

Modulo CLIL ECONOMIA AZIENDALE

ITC DEGANUTTI Udine

a.s. 2009 -2010

Docenti : Prof.ssa Paola Antonutti, Prof.ssa Luisa Tubaro

Titolo del modulo	MICROCREDIT
classi	5A erica
livello linguistico	Intermediate/ upper-intermediate(B1+/ B2)
punto del programma (eventuali prerequisiti)	Per Diritto ed economia dell'azienda l'argomento si inserisce nel Mod. 1 – La gestione delle imprese bancarie. I prerequisiti richiesti sono: <ul style="list-style-type: none">- Conoscere le caratteristiche dell'attività bancaria- Conoscere le funzioni dell'impresa bancaria- Conoscere gli obiettivi dell'impresa bancaria- Conoscere il concetto di fido bancario e le diverse tipologie di garanzie richieste dalle banche- Conoscere il prezzo delle operazioni bancarie
contenuti disciplinari	Microfinanza e microcredito: natura e differenze Concetto di economia informale Finalità e principi delle attività di microcredito La nozione di “garanzia” nelle attività di microcredito Le principali metodologie di microcredito Microcredito e lotta alle povertà
numero di ore	10 -12 ore
materiale	Dispensa del docente
Supporti	Siti Web
compresenza	Sì, in parte

Link:

- [The Micromagic of Microcredit](#)
- [A Micro \\$4 Billion?](#)
- [Verifica](#)

The Micromagic of Microcredit

by Karol Boudreaux and Tyler Cowen

Microcredit has star power. In 2006, the Nobel Committee called it “an important liberating force” and awarded the Nobel Peace Prize to Muhammad Yunus, the “godfather of microcredit.”

After decades of failure, the world’s aid organizations seem to think they have at last found a winning idea. The United Nations declared 2005 the “International Year of Microcredit.” Secretary-General Kofi Annan declared that providing microloans to help poor people launch small businesses recognizes that they “are the solution, not the problem. It is a way to build on their ideas, energy, and vision. It is a way to grow productive enterprises, and *so allow communities to prosper.*”

Many investors agree. Hundreds of millions of dollars are flowing into microfinance from international financial institutions, foundations, governments, and, most important, private investors—who increasingly see microfinance as a *potentially profitable business venture*. Private investment through special “microfinance investment vehicles” alone nearly doubled in 2005, from \$513 million to \$981 million.

But can microcredit achieve the massive changes its proponents claim? Is it the solution to poverty in the developing world, or something more modest—a *way to empower the poor, particularly poor women, with some control over their lives and their assets?*

On trips to Africa and India we have talked to lenders, borrowers, and other poor people to try to understand the role microcredit plays in their lives. We met people like Stadile Menthe in Botswana. Menthe is, in many ways, the classic borrower. A single mother with little formal education, she borrowed money to expand the small grocery store she runs on a dusty road on the outskirts of Botswana’s capital city, Gaborone. Menthe’s store has done well, and she has expanded into the lucrative business of selling phone cards. In fact, she’s been successful enough that she has built two rental homes next to her store. She has diversified her income and made a better life for herself and her daughter. But how many borrowers are like Menthe? In our judgment, *she is the exception, not the norm*. Yes, microcredit is mostly a good thing. Very often it helps keep borrowers from even greater catastrophes, but only rarely does it enable them to climb out of poverty.

The modern story of microcredit began 30 years ago, when Yunus—then an economics professor at Chittagong University in southeastern Bangladesh—set out to apply his theories to improving the lives of the poor in the nearby village of Jobra. He began in 1976 by lending \$27 to a group of 42 villagers, who used the money to develop *informal businesses*, such as making soap or weaving baskets to sell at the local market. After the success of the first experiment, Yunus founded Grameen Bank. Today, the bank claims more than five million “members” and a loan repayment rate of 98 percent. It has lent out some \$6.5 billion.

At the outset, Yunus set a goal that half of the borrowers would be women. He explained, “The banking system not only rejects poor people, it rejects women.... Not even one percent of their borrowers are women.” He soon discovered that women were good credit risks, and good at managing family finances. Today, more than 95 percent of Grameen Bank’s borrowers are women. The UN estimates that women make up 76 percent of microcredit customers around the world, varying from nearly 90 percent in Asia to less than a third in the Middle East.

While 70 percent of microcredit borrowers are in Asia, the institution has spread around the world; Latin America and sub-Saharan Africa account for 14 and 10 percent of the number of borrowers, respectively. Some of the biggest microfinance institutions include Grameen Bank, ACCION International, and Pro Mujer of Bolivia.

[Torna alla pagina iniziale](#)

The average loan size varies, usually in proportion to the income level of the home country. In Rwanda, a typical loan might be \$50 to \$200; in Romania, it is more likely to be \$2,500 to \$5,000. *Often there is no explicit collateral.* Instead, the banks lend to small groups of about five people, relying on peer pressure for repayment. At mandatory weekly meetings, if one borrower cannot make her payment, the rest of the group must come up with the cash.

The achievements of microcredit, however, are not quite what they seem. There is, for example, a puzzling fact at the heart of the enterprise. Most microcredit banks charge interest rates of 50 to 100 percent on an annualized basis (loans, typically, must be paid off within weeks or months). That's not as scandalous as it sounds—local moneylenders demand much higher rates. The puzzle is a matter of basic economics: How can people in new businesses growing at perhaps 20 percent annually afford to pay interest at rates as high as 100 percent?

The answer is that, for the most part, they can't. By and large, the loans serve more modest ends—laudable, but not world changing.

Microcredit does not always lead to the creation of small businesses. Many microlenders refuse to lend money for start-ups; they insist that a business already be in place. This suggests that the business was sustainable to begin with, without a microloan. Sometimes lenders help businesses to grow, but often what they really finance is spending and consumption.

Sometimes consumption and investment are one and the same, such as when parents send their children to school. Indian borrowers often buy mopeds and motorbikes—they are fun to ride but also a way of getting to work. Cell phones are used to call friends but also to run businesses.

The borrower claims that the money is for a business, but uses it for other purposes. In effect, the cash allows a poor entrepreneur to maintain her business without having to sacrifice the life or education of her child. In that sense, the money is for the business, but most of all it is for the child. Such lifesaving uses for the funds are obviously desirable, but it is also a sad reality that many microcredit loans help borrowers to survive

Commentators often seem to assume that the experience of borrowing and lending is completely new for the poor. But moneylenders have offered money to the world's poor for millennia, albeit at extortionate rates of interest. A typical moneylender is a single individual, well-known in his neighborhood or village, who borrows money from his wealthier connections and in turn lends those funds to individuals in need, typically people he knows personally. But that personal connection is rarely good for a break; a moneylender may charge 200 to 400 percent interest on an annualized basis. He will insist on collateral (a television, for instance), and resort to intimidation and sometimes violence if he is not repaid on time. The moneylender operates informally, off the books, and usually outside the law.

At microlender SERO Lease and Finance in Tanzania, borrower Margaret Makingi Marwa told us that she prefers working with a microfinance institution to working with a moneylender. Moneylenders demand quick repayment at high interest rates. At SERO, Marwa can take six months or a year to pay off her lease contract.

Moneylenders do offer some advantages, especially in rural areas. Most important, they come up with cash on the spot. If your child needs to go to the doctor right now, the moneylender is usually only a short walk away. Even under the best of circumstances, a microcredit loan can take several days to process, and the recipient will be required to deal with many documents, not to mention weekly meetings.

There is, however, an upside to this "bureaucracy." In reality, it is the moneylender who is the "micro" operator. Microcredit is a more formal, institutionalized business relationship. It represents a move up toward a larger scale of trade and business organization. Microcredit borrowers gain

[Torna alla pagina iniziale](#)

valuable experience in working within a formal institution. They learn what to expect from lenders and fellow borrowers, and they learn what is expected of themselves. This experience will be a help should they ever graduate to commercial credit or have other dealings with the formal financial world.

The comparison to moneylending brings up another important feature of microcredit. Though its users avoid the kind of intimidation employed by moneylenders, microcredit could not work without similar incentives. The lender does not demand collateral, but if you can't pay your share of the group loan, your fellow borrowers will come and take your TV. That enforcement process can lead to abuses, but it is a gentler form of intimidation than is exercised by the moneylender. If nothing else, the group members know that at the next meeting any one of them might be the one unable to repay her share of the loan.

If borrowers are using microcredit for consumption and not only to improve a small business, how do they repay? Most borrowers are self-employed and work in the informal sector of the economy. Their *incomes are often erratic*; small, unexpected expenses can make repayment impossible in any given week or month. In the countryside, farmers have seasonal incomes and little cash for long periods of time. Borrowers manage, at least in part, by relying on family members and friends to help out. In some cases, the help comes in the form of remittances from abroad.

Here again, microcredit does something that traditional banks do not. A commercial bank typically will not lend to people who work in the informal sector, precisely because their erratic incomes make them risky bets. The loan officer at a commercial bank does not care that your brother in Doha is sending money each month to help you out. But a microcredit institution cares only that you come to your weekly meeting with a small sum in hand for repayment.

Sometimes microcredit leads to more savings rather than more debt. That sounds paradoxical, but *borrowing in one asset can be a path toward (more efficient) saving in other assets*.

To better understand this puzzle, we must set aside some of our preconceptions about how saving operates in poor countries, most of all in rural areas. Westerners typically save in the form of money or money-denominated assets such as stocks and bonds. But in poor communities, money is often an ineffective medium for savings; if you want to know how much net saving is going on, don't look at money. Banks may be a daylong bus ride away or may be plagued, as in Ghana, by fraud. A cash hoard kept at home can be lost, stolen, taken by the taxman, damaged by floods, or even eaten by rats. It creates other kinds of problems as well. Needy friends and relatives knock on the door and ask for aid. In small communities it is often very hard, even impossible, to say no, especially if you have the cash on hand.

Under these kinds of conditions, a cow (or a goat or pig) is a much better medium for saving. It is sturdier than paper money. Friends and relatives can't ask for small pieces of it. If you own a cow, it yields milk, it can plow the fields, it produces dung that can be used as fuel or fertilizer, and in a pinch it can be slaughtered and turned into saleable meat or simply eaten. With a small loan, people in rural areas can buy that cow and use cash that might otherwise be diverted to less useful purposes to pay back the microcredit institution. So even when microcredit looks like indebtedness, savings are going up rather than down.

Microcredit is making people's lives better around the world. But for the most part, it is not pulling them out of poverty. It is hard to find entrepreneurs who start with these tiny loans and graduate to run commercial empires. Bangladesh, where Grameen Bank was born, is still a desperately poor country. The more modest truth is that microcredit may help some people, perhaps earning \$2 a day, to earn something like \$2.50 a day. That may not sound dramatic, but when you are earning \$2 a day it is a big step forward. And progress is not the natural state of humankind; microcredit is important even when it does nothing more than stave off decline.

[Torna alla pagina iniziale](#)

With microcredit, life becomes more bearable and easier to manage. The improvements may not show up as an explicit return on investment, but the benefits are very real. If a poor family is able to keep a child in school, send someone to a clinic, or build up more secure savings, its well-being improves, if only marginally. This is a big part of the reason why poor people are demanding greater access to microcredit loans. And *microcredit, unlike many charitable services, is capable of paying for itself*—which explains why the private sector is increasingly involved. The real issue is that we so often underestimate the severity and inertia of global poverty.

Abridged from English 24 Jan 2009 (taken from The WILSON QUARTERLY 2008)

Match the words/phrases and their Italian translation Work in pairs

lenders	Beni,patrimonio
venture	Chi presta denaro
Lending institutions	Stabilire un obbiettivo
fund themselves	Incidono per
assets	Imprese creditizie
borrowers	impresa
run	Scommesse rischiose
Set a goal	autofinanziarsi
Account for	prestito
loan	gestire
Start-ups	compilare
Lease contract	Responsabile erogazione prestiti
To deal with	Chi prende in prestito
remittances	Attività imprenditoriali in fase di avviamento
Risky bet	produce
Loan officer	Contratto di affitto
Leverage	rimesse
Stocks and bonds	Fare leva
Yield	sostenibile
bearable	Azioni ed obbligazioni

Individual work:

5.Explain in your own words the following expressions with reference to the text:

- allow communities to prosper
- potentially profitable business venture

[Torna alla pagina iniziale](#)

2.Fill in the chart . Highlight the differences between the following:

Moneylender	Microcredit	bank

3. How do poor people use microcredit?

1. _____

2. _____

3. _____

4.How do poor people save money?

1. _____

2. _____

3. _____

Questions for further discussion

What problems do small loan schemes have for poor people and the institutions running them?

What other resources do poor people setting up a small business need?

How does the Grameen Bank differ from other commercial banks?

What actions does it take to support borrowers and reduce defaults on repayments of loans?

Based on the definition of Microcredit, how do you think this system could help reduce poverty?

What are other ways to reduce poverty?

Why do you think M. Yunus won the Nobel peace prize?

Do you agree with this choice? Why or why not?

With regard to microcredit, what do you think are characteristics lenders look for when they're deciding whether to process a loan?

In your opinion, when are loans successful?

Do you think the borrower will be successful from now on? Why or why not?

If you were a global official spearheading a brand new poverty reduction program, what would you recommend? Would microcredit be included in your plan? What else might you want to include? Where would you focus the majority of your resources?

A Micro \$4 Billion? From English-to-go.com

A: Problem Solving

Today's article looks at the problem of poverty and how to help people out of it. Work in groups of three. Each person in the group will have a turn at reading aloud a problem.

Before you begin working together, your teacher will give each person in the group a different card. Read your card. (Check that you understand all the words on the card first so you can explain any difficult ones to your group.)

When it is your turn, read the card to your group. Make sure they understand the problem. Then ask the other people in your group to discuss the problem. What solutions can they offer? Think of at least two or three ideas. Then as a group, choose the best solution. Write your group's answer on the bottom of your card.

B: Reading And Predicting

Here are some quotes from today's article. Read them and then talk in pairs about what you think they mean. What do you think today's article is about?

- *Give a man a fish and you feed him for a day, but only by teaching him how to fish do you feed him for life.*
- *I would rather try to solve the problem than just give them a hand and take care of them for the day.*
- *We have done something that put a big question mark next to the entire banking system. Banking will never be the same again.*
- *Leave it to the people. They can take care of themselves. You don't have to shed tears for them. They are very capable.*
- *Loans are a path to **self-reliance** and self-respect. In a word, **empowerment**.*

Glossary:

self-reliance - trusting or depending on oneself

empowerment - being given the power to act

C: How Much Do You Know?

1. Here is a short text with some facts about the country of Bangladesh. Read it and fill the gaps with your own ideas.

The country of Bangladesh is situated between 1. _____ and Myanmar. Bangladesh has a population of around 2. _____ and an area of 144,000 square kilometers. The main language is Bangla (also known as Bengali) and the main religion is 3. _____. 4. _____, the capital of Bangladesh, is the largest city in Bangladesh.

The climate is 5. _____ and very humid in the summer and mild and 6. _____ in the winter. Nearly two thirds of the population is involved in 7. _____ work and 8. _____ is the most important crop. Other crops include jute, wheat, sugar cane, tea and tobacco. Every year the rivers 9. _____ and about 10. _____ of Bangladesh is then under water.

Bangladesh's exports include cotton textiles, clothes, newsprint, cement and chemical fertilizer. Most people still live in the 11. _____ but many have moved to the cities looking for work.

The work available in cities often doesn't offer 12. _____ wages. 13. Just under _____

% of the population is below the poverty line and around 14. _____ % of the population is unemployed.

2. Listen as your teacher reads the text above aloud and check your answers. How many did you get right or nearly right?

A: Understanding The Main Idea

Look at this excerpt from today's article and answer the questions.

1. Who is Muhammad Yunus?
2. How much money has Grameen Bank loaned?
3. What kind of Bangladeshis have received loans from the bank?
4. Are the loans usually very large or very small?
5. Is the model popular in other countries?

Muhammad Yunus, 63, is the founder of Grameen Bank, which has made more than \$4 billion in tiny loans to poor Bangladeshis, providing a lifeline for millions and a banking model that has been copied in more than 100 nations from the United States to Uganda.

B: Complete The Table

You are going to read an article about Muhammad Yunus, founder of Grameen Bank. Your teacher will divide the class into two groups and give you part of the article and some questions. Group A reads Part One of the article and Group B reads Part Two. Complete the table for your part of the article. (You do not have to read every word of the article to do this.)

C: Choose The Best Answer

Look at your part of the article again and choose the best answer for the questions for your part of the article.

D: Retelling And Reading

Now work with someone in the other group. (One Group A student works with a Group B student.) Summarize your part of the article for your partner. When you have finished, take your partner's part of the article and read it. Then complete these sentences with your partner:

1. Yunus believes that if the poor are loaned money, many will...
2. Banks are usually very reluctant to loan poor people money because...
3. Since 1976 Yunus has been helping poor people...
4. Yunus believes that loans help the poor to become...
5. Although poor people do not have to offer collateral to get loans, Grameen recovers...
6. Poor women like Kulsum have borrowed money from Grameen and have moved from...

E: Reflecting

Work in your Pre-Reading Activity A group of three and look at the answers you wrote on your cards. After reading today's article what do you think of the solutions you thought of? Are you happy with your solutions? Do you want to change any of them? If you do, how?

Questions For Group A

1. Yunus _____ to beggars because he believes it is much better to try and solve the problem of poverty and give people the opportunity to support themselves.
 - a. always gives something
 - b. sometimes gives nothing
 - c. never gives anything
2. In 1976 a bank manager refused to loan money to women near Yunus's home because they had nothing to guarantee the loan, so Yunus _____.
 - a. persuaded the banker to guarantee the loan.
 - b. loaned money to the women himself.
 - c. both answers a. and b.
3. Yunus believes that Grameen has _____.
 - a. proven that lending money to the poor can be financially successful.
 - b. challenged the way the banking system operates.
 - c. both answers a. and b.
4. Yunus prefers to lend money to women because _____ than their husbands.
 - a. they are more likely to repay the loans
 - b. they are more likely to use the money wisely
 - c. both answers a. and b.

Questions For Group B

1. Yunus believes that when poor people are able to borrow money they will _____.
 - a. set up successful small businesses and be able to look after themselves.
 - b. become rich and then be able to loan money to others.
 - c. often spend the money unwisely and then be unable to repay the loans.
2. Most banks charge borrowers 20% on business loans and ask them to provide something to guarantee the loan, _____.
 - a. but Grameen doesn't.
 - b. and Grameen also does this.
 - c. but Grameen only does this when lending to rich people.
3. Kulsum borrowed money from Grameen to buy a cow and now _____.
 - a. has enough to rear ducks.
 - b. lives in a cowshed.
 - c. both answers a. and b.
4. While Kulsum is still poor by western standards, she is now _____.
 - a. able to support herself all year round.
 - b. better off than before she borrowed money from Grameen.
 - c. both answers a. and b.

Problem: 1

A blind beggar is holding out her hand for money. She lives in a city where there are many unemployed people. What can be done to help her?

Possible Solutions:

- 1.
- 2.
- 3.

Best Solution: *My group thinks the best way to help her would be to...*

Problem: 2

Halima lives in a poor village and she wants to start a business. If she can buy a mobile phone, then everyone in her village will pay her a fee when they need to use the phone. She wants to borrow money to buy the phone. However, her local bank has refused to give her any credit because she has nothing to use to guarantee a bank loan. What can be done to help her?

Possible Solutions:

- 1.
- 2.
- 3.

Best Solution: *My group thinks the best way to help her would be to...*

Problem: 3

Sophia wants to make and sell sandwiches and fresh bread to people working in offices. She worked in a bakery for five years, saving money to feed her three children and alcoholic husband. Then she lost her job when the owner sold the business. Sophia knows how to make quality products. She needs money to buy equipment and ingredients. She also doesn't know anything about running a business and keeping accounts etc. What can be done to help her?

Possible Solutions:

- 1.
- 2.
- 3.

Best Solution: *My group thinks the best way to help her would be to...*

Complete The Table - Text For Group A

Muhammad Yunus

Age: _____

Occupation: _____

Year when he began lending money: _____

Amount of money Grameen lends a month: _____

Part One

Banker to the Poor Helps Bangladesh's Neediest

DHAKA, Bangladesh Wed Feb 11 (Reuters) - For a man who has perhaps done more than anyone to help people out of poverty, Muhammad Yunus makes no apologies for giving nothing to beggars. Yunus, 63, is the founder of Grameen Bank, which has made more than \$4 billion in tiny loans to poor Bangladeshis, providing a lifeline for millions and a banking model that has been copied in more than 100 nations from the United States to Uganda.

But Yunus's philosophy is to help the poor to help themselves: give a man a fish and you feed him for a day, but only by teaching him how to fish do you feed him for life. So he never **responds** when a blind or crippled beggar or a mother cradling her baby holds out a hand for money.

"I feel bad -- sometimes I feel terrible -- that I'm denying the person. But I restrain myself. I never give them (anything)," Yunus told Reuters in a recent interview at Grameen's head office. "I would rather try to solve the problem than just give them a hand and take care of them for the day."

The economics professor has been trying to solve the problem since 1976, when he lent the equivalent of \$27 to 42 women in a village near his home in the southern port of Chittagong.

The women were **in hock** to **unscrupulous** lenders, and Yunus's initial aim was simply to persuade a local bank manager to step in and offer the villagers regular credit. The banker said it was impossible without a guarantee. So did others.

Yunus set out to prove them wrong and has never looked back. Grameen -- the word means village in Bengali -- now **disburses** \$30 million a month to 3.13 million borrowers in 44,000 villages.

"I'm very happy that I continued and that it grew into an institution and really proved its worth," said Yunus. "We have done something that put a big question mark next to the entire banking system. Banking will never be the same again."

In Chakol, a village about 30 miles north of Dhaka, a group of 30 Grameen borrowers is taking the business very seriously. They are all women. Microlenders like Yunus know that women, traditionally second-class citizens in Bangladesh, can be counted on not only to put their small loans to better use than their frequently feckless husbands, but also to pay them back.

"Unity, discipline and work is the path to achieve success," the women chant at the end of a weekly meeting with their loan officer, who has collected installments totaling \$720.

The slogan points to the philosophy behind Grameen: loans are not just about building a new shack or buying an ox. They are a path to selfreliance and self-respect. In a word, empowerment.

By Alan Wheatley, Asian Economics Correspondent

Glossary:

respond - to do something as a reaction to something

in hock - in debt

unscrupulous - not honest or fair

disburses - to pay out money, especially from a fund collected for a purpose

[Torna alla pagina iniziale](#)

Complete The Table - Text For Group B

Grameen Bank

Philosophy of Grameen: Loans are a path _____.

Percentage of loans Grameen recovers: _____

Amount of interest Grameen charges for house loans: _____

Amount of interest Grameen charges the poorest of the poor: _____

Part Two

LEAVE IT TO THE PEOPLE

Jobeda is borrowing from Grameen to expand her small milking business. Rehanaz is financing a tailor's shop. Halima is one of about 40,000 village telephone ladies, the proud owner of a mobile phone that the whole village -- for a fee -- uses to stay in touch with relatives.

To Yunus, the lesson is as valid now as it was in 1976: if poor people are given the same access to credit as the rich, they will thrive.

"Leave it to the people. They can take care of themselves. You don't have to shed tears for them. They are very capable."

Grameen Bank recovers more than 98 percent of its loans even though borrowers do not have to put up **collateral** and pay a 20 percent interest rate on income-generating loans.

Grameen charges eight percent for house loans and five percent for education loans. It also gives **interest-free** loans to the poorest of the poor. "Why should financial services be denied to the poor?" Yunus asks.

Kulsum has been borrowing from Grameen for 16 years. She started off buying a cow and now rears ducks and farms a plot of land, ensuring she has enough to eat all year round. Along the way, she moved from a cowshed into a tidy one-room home, complete with its own tube well, that she built with a \$170 loan. She points proudly to her television and rice-storage jars.

By Western standards she and her neighbors remain **achingly** poor. The point is, they are all better off than before, and that, to Yunus, is the **retort** to critics who say Grameen makes loans that are too small and too expensive.

Glossary:

collateral - property or valuable item that can be claimed by bank if loan is not repaid

interest-free - not having to pay any interest (money charged for borrowing money)

achingly - painfully, to a great extent that suggests pain

retort - to make a quick, angry reply to something that someone has accused you of

10. Negli anni più recenti il microcredito ha trovato diffusione anche nelle economie avanzate: spiega perché.
