

Starting your own business



Geoff Crawford/Tearfund

Small businesses improve economic and technical development.

Businesses are important in improving economic and technical development, and creating wealth and jobs. They play a central role in poverty reduction. But, how do people without access to funds, training and resources break into the highly competitive world of business? Micro-enterprise (also known as small business) enables people to generate an income by starting and growing their own small business. Many of the businesses start as part-time or home-based businesses and, in time, they can provide jobs for other people within the community.

As entrepreneurs, women not only make a huge contribution to national income, but also create reliable social safety nets for their families and communities. This is because women often invest their income in healthcare, education and housing for their families.

Owning a business can build an individual's confidence, dignity and self-esteem. When successful, it also enables people to earn their own income.

What is micro-enterprise development?

Micro-enterprise development is the process of providing services such as training and technical assistance to potential and experienced small business owners. Micro-enterprise development reduces the risk associated with running a business and increases the entrepreneur's chance of success.

Micro-enterprise development programmes can help small businesses grow by providing business advisers, mentoring and coaching, and access to technology and markets. Training in business skills can be provided in addition to technical skills appropriate for the enterprise involved. In addition to training and technical assistance, funds can be made available to help with start-up or expansion of a small business. This is known as micro-finance or micro-credit.

Who provides micro-enterprise services?

Most people set up a business with an idea based on a skill or a product. New business owners can get into difficulties if they do not have basic business knowledge. Very few entrepreneurs have the background and experience to operate a business, particularly as there can be complicated regulations.

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Footsteps is a quarterly paper, linking health and development workers worldwide. Tearfund, publisher of *Footsteps*, hopes that it will provide the stimulus of new ideas and enthusiasm. It is a way of encouraging Christians of all nations as they work together towards creating wholeness in our communities.

Footsteps is free of charge to individuals working to promote health and development. It is available in English, French, Portuguese and Spanish. Donations are welcomed.

Readers are invited to contribute views, articles, letters and photos.

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Keiran Dodd/Tearfund

The aim of micro-enterprise is improved quality of life, not just wealth generation.

Micro-enterprise development programmes and services are usually provided by NGOs (non-governmental organisations), and can be funded through partnerships with government agencies, foundations, private industry and individuals.

Setting up a small business

There are many things to consider when setting up a small business, including practical steps, challenges and results.

Before making products to sell or providing services, it is important to consider the market place. Attention should be paid to feasibility, product quality, cost and market-ability. The decision to create or develop a business should be made in consideration of the existing and potential markets. Market research is very important, as you need to know what your customers want.

Time must also be allocated to business planning. As a salesperson you need to know what you want to achieve and how you will achieve it. This includes predicting how much you will sell and how you will encourage people to buy your goods or service. The entrepreneurial cycle on pages 8–9 can help you to think through these steps.

PRACTICAL STEPS

- ✓ Identify a business idea.
- ✓ Collect information about it – assess the needs of the customers and the availability of resources.
- ✓ Work out your potential income and expenditure.
- ✓ Attend training and workshops if required.

CRUNCHY PEANUT BARS – a practical idea for a small business

Ingredients:

- 1kg (4 cups) roasted peanuts
- 1kg (4 cups) water
- 2kg (8 cups) brown sugar (use white if brown is not available)

Shell and roast the peanuts until lightly brown. (Cashew and other similar nuts could also be used.) Grind them coarsely.

Dissolve the sugar in the water and heat until it begins to thicken. Add the peanuts and stir constantly to prevent burning. Test regularly for setting by dropping small amounts into cold water in a cup. When

they form hard balls remove from heat and pour either into a shallow tin or onto a greased board. Roll to a sheet ½cm thick and cut into small bars before it cools and sets. (You'll need a hammer once it has set!) Wrap with cellophane or wax paper.

NOTE Getting the setting point right is very important. There are only a few minutes between soft balls (which will not set), hard balls and a pan of burnt sugar! Experiment first with smaller quantities.

WARNING Boiling sugar is very dangerous – keep children away.

- ✓ Understand health and safety and its relevance to your business.
- ✓ Set up clear and reliable documentation systems.

SOME OF THE CHALLENGES

- A fear of taking risks.
- Insufficient income.
- Networking problems. For example, the supply of raw materials.
- Insufficient management and marketing skills.
- Low levels of motivation and courage.

SOME OF THE RESULTS

- Increased income.
- Greater control of lives and circumstances.
- Increased dignity and self-esteem.
- Improved quality of life, such as education, healthcare and home improvements.

However, success in business can lead to decreased time with family and tensions can arise. It is important to realise that the reason for micro-enterprise is to improve quality of life, not just wealth generation.

Compiled by Stephen Thomas and Rebecca Dennis. Stephen is the Trading Overseas Business Manager for Tearcraft.

www.tearcraft.org

Asha Handicrafts as an example of micro-enterprise

Asha Handicrafts is helping women artisans realise their economic potential and proving that they have the capacity to build their own micro-enterprise units. Through economic development initiatives, vocational training and credit facilitation, many women artisans are now self-employed. As a result, they have enough money to feed their children and send them to school. This approach is very powerful in lifting communities from economic poverty, and enabling the community to be self-reliant and live with dignity.

(Allan Almeida, Asha Handicrafts, Mumbai)

Asha Handicrafts comments on micro-enterprise in India

Micro-enterprise plays a critical role in the development of any economy, but particularly in those economies that are transitioning from traditional subsistence to a modern industrial economy. In India, the micro-enterprise sector has a long tradition and, since independence, has contributed significantly to the overall economic development of the country. The micro-enterprise sector will continue to play a significant role in ending poverty and promoting higher levels of employment. Self-employment through micro-enterprise can play a considerable role in reducing poverty for millions of people in countries like India.

Nearly 40 per cent of India's population lives in poverty. Many people are poor because they lack regular income. To add to their difficult lives, over 90 per cent of the rural poor are deep in debt. Unable and unwilling to access banks or to apply for loans, poor people turn to local moneylenders, who charge 60 to 120 per cent interest (per year) or even more, trapping themselves in extreme poverty.

With almost 80 per cent of the Indian population fighting for survival everyday, it is important to identify new ways and means to provide resources they need to better their lives. One way of dealing with the situation is to create sustainable livelihoods. Micro-enterprise leads to sustainable livelihoods.

EDITORIAL



Rebecca Dennis
Editor

In this issue of *Footsteps* we are looking at the topic of micro-enterprise.

Many people dream of new ways to earn a living or make more money. Maybe you think that you have a skill that you could share with others – this could be a product you can make or a service you can provide. How can you convert a good idea into a successful business?

Each year many good ideas fail because people do not take time to plan before they begin. The key to a successful business is getting the basics right. It is not difficult to learn the basics but people need to be taught them. Training and advice can help people avoid simple, but time-consuming mistakes.

Micro-enterprise is important in reducing global poverty; lifting individuals out of poverty and enabling them to improve the life of their family, while also improving the economy of their country.

The centre pages give valuable guidelines on how to plan before setting up your business. There are articles about using

profits (page 10), the place of micro-finance (page 12), the importance of training and accompaniment (page 4) and empowering women in business (page 16).

Hopefully these articles will help you to think and plan before starting a new business yourself or helping others. We would love to hear from you if *Footsteps* has helped start up a business.

I am sad to announce that Judy Mondon and Sarah Carter, who have been the *Footsteps* administrators for the past 10 years, have left Tearfund. They managed the *Footsteps* mailing list and answered your queries. I would like to thank them on behalf of *Footsteps* readers, the editorial committee and Tearfund for all their hard work. They will be greatly missed.

The next issue will celebrate the 20th birthday of *Footsteps*. We will look at how *Footsteps* and the world have changed over the past 20 years and will also look forward to challenges in the future. The following issue will focus on Natural Resources.

Rebecca

The importance of training and accompaniment

by Mija den Hartog

'I started a business for the first time in 1990. Before that I often went to the city to sell vegetables. When I went there I saw a lot of people coming from their villages buying goods in kiosks (small shops) owned by non-Papuan people [Papuan are one of the main and minor people groups in Indonesia.]. I had an idea that I could have a kiosk like this in my own village and make as much money as these people in the city. I saved up some money and set up a kiosk. But, unfortunately my business failed. I tried to run my own business for 16 years but I failed again and again. I failed because of bad habits, such as gambling and drunkenness, but most importantly because of a lack of business knowledge.'



Charles Asso monitoring his business.

This is a summary of the business life-story of Charles Asso, a man who did not give up after his business failed several times during 16 years. But even great perseverance could not help his kiosk to survive. People like Charles need to learn how to run a business well and how to deal with cultural situations.

In our organisation, Yayasan Oikonomos Papua, we often meet men and women like Charles Asso. From its beginning, Yayasan Oikonomos Papua started to support

people by giving them the opportunity to join courses in our business school and to receive micro-credit. We quickly found out that this was not enough support, so we started our 'Incubator programme'. People can now join training units, such as a kiosk or computer rental shop, so that they can be trained in a business environment for several months. This means they will be better prepared to keep their business running once it has been set up. Through the programme we also coach

people over the long-term by providing follow-up training. Long-term coaching and accompaniment are key factors for success.

Overcoming difficulties

There are many difficulties that Papuan entrepreneurs have to overcome. Seven key difficulties faced by them are:

- **Social structures**
Entrepreneurs give away goods and money to relatives, which means that income is lost and reinvestment in the business is not possible. (Papuan feel obliged to do this to maintain relationships and avoid curses which are linked to their animistic roots.)
- **Book-keeping and savings**
A lack of good book-keeping causes irresponsible spending.
- **Discipline, motivation and focus**
Entrepreneurs lack discipline and the motivation to work hard for the business, because they have low expectations of success.
- **Transport**
There is a lack of good transport infrastructure in West Papua which makes it difficult for business owners to transport their products to market.
- **Mindset**
Papuan are 'programmed' with the Indonesian status system. For example, working in a kiosk is for the Javanese people group, gardening is for Papuan and carpenters are Manado people. This gives low self-esteem and a lack of motivation to break out of this way of thinking.
- **Exclusion and corruption**
Papuan often have to pay higher prices for raw materials than non-Papuan and therefore have to charge higher prices in order to make a profit.

Ferdinand Chondy/Yayasan Oikonomos Papua



Wilbert Steller

Poor infrastructure makes micro-enterprise difficult.

■ High prices

Rising prices of supplies creates difficulties in making a profit.

To improve micro-enterprise we recommend the following actions:

- Create and cultivate role models (also known as 'agents of change').
- Pay more attention to private book-keeping and savings.
- Visit people after training sessions to provide follow-up and support.
- Include more information about social and cultural aspects in the training sessions.
- Teach people the Christian responses to animistic beliefs and curses.

Charles' business also failed several times because of the social structures in West Papua. At one training session he told us: *'I did not have any business knowledge and I did not understand that our social structures caused my business to fail. I used to share out the goods in my kiosk to my family to maintain the relationships. Also, when I sold goods I used the money for my daily needs. I never saved money to buy new stock. When I received financial help I opened my kiosk again but when I ran out of stock, I had also run out of money.'*

But the life of Charles changed: *'When I met the training team of Yayasan Oikonomos Papua I was invited to join the level one kiosk*

training course. During that training I learned why my business failed again and again and why other businesses often fail, especially the ones that are owned by Papuan people. They taught us how we could set up an easy administration system so we can monitor our business. Because of new enthusiasm, the continuous coaching by Yayasan Oikonomos Papua and the support of my family my business is now healthy. I hope I can develop my business more so that I can be an example for other Papuan businesses'.

Conclusion

During training sessions, we often see that teaching people how to deal with the difficulties they face opens their eyes and gives them power to start or restart their business. Every training starts with a Bible study so people can also see what the Bible is telling us about business, relationships and our daily life. Some Bible studies that we have used are:

- bearing fruit (John 15:1-8)
- talents (Matthew 25:14-30)
- life by the Spirit (Galatians 5:16-26)
- submitting yourself to God only (James 4:7).

Discussions during the training sessions aim to raise awareness about issues and include pictures and stories (like Charles), to show real-life situations and experiences. We also see that entrepreneurs who have been



Ferdinand Chondy/Yayasan Oikonomos Papua

Charles in his kiosk.

trained are often more successful than people who start without training, and they really can be significant agents of change in their communities.

Mija den Hartog is a trainer for Yayasan Oikonomos Papua's Incubator programme.

West Papua
Indonesia

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Glossary of words used in this issue

Business the sale of goods or a service in an attempt to make a profit

Collateral security pledged for the payment of a loan

Entrepreneur someone who starts a business that promises economic gain but that also involves risks

Livelihood a way of supporting an existence, especially financially

Micro-credit the lending of very small amounts of money at low interest

Micro-enterprise a small business that is often unregistered and has five or fewer employees

Micro-finance a means of extending credit, usually in the form of small loans with no collateral, to borrowers such as poor people in rural or undeveloped areas

Sustainable capable of continuing without further financial input

Making the figures add up

Compiled by Rebecca Dennis

For a business to succeed, 'income' (money coming in) must be more than 'expenditure' (money going out). It is a simple principle that is easily overlooked. In this article we will briefly consider the key points to remember when running a business.



Richard Hanson/Fairfund

There are four main types of money which relate to your business. These are often recorded on a monthly basis.

START-UP COSTS

These are the costs of setting up the business before any product can be made and before any service can be delivered. They include costs, such as purchasing equipment and raw materials, and any additional money you need until you start getting money in from customers. This can be covered by your savings or a **loan** from your family, a friend, a micro-enterprise organisation or a bank. This will need repaying, including any interest due.

OPERATING COSTS

These are the monthly costs of running your business. It can also be called **expenditure**. Costs must be measured accurately and should include costs such as hiring a vehicle, wastage, replacing equipment and power charges.

INCOME

This is the money your business receives from its customers.

PROFIT

This is the money you have left when you have received all of your income and have paid all your operating costs and loan repayments. If it is a minus number (i.e. your costs are greater than your income) it is called a **loss** and is bad news for a business if it continues on a regular basis.

Profit can be increased in three ways.

- **Changing the sale price.** If the goods or service are of such high quality people may pay more, or you may sell more if you reduce the sale price.
- **Reducing the operating costs.** For example, by buying larger quantities of raw materials (also known as bulk buying) or reducing waste.
- **Selling more at the same price.** This could be through promoting your goods or service.

Discussion questions

- What kind of costs can be easily ignored when working out the real cost of producing goods or providing a service?
- How can business money be kept separate from personal money?
- What should the profits be used for? Which uses should have priority and why?
- If someone already has a small business, how could a loan help them to improve their profits?

Basic cash flow analysis

A simple way of monitoring your finances is to set up a basic cash flow analysis table (see below).

Cash flow is the money remaining after you have received your income and paid your expenditure (costs). If your cash flow dries up, such as in May and June in the table below, the business may not be able to operate. It is, therefore, important to map out, month by month, what your income and expenditure are, and what your cash flow situation will be. Remember to watch out for months when you are receiving income late or paying expenditure early as this will have an impact on your cash flow.

For more information about Financial accountability see Footsteps 76.

Basic cash flow analysis

	Month			
	April	May	June	July
Opening balance	1000	1300	200	0
Income	1500	1000	1000	2000
Expenditure				
Electricity	75	75	75	75
Salary	625	625	625	625
Raw materials	500	1400	500	500
TOTAL EXPENDITURE	1200	2100	1200	1200
INCOME LESS EXPENDITURE	300	(1100)	(200)	800
Closing balance / 'cash flow' *	1300	200	0	800

* This is calculated by adding the 'income less expenditure' sub-total to the 'opening balance'. The closing balance becomes the next month's opening balance.

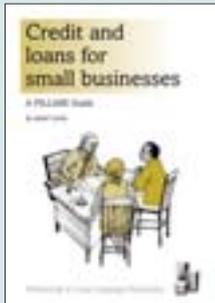
NOTE Numbers in brackets are negative.

tilz website www.tearfund.org/tilz Tearfund's international publications can be downloaded **free of charge** from our website. Search for any topic to help in your work.



PILLARS Credit and loans for small businesses

This PILLARS Guide encourages good practice in record-keeping, planning and maintaining savings and credit groups. Through discussions and Bible studies it aims to give people an understanding of a variety of ways of obtaining either credit or loans and establishing good practice in record keeping and planning. This Guide should be used to study the issues involved before establishing either informal savings or credit groups or obtaining loans from outside organisations.



Fundraising

This is book six in the ROOTS series, produced by Tearfund. Fundraising is often disorganised, rather than planned, forward-looking and strategic. This book shows how to develop a fundraising strategy and contains ideas to help organisations diversify their funding base. It contains Bible studies, case studies and practical tools.



Tearfund books

Tearfund books can be downloaded free at: www.tearfund.org/tilz in English, French, Spanish and Portuguese.

Printed copies are available from:

Tearfund Resources Development,
100 Church Road, Teddington,
TW11 8QE, UK

Email: roots@tearfund.org

The books cost £10 (US\$16, €11.50) including postage.

Setting up a ... Biblically Based Business (Workbook 1)

Do you want to know how to set-up a successful business? Do you want to set up your own small business? Do you have a friend you would like to help? This book is a short and simple guide to setting up a small business. Setting up a business is not difficult, but it is hard work and it does need you to think about things carefully.

This book may be downloaded free at: www.reconxile.org/enablement.html and can be purchased for £8.50 (US\$13, €10) from www.amazon.co.uk

For more information, contact Mike Clargo.
Email: mike@reconxile.com

Mobilising the local church

The 'Churches zone' on the *tilz* website is now one year old! We are also pleased to announce that it is now available in French and Portuguese. It can be found at www.tearfund.org/tilz

The 'Churches zone' is useful for Christian relief and development organisations, church denominations, Christian NGOs, local church leaders and church members. It contains ideas, principles, examples and resources to help people to mobilise the local church to take action in its community.

At Tearfund we believe that local churches around the world can make a huge contribution to reducing poverty at local, national and international levels due to their passion, permanent presence in the community, commitment to relationships and spiritual hope.



Useful websites

www.artisanwork.org

ArtisanWork is an information gateway for artisans around the world and the people who work with them to connect, learn and share information. Here you can find resources that focus on issues that small-scale artisans and craft organisations face, as well as an interactive space where you can share your own experiences, participate in discussions, find people with similar interests, discover answers to questions, and more.

www.reconxile.org

Reconxile.org guides and supports people in the poorest areas of the world to pull themselves and their families out of poverty through businesses, however small and simple. Training materials, including workbooks and training plans, can be downloaded free of charge to help people get the best chance of success out of loans from Micro-finance schemes.

www.reconxile.org/forum

The Reconxile.org forum enables people running small businesses to connect with each other in an online setting. The forum will help potential and existing business owners to find people who are skilled in a variety of small business principles and who are keen to help them make a difference.

www.microfinancegateway.org

The Microfinance Gateway website contains information about micro-finance. It features research, publications, articles, consultant profiles, and news and events. For detailed information about your country, use the 'advanced search' facility. The website is available in French, Spanish and Arabic.

www.tearfund.org/tilz

There is a wealth of information about micro-enterprise and related topics in previous issues of *Footsteps*, especially issues 26, 35 and 57. *Footsteps* is available in French, Portuguese and Spanish.

The entrepreneurial cycle

by Mike Clargo

For many people, paid employment is not an option and their only alternative to depending on charity is self-generated income. In some places people can grow and farm almost everything they need, but in most situations people need income to buy things that they cannot grow or make, such as medicines, clothing and school equipment.

As a result, small business ventures are popular for those seeking to sell what they have so that they have the money to buy what they need. The growth of 'micro-finance' and 'savings and loans' schemes has made small businesses easier for these people. This growth in micro-enterprise is a great thing. In many places it is the only real alternative to charity, and it brings with it development and dignity. It enables communities to become strong and take greater control of their future.

Sadly, many people do not have the knowledge needed to run a business, and simple mistakes can cost them dearly. Reconxile.org's work in both Africa and Asia has brought them into contact with many who have lost their business because they did not understand the basic principles. For example, they have picked the wrong business; they sell in the wrong way; their practices end up costing them more than they get back in income; or they fail to manage their income and resources well.

To address these misunderstandings, Reconxile.org has developed some simple, easy to use, biblically-based training materials that are available to everyone. The training materials take people through the outer cycle shown in the diagram on the right, helping them to think through all the key decisions about their business before they start. They can then move into the inner circle and put their plans into practice in the confidence that their ideas are more likely to succeed and there will be fewer problems.

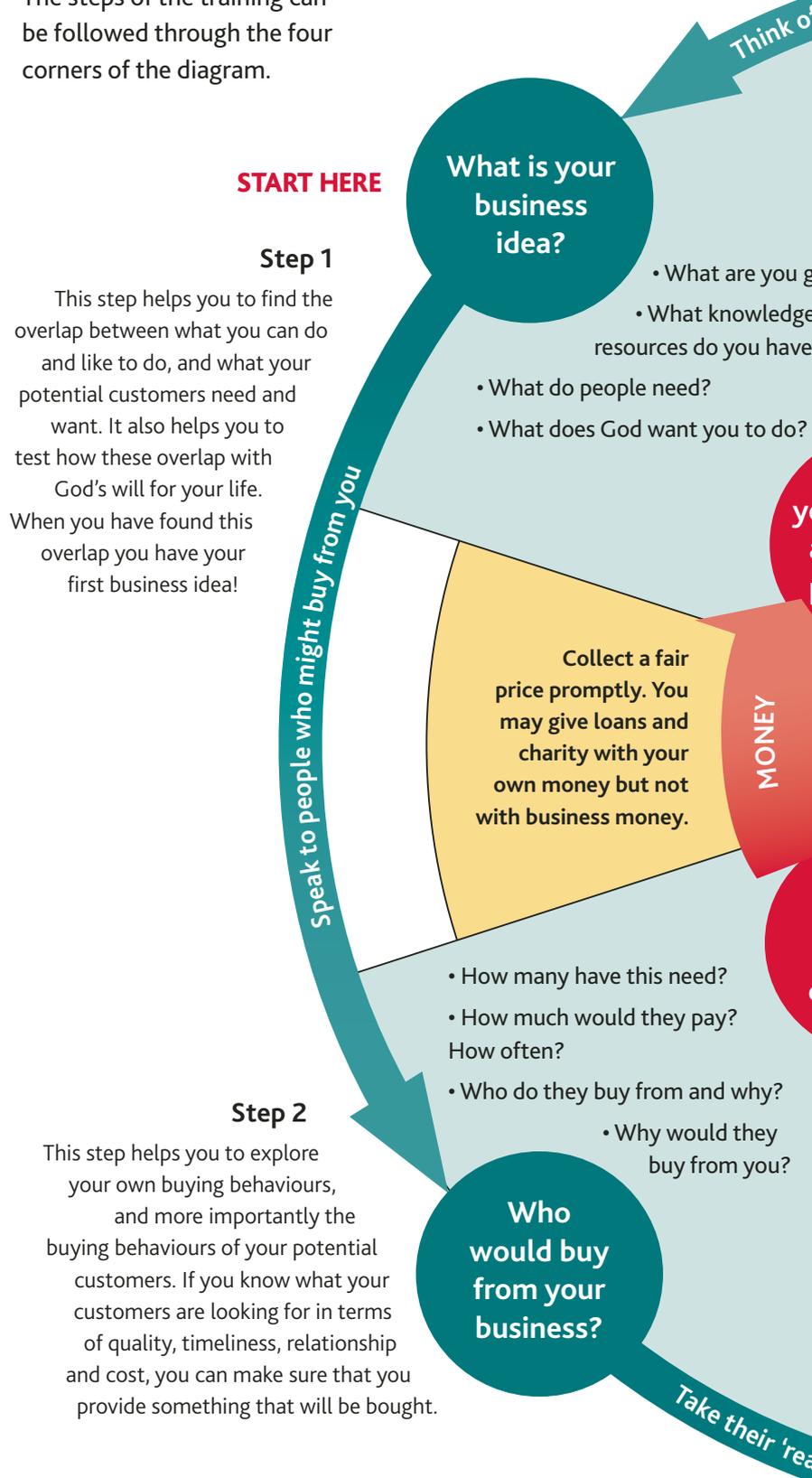
For further information on Reconxile.org and its training materials see Resources, page 7.

Mike Clargo volunteers for Reconxile.org and has used the training materials around the world.

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Steps

The steps of the training can be followed through the four corners of the diagram.

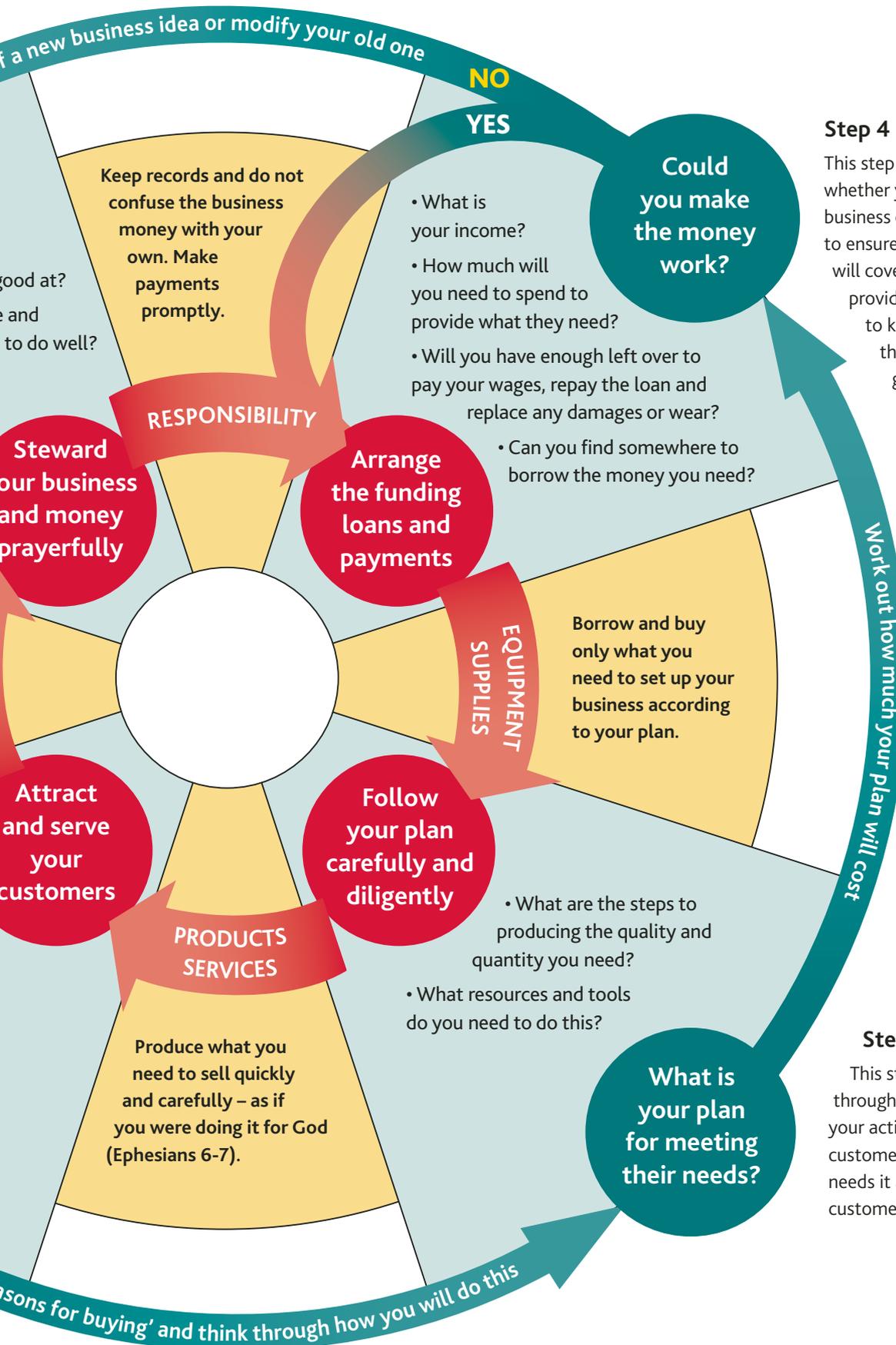


Step 5

If you think you can make a profit, you are ready to move into the inner cycle and put your ideas into practice:

- Seeking the loan that you need.
- Putting your plans into action.
- Attracting and serving your customers.

- Stewarding your money and resources prayerfully so that you can begin to repay your loan and continue round the inner cycle with your successful new business.



Step 4

This step helps you to work out whether you can make a workable business out of this idea. It helps you to ensure that what you will be paid will cover your costs adequately and provide you with enough income to keep the business going. In this part of the diagram, you get a chance to adjust your ideas and see whether you are able to make a profit. If you cannot, then you have only lost money on paper, and you can return to step 1 and move on to your next business idea.

Step 3

This step helps you to think through how you need to structure your activities to provide what the customer needs, when the customer needs it and in the way that the customer would like it done.

Using profits to change lives

by Céline Romera

Since 2000, Peru has experienced ongoing economic growth, which has brought success but also social challenges to the country. Between 1980 and 2000 Peru faced internal armed conflict that led to high levels of migration from the southern highlands towards Lima, the capital city. As a result of this movement, many people from the region of Ayacucho settled in the southern edges of Lima in hope of a better life. This massive wave of migration highlighted inequalities and social and economic poverty in the city.

The handicrafts trade represents one of the sectors of the economy in which there is more micro-enterprise and more informality. The law governing craftsmen and women lays down a legal framework which recognises craftsmen and women as people who create identity and traditions. It also recognises the importance of handicrafts in Peru culturally as well as economically.

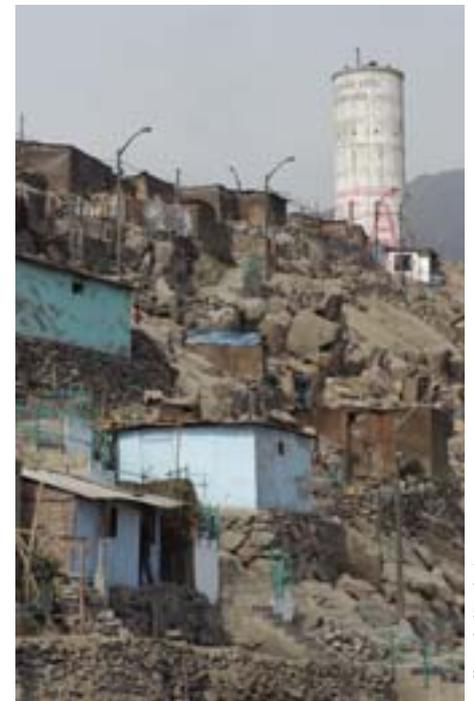
It was in this diverse context that Yannina Meza, her brother Roberto (a minister in the evangelical church) and her mother (a handicrafts teacher) set up their own business to support local micro-enterprises.

Yannina had worked for several years in companies exporting handicrafts.

Qualities in business

Manos Amigas (meaning 'friendly hands' or 'helping hands') is a small business which sells handicrafts in Peru and overseas. It is a member of the World Fair Trade Organisation. Since it was set up in 1991, Manos Amigas has been creating marketing opportunities for good quality traditional and modern handicrafts, coming from all regions of Peru.

As a fair trade organisation, Manos Amigas has a transparent relationship with its



Many people live in social and economic poverty on the edges of Lima.

producers. Producers determine their own prices and Manos Amigas gives 50 per cent payment in advance so that the producers can buy the materials they need. The organisation also takes into consideration its concern for the social, economic and environmental well-being of small-scale producers who are marginalised. Manos Amigas works with 87 micro-enterprises in cities and rural areas throughout Peru.

Since it was set up, Manos Amigas has continued to grow alongside the producers and clients by making **quality**



Quality of goods and good organisation are two of the basic components of a successful business.

of goods, **respect** for people and good **organisation** three of the basic components of a successful business.

Projects and training

To enable the craftsmen and women to increase their income Manos Amigas has developed training and consultancies to support the micro-enterprises in the communities where it works. Each year Manos Amigas reinvests 20 per cent of its profits to develop social activities in those communities.

At present there are three projects that benefit from this social investment. The first provides Sunday breakfast for girls and boys in marginalised areas in the Chorrillos district to the south of Lima. The second is a project providing access to education for adolescents from an isolated rural community in the centre of the country.

The third project is 'The mobile training school for craftsmen and women'. This project grew from two key needs:

- To improve the quality of products so that the supply is suitable for exporting.
- To obtain more orders for the craftsmen and women and, therefore, help to improve their living conditions.

The school offers training and consultancy to craftsmen and women, some of whom work with Manos Amigas. The training focuses on themes such as the administrative management of micro-enterprises, costs, marketing, marketing with a focus on tourism, trends in international markets and design. The consultancy focuses on the productive organisation of workshops. For example, how to calculate costs, health and safety at work, how to resolve conflicts with staff and any other issues requested by the craftsmen and women.

The school is not a building, but a group of trainers who can reach communities in rural areas, as well as the cities, with very practical and participatory training programmes. The consultancies are usually on an annual basis, but can be several times a year in some particular cases.

Case study

In the east of Lima, Alberto and Sirci Marcapiña live with their two children in a house on the main road.

Alberto has established his workshop and accommodation for his family in his two-storey house. Alberto was born in the city of Ayacucho. He grew up looking after livestock and creating toys out of clay. His elder brother taught him how to make pottery which had a practical use. In the early 1980s they fled the violence in Ayacucho and migrated to Lima. Later on, Alberto created his own workshop, and met and married his wife. Together they have built their business.

Alberto and Sirci work with young people in the district. In particular they work with single mothers to help them earn an income to support their family. They also support students by providing part-time employment so that they can finance their studies.

They are very committed to their new community in Lima, as well as their home community in Ayacucho. Since 2003, depending on their financial results, they have run social work activities to benefit young people in Ayacucho. In 2003 they gave a donation of school equipment to the primary school in Ayacucho. In 2004 they organised talks on family planning to help single mothers. The following year, they gave part of their land in Ayacucho to build a sports ground for young people. Last year, they gave grants of 200 *soles* (about US\$66) to the best pupils in Ayacucho College. They are convinced that it is their responsibility, as successful artisans, to help to improve living conditions for others.

Receiving equal and humane treatment as producers, and being considered as partners more than suppliers, has been an inspiration for the craftsmen and women who work with Manos Amigas. Many people are inspired as a direct result of the company's actions, and they adopt similar practices in their communities or in their own workshops.



Céline Romera/Manos Amigas

Benefiting communities

The mobile training school reports good results. There is a noticeable, ongoing improvement in quality and administrative organisation, and a service that complies more closely with international standards. In addition, it has been noticed that some of the producers want to carry out similar social work to Manos Amigas so that their activities can benefit their own communities. There is evidence of significant improvements in the living conditions and education of the children of craftsmen and women who work with Manos Amigas and who benefit from the projects.

Many of the craftsmen and women who work with Manos Amigas are inspiring examples of enterprising families. Despite the gloomy social and economic outlook facing the country, the creation of small businesses has enabled handicrafts to

become a means of earning an income and improving the standard of living.

Céline Romera is the Training Co-ordinator for Manos Amigas.

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**[The law]
recognises the
importance of
handicrafts in Peru
culturally as well as
economically.**

Micro-finance programme

by Elgin Saha

Micro-finance is one of the most powerful tools that can be used to address global poverty. It builds self-esteem in the individual and self-sufficiency in those receiving financial services. Micro-finance works closely alongside other development interventions, such as health, nutrition, democracy and education, and offers support and encouragement.

Brigita's story of success

Brigita Hasda and her husband Sudhir Mardi became unemployed and had to live with Sudhir's parents. After a few months his parents asked them to move out. Brigita and Sudhir felt lost with no means of income. They tried very hard to find jobs, but they were unsuccessful. During this time, Brigita gave birth to a daughter which made it harder for her to find work.

At that time, Brigita met Mujibar Rahman, an Area Manager of HEED's Micro-credit programme. He suggested that Brigita tried poultry farming. She and some other women formed a group and name it 'Rangdhonu', which means rainbow in Bangla. HEED organised a five-day training session for them. After the training the women each received a loan of *Taka* 2,000 (about US\$29) from HEED. With this money Brigita bought seven chicks. She sold them a while later and made a profit. She then paid back her loan. Brigita was really inspired

by what she had achieved and she wanted to do this again but on a bigger scale. She approached HEED with her ideas.

HEED arranged for her to attend a month-long government training session in Dhaka. After that training Brigita received a loan of *Taka* 8,000 (about US\$114) from HEED with a very low interest rate. She bought 700 chicks and after two months she sold them and made a profit. She immediately paid back her loan. Mujibar suggested the idea of a chicken hatchery to Brigita and she really liked the challenge! HEED, once again, helped her financially with the hatchery. Brigita and her family are now producing almost 5,000 chicks from the hatchery and they also have 1,800 chickens in their farm.

According to Brigita, *'Nothing would have been done if we did not have HEED by our side all this way. HEED showed us the way of life and now we are a well-off family.'*

When micro-finance is carried out well, it can:

- relieve suffering
- increase dignity
- enable sustainability
- inspire supporters.

HEED Bangladesh (Health, Education and Economic Development) has been supporting people with loans since the early 1990s. Initially, members of HEED's 'People managed credit programme' saved money in a personal bank account. Sometimes members would take loans from their own savings to start businesses. This method of micro-finance did not work very well, so HEED changed the programme. It decided to collect the savings from the members together in one place and provide them with loans according to their need. This brought discipline and good management to the work.

Also at this time, HEED implemented a range of policies to protect itself and its members. They also recruited specialised staff members to run the newly named 'Micro-credit programme'. The programme was given a separate structural and management identity. HEED has changed its strategy so that it can run the Micro-credit programme in a sustainable way without any support from external donors.

HEED provides various types of loan to its members depending on their needs. These loans help people to start and build on small businesses which will increase their income. They lend money to poor people without financial security. The loans vary in size of instalments and duration according to the needs of the clients.

HEED's Micro-credit programme has shown that poor people can make a real difference to their own lives and their community with just a small loan.

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For more information about micro-finance see Resources, page 7.



Developing a health project

I am the manager of a pilot community project we are trying to set up in Angola with Save the Children Angola. This project is based initially in one town, where there are an estimated 41,600 children under five years old.

What is the right method to make my project succeed? Should I start by training the health volunteers to just diagnose diseases or should I also train them on treatments too? I would also appreciate an example of how to carry out monitoring and evaluation.

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Making honey

Thank you very much for your magazine. My family, friends and I have found it very helpful: spiritually, socially and economically. Since starting to read the magazine we have formed a little community youth group. We have started two small projects: vegetable farming and honey production. We would like to hear from any other *Footsteps* readers who are able to share knowledge and experience with us. We particularly want ideas on how to attract and keep bees, and how to harvest the honey.

Thomas Obuya
Kenya

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More information about bee-keeping can be found in Footsteps 49.

The basic principles of waste management

Waste is defined as any remnant from a process of production, transformation or use; any substance, material or even item of furniture that is unwanted, and whose owner intends to get rid of it or throw it away.

The basic principles of waste management are:

- to prevent or reduce the production and harmfulness of waste generated through the manufacture and distribution of one's products
- to organise the transportation of waste, and to limit it in both quantity and distance
- to put a greater value for waste through recycling, reuse or any other way of using waste as a basis for reusable material or energy
- to provide the public with information about the environmental and physical risks associated with waste production and disposal on the environment and public health
- the costs of preventative measures to reduce pollution and of the fight against pollution must be borne by the polluters.

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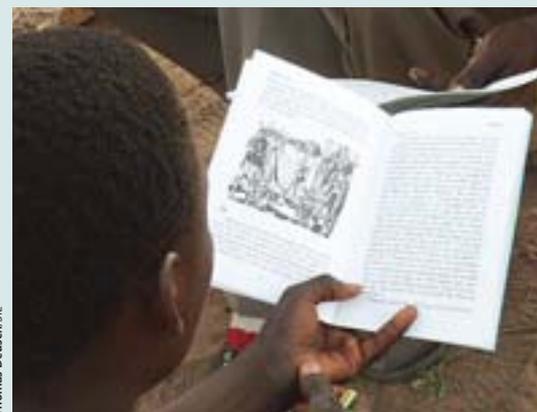
Questions and answers

Do you have a question you need an answer for? Do you have information that you think others will find useful? If your answer to either of these questions is 'yes', then we would like to hear from you!

Please send any letters to:

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Thomas Deusch/SIL

The importance of literacy

My name is Barthelemy Keineng, and I am the co-ordinator of the Nangjere language literacy programme in Chad. The literacy programme, which was started in 1999, has impacted the lives of the beneficiaries. Here are some of their testimonies:

'A young man told us that he had been surprised to see his mother starting to write and to read the Bible. Before this the young man had not believed that what we were doing was important, but now he has seen a positive outcome in his own mother.'

'A woman said that it is thanks to the literacy programme that she is now able to correct her children's mistakes in arithmetic. Her children attend primary school.'

'A man said that he knew how to read, but not to write. Thanks to the simple method of writing taught by the tutors, he is now starting to write.'

'In Mere Ker-toue village, a woman said that it is thanks to the literacy course that she knows how to write her name on the back of her health card.'

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Think livelihoods!

Applying a 'livelihoods lens' to your HIV programmes

by Kara Greenblott and Ari Clowney

Helping vulnerable people to protect, improve and expand their livelihoods will lead to improved health and nutrition, education and, above all, well-being for their families and community. It is also a crucial step towards ensuring successful and sustainable HIV programmes.

What is a livelihood?

A livelihood is a way of supporting your existence. It is made up of the capabilities, assets and activities needed for a means of living.

Individuals, households and communities will use the assets available to them to engage in a livelihood that allows them to sustain their families, and even prosper. These include:

- **Physical assets**, such as land, agricultural tools and livestock.
- **Human and spiritual assets**, such as job skills, knowledge and religious beliefs.

- **Social assets**, such as support from church and community members.

Sustainable livelihoods are ones that support families throughout the year. They are able to recover from shocks, such as floods or droughts, and can be maintained over a long period of time. Sustainable livelihoods include actions that do not put people at risk of contracting HIV or make them more vulnerable to the impact of the disease.

How do you apply a 'livelihoods lens'?

A 'livelihoods lens' is a tool which helps us to examine and understand what is



Peter Catow/Tearfund

HIV-positive Bertha grows and sells sweet potatoes as a sustainable livelihood.

happening in a given context. The lens helps us to consider the strengths and weaknesses of a community in relation to HIV and livelihoods (see case study).

Tearfund is in the process of developing a practical, step-by-step guide to applying a livelihoods lens to HIV activities. The guide, entitled *Think livelihoods!* is designed for churches and faith-based organisations. It will take you through a series of questions on the components of a Sustainable Livelihoods Framework (see diagram, page 15). The questions will show you how each component relates to your HIV intervention and your target group, ultimately helping you to develop new and more holistic responses. The guide will be available in early 2010.

Why should you apply a livelihood lens to your HIV programme?

Applying a livelihoods lens to an HIV programme will help it to:

- reach its HIV-related objectives more effectively, such as enhancing HIV treatment outcomes, improving care and support outcomes
- bring greater **sustainability** to the HIV-related outcomes, ensuring that the results last beyond the programme's duration
- emphasise the priorities of the people that benefit from it

Livelihoods and HIV

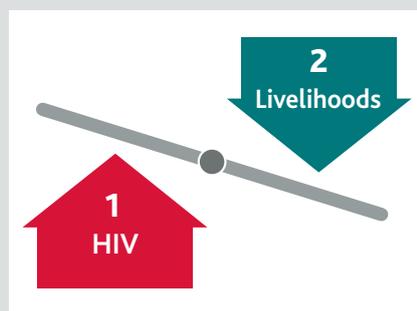
Sustainable livelihoods are particularly important for people living with and affected by HIV. There is a two-way relationship between HIV and livelihoods. This relationship can be seen in the diagram.

1 HIV undermines livelihoods

Illness and death are likely to undermine livelihoods options. For example, as people become ill, they cannot work in the fields or maintain a job. Parents dying of AIDS-related illnesses will not be able to teach their children important agricultural and vocational skills, which puts the futures of those children at risk.

2 Insecure livelihoods make people vulnerable to HIV

When livelihoods are not secure, the risk of contracting HIV can increase. Women may be forced to sell sex to survive, or



orphans to begging in the marketplace. Both are risky ways to earn an income. Without secure livelihoods, a person already living with HIV may not be able to afford the good nutrition, medical costs, including antiretroviral drugs and transport to clinics, which will enable them to remain healthy and strong.

Case study

A community uses the 'livelihood lens' tool and works out that they have a physical asset, which is access to land to raise small livestock. However, they also work out their weakness is restricted access to water. Using this information the community decides to raise goats instead of pigs, as goats need less water to thrive than pigs. This means that people will not be using valuable energy collecting water for the pigs.

- build on the existing strengths of your targeted group and help them to become more resilient to future shocks
- help the implementers to contribute to the **holistic** well-being of the community.

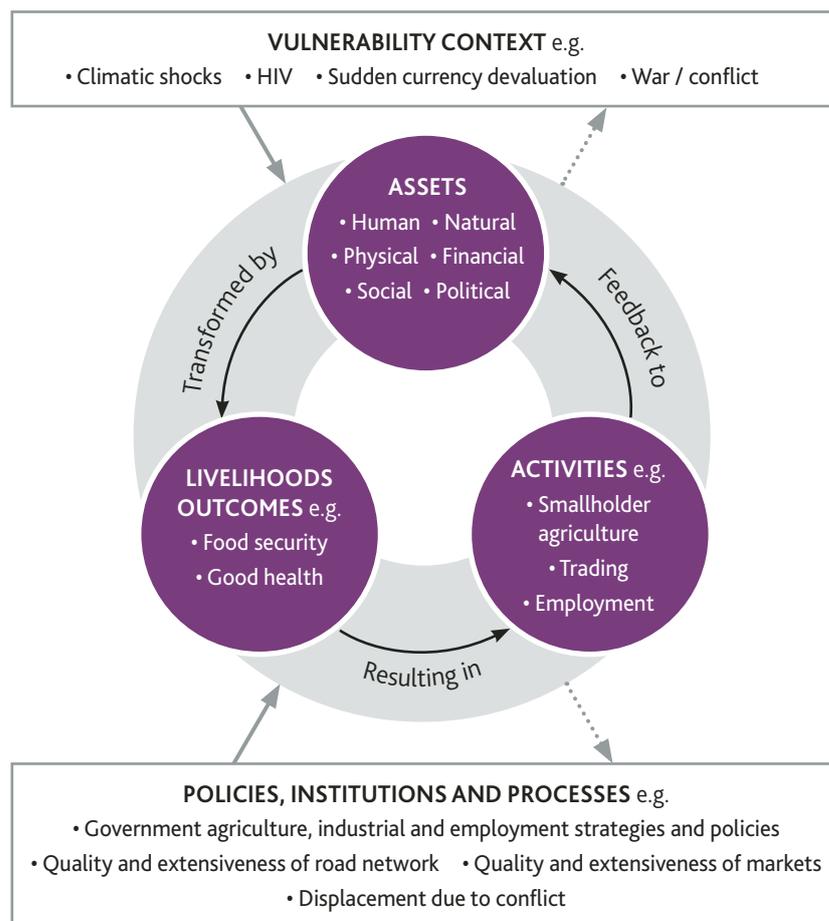
Kara Greenblott is a consultant specialising in HIV, livelihoods and food security for organisations such as the UN and various NGOs. Kara has lived and worked in Africa and South-east Asia for 11 years.

For more information, contact Ari Clowney. Ari is the Innovations Officer for the HIV team.

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Sustainable Livelihoods Framework



BIBLE STUDY The parable of the talents

Matthew 25:14-30

As a businessman and entrepreneur I am encouraged by the number of Jesus' parables that are set in the context of business and include modern ideas such as 'Return on Investment' (ROI). But then it is not surprising: Jesus spent most of his adult life as a businessman. As the oldest son in the family business he was not just making things, but dealing with customers and suppliers.

This parable is a challenge to everyone, especially leaders, to take a good look at our 'ROI', whatever that means in our particular context, as well as our compassion and generosity.

Using this parable, here are two practical areas for prayer and reflection.

1

- *What is the opportunity cost of doing what I am doing? (i.e. if I stopped my current work or ministry to release my time and resources for a different task, would this improve my 'ROI'?)*
- *Am I achieving the highest return on the resources entrusted to me? (i.e. are they having eternal consequences? See Matthew 6:19-21)*
- *What is the long-term impact of what I am doing?*
- *Is what I am doing sustainable? (i.e. can it continue in the long term without me or external resources?) If not, how could it be more sustainable?*
- *Can it be replicated (so that the initial resources achieve a higher return)?*

2

- *Is fear holding me back from what God is calling me to do?*
- *Is the magnitude of the task paralysing me with fear?*

Early church leaders took big personal risks for the possibility of great gain. Am I prepared to look foolish, or take financial risk, or risk upsetting some who would rather maintain the status quo, than press forward?

Although this parable concludes with a strong warning, we should remember the words in verse 23, 'Well done good and faithful servant ... Come and share your master's happiness!' This should encourage us to work hard for God.

Jerry Marshall is General Manager of Transformational Business Network, a network of business and professional people who use business to alleviate poverty.

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Empowering women in micro-enterprise

by Rina Teeuwen

Afghanistan has gone through a time of turmoil. The civil war has resulted in many people having to flee their homes and an increase in crime, drug addiction, oppression and unemployment. The people who are best placed to transform the lives of women in this situation are the Afghan women themselves.

ORA International in Afghanistan has helped numerous Self-help groups (SHGs) form. They are made up of 15 to 20 women from the same road. The SHG provides space and support for each member to identify and use opportunities for her to become empowered in her life.

SHG representatives form a Cluster level association (CLA) after they have been part of a SHG for nine to 12 months. A CLA covers a larger geographical area and represents many SHGs. It helps to address social and financial needs, and also provides some of the financial support for the facilitator. Later a Federation is formed with representatives from the CLAs to address even greater issues, such as participating in political decisions.

The foundations of this approach are as follows:

- Everyone has God-given potential. This potential can be released if the right environment and nurturing is provided.
- As individuals, people in poverty may be voiceless, powerless and vulnerable, but working together as a group gives them strength.

SHGs teach the women to contribute a small amount of money each week to a group fund. In turn they can then take a loan to start or develop a business. The loan can be as small as US\$10 and is paid back in ten instalments with a one per cent administration fee.

Training is given about topics related to economic growth and social change. All activities are initiated by the SHG members. This means there is ownership from the start. As it is their own money that is invested in various enterprises there is more incentive to make them successful.

Results

Women are growing in confidence.

They are learning to chair meetings, to summarise decisions and to voice their opinions.

Their self-esteem is growing as they are able to save and invest in enterprises. Their day-to-day attitude to life is improving.

Family members pay the women more respect as they are able to run a business.

The women are addressing social needs in their community, including domestic abuse and human rights.

The CLA members are taking responsibility for the wider community. They are representing the SHGs at local meetings, establishing links with other organisations and developing members capacities through activities, such as literacy or kitchen gardening.

The women often start small, such as selling tea or boiled eggs. Some of them involve their family in activities, such as starting a second-hand clothes business.



Rina Teeuwen/ORA International

The CLAs have also initiated literacy classes, established a community transport scheme and attended training sessions organised by the government. Businesses are growing, shops expanding and workshops are being opened. The CLAs also work towards better communities. For example, the number of child marriages has been reduced and more children now attend school.

Lessons learnt

The most important lessons learnt during the last five years are:

- Facilitators should be well-trained to encourage the women to share their ideas.
- Initiatives suggested by the facilitators did not have ownership by the SHG and failed.
- The women should be allowed to take the lead but the facilitators should coach them and challenge them.
- Businesses should start small, as the women do not have previous experience, especially of investing in a businesses.
- Patience is needed as this process takes time.

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