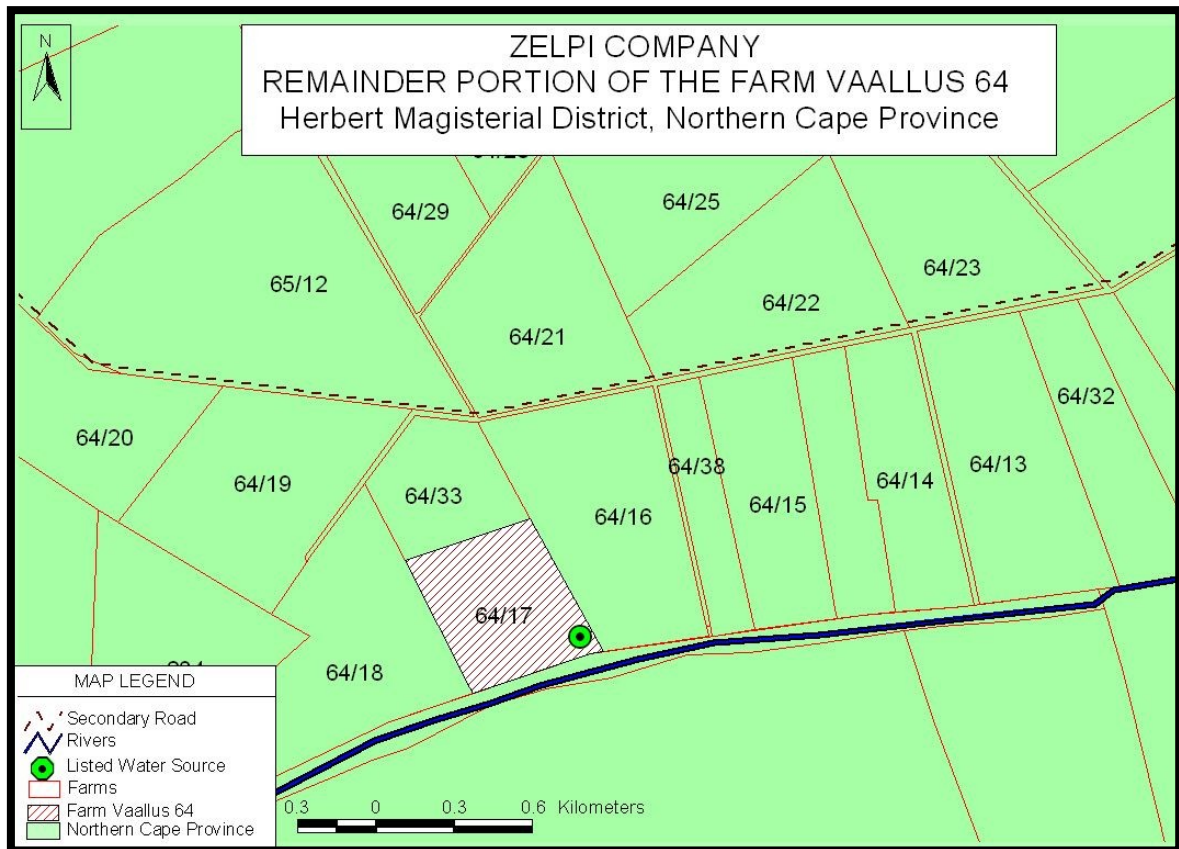


Figure 7: Remainder portion of the Farm Vallus

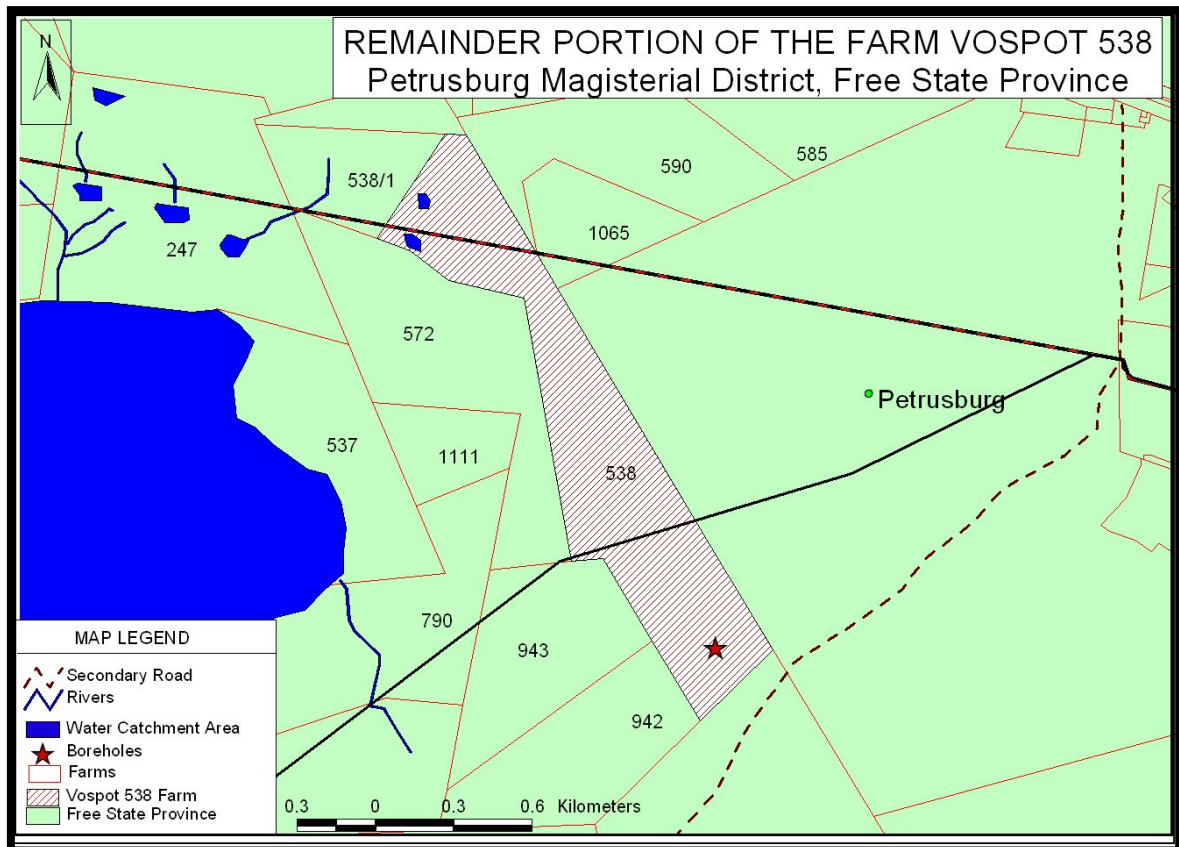


Figure 8: Remainder portion of the Farm Vospot

QUESTIONNAIRE FOR SHARE EQUITY SCHEME PROJECT

Date:

F.E.S:

Respondent types: (Beneficiary/Equity partner)

Questionnaire No.

1. Who compiled the business plan?

.....
.....
.....

2. What was your role in the compilation of the business Plan?

(Contribution of the roleplayers to the development of the business plan)

.....
.....
.....

3. How often is reference made to the business plan (to align operations)?

.....
.....
.....

4 What training programme has been instituted for the beneficiary shareholders since the partnership?

(To determine whether any provision has been made for training)

.....
.....
.....

5 Who is responsible for the training of beneficiaries?

.....
.....
.....

6 How is the provided training evaluated?

.....
.....
.....

7 How would the training provided equip beneficiaries for management positions?

(Assuming that as equity partners they will be incorporated into management)

.....
.....
.....

8 How are the beneficiaries represented in the farming management structure?

(To ascertain whether there is any provision for equity in management)

.....
.....
.....

9. How do beneficiary shareholders influence decisions made by management?

(Whether ordinary shareholders have any influence in management; to determine how they are kept informed of developments)

.....
.....
.....

10. What physical benefits except dividends have beneficiary shareholders derived since inception of the scheme?

(this includes housing, pension, medical, land for household production, bonuses etc)

.....
.....
.....

11. Have any dividends been declared since inception of the scheme?

.....
.....
.....

12. What measures are in place to ensure an increase in the proportional shareholding of the beneficiaries?

(To ensure an increase of shareholding to beneficiaries ensuring more power in decision making)

.....
.....
.....

13. What is the role of Government or third party investor in the project?

(To determine any involvement of other parties & their contribution)

.....
.....
.....

14. What are the tenure arrangements of beneficiaries on the land?
(To determine how their housing needs have been accommodated & how it relates to their partnership venture)

.....
.....
.....