

Seasonal hunger, microfinance and public policies

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ACCORDING to the latest ranking by the Global Hunger Index, the countries where hunger is most rife include India, Pakistan and Bangladesh alongside countries in sub-Saharan Africa (The Economist, October 16). This index combines data on malnourishment, underweight children and child mortality.

Although South Asia has been making rapid progress in reducing the extent of hunger since the early 1990s, its persistent poor ranking in the Hunger Index, particularly in the case of India and Bangladesh, is because of the disproportionately large incidence of child malnutrition. This may be in part due to the negligence of households regarding children's food needs; but seasonal food deprivation that particularly affects child nutrition may also be a contributing factor.

Seasonal hunger once featured prominently in the poverty literature, but has of late received much less attention. The glare and shine of the newly found apparent economic prosperity in parts of the developing world, including urban India and China, may be responsible for this detraction. Yet, it is likely that just as the problem of extreme poverty and food insecurity remains persistent in large parts of the developing world, so do its seasonal dimensions. In fact, it appears reasonable to argue that most of the world's acute hunger and under-nutrition occurs in the annual "hunger season," the time of year when the previous year's harvest stocks have dwindled, food prices are high, wages are low and jobs are scarce, and the poor people are left with very little "food entitlement" in terms of income, savings, carry-over of food stocks or access to credit. No wonder, seasonal hunger has also been aptly

called the "father of famine."

Seasonal food insecurity is a common feature of livelihoods in rural Bangladesh, although not captured by the official poverty numbers that are based on annualised estimates. However, over the years, the intensity of seasonal poverty has been reduced due to several factors: the increasing importance of irrigated winter rice that reduced the seasonality in rice prices and agricultural employment; the growth of year-round employment opportunities in rural non-farm activities; and the reduction in poverty generally.

In Bangladesh, seasonal hunger in its most acute form is observed in the greater Rangpur region, where it is locally known as munga. Rangpur is well-known in the famine literature; it was among the worst-hit districts in the Great Bengal Famine of 1942-44 and was literally the epicentre of the 1974 famine in Bangladesh.

The region is both economically depressed and ecologically vulnerable: it is prone to river erosion and frequent floods, crop yields are low, infrastructure is poor, landlessness among households is high, agricultural wages are low, and there is very little employment opportunities outside agriculture. It seems that households in Rangpur are trapped by economic geography where livelihoods opportunities are limited, vulnerable to natural disasters and tied to seasonal crop cycles.

The full extent of seasonal hunger in the Rangpur region was revealed by a baseline household census administered by the Institute of Microfinance (InM) in 2006 to generate information about all poor rural households in the region. (InM is a sister organisation of PKSF, the country's only wholesale microfinance lending institution.) Information is available from this survey for nearly half a million households, which were classified as poor

on the basis of monthly income and landownership and which constituted about 60% of all rural households in the region.

The findings showed that nearly half of the households surveyed were subjected to year-round food deprivation in the form of skipping a meal or two on some days. But, the proportion of households which faced the most severe form of hunger, that is, no meals on some days, went up from less than 10% in the non-munga season to a staggering 50% in the munga season. That also means that almost all the households suffered from some degree of hunger in the munga season, which is the period from September to November.



In order to alleviate seasonal hunger, poor households are often forced to take desperate measures, which may put them at further disadvantage in the longer run. Some 16% of the households in the InM survey resorted to sale of assets or advance sale of labour and crops during the munga season, while 12% took loans from informal sources including traditional moneylenders.

More than a third of the households adopted seasonal labour migration as a munga-coping strategy. The government's social safety net programmes can act as a kind of social insurance against seasonal poverty, but only about 10% of the surveyed households were found to have received some support during the

munga season under these programmes.

About a third of the poor households in the Rangpur region were found to be members of the microcredit programmes in 2006. This was a low rate of participation compared to other regions in Bangladesh, and confirms the view that the ultra-poor households as well as the regional pockets of extreme poverty are bypassed by the regular microcredit programmes. However, as the munga phenomenon has recently come into public policy discourses and has been recognised as a problem deserving special attention, a number of policy initiatives have been undertaken. As part of this, during 2006-07, PKSF introduced the



so-called Programme Initiatives for Munga Eradication (PRIME).

PRIME's objective is to deal exclusively with the ultra-poor who are highly vulnerable to seasonal poverty in the Rangpur region. It has several features that distinguishes it from regular microcredit programmes: interest rates are relatively low, repayment is on more flexible terms, loans can be used for consumption in case of emergency, no fixed savings or weekly meetings are stipulated, and loans are often combined with other benefits like skill training, provision of health services, facilitation of migration, and cash for work in infrastructure development during the munga season. This, of course, involves some subsidies, such as

provision of grants and loans on easier terms by PKSF to its partner microfinance institutions (MFIs) and probably also cross-subsidisation by the MFIs themselves between PRIME and their regular microcredit programmes.

In terms of mobilisation of the ultra-poor into microcredit, PRIME has been a success. Within less than two years since its initiation, some 62% of the poor households in the Rangpur region were found to participate in some form of microfinance; of these, about 30% were PRIME participants. These estimates are from a follow-up survey of a sub-sample of the households in InM's 2006 baseline survey.

A careful analysis of the data from the follow-up survey suggests that PRIME is more effective, compared to regular microcredit, in reducing the risk of starvation during the munga season. (These results are reported in a number of forthcoming academic papers in international journals.) While it is too early to make a judgment about the longer-term poverty impacts of the two types of programmes, PRIME demonstrates that microcredit, when appropriately designed, can reach the hardcore poor and can be effective in alleviating the more immediate and severe types of hardship like starvation.

These findings also suggest that microfinance programmes can be variously designed to reflect their two very different characteristics: an innovative banking operation for the poor requiring financial viability, and a subsidised social safety-net type programme for the poor. There is surely a need for drawing a borderline between microfinance for poverty alleviation and microfinance as a corporate business; the recent controversy about microfinance in Andhra Pradesh in India has arisen from blurring this borderline.

But even within the mainstream regular microfinance programmes, there is a trade-off between charging higher interest rates to meet operating costs and generate surplus for programme expansion and providing more benefits for the borrowers requiring access to subsidised funds for the programmes. Any sensible critique of microfinance needs to be based on an understanding of this trade-off.

Besides expanding the social safety nets, there is a whole range of public policy interventions for addressing sea-

sonal hunger: agricultural research and extension towards crop diversification; improved public food management system to avert seasonal price hikes; measures against illegal land grabbing that curtails the land rights of the poor in char areas; and improved infrastructure for competing with better-endowed areas in attracting private investment and for linking the region's agricultural and labour markets with those at the national levels.

Over the years, there is likely to have been some improvements in these regards. This would perhaps explain why since 1974 seasonal hunger in Rangpur has never taken the proportions of famine in spite of occurrence of floods and crop damages of much more severe intensity than happened in that year.

The good news is that, with the recent attention focused on the problem of munga in Rangpur, the situation seems to have been improving. Compared to the InM baseline survey of 2006, the follow-up survey of 2008-09 showed that the incidence of the severe form of hunger during the munga season among the sample households (representing the poorest 60% of the entire rural population of the region) declined from 51% to 45%; preliminary results from a second follow-up survey carried out during January-March of 2010 shows a much larger decline of this figure to 28%. These improvements are all the more remarkable given the fact that the country was severely affected by the food crisis of 2008.

The bad news is that some other parts of the country in the south-western coastal regions, which are already economically relatively backward, are now facing a threat to livelihoods because of environmental degradation and climate change. Increasing intrusion of saline water and more unpredictable and extreme weather conditions are adversely affecting farmers and fishermen. The resulting pattern of poverty may be different from that of Rangpur and may call for different types of policy interventions; but there still will be lessons to be drawn from the experience of Rangpur.

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Borrowing from Wen Jiabao

The Noble Peace Prize for Chinese dissident Liu Xiaobo has put China in a hot spot. It has cleaved the world into two camps. Twenty-one countries are critical of the Nobel Committee stand. China's Premier Wen Jiabao has, however, kept his cool, articulating his dedication to political reforms. In a recent speech he gave at Shenzhen he said: "Along with economic reform, we must keep doing political reform."

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THE economic miracle of China is the topic of the world. It has become the second largest economy after America. Economic forecast even predicts that China will overtake America. It should not surprise us because when the western economy is in the doldrums China's economy is consistently growing by two-digit economic growth rate. China's staggering foreign exchange reserve of \$2.65 trillion (Nov. 2010) has made American politicians clamour for the appreciation of Chinese currency.

On the other hand, the Noble Peace Prize for Chinese dissident Liu Xiaobo has put China in a hot spot. It has cleaved the world into two camps. Twenty-one countries are critical of the Nobel Committee stand. China's Premier Wen Jiabao has, however, kept his cool, articulating his dedication to political reforms. In a recent speech he gave at Shenzhen he said: "Along with economic reform, we must keep doing political reform."

He further summed up his political ideals in the following four sentences: To let everyone lead a happy life with dignity. To let everyone feel safe and secure. To let the society be one with equality and justice. And to let everyone have confidence in the future.

China is a one-party state and is the most populous country of the world with 1.3 billion people. It has often been faulted for being intolerant of dissidents and of advocates of democracy. The notable being the harsh treatment meted out during the June 1989 democratic movement of Tiananmen Square. Since then, China has not experienced any movement of major nature.

It can be said that no system is hermetically sealed against the rage of the youth. Even America and France experienced it in 1969. China has not withdrawn into the insularity of the Maoist regime. It is

no ordinary matter that China has led more than 1 billion people to phenomenal prosperity.

The stigma that stubbornly sticks to China's success story is that it does not have a pluralistic society. There are democracies that operate in an autocratic style. Russia, although a new convert to democracy, has a leader who maintains his iron hold on statecraft, shuttling between the offices of the president and the prime minister.

China has its own system where their leaders are chosen but do not produce autocrats. Its nearest neighbour North Korea, the only country of its kind, has dynastic communism. But when a leader commits himself to reform and speaks of confidence in future plurality of views and ideas, it may be a matter of time. Besides, even in societies with a pluralistic system there is a great degree of unrest and ills. Wen Jiabao has a number of possible successors. None of them is related to him. Our conditions also do not give us a clean bill. Is ours not a dynastic democracy? Now we wait to see which son rises.

Wen Jiabao's first political ideal is to let everyone lead a happy life with dignity. Practically speaking, a happy life cannot be conceived of in poverty. If one has to judge the daily life of the teeming population of Bangladesh by the grind they endure one cannot just say they are happy. The recent population of Bangladesh as published by UNFPA is 164.4 million.

That is quite a number for a small country! It is one-eighth of the population of China. However, China is much larger (9.6 million sq. km) compared to Bangladesh (1,47,570 sq. km). The population growth rate of Bangladesh will not go below 1% (present growth rate is 1.4%). China's population growth rate is 0.49%. The credit belongs to its enforced one child policy. In spite of the dispiriting realities Bangladesh is placed 34th in World

Happiness Rating. A remarkable feat!

Dignity in our circumstances depends on the socio-economic dispensation you receive in the name of governance. I am talking of the nameless multitudes. Tragedy struck us recently when an international report termed many of our important institutions culpably venal. So, dignity for the common man is nothing more than a nebulous idea. Corruption is a human proclivity and is found even in advanced societies. Corruption does exist in China but its tentacles do not have the country in its grip.

The second ideal for Wen Jiabao is to let everyone feel safe and secure. Indeed, there were ruthless killings in China when the regime cracked down on the democracy movement of Tiananmen Square in June 1989. Since then, there has not been any more killing that earned worldwide condemnation. For our part, a Human Rights Day function reports that there had been 1,200 extra-judicial killings since 2004. It continues to shock our national conscience. Brazil is chided for such extra-judicial killings against the Favellas (slum dwellers of Rio de Janeiro and Sao Paulo) for holding of the 2014 World Cup. China did not have to conduct such killings for splendidly hosting the 2008 World Olympic.

Wen Jiabao's third political ideal is to let the society be one that has equality and justice. But had the continuing phenomenal prosperity of China's nature, and that too with such a large population,

only benefited a particular class the disparity would have riven the country into classes, with the underclass driven by fury that fuelled the Communist Revolution.

At least, Wen Jiabao's ideal shows that the country's leaders are aware of the task they are to perform. Even an incurable optimist in Bangladesh would admit that there is a large underclass in the country. When even micro-credit is sinking in debt as the harsh comment goes Bangladesh's economic programmes and social justice should strive even harder with fairness.

The frequent carnages at the garment factories should be delved into more deeply for finding out the malaise at the heart of it, so that the democratic set up is not branded incompetent and does not fall into wholesale chaos.

That leads us to Wen Jiabao's last ideal to let everyone have confidence in the future. Confidence in the future is inspired by vision, which is set by the leaders who can inspire people. Hu Jintao and Wen Jiabao and their predecessors did a good job for China in setting it on the right course.

In our country there is too much bickering at the top and our leaders go berserk with injudicious remarks. That vitiates the political and social climate. The vision is distracted and the confidence in the future is lost in acrimony that narrows our minds. Wen Jiabao, in spite of his failings, is a good example to borrow from.

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Who's the king of soup?



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HE French, the Chinese and the Americans all stake a claim. This winter is cold. Restaurants lie empty. Sales of canned soups are soaring, according to the news I saw on a TV screen in a shopping mall. Watching with me was a Frenchman, who told me that English-speakers' ignorance about food stretched to the very words they used for it.

"Would you like a history lesson?" he asked.

"No thanks," I said.

In 1765, he began, an homme in Paris started selling a type of soup he called a restorer, which is "restaurant" in French. The idiotic English got it mixed up and promptly told the world that "restaurant" meant "place to eat out."

Germans were dipping sops (their word for chunks of bread) into the warm bowls of restorer.

The idiot English got confused again, and told the world that the new dish was called "soup."

So the English sentence: "Sitting in a restaurant, I drank some soup" actually means "Sitting in some soup, I drank some bread."

I was disinclined to accept this outrageous slur on English speakers so I checked Wikipedia. Astonishingly, the Frenchman was right in every detail.

Later, I was sharing this news with friends, when a Beijing-born militant raised his head.

"It's absurd to think that all good things originated from one place, Western Europe," he said. "The truth is, all good things originated from China."

He promptly called up a recent news article on his screen. Chinese archaeologists last week unearthed a 2,400-year-old portion of soup, it said. It was so well sealed that it was still liquid.

Oldest-soup

An American butted into the conversation. "Did the container say 'Campbells'?" he asked, insisting that a US firm called the Campbell Soup Company invented canned soups. The article didn't say.

Soup

But we all agreed that the 2,400-year-old soup should be sent to foul-mouthed TV celebrity chef Gordon Ramsay for tasting.

If a restaurant serves something even a few hours old he goes mad, cursing and throwing pots, pans and waiters around.

Imagine the scene.

Ramsay angry

Ramsay: "@#%\$! This soup tastes @#\$^ing ancient! When did you brew this up, the @#%\$ing Dark Ages?"

Archeologist: "No, Mr Ramsay, it was brewed in China two and a half millenniums ago."

Ramsay: "Flush this @#%\$ing @#%\$ down the toilet and make me a fresh one, you @#%\$ing morons."

Readers told me that the top soups in South Asia are rassam and mulligatawny.

In Hong Kong, you can click on www.chinesesoup.com and get a portion of "chicken with white fungus" delivered to your desk. I replied that there was already something that could be described as "chicken with white fungus" in the office fridge, but no one would want to eat it.

We were all astonished when the American told us that US citizens buy 2.5 billion cans every year of the three main flavours of Campbell soup: tomato, cream of mushroom and chicken noodle.

The Beijing guy said he would ask Campbell for a \$10 trillion royalty payment since they had stolen the idea of canned soups. The best Chinese soup was Sishen Tang, which translates as Four-Divinity Pig Stomach Soup, he said.

"Is it made from a pig's stomach?" asked the American.

The speaker patted his generous midriff. "Yes. Also it gives you one."

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