

# JOSEPH STEWARDS NEWSLETTER

A special publication for Legacy Friends of World Renew



World  
Renew  
LIVING JUSTICE • LOVING MERCY • SERVING CHRIST

JOSEPH  
STEWARDS

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## A message from Ida Mutoigo



“Behold, I am doing a new thing; now it springs forth, do you not perceive it?” Isaiah 43:19a.

It has been said that one way to discover God’s will for your life is to find out where He’s working and get involved. The exciting thing is that He is *always* working, *always* drawing people to Himself. Like the scripture says, God is also doing a new thing — He changes the old order of sin, poverty, injustice and disaster to a new order of salvation, well-being, reconciled relationships and hope.

Your legacy reveals your desire to be involved in His significant redeeming work that makes all things new. In this issue of the Joseph Stewards legacy newsletter, we’re going to be talking about how you can make wise financial decisions for your future, loved ones and the ministries that matter to you — like World Renew. We hope you find fresh inspiration to discover His will and renewed vision to seek opportunities to stay involved.

Serving together with you,

Ida Kaastra Mutoigo  
Director, World Renew



## Going to the Bank

*Ruairidh Waddell, World Renew’s  
Program Consultant in Zambia*

**Going to the bank is one of the mundane chores that we in the developed world often take for granted. When we find the house or car we like, we go to our bank and ask for a loan to buy it.**

In most cases, these are significant investments for us, but because we have a regular income, the banks see us as a “fair risk” and extend us the credit we need to make the purchase. Our banks don’t just lend us money: they also give us the opportunity to save and they can also help to smooth out a strained financial time when we have an unexpected bill to pay or unforeseen expenditure.

Having our bank’s number stored in our phone gives us this

financial security and a safety net to land in if we get into trouble.

Consider, then, the financial reality that women like Gertrude, a widowed grandmother caring for nine grandchildren, face in rural **Zambia**. If her fragile and externally dependent income stream is interrupted, there is no bank officer on speed dial to bail her out. The loss of income or an unexpected financial obligation often means going without the basic essentials like food, clothing, education for her grandchildren, and even eviction from her two-room rented house.

Four years ago, I attended a training workshop in South Africa that introduced me to the **Village Savings and Loans (VSL)** concept, and it has fundamentally changed my mindset and approach to

• Continued on p. 2

• Continued from p. 1

poverty, economic empowerment, and micro-finance. Not only has VSL been transformational for women like Gertrude, I have been blessed by sharing in their empowerment and seeing communities transformed through the introduction of this basic level of financial service.

A VSL is a self-selected group of people who pool small amounts of money into a communal fund from which members can borrow. The money borrowed from this fund is paid back with interest, causing the fund to grow. The regular savings contributions to the group are deposited with an end date in mind for distribution of all or part of the total funds (including interest earnings) to the individual members. The loans are usually made on the basis of a formula that links the payout to the amount saved. This lump-sum distribution provides a large amount of money that each member can then apply to his or her own needs.

VSL members usually receive a return on their savings investments that go from a low of 30% per annum, to a high that is in excess of 100%. That is far more than is paid by any commercial bank anywhere in the world! The members are also able to save more in times of plenty and less in harder times. They can borrow with a minimum of fuss, access loans and insurance benefits that are approved by their peers, and obtain loans that range from small change to several hundred dollars. Typical loans are usually between \$10 and \$50, which is far too small for formal banks or regular microfinance institutions to consider. Members can receive

insurance services that offset the effects of unforeseen disasters, and set up funds for school fees, festivals, and other predictable annual events.

The real benefit of the VSL concept is that it is not a methodology that is designed for growth-oriented, exploitative entrepreneurs. It is for the poor and the very poor who are focused on managing their household cash flow more efficiently and flexibly and investing in income-generating activities that secure and stabilize their cash flow.

The most dramatic result of the VSL program is often in the increased self-respect and social capital of the participants, particularly women like Gertrude who make up 70% of the membership. VSL groups are filling a financial and social gap that has been missing for years in most of central Africa. The collective empowerment of women that has developed as a result of the independence and security that VSLs have brought them is perhaps as big a transformation as the financial independence they now experience. For a widow like Gertrude who cares for nine grandchildren, VSL has given her the chance to be independent from loan sharks and church feeding programs. As Zambia's economy continues to improve, women like Gertrude will have more access to income and the means to help themselves break out of the poverty

cycle: they just need the opportunity to maximize the little they have—and VSL provides that opportunity.

World Renew and its three partners in Zambia, the Reformed Church of Zambia, the Presbyterian Church of Central Africa, and the United Church of Zambia, will implement an ambitious VSL program this year that will provide this sort of assistance to more than 1,000 individuals in impoverished communities across the country. The transformation this simple methodology can create in communities is staggering, and the amount of money these groups will turn over this year is sizeable. VSL is one of the ways in which the Church universal is beginning to combat extreme poverty. This is radically different than traditional charity because it focuses on long-term, systemic change at the community level and employs lasting, local employment solutions, not short-term quick fixes. VSL emphasizes the importance of church-and community partnerships, and local champions like Gertrude are not external "saviors." VSL is one way that the hope of the Gospel is integrated into tangible acts of compassion that have long-term reach rather than simply providing handouts that keep the poor in a position of dependency.

Through programs like VSL, people like Gertrude have the chance to have an element of financial stability in what is otherwise a very unstable world. If you would like more information about making a special gift in support of World Renew's VSL programs, please contact Judy Eising at [jeising@worldrenew.net](mailto:jeising@worldrenew.net) or 1-800-730-3490.



## Family Donation Grows Village Savings and Loan Fund

**After Sybrand and Willempjue Koole passed away, their children knew just what to do with part of their estate. This couple had faithfully supported World Renew and the Canadian Foodgrains Bank during their lifetimes, so their children contacted World Renew and said that they would like to make a special gift in honor of their parents. World Renew suggested that they direct their gift to their new Village Savings and Loan (VSL) Fund.**



**World Renew staff members Judy Eising (left) and Ida Kaastra Mutoigo (right) with members of the Koole family: Andy & Jani te Neyenhuis, John Koole, Maggie Williamson, and Joseph Koole.**

“These VSL groups allow people to get at resources that otherwise wouldn’t be available—to market things as a group, and not be at the mercy of people buying your product at next to nothing. You cut out the middle man,” said Joe Koole, one of Sybrand and Willempjue’s children.

The world’s poorest communities have resources, initiative, and social support available to them even before they become involved in improvement programs. World Renew stresses that even the most vulnerable people come to the table with unique strengths and gifts to build on. It then encourages people to tap into these resources to improve their own lives.

Village Savings and Loan (VSL) programs are a great example of this. Instead of waiting for financial support from outside institutions or charities to begin their work, savings and credit groups of 15-30 people meet and make weekly savings deposits into a group fund. They then use this fund to provide each other with small loans that they can use to invest in business opportunities.

According to Jan Disselkoen—World Renew’s Organizational Learning and Innovation Coordinator—the VSL model has many advantages over traditional micro-finance programs that provide an investment of capital to small business owners and ask for repayment one year later.

“In microfinance programs where loans are given to people for a year, requests can take up to three months to be approved—by then the opportunity may have passed,” Disselkoen explained. “In addition, the longer term model wasn’t meeting the needs of women, since they often earn money through activities at the market, like buying ground nuts and turning them into peanut butter. These activities don’t take a year—and through them they can get a profit in two weeks.”

Because of the success of this Village Savings and Loan model, World Renew introduced a new Village Savings and Loan Fund (VSL) in 2013 to solicit additional donations to expand this kind of ministry. The goal is to create

a pool of funding that will be distributed over 15 years to expand VSL programs into more communities and countries.

“The VSL Fund was created to expand this model and to introduce it in places where it hasn’t begun,” said Disselkoen, explaining that the funds will be used to train World Renew’s partners in the VSL model and how it can be incorporated into other existing programs.

The Koole family’s gift—and all gifts received for this fund—will build success stories like Gertrude’s (see page 1 of this newsletter). As a result, poor farmers will be able to increase their incomes through the introduction of cash crops on their fields, women will receive loans to start small businesses and earn an income for the first time in their lives, and business owners will be able to grow their businesses through an investment in a larger quantity of goods or new technology.

## Ever Heard of Tax Efficient Giving?

**The Canadian government has tax rules that enable us to make charitable gifts in ways that increase the amount available to give to charities. Through the partnership between World Renew and Christian Stewardship Services you have personal access to expertise and practical help to maximize that opportunity.**

Here are three ways you can support World Renew in a tax efficient manner.

### **1. Charitable Annuities**

This tool provides you an income stream for life at a low tax rate. It also provides a remainder gift to your charity of choice, like World Renew.

As an example, as of July 2, 2014, an annuity for a woman, aged 75 years would provide a lifetime return of

5.37%, with no tax to pay on the income and a charitable receipt for more than 25% of the annuity deposit.

### **2. Appreciated Securities**

If you have a publicly traded investment that has increased in value while not in a sheltered plan, there will be capital gains tax to pay on that increase in value. To avoid that tax you could donate that investment to charity directly. By doing so, the charity does not need to pay this tax on the increase in value and it will increase the charitable tax credit on your tax return, opening up other opportunities for giving.

### **3. Revocable Deposit Agreements (RDA)**

Provide yourself with an income stream while

supporting charitable work with your capital. Otherwise known as the RDA, and available through Christian Stewardship Services, this tool provides an income of which a portion can be designated to charity and the remainder (up to 50%) can be kept as personal income. Depending on your level of income, income taxes can be offset through charitable giving. The capital from the funds you deposit are loaned to Christian organizations through the mortgage and loans program of Christian Stewardship Services.

