

# 2006 BAHÁ'Í CONFERENCE ON SOCIAL AND ECONOMIC DEVELOPMENT

## *Self-Help Development in Action: Grassroots Community Banking in Nicaragua*

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### **Abstract:**

Community Banking is similar, in many ways, to other microfinance programs. It involves organizing groups of people at the community level, allows the members to receive loans at minimal interest and, ultimately, enables them to initiate new, or improve existing, small businesses. However, there are many important differences between these Bahá'í-inspired community banks and other community-based banking projects. For one, as in all Bahá'í Social and Economic Development, the end goal of the Bahá'í banks is not simply to generate profits or help people become materially prosperous, although this is a desirable outcome. The most important outcome is the building of capacity, especially in a manner that enables the participants to have greater control over their lives, and to deal with increasingly difficult and complex problems. For this reason, the project uses a self-help method that allows the participants themselves to take ownership of the project, a principle emphasized in *Bahá'í Social and Economic Development: Prospects for the Future*:

[Development] is a process the main protagonists of which have to be the people themselves. The greatest concern of Bahá'í projects has to be the development of the friends' capacity to make decisions about their spiritual and material progress and then to implement them. In an ideal project, while concrete action is directed towards visible improvement of some aspect of life, success is measured by the impact these actions have on the capacity of the community and its institutions to address development issues at increasingly higher levels of complexity and effectiveness.<sup>1</sup>

### **Objectives of the Community Banks** (from the *Community Banking Manual*):

- to promote family and community prosperity through a community-based organization that provides credit for small productive activities
- to promote the habit of savings among the members
- to promote the economic independence of the members
- to give members a chance to learn organizational and management skills, the proper use of credit, and how to develop their own micro-enterprises
- to foster a pattern of community development that combines both material means and spiritual principles
- to promote self-help and cooperation, and to encourage the members to realize their full potential.

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<sup>1</sup> Bahá'í Social and Economic Development: Prospects for the Future, *A statement approved by the Universal House of Justice*. September 16, 1993.

## Community Banking Project: *Study Guide*

### *Comprehension Questions:*

1. What makes the Community Banking Project particularly sustainable? (ie: What enables the individual banks to continue to grow indefinitely with minimal outside support)?
2. What Bahá'í Principles were added to the traditional microfinance model to create this project? How does each of these principles help to improve the project?
3. Bahá'í development projects tend to be more holistic than other projects, targeting both the material and spiritual aspects of our lives. Can you provide examples of how the participants in the project improved in each of the following ways:
  - a. Materially
  - b. Spiritually
  - c. Personally (in terms of capacity)
4. What is the development fund? How does it contribute to community development? How does it contribute to the personal growth of individual bankers? How does the development fund relate to the above quotation about Bahá'í Social and Economic Development?

### *Discussion Questions:*

1. Can you think of other examples of where Bahá'í principles were incorporated into a pre-existing social and economic development project or other activity? How did the addition of these principles affect the outcomes of the activity?  
How might we incorporate Bahá'í principles into our own projects, work, volunteer activities, etc.?
2. After watching the film, what is your idea of “self-help development”? David Walker once wrote that “self-help development [is] an intrinsic feature of the Bahá'í approach to social and economic development.” Why is self-help development so important? How can we promote this concept in our own development projects, Bahá'í communities or other activities?
3. Walker envisions these community banks becoming centers of community development and activity in the future. In what ways can you envision these banks developing into “centers of community development and activity”?
4. Do you consider this film to be an effective instrument to promote and explain the Community Banking Program? Can you think of ways in which multi-media technologies might be used to assist your own or other SED projects?

*Please feel free to contact us with any questions, comments or concerns, or if you are interested in receiving a copy of the finished documentary:*

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