PDWAE596

ASSESSMENT OF VILLAGE ASSOCIATION CREDIT ACTIVITIES (688-0000-S-0-3037-00)

Summary	p. 1
Introduction	p. 8
National Policy	p. 8
Direction Nationale de la Coopération	p. 10
CMDT Village Associations	p. 12
- Credit	p. 14
- Marketing	p. 17
Opération Haute Vallée	p. 20

Annexes

A. Ton Status

B. CMDT Association Recuperation Rates

C. CMDT Production Attributed to Associations

D. Management of OHV Agricultural Credit - Guidelines

E. Persons Interviewed

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Summary

The following assessment is meant to address issues surrounding the question of group credit as a viable alternative for input credit delivery in Mali and in particular the Second Region.

Mali's rural development policy is historically oriented towards collective action through a hierarchical cooperative form as a means to increase production and organize input and credit delivery and marketing. There have been marked periods of neglect and development as well as imposed structures but very few self-initiated cooperative organizations have arisen.

In general when farmers have experienced cooperatives as agencies through which they could maximize their interests, they have supported and participated in them. If they saw them as exploitative or adversely affecting their private interest, they have rejected them or sought to undermine their operation.

Since 1981, the ton villageois has been disignated as the grassroots unit of rural development. Tons, defined as voluntary village self-help associations have as their mandate the management of all village development activities including marketing, credit delivery, input distribution, etc.

Government policy placing tons or decentralization at the village level as the focus of rural development activity is an implicit contradiction within the current structure of institutional organization in Mali. Mali's emphasis on central planning and control means that local barriers against involvement or genuine participation remain in place. The result of the implementation of this policy will not be (and has not been) a structure through which the rural population has influence but rather a mechanism through which others seek to influence them. Despite this, group membership becomes attractive to the extent that individuals see the real possibility of individual and/or group gain.

The Direction Nationale de la Coopération (DNC) has been given the lead role by the UDPM (Union Démocratique du Peuple Malien) for the promotion of tons. Although cooperative activity under the DNC is in varying stages of development throughout the country, official cooperatives, in general, have a fairly limited role in production, marketing or credit activities. Their primary function is as consumer organizations providing basic consumption goods and are generally managed by DNC personnel, not the rural populations themselves.

The Sixth and Seventh Regions have had a larger degree of success with the assistance of several PVOs. They too cite serious problems including the lack of motivation and agent efficiency due to the absence of incentives and physical means to carry out their work; absence of planning and coordination with other institutions; and the lack of trained staff to carry out the multi-disciplinary tasks that cooperative organization and management require.

The DNC does not seem to have developed a plan to act upon for cooperative development and in general suffers from a reputation carried over from the 196[illegible]-68 period. The DNC has very weak or non-existent links with Rural Development Organizations and in some cases they appear to be in competition for control.

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The CMDT village association has become the model for the ton villageois. However, the situation of the CMDT is probably an unfair comparison with any other RDO. Since cotton provides 50% of the value of total exports for Mali and CMDT produces 94% of the country's cotton, all banks are required to fund CMDT's production and marketing operations. Virtually, unlimited seasonal credit is extended to the CMDT. In addition, the CMDT has preferential selection of personnel as well as the resources allocated to provide a sound base of training and support services to its staff and farmer groups.

Although initially reluctant, the CMDT embarked upon the organization of village associations with the perceived gains of minimizing credit risk through group responsibility, cutting administrative costs and creating a situation when extension agents could devote more time to the delivery of technological innovations.

CMDT's credit delivery is directly tied to the production and marketing of cotton. The capacity to receive and repay credit is based on the associations' or individuals' cotton production. The ability to derive additional and collective income from cotton marketing is the major incentive and base of cohesion for the association. All other activities are based on this collective income, including group credit. This source of revenue decreases individual risks in the event of default by a member.

Village association members have been trained to carry out all procedures necessary for marketing at the village level and for this receive 2.8 MF per kilo of cotton marketed. This and the administration of credit necessitates a strong functional literacy and farmer training program.

Farmers who receive credit from CMDT receive it primarily in four forms: seasonal agricultural input credit, medium-term credit for agricultural equipment, medium-term credit for traction animals, and 6-8 month cash credit. Whereas individual farmers may not have access to all of the above types of credit, the village association does, since they have high records of recuperation and other institutions such as the BNDA and CCCE prefer to deal with groups rather than individuals.

Decisions concerning the distribution of individual credit are made by the association. In cases where credit is in short supply such as for agricultural equipment and traction animals, larger and more difficult decisions must be made by the village associations. Some villages have chosen to address the question of equity and have taken the risk of giving credit to more marginal farmers instead of increasing credit to those who have a larger resource base.

With the village association, the client-patron relationship with CMDT remains in place. To date the CMDT has satisfied association demands. Therefore, farmers have acquired little influence and feel no need to exert pressure or go outside the system.

In varying degrees capital formation has been accelerated through the operations of village associations. Village funds from cotton and cereals marketing, pharmacies, internal credit activities and collective fields have been invested, for the most part, in community improvements. CMDT now indicates a concern to find new investment opportunities for associations.

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Finally, one can estimate that the increase in costs for training, support and supervision of village associations still outweighs any savings in the actual administration of credit and marketing. In a small number of cases, the Chef de Secteur de Base's duties have all but been taken over by the association. In these cases, a new functional structure, the ZAER (Zone d'Animation et d'Expansion Rurale) has been established. The ZAER role is one of an integrated extension and training agent. Those agents who are displaced are then retrained and assigned to other tasks, mainly tasks that have been the results of expanded CMDT and association activity.

In theory, Opération Haute Vallée has a credit system similar to that of CMDT. One important difference is that OHV does not have a legal status that enables it to obtain direct credit from government or commercial banks. This limits OHV's sources of credit substantially. With the demise of SCAER, the blockage of USAID agricultural credit funds and no further seasonal input credit from CMDT, OHV has had to rely on its own resources from marketing to provide agricultural inputs.

Although the need for credit is increasing for those farmers who use agricultural inputs (since the price of inputs is increasing faster than the producer price received by the farmer for his crops), sources of credit have decreased. This has resulted in the delivery of fewer inputs at appropriate times such as fertilizer, which will have the expected result of lower production. This could have serious consequences for the farmers' ability to repay debts and OHV's overall financial status.

OHV has had serious problems with the implementation and administration of its credit system in the recent past. It is clear that the lack of monitoring of the system has led to the overall weakness of the system at all levels. Since the arrival of an expatriate credit specialist, a reinforcement of the documentation system of the credit section has taken place. Systems have been established or reinforced for monitoring credit placement, recuperation and deposit, cash sales, stock movement, the blacksmiths program, the animal traction/pilot farmer program and credit accorded to OHV personnel. A clear set of rules, regulations and procedures have been set down and passed to OHV agents in the form of training and a handbook. Because of the steps taken to improve the credit section activities, an 86% recuperation rate was attained for the 1982-83 agricultural season. If the system continues to be monitored in such a way, there is reason to believe that credit placement, administration and recovery will be on par with that of CMDT.

The Credit Section of OHV has plans to increase the participation of village associations in the distribution and recuperation of credit. A commission has been set up at OHV to assess the possiblities of association activities and establish criteria for village selection. Ten villages have been chosen in which this program will be launched.

In visits to several of the villages proposed in Kangaba, Ouélessébougou and Kati secteurs, farmers were very receptive to the idea of village associations and are eager to assume the responsibility of marketing and credit delivery. In some villages, past years' marketing has been done by associations. Several of these villages who expected payment for marketing activities have yet to be paid. It is evident, as in the CMDT case, that the marketing bonus paid to associations is a major incentive to farmer participation. Before association activity is revitalized, the payment of these risk funds must be made.

In addition to this breach of confidence between farmers and OHV, there is a lack of confidence between farmers and agents as well as agents and the OHV Direction. In a structure set up for directives to come from the top, the lower levels expect clear cut decision with details for their execution. With the exception of the newly installed credit monitoring system, this has not been the case. In most cases, extension agents are willing to carry out their duties if they know what is expected of them. Farmers in turn would then receive more reliable and useful instruction from extension agents.

Thus far the functional literacy program has been inadequate. Many of those trained are young and leave their villages for work elsewhere, leaving an insufficient number of teachers for literacy centers and a lack of expertise for association record keeping. In addition, in a recent evaluation of the OHV functional literacy program (April 1983), an unsatisfactory level of literacy was found. It was noted that those tested were particularly weak in arithmetic calculation.

The absence of a comprehensive training strategy for OHV is a major weakness that will inhibit the growth of viable village associations. Past training programs have failed due to the lack of financial resources and poor attendance due in part to the late or no payment of transportation allowances. OHV intends to try to revitalize their training initiatives and will include an evaluation of all agents, the retention of only those judged able to meet the criteria set and the establishment of a series of pre-service and in-service courses. It is recognized that this approach will take considerably increased financial investments.

Even given the disadvantaged position of OHV in terms of credit access, access to government resources and personnel and relatively low cotton production (although it produces 100% of Mali's tobacco), there is still reason to believe that village associations can be effectively organized.

It is clear that village associations are not the solution to any of the internal management problems of OHV and should not be viewed as such.

The advantages that may be derived from a village association program may include:

1. Improved access to credit facilities, notably BNDA who gives preference to farmer groups;

2. A larger degree of equity to the extent that association members are willing to take credit risk for more marginal farmers;

3. Through training of association members a more effective administration of certain tasks normally carried out by extension agents - an example of this is the calculation of seasonal inputs;

4. Through training again a more effective administration of credit whereby ristournes from marketing will provide a cushion for defaults;

5. The building of village social and economic infrastructure;

6. Establishing a forum for the extension service's new orientation and Farming Systems Research activities;

7. Finally, this may also establish a basis of communication from the village level to the upper levels of OHV. Although earlier it was stated that the village association and CMDT maintain their patron-client relationship, associations do make demands. However to date, they have not been beyond the capabilities of CMDT. Additionally, if those demands do surpass the capacity of OHV, this may be an excellent entry for private enterprise initiatives.

The major opportunity for the success of village associations is the willingness of farmers to try yet another direct development effort. However, if benefits are not readily realized, their enthusiasm will be short-lived. If there is an indication of coercion, this will also be the demise of the initiative.

The future of OHV programs and the program of village associations depends heavily on the continuation of a vigorous approach to its financial management on one hand and the extent to which OHV can influence the allocation of scarce government personnel and resources.

To establish village associations, financial resources are necessary:

1. OHV must be financially able to pay farmers for their tasks (ristourne) as to provide farmer incentives for participation and create a base for credit, income generating and community improvement activities.

2. Credit monitoring must be continued which will require assured transportation for those of the credit section and extension agents.

3. The functional literacy program must be bolstered to include marketing and credit functions and stress the mastering of arithmetic calculations and simple bookkeeping. This will require an upgrading and perhaps increase of DNAFLA personnel.

4. A comprehensive training program both for OHV personnel and farmers must be established; one that will increase the confidence of farmers in agents and vice-versa.

5. OHV must be prepared to supply not only agricultural inputs but assure the proper timing of delivery to eliminate the use of inputs in a non-productive manner thus creating a situation where farmers receive no return on their investment.

Concerning OHV's access to credit:

1. Serious discussion with the BNDA should be undertaken to determine exactly the extent of their objections in dealing with OHV and the exact services that they can offer. It has become an embarrassment to consultants visiting BNDA since they apparently feel inundated by AID consultants who ask many of the same questions and have no official status to discuss proposals or strategy. In their position as the agricultural bank in Mali, they feel that it is only a matter of time before government policy will dictate the use of BNDA for all agricultural credit and it would be behooved USAID to make arrangements now.

2. The legal status of OHV is worthy of investigation to facilitate banking relations.

Concerning the establishment of village associations:

1. An evaluation of the resources required for marketing activities and the availability of those resources for an expanded program made.

2. If the above is favorable, village association activities should begin on a very limited basis. It would perhaps be more prudent to start with fewer than ten villages in the zones of higher functional literacy and as is already proposed by OHV, with the transfer of the most competent extension agents.

3. It would also be advisable to encourage the fullest possible participation of the village community in planning and decision making. Although larger time investments are required and it is a drastic change in orientation, there have been too many failures of these sorts in the OHV area of intervention.

Concerning training and functional literacy:

1. A study of the training service of CMDT should be made.

2. The possibility of CMDT and OHV entering into an agreement to evaluate and restructure OHV training should be investigated. The same should be done for functional literacy to include the applicability of already developed training materials and methods.

3. Pressure must be applied to allow OHV more and better qualified DNAFLA staff.

Concerning village associations as possible private enterprise initiatives:

1. Certain government agencies now consider village associations as a segment of the private sector. Although in my mind not a current reality, this could become so in the future. This first relies on how strongly the government of Mali, notably the Ministry of Agriculture, wants to maintain the Opérations as sole suppliers and buyers of goods and produce. An assessment of these policy decisions must be made.

2. If this policy determination is favorable, ways to encourage private entrepreneurs to supply agricultural inputs and materials must be investigated (see report on private sector input marketing by Ismael Ouedraogo).

3. In addition, if the government of Mali is serious about the liberalization of cereals prices and markets, village associations by themselves or further grouped together could become powerful bodies for collective bargaining and thereby provide incentives for increased cereals production.

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Concerning the Direction Nationale de la Coopération:

1. An institutional analysis should be carried out for the DNC to assess the possibilities of DNC Opération collaboration in the development of village associations. At present they apparently have similar interests although the DNC takes a more political and thus less palatable approach than the Opérations whose purpose, for the most part, is a pragmatic economic interest. Given the personnel and resources available, possibilities should be investigated to pursue the interests of farmers and the Opérations.

2. An assessment of DNC activities in the Fourth Region should be made after a year of activities with the project funded by IFAD.

Introduction

USAID/Bamako is exploring alternative ways of input credit delivery to small dryland sorghum and millet farmers in the Second Region (Opération Haute Vallée). Currently the bulk of farm input credit is provided to individuals through the parastatal Rural Development Organization. One option is the delivery of non-individual credit in which funds for productive purposes are extended to groups of farmers joined together in some sort of unions, cooperatives, associations, users'societies, etc. From experience elsewhere, group credit may have the following possible advantages:

1. Economies of scale in extending credit to small farmers, especially in dealing with the credit agency in reducing the costs of supervision and assistance.

2. Effective administration by providing stimuli for group control and sanctions for compliance.

3. Managerial efficiency in administering productive enterprises for which credit is extended. This may include opportunities for building economic and social infrastructure as well as farm capital on a community wide basis.

4. Equity reaching larger numbers of small farmers and a more equitable distribution of income among beneficiaries.

The following assessment is meant to address issues surrounding the question of group credit as a viable alternative for input credit delivery in Mali and in particular the Second Region. As a point of departure, government policy vis-à-vis farmer cooperative development and a brief history of strides toward varying degrees of collective action is discussed. Included is a discussion of the Direction Nationale de la Coopération. This is followed by a description and assessment of the village association system of the CMDT where only part of its activities are concerned with credit. Finally, an analysis of problems and lessons learned will be applied to the situation of the Second Region (OHV). Some preliminary recommendations will be made for a program to assist in the development of group credit mechanisms.

Although not within the scope of this assessment, there is an underlining assumption that should not be discounted. Small farmer credit, whether individual or group will not in itself be successful unless there is an opportunity for small farmers to utilize additional capital profitably. A prerequisite is an improvement in agricultural technology backed by markets that can supply the necessary inputs and absorb the output at a profit to the farmer.

National Policy

In practice, there is little possibility of choice between individual and group credit schemes, as such positions are determined by the prevailing ideology of the country, both by government policy at one extreme and by the individual farmer communities which the credit scheme is meant to benefit. During colonization and since independence, Mali has oriented rural development policy towards one of collective action through a hierarchical cooperative form as a means to increase production and organize input and credit delivery and marketing. Farmers seem to have neither been inherently in favor of nor against

cooperative or individual action but have responded to either according to their own practical experiences and how these experiences affected their everyday calculation of their private interests. Thus, if farmers experience cooperatives as agencies through which they can maximize their interests, they will support and participate in them. If they experience them as exploitative or adversely affecting their private interests, they will reject them or seek to undermine their operation.

Since independence, the cooperative movement has been marked by four distinct periods of development or neglect. Immediately after independence, the years 1960-68 were oriented toward the imposition of cooperative structures as an arm of the reigning political party. The formation of these groups coincided with the establishment of the Malian Import-Export Company (SOMIEX) which needed these structures to carry out their given task of all commercial operations concerning the sale of agricultural products (through OPAM) and purchase of consumer goods for the entire rural population. Membership in these groups was obligatory as were taxes to support the movement. In addition, collective fields were compulsory. With the Coup d'Etat of 1968, these essentially political structures fell into disarray and collective fields were abolished and quickly disappeared (Jones, p. 290). These precooperative organizations were generally felt to be a total failure due to: 1) inefficient and corrupt management; 2) the imposed nature of the structure* upon villages that had no previous history of collectivity, particularly the type of collective fields prescribed; and 3) economic disincentives in the marketing of food crops (Jones, p. 290).

The period from 1968 to 1975 was marked by a neglect of the cooperative movement. These years were directed toward the establishment of parastatal Rural Development Organizations as the means to increase production and accomplish service delivery.

From 1975 to 1980, there was a renewal of cooperative activity that sought to revive cooperatives that endured the previous phases of disruption but not to institute new cooperatives. Notable in this period is a change in approach toward rural participation that supposed the total change in the mentality of administering government officials.

In 1981, the First National Economic Council of the UDPM adopted the ton villageois as the grassroots unit of rural economic development. This is spelled out in the Plan Quinquennal de Développement Economique et Social: 1981-1985, and subsequently guidelines are spelled out in a decree further formalizing the ton as a means for the development of rural areas. These guidelines are very general and at times vague. Briefly, tons are defined as voluntary village self-help associations whose responsibilities are the management of development activities carried out at the village level. These activities may include marketing, credit delivery, input distribution as well as many more (See Annex for Statut). Tons have been given a separate legal and financial status and are placed under the administration of an undetermined government institution.

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The ton has become a term used for local organization by the Malian Government. As previously described, this orientation is not new. It is yet another attempt to mobilize the rural population. It is a directive from above as before but with an important difference. There is verbal provision for the varying desires of the population and decision making at the local level. The presentation of tons or local action as government policy is an implicit contradiction within the current structure of institutional organization in Mali. Mali's emphasis on central planning and control means that local barriers against involvement or genuine participation remain in place. From the point of view of the central government, local organizations are potential resources for the management of its own programs and a means whereby new loyalties to the national institutions can be created. From the point of view of their members, voluntary local organizations are formed to pursue particular interests and they have as one of their goals an alliance for the purpose of tapping the resources of the center.

National leaders seem to regard cooperatives, associations or, in this case, tons as the natural outcome of a local propensity to cooperate. In Mali, this idea is further reinforced by repetitions that the ton is a generic term for association that is deeply imbedded in Malian tradition and thus local organization should meet few obstacles. In fact, associations are widespread in rural Mali. Most are based on age and the ton of the Bambara is representative. Comprised of male and female sectors, it includes all young persons of the same generation and may cut across lines of caste and lineage. They were organized to work others' fields for wages. Generally these funds were used for entertainment purposes. There are many other groupings (including credit) that cut across kinship ties, class, and cast barriers to form another community-wide network of reciprocal relations that greatly extend the individual's field of socio-economic security and add useful flexibility to the social system. Traditionally, these groups or associations prevailed (and still do to a certain extent) because they were best suited to perform certain functions for the people of the locality. This still holds true. The attraction of group membership is not so much in sheer belonging but rather in attaining something by means of this membership (Collective Action, p. 6).

Direction Nationale de la Coopération (DNC)

The Direction Nationale de la Coopération cites three events that enabled them to make a new start in 1981:

1. The placement of cotisation under national direction rather than regional management;

2. The liberalization of the cereals market that allows FGRs to sell to OPAM with a profit for the group (1 MF per kilo);

3. The formalization by the UDPM of the ton villageois as the basis of rural development.

Although the decree establishing tons does not specify the agency that is to undertake this effort, the DNC has been given the lead role by the UDPM for the promotion of tons, in collaboration with the party, the RDOs, financial institutions and other public organizations.

The Direction Nationale de la Coopération has over 1,000 employees of which 200 are paid by Fonction Publique, the others financed by the Budget de la Cotisation (head tax). At the regional level there is a Direction Régionale de la Coopération followed by a Centre d'Animation et de Contrôle (CAC) at the cercle level and an Agent Technique de la Coopération (ATC) at the level of the arrondissement. This corresponds to a village level organization similar to that prior to 1968 (see p. 9). Groupements Ruraux (GR) exist at the village level and Fédération de Groupements Ruraux (FGR) at each arrondissement. Although cooperative activity is in varying degrees of development throughout the country, in reality the FGRs have a fairly limited role in production (marketing) or credit activities. They serve primarily as consumer organizations providing basic necessities (through SOMIEX) such as salt, sugar, oil, etc. and in general are managed by DNC personnel.

In an analysis done for the Ministry of Plan (Etude des Opérations de Développement Rural (ODR) et des Organismes Similaires), the results were quite pessimistic. Citing the example of the CAC of Mopti, the study concludes that even given their limited role as primary necessity consumption cooperatives, the CAC fails as an even remotely well managed or rural population initiated program. Due to the lack of literate members, the FGR was totally managed by the ATC. The ATC made all decisions, assured store provisionment, and managed financial resources.

At the level of the CAC, for the 9 arrondissements of Mopti, the budget cotisation was 38,123,500 MF for 1982-83; 20% of this was used for ATC and other conventionnaire salaries. The remainder was meant to serve as a credit fund for village cooperatives. In reality, this policy was not followed, with very few groups or projects identified as possibilities, let alone actualities for financing.

The Sixth and Seventh Regions have had a larger degree of success with the assistance of several PVOs (notably Euro-Action Accord and Hommes Frères), but they too cite serious problems at all levels of the government structure and village level. The major problems presented are:

1. Lack of motivation and efficiency of agents due to low salaries, late payments and lack of transport and other services necessary to carry out their work;

2. Lack of decisions from the national level as to planning programs to follow in the development of tons;

3. Lack of coordination between other government institutions, i.e. RDOs;

4. Lack of trained staff to carry out the multi-disciplinary tasks that cooperative organisation and management requires.

The Director General of DNC himself has cited the major weakness of the DNC as the lack of an appropriately trained staff.

In conclusion, the establishment of the ton, at least with the aid of the DNC seems remote. Since the re-establishment of cooperative activity as a government priority, the DNC related structures seem to have spent their time talking, holding meetings, and composing documents on tons (most of which are redundant) and have produced no plans to act upon.

One hope of setting a direction for the DNC is the launching of a new project with IFAD (International Fund for Agricultural Development). For this project, the DNC will act as coordinating body between other government services for the development of village associations in the Fourth Region with a major provision for an agricultural credit fund to be administered through the BNDA. This fund will be used in the promotion of cereal crops through credit for traction animals and equipment. Although the project appears problematic due to its complexity and dependence upon cereal grain production, and thus lack of marketing credit ties, it is the first concrete attempt of the DNC to take action on their mandate of ton villageois and will be an interesting development to follow.

CMDT* Village Associations

Village associations developed in the CMDT cotton zone before the rhetoric ton villageois and after rejection of the imposed collective system. They were mainly a response to the wishes of selected farmers and the encouragement of some field workers. Initially, CMDT management was quite reluctant to support their activities for many possible reasons. Firstly they saw the possible need for additional capital expenditures on such a venture due to the initial expense of decentralization and additional demands by farmers. Secondly, CMDT felt that they, as the "modern" institution, were capable of performing all of the necessary functions required by farmers (in return of course for production, from which all derive their livelihood), not vice-versa. Finally, CMDT management possibly felt a threat to their power base. Farmers and extension personnel have long occupied dependent roles vis-à-vis the CMDT and management was not prepared for even a limited change in the other direction. Even though farmers had limited access to the system, there were reliable CMDT staff who acted as brokers and convinced their superiors that management at the village level was possible and indeed beneficial to the organization. These benefits were perceived as minimizing credit risk through group responsibility, lightening to workload of extension agents, and cutting administrative costs, mainly through simplifying the movement of goods and money.

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* CMDT (Compagnie Malienne pour le Développement des Textiles) is the major foreign exchange-earning enterprise in Mali. It is responsible for the production and marketing of cotton. The CMDT is a semi-private institution, with 40% French and 60% Malian ownership. It has evolved from the original Compagnie Française pour le Développement des Fibres Textiles (CFDT) which began in 1952 to develop cotton production in non-irrigated areas of the French Sudan. The CMDT has had many years of experience operating in several West African countries. Beginning in 1960, it operated under an agreement with the Governement of Mali as an independent company under the Ministry of Rural Development. It now holds a unique status (shared with the Office du Niger)

Aside from more local control, particularly of credit decisions, farmers saw an escape from corrupt field agents and more importantly supplementary economic benefits through bonuses paid to associations who market their own cotton*.

This process was a slow one (initially starting with one association for a test period of one year during the 1973-74 agricultural season). It necessarily started in areas where there were literate farmers (often times areas where there were former soldiers of the French army or others who had been out of the village area for a time and returned) to take leadership and provide the necessary expertise for the required local management. The structure and functions other than credit and marketing were for the most part dependent on the wishes of the local population. The structure usually resulted in dependence upon the village council as the authority base.

As village association popularity grew and CMDT management became more convinced of its utility, the following problems were encountered:

1. The lack of literate farmers caused management problems.

2. Some extension agents felt that assumption of responsibility by farmers decreased their status vis-à-vis the farmer and thus their effectiveness.

3. It was clear that there was a lack of farmer expertise in many phases of the credit and marketing process.

4. It became clear that although the main goals of CMDT and village associations were similar, priorities among those goals were different. CMDT's prime objective is increased production through the provision of inputs, credit and financial incentives. For the farmer, the association was not formed for solely production purposes but high among their priorities was the improvement of community amenities.

In order to respond to the demands of the farmer and the requirements of sound management, a need was seen to standardize association structure, criteria and record keeping procedures. In addition, there was a restructuring of the training service goals. Functional literacy became an important part of the training division (creating a new organizational unit - ZAF, Zone d'Alphabétisation Fonctionnelle), as well as training for field agents whose roles would eventually be taken over by the farmer and would require new placements.

The CMDT has recognized that the availability and delivery of group credit is not isolated to the question of credit per se. It is a complicated question that encompasses the performance capacity of the farmer organization on one hand and the parent organization on the other (as CMDT) for certain functions in addition to their ability to support each other, primarily financially.

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* Village associations which grade, weigh and load cotton on to CMDT trucks received 2.5 MF per kilo in 1982. (They will receive 2.8 MF per kilo this year 1983). In addition the village treasury receives the difference in the weight between that calculated at the village and that weighed at the bulking center.

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Through their experience, CMDT see the following set of criteria as important for the selection of villages that could be assisted in the formation of village associations:

1. Existence of a cash crop marketable to CMDT (cotton);

2. Existence of one or more functionally literate individuals either in Bambara, Arabic or French (Bambara preferred);

3. Willingness of the community to take group responsibility for their activities; this includes a presence of village cohesion or at least no marked signs of deep divisions/disagreements among villagers; another indicator used is the present existence of collective action oriented activities;

4. Adherence to agricultural techniques extended by agents of CMDT (resulting in at least an average cotton yield);

5. A perfect (or almost perfect) record of past credit recuperation.

Added to this list is a condition that the CMDT will have the capacity to provide the training and supervisory personnel to assure the sound management of the associations.

It would be inappropriate in this report to discuss all of the activities of village associations and the support required by CMDT in those activities. However, in the discussion of the function we are concerned with, credit and marketing, these activities and services will necessarily be brought out. Credit and marketing have an obious relationship. CMDT gives credit to farmers for inputs to increase production of a marketable good. Farmers are willing to accept credit and to pay it back since it appears to have immediate benefit and cotton is the basis for a great percentage of their livelihood. In visits with CMDT officials, field agents, and participating farmers, their experience maintains the necessity for consistent production and favorable economic incentives to assure the continuation and expansion of village associations. The marketing of cotton and the resulting bonuses are the largest economic incentive to the village association as a whole.

The ability to derive additional and collective income from cotton marketing is the main basic point of cohesion for the association. All other activities are based on this collective income including group credit. This source of funds decreases members' individual risks in the event of default by a member.

Credit

The credit activities of CMDT are financed by four major sources of funds: exterior aid, state institutions, semi-private banking institutions and the resources of CMDT itself derived from marketing cotton.

The CMDT obtains loans from all banks operating in Mali. Since cotton provides 50% of the value of total exports for Mali and CMDT produces 94% of the cotton in Mali*, banks are required to fund CMDT's production and marketing operations. Virtually unlimited seasonal credit is extended to the CMDT generally at a 7.5%-10% interest rate.

* The CMDT zone also produces 36% of the country's cereals.

The two national banking institutions that provide the majority of their credit base are the Banque Nationale de Développement (BDM) and more recently the Banque Nationale pour le Développement Agricole (BNDA).

Although the BDM* extends credit primarily for export and commercial purposes, it is required by the Central Bank to provide short-term production and marketing credit to CMDT. Such loans must be given at 7.5%-10% interest and are often obtained through rediscounting at the Central Bank at 6%. At present, the annual needs of CMDT are 25-29 billion MF. In the future, it is foreseen that BDM will be divested of this responsibility since the BNDA will assume the primary responsibility for agricultural credit.

The BNDA was established in 1981 to take over the agricultural credit function of SCAER. With a capitalization of 2 billion MF**, BNDA has access to rediscounts with the Central Bank. Currently their major activities are confined to Bamako, Sikasso and Koutiala. The BNDA has four types of credit available: medium-term investment credit, seasonal credit, marketing credit and cash credit. They have three methods of intervention:

1. Direct distribution to organizations with civil status and individual farmers not within the jurisdiction of a Rural Development Organization;

2. Simple indirect distribution whereby the BNDA accords a loan to a Rural Development Organization or a village association and they in turn assume the responsibility of loan delivery to the individual farmer;

3. Loans granted jointly with Rural Development Organizations whereby the BNDA accepts the financial risks and the RDO assumes administrative tasks and supervision of credit.

After a period of prudent expansion, it is planned that the BNDA will become the sole supply of agricultural credit. Currently, with its limited capital and staff and a desire to avoid the problems of the defunct SCAER, BNDA is proceeding very slowly with its expansion.

Farmers who receive credit from CMDT receive it in 4 major forms:

1. Seasonal credit for agricultural inputs such as seeds, insecticides, and herbicides; these loans must be paid back in full at harvest;

2. Medium-term credit over a three year period for farm equipment such as plows and barrows;

3. Medium-term credit for traction animals over a four-year period;

4. Seasonal cash credit whereby loans are given for the purchase of food grains to hold the farmer over until harvest. This is generally over a 6-8 month repayment cycle.

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* 100% state owned.

** Sources of capital: 55% Government of Mali; 20% Caisse Centrale de Coopération Economique (CCCE); 15% BCM; 10[illegible]

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Seasonal credit and some medium-term farm equipment credit is generally the domain of the CMDT itself. CMDT gives no credit directly for traction animals or consumption credit. These are the current domain of the BNDA and the Caisse Centrale de Coopération Economique. The majority of loans given for animal traction are given through an improved maize program financed by the CCCE.

Whereas the individual farmer may not have access to all of the above types of credit, the village association does, since in the CMDT region the majority have a proven record of high credit recuperation. The village association is trained and organized for each step of the credit process. The associations are most familiar with seasonal credit for fertilizer, pesticides, seeds and herbicides. Farmers have been trained by CMDT extension staff to measure their fields to be planted in cotton and calculate the quantities of these types of inputs thus enabling a more accurate determination of input needs as an association and for the organization as a whole. Farmers are well aware of the quantities prescribed by CMDT and normally follow these practices. The managemen committee, headed by the president (in most cases the chef de village) and more importantly the secretary who is trained to keep all records, reviews these demands. Depending on the experience and stage of development of the village association, the Chef de Secteur de Base acts as an advisor or an intermediary. These requests are reviewed not as individuals but associations at all levels of CMDT (the Secteur de Base, the ZER, the Secteur and the Region) and are incorporated into the overall needs for input credit. Rather than passing through all of the levels of the CMDT structure, inputs and materials are sent directly from the Region to the village association's store (built by the association; a requirement by CMDT for association operations). The association is treated as an individual for central CMDT accountability with the association secretary keeping records (in Bambara) for individual farmers. His main accounting documents consist of:

- le cahier de caisse,
- le cahier de prêt,
- le cahier de banque.

Although very simple bookkeeping procedures, these documents when properly maintained and with proper supervision from field staff permit the association to follow their financial transactions including individual credit.

Credit other than for seasonal inputs is treated much in the same manner at the village level. However, there are larger and more difficult decision to be made on the part of the village association. While seasonal input credit is virtually unlimited, credit for equipment and traction animals is not. Thus, a choice has to be made by the village as to who receives the credit. Although oxen credit was not available from 1972 to 1981, there is a high percentage of equipped farmers within the CMDT zone (in some secteurs not less than 60-70% are equipped - with at least one pair of oxen and essential farm equipment). Those without animal traction capabilities are usually more marginal farmers with small amount of land under cotton production. Thus the association is taking

a fairly high risk for non-equipped members whose income generating potential is uncertain at best. In many cases, associations are taking this risk rather than increasing the equipment capability of those who already have oxen and equipment. Additionally, cases were seen in the village where the farmer was unable to pay the annuity and the association paid instead. The case of oxen and equipment credit on the basis of maize tends to be even more of a risk, yet to date recuperation rates are high, perhaps in numerous cases, due to the responsibility taken by the association to repay*.

In general, consumption credit (cash credit given for the purchase of food grains or wage labor prior to harvest) can only be afforded by farmers who have oxen and farm equipment that are paid for, have a substantial cotton production and take only seasonal credit. One village visited (Tempela) had received 2,375,000 MF at 8% interest over 8 months for this type of credit. In addition to the purchase of grain, some were using the funds to pay for wage labor. The management committee was confident that reimbursement would be accomplished with no difficulty since farmers who requested it were well aware of their reimbursement capabilities as was the association. The presiden cited himself as an example of one who could not afford this credit due to other debts. Yet it is he who is legally responsible for this credit as association president.

Marketing

The village association is organized to perform all aspects of marketing from the farm to the loading into CMDT trucks at the buying point. Training is done at the village level so that each farmer is able to grade his cotton and there is someone responsible for the verification at the time of weighing. This is done through a process of comparison. CMDT has issued samples in a sealed box with the three qualities of cotton. Those grading can then compare their cotton to those in the samples to determine quality. This, of course, is verified when delivered to the factory. There has been some difficulties in maintaining consistent quality levels throughout villages. This is particularly true where those in the villages best trained are younger and they find it difficult to disagree with an elder or family member. In these cases, a CMDT grading agent will intervene. At the time of weighing there are generally no CMDT personnel present. Most associations have as their first investment a scale (either of 500 or 1,000 kilograms). They are trained to regulate the scale and read it accurately. Usually, several weighers for this process are chosen so that they may provide verification for each other. The secretary of the village association with the aid of other literate farmers keeps all of the records required to attribute weight and payment due to each member.

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* Currently, in various sectors of the CMDT, animal traction credit is being withdrawn due to a not yet diagnosed disease that has caused many oxen deaths.

These include (in Bambara):

- a journal of all cotton weighed and cumulative totals (usually done by several people to allow checks);

- a list of cotton purchases and payment due to each individual (Base 5);

- an individual receipt which includes weight and payment due;

- a ticket verifying the quality of cotton;

- a receipt of purchase that constitutes the main accounting document between the village association and the CMDT.

After grading and weighing, CMDT sends a truck to transport the cotton to the factory where it is weighed once again. The difference between the weight at the factory and that in the village is paid to the village association as well as 2.8 MF per kilo as payment for the tasks performed in marketing. This difference in weight is usually a conscious effort on the part of the village association. In many cases, their procedure is to extract a tare of 3 kilos for each 2 toiles (160-200 kilos of cotton). This assures a positive difference in weight at the factory and is an important source of revenue for the association.

After weighing at the factory, a member of the buying team or at times the Chef de Secteur delivers funds, including individual farmer payments and revenues due to the association, to the village association, who pays its members according to the documents maintained during weighing. After payment, the village secretary then receives payments for credit taken during the season or past years. This in turn is paid to a representative of the buying team.

The basis of village association activities is credit and marketing supported by functional literacy and farmer training. Although marketing is the prime revenue source for the village treasury , many have engaged in other income generating activities. These include collective fields, group marketing of cereal grains (mainly to OPAM where 1 MF per kilo is received as a bonus to groups), the marketing of other villages' cotton, and pharmacies. These revenues afford the association the capacity to take risks for less advantage farmers and the ability to make investment in community improvements.

Each year, in October, the secretary of each village association prepares a compte d'exploitation for the village association giving an account of all income and expenditures during the year which is presented to the association. At this time, investment plans will be made for the coming season's receipts. All are not income generating. In order to market cotton as a village association, it is necessary to purchase a scale and sacks for the weighing. This is not an inconsequential investemnt since, on the average, a 500 kilo scale costs 365,000 MF and buying 200 sacks costs 200,000 MF. Well-constructed functional literacy centers and storage houses are the second investment priority. After these (which are essentially requirements imposed by CMDT), villages see pharmacies, maternities, nivaquinisation programs, well rehabilitation, pumps and grinding mills, as their next priorities.

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The activities and formation of village associations are not equal throughout the CMDT. Logically, those villages that have larger production and thus larger collective revenues have accomplished more. The success of village associations varies from one end of the spectrum to the other.

As part of an assessment of the successes of the CMDT village associations, the following questions can be posed:

1. To what extent has the association been helpful in handling credit through the reduction of costs, a decline in the rate of defaults, increasing mutual financial responsibility and the quicker accumulation of capital?

2. To what extent has credit helped in the establishment of stronger and more viable farm groups?

3. To what extent has group credit achieved results over individual credit in reaching more of the poorer farmers, giving access to minimum incomes and, in general, extending the levels of economic viability downward to hitherto unviable groups?

It is not at all clear that the CMDT village association system has reduced administrative costs for credit administration (it probably has more savings for banking institutions such as BNDA). There has been a transfer of duties from CMDT field agents and buying teams to the farmer. In fact, in some isolated cases (notably in the Koutiala region), the Chef de Secteur de Base's duties have all but been taken over by the association. The Secteur de Base and ZER field positions have been geographically expanded and reduced respectively and replaced with a new administrative structure, the ZAER (Zone d'Animation et d'Expansion Rurale). The role of the ZAER consists of an integration of extension and training activities at the field level where village associations have assumed and mastered association management practices. One can guess that the increase in costs for training and support of village associations still far outweighs any savings in the actual administration of credit and marketing.

The rate of default has generally been quite low for CMDT farmers in the past and continues to be so (see chart for recuperation rates). Associations were only formed where recuperation rates were already exemplary.

In varying degrees, capital accumulation both physical and financial has been accelerated through the operations of the village association. Primarily through the group marketing of cotton, village funds have grown and investments for community improvements have been made. CMDT now voices concern that they, as an organization, may lack the imagination and delivery capacity to find other sorts of investment opportunities for certain villages.

Associations have had preferential access to credit of many types. Aside from the customary seasonal credit of CMDT, BNDA and external donors view the associations as more cost effective organizations both in terms of administration and repayment rates. Thus, they benefit from programs that often individual farmers do not.

The future sources of credit for OHV are not clear. CMDT will undoubtedly advance OHV funds for the purchase of cotton, but they have refused to sell agricultural inputs on short-term credit terms to OHV. Credit from the BNDA is not foreseen in the near future. Although OHV, in theory, has access to BNDA, officials at the BNDA indicated that their current area of concentration is the CMDT region. Furthermore, OHV, through a consistent record of increased credit recuperation and proof of its financial viability, will have to first reestablish its integrity as a Rural Development Organization.

Due to the AID certification process, the USAID agricultural credit account has been blocked since December 1981, resulting in the unavailability of funds for two agricultural seasons. Thus, OHV has been forced to rely on its own resources, from the marketing of cotton, to purchase the necessary seasonal inputs.

Although the need for credit is increasing for those farmers who use agricultural inputs, since the price of inputs is increasing faster than the producer price received by the farmer for his crops, sources of credit have decreased. This has resulted in the delivery of fewer inputs, such as fertilizer*, which will have the expected result of lower production. This could have serious consequences for the farmers' ability to repay debts and OHV's overall financial status.

The success of the credit component of OHV has been reviewed and evaluated several times in the recent past (James L. Roush, Final Report on the Evaluation of the Opération Haute Vallée, Mali", Development Associates, Inc., December 31, 1981; J. Even, "Le Credit Agricole", Louis Berger International, Inc., April, 1982; "The Opération Haute Vallée Project in Mali is Experiencing Serious Problems", Audit Report No. 7-688-82-1, September 20, 1982). All have similar observations.

Little change took place in the credit delivery system during the first year of the project (1979-80 campaign). In the 1980-81 campaign, five-year loans were provided for the purchase of work oxen, although they were limited to eighty pilot farmers. During the 1981-82 season, AID credit funds were used for inputs normally extended by SCAER in the past. This was a stop-gap measure because SCAER was no longer able to extend credit. No USAID credit funds were provided during the 1982-83 campaign.

The interest rate charged for credit had never been high enough to cover the cost of capital. In the past, it was felt that the real rate of interest could not be charged because farmers would not accept it since there were lower rates, or no rates, in adjacent CMDT regions. It was also felt that the farmers could not bear the cost of the real rate. As a result, the credit system had not been self-sustaining.

Little discipline had been placed on unpaid loans. New credit tended to be extended when former loans had not yet been repaid. This caused the quantity of debts in arrears to increase and the recuperation rate of loans to decline.

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* Due to the shortage and increased price of fertilizer, OHV has endorsed a dosage of 100 kilos of cotton complex and 50 kilos of urea per hectare rather than the recommended dose of 200 kilo complex and 50 kilo urea per hectare.

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* Due to the shortage and increased price of fertilizer, OHV has endorsed a dosage of 100 kilos of cotton complex and 50 kilos of urea per hectare rather than the recommended dose of 200 kilo complex and 50 kilo urea per hectare.

To the extent that associations feel that they can take risks, they have afforded credit to those members who, on individual standing with the CMDT, could not do so. Although not measurable, this very situation has been observed in several village associations. The willingness to take this risk is based partially in the credit needs of wealthier farmers, the wealth of association and the perceived need to help the less fortunate in the village. In areas where there is a high percentage of farmers who are already equipped and need little medium-term credit for animals and farm equipment, the pool of farmers who need the association guarantee is smaller and thus the decision simplified.

The extent to which associations have promoted stronger and more viable farm groups in a political sense is difficult to ascertain and certainly varies greatly from one association to another. Local leaders do make decisions concerning credit, marketing and investments within the limits set by the CMDT. Members of associations do make material demands on the CMDT and have in general not addressed larger questions of policy and procedure. The client-patron relationship between the farmer and CMDT essentially remains, in fact, and there is little reason to believe a major change will take place for some time.

The following can be cited as reasons for successes:

1. The development of associations according to the wishes and structure of the village at a slow rate to allow for mistakes and revisions. In many ways, CMDT apprehension was a positive factor since they did not expect the association to solve their internal problems.

2. The existence of a consistent source of income from a cash crop as a means for other community activities as well as a basis upon which to reimburse credit.

3. A strong functional literacy program then encompasses village bookkeeping, marketing and credit activities.

4. An integrated technical service and training service that not only allows for farmer training but the training of field agents for recycling into other positions once farmers have mastered certain tasks.

Opération Haute Vallée

In theory, the Opération Haute Vallée has a credit system similar to that of CMDT. One important difference in the structures of the two organizations is that OHV does not have a legal status that enables it to obtain direct credit from government or commercial banks. This limits the sources of credit substantially. With the demise of SCAER, OHV was left with few options for credit. After 1980, when SCAER ceased credit operations, OHV has received credit from CMDT for marketing and short-term seasonal inputs. However, the demise of SCAER left a credit gap. When there was no longer complementary credit from SCAER, USAID was requested to provide more general agricultural credit, including that for inputs.

The future sources of credit for OHV are not clear. CMDT will undoubtedly advance OHV funds for the purchase of cotton, but they have refused to sell agricultural inputs on short-term credit terms to OHV. Credit from the BNDA is not foreseen in the near future. Although OHV, in theory, has access to BNDA, officials at the BNDA indicated that their current area of concentration is the CMDT region. Furthermore, OHV, through a consistent record of increased credit recuperation and proof of its financial viability, will have to first reestablish its integrity as a Rural Development Organization.

Due to the AID certification process, the USAID agricultural credit account has been blocked since December 1981, resulting in the unavailability of funds for two agricultural seasons. Thus, OHV has been forced to rely on its own resources, from the marketing of cotton, to purchase the necessary seasonal inputs.

Although the need for credit is increasing for those farmers who use agricultural inputs, since the price of inputs is increasing faster than the producer price received by the farmer for his crops, sources of credit have decreased. This has resulted in the delivery of fewer inputs, such as fertilizer*, which will have the expected result of lower production. This could have serious consequences for the farmers' ability to repay debts and OHV's overall financial status.

The success of the credit component of OHV has been reviewed and evaluated several times in the recent past (James L. Roush, Final Report on the Evaluation of the Opération Haute Vallée, Mali", Development Associates, Inc., December 31, 1981; J. Even, "Le Credit Agricole", Louis Berger International, Inc., April, 1982 "The Opération Haute Vallée Project in Mali is Experiencing Serious Problems", Audit Report No. 7-688-82-1, September 20, 1982). All have similar observations.

Little change took place in the credit delivery system during the first year of the project (1979-80 campaign). In the 1980-81 campaign, five-year loans were provided for the purchase of work oxen, although they were limited to eighty pilot farmers. During the 1981-82 season, AID credit funds were used for inputs normally extended by SCAER in the past. This was a stop-gap measure because SCAER was no longer able to extend credit. No USAID credit funds were provided during the 1982-83 campaign.

The interest rate charged for credit had never been high enough to cover the cost of capital. In the past, it was felt that the real rate of interest could not be charged because farmers would not accept it since there were lower rates, or no rates, in adjacent CMDT regions. It was also felt that the farmers could not bear the cost of the real rate. As a result, the credit system had not been self-sustaining.

Little discipline had been placed on unpaid loans. New credit tended to be extended when former loans had not yet been repaid. This caused the quantity of debts in arrears to increase and the recuperation rate of loans to decline.

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* Due to the shortage and increased price of fertilizer, OHV has endorsed a dosage of 100 kilos of cotton complex and 50 kilos of urea per hectare rather than the recommended dose of 200 kilo complex and 50 kilo urea per hectare.

The lack of documentation did not allow OHV or USAID to establish its true credit position. Credit was given; documentation was incomplete or totally lacking. Thus, recuperation rates for loans were not accurate. Although a system of documentation existed in the past, forms were not available to the agents, nor did the agents had the knowledge or motivation to complete them. Training programs were held infrequently, and those organized were poorly attended. In addition, no manuals or guidelines were prepared for use by agents in the field.

Agents were perceived to be overburdened with responsibilities and con- ing duties which they were not equipped to carry out. In the past, sion agents who tried to develop good rapport with the farmers in o r to accomplish the primary objective of transferring new knowledge, hac o overcome the stigma of being a watchdog for the credit program as well as take on the extra job of bookkeeping.

The majority of OHV staff have a formal agricultural education with little management training and expertise. Thus, they have had difficulty designing and enforcing the controls required for a credit program. In addition, the credit program had to compete with other divisions within the OHV to share the scarce management resources that existed.

The lack of controls and their implementation at all levels has been a major impediment in the OHV credit system. It has been proven that many farmers actually did pay their loans, but the funds were lost at the intermediary levels. The past system had no way of determining who was at fault and disciplinary measures were not taken when clear cases of negligence or dishonesty existed.

Since the arrival of a credit expert (Louis Berger Technical Assistance), a reinforcement of the documentation system of the Credit Section has been undertaken which permitted a close monitoring of credit recuperations sent in from the field. Subsequently, a physical inventory was carried out in every warehouse in the Opération as a first step in accurately establishing the credit level placed during the year. A series of field visits was also undertaken to establish the total repayments due for the last two years and the rate of repayment attained to date for each agent's zone. Agents who were likely to have serious problems in recuperating were identified and a strict repayment schedule instituted, to be monitored by further field visits. At the end of the 1982-83 campaign, an 86% recuperation rate had been attained.

The results achieved from the last recuperation campaign and the observations made have shown that the OHV credit system now includes the procedures and documentation necessary for an efficient monitoring from the placement to the recuperation of the credit. In addition, the system is suitable for the type and level of agricultural credit placed in OHV's zone of intervention and it is capable of being managed with the human and financial resources of the Opération .

It is clear that the lack of monitoring of the system in the recent past has led to the overall weakness of the system at all levels.

The Credit Section has placed a credit supervisor at each secteur and the new system has placed the majority of credit placement and supervision upon the Chef de Secteur de Base in close collaboration with the secteur credit supervisor. A clear set of rules, regulations and procedures has been put forth by the Credit Section (see Annex D). Systems have been established or reinforced for monitoring the following activities:

- credit placement,
- recuperation and deposit,
- cash sales,
- stock movement,
- blacksmiths program,
- animal traction/pilot farmer program,
- credit accorded to OHV personnel.

Thus far they have had reasonable successes. If the system is continued, implemented and monitored correctly, there is reason to believe that credit placement, administration and recovery will be on par with that of CMDT.

OHV grants essentially two general types of credit: seasonal credit (at 9% interest) and medium-term credit (at 13% interest) for farm equipment. Short-term credit is payable after the marketing of the crop for which it was granted (cotton or tobacco). Medium-term credit is generally reimbursable over 3 annuities payable at the end of the marketing season as well. Short-term credit requires no downpayment, whereas medium-term credit requires a variable downpayment in proportion to the value of the credit.

There are two other types of specific credit - animal traction and motorpumps for tobacco production. In 1980, 31,630,675 MF were placed with 80 farmers through a USAID funded pilot farm program for the acquisition of traction animals and essential equipment to be paid over a five-year period.

Credit financed by FED through the BNDA has also been granted to farmers for tobacco production. This is 5 year credit at 11% granted to a group of at least 4 farmers that cultivate a minimum of 3 hectares of tobacco.

The Credit Section has set as one of its goals, the development of an increased participation of village associations in the distribution and recuperation of credit. To launch their association effort, a commission was set up to assess the possibilities for association activities and select villages in which to promote the program. This commission consists of representation from the OHV Technical Division, the Extension Service, the Credit Section and Functional Literacy.

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Criteria were established for the selection of villages in which to initiate this activity based on cotton and tobacco production, rates of credit recuperation, access to transportation routes and presence of functionally literate farmers. Ten villages were chosen from 4 secteurs as follows:

- Kangaba Sector
  - Socourani
  - Karan
- Ouélessébougou Sector
  - Sougoula
  - Kaban
- Kati Sector
  - Diéna
  - N'Gouraba
  - Tiélé
  - Gouani
  - Basian
- Bancoumana Sector
  - Kéyéroba

In visits to several of the villages proposed in Kangaba, Ouélessébougou and Kati Sectors, farmers were very receptive to the idea of village associations and were eager to assume the responsibility of marketing and credit delivery. In fact, in some of these villages, marketing has been done by the association in the past (in 1981, 15 villages marketed 908 tons of cotton). Some of the villages visited indicated that they were to market their cotton as an accociation during the 1983-84 campaign. Yet it is not clear whether payment for marketing by OHV to the association will be made. Neither has there been training of farmers to carry out the required tasks. OHV agents are equally unsure as to whether a buying team will perform the duties or the association will carry them out. In addition, several villages who expected payment for marketing in past years have not yet been paid. One example is Sougoula who marketed 30 tons of cotton in 1981-82 and 36 tons in this 1982-83 season and are still expecting a payment of 138,890 MF.

It is evident that the marketing bonus paid to associations is a major incentive to their participation in a village association. Before association activity is started, these misunderstandings must be rectified.

In addition to this breach of confidence between farmers and OHV headquarters, there is a lack of confidence between farmers and agents as well as agents and the OHV Direction. There are numerous explanations for this situation. OHV extension agents are not adequately informed to present a clear picture to farmers. There are some instances where personnel from the Direction present information to extension staff and farmers later to find that it was either erroneous or that situations had changed drastically.

Extension agents in turn doubt the capability of farmers. This may be a partially valid observation but also it is remnants of a superior position that they have long held vis-à-vis the farmers.

Thus far the functional literacy program has been inadequate. One of the major problems is that those trained, who are usually young, leave the village in search of employment elsewhere (Bamako, Ivory Coast, Upper Volta), thus leaving a gap for teachers as well as for someone to keep books for an association. Of the sectors visited, Kati and Ouélessébougou seem to have more functionally literate individuals. This is in part due to the fact that these sectors are only fairly recent additions to the OHV area of intervention, having been part of the CMDT zone. Thus, they have had greater exposure to the literacy program. In a recent evaluation of the functional literacy program in OHV (April 1983), where 327 auditors from 20 functional literacy centers* were tested, it was found that 16% were functionally literate, 16% were illiterate, and 38% and 31% were beginners and half literates respectively. It was noted that those tested were particularly weak in arithmetic calculations.

The absence of a comprehensive training strategy for OHV is a major weakness that will inhibit the growth of viable village associations. Although a much expanded training program was envisaged for the 1982-83 agricultural season, consisting of a day of training twice a month to their zonal heads (Chefs de ZER), attendance was extremely poor. After 3 months of this program, attendance reached only 50% of those expected to attend. One reason given for this was the lack of transport or the absence of mobylette allowances due to the financial difficulties that the Opération was experiencing. Due to the poor attendance and lack of financial resources, these training programs were cancelled.

Future goals of the training staff of OHV include an evaluation of all agents, the retention of only those judged able to achieve the standards required and the establishment of a series of pre-service and in-service courses tailored to the needs of each category of staff. Although the accomplishment of these goals may increase the efficacy and confidence of agents vis-à-vis farmers, it is not clear that the increased financial investment for the planning and preparation of quality courses, the purchase of the necessary materials, and transportation for training staff can be afforded by OHV.

The launching of a village association program in the area of OHV intervention ultimately depends on the willingness of farmers to participate but also relies on several other key factors:

1. The ability of OHV to pay farmers for the marketing task (ristourne) as to provide farmer incentives for participation in such a program and create a base for credit, income generating, and community improvement activities.

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* This is from a total of 153 centers in 18 ZAFs (Zone d'Alphabétisation Fonctionnelle) that exist in OHV.

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2. The continuation and progressive improvement of the implementation and monitoring of the credit system in place. As previously stated, it was the lack of system monitoring, not the system per se, that led to low recuperation rates. If this is to be accomplished, field visits by the Credit Section must continue, which requires financial resources, particularly for transportation.

3. The functional literacy program of OHV mut be bolstered to encompass marketing and credit activities and to stress the mastering of arithmetic calculations and simple bookkeeping.

4. A comprehensive training program both for OHV personnel and farmers must be established, one that will increase the confidence of farmers in agents and vice-versa.

CAMPAGNE 1981-82 - ETAT RECAPITULATIF : ZONE CMDT

REVENUS COLLECTIFS A.V.						CREDIT AGRICOLE		
Regions	Nombre d'A.V.	Revenus Collectifs Coton		Frais de Marché Vivrier	Revenus Totaux des A.V.	Exigibles 81-82	Reliquat	% des Rembour-sements
		Différence Valorisée	Frais de Marché					
Fana	116	1.145.060	7.646.530	377.850	15.169.440	224.640.640	4.926.140	97,85
Bougouni	29	1.262.310	1.654.005	8.545	2.924.860	42.026.800	633.000	99,84
Sikasso	129	23.589.540	31.338.860	1.263.890	56.192290	677.249.800	4.296.200	99.36
Koutiala	130	31.555.940	49.017.695	1.282.615	81.856.250	943.483.200	9.677.800	98,97
San	42	2.500.025	4.481.255	213.715	7.194.995	109.004.250	3.841.285	96,47
Total Zone CMDT	446	66.052.875	94.138.345	3.146.615	163.337.835	1.996.404.755	23.374.425	98,80

Source: CMDT - Annual Report 1981-82 - Associations Villageoises Service de Formation

Annex B

CAMPAGNE 1981-82 - ETAT RECAPITULATIF : ZONE CMDT

REVENUS COLLECTIFS A.V.						CREDIT AGRICOLE		
Regions	Nombre d'A.V.	Revenus Collectifs Coton		Frais de Marché Vivrier	Revenus Totaux des A.V.	Exigibles 81-82	Reliquat	% des Rembour-sements
		Différence Valorisée	Frais de Marché					
Fana	116	1.145.060	7.646.530	377.850	15.169.440	224.640.640	4.926.140	97,85
Bougouni	29	1.262.310	1.654.005	8.545	2.924.860	42.026.800	633.000	99,84
Sikasso	129	23.589.540	31.338.860	1.263.890	56.192290	677.249.800	4.296.200	99.36
Koutiala	130	31.555.940	49.017.695	1.282.615	81.856.250	943.483.200	9.677.800	98,97
San	42	2.500.025	4.481.255	213.715	7.194.995	109.004.250	3.841.285	96,47
Total Zone CMDT	446	66.052.875	94.138.345	3.146.615	163.337.835	1.996.404.755	23.374.425	98,80

Source: CMDT - Annual Report 1981-82 - Associations Villageoises Service de Formation

Annex 1

CAMPAGNE 1981-1982 - ETAT RECAPITULATIF : ZONE CMDT

Régions	Superficie Coton des A.V.	Production Coton des A.V. en Kg	Rendt/ha des A.V. en kg	Superficie Coton Région en ha	% Superficie des A.V.	Production Coton Région en kg	% Production des A.V.	Rendt/ha Région	% Rendement des A.V.
Fana	3.306	3.464.625	1.047	14.658	22,5	14.802.077	23,4	1.009	103,7
San	1.986	1.792.502	902	7.432	26	5.557.335	32,2	747	120,7
Koutiala	15.148	20.665.316	1.364	37.837	40,03	46.567.859	44,3	1.230	110,8
Sikasso	8.511	12.535.545	1.472	16.392	51,9	22.175.360	56,5	1.352	108,8
Bougouni	575	661.715	1.150	2.844	13,2	2.973.687	16,0	948	121,3
Total CMDT	29.526	39.119.703	1.324	79.163	37,2	92.076.318	42,4	1.163	113,8

Source: CMDT - Annual Report 1981-82 - Associations Villageoises Service de Formation

Annex C