

# Now's the time to put land reform beneficiaries in order

The low level of governance and administrative capacity among land reform beneficiary Communal Property Institutions (CPIs) is a result of limited resources and the absence of incentives to drive compliance with legislative and other requirements for land reform beneficiaries.



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So says the Vumelana Advisory Fund, a non-profit organisation that helps land reform beneficiaries to put their land to productive use through the facilitation of partnerships between communities and private investors.

Peter Setou, chief executive of the Vumelana Advisory Fund points out that, "over the years, beneficiaries of the land reform programme have grappled with sound governance, which among other things, includes effective record keeping, overall financial management, administrative oversight, managing member expectations, and effectively running the assets they have acquired."

Setou notes that the festive season downtime period presents an opportunity for CPIs to put their house in order.

## Basic governance arrangements

Key areas of good governance for CPIs include the establishment of basic governance arrangements, including up-to-date constitutions and properly elected governing bodies, systematic management of relationships with members, encompassing an up-to-date member register, and clear policies defining members' rights and obligations.

Effective day-to-day administration with established operating policies and requisite skills and resources is also essential, including transparent financial management with independent audits and clear reporting to members.

Setou points out that a lot of the in-fighting that happens at CPAs happens because of a lack of governance.

“Furthermore, we have found that CPAs that are not well-governed normally struggle to attract private investors to support them in making their land productive, while those that are well-governed are more likely to attract investors to their land enterprises,” he said.

Setou highlights that transparent financial management in CPAs is paramount, requiring independent audits and clear reporting to members. In addition, efficient management of the community property, aligned with agreed-upon member policies, plays a crucial role in ensuring the sustained success of these institutions.

To support communities in addressing some of these challenges around effective governance, Vumelana has developed a programme to aid CPIs in effectively running their land enterprises, recognising that the responsibility for supporting CPIs post-settlement cannot remain with the government alone, especially given the government’s limited capacity and budget constraints.

### **Communal Property Institution Support Programme**

Working collaboratively with some private sector institutions, Vumelana has developed the Communal Property Institution Support Programme, specifically designed to empower CPIs in effectively implementing good governance practices within their CPIs.

The CPI Support Programmes is designed to address various governance aspects including overall institutional development and governance support, which involves beneficiary verification, account preparation, Annual General Meeting (AGM) coordination, reporting on AGM outcomes, and preparation for inaugural board meetings.

In addition, the programme focuses on policy and procedure development, covering areas such as remuneration, expenses, procurement, finance and administration, human resource management, and benefit distribution policies, along with codes of conduct.

Furthermore, the CPI Support Programme incorporates management support, which offers insights into the acquisition of premises, appointment of staff, selection and appointment of accountants, registration with the South African Revenue Services (SARS), bank account setup, support for the induction of office bearers, and procurement of legal advice.

The programme further includes capacity-building training, which addresses financial management, record-keeping, and other aspects of corporate governance.

“As the festive season downtime approaches, this is an opportune time for CPI Committee members to put their house in order. This is the right time to assess whether Communal Property Associations (CPAs) are following basic governance arrangements and effectively managing the day-to-day administration of their CPAs,” says Setou.

### **Vumelana Good Governance Award**

In 2014, in an effort to foster good governance practices among Communal Property Associations and Trusts benefiting from the Land Reform Programme, Vumelana initiated the Vumelana Good Governance Award. It was designed to encourage the effective governance within these entities and is registered under the Communal Property Associations (CPA) Act and the Trust Property Control Act.

The award played a significant role in incentivising and rewarding good corporate governance among CPAs for five years.

Between 2014 and 2016, Vumelana awarded R1.2 million to seven communities, acknowledging their commitment to sound governance practices. These funds were utilised by communities to initiate measures to enable them to continue efforts to ensure good governance practices for their CPAs.

However, due to the dependency on sponsorships to facilitate the award, the initiative has temporarily been put on hold. We would hope that the government and other private sector players could contribute towards sponsoring this initiative as it will create an incentive for CPAs to do more in the area of good governance and this will in turn promote sustainable land reform.

"We have witnessed the impact that good governance can have on CPAs, ranging from attracting the necessary investments to their land enterprises to promoting sound leadership, sustainability of businesses owned by the communities, and stability within the CPA. Effective leadership is characterised by the ethical values of responsibility, accountability, fairness, and transparency," concludes Setou.

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