

# IMPACT EVALUATION OF FSD KENYA'S SAVINGS GROUPS PROJECT: FINAL REPORT

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Impact evaluation of FSD Kenya's savings groups project

Final report by

Silvia Storchi and Saltanat Rasulova

This assessment was carried out by Oxford Policy Management and the University of Bath. The project manager was Machal Karim. The other team members were Saltanat Rasulova, Silvia Storchi, Marta Moratti, and Susan Johnson.

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The Kenya Financial Sector Deepening (FSD) programme was established in early 2005 to support the development of financial markets in Kenya as a means to stimulate wealth creation and reduce poverty. Working in partnership with the financial services industry, the programme's goal is to expand access to financial services among lower income households and smaller enterprises. It operates as an independent trust under the supervision of professional trustees, KPMG Kenya, with policy guidance from a Programme Investment Committee (PIC). Current funders include the UK's Department for International Development (DFID), the Swedish International Development Agency (SIDA), and the Bill and Melinda Gates Foundation.



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# Abbreviations

<b>ASCA</b>	Accumulating Savings and Credit Associations
<b>CARE</b>	Cooperative for Assistance and Relief Everywhere
<b>CMOs</b>	Contexts, Mechanisms and Outcomes
<b>COSALO</b>	Community Savings & Loans
<b>CRS</b>	Catholic Relief Services
<b>FSD Kenya</b>	Financial Sector Deepening Kenya
<b>HH</b>	Household
<b>IE</b>	Impact Evaluation
<b>MGR</b>	Merry go round
<b>OPM</b>	Oxford Policy Management
<b>RCT</b>	Randomized Controlled Trial
<b>RE</b>	Realist Evaluation
<b>SGs</b>	Savings Groups
<b>SO</b>	Share-out
<b>TOC</b>	Theory of Change

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## EXECUTIVE SUMMARY

FSD Kenya commissioned Oxford Policy Management (OPM) to conduct an in-depth impact assessment of their Savings Groups programmes which were undertaken in collaboration with two International Non-Governmental Organisations (INGOs), namely CARE and CRS. In particular the research set out to explore the following four evaluation questions:

- To what extent and how have SGs improved incomes and reduced vulnerability to shocks among their members?
- To what extent and how have members developed their financial skills and feel more empowered and knowledgeable about using financial products and services?
- To what extent and how have SGs promoted empowerment in the form of expanded social networks and relationships, increased political participation?
- How have the above changes contributed to improved wellbeing at the household level?

In order to explore not only the changes in members' lives but also the deeper reasoning leading members to use the SG services in a particular way, the study adopted a realist evaluation (RE) research approach. According to RE, an intervention does not automatically create impact just by providing a certain set of inputs, but because of the ways in which the target population reason and respond to such inputs. In a RE language, these are called mechanisms and are triggered by the interplay of the intervention inputs with the specific context features in which such intervention takes place. The study therefore explored in what ways (mechanisms) and under what circumstances (context) SGs work or do not work for people in rural Kenya.

The study included both CARE and CRS SGs in different locations where FSD Kenya has collaborated with the two INGOs. Rachuonyo sub-county, Nandi and Uasin Gishu counties were selected for this study for both the highly likelihood to find mature groups and because data about functioning groups was available from these areas. Indeed, the study aimed to explore the causal pathway towards impact for members of well-established and functioning groups, rather than a broader population which would include drop-outs and malfunctioning groups. This selection was purposively-driven in order to explore the impact that the use of SG services can create. Ten groups were purposively selected and four members were randomly selected from each group for individual interviews.

A literature review together with the consideration of the Theory of Change (TOC) adopted by several Savings Groups programmes, allowed the identification of a chain of outcome stages which ultimately lead to impact. The TOC has therefore been broken down into 4 stages of outcomes, such as joining (O1) and staying (O2) in SG, using the SG services (O3) (i.e. saving, taking and

repaying loans), and the different uses of loans and share-outs money (O4). Changes in people's livelihoods and empowerment are considered as ultimate impacts. According to RE, certain sets of mechanisms will trigger each outcome stage, while the final impact does not necessarily happen because of members' reasoning and it could be triggered by a combination of contextual factors and other people's behaviour. The field research has therefore explored the mechanisms and context specificities for each outcome stage that was identified from the literature review.

### Main mechanisms:

The study found that there are five main mechanisms at play, and that each of them contribute to multiple outcomes (See Figure 5). They are interrelated and they reiterate and reinforce each other over time in the following ways:

- 1) SGs allow their members to **make money work for them**. Indeed, SG members find that SGs are a way for them to use their money in a productive way. Members are able to save in their SGs frequently and in very small amounts and this savings accumulates and earns an interest over time. On the contrary, money that is not productively used or invested would be considered as idle money. This mechanism therefore taps into underlying norms of ensuring that money is not idle. It not only pushes people to become members of SGs but also triggers another important mechanism of working hard and it is in line with the social norm of community development.
- 2) SG members also join and stay in their groups because they can get **assistance** from the other members. This assistance within the group often takes the form of loans, but could also be moral support during emergencies. The ability of members to access loans while also saving is key, as well as the characteristics of this process. Loans are considered quick, legitimate and confidential. Similarly to the previous mechanisms of making money work, when members know that they can get assistance from their group, they tend to work harder. Also, assisting each other within the group is also in line with the social norm of community development and uplifting each other.
- 3) Another important mechanism which lead members to stay and use the SG services is the perception that **money is always available**. This refers to both the flexibility of loan repayment and the creation of alternative sources of credit. Repayments can be rescheduled, and members can also ask for assistance from other members and from external individuals in order to present the money for their repayment on the meeting day. Ultimately, the flexibility of the loan repayment is identified by SG members as if the group understands them and their problems. This is often compared to more formal financial service where SG members do not feel there would be such space for negotiation and flexibility.

- 4) People in rural Kenya identify with development through groups as groups have been historically used to promote development in rural areas (Johnson and Boulton, 2014). SGs promote **community upliftment** and a **sense of ownership** in several ways. Indeed, because loans can be of a bigger amount compared to the savings, everyone is developing through other people's money. At the same time, the fact that the interest on loans remains within the group gives SGs a sense of ownership over their money and again of contributing to everyone's development.
- 5) Ultimately, these mechanisms are all leading to SG members **working hard** to save, take and repay loans in their groups. SGs make their members busy while at the same time allowing them to develop together with the other members.

#### Impact for whom and how do SGs work

The research shows that these mechanisms operated across the range of SG members. Similarly, the research shows that the ways in which SG services and money are used, in the form of loans and share-outs, also cut across a variety of SG members. These main uses are investment in assets; school fees and other education-related expenses; business improvement; small household items and food and for emergencies. This study categorises members based on the extent to which they use SG services for one or some of the previous areas. Members have been categorised into survivors, housewives, developers, young investors and accumulators and socially-driven members. This categorization produces some differences in terms of age group, gender, household composition and location and shows how impact is therefore differentiated by the circumstances of the users which results in their differential use of the services. These different uses (outcome 4) ultimately lead to differences in the extent of impact that SGs can create for their members. For example, while widows are more vulnerable and use SG services to deal with life shocks, women with supportive husbands (housewives) and women with established businesses (developers) are in a better position to use SG services to improve their livelihoods and acquire assets.

Meanwhile, there are certain aspects of impact which cut across the sample: SG members now feel more independent, either from their husbands or neighbours whom they no longer need to turn to to borrow. Women are now all similarly

labelled as "busy women" and their status in the community and in their household changes because of their hard work. This may take the form of more respect from husbands, increased joint-decision making in the household, but also more respect from the in-laws or the opportunity to stop working in other people's farms. Being part of SGs does not have the same impact on men. While some men are able to benefit financially from the SG by regularly investing loans and share out money into business and assets, being part of SGs does not change their attitude towards work in the same way as it does for women. At the same time, the study shows that a number of men join the SGs because of an idea related to a social mission to develop their communities. These men are also usually very respected figures in their communities and often hold leadership positions in church as well as in the SG.

The study shows that SGs evolve through a learning process. Members from across all categories are experimenting not only with the new SG services but also with other financial strategies and credit sources. They have learnt how to save and make the money work for themselves, they have learnt how to borrow and they have ultimately become more creditworthy within the community as a result. These mechanisms and financial impacts are therefore working for all members of SGs, notwithstanding their age, location, gender and household composition.

In summary, this research has shown how joining a SG, staying in it and using its services are not an automatic reaction to an intervention. Indeed, these outcomes depend on the ways in which the target population reason and responds to the intervention. In order to deeply understand these mechanisms, it is therefore important to understand the intervention and people's reasoning within the broader social and economic context within which the intervention is taking place. By adopting this approach, the research has pointed out how social norms and dynamics are inextricably connected to the ways in which SGs are operating, showing a picture where social and financial processes overlap and interplay. Moreover, this study suggests that while for all SG members who have stayed, their SG is providing some benefits, these can vary significantly depending on the specific context in which the intervention has taken place and other broader contextual and personal characteristics, such as age, gender and household composition.

## Chapter 1

# INTRODUCTION

### 1.1 BACKGROUND TO THE EVALUATION

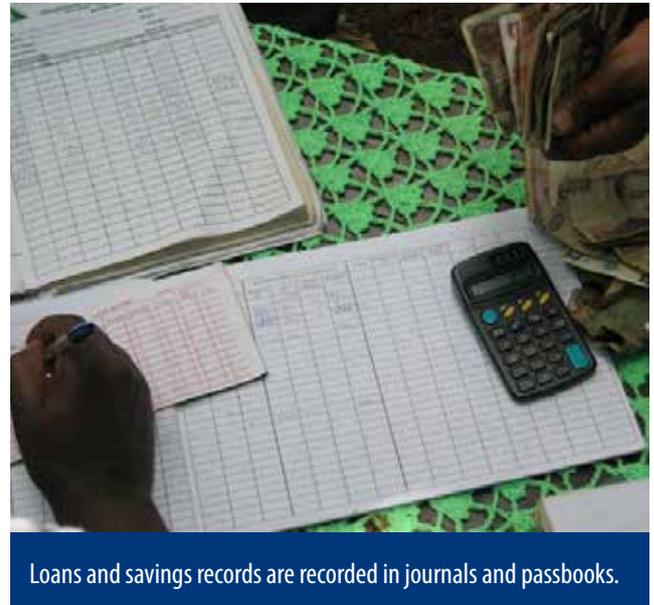
The FSD Kenya programme was established in 2005 to support the development of financial markets in Kenya as a means to stimulate wealth creation and reduce poverty. Working in partnership with the financial services industry, the programme's goal is to expand access to financial services amongst lower income households and smaller enterprises. In doing so, FSD Kenya has been working since 2008 with local partners to create savings groups (SGs) through Catholic Relief Services (CRS) and the Community Savings & Loans (COSALO) project in partnership with CARE. New SGs normally require a short training and occasional follow-up and monitoring visits during a "first cycle" of nine to twelve months. SGs are simple structures typically of 15 to 30 people, whose members contribute an agreed minimum amount of savings during regular meetings. The funds saved are then lent out to members based on demand and according to rules initially established by the group under the guidance of a trainer. These transactions continue for 9-12 months after which lending stops, outstanding loans are repaid, and all the savings are paid back to members, along with interest earned. After the distribution of all assets to their members at share-out, SGs usually re-form and start another cycle. These FSD Kenya supported initiatives in Kenya had reached about 18,180 savings groups serving over 475,000 members as of June 2016. In an attempt to evaluate the impacts of saving groups on rural households' wellbeing, FSD Kenya commissioned Oxford Policy Management (OPM) to work with experts from the University of Bath to carry out an in-depth impact assessment of saving groups using a theory-based approach.

### 1.2 EVALUATION OBJECTIVES AND QUESTIONS

The overarching goal of the external evaluation is a) to evaluate the intended and unintended impact of SGs, if any, on individuals and their households and b) to explore and explain the ways in which these impacts arise for SG members.

In particular, based on the interest expressed by FSD Kenya during initial consultation, the evaluation addressed the following questions:

- To what extent and how have SGs improved incomes and reduced vulnerability to shocks among their members?
- To what extent and how have members developed their financial skills and feel more empowered and knowledgeable about using financial products and services?
- To what extent and how have SGs promoted empowerment in the form of expanded social networks and relationships, increased political participation?



Loans and savings records are recorded in journals and passbooks.

- How have the above changes contributed to improved wellbeing at the household level?

This study focused on how the provision of SG services leads to adoption and use by their members and consequent impacts on their lives and livelihoods. Given this emphasis, the study did not focus on the functioning and sustainability of the groups themselves. Rather, it is concerned with the ability of members to engage and deploy services from groups that are operational.

### 1.3 STRUCTURE OF THE FINAL REPORT

This report presents the findings of the qualitative impact assessment of FSD Kenya's savings groups project using realist evaluation. The chapters of the report are presented as follows:

**Chapter 2** presents the evaluation design, the main steps of its implementation and the sampling approach.

**Chapter 3** presents the main findings from the literature review and the reconstructed programme theory (Figure 5).

**Chapter 4 to 8** are devoted to the findings in the following order: characteristics of groups and members, findings on context, findings on outcomes, findings on how and for whom SGs work and findings on impact.

**Chapter 9** presents the conclusion of the report.

## Chapter 2

## EVALUATION DESIGN

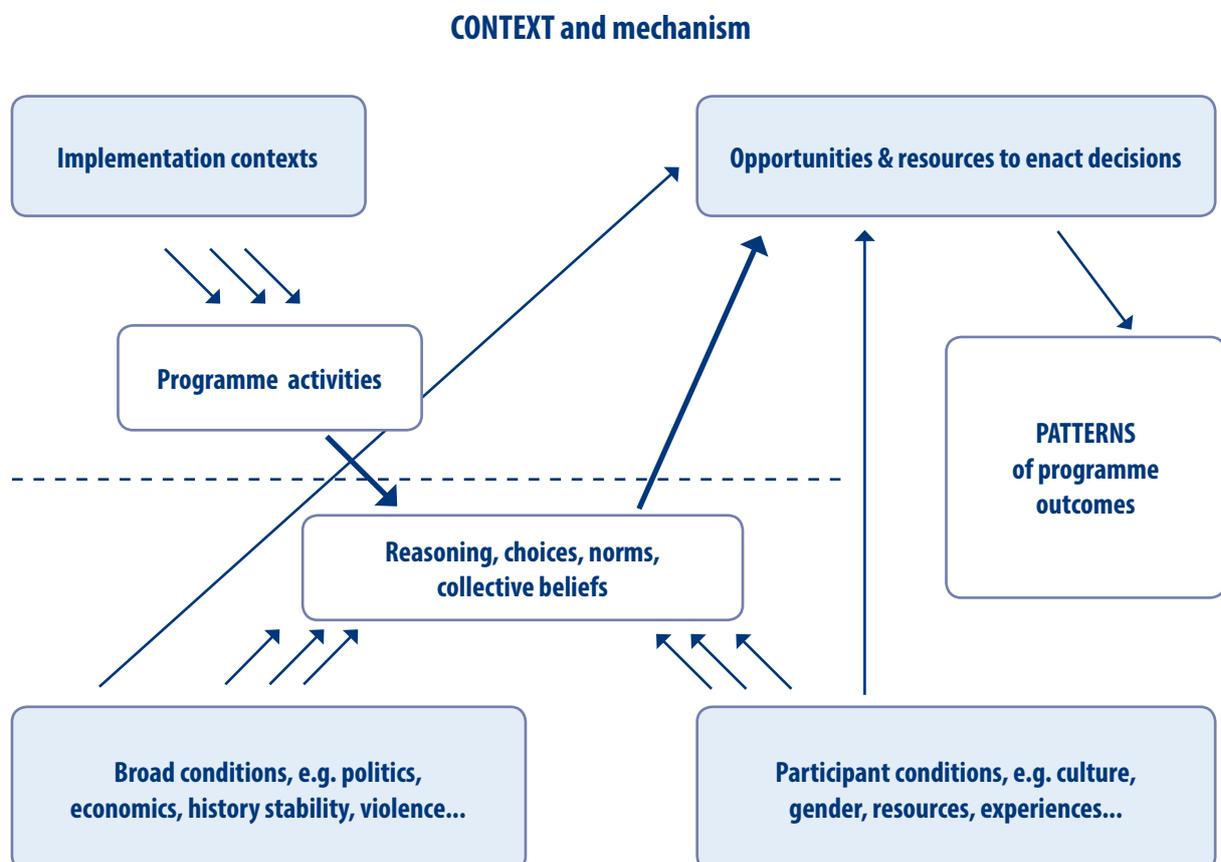
The suggested methodology for the current impact evaluation is a theory-based approach. Theory-based approaches can be used in contexts where experimental approaches cannot. They are particularly useful in assessing whether a programme works, by exploring both how and in what context it works and why and under what conditions it produces certain outcomes.

## 2.1 WHAT IS REALIST EVALUATION?

One theory-based approach is that of Realist Evaluation (RE). Realist evaluation stems from Pawson and Tilley's seminal work, *Realistic Evaluation* (1997). This approach focuses on the causal mechanisms which enable programmes to work. It sees an intervention as providing resources which participants use (or do not use) in particular ways, see Figure 1. This triggers a mechanism which is the causal pathway of the intervention such that it leads to particular outcomes. The intervention is seen as likely to trigger different causal mechanisms depending on the particular contexts of participants.

Hence a major assumption of RE is that no intervention works everywhere or for everyone, and that context really does make a difference. Therefore it asks the questions 'how and why does this work and/or not work, for whom, to what extent, in what respects, in what circumstances and over what duration?' (Westhorp, 2014: p. 4). This is because RE is based on the realist view of the world which offers a particular understanding of causation. The basic idea is that things that we experience or can observe (how we behave towards the programme or policy) are caused by 'deeper', usually non-observable processes. These causal processes happen at a different level of the system than the observable outcomes and are known as 'mechanisms'. It is the interaction between what the programme provides and the response and reasoning of its intended target population that causes the outcomes. This interaction constitutes a 'mechanism'. According to the realist perspective, interventions (in this case SGs) do not cause outcomes, but mechanisms do, because it is people's reasoning in response to the resources that produce the outcomes,

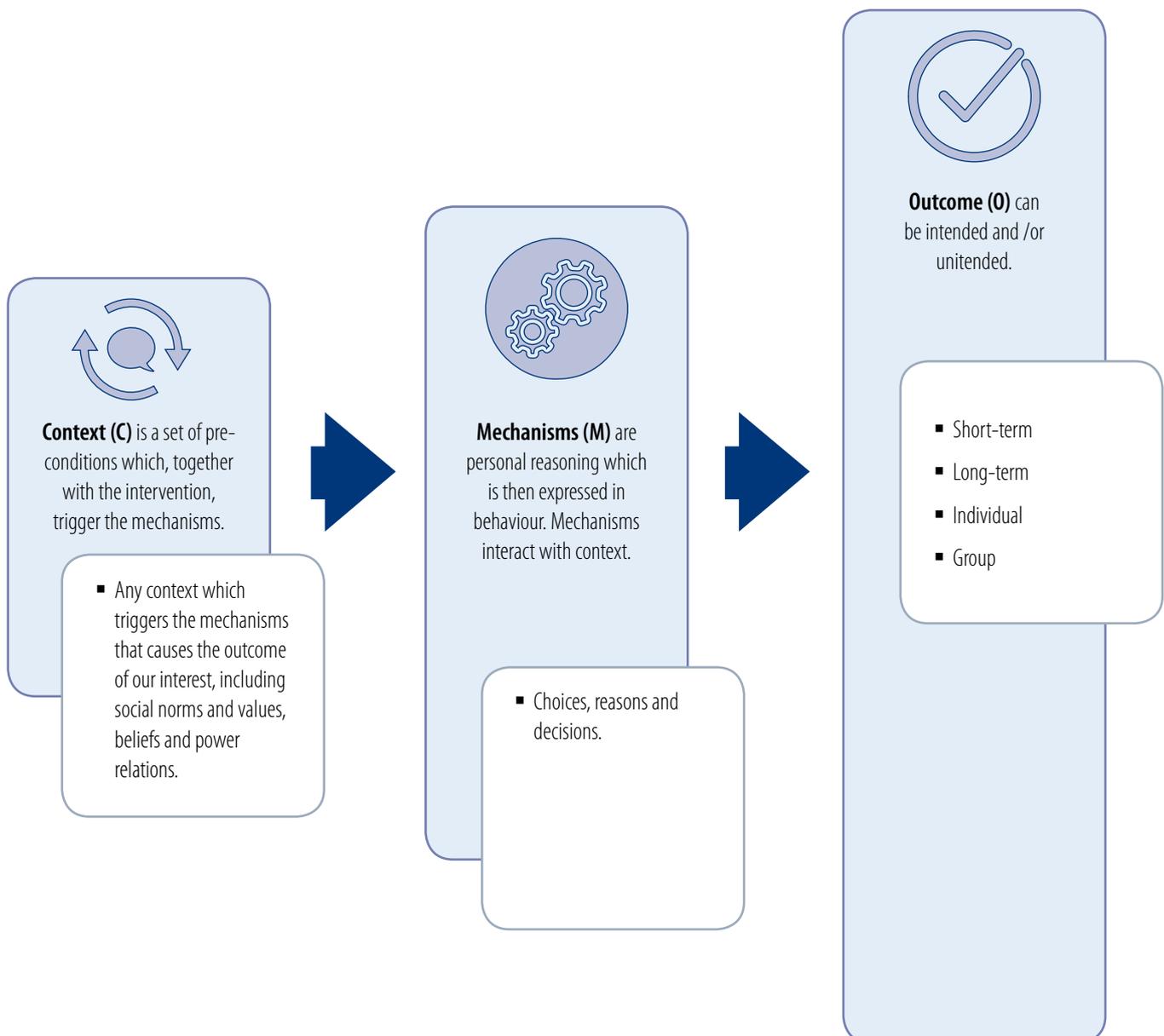
Figure 1: The interplay between context and mechanism



rather than the provision of resources per se (see Figure 2). This reasoning is embedded in the context which is recognised as including, for example, social norms and structures which lead to particular kinds of reasoning and responses. For example, a mechanism for the use of one particular place to borrow may be that its use is anonymous and that participants value such anonymity in a context where their business may otherwise be the subject of gossip leading to shame. Hence, the social norm of shame that arises in

particular contexts might be the key 'trigger' for a change in behaviour towards the use of a particular service. RE therefore focuses on unpacking the black-box of causal pathways of the intervention in this way. Similarly to other theory-based approaches, RE tests a theory, but not simply about what 'might cause change', but theories about how, and for whom, programmes actually 'work' (see Annex A on realist programme theory and relevant substantive theories).

**Figure 2: Realist evaluation: intervention in relation to context, mechanism and outcome**





SGs promote community upliftment and a sense of ownership in several ways. Indeed, because loans can be of a bigger amount compared to the savings, everyone is developing through other people's money.

## 2.2 WHY REALIST EVALUATION?

The comparative advantage of RE among other theory-based approaches is high granularity of data and explanations. This is achieved through producing detailed configurations of how outcomes are produced as a result of people's reasoning and hence their behaviour towards the intervention. These configurations follow the formula of  $C+M=O$ , where C is the context, M stands for mechanism and O is the outcome. This formula suggests that outcomes (O) are produced only when context (C) is right to 'fire' (operate at a particular moment (Westhorp, 2014)) people's reasoning (M) to act as assumed by the programme theory. Evaluating the intervention together with the context, mechanism and outcome generates rich data which unpack the interactions between them. This allows for analysis and explanation of the causal links between the intervention and caused changes.

Based on these advantages of RE, the design best suits when the evaluation is tasked to learn about programmes which are being extended to a new population (Westhorp, 2014). RE also becomes useful when previous evaluations suggest a confusing pattern of outcomes within a programme. In these cases, RE can effectively contextualise, personalise and present a realistic picture of impact. Moreover, the RE approach suggests that analysing the specific contexts and mechanisms underpinning outcomes assists in providing sufficient analysis to allow for generalisation of causal pathways and hence

whether or not replication will produce similar results. The argument is that once one knows the context which fires the right mechanism for people with particular characteristics, then it would be easier to know how and where to replicate the intervention and for whom.

## 2.3 IMPLEMENTING REALIST EVALUATION

### 2.3.1 Evaluation methods

As presented in our proposal, RE was implemented through the following main steps (Pawson and Tilley, 2004):

**Step 1.** Formalising the programme theory with hypothesised CMOs based on literature review

**Step 2.** Collecting data to test CMOs hypotheses

**Step 3.** Data analysis and hypothesis testing to subject a whole package of CMO hypotheses to systematic test

**Step 4.** Refinement of proposed CMO configurations

In implementing steps 1 and 2 of realist evaluation, the team used two qualitative research methods - **literature review (realist synthesis of literature)** and qualitative fieldwork using a **realist qualitative interview**, a specific instrument relative to this approach as described below.

**The literature review** synthesised the literature based on the 'realist' approach to evaluation. The realist synthesis of the relevant literature included both theoretical understanding and empirical evidence of how SGs worked and for whom, in what circumstances and in what respects. The aim was to understand main outcomes of SGs in relation to the context and underlying mechanisms. The synthesis of the literature helped to develop the programme theory (see Figure 5) with the evidence-informed CMOs about how SGs are meant to work, for whom and where. These CMOs were then tested using a qualitative realist interview. The main findings of the literature review are discussed in chapter 3.

The hypothesised CMOs, i.e. programme theories, guided the design of the **realist qualitative interview**. According to the realist evaluation, the interview involves 'a division of expertise about different aspects of the topic under investigation' (Pawson, 1996; p. 303 emphasis in original) between the evaluator and the interviewee. The evaluator who would have prepared some expected mechanisms to test should also lead the understanding of context and outcomes. The interviewee is the one who gives the details about context, outcomes and mechanisms and refines the CMOs i.e. confirms or disconfirms them (Pawson, 1996). By considering that, the structure of the interview for this research was designed to help the interviewee to contextualise his/her decision making. Thus the focus of the interview was the question 'why' about the human reasoning and behaviour. Through the process of the interview the interviewee was encouraged to both recollect and think through his/her past actions, including options taken and not taken, reasons for this and as far as possible reflect on these actions and decisions. These accounts were regularly 'contextualised' by 'keeping an initial focus on specific examples rather than generalities (Smith and Elger, 2012; p.26) and sensitively probed by the interviewer by 'encouraging respondents to compare their experiences of different settings and episodes; probing for details and implications; raising queries about puzzles and inconsistencies, including those arising from other data sources; challenging the adequacy of the accounts on offer where appropriate; rehearsing provisional analyses with informants at appropriate points' (Ibid, pp. 26-27)). As such the interview was a joint process when both the interviewer and interviewee were trying to understand the rationales behind the actions taken or not taken, as well as the outcomes of these actions/non-actions in relation to the interviewee's family and household (see Annex B for the interview guideline).

Since the interviewees were aware of the purpose of the exercise as a follow up of how SGs were working, the interview tool was designed to understand the change resulting from SG membership in a number of ways:

- By investigating events in their lives over the past 1-2 years and how these events were financed
- By investigating their assessment of the importance of the SG to their livelihood
- By investigating in detail the use of different financial services and in particular loans and share outs from the SG; how these have been used and what they have enabled members to achieve
- By asking respondents to consider their situation, before joining the SG and how they compare their situation now with the situation then.

Probing respondents' experience in these different ways enabled a cross-checking within the interview structure itself and ensured that stories about events occurring were true as interviewees were able to explain how events and experiences fitted together.

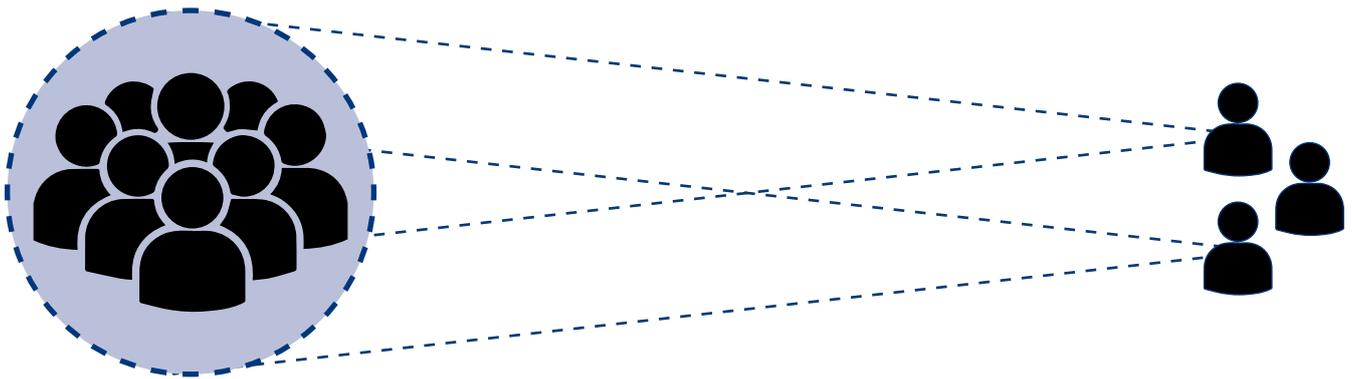
Our main data collection method for implementing this realist evaluation is a realist qualitative interview, though it is recommended, wherever possible, to use a range of sources for data collection for triangulation purposes. One could see this as a limitation to this evaluation, but relying on the sole interviewing in this study did not cause a major bias thanks to the interview structure and sampling logic. Since our respondents were part of functioning groups their responses to the questions about joining and remaining in groups were self-sufficient i.e. we knew they were part of SGs and they were functioning because that was why they were chosen. Their responses about the outcomes of how loans and share outs were used were cross-checked against the interviewer's knowledge about their family background, which was covered during the first part of the interview, and household's physical assets which, at times, could be observed.

Steps 3 and 4 of implementing realist evaluation are discussed in Annex C.

### 2.3.2 Sampling of sites, groups and respondents

In order to assess the mechanisms which lead to positive impact, the research purposively focused on well-established and functioning groups, assuming not to find relevant impact if groups have collapsed or have been unable to offer effective services. However, we are aware that not everyone in a community joins a SG and that after joining members also drop out for various reasons along the way. Those members that have remained and continue to use the SG services are the ones on which this research focused on. In this sense, it is important to keep in mind that the outcomes out of this study relate to a particular set of the population rather than to the broader population (i.e. this research focus is different from that adopted by RCT studies). Indeed, the study did not follow up on members who never joined or who dropped out from a SG at some point in time. Figure 3 shows that not everyone in a certain community joins SGs (left-end side of the funnel), members drop out along the way and only some members remain (right-end side of the funnel). The research planned to focus on those members on the right-end side of the funnel who have joined, remained and used SG services in order to understand the mechanisms behind their decisions and the impact that such decisions had in their lives.

**Figure 3 The research focused on members of well-established and functioning groups**



In order to sample members from well-established and functioning groups, the research focused on two areas in Kenya where SGs programmes have been ongoing for several years. Based on the fact that FSD Kenya collaborated with both CARE and CRS in their SGs programmes, the research respectively selected SGs located in Rachuonyo sub-counties where CARE had been operating and SGs located in Nandi and Uasin Gishu counties where CRS was implementing the programme.

Based on the time-frame of the project, the research approach focused on ten SGs. Five SGs were purposively selected in each area (i.e. 5 groups from Rachuonyo sub-county and 5 groups from Nandi and Uasin Gishu counties) using some prior evidence that they are still functioning some years after formation. In Rachuonyo sub-county, four SGs were selected from a pool of well-functioning groups based on previous research conducted in the area (Malkamaki, 2015) while the fifth group plus a test group were located through the assistance of local trainers who were able to point out well-functioning groups.

In Nandi and Uasin Gishu counties, where an e-recording study is currently being carried out by FSD Kenya, the SGs were selected from the list of control groups for the e-recording study. Data for the financial transactions of these groups from December 2014 were available and these were taken as a sign

that these groups are still functioning. Within this list, groups were selected to cover different level of wealth and the share value contributed in each group was taken as a proxy for their level of poverty. Two high-level transaction groups were selected, two low-level transaction groups and one medium-level transaction group.

After sampling the groups and in order to ensure that groups were still functioning, a few questions about the group's last share-out were asked to the trainers/leaders of the groups prior to conducting fieldwork. Four respondents were then randomly selected from each group for a total of 40 individual interviews. As previously mentioned, the fieldwork was conducted with functioning groups in order to meet the objective of the evaluation to investigate the effects of usage of SGs services on the individual and household wellbeing .

The next section presents the finding of the realist synthesis of the literature, and how RE can be used to test a theory of change. For more details on the methodological issues, see Annexes (Annex C presents the details of the fieldwork team, respondents, ethics and the approach to data analysis; Annex D discusses the overall strategies applied for ensuring rigorous qualitative research process and findings throughout the study).

## Chapter 3

# LITERATURE REVIEW OF EVIDENCE FROM SG STUDIES

In the sections below, we first present the theory of change for savings groups programmes and then, after a brief introduction on the ways in which RE can work with TOCs, we will present a realist synthesis of the literature review on SG programmes.

### 3.1 TOCS FOR SAVINGS GROUP PROGRAMMES

Different evaluation studies, ranging from qualitative to RCT studies, explore the changes which a general theory of change for savings group programmes predicts will happen. Indeed, savings group programmes intend to trigger a chain of events, with a series of hypothesised short-term changes leading to more long-term impacts. For instance, in the savings group programme initiated by Oxfam America and Freedom from Hunger in Mali, the theory of change predicts that savings group members will improve their access to financial services during the first six months of the programme, they will save more and have improved access to loans. This will then allow them to be better equipped to cope with economic shocks, such as illnesses or agricultural failures, as well as be more able to make investments and buy food for the household. Social relationships will also improve as a result of being a member of a SG. Indeed, the theory of change (TOC) hypothesises that group solidarity and group management are very likely to improve member's social networks.

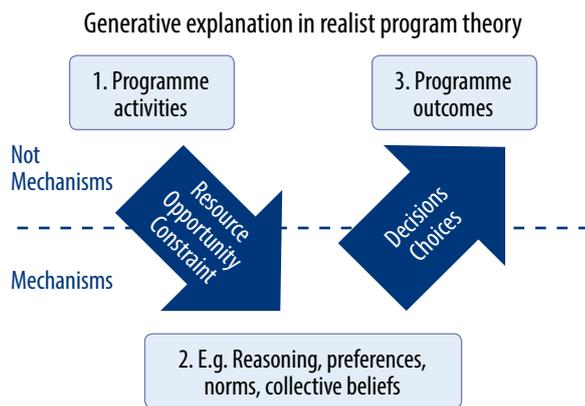
These changes are predicted to happen in the first six months of the project and then lead to further changes in the longer term. For instance, households are expected to be more food secure, better able to pay for school expenses, earn a higher income from business activities and benefit from a more efficient safety net in case of emergencies provided by other group members. After three years of being a member of a SG, members' households are expected to experience a higher level of wellbeing, have more financial choices, a higher income and ownership of livestock and other assets. In the far future (five years later), the TOC predicts that such improved household wellbeing will expand to the village (BARA and IPA, 2013). Similarly, these changes are expected by other RCT studies conducted in Malawi, Uganda and Ghana (IPA, 2012; Ksoll et al., 2013).

### 3.2 IMPACT STUDIES FROM AN RE PERSPECTIVE: CONTEXT AND MECHANISMS

While TOCs present the changes that are predicted to happen because of a specific intervention, RE approaches work with programme theories and try to unlock the mechanisms which are triggered by a certain intervention and lead to intended or unintended outcomes. Mechanisms are often represented by people's reasoning in the presence of a certain intervention and may refer to things such as social norms or belief systems. They are context sensitive in the generation of outcomes, see Figure 4.



The saving group plays an important role within the community, providing not just financial support to its members but also an opportunity to socialise and boost social capital.

**Figure 4: Mechanisms in realist evaluation**

Source: Wong et al., 2013; p. 5

As earlier presented, RE approaches focus on the identification of configurations of Cs, Ms and Os. On the other hand, the majority of impact studies on savings groups programmes so far undertaken are based on TOCs similar to that presented in the previous section. Studies have mainly focused on finding out the benefits of SG membership from the perspective of members and whether the changes that had been predicted in the TOCs have actually happened. Meanwhile, RE focuses on the mechanisms and context which have led to certain outcomes, rather than just focusing on the outcomes themselves. Below the literature on SGs has been reviewed from a RE perspective, thus trying to locate contextual factors, mechanisms and outcomes, rather than jumping straight to the impact. Indeed, often, the impact on which RCT studies focus become earlier stage of outcome from an RE perspective.

Several studies, for instance, have explored the valued addition offered by SGs by asking members to list the different aspects of groups that they value. Through this focus, studies have revealed that many aspects of the services offered by SGs are highly valued by their members. For instance, across countries, SG members value the opportunity to save and loan at the same time, the security of their money, the commitment and incentive to save that comes from being part of a group, and the lump sum received at the annual share-out and the loan process (Anyango et al., 2007; Taneja, undated; DAI, 2010). This, for instance, is not only valued for its easiness and quickness but has also been described as discrete and not shameful in research conducted in Mali, where there is a culture of shame around asking for credit (BARA and IPA, 2013; Bermudez and Matuszeski, 2010). An RE perspective, would consider these benefits of SG membership as mechanisms. Indeed, they are based on people's reasoning about the SG services offered and their characteristics. In this view, it is not only the characteristics of the service to be important for people to change their behaviour but it is the way people reason about these characteristics. Reasoning is always influenced by the external social and cultural context, and not just by the presence of other financial services

suppliers and therefore people may not just reason about the benefits of SGs compared to other services in terms of financial benefits but also in terms of other aspects such as underlying social norms and the social bonds created by group-based services. So for instance, if similar financial benefits can be earned by two different services, but one happens to be delivered through a group rather than individually, in some contexts (such as Kenya) where groups have been used as a tool for development for a long time (Johnson and Boulton, 2014), people may still find these types of services more suitable.

Research conducted in Kenya has also shown that members appreciate the aspects of the SG services mentioned above. Moreover, members value the ability of accessing multiple loans and the learning component of being in a group. Members, for instance, reported learning how to manage money from their SGs, receiving advice from other members and using SGs as hubs for new ideas. Togetherness, solidarity, moral support and understanding each other were mentioned as positive aspects of SGs. Members also value the support received through the social fund and the extra activities initiated through their groups (DAI, 2010; Odell and Rippey, 2011; Rippey and FSD Kenya, 2015). Again, these perceived advantages of SG membership represent people's reasoning about the SG services offered and are located within a particular context which in this case is rural Kenya. The formation and participation in groups have been central in Kenyan history for both individual and community development. Therefore, an RE approach would highlight that in such a particular context, an SG intervention may trigger a particular set of mechanisms, as seen above, which may lead to a particular set of outcomes.

### 3.3 IMPACT STUDIES FROM AN RE PERSPECTIVE: OUTCOMES AT DIFFERENT STAGES

Programme theories used in RE approaches can be broken down into several outcome stages. In this way, a TOC which includes final impact can instead be seen through a longer series of steps. By using this perspective, we can claim that the impact identified by random control trials (RCTs) and other studies can be broken down into multiple stages of outcomes. For instance, impact studies have focused on changes in the level of savings and credit as well as on the uses of loans and share out monies. From a RE perspective, we can view the increased level of savings and credit as one stage of outcome and the specific uses of such money as a subsequent outcome stage whereby SG members have reasoned on how to best use such money. The figure below shows the different outcome stages that were identified in the following literature review done from a RE perspective.

Findings in the previous section show that SGs in a range of contexts are producing both social and financial benefits and that their services are highly valued by members. The previous section also argued that the reasons why people value SGs and their benefits could be seen as mechanisms from a RE perspective and specifically these could be mechanisms which lead people into joining and staying into groups (O1 and O2 in Figure 5). Other types of

**Figure 5 Programme theory: Outcomes identified in the literature**

studies, such as RCT, have focused on the impact of SG membership which in Figure 5 was broken down into several outcome stages and final impact (03, 04 and impact). For instance, some RCT studies report that in the treatment areas the levels of savings and credit (both number of loans and level of credit) has significantly increased compared to the control areas. This was found in Mali (BARA and IPA, 2013), Burundi (Annan et al., 2013), Malawi (Ksoll et al., 2013) and from an RCT conducted in Malawi, Uganda and Ghana (IPA, 2012). A small qualitative study (40 respondents) conducted in Zambia also reported an increase in savings level due to SG membership (Taneja, undated). These findings are considered as a further stage in the outcome chain. Indeed, once members have decided to stay in a group, there will be specific mechanisms which will lead them to use the services of the SG (i.e. savings and loans in particular) in the way they do. Therefore, adopting a RE approach will focus on understanding and revealing what these mechanisms for saving and taking loans from SGs might be.

Across countries, studies have also reported that, at different degrees, loans and share out monies are used for business investments, agricultural inputs, education expenses, food, household consumption, and building or repairing a house (Anyango et al., 2007; BARA and IPA, 2013; Boyle, 2009; Cameron and Ananga, 2015; Taneja, undated; Ksoll et al., 2013; IPA, 2012). Research conducted in Western Kenya shows that members majorly save for school fees, food and small businesses. Similarly, members reported having used the last SG distribution for the same three reasons (DAI, 2010). Ethnographic research conducted in coastal Kenya also reports that the main use for SG loans was to pay school fees (Elliott, 2014). These findings can be regarded as outcomes in CMO configurations which identify a specific context and a series of mechanisms leading to these outcomes. Again, these findings are considered as a further step in the outcome chain showed in Figure 5 (04).

From a RE perspective, all the different outcome stages (i.e. 01, 02, etc.) imply a set of mechanisms which are meant to trigger the respective set of outcomes. Beyond outcomes, we have identified a set of impacts which are the long-term changes expected by the TOC. SG members may choose to stay in a group, use the services provided by the group and clearly have a reasoning around why they use the services in specific ways. After this self-reasoning on choices, there is a level of impact which may happen irrespective of the decisions of SG members and result from reasoning of other people and other factors at

play in a particular context, rather than the reasoning of the SG members. For instance, women may experience a higher level of empowerment or respect from their husband as a result of the ways in which they have used the services even if that impact was not the main aim that pushed them in using such services. Similarly, members may become less vulnerable to shocks or have better livelihoods, but again this would not only be a result of their previous decisions. Indeed, it also depends on many other factors, such as market opportunities, social networks, availability of inputs, good weather and so on. This level of impact is often what RCT studies have focused on.

In the current literature, while there seems to be a certain degree of agreement on the fact that SG services are appreciated and used for different purposes by their members, therefore enriching financial inclusion, there seems to be less clarity with regard to the medium- and longer-term impact of SGs. Economic impact is for instance not always found. An RCT study in Burundi finds an increase in monthly expenditure, asset ownership and economic mobility (Annan et al., 2013), and the mix-method evaluation conducted in Zanzibar finds improved income from businesses and ability to buy more inputs (Anyango et al., 2007). On the other hand, an RCT study conducted in Mali finds no significant changes in business development and expansion, profit and asset ownership (BARA and IPA, 2013) and an RCT study conducted in Ghana, Uganda and Malawi finds no changes in asset ownership and PPI scores (IPA, 2012). Rather than being conclusive, such findings suggest that participation in SGs is supporting members, and in particular women, to invest in small businesses which may lead or not to an immediate increase in income and expenditures. However, as noted by some qualitative studies, the small contributions from SGs may help women stabilise their activities (BARA and IPA, 2013) and contribute to the household (Bermudez and Matuszeski, 2010). As previously stated, these findings become the final impact stage in a RE approach as shown in Figure 5.

The reasonings which lead to certain outcomes may not always be intended or predicted by the project. For instance, it was found that participation may give women more time to cope with emergencies. In particular, it has been noted that by accessing quick credit from their SGs women gain more time to manage decisions of selling animals or to look for work to pay for school fees – although such coping strategies remain the same. This was noted both in Kenya (Elliott, 2014) and Ghana (Cameron and Ananga, 2015) where the qualitative study

also reported a reduction in school absenteeism. These qualitative findings are confirmed by RCT studies which have reported no changes in coping strategies in Ghana, Uganda and Malawi (IPA, 2012). If members are therefore improving their ability to cope with shocks, this does not seem to be because of a change in strategies or a reduction in emergencies but because of the time gained from an extra source of credit. While SG projects may have intended to change the ways in which members cope with emergencies in particular ways, by looking at both outcomes and mechanisms at different stages we will be able to show that that may not happen and the reasons why that may not happen. For instance, the literature shows that while members now take loans to cope with emergencies, this is only a short-term emergency strategy. In the medium to long term members are still responding to shocks in similar ways, even if in the meantime they might have been able to get, for instance, a better price on the sale of livestock because they were not forced to do an emergency sale. Thus the project may give people more choices for coping strategies, but the final impact may be different from that predicted and also reached through a mechanism which was not intended by the project. However, current studies have focused on finding out about the impact, while they are rarely able to explain the reasonings and reasons behind such findings. For instance, while RCT studies do not find an increase in school or health expenses (Annan et al., 2013; BARA and IPA, 2013; IPA, 2012), both RCT and other types of studies find less absenteeism (Cameron and Ananga, 2015; Boyle, 2009; IPA, 2012) and improved food security (Bermudez and Matuszeski, 2010; Boyle, 2009; Ksoll et al., 2013). In such cases, for instance, RE could highlight that parents by using the SG services are not increasing school expenses but they are able to stabilise that expense because taking loans from the SG to pay for school fees is legitimate and other members understand this need. Therefore this coping strategy appears to be more appropriate than credit from other sources.

Finally, there are mixed findings on whether and to what degree participation in SGs contribute to women's empowerment. While the RCT in Mali conducted by IPA does not find any change in female decision-making, their centrality or closeness with regards to community relationships, several other studies find signs of women's empowerment. The qualitative part of the study in Mali conducted by BARA found that women were feeling more in control and less dependent on men, they had increased their confidence and their skills (BARA and IPA, 2013). Similarly, the qualitative study conducted with older groups in Mali reported that women felt they had learnt new skills, gained more credibility and more control over their finances (Bermudez and Matuszeski, 2010). The qualitative study conducted in Zambia also found that women felt they were now being more respected and had a more prominent role in household decision-making, while feeling more confident and independent (Taneja, undated). In research in coastal Kenya, SGs were seen as important spaces for women to discuss issues related to their empowerment and development of their households (Elliott, 2014). This seems to suggest that there are direct and indirect benefits on women's status and empowerment and these can be seen as both impact and mechanisms from a RE perspective.

### 3.4 SGS AND NEGATIVE OUTCOMES

An important, but often overlooked, pre-requisite for positive impact is the smooth operation of groups' meetings and dynamics, and their related sustainability (Rippey and FSD Kenya, 2015; DAI, 2010; Malkamaki, 2015). This will also depend on the group's previous experience, as some SGs were previously operating as merry go rounds (MGRs), as well as the historical and cultural influences in which groups operate (Johnson and Boulton, 2014). Studies have highlighted groups' keys to success to be members trust into each other, internal understanding, women's confidence and group rules. However, they also recognise the existence of a tension between the SG rules and local norms which deviates from such rules and may weaken good practices (DAI, 2010; Bermudez and Matuszeski, 2010; Malkamaki, 2015). Indeed, at the opposite end from well-performing groups there are cases of groups which have failed due to mismanagement and loss of money, ultimately leading to lack of trust. These cases are often difficult to detect as members do not always know whether they are losing money unless they do not receive their savings at the end of the cycle (Rippey and FSD Kenya, 2015; Anyango et al., 2007). Research in Western Kenya, in particular, has highlighted how internal power dynamics, kinship and the position of group leaders within their community are often at the origin of fund mismanagement and fraud, which can lead to group failure (Malkamaki, 2015). However, while these negative experiences can lead to negative impact, also groups that are functioning relatively well may create non-positive outcomes and impact for their members and the limitations of the SG model should be taken into account. Ultimately, these experiences are rarely documented in the literature and their potential negative impact on SG members have so far been rarely discussed. Based on the fact that this research set out to study the effect of well-established SGs on their members, these more controversial and negative effects of SGs were not the focus of attention. However, as previously mentioned, the rather positive outlook that this research may provide needs to be considered in relation to the sampling strategy that was previously presented.

### 3.5 CONCLUSIONS

In summary, this literature review has shown that while there is general agreement about the valued aspects of SGs (i.e. financial and social benefits) and their widespread use by members (i.e. mechanisms from a RE perspective), the outcomes and impact of SGs, as shown in Fig. 5, are less clear. Investment in small businesses, an improvement in food security and a decrease in school absenteeism seem to be the main changes produced by SG membership together with women's improved social status and control over resources and household decision-making. However, such literature does not explore the mechanisms behind the use of SG services in environments where they are potentially present together with other informal services. Also, such literature lacks a more nuanced picture of who benefit from SGs and in which ways. In this evaluation of SGs, we are adopting a realist approach to explore for whom, where and under what circumstances SGs are producing changes according to the chain of outcomes and impact identified in Figure 5.

## Chapter 4

# FINDINGS ON GROUP AND MEMBER CHARACTERISTICS

In the following chapters, we will first present an overview of the SGs and SG members that were interviewed during the research (chapter 4), a brief overview of their livelihoods and money management strategies (chapter 5),

the analysis of the CMO configurations for the different stages of outcomes and impact as presented in Figure 4 (chapter 6), findings on how and for whom SGs work (chapter 7) and findings on impact (chapter 8).

### 4.1 CARE GROUPS IN RACHUONYO SUB-COUNTY

CARE groups characteristics						
Group #	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6
# members	30	12	30	32	30	34
Frequency of meetings	Weekly	Every 2 weeks	Weekly	Weekly	Every 2 weeks	Every 2 weeks
# share out	7	7	6	6	6	7
Savings KShs	50 – 700 <sup>1</sup>	100 – 1000	50 – 500	50 – 500	100 – 1000 (declining to 500 and 200)	100 – 1000
Loan amount	2 * savings	3 * savings	2 * savings	2 * savings	3 * savings	3 * savings
Repayment time	One month	One month, (flexible)	One month, (flexible)	Up to 3 months	Up to 3 months	One month, (flexible)

Members' characteristics in Rachuonyo sub-county	
Gender	3 M, 19 F
Avg age	Avg age is 43, 6 are <35, 2 are >55
Livelihoods activities	Small businesses such as trading and farming (e.g. selling bananas, sweet potatoes, maize, cassava, ropes, household items such as sugar, salt, oil, paraffin, silver cyprinid [omena], tomatoes etc), remittances from husband, formal employment
Financial services	Slightly less than 50% are members of multiple groups (CARE and SILC) Slightly less than 50% are also in a MGR Overall more than 50% of members are part of multiple groups, considering CARE, CRS and MGR Over 50% have Mpesa Less than 20% have a bank account (4 F) Less than 10% are using other services (SACCO, MFI)
# of share out	About 50% joined 5 or over 5 years ago, slightly less than 50% joined between 2 and 4 years ago and only 2 members joined one year ago

### 4.2 CRS (SILC) GROUPS IN NANDI AND UASIN GISHU COUNTIES

SILC groups characteristics					
Group #	Group 7	Group 8	Group 9	Group 10	Group 11
# members	18	17	15	22	21
Frequency of mtg	Weekly	Weekly	Weekly	Monthly	Weekly
# share out	2	3	4	3	3
Saving Ksh	50 – 250	200 – 500	200 – 500	200 – 1500	100 – 500
Loan amount	3 * savings	2 * savings	2 * savings	3 * savings	2 * savings
Repayment time	1 month	Up to 3 months	Up to 3 months	Up to 3 months (flexible)	Up to 3 months

1. 1\$=100,814 KShs on 19/05/2016 (<http://www.xe.com/currencyconverter/convert/?Amount=1&From=USD&To=KES>)

Members' characteristics in Nandi and Uasin Gishu counties	
Gender	6 M, 14 F
Avg age	Avg age is 39, 6 are <35, 2 are >55
Livelihoods activities	Picking tea (own shamba and casual labour), selling milk, maize, vegetables, ropes, eggs, irish potatoes, small shops with household items, livestock trading (chickens, sheep and cows), remittances from husband, running a hotel
Financial services	Less 50% are also in a MGR Over 50% have Mpesa 25% have a bank account (4 M, 1 F)
# of share out	2 new members, 1 with 1 share out, 6 with 2 share outs, 9 with 3 share outs, 2 with 4 share outs

### 4.3 CHARACTERISTICS OF SGS AND THEIR MEMBERS

The tables in the previous two sections show that generally CARE SGs meet every week or fortnight, while CRS SGs meet every week with the exception of one group. At first sight, CARE SGs seem to be saving more, although given that their meeting frequency is lower that may not be true when considering total SGs savings. Overall, CARE SGs are bigger and older than CRS SGs. This is shown both by the number of share-outs experienced by each group and by the number of share-outs experienced by the members interviewed in this research. Generally, members can access loans which are twice or three times their savings and the repayment period varies between 1 and 3 months with a higher level of flexibility.

One of the CRS group selected was formed by all male members and this increases slightly the number of male members interviewed in Nandi and Uasin Gishu compared to those interviewed in Rachuyono. Beside this exception, group's composition was very similar with women being the majority of SG members in all areas. Similarly, small businesses related to agriculture and trading seem to be the most common income-generating activities. However, an area in Nandi county stood out for being particularly rich in terms of income-generating and investment opportunities, especially in terms of land and livestock. In Nandi and Uasin Gishu, none of the members interviewed were employed in the formal sector. In all areas, SGs are present together with other financial services. While everywhere formal services seem not to be extensively used, if not by people employed in or retired from the formal sector, informal groups were very popular. This is especially true in Rachuyono where more than 50% of CARE SG members were part of multiple groups, these being another SG (either CARE or CRS) or a MGR.

Although the study took for granted that groups were working well and group dynamics were not a focus of this research, during data analysis three topics related to group dynamics appeared to be relevant across multiple groups and it seemed appropriate to point them out below. These dynamics show that SGs are not always operating smoothly nor without internal conflict. These are dynamics of **learning from experience, key for group**

**success** and the issue of **forced loans**. Across several groups in all areas, there seemed to be a dynamic of group learning, especially during the first few years of their life until a more stable situation is established. During the learning process, groups have to learn how to deal with excess cash and the temptation of giving out loans that are bigger than what is established in their constitution, with defaulters, delayed repayments and postponed share-outs. During this learning process some groups have collapsed and then re-formed, some members have been removed and assets confiscated to recover group money. The frequency of these stories shows that SGs are entities that do not automatically work smoothly and without problems once their members have been trained. In fact, there is a lot more at stake in such groups than simply following rules, which may also easily be overlooked by social norms and values and internal power relationships. Groups therefore break and modify the rules, creating spaces of flexibility and ways to make such rules better fit within the social and moral context of reference. Thus, it is not surprising that loan repayment has become very flexible to allow people to roll over their loans for several months just by repaying the interest. At the same time, in order to avoid internal problems, once groups feel more stable, they become more resistant to accepting new members and often introduce new ways of screening each other's character and ability to repay loans. This, ultimately, may lead to new patterns of exclusion from SGs.

*"We look at where he comes from because sometimes someone comes and maybe they have done something bad in another group. We must know if they left their former group in good terms and if they have never been to other groups ... a person cannot come alone without a referral from a friend; we use that friend for investigations" (216)*

In line with the difficulties that groups experience along the way, there is some agreement on the characteristics which lead groups to success. The type of leadership within the group is seen as key. In fact, most groups agree that leaders should be strict and enforce the constitution. Leaders should be respected individuals and people that members would listen to. However, even in cases like this, some groups recognise that there is still need for an



**Savings groups provide a useful source of quick cash in case of need, but also represent an extra source of income for their members.**

external trainer to enforce discipline, as this is more respected than the internal leadership. Transparency and openness of members are also considered important for a group to thrive, as well as confidentiality.

*"For a group to work well, the officials must be very active members especially the chairman, the secretary and the treasurer . . . in particular, the chairman must be somebody who is honest and has courage and personality, so when these officials have these characteristics the group can just survive" (111)*

Another issue that was often mentioned relates to members' difficulty to repay loans and "forced" loans. Loan repayment seems to be characterised by a learning process, not just at the group level but also at the individual level. Earlier it was pointed out that groups have to learn how to deal with excess cash in the middle of the cycle without giving out loans that are bigger

than what was established in the constitution. Meanwhile, groups talk about learning how to gauge members' ability to repay loans. Similarly, members also say that it is their individual responsibility to know their ability to repay and therefore take loans which they can afford. Beside the difficulties in repayment which members at times experience, it was evident that in some of CARE groups, there is a lot of emphasis about taking frequent loans, in order not to leave money in the box and to create profit for the group. It is hard to understand the consequences of this dynamic in depth, as this will probably play out in different ways for different members. Indeed, while members tended to all agree on the importance of taking loans in order to create profit for their group, there were also some members who acknowledged that such frequent loans and repayments can be quite stressful for some people (more on this in section 6.3.2).

## Chapter 5

## FINDINGS ON CONTEXT



Women in the groups often feel they have acquired a new, effective way to ensure a better future to their children.

The following sections will present a variety of aspects related to the context in which the SG intervention was promoted and in which the research took place. As explained above, according to the RE approach, an intervention does not succeed solely because of the specific inputs and activities that are introduced by the project, but because of how the people targeted by the intervention reason about it and consequently change their behaviour. As such, the specific intervention and the broader context in which this takes place are seen as triggering a specific reasoning (mechanism) and behaviour (outcome) by the target population. Therefore, this report will first present the background to the intervention with a brief overview of the income generating activities and expenses of SG members and of the financial landscape in which they live and second the different mechanisms and outcomes which were triggered by the intervention.

### 5.1 INCOME GENERATING ACTIVITIES AND MAIN EXPENSES

In the areas of Rachuonyo sub-county and Nandi and Uasin Gishu counties, where the research was conducted, SG members often juggle a variety of small income-generating activities such as selling vegetables, bananas (Rachuonyo), sweet potatoes and Irish potatoes, maize, cassava (Rachuonyo), ropes, small household products and milk (mostly in Nandi and Uasin Gishu). In some areas in Nandi county, picking tea is also a source of income, both for private owners and tea pickers. The money from these activities is used for household expenses, school fees, ceremonies, saving and repaying loans in the

SG, contributing to MGRs and saving some money in the house. However, since money from these activities is normally earned in small amounts, people try to find alternative ways to store this money in the form of savings, as keeping money in the house is very difficult. In fact, saving big lump sums of money in the house is very hard for people with small and irregular income streams and many expenses and this makes it difficult for them to cope with big expenses.

Indeed, big expenses, such as school fees for secondary and university education, burial ceremonies and marriages, or other unexpected expenses such as illnesses are often paid through the sale of livestock (e.g. cows and sheep) and, especially in areas of Nandi and Uasin Gishu counties, also through bulk sale of maize. However, based on the specific situation of the household and the extent of the expense, strategies can vary. When the husband works in the formal sector, wives tend to rely on them more, and in case of emergencies they turn to them for assistance. In other emergencies situations, such as robberies and court cases, members also can turn to friends and relatives for assistance. Some female SG members are also occupied in the formal sector and others receive remittances from the husband. Similarly, main expenses depend on the individual situation and for some members their group contribution of a few hundreds shillings is considered as a main expense. Other big expenses, for those who can afford them, are investments into land (especially in Nandi county) and various types of livestock.

## 5.2 ACCESSING FINANCIAL SUPPORT THROUGH NEIGHBOURS

In a situation where income streams are often irregular and small, SG members expressed a concern about borrowing money from others. In particular, there seemed to be a general understanding that it is difficult to borrow from neighbours for several reasons. First of all, SG members mention that because they are all in a similar situation – e.g. they are all farmers with small businesses, it is hard to expect someone else to have for instance uncommitted Ksh 1500 that can be borrowed. Indeed, neighbours may also not have and asking them for help may interfere with their budget.

Second, it is also difficult to borrow because people may not trust each other's ability to repay such loans. Indeed, because sources of income are small and very irregular, people may not seem to be creditworthy. Consequently, given that money is not easily available and people may lack trust in each other, neighbours may end up asking many questions as to how the money will be used and repaid. This makes people feel that they are more vulnerable as they have to disclose their problems. Moreover, neighbours want their money back quickly and this puts people in a difficult position because they don't have enough time to get the money together to repay.

*"It is difficult in a village to ask someone to lend you Ksh 1000 or 1500, in a village you cannot . . . Our members are also farmers so they will say where do I get it from? . . . Where do you expect me to get it from and we are all in the village? or how will you refund?" (119)*

*"You know you cannot depend on other people's money, I may lend you today and tomorrow demand that you pay it back. I would rather borrow from the group because I know I will be required to pay back in 4 weeks." (212)*

In short, it is difficult to borrow from neighbours because, first, it is hard to find the right amount of money at the right time from the right person and for a reasonable long period of time to allow the repayment and, second, because of the difficulty of being seen as creditworthy and able to put together money to repay the loan.

Beyond these reasons, there are social connotations associated with borrowing from neighbours that makes it not to be seen as a positive behaviour. Indeed, borrowing can be associated with people who do not work and usually "beg around", even for small things like matches. People therefore tend not to want to ask from neighbours, whenever possible, because of this negative perception associated with asking. This, however, does not mean that mutual assistance has disappeared. One-on-one relationships of assistance are still in place within certain social relationships of trust and according to certain social and behavioural norms which require people to first struggle for themselves

before asking others for support. This means that people are expected to work hard in order to meet their financial needs before asking other people for help. Also, people are not expected to ask for help unless it is for serious emergencies primarily associated with health and education and even in such cases, they will need to rely on multiple friends and relatives rather than always approaching the same person.

*"When you have a problem here in our area, you cannot borrow from everyone. They will see you as a person who does not work and their only job is to borrow. It will make someone not give you anything in times of need because they know that that is your behaviour. So you borrow from those who you know listen to other people's problems" (113)*

At the same time, harambee (fundraising) with neighbours, friends and relatives are still performed, however rarely. They are normally called for when children are joining university or when people cannot get released from hospital because of unpaid hospital bills. The fact that such community fundraising are held very rarely might be a sign of their increasing inadequacy in dealing with big expenses such as university fees or hospital bills as holding a harambee also requires funding from the host to provide food and this may turn to be more expensive than what is collected.

## 5.3 MONEY MANAGEMENT STRATEGIES AND FINANCIAL SERVICES: MGRs, MPESA AND BANKS

In the areas covered by the research, where the savings groups intervention took place, a range of informal and formal financial services is also available beside savings groups. For instance, clan group are normally present and they are used for funeral expenses. Women also tend to be in several groups such as MGRs. Being part of more than one group can at times help in emergency situations such as burials as different groups may contribute in different ways (e.g. transport, food etc.). However, not everyone can afford being part of several groups.

MGRs are very common among women. Generally, money from MGRs seems to be directed towards consumption purposes. For instance, MGRs are considered to be helpful to get small things for the household, to save in the SG and also repay SG loans. However, they have financial limitations and cannot help beyond a certain extent – e.g. there is no profit from MGRs, the contribution members receive is a fixed amount of money and the timing when such contribution is received is not flexible. It also seems that such groups do not provide a strong obligation for people to stay: since contributions are not to be repaid and members are not keeping their money in the group people feel that they could leave these groups quite easily. This clearly makes such groups to be unreliable at times.

*"It's not compulsory, if I don't pay you, you also don't pay me. So it is not a group [i.e. MGR] that will pressure me, if I don't have money I don't give. If it's my turn and I did not contribute for you, you also will not contribute for me" (212)*

*"[Saving in the house] is difficult because I will keep using it, when someone is sick or there is a church function I shall have to withdraw. It's very hard to keep money in the house" (122)*

On the other hand, MGRs can work quickly, most of the time providing their members with small amounts of money which, since they are not to be repaid, make MGRs seen as groups that do not create stress and pressure on their members. At the same time, MGRs can also provide moral support in case of death or other shocks in the family.

Before savings groups, women mainly used to contribute to MGRs only and they did not have other places to save their money if not in the house. However, saving in the house is difficult because money can be easily spent.

Besides informal groups, a variety of formal financial services can be reached from the rural areas of Rachuonyo sub-county and Nandi and Uasin Gishu counties which were visited. MFIs such as Kenya Women Microfinance Bank (KWFT) are also present in the area. Savings group members do not have a good opinion of such services and a few of them left such groups because of high interest rate on loans and bad experiences where for instance they had to repay other people's loans since they were their guarantors (i.e. individual liability to guarantee for someone else's loan). In addition, there is a general belief that KWFT does not understand the needs and problems of savings group members, especially when they have problems with loan repayment.

Similarly, there are other services in these areas which can provide credit but SG members feel that these also have more conditions for repayment and as such do not always fit their circumstances. For instance, Mshwari is not seen as flexible in terms of loan repayment.

SG members also use Mpesa to, for instance, create different household budgets (e.g. for school fees) or to keep the money that they are going to save in the group. However, Mpesa has no interest on savings and does not allow the withdrawal of amounts of money bigger than the savings. Therefore,

Mpesa is mostly used to send and receive money rather than for saving. Moreover, saving in Mpesa is hard because withdrawing money from Mpesa is, for some people, very easy as it is just like having money in the pocket and can lead to impulsive spending. Also, withdrawing from Mpesa is costly and SG members tend to prefer keeping small amounts of money in the house unless they need Mpesa to keep big sums of money. Overall, they find Mpesa to be more accessible than bank accounts.

*"But these ones [members of savings group], if I go to the table I can tell them now I don't have the money but here is the interest, I brought for you your interest. But that one you could not sleep by this time tomorrow, Kenya Women Microfinance Bank, you just have to do it. You just have to work all way to get their money." (123)*

*"With Mshwari there is restriction, you just have to pay the loan plus the interest. There are restrictions that if you fail to pay you will be denied loan. But this other people if I fail to pay, I will not be denied loans" (123)*

*"You know the phone is just for security that you cannot see the money. But it is just the same [as the pocket]" (214)*

*"Yes I used to keep it in the bank but I came to discover that the rate at which the money comes in it doesn't stay there [because there are charges]. It can come and make you think that you have a lot of money but over time it comes to a point where you have no money you go back and withdraw it all to use " (113)*

Lastly, SG members also know of and some of them use bank services, mainly to receive payments from formal employment, tea picking or milk selling. However, members feel that banks are complicated to use and that it is difficult to keep savings in the bank because when people have emergencies they might end up withdrawing all of their savings, and also because of bank charges which reduce their savings over time. This means that SG members do not trust leaving their money in the bank, as they fear bank charges will deplete their savings. Also, similarly to KWFT, SG members feel that the bank does not understand them because banks do not hear their problems. Indeed, SG members do not feel that banks offer them a space to talk about their problems with repayment of loans.

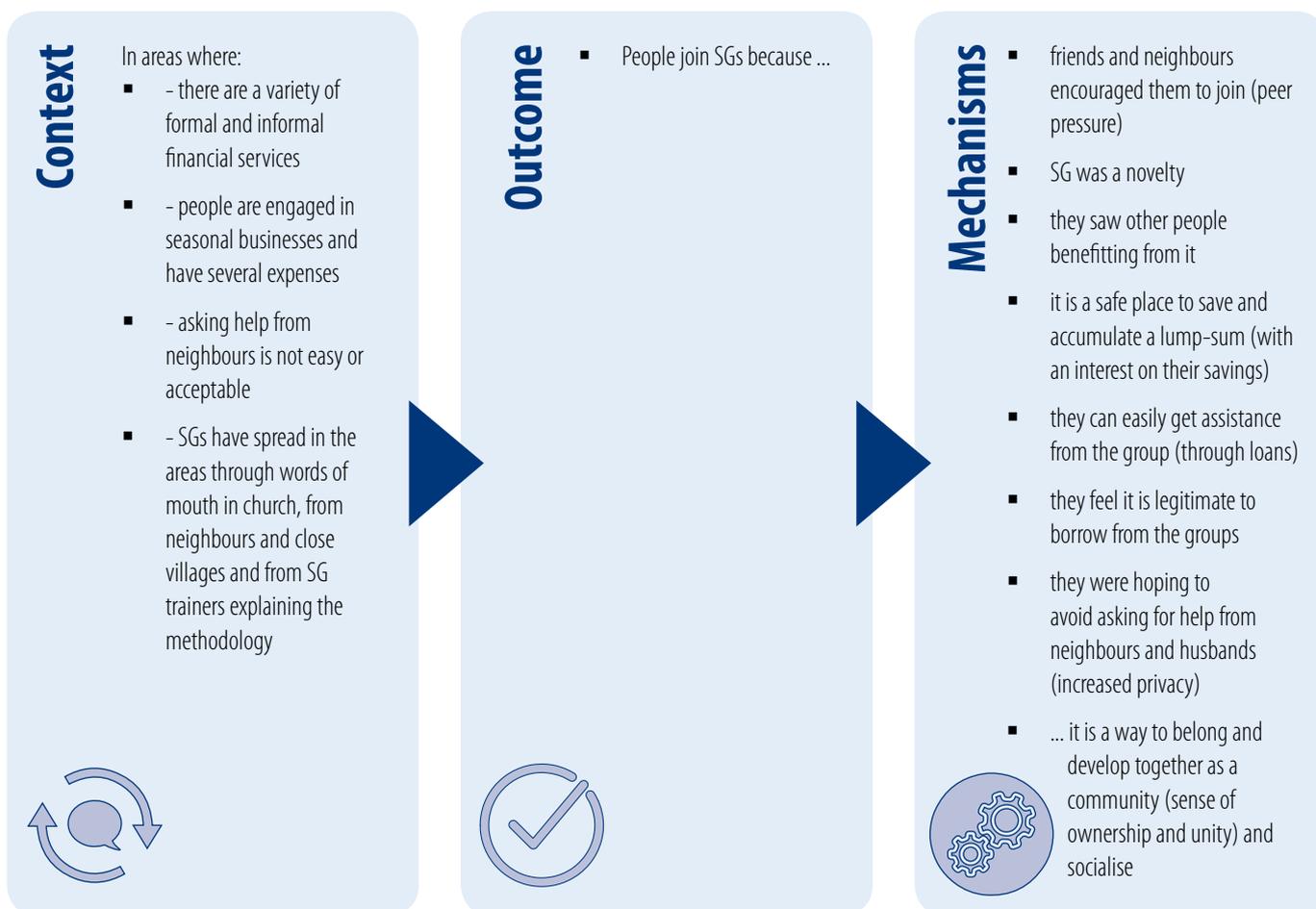
Chapter 6

# FINDINGS ON OUTCOMES

In the next sections, we will present the CMO configurations for all the outcome stages identified in Figure 5. These configurations are presented across the two areas of the research as it was evident that people join SGs, stay in groups and use their services for very similar reasons. Indeed, their reasoning about the intervention was very much alike. However, when necessary, differences across areas will be pointed out as well as differences among SG members.

This will show that across all members, it is possible to identify patterns of personality and household characteristics which lead members to use the services offered by SGs in different ways. This will be more clear in relation to Outcome 4 and impact. The CMO configurations will be presented below as COMs to make reading through the different boxes of the diagrams easier, but they could be rephrased into a CMOs order.

## 6.1 01 – PEOPLE JOIN SGs



SG groups were started by trainers in the areas covered by the research where, at times, other groups were pre-existing. For instance, women were already part of MGRs and in some cases trainers trained such groups in the SG methodology. This mainly seemed to be prevalent in the Rachuonyo site. The model mainly spread through word of mouth as mothers-in-law introduced the idea to their daughters-in-law, neighbours who have used or heard about the service encouraged other people to join, introducing the idea especially to new people who were seen as hard-working and in need of school fees.

As the above diagram shows, people joined such groups because of several different mechanisms. SGs were often new in these areas and people were attracted by their novelty and by the fact that other people had already joined and seemed to be benefitting by them. Meanwhile, people encouraged each other to join thus showing how becoming part of these groups was seen as something positive for people to try. This highlights that behind the decision of people joining SGs there can be social pressures and norms as well as a feeling of experimentation in the hope of future improvement rather than the

pure consideration of the benefits of such groups which may not be entirely clear at the very beginning. However, many people also said that they received training in the methodology and joined because of some characteristics of the service, such as the possibility of saving money in bits and receiving their savings back at the end of the year with a profit on top (making money work for themselves). Moreover, people seemed to join because of the alignment of such groups with the historical mode of development in rural areas of Kenya (i.e. through groups). Indeed, people felt a sense of ownership towards these groups while others were clearly attracted by the fact that people can develop together.

It is important to point out that the research asked members who have been part of SGs for several years why they joined such groups. The fact that such members have been part and used such groups for a long time might have partially modified their ideas of why they initially joined, because they have now more experience about the group and because a long time has passed. However, even when asking members who joined groups more recently, similar reasons were given and these are a mix of social dynamics and conscious thinking about the characteristics of the services which may provide future benefits. These will be presented below in more detail.

### 6.1.1 Social pressure and experimentation

*"I did not know it would be a good group, I just joined" (121)*

*"I was afraid of joining it, the chairlady is the one who convinced me that since the child was joining school it will be good for me to join . . . I used to see how they carried people's property when they were unable to repay. I feared because of that" (108)*

*"I was thinking that after seeing my colleague work so hard and boosting her stock, I also thought that I could operate the same way to have sufficient stock to stabilize my business to be firm." (102)*

*"It was good for me because I was seeing the people I was working with. You can challenge somebody, somebody can challenge you . . . we can talk to one another when something is wrong and you can see the person you are talking to, whether he is lying, you know when someone is getting money you know how he can misbehave because money is something bad" (117)*

Most SG members remember finding SGs as being something new introduced in their area and something which they felt like trying out of curiosity and often not really knowing whether these groups would work. However, mostly because of a desire to improve their life, people often joined to try these

groups out, hoping that they would somehow benefit from the group (hope to improve). This highlights that for most SG members the potential benefits of being in a group were not clear at the beginning. Indeed, some women in CRS groups joined without telling their husbands and only when the benefits of their membership materialised, they disclosed it to their spouses, while others asked their husbands for permission to join. This shows how, often, women joined without really knowing what to expect from such groups, to an extent that some said that they did not really know why they found themselves there. At the same time, this highlights the fact that people may not join only because they know and trust each other, as SG promoters would emphasize.

Indeed, trusting and knowing each other is not in reality something naturally existing in rural areas of Kenya. On the contrary, people might have been afraid of such groups, because they have heard of or experienced previous negative experiences of informal and semi-formal groups which led them to develop a sceptical attitude about new groups. At the same time, because SGs work through frequent meetings, people found it encouraging: the possibility of sitting together and talking to each other inspired trust as people knew that they could get to know and understand each other better. Ultimately, in such situations it would be more natural to think of trust as something that people can develop through their groups, rather than something pre-existing group formation. Consequently, people seemed to be attracted by groups through a sense of experimentation, something new to try out which was in line with the historic mode of development promoted in rural Kenya (Johnson and Boulton, 2014).

Social dynamics, such as peer pressure, within rural villages were also a key element for people to join. Indeed, friends, relatives and neighbours encouraged each other to join such groups and when encouraged, people find it hard to refuse. This process is easily understood if again we emphasise two key aspects of groups in rural Kenya. Firstly, we have already mentioned how such groups work through trust and that such trust is not automatic. Trusting each other within a SG is a learning process, especially because learning to trust each other when financial transactions are involved can be very different from trusting each other in other settings. By encouraging friends, relatives and trusted neighbours to join in the same group, people are trying to ensure and create a higher level of trust within their groups. Indeed, it is not unusual to hear of groups which have halved the number of their members since their inception and that are now mainly constituted by relatives, as a way to protect their group from default and failure. There is evidence, however, that the presence of relatives in the same SG can create difficulties and mismanagement of funding (Malkamaki, 2015). Secondly, encouraging other trusted people to join is in line with the communal mode of development which has been long promoted in rural Kenya. Indeed, at times people also joined because they had seen other people benefitting from such groups and they were hoping to similarly benefit from groups.

### 6.1.2 Making money work and getting assistance from the group

People's reasoning about the opportunity of joining an SG is more complicated than just based on experimentation and peer pressure. Indeed, as many people initially attended the SG training, they were attracted by the way in which the SG services were explained. Indeed, people found interesting the opportunity to be able to save frequently and in small amounts and the fact that this money would be accumulating within the group over the course of a year, at the end of which they would receive their money back in one lump-sum and with a profit gained by the interest paid on loans during the cycle.

In order to remember why this must have looked so appealing to current SG members, it is important to highlight the fact that most SG members, before joining, were mainly saving small amounts in the house. Saving and accumulating in the house is very difficult as every household has many demands and expenses to cope with. Therefore, in case of an emergency for instance, one could easily spend everything that was saved in the house in one go. This made it difficult for people to accumulate big enough lump-sum which could be used for investment into assets, farming inputs or school fees. Ultimately, by saving in small amounts with the purpose of accumulating a big lump-sum for future investment, members were attracted by the idea of "making money work" for themselves. Indeed, they talk about money "relaxing" when money is not used and SGs gave them the opportunity of saving their little money for some future use, rather than consuming it all over time.

*"It was difficult to accumulate funds at once to use, now there I would be able to save and get a big amount of money that could help me do something substantial" (101)*

*"I joined because of the savings factor; it is not easy to save in the house even if it's just 50 shillings weekly. . . it is not possible for the children to sleep hungry when you have the money in the house because you will have to take it and use it. Once it is kept in the group, your mind moves away from it and you must seek another alternative" (111)*

*"Sometimes you can save, but you can use all the money when an emergency comes up in the house... but in the group is better because you cannot take out the money when you save" (208)*

Indeed, people realised that once the money is in the group, it goes out of their house and pocket and it is therefore safer both from external requests and themselves (it improves self-control). In fact, members do not withdraw their savings from the group and this forces them to be more self-disciplined and at the same time more hard-working. Members said that when their savings are in the group, they "must seek another alternative" and this would often take

the form of a loan from the group which encourages people to work hard to ensure repayment (see Outcome 3).

The other important characteristic of SGs which the training highlighted was in fact the opportunity for people to simultaneously take loans from the group. Members associated loans with the idea of helping themselves and getting assisted by the group. Indeed, by saving their money in the group, members are automatically allowed to take loans with which they can cope with emergencies, improve their businesses and/or pay for school fees. It is important to understand the use of these expressions as "helping oneself" and "getting assistance". The first expression highlights that because members are contributing to the group with their money by saving it in the group, they are helping themselves because the loans they take contain some of their money. The second expression shows that because members can take loans that are bigger than their savings, they are also receiving assistance by the group, since they are also borrowing someone else's money. This assistance is easy to access because groups meet frequently and taking loans is legitimate.

Members were also attracted by the fact that the training often stressed that SGs would allow them to become more financially independent and not dependent on loans. This again needs to be understood within a broader environment where asking for money from others (e.g. neighbours) is not encouraged as shown in the context section above. Therefore, while members are still dependent on loans, they are now accessing loans from a legitimate service where asking for loans does not carry the negative connotations attached to "asking for help" from others and it becomes more private and confidential. This is connected to people's status which can improve when people are not seen "begging around". Moreover, loans from SGs are quick to access because meetings are frequent and easy to access because money is always available (see Outcome 2).

*"What attracted me was that I was told the money is still mine and I can save it and it can help me pay school fees and it can get you out of poverty so that you do not keep borrowing. We were also told that we could borrow any money we wanted and return it. That is what attracted me" (121)*

*"So I knew that the same problems I face, they face . . . and then I thought it's a good idea. Once you can save and then you can get money and do something, you can help yourself" (215)*

*"I saw it better to be saving some small amount then you can borrow a loan and help yourself" (202)*

*"I just sat and thought life is hard, let me join this group as they might help me out" (106)*

*"I decided to join it because savings and loaning, table banking is so good because problems crop in any time and the savings and loaning is done weekly, so it is easy access to money" (111)*

*"They will ask me many things, what are you going to do with the money something like that. So in the group nobody will ask you anything" (109)*

### 6.1.3 Upliftment and development through groups

As mentioned earlier, SGs are in line with the mode of development that has been promoted across rural Kenya for a long time. Developing through a group does not only have financial benefits (e.g. ability to borrow more than own savings) but also has social connotations. Indeed, within a group people develop together. This was one of the mechanisms which pushed people to join SGs: these groups were seen as a tool for the whole community to develop. People, in fact, would have contributed to each other's development by contributing their savings and paying an interest on their loans. Indeed, there is a perception that when people repay loans, the whole group is benefitting through the repayment of the interest which will be distributed across members as end-of-cycle profit. Other studies have presented this mechanism as "upliftment" (Johnson and Krijtenburg, 2014). Members mentioned that unity is good and so it is through unity that people can improve their life.

*"I felt that unity is good and people can do so much if they are united so I felt I should join" (115)*

*"The money that we are using is now ours. When you save, it is your money that is saved there and when someone takes a loan, interest is also yours. So I saw that it is rather this home group than the one where you think the interest goes to another group" (204)*

*"It is better to be with people . . . because you become sharp. When you are in one corner you or picking tea you say, tomorrow I will take the money to the group and when you are with people you help each other . . . some days you say you do not have something then your friend tells you, let me help you now, then when you get yours you will give it back." (209)*

People also talked about a sense of belonging and ownership. This was particularly referred to a sense of ownership of the group, as well as ownership of their money, which is remaining within the group rather than being paid to external institutions in the form of fees or interest. Developing together and uplifting each other are concepts which represent strong social values.

Economic and social improvement overlap as well as social and financial relationships. Indeed, it is not only the hope of improving financially that attracted people to join groups. They also saw in these groups an opportunity to socialise, make and improve friendships.

### 6.1.4 Exclusion from groups

Although this research did not deal with people who were excluded from groups, by talking to SG members some patterns of exclusion could be detected. It appeared that even when groups are seen as extremely beneficial, not everyone in the village joins. Women are the majority of members and this is partly due to the fact that groups were advertised as women's groups and also because men are more often working away from the community and so they are not aware of such groups. However, not all women join. For instance, some women in the community are considered lazy as they mainly rely on their husband and this was considered the reason why they did not join SGs. This is clearly connected to women's social status and women's perception in the community against the image of busy and focused SG women.

In addition, joining groups is an expense and in some cases women prefer not to join multiple groups because their income would not allow them to be part of more than one group. There is a feeling that in order to be part of groups, people have to be able to afford it financially and so this leads to working hard once people are members of the group, in order to sustain their savings and loan repayments. At the same time, this provides a signal that there may be women in the community that cannot afford to be part of any group.

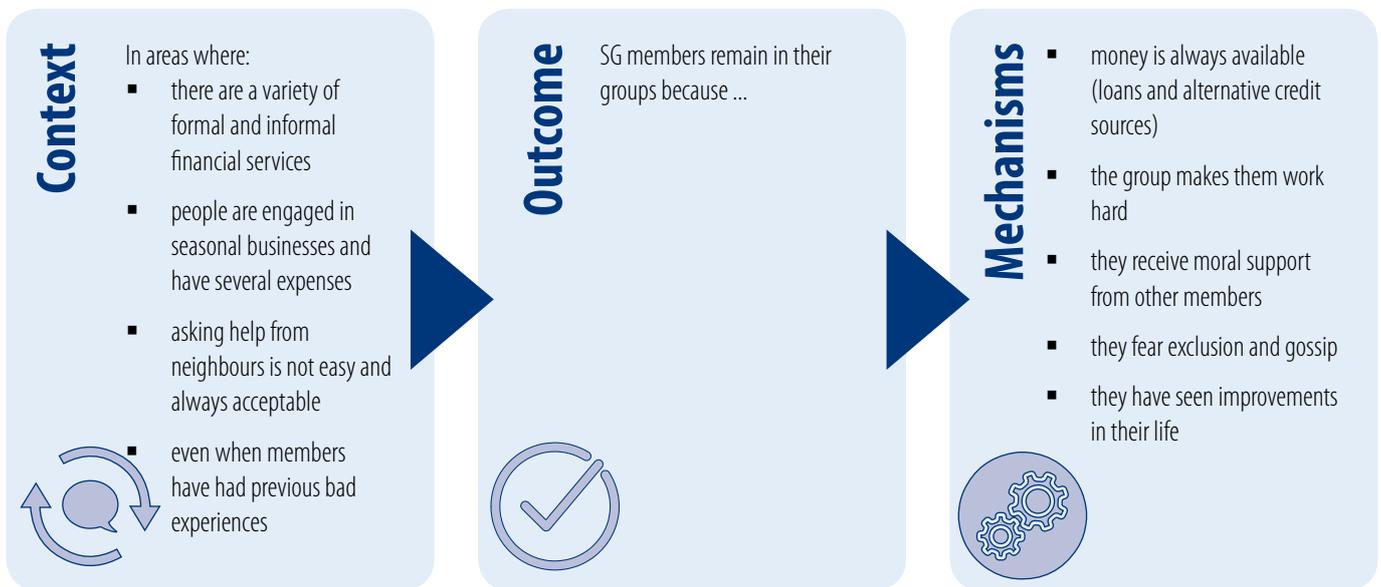
*"Yes because if you keep on borrowing salt, cooking oil and this petty thing that means you are a sleep . . . They rely on their husbands and for us; we have to try our best. They just depend on their husbands" (220)*

*"When you do not have you keep aside yourself" (213)*

## 6.2 02 – MEMBERS STAY IN SGS

The research explored not only why current SG members joined their groups but also why they decided to stay. It is clear that, since such members are still in groups, they might have identified benefits in their membership, while the research did not explore why members dropped from groups. Most of the mechanisms which motivate people to stay are the same mechanisms which made people join their group. For instance, the ability of savings in bits and to accumulate a lump-sum, the possibility of developing through groups and receiving assistance by the group were all mentioned as reasons for people to stay and we are not going to repeat them here.

Instead, below we are going to show a few more mechanisms which make



people stay. Among these, members mentioned the availability of money in their groups. This does not only show the aspect of getting assistance, but also the fact that this assistance is always there because money is always available under various forms. At the same time, as money is available and people can access loans, this process makes them work harder. This reconnects to the fact that by saving in the group, people's monies are safe because they do not withdraw. Moreover, social mechanisms are at play, showing again the interplay between financial and social reasoning and norms. Members find in their groups a source of moral support and they also fear exclusion and gossip.

### 6.2.1 Money is always available and members work hard

As previously mentioned, in the areas where the research was conducted, SG members find it hard to borrow from neighbours and relatives. This is because most people engage in similar livelihoods and are therefore in similar vulnerable situations. Money is not always available and when people have cash they might have plans with it, such that it is then difficult to keep someone else's money for longer than a few days as well as answering people's questions about the use of the money. On the other hand, SG members feel that in their groups money is always available. In reality, this aspect of groups is slightly more nuanced. Indeed, given the cyclical nature of how SGs work, many members have pointed out that it is difficult to borrow at the beginning of the cycle because the savings is still little and this leads members having to take turns in taking loans or having to reduce their requested loans. Similarly, when many members need money for school fees, there is not a lot of money left for other members to borrow. However, this situation mainly characterises the first few months of the cycle and each group seems to find ways to manage such shortage periods, by allowing members to take loans in turns.

*"You know, no one can be able to loan you some money in this village as we are speaking because of an emergency even let us say a loan of 200 shillings. But you can boldly go and get it from the group, or even tell one of the members to take a loan of two people and later refund the member and that makes life easy" (110)*

*"I can come to you and ask you for money to take to Cosalo, and then tell you that when I get it back I will return it. Will you not give me the money?" (121)*

*"Presently we have groups from which we can seek help. and since most groups meet once a month you can approach somebody to bail you out while you wait for the meeting day to borrow money and pay him back. That way you will find people willing to help and after you get money from the group you can use it to handle your pressing issues" (116)*

*"I have not left because it assists me when problems like fees and abrupt trips come up. If you leave, there is nowhere you can get that cash plus if you save the cash can be used to boost business" (124)*

*"Sometimes leaving the group to come and sit idle might make your life so difficult as compared to being in a group which has solutions. . . you may get in to so many problems and only the group can bail you out. . . things like illness or being forced to take an urgent trip when you don't have any money on you" (112)*

Otherwise, members seem quite confident in their ability to access loans whenever problems arise. This confidence in finding money and support, however, is also supported by the creation of alternative credit sources. Indeed, when groups are working, members do not only access loans through the main SG services but they additionally develop social networks among themselves which can become useful in times of needs. For instance, members feel that it is legitimate to ask another member to top up their loans if they need some money but are not allowed to take a loan themselves (i.e. because they already have a loan). This practice is still more acceptable and legitimate than asking money from neighbours (although this could be a result of SGs in the areas), thus showing how SGs can adapt to local circumstances to create different structures of social networks and alternative sources of credit which may not have been anticipated by the TOC. Similarly, being part of an SG can make someone to appear more creditworthy to external sources of credit and therefore create another source of credit. Indeed, members also seem to find it easier to borrow money outside of the group as being a member gives them more credibility. Indeed, the lender knows that as soon as they have a meeting they will be able to repay the loan.

The easiness and legitimacy with which members can access money can be enough to convince them to stay even when they have had bad experiences. For instance, one member recalled that during her first cycle she was approached by another member for help. She decided to take a loan for this member who later on disappeared with the money, leaving her with a loan which she could not repay. At the end of the cycle, the member went home without share out because her shares were used to repay the other member's loan. However, the disappointed member remained in the group as she was encouraged by the trainer. This shows that once out of the group, people's options to access money in case of emergencies and other needs are very limited if not inexistent.

In the previous section, we have also pointed out that people decide to join because saving in the group is safer and easier than saving at home, where money is easily accessible. Indeed, when in need, members can access loans from their group while keeping accumulating their savings, rather than withdrawing on their savings (this refers to the element of self-control already explored in the O1 section). This creates a further mechanism which leads people to both stay in groups and keep taking loans (O3): members, especially women, work harder because now they have loans to repay to the group. Generally, members talk about working hard in a positive way as it allows women, especially, to be more able to look after their family. This is also connected to women's status as they are now seen as busy and more focused on their family needs and improvement. A similar effect of SG participation on women's status and their level of business was also found in a study of SGs in coastal Kenya (Elliot, 2014). Member 112 indeed says that leaving the group to sit idle may make life very difficult. SGs motivates members to work hard and working hard is considered here as both a mechanism which leads people to stay and use the services but also as a final programme impact and will be further explored in the impact section.

### 6.2.2 Moral support, aspiration for improvement and fear of exclusion

Similarly to the mechanisms for O1, members decision to stay is also influenced by social norms and relationships. Indeed, being part of a group is interconnected to social relationships and reputation. This leads members to stay for fear of exclusion and gossip. Indeed, while being part of a group helps members in case of emergencies, for some members with very small and irregular income streams remaining and participating in SGs can become stressful. This is especially true for those groups which are very much focused on making a profit by "forcing" members to take very frequent loans. While for some business-minded members, frequent loans may be very useful, other more vulnerable members may find this rule more challenging as they may not need monthly loans for business investments. Indeed, some members also recognise that at times they might run into financial difficulties which makes it hard for them to repay loans. However, leaving the group may disrupt social relationships and other members may suspect that there are problems – such as not affording to save. Therefore, members work hard to remain in groups. Meanwhile, members also stay because groups provide them with moral support during hard times and also advice and comfort.

*"It is not easy to stop being in the group, even the group members will suspect that something is not right. It's better to be just there and be taking small loans and repaying" (112)*

*"Sometimes when am sick the way I am now and I go to the meetings I feel good because I have company and because of the talks you don't feel sick" (111)*

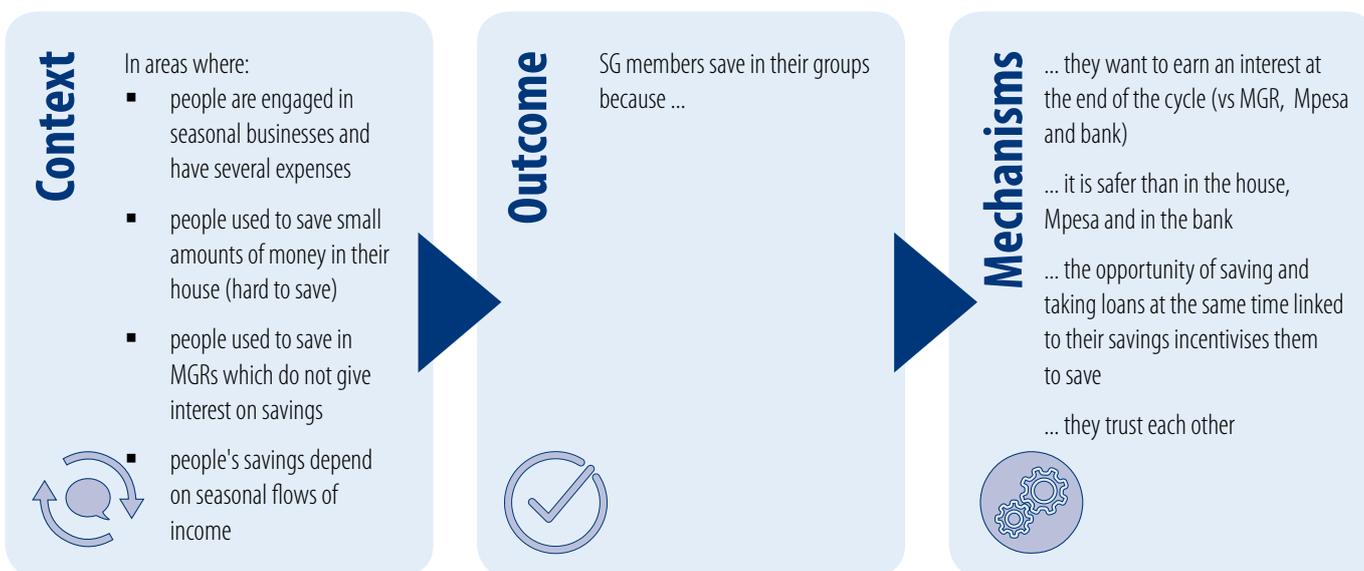
*"They now know the fruits of being in a group; they have seen how the group has helped them. I keep hearing everyone saying the group has helped them so they cannot leave" (216)*

Understandably, SG members who have so far remained in groups have found groups to be helpful in their life. They have seen positive changes in their life and feel that they will not want to leave the group even in cases where their circumstances may be getting better (e.g. in cases where the husband was to go back to formal employment). Members' initial aspiration to become more independent from the husband and from neighbours while at the same time improving their house and providing for their family has often been confirmed for those members who stayed. Indeed, they have experienced a positive cycle where saving in small amounts, taking loans from the group and working hard to repay the loans have allowed them to better provide for their house, make investments and pay for school fees. This is also one of the main reasons why members want to remain.

### 6.3 03 – MEMBERS SAVE, TAKE AND REPAY LOANS

Below the three outcomes related to the use of SG services will be presented separately, highlighting the mechanisms which motivate SG members to save in their SGs, take and repay loans.

#### 6.3.1 Members save money in their SGs



##### 6.3.1.1 Savings in SGs earns an interest

Since SG members are mainly involved in seasonal businesses (e.g. selling agricultural produce, selling milk), their savings amounts vary: when profits are higher members tend to save more in their SG. In addition, savings amounts tend to increase after the first cycle because people have had an opportunity to first test the methodology. For instance, SG members would have had the opportunity to see that those members who have saved more during the cycle also received more at the time of the share out. This is part of their learning experience as they try new services. The whole idea of earning an interest, which they learn during the training, indeed only materialises at the end of the first cycle.

Based on the other financial services available, SGs seem then to have a very big advantage. SG members know that they cannot get any interest on their savings by contributing to MGR or by saving at the bank. On the contrary, banks are not trusted as money may get lost, through charges and fees. Therefore, given that income streams are little and irregular, SG members recognise that for certain amounts of money, saving in the group is their best option as they can hope to improve their life by receiving back their savings plus an interest at the end of the cycle. This hope normally gets confirmed after the first share out and members then start to understand and trust the methodology and the group more and subsequently save more.

*"When there is no VSL I think I cannot save the money inside the house until it reaches that amount ... You save there so that you get an increment" (109)*

*"In merry-go-round there is no profit with your money. But SILC has a profit at the end" (211)*

*"During share out when others were getting huge amounts they said that those who saved much receive much and I also saw the need to want more cash" (124)*

*"I do not see the need of going to the bank when we have our own bank ... I felt this was better because no money gets lost not like a bank where you are likely not to get interest but this is guaranteed, you get everything" (216)*

##### 6.3.1.2 Saving in SGs is perceived as safer than the house, MPesa and the bank

SG members also save in their groups because they feel that their money is safe. This concept of safety here mainly refers to the idea of self-control which was already discussed above. Saving in SGs is beneficial because it forces people

to lock their money for a whole year, giving them the impression that saving in the SG is like throwing money away and that in case of need they must find alternative sources of money. Because of this, SGs become a lot safer than saving in the house, Mpesa and bank. As it was already pointed out, saving at home is difficult because money is exposed to several requests from within and outside the household which are difficult to deny. For instance, in case of an emergency, such as a burial, people could easily use up all the money saved in the house. A similar risk exists when money is saved in Mpesa and in the bank as people can easily withdraw their savings without restriction.

However, it is useful to point out that the degree of liquidity of services is not solely determined by their characteristics but also by the ways in which customers use such services. Liquidity is a construction and not an absolute truth or the same for everyone (see also Johnson 2015 and Johnson, 2016). For instance, whether for some people, often in more urban areas, having money on the phone is as liquid as having money in the pocket, for some more rural people, who are further away from Mpesa agents, or for those people for which the withdrawal charges are a considerable amount of money, leaving money in Mpesa could be a safe and illiquid strategy. Nevertheless, the advantage of saving in an SG rather than in any of these other services is that the savings are locked for a year and members are therefore forced to seek alternative money, this being through loans or additional income sources.

*"You can easily do impulse buying for example, you can walk around and buy a good phone that you have seen and had not planned to buy, so you lose the money" (203)*

*"The money just used to disappear. You buy sugar, tea leaves. . . but when SILC came I said let me take this and take to SILC and saw that it was helping me" (217)*

### 6.3.1.3 Saving in SGs is linked to the ability of taking loans

Based on the fact that savings are locked for a year and members have to look for other sources of money, it is critical that SGs also offer loans. Members feel that they can save here because that alternative source of money that was previously discussed is automatically and easily available from the same service and because of the simple fact that they have saved in the group. A commitment saving account in a bank, which locks money for a long time but does not offer an alternative source of money in case of emergency, would not appeal in the same way.

Moreover, members are motivated to save in the SG, not only because of the possibility to take a loan after having saved, but also because loan amounts are linked to savings amounts. Consequently, members are incentivised to save more in order to be able to access bigger loans to meet their expenses. Again, SG members are well aware that if they were to save the same amount of

money in Mpesa rather than in the group, at times of needs they would only be able to access the exact amount of money saved, while by being in the group they are able to access "group money" which can be twice or three times the level of their savings.

*"So I try saving the 700 per month because if you save such an amount, it's multiplied by 2 meaning you can get 1,400 because you take according to shares. So if I manage to save twice or thrice then I can get some substantial amount of money for the child to go to school" (102)*

*"The best thing about saving in the group is that for example if I need to buy something worth Ksh 9000 and I have Ksh 4000 there is no one I can borrow the money needed to top up." (208)*

### 6.3.1.4 Saving in SGs is linked to the development of trust for the SG services and of other members

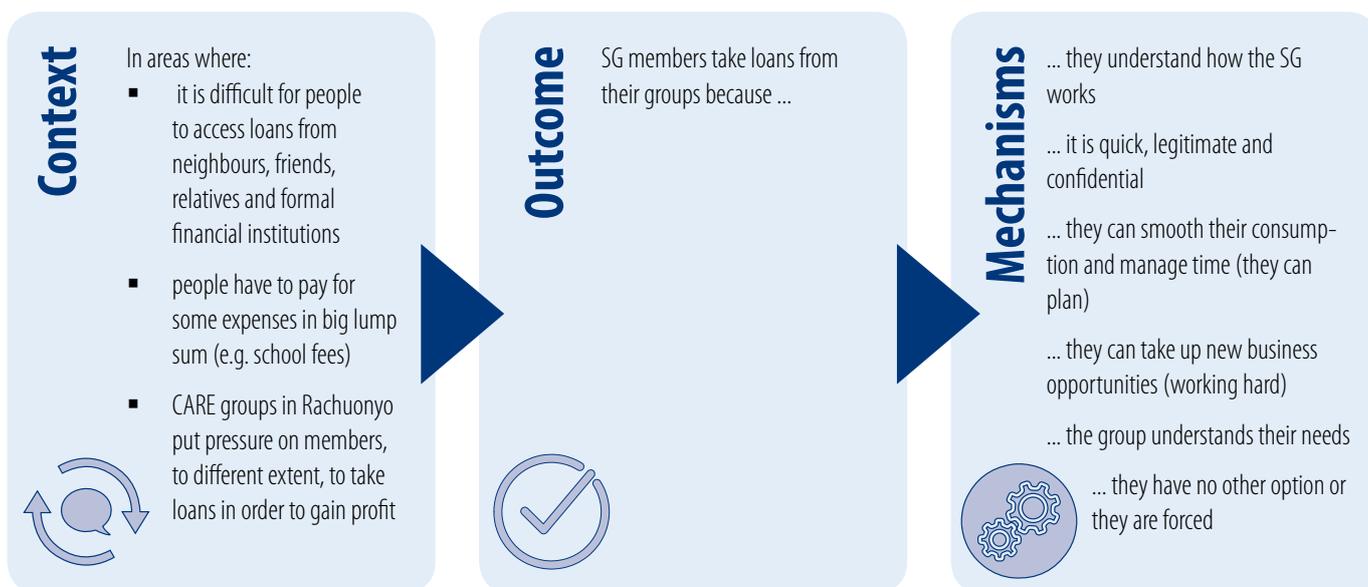
As already mentioned, when members experience the first share out, they get a better sense of how the methodology works and they can experience first hand receiving an interest on top of their savings. Often, people have joined SGs without a clear idea of how it was going to work and as a trial, thus keeping their saving to a minimum. Therefore, after a first successful share out, it is not surprising that SG members feel the need to increase their savings. It is important to point out that this mechanism is dependent not only on the fact that members have seen the benefits of saving and loaning but also on the construction and development of trust in both the methodology and other group members. Indeed, SG members said that at first they were very sceptical about saving and that they feared people borrowing money and then disappearing with it. Therefore, trying the group out not only give members a chance to experience how savings are safe from themselves (self-control) but also how they are safe from other people. Clearly, this successful development of groups can as well go wrong and lead to lack of trust and failure of groups.

*"No, a member saves what they are capable of saving. Since now people have realized the benefit of saving a lot, people want to save a lot. Before we were unsure because we did not know all the members because we thought someone would borrow the money and disappear. But now we know each other" (208)*

*"The first time I got very little money [from the share out] because people were still very sceptical about savings and the interest was very minimal" (216)*

*"I did not want to go for such [bank account] because we trust ourselves" (219)*

### 6.3.2 Members take loans from their SGs



#### 6.3.2.1 Members understand how to take loans from SGs and are happy with the quick and confidential process

In the same way as saving in the SG constitutes a learning process, taking loans can also be identified as a learning experience for members who have never before had similar experiences. Indeed, members might have only had previous experiences in MGRs or through one-on-one support relationships which may work significantly differently from a SG (e.g. interest may not be paid and sometimes relatives help each other without asking to repay the money). The experienced members that were interviewed during the research expressed this uncertainty that they might have experienced during their first cycle, admitting that now they feel they understand how the model works. Again, this confirms, as pointed out in O1, that when members join SGs they might not have a clear understanding of what this entails and how it is going to work in practice. Taking the first loan can therefore also be a trial for new SG members.

Once members learn how to take loans, they keep borrowing for several different reasons, ranging from coping with emergencies to investment into assets. Two features of these groups are particularly important for members to be confident in taking loans. One is the easiness of taking loans which members compare to other more formal services: in fact, members say that it is quick and easy to take loans from the SG – it is also legitimate as previously mentioned. Second, they feel that loans are given out with confidentiality and so their problems are safe with the group. Ultimately, because of this, members feel that they can trust taking loans from the group which, in some instances, is seen like family.

#### 6.3.2.2 Members take loans to smooth their consumption and take up new opportunities

*"Now I understand them better and know that if I have a loan I must repay first before the share out" (124)*

*"I had not stabilized in the group well enough to know what the groups are about. You must fully understand the operations of the SGs to take out a loan so that you do not get in to problems" (105)*

*"Let us say now that I want that cow, I can borrow a loan and buy it. It is quick money, it does not take a month or applying and waiting for the next month to get the money, this one really helps us. [At the bank] you cannot apply for a loan and get it immediately you have to wait for a month but at SILC you get a loan immediately provided you pay for your previous one" (212)*

*"You see, I have borrowed money from them several times and I have not heard anyone talk about me outside there. Even me, when others take loans I do not discuss elsewhere" (210)*

*"The group is easy because the group is secretive about the money you borrow; it is only you and the group members who will know. In our constitution, we do not share the group activities with outsiders . . . We are like family unlike borrowing from individuals who can just intercept*

*you anywhere to demand for their money back even if you are hosting visitors" (102)*

*"Before joining when I had problems I would go to people to borrow money, say stating my problems but now after joining the savings and loaning all my problems end there. Nobody knows that I have any problems. So it is so good. It makes my problems confidential" (111)*

SG members, who mainly rely on seasonal income streams, take loans to smooth their consumption. This allows them to pay upfront for big expenses which they can repay in small amounts. In this way, members can carry on their own activities while waiting for their income and also be busy with different activities to also improve their income. For instance, members can plan to take loans to pay for school fees and then use their vegetable produce or the chicken they are rearing to repay the loan. Loans give them the opportunity to get a big lump sum of money at once and at the time when it is needed. This can be then repaid in small amounts and over a sufficiently long period of time which can go from 1 to 3 months with a high level of flexibility (see repayment of loans in the next section). It should be noted that most of the time people plan for their loans: how to use them and how to repay them. Moreover, because loaned money is perceived as "group money", SG members tend to use this money for productive activities which can ensure that they will be able to repay such loans. However, reality also shows that loans are useful in case of emergencies and so may not always be planned in advance.

*"If there was no group, I could have struggled a lot asking people for money or I could not have ploughed the land . . . in addition I would not have thought to rear cows and chicken her and there" (211)*

*"You cannot be given money to buy asset, you only borrow to do business because it is groups money" (205)*

*"Yes farming can also pay fees but maybe you have planted sweet potatoes and they take long to mature; like six months. The child may have been sent home for fees and you cannot wait six months to take her back" (108)*

*"I usually take money after planning what to do with it and how to get the money to repay" (115)*

*"Saving in a group motivates you to go and look for more. For instance, after they have given you money you have to go and look for ways to pay it back because you have a timeline of one month to pay the money back" (211)*

Loans also represent an opportunity for members to diversify their productive activities with the hope of gaining more profit and being better able to look after their families. Indeed, it could be that because members feel legitimate to take loans from the group, "money is always available" and repayment can be flexible that SG members are more willing to experiment with new productive businesses. Saving and loaning from the SG motivates members to "look for more", ultimately motivating them to "work harder" so that they can save more, take bigger loans and ensure their repayment. Taking loans and working harder is a preferred strategy to that of selling assets, for instance, which may be very difficult to acquire again. This cyclical process works specifically because the SG offers both the opportunity to save and take loans at the same time and because these services are offered through a social environment to which members are familiar and identify with. Indeed, even the use of the expression "group money" reminds of that sense of ownership and belonging that were discussed for O1.

### 6.3.2.3 Members take loans from SGs because the group understands their needs and they trust each other

*"Even if you are able to borrow from a neighbour, it will be hectic when they want their money back. But the other one [SG] is better, you can explain to them that you did not get the refund but will pay the interest and when I get money I will bring instead of going to a neighbour. The neighbour will make you quarrel a lot of the time. The neighbour will demand to have his money immediately. But with table banking you can go to the members explain to them that this time you cannot manage it, next time I will pay. It is better than a neighbour" (107)*

*"So I just go to them and ask them, tell them my problem, they will understand because they know me" (115)*

*"We are friends that are acquainted to each other as compared to the fear I feel of the person am not used to. The former even feels like a sister to me" (115)*

Ultimately, all the mechanisms pointed out earlier can be summarised on mutual trust and understanding. For instance, the fact that loans are legitimate, repayment is flexible (see below), that members can access more money by asking other members to top up on their loans (earlier discussed as creation of alternative sources of credit) and that money is therefore always available all lead to the belief that other members understand you. This sets the group on a total different platform from that of neighbours even when the group is made of neighbours. Indeed, it is the group setting and rules which facilitate this "better understanding" rather than the members per se; it is the group setting that creates "better understanding" over the one-on-one relationships. This "better understanding" is partly created by the fact that

groups members share risk while in personal relationships one must carry the full risk of borrowing and lending money.

When groups are well functioning and members see the benefits of being in the group, trust develops within the group. As already mentioned, trust is key for SGs to function properly and it is not a given within rural areas of Kenya. Its level can fluctuate up and down depending on the ways in which groups are managed and members are behaving and taking responsibilities within the group. When trust allows one to feel very close to other group members, then the group can acquire attributes of a family and other members feel like sisters.

#### **6.3.2.4 Members take loans from SGs because they have no other option or they are forced to take a loan (development as a group)**

There are cases when SG members take loans because they are out of options. For instance, when women are mainly relying on their husband's salary and are not carrying any business of their own, there may be situations when they take small loans from their group if the husband cannot provide. This was particularly prevalent in SILC groups where husbands were more frequently working away. In such situation, the husband is also responsible for repaying the loan. In other cases, members may opt for a loan after having tried other sources, such as relatives first. However, these situations are very rare as normally the SG loan comes to mind as the first option in case of need.

Another dynamic worth to point out is that of "forced" loans. This was found to be the case with CARE groups around Rachuonyo and is interesting for several aspects. All groups generally recognised and agreed on the fact that it is through loans that interest is collected and so profit for members created. However, in CARE groups there was a specific trend in pushing members to take very frequent loans in order to increase the profit. This even took the form of members having to take loans that they did not need and leaving the money in the box so that they do not risk spending it on some unplanned expenses. This pattern was felt stressful by some members who did not need frequent loans and were struggling to repay their loans. Clearly, this process is understood and experienced by members in different ways. Next to those

members who do not like frequent loans because they find it hard to repay them, there are those who do not see this process as "forced" loans as they understand this to be the only way for the group to increase their profit and for each individual member to benefit from the group. That sense of ownership and group development discussed in O1 is here also evident where a member said that it is wrong to think of the group as putting her in debt while it is through the group loans that she was able to cope with her challenges. Members develop and grow with and through the group and this often is encouraged through frequent loans.

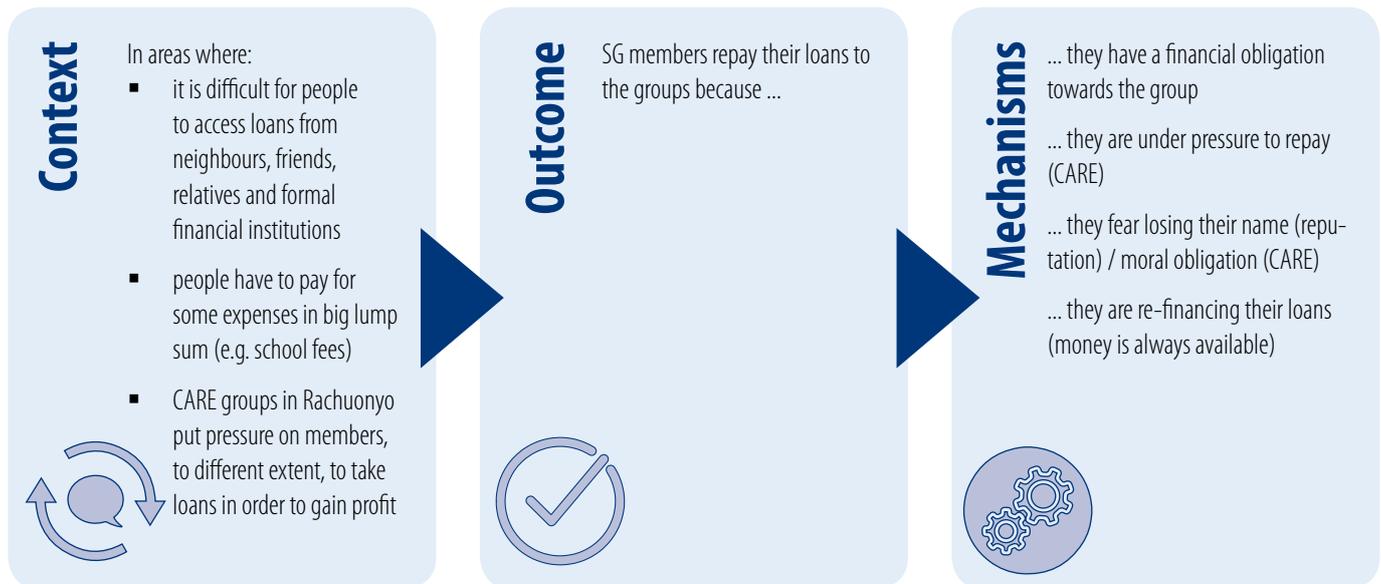
*"You take a loan and put it in the box so you go to look for it's interest and take back because you might go with it to the house and use it on other things that you did not expect. Things that you don't see any value in so you just take it and deposit it in the box . . . I don't like it because it's hard paying back but we are forced to borrow so we take what we can afford" (120)*

*"It will be wrong to say that the group is putting me in debt yet it is those small small loans that helped me a lot when I faced some challenges taking into account our economic status" (120)*

*"Yes we do take loans as well and the profit grows as you do business, we don't keep the money in banks to get interest, it can only grow within us . . . Nobody is ever forced . . . when we started we said this is our project and we should be doing business within for it to grow. So if there is money that is saved and it lies idle without anyone borrowing, there is no way it can get interest without us borrowing. So if someone knows business, they can borrow and do businesses then bring in the interest" (114)*

*"You cannot survive without loans, that is where the interest is . . . when the money is on the table and you don't have, you will be forced to take. Because you will gain from it, if you don't take the loan where will the interest come from?" (117).*

### 6.3.3 Members repay loans to their SGs



#### 6.3.3.1 Members tend to repay their loans because they have a financial and moral obligation towards other members

Due to the differences between the CARE and SILC groups in terms of taking loans which were previously highlighted, loan repayment also seemed to be experienced in different ways. In particular, CARE members seemed to be under higher pressure to repay their frequent loans and felt a financial and also moral obligations towards their groups. They know that they have to repay their loans in order to take other loans and before the share out. Also, they have seen examples of women who did not repay their loans and are now excluded from groups or had to “hide” from people. Therefore, they work hard to maintain their reputation within the group and village. As a respondent said (114), if you are together with other people a good name is better than a bad name and so by repaying loans in time and committing to this members

*“If you know you are a person who cannot afford to pay back, you should not borrow too much money that you will not be able to pay back. You are also told to pay bit by bit so that when it comes to that time you will be done with repayment. You just pay little by little so that you do not struggle to pay it all at once” (204)*

*“You know if you come together with other people, a good name is worthy than a bad name. If you take another person’s property and it helps you then you disappear with it, is it really helping you?” (114)*

maintain their reputation and good name. This also means that successful SG members in both areas are very much aware of what size of loans they can afford repaying and in order to maintain their membership and status will try not to overstretch themselves with big loans.

#### 6.3.3.2 Members refinance their loans because money is always available

In order to ensure the repayment, several strategies were used. SILC members seemed to appreciate the fact that they could repay the loans in bits on a weekly basis, so that they would not find themselves with big loans at the end of the month. Also, if loans are not repaid at the end of the first month, most groups would allow members to roll over their loans and just repay the interest. In the worst scenario, members find themselves unable to repay their loans before the share out and have to use their share out money to repay it.

Groups have creatively developed several other ways for repaying or re-financing loans (see also 6.2.1). In some cases, members can borrow some money from the social fund to use to repay their loans. This would allow them to take another loan and put the money back in the social fund. Other groups force members to stop saving if the loan has not been repaid after three months, so that they can focus on repaying their loan. In some cases, members can borrow from each other to repay their loans and as previously discussed, members can also borrow from external sources in order to repay their loans. Indeed, being part of the group makes members to appear more creditworthy. However, all these processes do not represent a full repayment

of loans, members keep being in debt to the group, other members or external people although they have formally repaid their loan.

This is possible because the SG allows members to repay their loans and take new ones on the same day and so in this way, members can keep refinancing their loans over several months, while trying to reduce it. They can refinance them in this way because they can use the new loans to go and settle the external debts or the debts with other members. This continuous process of loan repayment and new loans which can be of bigger size can sometimes get out of hand and frequently members had to look for external sources of money in order to repay their loans before the share out. In some cases members develop a practice of dragging loans for several months, by taking external loans to repay the group loan, taking another loan to repay the external lender and so on, leaving members with reduced share out at the end of the year.

The concepts discussed earlier of money always being available and the group being understating are clearly supported by the development of all these new strategies and repayment processes. If this is then compared to borrowing from a neighbour, for instance, it becomes quite clear how such strategies could not be put in place. Indeed, most often, borrowing from neighbours would create an expectation that repayment will be very quick, even on the next day.

*"You know I have told you that we have a social fund, and in that social fund there is 500 which we usually loan out. So we borrow 500 then you go pay with it then you save little by little until it gets to 500 then you borrow again. That is what we have decided to do. That is the way I pay the loan . . . it is a lot of money but because they are giving us time, you take little by little, you pay little by little, and we saw that it wasn't a bad thing. You pay what you have. You pay it in the loan, you pay what you have not that you have to pay it all." (219)*

*"I was forced to stop saving because I was not able to pay back my loan. 3 months lapsed before I repaid my loan so I was forced to stop saving in order to repay the loan" (212)*

*"If you have a loan you must pay and then we share. So if it is time to share and you have not paid the loan, you can borrow from somewhere and then pay the loan. That is when then we can share. After sharing then you can take your money and pay those you borrowed. So during the time of share out, if you have a loan it is upon you to arrange maybe by borrowing from somewhere and then after share out you can take the balance to those you borrowed" (119)*

SGs members are continuously learning and changing the rules or creating new rules in order to avoid problems such as members defaulting on their loans. Even with all the new strategies mentioned above, most SGs have had

negative experiences, ranging from members running away with their loans to members not being genuinely able to repay and dropping out of groups. In such instances, groups have sold members' assets in order to recover the "group money" or have chased "difficult" members and changed the structure of their groups. Some groups literally halved the number of their members and are now a lot more similar to family groups, since all members are related to each other (see quote by 107 below). This is a strategy which ensure more trust within the group and fewer possibilities of internal problems. Clearly, this shows that the initial theories about how SGs would work and the initial belief that because people know and trust each other in the village, things would be running smoothly is not the reality that SGs are experiencing. The trust dynamic within a group is constantly changing and developing and when such trust is broken the impact on individual households and social relationships within a community can be negative. This research did not interview drop-out members and it is therefore difficult to gauge the extent of this negative impact and the different views on the group being understanding in such cases.

*"Because we know each other in table banking we can borrow . . . we know each other and we trust each other. We are avoiding what we call selling properties for somebody because he has not repaid the loan . . . It makes us to be poorer than the time we started. Maybe someone is having just a cow; I have gone there to sell that cow. She will remain poorer . . . So we decided not to have very many people. But now we have few people that we trust so we decided not to have very many people. But now we have few people that we trust" (107)*

*"It is bad. You know, after staying with somebody for very many years but then he has become a defaulter, it is painful even for the group but then there's nothing we can do, we have to recover it, the money does not belong to one person, it belongs to thirty people". (117)*

*"They were giving us trouble, people used to take loans and then have problems repaying the loan. Then as members we saw that they were troubling us then we were forced to remove them one by one . . . You know the problem was that these people were in too many groups, they would come to SILC and borrow money and they also borrow from the other groups and repaying becomes a problem. The interest grows very fast and you know it is quick money and its much money so people just took the money without thinking how they will repay it, it broke so many homes . . . It means the women left their husbands and went away because they were being asked to pay back the loans even in other groups." (212)*

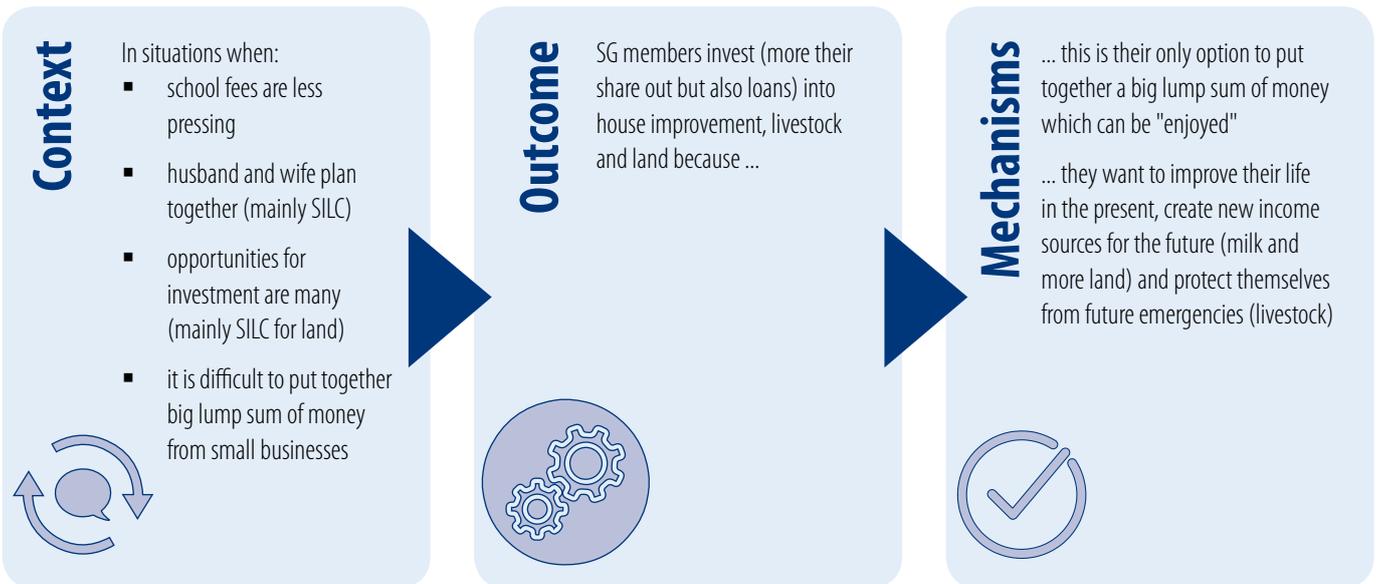
**6.4 04 – USE OF LOANS AND SHARE OUT**

This study has broken down outcomes in different stages and identified the specific use of the SG services, loans and share out money (accumulated savings plus interest), as the last stage of outcome before impact. The analysis of the data has revealed that, on the one hand, generally members across groups and areas use the services for similar reasons, the main being investment into assets, education, businesses, family needs and to cope with emergencies. On the other hand, the data have revealed that SG members can be categorised in 5 broad groups. These categories have been constructed based on the main purpose that using SG services seem to have for different members and the different uses that they make of them. However, such

categories have been explored further and will reveal that there are individual and household differences at the origin of such different purposes. This will support the study in answering the question “for whom” SGs work, or better “for whom” and “in which ways” SGs work since the study assumes that SGs must be somehow working for the members who have remained.

The report proceeds in the following way. First, we will present an overview of the 5 main uses of loans and share outs across all members and groups. Second, we will present the different categories of SG members and the differences that have been identified. Ultimately, the report will look at the economic, social and financial impact of SG membership across the different categories of members.

**6.4.1 SG members mainly invest their share out money in house improvements, land and livestock**



SG members mainly invest their share out money in livestock, new houses or house improvement and land when more pressing needs, such as school fees, or emergencies, such as funerals or illnesses, are not present. Members often plan for these investments in advance of the share out dates. However, in some cases, the share out may not be enough to cover the investment that members plan and thus it is used among other sources of income as a top up. For instance, a member first sold maize and potatoes and then sought out the difference from the group as a loan in order to buy a cow. Another member bought a piece of land with his share out money and some additional savings that he was keeping aside. The share out money is not only used for these investments because they are valuable but also because often the share out money is the only lump sum of money that someone can access and it is free of interest so people feel less pressured in investing it into assets rather than productive activities.

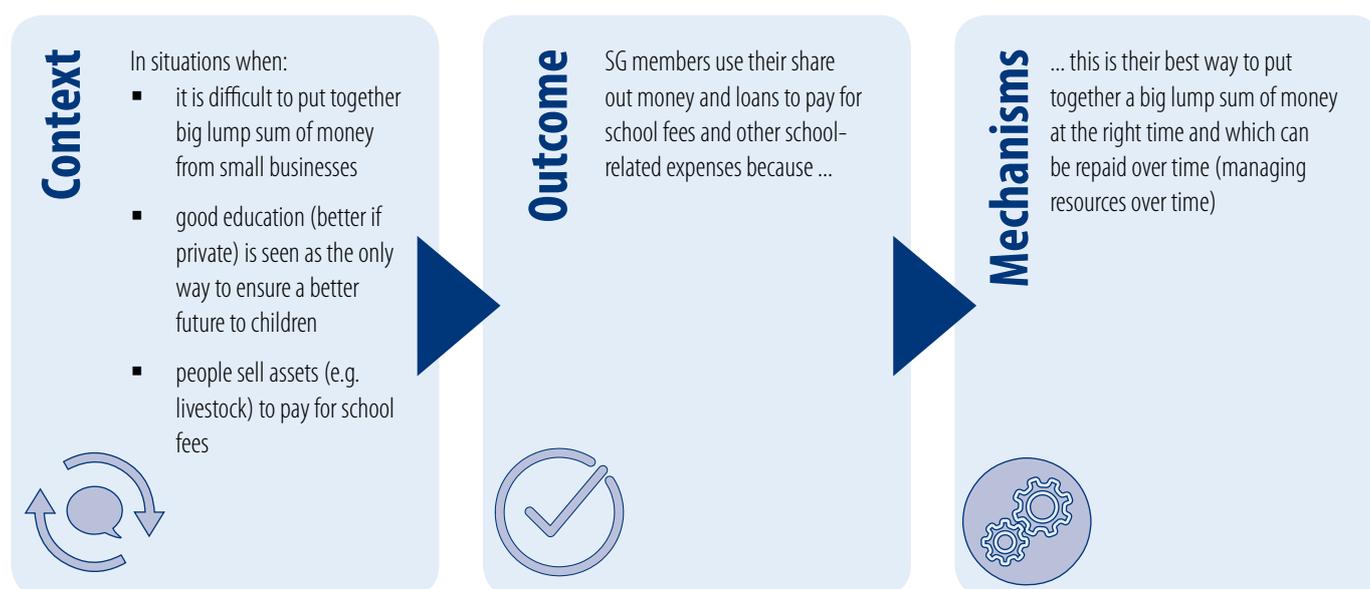
In rural areas of Kenya, livestock is a way of ensuring security for both the present and the future. Indeed, members invest into livestock when they want something memorable that they can possibly sell in the future in case of emergencies. Meanwhile, livestock in the form of cows become an additional source of income for the present. This was noted to be particularly profitable in areas of Nandi and Uasin Gishu where people tended to invest in diary cows rather than local cows. It was also observed a widespread investment into land by members in Nandi county, which may be related to the particular availability of land in those areas. This investment is also done with a longer term goal of planting tea or maize and ensure a new source of income for the future. Indeed, these areas are particularly fertile and harvest is normally very good.

Even when members make plans on how to use their share out money and loans, unexpected situations may arise which lead them to divert the money to different issues. As a member put it: "You cannot plan for money which you have not gotten . . . when money comes it will get the plan" (214). However, the majority of members normally have something in mind that they want to do and even in cases where there are no pressing needs, members will temporarily invest their money (e.g. in livestock) in order not to leave the money idle (this relates to the concept of making money work explored in section on O1).

*"I think that one will help me somewhere. Like now, I use the cows for milk for the children and also I they will help me [her investment into livestock] when the fees sometimes are a problem. So I can decide to sell one" (109)*

*"It is helpful because in future if you do not have school fees you can sell [land] and pay fees for children. Because by then it will not be primary or secondary" (211)*

#### 6.4.2 SG members use their share out money and loans to pay for school fees and other school-related expenses



More commonly in the areas of Nandi and Uasin Gishu, where husbands more frequently are in formal employment (and breadwinners), members use to finance school fees through loans from the employer and sales of livestock and maize during the dry season, to make a higher profit on the sale. In such cases, husbands are normally responsible for providing school fees and women are less active with their group unless loans are requested through the husband. In cases where elder siblings are working, parents can also turn to them for assistance. When school fees are modest, SG members pay through their income-generating activities such as milk, selling beans and vegetables, doing casual jobs.

However, across SGs, both loans and share out money are frequently used for school fees or other school related expenses such as books and uniforms. Members who share out in December and January often use their share out money to pay for the January school fees. By looking at the payment of school

fees, it is possible to see how SGs are used across different levels of wealth. Members that are less well off may be able to take loans of a few thousands Kenyan shillings and use similar amounts of share out money, while those who are better off are able to get much higher share out (over KSh 20000) and loans and can use all of that for school fees, occasionally moving their children from public to private schools.

The share out amount is locked to a certain date and so members need to work their needs around that. One member, for instance, said that she went to talk to the head teacher to keep her child in school explaining that she will pay the fees once the share out is distributed. Another member explained that she used the share out money but her daughter was already late for the beginning of school. Using share out money to pay for school fees means that members will not be pressured by the repayment of big loans as the share out comes as a grant at the end of the cycle.

Meanwhile, SG members use loans to pay for school fees when this allows them to have a lump sum of money at a specific time which they can repay in bits through their businesses. This allows them to pay a lump sum for school fees at once and then have some time to put together money from different sources and repay slowly. Having a legitimate place where members can take loans for school fees gives members a sense of stability as they want to ensure their children are not sent out of school. Some SG members (SILC groups) believe that they would have not been able to send their children to private schools without their group membership.

Similarly to the previous section on investment in assets, this section shows that it is difficult for SG members with small and irregular income streams to put together big lump sums at exactly the right time when these are requested in school. Using the services from the SG is thus a way for them to better manage their resources through time, as they have an opportunity to access big lump sums from their groups and then repay them over time and in small amounts as their income comes in. Small school expenses, such as transport, can also be dealt with the social fund, which is often given either as an interest-free loan or grant.

*"I could not wait because when the students go to school they were going to be sent back home because of fees" (111)*

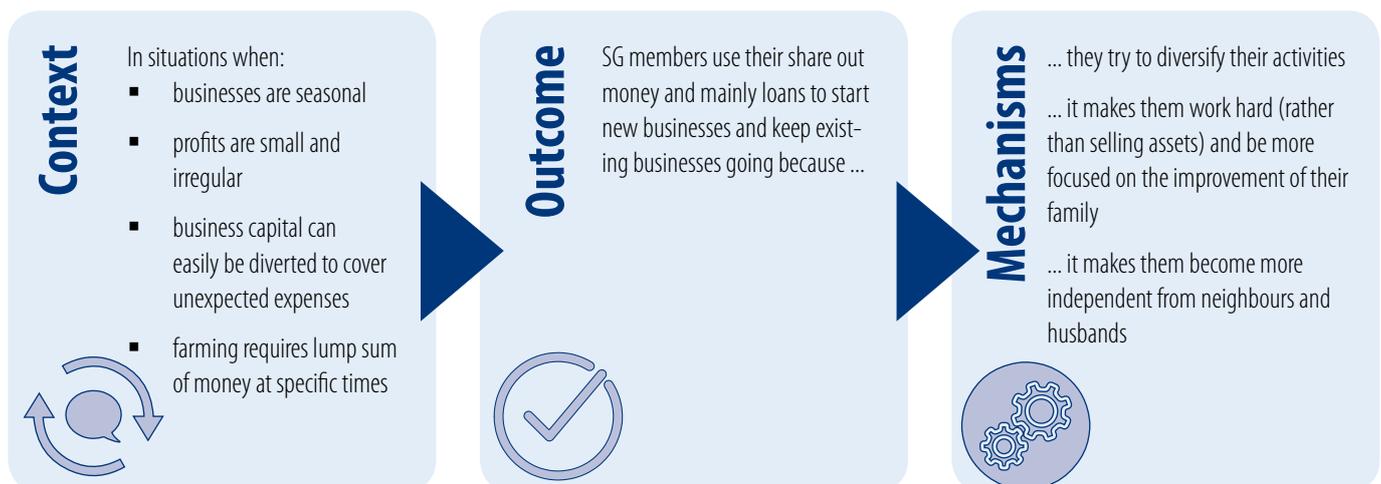
*"I did that [took a loan] when the chicken were still small and could not fetch me good money so I waited till the chicken were old enough then sold to repay the loan. When I was taking the loan the chicken were still very young" (115)*

*"I borrow and repay the amount I borrow, I take it to school and thus my children cannot be sent home for fees. Thereafter I can now plan myself accordingly, milk my cows and take milk to the dairy industry, borrow again from the groups, sell a goat and some other things as long as my children remain in classes" (220)*

*"It is better to take the loan and then you can collect from the eggs, milk, tea and others and then you take to pay the loan" (211)*

*"When my child was reporting back to school, I went to ask for social fund to pay for the transport and managed to send her back to school and paid back after two weeks" (206)*

#### 6.4.3 SG members invest their loans, and to a lesser degree their share out money, in farming and other productive activities (e.g. small businesses)



Many SG members use loans to start, maintain and improve their businesses. The mechanisms which lead them to take loans have already been highlighted. These, for instance, are that it is legitimate and confidential to take loans from SGs, saving and loaning make people work harder, money is always available and members find ways to repay their loans in a flexible way and so on.

Seasonal and irregular businesses work in a cycle and it is difficult to stop

taking loans when the profits are irregular and small and the household needs are many. Therefore, in some situations a small loan is the only option for members when there are no other financing sources available. For instance, at times, the business may go down because the money that is made through the business is used for some other purpose like a sickness. In those situations loans may represent a boost to the business or a way to revive the business. At other times members take loans because it is timely and strategic for them to

gain some profit, as for the member who uses loans to buy small chicks and time the repayment of the loans with the sale of cassava and older chickens. In this way, she can continuously make a profit by regularly selling the chicks that she grows.

Loans are also used to start new businesses and diversify. For instance, at harvest time women use loans to buy maize in bags in order to sell it later in tins in order to repay the loan and make some profit. Similarly, if the share out happens at a convenient time and not channelled to other expenses, it can also be used for taking up a new seasonal business, given that “you cannot just stay with money” (208). As previously seen with investment into assets, share out money is always put into use as leaving money idle does not work for people as it does not produce.

However, the relationship goes both way. While taking loans is seen as an opportunity to start new businesses, starting new businesses and becoming more active is also a result of taking loans, since these have to be repaid. Indeed, as previously seen, members work harder when they are part of the group because they do not only have more motivation to save but they also have the pressure to repay loans.

To conclude these latest three sections, it is useful to point out that SG members acquire assets, do business and pay for school fees also without the group. For instance, the husband can provide the capital to start a new business, land can be bought by selling off livestock and similarly school fees can be paid by selling off livestock, trees, maize or land. Similarly, health expenses can also be settled through the sale of assets. However, if the circumstances allow, people prefer to struggle to repay a loan, rather than selling assets which will be difficult to acquire again. Moreover, taking a loan from the SG is often quicker than selling an asset and gaining more time can allow members to sell their assets at a better price.

*“I took 4,000 in January and repaid in May after selling cassava and chicken. The loan I took was used to buy small chicks and as they were growing, I sold the ones I already had and got some small profit” (115)*

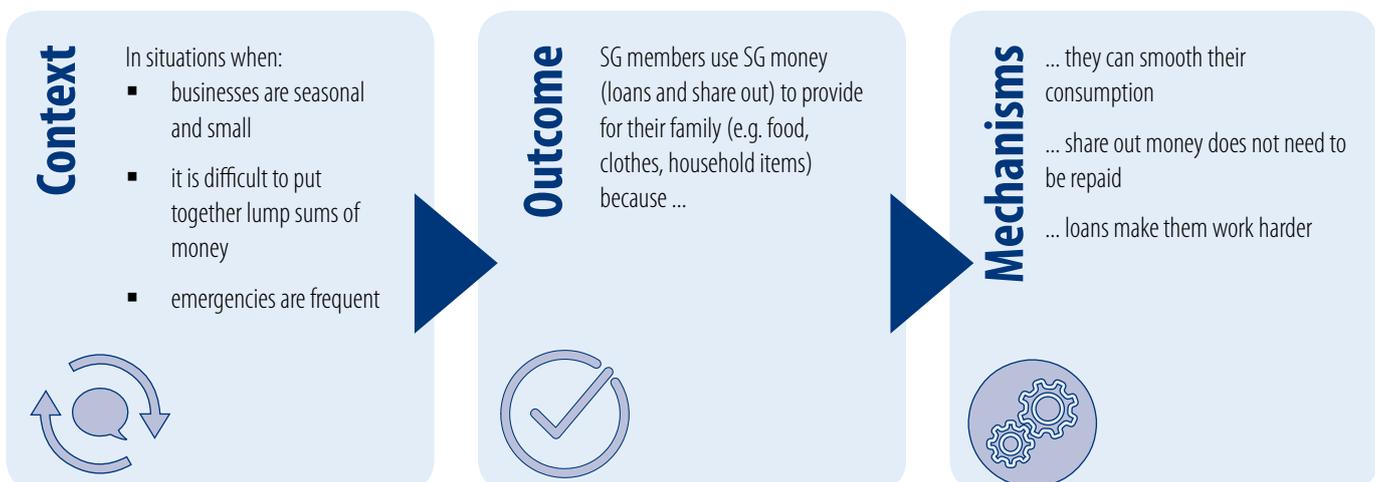
*“The business has not been doing well because last year . . . I had to take some money from the kiosk to take him [child] to school . . . to restock the kiosk takes a lot of time and it takes longer if you don't work harder. That is why I thought it wise not to take any more money from the kiosk because I was going to go under, so for me not to go under, I had to go to the group and take a loan. After taking money from the group, I pumped it into the business ” (102)*

*“Mostly after I joined the group, I started trying more, worrying who will pay for me if I sit at home because I had to” (209)*

*“I have seen that the group helps me. When I took the first loan I did not know how to use the money, I just played around with it. . . . When we had the first share out I got the money but I cannot tell you what I did with it . . . with the second one I built a chicken house and that is where it helped me . . . I was like I now want to see how my money will help me . . . So I started building that house and decided to keep chicken to stay in there . . . I can see that it has changed my homestead, so if I have chicken I can take eggs and add on to those from the market then I go sell at a higher price” (217)*

*“SILC has helped me a lot, they helped me start this vegetable business. I borrowed a little money from them and started this business” (212)*

**6.4.4 SG members use SG money for small household items**

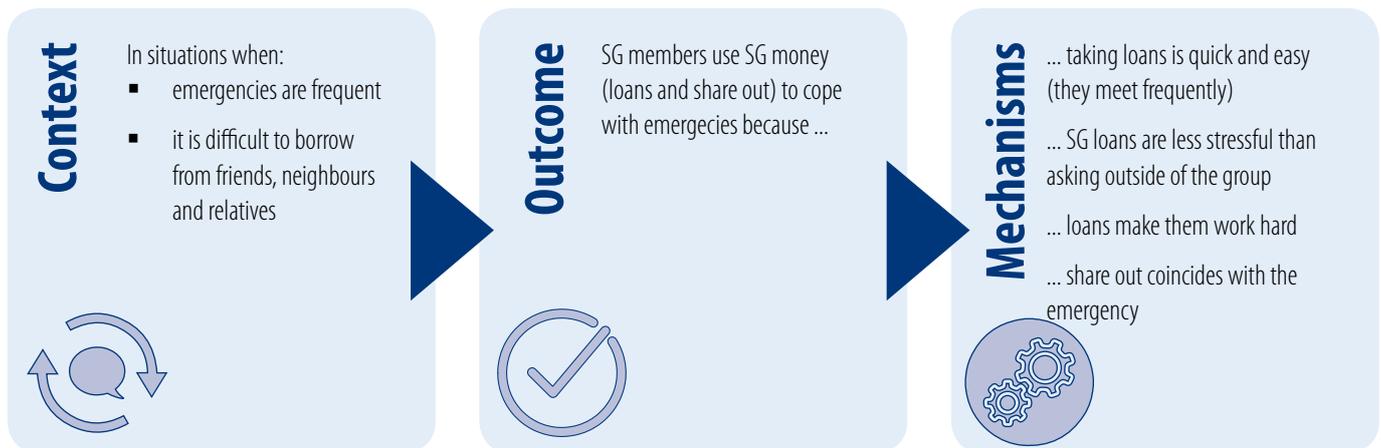


Similarly to what has already been pointed out, loans and share out money are useful because they allow members to smooth their consumption, while making them work harder or enjoy a lump-sum of money which does not have to be repaid. Underlying SG membership and activities is the member's aspirations towards a better life for themselves and their families. Therefore, it is not surprising that when a service works for all the reasons already mentioned, members will use this service to buy clothes for the children, household utensils, chairs, mattresses and blankets, and food for their families.

*"I have good experiences from the CARE group that I joined. . . I never had what I now have before I joined the group, I was lagging behind but the group has enabled me buy chairs, a cow and a goat. I had nothing before . . . it [the group] enables a member to own what they did not have" (115)*

*"Now most of the money is used on the children but when SILC arrived it helped me a lot. How it helped me is, when I leave the market, I take the money to save. If I have saved, then I borrow money to finish up with my needs. Now the children are going to school, so I go to the market and start paying back" (217)*

#### 6.4.5 SG members use SG money to cope with emergencies



Again SG members take loans to cope with emergencies for reasons already mentioned. Loans are often used for emergencies such as sickness and death. In such instances, members prefer borrowing from the group rather than trying to ask other people because the group is a legitimate place where they know they can access money quickly and privately. In addition, the repayment period can somehow be negotiated because members can talk to the group. Share out money is also used for emergencies and unexpected expenses, but this only happens whenever the share-out coincides with such events.

While loans are good because members can get cash very quickly, if someone is already having a loan or if the time of the meeting is still far it does become more difficult for them to access help from the group. Emergency situations when members had to sell livestock or ask for external help usually coincided with situations where they already had a loan from the group – especially in those groups where members are forced to take loans every month to increase the interest. In these situations, the alternative credit sources can become useful (e.g. asking for help from other members or externally). On the other

hand, the social fund is rarely given as a grant and in some situations is not given as an additional loan because of previous bad experiences where people were overwhelmed by the amount of loans and unable to repay.

*"That is impossible. No one can loan you for all those days. . . They prefer to loan you at that time and you pay them back the same time. . . The same day or even the next day" (120)*

*"in the group, you get the money fast. At the in-laws, you may go but there might be no money at that time, in the group you get it fast" (106)*

*"It was Ksh 26000 and that was the time we had problems so I used for the circumcision ceremony and you know when a boy is circumcised he cannot come back and wear the same clothes and the mattress so I had to buy new things for the boy – [If there was no share out] I would have gone to the group for the loan or selling animals" (220)*

## 6.5 SUMMARY OF FINDINGS ON OUTCOMES AND MAIN MECHANISMS

The table below summarises the main mechanisms for each outcome. This shows that some mechanisms are recurrent as they are triggering more than one outcome and they include a set of lower-level mechanisms. The main

mechanisms are: making money work for themselves, getting assistance from the group, money is always available, working hard, and upliftment/development through groups. At the same time, the table also shows that mechanisms are not always positive and social dynamics like peer pressure, fear of exclusions and gossip, as well as fear of losing one's reputation and group pressure to take loans and repay can also trigger the outcomes.

**Table 1: Summary of findings**

Outcomes	Main mechanisms
01 - Joining SG	<p><b>Social pressure and experimentation:</b></p> <ul style="list-style-type: none"> <li>friends and neighbours encouraged them to join (peer pressure)</li> <li>... SG was a novelty</li> <li>... they saw other people benefitting from it</li> </ul> <p><b>Making money work for themselves:</b></p> <ul style="list-style-type: none"> <li>... it is a safe place to save and accumulate a lump-sum (with an interest on their savings)</li> </ul> <p><b>Getting assistance from the group:</b></p> <ul style="list-style-type: none"> <li>... they can easily get assistance from the group (through loans)</li> <li>... they feel it is legitimate to borrow from the groups</li> <li>... they were hoping to avoid asking for help from neighbours and husbands (increased privacy)</li> </ul> <p><b>Upliftment and development through groups:</b></p> <ul style="list-style-type: none"> <li>... it is a way to belong and develop together as a community (sense of ownership and unity) and socialise</li> </ul>
02 - Staying in SG	<p><b>Money is always available</b> (loans and alternative credit sources)</p> <p><b>The group makes them work hard</b></p> <ul style="list-style-type: none"> <li>... they have seen improvements in their life</li> </ul> <p><b>Getting assistance from the group:</b></p> <ul style="list-style-type: none"> <li>... they receive moral support from other members</li> </ul> <p><b>Fear of exclusion and gossip</b></p>
03 - Saving, taking and repaying loan	<p><b>Making money work for themselves:</b></p> <ul style="list-style-type: none"> <li>... they want to earn an interest at the end of the cycle (vs MGR, Mpesa and bank)</li> <li>... it is safer than in the house, Mpesa and in the bank</li> </ul> <p><b>Getting assistance from the group:</b></p> <ul style="list-style-type: none"> <li>... the opportunity of saving and taking loans at the same time linked to their savings incentivises them to save</li> <li>... it is quick, legitimate and confidential</li> </ul> <p><b>Money is always available:</b></p> <ul style="list-style-type: none"> <li>... they can smooth their consumption and manage time (they can plan)</li> <li>... they are re-financing their loans</li> <li>... they trust each other and the group understands them</li> <li>... they understand how the SG works</li> </ul> <p><b>The group makes them work hard:</b></p> <ul style="list-style-type: none"> <li>... they can take up new business opportunities (working hard)</li> </ul> <p><b>Group pressure to take loans and repay</b></p> <p><b>Fear losing their name (reputation) / moral obligation (CARE)</b></p>

Outcomes	Main mechanisms
<b>04 - Use of loans and share-outs</b>	<p><b>The group makes them work hard:</b></p> <ul style="list-style-type: none"> <li>▪ ... through loans (rather than selling assets) and be more focused on the improvement of their family</li> <li>▪ ... they try to diversify their activities</li> <li>▪ ... they want to improve their life in the present, create new income sources for the future (milk and more land) and protect themselves from future emergencies (livestock)</li> </ul> <p><b>Getting assistance from the group:</b></p> <ul style="list-style-type: none"> <li>▪ ... it makes them become more independent from neighbours and husbands</li> <li>▪ ... taking loans is quick and easy (they meet frequently) and less stressful than asking for money outside the group</li> <li>▪ ... share out money does not need to be repaid and it can be their only way to put together a big lump sum of money</li> </ul> <p><b>Money is always available:</b></p> <ul style="list-style-type: none"> <li>▪ ... they can smooth their consumption</li> </ul>

## Chapter 7

# FINDINGS ON HOW AND FOR WHOM SGs WORK

Five main categories of SG members have been identified. In the following section, they will be briefly described and a table of respondents for each category will be presented showing the main uses of SG money and other members' characteristics. The length of SG membership has not been presented below as it did not seem to be relevant for the following categories. In fact, in each category there was a variety of younger and older members.

### 7.1 GROUP 1: SURVIVORS

A first category of SG members that was identified is characterised by using their SG services to survive and keep the family going, with no clear tangible benefits. In this category, members are mainly women (6 out of 7), more than half of them are widows, mainly between 24 to 46 years old with children. These women are mainly in CARE groups of Rachuonyo, an area with many widows. These members do not have formal financial services and are mainly part of informal groups such as MGRs. Some have Mpesa. These members have very small and irregular businesses and although they use the SG services to restock and maintain their businesses, these normally are not very profitable and stable. Therefore, members find it hard to save and their annual share out is relatively small. Small loans were also used for school fees and in some cases loans and share out were used to improve the house (e.g. buy iron sheets, cushions and chairs) or small livestock. SG money is also often used for small household items such as clothes, plates, slippers and food. Almost all members used either loans or share out money to pay for funerals, medical bills and other unexpected expenses, such as a circumcision ceremony. Overall, these members are using their SG membership to maintain their businesses, pay school fees, look after their family, do small investments and cope with emergencies. However, their sources of income are not big enough to allow them to save significant amount of money.

### 7.2 GROUP 2: HOUSEWIVES

All members in this category are women with working husbands who are the main breadwinners and responsible for the majority of the household expenses. The age of these members varies quite a lot: four of these women are very young (under 30), two are between 30 and 35 and the eldest is 52. The majority of these members are in SILC groups in the areas of Nandi and Uasin Gishu where husbands working away or with better businesses seem to be more prevalent. In these households, husbands normally take most of the financial decisions and decisions on how to use the SG services are also often made jointly. For instance, women used loans and share out money to support their husbands make investments into land, livestock and house improvement. They sometimes contributed small amounts of money for school fees, in order to top up the money from their husband. However, they also used SG money to buy uniforms and in one case to pay for a relative's school fees, thus showing that the husbands have the main responsibility to provide for school fees. One member had a small trading business, while the others used SG money to improve their farming activities which were

mainly for household consumption. In such situations, the husband is often responsible for the loan repayment as well. Generally, these SG members do not rely on their small businesses and some of them were able to start small businesses (e.g. selling vegetables, eggs) or stop working in other people's farms because of their SG membership. These members also use little money to buy clothes and food for the house and in a few occasions for medical bills and a wedding. Overall, being part of a SG is for these women an opportunity to be a bit more independent from their husband and manage their household better.

### 7.3 GROUP 3: DEVELOPERS

This category of SG members appears to be the one containing the most common type of member. These members are a mix of women and men, married and widows and their age is between 45 and 55. A few are or were employed in the formal sector, while the majority have stable businesses in agriculture (e.g. cassava and sweet potatoes) and rearing and trading chickens. Importantly, this group of members is often simultaneously involved in multiple income-generating activities. The majority of these members are using their share out money and loans to regularly invest in livestock and house improvement as well as to pay for school fees. Money from SGs is also extensively used to improve farming (e.g. buying inputs, rent additional land) as agriculture is not only for consumption but one of the main sources of income. Small amounts of money are also used for other family needs and about half of the members also used SG money to contribute to funerals, circumcision ceremony and medical bills. Generally, these members seem to be using SG services extensively and their businesses and other sources of money are stable and big enough to allow them to save well in their groups and take frequent loans for investment, school fees and business. Their share out money is also mainly and consistently used for assets or school fees. They are consistently and slowly developing their businesses and maintaining their children in school, at times also affording private and boarding schools.

### 7.4 GROUP 4: YOUNG INVESTORS AND ACCUMULATORS

In this category, members are mainly between 24 and 38 years old, with the exception of an older female member retired from formal employment. These members have very good businesses in agriculture, selling livestock, running a private school or a great diversification of income streams which range from selling tea, milk and household items to farming tea, maize and rearing sheep for sale. Three women have very supportive husbands while the other three are supporting their households on their own. All members in SILC groups are from Nandi county and three are from the same group. All SILC members live in an area where there is a lot of investment into land and dairy cows. Also, soil is very fertile, maize harvest is normally very good and people also plant tea. Of those members with children in primary and secondary school, the majority are sending their children to private schools. The majority use loans and share out money to boost their businesses, while they never take loans for

small household expenses. A couple of members used some of their share out money to buy clothes for children and also to cover medical bills and funerals. Overall, these members are focused on increasing their savings and improving their businesses. They have been able to increase their share out money and this can range from KSh 27 000 to over KSh 60000. These young members seem to be living in places where there are many opportunities, being part of the SG is helping them to save and invest. However, it is not only their location and the SG, but also their personality and drive which makes them to be very proactive. Moreover, these members use a variety of financial services among them MGRs, Mpesa and bank accounts.

### 7.5 GROUP 5: SOCIALLY DRIVEN MEMBERS

Among the respondents, three of them stood out for their different motivations

and narratives. They are all men with roles within SGs as early adopters and promoters and they also cover other roles within their communities and churches. They are respected men and their age is between 47 and 72. They use the services of the SGs for various reasons. However, it was their belief in the methodology and how this could bring about positive change in their community that mainly transpired. They believe that such groups can bring unity and development as people have the opportunity to understand that instead of waiting for external support they do have the resources to develop themselves. They are ambitious individuals with plans and aspirations not only for themselves but for the whole community.

*"They should not wait to be given. They should be able to think of means and ways of getting money" (215)*

**Table 2 Summary of categories' characteristics**

	<b>Gender</b>	<b>Age</b>	<b>Marital status</b>	<b>Income sources</b>	<b>Location</b>	<b>Financial services</b>
<b>Survivors</b>	Mainly women	Between 24 and 46	Mainly widows	Small trading businesses, casual labour	Mainly in Rachuonyo sub-county	Mainly in SG and other informal groups and Mpesa
<b>Housewives</b>	All women	Between 26 and 52	All married with working husband	Remittances from husband and small trading businesses	Mainly in Nandi and Uasin Gishu counties	Mainly in SG and other informal groups and Mpesa
<b>Developers</b>	Both women and men	Between 45 and 55	Mainly married, some widows	Formal employment, established businesses e.g. cassava, sweet potatoes, chickens, milk	Rachuonyo sub-county, Nandi and Uasin Gishu counties	SGs, other informal groups, Mpesa, SACCO and bank accounts
<b>Young investors and accumulators</b>	Mainly women	Between 24 and 38	Mostly married and/or with supportive husband/partner	Running successful businesses in farming, livestock trading, other trading and provision of education services	Mainly in Nandi county	SGs, other informal groups, Mpesa, SACCO and bank accounts
<b>Socially-driven members</b>	All men	Between 47 and 72	All married	Retired from formal employment, farming	Rachuonyo sub-county and Uasin Gishu county	SG, other informal groups and bank accounts

## Chapter 8

# FINDINGS ON IMPACT

This research has not focused on measuring impact per se but rather explored impact pathways by first looking at the different stages of outcomes and the mechanisms behind them (Fig. 5 in section 3.3). This study also adopts the view that impact does not solely depend on people's reasonings but rather on a broader set of circumstances and events on which people have no control and have not reasoned about. **In order for SGs to trigger impact changes in the life of their members, the set of outcome stages which were explored by this study are considered as precursors (necessary but not sufficient) to impact.** However, even when all the outcome stages have been successfully achieved, impact changes may not be of a positive nature because impact is also influenced by other external circumstances.

The different ways in which members are able to use the SG services which have been demonstrated in section 7 in relation to their individual and local circumstances influences the extent of the final impact rather than its nature. This section discusses final impacts under four main headings following the 4 evaluation questions presented in section 1.2: first, economic impact will look at members' economic improvement; second, financial empowerment will present members' new financial skills and ability to use services; third, social impact will look at the impact of SGs on social relationships; finally, the heading family wellbeing gives an overview on how members have experienced their membership at a family level. The impact in each of these areas is discussed relative to the groups of users who have been categorised in section 7.

### 8.1 ECONOMIC IMPACT (IMPROVED INCOME AND REDUCED VULNERABILITY TO SHOCKS)

Most members can recall having improved their economic status because of their SG membership. This is particularly important for the categories of "housewives" and "developers" (see above). Indeed, the latter is very focused on the development of the household while the first group can better manage the little money and expenses on which they have control over. Mainly, these members have been able to acquire assets and livestock which they did not previously have, and accumulate funds. Also, by using the SG services (especially loans) some members have had the opportunity to increase their liquidity to maintain and improve their businesses, for instance by being able to add more stock or add stock more frequently. Interestingly, the economic impact on the first category of members, that of "survivors", takes the form of decreased vulnerability to shocks, rather than an increase in assets and productive activities. For instance, member 122 says that the main changes she has experienced due to her SG membership have been her ability to face unexpected expenses such as trips and her child's sickness.

Members who have remained in SGs have seen the "fruits" of it. This is important to take into consideration when looking at SG groups compared to MGRs, where women find it more difficult to see important financial benefits. Indeed, many members think that they would not have been able to achieve a number of their

goals or that they will not be able to achieve some projects (e.g. build a shop) if the group was not available to them. At the same time, some members recognise that they might have used other means to achieve similar objectives in life, had the group not been there. However, they strongly believe that being part of the group has given them the opportunity to **develop faster**.

Indeed, members also recognise that being without a group is difficult and while many prefer savings groups over MGRs, they would rather be in a MGR rather than remaining without any group. This mechanism of being **uplifted** and development through the group which was discussed as one of the points of reasoning behind the decision of people joining and staying in SGs, is therefore also one of the main explanation of members' economic improvement. Developing together is indeed an important social norm and mode of development in rural Kenya which is triggered by SG intervention.

*"I never had anything like chicken and even the seats we are now using before joining the group but after joining I have managed to buy seats and one cow. My being in the group is a good thing" (115)*

*"I bought the tank and gave some [money] to my brother's wife. And some I saved in my [Mpesa] account. I usually remove some of it and take to the group when I do not have money. . . because if I stay with it, it will get lost or I will use it bit by bit. To buy things like oil. . . so I decided to store it in my M-pesa." (121)*

*"It has changed much because back then I did not have cows but right now I am not badly off, then also the children cannot be sent back home, when you are in a tight spot you have somewhere to go. I am free, I feel good" (203)*

*"I have many changes, like if I have to make a trip I just go and I can be able to have my own money. My business is also going on so am seeing many changes. When my child is sick, am able to take him to the hospital easily without hurdles that the sickness gets stronger with the patient in the house because there is no money. I can easily go to the hospital and take medication promptly" (122)*

SG members use the services because it allows them to make their **money work more effectively**, by saving it in small amounts and using loans for productive activities and investments. Loans are **legitimate and confidential** and members feel that their repayment is possible through a variety of strategies (e.g. refinancing their loans) and that ultimately the group understands their situation. All of these mechanisms, as making money work more effectively, the legitimacy and privacy of loans, the sense of belonging and upliftment, the desire not to ask from neighbours and husbands, lead members to **work harder** when they are in a SG, compared to before joining a SG.

Accessing a SG is seen as a new source of income because “you **work hard** to get the savings” (202). This shows that the group is ultimately changing members’ attitudes towards not only savings and loans, but also towards work. While most members recognise SGs as a useful source of quick cash in case of need, the majority of them talk about the group as a new **motivation** to work hard not only to repay the loans but also to save. Having this new financial tool seems mostly to have given members **hope** for their future as this service has certain characteristics to which they can identify themselves with (e.g. group-based) and so ultimately it pushes them to work hard because they know that this work will bring fruits. Such a mechanism is not therefore obviously likely to arise as the result of an alternative approach to delivering the financial service. Their discourse is of receiving assistance from the group which allows them the possibility of taking up new activities.

*“Another benefit is that I have to work because there is something needed every week, so I have to work so that is something that has helped me” (203)*

*“It does not give you room to sleep and if you also sleep you will remain poor so it makes you active” (220)*

*“So when I started doing this work, I decided that I do not want my children to be the same way I was, I want them to study and go far and that is why am struggling with these groups” (220)*

*“It will be very difficult to stay without a group since I am used to one. I would rather get a merry go round immediately.” (210)*

*“The group made me stable and without the group I couldn’t have managed to pay the fees because if you take money from the kiosk in one instance then it keeps going on an all-time low. The group has helped my child to go to school again because I take all my needs and requests to the group and the good thing is that there is truthfulness in the group and that is why I really like it” (102)*

## 8.2 FINANCIAL EMPOWERMENT (IMPROVED FINANCIAL SKILLS AND ABILITY TO USE NEW SERVICES)

**Financial security** and **independence** seem to be a very important impact for those women who are mainly relying on their husband’s salaries and have little control over household money and expenses (“housewives”). For instance, a few members said that before joining SGs, they used to always depend on the husband for everything while now they can also provide for household needs through the group. Some of these women had no source of income before joining the SG and it was their membership that motivated them to start new businesses and **work hard**. In some cases, where the husband was not supportive, now women have been able to take more initiatives in order to plan for their children’s future.

*“I used to depend on my husband for everything. He used to go to work and come back then tell him to buy this and buy that, it was bad.” (219)*

*“I had no source of income but now I have something that I have to look for money and take there every Sunday” (202)*

*“When I tell him I want a cow he just keeps quiet . . . I am securing my children’s lives” (212)*

Financial security can come because members now have a source of “instant money” (203) that is different from money that one can make, for instance, from business. Indeed, in the group, **money is always available**, even when the husband does not have. However, for this specific group of members, the group represents not only a way for them to become less dependent from the husband but also a way in which they can become more involved into **financial decision-making** for the household. These members are now planning with their husbands more often and can also contribute financially to such decisions through the loans and share out money from their SG.

*“We buy land and build a house and when we are in our own house we plan more. And you see our kids are growing we must plan for their good secondary education. We want to invest so that when our kids are in secondary we will have less problems in school fees payments . . . I have seen it is good to plan slowly you can achieve a lot instead of sitting idle” (212)*

For another member, a widow, increased financial independence means that she is now less dependent on asking for money from other people, making her feel that she can now manage on her own and does not need to struggle asking from neighbours and friends. This ultimately makes her feel happier and safer that her problems are confidential.

*“Before joining the only option was to ask for money from someone who would be reluctant to give since they were not sure of how you would repay. Now when I need cash I just go to the group . . . I can stand by myself and do something without going to ask for cash from someone. I feel very happy. I don’t have to write a statement to anyone.” (108)*

Across respondents from categories 2 to 4, members feel that their SG membership has also taught them how to plan using the money better to improve their life. They also feel that they have **learnt how to save and make money work for themselves**. Indeed, SG members who have previously and still are in MGRs perceive the two types of groups in different ways. MGRs are more dedicated to small household items and are not perceived as savings

instruments. Making money work for these members means that now they have a safe and trusted place where they can save their little money rather than consuming it. Moreover, saving in the group is rewarded with the end-of-year share out which will bring “out everything that I have done throughout the year” (203) and that it is the one they can mostly “enjoy”.

*“I told you that the way I took my first share out I do not know what I did with it. So I now planned and said when I get this money again what will I do to help myself? So I built the chicken house the third time I bought chicken so you see now I have chicken I have built a house so nowadays I plan.” (217)*

*“I have learnt how to save money. . . I have learnt how to take care of the group. . . I have learnt to take care of my family first. . . in 2008 I was in a merry-go-round but I was not saving” (211)*

*“SILC has helped me to save money because at times you have money and nothing to do with it. So I am happy when I save because when it is time to share out I know I have something” (212)*

*“The share out is the most sweet. . . Because it depends with how I save and borrow, so when the interest comes out, it is good so it motivates me to save and borrow” (220)*

SGs are a learning experience across all categories and also those members who are struggling said that being part of a SG taught them how to borrow and repay loans, often overcoming fear of borrowing and also learning to use new services like a bank account.

*“Before we did not know anything to do with borrowing money and now we have known that if you have to do something you can borrow money and you use it and you repay it” (213)*

*“I see very big changes because it has educated me that I can do it. It has also educated me on matters to do with loans and savings with opening accounts which if I would have known them earlier then I think I would be very far. If I also do not have someone to help me then I know where I can borrow and get help from the groups and do my work, educate my children and have no fear of borrowing. It has really educated me” (220)*

Another mechanism that was discussed in the section on O2 was about money being always available and members developing alternative sources of credit. Indeed, members become more creditworthy, not only within their group as they develop individual relationships with other members, but also outside of their groups as they seek for support when emergencies happen and SG meetings are still far away. This increased easiness to borrow and being trusted is very important for all categories of members .

### 8.3 SOCIAL IMPACT (EXPANDED SOCIAL NETWORKS AND RELATIONSHIPS)

Being part of SGs has been an opportunity for all members to socialise and meet new people. SGs represent a social space where people can share ideas. In addition, now women can contribute some of their money from share out to church and to support relatives, thus maintaining their social relationships and belonging to social networks.

*“Yeah it has also made me know so many people because when I go there, there are some new faces that I find there and it makes me learn much from others. I said socialize, so it makes me learn more about others characters” (111)*

*“I live well with my friends and neighbours. Even the people with whom we belong to the same group we are always happy together. The group helps us share thoughts” (115)*

In addition, members talk about improved relationships in their groups, in their communities and in church. Groups are seen as a way for people from the same community to support each other and **develop together**. This is why one group decided to decrease their weekly savings amount in order to close the gap between those members who could save KSh 1000 every week and those who could only save up to KSh 200 every week. The social aspect of being together can become more relevant than only the financial side. Based on the new social bonds, which are improved through the savings groups, members are now more comfortable in sharing their problems with the other members and also more supportive to each other in case of emergencies such as funerals. Interestingly, as shown in the categorisation of members, the quotes below are all from male members who are very much involved in their community and perceive the SG as a tool for **community development**. For instance, in one area 12 SILC groups have now come together as a MGR. Each month one group is given KSh 12000 by the other groups and this money is then used within groups in different ways. It should be noted, however, that three of these male members are all from the same group and are part of a group which is very close to church, thus their values may be influenced by such closeness.

*“Being in groups, you cannot get KES 6,000 on your own but when you have groups everyone is donating small amounts and you get the big amount and someone can get the big amount that you need. That is the goodness of being in a group” (107)*

*"For now, it would not be good on my part to save more while the rest are saving 200. The SILC group is for supporting each other and not a show off how much money one has. Others should feel like they belong too" (205)*

*"You know those times I could not tell you what I have at home, what is affecting me but now you can know" (214)*

*"It has improved togetherness of the community as the group does things together. We can do things together with my wife. I can also teach people in the group now" (205)*

*"You know we have like 5 groups that consist of averagely 20 members who meet in the church and you know that is almost an entire village. Now we talk and sit together and the relationship has gotten better" (216)*

*"This project started to help the community, and the only way to help the community is to bring them close to you. The way to bring them together is to give them money" (215)*

#### 8.4 INCREASED FAMILY WELLBEING

One of the mechanisms which leads members to stay in SGs and take loans is that this process makes them work hard. This change in the way members approach work has led to a serious shift in how members are perceived in their community. They are seen as more **hard-working** and more focused and this often makes other people in the village perceive them as wealthier. Generally, this is true across categories of members and consequently **women's status** has significantly changed because they are now seen as **busy women** (see also Elliott, 2014). Women are now not only perceived as hard working but also more focused on developing their houses and families.

*"They say I have changed . . . you know before I joined the group, I was not farming the field" (209)*

*"They normally see me moving from one place to another therefore they think that I always have money" (220)*

*"I felt strong enough because am not idle, an idle person gets cowardice that if they take loans they may not be able to pay back because they have nowhere to get it from. Like me am not idle, I try left and right to get myself something" (105)*

*"They view me very differently . . . When we talk as ladies, someone can just comment that my life has changed because being in a group without which I would just be like them. I have heard such comments that tell me that indeed the group has raised my status" (102)*

Women are also experiencing a higher level of wellbeing because through their hard work and participation in SGs, they now do not have to go ask for help from others or beg around. Indeed, they feel "great" because now they access money in a safe and legitimate space, where taking loans is not attached to any negative stigma. Also, some women mentioned that they now do not need to work in other people's farms. They have improved their houses, they can now "eat comfortably" and the children do not roam around looking for food. Indeed, this new financial security, which is a result of the mechanisms previously explained, gives them a new sense of wellbeing and achievement which is also reflected in the ways in which they are now better able to provide for their children, paying for school fees and food. Having an easy, secure and quick access to money relieves women from stress. This impact on women's status and their family wellbeing cut across all categories of SG members.

*"I feel great . . . for example when I ask money from the group, it's not like that one from someone else since when you ask from someone, he or she will be coming to you every day asking for his money." (209)*

*"Because my kids are in school, we eat well and we do not have any stress" (211)*

*"You know if you do not have money in the house, it is stressful!" (121)*

*"You can imagine if your child was to wait for a month after you apply for a loan then they will not be able to go back to school on time. I have seen this group really helping the women with children in secondary schools. You just work hard to repay the loan and it has really reduced stress on the parents" (212)*

*"The changes are many because when we joined SILC, we built the house, the child went to school and was not chased then we were able to buy those clothes and these chairs" (204)*

*"At times he [the husband] does not have money. When he does not have, I go and borrow from Cosalo . . . nowadays, I do not go to people's farms, I have my own maize and I see that I am now at a good place." (121)*

*"You will prove that someone's livelihood has improved when they could struggle so much in life till they could beg then they stop begging and get some small source of money to spend in their own way. Even the children stop roaming around begging for food" (105)*

*"You know since I joined the group; I do not go to borrow money from people so they say that I am where I am because of the group" (110)*

*"They never thought that my child would go to school being the father had passed away and we had nothing left. I know they talk now that she is going to school!" (108)*



The savings group is an opportunity for its members to learn how to deal with money and develop financial skills in a safe, supportive and informal environment.

In addition, female members seem to be experiencing more changes within their household relationships. While male members used to collaborate in household decision-making even prior to joining a savings group, some female members have experienced more **respect** from their husband and higher degree of **joint decision-making** in relation to household expenses. For instance, women's ability to access more money and take care of more household needs has improved their relationships with their husbands, compared to before when they had to rely on him for all the expenses of the house. Now, on the other hand, women are supporting their husbands when in need.

It is not just within the household that women see changes in their social relationships. One member has now gained a lot more respect from her in-laws, because she is working hard for the improvement of her family.

*"Let me start with my parents in-law, they used to look down on me. They used to tell me that I got married to their son when he was still very young, they used to look down on me but now they call me every morning asking me how I am doing and if I am alright. They thought that we would lose direction when we left their home. But things changed and we are working hard." (212)*

## Chapter 9

## CONCLUSION



Loans and share-outs are often used to pay school fees or other school-related expenses such as books and uniforms.

This research aimed to look at the impact of SGs on their members and members' households using a RE approach. This was intended to highlight not only the changes in members' lives but also the deeper mechanisms leading members to use the SG services in a particular way. According to RE, an intervention does not automatically create impact just by providing a certain set of inputs, but because of the ways in which the intervention target population reason about such inputs. In a RE language, these are called mechanisms and are triggered by the interplay of the intervention inputs with the specific context features in which such intervention takes place. The study therefore wanted to explore in what ways (mechanisms) and under what circumstances (context) SGs work or do not work for people in rural Kenya.

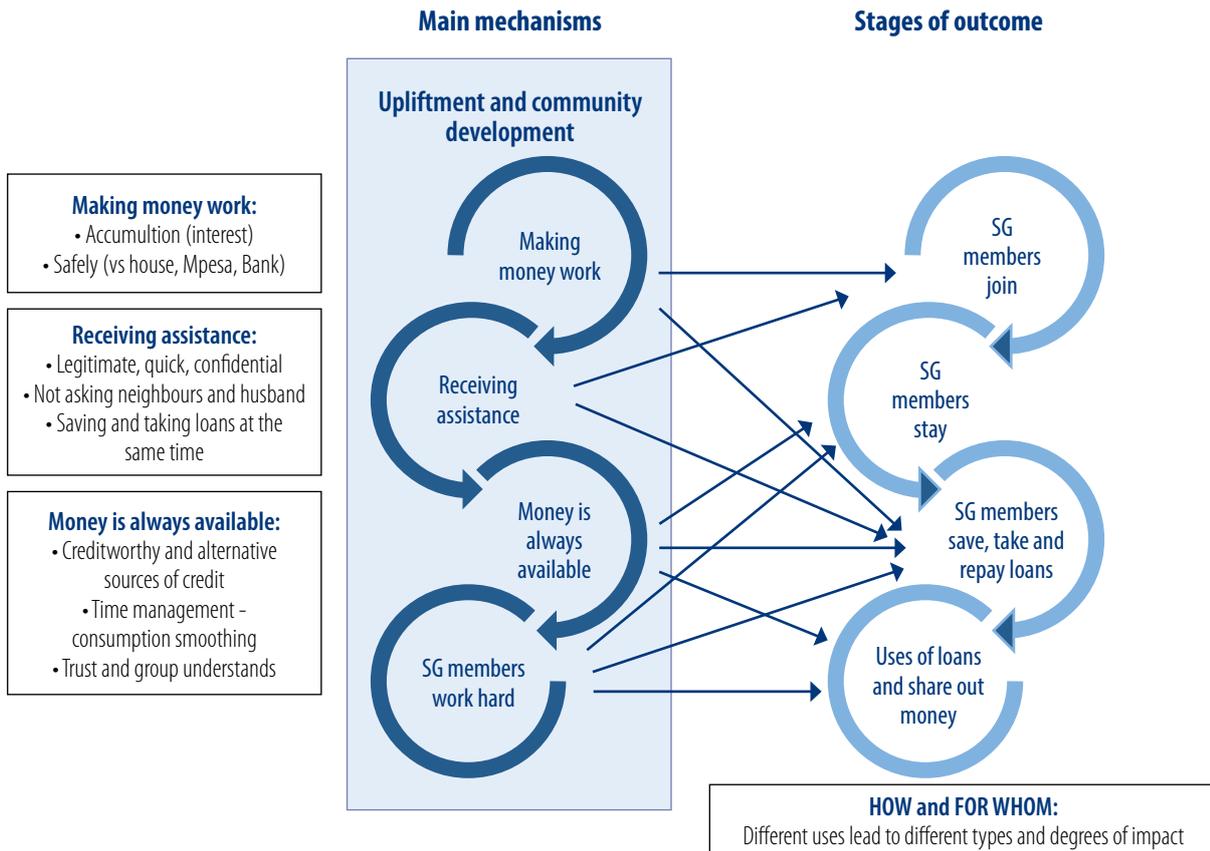
The evaluation started with a literature review which explored a range of impact studies on SG programmes worldwide. This review allowed the identification of a chain of outcome stages which ultimately lead to impact. Theories of change for SG programmes normally predict that a certain impact will happen once the intervention is delivered and people have created groups. In this study, such TOC has been broken down into several stages so that joining and staying in SG, for instance, are considered outcomes, as well as using the SG services. It is here understood that certain sets of mechanisms will trigger each outcome stage, while the final impact happens independently from members' reasoning and it could be triggered by a combination of contextual factors and other people's behaviour.

This research has therefore explored the mechanisms and context specificities for each outcome stage that was identified from the literature review. By looking simultaneously at the mechanisms and contextual factors which have triggered them, this study has pointed out the ways in which SGs services are used and work and why this is the case in a specific context, which is rural Kenya (although some context differences between Rachuonyo sub-county and Nandi and Uasin Gishu counties were highlighted in sections 4.3 and 5.1). Most evidently, the exploration of mechanisms along the chain of outcomes has pointed out how social norms and dynamics are inextricably connected to the ways in which SGs are operating. This is showing a picture where social and financial processes overlap and interplay and allow a deeper understanding of the SG dynamics in relation to the specific contextual factors of rural Kenya (and can help predict what would happen if SGs were replicated in a very similar context).

The main outcome stages identified are those of joining and staying in SGs, using the SG services (i.e. saving, taking and repaying loans) and the ways in which loans and share out money are used. Along this chain, several mechanisms were identified for all outcomes and often the same mechanism would be triggering outcomes at different stages. For instance, the fact that people feel a sense of ownership towards their groups is one of the reason why they join, but also one reason of why they stay and take and repay loans. All the mechanisms identified can be summarised into five main mechanisms .

- 1) SGs allow their members to **make money work for them**. In the rural areas of Kenya covered by the research, there is a variety of formal and informal financial services. Among these, the most accessible places where people can deposit their money are MGRs for women, Mpesa and saving in the house. The latter is normally considered very difficult because people are tempted to spend their money and find it hard to leave it in the house until it accumulates up to a significant amount. Money deposited in Mpesa is at times considered extremely liquid and MGRs are not considered as savings tools because money does not accumulate and the contribution rotates among members. Within this context, SG members find that SGs are a way for them to use their money in a productive way. Indeed, they are able to save in their SGs frequently and in small amounts and this savings accumulates and earns an interest over time. On the contrary, money that is not used would be considered as idle money. This mechanism not only pushes people to become members of SGs but also triggers the other important mechanisms of working hard and it is in line with the social norm of community development.
- 2) SG members also join and stay in their groups because they can get **assistance** from them. This assistance often takes the form of loans, but could also be moral support during emergencies. The ability of members to access loans while also saving is key, as well as the characteristics of this process. Loans are considered quick, legitimate and confidential. This makes borrowing to be positively viewed as a sign of development and women being “focused” rather than being stigmatised and associated with “begging around” as in cases where people have to ask for help from others (often neighbours). This is the case even when the same neighbours are part of the group, meaning that the difficulty to ask neighbours individually comes from the dynamics of such one-on-one relationship rather than from the neighbours themselves. Within a group, the risk of borrowing is shared and because money is put together by everyone, certain mechanisms, such as that of repayment, become more flexible compared to a one-on-one relationship. Similarly to the previous mechanisms of making money work, when members know that they can get assistance from their group, they tend to work harder. Also, assisting each other within the group is also in line with the social norm of community development and uplifting each other.
- 3) Another important mechanism which lead members to stay and use the SG services is the perception that **money is always available**. This refers to both the flexibility of loan repayment and the creation of alternative sources of credit. Repayments can be rescheduled, also members can ask for assistance from other members and from external individuals in order to present the money for their repayment on the meeting day. The possibility of taking another loan on the same meeting day makes this process look more like members are re-financing their loans rather than repaying them. Indeed, by taking another loan on the same day, they can then refund the external loan which they have used to repay their SG loan. This process makes SG members to be more creditworthy as their SG symbolises that they will be able to repay external loans at a specific time. Ultimately, the flexibility of the loan repayment is identified by SG members as if the group understands them and their problems. This is often compared to more formal financial service where SG members do not feel there would be such space for negotiation and flexibility. The fact that the group understands connects to the view that groups are developing together and members are uplifting each other by saving, loaning and understanding each other.
- 4) People in rural Kenya identify development through groups as groups have been historically used to promote development in rural areas (see DSA 2015 work from Susan). SGs promote **community upliftment** and **a sense of ownership** in several ways. By saving together SG members are contributing to each others’ development. Indeed, because loans can be of a bigger amount compared to the savings, everyone is developing through other people’s money. At the same time, the fact that the interest on loans remains within the group gives SGs a sense of ownership over their money and again of contributing to everyone’s development. Indeed, by paying interest on loans, every member is contributing to the end of year profit which will be shared among members. This possibility is normally rare in other financial services. Moreover, the group does not only uplift its members financially but also socially. Belonging to a group improves women’s status, they can access advice and moral support from the other members.
- 5) Ultimately, these mechanisms are all leading to SG members **working hard** to save, take and repay loans in their groups. SGs make their members busy while at the same time allowing them to develop together with the other members. Clearly all of these mechanisms work simultaneously and trigger each other cyclically, they reiterate (see Figure 6). For instance, as members experience some economic improvement, more independence from their neighbours and husbands and an improvement in their household relationships, they also become more motivated to work harder, increase their contributions to the groups and take and repay bigger loans. Indeed, because of all the mechanisms explained above SGs are a source of motivation for their members who hope to improve their lives.

Figure 6 Chain of main mechanisms and stages of outcome



Next to these five rather positive mechanisms, which are representing people’s reasoning, the study also identified a more controversial role that social dynamics and groups have in people’s decision making. This shows how people’s reasoning is not only influenced by the possibility of improving their life but also by the fear of more negative changes such as social exclusion and the loss of one’s own reputation. Social relationships are key for people to take decisions and in some cases it is pressure from their peers and groups which leads people to join groups or forces members to take loans. These further mechanisms show some of the limitations and issues of the SG model and are in line with previous findings (Malkamaki, 2015).

This research also showed that similar mechanisms can trigger the same outcomes (e.g. joining, staying, using SG services and the variety of uses) for a variety of SG members. Therefore, mechanisms, the ways in which people reason about SGs, can work across a range of SG members. The research also pointed out that there are five main areas in which SG members use their loans and share out money. These are: investment into assets, school fees and other education-related expenses, business improvement, small household items and food and

for emergencies. These uses also cut across a variety of SG members. However, what the analysis has shown is that SG members can be categorised based on the extent to which they use SG services for one or some of the previous areas (e.g. some SG members use the services more often to cope with emergencies, while others are more focused on investment and accumulation). These categories of members present some commonalities in terms of age group, gender, household composition and location which lead them to use the SG services in different ways. These different uses (outcome 4) ultimately lead to differences in the extent of impact that SGs can create for them.

In particular, the research shows that the ways in which SG members benefit from economic impact is different. While, the categories of “housewives” and “developers” have been able to acquire assets (e.g. livestock) and improve their businesses (e.g. improved liquidity), the group of “survivors” uses the SG services predominantly to cope with emergencies and unexpected expenses. “Housewives” can rely on their husband’s salary since their husband is normally the main provider and responsible for major expenses. Therefore, SG money becomes for them a way to contribute to the husband’s investment and have a

bit of money for themselves. The “developers” are the majority of respondents. They are both men and women between 45 and 55 years old and their main characteristic is that their businesses are more stable than those belonging to the “survivors” and “housewives”. Therefore, the SG services work for them as well because they can save their business profits, use loans to boost their businesses and use relatively larger share out amounts for investment. On the other hand, the “survivors” are mainly widows and with very unstable (or variable) incomes and small businesses (e.g. selling tomatoes) which do not allow them to make significant profits to save in the group. Their loans and share out are very small to make a big difference. However, being in the group helps them access money in times of emergencies.

Another important aspect of impact is that SG members now feel more independent from their husbands and neighbours. Again, it is important to differentiate between categories as the analysis showed that it is mainly the “housewives” category that benefits from increased independence from their husbands. For them, being a part of an SG is an opportunity to have some control over money and household expenses, as well as contributing to the household in a more active way. At the same time, they are also now more involved in household decision-making, since they can be an important source of capital for investment (e.g. loans and share out from the SG which can be used to top up the husband’s money). On the other hand, when women are on their own, they feel that being part of the SG has made them less reliant on their neighbours. This is particularly true for widows in the “developers” category.

It seems therefore that age and household composition can make a big difference in the way in which female SG members benefit from their group. However, it is important to note that the motivation and mechanism of working hard cuts across categories of women. They might have different purposes (e.g. becoming more independent from neighbours or from their husband) but they are all similarly labelled as “busy women” and their status in the community and in their household changes because of their hard work. This may take the form of more respect from the husband, increased joint-decision making in the household, but also more respect from the in-laws or the opportunity to stop working on other people’s farms.

Being part of SGs does not seem to have the same impact on men. While some men are able to benefit financially from the SG by regularly investing loans and share out money into their business and assets, this does not seem to have generally changed their status in the community with reference to their work. Indeed, most male SG members are quite financially stable, either because they are retired from formal employment or because they have stable farming activities. Being part of SGs therefore does not change their attitude towards work in the same way as it does with women who are now more

able to grab many new opportunities. At the same time, it was clear from the different categories of members that men may often be part of groups because of some bigger social mission to develop their communities by giving people tools for their self-development. These men seem to be embracing one of the main mechanisms that was previously discussed, that of upliftment and community development and their role in SGs was reflecting that drive. Also, they are always very respected figures in their communities and often cover leadership positions not only in their SGs but also in church.

Being part of an SG becomes a learning process for many members and this is illustrated by how people engage with their groups over time. Members across all categories are experimenting not only the new SG services but also alternative strategies and credit sources. They have learnt how to save and make the money work for themselves, they have learnt how to borrow and they have ultimately become more creditworthy within the overall community. These mechanisms and financial impacts are therefore working for all members of SGs, notwithstanding their age, location, gender and household composition.

Lastly, the analysis identified a group of young investors and accumulators, most of whom live in very fertile and growing areas. These are normally very entrepreneurial women with supportive husbands and good networks; or they are men with very profitable businesses, and they are all between 24 and 38 years old. Although they use SG loans and share out money for the same reasons as the other members, they differentiate from the rest because of the fact that they use very little of the money for small household items and emergencies. This may show that their sources of income are enough and well established to allow them to cover such expenses without having to go to their groups. Meanwhile, they save a considerable amount of money in their SGs and use both loans and share out money for investment into assets and productive activities. The majority of the members in this category is also able to send their children to private school, some of them thanks to the SG, have an increased availability of private schools in the area, and use a variety of financial services, alongside their SGs.

To conclude, this research has been able to highlight the importance of looking at an intervention through the ways in which the target population reason about it while simultaneously putting these mechanisms within a broader social and economic context. This has brought to surface the relevance of social norms in influencing people’s use of SGs. Moreover, it has pointed out that while for all SG members who have stayed their SG is providing some benefits, these can highly vary based on the specific context in which the intervention has taken place and other broader contextual and personal characteristics, such as age, gender and household composition.

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## Annex A

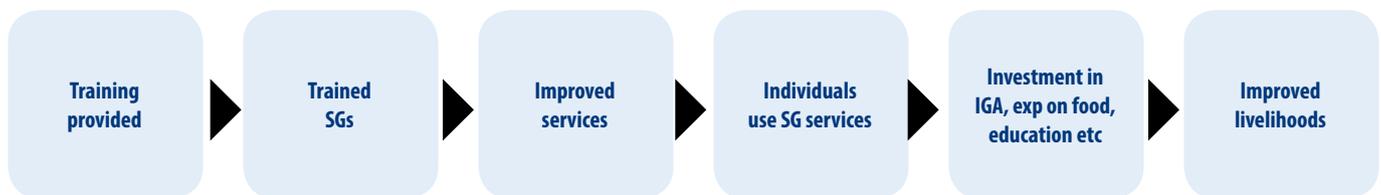
# REALIST EVALUATION AND THEORIES

### RE and programme theories

RE is able to draw on two areas of theory - programme theory and substantive theory – to propose context, mechanisms and outcomes (CMOs) which can form the basis of enquiry (Westhorp et al., 2011). Similar to other theory-based approaches, RE also works with programme theories, but the key difference between them is that other programme theories tend to view the programme intervention itself as the active ingredient that causes change;

whereas the RE programme theories view the programme intervention as offering resources or opportunities and it is the reasoning of people in response to these opportunities that causes the outcomes to arise (Westhorp et al., 2011). This means that RE requires programme theories to consist of CMO configurations. This means that the general ToC for SGs can be developed into a realist programme theory by considering the different linkages along the programmed ToC which each involve a context, mechanism and outcome.

**Figure 1 Generic Programme logic of Saving Groups**



The programme theory for SGs has the logic shown in Figure 1. It is assumed that once SGs are formed and members are trained, then they function according to the accepted methodology and they provide financial services to their members. Then, members are able to use these services successfully so increasing their saving and access to credit which they can use for investment purposes or to smooth their consumption. Investments improve the livelihoods of SG members by generating income and so giving them better access to food, schooling for their children, building assets such as livestock, improved housing and so on. At the same time this access to credit and the welfare component of the group can reduce their vulnerabilities to shocks by enabling them to access funds when emergencies arise. Programmes also frequently assume that operating collectively in a group will promote their empowerment and inclusion in other activities as well as sense of inclusion in the village or community. Annex A presents more detailed programme logic for every stage of outcomes throughout the entire project cycle.

### RE and substantive theory

Realist review and synthesis draws on disciplinary theory as well as evidence in order to develop the programme theory of the intervention. In the context of SGs we can consider two main areas where theory is well developed for the role of credit and savings.

First, the role of credit in economic theories of development is that existing credit markets are inefficient and may be uncompetitive. In particular they do not make available capital to investors with projects that can yield positive returns while repaying credit with interest. As a pathway to development this therefore recognises that credit availability is constrained preventing poor people from utilising their under-utilised labour or other assets to achieve the highest return.

A realist perspective requires then that we consider what the contexts and mechanisms are that lead to the use of credit that is made available in order that projects are indeed profitable and lead to raised incomes. Of course, such analysis is undertaken in the partial equilibrium framework of neo-classical models, hence credit is assumed to be the binding constraint and a broad “*ceteris paribus*” rule applies hence we can propose the following:

- (i) The context assumed is that micro-entrepreneurs investing:
  - a. have opportunities for profitable investments (taking into account the cost of capital) which more broadly may require that the macro-economy is growing to make such opportunities available, that markets are not over-saturated
  - b. have access to the resources required such as labour and land to undertake the enterprise successfully
  - c. can access appropriate markets for their products and services, especially physical markets
  - d. have access to the skills, knowledge and experience to achieve a successful investment
  - e. are within a wider environment for investment that is sufficiently safe and secure e.g. there is adequate physical security for potential assets and investment does not raise the risk of business. This is broadly termed the enabling environment which tends to focus on the rule of law and ability to use the courts to enforce contracts. However for micro-entrepreneurs, for example, in an urban slum in which security is provided by mafia like gangs investment may disproportionately raise their profile leading to additional “taxes” and extortion for security services.

- f. does not experience other shocks or problems which result in the diversion of the credit from its anticipated use
- (ii) In this context the types of mechanisms that respond to the above mixture of contexts can be seen as the reasoning that need to be triggered to achieve a successful outcome such as:
- a. the opportunity to improve their income and household welfare by investing
  - b. being prepared to face the risk of failure and potential indebtedness if they fail
  - c. feeling confident to manage the enterprise effectively and make a profit

This approach to presenting it in terms of context and mechanisms immediately helps to expose the range of issues that face users of credit and are necessary for the theorised pathway to be successful. While the above are presented as a list rather than as configurations, it might in fact be the case that all the aspects of context and all the mechanisms need to be in place for the outcome of investing in the micro-enterprise to occur.

A further use of credit is for consumption smoothing, in this case users borrow because income is uneven and they can smooth consumption over time by borrowing when income is low and paying back out of future higher income. In this case:

- (i) **context:** borrowers expect to receive higher income in the future through which they can pay back and still have sufficient funds for consumption after paying interest. Various conditions around the nature of that knowledge or expectation could be proposed such as sufficient certainty that they will both receive the income and know the amount they will receive.
- (ii) The mechanism that is activated in this case is the confidence to borrow on the basis of future income.

Additionally, reasoning around the use of an SG may involve issues related to its particular characteristics as a source of credit relative to other available sources:

- availability / ease of access – it is available when it is needed
- price
- low transactions costs – in particular no form filling or transport costs
- confidentiality and lack of shame in asking for funds compared to asking friends or relatives

In this case use of the credit source would have contexts which involve the

availability, transactions costs, terms and conditions of other credit sources relative to that of an SG. Mechanisms would involve reasoning about the difference in price, access, experience of shame and so on that were involved.

Second, we can posit the pathway anticipated by making savings services available. First, savings is an alternative way to building up capital as an alternative to taking credit so can alleviate credit constraints as above and many of the same contexts and mechanisms therefore apply. Alternatively, the existing array of savings arrangements is inadequate due, for example, to co-variant risk between incomes and assets, or physical insecurity of where to keep funds, and the difficulty of keeping funds sufficiently at a distance to evade one's own preferences for consumption, the demands of relatives or others in mutual risk-sharing arrangements (Aghion & Morduch., 2005).

Since savings in SGs are not directly accessible during the cycle they smooth consumption by giving access to credit rather than being withdrawable. The shareout received at the end of the cycle can be an alternative means to address credit constraints.

We can propose that using the SG as a savings device therefore involves the following contexts and mechanisms:

- (i) contexts:
  - a. lack of access to physically safe places to store money / high risk of loss
  - b. inability to save regularly due to own preferences for consumption
  - c. funds intended for saving are demanded / requested by spouses, relatives or friends and difficult to decline
- (ii) mechanisms:
  - confidence and trust that the savings are safe in the group and will not be lost
  - easy because it is being done with others which gives an incentive to be involved and creates peer pressure
  - makes people work harder because they are eager to make their saving and fulfil their obligation to attend and be a part of the group
  - feel encouraged that the SG will provide an overall support base to plans for development and “upliftment” of oneself and one's family

Again various configuration of the contexts may be found and relate to specific or a combination of mechanisms. This approach already helps us to recognise the mechanisms that might not be triggered because contexts are not in place such as savings may not be made when there are problems in

the group and trust is lost. The last two mechanisms illustrate how underlying social norms around collaboration for development and “upliftment” (Johnson & Krijtenburg, 2014) may be triggered by making an SG available. The way

these mechanisms are triggered as a result of underlying social norms are the heart of the understanding of generative causation that is central to realist evaluation.

## Annex B

## QUALITATIVE INTERVIEW GUIDE

## Purpose:

- to establish key events in members' lives and how they have managed them financially over the last 1-2 years; to understand whether some events had a financial shock effect on the family and how they were solved; to explore whether SGs played any role in managing these events and contributing to them
- to get an understanding of SG members' reasons for and experiences of participating in an SG, including in the context of their use of other financial services
- to find out the extent to which changes in their lives are attributed to SG participation
- to understand the context of the person, SG, HH and community (including path dependency, history, cultural nuances, rules, etc.)

## Interview questions

## 1. Background to the HH/family; livelihoods, age

- Ask about them, what they do and their family, starting from who they live with
- Ask about their livelihoods and assets – what activities they do to support the family (answers may involve income generating activities, employment, animals, land, etc)

## 2. Please tell us about the main events that have happened in your family over the last 1-2 years? Follow up question could be: Could you please tell us some of the main expenses you've had in the last 1-2 years? [In case this has not already come out]

- Weddings, births (which also take quite a lot of money), any other special events (e.g. visitors, circumcision) etc. and how funds were mobilised for these, how coped;
- Education and how the kids are proceeding. Explore major expenses and how they financed them – in January it is time to pay term 1 school fees which are the highest;
- Livelihood changes – what changes have happened in the last two years;
- Assets – acquired/disposed;
- Enquire into health – has anyone been particularly sick or in need of funds for treatment.
  - o Ask about whether treatment was needed and not received;

- Food security – check whether there has been any times where there has not been enough food and what was done (this may not be relevant in the areas where we are going);
- Ask about any other shocks or pressures e.g. weather calamities;
- Any help needed by other members of the family or community.

**Explore how these events have been financed.** *Make a note if the respondent mentions SG as a source of income. Later on we can ask to compare these financing sources – depending on source and type of expense.*

- How they financed the events, which sources they used, what savings they had if any. If no saving, where they get their money from
- If savings drawn down, then also ask about how they were saved up in the first place. What was the purpose of those savings? Where were they kept? Why were they kept in that place?
- If loans then: how gained access? Why borrow from there? What are the terms and conditions? How have they got on repaying etc? How loans from other services combined with SGs money, if any?
- Share outs?
- Was this/Were these the only sources of financing? If not why not?
- [What was the alternative that they had if they could not have got this?]

## 3. What financial services are you currently using?

Prompt for banks, SACCO, MFI, groups, chamas (groups), merry-go-rounds (ROSCA), borrowing/assistance from friends, borrowing from shopkeepers, saving at home / box etc.

- Probes:
  - o When did you first start using that service/ putting your money in that place?
  - o Please tell us about what led you/ attracted you to open the account/join the group/approach the organisation/ approach that person in the first place?
  - o How were you introduced to it? Who introduced you to it or advised you? How did they help you to open the account/join the group/ approach the organisation?
  - o Additional questions – may not need them now but useful to check this compared to SG services later on – e.g. they might have stopped using a service because of SG so why? How have things changed before/after? :
  - o Have you stopped using them? if yes why?

- o Are you still continuing to use them? if yes why?

Probe if the respondent would mention SGs. If respondent mention SG then go on saying that we would like to ask a few more questions about his/her SG membership and the group. Otherwise ask whether they are part of an SG – we may need to ask a few questions on how these groups are operating to understand whether it is an SG – a respondent may mention being part of groups but may not call these groups SGs. And they may be in multiple ASCAs but only one/some is/are the SG created by CARE/CRS. We can ask the different names of the groups and how they operate so that then we continue asking questions only in relation to the SG group we are interested in.

#### 4. Please tell me about your SG?

##### With regard to SG in general

- Who are the members of the SG, how many are there? how long has SG been functioning? How did you come along in the first place? Check whether the group was already functioning before SG
- Why did you join this SG? Who introduced you to the idea? How did you decide to join and why?
- How has your role in the SG changed over time? Why has it changed? What is your role in the group at the moment?
- How has your membership changed since you joined your first group? and why? [Here I'm thinking in terms of joining and leaving multiple groups] Who are the main 'officers' i.e. a leader, agent, secretary etc. how long have they been in that position?
- What has been the most important aspect of being a member of this group for you?
- How has your participation in the SG changed your relationships and position within your family and community? How has these changes impact on your life?
- How have you dealt with situations within your group that were difficult for you? Can you tell us challenging experiences which you faced with your group? Why were those situations difficult for you? What were your worries at the time?

##### With regard to SG functioning

- Please describe how does your SG works? What has your SG achieved?
- What other activities is the SG involved in/carrying out? Does your SG get involved in activities with other SGs?
- Have there been times when there have been disagreements or difficulties in it? If so what were these about? How have they been

resolved? Probe into changes from these questions. Situations when rules have been changed to deal with disagreements or better meet the members' needs.

**With regard to their use/experience of SG (savings and credits, share outs; other services, other aspects – social fund).** Here we want to: a) Identify outcomes, b) Identify mechanisms – (c) Identify context at SG and household/individual level

- Share out:
  - When did you last received your share out? How did that happen (e.g. check for dealys and loss of money)?
  - What were you able to achieve with the money from the last share out? Or How did you use the money from your last share out?
  - How did you decide how to use the money from the share out?
  - Once you received the money, how did that change from the way you had planned to use your money? Or how different was the plan you had from what you used your money for?
  - What were the specific circumstances that allowed you to use the money in the way you did?
  - What other funding sources did you consider which could have helped achieve the same result? Why did you opt for share out money rather than the alternative source of money?
  - Repeat for previous share out – I would be interested now to know when you received the previous share and how that happened. Continue with other questions.
- Loans:
  - How many times have you borrowed in the last cycle? If not too many times, also check for previous cycle.
  - Could you please tell us the reasons for you borrowing? Why did you borrow at each specific time? [Ask this for each loan – e.g. why did you borrow in May?]
  - How did you decide when to take this loan for this specific purpose? What allowed you to use the money for your specific purpose rather than something else? Was the way you used your money the reason why you decided to take the loan?
  - Before borrowing, what other sources of money did you consider using? Why did you decide to use the loan from the SG? [Loans from SGs may only be part of the sources used, check for this] How are SG loans different from other types of loans?
- Social fund:
  - I would like to know whether your SG has a social fund, if yes how does

it work? [This may have already been answered earlier]

- Have you ever benefitted from the social fund? If yes, in which ways? How did you decide to apply/ask for support from the social fund?
- How is this support fund different from other support groups such as welfare groups, clan groups?

### 5. What the experience of your use of the service generally?

This question is about overall conclusion and summing up, if time permits. This is to let the respondent to reflect on SG's role in his/her life.

- Thinking back before you joined the SG, what is different now to then? Why? We can ask this question for specific events if relevant, if you compare things before you were in the SG, how would you have paid/ coped etc for that specific event?
- How has this particular group made a difference in your life compared to the other groups that you are part of?
- Overall, what do you think you have learned from your experience with this SG?

- How has this experience affected the way you 1) manage your money, 2) do business, 3) relate with other people in the family and community?

### 6. End of the conversation

Before we close we would just like to have a few details about you: Education; Age; Marital status.

Thank the respondent for the time and conversation. Ask if s/he has any questions to ask or wish to clarify, correct or add anything to what has been said above.

Based on what you heard during the interview and what you understood about the role of SG in the respondent's life, write up a conclusion for every respondents. This conclusion is part of the notes from the interview. Both notes and conclusions should be done by your team (two of you), so that both team members are involved in this. The idea here is to summarise the SG's impact (negative or positive), whether this was directly attributed to SG membership, the type and strength of the mechanisms found and the type of context.

## Annex C

# THE FIELDWORK, THE TEAM, RESPONDENTS AND ETHICS

The team consisted of international and national evaluators (four) all of whom had relevant experience in designing and implementing qualitative research and evaluation. Three out of four evaluators had theoretical and empirical expertise in the area of financial services in general and savings groups in particular. The fourth team member was experienced in rigorous practices of implementing qualitative methods of research and evaluation. In addition, the team had external thematic and methodological support from the expert in University of Bath and a realist evaluation expert from the University of Oxford. Both experts reviewed the main deliverables and guided the team's analytical direction.

The four evaluators worked in pairs (two teams) when one was facilitating the interview the other was helping with interpreting from the local to English language. Both teams travelled together to the same site and interviewed four members of the same SG per day. Having two evaluators could have caused some overbalance of power towards the interviewers which assumed to be mitigated by the fact that interviewees were in their own 'spaces' where they were in charge. In order to ensure quality translation, the two interpreters were chosen specifically for their long term experience in the area as well as in the financial sector. The transcribers were also chosen based on their skills and experiences whose final transcripts were all checked by the field interpreters.

Once respondents were randomly sampled they were contacted to get their consent to participate in the fieldwork. They were given full information about the evaluation and its objectives to allow them to give informed consent. Respondents were able to take a break to either feed their children or talk to someone or step out of the house as needed during the interview. Although the interview followed a prepared list of questions, the flow of questions was led by respondents. They were also regularly reminded that they could skip a particular question if they did not want to answer it for some reason. All interviews but one was recorded upon respondents' consent. All respondents were given two kilograms of sugar at the very end of the interview as a gesture of appreciation.

All the sampled SG members were accessed through their trainers. This was unavoidable due to the fact that SGs are closed groups for whom confidentiality is one of the core philosophical and methodological pillars of their work practice. Although this could have caused some bias and affected the final outcomes, the team had addressed the issue with a range of strategies. The interview design with the specific types and order of questions allowed to cross check the respondents' answers, as discussed in section 2.3.1. The interview's philosophical underpinning around its goal and the role of interviewers and interviewees was also powerful in generating reflections and critical thinking about particular actions and events (see section 2.3.1.) to produce reliable data. The interview arrangements also allowed to generate in-depth data about every group member and his/her family and household which helped to contextualise the main findings and understand contexts and mechanisms.

## Data analysis and CMO refinement (Steps 3 and 4 of RE implementation)

All raw data collected through the interviews were transcribed for further analysis – 39 transcripts in total. Transcriptions were done in English without the local language. Transcripts did not contain a high level of details but did capture pauses and explanations in addition to spoken words which were sufficient for the purposes of the current study.

The major part of data analysis was based on the principles of thematic analysis where themes were identified around Cs, Ms and Os. The additional analysis was conducted to simply gather together the background data on personal and group experiences to support CMO analysis and discussions of the findings. Table 1 outlines the main sections of the interview and corresponding approach to analysis.

**Table 1: Interview themes and analysis**

Table 1		
Interview topics	Focus of investigation	Analysis
About family, personal background	Data used to write up descriptions of the respondent and answer the 'who' questions	Personal data captured in his/her profile background information. Any background data about local community used for the local profile information. No coding needed, though some were used as part of context.
Main events that have happened in their community and family over the last year	CMO	CMO coding analysis
Explore above events for how they have been financed	CMO	CMO coding analysis

Table 1		
Interview topics	Focus of investigation	Analysis
What financial services they are using. Start with general information about services that are available locally; how they are different from one another; what profile of people use specific services, what for	CMO – mainly about mechanisms, reasoning for joining the first services and SGs.	CMO coding analysis.
Respondent's experience of using SG (methodology, processes, etc.).	CMO – reasoning for joining SGs is key The SG process details should be compared across other members of the same SG.	Data on SG methodology and processes compiled for triangulation across 4 members. Some data used as context
Any impact of using SG on respondent and his/her family	CMO – outcomes by levels i.e. individual, family, hh, community	CMO coding analysis
Counterfactual question	Causal link	CMO coding analysis
General effect of SG (reflecting, questioning, planning the future)	CMOs – summing up, reflecting back, last clarifications	CMO coding analysis

CMOs were the main unit of analysis to answer the evaluation questions. The team closely followed the logic of thematic analysis in working with the texts and CMO coding, identifying themes, reducing them and producing analytical findings linked to existing literature.

The following bullets outline the main steps of the CMO analysis undertaken:

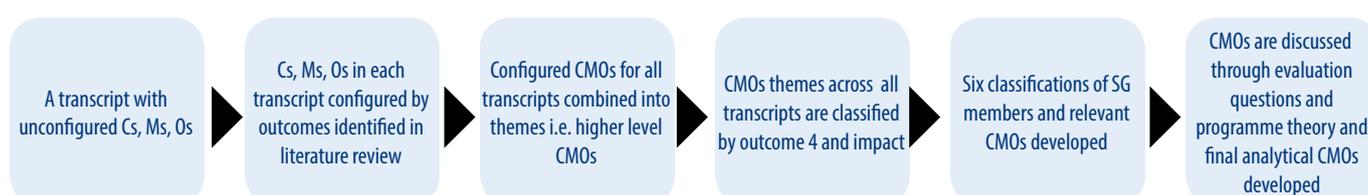
- **Familiarising with transcripts and developing initial unconfigured CMOs for every individual:** Every interview text was analysed to identify Cs, Ms, Os. It involved reading and re-reading the transcript and actively searching for meanings of Cs, Ms and Os.
- **Configuring CMOs for every individual:** Those unconfigured CMOs were then configured around the outcomes that were identified in the realist synthesis review. This level of analysis was done in the Microsoft word using colour coding in order to identify extracts relevant to each C, M, O. As a result each respondent had configured CMOs for outcomes 1,2,3,4 and impact as per the programme theory.
- **Looking for CMO patterns across all individuals and developing initial themes (moving from codes to themes):** Once Cs, Ms and Os were configured for each respondent, they were entered to the Microsoft excel document to allow filtering each configuration by respondent. This help the team to search for common patterns of Cs, Ms, Os in configurations across all SG members. Similar patterns of Cs, Ms, Os

were combined into themes (transformed from basic codes to analytical codes). All these themes emerged from data and the majority of them were similar to those identified in the literature review. As a result, themes corresponded to the codes and codes were based on raw data i.e. all themes were accurately constructed from the data.

- **Defining themes by outcomes for every respondent:** Once the team had a full analytical picture of CMOs for the entire pool of respondents, it helped them to confirm the overall programme logic of SG programme intervention. The results for outcomes 1, 2 and 3 did not show any variety among the respondents. However, outcome 4 and impact analysis demonstrated the varieties of and the extent to which different types of SG members benefited from the intervention. By developing a classification of SG members and their benefits from SGs, the team was able to answer the evaluation questions about 'who' benefited from the savings groups and 'to what extent'.
- **Finalising and naming themes and making conclusions:** The final stage of analysis involved discussing the findings against the programme theory and literature review. These discussions developed higher level analytical themes of CMO configurations and allowed reflections on what context and mechanisms would be the right configuration for the intervention to work somewhere else.

The main stages of data analysis are shown in Figure 1 below.

Figure 1: A life cycle of CMOs



Annex D

# RIGOUR FOR DATA COLLECTION AND DATA ANALYSIS

For a robust evaluation methodology the team applied a range of strategies of rigour throughout the project. Rigour is conceptualised as trustworthiness of qualitative research (Lincoln and Guba, 1985) which consists of four principles as credibility (authentic representation of experience), confirmability (extent to which biases, motivations, interests or perspectives of the inquirer influence interpretations), dependability (minimization of idiosyncrasies in

interpretation; variability tracked to identifiable sources) and transferability (fit within contexts outside the study situation).

These strategies for rigour offer practical measures for implementing the four steps of realist evaluation and therefore allows to conduct a rigorous theory-based evaluation study. Table 1 presents the overall framework for combining the two.

**Table 1: Realist evaluation and rigour: implementing a rigorous theory-based evaluation**

The next sub-sections will discuss each strategy in more detail.

RE original steps (Pawson and Tilley, 2004)	General rigour strategies across all steps	Rigour strategies by each step (Lincoln and Guba, 1985)
Developing a programme theory with CMOs	<ul style="list-style-type: none"> <li>• Reflexivity</li> <li>• Ethics</li> <li>• Peer review</li> <li>• Peer examination</li> </ul>	Team work on developing ToC
		Working with a thematic expert in the subject area
		Using theory to determine which literature is most relevant, what to focus the literature review on and use programme and substantive theory to identify interview questions
Collecting data to test CMOs		Purposeful sampling
		Audit trail of data collection through systematic data collection and standardised forms
		Fieldwork journal
		Comparison of sample to demographic data
		Immediate analysis in the field (debriefs) between the two members of each team in the field with fresh recollections and memories of activities, as one of the strategies for reflexivity
Analysing CMOs		Peer review between 2 reseachers re fieldwork process in general
		Joint group analysis
		Immediate analysis by each team
		Disciplined subjectivity
		Stepwise replication
		Referential adequacy
	Audit trail for data analysis - Structural coherence and consistency	
Writing up	Negative cases	
	Thick description of context for transferability of findings	
	Using quotes	

### Strategies for ensuring rigour throughout the evaluation

Certain strategies were applied throughout the project as peer review and examination, reflexivity and ethics. As part of the credibility principle, the project had a two-layer examination. Quality assurance started with the external review of all the produced documents by the expert in financial services in Kenya who examined the deliverables from the subject knowledge perspective – thematic review. An independent expert examined our methodological quality from the realist evaluation – methodological review. Both reviewers were actively involved in developing the programme theory. In

addition, reflexivity guided the process of designing and data collection to make sure that the team members were aware and thoughtful of their conceptual, methodological, cultural and personal biases. Reflexivity encouraged personal reflection during the project implementation, but also supported the team analysis in minimising single researcher bias. Reflexivity is closely linked with ethics. Alongside the principles of no harm, informed consent, voluntary participation, ethics are conceptualised more broadly as truthfully interpreting data, applying respectful attitude to research participants and being reflexive of own personal biases.

### Rigour strategies during data collection

Data collection was conducted in the purposefully sampled sites in Kenya with the groups which continue functioning. The groups were diverse in terms of profiles of their group members, their length of membership, their age, types of business, cultures and languages. Their performances in terms of the amounts of share outs and loans received were also varying. Groups were run by 2 different service providers as CARE and CRS and had slightly different methodologies. Such diversity was instrumental for data-rich cases within the sample of functioning savings groups. Against the wider population of SGs and their members, these groups would be typical to those other groups which operate in relatively better off localities less prone to droughts and other climatic turbulences.

Data collection was conducted with the two major issues in mind: firstly, the process should be transparent and allow audit trail. Secondly, it should minimise a single researcher bias. For the former objective, both teams followed systematic data collection procedures using standardised formats for taking notes. For the latter, every interview was conducted by a team of two researchers and every interview notes were cross checked by the two researchers – team debriefs during data collection when CMOs for every respondent were agreed. Furthermore, findings were discussed by the entire group of four researchers and common findings were agreed upon.

Every team produced:

- interview notes per each interview together with agreed CMOs;
- interview audio recording (if consented)
- interview transcript of each interview (which was checked by one of the field researchers for language and translation-related discrepancies)

Entire group produced:

- Description of the 2 sites visited
- a comprehensive list of respondents with coded names and other characteristics
- descriptions of SGs with characteristics agreed by the teams
- a journal of main events and decisions made in the field

The journal of main events and decisions made during the fieldwork was maintained in order to document every day spent in the field for the purposes of audit trail. This was also a good space to write any thoughts on how the designed interviewing tool was coping with unpacking the reasoning. These were the responsibility of the two researchers.

Teams worked together and engaged in immediate collective analysis and analytical debriefings to minimise single researcher bias and increase the rigour of qualitative evidence. This was part of being reflexive which

presupposed being critical of one's own performance when collecting data in order to improve one's interviewing skills, conceptualising abilities and the tool used.

### Rigour strategies during data analysis

Data analysis started as soon as the team commenced collecting data in the field. Team and group debriefing helped to ensure transparency during data collection (i.e. creating an audit trail of the data collection process) and minimise single researcher bias. Similarly, the data analysis stage shared the same concerns. In particular, the idea was about creating a trail of how data was reduced, how main claims were generated and how a single researcher bias was minimised. Joint group analysis by both teams and immediate analysis (debriefs) by each team in the field with fresh recollections and memories of activities were key measures to achieve both goals. In particular each strategy involved the following tasks:

Immediate team debrief:

- Clarifying facts
- Clarifying answers,
- Agreeing on CMOs
- Looking for inconsistencies in data
- Agreeing on facts and CMOs

Joint group debrief:

- Testing questions before fieldwork
- Reflecting on interview questions during the fieldwork
- Comparing SG characteristics across respondents
- Checking if new themes have emerged that need to be followed up in the next interview
- Developing draft CMOs in the field

Data analysis continued between the 2 researchers once the fieldwork was over (see Annex C for specific details). The team conducted disciplined subjectivity as one of the reflexivity strategies to make sure that a researcher did not let her bias influence the emerging thematic constructions by being aware of them and discussing them. Disciplined subjectivity was aided by the triangulation of researchers through stepwise replication when researchers worked separately on the data and compared results i.e. two researchers coded transcripts for CMOs and checked each other's codes. In addition, researchers used Referential adequacy technique when they coded transcripts and compared their coding to the codes developed in the field. Once all transcripts were coded and managed in Excel, the researchers ensured structural coherence and consistency between data and interpretations by going back and forth between transcripts

and codes in Excel. Identifying and understanding negative cases were about unexpected outcomes of SGs which were not previously theorised in ToC and literature and seemed to disconfirm the majority of evidence. The negative cases were not ignored but discussed in the report.

All the measures for data analysis were undertaken to ensure systematic coding and data reduction to show how data was reduced, main themes developed. The excel sheet alongside the colour coded transcripts demonstrated how CMOs were developed for every individual SG member and allowed transparency in constructing codes, themes and final findings.

### Rigour in writing up

Final CMO findings were discussed against the programme theory and literature review in the final report. All the major findings and conclusions are supported by quotes from respondents' own accounts. The report provides full descriptions of the sites and profiles of SGs and their members to enable the reader to transfer the final CMOs to his/her own context.

To summarise all the strategies, Table 2 presents the explanation of each principle and their corresponding strategies.

**Table 2: Principle of trustworthiness and strategies to achieve it**

Principles	Strategies to achieve principles or rigour	Purposes of strategies	Short definition of strategies
<b>General rigour strategies during the entire evaluation process</b>			
<b>Credibility</b>	External peer examination by Susan throughout the process of design and implementation	To examine research design and methods	Peer review of project deliverables for quality assurance; regular supervision and review of all project document i.e. proposal, inception report, fieldwork report, writing up
	Independent external examination of the initial proposal by Geoff Wong	To examine the initial project's methodology against RE	Peer review of the project proposal
	Reflexivity	To assess, discuss and monitor the influence of the researcher's own background, perceptions, and interests on the research process.  To avoid thinking that we know everything and that we know what Avoid our cultural biases we may have in terms of gender, family relationships	Being reflexive on a researcher's own biases and their effect on the project SR – cultural lens, SJ – knowing a lot, SS – known to the locals
<b>Confirmability</b>	Ethics	To be ethical in truthfully interpreting data, applying respectful and integral attitude to research participants and being reflexive of own personal biases	Ethical conduct of the researcher integral with the interests of the research, rights of the research participants and values of qualitative paradigm

Principles	Strategies to achieve principles or rigour	Purposes of strategies	Short definition of strategies
<b>Rigour strategies during data collection</b>			
<b>Credibility</b>	Peer review between Silvia and Saltanat	To discuss any implementation issues, any changes to the original plan; to reflect on each day's process (what is working, what is not, what to improve, how, what for). To discuss any questions from the interview or adding new ones if necessary	Peer review of any decision making affecting the overall design and implementation
	Immediate analysis in the field (debriefs) between the two members of each team in the field with fresh recollections and memories of activities, as one of the strategies for reflexivity	To brainstorm and discuss undertaken activities daily to discuss emerging CMOs, how they match or do not match hypothesised CMOs. To start writing up joint descriptions of local sites and people by cross checking each other's knowledge and observations	Daily analysis of data immediately after the data collection activity is over
<b>Transferability</b>	Purposeful sampling	To search for as many different cases as possible until new themes stop emerging	Selection of diverse information rich cases to ensure wide range of views and backgrounds of research participants. Sampling will be biased in a way that we are purposefully selecting well-functioning SGs
	Comparison of sample to demographic data	To compare the characteristics of the research participants against the demographic information available on the group under scrutiny.	Discussion of how research participants fit a wider population group. We will need to clarify the diversity of SGs and what exact SGs we are working with among the big population.
<b>Dependability</b>	Systematic data collection: interview notes and a table; audio recordings; observation notes; debriefing notes; summarised notes for each site; (audit trail – analysis specific)	To collect materials demonstrating how main themes emerged and how data was reduced; to demonstrate the line of argumentation and reasoning in terms of main findings	Any materials produced by researchers during the data collection activity which is done so in a systematic way
	Researcher journal/operational note (audit trail – process specific)	To document major decisions, changes in design, methods etc. To follow through the progression of events and decisions made as well as the development of the product, data, findings, interpretations in order to arrive at comparable findings	Record or log produced and maintained by the lead researcher to keep records of main events and decisions to reflect any changes to research design, practical limitations, and justifications for major decisions for transparency of research process. This note will also document any reflexivity-related issues.

Principles	Strategies to achieve principles or rigour	Purposes of strategies	Short definition of strategies
<b>Rigour strategies during data analysis and writing up</b>			
<b>Credibility</b>	Joint group analysis by both teams during the fieldwork through the daily debriefs	To discuss main daily findings based on their own data collection; to compare sites, respondents, SG; to work together on CMOs; to explore if any themes need to be followed up	Collective work to make sense of emerging data, reduce a single researcher bias
	Immediate analysis (debriefs) between the two members of each team in the field with fresh recollections and memories of activities, as one of the strategies for reflexivity	To brainstorm and discuss undertaken activities including all the details and nuances ( body language, hesitation, tones of voice, inflection, nuances of voice which gives away meaning) that are likely to affect data interpretations to agree on emerging findings	Daily analysis of data immediately after the data collection activity is over
	Negative case study analysis (outside the hypothesised CMOs and findings of the literature review)	To constantly revise hypothesis and/ or research questions against all the texts/data until it accounts for all of the cases;  To discuss all the cases and outlier cases through debriefings with research teams. Make a note of negative cases and check them out with the next respondent (if returning to the previous site is impossible)	Discussion, verification and follow up of data and outlier cases which do not fully fit into the majority of the data collected
	Disciplined subjectivity (during data analysis and interpretation) as one of the strategies for reflexivity	To monitor the researcher's own influence on developing thematic constructions and interpreting the data.	Being reflexive while analysing data and constructing themes
	Triangulation of methods (interviews, literature review), sources (SG members, FSD Kenya team, CARE), researchers (4 researchers in the field + Susan), theories (substantive theories)	To cross check data and interpretation across source and methods of data as well as multiple researchers and theories	Comparison and verification of data and interpretations against theoretical concepts, data from other sources and methods, and data gather/ collected by other researchers
	Structural coherence and consistency between data and interpretations (done by going back and forth between data and analysis and implementing all strategies as discussed)	To ensure coherent structure of the story line and that there is no unexplained inconsistencies between the data and their interpretations	A link and consistency between research questions, methods, data interpretations, main conclusions and arguments
	Using quotes	To check the interpretation against verbatim accounts	Using texts directly from data collected that are taken within context and not mis-interpreted

Principles	Strategies to achieve principles or rigour	Purposes of strategies	Short definition of strategies
<b>Confirmability</b>	Systematic coding and data reduction (as planned)	To show how data was interpreted, reduced and how the main themes/ claims emerged as a result	Saturated construction of codes, main themes, topics with a clear logical chain of data reduction
	Peer reviewing of data analysis: triangulation of researchers (stepwise replication technique)	Teams or researchers work separately on the data and compare results	A form of triangulation which involves multiple researchers in data analysis and coding
<b>Transferability</b>	Thick description	To give detailed information about the research participants, contexts and settings	Detailed description of the context, research participants and researchers. We will give detailed accounts of the 2 fieldwork sites, 10 SGs (their membership, methodologies, history, etc) and research participants



