

Spiritual Connection to our MFI
Liz Poulin
November 10, 2008

What does a Spiritual Connection with MFI look like?

Hope International

-Holistic approach to Microfinance; “Hiring Christ-following loan officers to share the hope of the Gospel in the context of relationships, ministering to spiritual poverty as well as physical.”

-Luke 4:4 “It is written: Man does not live on bread alone.”

Local Enterprise Assistance Program (LEAP)

-“Triple Bottom Line,” or the idea emphasizing the three goals for Christian microfinance: 1) Spiritual Impact, 2) Economic and Social Impact, and 3) Outreach/Performance.

- This is similar to Hope’s “Holistic” approach to microfinance, and I believe that the studying of these two MFI structures will help us in framing our own.

The benefits of having our MFI being closely connected to the church:

Article: “A Leap of Faith for Church-Centered Microfinance.” By David Larson.
Discusses the Local Enterprise Assistance Program (LEAP) located in Liberia, West Africa, which provides loans to low-income persons for business purposes. Basically, this article focuses on the interplay of church, pastor, and MED successes and dangers experienced through the LEAP program.

1.) *Betters the Moral Lives of Individuals and Churches*

LEAP found that through incorporating microfinance and ministry, many women in the Liberian churches have had “an opportunity to earn an honest living...to turn from dishonest or immoral ways of surviving.

2.) *Provides Financial Support to Churches*

Pastors have recorded remarkable gains in church tithes and offerings after introducing an MED organization into the community. Estimates of increased church income ranged from a low of 30% to highs of more than 100%. A local Pastor stated. “All the church’s ministries are benefiting from this increased giving—our schools, our outreach programs, and our building programs...”

3.) *Provides further Pastoral Outreach*

In LEAP’s experience, Pastor’s play a vital role. They promote programs, participate in major loan disbursements and final payments, they help determine problems with the program, they visit clients at their businesses, and they teach and provide prayer during group devotionals and other events.

The problems with having our MFI being too closely connected with the church:

1.) Pastors playing too close of a role

Through LEAP's experience, it has been found that when pastors act as promoters (disbursing/ collecting funds), churches can actually be hurt rather than helped.

2.) Loan Repayment

If a pastor or other spiritual leader of the church is also placed in charge of the MFI, it will be difficult to enforce the repayment of loans. Pastors and staff should be encouraged to be involved as much as possible, but should not handle cash and should not be "owed" money by their congregation members.

3.) Time and Energy

As is our case in Zambia, the leader of the BIC-Z church, Ron Herr, is extremely busy and unable to take on a task as large as leading an MFI. Therefore, the question arises as to who should be the pinpoint person representing the church, but also having the means to responsibly fill the role of a loan officer.

4.) Communication Struggles

As of right now, it has been extremely difficult to find a time to communicate with the BIC-Z church, and in order to understand how our MFI is functioning, it will be necessary to be in communication with the local loan officer on a steady basis. However, due to the MED Group's distance from the site, this will most likely remain a problem regardless of whether or not we choose to create our MFI through the BIC-Z church.

Lessons learned by LEAP:

- To make church-centered microfinance work, one must cultivate a healthy, relationship with the church which finds the right "balance" of church involvement. For us, this means that we need to create a completed MFI plan to the best of our abilities, and expect to run through it thoroughly with the BIC-Z leadership. If they do not see our plan fitting in with their vision, we will need to rework our MFI.
- Church-centered microfinance does not mean that pastors or others should become the implementers. LEAP ensured a balance was kept between an external implementing agency and the leadership of the local church. For example, pastors are instrumental in identifying groups and are used as resources to encourage groups, but outside promoters are reasonable for all financial transactions.
- While some church leaders involved in MED have abused their role, most have benefited the MFI and its clients in both spiritual and physical acts of ministry. Quote from a Pastor involved through the LEAP program: "Before our women accept the loans, I remind them that it is not LEAP's money, it's God's money. God will hold them responsible. Then, if problems in repayment occur, I remind them of their commitment and help them think through a solution."

Questions:

-While I believe the MED group is certainly looking to incorporate the spiritual aspect of microfinance to our MFI, should our loan officer be connected with the BIC-Z church immediately?

-It seems as though it will be necessary to select individuals within the BIC-Z church, but how do we go about doing this? What type of qualifications will this individual have to meet?

-Will this individual, as our loan officer, be supported financially through the economic development branch of the BIC-Z church? Or will the MED group need to fund the loan officer's salary?

-Should we appoint another individual to support our loan officer? While pastors usually fulfill this role, Ron Herr is extremely stretched, and it would be beneficial to have a form of accountability for the loan officer, as well as a person to provide spiritual guidance and encouragement.

-How would LEAP and Hope International's perspective on spiritual connection change if used in a strictly rural setting, such as Simaubi?

-Would it be wise/feasible to attempt a partnership with Hope International as we look into establishing our own MFI?