

CHF

*Microfinance – Giving Credit  
Where Credit Is Due*





## Lesson 3: Microfinance — Giving Credit Where Credit is Due

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### Description

*1x60 minute lesson*

Microfinance, sometimes called micro-credit, is an alternative approach to lending that provides loans to people who would not normally qualify for traditional bank loans. In this activity, students investigate this alternative economic approach, analyze the costs and benefits, and compare it with traditional lending systems. The social and environmental impacts of microfinance programs are also investigated by students.

### Subjects

Economics (Grades 11 & 12), Geography (12), History (Grades 11 & 12), Politics (Grade 12), Social Sciences and Humanities (Grade 12)

*See the Curriculum Connections section for detailed links to courses and expectations.*

### Materials Needed

Student Handout ([BLM 3.1](#)) Microfinance Question & Answer sheet

Student Handout ([BLM 3.2](#)) Muhammad Yunus and Grameen Bank - Nobel Peace Prize Winners

Student Worksheet ([BLM 3.3](#)) Microfinance: Giving Credit Where Credit is Due

Note: French BLMs/Student Sheets can be found [here](#).

### Lesson Preparation

1. Photocopy [BLM 3.1](#) and cut out each strip along the dotted lines so that each student receives one strip of paper (there are 26 in total). If you have more students in your class, photocopy extra pairs of strips so that each student receives either the question or the answer. Photocopy [BLM 3.2](#) and [BLM 3.3](#) (both pages) so that each student receives a copy.
2. Review the Teacher Background Notes for this lesson. Also see the [Country Information](#) section and [Resources](#) section under [Extra Resources](#). The resources found under the Country Information section can be used to give students further information about Bangladesh (such as maps, statistics, flags, histories, etc.).

### Teaching/Learning

1. The teacher can inform the class that today they are going to learn about microfinance projects in developing countries that help the rural poor break their

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cycle of poverty. The teacher shuffles the pieces of paper ([BLM 3.1](#)) and distributes one strip of paper to each student.

2. Students must walk around the room, stop when they meet another student, and read their question or answer to each other. The goal is to find the matching question/answer. When students find the matching question and answer, those two students sit off to the side together and wait for the rest of the group to find their matches.
3. When all matches have been made, have each pair read their question and answer aloud to the class. Discuss as a class any questions the students have about microfinance programs.
4. Distribute [BLM 3.2](#) to each student to show a news article on Muhammad Yunus and Grameen Bank winning the Nobel Peace Prize in 2006.
5. In small groups or individually, have students respond to the questions on the handout Microfinance – Giving Credit Where Credit is Due ([BLM 3.3](#)) through discussion and written response.

**Sample Answers to [BLM 3.3](#) Microfinance — Giving Credit Where Credit is Due**

1. A sample answer chart is provided here. Encourage your students to think of even more advantages and disadvantages.

	Microfinance Loan	Traditional Bank Loan
Advantage	<ul style="list-style-type: none"> <li>- no collateral/assets needed to get a loan</li> <li>- loans are available to rural poor who would otherwise not be able to access loans (such as rural, poor women in developing countries)</li> <li>- repayment periods are short to help the rural poor save and repay loans</li> <li>- ability to get larger loans if initial small loans are repaid</li> <li>- NGO or bank may facilitate the income generating project and possibly set loan conditions that will help the business succeed. Training may also be provided by the NGO as part of the loan program, such as animal management practices or bookkeeping skills.</li> </ul>	<ul style="list-style-type: none"> <li>- those who qualify can gain access to large loans</li> <li>- possibly longer time between loan repayment periods</li> <li>- fewer conditions for the loan associated with the specific project or purpose of the loan</li> </ul>

	- peer lending group meetings can become a forum for transferring knowledge and skills between communities or families. For example, new cropping practices or family health issues may be discussed and personal solutions or recommendations shared.	
Disadvantage	- only a small amount of money loaned initially	- people without assets do not qualify for these loans, therefore they are inaccessible for the rural poor - inability to repay can result in significant debt depending on the size of the loan

2. If a family has a successful microfinance project, for example raising and selling chickens, they will be able to earn an income for the family. The family could use this money in numerous ways to improve the family's quality of life. The family would derive social benefits:
- If the money were used to send one or more of the children to school
  - If the money were saved and used to buy medicine or transportation to take a family member to the hospital when an emergency occurred
  - If it were used to buy additional food to create a more nutritious diet for the family
  - If it were used to buy the seeds and equipment needed to produce more diverse crops (such as vegetables rich in vitamins and minerals to supplement a rice-based or starch-based diet)

Environmental benefits could result from a microfinance project if the money were used to improve the environmental conditions of the family farm. For example, trees could be planted in part of the family's land for environmental benefits, shade, and fruit or nut production. If families are able to generate an income from the microfinance project, they may not need to grow as many crops each year to support and feed their family, thereby allowing longer rest periods between crops on the land. This can make crops more plentiful during the times they are planted from the build up of soil nutrients and can reduce soil degradation.

If many members of a community are combined in a microfinance project that is very successful, they may be able to combine individual incomes for purchasing larger items that could benefit many families or the community. For example, several people could jointly purchase a water buffalo, a large animal that can be used for pulling heavy loads such as ploughs or carts. The buffalo could be used by the owners to plough fields and transport heavy loads. It would also be a

resource available to other community members, possibly through money or bartering agreements.

3. A woman's status could increase significantly if she became a successful business woman through a microfinance project. Status is often associated with money and power. Prior to microfinance programs a rural, poor woman would often be dependent on her husband with no access to income and with limited power over family resources. Women rarely obtain ownership of land.

An income can provide a woman with the power to use the money where she sees the need and it gives her control over some of the family's resources. This could allow the woman to purchase goods and services and negotiate on the family's behalf within the community, thereby changing her status at the community level.

As with any change in family or community dynamics, this may initially result in some tension between husband and wife or between the women and community members. Changes in gender roles and power structures are ongoing, but require entire family and community acceptance of the changes in order to be most beneficial for everyone.

4. (Answers will vary) Microfinance projects can be very successful in breaking the cycle of poverty for the rural poor in developing countries. Microfinance projects provide a unique opportunity for people to access loans who would otherwise be unable to for the purposes of income generation using individual skills and talents. Money earned can be used to improve social and environmental conditions for the family and the community, contributing to breaking the cycle of poverty.

### **Extension Activities**

- Have students generate a list of their unanswered questions about microfinance. Visit the Grameen Bank website to try and find answers to those questions (<http://www.grameen-info.org>).

### **Teacher Background Notes**

#### ***What is microfinance?***

Microfinance is the extension of small loans to entrepreneurs too poor to qualify for traditional bank loans. It has proven to be an effective and popular measure in the ongoing struggle against poverty.

#### ***History of microfinance***

The first microfinance program — the Grameen Bank — started in Bangladesh in 1976. (Grameen means "rural" or "village" in Bangla language). The Grameen Bank has been

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extremely successful and continues to operate throughout the world today. For more information visit [www.grameen-info.org](http://www.grameen-info.org).

### ***Where are microfinance programs found?***

Microfinance programs were originally adopted in developing countries to assist poor rural people in establishing income-generating activities whereby they could break their cycle of poverty. Microfinance programs continue to operate in developing countries throughout the world with the support of a variety of banking institutions and non-governmental organizations.

Today, microfinance programs can be found all over the world in both developed and developing countries. VanCity Credit Union in Vancouver, Canada operates a microcredit program for small business owners who would not qualify for standard bank loans.

### ***How do microfinance programs work?***

Each microfinance program is uniquely adapted to the situation and needs of the community and country where it is operating. Some general operating principles of microfinance projects are described in this section however, they do not all apply to all projects.

Money is loaned to poor people with no or very little collateral who would not qualify for regular bank loans. Loans are provided for income generating purposes, for example:

- purchasing chickens to sell their eggs
- handicraft businesses started by making baskets, etc., and selling the items at markets
- initial investment for a vegetable garden (tools, seeds), with vegetables sold for profit

Loans are provided in small amounts to start. If a person repays his/her first loan his/her chances increase to receive a larger loan next time. Loans are paid back in small instalments (little amounts each week, as opposed to large amounts at the end of each month). This makes the loans easier to pay back for people living in poverty, who may have difficulty saving large amounts due to other expenses that may arise over the course of the month.

Loans may come with conditions specific to the business the loan is intended for. For example, a loan for a water buffalo to start a small water buffalo breeding business may come with conditions that the animal is vaccinated and visits a veterinary professional on a regular schedule. These conditions result in a better chance for business success and loan repayment. These types of conditions may be monitored by the banking institution or non-governmental organization that is helping to coordinate the loan.

Interest rates vary by microfinance program. Generally, interest is charged at market rate or just below market rate. People applying for these loans are not treated as charity cases, but are given the respect and dignity of any other person. It is simply recognized that their initial assets are different than other people.

Peer lending groups (4-5 people) are established in the loans process. These peer groups monitor and support the lending activities of the group through regular meetings. They also provide a form of peer pressure to help keep people accountable to their loan. In addition to peer review of business plans and having a forum to discuss business ideas, the peer groups can also form new social networks and allow the exchange of more information not related to the businesses and loans.

Many microfinance projects are targeted to women's groups. In general, women have been found to be better 'savers' of money and have had a better success in loan repayment. This makes them a better candidate for microfinance projects. In developing countries, women are also often lacking assets that could serve as collateral, since it is traditionally the men who control financial resources and assets, such as land. This also makes them preferred candidates for microfinance programs.

### ***Beyond Financial Benefits***

There are more than just financial benefits gained from microfinance programs.

A woman who receives a loan can be empowered by the experience of successfully operating a small business and the ability to have her own income and assets. Her status in the family and within the community can also rise because of her participation in the microfinance program. She is no longer just seen as a mother and wife, but as a major income provider for the family.

The regular meetings of the peer lending group members provide an opportunity to discuss other family or community issues as well as to share advice and knowledge. For women who traditionally remained at home to perform the many household duties, the microfinance meetings provided a new opportunity to meet with women of similar backgrounds, discuss issues and share experiences. Health and social issues may be discussed as well as knowledge shared among group members resulting in many indirect social benefits of microfinance programs.

### ***Earn Money and Break the Cycle of Poverty***

Once a woman is generating income from the new business, both she and her entire family will benefit greatly in all areas of their lives. The money can be used to purchase medicines if a family member becomes ill. It can also be used to purchase livestock which can help with hard labour in the fields or provide a source of protein for a balanced diet or to be sold in the event that an emergency arises. The money can also be used to pay school fees to send children to school. A self-generating income allows the family to manage the resources based on their own needs and strengths.

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A successful business, initiated through a microfinance program, can be one large piece of the puzzle to breaking the cycle of poverty. To break the cycle of poverty, the big picture must be analyzed including all social, environmental and economic factors.

### ***CHF, Sustainable Livelihoods and Microcredit***

When CHF begins working in a community, they perform a village assessment and determine the village's strengths and get a better understanding of the community structure. Communities identify their own priorities that they want to work on to improve their lives, based on their skills and interests. If communities identify that they want to start a business but don't have the start-up funds, CHF can work to partner the community with a microfinance institution, such as the Grameen Bank. Many other large banks throughout the world have also dedicated a percentage of their lending to microcredit programs. These institutions may also be partnered up with the help of CHF.

CHF is not a bank or a lending institution, so it does not give loans directly. Sometimes communities will be provided with non-financial resources or training by CHF to further a business idea and generate income for their families. For example, in Vietnam CHF worked with women's groups to provide basic training in bookkeeping and financial management. Women were provided with a small amount of money (not a loan) to invest in production activities that could provide them with income. Once these women built confidence in the financial process, they would be able to access loans from microfinance programs from rural banks. The main income generating project for this community was buying pigs. In the three pilot villages, more than 130 piglets were bought to be raised and sold at maturity.

### ***Resources***

[www.grameen-info.org/](http://www.grameen-info.org/) - Grameen Bank

<https://www.vancity.com/MyCommunity/> - Canadian example

<http://nobelpeaceprize.org/> - Nobel Peace Prize Official Site

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What is a microfinance program?

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A microfinance program provides small loans to entrepreneurs too poor or without collateral to qualify for traditional bank loans.

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What was the first microfinance program?

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The first microfinance program was the Grameen Bank. The Grameen Bank started in Bangladesh in 1976. (Grameen means "rural" or "village" in Bangla language).

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Was the first microfinance program successful?

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The first microfinance program was extremely successful in improving family's incomes and reducing poverty. The program continues to operate throughout the world today.

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How big is the Grameen Bank today?

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As of April, 2009, the Grameen Bank had 7.75 million borrowers, 97 percent of whom are women. The Grameen Bank provides microfinance services in 83,967 villages in Bangladesh.

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Where are microfinance programs found?

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Microfinance programs were originally adopted in developing countries to help the rural poor establish income-generating activities. Today, microfinance programs are found throughout the world in both developing and developed countries, including Canada.

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What can loans through microfinance programs be used for?

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Loans are usually provided for income generating purposes. For example, money could be loaned to start a handicraft business making baskets and selling the items at markets. A loan could also be used for the initial investment for a vegetable garden (such as tools and seeds) and the vegetables would then be sold for profit and to pay back the loan. Some loans may be provided for other purposes such as housing or education.

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How are microfinance loans paid back?

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Loans are paid back in small instalments (little amounts each week, as opposed to large amounts at the end of each month). This makes the loans easier to pay back for people living in poverty who may have difficulty saving large amounts due to other expenses that may arise over the course of the month.

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Do microfinance loans have special conditions?

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Microfinance loans may come with conditions specific to the business the loan is intended. For example, a loan for a water buffalo to start a small water buffalo breeding business may come with conditions that the animal is vaccinated and visits a veterinary professional on a regular schedule. These conditions would result in a better chance for business success and loan repayment. These types of conditions may be monitored by the banking institution or a non-governmental organization that is helping to coordinate the loan.

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What is the interest rate on microfinance loans?

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Interest rates vary by microfinance program. Generally, interest is charged at market rate or just below market rate.

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What are peer lending groups?

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Peer lending groups are groups of 4 - 5 borrowers established by the loan institution (bank or NGO organization). These peer groups monitor and support the lending activities of the group through regular meetings. They also provide a form of peer pressure to help people keep accountable to their loan. Peer lending groups review business plans and discuss business ideas.

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What are some benefits of peer lending groups unrelated to the loans process?

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Peer lending groups allow new social networks to form and allow the exchange of information among group members. For women's lending groups, this provides a unique opportunity to meet with women from other communities and share information about farming practices, health care and families.

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Why are women more likely candidates for microfinance loans?

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Many microfinance projects are targeted to women's groups. In general, women have been found to be better savers of money and have had a better success in loan repayment. This makes them a better candidate for microfinance projects. In developing countries, women are also often lacking assets that could serve as collateral, since it is traditionally the men who control financial resources and assets, such as land. This also makes them preferred candidates for microfinance programs.

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How can getting a loan to raise chickens help break the cycle of poverty?

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Eggs can be sold to provide an income or chicks can be raised and sold for income. Eggs and chickens can be eaten to provide an important source of protein in the diet of the rural poor. Improving nutrition can help people stay healthy and prevent future expenses for medicines, funerals, etc.

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## BLM 3.2 Muhammad Yunus and Grameen Bank - Nobel Peace Prize Winners

<p>Oslo - The Norwegian Nobel Committee has decided to award the Nobel Peace Prize for 2006, divided into two equal parts, to <b>Muhammad Yunus</b> and <b>Grameen Bank</b> for their efforts to create economic and social development from below. Lasting peace can not be achieved unless large population groups find ways in which to break out of poverty. Micro-credit is one such means. It also serves to advance democracy and human rights.</p>	<h1>Muhammad Yunus and Grameen Bank Awarded Nobel Peace Prize</h1> <p>13 October 2006</p>	
<p>Muhammad Yunus has shown himself to be a leader who has managed to translate visions into practical action for the benefit of millions of people, not only in Bangladesh, but also in many other countries. Loans to poor people without any financial security had appeared to be an impossible idea. From modest beginnings three decades ago, Yunus has, first and foremost through</p>	<p>Grameen Bank, developed micro-credit into an ever more important instrument in the struggle against poverty. Grameen Bank has been a source of ideas and models for the many institutions in the field of micro-credit that have sprung up around the world.</p>	 <p><b>Prof. Muhammad Yunus</b></p>
	<p>Every single individual on earth has both the potential and the right to live a decent life. Across cultures and civilizations, Yunus and Grameen Bank have shown that even the poorest of the poor can work to bring about their own development.</p>	<p>political democracy cannot achieve their full potential unless the female half of humanity participates on an equal footing with the male.</p>
	<p>Micro-credit has proved to be an important liberating force in societies where women in particular have to struggle against repressive social and economic conditions. Economic growth and</p>	<p>Yunus's long-term vision is to eliminate poverty in the world. That vision can not be realised by means of micro-credit alone. But Muhammad Yunus and Grameen Bank have shown that, in the continuing efforts to achieve it, micro-credit must play a major part.</p>

## **BLM 3.3 - Microfinance – Giving Credit Where Credit is Due**

### **What is Microfinance?**

Microfinance, or sometimes called micro-credit, is the extension of small loans to entrepreneurs too poor to qualify for traditional bank loans. It has proven to be an effective and popular measure in the ongoing struggle against poverty.

### **History of Microfinance**

The first microfinance program — the Grameen Bank — started in Bangladesh in 1976. (Grameen means "rural" or "village" in Bangla language.) The Grameen Bank has been extremely successful and continues to operate throughout the world today. For more information, visit [www.grameen-info.org](http://www.grameen-info.org)

### **Where are Microfinance Programs Found?**

Microfinance programs were originally adopted in developing countries to assist poor rural people in establishing income-generating activities whereby they could break their cycle of poverty. Microfinance programs continue to operate in developing countries throughout the world with the support of a variety of banking institutions and non-governmental organizations.

Today, microfinance programs can be found all over the world in both developed and developing countries. VanCity Credit Union in Vancouver, Canada operates a micro-credit program for small business owners who would not qualify for standard bank loans.

### **How do Microfinance Programs Work?**

Each microfinance program is uniquely adapted to the situation and needs of the community and country where it is operating. Some general operating principles of microfinance projects are described in this section however, they do not all apply to all projects.

Money is loaned to poor people with no or very little collateral who would not qualify for regular bank loans. Loans are provided for income generating purposes, for example:

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### **BLM 3.3 Continued - Microfinance – Giving Credit Where Credit is Due**

monitored by the banking institution or non-governmental organization that is helping to coordinate the loan.

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#### **Microfinance in Action!**

Microfinance loans can be obtained to start any number of businesses. A woman may want to buy equipment to start a sewing business. Another woman may want to buy chickens or ducks, and sell the eggs or mature birds for profit. A group of women may want to start a handicraft business, selling hand-woven baskets. The possibilities are endless! However, each business idea uses an individual's talent and satisfies a market need.

#### **Questions - Microfinance and Poverty**

1. With a partner, create a chart and list all of the advantages and disadvantages of microfinance loans and traditional loans for a borrower.
2. What social or environmental benefits could result from a successful microfinance project for a family? For a community?
3. Do you think a woman's status in the community could change if she were a successful business woman through a microfinance program? Explain.
4. In your opinion, do you think microfinance projects can be successful in breaking the cycle of poverty for poor people in developing countries? Explain your reasoning.

## BLM 3.1 - Microfinance – questions et réponses

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Qu'est-ce qu'un programme de microfinance ?

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Les programmes de microfinance attribuent des petits prêts aux entrepreneurs qui sont trop pauvres ou qui n'ont pas les garanties nécessaires pour obtenir un prêt bancaire classique.

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Quel fût le premier programme de microfinance ?

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La Banque Grameen fût le premier programme de microfinance. Elle a été fondée au Bangladesh en 1976. (grameen signifie « rural » ou « village » en bengali).

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Est-ce que le premier programme de microfinance a connu du succès ?

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Le premier programme de microfinance a connu énormément de succès. Il a amélioré la condition de pauvreté en permettant aux familles d'accroître leur revenu. Le programme existe aujourd'hui dans plusieurs régions du monde.

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### BLM 3.1 Suite : microfinance – questions et réponses

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Quel est le volume de la Banque Grameen aujourd'hui ?

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Au 1<sup>er</sup> avril 2009, la Banque Grameen avait 7,75 millions d'emprunteurs, dont 97 pourcent étaient des femmes. La Banque Grameen attribue des microcrédits dans 83 967 villages au Bangladesh.

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Dans quelles régions peut-on avoir accès à un microcrédit ?

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Les programmes de microfinance ont initialement été mis en place dans les pays en voie de développement pour aider les pauvres dans les régions rurales à établir des activités génératrices de revenu. Aujourd'hui il existe des programmes de microfinance dans plusieurs régions du monde, à la fois dans des pays développés et les pays en voie de développement, comme le Canada.

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À quoi servent les prêts accordés par les programmes de microfinance ?

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### BLM 3.1 Suite : microfinance – questions et réponses

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Les prêts servent généralement aux activités génératrices de revenu. Par exemple, on obtient un prêt pour créer une entreprise artisanale de fabrication de paniers, qui sont vendus au marché. Le prêt peut également servir à couvrir les frais d'établissement d'un potager (pour acheter des graines et des outils). Les légumes récoltés sont ensuite vendus et l'argent gagné sert à rembourser le prêt. Certains prêts sont accordés pour le logement ou l'éducation.

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Comment rembourse-t-on un microcrédit ?

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Les prêts sont remboursés par petits versements (des petits montants à la fin de chaque semaine, plutôt qu'un gros montant à la fin du mois). Les prêts sont donc plus faciles à rembourser pour ceux qui vivent dans la pauvreté, qui ont parfois du mal à économiser des gros montants à cause des autres dépenses qui peuvent survenir pendant le mois.

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Quelles sont les conditions pour obtenir un microcrédit ?

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## BLM 3.1 Suite : microcrédit – questions et réponses

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Certaines conditions s'appliquent aux entreprises qui obtiennent un microcrédit. Par exemple, si on emprunte pour acheter un buffle d'Asie pour commencer un élevage, la condition pourrait être de faire vacciner l'animal et consulter un vétérinaire régulièrement. Ces conditions permettent d'assurer le succès de l'entreprise et de rembourser le prêt. Elles sont supervisées par l'établissement bancaire ou l'organisation non-gouvernementale qui a participé à l'obtention du prêt.

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Quel est le taux d'intérêt du microcrédit ?

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Les taux d'intérêt varient selon les programmes. Habituellement, ils suivent le taux du marché ou sont légèrement sous le taux du marché.

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Qu'est-ce qu'un cercle de crédit d'entraide ?

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### BLM 3.1 Suite : microcrédit – questions et réponses

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Le cercle de crédit d'entraide est un groupe de 4 ou 5 emprunteurs mis en place par un établissement de crédit (banque ou ONG). Les membres du groupe supervisent et soutiennent les opérations de crédit lors de réunions périodiques. C'est aussi une forme de pression entre les paires pour s'encourager à être responsable de son prêt. On examine ensemble des projets d'entreprise et on discute de nouvelles idées.

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En dehors du prêt, quels sont les avantages d'un cercle de crédit d'entraide ?

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Les cercles de crédit d'entraide créent des nouveaux réseaux sociaux et facilitent l'échange d'information entre les membres du groupe. Dans les cercles d'entraide réservés aux femmes, c'est une occasion unique de rencontrer des femmes issues d'autres communautés et de discuter de pratiques agricoles, la santé et la famille.

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Pourquoi les femmes sont-elles plus souvent privilégiées comme candidates au microcrédit ?

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### BLM 3.1 Suite : microcrédit – questions et réponses

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Plusieurs programmes de microfinance sont ciblés vers les groupes de femmes. On a constaté que les femmes sont en général plus économes et réussissent mieux à rembourser leur crédit. Elles sont donc des meilleures candidates pour les programmes de microcrédit. Dans les pays en voie de développement, les femmes n'ont souvent pas les actifs nécessaires pour assurer une garantie, étant donné que traditionnellement ce sont les hommes qui contrôlent les finances et les actifs, comme le terrain. Elles sont ainsi privilégiées comme candidates au microcrédit.

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Comment peut-on briser le cercle de la pauvreté avec un prêt accordé pour commencer un élevage de poules ?

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On peut faire un profit avec les œufs vendus ou en élevant des poussins qui sont ensuite vendus. Les œufs et les poulets mangés sont une source importante de protéines, qui manquent souvent dans l'alimentation des plus démunis en région rurale. Une alimentation plus complète permet d'être en meilleure santé, ce qui diminue les dépenses en médicaments, funérailles, etc.

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## BLM 3.2 Muhammad Yunus et la Banque Grameen – gagnants du Prix Nobel de la paix

Oslo – le Comité Nobel norvégien a accordé le Prix Nobel de la paix de 2006 à **Muhammad Yunus** et à la **Banque Grameen** pour avoir créé un modèle de développement économique et social, pour les pauvres et détenu par les pauvres. Une paix durable ne peut être obtenue sans qu'une partie importante de la population trouve les moyens de sortir de la pauvreté. L'accès au microcrédit en offre la possibilité. Il permet aussi de faire avancer la démocratie et les droits humains.

Muhammad Yunus est un chef de file qui a réussi à transformer son rêve en action pratique pour des millions de personnes, non seulement au Bangladesh, mais dans plusieurs autres pays. Il semblait auparavant impossible d'accorder un prêt aux pauvres qui n'avaient aucune sécurité financière. Depuis ses origines modestes il y a trente ans, Yunus et la Banque Grameen ont développé le microcrédit comme un instrument dans la lutte contre la pauvreté. La Banque

# Muhammad Yunus et la Banque Grameen remportent le Prix Nobel de la paix

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Grameen est une source d'idées et de modèles pour les multiples institutions qui offrent aujourd'hui du microcrédit à travers le monde.

Tous les habitants de la Terre ont le potentiel et le droit de mener une existence décente. Au-delà des cultures et des civilisations, Yunus et la Banque Grameen ont démontré que même les plus démunis peuvent travailler pour assurer leur propre développement. Le microcrédit est une force libératrice importante dans des sociétés où les femmes, plus particulièrement, doivent lutter contre des conditions économiques et sociales répressives. La croissance économique et la démocratie politique ne peuvent atteindre leur plein potentiel à moins



**Prof. Muhammad Yunus**

que la femme, qui représente la moitié de la population mondiale, soit considérée à l'égal de l'homme.

La vision à long terme de Yunus est d'éliminer la pauvreté dans le monde. Le microcrédit ne peut à lui seul permettre d'atteindre cette vision. En revanche, Muhammad Yunus et la Banque Grameen ont prouvé que le microcrédit participe en grande partie à l'atteinte de cette vision.

## **BLM 3.3 - Microfinance – attribuer un crédit là où le crédit est nécessaire**

### **Qu'est-ce que la microfinance ?**

La microfinance, parfois nommée microcrédit, attribue des petits prêts aux entrepreneurs qui sont trop pauvres pour être éligibles aux prêts bancaires classiques. C'est une mesure populaire et efficace dans la lutte contre la pauvreté.

### **Histoire de la microfinance**

Le premier programme de microfinance a été créé par la Banque Grameen au Bangladesh en 1976 (grameen signifie « rural » ou « village » en bengali) La Banque Grameen a connu beaucoup de succès et ses opérations se sont étendues à l'échelle mondiale. Pour plus d'information, allez à [www.grameen-info.org](http://www.grameen-info.org)

### **Où peut-on trouver des programmes de microfinance ?**

À l'origine, les programmes de microfinance ont été mis en place dans les pays en voie de développement pour aider les habitants pauvres des régions rurales à créer des entreprises génératrices de revenu, pour ainsi se sortir de la pauvreté. Ces programmes existent dans plusieurs pays en voie de développement grâce au soutien de plusieurs établissements bancaires et organisations non gouvernementales.

Aujourd'hui, il existe dans plusieurs régions du monde, à la fois dans les pays développés et les pays en voie de développement, des programmes de microfinance. À Vancouver, Canada, la VanCity Credit Union gère un programme de microcrédit pour les propriétaires qui ne sont pas éligibles aux prêts bancaires classiques.

### **Comment les programmes de microfinance fonctionnent-ils ?**

Chaque programme de microfinance est adapté à la situation et aux besoins de la communauté et du pays dans lequel il est mis en œuvre. Les principes opérationnels des projets de microfinance qui sont présentés dans la section suivante ne s'appliquent en revanche pas à tous les projets.

On attribue des prêts aux démunis qui n'ont aucune garantie et ne sont pas éligibles aux prêts bancaires classiques. Les prêts sont accordés pour la création d'entreprises génératrices de revenu :

- Achat de poules pour vendre des œufs
- Entreprise artisanale (p.ex. fabrication de paniers) et vente d'items au marché
- Frais d'établissement pour un potager (outils, graines) et légumes vendus pour rembourser le prêt.

On accorde un petit montant pour commencer. Lorsque la personne rembourse son premier prêt, elle devient éligible pour un montant plus élevé la fois suivante. Les prêts sont remboursés par petits versements (des petits montants à chaque semaine, par rapport à un montant plus élevé à la fin du mois). Les prêts sont donc plus faciles à rembourser pour ceux qui vivent dans la pauvreté, qui ont parfois du mal à économiser des gros montants à cause des autres dépenses qui peuvent survenir pendant le mois. Certaines conditions s'appliquent aux entreprises qui obtiennent un microcrédit. Par exemple, si on emprunte pour acheter un buffle d'Asie pour commencer un élevage, la condition pourrait être de faire vacciner l'animal et consulter un vétérinaire régulièrement. Ces conditions permettent d'assurer le succès de l'entreprise et de

### **BLM 3.3 Suite - Microfinance – accorder un crédit là où le crédit est nécessaire**

rembourser le prêt. Elles sont supervisées par l'établissement bancaire ou l'organisation non-gouvernementale qui a participé à l'obtention du prêt.

Les taux d'intérêt varient selon le programme de microfinance. En général, ils suivent les taux du marché ou sont légèrement en dessous. On ne considère pas que les candidats demandent la charité mais ils sont traités avec le même respect et dignité que toute autre personne. On reconnaît tout simplement qu'ils possèdent moins d'actifs au départ.

Le cercle de crédit d'entraide est un groupe de 4 ou 5 emprunteurs mis en place par un établissement de crédit (banque ou ONG). Les membres du groupe supervisent et soutiennent les opérations de crédit lors de réunions périodiques. C'est aussi une forme de pression entre les paires pour s'encourager à être responsable de son prêt. On examine ensemble des projets d'entreprise et on discute de nouvelles idées.

Plusieurs programmes de microfinance sont ciblés vers les groupes de femmes. On a constaté que les femmes sont en général plus économes et réussissent mieux à rembourser leur crédit. Elles sont donc des meilleures candidates pour les programmes de microcrédit. Dans les pays en voie de développement, les femmes n'ont souvent pas les actifs nécessaires pour assurer une garantie, étant donné que traditionnellement ce sont les hommes qui contrôlent les finances et les actifs, comme le terrain. Elles sont ainsi privilégiées comme candidates au microcrédit.

#### **La microfinance en action !**

On accorde des microcrédits pour plusieurs types d'entreprise. Une femme achète par exemple de l'équipement pour créer une entreprise de couture. Une autre achète des poules ou des cannes pour vendre des œufs ou de la volaille. Ou encore, un groupe de femme crée une entreprise artisanale pour vendre des paniers tressés à la main. Les possibilités sont illimitées ! Toute entreprise nécessite par contre l'imagination d'un entrepreneur et doit répondre aux besoins du marché.

#### **Questions - La microfinance et la pauvreté**

1. En équipe de deux, faites un tableau et une liste des avantages et désavantages du microcrédit ainsi que des prêts bancaires traditionnels pour un demandeur.
2. Quels sont les avantages sociaux ou environnementaux d'une entreprise fructueuse pour une famille ? Pour une communauté ?
3. Pensez-vous que le statut d'une femme changerait si elle créait une entreprise fructueuse avec l'aide d'un microcrédit ? Expliquez pourquoi.
4. Selon vous, la microfinance peut-elle briser le cercle de la pauvreté dans les pays en voie de développement ? Expliquez pourquoi.

## Assessment

Student's contribution to the class and small group discussions can be observed and recorded anecdotally by the teacher. A rubric is provided below that can be used for assessment or evaluation purposes.

### Microfinance: Giving Credit Where Credit is Due

Student's Name: \_\_\_\_\_

Criteria	50-59% (Level 1)	60-69% (Level 2)	70-79% (Level 3)	80-100% (Level 4)
<b>Knowledge/ Understanding</b>	Demonstrates limited knowledge and understanding of terms and concepts.	Demonstrates some knowledge and understanding of terms and concepts.	Demonstrates considerable knowledge and understanding of terms and concepts.	Demonstrates thorough knowledge and understanding of terms and concepts.
<b>Thinking/Inquiry</b>	Analysis, decision-making and critical thinking skills are applied with limited effectiveness.	Analysis, decision-making and critical thinking skills are applied with some effectiveness.	Analysis, decision-making and critical thinking skills are applied with considerable effectiveness.	Analysis, decision-making and critical thinking skills are applied with a high degree of effectiveness.
<b>Communication</b>	Expresses and organizes ideas and information with limited effectiveness.	Expresses and organizes ideas and information with some effectiveness.	Expresses and organizes ideas and information with considerable effectiveness.	Expresses and organizes ideas and information with a high degree of effectiveness.

## Glossary

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**Canadian International Development Agency (CIDA):** The federal agency charged with planning and implementing most of Canada's international development program in order to reduce poverty and to contribute to a more secure, equitable and prosperous world.

**Deforestation:** The loss of forests due to over-cutting of trees.

**Developed Country:** A basic classification of countries with a high level of per capita income, industrialization, and modernization. Such countries usually have lower levels of population growth.

**Developing Country:** A basic classification of low- and middle-income countries in which most people have a lower standard of living with access to fewer goods and services than do most people in developed countries.

**Ecological Footprint:** A measure of how much land and water is needed to produce the resources we consume and to dispose of the waste we produce.

**Environmental Degradation:** The change in environmental conditions to a lower condition, quality or level.

**Fair Trade:** A trading method committed to social justice in which employees and farmers are treated and paid fairly, sustainable environmental practices are followed and long-term trade relationships are fostered.

**Food Security:** A state where all people, at all times, have enough food to eat and the food meets their overall nutritional requirements.

**Gender:** Culturally defined roles and responsibilities for females and males that are learned, may change over time, and vary among societies.

**Global Citizenship:** Awareness of the world as a global community and recognizing the rights and responsibilities of citizens to take action with a global consciousness.

**Globalization:** The idea, popularized in the 1960s, that the entire world and its inhabitants are becoming one large community with interconnected needs and services.

**Gross Domestic Product (GDP):** The value of all goods and services produced within a nation in a given year.

**Human Development Index:** An annual ranking of countries in which the health, education, and wealth of each nation's citizens is examined. Life expectancy, educational achievement, and standard of living are measured.

**International Development:** Efforts to assist nations, and their citizens and institutions, to develop a higher quality of living. This is often done through social or economic programs.

**Microfinance** - Small loans that help poor people who wish to start or expand their small businesses but, lack the assets for banks to lend to them; sometimes also called micro-credit.

**Millennium Development Goals:** The eight goals all 191 United Nations member states have agreed to try to achieve by the year 2015.

**Non-Governmental Organization (NGO):** An organization that is not part of the local, state or federal government.

**North American Free Trade Agreement (NAFTA):** An agreement implemented in 1994 committing Canada, the US and Mexico to the elimination of all tariffs, quotas and other trade barriers between them before 2009.

**Poverty:** The state of being without, often associated with need, hardship and lack of resources across a wide range of circumstances.

**Subsistence Agriculture:** A type of farming in which livestock is raised and crops are cultivated for local food and energy requirements rather than for sale.

**Sustainable Development:** Development that meets the needs of the present generation without compromising the ability of future generations to meet their needs.

**Sustainable Livelihood:** The capabilities, assets (including both material and social resources) and activities required for a means of living that can be maintained into the future, recover from shocks and does not compromise natural resources.

**United Nations:** An international organization formed in 1945 to promote peace and economic development.

## Country Information

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For further information on Ghana, please see the following resources:

- World Atlas Website [www.worldatlas.com](http://www.worldatlas.com) click on Africa and then Ghana
- CIA Ghana Profile [www.cia.gov](http://www.cia.gov) click on World Factbook and then choose Ghana from the dropdown menu
- CIDA Ghana Profile [www.acdi-cida.gc.ca/ghana-e](http://www.acdi-cida.gc.ca/ghana-e)
- Ghana Government Website [www.ghana.gov.gh/](http://www.ghana.gov.gh/)
- CHF Ghana Project Description [www.chf-partners.ca](http://www.chf-partners.ca) click on Our Projects, Africa, Ghana

For further information on Zimbabwe, please see the following resources:

- World Atlas Website [www.worldatlas.com](http://www.worldatlas.com) click on Africa and then Zimbabwe
- CIA Zimbabwe Profile [www.cia.gov](http://www.cia.gov) click on World Factbook and then choose Zimbabwe from the dropdown menu
- CIDA Zimbabwe Profile [www.acdi-cida.gc.ca/zimbabwe-e](http://www.acdi-cida.gc.ca/zimbabwe-e)
- Zimbabwe Government Website [www.gta.gov.zw/](http://www.gta.gov.zw/)
- CHF Zimbabwe Project Description [www.chf-partners.ca](http://www.chf-partners.ca) click on Our Projects, Africa, Zimbabwe

For further information on countries in the Caribbean, please see the following resources:

- World Atlas Website [www.worldatlas.com](http://www.worldatlas.com) click on Caribbean
- CIA Profiles of various countries within the Caribbean [www.cia.gov](http://www.cia.gov) click on World Factbook and then choose a country from the dropdown menu
- CIDA Profiles of various countries within the Caribbean (select country name from map) [www.acdi-cida.gc.ca/Americas](http://www.acdi-cida.gc.ca/Americas)
- CHF Guyana Project Description [www.chf-partners.ca](http://www.chf-partners.ca) click on Our Projects, Americas, Guyana

For further information on Bangladesh, please see the following resources:

- World Atlas Website [www.worldatlas.com](http://www.worldatlas.com) click on Asia and then Bangladesh
- CIA Bangladesh Profile [www.cia.gov](http://www.cia.gov) click on World Factbook and then choose Bangladesh from the dropdown menu
- CIDA Bangladesh Profile [www.acdi-cida.gc.ca/bangladesh-e](http://www.acdi-cida.gc.ca/bangladesh-e)
- Bangladesh Government Website [www.bangladesh.gov.bd/](http://www.bangladesh.gov.bd/)
- CHF Bangladesh Project Description [www.chf-partners.ca](http://www.chf-partners.ca) click on Our Projects, Asia, Bangladesh

## Resources

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### Reference Books

Hammond World Atlas 3e, by Hammond, 1999

Worldmark Chronologies, Vol. 1: Chronology of Africa, by Karen Christensen, 1997

### Web Sites

CHF [www.chf-partners.ca](http://www.chf-partners.ca)

Gifts That Matter campaign [www.giftsthatmatter.ca](http://www.giftsthatmatter.ca)

Canadian International Development Agency (See Teacher Zone) [www.acdi-cida.gc.ca](http://www.acdi-cida.gc.ca)

Grameen Bank [www.grameen-info.org/](http://www.grameen-info.org/)

Vancity (Canadian example of microfinance) [www.vancity.com/MyCommunity/](http://www.vancity.com/MyCommunity/)

Nobel Peace Prize Official Site <http://nobelpeaceprize.org/>

Earth Day Network (Quiz) [www.earthday.net/footprint/index.html](http://www.earthday.net/footprint/index.html)

Footprint of Nations [www.ecologicalfootprint.org](http://www.ecologicalfootprint.org)

Global Footprint Network [www.ecofoot.net](http://www.ecofoot.net)

Transfair Canada Website [www.transfair.ca](http://www.transfair.ca)

Make Poverty History Website [www.makepovertyhistory.ca/](http://www.makepovertyhistory.ca/)

World Bank PovertyNet [www.worldbank.org](http://www.worldbank.org) click on "Topics" and then "Poverty"

National Anti-Poverty Organization [www.napo-onap.ca/](http://www.napo-onap.ca/)

The Assembly of First Nations Website: Making Poverty History Article

[www.afn.ca/article.asp?id=2903](http://www.afn.ca/article.asp?id=2903)

United Nations Development Programme: Poverty Reduction [www.undp.org/poverty/](http://www.undp.org/poverty/)

United Nations Development Report Website <http://hdr.undp.org>

Campaign 2000 Website [www.campaign2000.ca/rc/](http://www.campaign2000.ca/rc/)

UN Millennium Development Goals [www.un.org/millenniumgoals/](http://www.un.org/millenniumgoals/)

UN Millennium Project [www.unmillenniumproject.org/](http://www.unmillenniumproject.org/)

Millennium Campaign Website [www.millenniumcampaign.org](http://www.millenniumcampaign.org)

World Bank Student/Teacher Website <http://youthink.worldbank.org/>

Global Education Network [www.global-ed.org](http://www.global-ed.org)

Updated Currency Conversion [www.oanda.com/convert/classic](http://www.oanda.com/convert/classic)

## Summary and Next Steps

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The first step in reducing poverty and injustice in developing countries is to **look deeper** and understand the realities faced and the connections between people around the world. This is an important step in creating empathy for the rural poor in the next generation of leaders — today's students!

This guide was developed to help children understand rural communities in developing countries and some of the forces that perpetuate their cycles of poverty. More importantly, this guide is to give students hope that change is possible. Everyone can contribute to empowering communities to have the resources to be self-sufficient and break their cycle of poverty. (Please see the Head, Heart and Hand Approach on page 4 which highlights the importance of action.)

The second step is to move informed students to action. Students will see how their actions will lead to healthier children, families and communities. Their support will enable families to earn better incomes so they can afford school fees for their children as well as meet other needs. Families will feel empowered and will have more hope for their future.

Your students can help CHF improve the lives of people in rural communities in developing countries by engaging in one of CHF's activities or fundraising events. CHF has many successful stories of schools that are supporting our projects in various developing countries. Visit our web site at [www.chf-partners.ca](http://www.chf-partners.ca) and click on **Teachers** for the latest school success story.

### **CHF encourages your school to get involved!**

Sign up for our Gifts That Matter campaign today! (See page 5 for further information on this campaign).

### **For more information please contact:**

Global Education Coordinator  
CHF  
323 Chapel Street  
Ottawa, Ontario K1N 7Z2  
[gloaled@chf-partners.ca](mailto:gloaled@chf-partners.ca)  
Phone: (613) 237-0180 ext. 229 or 1-866-242-4243

