

Appendix H. Financing Small Traditional Farmers in North Kordofan -
An Experimental Program of the Sudan Agricultural Bank

Recently, the Sudan Agricultural Bank has been trying to create new approaches for benefitting the small farmers who make up the large majority of agriculturalists in North Kordofan. A program has been established to provide farmers with credit and marketing services that do not involve traditional money lenders and crop buyers. The experiment started in the 1980-81 season with the establishment of three cooperative societies in el-Obeid District. According to the annual report of the el-Obeid Office of the Agricultural Bank, the three societies were selected with the following criteria in mind: (a) rainfall adequate for good production, (b) easy transportation to the villages, especially during the rainy season, and (c) two of the villages already had experience with an agricultural cooperative society (but these were dissolved before the credit and marketing societies were set up).

The general specifications of the program were as follows: Membership was restricted to those for whom agriculture is the main occupation. Loans were distributed by committees composed of the el-Obeid Bank Officer, officials from the Cooperative Department, and members from the local board of directors of each society. The loans were made in three installments:

First installment - earmarked for clearing land before sowing, cost of seeds, and cost of hiring labor to plant.

Second installment - weeding, primarily labor costs.

Third installment - for harvest expenses including the provision of sacks and transportation from the fields to a storehouse.

The amount of loans a member of the society receives is based on a contract drawn up between each member and the society's agricultural committee. Loans are indicated for producing sesame and groundnuts only. The amount loaned is based on the number of mukhammas the farmer cultivates of each crop, and is calculated to be 70% of the expenses required. The member meets with the agricultural committee to decide how many mukhammas of each crop he will grow, and afterwards the member is eligible for loans according to the schedule in Table I. Before he can receive each installment, however, his fields are inspected to ascertain that he is abiding by his contract and taking proper care of his crops. The review process makes allowances for farmers whose production is low owing to a lack of rains.

Participation in the loan program obligates the farmer to participate in the storage and marketing side of the program. After harvest it is expected that the members will turn over a sizeable portion of their yield to the cooperative.¹ These crops are held in storage either in the village

¹Officially speaking all crops for which the farmer has received loans should be surrendered to the cooperative. This rule is not strictly followed, however, in recognition that the farmer must barter some of his crops at the village shop.