Local government council officials throughout the country have called for the dissolution of DFRRI, charging that it is duplicating the functions of local governments. But Koinyan says there is no duplication of responsibility between DFRRI and the country's 405 local governments. "Where local governments cannot provide roads, DFRRI will do so; when they do, DFRRI will provide water supply," Koinyan says.

A 1988 report on DFRRI by *Newswatch* magazine was uncomplimentary: "Many of its roads and borehole [deep well] projects were abandoned. Some boreholes which DFRRI claimed had been completed failed to supply water. In most places, DFRRI's claims of performance were debunked by monitoring officials and the press," the magazine reported.

But Koinyan disagrees with the complaints of those he calls "urban armchair critics" and cites DFRRI's numerous achievements that have made a difference in many rural areas, mainly in the areas of water supply, rural electrification and agriculture.

In 1986, 100 million naira was allocated to the agency's Rural Water and Sanitation (RUWATSAN) program. Ten states which used their funds judiciously have been recommended by the Presidential Monitoring Team to move into the second phase of the scheme. In Imo State, for example, DFRRI has provided about 288 communities with potable drinking water and has constructed 19 satellite water schemes since 1986. An estimated 5,500 communities nationwide – roughly 250 per state – will benefit from phase two of the scheme. But in Bendel State, for instance, only 80 out of 250 water points targeted for the first stage of RUWATSAN were realized.

In 1987, DFRRI started its rural electrification project, under which 227 communities are to be connected to the national grid every year. Some states have completed the first phase of this project and have moved into the second. But some did not start their own program in time, and inflation – which has caused an escalation in the price of electrical parts – caught up with them, causing a serious shortfall in their funds.

The agency also has made strides in the area of food and agriculture. In 1987, it started a horticulture program aimed at producing a minimum of 50 million high quality and nutritional tree seedlings and vegetable seeds which can also serve as raw material in the agro-allied industry.

A total of 9.6 million naira was spent on the fruit tree seedlings and vegetable seeds program in 1987, and 5.7 million naira was spent in 1988. Out of a projected total realization of 11.3 million seedlings, the state and federal agencies raised 6.2 million seedlings in 1987. The improved seed program was planned to last from 1987 to 1990. Progress has been recorded by the agency in fish farming as well.

"Rural development policy will move away from narrow preoccupations to an emphasis on the enhancement of the quality of life."

In its food and agriculture "program of action" launched in 1988, DFRRI listed among its aims: to achieve self-sufficiency in Nigeria's staple foods by 1992 and export the surplus to foreign countries; to lay the foundation for food and agriculture to become the mainstay of Nigeria's economy; and to use food and agriculture programs as the "centerpiece" of the country's rural development program.

DFRRI's 90,000 kilometer rural feeder roads program is being executed in three phases of 30,000 kilometers per phase, with 200 million naira allotted to each phase. The agency noted in one of its progress reports that "some states have not only achieved their targets but also have succeeded in achieving several kilometers over and above" such targets. However, most DFRRI-constructed roads are of poor quality – since laterite is mainly used – and are easily washed away by rains.

Koinyan believes that DFRRI will be much more effective if each of the country's 90,000 communities can establish "Community Development Associations." Such associations are a necessary vital link in rural development as they will, he says, "act as the apex organization to direct, lead and coordinate all development activities in each community."

Supporters of DFRRI believe that complaints about DFRRI's shortcomings would lessen if critics considered the enormous problems that have beset the agency.

Apart from the obvious fact that its responsibilities far outweigh its structural capacity, its major problem is one of funds. Despite what many observers see as financial "overpampering" of the agency due to Babangida's desire for rural development, DFFRI does not actually get what is usually announced as its allocation. Despite the government's statement in 1986 that all the 920 million naira saved from the withdrawal of fuel subsidies would go to the agency, only 433 million naira actually was given. In 1988, DFRRI received only 250 million naira out of the 500 million naira allocated to it in that year's budget. For 1989, it has received 150 million naira.

Corruption – a national pastime in Nigeria – has also plagued the agency. In Anambra State in eastern Nigeria, for instance, a presidential monitoring team assigned to assess rural water schemes in the state discovered shocking facts. Out of 360 supposed "beneficiaries" of the project, 64 of the listed communities were non-existent, and 153 had no functional water scheme. Most of the agency's infrastructures throughout the country are substandard.

Nigeria's vast size is also a major impeding factor, making many of the agency's efforts seem like little drops of water in an ocean. Koinyan says "the size of the country must be taken into account. . . It is only when this is understood that the work being done will be appreciated."

Despite its shortcomings, DFRRI remains the government's major rural development effort. And many analysts believe the agency has enhanced the quality of life in Nigerian communities. As James Usoro, professor of economics at the University of Calabar and head of a DFRRI presidential monitoring team says, the "government has finally remembered the rural dweller."

– Kingsley Chiedu Moghalu

BANKING

Rural Credit Fuels Growth

ACCRA, GHANA – In the small town of Akropong Akwapim, nestled amid the verdant hills of Ghana's Eastern Region, stands a modest, one-story building. The sign above its freshly white-washed facade reads: "Akwapim Rural Bank." Like some 120 rural banks elsewhere in the country, it has an unusual clientele: poor farmers, some barely literate, who come for the loans that larger, more commercial banks would never dream of giving them.

Ghana's neighbor to the north, Burkina Faso, also has a scheme to insure that its rural citizens no longer have to face rejections from bankers. In the district of Bourgouriba, for example, 16,000 people now belong to a credit union, which, by mobilizing local family savings, has made it possible for them to expand their farming activities, build houses, or cope with unexpected contingencies.

Across the African continent, similar financial institutions are starting to get off the ground. Their capital is just a miniscule fraction of that of the urban-based banks, and their services are rudimentary. But they are filling a need that the institutional banking system is generally uninterested in addressing.

Small farmers – the vast majority of the population in most of the continent – often do not have adequate grain stocks or other forms of wealth to help tide them over the lean times or to serve as capital for productive expansion. So credit constitutes a key resource, making possible the acquisition of fertilizer and other farming inputs, the hiring of labor or the purchase of basic necessities.

Yet it is virtually impossible for smallholders or rural artisans to obtain credit from either private or state-owned banks. Branches usually do not exist outside the main towns. Bankers, for whom considerations of profitability are paramount, tend to shun farming as an excessively risky business. In addition, most farmers lack modern houses or other forms of tangible property that could serve as collateral. This is a particular problem for rural women, since in many countries only men are able to register land titles.

The World Bank estimates that in Africa, on average, only about five percent of farmers have access to institutional credit. In some countries the figure dips as low as one percent.

This does not mean that there is a total credit vacuum in the African countryside. Traditional credit systems, with their roots in pre-colonial society, still function and are often quite robust. In some countries, villagers have long used informal revolving credit funds, known as *isusu* in Nigeria, *tontine* in Niger, *hagbad* in Somalia, *sanduk* in Sudan, and *xitique* in Mozambique, for example. And almost everywhere there are private money-lenders.

Ray Witlin/World Bank

Kenyans bargaining the price of cattle at a rural auction yard.

Dessalegn Rahmato, of the Institute of Development Research at Ethiopia's Addis Ababa University, has pointed to some advantages of such credit over the established banks. "Traditional credit is in fact not discriminatory and is open to everyone. Traditional creditors do not bind you to a set of rules. Your property is not impressed. You can pay over a variable period."

But there are decided disadvantages as well. While private money-lenders do not seize farms to cover an unpaid loan, they sometimes do demand a sizable portion of the next harvest or insist that the borrower or his children work for the creditor until the loan in repaid. Traditional creditors likewise charge usurious interest rates. So villagers usually turn to money-lenders only when they are in dire need, trying to get by until the next good harvest. Very rarely is traditional credit sought to expand or modernize productive activity.

The need to enhance other, less high-interest forms of rural credit is recognized increasingly as a key element in Africa's overall development effort. While credit from commercial banks may have been appropriate for the large-scale (and often inefficient) agricultural projects that were in vogue in the 1960s and 1970s, the new focus on promoting modest, sustainable advances in productivity by small-scale farmers requires a system of credit that is much more flexible and sensitive to their particular problems and needs.

A recognition of this need is reflected, to an extent, in the programs of international aid donors, which have begun to develop a variety of schemes aimed specifically at providing credit, on easy terms, to small-scale producers. The U.S. Agency for International Development, for example, has made loans to hundreds of small businesses and farming operations in Senegal alone.

The United Nations' International Fund for Agricultural Development (IFAD), which specializes in providing soft-term loans and other assis-