



Developing Community Private Partnerships (CPPs) for the development of restored and communal land



- 1 What is the problem?**
- 2 Why do land reform projects fail and what can be done?**
- 3 The Vumelana Modela**
 - its transformative outcomes**
- 4 What results can be achieved?**
- 5 Expansion of funding sources?**
- 6 Potential collaboration with SubTrop?**

What is the problem?

Land reform promises to provide assets to the poor, stabilise relationships and create employment and income.

The high failure rate of land reform projects, destroys assets, jobs and income and impoverishes local communities.

- **The NDP suggests that agriculture alone has the potential to create 1m new jobs by 20130?**
- **Over 100 000 of those jobs it suggests can be created by making better use of land already transferred under the land reform programme**

- **Over 50% of land reform projects fail**
- **2010 estimate that 5.9 m ha had been transferred and 90% was defunct.**
- **5.9m Ha 150% larger than Switzerland**
- **By 2016, 8.1m Ha transferred**

- **The promised rapid expansion of land reform has the potential to capitalise on the promise of new employment and income or destroy jobs and dent South Africa's job creation hopes.**
- **There is not enough data to calculate this but we think the expanded restitution programme alone could result in the loss of half a million jobs – or the saving of those jobs and the creation of a further 250 000.**

Why do land reform projects fail and what can be done?

Why do land reform projects fail?

When people are dispossessed of their land , they lose much more than the land – they lose access to capital, skills, markets, networks, entrepreneurship...

The restoration of land without access to the other factors of production leaves communities stranded... and the production on the land collapses

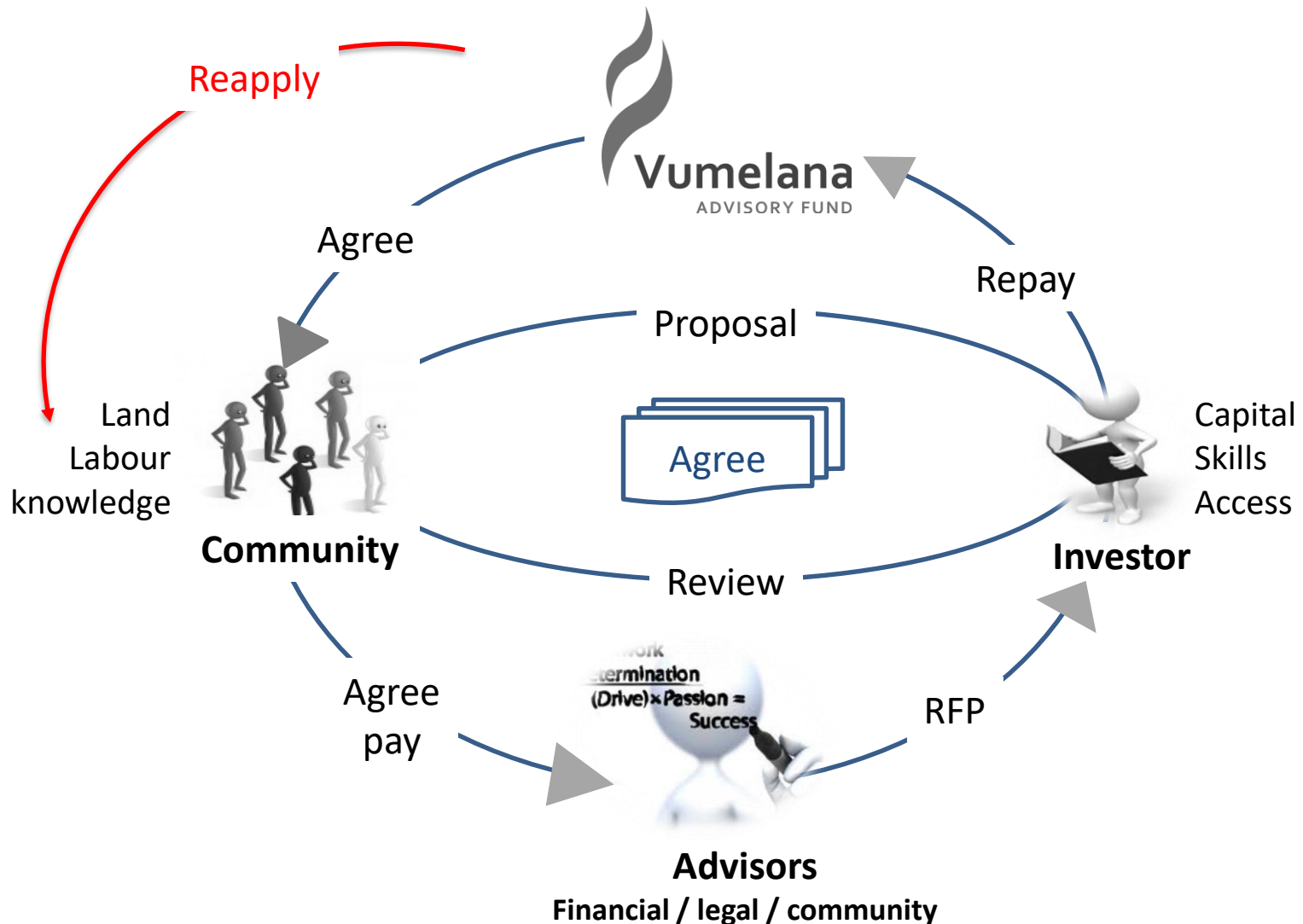
What can be done?

Forging partnerships with 3rd parties who have those resources is the most immediate way of addressing that challenge




However, these partnerships do not form spontaneously because the risks are perceived to be too high.

A risk reduction mechanism is required that will enable partnerships to form in a way that attracts private capital and links land reform communities to the skills, networks and markets they require to be productive.

A model has been piloted to lower risk by providing skilled transaction advisors to facilitate agreements



With limited funding, the pilot has shown that deals can be supported, investment attracted and jobs created

		INVESTMENT	JOBS	HOUSEHOLDS
AGRICULTURE		R327m	496	6,008
TOURISM		R412m	954	4,935
FORESTRY		R232m	201	3,655
CONCLUDED		R971m	1,651	14,598

IMPACT OF VAF IN LIMPOPO

Project Status	Project	Public Investment	Private Investment	Total	TOTAL Jobs	HH	Ha
CONCLUDED DEALS	Moletele South East Cluster Agri Project	0	10	10	31	1 615	151
	Mmamahlola Agri Project	0	120	120	160	3 063	370
	Total	0	130	130	191	4 678	521
UNDER NEGOTIATION	Pheeha Agri Project	0	22	22	390	250	300
	Total		22	22	390	250	300
PRE SETTLEMENT: FOR FUTURE PARTNERSHIPS NEGOTIATIONS	Makgoba Community	TBC					
	Banareng Ba Letsoalo Mathunyeng CPA						
	Batlhabine CPA						
	Maupa Community						
	Dilokwa Community						
	Rakwadu CPA						
	Kgwaname-Letsoalo Community						
ALL LIMPOPO AGRIC PROJECTS	Grand Totals	0	152	152	581	4 928	821

Need for more funding partners for the model

Meet unrecovered costs

- **Aborted/closed projects – about 50% of projects initiated are not completed** (one or the other of the parties or a Government agency acts in a way that makes completion unviable)
- **Community capacity building – all community partners require capacity building** – Transaction fees recovered from investors are reapplied to capacity building

Expand impact

- **Current scale is too small– 20 partnerships in 5 years**
- **Rapid increase in land transfers will increase the need–**
 - anticipate a ten-fold increase from to 150 projects over the next five years
 - Save 15000 jobs
 - Create 7500 jobs

Costs & Impact

- **Estimation- Discretionary funding of R120m required & can support 150 projects**
- **Potential to create 22 500 jobs depending on the attrition rate**
- **Whilst focus has been on Restitution projects -this could include Redistribution projects**

Potential Sources

- **Fund focusing on transaction advisory & support services**
- **Could be funded through Commodity Associations, DFIs, Aid agency budgets, Government & CSI funds**
- **Vumelana has developed considerable experience in managing such a fund covering:**
 - **Management & investment of funds**
 - **Oversight, coordination & governance**
 - **Evaluation of projects**
 - **Communication stakeholders**

- VAF's model fits into Subtrop's transformation agenda
 - Demonstrated support of successful CPPs
 - Can be done even outside LR space
- The VAF model is well placed to do/facilitate the following:
 - Creating an environment for the activation of transformation initiatives (minimise risks for communities and investors)
 - Provides the institutional architecture and support towards mitigating the challenges associated with transformation, specifically for industry new entrants
 - Inspiring the private sector to play a meaningful and sustainable role in transformation
- There is an opportunity for VAF and Subtrop to turnaround the 50% failure rate of LR Projects, through Subtrop members' transformation initiatives
- VAF and Subtrop can share lessons learnt

THANK YOU

Registration	Vumelana Advisory Fund NPC (RF) Registration Number 2011/001855/08	
Directors	Johan Van Zyl (Chairman)	
	Malcolm Dunn	Futhi Mtoba
	Tim Fearnhead	Bongiwe Njobe
	Trudi Makhaya	Peter Setou (Chief Executive)
	Malusi Mpumlwana	Brian Whittaker
Address	3 rd Floor, Building 13, The Woodlands, Woodlands Drive, Woodmead 2191, South Africa	
Post	PO Box 125, Woodlands, 2080, South Africa	
Phone	Tel: +27 11 612 2000 Fax: +27 86 603 7910	
Email	info@vumelana.org.za	
Web	www.vumelana.org.za	