

Microfinance

A Teacher's Resource



International Year of Microcredit 2005

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GLOBAL EDUCATION PROJECT
Professional Development Initiative



Photo 1: BEACHSIDE GRILL RESTAURANT, DILI.

Rosalia sells grilled chicken sate and chicken leg portions on the beachfront in Dili, East Timor. She charges US 25c. for a sate and 50c for a leg piece. (The official currency in East Timor is the American dollar.) She begins cooking every afternoon at about 3pm and stays until all the food is sold. Her busiest time is 9-10pm. Most of her customers these days are locals, though she fondly remembers the time three years ago when Dili was full of UN peacekeepers, all of them with a taste for chicken!

Rosalia's husband built the little stall from scraps and the open barbeque from half a 44-gallon drum, and there is no charge by the local government to use the beachfront space. (On the other hand, there are no facilities provided to the kiosk owners, either). About 20 similar stalls, all selling the same food, line the esplanade in this location.

QUESTIONS:

1. What is the red substance in the jar?
2. What equipment does she have?
3. Where does she wash her hands?
4. Where does the rubbish go?
5. Describe what you think Rosalia might do on a typical day, from the time she wakes up in the morning to the time she goes to bed.
6. What else could Rosalia sell to improve her earnings?



Photo 2. PAVEMENT VEGETABLE SELLER, EAST TIMOR

Women frequently have to care for young children while working to support themselves and their families. This photo was taken at about 8am in Baucau, a town in East Timor. The woman in the photo sells a few fresh fruits and vegetables on the pavement. Her two pre-school aged children play around her feet. Here she has made a wood fire to boil a pot of noodles for her children's breakfast.

QUESTIONS:

1. What sorts of fruits and vegetables can you see in the photo?
2. Who would her customers be?
3. What equipment does she need to operate this micro-enterprise?
4. What sorts of difficulties does she face?
5. How many ways can you think of for her to expand or improve her business?



Photo 3. A YOUTHFUL FRUIT SELLER, DILI, EAST TIMOR.

This young man sells mangoes after school. With the stick on his shoulder to balance the weight, he can walk some distance looking for customers, but in fact he usually waits in the street outside one of Dili's two supermarkets. Neither of the supermarkets sell fruit.

QUESTIONS:

1. Why do you think this young man needs to sell fruit after school? (You might like to read more about East Timor before answering this question. You could use the global education website: www.globaleducation.edna.edu.au for this).
2. Who would most of his customers be?
3. Do you think that being very young is an advantage in this type of business? Why?
4. List all the advantages and disadvantages you can think of for selling fruit 'on foot', or from door to door.
5. How could this young man expand his operation and make more money? List several ways, and estimate what he would need to achieve this goal.



Photo 4. A RURAL CHEMIST SHOP, EAST TIMOR

This building, believe it or not, is a chemist shop or pharmacy. It is situated next door to the 24 bed regional hospital in Los Palos, East Timor. It sells a small range of medicines, mainly for common complaints such as skin rashes. It also sells bananas and peanuts and packets of cigarettes, and the sign tells us that they also sell chicken, freshly-killed to order.

QUESTIONS:

1. Why do you think the kiosk sells everyday items besides medicines?
2. Does the kiosk appear to have any refrigeration? What effect might this have on the quality of the medicines sold?
3. Do you think the town has a constant electricity supply? If not, why not?
4. Why would the chickens be killed 'fresh to order'?
5. How could the owner improve her trade? List all the things she would need to bring this about.



Photo 5. PRINT SHOP, DILI, EAST TIMOR.

This small business produces cloth banners, rubber stamps and bill-boards, and silk-screens T-shirt designs to order. The two- roomed shop is built from scrap materials. There is no air-conditioning, which means that it is extremely hot under that corrugated iron roof. No wonder the employees prefer to work on the verandah where possible!

The shop's equipment consists of one computer (used to produce lettering samples that are then hand-cut with a Stanley knife into stencil paper before the words are spray-painted into the banner); one silk-screening frame; a spray-gun for the paint, and a limited range of paint colours.

In 2004, this was the only business of its type operating in Dili. As the economy of East Timor slowly recovers, there may be scope for several similar enterprises. However, a large sum of money (*capital*) would be required to buy even the modest equipment mentioned above.

QUESTIONS:

1. Where could an enterprising small business developer obtain this money? (Note: at present there are only 3 banks operating in East Timor, and none has a branch office outside Dili, the capital.
2. Do you think that organizations providing *micro-credit* loans have a role to play here?
3. How many employees beside the owner-manager would a small business like this have?



Photo 6. PRINT SHOP, DILI, EAST TIMOR.

This is the same small print-shop as in Photo 5. As noted there, the shop is not air-conditioned and East Timor's climate is very hot. No wonder the employees prefer to work on the verandah where possible, as in this photo. The young man is pictured producing a Christmas advertising board for one of Dili's two supermarkets.

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Photo 7. PETROL SELLER, BAUCAU, EAST TIMOR

Selling petrol and motor-bike fuel can be a lucrative small business in a developing country. However, the way it is sold may look quite unlike what happens in a petrol station in Australia. Petrol is bought in relatively small amounts from a tanker and stored in metal drums until required. When a customer pulls up, a funnel is used to fill the car or motor-bike tank.

QUESTIONS:

1. What are the advantages of operating this kind of small business?
2. What are the disadvantages? What are the risks?
3. Do you think the benefits outweigh the risks?
4. What safety measures are employed at Australian service stations to prevent fuel from exploding?
5. What would it cost to implement the same safety measures in East Timor?
6. Where could the young man pictured obtain the money needed?
7. How likely is it that he could borrow this sum of money?



Photo 8. ROAD-SIDE TYRE-CARE SERVICE, KUPANG, INDONESIA.

This man, with the help of his teenaged son, runs an open-air tyre-care service along the side of a busy road. He checks air pressure, adds air as necessary and repairs the punctures that everyone experiences regularly because of the poor road surfaces in his town. He owns one air pressure pump machine which he bought for a small sum when his previous employer, a small-scale garage owner, was forced to give up his business due to ill health. The only other equipment is a cheap jack to lift up the car while the tyre is changed, a set of spanners to remove the wheels, a puncture repair kit and a set of old inner-tubes to cut patches from. He has some skills in car repairs and maintenance, but at present he does not get many opportunities to use these skills. Occasionally someone will break down nearby. If he can get the car started again, and the owner of the stall will receive a good tip from the driver.

This small business is located about 100 metres from a large mosque. Every Friday several hundred men park their cars near the mosque for an hour while they pray.

QUESTIONS:

1. What opportunities might this last fact provide for the owner of the business?
2. The owner's son has been urging him to have a business card printed and buy a cheap second-hand mobile phone. How could this help them to expand the business?
3. Try to think of at least 4 other ideas for other car services these two men could provide. List all the equipment he would need to put these ideas into practice.



Photo 9. SMALL-SCALE SHOP OWNER, INDONESIA

This woman lives on a main road in a medium-sized town in Indonesia. She and her husband have enclosed the verandah of their house to make a small shop. This sort of 'verandah shop' is an extremely common sight in many countries. The shop sells everyday goods such as soap, toothpaste, sweets and dried foods such as noodles. At night, the shutters are closed across the front of the verandah and locked to prevent theft.

QUESTIONS:

1. Who would most of the customers be?
2. This woman likes the convenience of working from home. Why?
3. Can you think of any disadvantages?
4. Why are the packets of food, soap etc. so small?
5. This young woman is ambitious. How could she expand her shop to sell more goods to a wider range of people?
6. What would the extra expenses be? How could she get the money to do this?
7. List all the things she would need to get and need to do to carry out her plan for expansion.



Photo 10. BEACH-SIDE HAIR BRAIDING, BALI.

Have you ever been to Bali? If so, and you are a young lady, then you have almost certainly come home with your hair in pretty braids. Many Balinese women make a living by offering hair braiding to the tourists. Most also offer a massage. Tourists on holidays appreciate the chance to enjoy these services without even having to leave the beach.

Questions:

1. Why do you think these women choose hair braiding and massage as a way of earning some money?
2. Do you think there is much competition for this kind of work?
3. How much money would a woman be able to make from this work?
4. What would one of these women do if she had small children at home?
5. List all the kinds of equipment these women have for their small businesses.
6. Would this be an expensive business to start out in?
7. What other kinds of work might these women be able to do? What sort of training might they need to branch out into other services? What equipment would they need?



Photo 11. FRUIT SELLER'S CART, SUMBAWA, INDONESIA.

Selling raw or cooked food from a push-cart is an extremely common way of making a living in the 'informal economy' of many developing countries. In Indonesia, it is such a familiar sight that there is even a 'nickname' for these businesses: *kaki lima* or 'five legs'. The name refers to the three wheels on the cart, plus the two legs of the man (it is almost always a man) who pushes it! In this case, the owner of the cart has left it for a moment to chat to an acquaintance. Do you think his freshly-cut fruit pieces looks tempting?

QUESTIONS:

1. Who do you think made the cart?
2. Where did the materials to make the cart come from?
3. Why are push-cart operators nearly always male?
4. Do you think women also sell food as a small business?
5. How do their businesses differ from men's? Why?
6. How could this person expand his business to make more money?
7. List all the steps he would need to take to bring this about.



Photo 12. SCAVENGER, JAKARTA.

A scavenger makes his/her living by collecting recyclable waste materials such as paper and plastics. The materials are taken back to a central location- usually located on a piece of temporarily-vacant land, sorted into types, and sold for a few coins to scrap merchants who visit the scavenger communities once every few days. Scavenging as an occupation carries almost no status. Householders may look down on scavengers as dirty, smelly and untrustworthy, while governments regard them as nuisances and instruct police or other law-enforcement agencies to keep scavengers out of sight by constantly moving them on. Scavengers themselves express surprise that society looks down on them for doing such useful work as taking away householders' rubbish and ensuring that everything recyclable is sorted and recycled.

QUESTIONS:

1. Where did this man get the cart he uses to collect the waste materials?
2. Why are men nearly always involved in collecting the waste in push-carts?
3. Which part of the re-cycling process is women's work? Why?
4. Why do you think scavengers choose this sort of work when it is so poorly paid and they are often harassed by the police?
5. What other sorts of work could they do?
6. What would be needed for a scavenger to change his/her occupation?



Photo 13: STREET LAUNDRY, SRI LANKA (forms a set with photos 14 and 15)
I. Washing the clothes

Photos 13, 14 and 15 were taken in Colombo, capital of Sri Lanka. It is in an up-market part of the city, close to some international hotels. International guests at the hotels may be amazed to see lines of washing hanging in the open air by the roadside. This business employs about 8 men. All day, they stand in the tubs of soapy water beating and rubbing the clothes, then rinsing them in clean water. As you can see, there are 28 washing tubs.

QUESTIONS:

1. Why would people send their clothes out to be washed in a street laundry like this? What does it tell you about the customers' own houses?
2. Why is the man in the foreground wearing rubber gloves? Why is the younger man not wearing them?
3. What sort of health problems might employees in this business suffer?
4. Where do you think the dirty water is going after the tubs are emptied?
5. How much education do you think the people in the photo might have?
6. What other sorts of work could they do?



Photo 14. STREET LAUNDRY, Sri Lanka (forms a set with photos 14 and 15)
II. Drying the clothes

This street laundry is located in an 'up-market' part of Colombo, close to some international hotels. International guests staying at the hotels and driving past in taxis may be amazed to see long lines of washing hanging in the open air by the roadside. The washed clothes are hung out on long pieces of rope stretched between the electricity poles. They dry quickly in the dry season, but must be watched vigilantly in the wet season, and taken down as soon as the first big splashes of rain fall.

QUESTIONS:

1. Study the sky in the picture. Which season is it? What does this mean for the employees?
2. Who do you think might own the land that the clotheslines are set up on, the people running the laundry, or someone else?
3. How do you think the local and national governments feel about informal businesses operating like this so close to international hotels? What might they do about it?
4. How do you dry clothes in your family?
5. How could the operators of this small business avoid the problems caused by heavy rainfall each day during the wet season? There are at least two possible ways. List what the owner of the business would need to buy/do in each case.



Photo 15. STREET LAUNDRY, Sri Lanka (forms a set with photos 14 and 15)
III. Ironing the clothes

This old man, and several others like him, iron the clean, dry clothes. He uses an old fashioned iron containing hot coals (from wood or coconut shells), of the sort your great-grandmother might have used.

QUESTIONS:

1. Is this street laundry connected to electricity? How do you know?
2. Why is the man wearing only a sarong?
3. What is the purpose of the water bottle hanging on the wall?
4. Describe the iron the man is using. Have you ever seen one like it? Where?
5. Estimate the weight of this iron in kilograms.
6. Do you think the man in the photo likes his job? What might he like to change about it? What other kinds of work could he do?



Photo 16. STREET STALLS, COLOMBO, SRI LANKA.

This is a typical street scene, not just in Sri Lanka, but in many developing countries. Footpaths, originally intended for pedestrians to walk on, have been partly taken over by street vendors operating from semi-permanent stalls, made out of scraps of wood and metal. The stalls sell the sorts of things that are needed by the people walking past. Look at the people in the picture. Are they rich or poor, or somewhere in between. How can you tell? Now look at the things for sale at the stalls. As most of the customers probably come from the less well-off groups in society, the goods are sold in small quantities: tiny packets of peanuts, shampoo and sweets are common. Cigarettes will be sold individually for those who cannot afford a box.

Answer the following questions (or use them as the basis of a class discussion):

1. Do you think the street traders are legally allowed to operate on the footpath?
2. What happens to the pedestrians? To the flow of traffic?
3. What is the government's attitude to the traders?
4. What might the government be doing about the situation?
5. What would be the hours of opening for stalls like these?
6. What do the customers think about the stalls? Do they see them as a convenience or an annoyance?
7. Where might the customers live and work?
8. How much competition does a street trader have from other traders?
9. How could a street trader improve his business and earn more money?
10. Do you think the trader lives in the stall?
11. Which word you think best describes the people who run these little stalls:
entrepreneurs, small businessmen, public nuisances, losers?



Photo 17. FRUIT STALL, COLOMBO

This is a road-side fruit stall in a town in Sri Lanka. It sells a wide variety of tropical fruits. One of the young men in the picture is the owner of the stall, the other is a customer. The two men seem to be in conversation in the photo.

QUESTIONS:

1. Why are there no prices displayed on the fruit?
2. What do you think the men are discussing?
3. What does the term 'fixed price' mean? Does it apply to this picture?
4. Why do you think this business operates by the road-side and not in an official market-place?
5. What steps could the owner of this fruit stall do to sell more fruit to a wider range of customers?
6. List the things he would need to achieve this.



Photo 18. STREET VENDORS, MALI

These women gather along the street to sell their produce in Djenne, Mali, which is in Africa. Mali is a very hot, dry country and living conditions for many people there are very basic. Many people produce only enough to meet the needs of their family and any surplus is sold on the streets. The money from these sales is used to buy other basic necessities. The amounts being sold are usually quite small and so profits are also very small.

Most traders cannot afford to set up a formal stall and so just sit on the ground, spreading out a cloth and display their wares and produce on this. Finding a spot in the shade, out of the harsh sun is quite difficult.

QUESTIONS:

1. Who are the vendors in this photo? Why do you think they might be gathered together?
2. What might these women sell?
3. What do you think a day in the life of one of these women might be like? What time might she have to get up in the morning?
4. Do you think the street traders are legally allowed to operate on the street? How might the number of traders be controlled by the government?
5. How could a street trader improve his or her business, improve conditions for trading and earn more money?



Photo 19. MEN'S BARBER SHOP

This barber shop is in the coastal town of Sassandra in the Ivory Coast, Africa. This hairdressing business is run by men, for men in the local community. Business is conducted in a small wooden shop with no air-conditioning and basic facilities. In this shop the men can choose from styles such as those featured on the advertising sign on the front window. These styles are modelled by famous sportspeople and African identities. The shop sells jars of hair cream to keep hair jet black and shiny.

QUESTIONS:

1. What does the word *coiffure* mean? Why would this be used in the Ivory Coast?
2. Why is there no telephone number displayed on the sign?
3. Do you think the town has a constant electricity supply? If not, why not? How would this affect the services offered in this business?
4. Where might the customers live and work?
5. What might be the hours of opening for this business?
6. How could the owner improve his business? List all the things he would need to bring this about.

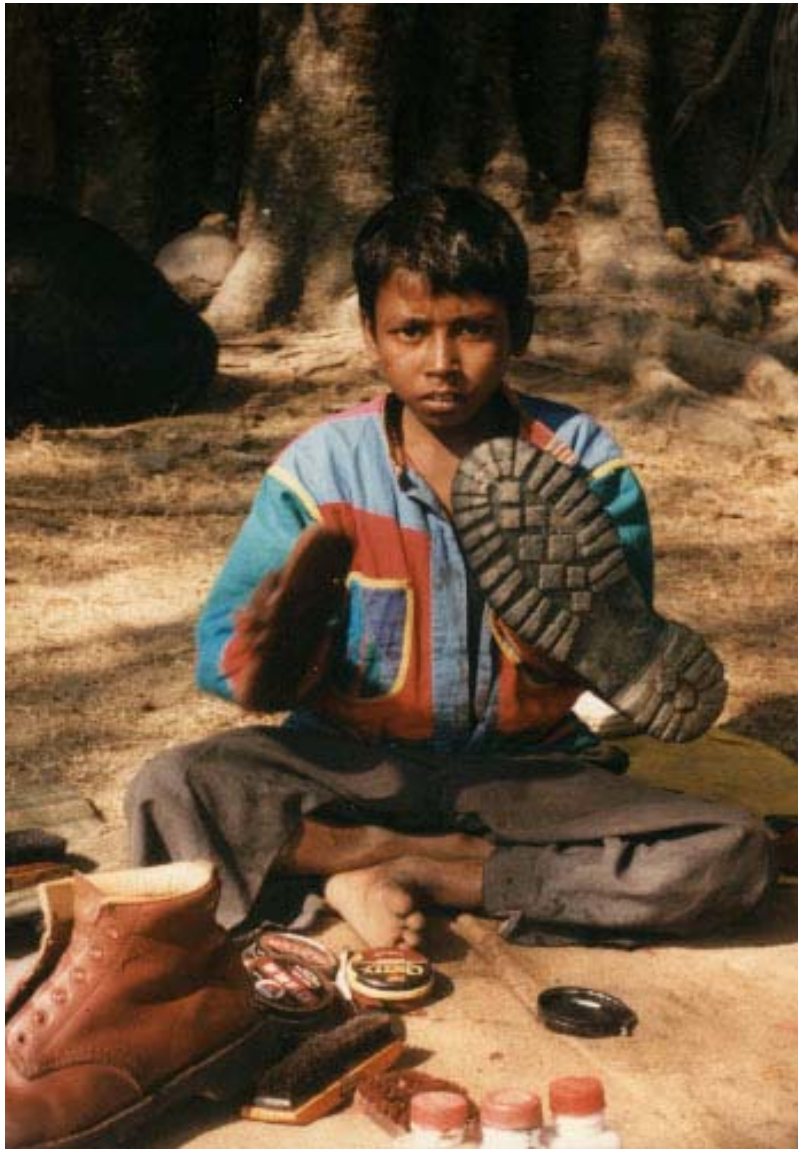


Photo 20. SHOE SHINE BOY, POKORA, NEPAL

This young boy makes a living from shining shoes under a banyan tree in the main square of Pokora, a tourist town at the base of Nepal's Annapurna mountain range. His shoe shine business consists of a mat, various coloured shoe polishes, brushes and polishing rags.

QUESTIONS:

1. Who do you think are the main customers of this boy's shoe shining business?
2. Why is this type of business not seen on streets in Australia?
3. Suggest reasons as to why this boy and other children in Nepal need to work at a young age.
4. In Brazil the government and children's organisations are trying to set minimum prices for a shoe shine. Discuss reasons for this.
5. What are the long term disadvantages of this boy not going to school?



Photo 21. SIMIT SELLER, DIYARBAKIR, TURKEY

This young boy helps his family make a living by selling simits, (a bagel like bread) to bus passengers at the Diyarbakir long distance bus station in eastern Turkey. The simits are baked early in the morning by this boy's father then sold to passengers at the bus station.

QUESTIONS:

1. Suggest reasons as to why the bus station would be a good place to sell the simits.
2. What is the reason for the boy balancing the simits on his head?
3. What other foods would be good to sell to bus passengers who are travelling on a long journey?
4. What jobs could other family members do in this business?
5. What other suggestions could you think of for expanding this business? What would he need to achieve this?

What do all these people have in common?

- *They are 'poor'*
- *They work hard, sometimes seven days a week*
- *Probably low education level*
- *Many are women*
- *May have to care for children while earning a living*
- *They live 'day-to-day'*
- *Income varies from day to day*
- *Find it difficult to save*
- *Have few 'assets'*
- *Self-employed in 'micro-enterprises'*
- *Work in the 'informal' economy*
- *Not eligible for sickness/unemployment benefits if unable to work*

Some 2/3rds of people in developing countries work in micro-enterprises in the informal sector. Women are more likely than men to work in this sector.