

Surfing the Web to Learn about Microcredit

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SUBJECT(S): Entrepreneurship

GRADE LEVEL(S): 10

≡ OVERVIEW:

Every day, teachers encourage us to make classes more enjoyable and practical. This way, students better understand the concepts that make up the assignment and learn to interact with the real world around them. The challenges that we confront in the classroom include how to deliver knowledge to students, and how to give them a very real view of basic economic concepts.

In addition, the students are conscious of the growing problems that people have today in obtaining financing — especially in countries that, like Spain, find themselves in a complex economic crisis. They have also heard talk that in developing countries and places where access to credit is difficult, there is something called “microcredit.” The details about what this is, how it functions, and how companies dedicated to it carry out their activities, are all things the students don’t know much about.

≡ RELATED ARTICLES:

- [“Spanish Entrepreneur Luis Iván Cuende García Brings Stampery to Silicon Valley”](#)
- [“Kiva: Improving People’s Lives One Small Loan at a Time”](#)
- [“Future of the Business World: Students in Vietnam Give Small Loans to Low-income Borrowers”](#)
- [“Evan Chen Explores a Global Mission to Use Business Skills for Social Good”](#)

Introduction:

1. We found an article on the Knowledge @Wharton High School website that could be useful to them, since it explains how this financial tool functions through the Internet. The article is titled, [Kiva: Cómo mejorar la vida de las personas con préstamos pequeños](#) [Kiva: How to Improve People's Lives with Small Loans]. Another good article is [Evan Chen Explores A Global Mission to Use Business Skills for Social Good](#).

Goals for students:

- To distinguish between suitable and unsuitable sources of financing
- To learn about the financing possibilities in the developed and undeveloped world
- To understand some of the difficulties involved when converting an idea into a business

Objectives:

Students will learn about the concept of microcredit and how this financial tool can change the fate of more unfortunate communities.

Resources/Materials:

1. Student computers
2. The WGYP website, including an article titled [Kiva: Cómo mejorar la vida de las personas con préstamos pequeños](#) [Kiva: How to Improve People's Lives with Small Loans]. Also, [Evan Chen Explores A Global Mission to Use Business Skills for Social Good](#)
3. The website [Kiva.org](#)

Activities and Procedures:

1. The students discussed what they knew about sources of funding in general, and microcredit in particular, and wrote a list of these attributes on the board.
2. They were then given 10 minutes to read the WGYP article and explore the Kiva website.
3. Everyone discussed how their perceptions about microcredit had changed, whom it is directed toward, and how a web page in Spanish with these characteristics would

function and be received.

4. Later, the students divided themselves into groups to comment on the process of creating a company like Kiva. They discussed how the system functions, and how one would present a business plan based in part on receiving donations.
5. Each group presented a proposal and chose from among these the initiative that would receive a donation from the entire class.

Putting the Experience into Practice:

Some students did not recognize what microfinance institutions were and that they charged interest. They had the idea that these were something similar to charity organizations. They were also surprised that the default rate was so low and that women received more attention than men by borrowers.

In addition, they did not expect to find people from so many countries on the Kiva web page, some in the developed world, asking for microcredit. From this experience, they were given a better idea of what it means to be “an entrepreneur,” which, for some of them, had always suggested a somewhat unscrupulous Rockefeller-type figure.

They thought that the idea of having a web site like this in Spanish would promote the channeling of donations to Spanish speaking countries.

The initiative by the winning group of students was a business for selling used moped parts in Brazil. The entrepreneur was a young mechanics student who wanted to create his first business and who comes from a poor family with no banking history.

What Worked and What Would Be Done Differently Next Time:

The ability to see the real example of Kiva, after having just read the article and discussed the concept of microcredit, helped the students immediately identify and assimilate what they had learned.

Thinking about real cases of actual persons with actual dreams helped students to see the need for accessible sources of financing to bring about projects that help people rise out of poverty.

The fact that all the materials were so accessible and that each document was just a few clicks away sped up the process and allowed the activity to conclude in just one class. The element of competition at the end of the activity also contributed to its getting done.

To improve the experience, it would be good to have more materials about financing possibilities, as well as some current headlines for them to see the contrast between the difficulties that we have right now in Spain for getting access to credit and the opportunities that an option like Kiva offers.

Finally, it would be useful to give greater weight to the less common sources of financing, such as risk capital, and to touch on the many possibilities available to start a business.

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