

THE BUSINESS OF OVERCOMING POVERTY

An essay for the 2017 Peter Drucker Challenge on Driving Prosperity in a Changing World

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Where Prosperity is an Alien Word

How do we unleash the human potential in a world where life's most significant achievement revolves around the provision of the family's dinner – success meaning the family gets to eat that day, failure implying everybody goes to bed hungry? How can the word prosperity mean anything when the most that could be aimed for – and, indeed, the pinnacle of all dreams – is mere survival? And yet, in this sphere of scarcity, desperation and deprivations which is a reality for over a billion people living far beneath the poverty line, the question of improving the quality of human life is not a matter of idle speculation. It is a daily battle and a life time of war.

Carving Out a Different Story

My sister and I were born in a rural village in the Philippines. My father was not able to finish high school and could only find work as a tricycle driver. My mother, although a college graduate, could not find a job other than field scavengers. The official hired rice harvesters gather the ripening stalks of golden rice with scythes and feed them to the mechanized thresher which removes the seeds and throws the hay out. The field scavengers, which included my mother, go through the discarded hay and try to salvage any grains that have not been winnowed by the thresher by manually shaking the stalks together. I remember my mother's fingers looking like gnarled ginger rhizomes and her nails like rotting shells with its stain of rust because of the daily abuse. Both my mother and father will be out every day before sunrise and will not be home until after dark, rain or shine, doing back breaking work. Day after day after day. Nobody can accuse them of laziness or lack of initiative. And yet for all of this work, the grand total of the family cashflow came up to a little less than \$4 a day.

I remember our material poverty with a child's indifference. I thought it was normal that we could not cook dinner until after my father came home with half a kilo of rice for us because our pail which contained the family's store of rice has been sitting empty for days and the local grocery stores would not give us any more goods for credit. I thought nothing of the notebooks whose unwritten pages we have to recycle and sew together at the end of each school year so we do not have to buy new ones when school starts again. I enjoyed sewing and matching the different types of paper and thought it was all part of a game.

What I do remember was the feeling of uncertainty and the atmosphere of desperate fatigue that seemed to thicken when we tell our parents of new books that we need but they cannot afford. I remember how the dinner will be finished in complete silence because both my parents are too tired for any conversation. The times I saw my mother smile during that time were very rare. There was a general air of helplessness that even kids can pick up even if they do not yet understand what it means to be poor.

Even though this kind of life is common in our village, my parents have never given up on the hope that it will be different one day. When most of the kids were being pulled out from school by their parents to help in the fields, we were told to not worry about school fees and to just keep on studying. Their common litany? That they can have no hope of giving us any monetary inheritance, but maybe our education can

give us a life better than the one we had growing up. That despite the grind that never seems to let up, my sister and I may yet taste the kind of life not defined by a daily battle for survival.

Slowly, our lives did change for the better. I won a place at the state science high school with subsidized tuition fees. My mother received a loan from a local development microfinance called ASKI which she used to start a small piggery. It failed several times but they kept on trying and trying, and with small capital support from the organization and mentoring support from the development officers assigned to us, my parents eventually got the small business running. In college, I won a scholarship program through the development organization which allowed me to study in one of the Philippines' top university. Two years later, I won a scholarship to finish my undergraduate degree in the USA. After another two years, I finally graduated with a *summa cum laude* diploma and more importantly, offers for a job. I remember standing in Times Square in New York in one of our school trips, and marveling at the fact that a daughter of a tricycle driver and a field scavenger from a so-called third world country, a nobody for all intents and purposes, is actually standing in the middle of one of the richest city in one of the richest country in the world. And she was ready to carve a different story for her family. Prosperity has finally started to gain meaning for us.

The Poor as Business Partners

After gaining a US diploma, I was sorely tempted to grab the immigrant dream of greener pastures. However, my intimate experience of the desperation of poverty, and the awareness of millions in my own country under the same condition proved to be a louder call. I returned home and served with the development organization which gave my mother her first loan.

As a daughter of a development finance client and for five years an implementer of the advocacy of financial inclusion, I now see development as primarily a business where the customers, the recipients of end products, the final consumer of any product chain, are the poor. Co-incidentally, my experience has taught me that they should also be included at the helm. The poor cannot be mere consumers of products and services, no matter how well-intentioned. They should be seen as partners in the business of building prosperity, and as partners, have every right to be involved in the process of creating solutions. A donor agency I worked with called Opportunity International called it "hand up instead of hand-out."

What worked for my mother and father was access to financial services that most of the world take for granted: access to capital with reasonable interest to start their business, access to a savings account where they can securely keep their small earnings, protection from vulnerabilities through insurance, and ability to efficiently and cheaply move money from workers who might be in cities to their families waiting in rural areas. These financial services crucial to stimulate economic activities, safeguard assets, reduce risks and ease mobility are inaccessible to those who need it most. Rarely will banks open their doors to the local market vendor with virtually no identification and no assets to their names, and who sometimes cannot even read or write. If the minimum savings balance require months to save up for, many will hesitate and continue to keep savings beneath their beds. Insurance costs can be prohibitive, so what happens then if the breadwinner of the family dies, or worse, is hospitalized for a period of time, racks up astronomical medical bills only to lose the battle for their life? As they say, it is expensive to be poor. And often, it is even more expensive to die than to live.

Even more important than access to financial resources is the access to non-financial resources - those that fed more than the purse, resources that spark the spiritual, social and mental potential of a person

and fan them into blaze of hope. Economic poverty is a trap, but the real poverty is the scarcity of dreams and aspirations, and the conviction that they have been born poor and will die poor, no matter what they do. Experts called it fatalism, and the solution is what they called personal agency: the belief that one can change his or her destiny, that one is not the victim of circumstances but the master of their fate. Many development agencies focus only on the economic, on the quantifiable, on those that can be validated and ticked on a checklist. This is good and a first step towards development, but it is not enough. Even if the stomach is full, if the mind and heart remains trapped in a mindset of desperation, what hope is there?

And now I ask, which should have gone first: that my mother and father started being successful in their business or that they have realized that they can be successful? This sounds like a chicken and egg question, but I will place my bet on the unseen. Their belief that a future that is different, that is better, can actually exist fueled their drive to keep going even at the darkest of times and in the face of so much failure. Even when the immediate need demanded they put their children to work instead of spending money they do not have in sending them to school, their ability to imagine prosperity as a possibility allowed them to access the tools the development organization provided, so that they can make this possibility a reality. Abraham Maslow's hierarchy of needs put self-actualization – the ability to reflect on one's self worth – as the highest of all needs and which only comes after all the other, more basic needs such as food, shelter and security have been satisfied and satisfied well. And yet, in the ascent from poverty, self-worth is as imperative (and in the darker, more desperate days, even more important) as food on the table.

The poor have to be co-creators of the services that will help them. The tools can be provided but without the self-leadership, which is the essence of management, no amount of aid can break a poor person's chains.

High-Tech Versus High-Touch

One question that came to me recently in my role as financial inclusion advocate is the role of technology in this business of development. When not-for-profit organizations are held to higher and higher standards of efficiency, there is a movement, even a pressure, to move to automation. Paperless processing, mobile banking and financial education delivered over the phone are the current trends of the industry.

This technology-fueled solutions to deliver services to our poor clients have huge potential. Our development officers do not need to travel for two hours to a remote village when the client can pay their premiums or loan amortization with just a few clicks on the phone or maybe a trip to the local grocery store who is a remittance agent. The client also do not need to fill-up piles of papers answering basic information. The officer can tap and tap into the tablet, take a picture and ride away to the next client. Encoding time will be minimized for the support staff, while ensuring a higher accuracy of data entry since it is done on the field. Automation frees up a big portion of the resources of our organization – resources which can then be diverted to cheaper products and higher- quality services.

And yet, being high-tech carries the risk of losing the high-touch model of the advocacy. The delivery of financial services to the poor is the backbone of the financial inclusion advocacy, but what makes it effective cannot be automated. As the development officers in the organization go around assessing the capacity of the client to repay a loan which perhaps will be used to increase inventory in a small grocery store, our officers use the opportunity to provide mentoring support to the entrepreneurs, marketing

advice on how to arrange products to make it more attractive to customers, and savings and investment tips. Development officers are drawn into the daily lives of our clients, even as they set out to make the rounds for insurance premiums and the occasional pay-out of claims. Their role evolve from mere collectors of our institution to mentors, guidance counselors and confidantes. This is expected, and even encouraged by the organization, because our leaders understand that economic transformation is only possible with values transformation, which in turn is driven by human interactions.

The Business of Overcoming Poverty: Holistic and Humanistic

In the most profitable and noble of all business, that of manufacturing prosperity out of poverty – or in global parlance, that beast called development – the single best ingredient for success is something that technology can only improve upon but never deliver on its own or be replaced by any artificial concoction no matter how clever or innovative. This ingredient of success is not tied to economic benchmarks and quantifiable indicators. My parents' struggle and our consequent progress towards prosperity taught me that this one ultimate seed for development can only be passed on from one human being to another human being, through hands clasped in compassion, spilling over across nations and across generations. This ingredient enables poor families to believe for a brighter future, and allows them to use the tools to the fullest potential so that they may help themselves out of poverty. There are many jargon for it, but I guess the best name will always be the simplest: hope.

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