

A SITUATIONAL ANALYSIS OF MANAGEMENT APPROACHES TO AGRICULTURAL AND RURAL DEVELOPMENT, AND THE GRAMEEN BANK SYSTEM: PAST EXPERIENCES FROM AND WITHIN COMMONWEALTH DEVELOPING COUNTRIES: LESSONS FOR SOUTH AFRICAN AGRICULTURAL AND RURAL DEVELOPMENT

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ABSTRACT

This paper concentrates on a discussion and analysis of certain salient issues that permeate agricultural development within so – called ‘Third World’ economies and countries. In so doing, the concentration will be upon important management issues as they relate to agro – business within developing societies. The paper will attempt to unpack the issues that permeate integrated rural development (IRD), outline certain salient issues in respect of farm systems research, and attempt to discuss the Bangladesh experience of the Grameen Bank System, which is a micro financial institution that assists rural Bangladesh villagers in terms of access to credit, in order to develop their small scale farms. This gives the poor rural Bangladesh peasant, access to credit which can mean a chance to purchase tools, a draft animal, and small capital goods that can enable him or her to greatly improve productivity, diversify crops and move towards commercial farming by producing cash crops for the market, and eventually move from a marginal peasant to an established commercial farmer. For the poor rural landless laborer’ access to credit can mean a chance to learn skills, purchase raw materials (such as cloth) and tools (such as sewing machines), and eventually become an established businessperson, therefore the Grameen Bank system will be elucidated upon, with regards to extension, agriculture, and economic development, outlining the merits and success of this approach to Third World agricultural development.

The paper will explore in some detail the approaches utilized within Commonwealth countries and outline Commonwealth experiences in terms of the scope for increasing productivity, income and standards of living within the milieu of uplifting Third World agriculture, extension and rural development in respect of farming enterprises by governments and rural farmers. In so doing the writers will attempt a discussion on the role of extension in respect to agricultural development and, its management, by comparing some extension systems in some Asian and African countries. The paper assumes great significance, on the basis that South Africa is currently grappling with these issues, in terms of dealing with the vicious cycles of poverty, pronounced inequality and issues of poverty and absolute poverty, coupled with high degrees of unemployment in both the

urban and rural – periphery of the country. It is hoped that this paper could contribute in some small measure to agricultural development discourse in South Africa, with a view of understanding these important variables, in the pursuit of a more equitable and just South African society, based on the rule of law and the promotion of social – welfare, for purposes of enhancing the good life, the promotion of the general welfare, and the establishment of true democracy, in the interest of society as a whole, without any let or hindrance, without fear or favour, and with the aim of promoting human dignity. The paper, does not capture or for that matter exhaust all of the issues that encompass this rather broad topic, but establishes the importance of the relationship of these issues to development in general, and within the context of socio – economic upliftment, within a country that has the intellectual capacity, the monetary inputs and infrastructure to deliver to the rural masses, their inalienable rights, and to create the environment to deliver the better life, for all.

Key Words: Grameen Bank; Situational Analysis; Integrated Rural Development; Rural – Periphery; Unemployment; Democracy; Productivity

INTRODUCTION

Integrated rural development (IRD) is not an outgrowth of an identifiable body of theory. It is, rather, the outcomes of assessments of performances of past development efforts, contributions, particularly from the social sciences, political considerations in the face of increasing polarization in rural areas, and the need by donors for the new and hopefully more effective development approaches than those followed in the past.(WG/Agen/Rural Dev. Doc; 1991: 2). IRD gained popularity in the early 1970's when the limitations of industrially oriented, urban – based, sectoral – directed (including agriculture) development approaches emerged. It lost some of its appeal as implementation difficulties manifested themselves in the face of limited capacity. Towards the latter part of the 1980's, it again attracted interest as a comprehensive approach to poverty alleviation and development, though in more explicit and practical terms. Although definitions and interpretation of IRD abound, it is generally agreed that the approach is characterized by area limitation (e.g. region, district multi – sectoral activities, agriculture, health); mobilization of people participation plus associated institution building to strengthen local initiative in the interests of sustainable development; integration of activities to maximize development impact.

INTEGRATED RURAL DEVELOPMENT

The IRD approach is generally accepted by government, as an initiative, in terms of its development thrust. The acceptance of the approach is generally based on the premise that it would cater for the full range of people living in rural areas, though specifically for the poor. An IRD approach should be tested against basic performance criteria such as:

- **Equity**
 - I. Equal access to resources and means of production;
 - II. Physical resources;
 - III. Support service for example knowledge;

- IV. The need to understand the nature of basic rights, rules of the game, who gets what;
- V. It applies to communal and tribal areas (for example, landless rural dwellers) and new areas.

- **Efficiency**

- I. Regarding the use of capital, labour, and natural resources. It is affected by the level of technology;
- II. Can efficiency be achieved before equity?
- III. Efficiency is strongly influenced by institutions.

- ❖ **Sustainability**

- It is ecologically sound;
- It is socio – politically acceptable /human” (WG/Agen Doc, 143: 1991).

In respect to the above, the interrelationships between macro – policies and sectoral policy issues relating to poverty alleviation need to be reviewed carefully before embarking on IRD. Strong commitment at all levels would be required if IRD is to succeed, coupled with policy makers commitment. Policy – makers must invest into the system, in order to receive outputs. Governments must show the necessary will to respond to weaknesses, if sustainable agricultural development is to be attained. IRD must be provided with sound objectives, sound management levels and must commensurate with the scale and complexity of multi – sectoral programmes. Programmes must be tailored to suit local implementing capacity and pursue clear and specific goals. Bosman, Perkins, Rankin and Schmidt (1991) showed that “one of the most common reasons for poor results was inappropriate design, resulting from a lack of information on the intended beneficiaries and their inadequate participation. Monitoring, evaluation and control leading to the process of sustained accountability must be a prerequisite, at all times. IRD must be facilitated by government as its central role and included and embodied in clear policy guidelines from which players involved in the process derive their respective roles. In South Africa, IRD policy and the role of the public sector in implementing such an approach still need to be defined in most cases.”

The successful implementation for IRD calls for appropriately trained staff at all stages and levels. This aspect has to be defined and addressed in the new South Africa with great intensity and concern. Perhaps the greatest need in South Africa is at provincial, regional and local levels where field workers are required to facilitate involvement in the process by rural populations. A major prerequisite for IRD must be to analyze manpower and associated training needs in terms of the existing situation. Strategies can then be defined to address personnel and training needs as well as shortfalls. It is therefore important to conduct socio – economic studies before IRD is implemented. In terms of funding, IRD implies a complex mix of contributions to development both in cash and kind. Public assistance tends to dominate in the initial stages, but diminishes as beneficiaries and private sectors enter the area of development issues, and support agencies takes control of development. This aspect is crucial to government because it cannot carry all the costs.

Private philanthropic aid agencies in the form of NGO's must not be denied access to development initiatives, irrespective of political considerations in a true democracy. People participation is essential in the very broadest sense, which enhances the very concept of the success of IRD.

FARM SYSTEMS APPROACH

The standard approach to Farm Systems Research (FSR) is normally a description of the farming system, design and testing of technology, followed by verification on the farm and, finally, extension inputs to achieve widespread adoption to suitable technology. "It is now widely accepted that FSR is influenced by a set of determinants which, in turn, can be influenced by the operation of the farming system itself (Bembridge, 1987:68). If the determinants change, then so, to a greater or lesser extent, does the farming system. Agricultural policy must not be constantly changed, but allowed to root itself before any decisions are taken, in terms of learnt experiences. FSR is also dependent upon the basic requirement of some literacy and numeracy of the local farmers, and therefore, this must be achieved before implementation of FSR and written into agricultural policy imperatives. Policies should under no circumstances favour the elite by means of patronage on the part of government and its agricultural agencies. "These favoured government patrons or the elite, are in the main a minority of commercial farmers, who are in a position to highjack the inputs provided by government and are therefore in a position to marginalize the small rural farmer, and therefore, do not allow the small – scale farmer to emerge, thus keeping him in a state bondage, and are responsible for curbing and limiting, the efforts of agricultural development, as was seen in the former homelands of South Africa." (Karodia, 2008: 358). Karodia, (2008) further points out that, "evidence, is available in the literature to support the idea, that the introduction of FSR would materially enhance the lot of the predominantly small farmer, and the rural masses in so – called 'Third World' countries, provided that governments support the implementation of FSR, in the interests of the small – scale farmer, and within the parameters of economic development and upliftment of farmers in the rural periphery, without any let or hindrance." The FSR approach must not be considered utopian on the basis that farmers must not necessarily be considered unproductive by governments, but be considered on the basis of historical neglect by governments, and within this framework, it is essential and necessary that government supports the initiatives of providing sufficient resources, land, capital, inputs, credit, appropriate policies, information, technology and marketing facilities. The danger exists that such facilities can very easily be developed into bureaucracies of their own, for the privileged few and, their capabilities do not filter down to those most in need of these support mechanisms. Government must therefore, ensure implementation on the basis of accountability and hold those in charge of implementation responsible, and that any deviation, corruption, and nepotism will be dealt with, the strictest sanctions of the law.

It can be concluded in terms of evidence that there is a tremendous need for the consolidation and acceptance of FSR, as development approach, in the different regions of South Africa. The constraints identified and outlined will have to be urgently addressed and, the anomalies urgently redressed in the shortest period of time. At the same time, there is need to provide institutional support and incentives, such as operational policy for agricultural development, land reform, improved extension and research systems, development of local organizations and leadership, as well as farming inputs. "The greatest limitation to FSR which policy – makers in 'Third World'"

countries, do not take into consideration, is that FSR, as is practiced in respect of diagnosis and solutions to farmers problems, tend to remain with the professional agriculturalist” (Karodia, 2008: 358). Bembridge (1987: 88) states that “farmers, especially those in the ‘middle majority’ category, should identify their own research needs and priorities.” These characteristics must be allowed to emerge and must be strongly supported by governments in terms of agricultural policies, for purposes of agricultural development and the emergence of small – scale farmers.

THE GRAMEEN BANK SYSTEM

In a search of an approach, the writer has thus far attempted an outline of the strengths and limitations of a few extension approaches within the context of what this paper has set out to capture and evaluate. In this regard, and in terms of the motivation of this paper, the writer is of the opinion that the approach to development as motivated and implemented by Dr. Muhammad Yunus (Economics Nobel Laureate) in Bangladesh warrants a discussion with a cursory look at the concept of the Grameen Bank System.

This is a bank for villagers, which goes far beyond the usual banking scope and deals in more than money. According to Todaro and Smith (2006, 241) the Grameen Bank of Bangladesh is an excellent illustration of how credit can be provided to the poor while minimizing the risk that resources will be wasted. Microfinance institutions (MFIs) targeting the poor such as Grameen have expanded rapidly throughout the developing world since the 1980s. But nowhere has this expansion been more striking than in Bangladesh, which has been transforming itself from a symbol of famine to a symbol of hope, due in part to the success of its MFIs. Grameen, which means “rural” or “village” in Bengali, is incorporated as a publicly supported credit union, with borrowers owning 75% of the bank’s stock and the government owing the remainder. Once borrowers reach a certain borrowing level, they are entitled to purchase one share of Grameen stock. The bank sets its own policy with stronger borrower input, independent of government control.

To qualify for uncollateralized loans, potential borrowers form five-member groups. Each member must undergo a two week training session before any member can secure a loan, and the training sessions are followed up with weekly group meetings with a bank officer. Grameen relies on what could be called the “collateral of peer pressure.” Contrary to widely cited reports, currently borrowers in the solidarity groups do not have to co-sign or jointly guarantee each other’s loans. However, it is clear that the strong social pressure it places on members ensures repayment. Members know the character of other group members and generally only join groups with members they believe are likely to repay their loans. Peer oversight has contributed to Grameen’s high repayment rate of over 90%. Although the exact repayment rate has been a matter of some controversy in the literature, there is no doubt that repayment has been far higher than the national average for commercial bank loans to much wealthier borrowers.

There are also additional financial incentives to repay loans in a timely manner. Each individual borrower can increase by 10% the amount she can borrow each year if she has repaid loans in a timely manner. For the group, if there is 100% attendance at meetings and all loans repaid, each borrower can increase borrowing by an additional 5% thus raising the borrowing ceiling at a rate

of 15% per year. An additional increment is provided when there is a perfect record from each of the eight or so borrowing groups in a center. The desire of many borrowers to take advantage of these higher borrowing ceilings presumably does lead to some peer pressure for all to repay in a timely manner. A member who is unable to repay is allowed to restructure the loan, repaying at slower rates, with some limited refinancing as needed. This has reduced defaults to essentially zero, according to the Grameen Bank. In addition to peer pressure, most borrowers wish to re-establish their credit and resume their rights to borrow increasing sums such that, they work hard to get and keep their loans up to date.

Grameen also works to facilitate the accumulation of savings among its members through savings requirements or incentives for its borrowers to save. Group members are trained in such practical matters as bank procedures, the group saving programme, the role of the centre chief and the chairperson of the five member group and even how to write their signatures. In addition, training has a moral component, stressing the bank's 16 principles, known as "decisions" to be adhered to by each member. These decisions were formulated in a national conference of 100 female centre chiefs in 1984. They emphasize mutual assistance and other modern values, including self-discipline and hard work, hygiene and refusal to practice in 'backward practices' like demanding dowries. Adherence to these principles and attendance at rallies featuring the chanting of the decisions are not formal requirements for receiving loans, but they are said to have become effective, implicit requirements.

The sixteen decisions cover a wide range of activities and a few of these decisions are enumerated below as follows:

- We shall not live in dilapidated houses. We shall repair our houses and work towards constructing new houses as soon as possible.
- We shall grow vegetables all year around. We shall eat plenty of them and sell the surplus.
- We shall plan to keep our families small.
- We shall always keep our children and the environment clean.
- We shall not take any dowry in our son's weddings; neither shall we give any dowry in our daughter's weddings. We shall not practice child marriage.
- For higher income we shall collectively undertake higher investments.

NOTE: The full list, with their pictorial presentation for villagers, may be found on the Grameen Web site at <http://www.grameen-info.org>

There has been major debate in the microfinance community about whether microcredit institutions should just make loans or also engage in other social development activities. Grameen, which is technically a bank rather than a Non – Governmental Organization (NGO), is usually grouped among the minimalist institutions, but the 16 decisions show that there is a much broader social component at Grameen as well.

OTHER GRAMEEN BANK PROJECTS

THE GRAMEEN PHONE LADIES

According to Todaro, and Smith (2006, 243) the Grameen Bank has branched out from providing loans for small scale farming to other activities such as providing phones to rural areas; this has led to the phenomenon of the Grameen Phone Ladies. In Bangladesh, telephones are a luxury for most people. Lack of phones meant that most business had to be conducted in person. Valuable time was used up just going to the town or city to talk to someone. Most villages are still without a landline phone system. The poor, meanwhile, were simply cut off from the world. In an original idea, Grameen's Telecom subsidiary had a simple business plan: "to provide the poorest woman in each village with a cellular phone". Professor Yunus commented in 2003 that "when this project had been put in place Grameen had found that, to make it work the woman had to be able to do accounts. It is very difficult to teach this to the poorest women in the village, who are illiterate, must work all the time, and have not learnt to think in an entrepreneurial manner. Grameen decided to leave it up to their centre's to decide who should become the phone lady". That might not sound like a lot but if looking at it by airtime, 17% are on the phones managed by the phone ladies. That is phones used by the poor." Despite a published list of rates, reports show that there is some price discrimination going on – some of it socially beneficial. A lower price may be charged to the very poor if it is all they can afford. The practice of some phone ladies is apparently that bad news may be phones for free, but a premium is charged for good news.

The phone lady system makes use of the knowledge of the poor and of their organization, in this case the local Grameen Bank organization. The phone ladies were usually Grameen members of some standing, who had previously demonstrated that they were able and willing to build microenterprises, were capable of basic bookkeeping, and were generally known and had a good location.

In this regard Yakub (1989: 9) states, "that compared with the recovery rate of institutional loans to the rich (10 percent), and that of agricultural loans (25 percent), the recovery rate of the Grameen loans is near perfect with 98 percent." It is interesting to note here that policy – makers in the former homelands, new nothing about this system, or for that matter, that the Grameen system was engineered and applied in Bangladesh (Karodia, 2008: 359). This again proves the assertion there was decidedly a paucity of intellectual policy thinking and understanding in terms of international agendas on the part of policy – makers in the former homelands of South Africa. Although Nobel Laureate, Professor Yunus, the founder and architect of the Grameen Bank System, was invited by the South African government, a few years ago, for purposes of discussing the celebrated banking system and for a series of lectures, nothing tangible has been achieved, in respect of replicating the model in South Africa, for purposes of rural empowerment and agricultural development. "This framework of thinking, in the former homelands and in today's South Africa, appears to be bias towards research and models emanating from the east and, therefore, mind sets are geared only at looking at development from a Western or Eurocentric frame of reference." (Karodia, 2008: 359).

Party politics was also followed and accompanied the new avenues of spending in most African economies, where only trickles reached the villagers fields in the former homelands and continues unabated even today in democratic South Africa. Zyambo (1993), a veterinarian from Zambia, pointed out that “in terms of the large development budget in the Molopo district of the former Bophuthatswana homeland, a mere 38 cents reached the rural poor at field level, for each rand spent – the meager price of a single dose of vaccine for animals, too little to make the fields green or productive.”

The Bangladesh famine of 1974, coming two years after its struggle of independence, proved to be the turning point in Dr Muhammad Yunus’s life. A professor of economics at the University of Chittagong, “he realized then with a shock the abstractions of economics had no connection with real life situations. In the villages of Chittagong, he learnt about poverty directly from the poor. Institutional solutions had condemned the poor to a ‘life sentence on survival welfare’ and their error was to treat the poor as deficient in imagination. The Grameen Bank denies all of this, and draws especially on the greater strength of women in poverty. The concept addresses the perceived or felt needs of people wanting to improve their lot, according to their mind sets, via a process of sustainable guidance and in terms of their own attainable self – actualization. Groenou (1988: 8) quotes Yunus as saying “loan to a woman will benefit the children. While men’s horizons are short, women seek long term security. Men disappear when a crisis hits the family, women never abandon their children.”

The South African homelands could not afford the type of agricultural development they had embarked upon. Therefore, it would have made sound economic and agricultural sense, if they could have taken cognizance of their poor performance, and made the necessary adjustments to direct agricultural imperatives towards perspectives that would have addressed the plight of their rural masses. By the same token, they needed to incorporate and adjust their emphasis from the wide models presented, and particularly survey the possibility of a modified Grameen System for parts of South Africa. It appears that present day South African agriculture is moving in the same direction as the former homeland governments. Having outlined some aspects of development theory, in terms of approaches to development, it is necessary to extend the discussion to the formulation of approaches by capturing the experiences of Commonwealth Developing countries, in respect to small farmer development. (The reader must on his own read extensively on the Grameen Bank System, because it is a fascinating approach to development, in terms of empowering the poor, and is not supported by commercial banks and the government of Bangladesh, in terms of the small and large amounts of money that it makes available to the poor, and as how it goes about servicing the poor through extension. It also goes beyond agriculture).

APPROACHES WITHIN COMMONWEALTH COUNTRIES

Exclusive small farmer development projects in Sri Lanka and Bangladesh adopted a model using a ‘participatory approach’ with either informal or formal grouping of clients (Hassanullah, 1990: 373). Chowdhury (1987: 17) points out that “groups of clients act as ‘service receiving utilizing mechanisms.” Such support for the concept of ‘grouping clients’ contains an assumption that all such groups will become viable, self – perpetuating mechanisms to accomplish agricultural development tasks. In extension work the concept of a group is not always relevant. Extension, to be effective, must resort to individual, group and mass contacts as and when required.

Dependence only upon formal groups may sometimes obstruct the free flow of technological information between agents and their clients, for example, when group leaders block the dissemination of information or resources. Extension, therefore, may not use the group as the sole mechanism of educating its clients but should utilize such groups as and when required for educational purposes.

The major conclusions reached by Hassanullah (1990: 375) in respect of the review of the experiences of Commonwealth developing countries are as follows: Small farmers pose a serious problem in almost all of these countries. Appropriate government interventions help to reduce the problem as reported in Zimbabwe and India. Small farmers need to be defined and differentiated by using objective criteria with institutional agreements for proper identification and registration. The discriminating practices of the ongoing agricultural development programmes and projects against small farmers need to be identified and removed, to slow down, if not halt, the process of pauperization. Instead of remaining content with area based growth strategies and /or a few exclusive small farmer development projects, governments need to adopt growth cum beneficiary oriented strategies. The focus must be to ensure that all programme benefits being explicit in favour of small farmers and the poorest sections of the society with the provisions of special quotas, subsidies and grants, for extremely disadvantaged individuals.

The writer posits that Africa as a whole and particularly Southern Africa should endeavour to search for an approach / or approaches, that will best suit their agricultural requirements. The search must be relentlessly pursued in the wake of international experience, and the ability to contribute to the entire process of rural development, training and extension in order to redress the imbalances created by apartheid and the, now defunct homeland governments.

COMMONWEALTH EXPERIENCES

Small farmers have recently been receiving greater attention at both national and international levels. As their numbers are steadily increasing, they pose a problem, particularly in developing countries. With a primarily agro – based economy, the development initiatives of those countries are likely to be frustrated if small farmers are not provided with the scope for increasing their productivity, income and standard of living. The problem needs to be thoroughly understood in order to design an appropriate national programme. The experiences of commonwealth developing countries may help to identify various dimensions of the problems and to adopt an appropriate strategy for programme development.

MAGNITUDE AND DIMENSIONS OF THE PROBLEM

Hassanullah (1990: 362) reiterates that small farmers pose a serious problem for the growth and development of agriculture in particular and economic development in general, in almost all developing countries, as they are increasing in number and share substantial agricultural resources. Small farmers share of the farming households ranged from 61, 22 percent in Zimbabwe to 86, 40 in Sri Lanka and occupied from 8, 01 percent in (Zimbabwe) to 48, 42 percent (Malawi) of the total arable land.” In South Africa an extrapolation cannot be made because land distribution and restitution has been very sluggish and slow, coupled with the fact that much of the land is in the hand of tribal authorities, and within the hands of White farmers,

coupled with large tracts of land still in the hands of White owners. This has stymied the emergence of small – scale farmers among Black populations throughout the country. This problem must be placed directly at the feet of government policy, and its unwillingness to intervene decisively, afraid of international opinion, the possible backlash from businesses and corporations controlled by Whites, by land owners themselves, by White controlled cooperatives, but most importantly by the unreasonable and expensive policy of the willing buyer willing seller policy, that stifles land and agrarian reform in South Africa, thus keeping Black farmers in a state of bondage and poverty. “The problem is critical in a country like Bangladesh where their number increases by 3, 45 percent annually and on the other hand, the numbers of “medium and large farmers have been decreasing annually by 2, 70 percent and 0, 75 percent respectively since 1977” (Bari, 1987:2). This situation is seen in South Africa also because of other reasons, in that, White commercial farmers perceive that government will intervene decisively at some stage and redistribute their so – called land that was accumulated through the policies of the apartheid government, excluding Blacks from access at that time. These perceptions are again reinforced by the violence in the country, the overt corruption within government, the lack of safety and security for White commercial farmers, with the killing and murder of a number of White farmers. This has led to White farmers giving up farming as a business, selling their farms and immigrating to various international destinations. This is indeed a serious problem that government will have to address decisively, in a manner that would not cause apprehension among both White and Black farmers and farming communities, in South Africa. The growth rate of small farmers in the case of South Africa has to increase, if food production has to increase. There can be no compromise in this regard because their emergence, will contribute in some ways to deal with poverty, unemployment, inequality, grow the economy and settle the volatile rural communities. By the same token, the redistribution of land is only one aspect of agricultural development. Government will have to provide the necessary agricultural inputs, primarily finance, on farm storage, a sound and professional extension service, marketing channels and so forth. A worthy proposition in this regard will be to engage White commercial farmers and the White controlled cooperatives that have a multi – billion rands stake in South African agriculture, to enter into a compact to assist small Black farmers to emerge as proper commercial farmers by providing the necessary expertise, via their extension services and marketing channels. This intervention strategy has to be time based, farmers properly selected and supported by government in a manner that will breed success and stabilize the farming communities of South Africa. The growth rate of small farmers seems to be lower in India because of massive and timely government intervention. “In Zimbabwe, the number of small farmer households is slowly reducing at a rate of 0, 36 percent annually. The problem seems to be equally acute in Uganda, Tanzania, Sierra Leone and Malawi (Okello, 1987; Moyo. 1987; Allie, 1987; and Murotho, 1987). The issue of unemployment, the failure of governments to create jobs and their failure to create a suitable farming environment and poor extension, the lack of inputs, poor agro business opportunities, bureaucracy and unsuitable policies, have all led to small farmers and rural communities migrating to ‘greener pastures’ and opportunities in the cities, thus also, contributing significantly to the diminishing numbers of small farmers in commonwealth countries.

Irrespective of their country, small farmers seem to face similar problems, though the intensity of the problems varies widely. “The most frequently stated constraint on small farmers is their comparatively large families, the small farm size, the low productivity of their land, their subsistence mode of production, their use of traditional technology, their low productivity, their

lack of access to public resources and services, exploitative marketing channels, low wages, poor health and nutrition, illiteracy, wasteful habits, risk aversion and fatalism with no opportunities and hence no hope for the future” (Abrew, 1987: 10 – 14). According to Hassanullah (1990: 364), “in commonwealth developing countries such as Sri Lanka, India, Ghana, Kenya and Malawi, an established definition of small farmers exists. He further points out that the lack of conceptual clarity is likely to create problems in implementing small farmer development programmes.” A clear conceptual framework and an acceptable working definition of small farmers is absent in most developing countries, as it was in the former homelands and, as it is in South Africa, today. This lacuna needs to be removed before small farmer development programmes can be designed and operated effectively. The paper now attempts to show the importance and role of extension to agricultural development.

THE ROLE OF EXTENSION

The extension system plays a significant role in agricultural development. Its orientation, design and operation can promote or hinder development of small farmers. Hassanullah (1990: 370) and Okello (1987) also state that “all Commonwealth developing countries, at the time of independence, had inherited imperial agricultural services whose primary tasks were to help farmers with production inputs and credit.” Such priorities are still observed in some countries and according to Karodia (2008: 364) some of the former South African homelands were no exception in this regard despite chronic food deficits.”

In order to overcome this situation, the Training and Visit Model had been introduced by departments of agriculture in some commonwealth countries like Sri Lanka, Bangladesh and Malawi (World Bank, 1985). The T & V system or model has restored functional exclusivity to agricultural extension services and provided a system of ensuring individual contacts with a limited number of selected clients, the Contact Farmers (CF’s). The relevance of the Grameen Bank System and Commonwealth experiences in respect to extension and development initiatives are vital to this paper, from the perspective of intervention strategies, in order to address the problems of development and the plight of the poor in general. In other words the administrative and management systems of governments must, at all times look at the possibilities of innovative strategies to alleviate the problems of the poor. An attempt will be made to support the discussion with empirical evidence in terms of a comparison of extension systems in some Asian and African commonwealth countries.

COMPARISON OF EXTENSION SYSTEMS

However, it must be noted that, according to Hassanullah (1990: 371 – 373), intensive or integrated production or development projects have retained their multiple functions with a ‘service delivery model. Dissatisfaction has been increased with the impact of the T&V model, as well as with the service delivery model on small farmers, who constitute the vast majority of rural populations. Extension under these systems and models seem to discriminate against small farmers, and further states that some of the countries or projects had openly advocated or adopted modified forms of the T&V model. India, however, made a quota for 37, 5 percent of contact farmers to be representatives of small farmers, marginal farmers and the weaker sections of

society. Khanna (1987), however, states that “World Bank evaluations show that only about 12 to 15, 71 percent of contact farmers were, small and marginal farmers.”

The problem of extension, training and rural development in the former homelands of South Africa, was intrinsic to the very nature of society itself. For that reason, any understanding of these issues presupposes some awareness of the social environment within which it operates and operated. It must, in other words, appreciate the basis from which certain of the limitations in the agrarian crisis in many developing countries occur. In addition these developing countries must understand these in an historical perspective, because it can be possible to attend constructively to the pressing needs relevant to the provision of extension, training and rural development in general and within the context of the new democratic South Africa. There is no doubt that agriculture is one of the major areas of concern in the attempt to change society and to create an environment of stability.

It is also clear to the writer that, in the main, agricultural extension and training is and was an unchartered terrain in the context of the former homelands. A great deal more needed and needs to be done in the nature of empirical studies in the rethinking of theories and models, and clear assessment of the multiplicity of interests and the constituencies, particularly the rural constituency which is not served by governments. All of this would entail the development and modification of proper theory of agricultural development, to suit local conditions in South Africa as a whole and which does not exist currently. In a sense it would appear that most agricultural and extension agencies proceed on the basis of ad hoc generalizations, subject to the vagaries of guesswork and speculation. Local extension and agricultural theory therefore, needs to be created. It is therefore imperative to recognize that there are real material and objective difficulties which have to be accounted for. It is essential to understand these difficulties before any prescriptions are made, which may have doubtful relevance to local situations. In this connection there was and has been considerable vigour and relevance in the debate between the followers of ‘dependency and ‘development viewpoints.’

It is quite clear that the development and extension programmes of the former homelands fell inevitably on the side of developmental theorists only, without practical application and implementation strategies, modified and accepted for local use. This was a major problem and, if one were to examine performance of the agencies of agricultural development within the former homelands, there would have been compelling evidence and need to upgrade the conceptual framework of all agricultural subject matters and strategies, because of the irrelevance, content and application in terms of development (Karodia, 2008: 367). Given this scenario and in terms of extension and development discourse, it is now necessary to examine and reflect upon strategy and some approaches to development, in order to understand these approaches.

REFLECTIONS ON STRATEGY

Firstly, if any progress is to be made, a regional developmental plan for each South African province is needed to be put into place without delay, controlled by the central government and audited by the National Department of Agriculture and other relevant departments. It must be derived from a strategic planning process involving all ‘players’ in agriculture – from the political to the farmer level. The plan must have the tacit and real approval, commitment and support of

the government and, above all the farmers. The question of land must be cleared and resolved, organized agriculture (for example, cooperatives, farmers unions /associations) must become more prominent, get involved and be supported on a democratic basis. There must be recognition and support of the fact that not all rural dwellers can have access to agricultural land and credit. Therefore, strategies need to be developed to create employment. Policies must be pursued which are aimed at reducing poverty, strengthening economic growth by means of structured development programmes, geared towards a process of public accountability and efficiency, in an increasing attempt of promoting the general welfare. In developing the plan, it will be necessary and of cardinal importance that clear approaches to rural development be included. Some of these approaches are very briefly discussed hereunder:

APPROACHES TO RURAL DEVELOPMENT

Farm Oriented Rural Development: Projects, which are oriented towards enhancing production on peasant farms are those for which the greatest experience has been accumulated through numerous integrated rural development initiatives since the early 1990's (de Janvry, 1981; Lacroix, 1985). The instruments that these projects use to stimulate production are as follows: credit, new technological alternatives, soil conservation, water control, infrastructure, investments, marketing, the promotion of grassroots organizations and, most importantly, reasoned extension. A realistic assessment of the potential which such programmes have to reduce rural poverty, calls for explicitly confining them to the highest strata of peasant farms. De Janvry and Sadoulet (1989: 1219) state that, "for irrigated land, the maximum viable farm size will generally be about 1 to 2 hectares; for those without irrigation, it is above 5 hectares." In addition to the need for a stricter definition of the viable clientele for these projects, another commonly observed difficulty is the excessive number of activities which they attempt to promote simultaneously. De Janvry and Sadoulet (1989: 1203 – 1221) recommend that "this type of rural development project be focused on the productive aspects of the peasant farm. Typically these would include irrigation, flexible access to credit without collateral requirements, appropriate technologies for peasant farming systems, and participation in the definition and management of projects to ensure self – sustainability." The writer is of the opinion that, while integrated rural development projects sometimes proved to be effective, they also met with considerable problems due to the difficulty of integrating the delivery of public services to peasant farms in the former homelands in general. Leonard (1984: 177 -186) states in this regard that "these services originate in different branches of the public sector apparatus" – this is precisely what had happened in the former homeland Bophuthatswana (Karodia, 2008: 369). The writer, therefore, concludes that if a careful priority of ordering of limiting factors can be established, projects can be replaced by national or regional programmes specifically aimed at removing a particular bottleneck. For the promotion of technological change, for instance, commodity programmes have proved to be more effective than integrated projects (Karodia, 2008: 369).

Household – Oriented Rural Development: Rural households with little access to land must compensate for the scarcity of productive resources by including a multiplicity of activities in their annual strategies. Households on small farms must engage in a variety of activities that are complimentary to agriculture. This must include the raising of small animals and dairy cows, different kinds of handicrafts, trade, the transportation of agricultural products, manufacturing activities and so on. In spite of the low percentage of total income derived from a land plot

generally, it is clear that the farm, however small, is an essential element of the household's income, security and demographic reproduction. In this regard the writer is of the view that, since women are supposedly the non – agriculturalists there exist, very special restrictions to increase labour productivity on these farms. Given these constraints, rural development initiatives must take a 'household' approach as opposed to a 'farm' approach. According to Korten (1980), "these programmes require a strong component of monitoring and evaluation because of the great diversity of situations that characterize their clientele and must be designed in experimentation with other approaches." Non – governmental organizations have been more successful than public sector agencies in this domain. Progressive Non Governmental Organizations,' who have been denied participation, must be utilized in any future restructuring programme.

ACCESS TO LAND REFORM

Any strategy directed at alleviating rural poverty must take into account the fact that access to land is the major determinant of rural welfare. In spite of decades of land reform initiatives in both South Africa and the former homelands, access to land remains concentrated in the hands of the privileged minority. Concentration has caused irreversible damage that is demographic explosion, soil erosion, paralysis of land reform post 1994, insufficient investment to increase land productivity, loss of employment opportunities in agriculture, low labour absorption capacity in the urban – industrial sector. It has led to dissatisfaction among both Black and White populations of South Africa, and has often led to strikes, demonstrations and social unrest. The land issue together with agrarian reform has to be placed very high on the political agenda of the country.

Employment Creation and Labour Market Rationalization: Landless workers and marginal farmers rely heavily on agricultural wages as a major source of income. Often, in the former homelands there were a number of unfavourable tendencies, as observed by the writer, in terms of the protection of this source of income. They included labour displacement by mechanization and livestock, replacement of permanent workers with seasonal workers of peasant origin from the temporary labour market, and the absence of labour unions (Karodia, 2008: 370). Rationalizing the farm labour market is vital, in order to make the mechanisms of supply and demand more transparent. Labour laws must be instituted in all regions of South Africa more meaningfully, in order to protect rural households from loss of rural employment and the erosion of real wages created by rising food prices.

Rural Linkages: It is clear that the governments of the former homelands could not offer a solution to rural poverty, for a significant fraction of the rural population. It is suggested by de Janvry and Sadoulet (1989: 1220 – 1221) that "an extensive redistributive land reform and successful rural development projects would reduce this fraction but would still have a significant quota of agricultural poverty to be solved outside of agriculture." Given the magnitude of the investments required in rural industries, private capital needs to be attracted. The former homelands could not attract foreign investment or capital, because of their non – recognition by the nations of the world. "They only succeeded in attracting some national capital from their

colonial master, apartheid South Africa and from a few minor industrialists from Taiwan and Israel (Karodia, 2008: 371). The latter did not serve employment, but rather their own economic interests by exploiting local labour with minimum wages and capitalizing on wage subsidies, decentralization benefits, relocating costs, tax incentives, importing unskilled labour and, above all, channeling large sums of money out of these so – called independent countries in the form of foreign exchange. Even today, greater monetary controls are required for purposes of accountability and to check upon foreigners siphoning money out of South Africa.

Agricultural development is not, however, synonymous with rural development. On the supply side, reactivation of agriculture must be complimented by the specific reactivation of peasant production to safeguard an effective development strategy, not only in accelerating economic growth but also in reducing rural poverty. In this regard, de Janvry and Sadoulet (1989: 1216) identify two conditions, emanating from past experiences of a certain sector of the peasantry who had sufficient access to productive resources, who proved to be highly competitive with large farms. The numerous anti peasant biases, which exist in rural institutions and in the functioning of the markets in which peasants operate, are eliminated. Strong biases do indeed exist, particularly in the access to credit, and appropriate technology, and information, irrigation and infrastructure, and other public goods and services. Markets are also less favourable to peasant producers due to their weak bargaining power with merchants and lack of access to public sector marketing channels, which they directly control. Rural development programmes, oriented at enhancing peasant production, are organized and thus can identify and remove the main bottlenecks to peasant competitiveness. Even in an unbiased, institutional context, these programmes will continue to be necessary due to the large number of peasants to be serviced and their weak individual ability to have access to public services. It is now essential and important to deal with organization, administration and farmer participation, within the context of agricultural and rural development.

ORGANIZATION, ADMINISTRATION AND FARMER PARTICIPATION

For any approach to agricultural development that incorporates the majority of rural people, not merely the minority of large – scale commercial farmers, there are four necessary components. Esman, Colle, Uphoff et al (1980) identify these components as follows:

- ❖ A set of government policies that stimulates higher productivity and greater income – earning opportunities;
- ❖ In addition to fair prices for agricultural commodities, they include tariff and credit measures to discourage premature mechanization, which displace agricultural labourers for whom there are no alternative job opportunities;
- ❖ Government investments and expenditure on physical and social infrastructure that enhances productivity and rural welfare;
- ❖ These infrastructural facilities include roads, irrigation and drainage works, research and training centres, schools and sanitary water supply.”

In addition, it is necessary to apply enhanced technologies, such as higher yielding varieties and improved cropping and husbandry practices, that are suitable to the specific needs of small farmers, in their distinctive micro – environments, and that they can afford to adopt easily with

the necessary support. Organizations to guide group action in the pursuit of common goals, is a prerequisite and essential.

KINDS OF ORGANIZATIONS

Among the several kinds of organizations instrumental in rural development and rural progress are the bureaucratic agencies of government that provide the necessary services to small and marginal farmers in the form of research, extension, credit, marketing, irrigation, animal health and so on. They also include privately – owned and managed commercial enterprises that, at a profit and following the logic of supply and demand, meet some farmers’ needs for credit, production, inputs, processing and marketing channels. They further include voluntary non – governmental agencies, which, on a non – profit basis, work with rural communities to promote their development and progress. Rural organizations also encompass associations of farmers and other rural people who are controlled by, and accountable, primarily to their members.

Progressive agriculture everywhere, including the advanced scientific farming in the United States, Japan and Western Europe, depends on networks of supporting and facilitating government services (Esman and Uphoff, 1982). Most developing countries are attempting provide and to improve the coverage and the quality of such services, but this is slow and, a gradual process and it confronts many problems. Among them are the insufficient financial resources available to governments to extend such services to the mass of small farmers. Most LDC governments are simply too limited in their budgetary capabilities to provide sufficient services. “This problem is aggravated by the tendency to neglect peasant agriculture and to concentrate funds and trained personnel on urban areas and on agricultural services to the larger – scale commercial farmers, especially those that produce for export” (Esman and Uphoff, 1982). “Even when governments attempt to target resources and services to smaller and marginal farmers, these resources are frequently pre – emptied by political and social power, as was observed in the former homelands of South Africa, and therefore, a democratic government must attempt to curb this political power” (Karodia, 1990: 9). What then are some of the weaknesses of government organizations?

SOME WEAKNESSES OF GOVERNMENT ORGANIZATIONS

A common weakness in government organizations providing agricultural services and its management and administration, is the indifferent performance of their field staff, of the technicians, who are in direct contact with rural people and are responsible for the actual delivery of services. “These field level personnel are often poorly trained, overloaded with routine tasks, are insufficiently supported with information, transportation and other resources that they need to deliver the goods to local farmers” (Esman, Colle and Uphoff, 1980). “They often feel neglected, insufficiently compensated, inadequately supervised, condemned to dead – end jobs, constrained by rigid and inflexible rules and, thus, are poorly motivated” (Esman and Uphoff, 1982). According to Karodia (2008: 374), “this was the situation in the former homelands and, persists even today, under the democratic South African government. Rural people, in turn often have little confidence in the personnel’s ability or willingness to help in the practical struggle to earn a livelihood under what are frequently harsh agronomic, social and economic conditions. These

aspects must be looked at very seriously in any reconstruction programme of South African agricultural development.”

Reaching the majority of rural people with services that cater in a timely way to their specific needs for information, production inputs, plant protection, marketing, employment and so forth, presents a very difficult set of administrative and management problems for governments, and foreign assistance agencies interested in improving their productivity and welfare. Major reforms are required in the administration and management of South African provincial government services, which must be oriented to small farmers and landless workers. “Because governments have trouble financing and managing services in rural areas, they should make the maximum use of private sector initiatives, relying on regulation to prevent abuses, rather than resorting unnecessarily to the direct provision of services” (Karodia and Karodia, 1991:5). We now turn our attention to the important aspects of non – formal and formal organizations.

NON – FORMAL AND FORMAL ORGANIZATIONS

Though the situation varies from area to area, there is a well established tendency among rural people to associate on behalf of their common needs. Roughly stated, there are two kinds of local organizations of rural people: non – formal and formal. “Non – formal organizations function without written constitutions or bye – laws” (Karodia, 1986); “they are means by which local people meet their collective needs for the operation of small integrated systems, for the sharing of labour, for the mobilization and allocation of credit, for the management of facilities, such as cattle dips” (Esman and Uphoff, 1982). Usually small in scale, these non – formal associations that are vital for the maintenance of rural life often escape the notice of most government officials and foreign observers. “There are also many formal organizations which operate in rural areas. Usually, they have officers, bye – laws, formal membership requirements; they collect membership fees, and are recognized by government (Karodia, 1986). “These formal organizations, range from water users’ associations, to credit unions, from tenants leagues, to mother clubs, from local development associations, to service cooperatives” (Johnstone and Clarke, 1982). Some, like credit unions, perform a single function. Others, like local development associations, are multi – functional. “The more successful and long - lasting organizations are often multi – tiered” (Karodia, 1986). These aspects, were saliently absent within the former homelands and must be looked at seriously in any restructuring and reconstruction of South African rural and agricultural development.

Small non – formal groups, which form the base, are held together by kinship or neighbourhood ties, fostering group solidarity and social control at the grass roots. These are combined at the next level into more formal associations that enjoy the benefit of a larger scale, that can mobilize substantial funds and skills and thus manage activities beyond the capabilities of the small non – formal groups” (Johnstone and Clarke, 1982). Frequently, such entities are, in turn, federated into apex organizations that operate as pressure groups at the level of the state and national governments and conduct nationwide business, insurance or processing activities. The multi – tiered pattern of organization among rural people combines the benefit of solidarity and scale. This is an option that must be pursued in any reassessment programme of agriculture in the nine provinces of South Africa. It is now pertinent to briefly examine and discuss the role of membership organizations.

ROLE OF MEMBERSHIP ORGANIZATIONS

Membership organizations perform three main functions for their members: They facilitate the mobilization of local resources, labour, money, information and management skills, that permit local people to achieve for themselves jointly, what they cannot attempt as individuals. Through mutual assistance they help rural people to take greater responsibility for their own development. They contribute to improving the effectiveness and efficiency of government services intended for rural people. They can 'retail' to their individual members, through their information and organization networks, resources that the government is able to provide only on a 'wholesale' basis. They can provide government agencies with accurate information about the specific and changing needs of their members, which would otherwise not be available to government staff. By such consultation and dialogue they help the agencies to better adapt their activities and services to the real needs, capabilities, and priorities of local people. As a group they can make claims on politicians, governments and the local elite for more adequate and more responsive services in ways that would be impossible for their individual members (Leonard, 1977).

None of this was ever allowed to develop in the former homelands and to a large extent in democratic South Africa, post 1994 and persists even today. This would have threatened and threatens the power of the local elite and, above all, government structures that are responsible for maintaining the status quo. From the above, it can be confidently stated that membership organizations help to make government and its operations more accountable to rural people. In this respect, organization is a channel that the rural poor can use to demand more and better services, and more relevant and responsive policies from those who control the resources that they need. Although membership organizations have proved to be enormously useful to rural people, they do not develop easily without struggle. Membership and participation in local associations produce important opportunities and benefits, but they also exact costs, in time and often in strained relationships. People will not participate in organizations unless they feel that the material and psychic benefits outweigh the risks and the costs, but often the practical benefits lag behind the apparent costs. According to Leonard (1977), most local societies contain individuals and groups who do not share common interest. Landlords and tenants, hostile ethnic groups or adherents to conflicting religious sects, often find it difficult or even impossible to cooperate in the same organization. Local organizations may not be able to enforce discipline, for example, the repayment of loans from their members. They may suffer from basic management experiences and poor business skills, may be victimized by corruption among their leaders, or may fail for other reasons to sustain the organization. In strengthening and enforcing this viewpoint and observation, Uphoff, Cohen and Goldsmith (1979) argue that "some governments are hostile to any organization among the rural poor that the state does not control for fear that they would fall into the hands of enemies of the regime."

Locally influential landlords, merchants, politicians and civil servants may look upon local peasant organizations as challengers to their power and status and would attempt, by manipulation or intimidation, to take them over or to destroy them. This is precisely what happened within the former South African homelands and, this was supported by the homeland governments. It

becomes necessary and incumbent upon the writer to explore the role of the trade unions briefly and in terms of their relevance to development.

ROLE OF TRADE UNIONS

The governments of the former homelands did not recognize trade unions in any form and actively resisted their formation and implementation. They viewed unions as a threat to their power base and an instrument of politicization and polarization of the masses, and as a challenge to their very survival. This led to the absolute exploitation of the worker and farm labour. In addition the former homeland governments did not allow the formation of public servants associations. Agricultural parastatals did not allow the formation of staff associations. This worked against these governments in many ways. One of the main problems was that the governments had lost a significant input from this constituency and had thus remained far removed and aloof from the people in general. These governments were over – suspicious of any criticism of their policies, reacting with crackdowns on hearsay and rumours, leading to fear and subsequent oppression that characterized the polity of the former homelands. Their policies were prescriptive, rather than inculcating a system of incorporating public thinking in the form of pressure groups, and thus guiding the formulation of policy and decision – making via a process of participatory democracy.

The situation in respect of trade unions in democratic South Africa has changed recently in respect of their perceptions by workers in general. The previous romanticism of trade unions that played a major role in the liberation of South Africa is waning. This is characterized by mammoth disagreements within their ranks, with some siding with the government and others siding rightfully with the working class. Some trade unions in present day South Africa, serve as a buffer to the authoritarian policies of the government, and are essential to the processes of consolidating democracy and keeping the government in check. However, as recently as August 2012, trade unions have not played a significant role in championing worker rights and this has been exacerbated by the Marikana mining tragedy which saw workers killed by the police. The Western Cape farm workers strike has further weakened agricultural unions and unions in general with increased demonstrations and strikes by workers within the country. This has significantly reduced the power of the unions, who are now losing significant numbers of members, together with the emergence of new trade unions and resistance groups, coupled with workers stating openly that they do not require the intervention of the traditional trade unions, and further stating that they would represent themselves in respect to negotiations with business and government. This has been due to the fact that workers in general view and see the trade unions siding with capitalist forces and the government of the day. This presents a very serious danger in respect of the unions with capital subverting the rights of workers. In any new agricultural dispensation, trade unions will have to play a leadership role to assist development and their actions must be well orchestrated. In South Africa, they have exerted their influence in secondary agriculture, due to the lack of mobilization and problems faced in primary agriculture. This has also been exacerbated by the government's slow pace in respect of land restitution and land redistribution. The trade unions in this regard have also not played a significant role. It must be the democratic right of the farm worker to challenge management's right to hire and fire arbitrarily, to use workers employed for general farm work as skilled and unskilled labour without adequate remuneration, to draw up contracts and job descriptions and so on. Farmers must not be allowed

to determine wages unilaterally. “In the former homelands, governments paid farm labourers less than R4, 20 per day” (Fourie, 1988). This situation in reality has not changed in democratic South Africa after nearly twenty years of democracy with farm workers being paid a mere R70 per day, in the Western Cape and other farming areas of the country. This has been supported by the trade unions and does not augur well for the future of South Africa, in terms of the role that trade unions have to play. Challenging the traditional cash – for – kind system of remuneration, unions must campaign for wages to be pitched with the industrial sector. On the other hand the trade unions and government must assist farmers to develop sound labour management principles and practices. There is no doubt that the romanticism of trade unions is clearly waning, and in many quarters they have lost the respect of workers. Against this background, trade unions must reevaluate their strategies and cannot be consumed by government and the capitalist classes and multi – national corporations, which is the reality at this stage of South Africa’s development, and most dangerous to the worker and the country, and also to the processes of the consolidation of democracy, and more importantly for the consolidation of worker rights and for the stimulation of the economy, for purposes of economic growth and stability, which will serve to create a prosperous South Africa.

SURMOUNTING PROBLEMS

Organizations that succeed in surmounting these obstacles must often deal with governments that favour local organizations in principle, but tend to smother them with excessive oversight and patronage. These may include standardized rules and intensive supervision by government personnel, both of which inhibit local initiative. According to Leonard (1977), “equally debilitating is the tendency of well – meaning governments to provide services, loans, resources or facilities to local organizations and their members, without the expectation of repayment and without requiring any local contribution.” The common effects of such patronage and paternalism are to undermine local traditions of mutual assistance and create a crippling sense of dependency. As a result, rural people abandon efforts at self – help and turn to government to solve their problems. This must be avoided at all costs by the central and provincial governments of South Africa.

Experience has shown that governments wish to stimulate local self – help and strengthen their political base in rural areas. They must avoid overwhelming local organizations with subsidies that destroy local incentives for initiative and cooperation. Given the acute resource scarcities that confront all developing countries, rural societies that depend primarily on government patronage or subsidies are unlikely to achieve economic or social progress. There is compelling evidence that agricultural development strategies designed to increase the productivity, welfare and employment opportunities of small farmers, tenants and landless workers require far more attention to organization than that subject has received to date. Esman, Colle et al (1980), “point out and recognize that institutions need to be built and strengthened at the local level to develop more local – action capabilities.

Without such institutional development at the grass roots, no policies, technologies, or infrastructure can be effectively implemented. The performance of government agencies serving rural people can be improved by more rigorous staff training, by rewarding personnel for effective service rather than rigid adherence to rules; by decentralizing decision – making and power to act

to personnel closer to the local level; by innovations such as para – professionals, that extend the range of government services to large numbers of rural cultivators, who would otherwise not be reached. “At the same time, the capabilities of local membership associations need to be strengthened so that local people can do more for themselves and become active partners with government in the process of rural development” (Uphoff and Esman, 1974).

CRITICISMS ADVANCED IN RESPECT TO THE GRAMEEN BANK SYSTEM

Although the Grameen Bank model has been successful in Bangladesh there are some aspects of its operations that have been called into account. According to Tuckker, <http://mises.org/daily/2375> [Accessed: 30/09/2013] the following issues need to be dealt with:

THE PARADOX OF MICROFINANCE:

Tuckker raises the question of why is it that pawn shops and traditional micro lending institutions, which are genuine free market institutions, are criticised for charging high interest rates and is viewed as exploiting the poor, yet the Grameen Bank which also charges high interest rates is not.

CREATION OF A DEBT TRAP FOR THE POOR

Sudhirendar Sharma of New Delhi as cited by Tuckker, <http://mises.org/daily/2375> writes that the effect of the Grameen strategy has not been to reduce poverty but only to create a debt trap for borrowers, who are being charged very high rates of interest relative to conventional banks. This criticism does not in any way solidify the argument nor does it add to constructive criticism.

The often repeated stories of how microcredit has helped a rural woman buy a buffalo, or how a poor woman now owns a telephone kiosk, cannot be replicated in meaningful numbers. Conversely, at the cost of the poor, a large number of NGOs have benefited; banks have found a convenient route to increased lending's; and corporations have got a growing consumer market to target. In 2001, the Wall Street Journal's Daniel Pearl and Michael Phillips revealed that the repayment rate of their loans isn't anywhere near what the bank claims, that at least one quarter of its loans were being used for consumption, that the bank delays defaults and hides problem loans, that the bank isn't subject to any kind of serious supervision, public or private. The government owns 6% of its assets, while the rest is only superficially owned by borrowers who cannot sell or trade their stock. Criticism is welcomed but there does not seem to be an economic and financial basis to criticism advanced, solely on the basis that the Grameen Bank started with the idea of development to enhance the poor who were crying out for a better life. In the area of development there will always be the prophets of doom. These criticisms have not stymied the further development of a tried and tested system; The question is can the critics advance an alternative to the Grameen Bank System?

MARKET LOGIC

Is Grameen Bank really a micro finance institution or a subsidized NGO that survives on donations from developed countries? The real problem with Grameen is not found in the data but in market logic. Half the population lives below the poverty line in Bangladesh. Are we really

supposed to believe that banks blithely overlooked millions of poor people out of bias or hatred or snobbery?

Even if it is can accepted that Professor Yunus had some sort of entrepreneurial insight that no one else had, Grameen has been giving loans to poor women for thirty years. Are we really supposed to believe that conventional bankers were so stupid as not to have spotted this opportunity after decades of demonstration? He says that he discovered that the poor are "bankable" but if this was true in the way that he says, others would have discovered the same profit opportunities and done it without help from government.

REPAYMENT STRUCTURE

The bank assembles peer groups to lean on delinquent borrowers, and makes political-mental reconstruction a condition of the loans, which are now being taken out to repay previous loans and so on. His "Sixteen Decisions" that must be adopted by all borrowers read like a party platform for collectivist regimentation.

- "We shall take part in all social activities collectively."
- "We shall grow vegetables all the year round. We shall eat plenty of them and sell the surplus."
- "We shall build and use pit-latrines."
- "If we come to know of any breach of discipline in any centre, we shall all go there and help restore discipline."

FATAL ASSUMPTIONS

Grameen's tactics suffer according to Tuckker an <http://mises.org/daily/2375> [Accessed: 30/09/2013] from five fatal assumptions.

- First is the idea that poor should be self-employed rather than work for wages. That is contrary to the whole history of successful economic development.
- Second is the idea that loans are the main financial service needed by the poor, whereas they really need savings and insurance
- Third is the idea that credit is what builds enterprise, whereas the truth is that entrepreneurship and management are more important.
- Fourth is the idea that the non-poor don't need credit, whereas the truth is revealed in market-based banking: higher incomes can handle higher debt.
- Fifth is the idea that microcredit institutions can become self-sustaining, whereas all experience shows that new enterprises in poor areas that are built on credit alone rarely emerge from dependency.

CONCLUSION

Whereas control by government stifles local organizations, complete autonomy usually leads to futility. This is what had occurred in the former homelands in relationship to Departments of Agriculture and their numerous agricultural parastatals. Government agencies require an organized rural population in order to do their work efficiently, and local organizations need supportive policies, resources, services, and technical expertise that government agencies can supply. It is the linkage between the two that needs to be cultivated and further developed.

As a gestalt to the paper, the writer attempted in many ways to capture and show that society is based on a delicate network of human relationships which, under the slightest of provocations may become tangled, broken or distorted. Injustice of a lesser or greater gravity is the usual result of such aberrations. What then does it take to keep the balance of justice? Clearly, laws must be framed which correspond to moral imperatives, which are enforceable and which maintain a proper equilibrium between the permanent and the peripheral. Despite the urgent need for such laws, society has failed to evolve a universally acceptable principle on which a viable set of laws might be based.

By the same token the issue of land and agrarian reform, in the context of South Africa, although a sensitive and volatile issue must learn from the Zimbabwe experience, because Harare has backed down on farm seizures and, therefore, any intervention in South Africa, must be based on acceptable laws and principles. Marawanyika (2013: 1) reports “that Zimbabwe has stopped seizing farms protected by foreign investment accords, Land Reform Minister Herbert Murerwa, announced as recently as the 4 January, 2013. A German commercial farmer is suing the government for \$600 million (R 5 billion) in compensation for his eviction under President Mugabe’s land seizure programme. Several White farmers have sought the return of their land since Mugabe’s administration began seizing commercial farms for redistribution to Black Zimbabweans in 2000. The campaign forced more than 3000 farmers off their land and displaced one million workers and their dependents, according to a 2008 estimate by the UN.”

This is a salutary warning to the South African government, that it has to intervene, but has to tread cautiously and within reason, and by means of a compact with White commercial farmers in respect of land reform and land redistribution, and thus secure agricultural and rural development, in terms of and for economic growth, the reduction of poverty and inequality and, the promotion of employment. South Africa has to find new modalities for intervention, without upsetting commercial agriculture or creating unmanageable scenarios of a volatile nature, or for that matter causing international opinion to criticize its land policies, and styming foreign investment. It must balance the equation of appeasing the aspirations of Black farmers and controlling possible White anger and frustrations. This will be a very tough and strenuous call, but it would have to be done within the framework of the law and, the acceptance by all parties that have a stake in the land reform process, if agricultural and rural development has to succeed in South Africa.

Rural development, though dependent primarily on small – farmer agricultural progress, implies much more. It encompasses efforts to raise both farm and non – farm rural real incomes through job creation, rural industrialization, and the increased provision of education, training, health and

nutrition, housing, and a variety of related social and welfare services. A decreasing inequality in the distribution of rural incomes and a lessening of urban – rural imbalances in incomes and opportunities; and the capacity of the rural sector to sustain and accelerate the pace of these improvements over time. This proposition is self – explanatory. We need only to add that the achievements of these objectives are vital to national development. This is not only because the majority of the so called “Third World” population is located in the rural areas but also because of the burgeoning problems of urban unemployment and population congestion must find their ultimate solution in the improvement of the rural environment. By restoring a proper balance between urban and rural economic opportunities and by creating the conditions for broad popular participation in national and regional development efforts and rewards, developing nations will have taken a giant leap and step toward the realization of the true meaning of development.

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