SAVINGS AND INTERNAL LENDING COMMUNITIES (SILC) IN KENYA

PROGRAM REVIEW

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LIST OF ACRONYMS

ASCAs	Accumulating Savings and Credit Associations
CRS	Catholic Relief Services
FA	Field Agents
FGD	Focus Group Discussion
HIV:	Human Immunodeficiency Virus
IHD	Integral Human Development
MFI	Microfinance Institutions
OVC:	Orphaned and Vulnerable Children
PAR	Portfolio At Risk
PRA	Participatory Rapid Appraisal
ROSCA	Rotating Savings and Credit Associations
SF	Social Fund
SILC	Savings and Internal Lending Communities
TCB	The Children Behind

EXECUTIVE SUMMARY

Catholic Relief Services (CRS) has for the past one year implemented the Savings and Internal Lending Communities (SILC) programme in partnership with the Catholic Church and other partners in Kenya. 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 is to enable the economically active poor, especially women to develop their own reliable financial services and to support community self reliance and resilience. CRS commissioned *MicroSave* to undertake a review to find out whether the programme has positive effects on participants on the six core areas of asset strengthening i.e. human and spiritual assets, social assets, political assets, financial assets, physical assets and natural assets; and make recommendations for expansion. The method used for collection of primary data was mainly qualitative while some quantitative data on participants and secondary data on the programme was collected using quantitative methods. References were made to the Field Agents Data Collection Forms at the Partner offices (Catholic Diocese of Mombasa) in Mombasa. The CRS Regional Office provided SILC MIS data from which comparative analysis was undertaken and SILC performance data was used to compare new and older groups by location.

Findings and Conclusions

The review revealed that the programme is meeting its goal of providing financial services to the poor and vulnerable communities of Kilifi, Mombasa and Malindi. There are positive effects of the programme on financial asset strengthening. As at the end of September 2007, the program in Kilifi, Mombasa and Malindi had reached a total of 3,001 members and facilitated the mobilisation of Kshs 1,543,280 (US$[1] 21,434) in savings. The program had disbursed a total of Kshs 558,915 in loans to 460 borrowers[2], representing an average loan size of Kshs 1,215 (US$ 17.9). The table below summarise the program performance in the coastal districts of Kenya – Mombasa and Malindi.

Table1:

	Parameters	Performance
1	Number of SILCs	217
2	Number of Staff	28
3	Current members	3,001
4	Female members	2,849 (94.9%)
5	Average attendance rate	99.2%
6	Return on savings	17.2%
7	Total Net worth of the SILCs	US$ 887
8	Average Drop out rate	3.1%

Source: program MIS data

The overall performance data indicate that the program has a positive net profit per member and annualised return on savings. See Annex 1a on the SILC program effectiveness, financial performance and efficiency ratios.

Members reported positive strengthening of their physical asset base with some reporting having bought household items and small animals like chickens from the proceeds of income generating activities initiated by loans from the SILC program. The program has significantly improved the members social interactions hence facilitated strengthening of the participants' social assets. On human assets, SILC members reported receiving training on the model and as a result of participating in the program have become more aware of financial transactions. However, there was limited evidence for political and natural asset strengthening since

[1] US$ = Kshs 72

[2] The number of loans used as quasi for borrowers since there were no evidence for holding two loans

most SILCs were still new and there were not specific activities geared toward improving members' participation in the local leadership roles or environmental conservation.

The programme has improved the capacity of Field Agents and community members in the SILC methodology and book-keeping and management skills respectively. The members understand policies and procedures of the programme, follow SILC meeting procedures and keep up to date records. Though the project does not have specific activities for spiritual strengthening, the SILC training has imparted certain religious/spiritual principles into member behaviour towards one another e.g. humility, trust, loyalty, support to the vulnerable and each other in times of need, and renewed belief in group activities by group members. However, Field Agents did not have a copy of the training manual and use seminar notes or memory to train, making training content differ from one group to the other. When asked, it was noted that most of the Field Agents received the Manuals during the initial training but prefer to attend the meetings and guide the SILC on the situations at hand with minimal reference to the manuals. While this may mean that the model is simple hence no need to keep referring to the manual, there were slight differences in approach from one SILC to the other with some SILC have developed more documents like members notebooks while others have internal Rotating Savings and Credit Associations (RoSCA) activities.

Overall, the SILC programme at the Kenyan Coast has improved the financial asset base of SILC members. The programme has enabled its members to build up small savings into useful lump sums from which they have borrowed to improve their livelihoods. It has provided a relatively 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. In addition, the programme has provided members with simple skills to keep up to date financial records for performance monitoring by CRS and partner staff.

Social asset strengthening among SILC members is one of the greatest achievements of the programme and seems to provide the motivation for SILC participation rather than mere savings collection and borrowings. The simplicity of the model, user ownership and limited external interference resonate positively with the SILC members. SILC membership has therefore led to the creation of new friendships and bonds within community members, and emergency support from the social fund kitty is appreciated by all SILCs. SILCs have encouraged self-reliance and participation in community activities such as weddings and funerals and members have started viewing one another as sisters (and brothers). They are now an example of good associations and other community members currently not eligible to join the programme now want to do so. With time then, SILC has the potential of being part of the social fabric of the participants in a given location. The programme now needs to expand to include community members who are not so vulnerable and already undertaking some small scale businesses but without access to financial services.

There are indications that those who borrowed from the SILCs have used some of their incomes to purchase physical assets e.g. clothes, utensils, clothes, chicken and goats. The general limited borrowing by SILCs and the short length of time in which SILCs have operated has contributed to very few assets being registered and it was difficult to quantify the amounts and types of physical assets as indicators of impacts as the project document lacks objectively verifiable indicators[3] to guide evaluation. The project should now incorporate in the project document objectively verifiable indicators for each key result area to allow for identification of achievements and impacts and types of physical assets communities consider as important for them.

SILCs have improved leadership skills of women as 60% of leadership positions in SILCs go to women. Generally, the majority of female SILC leaders were already leaders in other community groups, churches and welfare associations, a positive contribution of other programmes to the leadership of the whole community. The infusion of positive energy, knowledge and skills from other groups may in future lead to strength and growth of SILCs.

There were no activities geared towards natural asset strengthening and CRS should through its partners incorporate into the programme types of environmental awareness/activities SILC members could participate in.

[3] In terms of quantity, quality, target group(s), time and place.

1. Introduction

1.1 Catholic Relief Services (CRS) and Savings and Internal Lending Communities (SILC) Programme

CRS was founded in 1943 by the U.S. Conference of Catholic Bishops to assist poor and disadvantaged communities overseas regardless of race, nationality or creed. CRS' mission statement calls for the agency to alleviate human suffering, advance full human development, and foster charity and justice in the world. CRS is one of the largest private voluntary organizations, supporting relief and development in 102 countries and territories around the world, with offices in 70 countries.

CRS is well established and respected in countries where it operates, and has a multi-sector approach to achieving its mandate. With approximately 4,000 field-based and 400 headquarters-based staff, CRS operates programs in agriculture, microfinance, education, emergency relief, health, HIV/AIDS, peace-building, and safety nets and welfare, and water and sanitation. The vast majority of CRS' projects are implemented through the local organizations with which the agency has ongoing relationships. Therefore, strengthening, or building the capacity of these partner organizations is fundamental to programs in every country in which CRS operates.

CRS is committed to long-term development and uses the concept of Integral Human Development (IHD) as a framework for holistic development programming. At the core of the framework is the understanding that people need to be supported to protect and expand their choices, to improve their lives, meet their basic human needs, free themselves of oppression and realize their full human potential. Provision of financial services is one of the programs implemented by CRS with the broad aim of supporting the poor to diversify their income generating activities. To facilitate service provision and particularly, increase access to financial services, CRS supports communities to develop the Savings and Internal lending communities (SILC).

In Kenya, CRS Kenya has implemented the SILC programme as a component of its wider APHIA II, OVC PEPFAR, and The Children Behind (TCB) HIV/AIDS programmes and is operational in Rift Valley, Coastal and Nyanza provinces of Kenya. In the Rift Valley province SILC is integrated in the APHIA II HIV/AIDS projects and is 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 is integrated in both the OVC PEPFAR and APHIA II projects and is being implemented by the Mombasa Archdiocese. The SILCs in APHIA II programme are less than three months old.

The Kenya country program has one SILC Program Manager and 118 SILC field staff working for various partner projects. At the Coast, SILC programme in the OVC PEPFAR Kilifi project has 1 Project Coordinator, 1 Field Agent Supervisor, 8 Social Workers and 22 Field Agents, all being staff of the Mombasa Archdiocese. In the same province APHIA programme has 40 SILC Field Agents working as volunteers and with no Field Agent Supervisor. OVC PEPFAR project in Kilifi has some of the oldest SILC groups in the country program having 22 Field Agents supervised by 5 Social Workers who work in collaboration with the SILC Officer. The project has a functional SILC Portfolio Tracking System and has, by end of September 2007 reached 3,001 people, 95% of whom are women in 217 SILC groups.

The SILC programme is characterised by (a) self selection of members based on proximity, knowledge of each other, friendship, trust, hard work and reliability; (b) participatory management with an inclination to women leadership; (c) savings first by SILC members to create a loan fund; (d) internal lending; and up front investment in design, staffing, training and plans for integration by Catholic Relief Services.

The performance[4] of SILCs as at the end of September 2007 was as follows: The amount of savings mobilized increased by Kshs 530,146 from the previous quarter of Kshs 1,013,134 to Kshs 1,543,280. This

[4] The financial performance data is as per the end of September 2007 (source is CRS documents)

level of financial mediation marks the SILC program as an increasingly important player in the local microfinance market. The community members show a high level of interest given the average attendance rate of 99%. Nonetheless, the program has not had an impressive loan performance as shown in the reports that an average portfolio at risk of between 3.5% and 8.3%. Some SILCs also have a low portfolio utilization rate of about 24.8% with much of the collections being kept in the cash box with the subsequent risks such as fraud, theft and low return on savings.

1.2 Overall objectives of the Programme and Desired Outcomes

The overall objective of the SILC programme is to enable the economically active poor, especially women to develop their own reliable financial services and to support community self reliance and resilience. The programme endeavours to achieve the following:

- People having sustainable access to a social fund for emergency purposes, a secure savings system with positive returns and an internal loan fund;
- Improve community resilience in times of hardships;
- Provide a platform for villagers to solve domestic and local development problems; and
- Financial and social empowerment of individuals, households and communities.

CRS uses Integral Human Development (IHD) as a framework for its holistic development programming to achieve desired outcomes. SILC as one of the bases for IHD intends to build six key asset areas (tangible and intangible resources) that its members could use to lead full and productive lives. The table below summarises the key thematic outcomes that the CRS programs aim to achieve.

Asset Strengthening through SILC	
Human and Spiritual Assets	**Social Assets**
SILC • Helps group members to learn new skills in book keeping, accountability, transparency of transactions, savings and lending policies and procedures, setting by laws; • Benefit from insurance fund/social fund that can be used for health care, education, emergencies; • Obtain extra income for better nutrition and education.	SILC: • Builds and supports new bonds and understanding between individuals; • Strengthens joint decision-making and action within the group through the social fund; • Helps members become more self-reliant and involved in development activities for community; • Addresses underlying injustices in the social systems by empowering women; • Builds strong social cohesion within groups.
Financial Assets	**Political Assets**
SILC • Provides communities with savings and lending scheme that generates profits for its members; • Helps group members build up small savings amounts into useful lump sums; • Offers an insurance/social fund scheme for members and their families; • Provides secure cash savings as an alternative for or in addition to savings in livestock, gold or silver; • Strengthens the local community's financial asset base; • Diversifies livelihood income strategies and	SILC: • Engages local people, mainly women, in decision-making and governance (empowerment at individual, household and community level); • Strengthens leadership skills of the SILC Executive Committees; • Raises awareness and expectations of accountability and transparency; • Has the potential to change traditional political structures into more inclusive political structures as SILC groups can claims rights and advocate for resources with the local government.

Asset Strengthening through SILC	
financial assets.	
Physical Assets SILC: • Increases individual wealth and allows members to invest money in their households or income generating assets and communal assets, • Provides an influx of locally generated resources to build new less vulnerable assets to meet basic and productive needs.	**Natural Assets** SILC: • Groups have the potential to provide organizational structure in support of natural environmental protection systems in cooperation with local governments and NGOs

1.3 Purpose of the Review

The programme has been implemented for about one year in Kilifi and three months in Mombasa and Malindi and CRS has sought to review the programme and establish the extent to which SILC programme is building the six asset areas among SILC members. This is important for CRS for scaling up SILC programmes in Africa. Scaling up may also include replication of programme with new groups and possible establishment of commercial sustainable private service provision to SILCs.

1.4 Review Methodology

The review exercise used qualitative programme assessment techniques. The review team held discussions with 190 SILC clients in 15 focus group discussions, 6 PRA sessions. The SILC leaders were interviewed to understand the extent to which program inputs had improved the members' livelihood in view of the outcomes. Some 8 selected Diocesan Social workers participated in a focus group discussion. The tools used included simple wealth ranking[5], time series of asset acquisition and ownership[6] and simple comparative analysis of institutions/mechanisms within SILC areas of operation. Individual interview guides (Annex 4) were used to get information from programme staff including CRS Microfinance Programme Manager, Catholic Diocese of Mombasa and Malindi Programme Coordinators, Social Workers and Field Agents. A simple table was created to capture socio-economic characteristics of SILC members while further statistical information was captured from SILC records and MIS. The Table below summarises the data collection tools and the rationale for their use.

Tool	Rationale: Why the tool was used	Application: How the tool was used.
Focus Group Discussions (FGD)	To establish: • Skills acquired by members through participation in the program • Type of training received by SILC leaders and members. • Members usage of loans and social fund • Alternative savings and credit mechanisms in SILC community. • Utilisation of alternative sources of credit • Performance of alternative savings mechanisms and credit sources • Sources of external income in SILC areas • Causes of social conflict. • Social conflict mitigation strategies.	• Discussions were held with selected SILC members using a pre-designed and tested FGD guide with largely women groups. Most of the groups had very few men (maximum of 5) • Question and answer sessions were encouraged at the end of the FGD to explore SILC members concerns in a freer explorative atmosphere. • Some of the programmatic questions were answered by the Field Agents of Social Workers e.g. Why did you stop providing the Blended flour?

[5] Wealth ranking is a way of finding out about wealth, poverty and vulnerability in a small community. The results of the simple wealth ranking of the three communities are included in the annex.
[6] A tool for determining productive and protective assets that are valued most by groups of individuals over a period of time

Tool	Rationale: Why the tool was used		Application: How the tool was used.
	• Perception of personal social outcomes of participation in SILC. • Type of skills acquired by both SILC leaders and members. • Number of SILC leaders involved in local leadership in other groups in the village or village administration • Type of community leadership roles SILC leaders / members get involved in. • To establish level of involvement in environmental protection. • Used to establish the access, processes and usage of the social fund as well savings and credit in the SILC group		
Participatory Rapid Appraisal (PRA)	Simple Wealth Ranking	To establish, • Community's definition of wealth, perception of wealth status, identification of the assets that are highly regarded as symbols of wealth in the respective communities. • Sources of income among the SILC members and community at large • Acquisition of assets and wealth derived from profits. • Understand how the SILC has helped to strengthen the community financial asset base.	• A selected group of SILC members defined the wealth categories e.g. (Rich, Not so poor, Poor, poorest). • The group then discussed and allocated the proportion of community members in each category e.g. if we picked 100 people in this community from all the villages, how many of them would be considered to be rich? Not so poor? Poor? Or poorest? • They then were asked to score the proportion of the SILC members in each category.
	Time Series of Asset ownership	• To determine the changes over time of the types of assets owned by community members hence SILC members.	• Selected SILC members were guided to generate the items generally considered as assets in their community. • The generated list would then be categorised e.g. household, livestock, property like land or farms before discussing and scoring the changing trends on ownership of such assets and reasons for the observations.
	Competition Analysis	• Comparing the different local financial intermediation mechanisms	• Discussions on the common financial intermediation mechanisms in the SILC targeted communities. • Exploration of the SILC members' views on each of these mechanisms.
One to one interviews & Observation		• To assess the issues on partnership with CRS e.g. technical support and monitoring. • The performance and benefits in their respective program areas. • To assess the level of understanding of the SILC meeting processes, general economic activities in SILC group	• Interviews with Diocesan staff especially the Coordinator, SILC Officers in Mombasa, Kilifi and Malindi. • By observation recording the SILC meeting processes and the general economic activities in the SILC communities.

Tool	Rationale: Why the tool was used		Application: How the tool was used.
		operational areas and the aim of the SILC program.	

Analysis involved daily transcription of information collected from FGD and PRA sessions, and individual interviews with a focus on six key asset areas on SILC members. Further analysis was conducted on the socio economic and programme data using spreadsheets and generation of simple graphs and charts. Final report writing was done by the two consultants.

1.5 Review Team

The evaluation team comprised Ruth Odera and George Muruka of *MicroSave* and two assistants provided by the Catholic Diocese of Mombasa: Mr. Patrick K.K Gambo and Ms Cathrine Mkawughanga Mghoi are trained community health and development workers currently working with the Dioceses as Volunteer Social Workers in the OVC/HBC projects (APHIA II).

2. SILC Operations in Kilifi and Malindi

2.1 Administrative Structures

The SILC programme in the Coastal Province is implemented through Catholic Dioceses of Mombasa and Malindi for the Coastal Region. The program is administered by Program Coordinators, Supervisors, Social Workers, and Field Agents who provide technical and managerial oversight to the SILC groups. Each SILC group is managed by a Chairperson, a Secretary, a Treasurer and two money counters.

The partner Programme Coordinators in charge of the APHIA II/OVC PEPFAR programme as well as SILC are Mr. Stanley Masamo and Ms Pauline Sisa for Mombasa and Malindi Dioceses respectively. The Coordinators provide overall leadership and general direction to diocesan programmes and report to CRS Regional Office in Nairobi and the diocese under which they operate. Each diocese has Social Workers who report to partner Programme Coordinators and whose core functions include mobilizing and counselling of guardians as well as overseeing some SILC processes. Working under the partner Programme Coordinators are Field Agents (reporting to field agent supervisors) who are mainly community volunteers focusing on SILC activities.

Field Agents are responsible for creating awareness to the community about the SILC methodology; mobilizing community groups to adopt the methodology; training the groups and groups' executives; and conducting post-training supervision of the groups to ensure smooth operations of the programme and SILC graduation. During the supervision phase, Field Agents identify challenges and assist groups to identify ways to improve performance and management. Field Agents reportedly mentor SILC members to be able to understand issues related to methodology and growth of SILCs.

Agents undergo six training modules in areas of group leadership and elections, development of policies and regulations related to savings and credit, development of SILC constitution, record keeping and managing meetings (both written and memory based) meeting procedures, savings, loan and repayment meetings among others.

2.2 Socio-economic Characteristics of SILC participants

The SILC programme has been able to reach the most vulnerable members of the community, mostly women with savings and loans services. Data from the MIS revealed that women constitute 94.75% of the SILC program participants. It was 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. They have limited access to income generating opportunities, poor access to financial services due to absence of financial institutions near them or lending terms and conditions that are not appropriate to their needs. They have difficulties in meeting demands for life-cycle events such as building of shelter and suffer from long illnesses caused by HIV/AIDS infection encumbered with responsibilities of taking care of orphans left behind by the AIDS scourge.

A simple ranking of wealth status of three communities of Kikambala Village, Bahari and Basi Village in Kibarani revealed that 55% to 80% of people in these communities are perceived to be poor or very poor. The majority of SILC participants perceive themselves as "poor" although a few of them report that they are "very poor". Comparison between three communities show that levels of poverty differ from one to the other as shown by responses from Kikambala communities where interviewees in Kikambala perceive 64 per cent as poor, 80% in Bahari and 55% in Kibarani.

The evaluation team conducted three simple wealth ranking sessions across the program area. The following are the social and economic characteristics of the majority of the people in the SILC communities:

- They are widows or widowers having lost their spouses due to HIV/AIDS scourge;
- They have large households of 8-10 members composed of their own children and orphans left behind by relatives who passed away;
- Many of them were once in polygamous marriages before losing their spouses;
- They live in small houses made of earthen walls, floors and *makuti* (dried palm fronds) and have houses with walls and roofs in constant need of repairs;
- They have limited access to land but are unable to fully cultivate even the small portions that they own;
- They are mainly illiterate with none or very little formal education;
- They cannot afford three basic meals in a day and can mainly afford one meal per day;
- They have access to public health facilities but are unable to meet the cost of admission into hospitals or prescribed drugs and use *mwarubaine* (from Neem tree) for general ailments;
- Some of their children are involved in casual labour mainly domestic work, land cultivation, weeding of neighbours' farms, and burning of charcoal to supplement family incomes;
- Their children have access to public schools due to Government policy of free primary education but parents cannot meet other costs such as uniforms and books leading to high levels of school dropouts; and
- They have no personal means of transport and generally walk shorter distances and use public transportation for travelling far off distances;

Generally, they rely on subsistence farming, and earn income from collecting and selling firewood, burning and selling of charcoal, manual labour in farms or well-off houses and very small businesses e.g. buying and reselling of coconuts, sisal weaving and mat making to be able to survive. The general low level of incomes from these activities and limited opportunities for diversifying incomes imply that without support from various programmes, they would be unable to provide for family basic items like food, clothes, shelter, drugs, and education for their children.

2.3 SILC Integration with HIV/OVC Programmes

SILC members are drawn from those participating in HIV/AIDS programmes (APHIA II and OVC PEPFAR). However, not all the program clients belong to the SILCs. Program clients are encouraged to join the SILCs as a way of diversifying their sources of income and improve livelihoods. The integration of SILCs into these programmes has enabled participants to have safety nets in terms of savings, emergency funds and credit and has reduced shocks associated with loss of a family member or breadwinners. The OVC programme takes care of tuition fees, medicine, uniforms, books etc of orphans under the care of SILC members, thereby freeing some of the financial obligations of caregivers. Similarly, the HIV/AIDS programme has done the same for those receiving home-based care plus other services e.g. counselling, medication, food supplements etc. SILC members can therefore concentrate on building small lump sums through savings and using loans to diversify their income sources.

2.4 Basic SILC Financial Intermediation Process

The SILC financial intermediation process involves collecting savings, disbursement of loans, making repayments and contribution of a set amount towards a social fund. Generally, weekly savings amounts range from Kshs 30 to Kshs 50 per week, weekly contributions to social funds ranges from KShs 10 to KShs

20 per week. Loans generally attract interest earnings of 10% per month payable within 2-3 months and the loan principal can be rolled over until final payments are made. The loan balances attract the same interest rate in case of default beyond the initially agreed upon loan period. Breaches to the SILC by-laws attract levies and an average fine of KShs10 is levied for lateness, non-attendance of meetings among others.

The SILCs have been trained to start savings and loaning activities concurrently to be able to grow the fund and increate the funds utilisation rate during a typical cycle which lasts one year after which interest earnings are shared among members. However, many of the SILCs visited opted to accumulate savings before starting the lending. For those SILCs observed to delay lending, the 14 weeks savings period is mainly aimed at ensuring that the SILC has amassed adequate funds to start on-lending. In most SILCs, members access small loans in the range of between Kshs 500 and Kshs 3,000. In a few cases, some members have borrowed in excess of Kshs 5,000. In one particular case in Kikambala, a member borrowed Kshs 10,000 (US$ 150) to inject more capital in her school feeding business.

2.5 The Position of SILCs within the Financial Landscape

The general attraction of the SILC model compared to other similar mechanisms such as Rotating Savings and Credit Associations (RoSCAS) and other self-help groups in Kilifi and Malindi lies in a number of factors emphasised in SILC methodology. The presence of the Field Agent to train and provide further support in record keeping, the in-built transparency and accountability (money counters hold the contribution in the view of the members) and lockable cash box as well as the social fund component provide were ranked highest. Further, the SILC members underscored the simplicity and flexibility of operations, availability of savings mechanisms and opportunity for accessing loans, the presence of a common bond (including being members of APHIA II and OVC PEPFAR Programme) provide further attraction to SILCs.

A simple financial landscape analysis of other mechanisms/institutional forms that provide competition to SILCs showed that there are seven (7) other players in SILC environment with different pull (attraction) factors to SILC members. In particular, Merry-go-Rounds are the most common and popular financial intermediation mechanism in the program communities. These MGRs therefore pose a stiff competition to the SILCs such that some members continue participating in multiple MGRs and welfare associations. Some SILCs have introduced MGRs within their operations. The SILC members make MGR contributions besides the regular SILC savings and social fund contributions. It was not clear whether the MDRs would continue into the next SILC cycles. CRS may need to monitor this phenomenon in the older SILCs that were about to begin the second cycle at the time of this evaluation.

Table 1a: Key Attraction of SILCs Relative to Other Financial Intermediation Mechanisms

Intermediary	Description	Key attraction of SILC
Neighbours	• Even though neighbours can lend small amounts of money to SILC members and many people use them in SILCs, some neighbours now hold borrower's IDs to ensure one would pay while others ask for interest up front and provide the borrower with less money, the difference being interest. This already shows lack of trust among the borrower and the lender. • However, due pressure to live up to expectations and repay amounts borrowed in time, individuals would always repay these loans.	• SILC is more attractive because a member's ID card does not remain with the group and interest is not paid up front but after the use of the loan.
ROSCAs (Merry-go-rounds	• Merry-go-round (RoSCAs) and SILCs have great similarities in terms of membership size, knowledge of one another, and an agreed upon amount of savings. In MGRs, the collection is given to one person periodically until all members get their	• SILC is more attractive due to the presence of a social fund which members can use for emergencies. • The accumulation of funds and borrowings from the loan fund ensures that only those who need the money at a certain time

Intermediary	Description	Key attraction of SILC
	share. Most of the SILC members belong to RoSCAs. • Unlike the RoSCAs, SILCs, members accumulate funds in the SILC box, lend it out at an agreed interest rate, members receive returns on savings as profits at end of cycle.	borrow. • SILC provides an avenue for saving consistent amounts of money for longer periods of time which is not in MGRs as in the latter; where one is forced to liquidate the fund at each meeting. • However, MGRs are popular and most community members belong to different MGRs within the community and other welfare groups • Some SILCs have MGRs besides the regular SILC savings and Social fund contributions.
Self-help groups with income generating activities	• Self-help groups come together, contribute some start-up capital and operate income generating activities e.g. selling charcoals, firewood, purchase stock and divide among members for own IGAs. Such groups hold weekly meetings and divide profits from IGAs at the end of the year. They may or may not operate a loan fund and interest rate averages 10% per month and penalty of KShs50 for late repayment or default. • When businesses do not perform well, members may leave mid cycle and withdraw their own contributions leaving the group vulnerable.	• SILCs are viewed as more attractive than self-help groups given that the former is linked to other programs like membership to APHIA II and OVC.
Other religious group facilities	• There are church welfare group activities that extend loans to their members. Membership to church is a pre-requisite to such transactions. Loans are small and range from KShs1000 – KShs5000. • Receipt of loans is based on the nature and urgency of problem.	• SILCs are more attractive and they are not denomination-based and loans can be accessed by all for consumption and investment and are not based on any specific need, while emergencies can be taken care off through social fund. • SILCs create independence as one is assured of their money (savings and social fund) as a safety net all the time. • SILCs cut across religions and denominations unlike church/mosque-based programmes.
MFIs	• MFIs e.g. KWFT exist in Kilifi and Mombasa, however, they are expensive in terms of transaction costs. • In some cases, members of such MFIs may not cope with monthly savings/loan repayment requirements and may default on loans leading to auction of pledged assets. • Due to low profits from income generation activities, SILC members are unable to join and benefit from such MFIs	• The low-cost factor in SILCs and the earning of interest at the end of the year make them more attractive to its members.

2.6 General Financial Performance

As at the end of September 2007, there were 246 SILCs in Malindi and Kilifi with 3,798 members with an average of 15 members per SILC (an average of 17 members for Kilifi districts). Data made available for 223 SILCs (excluding that of Bamba Parish) show that cumulative savings stood at Kshs1,668,666 (US$ 23,176), cumulative loans at Kshs 659,875 (US$ 9,165), outstanding loans at Kshs653,275(US$ 9,073); cash at bank (including social fund) at Kshs 1,487,261(US$ 20,656) and a total net worth of Kshs2,153,686 (US$ 29,912).

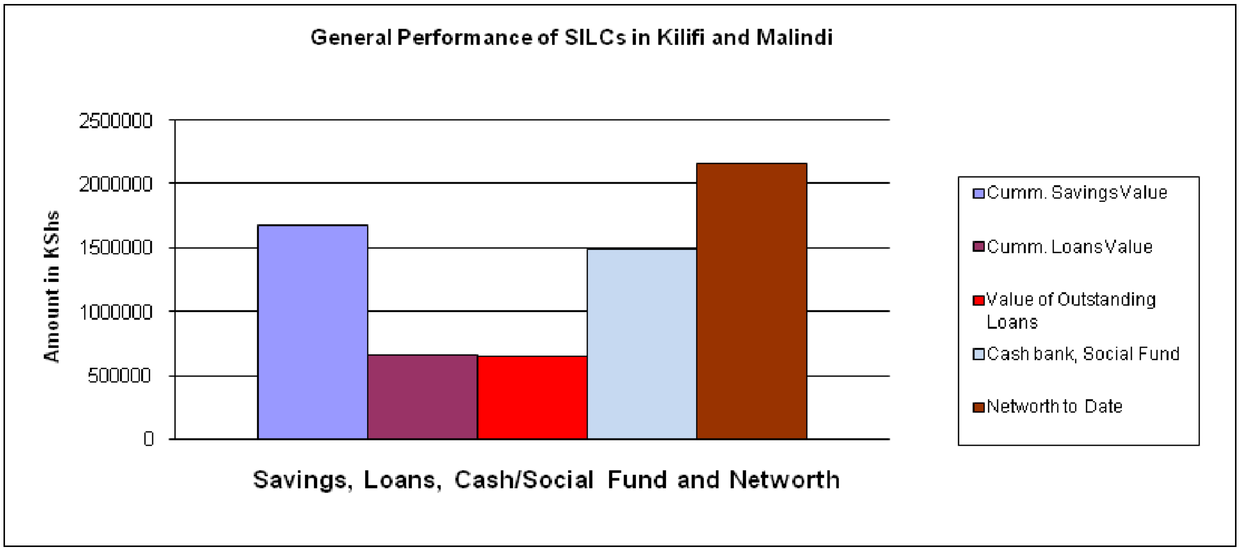


Figure 1: General Performance of SILCs in Kilifi and Malindi

A casual glance at the general performance may appear to show that individual SILCs are not performing very well in terms of magnitude of savings or loans. However, contextually, SILCs are achieving their objectives of providing members with financial services. Available data shows that out of the 246 SILCs, nearly half (51.6%) have intermediated financial services for less than 30 weeks, while 48.4% have intermediated for more than 30 weeks and only 13 SILCs have operated for a year (52 or more weeks). SILCs have generally operated for a short time and the low savings and loan amounts should be interpreted with caution as mature SILCs that have operated for only one year e.g. Kakunaa SILC in Kilifi has accumulated larger savings amount of Kshs 21,000 (US$ 334) compared to the newer ones. The Table below shows the performance of SILC in relations to their ages. The data available for 257 SILCs with a total of 3,987 of 4,260 members registered.

Table 1b: Financial Performance of the SILC program by Age

	Age in months	Number of SILCs	Savings per SILC (Kshs)	Average cumulative Disbursement per SILC	Average net worth per SILC
1	Under 6 (1-26 weeks)	113	3,589	1,083	5,016
2	7-9 (27 - 39 weeks)	64	6,634	2,086	8,254
	7-12 (40 - 52 weeks)	62	12,187	6,658	15,773
3	1+ yrs (52+ weeks)	18	15,896	8,467	19,018

It is shown that most of the SILCs in the coastal program are under six months old hence were yet to mobilise significant savings. The performance of SILC is significantly a function of time as shown in the table above. The older the SILC, the higher the average savings mobilised, cumulative disbursements and overall net worth.

Savings Trends in SILCs

Specific data for individual SILCs show that savings and contributions to social funds are generally consistent, although they fluctuate from month to month due to difficulties SILC members face in raising savings. Table 2 shows the trend of the monthly growth of savings and contribution to social fund, while Figure 2a,b show trend in savings between May[7] and October 2007.

[7] Jeza SILC was initiated in July hence missing data in May and June.

Table 2: Cumulative Savings and Social Funds among 5 Selected SILCs

		May	June	July	Aug	Sept	Oct	Nov	Total (KShs)
Jeza SILC	Savings			1050	580	1040	1020	340	4030
	Social Fund			150	150	530	520	200	1550
Pachanga SILC	Savings	450	500	0	350	750	550	650	3250
	Social Fund	170	180	0	180	300	200	970	2000
Safina SILC	Savings	2390	2000	2690	2340	1430	0	0	10850
	Social Fund	820	670	910	770	410	0	0	3580
Upendo SILC	Savings	1250	240	940	840	815	860	510	5455
	Social Fund	240	250	140	100	60	200	100	1090
Imara SILC	Savings	0	1860	2000	1290	1100	1870	1360	9480
	Social Fund	0	850	1260	700	550	540	650	4550

Fig. 2a: Trends in Monthly Savings Contribution among 5 Selected SILCs

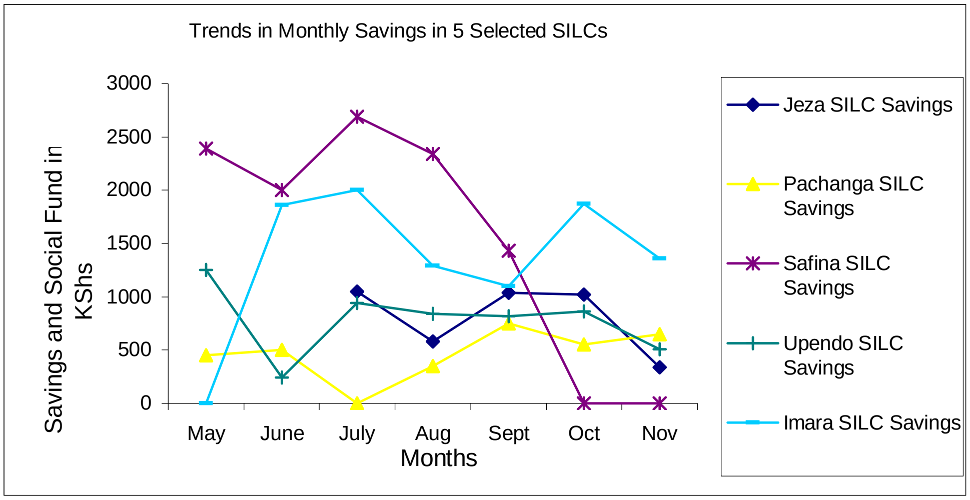
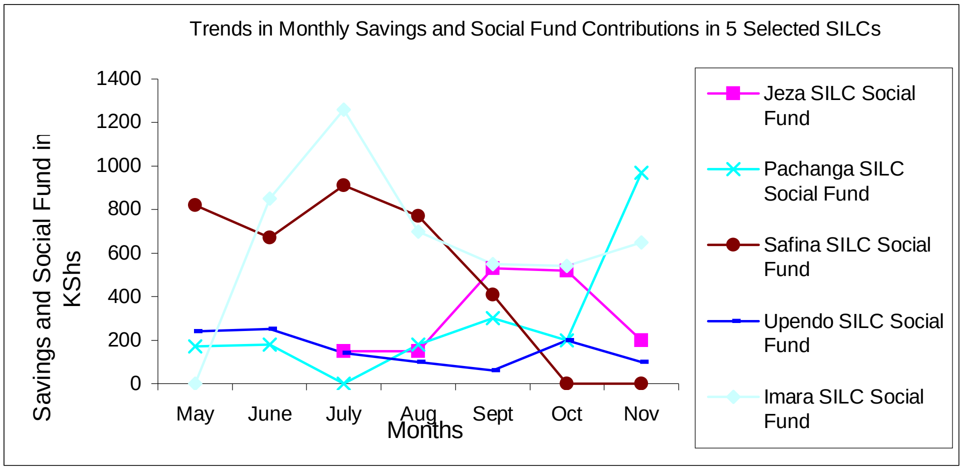


Fig. 2b: Trends in Monthly Social Fund Contribution among 5 Selected SILCs

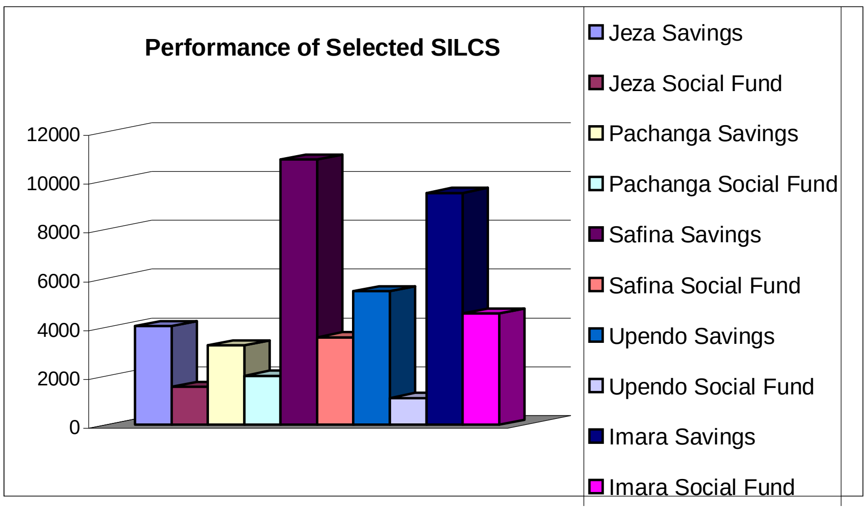


The seasonal fluctuations in savings amounts can be attributed to postponing savings or contributions to social funds so as to attend to immediate shocks such as general lack of food and hunger. For example, Safina SILC, in Kilifi District, postponed contributions for both savings and loans in October and November 2007 and had only resumed savings in the first week of December. SILC members however perceive their SILCs as generally performing well and are grateful to Catholic Diocese for initiating the programme. While the financial mobilisation trend for Safina (and other SILCs which experience shocks necessitating suspension of contributions) SILC shows a decline, the trend line for most of the SILCs indicate that over time, the savings and social fund contributions increase confirming that the performance of most of the SILCs in costal Kenya is a function of the age of the SILC.

Borrowing in SILCs
Generally, there is low portfolio utilisation rate among SILCs as shown in Figure 1. Only 39% of cumulative savings have been borrowed and many SILCs visited had more than half of their savings portfolio held as cash rather than loans. This has two negative effects: members are unable to earn interest income from savings; and it increases the probability of fraud or loss of money through theft or robbery. Some of the reasons for this situation include fear of borrowing by SILC members, accumulation of savings to be able to borrow slightly larger amounts to finance larger income generating activities and limited economic opportunities in the villages. Most SILC members also reported that they borrow smaller amounts from alternative sources like neighbours and friends.

Social Funds in SILCs
Nearly half of SILC funds are contributions to the Social Fund (an informal insurance system at SILC level). Data from 5 selected SILCs (Figure 2) shows that Social Fund amounts fluctuate between 30 percent and 60 per cent of total collections. However, the Social Fund amounts are generally growing (Fig. 3). But the fund significantly reduces in case of payouts making the fund inadequate in case of an emergency involving many SILC members.

Figure 3: Savings and Social Funds of Selected SILCs (May-Nov, 07)



3. *Identified Effects of the Project and Financial Performance*

3.1 *Financial Assets Strengthening*

Financial asset strengthening is one way in which SILC members can improve their productive lives. The objective of SILC is to strengthen financial assets in terms of savings, security of those savings, diversify livelihoods and income generation strategies and provide lending and saving activities that generate profits for SILC members. An analysis of financial asset strengthening is based on these key objectives.

Building up of small savings amounts into useful lump sums for members
The review team observed that all the 16 SILCs visited save a pre-determined amount and collect some extra amount that goes into the social fund. The latter supports members in case of emergencies e.g. hospitalization and paying of medical bills, a case where a member's house has been burned down and payment of school fees among others. Participation in SILCs has enabled individual members to build up small savings amounts into useful lump sums for individual borrowing. Each member saves an average of KShs 120 per month (US$2) and these small amounts have accumulated into larger lump sums among members. Table 2 shows data on cumulative savings from five selected SILCs in Kilifi.

As shown above, most of the SILCs progressively accumulate lump sums from the savings alongside the social fund. Some groups occasionally suspend savings and social fund collections as shown by Safina in October and November.

However, most of the SILCs had not paid out social fund to members by the time of this review. Two SILCs had paid out Kshs 500 to members one for an urgent dog bite medication and the other for transport to attend a program meeting in Malindi. It is important to note that such pay out significantly deplete the social fund. This has therefore necessitated that most SILCs have strict rules on social fund payouts. At the same time, the fund is generally too small to support members in case of covariant risk affecting a large portion of the SILC members like an epidemic like cholera.

In conclusion, SILC members reported that they are now able to set a side some savings, even though in small amounts as opposed to the pre-programme period when all their small incomes were used up in household expenses or for emergencies. In addition, they can now use SILC loans for restocking and expansion of businesses. SILCs have provided members with a place to save and peace of mind as they know that they have a source for emergency funds and loan funds should they require it.

Providing secure means of savings
SILC has provided SILC members a secure means of savings. The SILC financial intermediation process has an in-built internal control mechanism that ensures that SILC funds do not get lost through theft or fraud. The SILC cash box can only be opened using three keys kept by three different key holders while desegregation of duties ensures that individual money counters check amounts of monies in the box before SILC group meetings and at the end of meetings. Carrying out all transactions in front of the others during SILC meetings also ensures security and transparency.

Individual SILC members reported that before SILC came into the communities, they were using riskier savings mechanisms to keep extremely small amounts of money such as keeping money on themselves tied in a piece of cloth, under mattress (usually made of palm leaves) which could easily be lost or get burnt in houses in case of fire; and in form of livestock such as chicken, goats, cows etc. The latter is still commonly used among SILC members when they have extra cash to turn into physical assets. The advantage of keeping these small amounts of money in SILC is mainly keeping funds away from use in every day family expenses. One widow in Konjora village (Pachanga SILC) quipped that: *"I cannot save at home since at home I will use all of the money on kafuko – maize meal"*

Diversifying livelihoods and income generating strategies
There are indications that SILC participation has provided members with opportunities to diversify livelihoods and income generation strategies from loans offered through SILCs. The integration of SILC into the wider APHIA II/OVC PEPFAR program has provided households participating in these programmes with a safety net especially schools fees and associated educational expenses such as uniforms and books as well as blended flour to the HIV infected. SILC members report that the programme has afforded them the opportunity to do something more with their lives.

Members have used loans from SILCs to undertake or expand their current income generating activities as they now have the lump sums to do so. Some members have bought more stock for their *kiosks* while others have used SILC loans to pay school tuition fees, buy food and clothes for family members, lease larger pieces of land for farming, payment for tractor services to till land and purchase of seeds for planting. Apart from diversifying income generation activities, SILC has diversified livelihoods as members have used SILC social funds for emergencies. It was noted that no members were withdrawing savings until the end of the cycle when members receive the savings with interest income.

Provision of a lending scheme that generates profits for their members
Every SILC has a standard savings amount which is saved weekly/or monthly by each member. Interest rates were generally found to be 10% per month payable over three months. Members borrow as little as Kshs500 but in a few cases, some members have borrowed large amounts ranging from KShs 5,000 (US$ 75) to Kshs10, 000 (US$150). The SILCs that are actively lending are making some positive returns on their savings. For example, Pachanga has operated for 8 months, mobilized Kshs 6520, lent out KShs 5,000 and

earned an interest of KShs 500 that is 7.6% returns on savings. Data from the MIS indicate that overall, SILCs make an average of 16.5% return on savings per annum.

3.2 Social Asset Strengthening

Social asset strengthening was one of the intended outcomes of SILCs. Enhancing social assets included the building and supporting new bonds and understanding between individuals in a community; strengthening leadership skills of the local group leaders; enabling self-reliance and encouraging participation in development activities; addressing underlying social injustice by empowering women; and building social cohesion within development groups. SILC members reported that there have been improvements with regard to members' relationships. SILC members now feel much closer to one another and freely seek support from fellow members.

Support from social fund during emergency situations. All SILCs reported that members receive an average of KShs 500 (US$ 8) in emergency situations such as death of a family member or loss of shelter through fire. Discussions with SILC members revealed that some of them have benefited from their social funds. For example, a member of Jeza SILC was bitten by a dog in October, 2007 and was given KShs500 (US$ 8) to meet her medical bill.

SILC has enhanced the creation of new friendships among community members. Some SILCs are found in urban and peri-urban areas with immigrant workers from as far (100 – 400 Kms) as Taita, Machakos and Nairobi, all living together as community members. Prior to their participation in SILCs these people did not have any special relationships but participation in these SILCs has enabled members to foster special relationships and understanding especially among women who are the majority of SILC members. Today, SILC members can visit each other freely and support each other at personal level especially during weddings, burial ceremonies, illnesses, etc. The creations of personal relationships have been so great that non-SILC members within these communities have approached SILC members to be allowed to join SILCs. Apart from discussing SILC issues non-SILC members also tend to solicit for advice from SILC members on social issues such as child discipline, what to do in case of spouse abuse and on income generation activities. A member of Jeza SILC in Ndindiri location in Kilifi district reported that *"kila mara tunasaidiana kama wadada"* –(we often help one another like sisters). It was noted that the number of men joining the SILCs is slowly increasing and with time there could also be such social exchanges among men.

SILCs have encouraged self-reliance and participation in income generation activities among members. One of the objectives of SILC programme is to create self reliance through income generation activities. There are indications that the programme is achieving this objective (discussed under physical asset strengthening) and much more. Discussion with Social Workers and Field Agents 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. As opposed to attitudes before SILCs, individuals are discussing how best to initiate group and develop group or individual income generating activities and some are already doing so. Some SILC groups in Mariakani 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. This demonstrates that SILCs are able to develop alternative objectives, hopes and renewed aspirations to improve member's livelihoods.

3.3 Physical Asset Strengthening

One of the aims of SILCs was to increase individual wealth and allow members to invest money in their households or income generating assets. The other aim was to strengthen communal assets through the provision of an influx of locally generated resources to build new, less vulnerable assets to meet basic and productive needs of the members.

Discussion with SILC participants and review of loans data from SILCs interviewed revealed that most of the SILC members have not borrowed funds from SILCs leading to minimal achievement of the first objective to date. Limited borrowing is due to (a) fear of loans and limited debt capacity; and (b) lack of or limited viable income generating activities in most of the rural communities the SILCs are operation. Those who have borrowed have used the loan to start small scale businesses e.g. mat making, buying and selling second hand clothes, vegetables, firewood, coconuts or restocking their small businesses. A few other SILC members have used their loans to hire tractors to plough land or to buy seeds for planting while the rest have used it for educating their children or for consumption.

Discussions with SILC group members and the use of time series of acquisition of assets (See Annex 2 for full results) both in Kilifi and Malindi showed that very few members who have borrowed from SILCs have been able to register growth in physical assets. This could be attributed to the very high poverty levels that make members to prioritize on using the loans for consumption and paying of tuition fees; or to the very short time in which SILCs have operated and members have borrowed loans. A few members have however used the proceeds of their income generating activities to buy wrappers (*lessos*), cooking utensils, chicken, and goats. None the less, there are indications that a significant proportion of SILC members were planning to "save more to be able to borrow in the near future". It is expected that in the medium to long-term, members will be able to improve the most important physical assets such as livestock, cash, food crops, and short term land leasing arrangements.

3.4 Human and Spiritual Asset Strengthening

The human and spiritual asset strengthening was aimed at helping participating group members to learn new skills in book keeping, accountability, transparency of transactions, savings and lending policies and procedures, setting of by-laws; and benefit from insurance (social fund) that can be used for health care, education and emergencies and obtain extra income for nutrition and education. Field agents are the key facilitators of learning new skills and implementation of proper policies and procedures of SILC operations.

Learning new skills in book keeping

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 Treasurer of the SILC with support from the Field Agent 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. Some SILCs e.g. Jeza have individual passbooks, purchased at KShs30, that help each member track their individual savings.

However, most SILC members interviewed did not know the amount of their savings (largely due to illiteracy) and any lapse in the system could lead to vulnerability of SILCs to fraud by the more literate leaders. The groups have been trained to declare balances at the beginning and end of every meeting. The program needs to find ways of mitigating such risks since one case of fraud by the SILC leaders would be enough to disintegrate the group. One mitigation strategy would be to conduct quarterly mini financial and systems audits by the SILC Officer using a specially designed checklist. The Field Agents and/or Social Worker in charge should attend such audits or receive reports from the SILC Officer and implement its recommendations. This approach while desirable may be costly to the program especially when the numbers of SILC grow across the region. Alternatively, the program should promote cost effective approaches like the memory based record keeping. It was understood that CRS has plans to train partners more on memory based record keeping and refresher trainings to the Field Agents

Transparency of transactions

Observation of SILC activities during evaluation revealed that SILC transactions are very transparent as all activities such as savings, contribution for social fund, loans and repayment are carried out at a SILC meeting. SILC leadership is composed of a chairperson, secretary, treasurer and two money counters and all have roles during the SILC activities. Activities done at a meeting follow certain in-built procedures and are done in front of all SILC members. They include the following:

- Counting of money in the SILC cash box at the start and end of meetings;
- Contributions to social fund and savings;
- Payment of fines for lateness or non-attendance;
- Agreements on amounts to be lent and to whom;

- Recording of savings, loans and repayments in SILC books;
- Counting and announcing of contributions by members;
- Opening and locking up of SILC box.

However, most of the members interviewed could not recall the amount of money they had saved but referred us to the SILC leaders. At the same time members do not readily know the total portfolio of the SILC off head and quickly referred us to ask the treasurer and check the books.

Lending policies, procedures and by-laws
All SILCs interviewed follow savings and lending policies and procedures as specified in the SILC Field Agent Guide. Groups show a high level of adoption of the methodology which attests to the simplicity of the processes of the SILC program. Every SILC group develops a written constitution as an integral part of the training provided by CRS. The consultants were shown constitutions indicating the name of the group, the by-laws and guidelines on group discipline, the amount of savings, conditions for lending and the fees on lateness. Given the simplicity of the methodology, most of the group members and especially the leaders have mastered the processes were able to explain various SILC policy issues. However, there is a probability that after graduation, as shown by innovations desired by stronger groups, that informal policies and procedures will evolve, and these may make it difficult for groups to maintain internal controls. As part of the graduation process CRS can review constitutions these groups to allow for innovations envisaged by members. CRS however states that there is that documented evidence indicates that the mature SILCs adhered to the policies and procedures even after programs have withdrawn; and that groups are able to keep their records and follow policies and procedures on their own in the Development Phase where there is very little supervision from program staff.

Spirituality among SILC members
There are no specific activities in-built into the SILC programme for spiritual development as the programme focuses on three core activities: savings, loans and social fund transactions. In addition, SILC members come from different religious backgrounds such as Islam, Christianity and traditional religions. The team however noted that all SILCs start with prayers and Christians and Muslims pray in turns in some SILCs, for example in Upendo SILC in Mariakani and Neema SILC in Kongowea. A few members of one SILC in Malindi reported that when there are difficulties within the families of members they pray and fast over these difficulties and in many cases members feel better after sharing their problems. SILC members have no problem with religious diversity in their membership and the capacity of the program to accomodate different faiths is great. SILC members reported that they receive spiritual nourishments from other sources like churches and mosques.

SILC training has however imparted certain religious (spiritual) principles into membership behaviour towards one another. Some of these principles include humility, trust and loyalty with SILC leadership, support and assistance to the vulnerable i.e. orphans and vulnerable children; service to group members especially the ones undergoing difficult times and loving each other as part of the community.

3.5 Political Asset Strengthening

The political asset strengthening aspect of SILC was intended to deliberately engage women in decision making and governance in order to strengthen their leadership skills and change traditional political structures into more inclusive political structures. This would enable participants to claim rights and advocating for resources with local government.

Analysis of the SILC leadership and governing composition revealed that 60% of leaders are women, a deliberate step as in-built into the SILC methodology and by-laws. Generally, current SILC (women) leaders have been and are still leaders in other community groups. At SILC level, the programme has enhanced members' experience and knowledge of leadership structures and most of the leaders reported that self confidence is increasing among members and new leaders are emerging for future roles. Ordinary members showed high level of confidence and self esteem during the interactions with the evaluation team. SILCs, like other social programmes will, in the long run, influence the growth and development of leaders in these coastal communities, especially in the context of widespread low education and self confidence among women.

It is however clear that the capacity of SILCs to participate in community administrative and political structures of the rural areas is limited as they are a sub-component of the wider HIV/AIDS program. In addition, SILCs are not legally registered entities with the local administration (though the community is usually aware of the group activities). Most of the SILC members tend to associate the group with the Diocese HIV/AIDS programs as some of them use the Diocese's halls as meeting venues. SILC members that attend the local administrators' public meetings (baraza) do so as individual community members but not as SILC members or representing their respective SILCs. In many of the villages visited, the local leaders (e.g. village headmen) do not have official communication about SILC operations in their villages. Even though there were reports that at the time of the evaluation some women leaders were actually campaigning for Civic seats, it would be difficult to attribute their involvement in political activities to participation in SILC program, as most women leaders were leaders in other welfare groups before joining SILCs and the SILC program had been in operation for about one year.

3.6 Natural Asset Strengthening

Natural asset strengthening includes environmental conservation and protection of water and other natural resources within the SILC members' communities. The SILC programme does not have in-built activities for environmental conservation or protection of water or other natural resources. More so, the organizational structure in which SILC is integrated (HIV/AIDS and PEPFAR OVC program) does not have structures for supporting the protection of the environment.

Conceptually, SILC can be integrated into water and sanitation activities which would lead to protection of water and other natural resources within the SILC communities, but this is not the case in the Kilifi, Mombasa and Malindi programme. As a result, none of the SILC visited by the review team had participated in an environmental conservation nor contributed to natural asset strengthening. Neither do the SILC members view these areas as one of the objectives of SILC program.

However, some SILC members are discussing ways of developing group level income generating activities likse water points. For example, Pachanga SILC in Konjora location in Kilifi District intends to initiate a water supply project to improve access to clean water in their community.

4. SILC Impact Drivers

The evaluation team collected information on a number of issues that have influenced programme achievements (Ref. Table 3).

Table 3: Some issues influencing achievements of SILCs

	Programme Issue	Remarks and Implication	Recommendation
1	Payment of allowances of field agents differ in Kilifi and Malindi	o Field Agents in Mombasa are paid an allowance of Kshs 3500 while those of Malindi are not paid any allowance which is already causing disquiet among Malindi field agents.	o Harmonize and streamline the remuneration of field agents in the programme.
2.	Field Agents do not have training manuals.	o Agents use seminar notes or memory to train SILCs making training content to be inconsistent among groups.	o Provide Field Agents with appropriate training manuals for training SILCs.
3.	The content of the training manual is silent on business management	o Many SILC groups would like to start group income generating activities and some are already doing so, but have limited knowledge on how to do so.	o Consider including in the training manual aspects of income generating activities development and simple business management tips to support SILC members who are new comers into business
4.	Targeting: Membership of the APHIA II and	o Integration of SILC and OVC/APHIA II programme is positive as these	o Once the optimal number of APHIA II/OVC clientele is

	Programme Issue	Remarks and Implication	Recommendation
	OVC Programme as a precondition for entry into SILC programme.	programmes take care of other needs of SILC members. However, integration is most likely to inhibit future expansion and growth of the programme to other non-vulnerable community members who may be needed for the program to gain commercial scale through large savings and loan amounts hence high returns.	incorporated into SILC, consider opening up the programme for all members.
5	Linkages with other financial institutions not advocated in the methodology[8]	o SILCs neither encourage linkages with other financial institutions nor receive external capital into the groups. o Some SILC members require large loan amounts than what SILCs can provide, o Such clients are already borrowing from other financial institutions to improve their businesses and other activities	o Since SILC program aims to address the barriers that are witnessed in the MFIs, there is need to strictly target poor clients who have not access to MFIs, SACCOS or even Village banks.
6	Length of programme too short to allow SILCs to reach their full potential.	o The one-year cycle of SILC and subsequent CRS phase-out from SILC groups is too short to allow continuance. FAs felt that hand-holding of SILCs should take from one and half to two years before phase out as the presence of Agents ensure that policies and procedures are followed.	o CRS to consider improving its oversight role to SILCs, Partners should gradually reduce visits in their second year to realize greater achievements and impacts.
7	Level of transactions too low for high level achievements despite flexibility in model	o Even though the methodology allows for a share-purchase system and so clients are not restricted in the levels of savings as long as it is within their groups constitution (and SILC members are allowed to save up to five times the minimum savings contribution) field review found out that SILCs have set out very low levels of savings (average of KShs30 per member) and contributions to Social Fund (average of KShs25 per member).	o Consider opening up the programme for other community members. This is already part of SILC programming, but not yet implemented under this project. Improve flexibility in levels of contribution through investigating stratification or grading of SILCs according to income levels.

[8] Discussions with the program staff revealed that linkages with financial institutions are not currently advocated for in the SILC methodology due to perceived high transaction costs in such institutions that are deemed expensive to the SILC target group.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Human and Spiritual Assets

The programme has improved the capacity of Field Agents and members of SILCs in SILC methodology and book-keeping and management skills respectively. The members understand policies and procedures of the methodology as demonstrated during meetings and keep up to date records. Though the project does not have specific activities for spiritual strengthening, the SILC training has imparted certain religious/spiritual principles into member behaviour towards one another e.g. humility, trust, loyalty, assistance to the vulnerable, support to each other at times of needs, renewed belief in group activities by group members. These principles should continue as they enhance relationships and cohesiveness in community groups.

However, the following issues affected this component:

Content of training delivered by Field Agents differ from one group to the other since the Agents use seminar notes and memory to train groups as they do not have copies of training manuals. This does not allow for harmonized performance monitoring of group functions by programme management.

The majority of members are illiterate and while they are often aware of the overall balances, they do not know how much savings or social fund contributions they have in SILCs unless they refer to the SILC records or in the case of illiterate members, to agents or SILC leaders. This situation can lead to fraud by the literate members. But it was understood that CRS planned to conduct more refresher courses to the Field Agents and implement the memory-based record keeping method to improve on members' capacity to monitor the financial operations of their groups, in particular for individual balances.

Training of SILCs in broad areas such as financial literacy, business skills and basic business record keeping is missing and should be incorporated into the Field Agents' Manuals and form part of the training to SILCs in the subsequent cycles. Alternatively, such input may be left to private service providers who would offer the service to mature SILCs on demand.

CRS and partners should (i.) provide each Field Agent with a copy of training manual to be able to deliver consistent training content to all groups as this will allow programme staff to undertake comparable performance monitoring of all groups; (ii) undertake regular audits e.g. quarterly of SILC funds to ensure no fraud takes place; (iii) consider implementing memory-based type of record keeping among SILCs with mostly illiterate members to allow them to follow their savings and social fund contributions and loan repayments, otherwise encourage SILC members to have personal notebooks as evidenced in one SILC in Bahari – Kilifi District.

5.2 Financial Assets

Overall, the SILC programme at the Kenyan Coast has demonstrated that it is possible to achieve financial intermediation with the most vulnerable members of the society. The programme has enabled its members to build up small savings into useful lump sums from which they have borrowed to improve their livelihoods. It has provided a relatively 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 admission. In addition, the programme has provided members with simple skills to keep up to date records to be used for performance monitoring by CRS and partners.

However, levels of transactions are standardized by the SILC members and transactions are very low despite the model allowing for able members to save up to five times the minimum amount set. The reasons for why members tended to save the minimum amount set, we limited to lack of income sources. However, the team felt that perhaps some able members tended to limit their contributions to the minimum amount set so as not to erode the group cohesion, as such members reported to belong and make contributions in other welfare groups and RoSCAs. To improve the SILC transactions and contributions, Field Agents may need to actively remind the members that the guidelines allow members to save upto five times the minimum amounts set by the SILC.

Even though security of savings is not a major challenge now, a few SILCs reported that in some instances, money has been taken by a spouse or stolen. The programme should encourage SILCs with large amounts of cash to save in a more secure place e.g. the Post Office branch in the nearest market center.

5.2 Social Assets

Social asset strengthening among SILC members is one of the greatest achievements of the programme and seems to provide the motivation for SILC participation. Participation in the SILC program has led to the creation of new friendships and bonds within community members, and emergency support from the social fund kitty is appreciated by all SILCs. SILCs have encouraged self-reliance and participation in community activities such as weddings and funerals and members have started viewing one another as sisters (and brothers). They are now an example of good associations and other community members currently not eligible to join the programme now want to do so.

SILCs operate in communities with diverse needs including social, financial, physical etc. CRS and partners should consider opening up the programme to other community members that are not in OVC PEPFAR or home based care (HIV/AIDS programme) to achieve scale and wider impacts. Community members who are not so vulnerable and already undertaking some small scale businesses but without access to financial services could be supported to form their own new SILCs and linked with other institutions for future graduation into larger loans. This would help in strengthening the overall community safety nets.

5.3 Physical Assets

There are indications that those who borrowed from the SILCs have used some of their incomes in purchasing physical assets e.g. clothes, utensils, clothes, chickens and goats. The general limited borrowing by SILCs and the short length of time in which SILCs have operated has contributed to very few assets being registered and it was difficult to quantify whether the amounts and types of physical assets registered are an indicator of impacts as the project document lacks objectively verifiable indicators[9] to guide evaluation.

To identify and quantify impacts in future, the programme needs to incorporate in the project document objectively verifiable indicators for each key result area to allow for identification of achievements and impacts and types of physical assets communities consider as important for them. The program should consider, in future, commissioning independent quantitative impact surveys, which are more appropriate to document the extent of program impact.

5.4 Political Assets

SILCs have improved leadership skills of women SILC members as 60% of leadership position in SILCs go to women. Generally, the majority of female SILC leaders were already leaders in community groups, churches and welfare associations, a positive contribution of the programme to the leadership of the whole community. The infusion of positive energy, knowledge and skills from other groups may in future lead to strength and growth of SILCs. Objectively verifiable indicators for political asset strengthening would help future impact evaluation.

5.5 Natural Assets

This key asset area has not been integrated into the programme and none of the SILCs at the Kenyan Coast participated in environmental or water related activities. To improve SILCs participation in such programs CRS through its partners should incorporate into its methodologies the types of environmental awareness/activities SILC members could participate in. For example the SILCs in Rabai already harvesting quarry stones would be encouraged to use safe and non hazardous methods of mining and conservation. SILCs currently interested in initiating water programmes in their communities would be provided with knowledge of water and sanitation conservation while those interested in agriculture would get knowledge of

[9] In terms of quantity, quality, target group(s), time and place.

land conservation. SILC now provides a forum for other development agencies to delivered services and create awareness on natural asset financing. However, SILCs may need guidance and linkages to such agencies by the Field Agents and Partner staff - Coordinators or Social Workers.

6. WAY FORWARD

This section derives from the consultants' findings and observation of implementation of SILC and what needs to be done in the expansion phase. During the expansion phase, the model needs (i) to be more flexible to open up to other community members, (ii) allow for linkages with other institutions for client growth, (iii) increase SILC cycle to monitor performance for a further 12 months, (iv) redefine roles of field staff and reduce bureaucracy and (v) in-build into the programme objectively verifiable indicators for future performance measurements (vi) engage the Field Agents to explore their future role in expanding the model.

1. Open up the programme to include other members of the community

The SILC model as practiced in Kenya needs flexibility to include community members that are not integrated into APHIA II and OVC Programme. It also needs to offer opportunity to members to link with other institutions in their areas to realize more impact. The integration of SILCs into APHIA II and OVC PEPFAR HIV/AIDS programs is positive as the former provides home-based care plus other services e.g. counselling, medication, food supplements while the latter supports tuition fees, medicine, uniforms, books etc for orphans and frees some of the financial obligations of caregivers. It is important to note that there is a limit on the number of persons the programme can reach in HIV/AIDS and OVC programme and CRS should decide whether it would be better to expand the programme to all interested.

2. Increase the length of the programme cycle

CRS, through partners, promotes and supports SILCs for a 12 months period, during this period SILCs are trained and supervised to implement savings and lending activities. By the end of 12 months SILCs should have adopted the methodology and be ready to operate independently as graduated SILC groups. The challenge will be for groups to continue to adhere to SILC operating guidelines, as they develop their own initiatives, there was evidence of some groups planning to develop group projects, like community water points or rearing goats and pigs. Given the desire among some groups for innovation, there were suggestions from the Field Agents and some SILC members that there is need for extension of supervision from 12 months to 24 months to allow monitoring of innovating groups after the one year cycle and so evaluate their operation[10];

CRS notes from international experience, with CARE, OXFAM and PACT, that twelve months should be sufficient under normal circumstances to graduate a SILC group. However, several groups visited required greater preparation for graduation in terms of a clear graduation process as evidenced in part by groups extending beyond 52 weeks. CRS and partners need to strengthen the program implementation by ensuring close monitoring and regular review of the SILC performance. Those specific SILCs that appear to fall below the expected maturity path should then be identified and attended to during the 12 months period. Further, the program should consider conducting financial education to enable the individual SILC members make informed choices upon graduation – either to continue with the SILCs or join other financial service providers within their communities.

3. Make Field Agents and Field Agent Supervisors the core staff of SILCs

Redefine and delineate the roles of Social Workers and Field Agents during the expansion phase. It is important during the expansion phase CRS and partners need to redefine the roles of Social Workers and Field Agents as discussion with the two categories of staff revealed that certain roles such as training of SILC members, supporting them in the development of constitution, supervision of process and conflict resolution overlap. Field Agents are the core staff of SILC process and it would be important to provide field agents with major roles of SILC training and development and let social workers deal with social/health matters as doing so makes it easier for SILC performance monitoring. Redefining these roles are also

[10] By the time of the evaluation, no SILC group had graduated or shared out SILC profits.

necessary in the case SILC programme opens up to others not members of OVC or HIV/AIDS and do not need the support of social workers.

Thirdly, the programme should equip Field Agents with all tools necessary for supporting SILCs including a simplified training manual with all necessary annexes to be able to provide training consistent with SILC methodology. The manual may need to include topics that agents have reported to be necessary such as simple business management and all agents could undergo refresher courses to use the manual effectively.

4. Engage Field Agents in exploring future roles

CRS should carefully investigate the motivation to support agents to form a network of SILC service providers and learn from other professional bodies that have tried to do so and succeeded such as Agricultural Extension service providers. Secondly, in the expansion phase, the programme should develop the commercialization requirements for the programme i.e. how will the agents work with on-going SILCs after the cycle is over, what will be their motivation/remuneration/incentives etc? How many agents will Field Agent Supervisors handle, will they report to Social Workers or partner Programme Coordinator? One way for retaining current agents and supervisors (both Kilifi and Malindi) would be to provide them with simple incentives to enable them work with each SILC for at least 24 months. These incentives should be based on the following: minimum and maximum membership of groups, week work days an agent has to work, maximum number of groups an agent can visit per day/week based on distances within his/her cluster, minimum allowances and tools of work for all field agents and reward system. The current average case load of 250 clients per Field Agent should be based on the parameters defined. The incentive system should be simple but able to motivate both agents and supervisors to continue supporting SILCs without major technical participation of CRS head office.

One of the ideas discussed with the Field Agents during this review was the formation of a SILC Agents Network Association. In this arrangement, the Field Agent forms SILCs in an agreed location and charges a fee for services over a period of time, sufficient for the SILC to be stable and self operating. This approach needs to be carefully assessed since such a network should be based on optimal level of SILCs that CRS can form in the Coastal province, ability of SILCs to meet the cost of agent services and the cost of continually building the capacity of agents and continuation[11] of SILCs.

Develop Objectively Verifiable Indicators for future Impact Evaluation

The consultants suggest that CRS include in the project document performance indicators and impact measures and define the period in which impact of the programme would be measured and the magnitude of impacts they expect. Since impacts are long term effects of the programme, one year may not be the most appropriate time-frame for measuring them. The project should develop a data base with socio-economic information on clients getting into SILC for the first time and establish a system for continuous registration of effects of the people in the programme. The SILC Training Guide has impact assessment tools annexed to it that will be adopted for this purpose.

[11] Training manual makes reference to the possibility of SILCs deciding to rest before starting the process all over again.

ANNEXES:

Annex 1a: List of SILC visited in Kilifi and Malindi Districts

	SILC	Number of Members	Location/village	District
1	Pachanga	28	Konjora	Kilifi
2	Upendo - 1	19	Mtomondoni	Kilifi
3	Safina	25	Mariakani	Kilifi
4	Imara	17	Kaloleni	Kilifi
5	Upendo - 2	10	Bahari	Kilifi
6	Zunguni	20	Bahari	Kilifi
7	Kikambala	20	Kikambala	Kilifi
8	Jeza	20	Chonyi	Kilifi
9	Amkeni	19	Kibarani	Kilifi
10	Neema	14	Kongowea	Mombasa
11	Upendo - 3	13	Kongowea	Mombasa
12	Bidii	14	Kongowea	Mombasa
13	Maendeleo	11	Mtwapa	Mombasa
14	Upendo Vipingo	9	Kakuyuni	Malindi
15	Mwamko	17	Kakuyuni	Malindi
	Total	256	Average = 17 members in a SILC	

Note: Upendo (love) is a common group name used in different villages

ANNEX 1b: SILC Performance Ratios

Effectiveness		
R1	Percentage of Women	**94.9%**
R2	Membership Growth Rate	**N/A**
R3	Attendance Rate	**99.3%**
R4	Dropout Rate	**3.6%**
Financial Performance		
R5	Increase in Value of SILC Group Savings	**4,057**
R6	Portfolio at Risk	**8.3%**
R7	Risk Coverage Ratio	**621.7%**
R8	Average Net Profit per Member to Date	**1.4**
R9	Annualised Average Net Profit per Member	**15.1**
Efficiency		
R10	Ratio of Field Staff to Total Staff	**17.2%**
R11	Caseload: Groups per FA	**43.4**
R12	Caseload: Individuals per FA	**600.2**
R13	Active Clients per Staff Member	**103.5**
R14	Portfolio Utilisation	**24.8%**
R15	Cost per Client	**N/A**
R16	Average Loans Outstanding per SILC	**36.4**
R17	Average Member Savings/Contribution to Date	**7.8**

Name of External Currency	**USD**
Rate of Exchange	**66.00**

Annex 2: Time Series of Asset Ownership and Acquisition in Kilifi District

Assets	This Yrs	3-4 Yrs	5-10 Yrs ago	Reasons	Implications and issues to consider for Program improvements
Livestock	2	3	5	The community used to have large herds of livestock including goats and cows. Some households have oxen plough and bulls Livestock populations has since been declining steadily mainly due to: Diseases, Selling off to support family needs Inadequate pasture especially during dry seasons as witnesses in the last 2 yrs and Slaughtering to celebrate funerals and memorial services for departed family members known as "*mabulu*" Consequently, few households today own livestock in most of the Kenyan coastal communities, drastically reducing the peoples stock of wealth	While livestock is perceived as asset, livestock rearing seems to be risky especially due to diseases. SILC members own smaller animals like chicken and ducks. But these also face risk of epidemics. For example there have been two instances of chicken disease outbreaks in 2007. SILC program should consider promoting positive – pro-poverty alleviation cultural practices e.g. SILC members' children and OVCs should be encouraged to raise small animals especially chicken. SILCs intending to initiate livestock related Income Generating Activities should therefore be educated on these risks and be linked to appropriate service providers like veterinary officials in the respective locations/villages.
Food and Cash Crop: Coconut, maize, beans, vegetables, fruits like oranges and mangoes	1	3	5	• The commonly grown crops include coconut trees, maize, beans, peace, vegetables and fruit trees like mangoes and oranges. • A few people grow cashew nuts trees • The area had a very good harvest during the 2002/2003 season • The subsequent harvests have been poor. • The current years' harvests were very	• The community heavily depends on agricultural production. • SILC performance is positively related to agricultural production in the community as this determines the economic performance. • Complementary agricultural productivity program(s) to support the other IGA in these communities is more

Assets	This Yrs	3-4 Yrs	5-10 Yrs ago	Reasons	Implications and issues to consider for Program improvements
				poor due to heavy rains, just before crops flowered. • However, the rain has enabled the other crops like coconut trees and fruit trees to vegetate and the community is expecting much better yields by end of the year/early next year. • Every aspect of life in the community has been affected by the declining yields in the last 4 years.	likely improve the performance of SILC program. • The SILC members can as well be trained and supported to engage in fruit marketing business or be involved in a fruit BDS linkage program (e.g. oranges or mangoes from these communities)
Small scale enterprises especially small scale Income Generating Activities like: selling consumer goods, food vending and selling traditional palm wine	5	3	3	• Common IGAs include selling of coconuts, brooms; coconut leaves (*makuti*) for roofing, trading in cereals, cassava and fruits like mangoes and oranges and operating groceries and kiosk stocked with consumer goods. • IGAs performed well in the last 5 or so years due to the general good harvests. A SILC member used to supply fruits to *Kongowea* market in Mombasa. She would supply up to 15 cartons of mangoes and at Kshs 150 per carton. Another used to sell 5 -7 sacks of different sizes of coconut fruits (note that few people were involved in such IGAs). • This changed in the last 3 years following decline in farm harvests and generally many people have low income. • In the last few years, (perhaps from 2004/5), prices of many consumer goods went up (high	• Few community members were involved in enterprises in the last couple of years perhaps due to good harvests. • Performance of IGAs and small scale enterprise is highly dependent on agricultural performance. • Due to poor harvests, many people have now resorted to initiating alternative IGAs hence an increase in the proportion of people involved in small scale enterprises. • Most SILC members are involved in very small IGAs that other (more able) community members do, leading to limited profits and slow growth of the SILC members IGAs. • SILC loans are most often spent on domestic needs and emergencies relative to initiating and developing IGAs therefore limiting optimisation of the opportunity to access loans through the SILC. •

Assets	This Yrs	3-4 Yrs	5-10 Yrs ago	Reasons	Implications and issues to consider for Program improvements
				inflation) thereby negatively affecting the small IGAs like baking. For example wheat flour has gone from Kshs 75 to Kshs. 140 in the last 3 years.	
Land: Much of the land is communally owned and is usually subdivided among the sons. Many people tend to rent land in an area in Kaloleni known to be fertile.	5	3	2	• Family land has been repeatedly subdivided (mainly to sons). Most households do not have large tracts of land. • Large tracts of land are under coconut trees. • A few community members have title deeds of the land they own. • Majority of people have resorted to renting land for cultivation of cereals from those with large tracts of idle land. Such fallow lands tend to be more productive. 1 ha. is rented out at about Kshs 1500. But cultivating one ha may cost up to Kshs 7000 given the cost of hiring a tractor (about Kshs 2000), seeds, labour for weeding and harvesting. • Very few SILC members have rented land, besides the family land they usually cultivate.	• Most of the SILC members cultivate family owned lands which tend to be less productive since they have used them for along time without fertilizers or proper crop rotation. • Most SILC members do not own the land they cultivate being women (and even so, most of the are widows). • Due to lack of adequate income, few of the SILC members are able to rent fertile lands in community. • SILC members are however able to access such productive land if they were to rent a number of hectares as a group. • However, such group IGAs need better coordination and management. Success of such SILC group IGAs may heavily depend on external support from say the SILC Field Agents to ensure appropriate interventions and practices and mitigation of risks like theft of produce. • Group owned land may improve the SILC members (most of whom are women) to own land albeit on temporary contract but more importantly to improve on their productivity and household food security.
Household assets:	5	3	2	• Modern household items like furniture	• SILC members, despite low income and

Assets	This Yrs	3-4 Yrs	5-10 Yrs ago	Reasons	Implications and issues to consider for Program improvements
Including furniture (bed, chairs, cupboard) and utensils(sauce pans, plates and cups)				are increasingly being used. 5 - 10 years ago many people were using locally made tables and chairs. This was due to limited exposure to living standards in towns and other parts of the country. • More recently, modern household items have become more readily available in the local markets and are perceived to be better than those made of sticks or coconut and bamboo materials. • Now, most homes have wooden made furniture like chairs, tables, cupboard and beds and glass made utensils. • Many household are buying these as the common trends in living standard and also not to appear so poor when a visitor comes. *(family members may use plastic utensils while the glass ones are kept for visitors)* • For those with adult children in towns, these adult children buy such items like furniture and send back home to be kept/used by the parents.	apparent poverty are also under the socio-cultural pressure to keep up with trends in changing living standards in their communities hence make efforts to buy furniture and utensils. • However, due to low incomes and general poverty situation, most of the SILC members visited during the survey did not own such household items. Furniture made of sticks and few utensils were observed. • Some of the loans from SILC and proceeds from IGAs supported by these loans may, in future, be used to purchase such items and thereby increase the stock of wealth of the SILC members.

Annex 3: Analysis of Financial Services Mechanisms at the Community Level

Note: The SILC operation is the reference point of discussion

Rank (most popular)	**Savings/Lending Coping Mechanisms**	**Process: Terms and Conditions**	**Challenges**	**Implications**
1.	Neighbours	• Borrowing from a neighbour needs friendship and trust between the two of you • Some people demand to keep your identity card to ensure you repay • Others "sell" the money to you. That is lending at some interest e.g. Kshs 1000, attracts an interest of about Kshs 100. • Some neighbours require the interest upfront e.g."If I am borrowing Kshs 5000, then I pay Kshs 500 as he or she gives me the money or sometimes gives me the money less the interest amount. • Savings in goats, chicken and in other groups like merry-go-round, MFI groups. • 10 of 13 participants have ever borrowed from a neighbour	• If you are not trustworthy its, difficult to be helped by others in the community • Sometimes, the borrower is interrogated so much that if its not due to poverty you may not want to take the money. • There is so much pressure to repay in time to ensure a good relationship for future lending. • If you see that you may not repay the amount in time, then you would rather go and explain to the lender. • Savings at home is difficult since there is so much pressure to use the money on daily needs especially food,	• Majority of the members depend on one another in the community as a safety net mechanism where by lending one another money and sometimes charge interests. • Such borrowings create a lot of pressure on borrowers to maintain good relationship to remain creditworthy.
2.	Merry-go-Round	• Membership is between 5 and 25 • Members know one another very well • Selection of the rotation is random but sometimes those who defaulted in the last cycle may be assigned the last number. • Most groups continue after the end of a cycle. • Contributions range from Kshs 20 to Kshs. 100. • Some groups allow members to swoop rotations in case a members have an emergency and needs money before her turn. • All the participants (100%) belonged to a	• A person has to be well known to join a group • Members may resort to selling off household items of a member who becomes inconsistent in payments especially after receiving her payout. • The recovery process does affect relationships in the neighbourhood leading to members setting low contribution targets that all members are comfortable with. •	• The group is self selected hence attracts people in nearly the same livelihood and status. • The mechanism is simple and popular among community members • Mechanism offers an immediate challenge to the SILC program in terms of growth in savings portfolio

Rank (most popular)	Savings/Lending Coping Mechanisms	Process: Terms and Conditions	Challenges	Implications
		merry-go-round.		
3.	Other groups like Self Help Groups with specific group IGAs e.g. Ballast mining, Bulk stocking, Chicken rearing,	• Groups start by members collecting a greed amount as start up capital. • Members operate arrange of IGAs like selling charcoals, firewood, purchase stock and divide among members for own IGAs • Hold weekly meetings • Proceeds and profit thereof is distributed among members at end of the year. • Groups operate a loans fund besides the IGAs. • Members borrow at a 10% interest per month and pay a fine off 50 a month in case of default.	• Sometimes the group business does not perform well. • This may affect income or sometimes affect relationships especially if members misunderstand the business cycle. • Some members may leave mid the cycle hence withdrawing their contributions thereby reducing the working capital. • The groups have been very stable: "we have not heard of any problems with those group businesses"	• Such groups main aim is to collect lump sums to purchase stocks at wholesale prices to increase the profit margins. • Such group IGAs seem to be very attractive to SILC members and are likely to influence the direction and objectives of some SILCs
4.	SILC	• Members select one another among those in the OVC program and form a group. • The Group is trained on the operations of the SILC by the Diocese staff (Field Agents). • Collect savings (minimum of Kshs 30, social fund 10) • Members pay fines of 10 in case of lateness or disorderliness during meetings. • Members access loans usually less than the savings since savings are considered as security against the loans. • Members sometimes plan to develop group projects or IGAs. • Some groups, though few, have merry go round activities within the SILC.	• Inadequate training on how to maximise on the contributions besides just giving out loans. • As such the group initially collected savings and went ahead to open a bank account. They had to close the account and start using the SILC cash box. • During lean times, the group is forced to suspend savings or meetings.	• Members are risk averse hence the funds utilisation rate is so low in this SILC group. • Consequently the SILC members are concerned about security of their money and take precautions like not letting anybody else know how and where the box is kept.
5.	Church/Mosque funds	• The church leaders have funds that they use to extend some loans to	• One has to be a member of the church or mosque.	• Most of the religious groups are small and don't

Rank (most popular)	Savings/Lending Coping Mechanisms	Process: Terms and Conditions	Challenges	Implications
		members. • To access the loans one has to be a member • Sometimes, the members contribute to members during the well wishers. • Usually, the amounts range from Kshs. 1000 – 5000.	• Problem has to be well known e.g. • Some of the problem to be considered for contribution or loans: Medical support, Funeral, Wedding.	have much funds. • Few SILC members seem to be active in these groups since there is need for savings and contributions to be considered a strong member in such groups. • Since members are not assured of support or loans when in need, church or Mosque funds are not popular with the community members.
6.	MFIs	• Members pay a registration fee of Kshs. 250 to the MFI e.g. KWFT, • Group membership ranges between 25 – 30 • Members contribute about Kshs 120 for opening a group account • Members save Kshs 500 per month before accessing loan (or may pay a four months savings upfront) • If one wants a loan of Kshs 20000, the members pays Kshs 550 for Application fees • Members as to open own individual account • It takes about 1 month to receive the loan • Disbursements by cheques drawn in the members name	• With low performance of the IGAs, most MFI clients are under pressure to contribute savings and make repayments, *"…but we just try to keep up"* • Group members usually auction off fellow members' household assets in case of default. Such assets are sold off at low prices and the owner may non receive any money since some of the proceeds is used to pay for transport and group members take some of it in the name of having worked hard to come to you home to follow up the repayment. • Groups are however flexible since a members can step out to rest then	• MFIs have rather rigid savings and loan repayment requirements. • Some community members, especially more literate ones join the MFI groups as a way of accessing large loans. • The MFI clients are nonetheless struggling to keep up with the requirements.

Rank (most popular)	Savings/Lending Coping Mechanisms	Process: Terms and Conditions	Challenges	Implications
			rejoin later.	
7.	Individual Money Lenders	• There are very few such people who out rightly lend money as money lenders. • There are however, some shop keepers who can allow you to take household items on debt. • Some other people "sell" the money usually at an interest. This is usually to enforce repayment. • Such people select who to lend and may turn you away if she feels you are not trustworthy or may not repay.	• The interest rated tends to be high. • The pressure to maintain a better relationship with the lender forces most borrowers to repay the amount before the agreed time lapses meaning that the y pay much higher interest amount than agreed upon. • The transaction is highly dependent on the trust between the two people.	• Given that most people in this community are low income earners, there seems to be no of very few relatively rich people to offer individual money lending services. • Most people seem to borrow form one another non interest bearing loans and save in kind e.g. tonnes of ballast and small animals like chicken and goats.

SILC EVALUATION
FGD with Pachanga SILC in Konjora Sub location – Kilifi District

Participant's profile

	Names	Gender	Education:Yrs	Economic Activity	Marital Status	# of Own children	# of Non family members	Loan Balance	Savings Balance

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?	• List the first 4 key activities • How do people in this community finance these activities?	• Income generating activities like: o Selling of coconuts o Local *mnaji* coconut brew • Sale of farm produce like o Cassava (but some members trade in these good by buying in bulk and retailing) • Crafts o Making and selling pots e.g. a water cooling pot of 40 litres costs about Kshs 800, but a small cooking pot could sell at Kshs. 40=. A lady reported that she can make 10 such pots in half a day. • Casual labour o Land cultivation for pay (*kulima vipande*)
Core Questions	**Related Probes**	
2. What activities do you conduct in your SILC? 3. How has SILC helped you to access financial services? 4. What are the common risks people in this community face?	• How else do people in this place save? (both financial and non-financial mechanisms) • How do SILC members manage these risks? • Is there any insurance mechanism in the SILC programme? • How does it work? • How beneficial is it to the members?	• Savings Kshs 20=, Kshs 10 for social fund (emergency fund) and in case of lateness members are fined Kshs. 10=. • The group does not have a clock or time keeper, but uses the position of the sun or the school children reporting to school or lunch time to mark their meeting times and charge fines for lateness. (All the same, no member wants to be late since the fine of Kshs 10 is too expensive to afford). • Have started lending out to members. So far has lend out Kshs 3000, to two members. • But this group has not collected any fines since most of the members attend the groups consistently. • The SILC members contribute 10 for emergencies. A member receives about Kshs 500 upon an emergency. One member was bitten by a do in October 2007 and the group gave her 1500 (500 from the social fund while 1000 was a loan from the savings to take care of the medical bill. She will has promised

<table>
<tr><td></td><td></td><td>to repay the Kshs. 1000 (US$ 15) by mid of December 2007.
Community Challenges & Risks
• Food and Hunger
• Inadequate school fees and uniforms for OVCs to proceed to secondary schools. “ The free primary education is not as free since we have to buy school uniforms and pay some levies every so often”
o Due to lack of adequate incomes, our children and the ones we care of (OVCs) cant proceed with education beyond class 8.
• Inadequate farm inputs and implements. Some members suggested that farm machines like Tractors for land cultivations. This issue kept coming up since cultivating land with tractors is common and the people also have large tracts of land.
o Members feel there is need to support the community with agricultural training.</td></tr>
<tr><td>5. What spiritual activities are undertaken at your SILC?
6. How important are spiritual matters in your SILC? How has your participation in the SILC improved your spiritual life?
7. Where do you get help on spiritual matters in your SILC?</td><td>• List 4 key spiritual areas of participation in SILC that have been useful to you.
• Caritas? Church?
• How? … Prayers, bible studies?
• How helpful have these spiritual activities been to members and the rest of the community?</td><td>Spiritual Matters?
• The group is young hence has not been involved in many activities beyond the main one of savings and accumulating the emergency funds.
• However, in terms of spiritual matters, they open and close meetings with prayers.</td></tr>
<tr><td>8. How has participation in the SILC helped to improve members’ stock of wealth?</td><td>• Financial – Savings, Access to credit, Access to funds during emergencies?
• 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
• Physical wealth: Do members register increase of physical assets like furniture, means of transport like bicycles, etc (get examples of what members have been able to do with SILC)</td><td>• Members have not borrowed from the SILC for along period hence have not registered much growth in their stock of wealth.
• One lady reported that she had bough lessos and clothes especially when they were going to console one of the members.</td></tr>
<tr><td>9. In what ways has the SILC helped in building</td><td>• Encouraged participation in group activities?</td><td>• Participating in the SILCs has motivated a number of members to offer psychosocial social support to one</td></tr>
</table>

and strengthening your social relationships?	• How has it helped in members helping each other in times of need? • Specifically, how do SILC members help one another? • What are the common causes of conflict and how has SILC helped in conflict resolution among members and their families?	another e.g. one member reported that *"kila mara tunasaidiana sana kama wadada"* - we usually support one another like sisters. • Some community members, especially fellow women have approached SILC members inquiring how to join the SILC group.
10. How have SILC members been involved in the local leadership at the village/location/district levels?	• What local meetings do SILC members participate? • How have women been involved in the local leadership?	• Being a young SILC, no members have become community leaders as a result of her participation in the SILC. • However, some of the SILC leaders are also leaders in other groups within the community e.g. one of the ladies is a member of a farmers group in the community where they are trained on agricultural practices, seeds selections, vegetable growing (*mchicha*, *sukuma wiki* - kale and tomatoes). There is also a company that buys the farm produce e.g. they buy 1 kg of *pilipili* at Kshs 150.
11. How is SILC involved in environmental protection?	• List environmental initiatives in which SILC participates? • Do SILC members receive any environmental education from agents or other parties? • Do SILC members participate in other local environmental activities like cleaning day, clearing village roads, selling Mosquito Treated bed nets, Safe water, etc.	• The SILC has not participated in any environmental activities or community level activities organised by the local leaders in the community.
12. What are your feelings about the performance of this SILC?	• What works well at this SILC? o Loan repayments o Records o Savings • What does not work well at this SILC? o Loan repayments o Records o Savings	• The members appreciate the SILC mechanism and only wishes they had more income to save much more. • Some of the members hoped to accumulate about Kshs. 30,000 and they by attract somebody to boost their kitty to start a group income to raise more income for the members.
13. What do you think needs to be done to improve services in this SILC?	• What needs to change? • What needs to be included in the program	• The SILC program should support us develop a bigger income generating activity like having a tractor for land cultivation.
14. Issues about the HIV/AIDS and OVC program	• Do the members receive Kits? • Do the OVCs receive support?	o Some members reported that they have run out of HIV/AIDS OVC support o It was also reported that the Program has stopped recruiting children into the OVC program without much information.