

Ageways

ISSUE

62

Practical issues in ageing and development

MAY 2003



Income- generating activities

A way out of poverty

Planning a project

Making the money work

Choosing an activity

HelpAge
International

Leading global action on ageing

Comment

Income opportunities

Welcome to Ageways 62. This issue looks at one of older people's most pressing needs – income. Older people's right to financial independence is stressed in key international agreements, yet older people are frequently denied access to income-earning opportunities, just because of their age.

With a little help, many older people can earn enough income from their own businesses to make a real difference. However, it is important to be realistic about the role of small-scale income-generating activities, and to press for older people to receive their full entitlement to income from other sources, such as state benefits.

We welcome your views for inclusion in a future issue.

Celia Till and Alex Bush
Editors

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Themes of future issues

Issue 63 (July 2003) **End of life**
Issue 64 (October 2003) **Disability**
Issue 65 (March 2004) **Mental health**
Issue 66 (June 2004) **Media**

We welcome articles for consideration. They should be received three months before the month of publication.

Letters

Financial independence

Health and financial independence are essential at any age. Unless there is financial independence, there is no independence.

There are many aspects of personal finance, such as income generation, investing and spending wisely. There are basically two ways of earning income: from existing income sources and by developing new sources of income. The following points cover both.

1. Don't give away all your earnings and assets to your children. Trust your children, but keep some of your assets.
2. Living a long life has given you many perspectives and experiences. You could assess your talents and become a volunteer in an area that really interests you. There may be retirement from a job, but not from life.
3. You may start a second career, based upon your real interests.
4. Income generation for older people is difficult. However, there can be many hidden opportunities. Open your eyes and ears. I know many old people who are starting their own businesses, ranging from cookery classes, day care centres, baby sitting, to volunteer counselling. Try something in your area of experience and interest.
5. You may become a consultant to the organisation that you previously worked for or another organisation in the same line of industry.
6. Write down the things you have learnt during your life and turn these into a book, or contribute articles to the local newspaper to bring a historical perspective.

7. Spend wisely. Invest wisely. Not wasting money is also a way of earning money. Spend money on preventive health measures and a nutritious diet to prevent spiralling medical costs.

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We welcome letters from readers. Please write to: The Editor, Ageways, HelpAge International, PO Box 32832, London N1 9ZN, UK. Fax: +44 20 7713 7993 Email: ctill@helpage.org Letters may be edited.

Course

Ageing in Africa

Five-day course for mid-level or senior programme managers, social workers, senior government officers or planners, health care professionals, and others with an interest in ageing issues.

Covers demographic situation and socio-economic implications for Africa; HIV/AIDS and its impact on older people; gender dimension of ageing; poverty; research and policies on ageing.

4-8 August 2003
Nairobi, Kenya

US\$400 (including accommodation) or US\$150

More information:
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News

Your views on *Ageways*

Thank you to everyone who returned the survey form in *Ageways* 60, and to others who have commented on the new format of *Ageways*.

The overwhelming view from respondents in more than 15 countries is that themed issues and the new design are an improvement. *'I like the focus on one specific issue at a time'... 'it's so beautiful and I love it'... 'it's an excellent mix, very relevant and practical'.*

Everyone who responded thought that the themes had been covered very well or fairly well, depending on their work and interest in the topic. The most popular parts of *Ageways* are case studies, followed by Noticeboard, 'how to' articles, resources and the overview.

Readers use *Ageways* for their own work and for teaching others. *'Ageways shows that the aged are cared for'... 'anything that we see in Ageways we try to practise'.*

Work that *Ageways* supports includes caring for older people, lobbying, supporting older people's associations, training older people working with other older people, carrying out house-to-house visits, establishing an NGO, and working with young people.

Some readers said they valued the international exchange of experiences that *Ageways* provides. *'Ageways is a window to the world through which I learn more about other older people and how they live, as well as how, like myself, they wish to live more and better.'*

Some readers requested more language editions. *Ageways* is

available in English, Spanish, Russian, Ukrainian and Thai. Unfortunately HelpAge International does not have resources to produce *Ageways* in other languages. However, we encourage people to translate and adapt articles from *Ageways*, which some readers do.

Readers suggested many topics for future issues, including disability, childcare by older people, eye care, older people's experiences, how to start a project, life after death, training methods, counselling, mental illness, memory and ageing, nutrition, healthy ageing, ageing-friendly lifestyles, comparison of ageing experiences in developed and developing countries, government plans for older people, pensions, intergenerational relationships, how older people use their time, religion, why people age and get old, ageing and death, continuing education, training of trainers, rights, retirement, the Millennium Development Goals. A writing competition was also suggested. We will consider all these for future issues (some have been covered in back issues and we will include an index in the next issue).

The vast majority of respondents rated the new design 'very good'. Some requested a larger type size. This is something we will look into.

In the prize draw, the winner was **Miss R Scott Kellie**, Matumaini Rehabilitation Centre, Kenya who has been sent a pack of HelpAge International books and promotional items.

'Ageing is a blessing. We can't use money to buy it, not everyone can be there, so respect ageing.'

Konate Musah M Kudus, Executive Director, Help the Victims, Tamale, Ghana (respondent in Ageways survey)

Madrid Plan of Action leaflet

Madrid International Plan of Action on Ageing in brief contains statistics on older people and a summary of the eleven central themes of the Madrid International Plan of Action on Ageing, adopted by government representatives at the Second World Assembly on Ageing in 2002.



The leaflet also summarises some of the Plan's specific recommendations to enable older people to be full participants in the development process and to share in its benefits.

More information:

UN Programme on Ageing, DESA,
DC2-1318, United Nations,
New York, NY 10017, USA.
Tel: +1 212 963 3174 Fax: +1 212 963 0111
Email: sidorenko@un.org
<http://www.un.org/esa/socdev/ageing>

Capacity building kit

The HIV/AIDS NGO/CBO support toolkit is a collection of resources covering eight areas – introducing support work, strategic planning, selecting partners, project design, technical support, policy, advocacy and learning exchange, monitoring and evaluation, and administration and finance.

More information:

Communications Team,
International HIV/AIDS Alliance,
Queensberry House,
104-106 Queens Road,
Brighton BN1 3XF, UK.
Email: ngosupport@aidsalliance.org
<http://www.aidsalliance.org/ngosupport>

Earning a way out of poverty

Alex Bush explains why older people need support for income-generating activities, and what kind of support can help.



Sawang Kaewkantha/FOPDEV

Mr Kham presses dried strips of banana tree trunk for basket-making at the Rural Elderly Entrepreneurship Development Centre in Chiang Mai, Thailand. Older people who come to the centre receive training and technical support from the Foundation for Older Persons' Development.

In the developing world, older people are consistently among the poorest and most marginalised. Most older people never receive a pension. In one project in rural Tanzania, only two out of 139 older people received any form of pension. Women, in particular, tend to work outside the formal sector, and are therefore less likely than men to have a pension.

Many older people want to earn an income – they expect to be economically active until they are no longer able to work. But as people get older, their age often excludes them from income-generating opportunities available to younger people, such as employment, or bank loans to boost their own businesses.

Traditionally, people could expect to receive support from their families as they entered old age. However,

changing family structures, economic decline, conflict and HIV/AIDS have weakened traditional support systems in many parts of the world, leaving growing numbers of older people to cope alone. In many cases, older people have to support not only themselves, but also children left in their care.

As the world moves to an increasingly cash-based economy, older people have more need for cash income than ever before.

Broader benefits

For older people, earning an income brings more than financial security and a chance to improve their living conditions. It can also raise their self-esteem, improve their status in the family and community, and provide valuable social contact.

One group of older women in Bangladesh used profits from processing sugar cane to buy blouses to wear under their saris. Being better dressed boosted their morale and increased their standing in society.

In Tanzania, older people who had run small-scale income-generating activities were taken more seriously as potential employees, and were employed by the town council to manage the rubbish collection.

Income earned by older people does not simply benefit older people themselves. Older people often use their earnings to contribute to family expenses such as school fees, food, clothing and fuel.

Recognised right

Older people have a right to financial independence, which is recognised in major international agreements. The 1991 United Nations Principles for Older Persons names independence as one of five key principles. It calls for 'older persons to have the opportunity to work or to have access to other income-generating opportunities'.

The Madrid International Plan of Action on Ageing, adopted at the Second World Assembly on Ageing in 2002, highlights eradication of older people's poverty as a fundamental aim. It commits governments to including older people in policies and programmes designed to reach the Millennium Development Goal of halving the proportion of people living in extreme poverty by 2015.

Specifically, the Madrid Plan commits governments to 'promote self-employment initiatives, including

small and micro-enterprise development and ensuring access to credit, for older people.’

These commitments need to be acted upon, if older people are to have a real chance of exercising their right to independence, and if internationally agreed poverty-reduction goals are to stand a chance of being met.

Realistic aims

Many older people are already engaged in small-scale income-generating activities, such as farming, food-processing, making items for sale, or trading, and many more would like to be, but they lack capital, business skills or access to markets. Non-governmental organisations (NGOs) can help by providing loans, training, advice and links with other organisations.

Often, support to income-generating activities is part of a wider programme aimed at tackling a range of problems identified by older people, such as housing, water supply, social care, civic education and advocacy.

Income-generating activities may be designed to reduce long-term poverty, or they may aim to help overcome a crisis. In research carried out by HelpAge International, older people identified income as one of their six most common problems in an emergency, although this was widely overlooked by aid agencies.

However, it is important to be realistic about how far income-generating activities can contribute to older people’s livelihoods. Few small-scale businesses carried out by older

people can be expected, on their own, to provide enough income to meet a person’s entire needs. Older people may have limited time – especially if they are caring for young children – and health problems may limit their ability. Income-generating activities are unlikely to suit those who are very frail.

It is essential that earnings from income-generating activities are accompanied by government welfare benefits, such as emergency cash handouts, pensions, foster care grants or free health care and transport. An important role for NGOs is to work with government departments and agencies, to ensure that older people receive their entitlements.

Whatever their limitations, the aim of income-generating activities must be to produce significant income for the older people engaged in them. Activities such as handicraft production, run with the main aim of providing older people with useful work – for instance in day care centres and residential homes – have their own psychological and practical benefits, but are often run at a loss or generate minimal income.

Into the mainstream

More organisations are recognising the economic contribution that older people can make, and are investing in them. For example, in Ethiopia, the Relief Society of Tigray (REST) has provided loans to older people to buy oxen.

Nevertheless, many lenders still believe that older people are a high-risk group. This view needs to be

changed. Another important role for NGOs and older people’s organisations is to advocate for older people to be included in mainstream support to small businesses – not just for the benefit of older people, but for society as a whole.

Alex Bush is assistant director of programmes, HelpAge International.

What income-generating activities can do

They can:

- provide financial benefits (primary benefit)
- produce small, regular amounts of cash to pay for emergency food, schooling, hospital fees and wedding or funeral costs
- lead to better nutrition and health
- bring satisfaction and improve self-esteem
- strengthen social networks and prevent isolation
- improve older people’s status in the family and community and increase respect for older people

However, they are:

- unlikely to earn enough to totally support one person, let alone a family
- may break down in time of extreme hardship – families may default on a loan if this will enable them to buy food or send a child to school
- are limited by time and strength
- can fail if they are not well planned (such as lack of markets, or water for crops)

'Hand-on' scheme helps livestock farmers

A scheme based on ancient sheep-farming traditions is boosting older people's incomes in Ethiopia.



Abdul Jetha/HelpAge International

Goats are distributed by the Rift Valley Children and Women Development Association in one of several schemes to re-stock older livestock farmers' herds.

In Ethiopia, food shortages are a regular feature of life, and the situation for many older people is precarious. Support to self-employment is often the only way to help. HelpAge International has been working with the Ethiopia Rural Self-Help Association (ERSHA) in an innovative scheme to support sheep-farmers.

The scheme is based on a traditional 'hand-on' system in which people who are relatively well off pass the first lambs from their sheep to a poorer person. That person in turn passes their first lambs to another person. If the sheep are in good health, the process can continue indefinitely, and requires very little initial outlay.

The project, which began in four villages in Angolala sub-district in

2000, is run by a committee of volunteers, with the support of the government veterinary service. Committee members receive training from ERSHA. They are responsible for selecting participants, buying and distributing sheep, following up the management of the sheep, and transferring lambs to their new owners.

In the first year, the committee selected 50 people aged 55 and over who had low economic status (defined as having a low income and a maximum of one ox). The older people had to be active and healthy and able to care for the sheep themselves, or to have family members who could do so for them. They had to own land on which to graze the sheep and a barn or shed

to shelter them in. They also needed to be sufficiently mobile to visit the market and the vet when necessary.

Committee members encouraged the older people to select two sheep of their preference, with a vet on hand to advise on the animals' health. The committee then bought the sheep (100 in all) and had them vaccinated and ear-tagged. Then the older people signed a contractual agreement.

After six months, the sheep had produced 83 lambs. Of these, 56 were passed on to other older people in the second round of the scheme. After another year, a total 165 older people owned 560 sheep.

The scheme has had a major effect on the district. Passing traffic now stops during holidays to buy rams. This increases the older people's incomes considerably, allowing them to pay for food, schooling and health care, and to invest in livestock and seeds. The older people say that the scheme has revived their traditions of mutual support, increased their assets and income, and helped them to become more self-reliant.

A big attraction of the scheme was its relatively low initial outlay of US\$1,640. This paid for the first 100 sheep, training older people and experience-sharing and awareness-raising. Inspired by its success, three other NGOs (HUNDEE, Action for Development and the Rift Valley Children and Women Development Association) have implemented similar activities based on local traditions. So far, they have distributed 1,250 sheep and goats to a further 500 older people in the region.

More information: Peter Bofin, Programme Director, HelpAge International, Ethiopia (address on page 15).

Communities profit from greenhouse gardening

Older people in Bolivia are growing vegetables in greenhouses to improve their health and earn an income.

In rural areas of Bolivia, whole communities are predominantly made up of older people, as younger people migrate to cities in search of work. In the high plains region, the majority of older people are women from indigenous groups. Few have a formal education. Most have extremely precarious livelihoods, derived from subsistence farming in an area of poor soil and harsh climatic conditions.

Malnutrition has been a major problem in the region, because the traditional diet is based on carbohydrates, such as potatoes and cereals. The harsh conditions make it difficult to grow most vegetables.

The Centre for Research and Educational Advancement (CIPE) is working with older people to introduce technologies that enable them to diversify food production, improve their nutrition and, where possible, generate income from sale of excess production.

Greenhouses made of mud and plastic sheeting have been set up by older people to provide a constant temperature and humidity for vegetables such as broccoli, tomatoes and spinach. The vegetables are grown in compost made from well-rotted manure. The manure is also used outdoors as a fertiliser, increasing yields in the main crop – potatoes – by 25-50 per cent.

Each greenhouse is owned by the whole family, but managed by older people. Ten per cent of the profit made from selling vegetables and plants is reinvested in the project.



HelpAge International

Greenhouse gardens, managed by older people, make it possible to grow vegetables to eat and sell in the Bolivian highlands.

As older people have diversified into growing different varieties of vegetables, they and their families have reported improved nutrition and better health.

Initially, there were problems selling vegetables in the local market. However, older people now report income from the sale of excess production. They have used the money to buy food, clothing and school materials for their grandchildren. The project has also raised older people's status in their family and community.

The project has also benefited the wider community, by helping to

reduce the number of people migrating to cities to find work and strengthening family units – another of the project's aims.

CIPE selects communities with a high proportion of older people that are not receiving other support. It works with community leaders to decide which groups are in the greatest need. Most of the older people involved are members of the Older People's Council.

All the older people involved in the project are responsible for monitoring and reviewing the project, constructing the greenhouses and implementing the scheme itself.

They meet each week to coordinate the running of the unit, share produce and talk about their rights, such as how the free medical service has treated them, and problems they have had collecting their pension.

The Older People's Network of Northern Potosí is now lobbying the local government to include the programme in the annual district development plan.

The project is running from 2001-2004 as part of HelpAge International's Active Ageing project, funded by the UK Department for International Development.

More information: Sarah Allen, Programme Manager, HelpAge International Latin America Regional Development Centre (address on page 15).

'Our children and grandchildren can see that we support the family by producing vegetables and we share with them, so they value us, support us and respect us much more.'

Bernadino Torrejon Quispe, Juntuma, Bolivia

Questions to ask when planning a project



Hein du Plessis/HelpAge International

Weaving, crochet and peanut butter manufacture are among income-generating activities carried out by older women in Elim, South Africa, with support from Elim Hlanganani Society for the Care of the Aged.

Here are some questions to ask yourself if you are thinking of supporting income-generation activities for older people.

? Who should be involved?

Involve older people at every stage of the project, including men and women. Work with existing groups, if possible, such as older people's organisations, women's groups and religious groups.

Use participatory methods to identify issues affecting older people, such as income, isolation, health care and welfare payments. Plan a programme that tackles all the main issues, including support to income-generating activities as a component.

It is helpful to establish a committee or group to manage an income-generation project. The group could select people to receive support, decide how to use profits from a loan scheme and, in the longer term, take over running the project after the NGO ceases to be involved.

? Who should we support?

The management group will need to find a balance between who has the most need, and who has the ability to carry out a successful income-generating activity.

Consider whether people's sex, educational level or business experience matter. Will older people have to attend training? How will you define people as 'older', and what if people do not know their age? Will you support people with disabilities? This could require extra resources, but could reach those most in need.

? What support should we provide?

Often, older people need money to start or expand a business. NGOs may be able to provide this (see page 10). Older people may be facing competition to sell their goods, and they may need business advice, or access to markets. NGOs that are not

'Although the majority of older people involved in this scheme cannot read or write, they can still calculate expenditure, income and the profit that they get from their business.'

Director, Good Samaritan Social Services Trust, Tanzania

experienced in business management may be less able to help directly, but they may be able to team up with a small business advisor or marketing agency.

Advocacy to include older people in mainstream support to small businesses and ensure older people receive government entitlements is also important.

? What type of income-generating activities are suitable?

Different income-generating activities are suitable for different people, depending on their individual circumstances, the local economy, resources available and so on. Work with older people and others to identify suitable activities (see page 12).

? What training might older people need?

Older people who have no experience of running a business, or who lack literacy or numeracy skills, may appreciate some training. However, this is not always necessary – there are many examples of people who cannot read or write managing their own businesses very successfully. Some older people's groups deal with their knowledge gaps by enlisting the support of others as secretaries and treasurers.

? What training will be required for project staff?

Project staff may need to provide business advice, administer a loan scheme, report to donors or chase up repayments. They may need training and supervision, particularly if they have no experience of business accounting or marketing.

? How important are administration and accountability procedures?

These are vital and must be in place at the start of the project. Everyone needs to be clear about their responsibilities. Make sure that any money to be spent on supporting income-generating activities is approved by a committee or group. Insist that any loans are accompanied by proper receipts with full personal details. Make sure that you provide loans promptly, so that you do not hamper older people's ventures. Keep business records, including profit and loss accounts and details of loan repayments.

? How can we measure the project's success?

Use business records to judge the project's financial performance (see page 10). But do not judge the whole project on its financial

performance alone. Improvement in older people's quality of life is equally important. You can assess this by using open-ended interviews with older people and their families.



Questions could include:

How much money did you make?

How did you spend it?

Was this a significant contribution to your family? In what way?

How did you feel before you started working on the activity?

How do you feel now?

Do you think the time spent on the income-generating activity was worth it?

Do you think it was the right activity?

Tips for success

Do:

- ✓ encourage local participation
- ✓ set clear policies and criteria for selecting participants
- ✓ tailor financial and other support to individuals
- ✓ be realistic about what the activity can be expected to do

Don't:

- ✗ be too prescriptive about how things should be done
- ✗ be impatient to see results
- ✗ expect too much of people's time
- ✗ expect the scheme to support participants on its own

Making the money work

Support to income-generating activities usually includes financial support. It is vital that the finance scheme itself is sustainable.

? What financial support is needed?

Most small businesses need start-up capital – a lump sum of money at the beginning, to purchase materials or equipment. They also need working capital – ongoing cash to replenish stocks. Good finance schemes cover both of these needs.

? How can we provide capital?

You can offer loans, grants, or non-financial capital, such as livestock, materials or equipment. Loans are generally better than grants, because they commit borrowers to make a profit, so they can return the loan. Profits from a loan scheme can also be used to fund further loans or provide other support.

? Should we lend to groups or individuals?

Some projects lend to groups, so that if one person becomes unable to work, the business can still continue. However, lack of leadership can lead to business failure. A good idea is to lend to an individual, but for a group to guarantee the loan (as the Grameen Bank in Bangladesh does). This spreads the risk, and peer pressure encourages repayment.

? What attitudes to money should we take into account?

Attitudes to money vary. Stricter Islamic cultures do not allow interest charges on loans, although an administration fee may be acceptable. Some people may fear imprisonment if they cannot repay a loan, and may need reassurance and guidance.

? How much should we lend?

Many organisations lend a set amount. However, it is often better to have a maximum amount in mind, and to ask each person how much they need. If people borrow more than they need, they may run into financial difficulties.

? What should we charge?

If the scheme is to be sustainable, you will need to charge borrowers an interest rate or administration fee that covers all the costs of running the scheme, including salaries, expenses, training, default on loan repayments and inflation.

? How do we work out a repayment schedule?

Work out a realistic schedule for each person, so that they do not have to take capital out of their business to repay their loan. Depending on the activity, people may be unable to make enough profit in just a few months. Consider a 'grace period' (a few weeks or months) before they have to start repaying.

? What if the person cannot repay the loan?

Harvests can fail, livestock may die, older people may become ill or die. Put clear procedures in place for repayment in these situations and allow for some default (10-20 per cent) when working out charges.

? What paperwork is necessary?

Whatever terms you agree, draw up a written agreement, and make sure that everyone is clear about what they

have agreed to. Include name of borrower, amount of loan, repayment schedule, interest rate or administration fee, what happens if the borrower defaults, and arrangements if payment is late (for example, other group members pay).

? Should we offer repeat loans?

A second loan may enable a person to give their business a firmer foundation. However, they may be unpopular with others who have not received their first loan and feel it is 'their turn'. Providing single loans may reach more people, but their businesses may be less stable.

? How do we know if the finance scheme is working?

Many finance schemes are judged by loan repayments alone, because this is relatively easy. However, it doesn't paint the full picture. For an accurate indication of the project's financial performance, work out the percentage of total costs that are covered by income. It should be more than 100 per cent to be sustainable.

Costs	
Loan	100
Expenses	5
Total costs	105
Income	
Repayment (<i>allowing 10% default</i>)	90
Interest (<i>20% of repayment</i>)	18
Total income	108
Balance	3
Percentage of costs covered by income: 103%	

Note that it will almost certainly be necessary to charge substantial interest on loans to cover costs. This should not be seen as negative – it is essential if the loans are to revolve.



Men make stools while women prepare food in this project on the outskirts of Delhi, supported by HelpAge India.

Good practice points

- ✓ Lend to people who have demonstrated an ability to amass savings – they are statistically more likely to repay.
- ✓ Lend to women – they are less likely to misspend the money and have more experience of managing budgets.
- ✓ Lend enough money for the purpose – but not too much.
- ✓ Charge interest rates that are fair but not discounted – poorer people need access to money from reputable organisations, rather than low interest rates. Low interest rates tend to attract people who are better off.
- ✓ Make repayments regular (weekly or even daily) – and over as short a timespan as is realistically possible.
- ✓ Obtain security or collateral – use a ‘peer-pressure’ mechanism whereby groups’ acquaintances (not relatives) amicably come together and cross-guarantee each other’s loans.
- ✓ Lend to individuals rather than group-run businesses – groups often experience management problems.
- ✓ Separate financial aspects from other types of support – tough work such as collecting repayments should be carried out by a different person from caring, social support work.
- ✓ Ensure reliable systems are set up – that way, missed repayments are noted and dealt with immediately.
- ✓ Evaluate the project constantly – provide regular updates to project staff and committee members, with statistics showing the financial sustainability of the scheme.
- ✓ Be clear about what you are doing – if you are not going to chase up on repayments, acknowledge that you are providing a grant, not a loan.

The good practice points and other points in this article are adapted from: Mark Havers, *Financial Sustainability in Savings and Credit Programmes*, Durham, Durham University Business School, 1993.

Ways of financing income-generating activities

Revolving loans

An initial sum of money is lent. As money is repaid, it is lent again. Well-managed revolving funds can provide a longer-term source of capital. However, administration costs and failure to repay can rapidly eat away at the capital, so that the second or third rounds of loans are never made, and the intended recipients feel cheated.

Loans in kind

These are a tradition among pastoralist societies in east Africa for surviving disaster. Someone who has enough livestock hands on a sheep to someone who has done less well. After lambing, the recipient hands back a young sheep (also see article on page 6).

Merry-go-round schemes

These are self-help initiatives, in which a group of people make regular contributions to a loan fund. Each person in turn receives the whole fund, enabling them to invest more in their business than they could generate on their own. These schemes have the advantage that they reflect the community’s capacity to invest. They can collapse if money is put in by an outside organisation.

Employees/outworkers

This is not strictly a financing mechanism, but a different way of generating income. Participants earn wages or a commission, rather than owning the business (see article on page 13).

Grants

These have low administration costs and, if the older person’s business is successful, their capital stays in the business. However, they are not sustainable, since they generate no income for the project.

Choosing an activity

What makes a successful income-generation activity for one person might not work for another. Older people need to choose activities to suit their individual circumstances.



John Cobb/HelpAge International

Growing vegetables for sale in southern Malawi, from seeds provided by the Elderly People's Association.

Older people should be fully involved in planning their business, including choosing which activities to pursue. Many older people have been producing goods or trading for years. They know where they can buy supplies on good terms.

Older people know what they and their peers are capable of. They are aware of cultural issues, such as conventions that exclude women or men from particular types of activity.

Probably the most common reason why income-generating projects fail is a lack of business awareness.

Before deciding on an activity, older people need to ask themselves:

Who is going to buy our products or services?

If we are aiming at local people, are we producing what they want?

Why should people buy from us, rather than someone else?

How many similar businesses can the local economy support?

If we want to sell to tourists, are there enough tourists in the local area?

How much must we charge in order to make a profit?

Is anyone offering the same product for less?

If the local community is poor, can they afford to buy from us?

If we are selling to unfamiliar markets, are we aware of the risks?

Producing goods for distant or unfamiliar markets may involve higher transport costs, investment in packaging, stricter quality control requirements, fees for sales agents, delays in payment, and fluctuations in demand. However, the returns may be higher and the investment worthwhile.

Learning from experience

A look at some projects in Zimbabwe and Tanzania, designed to support older people caring for sick children and orphaned grandchildren, shows how different approaches have been used.

Basketry and mat making did not require much physical effort, and the start-up capital was modest. Competition was stiff, but items made to high quality sold well. Older people used the income to repair their houses, buy clothes and pay school fees for grandchildren.

Cultivation of vegetables worked well for older people who had access to land and irrigation. Children collected water for irrigation. However, performance was affected by a long dry season followed by heavy rains. Some older people used income from selling vegetables to buy clothes and pay school fees for their grandchildren.

Production of handicrafts was a traditional activity for older men and women. The region had plenty of sisal plants. Grandchildren helped extract the fibre. Older people wove hats, mats and baskets while sitting in the shade. There was a ready market for these items.

Goat rearing was already a popular economic activity. Headmen provided paddocks. There was a borehole for watering the goats two kilometres away. Goats could graze unattended, allowing older people to carry out other responsibilities. Grandchildren could check on the goats after school. There was a ready market for goats less than three kilometres away.

A project in South Africa benefits from contacts abroad. About sixty grandmothers caring for orphans in two townships are supported by the PIN Project to produce World AIDS Day brooches in traditional beadwork. The brooches are sold in the UK through a network of supporters. The income pays for food, clothes and school equipment for orphans.

Craftwork pays off for young and old

In Jamaica, older and younger people are being brought together through a thriving craft project.



Candella Roland shares her sewing skills with young volunteers.

In remote areas of St Catherine parish, Jamaica, an average family of five lives on less than J\$500 (US\$10) a day. Residents have to cope with no telephones, unreliable transport, potholed roads, high unemployment and lack of pipe-borne water. The 400 or so older people in the communities where the St Catherine Community Development Agency (SACDA) works are particularly affected.

Despite government assistance in the form of food stamps, a non-contributory pension, national insurance pension, and poor relief, people have limited access to health care and poor housing. Some even go hungry.

To address this situation, SACDA began an intergenerational craft project in 1997, working with seven men and 41 women between the ages of 18 and 75. Three groups specialise in needlework, crochet and straw craft, making items such as

bedspreads, clothes and brooms. The groups produce goods to order and sell to craft markets.

SACDA uses a UK Community Fund grant to fund its staffing and buy raw materials. Income from sale of items is used to pay for raw materials and cover other costs. The surplus is paid to the people involved in the project on a commission-only basis, depending on how much they make. They earn a maximum of J\$250 (US\$5) per week – not a high figure, but substantial when compared with the monthly state benefit of J\$300 (US\$6).

Members receive training in business management, which includes pricing, record-keeping, business organisation

and marketing, and self-development training, which includes building their confidence and self-esteem.

The marketing of the goods was taken on by the participants themselves. The groups identified members who were good at interacting with people, and SACDA then provided them with additional training in marketing.

Selling the goods was not easy – there is a high level of competition in the Jamaica garment industry, plus an influx of ready-made clothes and high demand for imported goods. However, against the odds, the scheme has made profits of over J\$100,000 (US\$2,000) per year.

The scheme has made an enormous difference to the members. Before, most were either doing housework or subsistence farming. Now they are generating money, allowing them to contribute to their children's and grandchildren's education, pay utility bills, buy medication and save for the future. Their new skills also enable them to make school uniforms at home, instead of paying a seamstress.

The opportunity for old and young to work together and share experiences has contributed dramatically to the sense of community spirit. Older people are less marginalised and isolated; rather they are valued, active and involved.

More information: Jeff James, HelpAge International, Caribbean Regional Development Centre (address on page 15).

'Because you are old, people think you are worthless, but beauty can come out of poor people's lives. Those who believed they were dead, de project wake dem up!'

Cyrena Coubourne, retired nursery school teacher

Resources

Books

~~A question of access: a training manual on planning credit projects that take women into account~~

~~UNIFEM, Women Ink, 1995, paperback
Price: £15.95~~

~~An end to debt: operational guidelines for credit projects~~

~~UNIFEM, Women Ink, 1993, paperback
Price: £13.95~~

Basic accounting for credit and savings schemes

Nicola Elliott, Oxfam, 1996, paperback
ISBN 0855983426
Price: £6.50

~~Fighting poverty with microcredit: experience in Bangladesh~~

~~Shahidur R Khandker,
World Bank, 1998, hardback
ISBN 0195211219
Price: £22.00~~

Practical microfinance: a training manual

Malcolm Harper, ITDG Publishing, 2003, paperback
ISBN: 1853395633
Price: £19.95

~~Navamaga: training activities for group building, health and income generation~~

~~Dian S Svendsen and
Sujatha Wijetilleke,
UNIFEM, 1983, paperback
ISBN 0912917008
Price: £13.00~~

Empowerment through enterprise: a training manual for non-government organizations

Malcolm Harper, ITDG Publishing, 1995, paperback
ISBN 1853393320
Price: £14.95

Our money, our movement: building a poor people's credit union

Alana Albee and Nandasiri Gamage, ITDG Publishing, 1996, paperback
ISBN 1853393886
Price: £9.95

~~Partnership financing for small enterprise: some lessons from Islamic credit systems~~

~~Malcolm Harper, ITDG Publishing, 1997, paperback, ISBN 1853393932
Price: £14.95~~

Microfinance and poverty reduction

Susan Johnson and Ben Rogaly, Oxfam UK/Ireland and ActionAid, 1997, paperback, ISBN 0 85598 369 8
Price: £10.95

Websites and multimedia

Oasis

Set up for Kenya by Intermediate Technology Development Group East Africa in partnership with Intermediate Technology Consultants to provide information on:

- sources and prices of raw materials
- procedures for accessing utilities (such as water and electricity)
- licensing procedures and regulations governing the siting and operations of small manufacturing enterprises
- sources and terms for business credit
- markets for products of small manufacturing enterprises

<http://www.oasis-info.org>

Hands on

Series about livelihood generation produced by Television Trust for the Environment (TVE) and ITDG including books and television programmes (for example, snack food processing in Bangladesh, spice processing in Uruguay). In English and French.
Hands On, PO Box 1127, Rugby CV21 3ZG, UK.
Email: handson@itdg.org.uk

Fax: +44 1926 634401
<http://www.tve.org/ho/index.cfm>

Global development research center

Virtual library containing a range of ideas and materials on micro-credit, including case studies
<http://www.gdrc.org/icm>

Microenterprise innovation project

USAID's microenterprise website, containing a series of best practice publications including several on rural finance.
<http://www.mip.org>

Back issues of *Ageways*

Issue 52 (October 1999):

Ploughing with oxen: cash loans make it possible (HelpAge International, Ethiopia)

Issue 46 (November 1997):

Older women get the credit they deserve (Pro Vida Perú)

Issue 32 (April 1993):

How to begin community-based income-generating programmes for elderly people (COSE, Philippines)

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 Mesa de Trabajo de ONGs sobre Personas Mayores (Lima Co-ordinating Group), Peru
 Red de Programas Para al Adulto Mayor, Chile
 Pro Vida Bolivia
 Pro Vida Colombia
 Pro Vida Ecuador
 Pro Vida Perú

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 If anyone else in your organisation would like to receive *Ageways*, please photocopy this form and ask them to complete and return it.

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Bringing the *past to life*

María Tila Uribe, director of Colombian older people's group CESTRA, describes her experiences of a new intergenerational exchange programme.



CESTRA

Exchanges with young people bring pleasure and a better understanding.

For many young people, old age can seem very remote. As part of our regional 'Active Ageing' project, we at CESTRA run a wide range of intergenerational exchanges between children, or young people, and older people to promote positive attitudes to ageing.

One of the first exchanges was held at the University of Bogotá. When we arrived, we didn't know how to start or what to talk about. Deep inside, we were afraid of looking ridiculous in front of these young people who were so well informed.

How would they see us? What could we say to them that would be interesting and useful? Then it occurred to us to let them choose a topic themselves. Their response was: 'Tell us what life was like for each of you on 9 April.'

The date they referred to was 9 April 1948, the day of the assassination of

Colombian leader Jorge Eliécer Gaitán – an event which led to the so-called Bogotazo and sparked off an era of violence in Colombia.

The stories we told were passionate. The students asked endless questions, and by the time we had finished we had all become friends. At the end, one of them said: 'Thank you, grandfathers and grandmothers, for everything you've taught us that doesn't appear in the history books!'

As our exchange programme has developed, we have often been asked to talk about historic events that have marked our lives. Other popular topics include how life used to be in the city; traditions and customs; our experiences of work or travel.

The meetings often touch on our present-day concerns too: our fears about financial insecurity; what will happen to us in our advanced old age; the political situation; whether we will receive any social security; whether there will ever be peace in Colombia.

Participation is a key factor in social development. Our exchanges help younger people to understand that ageing is about their own future, and give us the chance to pass on and discuss experiences, history and values that have since been lost. But it benefits us too, in helping us to accept without fear that the world is changing.

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HelpAge International is a global network of not-for-profit organisations with a mission to work with and for disadvantaged older people worldwide to achieve a lasting improvement in the quality of their lives.

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Copies are available in English, Spanish (*Horizontes*), Russian and Ukrainian, free of charge on request to project staff, carers and older people's organisations. Please write to Publications, HelpAge International at the address below to request an order form, or email: publications@helpage.org

Ageways is also available as a pdf at: <http://www.helpage.org>

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Front cover photo:
An older shopkeeper in Java, Indonesia.
Elisabeth Shröder-Butterfill