

Title: The Invisible Barriers to Economic Development: Addressing Mindsets to Improve Poverty Reduction

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Abstract:

Background

LEAD International Ministry Network is a Christian non-profit economic development organization. We were founded in 1996 in an effort to provide aid and advocacy for those in extreme poverty in Guinea-Bissau, West Africa. In 2000, Guinean pastors asked LEAD to research how cashews could be used as a tool for economic development. Our focus changed forever.

Guinea-Bissau produces 80,000 metric tons of raw cashews annually, comprising 70% of the nation's exports. The key to reducing poverty is to create cashew-processing businesses. This approach creates jobs, puts upward pressure on the raw cashew market, and infuses decentralized income into the economy.

Since 2003 LEAD has been implementing this program. Today, LEAD has the capacity to train 500 workers annually. We oversee and manage a profit sharing farmer/processor corporation. LEAD is introducing appropriate technology for the production of cashew fruit products in the fall of 2008. LEAD currently partners with 15 full and partial capacity processing companies. These are able to employ 90 people full-time at fair wages and generate 1.4 million dollars in gross revenue in 2008. Our goal is to triple this output by the end of 2010.

David and Rosa Pereira are a great example of how our process works. They had almost no income for two years, coming into our school with the support and recommendation of their pastor. They faithfully attended classes and worked hard, and eventually graduated from our community business classes. They entered LEAD's mentorship program to prepare for capitalization and business ownership. Today they employ several people who also have graduated from our school. Their company can generate between \$50,000 and \$300,000 in gross revenue in one year.

Challenges

There are many challenges. However, I can only mention a handful here. Culture is a significant hurdle to creating businesses. Among many cultures in West Africa creativity is punished. A village leader might be threatened by the ideas of a lesser villager's son. Rather than support his advancement, the leader can block any enterprise that might better the community. LEAD has had to learn to engage the authority structure before enrolling a student, so the student's success is also the village's success.

Mindsets are another intangible setback. Our partners must compete with foreigners both in and out of country to succeed. Since they were raised without the entrepreneurial mindset, we have had to not only give them trade skills but to cultivate entirely new concepts and problem solving approaches. This takes years to accomplish.

Risk Management and business problem solving looks different in Africa too. For example, the presence of military involvement in the port of Bissau, and the illegal collaboration between governmental leaders and the military have placed a strangle hold on exports. A cooperative effort brought together indigenous and outside ideas creating a way to move exportable goods legally over land to Senegal from where they are exported.

Poor governance is hallmark of impoverished countries. Guinea-Bissau's government has started "National Commissions on Cashew" more times than we can count. When the council begins to make progress it is promptly disbanded. The simple truth is that the greater the humanitarian crisis, the more "relief" money may be skimmed by those in power. We do not have a friend in the government. I would argue if one wishes to impact the poorest of the poor this is a vital consideration.

Answers in Summary

We often ask ourselves if we can accomplish God's call, and persist in the midst of numerous daunting threats. In Africa, day-to-day survival in and of itself is a form of success. Persistence pays off eventually.

Market based social enterprise is growing. It requires adjustments in how this kind of philanthropy is supported and executed. Fledgling indigenous businesses require a stable resource of market awareness, capital, cross-cultural communication, business concepts, and must have immediate access to these to survive. Long-term investment of capital and expertise are fundamental. It's unfortunate that we cannot explore funding models, or some obvious demographics for the best missionary candidates. This might seem clinical but nothing could be less true. Those who properly send empower those who successfully go. The key isn't safer programs but persistent, gifted field-implementers and business-minded donors.

Despite the risks of this kind of enterprise, the gains offer such potential good that we dare not abandon even the slightest hope, or any God-given opportunity.

Christian Enterprise can change lives almost anywhere. We can attest to this.