



**New Partnership for
Africa's Development (NEPAD)
Comprehensive Africa Agriculture
Development Programme (CAADP)**



**Food and Agriculture Organization
of the United Nations
Investment Centre Division**

GOVERNMENT OF THE REPUBLIC OF NAMIBIA

SUPPORT TO NEPAD–CAADP IMPLEMENTATION

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Volume V of VII

BANKABLE INVESTMENT PROJECT PROFILE

Integrated Farming Support Programme for Resettled Farmers

July 2005

NAMIBIA: Support to NEPAD–CAADP Implementation

Volume I: National Medium–Term Investment Programme (NMTIP)

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Volume IV: Development of Infrastructure for Marketing Horticultural Produce

Volume V: Integrated Farming Support Programme for Resettled Farmers

Volume VI: Livestock Improvement

Volume VII: Support to Aquaculture Development

NEPAD–CAADP BANKABLE INVESTMENT PROJECT PROFILE

Country: Namibia

Sector of Activities: Agriculture

Proposed Project Name: **Integrated Farming Support Programme for Resettled Farmers**

Project Area: Kunene, Oshikoto and Otjozondjupa Regions

Duration of Project: 5 years

Estimated Cost: Foreign Exchange US\$8.9 million
Local Cost..... US\$16.0 million
Total US\$24.9 million

Suggested Financing:

<i>Source</i>	<i>US\$ million</i>	<i>% of total</i>
<i>Government</i>	8.9	65
<i>Financing institution(s)</i>	16.0	35
<i>Beneficiaries</i>	–	–
<i>Total</i>	24.9	100

NAMIBIA:

NEPAD–CAADP Bankable Investment Project Profile

“Integrated Farming Support Programme for Resettled Farmers”

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Currency Equivalents

(July 2005)

Local Currency	=	Namibian dollar (N\$)
US\$1.00	=	N\$6.57
N\$1.00	=	US\$0.15

Abbreviations

CAADP	Comprehensive Africa Agriculture Development Programme
CBNRM	Community-based Natural Resources Management
DAE	Division of Agricultural Engineering
EU	European Union
GRN	Government of the Republic of Namibia
MAWF	Ministry of Agriculture, Water and Forestry (<i>since January 2005</i>)
MAWRD	Ministry of Agriculture, Water and Rural Development (<i>prior to January 2005</i>)
MDG	Millennium Development Goals
MET	Ministry of Environment and Tourism
MLR	Ministry of Lands and Resettlement
MoF	Ministry of Finance
MRLGHRD	Ministry of Regional, Local Government and Housing and Rural Development
MTI	Ministry of Trade and Industry
NAP	National Agricultural Policy
NAU	Namibia Farmers Union
NCCI	Namibia Chamber of Commerce and Industry
NDP2	Second Namibian Development Programme
NEPAD	New Partnership for Africa’s Development
NGO	Non-Government Organisation
NPCS	National Planning Commission Secretariat
NRP	National Resettlement Policy
PTT	Permanent Technical Team
SADC	Southern African Development Community

I. PROJECT BACKGROUND

A. Project Origin

I.1. The project was conceived from the draft preliminary findings of the *Permanent Technical Team* (PTT) on *Land Reform* in the country of which the final report is still awaiting approval. The PTT which was constituted in August 2003, by the then *Ministry of Land and Resettlement* (MLR) was required to review the process of land reform and its activities in the context of legal framework. The Team also considered issues pertaining to economic, financial, institutional and environmental sustainability. The project is prepared in fulfilment of the *Comprehensive African Agricultural Development Programme* (CAADP), addressing specifically the component of natural resources – integrating farming.

I.2. Although the resettlement process has been slow, its benefit has been valued by many as a measure that contribute to poverty reduction and food security at household level. The recent statistic from the Ministry reveals that to date, about 1,500 families have been resettled to date on 142 farms making up 843,700 ha. These resettled farmers lack the capacity in terms of farming skills and financial assistance to become productive farmers and ensure the efficient and effective utilisation of natural resources allocated to them as well as lack of marketing of their produce respectively.

I.3. There is a general consensus in the land reform literature that if land reform beneficiaries are to achieve their development aims then they must be provided with a “package of support measure” after they have been resettled. It is only then that they will be able to be self-reliant and self-sufficient by the fourth year after resettled as stipulated in the *National Resettlement Policy* (NRP). This start up support package includes water points, feeder roads, extension services, and subsistence allowance for the family to survive until they have settled down; and fencing material to enable them fence off of their allotted land. Inputs, credit and markets were also highlighted as complementary components that could form part of the support measures. Supporting the new farmers with new skills to practise integrated farming could help transform these farmers’ subsistence agricultural economy into market-oriented economic livelihood. Most of them spend over 60 percent of their earning on basic needs such as food, education and health care.

I.4. The absence of this support in the land reform package poses a challenge of addressing the concern of low income those farmers have in the midst of many others such as HIV/AIDS. Therefore, the proposed project therefore aims at ensuring that resettled farmers gain the necessary skills and means to diversify land-use in order to maximise output.

B. Sector Information

I.5. **Key Features of the Agricultural Sector.** Agriculture in Namibia continues to be the main contributor to the livelihood of about 70 percent of the people in rural areas who spend most of their earning on basic needs such as shelter, food, health and education. In addition, the sector is known as one of the major employers in the country directly or indirectly supporting 70 percent of the population. The sector earns foreign exchange for the country through the export of livestock, mostly from the commercial sub-sector, and the recently introduced grapes and dates. Other main agricultural enterprises are small stock (sheep and goat); grain crops (maize, pearl millet, sorghum and wheat).

I.6. Since independence, agriculture’s contribution to the national economy has varied between 9 percent and 10 percent during 2001–2003¹. About 98 percent of agricultural income is earned from the livestock sub-sector.

I.7. Besides the sector being the mainstay for the livelihood of majority of the population, it is characterised by scarce productive land and fragile and infertile soils, coupled with erratic rainfall. This lowers the production of the land especially where irrigation and/or integrating farming is not practised. The persistent periods of drought over the past 15 years have made access to natural resources for agricultural production even tighter. About 34 percent of the total land area (824,300 km²) receives an average annual rainfall of 400 mm and therefore regarded good for reliable crop production. However, the soils are poor, and one percent of the total land area is regarded good for rainfed or irrigated arable farming.

I.8. The agriculture sector in Namibia is still divided into two farming systems. First, a commercial sub-sector that operates on private free-hold title deeds land. The commercial sector operates on 36.2 million hectares, mainly used for extensive ranching. It is made up of 6,200 freehold title deed farms belonging to about 4,000 large-scale farms each having an average landholding of approximately 8,620 ha. The sub-sector produces for the market.

I.9. The second farming system is the communal sub-sector, which operates on state land under the traditional authority and the *Land Boards*. It supports the majority of the nation’s 70 percent subsistence farming population. The communal farming is mainly rain fed-based and is characterised by low levels of inputs and productivity and low utilisation of improved technologies.

I.10. **Government Policy Framework.** Namibia has developed a number of national and sectoral policy instruments that guide the agricultural development with aim to fight poverty, food insecurity at household level and unemployment. First, the long term-perspective *Vision 2030*, articulates the sector’s vision to have its activities modernised. Secondly is the *Second National Development Plan* (NDP2) which defines the mission statement of the agricultural sector as contributor to the improvement of level of household and national food security and to create employment opportunities. The NDP2 identifies medium-term interventions to address main priority areas of government such as poverty reduction, employment creation, and sustainable economic growth. One of the mechanisms is through the resettlement programme. Thirdly, the sectoral legal instruments are the *Agricultural (Commercial) Land Reform Act*, Act N°6 of 1995; the *National Resettlement Policy* and the *National Land Policy*, that form the umbrella policies and legislation for land reform and resettlement activities.

I.11. The *National Agricultural Policy* (NAP) and its *Strategy* guide the development of the sector. The objective of the sector as stated in the NAP document is “*to increase agricultural production at both national and household levels and promote livelihood opportunities*”. The policy also calls for crop diversification.

C. Overview on Wildlife and Tourism

I.12. The wildlife and tourism industries are rapidly expanding in Namibia, and provide the opportunity to generate high revenues from natural resources (including wildlife). One of Namibia’s most significant achievements in the sector of sustainable natural resource management is its rapidly growing, *Community-based Natural Resources Management* (CBNRM) programme in rural areas. This programme simultaneously addresses several objectives by bringing a new set of natural

¹ Information from the NDP2 Mid-term Review Report for Chapter 11 – Agriculture.

resources into production; creating incentives to manage wildlife and other natural resources sustainable; boosting the abundance and productivity of natural resources; unlocking the economic potential of wildlife and tourism in communal areas; building empowerment, capacity and skills at local levels, and correcting discriminatory imbalances of the past.

I.13. Part of its success stems from the fact that jobs are created, income at both the household and community levels is generated, and people are encouraged to plan and manage their own development pathways. The programme has also drawn investment into under-developed and remote communal areas, and created a conducive environment for small and medium sized enterprises to flourish, whilst promoting environmental sustainability.

I.14. On the communal sub-sector, the *Ministry of Environment and Tourism* (MET) has undertaken a long-term program of restocking communal conservancies with wildlife species that originally occurred there. The aim of this program is to provide new conservancies with a resource base from which to develop a sustainable wildlife and tourism industry. The Ministry has also recently got approval for implementing a wildlife breeding stock loan scheme, aimed primarily at emerging commercial farmers (including resettlement farmers).

I.15. A wildlife-based land use provides more diverse economic options, and inherently better security than a single source income land use, especially considering Namibia's low and erratic rainfall regime. Many farmers in the commercial sector have already recognized this, and at least 2,500 farmers in this sector make use of wildlife to varying degrees as a complement to other agricultural activities, and 80 farmers have moved to an exclusively wildlife-based land-use (tourism, trophy and sport hunting, meat production and live sales). By its indigenous nature, wildlife is much more adapted and resilient to the erratic and unpredictable rainfall patterns typical in Namibia.

D. Implementation of Land Reform in Namibia

I.16. Since independence, the Government of the Republic of Namibia (GRN) through the MLR, embarked on an ambitious land reform programme that was portrayed as the central driving force to access agricultural land for displaced, landless and formerly disadvantaged Namibians. Two major principles were announced, namely; first, the Affirmative Action Loan Scheme that is implemented by the Agricultural Bank on behalf of the government. Its purpose is to settle well-established communal farmers in commercial areas in order to reduce the pressure of livestock on communal lands. The second principle is the *Resettlement Programme*. As per NRP, the resettlement programme aims at making beneficiaries self-reliant, either in term of food production or self employment and income generating skills. Both principles endeavour to redress past imbalances in the distribution of natural resources, especially land, to give opportunity to beneficiaries to produce their own food.

I.17. A number of national and sectoral policies referred to above have been put in place to regulate the implementation of the two principles. The focus of this project proposal is on the land resettlement principle. The NRP sets out goals and objectives of the *Resettlement Programme*, the target groups as well as the selection criteria that guide the resettlement programme.

I.18. To realise the goal and objectives in the NRP, two major programmes were launched, i.e. (a) the *Land Reform Programme* consisting of two main projects, namely the *Land Purchase* (to acquire land for resettlement purpose through the willing buyer willing seller concept), and the *Integrated Regional Land Use* plans; the latter being aimed at identifying natural resources potential, alternative for land-use, economic and social conditions in order to select the best land-use options;

and (b) the Resettlement Programme was also developed to settle the identified beneficiaries on the state acquired farms.

I.19. About 199 families² have been resettled on their individual or co-operative (group) holdings during the NDP2. This figure has exceeded the target of 180 families set by the ministry over the NDP2 period.

I.20. Despite the benefit derived from the resettlement programme, the process faces a number of challenges. For example, the land acquisition method is considered slow due to limited personnel in the Ministry, especially in the area of valuers and the long administrative procedures that lengthen the time between the time a farm is offered for sale and actual transfer and settlement. For this reason, in February 2004, the government announced a plan to implement the option of expropriating³ commercial farms. This introduction followed after it had been observed that the principle of willing-buyer willing-seller was slow and cumbersome and that would not reach the targets of 230,000 landless as set in the next five years, 2005–2010.

I.21. Another challenge faced during the resettlement process, is the post-settlement support to newly re-settled farmers. This is crucial as the majority of the people targeted to benefit are considered the poorest of our society with no land, livestock or in some cases no source of income. The post-resettlement support is needed to provide farmers opportunities to optimally utilise the land allocated to them through diversification.

I.22. In order to improve the productivity of resettlement farms, there is a need to look at models of land use that diversify and maximize returns in a sustainable manner, and provide resettled farmers with the necessary skills and knowledge to manage the land units effectively. This approach takes advantage of the fact that there is generally substantial manpower available on resettled farms, and these people can be gainfully used and trained to oversee a wide variety of activities.

I.23. Complementary land-uses that can be investigated (in various combinations, depending on the traits of the land unit in question) include, *inter alia*:

- small scale, intensive horticultural production;
- livestock production;
- wildlife (for tourism, hunting, meat, hides, live sales; MET’s wildlife breeding stock loan scheme can be considered);
- cultivation of indigenous plants such as, for example, Hoodia, devil’s claw (*Harpagophytum procumbens*), succulents for the nursery trade, etc;
- aquaculture;
- poultry/eggs;
- production of charcoal or wildlife pellets using invader bush;
- development of skills such as fencing, water installation development/maintenance etc. that can then be sold as a service to surrounding farms.

² Information from the NDP2 Mid-term Review Report for Chapter 14 – Land Reform and Resettlement.

³ Simply defined, is the process of getting commercial agricultural land as an option for speeding up the process of land reform and resettlement.

I.24. This proposed project once approved would be the main thrust to the development of the new farmers. The integrated resource management model for resettlement farms approach will enable resettled farmers not only to become economically self-reliance, but to participate in the wider economy, creating jobs and contributing themselves to the development objective of the country.

E. Constraints and Opportunities

I.25. **Constraints.** Apart from being slow due to inadequacy of resources to implement activities of land reform, another major constraint is the limited post-resettlement support to beneficiaries.

I.26. To date, little focus has been given to developing appropriate management plans for the land units in question before resettling people. Such plans (including a business plan), developed before resettlement takes place, could help identify the strengths of the land in question, and to assess the economic viability of various activities — and thus help guide the infrastructure and skills development needed.

I.27. Resource for the development of infrastructure such as water, fencing, accommodation and roads have been lacking. Capacity building and credit facilities are also omitted. These kinds of support are imperative as they will allow farmers to develop the needed capacity to manage their resources efficiently and effectively as these are significant ingredients of self reliance. Financial support will permit them to refurbishes infrastructure within their farms. In addition, those whose allotments blessed with variety of natural resources such as wild animals need the funds to demarcate the farm into camps in order separate cattle from wild animals. The lack of credit facility would limit newly resettled farmers to undertake other on-farm activities such as game farming and gardening. Furthermore, lack of technical knowledge and skills on integrated farming system (e.g. tourism related projects, game farming, marketing skills, horticulture production, project management and record keeping).

I.28. Currently, resettled families are not necessarily better off in terms of access to health care and education as resettlement farms are not necessarily close to towns. However, if sufficient adjacent land can be acquired for resettlement programmes, it could be feasible to develop this land using a conservancy model, with proper management plans and management structures, and the development of settlement areas that include, for example, a clinic and school.

I.29. **Opportunities.** In spite of the aforementioned constraints, resettled farms have potential for integrated farming system as reflected in the following opportunities:

- The size of the allocated land in most cases is sufficient for integrating farming (agriculture, wildlife and tourism);
- Relevant policies that are in place make it possible for the project to be implemented successfully;
- Farmers are within the commercial areas where experienced farmers can share ideas and experiences with new farmers.

I.30. Besides the above opportunities, the following projects are supporting the land resettlement programme:

- The *Resettlement Projects* (new and ongoing) will financially contribute to the project;

- *Integrated Regional Land Use Plan* that identify natural resources potential and alternative for land use;
- The *Land Purchase* receives N\$50m per annum, of which N\$40m is for acquiring the land while the balance of N\$10m is intended for development of the farms;
- The wildlife breeding stock loan scheme of the MET, aimed at providing qualifying emerging commercial farmers with viable founder populations of wildlife species.

I.31. Also, the land reform programme in the country receives significant support from a number of Development Partners such as German Government, Spanish Government and the European Union (EU). If these supports are properly planned and co-ordinated, they will be able to complete the proposed project.

II. PROJECT AREA

II.1. ***Geography and Climate.*** While the land resettlement programme is a nationwide one, the proposed project will only address the plight of the individual resettled farmers in the Kunene, Oshikoto and Otjozondjupa Regions. These regions are chosen because is where many commercial agricultural farms are bought by government for resettlement purpose. However, purchase of land for resettlement need not be restricted to the highly productive areas, if more integrated resources management model is used.

II.2. The weather condition in the targeted regions is appropriate for agricultural purposes. The Oshikoto and Otjozondjupa and one small part of the Kunene Regions have sufficient underground water that could be used sufficiently for small scale irrigation purposes. The type of soils in these regions is also appropriate for crop production. The rainfall in around the Kunene and Otjozondjupa Region is sufficient for the production crops such as maize, cotton, sorghum and horticulture. Wheat production can also be encouraged under irrigation. The average rainfall in the three regions ranges between 300–350 mm

II.3. ***Infrastructure.*** The three regions are blessed with good network of tarred and quality gravel roads. Therefore the majority of resettled farms can also be reached by gravel road. The good tarred roads, from which feeder roads intersect, connect the targeted regions to the cities and town around the country. A railway line from Windhoek traverses the Otjozondjupa region and part of the targeted area of Oshikoto Region. Good road network will make it possible for farm produce to be transport to cities and towns for marketing within a short time, and thus likely to reduce the post harvest losses.

II.4. Some of the farms are close to the electricity grid making it possible for them to be connected through the transformer. In cases where transformers prove to be expensive or impossible to connect, solar pane will be bought. Telecom Namibia is found everywhere in the country and even where is not available, they are able to connect any individual or group on request.

II.5. ***Target Population and Scope for Development.*** Although the proposed project is targeting the 199 resettled disadvantaged families, the coverage of targeted to all families in government bought farms in the areas of Kunene, Oshikoto and Otjozondjupa Regions will depend on the funds available and on specific needs farmers will identify.

III. PROJECT RATIONALE

III.1. GRN, through the MLR, continues to allocate commercial agricultural land to the landless and historically disadvantaged Namibians. The NRP states that “*resettled farmers are expected to be self-reliant and sufficient by the fourth year of being resettled*”. This is however far from being achieved. A number of resettlement farms that have been in operation for over four years such as Queen Sofia and Drimiopsis in Oshikoto Region have not achieved a degree of self-sufficiency. Many still rely on government support for food, drought aid and technical assistance.

III.2. The main problem on all these resettlement projects seems to be lack of capacity to manage the farms effectively. Farmers are not encouraged to participate in decision making processes of their respective farms. Instead, the MLR does that for them with little or no knowledge of what their needs are. Other support measures provided by the ministry to the beneficiaries such as farm inputs (seeds, diesel, farming implements), the repairing of water pumps in most cases arrive late (in some cases after four to five months). This results for example, in crops withering due to lack of water.

III.3. Reports from the Ministry have shown that despite good and productive farms allocated to beneficiaries, the income obtained from them remains low, at an average of N\$7,000 per year. Many have not even reaped this benefit. This is due to lack of needed basic agricultural skills and the necessary post-settlement support package which the resettlement project did not take into account. In addition, diversification of land and other natural resources (integrated farming) has not been encouraged. The problem of low income is exacerbated by the fact that most of the infrastructures in the resettled farms are not functioning, most of them need refurbishing and in some instances, new infrastructures need to be developed.

III.4. The current model of sub-dividing farms into smaller land units where individual families try to survive has not proven to be effectual. This model detracts from complementary land uses such as, for example, tourism and trophy hunting. A cooperative model might be more appropriate to ensure maximum productivity through diversification of activities. One advantage that resettled farms have over other commercial farms is that there are sufficient people who can be deployed in a number of labour intensive activities. With proper land-use planning and zonation, it would be possible to increase the diversity of activities without negatively impacting other activities. The conservancy model successfully used in communal land could be adapted to achieve this purpose.

III.5. It is in the light of the above highlighted problems and challenges that this project is being proposed. It is expected that once these are addressed, farmers will be successful in pursuing the goal of poverty reduction, increased food security at house hold level and national level, and creating employment opportunities.

III.6. In addition, through this project, a tremendous opportunity to improve resettled farmers cash economy through integrated farming exists. Indications exist that resettled farmers should earn well over N\$7,000 per annum, after repayment of expenses. This is considerably above what they could have obtained from their traditional farming activities. The introduction of this project is aimed at improve this figure further as farmers become more experienced in integration of resource management and conservation farming.

IV. PROJECT OBJECTIVES

IV.1. The *overall objective* of the intervention is to empower the resettled poor and landless Namibians to become self-reliance, either in terms of food production, self employment and income generating skills. The complementary post-resettlement support package to them will help them increase and diversify productive on-farm generating activities (cash crops tourism, game farming and animal husbandry). This farming system will benefit wild life, landscape and conservation, reduce environmental impact and unsustainable resources use, and maintain or improve farm profitability. The project will further improve the market access and training of farmers in marketing capacities and skills

IV.2. *Specifically*, the project will:

- Elaborate management and business plans for targeted resettlement farms to develop an integrated and diversified land-use model;
- Provide financial support package to farmers to improve their production through integrated farming;
- Provide (through training) the needed skills to farmers on how to use and manage the environment and natural resources as they diversify their production;
- Provide training in the area of marketing, financial management/bookkeeping, integrated farming.

V. PROJECT DESCRIPTION

V.1. If the land reform beneficiaries are to achieve development goal, they must be provided with a package of support measures. As it is today, the successes of these farmers are limited by lack of: financial support and skills in technical agricultural knowledge and marketing. Without these support measures, farmers will not become self reliant and sufficient as per objective of the NRP. They will continue to depend on the government hand-outs, even ten years after resettlement.

V.2. Consequently, the project which is intended for resettled farmers in the Kunene (north central); Oshikoto (North) and Otjozondjupa (Central) Regions will undertake the following *activities* to assist them in overcoming the problems they face:

V.3. *A support to develop integrated management and business plan.* In order for this approach to succeed, it is imperative that government take an active role in planning for resettlement, before the resettlement takes place. A cross-sectoral approach is needed, including at the very least the *Ministry of Lands and Resettlement*, the *Ministry of Agriculture, Water and Forestry*, the *Ministry of Environment and Tourism* and the *Ministry of Regional and Local Government and Housing and Rural Development*. It is envisaged that a few pilot projects are developed and carefully implemented and monitored through the line ministries, to ensure that the model is tested and fine-tuned, and to assess and record the impact on livelihoods.

V.4. *Establish a financing support package.* This will be provided in a form of three types of grants to improve the infrastructure in their farms and to enable them to diversify their farming activities and increase their profitability. The grant to be given will also include the subsistence

allowance to farmers to permit them and their families to settle and/or until first income. This payment will be provided for a year only. Input and marketing skills will also form part of the support package.

V.5. ***Establish credit facility.*** The credit facility to be introduced will be known as “*The (Community) Revolving Fund Facility*”. Farmers will use the funds to provide working capital requirement or any other project they propose. This will allow resettled farmers to make their own decision regarding production of their farms resulting in self reliance in the long run.

V.6. ***Design and provide training programmes.*** The training will be offered to individual or group farmers in the areas of agricultural production and marketing skills and any skills beneficiaries will identify. Farmers will also be requested to identify the areas they need training in.

V.7. ***Other activities*** that need to be undertaken include:

V.8. ***Beneficiary communities/farmers mobilisation.*** It is important to know that resettling people does not only require buying a piece of land from those who have and give to the needy. It is a complex human process which needs careful socio-economic planning if it is to be successful. Farmers need to know what is expected of them, when and how. For example, though individual farmers know what they really need to improve the utilisation of their farms, some do not seem to know where to obtain funding for that purpose. Furthermore, their experience may lie entirely with livestock production, with little or not insight regarding wildlife or tourism development. Some do not even have ideas how to go about it in running tourism attraction. A number of applications from newly resettled farmers have been received by *National Planning Commission Secretariat* (NPCS) seeking funding to improve the infrastructure their farms. Since NPCS does not allocate funds for individual’s projects, many applications were submitted to potential donor for their support.

V.9. There is a need therefore, for government with all stakeholders in agriculture to help resettled farmers to understand the type of support to be provided and how it is administered. There is a further need for farmers to have an understanding of how they can access the support given and the implication involved. It is further necessary for the community/farmers to have knowledge of integrated farming. Farmers in their respective regions should be sensitised about the stakeholders involved and their roles thereof.

V.10. For this reason, a number of workshops will be organised where awareness will be created. The MLR, together with the MET and MAWF are expected to carry out a sensitisation exercise to farm communities in the respective farms about the opportunities provided for under the proposed project. Thus, once funding is made available, the project will start immediately. The MLR will be encouraged to take initiative in discussing/negotiating with local financial institutions in order to secure local funding.

V.11. ***Marketing.*** Farmers will be trained in a number of agricultural productions of different enterprises for them to decide what they want to enter into as a comparative advantage to their farms. It is assumed that most of what will be produced would be of high value that makes better economic use of scarce water, limited allocated land and its natural resources. Farmers will be encouraged to undertake, where applicable, tourism and game farming as part of diversification. Marketing in this case will also be done with the assistance of the MET. For the horticulture produce, the project will make use of the *National Horticultural Development Initiative* proposed Central and District markets for locally produced horticultural commodities (see Volume IV). Other produce such as milk could be sold to nearby towns and cities depending on the market strategy to be adopted through this project. Efforts will be made to use *Namibia Chamber of Commerce and Industry* (NCCI) by making sure that

local produce form part of promotional activities for “Tea Namibia”. In this way, whatever settled farmers produced can find its way to the market.

VI. INDICATIVE COSTS

VI.1. The support package which the project intends to introduce will be divided into financial support and capacity building.

VI.2. The *financial support* will further be divided into two categories as explained below.

- *Grants*, which are made up of (a) infrastructure maintenance, (b) technical assistance and (c) direct establishment grant. All these grants will benefit all types of individual or groups of farmers depending on their situations;
- The second part of the financial support package is in a form of *credit through a revolving fund* to permit farmers access fund on credit to undertake other on- and off-farm income generating activities.

VI.3. The financial support will be tailor-made for different types of farmers and allocations will vary depending on the circumstance of individual farmers. For example, individual farmers with no livestock, income or land will get more money. On the other hand, farmers with some livestock, no income and no land will get less compared to the first group. The last group that has some livestock, and some income but no land will get small financial assistance compared to the first two groups. The credit facility however, will work on the opposite, which is the last group with lesser grant will access more funds from the credit compare to the first group.

VI.4. *Capacity building* This kind of support s aimed at empowering farmers with necessary skills and knowledge that vital to farming.

VI.5. The table below depicts the proposed cost for a period of three and half (3 ½) years.

Project Cost Summary per Component/Main Activity					
Component/Main Activity	Local (Government)	Foreign	Total (US\$ '000)	% Foreign Exchange	% of Total Base Costs
Infrastructure Development Grant	3,800	3,800	7,600	50	35
Direct Establishment Grant	1,514	5,000	6,514	77	30
Capacity Building Grant	286	2,971	3,257	91	15
<i>Community Revolving Fund</i> Credit Facility	2,171	2,171	4,343	50	20
Total Baseline Costs	7,771	13,942	21,714	64	100
Physical contingencies (10%)	777	1,394	2,171		10
Price contingencies (5%)	388	697	1,086		5
Total Project Costs	8,937	16,034	24,971		115

VI.6. *Key notes* to the above table:

- The *Infrastructure Development Grant* will assist farmers to refurbish their existing infrastructure. Where the needed infrastructure do not exist on the farm the fund can be used to develop them. Infrastructure development include the drilling of boreholes and laying of pipe line to the designated areas such as the garden or house; the buying of solar

panel to provide electricity and fencing off of the needed areas for live stock games, and gardens.

- The ***Direct Support Grant*** includes the allowance which will be given to farmers for a period of one year. This will serve as cushion for farmer until their harvests are done. By receiving this allowance, farmers will be discouraged from using up their breeding stock acquired during the first years of resettlement for home consumption. For farmers with no livestock, this can be used to stock their farms over a period of three years. For those with some livestock, the grant can be used to pay for relocation of these animals to the resettled farms. In some cases, the grant can also be used to do gardening to produce cash crops, such as horticulture. The payment for gardening activities will be for hiring labour, plough or tractors (depending on the size of the garden) and buying of input such as seeds and fertiliser. In some cases money will be needed for lying pipes from the water point to the garden.
- ***Capacity Building Grant*** will be used for training activities and sensitising farmers. Part of this money can also be used to pay allowances or salaries for short term consultants that the project can utilise when needs arise.
- Lastly, the ***Community Revolving Fund Credit Facility*** is intend to provide farmers with an opportunity to access fund for specific projects that they may want to enter into. This could include the dividing of the farm (depending on the size) into several camps by fencing them off. The money will be loaned to individuals who meet lending criteria. Where possible groups which ate legal entities can also benefit.
- ***Budgeting***: money budgeted under GRN is government support through the MLR budget while foreign is money contributed by Development Partners.

VII. PROPOSED SOURCE OF FUNDING

VII.1. The project will be financed by the GRN through the already ongoing projects and programme. It is also expected that Development Partners will be sought to contribute to the project.

VII.2. The N\$10m allocated for development⁴ does not seem to be properly utilised, hence the need to develop a programme and or project proposals to utilise it. The evidence is seen in many farms still with dilapidated infrastructure despite the allocation. Once the project is approved, proper coordination and planning will be initiated by project management to ensure that the money is used effectively.

VII.3. Farmers who will be interested in borrowing from the credit facility fund are expected to pay back the money at a subsidised interest rate. Mechanisms will be designed to make sure that little or not default is experienced.

VII.4. The private sector, especially commercial farmers is viewed as critical partners in development though a number of constraints still slow down their growth and participation. They are organised under the *National Agricultural Union* (NAU) and may be interested in providing counterpart funds to finance technical staff (resource persons). It is envisaged that a meeting to discuss

⁴ The money is expected to be used for repairing damaged infrastructure on the resettled farms.

how commercial farmers and other non–state actors can contribute to the process of supporting the resettled farmers will be organised before implementation of the project.

VIII. PROJECT BENEFITS

VIII.1. In terms of production, the project benefits entail the increase in agricultural production; and diversification production of on–farm activities.

VIII.2. Financially, the project will eventually lead to the increase of income of resettled farmers from their farms, that is from a subsistence base to as much as over N\$7,000 per annum.

VIII.3. The social benefit consists of the employment opportunities for the beneficiaries, their family and other community members. Moreover, the project will increase (in number) and enhance the assets of farmers through the grant which will be allocated to them either to re–stock their farms or produce cash crops for sale or develop new infrastructure.

VIII.4. The training that the project will provide will offer farmers opportunity to diversify their production into other on–farm activities, such as game farming, tourism, and gardening. In addition, the training will assist them in understanding the importance of conservation farming using their natural resources in a sustainable manner.

VIII.5. Through inter–linkages with NCCI and the NAU, the project will benefit from existing initiatives such as Team Namibia and from a wealth of experience from neighbouring commercial farmers.

VIII.6. If successful, the project will draw a lesson from other parts of the country not covered by the project. Failure will teach both settlers and implementers a lesson thereby changing the implementation strategy without repeating the same mistake.

IX. INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS

IX.1. Once the project is approved and funds are made available, the first step in implementing it is the identification of beneficiaries in the areas of Otjozondjupa, Oshikoto and Kunene Regions.

IX.2. The project is expected to benefit about 1,500 farmers for a period of five years. The first six months of the project will be devoted to the selection of beneficiaries, training and sensitisation.

IX.3. The MLR assisted by other ministries will implement the project. Stakeholders, who will also become members to the *Project Steering Committee* and fulfil their roles according to their individual mandates are: *Ministry of Agriculture, Water and Forestry* (MAWF) to provide advice on agricultural production and extension services, MET to provide relevant advice on wildlife, tourism and environmental related issues; the *National Planning Commission Secretary* (NPCS) to ensure that the project objectives complement the government developmental goals as set out in Vision 2030, NDP2 and Poverty Reduction Strategy and contribute to the attainment of Millennium Development Goals (MDG). The *Ministry of Finance* (MoF) and that of *Regional, Local Government, Housing and Rural Development* (MRLGHRD) will also be invited to give advice in areas of their expertise, financing and local authorities. A project manager will be appointed from the existing staff in the MLR to avoid creating extra posts which might become a burden at the end of project implementation.

IX.4. The next step, once the beneficiaries have been identified, is the designing of training programmes and training itself, based on the needs of farmers. Once farmers are trained, they will then have the understanding of which type of crop to grow animal to keep and other activities to undertake during the project period and beyond as well as the reasons thereof. This will be followed by the identification of, and negotiation with retailer shops, NCCI, Team Namibia and wholesale to agree to sell the produce of the farmers.

IX.5. Monitoring and evaluation are considered prerequisite for the success of the project thought not budgeted for, will be continuously done to track the usage of the funds and see whether or not the project is likely to make any impacts on the beneficiaries.

X. TECHNICAL ASSISTANCE REQUIRED

X.1. While many resettled farmers must have been farmers before, it has been found out that many do not have necessary and appropriate skills to practice other type of farming, such as integrated farming. Many still need skills on matter pertaining to marketing, finance management/bookkeeping and integrated non-agricultural activities for instance tourism and wildlife.

X.2. It is for this reason that about 15 percent of the project funds will be allocated to capacity building component. People with expertise in the areas identified such as marketing, water and environmental specialists will be recruited. The issue of monitoring and evaluation will also be undertaken under this component.

XI. IDENTIFIED ISSUES AND PROPOSED ACTIONS

XI.1. **Financing.** The project activities will only be carried out successfully if funds are made available and on time. While most of the activities will be funded by the government, Development Partners should be requested to contribute as per the indicative cost per component on page 10. GRN will be encouraged to continue and increase the budget allocation for land reform projects to ensure sufficient funds is accessible for the project to be implemented and completed, if the empowering of resettled beneficiaries is to be realised.

XI.2. **Capacity building.** Only skilled resettled farmers and project officers will be able to execute the project well. The issue of integrated farming is new to many farmers hence the need for the project to vigorously train, create awareness and provide advice on matter related to production and marketing. Apart from trained project staff, there is a further need for the project management to ensure that sufficient number and well trained project personnel are available to provide the needed support and advice through extension services and information dissemination. Hence the importance of all stakeholders involved to take their responsibilities in this project seriously. Where necessary, the service of technical assistants will also be sought to ensure that things are done professionally.

XI.3. **Marketing.** Whatever is produced by farmers need to be sold for them to obtain income. This requires an arrangement in terms of agreement with local markets (retail shops and wholesalers) to sell their produce. Where settlers opted for niche products, the *Ministry of Trade and Industry (MTI)* will be required to facilitate the selling of the produce in *South African Development Community (SADC)*

XI.4. **Production.** Farmers will be expected produce what the market demands. Hence awareness will be created and training will be undertaken among beneficiaries of what to produce, when, how

and of what quality. This is because; the sustainability and success of the agreement to be entered into will depend on the volume of produce that will be supplied on a continuous basis by from producers. In this light, farmers will be made aware of implications that are likely to be experienced should one party dishonour the agreement.

XII. POSSIBLE RISKS

XII.1. The proposed project will only be successful if funds and human resources are availed to support farmers in:

- Diversify their farming;
- Development and rehabilitate the needed infrastructure; and
- Provide them with training in order for them to gain relevant skills.

XII.2. Another major risk concerns the required change of the mind–set of farmers and consumers. It is a well known fact that many farmers are not used to producing cash crops and the technology that goes with it not easily assimilated by them. Many may opt to producing what they think they know best even though it is not what the market demands. On the other hand, consumers tend to go for what they are use to and some times it takes time before they change their consumption style to something new. Unless they agree to the new concept of integrated farming, it might take long for them to acquire the required skills.

XII.3. It is therefore crucial to assume that funds will be made available on time and that there is sufficient number of staffs to deliver the needed support to the beneficiaries.