

Problems, problems

If you've got a problem with your programme, why not write in? Malcolm Harper offers his suggestions here.

I work for an MFI training self-help groups. Our manager has been approached by the charitable offshoot of a big multinational company. They want to train selected entrepreneurial village women to act as sales distributors for their products, and they want to use our knowledge to put them in touch with suitable candidates. I am not sure that the products of this company are such a good thing: they include useful items like soap and shampoo but they are quite expensive compared to the traditional alternatives that are used in the village. Should we go along with this?

Many large consumer goods companies are working with microfinance groups in this way. They realize that there is a vast market at the so-called 'bottom of the pyramid', and they desperately need new distribution channels to reach it. But, of course, many of their products are of little practical use, and they may also displace traditional products which are made by the village people themselves.

Soft drinks are probably the worst example; there is no more expensive way of buying coloured sweetened water, and it may not even be very clean. And those tiny shiny sachets of spices and cosmetics only cost a few pennies each, but in terms of cost per gram they are far more expensive than the same products when you and I buy them in

supermarkets. As always, 'the poor pay more'.

But, 'if you can't beat them, join them'. These products are going to reach your village women anyway, and who are we to say that poor people should not enjoy the status, the feeling of doing well, that such products may carry with them?

And microfinance groups can also learn from the experience of selling such products. Some groups have successfully and profitably sold impregnated mosquito nets in East Africa, and in India, and they may be able to learn how to make and market traditional village products more successfully, and even to supply them to the same companies. Trade should be a two-way business.

You will have to be sure that the company does not subsidize the women so heavily that they compete unfairly with the small shopkeepers in the village, some of whom your MFI may itself have financed. But so long as this is not a problem, I suggest that you should co-operate with the big company. Make sure that it is not a one-off public relations exercise, since it is being run by the 'corporate social responsibility' department of the company. It would be better if they saw it as a real long-term business opportunity.

And make sure too that the women get a good deal. The company needs them more than they need the company.

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