

Part II
Fresh in the Spirit Investments:
A Faith Micro-loan Program



For Consideration by The United Church of Canada

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Executive Summary

Fresh in the Spirit Investment micro-loan program project honors and supports the ‘tentmakers,’ the Christian persons or communities called by the Spirit into ministries beyond the current structures of the church. It seeks not only to give them needed financial assistance, but to support them to achieve their goals by offering the expertise of a community of clergy, lay people, social entrepreneurs, and fellow borrowers. Applicants’ projects might range from community-based mission, social enterprise, and social justice work, to alternative forms of worship, and intentional Christian communities. By reaching out to ministers and lay people, the micro-lending project hopes to respond to the Spirit in transformative ways to bring renewed life to The United Church of Canada, among other mainline denominations.

Borrowers are bound by no institutional ties. Responsible financially, and accountable for their own level of achievement, they own their process and path. In under-developed countries, micro-loans have traditionally been instituted to relieve gross poverty and return dignity to the poor. In ours, the investment is aimed directly at the human soul, to return to it a sense of spirituality, hope, meaning, humility, prayer and worship, to invest in mystery and our re-enchantment—to love beyond our walls and to take on all the incumbent risks that love implies.

The United Church of Canada is being asked to provide funding to test the Fresh in the Spirit Investment program. Micro-loan expertise has been consulted to design a program suitable for the anticipated candidate. The program design and flow are set forth below.

A test, with a small sample of loan applicants, will provide the opportunity to answer the myriad questions that arise with any new program, without the effort and cost of implementing a full pilot. The test results will help to identify the best candidates for the program and the most relevant interventions and resources for their respective paths. Results will also reveal realistic measures of success and indicate how the loan terms and model need to be refined for the pilot stage. A detailed plan for the test model/pilot preparation, including all program values and assumptions, is included in this proposal.

The test, to run from January 1 to September 30, 2015, or such other agreed times, involves providing character based loans between \$2500-\$15,000 to up to five individuals, as well as linking them to appropriate information, volunteer experts/coaches, and networks to help them progress. It is assumed that these individuals would not qualify for a bank loan and will require personal support as much as money. A part-time Administrator will be required to generate and respond to inquiries, conduct interviews, process applications for eligible candidates, conduct due diligence, facilitate review and approval by a volunteer loan team, prepare and execute lending documents, monitor and support the progress of loan recipients, and evaluate and communicate results. The Administrator will look to a volunteer Advisory group for periodic input and feedback. VST has agreed to explore acting as the fiscal agent for the loan & operating transactions.

Test loan parameters and terms will facilitate ease of access and minimize bureaucracy. Candidates will apply directly through the Administrator, with no referral barrier or

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administration fee. Loan funds may be used to cover the cost of supplies, travel, publications, fees, liability insurance and other costs deemed relevant to the individual's path. Interest will be charged at bank prime plus 2% and interest payments will commence the month following receipt of the funds. Principal payments will commence 90 days after the loan recipient generates sufficient income and no later than 24 months. Full repayment of the test loans is expected within 5 years. No collateral security will be requested. Candidate loan participants are embarking on a ministerial path that has a deep connection to their personal values and career paths. Those they seek to influence and those from whom they need support, will impact their lifelong reputations. Hence, 'reputation capital' will be highly important to them. It will encourage them to repay their loans and strive to successfully launch their faith initiatives. However, a 5-10% loan loss still might be expected due to unforeseen circumstances.

Subject to the conclusions of the test evaluation, participating collaborators will prepare to implement and seek funding for the pilot program. Loans in progress at the end of September 2015 can be transferred to the pilot program. If no pilot program ensues, then VST, as fiscal agent, will continue to collect loan payments on behalf of the United Church.

The funding commitment requested of the United Church for the test consists of two components:

1. \$40,000 for loan capital, to be drawn on as needed to disburse loans. If it so decides, VST could hold the amount in trust, with the United Church owning the loans receivable. Repayments on loans will replenish this pool of capital. Interest earned on loans would be used to offset any loan losses and/or opportunity cost for the United Church.
2. \$29,189 to cover operating costs for the nine-month test period. This consists of compensation for the Administrator, along with some travel, micro-finance consulting, telephone/internet, and supplies. Interviews and interactions with loan participants and volunteers will take place using video, email, and telephone to keep costs to a minimum. Existing office facilities will be used at no cost. A grant is requested for this, as interest generated on loans will not reduce operating costs. *See Fresh in the Spirit Investments program budget.*

Operating costs on a per loan basis will be higher for the test period than is anticipated for loans during full program implementation, due to development activities. With efficient processes, a future loan program can be expected to incur \$2500-\$3000 in operating costs per loan over the full repayment period. This cost would be considered high if compared to a fully secured bank loan measured solely on its financial return. In contrast, the primary return on the investment in the faith micro-loan is spiritual and social. Loan recipients will receive a level of 'high touch' support that banks could never offer.

In addition to resources, the credibility and leadership that the United Church and VST bring to this project will build a strong foundation for incubating faith leaders for future the United Church.

See Part I for a thorough analysis of the rationale for The United Church of Canada to undertake this micro lending program.

Introduction

Part II includes detailed components for understanding and testing the Fresh in the Spirit Investment micro-loan program. These components are presented as follows:

1. **Values**, assumptions and decision points: These have been established to articulate the intent of the program and guide all activities and decisions as the test is implemented. Using actual results and learning from the testing phase, these values and assumptions can be refined to form the parameters for the pilot loan program.
2. Stages of a Fresh in the Spirit Loan: This flowchart moves through the all the stages of loan delivery, beginning with reaching out to potential loan candidates and ending with a fully repaid loan and successful implementation of a ministerial path. It highlights responsibilities and roles of the loan participant, the Administrator, and various networks of support.
3. Project Budget: this provides detailed costs and assumptions for the nine-month test period, including setting up required infrastructure and completing project evaluation.
4. Project Timeline: There is one compressed timeline showing a high level view as well as a detailed timeline that matches the accompanying list of tasks.
5. Analysis of Fresh in the Spirit Loan Program: This is a detailed chart of all the activities and decisions involved at each stage of the loan testing. It supports the 'Stages of a Fresh in the Spirit Loan' flowchart, as well as the values and assumptions for the project.

The Fresh in the Spirit faith micro-loan program has been designed with the assistance of a micro-finance consultant versed in delivering micro-loan programs effective in North America. The program design has been tailored to the needs of the intended recipients and beneficiaries. Much of the components used in the testing period can be refined and updated for use in implementing a future program.

Values, assumptions and decision parameters for loan program

Core Values and Principles

- Support experimental and entrepreneurial ministries outside the traditional governance structures of The United Church of Canada in order to listen deeply to and participate in what the Holy Spirit is doing beyond its denominational wineskin.
- Support the work of the Spirit in the world such that theological educators and VST might discern its meaning for theological education.
- Encourage the loan participants to own their process and path. Only as they demonstrate need and initiative, should appropriate resources be offered.
- Facilitate a relevant and non-bureaucratic process for the loan participants and provide short-cuts to expertise to help them focus their spiritual paths.
- Promote organic theological community/denominational ownership while pushing institutional boundaries and governing constraints as to experimental and entrepreneurial ministries. Encourage influential, innovative and entrepreneurial individuals and groups to participate in the application and/or lending and support process for an applicant.
- Facilitate personal relationships among the Program Administrator, the loan applicant and individuals supporting their path, in order, among other goals, to encourage repayment.
- Provide feedback to and learning opportunities for stakeholders/communities about the results of their efforts, with meaningful metrics and progress reporting.
- Conduct due diligence, but be prepared to take a risk. Provide alternative options if the debt is not in the best interest of the applicant.
- Employ technology to bridge any distance gaps and ensure cost effective delivery.
- Employ existing lending and accounting infrastructure, where possible.
- Promote a clear program brand and respond to new communities that express an interest in participating in a future lending program.
- At each stage of a loan, strive to maintain the stated value for the loan participant. See the accompanying chart that outlines the value/benefits to a participant when they inquire about the Fresh in the Spirit Loan Program, complete an application and assessment, obtain approval, complete a learning plan/development path, and payback their loan.

Assumptions of Fresh in the Spirit Loan Program Model

- Through prototyping, networking, and communities of practice outside normal accountability structures, The United Church of Canada can adapt in new ways to serve God and share the good news of Jesus Christ.

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- In this time of spiritual awakening, The United Church of Canada cannot thrive only through renewal, church plants, organizational efficiency or implementation of known best practices.
- Adaptive denominational change requires that The United Church of Canada accompany those outside its wineskin, get on the balcony to observe the dance of spiritual awakening, and allow itself to be changed.
- People desire a spiritual authenticity that develops through significant personalization and development of personal spiritual playlists that may or may not include church as we know and define it. This personalization includes transformational community life.
- Denomination brand differentiation as an invitational tool can unwittingly create an ego-centered organization, as opposed to an eco-centered denomination engaged in open, collaborative spiritual labs for the Gospel work of love and justice and meaning making in our world.
- The loan is not enough. Successful new ministries will depend upon the participants' access to information, expertise, networks, and on-going support. Note: This may be the biggest benefit to the recipient and the reason why they would want to take the time to obtain this loan rather than go to a bank.
- A select group of advisors will provide guidance and credibility to the overall program, encouraging grassroots support for experimental and entrepreneurial ministries.
- Administrators are the anchors for loan participants and link them to other resources, and only in response to the participant wishing this.
- Inquirers will be allowed direct access with no pre-screening agency involved.
- No collateral security on the loans will be required. Candidate loan participants are embarking on a spiritual path that has a deep connection to their personal values and career paths. Those they seek to influence and those from whom they need support, will impact their lifelong reputations. Hence, 'reputation capital' will be highly important to them. It will encourage them to repay their loans and strive to successfully launch their spiritual initiatives.
- Terms of the loan will promote easy access and manageability for participants i.e. reasonably low interest rate, low or no administration fee, straightforward application process, timely approval process, flexible repayment terms.
- Loan approvals will be by a committee, rather than the Loan Administrator alone. This promotes balanced reviews, encourages support of the program by others, and removes pressure on the relationship between loan recipient and Loan Administrator.
- Operating costs to delivery the program will not be covered by loan interest earned. Interest earned is expected to cover loan losses and any interest required to borrow loan capital. External funding will be required to support the program. High

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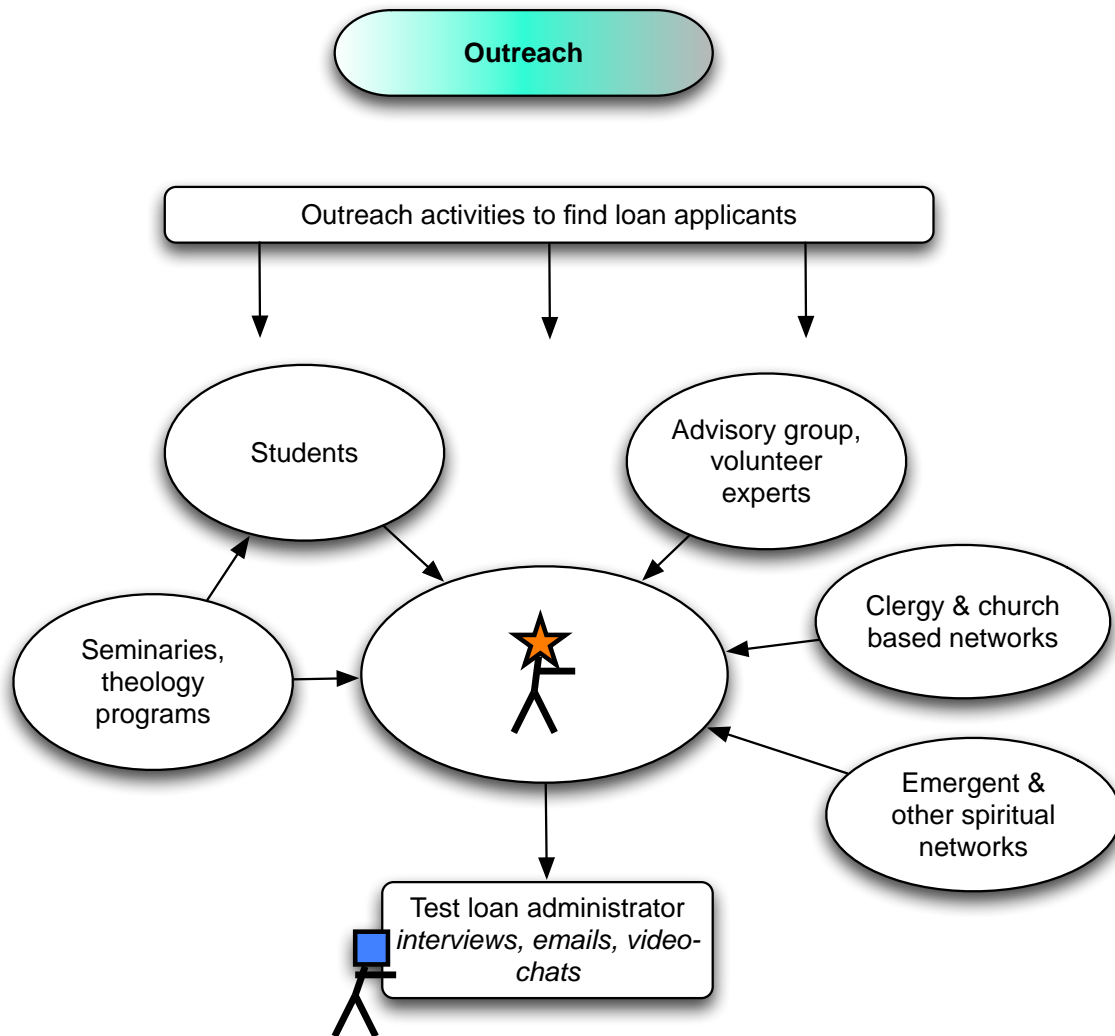
touch micro-loans requiring on-going support to recipients cost significantly more than web-based algorithm driven programs.

- Use of the following will help to reduce costs: technology to facilitate communication (including video interviewing and follow up meetings, scanning/emailing of documents), use of existing office space and facilities, use of existing accounting and banking structures through a sponsoring institution, voluntary service by pool of experts and advisory group members
- A test loan is still a real loan, and each test recipient will receive the on-going support he or she requires for the duration of the loan.
- Social media sites will not be used in order to enforce repayment.
- The fiscal agent should only handle the funds: disbursements and collection of repayments into a bank account. The Administrator should deal directly with the loan recipient to make any changes to the loan, collect payments in default and update on progress. The relationship between the Administrator and the recipient is key to obtaining full repayment.

Decisions to Make Before and During Testing

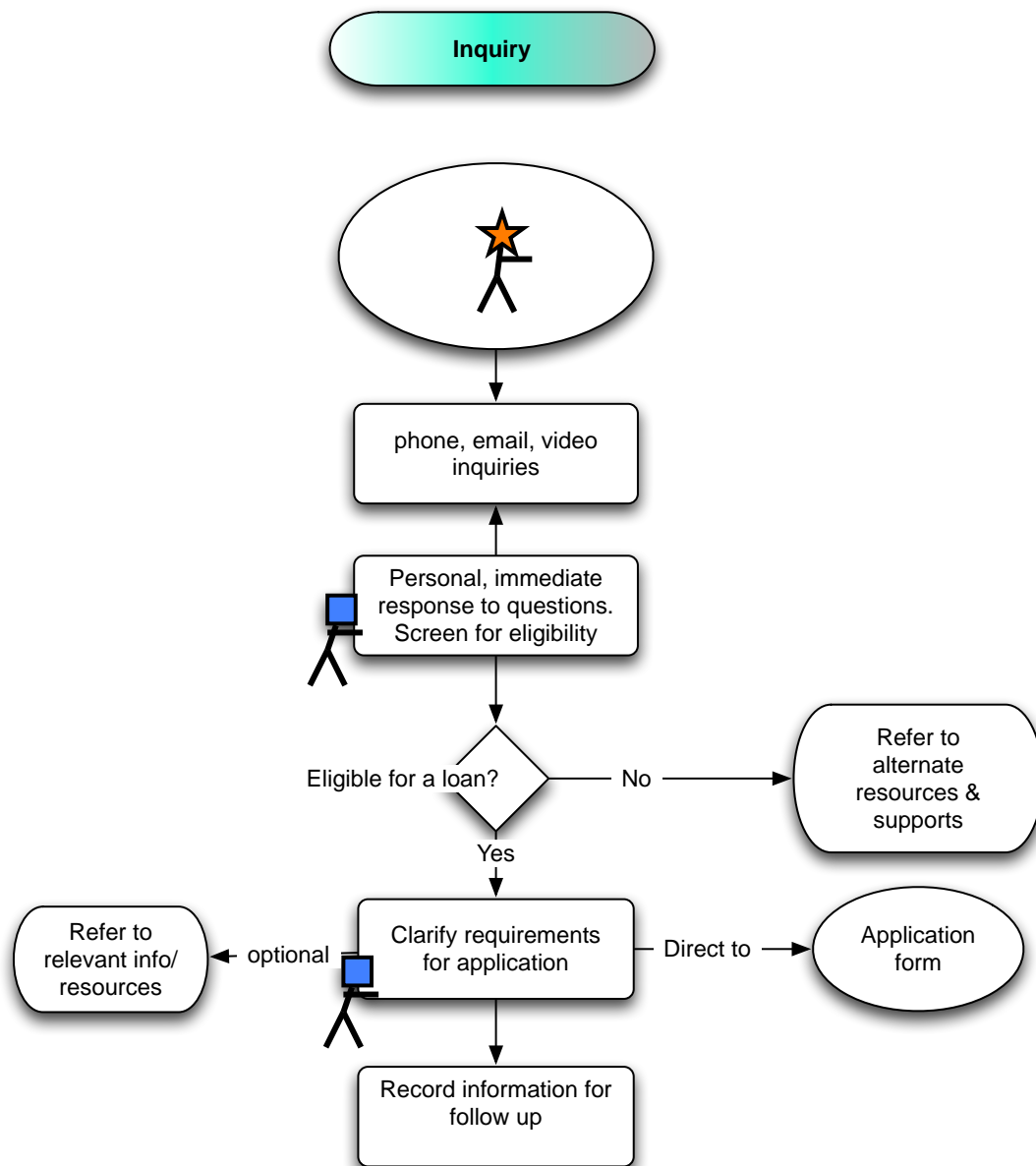
- Extent of loan repayment. What degree of risk/loss are program funders willing to accept given the unsecured nature of the loans? A range of 5%-10% would allow the program to take a risk and still be reasonably prudent. It will depend on the characters of the loan participants. Note: Immigrant Access Fund Canada has a 3% loan loss ratio on its portfolio overall.
- Duration of loan repayment: how long should it take to collect full repayment on the loans? (IAF provides up to 2 years with interest only payments for people to complete their learning plans, and then another two years to repay principal. Loan recipients can pay some, or all, of the loan out at any time with no penalty, and can negotiate extended periods if warranted.)
- How will success be measured? Not just loan repayment rate, but progress towards the recipients' paths? What measures will indicate learning by The United Church?
- Set a target number of loans and an acceptable loan loss ratio. This will help develop costing and a risk management framework.
- Determine the maximum loan amount. This should come out of both the student interviews and estimation of the costs involved in their individual paths.
- Decide on the minimum loan amount to be considered, if any, based on required loan administration and follow up time involved.
- Determine eligibility for a loan and participation in the program. What is the nature of spiritual initiatives to be supported?
- Determine if someone can participate even if they don't need funding, but could really use other resources and support. Interviews will help figure this out.
- There are many more decisions to make, see *chart on next page*.

Stages of a Fresh in the Spirit Loan



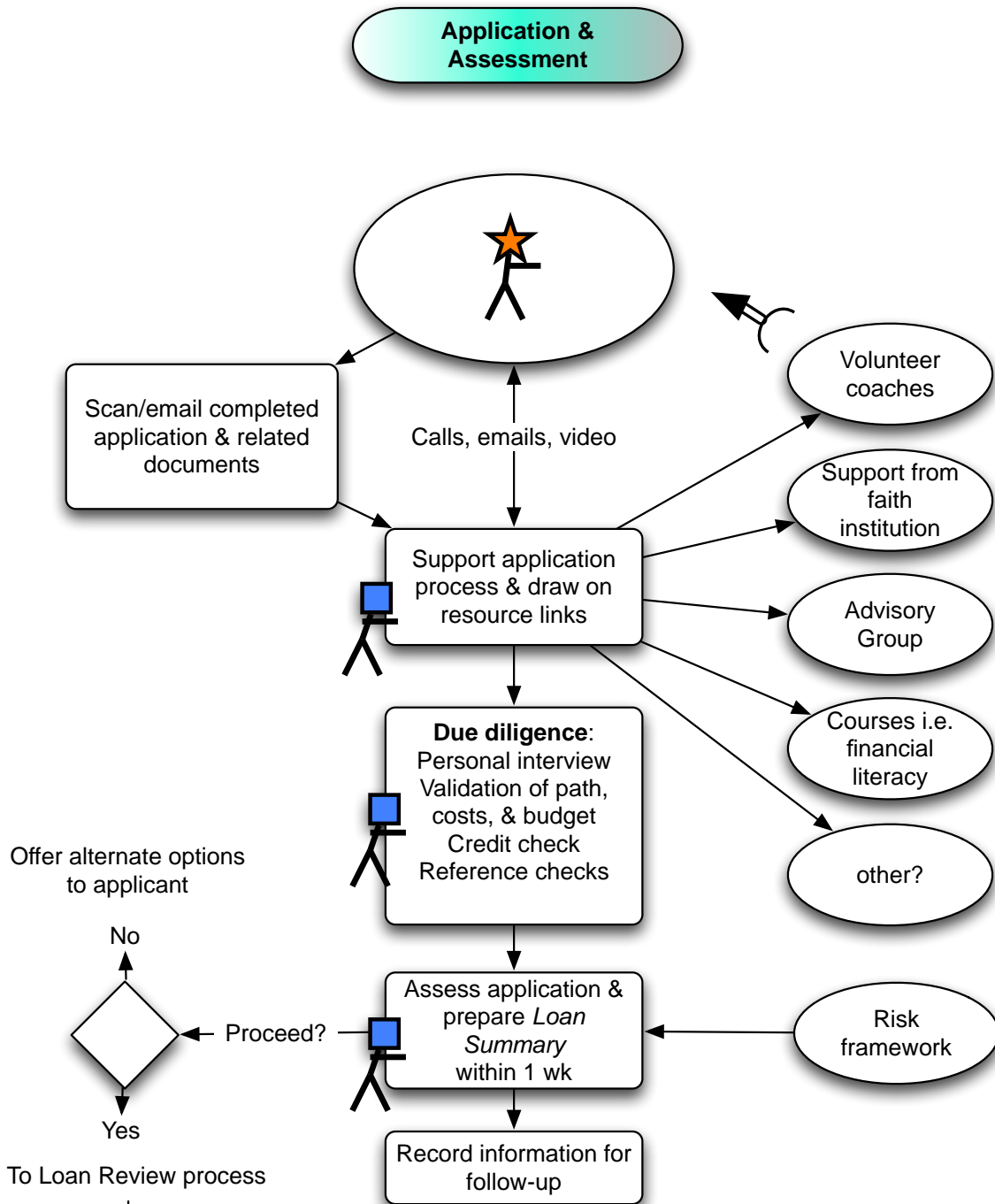
The Administrator is reaching out through existing spiritual avenues to find individuals with fresh spiritual insights and practices to renew Christian faith and who need financial and other support in order to follow their respective paths.

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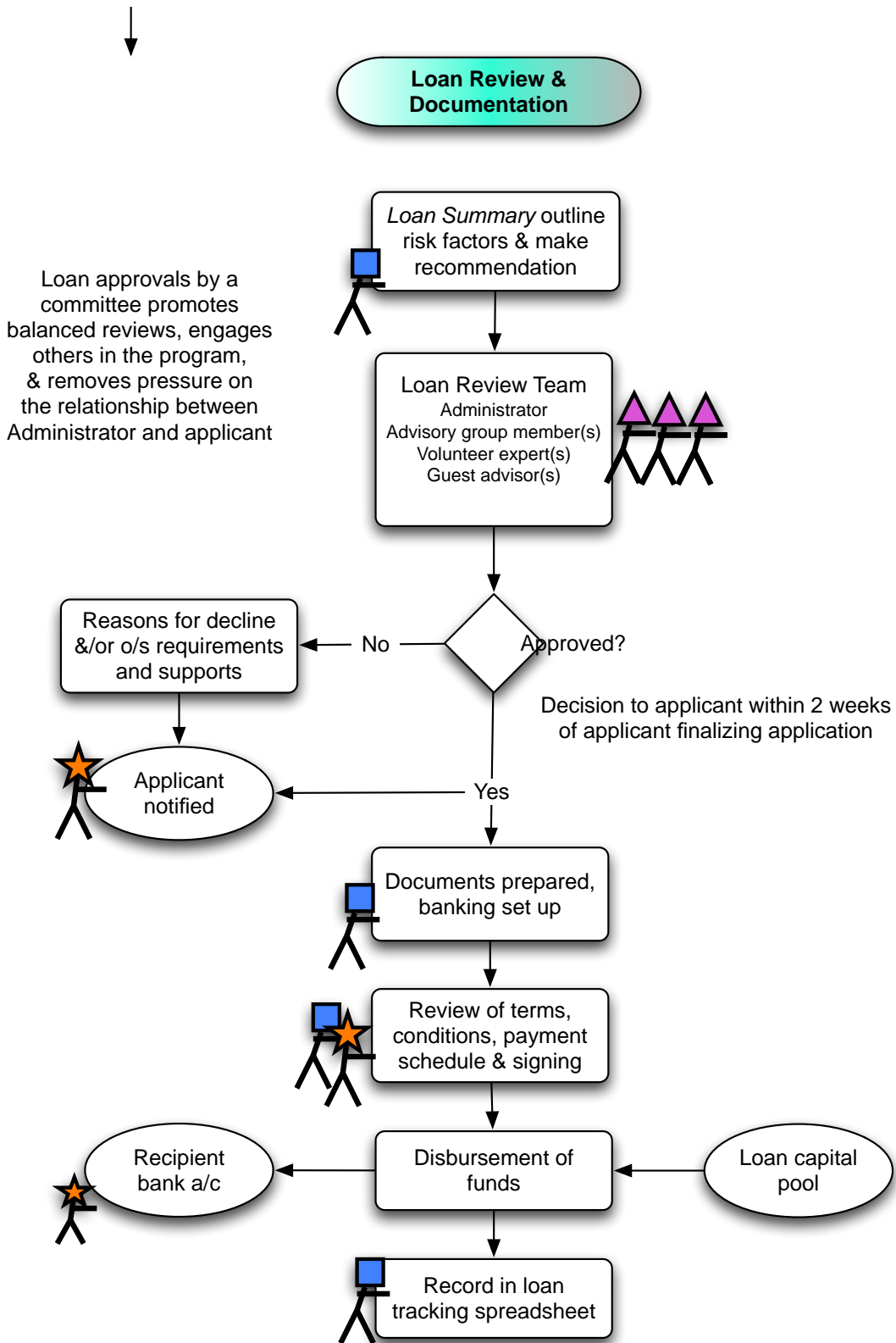
Interested individuals are screened to determine if they have defined goals and a path for their faith initiative, have related training and/or experience, can demonstrate need for financial and other supports, and are highly committed to pursuing their goals. Suitable inquirers will be invited to apply.

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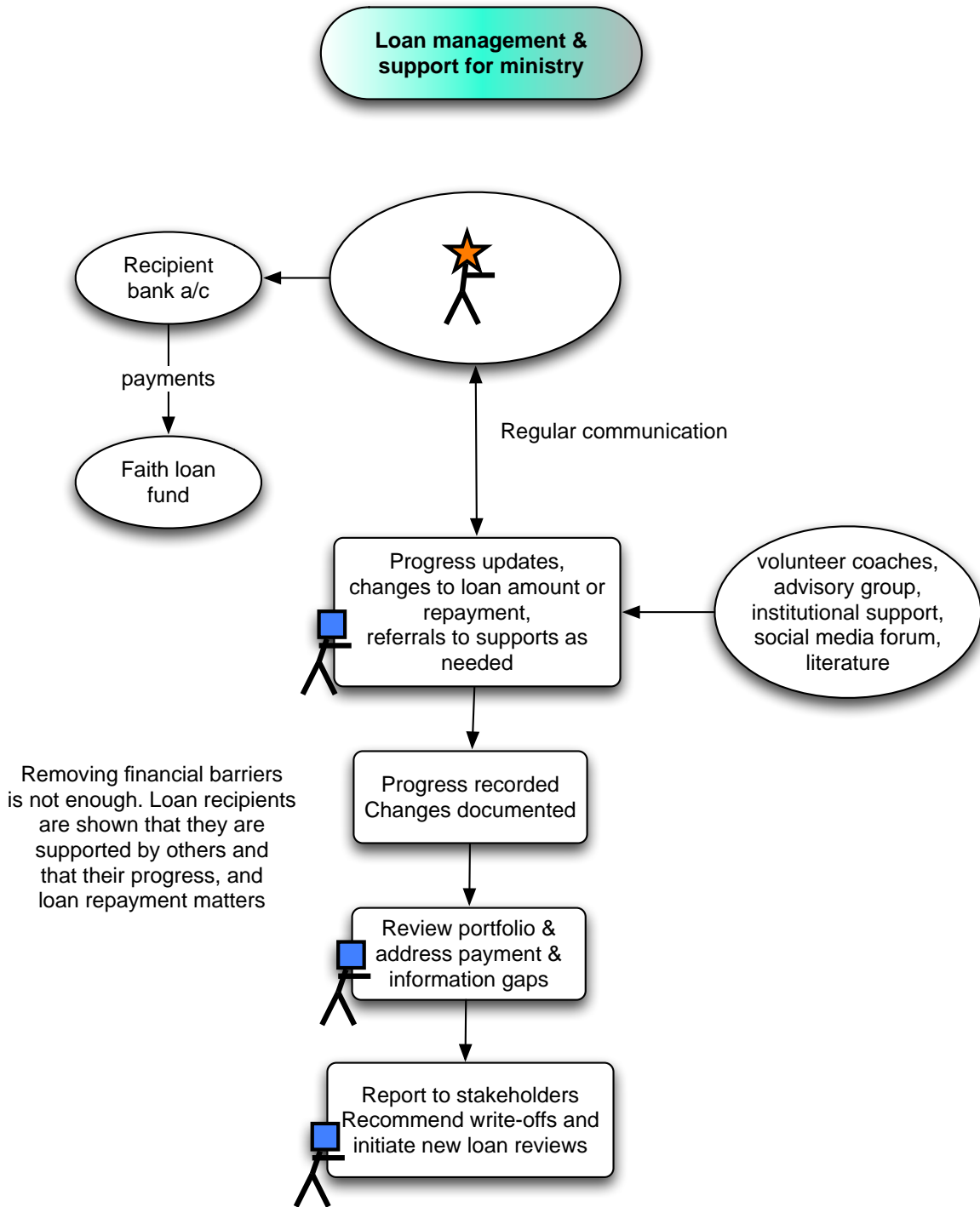


Due diligence is conducted to validate the information and path provided and determine the loan risk. Applicants will be linked, at their discretion, to other resources that can support successful outcomes for them.

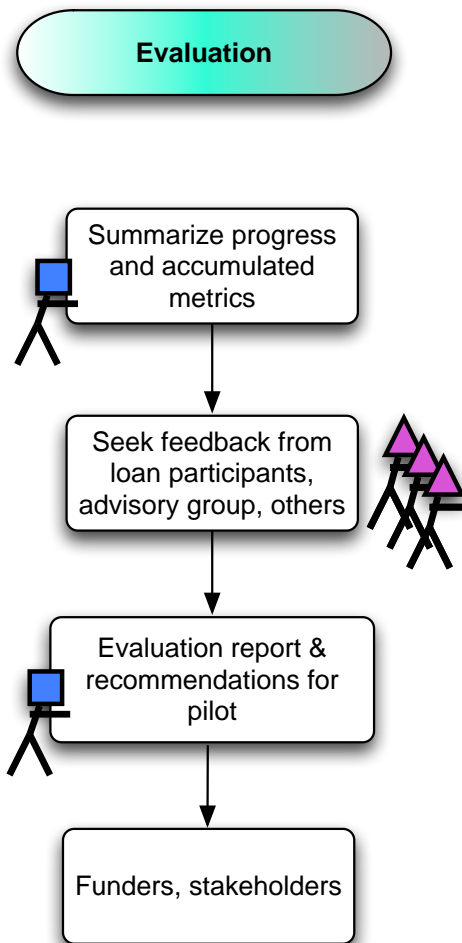
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The benefit of the test is in being able to learn as much as possible about what works well before implementing a more expensive and time consuming pilot program

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Project Budget: Fresh in the Spirit Investments

Operating budget for test Faith loans

For the nine month period January 1-September 30, 2015

		Refer	Amount
Employee compensation			
Administrator salary	See chart below. Subject to United Church compensation guidelines	1	17579
MERC's	CPP, EI employer portion 0.075 of salary		1318
Additional employee benefits	<i>coverage for health, dental, disability & life insurance? RRSP?</i>		
Professional fees			
Legal	Contracts to be prepared by Administrator		0
Bookkeeper	VST as fiscal agent will keep financial records		0
Financial Audit	None required for test		0
Branding/Communications	Postponed to pilot stage. Info sheet only required for test		0
Micro-finance consultant	<i>Draft documents, tracking structure, ongoing guidance?</i>		3000
General Costs			
Office rental	Administrator to use his/her own facilities		0
Furniture - work station	Administrator use his/her own equipment & software		0
Supplies	Business cards, printer paper & ink, office supplies, postage. Use UC or VST stationery		200
Insurance, permits, licenses, etc.	Operate as project under United Church or VST for test process		0
Travel & accommodation		2	
Vancouver	2 trips @\$820		1640
Victoria	1 trip @ \$490		490
Okanagan	2 trips @ 339		678
Meeting expenses	Use VST or United Church facilities; out of pocket refreshments, parking		200
Membership/professional fees			0
Professional development			0
Bank Service Charges	VST sponsored bank account		0
IT / Telecommunications			0
Capital purchases	Computer, telephone, printer, accounting software		0
Ongoing costs	Use existing telephone line & ISP, mobile phone fees \$60/month		540
Teleconference/video fees	SKYPE, FaceTime interviews, Advisory group, loan team teleconferences		450
Fees & Licenses	Equifax charges \$15/credit check, bank charges for auto-debits		270
Marketing materials/publications	Stationery, pamphlet, website, postponed to pilot stage		0
Subtotal			26365
Non-allocated contingency	10%		2637
GST paid			373
Recoverable GST (2.5%)		3	-187
Total			29189

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References

1. Administrator rate of pay is based on market value for this role of \$68640 per annum.
However, the rate may need to conform to United Church of Canada compensation requirements

Administrator responsibilities	Time requirements	# hours
Financial & admin set up	fiscal agent arrangement, spreadsheets, contact database, info pkg, etc.	22.50
Outreach to generate inquiries	Presentations, telephone calls, emails 7 hrs/wk x 13 wks	91.00
Response to inquiries	Average 30 min/day x 195 days	97.50
Application & approval process	8 hours per loan x 5 loans	40.00
Prepare lending documents	2 hours per loan x 5	10.00
Documentation of loans	1 hour per loan x 5	5.00
Loan management and tracking	5 hrs/month x 7 months	35.00
Documentation & analysis of learning	3 days total over entire 9 months	22.50
Evaluation & reporting on test process	3 days	22.50
Refine and plan pilot	5 days	40.00
Travel & meeting time	10 trip days x 7.5 hrs	75.00
		461.00

461 hours/1800 working hours in a year* x 68640 per annum = 17579

* 37.5hrs/wk x 50 weeks =1875 minus 10 stat holidays@7.5/day = 1800

2. Travel & accommodation

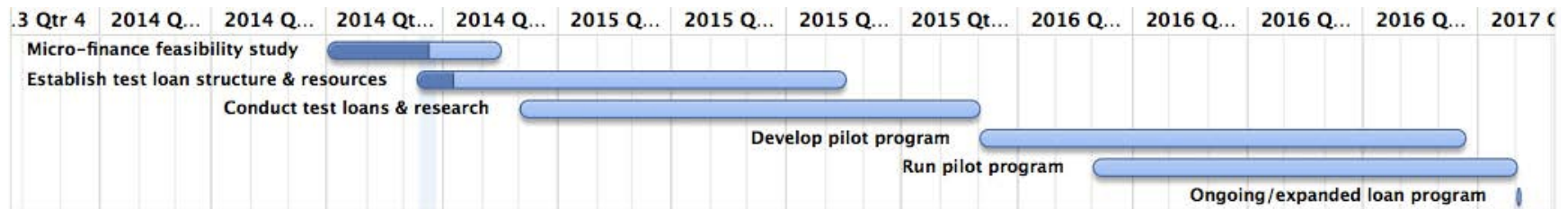
Return mileage Kelowna/New Denver 583 km @.48/km, flight Kelowna/Vanc return \$250/taxi \$50, 1 night hotel \$150, \$90 per diem
 Vancouver to Victoria flight \$200, transportation \$50, hotel \$150 \$ 90 per diem
 Return mileage New Denver to Penticton 706 km @.48/km

3. Assumes that VST, as fiscal agent, is a non-profit organization that can claim 50% of GST paid

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Project Timeline

Collapsed project timeline



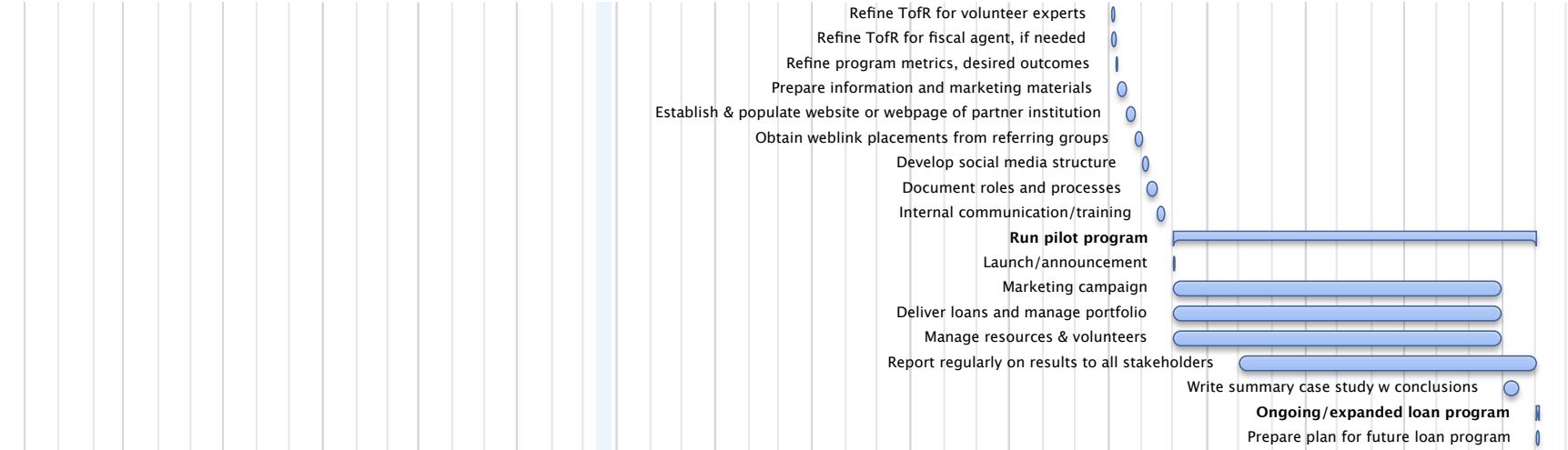
Detailed project timeline and list of tasks

See next page

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Task	Duration	Start	End
● 1) Micro-finance feasibility study	99d	2014-07-01	2014-11-14
● 1.1) Conduct literature review of micro-finance practices	57d	2014-07-15	2014-10-01
● 1.2) Consult theological institutions & networks for program acceptance	89d	2014-07-01	2014-10-31
● 1.3) Determine ability to access resources	56d	2014-08-15	2014-10-31
● 1.4) Student interviews	11d	2014-10-01	2014-10-15
● 1.5) Prepare report	12d	2014-10-30	2014-11-14
● 2) Establish test loan structure & resources	243d	2014-09-10	2015-08-14
● 2.1) Develop test loan model	28d	2014-09-10	2014-10-17
● 2.1.1) Eligibility	8d	2014-09-10	2014-09-19
● 2.1.2) Terms	8d	2014-09-10	2014-09-19
● 2.1.3) Forms	3d	2014-10-15	2014-10-17
● 2.1.4) Application, approval, and management process	8d	2014-09-10	2014-09-19
● 2.2) Determine geographical scope of program	6d	2014-09-10	2014-09-17
● 2.3) Draft outcome metrics	1d	2014-10-01	2014-10-01
● 2.4) Terms of reference for administrator	1d	2014-11-03	2014-11-03
● 2.5) Negotiate agreement with fiscal agent	20d	2014-11-03	2014-11-28
● 2.6) Recruit volunteer Advisory Group & experts	205d	2014-11-03	2015-08-14
● 2.7) Terms of reference for AG and volunteers-confidentiality	1d	2014-11-17	2014-11-17
● 2.8) Seek funding for test loan capital	23d	2014-10-15	2014-11-14
● 2.9) Seek funding for test operating costs	23d	2014-10-15	2014-11-14
● 2.10) Contract with funders	10d	2014-11-17	2014-11-28
● 2.11) Receive & account for funds	1d	2014-12-01	2014-12-01
● 2.12) Prepare loan info handout	2d	2014-12-04	2014-12-05
● 3) Conduct test loans & research	261d	2014-12-01	2015-11-30
● 3.1) Respond to inquires from potential applicants	194d	2015-01-01	2015-09-29
● 3.2) Process applications & approvals	105d	2015-01-05	2015-05-29
● 3.3) Facilitate links to relevant supports for applicants	193d	2015-01-05	2015-09-30
● 3.4) Monitor and manage loans	173d	2015-02-02	2015-09-30
● 3.5) Consult w Advisory Group & experts	218d	2014-12-01	2015-09-30
● 3.6) Document learning	204d	2015-01-05	2015-10-15
● 3.7) Evaluate test results	13d	2015-10-15	2015-11-02
● 3.8) Present results/outcomes to all stakeholders	1d	2015-11-05	2015-11-05
● 3.9) Obtain approval & funding for pilot program	18d	2015-11-05	2015-11-30
● 4) Develop pilot program	276d	2015-12-01	2016-12-20
● 4.1) Refine test loan model using learning	10d	2015-12-01	2015-12-14
● 4.2) Refine & document loan management forms & system	10d	2015-12-01	2015-12-14
● 4.3) Refine loan & program policies	10d	2015-12-02	2015-12-15
● 4.4) Refine outcome metrics & set targets	10d	2015-12-02	2015-12-15
● 4.5) Develop roles & responsibilities for loan administrator	4d	2015-12-15	2015-12-18
● 4.6) Establish database of referring bodies, volunteer experts, and other stakeholders	265d	2015-12-16	2016-12-20
● 4.7) Refine TofR for volunteer experts	2d	2016-01-04	2016-01-05
● 4.8) Refine TofR for fiscal agent, if needed	3d	2016-01-04	2016-01-06

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● 4.9) Refine program metrics, desired outcomes	1d	2016-01-07	2016-01-07
● 4.10) Prepare information and marketing materials	6d	2016-01-08	2016-01-15
● 4.11) Establish & populate website or webpage of partner institution	5d	2016-01-18	2016-01-22
● 4.12) Obtain weblink placements from referring groups	5d	2016-01-25	2016-01-29
● 4.13) Develop social media structure	4d	2016-02-01	2016-02-04
● 4.14) Document roles and processes	7d	2016-02-04	2016-02-12
● 4.15) Internal communication/training	5d	2016-02-15	2016-02-19
● 5) Run pilot program	241d	2016-03-01	2017-01-31
● 5.1) Launch/announcement	1d	2016-03-01	2016-03-01
● 5.2) Marketing campaign	217d	2016-03-01	2016-12-28
● 5.3) Deliver loans and manage portfolio	217d	2016-03-01	2016-12-28
● 5.4) Manage resources & volunteers	217d	2016-03-01	2016-12-28
● 5.5) Report regularly on results to all stakeholders	197d	2016-05-02	2017-01-31
● 5.6) Write summary case study w conclusions	10d	2017-01-02	2017-01-13
● 6) Ongoing/expanded loan program	1d	2017-02-01	2017-02-01
● 6.1) Prepare plan for future loan program	1d	2017-02-01	2017-02-01

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Analysis of Fresh in the Spirit Loan Program

STAGES OF A FAITH LOAN	Values & benefits	Activity/Process	What must be decided or implemented?	Additional Comments
PRE-TEST Structure and resources	See values/driving principles (as per list above)	Establish micro-loan program Advisory Group	Determine who would collectively best represent the interests of fostering new faith among denominations, understanding what it takes to influence denominations, applying financial prudence, securing funding, and having access to influential networks. Invite between 7 - 12 members. Vet the program values/principles, parameters, and desired outcomes with them and enlist their help with initial decisions. Draft Terms of reference for Advisory Group & vet with same	Bring these people on board early on to encourage maximum engagement and support for the program.
		Choose a 'working' name for the program	i.e. 'Faith' loan program as in title above, but offer suggestions for your Advisory group to vet	This will help people to remember the program and invest in it. Choose a name that is clear and memorable
		Secure a fiscal agent	Prepare & execute agreement with organization to handle funds and provide any applicable charitable receipts	
		Develop test loan model	Process flow, roles and responsibilities. <i>See Chart of a Test Loan</i>	
		Decide on initial lending	Determine nature of candidate you wish to	i.e. particular types of faith

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		parameters (will provide beginning of loan policies of pilot program)	<p>support</p> <p>Determine eligibility criteria</p> <p>Determine the type of costs you will fund.</p> <p>Determine geographical scope of program: Canada and/or US</p>	<p>initiatives, skill sets?</p> <p>I.e. have appropriate training and/or experience, definable goals and path for faith initiative, can demonstrate financial need, over 18, not an un-discharged bankrupt, is Canadian citizen, etc.</p> <p>i.e. any costs on the path, or limit to cost of meetings, travel, publications, insurance, etc.?</p>
		Determine loan terms	<p>Determine interest rate and repayment terms. i.e. Bank Prime + 2? Over 36 months? Interest only until development path complete or both principle and interest? When begin repayment?</p> <p>Will you allow pre-payment without penalty? Will you allow extensions to the term?</p> <p>Determine if an administration fee will be charged.</p> <p>Will this be a demand loan they can draw advances from, or a one-time amount?</p>	<p>Suggest keeping rate low and requiring interest only payments during until income can be generated by applicant, up to a maximum time period & related to duration of their development path.</p> <p>Admin fees tend to be non-refundable even if loan declined, and anywhere from \$25 to \$200 on micro loans. Consider waiving it for the test loans.</p>
		Form loan review team	<p>A few advisory group members would be good to have on the test loan team, as well as invited experts as needed. Administrator should be on the team.</p>	<p>Loan review team Terms of reference can be drafted after the test loan process. However, get each loan review member to sign a confidentiality</p>

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				agreement.
		Estimate costs & funding required	Develop a loan capital projection and operating budget	Interviews might provide indication of the amount of funds required
		Secure funding for testing period	Obtain a commitment for loan capital for 3-5 loans, approx. \$40,000? Could obtain a donation, a loan from an institution, a loan guarantee, or a line of credit guarantee Obtain a commitment for operating funds for testing and evaluation time. Prepare & execute contracts	
		Prepare initial lending forms	Determine contents of application form i.e. Outline of background/experience (CV), ministerial goals and path, list of required resources/funds to support path, employment information, household budget, 2-3 references, consent to obtain credit check, privacy policy, proof of citizenship & age, picture ID, consent to share information for success stories?	See sample IAF application form at iafcanada.org
			Prepare loan agreement including terms, Promissory note, Loan disclosure statement, direct debit authorization, agreement of responsibilities (related to participation in the program)	Consider direct debit authorization arrangement between bank & fiscal agent
			Adopt a privacy policy for test use	Numerous policies to choose from in the market

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		Establish minimal administration	Decide who will administer, how people can inquire and determine contact points i.e. who to call, number, email, SKYPE, etc.	
			Set up contact database Set up simple accounting for loans and operating costs	Capture all helpful contacts as you go. You will have a ready list when you wish to recruit applicants, access resources, and communicate progress <i>Excel spread sheet at this stage</i>
			Draft Terms of Reference for administrator	
		Prepare information/marketing material	Basic 1-2 page introduction/information sheets, which can be emailed or mailed to interested parties. Include contact information of Administrator.	No need for formal marketing material during test stage
STAGES OF A FAITH LOAN	Values & benefits	Activity/Process	What must be decided or implemented?	Additional Comments
OUTREACH	Value to potential participants Awareness of financial assistance & other support with their ministerial path	Seek potential candidates for test loans and possibly pilot program	Ask Advisory group if they already know of candidates they would recommend Contact people within theological institutions and faith based networks Conduct student interviews and test resource needs, loan parameters, and terms with them Collect contact information of potential applicants and inform them if/when	After these activities, consider the characteristics of a suitable candidate, and use this information for the screening at the inquiry stage. Obtain more candidates than you think you need for the test as some will fall off. Keep names of potential applicants

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			program launches.	for pilot if they are not the best candidates for test loan. This will help generate greater interest and demand for the pilot
		Begin developing a list of supports and resources (information, experts, networks, referring institutions, web-links, etc.)	Ask Advisory Group members for their lists before conducting more research. Some advisory group members may wish to provide direct support to participants themselves in test stage.	
			Consider setting up a separate 'Linked In' or Facebook page for people participating in, and supporting the program	If not now, then during subsequent pilot. Have an electronic portal where people can interact with loan participants, provide advice & contacts, and help the participant to build his or her own networks of support.
			Develop participation guidelines for volunteers/coaches	
		Provide follow up material	Provide Intro/info sheets to potential candidates and all others in growing network of support.	
STAGES OF A FAITH LOAN	Values & benefits	Activity/Process	What must be decided or implemented?	Additional Comments
INQUIRY	Value to participant	Administrator responds to all inquiries	Respond same day to all inquiries from potential applicants and potential	

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	Early understanding of eligibility and requirements with minimum effort		resource or referring group, by telephone, email or video (i.e. SKYPE or Facetime)	
	Personal respectful human connection	Screen for program eligibility	<p>Informally ask series of easy questions to determine if the person should proceed to an application stage.</p> <p>Weigh this against characteristics of a suitable candidate. For the test stage you need to work with those that have a good chance of succeeding.</p> <p>If an admin fee is charged, explain this</p>	i.e. What are you looking to do and how ready are you to proceed, what amount of funding do you need, are you at least 18, citizen, non-discharged bankrupt?
			If not eligible and/or suitable, strive to direct the person to other resources and support that can move them along their path. Inform them of potential future pilot and ask if they wish to be notified.	
	RETAIN: Fast, easy access to the right information		<p>If eligible and suitable, provide the application form and explain the application requirements. Offer to answer questions as they work through it on their own time.</p> <p><i>Don't make them fill out app before you talk to them. Waste of their time. Set the tone of support immediately</i></p>	It is good for the person to complete their own application. Also fine to connect them to others who can supply certain information & support, if they need it. i.e. help with estimating their costs, or a coach in subject matter

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		Continue to harness potential resources and support	For inquirers who are not applicants, but could be a potential resource, determine if their support would be needed before agreeing to involve them. At a minimum you can put them on an email list and keep them updated on the program.	Managing volunteers and interested parties is time consuming. Focus on real needs of applicants.
		Record interactions	Record particulars of interaction with those who received an application form and flag for follow-up	Use Loan applicant spread sheet
			Record name & contact info of others	May consider contacting for pilot program
			Record resource/support	Use Resource spread sheet
STAGES OF A FAITH LOAN	Values & benefits	Activity/Process	What must be decided or implemented?	Additional Comments
APPLICATION & ASSESSMENT	Value to participant Knowledgeable guidance for development path Assistance with completing forms and supplying documentation Quick responses Linkages to	Applicant completes application form, with support if needed	Administrator receive documents by scan/email/mail along with any admin fee required Respond to questions from potential applicants and support applicant in completing application form.	Develop instructions for scanning and emailing documents for any who don't know. Administrator may need to have several interactions to provide guidance and offer links to other resources.

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	other resources			
	Confirmation of the value of one's path Personal respectful connection Having an advocate		Review application for completion. Confirm eligibility and suitability. Request additional information if necessary for completion Obtain permission from applicant to discuss learning plan/path with experts in their field, if needed.	Consider an application 'an application' when the form is complete to the point where Administrator has enough knowledge to know if it is eligible and suitable and has sufficient information to justify this to a Loan review committee
	Potential network of supportive relationships		Schedule an interview (in person or by video) asap. Prior to the interview, do initial review of due diligence items below and prepare for interview.	Develop instructions for signing onto and using video if needed
	RETAIN: Non-bureaucratic process and access to path requirements relevant to the applicant's situation	Conduct personal interview	Allow the applicant to present their case during the interview and ask them questions. Explain need for credit check, explain role of micro loan in applicant's overall credit picture. Ensure permissions (email) are in place from recipient if contacting an agency or institution to discuss their application.	These are character based loans and as such, it is important to have an opportunity to assess commitment and other desirable characteristics
		Due diligence: Assess reasonability of path	Review learning plan/ministerial path; Contact specific resources as necessary to validate information i.e. expert in certain faith path	

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		Due diligence: Review monthly budget and estimated costs on path	Support applicant in completing monthly budget; refer to financial literacy supports as appropriate	There are on-line financial literacy supports, as well as free publications from federal government
		Due diligence: Contact references, conduct credit check	Preferred references are employers, landlords, professional colleagues, as opposed to family and friends	In test phase, you will not have an Equifax account, so you will need to ask applicants to obtain their own credit checks directly and have it sent to you. Equifax will charge about \$15.
		Complete loan summary	Once all information has been received, finalize loan summary, including risk rating and recommendation. It is not necessary to provide all the application documents to the loan review team. Strive to do this within 1 week of a completed application	The administrator should not put forward a loan that he does not consider worthy, unless he is in doubt and wishes to consult further.
STAGES OF A FAITH LOAN	Values & benefits	Activity/Process	What must be decided or implemented?	Additional Comments
LOAN REVIEW	Value to participant Not being put into debt unnecessarily Feedback on path and (possibly) additional	Schedule loan review	Confirm loan review team members. Should have good cross section of experience to share learning. Consider inviting a guest expert if this knowledge would assist the review of the application and path. Administrator may consult with guest expert in advance of loan review in order to prepare loan summary & recommend.	No more than 5 members to keep the conversation focused. Start to develop list of regular guest experts in different areas. This could just be flagged on key contacts list. Remember to have each sign a confidentiality agreement.

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	advice/referrals Quick response (1 week)		Conduct first meeting best in person or by video. Subsequent meetings can be by teleconference	
	Strong chance of approval Non-commercial approach	Provide loan summary to loan review team	Transfer documents in a secure, confidential manner Prepare outline of meeting process and expectations of members	BaseCamp is a simple software you can use if loan team members are meeting by teleconference
		Present Loan Summary	Administrator presents application to the Loan Review Team with highlights of application, relevant risk factors, and reasons for recommending it and/or considering it.	
		Deliberate on the merits of the application.	Invite comments from all, including guest expert	
		Approve or decline application, or request additional information	Consider what other supports may link support the applicants success	
		Document approval/decline	Minute the decision with reasons and names of loan review team present. Record in loan application spread sheet	
STAGES OF A FAITH LOAN	Values & benefits	Activity/Process	What must be decided or implemented?	Additional Comments
DOCUMENTATION & DISBURSEMENT	Value to participant Free	Prepare loan documentation & email documents to	Prepare loan agreement including terms, Promissory note, Loan disclosure statement, repayment schedule, direct	

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	administration? (no fee) Low interest rate?	recipient	debit authorization (if being used), agreement of responsibilities (related to participation in the program), consent (voluntary) to allow name to be shared in success stories	
	Unencumbered assets (no pledge of collateral)	Meet with applicant to complete documentation (in person or by video or phone)	Review terms and conditions, payment schedule etc. with loan recipient. Obtain banking information for auto debit or request post-dated payment cheques. Applicant signs loan documentation, and scans/emails back to Administrator. If in person, provide a copy of documents to the loan recipient.	
	Clear disclosure of terms and explanation of obligations	Disburse loan funds	Administrator provides confirmation to fiscal agent to release cheque to applicant Fiscal agent receives auto debit banking information or post dated cheques	Set up automatic banking arrangements if possible with fiscal agent on pilot, if not on test loans
	Receipt of funds directly	Record loan	Ensure all details are entered into loan spread sheet for proper tracking of the loan and collection of quantitative data for program reporting	
	Personal respectful connection-growing sense of being trusted		Research extra-territorial requirements of doing business in province where the loan is granted	

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STAGES OF A FAITH LOAN	Values & benefits	Activity/Process	What must be decided or implemented?	Additional Comments
LOAN MANAGEMENT	Value to participant Low interest rate	Loan recipient makes payments May contact Administrator to discuss changes in path and/or repayment needs	Advisable to put auto-banking debits in place during a pilot, if not during test period. Payments should be monthly, with at least interest paid.	
	Deferral of principal payments while in development of path?	Revise payment amounts to reflect progress	As recipients progress to a certain point along their path, they will start to make principal as well as interest payments. Administrator issue a new repayment schedule	This will depend on whether you have recipients pay interest only for a term or combined interest and principal from the start
	Automatic withdrawals save time	Respond to requests for changes	Administrator update loan summary. Deliberate on requests for additional funds or to re-negotiate payment schedule. Loan review team to approve or decline requests and revisions	
	Responsiveness to changing needs/situation	Handle payment deficiencies; follow procedures for delinquencies	Administrator to be advised immediately of any uncollectible payments by fiscal agent and follow up with recipient the same day.	Consider a collection agency if necessary.
	Credit rating being established or	Review all loans for potential default	Administrator discuss loans with review team and report back to Advisory Group with recommendations	

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	strengthened			
	Personal respectful connection - expectation of integrity			
	RETAIN: Policies that support flexibility Information technology, efficient processes			
STAGES OF A FAITH LOAN	Values & benefits	Activity/Process	What must be decided or implemented?	Additional Comments
SUPPORT FOR MINISTRY/PATH & TRACKING PROGRESS	Value to participant Personal respectful connection - the progress I make matters	Maintain regular contact with loan recipient	Administrator diarizes to contact recipient monthly to learn of progress and if any additional supports are needed Loan recipient is expected to respond promptly to requests for progress updates (as per agreement signed when loan issued) Encourage recipient to participate in Faith program Linked In group	Encourage recipients to develop their own network of support. Ask applicant which resources they have accessed, and encourage applicant to access other supports, if warranted. Any coaching offered should be an informal process between applicant and volunteer.
	Sense of accomplishment	Report on status of paths and milestones	Generate data from loan spread sheet and recipient files. Program metrics and	Ensure all recipient names & loan amounts are kept

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	as progress made	reached (or not reached)	success stories are well received. Share report with Advisory Group, funding agencies, and key stakeholders.	confidential unless permission has been received to share this. Keep all other information confidential.
	RETAIN: Systematic follow up & documentation process		Develop communication to inform other stakeholders of progress and encourage continuing interest in the program.	
STAGES OF A FAITH LOAN	Values & benefits	Activity/Process	What must be decided or implemented?	Additional Comments
Evaluation	Learning what works well	Evaluate the test loans	Analyse all metrics, learning and aspects of the test loan process and prepare summary, with recommendations for potential pilot program	
	Opportunity to strengthen support network & access to funding	Report	Present summary to Advisory group and funding agencies for their feedback, and support (or not) to proceed to a pilot	
		Communicate next steps	Depending on the decision, communicate outcomes of the test to all stakeholders with next steps.	This could involve presentations, marketing materials, web links on key contacts websites, a video introducing micro-loan project, Advisory group dissemination to their local resource networks,

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				on-going social media campaign across Canada
	RETAIN: Numerous linkages to resources in community	Use learnings to develop pilot	If the pilot goes ahead, use the learning to review and revise all the loan program parameters, terms, targets, and develop policies and stronger infrastructure to support it.	
STAGES OF A FAITH LOAN	Values & benefits	Activity/Process	What must be decided or implemented?	Additional Comments
POST LOAN PAYOUT	Sense of accomplishment	Close the Loan Recipient loan record when the loan is either fully paid or written off		
	Increased chance of mastering their field	Transition the Loan Recipient to alumni		
	Opportunity to support other applicants RETAIN: Links to supports Maintenance of relationship	Encourage recipient to continue participating in on-line forum, perhaps as an advisor/coach. Encourage them to spread the word/give a presentation, grow into ambassadors		