



Village bankers: The experience of Fandène (Senegal)

Fandène, a Serere and Wolof village located six kilometers from Thiès, Senegal in the country's peanut-growing region, is the seat of a locally-created credit and savings institution with a remarkable career. It now covers 34 villages throughout the region, has amassed over thirty million francs CFA of capital (around \$60,000) and granted more than 1500 loans to people in those communities. Yet the structure grew essentially from local responses to the problems of drought and diminishing farm fertility experienced throughout central Senegal.

Fandène itself is the product of historical interaction between Serrere and Wolof ethnic groups. The village is largely Christian and was for years the site of a Catholic mission and community center ("Maison Familiale Rurale"), but it shares the dwindling resources of the neighboring valley and seasonal river beds with Islamic and animist communities of several different ethnic groups. Recent local development initiatives stem in part from the reaction of emigrants from Fandène to the trauma of the great Sahelian drought of the early 1970s. In an effort to help their home community find solutions to the crisis and to avoid a complete depletion of the population, young people who had left for school or work took part in creating, in 1972, the "Association des Jeunes de Fandène" (AJF) — The Fandène Young People's Association.

From culture to agriculture

For the first fifteen years of its existence, the AJF concentrated on sponsoring cultural events that would interest young people in sticking with, or returning to, their home community and would provide, at the same time, a way of reasserting cultural identity. Little was done with development projects, but AJF activities did lead to several well-educated young adults taking up residence again in the village and beginning to constitute themselves as a sort of "modern" (and critical) peasantry. This group grew gradually dissatisfied with an AJF program limited to cultural events and with leadership principally exercised by outsiders.

In 1987, therefore, the Association started on a new tack. Concerned by the cyclical recurrence of food shortages in the area, members of the Association began a series of "action-re-

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search" inquiries with other population groups in the vicinity in order to better understand the nature of the problem and of possible remedies. Three findings of this locally-conducted study stood out:

- The group noted that there were already in fact a host of small initiatives afoot, undertaken by peasant groups themselves — initiatives which had great promise for diversifying the local economy and improving the natural resource base, but that had all been hampered by inadequate access to credit and resources for developing their potential.
- Lack of credit stemmed in good part from lack of collateral and of an institutional structure that would give the local people credibility and clout.
- At the same time, the AJC members studied the nature and results of recent NGO-sponsored projects in the same region, concluding that most failed because they were designed elsewhere and were not based on the existing efforts of the local population.

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Resolving the bottleneck of credit

The decision was to address these problems by establishing some sort of nonformal local savings and loan institution. The beginnings were modest, to say the least: association members each contributed 250 FCFA (about \$1 at the time) to a common fund and started making small loans to villagers with worthwhile projects, charging the equivalent of 15 percent interest per annum., while seeking other ways to develop their capital endowment. One of these was to expand membership to new communities in the immediate region. Not much marketing was required. The initiative met such a sorely-felt need that inhabitants of other villages soon got wind of what was going on and began themselves inquiring about taking part.

In this manner, the savings and loan network gradually spread to all 34 communities of the Fandène region and became increasingly well structured. Each branch of the institution — 19 in all — was outfitted with a women's section and a men's section, and leaders of each were trained in simple accounting, credit worthiness assessment and loan management. Inhabitants of the communities involved were encouraged to make written applications for credit through their local section officials, and leadership of the institution gradually trained itself in carrying out formal feasibility assessment of proposed loans and providing would-be borrowers with technical assistance in ensuring the credit worthiness of their ventures. Eventually an assessment team was created to help local savings and loan committees learn the ropes of evaluating loan applications and of identifying and brokering responses to the technical needs of small entrepreneurs.

Supporting local economic innovation

The enlarged savings and loan association placed particular emphasis on supporting farmers and small businesses with innovative approaches to the revitalization of agriculture and the marketing of local products. The following are examples of ventures underwritten in the first five years of operations:

- Women's producer groups were assisted in developing mar-

keting schemes for bypassing middlemen and selling bissap fruit harvested from nearby forests and baskets made from local plants directly on the Dakar market as well as to other village associations of the region. By 1995 a thousand baskets a week were being produced in this manner.

- The Association granted loans to farmers interested in re-introducing the cultivation and sale of manioc to the area and expanding planting and use of cowpeas.
- Credit was extended to women's groups for establishment of a soap-manufacturing cooperative and sale of its products.
- The savings and loans institutions made numerous loans for boring of wells, development of irrigated gardening and sale of the produce.

As activities developed and capital endowment grew, the size and volume of loans also increased. Over the first five years of operation, average yearly outlays fell into the following categories:

Livestock development and marketing — 5,600,000 FCFA

Small commerce and industry — 2,800,000 FCFA

Improved farming — 500,000 FCFA

Well drilling — 500,000 FCFA.

Yearly profits from loan administration likewise rose from less than 100,000 FCFA in 1991 to over 700,000 in 1994 and by 1998 the capital endowment of the intervillage savings and loan association had risen to more than 30 million FCFA, or nearly \$60,000.

Weaving a new social and economic fabric

Most impressive, though, were the institution-building results of these activities and the new horizontal linkages among Senegalese communities and varied population groups that they nurtured. The thirty-four villages of the Fandène area are Christian, Islamic and animist in religious orientation and of varied ethnic composition (Serere, Wolof, Bambara, Fulani..). Yet they have worked together very successfully in the creation of new savings and loans institutions and shared governance of their activities and resources. Women and men's branches of the association have exercised equal weight throughout.

In addition, the association has developed marketing arrangements with peasant federations in other regions of Senegal whereby many of their products are sold and many of their inputs are acquired by this sort of lateral exchange. Perhaps most interestingly, the Fandène association has created technical teams to provide support to nascent groups in poor neighborhoods of the nearby city of Thiès and the national capital, Dakar that wish to begin their own savings and loan programs — reverse technical assistance from rural to urban areas!

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