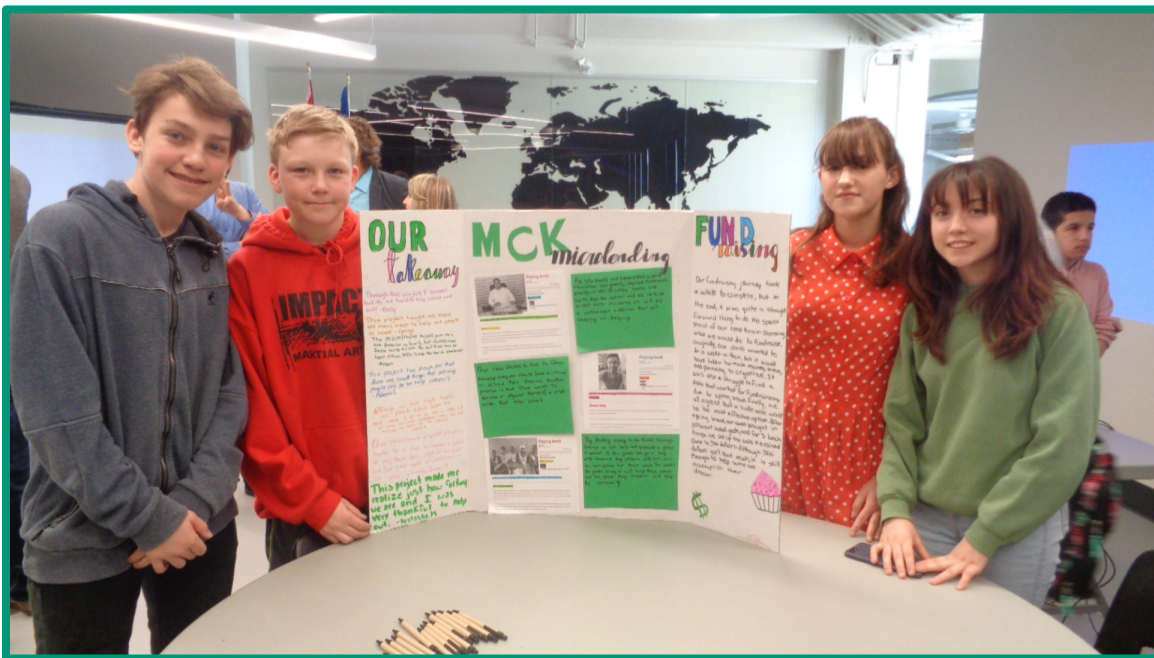


Lending a Hand: Accelerated module



Better Teaching | Better Learning | A Better Tomorrow

Lending a Hand: An introduction to the world of co-operative business models, lending and micro-finance.

In partnership with:



Overview

Lending a Hand is an annual project that engages youth across Alberta in learning about co-operative business models, lending and micro-finance - specifically about how making small loans to aspiring entrepreneurs in poverty-stricken communities can make those communities more sustainable and resilient. It is a fun way to incorporate financial literacy into a classroom, while having a positive impact on lives around the world.

In this micro-module, students can experience a mini version of Lending a Hand. Teachers can introduce basic concepts of credit, lending and borrowing, and micro finance in Activities A and B, and actually become lenders in Activity C!

In the Lending a Hand Mini-Challenge, students will raise money that they will lend to someone who will use it to start or expand a small business and make a difference in their lives. This will be mapped on greenlearning.ca to show the collective impact your class and other youth across Canada are creating.

A. Understanding Credit, Lending + Borrowing

Introduction

This activity allows students to compare situations in their own community and across the globe to understand that “band-aid” solutions may not always help those in need, and that it is more effective to address the root causes of poverty rather than treat its symptoms. Students will collaborate with their peers to think about the world around them and to gain an understanding of the socioeconomic situations that occur in today’s world.

Time to Complete

This activity should take 40-60 minutes depending on the discussions held within the class.

Materials

- Chart Paper
- Chalkboard or whiteboard

- Projector
- Laptop/Computer

Task 1

- Discuss with students the meaning of “Hand Up, Not a Hand Out”. If people do not have enough food or enough money for heat and shelter or enough money to start a small business they need help. Whatever the solution, many experts agree that people need to be involved in the solution and that the solution needs to be something that helps them change their situation. This leads to long term development, not just a short-term ‘band aid’ answer to a situation.
- Divide students into groups and have them brainstorm the differences between a “Hand Up” and a “Hand Out.”
- Have a class discussion about the advantages of a “Hand Up” rather than just a “Hand Out.”



Extensions

Allow students to explore the community around them to better understand the situations in their own community that are occurring, or have students within your classrooms speak to the situations in their home country if they are new to Canada. This will allow students to grasp firsthand the struggles around the world, from explorations, videos, stories, and their peers.

Task 2

- Have your students watch these these videos:
 - What is microfinance? <https://www.youtube.com/watch?v=bpSNM625LFU>
 - Why microfinance? https://www.youtube.com/watch?v=_1AONvdEAOc
 - - <https://www.youtube.com/watch?v=gEliDilpdBE>
 - Why is microfinance effective? <https://www.youtube.com/watch?v=gEliDilpdBE>
- In small groups, have students discuss the videos they have watched to develop a definition in their own words of “microfinance.”

- Once students have developed a definition, have each group write their definition on the blackboard (whiteboard).
- As a class, discuss the similarities and differences of the definitions developed by each group.

Accommodations

- All videos have the ability to add captions to accommodate students, simply press the CC button to add captions.

C. Taking Action: the Lending a Hand Challenge!

Introduction

This activity allows students to experience first hand the role of a lender, and the feeling of changing someone's life through micro-finance.

The Lending a Hand Challenge is a fun, interactive and engaging way to get students excited about financial literacy. Students have the opportunity to understand the world of cooperative banking and micro-lending through assisting others in developing countries.

There are many organizations that support and facilitate micro-finance, including kiva.org and zidisha.com, allowing individuals in Canada to provide small loans to aspiring entrepreneurs around the world (for tips on how to set up an account, please see the attached **Tip Sheet**).

Share the story of one teacher - Dave Smith - and his students who are using Kiva to raise and lend over \$1 million to aspiring entrepreneurs:

<https://vimeo.com/80958904>

In this activity, your class will raise some funds and lend them to an aspiring entrepreneur who can use the loan to change their life and the lives of others in their community.

The minimum amount needed in these sites is very low and there is a real satisfaction when you see funding go to a good cause. This is not a handout – there is 98% chance that your loan will be repaid.

Your class can become a lender with as little as \$25. Since 2016, in the Lending a Hand Challenge, classes have raised between \$25 and \$1700! In addition, any funds that your class raises will be matched by GreenLearning and Servus Credit Union!

In small groups, students can peruse the prospective borrowers whose profiles are listed on the website of the organization that you have chosen to work with (i.e. Kiva or Zidisha). They can consider the attributes of the borrower that they would most like to support, and answer questions within the worksheet (***Student Activity: Lending a Hand Challenge!***).

Back together as a group, the class can vote to decide which borrower(s) will be best for the class to support, based on various questions that they will have to answer as group.

Extensions: Students could develop 5 minute pitches that will be presented to the class. All other students will judge each borrower based on the qualities and characteristics within the rubric (***Extension Activity: Lending a Hand Challenge!***). After the groups have made their pitches, each student in the class will privately rank the different borrowers and the teacher will tally the results and announce the borrower that class will lend money to.

!! The final step is to make your loan(s)! Don't forget that GreenLearning and Servus Credit Union will **match** the funds that you lend to **double your impact!** Simply screenshot your loan and send them to marcus@greenlearning.ca to receive a cheque for the same amount of your loan.

BONUS: An extra bonus of participating in Lending a Hand in 2018 is that Servus Credit Union will provide a pizza party for your class! Once you have submitted your request for matching funds, GreenLearning will also send you a gift certificate for enough pizza for your entire class. This is a great time to celebrate your achievement in becoming a lender and helping to lift people out of poverty.

Student Activity: Lending a Hand Challenge!








It is time to choose a particular borrower and see how lending and borrowing works!. Your class is going to lend money to a person you do not know, BUT....

WHO WILL IT BE????
and HOW DO YOU DECIDE???

Microfinance sites are connected to thousands of borrowers. Each one has a profile that helps you become familiar with who they are and why they need the money for their enterprise.

Your Task: In small groups, you will decide which borrower you want your class to support!!! The below questions should help guide you on your journey. Once your group has decided on your borrower, develop a pitch to persuade the class to your decision. Each group will be given 5 minutes to present their pitch.

1. To help guide your decision, these questions can be answered when choosing which borrower, you want to support. 
 - a. *Is there a particular area of the world you are interested in?*
 - b. *Would you like your borrower to be working in a certain sector (e.g. agriculture, clothing, manufacturing, education, etc.)*
 - c. *Do you care whether it is a man or a woman?*
 - d. *Is there a particular attribute to the situation that interests you (e.g. fair trade, conflict zone, environmental focus, etc.)?*
2. Try to imagine what the life of this person is like to help guide your decision. Think of the following:
 - *How did you figure out which person to lend to?* 
 - *Think about the different aspects of their life?* 
 - *What challenges do they face every day?* 
 - *What is their family like?* 

- *What do they eat?* 🍴
- *What holidays does they celebrate?* 🎁
- *What would they consider a 'treat' for themselves of their family?* 🍬
- *What do you have that they probably do not have?* 🛒
- *On the other hand, what do you have in common?* 🔄

3. Imagine that your group knows details of your chosen person's life and finances. You can conduct research into the country and region where their borrower lives. As a result, you can imagine some of the expenses they have. This will only be a very rough approximation, but it will give you a sense of how financial institutions have to estimate the reliability of a loan – think of the 5 C.'s of Credit: will your borrower have a good chance of paying the loan back?

This is what you need to know to convince the rest of the class that your borrower is the best to support!

Extension Activity: Lending a Hand Challenge!



Below is a rubric for each student in your class to judge each borrower. Give a score of 1 – 5 (5 being the highest) for each category, then add up the columns to determine which borrower to support!

Criteria	Borrower #1	Borrower #2	Borrower #3	Borrower #4
Environmental				
<i>The project considers environmental impacts.</i>				
<i>Promotes a healthy environment for the workers and the broader local community.</i>				
<i>Tries to reduce their ecological footprint.</i>				
<i>Is ecologically sustainable (not wasteful).</i>				
Social				
<i>This enterprise will offer more than just profit for one person.</i>				
<i>Will help the community grow.</i>				
<i>Will have indirect benefits for the local community.</i>				
<i>Could lead to more employment in the community.</i>				
<i>Is a safe and healthy project for the workers.</i>				
<i>Enhances local culture and traditions.</i>				
Economic				
<i>Borrower has the capacity to repay the loan.</i>				
<i>Has a sufficient amount of capital.</i>				
<i>Their personal character indicates stability.</i>				
<i>They are able to offer collateral.</i>				
<i>The outside conditions and circumstances are right for this loan.</i>				
<i>They have offered convincing evidence.</i>				
Total =				

Background Information

Microcredit

Microcredit is simply very small loans that are provided to entrepreneurs or business owners who would normally be unable to receive a loan from a bank due to their economical status. These people may lack collateral, steady employment or a good credit history.

Microfinance

Microfinance is the financial services, loans and savings, to entrepreneurs or individuals who are unable to obtain these services from a traditional bank.

Loan vs Donation

Loans and donations are both instances in which money is exchanged between a lender and a borrower. However, these two terms involve very different expectations and conditions between the two parties. In brief, a loan is a sum of money that is borrowed and expected to be returned to the lender at a later time.

A donation, on the other hand, is an exchange from the giver in which they do not expect their contribution to be returned. When a loan happens, the lender will lend money to the borrower with knowledge that they will have this money repaid to them in the future. Often times, the lender will charge the borrower additional costs upon repayment. For example, if I were to lend you \$10, I might request that you repay me twelve dollars when you repay me in a week. The additional \$2 I charge you is called 'interest' and is a fee that lenders often charge borrowers at a certain rate.

This rate of interest is calculated with several factors in mind, most notably the amount of money loaned and the length of time which the money is loaned for. The terms of the loan, including amount, interest and length, are usually mutually agreed upon by the parties before the money is exchanged.

The parties involved in a loan can vary. Individuals, businesses, banks and governments can all loan money and take out loans to any type of these groups. Two of the biggest 'lenders' are credit unions and banks. While a bank is your typical government-regulated institution for depositing,

withdrawing and investing money, a credit union is a not-for-profit institution regulated by consumers.

Credit unions' services are directly based upon the needs and wants of their customers and loaners. When you take out a loan from a credit union, you will often face higher loan interest rates and fewer accessible locations than at a bank. However, you will be open to lower fees for performing day-to-day money management tasks, higher flexibility with your money, and better service due to a customer-driven business model. Furthermore, a majority of profits made in the process of loaning with credit unions are given back to the community, while on the other hand profits made during loaning with a bank are usually put into growing these large financial institutions even larger.

A donation is like a gift. Donations are charitable actions towards a charity or non-profit organization. Donations most often take the form of cash, but can also be given in the form of other assets such as cars, second-hand goods, etc. When you give a donation, you may be eligible for a tax deduction. When a donation is made, the contributor performs the action without expectation of receiving their contribution back - it is done in goodwill.