



### 3.1 Microfinance

Evaluate your engagement with an MFI organization

One of the highlights of this Community Economics course was my Haiti internship with a small microenterprise organization named Thrive Haiti. After approaching four different Christian MicroEnterprise Development (CMED) and Self-Help Groups (SHG), I felt it was serendipitous to finally end up with Thrive Haiti. That's because the Compact Colleges for Orphans initiative that my husband and I see in our future has already been set up with a website called Flourish and Thrive. So somehow, finding myself partnering with a CMED group in Haiti with "thrive" in its name, seemed like the favor of God sent my way. Not only that, I came to be aware of this organization because those that I know who are involved with it have a heart for orphans, so there really was little doubt that this was an ideal connection for me.

Nonetheless, our assignment had been to contact at least three different groups, and I will admit that each of them had their merits. I actually looked into a total of four possibilities, as my work and ministry in Haiti has made me aware of many fine organizations at work there. Here are the others I approached:

1. Respire Haiti is a relatively young organization and it is fairly fresh in its venture into CMED. In the end, I decided that they had too many things going on at once, and I would have a hard time getting the feedback and supervision this internship required.
2. Plant with Purpose was another group I approached, and even though I decided not to intern with them, I suspect I will partner with them in other ways in the future. Scott Sabin, the U.S. based coordinator, was very helpful in trying to determine if his Haitian staff would be able to utilize my services. After three weeks of deliberating, we determined that the nature of their work and their distance from major transportation options might limit my contribution. Nonetheless, I was intrigued by Scott's admission that they had begun as a CMED operation, but now they were strictly a Savings and Loan (S&L) cooperative. He stated they would never go back, as he felt the Savings and Loan cooperative was a superior method of empowering and partnering with the Haitians. We did discuss the challenges that "trust" issues presented in that culture, and how the rural environment they were working in seemed to lend itself better to S&L cooperative principles.
3. Heartline is a ministry I have utmost respect for, and their work with women is exemplary. Their website says of their program, "Our dream was to create a place where women could learn valuable life-skills and eventually support their families out of the cycle of poverty. This dream is coming into reality every day as women learn to read and write, learn to sew, learn to make jewelry, learn to cook, and learn to run their own businesses. It is our ultimate desire to see women discover their God-given talents and abilities and to know they are treasured themselves!"

I chose not to partner with Heartline because they are a much larger organization than Thrive Haiti, and I decided it would be more challenging to me, as well as helpful to all involved, if I could assist a smaller group in their pioneering days.

## Thrive Haiti

Thrive Haiti was founded to provide low-interest microfinance loans to the people of Haiti so they could start or grow small businesses that would become financially independent. The organization partners with churches in the country to identify prospective clients who might benefit from their services. Before I signed a Service-Learning Agreement with Thrive Haiti, I discussed with my site Supervisor Matt Loeffler what the MATUL program was about and in particular, what they were looking for with an intern partnership. Mr. Loeffler and I were both overjoyed to discover that there was a lot of overlap in ways we could help one another, so I ventured into this internship with high hopes and a happy heart. I am pleased to say that I was able to maintain that posture throughout the internship, and even this weekend while I work on some more loan applicant profiles for Thrive Haiti, my heart remains happy that I get to be a part of what God is doing in the lives of my Haitian brothers and sisters.



### Techniques of Participation

I am thinking that this section is referring to my participation with Thrive Haiti. However, I realize that it could be alluding to how Haitians interact with this particular agency. I won't spend too much time on this, but will give the basics.

First -potential loan candidates are nominated by their pastor. They are selected because they have a proven track record of being industrious, responsible, trustworthy, entrepreneurial, and could benefit by the increased capital a loan would give them. I believe the church partners and Thrive Haiti offer some learning and training opportunities regarding money management and business related matters. The church itself is also where the loan candidates learn about their value to God, and grow and mature in character issues as well. Thrive Haiti does not offer a

Cooperative group that meets weekly or monthly, but I did find some of the previous loan recipients I interviewed were a part of groups that offered that service.

Thrive Haiti determines how much money is available at any given time to offer its loans. When resources are available, they approach the pastors they have relationships with in the Port au Prince area to see if any in the congregations meet the criteria for a loan. If so, they then begin the process of interviewing prospective clients. This is where my participation came in. I assisted with both interviewing previous as well as future loan candidates. I obtained information about the business needing the loan, what the loan would specifically go for, and finding out a little more about the person's relationship with God. I thoroughly appreciated the honor of being allowed to hear small snippets and stories about people's journeys with God.

There are three reasons Thrive Haiti wanted to hear those "God-stories." One, the ethos of the organization is about building relationships in the Kingdom of God, so encouraging people to reflect on God's involvement in their lives was deemed a worthy exercise. Two, by sharing those stories corporately, the opportunity for God to be glorified was increased. And three, because the organization is held back from making more loans mostly due to a lack of additional funds, they are planning on building a website where prospective "investors" can be introduced to loan candidates - and they realized investors are more likely to invest if they know more than just the name, age, and business of the face on their computer screen when visiting the Thrive Haiti website.

## **Foundation and Principles of Holistic Ministry**

Microfinance by its very nature is somewhat holistic as it stretches itself beyond the church walls to where people are working and living. Thrive Haiti embraces that concept as it seeks to not just give loans to people, but come alongside them and help them succeed in their businesses and families. I have written much more extensively on this subject in my economics paper, and since this assignment is not meant to be too long, I will mention that the readings in *The Poor Will be Glad*, *When Helping Hurts*, and *Demons of Poverty* all address this topic. I especially appreciated Greer and Smith's "microfinance plus" label that describes the potential of holistic services for the poor that can grow out of the microfinance movement. (2009) And more recently Greer expanded on his thoughts about the biblical mandate of word and deed (2012) when he spoke of how the great commission and greatest commandment go hand and hand together, and that we render both less effective if we think it is either verbal proclamation *or* [emphasis added] demonstration through caring for the poor. "The Church is fully on mission when we follow the example of Jesus and the early church by boldly sharing the Good News while also meeting the world's greatest needs," he stated (2012).

Darrow Miller is another one who has written extensively on this subject as well. A former Vice President of Food for the Hungry, International, he seeks to educate and equip the church to live out a lifestyle of love and a 'wholistic' ministry that brings hope and healing to broken people and nations. In his latest book *LifeWorks*, he writes,

The false mindset of the sacred-secular dichotomy is one that would see the gates of the city—the domains of government or media or science—as “the gates of hell” themselves. By their resulting separatist or antagonistic stance toward the world, evangelical Gnostics have sometimes shown that they (mistakenly) equate working in “the gates of the city” or “in the world” with working in the very gates of hell. Obviously this is not the case. (2012)

The Catholics have a longer and richer history in embracing holistic ministry, though I cannot claim to know a lot about their microfinance involvement. However, the most recently appointed Pope Francis said this at a recent “question and answer” event:

This moment of crisis, let's pay attention, does not consist solely of an economic crisis; no, it's a cultural crisis. It's a crisis of man: what is in crisis is man! And what can be destroyed is man! But man is the image of God! Because of this it is a profound crisis! ...The Church must come out of herself. Where? To the existential peripheries, whatever they are, but go out. (Pope Francis, 2013)

### **Fundamentals of micro finance**

Joanne Ledgerwood of the World Bank defines Microenterprise as “The provision of *financial services* to low-income clients, including the self-employed” (1999). She goes on to say that Financial Services include savings and credit- and can include insurance and payment services. There are also *social intermediation* services such as group formation, and training in financial (1999). Through increased access to savings accounts and other financial services, the poor are given the opportunity to build financial security and better manage risks such as illness or natural disaster. Recent research shows that improving access to finance plays a crucial role in promoting economic growth and reducing poverty (Kang, 2010). Microfinance is not simply banking, it is a development tool.

Thrive Haiti does indeed see MF as a development tool, but more than that, it sees it as an opportunity to establish mutually satisfying and God-glorifying relationships in the Kingdom of God. It is a tool to advance God’s “Kingdom come” and be about Jubilee.

### **Establishment of MFIs**

In the case of Thrive Haiti, it was first initiated by Adventures in Missions (AIM), a mission agency that was partnering with churches after the January 2010 earthquake. It had become clear to AIM by working with the pastors, that what the people were looking for was a chance to get up on their feet again in a way that enhanced their dignity, not decreased it. Preliminary meetings were begun that were primarily discipleship oriented. As relationships grew, the talk got more specific about microfinance rather than charity. And then the smell of fresh bread invaded the conversation, and made people hungry, so they followed their noses to the street where they found a man baking and selling bread near the side of the road. All the previous talk then turned into action. Here’s the story as it went up on their blog:

Augustin Jean Louis runs a very successful bakery business called Boulangerie Pain De Vie (Bread of Life Bakery) with 2 locations, 3 employees at each. When AIM first met him he only had one oven at the nearest location but was making a good profit on the bread he was able to produce. By his own success he was able to purchase 2 more ovens, triple his production, hire some workers, and grow his profits. He has a dream of one day owning 10 stores.

With just a \$500 loan from us combined with his own success and profits, he was able to open a third bakery and hire 4 more employees plus adding one more employee to each of his existing stores. Augustin is an intelligent business person, driven to succeed, and is putting his fellow countrymen to work. Best of all, when we meet with him he is excited to pray with us and give thanks to God. (Adventures, 2012)

Of course, there are many other ways to establish MFI's, as Muhammed Yunus discovered when he decided to loan the equivalent of \$26 US to forty-two villagers (Bornstein, 1997, p 23). He had no idea he was about to launch a MFI revolution, but that is the beauty of MFI. It is allowed to be creative.

### **An Introduction to Micro Finance Delivery Models in Haiti (Including its Status and Innovation )**

Since only 10% of the nation's residents have bank accounts, MFI's are still one of the waves of the future for this small island nation (Arnfield, 2012). I interviewed fifty people for loans during my internship, and if there had been more money to loan, I would have had more people to interview. Of the fifty people I interviewed, only one who had been previously granted loans, Ginette Samon, expressed some hesitancy about borrowing again. This was because the goods she was selling were seasonal in nature, and when they were out of season, it was difficult to make loan repayments. Still, Ginette called the loans 'good' regardless. She might have agreed with Yvon who told me:

Sometimes it has been stressful having a loan, as with a Christian, your 'Yes' is to be 'Yes' but sometimes it has been hard to make a payment. Either way, a big or small amount in a loan is stressful at times. But life itself is hard and stressful, so that is part of life.

There are, of course, many methods upon which MFIs could distribute their funds, but because this paper needs to be drawn to a close soon, I will note that I prefer going through the church. I am not alone on this. Mark Hanlon of Compassion International wrote that, "In the midst of chaos and fear, it is local churches — rooted in the neighborhoods and anchored on the side streets — that are actually some of the most efficient, most compassionate delivery systems available" (Ballor, 2011). And more recently, June of 2013, I spoke with Peter Greer when I was at Acton University. Though Greer has a chapter in his book, "Pastor's Seldom Make Good Bankers" (Greer, 2009), he confessed the church is still his preferred delivery method. The key is in making sure the pastor is not put in the position of being the ultimate decision maker

regarding loans. That could destroy a church. But done right, the pastor's involvement can identify those who are good candidates. In Haiti, the potential for this to backfire is very real, as jealousy can arrive amongst members, but so far, Thrive Haiti has been assisting at established churches with strong pastors and generally spiritually healthy congregations, so it has been a positive experience.

### **Improving Micro Finance Practice**

A helpful first step in thinking about working with the poor in any context is to discern whether the situation calls for relief, development or some combination of the two (Greer and Smith, 2009, p 56). And any MFI that does not define their objectives and target market often have difficulty managing their operations and staying focused (Ledgerwood, 1999, p. 50).

That focus is a key initial step in understanding a problem and formulating an adequate solution (Greer & Smith, 2009, p 55). Other ways to improve MFIs is to remove major barriers to the poor such as limited geographical access to a bank and minimum balance requirements.

Thrive Haiti is looking into if it should move towards the SLG model than the MFI one it is currently following. They plan on talking to Scott Sabin of Plant with a Purpose based on what I mentioned to them he told me about his organization "not going back."

### **Principles and Practices of Christian Micro finance & Micro Enterprise Development<sup>1</sup>**

Real Good, Not Feel Good.

- 1. Does the project have measurable and proven impacts?
- 2. Are the impacts cost-effective?
- 3. Will the impacts be sustained?
- 4. Can the model be scaled and replicated?

As Alvin Mbola mentioned in his lecture to our class, it is critical to find out how people perceive God in your community and what their view of Jesus is. He stated, "The Supreme Being is very important in a business context" (Mbola, 2013). This is definitely a distinctive concern for CMED groups and I wrote in more details about it in my economics paper.

### **A slice of Micro Finance Operation**

I am creating a portfolio of the Haitian loan applicants and their businesses for Thrive Haiti based on my interviews. One of the things that really struck me that I have mentioned in class and in the forums is about how extensive the "informal economy" is in Haiti. Many of the interviewees sold their goods either right on the street, from the front of their rented homes, or by carrying the items on their bodies and becoming walking billboards of what they had available to sell. The most common items being sold were clothes or food items such as spaghetti noodles, oil and flour.

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<sup>1</sup> I think this is from a class lecture but the principles came from several of our readings

## **Role of Micro Finance in Livelihood Promotion**

"We are losing our identity," said Josette Perard, the nonprofit chief in Port-au-Prince. "When your belly is in the hand of the foreigner, you lose your respect. And people want to regain their self-respect." (O'Conner, M., 2013)

"Charity has never helped any country escape underdevelopment," stated then President Preval in September 2008 while addressing the General Assembly of the United Nations (Katz, 2013, p 10).

## **List Completion of 200 Pages of Readings Related to These Issues**

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