



Episode One: Inventory credit

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Synopsis

At harvest time, small-scale farmers are hoping to secure their products through inventory credit. But they are not alone. There are also a number of large-scale traders practising inventory credit, and for them, obtaining a loan seems a great deal easier...

Characters

Alhaji Bachir: large-scale village trader

Mouché Maibanki: Representative of rural microfinance institution

Parsidan: Chair of producers' union

Salmou and Déla: two women farmers

Goudou: small girl

Koudou: town crier

Modibo: union facilitator

➤ Scene 1: The trader and inventory credit

It is the end of the rainy season. The harvest has been good and there is every reason to think that farmers will have plenty of crops to store. Men and women farmers are getting ready for the inventory credit season. As well as these producers, a number of other players are present, including the representative of the rural microfinance institution.

Alhaji Bachir, a wealthy trader from the village, goes to talk to the representative of the rural microfinance institution about how the inventory credit operation will be organized.

Music: Cue in theme music. Keep for 20 seconds and crossfade.

Alhaji Bachir: *Assalama alaikoum, assalama alaikoum* Mouché Maibanki (several times).

Mouché Maibanki: *Amin alaikoum moussalam* Alhaji Bachir. To what do I owe the honour of a visit this morning?

Alhaji Bachir: To peace, just peace and a wish to do some good business with you. Look, this year the harvest has been good. We should get a lot of crops. I will be able to store a large share of my harvest through inventory credit. That will give me the chance to do some good business.

Mouché Maibanki: *(who shows a great deal of interest and reassures him)* Ah, that is good news, Alhaji Bachir! That is a good idea. You know it is always a pleasure working with you. Since you have always stored large quantities of cowpeas and millet through inventory credit, and you have your own warehouses and trucks, we have no worries with you. So there will be no problem about granting you a secured loan.

Alhaji Bachir: *Madallah, madallah (thank God, thank God)* I knew I could always count on you. We have already done good business together in the past. And we will this year too, *inch'allah*.

Sound effects: burst of laughter and friendly pats on the back as they part, each one murmuring: "The inventory credit warehouses will be nice and full. I think I will do some good business this year."

Sound effects: sound of truck leaving

➤ Scene 2: Small-scale men and women farmers

Enter: the Chair of the union, two women farmers and a man farmer, and the representative of the rural microfinance institution.

Parsidan *(addressing the group of farmers):* *Alhamdoulai*, this year things are going very well. There is a good harvest and, as in previous years, our union will be able to run the inventory credit scheme. What do you say to that, lady and gentlemen farmers?

Salmou *(woman farmer 1):* You can be sure Parsidan, our producers' organization will be at the meeting.

Dela *(woman farmer 2):* Yes, ours too. For the next inventory operation, we are planning to store our earth peas (*voandzou*), our sesame and our groundnut and cowpea seeds. The loan that Maibanqui gives us will enable us to undertake new activities that will bring us good revenues. With the credit we get, we are going to fatten some sheep and sell them during the Tabaski holiday. That's very profitable at the moment. What do you think Mouché Maibanqui?

Silence: *Mouché Maibanqui does not answer*

Dela: Maibanki, Maibanki, do you hear me? Or don't you think my idea is a good one?

Salmou: It seems, Mouché Maibanki, as if our proposals are of no interest to you...

Mouché Maibanki: Yes, yes, your union has always repaid loans with no problems. But don't forget that the volume of your production is not very large.

Dela: If you want larger quantities to store, Maibanki, we would be happy if you would agree not just to finance inventory credit for the crops we have grown during the rainy season, but also our horticulture products grown off-season.

Mouché Maibanki: That is possible, but we have seen that, because you don't have your own warehouses, each season your union has to negotiate storage premises that are scattered throughout several villages. That creates difficulties for monitoring, for most of the products that you offer, such as *voandzou* and others, need special storage conditions to protect them against insects and close monitoring to ensure that they are well maintained.

Salmou: Precisely. Regarding production in the winter season, the quantities that we store through inventory credit are of little importance. Our main objective is to keep our seeds safe, so we can be sure we can use them the next winter season.

Mouché Maibanki: You know very well that our limited resources don't allow us to deal with all the requests for loans that we receive.

Dela: But Maibanki, you are forgetting that we are the backbone of inventory credit. Remember that it was with our union that you started, when the men were selling off their harvest to leave for the towns. With the loans we are asking for, we are going to fatten sheep, as individuals and also in a group. That will strengthen solidarity within our groups.

Salmou: Of course we would also like to secure large quantities of different agricultural products through inventory credit, but we don't have the means.

Mouché Maibanki: What means are you talking about?

Parsidan: Maibanki, these women are mainly talking about land. For small-scale women farmers, access to land and agricultural inputs is very difficult. Even renting land is difficult.

Salmou: Another problem is that we make do with small plots of often not very fertile land that is made available to us by our husbands or other relatives. And in any case, we don't have enough time to work this land.

Dela: And we also have another problem – not just of accessing information, but also money to buy seed and fertilizer, which in any case we don't always know how to use properly.

Long silence; everyone reflects, and then shows surprise

Parsidan: Hmm, you are right; we won't be able to make the most of inventory credit until we have found solutions to common problems and the specific challenges facing men and women. Let's sit down and think about it. Go and fetch Koudou, the town crier.

Dela: Goudou, Goudou go and fetch Koudou the town crier, quickly. He's so lazy, you can be sure he won't have left for the fields.

Goudou: I'll go straight away Mummy.

Sound of the little girl's footsteps running off, and, a few seconds later, sound of the town crier arriving

Koudou: *Salama alaikoum* Parsidan, you asked me to come. I always run when you call me. I know it will be something important.

Koudou: Yes Koudou, call all the men and women farmers to a general meeting, here in front of our inventory credit warehouse. Tell them it's very important. *(turns towards the banker)* Maibanki, you must be there to explain to everyone how inventory credit works. Naturally, the union's facilitator will also be present.

Sound of tamtam moving off and voice of griot calling farmers to the meeting.

➤ **Scene 3: The union meeting**

A general meeting of all the farmers, in the presence of the representative of the microfinance institution and the union facilitator.

Crowd noise with «Salama alaikoum» exchanges between many people arriving to take part in the meeting

Parsidan: *(Following the customary greetings)* Thank you farmers from the union for sparing the time to attend this meeting when we are all busy with the harvest. Ladies and gentlemen, this year promises to be a favourable one and, if God wills it, the harvest will be good. So we should be starting to think about organizing inventory credit. In the past, we have always sold off our crops to meet our most pressing needs. We found ourselves in poverty. With no seed and no fertilizer, we were forced to run up debts with traders to

buy these things. And at what a price! We have a chance to find a way out of this situation by practising inventory credit. That is why I have asked Mouché Mabanki and Modibo, our union facilitator, to come here and help us to understand the whole inventory credit process, so that we can take full advantage of it.

Calls from the meeting, approving the initiative. After expressing his thanks, the Chair of the union gives the floor to the union facilitator (Modibo)

Modibo: First of all, I am going to remind you that inventory credit was introduced in Niger to help small-scale men and women farmers, through their producers' organizations, to take advantage of cash in the form of loans to support their needs or to develop some income-generating activity straight after harvest. That way, they can wait to market their agricultural products at a later date, so they will get a better price. You know that during harvest time, prices are very low, while during the lean season, these prices increase significantly.

A participant: *(interrupting the Chair)* Indeed Parsidan, we have many needs at harvest time: school fees and weddings for our children, travel expenses for going to Abidjan etc.

Parsidan: You are quite right. And as I said, during the lean season, everything is difficult. The idea behind inventory credit is that men and women deposit a share of their crops as security at harvest time. That way, they receive a loan to help them meet the immediate needs that you have just spoken about, and also to enable them to start an income-generating activity.

Another participant: *(interrupting the Chair)* So, they don't give us all the money when we deposit our products?

Parsidan: No, the product is kept in secured warehouses. When the lean season starts and the loan has been repaid, the warehouses are opened and the beneficiaries of inventory credit take back their products. These crops can be sold at market or conserved as seed or as food for the family. In this way, the men and women farmers can again satisfy their basic needs.

A participant *(who first asks to speak):* That's really useful for farmers, especially during the lean season. But apart from taking advantage of a loan, are there any other benefits to inventory credit?

Parsidan: *(passing the floor to the union facilitator):* These people want to know everything. Can you give them the information they need?

Modibo: Of course. I'm going to begin by asking them a question. If you do inventory credit, do you need to go and run up debts with traders to buy inputs during the agricultural season? The answer is no. Inventory credit frees you from the clutches of speculators and money-lenders. You have the money to buy fertilizer and seed at the right time.

And many of you know that using fertilizer allows you to improve the fertility of your soils and hence to increase the productivity of your fields. The only thing is, that to undertake an inventory credit operation, you need to plan it. To begin with, you have to identify the needs of members of producers' organizations, declare the producers' organizations intentions of carrying out inventory credit to the microfinance institutions, prepare the warehouses for storage, collect the products to be secured and then organize their storage.

When the loan is granted, the PO distributes it pro rata, based on the quantities of products deposited by each beneficiary. During the entire time that the products are stored, it is important to monitor the warehouse constantly; later, the loan repayments must be followed closely, to make sure that all the loans are repaid so that the destocking process can proceed without difficulties. For the money side of things, I will let Maibanki explain that to you.

Maibanki: In any operation, you must have rules and fair practices. First of all, you need to have a stock of agricultural products that can be secured as inventory credit, such as millet, sorghum, maize, cowpeas, rice, groundnuts, gumbo, sesame etc., as well as warehouses in a good state of repair.

Next, you need to respect the meeting's decisions on the types of products to store as inventory credit – the quality, quantity and the time limit for mobilizing the stock. When the products are deposited for storage, it is important that the stock of each farmer is clearly identified, with their name written on the sacks.

It is crucial that the producers' organization accepts the principle of the double padlock. When we grant credit to the producers' organization, we restrict the amount to 80% of the stock value at harvest time, so as to ensure total repayment of the loan, without any problems. Your producers' organization will also have to start a system of collecting contributions from members who are taking part, based pro rata on the quantities deposited, so it can pay the costs linked to an inventory credit operation, such as building a dossier, maintaining the warehouse and the stock, training etc. Income-generating activities will need to be carried out in order to pay back the loan. There Mr. Parsidan. I think I have covered the main points.

Sound effects: *Applause and cries from the crowd, as men and women farmers declare their intention to deposit large quantities of agricultural products through inventory credit, so as to obtain loans that will enable them to meet their urgent needs, then prepare for the next farming season, by buying improved seeds and fertilizer.*

Music: *Cue in theme music. Keep for 20 seconds and crossfade.*

End of Episode One

