Metafinance occupies the intermediary space between individual and large-scale municipal finance. It enables creditworthy individuals and families to pool their capacity to save or to borrow into a single loan for a communal purpose. As an example, K-Rep Bank helps pool the individual borrowing capacity of 300 families into one five-year communal loan, allowing households to pump, store and enjoy direct access to clean water. In Kenya, metafinance has been successfully-employed within the Maji Na Maisha Program for community-focused water infrastructure.

1.1 KEY INTERVENTIONS

Metafinance is a combination of the words "meta" (beyond and bridging existing space between individual and large-scale finance) and "finance" (the capacity to finance). It enables creditworthy individuals and families to pool their capacity to save or to borrow into a single loan for a communal purpose. As an example, K-Rep Bank helps pool the individual borrowing capacity of 300 families into one five-year communal loan, allowing households to pump, store and enjoy direct access to clean water. In Kenya, metafinance has been successfully-employed within the Maji Na Maisha Program for community-focused water infrastructure.

1.2 MEASURABLE OUTCOMES

K-Rep, a commercial microfinance bank, realized that the socio-economic benefits of metafinance far outweighed the costs. K-Rep, through its Maji Na Maisha Program, has helped improve more than one hundred communities under the Parivartan initiative. As an example of this type of metafinance, SEWA Bank also leveraged pooled savings to repay a share of the loan. Each of the 125 families in the Salyani housing project, currently implemented under the Parivartan initiative, has helped improve more than one hundred communities under the Parivartan initiative.

Metafinance provides an alternate way forward, by occupying the intermediary space between individual finance and large-scale municipal finance. It enables creditworthy individuals and families to pool their capacity to save or to borrow into a single loan for a communal purpose. As an example, K-Rep Bank helps pool the individual borrowing capacity of 300 families into one five-year communal loan, allowing households to pump, store and enjoy direct access to clean water. In Kenya, metafinance has been successfully-employed within the Maji Na Maisha Program for community-focused water infrastructure.

INTRODUCTION

Throughout Sub-Saharan Africa, scarce or mismanaged national and local government resources rarely prove sufficient to fund the development or expansion of basic communal goods. In the absence of government support, poor urban communities often have no recourse but to turn to self-reliance for such basic necessities as potable water, sanitation, garbage collection and disposal.

Metafinance provides an alternate way forward, by occupying the intermediary space between individual finance and large-scale municipal finance. It enables creditworthy individuals and families to pool their capacity to save or to borrow into a single loan for a communal purpose. As an example, K-Rep Bank helps pool the individual borrowing capacity of 300 families into one five-year communal loan, allowing households to pump, store and enjoy direct access to clean water. In Kenya, metafinance has been successfully-employed within the Maji Na Maisha Program for community-focused water infrastructure.

Metafinance is a combination of the words “meta” (beyond and bridging existing space between individual and large-scale finance) and “finance” (the capacity to finance). It enables creditworthy individuals and families to pool their capacity to save or to borrow into a single loan for a communal purpose. As an example, K-Rep Bank helps pool the individual borrowing capacity of 300 families into one five-year communal loan, allowing households to pump, store and enjoy direct access to clean water. In Kenya, metafinance has been successfully-employed within the Maji Na Maisha Program for community-focused water infrastructure.

The program is well established and has begun to scale throughout Kenya. Still, potential risks do exist. These risks relate for the most part to the relative newness of Maji Na Maisha and the absence of documented best practices. With the success of the program it has been replicated by K-Rep throughout rural and peri-urban Kenya, however it has yet to be applied to an urban slum environment. The replicability further afield will be determined by the programs re-evaluation of the scheme, such as whether different legal requirements in other countries would negate the success of such a scheme, and how the inclusion of different sponsors might affect the program.
The Maji Na Maisha project in Kenya is an attempt to enable communities to combine resources to acquire loans to build infrastructure that will supply basic necessities through a new approach to funding: metafinancing. Metafinancing involves pooling the ability of residents to obtain credit to obtain funding needed for communal goods. In this case, potable, accessible drinking water. K-Rep bank in Nairobi developed the programme as a way to provide the loans needed to develop such infrastructure when the funding could not be provided using typical microfinance instruments for individual families. While the relative newness of the project poses certain risks, it is already spreading throughout Kenya and Sub-Saharan Africa.

Metafinancing has been successfully employed within the Maji Na Maisha Program that allows households to pump, store and enjoy direct access to potable water. Enabled by close ties with the National Water Board and local communities.

Costs

COORDINATES
1°16’S 36°48’E
AREA
580,367 km2
(224,080 sq mi)
POPULATION
43,013,341
DENSITY
74/km2  
(192/sq mi)
GDP (Kenya)
$32.4 billion
URBAN POPULATION (Kenya)
23.6%