



Growing Strong

With just over a year and a half of implementation following two successful fund raising events, the microfinance program in Kibwezi under stewardship of the Walking with Africans Foundation (WAF) has already accumulated a total loan portfolio in excess of KSh 1,125,000 (or about \$15,000). To-date the number of clients has risen to a total of 70 members, organized into four peer groups: the Kibwezi Hope Self Help Group with 16 members, the Machinery Hawkers Association with 16 members, the Kamina Thina Kiange with 21 members and the Uumisyo Wa Masongaleni with 17 members. Repayments remain robust at about 95 percent. Our clients are still predominantly poor women running small rural businesses and building their own savings, most of them for the very first time. Many are living with HIV/AIDS, a disease with a stigma that would render a great number of them without financial services from traditional loan institutions. The total accumulated savings amounts to about KSh 173,973 (or approximately \$2,320) as of the end of November 2010. These women and men have achieved this with the help of focused determination by our partner organization, Efforts of the Poor in Development in Kenya (EPID-Kenya), which has been organizing, training and nurturing the peer groups.

Perhaps most significantly, the success of the program thus far is a tribute to our strong base of donors whose generous gifts allowed us to launch a successful pilot program back in June 2009. The recapitalization of those initial loan funds has made it possible to not only increase the loan amounts, but also to bring in two new peer groups from the Kiange and Masongaleni areas. Some of the original clients at Kibwezi and Machinery are already in their third round of loans and demonstrating considerable individual success!

Therefore, to our donors we say thank you for your tremendous support and generosity in helping to transform lives and instilling a sense of hope even among the most vulnerable of the poor in this rural, semi-arid region of Kenya.

a path out of poverty

Coming Together, Pressing Ahead

When our WAF founding director, James Munthali took a trip to Kibwezi in September/October 2010, he described the experience as heartening and inspiring. The trip offered an intimate and profoundly rewarding way to witness the fruits of the hard work and dedication of the clients in the two initial groups, Kibwezi Hope and Machinery. Many of the members were already anxious to press ahead with their next loan cycles. There was growing cohesiveness, openness, and honesty of communications among the groups, which have been key in ensuring that performance remains strong. This close-knit nature draws on good old fashioned peer pressure to promote compliance to repayment schedules, while making every effort to be sensitive and understanding of the challenges facing each individual member.



Kamina Thina Kiange Group with WAF founding director, James Munthali. The group name translates to “Let us solve our problems in Kiange”.

The groups have learned many valuable lessons along the way in terms of self-governance and partnership as they have grown. Indeed, it was observed with interest that

leadership of the two groups has already changed to instill greater dynamism and increase transparency. In the case of the Machinery, a woman now chairs the group. Each of the groups has introduced some operational adjustments in response to experiences in the past year. The groups have also taken serious steps to better appreciate and carefully examine individual members' conditions where repayments or the savings deposits have been lagging.

Life-changing Progress

We are thrilled to share two stories that illustrate the progress our clients are making in their lives and in their communities. We would like to tell you about Nahum, a woman from the Kibwezi Hope group whose story provides clear evidence of the strong and determined effort one is willing to take to lift oneself out of grinding poverty. She has used her loan to grow her small roadside restaurant and shop, constructing a water tank by taking water from nearby Umani Springs to ensure reliable and constant water supply to her restaurant. She has also hired a full-time employee, allowing her to focus some of her time on raising cattle and goats that serves not only her restaurant, but her household. Nahum is HIV positive and belongs to an HIV/AIDS support group at Kibwezi. She has remained healthy for most of the past year and has a renewed sense of hope for her future. The success stories do not end with Nahum, but begin there and include Teresia Kituki. The new chair of the



Machinery group is strongly committed to the microfinance program and has already brought her group

Teresia Kituki stands in front of her restaurant, Jua Kali Hotel.

a renewed dynamism and cohesiveness. Her loans have allowed her to successfully run a restaurant and recently purchase the building that houses the eatery. This big leap has afforded her the opportunity to hire four employees



One of the first employees hired by Teresia Kituki.

and pass along her original business of selling cereals and vegetables to her daughter. Her success has helped her enjoy a year of relative good health and widespread support to her family; however, she was quick to point out that she was still unable to send her younger daughter to a nursing school. Teresia is now in her third loan cycle and is optimistic that she will have an opportunity to do so in the future.

There is growing anecdotal evidence that the multiplier effect of the dollars invested is well underway and the benefits may be felt beyond the families of the clients. These two amazing stories represent those of many others. As we begin a major overhaul of our website (www.walkingwithafricans.org), we will bring their stories to you, so that you can have a comprehensive picture of the transformation now taking place among our diverse clients.

Measuring Our Impact

Making efficient use of your donations of the utmost importance to us! Though the stories we have shared are anecdotal, they lay the groundwork for assessing and reporting quantifiable program performance measures. We are starting to measure progress by utilizing a tool developed by the Grameen Foundation, the Progress out of Poverty Index (PPI). The index has been adapted to the specific situation in Kenya. The process begins with data collection both anecdotal and quantifiable, such as family

size, the number of children attending school, type of housing, and other such indicators. We anticipate anywhere between three to six months and possibly a full year of data collection and analysis prior to seeking certification from the Grameen Foundation to both ensure that application of their tool is accurate and that we are in compliance with their standards.

In the meantime, the EPID-Kenya board is considering measures that would protect groups and individual clients from potential losses. Instead of utilizing commercially available micro-insurance, the board is considering an internal system for handling risks that members can be used to safeguard themselves against unforeseen negative occurrences. To this end, a certain percentage of savings, roughly 5 percent would be set aside in a reserve account and would belong to the group. The board believes that an internalized system of insurance would minimize the formalities typically required by insurance companies for compensating proven loss. In this case, compensation would be quick and much easier.

Despite the tremendous progress achieved thus far, the challenges to attain sustainability remain substantial. First, there is the obvious need to bolster the revolving loan facility and meet operational costs; we will need to raise a minimum range of \$10,000 to \$15,000 in the coming year. Second, it will be crucial to hire an accountant and a loan officer as the program grows both in terms of loan portfolio and the number of clients, which is estimated at a cost of about \$200 per month each. An accountant will be crucial in working to build the books of accounts that EPID-Kenya has developed in preparation for an external audit. A loan officer would serve to evaluate loan applications and follow through more closely with difficult cases. Third, we have observed a need for a motor bike, costing approximately \$1,000, which would greatly ease the transport needs of Linus Muyaga, the Chief

Executive Officer and only paid employee of EPID-Kenya.



Linus Muyaga hires a motor bike to visit clients

He spends a large amount of time and money riding matatus (or minibuses) or hiring motor bikes to visit clients in faraway places like the newer areas of Kiange and Masongaleni. Finally, we are committed to providing support to our clients living with HIV so that they remain active, productive members of their communities. The Kibwezi support group is in desperate need of financial assistance to ensure that they continue to receive their anti-retroviral (ARV) treatment and fight opportunistic diseases.

We hope you will continue to lend your support to our efforts as we work to change the lives of the many impoverished women and men, their families, and their communities!



Nahum's daughter in law, also a recipient, stands in front of the roadside restaurant and shop with her children and one of the employees