



Fact File: Livelihoods

**“Give a man a fish and he will eat for a day.
Teach him how to fish and he will eat for a lifetime.”
Ancient Chinese Proverb**

One of the principal ways that Signpost International works to combat poverty is by helping people who live in poverty to start, or expand, their own small business.

By providing training in livelihood skills and basic business practice, access to small loans or seed capital and the opportunity to save, Signpost is helping people in Uganda, India and the Philippines to develop a business and create a safety net so that they can better provide for themselves, and their families, into the future.

Focus on women

According to some estimates, women represent up to 70% of the world’s poor. They face persistent discrimination when they apply for credit for business or self-employment, and are often concentrated in insecure, unsafe and low-wage work.

It is for these reasons that Signpost’s livelihood scheme mainly targets women – often the poorest of the poor – but also because women contribute decisively to the well-being of their families, and any effective measures to combat poverty must support their needs.

Better together: Self Help Groups (SHGs)

As a first step, Signpost helps form small Self Help Groups (SHGs) of around 8 or 10 entrepreneurs within a community. These cooperatives elect their own leaders, receive training and are the guarantors for the loans of their group members.

Access to credit

Access to banking services can be transformational – having a loan or savings is often the tipping point at which a small business can finally begin to thrive – but a lack of collateral usually means that the poor are denied access to formal financial services. However, because the SHG members co-guarantee each others’ loans, this social capital becomes their collateral as loans are rolled out, and repaid, within the group.

There aren’t many banks that want to give bank accounts to people who have no collateral and can only save 50p a week. And that is why almost 80% of the world’s population have no form of savings.

Savings

Savings increase stability, helping people to manage their money and save for future needs and business opportunities.

Each SHG operates a group savings scheme that allows its members – most of whom have never before had access to such services – to provide a safety net for their future.

Training

As the SHGs meet together regularly to repay their loans and collect their savings, members also receive a wide variety of training within the group. As well as ongoing business development, training also covers AIDS/HIV awareness, good nutrition, literacy and numeracy skills and healthcare education – whatever is appropriate for the group's situation and the members' personal growth.

Investing in the future

When people living in poverty are empowered with a little money they are able to invest it into the education of their children. This is one of the best ways to break the cycle of inter-generational poverty.

The 'ripple' effect

Although the creation of a new small business brings economic improvement, it also brings with it social transformation. Bigger than just one poor entrepreneur's financial situation, the ripple effect leads to an increase in their family's income, improved housing conditions and better nutrition and education for their children.

And, as help is given to a community's creative individuals, in turn their success helps to ensure the growth and development of their entire community. As their wealth grows and is spent, it filters through the community with increased investment and new employment opportunities for the wider population.