

Policy Intervention, Livelihood Sustainability and the Environment: The FAP

Key points

- A single policy or programme can affect different people's lives in very different ways
- Local context, in terms of livelihood and the environment, is critically important to policy impact
- The FAP in the south west is complex and caution needs to be taken when considering what future action to be taken



Research areas:

- 1 **Arid southwest:**
 - a) Mier, South Africa
 - b) SW Kgalagadi, Botswana
2. **Semi-arid northwest:**
 - a) Ghanzi Dist, Botswana
 - b) Omaheke, Namibia
3. **Dry sub-humid southeast:**
 - a) NW Province South Africa
 - b) Barolong, Botswana

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This briefing examines the Financial Assistance Programme in SW Kgalagadi (Area 1b) and its impact on poverty, livelihoods and the environment. Specific policies (or components of policies) can have quite radical and different impacts at the micro level depending on the way in which they are implemented and how they are perceived and interpreted on the ground. This briefing provides in-depth analysis of the Financial Assistance Programme (FAP) and its impact in SW Kgalagadi District of Botswana.

The FAP

The Financial Assistance Programme was introduced in 1982 to provide assistance to new and expanding productive businesses including agricultural production (e.g. horticulture, smallstock, poultry), tourism and manufacturing (e.g. sewing, brick-making). The FAP has four broad aims:

- employment creation,
- production to a level that can be exported;
- development of rural areas; and,
- utilisation of labour force skills which have been developed, particularly through migrant work, which may be untapped.

It was introduced at a time when migrant work opportunities were declining, and unemployment within urban and rural areas was rising. Grants are awarded according to certain criteria (e.g. remoteness of area, gender, urban or rural based etc), each of which contributes towards a percentage of the grant. The maximum grant is 90%.

FAP in the Kgalagadi: Applications for FAP grants in the SW Botswana have been made by local residents for many years, but forms were complicated and few succeeded in attaining a grant. More recently however the application procedure has been simplified and people have started to be awarded grants. This has resulted in more people applying for FAP grants and thus an escalation of applications and approvals. In the SW virtually all applications are for small stock, either goats, dorper or karakul sheep. The application procedure is as follows:

- Complete forms inc. formal quote from stock supplier (must also demonstrate access to land and water, ability to manage herd, market for product)
- If approved, applicant pays deposit in cash or kind. Supplier receives direct payment from government.
- Applicant collects stock/supplies, recruits workers and draws money from government regularly to pay workers for two year duration.
- After two years the business should be self sufficient.

FAP in practice: The FAP is having a major impact on the economy of the region and potentially on the environment. The recent proliferation of grants has fuelled the rapid expansion of sheep and goat populations. The small stock are mainly provided by the more wealthy farmers in the region who sell to the scheme at a profitable market price. Because of the high percentage of grants awarded, most of the money used to buy the small stock comes from central government and could be viewed as a cash injection into the local economy to the larger farmers. The FAP applicants benefit by receiving the smallstock, sharply increasing their herd sizes and in their view their overall livelihood security. However, for the applicants, there is only a very weak market within which they can sell their FAP small stock, and many just sell intermittently back to private buyers in the region, i.e. the large scale farmers, who initially provided the small stock.

Who benefits from FAP and at what cost?

The few large scale farmers have benefited greatly from this scheme as they now have a strong and profitable market for their small stock. They sell female sheep to the FAP scheme so need a large breeding herd to generate enough to sell, so they run large herds but still find this a preferable option. The FAP applicants benefit because they receive a significant number of small stock at a highly subsidised rate, boosting their livelihood security, in their view, in both the long and short-term. This programme is **not aimed at the very poor or destitute**. They are unlikely to have access to the necessary financial capital needed to make the deposit for the FAP grant. For those living outside Khawa, there is little livelihood support in terms of livestock provision. For those in Khawa who qualify as Remote Area Dwellers, they can participate in several livestock schemes. However, do they benefit or bare any of the costs of the programme? Through the FAP, waged work opportunities arise through the need for herders and these are funded by the grant. Though some people use family members, employment opportunities do exist. Wages are stated in the initial application, though some applicants subsequently deduct money from the wages of the herders to pay for food. There were mixed views from those employed as herders as to whether these were good work opportunities. If the expansion of small stock in the region changes resource availability, the poor will bare some of the costs through changed access to resources.

The policy is **reaching its target of small and medium scale farmers** and some have been successful in making the scheme work even better for them. In one case a daughter applied for a 90% grant, put forward several sheep as the in kind deposit, and bought the sheep from her father. In other cases, applications are made in the name of a

female member of the household (who are awarded a 90% grant as opposed to men who are awarded 85%) and the stock held either by the household or by a male member. However there were also many cases where women did apply and managed their stock separately from other members of their households. One applicant even said that he applied to FAP for small stock with the long term goal that he would be able to sell stock back to the FAP programme as the main market after several years.

The Future of the FAP in Kgalagadi

The key questions to consider are:

- For how long will this expansion take place, and what criteria will be used to discern a cut off rate?
- Can the 'false' economy sustain production to this level, and what happens when the grants cease?
- Can the environment (land and water) sustain this scenario?

Despite the real concerns which hang over this programme and its economic and environmental impact in the region, **caution** needs to be addressed when considering what future actions to take. Removal of this policy could be detrimental to people's livelihoods. Even the small scale farmers who are not destitute are extremely vulnerable to both environmental and policy changes. They can and do adapt flexibly but this flexibility is in itself vulnerable.



Karakul pelt, from a FAP herd of sheep, being prepared for export. Though the meat market is weak, the export market for pelts is fairly stable. However farmers are cautious after the mid 1980s crash in pelt market prices.

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