

or in the warehouse which the Bank rents in el-Obeid. The crops are held as collateral for the loans. They are sold at el-Obeid crop market when prices are favorable. After this the farmer repays the society for his loan. The income that the society collects is supposed to finance another round of loans in the coming season.

This past year the loan program was expanded to eleven cooperative societies serving eighteen villages. In all, about seven-hundred and fifty farmers are members. During the two years it has been active the program has met with mixed success. In the first year, 1980-81, the rate of repayment was a low 56.7%. A number of factors were responsible for this including poor rains which reduced yields, mismanagement of several societies, and an increase in sorghum prices by more than 50% which greatly increased the food bill of agriculturalists and lowered their productivity by reducing the amount of cash available for hiring agricultural labor. In other words loan payments were diverted from purchasing labor to paying for food. This year the interest rate on loans has been set at 14%, and the Director of the el-Obeid Bank Office believes that more than 80% of the loans will be repaid. He attributes the improved performance compared to last year to better production and closer supervision of the societies.

There has been a problem this season in hiring trucks to haul the crops to el-Obeid. Ten of the eleven societies are based in villages where trucks are privately owned, but the Bank cannot make the hauling operation economical without providing government subsidized diesel fuel and this is hard to come by. Secondly, the truck owners are not dependable when hired on an occasional basis. The truck often fails to appear at the appointed time. The Director of the el-Obeid Bank Office believes that a possible solution to this problem is for societies to take out medium term loans in order to buy their own trucks. Currently, this would mean that each society would have to pay 10,000 L.S. down while borrowing 20,000 L.S. to be paid off in four years. This type of credit program is available from the Bank, and larger cooperatives (200 or more members) could afford it particularly if wealthy members were allowed to purchase multiple shares. When not being used to haul crops the truck could operate hauling consumer goods, passengers, and water as an extra source of income for the society.