



# GUIDE TO IMPLEMENTING LOANS

PUBLIC WITNESS PATHWAY

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# INTRODUCTION

There is a critical transition in the 1K Churches process between completing the five-session 1K Churches Bible study and diving into the exciting work of finding a small business aligned with your chosen mission focus and making your loan. We assume that this is the point where you find yourselves right now or will in the near future. This guide is designed to help you take the next steps thoughtfully, confidently, and creatively. You will be expressing your faith through the economic action of making a small loan to a business that advances a social good. In turn, this simple action begins to shape the economy in small ways and fuels your imagination about how God's economy might work.

It is important that your group takes time to complete the Bible study before plunging into the loan process. Together you have pondered and discussed God's economy as reflected in the original household and garden in the story of creation. You have thought about sin in economic terms as a failure of relationships and lack of interdependence. We see sin reflected in our economy that clearly does not work for all. You have rejoiced in God's love that not only forgives and restores you to wholeness, but also works for the restoration of all things, including the economy. You have gained courage and confidence to believe that we can do better, that by God's grace we can mend relationships and co-create a more just economic system. Finally, you have celebrated the hope of God's kingdom, a realm of abundance, where hunger and oppression are no more.

The Implementation Guide builds on that important theological grounding. The key now is to apply those faith commitments as the process moves forward into the practicalities of making a loan. How do we build economic relationships that reflect our understanding of God's will for the world and God's call to each of us as players in the economy?

We assume that those who shared the study and reflection experience will form the core of the group that will implement the loan, even as others may join the group at this point. The participants in the Bible study were asked to make four decisions regarding the loan, before completing their study and beginning this next phase.

Those decisions were:

1. The source of the capital you will be lending, whether it is from an established congregational fund, from contributions of members of your group, or some other source.
2. The amount of capital you are prepared to offer as a loan. Criterion recommends a loan between \$500 and \$5,000; Kiva allows for loans up to \$10,000.
3. The mission focus you want to further through a loan to a small business. That might be anything from food security, to health, to environmental concerns. It might focus on the well-being of veterans, women, immigrants, former prison inmates, etc. Your identified mission concern may be an on-going focus of the congregation as a whole or the special interest of this small group.
4. The loan model you will pursue, chosen from the five investment pathways introduced in the Bible study and listed below.

- **ANGEL INVESTOR.** A direct relationship with a borrower, in which you set the terms, choose the borrower, and administer the loan.
- **PAY IT FORWARD.** A direct relationship with a borrower, in which you set the terms, choose the borrower, and administer the loan which is paid back through goods and services donated to the community at twice the value of the initial loan.
- **PEER LENDING.** A relationship with a community of business leaders who come together and select who from among their number receives the loan.
- **JUSTICE PARTNER.** A partnership with a local lending organization as an intermediary which approves the loan application and administers the loan according to its standards and procedures.
- **PUBLIC WITNESS.** A direct relationship with a borrower chosen by you with Kiva serving as an intermediary in approving the loan application, administering the loan, and raising capital for the loan through on-line crowdfunding.

Your group has chosen to follow the Public Witness pathway.

## YOUR INVESTMENT PATHWAY: PUBLIC WITNESS

A church becomes a trustee for an entrepreneur who may not be seen as worth the risk by traditional funding systems. Using the online platform of Kiva, the church publicly endorses (or “vouches for”) a loan for the business and encourages others in the community to do the same in small dollar amounts. The congregation chooses a person whom they either know well or is recommended by a community or social ministry organization, and makes the decision based on the person’s character, rather than a credit score. This path is all about revaluing the worth of a person and redefining who we see as risky or safe.

**Sourcing of the Loan (how to find the business):** Work through relationships or informal networks in your church or consult with local social ministry organization or community center to find at risk individuals.

**Due Diligence (how to evaluate the business):** Provided by Kiva.

**Interest Rate:** 0%, set by Kiva.

**Collection Practices:** Kiva is responsible for collections, although the on-going conversation with the congregation (trustee) is critical to the support of the business owner.

**Term of Loan:** Two years for a loan up to \$5000; three years for a larger loan.

**Documentation Required:** Provided by Kiva.

**Example:** Dan, an active church member with a felony record, has started his own catering business, but because of his spotty employment history, he is unable to get a business loan. Dan’s congregation becomes a trustee for him on Kiva’s website and lends the first \$500 toward the \$3,000 he needs for equipment, using the Kiva platform so that members of the local and online communities can join in and lend the rest.

The Public Witness pathway offers rich opportunities for you to form a personal relationship with the borrower for whom you are willing to publicly vouch even though this person may not qualify for a loan through regular channels. While you have a significant role in identifying and building a relationship with potential borrowers, the responsibility for approving and administering the loan is handled by Kiva as your intermediary. Your group decides how much capital to invest in the business; the remainder of the loan will be raised through crowdfunding on Kiva.

This implementation guide will walk you through the steps of making a loan of \$500-\$10,000 to an established (at least two years) small business (five or fewer employees) in your community, using the Public Witness pathway. If your group is part of a congregation, you will want to be sure that whatever approvals that are necessary are in place and the congregation as a whole is aware and supportive.

The intent of the 1K Churches campaign is not simply to get money out the door to deserving businesses. The deeper intent is to engage congregations to reflect on their economic relationships. It's a starting place for imagining, discovering, and practicing God's economy. This isn't a guide to put a full lending program in place. To efficiently invest larger amounts of money requires different planning. The guide includes:

- Tools that can facilitate the process of making the loan
- Recommended processes
- Templates and sample communications
- Stories and lessons learned
- Questions for theological reflection
- Ideas for rituals and celebrations

The tools and practices recommended in this guide build on four essential principles:

## 1. STAY GROUNDED IN RELATIONSHIP

Most of us look at our financial lives as a series of transactional experiences, distilled in documents like contracts, bank statements, and mortgage agreements. We don't imagine our financial interactions as the economic relationships that they are. In the Bible study, the title of each investment pathway reflects how you are in relationship with the borrower. We intended this to remind you of the relational center of this whole process and your role in the relationship.

As in any developing relationship, it's important to demonstrate compassion and respect and to remember the common goals you share. Have conversations about what each person seeks to gain in the relationship. This will set the stage for open communication and support from all involved.

There is a saying: "You don't have money problems; you have relationship problems showing up as money problems." If you get the relationship part right, then the money part will actually be easier. You truly can't make the money part work, without the relationship part working.

## 2. REFLECT TOGETHER IN FAITH

When you link back to the important work done in the Bible study, you are reminded that it is real, human relationships you are seeking to build through your investments. You learned how interdependent our world was meant to be and what harm happens when that interdependence breaks down. The Public Witness pathway highlights the dynamic of grace. It invites us to risk on behalf of the other and helps us rethink how we value the worth of a person.

Continue to reflect and pray on these and other important theological insights whenever you come together to make decisions and move forward in the investment. In the process, you will be creating a safe place to practice economic relationships grounded in our faith.

### 3. MOVE TOWARD ACTION IN THE COMMUNITY

Keep action and reflection in dynamic tension. We have intentionally designed this process so that there is time for study and reflection. Then it is time to take action and move into the community. To live faithfully in economic relationships, you need to engage. Once you are clear about what you are prepared to offer and have gathered a pool of potential borrowers, act quickly and decisively, within the procedures provided by Kiva. Moving to action will help your group stay focused and will also get needed resources to the business in a timely way.

Working through Kiva allows you to share the risk with other on-line investors, putting you in a more secure financial position than if you were doing this on your own. Kiva has a very high rate of loans repaid. Nonetheless, to get out there in the marketplace you must be willing to tolerate some risk of failure. One reason for choosing the Public Witness pathway is that it allows you to stand up for someone whom the system says isn't worth the risk. Others will join in funding this person because of the public witness you make as a church. It is important to think through early on how the congregation will continue to engage in a faithful relationship with the business owner, even if the loan or the business fails. That may be when your support or pastoral care is most needed.

### 4. KEEP THE LOAN ITSELF SIMPLE

Because you have chosen to work with Kiva as your intermediary, you're unlikely to get bogged down in the details of the loan terms and agreements. You can let Kiva take care of the practicalities and legalities, so that you can stay focused on the relationship. Relationships come with all the complexities and failings we share as individuals and communities.

### 5. REMEMBER HOW PUBLIC YOUR WITNESS IS

When this loan goes on-line through the Kiva website, it will reach thousands of people all over the world. As a Kiva trustee, you will be vouching for the integrity and worth of a small business owner, who may not meet the standard qualification for a loan. For instance, you could be saying that someone who has been in prison should have a new start. You are saying that someone who been down on their luck deserves another chance. You are bearing witness to the hope that we have in the resurrection, that the dead will rise again!

# 1. FORM (OR RE-FORM) AN IMPLEMENTATION COMMITTEE

Before you started the Bible study, you had to form some kind of planning team to convene the study group and to make some initial decisions. Perhaps the Bible study leader was also the coordinator. Many groups have found it helpful if someone with organizational skills agrees to serve as the 1K Churches Steward, who pulls the group together and keeps it on track. To implement the loan, you will need to either re-form the original planning team or convene a new group to serve as the Implementation Committee. This committee will select a business owner to sponsor for a loan and will maintain a relationship with him or her through the life of the loan. It is highly desirable that there be strong representation of people who have experienced the Bible study on the Implementation Committee.

## A FEW GUIDELINES IN SETTING UP THE IMPLEMENTATION COMMITTEE:

### INVITE INTENTIONALLY

The implementation process creates an opportunity for the congregation to enlarge the circle of people who are participating directly in making the loan and reflecting on what that means in terms of their faith. If there has been a positive buzz in the congregation about the Bible study, you may find people eager to participate in this next phase. In one congregation, a micro-business owner who had not been able to join the Bible study was honored to be personally invited to join the implementation committee and empowered by this opportunity to help another business.

You might consider inviting particular people with relevant skills or experience to join the Implementation Committee itself or to serve in a more targeted advisory capacity. For example, if immigration is your mission focus, you might invite someone who can help with translation. Since you are following the Public Witness model, seek to include members who will be good at reaching out to community agencies and willing to be advocates. Consider inviting someone with computer skills to be available to help the committee and the borrower with some of the technological requirements for working with Kiva.

### KEEP THE GOOD OF THE WHOLE CONGREGATION IN MIND

If you are seeking to involve the congregation as a whole and to make micro-lending part of the congregation's identity in the community, then it is a good idea to invite new people to join the Implementation Committee and to enlarge the circle at each stage in the process. If, on the other hand, you are content to have this be a special project of a self-selected segment of the congregation, then keep the Implementation Committee small, but find creative ways to stay connected and appropriately accountable to the congregation as a whole.

## SET CLEAR EXPECTATIONS OF ROLE AND TIME COMMITMENTS

The Bible Study is designed to fit within a fairly concentrated five-session period of time. The full implementation of the loan is going to extend over two years or more. Clarifying your loan, selecting the borrower, becoming a Kiva trustee, and finalizing the loan agreement will be a concentrated set of work at the beginning of the implementation process. Loan repayment itself will take two years, during which time regular engagement with the business owner is highly encouraged.

## CREATE AN EXPECTATION OF SUSTAINED FAITH FORMATION

As you form or re-form the Implementation Committee, make sure that the new people share the expectation that faith formation will continue. The Implementation Committee is likely to attract doers who want to get to work and get that money out the door where it will do some good. It will not serve well in the long term, however, if the lessons of the Bible study are left behind as the focus moves to doing only. Action alone is not enough. Reflection on this simple action of making a loan is the key to deeper theological understanding and lasting change in how we understand our economic relationships. Planning for a Service of Blessing at the beginning of the process and a Service of Thanksgiving and Reconciliation at the end helps with the integration of faith and action.

## CLARIFY WHO HAS THE FINAL SAY IN DECISION-MAKING

Be sure committee members agree in advance about what mission concern they want to advance through a small business loan and about the process for deciding which business they will sponsor. If members of the group made commitments to raise or contribute their own money for the loan, make sure those funds are actually in place. It is not helpful for people to vote with their money or withdraw their support if their preferred borrower is not finally selected.

If there is a congregational governing body (such as a church council or vestry) that authorized the money for the loan, confirm the amount of the loan that has been approved and clarify that the implementation committee is authorized to make the final decision about who the congregation will sponsor for the loan. If the governing board insists that it takes the final action of choosing the specific business owner the congregation will sponsor on the recommendation of the committee, that should be well understood in advance. Everyone should be clear that Kiva finally is responsible for evaluating and acting on the loan application of the chosen business owner. When you are in the midst of building a relationship with potential borrowers, you want to be able to clearly communicate what they can expect and to move through a clear decision-making process without confusion or unanticipated complications.

## EMBRACE THE FREEDOM TO IMAGINE NEW KINDS OF ECONOMIC RELATIONSHIPS

Take advantage of the Kiva model as a way of imagining new kinds of economic relationships that reflect God's Economy. How else could you humanize the process of making and receiving a loan? The committee may want to intentionally include business or financial professionals in the congregation as they explore alternatives to "business as usual."

## MANAGE THE RISKS

Working through Kiva ensures a very high rate of loan repayment. There is always an element of risk, however, in making a loan. And with the Public Witness model you are stepping out in faith to sponsor someone whom others might regard as “risky.” You are encouraged to weigh the risks and be bold enough to make the loan anyway.

What is the right amount of money to risk? Criterion consistently suggest that congregations keep their contribution to the loan in the \$500 to \$5,000 range, with any additional funds provided by other on-line investors. If the amount is too small, the loan itself may be trivial to both the borrower and the lending group. If it is too large, concern about risk may become paralyzing to the congregation. Kiva allows for maximum loans of \$10,000.

*The committee decided to make a loan to a business in the community. Several members of the leadership of the church have had interactions with the owner of the business that were not positive. What is the pathway that gives the implementation committee permission to forge a new relationship with the business leader and at the same time honor the challenges and potential discomfort that the leaders in the congregation will have in this association?*

Making a loan will be a new experience for most of you. Taking this action is meant to be a place to practice. It’s important to keep the risks within bounds that the congregation can accept, so that there is freedom to experiment, explore, and reflect on what you are learning. How does the process of assessing risk challenge your understanding of economic relationships? Is it right to step back from a relationship because it might be challenging? Be sure

that the committee and the congregation know that there is room for failure and that those who are willing to take the risk can count on support without recriminations. It is in the “failures” that we can test what it means to be in economic relationships grounded in our faith.

## SAMPLE WORK PLAN

We have developed a rough plan for how the Implementation Committee might accomplish its oversight of the process of making a loan and maintaining a relationship with the loan recipient through the course of the loan period. As you will see, this is far more than a list of tasks to check off. Each step involves you in thinking through economic relationships and how they might more closely reflect God’s economy.

### STEP 1: ORGANIZING (GOAL: 1 MONTH)

- Invite a member with organization skills to convene the committee and keep the work on track. We sometimes call this person the 1K Steward
- Extend an invitation to potential committee members, building on the Bible study group but open to others who have interest or bring specific gifts
- Make this Implementation Guide accessible to committee members
- Set times for the first three meetings of the committee, hopefully within no more than 6 weeks, and additional meetings as required

**STEP 2: PREPARING TO OFFER A LOAN (GOAL: 1 TO 3 MONTHS -- OR HOWEVER LONG IT TAKES. IMPORTANT TO COMPLETE THIS WORK BEFORE BEGINNING TO PUBLICIZE LOAN OPPORTUNITY OR INVITE APPLICANTS.)**

- Review and confirm decisions already made by the Bible study group about loan model to pursue, the amount and source of the proposed loan, and the mission interest it will further
- Review the Kiva website ([www.kivaushub.org](http://www.kivaushub.org)) to clarify the terms and requirements of the loan as specified by Kiva
- Begin application process to become a trustee for a small business receiving a Kiva loan
- Communicate regularly with the congregation
- Develop plan for identifying potential borrowers

**STEP 3: ENGAGING WITH POTENTIAL BORROWERS (GOAL: NO MORE THAN 1 MONTH BETWEEN INVITATION AND SELECTION)**

- Invite potential borrowers to apply, making clear to them what you are offering and the expectations of Kiva
- Initiate conversations and gain necessary information from potential borrowers
- Select the borrower

**STEP 4: CARING FOR THE LOAN RELATIONSHIP (GOAL: 2 YEARS OR WHATEVER THE TERMS AGREED TO FOR LOAN REPAYMENT)**

- Formalize the relationship with the borrower as his or her Kiva trustee
- Assist the borrower in meeting Kiva requirements such as website development and securing initial on-line support
- Set patterns and practices for staying in relationship. Use the tools on Kiva to stay engaged with the borrower and communicate with the other lenders across the globe
- Plan for a Service of Blessing and set date for a Service of Thanksgiving and Reconciliation
- Sustain the loan relationship
- Exit the loan relationship and transition

## 2. CLARIFY THE INVITATION THE CONGREGATION WILL OFFER

Each of the loan models involves a very personal invitation to one or more small business owners in your community. Invitations have great power. They set the tone for the whole relationship you hope will develop. It's important, therefore, that you give careful thought to what you will include in your invitation long before you deliver it.

Just like an invitation to a party or other event, your invitation gives the potential borrowers the details they need so they can determine how they should respond. Think about how you relate to those details in the invitations that come your way. If it is a party at a lake and you don't know how to swim, do you go? Or if it is not clear what is going to happen, do you feel anxiety about whether you will be able to participate or what clothes to wear?

Think through what allows you to feel good about receiving an invitation. What does it take for an invitation to be truly "inviting?" Is it thoughtful? Does it fit you? Does it make you feel honored? Is it attractive? Does it create a connection? Build community? Are you free to decline? Is it clear what is expected of you? Does it tell you what you need to know to participate?

Invitations about money are often complicated both practically and emotionally. Debt makes us vulnerable. There are parts of our economy set up to exploit that vulnerability. An invitation to a relationship where one will be the lender and another a debtor could invoke experiences of shame and helplessness. The offer could be seen as exploitative in and of itself, even if not meant that way.

And remember that this invitation is very public in nature. You are inviting a business owner into a relationship and you are also inviting the public at large to make many small loans to this business. Your public witness creates a wider community of people who are invested in this business and the good it does.

### DO YOUR HOMEWORK FIRST

As the Implementation Committee, you will need to spend time early on becoming absolutely clear about what you are offering to a small business owner and what kind of relationship you are inviting him or her into. You also need to fully understand the spirit and the specific expectations that Kiva introduces into the equation, like the need to produce a web presence and to solicit initial support from a number of personal friends or family. You need to be clear also on your responsibilities as a Kiva Trustee, supporting and standing up for your chosen borrower. Download and study the relevant sections from the Kiva website ([www.kivaushub.org/resources](http://www.kivaushub.org/resources)). You need to be able to explain all the provisions to potential borrowers. This work needs to be completed long before you begin publicizing the loan program or inviting people to apply.

You can also connect directly with the Kiva team to understand how the Kiva model works, and ask any questions you might have. The Senior Director of Kiva U.S., Jonny Price, has a great relationship with Criterion, and has expressed a willingness to personally make time for any potential Kiva Trustees that are working through this guide. Jonny can be reached by email at [jonny@kiva.org](mailto:jonny@kiva.org). Kiva wants to learn with us as we explore God's call to be active in the economy.

As you work towards clarity, you will learn new things and you will likely change your mind about certain things. Even so, try to be consistent in your conversations with the potential borrower. There will be anxieties on your end about the risk you are taking in making loan. It is important, however, for you to keep in mind that the lender is the one with the power and the borrower is more vulnerable by definition. You can help reduce anxieties by being clear about where you stand, what you expect, what kind of return you are going to need to feel whole. You will put others at ease if you do not project an anxious presence, but maintain a calm and reasonable manner.

Offer an invitation that is clear, easy to understand, and free of anxiety-producing complexity. Every layer of complexity you add increases the potential for miscommunication. Have no fine print. Offer full transparency, and then live up to it. Make sure you know what your process will be, so that you can help potential borrowers understand what will be involved if they choose to participate. Nothing feels worse than being invited and showing up . . . and then realizing it wasn't at all what you expected.

Once you are clear about expectations, make sure you are prepared to meet them on your end. Don't promise what you cannot deliver. If you say you are going to have a meeting in a month to make a decision, have the meeting and make the decision.

### CLARITY ON SPECIFICS

Make sure you are in agreement about the specifics of the loan so that you can communicate truthfully and give people straight answers. We suggest the following rules of thumb. If you want to structure things differently, talk about it and be clear what rules you will follow.

**THE LOAN RECIPIENT** meets the following criteria:

- Business located in your community
- Business aligned with your chosen mission focus
- Business has at least a three-year history, rather than being a start-up
- Business has five or fewer employees

**THE LOAN** is structured within these constraints:

- The amount of the loan may range from \$500 to \$10,000. You decide on an amount within the total loan that the congregation will provide, with the remainder coming from crowdfunding online. Criterion recommends that the congregational portion of the funding not exceed \$5000.
- The interest on the loan through Kiva will be 0. And there will be no fees for the borrower. Kiva's costs are funded through small donations on the site.
- Kiva allows 2 to 3 years for the loan repayment.
- The repayment schedule will be weekly or monthly, according to Kiva procedures.
- Disbursals and repayments are made electronically via PayPal.
- The loan is posted and *crowdfunded* online via the Kiva website.

*"Microbusinesses represent 92% of all US businesses."  
Bigger than You Think: The Economic Impact of Microbusiness in the US, Association for Enterprise*

## PRACTICE HOSPITALITY

Our Christian understanding of hospitality encourages us to welcome the stranger, knowing the stranger will change us. We are seeking to be changed in our relationship with the borrower in ways that deepen our faith and bind ourselves more deeply to our community. If we are truly open, we will also be changed in ways that we cannot anticipate. Be prepared to be surprised.

## THE NEED IS REAL

We do not recommend that you conduct an extensive needs analysis in the community to determine who really needs a loan or who is worthy. You can learn more by watching how people respond to a first invitation. And there is good data already available about what kind of money micro-businesses need in general. We refer you to the following articles that you can access on our website at: [criterioninstitute.org/our-church-work/1kchurches/bible-study-resources/](http://criterioninstitute.org/our-church-work/1kchurches/bible-study-resources/).



- Bigger Than You Think: The Economic Impact of Microbusiness in the United States, prepared by AEO, Association for Enterprise Opportunity.
- In Search of Solid Ground: Understanding the Financial Vulnerabilities of Microbusiness Owners, prepared in 2014 by CFED, the Corporation for Enterprise Development.

The need is great in general. It is even greater for those who fall outside the criteria of financial systems. Someone with a criminal record or someone leaving an abusive relationship has very limited access to the capital they need to build a thriving business.

## 3. COMMUNICATING WITH THE CONGREGATION AND THE COMMUNITY

A small group within the congregation participated in the Bible study. Now the loan implementation process presents an opportunity to amplify the message and expand the conversation. The whole congregation and the wider community can share in the excitement and participate in various ways.

As its name reflects, the Public Witness pathway is an emphatically public way of lending and borrowing. In addition to using communication channels to identify potential borrowers, you have an important role to play in raising awareness about the small business for which you have become a trustee. You will be inviting others to join with you in funding the enterprise.

### CONGREGATIONAL CONNECTIONS

From the beginning of the Bible study and throughout the whole loan process, the group immediately engaged in the process should share how what they're doing fits within the larger goals and life of the congregation. Their learning through action and reflection should be seen as part of the overall faith-formation program of the congregation and not only as a social ministry project.

Sponsoring a crowd-funded loan to a small local business is a good way to make a congregation more visible and connected in the community. The whole congregation should understand this process as a key strategy for community outreach. Share and ask for their ideas on how to maximize wider impact.

If you've decided that your loan will go to a business advancing a social outreach goal identified by the wider congregation, tell the congregation. Whether it's immigration, youth, aging, veterans, ecology, food security, or living wage, let them know you're bringing a new strategy to help address a shared concern. Others associated with this mission concern might be helpful in identifying possible loan recipients or additional contributors to the loan fund. They may see synergies beyond what you have imagined. All members of the congregation will be invited to add to the loan fund on-line.

### PUBLIC COMMUNICATIONS

Good communication is especially critical as you seek to find suitable loan recipients and to engage the larger community in supporting the business that your congregation is sponsoring. Once the Implementation Committee has done the basic work of clarifying the specifics of the loan and their criteria for potential borrowers, they can begin to go public with their communications.

The timing of public communication can be sensitive. Don't rush public communication before the committee has come to consensus and is clear about plans and priorities. If the committee is still struggling, it should be allowed to work things out privately. Sometimes the pressures to get the

investment opportunity up on the Kiva website compete with the need to get all the ducks in order before going public.

The Kiva website can be the primary place where you publicize the business and solicit support for the loan. You have other opportunities to invite people to join you in supporting this business.

In the congregation:

- Share what you are looking for in potential borrowers and enlist the help of the congregation in spreading the word and identifying possibilities.
- Announce the business selected to receive the loan and encourage the congregation to support through prayer, friendship, patronage, and additional on-line support for the loan.
- Plan a ritual of blessing for the loan and borrower in the context of Sunday morning worship or invite congregational members to attend the ritual in another context.

In the community:

- Meet with financial, civic, and business groups to share your intent to invest in local businesses and solicit their help in identifying potential borrowers. You may be surprised by how excited they are to see the church reaching out in this way.
- This might make a good story for a local newspaper or TV channel.
- The loan recipient might put up a small sign in their place of business recognizing the partnership with your church.
- Share what you are doing with other congregations in your community and encourage them to begin the 1K process in their context.

The business also has opportunities to publicize and solicit support for the loan. The church could help produce a flier for the business owner to distribute among clients, customers, suppliers, associates, friends and relatives.

### **KEEP THE MESSAGE POSITIVE**

As you communicate, focus on the mission more than the loan. The loan is made not for its own sake, but as a way to further the overall mission of the congregation, to advance a mission priority of the congregation, to build meaningful relationships within the community, and to strengthen those communities. Talk about what this business makes possible in the world and how that aligns with the values of the congregation. Reinforce the importance of relationships in the community.

Be careful not to create the impression that the return of the loan money is guaranteed. That would only increase the pressure to eliminate the small but real risks involved in ways that are not necessary or helpful. It's important to be clear, even if it seems obvious, that this is not meant to replace other forms of engaging in the community. It's another way of being in relationship in the community.

## DEALING WITH DIFFICULT CONVERSATIONS

Not everyone will share your enthusiasm for this process. Some church members will want to keep business relationships outside of and separate from the life of the church. The reality is that this isn't possible. The church hires lawyers, accountants, contractors, professional and support employees. It rents space and buys supplies. All of those business arrangements are relationships that work for good or for ill. Think of ways that getting involved in a small business could inform how the congregation handles conflicts and opportunities within their existing economic relationships.

The Implementation Committee and those who participated in the Bible study have been through some serious exploration of how economic relationships connect to our call from God. Make use of the wisdom of this group by giving them a role in sorting out issues related to how the congregation conducts business, handles its investments, and resolves employment issues.

As we know, conversations about money at church can be hard. You probably encountered awkward moments or conflicts within the context of the Bible study. Here are a few of the more explicit negative comments we have collected from participating congregations:

“Look at that sign outside. That says church. Not bank.”

“I don't see or want to see businesses as part of our community as a church.”

“There are people in poverty throughout the world; there is no reason our church's money should go to support a business who is just looking to get rich.”

“Our banking system is corrupt. It will infect our church if we bring its practices into our life.”

Those comments were made in the relative safety of small group discussions where trust had been developed. They likely continued in coffee hour and beyond. We all have a lot to learn about how to have these conversations within church. This work will test and stretch our ability to respond and engage in ways that help us become a more honest and caring community.

This program is fundamentally about our faith formation. Your small loan will not solve the challenges of small businesses in your community. It won't even solve all the challenges for one business. Taking this simple action is a way for us to practice being in specific economic relationships in the context of our faith. We don't need to turn this into an argument, but rather to humbly walk a path, seeking to learn how we can be in better relationship with God and with one another.

Remember that you have access to a network of other congregations doing this work. Criterion staff are also a resource to answer your questions or to put you in touch with other congregations in similar situations. Contact at [info@critterioninstitute.org](mailto:info@critterioninstitute.org). We can walk you through any situations that might arise or put you in touch with other congregations dealing with the same issues. Make use of your own resources and take time within the implementation committee to support each other.

## 4. FIND A POOL OF BUSINESS OWNERS TO BE POTENTIAL BORROWERS

Through the Bible study and ongoing conversations within your congregation, you have made a shift. While most people see businesses as a place of disembodied financial transactions, you are more likely now to regard businesses as groups of human beings working to earn a living and create something of benefit to the larger community. You have a new level of empathy for business leaders and more interest in understanding what makes their world work. You have come to the place where you are actively seeking to loan capital and form a relationship with a small business owner in your community.

You know now that microbusinesses need the kind of money that you are offering. Low interest and unsecured lending opens up a whole set of possibilities that do not exist within the formal banking systems. These small businesses will welcome your investment, as long as the invitation works for them.

*At Christian Theological Seminary in Indianapolis, a course based on 1k Churches engaged both local congregation members and seminary students in exploring all five of 1k Churches' loan models. Participants broke into small groups, received a small amount of seed capital from the seminary, and immersed themselves in the local community, looking for five businesses that reflected the mission priority each identified.*

*One of the borrowers was a formerly incarcerated woman, who wished to launch her own catering business. She received a loan via the Kiva online platform that grew the initial loan amount by "crowd-sourcing" from the community. This allowed her to launch her catering business. She named it Sweet Temptations. At the end of the class, a service of celebration was held, with a reception catered by the catering company.*

Now, how do you find these small business owners? And even more important, how do you find them in a way that will lead to a good relationship? Use your own creativity and ingenuity to connect with small businesses aligned with your mission priorities and in need of your investment. They are out there waiting. You will most likely discover them by working through existing organizations in your community and by activating your own informal networks. It is easy for congregations, even highly motivated congregations, to get stuck at this point. But it can also be an energizing time, because it is basically the work of relationship-building. While Christians value relationship, we do not always know how to make new ones beyond the congregation. Finding potential loan recipients through personal and civic networks forces the congregation out of its familiar and often inward-looking circle and becomes the occasion for real community engagement.

Consider using one or more of the following techniques to get to know the businesses in your community and how they are organized.

### WORK THROUGH EXISTING RELATIONSHIPS

Identifying potential microbusinesses to invest in may seem like a daunting task at first. But if you don't know where the businesses are, you know people who do. Just as we ask friends and neighbors for referrals when we are looking for a doctor or mechanic, it's best to work through the relationships we already have. Members of your church may know a business owner who could benefit from a small loan. Reach out to them! For example, if your mission focus is single mothers, ask members of the congregation to submit the names of business owners they know who are also single mothers. They can help you garner a good group of potential business owners in your community that you can get to know.

### USE COMMUNITY CONNECTIONS

Another option is to connect with agencies or individuals who are already well connected to the community. They may be strangers to you, but they are known by the community and can help you build relationships with local businesses. You can get recommendations through the local business association, community center, or agency that works with microbusinesses or entrepreneurs. It is particularly helpful to find potential borrowers who are working with a case worker and are in a supportive structure. Contact a local social ministry program. Connect with a domestic violence shelter or a program supporting formerly incarcerated persons.

### RELY ON LISTS OF AREA BUSINESSES

Draw from your local yellow pages or pull a list of businesses from the local chamber of commerce for your zip code(s). You can screen based on a mission focus or by the type of business. Once you've screened, create an action plan to contact them. Try simply walking into the businesses for introductions and conversations. You are doing the work of evangelism here as you offer yourselves as a welcoming presence and a potential resource in the community.

### CONNECT THROUGH NATIONAL OR STATEWIDE NETWORKS

Organizations with wider scope can also lead you to the small business in your town that needs your loan. These might include business associations like the Chamber of Commerce, the Christian Business Association, or organizations related to your mission concern: immigration, food security, environmental concerns, gender and women's issues, prison justice, elderly and aging concerns, children and youth, etc. The internet will be a ready source for local and national organizations with some simple searches.



*A congregation in Napa, California, wanted its loan to benefit Hispanic immigrants in the community. Their search for potential borrowers took them to the Napa Valley Hispanic Chamber of Commerce and to the Diversity Advisory Committee of the local hospital, where they made public presentations to sizable groups. They invited those present to consider applying for a loan for their own businesses and also to help spread the word among others they knew who might be interested in a loan. At these meetings, they also distributed a flier that laid out what was involved in a clear and inviting way, so people could take it home and think about it or pass it on to a neighbor or friend. The flier included information about who to call to ask further questions and to request a loan application. Helpfully, they provided a Spanish language version of the flier. A copy of their flier is included in the 1K Churches Resource area of the Criterion website.*

## MAKE IT PUBLIC

Post in your weekly program, newsletter, or church website that your church is seeking to build relationships with local businesses. Give contact information and specifics about what types of businesses you would like to attract so that you end up with those that relate to your mission focus. For example, if you want to address unemployment in the area, you can announce that you are looking to get to know businesses in the area that have fewer than 5 employees and are looking to expand in the near future. Use your own judgment in deciding how public to go with your announcement. Does the publicness of the invitation help build relationship? Or is it simply expedient? Overall, as you are practicing, you might want to practice in a more private environment.

## USE YOUR IMAGINATION

Open your eyes to the small businesses that are already part of your life or are connected to people you know. Start engaging in conversations when you are visiting businesses. Don't make it a forced interview, but in a casual way draw out the stories of how businesses got started and what it takes to keep them going. Ask how the business was initially funded. Has the community helped you build your business? What is hardest? It is like asking someone how they came to meet their husband or wife. It is through conversations like this that many businesses are financed. Friends talk to friends and the need

*Over dinner with my mother at a local restaurant, we started up a conversation with our server. It became clear she was the owner. We asked her who helped her build her business. She talked about how hard it is to get loans to get through the low times. Now we had the start of a relationship. So, we told her about our church and our desire to make micro-loans in the community. Would she be interested in such a thing? Did she know others who might be?*

emerges.

## 5. INVITE BUSINESS OWNERS TO APPLY FOR A LOAN

As we have said, invitation is a powerful form of interaction. Relationships begin with invitation. Invitations have the power to expand, strengthen, and deepen pathways to meaningful participation. The invitation itself makes a difference regardless of what the eventual response may be. Invitation is a form of power that does not coerce, but opens a door that allows the other to take a step they might not have otherwise. Because invitations have this kind of power, it is important that we extend them with care, with respect for the recipient, and with regard for the relationship we hope to create.

Refer back to the earlier section on Clarify the Terms of the Invitation. Much was said there about the importance of the committee's work in coming to agreement about the particulars of the loan you are prepared to offer and the nature of relationship you want to invite a potential borrower into. You need to reach this clarity well before you actually begin to extend the invitation. You do this for the sake of the potential borrower, so that your uncertainty doesn't create unnecessary confusion or anxiety for them. With this preparation completed, your invitation can be simple and clear and genuinely inviting.

Based on section four, you also have some ideas about how to go about finding potential borrowers. If you have decided to partner with a social service agency, you might want them to do the screening process and select a qualified candidate. Or you have used your own personal connections, exploratory conversations, and interaction with networks in your community, to identify a pool of business owners whose small enterprises are aligned with your mission priority. Maybe you have just one or two in your pool. Or it could turn out to be a long list. These business owners may or may not know about your micro-loan initiative yet. They may or may not be actively seeking a loan. In some cases, you will have a pre-existing relationship with the person; in others, you will have had some initial conversation; in still others there has been no direct contact.

The next step is to reach out to them with a concrete invitation for them to consider applying for a loan. You will want to make direct contact in person or by phone to invite these business owners to apply. Even though this step might feel awkward, resist the temptation to just send an invitation through the mail or by email. As a church investing in a local business, you are doing something new, creative, gracious, and completely unexpected. You will catch people by surprise. A personal invitation is always best.

How do you have these conversations? At a practical level, you will first need to have the actual names and contact information for each person in your pool. Then you should take time to think through what is going to make this conversation easy and inviting for the business owner. Consider sending one or two members of your committee to visit them at their place of business or at a local coffee shop. That is probably going to be more successful than asking them to come to the church. Unless the business

owner is already known to you, a home visit may feel intrusive. Think through possible barriers from their perspective. Will it help to have someone available to translate? Is child care going to be an issue? Be respectful of their work pressures and busy times in their day or week.

While your chosen pathway involves public witness, you need to be sensitive to the borrower's need for privacy too, especially at the beginning of the process. Approach each potential applicant as a neighbor and business leader who is enriching the community through his or her enterprise. The invitation needs to be both gracious and authentic for it to be inviting. You don't want to come across like another credit card company going after their business. Think through parallels to your own experience of someone offering you money or inviting you to take on debt.

You honor these business owners with your genuine interest and curiosity. Give them a chance to tell you about themselves and their business. How did the business get started? What makes them passionate about it? How does it benefit the community? Who are their customers? How is it going? What are their hopes and dreams? What makes their work hard?

As you extend the invitation, remain open to hear from them: Do they need money for their business? What kind of money do they need? What do they need the money for? In some cases, a business owner may value the visibility the business receives in the loan process even more than the cash itself. In some cases, the loan will allow a business to expand; in others, it will simply provide the security of easing cash flow. Growth tells a good story, but peace of mind is also of great value.



As part of your full disclosure, be sure to share with potential loan recipients the Kiva Loan Application Form, so that they will know what kind of information they're going to be asked to provide if they become the successful applicant. Openness and clarity are key to the trust you are seeking to build. A copy of the Kiva Loan Application Form is available on the Criterion website, 1K Churches resources section. It can be accessed at the following link:

<https://drive.google.com/file/d/0B-9wHhZg0HwmYTcyM29NQVBhd0U/view>.



While personal communication is always best when you are building relationships, it is a good idea to reinforce the oral communication with a written invitation. You can leave the invitation with the business owner or send it with a follow-up note or email. The people of Napa Valley Lutheran Church not only developed a flier for their public presentations when they were building a pool of potential borrowers, they also created an attractive written invitation in the form of a large

postcard. Their sample invitation is provided in the Resources section of the Criterion website.

Give prospective borrowers a timeframe and clear directions for how to respond to your invitation. When you invite a business owner to consider entering into a loan relationship with you, also give them a copy of the Invitation Response Form to fill out. A copy is provided on the Criterion website. Let him or her know that this brief form will help you get to know them and is a first step in possibly obtaining a loan from your church or group. Allow each business owner a week to respond to your invitation by completing the Invitation

Response Form and mailing it back to you or dropping it off at the church. Provide self-addressed envelopes.

Some businesses may self-select themselves out of the process by not completing the form. In effect, they have declined your invitation to apply for a loan. This becomes a first screen and helps you learn who is really interested. Not every business owner needs cash now, is able to take on more debt, or is comfortable entering into a financial relationship with a church.

Don't rush it. At this point you are simply engaging these business owners in a conversation that will let you get to know one another. Your first invitation to a potential spouse is not a proposal of marriage! Inviting people into this process is not the same thing as offering them money. You build relationships step by step as you spend time together, learn about each other, and establish a basis for trust. Or rely on a partnership with a social ministry organization to negotiate this step.

You can extend the invitation broadly, without promising anyone money. You are giving them an opportunity to apply for a loan. While they may be disappointed if you do not choose to sponsor them in the end, they won't see it as a betrayal or as inconsistent as long as the invitation was clear. You may only be able to make a loan to one business owner of all those you invite into the process. But, if you reach out with care and integrity, each person you connect with through the invitation can become a friend and create a positive connection between the church and the community.

## 6. LEARN ABOUT POTENTIAL BORROWERS

Through the initiatives you've taken to find appropriate business owners and invite them to apply, you probably have enough information to confirm that they meet the committee's criteria. For example:

- Their business is aligned with your identified mission priority
- It qualifies as a small business with 5 or fewer employees
- It is already up and running as a business (preferably for at least 3 years)
- It is part of your local community

How much more do you need to know about potential borrowers before you will feel ready to become Trustees and invest with a small loan? You can trust Kiva to perform the technical due diligence regarding the soundness of the business and the capacity to repay the loan. You're making a decision about whom you will recommend and stand up for in the process. It might help to keep in mind that you're not offering this loan to make money, but to build relationships and help good businesses thrive. You're practicing what it is like to participate consciously in the local economy from the perspective of faith. You will learn important lessons no matter what.

Here are four possible sources for you to consider as you gather information in preparation for deciding to endorse and invest in a small business. These steps may need to be adapted if you're working with a specific at-risk population. Rely on a partner organization who understands that group to help with this.

### 1. A VISIT TO THE BUSINESS TO EXPERIENCE WHAT IT IS ALL ABOUT AND TO HAVE INITIAL CONVERSATION WITH THE BUSINESS OWNER

Take the time to have one or two representatives visit the businesses in person. Talk to the owner. Patronize the business if feasible. Get a sense of how it operates, the size, and any challenges they may be facing. Some members of the committee may have already visited when they invited the business owner to apply. This visit builds on the relationship and begins the evaluation process.

### 2. A BRIEF INVITATION RESPONSE FORM COMPLETED BY THE POTENTIAL BORROWER

This basically gives you their contact information, a description of their business, and an indication of their interest in a loan. A sample Invitation Response form is provided on the Criterion website.

Review the Invitation Response Forms that you receive to gather important information about the history of the business and future plans and about the owner's interest in building a relationship with your group or church. We recommend you focus on businesses that have an operating history of at least 3 years, and have fewer than 5 employees. Also, they should have a positive cash flow

and be able to report their estimated annual revenues. The business should have, or be in the process of attaining, all the legal and required licenses for its industry. Further criteria may depend on your mission focus.

### 3. REFERENCES WHO CAN ATTEST TO THE CHARACTER AND INTEGRITY OF THE POTENTIAL BORROWER

Ask the potential borrower to provide you the names and contact numbers of a vendor and a customer with whom they have done business who could serve as references.

### 4. AN INTERVIEW WITH THE ONE OR TWO PREFERRED APPLICANTS

This should be conducted by the whole committee or a sub-committee. Based on the information available, determine which of the business owners to invite for an interview. Presumably at this point you are selecting from businesses that meet your basic requirements. Kiva will determine if they qualify for the loan. First, then, the interview allows you to fill in any missing information. More importantly it's an opportunity to consider the fit with the congregation and its mission priority, to gauge the promise and excitement about the business, and to experience the potential for a real relationship. The interviews can be an energizing time of mutual sharing. Imagine if every interview led to a new relationship, whether or not you gave them a loan.

The interview could happen at the church or at the applicant's place of business. Try to make this as comfortable and inviting as possible for the applicant, who may see financial relationships as threatening. The power differential, the church context, possible language challenges can all be intimidating. Talking about money and debt may be awkward for both the committee and the applicant. Remember this interview is mutual. The applicant is also trying to determine whether this is the kind of relationship and obligation he or she wants to enter.

Here are a few suggested interview questions, starting with questions to put the applicant at ease:

- Tell us about your business.
- How does your business make a difference in this community? Give a real-life example.
- What makes you interested in a loan from us at this time?
- Tell us about a time when you felt like you made good use of a loan you received or an investment that was made in your business.
- What tethers you to this community?
- What are possible reasons you might not repay this loan?

Try not to make the process drawn out for either the applicant or the committee. Also, be sure to communicate with applicants who were not chosen for an interview, so they know where they stand. No one likes to be turned down, but it's worse to be left hanging.

## 7. SELECT THE BUSINESS TO RECOMMEND

The Public Witness model you have chosen provides a unique opportunity to lift up a business and business owner that might not meet the normal criteria for a bank loan. How will your choice bear witness to God's hope in the world?

The minimum requirements stipulated for borrowers by Kiva give you some basis for expecting that the loan will be successful. Within those minimum requirements, you are free to push the boundaries and choose someone you have come to trust who might not get a chance otherwise. In the Kiva process, you have an important role as the trustee in choosing this person, publicly endorsing them on the Kiva website, and providing them with ongoing support throughout the loan term.

So far you have gathered names of potential businesses and their owners. You have invited them to apply for a loan and some have indicated in writing or more informally that they are interested and want to be considered for a loan. You have also collected and reviewed a range of information about these applicants, drawn from personal interaction and written forms they have completed. The size of your applicant pool could be larger or smaller. Even if your pool has narrowed down to one by now, you still need to assess the information you have and make a clear decision whether or not to go ahead.

Begin this phase of the process with prayer. Take time with the Implementation Committee to talk through each member's reasoned assessment and intuitions regarding each of the applicants. Weigh the information you have gathered in light of your goal to build a successful relationship. In this final evaluation we suggest you maintain a dual focus on the technical indicators of financial success and on the softer indicators of compatibility:

### COMPATIBILITY FACTORS

- Does the borrower's business further your mission concern?
- Is this business community-minded?
- Is the business owner a person of integrity with whom we want to build a relationship?
- Do you believe in the potential of this business and the capacity of the owner to realize this potential?

### FINANCIAL FACTORS

- Is this business viable?
- Is it already carrying debt greater than its assets?
- Does the business model make sense? That is, does the loan you are offering provide enough capital for what the borrower needs? If not, do they have other sources of capital?
- Are there sufficient sources of revenue to repay the loan? A loan should not be more than 10% of business' total annual revenue.
- Do they have other sources of capital?

Kiva provides a list of minimum requirements that borrowers must meet in order to qualify for a loan.

- The borrower cannot currently be in foreclosure or bankruptcy.
- It is preferred that the borrower’s annual income be less than \$100,000.
- The borrower must be over 18.
- The borrower must have a PayPal Account (or be able to set one up).

In the previous section, “Learning about Potential Borrowers”, we intentionally did not include some questions that would normally be included in lists of loan requirements. It is part of your own internal process to determine whether you would exclude loan applicants on the basis of their immigration status, or previous prison record, or their possession of a business license. If there are matters that might be sensitive, but which will not be a determining factor for you, we suggest that you do not ask the questions. Remember, one of the reasons you chose the Public Witness model was because it allows you to endorse and publically stand up for a person trying to make their way in a small business who may not qualify for a loan without your support.

By now you have learned that some aspects of this conversation can be challenging. Work for consensus. Include space for grace and forgiveness and hope in a broken world. Seek to be a place of welcome for those who have not necessarily had an easy path. Once you make a decision as a group, it is very important that individual members all get on board. Being united in support of the borrower is particularly important.

You are encouraged to keep this selection process as simple as possible. Remember, this is not about the perfect pick. There is no perfect pick. Kiva will provide further technical evaluation based on a formal loan application. Even so, there are many intangibles in this kind of human interaction. Leave room for the Spirit. This is about making a choice, then building a relationship and figuring out how to make the relationship work.



Once the Implementation Committee identifies the business that they want to endorse as Trustees, they encourage the business owner to fill out an online application provided by Kiva. A copy of the Kiva Loan Application form can be accessed in the resources section of our website. Members of the committee may help as needed with the technicalities of completing the application. Kiva conducts its own due diligence and informs the trustee whether the chosen business meets their standards.

## 8. FORMALIZE THE RELATIONSHIP

The formal loan agreement will be the responsibility of Kiva. It is good to have that part taken care of professionally by an organization that shares your values of justice and fairness and second chances. But the signed piece of paper that states the terms of the loan is not actually what will make this work. It is the quality of the relationship, the open communication, and the clarity about expectations that ensure a good outcome. So, as you enter this process of formalizing the loan, continue to reflect on God's economy and the human dimensions of the relationship you are building. The contract with Kiva will necessarily focus on the money. Balance that focus then by making sure your communications with the business owner are not all about the money, but about something else. To assist you, this guide includes advice on how to draw up the note itself and how to formally call down God's blessing on the actions you are taking.

### RITUALIZING THE RELATIONSHIP

We suggest that that you find a way to formally invoke God's blessing on this action of making and receiving a loan and on the relationship this action represents. The ritual you devise can be as simple as a pause for free prayer before announcing the loan recipient or before officially launching the web page or when the loan is fully funded. Or it might be a more formal service that stands on its own or is embedded in the congregation's Sunday morning worship.

A sample service of Blessing for the Granting and Receiving of a Loan is provided in the 1K Resource section of the Criterion website. You are invited to use it as it is, adapt it for your context, or select portions to use. Since agreement will be signed with Kiva and the check will come from Kiva, these sections of the service provided may not apply to you. If your group wants to create its own ritual, these elements that seem important to include:

- Clear and simple statement of what is being celebrated and formalized
- Time to tell stories from the perspective of the congregation and the loan recipient
- Expressions of intention regarding the relationship
- Prayers of gratitude and blessing
- Announcement of a ceremony of thanksgiving and reconciliation one year hence



You will want to give careful thought to the best setting for this blessing ritual in your context. As you begin this relationship, pay special attention to what is going to feel comfortable and hospitable to your loan recipient. Will she feel honored by being included in a Sunday service and receiving the blessing of the whole assembly? Will he be more comfortable in a small, simple ceremony with the committee? Is church a place that feels familiar and safe to this person? Is language going to be a challenge?

Think also about what will work best for your congregation. Including the ceremony within the regular Sunday morning service provides a great opportunity to bring the whole congregation on board and lets them experience this highpoint in the loan process. The whole congregation at worship that morning can be enlisted to patronize the business or contribute to a crowd-funding effort through Kiva. This is one way to make your Public Witness real. If the congregation has not been kept well informed all along, however, it may be hard for them to understand and participate. Time constraints may not allow for a full and meaningful ceremony. There are also good reasons for keeping the blessing ceremony in the intimacy of the group that has gone through the Bible study and implementation process, have participated in choosing the loan recipient, and have a sense of responsibility for maintaining the relationship.

If your blessing ceremony is part of a larger Sunday morning service or a stand-alone event, set the date well in advance and open the invitation for congregational members and others in the community to attend if they choose. Having someone from the local chamber of commerce or town council or the mayor's office could be a breakthrough in community relations. As you follow the Public Witness model, you will also be celebrating a relationship with Kiva as your trusted intermediary. Whether individuals choose to attend or not, they have received a hospitable invitation and intriguing information about something exciting going in their congregation or community.

Plan now to extend an invitation to a service of Thanksgiving and Reconciliation one year into the loan experience to this same circle of people. This is one more signal that you intend to stay in relationship no matter what.

*A memorable loan signing celebration occurred in a large classroom at Christian Theological Seminary in Indianapolis. An enriched version of the 1K Churches Bible Study was offered as a seminary course, resulting in four loans made to local businesses. When the class met for the last time, they invited the loan recipients to participate in a time of worship and a celebratory meal. One loan recipient, a dance school owner, created and performed a liturgical dance as part of the worship service. Another recipient, a soul food caterer, provided refreshments. At the reception, another loan recipient committed to do the Bible study at her church and make a loan to someone else.*

## 9. SUPPORT THE CROWDFUNDING EFFORT

### CROWDFUNDING THROUGH KIVA

All five loan pathways offer opportunities for you to invite others to contribute to the pool of capital available for the loan. The Public Witness pathway in particular centers on making your loan public and inviting others to participate in funding the loan, utilizing the online platform of Kiva.

You will have decided early on how much you are prepared to invest as a congregation. The amount of capital that eventually becomes available to the business will likely be much larger because you are inviting individuals in the congregation, in the community, or anywhere in the world to join you in making many small loans on-line. Beyond your role as a lender, you have a very important role as a trustee for your chosen business on the Kiva platform. You are standing up for a business owner whom you see as deserving of wider support. You make a public witness to the trustworthiness of the individual and the value of the small business they lead, sometimes despite circumstances that would disqualify him or her for a standard bank loan.

In addition to your sponsorship as the trustee, your chosen business owner will need to invite a certain number of friends or relatives to demonstrate their confidence in him or her by making the first round of on-line loans. These do not need to be large loans. They can be as small as five dollars. Their purpose is to demonstrate trust and enthusiasm about the business venture and its owner. This step can become a hurdle for some small business owners. A woman who owned a successful dressmaking business wanted a loan to expand her inventory. But she withdrew her application rather than ask her friends for help, because she didn't want them to think she was failing. Think of ways you can encourage the loan applicant to enlist those close to them to participate in this much larger appeal for investment in their sound and promising business venture.

### COMMUNICATION

You have a big role in getting the word out about the business you are sponsoring on Kiva so that others can join in the fun of investing in the business. Go back and take another look at section three in this guide, "Communicating with the Congregation and the Community." The recommendations there are useful to you now as you try to fire up people to contribute, just as they were when you were looking for potential businesses to fund and when you simply wanted to keep the church and the community informed about the exciting new thing your congregation was doing.

Congregations have lots of ways to get the word out to their members: worship announcements, Sunday morning bulletin, emails, newsletters and mailings. A congregation in Connecticut that successfully used the Public Witness model found it useful to print up a flier promoting the business, describing the loan, and inviting others to join them in contributing on-line. They distributed the fliers at Sunday worship, in key places in the neighborhood, and in the business itself. They also used social

media, like Facebook and Twitter, to get the word out. They learned in the process that it is best to launch the loan process at a time of the year when people are most likely to be around. Summer was a challenge for them.

You will focus your attention on motivating your local church and community to get the fund started. Others from around the country and around the world will join in once they see the invitation on Kiva. You may find that more than half of the support is generated beyond your community.

Kiva sets a time limit for reaching the stated loan fund target. There is some understandable urgency about reaching the financial target before the deadline. This can become the occasion for a fresh round of communication. Support from the wider community is likely to come later in the process, because your business gets more promotion on the Kiva website as the deadline moves closer.

## TECHNOLOGY

Some people are more comfortable than others with the technology involved in using the Kiva crowd-funding platform. That is true for the business owner seeking a loan and for the members of your congregation seeking to participate. As the Trustee, you have an important role in helping to make this work for both.

To support the business owner, you might identify someone on your Implementation Committee or in the congregation who is gifted at computer technology and would be willing to serve as a coach if needed. Check with your chosen business owner about his or her comfort level with computers. Would they like some help with completing on-line forms or presenting their business on-line in an appealing way? If so, find a comfortable way to bring them together.

Many congregational members will be completely at ease with the technology and prefer working this way. To support congregational members less comfortable with computer technology, one congregation invited a few computer-savvy members to walk through the process with those who wanted help. They brought their laptops to church and were available to help their fellow members through the steps of setting up a PayPal account and making their on-line loans during the coffee hour. They also provided a way for those who didn't want to bother with the technology to contribute a check or cash to a pool that was then invested online as a loan from the congregation. Folks who used this method understood that as the loan was repaid, those funds would be directed to the church rather than returned to the individual contributors.

# 10. SUSTAIN ENGAGEMENT THROUGH REPAYMENT

The Implementation Committee has worked hard to find and select a business owner, to work through the Kiva process, to raise the funds for the loan, and to actually get the money out where it will build a business and do some good. Administering the loan and its repayment are in the capable hands of Kiva. You may feel like your work is done. In fact, the opportunity to develop a meaningful relationship, which grows through the ordinary ups and downs of business and of life, has really just begun.

In the end, this guide is about how to build caring economic relationships in the context of communities of faith. It is not always easy translating the desire for relationships into the practical realities of being in relationship. How do we build trust throughout the loan process? How does that experience extend into the congregation as a whole?

Your relationship with your chosen business owner now includes a loan. Promises have been made. Reasonable due diligence has been done. Expectations and terms are clear. You are dealing with a business owner you trust. You have every reason to anticipate full repayment of your loan in full and on time.

*A congregation in Connecticut reports: Our monthly payments were coming in steadily. Therefore, everything was all right. But not for the borrower. He lost his business and was personally in crisis. We shouldn't have stopped praying for him, just because the loan payments were on time. We recognized the crisis long after he went through it, because we hadn't kept up the relationship. We weren't there to help. Our relationship had been reduced to a loan payment.*

## BEYOND THE MONEY

In your ongoing relationship with the business owner and the business itself in the months and likely years to come, proceed in a spirit of trust. Use the tools on Kiva to communicate with the borrower and other lenders. Assume that any anxieties you may have about whether you will ever see this money again are not nearly as great as the concern on the part of the business owner about keeping his or her promise. You have some money at stake, but not more than you can afford to risk. Your new partner, the business owner, has his or her reputation and honor at stake.

In this spirit, make building the relationship your first concern in your communications with the business owner and employees. Your relationship with this business owner includes a loan, but it is not all about the money. There are ways to show mutual support that go way beyond the capital. During the loan period and even when it is done, you and your partner can help one another in ways you may not have thought about:

- Patronage. Encourage members of your congregation to buy goods and services from your partner and have them tell their friends to do the same.
- Advertising. You have avenues in your newsletter, website, weekly bulletin, radio spots to give the business some free advertising.
- Sharing skills. You have business skills to share, and the small business owner may welcome mentoring, as long as you do it in a way that doesn't come across as bossy or controlling. The business owner may also welcome the gifts of the youth group to paint or clean their place of business. The youth can also help with information technology. The property committee could do some repairs. Share the gift of home baked cookies with employees at break time or a warm meal at the end of a long day's work.
- Sharing stories of how the business is doing and serving the community. Publish the stories in the church newsletter. Some might be worthy of sharing with the local newspaper. Spread good news about how this business serves the community and your mission concern.
- Praying. Pray for the business and business owner by name in Sunday services along with prayers for the community, commerce, and the general economic good. Add concern for this business to prayer lists in the congregation. Encourage individuals to remember this business in their prayers during the week. Let the business owner and employees know you are praying for them.

The business owner may also be looking for ways to build the relationship and show appreciation. One loan recipient asked if he could post a small sign on the window of his restaurant, acknowledging the support his business had received from a local church. When the owner of a landscaping business came to express his thanks to the congregational council, he brought with him shirts for the pastor and the chair of the Implementation Committee, like the ones his workers wear, embroidered with their names and the business logo. Stay open to all the ways the relationship can be mutual.

## DEALING WITH CONFLICTS OR UNMET EXPECTATIONS

While we proceed in a spirit of trust and hope everything will go well, we shouldn't be all that surprised when things don't go exactly as planned. We are human beings. We make mistakes. We miss deadlines. We overestimate what we can accomplish. We make comments that hurt, often unintentionally. We misunderstand one another. In our anxiety, we become impatient. We sin. All of us. Lenders and debtors. That's who we are. How do we stay in relationship?

Sometimes when things don't go according to plan, it is not really anyone's fault. People get sick. Accidents happen. Valuable employees leave for reasons beyond anyone's control. Hailstorms and drought ruin the crop. What was a promising economic environment slows down. All of these factors can affect the ability of the business owner to realize the anticipated growth and repay the loan according to schedule. How do we share the risk?

It is also true that there are people who will try to take advantage of us. We can be fooled by a clever con artist who says all the right things, all the while intentionally deceiving and defrauding us. It is to

protect against such fraud that we have encouraged you to choose established businesses as your loan recipients, check references, do some measure of due diligence. Kiva will check further on the conditions that make for a successful loan and repayment. But you should not be controlled by the fear that someone is out to cheat you. How do we keep trusting?

*The minister called the congregation together when she learned that their loan recipient had left town with the \$1000 they had lent him. She checked with the police and discovered he had been charged with nine counts of fraud. The members of the congregation were disappointed, but not shocked. "We were aware of the risks," one member said. "If this were a gift instead of a loan, we would never have known what happened to it," one woman observed. "We should have done a better job checking on him," said another. "It wasn't fair to put all this on the minister to do. We should have more lay people doing the leg work next time." And they decided at that meeting there would be a next time. The minister made plans to visit the loan recipient in jail.*

Disappointments are hard to swallow and conflict can be painful. But as Christians, we should not be afraid of getting involved in the messiness of life. Jesus never shied away from mixing it up with all kinds of people and meeting danger head on. The whole of scripture is a testimony to God's enduring promise and unending love toward people who disappoint him again and again and again. God's way is to reach down and lift up the weary and the wayward. God's way is to enter the fray, to meet people where they are, with compassion and also with the truth about who they are. God's way is to name the sin and love the sinner and stay connected. God doesn't hide from sin and evil. God's way is the way of forgiveness and new beginnings.

We like to think of church as a conflict-free zone where everyone is "nice." We also know that isn't true. Conflict is never fun, but it can be constructive when it is dealt with openly and with love and the ever present promise of forgiveness. We can bring this confidence to our economic relationships, knowing that conflicts will come and that we are able to deal with them.

### TENDING THE RELATIONSHIP THROUGH STRUGGLES

Here is a real-life example of struggle, starting with a simple conversation at coffee hour. You can imagine something like this happening at any of our churches. A participant in the 1K Churches Bible study was deeply committed to being engaged with the borrower no matter what loan process was chosen. She wanted people from the church to be hands-on and actively helping to build the business. Once the loan was made, she visited the business intending to build the relationship. When she came back to the church, she shared with the leadership her concerns about the product and the behavior of staff at the business. She said she would likely never return to the business again. The relationship was broken.

What might have been a better way for her to start a conversation with the business owner about her concerns? How do we build the practices that allow us to stay engaged? In the Bible study, we discussed

the reality of our alienation from God and from one another. What do we do when we experience that alienation with one another or with this new partner? How could we help to make things better during that awkward gap when the loan is not being paid back as we expected? It is in the nitty-gritty of relationships that we sense the alienation creeping in. It is also in those moments of stress and frustration and humiliation that we can find each other at a deeper level. Loans don't begin to fail when everything is going well in the life of the borrower. Sometimes a missed payment is a sign of a larger struggle in the borrower's personal life. That is when the relationship really matters and can be an opening for pastoral care.

What is really important in the midst of all this noise? How can you navigate objections and challenges as you move into implementation? This is not about getting money out the door. It is not really about the loan, in and of itself. It is about how we are called to be in economic relationships and how we explore those relationships together in our worshiping communities.

# 11. EXIT THE LOAN AND REDEFINE THE ONGOING RELATIONSHIP

The loan period will come to an end. Hopefully the relationship between your church and this business will not end but will transition into a sustained connection with continued mutual interest, patronage, encouragement, care, and prayer. We tend to regard our economic relationships in strictly utilitarian terms and let them go once the economic exchange is done. We can do better.

The chances of making this shift in the relationship graceful and enduring are much better if you are intentional about it. You want to be clear about the ending of the loan relationship and your hopes for an ongoing bond. In some cases, it is as simple as celebrating and giving thanks for the experience you have shared. In other cases, a successful transition is going to take some honest sharing, forgiveness, and reconciliation. In most cases, it will be a blend of the two.

If you really have no intention of continuing the relationship given other priorities, don't raise those expectations. Don't promise more than you can realistically deliver. Close the relationship with words of thanks and blessing.



## SERVICE OF THANKSGIVING AND RECONCILIATION

As you navigate a graceful transition to an enduring relationship with the business owner beyond the loan, we encourage you to make use of the ritual resources of our faith. A Service of Thanksgiving and Reconciliation, available in the 1K Resource section of the Criterion website creates a context for thanksgiving, celebration, honest sharing, and reconciliation at the end of the loan period.

Plan ahead to hold a service of Thanksgiving and Reconciliation one year after finalizing the loan. Whether or not the loan is paid back by then, have a public service to commemorate and celebrate the relationship with the local business or businesses you have supported. Having the date for the service on the calendar is a reminder to give thanks at the end, just as you asked for blessing in the beginning. Through this year you will have learned a lot and loved a lot. You will have made new friends. Hopefully you will also have seen a business strengthened to serve the community in ways that you value. It is time to celebrate. Plan to repeat the experience at the end of the loan period.

Scheduling this service in advance is also a powerful way to communicate the central importance of the relationship and the intention to stay in relationship even when things don't all play out as hoped and expected. In fact, it assumes that there will be disappointments in any human interaction, because none of us is perfect. We cause harm and let people down both intentionally and unintentionally. We call this sin. It is part of the human condition and we are right to anticipate it. In our Christian tradition we ought

to be able to talk about sin and disappointments, because we know firsthand the reality of forgiveness. In honesty and love we can resolve conflicts without breaking relationship, forgiving one another as God forgives us.

The sample service of Thanksgiving and Reconciliation in the Resource section is for you to use as is or adapt to fit your context. Elements that seem particularly meaningful include:

- Report on progress toward the fulfillment of the loan agreement
- Naming and giving thanks for the good things that have happened
- Naming and confessing possible hurts and disappointments
- Announcement of forgiveness
- Prayers for empowerment to continue and do better

As you plan how to do this ceremony, use the same care you exercised in the earlier Service of Blessing. Will it be formal or informal? Small or large? In the regular service or at a special time? Include in the invitation to this service the same people who were invited to the Service of Blessing. Don't limit your invitation to those who actually attended the earlier service. This is another opportunity to share what is going on and help people feel a part of it in some way.

## DECISIONS ABOUT THE USE OF CAPITAL THAT IS REPAYED

Whatever the highs and lows of your relationship with this business and its owner, chances are very good that at the end of the loan period the borrowed money will have been repaid. With the Public Witness model, the church will be repaid for the money it invested and individuals who contributed online will also be repaid through Kiva. To free the money for other purposes, the church and individual donors need to specifically request that the money be re-credited to your credit card. If you choose to do this, you have an opportunity to make some new decisions. What do you do with the capital now that it has done its job one time? Here are some possibilities for you to think about:

- You might want to make another loan. Think about how you would do it differently based on your experience. Is there more expertise you would like to gain if you were going to continue making loans on a regular basis? Can you see this as an ongoing ministry of your congregation? Is this a ministry you feel called to? Are there others you would like to invite to join the group?
- You might want to start another Bible study group and have them make a loan. The new group could take the loan money you used and loan it to another business which furthers the same or maybe a different mission concern. Do you think this is an experience more people in your congregation would benefit from? Would the congregation and the community benefit from more people thinking in new ways about God's economy?
- In some cases, what becomes of the money once it is repaid may not be yours to decide. If the capital for the loan came from a congregational fund or endowment, you may be obliged to return it so that it is available for whatever purposes are determined by those in charge. Based on your experience, you could make a compelling case for them entrusting it to your group to invest for another year.

- You may decide to expend the funds as a gift or one-time grant that furthers your mission concern.
- You can always redirect the credits you have received to another borrower on Kiva and keep it in the system.

## 12. EXPLORE YOUR MISSION THROUGH OTHER ECONOMIC RELATIONSHIPS

Congratulations! You have taken on this grand 1K Churches adventure of discovering God's economy and have followed all the steps from searching Scripture to making a loan to a small business. You've probably had some frustrations alongside a sense of satisfaction in reaching out into your community, in making a difference in the life of a business owner and all the people that business touches. You've forged a relationship that will hopefully last long beyond the repayment of the loan.

Now you're invited to pause and reflect on a few questions:

1. What did you learn...
  - About yourselves, your congregation, your community
  - About the role of finance and economics in our lives and in our relationships
  - About how God is at work in our world
2. How did you grow . . .
  - In your faith
  - In your relationships
  - In your sense of empowerment to make a difference as a person of faith
3. How will this experience inform the work of your church moving forward...
  - In the way you think about finance and conduct your business as a church
  - In the way you relate to businesses in your community
  - In your ongoing reflection on the church's role in shaping how the economy works
4. Where do you want to challenge yourselves more?
  - Study more deeply. Criterion can point you to some resources for further reading.
  - Try a different lending pathway on your next loan and see what more you can learn from that. For example, you might partner with a local credit union or other financial institution that shares your values.
  - Get involved with other organizations working for a just and compassionate economy
  - Share your experience with other congregations or denominational leaders to encourage their participation and transformation

The loan was just one way to practice living our call to be in relationship as we seek to discover God's economy. Go out and seek more.

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Joy Anderson  
Founder and President, Criterion Institute

# CONNECTING TO CRITERION INSTITUTE

May God walk with you as you explore these questions within your community and your congregation.

Contact us to request the following additional resources, or download them from the Criterion website [www.criterioninstitute.org](http://www.criterioninstitute.org):

Getting Started Guide  
1K Churches Bible Study Facilitation Guide  
1K Churches Prayer Book

And most importantly, please contact us to tell us your stories.

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