

# Suggested Faith-based Microfinance Initiative

William Michael Cunningham  
Social Investment Advisor

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[www.creativeinvest.com](http://www.creativeinvest.com)

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# Discussion Outline

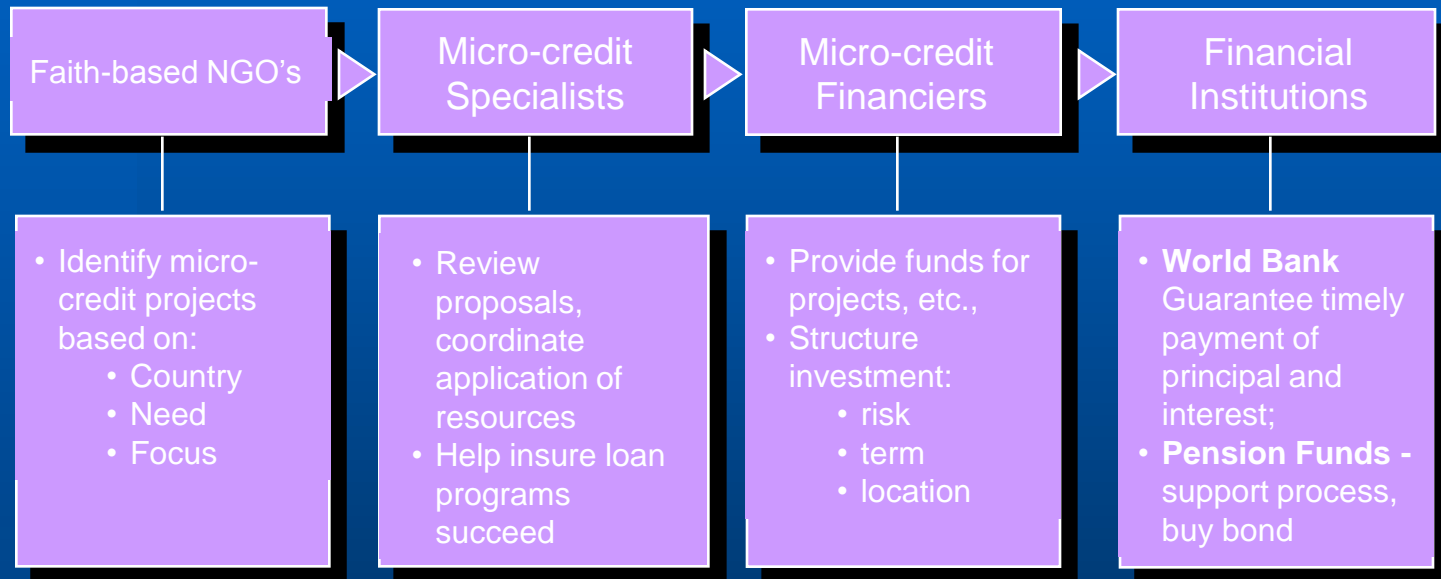
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- **What is the Faith-based Microfinance Initiative?**
- **Summary**

# Background

- Faith-based relief agencies work in overseas development and relief on behalf of churches.
- Faith-based relief agencies seek partnerships with communities and organizations, at home and abroad, in the Church and beyond.
- Faith-based pension funds have ties to organizations working in the micro-finance and micro-credit area: Oikocredit, RISA, ACCION, etc. Seek to create ERISA-compliant, social purpose investment supporting international work in micro-credit.
- Consultative Group to Assist the Poorest (CGAP) seeks to improve the capacity of micro-finance institutions to deliver flexible, high-quality financial services to the very poor on a sustainable basis.

# Faith-based Micro-credit Process



# Process steps

- Outline how faith-based relief agencies can source and identify micro-credit projects.
- Link faith-based relief organizations to appropriate micro-credit intermediaries: Oikocredit, ACCION, etc.
- Micro-credit intermediaries and International Bank for Reconstruction and Development (IBRD) develop framework for evaluating, selecting and funding specific projects.
- Accumulate and pool micro-credit loans.
- Develop credit facility: create IBRD guaranteed bond.
- Sell bond to faith-based investors.

# Why The World Bank?

- Country by Country effort required. Not efficient and too arduous for others to coordinate, manage. Requires significant international experience, capacity.
- Bank can handle currency issue. Translate into US\$.
- Process starts with WB/IBRD
  - **accepting micro-loans from across the world using modified underwriting, rating criteria.**
- Other key partners have to be identified, brought on board. Bank may be in best position to do so.
- Key task: Identifying an international source for below market financing