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CASE STUDY – KHOBOTLE PIGGERY ASSOCIATION

Conference on Income Generation in Lesotho

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Hotel Victoria, Maseru.



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Introduction

The Khobotle Piggery Association was the first Assistance Fund group. It was through our work with this group that we developed preliminary models about the kinds of training needed to develop and maintain a successful income-generating activity, and the kind of activity that a group finds both manageable and profitable.

Our feelings about work with this group are mixed: on the one hand, admiration for the group members who continue to work at building a successful piggery despite obstacles; on the other, disappointment that piggeries are not a particularly profitable activity for rural Basotho. This case study details our experiences with this group from 1982 until now.

Date of Contract Signing: Loan 1, July 1982
Loan 2, March 1984

Loan Total: Loan 1 - M3500.00 plus M420.00 interest
Loan 2 - M2400.00 for feed

Repayment Schedule:

Loan 1 - Monthly installments of M186.66 -
paid through January 1985;
current balance - M2425.72.
Last payment due January 1986.

Loan 2 - Payments due starting March 1986 -
last payment due Aug. 1989.

Nature of Activity/Group Structure

This group applied for two loans from the Assistance Fund, due to the particular nature of the piggery activity. The first loan granted by the LDIC was for purchase of one boar and five sows for breeding purposes, cement and roofing material for pig sties, and pig feed. There was a subsequent alteration to this activity about a year after the initial loan when the group discovered that it was not possible to make money through breeding and selling weaners, but that minimal profit was possible through sale of porkers.

Thus in December 1983 Khobotle submitted a second proposal to the LDIC for M2400.00 for purchase of pig feed. This additional proposal resulted from the change in the group's original

objectives: breeding and selling porkers instead of weaners postponed the realisation of income to the project by four full months, and the group would have no regular income for buying feed.

What is perhaps most significant about the Khotle income generating group is how they wanted to organise their piggery rather than how they spent their loan money. The group wanted to continue raising pigs the same way they had in the past -- at home, on an individual basis.

For several reasons the LDTC advised the group that raising pigs as a group was a better choice: 1) a bias of development programmes toward groups: a frequently-held theory is that a group of people working together can assist each other in learning and applying new knowledge and that individuals donating small amounts of time, labour and capital to a larger enterprise can reap greater per person returns than if they all worked on their own. Cooperatives, as one example, are based on this theory. There are also many other theories on how poor people can best improve their income, but the group structure was favoured for a second reason, 2) the LDTC staff's background in education - it is easier to train people in a group than to teach them individually.

As we learned later, it may have been better for the group to follow its original plan and raise and sell pigs on an individual basis. This idea will be discussed later in this paper.

The main activities of the group are the care and feeding of pigs. Until fairly recently members had divided themselves into groups of three to take care of the routine work of cleaning sties and feeding pigs. But because these small groups did not keep to the schedule set up, it became necessary to hire a man to perform these tasks. He is paid M17.00 per month from the group's income.

When the group wants to sell a porker, they notify the Ministry of Agriculture that they are making a trip to the market in Bloemfontein. The Livestock Division issues them a permit, and the driver presents it at the market. Cheques from the market are sent in the group's name to Livestock, and then Livestock sends them on to Khotle.

The group usually meets once a week, but meets more frequently when there are specific activities requiring additional work. At present they get together quite often to finish construction on the sties.

A visit in June 1984 to the group revealed the following situation:

- 5 sows (4 in early gestation period) and 1 boar
- 2 groups of piglets, 12 and 18 each, all weaned

- recent sale of 11 pigs to Bloemfontein
- 6 sties occupied and in good order
- maternity ward had 2 occupants
- 3 sties half finished, in need of completion
- water piped to site.

Progress with Income Generation

The LDTC, with the assistance of the Livestock Division of the Ministry of Agriculture, has demonstrated to the Khobotle Piggery Association that it will never make profit through raising pigs. This was a major blow to the LDTC in its efforts to promote what it thought was a profitable activity that could be encouraged for other groups.

Livestock advisers prepared a project table of costs and income over a period of 54 months which showed that feed costs far exceeded the income gained from sale of porkers. Only after the 16th month of the project would minimal profit be made. These estimates were optimistic as they were based on a 5-sow piggery making a net income of M70.00 per pig, with the cost of feed at M16.00 per bag - in reality, pig feed is now M24.00 per bag.

A summary of some of the problems in profiting from the sale of pigs includes the following:

1. There is no realistic market for pigs in Lesotho: Local markets are hindered by lack of storage for freshly slaughtered animals; supermarkets buy from South Africa; other butcheries in Maseru couldn't pay the group in time to buy feed or couldn't buy as many porkers as the group wanted to sell.
2. Selling pigs in South Africa means that a pig-raiser in Lesotho has nothing to say about the market: if there is too much pork in the Republic, the price is low. And if there is overproduction in South Africa, the Bloemfontein market can refuse to buy any pigs from Lesotho.
3. Feed is expensive because it is imported from South Africa. Another factor which makes feed expensive is the cost of transporting it from the Coop at Mafeteng to Khobotle.
4. Hiring a truck to transport the pigs to the market in Bloemfontein is expensive. Also, once at the market sellers must pay a slaughtering tax.
5. Cheques from the abattoir in Bloemfontein are slow in getting to Khobotle - usually 3 or 4 weeks. In the meantime the pigs insist on being fed.

6. Pig sellers from Lesotho have little to say about how the pork they sell in South Africa is graded - they are just told how much it is worth.

Despite this grim situation, the group is eternally optimistic: When asked recently by LDTC why they continue to stick with the idea of raising pigs, in view of all the obstacles, they gave the following reasons:

- 1) They feel they will overcome their difficulties;
- 2) they must do things for themselves;
- 3) they've gone far with their activity and don't want to drop it;
- 4) they hope to profit one day.

In short, the group really loves pigs, as they have stated on numerous occasions.

These answers were given despite the struggles the group has had since the beginning. First, they struggled to build sties. The first person they hired, a man who had joined the group, was going to charge M3000.00 for the job - so they decided to build sties themselves. Then the problem was to find alternative ways of transporting pigs. They relied initially on free transport provided by the Livestock Division, both in transporting feed and pigs to market. Now they have to hire transport for both feed and marketing.

Loan repayments so far have been made from money coming from the sale of fattened pigs in Bloemfontein. But this income has to be balanced with the heavy expenditures they are having to make -- 75% of the total cost of the activity goes into purchase of feed.

As far as profit is concerned, the group's view is that once they have paid back the loan, all the money will be theirs to share. However the second loan is only for feed - not for buying more pigs to replace those that will eventually go out of production. The group is currently exploring the possibility of getting a grant from another organisation for purchase of a machine to grind feed.

Group Dynamics

This group was originally started by the Women's Institute. They had been raising pigs for home and village consumption since the mid-1970's when LDTC got involved (1981), but the pigs were of inferior stock. Other activities revolved around cooking and sewing. There were initially 23 members of the group (14 of them signed the first contract), but now only about 7 or 8 are active.

Following are a few characteristics of group members:

- Average age: 43, ranging from 22 to 55.
- Average level of education: Standard 7, ranging from Standard 4 to JC level.
- Average household income: Two members were quite poor, with a household income per month of between M1 - M30.00; in three cases income per month was about M200.00; and in one case over M500.00.

The wealthier households generally got income from the mines on a regular basis. Almost all women had their own personal activities that brought in at least some money, such as selling beer or agricultural products.

LDTIC encouraged the group to recruit new members in the beginning, believing at that time that a large group was more efficient in terms of costs and learning. Perhaps due to a communication gap, e.g., not being able to communicate the project's goal, members didn't feel committed to the group and gradually dropped out. Another factor which may have discouraged membership was the nature of the project: people had to work hard on building sties. This required a lot of dedication, especially when no profits were coming in.

The chairperson is reasonably effective, although she does too much of the work herself. The secretary joined the group around 1980 and is one of the newer group members. She is one of the few younger members in the group and has been a good influence on management.

The treasurer of the group has been sick a lot, and has been described as oppressive, dictatorial, and intimidating. It would appear that training from LDTIC in responsibilities of group members has had no effect on her. She is also treasurer of a local credit union, and holds onto all information regarding the state of LDTIC loan money channelled through this body. Up until now, the group has not been able to get rid of this person. However, they now have a "temporary treasurer", so maybe they are realizing group office holders should change.

Group trainers noticed the change in behaviour of an "unofficial" group leader who is quite wealthy. In the early days of working with LDTIC, she used to do most of the talking in the group. Now, she is willing to do more listening, and let others talk.

Cooperation with other Organisations

The LDTIC has worked with two other organisations in an attempt to provide the most effective assistance possible to the Khototse Piggery Association: the Ministry of Agriculture Piggery section and the Lesotho Cooperative Credit Union League (LCCUL).

The assistance of the Livestock Division and Piggery Section of the Ministry of Agriculture has been invaluable to the LDTC in working with the Khobotle Piggery Association. The Piggery Section was able to advise the LDTC on selection of breeding stock, securing a market for pigs, providing financial assistance for the purchase of starting stock, feed, building materials for pig-sties, etc., and providing technical advice on care of pigs, building sties, etc.

The specific resources provided by the Piggery Section to the group were district extension workers and a national pig breeding herd from which pigs were purchased. Problems arose when the Mafeteng district Pig Technical Officer was transferred - now the group gets assistance directly from the Maseru headquarters. The piggery expert in Maseru is as enthusiastic as group members about raising pigs, and the discouraging figures provided by the Livestock Division have not dampened this enthusiasm.

LDTC wanted the LCCUL to assist in channelling financial assistance to the group through the local Credit Union. They were to disburse loan money to the group, and the group was to make its loan repayments to LDTC through the credit union at Thabana Morena. This arrangement broke down: the LCCUL kept all the LDTC loan money at their head office in Maseru rather than with the Thabana Morena CU, so group members had to come to Maseru to get loan money. Similarly, the group has to make loan repayments through the Maseru LCCUL since it has no local account. One explanation that has been given is that the LCCUL had no confidence in this particular local credit union.

Training from LDTC

As the Khobotle Piggery was the first LDTC Assistance Fund group, it received our earliest training efforts in the areas which have now become standardized within the Intensive Training Model: bookkeeping, group functioning and financial responsibilities, and programme planning. In reality, while the group received many visits from the LDTC, only four trips could actually be classified as "training" visits: one session in early 1983 dealt with bookkeeping, another with group management, and two visits (over a period of 4 days) were spent of clarifying and solving problems. Because of the group's problems with marketing, it was clear that they needed advice on identifying efficient and profitable ways of pig-raising. Bookkeeping, group functioning, etc., were less important to the group's development.

The June 1984 visit revealed that group members are still interested in receiving training from LDTC, and a schedule of six training visits were scheduled between August and January of 1985. The group determined that these training sessions should establish the following:

- a thorough knowledge of keeping books and money,
- a clear understanding of group functions,
- knowing how to write articles for "Ho Bua Mekhatlo" (LDTG newsletter),
- better work relations with other groups.

To date none of these additional trainings have been held, because the LDTG Service Agency has been too involved with other Assistance Fund groups and other training and production activities.

Evaluation of Impact of Intensive Training Modules

As with other groups, the LDTG evaluated the impact of training in several ways: 1) administering tests in bookkeeping, group functioning and financial procedures, and programme planning, 2) examining the group's bookkeeping records and minute book to see how well they were able to apply what they have learned, and 3) asking members how they have applied their training.

A drawback of the recent assessment effort was that evaluators were able to interview and test only four members of the Khobotle Figgery Association. The other four were not able to attend for some valid reasons. Thus the results are not representative of the group at large. With this note of caution we will report findings from the four who were present.

Table 1 looks at the frequency of scores from the bookkeeping exercise.

Table 1
BOOKKEEPING

| <u>Scores</u> | <u>Frequency</u> |
|---------------|------------------|
| 81% | 1 |
| 72 | 1 |
| 51 | 1 |
| 19 | 1 |
| Total | 4 |

The average score was 56%. Comments about how this training had been used are as follows: haven't used yet - don't know the difference between income and expenses, I can now account for every bit of money I have, I understand bookkeeping a bit better although it is still difficult.

Table 2 examines specific errors made in the bookkeeping exercise.

Table 2

BOOKKEEPING ERRORS

| <u>Kind of Error</u> | <u>Number of Members Making Error (N=4)</u> |
|--------------------------------------|---|
| No postings w/figures | 1 |
| Entries put in wrong columns | 2 |
| Could not match postings w/ headings | 1 |
| Omitted names of columns | 3 |
| Mistakes in arithmetic (+,-,x) | 2 |

From such a small number of respondents it is not worth looking for patterns in errors. What can be said is simply that they made the same kinds of bookkeeping errors as other AF group members.

Table 3 displays scores on questions relating to responsibilities of group members and procedures for handling group finances.

Table 3
GROUP RESPONSIBILITIES/FINANCIAL PROCEDURES

| <u>Scores</u> | <u>Frequency</u> |
|---------------|------------------|
| 92% | 1 |
| 66 | 2 |
| 33 | 1 |
| Total | 4 |

The mean score was 64%. Group members were asked how they used this training:

- One said she checks how much she spends and how much change she gets back when sent to buy materials for the group.
- One said she had greater knowledge of group and committee work as a whole.
- One said she knew when meetings should be held with other group members and how to communicate with them.

Members were also asked to list up to six programme planning steps for arrival of pigs to the group at a certain date. The steps listed were judged on the activity mentioned and time frame provided. Scores are reported in Table 4.

Table 4
PROGRAMME PLANNING

| <u>Scores</u> | <u>Frequency</u> |
|---------------|------------------|
| 58% | 1 |
| 42 | 1 |
| 25 | 2 |
| Total | 4 |

The average score was 38%. Not many steps were mentioned, and members tended to forget the time frame.

Two members said the greatest use of this training was that they knew now when to start an activity and when to finish it. One said she had forgotten this training completely.

Summary. These few results show at least that Khotle members do understand the basics of bookkeeping and group functioning and are able to apply what they've learned. Programme planning was not as well understood. As mentioned, this group had very few visits specifically for purposes of training. Marketing and cost issues were in greater need of attention on LDTC visits.

Group's Future Plans

Three group members gave examples of what they would like to be doing in the years to come:

- processing pork
- slaughtering and parcelling meat products
- expanding services - having a factor for making boerwors.

From these answers, it appears that the group has not been defeated by its problems, and sees possibilities for piggeries in Lesotho.

Lessons Learned by LDTC.

As mentioned, the Khotle Piggery Association was our first group, our "university," in the words of Service Agency trainers. What did we learn, and how have we used what we've learned with other groups?

1. The group structure is not sacred. True, there are many activities for which buying, producing and marketing as a group makes sense, but piggeries does not appear to be one of them. It might have made more sense for the group to buy feed and market pigs together but to continue raising them near their homes. This could have at least avoided costs of building sties and hiring an extra worker. From this exper-

ence we are more sensitive to the Ipopeng Leribe Poultry Association's desire to raise chickens on an individual basis now that they have learned, as a group, how to care for chickens and how to manage a poultry enterprise. At that point it is just as easy, and more profitable, for a group member to care for her own chickens.

2. Training in bookkeeping, group functioning and programme planning is useful in helping groups manage income-generating activities, but is not useful when impediments to the group's success are structural in nature. What will the LDTC do if they are again faced with a group that plans an activity that has little chance to generate income? We have at least two options at present: screen proposals more carefully before granting assistance to ensure that marketing, etc., will not be a problem, and continue to work closely with technical experts.
3. Piggeries do not appear to be a profitable activity for rural groups in Lesotho. Costs of feed and transport are high, and pigs are difficult to market in this country. But if the production structure is changed, piggeries may be more economically feasible: raising pigs on an individual basis, and buying and selling feed, etc. on a cooperative basis; or developing a pork industry. LDTC needs to explore the experiences of others in raising pigs.
4. People who enjoy an activity are willing to stick with it despite drawbacks. Khobotle group members amaze the LDTC staff continually with their enthusiasm for raising pigs. Their plans for expansion of a pork industry show that they are not discouraged by the lack of profit.
5. Good relations between LDTC and technical experts is extremely important for development of realistic income-generating activities. Staff members at LDTC are not livestock experts. When the Khobotle group came to us with a proposal for a piggery, it appeared that the activity would yield profit. Ministry of Agriculture personnel helped us and the group revise our original expectations of profit and identify areas for further assistance to the group. Also, interaction with the livestock experts made us aware of the need for "supportive" income-generating projects, such as pig-feed production in Lesotho.