

UNIT 8 WRITING

PART 1

ORIGINAL ARTICLE

Like any business owner, Thérèse Nougbonhoun wanted to expand, but lacked the capital to build up her inventory and attract new customers for her small shop in the central market of Nikki, a town in northern Benin.

Although loan sharks offered Thérèse outrageous interest rates, she knew that borrowing from them would eat up all her profits in repayments. When a small non-profit microfinance institution called FECECAM came to town, offering loans at a very favourable rate, Thérèse saw an opportunity to grow her business.

Thérèse started small, but it was enough to get her going. With a loan equivalent to only about US\$30, she was able to stock her shop, which sells vegetables, groceries and toiletries to her loyal customers. From the sales of her expanded inventory, she supported herself, and paid back the loan in less than six months. She then took a slightly larger loan, paid it off quickly and is now on a third. Thérèse is proud of the way her business is growing steadily.

While Thérèse may not have an MBA, she does have a business plan. She knows her customers and what sells. And now, thanks to the availability of affordable credit, she's achieving her goals. "I paid each loan off before its due date," she says proudly, "Each loan enabled me to build more and more capital, so that now I can sell a variety of products at my stall."

The United Nations Capital Development Fund (UNCDF) believes that lending small sums to poor people to set up or expand small businesses is an effective way to fight poverty. The Fund supports microfinance institutions (MFIs) so they can extend services to entrepreneurs who do not qualify for loans. In most cases, small-scale business people cannot borrow from commercial banks because they lack collateral. Without access to an MFI, unscrupulous loan sharks, which lend without security, are often the only option.

UNCDF works with MFIs on a range of financial services so small-scale entrepreneurs like Thérèse can build assets, mitigate risk, and reduce their vulnerability. UNCDF's backing of microfinance institutions ensures their longevity far beyond the scope of United Nations assistance.

Benin, where Thérèse lives, is one of the world's poorest countries. The Third UN Conference on the Least Developed Countries is addressing economic isolation and extreme poverty of the more than 650 million people who live on less than one dollar a day.

Thérèse has experienced first-hand the advantages of being given a chance. "In the market, there are a lot of opportunities, but if you don't have capital, you cannot take advantage of them. When you are poor, even if you have good ideas you don't have any resources and cannot start a small business."

Thérèse is ready to work hard and to assume the responsibilities of paying back the loans. "The possibility of having credit allows one to climb out of one's problems," she says. "But you also have to remember the importance of taking the reimbursement seriously, otherwise you will lose everything and take others down with you."

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SUMMARY

The article tells the story of Therese Nougboignonhom, a northern Benin general store owner who was able to expand her small business with the aid of the UN Capital Development Fund's micro-credit programme. Without the help of UNCDF, Therese and other small business owners like her would be at the mercy of loan sharks.

With a UNCDF loan of \$30., Therese was able to expand her inventory and also pay back the loan within six months. After that time, she was awarded two more loans to allow continued development of her shop.