

Esther Keino Project Proposal Summary

Belgut Rural Women SACCO (Savings and Credit Cooperative) in Kericho County, Kenya, has faced and overcome various challenges in loan management, business growth and lack of adequate cooperative education and group cohesion among members. After facing serious loan recovery challenges in 2006/2007, the loan policy had to be changed to suit the type of members who are neither salaried nor commodity based, to use a microfinance approach to guarantee the loans by members co-guaranteeing each other in groups of five, utilizing mutual social trust. This has worked to some extent and brought down the loan defaulting tremendously. However, the society still faces challenges that hinder increase in membership, growth of business and low sense of ownership by members. Most of the ordinary members are poor and rural, with low levels of literacy.

Project Goal and Design— is the Society's long term sustainability and growth in business and wealth creation for women who were previously economically vulnerable and excluded from other mainstream societies and financial services. The measureable indicators are an increase in the number and volume of loans and good business turnover, minimal or no loan defaults or improved loan recoveries, a strong sense of society ownership and member confidence in the society and decentralized leadership to the cell units for improved governance, accountability and transparency.

The project objective is to have adequate funds to on-lend to members under different products for different purposes and to foster faster and timely loan recoveries and shares. Activities to be undertaken include: decentralizing Sacco management and loan transaction from central office to the 17 cell units to facilitate group lending; strengthening the Sacco cell units in terms of leadership capacity building and group dynamics to be able to take on this responsibility through Village Savings Loan Associations approach. The strategies to be adopted in this exercise are: involve provincial administration (chiefs and village elders to endorse the loan application), decentralize loan transaction through group lending to tighten loan guarantorship, more entrepreneurship skills development through training to members to ensure better utilization of loans to generate income and repay the loans promptly, and engagement in one group project by each Sacco cell unit to enhance group cohesion and entrench cooperative principles among members

From the aggressive membership drive and expected membership confidence in the society, there will be more contributions in shares and deposits from membership growth. There will also be other products introduced to the society that will enhance members' businesses.