

Microloans in Uganda

Good morning, everyone. My name is Eun Ju and my topic today is 'How microloans have helped Ugandans'.

In many countries, concerns over high levels of debt have been frequently reported in the news. Credit card limits are continually increasing, allowing individuals to accrue personal debt at record levels. Although there are concerns over rising personal debt, a new and more positive form of credit has emerged: microfinancing. Microfinancing is a form of lending that allows people in developing nations to have access to money that can be used to begin new businesses. This presentation will focus on how microfinancing is being used to assist entrepreneurs in Africa to achieve sustainable businesses in ways that were not possible before.

Entrepreneurs in Africa who want to start businesses often face insurmountable obstacles. One of the blocks to emerging businesses in Africa is the interest rates on loans. According to the *Frontline* investigative reporter, Clark Boyd, interest rates from banks can be as high as 35% and from other lenders as high as 300%. This is a formidable challenge for beginning business owners and virtually ensures the failure of many new business initiatives. Boyd states that Kiva, a San Francisco-based business, started providing microfinancing online for a reduced cost. This opportunity eliminated some of the financial hurdles for many African entrepreneurs and began a new form of moneylending.

In addition to the challenges presented by high interest rates, entrepreneurs faced other problems. When Kiva first began offering microloans to entrepreneurs, they offered the loans in Uganda. They soon discovered that some Ugandans have to support many family members through their employment. One entrepreneur, Mayoka, tells Boyd, 'My elder brothers passed away of AIDS and left me with a lot of children. So now it's entirely on me to keep up the two families.' Mayoka said that he has to support 'more than 20' family members. Through a microloan, Mayoka plans to expand his furniture and brickmaking business, thereby generating more income to support his dependents. Microfinancing helps entrepreneurs not only to start businesses but also to expand businesses, and eases the financial burden placed on some Ugandans.

Kiva has also helped many Ugandans cope with the impact of conflict in their homeland. In Uganda, a long domestic war has displaced many people, who are forced to find other ways to create a living. This has resulted in increased poverty and few means to meet their basic needs. Boyd spoke to one woman, Grace Ayaa, who received a microloan from Kiva. She had also fled to another part of Uganda to escape the conflict. Grace Ayaa used her loan to begin a business selling peanut butter. She told Boyd that many people were forced into the capital city into a poor area where they are paid one dollar a day for work in a rock quarry. Grace Ayaa's experience with the Kiva loan was so positive that she now helps other people to get out of the quarry. Kiva's loans help to provide options and choices where there were none or were very few before.

(Canadian English)

E Here is Eun Ju's conclusion (without the final thought).

In conclusion, microfinancing is providing access to business opportunities for many African entrepreneurs. It has eliminated the high interest rates that doom many emergent business initiatives, and it has provided opportunities for development and expansion, thereby allowing businesses to grow and employ staff. For many African people, microfinancing is increasing opportunities in some of the most difficult circumstances and allowing them to break the cycle of poverty.

F Here is Eun Ju's final thought. What strategy has she used?

Sometimes as individuals we feel that we do not have the power to change the world, but look into microfinancing yourselves and you will see that for as little as 25 dollars, it is in fact easy to make an enormous difference to someone's life. Thank you.