R.D.R. 30

The Operation of the Progressive Farmers Loans Scheme in Lango District[1]

By

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The object of this paper is to consider various problems connected with the provision of loans to farmers in Lango District under the Progressive Farmers Loans Scheme. These loans were paid out between 1962 and 1964. In addition to examining the manner in which the loans were given, the paper contains a brief discussion of some of the factors that could affect agricultural lending policy in the District.

The paper is in two sections:

(i) General description of Lango District

(ii) Discussion of factors affecting the provision of medium term credit in the District, and an examination of the loans made.

Section (i): Lango District

Lango District lies in the Northern Region of Uganda; it is bordered by Lake Kyoga in the South, and the Districts of Bunyoro, Acholi, Karamoja and Teso in the West, North, North-East and East respectively. The District has a population of 354,311[2], and covers a land area of 4,464 square miles. Most of the District lies at an altitude of approximately 3,500 feet, with lower land near Lakes Kyoga and Kwania. The country is predominantly flat or gently undulating, broken by a few isolated inselbergs. A slightly higher ridge (3,800 feet to 4,000 feet) runs from the South-east to North-west[3], and benefits from a higher rainfall than the rest of the District. Apart from a drier zone near Lake Kyoga, annual rainfall reaches 45 inches per annum, and over the higher ridge averages 50 inches per annum or more. In the South the rainfall distribution tends to a bi-modal pattern with peaks in April and August, in the North there is a tendency to a single rainfall peak in August.

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1. This paper is written as a basis for discussion at a Rural Development Research Project Seminar. It is not for publication and is subject to revision.

2. Source: 1959 Uganda Census.

3. The ridge runs through Lira, to Gulu in Acholi District.

The soils and vegetation of the District have been studied by Ollier[1] and Langdale-Brown[2]. The soils in Western and Central Lango are predominantly sandy clay loams over laterite, interspersed with patches of sand over sandy loam on laterite. In the east the importance of these two soil types is reversed, and in addition this area also includes (in Dokolo County, in the South-east) the most fertile soils in the District: deep sandy topsoils over thick clay loam subsoils. Around the swamps the fertility of the soil is poor, and in many cases those areas are only suited to cattle-grazing.

Langdale-Brown wrote of the vegetation of the area that "the most important vegetation boundaries are those separating the moist Savanna communities of the Gulu-Lira ridge - - - - from the drier Savanna types found elsewhere in Lango and Acholi - - - - These "moist" communities are associated with both higher rainfall and more retentive soils." On the whole, the eastern part of the District is typified by shorter grasses, and a lighter tree population. These factors, combined with the fact that East Lango has a higher cattle population due to the absence of tsetse fly, make the area more immediately suited to the use of ox-cultivation techniques.

The standard agricultural implement in Lango is the heart-shaped, long-handled hoe. A short-handled hoe copied from the Kiganda pattern is also used. Other implements used include axes, pangas, a thumb-ring for harvesting finger millet, and baskets for the transport of crops.[3] There has been an apparent indecision in the District, based mainly on lack of comparative costings and the prevalence of tsetse fly in parts of West Lango, as to whether to encourage ox-cultivation or tractor cultivation.

In the West the use of oxen has not proved popular. In this area the use of Tractor Hire Service (Government owned and private) has developed steadily during the last ten years. The number of units providing this service has developed from one in 1956, to one Tractor Hire Service station operated by Special Development Section (running 3 tractors), five Group Farms and some twenty operational privately owned tractors in 1966. In the East there is one Tractor Hire Service Station[4]. In this area ox-ploughing has been developing since the 1930's; of the 17,222 ox-ploughs now owned by farmers in the District, 16,299 are in the three eastern counties of Moroto, Dokolo and Kyoga.

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(1) Memoirs of the Research Division Series 1, No. 3.

(2) Memoirs of the Research Division Series 2, No. 3.

(4) There is also a fourth station at Lira, in Central Lango.

(5) Most farming operations are traditionally performed by hand labour using the hoe for digging and weeding. Labour constraints operative at certain times in the year restrict opportunities for increases in output using traditional methods. See D.F. Watt, E.D.R.P. 104.

uncropped areas upon which to graze."

This statement emphasises the importance of the introduction of techniques designed to increase yields per acre, by using additional recurrent inputs (e.g. sprays, fertilizers) and by increased use of optimum planting periods through the mechanisation of time-consuming operations such as digging and weeding.

The District Centre, Lira, lies on both the railway line and the main road that link Gulu in the North to Soroti, Mbale and Tororo in the South. Lira is 240 miles from Kampala.

The District possesses a fairly large number of small trading centres, although these are not evenly distributed. They constitute buying centres for limited amounts of storable produce such as grains and groundnuts, but provide little outlet for perishable produce such as vegetables or citrus fruit. In order to market these successfully, a farmer must either live near a large trading centre or obtain a regular contract with an institution (e.g. a school), or live near a suitable communication point from which his produce can be taken to market, provided transport costs are not so high that they prevent sale of the product at a competitive and profitable price. Few institutions in the District require regular supplies of food in large quantities and most of these are in or near Lira. However, those that do exist do not all obtain their food supplies locally. The senior secondary schools, for example, have a weekly contract for the supply of vegetables from Kenya.

Three crops, cotton, cassava and maize are processed in the District.(2) Most of the cotton is marketed through the Co-operatives (71% in 1964). Cassava is processed at Lira in a factory jointly owned by the Uganda Development Corporation and the Lango Development Company. The factory began operating in 1964. From statements made by some of the farmers interviewed, it appears that there are more farmers hoping to sell to the factory "at the farm gate" than the factory is at present able to buy from.

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(1) D.N. Parsons, Memoirs of the Research Division, Series 3, No. 3.

(2) A small quantity of tobacco is also flue-cured at Igai.

The maize mills are unevenly distributed and in at least one area (probably more) the absence of a mill discourages the expansion of maize production as the crop has to be sent 40 miles to be ground.

Little tobacco is grown in the District but there are plans for a rapid expansion of output with the aid of short-term and medium-term credit provided under the Co-operative Credit Scheme.

The more important food-crops (bearded millet, groundnuts, beans, sim sim and sorghum) are also grown partially for cash and sold to neighbouring primary produce buyers. Previous writers have pointed out[1], a reorganisation of the marketing structure for minor crops would enable farmers to obtain a higher and more reliable income from these crops. At present farmers tend to sell shortly after harvest, to satisfy an immediate demand for cash and to buy back the same crops (for food and seed) in the pre-harvest period when prices may have doubled. Primary co-operative societies could buy from members in the post-harvest period, store the produce, resell it before the next harvest, and redistribute the profits to members. A few societies are already attempting to do this, but any medical expension of this activity would be hampered in the short-run by lack of storage space and by managerial inefficiency in some primaries.

Little investigation has been made by District Agricultural staff of markets outside the District for food-crops grown within it. There is no officer in the District responsible for the investigation of new outlets[2] That such markets most probably exist is illustrated by the fact that two years ago a Group Farm Manager obtained a bulk contract outside the District for sorghum produced by the Farm members. The exploitation of these markets would also need increased organisation on the supply side.

It is hoped that the Agricultural Produce Marketing Board (to be created in 1967) will contribute to the organisation of the marketing of these crops both inside and outside the District. The Board will organise the marketing of produce through the co-operatives and is therefore likely in the short-run to encounter the constraints mentioned above. At present there is always a period of several months in Lango (from December to April) when co-operative society (and Union) stores are filled to capacity with cotton.

There are no detailed published costings for the production of "minor" crops, as incurred by private farmers, and no records of average yields. The latter however should be forthcoming from the current F.A.O. Census. The same absence of costings applies also to cotton production. In these circumstances the provision of medium-term credit between 1962

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(2). A Regional Marketing Officer is stationed at Gulu, with responsibility for the five districts in the Northern Region

(1) cf. Particularly Anne Martin "The Marketing of Minor Crops in Uganda", H.M.S.O. Dept. of Technical Co-operation, Overseas Research Publication No. 1.

and 1964 was not used to encourage any radical change in or diversification of cash-crops (present plans to provide medium-term credit on a large scale approximately 900 loans - for the production of flue-cured tobacco are based on the creation of a new market for tobacco and the knowledge that flue-cured tobacco has already proved a more profitable crop than cotton in other Districts of the Northern Region).(1)

Section (ii) A

The first part of this section describes the procedure according to which loans made under the Progressive Farmers loans scheme were applied for, assessed, granted and supervised. Very few loans (only nineteen) were actually granted in Lango, and the reasons for this are discussed later.

The loan applications were drawn up with the assistance of the agricultural extension staff. Since none of the application forms were filed in Lango, it was not possible to determine the extent to which the applications were drawn up by Assistant Agricultural Officers or by Agricultural Assistants. The regulations of the Scheme required that:

"In the first instance a farmer should submit his application to the nearest Assistant Agricultural Officer, who, if necessary should assist him to complete the form. The Assistant Agricultural Officer is expected to certify that the applicant is a Progressive Farmer, to check his statements regarding his crops and movable assets, to indicate whether he is likely to be able to repay, and give his opinion of the farmer's integrity.

Each application should contain details of how the loan will be used, giving costs of individual items of equipment. In the case of buildings, details of plinth area, height, materials for foundations, walls and roof should be included.

Applications with vague objectives will not be considered." ( )

From conversations with extension staff and borrowers it appears that the majority of initial applications in Lango were drawn up by Agricultural Assistants.( )

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(2). Department of Agriculture, Circular Standing Instruction AAI.C.788, 1:6:1962 .

(3) Assessments of a farmer's integrity and ability to repay tended to take the form, in Masaka, of: "This man is a progressive farmer, and I (strongly) recommend him for a loan." It is likely that the same occurred in Lango.

(1) The need for costings has become particularly important since the Report of the 1966 Cotton Commission recommended a 33% reduction in the 1965/66 price to growers, but it is also important because any increase in cotton acreages implies an increase in the acreage of other crops grown in the rotation.

The applications were then submitted to the Area Committee of the African Loans Fund, after scrutiny by the District Agricultural Officer. There is evidence that in Lango, where few loans were made, the latter was able to give time to the consideration of applications and to interview or visit the majority of applicants. He concentrated his attention on the eleven applicants for the larger loans for tractors and polyculteur outfits.

Following the amendment of the Scheme's regulations in 1962 the District Government was not required to guarantee any part of the loans, and in some Districts, including Masaka, the Area Committees were dispensed with. Applications went directly from the District Agricultural Officer to the Uganda Credit and Savings Bank. In Lango, the Area Committee was retained and consideration of applications was occasionally delayed by inability to arrange meetings. The Committee was composed of five representatives of the Central Government - the District Commissioner, and the District Officers for Trade Development, Agriculture, Veterinary Services and Co-operative Development and five representatives of the District who were appointed by the Lango District Administration. In 1962 these included the Secretary Manager of the Lango Co-operative Union, two farmers, one shop-keeper and one person of unspecified occupation, the last four were all members of the District Council. The District Commissioner was Chairman of the Committee and the Branch Manager of the Uganda Credit and Savings Bank at Gulu was Secretary. A complaint by the District Commissioner that his other work left him little time for acting as Chairman of the Committee, preceded by a request from Lango District Administration that it should have 100% representation on the Committee since it had to guarantee the loans[1] were both rejected by the Bank.

The minutes of the Committee show that it took its responsibilities for assessing applications seriously, and that quite often applications were rejected or referred for further information. No complete record was made of the number of applications submitted, but in the minutes references were found to about fifteen applications for agricultural loans that were referred or rejected. The reasons included requests for more information, incorrect completion of the application form, and in one instance, a poor standard of farm layout.

After approval by the Area Committee, applications for loans worth 5000/- or less were submitted to the Branch Manager of the Uganda Credit and Savings Bank in Gulu. Applications for loans in excess of 5000/- were submitted to the Central Committee of the African Loans Fund at the Head Office of the Uganda Credit and Savings Bank in Kampala. In 1964 the

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1. This request was made in November 1962, five months after the Agricultural Department had issued instructions that District Administrations should no longer guarantee 50% of the loans.

the Central Committee rejected two out of seven applications submitted for tractor loans. The Central Committee was not obliged to disclose its reasons for rejecting applications.

As there are no individual land titles in Lango, the security offered for loans consisted of a borrower's goods and chattels. These might include his house, bicycle, radio (if he owned one), furniture, cattle and agricultural implements. Although two of the nineteen borrowers have been persistent defaulters no attempt was made to seize their security. From the Bank's point of view, the institution of legal proceedings for the seizure of property is an expensive operation which is also likely to make the Bank unpopular, and to lead to loss of custom.

Following the paying out of loans, responsibility for debt collection lay with the District agricultural extension staff with whom responsibility also lay for supervising the use of the loans.

> "Avoidance of default will depend largely on the selection of the applicants and on supervision in the field.
>
> District Agricultural Officers should make every effort to see that loan repayments are made on t[illegible]." (1)

93% of the full value of the loans made in the District was paid out in kind. This figure is high partly because seven of the loans were for the purchase of tractors. This immediately meant that 128,000/- out of a total of 153,000/- was provided in kind.

Most of the remainder was also paid out in kind was due to the refusal of the District Agricultural Officer to authorise the payment to most farmers of large sums in cash. This compares favourably with the situation in Masaka, where the D.A.O. delegated the responsibility for authorising the distribution of loans to farmers, and where loans were paid out predominantly in cash.

At least twelve of the borrowers have at some time been in default. Even in 1963, the year in which most of the loans were paid out, the District Agricultural Officer commented in his Annual Report that collection of repayments was becoming difficult. For the twelve farmers who did not buy tractors, the monthly default figures for the year following February 1964 read as follows (instalments were due in March and September.

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1. Department of Agriculture, Circular Standing Instruction AAI.C.788, 1 : 6 : 1962,
   The only sanction available to extension staff was a threat that recalcitrant borrowers would receive no more advice.

Table I

Default 1964/65

(shillings)

	Size of Loan	Mar.	April	May	Jun.	Jly.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
A	1000	-	-	-	-	-	-	-	-	-	-	-	-
B	5000	-	-	-	-	634	634	634	1245	1245	415	415	170
C	1000	289	289	289	289	289	289	289	323	323	323	-	-
D	1000	529	529	529	529	529	529	529	727	727	495	345	345
E	3000	288	45	45	45	45	45	45	589	589	589	589	589
F	4000	771	-	-	-	-	-	-	234	234	234	234	-
G	1200	-	-	-	-	-	-	-	-	72	305	305	-
H	1000	286	-	-	-	-	-	-	278	278	278	278	278
I	650	137	-	-	-	-	-	-	-	-	-	-	-
J	2000	-	-	-	-	-	-	-	-	544	544	544	-
K	5000	858	858	858	858	858	858	858	1684	1684	1004	1004	1004
L	1000	-	-	-	-	-	-	-	271	-	-	-	-
Total	25350	3158	1,781	1781	1781	2,355	2355	2355	5417	6053	4754	4080	3386

These figures illustrate that the hardest time to meet repayments is in the latter half of the year, six months after the end of the cotton harvest.

Of the seven farmers who bought tractors at least three are at present in default for a total of 8,200/-(1).

Two main points emerge from this account. Firstly the machinery for assessing applications was burdensome, and had there been more applications for loans it would not have worked as efficiently as it did. Secondly, there was no adequate means of "chasing up" borrowers in default. Farmers E. and F were in default for 1,168/- and 1,784/- in April 1965; and have remained persistently in default ever since. The agricultural extension staff had no adequate sanctions, and the Bank, which had the power to institute legal proceedings, was unwilling to do so.

(1) Figures obtained in September 1966.

Section (ii) B

One would expect a decision to provide medium-term credit to peasant farmers to follow the consideration of certain related factors, particularly (i) opportunities for its use, (ii) availability of markets, (iii) size and calibre of the extension service. The second part of this section considers these factors as they relate to the provision of medium-term credit in Lango, with reference particularly to the period 1962-1964.

Firstly, did identifiable needs for medium-term credit already exist? or were there opportunities for the introduction of profitable new enterprises, the development of which would have been hampered had credit not been available?

The two most obvious needs for medium-term agricultural credit are for the purchase of equipment and the development of perennial crops. Although there may be long-term opportunities for the development of certain perennial crops in Lango, particularly citrus fruit, no such crops are being extensively promoted at the moment, no costings are available for their production by private farmers; and no comprehensive information is available on likely markets, or on the cost of reaching them. None of the medium-term loans were used for their production.

The remaining alternative was that credit should be used for the purchase of equipment. At present labour scarcities at certain points in the year constitute constraints to increased production in the District. For example, at the beginning of the first rains finger millet weeding competes for labour with opening land for cotton; in June, July, August, harvesting millet competes with the demand for labour for weeding cotton. The important factor in a decision to provide medium-term credit to relieve these constraints is whether or not suitable equipment is available to substitute for, or add to, the scarce labour. In March 1966, however, the District Agricultural Officer expressed the opinion that it was very difficult to identify purposes for which farmers in Lango genuinely needed credit. The evidence obtained in the present study mainly corroborates this opinion. There is no reason to suppose that in the future there may not be an increasing, though fluctuating, demand for medium-term loans in the District. (In fact the recent creation of expanded opportunities for the production of flue-cured tobacco will give rise to a demand for medium-term (two year) loans for the construction of curing barns. It is unfortunate that Government reaction has been to creat a structure of new Tobacco Growers' Co-operative Societies through which loans can be provided without attempting to assess

how many of the farmers actually need loans[1] nor to provide a really well-qualified extension service to supervise production. The writer understands that extension personnel (Agricultural Assistants) are to be given a six week training course in tobacco production, and that they will then be under the supervision of the District Agricultural Officer.[2]

From 1962-1964, however, two major factors limited the opportunities for providing loans for the purchase of equipment. These were, firstly, the lack of adequately tested ox-drawn equipment known to be of potential benefit to farmers in the District, and secondly, the indecision, already referred to, as to whether to encourage the use of ox-drawn implements or tractors. The latter is illustrated by the opening of a Tractor Hire Service station in the East, by Special Development Section, and by the appointment of Field Assistants in charge of ox-cultivation to every county in the District with the exception of Maruzi. If the indecision did not exist, it would obviously be more beneficial to redistribute the extension personnel in charge of ox-cultivation and intensify their distribution in the east. The same ambiguity in policy is illustrated by the list of purposes for which the nineteen loans were made: seven for the purchase of tractors and twelve for the purchase of ox-drawn equipment.

Diversification of purchases for which loans are granted is acceptable if these are all known to be profitable, taking into account the technical skill and managerial ability of the borrowers, and the degree and quality of advice that can be expected from the extension staff. In Lango there was little information available concerning the likely profitability of most of the equipment for which loans were granted. If any of the equipment had been costed on private farms and compared with the cost of hand-labour (and

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(1) An assessment of the number of farmers who need loans is important for the following reason: the Government has set a limit of approximately 900 to the number of loans which it is prepared to make. These loans can go to individuals or be shared depending upon how much tobacco a farmer wishes to grow. (With one acre of tobacco per barn, farmers in West Nile grouped into fours, sharing a loan for a barn and growing $\frac{1}{4}$ acre of tobacco each). If extension staff are to be provided in the ratio of one to 200-300 growers, there will be no means of estimating the number of staff required unless the approximate number of borrowers plus farmers able to raise their own funds is known. At the outset the adequacy - in number and quality - of the extension staff will be crucial.

(2) Information concerning the extension service requires confirmation.

the time taken by hand-labour) for the same tasks, these costings had not been made generally available. A list of the purposes for which the loans were granted is given below

Table II

List of Purposes for which Loans were Granted

Purpose	No. of Borrowers
To purchase a tractor	7
To purchase a polyculteur basic unit	5
To purchase a groundnut lifter	3
To purchase a ridger	1
To purchase a barrow	3
To purchase a large spray pump	7
To purchase a small spray pump	2
To purchase a weeder or cultivator	5
To purchase a Serero Frame	1
To purchase a Bertail Seeders	9
To purchase ploughs	6
To purchase oxen	4
To purchase barbed wire or chicken wire	8
To build produce stores	5

The only items which had previously proved acceptable to a reasonable number of farmers in the District were ox-ploughs, oxen, spray-pumps and, possibly, cultivators and fencing. In terms of the amount of money lent, the loans were used predominatly to encourage the use of new techniques not all of which have proved acceptable to the farmers concerned. This point is discussed further below, when the loans are considered in more detail. Whether credit should be used for experimental purposes is a policy decision. Two points that ought to be considered in this context are, firstly, the distribution of responsibility if the enterprises or techniques do not yield a sufficient return to facilitate repayment of the loan, and, secondly, the possible effect on the attitude of farmers to further extension advice.

When the introduction of new techniques is intended not only to save labour but ot expand the output of cash-crops, adequate knowledge of possible markets for these crops is normally necessary. Only one of the nineteen farmers who received loans complained about lack of markets for his crops but only two had noticeably (by seven - fourteen acres) increased their cash crop acreage as a result of receving credit. (Both were tractor owners).

The second farmer had not met with marketing difficulties because his other cash crops are maize, which he processes in his own mill, and cassava which he hopes to sell to the Cassava Factory. In addition to these two farmers one of the five farmers who purchased a polyculteur unit may have expanded his cash-crop acreage since receiving a loan. The expansion of his farm, however, appears to have been predominantly due to the receipt of a farm plan, followed by sustained extension advice, rather than the use of new equipment.(1) Three other farmers claimed to have extended their crop acreage; in one case the claim was not credible. The second farmer, the owner of a polyculteur unit, probably had increased his acreage but because he is an ex-teacher and ex-chairman of the Land Board still fulfilling various public functions and often absent from his farm, his standard of farming is not high, and his total yields probably have not risen. His only important cash crop is cotton. The third farmer may have increased his acreage slightly, but he has four adult sons working with him on the farm: their cash-crop acreage per adult male is slightly over two acres(2), and their only important cash crop is cotton.

Thus virtually no marketing problem has arisen because few loans were made, and because they have not resulted in substantial increases in output or diversification of cash-crops.

The number of agricultural extension staff in the District is constantly liable to fluctuation. In February 1966 the following personnel were available.

1 District Agricultural Officer
1 Assistant Agricultural Officer
15 Agricultural Assistants
13 Field Assistants
8 Field Assistants Ox-cultivation
6 Field Assistants Group Farms (working only on the Farms)

From 1962 to 1964 the Field Assistants Ox-cultivation were not working in the District. They were introduced for the first time in 1965. Since 1963 three Agricultural Assistants have joined the District staff who have attended a three year training course. All the other Agricultural Assistants are junior secondary III leavers who attended a one-year course in the 1940s or'50s. The Field Assistants have had less training. With forty-two gombololas in the District (average adult male population per gombolola 211.3 the Assistants are responsible for one or two gombololas each. None of

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(1) This loan is examined in detail on page 16.
(2) This is actually below the District average.

None of them was responsible for more than four farmers with loans obtained under the Progressive Farmers Loans Scheme, nor for an average of more than six registered "progressive" farmers per gombolola [illegible] but the supervision of progressive farmers is not their only responsiblity. The Assistants are also expected to encourage the use throughout their gombololas of improved techniques (correct timing of planting, row-planting, correct spraying, sufficient weeding, thorough picking and up-rooting of cotton etc.), to encourage the purchase and use of equipment such as ploughs and spray pumps, and the emergence of more "progressive" farmers, to complete monthly reports and certain other returns, and, since early 1966, to make recordings for the current stage of the F.A.O. Censur. The majority of the Assistants only own push-bikes.

The energy with which they carry out their responsibilities varies, as was apparent in the varying degree of assistance that had been given to the farmers who received loans.(1) It was difficult for the Assistants to give more than limited advice to the owners of tractors, since none of them had themselves been trained to drive or maintain them. If the Assistants had been shown how to keep simple costings they might have shown the farmers how to do this, but unfortunately no attempt was made to encourage farmers to record the cost of running tractors, beyond the keeping of a disorgarised file of receipts. The five owners of polycultaur units were all in quite close contact with the ordinary extension service, but several of the farmers who bought ox-drawn equipment complained about lack of specialist advice in its use. The District Agricultural Annual Report for 1963 stated concerning ox-cultivation:

> "Instructors are too thin on the ground to spend much time with each individual" and they "are not very conversant with the uses of polycultaur equipment as they are only locally recruited and have had no proper training in the use of this type of equipment."

With the introduction of trained Field Assistants in 1965, the situation has marginally improved, but in the three eastern counties the Assistants cannot hope to visit more than a small minority of the owners of ox-drawn equipment In one of these counties the Assistant is reported by farmers and other extension staff alike to be neglecting his duties,(2) but for supervision the Field Assistants ox-cultivation come under the Agricultural Assistant

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(1) By March 1966, the 14 farmers who received loans in 1963 had received an average of 5 to 8 visits from extension staff. One farmer had only been visited 3 times.

(2) One recipient of credit in this county is still not using a cultivator because his oxen have not been trained to weed, the Field Assistant is aware of the difficult but has taken no steps to train the oxen.

Ox-cultivation (Northern Region) who is stationed at Gulu, in Acholi District.

The majority of the borrowers, whether they bought tractors or ox-drawn equipment have suffered from lack of qualified technical advice on how to use their equipment.

Section (iii) C

The loans are discussed in two groups: firstly, those for the purchase of ox-drawn equipment and other miscellaneous items, and secondly, those for the purchase of tractors.

It is now over three years since the loans for the purchase of ox-drawn equipment were paid out. None of the twelve farmers claimed any evident increases in production or savings in expenditure on labour as a result of using the equipment purchased. This was partly because there was a serious degree of failure to use some of the equipment; Table III summarises the extent to which the various items are actually being used, and, where this information is available, their cost both to the borrowers and to the Government (most of the items were subsidised).

Table III

Item	No. of farmers buying	No. bought	no. of farmers not using	No. not in use	Cost to borrowers per item	Total cost to borrowers	Cost to Government per item	Total cost to Govt. of items not used
Chicken wire	2	-	2	-	n.a.	n.a.	33⅓% subsidy	n.a.
Barbed wire	6	-	3	-	c. 25/-	-	c. 25/-	n.a.
Produce store*	5	-	3	-	-	-	Nil	Nil
Oxen	4	n.a.	-	-	n.a.	n.a.	Nil	Nil
Plough	6	3	2	2	41/or48/-	360/-	83/or96/-	170/-
Rental Seeder	9	22	6	13	20/-	638/-	116/-	1,508/-
Safin weeder/ Planet junior cultivator	5	5	3	3	68/-	340/-	137/50	412/50
Boom spray pump	7	7	2	2	100/70	704/90	316/30	632/60
Plantector spray pump	2	2	-	-	23/50	271/-	27/50	Nil
Planter	1	1	1	1	n.a.	n.a.	Nil	Nil
Harrow	3	4	3	3	n.a.	n.a.	Nil	Nil
Polycultaur	5	5	2	2	1,108/75	5,543/75	1,100	2,200
Groundnut lifter	2	2	2	2	132/-	264/-	Nil	Nil
Ridger	1	1	1	1	82/50	82/50	Nil	Nil

* Approximately 6,500/- was paid out for the construction of produce stores, but no stores were built.

The item listed as "not in use" are those which are not in use at all. In a few cases this is because they are broken, but in the majority it is because the owners have elected not to use them. In addition to these items a number of others are only used infrequently.

The failure to use the Bentall Seeders is important since the seeders, intended to facilitate row-planting, were considered crucial to the development of the use of oxen for weeding - a technique which can only be used with row-planted crops. The faults of the Bentall seeder have been referred to by both Okai and Foye[1]. The following quotation from Foye's report summarises six of them:

(a) Seed distribution was not very even.
(b) The seeder did not hold enough seed.
(c) Its small circumference made it difficult to keep the seeder rotating. It often stopped rotating and left fairly large gaps unless being used by a skilled operator.
(d) It would not work in wet conditions as the seed guides clogged up with mud.
(e) It did not have any bearings. This had two effects:
    (i) the axle wore the sides of the seeder and eventually wore it sufficiently to allow wimbi seeds to fall out, thus scattering seed on either side of the row.
    (ii) It was rather difficult to keep rotating.
(f) The chain coverer fitted to the seeder did a poor job of covering. A lot of seed was left uncovered and it also had a tendency to drag some of the seeds along the row with it."

Those who bought seeders supported these criticisms. Of those who were using the seeders at all, none used them to plant all their crops, nor even all their finger millet or cotton.

The Serere Frames were intended to facilitate hand-pushing of the seeders, and the failure to use them is linked to the faults of the latter.[2]

In Lango (as in Masaka) there has been an unrealistic approach to the provision of credit for the construction of produce stores. £921/30 was apparently made available to five farmers for the construction of stores. A part of this sum may not have been released but no evidence was available to this effect. None of the stores were built, but three of the farmers

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(1) M. Okai, "The Adequacy of the Technical Base for the Agricultural Extension Service in Uganda: A Case Study in Lango District." K.D.R. 6

(2) The table demonstrates the fall-off in purchases of Bentall Seeders and Serere Frames after 1963. It therefore illustrates the lack of demonstration effect produced by the loans for these items

Item	1961/62	1962/63	1963/64	1964/65	Total to Date
Bentall Seeders	-	-	63	6	69
Serere Frames	-	-	39	19	58

Source: 1965 Annual Report, Department of Agriculture, Lango District.

had used the corrugated iron sheeting that was intended for the stores for roofing their houses. One, possibly two, of the farmers had spent the cash on building complete houses. To the writer, it seems over-optimistic to provide the owners of mud and wattle houses with corrugated iron sheeting and cement for the construction of large stores. Given the quantities of produce that these farmers were likely to want to store before sale, it would seem more realistic to encourage them to store it in a part of the house set aside for the purpose, or to build a small extension to the house, which at a maximum would cost 400/-

Of the four harrows that were bought, one had been used this year, on one plot of finger millet. The owner said he did not use it more because it prepared too fine a seed-bed, which encouraged weed-growth. A second farmer who had never used his said he couldnt do so because his land still had too many stumps. This was three years after he was granted the loan.

The third owner had never used the harrow nor any of the other ox-drawn equipment which he bought on credit because he did not own any oxen. This farmer had left Aler Farm School in 1962, and with four other leavers formed a farming group, opening up new land in the bush. The money which he borrowed for building a produce store, he not surprisingly spent on building a house. Each year the group pays for Tractor Hire Service while the ox-equipment remains unused. The chicken wire which was also bought was erected, but the run is neglected and unused. The farmer is enterprising, and this year, because the tractor for which his group paid did not come, has started growing vegetables as a cash-crop. The impression given was that he would have done better with more technically qualified advice. Since early 1963 he had received only one visit from an official of the level of Assistant Agricultural Officer, and none from a Field Assistant (ox-cultivation).

Of the two owners of groundnut lifters, one did not use his this year because it was broken, he is in any case unable to use it without help from the local Agricultural Assistant. The other does not use his because he no longer knows how to fit it.

The ridger is of little use in the present system of cultivation employed in Lango, since all crops apart from sweet potatoes are grown on the flat.

When the borrowers were first interviewed in March this year, only one farmer had used his fencing materials. Two more, however, have tentatively begun to do so this year.

The equipment that was bought by borrowers and is most frequently used - ploughs, oxen and spray pumps - is the same as that which much larger numbers of farmers in Lango have bought without medium-term credit. The 1965 District Plough Census showed that there were (in November,1965) 21,027 ploughs in the District of which 17,222 were in working order. Of these eight were bought by six farmers under the Progressive Farmers Loans Scheme. Unfortunately figures are not available for the total number of spray pumps in the District, but 17,606 tins of D.D.T. were sold in Lango for the 1965/66 cotton crop.

The remaining item of equipment is the polyculteur. This comprises a basic tool-bar to which various implements can be fitted. These include seeders, a cultivator, harrow, ridger, groundnut lifter, and trailer. In his report on ox-cultivation in Uganda, Foye describes the Polyculteur as

> "an excellent tool-bar (which) was sold at a price that was in reach of quite a number of farmers. It did have its limitations, however, as it could not be used for ploughing, and it had a clearance of only 11 inches which is considered insufficient for the final weeding of cotton." (1)

Following two years of trials, the Polyculteur was imported into Uganda in late 1962 and put on the market with Government encouragement in the form of demonstrations, subsidies and loans. The full cost of the basic unit (chassis, wheels, tool-bar, trailor frame and cultivator) was 2,203/75, of which the farmer was expected to pay 1,108/-. The Uganda Government paid a subsidy of 1,100/- per outfit.

The 1965 Regional Annual Report for the Northern Region stated that there were 20 privately owned polyculteurs in the Region. Five of these were owned by farmers in Lango who had bought them in 1963 and 1964 with Government loans. No other farmer in the District owns a Polyculteur. The loans can therefore be said to have facilitated the purchase of equipment which was unfamiliar to farmers, the purchase of which the Government wishes to encourage, and which apparently would not have been bought without the provision of credit. So far, other farmers have not been encouraged to buy similar equipment.

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(1) Foye : Draft Report on Ox-cultivation in Uganda, 1960.

Three of the five farmers owning polyculteurs are attempting to use them on their own farms. The first received a 5000/- loan in 1963 with which he stated that he bought the following:

1 Polyculteur basic unit	@	1,108/-
6 Bental seeders	@	174/-
1 Serene Frame	@	37/50
1 Planet Junior cultivator	@	68/-
3 V.S. 8 ploughs	@	249/-
3 Oxen	@	809/-(1)
Total		2,445/50

An unused balance of 1,800/- was not paid out and the remainder was unaccounted for. The cost to the Government in subsidies was 2,100/-, including 702/- for the Bentall seeders (subsidy rate 80%).

So far, in relation to the amount spent by the borrower and Government combined the equipment has had only a moderate impact on his farming operations. Firstly, it should be pointed out that the farmer has been using oxen and ploughs since 1931. He now owns twelve trained oxen of which nine were taken from his own herd of seventy-two cattle. Two items in the loan therefore, did not introduce new techniques and could certainly have been obtained by the farmer without credit. Secondly, the Bentall Seeders have proved unsatisfactory. Thirdly, the cultivators have not been used this year, partly because the farmer himself was in hospital for two months and no one else on the farm could operate them, but, more important, because since buying the cultivators the farmers have never broken with his previous dependance on hand-labour. The trailor is therefore the only implement for which the polyculteur tool-bar has been used this year; and for on farm transport the trailor is frequently used without oxen.

If the other two farmers who were using their polyculteur did so more frequently in this or this was only marginally the case. Both of them did, however, attempt to use the cultivator. Both the two remaining owners preferred to use Tractor Hire Service and hand labour.

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(1) This is the price the farmer stated he paid; 270/- represents a reasonable average price per oxen.

The tentative provision of credit for ox-drawn equipment was accompanied by the provision of seven loans for the purchase of tractors.

A total of 128,000/- was lent to the seven farmers in 1963 and 1964 for periods of four and five years. The Government paid out in addition a 4000/- subsidy per tractor. The cost incurred by the Government in assisting the purchase of the tractors will ultimately equal 28,000/- plus any part of the loans that is not repaid, plus the opportunity cost of tying up 128,000/- for a period of several years. (The latter could also be counted as an opportunity cost affecting other farmers in the District.)

At the time the first two loans were paid out in 1963, there was one other privately owned tractor in the District in operating order (for which no detailed costings were available) and three out of order. In addition, there were two Tractor Hire Service stations, neither of which was covering its costs. The loans were therefore highly speculative in nature, the more so since it was Government policy that the tractors should be used by the owners as much for cultivating their own shambas as for providing Tractor Hire Service. By 1965 the Government's policy in relation to the granting of subsidies for tractor purchase (by then no loans were available) was being stated as follows:

(i) the applicant must be "a bona fide progressive farmer"
(ii) the tractor must be "primarily for the agricultural benefit of his own farm"
(iii) it must not be "his intention to set himself up in business as a Hire Service Contractor".(1)

Only one detailed set of tractor costings were available in the District files. These were hypothetical costings compiled by the Agricultural Economist (Northern Region) in 1962. They did not give an optimistic picture of the potential profitability of using a tractor for preparation of land for the cultivation of 100-150 acres of cotton on a single farm. Not only did the use of Tractor Hire Service appear slightly cheaper, but the opening of cotton acreages on this scale would create unprecedented(2) labour problems for weeding, picking and sorting for which no short-run solution has been suggested. Substantially, these problems never arose because none of the farmers who received credit have attempted to open acreages of this size. The one farmer who opened 19 acres of cotton (in conjunction with his son) in 1965 was reported by the local Agricultural Assistant to have experienced considerable difficulty with both weeding and picking. Perhaps a more energetic man might overcome this difficult and gradually expand his farm. The only one of the seven who planned to do so this year was prevented by a combination of mechnical breakdowns and his decision to give priority to

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(1)Circular issued in May, 1965 by the Mechanical Cultivation Officer Northern Region.

(2)On a private farm in Lango.

hire-work(1). Two farmers said they were prevented from opening more land, one by a land dispute, the other by an excessive number of stumps.

Concentrating on hire work, the owners experienced a substantial increase in current income in the first two years of operating the tractors. This undoubtedly had some demonstration effect, since there are now twenty-eight private tractor owners in the District.

None of the farmers were keeping complete accounts. In order to obtain some idea of the type of costs being incurred, the seven farmers were asked in February 1966 to give what details they could of costs incurred in 1965 and of revenue from hire work. In the latter half of September, 1966 they were asked to give the same figures for the first 8½ months of this year. This period contains the main revenue earning months - February to July - and little income, if any, will be earned - from small amount of transport work - in the rest of the year. A further eight tractor-owners were also interviewed and asked to give their tractor costings for this year. The lack of well maintained accounts meant that considerable time was spent going through files of bills and receipts. On this basis figures were obtained in 18 cases out of a possible twenty-four for the cost of spares and repairs, in 16 cases for the cost of fuel (mainly obtained from farmers buying in bulk), and in 16 cases for the driver's salary. The average insurance policy costs 240/- . Depreciation was worked out at 25% per annum/of the full cost paid by the owner for the tractor and any implements (trailer or disc-harrow). It would be more realistic to redistribute the depreciation over the first three years, shifting it predominantly to the first year, since few of these tractors are likely to do more than cover their running costs in the fourth year of operation, given current maintenance standards. It is unlikely that these approximate costings constitute over-estimates. On the revenue side, more detailed records were usually available. The resulting average figures are given below:

	Cost (shillings)
Spares	2,867.00
Driver	1,516.00(2)
Fuel	2,304.00
Depreciation	6,317.00
Insurance	240.00
Total	13,244.00

(1) All the 28 private tractor owners in Mengo are concentrating on hire-work

(2) Includes salaries for plot measurers in two cases. The seven farmers who received loans paid average salaries of 1017/-. Salaries ranged from 150/- - 250/- per month. Most drivers were not paid when the tractor was idle, or else received a reduced salary.

/ over four years

	Revenue (shillings)
Total	10,382.00
Net Loss	2,862.00

Only one of the seven borrowing farmers had apparently made a profit of over 1,500/- this year. The main reasons for these low profits appear to be:

(i) Inexperience of drivers; (most drivers come straight from a three month training course at Namalere, or are trained on the spot).

(ii) Poor standards of supervision by the owners.

(iii) Poor planning of work and wastage of revenue earning time in driving up to 25 miles to work.

(iv) Frequency and cost of repairs.

Some farmers are going to local mechanics who charge high bills for what must in most cases be poor quality work. Otherwise spares are usually obtained from the Kampala agents who send mechanics up from Kampala to do the repairs. Occasionally use is made of repair facilities in Gulu.

Conclusions

The operation of the Progressive Farmers Loans Scheme in Lango is atypical in terms of the number of loans made (Appendix I shows the approximate number made per District). In many respects however, the problems connected with the operation of the scheme were the same in Lango as elsewhere. These included:

(i) the need to identify purposes for which medium-term credit was genuinely necessary.

(ii) A complicated machinery for assessing applications.

(iii) Inadequate machinery for collecting loan instalments in default.

(iv) Scarcity of staff available to supervise the loans (the Scheme was specifically described as one of "supervised credit")(1)

In a previous paper(2) the writer has described the way in which loans in Masaka were paid out for hand-tractors which in the light of available evidence could not be expected to be profitable. In Lango, similar research material that might have been used to act as a guide to the provision of loans was lacking. The loans were made predominantly to introduce new equipment / and for tractors probably based on a misconception of the rate of profit obtainable from hire service. In the latter instance the hoped for emergence of large-scale farmers has not occurred. The failure of the ox-drawn equipment to have any demonstration effect was due to the unsuitability of some of the equipment and the infrequency of follow-up visits by technically qualified extension staff.(3)

/ but their demonstration effect was negligible for ox-drawn equipment.

(1) Tyson, 1960.

(2) D. Hunt, "Some Aspects of Agricultural Credit in Uganda", E.D.R.P. 105.

(3) The absence of any demonstrations affect was not relieved by any obvious increase in production or net income among borrowing farmers. Yet with a loan of 2,500/- an increase in annual income of almost 1000/- is necessary in order to repay the loan in three years.

Future plans for the provision of medium-term credit in this District devolve on the suggestion that it should take part in a pilot project for the provision of medium-term and long-term loans through primary co-operative marketing societies. Two points are relevant : firstly, the short-term Co-operative Credit Scheme currently affects 29% of Lango primary co-operative societies. Members eligible for credit constitute some 14% of farmers in the District. While there is no better alternative to the use of these co-operatives for providing short-term credit of a size that is uneconomic to a commercial bank, the scheme cannot undertake rapid expansion without running into increased managerial difficulties at the primary level, and increased shortages of suitable extension staff. Opportunities for obtaining medium or long-term credit will therefore be restricted to a minority of farmers in the District. However, the eligible proportion will be far larger than the number who actually obtained credit under the Progressive Farmers Loans Scheme.

The crux of the problem is therefore who needs medium and long-term loans and what do they need them for? At present and with the exception of the potential demand for loans for curing barns, no adequate answer is available to either question. Ploughs, spray-pumps, and cultivators are cheap enough to be bought on short-term loans, unless bought in bulk, and it seems preferable that farmers embarking on the use of new techniques should build up a stock of equipment over a period of years. The extension service is now encouraging progressive farmers to buy the Ariana multi-purpose unit a/successor to the Polyculteur, costing 1,310/-. No farmers yet owns one in Lango. No costing are available for its use by a peasant farmer in the District. There is no justification for the provision of a large number of loans for the purchase of the Ariana or any other new item of equipment in the short-run unless skilled extension staff are available to supervise its use, and it is aknowledged that the loans carry a high degree of risk. Possibly the Government should carry part of the risk. Moreover, there are other alternatives for which scarce funds could be used, including investigation of markets for food-crops produced in Lango; organisation of the storage and marketing of these crops; and the undertaking of more basic research to reveal the comparative cost of producing different crops and of the alternative techniques that can be used in producing them.

/much simpler

Appendix 1

Approximate distribution of loans made under the Progressive Farmers Loans Scheme (July 1962 - September 1964)

District	No. of Borrowers	Total Amount Issued (£)	Average value of Loans Approved (£)
Bugisu) Sebei) Karemoja) Bukedi)	183	19,431	113
Mengo) Mubende)	233	41,482	196
Masaka	207	36,924	183
Toro Bunyoro	478	33,572	70
Kigezi	509	26,751	52
Busoga	73	10,692	207
West Nile (Tobacco)	806	56,598	74
(other)	24	3,197	137
Ankole	20	2,807	140
Acholi	47	11,767	254
Lango	18	6,536	361

Source: Uganda Credit and Savings Bank.