

## Business as venue for Christian ministry

### Lessons from Mennonite Economic Development Associates

Wally Kroeker

**D**ecember 2013 marked the sixtieth birthday of Mennonite Economic Development Associates (MEDA). Such a sobering milestone is a time to review lessons learned and tease out areas where this upstart organization may have taught a few things to the larger Mennonite communion. How is the church, or the world, better off because of MEDA?

The early MEDA archives hold photos of white-faced (maybe sunburned) Mennonite men riding on the backs of pickups,

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trudging through jungles, and sitting under trees eating watermelon with indigenous Paraguayans. Back home in California, Ohio, and Manitoba, these same men were seldom seen in public without a suit and tie; they were men who employed hundreds, maybe thousands, of people and did business worth millions of dollars.

It was the early 1950s. Mennonite refugees from Russia and Germany had been dislocated following the Second World War, and several thousand had ended up in Paraguay.

Other church organizations had provided them with food and clothing, but they needed more than temporary housekeeping. Those who had left trades behind needed working capital to set up businesses to serve the Mennonite colonies. The South American banks weren't much help, offering short-term loans at excessively high interest of 15 to 25 percent.

North American Mennonites wanted to help, but there was no structured way to do so. Mennonite Central Committee did not feel equipped to meet capital needs, but its executive secretary, Orié Miller, himself a businessman, came up with an idea. He invited a number of well-heeled Mennonite businessfolk to visit

Paraguay at their own expense to take a look. They quickly caught his vision, and on December 10, 1953, a group of them gathered in Chicago to start MEDA.

Membership did not come cheap. The founders pledged \$5,000 each; regular members could join for \$1,050. Personal involvement was important. Board members were assigned to sponsor certain projects and visit periodically. The founders had no assurance their investment would ever be repaid, and most Mennonites back home doubted it would be. “The money they advanced was venture capital which they had to be prepared to lose, and frequently did,” wrote J. Winfield Fretz in his history of MEDA’s first twenty-five years.

While MEDA emerged in direct response to a particular kind of need, it also scratched another itch. The kind of people who were attracted to the new organization were already contributing to other agencies, but mainly with cash. Here was a new avenue for deeper involvement, a way to contribute from the depths of their being. Here was a way to share the skills they used Monday through Friday—managerial talent, entrepreneurship, and investment savvy.

The new organization got off to a fortuitous start. Call it beginner’s luck, or shrewd planning, but the first MEDA project turned out to be a huge success with lasting impact.

It didn’t take long for the northern visitors to find this project. It stared them in the face as they saw the native Paraguayan cattle gazing out at them from the local pastures. These bush cattle produced only a quart of milk a day. Surely they could do better. Good quality stock was imported and some serious cross-breeding took place. After a few birth cycles, the cows were producing four or five gallons a day. The initial partnership with the Paraguayan farmers was called the Sarona Dairy. The name, rife with hope, came from the biblical term *Sharon*, a bountiful pasture celebrated in 1 Chronicles and Isaiah.

From the start, MEDA’s intention was for partnerships to be temporary. As soon as an enterprise was on its feet, the investors were eager to move on.

This first project helped transform the local economy. Family farms were strengthened. Jobs were created. Many livelihoods were enhanced. Today, the Mennonite colonies dominate

Paraguay's dairy industry, furnishing two-thirds of the country's entire supply of dairy products.

The second MEDA enterprise was a tannery to process leather. The small tannery already existed but was underfunded. MEDA stepped in with capital for a building and better equipment.

A cattle operation and a tannery led quite logically to MEDA's third project, the Fortuna Shoe Factory. Using leather from the tannery, the factory started making men's work shoes, then branched into dress footwear, shoes for women and children, and cowboy chaps. By the late 1970s Fortuna was producing more than 600 pairs of shoes a month, employing four to six workers.

And so it went. Several projects were dramatic successes. A few were dismal failures.

The need for MEDA's type of assistance was immense, and invitations came from all over the globe. MEDA was soon working in Africa and elsewhere. By the time its first quarter century drew to a close, MEDA had undertaken 422 projects globally, of which 87 percent were considered successful.

Amid the turbulent 1960s, meanwhile, Mennonite businessfolk back home were becoming sensitized to a conflictual gap between

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business and the church. In 1969 a group of ninety Mennonite businesspeople and educators formed Church, Industry and Business Associates (CIBA), later renamed Mennonite Industry and Business Associates (MIBA). Its purpose was to encourage Christian ethics and stimulate a consistent witness in business.

Mennonites, it seems, cannot form an organization without also holding a conference. Both MIBA and MEDA held regular meetings, and one day someone looked

around and realized that a lot of the same people were coming to both meetings. In fact, nearly all the members of MEDA were also part of MIBA. Why not merge again, someone wondered. So in 1981 the organizations united, keeping the name MEDA because of its tax-exempt history in Canada and the United States.

The new hybrid organization aimed (1) to help businesspeople see their work as a form of ministry, and thereby integrate their faith with their business, and (2) to use the skills and resources of

businesspeople to provide business solutions to poverty. Over the years the “seamless garment” of faith has been central to MEDA; the redressing of economic injustice is seen as a natural extension of biblical identity.

So, where are we today? In 2013 MEDA worked with 223 partners in 49 countries, had an annual budget of \$41 million, and employed 318 staff worldwide. Its total client reach, including

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people served by microfinance institutions in which it is involved, extended to 42 million families. (The full scope of MEDA’s work can be seen on its website [www.meda.org](http://www.meda.org).)

What MEDA lessons have stood out over the years? Insiders may themselves not agree on what those might be, but here is one stab at it.

### **1. The rigor of business has something to offer.**

Despite criticism from some quarters, MEDA unapologetically used business principles as central to its global mission.

Tanzania, for example, was not exactly ripe for a business-oriented model when MEDA went there in 1965. For one thing, the country’s economy was rooted in Ujamaa, a traditional form of agricultural socialism. Moreover, Tanzanian Christians were suspicious of the business model, thinking it inevitably led to worldliness. (This view was fortified when one successful MEDA project partner used his increased earnings to acquire an additional wife instead of supporting the church more generously.)

MEDA persisted, but learned some painful lessons as it sought to create business solutions to poverty. It wasn’t always easy to insist that loans be made on the basis of sound principles rather than family connections. MEDA endured criticism as it sought to teach clients to keep careful records of expenses and income, to separate operating and capital costs, and to meet regular repayment dates. Too often, borrowers thought North American money did not have to be repaid. MEDA had to practice some tough love—“If you don’t repay, we can’t lend to your neighbors.”

Nowadays such principles of accountability are well accepted by development practitioners.

## **2. Good intentions aren't enough.**

MEDA learned—and then modeled—how to translate good intentions into programs that actually work. One of its own hard lessons was a thousand-acre rice plantation developed in Uruguay in the early 1960s. Some members opposed the idea, since no one in MEDA knew anything about rice farming. As it turned out, crossing the border into Uruguay did not automatically produce an increase in knowledge. MEDA plunged ahead, importing a dragline, turbine pumps, and diesel engines for irrigation. The project was beset by problems, from equipment breakdowns to erratic markets. Only one good crop was harvested in eleven years. One MEDA leader commented that the rice project nearly

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“did us in.” MEDA learned an important missiological lesson: if you can't do it at home, you probably won't be able to do it overseas, no matter how good your intentions.

Another good intention that easily goes off the rails is charity, such as sending shiploads of used clothing or surplus goods to developing countries. More often than not, these freebies undercut the local market and end up doing more harm than good. MEDA learned, for example, to brace for a rash of loan delinquencies from local textile producers whenever a shipload of used clothing arrived in port. As poor Haitians grabbed up cheap T-shirts, local tailors were idle.

Over the years MEDA sought to teach North Americans that good intentions alone aren't enough to make a dent in poverty.

## **3. You can bank on people in poverty.**

MEDA's founders grasped a fundamental insight into human poverty—that simple financial services can hold the key to unleashing entrepreneurship and productivity.

In the early 1960s MEDA dabbled with small loans to help Mennonite immigrants clear bushland, build fences, and start small farming enterprises. Erie Sauder, founder of the famous

Sauder woodwork companies in Ohio, extended this feature to Paraguay's indigenous people so they could establish small woodwork and repair shops.

MEDA's emerging concept of credit began to solidify in Colombia in the early 1970s under Roger Friesen. MEDA's strategic involvement with microcredit predated Nobel laureate Muhammad Yunus by a few years, but it would not be until the mid-1980s in Haiti that microcredit would gain traction in MEDA.

Providing affordable credit grew into a brand niche. MEDA became a world leader in financial services, proving that people in poverty are bankable and can be relied on to repay loans, even if they lack conventional metrics like collateral or credit history. Today this trust has been extended to "branchless banking," savings, and microinsurance.

#### **4. Trade trumps aid.**

MEDA learned—and tried to teach—that if you want to help people in poverty, you should invest in them and with them. Over the years it became a global leader in demonstrating the power of private equity investment in emerging markets. As the early Paraguay partners repaid their investment, MEDA created a pool of capital to reinvest elsewhere. That pioneer act of sharing risk with people in poverty was decades ahead of today's impact investment industry. Thanks to that early vision, many more in the private equity markets today know how the power of investors can be harnessed to improve the financial performance of companies in emerging markets while delivering positive social and environmental outcomes.

When others could not see beyond donated aid as the way to address global poverty, MEDA showed that long-term solutions demand growth in production and trade, and that private individuals can play a vital role by investing their own capital. It pushed the investment envelope, devising new instruments for investment, finding creative new ways to harness entrepreneurial skills and resources to help others reach their God-given potential.

The prophet wrote, "The LORD looked and was displeased that there was no justice. . . . He was appalled that there was no one to intervene" (Isa. 59:15, 16; NIV). MEDA did intervene. By investing.

## 5. Business can be a calling.

Part of the genius of MEDA (one applicable to many other professions) is to understand our work and spiritual lives as a whole piece of cloth. We bring our humble gifts—our talents, our business expertise, our innovative spirits—and we say, “Let’s see how this—our treasure in jars of clay—can help others in need. How can we shine the light of our work, animated by our faith, into the dark places?”

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After all, the first page of the Bible starts off with God at work. Only on page two do people show up, and then as made in the image of God to also work and be God’s junior partners in sustaining creation.

As MEDA matured, members sought to more deliberately honor God in daily toil, serving as “ministers of commerce” who would be active agents of Christian discipleship.

It can be argued that MEDA changed the understanding of business (and work generally) as a legitimate venue for Christian ministry. When it comes to spirituality in the workplace, much of the Christian world has had a moat around its castle. With the help of

MEDA, countless Christians in business have seen that ministry is not confined to Sunday but covers the whole work week. It’s as if MEDA struck a tuning fork and then pressed it against the soul of business, and the vibration keeps resonating over the generations.

MEDA did so by providing resources and networking opportunities (conventions, seminars, *The Marketplace* magazine) to help bring faith and workplace closer together. Have these resources made a difference? Anecdotally we hear about companies that have broadened their “values footprint” and consciously seek out the “God moments” in their workplace.

One assembly line worker told a MEDA staffer what she liked about working for a company owned by MEDA members. “No one yells at me here,” she said. A small thing? Not if you’re used to being abused.

## **6. Witness includes creating economic shalom.**

We at MEDA like to think we have helped expand the definition of Christian witness. While we do not proselytize, we bear witness by creating economic shalom. The possibilities for an expanded witness and noticeable “peace dividend” are remarkable, given that economic inequality is at the root of so much global strife.

We have been agents of peace by bringing financial strength and hope to small operators in global hotspots bereft of hope, such as Yemen and Libya. In Afghanistan, Egypt, and Morocco we work with a burgeoning population of youth who are restless and unemployed, by boosting financial literacy and job training so they will see other options than being recruited by extremist groups.

Another area is women’s empowerment. For years MEDA worked in Pakistan to help homebound women improve their marketing of embroidered fabrics. Because their culture and traditions confined them to their homes, they couldn’t go to market and see for themselves what customers want. MEDA developed creative ways to bring the market to them through a network of intermediary sales agents who link them to the market so they can update their production and get better prices. Many of these women, some in areas that still practice “honour killings,” have been routinely mistreated and abused, but when they improve their economic stake they get more respect and better treatment. A little assistance, strategically applied, helps them coax out inherent skills, and ends up becoming a trim tab on the rudder of change by enriching human rights.

Our organization has turned sixty, but we do not feel long in the tooth. Actually, we feel more vibrant than ever as MEDA enters its next decade. As the psalmist writes of the cedars of Lebanon, “In old age they still produce fruit; they are always green and full of sap” (Ps. 92:14).

### **About the author**

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