

EXPLAINING THE PHASES

The steps to establish a land reform enterprise consist of:

- **Phase 1:** Planning and compiling draft documents.
- **Phase 2:** Compiling motivations, liaise and obtain approvals.
- **Phase 3:** Implementation

The requirements for a successful and sustainable land reform enterprise are land, skills, tenure rights, market access, working capital, an exit strategy and a supportive environment.

The PALS framework, with a company as the chosen type of enterprise, is used to address these requirements. It affords protection to shareholders, with veto rights in terms of the Companies Act.

Further characteristics of this framework are the option agreement in favour of the black shareholder, a compulsory mentorship agreement, pre-purchase rights to protect property for land reform contained in a shareholders' agreement, minimum profit sharing for the larger employees group in an employees trust, access to markets, and co-ordination and dispute resolution via the PALS system.

The phases entail, among other, the following steps:

PLANNING AND COMPILING DOCUMENTATION

- Overall view and goals during planning meetings.
- Identify land and resources by means of maps and investigations.
- Draft and discuss a business plan.
- Consult and conduct discussions with potential black farmers/new era farmers and employees to identify shareholders by means of objective criteria.

- Create draft agreements and reserve the company name.
- Register the company, directors, employees trust, memorandum of incorporation and other legal entities.

MOTIVATION, LIAISON AND APPROVAL

- Draft application and motivation reports for the necessary approval.
- Liaise with experts on obtaining approval for subdivision, water, tax, financing, etc.
- Refine agreements and business plans.
- Make representation for approvals.
- Conduct training sessions with directors, trustees and beneficiaries.
- Consult and liaise with key role players such as banks and government departments.

IMPLEMENTATION

- Obtain approvals, permits and licences
- Register the property, lease and/or bond.
- Confirm registration of the memorandum of incorporation, companies, directors and deed of trust.
- Provide the relevant documents to clients and auditors
- Plan and conduct training.
- Continue the farming operation under the name of the new company.

