

**THE EFFECTS OF SAVINGS AND INTERNAL LENDING COMMUNITIES'
PROJECT ON THE SUSTAINABILITY OF THE SOCIO-ECONOMIC STATUS OF
THE INTENDED BENEFICIARIES OF BAMBA DIVISION, KILIFI COUNTY.**

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BY

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**A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENT FOR THE AWARD OF A DEGREE OF MASTER OF ARTS IN
PROJECT PLANNING AND MANAGEMENT OF THE UNIVERSITY OF NAIROBI**

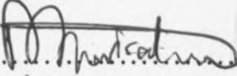
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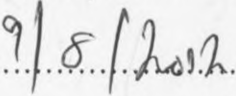
DECLARATION

I hereby declare that this project is my original work and has not been presented for academic purposes in any institution.

Jefferson Mwaisaka

L50/64469/2010

Signature.....

Date

This research project report has been submitted for examination with our approval as the University of Nairobi supervisors.

Dr. Jackson Maalu

Coordinator, School of Business

University of Nairobi

Signature.....

Date.....

DEDICATION

To the orphans and vulnerable children and their guardians/caregivers who are struggling to make ends meet, may the Almighty God give you courage and wisdom to achieve all your endeavors. I do also dedicate this project to my siblings Wasai and Majhala and my parents Selerina and Thomas.

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ABBREVIATIONS AND ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome
APHIA	AIDS Population Health Integrated Assistance
ART	Anti Retroviral Therapy
ASCAs	Accumulating Savings and Credit Association
CAM	Catholic Archdiocese of Mombasa
CRS	Catholic Relief Services
FGD	Focused Group Discussions
HIV	Human Immunodeficiency Virus
IA	Impact Assessment
MFIs	Micro-Finance Institutions
NGOs	Non-Governmental Organizations
OVCs	Orphans and Vulnerable Children
PEPFAR	President's Emergency Plan for AIDS Relief
PLA	Participatory Learning Approach
PLHIV	People Living With HIV
RCT	Randomized Control Trials
ROSCAs	Rotating Savings and Credit Association
SES	Socio- Economic Status
SILC	Savings and Internal Lending Communities
USAID	United States Agency for International Development

ABSTRACT

The purpose of this study was to determine the effects of the Savings and Internal Lending Communities' (SILC) project on the sustainability of the socio-economic status of the intended beneficiaries of Bamba division, Kilifi County. Objectives of the study were to establish whether the savings and internal lending communities' project has had an effect on the household income of those practicing; to determine whether the project has had an effect in sustaining the educational standards of OVCs in the project; to determine whether the project's funds had sustained access to health facilities as well as payment of treatment fees and purchase of drugs; to determine whether the project has had an effect on investments through income generating activities on the intended beneficiaries; and also to determine the factors influencing the level of project's participation amongst the intended beneficiaries. Guardians and caregivers of orphans and vulnerable children needed to sustain themselves after the PEPFAR project had ended which was majorly a HIV/AIDS five– year project. Catholic Relief Services (CRS) therefore developed its community-based savings-led initiatives known as Savings and Internal Lending Communities (SILC) to reach a large group of extremely vulnerable poor people with limited savings and borrowing capacity—especially women in rural communities. Reviews done by Miruka 2007 on the project in Kenya indicated that one of the interesting trends noted from the data collected on loans from the intervention was the portion of loans used for productive purposes. The study population for this study comprised of four hundred guardians/caregivers of OVCs in the PEPFAR project. The sample to be studied was purposively selected to include those guardians of orphans and vulnerable children project to establish if the intervention was effective to them. Prior authority was obtained from the area district commissioner and the divisional officer. A mixed methodology approach was used in data collection and a cross sectional survey was the research design used. A Pre-test questionnaire was administered to the target population as a tool for quantitative data collection. The qualitative data was collected using the focused group discussions. A basic distribution of data was done, categorical data was presented using frequencies and percentages while continuous data was presented using mean. Data was analyzed using descriptive techniques and STATA package was also utilized. The findings were presented in tables which were followed by brief explanations of the same, findings were then interpreted and recommendations made as well as suggestions for further studies. Noted in this study was that almost all the intended beneficiaries had actually taken up the intervention unlike before where a larger majority had shunned away from participating simply because they lacked the cash to save. This study showed that 91.5% of those interviewed had taken up the intervention. Results from this study indicated that the SILC intervention was actually effective in that it improved the household incomes of the beneficiaries as well as providing for the young ones in terms of education. Access to health centers was also found to be effected by the SILC intervention as savings were used for the purpose with 76.4% utilizing the funds on that. The study also found that the quality of knowledge on SILC by the beneficiaries contributed to their increased levels of participation indicating that those perceived to be poor needed to be educated on the importance of pulling together and not to necessarily rely on outside help. Drought and famine was found to be a limiting factor for the few non participants as they opted to look for finances elsewhere and consume the little they had.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Globally it has been found out that access to financial institutions as a means of economic and social sustainability is usually limited or nonexistent for the poorest of the poor. For rural populations, the closest commercial bank, credit union or microfinance institution is often too far and transport costs are too expensive for making use of transport services. Moreover the minimum savings required to open a bank account are usually high while the bank charges to open an account or apply for a loan are often prohibitive for poor households, (Vanmeenen, 2010). This has been the case in many countries being served by NGOs whereby sustainable programs friendly to the poor are either lacking or not fully utilized for poor communities to take care of themselves once the projects or the NGOs move out of their areas.

Catholic Relief Services (CRS) in Kenya's Orphans and Vulnerable Children's Program was a five year United States Agency for International Development President's Emergency Plan For AIDS Relief (PEPFAR) funded project started in 2005, through Catholic Relief Services Kenya and implemented by the Catholic Archdiocese of Mombasa (in Kilifi and Kaloleni Districts) in Coast province, Catholic Diocese of Homabay and Homa Hills Community Development Organization in Nyanza province. The project ended in June 2010. Its objective was to ensure the quality of life of OVCs affected by HIV/AIDS has improved. This goal was to be achieved by increasing the capacity of communities, families and orphans themselves to respond effectively to the needs of OVCs and increasing institutional capacity of faith-based and community based partners to deliver sustainable, high quality OVC interventions, (Odera and Muruka 2007).

The program reached 37,500 OVCs directly and about 14,000 guardians indirectly, it offered 7 core services to the beneficiaries. These were Psychosocial support, Education and Vocational training, Nutritional Education, Health Care, Shelter provision , Protection and Economic empowerment .At care giver level the program trained and provided direct support to care givers to improve their ability to care for the vulnerable children. At the system level the program

worked with the government and the community to strengthen the structures and networks that supported healthy child development and to gather and use information and to develop program responses that led to comprehensive and effective care for OVCs, (Thurman, Hoffman, Chatterji and Brown, 2007)

Economic empowerment as one of the core services offered by CRS under the PEPFAR project in different countries in Africa introduced the SILC approach as a sustainability measure through savings and lending concepts. This was meant to empower guardians/caregivers of children orphaned or made vulnerable by HIV/AIDS to be self reliant through initiation of small income generating activities thereby enabling them to meet some of the OVCs' needs at the household level. People living with HIV (PLHIV) now live longer due to the increased availability of antiretroviral therapy (ART) which has changed the natural history of HIV, however not all of them are able to go back to their pre- illness livelihoods. This therefore necessitated for programs like SILC to help the affected households to enhance food security, protect their assets, and increase social engagement as well as reducing stigma thereby being able to take better care of their families, (Beijuka and Odele, 2007). The SILC programme in Malindi and Kilifi regions of Coastal Province of Kenya has been implemented as a component of HIV/AIDS and OVC programmes. The main objective of the SILC programme was to enable the economically active poor, especially women to develop their own reliable financial services and to support community self reliance and resilience, (Odera and Muruka, 2007).

Savings and Internal Lending Communities (SILC) is a model developed by Catholic Relief Services (CRS) for user-owned, self-managed savings and credit groups. A SILC group typically comprises of 15-30 self-selecting members, and offers a frequent, convenient and safe opportunity to save. It helps members build useful lump sums that become available at a pre-determined time and allows them to access small loans or emergency grants for investment and consumption (Ferguson, 2012). SILC is a savings model with its roots in traditional Rotating Savings and Credit Associations (ROSCAs), and Accumulating Savings and Credit Associations (ASCAs). ROSCAs are a traditional means by which a group of people help each other. The basic principles underlying ROSCAs are simple, that is, the group as a whole agrees an amount for each member to save on a regular basis, the cumulative savings of the group are then rotated

to each member of the group on a regular basis and after everyone has had their turn in receiving the contributions, the group may disband or start another cycle. (Anderson and Baland, 2002).

The SILC approach was seen as particularly complementary to the OVC programming in that it provided members with basic financial education and access to credit, (Vanmeenen, 2010). Catholic Relief Services has implemented the SILC programme as a component of its wider APHIA II, OVC PEPFAR, and The Children Behind (TCB) HIV/AIDS programmes in many parts of Africa. In Kenya however this was operational in Rift Valley, Coastal and Nyanza provinces, in the Rift Valley province SILC was integrated in the APHIA II HIV/AIDS projects and was being implemented through the Catholic Diocese of Eldoret, the Catholic Diocese of Nakuru and the Catholic Diocese of Ngong while that of the Coast Province was integrated in both the OVC PEPFAR and APHIA II projects and is still being implemented by the Catholic Archdiocese of Mombasa on its own without integrations with the OVC projects. (CRS Field agent guide 2010)

The main objective of the SILC programme in Bamba location was to enable the economically active poor guardians/caregivers, especially women to be able to sustain their families and especially children through the provision of basic needs after the project had ended (CAM report 2010). The SILC program is characterized by self selection of members based on proximity, knowledge of each other, friendship, trust, hard work and reliability; there is also an aspect of participatory management with an inclination to women leadership as well as savings first by SILC members to create a loan fund and internal lending; and upfront investment in design, staffing, training and plans for integration by Catholic Relief Services, (Vanmeenen, 2006).

The SILC programme has a proper and simplified record keeping system in place with books containing columns for savings, loans, social funds as well as those for cumulative figures. The book is kept in the SILC box and is maintained by both the secretary and the treasurer of the SILC with support from the field agents who visits the SILC about twice a month depending on the level of SILC maturity. Despite the high illiteracy levels among the SILCs, the SILC records have been maintained and information on savings, loans and repayment can easily be obtained from the books, (Odera and Muruka, 2007)

A SILC may decide to create a Social Fund or it may not. If it does so, it must agree on a regular, fixed contribution, with everyone contributing the same amount. The Social Fund can incorporate a number of purposes: emergency assistance, educational costs for orphans, and funeral expenses among others. Thus, it must be anticipated that the Social Fund will be depleted and will need replenishment and cannot therefore be included in the end-of-cycle share-out/action audit; must not be mixed with the loan funds and must be physically separated from other cash in the cash box/pouch, (Beijuka and Odele 2007).

Reports from the Catholic Archdiocese of Mombasa SILC field agents revealed that in coast province for instance and more specifically the larger Kilifi district as at November 2010, the SILC program was serving 5,819 guardians of which male were 287 and female were 5,532 forming 314 groups. The attendance rate was 82.6% while the growth rate was 5.5%, asset and member equity was sh. 8,548,291.

Table 1 : SILC Participation

Source: Field reports-Catholic Archdiocese of Mombasa.(2010)

NAME OF PARISH	NO.OF GROUP	MEMBERS		CUMMULATIVE SAVINGS
		MALE	FEMALE	
KILIFI	41	44	779	300,790
GIRIAMA	65	55	1,112	862,911
CHONYI	35	26	513	342,460
KIKAMBALA	48	59	896	948,820
BAMBA	56	38	1,063	2,951,206
MARIAKANI	69	65	1,169	1,347,662
TOTAL	314	287	5,532	6,753,849

Assessing the effects in project management helps to determine whether the project's goals are actually being met or not. Without it projects lay themselves open to issues that might not only affect the project's performance but completely derail its cycle adding to cost and lead time in such a way that renders the project unfeasible, (Hulme and Mosley 1996). Effect and impact assessment are therefore critical elements in further improving projects' effectiveness as well as efficiency thereby assisting in promoting innovation. These assessments started to be a concern in microfinance from the late 1980s; assessments were of different types commissioned by different agencies with different aims using mainly quantitative statistical analysis to assess impacts and effects on poverty at the enterprise and household levels, (Chen and Dunn, 1996)

Many a times, assessment of various interventions and especially on microfinance are faced with a lot of challenges that might raise questions about the validity of the findings; it is not therefore uncommon for researchers to confront a number of problems that have serious implications for impact assessment methodology and, consequently, the validity of its findings, (Karlan, 2001). The baseline might also come too late to capture impacts that have already occurred, resulting in an understatement of actual program effects, that is, the longer the time lag between program launch and the baseline research, the greater the probability that the impact assessment may fail to capture certain program impacts, (Carletto and Morris, 1999).

Experience has shown that program beneficiaries are usually very pleased when the program is just starting, underway, or just finished. They still react to having resources and attention accessible to them that they did not have before, and they still have the energy, enthusiasm and hope with which they embarked on the new venture. The only way to determine whether the benefits experienced by the program clients are sustained over time is to carry out the follow-up research at some point after the program has concluded (Boutilier, 1997). The most common difficulty occurs when program benefits spill over to non-program participants. One of the greatest challenges in doing a high quality assessment is identifying statistically valid treatment and control groups, this may encounter outside-project factors that threaten or even wipe out the entire study, (Creevey and DAI 2008).

There are also ethical issues in researching on sustainability issues such as cultural issues especially amongst traditional African societies, most commonly in Kenya and Bamba community in particular. Although the benefits of the programme to individual households is likely, the number of households targeted for any one intervention may be too small in any given area to measure impact. The interventions are not given to households as a package but rather one intervention to a few households at a time. Not all households are targeted for each intervention within a given zone. This is due to logistical constraints, or due to particular requirements for different interventions, (Garbarino and Holland, 2009)

Important community effects to be captured during assessment include; behavioral change in individuals, service level changes, such as improved social or health services/programs, and community, social, or system level changes, such as enhanced community capacities, stronger community networks, better service integration, and greater accessibility of services, (Kabeer, 2003). This study therefore measured the effects of SILC in terms of sustainability in improving the household income, educational standards, health status, investments through petty trade and other income generating activities as well as levels of SILC participation of the intended project beneficiaries in Bamba community.

1.2 Statement of the problem

Existing impact assessments have made an important contribution to understanding some of the complex interactions between microfinance interventions, livelihoods and different dimensions of poverty reduction and empowerment. There remains nevertheless a considerable gap between the potential contribution of effect assessment and the practical usefulness of existing findings,(Mayoux,2001) like MFIs' sustainability effects on the intended projects' beneficiaries. There is also currently a rapid innovation in impact assessment methodologies in microfinance which point the way to possibilities of a new and more integrated sustainable learning process between different stakeholders which can itself make an important contribution to poverty reduction and empowerment. This study therefore sought to assess the effect to establish if the project was and is still sustainable and if it can be adopted by other stakeholders.

It has been observed that most of the SILC participants are vulnerable and ordinarily are unable to meet their basic needs of food, clothing, shelter, health and education. There are indications from studies done in different areas where the program is/was in operation that beneficiaries practicing the same have been able to sustain themselves physically, emotionally and socially after the projects ended. Reports from the Catholic Archdiocese of Mombasa's field agents adds that SILC has enabled its members in Bamba division to build up small savings into useful lump sums with a secure means of savings and contributions into a social fund that offers security in case of immediate emergency needs e.g. school fees and hospital admissions. However, these studies were done when the SILC project was still being funded by the PEPFAR funds through visits by the field agents, this study therefore sought to assess and determine whether SILC has led to the achievement of sustainability as it was its goal after the funding stopped in Bamba division.

Microfinance programs like SILC have been regarded important in development strategies, there is however a growing concern amongst academics that these expectations are not being met. Rigorous research approaches, employing randomized trial designs, have begun to suggest that MFIs may not be the golden bullet that many had hoped; knowledge about their impacts and effects is also partial and contested. There is an imperative therefore to establish whether MFIs and SILC in particular are helping or harming the poor people it purports to serve, which this study intended to establish.

1.3 Purpose of the study

The purpose of this study was to establish the effects of economically empowering the Bamba community in Ganze district, Kilifi County through Savings and Internal Lending Communities commonly known as SILC in sustaining the socio-economic status of the OVCs and their guardians in the PEPFAR project.

1.4 Objectives of the study

The study had the following objectives;

1. To establish whether Savings and Internal Lending Communities' project has had an effect on the household income of those practicing.
2. To determine whether Savings and Internal Lending Communities' project has had an effect in sustaining the educational standards of OVCs in the project.
3. To determine whether Savings and Internal Lending Communities' funds had sustained access to health facilities as well as purchase of medical drugs.
4. To determine whether Savings and Internal Lending communities has had an effect on investments through income generating activities on the intended beneficiaries.
5. To determine the factors influencing the level of SILC participation amongst the intended project beneficiaries.

1.5 Research Questions

The study was guided by the following research questions:

1. How has the Savings and Internal Lending Communities' programme improved and sustained the household income of the intended Bamba division's beneficiaries?
2. To what extent has Savings and Internal Lending Communities' program improved and sustained the educational standards of intended OVCs in Bamba division?
3. What is the effect of the Savings and Internal Lending Communities' in ensuring access to medical services among the intended beneficiaries?
4. How has SILC contributed to investments in Income Generating Activities amongst the intended project's beneficiaries in Bamba division?
5. What are the factors influencing the level of SILC participation among intended project beneficiaries?

1.6 Hypotheses for the study

1. **H₀**. Savings and Internal Lending Communities' project has not been effective in improving the household income of the intended beneficiaries.
2. **H₀**. There has been no effect regarding the education status of the intended beneficiaries brought about by the Savings and Internal Lending Communities' project.
3. **H₀**. Savings and Internal Lending Communities' has had no effect in ensuring access to medical services by the intended beneficiaries.
4. **H₀**. Savings and Internal Lending Communities' Project has not been effective in Income Generating Activities of the intended beneficiaries.

1.7 Basic assumptions of the study

The study assumed that respondents would provide the required support during data collection and that normal schedules of the SILC groups won't be interfered with by the researcher during interviews and focused group discussions.

The other assumption was that SILC was still practiced in Bamba division despite the fact that PEPFAR project which brought about the SILC idea had ended.

1.8 Significance of the study

The study would be useful towards extension of knowledge as it seeks to establish the relevance of economically empowering communities to take charge of their own developments through group savings and lending as well as basic book keeping for purposes of record keeping. Consequently, this would also help micro finance institutions to innovate on ideas that will help communities to invest and thereby fight poverty through economic growth.

This study also establishes the effect of the SILC program in sustaining the socio-economic status of OVCs and their guardians in the PEPFAR project as well as other projects implemented by various NGOs especially on issues to do with sustainability. This would also help in identifying gaps in the program and the necessary measures to make the strategy a success in

future as well as determining whether the project has achieved its objectives and if not what gaps needed to be filled.

The study makes significant contributions that will benefit the community as people will know the importance of SILC program and how pulling together can bring about positive results as a way to fight poverty and sustain themselves economically without outside help or handouts from NGOs and the government which are usually short-lived. The donors will also be able to know the impact of the funds provided to implement the program and whether the intended objectives have been achieved, other interested NGOs as well as the government will be able to establish the relevance of SILC in economic growth and development and opt whether to adopt it as it is or make necessary changes to make it more effective.

1.9 Delimitations of the study

The study sought to investigate the effects of economic empowerment through Savings and Internal Lending Communities (SILC) towards sustenance of PEPFAR project's beneficiaries. This was done in Bamba division between May and July 2012, data was collected by the researcher using questionnaires and group discussions. Several variables could be studied to determine sustainability of the beneficiaries, for purposes of this study, only five variables were considered; these included; household income, education, health, investments as well as motivating and inhibiting factors in the levels of participation. Bamba was chosen by the researcher due to its known levels of poverty and the determination of the guardians in SILC participation. The division is also convenient to the researcher as he is well known by the beneficiaries. The researcher has also reviewed studies done in this area and none has been done since the funding stopped hence this study would lead to a new knowledge and help other stakeholders to identify gaps in the event of designing similar projects.

1.10 Limitations of the study

The study was done in the interior part of Kilifi County which is in the Kenyan coastal province, due to this fact, illiteracy was rampant and the researcher experienced language barriers during data collection. Accessibility to the area under study also posed a challenge as it was quite a distance from where the researcher resides.

1.11 Definition of significant terms

Orphan (PEPFAR project definition)

A child 0–17 years old, who has lost one or both parents to HIV/AIDS.

Vulnerable child (PEPFAR project definition)

A child who is HIV-positive or because of HIV/AIDS: lives without adequate adult support; lives outside of family care; is marginalized, stigmatized, or discriminated against; or has suffered other consequences due to HIV/AIDS.

Economic empowerment

This is the empowering of previously disadvantaged sections of the population; it focuses on mobilizing the self-help efforts of the poor, rather than providing them with social welfare.

Effect

This is the tangible and intangible consequence of one thing or entity's action or influence upon another.

1.12 Organization of the study

This research project comprises of five chapters; the first chapter gives the introduction of the study as well as its background. The statement of the problem, objectives and research questions are also found in chapter one. Literature review is shown in chapter two where the researcher reviewed the relevant studies concerning the topic under investigation. Chapter three examines the research methodology which includes the research design, target population, sample size and sampling procedure, research instruments, reliability and validity of the instruments and data collection procedure. The fourth chapter talks about the presentation, analysis and interpretation of data while chapter five discusses the summary of the study, conclusions as well as recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews and discusses the relevant literature related to the study, that is, the effects of economic empowerment (SILC) on the sustainability of the intended OVC project beneficiaries in Bamba division. It specifically seeks to determine the impact and effect methodologies and levels of various project assessments and microfinance projects in particular. Sustainability as one of the objective aimed by the strategies will play a key role in establishing whether there was any effects and impacts in improving the socio-economic status of the targeted beneficiaries and whether the right methodologies have been used to assess the effects.

2.2 Impact Assessment and Evaluation

The Wikipedia free encyclopedia defines impact assessment as a process aimed at structuring and supporting the development of policies. It identifies and assesses the problem at stake and the objectives pursued. It also seeks to identify the main options for achieving the objective and analyses their likely effects in the economic, environmental and social fields. Effect and Impact assessment studies have become increasingly popular with donor agencies and, in consequence, have become an increasingly significant activity for recipient agencies. In part this reflects a cosmetic change, with the term IA simply being substituted for evaluation (Hulme, n.d).

The measurement of effects requires identifying the change, its type, how it happened and its time duration. This measurement is not an easy job and requires using a methodology which seeks to obtain qualitative information exploiting multiple methods and a variety of sources. Following this rationale, the first objective of an evaluation exercise is usually to assess service provision. Once the provision of the service has been ascertained, it may be important to evaluate the level of utilization of such services by the intended beneficiaries, and their coverage or take-up by the project's target groups, (Ravallion, 2008). It is only when the correct service is provided in a timely manner and properly utilized by a sufficiently large number of beneficiaries, that one can plausibly expect an impact on the indicator of interest. Only in these cases is an

impact evaluation required or justified. On the other hand, limiting an evaluation to an assessment of service provision, utilization or take-up, based on shaky assumptions about the relationships between project interventions and end-results can be equally improper and misleading. For instance, stopping short of measuring the effects that a small-scale irrigation project has had on the food security of the households adopting the technology, based on the simplistic assumption that improved irrigation must have had an effect on household agricultural output and access to food, is likely to be inappropriate. (Caletto and Morris 1999). Incomes are heavily skewed - several high-income earners distort averages that respondents are influenced by the way and by whom questions are asked and that disentangling project effects from "exogenous factors" is impossible, alternative measures therefore revolve around PRA, case studies and qualitative techniques which have verifiable, observable indicators, (Kobb 1997).

Some terms used in assessing effects and impacts include; relevant which means making sure impact evaluations are done in ways that are relevant to policy, that is, asking the right questions, at the right time, but also answering why something worked or did not work, not just whether it worked or not. Combining qualitative and quantitative methods can help achieve this; Ethical which means impact evaluations need to be done in an ethical way and; Use of appropriate methodology which ensures that impact evaluations are of high quality and therefore useful. While there is an agreement that not every project or programme can be evaluated, many existing assessments are motivated by a desire to prove the worth of a given intervention, meaning that external funding for evaluations is almost entirely demand driven. This process is likely to favor projects and policies that are expected to have benefits by their advocates. "Why would someone commission an impact evaluation if the results are expected to be negative?" (Ravallion, 2008). An important counterbalance to this tendency for 'promotional' impact evaluation is created when national government partners/borrowers become strong and intelligent customers of more and better evaluation, (Adinyira, Oteng-Seif, Adjei-Kumi, 2007).

Assessment of effects can play a crucial role in revealing the reasons underlying poverty outcomes and trends as well as in disaggregating poverty impacts in ways that ensure better targeting, effectiveness and efficiency (DFID, 2008). An assesment that combines qualitative and

quantitative methods can generate both a statistically reliable measure of the magnitude of the impact as well as a greater depth of understanding of how and why a programme was or was not effective and how it might be adapted in future to make it more effective, (Rogaly, 1996)

There are three different types of statements reflecting different degrees of confidence end-users may require from the evaluation results, these are: adequacy, plausibility, and probability. An adequacy assessment simply determines whether some outcome actually occurred as expected, it tends however, to be of little use for impact evaluation since it is unable to isolate the effects of the project from those of other concurrent processes as it doesn't include control groups. Plausibility assessments on the other hand permit determination of whether a given change can actually be attributed to the project, by isolating its effect from all other confounding factors. An indispensable feature of plausibility assessments is the use of a control group which will exhibit identical characteristics on aggregate to the beneficiary group, except for project participation. The basis for probability statement on the other hand is the random allocation of project intervention or control status, allowing one to determine with a given probability that the average features of the intervention and control groups are identical, (UNICEF, Habicht, Victoria, and Vaughan 1997).

2.2.1 Levels/Units of assessment

Common units of assessment are the household, the enterprise or the institutional environment within which agents operate. More recently some studies have attempted to assess effectiveness at a number of levels, such as Hulme and Mosley (1996) who looked at microenterprise, household community and institutional levels and USAID's Assessing the Impact of Microenterprise (AIMS) Project. Focusing purely on the 'individual' or the 'enterprise' has drawbacks and they could be viewed as discredited. The household economic portfolio model has much to recommend especially if institutional effects are incorporated in the community level analysis.

Table 2: Units of Assessment and their advantages and disadvantages

<i>Unit/Level</i>	<i>Advantages</i>	<i>Disadvantages</i>
Individual	Easily defined and identified	i) Most interventions have impacts beyond the individual. ii) Difficulties of disaggregating group impacts and impacts on 'relations'
Enterprise	Availability of analytical tools (profitability, return on investment etc)	i) Definition and identification is difficult in microenterprises. ii) Much microfinance is used for other enterprises and/or consumption. iii) Links between enterprise performance and livelihoods need careful validation
Household	i) Relatively easily defined and identified ii) Permits an appreciation of livelihood impacts iii) Permits an appreciation of inter linkages of different enterprises and consumption	i) Sometimes exact Membership is difficult to gauge ii) The assumption that what is good for a household in aggregate is good for all of its members individually is often invalid
Community	Permits major externalities of interventions to be captured	i) Quantitative data is difficult to gather ii) Definition of its boundary is arbitrary
Institutional Impacts	i) Availability of data ii) Availability of analytical tools (profitability, transaction costs)	How valid are inferences about the outcomes produced by institutional activity?
Household economic portfolio, i.e. household, enterprise, Individual and community	i) Comprehensive coverage of impacts. ii) Appreciation of linkages between different units.	i) Complexity ii) High costs iii) Demands sophisticated analytical skills iv) Time consuming

Source: Adapted from Hulme, nd.

2.3 Paradigms of impact assessment

At the heart of impact assessment is the attribution of specific effects i.e. impacts, to specific causes i.e. interventions. The first is the conventional scientific method with its origins in the natural sciences. This makes use of control groups during surveys to produce statistically valid results on impact (i.e. RCTs and quasi-experimental research designs); the experimental approach is virtually infeasible in the social sciences, because of the nature of the subject matter, and so the approach has been adapted into quasi-experiments (Casley and Lury, 1982). Quasi-experiments seek to compare the outcomes of an intervention with a simulation of what the outcomes would have been, had there been no intervention (Mosley, 1997).

The second paradigm is known as the humanities tradition and has its roots in the humanities and focuses on making a reasoned argument supported by theory and specific pieces of evidence. This makes use of mainly qualitative methods, and does not try to 'prove' impact in terms of statistical probability, but rather interpret plausibility. (Wright and Copestake, 2004). Last but not least is the Participatory learning and action which uses various participatory qualitative research tools to enable intended beneficiaries to identify their own indicators, monitor change and evaluate causality. The question now is how widely-local people can be enabled to identify their own indicators, establish their own participatory baselines, monitor change, and evaluate causality. This means two objectives may be achieved that is, better impact assessments, and intended beneficiaries will be empowered through the research process itself (Mayoux, 1997). Although these three approaches can be separated for analytical purposes, in recent practice many studies have woven elements of these approaches together.

2.3.1 Common assessment methods

The common methods of assessments used are; sample surveys, rapid appraisal, participant observation, case studies and participatory learning and action. These are as summarized in the table below.

Table 3: Common methods of assessing effects

<i>Method</i>	<i>Key features</i>
Sample surveys	Collect quantifiable data through questionnaires. Usually a random sample and a matched control group are used to measure predetermined indicators before and after intervention.
Rapid appraisal	A range of tools and techniques developed originally as rapid rural appraisal (RRA). It involves the use of focus groups, semi-structured interview with key informants, case studies, participant observation and secondary sources
Participant observation	Extended residence in a program community by field researchers using qualitative techniques and mini-scale sample survey
Case studies	Detailed studies of a specific unit (a group, locality, organization) involving open-ended questioning and the preparation of 'histories
Participatory learning and action	The preparation by the intended beneficiaries of a program of timelines, impact flow charts, village and resource maps, well-being and wealth ranking, seasonal diagrams, problem ranking and institutional assessments through group processes assisted by a facilitator

Source: Adapted from Montgomery (1996).

2.4 Assessing the effects of microfinance projects/programs

Microfinance or economic empowerment is a term used to describe financial services for those without access to traditional formal banking. These interventions have been hailed by many as a solution to poverty alleviation, which allows market forces to operate, enabling the poor to invest in their futures and bring themselves out of poverty. The advocacy movement behind these initiatives is powerful and many evaluations highlight the benefits of these services. (Stewart,

Van Rooyen, Dickson, Majoro, and De Wet, 2010). Once poor people do access financial services, the question of outcome arises. One of the crucial debates in economic empowerment through microfinance is expressed by Brau and Woller (2004) as the trade-off between financial self-sufficiency and sustainability, the depth of outreach, and the social welfare of service recipients. Rodman (2010) refers to the latter as 'judging microfinance by whether it reduces poverty, increases freedom, and builds industries'. With the one goal of microfinance seen as reducing poverty, changes in income levels of individuals and households are many times used as a measure of the effects of microfinance (Makina and Malobola 2004). But Wright (1999) highlights why income levels cannot be the only measure: increasing income does not per se mean that poverty is reduced, as it depends on what the income is used for especially as far as sustainability is concerned.

Studies of the effects of economic empowerment on the poor will then have to consider different outcome variables. These could include increased consumption, income stability and income growth, reduced inequalities, health and education outcomes, nutrition improvements, employment levels, empowerment indicators, reduced vulnerability to shocks, strengthened social networks, and strengthened local economic and social development, and can vary according to who has been reached by these microfinance services (e.g. women and the poorest), such dimensions of impact and effects are referred to as cognitive, behavioral, material, relational and institutional changes (Kabeer 2003). Studies on effects should not only look at individual and/or household-level, but also look at effects on community, economy and national levels. (Brau and Woller, 2004) Over the last decade microfinance assessment studies have increasingly moved away from single method to multi-method or pluralist approaches. The initial emphasis on 'scientific' sample surveys and statistical analyses has shifted as multi-method IAs and most recently participatory approaches have been utilized. Rogaly, (1996); Wood and Shariff, (1997) demand rigorous empirical testing to find out what is being achieved and how more might be achieved.

Understanding the effect of savings programs on household welfare and on financial institutions requires more than tracking and describing outcomes. Impact evaluations are needed to answer

the critical question of; “How are the lives of the participants different than they would have been had the microfinance program, not been implemented?” The second part of the question is what would have happened in the absence of the program, In the case of savings, a program that does not increase participants’ savings balances by more than the control group will show no impact or even show a negative impact. (Ashley and Hussein, 2000). Efforts to measure the impact of savings can be seriously affected by statistical biases, especially selection bias. The selection problem occurs when one forms the control group: if we simply look at a population and compare savers to non-savers we risk comparing two different types of people. Savers may be better planners, or more educated; they may have more disposable income, or they may be more risk averse. These differences can be important enough to skew impact studies, since what would seem like an impact of saving might instead be an impact of a general propensity to plan well.

The root problem is that we can easily control for, say, age in statistical analysis, but something like the ability to plan ahead is difficult to quantify, and thus difficult to properly take into account. An example of this difficulty is evident if we compare health outcomes, for instance, between savers and non-savers. We might find a big difference between the two groups, but that difference might not be due to savings itself but to correlated factors such as planning, culture and risk aversion. There might even be reverse causality: healthy people might be able to earn more, or they might spend less on hospital visits, increasing savings balances. Experience shows that the best way to deal with this problem is with randomized control trials (RCTs). By randomly assigning potential participants from the same sample population into treatment and control groups at the outset of the program, RCTs ensure that the treatment and control groups are, on average, similar except for participation in the program. This allows researchers to establish causality: if there is any difference between the groups after participation in the program it will be due to the program and not any confounding factors. Comparing the two groups thus gives a clean, unbiased measure of the welfare gain to access. (Makina and Malobola 2004)

As for the effective indicators, institutions have varied between institutions adopting impact measurement or institutions do not adopt it at all and institutions adopting only financial indicators and others are having development indicators which are linked to the extent of lifting the family out of poverty and providing employment opportunities for sustainability purposes. For others, there are social and development indicators and these indicators examine the extent of the social empowerment of women that has taken place, (Ashley and Hussein 2000).

An impact assessment study of micro credits on Palestinian women, by optimum for consultation and training (2009) stated that although the lending institutions measured the economic impact of small and micro financing on the family and its contribution to exit the family out of poverty; these institutions did not measure the loan impact on the level of women's economic and social empowerment. In the same context, the impact of loans on the development of the economic situation of the family and their contribution to poverty alleviation was measured as an introduction of the discussion about the economic empowerment of women, to verify the achievement of empowerment, it was necessary to ascertain the economic and financial impact on the enterprise and whether the loan is really contributing to the development or the improvement of a productive enterprise. The most important methods were the women themselves and stakeholders including: families, local community, traders and women working in lending institutions that were able to monitor indicators of changes across different points in time, interpreted them, and to measure the extent of the resulting economic and social empowerment. The research also required the selection of a control group of women who established enterprises without obtaining loans. The environment and the enterprises for these women were close to the surveyed women in order to discuss the different mechanisms of access and the impact of empowerment, (Optimum for consultation and training, 2009)

One of the biggest challenges to measuring the effectiveness of savings programs is that savings are not easy to capture in household surveys because poor households save in many different ways, in addition to opening an account with a formal savings institution they may save cash at home, with deposit collectors, within a savings club such as ROSCA, or by lending to family members. They may also save in non-cash assets such as jewelry or livestock. An evaluation that

fails to capture the total savings held in these different savings vehicles, as well as the shifts in savings from one vehicle to the other, could understate savings rates, or overstate savings growth, potentially leading to incorrect conclusions about the impact of the program. (Karlan, 2008)

2.4.1 Economic empowerment and socio-economic effects

Assessment of local development effects often focus excessively or exclusively on how much cash, how much increased production, or how many jobs are generated, rather than on a broad range of livelihood issues. This is particularly true in conservation and development projects, which have only recently come to embrace wider social issues, (Ashley and Hussein, 2000). Thus the ability to address economic, social and environmental interdependencies within policies, plans, legislations and projects has become the basic requirement of all urban sustainability assessments methods, (Adinyira, et al 2007)

Research has shown that economic empowerment through MFIs is a long-standing coping strategy that many families employ to respond to crises and times of economic stress. It is important to establish sustainable interventions like SILC to respond to household economic needs. These will vary, depending on widely varying local circumstances, and could include: reduction or elimination of school related or health care expenses, micro-enterprise or micro-finance programs, agricultural assistance, special investment funds to address local collective needs, provision of welfare assistance, or building basic infrastructure to support the productive base of the community and households. (Children on the Brink 2002,)

MFIs also help ease household consumption and protect assets, it provides a mechanism that helps households better manage their finances, which allows them to not only protect their productive assets but grow their income thereby contributing to sustainability. For example, in Kyenjojo, Uganda, SILC Farmer groups allowed members to acquire loans to pay for basic needs, which enabled them to sell their crops over a longer time period. With stocks lasting longer, the group was able to sell their surplus at higher prices during the hungry season, dramatically improving their profits thereby having an increased household income. Savings and

borrowing are tools in this balancing process. People like to have working balances on hand for the sake of convenience to meet unexpected expenditures and for protection in times of hardship (Pischke, 1978).

2.4.2 Educational effects of Economic empowerment

Economic empowerment through microfinance interventions have been shown to have a positive impact on the education of clients' children. One of the first things that poor people do with new income from microenterprise activities is to invest in their children's education. Studies show that children of microfinance clients are more likely to go to school and stay longer in school than for children of non-clients. (Littlefield, Murdoch and Hashemi, 2003). One of the most significant contributions of SILC for education is the increased ability of households to incrementally save towards the payment of school fees and school supplies. Additionally, many SILC groups make provisions for loans at specific times during the year to allow for the payment of school fees. The SILC activities have helped to increase the income of households within the local communities so that they can ultimately be able to shoulder the cost of the education of their children. (Vanmeenen, 2010)

2.4.3 Economic empowerment and Health

Microfinance elements are important in lessening the HIV/AIDS epidemic's impact on families and communities. Although access to credit may not be beneficial for those whose immediate survival is at stake, it may play a role in helping households get ahead of the disease before the worst consequences arrive, (Donahue, 1999). Socioeconomic status is a key factor in assessing a population's health status and its need for health care, (Mustard and Froehlich 1995)

Although SES is not in itself a causal factor, understanding its linkages to health can provide clues to the actual mechanisms involved (Oakes and Rossi, 2003). This type of research on the effects of socioeconomic well-being on health is important for policy makers in developing countries, where limited resources make it crucial to use existing health care resources to the best advantage (Kuate-Defo, 1997). Most findings are consistent with expectations regarding the relationships between socioeconomic inequalities and health outcomes in Africa (Wagstaff et al., 1991; Kakwani et al., 1997; Gwatkin et al., 2000; Kuate-Defo and Diallo, 2002).

While economic empowerment through SILC is unable to address issues of physical access to health facilities, there have been several promising case studies showing SILC members' increased ability to pay for transportation to medical facilities as well as paying for needed treatment through their social fund. The social fund in many groups plays a critical function of helping to meet emergency needs and reducing the vulnerability of households that are often prone to borrowing from money lenders or extortionists when a family member falls ill. In some countries, such as Rwanda, SILC participants are being empowered to go even a step further to save and pay for the national insurance premium. In Rwanda, payment of the *mutuelles* (the national health insurance) for household members is required by the government, for many families, the payment of these monthly premiums poses a challenge, particularly as they seek to balance some of their other financial obligations. In Benin and Kenya, CRS is networking with local health insurance providers to look at affordable and accessible health coverage for SILC members. (Vanmeenen, 2010)

2.4.4 Economic empowerment and Income Generating Activities

Focusing solely on increasing incomes is not enough as sometimes the income generated is abused, (Wright, 1999). Having access to microfinance services has led to an enhancement in the quality of life of clients, an increase in their self-confidence, and has helped them to diversify their livelihood security strategies through decent occupations and thereby increasing their income (Robinson, 2001). Recent program researches by Ruth Odera and George Miruka have revealed that OVC care-givers and those participating in home-based care as well as SILC are increasingly focusing on income generating activities as opposed to social-medical focus or being dependent on other programmes. Some SILC groups in Mariakani at the coast of Kenya for instance are borrowing KShs200 (US\$3) each to put together as a group and buy Lorries of building stones to re-sell later to individuals builders at double the price. Others are buying sugar in bulk and selling to community members.

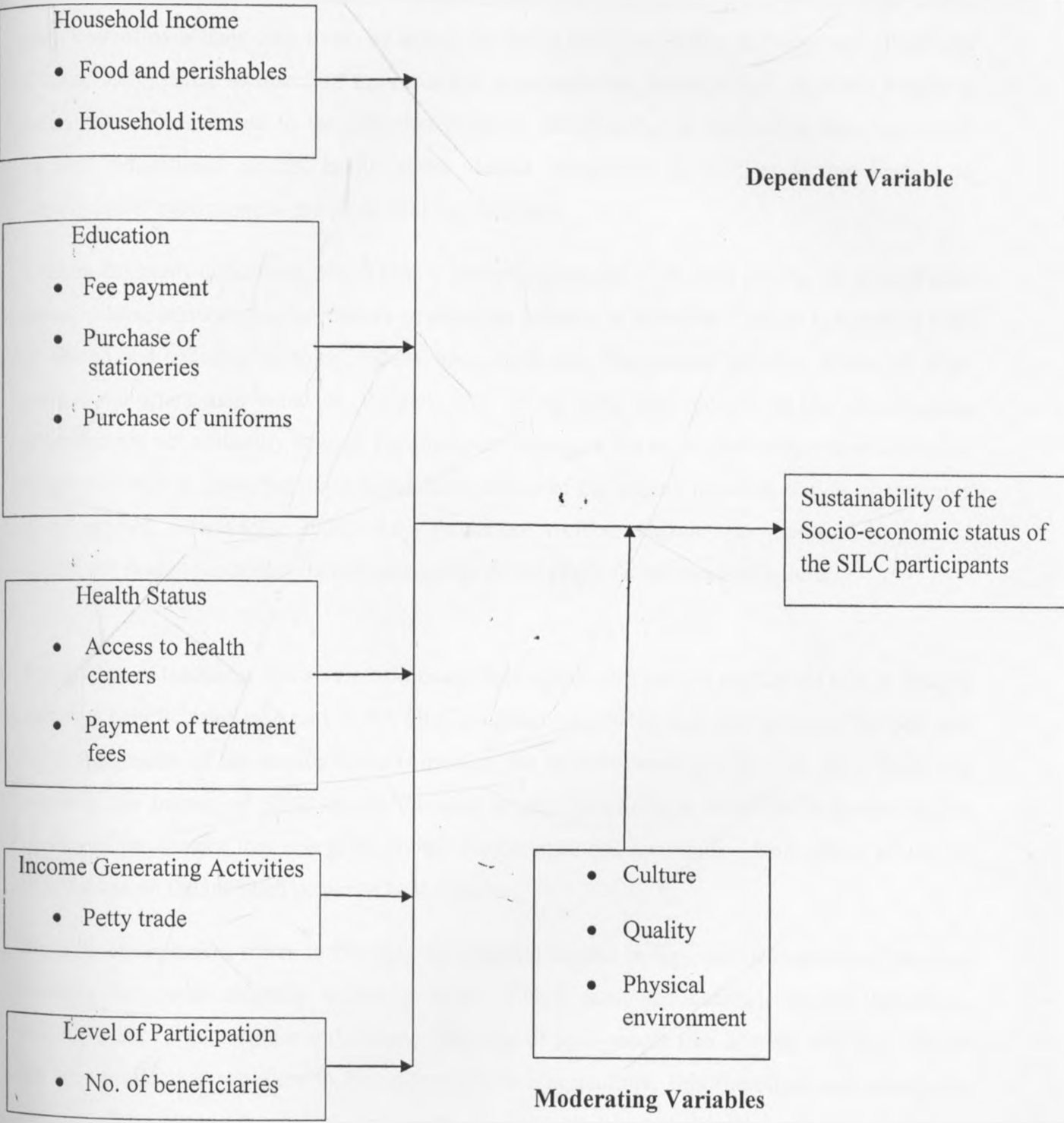
2.4.5 Economic empowerment and level of participation

Recently convincing arguments have been made by Gonzalez-Vega, (1977), Ladman and Tinnermeier (1981), and others that concessionary interest rates are the major factor contributing to poor participation of the intended beneficiaries in MFIs. It is also believed that the discomforts

caused by a few people going into debt and not being able to repay tend to dominate general views held about financial intermediation thereby interfering with the beneficiaries levels of participation. Some of the factors that contribute to the increased levels of SILC participation are believed to include the fact that it's based on savings, which means that members work with their assets and not with loan liabilities or debts. This increases their livelihood security and reduces their exposure to risks. Interests earned on loans also goes to the SILC and not to an external service provider, this increases the amount of investment capital available to the community. Transactions are also quick, simple and transparent as well as having secured system of accounting which is clear and simple. Some project beneficiaries do not however attend to the SILC program as intended, the level of participation is therefore limited by several factors which the study sought to determine.

2.5 Conceptual Framework

Independent Variables



2.5.1 Explanation of Variables in the conceptual framework

Economic Empowerment is a multi-dimensional social and economic process that helps people gain control over their own lives, by acting on issues that they define as important. (Page and Czuba, 1999). SILC is therefore the economic empowerment aspect which the study sought to assess the effects it had to the intended project's beneficiaries in improving their household income, educational effects, health status, decent occupation as well as factors leading to beneficiaries' participation and those limiting the same.

Culture has many definitions, and it affects everything people do in their society because of their ideas, values, attitudes, and normative or expected patterns of behavior. Culture is therefore a set of shared and enduring meaning, values, and beliefs that characterize national, ethnic, or other groups and orient their behavior (Belshek, n.d).. It has long been recognized that development programs are not culturally neutral. Development strategies are embedded within their culture of origin and tend to leave out the cultural environment of the society in which the development is to be applied, (Hendricks, 2000). As a moderator variable, culture was therefore considered during the study to establish its relevance towards the project's success and failure.

The quality of teachings and services from the field agents also plays a significant role in making sure that beneficiaries take part in the SILC program. Quality in this case refers to the type and the effectiveness of the service towards meeting the targeted need or objective. As a moderator variable, the impact of SILC on the intended project beneficiaries therefore depended on the quality of the service that was given by the project staff and community field agents as well as follows ups on the intended project's beneficiaries.

Physical environment refers to the area surrounding human beings, and it consists of physical features that occur naturally including Water (rivers, seas, and oceans), natural vegetation, landform and rocks, weather and climate. Majority of poor people live in areas with bad climate for any productive activities to be undertaken like agriculture, this therefore necessitates for individuals to opt out to go look for greener pastures elsewhere or simply become too busy to participate in any microfinance initiative. This study therefore sought to establish the SILC

effects as well as hindrance factors by considering the moderating variables as well to come up with valid and reliable findings.

Household income as an independent variable in the conceptual framework is a measure of the combined incomes of all people sharing a particular household or place of residence. It includes every form of income as a result of SILC participation which the study sought to establish its effects as a result of the microfinance initiative. The study determined and assessed whether SILC has truly led to the increase and sustenance of the household income as its objective was or not.

Education is a component of the OVC program which aims at improving the accessibility of the basic education to the orphans and vulnerable children through provision of uniforms, payment of levies among other academic interventions. Guardians/Caregivers of OVCs in the SILC program are therefore expected to be able to take care of educational expenses previously catered by the project. This is therefore an independent variable which the study sought to determine its effects in relation to the SILC program.

Health as an independent variable refers to the level of health of individuals, groups, or population as subjectively assessed by the individual or by more objective measures. This means the access of health care when in need as well as living and eating healthy. Economic empowerment through SILC was therefore assessed to establish its effects with regard to the health status of the intended project's beneficiaries to determine if it has been sustained or not.

Decent occupation in the conceptual framework refers to the strategies of income generating considered to be ethically correct and done in the right manner at the right time. This is what the society considers genuine and morally upright to what the guardian or the OVC does to generate income. Economic empowerment through SILC was also studied to establish its effect on the intended project's beneficiaries with regard to decent occupations especially through the formation of income generating activities.

Level of participation explains how the intended participants are responding to the initiative as well as the reasons that increase or inhibit the manner in which project beneficiaries are

attending to the SILCs or the faith they have in the same which limits or increases their participation. As an independent variable in the conceptual framework, the study determined what led to acceptance as well as success and failure of SILC in Bamba division.

2.6 Summary of the literature review

From the literature review it is evident that assessing and evaluating the effects of economic empowerment through microfinance projects should consider different outcome variables which include; income stability and income growth, health and educational outcomes, nutritional improvements, employment levels, empowerment indicators, reduced vulnerability to shocks, strengthened social networks, and strengthened local economic and social development, and can vary according to who has been reached by these services as well as assessment methods used. Economic empowerments through MFIs have had positive effects to those who practiced the same towards improving their socio-economic status and the achievement of sustainability. SILC as one of the sustainability measures undertaken during the PEPFAR project has led to improved household income, educational standards, health status and IGAs through active participation by the intended project beneficiaries. The literature review also brings out an indication that the HIV/AIDS and OVC donor programs have been designed to meet the needs of the beneficiaries as well as ensuring that sustainability of the services being offered by the project are put in place in the event that the project ends.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The purpose of this chapter was to introduce the research strategy applied in this research project. It defines the scope and limitations of the research design and is divided into the following sections; research design, target population, sample size and sampling procedure, data collection methods, data collection procedure, validity and reliability of research instruments, Ethical considerations, Data presentation and analysis techniques as well as the operational definition of variables.

3.2 Research design

Cross sectional survey was used for this study as it was viable and also enhanced the causal inferences which the study sought to make. It is the cross sectional survey which can infer that by changing the independent variable, a change is possible on the dependent variable. This is precisely what the study sought to investigate, that is, by introducing Savings and Internal Lending Communities' project to the intended beneficiaries of PEPFAR project; this would have a positive effect on their socio-economic status as was the intention of the intervention after the OVC Project phase out.

3.3 Target population

Kilifi district has 5,000 guardians taking care of OVCs in the PEPFAR project; Bamba division in particular has 400 guardians benefitting from the project and who are considered to be the intended beneficiaries required to benefit from the Savings and Internal Lending Communities project. The target population for this study came from Bamba division having a total number of 400 guardian/caregivers of OVCs in the PEPFAR project.

3.4 Sample size and sampling procedure

A sample in research study is a group on which information is gathered (Frankel 2000). The whole idea of sampling is that by selecting some of the elements in a population we can draw conclusions about the entire population (Cooper 2006). Fisher (1992) recommends 50% of the target population in social research. Out of the target population of 400 guardians, 50% of them was the accessible population due to the vastness of the area and time factors in conducting the study. This therefore translated to 200 guardians forming the sample size. According to Mugenda, & Mugenda, (1999), 10% of the accessible population is enough for research study, that is, $10\% \times 200 = 20$, this formed the number of caregivers for the focussed group discussion.

Purposive sampling was used in this study as the researcher was focussing on the particular characteristics of guardians and caregivers who had orphans and vulnerable children benefitting from the PEPFAR project and SILC program as well. Initially the assumption was that almost half of the intended beneficiaries were not SILC members as was the case from the previous reviews done, the researcher however found out that membership had increased and almost all intended beneficiaries in Bamba have joined the groups. Inclusion criteria was therefore used to include all guardians of OVCs who were in the PEPFAR project. After data collection, exclusion criteria was used to exclude those who were guardians but not in the SILC groups. This was to prevent data from being skewed towards one direction as those not in SILC were a negligible population. The sampling frame was prepared by the researcher in collaboration with the SILC agents in the area.

3.5 Data collection methods

A mixed methodology approach was used during data collection; quantitative data was collected using questionnaires as they helped in capturing the baseline data of the guardians in the area while qualitative data was captured using focused group discussions.

3.5.1 Questionnaires

Questionnaires were administered in two ways, that is, self administered questionnaires to those who could read and write as well as interviewed administered questionnaires to those who were academically challenged. A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from the respondents; it's used to collect primary data by eliciting written responses from the subject. They contained both closed and open ended questions so as to engage the respondents to give in depth information. This instrument was preferred due to the time and cost factors as far as this study was concerned.

3.5.2 Focused Group Discussions

These were mainly used to collect qualitative data as they were particularly useful for getting the story behind participants' experience as they could pursue in-depth information around the topic. Standardized open ended discussions were held, these were preferred due to the nature of the topic as it required in depth information.

3.6 Data Collection Procedure

Primary data was collected from 199 guardians of OVCs in the PEPFAR project practicing and not practicing SILC. The researcher sought the assistance of the Catholic Archdiocese of Mombasa SILC field agents in the preparation of a sampling frame. Questionnaires and FGDs were administered through focal persons in the current USAID funded OVC project in Bamba division. The data collected was coded and a database created and analyzed using the STATA package.

3.7 Validity and Reliability of the research instrument

Validity of the data collection instruments was of great importance as it ensured research results were those intended ones as well as reliability which ensured consistency in measurements and results.

3.7.1 Validity

Validity determines whether the research instrument truly measures that which it was intended to measure or how truthful the research results are, (Joppe, 2000). The researcher determined the validity by doing a pilot test of the questionnaire administering it to twenty guardians of OVCs benefiting from the project; he also looked for answers in the research of others as well as sharing the questionnaire with the supervisor before the actual administration was done.

3.7.2 Reliability

Reliability is the extent to which results are consistent over time and an accurate representation of the total population under study, (Joppe, 2000). If the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. Kirk and Miller (1986) identified three types of reliability referred to in quantitative research, which relates to: the degree to which a measurement, given repeatedly, remains the same, the stability of a measurement over time; and the similarity of measurements within a given time period. The technique which was used to measure the degree of reliability of the questionnaires and the FGD schedules was the test-retest at two different times during the pilot study, that is, 10 questionnaires to the targeted group randomly and another 10 to selected ones the researcher knew were actively in SILC.

3.8 Data presentation and Analysis techniques

This study employed both qualitative and quantitative methods of data analysis. Qualitative techniques involved describing the characteristics of data, classifying them and then making connections so as to make general statements. Quantitative analysis involved coding of data and producing frequency tables so as to calculate the mean, mode and the median, STATA as a statistical tool was used to describe the association between the independent and the dependent variables. The means, medians and standard deviation were used to stratify categorical thresholds for analysis. Means were used as cut off thresholds to depict lower than or higher than the mean dependent variables. Hypothesis testing was done using the t-test and the p- value. T-test analysis was used to describe the relationship between the independent and the dependent variables while the probability (p) value was used to determine the association.

3.9 Ethical consideration

The researcher treated all information gathered with a high degree of confidentiality; respect of individuals and their culture was also observed during the study. SILC group meetings were also respected as was the requirement and interviews through questionnaires didn't last long so as not to interfere with the normal schedules of the beneficiaries.

3.10 Operational definition of Variables

Dependent Variable	Instrument Used	Indicator	Measure	Scale
Savings and Internal Lending Communities (SILC)	Questionnaire	Beneficiaries given SILC knowledge	Number	Nominal
Independent Variables				
Household Income	Questionnaire	Availability of basic needs	Frequency	Nominal
Education	Questionnaire	Fee payment and other academic incidentals.	Number	Ordinal
Health Status	Questionnaire	Medical expenses paid	Frequency	Ordinal
Investments in IGAs	Questionnaire	IGAs and those in meaningful jobs.	Number	Ordinal
Level of Participation	Focused Group Discussions	Targeted beneficiaries in SILC groups	Number	Nominal
Moderating Variables				
Culture	Focused Group Discussion	Extent of culture in the SILC project	Frequency	Nominal
Physical environment	FGD	Climatic conditions	Frequency	Nominal
Quality	FGD	Proper SILC education	Frequency	Nominal

CHAPTER 4

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents data analysis, findings and interpretation. Descriptive tools of analysis were used in the interpretation of data, these included frequencies, percentages and mean. This chapter is organized into six sections which include household and project background information, Savings and loan information, Savings and Loan utilization from SILC, general household expenditures and income source of the intended beneficiaries as well as motivating and inhibiting factors as far as SILC participation is concerned. The interpretation of the findings from the T-test analysis is also found in this chapter.

4.2 Response rate

The return rate was found to be 99.5% as illustrated in Table 4.1

Return rate	Frequency	Percent
Number of questionnaires returned	199	99.5
Number of questionnaires not returned	1	0.5
Total	200	100.0

4.3 Household and project background information

This section explains the background information of the households which responded to the questionnaires. The section examined the household roofing materials, education grade of the household head, maximum education of any household member, number of household members, number of working adults in the households of Bamba division as well as whether the household has participated in any MFI and for how long.

Table 4.2 Household roofing material

Roofing material	Frequency	Percentage
Grass	127	63.8
Corrugated sheets	70	35.2
Missing data	2	1.0
Total	199	100

Table 4.2 presents the household roofing material of the respondents. These findings indicated that 63.8% of the respondents lived under grass roofing popularly known as makuti while the remaining 35.2% were having corrugated sheets as their roofing materials. This indicates that majority of the people in Bamba division have grass as their roofing material; the reason behind this is due to the expense that comes with corrugated sheets and have therefore opted for a cheaper grass roof which is readily available from the palm trees in the area.

Table 4.3 Education grade of household head

Category	Frequency	Percentage
No education	106	53.3
Primary	89	44.7
Secondary	4	2.0
	199	100

Table 4.3 presents education grade of the household head where the questionnaires were administered. From the findings 53.3% had no education at all while 44.7% of the respondents had primary education with the remaining 2% with secondary education. This implies that majority of the SILC participants have little or no education at all while almost all did not attend tertiary institutions.

Table 4.4 Maximum education of any household member

Category	Frequency	Percentage
No education	42	21.1
Primary	130	65.3
Secondary	27	13.6
	199	100

Compared to the data presentation on educational level of the household head, table 4.4 shows findings on the maximum education of any household member as given by the respondents; 21.1% have no education at all while 65.3% have primary education and 13.6% having secondary education. This implies that majority of the household members with SILC participants have primary level of education as compared to the majority of household heads who have no education.

Table 4.5 Number of working adults in the household

No. working	Frequency	Percent
0	8	4.0
1	54	27.1
2	111	55.8
3	26	13.1
Total	199	100

The researcher also sought to establish the number of working adults in the household so as to determine whether there were other sources of income, the findings were; 4% of the respondents had no working adult, 27.1% had 1 adult working, 55.8% had 2 adults working and 13.1% had 3 working adults in the households.

Table 4.6 Participating in other MFI institutions

Category	Frequency	Percent
Yes	131	65.8
No	68	34.2
Total	199	100

Table 4.6 presents the findings as to whether the respondents had participated in any MFI; the indication was that 65.8% of the respondents had participated in MFIs while 34.2% had not. This implies that majority of the SILC beneficiaries had once participated in some MFIs. This information would help the researcher to analyze the impact as far as SILC is concerned to control other forms of incomes that might come from elsewhere.

Table 4.7 Years participating in MFI

No. of years	Frequency	Percent
0	68	34.17
1	14	7.04
2	68	34.17
3	35	17.59
4	12	6.03
5	2	1.01
Total	199	100

Table 4.7 shows the number of years that the respondents have participated in the MFI; the presentation indicates that 7.04% have been in MFIs for 1 year, 34.17% have been for 2 years, 17.59% for 3 years, 6.03% for 4 years and 1.01% for 5 years. Majority of those in MFIs have been there for 2 years, this analysis will help to compare the SILC duration pattern with those of other MFIs.

4.4 Savings and Loan information

This section captures whether the individuals interviewed are SILC members, for how long and whether they do have any savings on the same as well as whether they have taken loans and paid with interest as is the requirement as per the SILC rules and regulations.

Table 4.8 SILC membership

SILC member	Frequency	Percent
Yes	182	91.50
No	17	8.50
Total	199	100

Regarding SILC participation on the intended beneficiaries of Bamba division, 91.50% of the respondents are SILC members while 8.50% are not, this implies that majority of the targeted group are in SILC groups. Analysis of this data will help the researcher to determine the level of participation as far as the intended beneficiaries are concerned.

Table 4.9 Duration of SILC membership

Duration	Frequency	Percent
Within a year	11	6.0
1- 2 years	85	46.7
Over 2 years	86	47.3
Total	182	100

Regarding the duration of SILC membership, 6% have been SILC members within a year, 46.7% have been in the practice for more than a year but less than 2 years while 47.3% have been there for over 2 years. This implies that majority of the respondents were above the 2 year bracket of the project participation.

Table 4.10 SILC membership for any other household member

SILC member	Frequency	Percent
Yes	37	18.6
No	162	81.4
Total	199	100

Some households had more than one SILC member as confirmed by the respondent in table 4.10, the presentation indicates that 18.6% of the respondents had other members in their household being SILC members while 81.4% didn't. Findings therefore indicate that most of the households had a single member as being in the SILC

Table 4.11 Duration of SILC membership for another household member

Duration	Frequency	Percent
Within a year	3	8.1
1- 2 years	16	43.2
Over 2 years	18	48.7
Total	37	100

The duration of other household members apart from the respondent in the SILC is as shown in table 4.11 above indicating that 8.1% have been within a year, 43.2% for between 1 and 2 years and the remaining 48.7% for over 2 years. Just like the respondents, other household members have also been in SILCs for over 2 years.

Table 4.12 Households that have taken loans

Response	Frequency	Percent
Yes	182	91.5
No	17	8.5
Total	199	100

The above table shows the data as far as loan taking is concerned, 91.5% of the respondents have taken loans from MFIs while 8.5% have not taken any loan. The findings indicate that a larger majority have been loan beneficiaries of the MFIs. This is an improvement on the fact that when SILCs and other MFIs were being initiated in 2006, beneficiaries were afraid of taking loans for fear of not knowing what they will do with the amount borrowed. Findings of the micro save review of 2007 showed that only 39% of the respondents had taken loans as compared to this survey which has a percentage of 91.5 of borrowers.

Table 4.13 Source of the loan

Loan source	Frequency	Percent
SILC	178	97.8
Other MFI	4	2.2
Total	182	100

Majority of the loans were taken from the SILC having a percentage of 97.8 from the respondents, other MFIs in the area contributed to 2.2% of the loan source. This implies that a majority of the respondents rely on SILC as their source of loan.

Table 4.14 Paid back the loan with interest

Response	Frequency	Percent
Yes	176	96.7
No	6	3.3
Total	182	100

From table 4.14, a larger majority were able to pay back the loan with interest as is the requirement, 96.7% of the respondents were able to pay back the loan while 3.3% did not. This implies that loan borrowers are trustworthy as they can repay back the money they have been loaned therefore making the SILC active. This analysis is important as it confirms the reasons for failing in MFIs like the merry go rounds as being caused by the inability of the members to pay back what they have taken from the group.

4.5 Savings and loan utilization from SILC

This section presents findings on how the savings, sharing and loans were utilized by those in the SILC project. It is based on what the respondents' priorities are as far as the utilization of savings is concerned.

Table 4.15 Food and Perishables

Response	Frequency	Percent
Yes	167	93.8
No	11	6.2
Total	178	100

Table 4.15 indicates whether there was an expenditure of food from the SILC funds, the presentation shows that 93.8% of the respondents had actually spent theirs on food and perishables while 6.2% did not. This implies that reactions to shocks such as general lack of food and hunger were made possible by the SILC funds as result of economic empowerment.

Table 4.16 Medical cost

Response	Frequency	Percent
Yes	136	76.4
No	42	23.6
Total	178	100

As was the objective of SILC as well as this study in determining whether the SILC intervention has sustained the health of the intended beneficiaries by attending to medications through fares and drug purchase. The researcher sought to establish the amount that was spent on the same. Table 4.16 indicates that 76.4% of the respondents had actually spent their money on medication and the remaining 23.6% did not. This implies that there has been an improvement in health issues as a similar research done by micro save in Kilifi found that a larger majority of the beneficiaries could not access medication due to lack of funds.

Table 4.17 Education (fees, uniforms and books)

Response	Frequency	Percent
Yes	131	73.6
No	47	26.4
Total	178	100

One of the primary objectives of the SILC intervention was to help the OVCs in the PEPFAR project of Bamba division to continue with their education as the project was coming to an end. The researcher therefore sought to establish whether this was achieved by finding out the percentage of the respondents who spent their SILC funds on education. 73.6% had indeed spent theirs on education while 26.4% didn't. This is a positive effect as far as the project is concerned.

Table 4.18 Land renting or home improvement

Response	Frequency	Percent
Yes	9	5.1
No	169	94.9
Total	178	100

As table 4.18 indicates, larger majority of the respondents did not use their SILC funds on rent and home improvement with only 5.1% utilizing on that while the remaining 94.1% not doing the same. The implication here is that the majorities lives in their own lands and do not therefore pay rent.

Table 4.19 invested in petty trade like IGA

Response	Frequency	Percent
Yes	62	34.8
No	116	65.2
Total	178	100

Table 4.19 presents findings on expenditure of petty trade like IGAs; it indicates that 34.8% of the respondents had used their money on IGAs while 65.2% did not. This implies that individuals are still afraid of the risks that come with doing business for fear of loses or inability to repay the loans as a result of the same.

Table 4.20 social obligations

Response	Frequency	Percent
Yes	4	2.25
No	174	97.75
Total	178	100

As per table 4.20, 2.25% of the population used the funds on social obligations like weddings, funerals and other contributions while 97.75 did not. This implies that despite the fact that the SILC project has a social fund which is not shared during the share –out ceremonies, some individuals however few they might be still utilize the SILC funds on the same.

4.21 Repaying debts and loans

Response	Frequency	Percent
Yes	172	96.6
No	6	3.4
Total	178	100

96.6% of the respondents used their funds to re pay their debts while 3.4% didn't, this implies that the SILC members do actually abide by the rules of loaning as majority of the respondents were paying back as indicated in table 4.21.

4.6 General household expenditure

This section examines the general household expenditure without SILC, that is, the researcher was seeking to establish how much was being spent in the household regardless of whether SILC was there or not. This analysis was intended to assess the impacts between expenditures with and without SILC funds.

Table 4.22 Education/ Schooling (uniform/fees/books)

Response	Frequency	Percent
Yes	177	88.9
No	22	11.1
Total	199	100

Naturally 88.9% of the respondent would spend their money on education while 11.1% would not. Table 4.22 therefore shows that Bamba division individuals do value education as there is an increase in the level of education between the household head and any other member of the household which in many cases was the young ones in the household.

Table 4.23 Medical expenses

Response	Frequency	Percent
Yes	185	93.0
No	14	7.0
Total	199	100

Table 4.23 indicates that on general expenditures, 93.0% of the respondents used their money on medical expenses like transport, medicine and health fees while 7% did not. This implies that individuals do value their health as they can spend on the same.

Table 4.24 Social obligation

Response	Frequency	Percent
Yes	43	21.6
No	156	78.4
Total	199	100

On social obligation like funerals and weddings, generally 21.6% of the respondents spent their income on this while 78.4% of the respondents didn't. This is almost similar to the SILC data in that individuals shy away from using their income on social events. This is as presented in table 4.24.

Table 4.25 Land renting

Response	Frequency	Percent
Yes	29	14.6
No	170	85.4
Total	199	100

Table 4.25 shows that 14.6 percent of the respondents use their income generally on rent while 85.4% of the respondents do not. This again implies that majority of those interviewed live on their land and do not therefore pay rent.

Table 4.26 Repay debts and loans

Response	Frequency	Percent
Yes	174	87.4
No	25	12.8
Total	199	100

As is the rule of thumb as far as loans and debts are concerned that one has to pay, 87.4% of the responds did abide by the same while 12.8% did not. This could be due to lack of funds or during data collection; the respondents were still on the process of payments especially if it were installments.

Table 4.27 Food and perishables

Response	Frequency	Percent
Yes	174	87.4
No	25	12.6
Total	199	100

The above data in table 4.27 shows that 87.4% of the respondents did spend on food and perishables while 12.6% did not. As compared to the SILC funds, a larger percentage of the respondents spent the latter on food and perishables than the general expense percentage.

Table 4.28 Investment expenditure expense

Response	Frequency	Percent
Yes	45	22.6
No	154	77.4
Total	199	100

General expenditure as shown in table 4.28 indicates that 22.6% of the respondents did invest as part of their expense while 77.4% did not. This information relates to the expense on the SILC income whereby the majority did not invest on their income.

4.7 Sources of income

This section seeks to identify the various sources of income that the respondents mainly acquire their funds for survival and other needs. The researcher therefore analyzed the income sources from livestock and agricultural production, investments on IGAs as a result of SILC as well as other labor employment.

Table 4.29 Income from livestock and agricultural production

Response	Frequency	Percent
Yes	80	40.2
No	119	59.8
Total	199	100

Table 4.29 presents 40.2% of the respondent do get their income from livestock and agricultural production while 59.8 do not, this implies that agricultural activities are being done in the area no matter how minimal they are.

Table 4.30 Income from petty trade and other IGAs

Response	Frequency	Percent
Yes	182	91.5
No	17	8.5
Total	199	100

Table 4.30 indicates that 91.55% of the respondents do get their income from IGAs while 8.5% do not. This however contradicts the data on general and SILC expenses explained above. The reason given in the FGDs was that majority of the respondents who engage in businesses get their funds for investments from relatives living in urban areas as they fear using their own savings for investment purposes.

Table 4.31 Income from other labor employment

Response	Frequency	Percent
Yes	181	90.9
No	18	9.1
Total	199	100

Some respondents also got their income from labor employment as indicated in table 4.31. It shows that 90.9% of individuals had at one time earned their income from labor employment which was not necessarily a full time employment or salaried one while 9.1% have not earned anything from the same.

Table 4.32 Other sources of income

Response	Frequency	Percent
Yes	3	1.5
No	196	98.5
Total	199	100

Other sources of income like being sent money by relatives among other means were also found to be 1.5% on those who received such income against 98.5% of the respondents who do not receive other incomes apart from the above three sources.

H₀: Savings and Internal Lending Communities Project has not been effective in improving the household income of the intended beneficiaries.

Table 4.33 T-test on the household income

Group	observations	mean	std. deviation	95% conf.	interval
0	116	6959.91	5234.22	5997.27	7922.56
1	62	4717.72	3238.42	3895.34	5540.15
Combined	178	6178	4749.98	5476.33	6881.53

From the T-test analysis done by the researcher it was found that the mean expenditure on household income amongst respondents who took loans from SILC was Kshs. 404 with a standard deviation of 682.14. As compared to other expenses the mean expenditure was the lowest implying that respondents did not use much of their savings on household items. Interestingly, respondents who spent less than the mean expenditure on household items had actually borrowed a larger amount as compared to those who had spent more than the mean expenditure on household items (6960[5997 - 7923] vs. 4718 [3895 - 5540], $p=0.003$). This may suggest that a larger amount of money borrowed was used for other purposes like medication, education and IGAs.

H₀: There has been no effect regarding the education status of the intended beneficiaries brought about by the Savings and Internal Lending Communities' project

Table 4.34 T-test on Educational expenses

Group	obs	Mean	Std.Dev	95% conf.	Interval
0	158	5766	4440.42	5068	6463.26
1	20	9445	5882.85	6692	12198
Comb.	178	6179	4749	5476	6881

The mean expenditure on education amongst participants who took loans from SILC was found to be Kshs 2199 (s.d 2564). Our data also suggest strong evidence of an association between amount of money borrowed from SILC and the expenditure on education. Participants who spent less than the mean expenditure on education had borrowed substantially lower amounts compared to those who had spent more than the mean expenditure on education (mean amount borrowed [95% C.I], p-value: 5766 [5068 - 6463] vs. 9445 [6692 - 12198], p=0.001).

H₀: Savings and Internal Lending Communities' has had no effect in ensuring access to medical services by the intended beneficiaries.

Table 4.35 T-test on Medical expenses

Group	obs	Mean	Std.Dev.	95% conf.	Interval
0	131	4744.66	3674.46	4109.52	5379.79
1	47	10176.6	5145.08	8665.94	11687.25
Combined	178	6178.93	4749.98	5476.33	6881.53

The researcher also found that the mean expenditure on medical expenses amongst participants who took loans from SILC was Kshs 1335 (s.d 2674). Our data suggests strong evidence of an association between amount of money borrowed from SILC and the expenditure on medication. Respondents who spent less than the mean expenditure on medication had borrowed substantially lower amounts compared to those who had spent more than the mean expenditure on medication (mean amount borrowed [95% C.I], p-value: 4745 [4110 - 5380] vs. 10177 [8666 - 11687], p=0.001).

H₀: Savings and Internal Lending Communities' project has not been effective in Income Generating Activities of the intended beneficiaries

Table 4.36 T-test on Income Generating Activities' expenses

Group	Observations	mean	std. dev.	95% conf.	Interval
0	95	3627.37	2829.31	3051.01	4203.72
1	83	9099.40	4832.11	8044.28	10154.52
Combined	178	6178.93	4749.98	5476.33	6881.53

The mean expenditure on income generating activities amongst the respondents who took loans from SILC was found to be kshs.780 with a standard deviation of 1691. There is a strong evidence to suggest an association between the funds borrowed from SILC and the expenditure on investments. Respondents who spent less than the mean expenditure on investments had borrowed lower amounts compared to those who had spent more than the mean expenditure on investments. (Mean amount borrowed [95% C.I], p value; 3627[3051-4203] vs. 9099[8044-10155], $p < 0.001$)

CHAPTER FIVE

SUMMARY OF THE FINDINGS, DISCUSSIONS AND CONCLUSIONS

5.1 Introduction

This chapter presents the summary of findings, discussion of findings, conclusions and recommendations as well as suggestions for further research and studies.

5.2 Summary of findings

The study used cross sectional survey to determine the effects of Savings and Internal Lending Communities on the sustainability of the intended OVC project beneficiaries in Bamba division of Kilifi County. The target respondents were guardians and caregivers of the OVCs who were in the PEPFAR project.

Effects of Savings and Internal Lending Communities on the household income of the intended beneficiaries.

The researcher looked at the income spent on food and perishables as well as land renting and home improvement to assess the effectiveness of the SILC intervention in sustaining the household income. Findings revealed that with the SILC intervention in place, 93.8% of the respondents used their money on food and perishables unlike 87.4% who did the same regardless of whether SILC was there or not. On the contrary, a larger percentage of individuals used their non SILC income on land renting and home improvement as compared to those who used their SILC funds on the same, that is, 5.1% did use their SILC income as compared to 14.6 who utilized theirs on the same regardless of whether SILC was there or not. It was however noted that the respondents did not utilize much of their cash on household items like roofing and furniture simply because they considered those as non essentials. From the FGDs, the researcher observed that majority had grass roofing not because they liked it that way but because they could not afford the corrugated sheets. This was also evident in data collected from the questionnaires that only 37% could afford corrugated sheets and they cannot dare use their savings on the same.

Effects of Savings and Internal Lending Communities' on the sustainability of the educational standards of the intended beneficiaries.

The findings of this study revealed that 73.6% of the respondents actually used the funds from the SILC intervention to cater for their children's educational needs. It was also observed that 88.9% of the respondents utilized their funds outside the SILC bracket to cater for their children's education. It is therefore evident that Bamba OVC guardians have seen the importance of education as majority of their income is being spent on the same. This was evidenced from the FGDs which were held especially amongst the "jipe moyo" SILC group where one participant said, "*education is free fine, but, uniform and books belong to the SILC intervention.*" The t-test analysis confirmed the same as it indicated a strong association between SILC funds and education.

Effects of Savings and Internal Lending Communities' in access to health services by the intended project beneficiaries

On medical expenses as far as health issues are concerned, 76.4% used their savings from SILC to cater for their medical expense; this means that despite the fact that they had the social funds to cater for such emergencies; majority still used their savings on medication. However in the same sample, 93% used their personal income to cater for their health issues implying that the social fund is slightly effective in controlling the expenditures relating to ill health.

Income generating activities as a result of Savings and Internal Lending Communities

Despite the fact that majority of those interviewed did not invest in petty trade in both data sets, the study revealed that 34.8% of individuals did use their SILC funds in income generating activities like selling kerosene and fish while the same interviewed on outside funding source apart from SILC, only 22.6% had indeed used their money on petty trade commonly known as income generating activities implying that SILC was effective in IGA initiative as compared to other forms of savings.

From the FGDs and the quantitative data from the questionnaire, the researcher was able to attribute certain factors to increased and decreased levels in the SILC participation;

Leadership and trust

In all the FGDs that were conducted, the common response that was given by the respondents regarding the increased levels of participation of the intended beneficiaries in the SILC intervention was due to the fact that they had leaders in the groups whom they could trust. Individual trust was also seen to have contributed to this, findings from questionnaires showed that 96.6% of the respondents do actually pay their debts especially from SILC; this is an indication that members value their groups and adhere to the rules of their groups. As per the FGDs used in the collection of qualitative data, it was observed that due to the knowledge and trust they had for their leaders as well as members themselves boosted the strengthening of the SILC groups which motivated the intended beneficiaries to participate; as well as the others who are not direct PEPFAR project beneficiaries but have decided to join the groups.

Culture and tradition

In as much as the SILC intervention came to empower women, efforts have been made to incorporate men as well in the system, this has proven to be difficult as traditionally men and women especially in Bamba division do not sit together, in addition to this, the respondents confirmed that their male counterparts felt superior and that they cannot associate with their women. Another suspect of culture which the researcher observed was that some women were too submissive to their husbands to an extent of not attending to SILCs as their husbands have suggested so. This was however observed to have affected a few as revealed from the FGDs that were held.

Flexibility of policies and the social nature

Another factor that contributed to increased levels of SILC participation is the fact that it's based on savings, which means that members work with their assets and not with loan liabilities or debts. This increases their livelihood security and reduces their exposure to risks. Interests earned on loans also goes to the SILC and not to an external service provider, this increases the amount of investment capital available to the community. Transactions are also quick, simple

and transparent as well as having secured system of accounting which is clear and simple. In times of misfortunes like sudden deaths and sickness among others, the SILC gatherings do serve as avenues to help and console each other as a form of psychosocial support. This was evident in two groups “imara” and “jibidische” where some members openly discussed their HIV status thereby giving hope to those who are positive but living with stigma.

It was also noted from the discussions that some are opting to drop out after the share outs citing poverty as the cause of all this, Bamba is a dry land with unreliable rainfall, due to this fact, food is hardly available to some and therefore, they might want to go elsewhere to look for menial jobs so that they may take care of their young ones.

5.3 Conclusions

The study revealed that, all SILC participants are women with men being field agents in the area. More intended and unintended beneficiaries have joined the SILC groups as they have seen the relevance of the intervention in fighting poverty by having an alternative plan in savings. The SILC funds as observed in the study showed that they have not been used much on social obligations like funerals and weddings; this means that to a larger extent the social fund was properly utilized in handling emergencies like death expenses. As was the design, savings and share outs were to be utilized not on social obligations but on issues to do with education, income generating activities and household improvement.

Effects of Savings and Internal Lending Communities on household income

With regard to the household income, the researcher concluded that, the household income was somehow improved as a result of SILC and that beneficiaries could provide for themselves after the phase out of the PEPFAR project, this is because when the project was being introduced in the area, food was being provided to the beneficiaries, this was however seen not to be sustainable leading to the intervention as a backup plan in the event that the program ended and they were to provide for themselves which they do. On land rent, the researcher concluded that majority of the targeted individuals live on their own land and therefore were not paying rents; this was the revelation on both SILC funds as well as non SILC funds.

Effects of Savings and Internal Lending Communities on Education

With the introduction of free education in the country, the researcher found that the maximum education grade of any household member as compared to that of the household head has improved. However the purchase of uniforms and other academic stationeries were to be made by the caregivers and guardians; the study therefore found that SILC was still effective in catering for the expense as majority of those interviewed thought the same. This also means that, unlike before, the community at large has seen the importance of education as in almost all the households interviewed, it was almost impossible to find a complete illiterate one.

Effects of Savings and Internal Lending Communities on health.

This study specifically sought to establish whether medical expenses like treatment fees and transport to the facilities were actually being met, this was an important variable to be studied because the PEPFAR project used to pay for all the medical expenses in the area, this study therefore concluded that, sustainability was achieved in the area in that majority of those interviewed had actually spent their savings on medication and could still do the same when need be.

Effects of Savings and Internal Lending Communities on Income Generating Activities

From the study, it is clear that majority of the respondents rely on petty trade as their source of income, the findings however revealed that a minority of those interviewed were investing in petty trade for their upkeep ; from the discussions held during FGDs, risk fear was the one factor attributed to the lack of investments among the beneficiaries arguing that they might fail to pay the loans if they engaged in businesses and fail to make profit from the same, thereby preferring to use some funds from relatives living in urban areas in investments on IGAs.

Factors contributing and limiting the intended beneficiaries from participating in the Savings and Internal Lending Communities' intervention.

The study concluded that, good leadership, good quality of SILC knowledge given and discipline among the members in the group was indeed a contributing factor for the increased number of the intended beneficiaries. The flexibility nature of SILC especially in loan repayments was also

found to be another boost for increased participation. Members also attributed their increased participation on social aspects in that they shared their sorrows and grievances during their meetings and sometimes giving psychosocial support to those who have despaired in life. Culture and poverty were seen as the major factors limiting the remaining few from joining.

5.4 Recommendations

To increase the effectiveness and impact on the Savings and Internal Lending institutions, the researcher suggested that;

1. Other stakeholders implementing similar programs should ensure male and youth involvement in the groups.
2. Integration between the interventions and adult education should also be considered as illiteracy is becoming a challenge when it comes to record keeping and this might lead to some corrupt dealings by those with higher education as compared to others.
3. The government should also take the initiative of empowering communities to explore business ventures no matter how small they might be. This can be achieved by conducting business seminars and identifying agents of IGAs among community members to make follow ups and identify gaps.

5.5 Suggestion for further studies

Based on the scope and limitation of this study, the researcher suggests that;

1. A replica of the study be done but to include the unintended beneficiaries as well so as to assess the impact that SILC has had on their social and economic aspects and to include a multivariate analysis to compare the outcomes
2. The study should also be done in another division in Ganze district to establish whether all beneficiaries involved in the SILC activity share the same sentiments as those of Bamba.

3. For comparative purposes the same study should be done in the same division to assess the effects and impacts of other MFIs like Kenya Women Finance Trust (KWFT) and Milango in the fight against poverty.

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Appendix 1: Permission to conduct research

Jefferson Mwaisaka
P.O Box 97513- 80112
Mombasa

The District Commissioner,
P.O Box 1
Kilifi District

Dear Sir/Madam,

My name is Jefferson Mwaisaka and I am pursuing a Master of Arts course in project planning and management at the University of Nairobi. As a requirement of the same and in partial fulfillment of the requirements for the course I am to submit a research report. I therefore intend to carry out a study on the effects of the Savings and Internal Lending Communities' program on the sustainability of the socio-economic status of the intended beneficiaries in the OVC PEPFAR project in Bamba division, Kilifi County. The purpose of the study is to make possible recommendations for effective and efficient implementation of other microfinance projects at the community level.

The findings of this study will be essential in ensuring that sustainability measures through economic empowerment of project beneficiaries are better planned and implemented in future.

For this purpose I am kindly requesting for permission to conduct the research in Bamba Division.

Yours faithfully,

Jefferson Mwaisaka

Registration number: L50/64469/2010

Appendix 2: Letter of transmittal of data collection instruments

Dear Sir/Madam

My name is Jefferson Mwaisaka and I am pursuing a Master of Arts course in project planning and management at the University of Nairobi. As a requirement of the same and in partial fulfillment of the requirements for the course I am to submit a research project report. I therefore intend to carry out a study on the effects of the Savings and Internal Lending Communities' project on the sustainability of the socio-economic status of the intended beneficiaries in the OVC PEPFAR project in Bamba division, Kilifi County. The purpose of the study is to make possible recommendations for effective and efficient implementation of other microfinance projects at the community level.

I would therefore like to ask a few questions on the effects of the SILC program on the sustainability of the project beneficiaries. This is however voluntary as you do not have to answer questions that you are not comfortable with.

I do request you to give answers to the best of your knowledge. All information will be treated with utmost confidentiality.

Thank you in advance.

Yours faithfully

Mwaisaka Jefferson.

Appendix 3: key informant questionnaire for data collection

Baseline Assessment tool

Household and Project background Information

Name of the respondent		
Household roofing material	Grass	Corrugated sheet
Education grade of household head		
Maximum education of any household member		
Number of household members		
Number of working adults in the household		
Is your household participating in any MFI		
How many years have you been participating in the MFI		

Savings and Loan information

	Circle the appropriate boxes		
Do you belong to a SILC	Yes	No	
How long have you been a member of SILC?	Within a year	1-2 yrs	Over 2 yrs
Does any other member of your household belong to a SILC?	Yes	No	
If yes, for how long have they been a member?	Within a year	1-2 yrs	Over 2 yrs
How much money has the household managed to save in the past year?	Ksh.		
Has your household taken out a loan in the past year?		Yes	No
If yes, how much did you borrow?	Ksh.		
Who did you borrow the money from?	SILC	MFI	Other
Amount	Ksh	Ksh	Ksh
Have you managed to pay back the money with interest?		Yes	No

How did your household spend your savings/sharing and loans? *(in the past year only)*

Respondent to check each of the item that applies and specify the amount.

	Savings and Loan utilization from SILC	Check	Amount Kshs
1	Food and perishables		
2	Medical costs		
3	Education/ Schooling/ (Fees/Uniforms/Books)		
4	Land renting/ Purchase property or home improvement		
5	Purchase livestock or poultry		
6	Invested in petty trade like IGAs		
7	Farming inputs like vaccines, fertilizers and fuel		
8	Social obligation ceremonies (weddings/Funerals/other contributions)		
9	Repay debts /loans and taxes		
10	Clothing/ blankets/ shoes		
11	Transport and water		
12	Others specify		

Expenditure

Last year *(May 2011-April 2012)* – how much did your household spend on the following items?

	Expenditures	Kshs
	Education/schooling(Uniforms/Fees/Books)	
	Medical expenses (Transport/Medicine/Health fees)	
	Household items/ Home improvement	
	Social obligation (Weddings/ Funerals/other contributions)	
	Other key expenditure specify	
	Total	

Last year *(May 2011-April 2012)* - what proportion of your households' annual cash income came from the following sources? This should include any form of IGA that the respondent is involved in.

	Income source	Amount
1	Livestock/ Agricultural production	
2	Petty trade retail and other IGAs as result of SILC	
3	Other labor employment	
4	Others specify	

Do you have any questions that you would like to ask us, or is there anything else you would like to tell us about the SILC project, and how it might be improved?

Thank you

Appendix 4: FGD with Bamba SILC groups in Kilifi County

Participants' profile

Names	Gender	Education Yrs	Economic activity	Marital status	# of own children

Marital: M= Married, S=Single, W= Widowed, R=Remarried

Warm up Question	Related Probes	Response
1. What economic activities are people in this area engaged in?	<input type="checkbox"/> List the first 4 key activities <input type="checkbox"/> How do people in this community finance these activities?	
Core questions	Related probes	Response
2. What activities do you conduct in your SILC?	How else do people in this place save? (both financial and non-financial)	

<p>3. How has SILC helped you to access financial services?</p> <p>4. What are the common risks people in this community face?</p>	<p>mechanisms)</p> <p><input type="checkbox"/> How do SILC members manage these risks?</p> <p><input type="checkbox"/> Is there any insurance mechanism in the SILC programme?</p> <p><input type="checkbox"/> How does it work?</p> <p><input type="checkbox"/> How beneficial is it to the members?</p>	
<p>5. How has participation in the SILC helped to improve members' stock of wealth?</p>	<p>Financial – Savings, Access to credit, Access to funds during emergencies?</p> <p><input type="checkbox"/> To what extent have SILC members diversified their sources of livelihoods? Do specific SILC members supply anything to the community e.g. Milk, chickens, etc</p> <p><input type="checkbox"/> Physical wealth: Do members register increase of physical assets like furniture, means of transport like bicycles, etc (get examples of what</p>	

	members have been able to do with SILC)	
6. In what ways has the SILC helped in building and strengthening your social relationships	<p>Encouraged participation in group activities?</p> <p>How has it helped in members helping each other in times of need?</p> <p><input type="checkbox"/> Specifically, how do SILC members help one another?</p> <p><input type="checkbox"/> What are the common causes of conflict and how has SILC helped in conflict resolution among members and their families?</p>	
7. How have SILC members been economically empowered to sustain themselves after the OVC project ended	<p>What are the impacts of SILC groups in terms of:</p> <ul style="list-style-type: none"> ○ Household income ○ Educational standards ○ Health status ○ Decent occupation 	
8. What are your feelings about the performance of this SILC?	<p>What works well at this SILC?</p> <ul style="list-style-type: none"> ○ Loan repayments ○ Records ○ Savings 	

	<input type="checkbox"/> What does not work well at this SILC? <input type="checkbox"/> Loan repayments <input type="checkbox"/> Records <input type="checkbox"/> Savings	
8. What do you think needs to be done to improve services in this SILC?	What needs to change? <input type="checkbox"/> What needs to be included in the program	
9. Issues about the HIV/AIDS and OVC program	Do the members receive Kits? <input type="checkbox"/> Do the OVCs receive support?	
10. Do all the intended beneficiaries participate in SILC activities?	Do these factors hinder or influence the level of SILC participation by the intended beneficiaries: <input type="checkbox"/> Culture <input type="checkbox"/> Quality of SILC knowledge <input type="checkbox"/> Physical environment in terms of drought and famine <input type="checkbox"/> Others specify	

Thank you