PN-AAW-504
48527

SOCIOECONOMIC

R E P O R T

on

SHELTER SECTOR PLANNING PROJECT

NIGER

Prepared for

Service Central de l'Habitat

Direction de l'Urbanisme

et de la construction

Ministère des Travaux Publics

des Transports et de l'Urbanisme

and

Office of Housing

Agency for International Development

Prepared by

Sonia Hammam

NATIONAL SAVINGS AND LOAN LEAGUE

Washington, D.C.

April, 1981

TABLE OF CONTENTS

ANNEXES

I. INTRODUCTION

In focusing on housing needs in Niger there is a need to define and differentiate the population for which assistance can be designed. Conventional analysis of need, based on housing attributes regarded as adequate in terms of space and services, usually attempts to set standards which implicitly reflect factors that do not take into consideration income constraints, particularly those of a significant portion of the urban population. An alternative and more tractable approach to determining housing need is to start the analysis on the basis of what is affordable. The advantage of such an approach is that housing strategies based on estimates of effective demand do not require distortions in the expenditure patterns of the poor, or concommittant high levels of subsidy of the housing sector by national resources in economies where there is a competition for those scarce resources among a variety of development priorities, as is the case in Niger.

II. TARGET POPULATION

A. Income, Employment and Expenditures

Data on income distribution is, however, notably lacking and is limited to a 1972 survey by CONSASS on income earners in Niamey. According to the results of this survey, approximately half of the income earners accounted for 17 percent of the income generated in the city. Median income per employed person was approximately 10,000 CFAF per month or 63 percent of the monthly average of 18,000 CFAF. If we assume an average of 1.5 - 2 income earners per household, median household income in 1972 would have been approximately 15,000 CFAF to 20,000 CFAF per month. This assumption appears valid on the basis of the original survey which enumerated 27,000 income earners out of a total population of 100,000 or 16,000 households given an average household size of 6.3 persons. The factor for income earners per household is, if anything, likely to be conservative since the survey dealt mainly with regular income earning opportunities.

If we assume that income has kept up with inflation in the past 8 years, median household income can be estimated in 1981 at between 35,369 and 47,159 CFAF. These estimates will have to be verified through income surveys but seem to be reasonable data with which to work. They represent household income levels at almost double the present minimum wage of 17,181 CFAF per month. Since this minimum wage pertains to formal sector employment, representing 52 percent of the work force and average wages in the informal sector appear to be about half the average wage in the formal sector, the ranges of income suggested by this estimate would cover the majority of the urban poor households made up of migrants. Their absorption in the labor market in urban centers has come through informal sector employment.

The population with incomes below this level is an estimated 57,267 households, the majority of whom are migrants. At the 25th percentile, income levels are about half the median level or between 17,000 and 24,000 CFAF, if we assume that the structure of the distribution of income found in 1972 still prevails. These approximately 28,634 households are likely to be headed by labourers in various occupational sectors but particularly artisanal enterprises and services, petty traders and farmers working for their own account, as well as a proportion of entrepreneurs in the service sector. Thus, the majority of the poor are engaged in informal sector occupations either as labourers or as independent small scale entrepreneurs in commerce and services. This is not to imply that incomes are uniformly low in this sector for at least half of the independent artisan and service entrepreneurs earned incomes above the median level, according to the 1972 CONSASS survey.

Preliminary findings suggest that expenditures in housing have increased considerably in the last 8 years. The CONSASS survey reported rental rates of between 500 CFAF and 1000 CFAF per room in 1972. Given that the majority of the dwelling units consisted of one room and verandah, we can assume that these rates covered total rental expenditure per household, thus accounting for between 3 to 6 percent of income for those at the median level and at least 12 percent of income for the poorest quarter of households in Niamey.

While no thorough survey of rental rates has been attempted recently, inquiries made in various quarters of Niamey, as well as newspaper reports, suggest that poor households pay rents ranging from 3000 CFAF to 5000 depending primarily on location and facilities. This represents between 8 - 12 percent of present median income levels and a considerably greater share for those whose incomes are below the median level. The share of expenditures on housing thus seems to fall within the range found in other Sahelian countries such as Upper Volta where the share of housing expenditures is 15 percent of average income among the poorest one-third of urban households.

In addition to expenditure on rents which affects at least half the total number of rooms available in Niamey, poor households also spend a considerable share of their income on potable water. Water purchased from vendors at a bare minimum consumption level of 18 liters per capita per day, can cost the average household at least 2,250 CFAF per month and up to 5,500 CFAF per month or as much as total rental expenditures. Thus on a monthly basis, shelter expenditures - excluding cost of fuel for lighting and cooking, can be estimated at an average of 16-24 percent of the median income level.

B. Shelter Purchase Financing

The present estimated income levels should in principle allow households at the median level to afford units constructed in banco if financing were available. The cost of a simple unit in banco in Niamey has been established by SCH at a total of 630,000 CFAF. This represents about 15 months worth of income and would require savings for several years in advance without access to financing. Presently, the only financing available through the Credit du Niger provides access on limited terms of a 10 percent downpayment, a 90 percent loan amortized over 4 years at 8.5 percent annual interest to salaried individuals. These terms translate into a third of income being devoted to housing expenditures for those at the 50th percentile of the income distribution with monthly payments of 13,975 CFAF to amortize simple construction of a banco unit. While salaried individuals may theoretically be able to afford such a level of debt on a regular monthly basis, the terms are restrictive since the majority of the poor population is not employed in the formal sector. Incomes earned in the informal sector make such a credit policy impracticable since they vary considerably from month to month.

It is therefore worth noting that if credit terms were lengthened to 10 years, only 20 percent of income would be required to amortize a similar size loan. This level of expenditure is within the range of presently estimated shelter expenditures of households that are both renting and purchasing water.

Present Credit du Niger terms, however, limit the number of years to only four for loans on banco construction. Review of such terms would seem to be advisable in order to make access to financing available.

The financing most widely available is credit that is informally obtained through family and friends or moneylenders. The latter source is extremely expensive and also quite short-term. It is likely that the short-term, high-cost nature of credit when used for construction of rental units is in part reflected in the price of such units.

A capacity for self-financing is evident in the fact that most units are built by families over a period of years as resources become available. Furthermore, the recent survey conducted by SCH noted that the principal means envisaged by households wishing to add to their units is their own personal savings. This is true of the economies of most West African societies where self-financing is the prime source of capital both for housing construction and small-scale enterprises in the informal sector. These resources are not tapped in an organized fashion despite the fact that studies of this informal sector of the urban economy in various West African cities at a similar stage of development have repeatedly demonstrated that a significant amount of resources are generated by households and enterprises outside the formal economic channels of banks.

Evidence that resources do exist for housing is found in the amount of expenditures noted above for rental and water purchases. These are at a level that could provide a better consumption level of shelter services if mechanisms were available to channel them more directly. This is particularly true of expenditures on water which represent an untapped resource, which is lost to the formal distribution system upon which most households depend indirectly.

Household connection costs which average between 50,000 CFAF and 100,000 CFAF limit access to them because the charge must be paid upon installation.

C. Living Conditions of the Urban Poor

1. Location

The data available to SCH suggests that the urban settlements can be classified into the following five basic types:

Type I - Traditional village settlements which have changed and been absorbed as the city has expanded. These include Gaouey, Gamkally, Yantala and Goudel.

Type II - Traditional settlements which have been subdivided prior to 1960. These include most of the central city areas of Zongo, Mission, Kabeikoira Kallé, Banizoumbou.

Type III - New Traditional subdivisions dating from 1960 Sabongari, Nouveau Marché, Abidjan, Aviation and Taladje which while officially subdivided include some spontaneous settlements around such areas as Aviation and Taladje.

<u>Type IV</u> - Modern Residential zones with concrete block construction. Plateau. Niamey Bas.

<u>Type VI</u> - Spontaneous peripheral settlements such as Foulani-Kuara, parts of Lazaret and Boukoki.

The majority of the poor can be found in Type I and VI settlements, as well as a few of the newer subdivisions such as Aviation and Talladje. Incomes in these areas represented 60 percent of the 1972 annual average income of 54,000 CFAF per capita and were as low as 23,000 CFAF or 42.6 percent in Aviation.

Incomes in Type II settlements ran at about 85 percent of the average for the city. These older, more centrally located type settlements have been the major reception areas for migrants, according to the data available. An estimated one out of every two migrants between 1957-1971, settled in the central city areas. Their economic base and integration, however, has kept incomes relatively higher than those found in older village settlements and squatters areas as well as some of the new structured zones in peripheral areas

To a significant extent, location determines income earning opportunities. The majority of the residents of Type I older traditional village settlements and the more peripheral areas, according to the SCH 1980 survey, tend to work outside these areas. The only exception to this is Foulanikwara which has a highly localized economy depending primarily on the herding of animals. Transportation costs averaging 100 CFAF per ride in a taxi and 50 CFAF on the bus routes, or a monthly expense of 4000 to 8000 CFAF (10 to 20 percent of the median income of a household) compound the problem of distances from the main employment centers-which are so heavily concentrated in the center.

This problem is likely to increase in scope as the city continues to expand in size.

2. Settlement and Tenure Patterns

Densities in the city of Niamey are still relatively low. According to the CONSASS survey, overall density was only 135 persons per hectar. These patterns are partly the result of the traditional settlement patterns of large lots and compounds grouping several related families. However, evidence suggesting that the maintenance of this traditional settlement pattern is more apparent than real, shows that about 50 percent of the rooms in Niamey were occupied by tenants rather than owners. In 1972 one of every four compounds was rented out in its entirety. This proportion has increased as more recent data from the 1980 SCH survey suggest that at least one-third of the compounds are not occupied by their owners. Rental has become the more common form of access to housing due to increasing costs of construction and difficulty in gaining access to land through legal subdivisions. Squatting tends to be a relatively uncommon problem, since even land which is not legally occupied is generally purchased informally from "owners." The cost of informally acquired land is often double that acquired formally. Therefore, the poor have to seek it in the more peripheral areas for it to be affordable to them.

Rental of units has also become a highly lucrative enterprise and, therefore, subdivision of the old traditional compounds to house tenants has become common. The CONSASS survey noted the phenomenon of the break-up of traditional family centered compounds and their occupation by unrelated households. While this evolution has been one of the principal means through which the poor have been supplied with housing, it has also had its costs. Compounds -- particularly those which are rented in their entirety -- are rarely maintained by the owner and there is a tendency to increase the amount of built-up-space in order to increase earnings from rental. The multi-functional courtyard is therefore considerably reduced and the private spaces are also reduced. Room densities of 1.7 persons per room have at the same time shown a considerable increase even though they have yet to reveal significant overcrowding with the exception of certain areas such as Foulonikwara with 2.9 persons per room.

While no data exists to differentiate the densities under which poor tenant households live, visits to various quarters and accounts in newspapers, suggest that overcrowding particularly in terms of the number of households per compound and the number of persons per room is likely to be more of a problem for tenant rather than owner-occupied compounds.

3. Access to Services.

According to the recent survey conducted by SCH in 1980, the majority of the households in Niamey live in compounds which have no internal water connections. Only 30 percent of the compounds surveyed had water connections, with the majority of these located in the central city districts and the residential zones. In the traditional village settlements of Gamkalle, Yantala and Goudel only 17 percent of the compounds had direct access to water, while 59.1 percent of the households interviewed in Goudel used the river to get water. Wells are still in use in these three settlements, serving 22.2 percent of the households interviewed in Yantala, and about 4 percent of the households in each of the other two settlements. The alternative source of water for households without wells or internal connections is private purchase of water from neighbors with access to water, or from the water sellers who also purchase their water from private households, or from the public fountains. Only one fountain is available however, in each of Goudel and Gamkalle, and there is no fountain in Yantala. Thus, it is the limited number of households with connections who act as the main suppliers for other households and water sellers. In the peripheral zones, access to either water connections or public fountains is even more limited. Foulanikwara has neither public fountains nor water lines. Ninety-three percent of the paillote dwellers there use wells, while 7 percent purchase their water from sellers.

Similarly, other poor peripheral settlements such as Bcukoki, Taladje Lazaret and the newer extensions of the "rive droite" depend primarily on well water for their supply.

Quite apart from the differential access to water services, there is a significant differential in the pricing of this service. Nigelec charges 75 CFAF per m^3 to the 9000 households with their own indoor connections. At this price, Nigelec makes a small profit of about 10 CFAF per m^3 which in turn is used to subsidize the losses incurred from sale of water below the cost of production in other towns. To the individual consumer in Niamey, however, the water prices charged by Nigelec are the cheapest available rates. For those households who are not close to a public fountain the price ranges from a minimum of 250 CFAF per m^3 if purchased from neighbors to as much as 1,250 CFAF per m^3 in peripheral areas on the Rive Droite. Thus, the poor end up paying a much higher price for a commodity of a lower quality than that available to the richer households.

The differential in pricing does not seem to be the prime cause of generally low consumption levels of 20 liters per capita per day. According to the GKW survey in Maradi and Niamey, consumption is not a function of the type of access to water supply but is culturally conditioned. However, the differential in pricing has a direct effect on household welfare because it imposes the greatest burden on those who are least able to afford it. Alleviation of this burden through increased access to the cheaper publicly provided water supply system, through an increase of public fountains, would allow those households to realize considerable cost reductions and increased benefits.

The constraint imposed by limited and costly access to water affects the ability of houses to increase their consumption of other necessities. It directly affects the ability of those households in peripheral zones to proceed with construction of their units, and increases their cost of construction since water must be transported over a long distance. The burden imposed by water charges is likely to affect other types of expenditures which would increase the welfare of the individual household.

As has been noted above, poor households spend the equivalent of the total private connection cost over a period of 10 to 20 months, through their monthly payment on water purchases from vendors ranging from 2,500 to 5000 CFAF. This strongly suggests that they would be able to afford payment for a connection if they had access to financing terms over a short period of time.

Densities

As has been noted above, densities in Niamey are still comparatively low partly as a result of traditional settlement patterns. Public policy has also been responsible for keeping overall figures for densities quite low, through the extension of city limits and provision of standard lots of 600 m^2.

It is worth noting that even with the extension of the city's boundaries, the population has continued to grow significantly within the areas closer to employment and with better access to services in the center of the city. This trend of greater demand in those areas is reflected in the higher rents and land prices within those areas. It suggests that certain trade-offs are being exercised regarding the values placed on location, large plot sizes, and services. Given that average plot sizes in 1970 were reported to be 150 m^2 in Kallé or one fourth of the standard, one might assume that reduction in space is acceptable to the population when coupled with greater access to services.

These preferences need to be investigated somewhat more deeply since they have a direct bearing on public policy. This policy has been very mindful of the traditional patterns of living in large compounds and sought to accommodate it. The effect, however, of continuing to provide subdivisions in this fashion will be unmanageable physical not just demographic growth of the city. Additionally, the cost of the provision of public services over such a great expansion of the city's physical size will assure continued limited access to services.

REPUBLIC OF NIGER
INVESTMENT REQUIRED TO QUALIFY FOR OWNERSHIP OF A SIMPLE BANCO UNIT
(CFA Francs)

A. LAND AND CONSTRUCTION PERMIT

1.	600 m^2 lot in a traditional zone	75,000
2.	Title recording @ 16%	12,000
3.	Stamp-duty (5 copies-5 pages @ 500F)	12,500
4.	Technical documents	5,000
5.	Construction permit	5,000
		109,500F

B. CONSTRUCTION

1.	Fencing on 2 sides - 3600 F X 50m	108,000
2.	50 m^2 - two rooms and veranda @ 800F/m^2	400,000
3.	Well or water supply	50,000
4.	No electricity	-
		630,000F

C. CREDIT DU NIGER LOAN

Conditions:
- Must be salaried
- The term of the loan is limited to 4 years (Banco)
- The monthly payment cannot exceed a third of the salary
- 10% downpayment
- 8.5% p.a. interest

1.	10% downpayment	63,000F
2.	Loan at 8.5% p.a.	567,000F
3.	48 monthly payments at 13.975F	670,800F
4.	Monthly salary needed	41,925F

SUMMARY

1.	Downpayment land and building permits	172,500F
2.	Monthly payments = 48 @ 13.975F	670,800F

15

NIGER:

INFORMAL FINANCIAL CIRCUITS

This report attempts to bring together information gathered through selected interviews with secondary sources on the operations of the informal credit and savings mechanisms in Niamey. The existence of informal credit circuits is both widely known and vehemently denied. The information gathered was therefore difficult to verify from as many sources as would have been desirable, since not only are known moneylenders shy about discussing their operations, but known borrowers universally deny having sought credit. Bearing this limitation in mind, the following report merely attempts to identify some of the credit circuits available to individuals without in any way being an exhaustive inventory.

A. THE RUDIMENTARY PRIVATE CREDIT MARKET

This is probably the most widely used source of borrowed funds. Transactions within this market depend upon obligations of kinship and friendship. As a rule, the loans involve small, totally unsecured sums which are extended over a very short period at no interest.

The majority of the borrowers are households with emergency cash needs, or cash to tide them over until payday, as well as small businesses and productive enterprises in need of start-up or working capital.

While the extension of this form of credit depends upon social obligations and widely acknowledged principles of mutual assistance, it should not be assumed that these values have not undergone some transformation within the urban context. According to informants, "friends" or colleagues working within the same departments who are known to be economically better off than their colleagues--due to their access to supplementary sources of income--are not averse to charging interest on loans. The interest quoted on a loan among co-workers for CFAF10,000 (US$50) payable by the end of the month was 100 percent. The high rate of interest is intended to discourage the number of demands for credit. Collection of this type of loan is usually secured among salaried employees by a postdated check made payable on payday, or more indirectly by special arrangement with the accountant responsible for disbursing checks.

While the example of charging 100 percent interest may be more the exception than the rule among "friends," it is often difficult to distinquish between friends and moneylenders, since even the commercial curb-market operates on the basis of personal knowledge and friendship. Thus while most studies of informal market enterprises note friends and relatives as the most important sources of external credit, there seems to be some reason to question the common assumption that such funds are always obtained at no cost to the borrower. Interest, when charged, is not unlike that provided by professional moneylenders and is highest for small unsecured sums (CFAF10,000-50,000, or US$50-250). The agreements very likely are verbal, though promissory notes are sometimes demanded noting the full loan (principal and interest) and time when it is due. No distinction is made on these promissory notes between the actual sum borrowed and the actual sum repaid. The loan amount is quoted as the principal and interest without being broken down into those two components.

Most family members feel an obligation not to refuse the demands of needy relatives for loans and assistance. Providing such assistance when it involves large sums carries some obligation for both lenders and borrowers. The lender may feel compelled to assist a relative with a large loan and is unlikely to demand any interest on it and, at times, may even treat it as a gift.

However, the obligation of the borrower involves some form of symbolic repayment. In the case where the money is to be used to start up a productive or commercial enterprise, such symbolic repayments in kind and in cash are assumed in perpetuity. The debt is never settled even though the initial capital invested may have actually been fully repaid in cash and kind. There is no time limit set for continuing to repay either in cash or in kind, nor any record of reimbursement. An example of this is a CFAF300,000 (US$1,500) loan extended to a relative towards the price of a taxi. The principal was forgiven as a gift and the only terms set were that contributions from profits were to be occasionally paid to the lender, who also had access to the vehicle. Over time the symbolic occasional payments as well as services actually more than paid for the original CFAF300,000 "gift."

B. MERCHANT CREDIT

Credit extended by merchants to consumers for goods purchased is reportedly widespread, particularly for such items as food and clothing. This form of credit involves a markup of anywhere from 35 to 100 percent depending upon both the item being purchased and the nature of the relationship between the merchant and client. Clothing, which represents about 10 percent of average family expenditure, when bought on credit is more than likely to carry a surcharge of 100 percent. Thus a civil servant buying a boubou for Tabaski on credit reported being charged CFAF30,000 (US$150) payable at the end of the month instead of the CFAF15,000 (US$75) cash price. Similarly, purchase of pagnes on credit cost CFAF20,000 payable over a period of 4 months instead of the CFAF10,000 cash price.

The risk of nonpayment in these instances is reportedly high, particularly for items which are not necessities. However, the merchant's risk is more likely to be on the interest demanded rather than on the principal. Some merchants therefore demand postdated checks for the full sum (principal and interest) as proof of an obligation to repay. These, apart from personal knowledge and the customers' need to maintain a line of credit with a merchant, represent the only security to the merchant.

In the cases where merchants extend cash loans the guarantees required are also likely to take the form of a series of postdated checks. The interest demanded bears an inverse relationship to the size of the loan, period of repayment, and type of security offered. Large sums, over CFAF100,000 (US$5,000), guaranteed by a cosigner, property, or goods, carry a smaller interest rate (reportedly 35-50 percent) than do small unsecured loans. Access to such amounts is, however, limited because of the guarantees required. The reason the borrower chooses to obtain credit informally and pay the higher informal rate of credit is that he is more likely to get the loan processed faster and more confidentially than if he were to offer the same securities to a bank.

Merchants as lenders to poorer households are not likely to provide credit in the form of cash. Instead, they will allow individuals to obtain goods which in turn are sold below cost in order to raise the money quickly. The borrower repays this loan at the full cost of the goods plus an additional interest charge as though he'd purchased them on credit. An example of this sort of credit transaction can be demonstrated in the purchase of a ton of cement with a sales price of CFAF35,000 (US$1,750). An individual in need of a CFAF20,000 (US$1,000) loan will buy the cement on credit for CFAF40,000 to 50,000 (US$2,000-2,500) and sell it at a loss for CFAF20,000 (US$1,000) to obtain the cash needed. The effective interest on this type of loan is as high as 100 to 125 percent. At times, the merchant "purchases" the goods back at the discounted price so that the same ton of cement can be "sold" to a variety of customers or borrowers, on credit. All such credit is very short term, and is rarely available for more than four to six months. This form of selling at a loss is used not only by households in need of cash but also by small-scale entrepreneurs without access to the banks and therefore dependent upon a line of credit from suppliers. Certain materials acquired on credit from suppliers are not always used for production. Instead they are often resold at a loss to raise cash needed for other inputs for which credit is not easily available from suppliers.

C. MONEYLENDERS AND BROKERS

Apart from the small-scale moneylenders who reportedly exist in various agencies lending out their own funds to colleagues, more organized credit brokers using their own and other traders' funds operate on a large scale. Loans of up to CFAF500,000 (US$2,500) are reportedly available from these sources to individuals in need of cash for investment purposes. The organized moneylenders require more formal guarantees; titles to land are not uncommon types of security. Interest charged by these lenders could reportedly go as high as 100 percent, but on most loans reported the interest ranged from 25-35 percent. The capital available for these activities seems to be fairly sizeable as some of the credit on large sums was, according to informants, available for 2 to 5 years. This type of credit is normally made available to entrepreneurs who have some productive or commercial enterprise. Only one case was reported of an individual receiving a loan (CFAF1,500,000, or US$75,000, for a period of 1-1/2 years at 35 percent interest) to complete construction of his house. It should be noted that rental of the house to expatriates would guarantee full repayment of the loan within a period of 10 to 12 months. However, construction of individual houses is normally viewed as an uninteresting investment to these lenders, for returns are faster and more certain in other commercial activities.

Other types of credit brokers specialize in funds raised through the sale of land and livestock to raise cash. Given the value of land within

Niamey, informal sales are normally undertaken because the owner needs to raise cash quickly and does not have access to other types of credit. Land-brokers are in the business of finding suitable customers with the required cash for the landowner. The charge for this service is 5 percent of the total sale value. While the fee used to be as high as 10 percent, increasing land values and competition among land-agents have had the effect of reducing the fee. Land-agents have a volume of business which reportedly brings in an average of CFAF275,000 (US$1,375) per month in fees for arranging to provide for the cash needs of individual landowners.

Livestock, which often forms part of the poorer households' "savings," is also sold during Tabaski through arrangements with the diwalli, the traditional brokers for the trade in livestock. The fees collected range from 5 to 10 percent of the sales values. Both of these types of brokers may in turn act as moneylenders since the volume of their business ensures them a large and steady source of capital.

D. SAVINGS

1. Tontines

A traditional method of obtaining credit needed to purchase goods or undertake a productive enterprise is the tontine. In Niamey, the tontines reportedly operate in the classic fashion of a group of individuals who are known to each other making an equal contribution on a monthly or weekly basis and taking turns in acquiring access to the aggregate deposits of the group. The principle behind forming or joining a tontine is forced savings. This, according to informants who were knowledgeable about savings institutions, has the advantage over using the formal system because the individual does not have access to the amount saved until he or she receives his/her turn so the temptation to withdraw the funds periodically cannot be easily given into. If, however, the individual saver needs to obtain the money before his or her turn comes up, he/she may arrange to exchange places in the cycle with the person who is scheduled to get the fund. Such transactions rarely involve any payments for gaining access to the fund out of turn.

The obligation to other members in the group is strongly felt and forces setting aside enough money to cover the required monthly contribution. Participants in these associations believe that this peer group pressure enables them to save more than they would on their own.

On the basis of information gathered, the savings target usually represents a sizeable proportion of monthly income--reportedly one-third or more--so that during the course of the tontine the households reduce other consumption expenditures. The savings, however, is almost always undertaken in order to finance a specific project or purchase a specific item. Once the individual has received his or her turn, the money is used to acquire goods or working capital--particularly in the case of market women--or towards the purchase of a taxi to bring in income. A variety of needs are met through this forced savings mechanism. A group of teachers whose income did not qualify them for an adequate amount of formal construction credit reported that the tontines were their only means to accumulate sufficient funds to invest in materials and towards the purchase of land. They also recognized the limitations of savings accumulation through the _tontines_ over gaining access to formal credit which would allow them to build their housing units faster.

The duration of the _tontines_ varies with the number of people involved and normally ends after all members have received their turn. In such cases the preferred number is 10 to 12 members, so that the credit received by all members but the last person in the cycle will become available in less than a year's time. However, _tontines_ with as many as 30 members are also known to exist and are used to pool funds for productive investments.

The reported size of the groups among market women is also large. Their deposits are made daily to one of the members selected to act as the banker for the group. The "pot" is then divided at the end of each week. It represents pure savings with access to credit, amounting to the full week's contribution, if needed, during the course of the week.

The individual responsible for collecting funds reportedly does not receive any compensation for his or her services. He or she may, however, gain the advantage of being the first in the cycle of rotation. The risks of default are reportedly low since these groups are largely self-selected and are in daily contact with one another.

2. _Commerce_

Another form of informal "savings" which largely escapes enumeration in surveys is the undertaking of a small commerce on the side, with the purpose of using the profits for specific projects. Access to a supply of goods--whether they be agricultural or manufactured goods or raw materials--that can be used to raise cash in time of need is looked upon as part of the normal process of managing a household economy. Thus one informant, when asked what other possible avenue for savings existed informally apart from the _tontines_, immediately replied "commerce."

Urban households with access to farm produce from relatives in rural areas will attempt to sell these at a profit. These activities do not constitute a steady secondary stream of income, but are engaged in to _débrouiller_ and raise cash for specific projects or the purchase of certain items, just as in the case of saving through the _tontines_.

The use of this method of savings depends upon access to either farm goods or items purchased at a discount from those in need of quick cash. These in turn are resold with a markup in price in order to earn interest. The prevalence of such occasional savings activities may help explain why current income, even when it includes the multiple sources of contributions from various household members, fails to account for the capacity of households to self-finance projects, including the construction of housing. Sometimes, this irregular commerce is undertaken with the specific intention of contributing all earnings to _tontines_ so that a large sum of money is made available when needed without interfering with the regular stream of household current income.