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Microcredit to solve a Macro problem

Niger is a country of illiterate, poor and starving people which is ranked near the bottom of the Human Development Index. While the population is there, the knowledge, resources and funds to aid these undernourished people are not. In the Tessaoua district alone, two-thirds of all households – representing about half of the population – cannot afford a balanced diet, even when sufficient food is available locally. In 2005, lack of rain, swarms of locusts and abnormal market trends caused severe food shortages. In 2012, drought and a war in Mali caused extreme food shortages. A rise in wealth and power has been equally shadowed with poverty and weakness. While these were certainly contributing factors, they do not explain the severity of the crisis – food remained available on most markets across the country. Second, malnutrition was worst in the southern band of the country, which usually benefits from fairly good rains and is considered to be the grain basket. So the key question is: why was there more malnutrition in areas where food was most abundant? (Counts)

Ownership of livestock is even more skewed than land ownership. The problem is not a lack of livestock and crops, but a lack of funds for the poor to buy enough livestock and crops. The upper class holds almost one hundred percent of the cattle and the poorer farmers are continuing to lose their farms to those farmers who are better off. The large-scale farmers are also feeding their livestock grain, of which the fifty percent of the population in poverty would surely benefit. (Understanding Household Economy in Rural Niger) The solution is feasible and already working in other parts of the world; microloans. Muhammad Yunus, a Nobel Prize winner, founded the Grameen Bank in 1976. This bank, literally translated as the “Village Bank”, gave out small sums of money on easy terms. The bank has since been a source of inspiration for similar microcredit institutions active in 18 countries including India, China, Turkey Iraq and Nigeria, but not in Niger. The people that obtain the loans, typically under-privileged women, invest that money and when they have made enough profit, they pay back the loan. A hundred dollar Microloan is similar to a ten thousand dollar loan for the average family in the United States. The impact of these loans would be far reaching for people that typically make \$1.25 a day for a family of seven. (Grameen Bank – Facts, 2013)

Banks are typically reluctant to loan money to people without some form of security, a working farm, or to women. A bank modeled after the Grameen Bank works on the theory that even the poor can manage their own financial affairs and development given appropriate conditions. Microcredit financing involves small long-term loans on laid-back terms. In 2006, more than seven million borrowers had been granted such loans. The average amount borrowed was around 100 dollars and the repayment percentage was very high. Over ninety-five percent of the loans went to women or groups of women, as they are unable to obtain loans and credit at other banks. (Grameen Bank – Facts, 2013)

A typical family consists of a husband, wife and seven children. Infant mortality rate is ten percent, so it is likely one of their children may have died or will die before the age of 5. The husband presides over the household and if he passes, then the eldest male child would be in charge. The poorest households – ie, two-thirds of all households and nearly half of the population – cannot afford a balanced diet throughout the year. This is one of the main reasons why more than half of all children are chronically malnourished. The situation is particularly extreme in the south-central zone, where the poorest households’ total would need to at least double to enable them to afford a healthy diet. It is therefore not surprising to find such

high levels of child malnutrition. Their diet is composed of four essential ingredients: cereals, leguminous/oleaginous plants, an animal food source, and wild fruits/leaves. During the lean season, or dry season, they eat once every 24 to 36 hours. The mother of these seven kids will have it the hardest. (Counts)

In the lean season, some mothers even cap termite mounds to collect the rice they have foraged away. Mothers also have had to learn how to mix water and millet husks—food usually given to goats (which they cannot afford)—and make a sludgy drink. They learn how to gulp the bitter drink so it doesn't sit too long on their tongues. They get used to the feel of it in their stomach; it takes up space, so they can feed the real food to their 7 kids. (Hartill)

What they haven't gotten used to is *anza*. It's famine food, and only the most desperate donkeys would nibble it during normal times. The plant's fruit is so bitter and tough they have to boil it several times to even be able to smell this fruit. Then they add tobacco to soften it, but the margin of help it provides is so small, it's difficult to tell the difference. But they eat it, like most people do, when there's nothing else. (Hartill)

Historically, health insurance in Niger can be applied to a few instances: health care provided by government through a special health insurance scheme for government employees and private firms entering contracts with private health care providers. However, there are few people who qualify. In 1989 legislation made effective a list of essential drugs. The regulation was also meant to limit the manufacture and import of fake or sub-standard drugs and to curtail false advertising. Though the section on essential drugs was later amended, it is still not effective and it's very difficult for families to get medications, whether it is price or availability. (Niger Demographics Profile 2013)

Less than 30% of children will be literate, so it is more likely than not this family will have little to any education. Their farm is around 1.6 hectares (4 acres). They raise a few staple crops (mostly cereal grain), but buy most of their food. They will not have any livestock. Because they are in the lower class, all of the family that is old enough will be working most likely for another business. They will have to live on less than \$1.25 dollars a day and because they are so poor, almost all of their income will go towards the purchase of food. This will drastically affect their healthcare and living conditions. (Niger Demographics Profile 2013)

Contrary to popular belief, most rural households in Niger, and especially the poorest, do not fit the stereotypical picture of small-scale farmers who rely on their harvest and food stocks for survival. For most of the year, their food security is dependent on their capacity to buy food on the markets on a daily or weekly basis, and subsequently on the capacity to earn enough income to cover the cost of food. For all wealth groups, the household economy is characterized by a high dependency on markets and cash exchanges. As much as anything it is the sources of this cash that differentiate poorer from wealthier households. Wealthier households get cash from selling their products and from trading, while poorer households get cash mainly by working for others or providing services.

Being surrounded by millet fields is in no way a guarantee of food security and adequate nutrition. First, as mentioned above, for the poorest households, crop production as a source of food is fairly marginal. Second, the very limited and fragile purchasing power of these households does not allow them to meet their basic food needs at certain times of the year, which, combined with poor public health and sub-optimal childcare practices, makes acute malnutrition more likely. Moreover, throughout the year, the poorest households cannot afford a healthy diet (i.e., a nutritious diet that corresponds to the needs of the

different household members), although such a diet is theoretically possible on the basis of food items available locally.

Malnutrition is not evenly spread across all wealth groups. The Survey on the Causes of Malnutrition highlighted that eighty five percent of children admitted to treatment centers were from poor or very poor households, with fifty percent from very poor households. The income of households that were most affected by malnutrition was much lower than in the control group (households where there was no malnutrition). (Understanding Household Economy in Rural Niger)

The family does not make enough income, and what they do have goes directly towards the purchase of food. For this reason, they do not have enough food and lack nutrition, and cannot even consider expanding their farm. There is no funding for poor farmers and little help from the wealthy. Yunus, the founder of the microloans, wanted to "create economic and social development from below" (Grameen Bank – Facts, 2013) Grameen Bank's objective since its establishment in 1983 has been to grant poor people small loans on easy terms. This could help this family with nutrition, farm expansion and poverty. These trends are becoming more obvious as the poor continue to be bought out by the wealthy and the gap between the wealthy and poor is ever increasing.

If people were to be funded, they could not only have health care and enough food, but they could have a chance to expand their farm. That would raise revenue for the poor and smallholder farmers. If the poor class overall was raised, that would raise poverty levels and starvation. It's all a chain reaction that starts with microloans. Also, people aren't educated in the lower classes because they have to begin working at a very early age, and because the family's typically do not have the money to send them to school. If this small loan would increase their overall profits, they could afford to send their children to school, and education opens the door for many other opportunities.

Climate change will and always has affected crop production, and a dry or rainy season might make it harder for families to make enough profit to pay back the loans, but they are very lenient with how long people have to pay the loans back. For example, if the family had a very dry season and most all of their crops died, they would continue to work and live on the money made from that. The next year if they had a rainy season and their crops prospered they could pay the loan back as they had the money. Also, if they needed to take out more than one loan, they could also do that. In the north settled zone, poor households seem to lose most from the fall in crop sales. The loans could stabilize them through a bad harvest year. (Hartill)

This would benefit women to a great extent. Currently, they are not usually allowed to have control over money and farms. While social norms might prevent women from taking out loans, Households which are without a male head of the family are usually the most destitute. Loans of this nature would be a ray of hope in very uncertain circumstances. This program would be open for everyone to use.

The communities will be educated by the lender as to how they can productively make use of micro loans to enhance their sustainability, standard of living and quality of life for individual members. The national governments role would be nominally supportive so as to prevent a government controlled lending process. The objective is to create a stable bank owned by shareholders who can self-sustain and self-capitalize. UN would have a nominally supportive role of the federal government's involvement in this ultraistic capitalist enterprise. World Bank would help to establish a sound stable majority shareholder to provide education and guidance on how to take advantage of the economic and sustainability opportunities afforded by microloans.

In Niger, nearly one in every two children under five is chronically malnourished – and that's in a 'normal' year. Almost half of the population in the south of the country can't afford a balanced diet. At the same time, the economy of rural Niger is changing rapidly, and the gap between rich and poor is growing. But through all this, there comes a solution. Microloans will help the poor come out of poverty and be nourished, and help close the gap between the poor and wealthy. It will help families be able to educate their children and grow their own food. It's a solution that has worked in 18 other countries, and will work in Niger.

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