

Working Papers series

5. Tracking the performance of livestock banks managed by land reform groups in the Northern Cape

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Lazarus Joseph (eds)

FARM-AFRICA WORKING PAPER

No. 5

Tracking the performance of livestock banks
managed by land reform groups in the
Northern Cape

Editors: Herman Festus and Lazarus Joseph

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FARM-Africa Working Papers

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Abbreviations and acronyms

ALARM	Alliance of Land and Agrarian Reform Movements
CBNRMP	Community Based Natural Resource Management Project
CPA	Communal Property Association
DALR	Department of Agriculture & Land Reform
DLA	Department of Land Affairs
LRAD	Land Redistribution for Agricultural Development
LRAP	Land Reform & Advocacy Programme
LRC	Legal Resources Centre
LSU	Large Stock Unit
NGO	Non-Governmental Organisation
PLAAS	Programme for Land & Agrarian Studies
PLUP	Participatory Land Use Plan
ROI	Return on Investment

I. Introduction

An overview of land reform in South Africa

In 1994, 87 per cent of South Africa's agricultural land was owned and operated by commercial, mainly white, farmers. The new democratic government established a target of redistributing 30 per cent of this land by 2014 in order to address the racially skewed pattern of landholding and promote development. The Land Reform Programme established to achieve these objectives encompasses three distinct components; namely restitution, redistribution and tenure reform¹. The land redistribution programme, in turn, has different components or sub-programmes.

- Agricultural development – to make land available to people for agricultural purposes. The Land Redistribution for Agricultural Development (LRAD) sub-programme has two parts:
 - That which deals with the transfer of agricultural land to specific individuals or groups; and,
 - That dealing with commonage projects, which aims to improve people's access to municipal and tribal land primarily for grazing purposes.
- Settlement – to provide people with land for settlement purposes.
- Non-agricultural enterprises – to provide people with land for non-agricultural enterprises, such as eco-tourism projects.

Progress over the last decade has been slow, largely due to the limited resources available for land purchase through a market-based approach to redistribution. In addition, substantial funding and capacity building of advisory services is needed for the implementation of the programme and for post-settlement support to land reform groups.

While the primary responsibility for land reform rests with the Department of Land Affairs (the DLA, a national government department), responsibility for a range of advisory support functions and financial assistance rests with the national and provincial Departments of

¹ Restitution refers to the process of restoring land (or an equivalent compensation) to former owners removed from that land by apartheid laws. This process is due to be completed by 2008. Redistribution aims to address the wider problem of the racial imbalance of land ownership caused by discriminatory legislation prior to 1994. Land tenure reform addresses issues relating mainly to former homeland areas under existing communal tenure arrangements.

Agriculture and the Land Bank. The DLA does have some post-settlement responsibilities, such as ensuring that land reform groups, or Communal Property Associations (CPAs), fulfil their legal obligations. By July 2005², 3.9 per cent of the total of white-owned commercial farmland in 1994 had been redistributed (or 3.1 per cent of total agricultural land). Reaching the target of 30 per cent by 2014 therefore implies a six-fold acceleration in land purchases over the next 10 years. Of the restitution claims, 74 per cent have been settled (with only 11 per cent of these being rural claims), leaving a further 26 per cent to be addressed before the 2008 deadline.

Table 1. Amount of land redistributed in the Land Reform Programme		
Land reform programme	Hectares delivered	% Land redistributed
Redistribution	1,347,943	43
Tenure reform	100,175	4
State land	772,626	25
Restitution	916,470	28
Total	3,137,214	

Source: Ministry of Agriculture & Land Affairs, July 2005

At the November 2005 National Land Summit, the Minister of Agriculture & Land Affairs reaffirmed the land reform target and highlighted a number of issues that needed to be addressed in order to improve the land reform programme, including restrictions on the sub-division of land, integration of land reform into local economic development planning and the improvement of post-allocation support services (such as technology transfer, training, financing, infrastructure and marketing). The Alliance of Land and Agrarian Reform Movements (ALARM), a network of more than twenty organisations involved with land reform, called for an acceleration in the pace of transfer to *“create a dramatically different and improved land reform programme in South Africa”*. In particular, the willing-buyer-willing-seller approach was highlighted as a constraint and in early 2006, a government committee was established to review land acquisition models and possible manipulation of land prices.

² As monitored by the Umhlaba Wethu Bulletin tracking land reform in South Africa, PLAAS.

Land redistribution in the Northern Cape

According to the provincial Department of Agriculture and Land Reform (DALR), the situation with regard to land distribution in the Northern Cape by October 2004 was as follows in Table 2.

Table 2. Land redistribution in Northern Cape by October 2004		
Land reform programme	Land distributed (Hectares)	Number of beneficiaries
Restitution	222,805	5,292
Extension of commonage	405,673	Not provided
Standard Act 126 redistribution (through CPAs)	105,590	3,139
Land redistribution for agricultural development (LRAD)	54,835	579
Total	788,903	9,010

This redistribution equates to approximately three per cent of the total agricultural land in the province (excluding Act 9 areas³), which is broadly in line with the level of national land delivery.

Overview of the Northern Cape Province of South Africa

The Northern Cape Province has a particular set of ecological, social, and economic conditions that shape the opportunities faced by emerging black farmers.

- The Northern Cape is unique when compared to the other eight provinces in South Africa. Spatially it is the largest province, covering 361,830 km⁴ or almost 30 per cent of the total surface area of South Africa. Although it is the largest single province, it has the smallest provincial economy and a population of 822,727 inhabitants. This represents

³ These areas are affected by the Transformation of Certain Rural Areas Act 94, 1998, originally defined by the Rural Areas Act 9 (House of Representatives) of 1987, which replaced the 1963 Coloured Rural Areas Act. After 1994, ownership was vested with the Department of Land Affairs. These areas are still referred to as "Act 9 areas" and were operated under a form of communal tenure.

⁴ As monitored by the Umhlaba Wethu Bulletin tracking land reform in South Africa, PLAAS.

two per cent of the national total. Resources from national to provincial government are generally allocated on a head count basis.

- Next to mining, agriculture is the second most important productive economic sector and the second largest employer of labour.
- The province is mostly arid to semi-arid with the bulk of development along the Orange and Vaal Rivers. Water for livestock is obtained primarily from boreholes.
- 67 per cent of the Province is used for extensive grazing – mainly small livestock (sheep and goats).
- Approximately 12 per cent of the land area is used for nature conservation and only one per cent is classified as potential arable land.
- The Orange and Vaal Rivers form the backbone of the approximately 140,000 hectares of table and wine grapes, sun dried raisins, high quality lucerne, groundnuts, wheat, cotton and maize under intensive irrigation. There is also a smaller production of higher value crops include nuts, citrus, dates and olives.
- With regard to livestock production in the Province:
 - Although the carrying capacity for livestock production is low, in some parts up to 100 hectares per large livestock unit, the quality of the meat is high.
 - The Province contains approximately 7.7 million sheep (27 per cent of national flock), 522,000 goats (7.4 per cent of the national flock) and 492,000 cattle (3.5 per cent of the national herd), whilst game farming is a growing and high potential industry.
- Large parts of the province are sparsely populated and the immense distances make it very hard to ensure an equitable spread of services throughout the province.

FARM-Africa SA's work with land reform groups

FARM-Africa SA⁵ is a locally-registered Section 21 South African NGO affiliated to FARM-Africa, specialising in innovative agricultural development with poor communities in South Africa. Its strategic objective is that “*small-scale farmers, farm dwellers and land reform beneficiaries achieve equitable land rights and sustainable and secure livelihoods*”. From September 1999, FARM-Africa SA assisted eight land reform groups⁶ in the Northern Cape under the Capacity Building for Community-Based Natural Resource Management Project (CBNRMP, 1999-2004). These were selected with the Department of Agriculture and Land

⁵ FARM-Africa SA's formally registered name is FARM-Africa (South Africa).

⁶ Covering a total of 1,175 households.

Reform based on the location of poverty pockets within the province, the importance of working with a representative cross-section of groups to promote adoption of rural development models and the relative needs of land reform groups. Since 2004, work has been scaled-up under the Land Reform and Advocacy Programme (LRAP) to cover a further 20 groups, promoting the use of the FARM-Africa SA approach by local partners (such as the Department of Agriculture and Land Reform) to ensure future sustainability and replication. This programme has maintained links with the first eight groups, providing monitoring support and advice when needed.

The purpose of the first project was to strengthen community management of natural resources, which, in turn, was expected to lead to a reduction in poverty for land reform groups. The project worked in collaboration with the Legal Resources Centre (LRC) and a range of government departments (including Agriculture and Land Reform and Local Government and Housing) to support land reform groups at the project sites.

All eight land reform groups went through a process of background research followed by the development of participatory land use plans to guide the future use of their land. Participatory land use plans included determining the goal and objectives of the plan, land use situation (including maps), details of soils, water resources, grazing conditions and management (including stocking rates), enterprise and improvement options, and monitoring and evaluation procedures. Running alongside this planning process was a mutually agreed and planned programme of capacity building for each group, focusing on group and financial management, constitution interpretation and natural resource management (especially livestock and water).

Livestock banks were implemented at seven of these sites once it became clear that most land reform group members were either reluctant or unable to secure investment from other sources of credit, such as the Land Bank or commercial banks. In many cases, these sources either offered loans that were considered too large for the enterprises that group members were considering or at rates of interest that were too high.

This Working Paper reviews the progress of these livestock banks and reports on the lessons learned from their implementation. The research was carried out in two rounds: first, in June 2004, to measure progress to date based on a recommendation of the final evaluation of CBNRMP and then repeated in June 2005 to determine the overall progress that was made since the first round of data collection. The second round also carried out

qualitative research to enable livestock bank members to assess their own performance and give feedback on both the successes they have achieved and the challenges they have faced.

2. Background

Before the livestock bank studies, FARM-Africa SA carried out research at all eight land reform groups, revealing a number of key issues that affected the success of these groups⁷. These are listed below.

- 1) It is often the case that land that has been bought for the beneficiary group is situated many kilometres from where they live. As few people have their own transport, these long distances make it very difficult for many, if not all, members to gain access to their land. While a private transport system exists in the province, it is highly competitive and the taxis run on well-defined routes mostly between major towns. It can be very expensive arranging for a taxi to go to a destination that is not on one of these routes. The immense difficulties of running a farm from a remote location should not be underestimated.
- 2) A common constraint cited by groups was their inability to gain access to finance that they need to develop their land. This has affected the ability of groups to purchase livestock.
- 3) Many groups highlighted the lack of management capacity (including financial, administrative and planning skills) within the land reform group management committee as a key constraint that has hindered the development of their natural resources. An additional related factor that was cited was the inability of groups to work as a team.
- 4) The lack of infrastructure (fences, gates, kraals, watering points, animal handling facilities) on the farms was also noted as a constraint that had prevented groups from developing their land. In some cases, the infrastructure had been removed by the previous owner, despite them being part of the sale.

⁷ More detailed information can be found in FARM-Africa's Research and Policy Series No. 1 (Key Experiences of Land Reform in the Northern Cape Province of South Africa), No. 3 (Supporting Land Reform in South Africa: Participatory Planning Experience in the Northern Cape Province) and No. 4 (Land Reform and its Impact on Livelihoods). This can be downloaded from www.farmafrica.org.uk/resources.cfm.

- 5) A lack of technical skills in both animal husbandry and irrigation techniques both within the management committee and the members themselves is clearly a significant issue for many of the groups that FARM-Africa SA has assisted.
- 6) Where land reform group members are employed, a conflict can arise between the time needed to manage their agricultural activities efficiently and the time needed to ensure they remain securely employed. Due to the fact that agriculture's contribution to most households' annual income is below 5 per cent, it is unsurprising therefore that agriculture is given a low priority.
- 7) The problems of illness, old age and stock theft were all cited as additional factors that had played a role in holding back developments on the farms owned by the associations.
- 8) While this was not referred to in any of the studies, it is clear from FARM-Africa SA's involvement in the land reform programme that the Department of Agriculture has neither the capacity nor a clear methodology for providing support to land reform groups in the post-settlement phase of the land reform process. For example, despite its size, the Northern Cape has only 22 extension workers.
- 9) The land that is being transferred to land reform groups has been developed, often to a high degree. While there are considerable benefits in inheriting such farms, there are also recurrent costs that need to be managed. If these costs are not correctly handled, for example, maintaining the infrastructure, machinery and paying bills on time, a farm's productivity can decline rapidly.
- 10) The management committees of land reform beneficiary groups, who have few of the necessary skills needed to run what is a highly sophisticated competitive business with little help or advice, are also expected to act as brokers between the different interest groups within their association, to negotiate agreements over land use and to calculate and apportion operational costs equitably to different user groups. This is a task that requires a myriad of skills and FARM-Africa SA's research shows quite unambiguously that they are not all contained within any of the associations with whom they have worked.
- 11) Every land reform group is required to have a constitution that defines objectives and describes the processes that are to be followed when managing the land for the benefit

of the membership. However, frequently, these documents are prepared with little or no input from the management committee and/or the membership, leading to a poor understanding and a lack of ownership of the document. This manifests itself in many of the statutory requirements of the constitution not being met. For example, failing to hold management committee elections every two years, failing to submit audited accounts annually and failing to hold an annual general meeting. Likewise the requirements for a quorum at community meetings are often unrealistic, and this makes it very difficult for the management committee to react to members' demands and to change the status quo. Thus it can be argued that the constitutions, instead of protecting members' rights, may inadvertently be damaging them. Because many of the membership do not understand the democratic principles that are enshrined in their constitutions, it is the case that the management committee can take advantage of this situation and use association resources to enrich themselves.

The project has been active in developing the capacity of land reform group committees to understand the varied aspirations of their members, their resources and resource-management options. A number of research studies were undertaken by the project team⁸ as part of the participatory land use planning processes, which were instrumental in the development of the livestock bank concept.

The project's research studies reflected the following:

Table 3. Wealth-ranking results for the seven project sites			
Total	Very poor	Average (poor)	Not so poor
822	336	328	158
100%	41%	40%	19%

⁸ These included an assessment of the condition of their newly acquired land, wealth ranking of communal property association members, household surveys and socio-economic studies

Table 4. Livelihood studies				
	Project site	Type of land reform group	Number of group members	No. of group members owning livestock (minimum of 1)
1	Siyathemba: <ul style="list-style-type: none"> • Prieska • Marydale • Niekerkshoop 	Commonage	41 26 33	28 31 18
2	#Khomani-San	Restitution/ redistribution	163	29
3	Pofadder	Commonage	52	24
4	Thembelihle (Strydenburg)	Commonage	99	32
5	Witbank	Restitution	56	22
6	Dirisinang	Redistribution	322	16
7	Kenhardt	Commonage	30	5
	Total		822	205

A frequent statement from land reform group members was...“we would like to farm, but we do not own any livestock”. The total number of members without livestock in the target groups was 617 (or 75 per cent of the total group members).

Apart from the fact that 75 per cent of the members were without the livestock required to engage in agricultural livelihoods, their rights were also seriously compromised as they were not able to use their newly acquired communal land, which they shared equally other members of the group. The results of this research, coupled with the livestock-oriented nature of agriculture in the Northern Cape, prompted the development of an innovative response in the form of the livestock bank.

3. The aims and operations of livestock banks

The main aim of establishing livestock banks is to increase livestock ownership amongst the poorest members of land reform groups so that they can secure income-generating assets, strengthen rights of access to their communal land and improve their livelihoods.

The above aim was to be realised through the following:

- Introduction of a revolving fund facility;
- Establishment of a livestock bank;
- Election and training of a livestock bank subcommittee;
- Capacity building of the group members generally on all relevant aspects of livestock management (veldt management, animal breeding and health, stocking rates, water management, control of predators, stock theft and marketing);
- Facilitation of the bye-laws and rules of the livestock bank;
- Development and approval of the livestock bank plan (including budget) by the members;
- Implementation of the livestock bank plan; and,
- Establishment of a participatory monitoring and evaluation system.

The project made provision for the establishment of revolving fund facilities (donated from project funds) for each of the land reform groups to help finance the implementation of their respective community-developed participatory land use plans. All groups unanimously agreed to convert a substantial part, if not all, of the revolving funds into livestock banks.

Under the livestock bank concept, most of the cash funds from the revolving fund facility are converted to livestock with a small amount held in cash to cover set-up and initial running costs. Management of livestock then becomes the main economic activity – small livestock (sheep and goats) are acquired by the bank with the expressed aim of increasing their numbers as quickly as possible. The groups decided that the best way of achieving this would be to manage the entire flock as one, under the control of knowledgeable group members (the elected livestock bank subcommittee), before making loans to individual members under pre-agreed rules and conditions. Expansion of livestock numbers would be guided by the stocking rates, as defined in the participatory land use plans, to avoid the possibility of over-use of grazing resources.

The three phases of the livestock bank can therefore be implemented over a period of forty-five months.

- **Phase One (duration of approximately 18 months)** – where the livestock bank is operated as one unit by a subcommittee of the management committee of the land reform group as a whole. The expressed aim is to double the value (in animals and/or cash) of the start-up capital.

- **Phase Two (Loan Scheme Phase – duration of approximately 27 months)** – every group member must contribute a joining fee of R100 (£9) and a monthly contribution of R25 (£2.30) for a one-year period. Groups of five members are granted loans of 40 ewes by the bank. Each member of the group guarantees the loan and is obliged to cover the repayment commitments of any defaulting member. Priority is given to the very poor members first, as identified by the wealth ranking exercise – these are designated the “primary beneficiaries”. The animals of each group are uniquely marked and details of births and losses of the group are kept by the subcommittee. Every group must repay a total of 52 young ewes within 27 months of the start of the loan scheme phase (equivalent to an annual interest rate of about 13 per cent - this compares with the Reserve Bank prime rate of 10.5 per cent. The Land Bank generally charges three to five per cent above the prime rate for similar types of loan. Cooperative association loans for inputs are generally two per cent higher than the Land Bank rate). Repayment of loans takes place throughout the repayment period. Animals received under the repayment scheme are then used to set up new groups of lenders.

- **Phase Three (Loan Redemption Phase – after 45 months)** – once the group has repaid its loan in full (52 young ewes), all its obligations have been met under the scheme. Thereafter, they are free to either farm individually or continue farming as a group.

- **Recent adaptations of the livestock bank model** – the second phase of the project has seen an adaptation of the initial model used by community livestock banks. Some of the most important changes are as follows:
 - The risk and rewards of the livestock loans are passed on immediately to the beneficiaries that have been identified by the group. Livestock loans vary between eight and ten ewes and the lender must immediately assume responsibility for the livestock on loan.

- Beneficiaries are given up to 30 months (covering four lambing seasons) after receiving the loan to repay an equivalent number of ewes received, plus between three and four extra (interest) animals (equivalent to an annual interest rate of about 15 per cent). The bank would normally sell these animals in order to strengthen its cash position (value).
- The ewes that are received under the loan scheme are given as new loans to the next beneficiary on the group's list (drawn up based on the wealth ranking exercise with poorer members given higher priority as "primary beneficiaries"). The scheme then repeats itself.

These following changes have been promoted.

- Quicker delivery of benefits to individual members
- Foster a sense of ownership and responsibility. Members have commented, "*I feel like I'm a farmer*" on taking individual ownership
- The group of owners in a livestock bank flock assume the responsibility of shepherding, either organising the work between them (and thus saving on shepherd salaries) or employing their own shepherd. The revolving fund subcommittee then monitors this process
- Commonage areas are sometimes split into individual camps and therefore allocating animals to individual operators from the start is more appropriate
- Communal property associations are often spread across a number of holdings, with members scattered across several locations, so it makes better logistical sense, and is perceived as being fairer, to allocate livestock loans to individuals from the start.

The scheme is vigorously monitored by the revolving fund subcommittee and the next beneficiaries on the group's list. With the removal of the first phase of the initial model, the beneficiaries accrue benefits more quickly.

4. The results

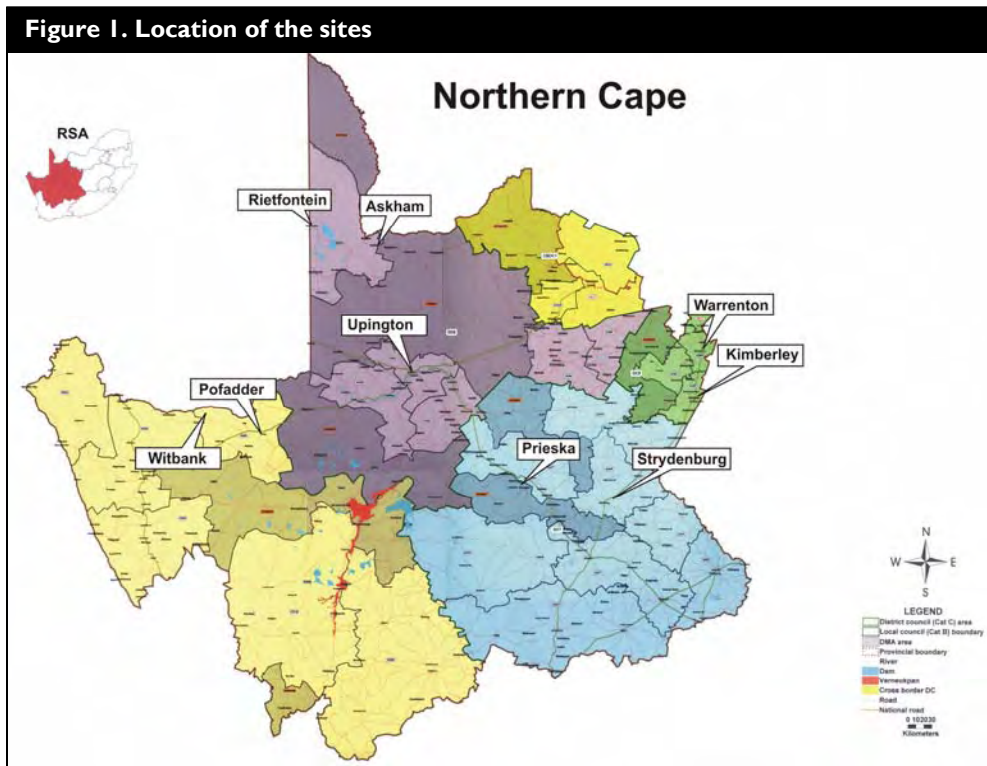


Table 5. Location of sites and date established

Site	Location	Date started	Months in operation to June 05
1. Siyathemba (3 Towns)	At Prieska	October 2001	45
2. #Khomani-San	N and E of Rietfontein	January 2002	42
3. Pofadder	as marked	January 2002	42
4. Thembelihle (Strydenburg)	as marked	January 2002	42
5. Witbank	as marked	May 2002	38
6. Dirisinang	W of Kimberley	June 2002	36
7. Kenhardt	SE of Upington	September 2003	22

Table 6. Summary of livestock numbers since inception

Site	Animals bought at start	Animal births to 2004	Animals sold to 2004	Animal losses to 2004	Animals on hand June 2004	Animal births 2005	Animals sold 2005	Animal losses 2005	Animals on hand June 2005	Average % increase over start up
Witbank	179	400	-132	-96	351	313	-73	-43	548	206
Siyathemba (3 Towns)	187	557	-104	-78	562	226	-78	-227	483	158
Kenhardt	140	101	-10	-24	207	237	-91	-24	329	135
#Khomani-San	420	476	-255	-108	533	576	-147	-17	945	125
Pofadder	242	269	-43	-192	276	48	-4	-79	241	0
Thembelihle (Strydenburg)	323	523	-347	-177	322	86	-84	-63	261	-19
Dirisinang	131	81	-23	-69	120	85	-56	-70	79	-40
Total	1,622	2,407	-914	-744	2,371	1,571	-533	-523	2,886	78

Table 7. Births and sales of the opening stock to 2005

Site	Births to 2005 as a % of opening stock	Change in 2005 births compared to earlier years (as % of opening stock)	Average total sales to 2005 as a % of opening stock	Stock losses as an average annual % of opening stock
Witbank	398	+70%	115	26
Siyathemba (3 Towns)	419	+12%	97	63
Kenhardt	241	+97%	72	11
#Khomani-San	250	+204%	96	10
Pofadder	131	-55%	19	37
Thembelihle (Strydenburg)	189	-58%	133	25
Dirisinang	127	+110%	60	35
Average	251		89	

Table 8. Summary trading account for the 38-month period

	Livestock numbers		Livestock numbers
Opening stock	-	Sales	1,447
Livestock Purchases	1,622	Losses	1,267
Births	3,978	Closing Stock	2,886
Total	5,600		5,600

The average livestock bank has been in operation for 38 months. A total of 1,622 animals was purchased when the schemes started with a total cost of R711,019⁹ (£62,900) at an average of R438 (£39) per head. Livestock numbers at 30 June 2005 increased by 1,264 to 2,886 (78 per cent), after adjusting for losses and sales. A total of 3,978 new births were recorded over the last 38 months.

A total number of 1,447 animals, which were surplus to the requirements of the banks (mostly young male animals), were sold for a total of R460,218 (£40,981) at an average cost of R318 (£28). These funds were accrued to the livestock bank accounts to cover management and running costs. Marketing activity varied from group to group, with Strydenburg registering the highest level of sales as a percentage of opening stock, this partly explains their relatively low level of animals on hand in June 2005. Strydenburg opted for higher establishment and running costs (e.g. higher salaries for shepherds) so were obliged to sell more livestock to cover this.

Witbank, Siyathemba, Kenhardt and #Khomani-San all showed high levels of marketing activity, but this was related to a more effective approach to marketing and the implementation of a marketing strategy; e.g. regular weighing of lambs and marketing in a timely manner at optimum lamb weights. Part of this strategy has been to constantly improve the quality of their animals and manage the flock size. At #Khomani-San, the group benefited from the mentoring by a neighbouring commercial farmer who sharpened their marketing skills. At Witbank, members of the livestock bank already had considerable expertise as shepherds and sheep farmers.

Pofadder registered the lowest level of marketing activity which, given their relatively high stock losses, is related to problems with their watering systems and the vulnerability of their commonage to stock theft. The group applied to the Land Care programme for funding to drill additional boreholes but these were not successful. The association then obtained agreement from a local mining company for the group to install a 30km water pipeline with the balance of Land Care funds. Pofadder have also recruited a new shepherd from within the group to address stock management problems related to theft. Similar problems have affected Dirisinang.

⁹ All figures used are nominal figures.

For all groups, total losses of 1,267 animals were recorded (23 per cent of the total number of animals and up from previously reported 18 per cent). This compares with an average loss rate in commercial farms of 15 per cent in the Northern Cape. Despite showing good levels of livestock sales and a substantial increase in animals on hand, Siyathemba registered high livestock losses. Reasons for this included livestock management deficiencies related to the occurrence of drought and animal health issues. However management factors also played a part. Some members had simultaneous loans with the Land Bank and sold livestock bank animals to repay these loans, registering these sales as losses when surveyed. Other sales were made to individuals who then did not pay, resulting in the livestock bank re-designating this loss as a livestock loss, thus inflating the figure.

Table 9. Stock situation in 2004		
Performance	CPA	Characteristics
High performers	Siyathemba & Witbank	High lambing percentage, low stock losses, high rates of flock growth
Average to good performers	Kenhardt, #Khomani-San and Strydenburg	Scoring well in 2/3 of the above
Poor performers	Dirisinang and Pofadder	Scoring well in 0/3 of the above

Table 10. Stock situation in 2005		
Performance	CPA	Characteristics
High performers	Witbank, Kenhardt & #Khomani-San	High/improving lambing percentage, low stock losses, high rates of flock growth, high marketing activity
Average to good performers	Siyathemba	Scoring well in 3/4 of the above
Average performers	Strydenburg	Scoring well in 2/4 of the above
Poor performers	Pofadder & Dirisinang	Scoring well in 0 or 1/4 of the above

Table 11. Summary of livestock banks – receipts and payments		
Receipts	Amount (June 2004)	Amount (June 2005)
Revolving fund loans to start the livestock banks	R925,000	R925,000
Income from livestock sales	R272,418	R460,218
Entrance and monthly fees paid by members	R 21,987	R30,157
Total receipts	R1,219,405	R1,415,375
Payments		
Purchases of livestock	R711,019	R717,859
Wages – shepherds	R130,395	R231,796
Other costs (grazing fees, supplementary feed, transport etc)	R104,379	R130,938
Animal health costs	R53,182	R 60,991
Monitoring and evaluation costs by groups	R45,405	R74,970
Repairs and maintenance of infrastructure	R18,065	R24,385
Total payments	R1,062,445	R 1,240,939
Bank balance of livestock banks	R156,960	R 174,436

Table 12. Balance sheet of livestock banks at June - all sites

Assets	Amount (June 2004)	Amount (June 2005)
Livestock at valuation	R 917,534	R 1,025,668
Favourable bank balances	R 156,960	R 203,297
Total assets	R1,074,494	R1,228,965
Liabilities	Amount	Amount
Revolving fund loans	R925,000	R925,000
Surplus generated from operations	R149,494	R303,965
Total liabilities	R1,074,494	R1,228,965

The total assets of the livestock bank (R925,000 start-up capital loan from the Revolving Fund) have increased by R303,965 (33 per cent) to R1,228,965 over an average period of 38 months. Expenditure incurred to make necessary repairs to grazing infrastructure (R24,385) was written off against income and not capitalised. Cash (Bank) resources to cover future expansion of the bank and cover operating cost were R156, 960 at June 2004.

5. The successes and difficulties of livestock banks

In trying to understand the reasons for the successes or failures of the various banks, it was important to analyse them individually. Tables 13, 14 and 15 below show the Return on Investment (ROI) of each bank as a measure of its financial success.

Table 13. Analysis of the ROI of individual livestock banks		
Best, worst and average	To 2004 (26 months)	To 2005 (38 months)
Total net returns	149,495	303,965
<u>Best livestock bank: Kenhardt</u>		
Net return	+2,429	+80,018
ROI	+2%	+73%
<u>Worst livestock bank: Dirisinang</u>		
Net return	-18,689	- 31,516
ROI	-24%	-39%
<u>Average bank:</u>		
Net return	+21,356	+43,424
ROI	+16%	+33%
ROI from a fixed deposit A/C at a Bank	+15%	+24%

From this table and the two tables below showing changes in the return on investment, it is clear that there are two distinct groups of livestock banks. The successful group – Witbank, Kenhardt, Siyathemba and #Khomani-San – have consolidated their progress since 2004. The less successful group comprises Strydenburg and Pofadder (Dirisinang having closed their livestock bank), who are still struggling to overcome both technical and organisational problems. Overall, livestock banks have given better returns than putting the funds into a fixed deposit account, with these increasing as the enterprise matures (one per cent difference at 26 months, increasing to nine per cent at 38 months).

Table 14. ROI of the livestock banks at June 2004

Site	Siyathemba	Witbank	K-San	Kenhardt	Strydenburg	Pofadder	Dirisinang
Livestock value	194,878	139,521	242,479	94,380	89,898	107,184	49,194
June 2004 bank balance	14,348	14,190	75,611	18,049	9,182	13,464	12,117
Total assets	209,226	153,711	318,090	112,429	99,080	120,648	61,311
Start-up capital	125,000	100,000	275,000	110,000	100,000	135,000	80,000
Net return	+84,226	+53,711	+43,090	+2,429	-920	-14,352	-18,689
ROI	+67%	+54%	+16%	+2%	-1%	-11%	-24%

Table 15. ROI of the livestock banks at June 2005

Site	Siyathemba	Witbank	K-San	Kenhardt	Strydenburg	Pofadder	Dirisinang
Livestock Value	185,664	149,186	354,295	147,279	79,220	84,085	25,939
June 2005 Bank Balance	15,252	2,030	97,137	42,739	14,254	9,340	22,545
Total Assets	200,916	151,216	451,432	190,018	93,474	93,425	48,484
Start-up Capital	125,000	100,000	275,000	110,000	100,000	135,000	80,000
Net Return	+75,916	+51,216	+176,432	+80,018	-6,526	-41,575	-31,516
ROI	+61%	+51%	+64%	+73%	-7%	-31%	-39%

Management of the livestock banks

All livestock banks recorded trading profits from their operations. The size of the trading profit registered by the seven banks depended on how well at inception the groups were able to allow the new flock to settle. Many banks bought pregnant ewes to start with and the ewes often aborted when the settlement of the animals was not well managed, thereby retarding the growth of the bank to manage livestock losses attributable to mortality, predators and theft.

Other critical natural and management issues, which impacted on the success of the livestock banks, included the following.

- **An adequate water supply for the animals of the livestock banks** - all the livestock banks with the exception of the Witbank project site (situated near the Orange River) are dependent on boreholes for their stock-watering needs. The livestock losses suffered by the Pofadder group were severe as a result of the boreholes drying up due to a drop in the underground water table.
- **The availability of sufficient grazing land for the livestock bank animals** - drought condition, currently experienced in most parts of the province, made it necessary to supplement the feedstock of the flock. It is interesting to note that the quality of land does not appear to determine the success of the livestock bank, as shown in Table 16.
- **The daily supervision of livestock bank animals** - most of the livestock banks suffered losses at the start of the project because of a lack of adequate supervision. Supervision has considerably strengthened since the recording of earlier losses. Good supervision includes a clear job description for the shepherd; checking the flock in the morning and evening, daily assessment of the veldt, knowledge of good grazing practices and the implementation of an animal health programme. The shepherd needs regular monitoring by livestock bank members.
- **A regular animal health programme** - the Department of Agriculture animal health technicians have assisted most of the livestock banks with a monthly animal health programme. Key diseases include pulpy kidney, pasturella, blue tongue, internal and external parasites. At the Dirisinang site, where the group did not enjoy a good support

programme, their bank suffered significant losses. This situation has improved since the group knew whom to contact to arrange regular support.

Table 16. ROI of each livestock bank based on the hectares required

Group	Ha required per LSU ¹⁰	ROI
Dirisinang	18	-39%
#Khomani-San	30	+64%
Siyathemba	42	+61%
Strydenburg	42	-7%
Pofadder	60	-31%
Kenhardt	60	+73%
Witbank	96	+51%

- **Animal husbandry plan** - most groups were up-to-date on animal husbandry techniques.
- **Safeguarding animals against especially theft and predators** - better shepherding, the use of sheep dogs, cooperation with the Department of Nature Conservation, the acquisition of mounted horses and motor cycles in some groups all assisted in safeguarding against predation and stock theft. Training in predator control at most project sites has also helped to reduce losses. Some groups have kept newborn lambs in kraals for a period rather than leaving them on the veldt. Tattooing of the groups' animals has made stock theft investigations by the police easier. Greater police visibility has reduced the potential theft of animals and greater involvement by the individual members of the group has further reduced stock losses as a result of theft.
- **Access and control** - the livestock should be kept as close to community as possible to ensure easy access and better control.

¹⁰ LSU = Large Stock Unit (6 sheep).

- **Motivated shepherds** - all groups now ensure that they pay their shepherds well, consult with them regularly, and include them when training workshops are held and livestock loans to members are granted.
- **Communication** - A subcommittee who regularly meets to discuss, plan and ensure implementation of all the activities relating to the livestock bank.
- **Monitoring and Evaluation** - Regular meetings of the livestock bank subcommittee members and shepherds. Visits by livestock bank lenders to ensure that the animals are well taken care of. Accurate record-keeping, regular planning and budgeting of activities. Sufficient working capital to cover expenses (eight months operating costs in the bank, achieved through careful budgeting). Regular monitoring of the flock to ensure that stock numbers do not exceed carrying capacity and regular marketing takes place. CPAs do have the powers to enforce stocking rates in their constitutions but can lack the capacity to enforce these powers. Regular progress reports to borrowers and the management committee.

6. The direct impact of livestock banks

Table 17. Number of lenders and their cover					
Site name	Total number of beneficiaries	Number of beneficiaries who have received loans	New Livestock owners who repaid their loans in full	Beneficiaries with outstanding loans	Animals handed to new owners
1. Siyathemba	50	30	18	12	234
2. #Khomani-San	800	50	25	25	275
3. Pofadder	54	17	0	17	-
4. Strydenburg	158	27	27	-	189
5. Witbank	58	35	15	20	165
6. Dirisinang	384	40	40	0	80
7. Kenhardt	30	20	5	15	67
Total	1,534	219 (14.3%)	130	89	1,010

The success of livestock banks can be measured by how many times its livestock assets cover its livestock loans. The cover reduced slightly from 1.73 times in 2004 to 1.68 times in 2005.

Table 18. Number of animals in bank versus number of animals on loan

	2004	2005
Number of animals in the livestock bank as at 30 June	2,371	2,886
Number of contracted lenders	161	219
Number of animals out on loan to contracted lenders	1,370	1,722
Number of animals still owned by the bank	1,001	1,164
Cover number of animals in bank for every one animal lent	1.73	1.68

Table 19. Jobs created by community livestock banks and wages paid

Name of site	Number of permanent jobs created	Wages paid since inception	Average monthly cash wage per shepherd paid from livestock bank
1. Siyathemba	1	R19,100	R424
2. #Khomani-San	2	R44,850	R534
3. Pofadder	1	R17,754	R423
4. Strydenburg	1.5	R39,660	R630
5. Witbank	3	R77,959	R683
6. Dirisinang	2	R17,150	R238
7. Kenhardt	1	R12,853	R584
Total	11.5	R229,326	

Other impacts

These include the following.

- Livestock banks add value through the creation of other opportunities for these communities such as lucerne growing, tannery and leatherworks projects and jobs in transport and livestock marketing for community members.
- Livestock banks have sold surplus animals to members of their communities at prices beneficial to both the buyer (lower prices) and seller (lower transport to market costs).
- Integrating the livestock bank with other credit initiatives supported by FARM-Africa SA, such as the Witbank lucerne project, which sold some of its produce to both the Pofadder and Witbank livestock banks when drought conditions forced these livestock banks to acquire supplementary feed for their animals.
- A total of thirty-seven community members serve on the livestock bank subcommittees of these seven groups. They have an ongoing function, as they are responsible for the planning, implementation and monitoring and evaluation of these banks. The livestock banks pay them a daily allowance on the days when they work.
- All individuals involved in the livestock banks (from management committee members, subcommittee members, shepherds, foreman and community beneficiaries) received a variety training and capacity building support. These communities have continued to successfully manage these banks with minimal support from FARM-Africa SA since 1 June 2004.
- The livestock banks encourage communities to work together through group ownership of animals, which together with the training received in group management and conflict resolution, can lessen the chances of potential conflict.

7. Hearing the voices – evaluation of livestock banks by land reform communities

Introduction

FARM-Africa SA compiled the first quantitative study¹¹ of livestock bank projects in 2004. Although the positive results shown by this study were generally confirmed by a follow-up study in 2005, the analysis lacked a direct qualitative assessment by the livestock bank members themselves. In January 2006, a series of workshops were held, focusing on the perceptions of those intimately involved in the livestock banks. The expressed aims of these meetings were to triangulate the quantitative study results, develop an understanding of why and how livestock banks work or do not work from the viewpoint of the participants, and draw lessons for future projects.

The main methods used were focus group discussions and interviews with some the individuals (beneficiaries and livestock bank subcommittee members involved in the livestock banks).

Focus groups

Although all focus groups followed the same protocol, the group process differed slightly due to the dynamics and makeup of each group. The following general process was used during the focus group discussions.

- Participants provided a timeline (overview) of their livestock bank
- Participatory evaluation and discussion on the constituent elements of a livestock bank
- Participants identified the general indicators (see Table 21) based on the constituent elements against which a livestock bank can be measured. Participants discussed the nature of a successful livestock banks using these indicators
- Participants measured their own livestock bank
- General discussion of the impacts of the livestock bank in the lives of community members.

¹¹ Tracking Livestock Banks in Seven Land Reform Groups in the Northern Cape by Herman Festus (June 2004)

Interviews

Semi-structured interviews were conducted with selected individuals focusing on that individual's experience of the livestock bank. The qualitative study of livestock banks can be summarised as follows:

Table 20. Qualitative study of livestock banks				
Date	Livestock banks	No. of participants	Geographical area	Focus group and face to face interview participants
11/01/06	Witbank	18(7F &11M)	Witbank	Beneficiaries, livestock bank subcommittee, future beneficiaries, shepherd and foreman
11/01/06	Pofadder	12 (7F & 5M)	Pofadder	Beneficiaries, livestock bank subcommittee and shepherd
13/01/06	Kenhardt	13 (4F & 9M)	Kenhardt	Beneficiaries, livestock bank, subcommittee and former shepherd
14/01/06	#Khomani-San	17(7F &10M)	Andriesvale	Beneficiaries, livestock bank subcommittee and foreman (former shepherd)
16/01/06	Dirisinang	4 (3F &1M)	Warrenton	Livestock bank subcommittee
23/01/06	Siyathemba	8 (1F & 7M)	Prieska	Livestock bank subcommittee and beneficiaries
24/01/06	Strydenburg	17 (5F & 12M)	Strydenburg (Thembehle Municipality)	Livestock bank subcommittee and beneficiaries

Timelines and themes from the focus group discussions

The timelines described by the participants corresponded with the data provided in the FARM-Africa SA quantitative study with regard to the formation of the livestock banks. Participants also provided some insight on their situation before FARM-Africa SA became involved with them and the value of the livestock bank to them.

According to Meba Cloete of the Witbank livestock bank:

“The management committee of Witbank CPA was placed under administration ... there were many problems ... conflict ... we were disorganised. FARM-Africa SA suggested that those of us who were interested form a committee of 21 – this is the backbone of all the work ... we all knew each other... from there on we were only looking forward.”

Dirk Zyster the chairperson of Kenhardt Emerging Farmers’ Association said;

“Before we started with the livestock bank, there was not a lot of interest in the Association ... of the 15 members then [August 2003] only six had sheep. These animals were kept in small plots and this was problematic. ... the farmers’ association did not have any benefit for the members before we started the livestock bank ... it provided a chance to help yourself.”

During the focus group discussion with the Strydenburg Emerging Farmers’ Association, one participant outlined a similar scenario:

“We always had the longing to farm ... get our own land ... we formed our emerging farmers’ association in 1995 and got access to the commonage farm Platkuil. There was still division between the Karretjie people and the other small farmers. In addition, very few of these individuals had livestock. Through the livestock bank, they were able to start farming and use the land”.

With regard to his personal circumstances, Johannes Witbooi (Winters), the shepherd of the Witbank livestock bank relates;

“I moved to the Witbank area with my parents and siblings in 1985. I started shepherding in 1997 because both my parents could not do their shepherding jobs anymore. My first job in 1997 was when I started looking after the animals of a commercial farmer in the area. I started with R200 [approx. £18] per month with a yearly increase of R50 [approx. £4.60]. I stayed with him for a period of two years and six months. After this period, I helped my brother to look after the sheep that he was responsible for. I did not receive payment ... my brother sometimes gave me something. It was very difficult for our family ... we relied mainly on the income of my brother and my father’s disability payments. We were also responsible for my departed sister’s children. When

Mr Nel, also a commercial farmer, offered me the job to look after his animals, I grabbed the opportunity with both hands. It was very difficult and I was paid R400 [approx. £36.70] per month. This did not last very long and after a while I started helping my brother with his duties whenever he needed my help. I started on the 17 October 2002 to look after the animals of the livestock bank. It is the longest that I have been at a shepherding job. The reason is because the wage is very competitive; I receive my pay regular like clockwork and receive animals from each of the beneficiaries of the livestock bank. I am also helping my community. I receive R800 [approx. £73.40] per month apart from the animals that I received. I can now pay the school fees of my sister's children, buy them school clothes, give some money to my parents, keep some money for emergencies during the month ... this is something that I have learned in the FARM-Africa SA training ... budgeting. The time of me begging from people for something to eat is over, I am now an emerging farmer ... in a few years I want to be a farmer with more than 200 livestock.”

Participatory evaluation

After the completion of the timelines, participants were then requested to identify the main elements of a livestock bank. Most participants in all the focus groups immediately identified the animals and land as the main elements. After some discussion, all the groups raised the livestock bank subcommittee as another important element. The constituent elements that were raised by the focus group participants are presented in Table 21.

Table 21. Constituent elements and indicators of a livestock bank		
Constituent elements	Identified by participants	Description by groups of indicators
Animals	All participants	- Good quality and condition
Land	All participants	- Enough land & good quality grazing - Sufficient water sources & infrastructure (camps, etc)
Shepherd	All participants	- Loyalty - Accountability to the livestock bank and foreman - Honest and trustworthy - Commitment to project - Care for animals (knowledge)
Beneficiaries	Witbank & Kenhardt participants	- Must pay their contributions - Must assist with the project - Must want to farm - Interested in the animals
Livestock bank subcommittee	All participants	- Close cooperation between members - Cohesive group - Active involvement in the livestock bank - Regular reports to beneficiaries and management committee - Welfare of the shepherd must be well looked after by the committee (payments on time)
Foreman	Witbank & #Khomani-San participants	- Knowledgeable of livestock farming - Disciplined and hardworking - Must be respected
Management subcommittee	Dirisinang & #Khomani-San participants	- Management committee must support and assist the livestock bank subcommittee
Livestock bank rules and	All participants	- Rules that are clearly defined to all beneficiaries/shepherd/foremen and other

regulations		stakeholders - Enforcement of rules and penalties if necessary
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Those constituent elements not identified by some of the groups were raised by the moderator/facilitator to those groups. They were all in agreement that these other elements were relevant and can be used to evaluate their own livestock banks.

Evaluation of own livestock bank – identifying those factors that hinder and help its development

The evaluation by the different groups of their respective livestock banks are summarised as follows in Table 22.

Table 22. Identifying factors that hinder and help a livestock bank development							
Constituent elements	Witbank	Pofadder	Kenhardt	#Khomani-San	Dirisinang	Siyathembac	Strydenburg
Animals	1	1	1	1	3	2	2
Land	1	2	1	2	3	2	2
Shepherd	1	2	1	1	3	-	-
Foreman	1	-	-	1	3	-	-
Beneficiaries	1	2	1	1	2	2	2
Livestock bank s/com	1	2	1	1	1	-	-
ManCom	-	-	-	2	3	-	-
Rules	1	1	1	1	2	2	1

Score: 1- Good, 2 – Average, 3 - Bad

No score indicates that the element is not present/ or was not considered by the participants. These scores reflect the current state of the livestock banks.

The animals

All groups made reference to the animals as the most important element of the livestock bank. Some of them initially identified livestock as the only constituent element of the

livestock bank. The participants were in general agreement that the animals were of good quality when they were bought. The participants (beneficiaries) were generally satisfied with the animals, although some of the beneficiaries felt that the number the individuals received were too few. Lena Philander (#Khomani-San), for instance, said;

“The sheep are too few for me because I want to be a big farmer”.

Petrus Vaalbooi, and some of the other #Khomani-San participants, agreed that, despite the small number of sheep in relation to the size of the farms, group or the number of members of the group that want to farm, the benefits the sheep gave to the members is far higher to the individual beneficiaries than their individual contribution to the livestock bank. He further stressed;

“We must look at the livestock bank as an improvement ... for the whole of the #Khomani-San community...others must still benefit from the bank. Increasing the numbers is determined by the availability of the land. It will not be sustainable for the #Khomani-San just to increase the numbers”.

The score (five out eight factors self-scored at three) of Dirisinang is indicative of the fact that the livestock bank imploded – all the animals were distributed to individual beneficiaries in 2005. The livestock bank subcommittee felt that they could not continue to manage the bank.

According to Edith Motuwane;

“I could see that the livestock bank is not going forward. There was livestock theft and many deaths and mistrust from the beneficiaries that the committee members were the only ones that were benefiting”.

Joseph Kgang agreed;

“I was relieved when it was over (the livestock bank). There were too many complaints that the livestock bank subcommittee stole the goats. The goat project started losing momentum from May 2004 after FARM-Africa SA concluded Phase One. The livestock numbers decreased from 220 animals in 2003 to 92 animals in 2005. Deaths and theft are the main causes for this decrease”.

Of the livestock members (40 members), one of the groups (10 members) decided to continue managing their animals as a group. Of the other 30, five sold up completely and left livestock farming and 26 continued as livestock farmers.

The land

There was a general consensus that the state of the land and its accessibility were crucial for a livestock bank to be successful. The availability of land has been raised as a constraining factor by the #Khomani-San. According to Petrus Vaalbooi;

“The current land situation makes the livestock bank not sustainable over the longer term”.

Hans Padwerker also pointed to the land constraint:

“It is a good system but it was too few animals because there was not enough land for the #Khomani-San. Not everybody can or wants to farm and we must find other opportunities for these members of the community”.

The Dirisinang group highlighted the distance to the land as a key problem. Edith Modutwane of the livestock bank subcommittee indicated that for proper control, the subcommittee was supposed to visit the animals on their farm at least once a week. However, because of financial constraints and the distance, they only managed to visit the farm once a month.

The shepherd

Most groups were satisfied with the performance of the members they hired as shepherds, with the exception of Dirisinang. Joseph Kgang said:

“We experienced many problems with the shepherd and I was relieved when the remaining animals were eventually handed over to the members”.

Julia Gabanakgosi regretted the closure of the livestock bank:

“I was very sad when we had to hand over the animals ... I really felt that we must continue with the livestock bank ... but things were not well with the livestock bank ... the shepherd sometimes sold some of the animals”.

Elizabeth Rabotolo was in no doubt where the main problem lay:

“There were irregularities ... the shepherd sold off the animals without the permission of the committee ... he colluded with some of the beneficiaries to steal goats ... despite the fact that he received his wage every month ... there was always five to six goats less when the animals were counted ... he was just a very disloyal person”.

The foreman

Group members recruited foremen, through competitive interviews, from within the group. At Witbank, the foreman manages the shepherds, livestock marketing and the livestock bank lending system, as well as the irrigated lucerne project. At #Khomani-San, the foreman's responsibilities include some 1,000 livestock and two game farms. Witbank and #Khomani-San were the only groups where a foreman was appointed that had, among his responsibilities, the management of the livestock bank. Wendell Cloete, who will be part of a new group of beneficiaries under the Witbank Livestock Bank, is clear about the role of the foreman:

"He must be a leader ... knowledgeable about farming ... understand his people".

The beneficiaries

The contribution of members (both financial and in kind, including labour needed for weighing at marketing time, treatment of livestock and repair of infrastructure) is crucial according to the participants. Jo-Anne Zyster of Kenhardt was adamant that members who fail to deliver on their responsibilities, without good reason, should be disqualified.

According to Hansie Mouton of Kenhardt, the main qualities of good members are...

"Perseverance, patience and willingness to sacrifice are important for the success of the livestock bank. I am offering my vehicle when there is no transport available to visit the livestock bank ... it is important to know that they must be available when there is something to do on the farm ... your 'yes' must remain your 'yes'".

The livestock bank subcommittee

Electing the right leaders, especially those who have proven themselves, is crucial to the success of their livestock bank, according to the Witbank focus group. The characteristics of a leader includes a proven record of community involvement, respect from within the community, a willingness to help others, an ability to share resources with the group, a will to succeed, and be a committed and successful person with experience.

Dirk Zyster of Kenhardt concurs and suggests that these leaders must be replaced if they do not perform;

"We had problems with our chairperson ... he was also a livestock bank beneficiary ... he did pay his dues, attend to his responsibilities, but he broke our rules ... we replaced him and reallocated his animals".

According to Elizabeth Rabotolo of Dirisinang;

“There was nothing that the committee could do about the livestock theft. The negligence of the shepherd and the distance to the farm was too much”.

However, all was not doom and gloom at Dirisinang, according to Edith Modutwane;

“The members of my group were very happy when they received their animals ... I remember one old man who surprised me by walking a few kilometres to my house every month to pay his fees for the livestock bank”.

The participants of the Siyathemba focus group warned against conflicting interests between beneficiaries and committee members.

The management committee

Dirisinang livestock bank subcommittee was clear about the support from the CPA management committee, according to Joseph Kgang;

“They never assisted us when we had problems ... they instead blamed us and said we were incompetent ... with the handover, the chairperson of the CPA just tried to get as many goats as he could without thinking about the other beneficiaries”.

Rules and regulations

The Witbank, Kenhardt and #Khomani-San groups were clear that there needs to be clear rules for everyone. In his interview, the shepherd of Witbank added that more could be done to explain this to the rest of the community to avoid misunderstandings and possible animosity from those who did not yet benefit from the livestock bank. The focus group of the Strydenburg Emerging Farmers indicated that, because there was no subcommittee in the second phase of their livestock bank, there was nobody to enforce their rules and contracts, and their bank consequently suffered.

8. Conclusions

Livestock banking has succeeded in achieving its primary aim of increasing the number of land reform beneficiary members who now own livestock. Before the implementation of livestock banks, only 205 (out of a total of 822) owned livestock. A further 161 have now increased the number of livestock owners to 366. New groups have already been added since this study was carried out and these should continue to increase coverage over the term of this initiative.

Other benefits for the groups have included:

- Permanent jobs for eleven shepherds;
- Land reform groups are expanding their involvement with livestock activities that they are familiar with;
- Many members of the group, including those that are involved in the various subcommittees, have had an opportunity to learn, at their own pace, the complexities of livestock farming in a relatively harsh environment;
- The average size of the livestock subcommittees was five. A minimum of thirty-five group members (some members left and were replaced) have therefore benefited from their involvement with livestock banks through training and capacity building;
- As can be seen from the qualitative response, land reform groups often mention the fact that development projects instil a sense of worth and confidence in the members and increase their abilities to manage such projects on their own; and,
- At five of the seven sites, two members were trained in tannery and leatherwork. The livestock banks provide a ready supply of skins for these trainees, giving the potential to further add value to livestock production.

It is clear from the financial results that the seven livestock banks are consolidating into two categories. The first category are those groups that have successfully navigated the establishment and development stages of their organisational growth and are consolidating their success with increasing marketing activity and returns to the group and individual members. This group includes Witbank, #Khomani-San, Kenhardt and Siyathemba. The reasons for their success are clearly identified by the members themselves, in particular, the degree of social capital that exists in the land reform group (communication between members and committees, honesty, commitment to the enterprise, ability to enforce

mutually-agreed livestock bank rules), the efficiency of management of both finances and employees (shepherds) and the management of livestock, grazing and water resources. This consistent success does not mean that these groups can relax their management standards – Siyathemba’s performance would have been even better had it not experienced high stock losses in 2004/5. Some members of these successful groups are now expressing ambitions that are clearly beyond the capacity of their livestock banks to provide and therefore could consider accessing additional land on an individual or small group basis through the LRAD scheme.

The second category consists of those groups that have encountered often severe difficulties in their development process. This category – which includes Dirisinang, Pofadder and Strydenburg – has met constraints in capitalising on the capacity building and revolving funds that they have received for a variety of reasons, including a lack of motivation on the part of the management committee to support the livestock bank and its subcommittee, problems related to distance of the bank members from their land combined with recruitment of poor shepherds, who then dishonestly exploit this logistical hurdle. Pofadder encountered water problems which proved difficult to resolve and led to increased stock losses.

Dirisinang members were particularly frank in their self-assessment of their management of livestock, land, shepherd and foreman, and support from the management committee as all being poor. Even their assessment of the role of the beneficiaries (themselves) was only average. During 2005, FARM-Africa SA discussed an initiative for extensive restructuring of failing land reform groups with the Department of Land Affairs (DLA) and Dirisinang was one of the groups chosen for DLA support in this regard; an acknowledgement that many of the fundamental problems of this group are related to the pre-allocation phase of its formation. Pofadder and Strydenburg have opted to continue with their livestock banks but will require enhanced advisory support from the Department of Agriculture if they are to achieve the levels of success enjoyed by the more successful livestock banks. Pofadder in particular is struggling, partly due to the problems they have in managing their commonage (one is overstocked and the second is some distance from the members’ residential area) and water supply. Strydenburg’s performance shows a more mixed picture – they have successfully reduced stock losses and maintained the highest level of animal sales over the period but their birth rates have declined in 2005, suggesting a lack of management of stock breeding leaving the group oversold in the market (maintaining sales at the expense of replacing stock lost). As a result their flock has declined in size.

The lessons learned from the livestock bank process have so far been extremely useful. FARM-Africa SA will continue to monitor the progress of these banks over the next two years. The six groups continue to manage their livestock banks with very little direct support from FARM-Africa SA, outside monthly monitoring visits, and feel confident in their abilities to manage their own resources successfully and on a sustainable basis. FARM-Africa SA continues to promote these banks as a viable strategy in order to create a platform for poorer land reform groups to build assets from which they can generate income for their families. The organisation actively promotes the involvement of advisory services (Dept of Agriculture and Dept of Local Government & Housing), particularly in assisting groups overcome problems.

A livestock bank can therefore become a pivotal economic activity within many land reform groups. At least five other groups that are not directly supported by FARM-Africa SA have implemented livestock banks along the lines of the above concept. The Provincial Department of Housing & Local Government (with its Local Economic Development programme), as well as the Department of Social Development (with its Poverty Alleviation programmes), have expressed an interest in piloting livestock banks at a number of their sites. The Land Bank also offers livestock loan schemes to emerging farmers, but farmers mostly complain about the high interest rates they need to pay as well as the size of their grazing land allocation, which limits them and their ability to take up these loans. A challenge remains therefore in advocating the livestock bank model to the Land Bank and other partners in land reform in South Africa.

With high levels of unemployment (in excess of 35 per cent for South Africa), limited livelihood opportunities and large numbers of under-educated people (a legacy of apartheid) who would like to farm, projects such as livestock banks can make a significant contribution to rural livelihoods, employment and skills development. Livestock banks also make it possible for group members to start projects for supplementary livestock feeds, such as irrigated lucerne. Feedback from the members themselves suggests that livestock banks improve social relations amongst group members, which makes for more harmonious community life. As Pastor Vaalbooi of the #Khomani-San, when asked how he would feel if the livestock bank ceased to exist, responded;

“My heart will be very sad. Life will have little meaning for many of us ... I had nothing before the livestock bank ... now I have 25 animals”.

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