**Enhancing Livelihood Resilience in Makueni County, Kenya:**
**The Role of Informal Credit in Smallholder Farming**

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# TABLE OF CONTENTS

## ABSTRACT

Due to land degradation, growing population pressures, and frequent drought, smallholder farmers in Kenya's food insecure drylands are struggling to meet production objectives while maintaining a diverse set of crops to support health/nutrition. In the Eastern Province's semi-arid region of Ukambani more specifically, these factors are compounded with soil erosion and climatic variability, making any level of commercial farming a precarious venture. Bearing this in mind, most lending institutions in this area consider financing smallholders to be a very high-risk game. Moreover, developing sources of credit that are consonant with smallholders' seasonally-dependent needs is also not always very profitable for the lending institutions. In the same way, the farmer's perspective tells us that the transaction costs and added fees associated with traveling to a lending institution, submitting a loan application, and waiting for it to be processed are simply not congruent with the enormous time and money constraints that are central to any agrarian lifestyle. Still, chronic food insecurity is a particular feature of the smallholder livelihood system in Ukambani which layers urgency on top of an already pressing set of credit needs. Smallholder credit needs are unique in that they generally require smaller amounts of money (by most standards, "microloans") more frequently albeit erratically, and lending institutions often do not or cannot meet these needs in a cost-effective way. With this in mind, this research is one response to the question of where these farmers turn for credit in a time of need, and how credit offers the smallholder some predictability amidst a very unpredictable and challenging environment.

In this paper, I argue that credit enhances the resilience of the smallholder livelihood system by helping farmers absorb shocks. I describe the financial landscape of my fieldsite of Makueni County, Ukambani, typologizing the formal and informal sources of credit that are theoretically available to farmers. More specifically, I review the reasons that smallholder farmers are statistically less likely to turn to formal lending institutions and focus on the strengths of the informal group lending structure (*chama* in Kiswahili or *mwethiya* in Kikamba), which ethnographic evidence shows is an incredibly reliable, adaptive, and popular source of credit. In doing so, I demonstrate the ways in these groups allow Kamba farmers to transact using a variety of media (e.g. social capital, material goods, knowledge/skills, cash) that all bear similar value. Employing Jane Guyer's (2004) concept of convertability, I argue that this broader interpretation of value and credit allows these groups to resist being vulnerable to fluctuations in cash flow or shortages in food, for instance. Because credit and debt are inherently linked concepts, I also focus on the metaphysical state of *indebtedness* and the various interpersonal obligations that define human social life. I use ethnographic evidence to show that incurring debt to another person (rather than an institution) strengthens one's capacity to respond to risk and unpredictability. There is nothing binding a person to an institution apart from coercion, while interpersonal debt is grounded in other forms of obligation that bind people together. I use Parker Shipton's (2003) concept of *entrustment* and Janet Roitman's (2003) idea of debt as "unsanctioned wealth" to develop the idea that debt is actually a productive feature of smallholders' financial lives and can therefore be framed as a positive economic indicator within the larger system of smallholder livelihood in Ukambani.

## Résumé

En raison de la dégradation des terres, les pressions démographiques croissantes, et de fréquentes sécheresses, les petits exploitants agricoles dans les zones arides d'insécurité alimentaire du Kenya ont du mal à atteindre les objectifs de production tout en maintenant un ensemble diversifié de cultures pour soutenir la santé / nutrition. Dans la région semi-aride de la province orientale de Ukambani plus spécifiquement, ces facteurs sont aggravés par l'érosion des sols et la variabilité climatique, rendant n'importe quel niveau de l'agriculture commerciale, une entreprise précaire. Gardant cela à l'esprit, la plupart des établissements de crédit dans ce domaine considèrent les petits exploitants de financement pour être un jeu à très haut risque. En outre, le développement de sources de crédit qui sont en harmonie avec les besoins dépendante des saisons des petits exploitants n'est pas toujours très rentable pour les établissements de crédit. De la même manière, le point de vue de l'agriculteur nous dit que les coûts de transaction et des frais supplémentaires associés aux déplacements vers un établissement de crédit, de soumettre une demande de prêt, et en attendant qu'il soit traité sont tout simplement pas en harmonie avec l'énorme contraintes de temps et d'argent qui sont au centre de toute vie agraire. Pourtant, l'insécurité alimentaire chronique est une caractéristique particulière du système des moyens de subsistance des petits exploitants dans Ukambani qui couches urgence sur le dessus d'un ensemble déjà appuyant sur des besoins de crédit. Cette recherche est une des réponses à la question de savoir où ces agriculteurs se tournent de crédit en cas de besoin, et comment le crédit offre des petits exploitants une certaine prévisibilité au milieu d'un environnement très imprévisible et difficile.

Dans cet article, je soutiens que le crédit améliore la résilience du système de subsistance des petits exploitants en aidant les agriculteurs absorber les chocs. Je décris le paysage financier de mon fieldsite du comté de Makueni, Ukambani, typologizing les sources formelles et informelles de crédit qui sont théoriquement disponibles pour les agriculteurs. Plus précisément, je passe en revue les raisons pour lesquelles les petits agriculteurs sont statistiquement moins susceptibles de se tourner vers les institutions formelles de crédit et de se concentrer sur les points forts de la structure de prêt du groupe informel (chama en kiswahili ou mwethiya dans kikamba), dont la preuve ethnographique montre est incroyablement fiable, adaptatif, et une source populaire de crédit. Ce faisant, je démontre les moyens de ces groupes permettent aux agriculteurs d'effectuer des transactions Kamba en utilisant une variété de médias (par exemple, le capital social, les biens matériels, des connaissances / compétences, trésorerie) qui portent tous une valeur similaire. Employant (2004) le concept de Jane Guyer de convertibilité, je soutiens que cette interprétation plus large de la valeur et de crédit permet à ces groupes de résister à être vulnérable aux fluctuations des flux de trésorerie ou des pénuries dans les aliments, par exemple. Parce que le crédit et l'endettement sont intrinsèquement liées concepts, je me concentre aussi sur l'état métaphysique de l'endettement et les diverses obligations interpersonnelles qui définissent la vie sociale de l'homme. J'utilise les données ethnographiques pour montrer que s'endetter à une autre personne (plutôt qu'une institution) renforce sa capacité à répondre aux risques et l'imprévisibilité. J'utilise (2003) le concept de Parker Shipton de mandatement et (2003) l'idée de Janet Roitman de la dette comme «richesse non autorisée» à développer l'idée que la dette est en fait une fonction productive de la vie financière des petits exploitants et peut donc être conçue comme un indicateur économique positif dans le plus grand système de petites exploitations de subsistance dans Ukambani.

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# INTRODUCTION

*To transact is universal, but how and why we transact is inherently local.*

*If I die before I repay my loan, in my next life, I'll become a servant to the person who lent me the money.*
–Market vendor in Shen State, Myanmar[1]

Leaving the market town of Kola that sits off the main highway leading into Ukambani, we snaked upward along the unpaved trails into Watema, shielding our mouths from the dust with our scarves. It was early morning during the dry season, leaving temperatures fairly mild during the day but very cool at night. I was traveling on the back of a *pikipiki* (motorbike, used as a taxi) to the weekly meeting of Watema Farmers Self-Help Group, a sizeable mixed gender self-help group that was dedicated primarily to learning innovative agricultural techniques. After the group had their normal proceedings (typically anchored by various exchanges of farming advice), I stayed behind to watch as the women in the group carried out their weekly exchange of money. The group had a treasurer who called upon the women by name, asking for a contribution o the group. In turn, each woman quietly gave her part—a relatively meager amount of Ksh 40 ($0.45 USD)—to the treasurer. As it was explained to me, this accumulation of funds was a relatively new initiative that the women of Watema Farmers Self-Help Group spearheaded as a way of making additional use of the time they spent together each week. When asked, the men seemed disinterested in the idea, saying that it was mostly "a women's thing." Many of them stood by or left to work on the farm while the women stayed behind to participate. After the contributions were all made, the group waited patiently for the next directive.

Thumbnail-sized scraps of paper, torn from a group member's notebook were crumpled up and loosely collected into a pile in the dirt. The women gathered around in a rough circle, waiting patiently while the scraps of paper were arranged on the ground. Moments before, the secretary had ripped a sheet of paper from her notebook, tore it into many small scraps, and quickly scrawled a simple "No" on each scrap of paper except for one. When called by name, each member took a turn walking up to the pile and selecting one of the scraps of paper. The air of the meeting was relatively

[1] Both of these quotes were sourced from the preliminary findings of microcredit research currently being conducted in Myanmar by a team comprised of Myanmar-based Proximity Designs, design strategy consultancy Frog, and Studio D Radiodurans (funded by the Institute for Money, Technology and Financial Inclusion at the University of California Irvine). A report of the research was released in May 2014 entitled "Afford Two, Eat One: Financial Inclusion in Rural Myanmar" (Maria Galucci and Jessie Scanlon, Eds.).

somber, with members modestly walking up to the pile and returning to their seat with as little disturbance as possible. I watched as the woman sitting next to me took her turn. She reached down, grabbed a scrap, and casually returned to her seat to the left of me.  She opened up the scrap of paper discreetly. Having been distracted by watching the other members taking their scraps, I leaned over to ask her what the paper said. Three letters and one big smile.

**Image 1.0** *A woman from the Watema Farmers Self-Help Group randomly selected the slip of paper that reads "yes," indicating that she will receive the pooled contributions from this week's merry-go-round.*

At first glance, the lottery-style draw, the habitual social interactions from one member to another, and the respectful tone of the proceedings may seem like a relatively standard state of affairs. Just like any other club or organizational meeting, the leader of the group took attendance and a record was kept of everyone's participation. The air of the meeting was kept orderly and focused, and everyone appeared diligent and reliable when it came to their monetary contributions. Still, what might be considered exceptional about these women's weekly meetings? A closer look reveals the material and non-material complexities of this money-sharing group. Most prominently, this group represents in a powerful method for these women to make money out of their own money. Though there are certain accountability measures in place to ensure that the money is repaid in a timely manner and that the same group member is not given a loan twice in a row, the basic mechanics of the group lending structure remain relatively simple. The women are shown contributing Ksh40 each, which is then amassed and doled out to one member (the lucky "yes" recipient) in the form of a loan. The group then gives the debtor a certain amount of time to repay the loan with interest, restoring the group "pot" but with a small profit. The group 'pot' is then rotated to another member, who repays it with interest, and so on. Upon receiving the "yes," the woman pictured above explained to me the plans she had for the loan, including paying her son's school fees and remodeling her home. Her immediate plans for the loan did not seem to align with the fact that there was a very low probability that she would receive the loan in the first place. Nonetheless, she discussed with me how she came to the group each week because, in the least, it afforded her the opportunity to financially contribute to the welfare of her household. It was never certain that she would receive the money—in fact, it was very improbable—but in the meantime, she kept a mental schedule of which financial priorities were most pressing. School fees were her first priority, not only because she valued her child's education but because she indicated that the deadline for school fees was fast approaching. It became clear in our brief discussion that this woman dedicated a fair amount of time to financial planning, mostly revolving around the needs of the household. While for her the school fees deadline seemed swiftly approaching, I was left impressed with her long-term perspective and capacity to save, since the deadline was in fact six months away.

Here, in the semi-arid midlands of Kenya's Eastern Province[2], the Ákámbá (Kamba) lead a predominantly agrarian lifestyle in spite of their challenging environment. Ukambani (Kamba land) sits southwest of Kenya's capital city of Nairobi, adjacent to Maasailand and other major dryland areas. Watema, where group meeting described above took place, is in the northernmost county of Ukambani: Makueni County. With low annual rainfall, long dry seasons, and poor rural infrastructure in this area, agricultural finance is considered a high-risk venture for both debtors and lenders. Still, in times of economic and climatic instability, it appears that the financial practices of smallholders remain relatively steady from season to season. That is, farmers seem to be highly involved in informal, interpersonal finance—whether through peer-to-peer borrowing/lending, group-based money-sharing, or otherwise—while only some transact through formal, registered financial institutions. These levels of activity do not appear to fluctuate according to bad harvests or drought. Instead, smallholders in this area are motivated to explore new financial outlets (or deepen their existing financial commitments) due to a variety of reasons that often do not directly relate to the harsh environmental challenges they face from year to year. As one farmer explained, "We do

[2] The 2010 Constitution abolishes provincial designations, though these terms are still in use locally to refer to certain parts of the country.

not get up and leave just because it is a bad season. These [credit/savings] groups are the way we stick together."

In a challenging agrarian environment, what can the social interactions surrounding credit tell us about the way farmers resist external shocks (e.g. drought)? Group-based lending, as seen in the Watema Farmers example above, is very popular as a source of credit among Kamba smallholders. The more rural the setting, the more dynamic and widespread group-lending activities tend to be. For the sake of this study, the group lending structure is of primary interest, since the social setting of any group brings to light certain aspects of cooperation and solidarity that offer insight into the way Kamba smallholders manage environmental distress. This research further limits its focus to the various forms of informal credit, the social relations through which informal lending practices are carried out, and the utility of indebtedness (having an unpaid debt) in strengthening resilience against uncertainty. Presenting ethnographic evidence showcasing both the intricacies and efficiencies of informal lending practices, I probe the connection between sociality, debt, and resilience that buttresses Kamba smallholders' financial lives.[3] I pose the central question, *how does informal credit enhance the resilience of the smallholder livelihood system*? That is, how can we better understand whether and how credit/debt relations are actually 'productive' in helping secure an adaptive livelihood system for the chronically food insecure Kamba smallholders inhabiting the semi-arid lowlands of Eastern Kenya?

[3] The research presented here was conducted over a period of three months through a collaborative food security project between McGill University and the Kenyan Agricultural Research Institute (KARI). The KARI-McGill Food Security Project is structured around on-farm trials of innovative agricultural technologies with an interest in catalyzing the adoption of resilient farming systems among Kamba smallholders. In this paper, while I do not focus on the relationship between informal credit and food security *per se*, I align my work with the project by focusing on the concept of smallholder resilience against risk. While resilience remains somewhat of a slippery concept across disciplines, I operationalize the concept of 'resilience' in this work as the capacity of a farming system to mitigate the effects and shocks of instability, which I argue, informal credit helps to accomplish.


*Map 1.0 – Agro-ecological zones of Ukambani*

## Introducing Ukambani

Considered to be a dryland area characterized by a chronic scarcity of water, Ukambani is largely situated on an eastward-facing slope with decreasing soil moisture and increasing erosion moving west to east and north to south (Moore 1979). The rains are very unreliable with the time between March and May bringing "long rains" and the time between October and December bringing "short rains."[4] Typically, the time from December to March is extremely dry. According to the work of Mary Tiffen, Michael Mortimore, and Francis Gichuki (1994) carried out in Southern Ukambani (Machakos to Makindu), severe droughts are likely to occur in one year in four or five, either during the long or short rains. Droughts characteristically occur "in runs rather than singly," which means

[4] Locally, the time from May to October is referred to as "winter" as the farmers prepare their soil for planting season in October/November. Most people refer to the seasons according to "long" and "short" rains, though this labeling is sometimes misleading, as the "short" rains may be heavier than the "long" rains.

that food crises and fodder shortages resulting from droughts are complicated by the long duration of such extreme conditions. With crop failures, long drought seasons, and water shortages occurring relatively often, Kamba livelihoods must be able to quickly absorb external and unpredictable shocks in a cost-effective manner.

*Managing [the concept of] Risk*

In the midst of an ongoing quest to make their livelihoods more adaptable and resilient, how can Kamba farmers ever make headway in the basic human enterprise of 'bettering one's life?' Because this research concerns itself with people's everyday strategies for financial management, the concept of risk cannot be ignored. Indeed, 'bettering one's life' is fundamentally an economic question in the sense that it involves decision-making between means and ends; but, it does not necessarily involve money, nor does it necessarily involve an element of risk. In this study, I expressly refrain from framing the Kamba as people who intentionally seek to avoid or minimize risk. Risk, as conceptualized in disciplines ranging from ecology to economics[5], does not seem to be the operative concept in the way the Kamba approach their livelihoods. For this reason, the ethnographic evidence presented in the following chapters shows how analytically unproductive it is to uphold risk as a central category for understanding economic decision-making in a precarious environment. Rather, the reader will find that the concept of 'risk' has been broken down into issues of everyday decision-making that are not always made on the basis of an assessment, perception, or calculation of risk. The irony here is that while the Kamba do in fact live in a precarious environment where degraded land and unstable food prices are constant threats to their livelihood, their choices when it comes to credit do not always reflect a prioritization of the "probability of an unfortunate occurrence" (Weissner 1977:5). To be clear, one important finding in this research is that while smallholders deeply depend on their farms as a source of income, financing their farms directly is often not their priority when seeking credit. Rather, farmers seem to use credit derived from diverse sources in different ways. They do not seem to perceive income-generating or commercial activities to be the best or only pathway for making their livelihood system more resilient against shocks. While bank loans are often marketed as a method for supporting income-generating activities alone, credit from informal credit/savings groups is often used to pay school fees, purchase foodstuffs, or for other *ad hoc* expenses—items that do not typically qualify as 'investments' from which one might expect an immediate, productive return (Karim 2011). This observation challenges the dominant

[5] See: Roe, Huntsinger, and Labnow 1998; Harwood et. al 1999; Karlan et. al 2011; Bollig 2010.

global development narrative on the neoliberal promotion of savings mobilization and commercial investment among the rural poor, which will be further explored in Chapter 2 (Karim 2011, Rankin 2001). Instead of relying on networks of banking institutions to access credit, farmers have proved more interested in tapping into their social relations from informal credit as a strategy of 'making good' on their financial woes (Gugerty 2007; Aryeetey 1988).

### Informal Group Lending as a Thematic Axis

From pre-colonial times through today, the Kamba have participated in *mwethiya* (self-organized collective labor groups) where farmers pool labor resources and collectively till the land, plant, herd, etc. More historical background is given on how these groups arose and why they became so entrenched in everyday life in the following chapter, but here it is worth noting the way in which these groups operate and the position they hold in farmers' financial lives. Typically occurring in very regular intervals (e.g. weekly, monthly), group members collectively work on one member's farm; and then at the next meeting, they work on another member's farm, and so on. This rotating structure is often credited as the model's core strength, since it ensures that each group member is assisted in due time—as a result of this mutual assurance, many people join *mwethiya* even if they do not have immediate, specific, or known needs (Ardener and Burman 1996; Ochieng and Roberts 1992). In the academic literature referring to business models, the *mwethiya* structure might be referred to as a worker cooperative or a collective due to its democratic and membership-based standards. Today, with the growth of the cash economy and higher rates of mobility, we see people forming these groups for the purpose of exchanging not only time but also materials, time, and even knowledge/skills.

Like many places in the world, the concept of traditional or informal finance is not new to Africa. Savings and credit groups have operated for centuries as the *susu* of Ghana, "chit funds" in India, *tandas* in Mexico, and *arisan* in Indonesia (Anderson 1996; Aryeteey and Bortei-Doku 1995; Bouman 1995; Kurtz 1978). In every model, there is an effort to pool value-bearing resources (usually cash) from numerous sources into a 'pot' from which each member can draw. Usually, there is some mechanism for ensuring that the pot grows larger each time a member withdraws—in short, accruing interest.[6] This kind of structure nods to Marx's famous accusation regarding the commodification of money as the group is "making money out of money" (Marx 1867:155).[7] In the same way, this structure counters Peruvian economist Hernando de Soto's remark that "Money does not earn money" by showing that these groups do in fact generate wealth using nothing but internal social pressure (deSoto 1993:64). In Makueni County, it is very rare to meet a farmer who is not involved in at least one self-help group[8], if not multiple groups. As mentioned, this study confines itself to the group-based lending structure (such as the aforementioned Watema Farmers Self-Help Group), since these groups appear to be prominently fixed in the financial landscape of Ukambani. While low levels of access to formal credit are often portrayed as a constraint on the smallholder livelihood system, I argue against this by highlighting the relevance, adaptability, and cost-effectiveness of informal group lending (Binswanger and Sillers 1983; Freeman, Ehui, and Jabbar 1998).

**Outline of Chapters**

Chapter 1 reviews the historical underpinnings of this research to show that moments of dispossession and confiscation in Ukambani's past have contributed toward making collaborative and cooperative institutions structurally important to Kamba social life. That is, due in part to certain historical events, Kamba farmers have long been involved in activities that enhance solidarity and social cohesion, ultimately strengthening the community against shocks. Chapter 2 introduces the financial landscape of Ukambani and shows how informal credit, in particular, contributes to a more stable, more productive smallholder livelihood. I present a typology of various microcredit outlets to which farmers theoretically have access in Makueni County. In providing an overview of the various informal and formal microcredit outlets available in this area, I echo the work of Elinor Ostrom (1990) on common pool resources by distinguishing between the availability, access, and use of microcredit products and services among the smallholder clientele. For example, while some institutions may lie in close proximity to farmers, they may not be commonly used as a source of

[6] Working paper: Eric Osei-Assibey, "What Drives Behavioral Intention of Mobile Money Adoption? The Case of Ancient Susu Saving Operations in Ghana," 2014 (IMTFI)
[7] In Das Kapital (1867:155) Marx famously wrote, "money begets money." Benjamin Franklin (1748) and others have echoed this sentiment in their work on capitalism.
[8] "Self-help group" is the broadest term both in the literature and in local use which suffices to encompass not only credit/savings groups, but also groups that exchange non-cash media. Refer to Chapter 4 for an explanation of the variety of media through which farmers form creditor-debtor relations.

credit. Similarly, a farmer may theoretically qualify to take out a loan[9] at a particular bank, but that does not mean he/she prefers the loan products offered at that institution. Furthermore, I use ethnographic evidence to pinpoint certain barriers to accessing formal credit, resulting in an even more limited landscape of options that smallholders feel they could and would access in a time of need. This chapter reviews the legal and colloquial definitions of "informal" versus "formal" and importantly concludes that rather than relying on a binary system of formal and informal sector, a continuum model of in/formality more accurately portrays farmers' lived experiences. I pose questions such as, why does informal lending appeal more to farmers? A certain amount of skepticism exists among Kamba farmers regarding banks, perhaps as it does anywhere else. This raises the question, how *formal* is formal, and what is the threshold beyond which "formal" banking appears as a threat or a source of intimidation for farmers? Along this in/formality continuum lie interesting scales of intimidation, gendered use of services, and other trends that I explore in later chapters.

The term *credit* superficially connotes formal institutions and contractual agreements, without really getting at the mechanics of borrowing and lending. For this reason, as I begin making statements about the theoretical framework I employ in this study, I find it more useful to shift toward talking about credit by focusing on its relationship with debt (i.e. echoing Anthropologist Gustav Peebles's use of the term "credit/debt"). Local experiences with credit/debt in Ukambani range outside the realm of the economic and the political as they involve an intricate web of moral and social obligations with peers, contemporaries, kinsmen, strangers, and institutions. In Chapter 3, I follow the work of Janet Roitman (2003) in carving out a theoretical framework that defines debt in terms of wealth rather than a "lack." I also focus on the metaphysical aspects of what it means to be entrusted with something that technically belongs to someone else. Contemporary capitalism, of course, understands debt as potentiality because it allows people to work with resources they do not actually have. In other words, debt can be seen as a process of sacrificing in the present what one is able to positively contribute to the future. There are certain types of debt which speak positively to one's financial position (e.g. having a mortgage indicates that one is financially stable enough to make the kind of long-term investment needed in purchasing a home). In modern banking, one's

[9] Financial access has been a politically charged topic across the developing world since the rise of the microfinance industry in the 1980s. For the sake of this study, "access" refers to whether or not someone meets the basic qualifications to receive a loan.

credit rating rises only as a function of serviced debt, leading to one of the many ironies of modern capitalism: to be a creditor, one must have experience as a debtor. Still, in many cases, harboring debt remains burdened by moral connotations of self-destruction or shame (Graeber 2011). Gustav Peebles (2010) discusses the idealized "debtless man" as liberated and sovereign, as someone fully in control of his own destiny and not beholden to another person. For the Kamba, I argue that debt carries the opposite implication for one's future prosperity. In Ukambani, the self-help group is a site where multiple people are entangled in debt relations—think of this as a "web" of indebtedness. And because most farmers are involved in multiple groups, this "web" of accountability is part of the way farmers enhance their capacity to react to change. It follows, then, that debt is to be conceptualized as a positive economic indicator, because it gives farmers the opportunity to build solidarity and cohesion.

This research pushes the concept of debt beyond its economic and juridical categories to frame it in a way that more accurately reflects how social and economic life is intertwined in the lived experiences of smallholder farmers. In Chapter 4, I explore the material and non-material forms of credit that Kamba farmers utilize. Applying Jane Guyer's (2004) concept of 'convertability,' I use ethnographic evidence to demonstrate how self-help groups are organized around a variety of media (e.g. knowledge, cash, material, time). Debt relations are formed in the same way no matter what the credit form is, and I argue that this consistency across credit forms is the core strength of informal credit. The latter portion of the chapter dissects the concept of *resilience* and the role informal credit plays in enhancing the resilience of the smallholder livelihood system. According to Folk et. al. (2010), resilience thinking is a very slippery concept, but at the very least, we understand it to implicate adaptability, transformability, and a complex interaction between social and ecological systems.[10] In the study presented here, however, it is most important to recognize that I am not interested in strictly measuring resilience as much as I am creatively driven by the universal human interest in developing a "way of being" that tolerates shocks. Kamba farmers' lived experiences with finance are woven into this study to reveal industrious, creative endeavors into creating a more stable and resilient livelihood. Moreover, I am specifically interested in the agricultural lifestyle of the Kamba and the ways in which credit/debt relations play a special role in enhancing social cohesion and solidarity, which I ultimately interpret as enhancing resilience.

[10] Folke, Carl, Stephen R. Carpenter, Brian Walker, Marten Scheffer, Terry Chapin, and Johan Rockström. "Resilience thinking: Integrating resilience, adaptability and transformability." *Ecology & society* 15, no. 4 (2010).

**Fieldwork & Methods**

This thesis is rooted in both archival literature and fieldwork data collected over a period of three months from May to August 2013. I was based in Nthangu, a small village outside of Wote, the capital city of Makueni County that sits on the bank of the Kaiti River. I lived in the home of a retired Kamba couple, both community leaders in their own right who had spent the bulk of their professional lives living in Nairobi. My research was conducted under the auspices of the Kenyan Agricultural Research Institute (KARI) as part of a collaborative, integrated project entitled "Enhancing Ecologically Resilient Food Security through Innovative Farming Systems in the Semi-Arid Midlands of Kenya" (hereafter referred to as the KARI-McGill Food Security Project) that began in August 2011 and will be completed in August 2014. This project importantly links McGill faculty and graduate students with a team of KARI scientists to conduct research on the topic of food security and innovative farming techniques in a participatory manner.[11] During my time in Ukambani, I conducted 35 household interviews and two focus groups with the assistance of a research assistant (male; age in the mid-20s; Luo and Kiswahili speaker) who was assigned specifically to the KARI-McGill project in Makueni County and a translator/research assistant (female; recent college graduate; Kikamba and Kiswahili speaker) who had worked for KARI in the past. My methodological framework was based in traditional ethnography and participant-observation mixed with household interviews, focus groups, and media analysis. I interviewed participants in the project as well as other townspeople who were not involved the project, including formal sector representatives (e.g. local bank branch managers) based in Wote. All of my research was conducted within Makueni District, Makueni County, mainly focused in areas up and down the Makongo Hills including Kivani, Mumbuni, and Watema.

Departing somewhat from a strictly textual analysis and traditional ethnography, I carried out a small-scale PhotoVoice[12] project with farmers from the KARI-McGill project. Five disposable cameras were given out to five farmers on a voluntary basis. I conducted a 1-hour training session (in both English and Kikamba) on how to use the cameras, during which I explained the goals of the exercise, which primarily were to elicit information about these farmers' financial lives (broadly defined with words such as "future," "planning," "money," "risk," "saving"). Some of these

[11] The project was funded by the Canadian International Food Security Research Fund through the Canadian International Development Agency and the International Development Research Centre.

[12] See Wang, Caroline, and Mary Ann Burris. "Photovoice: Concept, methodology, and use for participatory needs assessment." *Health education & behavior* 24, no. 3 (1997): 369-387.

concepts are quite abstract, thought it was my intention to encourage as much creative interpretation as possible. The farmers were given one week to take pictures of the images they thought best represented the financial aspects of their lives. At first, the farmers expressed disinterest and confusion. Some seemed intimidated by the exercise, while others explained to me that they thought this would consume too much of the time they could be spending working on their farms. After reiterating the voluntary nature of the project and talking through some of their concerns, all five committed to taking photos. After one week, I returned to each person's house to retrieve the camera and process all the film. Interestingly, none of the farmers used up the entire 30 exposures that were available on the film roll, even after I highlighted the disposable nature of the cameras. The participants seemed to be very careful and intentional about their exposures, many of which are featured either in the thesis or explained in further detail in Appendix A. These photos were then used as projective interviewing tools for the household interviews I conducted with these same farmers.

I also asked nine participants (four farmers participating in the KARI-McGill project and five women who were involved in a local women-only credit/savings group) to complete Financial Transaction Diaries. Participation was voluntary. I gave each participant a small notebook and asked them to record their daily financial activity (broadly defined—e.g. mobile phone transfers, purchases made, gift given/received, loan payment made) as well as certain details on each transaction (e.g. date, purpose, amount—estimated or real). This presented some rather abstract concepts (e.g. "gifts" as a financial concept) that were difficult to explain during the training session I carried out, though as with Photovoice, I was explicit about encouraging personal interpretation. The journals, similar to the photos, were collected after a week and used as projective interviewing tools. See scans of these journals (anonymized) and the insights they reveal regarding consumption patterns in Appendix B. Upon returning from the field, I also closely referred to the baseline household survey (given to randomly selected households throughout Ukambani asking questions about various topics related to agricultural innovation, land use patterns, interactions with credit, etc.) that was conducted at the outset of KARI-McGill project. I traced the correlation between some of these survey questions and my own interview questions in my analysis.

Here, it is also worth making a methodological note regarding the way I approach the role gender plays in financial decision-making, financial planning, and financial management among Kamba farmers. Gender is a very prominent theme in this work, but it is my intention to thread it through my analysis an analytical category rather than isolating it as a separate topic of discussion (Scott 1999). Indeed, gender represents a layer of social life that is pronounced in certain situations, but I avoid reducing a phenomenon to certain terms based on the "female condition" or the "male condition." Rather, in this analysis, I find it much more productive to ethnographically explore the way gender plays a role in decision-making between a husband and wife, for example, or to investigate why women are much more active in the informal sector than men are. In the midst of dominant development narratives that champion "women's empowerment through microfinance" and Kenya's Vision 2030[13] which prioritizes the same, this research provides local, alternative perspectives on the way gender articulates with other aspects of people's identity to influence the way they approach credit.

[13] Kenya's Vision 2030 is a development plan covering the period 2008-2030. Among the many policies are provisions for greater employment among youth, gender equity and economic growth in all sectors.

# CHAPTER 1
## THE HISTORICAL TRACKS OF COOPERATION AND COLLABORATION IN UKAMBANI (1930S TO PRESENT)

*Iii hep!*
*Have you heard?*
*Let's go to Gatundu to see Kenyatta.*
*The people from Kithini never built a shop. Yes, have you heard?*
—Kamba working song[14]

Land and credit have long been intertwined, particularly in Kenya where the use of title deeds is becoming a popular source of collateral. Moreover, with the boom in 'land grabbing' in Sub-Saharan Africa, chiefs in Ukambani have been known to press farmers to 'secure' their land by getting title deeds and registering their family plots with the Ministry of Land, Housing, and Urban Development. In the words of John Galaty (2013), 'land grabbing' has almost eclipsed Jean-Francois Bayart's (1993) 'politics of the belly' as the general idiom used to describe the most salient issues facing the drylands today. While the smallholder lifestyle is inalienably linked to land as an indicator of livelihood and identity, the Colonial Era left Ukambani with a number of destructive land use patterns and soil erosion issues that residually plague agricultural activity today. As Sara Berry (2002) notes, the colonial regime reshaped Africans' relations to the land in at least three ways: physical displacement, demarcation of territorial and social boundaries, and the invention or reinterpretation of rules governing land access, tenure, and use. Historically, Kamba farmers have experienced all three. Berry (2002:15) also explains that although the colonial administrations across Sub-Saharan Africa largely privileged European settler agriculture, they also began to re-imagine the African man as an "industrious, forward-looking" individual. In Kenya, the colonial administration certainly made strides toward ensuring that Kenyans were remade in such an image, where industrial agriculture was made a top priority such that the economy could be reoriented toward exports. In the late 1930s, what were once considered 'grazing lands' in central and southern Kenya were forcibly enclosed and seeded to promote the industrialization agenda. In doing so, the government also actively discouraged what was thought to be an emerging overgrazing problem in Ukambani. Kamba farmers were shocked in 1938 when the colonial government instated a mandatory destocking policy with the goal of reconditioning the then Kamba reserve land. Perceiving this as a major injustice and misrepresentation of their interactions with the land, thousands of Kamba marched to Nairobi to petition the governor to return the cattle and stop the destocking crisis, which he did. The

[14] This song was sung during periods of forced labor, originally a British colonial imposition. This specific song recognizes road-building, a major project throughout Kenya in the 1960s and 70s, and shows a resistance to top-down interventions.

government reformed its tactics and sent agricultural officers to Ukambani to distribute sisal grass to be used to demarcate privately held land. The idea was that over time, the sisal grass (relatively tall, thorny, tough grass) would reduce the movement of cattle and eventually promote the voluntary reduction of cattle (Spencer 1972). Sisal grass is still widely in use as a way of demarcating land. In fact, today one of the most celebrated craft items the Kamba produce is baskets in which dried sisal is woven together with colored yarn.

Kamba Historian Robert L. Tignor (1971) has since referred to the destocking event in Kamba history as the Destocking Crisis/Controversy of 1938, marking it as a victory over dispossession and government interference. Even in contemporary times, there seems to be an important part of the Kamba ethos that avidly resists confiscation and large-scale intervention as a result of this crisis. The trends of dispossession, conflict over political representation, and unstable connections with land, which appear throughout Kamba history, provide a backdrop for my later discussion of fear as it relates to rural finance. Defaulting on a loan often results in dispossession of some kind, which is why farmers often framed collateral as a "threat" and dispossession as a major "fear" during my interviews with them. In Chapter 3, I probe the concept of 'fear' as an undercurrent in the way Kamba farmers approach high-risk situations. Fear seems to act as an important obstacle in seeking out loans in the formal sector and facing the loss of their assets to an institution. Conversely, farmers seem very comfortable seeking out loans informally among friends and family where the collateral tends not to be material in nature but rather social (i.e. what some have termed "reputational collateral"[15]).

While not a focus of this research, it is also worth highlighting the mobility and movement associated with the Kamba. Throughout history, the Kamba have been painted as people who tenaciously hold on to what little is theirs. According to Tignor (1971:237), "the Kamba were regarded as one of the least political and most contented groups in Kenya" prior to the Destocking Crisis which, when compounded with increasing population density and movement away from the capital at the time, incited a wave of migration southward into Ukambani that distressed Kamba settlements. In fact, the term *Kèkámbá,* from whence the term *Wakamba*[16] comes, is a personal name denoting a 'traveler' (Ndeti 1972). For the purpose of this particular body of research, I highlight the

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[15] See Luoto, Jill, Craig McIntosh, and Bruce Wydick. "Credit information systems in less developed countries: A test with microfinance in Guatemala." *Economic Development and Cultural Change* 55, no. 2 (2007): 313-334.
[16] *Wa* denotes the collective in Kikamba.

aspects of Kamba history that are textured by reactions to external shocks, risk management in a challenging environment, and overall instability. It is within this stir of uncertainty that the other markers of Kamba social life, that hinge on community solidarity and social cohesion, are highlighted.

After 1938, Ukambani became the site of numerous government programs encouraging greater agricultural specialization, privatization of land, and soil maintenance. Hired labor first carried out certain conservation measures, but later *mwethiya* (self-organized collective labor groups) took on the responsibility for implementing grazing rotations, grass planting, bench terracing, trenching, etc. In the 1970s, under the famed Kikuyu activist Wangari Maathai and others' leadership, the nationwide movement against land degradation in Kenya was hitched to international discourse on "green politics." Wangari Maathai, a strong female personality, soon became the face of the "green movement" in Kenya and as a result brought to light highly contentious issues surrounding women's empowerment and gender equity. The link between female leadership and conservation soon percolated into daily practices in Ukambani, where *mwethiya* became primarily a women's practice that rose to prominence as a powerful and effective method for managing resources. Today, the term *mwethiya* applies to diverse group structures but remains exclusively tied to the domain of women (with connotations of an "old women's club," as one male informant put it).

The dominant cultural themes of collective engagement and a self-help attitude among the Kamba that complement the history of uncertainty and risk in Ukambani are especially salient in local modes of money-sharing. During the colonial period in Kenya, the administration actively discouraged Kenyans from joining local farmer cooperatives because it diverted their attention away from supporting European settler agriculture, the central priority of the state. Ochieng and Robert (1992) explain, "A strengthening of the peasant economic base would likely interfere with the outflow of labour to settler farms and estates" (372). Despite these pressures, *mwethiya* activity remained relatively steady and has since become a permanent fixture of the social landscape in Ukambani. Today, *mwethiya* is also the local term used for the Kiswahili *chama,* recognized as a pan-Kenyan institution. *Vyama* (sing. *chama*) are investment cooperatives (which usually refer to monetary wealth accumulation only) that have been historically linked to the distinctly Kenyan notion of *harambee.* After independence in 1963, the first President of Kenya, Jomo Kenyatta, championed a new state motto to rally the infant country into performing at full force: *harambee,* meaning "all pull together." Despite its origination at the state level, *harambee* has always carried a 'bottom-up' appeal since it was meant as a rallying cry for community-led development projects that would improve public infrastructure and social welfare. Today, the word *harambee* is liberally applied to any collective engagement, usually for the purpose of resource-pooling or fundraising (Hill 1991). *Vyama* are said to have been informed historically by the post-independence *harambee* movement, where mutual assistance and collaboration became a way of publicly aligning oneself with the national cause.

Today*,* *vyama* are predominantly female-only groups, though men do seem to participate in the more highly structured groups. Recall how the term *mwethiya* has come to connote women-only groups in Ukambani, while the English "group" is usually assigned to mixed gender resource-pooling groups. Bearing this in mind, there does seem to be a strategy associated with the terms groups use to self-identify. The term "group" is usually applied to mixed gender and/or externally-motivated groups that may have been founded through the impetus of research projects, community-based organizations, etc. Men tend to be more active in these groups, since they tend to be more prestigious and public in nature due to their connections with outside institutions/organizations/universities. Ethnographic evidence supports the idea that men join groups mainly for the purpose of profit-seeking and/or to gain prominence in the community, meaning that they tend to be involved in fewer groups and have focused, strategic aims when joining a new group. Women tend to report a broader variety of reasons for joining groups, the extent of which will be explored in the following chapter. With that said, it may come as no surprise that both *mwethiya* and *vyama* have historically converged to connote groups dominated by women ('old women's clubs'). Women are more active in informal financial arrangements, where *mwethiya* and *vyama* models tend to thrive. In part, my task in the following chapter is to discuss the question of whether or not *mwethiya* and *vyama* are *sui generis* models for money-sharing among females or if they represent a by-product of a male-dominated formal financial sector. Issues of formality and informality surrounding banking are also under investigation in the following chapter.

# CHAPTER 2
## DUE DILIGENCE: THE MICROFINANCIAL LANDSCAPE OF UKAMBANI

*Giving a farmer a loan of Ksh 50,000 (USD $570) is like giving a child* githeri *(traditional maize and beans dish): they can't chew it.*
—local bank manager, Wote, Eastern Province

Within the last several decades, financial engineering projects across the developing world have privileged microfinance—the provision of small-scale financial products and services—as a poverty alleviation tool. Concurrently, neoliberal trends in development privilege market integration as a way of cultivating more financially autonomous individuals and a bustling civil society. Conventional wisdom assumes the provision of small-scale loans will spark microenterprise growth among poor and low-income populations (Rankin 2001). For the smallholder farmers of Ukambani, this means investing small-scale loans into agricultural inputs, livestock, and other technologies that will raise productivity. From the perspective of commercial banks, financing farmers in Ukambani is usually considered a risky venture due to poor infrastructure, inconsistent or inadequate harvests, and a varied legal environment with limited access to markets. My experience in Ukambani confirms a demonstrated need for credit, though credit outlets are not always as readily accessible as they seem. Microfinance is seen as a way of closing this supply-demand gap in a cost-effective way, because overheads tend to be lower (as a way of keeping costs down relative to the smaller-scale loan products) and lending schemes are more simplified. The global microfinance industry has mushroomed in the past several decades and, in some sense, this represents a dramatic shift in development rationality from the state-led provision of financial resources for the underserved to the expectation that individuals who are aware of their lesser financial standing will act responsibly to secure their own well-being (Rankin 2001). With that said, microfinance has certainly become a buzzword among lending institutions in Ukambani. What is less certain is whether or not *microfinance*, as a movement in global development and as a particular mode of lending, has the same distinction and uniqueness of appeal on the ground. What is clear, however, is that farmers do draw clear distinctions between formal and informal forms of credit—and they do so strategically.

Discussing the differences (perceived, legal, and otherwise) between the informal and the formal financial sectors establishes a line of thought that I will explore throughout this body of research. The formal sector generally comprises institutions that are registered with the state and operate under state regulations, while the informal sector is not taxed, not regulated by the state, and not incorporated into official calculations of GDP. However, I argue that the sharp informal/formal financial sector binary distinction can be better understood as a continuum from informality to formality (Guyer 2004). For example, some informal groups are registered with the government, while some banking institutions have started incorporating certain informal accountability measures into their operations. Moving from a binary to a continuum framework shifts the criteria for formality from strict regulations and state influence in finance to types of governance structures, which more accurately portrays the way Kamba farmers think and talk about formal and informal finance.

**Banking on Change: Microfinance as a Model and as a Practice**

Ledgerwood (1999) describes a microfinance institution as a financial institution whose major activities include provision of small loans typically for working capital, informal appraisal of borrowers and investors, provision of collateral substitutes (such as group loans), the provision of social intermediation via group formation, and training in financial literacy and management capabilities. In framing microfinance as a poverty alleviation tool, Rankin (2001:27) explains how the neoliberal orthodoxy has made the market an end in itself: "Microcredit has been identified as the governmental technology most suited to the objective of building rural financial markets." Microcredit has been touted not only as a poverty alleviation strategy but also as a way of empowering the women of the developing world who often lack primary control of household funds.

Since the success of the Grameen Bank in rural Bangladesh whose gender-controlled model[17] of group-based lending experienced rampant success (though not without criticism[18]), microcredit has been conceptually harnessed by foreign aid and development agents to encourage market development. Central elements of the Grameen model such as joint liability and peer-to-peer accountability through the threat of shame and disgrace have been mainstreamed into the structure of many microfinance institutions throughout the developing world. Group microlending structures have become a quite popular way of contouring the private banking model to theoretically increase the outreach of formal financial institutions in many developing countries. K-Rep is openly modeled

[17] Over 90% of borrowers are women and the bank openly markets directly to a rural female clientele.
[18] See: Schuler, Sidney Ruth, Syed M. Hashemi, Ann P. Riley, and Shireen Akhter. "Credit programs, patriarchy and men's violence against women in rural Bangladesh." *Social science & medicine* 43, no. 12 (1996): 1729-1742.

on the Grameen Bank and relies on an "association" model where each group member is provided a number of "shares" in the loan.[19] Anthropologist Marguerite Robinson (2001) famously compiled a history of the "microfinance revolution" beginning in the 1980s in *The Microfinance Revolution: Sustainable Finance for the Poor*, highlighting the fact that microfinance rose to prominence as a method of promoting entrepreneurship and individual rights in the interest of market-led development. However, small-scale transactions can and do occur outside of the formal financial sector through 'practical arrangements' and according to calculations which may not be defined by the market (Slater and Tonkiss 2001:111). For the sake of my research, it is necessary to make the distinction between two general trajectories in money-sharing that have been documented in East Africa, both of which could be termed as 'microfinance.' First, there is the emergence—as distinct from a spontaneous origination or creation—of microfinance as a response to the perceived gap between commercial finance and the credit needs of low-income and poor populations. In this sense, microfinance can be understood as the institutionalization of a bridge between the perceived supply-demand gap.  The other 'microfinance' I refer to in this study is the centuries-old practice of peer-to-peer indebtedness. I demonstrate how this kind of small-scale lending, couched in social sanctions, strengthens farmers' ability to respond to environmental shocks in Ukambani. As Robinson (2001) notes, this kind of informal microfinance makes it seem as if the poor go "without" simply because their lending is not tracked through formal channels. A closer look, however, reveals extensive webs of indebtedness among the rural poor where local understandings of morality, materiality, and processes of development play out (2001: xxxi). Placing both the suite of products offered at small-scale lending institutions and the centuries-old practice of small-scale lending under the same term of 'microfinance' is extremely important because it ensures that the two practices can be compared and evaluated fairly. They are not models which are at odds with one

[19] In recent years, K-Rep has found particular success with their relatively new "Financial Services Association" (FSA) arm. FSAs are separate institutions that lend only to what they refer to as "shareholder groups." Shareholder groups are self-organized groups which operate much like *chama* model. The FSA has various loan sizes which they offer to the group as a whole, but the group decides on how big of a loan to take based on each member's estimated credit need. That is, each member ("shareholder") agrees to take a certain number of "shares" of the loan which the FSA gives to the group (e.g. if someone needs to plan an upcoming graduation celebration, perhaps that member will request 10 shares, whereas someone with more "everyday" credit needs will only take 1 or 2 shares). Each shareholder's repayment capacity is assessed by K-Rep representatives to ensure that if someone does take, say, 10 shares, she is poised to repay them in a timely manner. The first loan repayment cycle is always 6 months and if every member repays on time, the second cycle is 1 year, etc. The loan size is on a gradient such that the group loan can be increased in each cycle if the group prefers. The collateral required to be a part of these groups are minor assets only, and several group members visit each member's household to determine which assets they are comfortable with putting forth. It is the group members themselves who contractually sign each member's collateral away to the group.

another but represent two of many credit options available to farmers along the same continuum of formality.

**Microfinance in Kenya**

In Kenya, microfinance refers to savings and loan programs that allow people to transact on a smaller scale than traditional banks—roughly, the range is about Ksh 2,000 to 10,000 (USD $23 to $116) for an average microloan.[20] In the past several decades, dominant development narratives have taken after Peruvian economist Hernando de Soto and others who champion savings mobilization and the formalization of finance as a poverty alleviation strategy. For many, however, microfinance is simply incapable of being the poverty alleviation tool that it claims to be. This is because the small loan size means that profit margins are never very high and overhead costs must remain low in order to make decent returns. Without major gains, microfinance institutions constantly struggle with the delicate balance between their "double bottom line"[21] to provide financial return as well as having a positive social impact.

The Microfinance Act of 2006 rigidified Kenya's regulatory environment specifically as it relates to the country's growing microfinance industry. Provisions were made to ensure that agent banking would be able to expand into remote areas where borrowers could access credit products and services through "agents" that act as satellite representatives of banking institutions. Agent banking is especially important for Kenya's wildly popular M-Pesa (*pesa* is the Kiswahili term for money) and M-Shwari (*shwari* loosely translates as 'calm') services, which allow people to transfer small/large sums and deposit savings simply by using a texting service on their mobile phones. There has been a wealth of inventive studies done on credit/debt relations in the mobile banking industry, the extent of which goes beyond the scope of this research (see: Mbiti and Weil 2011; Omwansa and Sullivan 2012).[22] The Microfinance Act of 2006 also created regulations for deposit-taking microfinance institutions (DTMs) under the Central bank. Non-DTMs (institutions that do not have the capacity

[20]Each microfinance institution has a different range for their loan products. Informal group micro-lending often has a smaller range that starts at a lower amount, anywhere from Ksh 1,000 to about 10,000.

[21] See: Christen, Robert Peck, Richard Rosenberg, and Veena Jayadeva. *Financial Institutions with a" Double Bottom Line": Implications for the future of Microfinance*. Consultative group to assist the poorest (CGAP), 2004.

[22] Mobile money is part of a larger diversification of money forms throughout East Africa. For instance, the digital currency Bitcoin is starting to penetrate Sub-Saharan Africa but unlike mobile money, Bitcoin ruptures the global financial system. Mobile money, instead, helps in the government's financial inclusion aims (see the following footnote) by facilitating people's activities in the formal financial sector. For this reason and others, the government has made provisions for the mobile banking companies.

for clients to make deposits) are still under discussion. Below is a list of the licensed DTMs recognized by the Central Bank. Some banks are permitted to engage in non-banking activities that align with local development needs, such as job skills training, though I did not hear or see much of this in Makueni. Microfinance also appears to play a prominent role in the government's efforts to make the formal sector more inclusive.[23] The Central Bank's website endorses the idea that "the microfinance industry will play a pivotal role in deepening financial markets and enhancing access to financial services and products by majority of the Kenyans" (accessed March 1, 2014).

**Table 2.1 Licensed Deposit-Taking Microfinance Institutions**

| Institution name | Date Licensed | Number of branches |
|---|---|---|
| Faulu | 21st May 2009 | 27 |
| Kenya Women Finance Trust (KWFT) | 31st March 2010 | 24 |
| SMEP | 14th December 2010 | 6 |
| Rafiki | 14th June 2011 | 3 |
| Century | 17th September 2012 | 1 |
| SUMAC | 29th October 2012 | 1 |
| U & I | 8th April 2013 | 1 |

*Source: Central Bank of Kenya website (accessed March 1, 2014)*

Collateral is an interesting topic of discussion in microfinance. In the case study below, the Wote branch manager of the Agricultural Finance Corporation discusses how the use of a title deed as a guarantee on a loan poses a major obstacle for rural lenders. In her research, Susan Johnson (2004) determined that the importance of land and inheritance rights in the local context was one of the most important factors in explaining why using title deeds as collateral is a barrier for farmers who seek credit from a formal financial institution. She explains, "The social relations surrounding [land] produce a situation where its use as collateral is heavily constrained," which explains why she found that the overall use of bank loans was relatively low in her Kikuyu field site in Central Kenya. Moreover, husbands are encouraged to consult wives and other family members in the process of mortgaging land, and she explains that they were unlikely to agree. Those microfinance institutions in Kenya that rely heavily on a group lending structure (e.g. Faulu, KWFT, K-Rep FSA, SMEP) make use of the "social technology of joint accountability" where the group members actually

[23] Kenya's Vision 2030 development plan includes 'financial inclusion' goals that would incorporate more poor and low-income Kenyans into the formal financial sector.

guarantee the others' character (Johnson 2013:64). This requires a certain amount of paperwork and household visits to demonstrate that the person will serve as a reliable borrower, but it remains much more cost-effective as an accountability mechanism than the traditional collateral requirements and also provides an opportunity for farmers without a credit history to become lenders.

**Defining Formal Microfinance**

Broadly speaking, the formal financial sector, which includes the formal microfinancial sector, is a network of institutions that operates under state-regulated conditions. In Kenya, this would refer to small-scale and large-scale commercial banks, microfinance institutions, non-bank financial institutions, savings and credit cooperatives (SACCOs), and registered women's and youth groups[24]. I employ the term "formal financial institution" to refer to any and all of these institutions categorically. Loans for agricultural inputs are the most common form of rural credit supplied in Kenya, but as this research shows, this statistic does not necessarily align with the most common *use* for general loans in rural Kenya. Evidence shows that the vast majority of loans (i.e. microloans) across formal and informal boundaries are used for day-to-day purchases. Outside of the formal sector, in particular, debtors seem to spend their microloans on minor household assets (e.g. pots and pans) or long-term investments (e.g. school fees), neither of which produce immediate returns. There are few consistencies in how people organize to repay microloans, whether through institutional channels or social networks. Research completed across the country in 2006 revealed that "AFC and commercial banks gave the largest amount of credit per household but to only to a few households, while the cooperatives/SACCOs and commodity based credit providers … disbursed low amounts of credit to a larger clientele base" (Kibaara 2006: 8). The table below illustrates which formal sources of credit farmers are tapping into when in need.

[24] In the post-Constitution period of Kenya which is dominated by the Vision 2030 development plan, the government is trying to expand people's access to alternative financial services, with a specific focus on women and youth. Provided certain prerequisites concerning documentation/reporting, clearly-defined leadership roles, and a fee of Ksh1,000, women's and youth groups can register with the Ministry of Health's Gender, Children, and Social Development sector to receive certain benefits. The newly established Women Enterprise Fund provided loans to over 170,307 women throughout the country in FY 2011/12.

| Table 2.2 *Rural Credit Access – Formal Lenders Only (2000-2004)* | | | |
|---|---|---|---|
| Source of credit | Percent 2000 | Percent 2004 | Annual interest |
| Commodity based credit providers | 53.5 | 62.7 | Not known |
| Cooperatives/Saccos | 26 | 20.6 | 24 |
| Informal money lenders | 12.1 | 9.9 | 20-34 |
| Local trader/input stocklists | 6.8 | 3.9 | 24 for donor guaranteed stocklists |
| AFC | 0.4 | 1.3 | 10 |
| Commercial bank | 0.6 | 1.0 | 12-18 |
| MFI/NGO | 0.6 | 0.5 | 35 (Dondo pp 9) |
| | 100% | 100% | - |
| Hire-purchase interest rates 1997-2003 (Ngugi and Wambua 2004) | - | - | 40 % 1996 to 15-20% in 2005 |

Source: Kibaara 2006, Dondo n.d. and Ngugi and Wambua 2004 where noted.

According to Maria Pagura and Marié Kirsten's (2006) research for Microfinance Gateway, "The formal segment of Kenya's financial sector is dominated by a few commercial banks. Some of the banks have roots in the colonial period and were historically oriented towards meeting the financial needs of external trade and large-scale commerce. These banks do not therefore have a track record of lending to small enterprises and smallholder agriculture." There have been quite a few government initiatives (e.g. Small Enterprise Finance Company, Women Enterprise Fund) that have tried to fill this gap, but ultimately the rural areas seem to be dominated by informal practices. One such government initiative is the Agricultural Finance Corporation (AFC), whose mandate is to provide short-, medium-, and long-term finance to Kenyan farmers.

*"Not a bank": A Case Study of the Agricultural Finance Corporation*

Established at the time of independence in 1963, AFC is a financial institution that is wholly owned by the government. The local branch in Wote estimates that about 80% of its clientele is men due to the fact that the only form of collateral AFC accepts is a title deed.[25] The vast majority of smallholders in this part of Ukambani lack title deeds and those who do have them are mostly well-to-do men. In my interview with the Manager of AFC Wote, he reported that AFC is simply "not a

[25] In Ukambani, land is customarily inherited from father to son after the son marries. From my experience in Makueni County, chiefs in Makueni District seem to be promoting the acquisition of title deeds (which aligns with the national agenda towards privatization of land), though farmers do not necessarily see it as a priority because of the added costs they incur. Women work the land just as much if not more than men, though are not considered owners of the land.

bank" and therefore reserve the right to exercise certain restrictions on whom they accept and target as clients.[26] After indicating to the branch manager that many smallholders are uncomfortable with the idea of taking out a loan from a formal institution due to the precarious nature of farming in Ukambani, he replied, "Someone who has that kind of attitude does not have the intention of repaying the loan, so we do not want them." There is an interesting recognition here that its target clientele is, frankly, *not* everyone. There is also a presumptive stance on AFC's part regarding the farmer's motivation for avoiding formal loans. More than that, AFC's insistence on distancing themselves from the designation of a "bank" raises important questions as it relates to the perception of institutions within the formal banking industry. This is especially striking in light of the fact that Kamba farmers indicated to me that there is no linguistic distinction between a "commercial bank," a "village bank," or a "microfinance institution" in Kikamba, all of which are described using the same term *vengi*. This seems to align with the way farmers think of the formal sector as monolithic whole. One farmer said outright, "They are all banks to us."

**TABLE 2.3 AFC LOAN SIZES**

| Small Loans | Medium Loans | Large-scale loans |
|---|---|---|
| Less than or equal to 200,000 Ksh | 200-500,000 Ksh | 500,000 Ksh and above |

AFC's designation as a 'non-bank' could be interpreted in several ways. First, that it is a financial institution in which clients cannot hold checking accounts and with maximum loan sizes similar to that of many banks (see table below). Still, when compared alongside other financial institutions in Wote, AFC deals in much larger loan sizes as a whole—and yet it makes sense that AFC's "small loans" are considered "large-scale" in many microfinance institutions. Lastly, a 'non-bank' distinction perhaps means that their clientele is fairly narrow. Due to their own institutional constraints, AFC is relatively transparent about not trying to appeal to masses, but rather targeting only the few farmers who qualify with title deeds and are in search of larger loan sizes. The suite of loan products available at AFC includes some seasonal loans (e.g. seasonal crop credit) and industry-specific loans (e.g. livestock and fisheries loan), as well as rural development loans (e.g. water development loan). The interest rates on AFC loans remain close to the Central Bank's standard at

[26] Officially, AFC is registered as a "non-bank financial institution." AFC subsumed the Land and Agricultural Bank of Kenya in 1969 and took on the functions of a lending institution as a result. Prior to that, the AFC's mandate centered on ensuring the peaceful transfer of land to indigenous farmers and spurring development projects in rural areas (see the AFC website, last accessed on March 31, 2014: http://www.agrifinance.org/).

10% (staff are able to take out loans at a subsidized rate of 4%).[27] On a scale of Kenyan institutions, this is fairly low, though on a global scale this is relatively high for an institution that is geared toward lending to a smallholder clientele. The time it takes to walk into the office for a loan and receive the loan (for which there is usually a 50/50 chance of a loan application being successful, I was told) is roughly 20 days. For farmers who live according to seasonal variation, the nearly month-long wait for "processing" (during which the potential client's application must be cleared through several bureaucratic levels between the branch and Nairobi) is usually a major deterrent, according to the farmers I interviewed. Because roughly 80% of the Kenyan population relies on a mixture of subsistence and commercial agriculture as a primary source of livelihood, AFC's scope is quite large. However, AFC does not advertise, does not have any outreach programming as part of its portfolio, and relies on referral only. The manager admitted to me, "There are many who do not know about AFC." AFC operates in either English, Kenya's administrative language, or Kiswahili, Kenya's national language, used in trade—the Wote branch manager does not speak Kikamba, for instance—and their offices are almost always located in high-traffic areas, such as town centers. The manager points out that, "some of us here are not even Kamba."

It is worth noting here that while AFC is presented as a case study, it does not represent all formal banking institutions throughout Kenya. AFC also does not count as a "microfinance institution" (MFI) per se since it deals is rather large loan sizes, but AFC's profile is presented here as a testament to what smallholders perceive to be a frustrating formal banking sector that does not understand the needs of rural Kenyans. Many informants indicated that formal institutions are, in a general sense, quite intimidating and confusing, leaving potential clients in a position where, in the words of one farmer, "you feel like you're being duped." There were quite a few bureaucratic elements that seemed to discourage people from borrowing, such as legal jargon and added costs for "processing" and having one's application stamped by a lawyer. Additionally, farmers cited the large loan sizes and high interest rates as other reasons that discouraged them from borrowing from these institutions. Moreover, the gender bias of formal lending institutions is readily apparent. Women cited various reasons why they did not like to approach banks for credit, including the time it takes to process a loan application, the collateral requirements (men are usually the formal owners of the kind of high-value assets that are required as guarantees on taking a loan), the impersonal feeling of

[27] According to the Central Bank of Kenya's website (accessed March 4, 2014), the current interest rates for commercial banks are as follows: Deposit (6.55%), Savings (1.56%), Lending (17.03%), Overdraft (16.82). Compare this to the prime interest rate charged by U.S. banks in 2013 (3.25%).

banks, and the reading of dense texts that raise suspicions with them. Women are less likely than men to be literate, especially in the rural areas, and there is a sense that the bureaucratized nature of formal banking emphasizes these disparities. This is due in part to the fact that most traditional banks (i.e. excluding microfinancial institutions that specifically target women, such as Faula or K-Rep) require a husband's signature even if the loan is requested by a woman. One of our neighbors explained to me over chai one afternoon, "You see, Carly, at the end of the day, women in Africa don't own anything."

*Topics in Formal Microfinance: Women as "Agents of Progress"*

Many of Kenya's microfinance institutions target women directly, encouraging a group lending structure that seems to appeal much more to women than to men. In Bangladesh, research has shown how microfinance can have an impact on gender relations within the household as women are able to better support the family as a whole through their earnings. At the same time, conflicting reports of women's financial "empowerment" through microloans have shown that in some instances, microfinance actually increases a woman's bargaining power within the household to the extent that a private engagement with money results in cases of increased domestic violence against women out of accusations of secrecy or jealousy (Johnson 2004).

In Ukambani, it does seem that women control less income than men, but they are consulted in the decision-making process about consumption. Still, women reported not having direct control over money—if women did receive small amounts of money from peers or groups, some preferred to handle their money in secrecy, away from their husbands, to secure it against theft. Men in Makueni generally reported that the money they received from petty trading and the selling of agricultural products first came to them, and then they would give it to their wives in the form of petty cash for luxury food items and other basic grocery items (e.g. sugar for tea, *unga* flour, diapers). Sometimes, wives reported having to ask their husbands for money for basic items and other times, wives were given relatively small allowances of cash regularly. From the formal financial sector's perspective in Ukambani, microfinance connotes a clientele comprised mostly of rural women. From the perspective of local farmers, women are clearly much more involved in informal group lending than in any other mechanism of accessing credit and savings. Women tend to be more "unbanked"[28] than

[28] In the literature and in common development discourse, "unbanked" generally refers to anyone not yet incorporated into the formal financial sector.

men by far, and they tend to interact with and control less income than men overall. In part, this contributes to the dominance of women in informal group lending where microloans are the norm and most actors occupy the same low-income level. Still, many women do turn to microfinance institutions as a way of accessing money when in need. Sometimes they do so in shareholder group settings (see footnote #10 in the previous chapter). Therefore, any discussion on the intersection of microfinance, in/formality, and poverty must include a gendered perspective.

While visiting a couple who lived nearby my host parents' house in Nthangu, I asked about a painting the man had completed, which was vibrant and stately, hanging on the main wall of their living room. The painting depicted a market scene, buyers casually walking by and eager female vendors presenting their vegetables to them. The sights and sounds of any local market in Kenya offer a cross section into everyday social life, including the way gender roles play out publically. The man—a retired public servant who took up a variety of different hobbies, of which painting was one— said that it was his favorite painting he had ever done. He said that the painting depicted Wote Town's weekly market day, a rich social event where people come to do their grocery shopping in the open air venue at the Southern edge of town. I asked the couple about why markets were dominated by female vendors. "You know women, it's their social day. If they sell everything, they stay. If they go home, the cows are waiting, the husbands are waiting, etc." The two of them laughed, indicating that when women are home, they are expected to keep things in motion. For smallholders, the domestic economy is inalienably linked to their livelihood practice. If women are expected to maintain the household, then it is perhaps unsurprising that most of the credit women seek is not for income-generating activities.

Johnson (2004) reports that among the Kikuyu of Central Kenya, large-scale household assets were generally considered to be a male responsibility. Men typically harbored desires for new plots of land, expansions of the *boma* (homestead), bicycles or cars, etc. Because men tend to control the resources that produce the most income, they are more likely to be in a position to put forth certain collateral as a guarantee for a loan. Women technically lack this kind of ownership, though it is clear that women do have a strong custodial presence over certain items and spaces within the household. Johnson's findings tend to be consistent with what we see in Ukambani, where men are more likely to save money for large-scale household assets while women concentrated on small-scale items for within the household. I found that when women know they are soon to receive money (say, as a microloan from a group), they immediately begin making plans to purchase smaller-scale assets for inside the household, such as plastic chairs, non-farm food items (e.g. sugar for tea), luxury food items (e.g. specialty meats), and *sufuriyas* (pots and pans). One woman even told me, smiling, “Women have plans; men don’t.” For both men and women, certain items were seen more as long-term investments and were thus considered to be objects of general desire for the household as a whole, such as a dairy cow or school fees. As it relates to income, women’s income streams tend to occur in smaller increments and much more frequently. This is why, as Johnson (2004) suggests, women tend to be much more actively involved in the informal sector that allows for loan sizes and repayment schedules to be much more flexible due to the highly personalized nature of group lending.

After sharing a bowl of *githeri* (bean dish) for lunch at her home, a Nthangu woman told me how exploited she felt by banks and other formal institutions. “Banks take advantage of women. Men will just beat them up if they misuse their money!” she said, laughing. According to this woman, microfinance institutions[29] often have too long of contracts with terminology women do not always understand. The multitude of fees (i.e. legal fees, processing fees, application fees) becomes a maze and a burden. “You pay 1,000 for the contract, 500 for a lawyer to stamp it, and the interest is too high. After all that, you find yourself working for the bank!” While women were targeted as “agents of progress” by banks and microfinance institutions, they felt taken advantage of by them. It was rare to come across a woman who had taken a loan from a microfinance institution individually; instead, most women took loans from microfinance institutions as part of a group.

Very few of the farmers I interviewed conceptualized their farms as a business, but rather as a way of life (refer to Appendix A for details on the way farmers perceive “income” and “profit”). That is, their small-scale farms were primarily for subsistence purposes and when they did sell, it was almost always to a broker who then resold their items at a market in Nairobi or another nearby urban center. Some farmers reported personally selling their fruits and vegetables at local markets but only in times of need. There are several farmers I interviewed, however, who seemed to have a keen interest in expanding their farms and diversifying their crops for commercial purposes. These

[29] She made no distinction between microfinance institutions and banks, and when I probed, she said they were comparable institutions in her mind.

farmers also tended to be men who held leadership roles in self-help groups and were active in local development and research projects not unlike the KARI-McGill project.

*Topics in Formal Microfinance: Popularizing and Pauperizing: Characterizations of the Poor*

Because microcredit is often portrayed as an anti-poverty tool, it is worthwhile to be clear about the way poverty is understood locally. Moreover, the informal sector is said to benefit the poor who typically lack access to formal institutions, but who determines who is considered "poor?" During a meeting for the KARI-McGill project, roughly 30 farmers gathered outside the village chief's office in Mumbuni for a ranking exercise on the latest series of crop varieties and innovations KARI had introduced to the farmers' demo farms. After the ranking period and a question-and-answer time with KARI agronomists and field assistants, the group broke for a snack. White bread and sodas were passed out as the group casually chatted among themselves. I sat next to a middle-aged woman, Alice, a Makueni County Agricultural Office employee. She was enthusiastically telling me about her sons (all of whom were evidently of marrying age!) as we began to enjoy the snacks. I asked her about the KARI variety of seeds that were involved in the on-farm trials. Alice argued, and others around us seemed to nod in agreement, "It's good they're giving them to us. We cultivate them. If KARI gave out seeds to the poor, they would just go and resell them to someone on the street. The poor are lazy. It's better to give to able people—they help each other."

And perhaps here it is necessary to briefly discuss the overuse of the term 'poverty' in development discourse and its role as a social construct in rural microfinance across Kenya. For many, poverty is considered the inverse of wealth, while debt is considered a process of inching toward wealth. In Ukambani it became clear that poverty is often associated with "laziness" and the poor are treated as a homogenous subclass. In my conversations with local representatives of the formal sector, poverty was used often as an explanation for why people were unlikely to repay. The Manager of AFC Wote said that the most prominent reason given for people being unable to qualify for a loan is "repayment capacity," measured by individual income. His explanation? "There is a lot of poverty here." Indeed, poverty levels stand at about 75% in some areas of Makueni County, leaving people with little expendable income overall. Roughly 50% of people are turned away at AFC, which raises some important questions regarding local perceptions and classifications of poverty. In my interview with the Manger of K-Rep in Wote, he cautioned, "Remember, these are low-income people. Psychologically, these clients have not been used to receiving money in this way." While the scope of this research does not allow me to probe the representation and recognition of poor and low-income populations in Kenya, it is worth noting how important perceptions of poverty are in defining the perceived and real boundaries of microfinance within rural communities. It is clear that many microfinance institutions and village banks openly target low-income populations, and yet there is some evidence of poor-shaming as a way of setting their target clientele apart from the poor, who are considered unlikely to repay a loan. It seems that when people say that the informal sector benefits "the poor," they may be blindly referring to people who are technically "low-income." Poor people are considered to lack any kind of business acumen or work ethic, desiring only to gain. It must also be said that across my interviews with farmers, any characterization of 'the poor' was always 'otherized' and lacked any technical definition based on income or lack of opportunity. To be 'poor' represents more of a moral evaluation than a per capita economic category (i.e. several people may have the same income, though one person may be considered poor, another doing well, and yet another doing poorly based on their behavior or reliability). However, on a discursive level, many farmers I interviewed expressed desires of "not being poor" and "getting out of poverty" when they had the false impression that after interviewing them about their interactions with credit, I was there to offer them a loan.

Market-led development strategies often mention poverty and microfinance in the same breath as being co-dependent variables. Anthropologist Parker Shipton (2010) explains how poverty and credit have been linked, "The philosophy, the language, and the career incentives of aid officials have been geared toward the idea that poor people and countries *must* borrow" (my emphasis). In their analysis of the savings habits of the global poor[30] in *Portfolios of the Poor: How the World's Poor Live on $2 a Day,* Collins et al. described the financial lives of the poor as a "triple whammy" characterized by low, irregular, and unpredictable incomes. It is for this reason that they conclude that reliability and consistency of financial services is the most important way for microfinance to positively impact the lives of the poor. Because the lives of the poor are often characterized by casual work and seasonal credit needs, Collins et al. (2009) insist that "the delivery of products and services at the promised time, in the promised amount, at the promised price" is the best way for microfinance to contribute to the alleviation poverty. The informal financial sector is widely known to benefit the poor in particular, who may not have access to formal financial institutions due to poor

[30] Defined in this book according to the UN's estimation of living on less than USD $1/day, adjusted according to purchasing power parity.

infrastructure, collateral requirements, prohibitively high interest rates, literacy, etc (Karlan 2007). Still, understanding 'poverty' as a moral category adds depth to the reasons farmers seek credit in the first place. If nothing else, joining a group is a public expression of one's personal endeavor to avoid idleness, laziness, and ultimately poverty. Informal creditor-debtor relations, because they are often combined with other social commitments that bind people together, can take on a highly moralizing tone, one that has implications for one's character, one's ability to be trusted and relied upon, and one's commitment to the livelihood system. To set oneself apart from being 'poor' is to show due diligence to the betterment of the community. When Max Weber (1930) traced the "spirit" of capitalism through the Protestant ethic, he remembered the moralizing words of Benjamin Franklin regarding the way "a careful as well as an honest man" manages his own debt. A poor person is assumed to lack a sense of "duty" to increasing one's capital, which is considered "an end in itself" (1930:17). This is especially relevant in light of the way these groups participate in the capitalist exercise of making money out of money. The following language, used by Benjamin Franklin (1750) in his "Advice to a Young Tradesman", was repeated in my interviews with Kamba farmers:

> He that wastes idly a groat's[31] worth of his time per day, one day with another, wastes the privilege of using one hundred pounds each day.
>
> He that idly loses five shillings' worth of time, loses five shillings, and might as prudently throw five shillings into the seas.

**Informality: "Saving in the roofs, the ground, and tying our money around our waists"**

Jane Guyer's seminal book *Marginal Gains* (2004) opens with a case study of the Nigerian "cash-and-carry" economy. She reports that "at least 60 percent of the currency, once issued, *never goes back through the banking system again* (italics in original)." While this information is not available for Kenya, this raises the question, through which channels is the cash circulated if not through the formal banking sector? The wealth of financial activity that is largely undocumented, unmonitored, and unregulated by state or private entities—what Keith Hart (1973) famously described as "informal" finance—is a dynamic sector where dense social networks form the basis on which actors access financial resources. Informal finance includes all financial resources and activities outside of corporate private or public sector institutions, and is a true umbrella term insofar as it cannot be

[31] Silver coin.

reduced to a single empirical referent. Rather, it can be used to describe anything from interpersonal borrowing to petty trading and other financial activities that occur outside of any formal regulatory framework. In Ukambani, certain traditional artisanal activities have become important sources of profit, though they are practiced informally through cash-only transactions and brokering that is not necessarily recognized by the government—such activities may include ebony carving, gravel making (that typically occurs roadside, to reduce transaction costs for consumers), and basket weaving using sisal grass.[32] Many of the smallholder farmers in this area also participate in "casual" work (e.g. housework, carpentry) in the off-season that is rarely documented as a legitimate source of income.

Formal finance has not been expanding quite as rapidly as informal finance in recent years, which is a trend we have seen across the developing world in the past couple decades. The neoliberalization of the Kenyan economy in the face of global pressures toward a capital-intensive, multi-industrial economy, the informal sector is often framed as "underground," monolithic, and subversive. Here, I draw on James C. Scott's thesis in *Seeing Like a State* (1998), which argues that modern statecraft hinges on a process of reorganizing complex, local practices into standard grids through which the state can more effectively manage its terrain of people and places. This is by nature a reductive process, as the agenda for financial inclusion essentially asks that people forego local practices and turn to registered, regulated institutions which means transactions are more easily monitored and calculated by the state. Framing credit as a constraint on smallholder livelihoods, as the Kenyan state has done through financial inclusion policies, belies the productivity of creditor-debtor relations that occur informally.[33] In a March 2014 article from one of Kenya's largest newspapers, The Standard, more than 1.4 million Kenyans were reported as relying exclusively on "shylocks and friends" for loans, which was deemed wholesale as "unsettling."[34] Transactions made outside of the framework of formal calculations and documentation are relegated to the shadows. That is, informal banking is dismissed as a subversive market, a lesser option, or a last resort alternative to formal banking. The lived experiences of Kamba farmers provide an alternative perspective that challenges this dominant

[32] Ahead of the Destocking Crisis of 1939, sisal grass was widely distributed as a means of demarcating land in the drier lowlands (still in use today as a method for the demarcation of private land) and "hold the soil" in protection against erosion. Refer to Chapter 1 for more background information on the Destocking Crisis of 1939.

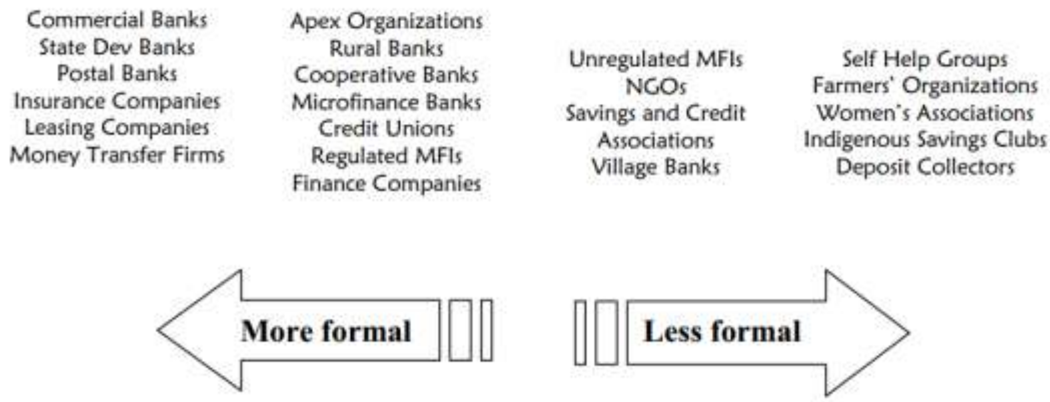
[33] See: Freeman, H. A., Simeon K. Ehui, and Mohammad A Jabbar. "Credit constraints and smallholder dairy production in the East African highlands: application of a switching regression model." *Agricultural Economics* 19, no. 1 (1998): 33-44.

[34] "Shylock" is a colloquial term used for anyone who lends money regularly and efficiently to a great number of people, sometimes at a relatively high interest rate—in some ways, a "walking bank." This article was accessed on March 13, 2014. http://www.standardmedia.co.ke/?articleID=2000106809&story_title=ease-access-to-credit-for-women Accessed April 24, 2014.

development narrative. This is not to make any sweeping moralizing statements about what is the best or right option for smallholder farmers, but, rather, the ethnographic evidence in this study exposes the efficiencies and intricacies of the informal sector. This creates a space for the discussion of how to best meet the credit needs of smallholders who are already more active informally than they are through institutional or formal means. Because elements like physical proximity and social networks play important roles in informal finance, certain notions that underline classic economic models (such as those driving major development schemes) of income maximization do not apply. This is not to say that the structural elements of formal banking such as incentives, regulation, and enforcement are not important aspects of informal banking, because it is clear that they are. I argue more that the concept of informality not only refers to transactions made "off the grid," but also encompasses the abundance of trading that occurs along various scales of value, temporality, and social connectedness.

According to the Central Bank, available statistics show that 35.2% of Kenyans are still unable to access formal financial services.[35] As Meier and Rauch (2000:317) argue, however, "low-income consumers do not simply consume less: they consume goods and services that serve similar purposes but at a much lower price." In Kenya, the informal sector is quite large, estimated at 34.3% and accounting for 77% of employment statistics. Over 60% of those working in the informal sector are youth (ages 18-35), split fairly evenly between genders (Ouma et al. 2007). As far as the visibility of the government extends, the financial sector is often framed in a binary way between transactions which are considered formal, monitored, and regulated, and transactions made outside of the formal system which are considered informal, untaxed, and undocumented. For the purpose of this research, it is much more useful to follow Jane Guyer (2004) and employ the illustration Maria Pagura and Marié Kirsten (2005) use to show how formality and informality can be more properly conceptualized as a continuum.

[35] Information accessed on March 4, 2013 on the Central Bank of Kenya website.




*Source: Kirsten, Marié and Maria Pagura. Formal-informal financial linkages: Lessons from developing countries (2005).*

*"Someone Who Can Wait": A Case Study of the Formal-Informal Continuum*

After an hour and a half of waiting at his homestead, I saw a middle-aged man walk up to the chicken coop that rests in the center of his property, against which a translator, a KARI field assistant, and I were leaning. This is Jackson, an eager yet busy farmer who plays an active role in the community. Some people refer to him simply using the Kikamba word for 'beard,' since he sports a distinctive, long beard and short hair. When we saw him that afternoon, he was rushing in from a meeting in town (about 30 minutes away by local transport) and came bearing many apologies. We were fortunate to catch him at his homestead in Kilanga, a village near Mumbuni. Jackson and I had met once before at an event for the KARI-McGill project, after which he had graciously invited me to see his abundant orange tree farm. Even at our first meeting it was clear that Jackson was a natural leader and commanded attention. He was very opinionated and demonstrated an eagerness to know what impact the project would have in the long-term. Jackson's wife arrived just minutes before he did and was busy boiling pumpkin as a snack for us (per Jackson's request) while the rest of us sat down outside to talk. As we began to interview Jackson, I remember how quickly and matter-of-factly he spoke. After a few minutes of questioning, Jackson got up to check on whether the pumpkin was ready. In his absence, my translator, a recent college graduate, leaned over to say, "When we interview men, they always speak so quickly. They are sure of everything." When Jackson returned alerting us that the pumpkin was not yet ready, I took some time to ask him about his participation in groups outside of the farmer group (which he serves as Secretary) that is attached to the KARI-McGill project. He indicated that he was involved in several other groups. The first, Wote Livestock Traders, is a mixed gender table banking group. The group charges 10% interest on their loans (the sizes of which varies based on need), and Jackson reported buying cows and goats with the money he's borrowed from this group. He serves as Custodian of the group. He is also involved in the *Wendano Wa Kithoni* Self-Help Group that fundraises for unforeseen difficulties people may face. He noted that, although the group is facilitated by his church with members drawn from several different churches, it meets every Sunday afternoon after morning service. Every month, they carry out a *harrambee* (fundraiser) in which each person gives Ksh 200. Each month, this entire sum of money is paid out to one member. Some worry that a group member will drop out after having been paid, though this rarely happens, and Jackson did not indicate that he had ever seen it happen. There are 57 members in Jackson's group, which is a relatively high number, which means that one "round" (meaning that every member has received their sum of money) takes four years to be completed. Jackson pauses after the three of us express surprise at the long-term investment of time required in such a group. More than that, the level of trust and commitment required of all members is high for such a long-term loan schedule. He cautions, "These groups need someone who can wait." The third group Jackson is involved in is called *Ivuso Va Kilanga* ("Luck of Kilanga"). This is a mixed group that Jackson told us was focused on helping out with the workload on each member's farm. Jackson indicated the group also used to participate in table banking but now is exclusively focused on "advising each other on good farming practices and talking about achievements" surrounding farming, poultry keeping, etc. Jackson serves as Vice Secretary of this group and described the group's commitment to knowledge-sharing and celebrating each other's achievements as a major "motivation" for his continued participation.

Jackson's Wote Livestock Traders group refers to themselves as such, in English. The group, whose membership extends beyond his village of Kilanga, is formally registered with the government. Moreover, Wendano Wa Kithoni Self-Help Group, which refers to itself using a Kiswahili name, is is structured through the involvement of the churches. While the group is not formally registered or documented, it is carefully managed and overseen by members across several churches, which serve as extremely important organizing institutions in Ukambani. Lastly, Ivuso Va Kilanga Self-Help Group, bearing a Kikamba title, is the most localized of Jackson's groups. The group operates in Kikamba and all the members are local to Kilanga Village. The group has been registered with a local community-based organization (CBO) since 2000. While the group, which is not recognized by the government, appears to be quite informal in the sense that most of the members had preexisting social ties with one another and were required to purchase a number of "shares" within the CBO. With a portion of those shares, the CBO and the group have discussed plans to build a cold storage unit. Many of the members of this group are fruit farmers and desire refrigeration for their fruit before taking them to market or selling them to a broker. The terms "informal" and "formal" demonstrably lose much of their meaning when applied to these diverse group structures. Many of the groups in Ukambani have changed their activities over time according to group members' shifting set of interests and other external factors, fracturing elements of in/formality. While limited resources and preferences restrict farmers from completely making use of the spectrum of formal and informal institutions, they exercise a certain flexibility, in some cases, to move through this continuum of formality and informality when it comes to accessing credit in a time of need. In Chapter 4, I show how both this variety of institutions, coupled with an interpretation of credit that is not exclusively anchored in monetary value, contributes to making the smallholder livelihood system more resilient.

*Reason and Rationality in Group Lending*

Informal microfinance is much more multifarious than formal microfinance, being delivered through savings/credit clubs, deposit collectors, interpersonal reciprocal lending, and much more. Apart from the enormous amount of largely undocumented interpersonal microlending, the most prominent form of microlending is in a group setting, particularly using a "merry-go-round" or "table banking" structure (refer to Table 1.1 in this chapter for more details). Informal microfinance in the Kenyan context may also be provided in more traditional bank-like settings, such as through unregistered village banks, accumulating savings and credit associations (ASCAs, common in Uganda), and financial services associations. In conversations with Kamba farmers, it was clear that informal microfinance is generally considered to be convenient (i.e. low transaction costs), appealing (i.e. social benefits of working with friends/neighbors), and flexible. Most of the farmers I spoke with do not necessarily even leave their farm unless they have the intention of purchasing certain specialty or non-farm food items (e.g. sugar for tea, milk), making the transaction costs associated with banking at an institution even higher (refer to Appendix B, Images 2.2 and 2.4). Flexibility refers to both the personal nature of lending but also to the capacity of informal banking to adapt repayment schedules and loan sizes according to need. For this reason, I argue that informal finance lends itself more easily to innovation and resilience when faced with new challenges. The logic underlying informal finance is that relying on others when it comes to money-sharing enhances the likelihood of repayment and profit, contrary to Western ideologies that regard debtors as atomized, entrepreneurial individuals. Moreover, I would argue that the sociality of informal credit/debt relations provides farmers with a host of other benefits related to knowledge transfer and trust that incentivize them to seek out situations of indebtedness. That is, being indebted to someone acts as a mechanism for social cohesion since it keeps the relationship "open" and "active" (Ardener and Burman 1996). This is far too important a topic to not delve into theoretically, which is why the following chapter explores the metaphysical aspects of indebtedness to peers versus indebtedness to institutions. For the sake of this chapter on the continuum of in/formality, suffice it to note that "social distance," an anthropological concept used in Shipton's (2010) work in Western Kenya, plays an important role in making credit more accessible. Out of the 27 groups I was able to identify in Makueni County, the reasons given for joining groups all involved a sense of sociality. One woman said she joined a group because she "wanted company." Another woman said she joined a group simply "for learning." Still, many joined for reasons more directly related to their financial stability, saying, "it's easier to save in a group." Chapter 3 discusses the relationship between sociality and indebtedness more in-depth, but the table below offers some insights for the reasons that farmers may prefer to exchange money with peers rather than strangers working at formal institutions. "Social distance"—a measure related to social network analysis in which one's intimacy with another person is assessed— between peers versus complete strangers has implications for the way credit/debt relations are carried out. According to the table below, one's social 'proximity' to another may make accessing credit more convenient, more certain, and more immediate.

Table I: Social Distance and Loan Terms: Some Conventional Expectations

| Intimates | Strangers |
|---|---|
| Quicker, easier agreement | Slower, harder agreement |
| Symbolically more meaningful exchangeables involved | Symbolically less meaningful exchangeables involved |
| Immediate full delivery more likely | Delivery in installments more likely |
| Witnesses, guarantors, or written contract less necessary | Witnesses, guarantors, or written contract more necessary |
| Debt reckoning less precise | Debt reckoning more precise |
| "Interest" or incremental reciprocation less likely, and its rates or ratios lower | "Interest" or incremental reciprocation more likely, and its rates or ratios higher |
| Loan collateral (pledged security) less likely required | Loan collateral (pledged security) more likely required |
| More leniency in case of arrears or default | Less leniency in case of arrears or default |
| Sanction of force less likely | Sanction of force more likely |

*Source: Shipton, Parker MacDonald.* Credit Between Cultures: Credit Between Cultures: Farmers, Financiers, and Misunderstanding in Africa. *Yale University Press, 2010.*

*Lean on Me: The Group Lending Structure*

Much of the informal money-sharing in East Africa is carried out in a group setting, reflecting "the communitarian African spirit" and a deep-rooted cultural theme of mutual reliability (Kinyanjui 2012, p. 35). In Ukambani, the history of *mwethiya* and *vyama* is a living example of how efficient and effective these group models are. In the literature, there are a variety of distinctions between group mechanics and structures. Below is a table that I have developed to explain the various group structures which operate in the local context of Makueni County.

**TABLE 2.4 INFORMAL GROUP LENDING STRUCTURES**

| **Classification in the literature** | **Local term** | **Mechanics** | **Average loan size*** |
|---|---|---|---|
| Rotating Savings and Credit Association (ROSCA) | "merry-go-round" or *chama* | Each member agrees to contribute a fixed amount at each meeting. The contributions are pooled and each member is loaned the entirety of the pool on a rotating schedule. | Ksh 150 per contribution |
| Accumulating Savings and Credit Association (ASCA) | "table banking" | Each member contributes a certain amount of money at each meeting. The money is pooled and accumulated at each meeting, and serves as a revolving fund. Members take short-or long-term loans as they repay previous loans at low-interest rates to build on the group's revolving fund. | Ksh 20 per contribution |
| Women's group (for monetary or other exchange) | *Mwethiya* | This term may be used for any women's group in Ukambani. | N/A |
| Any other self-help group that has not gathered for the purpose of monetary exchange | (referred to by group name) | Regular meetings (weekly, monthly, annually) for the purpose of knowledge exchange, advice sharing, skill building, entertainment/performance rehearsal, etc. | N/A |

*according to my sample in Makueni District, Makueni County.

ROSCAs are variably referred to as "merry-go-rounds" or *chama* in Kenya, though they exist across Sub-Saharan Africa under the name of *esusu* (Nigeria), *ikelembas* (Democratic Republic of the Congo), and others. This group structure is highly replicable. In Makueni County, often groups will have both merry-go-round and table banking activities occurring simultaneously. Note that while my interviews revealed that the most common table banking contribution was around Ksh20, Mary

Njeri Kinyanjui writes that the contributions typically range from Ksh 20 to Ksh 5,000 (2012:59). Nationally, loaning in Makueni District is among the most *micro-* when it comes to giving out microloans, meaning that *per capita* income is simply not as high as it is elsewhere in the country. In an interview with the UN Commissioner on the Coordination of Humanitarian Affairs, a couple of Kenyan women explain the mechanics and benefits, respectively, of a merry-go-round they both attend, "Numbers are written on small pieces of paper and folded and each member picks one; the number you get determines your position in the order of receiving the merry-go-round money," Awuor said. "Previously, supporting myself and my four children was really difficult; things like school fees, food and rent were hard to get but since I joined Msingi Bora, things are looking up," Josephine said.[36]

Recall the ethnographic scene from the Introduction (page 5) during which one woman is set to receive the "yes" ticket symbolizing her receipt of this month's group loan. In some groups, numbers are drawn such that the rotating schedule is arranged at the group's first meeting (i.e. the member who drew the #1 will receive the loan in the first cycle, then the member who received the #2, and so forth). These groups as a whole are variably referred to as "self-help groups" or "cooperatives" in the literature. All of these groups are highly diverse in composition and operation and range in size from about 5-8 people up to 200+ people. Some are externally motivated by development projects or government funding, while others are formed organically and in an *ad hoc* manner according to shared needs/interests. Leadership roles in these groups are at minimum: Chairman/Chairlady, Vice Chairman/Chairlady, Secretary, Treasurer, and Custodian (of the certificate, if the group is registered). Sometimes, groups have a separate position (e.g. "Discipline Master") dedicated to collecting fines if a member is late to meetings or late on repayment, though sometimes these responsibilities are simply folded into another position. These aspects of governance and group structure are what contribute to the group's movement either toward or away from formality, as we see it among formal lending institutions. These groups are sometimes gender-controlled, with women's groups being the most popular form in East Africa. East African women are highly active in informal banking activities than formal banking, and participate at significantly higher rates than their male counterparts (Rutherford et. al. 1999). While mixed gender groups are fairly common, men's groups are very rare, though in my interviews I did learn of a young men's

[36] Accessed April 14, 2014. http://www.irinnews.org/report/88795/kenya-merry-go-round-micro-finance-keeps-slum-residentsfed

Bible study group and a young men's brick-building group. Neither of these groups involved any contact with money, particularly as the brick-building group was presided over by a local adult male who controlled the group's shared bank account, was responsible for doling out profits, and interfaced with all of the customers. When I asked why men were less involved in money-centered groups, I was told, "Men think, 'every man for himself'" or "Men don't listen to each other." One male farmer simply said "You know how men are," and resisted explaining any further. Another male farmer was quite candid in saying, "My wife will get a bit of money and buy a cup of tea, but I will get a bit of money and go buy a cup of…the other stuff," by which he meant beer.

Recruiting a new member to a *mwethiya* is not simple. They are typically recommended by another member, which is ideally reconfirmed by another member. The members are not just required to *know* the other person, I was told, but must "*recommend* her" in the sense they he/she is asked to vouch for his/her character, reliability, and temperament.[37] These groups, I was told, were not necessarily a place where everyone knew everyone. They were about coming together on the premise of shared goals and interests, helping people to expand their social networks. This point became especially prominent when I started asking about the ways in which group sizes potentially fluctuate during times of risk and uncertainty. From my point-of-view, of course, it seemed logical that someone might detach or withdrawal from a group if he/she did not feel that they could serve with the same reliability. In Ukambani, however, the opposite is true. "We do not leave [a group] just because it is a rough season," one Kivani farmer told me. The integrity of the group structure was supremely important—and leaving a group, while it does occur, is a very rare and dramatic gesture. I was told that the members will maintain socially 'connected' with that person, though I understood that there is a certain amount of shaming implied in leaving a group due to financial insecurity. I did not hear of an occurrence in which a member was forced out of a group. In fact, while the member of one Mumbuni group was in jail, his wife began participating in the group in his stead.

While I was interviewing a couple of female farmers who are part of the KARI-McGill project at one of the women's homesteads, one of the women's husbands walked up and joined the conversation. Dressed in a suit and indicating that he was just back from Nairobi where he had been for several days on business, he cut in as I was asking about group involvement, saying, "These

[37] Apparently, it is important that a new member demonstrates his/her ability to be conflict-avoiding and congenial.

women never join anything that is productive." The women mentioned that they were set to go to a group meeting in 45 minutes. The husband went on, "At those meetings, they sit and drink chai. They don't think for tomorrow. Until I see something happening in this village, I will not believe in them." His wife sat quietly, while the other woman laughed hysterically while he spoke. She made eye contact with me and followed him, "You see, he's saying it, but he's never been there." He confirmed that he's never been part of any group. The woman who spoke had insisted on walking with me to this couple's home for an interview. Just moments before, when we sat outside her homestead, she had been proudly showing me two group certificates for which she serves as the Custodian. She also serves as President for those two groups.

In her work on group lending in India, Savita Shankar (2007) argues that group lending involves higher costs at the outset, due to group formation, training the borrowers on group lending, and more. In East Africa, by way of contrast, we see group lending incurring very few costs as a result of the strongly communal culture and historically embedded practices of mutual assistance.[38] Consistent with the localized presence of informal lending groups, informal groups' loan portfolios are usually very concentrated and very personalized. In a 2007 study, 79% of households were found to have had at least one member in a savings/credit group that was highly concentrated (over 70%) in low-income zones (Owen 2007). These findings are consistent with the findings in my research in Makueni County, where every household interviewed had at least one family member involved in a group. Most of the time, people were involved in at least several.

[38] Savita, S., 2007. Transaction costs in group microcredit in India. Management Decisions 45, 1331–1342.

# CHAPTER 3
## IMMEASURABLE GAINS: THE METAPHYSICS OF CREDIT AND DEBT IN MAKUENI DISTRICT

*Every social relationship entails a state of indebtedness*
*just as every state of indebtedness entails a social relationship.*
–Edmund Leach, *Social Anthropology*

Following Leach's insightful point in the epigraph, complex social life leaves individuals negotiating for resources within a broad field of obligations commensurate with the breadth and depth of ties defining their social networks. Social ties—ties of friendship, kinship, etc.—imply a level of commitment, responsibility, or obligation. If a friend is in need, we often feel compelled to act. If we ourselves are in need, we may feel compelled to call upon someone near to us. Because sociality always already implies a state of indebtedness, being in debt to another person opens up a potentially productive space for both actors. That is, both actors may deepen or otherwise alter their social connection through debt. In response to Leach's statement, this chapter explores the question: what is it that people are seeking *through* debt? Indebtedness can be understood as the moment, however long, where two parties are involved in a creditor-debtor relation. While entering moments of indebtedness may not involve a conscious decision to be in a state of debt per se, it does in fact reflect reasoning and rationality related to financial planning. For Kamba farmers, this engagement with debt implies a strategic planning process that aims to guarantee the welfare of one's household amid food security-related challenges.

Practically, debt brings to mind the most current discussions of global financial markets, national budgets, and local interpersonal exchange. In fact, the contemporary capitalist moment is dominated by globalizing forces that depend on debt as a source of potentiality. Even in its definitional characterization as a "lack" or a "need," debt represents a method for building wealth. On a conceptual level, debt also evokes ideas of forgiveness and prestations that are charged with moral value. Historically, the state of being in debt and the expectations imposed on the 'debtor' have played a central role in major events ranging from, say, battles fought over inequitable taxation to religious conversion that hinges on human indebtedness to the supernatural. In the words of David Graeber (2011:8), "If one looks at the history of debt, then what one discovers first of all is profound moral confusion."

The debtor, in a sense, is often characterized as the victim—a potential equal to the creditor who, due to *indebtedness*, is suspended in a state of inferiority. For every debtor, however, there is a creditor (from the Latin term *credere* meaning "I trust") and money lenders have also been morally confounded in history as "evil," money-hungry debt collectors who feel a sense of betrayal if a debt goes unfulfilled (Graeber 2011:9). In the anthropological literature prior to Peebles's (2010) excellent account of the productivity of debt, credit was often characterized as "beneficial and liberating" (e.g. Truit 2007; Zelizer 1994) while debt was considered to be "imprisoning" and destructive for the debtor (e.g. Howe 1998; Taussig 1987). The Maussian celebration of debt as a force for group solidarity, however, remains quite prominent in any discussion of reciprocity or exchange (Mauss 1954). Bearing this in mind, because credit and debt relations can be understood in both moral and material terms, what is the distinguishing factor between credit and debt?

In this chapter, I follow the work of Peebles (2010), for whom credit and debt are an inalienable, relational unit (i.e. in lieu of a Foucauldian hyphenated term he refers to them as "credit/debt"). My interest is in the precise moment of indebtedness where creditor and debtor are engaged in a relationship that is active and open, thus creating the potential for new ways of connecting. My analysis challenges the aforementioned archetypes of 'creditor' and 'debtor' by using ethnographic evidence to demonstrate how both creditors and debtors can benefit from a debt situation in ways that extend beyond monetary gains. That is, avoiding any moralizing statement, informal group lending practices subvert the idea that credit/debt relations are defined by an asymmetry tipped in favor of the creditor. In fact, because most Kamba farmers are involved in multiple groups at once, they are often in moments of indebtedness that involve being both a creditor for one person and a debtor to another person simultaneously. For smallholders, what I call "layering" moments of indebtedness (i.e. involving oneself in multiple creditor-debtor relationships) is a method for strengthening one's overall livelihood strategy. A farmer may extend his/her social relation with another *through debt* such that said farmer expands his/her realm of access to material and non-material resources. Central to this chapter are the social, material, and temporal aspects of debt and the issue of how entering moments of indebtedness outside of formal institutions allows actors to access credit more reliably and with lower risk.

*Debt as Plenitude: A Case Study of the Eetu Akitondo Women's Group*

As I strolled down the familiar, dusty sidewalks of Wote town, I casually made my way to a meeting of the Eetu Akitondo women's group meeting that was being held on the opposite edge of town from where I was living in Nthangu. I had been attending the group, strictly as an observer, on a weekly basis since I arrived in town several weeks prior. As I walked through the downtown corridor, a friend of mine saw me and come over to say hello. I knew her to attend the women's group meetings regularly, as well. After hurriedly offering all of the normal pleasantries, she indicated that she was going to leave me so as to make it to the meeting on time, "I don't want to be fined, so I must hurry!" I followed her with a similarly quick pace. As I entered the Makueni Hospital grounds where the meeting was to be held, I weaved through the rows of women and children who were waiting at the Maternal Health Department. Apart from the doctor's offices themselves and the intensive care unit, the hospital was an open-air complex. The sun was soon to set, as it usually did during the course of the meetings, and the open air in the hospital was teeming with insects.

That the women deal in rather large sums of money and their meetings were held outdoors on the hospital grounds meant that they had to be as discrete as possible when it came to where they meet and how they exchanged the money. Thus, I walked up to the group who was assembled comfortably in their usual spot: the benches outside the waiting area for the Physiology Department, far to the back of the hospital grounds. I found a seat just before the top of the hour, as the meeting began promptly at 5pm with an opening prayer from the Chairlady. She then took attendance. The group has 16 members, which meant that one member was noticeably absent. The secretary was told to record a fine for this member in the group's record book—fines of Ksh20 (USD $0.23) were assigned to late-comers as a discipline measure, or as one member said, "so that it remains serious." The meeting proceeded with the normal collection of contributions. Each week, each member contributes Ksh 150 (USD $1.75). The secretary called each member by name and asked how much money they had to give—this includes not only the standard contribution, but also fines and interest on a loan if applicable. The money was given to the treasurer, who organized each contribution into Ksh 1,000 bundles by folding one bill horizontally around others arranged vertically. She counted the bundles rhythmically after every two or three contributions. I noticed that the record book had grid lines that were penciled in by the secretary—this is the table where all cash flows were recorded (see below for the documentation style). The group was very silent during the meeting itself and only the officers were seen mumbling under their breath as they verified flows of money into and out of the group 'pot.' After the round of contributions, it was time to read aloud the loans that were given out to members last month. The secretary called out those recipients and the treasurer collected repayments. The group is divided up into sub-groups that are given loans on a monthly basis in succession (i.e. Group A receives loans in January, Group B receives loans in February, and so forth). If members cannot repay their loans in full after one month, then they are asked to pay the loan back in increments (10% minimum) on a weekly basis. There is no maximum or minimum size for the loans that are given out in this group. When asked why, a member told me, "It depends on your pocket," meaning that it depends on the particular needs of the member. After the recipients had made payments on their loans, "fresh loans" (new loans for the month) were given out according to demonstrated (voiced) need. Regardless of the size of the loan, these loans all carried a 10% interest rate that the group actually held back as an insurance measure (e.g. if someone asked for Ksh20,000 loan, they were given Ksh18,000 to account for the Ksh2,000 worth of interest). The secretary and/or treasurer did all of the calculations using long division in the group's record book, sometimes enlisting the assistance of her mobile phone's calculator function. After the "fresh loans" are doled out, then the floor is opened up for members to express other relatively minor financial needs to which the group may be able to contribute. At this particular meeting, a group member explained that her daughter was graduating and she wanted to buy her a really nice gift. Each person agreed to contribute Ksh100-200 to her, without expecting any kind of return (though I later found out that they were all invited to this group member's house for a graduation party). As the meeting winds down and people begin to chatter about work and family again, one member leans over to me and says, "You see how rich women are, Carly? This is a bankload." The group members' contributions and loan repayments for that week totaled a whopping Ksh 220, 251.

| | |
|---|---|
| ***Phylles*** | **5000 – 4,500 – 500 – 4,000** |
| ***Dorothy*** | **10,000 – 9,000** |

*Table 3.1* – This figure shows exactly how loans and repayments were recorded in this group's record book. One reads the entry as follows: "Phylles received an original loan (taken one month prior to the current meeting) of Ksh 5,000 ; she received Ksh 4,500 (save her 10% interest); she paid Ksh 500 (representing 10 % of her loan) this week; and Ksh 4,000 is the amount still owed to the group." The second entry reads as follows: "Dorothy requested an original loan of Ksh 10,000; she received 9,000 today (with the group retaining the Ksh 1,000 worth of interest)." It was explained to me that keeping the interest back from the loan recipient was a way of keeping more money in circulation for the benefit of group members who were next to receive loans.

Eetu Akitondo is comprised of women who are linked both by their clan (whether they married into it or were born into it), as well their employment at the hospital. Most of them, though not all, are salaried workers at the hospital, and live nearby Wote. I present this case study first to show how an average group meeting plays out. Meetings vary in terms of formality, though every *chama* meeting I attended involved a serious tone of respect among members with regard to the leaders. It is worth making a point that no matter how broad the spectrum may be for formality (i.e. in terms of registration with the government, governance structures, and more), *chama* members always demonstrate a serious, respectful commitment to each other and to the leaders. Secondly, this case study offers a snapshot showing various social commitments at play. Most importantly for this study, the members are shown to be involved in both sides of the creditor-debtor relationship. One may enter the meeting a creditor (i.e. submitting a contribution), and within the course of the hour-long meeting, leave a debtor (i.e. taking a "fresh loan"). The women are also related through kinship, residential proximity, and employment. Their association with this group is a point of pride and spans far beyond the scope of their weekly meetings. I know several of them to be involved in the same political engagements (e.g. canvassing). They attend local weddings, funerals, and other events as a unit, showcasing their association by sporting matching uniforms (usually a monochrome blazer and matching mid-calf length skirt). These myriad social connections, whether *sui generis* or by-product of their participation in the group, add value to the members' lives and enhance social cohesion. Interpreting debt as plenitude means understanding how credit/debt relations deepen social connections and allow people to connect in productive ways. Members of this group participated in the Financial Transactions Diaries activity (see Appendix B), and it is clear from their diaries that they are not very active in creditor-debtor situations outside of the Eetu Akitondo group. This stands in contrast to the farmers I interviewed, who were involved in quite a few creditor-debtor relations through groups and interpersonal loans. The Eetu Akitondo women are salaried workers who live close to the city, and they told me that they don't have time to participate in very many *vyama,* meaning they depend very heavily on the Eetu Akitondo group to meet their credit needs. The rural agrarian context—more so than a relatively urban context—clearly lends itself more to high amounts of group lending activity, confirming what many researchers have found to be a stronger co-dependency between people in rural areas (Berry 1993; Platteau 2000). At the same time, the salaried workers of Eetu Akitondo rely heavily on the group precisely because they are not involved in many others.

### The Social Constitution of Credit and Debt

Because debt is by nature a relational concept, we can ask what implications it has for sociality. The women described above are the interconnected in many ways outside of the realm of this group, not only because they are of the same clan, but because many of them are salaried workers at the hospital and live near each other in Wote. The interrelated nature of the group makes for lively conversations before and after meetings—during meetings, there was an air of discipline and decorum that required all members except for the Chairlady, Secretary, and Treasurer to remain quiet. These groups are one forum for social connectedness, while Kamba farmers seem to layer their participation in many groups and thereby weave their lives together in a tapestry of interpersonal commitments. Debt implies a logic which "induces a deferred exchange or intervals of time that reorganize such relations through the multiplication of possibilities" (Roitman 2003:213). Rather than an immediate exchange (e.g. purchasing goods), debt relations indicate a deferment in the exchange of money. Peebles (2010) explains how debt links actors' past, present, and future together in a single social tie. That is to say that extending a relationship through debt gives both parties the opportunity to explore different ways of interacting. Graeber (2011) explains this differently by showing how "within that overhanging prospect of potential cancellation, of ultimate equivalence, we find endless variations, endless games one can play" (Graeber 2011:108). In Ukambani, farmers join groups for a variety of reasons, but the indebtedness implied by the social setting of each group entangles actors in webs of obligation and entrustment which I argue contributes meaningfully to their livelihood. Social relatedness is extended, in a sense, through unpaid debt, and the farmers seem to profit from layering multiple engagements of indebtedness across space and time. Indebtedness links the present and future in a way such that processes of trust, loyalty, and solidarity can flourish if both actors fulfill their respective duties. Rephrasing Nietzche, Sarthou-Lajus (1997:2) asserts: "The debt regime renews our understanding of social relations insofar as it brings forth the structure of dependence that underpins such relations." More bluntly, Shipton (2007) explains the powerful undertones of what he calls "chronic indebtedness" among the Luo in the Mara region of Western Kenya, "For some of the debts that never go away are the very fibers that hold society together and give it form and flavor to those who live in it" (8). In her book *The Cultural Politics of Markets: Economic Liberalization and Social Change,* Rankin asserts that in her fieldsite in Nepal, credit relationships among the poor and lower middle class are almost always built around family or friends. They are built "entirely on trust, with no collateral taken, no interest charged, and no contracts written. The logic is that default results in loss of supply, since it takes a long time to build new relationships" (2004:111). Institutions, in some sense, cannot act interpersonally and place obligations on someone the way that social ties with a peer might. Institutions have the ability to cut off ties with someone and relive both parties of any obligation to one another, whereas social life in Ukambani does not involve that luxury. Therefore, there is not much that binds a debtor to a lending institution outside of some form of coercion. When debt occurs through social relations that are already at play, it is grounded in forms of obligation that often go unnoticed (e.g. family ties) and yet serve to keep people bound to one another.

Because debt relations are intensely personal in Ukambani, people are acutely aware of the problems that their peers are facing and know how to react accordingly. In Ngtini Village, nestled into the hills of Kivani, I spoke with farmers who were involved in groups that were cleverly titled to reflect their aims of mutual assistance, such as Mbitike Ngwitike ("Call me, I'll respond") and Kanini Kaseo ("Small, but good"). In Mumbuni, I found groups called Koma Wisi ("Sleep satisfied"), Umoja Group ("Unity group"), and more. The reasons for joining these groups were varied, but centered on a theme of helping one another. One informant claimed, "When you're in a group, you guarantee each other." To be sure, much of the language used to describe one's participation in a group also revolved around a sense of obligation. It is clear that participating in these groups on a voluntary basis results in certain benefits, but sometimes membership comes in the form of an obligation which is either burdensome or unwarranted. This deserves further research because it did not appear very often in my interviews with farmers, apart from a couple of times—once, when a farmer expressed her involvement in a 200+ member group for the entire village, saying that she felt "obliged" to participate since she lived in the village. The other time was when I spoke to a woman who had married into a particular family in Mumbuni. She explained how she felt obliged to be part of the Mbaa Kilumbi group (comprised of all female members of the Kilumbi family) that practiced a monthly merry-go-round, whether she wanted to or not. One man received assistance from a village group, Kaseve Self-Help Group, which is an *ad hoc* group in Kaseve Village of Mumbuni. This group assembles and pools funds only when a community member needs help paying a bride price. This man said that he feels a general sense of obligation to participate in this group in the future because of the assistance he received when his son was married the year prior (see Appendix A, Image 1.9).

It is clear from these ethnographic snippets that the spectrum of motivations and desire that lead people to join groups is not always strictly money-related nor are they necessarily rooted in need. The group structure I describe in this research is a model, the rotating and cooperative mechanics of which are highly replicable. For this reason, it is difficult to give a full description of the motivations farmers have for joining them, but suffice it to note that joining the groups is always a conscious decision. There is a clear rationality for the decisions people make to join new groups, and the vetting processes to be accepted into groups are extensive. According to my research, the decisions to join a group were always deliberate in nature—reflecting processes of reasoned decision-making, perceiving and evaluating uncertainty, and planning—but they were not necessarily about money. That is to say that some people told me they were driven to learn a new skill (e.g. literacy, basket-weaving, rope-making), some were interested in collective marketing (e.g. grafting mango trees and selling them to neighbors), some were interested in Christian fellowship, and more. Some of the motivations people felt were obligations to family, to clan, or to the village. This means that every member is not already a part of every other member's social network before they join the group, but rather, sometimes the group can be a method for deepening, extending, and developing social ties. I spoke to one woman who said that she married into her husband's family, meaning that she was expected to participate in the monthly merry-go-round that the women in his family had. Not only did her husband consider it a part of her wifely duties to participate in this group as a way of supporting the family, but it was also a way of fulfilling the expectations for any adult woman in her husband's extended family. Another farmer mentioned to me that, as a village dweller, she felt obligated to attend the village merry-go-round meetings that usually lasted several hours and in which there was about 200 members. The choice not to attend is a visible one, and one that yields a certain amount of suspicion from others. Therefore, it is important to highlight here the fact that, of course, not all social relations are positive and not all motivations are necessarily derived from individual preferences. Sometimes, an individual's decision to join a new group is driven by others' desires and expectations, though this does not seem to affect the productivity of the debt relations one enters as a result.

Besley, Coate and Loury (1994) explain that credit and savings groups tend to have low default rates because they make use of preexisting social connections between individuals. Mary Kay Gugerty (2007) explains the importance of 'commitment' in her analysis of informal merry-go-round groups in Western Kenya. The social setting of these groups is a source of their strength when it comes to accountability and enforcement. This is because social sanctions are a particularly compelling incentive for repayment in the rural Kenyan context where “kinship relations regulate access to many resources” (Berry 1993; Platteau 2000). Most importantly, the social networking aspects that are inherent to these groups’ governance structures, recruitment strategies, and mechanics, are not only beneficial in terms of building cohesion but also in that they are integral to the group’s practical financial goals.

> The group plays a role in reducing the cost of gathering information about the borrower, but its more important role is in motivating repayments through shared liability for default. Lenders can shift some of the loan processing and loan approval tasks onto groups because the groups have better access to information on the character and creditworthiness of potential borrowers. (Rhyne and Otero 1992: 1564)

More simply, the above quotation could be summarized by the insistence of one Kamba farmer I spoke to, who said that “when you’re in a group, you guarantee each other.” Gugerty’s 2007 article “You Can’t Save Alone,” shows how the merry-go-round demands that one make a public commitment to saving one’s money, but also entails a self-commitment to upholding one’s reputation within a group setting. In some instances, farmers’ involvement in a merry-go-round enhanced their social status because such a public commitment implied financial discipline, leadership, etc. In her book *No Condition is Permanent,* Sara S. Berry (1993) explores the ways in which social networks are a tool for rural development, “For example, by investing in schooling or apprenticeships for their children, farmers demonstrate their willingness and ability to provide for their dependents' future success. By doing so, they also strengthen their own claims to seniority and prestige (82). The titular “you can’t save alone” comes directly out of interviews with participants in women’s merry-go-round groups where most people admitted to joining because it was easier to be diligent about one’s finances in a group setting.

*Duration*

Peebles (2010: 227) rephrases Anderlini & Sabourian’s (1992) comment on the temporal aspect of debt by saying that “credit/debt can be seen as a method devised for a debtor to borrow speculative resources from his/her own future and transform them into concrete resources to be used in the present.” Jane Guyer puts it this way, “Modern documents about transactions give a different illusion, namely, that time is intrinsic and valued in uniform increments, whereas the contexts of transactions are assumed to be neutral and unchanging. Africa could hardly afford to be convinced of this latter view of the world" (2004:163). Time is an important aspect of contractual engagements with banking institutions, as engagements are punctuated by interest payments. Time is also important in people's day-to-day informal engagements with money, whether they occur on a seasonal or an irregular basis. Graeber (2011) notes the difference between the 'will' and the 'would' of participating in a transaction based on reciprocity, which stands tangential to the concept of debt. However, note the striking difference between the assumption that someone *will* necessarily do the same for you and the hope that they *would,* under similar conditions, act in a way congruent with and/or equivalent to the way you did (100). The shift from the future to the conditional tense abstracts the obligation from a linear timeline to a plane of conditionality, where the actor might reciprocate only if faced with similar circumstances. In an exchange, the reciprocity may happen instantly (though Claude Lévi-Strauss (1965), Marshall Sahlins (1965) and others have importantly challenged this); in a debt relation, one is likely to repay under the condition that he/she enters the financial standing in which to do so. The shift is from an expectative to a circumstantial outcome. How flexible the repayment schedule is, I argue, depends on a kind of "social calculus" that relies on informal calculations of social distance and intimacy (Shipton 2007). Perhaps if a person is closer to you, he/she is more likely to lend, but that does not mean you are necessarily anymore likely to repay urgently. This flexibility in duration is part of what makes informal group lending such a replicable, strong model for banking in rural areas where people are generally more dependent on kith and kin relations. In Ukambani, there is a very broad understanding of reciprocity. People act in such a way that incurring debt serves as a kind of insurance policy against future shocks, whether these shocks are known or unknown. Merry-go-rounds place debt obligations in the "will repay" category, since the loans are given out on a rotating schedule. Other interpersonal loans, however, often fall into the "would repay under similar conditions" category. In both of these situations of indebtedness, however, the temporal element plays an important role by securing the creditor against a loss.

For women in Ukambani, the discussion was always the same. If they expected to receive a loan as part of a *mwethiya,* they had plans as to exactly how they wanted to use it. Often times this included the purchase of new minor assets for the household, such as pots and pans or plastic chairs.[39] One woman said that her immediate goal was to renovate her elderly mother's home with her next loan. Other times, women had longer term plans of using the loans to pay their children's school fees or purchasing an investment item such as a dairy cow. According to the neoliberal framework put forth by Hernando de Soto and others, the plans these women have are hardly considered to be the kind of "investments" that are appropriate for poverty alleviation. In the neoliberal orthodoxy that has supplanted many state-driven development efforts (including Kenya's), actors are encouraged to liquidate their assets and gain immediate returns that they can then invest in their small businesses (de Soto 1993). This is the methodology that brought microfinance to global acclaim in the 1990s, because it helps the poor release their "hidden" wealth. Contrary to de Soto's arguments about liquefying assets, however, it is clear that smallholders in rural Kenya sometimes prefer to hold illiquid savings and that doing so generates profit in other ways. Mobilizing one's savings is not always the most immediate or appropriate response when one has urgent credit needs. For example, the following chapter discusses the value of in-kind loans that help actors circumvent risks of stealing. In the previous chapter, Jackson indicated that these groups "need people who can wait." There is something rich and productive about the way debt projects a relationship into the future. Jackson will not receive his loan from the group *Wendano Wa Kithoni* Self-Help Group for four (4) years, but he enjoys attending the meetings and being part of the group because he deepens his relationships. More than that, the group (involving members across multiple churches in the village) is his way of serving the church and displaying a sense of leadership, which he considers very valuable.

Returning to Gugerty's privileging of 'commitment' in the informal sector, these groups help actors make a public display of *how* one decides to handle his/her finances, but these groups also make public the decision of *when* one decides to borrow or save (Shipton 2007:14). The decision of *when* and *for how long* one commits to carrying a debt comprises a strategy of financial management for farmers whose financial lives are often seasonally dependent. With compelling ethnographic evidence, Gugerty (2007) concludes that the savings aspects of savings and credit groups are most appealing to farmers who have time-inconsistent (i.e. not synchronized with time such as weekly or monthly, but in this case, seasonally) preferences.

[39] Plastic chairs are considered a very valuable yet practical item, since they can be offered to guests, used when working outside, or lent for larger community functions which are held outdoors.

> A key feature of all ROSCAs is that they render savings illiquid. Individuals may want to hold illiquid savings for several reasons: to render savings less vulnerable to theft or loss, to protect savings from the demands of households or kin, or to protect savings from personal consumption splurges on the part of oneself or one's family. Indeed, one reason that ROSCAs remain so popular may be that they simultaneously accomplish all of these goals (Gugerty 2007:262).

Recall that ROSCAs is the acronym for "rotating savings and credit associations" that are synonymous with "merry-go-rounds." In Ukambani, the highly prioritized debts usually involve long-term benefits rather than immediate monetary returns, such as school fee payments. It appears that farmers who are involved in informal credit and savings groups (mainly women) tend to spend their microloans on household assets and school fees as a priority. Refer to the opening scene in the Introduction, where a woman receives a group loan and decides to save it so she can pay her son's school fees. Gugerty's findings are consistent with these trends in Ukambani insofar as the most popular usage for informal microloans were (in order of frequency) household assets (e.g. pots and pans, cups), food, and school fees (Gugerty 2007:277). These kinds of priorities demonstrate the web of obligations in which people are involved in these rural settings. An obligation to education is a gesture which in some sense "makes good" with a community, such as that of Makueni where education is highly valued. It is clear that sometimes this type of obligation to the community eclipses an obligation to, say, invest in one's small business or farm. Shipton (2007) discusses this in relation to formal microloans, saying, "People living in the shadow of debts like these cannot be expected to consider impersonal debts to state cooperatives or banks their highest personal priorities" (14). These overlapping sets of obligations might at first glance appear to be burdensome, but the following chapter focuses on how informal forms of material and non-material credit actually place people in "networks of indebtedness" which seem to expand their capacity to react to external shocks (Leach 1982).

*Fear*

One concept that became a constant feature in my discussions with farmers is fear. While the need for financial assistance is evident, farmers consistently expressed suspicion as it relates to taking loans from formal financial institutions (e.g. commercial banks, microfinance institutions). That is, the farmers I came into contact with often used the word "fear" to discuss both disaffection with banking institutions and the concern that defaulting on a loan would result in material dispossession. However, this pervasive fear of non-repayment seems unreasonable when one considers the near-100% repayment rate that characterizes the informal credit/savings activity in which these smallholders are involved. As such, I interrogate the concept of *fear*—how it is produced, how it is industriously circulated and/or personally experienced, and how it functions to promote certain habits.

Most of the conversations in which a sentiment of fear or distrust arose were driven by questions surrounding loans from formal institutions. Commonly, farmers would indicate that peers of theirs had taken loans and were not able to repay them in full, therefore resulting in someone from the bank or microfinance institution coming onto their land and taking one of their major assets. Often, this was in the form of farm equipment, but some of the more dramatic stories involved taking iron sheets directly off of the roof of someone's home or actually evicting someone off of their land. One person even said that a neighbor had her front door taken off the hinges and hauled away as a result of defaulting. Most of the time, these stories revolved around women who took loans independently of their husbands through one of the microfinance institutions that targeted women (e.g. KWFT). When asked what circumstances caused the woman to default, many people were unsure but often indicated that she somehow got ahead of herself by not telling her husband and probably lacked "a plan" for the money. This stands in contrast to the conversations I had with women about money in which every woman had shorter-term and longer-term plans in mind for the next loan she was set to receive from one of her groups. Both women and men relayed these stories of defaulting to me and while each story was different, the basic elements were always similar and the women remained anonymized or unknown, causing me to suspect that the stories were not all based in truth.

While fear was repeated during my interviews, it seemed that 'fear' itself was used as a blanket term to categorize disaffection on several fronts. First, as mentioned, fear seems to refer to a general disenchantment with the institutional constraints of formal banking. This can involve a sense of distrust, intimidation, a lack of belonging or entitlement in the formal sector space, or exasperation with the associated transaction costs of formal banking. Sometimes, 'fear' can manifest itself more along aesthetic or affective lines where people simply feel disinclined to go to banks because they are not inspired by them, emotionally interested in them, or drawn to them in any way. More than that, 'fear' appears to be underlined by a sense of doubt as it relates to farmers' ability to repay. Offering a major asset for collateral on a loan places the asset(s) in a tenuous, intermediate state of ownership between the lender and the debtor. Farmers were very uncomfortable with this, assuming that there was a high probability that they would not be able to properly repay the debt on time.

*Trust*

Even with the farmers' protestations of fear in mind, the way I interpret farmers' doubt as it relates their ability to repay has nothing to do with reliability. Considering the incredibly low default rates in the informal sector, it would be an analytical mistake to assume that repayment in the formal sector speaks directly to one's character or trustworthiness. Instead, I would argue that the loans offered in the formal sector come with repayment schedules that are much less flexible than those in the informal sector. Moreover, these loans are generally larger sums of money than these farmers need or are used to managing. This makes one's capacity to repay appear very limited. Several microfinance institutions actually measure one's "ability to repay" during the loan application period, and they do so using a single metric: household income. For smallholder farmers, the levels of income are always relatively low and they are therefore categorized as less reliable than other higher income populations. I would argue that because farmers enter credit/debt relations based on material and non-material wealth, their income cannot always be measured through cash. Chapter 4 covers this in more detail.

It is clear that farmers do not prefer to put forth their major assets when applying for loans, because it throws their ownership of said assets into doubt. In my conversation with the AFC Manager, he expressed that collateral was seen as a "threat" by farmers in Makueni County. With the threat of collateral and doubts of repayment looming over farmers, I began to interrogate the intimacy with which people experienced these issues. In Ukambani, the confiscation of a major piece of one's property is a very public gesture that carries immense amounts of shame and guilt. When shame is incurred by a woman, however, it is perhaps even more devastating to her reputation than it would be to that of a man because women are not traditionally in control of their own money. The previous chapter discussed women and men's perceived control over income flows. Husbands reported consulting their wives as to how to spend the money, but the husbands also generally admitted to having more immediate access to cash-on-demand (that which results from farm income) than the wife has. For this reason, women found comfort in being able to attend merry-go-round and other groups to access cash when they needed it. As a whole, men seemed to support women's involvement in these groups because they saw that the wives were benefiting socially and were able to contribute to the well-being of the household. They were also considered very useful outlets for emergency credit needs.

When someone reports that they are fearful of formal loans, we can assume there is almost always a layer of doubt related to non-repayment involved. Here, I want to return to the historically-informed fear of dispossession and confiscation in Kamba social life. This is in part because dispossession is clearly at the heart of the 'fear' these farmers have expressed, but also because it relates to what I suggest is a more salient cultural theme: trust. Following Keith Hart, my research demonstrates that trust is not the same as reliance. Similar to Hart's (2000) definition, I argue that trust implies a reliance on another person such that risk is mitigated. Trust potentially involves assured reliance, confidence, and/or faith. In my interviews with farmers, there was certainly evidence of mistrust when it came to formal loans. I would argue that this increases risk because the debt relationship the farmer has with the banking institution is not rooted in other social commitments, leaving the farmer either less compelled to comply or intimidated by the power dynamic set-up between an impersonal, formal institutional creditor and an individual debtor. Over cups of steaming chai one afternoon, a neighbor in Nthangu once explained her experiences with credit to me. She claimed that banks were synonymous with "corruption" and all of the transaction costs associated with bank loans make it feel as though "you're just working for the bank." One other farmer expressed that he would never go to Equity Bank because it was a "Kikuyu bank"[40] (meaning that it was founded at the time of Mwai Kibaki, a Kikuyu, who was President of Kenya).

In my interviews with farmers, it was clear that deciphering what is a rumor and what reflects an actual experience with these issues requires extensive probing. Following psychoanalyst Heinz Kohut, anthropologist Clifford Geertz developed a way of scaling experience according to one's "distance" from an experience. From Geertz's point of view, "experience is both *of* something (an

[40] Equity Bank was actually incorporated in 1984, at which time Daniel Arap Moi, a Kalenjin, was the President of Kenya. During Mwai Kibaki's term as President, however, he famously led Kenya through the global financial crisis and reoriented the government's financial sector toward national development objectives in response to his reduction of multilateral aid. As of October 2010, Equity Bank had the largest customer base of any commercial bank in Kenya. Equity Bank greatly expanded its client base and general prominence when Kibaki was in office from 2002-2013. This also means that many banks in Kenya, effectively, are dominated by Kikuyus.

intrusion from the external world) and *in* something (an internalization by reflection)" (Geertz 1974). The anthropological project, therefore, is "experience-distant" in which the anthropologist tries to describe the native's first-hand experience using a conceptual framework. I have unpacked the concept of fear as it was described to me and reinterpreted it within an 'experience-distant' framework. For the farmers themselves, however, there is no element of abstraction about the experiences of confiscation faced by their peers. The farmers who expressed fear were serious and intentional about their preference to avoid the formal sector, and thus there was a sense that fear was rooted in lived experience, even if the dispossession happened to the interviewee's neighbor and not to the interviewee. Examining the gendered aspects of dispossession is important in Ukambani, where these groups represent relatively more accessible, more comfortable, and more cost-effective places for women to access money used to buy small household assets and non-farm/luxury food items. While women may not have the same social obligations to a formal institution that they would have towards a peer, being dispossessed by an institution carries the same weight of public shaming that we see in the informal sector. Because women typically do not possess large sums of money, defaulting on a loan results in intense cynicism by men and sometimes women. The stories of dispossession which were used to exemplify why farmers "feared" bank loans almost always involved a woman not telling her husband she had taken a loan, and defaulting because she "didn't have a plan" to repay or "had problems" and could not repay. While most individual loans that a woman might take from an institution require a husband's signature, the women in the stories were taking loans from microfinance institutions through shareholder groups (refer to Chapter 2, footnote #19). The idea of planning is often mentioned in these groups, and the decision to join a money-sharing group signals to the public that he or she has decided to organize himself or herself financially. Sara S. Berry (1993) echoes Kenyan Sociologist Enos Njeru (1978) to explain that these groups provide a channel for people to negotiate local resources but also to publicly display themselves as financially capable people, "People have different motives for contributing in *harambee* (fundraiser) meetings, including dramatization of one's social status" (Njeru, 1978:34). It follows, then, that men fear bank loans because they, too, do not want to risk the shaming and loss of status that comes along with dispossession. Formal and informal loans represent a very high-risk game, though participating in the informal sector is a way of making more inroads toward establishing oneself as a leader and as financially viable. It is difficult to draw a conclusion based on the motif of 'fear', but what remains evident is that expressing fear of the formal sector creates a distance between farmers and the formal banking sector such that informal banking is by far the social norm.

**Understanding the Metaphysics of Credit and Debt: Implications**

It seems not that loans from banks, cooperatives, and other institutions go unpaid because the Kamba are unfamiliar with credit but that the institutions themselves are less familiar with the way that the Kamba understand credit. Cooperation with peers is in fact higher on their order of priorities than cooperation with an institution. Credit and debt relations are mediated by discipline and trust that are not only culturally relevant but also by-products of people's lived experiences with the market. As Guyer (2004:4) explains, "[The groups] are simply disciplined through popular conventions rather than formal regulation, constructed through market experience rather than articulated models." This does not necessarily mean, however, that all decisions to enter moments of indebtedness in a group setting are driven by profit. In this chapter, I chose to focus on what informal debt relations imply about sociality and time. In some sense, there is a gap between the close social proximity between peers, which these groups capitalize upon, and the distance one has to money within these group structures (i.e. if the group 'pot' is lent out to one member, every other member is not in "close" proximity to the group's wealth at that time). Filling the gap, I argue, is the way that these groups offer members a metaphysical proximity to money through webs of extended social relations. If a Person X's money is being lent out to Person Y through a group loan, it may first appear that Person X is at a loss during that loan cycle. I argue that, conversely, when a person sacrifices some of their own money to the group, he/she *gains* by having access to the resources of every group member. Should the farmer need to fetch wood that week, he/she can call on someone in the group, since they are now connected through credit/debt relations. Should the farmer need someone to help watch their children, he/she can call upon a member from the group. And indeed, ethnographically, it is clear that this happens all the time. The informal system of credit/debt supports farmers by broadening their landscape of resources.

For farmers in Makueni, collateral is considered a "threat" that involves too high of a risk, with very real material consequences. When asked about why they avoid formal loans, smallholders immediately jump to the consequences of non-repayment or defaulting altogether. This shift from the thought of taking a loan to the near-expectation that a loan may not be repaid seems odd since these same smallholders are very active in informal networks of lending and repayment (where defaulting is low). Because most informal lending is carried out through abstract accountability measures that place a demand on someone's reputation among friends, defaulting is much less likely to occur—who wants to lose face in front of friends? The reputational collateral is much harder to quantify in this way, and yet the parties involved precisely understand the moral and financial value of saving face. Losing face among friends is incentivizing in its own right, and does incite a certain "fear" among people that leads them to repay. The threat of social sanctions in the informal sector, however, was never explicitly characterized using the word 'fear' the way that defaulting in the formal sector was.

The social constitution of debt, implying some endurance through time, demonstrates how rather than being a "disturbance," debt can serve as a connector (Roitman 2003). Erving Goffman (1959) also used the word "disturbance" when describing people's everyday efforts to maintain a performance of basic etiquette in front of one another to avoid rupturing social solidarity. Goffman explains that an individual presents him/herself before observers in a way that represents the values of the community. In a social setting such as a *chama* meeting, collusion occurs among group members in order to carry out the theatrics of credit/debt relations. Members look to save face with other community members, so they present themselves as committed, sound agents of their family's finances. Kenyans pool risk as a collective because they truly believe that depending on others for finance is much less risky than managing finances alone. This is contrary, of course, to the neoliberal mode of thought that privatizes finance and ensures that money remains in the realm of what's private. Making a commitment to manage one's finances through a merry-go-round is a public gesture that demonstrates discipline, diligence, and trustworthiness. Returning to Goffman's seminal piece on the presentation of the self, it seems as though—in a very basic way—joining a *chama* is a public expression that one is committed to the shared community value of leading a better life. Instead of being privately managed and accumulated, money is suspended throughout the course of the group's loan rotation schedule. Talking to a Kamba friend who is involved in several groups, I asked him if accumulating more personal wealth was a primary incentive to join groups. He replied, "No, all money is ours."

# CHAPTER 4
## FLOWS OF MATERIAL AND NON-MATERIAL TECHNOLOGIES: CREDIT FORMS IN THE SMALLHOLDER LIVELIHOOD SYSTEM

*"Whether an entrustment or transfer is returnable in-kind or in radically different form – be it economic, political, symbolic, or a mixture of these – is a matter of cultural context and strategy."* –Parker Shipton*, The Nature of Entrustment*

In many ways, the body of questions that sparked this research is fundamentally economic but not necessarily about money (to the exclusion of all other value-bearing media). Interviews with farmers revealed that money was not always the single best metric with which to measure motivations, decision-making, perceptions of value, and more. Moreover, farmers seem to involve themselves in groups for a variety of reasons that are not always directly related to wealth accumulation or credit seeking. During interviews and other daily experiences in the field, farmers often narrated their experiences with credit by discussing a variety of value-bearing media. This chapter reviews the various forms of credit that people exchange within group settings, and how the convertability of credit through material and non-material forms makes it a source of stability in people's lives. Because *mwethiya* and *vyama* are historically anchored by resource-sharing practices that precede the monetized economy, they transcend notions of cash as the only value-bearing medium and promote lending activities that incorporate a variety of media. Drawing on ethnographic evidence, I group the credit forms into four major categories of capital flows: cash, materials, time/labor, and knowledge. In my analysis, I explore the sources of credit, the pathways and channels through which these media flow, and the various components and actors that sustain the informal credit and debt system at-large. Because farmers layer their activity (being simultaneously involved in moments of indebtedness across various media), they maintain many 'open' relationships and broaden their resource base for times of need. 'Open' relationships refer to those involving a debt relation that extends the social relation, often indefinitely, into the future. I argue that this ultimately reinforces the smallholder livelihood system, insuring it against future shocks.

### *Money Matters – Or Does It? : A Case Study with Rose of Kivani*

With scarves covering our mouths and noses against the dust, my translator and I rode through the steep hills of Kivani on the back of a *pikipiki* (motorcycle which can be used as a taxi). After about 20 minutes of travel through the sharp morning air, we got off of the bike, paid the driver, and traveled several yards by foot to the homestead of a middle-aged single mother, Rose. Rose came out to greet us, offered us a couple of plastic chairs, and politely asked about our journey as we sat in the shade of a small tree between her home and her farm. After the interview, she took us on a tour of her farm, which did not appear to be very productive. She had some yams, pumpkin, and other seasonal vegetables but it seemed to be enough only for subsistence for her and her son.

During our interview, we learned that Rose is the widow of a polygamist and is in the process of trying to get the title deed for her land as a way of "securing" it against dispossession. There is a dispute among the deceased husband's other wives as to how much land each wife can and should claim. In the midst of what was proving to be an uphill entitlement battle, Rose told us that she found comfort in attending her group meetings, saying, "We find ways to lift up each other." She paused and later added, *mingi sana* ("very much").

Rose is currently involved in five groups. Firstly, she participates in the KIM Self-Help Group, a farmer's labor group that was formed as part of the KARI-McGill project. KIM meets every Tuesday to work on the demo farm that is owned by Rose's neighbor. The group is planning to start a merry-go-round at each meeting, but for now, Rose told us that in addition to collectively working on the demo farm, the meetings consist of sharing problems and asking for advice, "If your *shamba* (farm) is rocky, we can advise you on how to remove the stones." She explained that lately they have been discussing how to prepare your farm for fertilizer (mainly manure), even if most of the members currently cannot afford it. Rose is also involved in the Kasamayini Self-Help Group, a village women's group that accumulates *unga* wheat flour, cooking fat, and utensils to make Christmas Day *chapati*. The group starts meeting on a weekly basis towards the end of every year and each member comes with an in-kind contribution (e.g. a jug of oil). Then, during the holiday week, the women gather together to make large batches of *chapati* at one of the member's homes and take them home to their families. Rose also participates in a self-help group called Kithayuni in which each member grows *sukuma wiki* (collard greens) on their personal farms and then resell it as a group. *Sukuma wiki*, which directly translates to "stretch the week," is a relatively inexpensive yet hearty crop that is central to the Kamba diet, so the group makes decent returns on their sales. The group also shares advice on planting in addition to collectively marketing their products. Rose is also a member of the Woni Self-Help Group, which is similar to Kithayuni in that the group members plant eucalyptus together. Because eucalyptus consumes more water than the average tree in Kivani's dry soil, the group grows it at the edge of a local dam that is communally owned. This group is made up of several of Rose's neighbors and they resell the eucalyptus seedlings locally. The fifth group Rose is a part of is the Kyandumbe Adult Centre, a monthly commitment that she describes as being solely "for learning." The group raises chickens together, discusses how to vaccinate poultry, practice music and perform at local events, and it also teaches literacy. This is a multi-faceted group whose agenda is driven by the group members themselves. Rose tells us that she has been learning to read in this group, and many men have joined the group simply for that reason. The group recently won an award for its musical talents. Note that while each of these groups is valuable to Rose, none of them specifically deals in cash. As a single mother who indicated that her son's school fees were her first priority, she turns to these groups for skills, advice, marketing strategies, new products to sell, and more. While the media through which they accumulate wealth is not cash, they all bear a certain value in Rose's livelihood strategy. To Rose, money matters, but it may not be everything. Rose is able to create consistency in her welfare and remain more resilient against challenges by stratifying her activities across diverse groups. According to Shipton's (2007) findings in Western Kenya, "fiduciary culture is not just about money or profit," but also about material/non-material culture and the gains one can make using other forms of capital. The following portion of this chapter is dedicated to exploring each of the four credit forms (e.g. materials, time/labor, knowledge, cash) that I argue comprise the informal credit system which contributes to smallholder livelihoods.

**Materials**

As described in the previous chapter, it appears that farmers sometimes use illiquid savings as an insurance measure against theft. One woman explained it to me in this way: "Sometimes women have drunkard husbands or are afraid their husbands will steal the money they get from these groups, so they ask [the group] to buy something and give it to them." This is to say that merry-go-round groups are willing to give out a loan to a member in the form of material/supplies as a way of ensuring the money is directed exactly where it was intended. The recipient then repays the group in cash, as he/she would any other time. Formal institutions refer to this as "in-kind" lending, and some institutions (e.g. K-Rep FSAs) are beginning to incorporate in-kind loans into their operations. As Vivianna Zelizer shows in *The Social Meaning of Money,* sometimes institutions can do this with the claim that they are deferring to the needs of the client, but instead they are actually making a more self-focused move to circumvent suspicions of incompetent spending (1994:131). The leverage here, between cash loans and in-kind loans, represents not only a security measure but consistency in value from one item to the next. I would argue that the continuity of value between material and cash makes the credit system more flexible and ultimately protects the farmer against major loss.[41]

Farmers in Ukambani may pick up casual work in the off-season and many times the compensation for casual work is in the form of bulk crops that are kept in dry storage (e.g. beans, grains) or return favors in the indeterminate future. A teenage girl with an infant baby periodically came to my host parents' home and cleaned the floors or washed and dried all of the house linens. She lived close by, did not have many other means of employment, and my host mother seemed to call on her at-will. She was always paid in foodstuffs, which often were not given to her the day she completed the work. I recall her coming back unexpectedly one afternoon when my host mother and I were sitting outside the house shelling cowpeas for dinner. The girl sat down with us, grabbed a large handful of peas, placed them on the *kanga* (traditional Kamba women's wrap, usually colored with purple and yellow hues) which lay on her lap and began chatting with my host mother. Eventually, when all the peas were shelled, my host mother casually made her way to the dry storage house and collected a couple pounds of beans to give to her. One day, my host mother indicated to me that she intentionally avoided paying the "house girl" in cash. She explained that this was largely to ensure that the girl could contribute to her household directly rather than receiving money she may not have time to spend or that may suffer from the unpredictability of her husband's demonstrated alcohol abuse.

Throughout my interviews with local farmers, the archetype of the "drunkard husband" arose quite often, even from the men themselves. One male farmer indicated that "alcoholism is a major problem here." Many women noted that triangulating capital flows through cash was risky because men's consumption patterns were perceived as unpredictable. In-kind payments and loans were considered direct and thus more secure. On the other hand, recall the accusations directed toward the women involved in the anecdotes underlying why Kamba farmers are 'fearful' of formal loans. The women in those stories took out loans without their husband's knowledge and allegedly suffered from negligence or mismanagement. With this in mind, having a woman bring home minor

[41] Convertability is an important topic in value systems, but not one which this research is suited to explore in-depth. Jane Guyer has done some valuable work on this topic, building on Paul Bohannan's (1959) work among the Tiv in Nigeria. In this study, not much attention is paid to whether or not credit forms are convertible or interchangeable but, rather, I look more broadly at the variety of credit forms which exist and argue that the very diversity of acceptable credit forms is in fact what contributes to making the smallholder livelihood system more resilient.

household assets or foodstuffs somehow appears more discrete and more scrupulous, because it precludes accusations that the woman could/would manage money unwisely. Still, this seems ironic in light of the fact that women contribute their earnings and loans more consistently to the household, no matter which form of credit is used (Johnson 2004). Interestingly, Jane Guyer has explained this phenomenon as an outgrowth of collateral constraints during the colonial period. Using ethnographic evidence from her work among the Yoruba of Nigeria, she writes,

> The varieties of small credit and debt relations that mushroomed in Yoruba society during the colonial period were innovations on the nature of acceptable collateral in a context in which the land alone could not fulfill that function and where hardly anyone had a bank account. The conversion of cash into many kinds of more or less durable and ostentatious consumer goods became not so much 'consumption' as a means of ensuring access to credit (2004: 121).

More research is required to know whether the same historical processes occurred throughout Kenya, but we can be sure that the Kamba exchange more or less durable goods as a form of credit. More than that, we can be sure that, depending on the gender dynamics within the household, sometimes accessing credit in its material form is a wiser move toward enhancing the resilience of the household, which in turn supports the overall livelihood system.

While some groups remain flexible in exchanging money for materials and vice versa, there are many that accumulate or lend materials only. Earlier, we met Rose who participated in a group that is dedicated exclusively to slowly collecting cooking oil and *unga* flour throughout the year in order to make Christmas *chapati* in December. These groups acknowledge the strength of material assets not as "hidden" forms of money but as value-bearing and exchangeable in their own right. Bearing this in mind, while liquidating assets is not always wise, it is worth exploring the moments in which exchanging assets for liquid capital truly is the fastest way to access credit. We know this to be especially true in pastoral communities, where livestock is so commonly transferred as a way of demonstrating wealth[42]. The ownership of livestock itself serves as a form of insurance against uncertainty because owners can liquidate them at-will (Bosman et al.1997). This is similar to an in-kind loan from a group or institution, except that the credit is tied up in something the actor already owns. While this is predominantly the case in pastoral communities, such as Ukambani's

[42] For lack of a better term, I have chosen to classify livestock as a "material" form of credit alongside farm inputs and household assets.

neighboring Maasailand, it happens quite often among Kamba farmers as well. The retired public servant with whom I stayed throughout my fieldwork used to speak casually about his plans to sell several goats and perhaps a cow in order to buy a second ox. For various reasons, he was determined to find liquid capital that would allow him to begin plowing his overgrown farmland within the next 6 months. For him, selling livestock was a tried and true way to access capital, particularly in the short-term.

**Labor**

The mobilization of labor as a source of capital is certainly not new to the Kenyan financial landscape: it can be traced back to pre-colonial times. As previously mentioned, the Kamba have institutionalized this as *mwethiya,* where farmers pool their time resources in order to more efficiently work on each other's farms.[43] In short, "they pooled labour resources and shared the proceeds of that labour, and this produced a spirit of sharing and unity" (Ochieng and Maxon, eds 1992:372). Often, the labor-sharing was done in a rotating manor that became a precursor to the modern "merry-go-round" in which cash is the only medium circulated. *Mwethiya* became a structural centerpiece of Kamba social life during state-initiated environmental conservation projects in the 1930s and later in the rise of Kenya's Green Belt Movement of the 1970s and 80s, and they are certainly present in Ukambani today, even if the labor-sharing is not always agricultural in nature. For some *mwethiya,* the shared labor comes at the time of a wedding when extra help is needed to cook one or two days prior to the event. Other times, members of the same *mwethiya* may be called in to help a member make funeral preparations.

As previously mentioned, casual work is sometimes rewarded with the promise of reciprocating in the indeterminate future. In such a case, labor is the debt that extends the actor's relationship into the future. Some farmers recalled calling on their neighbors to help them transport heavy materials or fetch water from the riverbed as a form of compensation for services rendered. Even if farmers are not seeking to consume a commodity per se, approaching labor as a form of capital allows them to ensure that their on-farm and other needs may be taken care of in a time of need.

[43] In this research, I have gestured to Pierre Bourdieu in my use of the term 'social capital' as part of the credit form which I have labeled as 'knowledge.' Here, I depart from Bourdieu somewhat and collapse both labor and time resources into the same category, consistent with what some have referred to as 'human capital,' as a way of showing that collective labor is more often linked with local perceptions of time than are other credit forms. In practice, of course, all of these resources (i.e. time/labor, cash, social/knowledge, materials) are pooled in overlapping ways within the *mwethiya/vyama* group context and making distinctions can often be a service to the researcher's analytical framework and a disservice to people's lived experiences.

## Knowledge

Self-help groups, not unlike the ones we see in Kenya, are known to have social benefits that run parallel to their economic benefits (Ardener 1964). In some cases, social benefits and knowledge-sharing are simply by-products of the social setting; and, in other cases, the social benefits may be the exclusive aim of the group, meaning that money is not part of the group's central mission. For instance, some groups may be dedicated to teaching new skills. I spoke with a woman in Ngitini Village who said that she was in a women's group that was divided into several sub-groups based on those skills members desired to learn. A member would lead a series of sub-group meetings by teaching a particular skill, and if a member did not want to learn this skill, she would not attend. After several weeks of teaching and learning, another member would volunteer to teach a new skill, and members opted in/out of learning that skill for the next several weeks. This particular farmer proudly showed me the baskets she had learned to create using twisted plastic bags, one of the skills taught in the group. She had also learned how to make ropes from sisal grass, which could be sold on market days in nearby Kivani or Kola. Other forms of knowledge-sharing include advice-giving. The table below displays data from Mary Njeri Kinyanjui's work in Kenya's urban centers to show which topics were most commonly discussed at *vyama* meetings (2012:56). People seemed to be most effusive when they spoke of groups in which they were able to offer and receive advice on topics as diverse as farming techniques, living life as a widow, and poultry keeping. According to one Kivani farmer, advice is a way of sharing and helping one another. She offered, "We don't want to be very selfish. You know others, others may not do a certain thing because they lack that knowledge. So when you are there, just say it to them. Whoever is willing to do that, he or she will benefit later."

**Table 3: Topics Discussed in Vyama**

| Topics of discussion | No | % |
|---|---|---|
| Families and family welfare | 21 | 30 |
| Helping each other to grow and manage issues in life | 21 | 30 |
| Investment and self-reliance | 7 | 10 |
| Living positively with HIV aids | 5 | 7.1 |
| Farming | 4 | 5.7 |
| Financial management | 6 | 8.6 |
| Business as well as life starts from humble beginnings | 3 | 4.3 |
| Paying bride price | 3 | 4.3 |
| Total | 70 | 100 |

*Source: Members' survey*

The benefits of social networking within these groups can be conceived in the same way as the French, *amitié,* with the broader implication of *bienveillance* or goodwill. That is, the social setting that these groups provide cannot be underestimated as a source of strength in times of crisis and uncertainty. Farmers described the groups as providing an opportunity to meet new people, stating that forming new bonds was a "must" amidst the repeated interactions these groups promote. Sometimes, for men in particular, this opportunity to form new social bonds was the most cost-effective and legitimate way of strengthening one's reputation as a leader within the community. In Ngitini Village, I sat down with a man named Duncan who derives most of his income from coffee farming. He explained the ways in which he has made friends and gained a higher social status through the groups he was involved in, "How can we not make friends? Yes, and when we are in one group it's a must that we make friends! Yes, have you seen? Like me, now I am a leader of this area. I am the village head of this area." Another man I spoke with in Mumbuni mentioned that he held a leadership role in every group he had joined. Some men even spoke of how they were involved in mostly externally-motivated groups, such as the KARI-McGill Group or university research groups, which engaged Kamba farmers in research involving innovative technologies or new crops. Some men saw this as more valuable because it connected them with groups that were outside the geo-social boundaries of the village, and they thought it might bring them prosperity. The members of these groups benefit from having closer connections and identifying shared points of interest outside the scope of the group. For instance, many of the women I spoke with were involved in political campaigning for the same candidates, saying that the reason they first met and talked about their shared political interests was because of their groups. There were also cases of conflict resolution taking place within the group setting. In my conversation with Duncan, he also said, "I do bring people together so that we are one. Yes. Have you seen, if something has come up, we sit and talk about it. And if someone is missing, I will look for him or her and tell him or her about it so that he or she can evaluate and accept or refuse it." Duncan indicated that these groups promoted in him a sense of responsibility and duty to his peers.

As the social networking aspect of group participation seems to be a very important incentive for Kamba farmers, I employ Pierre Bourdieu's (1986) concept of "social capital" to interpret knowledge as a form of credit. Expanding the concept of capital in this way, of course, has implications for redefining what it means to be "wealthy" and financially resilient. Reworking Bourdieu's thesis, Robert Putnam (2004) argues that social capital is defined through "trust, norms, and networks" that are "cumulative." That is, successful collaboration in one activity facilitates further collaboration in the future. These processes of cooperation and mutual assistance build trust, reinforce norms, and deepen/expand people's social networks. Social capital can be accumulated just like any other capital, and accordingly Putnam notes that "like conventional capital…social capital tends to be under-provided by private agents" (2000:4). Putnam has also famously claimed that social capital accumulation is an important piece of the rural development puzzle, stating that "existing stocks of social capital are an important part of the story…interventions that neglect or undermine this social infrastructure can seriously go awry" (2000:5). An ethnographic understanding of the spatio-temporal elements of social capital in Ukambani could have enormous implications for the way that financial interventions are carried out. Social networks facilitate collaboration and knowledge-sharing, which is why the KARI-McGill project has found it particularly effective to structure its agricultural innovations around self-organized farmer groups[44]. In her analysis of the neoliberal framework underlying the Nepalese microfinance industry, Katherine Rankin (2004:1) "For the idea of social capital, as it has been taken up in mainstream development circles, relies on naively idealistic understandings of the ways shared community values structure social life."

**Cash**

Since money can be conceived as pure exchange value, some academic literature considers it to be "indistinguishable" and to bear an "unmeaning" in social life (Zelizer 1994:8). Georg Simmel (2004) even referred to money as "colorless" since it is seen as the middle state or condition through which one turns a desire into a gain. Anthropologist Bill Maurer (2006:19; see also Maurer 2011) talks about money as a "disembedded" abstracted medium through which people make transactions and evaluate the social worlds around them. Still, cash flows remain the single metric which is used to determine gross domestic product (GDP), purchasing power parity (PPP), and other measurements. For Kamba farmers, it seems that cash is important but it is not always the end goal. This is because, as I have argued, that credit is not always reduced to a monetary form. Theoretically, this means that the creditor can be more flexible about the way he/she approaches a lending situation and the debtor is afforded the same flexibility when it comes to repayment. In practice, of course, the movement between media is structured by shared interests within groups, familial and other social

[44] Preliminary results from Phase I of the KARI-McGill Project have shown the farmer groups to be effective in dispersing new knowledge.

ties, and other short- and long-term obligations one might have. In a very basic way, this idea challenges the privilege given to liquid capital in a capitalist framework by showing that cash may not always be the foremost method for transferring or accumulating wealth.

Even if these groups sometimes operate according to certain capitalist principles regarding profit maximization, they are still cooperative in nature. Additionally, the profit members seek is not always about immediate returns nor is it necessarily in the form of cash. The last chapter ended with the statement, "all money is ours," showcasing the Kamba understanding that money is a communal entity. It can be passed through many hands at different times and in different forms. Circulating different credit forms through rotating group structures and other interposal loans keeps a fair portion of the community wealth from settling into any one person's pockets. This is not to say that no one is gaining from these groups, since we know that these groups certainly pull in a hefty profit through charging interest on loans, fining members for tardiness, etc. Sill, with the money not being owned by any one group member, the group members remain indebted to one another, keeping the social relationships which comprise the group alive and active. An active group is an asset to the community, since it is serves as a place of support and assistance for credit needs, advice, quality social time, skill building, etc.

### Mixing credit forms as a resilience practice

Economic anthropology has long been fascinated by the interconnectedness of the material and the socio-cultural, and my interest in this chapter is less a matter of classifying various forms of credit than it is of accurately portraying the social entanglement which results from mixing these forms. These entanglements allow people to have access to a number of resources at once. FJA Bouman (1994) noticed that credit/savings associations in Cameroon were more like "multi-functional self-help institutions" that people could access in various times of need. This aligns with what we see in Kenya. While always hinging on the concept of mutual assistance, these groups are not necessarily organized around financial need. Some groups may be focused on knowledge-sharing or skill-building, while others meet weekly to assist in each other's daily chores around the home. These groups allow people to absorb change and approach problems in a relativistic and personal way. Resilience in the livelihood system implies something not necessarily about intention or purpose, but about capacity and flexibility.

While I entered this study being most interested in the way people's financial lives are affected by environmental challenges, I found that the link between credit and resilience is not as straightforward as assumed. Formal credit is not the first preference of the smallholder for many reasons (e.g. high interest rates, transaction costs, intimidation/fear/mistrust), most of which increase risk and divert any resilience-enhancing effects. Informal credit, in all its forms, is more effective in enhancing resilience of the smallholder livelihood system. Because smallholder livelihood is both subsistent and commercial in nature, the maintenance of the household comprises a set of needs which are arguably just as pressing as those of the farm. If a man receives farming advice from a group, he is better equipped to tolerate shocks to his livelihood. Equally, if a woman receives a loan from a *mwethiya* and purchases school uniforms for her children, she more abstractly contributes to the resilience of her livelihood by ensuring that the household needs are fulfilled. Conveniently, informal credit involves very few stipulations on the way it is used. Farmers may use a group loan to purchase a dairy cow, but they may also use it to buy a new radio. At first glance, environmental challenges and food insecurity may be assumed to be the highest risk in Ukambani. For those who live and work there, however, sustaining one's livelihood requires a systemic perspective. The household is part of the broader livelihood system, just as the farm and any other income-generating activities are. To employ Marxian terminology, informal credit allows the household to reproduce itself and thus supports the smallholder livelihood system. Moreover, the flexibility and adaptability of informal, locally-oriented forms of credit allows the smallholder to be more adaptable when faced with urgent needs and other minor/major crises.

## CONCLUSION

*"So, now please, everybody, everybody everybody, please, is money money, and if it is, it ought to be the same whether it is what a father of a family earns and spends or a government, if it isn't sooner or later there is disaster. "*
— Gertrude Stein*, The Saturday Evening Post,* June 1936

Humans practice borrowing more than any other species and it can occur regardless of whether or not actors are strangers, kith, or kin. Other species practice gifting, but 'borrowing' is a much more complex operation. Indeed, the obligations and calculations associated with entrustment and debt require the kind of foresight, intentionality, and calculation that is part of what makes us distinctly human. Geoffrey Ingham (2004) and others have written about how credit relations have long been a part of human history, though it is only relatively recently that private credit relations have become monetized. Modern capitalism privileges credit and debt as a way of building wealth, though Ingham (2004) focuses on the important of the social relations surrounding the production of credit since this is where its credibility and authority originates. Refer to the epigraph in Chapter 3, where Edmund Leach states that all social relations imply a certain configuration of the creditor/debtor dynamic. Perhaps the reason debt itself is more negatively perceived (that is, *feared*) when it comes from formal banking institutions is because these institutions do not participate in the realm of sociality in which humans circulate. There is nothing binding a person to a formal institution apart from the contract, while interpersonal debt is grounded in other forms of obligations that bind people together.

Jane Guyer (2004) describes money-sharing among the Yoruba in Nigeria as, "Patience over the long term is valued in one proverb and opportunism in another" (120). In some ways, this portrait of seemingly contradictory themes also extends to the contemporary moment in Ukambani. Dense social networks comprised of various kith and kin relations involve actors in present engagements, and more specifically, in present engagements that make contributions toward the future. As described in Chapter 3, debt keeps a relationship "open" and "active," implying a certain amount of patience until repayment. As Jackson from Mumbuni cautioned, "these groups need someone who can wait." Indebtedness allows actors to support their future by sacrificing in the present, and farmers seem to be more attracted to moments of indebtedness that involve flexible repayment schedules and more informal structures.

As discussed in Chapter 4, credit is a key concept in Ukambani which, when disentangled, reveals that it is actualized through a variety of value-bearing media. Farmers' engagements with these credit forms lends nuance to their ways of understanding what it means to *owe* and *be owed*. Local interpretations of money that mix the use of cash, materials, knowledge (or social capital), and labor allow farmers to broaden the range of credit they have access to, particularly in a time of need. I argue that this contributes overall to their livelihood strategies as smallholders by allowing them to be more resistant to shocks. In Chapter 2, I chose to frame our discussion in terms of a formality spectrum along which institutions of microfinance, large- and small-scale commercial banking, and rotating credit/savings arrangements could be placed. Formality/informality is, of course, not the only lens through which one can look at credit and debt relations, but in my specific field site in Ukambani, it seems to be the most productive way to talk to people about intimidation, unfamiliarity, and general preferences as it relates to banking. While I reject the use of the binary model of formality and informality, the centralized government in Kenya insists on a discourse involving the binary "informal sector" and "formal sector" model to promote its agenda of financial inclusion. As a result, I recognize the binary model as an important referent for all types of banking throughout Kenya. As an ethnographer, it is important to follow the priorities of the actors, though never uncritically, which is why I found that the state's model for financial inclusion is almost immaterial when it comes to the way credit and debt relations operate on the ground in Ukambani. The farmers seem broadly to prefer the more informal means of accessing credit, due to certain conveniences and the social benefits associated with the group setting. As the Kenyan government tries to incorporate more poor and low-income people into the formal sector, Kenyans are starting to wonder why having a savings account at an institution is more desirable than participating in an unregistered *chama* dedicated to savings. Perhaps the neoliberal orthodoxy can be evoked here to discuss why it makes the operations of the state and the market easier if every citizen's financial life can be traced through institutionalized transactions (Rankin 2011).

Credit and debt relations occur at all points along the formal/informal spectrum, though the academic literature on informal finance has often shown it to be a mine of lessons for informing the design of formal microfinancial products and services (see Ardener and Burman, 1995; Bouman 1995; Burkett, 1988; Caskey, 1994; Graham 1992; Von Pischke 1992). Some microfinance institutions in Kenya, such as Faulu and K-Rep, have started incorporating the *chama* structure into their basic lending model and openly linking themselves to these age-old institutions. One need only flip through one of the five major newspapers distributed in Kenya to see advertisements promoting the "*chama* savings account" and other *chama*-related products. Moreover, in recent years, the

Kenyan government has started offering "affordable credit" to relatively informal women's groups through the Women's Enterprise Fund, a semi-autonomous agency housed in the Ministry of Devolution & Planning.[45] The Ministry of Devolution & Planning is only as old as the 2010 Constitution, meaning affordable credit for women has been an expressed state priority only in recent time.

When it comes to analyzing the effects of in/formal microfinance as a development tool, I would evoke the work of Akin and Robbins (1999) in which policymakers and researchers were encouraged to making important distinctions between actors' "transactions for personal gain and those aimed at social reproduction," since not all debt relations are created equal. Certainly along gendered lines, interactions with debt differ because women and men farmers have dissimilar seasonal credit needs. Consistent with Susan Johnson's work in Central Kenya (2004), this study has found that women tend to operate in smaller-sized amounts of money and have more frequent credit needs since they are focused more on the needs of the household. Men, on the other hand, tend to desire larger-sized loans and live their financial lives more seasonally according to the needs of the farm. Bearing this in mind, many microfinance institutions market their products and services directly to women, but this elides the number of obstacles that end up preventing women farmers from actually turning to formal microfinance institutions in a time of need. Among these are prohibitively high interest rates, individualistic/private loans that do not offer the social benefits that informal groups might, additional processing and legal fees, and the general 'fear' of dispossession and public shaming that was discussed in Chapter 3. Women's focus on supporting the domestic economy more directly than they do the family's income-generating activities is one of many ways of bolstering the integrity of the entire smallholder livelihood system.

Looking at indebtedness as a positive economic indicator, as an indicator of wealth or potentiality, can have lasting effects on public policy in Kenya. With the introduction of credit ratings in 2010, lending institutions can now access public credit reports to rate borrowers and price loans. This has been faced with mixed reactions including some allegations that credit ratings limit people's rights to finance, since many potential clients are turned away on the basis of being unreliable. Ironically, of course, to be considered credible, one must have a history with debt. While this in itself is ironic, I highlight the additional irony of the fact that many people have an intense history with informal

[45] The Women's Enterprise Fund is an outgrowth of Kenya's Vision 2030 development plan which aims to make the formal financial sector more inclusive.

forms of debt and indebtedness which is undocumented and therefore goes unrecognized. Interestingly, credit report bureaus Metropol and American-owned TransUnion have started piloting positive information sharing services where lending institutions may be notified of reliable borrowers, allowing them to negotiate for lower interest rates (Juma 2013). While having ready access to people's credit scores may be useful for banks and other lending institutions, only time will tell if credit records are a measure toward 'financial inclusion' which, paradoxically, serve to exclude many people from taking loans.

There is no doubt as to the central role that debt plays in the globalized capital market, though it appears that its central role is exactly what makes it the culprit for so many cracks and crevices in the global financial system. Inflation in Kenya hit an all-time high in October 2013, but has been falling relatively steadily since.[46] Still, in the aftermath of the global financial crisis of 2008, Kenyan commodity imports (e.g. oil, fertilizer) suffered from deflation. Economists tell us that inflation is a way for central banks to dilute the real value of debt, while deflation increases the value of private debt, making it more difficult to repay. When dramatic fluctuations in the valuation of currency occur, low-income farmers like those in Ukambani are affected the most. With that said, expanding the way that we conceive of debt as researchers and policymakers can have important implications when food and other commodity prices do fluctuate. Maurer, Nelms, and Swartz (2013), have written about mobile money in Kenya and the rise of Bitcoin usage across Sub-Saharan Africa, which is rapidly changing people's social interactions surrounding money. Even with these technologies efficiently if rapidly de-personalizing debt relations, interpersonal connections are still the dominant preference for cheap and readily accessible credit in Ukambani. Moreover, redefining debt according to the positive social relations it can foster rather than essentializing it as a sign of vulnerability or "lack" means that we can better understand the vulnerabilities that farmers do face. According to this research, debtless individuals are not always the most financially secure since indebtedness, in some sense, implies predictability. Most importantly, debt as a sign of social cohesion more accurately reflects the way that people actually think and act with money in their daily life.

We cannot underestimate the power of sociality and friendship as being a source of strength for farmers in Ukambani, which is precisely why this research focuses on the time-tested group structure of the *vyama* and *mwethiya*. University of Nairobi Professor of International Development

[46] Felino, Isabel. Kenya National Bureau of Statistics. Posted 4/30/2014, 2:14:36 PM.

Dr. Mary Njeri Kinyanjui (2012) writes that the "communitarian spirit" among Africans should be harnessed as a development tool since it simplifies market coordination and enhances social development. She writes that "development has to come from the people's initiatives and the institutions they have designed to bring change" (82). In some ways, this study's findings regarding the role of informal credit in enhancing smallholder resilience is a political statement about how best to organize people into process of community and economic development. Kinyanjui also summons John S. Mbiti's famous writings on *ubuntu*[47] as a core value of African social life, where people generally feel a sense of obligation to 'pull together' in times of need. This, compounded with the unique history of Ukambani involving dispossession and a long-lasting suspicion of large-scale intervention, leads us to the nature of what it means to be *resilient* in this context. Cultural themes of mutual assistance and self-help underline the strength of interpersonal credit/debt relations in enhancing the resilience of smallholder livelihoods.

[47] In John S. Mbiti's (1990) *African Religions and Philosophy,* he famously explained the African philosophy of communitarianism. Now referred to as *ubuntu,* this philosophy is often explained using one of Mbiti's most famous lines: "I am because we are; we are because I am."

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# APPENDIX A: PHOTOVOICE

PhotoVoice is a participatory photography method using in community-based development research (See Wang, Caroline, and Mary Ann Burris. "Photovoice: Concept, methodology, and use for participatory needs assessment." *Health education & behavior* 24, no. 3 (1997): 369-387). McGill hosts one of the leading researchers for visual methodologies in community-based educational activities, Dr. Claudia Mitchell in the Department of Education, who supervised this portion of my research. In short, the goal of these kinds of visual methodologies is to depart from the textual and avoid the politics of representation by allowing the informants themselves to be the ones who portray their lives.

Having only five (5) disposable cameras, I worked with a relatively small group in Mumbuni called the Kithiani Self-Help Group comprised of farmers who were all involved in the KARI-McGill project. For this activity, the farmers were given one week to take pictures of the images they thought best represented the financial aspects of their lives. I conducted a 1-hour training session (in both English and Kikamba) on how to use the cameras and explained the goals of the exercise, though most of the farmers in Kithania were immediately disinterested in participating. They asked questions such as "What does this do for you (as a researcher)? What's the value?" or they made statements such as "We are farmers. We don't have time for this."After explaining that this was a different way for me to ask them the same kinds of questions I would ask during a household interview, as well as some intense encouragement by the Kithiani Chairman, several farmers agreed to participate. The first four to agree were male, so the Chairman then asked one of the female members of the group to join, which she did. The resistance to participate was interesting, considering the fact that this method is relatively well-received in academic circles due to its transfer of 'voice' over to the informants themselves. To the informants I spoke to, however, the method seemed wholly inconveniencing and even intimidating at times.

The primary goal of this PhotoVoice exercise was to elicit information about these farmers' financial lives (broadly defined with words such as "future," "planning," "money," "risk," "saving"). At first, the farmers expressed disinterest and confusion. After one week of the farmers taking photos, I returned to each person's house to retrieve the camera and process the film at a shop in Wote. Interestingly, none of the farmers used up the entire 30 exposures that were available on the film roll, even after I highlighted the disposable nature of the cameras. The participants were very careful and intentional about their exposures, many of which are featured here. These photos were then used as projective interviewing tools for the household interviews I conducted with these same farmers. Below is the information I read aloud and explained (with translation) to the farmers when presenting this activity. Admittedly, this was a very experimental and exploratory attempt at pursuing this methodological framework, but certain insights do come from these pictures that I have included in previous chapters.

--------

This research method is meant to record **your financial life (*maisha yako ya kifedha*).** That is, it is meant to capture the ways in which you interact with money on a weekly basis. **This week, please take photos of the most prominent aspects of your life that represent money, finance, and importance (*Wiki hii, tafadhali kuchukua picha ya mambo maarufu zaidi ya maisha yako kwamba kuwakilisha fedha, mikopo, na umuhimu*.).** The following topics may guide you:

- Risk (*hatari*)
- Uncertainty (*kutokuwa*)
- Money (*pesa*)
- Loans (*mikopo*)
- Credit
- Savings (*akiba*)
- Responsibilities (*majukumu*)
- Need
- Planning for the future
- Worry (*wasiwasi*)
- Fear (*hofu*)
- Hope (*matumaini*)
- Important/necessary (*muhimu*)

It is *not* necessary to take a photo for every topic (*Siyo lazima kuchukua picha kwa ajili ya mada kila*). Simply take photos of what is most important to your life when it comes to money, finance, and credit needs. Please take ALL of the photos on the camera. After the photos are printed, Carly will conduct interviews with each participant to understand the meaning behind the photos.

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⮙ *Image 1.1* – This farmer had saved up money to purchase these dairy cows. She sells their milk at the local market in times of need.

⮙ *Image 1.2* - This farmer has laid out pigeon peas (*n'zuu*) to dry in the sunlight, a very common sight late in Ukambani's dry season. Once the peas are dried, they are usually stored in dry storage sheds. Still, once they are dried, they are much easier to remove from the casing and can be sold in large quantities or consumed in the household. The most popular traditional dish in this area is *githeri*, for which pigeon peas and maize are the central ingredients.

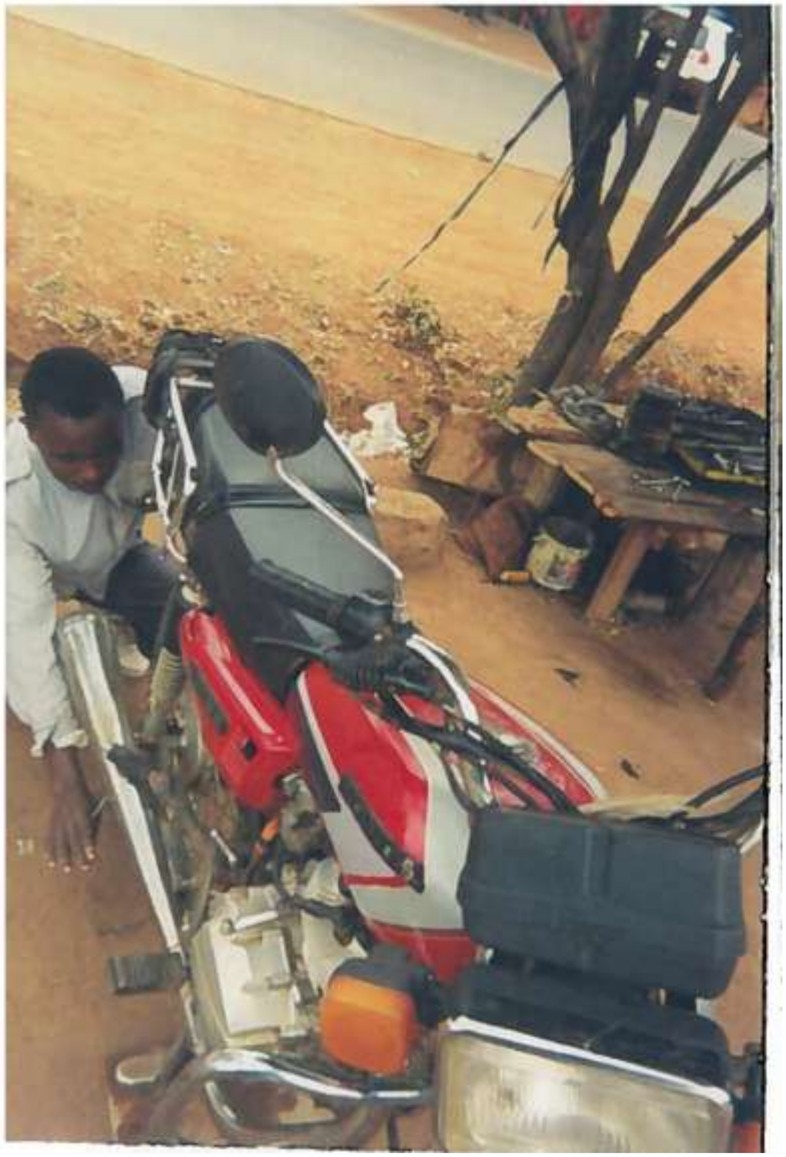
⮙ *Image 1.3* – This farmer was proud to explain that he had just built a chicken coop and was learning to raise chickens. Raising poultry can be a difficult and expensive endeavor, which is why many farmers raise chickens collectively. One farmer might have the coop on his/her property and learn to vaccinate them, but all of the farmers purchase chickens and market them together.

⮙ *Image 1.4* – This shows a nursery of collard greens that the farmer is trying to sell locally.

⮙ *Image 1.5* – This is one farmer's dry storage shed where cereals, beans, and other crops are kept in the off-season.

⮙ *Image 1.6* – The farmer who took this picture explained to me that she was trying to show her husband who was chopping up stones into gravel on the lower left corner of the frame, but laughed when she saw that the finished photo had clearly been out of focus. Considered the semi-arid and mountainous nature of Ukambani, pounding stones into gravel is a common way for the Kamba to make extra money. Young men can often be seen pounding stones and selling them on the side of the roads, and many farmers do the same as a way of making money in the off-season.

⮝ *Image 1.7* – This photo shows a newly-completed extra home for the youngest son of this farmer. Traditionally, the youngest Kamba son and his new wife always live on the same property of the son's mother.



⮙ *Image 1.8* – This farmer sells agrochemicals on the side and bought a motorcycle (*boda boda*) for, in his words, "income generation" since the clients he works with are based in Wote (roughly 30 min from Mumbuni on *boda boda*). He also uses it to drive his young family in and out of Wote Town with it during the weekends and says that it is his most valuable asset. Here, he's seen repairing and cleaning it.

⮙ *Image 1.9* – This farmer explained that the day he took this photo, he was meeting with his *chama* which has pooled money to help him purchase goats as a bride price for his son's upcoming wedding. This photo shows the goats he's gathered for the bride price.

## APPENDIX B: FINANCIAL TRANSACTION DIARIES

Following the work of economic anthropologist Jane Guyer and others, I incorporated the "financial transaction diaries" into my work as well (see Daryl, Collins, Jonathan Murdoch, Stuart Rutherford, and Orlanda Ruthven. "Portfolios of the Poor: How the World's Poor Live on $2 a Day." *Permanent Black*, 2009 and Guyer, Jane I. *Marginal gains: monetary transactions in Atlantic Africa*. Vol. 1997. University of Chicago Press, 2004). Similar to PhotoVoice, financial transaction diaries are meant to allow informants to present their lived worlds to researchers through a form of interactive self-representation that incorporates visual elements rather than being strictly textual. Nine (9) participants (four farmers of the Kithiani Self-Help Group who are participating in the KARI-McGill project and five women who were involved in a local women's group for the Eetu Akitondo clan) agreed on a voluntary basis to complete the diaries. Importantly, the findings from this activity show major differences in the financial activity between farmers and the Eetu Akitondo women (most of them being salaried workers at the local hospital where they held their meeting). These results are explained using the scanned photos of the diaries below.

Each participant was given a small notebook and asked to record their daily financial activity (broadly defined—e.g. mobile phone transfers, purchases made, gift given/received, loan payment made) as well as certain details on each transaction (e.g. date, amount—estimated or real, purpose). This presented some rather abstract concepts (e.g. "gifts" as a financial concept) that were difficult to explain during the training session I carried out, though it was my intention to keep the concepts open to as much interpretation as possible. There was not as much resistance to this activity to PhotoVoice, though there was some difficulty with translation. For instance, most of the farmers in the KARI-McGill group either did not do the activity or asked one of their kids to write while they dictated, because they assumed that I wanted the writing to be in English. This revealed a fault in the way I explained the activity. Additionally, notice below that some of the text is translated into Kiswahili, though there is no brief way in Kikamba to make a distinction between the purpose of the transaction and to whom (person or institution) the transaction was made (both were poorly translated by me as *kwa nini,* which means 'why?'). The journals, similar to the photos, were collected after a week and used as projective interviewing tools. Below is the information that I read aloud (and which was translated into Kikamba) to farmers during the explanation of the activity.

------

This method captures weekly information on purchases, sales, and exchanges of goods and services. **Please record *every* *transaction* you made this week (*Tafadhali kurekodikila shughuli ya kufanya ya wiki hii*)**, including but not limited to: withdrawals, deposits, exchanges,winnings from gambling/lottery, taking a loan, repaying a loan, receiving non-cash inputs, purchasing goods/services, any fee payments, using M-PESA or M-Shwari, etc.

In your diary, please record the following:

| 1. Date/time of transaction<br><br>(*Talehe na wakati*) | 2. What kind of transaction?<br><br>(*Aina gani?*) | 3. To whom/what? (*Kwa nani?*) | 4. Where did you make this transaction? (*Wapi?*) | 5. What's the purpose of this transaction?<br><br>(*Kwa nini?*) | 6. How much was this transaction?<br><br>(*Ni ngapi?*) |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Explanation

1. Date/time of transaction
    a. For example: July 19, 6:05pm

2. What kind of transaction?
    a. For example: transfer, deposit, etc.

3. To whom/what?
    a. For example: bank, brother, M-Shwari account, friend from church, etc.

4. Where did you make this transaction?
    a. For example: at Rafiki, at a neighbor's home, etc.
    *b.* NOTE: *If this is an e-money transaction, please also note where the recipient is located.*

5. What was the purpose of this transaction?
    a. For example: household, shamba, business, etc.

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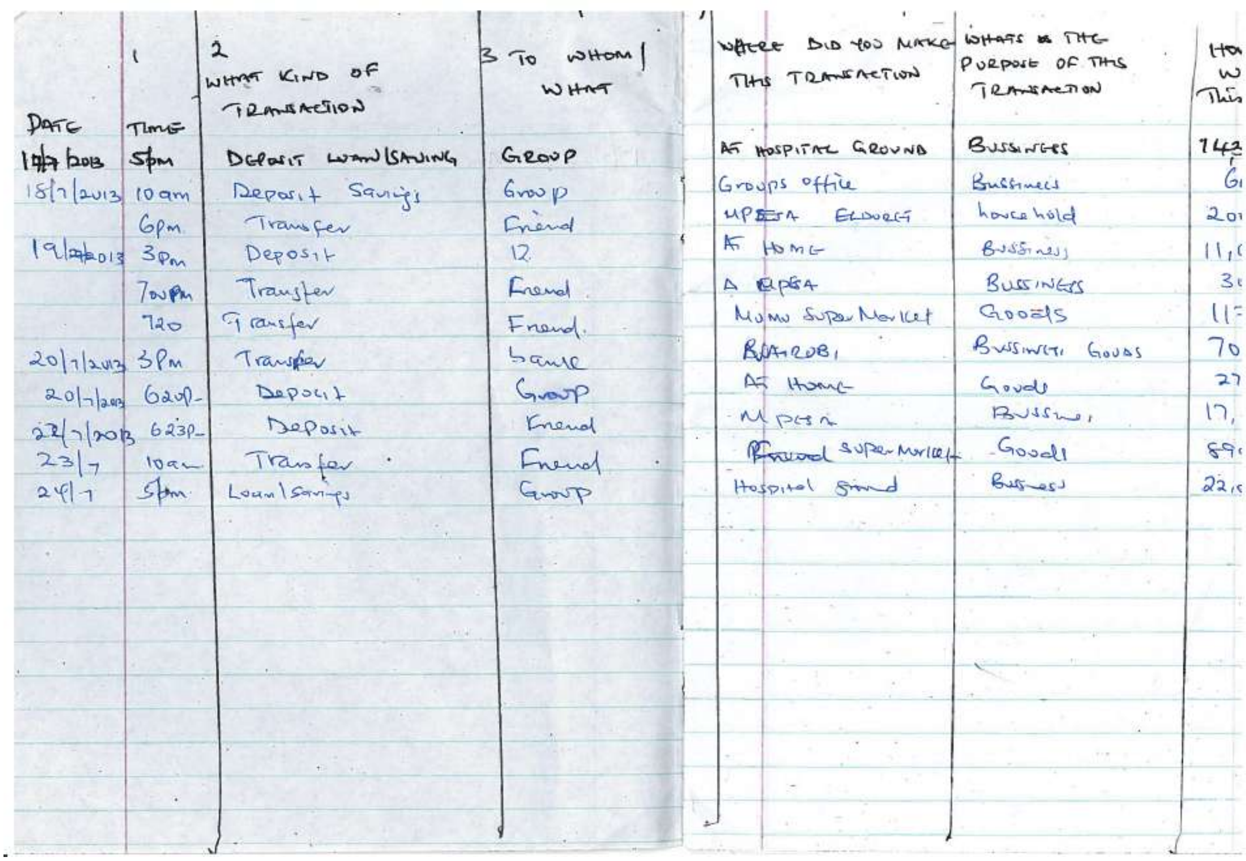
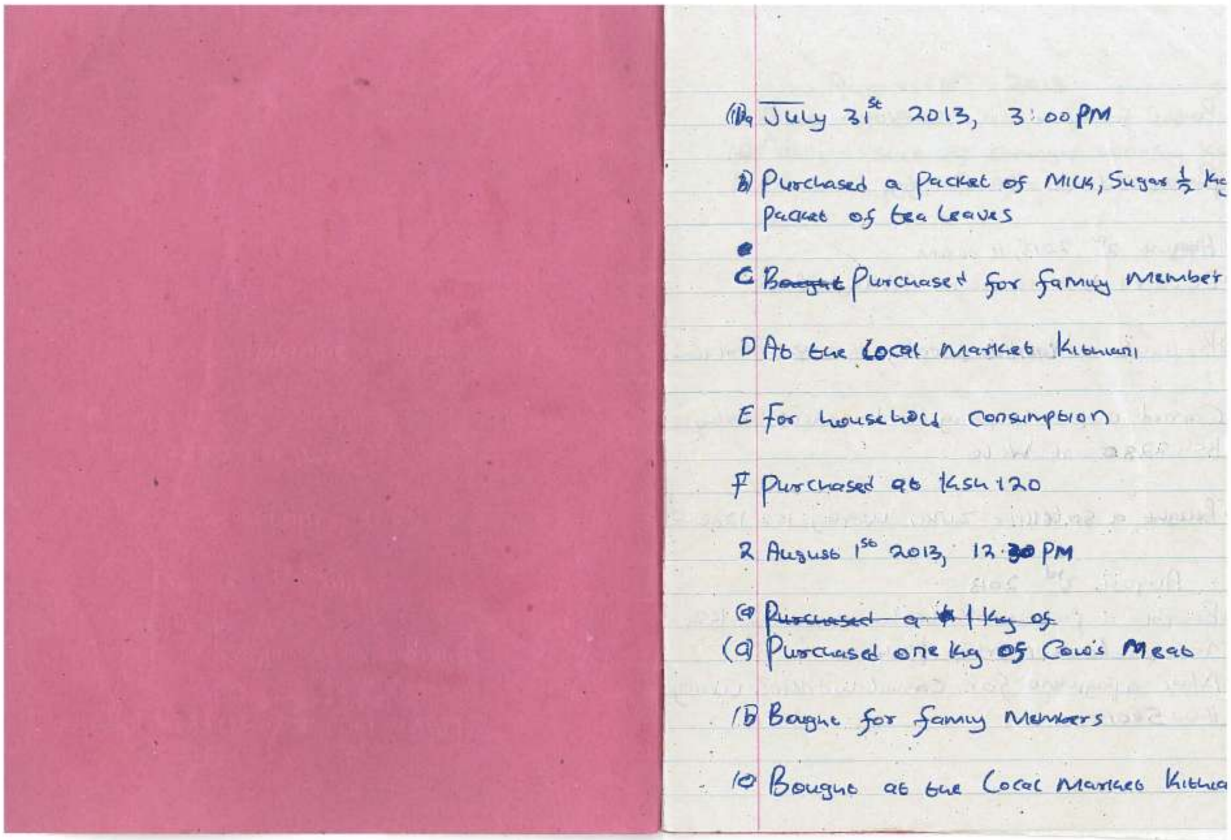


| DATE | 1 TIME | 2 WHAT KIND OF TRANSACTION | 3 TO WHOM / WHAT | WHERE DID YOU MAKE THIS TRANSACTION | WHATS IS THE PURPOSE OF THIS TRANSACTION | How W This |
|---|---|---|---|---|---|---|
| 14/7/2013 | 5pm | DEPOSIT LOAN/SAVING | GROUP | AT HOSPITAL GROUND | BUSSINESS | 142 |
| 18/7/2013 | 10am | Deposit Savings | Group | Groups office | Bussiness | G |
| | 6pm | Transfer | Friend | UPESA ELDORET | house hold | 20 |
| 19/7/2013 | 3pm | Deposit | 12 | AT HOME | Bussiness | 11, |
| | 7:00pm | Transfer | Friend | A UPESA | BUSSINESS | 3 |
| | 7:20 | Transfer | Friend. | Mumu Super Market | GOODS | 11 |
| 20/7/2013 | 3pm | Transfer | Same | NAIROBI | Bussiness Goods | 70 |
| 20/7/2013 | 6:20p | Deposit | Group | AT Home | Goods | 27 |
| 22/7/2013 | 6:23p | Deposit | Friend | M pesa | Bussiness | 17, |
| 23/7 | 10am | Transfer | Friend | [illegible] super market | Goods | 59 |
| 24/7 | 5pm | Loan/Savings | Group | Hospital Ground | Business | 22, |

⮝ *Image 2.1* – This is a scanned photo of one Eetu Akitondo woman’s transactions for the week. While the figures for each transaction did not fit into the frame, they average about Ksh 1,000 with her largest transaction being the loan she repaid to Eetu Akitondo Women’s Group (being Ksh 22,000). She also made an unusually large transfer of money to a friend for “business” reasons (perhaps she purchased something from her friend’s farm) at Ksh 17,000. Interestingly, her lowest transaction was also a transfer to a friend at Ksh 300 for “business.”


(1) July 31st 2013, 3:00 PM

B) Purchased a packet of Milk, Sugar ½ kg packet of tea leaves

C ~~Bought~~ Purchased for family member

D At the Local Market Kithiani

E For household consumption

F Purchased at Ksh 120

2 August 1st 2013, 12:30 PM

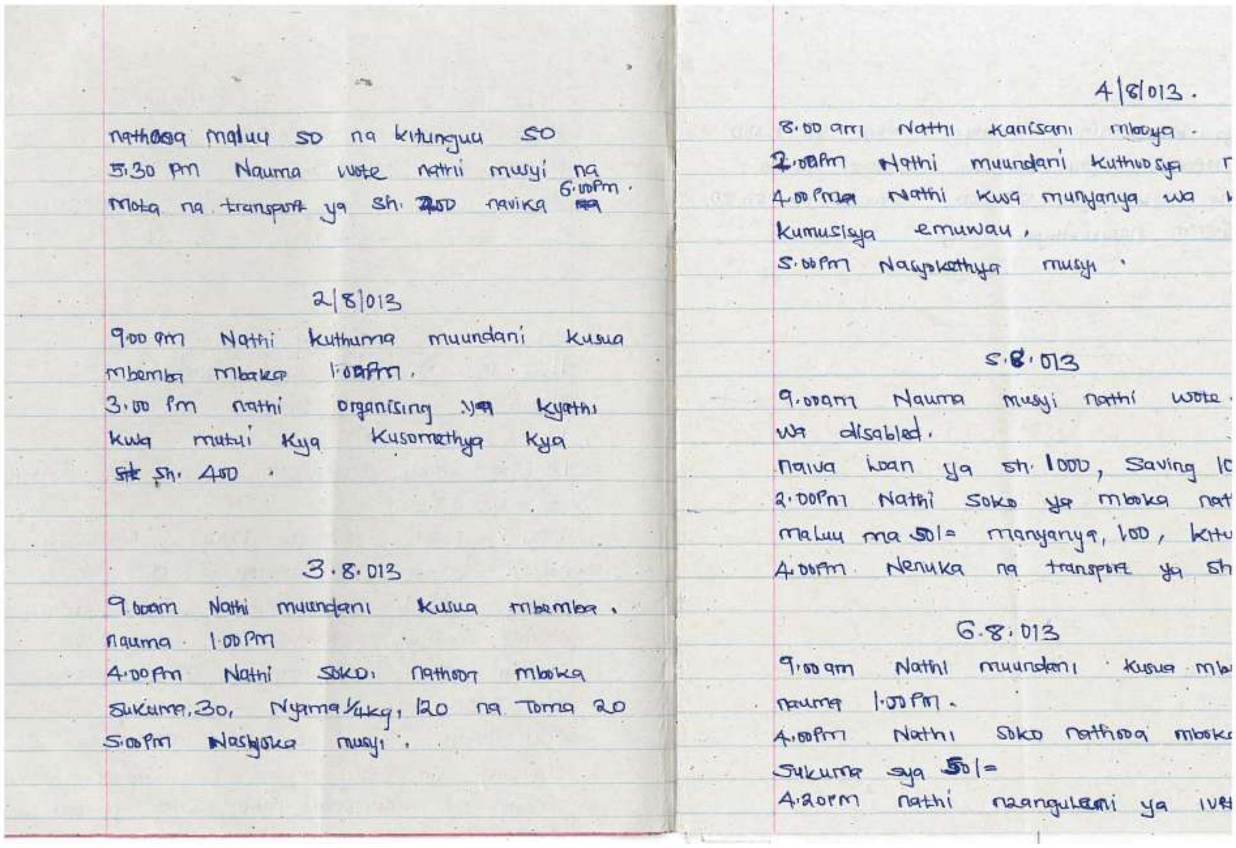
(a) ~~Purchased a 1 kg of~~

(a) Purchased one kg of Cow's Meat

(b) Bought for family Members

(c) Bought at the Local Market Kithia

⮝ *Image 2.2* – This is the first page of a diary filled out by one of the Kithiani farmers' daughters in which the farmer has purchased milk, sugar for tea, a packet of tea leaves, and beef. He said that she was the only one in the family who had strong written English and good handwriting. The entry here shows an important finding that came out of this activity, which is that the farmers tend to purchase only specialty foodstuffs that are not found on the farm, while the women in the Eetu Akitondo group tend to purchase a greater variety of items. That is, most of the farmers' transactions were *purchases* and were done much more infrequently than those of the women's group members.


nathooa maluu 50 na kitunguu 50
5.30 pm Nauma wote nathi musyi na
Mota na transport ya sh. 250 navika 6.00pm.

2/8/013
9.00 am Nathi kuthuma muundani kusua
mbemba mbaka 1.00pm.
3.00 pm nathi organising sya kyathi
kwa mutui kya kusomethya kya
sh. 400.

3.8.013
9.00am Nathi muundani kusua mbemba.
nauma 1.00pm
4.00pm Nathi soko, nathooa mboka
sukuma, 30, Nyama 1/4kg, 120 na Toma 20
5.00pm Nasyoka musyi.

4/8/013.
8.00 am Nathi kanisani mbooya.
2.00pm Nathi muundani kuthuosya
4.00pm Nathi kwa munyanya wa
kumusisya emuwau,
5.00pm Nasyokathya musyi.

5.8.013
9.00am Nauma musyi nathi wote
wa disabled.
naiva loan ya sh. 1000, Saving 10
2.00pm Nathi soko ya mboka nat
maluu ma 50/= manyanya, 100, kitu
4.00pm Nenuka na transport ya sh

6.8.013
9.00 am Nathi muundani kusua mb
nauma 1.00pm.
4.00pm Nathi soko nathooa mboka
sukuma sya 50/=
4.20pm nathi nzangulemi ya ive

⮙ *Image 2.3* – This diary is from a Eetu Akitondo member who wrote her diary in Kikamba. She, like other members in the group, appears to purchase transportation into and out of town almost daily. She also purchased small food items such as meat and *sukuma wiki* (greens), and made a contribution to one of her groups at Ksh 400. On August 5th, she attended a meeting for disabled people (her husband uses a prosthetic left leg) and paid a debt to the group of Ksh 1,000 and saving Ksh 100. Later that day, she went to the market and bought greens, tomatoes, and other vegetables before paying for transportation home.

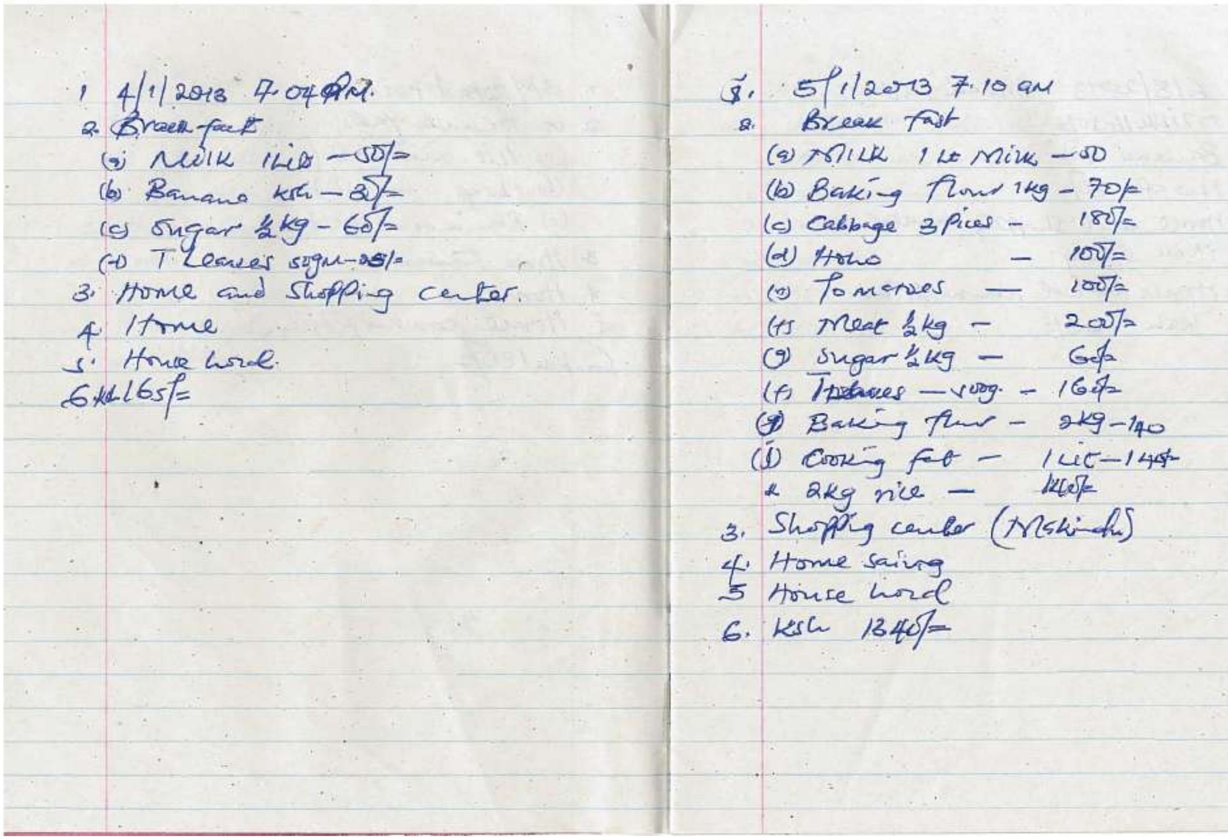
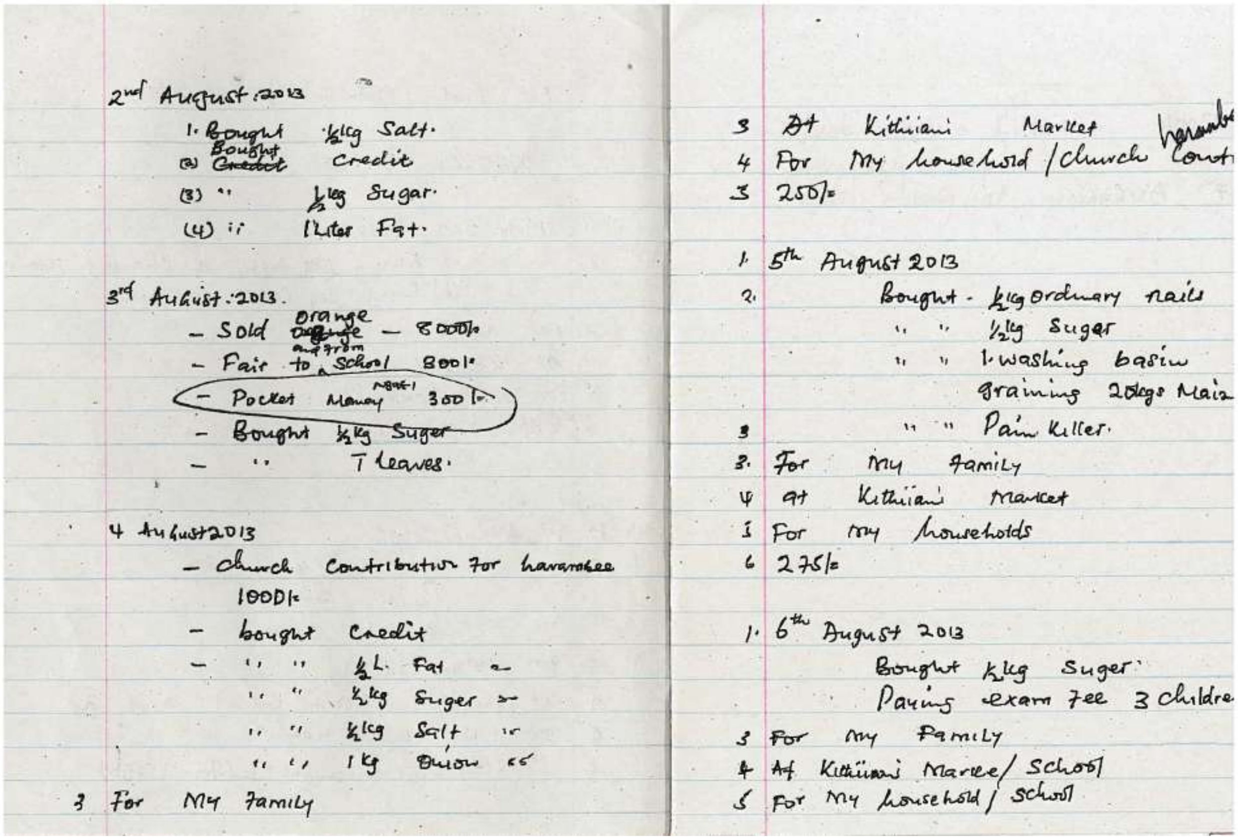



*Image 2.4* – This diary is from a Kithiani farmer who filled his diary only with daily purchases of goods for the household breakfast. His dates are written inconsistently, but he explained that each day he went to either the local shopping center or the shops in Makindu to purchase items such as milk, sugar, and tea. Note that on the second day shown here, he made larger, non-breakfast purchases such as meat, rice, and tomatoes.


2nd August.2013
1. Bought ½kg Salt.
(2) Bought ~~Credit~~ credit
(3) " ½kg Sugar.
(4) " 1Liter Fat.

3rd August.2013.
– Sold orange – 8000/=
– Fair to and from School 800/=
– Pocket Money next 300/=
– Bought ½kg Suger
– " T leaves.

4 August2013
– church Contribution for havarahee
1000/=
– bought Credit
– " " ½L. Fat
" " ½kg Suger
" " ½kg Salt
" " 1kg Onion
3 For My family

3 At Kithiiani Market harambee
4 For My household /church Contr
3 250/=

1. 5th August 2013
2. Bought - ½kg ordinary nails
" " ½kg Sugar
" " 1. washing basin
graining 20kgs Maiz
3 " " Pain Killer.
3. For my family
4 at Kithiiani market
5 For my households
6 275/=

1. 6th August 2013
Bought ½kg Suger.
Paying exam fee 3 childre
3 For my Family
4 At Kithiiani Market/ School
5 For my household / school

⮝ *Image 2.5* – This diary shows transactions over a 5-day period from a Kithiani farmer. This farmer gave Ksh 250 in church for what I assume was a *harrambee* (fundraiser) since he donated on behalf of his household. Typically, at church fundraisers, each household is called up to the front by their surname and then their contribution is announced in a mic to the congregation. This is a way of setting the bar as high as possible for the amounts of money that people are expected to give, but also to keep a record of contributions such that if/when members of the congregation raise money for personal activities (e.g. weddings, funerals), the congregation knows roughly how much to give to the family. This works somewhat like 'generalized reciprocity,' and is a balanced exchange since actors try to equalize the value given and received.