

Local Knowledge and Institutional Arrangements

Tjak Reawaruw

Options for small farmer development

It is interesting to note that the use of the concept of farmer's local knowledge is usually confined to their production system or to be the physical environment in which they operate. Most probably this is due to the fact that underdevelopment in general is viewed as primarily a lack of so-called modern knowledge techniques and methods of production.

Undoubtedly this is a narrow view and it endangers the search for viable solutions for small farmer development. Besides it leads to piecemeal solutions.

Rather, we would like to extend the meaning of local knowledge to cover other elements and parts of the societal system in which the farmer functions. Below we will discuss two examples to illustrate this point: the transfer of project information and repaying credit by saving. They are drawn from the experiences of the Guided Change Project (GCP) among the Hausa of Northern Nigeria in which the author took part from 1974-1979.

Previous research in this part of Nigeria indicated that GCP's focus should be on the development of three different programmes involving in all more than 4000 farmers:

- a. a supply programme in a group of 4 villages for the provision on cash of agricultural inputs;
- b. a credit programme in another 4 villages for the supply of inputs mentioned under a) on credit;
- c. an extension programme added to the credit programme mentioned under b) in a third set of 4 villages.

In fact, GCP's approach had two sides: on the one hand designing and testing different small farmer development programmes; on the other hand assessing their socio-economic impact on the farmer and village level. The approach that was opted for could be denoted as the problem solving or the action-research approach, that according to Kurt Lewin involves analysis, fact finding, concept-validation, planning, execution more fact-finding or evaluation and then a repetition of this whole circle of activities; indeed, a spiral of such circles.

The transfer of project information

An important issue in every development project is how project information is taken to and transferred within farming communities. The need for adequate attention to and careful treatment of the dissemination of vital project information is often underestimated to a very large extent. This has not only to do with information of a general nature like objectives and plan of action of the

project. It also concerns information of a logistical nature, like where and when can the farmer buy fertilizer and for what price; when is the extension worker to come to which village to do what; when and where will village meetings be held about next year's action programme.

For this type of project information GCP made use of a regular and popular radio programme specifically for farmers. This, because it was found that the ownership of radios by farmers was rather common. The radio programme was produced in a 'modern' way. Usually two or three members of the project's intermediate staff simulated a role play focussed on an important theme. In a sociological survey we found

that the radio programme was an important link between the project and the farmers. Later we heard about a fascinating experience that could have even increased the effectiveness of this means of communication. Before we describe it, we have to introduce firstly the phenomenon of praise songs. In Hausa culture the life of traditional rulers and former historical events of great importance are praised in songs created by local musicians contributing to long standing oral traditions. Gradually the scope of these praise songs has been broadened. For our purpose it suffices to note that development issues on the national, regional and local level have become a subject of praise by local music making artists. So it happened that



The transistor radio could revolutionize adult education in Africa, but its potential has never been realized. Broadcasts in tribal languages are sporadic and inadequate in quality. The programming is alien to the people's oral tradition. (From: Fuglesang, A., 1982. About understanding. Ideas and observations on cross-cultural communication. Dag Hammarskjöld Foundation, Övre Slottsgatan 2, 75220 Uppsala, Sweden).

out of the blue a song was made about the GCP. If it would have occurred earlier certainly we would have incorporated it in the way of communicating project information to the target group. For example by 'marrying' the traditional element being the praise song with the modern element, being the radio programme. Especially, as mentioned above, because radio ownership is a common feature of Hausa society this approach would surpass the tendency to monopolise vital logistical information by certain interest groups in the village. In this respect we ought to be aware of this type of monopolization occurring in development projects next to the more common ones relating to other production factors such as land, capital, water and modern inputs. This example also draws the attention to the question of how information for farmers are traditionally taken within their community.

Repaying credit by saving

The second example comes from the GCP's recovery system of outstanding credit and savings monies. In a number of brain storming sessions the project team planned the design of the credit recollection system. It was based on a savings system which Oxfam developed in Zambia. In a nutshell the GCP system worked as follows: Farmers who got credit e.g. 12 Naira *) on an individual basis from the project could pay it back in installments. They were enabled to do so by buying from the project stamps of the self-adhesive type with a value of 25 kobo each, the purchase price of the stamps being the partial payments, while the stamp itself was the receipt and the whole system 'keeps it own books', because the farmer stuck the stamps that he bought on his personal 'credit card'. Hence, the farmer saved in repaying his credit. Once his card was full, he knew for sure that he had repaid his credit and that he could apply for a new credit (to buy agricultural inputs) if he would hand in his credit card. Later, the project added a section to the credit card on which the farmer could attach in addition to his 'credit' stamps also 'savings' stamps.

In this way the farmer could put aside savings money to buy inputs rendering him less dependent on credit. Ideally the credit system could be completely transformed into a savings system. It is not only the experience of GCP that points to the prevailing condition that savings potential among farmers in a productive agricultural system is great and can rather easily be tapped as a resource.**)

On the face of it the project team believed that this credit/saving recollection system came out of the blue for the project farmers. But surprisingly enough it appeared later that in Hausa society there does exist a rather common 'modern' type of a savings system that is also individually based. It works as follows: a prospective saver can deposit with a person of impeccable reputation i.e. in daily installments a fixed amount of money that is agreed upon by both parties (e.g. 1 Naira or 20 kobo). In fact

the person who receives the deposit acts as a banker which is often a full time profession. He runs the bare necessities of administration himself and always marks a cross on the saver's personal savings card in the appropriate box(es) whenever the money transaction has taken place. There are 31 boxes in a row since the basic savings period is one month, but one is also allowed to deposit a fewer number of goes. There are 12 rows on the card accommodating for its use over one whole year. For the services that the depositor has enjoyed he has to pay one unit of the amount deposited by him as a commission to the other party. For instance, if he has entrusted 30 times the regular amount of 10 kobo, the charge levied in this case is 10 kobo, regardless of the number of times of depositing. In this case the saver is left with a payable balance of 2.90 Naira at the end.

The strong points of this 'traditional' system run parallel to the one of GCP: simple to comprehend and to administrate while speedy and flexible in its dealings.

Conclusions

The lesson to be learned from these instances is as follows. When speaking of agricultural production systems it is necessary to broaden the concept of local knowledge. We should not restrict the concept to the production system itself and consider it only as an ingredient and input necessary for raising the level of agricultural productivity. Maybe it is better to speak of the more general concept of local culture and look upon culture as a way of living and as the ways in which things are done in society. On the face of it this perspective seems to be too broad and not operational in nature. On the other hand its simplicity enables us to keep it in mind as a continuous driving force in our search to improve the living and working conditions of the farming population.

Tjak Reawaruw, agricultural economist, is a staff member of E.T.C. Foundation.

Notes:

*) The Nigerian currency is the Naira divided into 100 kobo (k). In January 1979 its exchange value stood officially at 1 Naira = \$ 1.54.

**) For example rural banks at grassroots level of a special design in Bangladesh are very successful in extracting savings from the rural poor (see reference alongside).

Literature:

- Huizinga, Bert: 'Rural Extension and the Search for Institutional Arrangements for Small Farmer Development: The case of the Guided Change Project in Northern Nigeria' in: Progress in Rural Extension and Community Development Vol. 1 edited by Gwyn E. Jones and Maurice J. Rolls pp. 117-138. John Wiley & Sons 1982.
- Norman D.W. (1967-1972). 'An Economic Study of Three Zaria Province Villages'. Samaru Miscellaneous Papers 19, 23, 37 and 38. Ahmadu Bello University, Zaria, Nigeria.
- Oxfam (undated) 'Saveway Clubs', Oxfam, 274 Banbury Road, Oxford OX2 7DZ, England.
- Richards, P. 'Indigenous Agricultural Revolution. Ecology and food production in West Africa' Hutchinson & Co, 1985.
- Sanford N. 'Whatever happened to action research'. Journal of Social Issues, Vol. 25, no. 4: pp 3-23.

Credit to the Poorest

Credit to the Poorest - 'The Grameen Bank', Bangladesh and 'The Small Farmers Development Programme', Nepal.

IFAD Paper, March 1987.

Full participation of the poor, directed at the poorest segments of the rural populations and a decentralized structure are the common philosophy and basic approach shared by two credit programmes in Bangladesh and Nepal described in this paper.

The first and overriding lesson is that the poor are bankable and reliable clients, and that credit and savings programmes can operate successfully. It is based on small groups of borrowers: (five people for the Grameen Bank, twenty-five for the SFDP) often sharing the same background, economic level and interests and based on mutual trust. In Bangladesh, they are guided by a trained field Bank Worker (man or woman) whose high motivation is an essential element in the success. They meet regularly to discuss and decide on loans, share concerns, hopes and experiences, to develop a sense of collective discipline. Short-term small loans are given to individuals or to the group, at regular bank rates but without the need of having prosperity as a security for repayment; it is group responsibility for repayment. The Nepal project tends to make less use of the small groups. However, the SFDP does provide a wide range of 'outside' services through various government agencies and programmes: technical assistance; special development programmes, especially for women, in nutrition, child care, sanitation, family planning and literacy; training in agricultural and non-agricultural skills.

The programmes have solved the problems of high default rates through the innovation of group liability, close control and with the Grameen Bank, weekly repayments.

Although broadly similar in approach and effectiveness, there are also various differences in the two programmes. One is the composition of the population reached (the Grameen Bank: almost exclusively the landless and the women; the SFDP: the poorest are under-represented). Another is the range of services and overall structure (the Grameen bank is a poor people's bank which provides only short-term loans for income-generating enterprises, whereas the SFDP is a development bank which gives long-term credit for community development projects as well as short-term loans for economic ventures).

The Nepal project reaches just over 41,000 people, the Grameen Bank serves over 210,000.

Paper by the International Fund for Agricultural Development (IFAD), presented at the I.I.E.D. Conference on Sustainable Development, April 1987, 3 Endsleigh Street, London WC1H 0DD, England. IFAD, 107, Via del Serafico, 00142 Rome, Italy.