

# STRENGTHENING COMMUNAL PROPERTY ASSOCIATIONS TO CREATE JOBS

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## 1. PROBLEM STATEMENT

For the past two decades, land restitution has principally been done through a vehicle called the Communal Property Association, although sometimes a community Trust is formed. The signal failure of these vehicles has usually led to deterioration of productive land and an accompanying reduction in employment, but at the least has meant that there is no new job creation. The failure of CPAs relates to the manner of their establishment; a disregard for the complexity of their management and role in social development; and inadequate and non-systematic capacity building process. South Africa's rate of employment in agriculture is a fraction of the figure for other middle income countries, and is a major driver of the country's unemployment crisis. The model of industrial agriculture common to commercial farming in South Africa is characterized by low labour intensity, and the country is challenged to move towards high value, labour-intensive crops.

Seriti Institute has developed an approach that can be replicated by tri-sectoral partnerships across the country, which ensures that CPAs work well, develop their land and community, and form enterprises along the agricultural value chain. Key to the approach is

- ✓ the use of a pedagogy of *Education with Production*, including a proven methodology called the Organization Workshop [https://en.wikipedia.org/wiki/Organization\\_workshop](https://en.wikipedia.org/wiki/Organization_workshop) and its enterprise acceleration application;
- ✓ a decentralized *Cooperatives College* working at nodes across the country, where academic rigour is applied to the practice of self-managed enterprises, so that there is reliable and robust management education, meeting international standards;
- ✓ a conscious systemic effort to promote intensive agriculture using biological methods, through mutually beneficial partnerships between new land owners and private sector actors. The proposal for tri-sectoral collaboration is precisely to ensure that there is technical support and mentorship for emergent small-farmers, with further support from government extension officers and non-profit organisations.

## 2. JOBS IMPACT

We propose a systemic approach to job creation in CPAs, with modest results in the first year as the approach is tested and refined, and then logarithmic growth in the number of jobs created. There are two core assumptions informing the proposal, namely that commercial farmers will respond to the invitation for business partnerships with CPAs in their district, and that development finance institutions will be capable of financing vastly expanded agricultural activity.

While there will be variations in the business plans adopted at different farms, depending on local conditions and the phase of CPA development, it is safe to project an average number of jobs created per hectare that falls far below the optimal figures for high labour-intensive biological farming but is far greater than those for industrial agriculture.

The indicative job impact below assumes that 50% of all CPAs can be reached over the next 5 years. This is an ambitious assumption, based on the proposal for partnerships with commercial farmers.

Number of Jobs created			Assumptions
Unskilled Jobs	900 000	Number of CPAs reached in 5 years (50% of total in existence)	2000
Semi-skilled Jobs	150 000	Average size of arable land in hectares	50
Skilled Jobs	50 000	Number of Jobs Created per Hectare - Unskilled Workers	9
Total	1 100 000	Number of Jobs Created per Hectare - Semi-skilled Workers	1,5
		Number of Jobs Created per Hectare - Skilled Workers	0,5

These figures relate to direct roles in production and do not make any projections regarding the expansion of agro-processing, and other value chain integration.

**Other benefits:** The creation of jobs by the CPA is the core objective, but not the only anticipated benefit of this intervention. Insights from work to date show that job creation in community initiatives both depends on and catalyses organisation for broader social goods viz. early childhood development facilities, youth sports, cooperative buying, savings clubs, renewable energy solutions and others. The OW methodology enables this broader community organization.

### 3. THEORY OF CHANGE

Our strategy for capacitation of CPAs is differentiated according to the stage of development of CPAs, but has common methodological elements. At one pole of a developmental continuum are dysfunctional CPAs, inadequately constituted and poorly organised, sometimes riven with conflict, and often without adequate agricultural infrastructure. At the other pole we can place a working CPA, with a coherent collective enterprise, some agricultural experience and consistent production, committed though unevenly skilled management personnel and adequate infrastructure.

Seriti makes use of a method known as the Organisation Workshop with dysfunctional or new CPAs. This may involve several hundred participants, and dramatically increases their organizational awareness and capability, so that they are able to overcome petty conflicts in favour of success of the overall enterprise. At the same time it establishes production infrastructure, a rhythm of work activities and a clear management process. This prepares the enterprise for meaningful business partnership. We are able to state with confidence that the OW can move a CPA from a state of complete disorganization to becoming a functioning entity with a fair degree of internal coherence within 6 weeks

With working CPAs, that need to improve performance, we employ the enterprise acceleration method, where accomplished mentors linked to the decentralised cooperative college lead a participatory diagnosis of the areas for improvement, and set up a process for continuing education with production.

This proposal calls for a conscious choice for a different agricultural practice, starting with CPAs and cooperatives. It regards the extant agro-industry as vital and indeed a driving part of our economy, and a partner in emerging an alternative agriculture. With all CPAs we will facilitate commercial partnerships, drawing in companies and individuals from the same locality who have rich experience in farm management and market development. Collaborative design of a comprehensive business development plan, and its financing may see a quantum leap in efficiency and productivity to mutual benefit of the partners.

In order to guarantee the quality of mentorship available to CPAs through these local resource partnerships, and to ensure that business plans are viable and meet all developmental needs of the CPA and its members, a national panel will be established which contains expertise in all relevant disciplines.



#### 4. EXISTING INITIATIVES/EXPERIENCE

There has been no pilot of this entire proposal, but elements of it have been tested in different situations. An impact evaluation of the Organization Workshop commissioned in 2011 found the method to be exceptionally impactful and cost effective. Several scholars have documented its dramatic benefits.

In June 2011, a pilot project was established under the auspices of the Land Rights Management Facility (LRMF) housed at the Department of Rural Development and Land Reform (DRDLR) to provide assistance to selected dysfunctional CPAs. The primary purpose of the pilot project was to promote legal compliance with the requirements of the CPA Act. The pilot project provided major learnings and experience in the complexities and dynamics of communal arrangements. Over the years there was no uniform success; difficulties were experienced and the challenges continued.

We set out below some of the key challenges and core competences required for a successful CPA, noting that each of them is complex in itself.

- 4.1 The CPA functions as an Association that complies fully with all legal and administrative provisions of the Communal Property Associations Act 28 of 1996 as amended in the CPAs Amendment Act of 2017. This is especially difficult in cases where the CPA formed rapidly, and where members had not worked together over several years. The sheer size of membership in itself may bring formidable challenges, and in some cases the CPA does even not have a full list of its members. The lack of common history can bring conflicts between members. The requirement that 60% of membership has to approve major decisions (such as those to do with ownership, lease or disposal of community property) invariably creates logistical difficulties, especially where there is little budget available for communication and travel. Taken together these and other considerations bring immense complexity to what might initially sound like routine functions.
- 4.2 The CPA is the vehicle for community development. Its office bearers have the onerous task of driving a process that results in viable plans for sustainable development. This involves decisions about land use and infrastructure development, but in addition requires attention to all aspects of human development and community services. Development planning takes into account economic, social and environmental factors, and requires methods of organisation that involve members and enable them to gain the skills and knowledge necessary to play a part in the development process. This is a formidable challenge, even if there is a core group of members with experience of developmental organization, which is not common.
- 4.3 The CPA ultimately has to succeed as a business entity. Sometimes this involves oversight and management of several enterprises, but even in the most 'simple' case where one major enterprise provides employment and

income for members, this requires substantial business skills. It is not necessary here to detail expertise required to manage an enterprise in the modern economy, but suffice to say that this is substantial and it is unlikely that the CPA members will have all these skills. In CPAs, as in cooperatives, there can moreover be a misunderstanding about management, with members believing that management decisions should be made democratically. However, this confuses policy decisions, where indeed all members have a right to be heard. It is essential to appoint skilled management personnel and give them the power to manage; the democratic principle of members' control is realised by reviewing management performance on an annual basis.

## 5 CONSTITUENCY PARTICIPATION IN IMPLEMENTATION

We recognize that while Seriti may coordinate a process aimed at strengthening CPAs, this process can only be sustained through partnerships, technical support and collaboration with local actors, in and outside government. From the first engagements with the CPA therefore, Seriti will pay attention to forging the partnerships that will enable CPA success.

### Constituency Participation in implementation

1. Commercial & private farmers – business partners, technical expertise and mentorship
2. Department of Rural Development and Land Reform – mediation, regularisation, compliance, recapitalisation.
3. Department of Agriculture Forestry and Fisheries – inputs, agricultural start-up support, extension
4. Local Municipalities – service delivery and social development support
5. Department of Environmental Affairs
6. Department of Small Business Development – funding and Cooperative support
7. Development Finance Institutions (Land Bank, IDT, IDC)

Seriti has implemented programmes of different government departments, or collaborated with Government in innovating new programmes, since its inception. This partnership has extended through all tiers of Government; national, provincial and district/local. In every case there has been very positive results, and great learning on both sides.

## 5. BENEFITS

Group	Job creation	Other benefits *jobs created outside of the agricultural sector	Time frame for success
CPA Youth	Skilled and Unskilled Agricultural farm workers Emerging farmers on CPA land Business development Administrators, Basic Bookkeepers Project Management Business Management Enterprise Development Local Procurement	Construction Builders Plumbers Electricians Artisans Community Tourism	3 months
CPA Women	Skilled and Unskilled Agricultural farm workers Emerging farmers on CPA land Business development Administrators, Basic Bookkeepers	Construction Builders Plumbers Electricians Artisans Community Tourism	3 months

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	Project Management Business Management Enterprise Development Local Procurement		
Commercial farmers		Commercial partnerships. Collaboration in the land reform process	3 months

## 6. COST AND POTENTIAL SOURCES OF FUNDING

Group	Anticipated costs	Potential sources of funding to implement the project	Time frame for impact
CPA Exco CPA Youth CPA Women	Depending on – CPA financial resources Sector of operations	<ul style="list-style-type: none"> <li>• CPAs current Resources</li> <li>• Commercial &amp; private farmers – business partners, technical expertise and mentorship</li> <li>• Department of Rural Development and Land Reform – mediation, regularisation, compliance, recapitalisation.</li> <li>• Department of Agriculture Forestry and Fisheries – inputs, agricultural start-up support, extension</li> <li>• Department of Environmental Affairs</li> <li>• Department of Small Business Development – funding and Cooperative support</li> <li>• Development Finance Institutions (Land Bank, IDT, IDC)</li> </ul>	3 – 6 Months
Commercial farmers	Vary according to farm business plans	DFIs and commercial banks	

## 7. RISKS

- Strategic Risks: these relate to the strategic oversight of the programme - the degree of success in building development partnerships and empowering communities; changing dynamics of agriculture, poor management, lack of farming skills, poor access to formal markets, high transportation costs to formal markets, poor market information and inadequate support across the tiers of government and agencies of state.
- Systemic/institutional Risks: these relate to the core procurement, budgeting, contracting and financial management systems, human resources (OHS and sectoral determination) adopted for this large project.,
- Implementation Risks: these arise in the context of implementation, and are often specific to a given CPA (conflict, regularisation, lack of access to funding). Risks associated with Agribusiness - to stabilize farm income, production, marketing, financial, legal, and human resource risks.

## 8. RISK MITIGATION

A comprehensive management information system will be put in place to monitor technical support, including assessments and funding of projects, provision and management of assets, training and skills development. This will also facilitate good governance, monitoring and evaluation, and enable efficient and rigorous reporting.

- Strategic Risks: will be monitored by Seriti and the CPA together with the funder/financier of the project and should include amongst others productive use of the land, production inputs, infrastructure, extension services, and value adding facilities, market information and transport logistics.
- Systemic/institutional Risks: Systems implemented and monitored for procurement, budgeting, contracting and financial management systems.
- Implementation Risks: Seriti's method of conflict resolution is rooted in understanding the community dynamics, community consultation and dialogue circles, towards formulation of an action strategy that draws all parties into a common work process. This may require thorough and patient mediation efforts.

## 9. ADDITIONAL COMMENTS

Seriti has implemented programmes of different government departments, or collaborated with Government in innovating new programmes, since its inception. This partnership has extended through all tiers of Government; national, provincial and district/local. In every case there has been very positive results, and great learning on both sides. Perhaps as important, in every case the partnerships have strengthened bonds of trust and mutual respect between ordinary citizens and the relevant government department. The same is true of experiences of tri-sectoral collaboration, where business, local government and community organizations work together. These partnerships and collaborations have led Seriti to learn all the skills necessary for effective work with those operating in different organizational milieu.

Seriti's methodology makes it uniquely competent to design and implement capacitation strategies for community-based organisations, as well as for individuals with low levels of literacy. All previous experience shows that Seriti is also capable of sharing its core insights and methods with government officials, business people and development practitioners, thus enhancing their skills and improving attitudes of the relevant entity's field staff.

Please contact Juanita Pardesi at 082 907 5997 or email: [juanita@seriti.org.za](mailto:juanita@seriti.org.za) if you require any further information.