

## Start Your Own Microcredit Agency

### What are Microcredit Agencies?

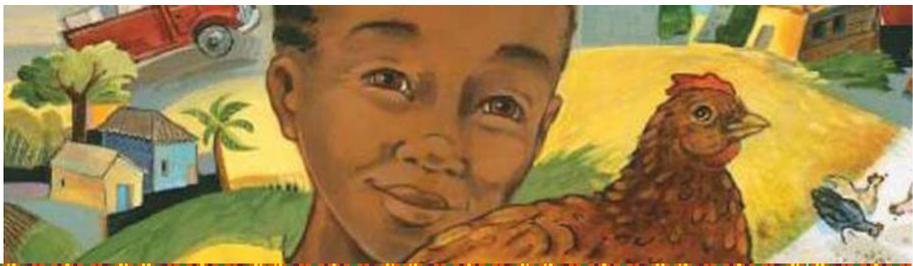
They are organizations dedicated to reaching the underserved with small loans that enable borrowers to work their way out of poverty. Today there are several large microcredit agencies, including the Grameen Bank, which lends to 2 million poor women in Bangladesh ([www.grameen-info.org](http://www.grameen-info.org)); ACCION, which works in North and South America ([www.accion.org](http://www.accion.org)), and Opportunity International ([www.opportunity.org](http://www.opportunity.org)).

Your class can start its own version of a microcredit agency!

**For a class project, help your students set up their own microcredit agency** that is dedicated to improving life at their school, in their community, or in another country.

Encourage your students to follow these steps:

- **Brainstorm ways to earn start-up money.**
  - Some ideas might include holding a bake sale, a car wash, or a crazy-hat day (where students pay a small sum of money and in return are allowed to wear crazy hats to school).
- **Create announcements or posters** that invite loan applications from other classes or groups within the school.
- **Designate a number of student ambassadors** who will visit each class in the school to explain the project and its goals.
- **Decide on the terms and conditions that will apply to the loans you give out;** write these up, and have all participants sign them.
  - For instance, your students might ask all applications to relate in some way to greening the school property or to enhancing the athletic or music program. The document that participants sign should also include a date by which the loan will be repaid.
- **Create a spreadsheet** that allows you to document who receives money, what they do with it, and when it is repaid.
- **Decide what your class will do with the repaid loan money** at the end of the year.



## Start Your Own Microcredit Agency (Continued)

Here are two suggestions for activities the students could undertake with the loans they receive. (Encourage them to model each scenario ahead of time, to make sure they will be able to repay their loan with some money left over).

- ❑ **Use the loan money to hold a pizza day** with your class or throughout the school (depending upon the size of the loan and the size of the school).
  - The loan money is used to buy a number of pizzas that students can then purchase by the slice. If a 10-slice pizza costs \$15, the organizing students might want to sell each slice for \$2, which will allow them to repay the loan and have \$5 left over from every pizza consumed.
  
- ❑ **Use the loan money to buy paint, painting supplies,** and a wooden chair or table (or both, depending upon the size of the loan).
  - Students can decorate the chair and/or table with their class or group and then offer it as a prize in a silent auction on an occasion when parents will be at your school. The money raised through the silent auction should allow the students to repay their loan with money left over to donate to their agreed-upon cause.