

■ JRS and microcredit

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Abstract It is from simple things that great ideas are born. This was the great success of Professor Muhammad Yunus, who, in an era during which serious social and economic problems afflicted his country, Bangladesh, the idea of giving a little in exchange for a lot made it possible for poverty rates to decrease.

During a difficult social and economic time, microcredit can be an opportunity for people to make a decent living from their work and to be fairly remunerated for it. Microcredit represents an opportunity for integration, for the promotion of self-sufficiency and, furthermore, a great social responsibility. Following from precisely this idea, JRS in Portugal has been promoting a service to incentivise immigrant entrepreneurship based on microcredit since 2005.

Keywords microcredit, exclusion, self-sufficiency, entrepreneurship, integration.

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"Was it worth it? It is worthwhile, all, / If the soul is not small (...)"
Fernando Pessoa

In 2006, the Bengali Muhammad Yunus, known as the 'banker of the poor', and his Grameen Bank received the Nobel Peace Prize for his fight for a more just economy for people with low incomes.

The 'history' of microcredit is quite simple... when in 1974 a young economics professor in a country where the poverty rates were reaching their limit - as was the situation in Bangladesh at that time - decided to look at his society with an open heart and saw the scenario of hunger, oppressive poverty and human deprivation, he decided to do something with immediate effect. On foot of a brief survey of the social situation of the country, and of the precarious conditions of exploitation in which many people lived, the results were that 27 dollars would be enough to liberate them from their exploiters. This was how the adventure of Yunus and microcredit began.

A curious fact - or perhaps not so curious - is that the majority of his clients are women, as they bring most benefits to the home. The idea is surprisingly simple: in order to help those who do not have access to normal bank credit, microcredit was created.

The essential objective of the creation of microcredit is to contribute in a positive way to the fight against economic and social exclusion, supporting the creation of self-employment and small businesses, which brings us inevitably to the realisation of dreams. Those who wish to prosper, those who wish to promote their self-sufficiency during a period when unemployment is widespread thereby feel themselves integrated into the society that they live in and to which they are contributing their work. This is at the root of every request for microcredit.

In brief, microcredit is defined as the granting of credit to people who do not have access to traditional banks, granted without real guarantees and in a sustainable way. They are always small amounts, destined for the undertaking of an economic activity, with the ultimate objective of raising the income of those who receive them. It is a case of supporting people who, under normal market circumstances, do not have access to credit and who, for various reasons, are outside of the economic mainstream.

This granting of microcredit facilitates in the final instance the alleviation of poverty rates that are rife throughout the world, even in countries that are said to be wealthier. The truth is that in some countries this poverty is notorious and known to all – in countries undergoing a process of development. In other countries considered to be more developed, it is hidden and it is a cause for shame for those who feel it. In other words, this situation and these living conditions are effectively ignored.

At the most recent conference that Yunus attended in Portugal, he gave examples of how great changes at a global level could really affect the poorest of the poor. In an era during which information and communications technology is a fundamental dimension of all of our everyday lives, dispensing with borders and distances, Yunus and his bank financed the creation of a new company, which, though it was initially modest in its aims, within a short time became a social company that generates its own wealth.

That is how Grameen Telecom was born. A group of women, known as 'Phone Ladies', began by selling mobile phones in their villages to other members of the community. Rapidly the volume of sales exceeded expectations and reached considerable amounts. This was just a small practical example of how when we believe in an idea and turn it into a reality, it can assume truly unexpected and surprising proportions.

In Portugal, microcredit began to make its appearance a few years ago. It was initiated in 1999 through the National Association for the Right to Credit (ANDC) and immediately began to bear fruit. People and small businesses began to appear with viable entrepreneurial initiatives; people who would not otherwise have had access to credit. Obviously this also allows for job creation; promotes entrepreneurial spirit – enterprise – as an alternative for those who find themselves unemployed and who, in the exercise of their rights as a citizen, are seeking to once again participate in society in a dignified way.

According to the study on the *Avaliação do Sistema do Microcrédito em Portugal (Evaluation of the Microcredit System in Portugal)*, presented on 9 March 2007, and which essentially referred to the work of the ANDC, the success rate of microcredit is around 91 per cent. 52.8 per cent of clients are women, with ages ranging between 26 and 45 years. These are the data that leave us to ponder the essence of microcredit. It works for an inclusive society, providing equal opportunities for all, who according to their own capacities contribute to global wealth creation.

The problem of exclusion and poverty takes on economic, social and cultural dimensions in our society. The great challenge that emerges in front of all our eyes is the creation of mechanisms to combat exclusion, and microcredit can be an

excellent tool in this respect. In fact, there are irrefutable and sufficiently clear proofs of its success in the various areas referred to above.

It was in this context that the Jesuit Refugee Service (JRS) in Portugal, during a quite delicate social and economic period, joined this cause. Microcredit is an opportunity for people to make a decent living from their work and to be fairly remunerated for it. This is the responsibility of all of us in the fight against poverty and social exclusion. This was our main objective and purpose.

The history of the JRS is based on the persistence of one man who, against all odds and in favour of the poorest of the poor, also set out on an adventure that continues even today. On receiving news during the late 1970s of the situation of Vietnamese refugees, known as 'boatpeople', Father Pedro Arrupe decided that it was urgent that the Company of Jesus began to work with this population, who, as well as having serious problems to confront in order to survive, had been overlooked by the media.

To this effect, the Superior General sent letters to all of the Provincial Superiors of the Jesuits around the world, calling for their cooperation in working with refugees. He received numerous very encouraging responses, leading him to begin the creation of the Jesuit Refugee Service, with the help of others who contributed funds to the project. From a small beginning, the Service grew and spread around the world, seeking to respond to the growing increase in the number of refugees and forcibly displaced people. Initially, it was a Service exclusively provided by Jesuits, but later it was opened up to other religious people and to all laypeople who wished to work in this field.

Over the years, the Jesuit Refugee Services around the world, particularly in countries where their presence had justified the creation of a national JRS, came into contact with the diverse and varied realities experienced, understanding in this way the numerous problems in each country and seeking, in accordance with the possibilities, to find possible solutions for each case.

The stories of Yunus and Arrupe are quite similar, in the manner in which both of them came across, during different eras, situations of extreme poverty and social exclusion, and went on to create something that benefited the poorest of the poor. It is on the basis of this rationale that the JRS mission in Portugal was well suited to Yunus's philosophy - to be where no-one else is helping those who are in most need of support.

Therefore in 2005, in partnership with Caixa Geral de Depósitos (the Portuguese State bank) and the National Association for the Right to Credit (ANDC), JRS began to undertake a small number of projects in this area. We took advantage of

the partnership with these two organisations to guide the people who came to us in order to promote dialogue and a closer relationship between the banking organisation and the disadvantaged immigrant population, who needed that loan in order to realise their dream.

Essentially what JRS does is to accompany people throughout the entire process of the creation and expansion of a small business, from the initial phase of gathering information, assessing the market and evaluating the sustainability of the project. In certain situations, JRS also acts as a mediator between the applicant for microcredit and the partners. During our experience as an organisation that supports microcredit applicants, we saw that the main difficulties were related to their need to present guarantees to the bank, and some problems related to the setting up of their business project. Nevertheless, both partners were always available to assist in the preparations and in the clarification of any questions that the applicants had.

From the beginning of this partnership, we attempted – and in many cases succeeded – to guide many of the applicants for this service towards success in their life project. In effect, the implementation of a life project by the people who come to us is the essence of our work as an organisation that serves, defends and accompanies immigrants and forcibly displaced people in Portugal.

Having faith in the individual, believing in their dreams, providing the opportunity for them to be independent and productive in society can and should be the main objective of these initiatives. Involving various dimensions of society in self-employment and entrepreneurship projects can be a weapon to combat the exclusion of those who feel most rejected.

Above all, microcredit represents an opportunity for integration and for the promotion of self-sufficiency, but it also draws attention to the responsibility that we all feel for combating the poverty and exclusion of the poorest people in our society. It is fundamental to value the dynamics of microcredit as a resource for overcoming economic and social crises among small groups, who, though initially considered a risk, end up becoming small businesspeople with high credibility.

In fact, as the poet Fernando Pessoa said, if “*God wills, man dreams, and the work is born.*”