

Project statement:

In Kenya, there are thousands of microcredit borrowers, most of whom are poor, uneducated women running their own businesses to support a better life for their children. Even though these microfinance programs are no doubt well intentioned, unethical and marginalizing practices are commonly used. Just as high suicide rates among microcredit borrowers in India are linked to increased stress from the combined use of high interest rates with short payment cycles, over-indebtedness, and the application of high pressure repayment tactics by microcredit lenders, Kenya has the potential to witness such travesties if action is not taken.

While working to create a microcredit program within several rural communities in Kenya during the summer of 2010 and winter of 2011, I learned of the many challenges of women microcredit borrowers. It was one borrower, Mary who taught me the repercussions that unethical microcredit practices can have on the lives of borrowers. Mary runs a tailoring business out of her home in a small village outside of Nakuru, Kenya with one sewing machine working to pay for her children's education with the hope that they may have a life with better economic prospects than her own. Mary took a microcredit loan to invest materials for her business. However, one month after enrolling in the microcredit program, Mary became very ill and required extensive medical treatment. Medical bills climbing, yet unable to work due to illness, Mary began losing clients. Soon afterward her business failed.

Despite these hardships, Mary continued to make regular payments on her loan. When I asked her why she did not postpone her payments, an option explicitly included in her contract in case of financial emergency, she stated that she thought she had to honor the contract that she signed. She wanted to avoid the various repercussions that other women borrowers she knew had experienced when they defaulted on their microcredit loans, including social tension, physical

abuse from husbands, loss of friends, and loss of household items. When I asked Mary if the staff of the microcredit program knew about her illness and financial difficulties, she said that they did. Based on my knowledge, I still ask myself why the microcredit staff did not protect their client and participant by deferring her payments and why Mary did not enforce her contractual rights as a participant in this program. I describe Mary's story because it is illustrative of a serious problem in the provision of microcredit in Kenya. There exists a great deficiency in the realm of consumer education and legal protection for microcredit borrowers that results in the marginalization of women.

From June 2011 to April 2012, I plan to continue my work in the Kenyan microfinance sector by creating a consumer index of microcredit programs in the five largest microfinance institutions (MFIs) in Kenya. The consumer index will be an educational resource that Kenyan consumer advocacy groups and borrowers can use to understand the requirements and operations of different microcredit programs. It will also provide a platform for current and past borrowers of these programs to share their experiences. Such a project will be sustainable and widely disseminated through already existing Kenyan consumer advocacy organizations. Once the consumer index is established in Kenya, the model can be applied and duplicated in other regions to contribute toward worldwide transparency of microfinance and advocacy for consumer protection and education for borrowers.

Project plan:

-Collaboration through Research and Interviews:

From June 2011-July 2011, I will conduct interviews with women microcredit borrowers to document their experiences and knowledge of the microfinance industry. These interviews will allow me the opportunity to better understand the existing knowledge of borrowers, what

borrowers do not know and what borrowers want to know, thus allowing such individuals to contribute to the content and structure of the consumer index. Stories gathered from participants during interviews will also be included within the index to allow readers the opportunity to learn about the experiences of clients and borrowers within the featured MFIs. I will gain contacts with microcredit participants through Dr. Soheir Stolba, the executive director of the SHARE Institute, a non-governmental organization that supports many Kenyan microcredit programs.

In August 2011, I will conduct interviews with consumer education and advocacy organizations. As these organizations are currently working to increase consumer advocacy, they have insight into the necessary material and information that microcredit borrowers are lacking. I will gain contacts within these organizations through Jonathan Lewis, CEO and founder of MicroCredit Enterprises, a company that provides loans to microcredit organizations worldwide, who has already connected me with several consumer advocacy organizations, including MicroFinance Transparency.

In September 2011, I will conduct document analysis of current and past studies of microfinance operations by reviewing existing case studies of Kenyan MFIs. Additionally, with the help of local lawyers, I will research Kenyan law to learn about the existing regulatory framework of the Kenyan microfinance industry, specifically microcredit programs.

This research will prepare me to conduct interviews with personnel and loan officers within Kenyan MFIs in October 2011. Such interviews will allow me to further understand and compare current operations of microcredit programs. I will use my contacts in several MFIs whom I interviewed in 2010 to complete this portion of the project plan. This will allow MFIs the opportunity to contribute toward the transparency of microcredit programs and create a resource for its borrowers.

-Creation of the Consumer Index

From November 2011-December 2011, I will collaborate with organization staff members in the creation of a consumer index by analyzing and synthesizing all of my research material. The first unit will cover the laws and regulation of the Kenyan microfinance industry. The second unit will cover the actual practices of the five different Kenyan MFIs. The third unit will cover participant reviews and experiences of the each MFI. After the completion of the index, it will be translated from English to Swahili and various dialects by a translator to ensure greater accessibility throughout Kenya.

-Consumer Index Workshops

From January 2012-February 2012, I will conduct workshops to introduce the consumer index to different consumer protection organizations as well as MFI clients and borrowers. This will help me to understand the usefulness of the content of the index. I will gain critiques from organizations and individuals regarding what they learned, already knew, and what they would like to be added to the index. The critiques will be used to improve upon the index to ensure greater usefulness and practicality.

- Expanding Access

To ensure sustainability of the project and large scale impact, from March 2012 to April 2012 the index will be disseminated free of charge in forms of booklets to individuals and other organizations serving Kenyan low income communities. During this time, a website will also be designed and published to house the index along with my project plan and implementation strategies. This will allow other organizations the opportunity to learn how to duplicate this consumer education initiative in other regions of the world. Such initiatives are important to ensure that education and consumer legal protection for microcredit clients remain an active part

of consumer advocacy campaigns.

Continuity and preparation:

Throughout my field experiences in Kenya as a microcredit coordinator working alongside participants within their businesses and conducting training with participants in 2010 and 2011, I gained insight into the potential successes and struggles of borrowers within different microcredit programs. Such knowledge has motivated me to work toward the empowerment of women microcredit borrowers through the creation of a consumer index.

While passion is an essential component of my project, I also have the skills to create a practical and educational index. Such skills come from my role as an academic as well as a field researcher and practitioner within the Kenyan microfinance industry. I have experience conducting interviews, collecting data and collaborating with microcredit borrowers and professionals. I am currently writing an honors thesis within the International and Area Studies Teaching Program challenging the lack of input that borrowers have within the practices and impact measurements of the Kenyan microfinance industry. My advisor Professor Ananya Roy, a researcher within the microfinance field, has guided my research and will continue to support my efforts in the creation of a consumer index. That project will continue my dedication and commitment to bridging the gap between the needs of clients and the lending practices of the microfinance industry.

By creating a consumer index, I will be able to continue to transfer my experience, knowledge and passion into long term commitment and large scale impact. I am already committed to the creation of the consumer index as a delegate of the 2011 Clinton Global Initiative University (CGIU), a conference created to support student projects dedicated to global change. This conference will provide me with opportunities to connect with various professionals and students working in the microfinance industry who are interested in consumer

education. This will open up opportunities for me to gain partnerships and spread knowledge about the project within different consumer advocacy organizations.