



Strathmore University

MIRIAM WAMBUI

In mid May 2007, Miriam Wambui, recently appointed as the first manager of a newly established unit office of the Kenya Women Finance Trust (KWFT) at Loitokitok was wondering how she could meet her loans disbursement and recovery targets when KWFTs 2006 policy restricted her from disbursing loans to women who were most in need of them.

Livelihood of Maasai Pastoralists

The Maasai are a traditional nomadic people who depend on their livestock for their living. Livestock is sold to raise income, slaughtered for food or purchased to build the stock. Many Maasai still live a nomadic lifestyle as a result of inadequate pastures during dry seasons and periodic droughts. Rainfall is bimodal, the short rains from October to December and the long rains from March to April.

The vulnerability of the Maasai community, where pastoralism is the mainstay of livelihood is a well documented fact. Such documentation is from studies that have been conducted in Kajiado, Loitokitok and other areas predominantly occupied by the Maasai in Kenya and in Tanzania.

Mr. Cavin Otieno Opiyo prepared this case with the assistance of Professor Michiel Leenders and Louise Leenders of Richard Ivey Business School as the basis for class discussion rather than to illustrate effective or ineffective handling of an administrative situation.

Copyright©Strathmore University, Kenya, May, 2007

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means-electronic, mechanical, photocopying, recording, or otherwise- without the written permission of Strathmore University. Strathmore University acknowledges the financial support of the Micro Small and Medium Enterprises Competitiveness (MSME) project and the Global Business School Network (GBSN) in the preparation of this case.

These studies¹ indicate that the Maasai Pastoralists are increasingly restricted from accessing key resources to their livelihood such as pasture, water and through passage for their livestock. This perpetuates the community's vulnerability to drought herd loss. The most vulnerable groups in many villages in Maasailand are drawn from the original population of the Maasai herders who sold their land and find themselves with diminished herds and lacking farming skills that would enable them to farm.

In this situation, the Kenya Women's Finance Trust, a non governmental development agency working in Maasailand as well as other parts of the country, has attempted to alleviate poverty and mitigate food insecurity by providing services to help the diversify away from pastoralism through gradually changing economic occupations and changing the main sources of income.

Miriam's Experience in Kajiado

Kajiado town is some 70 kilometers outside Nairobi, Kenya. The town is traditionally inhabited by the Maasai Community. As of January 2005, Miriam was promoted to a new position of KWFT's branch manager at the newly established office in Kajiado. Miriam's previous position was that of a Business Development Officer at the Thika branch, where she had worked from 2002, the year she first joined the organization. Miriam holds a diploma in business administration and a certificate in Certified Public Secretary II. She is currently undertaking a professional course in credit management.

Miriam's organization, KWFT, was established in 1981 and is focused on facilitating access to sustainable financial services to women entrepreneurs from low income and vulnerable groups. KWFT provides both group and individual based financial services to women entrepreneurs through a regional network countrywide.

Miriam's experience in Kajiado has helped her to appreciate the social and economic challenges facing the Maasai pastoralists and to understand the traditional cultural customs and norms that influence her clientele from this community. With this knowledge Miriam worked skillfully to meet her funds disbursement targets in Kajiado a feat that earned her promotion to the newly established branch in Loitokitok.

The 2005-2006 Drought

In January 2005, shortly after assuming the new office of branch Manager at Kajiado, Miriam undertook an aggressive client recruitment drive that increased the total clientele from the Maasai pastoralist community to more than 300 women comprising an estimated proportion of 20% of the total clientele of KWFT in Kajiado. However, In December 2005

¹ Heffernan C., F Misurelli and L Nielsen 2001 *Restocking and poverty alleviation: the perceptions and realities of livestock-keeping among poor pastoralists in Kenya*. Veterinary Epidemiology and Economics Unit, Department of Agriculture, Reading.

Waller R 1999 Pastoral poverty in historical perspective pp20-49 in Anderson D and V Broch-Due *The poor are not us*. James Currey

Homewood, K., P Kristjansen and P Trench Land use and Livelihoods Change in Maasailand

an unexpected severe drought hit Maasailand and families began to leave the village beginning with the most vulnerable.

At the onset of the drought, Miriam intensified field visits to follow up on clients in order to improve loan repayments. At this point in time the prices of livestock fell rapidly to less than one third of their usual prices while on the other hand food prices shot up steeply. It became increasingly difficult for Miriam to collect any money from her clients in this community as the situation deteriorated. Eventually all the pastoralists left with all their families to various destinations in search of pasture and water for their livestock. These areas were beyond the jurisdiction of Miriam and the livelihoods of the families were severely threatened that loan repayments ceased all together. The outstanding loans were a total of Ksh 6 million.

KWFTs 2006 Policy

Following the effect of the drought on the financial returns of the Kajiado branch, Miriam filed a report on the situation to her regional Manager in Machakos who in turn conveyed the information to the head office in Nairobi. The regional manager paid a visit to the Kajiado office and sometime later a team from the head office visited. On both occasions, meetings with the community leaders were held in an attempt to seek a solution to recover the loans. The team from KWFT's head office in Nairobi expressed concern on the possibility of bad debts and anticipated that about Ksh. 2 million would be written off. Miriam was instructed to suspend any further loans to the women from the Pastoralist community.

When the drought came to an end in the period of June to July 2006, the pastoralist families returned to their homesteads. Miriam began an intensive follow up of the clients and managed to recover all the outstanding amounts by December 2006.

Miriam was promoted to head a new branch in Loitokitok and her remuneration improved. She is aware that her previous success in meet her loan disbursement targets resulted from a close collaboration and support from the Maasai community and their leaders including civil servants, especially in the recovery of the outstanding loans.

However KWFT's new policy resulted into the proportion of clientele from the pastoralist community reducing tremendously from 300 to about 50 with a total loan portfolio of less than Ksh 1 million from more than Ksh 6 million The proportion of 50 is against more than 1100 clients with a total portfolio of Ksh 356 million at the Kajiado branch.

Miriam is aware of the difficult situation of the pastoralist women who bear the responsibility for daily family needs. Following her experience in Kajiado, she strongly feels that the women from the pastoralist community presents KWFT with a huge potential for growth despite the existing challenges of delivering services to this category of clientele. In her opinion, KWFT may tackle the challenges posed by the cyclical and unpredictable droughts by designing and launching a specific product tailored to this community that takes these unpredictable situations into account. There is little she can do at the moment to influence change in KWFTs 2006 policy. However she has anew

challenge in her hands, to maintain and even surpass her performance in meeting the loans disbursement targets in the new Loitokitok office that is predominated by the Maasai pastoralists.

The long rains have set in and coincided with Miriam's new posting in Loitokitok. She knows that this is the season for lending to the pastoralists.

If you were in the position of Miriam Wambui, how would you tackle the loans disbursement issue in Loitokitok in view of KWFTs 2006 policy?