The Akiba Mashinani Trust was established by Muungano wa Wanavijiji, the Kenyan Federation of slum dwellers. Together with Slum Dwellers International (SDI) Kenya, the federation and the Trust are joined together under the Muungano Alliance.

The Trust, a housing development and financial agency, operates across 14 counties in Kenya and provides financial services to residents of informal settlements and low-income groups that are members of the Muungano Alliance.

Most of the beneficiaries are women.

A shilling saved is a new house in Mathare.

Muungano Slogan

Contact with Jacinta Mwelu, April 2021
K. Lines et al., Bridging the affordability gap: towards a financing mechanism for slum upgrading at scale in Nairobi – analysing NGO experiences with local-level finance, January 2020
J. Weru et al., The Akiba Mashinani Trust, Kenya: role of a local fund in urban development, January 2017
Cohabitat.io, Nakuru Low-cost Housing, 2020
Muungano wa Wanavijiji, About the Alliance
Muungano wa Wanavijiji, Akiba Mashinani Trust

International Partner
Slum Dwellers International

Civil Society Partner
Kenyan Federation of Slum Dwellers
The Akiba Mashinani Trust (AMT) raises capital for slum improvement and housing projects, provides access to finance and technical assistance and supports collective decision-making and action by the urban poor. AMT is governed by a 7-member board, which provides strategic guidance, supervises the finances, manages the organization, participates in institutional planning, approves plans and budgets, receives reports on AMT's performance, and reports to various Muungano teams.

A majority of the trustees are drawn from different Muungano communities – this is because AMT holds funds and assets on behalf of slum communities in the Muungano federation – and the community board trustees collectively appoint a chairperson from among their members. AMT has a professional secretariat comprised of 10 staff.

AMT funding comes from various sources. The different groups contribute with their savings, which are used by AMT as seed capital for revolving funds at the community, city and national levels. AMT is also supplemented by donor funding from agencies, loan capital, concessional loans that are borrowed from SDI, and commercial loans from banks.

The Muungano groups are self-selected and self-managed savings groups, with 30 to 40 members each. Some of them organize as Network Community Banking Organizations and affiliate themselves with ATM.

All members are required to attend meetings, purchase a passbook, stay with the group and be active savers. AMT has developed mechanisms for these communities to manage and take ownership over the projects: financial products are offered through community-led processes.

The groups are responsible for financial transactions at the local level and bank their funds at the Network Community Banking Organizations. Training and guidance is provided on managing the resources and banking activities.

50% of AMT’s total operational costs are covered through registration fees, fines for late attendance of meetings and administration-fee contributions from members (with a minimum cost of 0.096 USD - 0.081 EUR or 0.0192 USD - 0.16 EUR). The goal of AMT is to lend at affordable rates, while recovering the costs to establish its independence and sustainability.
AMT offers different financial products to the groups:

- a daily savings deposit account;
- a Welfare Fund Account (insurance or social fund to be mobilized in case of emergency);
- a shared capital account, the Muungano Development Fund (MDF);
- a corporate loan account that administers livelihood loans to finance group or individual income-generating projects and community project loans financing projects centred on providing affordable and decent housing to members of Muungano through land acquisition for housing development, in-situ slum upgrading and home improvement;
- a collective Investments Account containing idle funds of the Network Community Banking Organizations.

The Nakuru West Network was created in 2002 and has 612 members organized into 8 savings groups. Most of the members rent poor-quality housing in informal settlements. The groups first received small livelihood loans to increase their earnings and strengthen their capacities to take on bigger projects such as land acquisition and housing construction. The total of these loans over two years was 45,000 USD (37,796 EUR).

Concerning the land acquisition for the housing projects, the individual plots do not exceed 599 USD (503 EUR), to ensure affordability.

To date, the Nakuru West Network has used members’ savings to buy 8 acres of land for 230 members and construct 52 houses. The land was purchased through the collective savings of the Network and negotiated by AMT.

Houses are developed with an incremental approach to reduce the amounts of individual loans. The loan covers the costs of the house foundation and one room, so that the saver’s family can relocate to their home and can live rent-free while repaying the loan.
**LESSONS LEARNT**

» The work of the Alliance and Trust showcases the impact of financial services given to low-income groups: **savings are critical**! They enable wealth accumulation, demonstrate that communities are able to repay loans and leverage other resources like government funding, and build social capital. They facilitate strong relationships within communities.

» **Loans and savings alone cannot finance all the projects**, so they are also used to facilitate political engagement, communities engaging with local authorities and discussing the needed housing projects together, often leading to receiving state finances, as government capital and ongoing subsidies are required.

» It is very positive to see the engagement of the savings groups through community-led processes. This also allows AMT to **cover a big part of their operational costs**, which enables them to keep providing loans at affordable rates and to become more independent of donor funds.

<table>
<thead>
<tr>
<th>House</th>
<th>two bedrooms 63.6 m²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings</td>
<td>each member must have saved 20% of the loan requested (eligibility criteria)</td>
</tr>
<tr>
<td>Housing loan</td>
<td>800–2,000 EUR</td>
</tr>
<tr>
<td>Loan term</td>
<td>8 years</td>
</tr>
<tr>
<td>Interest</td>
<td>8% per annum</td>
</tr>
<tr>
<td>Repayment rate</td>
<td>85%</td>
</tr>
</tbody>
</table>