



CENT Managers and trainers in front of Kisumu offices

Partnership Helps Women Overcome Poverty

Micro-Finance and Village Banks: Rural Kenya

Pat Mische

GEA is working in partnership with the CCFMC (Comprehensive Course on Franciscan Mission Charism) in the Siaya, Bondo, Nyando, and Kisumu districts of western Kenya to help women overcome poverty. The CCFMC coordinates nine different programs, including Water, a Demonstration Farm and Training Center for Sustainable Development, Environment and Sanitation, HIV-AIDs Prevention and Home-based Care, Orphans and Widows Welfare, Youth programs, and Micro-Enterprise and Micro-Finance. In July and August, 2004 GEA co-founder Patricia Mische joined the CCFMC team in project assessment and strategic planning. The following excerpt from her journal describes a visit to

one of village banks started by CCFMC under its CENT program. There are now 44 CENT banks with more than 4000 members that have access to micro-finance and micro-enterprise training and assistance. The banks aim to develop a culture of saving, self-reliance, solidarity, and sustainable community development. Local women are trained as bank managers in a system that is of, by, and for the people. CENT has been recently recognized by the UNMircorfinance Year as one of the best rural based micro finance institutions in Kenya (No. 3 in the country).

July 15. We travel by landrover from Kisumu to Rangelala, in western Kenya, near the Uganda border. I am with George Rubiik, Joshua Omondi Osano and Magde-

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line, all key figures in CENT, a village-banking program that helps people who are too far away and too poor to access commercial banks. The road is rough (in parts almost non-existent), and we are delayed. When we finally arrive, hours late, about 30 "shareholders" are still patiently waiting for us on the church compound. This churchyard is one of the places local people can do their banking – out in the open in full view of all. Transparency and community process are more important than privacy for the success of this bank.

**"Luos are not poor.
We have resources."**

The village bank at Rangala has 275 members. Those present today seat themselves on benches under the trees. The 3 managers – Angelina, Judy, and Joseph -- sit at a small table to the right. As guests of honor we are seated at a special table facing the shareholders. The local CENT coordinator, Angelina,

opens the bank meeting with a prayer, then introduces the four visitors. George rises to

speak. A visionary and charismatic leader who co-founded CENT and serves as its Director, George starts by affirming the group's achievements. He then relates the history of CENT and the women's projects, and the partnership role played by GEA. He stresses how important it is to empower women. "We are proud of you," he says to the members—mostly women—who continue to gather and take their places on the benches.

George, a Luo, was born and raised near here. He went to universities in Kenya, Tanzania, and the US (where he earned a doctoral degree in agricultural development). He could have had a high-paying job in Nairobi, but instead returned home to help others rise from poverty. He sees poverty as not only a lack of money but also a state of mind. He prods the villagers to drop their negative self-images. "Let's not hear that Luos are poor," he says. "Luos are not poor. We have resources. We have brains. We can think about

ways to create a better life. We have hands to create things, and feet to go places. We all have assets. Every investment you make will make your life better."

Has micro-finance helped?

Then I am asked to speak. After commending their achievements, I ask people whether CENT has made a difference in their lives. They take turns telling their stories. Margaret took a loan to buy maize at the Uganda border and then sold it at a profit in local markets. (The Kenya shilling is stronger than Uganda's and maize is cheaper there. She made a profit by buying in Uganda and selling in Kenya). Maria took out her first loan to set up a village pharmacy. Her second loan

was used to plant sugar cane that she will sell after harvesting. She has repaid these loans and is applying for a third to buy a brooder for hatching and selling chicks. Anastasia applied for a loan to develop a business selling maize. She grows enough to feed her family as well as sell at a profit. Jane used her first loan to start a brick-making business; she takes orders from local schools and now employs people in her business. She is taking out a second loan to expand this business. Another woman, also named Maria, started a small fish business and after repaying the first

loan took out a second to purchase 2 goats. When these goats multiply some will be sold and the profits used to buy a cow.

The members also include some men. Peter used his first loan to buy firewood and sold it at a profit, earning enough to pay back the loan and buy 2 cows. With a second loan he bought iron sheets and maize that he also sold at a profit. Another man, also named Peter, used his first loan to buy and sell beans and cereal grains and used the profits to pay school fees for his children. He used a second loan to buy two bulls that he rents out to people who want them to pull their plows. This loan has been repaid and he is now applying for a third loan to buy a plow that will further increase his profits. Joseph, a local chief, tells how he took out a loan to start a welding shop where he constructs merry-go-rounds, swings and other play equipment that he sells to schools.

After everyone has a turn to speak, the people have some questions and requests for the CENT management



*Polly Girvin (Dayton, OH), George Rubik (CENT Director),
Pat Mische (GEA President)*

team from Kisumu. Can they have longer grace periods to repay their loans? Could the local bank coordinator have a cell-phone so that they can have better communications with her? The local CENT recruiters want bicycles, because it takes a long time to go from place to place on foot. Judith, who started as a volunteer recruiter for CENT and now coordinates the local bank office, wants more money allocated to cover increasing costs. She goes to Kisumu once a week to deposit village bank monies in a commercial bank, and for this needs to pay for a bicycle ride to the road and then the bus fare to Kisumu. The bicycle drivers make her pay twice the usual fee because she is very heavy.

After all the questions and requests are given, Joshua, CENT's accountant/treasurer in the Kisumu offices, rises and responds: "If the grace period is extended other people will have to wait longer for their loans," he says. *Madiany Women's Group meets to discuss starting a CENT group*

"Your money does not just wait in the bank; it goes to buy Maria's brooder or Peter's plow. When Maria and Peter pay it back with interest, it can go to Jane and Joseph." I feel like I am in a Luo version of "It's A Wonderful Life"; instead of Jimmy Stewart, it stars Joshua and George. Joshua continues: "The coordinator's expenses can be paid from bank earnings," he says. "And since the bank is doing well, they can also now afford to pay the coordinator a small salary." The coordinators look happy. Joshua says that he will try to get bicycles for the recruiters. But instead of cell phones, he asks the coordinators and members to agree on regular banking hours and post this information for all to know.

Banking in a mud house

Then all of us—the Kisumu managers, visitors and local members-go to the village bank "office." It is a room in a mud-house where Rangala CENT coordinators facilitate banking several days a week. Outside, goats and cows are eating grass and children are playing. Inside, there are newsheets on the walls listing bank policies and guidelines, the

names of those who have taken loans, who has guaranteed them, when repayments are due, and who has repaid their loans. Again, everything is transparent. Judy and Angelina take out the ledgers where all the records of transactions are kept. Each bank member has ledger pages where their transactions are recorded. Sample savings passbooks are shown. And we get a demonstration of how receipts are given in triplicate, with one copy going to the customer, one to the CENT offices in Kisumu, and one to stay in the local village bank. Some customers cannot read or

write. Thumbprints are made of all members to assure correct identification. There are no computers—indeed, no electricity; everything is done meticulously by hand. Magdeline comes regularly from the Kisumu office to train coordinators, check the records, answer questions, and

recommend ways to improve bank procedures. The CENT management team in Kisumu

plans to install computer systems there to keep electronic records of transactions in all 44 village banks. Such central record-keeping is becoming important in the face of CENT's rapid expansion.

This has been a wonderful day observing micro-finance at work in a local village. We begin the long, bumpy ride back to Kisumu, arriving there after nightfall.

What Can You Do with One CENT? The Origins and Growth of an Idea

The idea for this village banking/micro-finance program was generated in 1997 when I was brainstorming with CCFMC's director, Sr. Irene Akumba, George, and others about ways to empower the local people. CCFMC has now started 44 CENT banks with 4300 members in the four districts of Nyanza province: Siaya, Bondo, Kisumu, and Nyando. CENT members can deposit very small amounts—even one Kenya shilling (in US currency equal to about one cent). To take out a loan, one must be a CENT mem-



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ber for at least three months, have saved at least 300 shillings (\$4.00), and be a member of a Solidarity group that is affiliated to the Bank. The solidarity group, with a minimum of at least 5 members, must approve the loan applications of its members in a monthly meeting, and at least three of these members serve as guarantors with 25 percent of the loan value in their savings.

CENT is an acronym for Credit, Empowerment, Networking and Training. The training includes: good savings and loan practices, how to maintain a savings pass book, how to apply for a loan, and skills for micro-enterprise development. HIV-Aids prevention is also part of the training. (This region of Kenya has one the highest incidence HIV Aids in the world). Members help identify people who are ill in the community and may need hospital or home care. CCFMC health volunteers then make home visits, bringing medicine and food, and helping victims get needed care and assistance, including finding homes for HIV Aids orphans. So, while CENT may initially attract people because of money, it takes a holistic approach to community development.

Why is CENT Unique and Successful?

Many micro-enterprise programs in Africa have failed, but CENT is unique in many respects. Its Board and core leaders are professionals with extensive experience and training in banking, development, and micro-finance. Some left well-paying jobs to start CENT and are very dedicated to its mission: to provide "effective, flexible and responsive financial services that promote self-reliance and enhance livelihoods among the poor in rural areas of the western region of Kenya." CENT managers at local village levels are mostly poor women, who are members of local women's groups. They start as volunteers and go through careful training. There are regular visits, supervision, and monitoring by CENT trainers. Transparency is assured at every level, from the village banking structure in the local churches and meeting places, where records are kept in triplicate, through the higher management structures. The peer pressure from the local solidarity groups and the development of individual and group savings accounts that serve as collateral for credit, increases the likelihood of the bank's success.

CENT membership and savings accounts are steadily growing in the four districts. Loan repayment rates range from 90 to 100 percent in the 44 village banks – better than in many other micro-finance programs. After only one year the Bondo district had enough CENT members to open a full-service regional bank to serve their district. This Front Office Savings Agency

(FOSA) with full time employees, saves the village bank coordinators from having to go all the way to Kisumu each week to deposit or withdraw village bank monies.

GEA honored at Bondo Bank Opening

CENT's Bondo regional bank was opened on July 23 with a Mass to pray for its success followed by a day of celebrating. Local and national officials and dignitaries gave speeches and many hundreds of local people came to dance, feast, and rejoice in the achievement. Among the guests of honor were GEA president, Pat Mische, and GEA associate Polly Girvin, who has been a significant donor to CCFMC projects. GEA was highly credited by George Rubik for inspiring the founding of CENT.

How Can You Help?

Would you like to invest in or contribute to this important enterprise that is making a difference in so many lives? Write or call GEA for more information on this and other GEA and CCFMC projects. Your contributions and investment in this and other programs will help many people help themselves out of poverty.■

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"Engaged Cosmology"

and 9 US states, including John Cobb, Brian Swimme, John Grim and Mary Evelyn Tucker, Helen Prejean, Albert Nolan, Rosemary Radford Ruether. GEA Board members who took part were Rosemary Williams and Jim Dette. Sr. Luz Emmanuel Soriano represented GEA's affiliate, the Philippine Council for Peace and Global Education. The meeting was co-convened and facilitated by Jim Conlon, director of the Sophia Center, and Pat Mische, GEA President.

The July 7-10, 2005 Conference at Holy Names College will be open to the public and will feature presentations by Sr. Helen Prejean, author of *Dead Man Walking*; Brian Swimme, author of *Hidden Heart of the Universe*, Diarmuid O'Murchu, author of *Quantum Theology*, and GEA President, Patricia Mische. For more information call Sophia Center at 1-800-794-8813, or visit the website www.hnu.edu/sophia.

Ecozoic Council

An Ecozoic Council has been created to share information and help build an engaged cosmology movement. You can visit it at: ecozoiccouncil.net. It can also be accessed through GEA's website: www.globaleduc.org.

**GEA is deeply grateful to the Presentation Retreat enter and Presentation Sisters who generously provided lodging and meals for the September 24-26, 2004 conference participants.*