UNIVERSITY OF WISCONSIN–MADISON

University of Wisconsin Microfinance Partnership

Tactical Business Plan

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UW Microfinance Partnership

History and Current Status

The UW Haiti Microfinance Project (UWMFP) began in 2010 to help Haitian people devastated by the January 12, 2010 earthquake. Historically, aid from the US and other countries has been given to Haiti with the sole purpose of providing goods and protection. This practice has ignored the need to enable Haitians to become responsible for their livelihood and provide residents with the tools to develop businesses that will serve them into the future. The UWMFP's goal is to create structures that will enable sustainable development.

Mission Statement

By providing easily-secured, low interest micro-loans, UWMFP's mission is to use the principles of microfinance to help citizens rebuild businesses and regain long-term financial independence.

Objectives

The UWMFP is relatively new, and to date there has been no formal evaluation of the project's operations. The purpose of this report is to assess the project as it currently stands, and to highlight some of the key issues the UWMFP faces in moving forward. The following sections will attempt to address the key objectives that follow.

- Avoid reliance on aid coming into the country and give opportunities, through small consecutive loans, to help the community grow business and graduate to conventional financing options.
- Provide a framework for operations and management that works in conjunction with the region of Barau Michel to make this program financially sustainable into the future.
- Create transparency between key players involved in the funding, distribution and acquisition of loans.
- Utilize the Barau Michel project as a learning opportunity for University of Wisconsin students and faculty to understand the role of microfinance and create real life connections from the region to the classroom.

Marketplace Analysis

This program serves a population that does not have access to conventional loans and financing opportunities. Specifically it operates in the Barau Michel region of Haiti, which is northwest of Port-Au-Prince. There are roughly 15,000 residents in this region, many of whom are living in abject poverty. The region is spread across a three hour walking radius, and residents gather two-three times weekly in a public market to socialize and conduct trade.

The UWMFP has partnered with the Centre d'Education Chretienne de Formation et d'Orientation Professionnelle (CECFOP), a local community organization engaged in sustainable development within Haitian communities. The partnership offers qualified members in the Barau Michel region access to capital they are unable to attain in the commercial lending industry. The UWMFP has served as the funding mechanism within the partnership, while the CECFOP controls distribution of the capital to the community.

While the funding received by the CECFOP does not have to be returned, the UWMFP's purpose in Haiti is not to serve as a charity for those in the Barau Michel region. The goal is to enable a marginalized population, so that they may become participants within traditional lending institutions. The hope is that the program will develop sustainably over time, and that future revenues accrued through interest can be used to increase impact on participants.

Additionally, the UWMFP is not designed to actively seek loan recipients for its financial services. As of March 2011, 87 community members were participating in the program at various tiers, and approximately 400 individuals were on the program's waiting list. These numbers indicate a strong and saturated market that has stimulated demand beyond the capacities of the project.

Service

Microfinance is "the supply of loans, savings and other basic financial services to the poor."[1] These loans are provided in a smaller capacity than what is offered in the commercial financial market. The purpose is to afford those otherwise unqualified access to a better quality of life through capital and business development. The UWMFP applies microfinance principles on a small scale to serve a limited population affected by the poverty prevalent in Haiti.

Description

The UWMFP currently provides funding for loan distribution in Haiti. These loans are distributed with the intention of enabling participants to develop business opportunities. They are not intended to serve as a means of personal sustenance, or for any illegal activities as defined by U.S. or Haitian law.

The project has not yet provided a complete framework for the operation and long term management of the loans it funds. The service, to date, has provided $7,200 (USD) in funds to the CECFOP for distribution to the Barau Michel region. These loans have reached roughly 100 participants and payback has been 100%.

Loans are dispersed in five month installments, to groups of seven individuals. Initial loan amounts start at $62.50, which accrue interest at a rate of 1% per month (12.7% EAR). (UWMFP) After timely payment-in-full of the initial loan, participants are graduated to a second tier in which they receive a loan of $93.75. Payment-in-full of this second amount graduates participants to a third tier in which they receive a loan of $125.00.

In addition to providing a loan, the CECFOP offers recipients informal mentoring services. These serve to advise borrowers about standard business practices and procedures. However, these services are limited in their capacity, and are not currently required as part of the loan process.

Stage of Development

Though the partnership has been operating successfully for a little over a year, it is still in early stages of development. This document addresses roadblocks to sustainable development by providing recommendations for the initial framework of the UWMFP and its partners.

Management

Due to the informal creation of the UWMFP and its relationship to CECFOP, there is no clear management structure in place. The project lacks a chain-of-command and formal guidelines for operation in Haiti. To address these issues, we suggest the UWMFP implements the following recommendations:

- Formalize information flow between the CECFOP and the UWMFP
- Create a paid field partner position within the CECFOP to collect, compile and report borrower information to the UWMFP, enhancing transparency within the system

Partnership Organization

Currently, there are three major players involved in the microfinance project. They are as follows:

UWMFP

Senior Lecturer Tom Eggert and doctoral candidate Gergens Polynece spearheaded the UWMFP and maintain their leadership positions within the program. Tom Eggert is the advisor for the program and Gergens Polynece serves as the connection between the University and Haiti.

CECFOP

On the ground in Haiti, the CECFOP receives the funding from the UWMFP. The CECFOP was given the responsibility for selecting initial loan recipients, and distributing funds accordingly. They also conducted an election in Barau Michel to appoint five bookkeepers to manage funds. The CECFOP offers informal financial mentorship to loan participants.

Barau Michel

The five elected leaders from the community coordinate collection of loan repayments, distribution of new funds and selection of new borrowers. Borrowers have been selected from the Barau Michel region, a tight-knit community interested in sustainable development through entrepreneurship and social progress.

Management Team

How does it stand currently and what must change

Currently, there is little communication between the CECFOP and the UWMFP in regards to tracking loan disbursements and repayments, the number of participants in the program, and the number of participants at each loan tier. In order to ensure organization, fair recordkeeping, and transparency, we recommend that there be a formalized communication structure between the CECFOP and the UWMFP. Both parties need access to all information to keep track of funds, and to demonstrate transparency and success to potential donors.

Requirements to maintain the partnership

In order to maintain the relationship with the UWMFP, the CECFOP must meet the following requirements to ensure transparency and fair lending practices:

- The lending vehicle must not impose religious or political agendas upon the borrowers, and must remain objective in its selection and treatment of participants
- The lending vehicle must take responsibility for ensuring that all loans are used in ethical manner that does not reflect poorly on the UWMFP or the University of Wisconsin
- The lending vehicle must take responsibility for compiling and reporting information they receive from Barau Michel regarding the selection, distribution and repayment of loan funds

Role of the field partner
In an effort to maintain transparency and create a continued link from the CECFOP to the Barau Michel region, we recommend the creation of a field partner position. In the model used by Kiva, a non-profit lending organization, personnel from the community participating in the program collect loan repayments as well as information and life histories of the program participants.[2] This field partner relays information to the microfinance institution, which links the chain of command between the MFI and Kiva.

In Haiti, a field partner would go to the community and coordinate with the five elected community leaders to report back to the CECFOP and ultimately the UWMFP. This creates a better system of recordkeeping and information gathering from the participants. The field partner remains employed by the CECFOP and operates in accordance with partnership guidelines established with the UWMFP.

Volunteer vs. paid position

Kiva, like the UWMFP, operates on a volunteer-only model. However, assuming that volunteer jobs typically have a higher turnover rate, organizations are pressured to continuously recruit, resulting in a loss of valuable time and energy. While Kiva has a vast network from which to pull new volunteers, the same cannot be said for the UWMFP and its partner CECFOP. Due to its small scale and recent establishment, the project in Haiti would be better served with a more stable position, one that provides incentive to the employee to fulfill their role in the partnership.

In this case, we instead recommend that the field partner position become paid. Creating a paid position (employed by the CECFOP) would formalize the relationship between the UWMFP, the CECFOP, and the community of Barau Michel, as well as establish permanence and incentivize better organization and communication. The field partner position is then accountable for bringing in all of this information from Barau Michel and would act as a direct link between the UWMFP and Haiti. They would act as a field liaison, much like an auditor, to ensure that everything was running smoothly and to collect, compile and report all information required by the partnership.

Transparency
This system allows for transparency and better information flow. All parties know exactly what is going and the UWMFP can monitor how well the project is working. As the project continues to reorganize, only one position such as this is feasible, but in the future, more field positions might be necessary as the project grows.

Lending Impact

The UWMFP currently lacks procedures for fully addressing the issues involved with lending to marginalized populations. Joint liability practices have provided a solid basis for the mitigation of default risk, but these do little to ensure recipients are progressing through the system and working towards the development of personal sustainability. Therefore, we make the following recommendation:

- Implement a set of objective indicators that will, in conjunction with the current system of joint liability, help to mitigate default risk, create transparency amongst borrowers and provide objective data that can be used to assess progress of individuals benefiting from the UWMFP

What risk is involved?
A key issue any lending institution faces is the default risk it assumes when making loans. Traditional lending services require both collateral and information from borrowers in order to mitigate this risk. MFI's, on the other hand, deal with populations in which collateral is often non-existent and borrower information is unavailable. Because the impoverished population often lacks the assets necessary to operate in a traditional lending system, they have been largely excluded by commercialized institutions, further complicating their struggles of deficiency. MFI's have worked to combat this exclusion by formalizing systems that allow those without assets to still have access to capital.

How joint liability works to mitigate default risk

Joint liability is a form of microfinance in which potential borrowers, each with independent projects, form groups in order to receive a loan. Once the money is disbursed, every individual is responsible for paying back their loan, and the entire group is prevented from receiving future loans until the total group amount has been repaid. By leveraging social pressures, a system of joint liability is able to ensure that loan recipients repay loans, and therefore reduces the risk of default.

Joint liability is applied most commonly in markets where individuals lack collateral, and information is asymmetric. The Barau Michel communities fulfill both of these requirements, as individual assets are scarce, and information about the local clientele is hard to determine by the UWMFP and its partner CECFOP. Despite its established presence in the Barau Michel region, especially amongst those familiar with the lending program, the information currently available to those involved with the project is limited.

As University of Milano-Bicocca Statistics Professor Alessandro Fedele indicates in his paper addressing the benefits of joint liability in lending practices, "[Joint Liability] lending is able to extract information through a peer selection mechanism, with the effect of raising both repayment rates and welfare with respect to individual lending."[3] A system of joint liability addresses issues of asymmetric information because it makes participants liable for researching and screening high-risk borrowers in ways the UWMFP cannot. Unlike the UWMFP, loan candidates have access to valuable information regarding other candidates through their relationships and social ties to the community. As Fedele explains in his model, safe (low-risk) borrowers value similar safe borrowers because of their higher expected repayment probabilities, thus they are more likely to collaborate.[3] Therefore, it follows that high-risk borrowers will have trouble finding others willing to corroborate, and should, in theory, be removed from the pool of potential candidates.

The Grameen Bank is an example of an MFI using principles of joint liability successfully. Since its inception in 1976, the GB has applied joint liability to screen out potential high-risk borrowers while operating in some of the poorest regions of Bangladesh. The bank requires that loan groups be formed by members of the same community to leverage the fact that potential candidates are likely to know and be acquainted with the field of group candidates it is selecting from. This method allows the bank access to a much larger pool of candidates, and reduces the amount of research the GB must conduct when selecting its loan recipients. Following this system, the GB has lessened the danger of asymmetric market information and has placed the burden of risk on loan candidates themselves. In doing so, the bank has achieved a repayment rate of 97% (as of October, 2011) on the $11.35 billion it has dispersed in loans since 1976.[4]

To this point, the UWMFP has achieved 100% payback, mostly because of its joint liability practices in a concentrated market. We recommend the UWMFP continue to operate in such a manner because of the advantages it offers a small operation like the one in Haiti. Setting strict group formation requirements, though selective and exclusive in an over-saturated market, is an effective way for the UWMFP to mitigate its default risk. Additionally, it is important to remember that the UWMFP is unlike larger, more established microfinance institutions, which benefit from economies of scale and are able to diversify their portfolio across a spectrum of risk levels. The UWMFP is a small scale project that is highly sensitive to loss of capital, and the practice of joint liability ensures that low-risk individuals are selected, reducing the chance of default in the project.

Measuring and Reporting Success

Tracking the success of the project is currently a difficult thing to do, as there is little available information regarding who is receiving the loans, how the money is being used or if recipients are developing financial independence over time. The CECFOP may have such data, but little, if any, information has been made accessible to members of the UWMFP here at the University. Successful payback rates have been reported to this point in the project, but this measurement is a rather hollow gauge of success because it explains nothing about the projects objectives regarding the development of financial independence amongst borrowers. Instead, a more formalized set of measurable criteria needs to be developed so that transparency amongst key players is increased, and success of the overall project can be determined.

As the program currently functions, an applicant for loans from the UWMFP goes through a basic screening process completed by members of the CECFOP. Candidates are asked for their name, the number of children they have, if they have any previous experience in small business and what their intentions are for the money they will be receiving. While these questions generate a rudimentary borrower profile, they fail to address the level of need an individual has for accessing programs such as the UWMFP, and provide few measurable criteria that can be tracked over time.

Looking again to the Grameen Bank's lending model, a set of ten indicators has been developed to help determine how qualified potential candidates are to receive micro-loan services. They include an assessment of the candidate's residence, access to food and potable water, education level of family, sanitation, health and financial situation.[5] Each of the indicators is assigned a minimum value (for example, the family experiences no difficulty in having three square meals a day) that serves to gauge each candidates level of poverty. The GB notes that the fewer indicators an individual fulfills, the greater the need is for the GB's services.

In addition to determining need, the indicators also provide a set of objective measurements that can help to track progress, and ultimately the success of the GB. The GB states that once all of the indicators' minimum requirements have been met, then the borrower has moved beyond the level of poverty as defined by the bank. We recommend the UWMFP borrow this concept of developing a set of minimum requirements that, once fulfilled, indicate a candidate's graduation from the program. This would help the UWMFP gauge impact made amongst borrowers, while at the same time provide an objective for the borrowers themselves to strive for.

Creating indicators

The UWMFP will need to develop its own indicators, however the core ideas highlighted in the GB's model should serve as a template. These core ideas include fundamental human needs such as food, clothing and shelter, but also expand into education, healthcare and financial stability.

More specifically, Mark Schreiner of Microfinance Risk Management, L.L.C.(backed by Grameen Foundation U.S.A.) has developed a scorecard for determining poverty levels within Haiti. In his work he highlights ten indicators, each assigned a value, that can determine an individual's degree of poverty in Haiti with 90% accuracy.[6] While his indicators do not address each of the six core factors determined by the GB, his methodology would be useful for the UWMFP in determining its own indicator criteria. His research has been used by other MFI's operating in Haiti to rapidly determine (within a day) which community residents qualify for their services. Additionally, his scorecards are used as templates for data-entry in order to record "indicators, scores, poverty likelihoods, and changes in poverty over time." [6]

This type of objective criteria development will be essential for the continued success of the UWMFP because it not only allows for a better assessment of those applying to participate in the program, but also creates a system for the UWMFP to gauge the projects overall success. Additionally, the creation of objective requirements that determine the level of poverty would help to establish an end goal for borrowers participating in the program.

Transparency

Tying into the previous sections recommendation, this set of measureable criteria could be handled by the field partner position. They would be responsible for collecting the necessary information highlighted in the list of indicators, and would then compile the data for disbursement to the CECFOP and the UWMFP. This information flow is crucial for development within the UWMFP as it allows for the progression of individuals and the funds they are receiving to be tracked over time, and an objective measure for those outside the project to determine the UWMFP's success or failure in reaching its goals.

Sustainable Development

Financial sustainability is a critical component of a successful microfinance institution (MFI) and allows for sustainable development. Being able to cover all costs is a basic requirement for financial sustainability and usually depends on the interest rate charged to borrowers. Transparency and reporting of financial information are also crucial factors in sustainable development. In order for the UWMFP to address each of these components successfully as the project moves forward, we make the following recommendations:

- Increase interest rates and reduce subsequent loan amounts to make the program less dependent on additional contributions
- Build/maintain savings to compensate for timing of loan disbursements and insure against defaults
- Develop a means of reporting information to increase financial transparency

Interest Rate

Ideally, the interest rate used by the UWMFP would be sufficient to account for loan increases, administrative costs, and insurance against defaults. Instead the program relies on donations, in addition to the interest generated, in order to cover these expenses. In the following sections we will explain how the current system is operating, why it is not sustainable, and our recommendation to increase the interest rate applied to loan recipients.

Explanation of current model
Details of the current model are shown in Table 1. The program uses an interest rate of 1% per month compounded over a five-month loan period. After the loan is paid back in the five month period, a second loan is approved. Again an interest rate of 1% per month is compounded over the next five-month period. If repaid, a second principal increase is applied. With the program in a state of infancy, we have not reached the third tier of loans.

Tier	Principal (USD)	Increase in Principal (USD) (%)	Interest (US$)	Total Amount Paid (USD)
1	62.50	N/A	3.19	65.69
2	93.75	31.25 (50%)	4.79	98.54
3	125.00	31.25 (33%)	6.38	131.38

Table 1. Current model amounts

Why the current model is not sustainable
Based on the current model, the interest generated does not cover increased principal amounts in subsequent disbursements. After the first round of loans, only $3.19 is generated in interest, however the next disbursement is $93.75 leaving a difference of $28.06 that the fund must make up. Applying this same idea in subsequent loan disbursement, the second round leaves a difference of $24.87, which again needs to be covered by the fund. A system operating in such a manner can only survive if either the system is generating money other than interest to cover these differences. The way the UWMFP loan system currently operates, it relies on donations or savings to cover the differences.

Finding the right balance of interest rate and savings
Other costs aside, at the 1% monthly interest rate, the second loan offered would have to be for $65.69 if the program was to be self-reliant and not count on additional contributions. By similar calculation, an interest rate of around 9% monthly would be required to generate the interest to provide a second loan of $93.75. A 2% monthly interest rate would generate around $6.50 and allow a second disbursement of

$69. A 3% monthly rate, while holding the second disbursement to $70 would allow a difference that could be applied toward administrative costs such as insurance against defaults. If the default rate increases, interest may be increased accordingly. Group loans are encouraged to reduce transaction costs and reduce the default rate.[7] We suggest a combination of a higher interest rate along with maintaining an amount of savings to ensure self-sufficiency. Another approach is to depend on donations, but those most likely will not come on a regular, predictable basis. To avoid reliance on donations, a MFI should maintain some amount of savings to be self-sufficient.[1] As for the savings issue, just as borrowers under some MFIs have to show good faith by accumulating savings before being given a loan, MFIs themselves could to the same.[7]

Financial transparency and reporting

Transparency builds trust among donor because they understand where the money is going. This can be achieved through basic record keeping and reporting back to administrators. Ultimately the information needs to be made available to potential donors to assure them future donations will be used effectively. We recommend certain information be collected and given to administrators for presentation to potential donors.

Sustainability indicators

Various sustainability indicators exist that are useful for reporting to program administrators. One such indicator is the Subsidy Dependence Index as presented by Yaron in 1992.[8] The index measures how much interest rates need to be increased in order to cover program costs (which includes subsidies if any are present). Self-sufficiency occurs when the index is zero as is the case with credit unions.

Other metrics include Operational Self-Sufficiency[7], calculated as follows:

$$Operational\ Self\ Sufficency = \frac{Operational\ Income}{Operational\ Costs}$$

Financial Self-Sufficiency[7], calculated as follows:

$$Financial\ Self\ Sufficency = \frac{Operational\ Income}{Operational\ and\ Financial\ Costs}$$

and Savings Mobilization[7], calculated as follows:

$$Savings\ Mobilization = \frac{Volume\ of\ Savings}{Volume\ of\ Loans\ Outstanding}$$

Credit unions, for example, tend to have as much in savings as in outstanding loans.[7] MFIs might find success if modeled after credit unions as examples of sustainable institutions.

Income scenarios

Although it is a goal to generate income to the program, the possibility of insufficient donations to the program still exists. Because of this, two scenarios are presented depending on whether or not further income is received for the program. The greatest effect this has relates to the recommendation of having a savings. For either case, we recommend having the goal in mind of striving to have as much in savings as in outstanding loans. If this is not already in place, it will be challenging to reach without income.

With no income, the program is more dependent on savings to cover costs. If no such savings exists, it could be built up to the appropriate level over time. As loans are paid back in by recipients that exit the program, the savings can be increased by not re-lending some money.

With income, depending on the proportion of savings already established, not all the money brought in should be given out in loans. A running goal should be to maintain the appropriate savings. As money comes in there is a great opportunity to build up the savings.

Fundraising and Community Connections

The University as a whole has remained an untapped resource in exploring options to construct a more sustainable and successful microfinance project in Haiti. The success of this project lies not only in the graduation of loan recipients to conventional financing options, but also in creating long-lasting relationships with the people in the Barau Michel region of Haiti. The University of Wisconsin Foundation is an important partner in achieving success by exposing a larger audience to the Haiti project and creating a link to the UW. This project serves two objectives by giving students and faculty the opportunity to learn about the impact of microfinance first hand, and using donated capital to benefit the underserved population of Barau Michel. To reach these objectives, we make the following recommendations:

- Utilize two channels for collecting capital to cover the indirect costs for the microfinance project
- Collaborate with the UW Foundation to promote the program, attract new funding opportunities and legitimize the program within the University of Wisconsin
- Unite university faculty and students with the region of Barau Michel to operate as a research endeavor for interdisciplinary studies
- Create opportunities for student organizations to participate in service learning trips to enrich the relationship with the residence of Barau Michel

Fundraising

The Microfinance Project in Haiti has the potential to become self-sufficient into the future by generating enough interest to cover both operating costs and the upgraded loan levels for participants moving through the program. Unfortunately, the current structure of the program will not allow for the rapid and extreme changes needed to get the operations back on course. In order to alleviate pressures of raising interest rates to an uncomfortable level for the participants, the use of fundraising and donations can sustain the project as it goes through a transition period into a new operations model.

Options to cover operating expenses
A new financial plan along with the creation of a paid field partner position will require a budget for operating expenses in addition to the money needed to provide loan disbursements. Recovery of the indirect expenses that come with running this program can be assessed using the three models below:

- Assign a consistent, publicized percentage taken off the top of each donation
- Construct a separate donation opportunity to be used solely for operating fees similar
- Use interest rates to generate capital to cover indirect expenses

The recommendation is to use a combination of the first two models. Allocating a percentage of all donations to be used to cover indirect costs and constructing an avenue for donations to be made solely with the purpose of allowing the program to operate would have the largest impact short-term. This practice must be made transparent to ensure there is no confusion among donors about where the money is going and what it is being used for. One approach would include a disclaimer with each donation specifically stating the percentage of the total going to indirect costs. As the program currently stands, interest rates are not a viable option to cover the indirect expenses associated with operations. After the program completes a reorganization period, this may be a more sustainable option into the future.

Paths for inviting new funding prospects
It would be in the UWMFP's best interest to look for additional avenues to promote the work being done on campus and in the region of Barau Michel and attract continuous contributions to the project. As it currently functions, donations from UW students and their family members have made up a majority of the funds in circulation. These students have been exposed to the project and the mission through the classes of Senior Lecturer Tom Eggert. Although this has been an effective tool in getting the program started, it will not be enough to satisfy an increasing demand for the services provided in Haiti.

The UW Foundation has been “the official fundraising and gift-receiving organization for the University of Wisconsin-Madison” since 1945.[9] It would be in the project’s best interest to explore creating links to the Foundation to utilize a system already in place to manage funds associated with the project. This collaboration also functions as an endorsement from the Foundation and demonstrations UWMFP is acting in accordance with the law and has met requirements set forth by the Foundation rules and regulations.

Scholarship & Service Learning

As long as the project in Haiti remains part of the University of Wisconsin, the opportunity exists to use this region and the evidence about the population as a case study. The intimate relationship with the people of the Barau Michel region would provide a stepping stone to graduate students, doctoral candidates and faculty in a variety of disciplines to explore the impact of microfinance on the region. Data and observations would give the UWMFP valuable insight about how the villages function and how the program can be improved.

Student service learning trips can be used as another way to connect the University to the Haitian community and further enrich the experiences of UW students. These trips can be used to rebuild infrastructure and participate in community projects like upgrading schools and installing water filtrations systems. Service learning trips formulate more meaningful relationships with village members and provide students with access to meaningful learning experiences outside of the classroom.

By partnering with existing student organizations on campus like the Wisconsin EDGE Project (Empowerment through Development & Gender Equality), the UWMFP would provide a link to the Barau Michel region to provide support for residents beyond microfinance. In order to stay concentrated on the mission, it is in UWMFP’s best interest to collaborate with student groups on campus who have done this kind of work before. This collaboration creates opportunities to cross promote the positive work being done by both groups and attract more attention to the role poverty the region of Barau Michel.

Service learning trips also serve as an incentive for the region of Barau Michel to maintain their successful loan repayment. Villages benefit from the opportunity to individually participate in the process of rebuilding public centers to create a stronger sense of community. These connections function as another layer to promote cooperation, prompt repayment and minimization of mischief within the Barau Michel region.

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