EFFECTS OF INFORMAL SAVINGS ACTIVITIES ON POVERTY REDUCTION AT THE HOUSEHOLD LEVEL: A CASE STUDY OF SAVING INTERNAL LENDING COMMUNITIES IN NAIVASHA, SUB- COUNTY NAKURU, KENYA.

BY

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DECLARATION

This dissertation is a product of my own work and it is not the result of anything done in collaboration. It has not been previously presented to any institution for award of degree. I agree that this dissertation may be available for reference and photocopying at the dissertation of St. Paul's University.

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I/we confirm that the work reported in this dissertation was done by the student under my /our supervision.



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DEDICATION

I dedicate this work to all those in the pursuit of empowering the poor in the society so that they live dignified lives. I also dedicate this work to my late Mum.

ACKNOWLEDGEMENT

First and foremost, I am grateful to the Almighty God for the gift of life, health and the strength to complete this work. Second, I wish to thank my university supervisors, Dr. Koome and Dr. Gesimba for their input and invaluable advice in coming up with this proposal. My sincere appreciation also goes to the entire faculty especially my lecturers who added in me the immense, immeasurable knowledge in my subject area. To my husband Ochieng Ogutu and my children Nicole Nyalisa and Ochieng Ogutu Junior, thank for your continued support and encouragement that you have in exhaustively given to me over time. I also can't forget my friends, David Kimani and Grace Wambui who have encouraged and supported me a lot in this journey .Words alone may not be enough to express my gratitude but I pray that God enriches you all with His unending grace.

TABLE OF CONTENTS

DEDICATION ii
ACKNOWLEDGEMENT iii
List of tables vii
ABBREVIATIONS viii
ABSTRACT ix
CHAPTER ONE 1
INTRODUCTION 1
1.1 Overview of the Chapter 1
1.2 Background of the study 1
1.3 Problem statement 7
1.4 General Objective 8
1.5 Objectives of the study 8
1.6 Research questions 9
1.7 Justification of the study 9
1.8 Scope and Limitations 10
1.8.1 Scope of the study 10
1.8.2 Limitation 10
1.9 Assumptions of the study 11
1.10 Definition of terms 12
CHAPTER TWO 13
LITERATURE REVIEW 13
2.1 INTRODCUTION 13
2.2 Theoretical review 13
2.2.2 Anti-Poverty Programs from an Individual Theory of Poverty Perspective. 14
2.3 Empirical Review 15
2.3.1 The relationship between SILC and poverty reduction within households. 18
2.3.2 Determine the role of SILC cycle in poverty reduction within the household's level. 18
2.3.3 The impact of household's participation in SILC 20
2.3.4 Role of SILC in empowering households towards risk management and resilient 21
2.4 Research Gap 23
2.5 Conceptual Frameworks 24

3.1 Introduction 25
3.2 Research design 25
3.3 Study Site 25
3.4 Target Population 25
3.5 Sample Size Determination 26
3.6 Sampling Procedures 26
3.7 Data Collection Methods 27
3.7.1 Questionnaires 27
3.7.2 Interview Schedule 27
3.7.3 Piloting 27
3.7.4 Field work 28
3.7.5 Validity and reliability of instruments 28
3.8Data Analysis and Presentation 28
3.9 Ethical Consideration 29
CHAPTER FOUR 30
4.1 Introduction 30
4.2 Questionnaire response 30
4.3 Demographic characteristics of the respondents 30
4.4 SILC has empowered its members on risk management towards poverty reduction 33
4.5 Saving Internal Leading Communities has cushioned financial risk at the households 34
4.5.2 Social fund enhancing the unexpected circumstances that compromise their household's stability. ..... **Error! Bookmark not defined.**
4.6.1 Skills and knowledge learnt in your SILC 36
4.6.2 When SILC members are not able to repay their loan? 37
4.7 How has participation in SILC activities contributed to poverty reduction 38
4.8.1How has SILC cycle contributed to poverty reduction? 42
4.8.2Comparison on households welfare before and after joining SILC 44
Chapter Five 47
Summary, conclusiion and Recommendation 47
5.1 Introduction 47
5.2 Summary 47
5.2.1 Examine the role of saving Internal lending communities in empowering households towards risk management 47

5.2.2 Examine the impact of household's participation in informal saving towards poverty reduction within the household's 48
5.2.3 To establish the relationship between Savings and internal lending communities and poverty reduction within households. 49
5.2.4 Determine the role of saving Internal Lending communities cycle in poverty reduction within the household's level 49
5.3 Recommendation 52
REFERENCE 56
Appendices 58
Questionnaires 59
KEY INFORMANT INTERVIEW GUIDE. 59
INDIVIDUAL QUESTIONNAIRE 60
Research Authorization Letter 64
Research Permit 65

List of tables

Table 4.2 Questionnaire response rate…… 26

Table 4.3.1 Distribution of respondents by age ……27

Table 4.3.2 Distribution of respondents by sex ……28

Table 4.3.3 Respondents and their number of household's members……...28

Table 4:3:4 Number of years the respondents they've participated in SILC…….29

Table: 4:5:1 Respondents how they've cushioned on financial risk.....30

Table 4:5:2 Respondents' usage of social fund ……31

Table 4:6:1 Respondents skills and knowledge gains ……. 32

Table 4:7:1 Respondents business started from loan given……..36

Table 4:7:2 Respondents usage of loan…….37

Table 4: 8:1 Respondents training received during SILC…….40

Table 4: 8:2 Respondent benefits gained of SILC ……..41

ABBREVIATIONS

ASCA	Accumulation Savings and Credit Association
BDS	Business Development Services
CRS	Catholic Relief Services
ISL	Internal Savings and Lending
MFI	Micro-Finance Institutions
ROSCA	Rotating Savings and Credit Association
SILC	Savings and Internal Lending Communities
VS&LA	Village Savings and Lending associations
CBO	Community based organization
NGO	Non –governmental organization
INGO	International non – governmental organization
SMES	Small and Micro Enterprises
SG	Saving groups

ABSTRACT

Savings internal leading communities (SILC) are groups formed by community members who are known to each other. They are user-owned and managed with no external interference, with the aim of creating sustainability, accessibility of the loans, transparency and flexibility in the group activities. SILC group members are given loans with small interests and the interest gained throughout the cycle is shared among members at the end of each cycle. The aim of the study was to investigate the effects of informal savings activities on poverty reduction within household levels with a case study of SILC groups in Naivasha sub county Nakuru. The study was guided by the following objectives: To establish how activities of Savings and internal lending communities attribute to poverty reduction within households, to determine the role of social fund in poverty reduction within the household's level. To examine the impact of households' participation in informal saving towards poverty reduction within the household level and to examine the role of SILC in empowering households towards risk management for households all within Naivasha sub county Nakuru County. The research focused on this area because there are many low income earners and previous research didn't point out specifically the various spheres on how SILC has transformed lives more so within the households. There has been no research done on households poverty reduction in Naivasha sub county Nakuru County. The pilot study was conducted in Gilgil Sub County to provide the basis for testing the validity of the data collection instrument. The researcher used simple random sampling procedure and purposive sampling. Sample determination formula was used to establish a sample size of 87 caregivers and 13 group leaders were involved in the research. The test retest technique was used to ensure reliability of research instruments while validity was ensured through pilot testing and reviews. Questionnaires were used to gather information from respondents especially the members who have in the past benefited from the association and key informant interviews were conducted to group leaders. The study used both qualitative and quantitative ways to analyze data. The data obtained was cleaned, verified and analyzed by statistical package for social sciences (SPSS) and content analysis. The qualitative data was analyzed using narrative analysis, while the quantitative data was analyzed using tables. The study revealed that savings internal lending communities have enabled members to save their money, borrow and invest the amount in different ways such as purchase of cattle, poultry, land and start of small businesses which require little capital like green grocers and cereal shops and there are those who pay school fees for their children through loans and dividends at the end of cycle. SILC has proved to be a mechanism to prosperity through training of caregivers in agriculture, business management and record keeping apart from training. Members have a social fund which caters for emergency need thus reduce anxiety and avoid usage of the saved amount for development. The study concludes that the saving internal lending communities had a significant influence on poverty reduction at households within Naivasha Sub County.The study recommends that there is a need for further research to establish the influence of Savings internal lending communities in education in Naivasha sub county Nakuru.

CHAPTER ONE

INTRODUCTION

1.1 Overview of the Chapter

This chapter presents the introduction, background problem statement, purpose of the study, Objectives of the study, Research questions, scope of the study justification of the study assumptions of the study and definition of terms.

1.2 Background of the study

Informal savings groups are social organizations formed by community members who know each other to help members save money for specific purposes, such as buying pieces of land which later they subdivide among members. There are those who save for the purpose of borrow where member has the discretion of using the money according to his/she need. The groups have roles and regulations which govern most of the groups are not registered with social services though few are registered as self help, community based organizations and faith based organized (Zheke,2010). The savings groups came in different names and forms such as *chama*' which is an informal cooperative society normally used to pool resources together and invest; it was born out "*Harambee*" idea. From *chamas* advanced into merry go round merry here members are able to save and get their money in to turns, here each person has the mandate to use his /her money in whichever way seems fit. Later table banking came in where members save and borrow equal with the amount saved. According to Rouse(2002) Rotating savings and credit associations, savings and internal lending communities (SILC) rotating savings and credit associations (ROSCAs), accumulating savings and credit associations (ASCAs) came to solve some of the challenges faced when doing table banking ,and merry go round such as lack of documentation , poor financial skills and people not paying their loans also some members domineering the group because they are paying or saving a lot of money.SILC developed some rules which members must follow to allow them succeed. Agree on the amount rage to be saved by the members, have records for each transaction, have minutes of each group meeting and the record of the amount saved and loaned each time and how they have been paid.(Veemenen, 2010)

In Kenya, there are policies that govern the implementation of groups either financial groups or welfare these include Kenya Social Protection Policy 2011 states that Savings Groups are pathway out of poverty and social this give the procedures in to which the groups have to operate under. This helps the groups to be governable and easy to manage. Policy help individuals and households to reach a better balance between care-giving and productive work responsibilities though initiative such as government loans for groups this include women, Youth and uwezo fund. The community groups registration bill, 2018 this is an act of parliament to provide a regulatory framework for the mobilization, registration, coordination and regulation of community groups to help them achieve their purpose .This helps the government to know the number the groups are there, help the groups to have some training from the government on group dynamics and financial management. The policies enable the groups to have structures that help in management and running of their daily activities also they assist groups to have access to financial services such a loan. The groups do work with the ministry of social security service in the department of social service to register them, after registration the groups are followed up to ensure they are implementing what they stated in the constitution by will be doing also they are trained .

Informal savings groups are user-owned and managed with no eternal interference, this create sustainability, accessibility, transparency and flexibility in the groups. Saving has become an important mean for sustainable cash-flow management and consumption smoothing for the poor. In response, scholars, development practitioners similarly have promoted saving programs as a promising poverty alleviation plan for development. The reduction of poverty has been on the agenda of development for developing countries been focused by many agencies including Governmental and INGOs and local NGO's for a long time. Saving group is one approach in trying to improve the living standards of the poor this is focused on the financial sector through rural, urban- rural or pro-poor financial services. The saving groups help the low income and poor to access financial services such as loans where no security attached for the members are collateral. (Allen, 2006) and (Flynn & Sumberg, 2018). Through SILC people have power to save and borrow from thus start small businesses they are most helpful to those who are low-income earners within the community. The guiding principles of SMEs included giving a voice to the poor, Participation and ownership, Transparency, openness and accountability and

Equitable distribution of national resources and development initiatives. SILC has contributed hugely to the growth of SMES because members are able to get loans to start small business to help have a steady source of income thus help fight poverty among community members . SILC helps its members to start doing small business, pay school fees for their children through the loans they get thus making them to be part of the solution rather than waiting solution to come from other quarters. (Kedogo, 2013). There is no report on how SILC has contributed to the growth of SMES in the country as well as the impact of SILC to household's wellbeing. The low income households have been involved in SILC activities over a period of time hence there is no study to show how it has affected the households.

According to (Oyoo,2016)savings internal lending communities has an aim of providing opportunity to its members to save have access to loan as well as insurance for the loan taken. SILC members are poor thus they among community who do not have access to formal sector financial services. This is because they don't have or meet the required criteria such as collaterals. The money is paid back with small interests, which cause the fund to grow. The end of each cycle Members share the saved amount depending on each ones savings, here members are free to use their saved lump sum money as they wish but with the development in mind including reinvestment for another cycle. Moreover, SILCs contribute to a social fund that caters for member emergencies upon the members' agreement. SILC gives members skills such as financial education agricultural skills and parental skills. Young people you are involved in SILC do learn much about savings which include financial goals setting, entrepreneurial skills, distinguish between good and bad options for borrowing and discover how to link with financial institutions.

Savings Internal Leading Communities has several names depending on the country or group which is implementing and the NGO leading the community members, we have names such as Accumulating Savings and Credit Associations (ASCAs), Village Savings and Loan Association (Allen, 2006) .The savings group has a pre-determined cycle at the end of the cycle; funds are re-distributed to members or invested in the agreed assets. Table banking also known as Chama is a

form of saving group where members came together with the aim of saving money and borrow directly from their savings in either short-term or long-term loans, There are also chamas where people save money for a particular project as buying a land . Money saved on a particular day members present their requests for loans and the money is shared among them, to be repaid with a small interest .The interesting thing about this concept is that the interests is ensuring members do earn some profits when one uses their money, requisite when repaying the loan is low and can go as low as 1%. Members should be people well-known to each other for they act with discipline, here trust among members makes the group to grow (Mwenesi, 2018).Rotating Savings and Credit Associations (ROSCAs) also known as merry go round is a small social organization where members contribute agreed sum of money on a regular basis, each time money is collected and the full sum is paid out to one of the members where the member has the liberty of doing whatever he /she wants with the amount. The members take loans in turns to ensure each member has benefitted by the end of full cycle, this do help the group to accumulate a lot of interest to be shared among every member of the group. By participating, members are basically putting money away their money which they would have used until it comes back to them in a large amount thus this concept helps members to save.

According to Mwaisaka (2012) the concept behind the savings and Internal Lending Communities (SILC) was the brainchild of the Catholic Relief Services. This initiative was developed in order to reach a large group of extremely vulnerable poor groups of people who had limited savings and borrowing capacity. This idea was informed by the fact that being in rural areas, a lot of the people living there are usually challenged as far as accessing the conventional ways of sourcing money such as bank loans and mortgages. In some cases, some financial institutions have in the past prayed on these rural individuals and ended up impoverishing them even more, hence accelerating poverty.

In Latin America the region is made of multiple nation-states, with varying levels of economic strength with most of the states being poor with little or no income generating activities for the states as wells as individuals. For example, Haiti is the poorest country in the Americas: a quarter of the population lives in extreme poverty (World Bank, 2016).This made the developing agencies to starting interventions to ensure individuals have started to build their economic

muscles which leads to secure livelihoods thus reduction of poverty levels .According to Catholic relief services many people in Latin America are doing with SILC which helps them to pull resources together and borrow thus help meet their basic and immediate needs both at individual as well as household. In Latin America there are 136,793 people who are members of savings internal lending communities while in Asia there are 45, 817 members. In rural Madagascar, the area has many poor people with limited access to savings programs or credit which saw the start of SILC This has impacted lives of many caregivers by offering easy access to financial services for households and health care providers, especially women, as well as help children to access education and have decent livelihoods. The main objective of SILC is to provide economic strength to individuals, households and community at large through borrowing, and savings opportunities and social welfare of members. (Management science for health, 2020).

In many countries SILC is for parents, caregivers and guardians who come together to pool resources to cater for their children this help them to save and get loans where they invest for future. SILC in Zimbabwe is based in Manic land province in the Eastern part of the country where the area has a lot of mining of gold and many people are poor thus forced to engage in vices such as sex worker for the young people. SILC style provides a safe place for poor households to save and increase their income. The premise of the SILC methodology is to help members manage their own small resources by teaching them basic financial management skills. The accumulation of savings and the ability to access flexible credit also allow members to invest in productive activities, such as agro enterprises, and help smooth household income in periods of difficulty(Zheke 2010).

VSLA model which is another name for SILC was introduced in Ethiopia in 2004 by CARE International. The model started as pilots in two regions of Ethiopia, Amhara and Oromia in Lay Gaint and West and East Harrargie zones respectively (CARE, 2006). Since then the model has been adopted by government, different international and local NGOs and widely used in different parts of Ethiopia. In Hawassa city, there are 49 SILC which comprises of 859 poorest of the poor members (HCAWCD, 2016).In Uganda, the concept of saving has being taking saving groups

where men and women take part, there are many groups within the country exist in various forms for example “kalulu” in Acholi, biika oguze in Rukiga, Asoso in Lugbara and kilimba in Alur; all of which are traditional savings clubs representing ROSCAs or ASCAs in most cases. The SILC program in Uganda has reached participants who view themselves largely as average members of their communities, which are largely viewed as poor. Reponses from the communities suggested 60% were perceived as poor in Mwenge district and 85% were perceived as poor in Busongora county, Kasese district. Odel(2017) there are almost 1 million people both in developing and developed countries are active SILC members.

Mwaisaka(2012)states that a closer look at documentations by scholars on the subject of community development, there is a revelation that when it comes to the rural areas, access to financial products and services from financial institutions as a means of economic and social sustainability is usually bulwarked to the poorest of the poor. This is usually occasioned by the fact that the sheer distance to banks does impose high conditions and charges which are prohibitive to poor households Veemenen(2010). Savings and Internal Lending Communities enjoys several advantages; the members who form these communities are known to each other , they are people of the same social class and they operate based on mutual trust, their interest rates are usually very low and not exploitative.Their main goal is tailored towards the empowerment of the people in the communities. From this sense therefore, SILC arrangement is a bottom up approach as opposed to the top bottom approach pursued by banking institutions. In fact, SILC is a very good alternative available to the rural households in the pursuit to their empowerment and poverty alleviation.

Saving internal leading communities participants are both men and women despite the fact that majority are women, in most cases women are the ones we focus on this is because culturally they are primary caregivers hence they are most affected by poverty. In SILC it was recognized that people need a range of financial services not just savings and credit, given that their incomes are ‘low, changeable and irregular’. They need to enhance linkages of the established VSLAs/ SILC to financial and agricultural institutions,(Hongo,2013).They also need social issues such as psychosocial and emotional support this shows there are many factors to poverty rather than financial.

SILC was developed by the Catholic Relief Services in Kenya with the goal of empowerment of communities. This according to (CRS, 2010), were a user owned, self managed savings and credit groups. Under this arrangement, about 15,030 self selected members with a frequent, convenient and safe opportunity to save. These members often with time build useful lump sums which become available at a pre-determined time and hence allow them to access small loans or emergency grants for investment consumption (Ferguson, 2012). At the same time, SILC has over the years have helped to enhance food security, protect assets of members and increase social engagement in the rural communities.

In Naivasha sub-county, SILC has been taking place among the households for the past decade since its establishment. As a consequence, it is not uncommon to find most of the households fully embracing the concept as a way of emancipating themselves from poverty. The end result has been the transformation of lives through empowerment economically and socially. This transformation cascades to the household levels. Against this background therefore, this research investigates the effects of informal savings activities on poverty reduction at the household level; Case study of SILC groups in Naivasha Sub County, Nakuru County.

1.3 Problem statement

Savings Groups (SGs) provide access to fundamental monetary services to the poor who cannot afford what the markets requires such as collateral. SILC is one of the community-managed models which require only ones savings for him or her to access long/ short term investment. Informal social savings groups are the last barrier that protects people when all else is failing like banks, or government or social welfare. Because of the highly stringent and prohibitive conditions that are offered by the banks to customers as a prerequisite for getting loans, the poor are usually a disadvantaged lot. Mwaisaka(2012) argued that once the poor people are disadvantaged to the extent that they are forced to surrender their title deeds, prove their re-payment abilities and offer collateral, they are permanently locked out from accessing finances. To their aid, SILC has come as a saving grace to these communities, a majority of whom are in dire need of financial empowerment. Scholars such as Mwaisaka (2012) have noted that saving

groups such as SILC have an impact thus regarded as an important development tool. However, some scholars suggest that may not necessarily the case; they argue that there is skepticism as to whether indeed these institutions act as the 'golden bullet' as often anticipated. Naivasha has many slums which is a clear indication that many of the population lives below one dollar a day which force many household heads to form SILC group and other saving groups as merry go round to try leverage their income as well as fight poverty. SILC has been going on in the country for long with no research to establish it impact on poverty reduction economic empowerment among its members at household level . Therefore, it is envisaged that this study acted as a tool with useful insights on how the relationship of SILC activities, its organizations and how it the influences on poverty reduction, food security and investment at the household level. There has been no consensus on the impact of SILC in Kenya despite many people practicing it. In the past very little has been established on SILC activities and its relationship in poverty reduction at household level. In Naivasha, poverty levels are high as compared to other sub counties ,this is lead by many flower farms reducing workforce as well as others closing completely as well as many migrate from other counties in search for employment . Many of the job seekers end up doing casual as well as seasonal jobs which make them exposed to poverty. This enabled the research to narrow down to Naivasha Sub County in Nakuru County. Thus, this paper analyzed the effects of SILC activities on poverty reduction at household level.

1.4 General Objective

The purpose of the study is to analyze the effects of informal saving activities on poverty reduction within household levels; case study of SILC activities in Naivasha sub county Nakuru.

1.5 Objectives of the study

The specific objectives include the following:

i. To establish how activities of Savings and internal lending communities attribute to poverty reduction within households in Naivasha Sub County.
ii. To determine the role of saving Internal Lending communities social fund in poverty reduction within the household's level in Naivasha Sub County.

iii. To examine the impact of households participation in informal saving towards poverty reduction within the household level in Naivasha sub county.

iv. To examine how saving Internal lending communities empowers households towards risk management.

1.6 Research questions

i. What are the activities of Savings internal Lending Communities that help in poverty reduction within the households in Naivasha Sub County?

ii. What is the role of Savings internal and Lending Communities social fund in poverty reduction within the household's level in Naivasha Sub County?

iii. What is the household participation in Savings internal and Lending Communities contributed to poverty reduction in Naivasha Sub County?

iv. How does Saving Internal Lending Commuities empower households towards risk management after they begin income generating activities in Naivasha Sub County?

1.7 Justification of the study

Naivasha sub county is in Nakuru county, bordering Narok, Nyandarua and Kiambu sub counties , its renowned for wide-ranging variety of horticulture and floriculture investment among other developments, this draws many migrants from across Kenya with expectation of better livelihoods by working in the cut flower industry, which exports roses and other horticulture internationally. The contrary on many expectations most of them are confronted with poor payment, job insecurity and seasonality as well as working in unhealthy and harsh conditions which are inhumane which leads to putting their lives and livelihoods at risk of diseases and sickness .These challenges are very common due to inconsistency of resource access and use; powerful resource users such as flower farms horticulture and tourism have advantage while the majority of the local population is marginalized, making livelihood hard thus making them poor the poverty in the area has been contributed to close of some big farms such as Sher Karuturi which had employed over 1000 people diversification ever challenging Kioko(2017). Naivasha has the highest population within Nakuru county according to census recently done by Kenya National Bureau of Statistics 2019, with a population of 349,067 people.

This study is of great essence to the following categories of people and organizations: The NGOs, CBOs, the Government, the scholars of community development and practitioner. The NGOs which deal with the empowerment of the communities will take note on the practical measures that can accelerate the reduction in poverty while enhancing community empowerment. This knowledge will help them to originate appropriate measures for poverty alleviation. The study will benefit scholars in the field of development studies by adding more knowledge on activities of SILC in rural areas, particularly in Naivasha. It is expected that the results of this study will provide evidence on the highlights made by the informal savings activities in poverty reduction within household level in Naivasha sub county Nakuru County. The researcher hopes that the study will provide opportunities for development practitioners and existing informal savings groups to know/learn how the informal savings group can be used to improve living standards of the community and at household level without external financial assistant. This is expected to enable the development practitioners to establish workable mechanism that will empower those participating in saving activities have sustainable development thus poverty reduction. The researcher hopes the study will contribute to the existing knowledge on empowerment of communities, individuals as well as household structures targeting the poor.

1.8 Scope and Limitations

1.8.1 Scope of the study

Naivasha is a cosmopolitan town which has pro rural and rural setup; it's a floriculture area where majority of the people work. Naivasha is the source of electricity where both hydro and geothermal power are generated also the sub county is a tourism attraction area with hells gate national park, Mount Longonot among others. The research involved community groups who are practicing in SILC within Naivasha Sub County Nakuru County. The groups that were selected represented all areas; the research covered all wards within of Naviasha that is rural and pro-rural.

1.8.2 Limitations

This study is limited to Savings and Internal Lending Communities. There are many micro financial institutions that operate in Naivasha Sub County but the choice of SILC was informed by the fact originated from donor organizations such as CRS and thus unique from other micro

financial institutions and targets the local community members where they are the once managing them. In addition, the SILC Groups may not be willing to provide necessary information because they are not comfortable sharing their financial status also only those who are in SILC groups will be targeted. The researcher assured the participants the information given was for research only thus they should feel free to give correct and accurate information.

1.9 Assumptions of the study

This study involved members of the community who are involved in SILC and the information given was only be used for the purpose of the study , while considering saving internal lending communities is practiced within the community the members of these groups were willing to share their progress how they have benefited from the activities. The responses which the respondents gave the accurate and a true reflection of the influence of informal savings group activities on poverty reduction within the household. This is because confidentiality on shared information was guaranteed as expressed on ethical considerations.

1.10 Definition of terms

Collateral : It is a borrower's pledge of specific property to a lender to secure repayment of a loan.

Economic Empowerment :Measures aimed at uplifting the poor from their status into self-sustainable status.

Enhanced Risk management and resilience: Refers to the degree to which households can cope with and withstand stressful situations and shocks.

Households: Members of a family staying under the same house.

Micro Financial Institutions: Refers to those institutions that operate like banks but targeting those who operate small businesses.

Poverty Alleviation: A series of measures instituted to completely reduce poverty afflicting the poor communities.

Poverty: can be defined as the state of lacking the financial resources that are necessary for a person, a family or a community to enjoy the minimum standard of life as well as the communally acceptable well-being of life. In this study the concept of poverty will be viewed from the economic perspective of lacking the finances or means to meet basic needs.

Poverty reduction: will be measured by changes in incomes at the household's levels, how well the households will be able to cater for their basic needs.

Poverty indicators: low income levels, inadequate access to health services and education,

Household head: The head of the household is the most responsible or respected member of who makes a key decision in the household on a day-to-day basis and whose authority is honored by all members.

Empowerment: is a process of making people better than they are this is done through training on new knowledge or skills to improve their lives also it can be learning on modern techniques of doing business.

CHAPTER TWO
LITERATURE REVIEW

2.1 INTRODUCTION

This chapter discusses the related literature that has been reviewed concerning group savings activities and households. Particularly, it presents the previous work done by scholars, authors, researchers and expertise in savings groups' impact on household both theoretically or conceptually, and empirically the area of study and conceptual framework. The objective is to explore the perceptions, disclosure and a notion as informal savings group is concerned.

2.2 Theoretical review

The study is guided by life –cycle model theory and Anti-Poverty Programs from an Individual Theory of Poverty Perspective and Empowerment theory.

2.2.1 Empowerment Theory

According to Zimmerman (1995)empowerment theory consist of aspects of participation of individuals , communities as well agencies who champion development among communities within a certain area ,region or country **.** Empowerment theory provides principles and structures for organizing our knowledge and skills. This theory advocates for ways to quantify the construct in different situations, such as to study empowering processes, and to distinguish empowerment from other makeup, such as self-esteem, self-efficacy, or loss of control.

Empowerment is both an important course for working in the community and a theoretical model for insightful, the process and cost of efforts that concern control and influence over choices that control one's life, organizational performance, and the quality of community life. Empowerment is a process of shift from a state of inability, where one is not aware of something to a state of awareness and comparative control over one's life and environment. For one to be in control he or she has to know where he is where he wants to be and possibly how we would reach there/ destiny this is characterized by a move away from a low or little resources towards a more ,strength resources perception.

Empowerment Theory empowerment theory can be over presented by those in power such as politician , the rich and the educated within the community in most cases those in power tend to control the participation to what they need in the their favor thus make the empowerment not to bring the quality development as hoped to by the organizers o the development. From this theory, some people can be disempowered they self esteem ripped off thus make them more vulnerable and more poor then they were .

Empowerment theory a process, where abilities can be gained, facilitated or protected with the aim of enabling disadvantaged individuals or groups to increase their possessions, increase their self esteem, decision making capabilities and build up the ability to act on their own in psychological, socio-cultural, political and economic situation this help fight poverty among countries thus improve living standards of people.(Wilknson,1998).This theory focuses on training people on how to fish rather than fiving them fish which means the theory is not a one off event but a continuous with monitoring the progresses to see if they are giving the right and needed results , where necessary change of strategies in order to attain the need results . Empowerment theory understands individual troubles in the framework of a social, political, and economic environment that is approved and domineering to those with the least advantages in society. Empowerment practice is based in a problem-solving model that includes definition of strengths, weakness opportunities and threats which lead to identification of goals, taking roles this intervention is at intrapersonal, interpersonal, and community levels to ensure they achieve the set goals which bring the desired change. Coady(2016).

2.2.2 Anti-Poverty Programs from an Individual Theory of Poverty Perspective.

This theory focuses on building individual's capacities as opposed to other strategies that punish and try to change individuals by force as a solution to poverty. Here individuals are involved in programs that help them come out of poverty voluntarily, they only get knowledge on its importance, how it works and how well they can be involved with the decision either to join or not .This helps to push the poor into work as a primary goal to earn income thus help in improving their living standards.(Bradshaw,2007).This theory helps to raise individual characteristics which fight conflicts and enhance team work within the community hence create

powerful individuals in what they are good at without victimization of anyone .Theory tries to help individuals come together study and analyze their strengths and weakness and develop strategies to help them overcome their weakness and focus more on their strengths .e.g. We have community members who are good in farming and because they know they don't have markets for their produce they form self help groups in order to join hands and address their challenge of markets the same case with SILC members they came together who are drawn from same locality with the same goal and facing same challenge then forge the way forward in SILC enables households to access and protect assets, improve their cash flow and increase income. SILC provides flexible and sustainable financial solutions to needy households hence reduced poverty.

The theory is not complete because not everyone is able to understand the action he needs to take in order to improve his life. The theory may not be implemented fully because there are many factors to consider which include culture or social, political values, and economic institutions that influence the way people think and do things within particular area. For this theory to be effective many stakeholders need to be involved and sensitized on the importance which requires resources and meetings done to help them understand and agree to the concept as well as lot of resources.

This theory is therefore appropriate for the study in helping the researcher gain theoretical perspective of how SILC participate role in influencing on poverty reduction .Also is relevant in revealing the role of individuals members in risk management and resilience within the households .

2.3 Empirical Review

Poverty reduction is a set of measures, both economic and humanitarian, that are projected to remove people out of poverty (lack of basic needs). This helps people to improve their living conditions/ standards such as having access to good health care, shelter, education.

Poverty reduction is a processes that help people to advance their means and operations that enable them to take charge of their affairs and lives. (Njeru,2005)

Poverty reduction requires governments /institutions, private sector and people affected to categorize and reach out to extremely poor develop ways and solutions in which they can alleviate poverty through doable progress which requires fewer resources and which are sustainable. In Kenya there are approaches which the government as put in place with the support by many international donors such as IMF among others. Poverty reduction strategy paper was formulated on 2001-2004 with the aim of assist in development of sustainable, fast cost-effective growth, improve governance and security and enhance the ability of the poor to increase their incomes and improve the value of life for all citizens especially the poor. Different stakeholders were involved and participated in coming up with strategies to improve the lives of those affected, this was done by those within and outside the government Hughes(2002).

According to Awiti(2013), SILC are key drivers of poverty eradication within the society and more to the rural people who have little income more so women who have benefited a lot from the savings and loans they get from the SILC groups. It was stated that through the savings women have increased their purchasing power, and enhanced their level of decision-making power within the household. Women are the majority who participate in savings groups for they generally like coming together to help each other within the society unlike men who don't share their challenges .

The Kenya government formulated the National Poverty Eradication Plan in 1999. This document presents a national policy and institutional framework for action against poverty for the period 1999-2015. The policy was aimed to minimize if not to stop the increase in the rate of poverty through the implementation of well-planned poverty alleviation programs. This move toward was instigated following the failure national development plans and programs to battle poverty in the country. The policy was therefore estimated to bridge the gap between national expansion plans and the local needs of the poor people in the community.

World bank and IMF, EU, JICA, UNDP and Embassy of Finland, among others, were key partners in ensuring Kenya eliminates poverty they helped in formulation of Monetary Policy and Financial Sector Reform was done for transparency of monetary policy, help the public to understand the objectives and reasons for monetary policy has being pursued which has

helped to have greater openness. Monetary policy is now conducted through the Monthly Economic Review and the biannual Monetary Policy Statement which are produced by the Central Bank of Kenya. Government sold some of its shares in the banks such as KCB to private investors as a way to empower the individuals and help to diversify in resourcing for fund to meet its obligations (International Monetary Fund, 2012).This move saw the banking sector grow to grant steady and skilled banking system in critical to the mobilization of adequate savings to finance the investment and growth that is needed to reduce poverty. This helped every person to be able to have an account for they made banking favorable and suitable for all including reduction of opening and closing balances. Most of the Kenyans obtain their livelihood from Small and Medium Enterprises. Therefore, government is working with other agencies to make sure this sectors developments it represents a significant ways of promoting employment, growth, and poverty reduction within the households in the long-term. However, in spite of the importance of this sector, it experiences serious challenges in terms of accessing, provision and delivery of financial services such as credit for the sector was below expectation of financial institutions as banks, this is because they targeted there sector doesn't have stable income.

This facilitates many in the sector to look into savings groups for loans. The government developed Poverty Reduction Strategy Paper (PRSP) 2000-2003, the paper aimed at facilitating sustainable swift trade and industry growth, improve governance and security, increase the ability of the poor to raise their incomes, and improve the excellence of life of all citizens more so the under privileged. The paper ensured Financial services is inexpensive and available to small and medium entrepreneurs who are the greater part of Kenyans for investment to generate more income and create a stable savings base for more investments .This saw the birth of equity bank and family bank as well as SACCO's, formation and registration of self help groups and Co-operatives, while in the same breath the formation of SILC was formed with the aim of eradicating poverty among members as well as within their community .

According to Kidiga(2017),there are different approaches to reducing poverty, diversifying sources of livelihoods through accumulation for consumption and investment, agriculture, reducing are empowered to come together to build each other through agricultural activities to help fight poverty within the household . The groups are trained on different forms are

farming and how manage income-generating. This gives people power to have a say in the decisions concerning the livelihoods they want to invest from knowledge point of view thus help reduce poverty.

2.3.1 The activities of SILC in relation to poverty reduction within households.

According to Odera and Muruka (2007), the establishment of this association there has been witnessed positive effects on financial asset-strengthening. In fact, by 2007, the program had accumulated a total of 3,001 members and facilitated the mobilization of 1.5 million shillings at the coastal counties of Kilifi, Mombasa and Malindi alone. In addition, a total of 558, 915 had been disbursed in form of loans to 460 borrowers. In general, the program had a positive net profit per member and annualized return on savings. Odera and Muruka (2007) aver that through the SILC programs, the members show there was positive development in strengthening their income and their investment base with some reporting having bought chicken from the profits of the income generating activities initiated by the loans from the SILC programs.

Besides the primary advantages stated above there are secondary benefits of SILC such as improved, parenting and management skills. At the same time, members are able to decipher policies and procedures of the program meaning members are able to develop skills which help in poverty reduction such as decision making skills and record keeping. Besides, SILC has helped members to establish little savings into valuable lump sums from which they start an investment to assist improve their livelihoods. Lastly, SILC has provided a relatively secure means of savings and contributions into a social fund which acts as a welfare for members .This offers security in the case of emergency needs such as medical bills, death and even school fees.

2.3.2 Determine the role of SILC social fund in poverty reduction within the household's level.

According to Odera (2007), the SILC program is characterized by the following; self selection of members based on nearness, knowledge of each other both physical and financial status, friendship, trust, hard and reliability; participation management with an inclination to leadership, members of savings internal lending communities should be within the same level in terms of their income to avoid exploitation by those who are rich. In a nutshell,SILC has both quantitative and qualitative ends. This means people who participate in SILC are explore ways on how they

can improve their households. In SILC one can observe and see change in the way the households are living also there is improvement in the amount one used to save and the amount he is saving now thus clear evidence there is form of improvement in the households , this can be denoted through the assets one has bought through the loan gotten from SILC group.

Social fund is created by group members where all agree on a regular contribution to the fund and what needs the fund should cater. The Social Fund help group members address a number of distresses or needs: emergency assistance, school fees for very needy orphans, and funeral expenses, among others depending on the members set by laws in the constitution, (Veemenen, 2006).

During the cycle members come up with rule and regulations to govern them , defines the objectives of the group , they are able to establish the areas which they are weak in as a group and look for a trainer or mentor to build their capacities .For example, Equity bank and Kenya women finance trust have been in the forefront in training the groups . From SILC groups there is strengthening community bonds, people are able to come together for a common goal such as building a dam ,repairing a road just because they have known each other a certain period of time. SILC has helped in strengthening joint decision making and action within groups, strengthening leadership skills, raising awareness on transparency and accountability and enabling members learn prudence in the spending of resources. The duration that members of SILC stay together they form a bond that help in sharing the issues because of the trust developed over period of time members are able to engage in capital projects such as building houses, establishing thriving businesses among others just by the virtual of sharing among each other overtime .However, since the lives of people in the rural areas revolve around meeting the basic needs, it is apparent that SILC programs are capable of meeting their subaltern needs and hence transform their lives. During SILC cycle members are able to learn each other strengths and weakness which help in choosing leadership in their group also when doing project they understand who is cable to doing what .Also during the cycle of SILC members are able to identify where they need support such as training , external financial support and a member(s) who require social support from other members.

2.3.3 The Impact of households participation in SILC

Participation helps people in social interactions there they share the problems and challenges they face both in life at home as well as in business. In the SILC group meetings come up with solutions of the problems faced, for the once behold them they call a trainer to help them solve them thus improve their lives as well as grow economically. Improved knowledge on savings and loaning management through training on basic business skill to all members. Participation improves political processes for group members are able to address the factors which might interfere with their business as such laws and regulations. Through the discussions within the group one understands how well he can run his businesses with all necessary requirement set by the government both national and county. For example, Group members register the group and develop the constitution which governs them for the duration they will be in operation. While for those who run businesses, they are advised to get licenses and pay taxes. Group members improve in decision making processes in the matters that affect them for they have knowledge on what they want, how they want it and why they want it thus they advocate and lobby for them. This is envisioned in Microfinance Act 2006 which was established to assist the low income earners to form groups and access support through microfinance thus help promote the welfare of the people both direct and indirect (Republic of Kenya, 2006). The Act sought to improve the legal and regulatory framework of microfinance in order to promote greater access, involvement in the community groups to help them to have sustainable flow of financial services and training on financial management (Obebo, 2018).

Kirimi et al. (2019). States that the savings groups have improved participation in Kenya for people have found its importance it creates an opportunity for them to save and find efficacy. The savings groups also helps members to link them with microfinance banks as well as NGO who help in monitoring the groups and address the challenges they face during their implementation. SILC is managed by agents who are either paid by NGO or by group members; the agent model is less expensive compared to microfinance model, SILC assist members to generate more borrowing, savings, and enterprise investment. SILC impact is seen by many within the society which attract more to join and even the business-oriented members. Through

participation people are able to own what they do in SILC and ensure that what they do succeed, this also helps members to share and come up with solutions of their problems.

2.3.4 Role of SILC in empowering households towards risk management.

Helps in trust build among members which reduces the risks. Members are willing to share what they have to develop each other the trust create a bond among SILC they become as a family which is united with a common goal of poverty reduction . The trust build in the group makes members to avoid negative actions such as not paying loans on time for it break the trust. From the trust build members are engaged in peer-to-peer learning and exchanges and are able to encourage each other. The SILC do make approachable decision making where members are involved in the process and their ideas are taken in, thus make every member to feel part of the group and want the best out of the group. Through facilitation of SILC agents members formulate their set of rules bylaws , a constitution, to guide their one cycle activities this is done at the start of every cycle to help improve on what didn't go on well . The regulations are written in to the association's constitutions (by-laws) and are intended to provide authority to the committee members to act on those who don't abide by the set rules, a framework for regulation and dispute resolution. The constitution provides the terms and conditions of savings the amount one can save minimum and maximum and lending and how a social fund (welfare) can operate who qualifies to get the fund (Allen, 2006). Members of the SILC are trained in different areas such as record keeping, group dynamics Bringing together the different stakeholders to help them grow also there others who partner with SILC groups to help them in developing themselves such as marketing their produce , getting loans from government institutions. E.g. Uwezo fund, affirmative action kitty thus improve their capabilities which in turn reduce poverty levels among members. Members are able to understand how much has been saved , loaned and how much has remained in their account to ensure there is transparency and accountability account is managed by three people who are elected by members and the election is done very cycle . During the meetings money is counted loudly for each person to hear and those who require loans declare publicly the amount they need and its purpose.

The concept of SILC it was founded in 1943 at the conference of Catholic Bishops which had met in the United States of America. In the preamble, the conference pledged to commit them to the need to alleviate human suffering and advance full human development. According to Adotevi (2001), since then, the CRS has established itself in 99 countries and territories around the world. The rationale behind SILC is to improve the living standards poor people who have few opportunities to diversify their income generating activities for they have limited access to financial resources .SILC strengthens the sense of self-Esteem among its members they are able to develop themselves using the little amount saved within the cycle.

Therefore, Savings and Internal Lending Communities is a holistic program approach that provides a plan to increase the income of the households whose income are very low, this gives an opportunity to members to start income generating opportunities to better livelihoods through access to self-managed savings. This approach favors the local communities; as such knowledge is accessed and promoted through peer to peer learning as opposed to lectures by outsiders the groups are trained on basic financial education such as book keeping, agricultural modern technologies and marketing. In fact, this approach augurs well in adult learning situations where every person has knowledge on what he or she does thus through discussions members are able to adopt what is suitable / fit to their locality . For example, in Haiti, Kednel (2016) reports states that SILC activities met the members' basic needs for members used loans, their savings and share out funds for business investment, school fees, health related expenses, household consumption, purchasing land and livestock among other needs. SILC activities differ from other financial institutions in that their interest rates for loans are usually low, share profits, members have a say on how their money will be used which bring a sense of ownership and enhance community solidarity thus spur collective action.

Similarly, there is an empirical done by Justin and Sumber(2018) on the viability of SILC, it was established that there was a considerable linkage between income generating activities of 57 members of youth savings in Tanzania, Uganda, Zambia and Ghana and that their membership in these saving groups was prevalent among those from poor and rural households. This was a suggestion that there is a lot of viability as far as uplifting the lives of the community is concerned. These views are complimented by another research which was done by Connber and

Damien(2016) that stated that these associations are informal mechanisms for saving and borrowing that do not require external capital or ongoing financial or administrative support from any other quarters though as the groups stays in place for many years they do understand how to manage two accounts that is contribution from members and any support from government or individual.

2.4 Research Gap

The literature reviewed has demonstrated that the concept of SILC has a long history in the world and specifically Kenya. What has come out is that since their introduction, these associations have changed the lives of many, though the change is a subject to varied debates with those who support it disagreeing with those who don't. Consequently, most of the research works reviewed do not point out specifically the various realms that these associations have transformed, hence they are general also there is no research has been done to establish the intervention done by development agencies if they are bearing fruit, that is if there are reduction in poverty levels at the households. Naivasha sub county Nakuru county Kenya. Therefore, it is this gap in limited literature on the effects of informal savings groups' activities in poverty reduction at household level. Case study of Savings internal Lending Communities group activities that this research intends to fill, in Naivasha Sub County, Nakuru, Kenya.

2.5 Conceptual Frameworks

The diagrammatic representation of the relationship between the independent moderating factors and dependent variable of this study as shown in Figure: 1

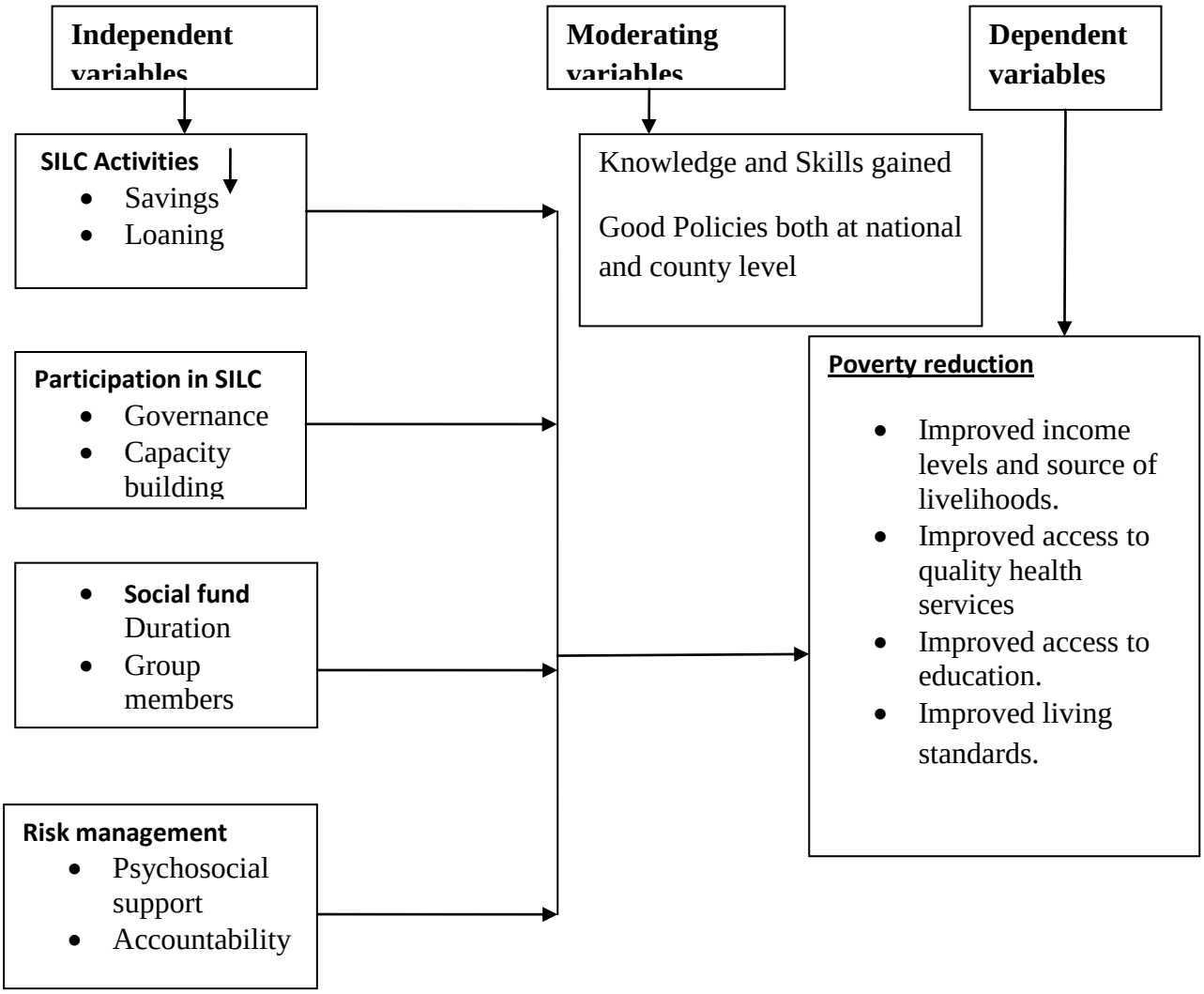


Figure1: Effects of informal savings groups on poverty reduction at the household level in Naivasha sub County Nakuru Kenya.

SILC activities such as savings ,loaning participation trainings ,among others help members to improve their living standards and have access to quality services such as health and education to bring this into actualization there must policies to govern those who are in such a groups especially in case of defaulters, policies for conducive environment for doing business.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter concerns itself with the presentation of how the data will be collected and analyzed. Specifically, it will examine the area of study, research design, sampling methods, data collection, data analysis and ethical considerations that will underpin the research.

3.2 Research design

The study utilized descriptive survey design in that it aims at collecting the data with any alteration with regard to the effects of SILC in Naivasha Sub County. Besides, it allows the study to explore the phenomena in both qualitative and quantitative term (Creswell, 2014).

This also helped to look into the relationship between independent variables and dependent variables using various analytical techniques. The study employs descriptive research design to examine the effects of saving activities in poverty reduction.

3.3 Study Site

The research was conducted in Naivasha Sub County in Nakuru County. The Sub County has a total population of 376,243 (KNBS, 2009). Out of these, the populations of males are 190,080 while that of females is 186,160. It covers a total area of 1,685.4 km^2. The Sub County has a total of 8 wards namely: Biashara, Hellsgate, Lakeview, Maai Mahiu, Maiella, Olkaria, Naivasha East and Viwandani.

3.4 Target Population

The target population of a study refers to the elements or units in which the researcher aims to make inferences from (Cox, 2013). In this case, the target population constituted the households living in the sub county. According to The Kenya National Bureau of Statistics, the total number of households in the sub county is 105,318. In total there are 58 SILC groups within Naivasha Sub County where each group consists of 30 members each representing one household, in total we have 1740 households represented. There are group leaders who are in charge of these SILC

groups were involved for they have key information about the groups. These constitute the target population. Out of these the target population 87 members of savings and 13 group leaders were reached. 6 households were used for piloting which was done in Gilgil Sub County.

3.5 Sample Size Determination

Naivasha has 8 wards the sample size was determined by the use of stratified Sampling and purposive. The Sub County was divided into strata based on the wards; an equal number of households were selected based on known characteristics; namely, have members of SILC and that they have participated in the activities of the association for some time. The selection of the sample based on membership to SILC was done purposively. A randomized list of names of the all the 1740 members in the 58 SILC in Naivasha sub county was obtained Sample size for quantitative data collection was determined using the standard formula by Fisher et al. (2003).

3.6 Sampling Procedures

The researcher used Stratified sampling this is done by grouping members of a population into equal strata and selecting from them to enhance uniformity. Considering the groups involved in SILC have different number of members number to be involved in the research will be proportionally depending on the number of active members per group .That is groups with 30 members where 5 individuals were selected while those groups with 25 members 3 individuals were selected and those with less than 20 members 2 were selected. The selected groups were 10 groups with 30 members, 7 Groups with 25 members and 8 Groups with 20 members . Therefore, 87 members selected from 38 the groups selected though all had equal opportunities to be selected. The questionnaires were administered to the 87 individuals while key informant interviews were done the selected 13 group leaders. (Singh, 2018)

Table 3.1 sample size

No	No of individuals per group	# of Individuals Selected per group	#of groups	Total
1	30	5	10	50
2	25	3	7	21
3	20	2	8	16

4	13	1	13	13
	Total		38	100

3.7 Data Collection Methods

3.7.1 Questionnaires

Primary data was collected by the use of a questionnaire. The questionnaires were used to gather information from respondents especially the members who have in the past benefited from the association. The questionnaires were constructed based on the specific objectives of the study. The merits of using a questionnaire in the study included the fact that responses are gathered in a standardized way. This is attained through concerted efforts by the researcher the assistants explaining the content to the respondents in a way that all of them understand the questions in the same way hence produce objective responses. Besides, it is relatively quick to gather information using questionnaires. The questionnaires were brief but able to gather all the information required, a copy of the questionnaire used in the study is presented in Appendix.

3.7.2 Interview Schedule

This research used interview schedules for the key informant respondents and questionnaire for the group members. The use of interview schedule gives in-depth data necessary for qualitative data. Interviews will be conducted on the household heads and they will be asked about the effects SILC on their livelihoods. One of the advantages of this instrument is that it helps the researcher to better comprehend the interviewee's viewpoints and emphasize the spirit of discussion in an informal and cordial atmosphere.

3.7.3 Piloting

Piloting was carried out in 6 households which do practice SILC in Gilgil Sub County. With a lot of care taken to ensure the households piloted didn't form part of the sample in the actual data collection .The rationale of the pilot study is to identify the weakness and errors in the design and implementation and provide proxy for the data collection of a probability sample (Cooper and Schindler,2006) the process enhances the quality of information to be collected from the respondents for the purpose of achieving research objectives. Respondents remarks

are used to improve the questionnaires. As well as help the researcher to understand other issues which may affect negatively the research.

3.7.4 Field work

The research involved one on one with the targets that is interviewer and interviewee, research assistants were involved to help reach all their targeted individuals .The research assistants were mainly used to collect qualitative data as they were particularly useful for getting the success stories behind participants experience as they could pursue in-depth information around the topic when one feels free to share his or her experience with SILC his achievements , challenges and how they should be addressed to improve. Standardized open -ended questionnaires were used for there are more appropriate considering the nature of the topic as it required in depth information.

3.7.5 Validity and reliability of instruments

Establishing validity of research instruments means the research is meeting the objectives of the research. This helps in reducing errors from both respondent and the researcher. The questionnaire were checked to ensure there were no uncertainty this was done with the input of the experts who are my supervisors. This improved the accuracy of the information gathered from the interviewers. Validity showed the extent to which an instrument consistently measures what it is supposed to and would produce the same results overtime. Reliability is defined as regularity of an instrument in its functions; it provides the degree of correctness of an instrument. (Holborn, 2000) In order to improve the reliability of the tools, both the questionnaires and interview guides were standardized so that information collected can be sorted, entered and analyzed in a more consistent and accurate manner. Training of the research assistants were done to help them understand the why the research was done as well as help improve objectivity and in general quality of the data collection process.

3.8 Data Analysis and Presentation

The study employed both qualitative and quantitative data. The data from the field was thoroughly checked to ensure completeness, consistency and accuracy. The data was then coded and tabulated to facilitate data analysis. The researcher went further to analyze the data and

present the results in form of percentages, frequencies and tables. In addition the researcher used descriptive statistics such as the mean and standard deviation to also present the data. Statistical Package for Social Science (SPSS) was used for analysis of the data collected to help understand the relation between dependent and interdependent variables were also explained, how the change in the value of an interdependent variable can affect the dependent data and its effects. Qualitative data obtained from the interview were analyzed using specific themes related to the objectives of the study.

3.9 Ethical Consideration

The researcher went ahead to get an authorization to conduct the research from the university thereafter got the authorization through application for a research permit from the NACOSTI (National Council for Science Technology and Innovation). This was presented to the Naivasha sub county commissioner's office where the research was been conducted. The respondents were assured of their anonymity and the confidentiality of their responses and the data was collected for the purpose to this study and will not be used elsewhere. The questionnaires didn't bear the names and identity of the respondents and the responses were purely for research purposes. The respondents had right to terminate their involvement in the research when they feel they are not comfortable with the research at any given step.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents the data, analyzes the data and interprets the findings of the study. This chapter also discusses the findings in light with the earlier findings. The presentation, analyses interpretation and discussions of the findings are in accordance with the four major objectives of the study.

4.2 Questionnaire response

Table 4.2.1 Questionnaire response rate

Sample size	**Target**	**Respondents reached**	**Percentage**
Key informant interviews	13	13	100%
Individual questionnaires	87	82	91%

Out of the 100 respondents in the main sample, 93 were reached and their questionnaires completed for analysis 7 were not reached. This represented a response rate of 93.%.A response rate of 50% is considered adequate for analysis and reporting, while 60% is good and that of 70% and above is very good (Mugenda and Mugenda, 2003).the respondent were both men and women , who reside within Naivasha sub county .

4.3 Demographic characteristics of the respondents

During the survey, the demographic characteristics considered during the study were age, sex and Number of household members.

Table 4.3.1 Distribution of respondents by age

Age	Frequency	Percent
18-28	9	10%
29-38	17	18%
39- 48	45	48%
Over 48	22	24%
Total	93	100

None of the respondent was below of age. Majority of the respondents were aged between 38-48years which form 48%, This category of people have a lot of experience in life and have stable families, majority are in marriages have children .The family needs them to join saving groups to meet the challenges faced at the households. At this age members have children in primary, secondary school and others in colleges and need school fees, clothing and food. According to the respondents they can't mange while alone thus require to join forces with others .The respondents are active in the group's activities for they know they want to with develop themselves and their families in order to fight poverty . While over 48 years were 22 which translate into 24%. They are taking care of their grandchildren who were left orphaned due to HIV/AIDS ,thus having difficult in raising them which make them require support to ensure they are able to meet the basic needs of their grandchildren. The widows and widowers do take care of their grandchildren solely, the respondents in this category have a rich experience of life thus they were of great influence in the study. Most of the respondent here are poor, they don't have stable income mostly depend on casual jobs thus without the group savings they will leave inadequately, and the nutritional support of the children remain wanting. For those aged 18-28 were 9 who participated in this research which is 10% this group doesn't have a lot of burden of the household for some are in colleges , universities while others are just married , just gotten their first job so they join with no much pressure on poverty reduction at the household instead they do it to learn how well to start saving early for future . Those aged 29- 38years were 17 which is 18% in total 93 people participated in the research all from different wards within Naivasha sub county.

Table 4.3.2 Distribution of respondents by sex

Sex	Frequency	Percent
Female	77	82.7%
Male	16	17.3%
Total	93	100%

Women were the majority with 82.7% of the respondents which indicate women are more involved into small savings as well as informal savings than men . Out of research respondent 17.3 % were men who were involved in the research. According to Kesanta (2015) the economic

empowerment of women is critical for poverty eradication, for they have no access to credit facilities in the bank for they don't have collaterals, the lands they use for farming belong to their husbands or their fathers, because they were seen as only in charge of households, taking care of the children and the sick. Majority are stricken by death of their husbands/ bread winners which make them to look into ways of making ends meet thus join saving groups to mitigate them from poverty and enable them to improve their living standards. Women form a greater part of the poor and are often the poorest of the poor due to discrimination against them backward traditions which make them second class citizens. Women face community disadvantage and inequality which increases their vulnerability, and makes it more difficult for them to move out of poverty. Traditionally, women are caregivers who don't voice nor power to make any decision but since Beijing (1995) women have been in the forefront in fighting for their space which made them to be form associations, welfares, SILC groups ,owing properties and even getting education and employment. This has made many governments including Kenyan government to set aside funds to support women who are in groups. The groups are formed and registered under ministry of social security services to this help the groups empower to be able to run their group activities.

Table 4.3.3 Respondents and their number of households' members

Number of household members	Frequency	Percent
Less than 2	13	13.9%
3-6	57	61.3
More than 6	23	24.8%
Total	93	100

Majority of the people who are involved in the research have 3-6 members in the households which translates in to 61.3% (57), while those with more than 6 family members were 24.8 %(23) and those with less than 2 members in the households were 13.9% (13). From the research those with many family members are involved in the SILC. The number of households members dictate how the household will live and their ability to meet the basic needs ,from the respondents the high number of household members the more challenges they face in putting meal on their table forcing them to join hands with each other for support .

Table 4:3:4 Number of years the respondents they've participated in SILC

Years	Frequency	Percentage
Less than 2years	1	1%
2-4 years	46	49.5 %
Over 5 years	46	49.5%
Total	93	100%

Those who participated in SILC for less than 2 years were1%, 49.5%of the respondent had participated in saving internal leading communities for 2 -4years while 49.5 % had participated in SILC for 5 years and above. These are clear indication there are benefits in saving activities for members, they gave rich experience and insight about the influence of Savings and Loans activities in poverty reduction at household level for the year they have participated in SILC. The respondents said SILC is better than saving with banks for we are able to share profits earned unlike banks where the profits is only for the few, also the flexible mode of loan repayment as well as little interest rate.

4.4 SILC has empowered its members on risk management towards poverty reduction

In this section of risk management of poverty reduction at households looks in to the following area: How SILC has cushioned financial risk at the households, Social fund in the SILC how it has enhanced the un expected circumstances that compromise their households stability .Skills and knowledge have you learnt (in your SILC) on how to manage entrepreneurial risks for the Income generating activities that you engage in? What happens when one of SILC members is not able to pay his /her loan?

Empowerment is a process of making people better than they are this is done through training on new knowledge or skills to improve their lives also it can be learning on modern techniques of doing business e.g. Learning how to do business online as opposed to having a shop where one opens and wait for customers. Getting markets for the products where one can sell the right prices where the expenses incurred can be included when costing to profits. Empowerment helps members to have bargaining power ,know their rights and who are there

to support them to achieve what they need such government ministries who link farmers to the market as well as trainers for more knowledge and skill

Risk management is a process of ensuring there are mitigation measures to prevent the risk to have huge impact on the people , group and the business. Also according to (Rouse, 2009) is the process of identifying, assessing and controlling threats in to an organization's/group /individual capital and income or earnings. According to the respondent they are trained on how to indentify threats within their groups as well as in their businesses also how to assess the threats and how to manage through mitigation measures which has helped there are such as understanding each member who joins the group where his comes from , what he does for living .SILC group been registered with ministry of labour social security and services , give people loans which at least 2-3 times of their savings this makes their saving as security of the loan .The findings are in agreement with the view of Awiti(2013),that social fund can incorporate a number of purposes: emergency assistance, educational costs for orphans, funeral expenses etc. Social Fund is set up to cover expenses that cannot be exactly predicted as a result preventing members from loss.

The research shows that an increased income level, purchase of land, start and expansion of business, increased of saving amount and rearing of livestock can be understood as engaging in a risk mitigation strategy and therefore contributing to household poverty reduction. SILC groups do have a constitution which protects interest of groups by ensuring that there is a framework in place to facilitate the functioning of the group and address problems that may arise. Constitutions prevent abuse of power, conflict among members, and actions that may put group savings or its assets at risk.

4.5 Saving Internal Leading Communities has cushioned financial risk at the households

According to the respondents SILC members are trained on importance of financial records such as book keeping , cash flow, debt account and profit and saving for future.

Below indicates how the respondents understand how SILC cushioned them on financial risk.

Table: 4:5:1 respondents how they've cushioned on financial risk

	Frequency	Percent
Record keeping	33	41.3%
Understand business environment	20	25%
Saving	27	33.7%
Total	80	100

Those who acknowledged benefits from recording keeping were 41.3% which is the largest percent of the respondents . The record keeping helps respondents to identify the strengths and weaknesses , opportunities and treats in their business and address them, helps one with the information on what is needed such as stock when to buy , restock know what has been sold and help it grow, makes it easier to distribute profits to between the owner, business and household where both profits and losses have to be shared also it this helps one to plan on expansion. Record keeping in business helps to utilize time more effectively**.** The training helped the respondents to understand business environment, which include the competitors within the area what they are offering and which offers him /her opportunities to improve his her business , what gaps need to be addressed and how they can be addressed. This include to monitor the growth of the business up to maturity and know when change is needed .The respondent said the saving in the group has helped them a lot for they always have a place they can help get in case of financial challenge in the households or in their businesses. The findings are in agreement with (Kedogo, 2013) who or the businesses to be managed effectively the owners must be trained on the basics of business management include keep records, business management, running a business, customer service. Saving of little money which one has which enable him /her to get loan to improve their lives . SILC has helped many families to move away from poverty through small income activities which members begun with the interest they get from the group as well as the loans. This has also been supported by the report from Zimbabwe where members of the SILC are youth.

SILC group help members in Capacity building depending on the interest of members. This enables the members to maximize the resources they have into profitable ventures which improve their lives and help them grow their wealth through start of income generating activities.

Respondent agreed the capacity building has been done by the government in conjunction with local organizations and banks they stated that equity bank has being in the fore front to educate them on marketing , record keeping, where to get capital .

4.6 Skills and knowledge learnt in your SILC

All 93 respondents agreed they have learnt something from SILC which has helped improve their lives and more so that of their household members.

Table 4:6:1 Respondents skills and knowledge gains

	Frequency	Percent
Marketing	46	49.5
Record keeping	33	35.5
Seedlings selection	6	6.5
Sources of capital	8	8.6
Total	93	100.0

According to respondents 49.5 % acknowledged that marketing has really helped them in their day to day thus improve their lives this involve advertisement ,helps to boosts Sales, build a Relationship between a business and its customers these has helped respondents in establishing their small business which they run out of SILC. 35.5% of the respondents stated that Record keeping has also helped them to in what they do in their business, written down what they have done to avoid forgetting especially when it comes to debt form their customers . 6.5 % stated Seed selection has helped in improving their crop production thus improved income. 8.6 % and how to sources different types of capital for investment were also trained to the respondents within their SILC cycle. This skill helps members to improve on the challenges they face during their day to day life e.g. In business someone may be making a lot of sales but he can't differentiate the capital from the profits thus when it comes to spending he spends all thus ending up not able to sustain the business , this helps them to keep records to the any increase in income earned , its usage and the amount saved or the household also assist to monitor how the crops, livestock have produced over time and develop strategies to improve productivity .

The knowledge gained helped members to know how well they can have the production sold to the ready market without middle men who gain a lot than the farmers, this helps in seeking or market as a group that does the same production For example ,those farming potatoes are within one SILC group are able to register themselves and form a marketing group where they will be selling their produce as one this helps in bargaining for prices which improve incomes of the households . This research is in agreement with (Allen, 2006) where he stated that there was been a substantial improvement in housing quality due to financial services received from the group. The SILC groups assist members not to sell their produce immediately after harvest, for they prices are always low thus will not provide the necessary income to cater the expenses incurred and enable one to gain some profits this helps avert seasonal food shortages at the households . Some SILC groups have organized themselves to sell their produce as a group which helps them to bargain for better prices. This report concurs with what Odele(2007) stated that SILC members have used their savings and credit to build their lives and of their households members. For example ,some have build permanent houses and purchase land, household items, livestock and start income generating activities among other things .SILC has helped members to strengthen their financial asset base through expansion of their income sources and build up forms of livelihoods which has in turn improved their living standards as well as reduce poverty levels.

4.6.2 When SILC members are not able to repay their loan?

The respondents agree when on o the members is not able to pay their repay loan the group leaders do advise the members to pay within the SILC cycle if she /he is not able to pay the group agree to use social fund to meet the balance not paid at the end of cycle .Those who are not able to pay so when a member is not able to pay on time the group allows him or her repay in an installments for an agreed period by members. This helps the members who were not able to pay their loan continue with their small business to improve their lives unlike in formal sector where when one is not able to pay his /her loan the back repossess what one had given as collateral thus making one depressed as well as poor then she was before taking loan , also ones name is taken to credit reference bureau which hinder s one from getting loan

from any other lending institution . SILC groups have constitution which protects its members from losing their money. Out 93 respondents who took part on the research none had lost his or her money due to members not repaying their loan.

4.7 How has participation in SILC activities contributed to poverty reduction

Participation brings ownership of the activities of SILC bring helps members to be sustainable Through participation in SILC members are able to provide food security, clothing, shelter healthcare costs, and land and livestock purchases and education to their households this is provided in three main components: availability, access and utilization. This is in agreement with Parker(2015) report where members from Haiti SILC groups expressed the impact which they have experiences in their lives and their households .

Members are able to get loans , social welfare , registration of the group with the ministry of labor , social security and services which enables the groups to get more resources for their development. An example in Naivasha a self help group by the Name Afya yako in Maaimahiu Naivasha ,Nakuru which started as a merry go round later become SILC not now a fully registered self help group managed to get affirmative action fund totaling to 200,000 in the last two years , the amount they managed to start a green house for the group while for the individuals were given each 10,000/= as loan to be paid within one year some members bought poultry for layers, others invested the amount in to their small business . The group is now able to meet the needs of their household's members. The profits gotten from the green house the group is given to members who are HIV infected children inform of school fees, uniform and presents for those who managed to do well in national examination as a way of motivating the others. This year two more groups one in Naivasha east ward by the name Atirririri self help group and Twaomba kuishi self help in Hellsgate ward Naivasha sub county managed to apply for uses fund as well as agricultural grant to help them do poultry with support of the government . The time the researchers was interviewing the respondents they were working with ministry of to support them with ass avocado, maize and pyrethrum seedlings for planting. SILC model promotes members participation from the moment of group formation up to the point of the end of cycle. Election of leaders, identification of what activities the group will undertake during particular time, who will be doing what .Respondents who

participated in the research stated since they began to participate in the SILC program they have increased self-confidence in addition to greater financial independence and also improved their ability making decisions. The group has demonstration farms where they take members to learn and gain knowledge on what need to be done; the farms were developed with the help of agricultural extension officers.

These findings are in agreement with Vanmeenen (2010) who indicated that SILC engages local people, more so women, in decision-making and governance, empowerment at individual, household and community level. SILC has also helped its member in strengthening their leadership skills for its is self managed and controlled members do elect leaders every cycle SILC has helped members especially women to be self aware of themselves understand what they can do thus improve self awareness .The respondent stated that SILC has trained members on skills and knowledge which helps each to be accountability and transparency thus build trust among each other. SILC has the power to bring change the usual political tensions , ethnic fights, and antagonism into more comprehensive structures, as SILC groups they can form a strong unity reposes their rights and advocate for resources with the local/ national government as well as take away the tension among community by bringing cohesion and unity. Through loans members are able to Increase individual wealth and allows members to invest money in their households or income generating assets as well as community assets thus help in poverty reduction provides. The invasion of locally generated resources to build new, less vulnerable assets to meet basic and productive needs such as shopping baskets and bead work among others. The groups are at the grass root level thus have the potential to provide the organizational structure in support of natural environmental protection systems in cooperation with local governments and NGOs.

SILC has Integrated Household Economic Strengthening activities; these are activities which households start to improve their income they include cereal shop, poultry keeping among others. SILC groups are also having complementary interventions such as parenting skills which help the households with their relationship among each other thus improve the unity while Income promotion using low-risk activities to diversify and stimulate growth in household

income which lead to wealthy individual , households and communities . This finding are in conformity with (Obebo, 2011)) states that participation in microfinance and saving groups have had a positive effect on household wellbeing were members are using the knowledge gained to improve their lives through income generating activities and savings.

The respondents who managed to answer this question were 82 , with the majority having began a business venture to help improve the households economic status thus poverty reduction . Most of the respondents were doing poultry keeping which translates in to 41.5% followed by vegetable farming which had a total of 29.3% and 22 % doing cereal shop. This is clear indication that SILC has helped its members to sustain themselves considering they are doing business with what people need daily such as vegetable , poultry products such as eggs , cereals such as beans , maize , among others .Members agreed apart from doing business they also use their product they sell within their households .We have 3.7 % and 3.7 % doing second hand clothes and transport (boda boda) respectively which is necessary for the living in low income. (Hugh ,2009) in an impact study in Tanzania found out that participant stores of maize are double that of non-participants, despite owning less land, this is to some extent in agreement to the finding of this study. It can therefore be indirect that loans facilities have very strong potentials of making households food secure which help household to move from poverty. Through loan facilities households are able to increase their production as well as sells done which help meet the daily expenses thus improve the living condition of household members.

Table 4:7:1 Respondents business started from loans

	Frequency	Percent
Cereal shop	18	22.0
Sell of second hand clothes	3	3.7
Poultry keeping	34	41.5
Transport (boda boda)	3	3.7
Vegetable farming	24	29.3
Total	82	100.0

When asked about loan utilization the respondents said are all willing and happy to express their experiences and how SILC has helped them and their households, which enable individual members to improve their lives and that of their households. This methodology has proved that SILC has helped its members to be sustainable thus free from poverty in short term as well as long term. Members stated that they are able to start small businesses where they use the profits to meet their daily expenses such as food, rent among others. These findings are in agreement with (Hopewell, 2010) in his report where the youths use their profits to improve their lives which include purchase of small livestock such rabbits, pay school fees, and buy food for themselves and their households. Others use their income to pay for medical bills for their parents and relatives who are ill especially those affected by HIV. HIV/AIDS is still a threat to many households in developing countries where parents may have died leaving children under the guardianship of relatives who are not in a position to support their children and the orphans staying in the house , this makes many young people to involve themselves in manual jobs, join SILC where they can be saving little in order to support their caregivers .

Table 4:7:2 Respondents usage of loan

	Frequency	Percent
Payment of school fees	10	10%
Payment of school levis	4	5%
Purchase of uniform and scholastic materials	6	7%
Expansion of business	41	44%
Purchase of farm input	32	34%
Total	93	100

The respondent managed to share were 10% took for payment of school fees while 5%to pay school levies and 7% for purchase of school uniform and scholastic materials for their children. It is believed that when one gets education, knowledge and skill he/she is able to find something to do unlike who those who don't have this will go a long way in fighting poverty in the households. 44% of respondent stated they took loan to start and expand business to help improve their livelihoods as well as reduce poverty levels in their household. 34% of the

respondents acknowledged they took loan to venture into crop farming which they are making profits out of to support the households basic needs. The members of SILC groups apart from giving loans they are trained on how to manage their businesses , how to re invest their profits to businesses and other ventures which will help in reducing poverty at their households . Members are able to use the loans received in bigger development such as build up an investments such a purchase of land , building houses this is due to the fact that the loans are given with minimal interest and the payment is flexible. There are members who indicated that before joining SILC they were not able to have 3 meals a day but they are now able due to small businesses they started with the loan received ,the businesses are able to meet their basic needs such as pay rent, clothing, buy food and save small into SILC.

4.8 How has SILC social fund contributed to poverty reduction

Table 4:8:1 Respondents' usage of social fund

	Frequency	Percent
pay medical bills	58	62.4
burial expenses	7	7.5
wedding gifts	5	5.4
purchase of food stuff	23	24.7
Total	93	100.0

At the beginning of any saving internal leading activities members agree how they will be using their social fund kitty which in most cases the members agree the amount to be used for emergency issues which arise and hinder someone from repaying the loan borrowed as while as saving this include Sickness ,death of immediate family member , loss of business due to fire or theft.This is in agreement with Vanmeenen(2006) where he stated that SILC provides a safety net to the members giving an example where the social funds save a life of a child whose mother was a member of SILC and from the kitty she managed to save sons life through paying medical bill. The affected members are given some amount of money to help rearrange their life after the loss. This cushions members from having financial risks and

encourage them to continue with the group. Within the group cycle when members have not used the social fund on emergency they decide what to do with the money at the end of the cycle such as buy food items for each member to cushion members from spending their saved money on food . SILC members indicated the importance of social fund. This findings are in accord with (Parker,2015) where he stated that social fund was an important to its members over other financial institutions as banks because one is able to access funds in case of an emergency and that they were contributing to a fund that could help others in case of need stated in their constitution . The Social fund contributes to developing group unity and upholds "be concerned for others" attitudes among SILC members and their households.

SILC cycle consists of 8- 12 months where members agree to do things together thus develop ownership of what they do in a group. A saving group which makes terms for all to participate in their activities, members has equal rights. This gives members morale to participate and protects the activities and provides flexible readjustment of the group through different forms of association.

Social welfare of the each members where members are able to meet their emergency occurrences which can draw back the households to more vulnerability than they were before join SILC.This has increased social cohesion, build trust among members which helped to address common issues that might affects their lives and that of the community thus help improve their living. The group's Members are able to be friends, share problems and invent means to manage the problems. SILC group enable people meet on a regular basis and discuss issues that affect their lives and their life of their community. This also gives them an opportunity to try to solve challenges they face in life and which can lead in to poverty. Self-selection is key in ensuring members who have common status to come together, they should share a common goal which will drive them to improve their lives daily, develop a sense of belonging, which often authorize members to take charge of their lives and become actors of change in their lives. Social welfare aid in building strong households financially, in values that help reduce poverty levels for it brings the unity of purpose both at households and group level. In various regions in Africa, ethnic and tribal strife has contributed to divided communities and

which cause hostility and affliction among those in question. The poor those in low income levels are always the worst affected when violence occur , because they do not have the means to start over, for Conflicts are often fueled by poverty, lack of job opportunities , and lack of opportunities for advancement . This is because they fight to get the resources they need yet the resources are owned by others. SILC groups can be used as a peace building tool whereby people from different tribes /communities form SILC group within their localities for they know each other thus making it hard for them to be used to create conflict among themselves for they have a common goal.

4.8.2 Comparison on households welfare before and after joining SILC

The respondents stated that before joining SILC life was so difficult for they would not afford even two meals a day sometimes they would spend a day without food , the children were not going to school regularly but through loans gotten from SILC they are able to purchase food , clothing and even pay school levies and fees for the children to attend school regularly thus improvement in their performance . Through income generating activities the households are able to live a better whereby they are able to meet their basic needs such as food, shelter, clothing as well as medical health for the sick, education and have some little savings in the SILC group. Respondents indicated they were able to start income generating activities form the loan gotten from the saving group. Members start different ventures depending on one's area of interest or what they know best such as farming , poultry keeping , cereal selling , dress making and even purchase of motorcycle or transport they turn the interest in to business . This helps the households to cater for basic needs such as food, shelter , pay school levies or their children in order to break the poverty cycle in the household .

Respondents agreed that in SILC meeting they also deal with the welfare of each other, Members during meetings do share their personal problems ,is in this groups where those who are HIV infected or affected get support on positive living also there are those who have non communicable diseases such as cancer, disability among others do get help from their friends who had such sickness and they managed to solve. This is concurs with Taneja(2015) on how SILC members use their money ,which indicate that SILC has great impact of households of the participants both economically and socially .

Respondents agreed that they do work with government and NGO'S to gain more knowledge and skills through training on different areas including management of groups, group dynamics. SILC groups register with government to enable them to access government resources as Uwezo fund, affirmative action fund, and women fund youth fund all under Ministry of Labour, Social Security and Services. The fund helps members to start new ventures which will help them to have stable income.

Table 4: 8:1 respondents training received during SILC

	Frequency	Percent
Business training	44	47.3
Exchange visit for learning	4	4.3
Agricultural training (poultry , crop)	40	43.0
Saving	5	5.4
Total	93	100.0

Respondent asked how Saving internal leading communities has helped them , they stated that through training on business where 47.3% (44) members who have benefited from business training or they were able to use knowledge acquired to improve their businesses , respondents who are using Agricultural training were 40 which is 43% members, the respondents cited improved on their produce since the time they started using the skills gained the training focused on poultry keeping and crop farming depending on the area they come from. The respondents benefited a lot during exchange visit that took place in their saving and lending groups were 4.3% (4). They learned through seeing what other people are doing, experiential learning helps also because one will remember what he/she saw.5.4%(5) of the respondent have benefited more by joining informal saving groups were they are able to save because of the rules and regulation put in the groups. From the savings they access loans for personal and households' improvement. The respondents stated the training is done by equity bank, Kenya women microfinance bank, local Ngo's and ministry of Agriculture. This trainings do give the respondents knowledge on how to start their own ventures and run successful businesses , they

also agreed that the trainers do follow them up to ensure they are implementing what they learnt right which gives then confidence do run their business and framing .

Table 4: 8:2 respondent benefits gained of SILC

	Frequency	Valid Percent
Able to start my own business	30	36.6
Able to begin keeping poultry	39	47.6
Able to track my business	13	15.9
Total	82	100.0

Form the trainings done respondents gained knowledge and skills to improve their lives and there were able to implement the skills acquired with time through SILC groups. 36.6% of the respondents were able to their own businesses while 47.6 % started poultry keeping and 15.9% are doing well in record keeping and tracking their businesses. This helps members to supplement the savings done in the group for the households to cater for their needs. These trainings were done during their SILC monthly meetings in order to reach all members. The training is done by government agencies or department and NGO and financial institutions around Naviasha Sub County. The agencies and NGO do monitor the progress members they are making and were they are faced with challenges they came to support.

This research is in agreement with Thuysbaert (2012) who stated that SILC has helped to meet the need for financial services, for households, the involvement in the saving groups increases financial stability and the use of credit for improvement of living standards and the social fund help members to be able to handle better with unforeseen shocks thus improve financial risk management and improve food security when members access loans and share-outs, SILCs do encourage investment in livestock, agriculture, small businesses and human capital. Finally participation in SILC renders members and more so women more powerful within the household and increases their involvement and influence within their communities. This has proved to be a vehicle which can be used by communities, development agencies and government to bring the desired change within the households for its able to increase spending levels and reduce poverty.

Chapter Five

Summary, Conclusion and Recommendation

5.1 Introduction

This chapter presents the summary of the findings of the main study, conclusions recommendations arrived at and contribution to knowledge base. It also gives suggestions for further studies.

5.2 Summary

The main sample comprised 87respondents, 82 respondents were reached and their questionnaires completed for analysis. This gave a response rate of 94.3%.Among the 11 respondents targeted for the Key Informant Interviews (KIIs), all 11 were reached and data sourced from them for analysis. This represented a response rate of 100%. Out of the respondents interviewed, 82.7% while men were 17.3% women were the majority taking part in SILC as well as saving groups this because of the roles by play of care giving within in the households. The respondents who were aged between 38 and 48 years of age were 48%while the respondents were aged between 28 and 38 years old, 18% while 24%of the respondents were over 48 years old while another 10% were between 18 and 28 years. Among the respondents, 49.5% indicated that they had 2-4 years in SILC groups and those with over 5 years in SILC groups were 49.5% among those interviewed 1% had less than 1 year in SILC group .13 .9% of the respondents had less than 2 member of their household while those with 3-6 members in their households were 61.3% and those with more than 6 household members were 24.8%.

5.2.1 Examine the role of saving Internal lending communities in empowering households towards risk management

According to the findings, 41.3% of the respondents stated that SILC has helped them to manage risks through record keeping while 25% got to understand business environment to assist to risk manage and those who use saving as risk management were 33.7%. this helps members from getting in to businesses they don't know about thus end up making losses also brings the issue of accountability in to business where one is able to follow the pattern in which the business is taking or the saving therefore mitigate any threat or failure/loss about to occur.

According to the interview done with group leaders they stated that social fund has helped many members by providing financial support in catering for their bills which would have drawn them into more poverty . SILC groups have helped in making members aware on how to manage their businesses and avoid financial mistakes which would cause them their investments. This was done through financial literacy done by local NGO, government and other financial institutions.

5.2.2 Examine the impact of household's participation in informal saving towards poverty reduction within the household's.

During SILC period which takes 12 month many things do take place where members do participate in such as training of members according to the respondents who took part in the research stated they were trained 47.3%, business while 4.3 %who learnt exchange visit while 43.0% learnt agricultural training mostly poultry and crop framing and saving 5.4%. We a have those who gained skills on 49.5% marketing, while 35.5% benefited on record keeping and 6.5% seed selection and 8.6 % how to source for capital. They are other activities that take place during SILC meeting which include registration of the group with the ministry of labour social security service and linkage to financial support within the ministry as well as with the county and national government .Among the key informant interviewed 67% have their groups registered while 52 % have either received money from county (affirmative action fund) or Uwezo fund ,youth fund from national government .While 13% were waiting for the said fund having applied . From the training 36.6% stated they were able to start their own business, 47.6% were able to keep poultry and 15.9% are able to track their business as well as their savings.

Initially, members used to save and borrow without any form of training , many of the members used to use the money in unplanned ways which made members and their households remain the same over years . This made leaders to analyze their groups and realized there was little change as compared to what they expected, leaders talked to group members on the need to have them participate in different trainings to boast their knowledge on how to do investments as well as how to monitor them. As the groups increased their knowledge and skills, they also saw the need have becoming a registered entities, because there were benefits in registering the groups such as have access to government funds, tenders among others.

5.2.3 To establish on how Savings and internal lending communities has helped the household to reduce poverty.

10% of the respondents stated they took loan for payment of school fees, while 4% paid school levies, there are those who purchased of uniform, and scholastic materials 7%. From the respondents 44% took loan to expand of business as well as start and 34% purchase of farm input. Business started or expansion from SILC loan cereal shop 19.4% while 3.7 %selling second hand clothes, poultry keeping 36.6 %, and transport (boda boda) 3.7 % vegetable farming 29.3% . From the respondents 2% indicated they have used the loan gotten to purchase land for the family. The loans are used for investments for the households in order to enable to meet their basic needs thus reduce poverty levels some were short term while others where long-term. By the time the researcher was conducting the research the some investments had already giving results such as those who started small businesses from the business they are able to buy food , clothes hence they are useful to the households in future even after the end of SILC groups.

SILC group leaders were reached through key informant interviews where they said that SILC helped its members acquire assets , have businesses running which help in meeting the daily needs such as food , shelter, education and well as health. Members who used to lack food before joining SILC groups are now able to buy their food with profits gotten from small businesses. There is lots of improvement in the households since they began saving in SILC, they are moving from most vulnerable to resilient.

5.2.4 Determine the role of saving Internal Lending communities social fund in poverty reduction within the household's level

Majority of the respondents 62.4% received social fund to pay medical bills for their loved ones, 7.5%% of the respondents did burial expenses, 5.4 % were given gifts during their wedding , and 24.7% managed to buy food stuff during the end of SILC cycle. The respondents mentioned that social fund is key in building community to fight poverty together , it has been key support to those who are hospitalized .Out of the leaders who participated in the research 32% stated that this year they have put mechanism in place to ensure all members have National Health insurance Fund card that will be paid with 50 % of the social fund contributions. It was

also recorded that majority of the SILC members are HIV affected or infected, especially 48 and above are taking care of their grand children whose parents died because of HIV /AIDS while some of the children are HIV positive thus under medication and need to take balanced diet forming the reason social fund is used to purchase food stuff. Members also said they share with each the challenges they face and during the cycle and help to solve, during the cycle which takes 12 months members do create friendship and caring attitude for each other .

Group leaders stated that during SILC cycle members improve and support each other through sharing, economic support which comes from social fund help the members to save, borrow as well as participate in various trainings which are aimed at making them better through knowledge acquisition. It's in this cycle where members do need analysis to know which area they require support, who can offer the support and when can they get the support after which the leader approaches the individuals or institutions for the said support .

5.2 Conclusions

The research as proved that there are positive effects of informal saving activities on poverty reduction within household levels this was clearly shown in a findings from the members who stated that the informal savings groups are of great impact to their household living standards as well as reduce of poverty, the study took a case of Saving Internal Lending Communities activities in Naivasha sub county Nakuru. SILC activities have been taking place for many years at the grassroots level with no evidence if they are improving the conditions of the members who are taking part which leads to poverty reduction at individual ,household and community level.

The findings indicate that there is a relationship between saving and internal lending communities and poverty reduction within the households. The research state the relationship to save some money or pull resources together for the households to enable them to meet the basic needs and well as start venture in order to give them stable income in future thus reduce poverty levels.

The research shows that there is role of saving Internal Lending communities cycle helps members to reduce poverty within the household. Within the saving internal lending communities' members do save borrow loans for their now development also they have a social fund which they use in case of emergency. The cycle help members accrue interest from the loans they get this is distributed to members according to amount saved during the end of cycle which is 12months. The amount given to members helps them to reinvest and expand their small business started. During the cycle members do get loans where some loans use the amount to as well as pay school fees for their children to help them get skills and knowledge to improve their lives, thus move out of poverty. During SILC cycle members are trained on different areas to improve their skills and enable them maximize the land and little resource they have to improve their live and that of their household .

Participation in informal saving activities from the finding it has established that members are able to gain knowledge and skills in different sectors in order to improve their lives such training include group dynamic ,agricultural , marketing and leadership skills from the participation members are able to develop social network to support during social challenges such as death , sickness, political instabilities. Participation so helps members in developing decision making skills, parental skills to be used at group and household levels and proper management of resources. Participation helps to inform the members future planning in terms of training needs which they require ,understand where they can get the training and how can help them .It allows for cross learning between the groups especially in farming skills (poultry and crop farming and cattle grazing) .Participation in SILC activities also helps members to get not only financial support but also emotional, spiritual as well as psychological support from other each other .Those participating in SILC are more likely to start various businesses to complement each other in the households some in small scale while others at agribusiness level.

Saving Internal Lending communities in empowering households towards risk management

The research established this through members stated that they were empowered towards risk management in different ways which include Record keeping, training on business ,

saving for future and participation in SILC meeting which building trust among members. SILC helps people reduce their vulnerability to shocks, sickness and poverty through strong social cohesion, self-help and self-reliance in times of hardship. SILC has greatly empowered its members and has been designed to maximize member's participation in decision-making at household, group and at community level. Empowerment towards risk management at the households is also done through risk management literacy and credit and savings which enable members to bounce back to original position. This is corroborated by the findings that majority of the respondents agreed that SILC had cushioned them from the financial risks at the household hence enhancing their poverty reduction.

This research was to establish the effects of informal savings activities on poverty reduction at the household level a case study of saving internal lending communities, form the findings it's clear that members of SILC groups are able to benefits through savings , loaning , social fund as well as training which are organized by group leaders. This research has proved that SILC has improved the living condition of those who participate and utilize their amount saved in developing themselves in business, farming, and payment of school fees of their children which will help them reduce the poverty levels. The research has also identified that SILC has helped members to manage risk management through empowerment of members, decision making, credit and saving also cohesion among communities thus reducing their poverty levels. This research has established that SILC has activities which are promoting wellbeing of members who alone they wouldn't manage to face the challenges of life .

5.3 Recommendation

According to the findings of the study, the researcher would like to make the following recommendations; from the study SILC has proved to have positive influence on the households towards poverty reduction e.g. to build capacities of members to monitor their business as well as assist members through giving loan to start income generating activities There is need for savings internal lending communities to be replicated to other areas with low income generating households especially those who are HIV affected and infected.

SILC has trained its members on financial literacy as well as agricultural skills hence there is need to enhance linkages to financial and Agricultural institution to ensure establishment and grow. This is because the demand for loan is higher than the amount saved by group members. SILC groups to be given more loans if not grants to enable them expand their capital and grow their business thus reduce poverty within the households. For agricultural institutions members will get more training and link them to market.

It was established that through SILC group's members are able to produce more yet they not have direct link to market nor store ,the government should train the farmers on value adding techniques to assist farmers not to be selling all their produce immediately they have harvested. Post and pre harvest training in needed to improve the income the farmers get.

SILC groups should be encouraged to register with ministry of labour social security services for them to qualify for grants which the government has set aside for the groups. Government should invest infrastructure such as road to enable those who are doing farming their produce can reach market in time to avoid wastage , energy and water infrastructure this will help caregivers take little time in providing for their households, good roads will enable buyers of commodities access markets.

The government should enhance farmers both those doing small and large scale ability to access input and markets also help in reducing middle men who take advantage of farmers by buying their produce at very low price leaving farmers to make losses. This can be accomplished by investing in infrastructure, regulating markets prices for commodities and transportation services that enable all to travel safely, in a reasonably priced and racially appropriate way, increasing /empower them with negotiating skills.

SILC group are doing a lot of ventures which are profitable to them but there is need to form marketing groups depending on the ventures they are strong in or where they produce a lot, this will help in getting market for their produce at reasonable price. The marketing groups will

ensure there is always supply of the produce throughout the season in order to maintain the market and the customers. Marketing groups will help to solve the issue of wastage of produce and lack of market thus motivate individuals to work hard to meet the demand set .

To maximize that positive effect that SILC's is having in empowering members towards household poverty reduction which include food provision and nutritional security, access to education and health care. To ensure the business and ventures started grow to maturity thus help improve the households living standards and increase countries revenue .Government to offer universal health care free to those who are in SILC for majority are those using ARVs and their children / grandchildren are also on drugs thus making them more vulnerable to optimistic infections which make then to use a lot of saved resources to cater or the bills thus make no big stride in fighting poverty. Cash transfer (older persons) to be expanded to reach every person who is above 70 years and more who are guardians to young ones. Have more children who are HIV affected to get cash transfer for orphans and vulnerable children to help start income generating activities for long term use.

SILC groups are dealing with people where not everyone is trustworthy and to avoid loss of their monies each group should have a kitty set aside as insurance just in case members are not able to repay their loan, each individual should secure his or her loan with some little amount apart from the savings. At the end of cycle members should not be sharing all their savings and profits and social fund instead they should be sharing dividends to enable them grow their savings for 2 or 3 cycles then one can get his or her savings and invest in a big project such as purchase of land.

Ensure the SILC members have medical fund for their households this is after realization that some members use social fund and other resources to pay their medical bills because they not have medical cover .Medical cover will help to mitigate nuisance cost when one falls sick . Develop plan for each member to be paying every month or have a kitty set aside for medical cover.

The researcher has suggested the following are areas for further research

- Research on what impact does saving internal Lending Communities has on women empowerment in Naivasha sub county Nakuru county Kenya.
- Research on the influence of Savings Internal Lending Communities in Education in Naivasha sub county Nakuru.
- Research on influence of social fund in improved healthy living among saving internal lending communities members.

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Appendices

Questionnaires

KEY INFORMANT INTERVIEW GUIDE**.**

Hallo, my name is Elizabeth Lynn Mbithe Muthike. I am a student from St. Paul's University. I am conducting a research on informal savings groups on poverty reduction at the household level. A case study of saving internal lending communities. I will record the interview responses but the information you give will be kept strictly confidential and will not be disclosed to anyone else. You are under no obligation to answer any question that you feel uncomfortable to answer and I would urge that you provide as honest answers as possible.

Questionnaire ID……..….Date of Interview…….

Sex …….

Age

18-28 29-38 39-48 Over 48

1. How has SILC empowered its members towards poverty reduction?
2. Explain how participation in SILC contributed to poverty reduction?
3. What are the activities of SILC which promote poverty reduction?
   b. How do these activities contribute to poverty reduction at household level?
4. How do SILC groups ensure resilience to its members?
5. How is SILC group formed?
6. What are the goals and aims of having SILC?
7. What joint Income Generating activities do you have as a group?
8. What kind support do you get as SILC group from government, local Ngo's and community?
9. What are strategies you've put in place to manage risks within the group?

INDIVIDUAL QUESTIONNAIRE

Hallo, my name is Elizabeth Lynn Mbithe Muthike. I am a student from ST. Paul's University. I am conducting a research on informal savings groups on poverty reduction at the household level. A case study of saving internal lending communities. I will record the interview responses but the information you give will be kept strictly confidential and will not be disclosed to anyone else. You are under no obligation to answer any question that you feel uncomfortable to answer and I would urge that you provide as honest answers as possible.

Questionnaire ID…….….Date of Interview…….

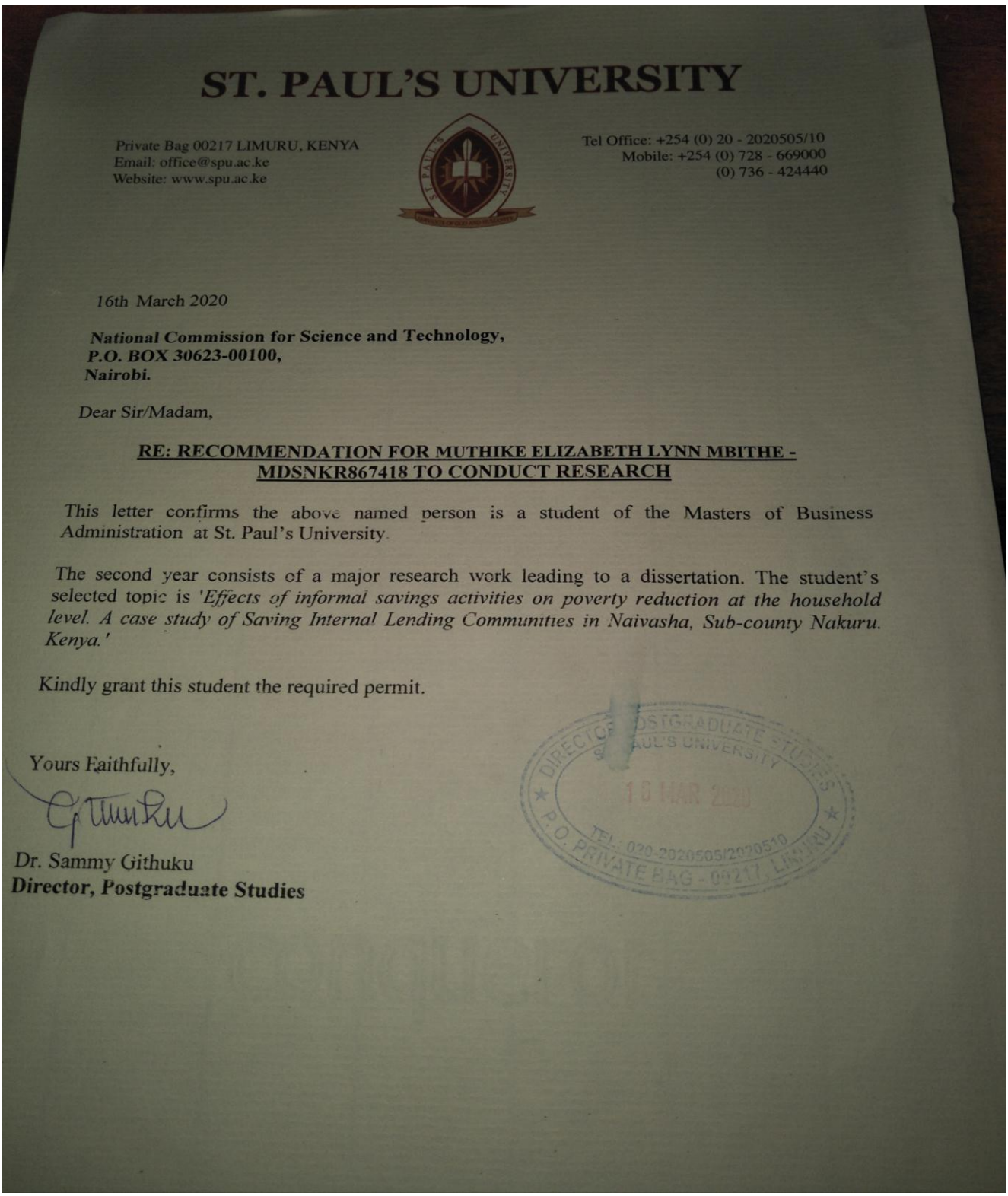
A	**DEMOGRAPHIC INFORMATION**	
1	What is your Name(Optional)	
2	What is your age in completed years	a) Under 18 b) 18-28 c) 28-38 d) 38-48 e) Over 48
b)	Sex	Female Male
3	What is the name of your savings internal lending Association?	
4	How many years have you participated in SILC	a) 0-1 b) 2-4 c)5 and above
5	How many members compose your household?	a) Less than 2 b) 3-6 c) More than 6

B	**THE ACTIVITIES OF SAVINGS INTERNAL AND LENDING COMMUNITIES**	
1	What informed you to join SILC	
2	Are there benefits you've had since joining SILC	Yes No
b	If yes what are they	…….. ……
3.	What are the activities of SILC which has helped in poverty reduction?	
4.	How often do you borrow loan in SILC?	
5.	What happens in case one person gets an emergency such as sickness or any form of emergency?	
a)	How much did you save last year?	
b)	What interest did you get?	
6.	What other activities do you do as SILC group members?	
C	**SILC LIFE CYCLE**	
1.	What are activities done during SILC life cycle?	
2.	Within the SILC lifecycle do you get any training	YES No
B.	If yes training was about what	…….
3	How has the training helped you in poverty reduction within the household	
4	How often do you meet for SILC transaction	
5	How long is your SILC cycle?	a) 6 months b) 8months c) 12 months

6	How has SILC cycle helped you improve your household?	
7	How did you use your amount given after share out?	
D	**PARTICIPATION IN SAVINGS INTERNAL AND LENDING COMMUNITIES**	
1	What kind of business have you initiated from participating in SILC?	
2	Rather than economic benefit what are other benefits gained by participating in SILC	
3	Has SILC helped you in decision making in your household?	Yes No
B	If yes explain how	
4	How are you involved in decision making of SILC matters?	
	SILC has empowered its members towards enhancing risk management for household	
1	Has SILC offered you a cushion from the financial risk at the household enhancing poverty reduction?	Yes No
b	If yes explain how?	
2	The social fund Kitty in the SILC has often been used to enhance the unexpected circumstances that compromise their household poverty reduction?	a) I agree b) I strongly agree c) I disagree d) I strongly disagree
3	What are some of the skills and knowledge have you learnt (in your SILC) on how to manage entrepreneurial risks for the Income Generating Activities that you engage in?	

4.	What happens when one of SILC members is not able to pay his /her loan?	

Research Authorization Letter



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16th March 2020

National Commission for Science and Technology,
P.O. BOX 30623-00100,
Nairobi.

Dear Sir/Madam,

RE: RECOMMENDATION FOR MUTHIKE ELIZABETH LYNN MBITHE - MDSNKR867418 TO CONDUCT RESEARCH

This letter confirms the above named person is a student of the Masters of Business Administration at St. Paul's University.

The second year consists of a major research work leading to a dissertation. The student's selected topic is *'Effects of informal savings activities on poverty reduction at the household level. A case study of Saving Internal Lending Communities in Naivasha, Sub-county Nakuru. Kenya.'*

Kindly grant this student the required permit.

Yours Faithfully,

Dr. Sammy Githuku
Director, Postgraduate Studies

Research Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **114247**

Date of Issue: **01/April/2020**

RESEARCH LICENSE



This is to Certify that Ms.. Elizabeth Elizabeth Muthike of St. Paul's University, has been licensed to conduct research in Nakuru on the topic: Effects of informal saving activities on poverty reduction at household level ;case study of saving internal lending communities in Naivasha Nakuru county Kenya for the period ending : 01/April/2021.

License No: **NACOSTI/P/20/4722**

114247

Applicant Identification Number

Director General
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