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VISION FOR A WORLD
WITHOUT POVERTY



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SAVE THE WORLD
BUT TO TELL THE STORIES
OF THOSE WHO ARE.

WORK | STEPPING OUT OF POVERTY

Using innovative grants, entrepreneurs thrive.

WORK | STEPPING OUT OF POVERTY

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PHOTOGRAPHS: COURTESY OF TRICKLE UP

Around the globe 1.2 billion people survive on less than one dollar per day.

Economic advancement seems unattainable for the world's poorest people. Around the globe 1.2 billion people survive on less than one dollar per day, eking out a living too meager to afford adequate food, shelter or clothing, let alone schooling or medicine. Some are unemployed; others do unpaid domestic labor, work for poverty wages or subsist on a small business of their own.

It is the poorest of the poor whom the nonprofit organization Trickle Up aims to help. As its name implies, Trickle Up was founded to counterbalance the shortcomings of "trickle-down" economic policies. Proponents of trickle-down theory allege that stimulating the economy through large-scale enterprise creates wealth which then trickles down to the poor. By contrast, Trickle Up's philosophy is that marginalized people must be deliberately incorporated into the economy as independent producers. Trickle Up addresses global poverty by providing small grants, savings support and business training directly to impoverished entrepreneurs.



AN ENTREPRENEUR HOLDS HER GROUP SAVINGS BOOK.

Simajuleu Weavers, Guatemala

With the help of Trickle Up, 30 artisans in a rural Guatemalan village formed a weavers cooperative. For one of these women to weave a single blouse to sell at the market takes three months of working seven hours per day. They keep each other company at their looms while weaving colorful, intricately-designed traditional blouses. Combining their efforts stabilizes the women's income and allows the group to accept larger orders.

Through the cooperative's success, its members saved enough profits to open a local yarn shop. This joint venture reduces the costs of transportation and supplies. Each member reinvests some of her monthly earnings in the store's account to ensure its continued growth.



To increase profits, the cooperative will begin investing in higher quality yarn. One of the weavers' goals is to start a small exporting business.

Women head 85 percent of Trickle Up-funded microenterprises. Trickle Up focuses its work on women because supporting women has a clear positive impact on household members, and because women make up a disproportionate share of the world's poor. Fewer women than men hold paying jobs, and the jobs they do hold are often in fields that pay the least. Women are also responsible for most unpaid domestic labor — carrying water, collecting wood for fuel, caregiving and so on — and those who work in family enterprises are commonly unpaid. Often denied access to financial services, women

face additional barriers to starting their own businesses. Access to Trickle Up's microenterprise program improves not only women's financial status, but also their status within their families and communities. By earning an independent income, women develop public roles in their communities and reduce their reliance on male relatives. They can make purchases in the market, gain more influence in family decision-making and participate in public life. Many women who are Trickle Up entrepreneurs become community leaders.



Ade Bonsa Wario, Ethiopia

Ade Bonsa Wario worked on her family's farm until she was selected to participate in the Trickle Up program. With her \$100 USD grant, she began trading goats and grain. Her business thrives due to her hard work. She says, "With the profit that I have been able to generate from trading, I am now able to send my five children to school and provide my household with food, clothing and expenses for social commitments such as burials."

She expanded her business with the purchase of assets including more animals and a jerikan for collecting water. Her success has earned her the trust of local traders, who have become willing to loan her capital to grow her business. Ade plans to improve her thatched grass roof with an iron sheet using her savings of \$5.50 per month.

Ade's entrepreneurial spirit has made her a leader in her community, where she organizes various development projects.



Eva Nagawa, Uganda

Eva Nagawa is the sole provider for her family of six. Prior to joining Trickle Up, she sold charcoal as fuel to people in her village. Her business was small because she could afford to buy only one sack of charcoal at a time. Through Trickle Up, Eva grew her business and now purchases 10 sacks of charcoal at a time. A partner agency visits her weekly to monitor her progress, discuss the challenges of her business and help her with record-keeping.

Eva's increased income allows her to buy necessities for her home such as saucepans and plates. More importantly, she has enrolled three of her children in school. She hopes education will give her children access to opportunities that she never had.

“We look for people who are hardworking, who are resourceful, who know how to solve problems, who want to contribute and give back to their communities.”

—BILL ABRAMS

Trickle Up was founded after Mildred and Glen Leet visited the newly-independent island of Dominica in 1979, where 45 percent of the population lived in extreme poverty. The Leets realized that many impoverished people have the resourcefulness and drive necessary to develop microenterprises and merely lack start-up capital. Through a local women’s organization, the couple contacted community members interested in starting or expanding a small business.

In the beginning stage the Leets helped 10 potential entrepreneurs formulate viable business plans ranging from “building blocks to selling eggs, jams and school uniforms.” The Leets distributed \$100 USD to each entrepreneur and held training sessions in basic business management. From then on, the entrepreneurs produced their own capital to maintain the businesses. With increased incomes, they could afford better health care, nutrition, education and security, and participate more in their communities.

Initially managed by the Leets and a part-time secretary working in the Leet’s Manhattan apartment, Trickle Up remains headquartered in New York City with field

offices in Asia, Africa and Central America. In 2007 it provided start-up capital for 11,127 microenterprises. Unlike many microfinance organizations that supply loans, Trickle Up makes grants. Its services are targeted toward those who cannot access even microcredit, whether because they live too far from any credit provider, lack sufficient collateral to qualify or fear defaulting on repayments. Trickle Up serves the most vulnerable populations. It reaches out to people in remote locations who lack access to clean water, active markets, electricity and roads. Additionally it provides a financial opportunity for people with HIV/AIDS or disabilities and those stigmatized by low caste.

Trickle Up currently works with people who earn less than one dollar per day in eight countries: Burkina Faso, Mali, Ethiopia, Uganda, India, Nepal, Guatemala and Nicaragua. To date, it has established or advanced more than 150,000 businesses. “We calculate that every business we help start benefits about five and a half people. It’s typically the entrepreneur and her family; sometimes it’s others who work in a successful business that gets to the point where it can hire people,” says Bill Abrams, president of Trickle Up.



Rajkumari Devi, India

Because she belongs to the untouchable “Dom” caste, Rajkumari Devi was an outsider in her community. The meager income she earned as an agricultural laborer was not enough to support her family, and few other jobs were open to her. Rajkumari’s husband, who has a physical disability, begged on the streets.

When approached by one of Trickle Up’s partner organizations, she was eager to start her own business. With training and materials she began weaving straw baskets used by local farmers to sort grain. Rajkumari taught her family to work alongside her. Demand for their merchandise is high. Rajkumari feels proud of her husband, who has found dignity in work.

From their business, Rajkumari and her husband earned enough to buy two pigs. In addition, they have saved 500 rupees (\$12.82 USD) in their savings group and make a daily profit of 100 rupees (\$2.56). Their entrepreneurship has also been rewarded by their neighbors’ respect. Rajkumari says, “Now we feel we are in an upward spiral of life, and all of us have a feeling that our lives have great meaning.”



Ali Mourdiou, Mali

Unable to afford tuition, Ali Mourdiou dropped out of the Koranic school where he studied. To repay his debt to the school, he worked at the docks doing back-breaking labor. All day he loaded and unloaded shipments of wood. Ali earned scarcely enough to support his family. Dreaming of starting a business of his own, he saved as much as he could spare of his earnings. With his savings, he started a wood-selling business, but despite his efforts he still struggled to meet his family's basic needs.

When he received a grant from Trickle Up, Ali was skeptical that a mere \$100 could change his life. He invested the money into his wood-selling business and watched in amazement as it prospered. Ali then thought about diversifying his business. He purchased burgu, a grain used as animal feed, and resold it at a profit. The proceeds made it possible for him to open a small shop in town. His wife runs the store and Ali maintains his wood-selling business.

Today Ali's priority is to give his children the education that he had to abandon. He is proud that all his children are enrolled in the local French school. At home he tutors them in Koranic studies. Ali wishes for his children to get good jobs and become hardworking, well-regarded people.

Local organizations partner with Trickle Up by identifying potential participants for the grant program, providing business training and counseling entrepreneurs on the benefits of reinvesting in their business. “We help people learn to plan ahead for when the local economy might be very slow, typically in the rainy season or the dry season,” Abrams says. “Sometimes the notion of planning is a new idea in places where life is hard, where people die young.”

Entrepreneurs must detail business plans that define their product or service, assess demand and estimate costs and profits. Since the majority of these entrepreneurs are illiterate, many draw pictures to illustrate marketing and business concepts.

Partner organizations typically disburse grants in two installments. Entrepreneurs use the first installment to buy items needed to start the business. For example, they may buy a table, chair and parasol to set up a food stand; a bulk parcel of coal to resell in smaller quantities; or a loom to weave blankets. Entrepreneurs track expenses and earnings, and three months later they report their progress. At this point the entrepreneurs can assess what purchases would benefit their businesses. They can use the second installment of the grant to expand.

After the initial Trickle Up investment, it is up to the entrepreneurs to earn enough capital to sustain their businesses. Trickle Up requires that they join savings groups where 15 to 25 people pool their resources. Savings groups’ collective resources help to protect members from unplanned events and financial

emergencies, such as capricious weather, which can devastate the rural poor who rely on natural resources. Members can also draw on savings group funds as loans to pay for medical treatment, buy better homes or reinvest to expand their businesses. “[Savings groups are] powerful not only in terms of the creation of additional capital in the second year but also in continuing the training and mentoring that we provide,” says Abrams. “Another thing that’s valuable is the chance to talk about common problems and share experiences. One person has a particular problem in her business; somebody else has an idea for a solution.”

Savings groups are especially empowering for women. Through their cooperation group members become positive forces for grassroots development in their communities and gain voices in their families. Eusebia Cardosa, who started a business selling cosmetics in Guatemala, says that being a business owner has changed her role in her family: “For me it has been like a big breath of air. Before, the men had the harvest, and when they got the money at the end of the month, if they decided we needed shoes, they would bring home shoes. But it was their decision. I used to ask my husband for permission to go to a savings group meeting. Then I stopped, and now he asks me when I have my meeting. I think he respects me more.”

Trickle Up also connects many entrepreneurs with ongoing sources of capital such as microcredit. The organization dedicates itself to the mission of helping people take “the first steps out of poverty” on the microfinance continuum.



Panchanan Halder, India

Panchanan Halder lives in the slums of Kolkata with his wife and two children. After Trickle Up's partner agency suggested him for a grant, Panchanan was able to put his business idea into action.

With the first grant installment, he bought a secondhand rickshaw to taxi pedestrians and transport children to and from school. He used the second installment of his grant to upgrade from a rickshaw to a cycle-van, a bicycle attached to a platform that can carry freight and passengers. Now he can transport goods for a local factory. In 2006 he earned considerable profit during the Hindu festival season by delivering statues from the manufacturer to temples.

Panchanan saves 30 rupees (60 cents) per day because of his business. This modest profit provides stability to his family, a tremendous accomplishment in a slum community. His savings enable Panchanan's family to plan for the future instead of simply striving to earn enough to survive.



MEMBERS OF A SAVINGS GROUP IN INDIA HOLD A MEETING.

Trickle Up's successes show that ending involuntary unemployment and underemployment through microenterprise development is an essential part of the solution to global poverty. Its results are impressive: surveyed after the first year, nine out of 10 businesses remain active and have raised the entrepreneurs' quality of life significantly. Seven out of 10 microentrepreneurs report that their families

are eating more, and five out of 10 are able to send more children to school and buy better clothing for their families. Trickle Up demonstrates that supporting work for the poor enriches the well-being of local communities, the building blocks of the global economy. Direct, small-scale aid enables the poor to develop sustainable livelihoods and improve their situations.



A SAVINGS GROUP IN MALI STORES ITS FUNDS IN THIS BOX. IT CAN ONLY BE OPENED WHEN ALL THREE WOMEN WHO EACH HOLD A KEY ARE PRESENT.

“Our motto is ‘the first steps out of poverty,’” says Trickle Up’s Abrams. “What people need is help taking those first steps, and then they take it the rest of the way.” N-ED

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