

Sustainability

[Business](#), [Management](#)



Microfinance and the Kipsigis of Southwest Kenya What is the FTC (Free The Children) group trying to accomplish through the introduction of this program?

With the introduction of this program FTC is attempting to provide a way for Chebinie women to be able to support themselves and ultimately their families. One of the main goals of FTC is to free children from poverty around the world, so it makes sense that Chebinie women are given some means to be able to provide this. Education is the key to freeing children from poverty, but this can only be done if (1) a mother can afford to send her kids to school and (2) if she has some form of income herself to make up for the fact that her children cannot assist her in the home.

The FTC organization has already been in the Kenyan area for more than a decade, and previous efforts to provide alternative sources of income for women proved effective. However, this entailed giving goats and cows to these mommas so that they could use the milk for nutrition and also to sell. There is only so much growth in this way, and that is why it is now time for FTC to consider some other means of assistance. Microfinance will be a great vehicle through which to improve the lives of regular Chebinie women, and the concept has already proven to be successful in other areas of the world. Of course, that does not mean that it will be successful in Kenya. Some cultural and/or religious considerations will need to be taken into account so that micro financing schemes can adapt to the local people and not the other way around.

2. What will be the key factors that will determine whether this objective will be

successfully accomplished? What will be the major cost drivers in the future?

One of the key factors that will help determine whether this objective will be successfully accomplished is the rate at which the loans are paid back. Not only will this help develop good borrowing habits on the part of the Chebinie women, but it will also show that their ventures are working. The repayment of the loans forms a vital aspect of the program because that is what keeps the scheme moving along. If any Chebinie women fall behind in their payments or do not contribute to the program, then ultimately the objective will not be accomplished. This also requires complete buy-in from all the Chebinie women involved because they have to be willing to make short-term sacrifices for long-term benefits. The initial process of setting up the program will be critical in this regard because it will have to be communicated to all the women just exactly what is expected of them. As a side effect, there is also the ability to create more of a community atmosphere to the whole process because the Chebinie will be required to work together somewhat.

In the future the main cost drivers will be inflation in the local economy because this has the ability to raise the operating and living costs of the women and make it harder for them to pay back the loans in time. Although they may be able to make loan repayments in the short term, it may be the case that in the long term these women will not be able to pay back their loans at the same rate. Also, the expectations of the women could also act as a cost driver. For example, once the women have tasted some success with the program then some of them could want to spend beyond their

means, i. e. take out a loan to purchase a house, etc. As long as the women remain within budget and do not get carried away then the program has the potential to do wonders for them. The key is education and teaching them about how to be a responsible business owner so that loan repayments do not get out of hand.