Worldwide Micro-Lending

Primary Content Area: World Studies/Economics/Business

Introduction
How do individuals and families survive in developing economies? This essential question can guide students through an examination of charity projects, micro-business development, and other strategies employed by a developing country to ensure employment and economic survival. Through a micro-lending project students can gain important knowledge about the economic and political causes of poverty, the difference between donations and loans, and even more importantly, the experience of giving a loan and making an impact in a person’s entrepreneurial endeavors. The world-wide micro-lending project enables students to choose a small business entrepreneur in the developing world, learn about the history, politics, geography, culture, and economics of that individual’s country, and make a small loan to support a local business enterprise.

Project Goals
- Students will gain an understanding of the benefits and drawbacks of a traditional donation.
- Students will be able to identify, define, and analyze economic concepts such as entrepreneurship, micro-financing, supply and demand, and market economies.
- Students will identify a skill they possess and generate a one-page business plan to create a small business enterprise.
- Students will define and analyze the micro-lending concept and movement.
- Students will choose a micro-lending recipient through a website like www.kiva.org and make a micro loan of at least $25.00.
- Students will justify their choice through research on the country’s history and economic condition as well as their personal interest in the loan recipient.
- Students will reflect on their experience.

Procedure/Project Sequence
1. To prepare students for participation in a micro-lending project, guide them through curricular activities that enable them to understand some or all of the following: entrepreneurship, micro-lending, supply and demand, and market economies.
2. Have your students brainstorm and then conduct initial research on solutions to poverty. It is useful to think in four categories:
   - Education
   - System/policy change
   - Meet immediate needs
   - Create opportunities
3. Have your students divide the “solutions” into sustainable, long-term solutions and temporary solutions.
4. Discuss the pros and cons to a temporary solution to poverty like donating money or distributing perishable food.
5. Discuss the benefits of providing financial help that will help create a business to increase revenue. There are many videos and articles at the following website: www.kiva.org.
6. Once the students have researched the concept of micro-lending, have them identify a skill or interest they have. Now ask them to develop a brief business plan for a $500 investment. How would, for example, $500 be utilized to start a cupcake business?
7. Now have the students choose an individual to receive their loan at [www.kiva.org](http://www.kiva.org). This choice should be formally justified in either a paper or a presentation. You can assign individual students or small student groups to identify and research a candidate for the classroom’s loan. Students should then present their candidate with the class selecting the loan they most want to make as a group.

8. Develop a plan to raise the money needed for a loan. Each loan must be at least $25.00. Students might host an international dinner at school and solicit donations from local ethnic restaurants to raise funds for the loan. They might also host a Loan-a-Thon where they ask teachers to contribute one day’s worth of coffee and students one day’s worth of hot chips.

9. Track the loan progress throughout the school year.

10. Towards the end of the school have the students reflect on their micro-lending experience. Do they see how their loan has made a difference that is sustainable? Have they been able to re-loan the same amount of money to a new recipient? What was accomplished with this project? What went well? What could have been better?

11. As a final part of the project have students research similar organizations that are creating sustainable solutions to poverty within the United States. A good place to start this discussion might be [http://www.lacocinasf.org/](http://www.lacocinasf.org/)

12. Decide whether the project was interesting and successful enough to have the students teach another class about micro-lending to expand the project.

**Community Partners/Resources**

[www.kiva.org](http://www.kiva.org)

Kiva is a micro-lending website that enables groups and individuals to select an entrepreneur from a region of the world and provide a micro-loan to that individual.

**Addendum**

**Standards**

This project addresses the following Common Core State Standards:

- **W.11.6**: Use technology, including the Internet, to produce, publish, and update individual or shared writing products in response to ongoing feedback, including new arguments or information.
- **SL9.1a**: Come to discussions prepared, having read and researched material under study/ explicitly draw on that preparation by referring to evidence from texts and other research on the topic or issue to stimulate a thoughtful, well-reasoned exchange of ideas.

**Duration**

Students should spend 10-13 hours on this project depending on their level of engagement in a micro-lending effort.

**Preparation:** Research and analysis, individual business plan development – 4-5 hours

**Action:** Participation in choosing, presenting, fundraising, and tracking the loan recipient – 4-5 hours

**Reflection:** Discussion/education of others – 2-3 hours

**Cross-Curricular Connections**

Connections with World Studies and Business could be made during this project.