

Report of Visit to Thika Community Development Trust, Kenya 24-28 September 2009

Team

Tom Sanderson	– Five Talents UK, team leader
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Day 1 - Meetings

We started with two meetings in the Fairview hotel in Nairobi. First we met Jane Mwangi, **Mothers' Union Kenya**. Jane described how the Anglican Church of Kenya has 31 Dioceses and a total of 46 Mothers' Union staff workers covering the entire country. The Mothers' Union of Kenya has approximately 450,000 members. The staff workers have focused their group trainings on the topics of parenting and reconciliation. Five Talents had applied to the Financial Sector Deepening (FSD) Trust of Kenya for funding to provide financial literacy training with the Mothers' Union to the communities in Marsabit, northern Kenya. The application was unsuccessful but Jane described how the Mothers' Union remained keen to cooperate with Five Talents in this kind venture.



Second we met Peter Macharia, World Concern Country Director for **Sudan** and Rev. Thomas Anei, Five Talents "Fellow" and training coordinator in S.Sudan. They described the Five Talents' funded program in the county headquarters, Lietnhom. The program now operates a Community Bank which is the only bank serving the county and extended population of around 1 million people. Thomas described the savings and credit model being used in Lietnhom, with current membership around 500 people and total savings of around \$13,000. He also described the savings and loan groups in Wau and Luanyeker, up to 110 miles from Lietnhom.

We travelled the short distance to the **FSD office** to meet Caroline Pulver, Team Leader and Bilha Maina – to discuss financial exclusion in Kenya, currently estimated at 32% of adults without access to financial services, with the worst affected areas being in the north of the country. The mobile phone money transfer system (M-Pesa and others) has improved access, but only provides a modest savings facility and no credit facilities. Equity bank has expanded its branch network, but the poorest and remotest communities still lack financial skills and services. They encouraged Five Talents to concentrate in these areas.

"Master," he said, "you entrusted me with five talents. See, I have gained five more." (Matt. 25:20)



We then travelled to Thika where we stayed at the Blue Post hotel and met Peterson Karanja and his colleagues Lillian Elijah and Mary Kahuro of the **Thika Community Development Trust (TCDT)** which is supported by Five Talents. Peterson described the Trust Group model that is operating in TCDT. They currently have 24 Trust Groups in different places in and around the town and rural areas, comprising 1924 members (average 80 members per group). Since the first group in 2004, the groups have saved a cumulative total of

\$237,000 and have made loans to their members worth \$310,000 to assist their members in building their businesses. Members meet and save monthly and they can choose how much to save (usually \$5-\$10 per person per month). They have to save continuously for a minimum of 6 months before becoming eligible to apply to their group for a personal loan. They can apply for a loan up to 3 times the value of their savings, and they can choose the repayment term, usually 4-10 months. The loan is repaid with interest charged at 1% per month on a flat rate. Repayments rates are normally 100% since it is member's own money that is circulating. Five Talents' funding has paid for the TCDT staff salaries and operational costs (training costs, transport, computers, office expenses etc.).

Day 2 – Field Visits



We first visited a mobile phone agent to experience the mobile money transfer service provided by the mobile operator Safaricom (part of Vodafone) called M-Pesa. This allows people to “load” money onto their M-Pesa account and then transfer it effectively by text message to other people who, if they wish, can cash the units at a local M-Pesa agent. One of the TCDT Groups is using this service to save and repay loans with their group members and their local bank.

We then visited 7 TCDT members in their homes and businesses as follows:

1. Mr Ephraim Njihi

Ephraim is part of the Cathedral Youth Trust Group. He used to sell second-hand clothes but found it difficult. He then gained employment, but subsequently set up his own business selling new clothes, Baraka Enterprises (meaning “blessings”) in 2007. He saved money with the Trust Group and then received a loan for £160 to buy stock. He has successfully repaid the loan and wants to take another one to expand further. His business employs one person full time, and Ephraim supports his wife and 2 children as well as his younger brother through school and his elderly parents. His busy times are during the wedding seasons and Christmas and he is keen to open a second outlet.



2. Moses & Eunice Mwaniki



Moses and Eunice run “Trust Sounds: Electrical and Electronics” store in Thika town. They have a business partner (Simon) and are all members of Cathedral Youth Trust Group. They save £20 per month with the group and recently borrowed £160. Simon and Eunice work full-time in the business and Simon travels to Nairobi weekly to buy stock. The business is 18 months old and already they have built a good reputation and are looking for bigger premises.

3. Naomi & Michael Nduati

Naomi is the Secretary of the Ndunyu Chege Trust Group which was started in 2007. They keep 4 dairy cows providing milk for home consumption and sale. They also keep rabbits and are planning to complete a biogas unit to provide gas for cooking and lighting. They took a loan of £100 and have completed the first 4 (out of 6) months repayments from the sale of the milk. They earn about £50 per month from the milk sales (7 litres per day @ 25p per litre). They used the loan to buy a petrol machine for chopping fodder for the cows. This makes their life much easier and releases time to care properly for their animals.



4. Lucy Irungu

Lucy is a member of the Giachuki Trust Group. She has 500 chickens, of which 150 are chicks purchased from her loan of £160. She is paying back the loan over 6 months. She also has 3 cows and 4 goats. Lucy is able to sell 6 trays of eggs per day, and can make a modest profit during the year with superior profits in high season (Christmas, and holidays). She has two farm workers and feels empowered to take charge of her life.



5. Monicah Mukabi

Monicah is a widow and member of the Giachuki Trust Group. She used her first loan to buy 200 chicks and her second loan of £500 to buy a tank for collecting rain water. She also has dairy cows and tea bushes to diversify her income. She says *“The group has been a comfort to me since I am alone and has given me confidence and training as well as a place for savings and loans. I could never get a loan from a bank.”*



6. Mrs Risper Kibe

Risper is a member of Juja Trust Group and she owns a small retail shop. She and her husband took a loan of £400 to improve and stock the shop. They have since taken a further loan to buy a grinding machine for flour which employs one person full time. Their



businesses are supporting their two children, the eldest of whom is completing O'levels this year.

7. Mrs Nganga



Mrs Nganga is a member of the Juja Trust Group. She runs a restaurant and “SunRise Hotel” for local university students. The students say they like her restaurant because it provides hand-washing facilities, delicious food and fast service. The price is also very competitive and she gets up to 100 customers at lunchtime. They employ 6 people and used their first loan of £160 to decorate and equip the restaurant, and their second loan of £250 to extend the dining terrace. They also hope to expand the hostel. The business is thriving and will provide an income in their retirement.

Dinner

We had evening dinner with the Bishop of Thika and some members of the TCDT Board at which the Strategic Plan for 2010-2013 was presented.

Day 3 – Meetings

After church we travelled back to Nairobi to have lunch with James and Valentine Gitoho. Valentine is a former Board member of FT International and spoke very firmly in support of the Thika programme which successfully rotates members’ own savings.

We then met **Moses Ochieng**, Regional Financial Sector Advisor for CGAP (the “Consultative Group to Assist the Poor” hosted by the World Bank), funded by DFID (UK). He has a remit for financial inclusion and microfinance covering eastern and southern Africa. He commented on the current hot topics for microfinance namely:

- Consumer protection (esp. in loan agreements and collection, security of savings)
- Technology (e.g. Mobile phones, Management systems)
- Financial Education, including financial literacy
- Transparency (in charges, interest rates and fees to clients)

He also said that CGAP are collecting information on social impact measures and various industry benchmarking exercises. He was interested to know about the Thika programme and encouraged it to expand to become fully self-sustaining and expand to other areas.



We enjoyed our final meal at the Carnivore Restaurant and flew home that night.

*Report compiled by:
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