

Omar Cova

TUL560

3.1 Micro Finance Engaged Community Learning Experience

Viv Grigg



Community Development Society

Introduction

I did not know what to expect from doing an internship at CDS because I had never entered into the area of economics before. I had worked with youth and families prior to coming to India and I knew that proper work and earning was a crucial part of family wellness but I never looked for a solution. Now I am grateful that have been able to see how small amounts of money can benefit the poor by building their confidence, moving forward on their business ideas, and providing the essentials for their families. I was also able to see a glimpse of the inner workings of the organization and the funding challenges they face.

It is not easy to manage a MED organization but when it's properly funded and managed both clients and staff workers will feel empowered to keep going.

CDS:

CDS started in Amravati, Maharashtra in 1984 by three pastors who felt the need to help the poor spiritually and physically. The two pastors, Madukar Francis and P.Y. Sihgn contributed 3,000 from their own salaries to start the first round of loans. These loans were first given to university students from poor families that were trying to finish their goals in higher education. These first loans were given with a 4% interest rate.

Soon after, an acquaintance connected them to Opportunity International. Later in 1986, they were given 60,000 rupees to help CDS with Lee Goldman and David Bassau of Maranatha Trust in Australia. These first years were great because of the proper mentorship found in Goldman and Bassau who were also interested in finding out how India was approaching Micro Finance but specifically how Christians can create a model for holistic transformation.

Activities and Time Investment:

The following are the activities that I was a part of during my internship as well as contributions that I made to CDS.

My internship started in the first week of June along with two other interns from Mumbai. While at CDS I was able to tour CDS' multiple sites in Maharashtra, outside Nagpur.

For one whole week I received various teaching from staff on thematic topics concerning the organization. These topics ranged from CDS' vision, mission and values, SHG, supportive services, money recovery strategy, loan process, and disbursement.

Site Visits: We visited the Amravati branch office. It was in Amravati that CDS took its first steps into Micro Enterprise Development. There we were able to meet some of the women in a Self-Help Group that came to get their loan disbursement at the main office. I asked them several questions to try and understand why they kept on coming to CDS and how can CDS improve in the future? Several of the women shared that the care and business teaching that they receive from CDS staff is invaluable. They felt that the other MFI's in the area only waste their time and do not care for them. This speaks to the relationship that need to exist in MED efforts as Peter Greer and Phil Smith write "The people coming to help must establish a relationship with the locals or they will never be able to communicate the benefits of what they are offering" (Greer & Smith, 2009, p. 131).



We also visited another branch at Ridhapur. There I observed CDS' effort to impact that community through micro-loans but also through supportive services; for example, 4 shops that served as training sites for women that wanted to learn how to sew and read. Other shops were used to hold various business training modules or workshops that would benefit the people. CDS also has a small school ranging from K-4 standard for the children of the village, ensuring that they get proper education while their parents work the fields. Furthermore, CDS also has a small medical clinic for basic medical screenings for the poor at a very low cost of about 10 rupees per visit. Many of these non-MED supportive services aid people in the village who have no access to loans, medical services, education for their children, or basic skills training.



Special Workshops: While in CDS, I attended several workshops organized by staff. The one that stood out the most was on Self Help Groups. Most of the self-help groups started by CDS staff at local slums range from 5-19 women, no more, nor less. These groups are usually comprised of women ranging from 18-59 years old. Most of all these women are given basic business development and training in order for their business to succeed. If their businesses succeed then there is a higher rate of repayment; hence, both CDS and the client benefit from properly trained clients.

All of the women involved in a SHG are mandated to save and open a bank account, which a CDS staff assists them with. Most of these women are already a part of a neighborhood "chits." These are similar to ROSCA (Rotating Savings and Credit Associations). ROSCA's "a group of people, often 15-30, join together and each agree to save a fixed amount of money every week to contribute to a 'prize.' When each meeting occurs and the contributions are totaled, one member of the group wins the entire amount or 'prize'" (Bussau & Mask, p. 24). Through workshops, CDS teaching their clients the dangers of being involved in these. One of the dangers being theft or natural calamities. According to Greer and

Smith “Poor families living in the developing world desperately need both secure ways to save money and access to affordable credit” (Greer & Smith, 2009, p. 65). For this reason CDS encourages their clients to open up a bank account and start building-up formal credit history so they can later apply for a formal bank loan when they no-longer need CDS as a primary loan provider.

All the loans that CDS gives are given with a 20% interest rate. This is a high interest rate repayment and could be fatal for CDS but through the years they’ve had an average of 90% repayment rate. This is very high because the women themselves keep each other accountable for the repayment. This cross accountability works because if they don’t pay they risk “...loss of social standing and acquiring a bad reputation” (Greer & Smith, 2009, p. 70). When I first heard this I was really impressed and dreamt about setting something like this with my own family back home.

Contribution Made: One of the needs of CDS at this point, after talking with Rev. P.Y. Singh one of the founding pastors and acting CDS secretary was their need for visually pleasing marketing materials. These materials include an annual report template, brochures for non-clients and clients. With many more MFI’s surfacing in Nagpur, CDS has found it difficult to receive outside funding. I reviewed all their promotional material for the past 20 years and there wasn’t consistency in their creation. So in an effort to have clear and consistent name branding I worked on some marketing material for them. I have finished their annual report which they are looking to print in September.



Having heard their client’s stories and having visited various branches, the power of story was essential in developing a look where others could easily read CDS impact stories.



Beyond the stories, data was also important to highlight. Data read beyond the graphs was a key in the creation of the annual report. The fresh new look of this report and other marketing material will give new or existing donors an interest in the transformational work that CDS is doing in Nagpur.

In conclusion the work that CDS has been doing has changed lives. The life of CDS moving forward will depend on how clear and concise their message is being demonstrated among its

clients and partners. CDS cannot solely depend on outside funding as its main source but needs to look at other creative ways of funding its work outside of client repayments and existing funders. I’m glad I was able to assist them in making sure that the stories of their clients are told so their transformative work can continue among India’s poor.

Works Cited

Bussau, D., & Mask, R. (n.d.). *Christian Microenterprise Development: A Handbook*.

Greer, P., & Smith, P. (2009). *The Poor will be Glad: Joining the revolution to lift the world out of poverty*. Grand Rapids: Zondervan.