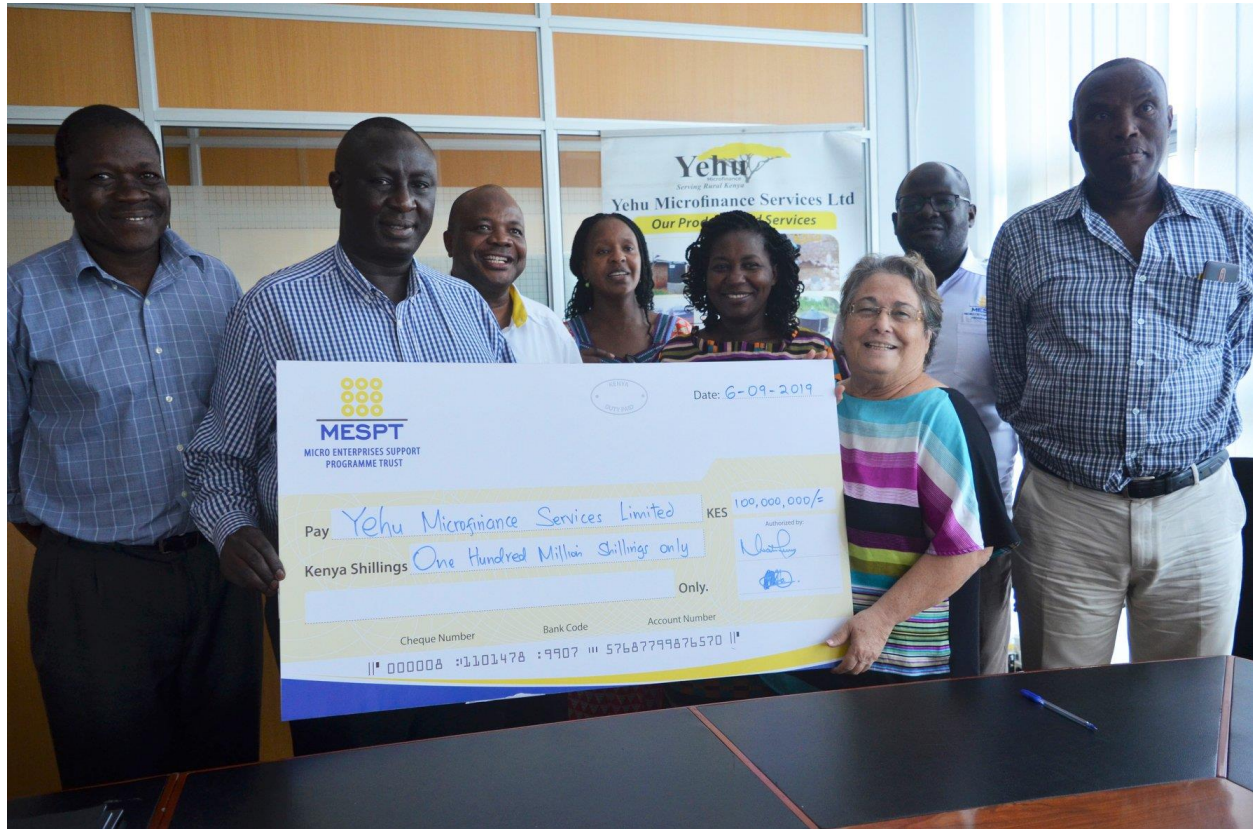


YEHU: IN SYNC WITH THE FINANCIAL NEEDS OF THE RURAL POOR



Dummy cheque display of a loan facility to Yehu Microfinance (L-R) Mr. George Ojiambo -Non-Executive Director of Yehu Board, Mr. Noah Meely- Chair of MESPT Caretaker Committee, Mr. Adet Kachi -CEO of Yehu Microfinance, MESPT Caretaker Committee members: Ms. Elizabeth Matioli & Ms. Monica Asuna, Dr. Rita Lugogo -Chairperson of Yehu Microfinance, Charles Nyawade - MESPT Head of Finance & Admin & Ag CEO and Stephen Mbugua Member of MESPT Caretaker Committee.

Background

Yehu originally began in 1998 as a project of Choice Humanitarian- Kenya, a non-governmental organisation based in Utah, USA. It was initially known as Yehu Enterprises Support Services (YESS). Yehu in the Miji Kenda dialect means ours, a true conviction of the founder, Dr Rita Lugogo, that Yehu should be owned by the common people. Such ownership is testimony that sustainable socio-economic transformation is real to the marginalised rural poor if given suitable opportunities to access financial services tailored to their needs.

YESS began with 300 female members in a small rural village in Kiconeni in the then Kwale District, now Msambweni Sub-County of Kwale County. The initial group was formed to mobilise savings among its members. However, the need for credit provision quickly became apparent. In 2000, the first loans were issued.

The microcredit programme took strong traction within the southern coast of Kenya and it became apparent that the YESS project could not effectively expand just as a project of Choice Humanitarian, hence the establishment of an autonomous Yehu Microfinance Trust in 2006.

Yehu works with groups of 10 to 40 women. Under this group are sub-units of five women. The sub-units make critical decisions affecting their groups. There is leadership at the sub-unit as well as at the group of 40 also referred to as a centre. Group members receive loans whose interest rate is about 19 per cent.



YEHU Microfinance's Kisauni branch in Mombasa City

Partnership with MESPT

The Micro Enterprises Support Programme Trust (MESPT) –Yehu partnership began in 2006. At the time, the lender was perceived to be too small by wholesale lenders who refused to lend them. At the point of engagement with MESPT, Yehu had only four branches, a constrained portfolio balance of KES 18,000,000 and 4,500 active clients.

MESPT had a deeper understanding of Yehu's market potential as it morphed from a programme under Choice Humanitarian into a fully-fledged microfinance entity. They sought to accelerate that programme and needed to capitalise themselves. "MESPT always looks for like-minded partners and that is how we ended up supporting them," says Mr. Eliud Wachira, MESPT's Credit and Business Development Manager.

MESPT's support in Kwale and Mombasa counties is part of the implementation of the Value Chain Greening and Financing Programme component (VCGFP) within the Green Growth and Employment Programme supported by the Royal Danish Embassy. The programme has a national outlook but mainly targets Embu, Kajiado, Kilifi, Kwale, Makeni, Nakuru and Taita Taveta counties.

In terms of capacity building, the microfinance outfit has gained from MESPT's partnership through development and installation of a management information system; product development support; training in microfinance; delinquency management, corporate governance, marketing, green and value chain financing and risk management. Yehu in turn has been training its clients in basic business skills and the need to undertake their business activities while recognising the sensitivity of the environment in the wake of climate change.

Yehu's Chief Executive Officer, Mr. Adet Kachi, is appreciative of the support received from MESPT. "We needed funds to enable us reach our niche market. We also did not have the capacity to effectively manage the company. The support from MESPT in terms of funding and capacity building was timely," he says.

As a nascent microfinance organisation, Yehu needed a shot in the arm to start lending to its clients. MESPT came in handy with a loan facility of KES. 100 million which bolstered its agribusiness and green financing portfolios.

MESPT has had a long-standing good partnership with Yehu Microfinance for more than 10 years offering not just financial resource for on-lending but also capacity-building of its members. Today, Yehu has 62,000 clients. The success story of the microfinance organisation has been driven by a strong social mission of establishing a better world for all, but especially women.

According to their CEO Mr. Kachi, Yehu came into being to address a gap. "The rural poor, especially women, needed as little as KES 5,000 to boost their small businesses that include small eateries, groceries, farming and poultry. This was an opportunity for Yehu to address the needs of our poor clients as we jointly sought to create social impact," says Mr. Kachi.

Their first loan from MESPT of KES 10 million was loaned to rural women. It also helped set off the journey of the organisation's exponential growth. This growth is discernible among Yehu's clients. A good number of its first clients are still active members. "Among the members we started with, and who back then applied for KES 5,000 loans are now going for KES 5 million," says Mr. Kachi.

The microfinance company is aiming to loan out KES1.3 billion before the close of the 2020 calendar year. It lent out KES1.4 billion last year. Its partner — MESPT is confident in the governance and capacity at Yehu and is proposing to revise its loaning cap from KES 100 to KES 200 million.



Among Yehu’s clients is Ms. Emily Mndeye, 27, a young entrepreneur who runs a salon, sells clothes, and has just ventured into poultry farming. We got up with her at her Kiembeni salon in Mombasa City. She has started with 600 broiler chicks. Mndeye is married and has one child.

Her group of 15 is called Favour and she is its chairperson. Other group members are engaged in various small businesses including M-Pesa, poultry, running boutiques, rental houses, salons and baking cakes. “I heard about Yehu from a friend three years ago. I later joined by paying KES 1,070. I have since taken three loans totalling KES 420,000. I started with a loan of KES 30,000 and the highest and last was KES 100,000 which I used to establish my poultry business,” she says.



Mndeye serves her client at her salon in Kiembeni, Mombasa City.

Mndeye has been prudent in the use of her loans which has enabled her to grow her businesses. “I am building two self-contained bedsitters at Kashani for rent. Most of the money on this project has come from my businesses supported by Yehu,” says Mndeye adding “most of my achievements are as a result of loans I have taken from Yehu.”

The microfinance company’s clients have founded a Yehu Members Women Association that seeks to articulate their interests in Yehu and also address issues pertinent to women including health, legal and marital ones.

Currently, Yehu has 14 branches mostly in the coastal region of Kenya. It has two branches outside the region — in Makueni and Meru counties. The microfinance outfit is spreading its risks by spreading its tentacles beyond the coastal region. Experience has taught the management at Yehu that a slump in tourism fortunes at the coast or politically instigated violence have a wider ramification on most of the region’s economy, including small businesses owned by Yehu’s clientele.

In Yehu, the marginalised rural poor are assured of a vehicle for reducing poverty and structural inequality and an enduring partner who will always seek to come up with innovative financial products that meet their unique needs.

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