

Inaugural Lecture Series 157

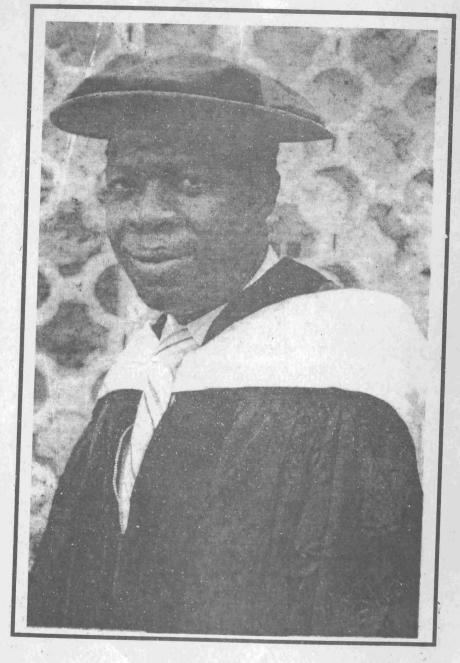
SELF-HELP PROMOTION FOR SUSTAINABLE SMALLHOLDER AGRICULTURE:

BLUEPRINT VERSUS GREENHOUSE

By
ADEYEMO, R.
Professor of Agricultural Economics



OBAFEMI AWOLOWO UNIVERSITY PRESS LIMITED



ADEYEMO. R.
Professor of Agricultural Economics

SELF-HELP PROMOTION FOR SUSTAINABLE SMALLHOLDER AGRICULTURE: BLUEPRINT VERSUS GREENHOUSE

By
ADEYEMO, R.
Professor of Agricultural Economics

UNIVERSITY LIBRARIAN

Obafemi Awolowo University ILE-IFE, NIGERIA.

An Inaugural Lecture Delivered at Oduduwa Hall, Obafemi Awolowo University, Ile-Ife, Nigeria

Inaugural Lecture Series 157

On Tuesday 10th September 2002 © Obafemi Awolowo University Press Limited 2002

ISSN 0189-7848

STATE OF STRAKERS

Obstitute to more language

Printed by

Obafemi Awolowo University Press Limited,

Ile-Ife, Nigeria.

Introduction

Agriculture is the most important sector of the economies of sub-Saharan Africa. It employs more than 60 percent of the adult population of Sub-Saharan Africa countries, accounts for more than 30 percent of their gross domestic product, and contributes significantly to the foreign exchange earnings of most countries. The quality of life of the people of the region therefore depends largely on how well agriculture is doing. The increasing poverty and hunger of Sub-Saharan African people and the deteriorating physical environment to some extent reflect the poor performance of the agricultural sector. Conditions are not much different in Nigeria. Nigeria has a fast growing economy, a large population of 120 million people (Population Bulletin 2001) and annual growth rate of between 2.5 and 3%. Feeding Nigeria's population is a problem, which continues to occupy the minds of government policymakers and indeed, everyone. The consequences have been unpleasant; the inadequate supply of food for the Nigeria populace, the rise in the prices of foodstuffs and the involvement of people from the rural to the urban areas are all the visible symptoms.

The focus of this lecture is smallholder farmers and self-help promotion. This lecture, however, concentrates on smallholder agricultural economy and farmers self defence because the author has been working in these areas. It is perhaps pertinent at this point to indicate that Sub-Saharan Africa will come up more often in this lecture. This is because rich examples of issues can be found in the author's book published in 1989. Although Sub-Saharan Africa covers a large area with different ecological and cultural zones, the main characteristics and problems of smallholder agriculture are broadly the same. It is therefore possible to discuss the topic on a continental level without being too superficial. The challenge African governments and researchers face is how to make smallholder agriculture more productive on a sustainable basis.

The Nature Of The Smallholder Problem

A major part of the smallholder problem originates in the asset distribution and productivity levels in the rural sector, both of which have very considerable implications for interclass and interpersonal relations, and, therefore, for the effectiveness of farmers enterprises. The smallholders may be classified into three categories; the landless, the marginal farmers and the small farmers. Incomes of the landless are low because of low productivity of labour. Whether labour- or capital-intensive technology is used in cultivation is therefore as important in determining income distribution as the distribution of land.

Marginal farmers may be defined as those with land too inadequate to make an acceptable level of living from cultivation, either because of the small size of the holding or the poor resource base.

Small farmers may be classified into those that are at a subsistence level of income and others who earn considerable income from sale of their marketed surpluses. The relationship of the resource base with incomes is important as frequently the more privileged middle-level farmers in many developing countries cultivate farms which are not significantly larger than those cultivated by subsistence farmers. The disparities in incomes arise from differences in the productive potential of their land, allowing introduction of new and, more profitable enterprises.

The more privileged rural classes frequently belong to sociopolitically more dominant classes, tribes or castes. When higher social status and political power are combined with ownership of productive services, middle-level farmers acquire access to technical know-how, inputs and capital share of cultivable land or of the total income generated from it.

The small initial disparities in the incomes of the privileged and those not so privileged, therefore, often increase over time, first from

the initial differences in access to services, and subsequently from the increased savings and investment that the productivity of initial services make possible. In countries where land market prevails, the income disparities may also lead to disparities in asset ownership, if increased investment takes the form of expansion of cultivated land by eviction of tenants, purchase or acquisition of land from other small and marginal farmers, and adoption of land-improving measures such as irrigation or soil conservation on such expanded holdings.

The size and distribution of landholdings owned and operated by individual farmers and the relative disparities in incomes and wealth of course vary considerably among countries as do absolute levels of poverty. Where a majority of the country's cultivable land is controlled by a relatively small population of large landowners, the proportion of the landless and the marginal farmers tends to be high.

Poverty is acute in rural areas. This is so especially as the farmers have little or no political power and few means of organizing themselves to achieve economic benefits without threatening the viability of the social structure, which frequently depends on their own socio-economic status. Being at the margin of subsistence, the economic risks of socio-political disruption are also greater for the farmers, provided that such disruption is viewed as leading to an improvement in their status. Farmers usually have little or no access to education, and, therefore, have a disproportionately high share of illiteracy affecting their ability to participate meaningfully in organizations dealing with complex developmental functions such as management of marketing and financial institutions (Adeyemo, 1989).

The greatest impact on the levels of living of the farmers has to come from a more equitable use of assets and increases in the productivity and employment in the agricultural sector. If broadly distributed, such income increases can also provide a further impetus to growth through linkages with the manufacturing and the service

sector as goods and service demanded by lower-income classes will provide considerable scope of development of the relatively more labour intensive small- and medium-scale industry in comparison with the large organized industry that tends to be capital mobilization. Without increase in the incomes of lower-income classes, lack of adequate effective demand causes a major constraint to increasing employment in the small-scale manufacturing and the services sector.

Traditional Food Production Systems And Threats To Sustainability

Farmers have over centuries developed farming systems that have adequately responded to the challenges posed by their physical and socio-cultural environments. In the past, these systems have been sustainable, providing adequate food to feed the population without causing much damage to the natural resource base(Adeyemo, 1984a). Although earlier writers such as Gourou (1952) identified only one farming system – shifting cultivation or slash-and-burn clearance – for the whole region, field studies undertaken since then by researchers in different parts of Sub-Saharan Africa have identified other farming systems. The major food farming system include shifting cultivation, the bush fallow system or land rotation, the planted fallow system, compound or homestead farming, terrace farming, flood land cultivation, and transhumance pastoralism. Table 1 summarizes major characteristics of each system and indicates the driving forces undermining its stability.

Table 1 - Traditional food farming systems and threats to sustainability

System	Major characteristics	Geographical spread	Threats to sustainability
Shifting cultivation	Rain-fed agriculture Slash-and-burn cultivation Simple hand tools. Soil fertility restored by fallow vegetation Intercopping Communal tenure No permanent settlements Orientation is subsistence	Formerly widespread, now disappearing	Increased population pressure
Bush fallow system or land retation	Same characteristics as above; However, soil fertility is resorted through land rotation within fixed area of land. Permanent farm settlements. Orientation is both subsistence and commercial. Communal tenure, sharecropping and renting	Widely practiced in all ecological regions of Sub- Saharan Africa	Increased population pressure, Reduction in length of fallow, Conversion of land to human settlements. Expansion to marginal ecologic regions, land degradation.
Planted fallow system	Same characteristics as above except more permanent cultivation. Soil fertility restored by planted fallow (Acion barterri and Macroplobium macrophyllum). Agro forestry. Family and individual ownership, sharecropping, and renting.	Areas of high population density such as the eastern part of Nigeria	Increased population pressure. Land scarcity. Land degradation.
Compound or homestead farming	Permanent system of cultivation. Soil fertility maintained through application of household refuse, night soil, and manure. Mixed cropping. Orientation is subsistence. Family ownership.	Densely settled areas in the different ecological zones. Sometimes combined with bush fallow systems.	Increased population pressure Land degradation.
Terrace farming	Intensive cultivation as above. Family or individual ownership. Special terraces constructed to check crosion and control water. Mixed cropping.	Upland or hilly areas in different ecological zones.	Occasional breakdown of terrac as a result of heavy rainstorms. Lack of labour for maintenance Labour intensive, therefore unattractive if alternative land can be found.
Flood land	Intensive seasonal cultivation. Cultivation of different crops according to whether flood is rising or reducing. Orientation is subsistence and commercial.	Draw-down areas of major rivers, streams, and lakes. Valley bottom during the dry season.	Depends on long periods of adequate rainfall.
Transhumanc pastoralism	Nomadic grazing of livestock determined by seasonal rainfall.	Arid regions	Grazing lands being encroacher on by farmers. National restrictions against cross-border grazing.

Prevailing Views About Traditional Market

It is generally believed that collusive tendencies and price fixing are rampant in traditional rural markets as there are only a few intermediaries at each level of marketing. Marketing costs are also believed to be high as there usually is a long chain of intermediaries from the producer to the consumer. Small farmers are seen to be the greatest victims of marketing inefficiencies because of their meager marketed surpluses and poor bargaining position.

i Market structure

Despite differences among countries both with regard to the stages of market development and to availability of documentation, considerable evidence has accumulated in countries as different as India, Bangladesh, Nigeria, Indonesia and Kenya with regard to the working of traditional markets. Lele's studies in India (1979) and studies by Adeyemo (1988) in Nigeria indicate that entry in traditional trade is usually free and that generally there is overcrowding and significant competition at each level of marketing. Unlike in the case of most organizations, traders have low overhead costs. They work on low margins and earn a meager income. This is an important factor in determining relative efficiency of traders in comparison with the more organized marketing institutions, particularly as both the size of the market and size of individual transactions tend to be small in the case of low-income farmers and the unit costs of handling tend to be high.

Few traders are nevertheless seen to handle a large share of the marketed surplus in many markets. Again, studies indicate overwhelmingly however – that large traders are not able to influence prices through collusive action if transport facilities and exchange of market intelligence among producing markets and between producing

and consuming markets are effective, the implication being that it is the provision of transport facilities and market intelligence which are more important policy instruments to the removal of exploitation.

ii. Intermarket price differences

Because of poor transport facilities, contrary to the general view, differences in the prices received by small and large farmers are frequently far less significant than those between markets with or without good transport connections (Adeyemo 1984b).

Excessive price differences among markets arise because of:

- a. poor dissemination of price information and poor communication facilities which do not allow transmittal of the knowledge of price disparities effectively among markets – and reduce the incentive for the producers to take their produce for sale in the other nearby markets:
- b. inadequate and unreliable transport facilities that often result in accumulation of surpluses in producing areas and shortages in consuming centres, especially when production is seasonal:
- c. poor handling facilities that result in losses in the quantity and quality of produce during movement of the produce;
- d. lack of implementation of standard weights, measures and/or marketing charges that allow scope for cheating.

Traders frequently provide a number of important services that cannot be replaced by government or agencies, without incurring substantially greater financial costs in administrative manpower and finances.

iii. Marketing of inputs

Traders may nevertheless be effective in inputs as market margin for fertilizers and seed are often fixed through government policy. Even if pricing poses fewer problems for government in the case of inputs, government effectiveness in getting inputs to small farmers nevertheless depends on timelines of imports, the extent to which small farmers can make use of inputs effectively once these are sold, and the effectiveness of the system for distribution. The author's observations of donor- assisted projects in Africa indicates that there is often considerable difficulty in ensuring timeliness of the right type of input supply to farmers even when inputs are distributed through agencies. This is because the technological package is often not well specified, and, therefore, the wrong inputs are ordered or errors are made in specifying needs when input requirements are identified and communicated to major supplies, imports are not made by governments on time and the domestic delivery system is not well organized to get inputs to farmers. As a result of these various factors, even though introduction of organized distribution frequently reduces the problem of adulteration of input encountered in their sale by traders, the delays and inappropriateness in distribution reduce return to input use and create difficulties in further promotion of new technology

On the other hand, if the demand for modern inputs is low, the private sector is usually reluctant to get involved in input distribution, as costs of distribution tend to be high in relation to the prices that can be charged. However, once general subsidies are introduced to cover costs of distribution, it is difficult for equitable allocation of inputs, particularly if the supply is limited. It is also difficult to abolish subsidies once they are introduced (Ladipo and Adeyemo, 1981).

iv. Seasonal price differences

The other usual allegation about the private trade is that farmers sell their surpluses in the immediate post harvest period when prices are low because of: (i) their heavy indebtedness to the village traders and money-lenders, (ii) their need for cash for paying taxes and debts, and (iii) inadequate storage facilities at their disposal. Off-seasonal prices, on the other hand, are said to rise significantly higher than costs of storage and normal profit, allowing traders to make excessive profits.

It indicates that there is considerable variability in the pattern of seasonal price movements of various agricultural produce and that this pattern is usually difficult to predict, leading to considerable risks in storage until the off season.

Agricultural Credit

i. Factors affecting smallholder productivity and credit repayment

Experience indicates that small farmers have greater need for borrowed funds in adopting new innovations than do larger farmers. However, considerable evidence has also shown that small farmers have much less access to institutional credit. This applies as much as to commercial banks and government finance corporations, although existing evidence is not fully consistent with the premise that productivity on large farms is always higher (Adeyemo, 2000).

Lower productivity on small farms should result in a lower repayment rate of credit. Because of their higher propensity to consume, small farmers are also believed to divert credit to consumption far more than large farmers, with a consequent poor ability to repay loans. The author's review of evidence indicates that although diversion of credit is widespread, it is by no means greater in the case of small farmers; only the purposes for which it is diverted are different.

ii. Factors affecting credit distribution

The politically dominant role of large farmers and its influence on allocation of benefits mainly to large farmers have been well documented. It is reflected in their preponderant representation on boards of directors, and their frequent overt role in the approval or promotion of credit applications of individuals with whom they have kinship or political affiliations.

Because of the small size of individual loans, unit cost of lending of small farmers is greater, particularly as the constraint on the trained manpower to administer credit is usually severe. Credit institutions, therefore have a tendency to minimize demands on administrative manpower by making large loans as often as possible.

Organization usually have little or no control over technology development, market prices and timeliness of input supply, all of which are influenced by government policies. The actual repayment rate on small farms is therefore frequently much below the potential, thus increasing the unit cost of recovering credit from small farmers. In addition to the high costs of distribution.

On the other hand, major portions of the funds loanable to credit institutions are usually provided by the banking organizations and not generated internally. The organizations expanding credit most rapidly are therefore often the greatest beneficiaries of the supply of loanable funds, although the repayment record is not necessarily better by lending to large farmers.

The nature of the subsidies provided to credit institutions reinforces the large farmer bias. The higher unit cost of making small loans is often the justification for subsidizing institutional credit. However, it is feared that subsidies directly linked to the cost of lending to small farmers may reduce the incentive for credit organizations to minimize their costs of such lending or to improve repayment on small farmer loans. Subsidies are, therefore, provided to support overall budgets

of credit enterprises, as for instance through interest rate structures. The cheapening of credit that results from such policies leads to an even greater interest among large farmers to control its allocation in their favour, given that institutional credit is already attractive to large farmers because of capital scarcity.

The Economy Of Small Farmer Self-defence

Households with little land, highly variable yields and few reliable alternative sources of income, are in a very vulnerable position. Living at near subsistence level their first concern is to survive by securing a decent level of consumption the whole year round. Achieving such a goal in a high-risk environment with considerable fluctuations in income (in kind or in cash) is no easy task. Risks for the household can be reduced by differentiation of income generating activities as opposed to specialization. Such differentiation can be pursued by the undertaking of a variety of farming activities, as opposed to concentration on a single crop or livestock, and by a balanced division of productive labour between farm and off-farm occupations. We could call this orientation the economy of self-defence, a "protective device" against uncertainty and dependence. Its basic concern is to maximize the chances of survival of the household and its members at a decent level of welfare. The concept enters into the theory of cooperation promotion, which purposely enhances the household's defensive capacity against the hazards caused, by climate, unstable markets, and political, ecological and technological changes. It takes into consideration that the patron-client relationships of the traditional society no longer offer the subsistence security they used to give to the poorer sections of the population and assumes that horizontal bonds among peers, viz, small farmers, can be a valuable substitute

for the disintegrating vertical bonds of solidarity.

The logic of the economy of self-defence is based on the two major considerations or premises:

- i. present forces of social and economic change 'forces at play', push large sections of the population towards increased marginalisation, and eventually, landlessness. If such forces are not partly neutralized or redirected, poverty of the largest segment of the rural population will increase both in absolute and relative terms.
- The assumption of neoclassical economy regarding the small farmer as an entrepreneur who seeks profit maximization by concentrating production on a single cash crop - a view implicitly accepted by existing service institutions like extension services, and rural banks - is not applicable to small farms living in a low income and high-risk environment who are risk-averse and survival oriented (Adeyemo and Ajobo, 1990). Household members will allocate their labour, their primary asset, to the occupation, or rather the combination of occupations, offering the best chances of getting the ricebowl filled the whole year round and meeting the household's minimum cash requirements. Such a combination may include work on the household's own farm, with priority given to food production, occasional work on the plot of a larger farmer as wage labourer, and, when available, seasonal work outside the village in the plantation or manufacturing industry. The distinct pattern of the small farmer resource allocation a consumption unit living at a level near subsistence. Falling below subsistence level, at any time of the year, will lead to material suffering, or, alternatively, to indebtedness. This in its turn may result in mortgage of harvest, or even worse, to loss of productive assets by forced sale of land or animal. Even a temporary fall below subsistence is thus

Forces At Play Causing Marginalization And Survival Orientation

- i. Landholdings are becoming smaller and more fragmented. As a result of population growth and the limited absorption capacity of other sectors of the economy, landholdings become smaller and more fragmented with each generation. Land redistribution under a land reform programme assuming its effective and honest implementation, which is seldom the case, would not solve the fundamental problem of shrinking man-land ratios.
- ii. Public lands are shrinking and deteriorating; public water sources are drying up. Public land open to all categories of the population has also shrunk in size, because of pressure on land for food production, expansion of cash crop production and privatization of tenure as well as 'illegal encroachments'. Further, by overuse, its condition is continuously deteriorating. Public land has multifarious uses, including the grazing of cattle and smaller livestock, and the provision of fuel wood and construction of material. The same applies to public waters (ponds, rivers, creeks) and on the shores.
- iii. Yields are unstable. Erratic and unpredictable rainfall results in wide fluctuations of yield. The ongoing deterioration of the ecosystem has added to the dangers of both drought and flooding. Although nowadays in agricultural research circles more attention is given to the development of crop packages and varieties adjusted to dry-land farming conditions, drought-resistant 'miracle crops' with a flexible demand for water are now common on board.

- iv. Markets, in particular, export markets are unstable. Proceeds from sale of produce are unstable because of price fluctuations. A good harvest of a cash crops is not always a guarantee of a good income. Because of the inelasticity of demand for agricultural products. prices tend to drop sharply in case of abundant supply. When prices are high, profits tend to be creamed off by intermediaries controlling markets and transport facilities. Official 'floor prices' or 'support programmes' are of little help to small farmers when buying points are not located at the village level. Moreover, small farmers have little defence against exploitative or corrupt practices by private or public buying agents and other intermediaries. Export crops involve an even greater risk than cash crops for local markets, because of the added instability of international commodity markets and the downward trend of agricultural commodity prices in real terms over the past thirty years. There is an added insecurity when crops are grown demanding a high level of inputs. It is doubtful whether government can continue to bear the increasingly heavy burden of input subsidies.
- v. The rich in the villages feel less and less concerned about the survival of the poor. The rich in the villages no longer offer protection for the poor against dire poverty by showing their generosity at times of bad harvests or misfortune. The former leveling mechanisms no longer work. The well-to-do villagers have become more consumer and investment oriented. They feel more concerned about their individual economic status, as entrepreneur, in the larger society than their social status, as benefactor, in the village society. Relations within the village have become more impersonal and contractual at the expense of subsistence security of the poorer sections.
- vi. "State patronage" as a substitute for (v) is inadequate. 'State patronage' is an inadequate substitute for traditional patronage.

By 'state patronage' is meant a style of government administration of purposive positive discrimination in favour of the weaker sections. It can take several forms such as small farmer oriented programmes of development assistance (e.g. special credit programmes), survival assistance (food for work) or 'job creation' projects. 'State patronage' in general, is a poor substitute for the protection and help, which can be provided, in an integrated village by neighbours of equal rank or by 'patrons' who live up to the expectations of their 'clients'. The state distributive mechanisms are more complex and suffer from inadequate management. Their implementing staff are more concerned with reaching 'targets' than with quality of service. Rules of operation are often ill-defined and unknown to small farmers. Provisions are uniform, lack flexibility and are not attuned to the needs of the individual household. In spite of these shortcomings, small farmers and other beneficiaries are expected to reciprocate the State's benevolence by their political support and loyalty to the government in power. Yet, wherever such loyalty may exist, it offers no guarantee for permanence of services. The costly programmes are heavily dependent on economic and political factors, which are beyond small farmer control. One dominating political factor causing rural poverty is the so-called 'urban bias' of national governments. The small farmer category is not the only section of population soliciting favours from government. In this, it has to compete with mostly urban-based and politically more influential pressure groups such as civil servants, students, and industrial workers. Governments rely heavily on support from these categories of the population and tampering with the prerogatives of the urban lobby is politically risky.

vii. Traditional crafts are disappearing. Traditional village industries, such as weaving, basketry, and pottery are not able to withstand the flerce competition of modern industry. This phenomenon was

noticeable in the villages. It is also a well-documented fact of Nigeria economy. The situation is exacerbated by the ongoing deforestation causing growing difficulties to find the raw material required for various subsidiary occupations such as firewood for charcoal production, reeds for plaited products, wood for house construction.

viii. Non-traditional off-farm activities are too capital-intensive for small farmers. Non-traditional off-farm occupations (e.g. industrial manufacturing, agro-processing, repair, transport) are more exacting in terms of capital requirements and managerial skills. Such industries are out of reach of small farmers except as unskilled and low-paid labour. Because off-farm employment, particularly during the dry season, is seldom available at the village level, small farmers or their members of family are forced to migrate seasonally from the village to other parts of the country, where work is expected to be available. The poorer the harvest, the more small farmers are induced to search for off-farm income. On the off-farm labour market the small farmers are others' competitors. When labour is non-unionized, unskilled and – such as in years of bad harvests – in abundant supply, conditions are optimal for exploitation.

The above is a schematic description of the main trends in rural economy causing impoverishment of the population. What runs as a continuous trend through all the factors at play is the 'incorporation' of the village economy into a wider national and international economic system on terms and conditions beyond control. The hazards these have caused to the greater part of small farmer population are insufficiently recognized by development authorities and their allies, the development agencies, in their energetic drive for 'modernization' of the economy. The cause of promoting the capacity of self-defence is therefore legitimate and necessary. To be sure, small

farmers have developed their own times tested mechanisms of selfdefence. Its practice is in fact as old as small farmer history. But the idea of its purposive support from outside the small farmer milieu, as a priority matter, has yet to gain acceptance in development circles.

It is widely acknowledged that there is no single strategy that could resolve the socio-economic self-defence of smallholders, which cut deeply into the lives of so many people. For example as to food problem, what may be useful in a short run could be irrelevant in a longrun. A food strategy, moreover, cannot address the supply side of the ladder alone but must also take into account ways of stimulating consumption, particularly among the poor farmers. A strategy to increase production would have to include a mix of approaches that might include favourable exchange rates, improved conditions for access to credit and the expansion of domestic and foreign markets to assure minimum levels of demand.

It is not enough, however, to stimulate demand among those who already dispose of a sufficient income to cover their basic needs. What is also needed is a set of policies what will allow the poor to increase their food consumption. This would include but not be limited to an income policy that will assure minimum income transfers to the poor farmers. However, such an approach is likely to have a limited impact where the scope for income maintenance policies is minimal. When the marketing and credit problems are very high, the fiscal base and administrative structure are far too tenuous to allow for on-going policies to ensure minimum levels of food consumption for the poor farmers through welfare and income transfers.

In 1985, an hypothesis, which changed the strategy of approaching farmers' self defence, was developed by the author. This is an institutional approach that permits the mobilization of people in an organizational setting which enables them to function effectively in those processes having to do with social needs, food and ownership.

Self-help institution is such a vehicle, which, under proper circumstances, could fulfill such a function. Just as there are numerous examples of self-help institutions that litter the path to development, there are many that have achieved a respectable record of success in a diverse range of activities.

The specific functions of self-help institutions within this larger framework of small farmer promotion, are to:

- i. provide a forum for discussion and collective decision-making on, ongoing and planned development activities
- ii. mobilize available local monetary resources for setting up a banking and insurance system at a level easily accessible to all household members. This could take the form of a savings and credit organization.
- iii. build up 'bargaining power' on trade and financial markets, as well as 'claim-making power' to facilitate access to goods and services administered and distributed by governmental and nongovernmental development agencies.
- iv. widen the options for income generating activities, which become attainable through economies of scale resulting from pooling of resources and business (common transport, common processing units, etc.).
- v. enhance local control over factors of production and strengthen the small farmers to stand against pressure from 'development' agents, which press the rural population 'to produce export surpluses ... without the population receiving much in return.'

BLUEPRINT VERSUS GREENHOUSE

The Blueprint Approach

Implied in the 'blueprint' approach is the notion that a tested model exists which can be applied and replicated in an effort at planned development. Careful attention is paid to design and preparation and the idea is that those involved in administration will, as closely as possible, follow a given project plan. To many, development in Africa and elsewhere in the Third World is inconceivable without adequate attention to planning and design. As a result, the myth has developed in many countries that policy and planning are sacred; all mistakes arise in the execution stages.

The member-controlled organisation has long been an idea with almost universal appeal, being widely promoted in much of the developing world as an integral instrument of national development policy. Its popularity is largely dependent on the fact that it is a tested model. Cooperation produced impressive results as agents of the rural and urban poor in Europe and North America. Thus, it is tempting to regard them as suitable also in Third World contexts, particularly at a time when the policy emphasis lies on reaching the poorer segments of the population.

The use of the blueprint approach has become even more common, primarily for two reasons. The first is the ideological and political attractiveness of the group farming model. In much of Africa, particularly in countries where there was a strong desire to reverse the order established by the colonial powers, the group ideal was regarded as progressive. Whether it was a question to taking over the British model, or deriving the agricultural policy from another setting, post-independence governments in Africa were strongly inclined to adopt a blueprint approach to farming development. While prior to

independence there had been some selectivity, the new governments disregarded such considerations as economic and financial feasibility. In some countries, e.g., Tanzania, first, group farming and subsequently *ujamaa* villages (a form of production groups) were introduced throughout the country as a matter of principle.

The second reason for the popularity of the blueprint approach is the strong faith African leaders have in macro planning. The latter practice encourages a top-down approach to development and, as a result, the creation of institutions that can help make the environment more orderly and manipulable. It requires 'rational-legal' types of organizations as means of bringing about this sense of order. Group farming has many characteristics that make them attractive to the economic planner. Above all, they provide a ready-made link to the rural communities. Everywhere in Africa, organisations have been subsumed under general government development policy, and in most countries their status as autonomous, voluntary organizations has been changed. Government officials in charge of group development have generally been given final responsibility for decisions affecting the management of organisations. These bureaucrats have a strong tendency to reinforce the blueprint approach. They value conformity: rules that apply everywhere and institutions that adhere to a similar model. Even though there may be a good case of organizational flexibility and variation in organizational modes, such tendencies are discouraged.

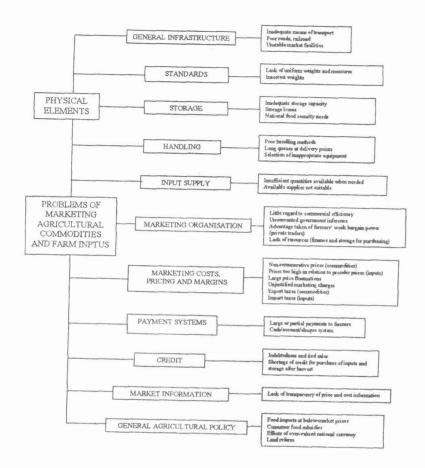
The assumption underlying the application of the blueprint approach is that committee members, staff and also rank and file members can be educated or trained to accept the values and principles associated with the model being implanted. To understand this paradox, it is important to realize that as the organisations are implanted into the rural society rather than growing out of it, the organization is a foreign body. Members do not necessarily relate to it in the same way

as people did in Europe at the turn of the century, when workers and farmers joined hands and formed groups of their own. Because of this general indifference among the membership, it is easy for committee members and staff, if they so wish, to engage in corrupt practices for their own ends. These problems, however, only arise because people are forced to perform in organizational contexts that do not reflect the political economy and social structures of post-independence societies in Africa. One of the greatest inadequacies of the blueprint approach lies in the fact that it defines social behaviour in terms that are foreign to people, thereby prohibiting potentially creative trends and undermining confidence in public institutions by imposing values and principles that cannot be upheld by society.

There is no doubt that a serious question must be raised concerning the appropriateness of pursuing the blueprint approach. For instance, in agricultural cooperation field, progress is not likely to be accomplished through the prescription of 'more of the same'.

This point is even more valid today. The almost blind application of the blueprint approach has lowered popular confidence in the ability of the various governments and marketers in solving the main marketing constraints listed in Figure 1. People show great reluctance to participate in new government-sponsored agricultural marketing ventures. In Sub-Saharan countries especially Nigeria, the official machinery created to bring about progress is grinding to a halt. The human resource potential is in danger of getting lost. For this reason the role of other common-interest organizations than the formally registered groups must be explored.





The Greenhouse Approach

The 'greenhouse' approach is based on the assumption that, if only provided with the right stimuli and incentives, people will organize and accomplish tasks of common interest. Rather than organizing people for purposes, which are beyond their comprehension and interest, the greenhouse approach focuses on factors, which help local efforts grow on their own. True to its name, it provides a hospitable climate for growth even in circumstances that are otherwise

adverse. Thus, rather than insisting on impaling organizational models, irrespective of whether or not they fit the political economy of a given society, the greenhouse approach takes as its starting point what exists on the ground and encourages organizational development from below or from within. It tries to accelerate progress but only on the basis of what society offers.

African countries have local self-help institutions. In fact, as Osuntogun and Adeyemo (1981) have demonstrated in an overview of voluntary associations as adaptive mechanisms, African countries have a particularly large variety of such organizations. Because they are highly local in character, however, and as a result 'invisible' to the officials operating out of urban-based formal structures, they tend to be overlooked. All the same, such organizations can succeed in promoting social change and agricultural development.

It is difficult to see, however, that this reluctance to recognize local common-interest organizations can continue much longer in view of the failure of governments as mobilizers of resources and engines of development. Progress will only take place, if Nigeria is ready to discover its hidden resource potential in the form of locally-based private and group efforts. Take, for example, the case of local savings efforts. There is a general consensus that the bulk of credit in rural economies of Nigeria is provided by 'informal' channels (Adeyemo, 1989).

Common-interest organizations, created by small groups of people to cater for their social maintenance or development needs, exist in large numbers throughout the continent both in the rural and the urban areas. In spite of their preponderance, however, they do not feature in discussions and conferences on development, where instead, attention focuses only on the patterns, problems and merits of the formal-sector approaches.

The greenhouse approach, if pursued with a view to strengthening common-interest organizations, would help mobilize hidden resources and increase the strength of those agencies that can hold public officials accountable. By strengthening these organizations through incentives, finances and technical advice, this approach could also help governments to channel their resources into activities that reflect genuine local needs.

It is important to stress that it is not primarily a question of reallocation of public or donor funds for non-governmental organizations. Their needs are not so much financial, and experience suggests that too much money, whether in the form of credit or grants, easily kills local initiatives and common efforts. The most important task would be to effect in perception and strategy: to get the local common interest organization to become part of the development agenda.

Self-help Promotion

Promotion refers to the development task to facilitate the emergence and foster the functioning of organizations at grassroots level, known as Self-Help Organizations (SHOs). A SHO is an autonomous organization, which subsists on the contributions of its members in terms of entrepreneurial skills, labour, capital or land. SHOs are considered a means of achieving self-reliance, which is defined as the condition whereby the farmers no longer depend on the benevolence, initiatives and skills of third parties (outsiders) to secure their interests.

For any organization, the mere statement of noble objectives will not guarantee their fulfillment. Development agencies are no exception, and this includes Non-Government Organizations (NGOs), which aim to contribute to a more just, egalitarian society by promoting different sort of economic activities through Self-Help Organizations.

In SH promotion, the danger of by-passing the smallholders or the poorer sections among the poor is great, especially when activities centre upon economic issues. Without proper identification of the target population in the village setting, field staff may simply be unaware of the fact that the poor majority is not, or hardly, represented among the SHO membership. Target population identification can be greatly facilitated by the use of appropriate indicators. Landholding criteria are often used but they are in themselves insufficient. Indicators are highly contextual (housing, food habits) and there are no fixed rules on how to develop them. Villagers themselves, members of a 'core group', can play a key role in identification of the poorer strata of the village community.

The provision of external resources, in particular the availability of credit and subsidies, may undermine the self-help orientation and may in fact act as a disincentive to local resource mobilization (Adeyemo, 1985b). The researcher warns against 'exploitative' resource provision and the aggressive policies of development banks, which push credit needs to levels where farmers lose their autonomy, and finally have to subject their economies to bank policies. More consideration should be given to SHPIs on ways and means of mobilizing local resources, which the smallholders have and from which they are willing to contribute. The spending pressure of the large foreign aid organizations, transmitted to governmental and nongovernmental local agencies, however, is a major external factor, which

may inhibit the pursuit of a consistent policy of local resource mobilization in rural areas.

When the promoted self-help organizations are scattered over many villages and situated at great distances from each other, it becomes very difficult to facilitate the build-up of a self-help movement, viz. a network of interacting mutually supportive SHOs from different villages. The 'butterfly' approach is not very appropriate to movement building. For the process to become a movement, which stretches out beyond the narrow confines of a village, SHPIs would do better to concentrate on smaller areas and select so-called 'core' or 'mentor' villages from which the process can spread to neighboring localities.

General Greenhouse Conditions for Success

Links with existing institutions and groups

Self-help groups are particularly successful if they establish links with local associations and traditional forms of organization (savings clubs, fieldworker groups, etc.). Such groups, which have emerged in the country's own culture and become widespread and socially recognized within it, have proven and generally accepted procedures for developing and voicing objectives and maintaining social controls.

Self-help promotion institutions are particularly successful:

- if they are not planned on the drawing-board (i.e. on a purely theoretical basis) and wherever feasible not by foreign experts, but developed by committed smallholders on the basis of their experience;
- if they consequently combine traditional and modern forms of organisations and are appropriate to the needs of the farming communities.

- if there are already institutions, which bring people together, provide a platform for the exchange of ideas and can act as a focal point for the formation of self-help promotion networks.
- if they can continue where earlier projects, which carried out valuable groundwork in the field of communal development, left off.
- if they can translate economic facts into everyday images and language reflecting the cultural tradition of the society concerned.

The efficiency of self-help institutions depends on:

- how homogeneous their membership is,
- how simple and clear the structure of their organization and their procedures for taking decisions are,
- how well the members know each other,
- to what extent members can participate directly in important decisions at meetings, and indirectly in decision and the supervision of measures by electing committees for this purpose, Generally, self-help develops best in the greenhouse environment:
- where the political climate and general administrative conditions favour, or at least do not impede, the formation of self-help institutions:
- where the government has a strong political interest in the development of a particular sector of the economy, or in improving the living conditions of smallholders, and tolerates self-help activities as one solution to the problems involved;

The readiness to engage in self-help, and its sustained effects are considerably increased if technical solutions are simply and easily understood by the farming population.

The implication of the promotions of the self-help farmers organization for achieving grassroot participation has often been combined with the view that there exist in traditional organization, spontaneous tendencies and well developed mechanisms to cooperate for mutual benefit, and that such traditional forms of organization can be an effective means of broadening participation in the marketing and financing of smallholder agriculture. Small farmers are seen to be the greatest victims of marketing inefficiencies because of their meager marketed surpluses and poor bargaining position. Introduction of marketing self-help organization is therefore considered to be an effective way of reducing marketing margins, reducing marketing constraints and improving the prices received and paid by farmers. Self-help institutions can play an important role in the promotion of input use, provided that such use is demonstrated to be profitable, and small farmers have access to credit.

Preconditions for an effective marketing system under the Greenhouse environment

A successful marketing strategy requires more than creation of marketing institutions. A far broader based and positive role is required of the public sector than currently followed by most governments. A large part of the pricing and marketing problem arises from inadequate infrastructure, shortages of production and irregular government pricing policies, and investment in roads, storage facilities. For example in a study conducted by Adeyemo (1984b) on the cost components for foodstuffs in Kwara State, transportation alone formed 54% of the total marketing costs. (Figure II). This is typical of food marketing in Nigeria. The low percentage cost (2.2%) spent on equipment suggests that the foodstuffs market industry is not capital intensive. The more essential commodities may need much greater government involvement in pricing, distribution and market

28

intelligence. Greater government regulation of marketing practices is also necessary as evidence indicates that standardization of weights and measures fixation of marketing charges and traders commissions, open auctions, standard methods of payment and grading and improved market intelligence add considerably to the effectiveness of the traditional marketing systems.

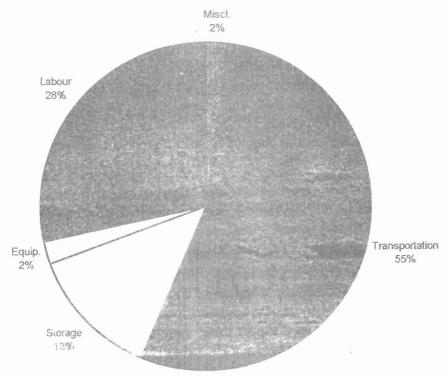


Figure II: Cost Components for Foodstuffs in Kwara
Markets

For the reasons outlined earlier, development of marketing Self-help institutions that deal with the subsistence activities of small farmers has to be gradual and combined with assurance of the various prerequisites necessary for their success. Initially, institutions may best be confined to relatively short term activities that are more commensurate with traditional forms of cooperation such as the participation of farmers in: (i) the establishment and the use of standard weights and measures by private traders, (ii) dissemination of information on prices prevailing in other producing and consuming centres, and (iii) construction of storage facilities are combined with facilities for advanced credit on a portion of the value of the produce (Adeyemo, 1988). Such a storage policy would, however, imply sharing of risks as well as benefits. Purchase and sale of surpluses on account of organization may come later, once a more effective pricing system has been formulated, and managers are trained and gain experience in marketing and in trading. Few small farmers possess such skills initially. In the absence of such a gradual approach, selfhelp institutions frequently become a marketing alternative in slogan rather than in practice.

Marketing Organization

Experience suggests that there have been substantial disparities in the performance of organisations with regard to the export and food crops. Nevertheless promotion of food marketing institutions continues to receive enthusiastic support from a very broad range of interests. Because many export crops require further processing, analyte food crops, these often cannot be used in domestic consumption or sold easily in rural markets. A centralized self-help marketing facility is, therefore, relatively easier to organize in the case of such export crops than for most subsistence-related productive activities.

Where centralized marketing can be organized, it is also easy to integrate provision of credit with marketing, as credit can be recovered easily through proceeds of the marketed output. On the other hand, institutional credit has been much less easy to organize in the case of food crops, leading to considerable scope for competition from money lenders and private traders.

Crops that require processing provide scope for economies of scale. The value added in the case of such crops is usually also substantial. Self-help institutions can therefore be viable as processing entities, even if their marketing activity is poorly organized. Besides in the case of export crops, the price of the final product is usually sufficiently high to reflect the value added. Marketing channels for export commodities are generally more highly organized than arrangements for food commodities. This is not surprising, as standard grades of cocoa, cotton and coffee lend themselves to organized marketing much more easily than cassava, maize, yams and potatoes. An important policy issue is that of marketing margins. There are several policy options as shown in Table II ranging from fixed margins at every stage in the marketing chain at one extreme, to (free market) uncontrolled margins, at the other extreme. The tasks for small farmers is to weigh the pros and cons of alternative options.

Table II: Marketing Margins: What are the options?

	Table II: Market	ng Margins: What ar	e the options?
4	EXPLANATION	PROS	CONS
	Marketing margins are fixed by government at each stage of the marketing chain. This is obviously necessary in states operating a controlled wholesale and retail pric system.	Simple to administer Market transparency: sknow (or can find out) official permitted mark Protects farmers from traders.	what are the same margin no matter what is supplied, the
ROLLED RIABLE ENCIATED)	i. Different (fixed) margins according to area of production ii. Fixed margins with variable transport subsidy or allowance for serving remote areas. iii. Difference (fixed) margins according to season in the year	Adds Provides marketing farmers in farmers in to Fixed Encou	in centives to ocal transport in centive for generics to remote areas rages c at farm and within es
MARKET)	(Floor or minimum Market flexibility, while providing		providing In practice, minimum price

Preconditions for an effective credit system under the Greenhouse Environment

Given various constraints, it is unlikely that credit organizations would lead to lower-income for small farmers. If there are positive financial incentives, through selective subsidies geared directly to costs of lending to small farmers, there would be a greater incentive to make small loans. Such incentives may even be combined with punitive measures for credit institutions that do not allocate a certain share of their resources to farmers. Target groups have to be carefully identified and benefits to them have to be monitored on a routine basis if there are to be no abuses of the system for the benefit of the rich. These tasks are highly demanding of administrative manpower and political goodwill even if commitment exists at the top. Besides, if selective subsidies are not combined with other related steps, such as technology development and price incentives, small farmers may not borrow credit. Or even if they borrow credit, credit programmes may become yet another, though rather inefficient, way of subsidizing the consumption of the poor as investments would not yield much return (Adeyemo 1984c).

Credit institutions also have to reduce costs of lending to small farmers by simplifying lending procedures. Credit institutions are not only geared to individual gain, but also oriented to highly individualistic principles of creditworthiness and ability to repay. The requirements of down-payment and proof of an individual's land rights to ownership or to tenancy which are used to ensure repayment are at best administratively demanding and, at worst, impossible for many small farmers and tenants to meet, particularly as these requirements seem to be less important in determining farmers' motivation to repay than are factors such as political power to get away without payment and profitability of investment. Often, small farmers repay credit more promptly because of their lesser ability to get away with overdues

compared to large farmers who wield substantial political influence. And, of course, the higher repayment rate on small farms frequently reflects the potential to use credit for improving productivity and incomes of such farms, provided that credit is accompanied by a profitable technological package, timely supply of inputs and properly working output markets. Even consumption credit lent to small farmers has elicited a good response when these prerequisites have been met.

If properly developed, self-help institutions lending can permit savings in credit administration, while at the same time providing scope for active grassroots participation and delegation of responsibility to low-income farmers. The extent to which the institutional approach is successful would, however, depend on the social cohesion and economic homogeneity of the self-help. Groups have to be small enough for them to be cohesive and to work actively in exercising the necessary mutual pressure to make the institutions viable. On the other hand, they have to be large enough to take advantage of the cost reductions that occur from scale (Adeyemo, 1998).

In order for the institutional approach to be successful, redistribution of socio-political power often has to be the first step, with substantial emphasis on development of technology, physical infrastructure, effective pricing and marketing policies and establishment of efficient management systems as the next steps. For these various reasons, external initiative is necessary to promote grassroots participation. If paternalism is combined with an understanding of the various factors that are essential to achieve effective local participation, and if institutions are protected from local political influences of the type discussed earlier, viable grassroots institutions may be developed over time to benefit the smallholder farmers.

To sum up, Mr Vice-Chancellor, certain variables must be in operation in order for the self-help organizations and consumers at large to reap the profits of smallholder agriculture. These variables are listed as follows:

i. Agriculture: a Necessary Path

It is important that decision makers recognize the central role of agriculture in socioeconomic development of the region. Overall economic development is not likely to occur without growth in the agricultural sector.

ii. The State should not Disappear

Setting priorities is necessary for better resource utilization and improved economic and social development. The State should not relinquish its role completely, but instead should focus on facilitating the growth of an open and competitive sector. It should reinforce its own institutional capacity for participative policymaking, and promote formal and informal collaboration that stretches across agricultural zones.

iii. An Engine of Growth is needed

An engine of agricultural growth is needed. It must involve production activities focused on smallholder agriculture. The effects of openness should be beneficial for the majority of both producers and consumers. Agricultural production strategies should involve the majority of small farmers. The performance of the engine of growth depends greatly on the generation and application of agricultural research that reduces unit costs of production, and on policies promoting lower unit costs of distribution for agricultural products.

iv. Population: An Essential factor for Sustainable Agriculture

Human capital is an essential factor for sustainable agriculture. Decision makers should therefore:

- give particular emphasis to farm households, the farm families and the consumers.
- Accelerate procedures and conditions for the growth of grassroot organizations; and
- Put special emphasis on self-help promotion.

v. The Three 'I's: Incentives, Infrastructure, and Institutions

For sustainable agriculture, decision makers should:

- promote the free flow of goods and services among self-help marketing organizations;
- construct a minimum of rural infrastructure, including roads electricity, and water, that will improve the living standards in rural areas and promote the integration of these areas into the national economy; and
- ensure that producer prices of export crops reflect world market prices.

vi. Creating Partnerships

Dialogue among concerned parties is essential:

- smallholder farmers and their organizations should participate in the formulation of agricultural policy and

vii. Mobilizing Resources for Sustainable Agriculture

- Agricultural policy should focus on increasing productivity while conserving natural resources to ensure that income generation of small farmers is sustainable.
- The potential for rural savings should be mobilized and appropriate institutions identified for facilitating the access of smallholders to credit.

I wish to express my sincere appreciation to the staff in the Department of Agricultural Economics, Faculty of Agriculture, past and present authorities of the Obafemi Awolowo University for providing me with the greenhouse environment for the required academic and administrative developments. I praise my Almighty God for the grace and His will for me.

Mr. Vice-Chancellor, eminent ladies and gentlemen, thank you and God bless you all.



Bibliography

- Adeyemo, R. (1984a) "Economic analysis of resource productivity in group farming systems in the Savanna Zone of Oyo State, Nigeria" International Mid South Journal of Economics, USA. Vol. 8. No.1 pp.7-10.
- Adeyemo, R. (1984b). The food marketing system: Implications of the Green Revolution Programme in Nigeria". *International Journal of Agricultural Systems*. Britain, vol. 14, No. 3, 143-157.
- 3. Adeyemo, R. (1984c). "Loans to smallholders in traditional agriculture: The Nigerian Experiences". *International Journal of Tropical Agriculture*, Trinidad vol. 61 No. 4, pp. 281-284.
- 4. Adeyemo, R. (1985a). A new dimension in the participatory role of self-managed unions in development projects" *International Journal of Economic Analysis and Workers Management* Yugoslavia, vol. 19, No. 3, pp.317-325.
- Adeyemo, R. (1985b) Cooperation in Today's Advanced Economies: The case of a developing country. Annals of Public and Cooperation Economy, Belgium. Vol.1 No.2 pp227-228.
- 6. Adeyemo, R. (1988) "Credit as an input in marketing: A study of the nature and use of credits by food marketers in Anambra State of Nigeria". Quarterly Journal of Savings and Development, Italy, No. 1, pp. 63-72.
- Adeyemo, R. (1989). Cooperation and Development in Sub-Saharan Africa. Ekopan GMBH Publisher, Germany, ISBN 3-92 1080-07-1.

- 8. Adeyemo, R. (1993) "Cooperation strategies for the development and conservation of Aquatic resources" in Conservation of Aquatic Resources, Egborge, A. Omoloyin O, Olojede A and Manu S.
- Adeyemo, R. (1998) Agricultural crisis and small farmers participation. Berlin Payrus GMBHt Publisher, Germany, ISBN 3-929603-42-X.
- 10. Adeyemo, R. (2000) "A comparative analysis of the performance of public and cooperative agricultural firms." *Journal of West Africa Studies*. No. 40. pp. 162-177.
- 11. Adeyemo, R. and Adjekum-Sarbraw, K. (1985) "An examination of agricultural loan administration in Ghana A case study of the Agricultural Development Bank of Ghana." Nigerian Journal of Financial Management, vol. 4. No. 1 & 2, pp. 21-27.
- 12. Adeyemo, R. and Ajobo, O. (1990) "Risk aversion measures by Nigerian cooperative agricultural producers". *Ife Journal of Agriculture*. Vol. 12, No. 1 & 2, pp. 130-139.
- 13. Adeyemo, R. and Oludimu, O. (1984) "An analytical study of capital procurement for On-farm production in South West Nigeria" Nigerian Journal of Economics and Business Environment vol. 2. No. 1&2 pp 16-27.
- Awudu, A. and Delgado, C. (1995) "Re-establishing agriculture as a priority for development policy in Sub-Saharan Africa" IFPRI Washington. D.C.pp30.
- 15. Bennech, G. (1990) "Urbanization in Africa: The good, bad and the ugly" *IUCW Bulletin* 21 pp15-16.
- 16. Gourou, P (1952) The tropical world. Longman Publication, London.

- 17. International Federation of Agricultural producers (1986) "Improving marketing and farm input supply in developing countries" IFAP, Paris, p. 48.
- 18. International Fund For Agricultural Development (2000) IFAD Rural Finance Policy p. 20.
- 19. Kherallah, M., Delgado, C., Gabre-Madhin, E., Minot, M. and Johnson, M. (2002) "Road half-travelled: Agricultural Market reformed in Sub-Saharan Africa IFPRI
- 20. Ladipo, O. and Adeyemo, R. (1981) "Demand for Mechanization services in food crop production in Oyo State, Nigeria." *Ife Journal of Agriculture*, vol. 3, No. 1&2, pp. 82-89.
- 21. Lele, Uma J. (1974) "Role of credit marketing in agricultural development "In Nuru Islam (ed) agricultural policy in development counties. Macmillan, London.
- 22. Lele, Uma, J. (1979) "Marketing and pricing of food grains in India." In C.N Vakhil and C.H. Shah (eds), Agricultural development in India: Policy and Problems. Longman New Delhi. Pp. 141-177.
- 23. Mellor, John (1988) "Food demand in developing countries and the transition of world agriculture" European Review of Agricultural economics, vol. 154, pp 419-436.
- 24. Osuntogun, A. and Adeyemo, R. (1981) "Mobilization of rural savings and credit extension by pre-cooperative organization in South West Nigeria" Quarterly Journal of Savings and Development, Italy, No. 4, pp. 247-261.
- 25. Ph. Action (2002) The newsletter of Global post-harvest forum. IITA Ibadan, No. 5 p28.
- 26. Population Bulletin (2001) World population futures. Population Reference Bureau, Washington D.C.