

PRELIMINARY CHAPTER:

INTRODUCTION AND METHODOLOGY

# I. Introduction

Floating here and there in the streets of all developing countries, street children are one of the most direct visible impacts of poverty. All of us, having one time travelled in a developing country, remember the picture of some children, working as shoeshiners or begging, in order to get some money for themselves or their families.

We all remember our first feeling, mixed with pity and compassion, and our misunderstanding of such difficult lifestyle: so young, being already so poor. Looking at them, we want to help them; as they are on streets to get money, we think first of giving them some money. But, soon after our hands had reached our pockets, our mind becomes troubled, facing a profound dilemma, and asking ourselves many questions: is giving money the best solution? Will the child buy useful things, or buy drugs and worsens his situation? But, at the same time, can we be passive? So, how can we do to help them?

Our paper is attempting to answer this question, by focusing on one of the most revolutionary tool of last few years: microfinance. Indeed, it has been largely demonstrated how the provision of financial services to the poor brought enormous success to their lives, enhancing their economic capacities and giving them the opportunity to take their future in their own hands, rather than being passive recipients of aid. However, although one of the stated goals of microfinance is to improve the children and youth future through the help provided to the family, very few attempts has been done in order to address them directly, assuming that, first, they do not need and, even if they do, providing them with financial services is not appropriate.

Our discussion will therefore analyse this assumption, in application with a particular segment of the child/youth population: the street children. We will therefore assess, in the following pages, whether microfinance is an appropriate tool to address the street children issue.

However, answering this question requires adopting a comprehensive approach which is at the intersection of an economical, a child development, and a management thematic. In order to do so, we will structure our paper in three chapters.

The first chapter enlightens what is already known about street children, defining the concept and glancing at their general characteristics, such as their family relations, their economic activities, their vulnerability and their capacities. After having drawn this basic profile, we discuss the causes of the street children issue, by pointing out which parameters need to be incorporated in our causal analysis. Then, we highlight the consequences of such phenomenon, both for the child and the society at large. Finally, we discuss some ideological considerations related to street children and child work, by framing which position may be the most adequate in analysing child work and which model of child development will be ours in the following chapters.

Having a better knowledge on street children and a model of child development, we proceed to a zoom on Bangladesh, by analysing the demand of street children for financial services.

Indeed, this step is a first requirement before discussing microfinance: if street children do not need financial services for any imaginable reason, there is no reason for trying to find a way to provide it to them.

We therefore let street children express themselves and underline their main demand drivers for financial services.

After having analysed this demand, our third chapter moves to a supply side perspective and discuss the appropriate way to match the street children demand. In order to achieve this task, we first define the concept of microfinance, by bringing to light its main products and mechanisms, and then move on to our matching process, by taking into account the learning of our two previous chapters, and by building on the existing learning points of three programs already addressing street children with microfinance. We then introduce two evaluation criteria that will follow us through our process: effectiveness and sustainability. This helps us to build a comprehensive microfinance plus model, by going through two intermediary stages: a minimalist microfinance framework, and a microfinance plus framework.

This task being achieved, we turn to our case study in order to test the validity of our model by analysing the effectiveness and the sustainability of Padakhep's microfinance program, a Bangladeshi microfinance institution addressing street children with microfinance, and then moving on to some recommendations for Padakhep and a final conclusion bringing up the main lessons learned through the paper, as well as some perspectives for the future.

## II. Methodology

In order to build our research in the most relevant way, we proceeded in three steps:

### 1. Preliminary field visits

Our field visits started in July 2005, in London. A first meeting has been held with Michael Norton, from the Centre for Innovation in Voluntary Action, one of the founder partners of the Children's Development Bank, a new microfinance for street children program settled in some Asian countries. A second meeting has then been undertaken with Swasti Rana, a former worker at the Children's Development Bank in Delhi.

The objective of these two meetings was to get an understanding of the motivations behind the creation of such projects, as well as to have a first understanding of its main functioning.

In October 2005, a visit of the Children's Development Bank branch in Kolkata (India) has been undertaken in order to get a more practical view of a microfinance for street children program and, hence, to frame some important research questions before our field research study in Dhaka<sup>1</sup>

### 2. Field research

Our field research has been undertaken in Dhaka, capital of Bangladesh, from 15<sup>th</sup> December 2005 to 31<sup>st</sup> January 2006 (covering a total of 34 working days)<sup>2</sup> and focused on a specific microfinance for street children program launched by Padakhep, a microfinance institution active in all the country.

The research has been performed in three phases: research methods design, qualitative data collection and quantitative data collection/extraction.

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<sup>1</sup> Whenever in Dhaka, we also found interesting to meet the director of SafeSave, M. Nipun Sangma, who made me discover how this very well-known organisation targets the extremely poor people.

<sup>2</sup> Considering a one week national holiday, it represented 6 days work a week.

## 2.1. Basic data collection and research design (Week 1)

The first step was to understand Padakhep's program. A meeting with Iqbal Ahmmmed, Executive Director of Padakhep, and Prity Islam, program manager of the child development section, has helped us in such understanding. Some basic data have then been collected.

The second step was to seek a way to design a comprehensive research.

In order to do, we decided, first, to consult two experienced researchers. A first meeting has therefore been held with Dr. Imran Matin, head of research at BRAC, one of the most famous microfinance institutions in the world. A second meeting has then been organiaed with Mohammed Emrul Hasan, advisor at PLAN International, a famous child organisation, and having achieved a comprehensive paper some months before on the way children in Dhaka manage their money. Those two meetings helped us to frame the key questions and key methods to use.

Following this week, we chose therefore to design our research as a "diversity capture" exercise, where the interest was the capture the diversity in terms of demand for financial services and effectiveness of financial services provision, by building on participatory methods.

## 2.2. Qualitative data collection (Weeks 2 to 4)

The following three weeks have been essentially dedicated to the collection of qualitative data. This has been achieved by using participatory tools in order to guarantee the reliability of the data collected.

The first requirement was to try to set up a minimum trust relationship between participants. Given the limited time and the impossibility to establish it in the very short-term, we tried at best to consult them before talking to them, by telling them the objective of the interviews, and why this is useful for them. Moreover, knowing the need to create a child-friendly environment, we brought them some snacks which were distributed at the end of each session and which enabled us to discuss with them after the completion of the sessions.

Finally, we must point out that, in order to better understand the working activities of the street children, we did one night a field visit in Kawran Bazar market (with one member of Padakhep's staff), where many street children are working.

### 2.2.1. Research tools:

Our research tools included:

- **PRA sessions:** these are powerful participatory tools which enable to identify the needs and perceptions of participants. In our context, it was used for making a small introduction to the financial world of street children, by analysing their conceptions of money, savings and credit. As this required particular competencies in order to lead it, we were hopefully supported by three specialized members of Padakhep's research team.
- **Focus-group discussions (FGD):** Small participatory group discussions, generally composed of 8 to 10 children, aimed at capturing **the demand** for financial services.
- **Individual-in-depth interviews:** street children who were individually interviewed were identified from the FGD and were the ones who had received a loan. This was chosen as a selection criteria in order to analyse the effectiveness of the intervention.
- **Observation and staff discussions**

### 2.2.2. Sample structure:

The street children interviewed have been divided into 4 categories (following Padakhep's classification), each category being divided – when possible – into three age categories ( 8 to 12 ; 13 to 16 ; 16 to 18 ) with an effort to get an equal distribution of girls and boys. Here are the 4 categories of SC targeted by the study (located in 3 different Drop-In-Centres<sup>3</sup>):

1. *On the street day and night without their family* :Location - DIC Kawranbazar DIC Mirpur
2. *On the street during the day and return to their family at night*:Location - DIC Mirpur
3. *On the street during the day and return to their relatives* :Location - DIC Mirpur
4. *On the street & return to their family* :Location - DIC Mohammedpur

### 2.2.3. Challenges and limitations

Our biggest barrier has been the language. As we do not speak Bangali, this created sometimes difficulties in communicating with the children, and the quality of the data were depending a lot on the ability of the translator to lead a good group discussion or to make a child comfortable before individual interview. The second problem was sometimes the difficulty in retaining some children, who had to leave for work.

### 2.3. Quantitative data extraction (Week 5)

The last week has been allocated for the extraction of some management information system (MIS) data. However, the major difficulty faced her was the lack of proper documentation.

### 3. Secondary data:

This consists of all our literature review and provides additional sources of inspiration.

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<sup>3</sup> A drop-in-centre is a centre which provides various types of activities to street children. See further for a complete discussion.