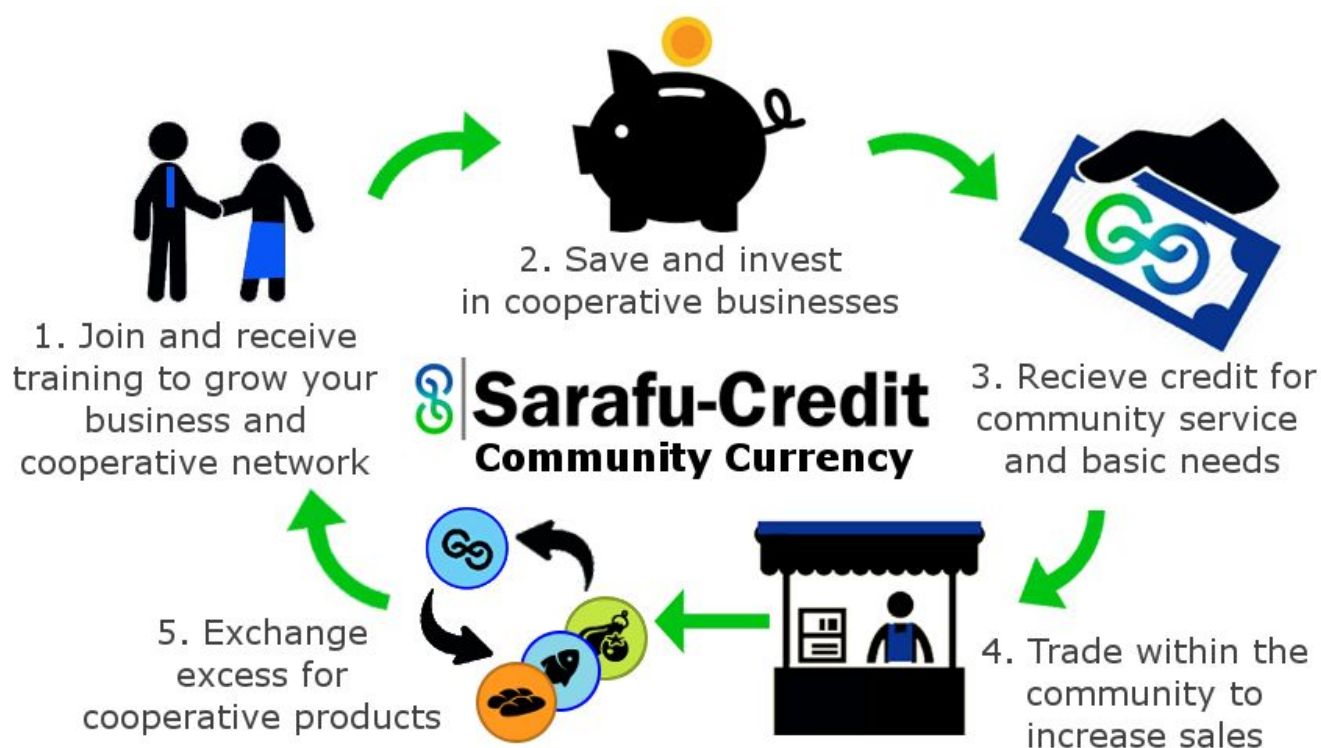




**USER GUIDE**  
KENYA  
-English-



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### **What is Sarafu-Credit?**

Sarafu-Credit is a **voucher for goods and services** of Sarafu-Shops and participating organizations, schools, shops, farms, and clinics. Sarafu-Credit acts as a **local means of exchange (money)** that does not replace but rather supplements (tops-up) lacking Kenyan Shillings. Through increasing trade by matching unmet local needs with under-utilized local resources Sarafu-Credit enables sustainable economic, environmental and social development programs.

Sarafu-Credit is a voucher **worth the same amount in Kenyan Shillings** of goods and services. Sarafu-Credit **is a mutual credit**, which means that it is **fundamentally backed by the community**, i.e. individual members' own goods and services. As an additional collateral source cooperative businesses are developed, which also allows for the growth of the trade network.

### **2. How do people get Sarafu-Credit?**

People receive Sarafu-Credit:

- a) As a zero-intrest loan.
  - b) For community service work.
  - c) As payment or change for goods and services.
  - d) As a top-up.
- 
- a) As a **zero-interest loan** - Sarafu-Credit may be loaned to members of local organizations. Potential members fill out a detailed registration form after they are deemed credit-worthy by running a local business and being guaranteed by the chama organization. After reviewing your application, a committee may accept or reject your application. You can use the Sarafu-Credit to trade goods and services among members. **You need to accept Sarafu-Credit for your goods or services, in order for Sarafu-Credit to help the community. Loans should be renewed each month during chama meetings.** Members that have not been able to renew their Sarafu-Credit in a month are in debt to their local organization and the community.
  - b) Community Service work - Participating non-profits, NGOs and other organizations may wish to support their activities by **rewarding volunteer efforts with Sarafu-Credit**. Organizations may support needy children with school fees, or encourage youth to plant trees and protect the environment. Sarafu-Credit given in this way can be used at participating shops, schools and so on.
  - c) As **payment or change for goods and services** - anyone may use Sarafu-Credit to pay for goods or services or offer Sarafu-Credit as change. This is considered as a form of barter and should circulate around the community to increase trade.
  - d) As a **top-up** - when the participating member is not able to renew their monthly loan, and in debt to the local organization, he or she has to top-up his credit using Kenyan Shillings.

### **3. What benefits can I expect from Sarafu-Credit?**

- It will enable you and the community to meet daily needs during the hard times of the month and year(food, rent, transport, school fees).
- It will enable you to increase your daily sales and customers; and to save more Kenyan Shillings.

- It will create a strong community network and market (allowing people to meet, share ideas, trade goods and services and to launch group programs and initiatives).
- You can also take part in community events to receive Sarafu-Credit and you can also ask for change in Sarafu-Credit.
- Any Sarafu-Credit you have after repaying your loan can be use to purchase from the Sarafu-Shop.
- Members are invited to open-air markets where they can trade with each other.

#### **4. Why is it important to keep Sarafu-Credit moving?**

The faster Sarafu-Credit moves between members, the more it helps develop the local economy. If it stops moving, it stops helping people trade. As much as you use Sarafu-Credit you should accept it back into your business.

#### **5. How do I renew my Sarafu-Credit loan?**

- Try to buy using Sarafu-Credit each day and try to sell your goods with Sarafu-Credit each day. Balance your purchases and sales.
- Use Sarafu-Credit to give change and accept Sarafu-Credit as change when you buy from members.
- Use Kenyan shillings to top up the amount missing from your loan.

#### **6. Who are my guarantors?**

- Your guarantor is an organization, CBO or self-help group that endorses you to receive a loan of Sarafu-Credit.
- If you do not repay your Sarafu-Credit loan, your guarantor may use your savings to or, eventually, expel you from the trade network.

#### **7. How much Sarafu-Credit should I keep?**

- As a member you should keep about as much Sarafu-Credit as you were loaned.
- In one term (generally one month), your balance may go up and down but on average you should have as much Sarafu-Credit as you started with by the end of the term.

#### **8. What should I do if I have too much Sarafu-Credit?**

If you receive more Sarafu-Credit than you are able to spend, you might end up with too much. You can solve this problem by:

- Find businesses to buy from using Sarafu-Credit.
- Giving Sarafu-Credit as change to your customers.
- Contact your backing organization and explain the situation.
- Use your Sarafu-Credit at your nearest Sarafu-Shop.

#### **9. What should I do if I have too little Sarafu-Credit to renew my loan?**

You are in debt to the community! By spending your Sarafu-Credit you have received a loan of goods and/or services from other members. In order to repay this debt, you must accept Sarafu-Credit back for your goods and services. You can easily solve the problem:

- You need more customers with Sarafu-Credit. Advertise yourself to more members.
- If no one is buying your goods and services using Sarafu-Credit:
  - a) Contact your guarantors or chama
  - b) Buy goods and services from members in Kenyan Shillings and accept change in Sarafu-Credit

Note that at the end of the term (usually one month) you will be required to pay back in Kenyan Shillings whatever you are missing. If you have savings at the chama, these might be used for repayment of the debt. Repaying your debt means that your Sarafu-Credit level will be topped up again to your initial loan amount. This is needed to ensure liquidity in the community.

i.e. If your loan was 400 Sarafu-Credit and you have a balance of Sarafu-Credit is 350 at the end of the term, you will pay the chama 50 Kenyan Shillings, in return you will receive 50 in Sarafu-Credit as a top-up.

**10. What is a Sarafu-Shop?**

- Sarafu-Shops are those shops run by Grassroots Economics in collaboration with community groups that provide the backing for Sarafu-Credit. The inventory and profits from these shops determine how many Sarafu-Credit vouchers can be issued to a community.
- Sarafu-Credit can be used for any purchase from a Sarafu-Shop.

**11. What is the directory and what are its benefits?**

The directory is the list of all active members using and accepting Sarafu-Credit. It helps people know where to spend Sarafu-Credit and for members to know each other. **The directory of active members is displayed at your local Sarafu-Shop.**

**12. What should I do if other members are not accepting Sarafu-Credit?**

- Make sure the member understands the program; they might not understand how to price their items using Sarafu-Credit.
- Give the person a chance to explain why they are not accepting it and come back another day.
- If the member has too much Sarafu-Credit already, help them find a way to use it.
- If all else fails, contact their chama (they may need to be expelled from the network).

**13. How should I price my goods and services in Sarafu-Credit?**

- You can accept as much as you can use. It is up to you to make sure that you can use all the Sarafu-Credit you receive.
- As you being, for every Ksh.100 you could accept 10 Sarafu-Credit.
- For service shops, like barbers, you can charge as much as 50% of an item price in Sarafu-Credit.

**14. How do I get a loan in Kenyan Shillings?**

- A Sarafu-Credit loan is a loan of vouchers for goods or services which you pay back with your own goods and services when you accept Sarafu-Credit.
- To get a Kenyan Shilling loan, you must save Kenyan Shillings in the group/chama account and apply for a loan from the group itself or a bank
- By using Sarafu-Credit more, your business should have more customers and more stability and hence be more deserving of a loan.

**15. If my supplier isn't a member, how can I buy my supplies and stock with Sarafu-Credit?**

- If your supplier isn't a member explain to them the benefits of the program and give them an application form and a directory.

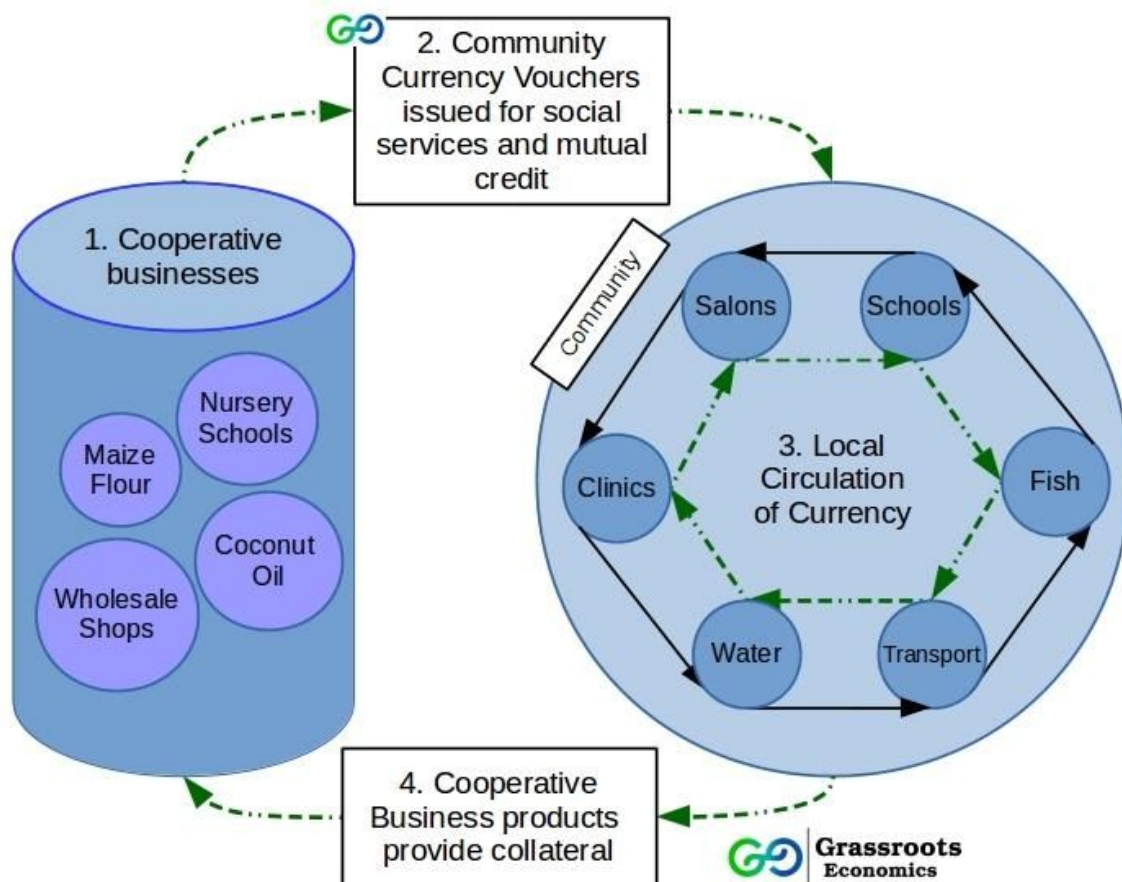
- If your supplier refuses to become a member, you will make sure to accept as much Kenya Shillings as you need in addition to Sarafu-Credit to buy your stock.
- Ultimately it is up to the Sarafu-Credit user to make appropriate business decisions.

#### 16. Is Sarafu-Credit legal?

On August 23<sup>rd</sup> 2013, Bangla-Pesa was deemed by the Director of Public Prosecution in Kenya to not have broken any laws. The Sarafu-Credit programs are under the supervision of Grassroots Economics and in coordination with the local government. Community Currency (which are vouchers equal in value to National Currency), will be issued per member of a registered Kenyan organization. Future issuance will be in coordination with the business network and available backing.

#### 17. When do Sarafu-Credit Expire?

Sarafu-Credit vouchers each have an expiration date. After or the month before the expiration date members in good standing and no debt may turn in their vouchers at the nearest Sarafu-Shop for vouchers with an extended expiration date. Any expired Sarafu-Credit are no longer valid and should not be accepted at the Sarafu-Shops or by any members.



## **Test your Knowledge with the Sarafu-Credit Quiz below**

### **QUIZ**

**1. How much Sarafu-Credit are members first loaned?**

- (a) 100 (b) 200 (c) 400 (d) 500 (e) depends on the member

**2. How many Shillings did you pay to receive a Sarafu-Credit loan?**

- (a) 0 (b) 100 (c) 200 (d) 400 (e) or more

**3. When can you exchange Sarafu-Credit for Kenya Shillings with a fee?**

- (a) End of the month  
(b) After you have repaid your Sarafu-Credit loan  
(c) Never

**4. What is the value behind 50 Sarafu-Credit?**

- (a) Ksh.50 (b) Ksh.45 (c) Ksh.55  
(d) Ksh.50 worth of members' goods and services

**5. What does it mean if you have extra Sarafu-Credit after repaying your loan? (mark all that apply)**

- (a) I have more Sarafu-Credit than I started with  
(b) I need to sell more products for Sarafu-Credit  
(c) I should be buying more goods and services with Sarafu-Credit.

**6. What does it mean if you don't have enough Sarafu-Credit to pay back your Sarafu-Credit loan? (mark all that apply)**

- (a) I have too little Sarafu-Credit and am in debt.  
(b) I should be spending Sarafu-Credit it as fast as possible  
(c) I have received goods and services from members on credit and need to repay the debt.  
(d) I need to sell more products for Sarafu-Credit.

**7. How do non-members use Sarafu-Credit? (mark all that apply)**

- (a) Choose to accept it as change from members  
(b) Never get to use it  
(c) They can accept it voluntarily as payment for work or community services.

Quiz Answers: 1.) e 2.) a 3.) c 4.) d 5.) a, c 6.) a, c, d 7.) a, c