

The Spiritual Dimensions of Microfinance: **Towards a Just Civilization and Sustainable Economy**

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I. INTRODUCTION

In the search for practical measures to alleviate poverty and its debilitating impact on humanity and the planet, microfinancial services offer hope as one of the most powerful tools in that process. At the very heart of the success of what has become a worldwide movement lie pragmatic measures and economic principles whose application are based upon, motivated by and further promote spiritual principles. These are the programs of credit, savings and related services for the resource-poor that have galvanized a vision and motivated activism from villages and urban barrios to the United Nations. The lessons of this experience suggest possibilities far beyond economic growth for the world's resource-poor.

We stand at a critical point in the evolution of the microfinance effort. With the Microcredit Summit of February 1997, we embark upon a plan to reach half the world's severely poor families, particularly the women of those families, with credit and other financial services by 2005. But as important as whether we achieve that laudable goal is how it is achieved — for it is how that will determine the real outcomes in both human and economic terms.

For a number of years the development field has struggled with the failures of a growth-led model of development that evolved out of the success of the Marshall Plan. Based upon the assumptions that all societies can respond economically and socially as did Europe, that enough financial resources will lift humanity out of despair and that the earth provides infinite resources and self-regulating mechanisms, it is an unsustainable model that exacerbates environmental degradation, increases the disparity between the resource-rich and poor, and furthers social disintegration. Numerous modifications such as some programs offering microcredit linked to social change have provided a glimpse of a new approach. However, without the recognition that we are still promoting the old, unsustainable, growth-led model, we as yet have not begun to tap the real potential inherent in microfinance programs.

A sustainable model requires the recognition of true development as the emergence of a civilization that embodies fairness, justice and cultivation of the latent potential within each individual. Financial services alone will not bring about justice and equity, nor full human potential. As World Bank vice-president Ismail Serageldin stated at the Preparatory Meeting II of the Microcredit Summit, "Poverty is more than an absence of income."^[1] True development requires that we address the spiritual nature of humankind as integral to the process. Human attitudes and behavior must change — resource-poor women and men, bankers, investors, government officials, microfinance promoters and all others involved must incorporate universal values of justice, equity, responsibility and service for the common good as fundamental to sustainable development.

This paper proposes that an understanding and systematic application of spiritual principles, values and ethics at all levels of the microfinance movement have the potential to catalyze an organic transformation of society and the global economy in ways the world has never known. It proposes that microfinance

programs can help build vibrant, united, prosperous communities by stimulating healthy civic engagement and strong community enterprise economies. With inculcation of universal values and ethics linked to sound economic principles, the microfinance movement will help create a new, sustainable model of human development and global well-being.

II. THE LINK BETWEEN SPIRITUAL PRINCIPLES AND DEVELOPMENT

The founding spiritual principle of the microfinance effort was the belief in the inherent dignity of people: of the integrity, innate capacities and commitment of the majority of the world's resource-poor to work hard, take responsibility for their own lives and to repay credit rather than depend on charity. From the universal principles of human dignity, trust, unity and the equality of women emerged practical measures that became the methodologies of successful microfinance programs worldwide.

The dynamic link between practical and spiritual aspects of development relates to motivation. The Promise of World Peace, a Bahá'í statement on prerequisites to peace, says that "The essential merit of spiritual principle is that it not only presents a perspective which harmonizes with that which is immanent in human nature, it also induces an attitude, a dynamic, a will, an aspiration, which facilitate the discovery and implementation of practical measures."^[2]

That which is immanent, or inherent, is humankind's spiritual nature and explains why microfinance has become one of the most powerful tools in the overall effort to end poverty worldwide. For practical measures, however well-meaning, cannot succeed without the motivation of people themselves to take responsibility for their own progress. Further, the creation of such a movement required the vision and will of founding individuals who tenaciously believed that people were inherently good. And its growth depended upon the awakened consciousness of the thousands of development workers worldwide who responded from their hearts and created strategies and institutions that were not only practical but worked because they reinforced human dignity.

Spiritual Capital as the Foundation of a Strong Civil Society

The work of Harvard University political scientist Robert Putnam validates strong social bonding, or "social capital," as a requisite to a strong civil society. In a study of local government effectiveness in Italy, Putnam found common factors that differentiated dynamic and effective local governments from "inefficient, lethargic, and corrupt" structures. These included voter turnout, newspaper readership, and membership in activities such as soccer, choral societies and service clubs. Socially active and cohesive communities created innovative day care programs and job training centers, promoted investment and economic development, pioneered environmental standards and established family clinics.^[3]

Yet if we evaluate what motivates social capital, we find it is dependent upon spiritual capital, for it is our spiritual nature that engenders social cohesion. Spiritual capital is the capacity to care — to seek connection with a Divine force, with family and with a community. Our spiritual essence allows us to rise above our own immediate needs to ensure the well-being of others. It is the desire within people for social and economic justice. Spiritual capital invested within family and community conduces to more love, caring, responsibility and service to others. And because the general level of happiness is greater, there is less of a perceived need to fill one's life with material things such as excessive goods, power and money.

Having discovered such a dynamic force for the transformation of society within certain microfinance methodologies, our greatest challenge is to ensure that the microfinance movement does not become

"business as usual" within an unsustainable model of economic growth. Our mandate is to maximize fully its potential to create a more just, cohesive, sustainable civilization and global economic system.

III. THE FACE OF POVERTY

The child was diseased at birth, stricken with an hereditary ill that only the most vital of men are able to shake off. I mean poverty, the most deadly and prevalent of all diseases.
Eugene O'Neill

We know the face of poverty: the lethargy of a dying child, a shanty town of makeshift housing and open sewage, the look in the eyes of hopelessness. Even today, in a world of high technology and phenomenal wealth, 1.3 billion people, or one-fifth of the world's population, live in absolute poverty, without the basic physical requirements of life. The face is gentle: almost 70% is female and each day, death from chronic malnutrition and poverty-related disease takes 35,000 children under the age of five. Without adequate nutrition, health and education, millions who survive never know their full human potential and the planet in turn is bereft of the vast social and economic contributions of their lives.

In industrialized and low-income countries alike, poverty leads to the breakdown of family and community. In inner cities of the U.S., poverty, hopelessness and a convoluted welfare system trap rather than empower people, creating a generational effect of low self-esteem, crime and violence. Worldwide, emigration from rural areas, particularly of youth and men, has caused massive urbanization, over-stressed and inadequate infrastructure, the loss of family, community and culture, and often heightened poverty. It is a ravage that depletes the earth of its forests, its clean air and water. It is a travesty of human life upon which peace can never be built and sustained.

Any hope that poverty can be alleviated implores humanity to come face to face with itself. As complicated as we believe it to be, and as elusive the solutions, the progenitor of material indigence is simple: human attitudes and behavior. For material poverty is a manifestation of the spiritual poverty of the human race — of our hunger for financial and political power, our unbridled self-interest above the common good, our underdeveloped moral understanding of justice, and our fears that if we share what we have, then we will not have enough.

How Much is "Enough"?

Humankind, both individually and collectively, created the current economic systems and conditions by choice. Accumulation of wealth has helped stimulate tremendous material, technological and intellectual development. When achieved by honest means and utilized for the well-being of families and communities, wealth is indeed honorable. Yet throughout history, an elite few have accumulated massive material wealth at the expense and severe deprivation of the many.

Today, while millions are better off, the disparity between the resource-rich and poor is increasingly untenable. Between 1960 and 1991, the disparity in income between the world's richest 20% and the poorest 20% of the population doubled.^[4] Consider also that some 358 billionaires hold as much wealth as the world's 2.5 billion most resource-poor people.^[5] Yet in a man-made financial system where we relinquish our responsibilities for the common good to an "invisible hand" in the marketplace, the only game is to earn more. When it comes to money, houses, cars, material wealth, how much is enough? At what point does one human being say, 'I have plenty. Now is the time to give back so that others may live better — or simply live'?

On the other hand, the resource-poor often exhibit a spiritual wealth frequently missing in materialistic societies — and this has been one of the premium lessons of the microfinance movement. For the face of poverty is also one of human dignity, even in great suffering. It is a face of perseverance, of pride and willingness to work hard, of innate intelligence even without formal education, of contentment without materialism, and of creativity not only in survival but in craftsmanship and artistic expression as well.

IV. BRIEF OVERVIEW OF HOW MICROFINANCE WORKS

This section provides only a brief background to the microfinance movement, much of it for the reader who is relatively new to the field. As such it merely touches upon some of the major programs, strategies and issues in order to provide a framework of reference for subsequent discussions. The focus remains primarily on those approaches that advance social as well as economic development, either explicitly or implicitly, in their methodologies.

Credit and Savings as Tools to Break the Cycle of Poverty

For the resource-poor of the world, survival often depends upon subsistence agriculture and/or small income-generating activities at home or in the local marketplace. In many low-income countries, such microentrepreneurship rather than formal employment creates an informal economy that comprises as much as 60-70% of the national economy.

Yet economic poverty is a vicious cycle. The lack of savings keeps the resource-poor in perpetual scarcity, unable to realize their full human potential, often dependent on friends, relatives and black market moneylenders — or unable to survive at all. Consider the downward spiral of the cycle. With the lack of excess cash above the basic necessities of life, a family consumes all it produces and has no savings. Without savings to buy seed, materials and other inputs for productive investment, and where 'jobs' are not feasible, production remains the same or decreases. To exacerbate the struggle, when there are no savings, any family emergency or extraordinary event such as an illness, a death or even a wedding throws a family into debt, often for years. Moneylenders eagerly lend at exorbitant rates of interest. Families become trapped and remain in physically and psychologically debilitating poverty, year after year, generation after generation.

Credit at fair market rates provides a temporary substitute for family savings and catalyzes a beginning spiral out of poverty towards economic self-sufficiency. With credit, the family invests in additional inputs which increases productivity. This in turn raises family income. FINCA (the Foundation for International Community Assistance), Grameen Bank and others have demonstrated that increased income, particularly in the hands of women, provides more consistent family nutrition, better health and surplus funds for savings and further investment. The spiral upward from poverty can begin.

Beginning with very small loans of \$50-100 with increasing lines of credit dependent upon how much a borrower has saved, entrepreneurs enter a learning process at the same time that they begin to build their own savings fund. The process can be relatively quick and effective. For instance, with short-term loans invested in rapid turn-over activities such as making and selling clothing, tools or crafts, borrowers have immediate income and savings for reinvestment. The learning curve is steeper and shorter than with longer-term loans. Income remains more consistent than with seasonal agricultural production alone, therefore family nutrition and health improve. The resource-poor can gradually spiral out of poverty as they continue to apply the experience gained in the learning process.

However, lack of savings and credit are not usually the only limiting factors in income-generation. Social, economic and political barriers to the resource-poor reflect inequities and injustice within society. Women in particular lack a political voice in many countries and are often denied legal rights to own property or their own businesses. They need dependable child and health care in order to be more productive. Most resource-poor people require better access to markets, affordable materials, skills and technology. Microfinancial services can then function more effectively.

Building a Matrix of Institutions and Partnerships

The proliferation of non-government organizations (NGOs) worldwide over the past twenty years, particularly in the southern hemisphere, laid the matrix for growth of the microfinance movement. That intricate lacing of grassroots organizations provides the bottom-up delivery system for microloans where before the traditional banking systems could not function cost-efficiently. In urban and remote rural areas, NGOs play a significant role in development of the world's informal economies. As economist Hazel Henderson points out, "The voluntary associations of citizens, villages, tribes, cooperatives, and families within informal sectors represent traditional, self-reliant forms of production, consumption, savings, and investment only recently recognized by Western, market-trained economists or their socialist counterparts."^[6]

As this grassroots network grows and viable linkages to commercial finance are worked out, the microfinance movement can become a win-win for all sectors of society, including those with major resources to invest as loan capital. Already, financial institutions such as Banco Sol in Bolivia have been established to assist microentrepreneurs exclusively. Other commercial lenders have created financial instruments to serve NGOs or borrowers directly. By building partnerships between the wealthy and the poor, microfinance can be a vehicle for the sharing of resources globally, gradually ameliorating the vast disparity in incomes.

Expansion of Microfinance and Related Services

Two 'schools of thought' promote the most effective way to impact global poverty through microfinance. One strategy focuses on the rapid expansion or "scaling-up" of financial services — primarily getting credit into the hands of as many of the world's resource-poor people as possible, as quickly and cost-efficiently as possible, in order to increase income and eliminate the most dire suffering. The other approach includes financial services but addresses other constraints to income-generation and economic empowerment in order to have a more sustainable impact with credit.

Grameen Bank, FINCA and ACCION have been leaders in the rapid expansion effort, with the World Bank's microfinance program, the Consultative Group to Assist the Poorest (CGAP) and other large institutions now advancing this approach almost exclusively. Credit serves as a stimulus to increase income quickly and thereby meet basic survival needs of the poorest, with the recognition that the root causes of poverty will still exist.

For cost-efficiency and because their values-based methods engender great success, Grameen Bank and FINCA take a "minimalist" approach that facilitates service to large numbers of borrowers at relatively low cost per loan. Their methods require little training of microentrepreneurs in management or new skills. Clients are encouraged to choose their own productive investments and to begin with something they already know such as making bread, tools, clothing and crafts for resale. Very simple accounting methods help them and the program staff to track income, savings and repayment. Borrowers organize into groups for self-management of credit funds and to guarantee one another's loans without the need for collateral. Increased efficiency over time in credit delivery and collection and in organizational

management have enabled both agencies to approach institutional self-sufficiency where all costs of services can be covered by interest and fees charged to borrowers.

The second school of thought acknowledges the need to accelerate financial services to the poorest but argues that far more than credit is required for meaningful impact. Marty Chen, from her many years of experience in Bangladesh and India, strongly recommends that agencies simultaneously address numerous other political, social and economic constraints faced by the resource-poor, particularly by women. She argues that just as we have learned to deliver microfinancial services efficiently, we can do the same with eliminating other barriers.^[7]

The Bangladesh Rural Advancement Committee (BRAC) does just this. One of the world's largest microfinance agencies, BRAC believes that rapid expansion of credit is essential — although not appropriate for all NGO's or all situations — because the plight of the poor is so dire.^[8] BRAC provides a model for how to scale up credit provision and address other issues simultaneously. BRAC provides financial services, which require stringently disciplined methods and oversight, under its Rural Credit Programme. Other services such as agriculture and education are offered through the Rural Development Programme. The separation allows close tracking of credit-related expenses and greater accountability to cost-efficiency.

The Issue of Institutional Sustainability

Expansion of microcredit on a massive scale requires a phenomenal increase in available capital. Mobilization of savings of the poor has proven to be a viable source of loan funds with a number of programs now utilizing borrower savings almost exclusively. Creative partnerships between private investors, the formal financial sector and microfinance programs increasingly will facilitate a bridge of resources from the resource-rich to the poor.

To offer a return on private investment, microfinance institutions must not only become self-sustaining — covering the full cost of operations through interest and service fees charged to borrowers — they must also generate a percentage profit for investors. Generally, this requires service to increasingly larger numbers of borrowers as they reduce overhead costs in order to reach economies of scale. The Declaration of the Microcredit Summit states that strong microfinance institutions can reach this level in five to seven years. With that required lead time, current intermediate and large institutions, and agencies willing to organize specifically for that purpose, will channel the largest portion of private investment capital to microentrepreneurs by the target date of 2005. Having the potential for so widespread an impact, these service providers must also take the lead in methodology, inculcating spiritual principles that support a sustainable model of development.

Logically, while a number of organizations are well suited to this strategy, the idea is not applicable to all microfinance projects and in all situations. For instance, institutional sustainability may be virtually impossible for NGO's that cannot or choose not to "scale up" to sufficiently large numbers of clients. Jeffrey Ashe, who has worked with many microfinance programs in both low-income and industrialized countries, states that some small programs are far more effective than those of larger organizations in what they achieve economically and/or socially.^[9] Additionally, servicing the poorest of the poor entails greater institutional cost to process, train and provide follow-through. Many of the poorest also live in very remote areas where access and small numbers of borrowers also increase service costs. Should they be overlooked because of a generalized objective of institutional sustainability?

Again, a sustainable model of development requires the recognition of true development as the emergence of a civilization that embodies fairness and justice. Spiritual principles linked to sound financial principles

must be the central tenet of the microfinance movement so that this noble effort to eradicate poverty does not become simply business as usual, with money the bottom line. The tough but necessary dialogue will enroll socially-conscious bankers, economists and others with development workers and microentrepreneurs to find new, creative ways to construct win-win financial partnerships. An exciting and difficult challenge will be to develop methodologies and training that create a dynamic coherence between economic and spiritual principles while they are also cost-efficient.

Sustainability of Borrowers and Their Enterprises

A basic ethic that cannot be overlooked in the haste to provide financial services en masse to the world's poor is the sustainability of borrowers and their enterprises. While this is a principle that would seem to exist without question, it is one that could be grossly neglected in the urgency to increase the provision of credit from just eight million borrowers over the last twenty years to one hundred million in less than ten. Again, the issue is not only whether we reach the numerical goal but how that will determine the outcomes. The development of people's organizations and a strong sense of unity and solidarity within borrower groups and the community at large are all mechanisms discussed elsewhere in this document that help ensure sustainable progress of the resource-poor.

V. WHAT WE HAVE LEARNED: SPIRITUAL CAPITAL IN MICROFINANCE

The following highlights key lessons learned to date about economic and social transformation engendered by values-based microfinance programs. It must be remembered that not all microfinance initiatives conduce to all or even some of these impacts. Yet we can extract the following common characteristics from those that do:

Financial Services Rather Than Hand-outs Build Dignity and Capacity

Assistance through credit rather than a 'hand-out,' charitable approach, reinforces human dignity. Borrowers know that they are respected for their abilities and trustworthiness. Credit and savings further serve as tools in a vital educational process; learning to borrow, invest wisely, earn a profit, save and repay loan monies and interest builds confidence and capacity within the individual and the community. The process promotes self-esteem and responsibility. Savings in particular provide a key to long-term self-sufficiency of borrowers. Furthermore, revolving loans that are repaid and then re-lent within the community are a far wiser use of limited financial resources than give-away grant funds.

Opportunities for Women Accelerate Social and Economic Progress

Evidence is overwhelming across many programs and cultures that microfinancial services for women have far greater social, economic and spiritual impact on the family and society as a whole than do similar services in the hands of men. Therefore women have become the primary focus of many microfinance programs worldwide.

For instance, the Self-Employed Women's Association (SEWA) of India found that women fight poverty better than men. Whereas it is common for men in India to remain unemployed for long periods of time when no 'job' is available, women traditionally combine many income-generating activities and household work simultaneously. Secondly, women spend virtually all their income on the family, for food, clothing, shelter, medicine and education. Women also manage their lives with concern and strategies for the

future; a woman will make exceptional sacrifices for her children to have a better education and a better life than her own.

Finally, SEWA contends that women in general reveal an extraordinary ecological consciousness. While men often turn to wood crops for cash income, women in India organize to protect or plant trees that provide fuel and fodder as a long-term resource. From the practical impact on their daily lives, women in India have developed a profound understanding of the effects of deforestation, droughts, and soil erosion.^[10]

Dr John Hatch, founder of FINCA International, promotes short-term loans to women almost exclusively because of the evidence worldwide that women are key agents of social and economic change. In conversation with this writer in 1995, he stated, "The philosophy of [FINCA's] village banking is that the fastest and most effective way to transform society is through the empowerment of women. When short-term credit in the hands of women is invested in rapid-turnover, high-yield income-generating activities, a woman's confidence and self-esteem receives immediate and continual reinforcement. Her empowerment — and through her the transformation of her family and the community — occur much quicker."

Yet women throughout the world already carry an inordinate share of the workload. Microfinancial services offer much needed credit and other assistance, but also tend to increase the burden on women. A sustainable model of development will also facilitate the spiritual growth of men towards service to the family and community, environmental stewardship and justice within male-female relationships, and will bring men into greater partnership in the microfinance movement. A spiritual principle of balance through partnership of women and men will result in greater justice, equity, strengthened families and economic production. The following expression beautifully expresses this partnership:

"Humanity is like a bird with its two wings—the one is male, the other female. Unless both wings are strong and impelled by some common force, the bird cannot fly heavenwards."^[11]

Microfinance Promotes Organic Development and Traditional Ways of Life

One common characteristic of successful microfinance projects is respect for the knowledge, skills, diversity and uniqueness of cultures and small producers — their crafts, agriculture and their traditional ways of life. Programs perform best that build upon what people already know rather than push new ideas immediately. Projects that begin with small loans and with training and technology appropriate to people's current level of development promote capacity-building while respecting traditional lifestyles. Thus this "organic" approach becomes a more sustainable process of development.

Microfinance Builds Ownership at the Grassroots

For much the same reason, people feel greater ownership of their own progress. Jeffrey Ashe noted that FINCA's village banking model in particular empowers ownership. It allows groups to self-select membership and leaders, create a name for their bank and make their own rules within general parameters established by the agency. Each borrower chooses her own productive activity. The group manages its own credit and savings fund. Pride of accomplishment and ownership result in higher productivity, greater allegiance to one another and commitment to the program.

Solidarity Reinforces a Sense of Unity and Community

Grameen Bank and FINCA's village banking model pioneered solidarity groups of women as the key to high loan repayment and social change. Another program in Colombia, Fundación para la Aplicación y

Enseñanza de las Ciencias (FUNDAEC), built upon the Grameen strategy and introduced pre-credit training modules such as solidarity, unity, trustworthiness and service as the foundation of creating community. The results were profound. Not only did the introduction of these concepts raise the loan repayment rate, but villagers consistently emphasized that the greatest impact on their lives was a renewed sense of unity within the community. They found that the collective effect of the community working with a consciousness of unity and mutual support increased productivity, social bonding and activism. Beyond individual production, the results included numerous secondary economic effects. For instance, one village created a community garden where they also train secondary students in agricultural methods. In another, a united lobbying effort by the credit group brought electricity to the village. Yet many described the greatest impact as a "feeling of warmth" and "unity" within the community that had been lost over the years.

VI. ACHIEVING REAL DEVELOPMENT: MICROFINANCE FOR A NEW SOCIAL ORDER

Changes in mindset transform human behavior. Change wrought by the consciousness of universal principles and values will gradually build a just and equitable civilization. As stewards of the strategy to reach one-half of the world's severely poor with financial services within the next nine years, can we just charge ahead to achieve our numerical and monetary goals and ignore the potential impact of what we do, both negative and positive?

Most of us in the field of microfinance have a sense that within our hands we hold seeds of something that can catalyze a profound organic change in society and the global economy. But achievement of real and sustainable development requires that we really look at why the microfinance effort has achieved relatively high levels of success. The seeds of true change include the following: that we honor the dignity of even the most resource-poor, that we trust in their innate capabilities, that we love enough to give ourselves in service to them, that our clients find unity and solidarity in working together and that they feel greater self-worth and dignity because of our trust and their own accomplishments.

These seeds of a new civilization require a nurturing, spiritual environment if our efforts are to truly succeed. When we look at the deterioration of our so-called "developed," materialistic societies of the North, can we afford to deliver money without any concern for values? Just as BRAC in Bangladesh requires pre-credit training in "conscientization" and FUNDAEC in Colombia does the same in human values, similar training could be required as standard in all projects. Through education comes enlightenment. To maintain cost-efficiency in credit delivery, education modules can be financed separately by grants and other soft funds.

In addition to the modules of BRAC and FUNDAEC that can be replicated, consider the far-reaching impact of training in the following values, ethics and principles:

Creating a New Work Ethic in Society

Human beings are impelled to express the immense capacities latent within them through productive work designed to meet their own needs and those of others.^[12] In so doing, they become connected to a process of advancement of civilization, fulfilling roles that unite them with others. Given the need to build social cohesion, stronger families and communities, a new work ethic that inculcates the principle of service to others can be promoted — a spirit of service to one's family, community, nation and ultimately to the world community and environment.

An attitude of service to others should in no way stifle individual creativity or initiative. Rather, such a life view generally releases greater potential within an individual as s/he transcends self-interest to serve others, moving all towards new levels of self-actualization. Likewise, ownership of enterprises that promote the common good deepen a sense of life's purpose and well-being within the individual. Training modules can assist microentrepreneurs to explore their inherent ethics and values, capacities, life skills and the needs and possibilities within their own communities.

Cultivating Moral and Ethical Leadership

Moral and ethical leadership within resource-poor communities is vital to the success of microfinance programs and sound social and economic development. One model developed at Universidad Nur in Bolivia cultivates the concept of service to others and the release of capabilities within every individual while safeguarding the well-being of the whole.^[13] In contrast to local governments and other NGO's, Nur has trained hundreds of rural school teachers to carry these concepts to remote communities.

The moral leadership curriculum developed by Nur cultivates the capabilities that empower individuals to put moral and ethical beliefs into practice. Capabilities for competent moral leadership include the following:

- being visionary and encouraging others to be visionary;
- managing one's affairs and responsibilities with a rectitude of conduct;
- understanding relationships of dominance and being able to facilitate their transformation into relationships of interdependence, reciprocity and service;
- serving as a catalyst for the establishment of justice;
- building unity while cultivating diversity;
- serving on the institutions of society in such a manner that these institutions are actively encouraged to empower the individuals whom they serve to express their talents in service to humanity;
- opposing one's self-centered tendencies by turning toward one's higher purpose for existence;
- encouraging others and bringing joy to their hearts; and
- infusing one's thoughts and actions with love.^[14]

Training programs that develop new capacities of service-oriented leadership are a powerful means to ensure that the outcomes of the microfinance movement engender a more just society and sustainable economy.

Promoting Material Sufficiency Rather Than Consumerism

One interesting aspect of the microfinance movement has been the inclination of many resource-poor borrowers to flatten out at a certain level of credit and production — at their own levels of productive comfort and material sufficiency — rather than to continue an upward climb towards larger loans, greater achievement and consumerism. Some Western minds (and some credit programs) find this tendency hard to understand and accept.

As stewards of the massive expansion of microfinance worldwide, we must recognize that the earth cannot support a global move of 1.3 billion poor people towards the current levels of Western consumerism. In a world of finite resources, the goal must be material sufficiency rather than the current capitalist assumption of unlimited growth. Therefore, as the industrialized countries accept the need to lower their per capita consumption, the microfinance movement is obliged to encourage a worldview of material sufficiency among new consumers.

Creating a Sense of Village Reinforced by a Community Enterprise Economy

Looking to the future and the evolution of a new social order, perhaps one of the greatest impacts of the microfinance movement can be the delivery of practical measures, spiritual principles, ethics and values that promote a greater sense of village reinforced by strong community enterprise economies. Indeed, the concept of village, of neighborhood, is applicable even within great urban centers. A world civilization that inculcates justice and equity requires humanity to re-develop this sense of community and connectedness that is fundamental to social cohesion and civic engagement.

It is toward a sense of village, of connectedness, that people naturally gravitate and without which society deteriorates. In many industrialized regions, it is the lack of a sense of belonging that produces alienation, loneliness, anger and often violence. In the villages of low-income countries, these emotional ties often provide the only social and economic security system. Microfinance programs that extol the accomplishments of the individual borrower without the recognition of the power of unity of the group may, with all good intent, actually promote a very "Western" individualist model of achievement and in the long-run undermine the sense of community so vital in low-income regions.

Both FINCA's "village banking" and the methodology of the Grameen Bank have elements that can reinforce a sense of village and community. While both have utilized spiritual principles of solidarity and trust to engender empowerment and economic development of the individual, this writer contends that neither has recognized as yet the full potential to transform society that is latent within their methods. Within the two, FINCA Costa Rica has made the best attempts to engender autonomy and self-sufficiency of local community groups, with the philosophy that villagers themselves must be able to cooperatively chart and control their own path to development. Ela Bhatt of SEWA also talks of building "people's organizations" which help strengthen autonomous, democratic communities. FUNDAEC's training modules in unity, solidarity, trustworthiness, responsibility, service, conflict resolution and the purpose of man were designed specifically to create a greater sense of village and cooperation.

Strong local economies and just economic structures are essential to cohesive, vibrant communities. To address those needs, David Korten proposes "a market economy composed primarily, though not exclusively, of family enterprises, small-scale co-ops, worker-owned firms, and neighborhood and municipal corporations."^[15] He notes that Malaysian consumer activist, Bishan Singh calls this a community enterprise economy because it brings together the market forces of the money economy with the community forces of the social economy.^[16] Daly and Cobb propose a similar redirection of the economy toward the well-being of humanity and a sustainable global ecological system. They suggest a "bottom-up society, a community of communities that are local and relatively small."^[17] A dynamic microenterprise sector with access to financial services and concern for the welfare of one another and the community as a whole, is integral to these structures.

The microfinance effort to promote a strong sense of village and to create community enterprise economies well-grounded in universal spiritual principles, values and ethics, can benefit far more than the targeted one million families by 2005. Globally, it can help build a matrix of strong local communities with ethical leadership, institutions accountable to the people they serve, and high levels of spiritual and social capital reflected in a strong civil society, effective democracy and sustainable livelihoods for the majority.

VII. CONCLUSIONS

With the Microcredit Summit in February 1997, we stand on the threshold of a new millennium with a proven methodology for social and economic development that has world-shaping, world-transforming potential. As stewards of an effort to reach one hundred million of the world's most resource-poor families, particularly the women of those families, with microfinancial services by 2005, we assume a responsibility of great magnitude. As important as whether we achieve that laudable goal is how it is achieved — for it is how that will determine the real outcomes in human, economic and environmental terms.

The end of poverty requires, at all levels of the microfinance effort, an organic change in how people see themselves and the world around them. Practical measures alone — the delivery of credit and other services — will not solve the basic problems which are human attitudes and behavior. For material poverty is a manifestation of humanity's spiritual poverty — our hunger for power, our unbridled self-interest above the common good, and our fear that if we share then we will not have enough.

Yet the dynamic coherence of the spiritual and pragmatic aspects of microfinance has transformed millions of women and men, changing how they see themselves and the world, engendering powerful forces of community solidarity and individual potential. Looking to the future, the lessons of this experience hold forth a vision of a global village of villages supported by healthy community enterprise economies. Ours is to understand those spiritual dimensions, to explore their importance in this massive effort before us, and to maximize their potential to create a more just, equitable and sustainable civilization and global economy.

To facilitate this process, this writer proposes that a series of regional conferences be held worldwide to explore and establish standards of ethics, values and spiritual principles in microfinancial services. Linked with this effort, it is proposed that a team of the brightest futuristic thinkers in economics, banking and finance, business, the environment, human development, religion and other fields be brought together to explore the potential of the microfinance movement in economic and social terms. A panel representing results of both efforts could then adopt and publish standards and guidelines for ethics, values and spiritual principles in microfinancial services.

Notes

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3. David C. Korten, *When Corporations Rule the World*, West Hartford, CT: Kumarian Press, 1996, p278.
4. *Human Development Report 1994*, United Nations Development Programme, New York: Oxford University Press, p35.
5. Korten, "Midwifing the New Consciousness: Toward the Creation of Just and Sustainable Societies," LAPIS, plate unavailable, p16.
6. Hazel Henderson, *Building a Win-Win World: Life Beyond Global Economic Warfare*, San Francisco: Berrett-Koehler Publishers, June, 1996, p144.
7. Marty Chen, Harvard Institute for International Development, in conversation with author, Cambridge, MA, March, 1995.
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12. Eloy Anello, "Values, Institutions and Leadership for a Sustainable Future: Toward a Framework for Developing Moral Leadership," a document presented to the Global Forum of The Earth Summit, Rio de Janeiro, June, 1992, p2.
13. *ibid.*, p2-3.
14. *ibid.*, p4.
15. David Korten, *When Corporations Rule the World*, p 312.
16. Bishan Singh, "A Social Economy: The Emerging Scenario for Change," cited by David Korten in *When Corporations Rule the World*, p 312.
17. Herman E. Daly and John B. Cobb, Jr., *For the Common Good: Redirecting the Economy toward Community, the Environment, and a Sustainable Future*, Boston: Beacon Press, 1994, p366.

About the Author

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With a background in business, organizational development and politics, she served in 1987-89 as the first Executive Director of FINCA International, one of the world's foremost microfinance institutions. During 1989-92, she completed a Bachelor of Arts with Honors in Economics at the University of Arizona, undertaking research for her thesis on alternative economic development in the coca-growing region of Bolivia. In early 1993 she helped create Mottahedeh Development Services, an international social and economic development agency of the National Spiritual Assembly of the Bahá'ís of the United States. She served as its first director, then went on to head international programs until April 1996 when she joined Terra Christa Communications. Ms. Rodey continues to serve social and economic development programs of the Bahá'í Faith to help develop a worldwide initiative in microenterprise development. Her work has taken her to Costa Rica, Guatemala, Honduras, Colombia, Western Samoa, New Zealand, Israel, Turkey and several countries in Europe. She lives in Tucson, Arizona, and has four grown children.

About The European Bahá'í Business Forum

The European Bahá'í Business Forum (EBBF) is an association of women and men involved in business and management who are familiar with Bahá'í ethical and social teachings and who are exploring ways and means to apply these moral principles to issues arising out of their business activities. It is registered in France as a nonprofit association under the law of July 1, 1901. Its headquarters is in Paris, France.

The members of EBBF are drawn primarily from Europe. Nearly every country of Europe is represented including Albania, Belarus, Bulgaria, Czech Republic, Latvia, Moldova, Poland, Romania, Russia and Slovenia. In addition, members reside in all the other continents. Among EBBF's members are prominent general managers of large companies, entrepreneurs who have started their own companies, specialists in management training, business and management consultants, bankers, professors, international development specialists, publishers, business lawyers, computer specialists, systems analysts and students of economics and business. Membership is not limited to Bahá'ís.

The normal networking activities of EBBF include an annual conference, a newsletter, a directory of members and career counseling for student members. In addition, EBBF publishes selected articles and books on management.