

Kenya's Water Towers Protection and Climate Change Mitigation and Adaptation (WaTER) Programme

Component 4: Science to Inform Design of Community-Level Actions and Policy Decisions

Baseline Survey Report on Village Savings and Loans Associations (VSLAs)



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PHOTOS OF ECOYSTEMS VSLA ACTIVITIES DURING BASELINE SURVEY



Tenden VSLA Members in Kapcherop, Cherangany Hills Ecosystem displaying some of their herbs which they use to support their VSLA



Tenden Green Belt group VSLA members displaying their beading products at Kapcherop, Cherangany Hills Ecosystem



Officials of Kasarani Women Group VSLA displaying their weaved product at Kapcherop, Cherangany Hills Ecosystem



Ornamental Tree Nursery belonging to Cheptengis Okilgei VSLA, Moiben Kuserwo Ward, Cherangany Hills Ecosystem



Research assistants having an interview with the River Aror Water Resources Users Association (WRUA) VSLA chairman in Cheptais, Mt Elgon Ecosystem



Pamoja Tuungane Women Group VSLA members pose for a photo with the research assistants after an FGD in Cheptais, Mt Elgon

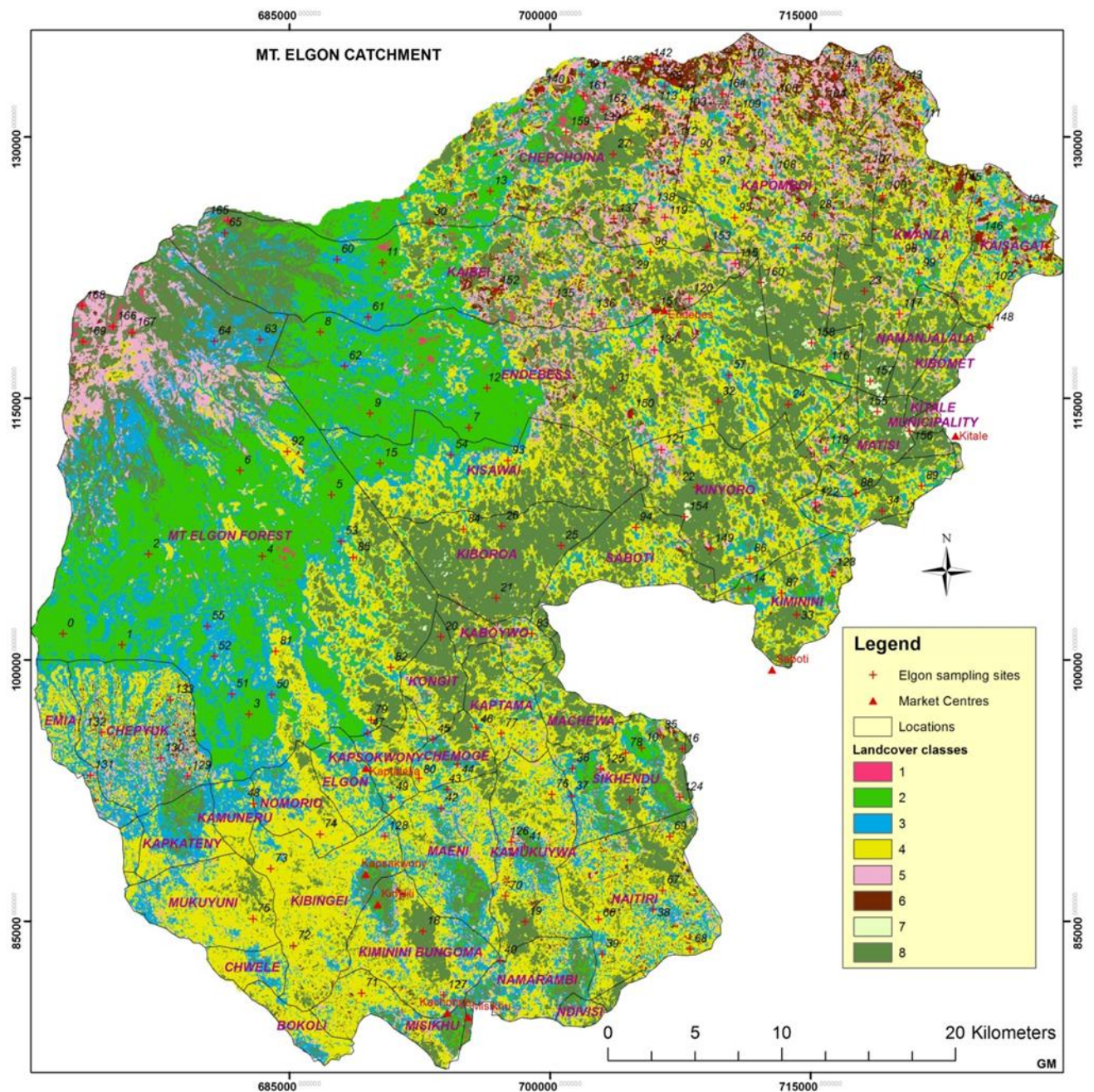


Figure 1. Mt. Elgon Ecosystem Land Cover Map (Source; KEFRI Land Use Land Cover Report-2016).

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Disclaimer

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We also appreciate the contributions made by the communities of Mt. Elgon and Cherangany Hills Ecosystems for their cooperation during the baseline survey, key informant interviews and focus group discussions.

Affirmation

We affirm that this baseline survey report consists of the findings of the study that was undertaken through gathering information on the current status of Village Savings and Loans Association in Bungoma, Trans Nzoia and Elgeyo Marakwet Counties (Mt. Elgon and Cherangany hills ecosystem) project areas.

The development of this report has been guided by the Terms of Reference, reference information provided by KEFRI and contributions of key informant interviews, focus group discussions and individual respondents during this study.

This Baseline Survey Report remains the property of KEFRI and EU. Information and data collected must be used only with their consent.

List of Acronyms and Abbreviations

| | |
|------|---------------------------------------|
| CIDP | County Integrated Development Plan |
| CIG | Common Interest Group |
| EU | European Union |
| FDG | Focal Group Discussion |
| GoK | Government of Kenya |
| GDP | Gross Domestic Products |
| HH | Household |
| Ha | Hectares |
| KII | Key Informant Interview |
| NBE | Nature Based Enterprise |
| PES | Payment for Ecosystem Services |
| ToR | Terms of Reference |
| VSLA | Village Savings and Loans Association |
| WRUA | Water Resources Users Association |

Executive Summary

This study was commissioned by KEFRI/ACAL in recognition of the fact that Nature-Based Enterprises offer opportunities for local people to develop livelihood strategies from natural resource management and not just the opportunity to participate in conservation for its own sake. The two ecosystems of Cherang'any Hills and Mount Elgon were chosen for this baseline survey study based on the fact that there is a good natural resource base already exploited for commercial purposes. However, the two ecosystems continue to be degraded due to population pressure and increasing household living standards. Sustainable income generating activities ideally rely on availability of adequate supply of raw materials that would provide reliable income streams.

The Project Development objective is to promote and develop nature based enterprises targeting men, women, youth and people with disabilities. Interventions for rehabilitation tend to disadvantage livelihoods of local nature dependent communities. Tension arising from the resultant deprivation poses threats to the sustainability of interventions. This project will seek to offset this threat by especially promoting nature-based enterprises through improved access to financial services to men, women, youth and people with disabilities who derive their livelihoods from these forest ecosystems. The Village Savings and Loan Associations have been proven to be effective in accelerating growth and building local capacity when combined with other development programmes.

This baseline survey was expected to identify and assess the status of existing Village Savings and Loans Associations detailing the approach and process of forming the VSLAs; challenges experienced and lessons learnt during the process.

CHAPTER 1: INTRODUCTION

1.1 Background of Study

This Study was based on Component Area 4 (Result Area 4) which is on: “Science to inform design of community-level actions and policy decisions”. This EU funded project is expected to support Kenya to reduce poverty through enhancing the productivity and resilience to climate change of Kenya’s water sources. The project is a community Initiative Partnership between the Government of Kenya (GoK) and EU. The Project is being implemented in Mount Elgon and Cherang’any Hills Ecosystems. Kenya's economy is nature-based with its water towers influencing livelihoods of beneficiaries of ecosystem services, both adjacent and further afield.

The ability of Kenya's water towers to continue to provide critical ecosystem services, in a sustained manner to adjacent communities and beneficiaries further afield is being threatened by deforestation and land degradation. Deforestation has reduced Kenya’s forest coverage from 12% in the 1960s to currently 6.9%. Deforestation costs the Kenyan economy an estimated KES 5.8 billion per year. An estimated 50,000ha lost between 2000 and 2010, has resulted in cumulative negative effects amounting to KES 3,652 million/year, more than 2.8 times the cash revenue of deforestation. The contribution of forests to Gross Domestic Product (GDP) is estimated to be around 3.6%.

The Project Development objective is to promote and develop nature based enterprises targeting men, women, youth and people with disabilities. The poor are usually constrained by financial services which prevents them from engaging in economic opportunities and enhancing their productive asset base. This project will seek to support this group of people by especially promoting access to financial services to local communities. This will be achieved through the promotion of Village Savings and Loans Associations (VSLAs) and integrating VSLA activities with other development activities at various levels.

The VSLA has been proven to be a successful micro-finance model under which savings groups are formed at community level to reduce poverty by financially and socially empowering poor and vulnerable people. The VSLA is a self-managed group that enables members to pool their money. The VSLA provides its members a safe place to save their money, to access loans and to obtain emergency insurance. Members take out loans to meet various household needs as well as investing in income generating purposes thus contributing

towards improved well being and quality of life.

The strength behind the VSLA methodology is that members are enabled to lift themselves out of poverty with nothing but their own funds. VSLAs replicate themselves, involving growing numbers of people and surpassing the scope of the initial program.

This project will empower communities to develop successful VSLAs and integrate VSLA activities with other nature based activities at various levels. The overall objective of this activity was to promote and develop nature based enterprises targeting men, women, youth and people with disabilities. The specific objectives were:

- 1) To identify active VSLAs in the ecosystem;
- 2) To identify the procedures of VSLA formation in the ecosystem, in line with the national procedures; and
- 3) To identify the management challenges of VSLAs.

1.3 Rationale and Justification of Survey

Communities adjacent to forested and multifunctional landscapes rarely sustain the ability of Kenya's forested landscapes to provide critical ecosystem services. This is because their livelihood activities are short-term and often lead to negative externalities in downstream areas. Interventions for rehabilitation tend to disadvantage livelihoods of local nature dependent communities. The mobilization of local communities to manage their resources and savings is an important pathway to actualizing improved access to affordable financial products and delivery systems

This assessment was undertaken to identify and assess the status of Village Savings and Loans Associations in Mt Elgon and Cherangany Hills ecosystems. The assessment was to focus on examination of the following aspects:

- ⇒ Membership of VSLAs;
- ⇒ Understanding of VSLA formation;
- ⇒ Level of preference to sources of financial services;
- ⇒ Level of access to financial services;
- ⇒ Training of VSLA members;
- ⇒ Documentation and recording of VSLA transactions;

- ⇒ VSLA operations;
- ⇒ Challenges experienced and lessons learnt during the process of forming VSLAs.

Figure 1 below summarizes the key issues in the VSLA baseline survey:

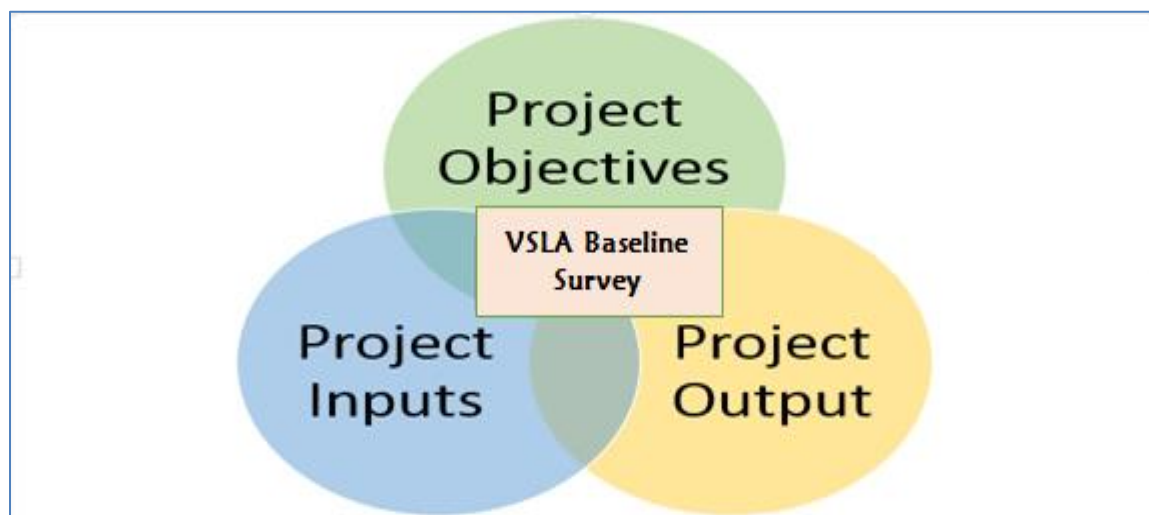


Figure 3 Aspects in a VSLA Baseline Survey.

This Survey Report will inform science and will be useful in establishing status of VSLAs and identifying areas of interventions to ensure the successful development of Nature Based Enterprises and VSLAs within the Mt Elgon and Cherangany Hills ecosystems.

1.4 Scope of the VSLA Assessment Survey

The VSLA Assessment Survey was meant to specifically: Establish status of VSLAs in Mt. Elgon and Cherangany Hills Ecosystems; Approach and process of forming the VSLAs; Challenges experienced and Lessons learnt during process of forming VSLAs.

CHAPTER 2: METHODOLOGY

This chapter presents the methodology that was used while undertaking the Assessment of the Village Savings and Loans Associations within the two ecosystems.

2.1 Assessment Approach

2.1.1 VSLA Assessment Design

Our overall approach to this assignment is structured in an assessment design summarized in Figure 2. The center defines the objectives according to the 5 assessment aspects while the outer side describes the methods used and the processes.

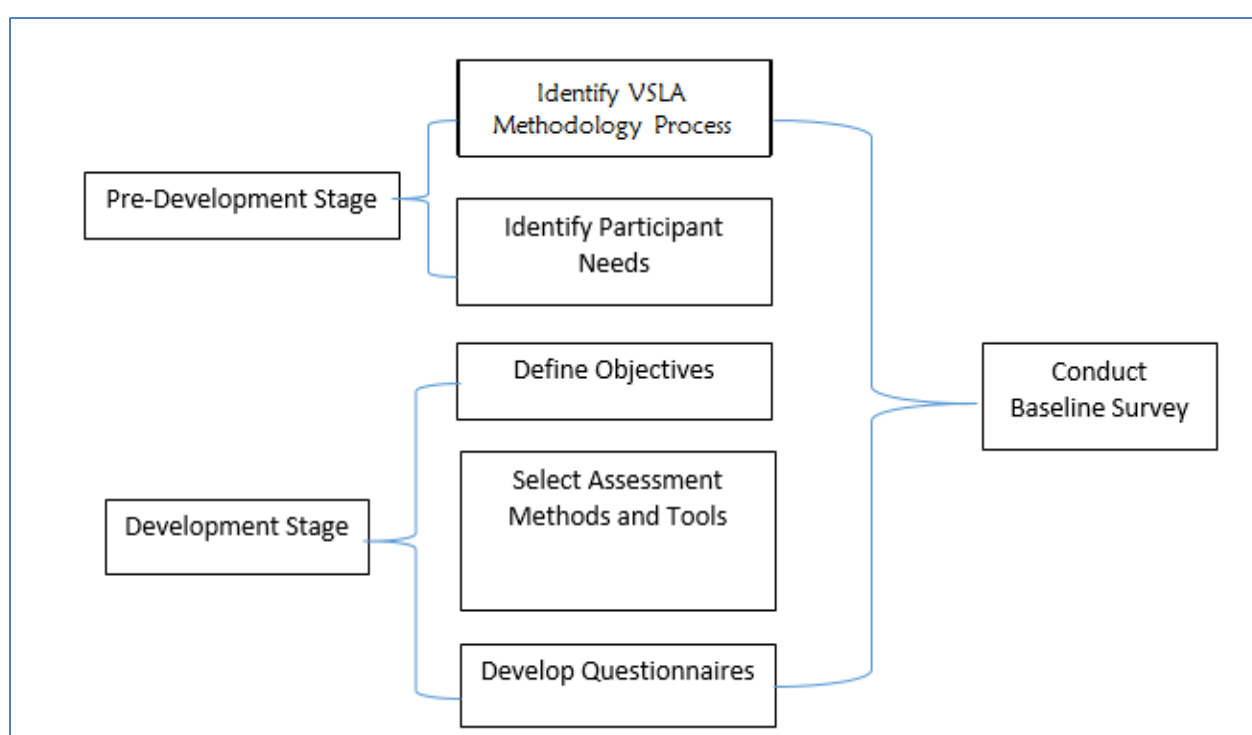


Figure 4 VSLA Assessment Design.

2.1.2 VSLA Assessment Framework

In order to address the ToR objectives, a VSLA assessment framework (Table 1) was developed to link the objectives to the key dimensions of ranking and the criteria used.

Table 1. VSLA Assessment Framework.

| ToR Objective(s): <i>To Promote and develop nature based enterprises targeting women, youth and people with disabilities.</i> | |
|--|--|
| Assessment Aspect(s) | Indicators |
| Level of Involvement of community in VSLAs | <ul style="list-style-type: none"> ✓ Membership of VSLAs ✓ Level of Understanding of VSLA formation ✓ Level of preference to financial services ✓ Level of access to financial services |
| Formation and Status of VSLA | <ul style="list-style-type: none"> ✓ Approach and process of VSLA formation ✓ Activities undertaken by VSLA members ✓ Training of VSLA members ✓ Documentation and recording of VSLA transactions ✓ VSLA operations ✓ Challenges experienced and lessons learnt during process of forming VSLA |

2.2 Assessment Methodology

This assessment was undertaken through the tasks demonstrated by Figure 5 below.

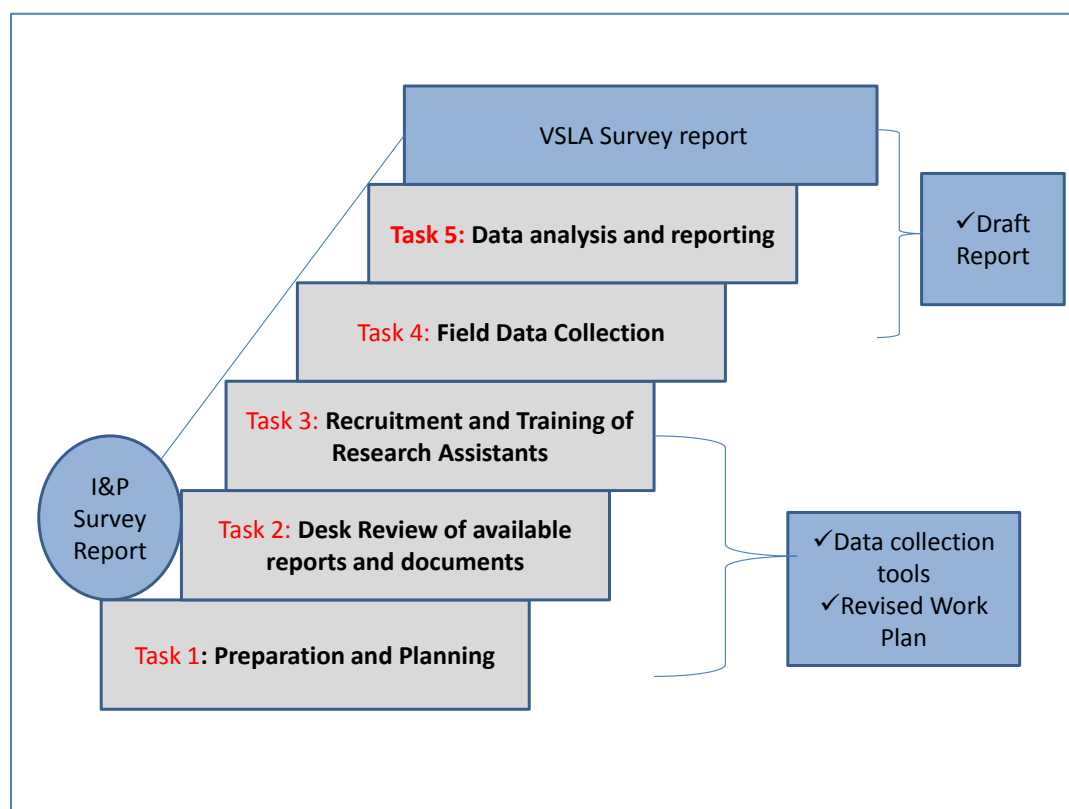


Figure 5 Key tasks and deliverables in the survey

2.2.1 Task 1: Preparation and Planning

At the commencement of the assignment, the consultancy team held a de-briefing meeting with KEFRI team in which the PI and regional managers were consulted. The objective of the meeting was to;

- ⇒ Build consensus on the objectives and scope of the assignment;
- ⇒ Harmonize the Consultants' understanding and approach to the assessment and the Client's expectations from the assignment;
- ⇒ Confirm availability of literature and documentation to be reviewed and making arrangements for further data collection; and
- ⇒ Discuss the necessary logistical arrangements regarding execution of the survey activities, including working out the time frame for the assignment and possible field itinerary for the inception visits.

The consultancy then constituted a team that would engage in the activities to achieve the project objectives. The roles and activities of the team members were identified, and planning for field activities commenced by creating contacts with the relevant stakeholders.

2.2.2 Task 2: Desk Review of Reports and Documents

The consultant reviewed the following project documents in order to ascertain the status of project implementation and to guide in the development of the data collection tools:

- ⇒ County Government of Elgeyo Marakwet. County Integrated Development Plans (CIDP) 2013 - 2017;
- ⇒ County Government of West Pokot. First County Integrated Development Plan. 2013 – 2017;
- ⇒ Trans Nzoia County Integrated Development Plan 2013 – 2017; and
- ⇒ Cherangany Hills Forest Strategic Ecosystem Management Plan 2015 – 2040;

Data Collection Tools

A combination of qualitative and quantitative tools were developed for data collection. The tools included household survey questionnaires Appendix A1, Key Informant Interview Guide Appendix A3 and VSLA Focus Group Discussions Guide Appendix A2.

The key information gathered in the household questionnaire was Household profiles, education levels, household source of income, membership of common interest groups, understanding, identifying, production, processing and marketing of NBEs.

The FGD and KII questionnaires addressed the following key issues on NBEs Management, Household access to VSLAs and other sources of funding, production and marketing,

capacity building and community participation, partnership, and collaborations and Feasibility of the enterprises.

2.2.3 Task 3: Recruitment and Training of Research Assistants and Enumerators

A group of research assistants with experience in community based development projects were hired as facilitators.

Two days training was undertaken for this team. The training focused on:

- a) Understanding of the data collection tools (HH Questionnaire, KII and FGD Guides); and
- b) Administering the HH questionnaire.

After the training, the HH data collection tool was pre-tested before the actual data collection.

2.2.4 Task 4: Field Data Collection

The baseline survey was conducted in Mt. Elgon(Figure 1) and Cherangany Hills ecosystems (Figure 2), The two ecosystems cover 11 counties where the project is being implemented. However, the counties of interest in this activity were Bungoma, Trans-Nzoia and Elgeyo Marakwet Counties.

The baseline assessment survey employed a mixed approach of both qualitative and quantitative data collection. The overall design was a cross-sectional survey that was augmented with appropriate consultative and qualitative data collection methods including guided focus group discussions (FGDs) and key informant interviews (KIIs).

Focus Group Discussions (FGDs)

In order to factor in the contribution of the various CIGs and provide qualitative information, focus group discussions were held with various randomly selected groups. The selection of these groups was based on identification and mobilization from Kitale Environmental County officers, Iten Environmental County Officers, KEFRI and KFS. Trained FGD facilitators assisted in undertaking discussions with the groups. The FGDs were guided by semi-structured questionnaires based on the probing technique of participatory question based facilitation. This methodological approach involved inclusive participation with equal treatment of participants and building consensus on issues. The various groupings selected for the FGDs are presented in Appendix A4.

Key Informant Interviews

Key informant interviews were undertaken in order to gather qualitative information on the progress of the project. The choice of the key informants for the in-depth interviews was guided by the perceived level of influence, information expected from the persons interviewed and intentional bias to gather information that meets the project intervention areas covering catchment management and flood mitigation.

These interviews were guided by semi-structured questions developed to cover pertinent issues in the Cherangany and Mount Elgon ecosystems.

The following is a list of officers that were interviewed as key informants:

- ⇒ Ministry of Environment (Trans Nzoia, Elgeyo Marakwet and Bungoma Counties) including:
 - ✓ Deputy Director for Environment;
 - ✓ Sub-county project coordinator (SCPC); and
 - ✓ KFS Ecosystem Coordinator
- ⇒ Officials from VI office, Kitale;
- ⇒ WRMA Staff; and
- ⇒ Sub-County Officers: Environment, Agriculture and Livestock Officers.

2.2.5 Step 5: Data Analysis and Reporting

Analysis of baseline survey data was carried out using SPSS and MS Excel. Qualitative data was processed and analysed to complement, confirm and explain the processed quantitative data. Appropriate code and synthesis approaches were developed. Qualitative data synthesis and analysis techniques largely involved systematic synthesis, or putting the material collected into a narrative account of the sectoral issues and indicators. The synthesis involved selecting, organizing, and analysing the materials collected into topical themes and central ideas or concepts. The framework analysis approach to qualitative analysis was employed as it systematizes the process of data analysis into steps of transcription, familiarisation, content analysis (coding and classification/indexing) and presentation.

This information and data was then used to prepare the VSLA report. Reporting focused on comparative assessment of various assessment indicators.

2.3 Data Checks and Quality Control

To guarantee data and procedural quality control, strict supervision, guidance and backstopping were done by the consultants, team members and supervisors. Daily reporting meetings were held to address any data gaps and quality concerns. The training of enumerators and research assistants, data entry clerks emphasized the importance of care and attention to detail in interviewing and recording responses.

Further cleaning with logical checks was performed on the completed data sets prior to analysis.

CHAPTER 3: FINDINGS AND DISCUSSIONS

This chapter presents the findings and discussions based on the objectives as stated in the ToR for this study.

3.1 ESTABLISHMENT OF VSLA

3.1.1 Establishing new VSLAs

Starting a new VSLA in a community is fairly simple: Appointed and trained community based trainers (CBTs) or village agents guide the formation of the groups and train and offer technical assistance to the groups for one cycle, typically lasting 12 months. After that the groups are self-driven. The process can be divided into three phases:

Phase 1 (Month 1-4) • Inception phase: The trainer provides support by participating in the groups weekly meetings and offers training and technical assistance whenever needed.

Phase 2 (Month 5-7) • Development phase: The trainer meets the group twice a month and gradually hands over responsibility for all the procedures to the group members.

Phase 3 (Month 8-12) • Phase-out: The trainer meets the group once a month. At this stage the group handles all the procedures by themselves.

Basic Principles

Independence of the group: No need for support after graduation. The group members are responsible for all decisions regarding the operation of the VSLA. No external groups or individuals can or should influence decisions taken by the group.

Ring-fenced box: Only group members can borrow money from the VSLA. Especially within the first two cycles of a new VSLA, no funds should enter or leave the box at other times than the weekly VSLA meetings.

Low tolerance of arrears: All arrears should be announced at the weekly meetings. Members should not tolerate fund losses caused by members' failure to repay loans.

Periodic action audits: Groups should set a date in advance at which they will carry out a periodic action audit i.e. perform a full audit over the cycle and distribute shares to all members.

In summary, the following are the key steps to the full cycle of the VSLA formation.

1. Community members come together to form a group.
2. The members contribute an agreed amount and pool funds.
3. Members take out loans which they use to pay school fees, medical bills, expand farming and invest in business, undertake house improvement and better household nutrition among other uses.
4. Members repay loans with interests.
5. Members undertake Action-audit at the end of cycle where money contributed plus interest is shared between members based on each member shares. The members may use the shared funds -pay school fees and medical bills; expand farming; invest in business; house improvement and better nutrition etc.

3.2 ASSESSMENT OF NATURE BASED ENTERPRISES

The study established that nature based enterprises being undertaken in Mt. Elgon and Cherangany Hills Ecosystems included bee keeping, medicinal herbs and ornamentals, weaving and beading. However, weaving and beading was being undertaken on a low scale. Butterfly farming was non-existent in the two ecosystems while commercial mushroom farming was practiced on a very small scale by few individuals. Only a small percentage of the respondents were aware of any individual undertaking the commercial mushroom enterprise.

Over 90 percent of respondents in both ecosystems stated that they were interested in undertaking nature based enterprises. In Mt. Elgon ecosystem, respondents identified bee keeping as the most preferred nature based enterprise, followed by ornamentals, medicinal herbs, mushroom, weaving and beading. Butterfly was the least preferred enterprise. In Cherangany hills, beekeeping was the most preferred nature based enterprise, followed by medicinal herbs, ornamentals, weaving, beading and mushroom. Butterfly was the least preferred enterprise.

The study established that most community members within the two ecosystems had a good understanding of bee-keeping practices particularly the traditional bee hives. However understanding on the value addition of honey was quite limited. Currently, there is no other product derived from the enterprise except honey. There is need to build the capacity of the community on other potential bee-keeping products. The study however established that there is unmet demand for honey in the study area. This could be attributed to low yields due to use

of traditional beehives which are low yielding. The traditional log hives produce 10kgs versus 30kgs harvested from improved hives per season. The Kerio Valley Development Authority makes and sells improved beehives (Lags troth at Kshs. 4,600 and KTBH at Kshs. 3,200) to communities within the ecosystems. The Authority also buys semi-processed honey for further value addition and marketing.

The study established that medicinal herbs were a popular enterprise which was valued by communities within the ecosystem. There is indigenous knowledge on herbal medicine among most members of the community which has been passed through the generations. Some of the community members totally rely on herbal medicine to the extent that they do not visit the hospitals when they fall sick. There is however very limited value addition for herbal medicine by the local community.

The study established that ornamental enterprise has great potential since there is demand for seeds and seedlings. It was evident of that there was a lot of support by the county government to groups undertaking environmental conservation especially on capacity building and marketing of seedlings.

It was established that beading and weaving was time consuming and was mainly undertaken by old women. Beading products include calabash for mursik (special sour milk) and wedding gifts. Marketing of the weaved and beaded products was identified as a major challenge.

The study established that generally there was limited value addition for products from the nature based enterprises and that most of the products were either marketed at farm gate or at the local markets.

Analysis of Survey Respondents by Average Household Size

The average household size of respondents in Mt Elgon and Cherangany Hills ecosystem was 9.8 and 7.4 respectively.

Analysis of Survey Respondents by Gender

In Mt Elgon ecosystem 91% of men and 9% of women participated in the survey. In Cherangany Hills ecosystem 31.7% of men and 68.3% of women participated in the survey.

Analysis of Survey Respondents by Land Size

In Cherangany Hills ecosystem, 20% of respondents had less than one acre, 24% had between one and two acres, 28% had between two and three acres, 8% had between four and five

acres while 8% had more than 5 acres Figure 6.

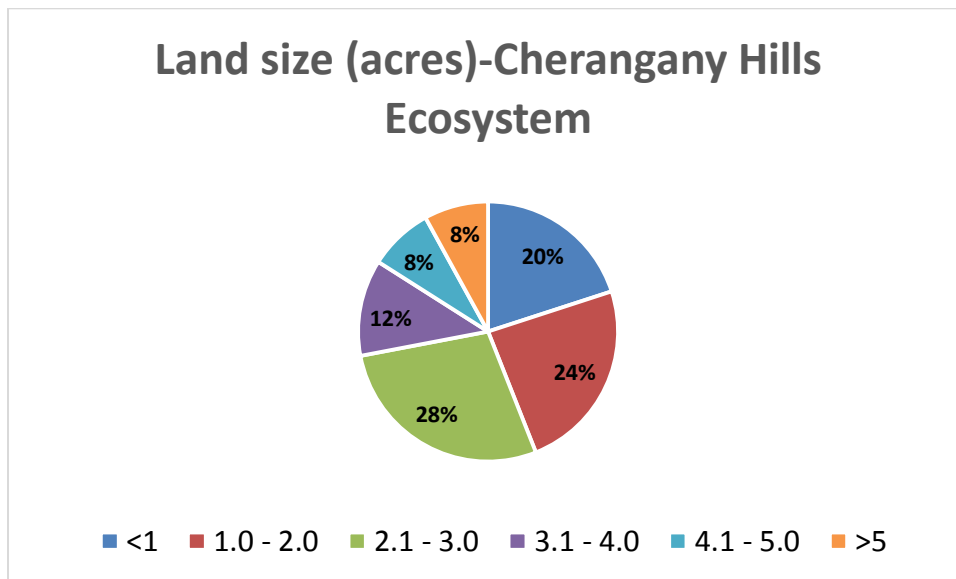


Figure 6 Land size in Cherangany Hills Ecosystem

In Mt. Elgon ecosystem, 12.50% of respondents had less than one acre, 56,25% had between one and two acres, 18.75% had between two and three acres, 6.25% had between four and five acres while 6.25% had more than 5 acres Figure 7.

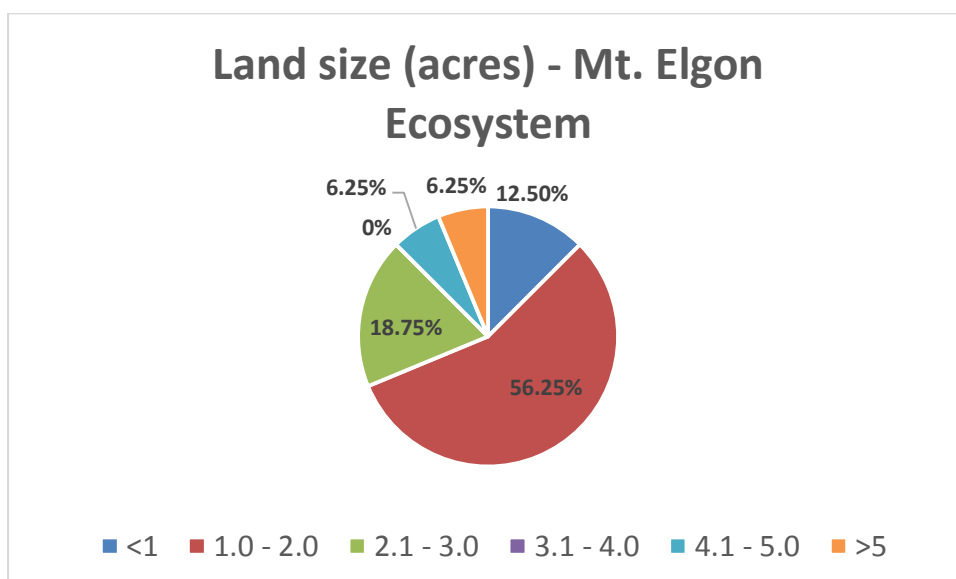


Figure 7 Land size in Mt. Elgon Ecosystem.

Average Household Monthly Income

The average monthly income for VSLA members was Kshs 14,125 and Kshs 11,650 for Mt. Elgon and Cherangany Hills respectively. For non-VSLA members monthly household income averaged Kshs 6,499 and Kshs 8,053 for Mt Elgon and Cherangany Hills respectively Figure 8.

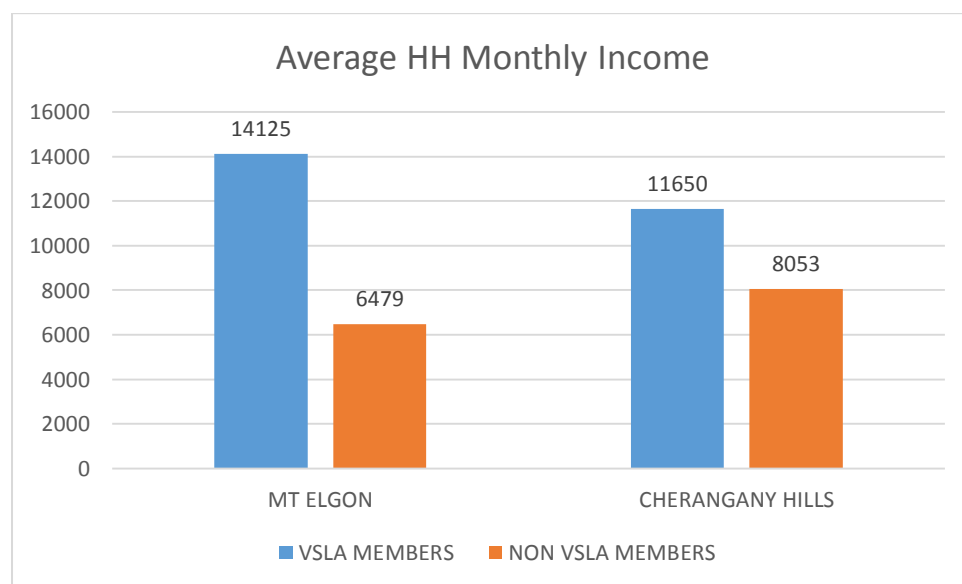


Figure 8 VSLA members average monthly income

Level of Education for VSLA Members and Non-members

In Mt. Elgon ecosystem, 20% of VSLA members had primary education, 70% had secondary education while 10% had post-secondary education. For non-VSLA members, 70% had primary education, 25% had secondary education while 5% had post-secondary education Figure 9.

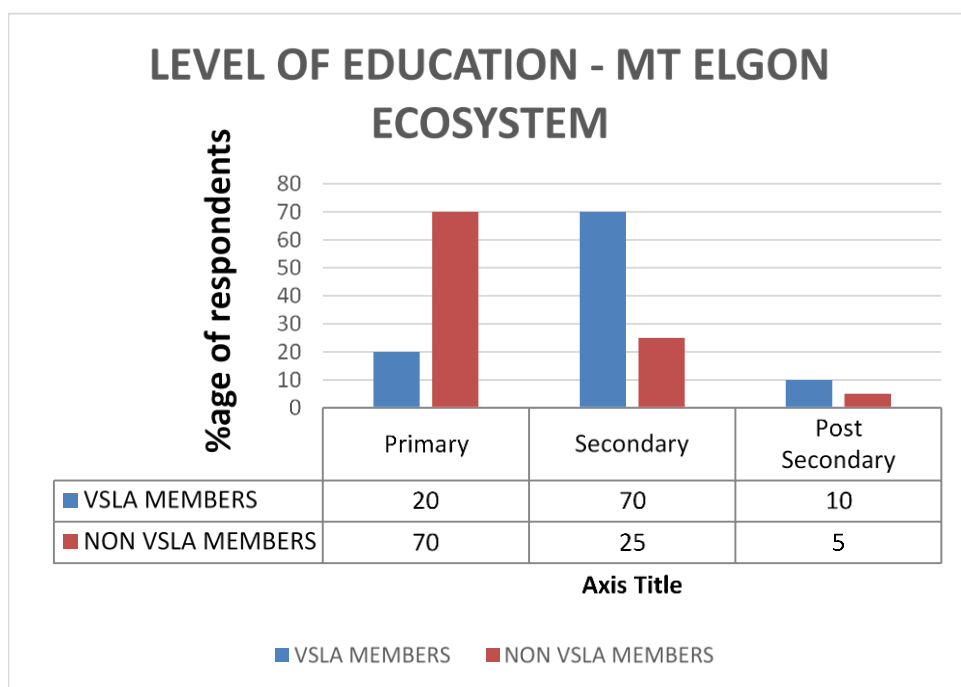


Figure 9 VSLA members level of education in Mt. Elgon Ecosystem.

In Cherangany Hills Ecosystem, 61.1% of VSLA members had primary education, 33.3% had secondary education while 5.6% had post-secondary education. For non-VSLA members, 26.3% had primary education, 52.6% had secondary education while 21.1% had post-secondary education (Figure 10).

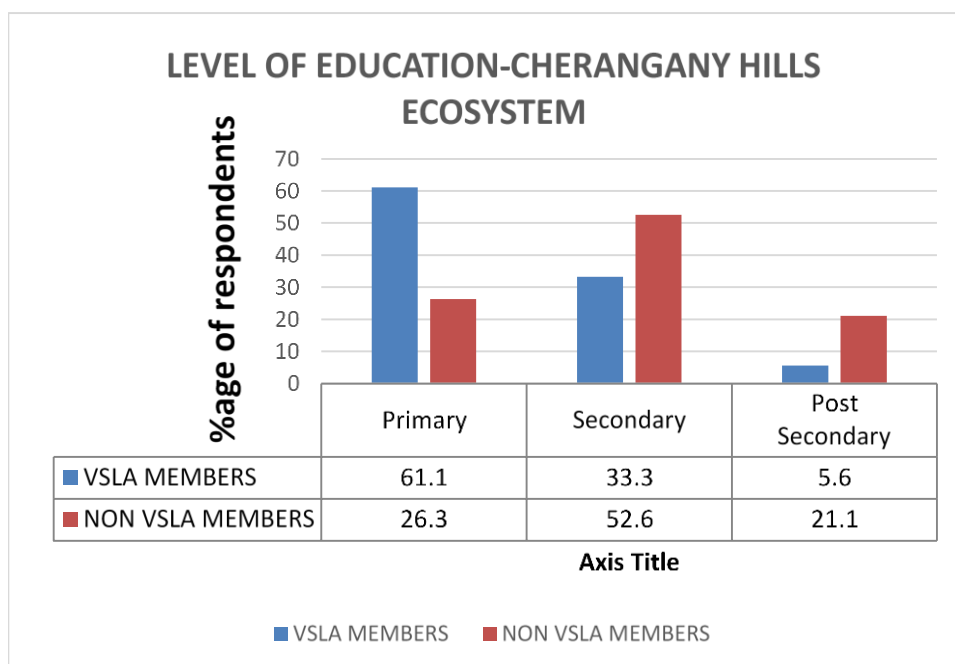


Figure 10 VSLA members level of education in Cherangany Hills Ecosystem

3.3 Membership and Level of Understanding of VSLAs

The following indicators of status of community members in VSLAs were identified and analyzed during the baseline survey. The analysis is based on 32 respondents (43.8%) from Mt. Elgon and 41 respondents (56.2%) from Cherangany Hills Ecosystem.

3.3.1 Membership of VSLA

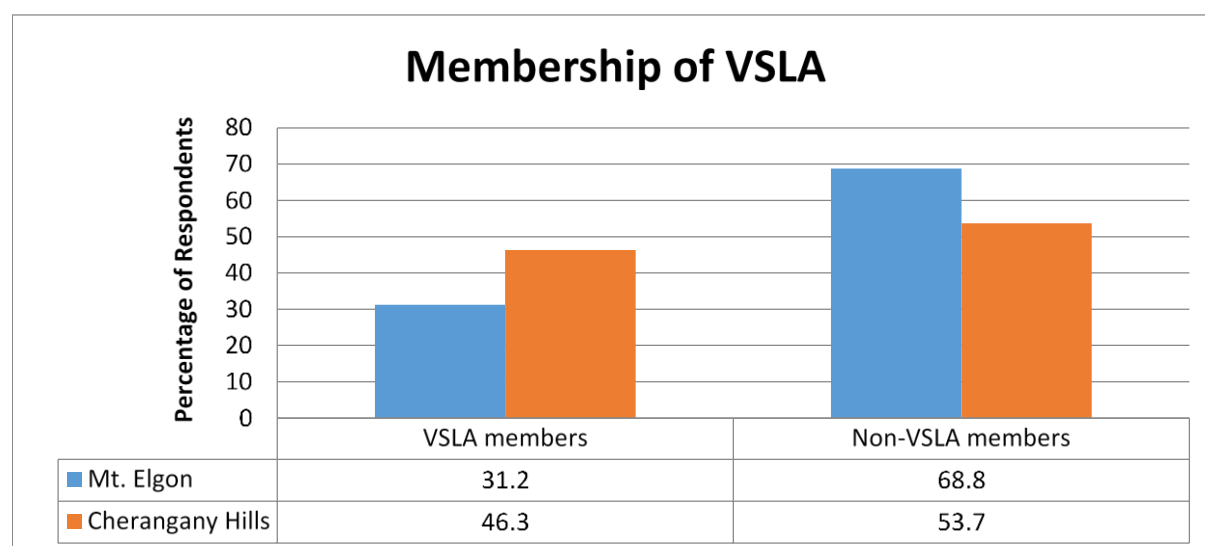


Figure 11 **Membership of VSLA.**

As per Figure 11 on membership of VSLA, 31.2% and 46.3% of respondents interviewed were members of VSLA in Mt. Elgon and Cherangany Hills respectively. 68.8% of respondents in Mt. Elgon and 53.7% of respondents in Cherangany were not members of VSLA.

3.3.2 Level of Training on VSLA Management

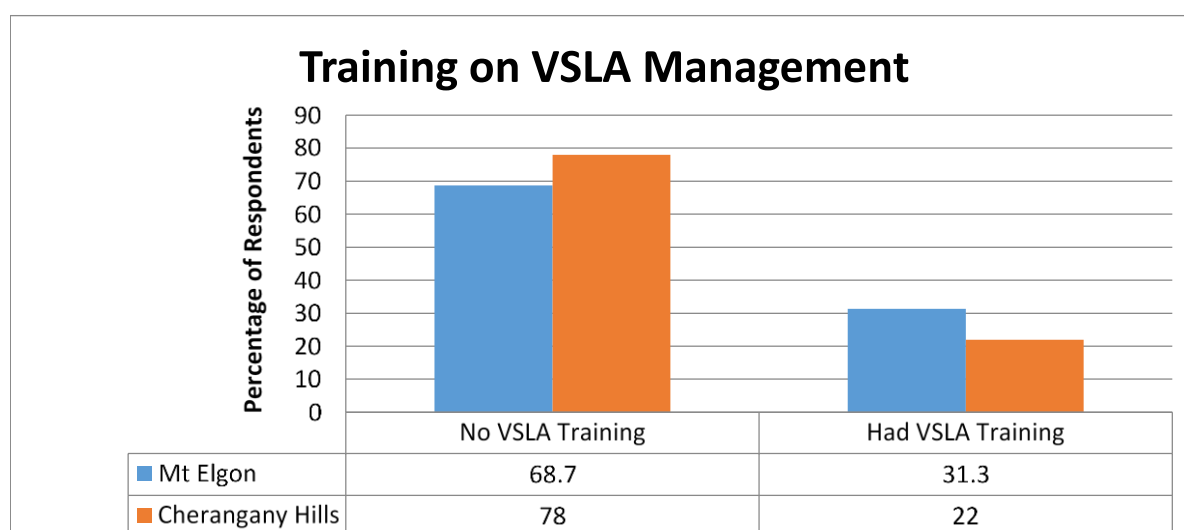


Figure 12 Training on VSLA Management.

As per Figure 12 on training on VSLA management, above, 31.3% and 22% of respondents interviewed in Mt. Elgon and Cherangany Hills respectively had received training on VSLA management. 68.7% of respondents in Mt. Elgon and 78.% of respondents in Cherangany Hills had not received training.

3.1.3 Knowledge on how to join VSLA

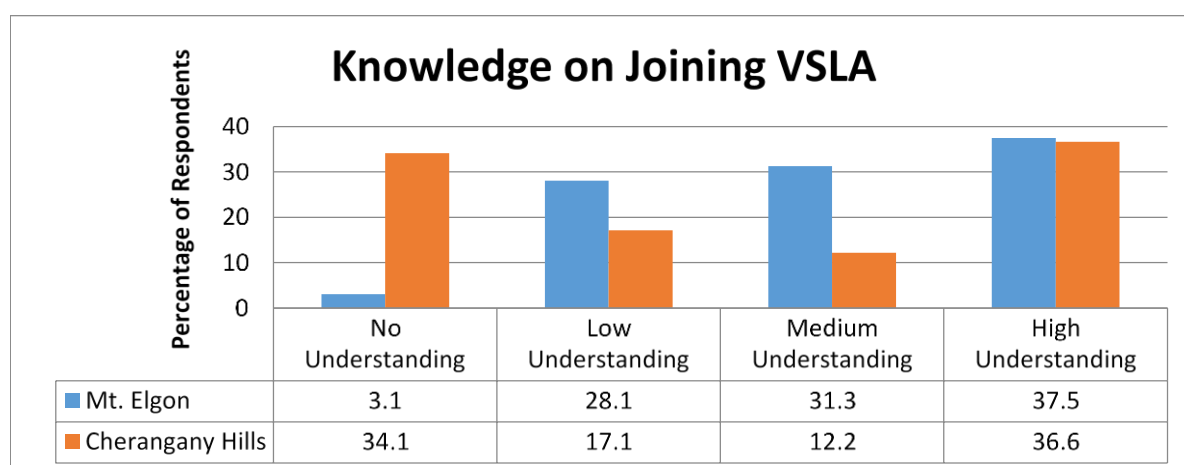


Figure 13 Level of Knowledge on Joining VSLA.

As per Figure 13 on level of knowledge on joining VSLA, 37.5% and 36.6% of respondents interviewed in Mt. Elgon and Cherangany Hills respectively had high understanding on how

to join VSLA. For medium understanding, Mt Elgon had 31.3% while Cherangany Hills had 12.2% of the respondents. For low understanding, Mount Elgon had 28.1% and Cherangany Hills had 17.1% while 3.1% and 34.1% of respondents in Mt. Elgon and Cherangany Hills respectively had no idea on how to join VSLA.

3.1.4 Level of Knowledge on VSLA Savings

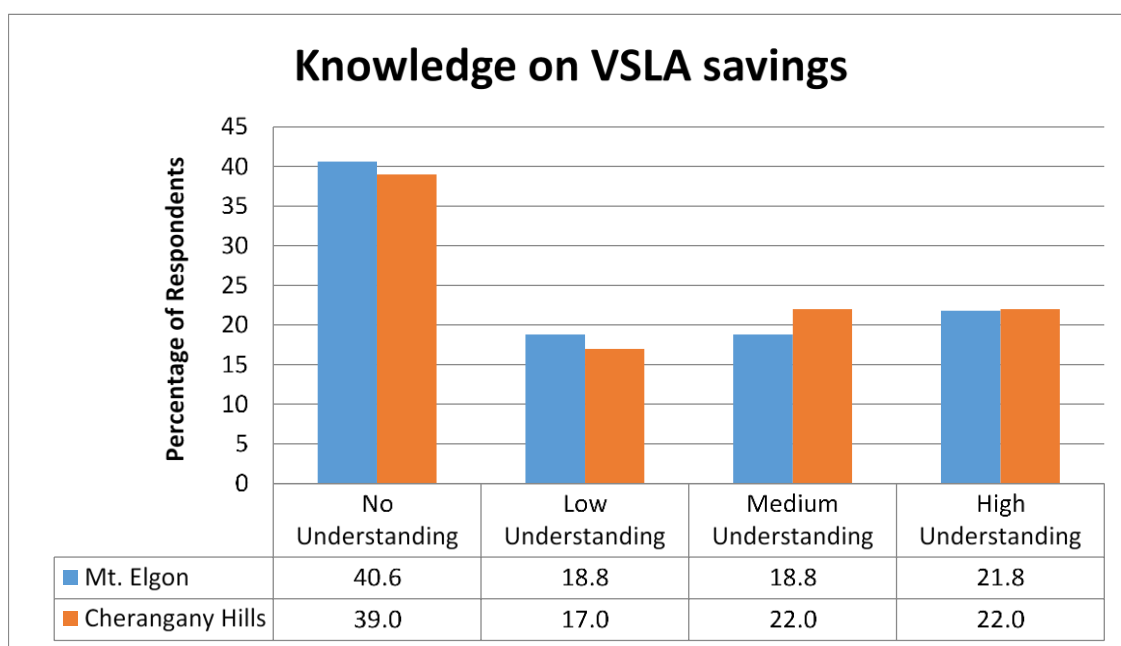


Figure 14 Level of Knowledge on VSLA savings.

As per Figure 14 on knowledge on VSLA Savings, Mount Elgon had 40.6% with No Understanding and Cherangany Hills had 39.0%. For the Low Understanding, Mount Elgon had 18.8% and Cherangany Hills had 17.0%. For the Medium Understanding, Mount Elgon had 18.8% and Cherangany Hills had 22.0%. For High Understanding, Mount Elgon had 21.8% while Cherangany had 22.0% of respondents.

3.1.5 Level of Understanding of Formation of VSLA

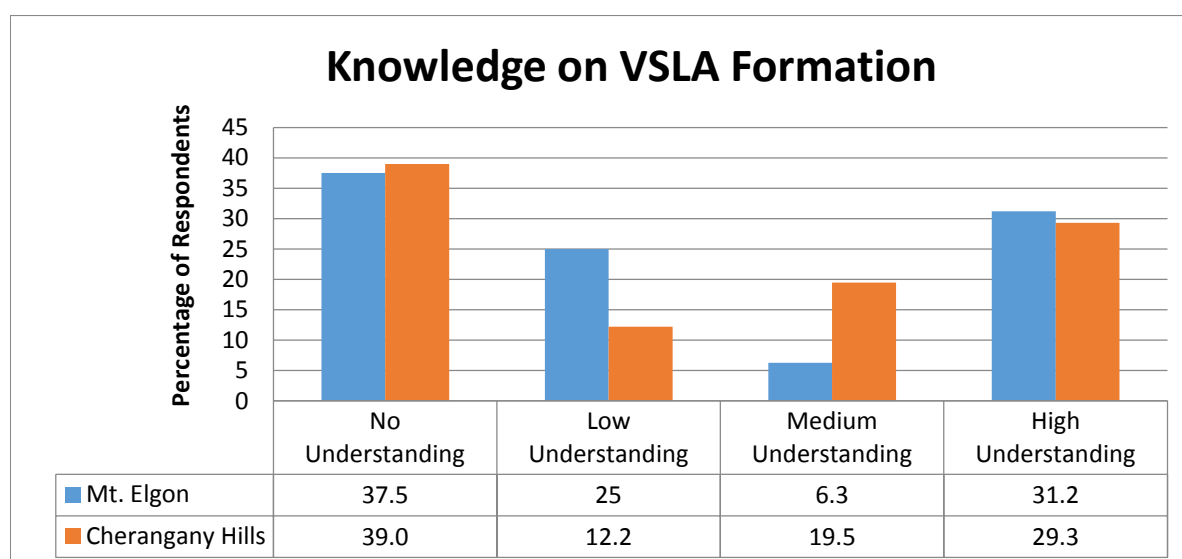


Figure 15 Level of Understanding on VSLA Formation.

As per Figure 15 on Understanding of Formation of VSLA, Mount Elgon had 37.5% with No Understanding and Cherangany Hills had 39.0%. For the Low Understanding, Mount Elgon had 25.0% and Cherangany Hills had 12.2%. For the Medium Understanding, Mount Elgon had 6.3% and Cherangany Hills had 19.5%. For High Understanding, Mount Elgon had 31.5% and Cherangany had 29.3%.

3.1.6 Level of understanding on operations of VSLA

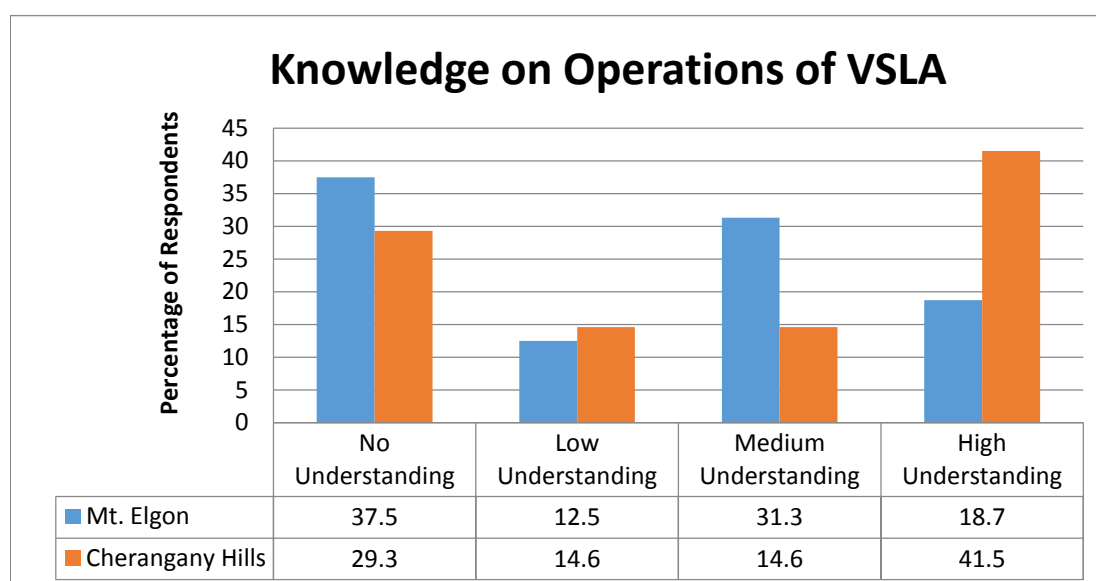


Figure 16 Level of Understanding of Operations of VSLA.

As per Figure 16 on Understanding of Operations of VSLA, Mount Elgon had 37.5% with No Understanding and Cherangany Hills had 29.3%. For the Low Understanding, Mount Elgon had 12.5% and Cherangany Hills had 14.6%. For the Medium Understanding, Mount Elgon had 31.3% and Cherangany Hills had 14.6%. For High Understanding, Mount Elgon had 18.7% and Cherangany Hills had 41.5%.

3.2 Preference and Access to Financial Services

3.2.1 Level of Preference to SACCO Loan

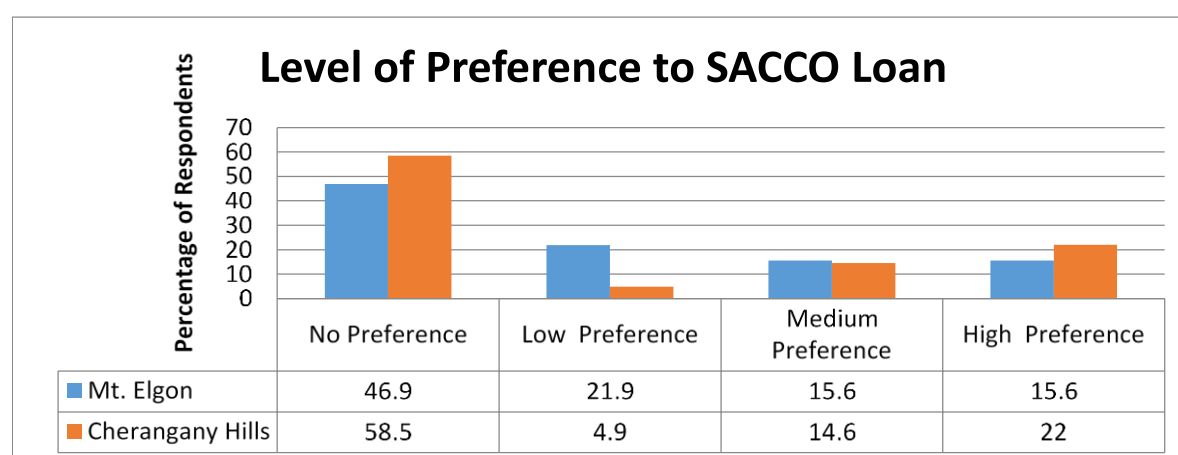


Figure 17 Level of Preference - SACCO Loan.

As per

Figure 17 on Level of Preference of SACCO Loan, Mount Elgon had 46.9% with No Preference and Cherangany Hills had 58.5%. For the Low Preference, Mount Elgon had 21.9% and Cherangany Hills had 4.9%. For the Medium Preference, Mount Elgon had 15.6% and Cherangany Hills had 14.6%. For High Preference, Mount Elgon had 15.6% and Cherangany Hills had 22.0%.

Respondents indicated an interest for SACCO loans that had low interest rates and the terms were manageable and favourable. Further members guarantee each other in order to access SACCO loans.

3.2.2 Level of Preference to Merry Go Round

Respondents indicated that Merry Go Round is simple and easily understood by members. The funds are easily accessed by members and can give assistance during emergency such as sickness. However sometimes there are cases of defaulters thus leading to failure of the merry go round.

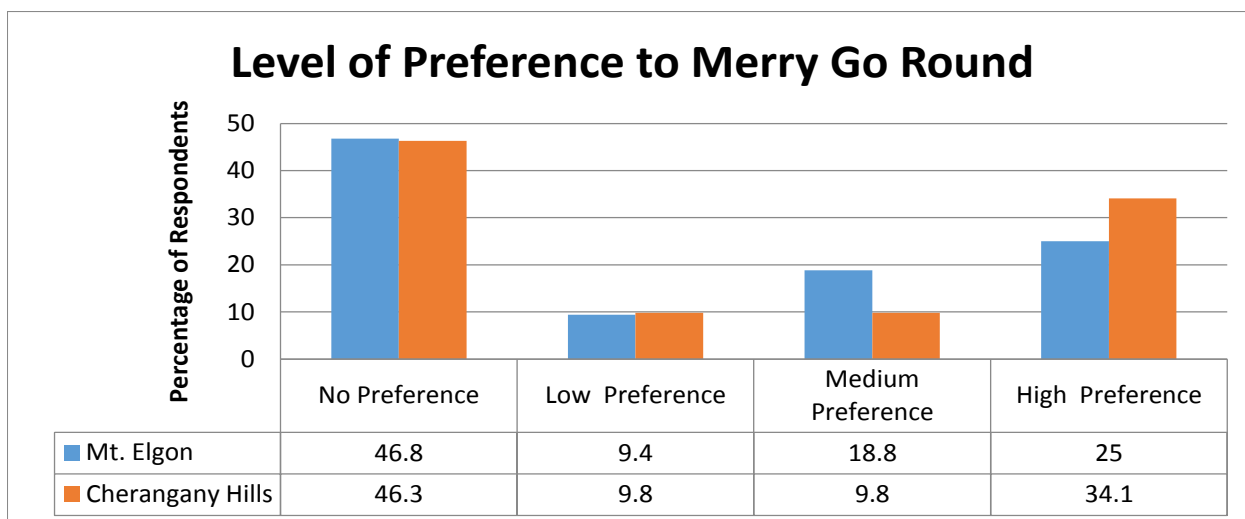


Figure 18 Level of Preference to merry-go-rounds.

As per

Figure 18 on Level of Preference of Merry Go Round, Mount Elgon had 48.8% with No Preference and Cherangany Hills had 46.3%. For the Low Preference, Mount Elgon had 9.4% and Cherangany Hills had 9.8%. For the Medium Preference, Mount Elgon had 18.8% and Cherangany Hills had 9.8%. For High Preference, Mount Elgon had 25.0% and Cherangany Hills had 34.1%.

3.2.3 Level of Preference for Bank Loan

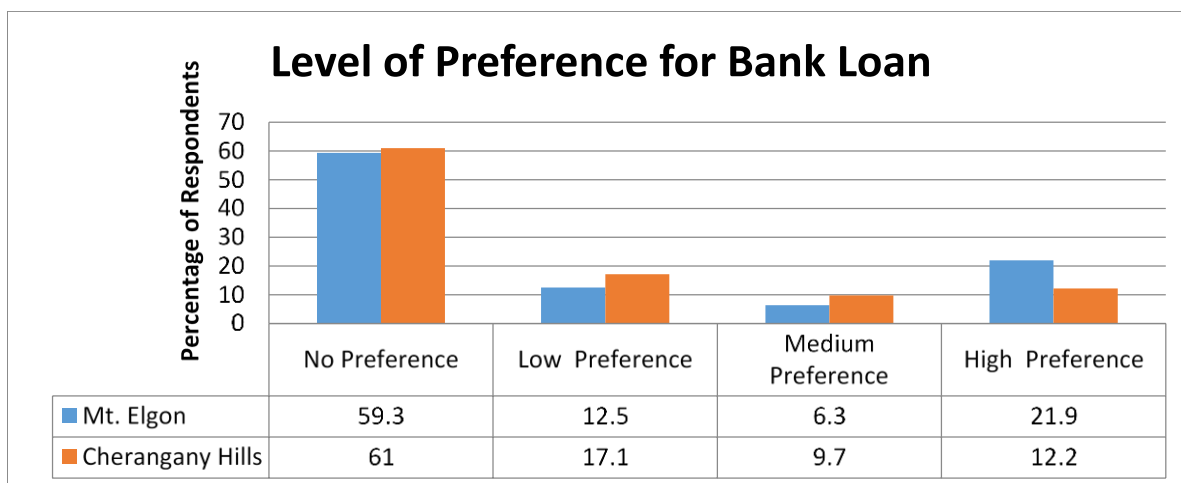


Figure 19 Level of preference of Bank loan

As per Figure 19 on Level of Preference for Bank Loan, Mount Elgon had 59.3% with No Preference and Cherangany Hills had 61%. For the Low Preference, Mount Elgon had 12.5% and Cherangany Hills had 17.1%. For the Medium Preference, Mount Elgon had 6.3% and Cherangany Hills had 9.7%. For High Preference, Mount Elgon had 21.9% and Cherangany Hills had 12.2%.

had 12.2%.

Respondents who preferred bank loans indicated that the bank has readily available cash and they can access adequate funds from bank. The low preference to bank loans was attributed to the high interest rates charged by the banks.

3.2.4 Level of Access to VSLA Loans

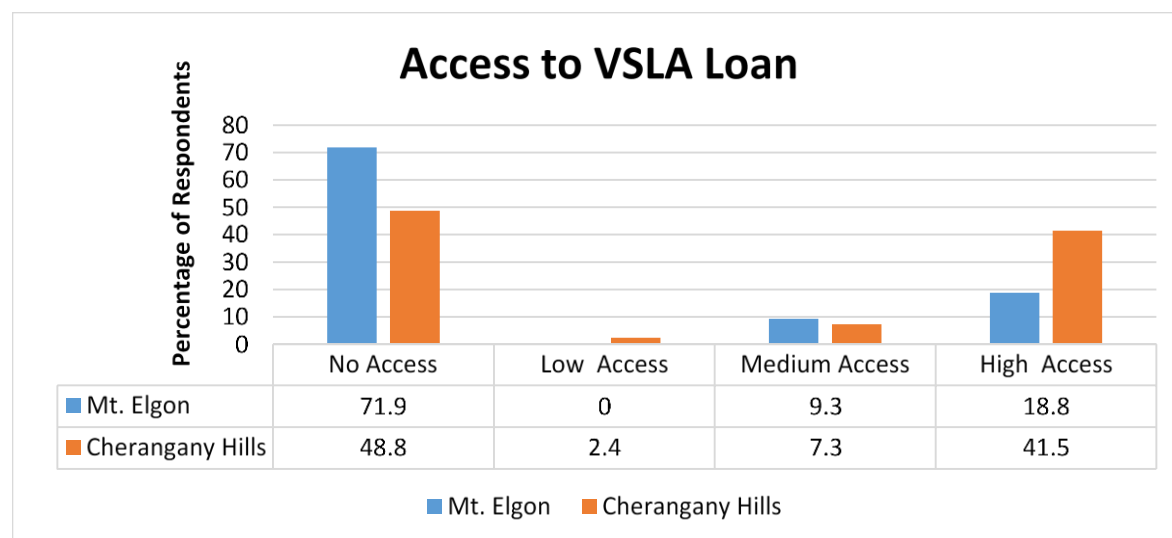


Figure 20 Level of access-VSLA loan

As per Figure 20 on Level of Access to VSLA Loan, Mount Elgon had 71.9% with No Access and Cherangany Hills had 48.8%. For the Low Access, Mount Elgon had 0% and Cherangany Hills had 2.4%. For the Medium Access, Mount Elgon had 9.3% and Cherangany Hills had 7.3%. For High Access, Mount Elgon had 18.8% and Cherangany had 41.5%.

3.2.5 Access to SACCO Loan

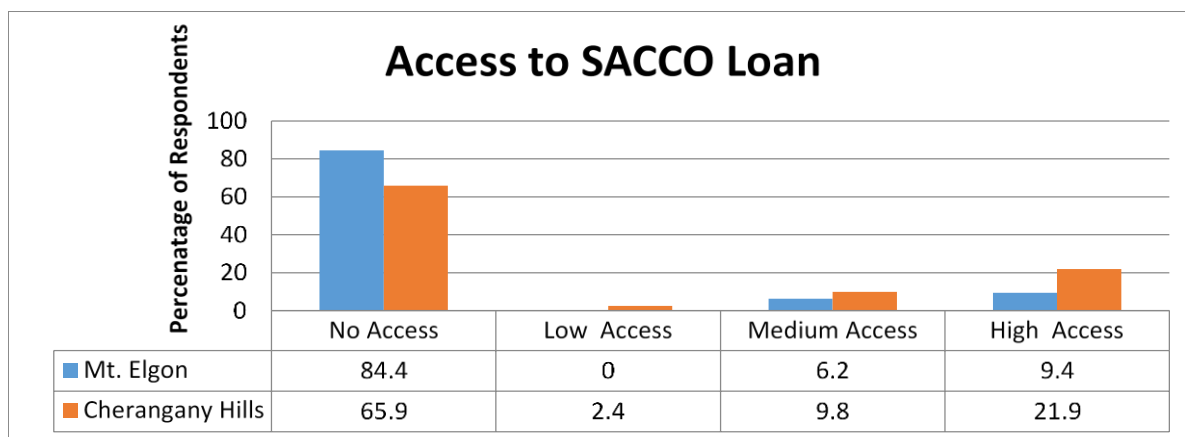


Figure 21 Level of Access - SACCO Loan

As per Figure 21 on Level of Access to SACCO Loan, Mount Elgon had 84.4% with No Access and Cherangany Hills had 65.9%. For the Low Access, Mount Elgon had 0% and Cherangany Hills had 2.4%. For the Medium Access, Mount Elgon had 6.2% and Cherangany Hills had 9.8%. For High Access, Mount Elgon had 9.4% and Cherangany had 21.9%.

3.2.6 Access to MERRY GO ROUND

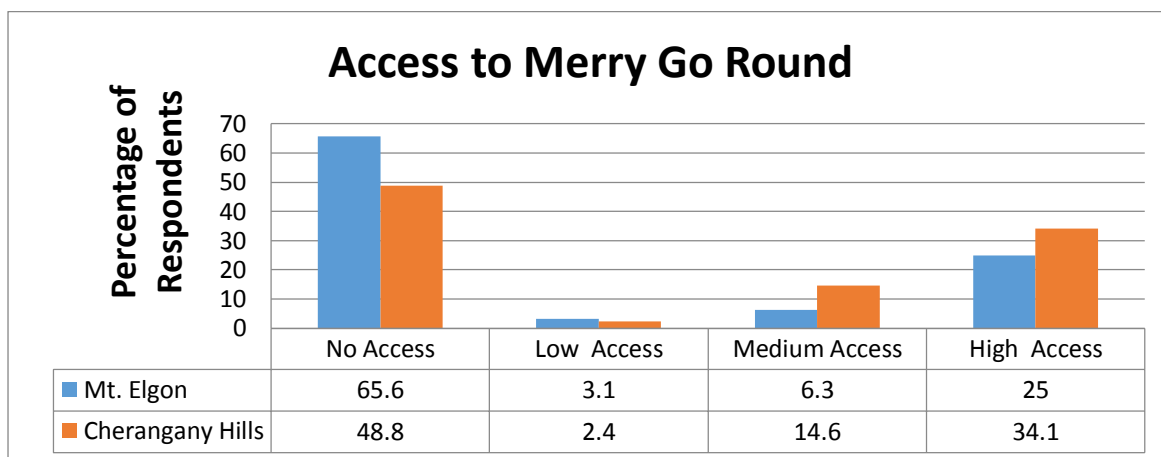


Figure 22 Level of Access to Merry Go Round

As per Figure 22 on Level of access to Merry Go Round, Mount Elgon had 65.6% with No access and Cherangany Hills had 48.8%. For the Low access, Mount Elgon had 3.1% and Cherangany Hills had 2.4%. For the Medium access, Mount Elgon had 6.3% and Cherangany Hills had 14.6%. For High access, Mount Elgon had 25.0% and Cherangany had 34.1%.

3.2.7 Access to BANK Loan

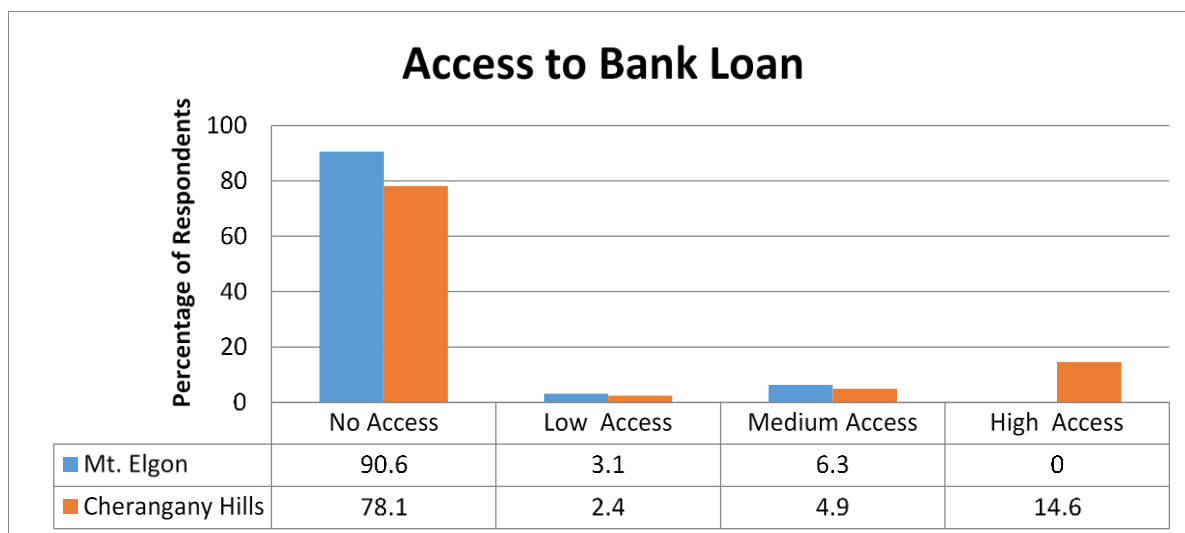


Figure 23 **Level of Access to Bank Loan.**

As per Figure 23 on access to bank Loan, Mount Elgon had 90.6% with No access and Cherangany Hills had 78.1%. For the Low access, Mount Elgon had 3.2% and Cherangany Hills had 2.4%. For the Medium access, Mount Elgon had 6.3% and Cherangany Hills had 4.9%. For High access, Mount Elgon had 0% and Cherangany had 14.6%.

3.3 Level of Record Keeping and VSLA Documentation

3.3.1 Record Keeping and Documentation of VSLA Transactions

The survey revealed that all VSLA respondents had medium to high level of record keeping and documentation for their group transactions.

3.4 Assessment of Village Savings and Loans Associations in Cherangany Hills Forest Ecosystem

3.4.1 Kapcherop Women Self Help Group VSLA

(Kapcherop, Elgeyo Marakwet County)

The group started in 2013 and currently has 15 active members. It is fully registered under Elgeyo Marakwet County Government.

Objectives of the VSLA

The main objective of the VSLA group is to eradicate poverty and assist the members in running their daily activities as a group. The specific objectives include;

- 1) To empower group members
- 2) To source and lend money to members
- 3) To bridge the gap between the poor and the rich by including all in the VSLA, and
- 4) To educate members on how to spend and use the borrowed money for income generation.

Group Activities

The group undertakes the following activities:

- a) Tree nursery with herbal plants, Figure 24.
- b) Beading, and
- c) Weaving

Operations of the VSLA

The VSLA gives loans to members at a low interest rate of 2.5%. Members repay their loans from income generated from sale of maize and potatoes.

The VSLA has a cycle of one year. Members make sure that all members pay back all money taken as loan before end of cycle.

Group Governance

There are by-laws and rules that guide the VSLA members in any transactions and lending of money to members.

The group has a committee of 3 members that work closely with the group officials for accountability and transparency. The 3 committee members also sit in the panel of giving and receiving money to/from members



Figure 24 The Kapcherop women Self Help Group Tree Nursery, Cherangany Hills Ecosystem..

Requirements for Loaning

For one to be given a loan he/she must be a fully registered member of the VSLA.

Loan repayment period by members should be adhered to within the said time without delays

Once a person has applied for a loan, it is approved within 10 days.

The group retains 2% of the borrowed amount which acts as security. Once payment of first loan installment is done the member is given the remaining funds. This helps one to fully comply with the terms of the loan.

Documentation of VSLA Transactions

The VSLA transaction documents are well kept by the 3 signatories (chairperson, secretary and treasurer) and one of the group committee members for reference.

The group had ksh480,000 in bank and ksh27,450 outstanding which is still in members custody.

Benefits of the VSLA to its Members

- 1) The VSLA has assisted members to save and pool money which members borrow for start-up and scaling up their businesses
- 2) Members have had the privilege to meet many people and exchange ideas on VSLAs
- 3) Members are now able to pay school fees and access finances within a short time to meet other family needs with the help of loans from the VSLA
- 4) Members have managed to buy a piece of plot(50 by 100) for the group at a cost of ksh250,000
- 5) Members have been able to purchase a 3 acre piece of group land which they are using for other income generating activities such as planting of maize and potatoes.

3.4.2 Cheptengis Okilgei Group and VSLA

(Moiben Kuserwo Ward, Marakwet West Sub-County)

The VSLA was started in 2006 and currently has 11 active members, 2 men and 9 women. Initially the group was supported by facilitators who build their skills on table banking. Now the group is able to undertake their functions independently.

Objectives of the VSLA

- 1) To empower poor and vulnerable women,
- 2) To assist members to save,
- 3) To lend money to members,
- 4) To assist vulnerable members to pay school fees and also promote adult education activities,
- 5) To bridge the gap between the poor and the rich by including all in the VSLA and,
- 6) To assist men and women to start other income generating activities as an alternative to beer brewing.

Group Activities

The group undertakes the following activities:

- 1) Table banking,
- 2) Tree nursery with ornamentals and herbal plants Figure 25,
- 3) Zero grazing/ poultry keeping,
- 4) Beekeeping (The group has 20 modern beehives of which 12 are already mounted);
and
- 5) The group also reaches out to the community to train men and women to stop beer brewing. So far 178 women have stopped brewing beer.

The group has been allocated land by Kenya Forest Service to undertake their activities.

Operations of the VSLA

The group members meet on a weekly basis and make contributions of at least Kshs100 and a maximum of Kshs 500 every month. Weekly contributions are kept by one member who the group keeps as a secret.

The group has an account where the balance of monthly contributions that has not being given out as loans is deposited.

Requirements for Loaning

A member qualifies for a loan that is three times their savings.

Members take loans at an interest rate of 10%.

In case a member is not able to pay full amount of loan in the specified period, one is required to pay the accruing monthly interest and then loan is carried forward as a new loan.

The group however encourages members to pay back loans as scheduled.

The group has received loans from Women Enterprise Fund as well as the Uwezo Fund which they share out to members to start or enhance their individual businesses. The group has managed to pay back all the loans.



Figure 25 Ornamental tree nursery belonging to members of Cheptengis Okilgei VSLA Group, Cherangany Hills Ecosystem.

The members share out all the savings and interest made from the loan at the end of every year.

The members also use some of the loan funds for the group nursery.

Documentation of VSLA Transactions

The group has by laws and has well documented financial records.

Group Governance

There are bylaws and rules that guide the VSLA members in any transactions and lending of money to members. There are elected officials whose terms run for 5 years.

By Laws of Cheptengis Okilgei Group VSLA

- 1) Membership open and one is free to leave provided he/she follows the rules and regulations of the group.
- 2) The subscription fee for membership is Ksh100 (non- refundable).
- 3) The method of expulsion and suspension is done by the Executive Committee
- 4) Elections should be done after every three years.
- 5) Executive committee is elected from registered members and he/ she must be an active member.
- 6) Any member found doing things that do not please the other members will be expelled from the group and replaced immediately.
- 7) A member of the executive can be re-elected to the office again if the members find that he/ she offers better services to them.
- 8) A member is deregistered if he/ she do not attend three consecutive meetings.
- 9) A member is removed from the group if he/she is not active or not participating in group work or activities.
- 10) A member who does not participate or know the progress or way forward of the group should be warned three times before being expelled.
- 11) Language used in the group should be understood by all members.
- 12) Abusive language is not accepted in the group, and if a member is found using it will be expelled with no compensation.
- 13) All members should be contributing to group expenses
- 14) The committee members can proceed on with meetings when two thirds of the members are present.
- 15) Committee /General Meetings are held once amonth unless there is urgent information.
- 16) The custody and investment of funds and property of the group are under the care of trusted officials while other members are watchdogs.
- 17) Some of the activities in the group are done individually while others by the members of the group.
- 18) All members must be God fearing.

Benefits of the VSLA to its Members

Some of the members have been able to purchase cows and sheep as a result of the group savings and loans.

The group has empowered many men and women to stop beer brewing and start other income generating activities thus improving the living standards of the community.

Formation of a Rural SACCO

The group has joined the 5 other groups that are also undertaking table banking to form a Rural Sacco. The 6 groups forming the Rural Sacco are as follows;

- 1) Cheptengis Okilgei Group - members
- 2) Tenguni Testai Women Group – 23 members
- 3) Excel Women Group – 13 members
- 4) Busanga Women – 11 members
- 5) Chogoo Umoja Group – 12 members
- 6) Suncity Youth Group -12 members

Each of the above groups has a bank account.

Registration to the Rural Sacco is Kshs 500. Members of the Rural Sacco are required to purchase shares by 31st December 2016 at a cost of Kshs 1000 per share.

Lessons Learnt

- 1) VSLAs are self-selected, self-managed and independent. Unlike other sources of loans, the VSLA has simple procedures, has favorable terms, low interest rates and the interest accruing from these loans benefits the members.
- 2) After successful completion of VSLA cycle and increasing pooled funds, there is need to link VSLAs to formal financial institutions
- 3) Investment in assets by VSLAs contributes to their sustainability.
- 4) VSLA members require training in business skills in order to ensure success of individual income generating activities that they establish.
- 5) Once VSLA members acquire knowledge and skills from the VSLA trainings, they have increased confidence levels. These members require more capital beyond their pooled incomes hence the need to link them to other formal financial institutions.
- 6) Through the VSLA, many members are empowered to initiate income generating activities which contributes to increased household income hence improved welfare.
- 7) There is need to facilitate information exchange and establish market linkages and networks with relevant institutions for successful VSLAs.
- 8) Proper governance of VSLAs is critical in ensuring that the VSLAs are well managed.

In order to ensure the sustainability of VSLAs, several VSLAs can form an Apex

organization, legal entities that represent the interests of members.

- 9) It is critical that local partner organizations keep contact with VSLAs that have mastered the VSLA technology and are already self-managed so as to serve as a link to other development interventions. This will also contribute to ensuring sustainability of the VSLA.

Challenges faced by the group

- 1) So far only one member was unable to pay back the loan and the group discontinued her from being a member.
- 2) The group lacks continuous water supply to irrigate the tree nursery.
- 3) The group lacks training on business skills to enable members utilize their funds in profitable enterprises and not to utilize loan funds for luxury.

3.5 Assessment of Village Savings and Loans Associations in Mt. Elgon Ecosystem

3.5.1 Pamoja Tuungane Women Group and VSLA Cheptais, Bungoma County **(Ngachie Sublocation, Mt Elgon Subcounty, Bungoma County)**

Pamoja Tuungane group has 35 members composed of youth, widows and one physically challenged youth who is blind. It was started in 2006. The members of this group include men, women, widowed, youth and the disabled.

Members of the group were trained by VI in Kitale on formation of their VSLA. The initial training lasted 14 days at Kitale VI offices. After the local training, facilitators visited the group 2 days per week for three months until the group was able to operate independently.

Group Activities

The group members are mostly involved in tree planting and conservation of forest to support their livelihood. They have a tree nursery with assorted seedlings of fruit tree seedlings, ornamentals and coffee seedlings.

The group sells tree seedlings to both individuals and institutions such as schools and the county government to earn income. Each member of the group has planted trees on their farms.

Group members are encouraged to establish their individual tree nurseries to assist in income generation.

The group has been registered with Kenya Forest Service to undertake beekeeping and tree planting but is yet to be certified by the CFA. The group received aid from the county government in terms training on beekeeping and equipment such as gumboots, gloves, brushes, smoker and fourteen modern beehives. The group has also purchased Lags Troth beehives.

The group takes advantage of public community forums such administrative barazas and funerals to inform members and market their tree seedlings.

Operations of the VSLA

Every week group members contribute between Kshs100 to Khsh500 depending on one's ability. This money is pooled together for the purpose of loaning to members.

The group also raises funds through fines when a member gets late for meetings. The fine of Kshs20 goes into the emergency fund that takes care of incidents such as death of a member of close family member, sickness as well as refreshments for group visitors. A member is not required to pay back after benefiting from the emergency fund.

Requirements for Loaning

Members are allowed to borrow Kshs. 2500 and given a grace period of 14 days after which they pay back loan with an interest of Kshs. 250 within three months. The loan repayment period is three months.

If a member needs to borrow more than the Kshs 2500, she /he is assessed on their ability to raise funds for the repayment. In case one has difficulties in loan repayment, the group assists in searching for a market to sell the members tree seedlings in order to clear the loan.

At the end of the year the group sets a date in when they share out group earnings, their savings and interest based on member's shares.

The members also agree on how much money to retain towards the operations of their tree nursery.



Figure 26 FGD with some members of Pamoja Tuungane Women Group and VSLA.

Benefits of the VSLA to its Members

The VSLA has improved the livelihoods of the members in the following ways:

- 1) Building of decent buildings;
- 2) Payment of school fees for their children;
- 3) Installation of electricity in their homes; and
- 4) Sponsoring a physically challenged youth up to college level. He now has a certificate in ECD.

Group Governance

The group has a constitution which guides their operations. Records of transactions for the group are well documented.

Lessons Learnt

- 1) VSLAs are self-selected, self-managed and independent. Unlike other sources of loans, the VSLA has simple procedures, has favorable terms, low interest rates and the interest accruing from these loans benefits the members.
- 2) After successful completion of VSLA cycle and increasing pooled funds, there is need to link VSLAs to formal financial institutions
- 3) Investment in assets by VSLAs contributes to their sustainability.
- 4) VSLA members require training in business skills in order to ensure success of individual income generating activities that they establish.
- 5) Once VSLA members acquire knowledge and skills from the VSLA trainings, they have increased confidence levels. These members require more capital beyond their pooled incomes hence the need to link them to other formal financial institutions.
- 6) Through the VSLA, many members are empowered to initiate income generating activities which contributes to increased household incomes hence improved welfare.
- 7) There is need to facilitate information exchange and establish market linkages and networks with relevant institutions for successful VSLAs.
- 8) Proper governance of VSLAs is critical in ensuring that the VSLAs are well managed. In order to ensure the sustainability of VSLAs, several VSLAs can form an Apex organization, legal entities that represent the interests of members.
- 9) It is critical that local partner organizations keep contact with VSLAs that have mastered the VSLA technology and are already self-managed so as to serve as a link

to other development interventions. This will also contribute to ensuring sustainability of the VSLA.

Challenges

- 1) Most of the group members are widows who have very low incomes hence only qualify to get small amounts of loans.
- 2) Low marketing strategy and low price offered on seedlings.
- 3) Lack of technical knowledge on beekeeping practices.
- 4) Lack of business permit to operate NBE as an enterprise
- 5) Lack of modern technology on honey processing and add value addition.
- 6) Some members lack adequate skills on record keeping; financial management and business skills.

Chapter 4: Conclusions and Recommendations

4.1 Conclusions

This study was conducted to identify and assess the status of two existing Village Savings and Loans Associations detailing the approach and process of forming the VSLAs; challenges experienced and lessons learnt in both Mt. Elgon and Cherang'any Hills ecosystems.

The survey established that Village Savings and Loan Associations play an important role in uplifting the standards of living of the communities using member's savings and loans from the pooled fund. The VSLA has enabled members to contribute according to one's ability, pool funds and take loans with minimal interest rates. This has enabled community members with low incomes to build their savings more easily; and thus contributing to improved security of the member's households. The VSLA has also created security for its members through the creation of an emergency fund to take care of members in case of eventualities. Unlike other sources of loans, the VSLA has simple procedures, has favorable terms, low interest rates and the interest accruing from these loans benefits the members. The groups have by-laws to guide them in their operations and also to safeguard member's funds.

The groups also benefit from savings and interest shared at the end of every year. The VSLAs have enabled the members to pay school fees and medical bills; undertake farming activities; start and upscale income generating activities; electricity installation for their homes, house improvement and for household welfare.

In both ecosystems, less than 50% of respondents interviewed were members of VSLA. Less than 50% of respondents had received training on VSLA. 67% of respondents in Mt Elgon had medium or high understanding on how to join VSLA while 50% in Cherangany hills had medium or high understanding. 35.5% and 50% of respondents had high or medium knowledge on how a VSLA is formed in Mt Elgon ecosystem and Cherangany hills ecosystem respectively. On knowledge regarding VSLA operations less than 50% of the respondents in both ecosystems had average or high understanding.

The survey established that over 70% of respondents in both ecosystems did not have preference, or had low preference for bank loans while more than 50% of respondents did not have preference, or had low preference for SACCO and Merry go round.

Only 28.1% and 51.1% of respondents had access to VSLA loans in Mt Elgon and Cherang'any Hills respectively. 71.9% of respondents in Mt Elgon and 49.9% of respondents in Cherangany hills had low or no access to VSLA loans. In both ecosystems only less than 20% had access to bank loans.

The survey established that most VSLAs undertake tree nursery enterprises and bee keeping in order to increase group incomes. They however lack adequate skills on beekeeping, equipments for value addition, markets for their products as well as adequate water and skills on record keeping; financial management and business skills.

4.2 Recommendations

Within the context of survey findings, lessons learnt and the challenges experienced, the study makes the following recommendations:

- 1) There is need for project to link the VSLAs with other institutions for the purpose of continuous capacity building for members particularly on financial management, record keeping and business skills.
- 2) The project needs to support viable income generating activities undertaken by VSLAs in terms of empowering members with skills such bee keeping and market surveys for their products. This will increase member's incomes and thus improving savings and ability to repay loans promptly.
- 3) Support to VSLAs undertaking nature based enterprises to acquire value addition equipment so as to increase revenue from marketed products.
- 4) There is need to train existing VSLAs to replicate the VSLA methodology to other groups undertaking nature based enterprises so as to increase number of community members accessing financial services.

APPENDICES

| Appendix A: Field Data Collection Tools | |
|--|---|
| Appendix A1 | Baseline Household Survey Questionnaire |
| Appendix A2 | VSLA FGD Guide |
| Appendix A3 | Key Informants Interview Guide |
| Appendix A4 | Cherangany Hills and Mt.Elgon Ecosystems Questionnaires |

Appendix A: Field Data Collection Tools

Appendix A1 Baseline Household Survey Questionnaire

Interview Guide/Questionnaire

1. General Info

1.1. Name of Respondent _____ 1.2. Date _____

1.3. Gender Male Female 1.4. Age/Marital Status

1.5. Study Area 1.6 Farm Size.....
(a) County (b) Sub-County
(c) Location (d) Sub-location/Village

1.7. Level of Education 1.8. Household Size
1.9 Number of dependents

2.0 Occupation

2.1 Source(s) of Income

2.2 What is the major occupation of household head

2.3 Does household heads have regular monthly income?
Yes....No.....If no explain

2.3 What is the average monthly household income? (Ksh)

2.4 What enterprises are undertaken by other household members?

2.5 Are you a member of a VSLA: Yes.....No.....if yes when did you become a member

2.6 Do you have an account with any commercial bank/MFI?
Ye.....No.....If yes give details of bank and branch. If no please explain.

2.7 Have you ever taken a loan? If yes give source of loan and when the loan was taken

2.8 Would you be interested in undertaking nature base enterprise? Yes....No.....

If yes which nature based enterprise would you like to venture in.? Give 3 preferred NBEs starting with the most preferred

2.9 List the products that you make from the following NBE: (a) beekeeping;(b) butterfly; (c) mushroom; (d) Medicinal herbs; (e) Ornamentals; (f) weaving and (g) beading..

Empowerment

SECTION A: NATURE BASED ENTERPRISES KNOWLEDGE (NBEs)

| Question | | Priority-building score | | | |
|-----------------------------------|---|-------------------------|--------------------|-----------------------|---------------------|
| | | 1 | 2 | 3 | 4 |
| Identify nature based enterprises | 3.1 Can you Identify on-going key NBEs- | No I can't | Low identification | Medium identification | High identification |
| | (a) Beekeeping, | (a) | (a) | (a) | (a) |
| | (b) Butterfly, | (b) | (b) | (b) | (b) |
| | (c) Mushroom, | (c) | (c) | (c) | (c) |
| | (d) Medicinal herbs, | (d) | (d) | (d) | (d) |
| | (e) Ornamentals | (e) | (e) | (e) | (e) |
| | (f) Weaving, | (f) | (f) | (f) | (f) |
| | (g) Beading | (g) | (g) | (g) | (g) |
| | Comments | | | | |

SECTION B: PRIORITIZATION OF NATURE BASED ENTERPRISES (NBEs)

| | | | | | |
|---|--|---|--|---|---|
| Prioritize key nature based enterprises | 3.2 How would you prioritize key NBEs- (a) Beekeeping, (b) Butterfly, (c) Mushroom, (d) Medicinal herbs, (e) Ornamentals (f) Weaving, (g) Beading | I can't prioritize (a) (b) (c) (d) (e) (f) (g) | Low priority (a) (b) (c) (d) (e) (f) (g) | Medium priority (a) (b) (c) (d) (e) (f) (g) | High priority (a) (b) (c) (d) (e) (f) (g) |
| | Comments | | | | |
| | 3.3 Do you undertake any of these nature based enterprises (a) Beekeeping, (b) Butterfly, (c) Mushroom, (d) Medicinal herbs, (e) Ornamentals (f) Weaving, (g) Beading | No undertaking (a) (b) (c) (d) (e) (f) (g) | Low undertaking (a) (b) (c) (d) (e) (f) (g) | Medium undertaking (a) (b) (c) (d) (e) (f) (g) | High undertaking (a) (b) (c) (d) (e) (f) (g) |
| | Comments | | | | |

SECTION B: PRIORITIZATION OF NATURE BASED ENTERPRISES

SECTION C: GENDER PARTICIPATION IN NBE**SECTION D: VILLAGE SAVINGS AND LOANS ASSOCIATIONS**

| | | | | | |
|--|--|------------------------------------|-------------------------------------|--|--------------------------------------|
| | 3.4 Do you have access to loans | No access (a) (b) (c) | Low access (a) (b) (c) | Medium access (a) (b) (c) | High access (a) (b) (c) |
| | Comments | | | | |
| | 3.5 What are the terms and conditions | No terms (a) (b) (c) | Low terms (a) (b) (c) | Medium terms (a) (b) (c) | High terms (a) (b) (c) |
| | Comments | | | | |
| | 3.6 Do you have access to VSLA loan | No Access | Low Access | Medium Access | High Access |
| | Comments | | | | |
| | 3.7 What is your level of preference of the three sources of loans | No preference (a) (b) (c) | Low preference (a) (b) (c) | Medium preference (a) (b) (c) | High preference (a) (b) (c) |
| | Comments | | | | |
| SECTION D: VILLAGE SAVINGS AND LOANS ASSOCIATIONS | | | | | |
| | 3.8 How do you document your transactions | No Documentation | Low Documentation | Medium Documentation | High Documentation |
| | Comments | | | | |
| | 3.9 Do you have records of your transactions for the past 6 months and 12 months | No Records | Low Records | Medium Records | High Records |
| | Comments | | | | |

| | | | | | |
|--|--|------------------|-------------------|----------------------|--------------------|
| | 3.10 What do you understand about the operations of VSLA | No Understanding | Low Understanding | Medium Understanding | High Understanding |
| | Comments | | | | |
| | 3.11 Do you know the formation of VSLA | No Understanding | Low Understanding | Medium Understanding | High Understanding |
| | Comments | | | | |
| | 3.12 Do you know the type of savings of VSLA | No Understanding | Low Understanding | Medium Understanding | High Understanding |
| | Comments | | | | |
| | 3.13 Do you know how to join the VSLA | No Understanding | Low Understanding | Medium Understanding | High Understanding |
| | Comments | | | | |
| | 3.14 Do you have any training on VSLA management | No Understanding | Low Understanding | Medium Understanding | High Understanding |
| | Comments | | | | |

Appendix A2: VSLA FGD Guide

Guide for VSLA Focused Group Discussion

1.0 Background Information

1.1 Name of VSLA

.....

1.2 When was VSLA formed?

.....

1.3 What is the legal status of VLSA?

.....

1.4 What is the current membership?

.....Men.....Women

1.5 What made you come together to form VSLA?

.....
.....

1.6 Who mobilized the members?

.....

1.7 Did you have external assistance in forming the VSLA? No.....
Yes.....

If Yes please explain (who and assistance given)

.....
.....

1.8 What are the activities of your VSLA?

.....
.....

2.0 VSLA Training

2.1 Have the VSLA members and officials gone through any training?
Yes.....No.....

2.2 Who trained you?.....

2.3 How long was the training?.....

2.4 Which topics were covered during the training?

.....
.....
.....

2.5 Has the trainer undertaken any follow up training and support for the VSLA? Yes
.....No.....

If Yes, please explain

.....

.....

3.0 Member contributions and Savings

3.1 How do you raise money for the VSLA?

What type of contributions are VSLA members involved in? Please state amount and frequency

1. Member contributions
2. Member shares
3. Social fund
3. Insurance fund
4. Loans from MFI
5. Loans from commercial banks

3.2 How do you ensure that each member does their contribution as expected?

.....

3.3 If a member is not able to pay what measures do you take?

.....

3.4 Do you save money in commercial bank/MFI? No.....Yes.....

3.5 When does a member benefit from the social fund and how much for each case?

.....

4.0 VSLA Loans

4.1 What is procedure for application of loans?

.....

4.2 What is the procedure for loan approvals?

.....

4.3 What are the requirements for a member to qualify to get as loan at any one time?

.....

4.4 How much loan is a member entitled to?.....

4.5 What is the loan repayment period?months

4.6 What is the monthly service charge/interest rate for the loan?

4.7 What is the procedure for loan repayment?

4.8 Have you had defaulters in loan repayment? YesNo.....

4.9 If Yes, how do you recover funds from a member who defaults on loan repayment?

.....

4.10 How do you ensure members pay their loans within given period?

.....
4.11 Do you give top up for members who are still servicing their loans?
Yes.....No.....

4.12 Did all members get loans during previous savings cycle? Yes.....No.....

If No please give reasons

.....
4.13 Does the VSLA have challenges in meeting financial demand for the members? (Are there times when VSLA does not have enough funds to loan members?)
Yes.....No.....

If Yes, how do you address this challenge?

.....
5.0 Physical Assets

5.1 Does the VSLA own any physical asset? YesNo.....

If Yes, please give details

6.0 VSLA Governance

6.1 How often do you have meetings?

.....
6.2 Does the VSLA have a constitution/by-laws? YesNo.....

6.3 What is the tenure of office for VSLA officials?

6.4 Does the constitution contain policies on the Social Fund, Share-purchase and Loan policies of the Group?

6.5 Do you have a management Committee for the VSLA? Yes.....No.....

If Yes, how many?

Please specify positions for elected officials

.....
6.6 How are the elections conducted?

6.7 What is the tenure of office for officials?

.....
7.0 Documentation / Record Keeping

7.1 How do members conduct their VSLA transactions?

.....
7.2 Does every member have an individual passbook? YesNo.....

7.3 How and where are members' savings and other contributions documented?

.....
7.4 How does the VSLA ensure safety of member's savings and documents? (Where is

VSLA money and documents kept and by who?)

.....
.....

7.5 How does the VSLA ensure transparency and Accountability in VSLA transactions?

.....
.....

8.0 Action Audit/Share Out

8.1 Do you undertake the annual share out of accumulated savings and profits?
Yes.....No.....

If Yes, please explain process of sharing of accumulated savings and profits?

.....
.....

9.0 Involvement in Nature Based Enterprises

9.1 Is the VSLA involved in any NBE? Yes.....No.....

If Yes, please explain nature of NBE

.....
.....

10. Challenges faced by VSLA

.....
.....
.....

11. Future Plans

.....
.....
.....

Appendix A3: Key Informant Interview Guide

KII For Nature Based Enterprises

| | Name | Signature | Date |
|-------------------------|------|-----------|------|
| Enumerator | | | |
| Field Supervisor | | | |
| Data Entry Clerk | | | |

| A. NBE Issues of Concern in the two Ecosystems | | | |
|---|------------------------------|----------------|--------|
| Question | Option | Code/V alue | Answer |
| 1: What are the major NBEs undertaken by community members? | Beekeeping | 1 | |
| | Butterfly | 2 | |
| | Mushroom | 3 | |
| | Medicinal herbs | 4 | |
| | Ornamentals | 5 | |
| | Weaving | 6 | |
| | Beading | 7 | |
| 2: What are the most important markets outlets where NBE products are sold? (for each enterprise) | Farm gate | 1 | |
| | Local market | 2 | |
| | Super markets | 3 | |
| | SACCO | 4 | |
| 3: Who is involved in the NBEs? | Men | 1 | |
| | Women | 2 | |
| | Youth | 3 | |
| | Physically Challenged | 4 | |
| 4: Which formal or informal groups/ associations are involved in NBEs | NGOs | 1 | |
| | CBOs | 2 | |
| | FBOs | 3 | |
| | Women group | 4 | |
| | Merry go round/table banking | 5 | |
| | Other (specify) | | |
| | Others (specify) | | |
| 5: Does the community have the capacity to develop viable and sustainable NBEs and to manage them independently | Yes | 1 | |
| | No | 2 | |
| 6: Are community members aware of the role of NBEs in addressing their needs and improving their livelihoods? | Yes | 1 | |
| | No | 2 | |
| | Give reasons (specify) | | |
| 7: What are some of the challenges that hinder the | Lack of information | 1 | |

| | | | |
|--|------------------------------|---|--|
| success and establishment of NBEs | Lack of funding | 2 | |
| | Lack of training | 3 | |
| | Cultural beliefs | 4 | |
| | Lack of security | 5 | |
| | Extension services | 6 | |
| | Others (specify) | | |
| D. Information about potential service providers/banks and microfinance institutions | | | |
| 8: What are the most common sources of loans in this ecosystem? | SACCO Loan | 1 | |
| | Merry go round/table banking | 2 | |
| | Bank loan | 3 | |
| | Others (specify) | 4 | |
| | No | 1 | |
| | No | 1 | |

Appendix A4: Cherangany Hills and Mt.Elgon Ecosystems Questionnaires

| <i>Questionnaire No.</i> | <i>COUNTY</i> | <i>SUB-COUNTY</i> | <i>LOCATION</i> | <i>ECOSYSTEM</i> | <i>DATE OF INTERVIEW</i> |
|--------------------------|---------------|-------------------|-----------------|------------------|--------------------------|
| 1 | TRANS NZOIA | Saboti | Kinyoro | Mt.Elgon | 26.9.2016 |
| 2 | E.MARAKWET | Marakwet East | Kapyego | Cherangany | 29.9.2016 |
| 3 | E.MARAKWET | Marakwet East | Kapyego | Cherangany | 29.9.2016 |
| 4 | E.MARAKWET | Marakwet East | Kapyego | Cherangany | 29.9.2016 |
| 5 | TRANS NZOIA | Trans Nzoia East | Makutano | Cherangany | 27.9.2016 |
| 6 | WEST POKOT | Chepareria | Ywalatekte | Cherangany | 27.9.2016 |
| 7 | TRANS NZOIA | Saboti | Kinyoro | Mt Elgon | 26.9.2016 |
| 8 | TRANS NZOIA | Cherangany | Makutano | Cherangany | 27.9.2016 |
| 9 | TRANS NZOIA | Trans Nzoia East | Cherangani | Cherangany | 27.9.2016 |
| 10 | TRANS NZOIA | Kitale East | Makutano | Cherangany | 27.9.2016 |
| 11 | TRANS NZOIA | Saboti | Matisi | Mt. Elgon | 26.9.2016 |
| 12 | E.MARAKWET | Marakwet | Embobut | Cherangany | 29.9.2016 |
| 13 | E.MARAKWET | Marakwet East | Kipchumwa | Cherangany | 29.9.2016 |
| 14 | E.MARAKWET | Marakwet East | Embobut | Cherangany | 29.9.2016 |
| 15 | E.MARAKWET | Marakwet East | Embobut | Cherangany | 29.9.2016 |
| 16 | E.MARAKWET | Marakwet East | Kapyego | Cherangany | 29.9.2016 |
| 17 | E.MARAKWET | Marakwet East | Embobut | Cherangany | 29.9.2016 |
| 18 | TRANS NZOIA | ENDEBBES | Chepchoina | Mt. Elgon | 30.9.2016 |
| 19 | TRANS NZOIA | ENDEBBES | Chepchoina | Mt. Elgon | 30.9.2016 |
| 20 | TRANS NZOIA | ENDEBBES | Chepchoina | Mt. Elgon | 30.9.2016 |
| 21 | TRANS NZOIA | ENDEBBES | Chepchoina | Mt. Elgon | 30.9.2016 |
| 22 | TRANS NZOIA | ENDEBBES | Chepchoina | Mt. Elgon | 30.9.2016 |
| 23 | TRANS NZOIA | ENDEBBES | Chepchoina | Mt. Elgon | 30.9.2016 |
| 24 | TRANS NZOIA | ENDEBBES | Chepchoina | Mt. Elgon | 30.9.2016 |
| 25 | TRANS NZOIA | ENDEBBES | Chepchoina | Mt. Elgon | 30.9.2016 |
| 26 | TRANS NZOIA | ENDEBBES | Chepchoina | Mt. Elgon | 30.9.2016 |
| 27 | TRANS NZOIA | ENDEBBES | Chepchoina | Mt. Elgon | 30.9.2016 |
| 28 | TRANS NZOIA | ENDEBBES | Chepchoina | Mt. Elgon | 30.9.2016 |
| 29 | TRANS NZOIA | ENDEBBES | Chepchoina | Mt. Elgon | 30.9.2016 |
| 30 | E.MARAKWET | Marakwet West | Kapsumai | Cherangany | 29.9.2016 |
| 31 | E.MARAKWET | Marakwet West | Koibarak | Cherangany | 29.9.2016 |
| 32 | E.MARAKWET | Marakwet West | Kapsowar | Cherangany | 29.9.2016 |
| 33 | E.MARAKWET | Marakwet West | Kapsowar | Cherangany | 29.9.2016s |
| 34 | E.MARAKWET | Marakwet West | Kapsumai | Cherangany | 29.9.2016 |
| 35 | TRANS NZOIA | Trans Nzoia East | Makutano | Cherangany | 29.7.2016 |
| 36 | E.MARAKWET | Marakwet East | Embobut | Cherangany | 29.9.2016 |
| 37 | TRANS NZOIA | Saboti | Kinyoro | Mt.Elgon | 26.9.2016 |
| 38 | TRANS NZOIA | Trans Nzoia East | Makutano | Cherangany | 28.9.2016 |
| 39 | TRANS NZOIA | Trans Nzoia East | Makutano | Cherangany | 27.9.2016 |
| 40 | TRANS NZOIA | Trans Nzoia East | Makutano | Cherangany | 27.9.2016 |
| 41 | TRANS NZOIA | Saboti | Kinyoro | MT.Elgon | 26.9.2016 |
| 42 | E.MARAKWET | Marakwet East | Embobut | Cherangany | 29.9.2016 |

Continued

| <i>Questionnaire No.</i> | <i>COUNTY</i> | <i>SUB-COUNTY</i> | <i>LOCATION</i> | <i>ECOSYSTEM</i> | <i>DATE OF INTERVIEW</i> |
|--------------------------|---------------|-------------------|-----------------|-------------------|--------------------------|
| 43 | TRANS NZOIA | Trans Nzoia East | Makutano | Cherangany | 28.9.2016 |
| 44 | E.MARAKWET | Marakwet West | Kapsumai | Cherangany | 29.9.2016 |
| 45 | E.MARAKWET | Marakwet West | Kapsumai | Cherangany | 29.9.2016 |
| 46 | TRANSNZOIA | Trans Nzoia East | Motoseti | Cherangany | 26.9.2016 |
| 47 | E.MARAKWET | MARAKWET EAST | Kapyego | Cherangany | 29.9.2016 |
| 48 | E.MARAKWET | Marakwet East | Kapyego | Cherangany | 29.9.2016 |
| 49 | BUNGOMA | Cheptais | Chepkube | Mt. Elgon | 4.10.2016 |
| 50 | BUNGOMA | Mt.Elgon | Kaptama | Mt. Elgon | 3.10.2016 |
| 51 | BUNGOMA | Mt. Elgon | Kaboywo | Mt. Elgon | 3.10.2016 |
| 52 | BUNGOMA | Mt. Elgon | | Mt. Elgon | 3.10.2016 |
| 53 | BUNGOMA | Mt. Elgon | Koboywo | Mt. Elgon | 3.10.2016 |
| 54 | BUNGOMA | Mt. Elgon | Kaptama | Mt. Elgon | 3.10.2016 |
| 55 | BUNGOMA | Mt. Elgon | Cheptais | Mt. Elgon | 4.10.2016 |
| 56 | BUNGOMA | Mt. Elgon | Kaptema | Mt.Elgon | 3.10.2016 |
| 57 | BUNGOMA | Mt.ELGON | Kapsokwony | Mt. Elgon | 3.10.2016 |
| 58 | BUNGOMA | Mt. Elgon | Kaboywo | Mt. Elgon | 3.10.2016 |
| 59 | BUNGOMA | Kapsokwony | Kaboywo | Mt. Elgon | 3.10.2016 |
| 60 | BUNGOMA | Mt. Elgon | Kaboywo | Mt. Elgon | 3.10.2016 |
| 61 | BUNGOMA | Kapsokwony | Kaboywo | Mt. Elgon | 3.10.2016 |
| 62 | BUNGOMA | Kapsokwony | Kaboywo | Mt.Elgon | 3.10.2016 |
| 63 | BUNGOMA | Mt.Elgon | Kaboywo | Mt. Elgon | 3.10.2016 |
| 64 | E.MARAKWET | Marakwet West | | Cherangany | 31.10.2016 |
| 65 | E.MARAKWET | Marakwet West | Cherangany | Cherangany | 31.10.2016 |
| 66 | E.MARAKWET | Marakwet West | Cherangany | Cherangany | 31.10.2016 |
| 67 | E.MARAKWET | Marakwet West | Sengwer | Cherangany | 31.10.2016 |
| 68 | E.MARAKWET | Marakwet West | Sengwer | Cherangany | 31.10.2016 |
| 69 | E.MARAKWET | Marakwet West | Sengwer | Cherangany | 31.10.2016 |
| 70 | E.MARAKWET | Marakwet West | Sengwer | Cherangany | 31.10.2016 |
| 71 | E.MARAKWET | Marakwet West | Sengwer | Cherangany | 31.10.2016 |
| 72 | E.MARAKWET | Marakwet West | Sengwer | Cherangany | 31.10.2016 |
| 73 | E.MARAKWET | Marakwet West | Sengwer | Cherangany | 31.10.2016 |