

## True Local Ownership Through Micro-Credit

*by Joseph E. Richter*

My first exposure to abject poverty was while serving as a U.S. Peace Corps volunteer in the Philippines. My wife, Pat, and I served there from 1971-1973. Surprisingly, it was through this U.S. Government program that we learned the basics of how to avoid dependency! “What they saw is what they got” the volunteer. Peace Corps trainers instilled in us that real lasting relationships are made when you give only yourself away.

We came with our zeal, two suitcases and some knowledge, but no project money, building funds, equipment or commodities to give away. To be sure, it was frustrating at times not having the resources to do the job the “American way,” but the friendships and respect gained were very real.

During our second year of Peace Corps service, God used the overwhelming hopelessness of the poverty we saw to convict us of our own lack of love for the poor! Our experiences ingrained in us a desire to help those in poverty find a dignified way out of it.

In 1984, we returned to the Philippines to do pioneer church planting among the Igorot tribes of the Central Cordillera range of northern Luzon. Because of government abuse and neglect, these tribal people were fertile ground for an on-going communist insurgency. This insurgency was rife with promises to liberate the poor. The communists saw Christianity as a threat to the spread of their atheistic dogma. This ever-present danger, coupled with poverty because of government abuse and neglect, made life very difficult for these early converts. We came into this situation with no building funds, salaries, or program funds. What we did bring was a micro-credit program sponsored by FARMS International.

Micro-credit was new to me then, although FARMS had a history of micro-credit dating back to its 1973 inaugural program in Sri Lanka. I was not at all sure how this loan program would complement our church-planting ministry. I was a bit skeptical, but the believers in the area looked upon it as an answer to prayer. They were a very industrious people. What was lacking was readily available capital to establish productive cash-crop farming, animal raising, or home-based enterprises.

We served there for eight very exciting years and saw much accomplished. Our philosophy of missionary practice was to do nothing for those we served that they could do for themselves. This was very liberating for them as well as for us.

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We initiated the FARMS micro-credit loan program early on in our ministry. The results were truly encouraging. The community acknowledged that we were really helping the poor.

Each loan recipient tithed and gave offerings from their project profits. Because of this, a self-supporting church naturally emerged. Eventually, a substantial church building was erected with no foreign funding whatsoever first in those mountains. Jabbok Bible Church earned a reputation as a giving church, reaching far beyond its own congregation with many acts of charity. They had learned the joy of giving. God provided in many ways to meet the needs of these new believers. Most have built nice homes and have experienced many blessings in their lives. The church’s outreach and influence continues today without any outside funding. Their church is truly God-reliant.

Since 1993, I have served as the Executive Director for FARMS International. This year we are celebrating 39 years of ministry with eleven programs in eight countries.

## God's Blueprint

Scripture has a considerable emphasis on the poor, revealing for us God's heart for the poor. Hundreds of scriptures in both the Old and New Testaments admonish the believer to "consider the poor," to "do good" to the poor, to "plead the cause" of the poor, to "lend to the poor" and to help the poor out of his poverty!

God outlines his blueprint to prevent perpetual poverty in Deuteronomy 15:1-11. As we read these verses, we find that loaning to help the poor regain economic security was central to God's original formula. God even pronounces a blessing, a tangible blessing, encompassing all of life to those who "regard the poor." Psalms 41:1

The New Testament, which is the foundation of the Western work ethic, is rich in references, honoring and encouraging work (1 Thess. 4: 11,12 Eph. 4:28).

The key to releasing those in poverty is workwork that uses God-given talents and resources to create wealth. Then people can meet their own needs and those of others. This is in sharp contrast to consuming someone's charity.

The guiding principle of FARMS International is the scripture, "As we have therefore opportunity, let us do good unto all men, especially unto them who are of the household of faith" (Gal. 6:10).

Dependency is the result of "doing good" that is "not good." Self-reliance is the result of "doing good" that "is good." There is a great gulf between these competing ideas.

Can micro-credit be used to minimize the dependency syndrome? I believe the answer is yes. When strictly Biblical principles are used to guide a micro-credit program, dependency is not a problem and a healthy reliance on God is the result.

Micro-credit is an opportunity for those with wealth to meaningfully supply the "necessity of the saints," while not fueling dependency.

While keeping in mind that families are key to development, it is also important to note that the poor need not be dependent. They can, in fact, flourish when given the opportunity to use their God-given talents and gifts. Working with one's hands to have something to give to others is liberating. Here are a few of the key benefits of micro-credit:

1. Helps to maintain the Biblical family order, in actuality keeping families together.
2. Impacts the rural as well as the urban poor.
3. Breaks the usurious money lenders hold on the poor.
4. Multiplies "thanksgiving unto God" (2 Cor: 9:12).
5. Generates prayer for those who give to support the program, thus connecting the Body of Christ in a healthy way. "And by their prayer for you, which long after you for the exceeding grace of God in you" (2 Cor:9:14).

6. Promotes an indigenous vision to help their own people.
7. Encourages true local ownership and decision-making.

### An Effective Tool

I believe when used correctly and with a strong Biblical emphasis, micro-credit is an effective tool in building up a God-reliant church. I would strongly recommend a micro-credit program be instituted early on in any church planting effort to get Christians firmly established economically. The emphasis from the start should be on indigenous support of the church, its pastors, evangelists, outreach, benevolence and building programs. If we are coming alongside an established work, great emphasis should be placed on teaching the proper Biblical view of stewardship.

As Westerners, we take bank credit for granted. We use it nearly every day of our lives. Therefore, it is not too difficult to imagine the hardships our brethren experience in places where credit is not available or comes with crippling usury. It is therefore easy to endorse the micro-credit approach. In addition, it is gratifying to see our mission dollars, that are invested in revolving micro-credit, keep on working! This approach to helping the poor not only produces wealth but it also generates tithes and offerings promoting self-supported and God-reliant congregations with longevity.

### A Short List of Keys for an Effective Micro-Credit Program

Requests to establish a micro-credit program should come from established mission agencies, missionaries and indigenous organizations.

- In order to ensure a working relationship, principles of operation need to be clearly laid out and agreed to by the cooperating agency or missionary.
  
- Development without Christian conversion is futile at best.
- Family development is preferred to most forms of community development, because the family has a vested interest to succeed. They are also best at identifying their real needs and will work hard to meet them.
  
- The head of the home is the preferred recipient of a loan. The Biblical model of family is thus preserved and strengthened.
- Family discipleship, especially in Biblical stewardship, is key to the success of the project. Money is a heart issue. It is not surprising, then, that the loan program is an open door to effective discipleship.
  
- Tithing of project profits cannot be overemphasized as a key to successful micro-credit programs. Tithing must be taught as an act of thankfulness and obedience for the blessings of God. Once this habit is established it releases the individual to a lifestyle of generous giving and experiencing the blessing of God.
  
- Giving is key to breaking the cycle of poverty. The project holder not only provides for his own needs but also becomes a blessing to others. This truly builds self-worth and breaks the poverty mentality.
  
- Project candidates must have local church endorsement. This ensures that the committee is helping those with a proven Christian commitment and a real need.

- Loan distributions should be clustered to maximize the impact of the generated tithing on individual churches. The goal is family as well as church enablement.
- A service fee set by the committee of 5-10 percent of the loan's face value helps pay administration costs as well as forming a buffer against bad debt and devaluation that decrease the revolving fund.
- We receive no government funding. This policy permits total freedom to share the Gospel as well as to target the Church of Jesus Christ.
- Programs that incorporate regular meetings of project holders, including the sharing of testimonies, ideas, continued Biblical and technical training, are the most successful. Real program ownership and community result.
- Committees can cost-effectively provide technical training from in-country resources that benefit project holders and the community as well.
- Project size must be large enough to maintain capital for continuation of the project. Personal savings accounts are key to long-term economic stability.

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