



**4. PROPOSED MODELS FOR
AGRICULTURAL DEVELOPMENT
BY THE NAMIBIA
AGRICULTURAL UNION**

(Consisting of documents E, F and G)

**Documents submitted by the NAU
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The Land Question
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4. PROPOSED MODELS FOR DEVELOPMENT

The Namibian Socio-economic Context

The land issue in Namibia is imbued with historical necessity. It embraces questions of social justice, of dual legal Systems, of how to provide economic security, of effective ways of achieving income distribution and development, and of the most certain formal and informal ways to achieve sustainable agricultural performance and growth under both communal and freehold systems.

Land policy and agrarian systems primarily affect those who live on the land communal and commercial farmers. Namibia has a single national farmers' organization, the Namibian Agricultural Union (NAU) which represents communal and commercial farmers.

The paper contains proposals that demonstrate that it is possible to design national land and agrarian policies that advance all farmers and which reduce if not immediately remove the differences between the institutional, legal, technical and managerial capacities of the communal and commercial sectors.

It is possible, and desirable, to conceive of a national land and agricultural system in which all farmers participate equally and in which the agricultural industry, properly organized and working harmoniously with government, takes prime responsibility for its welfare .

The land supports the majority of the population . Agriculture, directly and indirectly, has the greatest influence on the economy and on employment, and hence on income distribution. The conditions under which land is used are matters of national interest .

Farmers and the agriculture industry are playing constructive roles in the realization of the promise of independence. The NAU over the last two years has opened branches in several communal areas of Namibia. Today it is a truly national organization with a legitimate and authoritative voice on agricultural and increasingly rural issues. All its members aspire to succeed and to grow within the communal and the commercial sectors and to move between the sectors with some ease and certainty based on farming ability. To this end the NAU stands for comparable price, fiscal and other treatments of the two sectors. It also believes that new rural and agricultural programmes must be accountable to the farming community in general through gaining the support, commitment, and involvement of member farmers .

The NAU has offered to run the first "On-Farm" year of a revised three year agricultural training programme in conjunction with the agricultural colleges. The proposal has received government's backing. Details are being finalized. Under the programme each agricultural student will spend the first year on a commercial farm under the care and tutorship of the farmer. This will serve as a broad introduction to the business of agriculture in terms of theory and of practical experience. Government will be relieved of the direct costs of the first year. This will allow the colleges to increase the number of students in each year by fifty per cent without additional physical facilities or budget allocations. A Trust Fund to be endowed by the donor community will be needed to cover incidental costs. Students, faculty, and the industry will benefit from the partnership between the NAU and the Agricultural Colleges.

The NAU membership is also considering a second NAU proposal to part finance with government and the donor community a National Finance Scheme for Agricultural Training which would create a "programme right" to formal and non-formal training for industry employees and communal farmers.

In this paper the NAU goes further, proposing major conceptual advances that will integrate the inherited dual land system into a national land market, underwrite rural economic security, and open avenues for individual and group advancement. It seeks stability from genuine opportunities for all farmers on equal terms . And it defines a set of supporting services and institutions that together promise rapid improvement in the agricultural industry beginning where human and financial investment can make the greatest impact under decentralized decision making.

The Constitution of Namibia

The Constitution of Namibia has been justly praised as being a model for southern Africa to emulate. It is the starting point for any discussion on land reform. Its various provisions require translation into practice by Parliament and by society at large.

Chapter Three of the Constitution deals with Fundamental Human Rights and Freedoms. Clause 1 of Article 16 enshrines the right to acquire, own and dispose of land in any part of Namibia individually or in association with others. Further, Clause 2 allows that property may be expropriated by the State "in the public interest subject to the payment of a just compensation" in accordance with "requirements and procedures to be determined by Act of Parliament". Such provision, hopefully, will include recourse to the courts to ensure that just compensation is paid. Nonetheless, only an active land market can provide the society, government and the courts with an objective guide as to land Values.

Clause 2 of Article 23 empowers Parliament to promote legislation which advances Namibians who have been socially, economically and educationally disadvantaged. It further provides for the implementation of policies and programmes aimed at "redressing social, economic or educational imbalances arising out of past discriminatory law or practices." Clause 2 supersedes Article 10 which guarantees equality before the law.

Clause 3 makes it permissible to have regard, "to the fact that women in Namibia have traditionally suffered special discrimination and that they need to be encouraged and enabled to play a full, equal and effective role in the political, social, economic and cultural life of the nation".

Giving Effect to the Constitution

The Constitution supports a national market for land with fair compensation for state appropriation "in the public interest". It seeks to promote the position of women and wishes to encourage policies and programmes that redress the results of past discrimination. Putting flesh on the main concerns of the Constitution is the prime task of the Land Reform Conference.

The constitutional prize for the agricultural industry, embracing small and big farmers, would be the realization of an effective and national land market. For this to happen the legal and institutional differences between the communal and the commercial sectors have to be considerably lessened or removed.

There are many dangers in the present position which only new policies and programmes can avoid. The first danger is the abuse of allocative power within communal systems. The Commission of Inquiry into "Matters Relating to Chiefs, Headmen and other Traditional or Tribal Leaders and Authorities" will deal with the issue of land allocation. If, as the terms of reference allow, the Commission recommends a role for the traditional authority, it will have to answer two questions.

How will the traditional birthright of access to land be upheld in a meaningful and participatory manner so that the social and security role of land amongst the mass of the population is not further reduced? And how will the treatment of communal land as a free good, which arose under land abundant regimes of long ago, be converted into institutional forms that attach values to land as a commodity in short supply and which therefore is an asset to be husbanded and not simply exploited?

The complex history of land rights and of past official intervention in the land market is compounded by the general post-independence vacuum of local land authorities in the communal areas. The latter, however, does provide the opportunity of a relatively clean slate upon which to think through new formulations.

Further and immediate complications arise from the different capacities of communities to purchase or to acquire land by use of historical claims and economic power. The converse problem is the differing capacities of communities and groups to defend land interests against politically, organizationally, or economically stronger groups.

Traditional forms of tenure do not always establish a defensible right of exclusion. Part of that problem is that many communities are not seen to use all the land within their area. For instance, how does a community that accommodates a wildlife interest defend that land from people who bring in cattle claiming that the land is under-utilized? Many of the access, conservation and social justice issues exist between communal systems. It is not just a matter of working out new relations between the communal and the commercial land systems.

E Apart from the basic requirement for land husbandry - the right of exclusion - communities and small farmers face another and more invidious problem that few countries have solved post independence. How does a community or a group of small farmers deal with government in the sense of a dominant organization composed of several competing and overlapping departments? And, similarly, with powerful NGOs? The question can be reframed: who co-ordinates government? In fact government finds it impossible to co-ordinate itself. Ministries and departments do not accept another government agency as coordinator (the international history of Community Development's failure as local level team leader).

The answer lies outside government. Strong, independent farmers' organizations or community institutions alone can co-ordinate government's and NGOs' activities in the field. For this to happen communities have to be analogous to commercial farmers who coordinate the services they need by paying for them, and by the use of the telephone, bank, lawyer, and farmers' organization.

Resettlement: A Cautionary Tale

Namibia has to be seen to put in place a schema which enables small farmers from communal areas to move onto more land. This is an historical imperative and a political necessity. Volumes two and three report the cautionary tale of Zimbabwe's resettlement programme which is now caught up in constitutional uncertainties to uphold a political market for land. That unfortunate state of affairs is made ironical by the expected loss of communal area population - the intended prime beneficiaries of resettlement over the next ten years of between a quarter and a third from AIDS. AIDS victims will spend their dying years largely in the communal areas being cared for by the extended family. Maintaining social confidence and keeping economic productivity up, attending to human resource development to replace the huge loss of trained and experienced people, and underwriting rural economic security as the extended family in the countryside labours to handle most of the dying are already the key, if as yet unattended, issues.

Namibia must use the next two or so years to prevent AIDS reaching the terrible proportions of neighbouring countries. To do so, AIDS must be kept central to the social, economic, and political agendas. Economic security, social stability, open democratic and therefore information systems, and clear avenues for individual and group self-improvement are the national characteristics most likely to encourage and reward the social discipline needed to contain the spread of AIDS.

Land is not an end in itself. It is an asset, a means to other ends such as wealth creation, employment, social stability and income distribution. There is no need for Namibia to adopt the dubious and ultimately inefficient methods of a political market for land. An economically and socially constructive set of programmes built upwards from the village is possible and is outlined below as a national land reform and agrarian programme.

A Technical Conundrum

In other countries small farm systems are premised on access to better watered land near markets. In other words on a mixed farm system, crops and livestock, suited to the cost advantages of using family labour. In Namibia there is little crop land to be redistributed that is not already under communal control. Commercial land is mostly devoted to extensive livestock production.

Large farms, and sometimes more than one farm, provide farmers with insurance against poor rainfall since the distribution of rain is often patchy. Dividing present commercial farms into smaller holdings for settlement may raise the risk of drought to small farmers, now restricted to a smaller area, to unacceptable levels. The last decade has been particularly difficult in this regard with little reason to believe that future weather patterns will be kinder.

Within communal systems large areas are managed as one for purposes of grazing, providing member families with some insurance against drought. The insurance value of communal land management is reduced to the degree that there has been a tampering with traditional rights in terms of enclosure movements or private control over water points.

Small farmer advancement onto extensive rangeland will have to be arranged in terms of participation in larger land holding units than is the normal (crop) resettlement model. Putting families as settlers onto divided commercial farms, inside tight economic and physical boxes, though administratively convenient, would be foolhardy and unfair.

Constructing a Solution

The Main Considerations for Land Reform and Rural Development

- 1.1 Land Reform in a vacuum of administrative capacity, accepted land authorities, helpful institutional forms, and service provision - research and extension, marketing, input distribution, credit - is dangerous. Different options may have to be created to suit different regions and interests. The national goal should be for enduring success within a reasonable time in which to create the necessary pre-conditions.
- 1.2 There should be a national land market.
- 1.3 Active land markets are desirable within each land category, communal and commercial, as the best guarantee of agricultural productivity and as the best measure of comparable values and performance.
- 1.4 The legal and institutional systems governing the communal and the commercial farm sectors must be made the same over the next few years so that a national land market can form the basis for land purchase. This will serve to avoid a political market for land.
- 1.5 For active markets to exist there has to be a finance scheme, administered by the Land Bank, to support land purchase by small farmers;
- 1.6 Small farmers entering the land market need assistance . Preferably, they should do so from reformed villages (see below) and act through a Land Trust (see below).
- 1.7 Women must be elevated to equal rank with men over the control of communal assets and in terms of land acquisition under the Land Trust.
- 1.8 Increased agricultural production, rural employment and rural settlement should be the decisive considerations with rural development and land reform in Namibia .
- 1.9 Political and ideological considerations must be moderated and subjected to socio-economic discipline to ensure increased investment, production and productive employment. The redistribution of wealth by government and the private sector (as by creating jobs) is more certainly realised by the creation of wealth; and the creation of wealth by the private sector through economic growth can only take place in a politically stable and confidence inspiring atmosphere.
- 1.10 Measures to create a dynamic land and agricultural system should start by helping people where they are now, equipping them with the institutional skills and financial means to determine their own advancement within a national programme that provides common rules and equality of access to services but does not choose between people. This approach fits the need to restore the economy in the north where most of the population lives under conditions of low returns to land and to labour. The dictum coincides with the international norm with land reform to give strong preference to those areas that will yield the highest potential increase in production after land reform, which would favour the northern communal areas .
- 1.11 The commercial farming areas of central and southern Namibia are the present productive and exporting agricultural "food basket" of the country. It is unlikely that the agricultural production of these mostly extensive stock-farming areas could be further increased with land reform by means of subdivisions and redistribution of land to small farmers. On the contrary, such subdivisions and redistribution will require large capital and recurrent expenditure for a number of years, coupled with initial reduced production for periods of three to five years at least . Acquisition of commercial farms should remain subject to the ordinary market process of willing-seller-willing-buyer. If "affirmative action" for "disadvantaged" farmers as reformed village groups or as individuals is applied to the commercial farming areas of Namibia, such farmers should join the Land Trust in order to be carefully screened, trained, and supported to ensure that they are capable of managing commercial farms and of maintaining production in the long run . Financial provisions for "affirmative action" should above all be financed in such a way that the market for commercial farms remains stable, that the confidence of the existing commercial farming community be retained, and that the abilities to repay credit be carefully controlled.

2 Moving Towards a National Land Market

Namibia will have to entertain two parallel movements towards a national land market. Spontaneous (self initiated) land reform has been taking place in the communal (tribal) areas resulting in commercialized parts thereof in certain areas of northern Namibia. This indicates acceptance of agricultural individualization and commercialization and the felt need for land reform in communal areas. This uncontrolled process can most probably not be undone and, depending upon circumstances, registration of land use rights should first be carried out in these areas as a prerequisite for ordering and controlling land rights, before multi-faceted land reform may be implemented.

The advantageous aspects of communal land rights in tribal areas, e.g. in contributing towards the maintenance of tribal unity, preserving communal values and lifestyles, maintenance of the authority of tribal leaders, guaranteeing a subsistence retreat on land free of cost, preventing large land-owners and land speculation, etc. must be considered

E against the detrimental aspects of communal land rights. The latter include discouraging entrepreneurship and investment, impeding productivity and production, preventing commercial value for land, promoting over utilization of grazing and natural vegetation resulting in severe environmental damage, uncertainties about and abuses of traditional rules and control over communal land, no taxable state income from land, and other detrimental aspects. These detrimental aspects of communal land rights is one outstanding reason for the very low agricultural production in African tribal areas, indicating the priority need for land reform in communal (tribal) areas. Reform of traditional rights is possible and one model, the community land company, provides a universal solution to the problems of communal ownership whilst giving new life to old values.

4.1 UPGRADING THE COMMUNAL AREAS

E

(Document - E)

A National Land Reform and Agrarian Programme

The proposed reform programme has three parts.

1 The Community Land Company

Equal shares

The voluntary reform by village members of communal systems into democratic (village) property companies is a promising model of great interest to Namibia. Community Land Companies (CLC) elevate membership from a right of exploitation of land treated as a free good, but no longer abundant, to equal (adult men and women) shares in a community company holding assets. The reform promotes group interest in land husbandry and investment.

Annual rights that are traded

Individual agricultural activity flows from an internal village market for tradeable rights over different land uses issued equally to members each year (grazing, woodland, water, etc).

Ruling prices over each land use

The internal market for rights sets prices over each land use. Prices are key management signals for community, groups, and individuals. They also help determine the best boundaries between different land uses.

The management of drought

Under the company members set carrying capacities after each rainy season. Following a poor season, the carrying capacity will be reduced and the value of each grazing right will rise. This will discipline members, encouraging early sales of livestock. After the drought, if members are not able to build up their herds as fast as the carrying capacity improves, they can decide to allow outsiders to bid for rights that year, so keeping the value of rights up.

A finance and an investment system

The trading of rights circulates cash amongst member.. At the same AGM members decide what proportion of the rental value of the land to retain (like profit) for investment. Government or a donor will be asked to provide a matching grant to retained funds for investment for five years as an incentive to village reform. Members add the labour value that they contribute to the money raised. Hence village companies could reinvest sums equal to the rental value of their assets every year.

Creating a local tax base

After five years the CLCs agree that the local government authority can tax at 20% the value of the member rights distributed.

Vertical and horizontal investment

CLCs are likely to invest where they are to begin with; that is vertically as with drinking water, fencing, clinic, etc. that benefits every one and improves production. Later the members may decide that they want to expand the land controlled by the village by purchase or rent. This is called horizontal investment. In this case they would join the Land Trust first to get support.

The Land Trust

A Land Trust is proposed with independent trustees. CLCs and individual small farmers seeking to buy or to rent land would have to join the Land Trust. This is a further incentive to communal reform. The Trust, financially supported by government but in effect largely by donors (funding its "social investment role"), helps to select

E suitable land, to organise the finance with the Land Bank, to train members, and to help them onto farms and with farming.

A National Market for Land

Once the communal areas have adopted the CLC model for reform, Namibia will have one national land market comprised of companies operating under one law.

A Village Development Society

CLCs would join together into a service body to help with their member training, technical advice, etc. This body is seen as an extension of the NAU, small farmer communal members organised within CLCs, and will be promoted by it on behalf of its members.

2 An Employment Guarantee Scheme

There is need of a highly visible income redistribution mechanism suited to the communal areas and the commercial farm areas. An on-going public works programme which introduces a rural "social contract" can be financially efficient and a strong tool of community development. Termed an Employment Guarantee Scheme, it would: -

- underwrite rural economic security,
- build and maintain physical assets,
- provide a devolved budget to give a lead to decentralized administration,
- mobilize rural under- and unemployed labour,
- raise incomes, consumption, savings and investment amongst the poorest groups, providing the most certain route to better nutrition and health,
- draw in the banks to fund with loans that part of each investment that has an identifiable benefit stream; this should reach 25% on average,
- establish the converse of the social contract, that rural people enjoying the additional income and investment of the Scheme, agree to pay fees for school, clinic and veterinary services, using about half of their income to do so, or 25% of the total cost: this allows government and donors to fund capital projects whilst people fund the consumption items of services,
- the multiplier will be about six over a year and a half, giving an impetus within the economy of 400% of expenditure during each year. This would act as a counter to any downturn in agriculture because of weather or other reason as people would seek more work,
- the state would raise tax from the multiplier effect of about 20% of the cost,
- the nett cost of the Employment Guarantee Scheme on the budget would be 100 - (25% loans, 25% fee income, 20% taxes) 70 = 30 for every 100 spent,
- considerable long term employment can flow at low cost per job,
- the Scheme reinforces the CLC proposal as an additional source of community investment, accelerating the CLCs ability to reach the starting gate for land purchase in a competitive national land market,
- investment and activity would flow to the most needy communities with the highest short term production possibilities
- commercial farms can join the Scheme in the sense that they can undertake socially useful investment with farm labour and management under the Scheme as would a village community

3 A Periodic Service Delivery and Market System

There is a glaring absence of markets and services throughout Namibia. Periodic systems break the limited scale set by activities fixed by location, giving rise to diversification, to the growth in size of individual operations, and to the lowering of costs.

Markets, controlled by the surrounding community, give a sense of local control over the local economy. They enhance the local circulation of cash in support of the exchange of local goods and services. Periodic markets bring distant places into contact with the wider markets on a regular basis. They support a more specialized local agriculture with off-farm activity and employment. They provide an effective vehicle for information, training and entertainment, and for the bulking of local produce for export from the area.

The Role of the NAU

A farmer/community led reform programme is proposed that immediately attends to the short term needs of the poorest whilst building the means to handle efficiently the issues of social justice and growth. The programme proposed shifts government's capacities away from the limits of budgetary expenditure to the financing of

development through increasingly effective community institutions and local economic infrastructure. Land becomes an object of interest to companies, community and farm, equally capable to defend their interests as well as to enter the national market, now an actively competitive and therefore objective land market. E

The reforms proposed tackle poverty directly, address the position of women in the most meaningful manner possible, underwrite democratic rights with economic rights, make those rights substantive by providing annual forums for the re-issue of member user rights around highly instructive prices which come to rule over different land uses, and together with membership in the Land Trust, enable small farmers to enter the national land market.

Organised agriculture, through the NAU, apart from the roles already offered with On-Farm training and the financing of nonformal agricultural training, proposes to mount technical and managerial support to the Village Development Society, to assist member CLCs, to the Land Trust, and to the formation of periodic markets under a national Rural Market Society.

The NAU intends thereby to help the government and the people of Namibia to realise constructive, even exciting answers to the land question in ways that enable meaningful participation through membership in responsible locally controlled economic institutions capable of partnering government and donors in national programmes and solutions.

F

4.2 Development of unutilised land in the Communal Areas

(Document F)

The improvement of living standards and diversification of the economy need a highly-developed agricultural industry with a high production output and therefore an economically sound and sociologically stable farming community is of the utmost importance.

There are still extensive areas which are only sporadically unutilised or not unutilised at all because of a lack of infrastructure and sufficient water supply. To develop these areas without protecting the natural resources against exhaustion would be fatal. In the development of those areas, the most enterprising farmers will have to be involved, who will eventually develop into entrepreneurs producing for their own profit.

Local authorities and customs are deeply entrenched in these underdeveloped areas and any change from subsistence to commercial farming will have to be an evolutionary process. However, traditional customs should never be accepted as an excuse for not doing anything to face restrictive factors in order to establish a sound agricultural structure in the long term.

Since development is primarily aimed at people, it must be accepted that nobody can develop people in a particular area or region better than people themselves. Thus it is necessary to educate the policy-makers and agricultural officials of an area in the philosophy of development, so that they can determine their own strategy for achieving development aims in that area.

If any one factor can be singled out which can increase agricultural production in developing areas, it is the provision of essential services.

Services which should be regarded as part of such a development programme, are the following:

- (i) the establishment of an efficient production infrastructure, which is basically the Government's responsibility;
- (ii) the establishment of an effective agricultural extension service;
- (iii) training of farmers and agricultural extension officers;
- (iv) making available financing and production means at acceptable conditions;
- (v) orderly marketing possibilities and channels for agricultural products;
- (vi) the creation of additional employment opportunities
- (vii) determining the agricultural potential.

The lack of aforementioned in Zimbabwe resulted in the failure of development in the rural areas. The people who were resettled were incompetent in agriculture, because no training programme existed.

It must be emphasized that private enterprise and commercial production are not dependent on private land ownership, and that a long-term system of usufruct will also be effective. Should private land ownership develop evolutionary, however, it should not be discouraged. A desirable strategy would thus aim at:

- (i) the gradual incorporation of subsistence farming with commercial production;
- (ii) populating newly-developed areas with commercial farmers who have the necessary abilities to make a success of the project with reasonably certainty;
- (iii) the evaluation of prospective farmers after a probationary period before the final allocation of land;
- (iv) the settlement or resettlement of farmers on an economic basis.

It is essential to obtain the active involvement and co-operation of the local population in planning and implementing the above-mentioned programme. A certain degree of co-operation by means of co-operatives or other systems, should be achieved without harming private initiative and the individual's need for self-actualisation. Structures such as farmers' associations are ideal for this purpose.

The Namibia Agricultural Union suggests an incrementalist approach to land reform in the communal and commercialized (tribal) areas of Namibia, as follows:

First priority for land registration and land reform should be the commercialized tribal farming areas.

Second priority should be the northern cultivation areas to try to improve production and extend cultivated areas, keeping in mind that only one percent of Namibia's agricultural land is cultivated at present.

Third priority should be initial land registration and proper land administration in communal tribal areas.

The first stage, to be sequenced with the above priorities, should be directed at improving farmers' incentives to produce by providing better agricultural markets for farmers (possibly subsidized markets and transport), promoting private traders to compete in buying farm produce and selling farm inputs, promoting farmers' groups and co-operatives, strengthening extension services with farmer's participation and feed-back, improving agricultural and technical education and training at schools and special training institutions, etc.

The second stage should be multi-faceted land reform, again sequenced in the above priority areas. The land reform stage can build upon and incorporate experiences and successes obtained in the first stage, indicate priority areas from proven initial results, prevent serious indications of the costs of land reform, provide officials and others with time form training in land reform and practical experience of initial inputs, etc.

G

4.3 A scheme which enables potential commercial farmers in the Communal Areas to buy farms in the Commercial Areas

(DOCUMENT G)

The Commercial farming areas of central, southern and certain parts of northern Namibia are the productive and exporting agricultural "food basket" of the country. It is most unlikely that the agricultural production of these mostly extensive stock-farming areas could be further increased with land reform by means of subdivisions and redistribution of land to small farmers.

On the contrary, such subdivisions and redistribution will require large capital and recurrent expenditure for a number of years, coupled with initial reduced production for periods of three to five years at least.

These highly productive commercial farming areas should not be considered for land reform, acquisition of farms should remain subject to the ordinary market process of willing-seller-willing-buyer.

If "affirmative action" for "disadvantaged" farmers is applied to these commercial farming areas of Namibia, such farmers should be carefully screened to ensure that they are capable of managing commercial farming and maintain production in the long run.

A desirable strategy would thus aim at:

(i) the evaluation of prospective farmers after a probationary period before the final allocation of land;

(ii) the settlement or resettlement of farmers on an economic basis.

Financial provisions for "affirmative action" should above all be financed in such a way that the market for commercial farms remain stable, that the confidence of the existing commercial farming community be retained, that the abilities to repay credit be carefully controlled.

A warning should be sounded that this is the agricultural sector where most damage could be done to present agricultural production by implementation of politically inspired land reform.

The Namibia Agricultural Union suggests a finance scheme similar to the previous one-tenth scheme, whereby these farmers could obtain land in the commercial areas. Those farmers that qualify should be exempted from any interest or capital repayment the first two years. For the third and fourth years they should only be charged an interest rate of one percent.

For the fifth and sixth years repayment to an interest rate of four percent should be made. From the seventh year the interest rate should remain at four percent, but capital repayment should then be included.

The NAU believes that the Government should determine the period of payment, whether it be 35 even instalments, or whatever is decided. This scheme should obviously involve a training programme by which prospective buyer could be guided to financial independence.

Services which should be regarded as part of such a development programme, are the following:

- (i) the establishment of an efficient production infrastructure, which is basically the Government's responsibility;
- (ii) the establishment of an effective agricultural extension service;
- (iii) training of farmers and agricultural extension officers;
- (iv) making available financing and production means at acceptable conditions;
- (v) orderly marketing possibilities and channels for agricultural products;
- (vi) the creation of additional agricultural opportunities;
- (vii) determining the agricultural potential.

In this programme the optimal soil utilisation, the promotion of an economically sound farming community and optimal social, constitutional and economic development cannot be over-emphasized.