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Ground Level Initiatives: The Micro-Finance Experience

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Can you imagine facing the dilemma of either selling your own child or watching her starve to death? What would you choose?

A story of restoration

That was the experience of one family we met through our involvement with micro-finance in South Asia. When we encountered this family, the father, Shohel, had recently injured his back and could no longer work to provide even the meager day laborer income they had previously benefited from. Without other economic opportunities in their remote village, they sold everything they owned—even two of their children—just to survive with basic food requirements.

When a human trafficking agent came to their community and offered them \$100 per child, they reluctantly agreed to the seemingly “lesser evil” of modern-day slavery for two of their children. Their youngest daughter and son were then sold to individuals in another district within their country, an alternative to witnessing their children starve before their very eyes.

We encountered this family just before they were about to send their eldest child, a daughter, into a sex-trafficking scheme pitched as a “good job” overseas. Even the mother was preparing to leave their village for the first time in her life in order to “work” in the Middle East, inevitably becoming yet another human trafficking victim.

However, through **GFM Ministries** (an NGO we had established in the region), we were able to offer medical assistance to the father, as well as a micro-loan to their family so they could

purchase their first cow and begin earning income from the milk.

Fast forward a few short months. Quite astonishingly, this family was able to *buy back their two children!* You can imagine the rejoicing that took place at the restoration of their family. Now their eldest daughter is also protected against human trafficking. The income from their micro-loan and further entrepreneurial activities has provided enough to not only keep them together as a family, but to flourish.

What's more, we established the first primer school in their village and hired the mother to work in the school. It brought me to tears hearing her tell of her hopes and dreams for her children. Not only are they safe from the dangers of human trafficking, but they are filled with hope for a better life. They now consistently eat three meals a day, have adequate shelter, clean water, three cows, and a small vegetable farm.

All it took was an opportunity.

Over and over again I've seen the truth of how "teaching a man to fish" feeds a family for much longer than a day; rather, a micro-loan helps feed them for a lifetime while giving them the chance to work hard and lift themselves from poverty.

What exactly is a micro-loan?

Before I answer that question, you're probably wondering how the daughter of a regular, middle-class family in mainstream America came to observe such transformations in the third world. My love for international people grew tremendously while I was a university student, as I developed friendships with several international students. It was at that time I first met Dr. Abraham. Native to the South Asian region and now a U.S. citizen, he is a dynamic social entrepreneur who is the brains behind this particular micro-finance program.

Upon witnessing the extreme poverty in South Asia during a few trips to the region, I became increasingly burdened to do something about it.

I then came alongside to help him establish the U.S.-based non-profit, **GFM Ministries**, in 2002. This 501(c)(3) organization implements the micro-finance program I've described here in partnership with a local South Asian NGO we also established. Now over 4 million USD are circulating in the hands of the poor in South Asia through these efforts, impacting close to a quarter of a million people.

Micro-loans are small loans, such as \$100–300, given to families in poverty to help them start or develop a business. They use the loans to cultivate a crop, buy a sewing machine to start a sewing business, or develop some other trade. Once their loan is repaid, it goes to the next vulnerable family, and it benefits additional families, over and over again.

Eligible families in our program are those in extreme poverty, making less than \$2 per day, and many are oral communicators (unable to read or write). These are individuals without collateral, and without an opportunity to even open a regular bank account. The traditional banking system isn't interested in talking with them, let alone trusting them with any money.

About 98% of our loans go to women. In this particular South Asian context, we have found this to have the greatest societal impact. In many of these communities women and children are marginalized and in danger of human trafficking or child marriage due to poverty, but a micro-loan is empowering. The ladies in this context are the most responsible in both consistently repaying the loans, as well as using the income strategically to care for their families.

For example, one young newly-married woman came to us with an interest in helping to support her growing family. She started with a \$100 loan to buy some chickens. Now she has over 1,100 chickens laying 800+ eggs each day. She has also started training others in her village on how to start their own poultry businesses.

Another unlikely entrepreneur was a woman who was earning just a few cents a day helping her mother clean and repair clothing. With \$200 she bought a sewing machine to start her own tailoring business. Today she employs ten young women, helping them support their own families, also supplying goods to over fifteen clothing shops in her region.

Families become members of the local NGO and undergo a two-month training program where they learn how to engage in basic financial literacy and start or develop a business from capital. At the end of the two months, our loan officers help them draft a business plan and meet with them weekly in their own village to collect micro-loan payments and support them with additional training.

A lasting impact: Why micro-loans are so effective in alleviating poverty

Rather than a one-time charitable gift with an impact that stops there, micro-loan investments are ongoing and self-sustaining. These investments into poor communities are recycled many times over as loans are immediately given out again once repaid, along with a minimal fee to cover the cost of the loan officers.

It has been exciting to see so many lives transformed. Not only do micro-loan recipients improve the well-being of their families through meeting their basic needs, but so many of them are flourishing, experiencing the dignity and satisfaction of a productive day's work. These families are eager to work hard to improve their lives, but they simply don't have the same opportunities as those in the developed world.

The vulnerable, such as children, are protected against human trafficking and child marriage, as parents are relieved of the nagging uncertainty as to how to feed their hungry children. What's more, young people are able to pursue an education rather than simply work in the fields to support the family income.

It has been an incredible privilege to see God's hand at work showing love to the vulnerable and marginalized through the micro-finance program. I'm reminded of this verse in Proverbs: *"Whoever is kind to the poor lends to the LORD, and he will reward them for what they have done."* – Proverbs 19:17

When we embarked on this journey to try to begin making a difference in the lives of those who felt forgotten by their Creator, I didn't realize the incredible way God would use these people to encourage and bless my own life in return.

While “the road less traveled” has included its own share of challenges common to any grassroots operation in a developing nation, the choice to travel this path has made all the difference. I never anticipated the reward I would have in return—true joy!

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