

## The Importance of RAVI Loans for AgriTrade Western Region

By Solomon Mulindi<sup>1</sup>

This is an interview with Solomon Mulindi on the impact of RAVI loans on his network. RAVI provides short-term loans at 10% per annum interest rates for network members to develop their market access business operations.



From top left; Oscar Lumiti, Theophilus Munyendo, Susan Nduku, Solomon Rono, Philip Oundo and Solomon Mulindi. Members of AgriTrade Western Region at the Nakuru Trade Fair, 2009

### The Importance of RAVI Loans for the Network

The RAVI loans assist to pay for some activities that ordinarily could not be done by our IBMs, MACs or by me. There are some projects and activities that come up which we want to undertake which are beyond the savings we have at hand. So the RAVI loans come in handy to support such activities.

### A Positive Experience with Repayment

We have had a positive experience with people in the networks paying back loans. This is firstly arriving from the fact that there is more on the part of trust than even legal documentation. The people who we are dealing within the network have evolved as a family, and within a family there is normally minimal cheating. Secondly the transactions and dealings are based on prosperity and are not 'one time show and then you disappear'. So these are ties, these are links we are building

and people are having visions of greater heights that are beyond the money that RAVI is lending to them.

### A Step toward taking Loans from Banks

RAVI loans are likely to be a step towards taking loans from banks. There are many people in rural and urban Kenya who have not had experience in handling loans. RAVI loans are a major step towards learning how to acquire a loan, utilizing and then paying back the loan to get to a higher level either for acquiring a loan or with plans to impact the business. So besides being a learning tool it will also be building skills on how to handle money that is not your own.

### A Personal RAVI Loan

I used my personal RAVI loan to purchase a laptop and a modem. I do quite a bit of Transaction Security Business and I also do my own research and consultancy work; all that requires typing, printing and Internet browsing. During the day I am normally committed, but in the evening I have time to concentrate on this work. So having acquired these facilities it has extended my time of working, made me able to meet the client deadlines and improved my efficiency at work.

### The Cash on the Bag (COB) Loan

As Regional Manager of Western Region I have had a 'cash on the bag' (COB) loan for use by my network. This will assist me to support deals that are coming up within my network among the IBMs and MACs for which they require quick money, which they do not have at hand. I now have money in the kitty to support deals with loans, which will be repaid within a few weeks to replenish the kitty for the continuation of that facility.

Already we have loaned out Ksh 100,000/ for a goat deal that will come back in two week's time. That is to enable one of our members to pay farmers for 100 goats, which are being supplied to the West Kenya Flood Mitigation Project, to assist rural communities to alleviate total poverty and to give food security. Solomon Rono (IBM in Kapsabet) will take a commission on the deal, which he would not have been able to complete without the COB fund. Already two deals are running parallel to that one. There is a deal to supply dairy cows to Matunguu District and another deal to

<sup>1</sup> Interviewed by Anne Dennig in November 2009

supply dairy cows to Internally Displaced Persons – so the amount of capital required is beyond his capacity. He needs some quick money to facilitate the payment to farmers. When he has finished the deal that money will come back into the fund for use by another member.

Many of our network members are showing interest to use the COB loan facility. Based on the urgency of the deals I will prioritize and use the facility for those whose deals I have approved and who require attention first. What I am emphasising at this stage is that after borrowing money you have to return it within the period of the agreement, so if you want to extend the duration you have to apply afresh.

The COB loan trial is going to offer some learning experiences. This will enable us to design a micro-finance loan scheme. We shall upscale good practices and look for ways to mitigate against bad experiences.

Contact: Solomon Mulindi  
Email: [smulindi@yahoo.com](mailto:smulindi@yahoo.com)  
Mobile: +254 727968