



“If there be among you a poor man . . . thou shalt open thine hand wide unto him, and shalt surely lend him sufficient for his need.” *Deuteronomy 15:7-8*

Why Microfinance?

By Merle Burkholder

What are savings and credit associations, and why should they be used as a tool toward the elimination of poverty?

Savings and credit associations are small groups of people who join together for the purpose of saving money and of helping each other, their local church, and their community. The most common type

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of savings group in our programs is an Accumulating Savings and Credit Association. In these groups, each person makes a small deposit to the collective fund every week at the group meeting. The group then holds a pool of funds from which they make loans to group members.

Each group defines their own statements of purpose, and establishes goals and policies. The goals of the group are broader than simply how the group will help themselves and each other. They include how their group will benefit their local church and the community. One of the powerful transformations that can happen in a savings group is that the participants go from being

the recipients of charity to being the givers of charity.

There are four important components to a successful group: trust, discipline, leadership, and transparency. Each of these contributes to the success of the group.

Trust is foundational. If the group members do not trust each other, it will be difficult for them to have confidence in the group. They may not want to contribute their savings to the group. If someone makes a loan from the group, they may fear that the person will not repay the loan.

Discipline is another important component of a successful group. The group members need to establish rules for themselves and then be committed to following the rules. This includes starting times for the meetings, and how loans are given out and repaid.

Leadership is another important component of a successful group. Each group elects their own executive committee which includes a president, vice president, secretary, and treasurer. The group leaders are responsible to act on behalf of the group. They are servants to the group. It is their responsibility to

make sure the policies are being followed, and that things are being done in a way that will build the trust of the group members towards one another and the group.

Transparency is important because the group members need to know what is happening with the group funds. All savings deposits

and loan payments are made at the group meetings, in the presence of



SAVINGS GROUP IN INDIA

the entire group. There is full knowledge to everyone in the group about all financial transactions.

Savings and credit associations are valuable tools to work toward the elimination of poverty. They not only help people have access to capital so they can begin or grow a small business, but they also help people learn to work together to accomplish more than they could accomplish on their own.

Savings and credit associations are powerful tools, in part because there is no outside capital invested in the groups. When the group reaches their goals, they know they have done it themselves. If we would infuse capital into the groups, we would destroy the self-sufficiency of the group. Their success would then be, at least in part, due to outside capital. In the method we are using, the group members have provided all of the capital that was needed from their own saved funds. This is very powerful in changing the concept many people who have lived in poverty have of themselves.

As the groups develop and their

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MISSION STATEMENT

As Anabaptist followers of Christ, we desire to keep the commands of Scripture to “bear ye one another’s burdens” and to “consider the cause of the poor” through the development of self-supporting, micro-lending, and micro-enterprise programs that teach biblical financial concepts and present the Gospel of Jesus Christ for a “witness to the nations.”

Ken Burkholder serves on the Open Hands Committee and traveled to India in August to visit and review the Open Hands project in Vijayawada.

At the invitation of the Cold Springs Mennonite Church in South Carolina, the Open Hands Committee pursued and found it feasible to start

the opportunity to advance in life or business because of the lack of education. The caste system is part of the Hindi religion, which has been the culture of India for many years. Among these communities is where Open Hands is working to establish savings and credit associations.

Naveen is a full time facilitator. He is 25 years old, single, and a nephew of Lanka. He speaks English well, and is very energetic about the program. Also helping part time is Rajesh, who is 25 years old. Their responsibilities are to establish, train, and facilitate the savings and credit groups. In some of the groups, the members

groups would be difficult because, for the Hindus, the Word is so foreign.

All meetings are started with prayer. All the money that is collected is deposited into a savings account at a bank. There are two members' names on the account; therefore, no one member can make withdrawals. Naveen gets a receipt of all the

“...for the Hindus, the Word is so foreign.”

transactions; however, facilitators do not handle any money.

Naveen is receiving very good reception. The goal is to have 100 groups by January 2012. The monthly July report reflected 20 groups with a total of 240 members, comprised of 229 women and 11 men. Naveen is responsible to complete weekly and monthly reports for HOPE.

We visited about 12 groups throughout our stay. We were not able to visit some groups as scheduled because of heavy rains and flooding. Some were in the country, some in the city; many were in their churches. The groups are all among the low caste people. Some of the groups are as far as 18 miles away from the A. E. Mission. Naveen is planning on putting more effort on starting groups in rural areas.



LANKA DAAS (L)—A. E. MISSION ADMINISTRATOR & OHF SUPERVISOR; NAVEEN (R)—FULLTIME COORDINATOR FOR OHF

developing a savings and credit association program in India among the churches affiliated with A. E. Mission. After training under our microfinance partner HOPE International, Lanka Dass from A.E. Mission volunteered to serve as supervisor for this Open Hands project that began in April 2011.

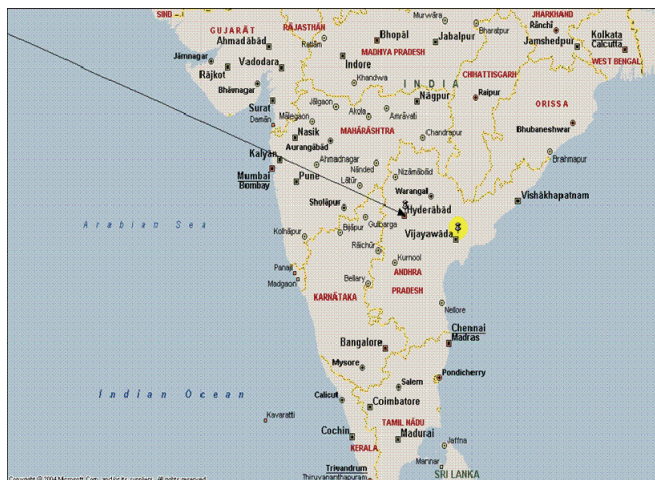
Lanka Daas met us at the airport in Hyderabad on Saturday, August 20. We had a 6 hour drive to the city of Vijayawada, which is approximately 60 miles west of the Indian Ocean coast. Lanka lives with his wife Bhushi and 16 year old son at the A. E. Mission Compound. This is a 2-acre compound consisting of a school and children's home. There are approximately 65 children living in the building and another 600 students come for the school day, which lasts from 9:00 AM - 6:30 PM for some students.

need to be taught how to write numbers and sign their names since they are illiterate.

The pattern Naveen uses to train the leaders is to divide one lesson into as many as four sessions. For 4-5 months, the facilitators do the teaching in conjunction with the group leaders. After this time, the group leader does all the teaching. Naveen and Lanka place a strong emphasis on teaching the leaders how to teach.

Lanka showed us a building he is in the process of renting to house the savings group office, a place of prayer, and a training room.

Lanka and Bhushi made our stay in Vijayawada a pleasant and memorable experience. It is amazing to see the development of the Open Hands



Lanka and his wife Bhushi were both born and raised in the upper caste of the Indian society. They became Christians and felt the call to minister the Gospel to the low caste (the Untouchables). These low caste people are very poor and do not have

The teaching part is very much supported by the pastors. Group members are all church members. Bringing non church members into the

Program since the feasibility study in October 2010. This is largely due to Lanka's leadership and support for the program. ■

The purpose of Jesus coming to earth and dying was to “reconcile all things to Himself.” (Col. 1:20) This was Jesus’ objective, and it is also our objective in the savings program here in Haiti. Seeing relationships being built and restored with each other and with God is part of “reconciling all things to Himself.”

In the savings program in Haiti, there are two groups that are made up of women only: Mo.Fa.L. (Mouvman Fanm Lajovanj/Women’s Movement of Lajovanj) and Fanm Kap Lite (Women of Action). These two groups function as women support groups as well as savings groups. Both of these groups were functioning before they integrated into the savings program. Between the two groups, they have around 63 members.

Laurenciese, who is a widow, plays an important leadership role in the two groups. She has seen members start small businesses with loans that

the group gave to them. There were also some group members that had become discouraged and no longer went to church. Laurenciese has seen 25 group members return to church or become Christians since the two groups have started. The groups have had an impact on their members, both spiritually and physically. The story below about one of the group members illustrates this impact.

A lady whom I will call Lina is a member of Mo.Fa.L. Before she started participating in the group, it was difficult for her to be kind to others. She was easily upset and often spoke harshly to the people around her. She used to go to church, but after while she became discouraged and stopped going to church. She became a member in the group and there she learned how to relate to others. She also heard the Word of God read to her from a small player that was given to the group.

She began to see the importance of returning to church. Lina, along with six other family members, now attends church. She asks that we pray for her that she will not go back to her old life.

Please continue to pray for the group members that their lives would be changed spiritually and physically. Also please pray for our staff, that our lives would be a testimony to the groups. ■

OPEN HANDS FUND COMMITTEE MEMBERS

- Merle Burkholder** (Sioux Lookout, ONT)
- Ken Burkholder** (Gordonville, PA)
- Raymond King** (Burgettstown, PA)
- John Omar Lapp** (Ronks, PA)
- John Sensenig** (Watsontown, PA)
- Lester Weiler** (New Holland, PA)
- Richie Lauer**, Anabaptist Foundation
- Tim Stoltzfus**, Anabaptist Foundation

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businesses grow, the members begin to realize that they have more financial resources than some others in their church and community. We have seen how groups have given financial gifts to help others. When a person goes from being a recipient of charity to being a giver of charity, a powerful transformation occurs in how they view themselves.

Savings and credit associations are also powerful because as people begin to save, they accumulate assets rather than liabilities. In traditional microfinance, outside capital is loaned to people in poverty. They are placed in debt and immediately have a liability they need to repay. The savings group model helps people accumulate savings, which is an asset to them. It also allows them to reach their goals without any indebtedness or outside financial assistance.

We have seen group members gain confidence in themselves and their ability to bring change into their lives. We have seen people increase their giving to their local church. We have seen people reach out in generosity to others in their own community.

We appreciate your prayer and financial support for the savings group programs that the Anabaptist Foundation Open Hands Fund is operating in Haiti and in India. ■

MARK JIMMIE USED HIS SAVINGS TO BUY FERTILIZER FOR HIS RICE. HE FERTILIZED IN THE SEED BED, INCREASING THE REPLANTING SURVIVAL RATE AND ALMOST DOUBLING HIS FINAL YIELD.



Opportunity to support the work...

Open Hands Fund supports conservative Anabaptist mission work by providing a Christ-based curriculum, financial teaching, and savings groups. The work in both Haiti and India is expanding, and a project in Africa is being considered. While the Open Hands Fund does not provide money for loans, there are expenses for curriculum, paying the facilitators, and overseeing the program. If this is the type of mission work you support, your gift now would help us expand the program and reach more people. Contributions are tax-deductible. Please make your check payable to *Anabaptist Foundation* with memo line “Open Hands Fund.” For more information, please contact:

Anabaptist Foundation
1245 Old Route 15, New Columbia PA 17856
Phone: (800) 653-9817 | Fax: (866) 230-6253
Email: info@afweb.org

OR

Merle Burkholder
Open Hands Fund Committee Chairman
Phone: (807) 737-2238
Email: mburkholder@xplornet.com