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MINISTRY OF AGRICULTURE

LARGE FARM REHABILITATION STUDY

PROGRESS REPORT NO. 3

CONSULTANTS

WARD ASHCROFT & PARKMAN (EAST AFRICA)

in association with

HUNTING TECHNICAL SERVICES LIMITED

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INTRODUCTION

Progress Report No. 3 comprises three annexures namely:

- A review of the Group Farms Rehabilitation Project
- Institutions
- Sociological Aspects

The Review of the Group Farm Rehabilitation Project was carried out in January of this year. It describes the progress achieved during the two years since the project's inception. Three areas in particular are discussed; the project organization, rate of recruitment, and performance of the farms recruited since joining the project. It is concluded that progress has been slow and that neither the recruitment target for farms or the objectives of the project are likely to be met.

The annexure on Institutions discusses those Institutions which will have a role in the implementation of the strategy for future development of the Large Farm Sector, set out in Progress Report No. 2. It also deals with the machinery and legislation for adjudication of claims and registration of titles to land on those group owned farms and makes proposals as to how existing institutions and arrangements (e.g. The District Land and Farm Management teams and the Large Farm Management Section in the AFC) established under the Group Farm Rehabilitation Project would be used in the Consultants' Development Plan. The annexure is incomplete in that Credit Institutions and the arrangements for provision of credit have still to be described. Lastly an organization chart outlining the contribution of and inter-relationships between existing institutions which will provide services to the sector also remains to be completed.

Sociological Aspects are discussed in Annexure III. In particular, attention is given to the causes of dissention amongst groups, the difficulties of leadership, and the reasons why groups have failed. Although few in number there are instances where groups have worked successfully; the pre-conditions for this are also discussed. lastly the reaction of groups to the current 'Group Farms Rehabilitation Project' is examined and the reasons for its current lack of success in attracting farms outlined.

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A N N E X I

REVIEW OF GROUP FARMS REHABILITATION PROJECT

1. INTRODUCTION, SUMMARY AND CONCLUSIONS

1.1 Introduction

The Group Farms Rehabilitation Project commenced on 26th March 1975, with the signing of a Development Credit Agreement between the Government of Kenya and the IDA. It was prepared initially by the Ministry of Agriculture with assistance from the IBRD Permanent Mission for East Africa and appraised by the IBRD in April-May 1974.

The objective of the project is to assist in the redevelopment of some 90 group-owned mixed farms and 36 coffee estates. Assistance would take the form of financial assistance for short, medium and long-term expenditure on working capital, machinery and infrastructure. The provision of capital would be associated with improved management. On the mixed farms, a condition of joining would be the acceptance by the farm owners of a trained farm manager recruited and approved by the Agricultural Finance Corporation (AFC). He would subsequently be supervised by AFC through a system of visiting farm managers. Recruited coffee estates would be required either to sign an agreement (approved by AFC) with a management agency such as East African Acceptances or Estate Services, who would be responsible for making all financial and managerial decisions after consultation with the owners and AFC, or to employ a suitably qualified estate manager approved by AFC.

The project would extend over eight years. Recruitment of farms would be completed in four years, and assistance to the last lot of farms recruited would be withdrawn by the

end of the eighth year.

Overall direction for the project would be provided by a Steering Committee comprising members from the Ministry of Agriculture, Ministry of Finance and the Agricultural Finance Corporation. AFC, however, would be responsible for implementation of the project. This would be done by a Large Farm Management Section created within the AFC as part of the project. Assistance in identification and selection of suitable farms would be given by the Land and Farm Management Division of the Ministry of Agriculture.

This review of progress is based on information collected by team members while carrying out a survey of farms between July and October 1976, the findings of consultant sociologist and a visit to each of the farms already recruited to the project. The visits were made in January 1977, when results from at least one season's efforts were expected to be available.

1.2 Summary and conclusions

1.2.1 Farm recruitment

Ten farms, four coffee estates and six mixed farms have so far joined the project (two mixed farms which applied were found to be unsuitable and have been rejected). If current negotiations are successful it may be possible to incorporate a further two coffee states and five mixed farms before the end of the second year, bringing the total to 17 farms or 31 per cent of the target.

The primary reason for the lack of success in attracting farms to the project is a fundamental dislike or distrust of group enterprise on the part of the farm shareholders. Other contributing factors have been understaffing of the project and poor promotion. Neither the Ministry of

Agriculture nor the AFC have met their obligations towards staffing the project. At no time since the project's inception has the establishment of staff reached the complement proposed in the project appraisal document prepared by IBRD in February 1975.

The lack of appeal of the project to group farm owners has resulted in farms being incorporated which would not strictly be regarded as eligible for the project. Two of the coffee estates, Gatatha Farmers Co., and Kiambaa Kawainda Co. Ltd., cannot be regarded as genuinely in need of rehabilitation. The former is a wealthy company with considerable assets, managed by an able and experienced estate manager. Kiambaa Kawainda had been under rehabilitation at the time of joining and yields were in the order of 1.3 tons of dried coffee per hectare. All of the coffee estates recruited have benefitted from the project, and results have largely been as anticipated.

The mixed farms recruited had accumulated considerable debts and joining the project represented the only alternative to eventual loss of the farm. Because of the debt burden it is unlikely that any of the six farms would meet the financial criteria for eligibility laid down in the project document, although initial plans and budgets prepared at the time of recruitment indicated that they would.

1.2.2 Farm plans for the mixed farms

All the farm plans and budgets for the mixed farms require complete revision, for the following reasons:-

(a) The land areas, particularly the potentially arable land which are available for group large-scale

operations have been over-estimated on all but two farms, Mucharage Farmers' Co-operative and Progressive Farmers' Co-operative.

(b) The crop and livestock projections are too optimistic. For instance, the milk yields assumed are at least one third above what would reasonably be expected.

(c) Visiting Managers are now convinced that in the high altitude areas dairy enterprises should be replaced by sheep (this applies to four of the farms). Budgets have yet to be prepared for sheep enterprises.

(d) On some of the high altitude farms, over-emphasis has been placed on pyrethrum, financially the most attractive crop, as a means of increasing gross revenues. At Kamwaura, for example, 140 hectares of pyrethrum were included in the farm plan, but in practice the maximum area is unlikely to exceed 80 hectares.

The effect of over-estimating both the arable areas available and the yields has been an exaggerated projection of the revenue-earning potential of each of the six farms.

1.2.3 Farm performance to date

As described in more detail in Section 4, the actual performance of the farms during the 1976 season has not been encouraging. On the five farms with dairy herds milk yields were in the order of 800 - 1000 kg per cow per year, significantly lower than the levels anticipated for at least three of the farms. Progress has been made on both Milima Mitatu and Kamwaura in clearing arable land

of couch grass and in establishing pyrethrum. The benefits of this will be seen in the coming season. On the others, 20 hectares of light bush were cleared at the Mucharage Farmers' Co-operative and 12 hectares of grazing oats were planted. At Mucharage the maize crop suffered from hail damage and yields are expected to be well below the budgeted level. Little was achieved at the Progressive Farmers' Co-operative. Here, wheat yields were well below the budgeted level and the gross revenue is unlikely to meet operating costs for the season. At Mutarakwa Farmers' Cooperative, fencing and infrastructure has been improved while at Mugomo-ini Farmers' Co-operative there has been a complete failure of 140 hectares of wheat and barley due to poor rains; 20 hectares of newly planted pyrethrum were also lost due to the drought.

The reasons for the poor overall performances are many, but the fact that too much of the Visiting Manager's time is being spent in travelling (because of the wide geographical distribution of recruited farms and the need to liaise closely with the Nairobi Office) and in meetings either to solve disputes between managers and members or to persuade farms to join the project, has probably contributed. Difficulty has also been experienced in controlling stocks and the use of the farm vehicle on some farms.

1.2.4 Farm ownership problems

The problem of ownership on farms recruited has not been resolved. Although lists of owners have been prepared, these are thought to be incomplete and additional owners continue to present themselves on some farms. No formal arrangements have been made to finalise or close the lists. It is therefore difficult to define who the beneficiaries will be or who will be liable to meet the financial obligations of repayment.

Non-resident owners may also pose a problem if or when they decide to take up residence on the farm. No agreement has been reached with these owners and there is the real possibility that they could decide to claim a subsistence plot at the expense of the large-scale operation. This is all the more likely because no additional benefits or dividends have been agreed upon in lieu of a subsistence plot. Legislation exists in the co-operative law to prevent this and limit the rights of non-resident members. It is not, however, invoked.

On the majority of farms, involvement of the owners has been minimal. Although provision has been made for farm rehabilitation committees to be established, these rarely meet and in most cases show little interest in the large scale area. Also, there is a marked unwillingness on the part of shareholders to provide labour on the group area.

1.2.5 Organisational aspects

Three areas were neglected when organisational proposals were drawn up by the IBRD appraisal mission for the project. First, the need for legal advice during the recruitment stage was not considered, and no allowance was made for employing legal staff to assist with the project. Secondly, the need for land survey capability to prepare the farm physical plans and lay out subsistence plots was not anticipated and the early difficulty in obtaining survey teams caused delay in implementation (two survey teams have now been allocated specifically for this work). Lastly, the Co-operative Department was not initially involved in the planning stage, although all six of the participating mixed farms are co-operatives and the local Co-operative Officers have some responsibility for them. In practice the Co-operative Department has

provided some of the checks in the present system by intervening when it was thought that the proposed levels of investment were too high. Since May 1976, however, the Co-operative Department has had a representative on the Loans Committee.

1.2.6 Conclusions

In conclusion, we do not believe that the objectives of the project or recruitment targets proposed are likely to be achieved. The primary reason is that (as described in Annex 3 Social Aspects) the project is in direct conflict with the aspirations of the groups of farm owners whom it is designed to help and only those who can be persuaded that they have no alternative to it will eventually join. We therefore recommend that an alternative approach be considered for the group-owned farms.

It should be noted, however, that the services provided within the project are not only required by the group-owned farms but also by individually-owned farms, small partnerships and companies, whose primary aim is to operate a large-scale unit: a project of this type would probably be widely acceptable to them.

2. PROJECT ORGANISATION AND STAFFING

In order to implement and administer the project a Large Farm Management Section was to be built up within the AFC and four small district teams established within the Ministry of Agriculture.

The Large Farm Management Section in AFC was to have overall responsibility for Project Management and Implementation. The section was to be headed by a Project Manager, who would be supported by a Deputy Project Manager, four experienced Senior Visiting Managers, two Trainee Managers, an Accountant, a Systems Consultant and supporting secretarial and clerical staff.

The four teams within the Ministry of Agriculture would each comprise three persons, an experienced Agricultural Officer, an Assistant Agricultural Officer and an Agricultural Assistant; they would review prospective borrowers and with them prepare initial farm plans and development proposals. The Ministry of Agriculture would also provide a Project Co-ordinator based at Headquarters, Nairobi, and a Regional Land and Farm Management Officer to be responsible for the selection of and training arrangements for farm managers. He would be based in Nakuru but liaise closely with AFC.

At no time since the start of the project have these staffing and organisational proposals been fully implemented. In the AFC a Project Manager was appointed when the project commenced. A Deputy Project Manager was also appointed but he has since resigned, and two Senior Visiting Managers have been employed since December 1975 and February 1976. They have recently been joined by two Trainee Visiting Managers who will eventually be allocated districts in which to work independently. Neither of these trainees has the

experience to carry out the duties of a Visiting Manager effectively. The Systems Consultant and Accountant have not yet been employed and clerical support for the project is inadequate.

Four two-man teams were eventually established within the Ministry of Agriculture in September 1976, 15 months after the project had started and a Project Co-ordinator had been appointed. The Regional Land and Farm Management Officer was also appointed in September 1976.

The implementation of the project organisation and staffing proposals has at best been half-hearted and, although not a fundamental cause of the slow rate of recruitment of farms, has certainly been a contributing factor. Firstly, because the "rehabilitation" teams were not established at the onset within the Ministry of Agriculture, the main burden of recruitment and farm planning fell on a below-strength section within the AFC. To avoid wasting time, therefore, detailed plans could only be prepared after owners had agreed to participate in the project. There is little doubt that inability to advise farmers exactly as to what would be involved before gaining their agreement to participate impeded the rate of recruitment. Adequate staffing would have resulted in considerably more plans being prepared than farms actually recruited, but it would at least have made the task of selection of farms easier, as owners would have known exactly what they were committing themselves to and would therefore have been less susceptible to the numerous rumours and suspicions which prevailed.

In addition to the problems resulting from not meeting the staffing proposals, the need for land survey units to prepare farm physical plans and lay out subsistence areas was not provided for in the project document. Consequently, delays have been experienced in the preparation and implementation of plans.

Another cause of difficulty is that no provision was made to recruit staff with legal training, to deal with the many legal issues concerning ownership and debt liability which require clarification before a farm can join.

3. FARM RECRUITMENT

3.1 Selection Criteria

Eligibility for the project is subject to a number of conditions. The most important is that farms must be owned by a group of not less than 20 members. All members must be legally registered and the organisation structure should be such that all members have legal rights. Only co-operatives and companies are eligible, as in these organisations decisions are taken on the basis of a majority vote. Partnerships were excluded because of the requirement that all partners must concur in any decision before it can be legal.

Eligible farms should be "problem" farms generally regarded by both the AFC and the Ministry of Agriculture as those farms that either already have loan repayment difficulties or are heading rapidly towards this situation because of serious management, financial or social problems. (Section 2.06 Group Farm Supervised Credit Project: Ministry of Agriculture March 1974). Only those which could be expected to become financially viable would be considered; the ratio of land area to number of owners should be such that each resident owner could expect a subsistence plot of one hectare immediately, and an annual income from the group farmed area of at least 400 shillings by the eleventh year after joining the project. Clearly although only problem farms are eligible, there is a limit to the degree of indebtedness or difficulty in which the farm is in if it is to be eligible. To meet these latter conditions the need for precise data to assess budgets becomes paramount.

A typical coffee estate would be one which was completely run down, with yields in the order of 200 kgs of parchment per hectare.

3.2 Recruitment Procedure

It was anticipated that "problem" mixed farms would initially be identified and recruited by the small teams established under the project within the Land and Farm Management Division of the Ministry of Agriculture (see Section 2). These teams would identify suitable farms, ensuring that all shareholders were legally registered; prepare a preliminary plan and budget, in consultation with the farm members or committee, and submit these with a recommendation to the District Rehabilitation Committee (DRC). The DRC comprises the District Commissioner, the District Agricultural Officer, the District Co-operative Officer, the AFC Branch Manager, the District Land and Farm Management Officer and two farmers. This committee would in turn make recommendations to the Large Farm Management Section in the AFC. The AFC would modify the plans as they deemed necessary and prepare cash flows and loan financing schedules.

The coffee estates to be rehabilitated would be selected in a similar manner to the mixed farms, with the DRC making recommendations to AFC. A management agreement to provide management, accounting and other services to the farm would be negotiated between the Government and a management company (such as Estate Services or East African Acceptances) acceptable to the World Bank. The owners would then, in conjunction with the management company and AFC, agree to a farm development plan.

The procedures above have in practice not strictly been adhered to, particularly with regard to the mixed farms. Firstly, recruitment has not been a question of selecting a number of suitable farms from a surplus of applicants, but instead one of persuading farmers to join. Problem

farms have been identified through discussion with members of the DRC and have then been visited by AFC staff in the company of officers from the Ministry of Agriculture, if available. At the commencement of the project, the preliminary plans and budgets were undertaken by the Ministry of Agriculture staff. These plans and budgets were made available to AFC after considerable delay, and were then found to be inadequate. As a result the complete responsibility for farm planning and the preparation of budgets and cash flow has been shouldered by the AFC and there it has remained. A system has therefore evolved without any of the usual checks or balances, such as where applications for credit are made by one organisation (e.g. the Ministry of Agriculture) and then appraised, modified or approved by another (e.g. AFC). At present the total responsibility lies with the AFC; this situation cannot be recommended. In this respect the original proposals for a management structure which were made by the Ministry of Agriculture in March 1974, were more satisfactory, although they lacked a clearly defined Management structure. Lastly, the responsibility for dealing with legal problems such as registration of individual shareholders has also been left with the AFC.

3.3 Rate of farm recruitment

The recruitment of the 136 farms was to be phased over a 4 year period. The expected rate of participation during the first 2 years is given in Table 3.1.

Table 3.1 Expected phasing of recruitment of farms for rehabilitation, by District

Year	Mixed Farms				Coffee		Cum. Total All farms
	Uasin Gishu	Nakuru	Trans Nzoia	Cum. Total		Cum. Total	
1	7	4	3	14	9	9	23
2	10	6	6	36	9	18	54

Source: Appraisal of Group Farms Rehabilitation Project, IBRD 1975.

During the two years during which the Group Farm Rehabilitation Project has been in operation, recruitment has been slow. Four coffee estates and six mixed farms have been recruited to the project. Negotiations are currently being continued with a further two coffee estates and five mixed farms (budgets for these are approved) which could be incorporated at any time. If these negotiations are successful the maximum number of farms incorporated in the project by the end of the second year would be six coffee estates and eleven mixed farms, about 30 per cent of the target of 18 coffee estates and 36 mixed farms. Furthermore, there is no indication that this rate of recruitment will accelerate in the coming year.

Two of the four coffee estates, Gatatha Farmers' Company Ltd. and Kiamba Kawainda Company, cannot be regarded as genuine cases for rehabilitation and should not have been recruited by the project. Two of the six mixed farms, Milima Mitatu Co-operative Society and Progressive Farmers' Co-operative Society, had been under rehabilitation by the

AFC prior to joining the current project. The net recruitment, therefore, of new farms requiring rehabilitation is six, a number which may be increased to thirteen by the end of the second year.

Of the factors contributing to the slow rate of recruitment, the most important is probably a fundamental suspicion and dislike of group enterprise on the part of shareholders, most of whom subscribed towards farm purchase with the belief that they would eventually have their own individual holding when the land purchase loan was repaid. Group enterprise was never regarded as any more than an interim measure. By the time the project was operative, group enterprise had been tried for up to ten years, in the majority of cases it had been shown to fail, and the shareholders' initial belief in individual holdings had been confirmed. It is unlikely that this obstacle will be overcome and the rate of recruitment improved.

Other factors have also influenced the rate of recruitment. Important amongst these is that promotion of the project has been poor. A leaflet setting out the objectives of the project and likely advantages in joining was distributed in late 1975. Little use, however, was made of it and during field work associated with the farm survey it was clear that few farms were even aware of the project or its objectives.

Instead of selecting farms from a list of applicants as expected, farms had to be approached individually and committees and members asked to commit themselves to the project before detailed plans or proposals could be made. Invariably most committees declined. They did not know what the project entailed for them other than that they

were in effect being asked to relinquish control of the farm to an unknown manager, allow investment decisions to be taken on their behalf but with the knowledge that if the farm plan failed they, the owners, would have to accept the ultimate liability. With regard to mixed farms, therefore, it was mainly those in severe financial difficulty which were recruited, because these were the farms which could be persuaded that there was no other alternative. They joined with the attitude that it was not their decision to borrow, but Government's to lend. If all went well they would happily accept the dividends and more stable financial position. If not, they might well be unwilling to accept the financial consequences.

4. THE FARMS RECRUITED

4.1 Coffee Farms

(a) Gatano Farmers' Co-operative Ltd.: This is a small farm of 23 hectares (21 hectares of which are coffee) owned by 72 shareholders. It joined the scheme in mid-June 1976 after negotiating a management agreement with the Brookebond Leibig Co. The farm was completely run down, yields had fallen to well below 200 kgs parchment per hectare, and the coffee trees were overrun with weeds. The owners had not accumulated large arrears in loan repayment and at the time of joining half of one year's annual repayment (about KSh 8000) was overdue. There was a desire to rehabilitate the farm on the part of the owners and in the short time since joining progress has been considerable. The managing agents' policy of keeping capital expenditure to a minimum and concentrating on husbandry aspects such as weeding and fertilising, is to be recommended. This farm is a genuine case for rehabilitation and, although located in an area marginally suited to coffee cultivation, is likely to succeed. Yields in 1976 have already exceeded the levels budgeted for.

(b) Gatatha Farmers' Company Ltd. (Windrush Estate): Gatatha Farmers' Company, owned by 1500 shareholders, currently grows around 320 hectares of coffee and hence is one of the largest coffee complexes in Kiambu District. Windrush Estate, for which assistance from the rehabilitation programme was negotiated, comprises about 148 hectares of coffee and was purchased in 1975.

Windrush was recruited in January 1976; the farm had a couch grass problem but, despite this, yields during the year of purchase were around 1110 kg of parchment per

hectare. Since the company already had a highly experienced and competent manager, there was no need to negotiate a management agreement with an agency for the farm.

Under the programme, the farm will receive financial assistance for capital investment in a drying plant, machinery, construction of a dam and irrigation equipment, amounting to over KSh3.5 million. Some KSh1.2 million per annum will also be made available for working aapital.

This is a well-managed farm and will no doubt benefit from the financial assistance provided through the project. It is not, however, a farm for which the rehabilitation programme was designed. Given the quality of its present management, it is likely that the finance required could have been raised elsewhere; for instance, the company is hoping to purchase an adjoining estate and has property in Nairobi.

(c) Punda Milia Farmers' Co-operative: The farm comprises 2,275 hectares, of which 73 hectares are planted to coffee. The remainder is an old sisal plantation which is being divided into subsistence plots of around 1.2 hectares for each of the 1,800 shareholders. Punda Milia was recruited to the project in April 1975 and assistance will be provided for the coffee area only. Management is provided through an agency, Estate Services Ltd.

The coffee is well maintained and obviously had not been too badly run down prior to joining. In the season before joining the coffee yield was 820 kg of parchment

per hectare and during the first season under rehabilitation will again average around 800 kg per hectare. Under the project the farm will receive financial assistance to construct a dam, and purchase agricultural machinery and irrigation equipment; these items amounting to approximately KSh1.1 million. Working capital is expected to cost almost KSh0.9 million and will be made available annually. The project will therefore provide considerable financial and management assistance.

Inadequate rainfall is the primary factor limiting yields and the investment in a dam and more irrigation equipment will remove this constraint and should enable yields to be almost doubled. We have no query with the plan or budget other than that the dam cost may work out to be considerably higher than the amount estimated.

(d) Kiambaa Kawainda Company (Karakuta Estate): Karakuta Estate, a farm of 203 hectares, has approximately 100 hectares of coffee and was purchased at the end of 1975 by 3,000 shareholders. It joined the rehabilitation scheme in April 1976. Prior to its purchase by the present owners it had been managed by an agent (on the directive of the AFC) for a period of about 3½ years. With the change of ownership, it was incorporated in the present rehabilitation programme.

Under the project, continued assistance is given with working capital and management, and additional funds will be made available for capital expenditure on a coffee factory, dam construction, agricultural machinery and irrigation equipment. In total about KSh1.3 million will be provided for fixed capital investment and KSh1.4 million annually for working capital.

The yield in the year prior to joining had been 1,300 kg of parchment per hectare and in 1976 rose to about 1,700 kg. Given that the farm had been under rehabilitation for at least three years before recruitment and that yields were considerably higher than the 200 kg anticipated in the project document, it can hardly be regarded as a candidate for rehabilitation.

4.2 Mixed Farms

(a) Milima Mitatu Co-operative Society Ltd. Molo: This 131 hectare farm was purchased in 1964 for KSh150,000. Originally, the society had 150 shareholders, who worked on the farm. Many left and by 1973 only 26, who had nowhere else to go, remained. In May 1972 the AFC decided to foreclose in order to recoup KSh140,000 of outstanding debts. The decision was reversed and instead the farm was placed under the direction of a management committee comprising the DC, the AFC Branch Manager, Co-op Officers, the Land and Farm Management Officer and two members of the Co-operative. A manager was appointed and a farm plan based on dairy and pyrethrum prepared. AFC rescheduled the original KSh140,000 outstanding debt and advanced in addition KSh48,000 for purchase of 35 Friesian/ Ayrshire cross cows and for provision of water. KSh40,000 were made available for working capital.

At the time of joining the project (18th April, 1976) it was estimated that the farm comprised 85 hectares of potentially arable land, 16 hectares of rough grazing and 30 hectares of unusable land. Some 36 hectares of the arable land were already taken up by subsistence plots and 7 hectares had been planted to pyrethrum. Livestock numbered around 85, of which 35 were cows in milk.

The proposed plan was to increase the pyrethrum area to 36 hectares and to maintain the dairy herd at around 50 cows and followers. The plan is optimistic and is based on inaccurate estimates of potentially arable land. The actual area taken up by individual holdings is probably more than the 36 hectares estimated and hence the area available for commercial group enterprises is less than anticipated. During the first year of the project an estimated 11 hectares of pyrethrum had been established and 9 hectares of grazing oats grown. During 1976, 1,800 kg of dried pyrethrum were delivered to the Pyrethrum Board, bringing in about KSh11,700. About 47,107 kg of milk had been delivered to KCC and about 6,570 kg used for calf feeding and home consumption. Given this total milk production and the herd of 58 mature cows (more than planned for) throughout the year (on average 29 in milk at any one time) the average yield per cow per annum was 913 kg of milk.

The plan is optimistic first in terms of the land available for large-scale farming and secondly in terms of the performance of the crop and livestock enterprises. It is unlikely that the pyrethrum area can be increased to 36 hectares or that an average yield of 823 kg of dried pyrethrum per hectare can be achieved. The performance of the dairy herd has not reached the level anticipated. The projected yield per cow per annum in the first year was 1,800 kg, giving a gross revenue from milk of around 54,000 shillings.

A new tractor, trailer and plough were purchased at the beginning of 1976, with the object of meeting the farm requirement and carrying out at least 500 hours contracting annually, bringing in KSh22,000 in year 1 and KSh44,000 thereafter. The earnings from contracting have not met expectations, with only KSh4,000 - 5,000 worth of work being

carried out.

Total gross revenues during 1976 are likely to be in the order of K£52,000 and for the first year of joining the project are likely to be considerably less than the expected K£118,000. The original plan, therefore, requires updating in the light of the smaller area of arable land available for large-scale farming and of the likely performance of the crop and livestock enterprises. The Visiting Manager is now satisfied that returns from dairying are likely to be low and is considering selling off the dairy animals and replacing them with a sheep enterprise. This is likely to be less demanding on management. Budgets have not yet been prepared for the sheep enterprise.

Other non-technical problems exist on the farm. Difficulty is being encountered in moving members to areas demarcated for subsistence and resident members are continuing to request subsistence plots: four members were settled this year, bringing the total number of resident members to 30. The rights to residence of the remaining members have not been agreed or established. If they still have such rights it could well upset any plan that is proposed. In addition, petty disturbances frequently occur through members deliberately allowing their stock to graze the oats on the large-scale farming area.

This is topographically a difficult farm and, given the limited area of land available for large-scale operations and the present level of indebtedness, it is unlikely that this farm would meet the financial criteria for eligibility stated in the project document. However, the impact of the project can be seen in some well-established pyrethrum and some 9 hectares of land cleared of couch grass through planting grazing oats.

(b) Progressive Farmers' Co-operative: This comprises 1,840 hectares and is owned by 134 members of mixed tribes. Its management had been supervised (and a manager installed) by AFC for 3 years prior to joining the project. Approximately 1,010 hectares are potentially arable and of this area, 320 hectares have been allocated for subsistence plots. The remaining 690 hectares of arable land and 804 hectares of rough grazing are available for large-scale group farming.

Before joining the project (March 1975) the cropping pattern included 482 hectares of wheat and barley, 28 hectares of maize, 30 hectares of grass ley and 965 hectares of rough grazing. The proposed plan aimed at establishing a constant cropping pattern by the third year of the project comprising 388 hectares of wheat and barley, 110 hectares of grass ley, 20 hectares of maize and 10 hectares of sunflower. 962 hectares would remain as permanent grazing. The dairy herd would be increased to 350 cows and approximately 500 followers. The beef herd of 112 Boran breeding cows currently on the farm is ignored in the plan and presumably is to be phased out.

During the 1976 season, 502 hectares of wheat, 80 hectares of maize and 8 hectares of grazing oats were grown. The dairy herd had 181 mature (Ayrshire x Channel Island) cows, 30 2-3 year old heifers and 277 other followers. The farm also carried a Boran beef herd of 172 breeding cows and 209 followers. In all, some 570 livestock units were being carried. The wheat had been harvested at the time of the current review and had yielded a total of 8,560 bags (one bag holds 90 kg) or 17 bags per hectare, well below the budgeted yield of 25 bags per hectare. Maize shelling had not yet been completed and a yield estimate could not be made.

During the farm visit, a check was made on total milk yields and on the proportion sold to KCC. Approximately 175,000 kg were produced, giving a yield per cow per year of around 960 kg. Of the total, approximately 55-60 per cent was sold to KCC. Total milk sales will therefore be in the order of KSh78,000, some KSh400,000 less than the amount budgeted for. Of the 142 calves born during 1976, 49 died, a mortality rate of 35 per cent. This latter figure may well be inflated by slaughter of unwanted bull calves. The proportion of heifer calves reared, however, was not established. In the beef herd, 91 calves were born in 1976, giving a calving percentage of about 80; of these calves, 9 died giving a mortality rate of 10 per cent.

At the time of joining the project, substantial arrears had been built up with AFC. Since joining, the debt burden has been considerably increased by the purchase of over KSh0.5 million's worth of farm machinery. Despite new machinery and supervised management, the farm has not done well; approximately KSh1.2 million have been spent on operating costs and it is unlikely that the gross revenues earned will be sufficient to meet these, let alone meet interest or debt repayments due for the year.

The Progressive Farmers' Co-operative is a farm of considerable potential. Unfortunately, through indifferent management, a considerable debt burden has been built up. With this burden, it is unlikely to meet the project's financial criteria for eligibility. The current plan and budget are out of date. New ones should be prepared, incorporating less optimistic yield assumptions (for instance, it is unlikely that wheat yields will average more than 20 bags per hectare or that milk yields will exceed 1,500 kg per cow per annum over the next few years).

(c) Mucharage Farmers' Co-operative Society:
This farm comprises 412 hectares, of which 280 are potentially arable. A proportion of this, between 50 and 100 hectares, required clearing of light bush, 114 hectares are vlei, 7 hectares are rough grazing and 11 hectares are taken up by buildings, roads, etc. The Society has 175 registered members, 90 of whom are resident on the farm and have subsistence plots which in total amount to about 90 hectares. The Society joined the project in April 1976. Prior to this, the farm had been supervised by AFC and in the season before joining 81 hectares of maize and 8 hectares of sunflower were planted on the large-scale farming area. The farm also carried a dairy herd of about 60 cows and followers.

In the proposed plan, 105 hectares of light bush are to be cleared over a two to three year period (44 hectares in year 1), giving 201 hectares of arable land for large-scale farming operations. The eventual cropping pattern, which will be stabilised in the fifth year, will include 83 hectares of grass ley, 88 hectares of maize and up to 30 hectares of sunflower. The dairy herd would be built up to 97 cows and followers by the sixth year.

During the 1976 season, the first in the project, 93 hectares of maize were planted and 20 hectares of light bush cleared. Of the latter, 12 hectares were planted to grazing oats. Although not quite meeting the target set in the plan, some progress was made.

With regard to yields the plan is again considered to be optimistic; maize yields are projected to rise from 35 bags per hectare achieved in the season prior to joining to 60 bags in the year of joining, and milk yields to rise to 2,000 kg per cow per year by the second year of the project. In the Consultants' view it would be unwise to budget on more than 50 bags of maize per hectare or

yields per cow of more than 1,500 kg per annum, a period of at least three years being allowed to build up to this. Milk sales will, however, be significantly less than gross production after allowance is made for calf feeding and the free issue of milk to farm labour. Mucharage was visited in September and milk yields for 1976 were not estimated. The yield for 1975, however, was very low, less than 600 kg per cow per year. Because of hail damage, the maize yield for 1976 is not expected to exceed 40 bags per hectare.

The farm was saddled with considerable Guaranteed Minimum Return programme (GMR) arrears at the time of joining. This, coupled with the assumption that the quantity of milk sold will be only 60 per cent of that estimated in the budget, and that maize yields will be only 83 per cent, thereby reducing the total revenue at maturity by KSh140,000, indicates that it is unlikely that the farm will meet the financial criteria for eligibility.

Lastly, Mucharage has an additional 85 non-resident members with whom no agreement has been reached that they will remain non-resident, nor has compensation been allowed for to induce them to do so. Their return to the farm could upset the most carefully prepared plans. It has been suggested by the AFC Project Manager that resident members should pay a rent for their plots. This rent could be used as an additional divident for non-resident members. Consideration should be given to applying this suggestion.

(d) Mutarakwa Farmers' Co-operative Society: Mutarakwa is a 648 hectare farm with 185 shareholder members. In the original plan (now out of date) it was estimated that 294 hectares were taken up by members' plots

and 147 hectares of the remainder were potentially arable. In addition, there were 195 hectares of rough grazing and 12 hectares taken up by roads and buildings or unusable land. Before joining the project the large-scale group farming area had 19 hectares of pyrethrum and 319 hectares of grazing, on which there were some 485 head of cattle. The plan anticipated increasing the pyrethrum area to 121 hectares, maintaining 6 hectares of grass leys and growing 16 hectares of fodder oats annually. The dairy herd was to be built up to 78 cows and followers. The plan was expected to raise gross revenue from an estimated KSh79,000 per annum before joining to over KSh600,000 by the fifth year after joining.

Since the plan was prepared it has been established that 380 hectares are taken up by members' plots and that 117 hectares of potential arable and 80 hectares of rough grazing remain for large-scale group operations. In addition, there are approximately 24 hectares of timber plantation. A considerable proportion of this, however, has been sold to offset debts.

During the 1976 season the farm had approximately 14 hectares of pyrethrum and over 30 hectares of oats, about 20 of which were harvested for grain and 10 used for grazing. It is planned to extend the pyrethrum area to 55 hectares and use the remaining arable land for harvest and grazing oats. Clearly the farm will not generate the income anticipated in the budget, and its financial status is questionable.

During 1976, 16,676 kg of milk were sold to KCC, approximately half the anticipated amount. Assuming a further 14,000 kg were retained for calf feeding and domestic use, the yield from the 40 mature cows on the farm was in the order of 800 kg per cow per annum. Dairying is no longer

regarded as a profitable enterprise and although partial budgets have yet to be prepared, the Senior Visiting Manager is planning to replace the dairy herd with a heep flock of 200 breeding ewes. Pyrethrum yields were not discussed in detail on the farm, but sales were low and the revenue realised was considerably less than the K£93,000 expected. Topographically this is a difficult farm, and pyrethrum, barley, oats and sheep would appear to be the most suitable enterprises.

(e) Kamwaura Farmers' Co-operative: The farm comprises 855 hectares and is owned by 130 shareholders, 54 of whom are resident on the farm. Their subsistence plots currently take up about 120 hectares. The present plan indicates that in addition to the subsistence area, there are 453 hectares of potentially arable land, 141 hectares of rough grazing and 180 hectares of unusable land taken up by roads, buildings, swamp, forest etc. (this breakdown is inaccurate, because on this basis the total land area is about 894 hectares, rather than 855 hectares).

Kamwaura Farmers' Co-operative joined the project in 1976. The farm plan indicates that in the first year some 185 hectares of oats would be grown and 22 hectares of pyrethrum established. The pyrethrum area would be extended to 140 hectares by year 6, barley and oats would each take up about 46 hectares and 20 hectares of potatoes would be grown. Two livestock enterprises, a beef herd of 120 cows and a sheep enterprise with 400 breeding ewes, would also be developed over this period. Of the estimated K£1.2 million gross revenue at maturity, K£0.75 million would be derived from sales of pyrethrum.

An up to date map of the farm is not available, and field sizes and hence the areas of crop and of potentially arable

land can only be guessed at. The Visiting Manager now estimates the potentially arable land available for group operations to be in the order of 200-240 hectares. Much of this had a severe couch grass problem and the first season's operations have been aimed at eradicating couch through cultivation and the planting of oats. In 1976, approximately 50 hectares of harvest oats and 16 hectares of grazing oats were planted. About 40 hectares of pyrethrum have also been established. Approximately 40 hectares of the oat crop have been harvested, giving a good yield of around 25 bags per hectare. The pyrethrum looks good but it is too early to estimate yield.

Although the original plan and budget have not yet been revised, the future cropping pattern will probably include 80 hectares of pyrethrum, 50 hectares of barley and up to 100 hectares of harvest or grazing oats and fodder crops. A sheep enterprise of 2,000 breeding ewes will be the sole livestock enterprise. This plan seems quite realistic but will have significantly less revenue-generating potential than the original.

Considerable progress has certainly been made on the farm during the first season. It is important, however, that a map with accurate field areas is produced as soon as possible, in order that a farm plan and budget can be prepared. Kamwaura has had the problem of non-resident members requesting plots, and debts of K£50,000 which were undisclosed at the time of joining have recently been presented. The financial viability is therefore in doubt and will not be known until a revised plan is prepared.

(f) Mugomo-ini Farmers' Co-operative Society: The farm comprises about 840 hectares and is owned by 202 registered shareholders, all of whom are resident. It joined the project in November 1975, when its budget was approved. In the farm plan it was estimated that there

were 648 hectares of potentially arable land, which would be equally divided between the owners' subsistence plots and the large-scale group operations. At maturity the group operations would include 120 hectares of wheat, 120 hectares of grass ley, 44 hectares of pyrethrum and 20 hectares of fodder. The dairy herd was to be built up from 40 to 181 cows and followers.

The plan will require considerable revision. The members' plots currently take up over 400 hectares and there are no more than 180 hectares of arable land remaining for group operations. During the 1976 season, the 80 hectares of wheat and 60 hectares of barley grown were planted rather late; a complete failure of both crops has occurred. 40 hectares of pyrethrum were established during the year but only 20 hectares of this survived. The dairy herd currently has 25 mature cows, 11 heifers and other followers. The total milk produced in 1976 was approximately 20,000 kg or 800 kg per cow per annum. Mortality of stock was extremely high, the overall figure being in the order of 30 per cent. No explanation for such a high rate was available. 1976 has been a disastrous year for the co-operative and will have served only to increase the farm's debt load, which was already high, and to disillusion the shareholders with regard to the benefits from rehabilitation. Given the reduced area of arable land available for large-scale group operations and more realistic (i.e. less optimistic) assumptions on yields it is unlikely that the financial criteria for eligibility will be met.

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A N N E X

INSTITUTIONS

1. INTRODUCTION

Whatever remedies may be deemed necessary for the development of the Large Farm Sector, they will have to be applied either through the medium of existing agricultural institutions or by the creation of new institutions. In this Annex, therefore, the Large Farm Sector will be examined in its institutional context and certain recommendations offered for implementing the basic strategy which has been identified by the Study.

It is appreciated that a considerable amount of discussion has previously taken place on agricultural institutions and much information is already available. It is also appreciated that there are already on-going projects which either are aimed directly at the Large Farms (e.g. the IBRD-financed Group Farm Rehabilitation Project) or which will have an effect on them, even though their primary objectives do not feature large farms. Nevertheless, it is necessary to review these institutions again, but in the specific perspective appropriate to the problems identified by this Study.

From the viewpoint of the institutional arrangements for the future development of the Large Farm Sector, the emphasis should be on utilising existing agencies rather than creating new organisations. This will enable the proposed Large Farm Sector Programme to be tied in with other agricultural development programmes operated by the Ministry of Agriculture (MOA), the Ministry of Co-operative Development (MCD) and the Ministry of Land and Settlement (MLS). As is clear from the review of existing organisations, given in Section 2, the institutional framework required for the implementation of the programme already exists. Although

the setting up of specialist sections and the provision of additional staff will be required, this should be done within the existing organisations, instead of establishing new ones.

For historical reasons, the Large Farm Sector developed independently of the indigenous agriculture, and agricultural institutions have thus tended to produce characteristics which may suit one sector but which are not geared to the other. The Agricultural Finance Corporation (AFC), for instance, had its origins in the needs of the expatriate farmers who were operating the large-scale farms, whereas the MOA extension service has been developed with the needs of the small farmer in mind. An attempt is therefore made in the subsequent sections to indicate where the existing institutions are failing to deal with the problems which the Study has identified.

The Large Farm Sector, in fact, cannot be regarded as a single problem whose solution lies in applying appropriate farming systems and techniques. It is not simply a matter of better farm planning, more credit, more control and more skilled farm management. It is much more a problem of people, and any project which aims at improving the farm from outside without the full involvement of the owners is unlikely to be successful.

Before discussing institutional aspects in detail, it is necessary to describe briefly the proposals for the Large Farm Sector, in order to assess the legal and other changes and the organisational arrangements which may be required. As agreed with the Ministry of Agriculture during the Study, the proposed programme is concerned primarily with the 1,800 mixed farms. These are concentrated largely in the Nakuru, Uasin Gishu, Trans Nzoia and Kericho Districts of Rift Valley Province, and to a lesser extent in Kiambu District of Central Province.

In view of the crucial importance of the organisational set-up and the number of owners involved in each farm, the programme has been based on three categories of large farm. Each category will require a somewhat different approach. The three categories are as follows:-

(a) Category 1 Farms: This category includes farms which are either in individual ownership or are owned by a small number of partners, not exceeding the legal maximum of seven. These farms are still run as single units or in units of a size where the techniques of large-scale farming are still appropriate.

(b) Category 2 Farms: This category covers farms which are group-owned, but where the number of owners in relation to the overall size of the farm would permit each owner, in the event of subdivision, to have a smallholding of sufficient size to undertake commercial mixed farming.

(c) Category 3 Farms: This category includes farms which are also group-owned, but where the number of members is greater than the area could support as individual commercial farmers, or in some cases even as subsistence farmers.

The type of group ownership, whether company or co-operative or partnership, is not taken as a factor for determining these three basic categories. Within each category further subdivisions could be made on a basis of, for example, quality of farming, land potential or extent of indebtedness. For the present purpose these factors are not considered.

Within the overall programme for the development of the Large Farm Sector, a different strategy is proposed for each of the three categories identified above. These are described in detail in the Main Report, a brief summary being given below.

Category 1 Farms: Here the main emphasis should be to ensure that the potential of these farms is fully exploited through the provision of planning and other assistance. This assistance would take the form of a package comprising credit, farm planning, management help and other components and would be similar to that at present provided to group farms under the IBRD - supported Group Farms Rehabilitation Project.

Category 2 Farms: On the basis of the Consultants' farm survey and sociological studies, it is anticipated that most of the Category 2 farm owners will wish to subdivide, if they have not done so already. For this Category the main objectives will be to ensure that such subdivision takes place on a rational and well-planned basis, to help the farmers to organise the provision of group services (e.g. tractor cultivation), where they consider this desirable, to oversee the other institutional arrangements required (e.g. the procedure to be followed in dealing with debts incurred by the original group farm) and, lastly, to provide extension, credit and other supporting services. Farms initially identified as Category 2 but where the members do not wish to subdivide would for practical purposes be treated in the same way as Category 1, the programme's involvement being confined to supplying the assistance "package".

Category 3 Farms: These present the most serious problems. In virtually every case members can be expected to want subdivision; on many farms this is already occurring or has occurred. For this category the primary objectives would be to ensure that the subdivision, where it has not yet taken place, is undertaken on a proper basis, to provide extension and other services in order to raise productivity, and to encourage, through the sale of shares by members, the consolidation of holdings into units of sufficient size for commercial, rather than purely subsistence, farming.

In this Annex a review is first made of the existing institutions and projects (Chapters 2 and 3). On the basis of this review and of the programme objectives described above, detailed proposals for the institutional measures and support required are then made (Chapter 4).

2. EXISTING INSTITUTIONS

The existing institutions which will be involved in the programme are in the three Ministries, the Ministry of Agriculture (MOA), the Ministry of Co-operative Development (MCD) and the Ministry of Land and Settlement (MLS). The particular services concerned are Extension, Training, Co-operatives, Credit, Marketing, Land Survey and Settlement. Credit and Marketing are discussed elsewhere, together with the related problems of input supply. The observations which follow are made with the present Large Farm Sector specifically in mind.

2.1 Extension

The function of an extension service may be defined as a means of delivering appropriate technology to farming communities. Every country in which agriculture makes a significant contribution to the national economy has some form of extension service, and the more important agriculture is to the economy, the more formalised the service is likely to become. Many efforts have been made in different countries to evaluate the service in terms of economic returns, increases in productivity and improvements to rural life, but such a formalised evaluation continues to elude those who attempt to make it. In the final analysis a good measure of success of a given service is the extent to which the farmer looks to it for advice and the amount of contact which he has with it. Using this measure, it is apparent from the Consultant's farm survey that the extension service in the survey area is not a success.

Figure 2.1 illustrates the organisation of the Ministry of Agriculture as a whole. The position of the extension service in the management structure is not always as clear as it might be. In this structure, a great deal of authority is exercised at the Provincial level, where there is also a considerable concentration of qualified professional staff, under the administrative control of the Provincial Director of Agriculture, but with their technical guidelines deriving from the central divisions under the Director of Agriculture. The specialities of these technical divisions are available to the District Agricultural Officers (DAO's) who become the focal point for agricultural development in the field.

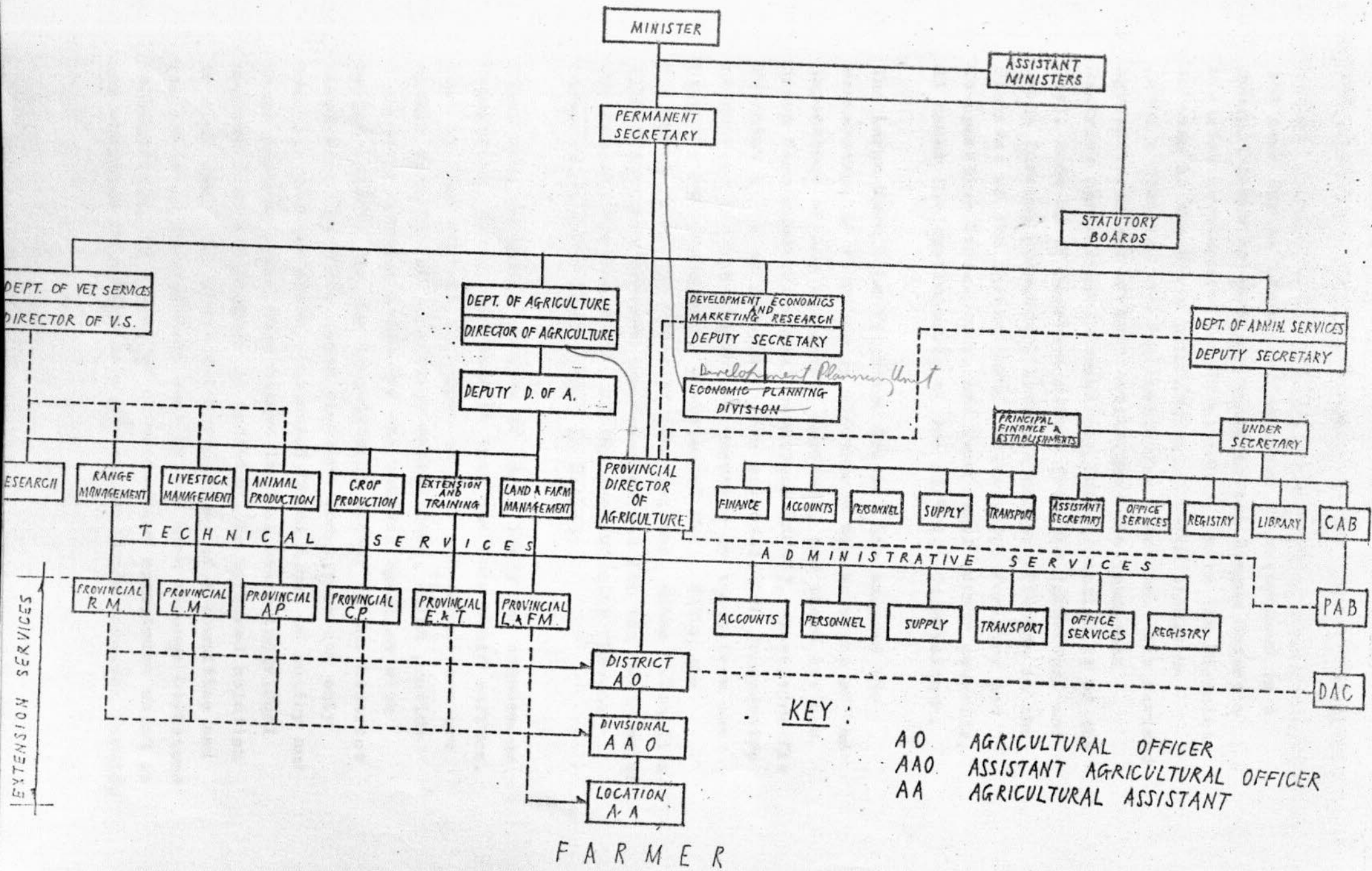
The standard establishment in a District consists of a District Agricultural Officer with a degree, responsible for one or more Assistant Agricultural Officers, with diplomas, in each Division in the District who in turn have a number of Agricultural Assistants, with certificates, for the various locations. The Co-operative Department is more or less comparable, though fewer in number. The District Agricultural and Co-operative Officers have administrative and supervisory functions. These functions include responsibility for pursuing the departmental policy in the District and for contributing to the evolution of a district plan. This is made in the District Agricultural Committees and the District Development Committees, both of which are under the Chairmanship of the District Commissioners. Thus a considerable amount of their time is occupied on matters of national and departmental policy and administration.

Below the level of the DAO's the qualifications and status of the field workers become more attenuated, while numerically they increase, until the actual farmer contact is usually made in the first instance by a certificated Agricultural Assistant (AA) or an uncertificated Junior Agricultural Assistant (JAA). In some cases, however, the contact is made by the DAO himself.

The specialist technical services such as Crop Production and Livestock Production (see Figure 2.1) are available at the District, Provincial and Headquarters level, as required. Individual field staff may have specialised in one of the subjects, but each specialist service has its own management structure. The L & FM Division is more in the direct line of management in the Agricultural Department than is the case with the other Divisions operating in the Large Farm Sector and has become the natural agency through which extension for the Sector would be applied.

Direct contact between farmer and extension service is then mainly at the JAA and AA level, where only in exceptional cases would the quality of their understanding and technical knowledge be sufficient to gain the confidence of a farmer whose difficulties stem from a number of different sources, to which the palliatives offered by the AA may well be irrelevant. The AA, at the bottom of the bureaucratic ladder, aware that he is not going to be able to produce the transformation in the quality of the farming in his location which could possibly bring immediate access to higher rungs on the ladder, will tend to seek, and possibly cultivate, other interests. For his lack of success (rather than failure) he will find excuses in his lack of mobility, in his possibly unsatisfactory housing, in the lack of demonstration facilities etc.

The problems of the Large Farm Sector are discussed in other Annexes, but may be summarised here as the technical problems of appropriate resource use, the human problems of motivation, the legal problems of land tenure, the financial problems of credit supply and the overall problems of management. These are diverse and complex problems, and failure to deal satisfactorily with one of them would affect the others. They call for a specialised approach which a general agricultural extension service is not equipped to offer through the medium of the lower levels of a bureaucratic system.


MINISTER
ASSISTANT MINISTERS
PERMANENT SECRETARY
STATUTORY BOARDS
DEPT. OF VET. SERVICES
DIRECTOR OF V.S.
DEPT. OF AGRICULTURE
DIRECTOR OF AGRICULTURE
DEVELOPMENT ECONOMICS AND MARKETING RESEARCH
DEPUTY SECRETARY
Development Planning Unit
ECONOMIC PLANNING DIVISION
DEPT. OF ADMIN. SERVICES
DEPUTY SECRETARY
DEPUTY D. OF A.
PRINCIPAL FINANCE & ESTABLISHMENTS
UNDER SECRETARY
RESEARCH
RANGE MANAGEMENT
LIVESTOCK MANAGEMENT
ANIMAL PRODUCTION
CROP PRODUCTION
EXTENSION AND TRAINING
LAND & FARM MANAGEMENT
PROVINCIAL DIRECTOR OF AGRICULTURE
FINANCE
ACCOUNTS
PERSONNEL
SUPPLY
TRANSPORT
ASSISTANT SECRETARY
OFFICE SERVICES
REGISTRY
LIBRARY
CAB
TECHNICAL SERVICES
ADMINISTRATIVE SERVICES
PROVINCIAL R.M.
PROVINCIAL L.M.
PROVINCIAL A.P.
PROVINCIAL C.P.
PROVINCIAL E.&T.
PROVINCIAL L.&F.M.
ACCOUNTS
PERSONNEL
SUPPLY
TRANSPORT
OFFICE SERVICES
REGISTRY
PAB
DISTRICT A.O.
DAC
DIVISIONAL A.A.O.
LOCATION A.A.
EXTENSION SERVICES
FARMER
KEY:
A.O. AGRICULTURAL OFFICER
A.A.O. ASSISTANT AGRICULTURAL OFFICER
A.A. AGRICULTURAL ASSISTANT

The need for an integrated approach is recognised in a general sense by such proposals as the Ndegwa Report's District Development Committee (DDC), where the District is seen as the basic planning unit, which should be given a planning and implementation function. The revised Agricultural Act of 1967 established the important District Agricultural Committees (DAC) (Section 22 of the Act), made up of representatives from the individual and group farming community, from the senior officers in the District of the Agricultural, Veterinary, Forestry and Co-operative Departments, and from local county councils, all under the chairmanship of the District Commissioner.

The Large Farm Rehabilitation Project has adopted the same system, in response to widespread appreciation of the importance of the integrated approach, and there are now Group Farm Rehabilitation Committees (GFRC), whose specific function it is to scrutinise the proposals for prospective candidates for rehabilitation prepared by teams from the Land and Farm Management Division of MOA. Under the chairmanship of the District Commissioner, these Rehabilitation Committees present their selections for the decision of the Central Project Office in the Agricultural Finance Corporation (AFC) head office in Nairobi.

There are, perhaps, too many of these large and cumbersome Committees, and it may well be that one only would suffice. What in fact appears to happen is that sub-committees are either formally or informally constituted, which provide a valuable meeting point for the various agencies with responsibility for the agricultural sector in the District concerned. At best, these District Committees can only identify problem areas, recommend broad lines of policy and issue instructions: they cannot look at every individual problem farm and produce an individually tailored solution to each one. The broad recommendations of a committee and its specific instructions must filter down through Divisions to Locations, to a level of expertise and experience which is not equipped to communicate a solution which involves farming

systems, people, credit and management, each dependent upon the other.

The successes of the extension service have been considerable, but they are concerned with the dissemination of a straightforward proposition, such as the use of hybrid maize, or where a single cash crop such as coffee is concerned, where there is a well developed and authoritative marketing system to reinforce the basic extension work. The Large Farm Sector's problems are not susceptible to a single solution, and before any extension work could hope to achieve even a modest success, it would have to look at the existing structure of the ownership groups, the extent to which the land available is being used, the sort of incentives which could motivate the owner or owners, and farm management and other factors.

2.2 Co-operatives

2.2.1 General

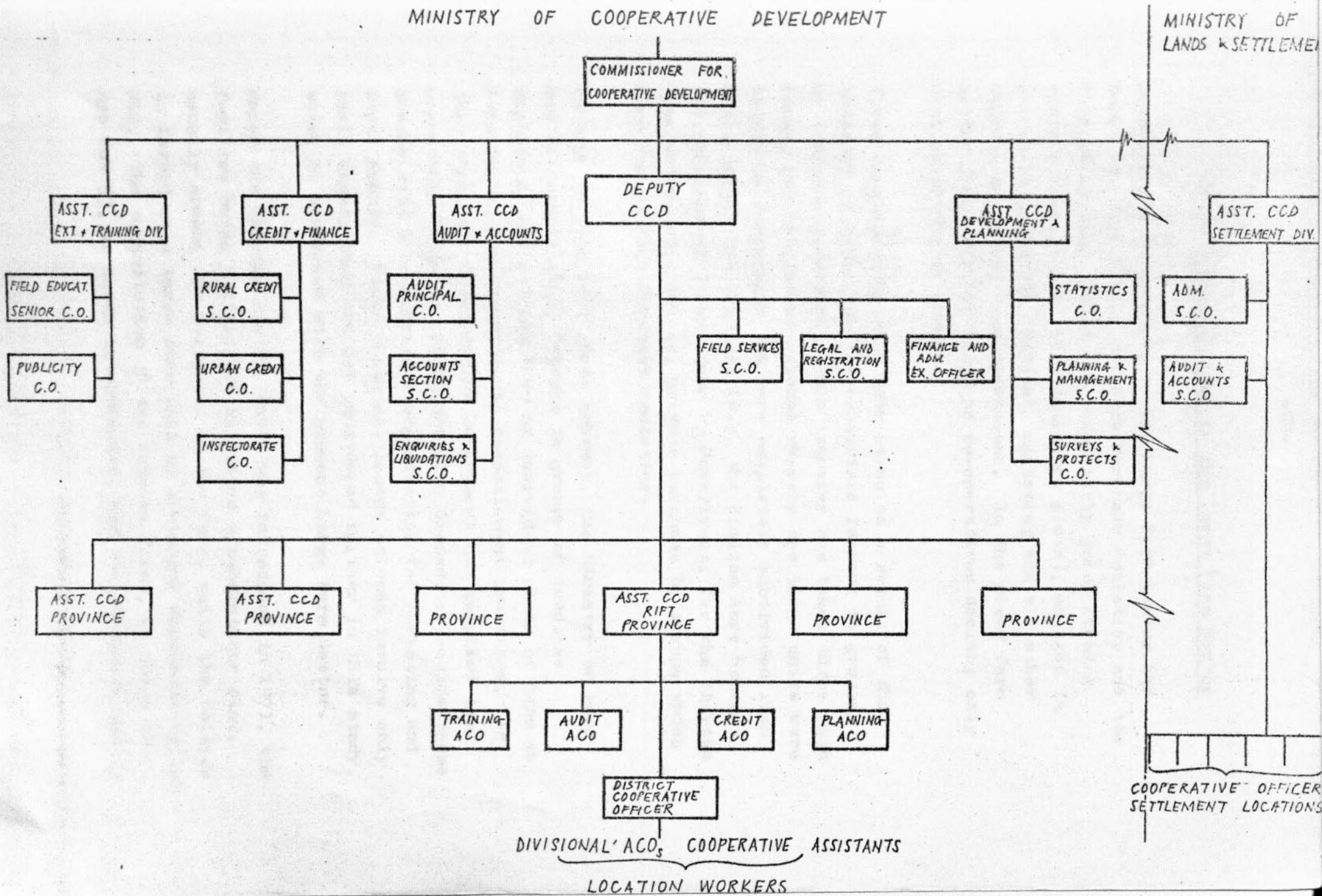
The development of the co-operative movement in Kenya has been influenced by the development of the large-scale Western type of farming as well as by establishment of a Department of Co-operative Development. On the one hand such organisations as the Kenya Co-operative Creameries Ltd., (KCC) and the Kenya Farmers' Association (Co-operatives)Ltd., (KFA) grew in response to the specific needs of large-scale crop and livestock farming, and are now exempt from the provisions of the Co-operative Act under Section 86(1). On the other hand, the Co-operative Department has been active in promoting the growth of the co-operative techniques among the subsistence and small-scale farming communities, and has had some outstanding successes in handling crops where there is a specific operation which provides scope for a co-operative enterprise, such as primary processing of coffee and cotton, and the collection of milk.

The original co-operative legislation, based on the Model Ordinance for the guidance of colonial governments, provided for the establishment of the Department of Co-operative Development in 1945. By 1953 260 Societies had been formed among the rural African communities, with a membership of some 39,000. At this stage the main success had been with dairy and coffee societies, and although their turnover represented only about 3 per cent of the value of produce handled by the European-run co-operatives, it was indicative of an interest in the possibilities of corporate activities in which the emphasis was upon what an individual produced rather than on what capital he could subscribe. The movement continued to develop at these two levels, with the powerful and well-established European co-operatives increasingly liberalising their attitude toward the cautiously developing African co-operatives.

During the early and middle 1960's however, a somewhat ill-advised policy was followed of forming co-operatives without first of all promoting a basic understanding among the members of the rights and responsibilities which are a prerequisite for success. The effect was a rapid increase in numbers, with a serious decline in standards of efficiency and integrity. These shortcomings tended to cloud the fact that by 1970, co-operative societies in the smallholder sector were estimated (Sessional Paper No. 8 of 1970) to be accounting for a turnover of some K£22.5 million, or 50 per cent of the total co-operative turnover. The Co-operative Act of 1963 was repealed, and the current Act of 1966 and the Rules of 1969 provided for direct government intervention in the management of a society's affairs in the event of the failure of a committee to perform its duties properly. The present organisation of the Department of Co-operative Development, whose responsibility it is to promote and supervise co-operative societies, is illustrated in Figure 2.2.

DEPARTMENT OF COOPERATIVE DEVELOPMENT

FIGURE 2.2.



2.2.2 Co-operatives in the Large Farm Sector

Co-operative development in the Large Farm Sector has taken two main forms, the Farm Purchase Societies and the Shirika system. These are essentially group farming systems (except for the subsistence plots), engaged in production, tractor services, marketing and all other aspects of normal farm operations. In the mixed farm sector there are virtually no co-operatives dealing only with marketing or credit.

These co-operatives came into being as a result of the transfer of land from the expatriate farmers to groups of indigenous farmers. This transfer has taken three main forms, (a) settlement schemes whereby the large units were bought by Government and were completely subdivided into small individual holdings (e.g. the Million Acre Scheme), (b) purchase of large farms by Government, for the Shirika type settlement, and (c) private purchase by groups which have formed Farm Purchase Societies.

In type (a), the settlement schemes, the Ministry of Land and Settlement (MLS) brought in groups of landless applicants and settled them on individual plots of land in accordance with conventional resettlement practices. In this case, the Co-operative Department has supplied the promotion, training and supervision needed to provide these groups with a co-operative organisation for marketing and input supply. Since these settlement schemes involve only small farms, they are not considered further in this study, which is concerned with the present Large Farm Sector.

Under the Shirika system, which was introduced in 1971, the families being settled are allocated a subsistence plot, usually around the perimeter of the farm, while the balance is farmed as a large farm unit by a manager appointed by the MLS. The constitution of the Shirika farms, of which there are now 93, is again co-operative, and the statutory duties

of the Commissioner for Co-operative Development are exercised by a section of the Department which was assigned to the MLS. In many cases the group farm area is in practice run by the MLS manager as a directly-managed large farm rather than as a co-operative, the Shirika members having little influence on the group farm operations. In general, the system does not appear to operate well, because of managerial problems, and in many cases, conflict between the members and the MLS management.

There are at present 127 Farm Purchase Societies. As discussed elsewhere, when farms in the former scheduled areas are sold, the new ownership can be individual, through small partnerships (up to 7), through groups registered as Farm Purchase Societies, or through groups constituted as a company (with a maximum of 50 shareholders). There is theoretically no limit to the number of shareholders in a Farm Purchase Society, but the Co-operative Act requires that a member must be "resident within or occupies land within the Society's area of operation".

The Byelaws of the Farm Purchase Societies state the objectives of the society. They are:-

(a) to develop the farm as a collective farm;
(b) to market the farm produce co-operatively;
(c) to promote good farming practices;
(d) to provide, through insurance, against a variety of risks.

The significant elements in the constitution of these Farm Purchase Societies (FPS) are that there is no limit to the number of members beyond the fact that they must be residents or occupants of land within the farm, and that the farm is to be farmed collectively. These two factors have tended to make the FPS the first choice of the AFC Group Farm Rehabilitation Project, firstly because there is a clearly defined constitution, and secondly because the notion of collective farming lends itself to the sort of large-scale

farming which the project involves. However, it also runs counter to the members' expectations, which are predictably that each member should occupy and farm a specific area of land as his own. This, of course, is one of the basic conflicts which would be met in any programme which sees the problem as one of rehabilitating land as a large-scale farming unit rather than as one of meeting the aspirations of the shareholders by developing smallholder farming systems through the provision of an integrated service made up of all the components necessary for optimum land and human resource use.

Evidence from the Consultant's farm survey and sociological studies and from other sources indicates that group farming as practiced under the FPS and Shirika systems has not on the whole worked well, and is not in accordance with the aspirations of the members. Group farming on the large farms has suffered from many of the problems typical of production co-operatives (e.g. the difficulty of achieving effective management, and disagreements and lack of trust between members), and also has received insufficient supervision and advice. In contrast to the generally inadequate performance of group farming, the development of service co-operatives and informal arrangements for sharing services on fully or partly subdivided large farms has been promising. Farmers running their own holdings on such farms have shown themselves capable of co-operating in the sharing of facilities like milking sheds, dips and tractor services. As yet relatively little assistance has been received from official agencies. In many cases major improvements in the management of such services are needed, but at least the farmers have demonstrated their interest in this type of co-operative and some degree of competence in organising them.

2.3 The Ministry of Land and Settlement

The Ministry of Land and Settlement (MLS) has been one of the main agencies involved in the land transfer programme for the Large Farm Sector. In this field of activity its principal functions are the organisation and management of settlement on former large farms, land adjudication and registration, and the purchase of large farms for subsequent transfer to groups and individuals or for settlement or direct management by MLS itself or other agencies (e.g. the Agricultural Development Corporation).

There are five main departments in MLS, namely the Settlement, Survey, Land Adjudication and Physical Planning Departments and the Commissioner of Lands. For the proposed Large Farms programme the most important is the Department of Settlement.

The regional organisation of this Department is based on five Area Settlement Controllers, one each in Nairobi, Nakuru, Eldoret, Mombasa ~~and Kisumu~~. At each Area Office there are several Settlement Officers and a considerable number of supporting staff. In the two Areas which are of most concern to the present study, Nakuru and Eldoret, there are three and four Settlement Officers respectively. Separate staff are provided for the Shirika farms, ~~Group~~ Area Managers each being responsible for a number of farms, under the overall supervision of the Area Settlement Controllers. Each Shirika farm has its own manager.

For the proposed programme the main task of the MLS will be to undertake the adjudication and registration of the holdings created by the subdivision of the Category 2 and 3 large farms. In many instances this will be merely a question of formalising existing de facto subdivisions. ~~In others the MLS would become involved in actual subdivision of farms which at present are still mainly run as group operations.~~

MLS have plentiful experience of this type of work in the former Scheduled Areas (the areas in which the large farms are located). On at least 50 of the farms subdivided under the Million Acre Scheme the settlers' holdings have been registered and titles issued. There is, however, a large backlog of such cases and on many of the subdivided farms registration of title has still to be done. The backlog is largely due to a 10 year delay in commencing mapping and registration of titles.

In contrast to the Trust areas, for which no previous title deeds exist, land registration in the large farm areas would not be too complicated, provided that the farm members agree amongst themselves on the details of the subdivision. With future subdivisions the registration process could be undertaken by the Settlement Department, with relatively little help required from the Survey and Adjudication Departments. A map showing the boundaries of all the new holdings would be prepared by the Soil Conservation Units of the MOA and then discussed with the farmers and the Settlement Department. If agreed, it would be approved by the Settlement Department and forwarded to the Commissioner of Lands for registration and issue of titles. Once titles have been issued, land could be bought and sold, but only with the approval of the relevant District Land Control Board.

A major difficulty with the subdivision of group farms is, however, the procedure for dealing with debts incurred by the group for loans from AFC and other agencies for farm purchase and other expenditure. This is likely to be the most time-consuming part of the subdivision and registration process. Proposals for dealing with the problem are presented in Section 4.

Despite their considerable experience in this field and their well-established organisational structure, at present the Settlement Department does not appear to have sufficient capacity to meet the demand for land registration

bear in mind. Land Adjudication, Commissioner of Lands

in the large farm area. This demand will be greatly increased by the proposed programme, which will involve the registration of subdivided holdings on hundreds of large mixed farms. If this is to be completed in reasonable time, parts of the Settlement Department which are involved in land registration will have to be strengthened by improving efficiency and by the provision of additional staff. This is discussed in the Main Report.

2.4 Training

The strategy which the Consultants are recommending places considerable emphasis on the development of a strong commercial smallholder category (Category 2) within the Large Farm Sector. It has been suggested previously that the sort of extension effort needed to guide this type of development is not at present available, since the extension service has mainly grown either out of the needs of the indigenous farmer or out of those of the large-scale expatriate farmer. Thus the man in the middle, who needs much more than simple advice on cultivation of a particular crop and much less than complicated advice on mechanised cultivation on a large scale, does not have a service which could offer him the package advice on suitable farm systems, credit, record keeping, soil conservation and other aspects.

The recent development of the Land and Farm Management Division (LFMD) of the MOA, and the soil conservation, farm planning and tractor hire services offered, though as yet not always effective, is a response to the needs of this category of farmer, struggling to achieve an identity. This sort of advice cannot be taught to a practising farmer in a classroom, but the classroom and the training institutions which provide them, can equip the extension workers with the various components of the package advice needed. In the fourth section of this annex, the organisation for this type of specialised extension is discussed, together with the recommended group framework needed to make the proper impact. This section will comment on the training institutions which have the responsibility for providing the necessary staff to MOA, MCD and, indirectly through MOA and MCD, the Ministry of Land and Settlement.

The organisation of MOA and MCD is largely determined by the nature of the civil service, in which the professional ministries need a bureaucratic hierarchy to provide the

essential administrative, executive, clerical and field services. The hierarchy is, in general, defined by the qualifications of its personnel. At the top level are the professional officers with degrees in agriculture, veterinary sciences, economics, commerce, business management and administration. Below them are the diplomates, mainly from Egerton College, but with some co-operative staff from the Kenya Institute of Administration or from overseas institutes. At the lower level are the certificated Agricultural Assistants from Embu, Bukura and Kabete, or certificated Co-operative Assistants from the Co-operative College at Langata. At the lowest level is a considerable number of Junior Agricultural Assistants, with no specific qualification, but trained in service on short courses at vocational centres at Narosura (Farm Mechanisation) and Naivasha (Dairy) or Farmer Training Centres (FTC). This last category is being phased out at the supply of certificated Assistants increases.

The ILO report on Employment, Incomes and Equality of 1972 makes the point that the present system of training and qualification, while not preventing movement from the lower levels to the higher, makes it difficult for the exceptional entrant who (in agriculture, for instance) would require eight years of continuous study, with very little actual responsible field work, to move from AA to AO. Furthermore, during this period of study, the student would be covering the same ground for a portion of each separate course. To a certain extent this is unavoidable as being part of the system, and no further comment is necessary. But extension work, directed at the proposed commercial smallholder in the Large Farm Sector, needs to be offered by groups of field workers with special aptitudes. Selection of the personnel for the proposed Commercial Smallholder Development Teams (see Section 4) should be on a basis of personal assessment rather than qualification.

As a general guideline, however, it is felt that the type of training offered by Egerton, and the special short courses which form part of the Co-operative training programme, would be the most suitable for the members of the specialised extension teams proposed in Section 4. Egerton College offers three year Diploma courses in the following subjects:-

1. Agriculture and Home Economics
2. Animal Husbandry
3. Agriculture
4. Horticulture
5. Dairy Technology
6. Farm Management
7. Agricultural Education
8. Agricultural Engineering
9. Range Management

The syllabuses for each course are built up from varying proportions of teaching from each of the ten teaching Departments, namely Home Economics, Animal Science, Biology, Chemistry, Crop Production, Dairy Technology, Economics, Education and Extension Engineering and range Management. Thus a diploma in any one of the first six of these subjects would cover much of the ground needed.

In addition to the institutions providing degree, diploma and certificate training, the agricultural sector controls a group of 32 Farmer Training Centres, which are frequently criticised for being under-utilised, and two Farm Management Training Centres, at Eldoret and Nyahururu. The aim of the latter is to provide practical training in managing large farms. The courses are for nine months, followed by a year working as an assistant manager on a well-run large scale farm. The syllabus is as comprehensive as is consistent with the capacity of the type of student who is normally taken. These are usually people with a rural background, possibly handicapped by a limited education. The course covers

production, economics, farm planning, records and accounts, agricultural marketing, crop and animal production and farm machinery. The best students are selected for further supervised training by organisations like East African Acceptances. Some are employed on settlement farms and occasionally on private farms. Both institutions are hampered by the fact that Farm Management is not seen as one of the occupations suited to the best school leavers. Moreover, as with all forms of management training, however excellent the training may be, the performance of the student depends upon whether he has the necessary aptitude. The overall demand for trained farm managers with the necessary flair is unlikely to increase if the recommended strategy is followed. It is anticipated that the demand will be increased in the Category 1 farms but decreased in Categories 2 and 3.

The fact that the above training is generally regarded as being acceptable indicates that the task of managing a large farm is underrated in terms of its demands for not only technical proficiency in crop and livestock production but for a profound knowledge of the interrelationships between enterprises. It also requires additional skills such as bookkeeping, record keeping and an analytical ability to define how and why things go wrong. Lastly, the job requires an ability to organise and work effectively with large numbers of men. Recommendations regarding the extent and intensity of training are given in Section 4.5.

3. RELATED PROGRAMMES AND PROJECTS

3.1 Introduction

In considering a suitable approach to the problems of the Large Farm Sector, it is necessary to take into account relevant projects and programmes already planned or in operation. As it happens, there are a number of such programmes which, although not specifically directed at the Large Farm Sector should become involved in the implementation of the proposed strategy. There are, for instance, important Nordic-assisted training programmes in the co-operative sector which could be adjusted to the specific needs of the proposed Smallholder Land Use Association (see Section 4) whenever the smallholders concerned elect to register under the Co-operative Act. In the same way, the Co-operative Production Credit Scheme (CPCS), the Co-operative Thrift Scheme (CTS) and the Smallholders Production Services and Credit Project (SPSCP) should be deployed in the Large Farm Sector wherever the processes of subdivision have altered the nature of the relationship between the farmer and the credit institution.

The three programmes or projects which have the most direct bearing on the Sector are the Group Farm Rehabilitation Project, the Commercial Farming Project, and the Integrated Agricultural Development Programme (IADP). The first is directed specifically at the Sector and aims at providing management assistance and credit to participating group

farms under a management system controlled centrally by the Agricultural Finance Corporation (AFC) and co-ordinated with the Land and Farm Management Division (LFMD) of the MOA. The Commercial Farming Project is in general a continuation of earlier IBRD/IDA finance for selected commercial smallholder credit through AFC, assisted by the LFMD. The IADP is directed at the small subsistence farmer with a target of some 70,000 credit packages through the co-operative system or through AFC, with the LFMD once again assuming the functions of direction and co-ordination.

The Study has shown that what is referred to as the Large Farm Sector conceals the fact that farming practices within the 'sector' range from the conventional 'broad acre' highly mechanised mixed farm, as operated by the former expatriate owners, to the small subsistence plot, the occupier of which has to supplement his farm yields by seeking paid employment elsewhere. There is an important intermediate category of potential commercial smallholders where there is constant pressure toward individual ownership. In each category there are variations in technical and financial performance. The strategy which the Consultants recommend is to formalise this situation through a policy of controlled subdivision, with the support needed to maintain standards where they are good or rehabilitate the bad farms. This support they see as coming from existing programmes through a process of selection and identification rather than through any separate new programme, except insofar as the process of selection requires a specialised approach. An attempt is made in Figure 4.1 to represent the manner in which the Large Farm Sector development should be influenced through the various agencies and programmes involved.

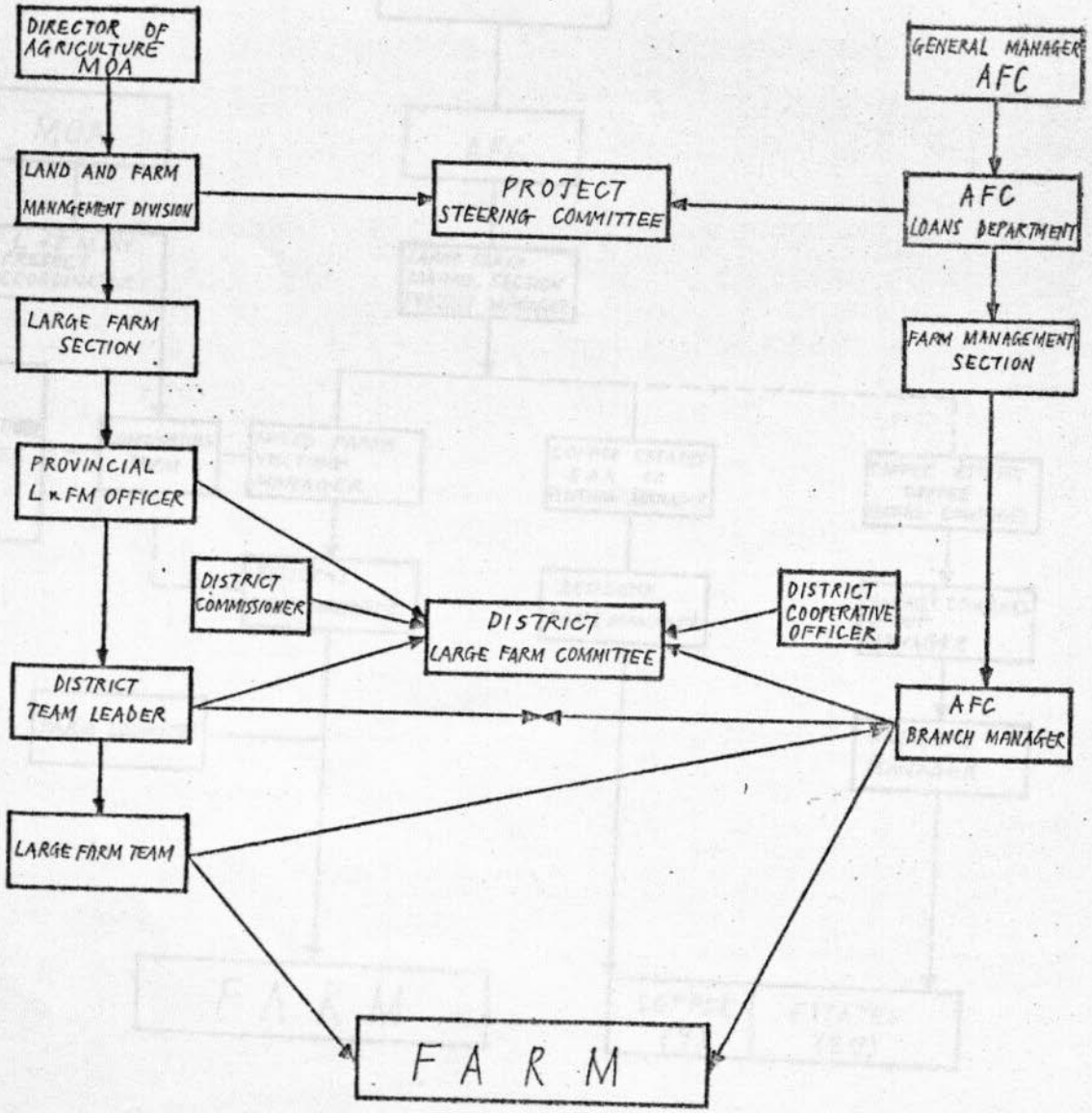
3.2 Group Farm Rehabilitation Project

The Group Farm Rehabilitation Project was originally designed to fit into the existing structure of AFC as the credit institution, with MOA as the agency concerned with agricultural extension and farming practices. The proposed organisational structure is shown in Figure 3.1. The Steering Committee was to be at the headquarters level of both AFC and MOA and the control of operations would have been rested in a District Large Farm Committee composed of the district heads of MOA, MCD and AFC. This would have provided the project with a focal point for the various agencies and interests involved in the rehabilitation process and would have provided a medium through which the individuals and communities concerned could be involved in the process of rehabilitation. It would also have provided these communities with a means of making their aspirations clear.

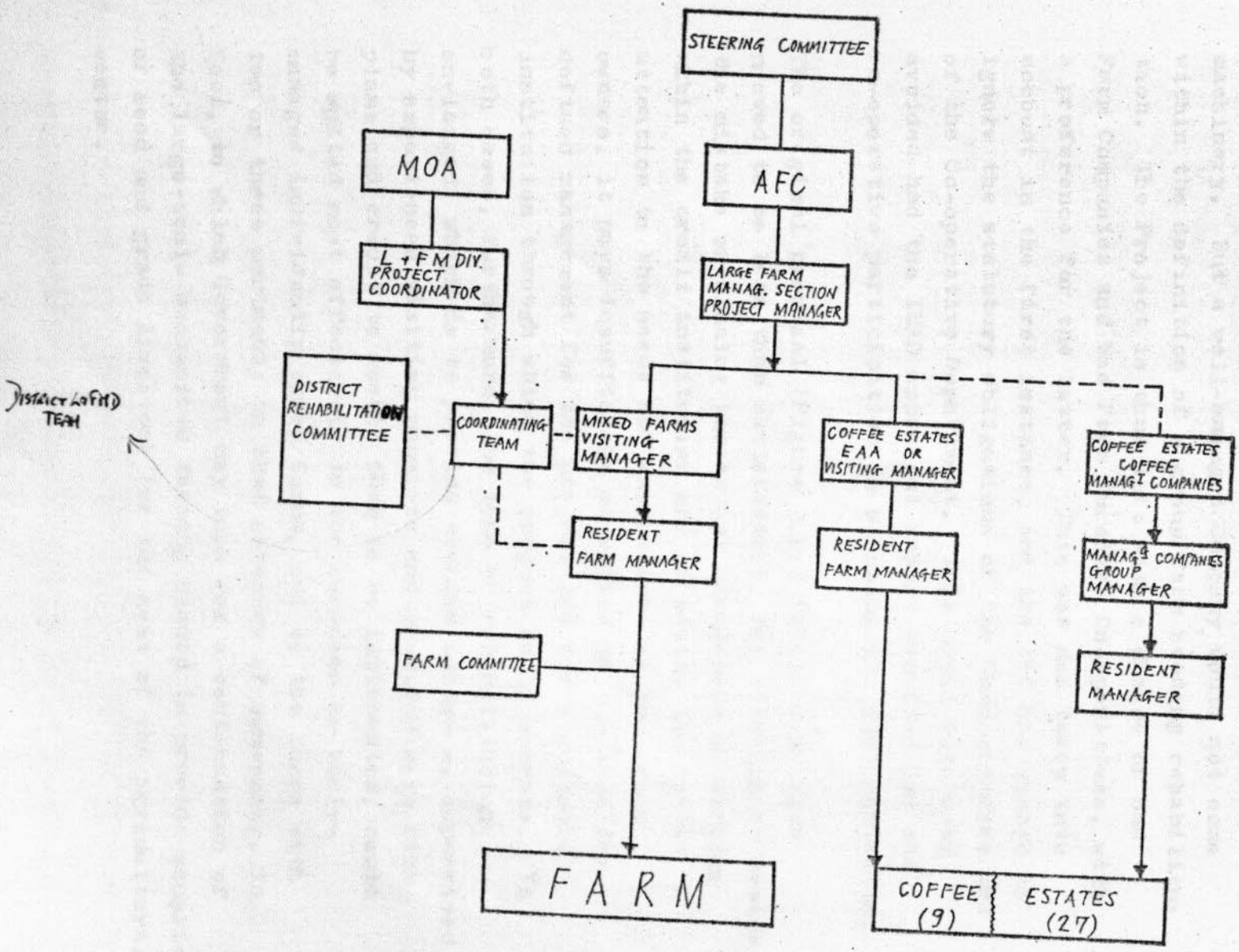
The actual composition of the management structure of the Project (Figure 3.2) moves the point of focus away from the District and establishes the control of the farming practices within the credit institution. There are certain weaknesses in this, the principal one being that the whole project is dominated by credit and the recovery of overdue loans by further investment, without looking at the basic causes of the failure of the farms in the first instance. The co-ordination machinery does not permit satisfactory interplay between MOA, MCD and AFC.

The group farms which lend themselves most readily to the attention of the rehabilitation programme happen to be the co-operative Farm Purchase Societies (see Section 2.2). This is because they are registered under the Co-operative Act and are therefore under the supervision of the Commissioner for Co-operative Development. In theory they

ORIGINAL PROPOSAL FOR GROUP FARM SUPERVISED CREDIT PROJECT (March 1974)



PRESENT ORGANISATION GROUP FARM REHABILITATION PROJECT (February 1975)



DISTRICT LAFMD TEAM

must operate within certain laid-down regulations, and their failure to do so on occasion is a matter which does not affect their attractiveness to the rehabilitation project, with its natural concern for the security of its lending. The co-operatives have a clearly defined institutional structure within identifiable legal restraints. The other type of group, the Farm Company, lacks supervision and is thus an easy victim to undetected misappropriations, although under proper management it can provide more effective decision-making machinery. But a well-managed Company would not come within the definition of a group farm needing rehabilitation. The Project is thus left with a choice of bad Farm Companies and bad Farm Purchase Co-operatives, with a preference for the latter. This was not taken into account in the first instance, and the AFC has tended to ignore the statutory obligations of the Co-operatives and of the Co-operative Department. This could have been avoided had the IBRD Appraisal report provided for the co-operative participation in planning and implementation.

The original proposal (Figure 3.1.) would also have proved to be less than satisfactory, for although it avoids the mistake of placing the actual management of farming within the credit institution and of paying too little attention to the needs and aspirations of the group owners, it pays insufficient attention to the need for defined management for the project and for a suitable institution through which the project could operate. In both cases, furthermore, the type of rehabilitation envisaged, which is to provide trained managers, supervised by experienced visiting managers and provided with farm plans and credit to enable them to be implemented, could be applied most effectively to the run-down or badly-managed individually owned farms, and to the farms with two or three partners: to that category of ownership, in fact, to which Government may look for a continuation of the large-scale mechanised farming needed to provide supplies of seed and grade livestock for the rest of the agricultural sector.

A review of the current situation of the Group Farm Rehabilitation Project was made by the Consultants and is given in Annex of this report. It is clear that progress to date has not been encouraging and that the project has certain fundamental weaknesses. As constituted at present, the project has only limited applicability to the strategy and programme proposed by the Consultants for the Large Farm Sector. In this programme its main possible role would be the provision of managerial assistance and credit to the Category 1 farms.

3.3 The Commercial Farming Project

The Commercial Farming Project is a continuation of previous IBRD/IDA credit/loans aimed, through AFC, at both smallholders and larger farmers. It involves seasonal credit and longer-term loans. Lines of credit are provided over a period of three years, for seasonal loans for cash crops and food crops for sale, and for land clearing, small-scale equipment and other items. The project also covers livestock improvement and gives loans of up to K£ 250,000 for on-farm development on medium and large commercial farms. It makes special provision for loans for machinery and equipment to increase the number of farm contractors and for loans to stockists to make input supplies more readily available at the time they are needed.

Under the present proposals for the continuation of the Commercial Farming Project, there is no special project management because in essence it is intended to extend AFC's lending capability by establishing a Commercial Farm Credit Fund. This would be a revolving fund, to be replenished by Government in the event of its being

depleted through crop failures or through such policy decisions as maintaining interest rates below what would be commercially viable. The project is implemented through AFC's 33 branches, which will be able to offer a more speedy loan processing service, at least to the small-scale borrower, as a result of the recent policy of increasing the lending limits of the branch managers. The MOA provides the technical assistance in selecting participants, principally through the LFMD on the same basis as for existing credit programmes. The function of the extension services is to prepare farm plans and to guide and supervise the borrowers.

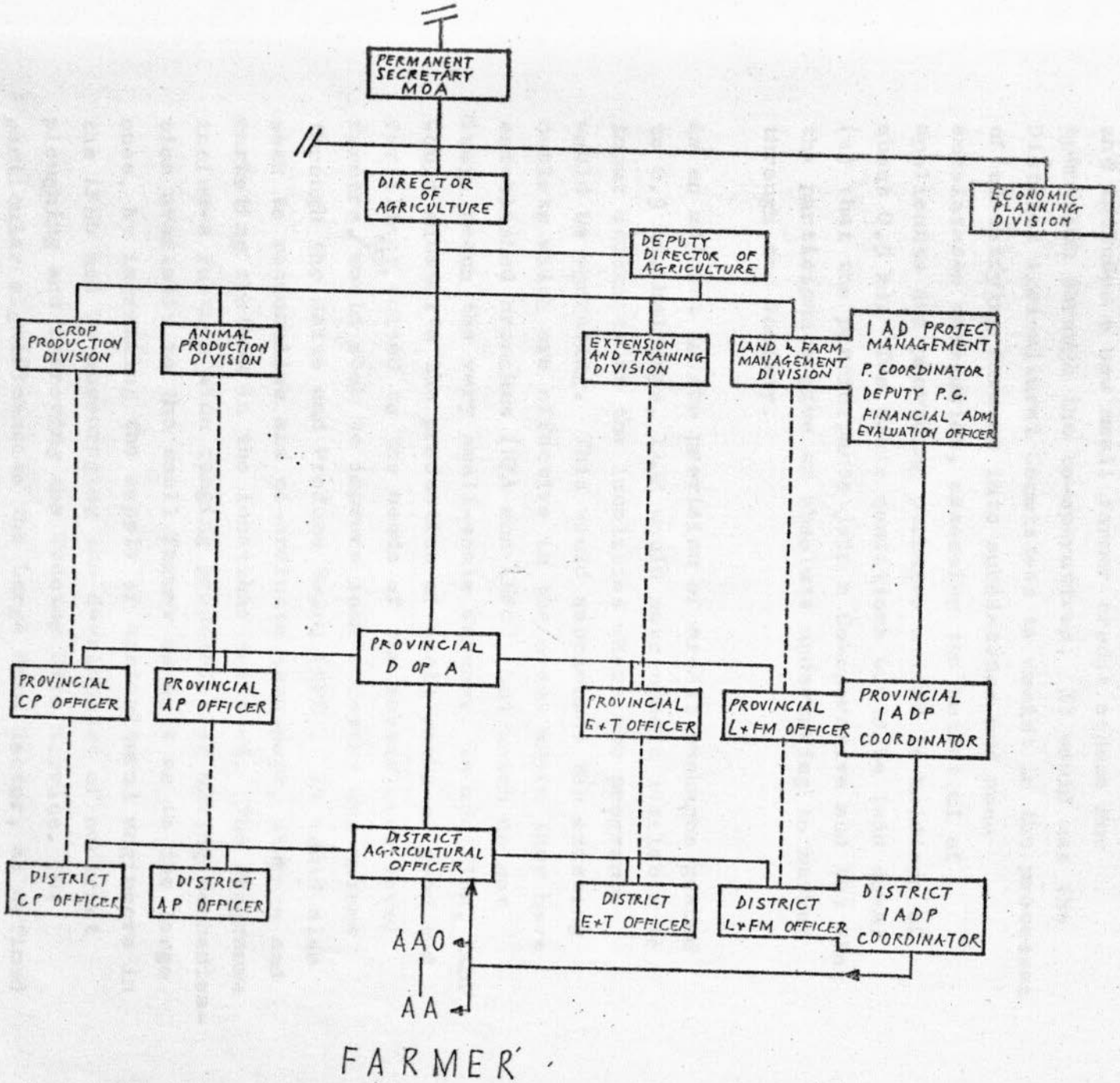
Although there is no specific project management, because the project is essentially an injection of additional World Bank funds to increase AFC's farm development lending capacity, this additional capacity will strain the manpower resources of AFC. For this reason, the project provides for an increase in their clerical and field staff. No such provision is made for MOA, since it is considered that the Ministry's need is for reorganising existing staff rather than increasing their number. Furthermore, the third project, IADP, lays emphasis on improved training facilities for field staff and for farmers, and it is upon the effectiveness of field staff rather than simply on numbers that the benefits of additional credit will become apparent. This is true, and it is perhaps a defect in the Commercial Farming Project that the matter is not pursued. Credit alone cannot provide the improved productivity which is needed in the areas where commercial farming can be practiced by small-holders and medium and large-scale farmers. It is credit supported by improved services, guided by appropriate planning and management advice and applied through institutions in which farmers have an interest, such as co-operatives, that will in the long run be able to transform the sector.

From the viewpoint of the proposed programme for the Large Farm Sector, the Commercial Farming Project has only a limited role to play, its main function being as a source of credit. As is made clear in the summary of the programme in Section 1, credit is only one of a number of important components in the proposed development.

3.4 The Integrated Agricultural Development Programme

The IADP is aimed at the Small Farm Sector. It has its own project management structure, which is shown in Figure 3.3. From the viewpoint of the proposed Large Farm Sector programme, its main relevance is for the Category 3 farmers, and in some cases Category 2 farmers also.

The Programme recognises the basic constraints to smallholder development and aims at removing these constraints through a co-ordinated effort from all agencies concerned with extension, training, input supply, credit, livestock, marketing and mechanisation services. In that respect, it follows on from the Special Rural Development Programme (SRDP) of 1971, under which one administrative Division in each of the major Provinces was chosen for use of the package approach to improve rural conditions. The IADP will take over the SRDP programmes and will adapt its own approach to the lessons learnt from the SRDP's. It will include a number of specific crop production improvements, based on credit, input supply, extension services and marketing, directed at those sections of the rural community which do not at present qualify for other credit-based packages. For example, the AFC smallholder credit is available only to selected farmers who have some sort of security to offer. The Guaranteed Minimum Returns (GMR) scheme reaches the maize and wheat farmers who do not come into the subsistence category. Even the Co-operative Credit Scheme (CPCS) misses the purely subsistence farmer,


PERMANENT SECRETARY MOA
DIRECTOR OF AGRICULTURE
ECONOMIC PLANNING DIVISION
DEPUTY DIRECTOR OF AGRICULTURE
CROP PRODUCTION DIVISION
ANIMAL PRODUCTION DIVISION
EXTENSION AND TRAINING DIVISION
LAND & FARM MANAGEMENT DIVISION
IAD PROJECT MANAGEMENT
P. COORDINATOR
DEPUTY P.C.
FINANCIAL ADM.
EVALUATION OFFICER
PROVINCIAL D OF A
PROVINCIAL CP OFFICER
PROVINCIAL AP OFFICER
PROVINCIAL E+T OFFICER
PROVINCIAL L+FM OFFICER
PROVINCIAL IADP COORDINATOR
DISTRICT AGRICULTURAL OFFICER
DISTRICT CP OFFICER
DISTRICT AP OFFICER
DISTRICT E+T OFFICER
DISTRICT L+FM OFFICER
DISTRICT IADP COORDINATOR
AAO
AA
FARMER

because it lays down standards for creditworthiness which are based upon the individual's production of marketable surpluses.

The IADP is therefore aimed at reaching the subsistence as well as the established small-scale commercial farmer and includes a new small farmer credit scheme for operation through the co-operatives. It would use the District Agricultural Committees to assist in the processes of classifying farmers into subsistence and non-subsistence categories, assessing the potential of applicants and providing packages suited to holdings of about 0.5 ha. Two basic conditions would be laid down: (a) that the participants join a Co-operative and (b) that the participants give an absolute undertaking to market through the Society.

As an adjunct to the provision of credit packages geared to 0.5 ha. holdings, IADP would make credit available to input stockists in the localities where the programme would be operating. This would supplement the existing outlets which are effective in the areas where they have established branches (KFA and KNFC), but which do not always reach the very small-scale farmer. In addition, IADP would subsidise the production of small packs of seed and fertiliser suited to the needs of the subsistence level farmers and would seek to improve loan recovery mechanisms through the Maize and Produce Board (MPB). It would also seek to rationalise and co-ordinate transport, storage and marketing systems in the locations selected. The Programme includes further wide ranging proposals for making mechanisation available to the small farmer as well as to the large ones, by increasing the supply of agricultural engineers in the LFMD and by encouraging the development of contract ploughing and improving the Tractor Hire Service. Of particular significance to the Large Farm Sector, as defined in the current study, is the proposal in Phase II of IADP (which would run concurrently with Phase I, from 1978) for

identifying specific mechanisation proposals for small farms. If controlled subdivision of existing large farms takes place, mechanisation for commercial small-holdings would be a most important aspect of the recommended strategy.

IADP has additional proposals which would affect every aspect of the Ministry of Agriculture, including marketing, storage, transport, roads, rural water supplies, research, training and extension. The programme, in fact, tends to become a blueprint for the functional development of the MOA, and although it is directed primarily at the subsistence and smallholder farmer, by virtue of its focus on the LFMD it must automatically influence the whole spectrum of farming in Kenya.

Its management would be through a Project Management Unit (see Figure 3.3) within the Land and Farm Management Division, with Provincial and District Co-ordinators. As with all projects, there will be a certain amount of duplication of functions at all levels, nor is it easy to understand why so little attention is paid in the organisational structure of IADP to the contributions which are expected from the Ministry of Co-operative Development. It is recognised that the co-operatives have an important part to play in the input, supply, credit and marketing systems. They have, in fact, an equally important function in both training and extension systems, so that co-operative management committees and membership can be brought to the level of efficiency and understanding needed to transform the subsistence sector.

As yet it is not possible to judge the effectiveness of the IADP, since it began operations only very recently. As planned at present, however, it could play a vital role in the development of the Category 3 farms. The IADP is aimed specifically at the small farm sector and, as explained in Section 1, the programme envisages that the present Category 3

large farms should be subdivided into small units, in most cases of a size suitable only for small-scale farming. This is the size for which the IADP is designed. After subdivision has taken place, the aim would be to provide the resultant small farms with the assistance needed to move them from subsistence farming to the production of marketable surpluses, partly through the encouragement of service co-operatives (see Section 4). The IADP has an important part to play in this process.

4. INSTITUTIONAL ARRANGEMENTS TO IMPLEMENT THE PROPOSED STRATEGY

4.1 Introduction

In order to implement the proposed strategy successfully, certain institutional arrangements will be required. These are summarised below. They have been formulated in such a way as to utilise existing institutions as far as possible and to avoid setting up new bodies except where absolutely essential.

(a) Group Farms Rehabilitation Project

As discussed elsewhere in this report, the Group Farms Rehabilitation Project in its present form appears to have little chance of success. This is mainly because group farming as such suffers from severe problems, above all from the basic desire of most members to subdivide group farms into individually-owned holdings. It is therefore proposed that a change in emphasis should be introduced to the GFRP, its main function becoming the provision of assistance and services to all large farms in Category 1 (those which are operated as large farms), rather than only group farms. In practical terms this would require comparatively few changes. The project could be re-named the Large Farms Rehabilitation Project (LFRP).

Under the present system farms suitable for inclusion in the GFRP are identified by the LFMD's District Land and Farm Management Teams, which have been set up as part of the GFRP. For each farm these two-man teams are then supposed to prepare a farm plan and submit them to the recently-formed District Rehabilitation Committees, which, like the Teams, have been established as part of the GFRP programme. If approved, the plan is forwarded to the AFC's Large Farm Management Section for review and financing. Implementation

of the plan is undertaken under the supervision of this AFC section, the Section arranging for the provision of resident managers to the farms and for their periodic supervision by senior Visiting Managers.

At present the main problem with this system is the lack of effective planning work by the District LFMD teams. Once suitable farms have been recruited by the teams, it would be preferable for the planning work for the Category 1 farms to be undertaken by the AFC's Large Farm Management Section, which would have specialised staff with particular experience of large farms.

As regards the present GFRP system, the only major changes proposed are as follows:-

(i) Planning of the participating large farms (which will be the Category 1 farms) should become the responsibility of the AFC rather than the LFMD District Teams. The plans should, however, still be subject to approval by the District Rehabilitation Committees.

(ii) The responsibilities of the LFMD teams should be widened to cover all Category 1 and 2 (those which when subdivided would qualify as commercial smallholdings) and 3 (those which, when subdivided would be wholly or partly subsistence) farms in their District. They would, however, deal mainly with the identification and recruitment of large farms for the various types of scheme proposed (LFRP for Category 1 farms, the Smallholder Development Teams for Category 2 and the IADP for Category 3), and would not become involved in planning and implementation.

(iii) As with the LFMD teams, the duties of the present District Rehabilitation Committees should be broadened to cover all large farms.

(b) Overall organisational structure for the programme

The preceding section (a) deals mainly with the Category 1 farms, but does not provide a basis for the planning and development of the Large Farm Sector as a whole, or deal with the institutional arrangements for Category 2 and 3 farms.

A proposed organisational structure for the Large Farms Programme as a whole is shown in Figure 4.1. Under this system a Large Farms Project Unit would be set up to plan and direct the programme. For administrative purposes it would come within the LFMD of the MOA, but in order to be able to operate effectively would need to have a considerable degree of independence. It would liaise with the AFC and with the Provincial Inter-Ministerial Committee which should be established to provide advice, co-ordination and other assistance to the Unit.

All large farms in the main mixed farming areas would be identified by the existing LFMD District Large Farm Management Teams and over a period of time their particulars would be sent to the Large Farms Project Unit. With the assistance of its Task Force, the teams themselves, and other agencies, the Unit would then classify the farms into categories. For the next stages, planning and implementation, Category 1 farms would then be assigned to AFC, as described above, and Category 2 to the proposed Task Force and Smallholder Development Teams (see below). Less planning would be required for Category 3 farms. These would be brought into the Integrated Agricultural Development Programme (IADP) and would thus require no additional institutional arrangements.

The Task Force would basically be the implementation and training arm of the Large Farms Project Unit. Its main duty would be the establishment and training of Smallholder Development Teams (SD Teams) to provide assistance to the Category 2 (Commercial Smallholder) farms.

of the MLS, in conjunction with the LFMD. In cases of serious land disputes, the Adjudication Department would be called in.

3. Ministry of Co-operative Development (MCD): MCD would concentrate on the establishment of the proposed Land Use Societies on the Category 2 and 3 farms (see Section 4.4). They would also supply staff for the Smallholder Development Teams, as would the MOA.

4. Agricultural Finance Corporation (AFC): AFC would be heavily involved in the programme, because it is the principal source of farm credit and is owed large sums by many of the farms under consideration. Direct involvement will be greatest in the case of the Category 1 farms, for which planning and management supervision will be provided by the AFC's Large Farm Management Section.

4.2 The Large Farms Project Unit, the Inter-Ministerial Provincial Committee and other LFMD bodies

A single body to plan and direct the programme will be essential. This should comprise full-time staff rather than a committee. To meet this requirement, the establishment of a special unit within the LFMD is proposed. This should be a relatively small section comprising high-grade staff, who initially might be expatriate. The technical staff required would include a Project Manager (a farm management specialist), a Legal Adviser, probably a Farm Management Economist and counterpart staff.

The Unit's main responsibilities would be planning, direction ~~and~~ co-ordination, implementation being in the hands of the proposed Task Force and Smallholder Development Teams and the Large Farm Management Section of the AFC. One of its first tasks will be to review each of the mixed farms in the Large Farm Sector as they are recruited to the

Rehabilitation Programme, and place them in one of the three categories illustrated in Figure 4.2. After this separation into categories a series of guidelines should be drawn up based upon factors such as land potential, appropriate farm systems, present credit situation and future needs, co-operative potential and management.

To ensure proper co-ordination between the agencies concerned the proposed Provincial Inter-Ministerial Committee for Large Farms would comprise officials of the three Ministries directly concerned (MOA, MLS and MCD) and AFC. It would liaise with the Large Farms Project Unit at LFMD headquarters in Nairobi and with the Directors of Agriculture and Settlement and the Commissioner for Co-operative Development, as with normal departmental routines. Since most of the mixed farms to be included in the project are in Rift Valley Province, only one Provincial Committee, based at Nakuru, may be necessary, at least initially.

The objectives of the Smallholder Development Teams (SDT) would be to provide the type of extension service needed to promote commercial smallholder farming, to guide group farms in the formation of land use and service co-operatives or associations, and to work with IADP in upgrading the subsistence level groups (i.e. most of the Category 3 farms). The long-term objectives are for the present mixed farming part of the Large Farm Sector to consist of large-scale mechanised farms concerned with the production of certified seed, grade cattle and wheat, with the balance in the hands of commercial smallholders with farms of mixed sizes within a range of 5-20 ha. depending on the location and potential.

To set up and train these teams and to initiate the programme of smallholder development, a Task Force would be established consisting of specialists in small farm development, land use planning, extension, credit, co-operative organisations and communication. This team

would be based in Nakuru and for administrative purposes would be attached to the provincial office of the Land and Farm Management Division. It would operate as a team, suitably provided with team vehicles and adequate funds to allow unhampered mobility. Initially it would concentrate on training counterpart teams to be known as Smallholder Development Teams (SDT).

Each SD Team would consist of ~~four~~ three men of at least diploma status, with at least two having additional training in co-operative management and in group training and communication methods. If possible, a suitably motivated graduate with field experience should be team leader. The combined resources of the team, channelled through a set of guidelines, would be directed at analysing the problems of each group farm and then offering the appropriate package approach suited to the individual smallholders, selling the ideas to the group and providing a long term follow-up service. Each SDT would be supplied with suitable field vehicles and adequate funds.

Category 2 (those which would, when subdivided, qualify as commercial smallholdings) would be the class of farm to which the Smallholder Development Teams would direct their attention, and would number about 522 mixed farms. It is estimated that a total of 8 teams would be required over a period of ~~16~~ 20 years, handling 24 new farms each year) ~~for five years~~ in order to complete a rehabilitation programme at a provide ~~, and continuing with~~ follow-up supervision and inspections. ~~for the next five years.~~

The Task Force would look for the personnel for theSD Teams from experienced field staff with the appropriate qualifications. Selection for membership of a Team would be seen as promotion, with the experience gained while serving with a team counting towards seniority at least equally with ordinary field service. The SDT, like the Task Force, would

for administrative purposes come within the Land and Farm Management Division. The rate at which the Teams would be formed would tend to accelerate as the Task Force developed its own training methods but the aim would be to have all 8 Teams operational within a period of 6 years, although the training would be continuous throughout the assignment of the Task Force, which initially would be for years. It may be necessary to consider an extension of one year if the number of group farms suited to this development was greater than anticipated. This could prove to be the case if, as a result of settling the problems of unregistered members in accordance with the suggestions given below, a number of the farms which at present are occupied on a subsistence basis might subdivide into small plots but still with a commercial potential.

4.3 Organising subdivision and land registration

The results of the survey indicate that the overwhelming majority of group farm owners, whether they are partners, company or co-operative shareholders, want and expect to become individual titleholders. At present, the group owns the title by right of purchase. In many cases, the title is held by a bank as security against a proportion of the purchase price lent to the group; in many other cases there is the problem of the registered shareholder with an unknown number of 'shadow' shareholders who have helped to finance his share subscription; and in still further cases there are unregistered squatters claiming equal rights with shareholders.

Many cases will not be complicated, because there are small partnerships and companies and co-operatives where the membership is not in dispute, or where the disputes are few. In these cases, the proposed SD Teams would report to the Large Farms Project Unit that the farms are ready for a survey and demarcation as provided for in the Registered Land Act. Where there are complications, the Teams would

appeal to the District Commissioner and the DA Committee to see whether agreement within the group could be reached. If this effort failed, the Teams would report the fact to the Large Farms Project Unit which would have to decide on an appropriate form of arbitration. It must be remembered that at this stage the problem is still one of identifying the claims of the unregistered 'shadow' shareholders. It is not a problem which could be settled in a court, since there is unlikely to be any evidence of payment on the part of the claimants, and courts are busy, expensive and hardly geared to handling this type of dispute.

In these difficult cases, what is needed is an adjudication procedure which could take the verbal evidence of all who claimed a 'shadow' interest in a registered share, authenticate or reject such claims, and require the registered owner to buy out his 'shadow' partners. If the group was registered under the Co-operative Act, the problem could be referred to the Commissioner for Co-operative Development for determination under Section 80 of the Act, which enables the Commissioner to appoint an arbitrator or arbitrators, whose award would be final. If the group was registered under the Companies Act, then the procedures of the Arbitration Act could be followed. The issue of unregistered 'shadow' partners in a share is, however, a very sensitive one and the important thing is to get the right answer and not to hurry into any arbitrary solutions. It is therefore considered that some thought should be given to the procedure most suitable for dealing with the issue, once the source of authority for settling the dispute (either the Co-operative Act or the Arbitration Act) has been determined.

The adjudication procedures established under the Land Adjudication Act give the best sort of framework within which it is possible to reconcile the customary methods of

raising funds for the attainment of an objective by one member of a family or clan on the one hand, with the precise requirements of land registration, security for credit etc., on the other. The adjudication procedures provide for the appointment of adjudication committees and an Adjudication Board. The committee's function is to utilise the knowledge and experience of the group to arrive at an opinion on the validity of each claim, while the Adjudication Board could be called in to advise the Arbitrator should it appear to him that the opinion of the Adjudication Committee is in any way biased.

If, after examining the opinion of the Adjudication Committee, or obtaining the advice of the Adjudication Board, the arbitrator decided that the claims of the 'shadow' partners were valid, then by his award the names of the claimants would be added to the register of shareholders.

Ideally this would not be done in cases where the number of shares divided into the available area of land would give plot sizes below the minimum size required to operate the farm systems appropriate to the area. In this event, by his award, the unregistered but authenticated claimants could be bought out by the registered shareholder to whose shares they have contributed. If he was unable to do this, then his shares could be bought by the Society or by any other member at their face value, and the authenticated claimants and the former owner paid in accordance with the award of the Arbitrator by the new owner.

Such a course of action would, of course, raise social and political problems, because once the registers of shareholders had been finalised, any one who was not on the register and was not therefore a shareholder would have no rights of residence or occupation. It would therefore be important to consider the claimants who had been bought out or who held no valid claim but were resident and occupying

land. It is suggested that they should be placed on a list for a plot on a settlement farm - providing they could prove that they had no shares in any other group farm nor any land elsewhere. It would contribute to the solution of this immediate problem if the Settlement Department were to have an option on any large farm which might come up for sale, until the surplus unregistered occupants of existing group farms had been placed.

If the group farm lies within an area which has been gazetted as a Land Control Area or Division, it would be necessary either to go through the lengthy procedures for obtaining the consent of the Land Control Board, or for the Inter-Ministerial Committee to apply to the President for exemption under Section 24 of the Land Control Act in respect of each individual group farm where the preceding steps have been completed. This again would involve a multiplicity of applications and gazettings. It is therefore suggested that a general exemption should be sought in respect of any group farm which applies and is accepted for registration as a Smallholders Land Use Co-operative Society, the nature of which is discussed in the next section. The Byelaws or Articles of Association of these new Societies would make provision, among other things, for maintaining the integrity of shareholders' plots at a minimum size consistent with the objectives of the society.

Once a group farm's register of shareholders has been finalised and the unregistered shareholders have been either registered or bought out and settled elsewhere, the SD Team would discuss with the shareholders the objectives of a Smallholders Land Use Society, for which the Task Force would, in consultation with the Commissioner for Co-operative Development and the Provincial Assistant Commissioner, draft byelaws and lay down procedures to be

followed for amending the byelaws of the Farm Purchase Society. Although it appears to the Consultants that Section 10 of the Act may be sufficient authority for changing both name and objectives of the Society, it is appreciated that there are complex issues involved which would require joint study by the CCD, AFC and the Task Force. The central issue, of course, is that the Farm Purchase Societies and Companies are in all probability indebted to AFC for the land purchase, development or Guaranteed Minimum Return (GMR) loans. The title to the land will therefore be mortgaged to the Bank and there would be no question of translating shares into freehold plots so long as this situation remained.

The principal concern of AFC is, of course, to ensure that loan repayment schedules are kept up to date and that its collateral is in the form of a realisable asset. The Consultants are of the opinion that the concept of group farming or collective farming is in general alien to the shareholders and the productive capacity of the land is unlikely to be properly exploited (thereby securing the regular repayment of loans) until the shareholders have possession of a share of the land, and have access to advice, inputs and suitably designed farming systems. The proposal is therefore that controlled subdivision should be encouraged within defined limits, and a special form of group extension service provided through the medium of the proposed Smallholder Land Use Societies. Because of the problems of indebtedness to AFC, the Land Use Societies would have to continue to be the registered owners of the land, and retain responsibility for maintaining loan repayment until an agreed procedure had been accepted by all concerned.

There appear to be two choices for such a procedure, which would only be taken with the consent of the Creditor. The

first choice would be for a General Meeting of the Land Use Society to pass a resolution to apply for partition under Section 104 of the Registered Land Act, in a manner which would provide shareholders with plots proportionate to their shareholdings. The subsequent survey under Section 20/21 of the Act would provide approximate boundaries for the purpose of registration, and the Freehold Certificates would contain restrictions as to subdivision and would be charged to the Land Use Society. As creditor, AFC could require that the individual charges be transferred to them, but whatever arrangement was made, it would thereafter be the responsibility of the Society to open a loan account in the name of each shareholder with a share of the debt of the original Farm Purchase Society proportionate to the shareholding. The situation of each group farm would be assessed by the SD Teams, and it is not possible at this stage to do more than suggest a general line of approach to problems which will vary widely from group to group.

The second choice would be for the Land Use Society to retain the title to the group land, apply as above for partition, and lease the plots to the registered shareholders. Their leases could be in the form of periodic tenancies subject to an undertaking on the part of the Society to convert the plot to freehold once the Society is freed from all debts. They could alternatively be for a specified term of perhaps 33 or 99 years, in which case they would be registered and the certificate could have the same restrictions and charges entered as with a freehold title. On this basis, the shareholders would pay a rent to the Society in addition to paying for the various services which the Society would be providing. The rents would be set at a level which would enable the Society to enter into an agreement with AFC for liquidating outstanding debts over a specific period.

4.4 A Framework for the Supply of Services Needed for Smallholder Development

The social and productive advantages of smallholder agriculture are well known, and much of the effort of the Ministries of Agriculture, Co-operatives and Land and Settlement is directed at supporting and improving the smallholder sector. For historical reasons, the Large Farm Sector developed separately, and tended to set up its own support institutions. The post-Independence decade has presided over considerable changes to these institutions, so that they have increasingly reached out to the smallholder ~~section~~ sector, while the distinction between the two sectors has become very much less clearly defined. The strategy proposed by the Large Farm Study would tend to hasten this process by stimulating the development of commercial smallholdings, intensifying the use of land, and making use of institutions geared to small-scale farming as well as those designed to serve the larger farms.

This development, however, requires the support of special services, as discussed in the previous sections, and normal extension methods adopted in the traditional smallholder areas would not be appropriate any more than would the techniques of large-scale farm management. The proposals offered have been based on the specialised team approach, by means of the proposed SD Teams. It is necessary for these, whose special training by the Task Force would include the group approach, to have some form of organisation to deal with. The organisation would need to be such that the smallholder can identify himself with it and understand its structure and purpose.

There are really only two types of organisation which would serve the purpose, the co-operative and the company. There

are arguments in favour and against both, but the policy of the Government of Kenya, as stated in the current Development Plan and as repeated frequently since its issue, is that the use of co-operative institutions in the agricultural sector will be given full Government backing. The view taken by the Consultants, therefore, is that the most appropriate group organisation to encourage would be a registered co-operative, although under no circumstances would groups be compelled to form one. It has been suggested that exemption from the Land Control Act might be given under Section 24 for any controlled subdivision undertaken by a Smallholders Land Use Society. This could be made more precise by adding Co-operative to the title and applying this exemption only to Group Farms which have been registered or registered themselves under the Co-operative Act. For groups which were opposed to the co-operative system, or for individuals, there would remain recourse to the Land Control Board under Part V of the Act.

The criticism which is most frequently made of the co-operative type of organisation is the lack of understanding by the members of their basic rights, duties and responsibilities, and the lack of any effective decision-making machinery in the co-operatives' construction. Both criticisms are undoubtedly valid, but are not irremediable. Therefore, if Government policy of supporting co-operatives is to be pursued, it is important for the SD Teams and the Co-operative Department to pay particular attention to the education of the members of the Land Use Societies in the basic functions of the Society. This might best be done through regular one-day group meetings at which the function of the co-operative could be related to different agricultural and social problems. In the matter of ineffectual decision-making machinery, the problem is one

of finding, training and keeping a person who has a 'manager personality' on the one hand, and assisting him to understand the power structure of the group, so that he can rely on the support of his committee. It is toward the co-operative training programmes that the SD Teams would look for assistance in developing a working relationship between Manager, Committee and Members.

While discussing the co-operative approach, it is important to make the point that the Society, in addition to providing services, has a special purpose which is indicated in its title. This special purpose is to promote the proper use of the land which lies within its area of operation. This would involve advice on soil conservation measures, a watch for overstocking, good husbandry practices and the prevention of subdivision below whatever limits are stated as a restriction to the freehold or leasehold title. A good manager and committee would know how to use this authority at special General Meetings in order to develop a sense of corporate responsibility. If their authority were insufficient to prevent undesirable land use practices, they would know when to call for the SDTs to demonstrate the consequences of these practices. If all else failed, there would be the sanctions contained in the Agricultural Act to invoke, or the restrictions prescribed in the certificate of title.

The SDTs would not be able to provide individual farm plans for every smallholder in every Land Use Society. Their aim would be to identify the type of enterprises suited to the land in the area of operation of the Society, the minimum amount of land needed for each enterprise to succeed and the mixture of enterprises which could be contained within different sizes of holdings. As a team, they would with their own knowledge or with specialist

advice, discuss with the group and with the Manager and Committee the amounts of credit, the inputs, the tractor hours etc., needed for the various enterprises, offering the Society package plans based on the enterprises in different units of magnitude. Each smallholder would then apply these package plans to his particular holding and, with the help of the Manager, would apply for a short or medium-term loan from the Society, which would apply for a consolidated credit from AFC under the Commercial Farming Project, recommended by the SDT. The manager would then be responsible for the procurement of the inputs, for negotiating with farm contractors for rates and times of ploughing, and subsequently for issuing the quantities and recording the charges against each individual account. Each smallholder would sign a loan agreement, undertaking to market his produce through the Society, the value being offset against his loan. The loan system would follow the CPCS in most respects.

From the foregoing it will be appreciated that the Manager's training, while it should have a strong agricultural bias, should be very much concerned with administration, record keeping, crop storage and marketing within a co-operative context. It will also be appreciated that he would need to be well trained and capable, qualities which have a high market value at present, because of the shortage of trained manpower. For this reason, it is proposed that his salary should be subsidised as part of Government's plan to assist in the development of a healthy co-operative movement. His rate of pay, it is felt, should be at least equivalent to that of a Co-operative Assistant. Training of these managers and other staff is discussed in Section 4.5.

As long as the land titles are encumbered as security for AFC credit, whether for land purchase, development or GMR loans, the new Land Use Societies would have the same area of operation as the former co-operative or company farm. When the subdivision has taken place and shareholders have their titles, the need for the service and supply organisations will not diminish. On the contrary, these organisations would assume increasing importance as the commercial smallholders gained experience in running the recommended mixture of farm enterprises, because they would be dependent upon the organisation for the inputs and advice which they would continue to need. This would not prevent any changes or developments in the structure of the Land Use Societies. It is possible to foresee a process of amalgamation taking place over a period of years, with some of the original groups becoming branches of a larger unit. There should, however, be built into the system a degree of permanence, so that the Land Use Societies continue to exercise a degree of control over such matters as soil conservation.

These Land Use Societies would be suitable for the Category 2 farms, but would be inappropriate for that category of the Large Farm Sector whose subdivision has in effect taken place to such an extent that the large farms have been totally dismembered into subsistence plots (Category 3). In these cases, the first action would be to adjudicate and arbitrate so that shareholders' registers can be finalised and closed, and the squatters listed and, if possible, moved to a Settlement Farm as soon as this becomes available. This action would be a priority, because it is only by finding out the scope of the problem of surplus unregistered owners/squatters that the Settlement Department

can work on its own programme for mopping up this surplus. When the group farms have shed these excess settlers, the processes of registering individual holdings would be followed, more or less along the lines suggested elsewhere. At this point, the Task Force, in co-operation with the IADP, would prepare separate guidelines for District Agricultural and Co-operative Offices to follow, the objective in this case being simply to reorganise the groups into regulation multi-purpose Co-operative Societies, membership of which would be restricted to the registered plot holders. The minimum size of holding would already have been defined during the processes of adjudication and arbitration. The byelaws of these Societies should also establish a maximum, which would provide a smallholding, at the lower end of the range of commercial smallholdings.

At this point, it is proposed that the Task Force should co-ordinate with the IADP Provincial Co-ordinator, with a view to drawing these Societies into his Programme. In the normal course of events, some of the plots of the minimum size which might prove to be too small to support a family would, if possible, be sold. This is a development which would be desirable to stimulate, because the sub-economic subsistence plot can at best do no more than provide inadequate nutrition for the family. The aim in the Large Farm Sector programme is to continue to generate the maximum possible surplus production for the industrial and urban sectors and for export. Thus the elimination of subsistence plots which are not making the best use of the land is a clear objective. It is an unattainable objective, however, unless the plot holder can be accommodated elsewhere. Close co-operation with the Area Settlement Officer of the MLS will therefore be essential.

The Settlement Department has, by virtue of the fact that it is concerned with the Agricultural Settlement Fund, (ASF) and the Settlement Fund Trustees (SFT), a number of special responsibilities. It is responsible for the management of the various types of settlement scheme which have been established on land acquired by the Central Land Board. This has led to the development of its own extension service, staffed by officers transferred from MOA. Since the settlements need an organisation through which credit and inputs can be supplied, the co-operative system has also been adopted. Because the Co-operative Act makes the Commissioner for Co-operative Development responsible for ensuring compliance with the provisions of the Act, it has been necessary to set up a section of the Co-operative Department and the Settlement Department under an Assistant Commissioner. This is an uneasy arrangement, and makes for duplication on the one hand and an ambivalence of objectives on the other.

So long as the ASF and SFT remain it would, however, serve no purpose to suggest dismantling the departmental structures which exist at present, except perhaps to question whether there is any useful purpose served by keeping part of the Co-operative Department separate from its natural administrative centre. A better solution might be to unite the Co-operative Department and set up instead a Standing Liaison Committee. This Committee would identify the special problems of co-operative societies in settlement areas, and instead of seconding co-operative staff to the Area Settlement Controllers, the Commissioner would post them to a settlement area to develop co-operatives in accordance with their special problems (such as special sources of credit) without getting out of touch with problems in other areas. No useful long-term purpose can be served by isolating a settlement scheme from the general trends of

agricultural development, and it is felt that the valuable experience of the Department needs to be directed continuously at this problem of mopping up the surplus from the group farm schemes. This would mean concentrating on the specialised problems of acquiring land suitable for subdivision, planning it for smallholdings, selecting and introducing the settlers and providing them with initial services until MOA and extension, training and development facilities are mustered.

4.5 Training

To implement the proposed strategy the following types of training will be required:-

- Training of managers for large Category 1 farms
- Training of Smallholder Development teams for Category 2 farms
- Training of managers for service co-operatives (or associations).

4.5.1 Training of Managers for Large Farms

The current training programme of one year's formal training followed by a year's practical experience (see Section 2.4) does not adequately equip a manager to deal with the complex task of managing a large farm. The courses presently available at the Large Farm Management Training Centres at Eldoret and Nyaharuru are comprehensive and in theory cover the important aspects of farm management. The primary limitation however lies with the calibre of trainee attracted to the courses and the low educational requirements set for entry. It is doubtful, therefore, whether the students can absorb the material presented in the Courses in the time available. It is essential that a manager must

have a thorough knowledge of crop and livestock production techniques gained either through formal training or practical experience, or a combination of both, before commencing specialised management training. In addition, he will need management skills such as an ability to analyse a farm with regard to the interrelationship and relative profitability between enterprises, maintain and use a system of record keeping, prepare complete and partial budgets and appraise investment decisions. These latter skills are best acquired after a sound knowledge of crop and livestock production has been obtained. Lastly, the manager will need an organisational capacity which will combine the ability to make effective use of machinery and equipment on the farm with organising and working in harmony with large numbers of men. The job is therefore a demanding one and the following sequence of formal training and practical experience is required:-

- At least one year's practical experience in farming, before beginning his formal training in agriculture.
- Diploma course at Egerton (Farm Management)
- Post-diploma course in farm management (if the specialist Farm Management diploma course was not taken).
- Three years' practical experience as an assistant to a good manager.

The opportunities for reducing the overall time required are limited. Formal training may be reduced to three years if the specialist diploma course in farm management at Egerton College is taken; practical training could perhaps be decreased by one year. Three years formal and three years practical experience is, however, regarded as the minimum training necessary to equip the new managers who will be required by the smaller but more stable Large Farm

Sector resulting from implementation of the proposed strategy.

4.5.2 Training of Smallholder Development Teams

Each SDT would comprise four members, a farm management economist, an extension specialist, a land use planner and soil conservation specialist, and a specialist in institutions. The first three are likely to be seconded from the Ministry of Agriculture and the other from the Co-operative Department. It is assumed that each member will have received the appropriate formal training and be highly experienced before joining the SD Team. Two members, the extension specialist and the Co-operative Department member, would have experience in group training and communication methods. Training would be almost entirely practical and would be obtained in the field by each SD Team member working as a counterpart to a member of the Task Force, whilst going through the process of establishing a number of Land Use Societies. The training content would therefore comprise the analysis of the present stage of the group farm being considered, the preparation of a plan, the selling of the plan to group members, training of a society manager, and ultimately the implementation and supervision of the plan. It is considered that having gone through the process on at least two farms the team members will have the capacity to plan other farms with the supervision and if necessary, advice from, the Task Force. The concept of working as a team providing a planning package would be emphasised continuously throughout the period of in-service training. Regular seminars would be held to deal with aspects where formal or classroom type training is required.

4.5.3 Training of Land Use Society ~~Members~~ Managers

By substituting Land Use Societies for the present Farm Purchase Societies, Farm Companies or Partnerships, the

societies would no longer be concerned directly with farming or production but would instead be involved with the provision of services. These would include disbursing, controlling and recovering credit, procuring supplies of inputs, organising group machinery hire with contractors, storing and marketing, record keeping, savings schemes, etc. They would also be the medium through which the SD Teams would endeavour to transform the static or declining group farm into a more dynamic system of individually owned commercial production. The training for these managers would be undertaken through the co-operative training system, using the Farmer Training Institutions and collaborating closely with the Task Force and the CSD Teams, which would themselves be provided with regular one-week seminars at the FTCs, in order to compare experiences and evolve methods under the guidance of the main team (or "Task Force").

It is therefore suggested that, as far as the training needs of the Large Farm Sector are concerned, the proper use of the Farmer Training Centres would be to keep the methods of the SD Teams under constant critical review on a seminar basis, and to conduct custom-built courses for the training of potential Smallholder Land Use Society Managers. As with Farm Managers, the problematic component of the Society Manager would be his aptitude; selection would therefore be based on an assessment of this in conjunction with previous training in co-operative management.

The training course at the FTC would be designed to give direction to his managerial aptitudes in respect of the purposes of the Land Use Societies and the support it would be expected to give to the smallholder members. Additional training of managers would be given by the Institutions Specialist in the SDT. This training would be primarily concerned with record keeping, book keeping and accounting, procurement of supplies and marketing.

It is not considered that any useful purpose would be served by running courses at the FTCs for the smallholders themselves, although every opportunity for running courses in Home Economics for the wives at the Centres should be taken. These courses would be designed specifically for the wives of smallholders ~~and would~~ emphasise, among social issues, ~~the importance of~~ avoiding subdivision of holdings.

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A N N E X III

SOCIOLOGICAL ASPECTS

1. HISTORICAL BACKGROUND

1.1 The Change of Land Ownership

During the colonial period a wide area of high potential land in the Kenya highlands was scheduled for European ownership only. This land, formerly occupied by Masai pastoralists as grazing land, was taken by mainly British pioneer settlers arriving after two World Wars. By Independence, therefore, this expanse of high quality land was occupied by a few thousand settlers whilst the traditional tribal areas could no longer meet the need for land of the agricultural tribes. The past policies of land ownership had been unfair. They had engendered feelings of intense deprivation and culminated in a deep-felt need to own and acquire land. People, particularly the Kikuyu, regarded the eventual ownership of these former Scheduled Areas as an essential and natural outcome of Independence.

Although the confederacy of tribes first brought together as a nation in the colonial period has remained firmly and positively intact, a strong sense of local identity still persists. Tribal origins continue to influence social interchange and to define to some extent the geographic rights to former European farming areas. Thus, for example, those Kikuyu groups and individuals who have taken up farms in the Eldoret and Kitale areas[1] regard themselves as pioneers far distant from their native province, while being regarded as intruders by tribes from adjacent and neighbouring localities. This undercurrent of antipathy has occasionally surfaced in the past as open confrontation, but as the rate

1) The North West part of the former Scheduled Areas, bounded mainly by Kalenjin and Abaluhya people.

of change of ownership has diminished, an integrative social process has ensued. In the short term, intermittent hostilities may still occur, particularly if any hint of tribal favouritism is not shown to be clearly untrue. However, this problem more often than not will continue to be outweighed and submerged in the introspective welter of internal farm operation problems.

Although Independence came to Kenya in the wider sense as part of an overwhelming global trend, it was influenced locally by the trauma of the Mau Mau emergency, whose basis was the deep-felt demand of the burgeoning Kikuyu tribe for equal right to land. Although still an extremely complicated and sensitive issue, many of the people of this tribe tended to feel that because of the emergency, the Kikuyu alone of all tribal groups had earned, and were justified in seeking and obtaining, a major share of the European-vacated farming lands. This issue of alleged disproportionate land ownership is one that without very careful consideration could cause dissent in the future, particularly if, when all the land has been transferred to African hands, there are still some landless.

With money for land purchase available from British and other sources, the most critical problem facing Kenya was the orderly transfer of ownership of land from the European settlers to the Kenyan Africans. The popularly demanded pace of transfer, however, easily outstripped the capacity of smallholder settlement schemes and other technical agency controls.

1.2 Group Ownership

As a guiding principle, the maintenance of the inherited farms as large-scale farming units was posed as both economically valid and essential. To achieve this and to

satisfy the demand for land of a majority of people whose small financial resources prohibited purchasing entire farms, the concept of group purchase and ownership was widely publicised. As this waa the only means to land ownership for the majority of people, apart from the oversubscribed settlement schemes, a great variety of groups were quickly formed. While a degree of group spontaneity was sometimes involved, almost all groups began with a small nucleus of farmer innovators, businessmen and community leaders who saw themselves as group farm leaders or were spurred by a narrower tribal desire to obtain a majority holding in a district or retain the foothold in another, already established by farm labourer groups. These primary initiators then canvassed amongst friends and relatives and even wider tribal groupings for members and their financial contributions. In the event, this latter limitation was generally sound, for a multi-tribal composition simply added another stress to the mounting succession of group problems.

Generally, groups with poorer and less educated leaders or initiators formed co-operative societies under Government guidance, with unlimited membership but equitable shareholdings, while businessmen and those with more cognisance of personal gain formed companies or partnerships. Very often, labourers on a farm would call in friends from outside to help raise the necessary deposit for loan eligibility. These particular groupings, starting as they did with the expectations of following in their former employers' footsteps, have in general failed most badly.

1.3 Multiple membership

The desire for land had been stifled for so long that once the formation of groups for farm purchase had begun, it accelerated to an extent that was unlikely to be reversed. Groups were allowed to buy farms irrespective of their

capability to manage and maintain the asset, or whether the number of members could be realistically supported by the farm. Inevitably the situation arose where members of societies and companies with a large number of members had shareholdings which were so small in any one farm that many people joined as many different groups as possible in an effort to maximise total land holdings. In this respect, membership of a group has always been seen by an individual in terms of the right to a piece of land equivalent to the value of his contribution or shareholding. This has led to what could be regarded as the ultimate in fragmentation of individual holdings.

1.4 Loans and Land Purchase

When it came to purchasing a farm, the cattle-owning Kalenjin were at some advantage over the other tribes. They found that by selling a few head of cattle each, a relatively small group could have more than sufficient money for a land purchase loan deposit and very often enough to purchase a farm outright. This, and the later repayment of farm development loans has had a considerable effect in strengthening traditional attitudes towards livestock. In converse, the agricultural Kikuyu, for example, needed to form much larger groups; they seldom purchased a farm outright and were generally satisfied with a smaller land entitlement than the Kalenjin, with their greater requirement for grazing areas. Most groups, however, almost unanimously possessed a deep-felt need to own their farms outright and where they could, concentrated resources and effort to this end.

1.5 Settling on the Farm

Once the purchase was complete the members of the farm moved in, and here again there were differences broadly dependent on group type and tribal origin. Unless the farm was large, all members, particularly of co-operative

societies, rarely exercised their residential rights. Some had already settled or would later settle on other more favourable farms where they had purchased membership. Sometimes residents were not actual members but were relatives of the more well-to-do members of the farm. Many initial members paid only a portion of the required share contribution, regarding this as a down payment or insurance against the time when they might require full membership if a farm proved profitable. Most people in this category had alternative work or business interests, but many of the lower echelons of urban and other workers settled their families on a plot which would provide a basic living while they retained their jobs to bring in some extra cash.

The Kikuyu and other agricultural tribes, with some initial exceptions, would probably have preferred to subdivide their farms immediately, but were restrained from doing so for various reasons, from the size of membership compared with farm areas, to large land purchase debts and development and operating loans being tied to group enterprise. Individual members were rarely allocated more than 2-3 hectares, and most often 0.4-0. hectares, the balance being used for the group enterprise. With many groups, plot size often coincided with an individual's entitlement should the whole farm be divided amongst all members, the group farmed area being equivalent to the non-resident members' share. Overall, the pattern was that of members being allocated plots which accounted for up to half the original farm with the balance being farmed as a distinct and separate unit through an elected committee or directors . Thus even at the beginning of the change in ownership, a subdivision of sorts ensued where the bulk of the resident members were settled on individual plots and kept physically separate from the large-scale enterprise.

The cattle-owning Kalenjin were generally far less formal and organised than the agricultural tribes, and when they took over the farm built their houses at random rather than being allocated a specific area. Unless the farm was immediately subdivided, as was possible if purchase was outright and loan repayment need not be considered, each member generally took up a few acres of arable land and, except for minor and intermittent group cropping enterprises the rest of the farm was used as grazing land.

Only a very few groups, whose members already had an adequate aree of land or whose committee was strong enough to stand between the members and a desire for residence, treated the farm not as land to be physically settled but as a potential income-earning asset. In many such cases the land was generally marginal for cropping and the level of education or sophistication of the committee and core membership was of a higher level than the norm.

In the space of a very few years the changeover of land ownership was largely effected and African groups and individuals found themselves in possession of a land asset they had desired for a generation. Although socially essential, the change had been impractically abrupt, for the new African owners were generally lacking in the variety of management skills, or the established formal group social ties and bonds indispensable for effective large farm operation. In many cases, therefore, the result has been failure, an accumulation of debts and overall a fall off in total production from the sector.

2. THE FAILURE OF GROUP ENTERPRISE

2.1 The New Societies

The formation of groups for the purchase of land and then attempts to operate large farm enterprises co-operatively has been a major influence on changing social patterns in post-Independence Kenya. Although generally possessing tribal homogeneity, members of larger groups, with few exceptions, had little previous experience of working together as a group except for those who had worked under the organising influence of a European employer, or within the context of the traditional restraints supplied by the chief and headman system in the reserves. Suddenly, all this was replaced with ostensible equality, with those who saw themselves as leaders lacking a traditionally recognised mode, being forced to manufacture new and makeshift influences and subterfuges in order to gain elective support(1).

In effect, a host of new micro-societies was formed out of economic expediency, and although the managing mechanism of supposedly freely elected committees was interposed, these have proved more often than not to be unsuitable and ineffective in the face of all the pressures which ensued while a new order was established and the new society began to stabilise. The sorting-out process of the very real and complicated minutiae of new group social problems was also aggravated by the need to at the same time understand and master the equally complex

(1) The social territories of new relationships had to be pegged out, and rash promises of financial or land area gains were made, or unsubstantiated accusations of inability or corruption.

technical problems of managing a large-scale farming enterprise. Except for those groups who have been long subdivided and settled, these new farm social units can still be considered to be in a state of unfinished, unstable and dynamic social evolution.

At the same time as these new societies were occupied with the process of developing working relationships or fragmenting under stress, the incidence of family coherence began to decline. In opposition to the old, close-knit tribal family units, large numbers of men settled their wives and children on their entitled subsistence plot, and then leaving the farm, went out to find work and money to pay for their growing material requirements and aspirations. This anti-family aspect may have considerable future consequence on the discipline and attitudes of subsequent generations and on the moral attitudes of the multitude of lonely men who are resigned to rarely seeing their wives and children. Low unskilled worker salaries and the poor standard of cheap urban accommodation combine with small individual plot entitlements and group enterprise losses to be mutually exacerbating. An apparently obvious solution which might be easily achieved is a larger size of smallholding; even then, some men by preference will go out to work and earn.

The combination of social instability and an often increasingly divisive family life (particularly for the ambitious Kikuyu) along with the general economic failure of group farm enterprises, has had an effect opposite to the original formative intention. In the beginning, members had been dissuaded from immediately dividing up the farm and pursuing their traditional smallholder farming. However, after the years of petty social turmoil and the consistent losses of the large-scale farming enterprise, the owners' original belief in the virtue of

individualism of activity and land ownership have been confirmed and reinforced more strongly than ever.

2.2 Leadership and Dissent

Each group farm required an elected Committee (Co-operative Societies) or Directors (Companies) for its technical and social management. From the beginning, the central problem has been the requirement for too many leaders against the availability of too few. Most leader groups lacked experience or training and found themselves in the ego-inflating position which often accompanies a man's sudden social elevation to the control of considerable financial assets, and which they were often quick to utilise and reluctant to relinquish. In converse, members could not see how a show of hands really elevated a man from the common rut to instant leadership, nor did they have sufficient understanding of this imposed democratic process to be prepared to leave the committee to handle the details of farm direction and overall management. Not content to merely settle policy decisions, most members believed that they had (and have) the right to be involved in the decision-making process all the time.

Elections, whenever they were held, were invariably followed by disenchantment for various reasons, and opportunistic members formed groups to propose or oppose committee decisions, with an eye to their own promotion. Out of all the virtues and balances supposed to be provided by the committee system, members most readily grasped the idea of its relative impermanence and their ability to bring about annual replacement. Thus a majority of groups have experienced numerous changes in all their executive positions, and as a result continuity in policy and management has suffered. Of course, some companies in particular paid no heed at all to the entire

process and members have been kept subdued by socially and economically superior Directors, or by the sop of an adequately-sized individual plot. Equally, some co-operative societies, because of their large size and the disparate or non-resident nature of their members, have had more consistent governance. Both of these, however, lacking the checks of potential elective disbarment, have rarely resulted in group economic advantage, but more often in individual executive gains.

Consequently, a very few group farms were adequately led, and partly as a result of the inevitable member-versus-committee confrontation, executives generally cultivated an aura of secrecy which, as well as providing a sort of mystical power base, prevented members from sabotaging committee decisions before they could be implemented. Communications between members and their executives were thus (and still are) almost non-existent and a member rarely knew or was informed about decisions concerning the group enterprise or farm until these had been carried out. Perhaps for this reason alone members had little compunction about voting out a committee as the farm went economically downhill, or became more and more uninterested and increasingly against the group enterprise. Secrecy was also an inevitable breeding ground for suspicion by members of committee malpractices and ineptitude.

Thus the leaders did not lead, but tended to direct; most often operated in an atmosphere of closed meetings and secrecy; and generally relished the social status, petty financial benefits(1) and the larger potential for individual gain posed by the group financial assets. Not

(1) Such as setting themselves allowances of Sh10/- to Sh15/- per day.

all committees or directors are dishonest by any means, but only a very few are competent and secure. In opposition, members would often not be either led or directed, as they felt a sense of ownership which was irked by committee control. Members also tended to utilise the mechanism of committee replacement to the full, and out of resentment and uninterest engendered by lack of communication and involvement, have increasingly begun to oppose and even sabotage the group enterprise.

2.3 Multiple Interests

Perhaps spurred by a realisation of the economic decline of large-scale farms, and the knowledge of their inability to successfully manage certain types of enterprises, almost every actual or potential group leader wherever possible has branched out into at least one alternative business, sometimes illegally using farm assets as a platform. The temptation must be great to 'borrow' farm finance for business enterprises where quick and adequate returns are possible, and management within the realms of natural ability and understanding. These business interests, which range from butcheries to taxi services (or even membership of the executive of another farm, which naturally raises suspicions of conflict of interest,) are generally profitable. As a result the potentially most active and able leaders and entrepreneurs have little time or interest to devote to actual group farm management, which in turn accelerates its economic decline. This situation most commonly occurs with large Kikuyu societies and companies where individual plot holdings are small, and potential returns to the individual even from a well-run farm are low (so that alternative income is essential), combined with a natural tribal aptitude for business and commerce.

For a man of industry and ambition, the above is almost inevitable, for one of the main problems with group farms is that unless a man has an individual plot large enough to engage his energies full time there is little other outlet except to complain or make mischief. Rarely will the group farm enterprise absorb more than a small portion of the potential member workforce's time, and most resident members of group farms, unless these are totally subdivided into plots where a good living is assured, are considerably under-employed if they do not have alternative business interests.

2.4 Group Work

Despite the fact of group under-employment, the anomaly has arisen that after initial experiments with member workers, almost all group farms that are still functioning employ a majority of non-members. The main factors causing this phenomena are the members' feelings of ownership and the often low rates of pay. A member is generally unwilling to take orders from another member, a committee man or particularly a non-member manager, if the work does not suit him or he disagrees with a decision. So much trouble generally ensues, with arguments and refusals to work at a particular job on a particular day, that members refuse to work and committees refuse to employ them. This is aggravated by the question of payment, for members are unprepared to wait until a crop is harvested, for example, and demand regular money equivalent to the current wage rates. This situation is not exceptional and more or less unavoidable (group work is poor in both attendance and quality even in the imposed and structured socialistic system of Ujamaa in Tanzania).

2.5 Dissent, Theft and Fraud

Apart from constant member pressures to subdivide the farm, the vested interests of individuals in retaining the political and financial perquisites of local power, or with the Kalenjin, the incessant fights and arguments over numerical rights to cattle grazing, and a wide gamut of petty and individual differences, the single most important cause of group dissension has been executive or manager theft and fraud, and individual member petty theft and sabotage. So loose have been group financial controls and so frequent the occurrence of various forms of theft and fraud that members continually suspect committees and directors of perpetrating these through the secrecy of their meetings. Such attitudes are a continual hamper to efficient management.

The variety and form in which individuals and small groups have made off with their fellows' assets is astounding, as is the small number of occasions when legal punishment has been effectively applied. Typical examples include the quiet pocketing of a proportion of the original share payments, as few members know how much has been collected, selling farm inputs purchased in a loan, and selling shares illegally to any willing buyer who wants land. In the context of the virtual rags-to-riches change at Independence, and the social dispersement and dissolution that occurred, it seems that without the traditional restraints, too many were unable to resist the chance of illicit personal enrichment. For many it seemed perhaps the only way that inculcated aspirations could be met. For others, the feeling seems to have been that a man is a fool who does not exploit his acquired position to the full, and that theft is only socially stigmatic if it is detected or perpetrated against

immediate family and friends. Given the loose social agglomeration of most groups there was little hesitation in exploiting the situation to the full.

Whilst it is possible to understand the complex reasons behind the frequency of theft and fraud when the realities of Independence failed to match simplistic expectations, and the absence of established social and physical financial checks increased temptation, theft and fraud has acted as a tremendous impediment to the ultimate success of group farm enterprises. Consequently, most groups operate in an aura of almost obsessive mistrust and suspicion, which is a major contribution to the universal desire to subdivide and farm individually, thereby eliminating the cause.

2.6 A Succession of Managers

Along with constant executive change, there is a general group history of rapid change of managers. Even the few relatively successful group enterprises rarely retain a manager for longer than a year unless he is an untrained and compliant member, satisfied with the salary paid. Groups generally demand too much and pay too little, and committees rarely allow any latitude in decision-making. Sometimes the best management decisions are in conflict with resident member requirements (e.g. overstocking and the use of group equipment for no payment), who then lobby to have the manager removed or sabotage and discourage his endeavours. Good management is also sometimes seen as a threat to vested interests or to the authority of a weak committee, although conversely, economic failure eventually leads to the committee's replacement. Managers are also subject to, and sometimes succumb to, the same theft temptations as the executive, and thus the group's belief in the need for tight restrictions is reinforced.

Only a very few committees have grasped how to establish a working relationship with a manager and how to provide a reasonable degree of control without stifling his initiative. Also only a few will admit the value of paying a reasonable salary, which is far beyond their own income potential, and which they as owners tend to resent, to a trained or experienced manager. In this latter attitude groups have been self-defeating, for the very few experienced managers have generally soon left and taken alternative employment with superior pay and less social stress, with the result that those now available are often less than adequate. A common occurrence now is for the entire committee to attempt the management of a farm through a resident committee member or Director, which although far from satisfactory at least excludes paying outsiders a large (and in their view generally unearned) sum.

2.7 Benefits to Members

In almost every instance except where complete subdivision has occurred, the only benefit a member has derived from a large-scale farm is the right to a (temporary) subsistence plot. Rarely have any cash dividends been realised, and more often the opposite has occurred, members having been required to increase the value of their original subscription in order to meet land purchase debts and operating losses. Sometimes the group enterprise provided fringe benefits in an effort to give the members something while all the income was diverted to debt repayment. Such things as subsidised ploughing, crop drying, transport and milk allowances are useful to a resident member, but do little to offset his view of the overwhelming advantages of subdivision and individual smallholdings. While numerous dissatisfactions are voiced, few members are totally antagonistic, for even their

subsistence plots, unless in a marginal rainfall area, are far larger and more productive than their inherited entitlement (if any) would have been, and there is always the strong chance that individual plot size will increase.

2.8 Success Stories

Not all group owners of farms have failed economically, or are torn by dissention, but these are the exceptions rather than the rule. While generalities are difficult to apply, the essential elements for possible group success are as follows:

- the farm enterprise, though responsive to skilled management, should still return a profit under a relatively elementary level of management and preferably be based on mono-culture, such as ranching, and not require a wide variety of skills.

- a majority or all the members must own an adequate alternative farm area and not require to settle on the farm owned by the group. Instances are now occurring where groups who meet most of these criteria are now at work trying to remove the minority lower strata of members (who are or will demand resident status)by, for example, raising the required shareholding to a relatively high level.

- the level of education or business sophistication of most members and the committee or directors is high and they also have alternative sources of income.

- a relatively skilled or at least honest manager is employed and takes full advantage of available technical advice.

- if the income and alternative farm area criteria are not met, then the group must have very strong ties and discipline, such as can be enforced by a uniform and radical religious group, or at least have had a long previous tradition of co-operation, such as a pre-independence marketing society. This latter group will by no means necessarily be successful.

In a very few instances, where a clever and sophisticated executive group has combined with skilled management (in many cases a European) on a large estate to produce quick and adequate returns, a group farm has remained intact (e.g. some coffee estates). In almost every case, however, the membership has had to be large to meet the purchase price, and the prime aim of the executive is to purchase another farm for member settlement to ease the pressure on the main commercial operation.

2.9 The Problems of Partnerships

A partnership of over 20 (these do exist, although they are illegal) is more or less a large group and subject to all the problems and stresses of group endeavours. Smaller partnerships, however, also have their problems and in a majority of cases, unless all except the manager are virtual sleeping partners, they have encountered trouble and have simply divided a farm into a few units still suited to large-scale operations. Because of their small numbers and high initial individual financial subscription, which presupposes a reasonable level of sophistication, partnerships have generally maintained a degree of lucid, if sometimes strained, interchange and have rarely been subject to the violence of dissension and absence of internal communication which is typical of some larger groups. Except for instances of partner-director misappropriation, or the illegal sale of land to others by individual partners, the basic reason for the dissolution of most partnerships is an inability to agree on farming methods and management.

2.10 A Fortune for the Few

It was always obvious that the deep-felt needs and demands for the possession and ownership of land were easily exploitable. A small cadre of clever or devious entrepreneurs have used this means to build political power or accumulate large financial gains. The worst amongst these have simply collected money and disappeared or have led squatter walk-outs to the few remaining European-owned farms whose purchase they falsely allege they have arranged. In addition to these, there are a variety of facilitators fixers and arrangers, some of whom make a good living out of the bank interest on accumulated savings and others who are motivated by political ambitions.

Within the realm of legality, by far the most common practice is where one or a few individuals purchase land by loan or subscription and settle group members in areas the total value of which is much less (often as much as half) than the members' paid up sums. Provided the area is large enough or limited only to equivalent shares and the mistake is not make of settling subscribers on marginal cropping lands, as is beginning to happen with former Rumuruti ranches, the members are content not to question the company's finances, Director dividends or the profits from retained large-unit farm areas. Many such men see themselves as essential pioneers who are meeting the needs of a large group of people far more quickly and less expensively than formal Government schemes. One such company has over 20,000 paid-up members, with another 20,000 on the waiting list. Their activities are not illegal and not necessarily even morally wrong, but the profits reaped are considerably greater than the country can afford and often wastage and profligate extravagance occurs. The most important criticism, however, is that the mode of land settlement is often physically destructive and conservation is sacrificed for expediency and profit.

2.11 The Failure of Bureaucracy

A major contributor to the management and operation difficulties of group farms has been the failure of Government agencies to provide the supervision, services and technical advice of which the new group executives and managers are so desperately in need.

(a) The Department of Co-operative Development: The Department of Co-operative Development has failed in most of its farm-related functions, from keeping adequate track of farm finances to visiting and advising groups on how best to work together. Many co-operative groups have not received an annual financial statement since 1974, and lack even this basic decision-making tool for management decisions. Although misappropriations of society funds have occurred from time to time, it is probable that far more misappropriations have been perpetrated by company directors than by co-operative committees. Co-operative farms, however, lack the recourse to other income that company members have, and being restricted by regulation from subdivision, are amongst the worst in debt. The apparent failure of co-operative group farming is such that the whole concept of group farm producer co-operatives should be discarded and the co-operative role tied solely to servicing functions.

(b) The Ministry of Agriculture: Most of the failures of the Ministry of Agriculture have been logistic, from the early shortages of extension staff to the more recent shortages of transport and materials. The farming sector requirements of skilled attention have grown so rapidly that there has been virtually no practical means of keeping up and thus the sector has suffered. An unnecessary impediment to the extension work has been the frequency of members opposition to innovations, and the opposition of leaders who fear loss of prestige or position, or simply make local political capital out of opposing unpopular technical measures such as stock number controls and soil conservation measures.

In addition to co-operative and agricultural a inadequacies, the frequency of poorly researched or optimistic loan projections by the Agricultural Finance Corporation has contributed to debt accumulation and arrears. In a society such as Kenya's, where a large number of unsophisticated people seek loans, the onus of responsibility lies as much with the lending agency as with the recipients.

2.12 The Realisation of Failure

With time the mood of groups changed from the early euphoria of ownership, which new groups still display, to one of disgruntlement and disillusion. Group farming as a whole has not succeeded, nor does there appear to be much hope for its success in the future. The concept had severe practical drawbacks and people were not sufficiently trained, prepared or capable of adjusting overnight to the great technical and social requirements demanded. It was basically unfair and unreal to expect so much, and in reaction the members have increasingly turned from the superficially-applied group organisation which has failed them to the traditional concept of smallholdings from which they know they can derive a living and where one believes oneself to be in sole control of one's own enterprise.

3. SUBDIVISION

3.1 General

Those groups who today stand free from debt, or at least carry only a small debt load, are those who from the beginning have subdivided and farmed as individuals, or who simply treated the farm as a piece of land which they grazed and occasionally cultivated in the traditional way. Most groups which attempted to undertake substantial large-scale cropping or livestock enterprises sustained losses, either through poor management or misappropriation, so that eventually not only were they carrying their original land purchase loan, but had run up at least as much again in operational debts.

This failure has reinforced peoples' beliefs in traditional husbandry; beliefs which the large-scale farming concept was supposed to counteract. For the cattle-keeping Kalenjin the whole situation has been confirmatory of their tradition of maximishg cattle holdings well past accepted stocking rates. Selling cattle has been a relatively easy way to purchase farms outright, and when recent Government agency threats to them to meet their repayments on operational and development loans or be foreclosed were made, Kalenjin groups rapidly paid up by applying a cattle levy on all members. Similarly, agriculturally-oriented people have often realised yields on their smallholdings far greater than the poorly managed group enterprise and have come to believe that the only way to maximise personal income from the farm is by total subdivision.

Most groups fairly rapidly came to recognise their own co-oprative inadequacies and management failings, and rather than permit and increase their indebtedness, generally cut back on risky cropping enterprises, sold capital assets, increase share contributions and devoted

their total remaining group income or introduced an individual levy for the repayment of the land purchase loan. Once this is achieved, the land would be secure, which is a need felt above all else. Groups would then be free to subdivide, buy another farm or otherwise do what they wished, without the very real fear of outside intervening pressures to take away the land or influence activities. In aiming for this objective, some groups have achieved their first unanimity, for it equates with the fundamental desire of individual members for the land purchase to be consummated and individual holdings maximised.

Regardless of the fact of the preservation of relatively large unit areas on some partly-divided group farms, or that some farms protected by a small group of executives from the bulk of membership are still intact, the ultimate end for all group farms is likely to be subdivision - unless members have alternative adequate farms and incomes. Even then, the stay is only temporary until the next generation of Kenya's fast multiplying population demand their share from owner-parents. The antithesis to this is that any crop farming area which is required to remain intact for strategic national crop production reasons (e.g. production of seed maize) must never be sold to a group.

Membership of a group is generally regarded by individuals generally in the most simplistic sense, not as a non-specific share, but as actually owning a farm. After the years of social and economic group failure, members demand and expect this ultimate right, and in nearly all group farms subdivision is now the almost unanimous desire of the participants. Many groups, particularly those with larger unit areas per member (this seems more common in the Eldoret-Kitale area than elsewhere), have gone ahead and

subdivided, and of those who have not, most wish they could do so or had done so.

The critical years for the self-recognition of group failure seems to have been 1973/74, or after on the average from six to nine years of attempting to group farm. The first groups to subdivide were generally those whose members were relatively sophisticated and had the freedom of organisational decision which is possible in a company or partnership. The decision to subdivide almost always assumes either the completion of land purchase debt repayments or alternatively an agreed method of debt repayment which indicates an encouraging sense of responsibility. In this, individuals are surprisingly punctilious and willingly and regularly pay up their levied daily amount of milk or annual sacks of maize for the eventual security of their individual plot.

There are some groups who have gone ahead and subdivided regardless of possible legal constraints or organisational or financial problems. Such groups have usually had a history of considerable financial misappropriation, non-registered member claimants, or disputant tribally-based owner groups and have simply carved out a mass settlement where every individual marked out and took what he could when all communication and interchange excepting violence broke down. Such instances are the exception rather than the rule, but are so unsettling and infectious that the resolution of their problems should be given the highest priority.

In terms of social harmony and member satisfaction, subdivided farms rank highly, for individual plot size and thus direct income-earning capacity has generally at least doubled (before subdivision most members would have had only subsistence plots) and the threat of future group-incurred debt has been removed, and the farmers' desire for

a holding of their own has been satisfied. However, even with amicable or arranged formal subdivision, dissension may still ensue, particularly where the dividing mechanism has been clumsy or unfair or where less sophisticated members do notproperly understand the system of proportionate division equivalent to individual shareholdings, which gives some members bigger holdings than others. Such problems are not insoluble.

Although subdivision is the most realistic solution to group farm problems, it has three main drawbacks:

- the high cost to the individual per land unit share. When all the various incurred debts are added to the original land purchase price, the final unit cost is generally between 2 and 4 times what the cost would have been if subdivision had ensued immediately.

- a lack of technical supervision, in surveying and measuring land units, in determining the method of land utilisation, and the conservation of critical slopes, river valleys and other sensitive areas.

- the absence of control over plot size, which may be smaller than required foran adequate income and thus force the member to find alternative employment, or be much larger than necessary, thusreducing the number of people which can be settled.

Subdivision has grown rapidly and is a spontaneous process which would be extremely difficult to stop, particularly as 'land companies' which offer nothing but the right to a defined acreage of smallholding per share show no signs of diminishing. What needs to be done now is not to either ignore or oppose it, but to improve the process by introducing technical and financial controls to ensure

adequate plot sizes, conservation measures, and avoiding excessive costs to the potential smallholder.

3.2 Groups which have not Subdivided

Although the trend is increasingly to active subdivision, there are some groups who, reacting to mostly outside pressures, are either unwilling to subdivide or incapable of doing so. While subdivision almost always remains a future objective, some of the reasons why a group which has otherwise failed stays relatively intact or even reduces individual plot sizes (as a precondition for membership of the rehabilitation programme) are as follows:-

(a) The belief held by a farm's executive body and members that if the farm is subdivided its group debts will not be repaid. This is linked to the obsessive need to own the farm outright as a priority and the fear that it may and can otherwise be taken away if not paid for. This criteria may not hold if the loan outstanding is not for land purchase. Such groups have generally drawn their membership from a poorer strata of society, and have little means of repaying debts other than the farm production. Group size is generally large and membership socially disparate, so that leaders fear that if subdivision occurs before loans are repaid, individuals will simply abdicate from group debt responsibility.

(b) Where membership is large as compared with farm size, so that subdivision would result in too small holdings. Often it is only the more aware members and the executive who are preventing subdivision. Their strategy is often to hold the group together temporarily, pay off all the debts as soon as possible and then use the title deed as a collateral for the purchase of a bigger farm which will accommodate all members. Large groups rarely see the solution for inadequate farm size as being a reduction in the number of members, but usually consider the best method to be an increase in land holdings.

(c) Co-operatives, which are the group organisation most commonly affected by the above problems, are subjected to greater pressures not to subdivide. These restrict freedom of choice, particularly for the many groups the majority of whose membership is traditional or from the lower strata of society and are more fearful and respectful of government than are company entrepreneurs.

(d) A high proportion of non-resident members in a large group owning a relatively small farm also makes subdivision almost impossible. However, if individual plot entitlement is in the range of 2 hectares or more, a group will often allocate this exact amount to each resident member. The length of time the remaining large-scale area will remain intact will then relate directly to the rate of settlement of the presently non-resident members.

(e) The demand for recognition by unregistered and unofficial members who have acquired or been sold shares illegally by a few members or executives. Such people are so afraid of losing their investment and their entitlement to land they feel is theirs by right of payment, that they strongly oppose subdivision in the fear that the majority of members who were not party to the transactions would exclude them. At the best, this results in stalemate and, at the worst, open clashes and violence.

Nearly all of these groups struggle on trying to solve the problems of reaching a point where subdivision is feasible. Some join the rehabilitation programme as a means to repay loans, some will get further into debt or will stultify, which may spark off spontaneous subdivision, and some will purchase farms to settle extra members or simply give up and divide into economically undersized plots. It should be realised that no matter what ensues in the interim period, once groups have repaid their loans a majority will eventually subdivide.

3.3 How Divided Groups Operate

3.3.1 Methods of Division

Once subdivision is decided upon, unanimity supercedes previous dissension between members and the process is often a reasonably planned and implemented exercise. Quite often an entirely new executive is elected to supervise the process and every member is an involved participator, since their future livelihood is at stake. Apart from the case of full plot entitlement being allocated to the resident members of a group with a considerable proportion of non-residents (see Section (d) above) or the casual cultivation and group grazing practiced by some Kalenjin groups (neither of which are regarded as necessarily binding apportionments) there are two main prevailing methods of subdivision:-

(a) The formal procedure followed by the Kikuyu and most other agricultural tribes. Because of their desire to settle the issue once and for all, without the future problems which ambiguous or allegedly unfair subdivision would cause, such groups generally:

- employ a qualified surveyor to survey and divide the farm into equivalent units excluding non-agricultural rocky or swampy areas and allowing for road access.

- allocate plots by a secret ballot system which is often carried out by a trusted third party and supervised by the local police. Thus a man has as much chance as any other of drawing a better plot. Generally the farm is surveyed into units equivalent to the share. Multi-shareholders may take up their entitled total as a block adjacent to their ballot-drawn plot in order to prevent the problems which would arise from fragmented holdings.

Where a company owns more than one farm, each may be divided independently with a member being allocated a piece of each, particularly if there is a considerable value differential.

Once achieved, the result of such subdivision is generally a relatively stable and normal social and economic smallholder grouping which could be formally legalised with a minimum of effort or physical adjustment (unless, as has occurred, the subdividing Committee bribes the surveyor to "hide" certain areas, which are later sold for considerable sums).

(b) The more casual Kalenjin method. Perhaps this is a function of traditional interchange and practice, but such groups seem rarely to resort to precise land measurements or third party assistance. In general, estimates and measurements of plot sizes are made by rule of thumb, by references to the original farm map or by chain and pacing, utilising a trusted and known local individual. Plot allocations are not made by ballot, but because of the traditional penchant for separated homesteads, are generally simply area extensions of the original house and subsistence plot location. As these were made either on a first-come-first served uncontrolled basis, or under the direction of the first executive group, elements of unfairness may exist.

Similarly, sometimes areas acquired by individuals may not reconcile or be understood to reconcile to equivalent shareholdings. Resentment occurs and often violent annexing actions are taken by smaller shareholders who, out of ignorance or fact, believe they have been unfairly treated. It is probable that future attempts to properly survey and subdivide such farms will revive such disputes and result in considerable dissension.

3.3.2 Continuing Group Functions

While subdivided partnerships, because of their larger unit sizes, have often completely disintegrated except for an ineffective executive which arranges the payment of continuing group debts and taxes, the better larger groups have developed new levels of group co-operation. In such cases the elected committees or directors assume some or all of the following functions:-

(a) Arrange the bulk marketing of members' produce (milk and maize predominates). This is a logical area in which the Co-operative Department can provide assistance.

(b) Maintain a group account, assess individual liability and arrange for debt repayment and pro-rata income payments to individual member producers.

(c) Pay various group taxes such as income tax, and land rates.

(d) Maintain a register of individual holdings.

(e) Approve and arrange the occasional sale of certain smallholdings.

(f) Act as the group's representatives to outsiders and attempt to mediate in individual internal disputes.

(g) Co-ordinate group activities such as the construction of schools, the location of a community centre and the allocation, to members only, of shop sites. (One subdivided company has even allocated the area for a cemetery).

(h) Attempt to secure loans on the basis of the group holding, these loans being issued to individuals for smallholder use.

There is thus an extremely useful role for a committee to play in organising on-going group affairs, which could logically continue even if subdivision is recognised and the group ceases to exist as an intact physical and legal entity. The larger shareholders may eventually prefer to market individually, but the bulk of the former group members, with their relatively small surplusses, would not. In such a situation there is obvious room for misappropriation, and it is essential that rules and controls be introduced now so that such occurrences will be minimised.

Not all groups have continued to manage their affairs in part or in total as described above, and there are those which have been so torn with dissension that once subdivided they have done away with all forms of group co-operation, a situation which is sometimes irredeemable.

Under the newly evolved system of group co-operation at a marketing and co-ordination level, and with each man looking to the income from his own plot rather than a group enterprise, two major concerns have arisen:-

(a) Smallholder credit: at present credit is available only for the large-scale group enterprise, and subdivided farms, although sometimes receiving loans through sympathetic local agency officials, are in fact ineligible. Group members are so anxious to receive loans for smallholder farm inputs, that groups would probably be prepared to co-operatively guarantee a large single unit loan made to the farm, but which was to be used by individual members. Again, however, a fairly foolproof input or cash distribution system would be essential to guard against misappropriation or use by individuals in non-farm enterprises. Interestingly, many farmers would extend their acceptance of group liability to water project loans as well as farm inputs, but not to the construction of farm roads and tracks. As members are already differentially served, liability assessment would be difficult and road access is apparently considered by members to be low priority.

(b) Income tax: the taxes on a group-constituted enterprise are much higher than each individual would have to pay if the group legally ceased to exist. This point is of importance to smallholders on a subdivided group farm who are realising a reasonable income but see a disproportionate amount of this lost to taxes. To avoid this, groups want subdivision to be legally accepted and then to reconstitute their formerly production-based company or society into a service organisation with operating costs but no income.

3.4 Conclusions

The example set by the best and most successfully subdivided farms is the most convincing counter to all the arguments of the social and economic virtues of perservering with group farm enterprises. In general, subdivision works well. In the majority of cases it assures a man of a better income than under large-scale group enterprises, there is far less dissension due to management disagreements, inadequacies or theft, and most farmers are much happier running their own holdings.

What is occurring now is an evolutionary phase in the Africanisation of former European-owned farms, whose obviously successful enterprise methods were first copied by both groups and individuals and have now been discarded by groups in favour of more practical arrangements better suited to the people involved. Already subdivided groups have ceased to regard themselves as businesses and are beginning to demand to be recognised and served as communities of smallholders in the fullest sense.

4. RATIONALISATION AND REHABILITATION

4.1 General

One of the first acts of Government in continuing to plan for the rehabilitation of what is left of the large-scale farming sector should be the acceptance of the present and future inevitable subdivision of most group-owned farms. It should also be recognised that groups can no longer be regarded as sufficiently responsible to be entrusted with any of the few remaining nationally valuable large-scale farms (e.g. those engaged in the production of seed or pedigree breeding animals). Group purchase of these can be expected to result in a deterioration of the enterprise, considerable losses, social strife and an eventual subdivision which makes the farm unsuitable for the original farming enterprise. Land companies, part of whose objective is the settlement of subscribers on purchased farms, allow the realisation of potentially large profits by a few entrepreneurs whose method of subdivision is, from a conservation viewpoint, suspect. To avoid the likelihood of further group losses and to eliminate unnecessary profiteering of this type, it is recommended that in future no large group, be it Co-operative Society, Company or Partnership or 'Land Company' be sold an intact farm. Groups wishing to buy a farm in an area defined as valid for smallholdings may do so, but only if the farm has been formally surveyed and subdivided first into viable units by the relative technical agencies, i.e. Ministry of Lands and Settlement.

Individuals, small partnerships and small companies would be allowed to purchase farms, however, but their charters as well as Government legislation must preclude settlement of any sort. People subscribing to such Companies must do

so only on the basis of expected cash dividends and must clearly never expect the right of settlement.

Government has clearly recognised the decline of the Large Farm Sector in Kenya, as shown by its application for substantial World Bank funds for rehabilitation of part of the Sector. Under this project, the Group Farms Rehabilitation Project (GFRP), rehabilitation and the clearing of accumulated debts is to be achieved by, in effect, alienating a large unit of the farm, since it is to be operated basically under management imposed as a condition of the rehabilitation loan. While some management skills may be imparted to the group over the five-year period specified, all the other root causes of dissent will be likely to remain unchanged. It is thus recommended that the concept of rehabilitation should be broadened to include the possibility of accepting farm subdivision, reviewed and modified where necessary, with the technical development of the resultant smallholdings being the means of group debt repayment.

4.2 The rationalisation of membership

A large number of group farms, particularly co-operative societies, have too large a membership ever to provide either a reasonable return per member or an adequately sized plot when the farm is ultimately subdivided. Unless the farm is already subdivided, all members are rarely resident or represented; absentee and often unknown members are, therefore, a considerable complication. Added to this is the problem of unregistered resident members who, unknown to the majority of the group, have sometimes been sold shares and are thus a considerable cause of dissension, or who also may have been fully accepted by the group in all but the legal sense (e.g. additional members to an otherwise fully subscribed 50-member private company).

Much of this problem is brought about by the practice of multiple membership, where groups, rather than sensibly restricting size, have maximised it in order to raise as much money as possible. Over the years, individuals seeking to increase their holdings have often only been able to do so by buying comparatively small shareholdings in new groups, thus creating the ultimate in fragmentation: this process is still going on.

Obviously, this situation is both economically and socially unsound. What is needed now is the rationalisation of membership through the extremely complicated and sensitive process of the exchange and consolidation of individual shareholdings. This is a major issue requiring priority attention, but it is essential that membership lists be both rationalised and stabilised, especially with respect to members who have contributed little and not been seen at an Annual General Meeting for years.

The first step must be for each group to advertise for all contending members to identify themselves and pay their full membership shareholding by a defined date. Non-appearance would disqualify a particular person from full membership entitlement(but not necessarily from non-payment, for which a longer term timetable could be set), although his proportionate subscription would be refundable.

Once membership lists have been stabilised, the whole complicated business of exchange and consolidation could proceed. After the consolidation of membership holdings has been achieved, on certain farms membership may still exceed economic viability. In such cases a proportion of members should if possible be bought out (in companies mainly the smaller shareholders and volunteers, and in co-operative societies volunteers and, possibly, a number selected by ballot), or moved to compensatory areas. For the Kikuyu

and perhaps the Western Province agricultural tribes in particular, this is a most sensitive and critical issue, for to date few have relinquished land once they have gained an entitlement. On the other hand, Kalenjin individuals have already sold or exchanged land areas, and would not necessarily be so basically opposed in principle to relinquishing one piece of land in exchange for money or another area. What they are opposed to, however, is tight controls on land use, for compared with the agricultural tribes, the Kalenjin are extravagant land users and very often overstock with cattle.

Provided that it is well planned and carefully introduced, however, buying out shareholders is theoretically possible, even though up till now most people, having purchased 'land shares' have generally retained them except where a farm has become totally unviable (as those societies who attempted to settle and farm ranching land in the Naivasha area have found). Under the auspices of a country-wide programme, a shareholder might be persuaded to sell:-

(a) If he has adequate land and bushess interests elsewhere and the shareholding in question is relatively small or, if the holding is of a medium size, a good profit is assured.

(b) If, lacking alternative interests or land, he were offered the repayment of his original investment, compensation for improvements and land elsewhere, preferably not too far away and at least as good as the plot relinquished.

The difficulties and problems likely to be encountered in attempting to introduce a programme of rationalising group membership cannot be over-emphasised, but neither can the need. The only effective means by which such a programme can be even partly implemented is with the co-operation, albeit sometimes grudging, of all members of all groups

affected. For this to be achieved, a maximum of influence from both the political and administrative wings of Government will need to be exerted, as well as proferring the inducement of official recognition of the resultant modified subdivisions.

4.3 Are Settlement Fund Trustee Farms an answer?

The idea of Settlement Fund Trustee Farms (SFTs) was conceived primarily to see if a more viable form of land acquisition and loan repayment could be evolved than the existing systems of formal settlement schemes and group take-overs, both of which resulted in considerable loan arrears. Under the SFT programme, large-scale farms are purchased by the Ministry of Lands and Settlement (MLS) and a number of 'landless people' are settled on 1 hectare subsistence plots, the total area of which rarely exceeds 25 per cent of the total farm. The remaining area is farmed as a large-scale enterprise by a manager and subsidiary staff employed by contract and directly responsible to MLS. In theory this situation is intended to ensue until at least the purchase price is recovered. When this occurs the farm will either revert to the settlers, who will be integrated into the large-scale management system, or will be formally subdivided under a settlement scheme. In practice, however, considerable problems and drawbacks have already developed in the three years since the concept was introduced.

The SFT venture, while theoretically sound, is practically of high risk, for the success of each farm depends almost entirely on the skill and honesty of the contract managers, whose incentive to perform is very often reduced by weight of settler opposition or apathy. Farm managers are also inadequately supervised. Total farm subsidiary staff also

often appears to be unnecessarily large, and management seems to have little contact with the settlers except to offer certain limited services or to control theft or illegal grazing and otherwise exert disciplinary control. A majority of SFTs are either operating at a level well below potential productivity and many incur substantial losses.

Members, on the other hand, sit on their 1 hectare plots, isolated and excluded from the large-scale enterprise, and look forward to the day when they will own the farm, which they prefer to believe has been promised by Government four or five years hence. Almost every settler considers the present plot size a temporary measure, and most believe that a smallholding of at least 4 hectares is the future optimum, with a small group enterprise if any land is left. In some areas, in fact, an area of 1 hectare is inadequate for subsistence, and this leads to members stealing wire, crops, farm inputs and other goods from the large-scale enterprise. Sabotage of the enterprise occasionally occurs due to, first, a mixture of resentment at an operation they see as excluding them from making an adequate living, and secondly a belief that if the large-scale enterprise fails often and badly enough it may sooner revert to total settlement ownership. This situation is aggravated by the fact that most plot holders have considerable excess time of their hands, often demand employment on the large-scale enterprise as a right and join the ranks of the discontented when employment is refused or unavailable (settlers are generally employed only for casual labour jobs).

On some SFTs where the plot size of 1 hectare is patently inadequate, not all allocations have been taken up but those who have settled have assumed a hopefully proprietory

attitude and are not anxious for the number of settlers to be increased; this would reduce an individual's ultimate share. Settlers do have committees, ostensibly to deal with internal matters, but in reality these have little actual function, being unable to either co-ordinate or restrict settler activities. The selection of settlers is arranged mainly through the District Administration and settlers are multi-tribal and have a wide variety of backgrounds. This disparate nature of settler origins weighs heavily against the likelihood of future co-operation, which is usually dependent on some degree of similarity of social or educational backgrounds.

SFTs at the moment thus consist of two distinct and separate elements - the commercial large-scale enterprise and the settlers. A major fault is the lack of a supervisory managerial structure and too much is dependent on the farm manager. If the manager is effective, the concept works and the farm makes a profit, but if not then losses are incurred and the goal of loan repayment recedes further into the future. Settlers have nothing to do but cultivate their own meagre plots, and except for casual labout are not in practice involved with the large-scale enterprise (in view of the general failure of group enterprise this is probably inadvertently realistic). Divorced from the large scale enterprise, settlers invariably think in terms of ultimate subdivision. Having no involvement with the enterprise, they take no responsibility for its losses and will not take these into account when they eventually begin to demand (to purchase or be given) the entire farm.

It is probable that a majority of SFT farms are unprofitable at the moment. The following suggestions should help to provide solutions to the present problems of both the settlers and the commercial enterprise and remove the socially complicating doubts about the future. These are as follows:-

(a) Plot sizes on all SFT farms should be reviewed by the Ministry of Agriculture's relevant officers and readjusted to provide at least a reasonable subsistence - plus living. This would go a long way towards reducing discontent, theft and sabotage.

(b) The settlers should never be expected (or be encouraged to expect) to run the present large-scale farm component as a group enterprise. Subdivision into smallholdings capable of yielding an adequate living should be the stated long-term objective, and this should be timetabled so that the settlers may anticipate and contain their impatience and frustrations. If any SFT is unsuitable for subdivision, the present settlers should be accommodated elsewhere and the farm classified to be retained as a large-scale unit.

4.4 The scope for rehabilitation of group farms

If the proposition is accepted that the best and most acceptable course for Government to take with respect to most group farms is to plan for their rational subdivision, then except for the objective of debt recovery the present rehabilitation programme is taking a fundamentally wrong approach in prolonging and artificially sustaining group enterprise. As described in Annex I group farms are being recruited for this programme more or less under pressure and at a very slow rate, and in contradiction to the objective of re-stimulating group enterprise, in almost every case the group's objective is to allow the programme's management to get them out of debt and then

subdivide. From a social point of view it would seem that the emphasis on group farms is wrong, for people are being forced to do what they really dislike doing as 'owners' - moving on to a small subsistence plot and letting a relatively costly manager operate their farm. Freedom is thus surrendered for economic reasons and inevitably feelings of deprivation will germinate and grow either into submerged or open hostility.

From the national production point of view, the best results would be gained by concentrating on individually owned farms or small partnerships, where social problems are minimal and technical innovations have a good chance of success. The present programme is, however, taking the 'worst first' mostly because these are deepest in debt. This is a high risk activity.

The present programme is falling far short of its recruitment targets and to date has been almost mono-tribal in composition. It seems that it is only the Kikuyu who are prepared to take the risk and subsist on small acreages while someone else works with their committee to get their farm out of debt and money into the bank. Once this situation has been achieved they will revert almost certainly to larger smallholdings and the accumulated savings for their major long-term aim of purchasing more land. Even so, most of these groups have joined because they or their executive see no other way out if they are to repay their debts and avoid losing their land. They do not really like the idea of bringing in a Government management agency, but most hope that this will be only a temporary measure which will solve their immediate problems. This idea of handing over land to Government to manage, which despite the membership constituent of the managing committee many people believe is actually the case, is in fact a major point in opposition.

This is so because of rumours which allege that rehabilitation is in fact just the first step in a planned Government programme to take over the land and either evict the present members to create more ADC farms or to reduce people from owners to a much disliked tenant status.

A majority of groups whom field officers are seeking to persuade to join are either undecided or actively opposed. Even though many are acutely aware of their own shortcomings and limitations, they have already seen the failure of many SFTs and the unenviable situation of the settlers, and cannot see how another form of Government-sponsored management will be much different or more successful. In many instances the whole issue of acceptance hinges not around the fact of Government assistance but on the loss of personal control to an unknown manager whom they may not be able to reject. This worries and concerns them more than the fact of increasing their debt burden with additional development and input loans.

There is also a very definite ethnic bias and credibility gap amongst many group executives, who express disbelief in the ability of imposed African management, no matter with what training or experience, to do any better than themselves (this is especially true of ex-European farm employees).

On the farm, managers will face numerous problems from dissenting members who may initiate actions which it is unfair to expect a manager to combat. It will thus be essential that if group farm rehabilitation is persisted with, that there must be a strong and cohesive committee standing between the manager and the members whenever punitive action is required.

Kalenjin groups are to date the most reluctant to join the rehabilitation programme. Their fundamental opposition lies with cattle keeping and their unwillingness to be confined to a small plot for the five-year duration of the programme. When threatened or believing they are threatened with foreclosure, they sell the requisite number of cattle and repay their loan arrears. Similarly, most Luhya groups are opposed to rehabilitation both because of difficulties of group c-operation and because this would necessitate giving up the often substantial areas they now individually farm in exchange for a restricted plot. The desire for a large holding is usually the very reason why they left the reserve and purchased a shareholding in a group.

Thus, in general Kelanjin do not want to be confined because of their cattle and a distaste for close proximity living, and the Luhya etc., are unenthusiastic because of their unwillingness to accept a small plot and their apparent proneness to argument and dissent. Only the Kikuyu appear to be willing to readjust and be pragmatic enough to realise the potential benefits of rehabilitation; even then such groups are mostly the totally defeated. Joining groups believe they have to an extent both abdicated from and been relieved of the total responsibility of the additional loans made through the rehabilitation programme. In effect, it was not their decision to borrow, but Government's decision to loan. They will be happy to receive any profits, but they may be unwilling to accept a loss, the cause of which, although they endorsed, was actually Government's making.

A few of the more astute and better groups, realising their limitations in managing a valuable asset, such as coffee, have cautiously joined the programme. The additional debt burden projected by the often rather optimistic farm plans worry them, however, for crop failures are always possible. The root cause of this worry is probably a combination of the doubt of the rehabilitation programme to supply an acceptable and sufficiently skilled manager, along with an inherent unwillingness to incur debts for intangibles which have a degree of uncertainty in their repayment (crop loans) while loans for something concrete like land are a different proposition. The whole structure and the way in which rehabilitation loans to groups are made and used needs re-examination, for these often increase a group's debt burden to an amount well above the net worth of the farm, and are made by field officers and used by managers who do not have the responsibility of repaying them. The more educated executives are afraid that more debts will mean less freedom and more Government controls, while the others may not realise just what they have been let in for.

People cherish the freedom to exercise their own control over land they have purcahsed, and even though they may realise they are being less than efficient, they would rather this than be merely efficiently-managed tenants. Moreover, the suspicion exists that the rehabilitation programme is just the first of a series of steps towards loss of ownership. Suggestions of foreclosure and sale to force groups to join the programme have only aggravated these fears.

Many groups are waiting to see if the farms which have been persuaded to join will actually succeed. From this point of view it is thus essential that if the present programme

is to continue, it must possess a showcase of quick and highly visible sucess. The first farms to be selected should therefore be those with a minimum of organisational problems and easily remedied technical deficiencies, and individually-owned farms should not be excluded. The present selection criteria aims at 'problem group farms' first. These will be very slow to show visible improvement and thus will be a poor advertisement for the programme.

A few farms having made the decision to join are now balked by an apparently very slow approval procedure, particularly with co-operative farms, where the Co-operative Department is involved. Such farms may have already consolidated members onto small plots who are restive at no action, or have even been granted a large preliminary loan which they may not be able to repay for lack of management supervision.

It is strongly recommended that the present rehabilitation programme should switch its emphasis away from the group-owned farm sector in promoting large-scale managed enterprises, concentrating on individually owned and small partnerships for large-scale production, and treating group owned farms in terms of productive smallholdings after subdivision.

4.5 Conclusions

The overall conclusion of this Sociology Annex is that most group-operated large-scale farming enterprises have broken down and fragmented both socially and physically to an irredeemable extent. The concept therefore should be abandoned. This, of course, does not mean that groups should not own large-scale enterprises, but that they have a self-admitted incapacity to operate and at the same time live on them. Group co-operation is also not precluded, but should

be concentrated on the provision of services such as marketing, and not on basic production.

It is considered that Government should accept subdivision as a logical end to most group farms, but insist upon technical and social modifications and controls, including the rationalisation of membership in exchange for legal recognition. Implicit in this is the additional acceptance that existing group debts could be repaid through the earnings of constituent smallholders. Also, no more intact farms should be sold to groups whose members wish to settle on them unless formal Government-controlled subdivision first occurs and farm settlement capacity is defined. With the rehabilitation programme the emphasis should switch to the more viable individual farms with respect to large scale farm production, and broaden to include possibly group-secured smallholder loans, and the management of SFTs.