

# DurhamCares MFI Trip to India (February 16-23)

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The following is meant to provide a summary document of our trip. It's important to note that the commentary made below is that of a group of individuals who are not necessarily experts in either India or microfinance. That said, we do have a committed interest in honoring God by being effective stewards of the talents and resources with which He has entrusted us. We wanted to commit to writing our experiences and thoughts in order to encourage others to partner with us to impact India for Christ. We also hope that this write-up will encourage those individuals more knowledgeable about India to help us deepen our understanding of India in all its complexity.

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## *Attendees:*

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Henry Kaestner (co-founder Bandwidth.com, DurhamCares, Talent Capital of Durham)  
David Morken (same as above)  
Lyston Peebles (Executive Director, Cherokee Gives Back)  
Mark Daley (CEO, the Generation Companies)  
Michael Jonkgind (CEO, Religent)  
David Hofmann (Associate Dean, Head of MBA Program, Kenan-Flagler School of Business, UNC)  
Scott Toal (CEO, ShortrunPro, CEO Belari)  
Ru Sen (Senior Pastor, Grace Community Church)

### **Trip Coordinators:**

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Katie Terino (travelmba.com), US  
Amit with IndoAsia Tours, India

### **Pictures:**

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Christian MicroFinance Discussion Board on Facebook:  
<http://www.facebook.com/home.php#/group.php?gid=42251227920>

### **Visits Summary:**

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#### Mumbai:

Aavishkaar, Aavishkaar Goodwell, Intellicap  
Technoserve  
Innosight

#### Pune:

Integrity Foundation (affiliated with Hope International)

#### Chennai:

Evangelical Social Action Forum (ESAF)  
Five Talents  
Growing Opportunity (affiliated with Opportunity International)

#### Delhi:

Nirmaan Bharati  
US Embassy (Peter Kaestner, *minister counselor for consular affairs and consul-general*)

### **Additional visits**

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Mailbox Club (Chennai)  
Operation Christmas Child (Chennai)  
Jesus Film (Chennai)  
Good Samaritan School (Delhi)  
Evaluserve (a Knowledge Process Outsourcing (KPO) firm in Delhi)

Tours of:

Taj Mahal  
Agra Fort  
Diplomatic Sections of Delhi  
Gurgaon

### *Prelim Observations/Thoughts:*

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- The concept that Poverty is not inevitable is a revolutionary concept for the poor in India. That they were created in God's image is a realization that can and has led the poor in India to Christ as it combats the distortion of the caste system with the reality delivered through Scripture.
- There is a great opportunity to use MFI to help fund Christian missions/outreach. To some extent that is being used already in effect by Paul Thomas who is 103% sustainable and it's a clear goal of Moses Rao, though he's been less successful as he's incurred losses recently.
- MFI is far more competitive than any of us thought. Both Jim Reiff and Moses Rao made it clear that they have been losing clients to competitors who come in and offer their borrowing groups more lending once they have reviewed their loan books for past payment history. In effect, many of these predatory organizations are using others to do their due diligence for them.
- Another risk for MFI is the practice of local government officials to issue loan waivers for loans from traditional banks in order to win votes. This short term program is short sighted and threatens the viability of MFIs. Nirmaan Bharati suffered from this challenge. Whether this is, indeed, a challenge should be seen in repayment rates which don't yet seem to be suffering from this practice, nonetheless, it's something to look out for.
- With the competitive landscape heating up and more money being thrown at some borrowing groups, it almost feels as if there is a bubble coming along. The anecdotal story of a 5,000 rupee borrower receiving 15,000 rupees from a new lender and then blowing it on a party may be a one-off, but it seems that repayment rates are soon to decline.
- If we work with local, spirit led, Bible believing pastors and church plants, then we don't need to be as discerning about the doctrinal purity of the MFI. For instance, say we learn of a pastor in an area that doesn't have access to micro finance. It'll be preferable that he's able to partner with an organization that only hires Christian caseworkers, but ultimately the responsibility for shepherding the borrower will come from the pastor, so it won't necessarily be a bad thing if a secular MFI sets up shop in that community.
- From just a week's worth of observation, it seems that the key is to work well with the local pastor, and to get them tied in to a Christian MFI wherever possible, but know that if that's not feasible, that a secular MFI may add value.
- Christian or not, there seems to be a big difference between MFIs that take the time to have involved caseworkers that attend the meetings, run trainings and that emphasize community

development and those that just stop by to check the loan books and collect payments. Recent trends of some MFIs to take shortcuts to making first loans in 1 day, rather than the typical waiting period of several months may compromise long term success in the favor of short term numbers.

- Organizations like Technoserve have been able to get big funding from their McKinsey pedigree and glossy annual reports and seem to get remarkably little accomplished, something borne out by our talks with them and their published results (I just reviewed their annual report). We have an opportunity (and maybe an obligation) to turn big donors on to those programs that are truly efficient and effective.
- There appears to be an opportunity to bring together church leaders in India along with Christian MFI directors (who run both Christian and secular MFIs) to encourage and challenge one another as they collaborate, sharing best practices and coming up with long term strategies on the effective spread of the Gospel, ongoing Christian discipleship and coordinated and related programs for economic development
- Micro equity seems to have challenges with scale and exit and is most likely not the best delivery mechanism for the spread of the Gospel and economic development. A better approach here may be for pastors to identify aspiring entrepreneurs and future leaders and to disciple them so that they might be salt and light among their employees, vendors, customers and partners.
- On one hand, we can definitely get folks from the US interested in India, MFI and youth discipleship, on the other it would seem to be much more efficient and effective to work hand in hand with those in India. We need to look in to the Christian Community in places like Gurgaon and the rest of India. What are the churches there like? Do they know about the Mailbox Club?, do they know about Christian MFI? Are there mercy ministries and Christian causes that they support that we should know about? Is there an opportunity to lead vision trips for those folks. We've got to look into this.
- Given the growth and success that MFI's have had in recent years in India, where (what geographic markets) on MFI is targeting their efforts seems to now be of high strategic value. In a saturated locate additional MFI activity can actually be problematic, whereas in an unserved or underserved area it can be a lifeline.

## Visit Detailed Summaries:

AAVISHKAAR

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Mumbai, Febuary 18  
Met with Vineet Rai, Founder and CEO  
<http://www.aavishkaar.org/>

Notes:

Leader in the Indian Micro Equity Market.

Has real concerns about the "treadmill" of MFI and fears that MFI doesn't allow for real asset creation

MFI does, however, scale much better than Micro equity: time spent running \$500myn in MFI is the same as the time spent in running \$15myn in micro equity.

Our team's take:

after visiting other MFI installations in India and learning of the business success and asset purchases (cows, welding machines, sewing machines etc.) that MFI has enabled, we don't clearly see Vineet's concerns. Couple that with the challenges in scaling micro equity (due diligence, increased risk) and micro equity seems to have it's challenges, though it'll be interesting to see how it continues. We wonder if the opportunity for larger deals is really one of increased debt.....though possibly with warrants, thereby reducing some of the need for as rigorous due diligence and making it easier to see exit opportunities (debt maturation) rather than relying on the sale of the company to management or outsiders. Finally, we appreciated Vineet's commitment to community development and long term enterprise success of his clients even within a for-profit context. He is definitely engaged with the issue articulated by the question: "What does a client do once they have outgrown traditional microfinance?"

On Intellicap (affiliated with Aavishkaar): This group seems to have a wealth of experience regarding MFI operations – we wonder if the other MFI's we met with are aware of the expertise and best practice support Intellicap can provide?

## *Technoserve*

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Mumbai, February 18

Met with Parth Tewari and an associate, Anish

<http://www.technoserve.org/>

Notes:

Focus in India on Rural Economic Development through increasing yields, and markets of crops and livestock, along with business plan competitions.

Our team's take:

At \$200,000 in opex for a business plan competition, it seems that a better ROI could be had from working with one of the universities that encourages entrepreneurship or through the NEN Global A review of the the annual report gives us concern about the efficacy of the \$36myn that they have raised.

## *Innosight*

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Mumbai, February 18

Met with Brad Gambill, Managing Director and Hari Nair, Director

<http://www.innosight.com/>

Notes:

Start up incubator staffed by McKinsey folks aligned with the strategies authored by Dr. Clayton Christenson. Funded with \$7million by wealthy investor from New Zealand .

They have launched a number of businesses including an online tutoring program focused on the US, Innoway - an Indian Amway, and retail franchise businesses focused on kiosk laundry and shaving.

Our team's take:

Their relationships with McKinsey and P&G make us think that they'll likely have some success in getting good vendor relationships and their ideas to seem to be good ones. It's not certain how they might scale as the 5 or 6 associates they have will likely be stretched thin across the businesses they have in place. The team doesn't have much operating and deal experience and so that will likely be a factor in their growth, but their approach seems unique enough that it may very well work. They may want to look to successful MFI clients as a source of entrepreneurs to roll out their small businesses concepts (for example, if the laundry concept works they will need many individual site operators)

## *Integrity Foundation*

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Pune, February 19

Met with Jon Borde, Founder and CEO, and Sarah Haig, Asia Director for Hope International

<http://www.hopeinternational.org/>

Integrity Foundation does not yet have a website

Notes:

60 savings groups with 792 members.

We visited with 4 of those groups, including one based out of a church plant

Changing the mindset of churches with a 3-5 year plan and the concept that they can have self sustaining support with MFI rather than raising outside support

Raises his own support with consulting engagements that he runs at night.

His operating expenses from April to January were only \$6,000

Have not yet offered microloans, but plan to

They work closely with the local churches

Their approach is to embrace, equip, empower

For \$100,000 he could get housing for 25 families in the first savings group that we visited.....there may be an opportunity to lever that up  
Not clear that the Hope Intl. staff had a full appreciation for the business lending that was enabled with the group along with the efficiency of his opex.  
Jon's admitted challenge is scaling with Christian caseworkers

Our team's take:

The great strength of this organization is Jon. He has an everpresent smile, a good sense for business, terrific rapport with the women in the savings groups, a heart for the India of his youth and a passion for the Lord. At just 792 members, he is very much still a start up, particularly as he only offers assistance with savings groups which doesn't use outside capital to fund growth. We all want to come alongside Jon and help him anyway we can. Seems that Jon could benefit greatly by being more connected with other successful India MFI's. They specifically seem to need help getting their credit program implemented to compliment their savings group efforts. Could EASF, 5 Talents or Growing Opportunity help Jon source Christian case workers?

### *Evangelical Social Action Forum (ESAF)*

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Chennai, February 20

Met with Paul Thomas, Founder and CEO

<http://www.esafindia.org/>

<http://www.mixmarket.org/en/demand/demand.show.profile.asp?token=&ett=1988>

Notes:

Christian inspiration, not with reliance on Christian case workers

Senior leadership is Christian

16 years old

240,000 members, 140,000 loans

1,600 current employees

103% sustainable

Borrow at 13%, lend at 25%

Got support from Grameen in 1997

Grew up in the Syrian Orthodox Church, very involved in Christian Ministry

He was part time until 2002

Our team's take:

Paul is a great Christian man. Of all the people that we met, he is the one that is an Indian native, a strong believer and has proven to be successful at MFI. This leadership position is validated by Moses Rao, who chose Paul to be on his Board. We'd like to see Jon Borde, Jim Reiff and others sit at Paul's feet and understand how he has grown his business. As we only had breakfast with Paul, there is still work to be done to completely understand ESAF, and most importantly how he works (or doesn't work) with churches in the communities that he goes into. It's interesting to read his background on MixMarket (see link above) to see the Christian inspiration and hear from him that

the application in his business is more secular. We wonder how the process has gone from Christian to secular and what that means for other Christian MFIs that look to scale. Paul would be a great person to build an Indian Christian MFI conference around and we look forward to exploring that possibility with him.

### *Five Talents*

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Chennai, February 20

Met with Mr. V. Satyamurti, Rev. S. Asok Kumar, and a woman named Sheila (Indian native, wife of pastor in Virginia)

<http://www.fivetalents.org/>

Notes:

Mr.V.Satyamurti ,C.E.O , All India Association For Micro-Enterprise Development (AIAMED) was our host. I believe that Rev. Kumar was from the Anglican Church in Chennai. AIAMED is a support and network organisation providing training ,institutional development ,policy and advocacy ,share information and do research and consultancy. They have 120 savings groups set up, of which 45 are funded. It would be good to get an idea of total population. I think that Satyam said that they needed \$50,000 to fund the balance of them, though it was unclear if that was for just one loan cycle or not. Satyam believes that the church will take off in Pulicat in 3-5 years, but that time is required to earn the trust of the islanders.

Our team's take:

It was truly wonderful to see the 3 different borrowing groups. It's clear that they are making a difference. What was a little less clear is how they are working in the Gospel message. We had a different takeaway about how spirit led the groups are....that's difficult to say, but with leaders like Jon Borde, Paul Thomas and Moses Rao who are running other organizations, it's hard to overlook the impact of a dynamic leader that's on fire for the Lord and the country. We like their strategic use of MFI to build community among the villages and help them become financially self-supporting with the idea that these efforts can lay an effective foundation for a church plant in the future. The strategy seems to be: help people help themselves – build trust and a strong community – use the earned goodwill to start a healthy church – compelling.

### *Growing Opportunity, Ltd.*

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Chennai, February 20

Met with Jim Reiff, Managing Director and several of his Caseworkers

[http://www.opportunity.net/Members/Implementing/Asia/growing\\_opportunity\\_finance\\_go\\_finance/](http://www.opportunity.net/Members/Implementing/Asia/growing_opportunity_finance_go_finance/)

Notes:

In addition to MFI, they run programs on domestic violence and child development  
Boaz, one of their caseworkers, is a spirit led pastor that uses his job as case officer to support his new church plant

Chennai has a 10-11% Christian population.....much higher than the 1% over the rest of the country.

The office staff has 30-45 minutes of devotions in the morning before they start their work together.

28 field staff, 40,000 active clients

Just under \$4million in outstanding loans

Jim Reiff, their Managing Director, has field experience in Lithuania, Albania and India

Clients approach staff for prayer.

He has seen a significant number of his clients be taken away by competitors.

Our team's take:

Growing Opportunity is the largest organization that we saw that works with all Christian caseworkers. It was wonderful to hear how one of their caseworkers, in particular, uses his job to finance his church plant. We're concerned that Jim is battle weary and his comment that he "won't be able to change the world" makes us think that he could use some outside assistance to help spur his organization on to the next level. BUT, there's no taking away from the fact that he has overseen the largest, most successful Christian MFI that we saw. Seems to have excellent core staff and decent scale. Fresh vision and inspirational leadership seem to be needs – could Hope International assist in this regard? Should these 2 organizations team up? Would it breath some fresh life into Growing Opportunity if they were to expand into underserved (versus saturated) parts of the country? We were especially impressed by how the lending group leader we visited involved business instruction as part of each meeting. The topic in our meeting was best practices around account receivables.

### *The Mailbox Club*

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Chennai, February 20, 21

Met with Marvin White, Asia Director, Stephen C., India Director and Scott Toal, member Board of Directors

<http://www.mailboxclub.org/>

Notes:

Ministry to provide discipleship and scripture lessons to children worldwide, founded 30 years ago in Valdosta, Georgia

They reach just under 1million kids in India for about \$1 per kid

They have distribution relationships with both the Jesus Film and Operation Christmas Child

They follow along after the distribution of the shoeboxes from OCC and provide the children with the mailbox club lessons and a tutor that will review each lesson with them

Our team's take:

We'll never forget the time we had with the kids during the handout of completion certificates. Absolutely awesome to see the sense of accomplishment on the faces of the children and leaving us with the knowledge that these kids had each gone through 8 lessons that will bring them to a knowledge of and commitment to Christ. The joy, patience, energy and comraderie of the children matched or exceeded anything that we've seen in the States.....a great reminder that true joy doesn't come from material possessions, but in a relationship with Christ, something that we share with these young kids. Our involvement in the handing out of the shoeboxes was also an incredible time. It's clear that childhood is the perfect time to reach people for Christ and that the MBC is doing a remarkably effective job.....all at just \$1 per kid. They have a need for funding of the Explorers2 course as a follow on for the kids that have graduated. \$500,000 gets 500,000 of these lessons out. Our team will be looking for ways to provide financial support directly to MBC, sharing the story with others in our spheres of influence and assisting with business ideas to include marketing (Facebook, YouTube and e-mail marketing) along with investigating ways to scale their ministry using cell phone ministry in a country in which there are 9 million new cell phone subscribers a month. Finally, Love how this ministry can be “layered” on top of most any other Christian outreach. The cost/benefit of this ministry is compelling as is the strategic importance of reaching young minds and hearts.

### *Good Samaritan School*

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Delhi, February 23

Met with Ananthi Jebasingh, Founder and Laura Marie Proutman, Development Director

<http://www.friendsofthegoodsamaritans.org/about.htm>

Notes:

13 years of schooling in the toilets

Ananthi is incredible and works for free, as she always has.....schooling kids in the toilet complex for all that time....heir apparent to Mother Theresa?

They have 800 students currently, with room for 2,500.

Bible verses cover the walls

Challenge for scaling is money for scholarships

A scholarship costs \$35 per student per month

4 feeder schools in the slums

Our team's take:

Absolutley wonderful to see Ananthi's passion. The school building that the River Foundation underwrote is top class and could double as a school building here in the States. We need to find a way to fill up the school. We will look to raise funding locally here in Durham and encourage them to do employ the same types of marketing (facebook causes, youtube videos etc.) that will help them fill the school. There will also be an opportunity to encourage Jess Correll (the founder of the River Foundation who we've spoken with since our return) to see how this school concept might scale elsewhere in Delhi. Classical Christian Education for \$35 per month.....kind of says it all. Lastly, getting more children into this school seems some of the lowest hanging fruit we

found. What else can we do to encourage child education scholarships? Could we fund a video that tells a couple of the existing student's stories regarding their day to day life and future prospects before and after being part of Good Samaritan?

## *Nirmaan Bharati*

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Delhi, February 23

Met with Moses Rao, Founder and Ed, KC Jones, Director Technical Services and Prakesh Manwar, associate

[www.nirmaanbharati.org](http://www.nirmaanbharati.org)

<http://www.mixmarket.org/en/demand/demand.show.profile.asp?token=&ett=2740>

### Notes:

Moses is from Chennai and the founder

KC is their technical director

Prakash is an acquaintance who may have been sent down by Mohan Phillip, the original contact that put us in touch with Moses

Committed Christian from an Assemblies of God Church that felt called by God to go to the north He has experience in working with startups, and his most recent stint was with the Christian Broadcasting Network

Paul Thomas is on his Board, and has received counsel from Dr. Raju Abraham and Alex Abraham Lyston had actually met him before on a trip to Varanasi along with the Maclellan Foundation Had scaled from 7,000 to 58,000 clients over first to years, that number is now down to 23,000. Has had problems over the past year and has lost \$500,000 due to:

- a. competitors spreading rumors about N.B. failing
- b. Governor announcing loan waivers for political gain
- c. Floods that wiped out the assets of many of his borrowers

### Our team's take:

Moses seems to be a great Christian man with a lot of passion and vision. He talks of the challenges and failures over the past year with a candor that is almost disarming, but one that elicits confidence in his ability to turn things around. One solid step that he has made is to hire ASA of Bangladesh ( a leading MFI) onboard as a consultant to help him figure out how to improve the business. While his inspiration is clearly Christian, his approach is very secular, and we wonder if he might be missing an opportunity to work closely with the Christian churches that might provide his base of customers with sound Biblical training and give him some more traction with his customer base.....akin to some of the loyalty witnessed by the Integrity Foundation and Growing Opportunity folks. Lastly, we were especially struck by Moses' statement regarding wanting to be sustainable without funding from Western countries. There is something that rings

true in this statement that we believe should be pondered when our group considers next steps.

### Questions:

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Is there an opportunity to make the \$1 a day woman a caseworker? In other words, to use the all-star borrowers to become caseworkers....particularly in Jon's model?

Are there studies that look at the long term impact of those MFIs that are diligent in their community development and training? Or are the metrics just based on repayment rates and loans issued?

What are the academic studies available on the impact of Christian MFI? Are there any that compare Christian MFIs with Secular ones?

### Next Steps:

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1. Thank each MFI for their time
2. Pray that God might make it clear to each of us on how we should might take action on what we experienced.
3. Distribute Summary Document for review by trip participants
4. Talk to Scott Norling, of Gospel Missions (MBC) in Hyderabad about integrated missions and MFI in India
5. Review Notes and Questions with the different MFIs that we visited
6. Talk to Peter Greer about our time in Pune
7. Learn about Christian MFIs from the Chalmers Insitute (<http://www.chalmers.org/>)
8. David and Daniel Morken to work on a video to include stills of the trip for distribution
9. Have group review summary notes and next steps
10. Plan travelogues/presos at CGS, Summit, Bible Church
11. Assemble all of our pictures together and point people to the Christian MFI page on Facebook to see a current gallery.
12. Get summary materials from each (esp. Jon) online or through PowerPoints
13. Get all Christian MFIs together in Varanasi along with Dr. Abraham and possibly folks from Chalmers.....Lyston knows many of these folks and can help coordinate
14. Ananthi from the Good Samaritan School is coming to the States in May. Look to get her to an event in Durham
15. Review Mixmarkets.org to learn more about MFI
16. Meet with Brian Fikkert at Chalmers to learn more about MFI on April 2 and 3.
17. Understand what role Generous Giving and Mclellan Foundation have with MFI on April 2 and 3

18. Host Jon Borde of Integrity Foundation here in April
19. Eric Savage will be in Durham in June
20. Raise funds for Good Samaritan School
21. Have more DurhamCares vision trips to other places
22. Learn about church plants in Gurgaon and other places to tie them into MFI and MBC
23. Get Mary Morken (great love for the Lord and delivering dignity and economic empowerment to women) to India !

#### *For Next Time:*

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Definitely have the lunch buffet at Imperial Hotel  
Take a train again....great experience to stand in the doorway and see the countryside pass by Taj Mahal.....spend time sitting on the bench under trees on midway down the mall on the right hand side  
Make sure to print out trip confirmation to get into IGI Airport  
Take probiotics.....  
See "Slum Dog Millionaire" again before going

#### *Resources:*

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Chalmers Institute: Leading Academic Institution in the Study and Training of Christian MFI:

[http://www.chalmers.org/about/vision\\_mission.php](http://www.chalmers.org/about/vision_mission.php)

Article Talking About Targeting Giving from the Indian Middle Class:

<http://in.reuters.com/article/lifestyleMolt/idINTRE5211F20090302?sp=true.....>

Editorial in the TBJ By Jay Swaminathan, Dean of KFBS:

<http://triangle.bizjournals.com/triangle/stories/2009/02/23/editorial2.html>