Tuinuane, Kenya

Tuinuane Impact and programme evaluation

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1 Executive Summary

The Tuinuane project, implemented through the Free Pentecostal Church in Kenya has been in operation for almost four years. Employing 4 programme staff has succeeded in reaching approximately 7,000 participants through 365 groups, established in 7 regions out of the church's 27.

The evaluation looked at two main areas: the impact of the project on the lives of participants and the effectiveness, efficiency and sustainability of the project itself.

The following were the evaluation's main conclusions:

- Impact. Owing to the lack of baseline and control-group data, definitive impact conclusions are necessarily qualified. Nevertheless, the following was observed:
    - There was an increase in most asset classes (productive and non-productive). This was particularly marked in terms of household durables and asset classes controlled by women
    - There was a marked shift away from informal systems of savings towards Tuinuane and banks. There was an even more marked reduced dependency on family members and shopkeepers for credit. Tuinuane seems to satisfy the majority in terms of savings and credit services. Of the two services savings was by far the more popular, with credit demand substantially satisfied by group performing assets
    - There was clear evidence of housing improvement for a small percentage
    - There was a dramatic improvement in access to medical services
    - There was a clear improvement in the amount of food consumed, and a dramatic improvement in the variety
    - There was a small improvement in the number of family-based income-generating activities and an increase in the number of female workplaces in family-owned enterprises, with most staying in operation for longer
    - There were significant improvements in participants' perceptions of their social status, which was largely ascribed to improved income derived from family IGAs, capitalised by Tuinuane loans and member savings
    - Intra-family relationships were generally better, since the female Tuinuane members were now able to make a financial contribution to the household. This was offset to some degree by the need of members to hide their savings from their husbands and to hide their borrowing. There was a small change in participants' ability to control the disposition of family cash income and to make management decisions regarding family IGAs
    - Participation in other types of social groups tended to be at a higher level in terms of the incidence of office bearers
    - Members clearly identified Tuinuane as they key factor in bringing about these changes.
- Programme
    - Tuinuane has achieved its targets in terms of the numbers of groups trained (exceeded by 65) and the number of members reached (estimated at 7,000). In the time remaining in the project these numbers can be expected to rise
    - The quality of Tuinuane groups is mixed. Most of the groups we met are solid and enjoy popular support. They provide a safe and accountable place to save and borrow and are accessible and quick to respond to members' needs. They are a *far* better alternative to traditional systems of savings and credit and have proven to be inherently sustainable. The growth in membership, low dropout rates and high rates of attendance indicate strong support from the membership. Nevertheless, they remain vulnerable for the following reasons:

- Tuinuane uses a centralised, remote training system that does not give groups enough technical support and supervision. This is the key contributor to all of the subsequent issues listed below
- There is a somewhat remote, leadership style, focused more on accounting than procedure and process. This probably rises because the complexity of the record-keeping system distracts the leadership from encouraging active participation.
- Despite an extremely conscientious application of training in financial management, the record-keeping system is too complex and vulnerable to error. This in turn reduces transparency.
- There is a lack of procedural consistency in the way the methodology is implemented from group-to-group, because there is no set approach to running a meeting.
- There is an unacceptable lack of cash security, since cash is not kept locked in the 3-lock boxes. This opens the door to malfeasance (which may in fact be widespread, but not uncovered).
- There are lower than typical return on savings invested, owing to insufficient awareness of investment opportunities and techniques (low rate of loan fund utilisation). The low rate of return may also be an indicator of cash-leakage, which is common in programmes where unsecured cash is held by Treasurers.

- The delivery system is not efficient. Because the training team is based in Nairobi it is only able to spend half of its working time in the field. The response to this has been to create a seminar-based approach to training where group leaders are trained in the Tuinuane system. This helps to retain overall outreach efficiencies that are comparable with the upper end of industry norms for this type of activity, *but at the expense of regular and sustained contact with the groups that are necessary to eliminate many of the problems mentioned above*.
- The overall cost per client is about double industry norms that are being achieved in Kenya at this time by organisations such as CARE and CRS. This is probably due to the high cost of transporting and accommodating the training team for sustained periods in the field.
- There is a strong need for a community-based system of self-financing service delivery to replace the failed teacher-based system proposed in the original design. This is the only way to drive costs down, maintain overall efficiencies and raise contact-time to the level needed to guarantee a high standard of programme quality.
- The financial parts of the MIS needs to be reformed, to provide group-by-group and aggregate performance figures in real time, rather than aggregated by the stages through which the groups have passed at different times. The original system can be used to track group progress through the various training and supervision stages, but should not be to track financial performance. This should be done with a 'real-time' MIS that focuses on financial status and results.

Overall Tuinuane has been successful and has achieved most of what it set out to do. It has proven that the model is appropriate to the needs of a traditionally hard-to-serve target group and the groups *are* sustainable. But it is doing so at high cost and with insufficient contact time with the groups so as to guarantee consistency, transparency and a safe stewardship of members' investments. It is also unable to measure the profitability and financial efficiency of the groups it has trained. It is time that these issues were addresses and, at the same time, took a more strategic look into the future and built an improved, more cost-effective system, based on community-embedded trainers. This will reduce costs, create outreach beyond the present confines of the church, and enable the (highly committed, conscientious and professional) team in Nairobi to expand outreach at a much greater rate than in the past.

2 Terms of reference

The objectives and outputs of the evaluation were:

Specific Objectives:

- Evaluate the overall goals and objectives of the TWP project. Are the goals relevant as first formulated or have things been discovered during the project period that call for adjustment of the goals? Are the goals measurable?
- Evaluate the overall model/project concept and strategy followed by TWP. Is it conducive for reaching the project goals as described in the project document? Have adjustments suggested in the internal evaluation of October 2006 been carried out?
- Assess unpredictable positive and/or negative effects of the project and evaluate the adjustments the project has made to accommodate or correct these. This is at the level of the individual, family, community, Church.
- Describe the activities carried out by the project staff, such as the number, order and running of seminars, follow-up visitations and also content of seminars/visitations etc. and assess the effectiveness of those activities in relation to the benefits to the groups and group members.
- Based on focus group discussions, give indications on the social and economic impacts on the project activities among the target group.
- Look at the usefulness of the developed tools (manual, books and forms) and the accounting system in the groups. (is it practical and accurate and are the groups using it to manage their savings and lending activities?)
- Evaluate the input and the technical assistance / support from PYM and the decision-making structures: project administration / project steering committee / national board
- Assess the financial and institutional sustainability of the savings and credit groups and if necessary, suggest needed changes.
- Assess the added value of working with this model / method through the church (i.e. consider efficiencies, ownership and stability).
- Evaluate and suggest improvements for the monitoring system in use, the administrative routines and the implementation strategy.
- Recommend the way forward for the project and suggest strategies for the future

Outputs expected from the Evaluation

- A report of findings and recommendations on the way forward. The following process should be followed:
  - Summarize the findings in the field work.
  - What improvements are needed in the future work of the TWP?
  - Give recommendation on changes and improvements for the developed model and implementation of the model.
  - Give concrete and detailed recommendations.

Background

3 Evaluation design and approach

3.1 General

The approach requested in the terms of reference was, broadly, as follows:

- Document study
- Visit TWP groups
- Interview beneficiaries
- Attend visitations
- Meet and discuss with the
  - project team / staff
  - project steering committee
  - national board
  - PYM's representative

All of the above were accomplished, with the exception of attending visitations, none of which were scheduled at the time of the evaluation

Using the project logical framework as the point of departure for the design of the evaluation, the following general framework was proposed by the evaluators and accepted by Tuinuane.

Figure 1: General framework

Area of Inquiry	Type of Evaluation	Level of Inquiry

Permanent changes in the lives of the target group	Impact	• Clients:
		  • Household
		  • Individual

Community-based service provider (Group and cooperative) capacity, performance and efficiency	Programme	• Community-based service provider • Clients
Implementation: effectiveness and efficiency of the implementing institution and capacity to sustain the program	Programme	• Implementing institution (Tuinuane)
Program Design: relevance of the programme to the needs of clients and method of delivery	Programme	• Community-based service provider • Clients

3.2 Impact evaluation

The key areas examined by the evaluation team are listed in Figure 2, below:

Figure 2: Impact evaluation framework

Area of Inquiry	Indicators	Means of Measurement	Approach
Individual	• Change in social status and self-esteem • Participation in group & public activities, at what level • Intra-family relationships • Control of resources by participants, including enterprise resources, business and loan decision making	• FGD and household survey	• Random sample of households and interview with group member. 40 interviews with members and 20 interviews with non members. • Household interviews using structured questionnaire Daily review of findings
Household	• Household assets: productive and non-productive • Goods & services: housing, health, nutrition • Number/stability of income-generating activities • Allocation of HH labour to IGAs		
Community	• Changes in attitudes towards women's status and participation in decision-making		

3.3 Programme evaluation

The programme evaluation looked at three different levels:

- *The efficiency and effectiveness of Tuinuane women's groups* in terms of:
  - Their organisational capacity,
  - The degree to which they satisfy their members needs
  - Their level of financial sustainability and;
  - Their efficiency
- *The efficiency of Tuinuane* as a facilitator
  - Staff efficiency
  - Cost per member served
  - Strategy for sustainability
- *The quality and appropriateness of the programme's design* in terms of:
  - Interventions: were the interventions appropriate
  - Methodology: was the methodology used to deliver the interventions appropriate
  - Was the way in which the services were delivered by the project and through its partnership appropriate and effective

3.3.1 Efficiency and effectiveness of Tuinuane women's groups

Figure 3 outlines the issues that were considered in looking at the efficiency and effectiveness of Tuinuane women's groups in terms of their capacity to provide attractive, sustainable, profitable, accessible and equitable financial services for their members.

Figure 3: Service provider performance (women's groups)

Area of Inquiry	Indicators	Means of Measurement	Approach
Institutional capacity	• Goals • Staff/leadership capacity • Appropriate organisational structure • Systems (financial, HR, M&E) • Procedures	• Interview with staff/leaders • Review of records	• 4 groups and 2 Coops in both Hadiya and Kembata Tembaro • Evaluators will first witness meetings and assess the group's quality through observation. .
Client/member satisfaction proxies	• Participation in group-level decision-making • Attendance rates • Retention rate (%) • Membership growth rate	• Observation • Review of records • Review of records • Review of records	
Financial performance	• Average savings per member mobilised to date • Annualised return on savings • Average member investment • Average outstanding loan size	• Review of records • Review of records • Review of records • Review of records	
Operating efficiency	• % of members with active loans • Loan fund utilisation rate	• Review of records • Review of records	

3.3.2 The efficiency of Tuinuane as a service facilitator

Figure 6 outlines the issues and indicators that were considered in looking at the manner of Tuinuane's implementation of the project.

Figure 4: Tuinuane's implementation strategy and efficiency

Area of Inquiry	Issues and indicators	Means of Measurement
Strategy	• Service delivery channel (groups) • Strategy for sustainability of service delivery • Strategy for long-term programme growth	• Review of project proposal
Operating efficiency	• Caseload: Associations per field staff • Caseload: members per field staff • Ratio of field staff to total staff • Staff turnover • Cost per member assisted	• Review of records

3.3.3 The quality and appropriateness of the programme design

Figure 5 below outlines the issues that were considered in evaluating the programme's design.

Figure 5: Programme design

Area of Inquiry	Indicators	Means of Measurement
Interventions and Methodology	• Client level services are appropriate to the needs and characteristics of clients and the environment • Credit • Savings • Insurance (Emergency fund) • Literacy • Service delivery methodology is appropriate to clients and environment • Interventions and methodology are delivered cost-effectively (Cost/member/intervention) • A realistic strategy for sustainability/exit exists	• FGD • FGD • MIS, Project proposal, budgets • Project plan and management interviews
Delivery Channel	• Strategic plans exist that are compatible with the organisation's goals and objectives and are regularly revised • Operational plans exist that are compatible with the strategic plan and are regularly updated • Individual work plans exist and are regularly updated. These focus on results in conformity with outputs and goals • Organisational structure is adequate and appropriate • Systems: • HR • M&E: a system of performance measurement exists, which focuses on results and ensures close supervision of field activities • Financial management	• Review of programme proposal or business plan • Operational or program reports • Review of Work plans • Review of organigram • Review of HR records • Review of M&E/MIS records • Review of financial records

It was decided to conduct a simultaneous impact and programme evaluation, with the external evaluators (Allen and Lingoine) pairing with Tuinuane team leaders (Grace Auma and Rodah Mutane Stephen, respectively). Allen and Auma carried out the programme evaluation, while Lingoine and Stephen carried out the impact study. Pym's representative (Oddbjørg Grødal) joined the impact study team. Following the conclusion of the fieldwork, each team collated its results and a de-briefing was carried out in which the preliminary conclusions were presented, prior to full data analysis and the presentation of this report.

3.3.4 Selection of respondents: impact evaluation

Regrettably, there was no baseline survey against which to measure change, nor control group. Normally, when conducting individual household interviews it is possible to identify a post-project control group, but this is not feasible with focus groups and could not be carried out by the evaluation team. Interpretation of the findings is constrained by this limitation.

The impact evaluation team of **Everlyne Lingoine** (external consultant) and **Rodah Stephen** (Assistant Project Leader) focused on the final goal of the project and looked at changes in the lives of programme participants. Ideally this should involve both household-level interviews and focus group discussions, but owing to financial constraints it was not possible to field a team of enumerators to conduct individual household interviews. Instead the team carried out 13 focus group discussions, stratified by the following locations:

Figure 6: Impact evaluation focus group discussions: location and type

Urban	Agriculturalist	Pastoralist
Nairobi (4)	Machakos (1) Nyando (2) Bondo (2) Bunyala (2)	Kajiado (2)

Within these locations the groups were randomly selected by the evaluation team. An initial pre-test of the questionnaire was carried out in Nairobi, involving two groups. These were discarded from the final tabulations, leaving 11 groups, comprised of Interviews with 132 women, averaging 12 per group.

The questionnaire used in conducting these interviews is appended in Annex 2

3.3.5 Selection of respondents: programme evaluation

The Programme evaluation team of **Hugh Allen** (team leader and external consultant) and **Grace Auma** (Project leader) selected a total of 10 groups for interview. These groups were, for the most part, not the same groups that were selected by the team responsible for impact evaluation. They were, again, stratified by type of region (agriculturalist, pastoralist and urban), although restricted to the Nairobi, Machakos, Makindu and Kajiado Districts as follows:

Figure 7: Programme evaluation, group visits

Urban	Agriculturalist	Pastoralist
Nairobi (2)	Nguuni Makusu Makindu Kinou Kithaayoni Tunguni	Namanga Bissil

The groups in each type of region were then selected randomly. The intention was to visit groups that were actually conducting meetings on the days proposed for our visits, but this was, in nearly all cases, not possible. This restricted our ability actually to assess group quality, in terms of attendance and, especially, loan disbursement and collection.[1]

3.3.6 Technical approach to impact evaluation

Tuinuane has no wealth-ranking criteria that would enable it to classify the relative poverty profile of participants. It also has no baseline data on group member households and has not attempted to identify a non-participant control-group. There are good reasons for this. No provision was made in the project design or budget for either and, in any case, with a national scope Tuinuane operates in communities of widely varying socio-economic status. Establishing wealth-ranking criteria would, then, involve considerable cost. No provision was made for establishing a rolling baseline of participants as groups were created and this is an oversight in design that is all too common for this type of programme.

[1] See Annex 1 for a list of visits made

In order to measure change, therefore, the evaluation team used focus-group questionnaires that employed before and after recall techniques. This involved participants recalling their quantitative ownership of assets; use of financial services; housing investment; access to health services; quantity and variety of food consumed; number and stability of income-generating activities; social status and control over income.

4 Logical framework

4.1 Development and project objectives

Tuinuane's logical framework defines the Development objective as:

'Improved quality of life for Kenyan poor women'

It does not define this, nor offer indicators. It defines the project objective as:

'Improve poor women's ability to be self sustainable.

4.2 Specific objectives

The following specific objectives are listed in the project document as follows:

Figure 8: Logical framework: Specific objectives

Objectives	Indicators	Goals
Establishing autonomous self help groups for women	• # of groups operating • # of members in the groups • % of women in groups	• 300 groups • 7,000 active members • 90% of members are women
Promote sustainable, democratic and transparent groups	• % of groups legalized with the authorities • % of groups where books and records are being kept and in order • % of groups where democratic elections are being hold • % of groups functioning one year after TWP involvement • % of groups where the church channel for information and monitoring is functioning	• 80% of the groups legalized • 80% of the groups keeping their records in order • Democratic election being hold in 80% of the groups • 70% of the groups still functioning one year after TWP involvement • The church channel works for at least 70% of the groups
Promote the mobilization of savings	• Average improvement in monthly savings pr. group member • Average accumulated savings pr. group member • Average woman having at least x $ of accumulated savings	• 100% improvement in monthly savings within two years of active membership • KSh. 2,000,- in average savings pr. group member
Promote involvement in individual business	• # of women running their own business	• 4,410 women running their own business
Promote the need for literacy skills	• # of women that have achieved basic literacy skills	• 500 women having achieved basic literacy skills through their participation in a group

Impact

5 Impact evaluation

5.1 Asset ownership and retention

The following tables show changes in productive and non-productive asset levels.

Productive assets

Item	No. 3 years ago	No. now	Average 3 years ago	Average now	Average change	% Change
Rented land area	23	46	0.17	0.35	0.17	100%
Knapsack sprayers	17	30	0.13	0.23	0.10	76%
Mobile 'phones	66	109	0.50	0.83	0.33	65%
Sheep	88	145	0.67	1.10	0.43	65%
Sewing machines	36	53	0.27	0.40	0.13	47%
Adult cattle	136	197	1.03	1.49	0.46	45%
Ploughs	13	18	0.10	0.14	0.04	38%
Pangas	158	218	1.20	1.65	0.45	38%
Chickens	838	1150	6.35	8.71	2.36	37%
Axes	77	98	0.58	0.74	0.16	27%
Sickles	22	27	0.17	0.20	0.04	23%
Hoes	83	96	0.63	0.73	0.10	16%
Calves/Heifers	15	17	0.11	0.13	0.02	13%
Own land area (acres)	257.25	284.5	1.95	2.16	0.21	11%
Goats	312	327	2.36	2.48	0.11	5%

Sample size	132

Non-productive Assets

Non-productive	No. 3 years ago	No. now	Average 3 years ago	Average now	Average change	% Change
Mosquito nets	207	390	1.57	2.95	1.39	88%
Kitchen tables	44	72	0.33	0.55	0.21	64%
Plates	2,604	4,173	19.73	31.61	11.89	60%
Kitchen chairs	93	135	0.70	1.02	0.32	45%
Blankets	425	611	3.22	4.63	1.41	44%
Pots	956	1,339	7.24	10.14	2.90	40%
TVs	60	84	0.45	0.64	0.18	40%
Cups/glasses	2,632	3,633	19.94	27.52	7.58	38%
Radios	119	164	0.90	1.24	0.34	38%
Bicycles	65	89	0.49	0.67	0.18	37%
Wardrobes	25	34	0.19	0.26	0.07	36%
Sofas	138	183	1.05	1.39	0.34	33%
Bed	278	325	2.11	2.46	0.36	17%
Thermos flasks	275	319	2.08	2.42	0.33	16%

The shaded areas in the two tables indicate categories of property that are, normally, controlled mainly by women. While there is no clear or significant change in productive asset ownership per household (except for rented land and the ownership of cattle (0.17 acres and .46 cattle), all classes of productive assets did show an increase. Of greater significance, however, are the numbers and type of non-productive assets. These show that there is an important increase in the number of these assets in favour of those that are controlled by women and which represent a semi-liquid store of wealth. What is important to note is that in none of the productive or non-productive asset classes have there been reductions in ownership or evidence of distressed sale of assets. A summary conclusion is that small but important gains have been made in asset ownership and retention, at a time when the economy has undergone severe disruption. It cannot be claimed definitively that membership

In Tuinuane is the main factor influencing increases in asset ownership, but subjective attribution later in the interviews tends to support this hypothesis.

The table below looks at changes in the quality of housing. This is a proxy for increased or static financial investment in real property. The tables cover 4 main categories: walls roofs floors and windows.

The analysis shows that there was a small increase in the number of new houses, with superior wall construction (4% cement block, 2% burnt brick) and a decrease in the use of mud and corrugated iron sheets (6% in total). There was a larger decrease in the use of grass roofing material (8%) and a corresponding increase in the use of corrugated iron sheets. 6% of respondents had acquired cement floors and 8% has acquired glass windows. 4% reported the elimination of wooden shuttered windows.

Type of housing

Item	No. 3 years ago	No. now	% three years ago	% now	% Change
Cement block	23	28	17.4%	21.2%	4%
Burnt brick	17	19	12.9%	14.4%	2%
Tin	33	32	25.0%	24.2%	-1%
Mud walls	59	53	44.7%	40.2%	-5%
Iron sheet roofs	112	123	84.8%	93.2%	8%
Tiled roofs	1	1	0.8%	0.8%	0%
Grass roofs	19	8	14.4%	6.1%	-8%
Cement floors	86	94	65.2%	71.2%	6%
Earth floor	46	38	34.8%	28.8%	-6%
Metal shuttered windows	2	6	1.5%	4.5%	3%
Glass windows	75	85	56.8%	64.4%	8%
Wooden shuttered windows	41	36	31.1%	27.3%	-4%

Sample size	132

The changes in housing quality were, again, small, but definite and all in a positive direction.

5.2 Use and type of financial services

Financial services were broadly categorized as savings and credit and separately analysed. The results were unsurprising, bearing in mind that all of the respondents were members of a savings and credit group. High levels of participation in Tuinuane were, therefore, taken as a given. Of greater relevance are questions concerning the change in use of alternative sources. The basic change was a shift from informal savings instruments (shopkeepers and ROSCAs (Merry-go-rounds) towards use of formal sector banks and MFIs. This is probably due to the greater variety of institutions competing for rural custom than in the past, but is also a proxy for increased disposable income, seeking a safe haven.

Method of saving

Method	No. 3 years ago	No. now	% 3 years ago	% Now	% Change
Tuinuane group	0	131	0%	99%	99%
Bank account/MFI	5	30	4%	23%	19%
Savings and credit coop	14	14	11%	11%	0%
Post office savings bank account	6	6	5%	5%	0%
Shopkeeper	13	3	10%	2%	-8%
Merry-go-round (ROSCA)	94	67	71%	51%	-20%

Sample size	132

When members were asked why they chose to save with Tuinuane the following explanations were offered:

Why members save with Tuinuane: Consensus of 11 groups

Reasons	No. of groups	%
Ability to access loans from Tuinuane	8	73%
System is strict	4	36%
Well documented	3	27%
No colalteral requirement	3	27%
Moral support from members	1	9%

There are some surprising findings here. Access to credit is an obvious and popular reason for membership, but 36% mentioned the strictness of the system, and another 27% mentioned the thoroughness of the documentation. Both of these indicate confidence in Tuinuane as a safe place to save.

Of additional interest is the shift in habits regarding credit. There was a definite trend away from *all* alternative means of borrowing, with the exception of SACCOs, which were favoured by an increased 4% of respondents, up to 11% of the total membership. Clearly,

Method of borrowing

Method	No. 3 years ago	No. now	% 3 years ago	% Now	% Change
Tuinuane group	0	127	0%	96%	96%
Savings and credit coop	9	14	7%	11%	4%
Shopkeeper	1	2	1%	2%	1%
Bank/MFI	4	2	3%	2%	-2%
Moneylender	7	4	5%	3%	-2%
Friends	29	15	22%	11%	-11%
Member of family	82	35	62%	27%	-36%

Sample size	132

while the formal sector savings services are accessible to a total of 39% (Banks, SACCOs and Post Offices), only 13% of respondents have been provided with loans through these same institutions. This is a finding that reflects research done by the FinScope[2] study[3] in

2 FinScope™, a FinMark Trust initiative, is the most comprehensive national household survey focussed on the financial services needs and usage across the entire South and Southern African population. The programme is underwritten and co-ordinated by FinMark Trust and participating sponsors.

Kenya, which reports a savings use rate (past and present) of 60%, but only 39% for credit, from all sources. The same study reports that only 19% borrow from a bank or SACCO (6% and 13% respectively). Thus, the study cohort have a lower than typical access rate to formal sector financial services. They also have a much lower rate of access to retailer credit. For the whole nation this averages 74, but only 10%, for the target-group, pre-project. This confirms that Tuinuane groups are made up of people whose access to financial services is significantly lower than that of the general population

The summary conclusion is that while Tuinuane members have historically (and presently) lower access to alternative formal and informal sector financial services than the general population, they have

- increased their overall access to formal savings services and reduced their dependence of informal services.
- Decreased their use of *both* formal and informal sources of credit: most significantly away from family and friends.

5.3 Welfare: Medical services

Use of medical services

Affordability	Now	%
More affordable	104	79%
No change	20	15%
Less affordable	8	6%

Sample size	132

Why positive changes: Consensus of 11 groups

Item	No. of groups	%
Profits from business make it affordable	8	73%
Reduced sickness due to improved nutrition	3	27%
Can borrow to cover emergency needs	2	18%
Tuinuane is a forum for problem solving	2	18%

Why no change: Consensus of 11 groups

Item	No. of groups	%
Local hospital meets needs as before	3	27%

One of the least ambiguous results from the survey is the improved access to medical services, with 73% of respondents indicating that medical services are more affordable than before joining Tuinuane. The reason for this is also unequivocal: 73% of groups interviewed agreed that income from business activity makes it possible to pay medical fees. It was also notable that a minority reported that the emergency fund was useful in covering urgent needs and that improved nutrition (see next table) contributed to improved health.

5.4 Welfare: Nutrition

Respondents report a moderate improvement in nutritional status, with about 17% who used to get by on 2 meals a day now consuming three meals a day. The reason ascribed to this change is the availability of extra income from business activities. 2 groups indicated that although food is more affordable than before (in the simple sense that people have more money), recent price rises threaten to counterbalance this change. It is clear that a significant proportion of the respondents still perceive themselves to be food insecure.

[3] Understanding Kenya's Financial Landscape: The FinAccess Survey Results www.finscope.co.za/kenya.html

Number of meals daily

Item	3 years ago	Now	% 3 years ago	% Now	% change
1 meal a day	1		1%		-0.8%
2 meals a day	31	9	23%	7%	-16.7%
3 meals a day	100	123	76%	93%	17.4%

Sample size	132

Why positive changes: Consensus of 11 groups

Item	No. of groups	%
Profits from business make it affordable	11	100%
Crop farming supplements household income	2	18%

Why negative (or no) changes

Item	No. of groups	%
Food prices have gone up	2	18%

Owing to improved income, respondents are significantly less dependent on home food production and are able to improve the variety of food consumed.

Variety of food consumed

Item	No. of responses	%
Eat more varied diet	126	95%
No change	6	5%
Eat less varied diet		

Sample size	132

Why positive changes: Consensus of 11 groups

Item	No. of groups	%
Profits from business make it affordable	8	73%
Improved knowledge on nutrition from leaders	3	27%

Why negative (or no) changes

Item	No. of groups	%
Food prices have gone up	2	18%

5.5 Income-generating activities

Despite the commonly held view that household-based income-generating activities (IGAs) are the principal reason for improvement in the material well-being of the respondents, the number of IGAs had increased per household only from 1 per household to 1.2 per household. This is less than in many other community-managed micro-finance programmes in Africa, where a 30-40% increase is more common. This small reported increase is likely to be accurate, since the MIS analysis of the groups targeted revealed only a 35% current loan-fund utilisation rate and a medium term rate of no more than 47%. The difference in these rates is that most of the groups interviewed were close to the end of the current cycle and were no longer disbursing loans. The medium-term rate is an average of the last 3 months, drawn from 7 groups.

Number of IGAs in operation

Item	No. 3 years ago	No. now	% Change	No/house hold 3 years ago	No/house hold now
Total number of family IGAs operating in the last year	136	159	17%	1.03	1.20

Sample size (HHs)	132

What is particularly striking about this result is the small number of IGAs per household, compared to results from other countries, where between 2 and 3 IGAs are quite common. This may reflect the comparative lack of economic opportunity in the targeted communities or, indeed, insufficient clarity and depth in the questionnaire. But while the results call for a review of this finding, it is compatible with the comparatively low rate of loan fund utilisation. Clearly, there is scope for Tuinuane *not* to promote increased borrowing, but to look at ways in which IGA training (using materials such as CARE's excellent 'Selection, Planning and Management (SPM) of income-generating activities') is introduced to the groups.

Of similar significance is the rate of gender-disaggregated household labour utilisation. This shows a per-person increase of 24% both for men and for women: with women more than 2.5 times as likely to be managing an IGA than household males. This may have to do with differentiated roles, especially in agriculture, but points to women being substantially responsible for creating off-farm cash income. Tuinuane's effect, however, appears to be similar in percentage terms for men and women alike.

Family members employed

When	No. 3 years ago	No. now	% Change	No/house hold 3 years ago	No/house hold
No of adult males employed in own family IGA	38	47	24%	0.29	0.4
No. of adult females employed in own family IGA	96	119	24%	0.73	0.9
Totals	134	166	24%	1.02	1.3

Sample size (HHs)	132

Of greatest significance is the reported increase in the length of time that IGAs operate throughout the year. Individual household surveys are more useful in actually measuring this change, but a focus-group approach only allows us to measure general trends, as shown in the following table.

IGA annual operating cycle

Length of time in operation annually	No. of responses	%
Shorter	18	15.7%
Same	2	1.7%
Longer	95	82.6%

Sample size (HHs)	115

This clearly indicates that more than 80% of the 115 respondents (those who had IGAs) were able to operate for longer periods throughout the year, with 16% reporting reduced operating cycles.

5.6 Social capital

5.6.1 Status

Changes in perceived social status

Direction of change	Now rel. to 3 years ago	%
Better	113	86%
No change	19	14%
Worse	0	0%

Sample size	132

Positive indicators of changed social status

Indicator	No.	%
I have acquired more property	29	9%
Dress better	12	9%
Business is now bigger than others	12	8%
Stable businesses with adequate stock	11	8%
I don't have to borrow from friends	10	7%
I have a place to borrow and invest	9	7%
We are busy	9	6%
I am independent	8	5%
I eat better	7	3%
Improved income	4	3%
Can employ others	4	3%
Other members of the community want to join	1	1%
Able to educate children in secondary school	1	1%
People borrow from me	1	1%

These figures speak for themselves, since they reflect a nearly 90% sense of improved social status. The indicators of change are varied, but the green-shaded indicators are economic in nature. This makes it plain that in the eyes of the respondents there is a clear link between economic change and social status. This is not to minimise the importance of improved self-confidence (a common and fundamental factor in all community-managed micro-finance programmes) but it is plausible from these responses to infer that self-confidence and social status depends profoundly on an economic foundation.

Indicators of negative or no change in social status

Indicator	No.	%
Hard for all members to access loans	7	5%

The one negative factor, mentioned by 7 respondents, was the fact that the slow build-up of capital makes it hard for members to get loans when they need them. This is usually the case in the first few cycles, when, at the annual share-out, the entire stock of capital is distributed amongst the members. Few groups have yet begun to roll-over a proportion of their capital to the subsequent cycle, to allow for a useful level of borrowing to continue. The generally low-level of loan fund utilisation late in the cycle does, however, indicate that for most groups this is not a significant constraint.

The reasons given for a positive change in status are consonant with the indicators, except that the social dynamics of the groups themselves come in to play. The green shaded items are social in nature and, overall, 37% of responses point to the ability of the group to motivate and educate the membership.

Reasons for positive change in status

Item	No.	%
Business income	34	26%
Being a member of Tuinuane	26	20%
Ability to save useful lump sums	12	9%
Motivation from the group	10	8%
Being able to borrow to solve problems	10	8%
Business knowledge	8	6%
We manage our time and money well	4	3%
Being able to borrow for business	2	2%

The community perception of Tuinuane members is listed below. Again, social indicators are significant, but with economic indicators running a close second. Clearly changes in status are linked to income and capacity, while the external view of Tuinuane members is influenced by economic success and perceptions of achievement and having something to offer to the community and its individual members, at large.,

Community view of Tuinuane members

Item	No.	%
Active in development	32	24%
Economically active	29	22%
Economically secure	14	11%
Not aware of what we do	12	9%
Respected for hard work	10	8%
Want to join	8	6%
Respect our views/opinions	8	6%
Religious/people of faith	7	5%
Business leaders	7	5%
Seen as wealthy	4	3%
Envy	1	1%

5.6.2 Change in role in community-level institutions

Position in group 3 years ago

Type of group	Chair	Secretary	Treasurer	Committee	Member
ROSCA	14	13	18	2	N/A
Women's group	2	2	4	2	N/A
SACCO	2	0	0	0	N/A
Church Group	11	13	13	28	N/A
School board	0	0	3	10	N/A
CBO	0	1	2	2	N/A
Self-help group	4	2	3	0	N/A
Totals	33	31	43	44	N/A
Incidence	25.0%	23.5%	32.6%	33.3%	N/A

Sample size	132

Negative impact of membership

Item	No.	%
Have to hide the loan from my husband	18	14%
Husband wants to share wife's savings	12	9%
Treasurer dishonest and had to be sacked	11	8%
Husband wants loan	11	8%
Failure to pay loans spoils reputation	11	8%
Hard to make savings contribution	10	8%
Husband does not repay	8	6%
Meetings take up too much time	5	4%
Husband becomes dependent	4	3%

Sample size	132

Position in group 3 now

Type of group	Chair	Secretary	Treasurer	Committee	Member
ROSCA	18	18	23	12	N/A
Women's group	4	2	9	3	N/A
SACCO	2	0	0	0	N/A
Church Group	20	20	15	31	N/A
School board	0	0	4	16	N/A
CBO	5	2	1	0	N/A
Self-help group	9	3	5	0	N/A
Totals	58	45	57	62	N/A
Incidence	43.9%	34.1%	43.2%	47.0%	N/A
Change in incidence	18.94%	10.61%	10.61%	13.64%	N/A

Sample size	132

Mistakenly, we did not collect data on the total number of Tuinuane members who participate in other types of social grouping, but measured only the type of leadership position occupied by the respondents prior to becoming Tuinuane members, compared to the present time.

The results are striking. There has been an overall 47% increase in the number of members who now occupy leadership positions: from 151 to 222, with the biggest increase amongst Chairpersons (a 19% increase). This is an important proxy for social status, since most of these positions are acquired through election. This indicates increased trust and respect for competence.

Of real concern are the negative consequences of membership. The most frequently mentioned relate to husbands who want to benefit from the wife's savings; want a loan for themselves that they are reluctant to repay and become dependent on the wife's earnings. The most frequently cited is that wives have to hide their borrowing from their husbands, for reasons that are likely to be related to many of the other factors mentioned. Tuinuane needs to take this seriously. Even though it may only affect a minority it needs to be addressed.

This may have a lot to do with the levels of male participation. *<u>While the log-frame anticipated that 90% or more of the members would be women, the actual number is 99%</u>*: men are not participating. Whether or not this is a deliberate deviation from the log-frame, the absence of male members may be increasing pressure on women to borrow on behalf of their husbands. A similar phenomenon is well-documented in Bangladesh, in the Grameen Bank. It is perfectly legitimate for Tuinuane to make this choice, but the log-frame should be modified and the possible negative consequences suggested here be measured and, if possible, ameliorated..

Change in intra-family relationships

In counterpoint to this issue, however, is the fact that a large majority report improved intra-family relationships, particularly with their husbands. 64% ascribe this to being able to make a financial contribution; 10% to be able to pay school fees; 5% to ownership of property; 3% meeting individual needs and 2% no longer having to depend on their husbands. This adds up to 84% of responses with an economic rationale for improvement in family relationships: a rationale that, as noted earlier, also underpins changes in extra-family social relationships.

Reasons for positive changes in intra-family relationships

Indicator	No.	%
My financial contribution is valued	77	64%
Can pay school fees	12	10%
Religious teaching helps to improve relationships	10	8%
Learning between young and older women	6	5%
I own property, which my spouse admires	6	5%
Can meet my individual needs	4	3%
Able to discuss business plans with husband	4	3%
No longer have to ask husband for money	2	2%

No. of respondents	121

The financial contribution made by the respondents within the family appears to be having a small positive effect on household-level decision-making. This was studied at two levels: with respect to the disposal of cash income and in terms of business decision-making.

There is a definite trend away from exclusive male *and female* decision-making towards a shared responsibility. This trend is more pronounced in the case of business decision-making, which reflects the disproportionate financial contribution made by women. It is to be noted that prior to Tuinuane 64% of household cash decision-making was joint and is now at 71%. In other words, this was already mostly a joint responsibility. No statistically significant changes can be seen in decision-making regarding business matters. Bearing in mind that women appear to be much more heavily engaged in business than men, their ability to make independent decisions (22%, down from 25%) indicates that they remain to achieve substantial autonomy in this area.

Family cash-income decision-making

Resource	3 years ago	%	Now	%	% Change
Wife	8	6%	14	11%	5%
Both	85	64%	94	71%	7%
All (includes children)	0	0%	0	0%	0%
Self (if not married, or widowed)	27	20%	23	17%	-3%
Husband	12	9%	1	1%	-8%

Sample size	132

Business decision-making

Resource	3 years ago	%	Now	%	% Change
Both	42	35%	51	43%	8%
All (includes children)		0%		0%	0%
Wife	43	36%	42	35%	-1%
Self (if not married, or widowed)	30	25%	26	22%	-3%
Husband	3	3%	0	0%	-3%

Sample size	119

5.7 Supplementary issues

5.7.1 Loan fund access and utility

Time for Loan Fund to satisfy member' borrowing requirements

Time	Qty.
Months	6.55

Number of group responses	11

As already mentioned, loan funds are insufficient to satisfy borrowers' needs for credit in the early months of a savings cycle. At the end of the cycle it appears for the most part to be more than sufficient. Disturbingly, however, the average group believes that it takes about 6 months for the money to satisfy demand as shown in the accompanying table. Bearing in mind that most groups stop issuing new loans in the last 2-3 months of their annual cycle, this means that loan funds are insufficient for about 2/3 of the annual cycle. This has been a common phenomenon with community-managed Micro-finance (CMMF) programmes worldwide and has been dealt with in different ways. The most obvious way is not to have a distribution of performing assets, but profits only, much in the way of a bank or credit union. This has its limitations: much of the motivation for Tuinuane members seems to reside in the certain knowledge that they will be paid a useful lump sum at a time of the year when there is a need for cash. If the distribution were to be withdrawn it is likely that investment would fall quite sharply. The second approach is for groups to carry over a percentage of their loan fund to a subsequent cycle. This normally works by first of all distributing all of the funds and then immediately agreeing on a common minimum amount that everyone agrees to re-invest, effectively as the first savings of a new cycle. While this does not address the issue that loan funds are not issued in the remaining few months of the cycle (easily dealt with by allowing loans of reducing term, towards the end), it enables the loan fund to kick-start at a higher level than in previous years. This method appears to work very well, but needs to be an idea facilitated by programme staff. So far, this is not the case, but should soon be considered.

5.7.2 Attribution: what made the difference?

The following table suggests the reasons why participants have achieved a positive change in their lives. Although it is not specifically mentioned, membership in Tuinuane is assumed to be the cause.

Attribution of main positive changes

Reason for positive change	Frequency	% response frequency
Group solidarity	27	20%
Adherance to group rules	23	17%
Savings	26	20%
Loans	11	8%
Ability to invest in business	10	8%
Personal effort	9	7%
Group membership	8	6%
Group cooperation	11	8%
Church mmembership binds us together	3	2%
Trained in business management	1	1%
Honesty	1	1%

Sample size	132

In terms of the reasons as to *why* Tuinuane has been so effective it is striking to note that the financial services themselves are seen as subordinate to the ability of groups to create solidarity and impose discipline through a framework of rules. It was impressive, when attending Tuinuane meetings, to observe the willing submission to rules and procedures developed and implemented by the groups themselves (even if they seemed, quite often, to be complex and inefficient).

It is also important to note that more than double the number of members valued savings over loans when stating which financial product brings about positive change. This is validated by additional findings concerning the priority placed by members on different services offered either directly by the group or through its agency.

5.7.3 Attribution: what services are most valued

The Tuinuane project has facilitated the supply of four different services:

- Literacy (now significantly de-emphasised
- Savings
- Credit
- Access to emergency funds

The table below shows the relative importance of each of these services at the present time.[4] It appears that the high value placed on literacy reflects a value already acquired, rather than presently on offer, but indicates its perceived importance, although more detailed exploration of its value to individuals should be considered. In terms of financial services the priority is clear: savings enjoy the highest priority, literacy second, credit third and the emergency fund fourth. This is in line with other evidence that loan funds tend, after the half way point in a cycle, to be under-utilised. This is also consistent with other

[4] Individual respondents identified a service as their first, second, third or fourth priority, weighted 4:3:2:1. This weighting, but indicative

research that shows the greater the importance of savings the greater the degree of economic vulnerability.

Programme services priority

What	Priority 1	Priority 2	Priority 3	Priority 4	Weighted score	Ranking
Savings	59	58	6	9	431	**1**
Literacy	67	7	18	40	365	**2**
Loans	5	52	47	28	298	**3**
Emergency fund	1	15	61	55	226	**4**

Sample size	132

Individual respondents identified a service as their first, second, third or fourth priority, weighted 4>1, Using this system it is clear that savings are of greater value to members than loans, or the emergency fund. This is not surprising: it is normal that the higher the degree of vulnerability, the greater the emphasis and value that is placed on savings. As such, Tuinuane's decision to promote a savings-led model rather than a standard credit-focused model is appropriate.

5.8 Some conclusions

It is necessary to preface these remarks with the observation that the evaluation can only draw inferential conclusions regarding impact, owing to the lack of baseline date and the participation of a control group. It is also not possible to draw definitive conclusions regarding the wealth-ranking of the participants. Few of them appeared to be either extremely poor or extremely prosperous and it is impossible to say how this may have changed over time, since there are many and varied criteria that define wealth and poverty across so wide a geographical area. For the most part participants seemed to be drawn from the middle levels (the economically active poor) of extremely disadvantaged communities, except in Nairobi, where the level of investment in Tuinuane groups dwarfed that of their rural counterparts.

The absence of a control group prevents us from being in a position to state without equivocation that Tuinuane participants have significantly changed their socio-economic status *relative to other inhabitants of the communities we visited*. It is very *likely* that this is the case, especially bearing in mind other studies using control groups that have found dramatic changes in the lives of participants. What we *are* able to conclude is that Tuinuane members have made definite gains in terms of small asset ownership; consumption and variety of food consumed; access to health services; investment in income-generating activities and increased labour engagement in money-making enterprise. As a result, they enjoy a higher level of economic security and social status than heretofore and there appears to be a positive impact on family relationships. In short, they enjoy reduced vulnerability and improved social position. This is an important achievement.

It is also clear that Tuinuane members are strongly risk averse, with a marked preference for savings services over credit. This results not only from a dearth of investment opportunities, but also a lack of awareness of the potential for safe and profitable enterprise potential in their respective communities. This is the most significant issue to emerge in terms of collateral initiatives that Tuinuane might consider for the future.

Programme

6 Programme evaluation

6.1 Community-based service provider capacity, performance and efficiency

By 'service provider' we mean the constituent women's. We visited 10 women's groups: 2 in Nairobi and the rest in agriculturalist and pastoralist rural areas, as listed in figure 7 on page 11.

The programme evaluation team followed a standard procedure of first observing group meetings and then sitting with the management committee to delve deeper into the group's financial performance and financial administration. The purpose of observing group meetings was to gauge the quality of group dynamics and, in particular, to evaluate the consistency, practicality and clarity of meeting procedures. Groups were scored using a standardised evaluation form, listed in Annex 3.

6.1.1 Capacity

Only three of the groups that we visited actually carried out loan repayment procedures and only two disbursed loans. This was because for the most part the groups were approaching their end-of-year distribution and were issuing no new loans so close to the end of the cycle. The average score for Tuinuane groups was 60%, or 18 out of 30, putting all but a few of those visited firmly in the 'uncertain health' category.

The table on the following page indicates the overall scores and the breakdown. The red shaded scores indicate areas of significant weakness and the green shaded scores indicate moderate weakness. For the most part we were not able to give scores on attendance and punctuality, except for those groups that attended on their normal meeting day.

The scoring shows that while Tuinuane groups are providing valued and useful services, they are institutionally weak, especially in areas of participation, record-keeping and administrative procedure. The following may generally be observed:

- Chairpersons play virtually no leadership role at all. The *de facto* leader is the Treasurer, who conducts all of the financial transactions. Leaders are chosen it seems, for their position in the community, rather than their ability to lead a savings and credit group. In the context of Tuinuane groups, there is no standardised procedure and there is, therefore, no procedural role for a Chairperson
- Although most groups had constitutions, in not a single case were they signed by the membership and in not a single case were they referred to, either directly or by mention. It is clear that they do not fulfil an important role in governance, except to the extent of designating roles. It is evident that the members actually respect the basic rules of the group and accept the authority of leaders, so this may not be of vital importance, but it is good practice to have everyone sign so that in the event of disputes a member's signature can be taken to indicate agreement.
- The levels of apparent participation appear to be quite low, with leaders conducting business and the members remaining passive. This may be misleading, because members are, at all times, quite attentive when transactions are taking place and they appear to be familiar with each group's set procedures (which are nevertheless inconsistent between groups – see comment below). This may have to do with the presence of the evaluation team, which may have been inhibiting, especially with a foreigner in the lead role.
- There appears to be no standardised programme-wide procedure for conducting meetings. Every group organised its management committee differently and followed a differing set of procedures. Books were filled out in inconsistent (and often illogical) sequence and, apart from prayer, there was no clear start and conclusion of meetings in which summaries were provided to the members. This is a major issue, because without logical, simple and consistent procedures meetings do not flow smoothly and efficiently and opportunities for malfeasance can be created.

  Tuinuane's manuals are administrative in nature: they specify what records should be kept and how they should be kept, but, crucially, nowhere in the training guides is a clear specification of procedure, except in a short summary form, in Part 5 of the TWP Seminar for Volunteer Teachers, which is not usually followed. The procedures need to be spelled out in a much greater degree of specificity, especially in terms of the roles and consecutive actions of the leaders and members throughout the meeting.

Group scores

Criteria	Lekasa	Waleka	Umisyo	Kinyawa	Makusu	Tumaini	Ushindi	Songana	Naserian	Average
Attendance		2.0		2.0			2.0	2.5		**2.13**
Punctuality		2.0					3.0	3.0		**2.67**
Chairperson's leadership		2.0		2.0	0.0	2.5	1.5	1.0	1.0	**1.43**
Secretary/Treasurer's leadership	2.5	2.5	2.5	2.0	2.0	2.5	2.0	2.0	0.0	**2.00**
Adherence to constitution	0.0	0.0	2.0	1.5	2.0	2.0	1.0	1.0		**1.19**
Member participation	1.0	1.0	1.0	1.0	0.0	1.5	1.0	2.0		**1.06**
Consistency/orderliness of savings procedures	3.0	2.0	2.5	3.0	3.0	2.0	3.0	3.0		**2.69**
Consistency/orderliness of lending procedures					2.0	1.0	1.0	2.5		**1.63**
Accuracy of written records	2.5	2.5	2.0	1.0	3.0	2.5	1.0	1.5	0.0	**1.78**
Accuracy of passbooks	2.0	2.0	1.5	0.0	1.0	2.5	3.0	2.0	2.0	**1.78**
Total score	11/18	16/27	11.5/18	12.5/24	13/24	16.5/24	18.5/30	20.5/30	3/12	**18.34**
Percentage	61%	59%	64%	50%	54%	69%	62%	68%	33%	**61%**
Health	Uncertain	Uncertain	Uncertain	Uncertain	Uncertain	Good	Uncertain	Good	Poor	**Uncertain**

- The groups place a great deal of store by the written records and it is clear that leaders have been thoroughly drilled in filling them out. The following issues were noted
- Groups fill out the savings records accurately, both in member passbooks and in the member's own page of the savings book
- There are four different loan records that need to be filled out in the following sequence: loan application; member's own loan record in the loan register, entry in the member's loan passbook and individual member entry in the ledger. Two comments need to be made here. First, this is needlessly complicated. A single record should be sufficient, Secondly, the sequence of entries is rarely followed and hardly ever completed. Most groups did not use the member's loan passbook and many ignored the loan application, focusing instead on the member's own record in the loan register and the individual entry in the ledger. Usually the entry was made in the summary ledger before being entered in the member's own record in the loan register.
- In not a single case did the financial summary in the main ledger square with the source data on loans, savings and cash on hand. It is clear that apart from being the main source of MIS data for Tuinuane, the summary ledger performs no useful management function. On the contrary, it tends to obscure the reality, especially in terms of the cash position of the groups.
- In short, the record-keeping system is far too complicated relative to the skills normally available in rural Kenya, widely ignored, inconsistently applied, rarely used to summarise the groups' conditions and, crucially, providing inaccurate summary statements for the members themselves and Tuinuane. With all the complexity of the record-keeping system it is clear that the only reliable information is the basic source data on savings and loan liability. Savings, loan and cash summaries derived from the ledger are neither accurate nor a means of ensuring the security

the groups' assets. It is obvious that the records are in need of significant simplification in order to reduce confusion, enhance transparency and eliminate malfeasance.

- In addition to these observations, a far more serious issue emerged during the visits: cash security. In not a single case did groups keep their cash locked up in their cash boxes, but keep it loose in the custody of the treasurer. Worse, in not a single case did the Treasurers bring the cash to the meeting, making it impossible to verify the compatibility of the records with the facts. In the single case where we were able to require the Treasurer to bring the cash from her home (Naserian) there was a shortfall of at least KShs 33,910, not counting any interest earned on loans. The rationale for not keeping cash in the box is that it might be a target for thieves. In the entire history of Tuinuane, across more than 300 groups, this has only happened once and KShs 10,000 was lost. In the single case where we were able to check, nearly four times that amount has been stolen by the Treasurer and is likely to be a widespread problem. This is an important oversight by Tuinuane: if cash is not secure and regularly provided in the meetings, Treasurers are going to start using it as their private zero-interest loan fund, bringing with it the obvious risk of loss.

6.1.2 Financial performance

When the programme evaluation team visited each group, it collected data as per the tables below:

Figure 10: Data collection form

1	Name of Association/ Group	Lekasa	Waleka	Umisyo	Kinyawa	Mumu	Tumaini	Ushindi	Songa na Mbee	Naserian	Bidii	Average
2	Assoc. N°	1	2	3	4	5	6	7	8	9	10	N/A
3	Date savings started: current cycle	10-Jan-08	10-Jan-08	7-Jan-08	3-Jul-08	4-Jan-08	15-Jan-08	11-Jan-08	4-Jan-08	14-Jan-08	13-Jan-08	N/A
4	Association Formed By	Field Officer	Field Officer	Field Officer	Field Officer	Field Officer	Field Officer	Field Officer	Field Officer	Field Officer	Field Officer	N/A
5	Members when savings started	30	25	15	15	30	35	17	17	20	25	22.9
6	Date of most recent visit (FO)	4-Nov-08	4-Nov-08	5-Nov-08	5-Nov-08	6-Nov-08	6-Nov-08	7-Nov-08	7-Nov-08	8-Nov-08	8-Nov-08	N/A
7	Active members at time of visit	30	25	24	15	35	34	45	28	20	24	28
8	Active men at time of visit		1									0.1
9	Active women at time of visit	30	24	24	15	35	34	45	28	20	24	27.9
10	N° of members attending meeting	24	23	16	11	25	27	27	25	15	20	21.3
11	Dropouts since start of cycle	1				1	1	5	3	3	2	1.6
12	Cumulative value of savings	411,430	412,250	34,430	4,030	89,551	260,040	73,685	39,570	121,570	177,225	162,378
13	N° of active loans	21	15	4	8	13	21	73	13	8	14	19
14	Value of loans outstanding	162,430	110,300	4,950	4,350	14,880	126,963	77,685	17,800	31,410	107,294	65,806
15	Cash on hand and at bank	323,756	336,060	33,810	970	81,154	230,554	4,730	40,722	56,250	73,000	118,101
16	Cash in insurance fund	2,760	2,246	0	0	0	9,024	0	0	0	7,332	2,136
17	Property at start of cycle	0	0	0	0	0	0	5,000	0	0	0	500
18	Property now	0	0	0	0	0	0	0	0	0	0	0
19	Debts	0	0	0	0	0	0	0	0	0	0	0

This data was fed in to a customised MIS designed for analysis of community-managed microfinance projects, disaggregated by region. The following results were obtained:

Figure 11: Zonal performance comparison of selected groups – efficiency and effectiveness

Zone information			Membership					Member benefit/impact		Portfolio		Worth	
Name of Zone	N° of Zone	N° of errors	Active members (total)	Change in no. of members	Dropout rate (%)	Members attending meeting (%)	% women	Return on savings to date	Annualised net profit per member	N° of active loans	Members with active loans (%)	Member equity	Profit/Loss
Results													
Machakos	1	0	39	30.0%	0.0%	69.2%	100.0%	14.4%	222.2	12	31%	21,990	2,760
Nairobi	2	0	55	0.0%	1.8%	85.5%	98.2%	13.2%	2,412.8	36	65%	468,781	54,503
Makindu	3	0	142	43.4%	10.1%	73.2%	100.0%	29.5%	1,172.9	120	85%	152,128	34,161
Namanga	4	0	46	2.2%	11.1%	76.1%	100.0%	1.4%	108.7	22	48%	155,180	2,117

These results show clearly that total equity in Nairobi is approximately three times greater than in other areas and that Machakos is performing least well. Significantly, however, it also shows that Nairobi is scoring much less well on the returns to members, with only 13.2% return compared to 29.2 to Makindu and 14.4 for Machakos. Makindu also has the highest rate of membership growth and the highest number of loans per member. Makindu also has the second highest value of loans as a percentage of performing assets (not shown here), at 39%, compared to 29% for Nairobi, 21% for Machakos and 44% for Namanga. Makindu groups also have the highest percentage of members with active loans. Namanga's figures are dragged down, probably untypically, by the missing money from Bissil, referred to earlier.

This table makes it clear that the Makindu groups we visited are performing at much better levels of efficiency and demonstrating superior equity in loan fund access.

These figures cannot be extrapolated across the entire programme because they are drawn from a statistically insignificant sample, but they are useful in illustrating that the scale and financial volume in Nairobi does not translate into particularly impressive investment performance. If this approach were used across the entire programme, managers would be able to draw statistically significant conclusions concerning differences between zones.

Figure 12 on the following page is a summary table of performance of all 10 groups. These need to be treated with caution, not only because the sample includes only 10 groups, but because the extraordinary difference in group equity between urban and rural areas lifts the averages higher than they would be on a regional basis. Nevertheless, they allow us to draw the following conclusions:

Figure 12: Overall performance of selected groups – aggregates, percentages and averages

	Institution:	Tuinuane		
	N° of data entry errors	0	22-Nov-08	
	Client satisfaction	Aggregate	%	Average
1	Total number of current members	282		
2	Total number of men	1	0%	
3	Total number of women	281	100%	
4	Total number of Associations	10		
5	Average association membership			28.2
6	Membership growth rate		23%	
7	Attendance rate		76%	
8	Dropout rate	16	5.4%	1.6
9	Number of members belonging to graduated Associations			
10	Total number of people assisted by the programme	282		
	Financial performance (Association level)	Aggregate	%	Average
11	***Composition of assets, liabilities and equity***			
12	**Assets**	1,900,413	100%	190,041
13	Cash on hand and at bank	1,215,989	64%	121,599
14	Cash in insurance fund	21,362	1%	2,136
15	Value of loans outstanding	658,062	35%	65,806
16	Property	5,000	0%	500
17	**Liabilities and member equity**	1,900,413	100%	190,041
18	**Liabilities**	0	0%	0
19	Debts	0	0%	0
20	**Member equity**	1,900,413	100%	190,041
21	Cash in insurance fund	21,362	1%	2,136
22	Savings/Shares	1,623,651	85%	162,365
23	Profit/Loss	255,400	13%	25,540
24	Profit from prev. cycles reinvested in property	0	0%	0
25	***Savings/shares***			
26	Cumulative value of savings/shares	1,623,651		
27	Average member savings to date			5,758
28	Profit/Loss	255,400	15.7%	25,540
29	Average member investment			6,739
30	***Loans***			
31	N° of active loans	190		19.0
32	Value of loans outstanding	658,062		65,806
33	Average outstanding loan size per borrower			3,463
34	Average loans outstanding per Association			65,806
35	***Current yield***			
36	Average net profit per member to date		15.7%	906
37	Annualised average net profit per member			1,162
38	Annualised return on savings		20%	
	Operating efficiency (Association level)	Aggregate	%	
39	% of members with active loans		67%	
40	Fund utilisation rate		35%	

- The client satisfaction ratios/proxies are generally positive:
  - Attendance rates are high. Attendance for most community-managed microfinance programmes average about 65-70% after 2 years. At 75% Tuinuane is doing well.
  - Dropout rates are slightly above normal. Dropout rates for groups that are 2 years old range on average from 2 to 5%.

- Gender balance is way above the project's target of at least 90% women., but unhealthily so
- Membership growth rates are unusually high, at 23.1%, indicating that the programme is increasingly attractive to targeted communities
- The average group size is 28.2. This is larger than is healthy, since a number of groups have numbers that exceed the practical limit of 30 members. There has been some commentary by external observers that group sizes need to be larger than at present. The team strongly disagrees with this observation. Experience in CMMF programmes in Africa shows that when groups exceed 30 members meetings take too long, transparency is reduced and members begin to drop out: often a spontaneous splitting of groups into smaller groups takes place. The average size of CARE's VSL groups in Africa is 22, with the largest average of 29 members in Niger and the lowest average of 7 in Zimbabwe. Rather than be concerned that the groups may be too small, Tuinuane should be concerned that they may be too large. The Project leaders and her team concur with this opinion.

- Financial performance is mixed.
  - The return on member savings to date is 15.7% and is projected to be 20% at the end of the cycle. This is much lower than most CMMF programmes in East Africa . Normally these achieve at least 30% and average 40%. Rates of 50%+ are normal in Zanzibar. In Geita, Tanzania, which is very similar in economy and environment to many of the places visited, returns on savings average 30% and annualised returns are projected at 56%. By these measures Tuinuane is probably performing below its potential.
  - Loan fund access is moderately good, with an average of 19 people borrowing from their groups at the time of the survey. This is, however, heavily skewed and performance is poor in Machakos (averaging 6 loans per group), and poor also in Namanga (11). Nairobi and Makindu are average at 18 and 16 respectively, when allowance is made for multiple loans in a single Makindu group.
  - It is not possible to comment on portfolio quality as this depends on end-of-cycle write-offs. Portfolio quality cannot easily be measured in CMMF programmes because loans are normally serviced in irregular ways. It is possible to state, however, that a few groups allow multiple loans per member. In one case a single member (the Treasurer) had 10 current loans outstanding. Clearly there needs to be more attention in training to the one-loan-at-a-time-per-person rule.

- Operating efficiency of the groups is mixed:
  - 67% of members have loans. This appears to be excellent performance, but If the group providing leaders with multiple loans is excluded, this drops to 49% -p about average for this type of programme at this stage in the cycle
  - Only 35% of the loan fund is in use. When due allowance is made for the fact that the cycle is nearly at an end and fewer loans are being disbursed a 10-week average of funds in use indicates that only 47% of the available funds are disbursed. A preference for savings is a legitimate choice for the most vulnerable, but this figure is much lower than would typically be the case in similar situations in Africa. In the same project in Geita, referred to above 70% of members have active loans.

Ratio analysis of these results is summarised in figure 13 on the following page. In addition to the findings listed above, it shows that the average member has about 566

Kroner total investment (€62.9),[5] savings of 483 Kroner (€53.7) and that the average loan size is 291 Kroner (€32.53)

What these findings show, quite clearly, is that the Tuinuane methodology is extremely attractive to its members. The impact study findings also show that the effects of Tuinuane membership are strongly positive. But they also show that financial performance and group-level operating efficiency is much lower than typical programmes of this type operating in East Africa. Why this may be so is more fully explored later.

Figure 13: Ratio analysis of selected groups (aggregate results)

SEEP Performance Ratios			
Institution:	Tuinuane		
Date:	22-Nov-08	Currency:	Kroner
N° of data entry errors:	0	Rate of exchange:	11.90
Client satisfaction			
R1	Attendance rate		75.5%
R2	Retention rate (%)		94.6%
R3	Membership growth rate		23.1%
Financial performance (Association level)			
R4	Average savings per member mobilised to date (Kroner)		483.8
R4L	Average savings per member mobilised to date (KShs)		5,757.6
R5	Annualised return on savings		20.2%
R6	Average member investment (Kroner)		566.3
R6L	Average member investment (KShs)		6,739.1
R7	Average outstanding loan size (Kroner)		291.0
R7L	Average outstanding loan size (KShs)		3,463.5
Operating efficiency (Association level)			
R11	% of members with active loans		67.4%
R12	Fund utilisation rate		35.1%

5 Total investment comprises savings plus retained earnings.

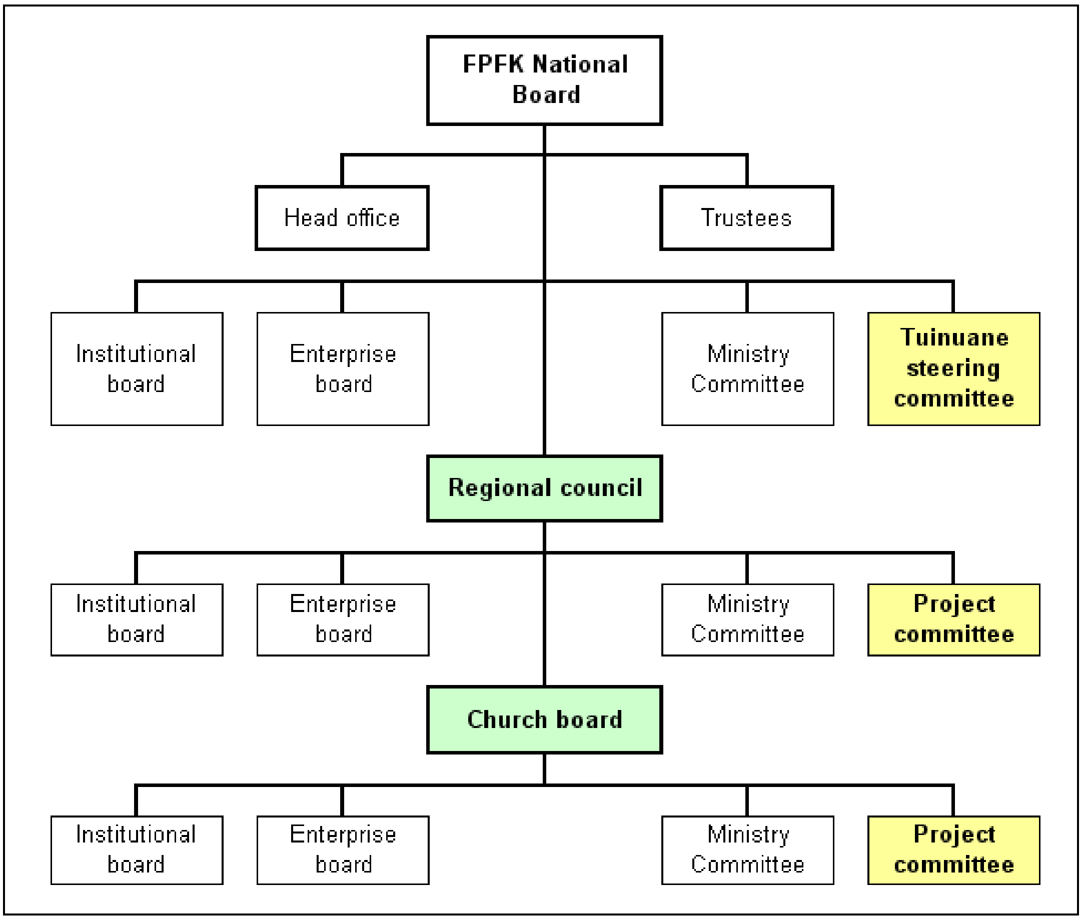
6.2 Tuinuane's implementing strategy and efficiency

6.2.1 Delivery channel

Tuinuane has an extremely unusual system of service delivery. Most organisations that implement similar programmes do so by selecting a limited target area and then fielding a tem of Field Officers who directly train CMMF groups. They visit as many as 20 times in a year, starting off by attending every meeting to reinforce procedure and ensure that records are kept in accordance with their standard models. Over the course of a year these meetings reduce in frequency until the group is deemed to be independent. Depending on the programme this process can take between 10 to 18 months, but averages about a year.

Tuinuane cannot follow this approach, because it has a national mandate to work in 27 regions (it has reached 7 to date)[6] and its budget will not allow it to set up regional teams that can remain in place and expand over a given, limited territory. Instead, it works on a consecutive basis, covering at most two regions at a time and then moving on to other parts of the country after setting up an average of about 50 groups. It is able to do this because it works through the Pentecostal network, shown in the following organigram

Figure 14: FPFK Organigram

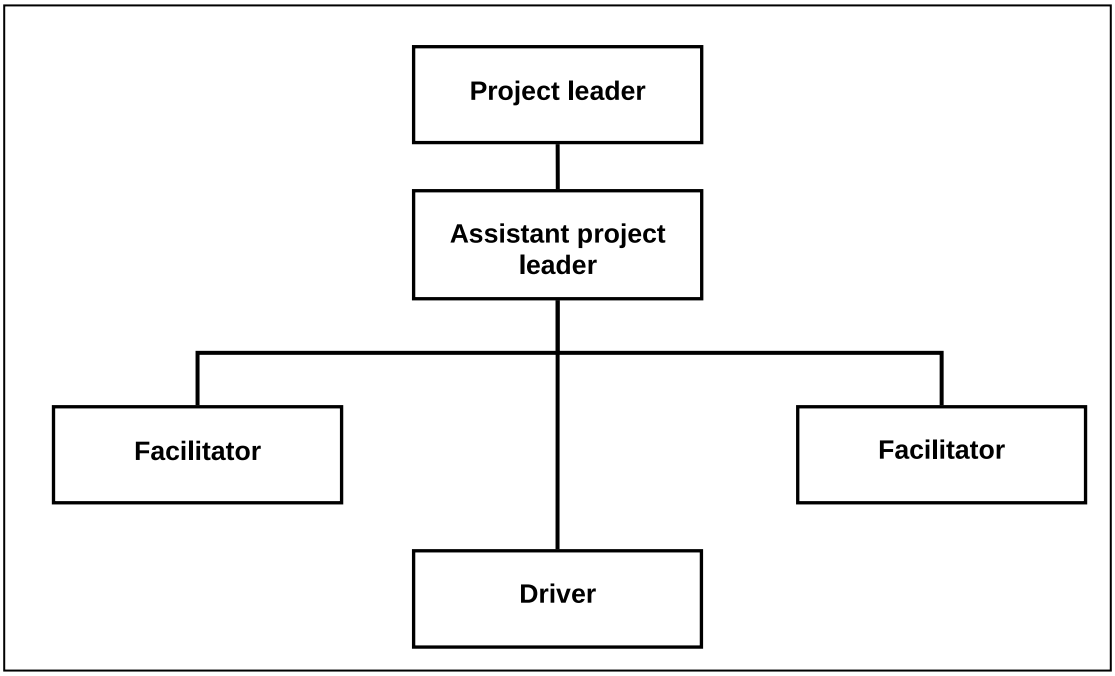


Tuinuane is administered by a Steering committee at the national level that coordinates its work through project committees at the Regional and Church level, obtaining approval to operate through the Regional councils and Church boards.

6 Coast, Machakos, Nairobi/Namanga, Kisumu, South Nyanza, Nyambare and Southern

The Tuinuane project works under the direct guidance of the Tuinuane steering committee and is organised as follows.

Figure 14: Tuinuane project organigram



6.2.2 Life-of-project achievement – Number of groups and number of members

In practice this means that the Project leader teams up with a Facilitator and the Assistant project leader does the same. Working in a two-team configuration, they each take on designated parts of regions or each a single region as they mutually agree. This has enabled them to cover 7 regions and set up 365 groups to date – 65 more than their life-of-project target. The total number of members reached is harder to determine. The project MIS indicates that the total number inducted into the programme is 5,594, or about 1,400 less than the life-of-project target. It is, however, impossible to know the total number currently in the programme, when taking increased membership and dropouts into account. This depends on receiving up to date numbers from groups at visitations and through annual reports at the time of the annual general meetings in each region. Since graduated groups are no longer visited and since attendance at AGMs is voluntary and incomplete, it is not possible to know how many Tuinuane members there may be nationwide. If we extrapolate from the rate of increase in membership of our sample of 10 groups (23% net) then the total number in the programme would approach 6,880 or, in effect, as close to the target of 7,000 members as makes no difference. But the sample is too small to be reliable and is heavily skewed by the performance of a few groups in Machakos (30% increase) and Makindu (44% increase) that may not be typical at all. Using a sampling method for determining retention and increase is the only practical way for the long-term to estimate the total number of members and needs, in addition, to take spontaneously created groups into account. All we can say for certain is that targets for the number of groups created have been achieved and that the total membership is likely to be close to the originally targeted numbers.

6.2.2 Strategy for sustainability of service delivery

There are two issues here that need to be taken into account:

- The practicability of the current delivery channel

- Post-project sustainability of service delivery

Practicability of the current delivery channel

There is a fundamental flaw with the current delivery channel, if Tuinuane is to achieve its ambitions and set up a national programme in all 27 regions: it cannot be done with centralised service delivery. While the present project employs an admirably flat management structure, it is too flat to achieve national outreach, since all TA needs to be provided by personnel who are based in Nairobi and, critically, *who are only in the field for about 100+ days a year,* or about 45% of their time.

The present method of working is to call in the leaders of groups twice in the annual cycle and provide them with training. In the first training seminar the emphasis is on setting up a savings system. The emphasis of the second seminar is the administration of a loan disbursement and repayment system. Project personnel then visit the groups three times in the following year to ensure that the lessons taught in the seminars are applied in running the groups. This is attractive because it theoretically reduces the time of high-cost personnel and multiplies the effort. It is flawed because it does not provide sufficient supervision to ensure that two critical functions take place: supervision of financial administration and supervision of standard procedure.

In its original plan, Tuinuane expected to use volunteer teachers as the core personnel to maintain programme quality and regularity of group contact with community-based technical support. But this has not worked out and most teachers who were trained by the project have dropped out of the system. We did not follow-up on the reasons why this may have happened, but although the teachers were highly successful when used in the literacy programme they have not stuck to the groups when it comes to savings and credit.

The reasons for this are likely to be that literacy is a natural affinity for teachers, while financial services may not be. The second reason, borne out in other programmes, is that voluntarism has its limits and the work involved in training and supervising Tuinuane groups may simply be something that teachers are reluctant to take on without some sort of remuneration. Clearly, Tuinuane was on to something in using teachers as a community-based resource, but has failed to compensate for their lack of sustained involvement in the savings and credit activity.

It is vital that there is consistent and regular supervision of the groups by people who know what they are doing, working to a fairly prescriptive set of procedures and a much simpler system of financial administration. It is the view of the evaluators that Tuinuane can only start to work with improved efficiency if community-based trainers are inducted into the programme as a professional cadre who are paid for what they do by the groups that they train, using time-limited contracts and a fee structure brokered by Tuinuane. The gap between the core training team and the need of the groups for regular technical supervision needs to be bridged and this can only be done by working on a reformed – and locally staffed and financed – training model.

This approach is widely used by CARE, through what they call Village agents, who are, in effect, community-based trainers (CBTs). This involves the following steps:

- Project staff directly train groups for as much as 6-9 months in a new project area, visiting at every meeting for as much as three months, before beginning to reduce the frequency of visits. This is to ensure that new groups are created that work to a high standard. A combination of centralised training in seminars (as at present) and more frequent follow-up visits would blend the best of Tuinuane’s approach with that of CARE’s. Training of specific groups is carried out, but invitations to witness the training are sent out to adjacent communities and/or pre-existing community groups.

- Project staff identify well-educated group members who are respected in their communities, who are fit, have spare time and are interested in earning extra income. They are trained to become CBTs
- The CBTs start to train their own groups. These groups are likely to come forward and request training as a result of demand, created by the example of the original groups and as a result of having witnessed the training activities carried out with the original groups. The terms of this training are brokered by the core Tuinuane staff, who help to establish a standard rate for each visit, to be paid at every meeting attended by the CBT, but limited to a specific number over a year.
- At the end of a year in which the CBTs are supervised, they are examined and certified and left to develop their market further.

If Tuinuane staff shift from direct delivery of training to this system, still using a seminar-based approach, but using CBTs, it will be possible at no extra cost to increase the intensity of supervision visits and retain the multiplier effect of reduced direct contact with groups by paid staff.

Right now Tuinuane is not a cost-effective programme: it spends close to €100 per member to set up Tuinuane groups. Most similar programmes in Africa spend much less – about half or even less.[7] It is spending this money and achieving lower rates of contact with groups (because the teacher-trainer model has broken down) and, while group motivation is high, group quality and profitability is not nearly as good as it ought to be - or as good as it can easily become.

Most of these problems are traceable to the delivery model, which is practical and suitable for a pilot programme but is inefficient if Tuinuane's goal is to move to scale and to improve group-level quality. CARE's VSL programme in Uganda has spent €1.8 million in the last two years and has created more than 100,000 new VSLA members. Providing grants to local NGOs and offering TA, MIS support and operational supervision, *it is spending only €16 for each new VSLA member.* Under CARE's 40-country Access Africa (AA) VSL promotion programme, it hopes to drive this figure below €12.

The essential reform recommended is to have core staff perform high-end training and oversight functions, but with group-level training and intensive follow-up put in the hands of self-financing (or very low cost) CBTs recruited from the groups themselves. The secondary recommendation is to retain the seminar training model (a major Tuinuane contribution to the state-of-the-art) but embed it in a system that ensures regular and sustained follow-up financed by group contributions.

Post-project sustainability of service delivery

At the present there is no strategy for post project sustainability of service delivery, since all of the training and follow-up is delivered by the Nairobi-based technical team. The shift to a CBT system would ensure the growth of the methodology, post-programme, because CBTs will continue to create groups because they would be motivated both by the status that accrues to the work and by the fee income, Other advantages that would be gained by shifting to this system would be:

- Outreach beyond the physical structures of the church, within communities would begin to take place

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[7] A large-scale VSL programmes financed by the Financial Services Deepening Project in Uganda (FSDU) has spent €1.8 million in the last two years and has created more than 100,000 new VSLA members. Providing grants to local NGOs and offering TA, MIS support and operational supervision, it is spending only €16 for each new VSLA member. Currently expanding under CARE's AA programme, it expects to drive this figure below €10.

- Non-church members would be drawn into the system (a particular preoccupation of the church)
- The annual cycle could begin and end at the time of the group's choosing, instead of being required to start and end in line with the presence of the Nairobi team. Many groups in CARE Kenya's VSL programme start their annual cycle at Easter or just before the long rains, to be sure of having capital on hand to finance cultivation and planting.

6.3 Tuinuane's efficiency

In its first three years of operation, prior to June 2008, Tuinuane had created 272 groups. Data is available on the numbers of people involved for only 234 of these groups, comprising 4,024 people; thus averaging 17.2 members per group. In addition 18 groups were spontaneously formed. If we extrapolate from the numbers of the known 234, it can be inferred that Tuinuane recruited about 5,000 people in total into the programme. This rises to 5,500 people if a 10% average increase in group size is included. This works out to 24 groups per member of the training team and an individual caseload of about 450 members. This is almost exactly the best-practice average ratio for a 2-3 year old CMMF programme in Africa.

In other words the Tuinuane model performs well against industry norms in terms of the number of people it can reach. It does this with a training team that is only in the field about half of the time, so its efficiency is commendable. But the limited time spent in the field by the training team reduces group-to-trainer contact, leading to a sub-optimal level of technical quality at the group level. This means that its real efficiency is, in effect, lower than competing programmes in Kenya which achieve about double the rate of contact time with similar caseloads. This is a consequence of having a training team centralised in Nairobi, with a mandate to cover the entire country. That they have done as well as they have is remarkable, but the model is fundamentally captive of its national mandate. Were the training team to focus on Nairobi/Namanga and spend all of its working year in the field it could either double the frequency of its contact with the groups or double the number of groups that it creates every year. Since the team has a national mandate we must conclude that it can only maintain its efficiency *and* improve group quality through the use of CBTs.

6.3 Programme design: relevance to the needs of clients and method of delivery

6.3.1 Appropriateness of client-level services

There is a high level of satisfaction with Tuinuane amongst members. The objective evidence of this is the low drop-out rate and the high rate of natural increase (23% in the sample of groups interviewed). The impact study reports a clear preference for savings, followed by credit, followed by the emergency (insurance) fund. This indicates that the FPFK chose the right methodology, matched to target-group priorities.

6.3.2 Delivery methodology

As noted in the previous section, the service delivery methodology is inefficient in reaching the clients at an appropriate cost and with an appropriate frequency. Right now the costs are too high and the frequency of contact is too low. Having said this, the idea of clustering groups for training has merits in terms of efficiency, although it may be criticised on grounds of limiting the groups' ability to decide on the starting date of their operating cycles and not involving the entire membership, leading to a 'them-vs.-us' quality to the meetings (see photograph) , in which a group of leaders are very much separated physically from the membership, as they conduct their administrative wizardry (that no-one in the membership much understands).

One *extremely* important finding is that groups allow members to save in varying amounts (savings different amounts per week) and repay loans in highly variable schedules matched to individual cash-flow. The standard Tuinuane methodology calls for members, having once decided on their weekly contribution, to stick to this throughout the entire cycle. *There is no convincing reason for this*. Everyone has varying income throughout the year, and requiring a member to save the same amount every week forces the member to select a sum that is the maximum amount that they are sure they can save at all times – even when cash is in short supply. This severely reduces the savings mobilisation capacity of the group. All of us have bank accounts and we would be dismayed if our bank managers required us to save on a fixed, regular basis. There is every reason to require a minimum amount to be saved (to ensure regularity of financial behaviour) but no reason at all for limiting the amount that a member may save (up or down) on a weekly basis. It is strongly recommended that Tuinuane members be allowed to save in any amount that they please. What CARE, Plan and CRS are doing to is to restrict the amount that can be saved to a ratio of 1:5. That is to say that when a group decides on the value of a share a member can save up to 5 shares at every meeting. This number is rather arbitrary and can be increased, without undue risk, up to 1:10. The purpose of this restriction is to prevent some members loading the amount of savings at the end of the cycle in order to capture a disproportionate amount of the profits.

In addition, members are required to pay back their loans on a fixed schedule over 10 weeks. Many people pay back sooner, while some pay later. Very few actually adhere to the 10-week schedule and vary the amounts that they pay. *This is crucial*. A repayment schedule may be appropriate for a business client of a bank or MFI in a town. Clients usually have businesses that provide regular income, and multiple sources of income. Rural people, In contrast, have irregular and lumpy income and cannot reasonably be expected to adhere to a schedule.

The key principles that underlie CMMF are the following:

- Save all the time (in varying amounts)
- Borrow when you need it (for varying periods of time, matched to need)
- Pay when you can (within an agreed maximum period)

It is the view of the evaluators that Tuinuane should drop the requirement for members to save in equal amounts throughout the year and to pay according to a fixed, equal instalment schedule.

6.3.3 Sustainability of service delivery

This type of group is inherently sustainable and capable of delivering excellent service for the long-term, without continuing programme support, but the MIS and the follow-up system does not allow Tuinuane to know with any precision what is happening with the average group, over time, since post-project reporting is provided by the groups themselves at the AGM. It is not necessarily the case that what Tuinuane is told at the AGM is in fact the case, and no-one can be sure about what is going on with the very considerable number of groups that do not show up at the AGM. The balance of probability is that most groups continue to provide service and a proxy for this is the increasing demand from congregations that have not yet received service. Nevertheless, a periodic (and statistically significant) sampling of graduated groups would lay this question to rest...

6.3.4 Systems

Source documents

Tuinuane is to be congratulated for the quality and clarity of its primary records. Regional files are maintained in the Nairobi office that makes group-by-group source materials immediately available.

MIS

Tuinuane uses a customised Excel-based MIS, developed specifically for the programme. The MIS combines two functions: tracking groups through their training and follow-up cycle and financial performance tracking. It is useful in tracking the progress of the groups through training and follow-up phases, but is much less useful in tracking the financial performance of the groups themselves. This is for two reasons:

- While primary data on each group is comprehensive, it is not analysed on a group-by-group basis, allowing for a review of profitability and portfolio performance
- None of the financial performance data is analysed in aggregate, in real time. Most of the analysis is aggregated in terms of what happened at the various visitations. This collects historical data about what happened to all groups when they happened to be visited: thus the performance of groups undergoing first visitations in 2005, 2006, 2007 and 2008 are aggregated, providing no snapshot of what is happening to groups being trained and supervised, right now.

These are important limitations. If managers can quickly look up group level performance and see which groups are performing well and which are performing badly, they are in a much better position to take remedial action. An example of this happened in the field. When the team gathered data on the two groups in Bissel and Namanga and entered this data into the SEEP-based MIS used by CARE, CRS, Plan and Oxfam, the following results were discovered:

Initial Association data	Composition of assets, liabilities and equity				Member benefit/impact		
Name of Association/Group	Cash, bank and insurance fund	Value of loans outstanding	Cum. value of savings/ shares	Profit/Loss	Return on savings to date	Net profit per member to date	Annualised net profit per member
Totals	171,656	138,704	298,795	4,233			
Averages	85,828	69,352	149,398	2,117	1.4%	92	109
Naserian	56,250	31,410	121,570	-33,910	-27.9%	-1,696	-2,064
Bidii	115,406	107,294	177,225	38,143	21.5%	1,467	1,780

The software immediately reveals that while the Bidii group is doing fine and making a profit, the Naserian group is making a massive loss. Study of the numbers shows that Naserian's cash on hand, when added to the value of loans outstanding was far less than the cumulative value of savings, meaning that money (some 37,000) had gone missing. In the absence of evidence to the contrary it is reasonable to believe that the Treasurer may have been making private use of the money: but no-one in the group was aware of this (because money was no longer stored in the box). Tuinuane's current system does not perform this type of analysis and this sort of problem cannot be caught.

It is strongly recommended that Tuinuane continues to use its current tracking system *for programme management purposes* (i.e. the parts of the MIS that track training events and the progress of groups from one step to another) but adopts a different MIS for tracking group-level *financial* performance in real time that is also capable of aggregating overall financial results. This can be used to track 100% groups that are under training and supervision and a much smaller (but statistically significant) region-by-region percentage of graduated groups.

Financial management

The heart of a typical Tuinuane group's operations is the system of financial management. This is centred in two basic sets of books:

- The record of savings and general ledger
- The record of loans and loan applications

In addition to these centralised records, members are provided with two additional books:

- Member savings passbooks
- Member loan passbooks

As noted in section 6.1.1 on page 30 of this report, members believe in the importance of the books and they are filled out with great care and seriousness. But, also as noted, they are much too complicated and, as a result, the older groups have started to ignore parts of the system that they don't find to be useful. They do the following:

- They fill out the savings records accurately, both in members' savings passbooks and in the members' individual pages of the savings book
- They fill out the members' own loan records in the loan register
- They do not regularly bother to fill out the members' loan application
- They do not use the members' loan passbooks to record loans
- They fill out the summary ledger, but do not do so accurately: cash, loans outstanding and total savings figures are rarely the same as the source records

What is clear from this is that members are telling Tuinuane that what counts for them is a single record of loan liability that they can track to make sure that they get paid back and a double record of savings to date: one in the member's hands to protect and verify their personal investment and a parallel primary record at the group level (in case a passbook is lost).

Nothing else counts. The only essential record that the group ought to keep is an *actual* record of cash on hand, verified every week by counting it in front of the members at the start and closure of the meetings.

If Tuinuane did this it would do the groups and themselves a huge service. Right now the record keeping system is *far* too complex. Loans, for example need to be recorded in 4 places (application form, member's loan record in the loan register, member's individual record (!) in the main ledger and member's loan record in individual loan passbooks). Getting a loan requires that the member signs twice on the loan application form (with the Chairperson and guarantor), once on the member's loan record in the loan register and once in their passbook (along with the treasurer).

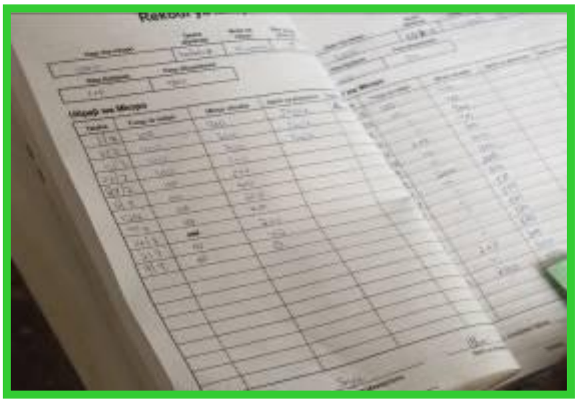
In addition, the ledger is extremely complex and mis-designed. Summary ledgers in an accounting system are designed to be just that: summaries. Tuinuane ledgers record every individual savings deposit and loan repayment. As such it is a mere duplication of other records (and calls for everyone's name to be written in a list at every single meeting). And the purpose of this isn't at all clear. The final output is a statement of cash on hand. This is rarely verified against actual cash and is, in any case, much less useful information than determining group net worth (Cash plus loans minus debts). Even calculating group net worth is not that important, *because nobody cares*. The basic system is so self-evidently profitable and safe (except when the cash isn't kept in the cash box) that member's are usually uninterested in knowing what the theoretical net profit might be at any particular time. They are usually content to wait till the end of the cycle. So long as their individual savings records are safe and accurate; so long as they (and other members) know what they owe on their loans and so long as they know how much cash they have on hand, *nothing else is needed.*

No disaggregated record is needed, for example of loan interest paid and fines. Since interest is deducted straight off the top it becomes cash income, as do fines. Since this cash income is immediately re-invested in the loan fund and since in any case the members get all accrued interest and fines back at the annual share-out, there is no need to keep a painstaking record of how much is derived from this source: it simply gets built in to the changing value of an individual share.

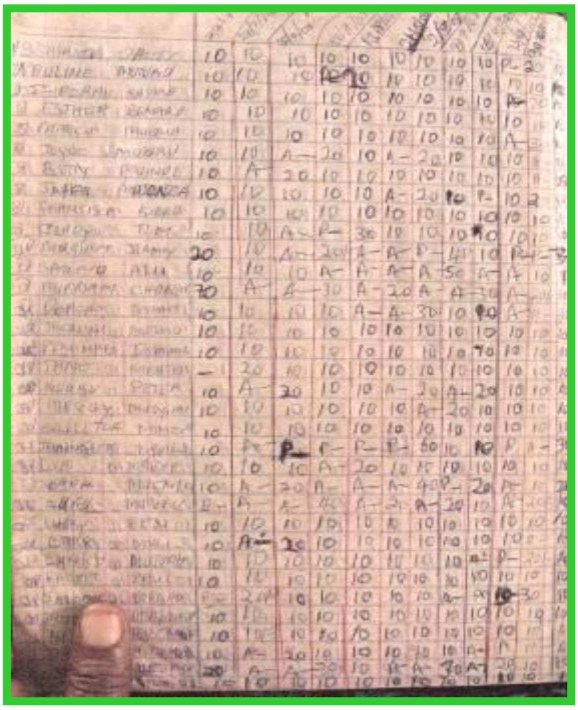
The biggest barrier to implementing a simple and safe record-keeping system is not the membership of community-based groups, but staff and managers who have been conditioned to be in awe of professional norms and methodologies. The result is an over-cautious adherence to standards that banks would envy. There is no magic in complexity: it hasn't saved the world from the recent financial meltdown. Indeed, there is clear evidence that too much complexity has bamboozled some very clever people into making very foolish decisions. The evaluation team cannot recommend strongly that the record-keeping system is reformed, by reducing the extent and complexity of the documentation. The following documents are the only ones that are recommended to be retained:

Ledger, containing *only* the following records

- A record of each person's savings, on an individual page per member. This already exists and is excellent. It acts as a backup to the passbook and as such is not essential (especially if passbooks are kept locked in the box), but may be necessary to reassure members that there is a duplicate in the eventuality that a passbook is destroyed or lost



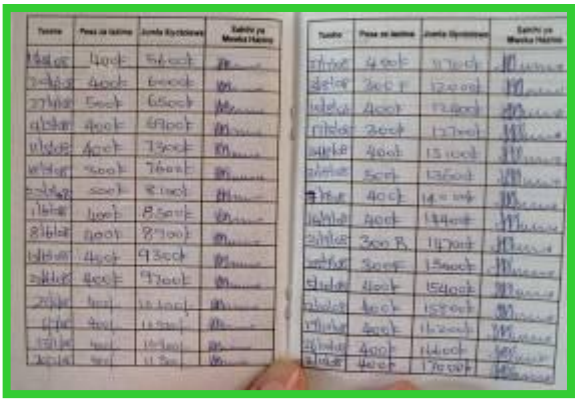
- A record of each person's outstanding loan balance, on an individual page per member in the ledger. This, too, exists and is excellent



- A consolidated record of Emergency fund payments

- A simple statement of how much cash remains un-disbursed from the loan fund, present in the cash box, in the form of a dated weekly note
- A simple statement of how much cash remains in the emergency fund, present in the cash box, in the same weekly format

In addition



- A passbook, recording each person's savings, <u>*held by the member.*</u>

<u>*The loan application form; the member's loan book and the ledger ought to be scrapped.*</u>

The evaluators cannot emphasise strongly enough the extent to which the current loan record keeping system and the summary page in the ledger duplicates information and confuses the process, complicating the lives of the groups. It is recommended that Tuinuane project managers visit CARE Tanzania to see how this simplified system is working. The result is reduced training obligations for programme staff, quicker uptake of essential skills and, perhaps most important of all, greater transparency and understanding amongst group members.

Procedures

The Tuinuane project model lays a great deal of emphasis on a participatory training method, in which learning conversations take place to expand members' understanding of the underlying purpose and principles of credit and savings. Added to this is a thoroughly detailed system of financial record-keeping (whether one agrees with its complexity or not). What Tuinuane does not emphasise in its training is a standardised approach to the management of a savings and credit meeting. Each group decides pretty much what will be done and in what sequence. This leads to some very interesting variations, some of which are worthy of emulation and wider adoption. But underlying this benefit is the fact that meetings are conducted in an ad hoc manner, with Chairpersons seeming to have no important role and committees varying the manner in which meetings are conducted.

In our travels, *inter alia,* we found the following:

- Loans are being paid back over varying amounts of time, usually less than 10 weeks
- In one group it was the leaders and not the members who approved loans

- In one group Emergency fund, Savings and Credit procedures were being carried out as 'one-stop' transactions, while in others they were being done consecutively
- In some groups members were seated far apart from the management committee, while in others (notably in Namanga
- The use of the loan application system increases the length of the approvals process by a week, instead of the application being received and processed in the same meeting.
- The cash box is not being used to hold the cash and in many cases shows up at meetings without being locked. In some cases one person, on the management committee had all three keys
- In some groups member passbooks are kept in the box, while in others they were carried by members to their homes
- Some groups carried out basic record-keeping functions in the meeting, and completed the full set of records outside the meeting
- Important documentation, such as bank pay-in-slips are often not kept in the box, but at the Treasurer's house. The evaluation team was not able to see (and verify) a single pay-in slip.
- In some groups multiple loans are being taken by the same person (in one case 8 loans totalling KShs 13,000 [Kroner 1,193] were outstanding to the group Secretary)

All of this points to the fact that there has been no development of a standardised, detailed set of procedures and that supervision has not focused on the need for standardisation. Variety is interesting but it can also be dangerous when poor peoples' money is involved. Tuinuane should review the range of procedures being used, decide on what constitutes best practice, build it in to its training system and make it a core part of supervision visits.

7 Annexes

Annex 1 Field visit timetables

Programme focus group discussion programme: Hugh Allen and Grace Auma

When	Where	What
2 S	Germany/Kenya	Travel
3 M	Nairobi office	Planning meeting
4 T	Nairobi, Kabiria	Group observation and financial analysis
	Nairobi, Kabiria	Group observation and financial analysis
5 W	Machakos, Kithaayoni	Group observation and financial analysis
	Machakos, Nguuni	Group observation and financial analysis
6 T	Makindu	Group observation and financial analysis
	Makusu	Group observation and financial analysis
7 F	Tunguni	Group observation and financial analysis
	Kinou Travel to Nairobi	Group observation and financial analysis
8 S	Kajiado: Bissil	Group observation and financial analysis
	Kajiado: Namanga. Travel to Nairobi	Group observation and financial analysis
9 S	Day off	
10 M	Nairobi office	Structures, Tools, systems and records
11 T	Nairobi office	MIS and analysis
12 W	Nairobi office	Conclusions and presentation preparation
13 T	Nairobi office	Project Steering Committee
	Departure	FPFK Board Travel
14 F	Arrival in Germany	
15 S		
16 S		
17 M	Solingen	Data entry and analysis
18 T	Solingen	Report writing
19 W	Solingen	Report writing
20 T	Solingen	Report writing
21 F	Solingen	Report writing

Annex 2 Focus-group discussion questionnaire

Type of Evaluation: Impact

Respondents: Focus Group

Name of Interviewer: ____

Questionnaire No. ____

Questions to be Asked of Savings and Credit Groups

Household

Biodata

District and Location: ____

Group name: ____

Total Number of Participants: ____

Gender Male_______ Female______

Assets

What items of equipment

Productive	Number before Tuinuane	Number now	Non-Productive	Number before Tuinuane	Number now
Land area (acres)			Motor Cycle		
Rented land area			Bicycle		
Adult cattle			Radio		
Calves/heifers			TV		
Donkeys			Thermos flask		
Goats			Sofa		
Sheep			Bed		
Chickens			Mosquito net		
Knapsack sprayers			Solar panel		
Pangas			Cups/glasses		
Hoes			Plates		
Sickles			Pots		
Ploughs			Blankets		
Cultivators			Wardrobe		
Mobile ‘phones			Kitchen Table		
Sewing machines			Kitchen Chairs		
MoneyMaker pumps					
Water pump					

In which of the following forms do you save? (Number)

Method of Saving	Number before Tuinuane	Number now
Tuinuane	N/A	
Merry-go-round		
Savings and credit coop		
Bank account		
Post office savings bank account		
Shopkeeper		

If there is a change in the way that you save, what is the nature of the change, and why is this?

How do you borrow

Method of Saving	Number before Tuinuane	Number now
Tuinuane	N/A	
Savings and credit coop		
Bank		
Shopkeeper		
Money lender		
Member of family		
Friends		

Welfare

What type of house do you live in?

Type of house	Number before Tuinuane	Number now
Mud	N/A	
Unburnt brick		
Cement block		

Grass roof		
Iron sheet roof		
Tiled roof		

Earth floor		
Cement floor		

Wooden shuttered windows		
Metal shuttered windows		
Glass windows		

Health

Compared to before you joined KI do you find the following more or less affordable:

Service	No. More	No. No Change	No. Less
Medical services			

Why is this? ____

____

____

____

Welfare: Nutrition

Has your level of food consumption changed since joining KI?

Food Consumption	Number before Tuinuane	Number now
1 meal a day		
2 meals a day		
3 meals a day		

Why is this? ____

____

____

____

Do you eat better or worse food than before you joined KI?

Variety of Food Consumed	No. of responses
Eat more varied diet than last year	
No change	
Eat less varied diet	

Why is this? ____

____

____

____

Income Generating Activities

Item	Number before Tuinuane	Number now
Total Number of Family IGAs carried out in the preceding year		

How many family members are employed in family IGAs and how many are employed by non-family members for a wage?

Item	Number before Tuinuane	Number now
No. of adult males regularly employed in family IGAs		
No. of adult females regularly employed in family IGAs		

Do you find that your most important IGA stayed in operation longer, shorter or for the same length of time in 2003 as it did in 2002?

	No of responses
Shorter	
Longer	
Same	

Individual

Social Capital

If you think of other people from your community who are not KI members and whose economic and social status was roughly the same as yours a year ago, do you feel that you are now better off than them, worse off or has their been no change?

Improved	
Remained the same	
Reduced	

How does this show itself?

No.	How	No. of responses
1		
2		
3		
4		
5		

Main reasons for change?

No.	How	No. of responses
1		
2		
3		
4		
5		

Has your membership of Tuinuane affected relationships within the family? If so, how?

No.	How	No. of responses
1		
2		
3		
4		
5		

Have there been any negative consequences of joining Tuinuane. If so, what are they?

No.	How	No. of responses
1		
2		
3		
4		

5		

How does the community look on KI members? How do they treat you differently to before you were members?

No.	How	No. of responses
1		
2		
3		
4		
5		

3 years ago: How many positions did you hold in any type of group? (**Tick** as applicable)

Type of group	Chair	Sec.	Treas.	Commi-ttee	Member

Now: How many positions did you hold in any type of group? (**Tick** as applicable)

Type of group	Chair	Sec.	Treas.	Commi-ttee	Member

Who decides on the use of family cash income?

Who	Number before Tuinuane	Number now
Husband		
Wife		
Both		
All of the family (including children)		

Who decides on the use of family cash income?

Who	Number before Tuinuane	Number now
Husband		
Wife		
Both		
All of the family (including children)		

General: Loan product

When you started with Tuinuane, the loans available to you were very small, but, over time as the size of the loan fund grew, the loan sizes became bigger. How long did it take in your group before the sizes of the loans available satisfied the needs of most members of the group? (seek a consensus)

Time	Quantity
Years	
Months	

General: Attribution

You have told me about many changes in your circumstances/household and personal situation. What do you think are the main reasons that this has happened in order of importance?

No.	How	No. of responses
1		
2		
3		
4		
5		

General: Value of services

How do you rate the value of Tuinuane services?

Service	Quantity 1	Quantity 2	Quantity 3	Quantity 4
Loans				
Social fund				
Savings				
Literacy				

Annex 3: Group quality evaluation form

Name of the group ______________________________

Date of visit: ______________________________

Issue		Points
1 Did at least 70% of the members attend the meeting?		
2. Did at least 3/4 of the members arrive on time?		
3. Did the Chairperson lead the group effectively?		
4. Did the Treasurer and Secretary perform their roles effectively?		
5. Did the group have a constitution on hand and was it followed?		
6. Did the members of the group participate in the discussions?		
7. Were the savings procedures orderly and consistent?		
8. Were the lending procedures transparent, orderly and consistent?		
9. Were passbook loan records up to date and accurate?		
10. Were the records in the ledgers kept accurately?		
Total points:		
Points Key 1 = bad/no 2 = average 3 = good/yes	**Condition:** Good health 21 - 30 Uncertain health 11 - 20 Sick 0 - 10	

Observations

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