

**EFFECTS OF COVID-19 CONTROL MEASURES ON PERFORMANCE  
OF SAVINGS AND INTERNAL LENDING COMMUNITY GROUPS  
(SILCGs), KISUMU COUNTY, KENYA**

**BEATRICE ATIENO OUMA**

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# DECLARATION

## 1. THE STUDENT

I, **Beatrice Atieno Ouma**, do hereby declare that this thesis is my original work and has not been submitted for the award of a degree or diploma in any other University or college.

**Name of student: Beatrice Atieno Ouma**

**(REG No. MCHD/10/S/07**

**Signature:**  **Date: 4<sup>th</sup> September, 2024**

## 2. THE SUPERVISORS

We, the undersigned, confirm that this thesis has been submitted for examination with our approval as University Supervisors:

**Name of Supervisor: Prof. Charles Wafula, PhD**

**Address:** School of Community Health & Development  
Greatlakes University of Kisumu

**Signature:**  **Date: 4<sup>th</sup> September, 2024**

**Name of Supervisor: Prof. Samuel Tororei**

**Address:** School of Community Health & Development  
Greatlakes University of Kisumu

**Signature:**  **Date: 5<sup>th</sup> September, 2024**

## **DEDICATION**

I dedicate this research to my family. Thank you for your never-ending support and encouragement.

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## ABSTRACT

Savings and Internal Lending Communities Groups (SILCGs) provide crucial financial services in rural areas where formal options are limited. The COVID-19 pandemic disrupted these groups' operations, as control measures hindered regular meetings essential for transparency and accountability. There were several studies undertaken too early into the pandemic that mostly looked at effects of the pandemic on households, informal workers and formal workers. The studies lacked pre COVID data hence relied on self-reported information that could have led to study bias. The studies did not compare trends of savings, welfare kitty uptake and loaning before, during and post pandemic periods, hence limited in empirical data. Findings on savings, welfare uptake and loan behaviors were mixed, with some groups showing stability, especially those receiving external support. More comprehensive research was needed to fully understand the long-term implications of COVID-19 pandemic on savings groups among SILCGs in Kisumu County. This study analyzed the effects of COVID-19 control measures on SILCGs in Kisumu County, Kenya. It examined changes in saving trends, social welfare kitty performance, and loaning trends before, during, and after the pandemic, as well as exploring coping mechanisms. The study adopted mixed methodology research design and targeted 176 registered and self-managed SILCGs. Yamane formula was applied in determining the sample size of 122. Stratified random sampling was employed to select SILCGs that were included in the study. Primary data was collected using researcher-administered questionnaire for SILCGs leaders while secondary data was collected using a data extraction form that captured financial statements for the SILCGs from January 2019 to December 2022. The tools were pretested for validity and reliability. Quantitative data was analyzed through use of statistical packages for social sciences (SPSS) software to yield descriptive and inferential statistics. Qualitative data analysis was done through use of NVivo software to generate themes for the study. To address ethical issues the researcher sought clearance from relevant authorities. It was revealed that group savings dropped by 32% during the pandemic and picked up by 12% after the lifting of the COVID-19 protocols while the welfare kitty uptake increased by 35% and dropped by 33% after lift of the COVID-19 control measures. Loan uptake increased by 34% during the pandemic and dropped by 5.3 % after the lifting of COVID-19 protocols. Further the results indicate that SILCGs revised their guidelines and adapted Information Communication Technology (ICT) to cope with the effects of enforcement of COVID-19 control measures. The study concludes that COVID-19 control measures reduced savings, increased uptake of social welfare kitty, increased loan uptake and necessitated restructuring of SILCGs policies, guidelines and operations to cope with the pandemic. In line with sustaining savings, the study revealed workable strategies for groups instrumental in the event of future pandemic. In addition, the workable strategies in sustaining welfare support in similar circumstance will ensure that the governments and partners strengthen safety net policies. The study revealed workable strategies that ensured continued loaning and loan payments. Such will guide SILCGs in partnering with other financial institutions to improve on investment opportunities. The established coping mechanisms will enable stakeholders come up with conducive policy environment and guidelines under which groups should operate during pandemics. Researchers will also benefit from recommendations on study areas such as SILCGs and digitalization and male involvement.

## **ABBREVIATION AND ACRONYMS**

<b>CAK</b>	Communication Authority of Kenya
<b>CRS</b>	Catholic Relief Services
<b>ERF</b>	Economic Recovery Fund
<b>FGD'S</b>	Focused Groups Discussions
<b>FSD</b>	Financial Sector Deepening
<b>GDP</b>	Gross Domenic Product
<b>GLUK</b>	Greatlakes University of Kisumu
<b>GOK</b>	Government of Kenya
<b>IGA</b>	Income Generating Activity
<b>ILO</b>	International Labour Organization
<b>IMF</b>	International Monetary Funds
<b>KIHBS</b>	Kenya Integrated Household Budget Survey
<b>KII</b>	Key Informant Interview
<b>KNBS</b>	Kenya National Bureau of Statistics
<b>KNSPP</b>	Kenya National Social Protection Policy
<b>NACOSTI</b>	National Commission for Science, Technology and Innovation
<b>RDP</b>	Resource Dependency Theory
<b>SACCO</b>	Savings and Credit Cooperative Organization
<b>SDG</b>	Sustainable development goals
<b>SILC</b>	Savings and Internal Lending Communities
<b>SILCGs</b>	Savings and Internal Lending Community Groups
<b>SPSS</b>	Statistical Package for Social Sciences
<b>UN</b>	United Nations

**UNHCR** United Nations High Commission for Refugees

**VSLA** Village Savings and Loaning Associations

**WHO** World Health Organization

## **DEFINITION OF OPERATIONAL TERMS**

**COVID-19 or Coronavirus disease:** is an infectious disease caused by SARS-CoV2 virus. The virus spreads easily indoors and in crowded areas

**COVID-19 restrictive measures, protocol, preventive or control measures:** These are recommended measures put in place by governments so as to contain the spread of corona virus

**Loaning or lending:** Amount of money being loaned out to SILC group members

**Private Service Providers:** Individuals trained to offer technical support and supervision to savings groups and are remunerated by the groups.

**Savings:** Amount of money being saved by individual members of a SILC group

**Savings groups-** models of community-based methodologies where members embrace self-selection and engage in savings, loaning and social welfare

**SILC groups:** Are a type of informal microfinance mechanism adapted in low- and medium-income countries to improve financial resources for poor and rural communities

**SILC group leaders:** Members of SILCGs elected by the group and mandated to oversee various roles within the group

**SILCGs performance:** Ability of SILCGs to meet the recommended standards based on SILC principles and laid down constitution

**Social welfare support:** Ability of SILCGs groups to respond to emerging social needs of the members through use of the social fund's fund and referrals

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# CHAPTER ONE

## INTRODUCTION

This chapter contains the study background, statement of the problem, study justification, research objectives and questions, significance of the study and scope of the study.

### 1.1 Background of the Study

Savings and Internal Lending Communities (SILC) is a holistic programming approach that supports integral human development and seeks to increase household income by providing members of the groups with income generating activities through access to self-managed savings and lending financial services. This community-based savings and lending approach is used in developing countries to help poor rural communities to save small amounts of money by organizing them into community-based saving groups of 15- 25 members (Karlan et al., 2017).

According to Ferguson, (2012), these self-managed groups meet on a weekly basis to save and are transparent in that transactions take place during meetings in the presence of the members. Members are granted loans from the main fund while social welfare needs of members are supported through a social fund kitty. Share out is done at the end of the cycle and is based on shares contributed by each member (Parr & Bachev, 2015).

According to (Bariti & Singh, 2017), there are 750,000 groups with approximately 15 million members globally of which 90% are found in Africa. Countries with the largest numbers are Tanzania, Kenya, Uganda and Mali. Their mandate is saving, lending or loaning, welfare and social support to the members. The groups are mostly dominated by women who are 98% of the total membership (SILC MIS, 2022).

Saving groups have governance structures that make them well positioned to contribute to implementation of safety nets. Members who effectively participate in SILCGs have other sources of income that include small businesses, farming and support from spouses and other relatives (Desai & Joshi, 2014). It's important to note that for members to actively participate in SILCGs, they should be engaging in various income generating activities (Allen et al., 2022).

However, just like any other interventions, for SILCGs to operate smoothly and at optimum level, external factors play a crucial role. SARS-CoV-2, the virus that causes COVID-19 was first detected in Wuhan, China in November 2019, declared a public health concern on 30<sup>th</sup> January 2020 and a pandemic on 11<sup>th</sup> march 2022. According to WHO (2022), SARS-CoV-2 spreads mainly through inhaling of air carrying particles that contains the infectious virus,

deposition of virus carries in exhaled droplets and particles into exposed mucous membranes and through touching mucous membranes with hands soiled by exhaled respiratory fluids that contain the virus (Melvin et al., 2020).

To contain the spread of corona virus, globally, World Health Organization issued a guideline of recommendations that include frequent hand washing, avoiding contacts with face and mouth after interacting with contaminated environment, practice of respiratory hygiene, avoiding crowds and close contacts with ill individuals. These guidelines were adapted globally (Mossa-Basha et al., 2020)

Following this, the Kenyan Government issued a public health COVID-19 mitigation plan that included compulsory masks for everyone, social distancing and ban of social gatherings, lock downs, workplace closure, travel bans and dusk to dawn curfews. The Kenyan Government further enforced a COVID-19 mitigation response measures in June 2021 by issuing a health and travel alert applicable to 13 hotspot counties, Kisumu County (study area) being one of them (Ongwae & Ongwae, 2020).

There was high possibility that the control measures affected SILCG's due to reduced income of the group members and those that they depend on for regular remittances, Again the ban of public gatherings would have hindered how the groups operate since by principle they are expected to transact in the presence of all members (Allen et al., 2022). Studies in Latin America, Africa, and Asia reported significant loss of income and limited access to finances among Savings and Internal Lending Community Groups (SILCGs) members.

For instance in Africa, 75% of groups experienced decreased or less regular savings, while only 3% reported increased regular savings (Allen et al., 2022). (Purvis, 2021) demonstrated a negative outcome for member's savings during COVID-19 pandemic with 70% decrease in amounts shared out in the year 2020 compared to 2019. The pandemic negatively affected the financial situation and resilience of over 75% of respondents in Asia, due to reduced savings, job losses, or increased family care expenses.

According to (Goyal et al., 2021) there was a fall in income and limited ability to cope with the economic conditions brought about by COVID-19 pandemic resulting from inadequate savings and insurance, outstanding loans and under diversifies investments. In Bangladesh 98% of informal workers experienced an income drop, averaging US\$80 per worker while in Sub-Saharan Africa, COVID-19 deaths were associated with a decline in private savings where every 19 deaths per million people correlated with a 0.2% GDP decline.

As far as savings group's performance is concerned, 70% of groups in Uganda increased their share-out amounts in 2020, while 30% decreased. In refugee host communities, only 1% of savings group members maintained pre-pandemic saving levels, compared to 31% of refugee members. (Martina Crailsheim & Richard Reynolds, 2020).

In Kenya income from work decreased by almost one-third, while income from gifts and remittances reduced by more than one-third. For instance in Rural Western Kenya (Kisumu and Kakamega) households had average savings of Kes 13,000, equivalent to about six weeks of pre-COVID household income from work which was Kes 2,036

In Kenya's informal settlements, 98% of respondents reported insufficient income for weekly expenses and mean profitability, as measured by return on assets, declined post-COVID-19 hence the SACCOs had a higher leverage ratio post-pandemic, while the capital adequacy reduced following the pandemic(Ouma, 2022)

Most of the reviewed studies were conducted early in the pandemic, potentially lacking comprehensive data and findings on savings behaviors were mixed, with most groups showing stability, especially those receiving external support. Most studies focused on income effects rather than specific impacts on savings activities and lacked pre-COVID-19 data hence relied on self-reported information. In addition, they had limited empirical data on how control measures affected SILCGs savings. The COVID-19 pandemic significantly impacted savings and income in developing countries, with varying effects across regions and demographics. More comprehensive research was needed to fully understand the long-term implications on savings groups and financial resilience among SILCGs in Kisumu County.

(Adegbite et al., 2022) established that in Sub-Saharan Africa, savings, credit, and welfare support from group members helped women's groups enhance resilience during the COVID-19 pandemic. However, some groups faced financial challenges due to decreased savings and depleted assets. For instance,(Xinfeng & Chunyu, 2023) and (Walcott et al., 2023)noted that savings groups and regular savings helped mitigate the pandemic's negative effects.

However, (Anderson et al., 2022) found that some West African groups couldn't fully offset the economic consequences due to reduced savings and limited credit access. Studies across different regions revealed varied uses of social welfare funds: In Berlin, groups used funds for protective equipment while in Mozambique; funds were used for soap and hygiene items

(Adegbite et al., 2022). In Uganda, the government implemented social protection measures (Mossa-Basha et al., 2020) while in Kenya's Nyakach Sub-county, community-based organizations supported local pandemic responses (Onyango & Kipchumba, 2024)

The studies revealed limited empirical data on social welfare fund usage during the pandemic compared to pre-pandemic periods in Kisumu County, Kenya. Moreover, researchers such as De Hoop et al. (2020) recommended further research on women's group responses to crises and their effectiveness in mitigating COVID-19 impacts. This study aimed at addressing these gaps by investigating how social welfare funds in Kisumu County behaved during the COVID-19 pandemic compared to pre-pandemic and post-protocol periods.

Members of savings groups borrowed from their groups to meet basic needs during the COVID-19 pandemic, hoping to repay when the situation normalized (Adegbite et al., 2022). During the pandemic, loan demand decreased in March and April, though business overdraft applications increased, possibly indicating cash flow pressures for households and firms (McGeever et al., 2020)

According to (McKibbin & Vines, 2020), there was a 20% decrease in lending applications in March 2020 compared to February, potentially linked to increased coronavirus infections. (Nigmonov et al., 2020) found that the pandemic increased default risk in the lending market, with the probability of loan default rising from 0.056 pre-pandemic to 0.079 post-pandemic, with significant impact during May and June 2020 lockdowns.

In Africa, 74% of groups that continued meeting provided loans, while 26% ceased lending. Women in savings groups in Mali increased savings and had greater credit access than those in control villages, taking out twice as many loans from savings groups and 10% fewer loans from family and friends (Allen et al., 2022). Village Savings and Loan Associations (VSLAs) in Sierra Leone experienced high absenteeism during weekly meetings, reducing group capacity to pool savings and issue loans (Mbevi, 2018). Most savings groups in Nigeria and Uganda reported increased loan disbursement due to cash needs during the crisis, depleting funds for many groups (Adegbite et al., 2022)

Conversely, (Munthali et al., 2022) found that 83% of groups in Malawi and 70% in Nigeria continued saving during lockdown, though loan access was lower (50% in Malawi, 46% in Nigeria). In Ghana and Tanzania, reduced Savings and Internal Lending Communities (SILCGs) and revenue drops hindered loan access. Banks were reluctant to lend to group members due to

repayment concerns. Despite savings declines, 92% of SILCGs continued lending, with 47% of members borrowing less than before the pandemic. Savings groups in Kenyan informal settlements provided collateral-free loans to small vendors (Njagi et al., 2023)

Reviewed studies showed mixed findings, with some indicating low loan uptake due to default fears or inadequate funds, while others showed high uptake due to increased financial demands during the COVID-19 pandemic. There were limited studies in Kisumu County, Kenya, that examined SILCG loaning trends before, during, and after COVID-19 control measures. This study aimed to establish these trends, with findings potentially helping groups prepare for increased loans during future pandemics.

According to (Allen et al.,2022) with digitalization, access to mobile money and other adaptations, SILC groups were able to continue operating during the pandemic in Africa. In Kenya, masks were worn by at least one person in 92% contacts with respondents in the poorest socioeconomic quintile reporting 1.5 times more contacts than those in the richest (Quaife et al., 2020) In Kisumu East Subcounty, it was established that community awareness played a great role in reducing transmissions of COVID-19 while the government measures aimed at reducing community transmissions were to a large extent successful,(Okombo et al., 2022)

The reviewed journals on how savings groups coped up with COVID-19 control measures revealed mixed findings .In one aspect most groups came up with innovations that ensured their continuity during the COVID-19 pandemic while some such as stated by (Allen et al.,2022) discontinued or shared out prematurely. Similar studies to determine how SILCGs in Kisumu County coped up during the enforcement of the COVID-19 pandemic were inadequate hence the relevance of this study

## **1.2 Problem statement**

Savings and Internal Lending Communities (SILC) are a form of community based informal savings group comprising of 15-25 members who have agreed to save, take loans and support welfare needs of members through a social welfare fund. The groups have constitutions and are registered as self-help or community based groups through the Directorate of Social Development.

SILCGs meet physically to undertake savings, loaning and discuss social issues affecting members and how to support them. The meetings also provide opportunity for health talks, coaching and mentorship by trained private service providers. The groups are expected to meet weekly which transforms to an average of 48 meetings per year. The face to face meetings

enhance accountability, transparency alongside motivating members to borrow and pay back loans.

In March 2021, Kenyan Government put in place COVID-19 response measures which included social distancing, avoiding crowds, travel ban, workplace closure, dusk to dawn curfews, information, education & communication, vaccination for highly vulnerable populations, compulsory wearing of masks and hygiene and respiratory etiquette (Wangari et al., 2021)

In Kisumu County, these restrictive measures were affected immediately in compliance with the national guideline (Department of Health and Sanitation, 2021). In June 2021, a health travel alert applicable to 13 hot spot counties that included Kisumu County was further enforced (Barasa et al., 2021). In January 2022, WHO removed Kenya from the list of International high risk areas. In March 2022, Kenya lifted travel restrictive and wearing of masks unless during indoor meetings (GOK 2022). Overall, the measures were affected in Kisumu from June 2021 to March 2022 (Schallenburger et al., 2022) ; (Makinde et al., 2021)

The daily interactions with Kisumu residents indicate that all sectors were seriously affected. For instance, for SILCGs, during the Pre- COVID- pandemic, the compulsory group meetings promoted transparency and accountability, active participation by all members, regular payments of savings and loans, peer led psychosocial support among the members alongside opportunities for coaching and mentorship and linkages to other safety nets. During the pandemic period, these meetings and related activities by members were either halted in totality or partially to ensure compliance with the MOH guidelines.

Consistency in savings and borrowings as well as other welfare activities and benefits may have been equally affected since existing SILCGs constitutions and policies would not have anticipated these kind of restrictions, implying possibility that any variations that might have required constitutional or policy changes would have been badly affected. Similarly, any benefits that would have been tied on face to face meetings and participations of members could have been affected.

There were limited studies conducted at the onset of the pandemic that may not have generated adequate information on how the pandemic affected the group's obligations and how the groups coped to ensure that they remained functional. There was also limitation in knowledge with regards to whether and how the groups were managing after the lift of the control measures. It is on this backdrop that this study explored the effects of COVID-19 on SILCGs, during the period when control measures were active.

### **1.3 Study Justification**

The importance of SILCGs functionality is justified in international and national declarations. Kenya ratified the UN declaration of human rights (UDHR, 1948) and UN agenda 2030 for sustainable development (SDG, 2015) which identify social protection as fundamental human rights for all citizens. The goals of the SDG, 2015 include achieving zero poverty and hunger, fostering good health and wellbeing for all and decent work and economic growth. In line with ending poverty, hunger and reducing inequality, SILC interventions improved the income of beneficiaries including enhancing access to education for the young ones while 76.4% of the funds were being used on health care (Mwaisaka, 2012)

Kenya aims to increase annual GDP growth rates by 10% and maintain the average till 2030. According to Lee et al., (2021), participation in SILCGs showed increase in household wealth and financial preparedness for birth among both men and women. COVID-19 pandemic had economic effect on global economy including SILCGs with possibility of retarding the gains that Kenya had made on GDP growth

Among the goals of Kenya vision 2030 is to provide greater opportunities for social and economic mobility and prosperity (KNSPP, 2011). The socio economic pillars of the blue print aims at improving quality of life of Kenyans through support for human and social welfare projects and programs while Kenyan Constitution (2010) article 43 guarantees economic and social rights for all Kenyans. SILCGs contribute towards the achievement of SDG, 2015, Kenya Vision 2030 and Kenyan Constitution 2010 through its ability to guarantee economic and social rights for all Kenyans. For instance, (Chineka & Mundau, 2021) demonstrated that savings groups cushioned the impact of COVID-19 pandemic for communities in Zimbabwe by provision of requirements for vulnerable households, initiation of sustainable economic activities and enhancing access to savings, credit and social funds.

As a member of African Union and East Africa Community, Kenya is committed to social policy interventions and the Kenya National Social Protection Policy (KNSPP, 2011) aims at ensuring all people have requisite financial cushion to enable them maintain a decent living standard including access to income security. The big 4 agenda were a focus for Kenya in 2017-2022 and prioritized basic needs critical to lifting the living standards of all Kenyans and putting the country on becoming upper middle income country by 2030. It focused on access to nutritious food for all, affordable housing, employment and affordable health care which participation in SILCGs under normal circumstances have enabled members to achieve.(Mbithe, 2020)

In line with the KNSPP,2011,(Adegbite et al., 2022) confirms that savings, credit and welfare support from group members contributed to the ability of the groups to positively affect the resilience of women group members during the COVID-19 pandemic alongside mitigating the negative economic consequences of COVID-19 .

The Kenya Department of Trade, Industry and Cooperatives Sessional Papers No. 4 of 2020 consider promoting socio economic transformation through local institutions including SILCGs. Chapter 490 cooperative society act further provides guidance on how local savings institutions should operate (GOK, 2020). According to Naseer et al., (2023) COVID 19 imparted on capital market, Labor market, foreign trade, consumer spending and production. Thousands of people lost jobs, revenue growth deteriorated and GDP in most countries affected. Participation in SILCG is enhanced by member's engagement in income generation activities, being in formal or informal employment, farming or sustainable support by family members.(Amponsah et al., 2023)

## **1.4 Objectives**

### **1.4.1 Broad Objective**

The main objective of this study was to analyze effect of COVID-19 control measures on performance of SILCGs in Kisumu County, Kenya

### **1.4.2 Specific Objectives**

1. To assess changes in SILCGs saving trends before, during and after COVID-19 control measures periods in the Kisumu County.
2. To determine changes in performance of social welfare kitty for SILCGs before, during and after COVID-19 control measures periods in the Kisumu County.
3. To examine the changes in SILCGs loaning trends before, during and after COVID-19 control measures periods in the Kisumu County
4. To explore on the coping mechanisms for SILCGs during enforcement of COVID-19 control measures in Kisumu County.

### **1.4.3 Research Questions**

- i. What were the effects of COVID-19 control measures on saving trends among SILCGs in Kisumu County?
- ii. What were the effects of COVID-19 control measures on performance of social welfare kitty for SILCGs in Kisumu County?
- iii. What were the effects of COVID-19 control measures on loaning trends among SILCGs in Kisumu County?

- iv. How did SILCGs in Kisumu County cope with the enforcement of COVID-19 control measures?

### **1.5 Significance of the study**

Through objective one, this study revealed that the SILC group members were able to meet their obligations during the COVID-19 pandemic. It further helped determine how the control measures affected the group's objectives and what the groups did to ensure that members were still able to play their active roles in the middle of the pandemic. The finding will be instrumental in guiding groups' members and groups involved in savings just in case there emerges a similar pandemic.

Through objective two, the study generated information on the effects of COVID-19 control measures on performance of social welfare kitty of the SILCGs in comparison to the period before the pandemic. This information will be used to help SILC groups understand how they performed with social welfare kitty and possibly explain how they got to where they were and help in their future planning for improvement. This information will further help policy makers and savings groups to understand effects of COVID-19 on social welfare kitty and strategize on required support.

Objective three explored on how loaning trends behaved during COVID-19 pandemic compared to the period before the pandemic and what strategies worked out for the groups to ensure continued loaning and loan payments. The study revealed workable strategies for similar groups to ensure that activities are sustained in similar pandemics. The outcome will guide SILCGs in partnering with other financial institutions including banks and micro finance institutions which may help them in improving on investment opportunities.

Objective four sought to establish how the SILCGs coped during the COVID-19 restrictive measures. The findings will enable both the government and development partners come up with conducive policy environments and guidelines under which the groups should operate through required support in similar pandemics. Researchers will benefit from the research findings that has informed future research areas in line with digitalization and sustaining male involvement in the groups

### **1.6 Scope of the study**

The study sought to establish the effects of COVID-19 control measures on performance of SILCGs in Kisumu County, Kenya. The researcher addressed four specific objectives and

targeted 176 self-managed registered SILCGs established through support of Catholic Relief Services (MIS, 2019) and being monitored by Green Zone Agencies, Make Me Smile and Health Innovation Kenya.

The study adopted Yamane formulae to select sample size of 119. Primary data was collected using researcher-administered checklist for SILCGs group leaders while secondary data was collected using a data extraction form which was used to extract financial records for the SILCGs for the years 2019 - 2022. The tools were pretested for validity and reliability leading to revision of domains that gave similar answers repeatedly. Data analysis was done through Statistical Package for Social Sciences (SPSS) and NVivo software and ethical consideration such as assuring the respondents of their confidentiality and clearance with relevant authorities that include National Commission for Science, Technology & Innovation (NACOSTI), Ministry of Education, Directorate of Social Development, Ministry of Interior and National Administration and Greatlakes University of Kisumu (GLUK) Ethical Review Committee were pursued

### **1.7 Limitations and Delimitations of the Study**

The study was undertaken post COVID - 19 pandemic when the communities had adapted the control measures hence data collection could have been subjected to recall biasness. For this reason, the researcher considered use of key informant interviews (KII) targeting group leaders who had memories of what transpired during the pandemic.

The research was self-sponsored hence the researcher had to mobilize for resources amidst difficult economic times to ensure that this is accomplished. Again, the SILCGs were distance apart some in far to reach areas with poor communication networks and this was bound to affect the proposed data collection timelines. To mitigate this, the researcher through the help of Ministry of Interior and National Administration mobilized targeted SILCGs leaders from their localities in a centralized location.

### **1.8 Assumptions of the Study**

The study assumed that the participants would answer the interview questions in an honest and candid manner and would have a sincere interest in participating in the research. Again the inclusion criteria of the sample were assumed to be appropriate in ensuring that the study participants had experienced similar phenomenon of the study. It's important to note that the

study assumptions were contained and 100% of the respondents reached and all completed the interview providing honest answers which were confirmed by the quantitative data collected

## CHAPTER TWO

### LITERATURE REVIEW

The chapter presents theoretical framework for the study, it looks at empirical review of literature in line with the study objectives, identifies gaps, presents the conceptual framework for the study and finally gives a summary of the chapter.

#### 2.1 Theoretical Review

The researcher explored four theories which were deemed important for the study. It's important to note that they are limiting in view of COVID-19 pandemic. The theories include;

##### 2.1.1 Community banking model

Mary Houghton innovated a community banking model known as shore bank in 1973. Community based banking model is a form of empowerment-based economics which falls under the larger umbrella of micro-finance. Micro finance focuses on entrepreneurship of individuals with the goal of lifting low income of disadvantaged groups. The model treats a community as one unit and establishes semi-informal or formal institutions through which microfinance is dispensed. The institutions may have savings components and other income generating projects included in their structures. In most cases, such banks are part of the larger community development programs which uses finance as an inducement for action. They are closely related to village banking models.

According to Freedom from Hunger (2010), an evaluation from community banking programs aimed at determining the effectiveness of the local banking approach revealed that most common uses for loan funds were related to healthcare, investment in businesses, agricultural inputs, education support and home improvements. In addition, half of the community banks stored money in a cashbox and nearly a third put the funds in bank account using details of group members.

This study was based on Community banking model since SILCGs groups are also a form of micro finance that targets low -income individuals who are organized into groups. The groups engage mainly in savings and loaning and in some instances, they are involved in income generating activities (IGA's) as pointed out during COVID-19 pandemic where they made face masks, liquid soaps and engaged in food businesses (Allen et al., 2022)

##### 2.1.2 The Loanable Funds Theory

According to Wicksell (1851), loanable funds theory considers that interest rates are influenced by available capital and loan demand. Saving habits of depositors and additional funding from

other financial institutions determines the savings available for lending/loaning. According to this theory, savers and borrowers should be well compensated at an agreeable interest rate (Froyen, 2014) the theory is further influenced by the association between the demand and availability of loanable capital. Adequate loanable capitals can help financial institutions absorb un- anticipated shocks and enable the institutions conduct their activities efficiently.

In addition, a rise in the supply of loanable capital might contribute to a decrease in the rate but when demand and supply of the loanable capital vary, consequent rate might rely heavily on degree of the demand and supply of the loanable funds (Froyen, 2014). In Ghana, a study to examine the determinants of loan defaults and its effects on financial performance on commercial banks realized that delays in loan approval, poor management and loan diversion were the main determinants of loan defaults (Abaidoo, 2018).

According to (Allen et al., 2022) ,SILCGs savings are used to lend out money hence it is important that the groups have adequate loanable funds so as to benefit from the interest rates accrued from loans borrowed by members. It is possible that despite the COVID-19 pandemic, some group members would have been negative about repaying loans. With such background, this study was therefore based on the loanable fund's theory.

### **2.1.3 Credit Unions Model**

Schulze Delitzsch came up with the credit union model 1859, in Germany. This is a unique member driven self- help financial institution which is organized by members of a particular group who agree to save their money together and to give loans to each other at reasonable rates.

According to (Feather & Meme, 2019) the study on credit and savings organizations in Kenya which was based on the credit model revealed that community finance institutions which have close similarities with SILCGs merit strong consideration towards helping overcome under- development in the housing finance sector in developing world

The study to evaluate how far COVID-19 had affected the operations of SACCOs in Rwanda revealed that there were 17% credit defaulters, 95 out of the 123 SACCOs that responded to the question on impact of COVID-19 on clients, confirmed that the pandemic had highly affected business capital, 94 affirmed that credit defaults increased over the pandemic period while 86 said that clients found it hard to access the SACCO services. (Silas & Maringa, 2021)

This study considered the credit-unions model since just like the credit unions, SILG's groups membership are based on self -selection of members who exercise their democratic space by

electing leaders to coordinate their savings and loaning activities based on agreed by laws. Again the credit union models just as SILCGs aim at supporting community affairs.

#### **2.1.4 Sustainable livelihoods approach**

According to Scoones (1998), sustainable livelihoods approach theory (SLAT) deals with people's weakness and the management of shocks such as a change in climate patterns, prolonged droughts, pandemics among others. Members of savings groups in Kisii County Kenya increase their likelihood of improving their livelihoods outcomes. In addition, increase in the chances of the members not getting loans from the groups was found to decrease the probability of that member to improve his or her livelihood (Nyamongo, 2016)

According to Awuor 2022, financial services, capacity building, social bonds and performance monitoring had a strong positive influence on sustainability of SILCGs in Suna East Sub County Migori County, Kenya. According (Atieno et al., 2024), improving participation in self-help groups was found to have high significance influence on the sustainability of the livelihoods of the members of the households in Nyakach Subcounty, Kisumu County, Kenya.

The idea of sustainable livelihoods (SL) is applicable to women who are members of the village savings groups such as SILCGs and therefore this study was based on the sustainable livelihoods model approach.

## **2.2 Empirical Literature Review**

### **2.2.1 Introduction**

Savings and Internal Lending Communities (SILCGs) is holistic programming approach that provides a strategy to increase low household income by providing members with income generating opportunities through access to self-managed savings led financial services. SILCGs are responsible for setting the terms of loans given to members and is normally based on shared contributed by each of the member alongside supporting emergency needs of its members through social fund (Guy Vanmeenen, 2010).

According to world employment and social outlook trends, COVID-19 preventive measures disrupted markets, supply chains and businesses leading to loss of jobs and livelihoods (ILO, 2022). Women's economic and productive lives were affected more than men since, women earn less, save less, hold less secure jobs, are more likely to be employed in the informal sector that were more affected during COVID-19 pandemic (UN 2020). It is estimated that 2.7 billion

workers (81%) of the world's workforce was affected during the lockdowns, leading to global recession (ILO, 2020).

Given the literature reviewed, COVID-19 pandemic had varying effects on performance of SILCGs globally. Most SILCGs reported loss of income and limited access to financial sources among members which hindered effective participation in the groups. Again due to the WHO protocols enforced, remote methodologies such as text messages and phone calls were utilized and could have limited information gathering. A number of the studies were done too early into the pandemic and did not compare performance trends for SILCGs mandate before, during and after lift of the control measures.

This section provides a review of literature on effects of COVID-19 pandemic control measures on SILCGs performance based on the study objectives. Gaps identified and discussed include methodological gaps, knowledge gaps and population gaps.

### **2.2.2 To assess changes in SILCG saving trends before, during and post COVID-19 control measures periods in the Kisumu County.**

(Swarna et al., 2022) established that the pandemic had negative effects on the financial situation and financial resilience of more than three quarters of the respondents in Asia. This was largely attributed to sources of financial difficulties as a result of the pandemic.

According to (Goyal et al., 2021) there was a fall in income and limited ability to cope with the economic conditions brought about by COVID-19 pandemic resulting from inadequate savings and insurance, outstanding loans and under diversifies investments. In Bangladesh 98% of informal workers experienced an income drop, averaging US\$80 per worker while in Sub-Saharan Africa, COVID-19 deaths were associated with a decline in private savings where every 19 deaths per million people correlated with a 0.2% GDP decline.

(Allen et al., 2022) established that 75% of groups in Africa experienced decreased or less regular savings, while only 3% reported increased regular savings. Again, 72% of SILCGs had members saving less than they had before the start of the COVID-19 pandemic while 70% decrease amounts shared out in the year 2020 compared to 2019.

(Celik et al., 2020) undertook a study aimed at establishing the effects of COVID-19 outbreak and lock down on households' income and expenses. The study was undertaken in Nigeria in 2020, sampled 493 participants (364m; 129f) and took place during lock down when all the

participants were in self-isolation. Results showed a significant decrease in family income and increase in family expenditure during the outbreak (chi-square=435.87, P=0.00. Of the 493 participants, 215 (43.6%) reported decrease in income while 59 (12%) reported increase in family income.

(Krause, 2021) did research to establish the social and financial effects and returns on savings as well as how groups affected member's resilience to COVID-19 pandemic. The research focused on six countries namely Ethiopia, Burundi, Malawi, Bangladesh, Rwanda and Haiti and secondary methods were applied through review of data from sources such as the SAVIX MIS and publicized research work. Meta-analysis were conducted using a Bayesian multilevel analysis of peer-reviewed and white paper impact assessment of VSLAs by external and independent expert. Triangulation was done with data from non- CARE savings groups to check for accuracy while for estimates of changes in social well-being, a scale of much better to much worse was used then converted into scores from 1 to -1. Findings revealed that VSLA member households appear to have been 50-60% less likely to experience food security and 75-85% more likely to have savings that they could draw on during the COVID-19 disruptions.

(Adegbite et al., 2022) established that Savings groups in Sub-Saharan Africa supported households' resilience during corona virus pandemic, but continued to face challenges and limited resources that threatened their sustainability and effectiveness. For instance, private saving rates did not increase during COVID-19 Pandemic in Sub Saharan Africa, instead the COVID-19 deaths significantly contributed to decline in private savings. About 50-60% of households participating in community savings were less likely to experience food insecurity while 75-85% were more likely to have savings to draw on during COVID-19 disruptions. Approximately 81% of active VSLAs were still saving during lockdown, although with less frequency and lower levels of activity (Krause, 2021)

(Moyo & Zimusi, 2023) undertook a research aimed at evaluating the impact of COVID-19 pandemic on women savings groups in rural Zimbabwe. Mixed research methods was applied where data was gathered using questionnaires and interviews administered to 300 female saving group members and 40 committee members of the groups. The study revealed that the pandemic reduced the ability of the savings group's members to generate income leading to low contributions, poor loan payment and low levels of emergency funds. The study recommended capacity building for group members in terms of diversified income to cushion them in the event of future pandemics

(Munthali et al., 2022) conducted an investigation in Malawi on sustainability of Village Savings and Loans Associations (VSLAs) amidst COVID-19 and its impact on household income levels indicated a 54% decline in household income for those whose earnings belonged to < MK5, 000, as compared to 38% and 15% for medium (MK5, 000≥MK10, 000) and higher (>MK10, 000) income bands respectively. This could have affected the savings trends for the groups.

As far as savings group's performance is concerned, 70% of groups in Uganda increased their share-out amounts in 2020, while 30% decreased. In refugee host communities, only 1% of savings group members maintained pre-pandemic saving levels, compared to 31% of refugee members.(Martina Crailsheim & Richard Reynolds,2020).

In Kenya's informal settlements, 98% of respondents reported insufficient income for weekly expenses and mean profitability to have declined post-COVID-19 hence the SACCOs had a higher leverage ratio post-pandemic. The capital adequacy reduced following the pandemic and this could have affected savings in general (Ouma, 2022)

(Nechifor et al., 2020) researched on short term implications on the wider Kenyan economy of the COVID-19 lock down. The study revealed that the April-June 2020 lock down in Kenya had an impact of 5.5% on GDP relative to pre-COVID baseline leading to close to zero economic growth in that year. This contributed to drop in labour productivity, export commodities and tourism. Employment reduced by 11.8% and real income decreased by 7.9% and 6.8% for rural and urban households respectively. Sixty-Five percent (65%) of males were in labour force compared to 51% of females who were outside labour force all due to lock down regulations and they were not sure if they will be returning to work. There was a possibility that this scenario would have affected savings for most people in general.

(Ziraba et al., 2020) undertook a research aimed at establishing the effects of COVID-19 pandemic in informal settlements, Kenya .Upon discovery of the first corona virus case in Kenya, income from work in Kakamega and Kisumu Counties decreased by 1/3 while income from gifts and remittances reduced by more than 1/3. Household's expenditure on food remained the same as at pre COVID-19 outbreak when the preventive measures were enforced. Income from work decreased by almost one-third, while income from gifts and remittances reduced by more than one-third.

For instance in Rural Western Kenya (Kisumu and Kakamega) households had average savings of Kes 13,000, equivalent to about six weeks of pre-COVID household income from work which was Kes 2,036 (APHRC research brief No 3, 2020). There is possibility that these could have affected the outcomes of SILCGs since group members engage in various income generating activities that enable them participate in the groups.

COVID-19 pandemic had greatest negative impact on Micro enterprises with 35.8% reporting complete loss of income, 39.8% reporting partial loss of income and 2.2% reporting substantial loss of income. About 10.3% Small enterprises suffered partial loss and 4.8% complete loss of income. The major reasons were attributed to reduced access to customers and markets, low customer purchasing power, reduced cash flows and other financial deficits. (Kiarie & Ndedda, 2021)

According to Kakembo, 2020, more than half of respondents in Kenya reported significant decrease in income. Those reporting increased in income were servicing crucial sectors such as healthcare, food and household necessities. Eighty percent (80%) of Kenyan respondents reported decline in income while 67% reported increase in expenses. With the loss on livelihoods, remittances fell and this definitely affected effectiveness of SILCGs where members engage in small income generating activities, or depend on remittances to save, give loans and support individual welfare needs.

Most of the reviewed studies were conducted early in the pandemic, potentially lacking comprehensive data and findings on savings behaviors were mixed, with most groups showing stability, especially those receiving external support. Most studies focused on income effects rather than specific impacts on savings activities and lacked pre-COVID-19 data hence relied on self-reported information. In addition, they had limited empirical data on how control measures affected SILCGs savings.

Again researchers such as (Allen et al.,2022) and (Adegbite et al., 2022) recommended follow up studies targeting SILCGs to establish if they had stabilized post COVID-19 control measures alongside research on group savings and other vulnerability indicators and qualitative research on group processes to inform future programming.

Given the pandemic most studies used random sampling and remote methodologies such as Interactive Voice Response Survey (IVR), text messages and phone interviews which have

limitations. Lastly, due to the limited knowledge on this subject matter among SILCGs in Kisumu County, Kenya, this current study aimed at establishing the savings trends of SILCGs before, during and after the lifting of the COVID-19 control measures, including how the groups coped with the pandemic

### **2.2.3 To determine changes in performance of social welfare kitties for SILCGs before, during and post COVID-19 control measures periods in the Kisumu County**

Governments should include expanding social insurance systems on existing social assistance Programmes and involving local governments and non-state institutions to identify and assist vulnerable groups who are harder to reach (Gerard, Imbert and Orkin, 2020).

SILCGs continue to complement government efforts in provision of safety nets by encouraging members to invest their money into the groups. They also have the option to contribute towards a social fund in small amounts. The fund gradually accumulates and grows to an extent that it can be used to meet the emergencies needs of the members undergoing various challenges (Paul Otieno, 2017)

Social funds help unify communities to solve problems in a collaborative approach and further create the means for a group to tangibly love and serve their neighbors. Through social funds, groups demonstrate the act of generosity through changing their lives and other vulnerable community members. (Allen et al.,2022)

(Christian et al., 2019) stated that COVID-19 measures denied SILC group's members opportunity to meet physically. In addition, lock down associated with the pandemic led to unique challenges for women savings groups, who initially showed ability to mitigate the negative economic and health effects through social, human and capital generated through the groups

(Rasul et al., 2021) examined the prospective impacts, risks and challenges of COVID-19 on key social and economic sectors in South Asia. Findings revealed that the pandemic was likely to affect economic growth hence likely to deepen poverty. Again the isolation resulting from the lock down impacted social relationships, social interactions, and shed light on social norms and exclusions, while sudden loss of employment led to depression, alcoholism, drugs and substance abuse and even suicides

(Prawoto et al., 2020) conducted a study aimed at examining the impacts of COVID -19 pandemic on socio economic mobility. The study was based on iterative literature review established that there was a strong relationship between a pandemic tested positive for COVID-19 and mortality rates with socio-economic conditions with an average correlation coefficient above 0.80. This study concluded that COVID-19 pandemic imparted both positively and negatively on Indonesia's socio-economic mobility.

(Allen et al.,2022) stated that 54% of the members of the various groups reported to have used the social fund to address COVID-19 related problems while two of the SILC groups reached had no social fund. Sixty-four (64 %) said that PSPs participated in COVID-19 community based preventive campaigns, 10% SILC groups initiated IGA's by making soap and masks to help mitigate the pandemic as well as setting up food businesses. Most members were positive with being in SILC by 88% of members agreeing that SILC had benefited them while 95% of individual interviewees said that being a SILC member had been positive for them and their families(Allen et al.,2022) .

(Zennou et al., 2022) examined how women in Benin, Cote d'Ivoire, Mali, Niger and Nigeria leveraged on feminine solidity through VSLAs to advocate for support and establish women leadership crisis. The study established that during the global COVID-19 pandemic, VSLA women led solidarity groups became tools for political advocacy pushing for policies and providing social safety nets

(Kansiime et al., 2021) assessed the implications of Corona virus disease on household income and food security in Kenya and Uganda. Online survey data targeting 442 respondents was used and results showed that more than two -thirds of the respondents experienced income shocks due to COVID-19 pandemic. The proportion of food insecure respondents increased by 44% in Uganda and 38% in Kenya while the regular fruits consumption decreased by 30% in both countries. The income from poor households and those dependent on labour were more vulnerable to income shock and had poorer food consumption during the pandemic compared to other respondents. This implies that they were able to employ food based coping strategies compared to those in alternative livelihoods who relied on savings.

(Kansiime et al., 2021) established that membership in savings groups was correlated with less likelihood of suffering income shocks and reduced food consumption. The study recommended

that future government interventions should be based on structural changes in social security by developing response packages to cushion members pushed into poverty in similar pandemics, in addition, the government should build strong financial institutions to support recovery of businesses in the medium term and ensuring resilience in food security.

(Adegbite et al., 2022) established that in Sub-Saharan Africa, savings, credit, and welfare support from group members helped women's groups enhance resilience during the COVID-19 pandemic. However, some groups faced financial challenges due to decreased savings and depleted assets. For instance, (Xinfeng & Chunyu, 2023) and (Walcott et al., 2023) noted that savings groups and regular savings helped mitigate the pandemic's negative effects.

(Anguyo & Storer, 2020) states that Uganda had the toughest COVID-19 lockdown in sub-Saharan Africa that affected the resilience of millions of vulnerable “hand-to-mouth” workers”. COVID-19 preventive measures initiated a crisis for migrant workers daily wages and small enterprises forcing the governments to respond through social protection and relief measures (Mossa-Basha et al., 2020)

(Anderson et al., 2022) found that some West African groups couldn't fully offset the economic consequences due to reduced savings and limited credit access. Studies across different regions revealed varied uses of social welfare funds: In Berlin, groups used funds for protective equipment while in Mozambique; funds were used for soap and hygiene items (Adegbite et al., 2022). In Uganda, the government implemented social protection measures (Mossa-Basha et al., 2020) while in Kenya's Nyakach Sub-county, community-based organizations supported local pandemic responses (Onyango & Kipchumba, 2024)

On one side, literature reviewed show that the uptake of the social welfare kitty was high during the pandemic compared to the period before the pandemic as necessitated by the high demand of food supplies by households and communication by SILCGs member who attended virtual meetings during the pandemic as revealed by (Walcott et al., 2023). (Anderson et al., 2022) also found out that some West African groups couldn't fully offset the economic consequences due to reduced savings and limited credit access

On the other hand, some groups could not raise adequate funds to support welfare needs of the members since they suffered lost or reduced income to enable them participate in the SILCGs. Linkages to safety net programs increased resilience among members in some groups (Mossa-Basha et al., 2020). As much as the reviewed studies lacked empirical data on how social welfare

kitty trends behaved before and during the pandemic, they are in agreement that savings groups enhanced access to social welfare funds enabling members to respond to emergencies.

The reviewed studies established a strong relationship between COVID-19 and socio economic conditions. Participation in SILC groups empowers members socially and financially hence ensures that one becomes resilient. Through the social funds SILCGs demonstrate ability to respond to community and emergency needs of the members such as health, education, food and investments.

Studies such as Pinchoff, *et al.*, 2020, cited methodological gaps and lack of involvement of participants in the design and interpretation of findings. Again, UN, 2020 policy review and Hoop *et al.*, 2020 recommended that further research be undertaken to learn how the various women groups programs responded to crisis and whether participation in women groups mitigate the effects of COVID-19. In addition, there were limited studies in Kisumu County that sought to establish how the social welfare funds kitty behaved during the pandemic.

It's against this background that the researcher established if and how COVID-19 pandemic affected social welfare kitty funds of SILCGs in Kisumu County. The finding will help in providing guidance on how social welfare of SILGs should be handled in future pandemic.

#### **2.2.4 To examine the changes in loaning trends before, during and post COVID-19 control measures periods in the Kisumu County**

(Agarwal *et al.*, 2020) studied the distribution of savings from mortgage refinancing across income groups during the COVID-19 pandemic. The findings revealed that between February and June 2020, the difference in savings from refinancing between high- and low-income borrowers was 10 times higher than before.

(Setiaji & Abdullah, n.d.), undertook a study to determine the impact of empowering women by Rumah Zakat through the sharia savings and loan program during the Covid-19 pandemic. The study was undertaken in Desa Berdaya for cooperatives assisted by Rumah Zakat. The research was descriptive and used qualitative methods and data was collected through in-depth interviews and documentation studies. Purposing sampling was done to choose sources that understood women empowerment through sharia savings and loan programs at Mitra Insan Mandiri Cooperative and the Berkah Bersama Cooperative. Findings show that women that are members

of the savings and loan groups can take advantage of interest free financing to maintain their economic businesses without necessarily accessing loans from money lenders who pay high interests

Juma, M. L., & Maseko, F. E. (2022) did a study aimed at assessing the factors affecting financial performance of savings and cooperative societies operating in Dodoma Tanzania. The study used both qualitative and quantitative methods. This was a descriptive survey and systematic and purposive sampling techniques were used to secure 63 respondents. Documentary review were used to collect data and descriptive and regressions analysis applied. The results revealed that the overall model was statistically significant since (Prob > chi2=0.000) with 63.8% of the variation in the return on asset of SACCOS in Dodoma. It was recommended that SACCOS should put more emphasis on online supervision and self -regulations during pandemics alongside marketing the SACCO

(McKibbin & Vines, 2020) revealed that lending application decreased by 20% in March 2020 compared to February and this could be linked to increased corona virus infections experienced during that period. By mid-April, credit enquiries were about around 2,000 per day compared 5,800 per day in February.

(Nigmonov et al., 2020) investigated the impact of COVID-19 pandemic on liquidity risk incurred by peer to peer lending market. Secondary market listing dataset of Bondoro P2P lending platform based in Estonia to provide evidence of the pandemic induced exposure to liquidity risks of the lending market, Analysis shows that there is a negative association between COVID-19 risk and share of overdue loans and average overdue days in the secondary market listings.

Village Savings and Loan Associations (VSLAs) in Sierra Leone experienced high absenteeism during weekly meetings, reducing group capacity to pool savings and issue loans (Mbevi, 2018). Most savings groups in Nigeria and Uganda reported increased loan disbursement due to cash needs during the crisis, depleting funds for many groups (Adegbite et al., 2022)

(Munthali et al., 2022) found that 83% of groups in Malawi and 70% in Nigeria continued saving during lockdown, though loan access was lower (50% in Malawi, 46% in Nigeria).

(Walcott et al., 2023) undertook research on the ability of women's groups to covariate shocks and resilience associated with pandemics such as COVID-19. The synthesis compiled evidences

from the past shocks on women groups activities in south Asia and Sub- Saharan Africa to mitigate the effects on shocks to the community members. Ninety documents from various academic databases, organizational reports and gray literature, types of women groups and shocks were reviewed .According to Walcott *et al.*, 2021, findings in Nigeria showed that households with a female savings group member were 24.5% more likely to have a female household member with savings in August 2020, 10.8% more likely to have obtained a loan since March 2020, and 7.6% points more likely to have female household members who had a loan since March 2020.

(Moyo & Zimusi, 2023) conducted an evaluation of the impact of COVID-19 on women in savings groups in rural Zimbabwe. The study adopted sequential explanatory research design and mixed research approach. Questionnaires were administered to 300 female savings group members and 40 committee members of the groups. The study revealed poor loan repayments

(Oduor, 2021) undertook a study to investigate the impact of mobile loan credit during COVID-19 pandemic in Kenya. The objectives of the study were investigating factors fuelling mobile loan uptake during the pandemic and investigating the effects of the pandemic on loan repayment. A total of 352 participants from Buruburu, Kenya were randomly selected to form the study sample and descriptive cross-sectional research design was adopted. Data was collected through use of pretested questionnaires and analysis done using SPSS software. The study revealed that COVID-19 pandemic made more Kenyans to borrow money as 42.90% of the respondents had never borrowed before the pandemic. The study recommended that the government creates more employment for youth to reduce dependency on mobile loans and CRB listings

(Noor, 2020), undertook a study to investigate empirically the effects of the pandemic outbreaks on loan payments of small businesses in Eastleigh business community, Kenya, with specific focus on those who loaned money to start their businesses. Fifty business community members were randomly sampled and descriptive statistics used to analyze the mean, mode and median. The research results indicated statistically significant negative relationship between pandemic outbreak and loan repayment ability of small businesses in Eastleigh,  $r(-.54)$ , with p value of 0.008.

(Muendo, 2022), undertook a study to investigate if the socioeconomic effects of the pandemic are different among rural and urban households in Kenya. Quantitative research design was used to analyze high frequency longitudinal phone survey data from World Bank and the partners. Findings reveal that location does not influence severity of COVID-19 effects, vulnerable groups such as the informal sector, women, youth, and people with disabilities among others who mostly participate in savings groups. This is expected to increase the gap between the poor and the rich heightening inequalities and subsequently increase borrowing.

(Janssens et al., 2021) assessed how low income households in rural Kenya coped with the immediate economic consequences of the COVID-19 pandemic. Granular financial data from weekly household interviews covering six weeks before the first corona virus in Kenya to five weeks after the control measures were implemented. Findings showed that income from work decreased with almost one third while income from remittances reduced by more than one third. There was no evidence that the households coped with reduced income through increased loan uptake or savings withdrawals.

Reviewed studies showed mixed findings, with some indicating low loan uptake due to default fears or inadequate funds, while others showed high uptake due to increased financial demands during the COVID-19 pandemic. For instance, (Allen et al.,2022) shows that most groups gave loans to members while (Adegbite et al., 2022) mentions low loan issuance due to fears associated with prepayment default. Studies such as (McKibbin & Vines, 2020) revealed that lending application decreased by 20% during the pandemic.

The studies were limited in empirical data and did not demonstrate the loaning trends before, during and after lift of the control measures to determine what transpired and how the groups coped. This study aimed to establish these trends in Kisumu County with findings potentially to help groups prepare for increased loans during future pandemics.

### **2.2.5 To explore on the coping mechanisms for SILCGs during enforcement of COVID-19 control measures in Kisumu County**

(Allen et al.,2022) undertook a research to understand how SILC groups in Africa and Latin America responded to the public health and economic crisis after more than an year living with COVID-19 pandemic. Findings showed that 101 SILCGs in Latin America reported implementing modified meeting procedures to reduce COVID-19 transmission. Of the 101

groups, 83 had their members sitting at least one meter apart during meetings, 81 groups had members washing hands before and after the meeting, 65 established a central cash point whereby only one member at a time accessed savings, social funds and other contributions. A total of 52 groups had members wearing masks during meetings, 39 used hand sanitizers and 27 groups held meetings by turns.

In Africa, digitalization, access to mobile money and other adaptations by SILC groups ensured that they operated during the pandemic .Most of them pivoted from traditional activities, adapted skills sets and created new market opportunities to generate income. They made and distributed personal protective equipment's such as masks, made soap and hand washing kits and engaged in anti COVID-19 campaigns. Forty-two percent (42%) of groups sampled in Nigeria used social funds to support members who needed welfare support, 15% used the funds to purchase hygiene supplies while 69 % volunteered to help other overcome effects of COVID-19 pandemic and organize for community preventive activities. (Allen et al.,2022)

(Krause, 2021) established that VSLAs in Ethiopia, Burundi, Malawi, Bangladesh, Rwanda and Haiti were able to sustain their activities during the pandemic because of digitization, access to mobile money, and by meeting with a smaller number of members.

Village savings and loaning associations in Bangladesh had to adapt to new normal strategies to ensure that even with Government enforcement of COVID-19 preventive measures the group's activities were sustained. They coped by reducing the number of meetings from weekly to fortnightly, limited the number of members attending meetings to avoid crowding and scaled up awareness on health and hygiene during meetings (Snigdha Ali & Maria May, 2021)

(Moyo & Zimusi, 2023) undertook a research aimed at evaluating the impact of COVID-19 pandemic on women savings groups in rural Zimbabwe. Mixed research methods was applied and the study revealed that savings groups in Zimbabwe coped with COVID-19 pandemic by loan rescheduling, use of whatsapp platforms, acceptant of mobile money payments to collect payments and loans and assigning group leaders to visit group members so as to collect contributions and payment as well as checking on members who were always absent. To ensure that the groups remain resilient, the study recommended that government's and development partners should link savings groups to formal banking so as to have access to financial services

(de Hoop et al., 2020) did a research to establish the implications of COVID-19 pandemic and lock downs for women groups in India, Nigeria and Uganda. Findings revealed that COVID-19

affected functioning and effectiveness of groups by limiting livelihoods opportunities for group members which led to group disintegration for lack of financial capital. Social distancing resulted in review of meeting procedures that involved virtual meetings, meeting in smaller numbers and digital payments. In some instances, public and private partners provided social safety nets used to initiate IGA's by the groups. The groups also participated in COVID-19 response activities building into their leadership skills

In Uganda, savings groups in host communities and refugee communities undertook income generating activities to sustain them. In this particular study, 6% of sampled savings groups reported income increase after taking advantage of the opportunities resulting from COVID-19 pandemic (Crailsheim and Reynolds, 2020). Again in Uganda, most SILCGs, operated remotely, discontinued meetings and held premature share outs, Digitalization in community based savings groups during COVID-19 pandemic created participation barriers since most members did not have enabled gadgets, for example, mobile phones, inadequate access to internet and lack of money to buy bundles hindered active participation by most members (Adegbite et al., 2022)

According to (Allen et al., 2022) with digitalization, access to mobile money and other adaptations, SILC groups were able to continue operating during the pandemic in Africa. In Kenya, masks were worn by at least one person in 92% contacts with respondents in the poorest socioeconomic quintile reporting 1.5 times more contacts than those in the richest (Quaife et al., 2020). In Kisumu East Subcounty, it was established that community awareness played a great role in reducing transmissions of COVID-19 while the government measures aimed at reducing community transmissions were to a large extent successful, (Okombo et al., 2022)

(Irura & Bett, 2020) sought to establish how Civil Society Organizations in Kenya were responding to the COVID-19 pandemic alongside providing short term guide of action to mitigate the social impact of the same. A survey questionnaire was designed and sent out to 172 CSO's. Findings show that organizations introduced work from home policies, online transactions, travel bans, videos and teleconferencing, provision of protective equipment's and concerted efforts targeting the highly vulnerable community members such as the elderly, physically challenges and those with terminal illnesses

(Solymári et al., 2023) undertook a research to establish the extent of involvement of CSO's in responding to COVID-19 pandemic since it was detected in Kenya, in March 2020. Mixed methodology was applied including desk research and key informant interviews. Community

based organizations, Non-governmental organizations and other major stakeholders were investigated to determine their roles in mitigating the negative effects of the pandemic. The main aim was to establish how COVID-19 pandemic hit the Kenyan slums and how it affected CSO's. The study revealed that development agencies that had been implementing different projects within the slums mainstreamed COVID-19 response in their activities. The programs included health talks, water and sanitation, protective materials, cash transfers, food aid and health support

(Fransen et al., 2024) undertook a research to explore under what conditions CBO's in Mathare informal settlement in Nairobi, Kenya sustained resilience activities during COVID-19 pandemic. This was a single case study on adaptive governance that applied mixed methods including focus group discussions and secondary data analysis. The semi structures interviews targets CBO leaders and seven active members The data was collected in 2020 and 2022 ensuring that dynamics of the prolonged shocks are captured. The study findings revealed that CBOs engaged in multiple resilience activities varying from mal adaptive and unsustainable to adaptive and transformative. The study recommended good leadership, resources, organizational capacity and support from governments and other development agencies to strengthen community's capacity

The reviewed journals on how community based groups in general coped up with COVID-19 control measures revealed mixed findings .In one aspect most groups came up with innovations that ensured their continuity during the COVID-19 pandemic (Adegbite et al., 2022) while some such as (Allen et al.,2022) stated that some groups discontinued or shared out prematurely.

Most of the studies reviewed in Kenya targeted CBOs and CSOs that were not necessarily undertaking savings and loaning activities being undertaken by groups such as SILCGs in Kisumu County. It's against this backdrop, that the study was undertaken to establish how SILCGs in Kisumu County, Kenya coped with the enforcement of the COVID-19 protocol

### **2.3 Summary of Literature Review**

This section outlines summary of the established emerging theories, the conceptual and operational framework as per literature reviewed by each of the study objectives. The emerging theories identified established evidences per objectives of the study while the conceptual framework addressed the interplay among the study variables. Finally the operational framework

gave highlights of the methodology, contexts and key concepts of the studies reviewed visa vie the approach of the current study.

### **2.3.1 Emerging theoretical proposition**

The researcher reviewed four theories in this study. They included; Community banking model/shore bank model (Houghton 1973). The model is a form of empowerment-based economics which falls under the larger umbrella of micro-finance. It views communities as one unit and establishes semi-informal or formal institutions through which microfinance is dispensed. The institutions may have savings components and other income generating projects included in their structures. This model may be of use in the current study as it addresses savings among community based organizations which SILCGs are part of.

The Loanable Funds Theory, Wicksell (1851), which considers that interest rates are influenced by available capital and loan demand, was also reviewed by the researcher. The model stated that saving habits of depositors and additional funding from other financial institutions determines the savings available for lending/loaning. According to this theory, savers and borrowers should be well compensated at an agreeable interest rate (Froyen, 2014). In SILCGs member's savings are loaned out at an agreeable interest rate which accrue and are shared out to members at the end of the cycle. Amount received by members is calculated based on individuals share contribution. Given such background, this study may be based on the loanable funds theory.

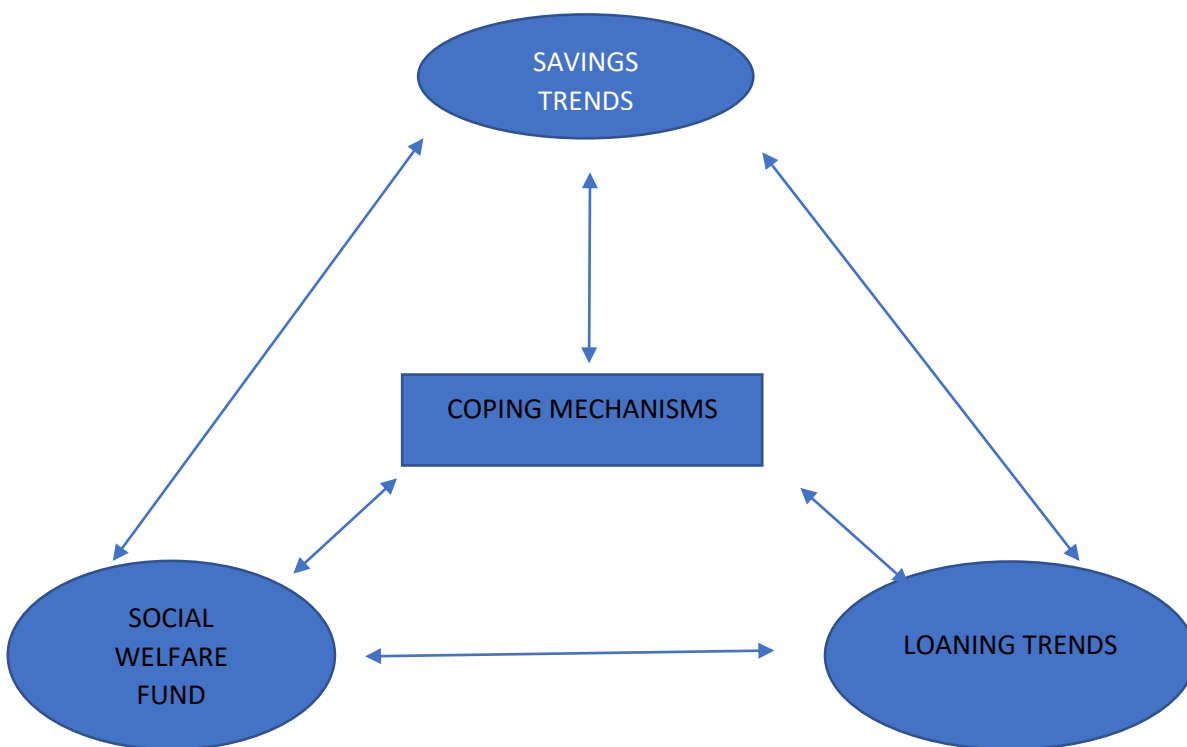
Another model considered in this study was the Credit Unions Model by Schulze Delitzsch, (1859) which is described as a unique member driven self-help financial institution organized by groups who agree to save money together and give loans to each other at reasonable rates. Just like SILGCs members of such groups have a common bond which include working and living in the same community and are governed by the members. This model fits in well into the current study

Sustainable livelihoods approach by Scoones 1998 was also considered due to its ability to deal with people's weaknesses and management of shocks which include pandemics such as COVID-19. The idea of sustainable livelihoods (SL) is applicable to women who are members of the village savings groups such as SILCGs.

### 2.3.2 Conceptual Framework

#### Conceptual Framework

This part presents overview of the interplay of the variables in the study. The study was concerned with establishing effects of COVID - 19 control measures on SILC groups and further reviewed the coping mechanisms adapted by the groups to establish what worked out for them during the COVID-19 pandemic.



**Figure 2.1: Conceptual frame work**

This section gives a summary of conceptual framework. Table 2.1 illustrates the summary

Table 2.1 Summary of Conceptual Framework

<b>Construct</b>	<b>Variable Type</b>	<b>Description</b>	<b>Measure</b>	<b>Outcome</b>
Control Measures	Independent	COVID-19 control measures enforced by Ministry of Health to control the spread of COVID-19	Qualitative	Control measures led to reduction SILCGs activities
Saving Trends	Dependent	Performance of share contributed by SILCGs Before, during and after the enforcement of COVID-19 Control measures	Quantitative	Control measures led to reduction in Saving Trends
Social Welfare Fund	Dependent	Performance of Social Welfare Kitty Fund in SILCGs Before, during and after the enforcement of COVID-19 Control measures	Quantitative	Control measures led to increase take up of Social welfare Kitty
Loaning Trends	Dependent	Performance of loans borrowed by SILCGs members Before, during and after the enforcement of COVID-19 Control measures	Quantitative	Control measures led to increase in loan uptake and poor loans payment
Coping Mechanism	Control	Measures Adopted by SILCGs to Curb the effects of COVID-19 Control measures	Qualitative	Sustained SILCGs activities during the pandemic

### 2.3.3 Operational Framework

This section gives a summary of operational framework. Table 2.2 illustrates the summary

Table 2.2 Summary of Operational Framework

Objectives	Type of variable	Indicator	Measure of Indicator	Type of analysis	Tool of analysis
To assess changes in SILCGs saving trends before, during and after COVID-19 control measures periods in the Kisumu County	Independent	Change in Saving Trends	Average Saving Amount Before, During and After Covid-19 Control measures	Quantitative	Trend Analysis
To determine changes in performance of social welfare kitty for SILCGs before, during and after COVID-19 control measures periods in the Kisumu County.	Independent	Change in Welfare Kitty Before, During and After Covid-19 Control measures	Average Welfare Kitty Before, During and After Covid-19 Control measures	Quantitative	Trend Analysis
To examine the changes in SILCGs loaning trends before, during and after COVID-19 control measures periods in the Kisumu County	Independent	Change in Loaning Trends Before, During and After Covid-19 Control measures	Average Loan Amount Average Loan Count	Quantitative	Trend Analysis
To explore on the coping mechanisms for SILCGs during enforcement of COVID-19 control measures in Kisumu County.	Independent	Coping mechanisms Adopted by SILCGs	Types of Mechanisms Adopted Effect of Adopted Mechanisms	Qualitative	KII

## CHAPTER THREE

### METHODOLOGY

This chapter gives an overview of the study area under the following themes; study design, target population, sample size, sampling technique, methods of data collection, validity and reliability of data collection tools, data analysis, interpretation and presentation, ethical consideration and study limitations.

#### 3.1 Background of the Study Area

The study area was Kisumu County which is one of the 47 Counties in Kenya lying within longitudes 33° 20'E and 35° 20'E and latitudes 0°20'south and 0°50'south. Kisumu's elevation is 1,131 m(3,711ft) above sea level and about 320 km(200miles) northwest of Nairobi . It is located at the shores of Lake Victoria and lies at the north eastern edge of Winam Gulf, a long, shallow arm that protrudes from the main body of Lake Victoria. The County is bordered by Homa Bay County to the South, Nandi County to the North East, Kericho County to the East, Vihiga County to the North West and Siaya County to the West.

The County covers a total land area of 2009.5 KM<sup>2</sup> and another 567 KM<sup>2</sup> covered by water. The density of Kisumu County is 550/km<sup>2</sup> (1,400/sq mi) and the main type of woody vegetation is savanna woodland (Acacia, Albizzia and Butyrospermum) and herbaceous vegetation. Temperature in Kisumu varies from 64°F to 88°F and is rarely below 61°F or above 93°F with an average humidity of 72% and average wind speed of 8 kph.

According to 2019 National Census Kisumu County has a population of 1,155,574. The population density is 550 persons per Km<sup>2</sup> (KNBS, 2019). Kisumu's economy revolves around agriculture and fishing and it is the retail hub for the entire Lake Victoria basin. Despite the rich resource base, social challenges such as food insecurity, growing urban poverty (60% living in slums) and high HIV/AIDs prevalence (15%) remain a concern.

In Kisumu County, HIV and AIDs alongside poor economic conditions have pushed most rural communities and growing number of households deeper into chronic poverty. To cope, the affected households with support from Catholic Relief Services organized themselves into SILCGs that have helped improve resilience to shocks by pulling financial resources and strengthening group engagements. This study targeted six out of seven sub counties in Kisumu namely, Kisumu West, Kisumu East, Kisumu Central, Nyando, Nyakach and Muhoroni with 176 SILCGs registered with the Social Development. Seme subcounty was omitted in this study since the community based savings and loaning model being implemented is not SILC.

### **3.2 Study Design**

According to Pritha Bhandari, 2023, a research design is a strategy for answering research questions using empirical data and involves making decisions regarding the research objectives and approach. It further describes whether a researcher will rely on primary or secondary methods of data collection, the criteria for selecting subjects, data collection and data analysis methods.

This particular study adapted mixed methodology which combined both quantitative and qualitative research to answer the research questions. The researcher chose this methodology due to its ability to overlap the advantages of quantitative and qualitative research alongside mitigating their weaknesses. In addition, the SILCGs keep financial records which were reliable in capturing real time data while the SILCGs leader's interviews provided in-depth information of the study area.

The study was descriptive in nature and used to accurately and systematically describe the phenomenon that surrounded the savings, loaning and social welfare fund kitty among SILCGs in Kisumu County before, during and after the COVID-19 control measures, including how the groups coped with the control measures enforced by the Government.

### **3.3 Target Population**

According to Saunders, Lewis and Thornhill (2012), target population is a group of categories of human beings, objects or animals which have one or more characteristics in common and have been selected as a form of study. The selected group is also known as the universe and is the one that the study will generalize the results of the research. As at the time of the research, there were 176 self-managed and registered SILCGs in Kisumu County. (Directorate of Social Development, 2019-2022).

These SILCGs were distributed across the six of the seven sub counties in Kisumu County. Four of the sub counties are categorized as rural areas while two are categorized as peri-urban areas. It is important to note that Some subcounty was omitted for not having groups implementing SILC model and again the groups sampled for thus study were not evenly distributed across the sub counties as illustrated in Table 3.1.

**Table 3.1: Self-Managed SILCGs distribution by classification and Sub Counties**

Sub county	Classification	Frequency	%proportion
Kisumu west	Rural	42	24
Nyakach	Rural	31	18
Nyando	Rural	13	7
Muhoroni	Rural	23	13
Kisumu East	Peri Urban	53	30
Kisumu Central	Peri Urban	14	8
<b>Total</b>		<b>176</b>	<b>100</b>

*Source: Department of Social Development, Kisumu, GZA, MMS & HIK*

### 3.4 Sample Size and the sampling techniques

#### 3.4.1 Sample Size

A sample size is a small population selected for observation. The ideal sample size should be large enough to serve as adequate representation of the population about which the researcher wishes to generalize and small enough to be selected economically in terms of subject availability, expenses in both time and money (Cooper & Shindler, 2014). The study adapted Yamane formulae to select sample size which has been proven to be ideal for community based savings groups and SACCOs. (Ogbodo et al., 2020) applied it in the study to examine financing of cooperative societies and its effects on cooperative performance in East Nigeria while (Doris, 2020) applied the formula in determining the influence of members demographic characteristics on loan default in SACCOs in Kiambu County. Lastly, (Kioko, 2022) applied the formula to establish the effects of entrepreneurial training, self-help groups financial accessibility and influence of socio-economic factors on poverty levels of women, Machakos County

The formula according to Yamane is;

$$n = N / (1 + Ne^2)$$

Where;

$n$  = sample size for the study

$N$  = Target Population = 176

$e$  = significance level = 5%

$$n = 176 / (1 + 176e^2)$$

$$= 176 / (1 + 176 * 0.0025)$$

$$= 176 / 1.44$$

$$= 176 / 1.44$$

$$= 122.22$$

$$= 122.$$

### 3.4.2 Sampling technique

Sampling technique is the procedure a researcher uses to gather people, places or things to study. It is a process of selecting a number of individuals or objects from a population such that the selected group contains elements representative of the characteristics found in the entire group (Cooper & Shindler, 2014). The study covered six out of the seven sub counties within Kisumu County (Kisumu West, Kisumu East, Kisumu Central, Nyando, Nyakach and Muhoroni) and stratified random sampling was done according to proportional weight based on number of self-managed SILCGs in the sub counties. This sampling method was ideal for this study which focused on key subpopulations among the SILCGs further allowing for detailed analysis and comparison between the groups.

Seme subcounty was omitted since the groups there were not implementing SILC model. The proportion allocation formula used was  $n_i = (N_i * n) / N$ . Table 3.2 illustrates the sample distribution.

**Table 3.2: Sample distribution**

$n_i$	Sub county	Classification	Population	Proportional allocation ( $N_i$ ) $n_i = (N_i * n) / N$	Sample Size
1	Kisumu west	Rural	42	$(42 * 122) / 176$	29
2	Nyakach	Rural	31	$(31 * 122) / 176$	21
3	Nyando	Rural	13	$(13 * 122) / 176$	9
4	Muhoroni	Rural	23	$(23 * 122) / 176$	15
5	Kisumu East	Peri Urban	53	$(53 * 122) / 176$	36
6	Kisumu Central	Peri Urban	14	$(14 * 122) / 176$	9
<b>Total</b>			<b>176</b>		<b>119</b>

*Source: Researcher 2023*

### 3.5 Methods of Data Collection

Data collection is the process of collecting and analyzing information on relevant variables in a predetermined, methodological way so that one can respond to specific research questions, test hypotheses and assess results and can be either qualitative or quantitative. Most commonly used

methods in data collection are surveys, interview, observations, focus group discussions, experiments and secondary data analysis.

Qualitative data is expressed as words such as statements, paragraphs, stories, case studies and quotations while quantitative data is expressed in numbers such as units, prices, proportions, rates of change and ratios (Hamed Taherdoost, 2021).

Qualitative data was collected using Key Informant Interview (KII) targeting 122 SILCGs leaders to establish the effects of COVID-19 control measures on performance of SILCGs. The researcher developed a KII guide with four domains that examined performance of the savings trends, social welfare kitty, loaning trends and coping mechanisms for SILCGs before, during and after the lift of COVID-19 control measures. The tool was administered to group leaders who were more knowledgeable on the community and topic of the study. This approach allowed for face to face interactions with wide range of SILCGs group leaders enabling the researcher to seek new insights, assess phenomena in different perspectives while probing further.

Quantitative data(secondary data) was collected using a data extraction tool and through review of SILCGs financial records for savings, social welfare funds and loans of the sampled groups for the period January 2019 to December 2022.

### **3.5.1 Validity and Reliability of data collection tools**

Validity and reliability refers to the quality and trustworthiness of the data (Mugenda, 2008). According to Dooley (1996) validity is the extent to which the study instruments capture what they intend to measure. Validity is necessary as it helps to determine the degree to which the results obtained from the analysis actually represent the variables under a study.

Reliability is the degree of consistency which an instrument measures the attributes that it is designed to measure after repeated trials. It indicates stability and consistency with which data collection instrument measures the concept under study and helps to assess the goodness of the measure. (Polit and Hungler, 1993).

In this study, content validity was determined by consulting the opinion of the research supervisors and experts at GLUK who had knowledge of the study area. In addition, the Ethical Review Committee at GLUK further reviewed the tools alongside the proposal to determine the extent to which they showed evidence of fairly and comprehensive coverage of the study objectives necessitating amendments in the data extracting tools to capture monthly data.

To establish the reliability of the data collection tools, the researcher pretested the data collection instruments with a small set of the respondents from the study area in order to identify possibility of problems with the data collection instruments and find possible solutions before the actual data collection. The research tools were administered to five managed SILC groups not sampled for this study within Kisumu East sub county which represents a peri urban set up.

It was observed that some questions generated similar responses from the interviewees necessitating changes. For instance, the response for groups coping mechanisms during the COVID-19 pandemic was similar to what group's indulged in to sustain the activities in the same period. In addition, similar responses were noted in questions on how the COVID-19 control measures affected the obligations of the members of the SILCGs and the SILC groups themselves while unique challenges emerging during the pandemic gave responses similar to how differently the social kitty was utilized during the pandemic.

Lastly, the data extraction tools could not generate monthly data across the boards since the practice of data collection varied across the groups some doing it weekly, others monthly and others after every three months. The researcher opted to extract the yearly data hence revising the tool.

### **3.6 Proposed method of Data Analysis, Interpretation and Presentation**

Data analysis refers to the examination, discussion, making of inferences and conclusions on the collected data Kothari (2004). After the closure of the data collection exercise, all the KII were adequately checked for data quality, edited for completeness and reliability, organized and analyzed using Nvivo while quantitative data was analyzed using Statistical Package for Social Science (SPSS). To interpret the data, the information was assembled, findings developed, conclusions and recommendations made. The results for both qualitative and quantitative analysis were presented in table forms, graphs and narratives as shown in chapter 5 of this report.

### **3.7 Ethical considerations**

The respondents were assured of confidentiality of their responses and anonymity done through coding. Names of the respondents were not captured in the data collected in order to enhance confidentiality. The purpose of the study was clearly explained using a summary sheet developed by the researcher. The respondents were given free will to answer questions that they were willing to and to stop the interview at any point that they felt uncomfortable with the questions.

This researcher sought for clearance through National Commission for Science, Technology & Innovation, (NACOSTI) License No: NACOSTI/P/23/28862, Ministry of Education, Directorate

of Social Development, Ministry of Interior and National Administration and Greatlakes University of Kisumu (GLUK) Ethical Review Committee.

### **3.8 Inclusion Criteria**

This particular study targeted 176 self-managed SILCGs, registered with the department of Social development that had been in operation from January 2019 to December 2022 and found in six of the seven sub counties in Kisumu County (Kisumu East, Kisumu Central, Kisumu West, Nyakach, Nyando and Muhoroni).The respondents were SILCGs leaders who included chairpersons, money counters, secretaries or treasurers for the groups. Financial records of savings, welfare kitty and loans for the same period were also extracted.

### **3.9 Exclusion Criteria**

Exclusions to the study included community based savings and loaning groups that were not implementing the SILC model or had mixed savings and loaning methodologies. In this case, community savings groups in Seme were excluded for not implementing the model.

## CHAPTER FOUR

### STUDY FINDINGS

#### Introduction

The researcher sought to analyze effect of COVID-19 control measures on performance of SILCGs in Kisumu County, Kenya. To achieve this, researcher answered four research questions. First, what were the saving trends in SILCGs in Kisumu County before, during and after COVID-19 control measures? Second, what were the effects of COVID-19 control measures on social welfare of SILCGs before, during and after COVID 19 pandemic in Kisumu County? Third, what were the loaning trends in SILCGs in Kisumu County before, during and after COVID-19 control measures? Fourth, how did SILCGs in Kisumu County cope with the enforcement of COVID 19 control measures? The following section presents findings of the study. The section starts with presentation on respondent's rate, then goes ahead to present demographic characteristic of respondents and closes with presentation on the findings based on specific objectives of the study.

#### 4.1 Respondents Rate

This section presents respondents rate for the study. Table 4.1 illustrates the findings.

**Table 4.1: Respondents Rate**

	Issued		Returned	
	<i>F</i>	%	<i>F</i>	%
Kisumu East	36	28.3	36	28.3
Kisumu Central	9	7.1	9	7.1
Kisumu West	29	22.8	29	22.8
Nyando	9	7.1	9	7.1
Nyakach	21	16.5	21	16.5
Muhoroni	23	11.8	23	11.8
Total	119	100	119	100

**Source: Researcher 2023**

Table 4.1 shows that out of the 119119 questionnaires issued to SILCGs, accounting for 100% were collected. This achievement is attributed to timely mobilization through engagement of private service providers and local provincial administration teams. Again the group leaders who include the chair, money counters or book keepers were either targeted for the interview and at least one of them was available to respond. Lastly since the groups deal with money, they are functional and can be reached at all times. Saunders, Lewis and Thornhill (2012) stated that a

return rate of more than 50% is acceptable in research. This return rate was appropriate to make generalization.

## 4.2 Demographic

### 4.2.1 Gender

This section presents respondents gender. The researcher perceived that there is no difference in SILCGs management by gender. Table 4.2 illustrates the findings.

**Table 4.2: Gender of Respondents**

	Gender					
	Male		Female		Total	
Sub County	<i>f</i>	%	<i>f</i>	%	<i>f</i>	%
Kisumu East	2	1.6	34	26.8	36	28.3
Kisumu Central	2	1.6	7	5.5	9	7.1
Kisumu West	0	0	29	22.8	29	22.8
Nyando	2	1.6	7	5.5	9	7.1
Nyakach	4	3.1	17	13.4	21	16.5
Muhoroni	0	0	23	18	23	18
<b>Total</b>	<b>10</b>	<b>7.9</b>	<b>117</b>	<b>92.1</b>	<b>119</b>	<b>100</b>

$\chi^2=13.434$ , *d.f.* = 6, *P-value* = 0.037 < 0.05

Table 4.2 illustrates that 117 (92.1%) of the respondents are female and only 10 (7.9%) are male. Observed chi square value at 6 degrees of freedom and confidence interval of 0.05 is 13.434 which is greater than expected value. The probability value is 0.037 which is less than 0.05. The findings surmise that there is statistical significance and majority (92.1%) of SILCGs is female led.

### 4.2.2 Age

This section presents respondents age .The researcher perceived that there is no difference in SILCGs management by age. Table 4.3 illustrates the findings.

**Table 4.3: Age of Respondents**

Age	18 to 30		31 to 40		41 to 50		more than 50		Total	
	f	%	f	%	f	%	f	%	f	%
Kisumu East	5	3.9	7	5.5	22	17.3	2	1.6	36	28.3
Kisumu Central	5	3.9	4	3.1	0	0.0	0	0.0	9	7.1
Kisumu West	13	10.2	11	8.7	4	3.1	1	0.8	29	22.8
Nyando	2	1.6	5	3.9	2	1.6	0	0.0	9	7.1
Nyakach	5	3.9	13	10.2	3	2.4	0	0.0	21	16.5
Muhoroni	5	4	9	7	6	4	3	2	23	18
<b>Total</b>	<b>35</b>	<b>27.6</b>	<b>49</b>	<b>38.6</b>	<b>37</b>	<b>29.1</b>	<b>6</b>	<b>4.7</b>	<b>119</b>	<b>100.0</b>

$$x^2 = 47.509, d.f. = 18, P\text{-value} = 0.001 < 0.05$$

Table 4.3 illustrates that 35 (27,6%) of respondents are 18 to 30 years, 38.6% are 31 to 40, 29.1% are 41 to 50 and 4.7% are more than 50 years. Observed chi square value at 18 degrees of freedom is 47.509 which is greater than expected value. The probability value is 0.000 which is less than 0.05. The findings indicate statistical significance and majority of SILCGs leaders are above 30 years old.

#### 4.2.3 Level of Education

This section presents respondents level of education. The researcher perceived that there is no difference in SILCGs management by level of education. Table 4.4 illustrates the findings.

**Table 4.4: Level of Education**

Education	Primary		Secondary		Tertiary		Total	
	f	%	F	%	f	%	F	%
Kisumu East	4	3.1	31	24.4	1	0.8	36	28.3
Kisumu Central	0	0.0	9	7.1	0	0.0	9	7.1
Kisumu West	11	8.7	13	10.2	5	3.9	29	22.8
Nyando	3	2.4	6	4.7	0	0.0	9	7.1
Nyakach	5	3.9	11	8.7	5	3.9	21	16.5
Muhoroni	7	5.5	15	11.8	1	0.8	23	18.4
<b>Total</b>	<b>30</b>	<b>23.6</b>	<b>85</b>	<b>66.9</b>	<b>12</b>	<b>9.4</b>	<b>119</b>	<b>100.0</b>

$$x^2 = 25.072, d.f. = 12, P\text{-value} = 0.014 < 0.05$$

Table 4.4 illustrates that 30(23.6%) of the respondents have attained primary education, 85(66.9%) have attained secondary education and 12(9.4%) have attained tertiary education. Observed chi square value at 12 degrees of freedom is 25.077 which is greater than expected

value. The probability value is 0.014 which is less than 0.05. The findings indicate statistical significance and majority (66.9%) of SILCGs leaders have attained high school certificate.

#### 4.2.4 Area of operation

This section presents respondent's area of operation. The researcher perceived that there is no difference in SILCGs management by area of operation. Table 4.5 below illustrates the findings.

**Table 4.5: Area of operation**

Area	Rural		Peri Urban		Total	
	<i>f</i>	%	<i>F</i>	%	<i>F</i>	%
Kisumu East	36	28.3	0	0.0	36	28.3
Kisumu Central	9	7.1	0	0.0	9	7.1
Kisumu West	0	0.0	29	22.8	29	22.8
Nyando	0	0.0	9	7.1	9	7.1
Nyakach	0	0.0	21	16.5	21	16.5
Muhoroni	0	0.0	23	18.1	23	18.1
<b>Total</b>	<b>45</b>	<b>35.4</b>	<b>82</b>	<b>64.6</b>	<b>119</b>	<b>100.0</b>

$$x^2 = 119119.0, d.f. = 6, P\text{-value} = 0.000 < 0.05$$

Table 4.5 illustrates that 45 (35.4%) of respondents operate in rural areas and 82(64.6%) operate in peri urban areas. Observed chi square value at 6 degrees of freedom is 119 which is greater than expected value. The probability value is 0.000 which is less than 0.05. The findings surmise that there is statistical significance and most (64.6%) of SILCGs operate in peri urban areas.

#### 4.2.5 Years of Service

This section presents respondent's year of service. The researcher perceived that there is no difference in SILCGs management by years of service. Table 4.6 illustrates the findings.

**Table 4.6: Years of Service**

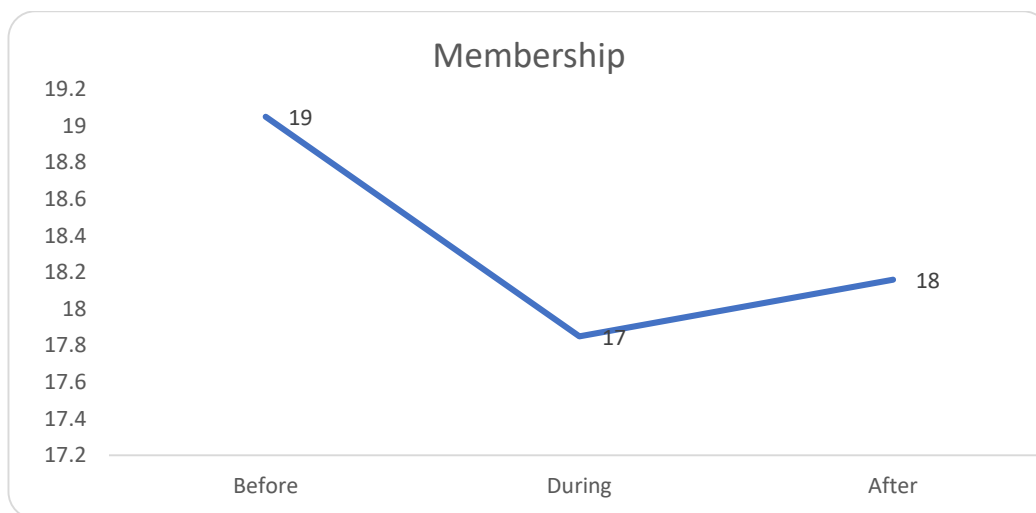
Years of Service	1 to 5		6 to 10		11 to 15		More than 15		Total	
	<i>f</i>	%	<i>f</i>	%	<i>f</i>	%	<i>f</i>	%	<i>f</i>	%
Kisumu East	14	11.0	16	12.6	3	2.4	3	2.4	36	28.3
Kisumu Central	4	3.1	5	3.9	0	0.0	0	0.0	9	7.1
Kisumu West	14	11.0	10	7.9	3	2.4	2	1.6	29	22.8
Nyando	5	3.9	2	1.6	1	0.8	1	0.8	9	7.1
Nyakach	10	7.9	5	3.9	2	1.6	4	3.1	21	16.5
Muhoroni	13	10.2	9	7.1	1	0.8	0	0.0	23	18.1
<b>Total</b>	<b>60</b>	<b>47.2</b>	<b>47</b>	<b>37.0</b>	<b>10</b>	<b>7.9</b>	<b>10</b>	<b>7.9</b>	<b>119</b>	<b>100.0</b>

$$x^2 = 11.986, d.f. = 18, P\text{-value} = 0.848 > 0.05$$

Table 4.6 illustrates that 60 (47.2%) of respondents have been in service for 1 to 5 years, 40 (37%) have been in service for 6 to 10 years, 10(7.9%) have been in service for 11 to 15 years and another 7.9% have been in service for more than 15 years. Observed chi square value at 18 degrees of freedom is 11.986 which is less than expected value. The probability value is 0.848 which is more than 0.05. The findings surmise that there is statistical significance and most (47.2%) of SILCGs leaders have served for a period of not more than five years.

#### 4.2.6 Membership

This section presents findings on trends in SILCGs membership before during and after enforcement of COVID-19 restrictive measures. Figure 4.1 represents the findings.



*P-value = 0.002 < 0.05; F = 17.395*

The average membership of SILCGs is 19 before the enforcement of COVID-19 restrictive measures, 17 during the enforcement of COVID-19 restrictive measures and 18 after the lifting of COVID-19 restrictive measures. The findings imply that there was a significant decrease in membership during the enforcement of COVID-19 restrictive measures. Due to the control measures in place, the elderly was discouraged from attending groups meetings while some members opted out for fear that their savings would get lost. Findings from the qualitative data were in agreement with this observation as reported by the respondents below.

According to MSC002, some members opted out of the groups since they could not cope as result of the consequences of the COVID-19 control measures in place. Some depend on remittances from family members in big cities who had lost employment due to the pandemic.

According to NKSC008, highly vulnerable group members such as the elderly and those abled differently were discouraged from attending meetings and some decided to quit the groups.

In KESC034 and KCSC009, some members voluntarily quit the groups for fear of mis- appropriation of the group funds. They were used to the enhanced transparency by groups meeting physically to transact. With the pandemic, this could not work since the COVID-19 protocols had to be adhered to.

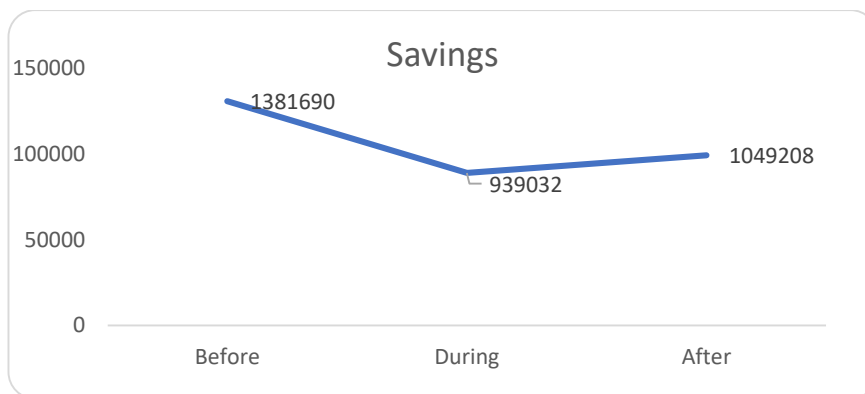
### 4.3 Savings trends before COVID-19 pandemic, during the pandemic and post the pandemic

This section presents findings on trends in SILCGs savings before during and after enforcement of COVID-19 restrictive measures.

**Table 4.7 Savings schedule before, during and after the lift of COVID-19 Protocols**

Months	Before	During	After
Jan	1,381,690.00	939,032.09	1,049,208.17
Feb	1,381,690.00	939,032.09	1,049,208.17
Mar	1,381,690.00	939,032.09	1,049,208.17
Apr	1,381,690.00	939,032.09	1,049,208.17
May	1,381,690.00	939,032.09	1,049,208.17
Jun	1,381,690.00	939,032.09	1,049,208.17
Jul	1,381,690.00	939,032.09	1,049,208.17
Aug	1,381,690.00	939,032.09	1,049,208.17
Sep	1,381,690.00	939,032.09	1,049,208.17
Oct	1,381,690.00	939,032.09	1,049,208.17
Nov	1,381,690.00	939,032.09	1,049,208.17
Dec	1,381,690.00	939,032.09	1,049,208.17
<b>Total</b>	<b>16,580,280.00</b>	<b>11,268,385.08</b>	<b>12,590,498.04</b>
<b>Average</b>	<b>1,381,690.00</b>	<b>939,032.09</b>	<b>1,049,208.17</b>

Figure 4.2 below represents the findings.



$P\text{-value} = 0.003 < 0.05; F = 20.053$

Figure 4.3 illustrates that the average savings of SILCGs in Kisumu County was kes 1,381,690 before the enforcement of COVID-19 restrictive measures, kes 939,032 during the enforcement of COVID-19 restrictive measures and kes 1,049,208 after the lifting of COVID-19 restrictive measures. The findings imply that there was a decrease in savings during the enforcement of COVID-19 restrictive measures. The (p-value = 0.003 < 0.05) implying statistical significance. The (F score = 20.053) implying that the change in savings did not occur by chance but it was as

results of enforcement of COVID-19 restrictive measures. The SILCGs group leaders reported a declining savings trends necessitated by conditions that accompanied the COVID-19 pandemic. Most of the group members could not save as they did before the pandemic due to loss of livelihoods. Even with adoption of the preventive measures from 2022, savings trends continue to pick up at a low pace. Groups reduced the amounts contributed as savings to enable them cope up with the crisis brought about by the pandemic

#### **4.3.1 Did COVID-19 control measures affect SILCGs savings**

Some of the respondents mentioned how the control measures affected the way they operated including their obligations as indicated below.

KWSC003 mentioned that the Kenyan Government enforced COVID-19 protocols in March 2020 immediately the first corona virus case was reported then followed closure of markets. ‘When our markets closed down most of the SILCGs members who trade could not effectively participate in groups because they had limited resources to save

According to NKS005 the effect was too much contributing to disintegration of some groups. ‘We were saving very well before COVID-19 pandemic. The pandemic came with loss of livelihoods and some of us stopped savings;

MUSC915 mentioned that the policy on social distancing advocated for meetings for only 15 persons while observing the social distances. Meetings involving all members could not take place and this was against the SILCGs principle that expects all transactions to be done in the presence of all members. Some members opted out of the groups.

According to KCSC006 SILCGs experienced the worst share out with very low returns. This was because there were no adequate savings to loan out at an interest.

#### **4.3.2 How the COVID-19 control measures affected SILCGs**

Respondents in Kisumu County highlighted that the COVID-19 control measures hindered physical meetings with all members and accountability by most of the groups. Below are some of the control measures that affected the SILCGs.

According to KESC0036 and KWSC029, the ban of public gatherings led to discontinued meetings among some groups. This hence reduced amount of shares within the groups and demoralized members who needed loans.

According to KESC034, meetings were not taking place regularly in compliance to the ban of public gatherings. As a result, records were not being verified by members giving loop holes for mis -management of savings.

MUSC008 & KESC0035 mentioned that the fact that all-inclusive meetings could not take place due to GOK ban, there was no trust among the members particularly on safety of their savings. Groups reported and reduced savings. NNSC009 mentioned that the dusk to dawn curfew reduced income among traders. Most group members are small traders in various market centers and sales do well in the evenings. Due to curfew the markets closed earlier during the pandemic reducing member’s income from trade. This affected savings at group level since there was very little for members to save.

According to KWSC 028 most members of the groups are traders who lost income with market closures.

According to NNSC008, members in informal employment lost income when work places closed down.

According to MUSC006 some members rely on relatives working in big city for support. These relatives also lost income due to COVID-19 control measures and could not offer support. As a result, the groups were affected due to reduced savings.

NKSC021 and MUSC005 mentioned that the group used social funds to buy members masks, soaps and sanitizers at the expense of supporting development projects for members usually being done during share out. As a result, there were no development projects undertaken during the pandemic.

MUSC015 reported that one of their member's son travelled from Nairobi during the pandemic and had to be quarantined to control COVID-19 infection. The group used the social funds to support case rather than invest in development.

#### **4.3.4 Comparing savings trends before, during and after lift of the COVID-19 control measures.**

Generally, before the pandemic, SILCGs saved consistently since there were no interruptions with the economy. During the COVID-19 control measures, savings drastically dropped and most members were now borrowing funds to contain the situation. The responses below were reported during the interviews with the SILCGs leaders.

According to NYSC001, SILCG members get money to allow them participate in the groups by trading, informal employment, remittances from relatives and well-wishers. With the Government COVID-19 guidelines the county experienced market closure, travel bans and closure of workplaces. All these affected cash circulation hindering effective participation of members in savings groups. Some members had to drop out of the groups and savings dropped.

According to KESC021, with the ban on public gatherings, SILCGs were not meeting as expected. The physical meetings had the advantage of applying peer pressure to ensure that members adhered to the group by laws.

NNSC09 stated that some members took advantage of the lack of meetings and defaulted payments of savings.

#### **4.3.5 How savings were sustained during the COVID-19 pandemic**

Despite the challenges brought about by COVID-19 control measures, groups in Kisumu County innovated strategies that somehow sustained their obligations as reported below

According to KESC004, strategies that worked out included continued meetings with less members rotatively as they observed the control measures in place.

KCSC009 stated that a number of the groups changed meeting venues from public offices to spacious members' homes. They also met early in the morning unlike before when they met in the late evenings. These changes ensured that they avoided conflict with the curfew policy.

According to NSC002, elderly members above 60 years old and those abled differently were exempted from attending the meetings but continued saving as they got updated regularly by their peers.

KESC001 said that their group reviewed the loaning policy by reducing amount of loans given out due to risks associated with defaulting. In one of the groups they gave 80% loans on shares and retained 20%. Others gave 50% of shares while others shared equally among the several applicants. It's important to note that prior to COVID-19 the groups had a practice of giving two times of member's shares as loans.

According to MUSC004, group members were encouraged to contribute the minimum shares just to ensure that savings kept coming however little it was.

KESC0013 opted for virtual engagements though the group discovered that physical records had been tampered with. They had also identified a central MPESA phone number where they all channeled their contributions to. Unfortunately, a member ran away with some substantial amount of money and has never been traced despite involving the chief, Kenya Police Services and the Department for Social Development.

KESC007 registered an MPESA line in possession of the treasurer stored in box and there was a different person who had the Pin number. Members sent money including transaction fees.

According to KESC009, the MPESA approach did not work out since the member whose details were used to register the line changed PIN number through the service provider and accessed the group's money

KWSC003 gathered in small numbers in open air while observing social distancing, wearing masks and washing or sanitizing their hands during the meetings, members came with farm produce such as vegetables, eggs, fruits, and chicken and sold to each other. This ensured that they were food secured and raised extra money for household use and group savings.

According to KWSC011, members reached out individually to the treasure to make payments and make advance loan requests through the treasure to enable the groups to plan well. By doing this, they complied with the policy on ban of social gatherings to contain the spread of corona virus

NYSC005 developed what's APP wall and those in the wall saw how things were moving while those without smart phones were communicated to by the secretary. Minimum savings by members was encouraged across board.

To respond gaps arising from the COVID-19 protocols MUSC002 resorted into holding safeguarded quick and private meetings majorly at night when law enforcement officers were not in the villages. Others with tendency of wearing similar branded uniforms stopped to avoid easy identification while attending meetings. They however ensured hand-washing practices, social distancing and wearing of masks.

According to MUSC010, the group resorted into village meetings rotating from one house to the other as they observe the preventive measures. They reduced the number of members attending meetings but ensured that all members were at least attending the irregular meetings. They developed meeting schedules to guide this though all the leaders had to be present in all meetings. Groups that had tendency of meeting in the late evenings changed to morning meetings just to ensure that curfew time did not catch up with them.

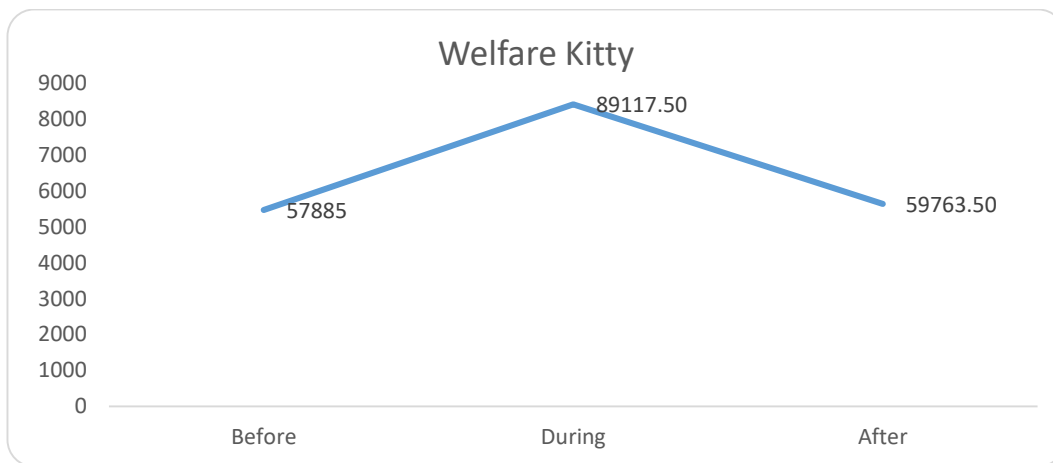
#### 4.4 Effects of COVID-19 control measures on the social welfare kitties of SILCGs

This section presents findings on trends of the social welfare kitty uptake for SILCGs before, during and after lift of COVID-19 control measures.

**Table 4.8 Social funds uptake before, during and after the lift of COVID-19 Protocols**

Months	Before	During	After
Jan	3,500.00	3,851.00	985.00
Feb	1,000.00	1,998.00	1,525.00
Mar	1,500.00	1,652.00	5,530.00
Apr	52,096.50	5,300.00	46,971.70
May	1,000.00	481,234.50	22,340.00
Jun	10,000.00	2,750.00	3,470.00
Jul	2,500.00	1,300.00	7,700.00
Aug	12,096.50	105,600.00	41,000.00
Sep	1,000.00	134,000.00	4,300.00
Oct	16,000.00	29,249.00	11,390.00
Nov	3,500.00	14,300.00	5,795.00
Dec	590,427.00	288,175.50	566,155.30
<b>Total</b>	<b>694,620.00</b>	<b>1,069,410.00</b>	<b>717,162.00</b>
<b>Average</b>	<b>57,885.00</b>	<b>89,117.50</b>	<b>59,763.50</b>

The average uptake welfare kitty of SILCGs in Kisumu County was kes 57,885 before the enforcement of COVID-19 restrictive measures, kes 89,117.50 during the enforcement of COVID-19 restrictive measures and kes 59,763.50 after the lifting of COVID-19 restrictive measures. Figure 4.3 represents the findings on social funds uptake before, during and after lift of protocols



$P\text{-value} = 0.014 < 0.05; F = 4.800$

The findings imply that there was an increase in uptake welfare kitty during the enforcement of COVID-19 restrictive measures. The (p-value = 0.014 < 0.05) implying statistical significance. The (F score = 4.800) implying that the change in welfare kitty did not occur by chance but it was as results of enforcement of COVID-19 restrictive measures.

#### 4.4.1 Management & use of social welfare funds kitty

SILCGs reported the sustained efforts to ensure that the social welfare kitty was sustained and used in supporting emergency needs of the members. Some of the captions from the group leaders are below

KESC030 mentioned that they had a social funds policy that informed the management of the funds collected from the members weekly alongside savings and leanings

KESC013 mentioned that the funds are used to support members who have emergencies. Only a portion is given to a member at a time while the rest is retained in the cash box for security purposes, just in case other emergencies occur.

According to KWSC016, the funds are mostly used to help members respond to emergencies such as hospitalization cases at no interest rate. Where there are no emergencies at the close of the year, groups opt to do household shopping for their members, investments while the balance is shared equally among the members.

NNSC003 reported that the social funds were mainly being used to support funeral costs, health care and educational needs before the pandemic. During the pandemic, social funds mostly supported food needs.

KWSC012 had a separate welfare kitty different from the social fund kitty where they encourage members to save as much as they can. This money is theirs and given to them in case of any emergencies. The same group had a social fund and banked the money in the account on a monthly basis.

According to KESC021, KESC019, KESC005, KESC031, KWSC07, social funds are loaned out to members who require loans but are still servicing their normal loans. As a practice the groups give one loan at a time and in case one has an emergency, before completing their main loans, they are supported through the social welfare funds.

MUSC005 mentioned that the social funds in their group is not loaned at an interest but timelines of not more than one week is given for one to refund the money.

NYSC003, NNSC001, NKSC004 loaned social funds and had to be refunded with a flat rate and a deadline of one week. In the event that one fails to pay back the loaned social fund as agreed, the interest is rolled up

According to MUSC004 the interest from social funds loaned is shared at the end of the financial year based on a member's savings. In the event that an emergency occurs and the money is missing, members agree on how much to contribute in support of the concerned member. Income of the groups, social funds loaned to member's yielded interest that enabled them invest in events planning.

KESC018, WSC005, MSC006 and MUSC001 confirmed that they had bank accounts where the cash is kept once every end month so as to ensure that they have funds when an emergency comes.

KESC001, KCSC012, KWSC011, MUCO003 and NKC0006 kept the cash inside the cash box in a separate bag to ensure its easily accessed during emergencies.

KWSC009 reported that they have a separate welfare kitty where they pay monthly. When one decides to exit the group without a proper reason, only a portion is refunded.

#### **4.4.2 Unique welfare needs during COVID-19 Pandemic**

SILCGs reported that there was increased uptake of welfare kitty during the enforcement of COVID-19 control measures. After the lifting of the COVID-19 control measures, respondent had hoped that the loaning trends for social funds would drop immediately but this was not the case since the cost of living went up associated with economic crisis after the Kenyan elections. Due the pandemic, there were unique needs that necessitated the use of social funds for response as reported below.

KWSC006 reported that they had to support vulnerable adolescent girls with sanitary towels using funds from the kitty. This was to strengthen advocacy against teenage pregnancies brought about by the lock down policy.

KWSC013, NNSC004 and MUSC006 reported that they used the group's social funds to buy face masks, hand-washing kitty, soap and sanitizers for their members attending meetings to protect them against COVID-19 infection.

KESC008 used the funds to support communication needs of the trainers and groups leaders who embarked on virtual support and home visits for the highly vulnerable population.

According to NK008, one of their group member who is a widow was down with chronic illness and they decided to pay school fees for her child who had been chased from school after the lift of the COVID-19 control measures. The same group also bought masks for members using the kitty to protect them against COVID-19 infection.

NK009 integrated COVID-19 messaging in the SILC groups and beyond though this did not attract use of the social funds but was a social responsibility initiative.

MUSC003 reported having supported a member foot quarantine costs for his son who had travelled from Nairobi despite the travel bans.

KWSC002, KESC017, NKC006, MUSC03, KCSC009 reported that there were high numbers of members requesting for loans from the social fund kitty compared to the period before the pandemic. This was attributed to reduction of loss of livelihood due the corona virus pandemic.

NNSC 005 reported that due to the COVID-19 protocols in place, members lost income and a number of families lacked food to eat. Money borrowed from social fund was mostly used to buy food unlike before COVID- 19 where focus was on school fees, funeral and supporting income generating activities.

According to MUSC002, social welfare funds were loaned out like never before and even the policy was re-negotiated to help members cope with the pandemic.

According to KESC016, NNSC05, KCSC005 and MUSC003, during the COVID-19 pandemic most members borrowed money from the welfare kitty to buy food like never before since they had low income necessitated by the control measures enforced by the government. Before the pandemic, most loans from the social funds supported funeral and medical needs.

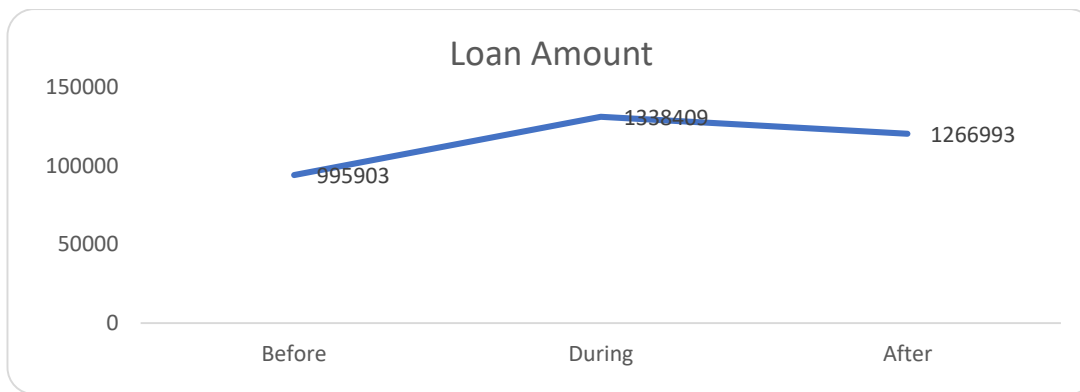
#### **4.5 To examine the effects of COVID-19 control measures on loaning trends of SILCGs before, during and after lift of the control measures.**

In this section the researcher presents findings on loaning trends. The researcher sought to establish loan amount and loan count before, during and after the lifting of COVID-19 control measures.

**Table 4.9 Loan schedule before, during and after the lift of COVID-19 Protocols**

<b>Months</b>	<b>Before</b>	<b>During</b>	<b>After</b>
Jan	6,170,503.40	6,988,409.42	7,303,659.00
Feb	243,000.00	134,000.00	257,300.00
Mar	65,300.00	92,400.00	234,560.00
Apr	2,956,067.12	2,220,304.33	3,500,254.00
May	43,990.00	4,995,684.75	349,000.00
Jun	57,260.00	230,000.00	102,000.00
Jul	104,000.00	86,700.00	176,500.00
Aug	1,318,689.04	44,200.00	2,364,400.00
Sep	134,000.00	1,322,514.50	186,400.00
Oct	155,000.00	122,100.00	161,340.00
Nov	197,450.00	180,900.00	132,900.00
Dec	505,579.44	243,700.00	435,600.00
<b>Total</b>	<b>11,950,839.00</b>	<b>16,660,913.00</b>	<b>15,203,913.00</b>
<b>Average</b>	<b>995,903.25</b>	<b>1,388,409.42</b>	<b>1,266,992.75</b>

The average loan amount of SILCGs in Kisumu County was Kes 995,903 before the enforcement of COVID-19 restrictive measures, Kes 1,338,409 during the enforcement of COVID-19 restrictive measures and Kes 1266993 after the lifting of COVID-19 restrictive measures. Figure 4.4 below illustrates the findings.



$P\text{-value} = 0.032 < 0.05; F = 12.250$

The findings imply that there was an increase in loan amount during the enforcement of COVID-19 restrictive measures. The ( $p\text{-value} = 0.032 < 0.05$ ) implying statistical significance. The ( $F$  score = 12.250) implying that the change in loan amount did not occur by chance but it was as results of enforcement of COVID-19 restrictive measures.

According to MUSC007, since most of the members were financially strained, the groups decided to review the loaning policy to suit the situation then. All interest on loans were stopped to enable members cope with stress caused by the pandemic.

NKSC001 encouraged members to pay back loans and avoid paying shares or pay minimum shares as it worked out for them. MSC004 mentioned that they stopped giving out loans immediately the COVID-19 protocols were launched in Kenya.

KESC019, reported that they gave a loan equivalent to one's share, KCSC09 gave loans equivalents to two times of a members share while KWSC026 gave three times of a members share.

NNSC01 confirmed that before COVID-19 pandemic group members took huge amounts of loans since the shares contributed then were high.

According to NKSC021, during the COVID-19 pandemic, savings reduced drastically and there was no enough funds to give out as loans.

KWSC012 mentioned that there were several conflicts since loan demand was high than what was available.

According to MUSC001, due to increased demand for loans, the lending was regulated to ensure that all members in need were supported. In some incidences, very pressing cases were prioritized upon consultation with members while some loan requests were postponed to the next meeting. Most groups amended their loaning policy to suit the situation then and most groups gave equal amounts among those expressing interest.

NNSC09 said that most SILC group members lost livelihoods opportunities during the pandemic as a result of the control measures enforced hence they could not pay up shares as they did before the pandemic. Maximum loans taken were low due to low income.

According to KESC009, during the lift of the COVID-19 control measures most people were picking up from loses incurred during the pandemic hence they refrained from taking a lot of loans. It's important to note that at the time of the research the cost of living in Kisumu was high and most people feared taking loans due to difficult economic times.

KESC011 said that in their group they forced members to take loan or any un-loaned moneys gained interest shared among all members without loans

According to KWSC026 there were good shares being saved hence a lot of money was available for loaning. Members were allowed to take up-to three times of their shares.

According to MUSC004, loan uptake was low during the pandemic since the group focused mostly on loan repayments.

According to NKSC018, the amount given out for loan was standardized for all members and again one had to pay back the loan within three months. With the lift of the COVID-19 protocols the loan uptake trends are slowly dropping not as expected due to the current economic crisis in Kenya.

According to NKSC015, the loaning trends changed based on unstable access to sustainable income among the members necessitated by the corona virus. Again the weekly meetings encouraged member to meet and save as they take loans but with COVID-19, this did not happen regularly.

According to NKSC07, the group offset the pending loans with member's shares and social funds where a member fails to service loan before close of year.

According to MUSC006, before COVID-19 pandemic, there was a lot of money for groups to lend out. In some extent we had funds remaining in the cash box which is not encouraged for security reasons. This situation was different during the pandemic since shares being saved by members reduced drastically.

'Some of our elderly members depend on support from their children living in the big cities'. Due to COVID-19, support to such members reduced since those who supported them lost livelihoods' said KESC019. Loan payments did poorly. With the lift of COVID-19 control measures, schools re opened and members were rushing to take up loans to enable them pay fees. Most groups reduced the amount of loans lent out to accommodate all members requiring support. Loan uptake is on the increase now that the economy is generally bad. The loaning trends experienced are as a result of premature share out when loans had not been cleared, closure of businesses leading to reduced income to engage with in SILCGs and little funds available for loaning

MUSC06 said that before the pandemic, she was able to get a loan of Kes 100,000 which she used in putting up rental houses in her closest shopping Centre. During the COVID-19 pandemic, loan uptake was low since members feared taking loans that they would not service as a result of income loss associated with corona virus pandemic. For instance, there were no casual jobs during the pandemic and markets had closed down and curfew enforced hence small traders who participate in SILC activities had no adequate income to enable them save and take loans.

According to MUSC08, loan demand could not be matched with the little savings experienced during the pandemic. The group had hoped that the loaning trends would improve with the lift of COVID-19 control measures in 2022 but this was not the case.

#### **4.6 Coping mechanisms for SILCGs during the COVID-19 control measures**

In this section the researcher sought to determine how SILCGs coped with the COVID-19 control measures. The section talks about the challenges faced by the group leaders and the groups including the strategies that worked to mitigate the gaps, the control measures put in place to contain the spread of COVID-19 largely posed a challenge to the group leadership. This was mostly so because the SILCGs operational guidelines could not completely work during the pandemic. Group leaders had to be innovative and ensure that the groups remained functional. Some of the challenges reported per domain are as follows;

MUSC006 reported that due to poor savings, loan demands could not be met causing wrangles in the groups. The loaning policy was revised to accommodate the effects of the control measures on loaning kitty.

According to NKSC016, most members failed to pay fines while others bargained for a waiver reducing incomes for the groups

According to KWSC027 there was low meeting attendants leading to poor savings and poor returns on shares at the close of the year.

According to MUSC011, control measures to a large extent affected the manner in which SILCGs operate. For instance, some groups disintegrated and shared out at the onset of the pandemic without waiting for the maturity period. I could not stay in a group where I no longer had the opportunity to monitor transactions physically, says KESC009.

According to NNSC007, the area was hard hit by floods destroying all farms. This alongside COVID-19 further affected participation in SILCGs. The group used welfare kitty to help the members respond to the emergencies by buying food like never before and renovating houses that had been destroyed.

MUSC005 said that the social funds were used to buy masks, soap and sanitizers unlike before where the funds helped in establishment of group Income Generating Activities

Due to high loan demand, social welfare funds were loaned out to an extent that when emergency occurred, we had to dig down into our pockets and contribute, says NNSC004.

MUSC015 said, 'I took loan to expand my business which I didn't undertake due to the restrictives such as travel bans and business closures'. I therefore could not service the loan as expected and re-negotiated the payment duration.

NNSC007 reported that there were high numbers of loan defaulters and hence the reduction on interests

NKSC017 reported reduction in interest earned due to stoppage of loan interests and reduced loaning. This was a major challenge since members were used to earning good dividends before the pandemic.

According to MUSC003, everyone wanted a loan to help them manage the situation then. The funds for loaning had drastically reduced and what was available could not match the demand.

According to KESC0033, group leaders faced challenges such as group dynamics and conflicts due to mistrust and stress. Organizing groups meeting with leaders alone led to mistrust among the other group members.

KWSC015 mentioned that most members missed the physical meetings held while observing the COVID-19 protocols.

#### **4.6.1 SILCGs sustainability during the pandemic**

With the COVID 19 control measures in place, SILCGs innovated strategies that ensured the groups remained functional amidst the pandemic. The strategies included partnerships and collaborations, review of meeting times and procedures, virtual engagements and MPESA platforms for making payments, accessing loans and welfare kitty. Below are the reported strategies adapted by the group leaders to sustain the operations of SILCGs during the pandemic

KESC0031 mentioned that they approached Shinning Hope for Communities (SHOFCO) who came on board and supported groups with business grants, hygiene equipment's and supplies while Green World educated groups on network marketing and health which included detoxification of bodies, disease

prevention and importance of their healthy products. Those in groups were therefore able to invest in their businesses while others started selling green world healthy products and raised money for group us.

NKSC002 mentioned that they met early in the morning unlike before when they met in the late evenings to avoid conflict with the curfew policy. They wore masks and sanitized before and after the meetings. This ensured that group savings took place.

KESC016 identified a central number where they all channeled their contributions to. This worked so well until the member at one point disappeared with money that belonged to the group and has never been traced despite involving the chief, Kenya Police Services and the Department for Social Development.

KCSC017 registered an MPESA line in possession of the treasurer stored in box and there was a different person who had the Pin number. Members sent money including transaction fees into the line. According to KESC014 the MPESA line approach did not work out since the member whose details were used to register the line changed PIN number through the service provider and accessed the group's money

KESC008 opted for virtual engagements but this led to financial records being tampered with since monitoring by members was weak. KESC007 found it difficult to remain in a group where she did not physically see the transactions and opted out.

According to KESC0023 strategies that worked out included continued meetings with less members as they observed the control measures in place. All members had to attend the meetings in a rotating manner but all officials had to be present in all meetings.

KESC005 developed what's APP wall and those in the wall saw how things were moving while those without smart phones were communicated to by the secretary. This encouraged the members to continue being active.

KCSC008 stopped giving out loans NKSC006 held very short meetings while observing the COVID-19 protocol.

According to KESC004, due to curfew, most groups changed meetings times from late evening to early morning. Again the duration that the meetings took place were shortened and venues moved to homesteads within the village.

NKSC006 mentioned that the groups were heavily involved in dissemination of information on preventive measures and corona virus management in the community. This is a group constituted of community health volunteers.

According to NKSC0011, the group changed meeting venues from public offices to spacious members' homes that could enable social distancing as we checked on each other. According to KESC0032, this was also a way of catching up with such members to ensure that they were psychologically stable.

According to MUSC002, even with the pandemic related challenges, one thing we agreed on is to continue contributing towards the social welfare funds kitty. We needed the kitty during the pandemic like never before.

According to MUSC008, the groups were made to sustain the social fund kitty since it provided support for emergencies and preventive materials such as masks and sanitizers to members during the meetings.

According to KWSC011, during the meetings, members came with farm produce such as vegetables, eggs, fruits, and chicken and sold to each other. This ensured that they were food secured and raised extra money for household use.

KESC034 mentioned that the local chiefs and Kenya Police Service were engaged to track loan defaulters. This led to reduction in defaulter's rate.

KESC030 reported that the group deposited their money in various accounts and only withdrew it when the COVID-19 control measures were lifted. The group shared out prematurely.

NKSC019 mentioned that she ensured that members who did not pay back loans did so during the share out where by the groups offset the loans using their savings and social funds.

MUSC015 sustained the group through stoppage of loaning and loan interest and extending the clearance period before share out by from 3 months to 5 months to allow members clear loans.

According to MSC007, all members required loans during the pandemic and the loaning policy had to be reviewed to suit the situation. At times we gave 50% of shares saved while and at times we shared equally among the several applicants.

According to NNSC009, members were encouraged to pay back loans and avoid paying shares or pay minimum shares as it worked out for them.

According to MUSC005, all interest on loans were stopped to enable members cope with stress caused by the pandemic.

According to KESC033 group activities were sustained through stoppage of loan interests, refocusing members on loan payments, coming up with an MPESA line and continued meetings with few members as protocols were being observed.

KWSC013 mentioned that members reached out individually to the treasurer to make payments and present advance loan requests. This enabled the groups to plan well on loan issuance.

KESC005 said that the groups stopped meeting with all members. Only the group official met and members individually reached out to them to make payments.

KESC029 said that she supported the group to review the loaning policy by reducing amount of loans given out due to risks associated with defaulting.

According to MUSC005, loan interest was stopped in some groups to enable members recover from the economic difficulties brought by the pandemic.

KESC0032 mentioned that physical follow up of the members that were missing meetings, defaulting loans payments was undertaken.

KWSC001 mentioned that what's APP platform was formed and leader's specific meeting held to discuss progress of the group.

According to NKSC001 the group held meetings with reduced number of participants as they observed the control measures in place. The group developed meetings schedules that ensured participation of all members rotationally.

According to MUSC002, elderly members above 60 years old and those abled differently were exempted from attending meetings and updated regularly by their peers.

#### **4.6.2 Coping mechanisms to mitigate the challenges**

The SILCGs came up with workable strategies to mitigate the challenges that they faced with the enforcement of the COVID-19 control measures as reported below.

According to KWSC023, most physical meetings involved leaders only and group's members lost trust since they were not being involved in an activity they invested in. As a result, group members had to reach out to members one on one updating them on the current records.

NNSC007 mentioned that they had to form what's APP platform which worked well for the few with iPhone.

NKSC021 mentioned that SILC methodological challenges such money has to be in the box and the box must be opened by 3 different key holders and all members must be present during transactions were experienced. The group had to bend the law by identifying a central number (MPESA) for members to send cash.

According to NKSC017, the group had to open a bank account with online facilities. This approach attracted transactional charges adding more costs to SILCGs.

KWSC023 reported low meeting attendance and resorted into virtual meetings, physical meetings while observing MOH regulations and follow up for inactive members.

NKSC01 mentioned that they were allowed to withdraw some portion of their savings before share out

KESC034 mentioned that they had issues with team dynamics resulting into conflicts due to mistrust and stress caused by pandemic. The group leadership resorted into offering virtual psychosocial support to affected members.

According to NKSC005, there was double tragedy during the pandemic. Most of the group members living along river bends had their homesteads demolished by the floods. The group used welfare funds to support their food needs and resettling them.

Due to reduced share payments, MSC003 linked vulnerable groups members to the GOK weekly cash transfer aimed at cushioning COVID-19 consequences. We also had members benefiting from NGAAF grants and County Government revolving fund for 9 months.

KESC009 mentioned that, SHOFSCO came in handy to support members through food aid and business grants.

According to MUSC010, group leaders engaged the conflicting members to iron out the challenges or concerns being raised. Mostly membered differed on loan access and it was agreed that loans are given in equal amounts to members requesting without considering the amounts of shares.

MUSC001 mentioned that in some instances social funds were loaned out to contain the high numbers requesting for loans.

According to KESC032, members who defaulted loan payments and relocated from the community were reported to the local chiefs, Kenya Police Service and the Department Social Development though no money had been recovered by the time of the interview

According to KCSC009, loan defaulters were followed up through phone calls and even physically for those not being reached on phone.

MUSC0014 stopped interest rates and shared out before maturity and held small and short meetings while adhering to the control measures.

With poor loan repayments, KWSC015 resorted into encouraging members to reduce share contributions and focus on loan repayments, while KESC013 reduced interest from 10% to 5% to enable those with loans to pay with ease.

#### **4.6.3 Coping mechanism that worked well**

In as much as the SILCGs adapted with the COVID-19 control measures, some of the strategies worked better than others. This was reported by respondents below.

According to KCSC04, virtual engagement sessions with members disagreeing especially on loan requests worked well for those with iPhone. Those without smart phones were disadvantaged by access to timely communication. According to KESC008, the rest without iPhone, we paired them up with peers who updated them on group issues.

According to KESC007 negotiating payments plans with loan defaulters in the presence of local administration worked well unlike involving the legal enforcement team such as the Kenya Police to follow up.

According to KWSC011 financial literacy promoted members understanding of the amounts shared, encouraged dialogue with members and rebuilt trust among the group members.

In KWSC03, loan interest stoppage lessened the burden of members being in SILC though returns were low during the share out.

According to KWSC002, minimum shares that was promoted helped since members focused on loan payment trends

According to KWSC06 equal loaning and reduced amounts of loaning reduced conflicts associated with scarce resources.

According to KWSC013, physical meetings while observing MOH regulations and follow up for inactive members/ HH's visits provided opportunity for psychosocial support and engagement with most members.

According to KWSC016, loaning out social funds bridged the loaning gap where resources for loaning were scarce.

'The fact that we insisted that social funds must be paid during the pandemic enabled us respond to emergency needs that arose', says MUSC004

According to KESC08, MPESA platform worked well though at some point the member manning the platform changed the PIN and disappeared with Kes 46,000 that belonged to the group. In future PIN change should be in such a way that service providers notify group leadership.

According to NNSC006, when members were encouraged to save minimum shares, savings were sustained

We involved other stakeholders such as the government who provided social safety nets during the pandemic. This ensured continuity of saving, says MUSC003. According to KESC019, support from SHOFCO enabled small traders continues with their businesses as they saved in the group.

## CHAPTER 5

### STUDY DISCUSSIONS

#### **Introduction**

This particular chapter discusses the study findings. It looks into the demographic factors in relations to other studies or scholars making comparisons with the current study. The discussions are presented based on the four study objectives which are; To assess changes in SILCGs saving trends before, during and after COVID-19 control measures periods ;To determine changes in performance of social welfare kitty for SILCGs before, during and after COVID-19 control measures periods; To examine the changes in SILCGs loaning trends before, during and after COVID-19 control measures periods and to explore on the coping mechanisms for SILCGs during enforcement of COVID-19 control measures in Kisumu County. The findings have been justified and compared to those of similar studies and the researches opinion to draw conclusions.

#### **5.1 Saving trends**

The study findings demonstrate significant effects of COVID-19 control measures on savings trends before, during and post COVID-19. The average savings of SILCGs which was Kes 1,381,690 before the enforcement of COVID-19 restrictive measures dropped by 32% to Kes 939,032 during the enforcement period and picked up by 12% to Kes 1,049,208 after the lifting of COVID-19 restrictive measures. The varying trends were due to challenges that accompanied the COVID-19 control protocols.

These study findings are in agreement with (Allen et al.,2022) and (Purvis, 2021) that show a negative outcome for member's savings during COVID-19 pandemic with 70% decrease in amounts shared out in the year 2020 compared to 2019. The similarity between the studies is motivated by the fact that COVID-19 control measures such as travel bans and the lock down policies led to reduced income of most people and thereafter negatively affecting savings.

On the other hand, the same (Allen et al.,2022) and (Martina Crailsheim & Richard Reynolds, 2020) indicate contrary results. For instance, 3% of SILCGS reported increased regular savings in Africa while in Uganda, the average shares out for VSLA funds increased even at the start of COVID-19, although without specific figures being cited. In addition, 1% of the saving group's members under vision fund program in refugee host communities were able to save the same amount as before the pandemic compared to 31% of refugee members of the savings groups under the same program (Martina Crailsheim & Richard Reynolds, 2020). The studies giving contrary results were mainly being supported by development partners unlike the SILCGs in Kisumu County, hence the variation

The study findings have two implications. On one hand, the study is in agreement that the pandemic affected the performance of the SILCGs while on the other hand the study also clarifies that the groups benefiting from external support are cushioned from the pandemic effects. The opinion of the researcher is that SILCGs operating in similar context such as those in Kisumu require support from the governments and other stakeholders to mitigate effects of pandemics. Furthermore the support should not be generalized to all groups but should target communities that are not under the support of international systems such as refugees.

## **5.2 Social welfare kitty uptake trends**

The average uptake welfare kitty of SILCGs was kes 57,885 before the enforcement of COVID-19 restrictive measures, increased by 35% to Kes 89,117.50 during the enforcement of the protocols and dropped by 33% to Kes 59,763.50 after the lifting of COVID-19 restrictive measures. The study findings indicate a strong relationship between COVID-19 pandemic and socio economic conditions.

The study findings agree with that of (Adegbite et al., 2022) where established, savings, credit, and welfare support from group members in Sub-Saharan Africa helped women's groups enhance resilience during the COVID-19 pandemic. In addition Xinfeng & Chunyu, 2023) and (Walcott et al., 2023) noted that savings groups and regular savings helped mitigate the pandemic's negative effects.

In contrary,(Anderson et al., 2022) found that some West African groups couldn't fully offset the economic consequences due to reduced savings and limited credit access. Again (Adegbite et al., 2022) states that in as much as the savings groups showed potential to resilience during the pandemic, they often faced financial challenges during the pandemic due to decreased savings and depleted group assets.

Studies across different regions revealed varied uses of social welfare funds: In Berlin, groups used funds for protective equipment while in Mozambique; funds were used for soap and hygiene items (Adegbite et al., 2022). In Uganda, the government implemented social protection measures (Mossa-Basha et al., 2020) while in Kenya's Nyakach Sub-county, Kisumu County, community-based organizations supported local pandemic responses (Onyango & Kipchumba, 2024)

As much as the reviewed studies lacked empirical data on how social welfare kitty trends behaved before and during the pandemic, they are in agreement that savings groups enhanced

access to social welfare funds enabling members to respond to emergencies. Qualitative information showed that groups with members benefiting from Government safety net programs faced limited challenges in sustaining their welfare kitty.

The study has two implications. On one side, it shows that the uptake of the social welfare kitty was high during the pandemic compared to the period before the pandemic. The high uptake was necessitated by the high demand of food supplies by households and communication by SILCGs member who attended virtual meetings during the pandemic as revealed by. On the other hand, some groups could not raise adequate funds to support welfare needs of the members since they suffered lost or reduced income to enable them participate in the SILCGs. Linkages to safety net programs increased resilience among members in some groups.

During the pandemic, most group members in Kisumu County did not benefit from social safety nets programs by the government and non- governmental organizations such as SHOFKO. The opinion of the researcher is that SILCG members operating in the context similar to Kisumu require linkages to safety net programs that can caution them just in case pandemics occur. Policy makers should consider formulating laws that will strengthen social safety nets.

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### **5.3 Loaning trends**

The study findings show that the average loan amount of SILCGs was Kes 995,903 before the enforcement of COVID-19 restrictive measures, increased by 34 % to Kes 1,338,409 during the pandemic and dropped by 5.3 % to Kes 1,266,993 after the lifting of COVID-19 protocols, implying an increase in loan uptake during the COVID-19 pandemic compared to the period before the pandemic.

The findings are in agreement with (Allen et al.,2022) which shows that savings decreased during the pandemic as most groups gave loans to members. Seventy-Four (74%) of the groups that continued to meet gave loans while 26% had ceased giving loans. (Adegbite et al., 2022) also demonstrated how majority of the savings groups in Nigeria and Uganda reported increased loan disbursement due to need of cash during the crisis depleting funds for most of the groups.

The study has similar findings with the reviewed studies because the pandemic caused global economic crisis due to the control measures enforced. These further affected income levels of most people in informal and formal sectors leading to increased loan uptake by members to enable them respond to the crisis

In contrary, access to loans was lower, 46% in Nigeria and 50% in Malawi(Adegbite et al., 2022) Tanzania, members of SILCGs were unable to borrow since savings funds were low due to crisis

brought by the pandemic. Some formal financial institutions had also stopped lending due to COVID-19 related barriers (Allen et al.,2022) while (Anderson et al., 2022)points out that groups had limited access to credit. This finding differs from the one of Kisumu County groups which reviewed the loaning guidelines and continued loaning members despite the situation.

As a way forward, groups should review loaning policies to ensure that they are flexible to changes necessitated by un- predetermined factors. Furthermore, the role of local administration and law enforcement should not be overlooked when framing policies to guide loan defaulters in SILCGs.

#### **5.4 Coping mechanism**

This study finding revealed that SILCGs invented various strategies to cope with the COVID-19 control measures in place. These findings agree with (Adegbite et al., 2022) that showed how savings groups adapted various ways to ensure their activities were sustained during the corona virus pandemic. The finding is also in consistent with (Allen et al.,2022) who points out that in Latin America only 25% of groups continued to meet while in Africa 81% of groups modified meeting procedures to comply with COVID-19 regulations. (Moyo & Zimusi, 2023) revealed that savings groups in Zimbabwe rescheduled loans, adopted mobile money transfers and use of whatsAPP platforms.

In contrary, five percent (5%) of groups in Latin America had ceased meeting and shared out while in Africa, 6% shared out and stopped meeting (Allen et al.,2022) . In Ghana, 13% of groups allowed members to withdraw some of their savings without share out which is not acceptable in SILCGs. This is because the groups were unable to cope with the socio-economic pressures brought about by the pandemic. The groups in Kisumu moved on though with low savings, high uptake of social welfare funds kitty and high loan uptake.

The study findings exposed two sides. One side, revealed that groups in Kisumu County adopted strategies such as virtual meetings, meetings for few individuals while observing the protocols, linkages to safety nets and integration of mobile money transfer (MPESA payment platforms) on the other hand savings groups in Latin America and Ghana opted out.

The opinion of the researcher is that groups and stakeholders should develop policies and guidelines in relations to savings, loaning and social welfare fund to accommodate the changes brought pandemic. It is also worth for groups to consider taking up Information Communication Technology (ICT) in the wake of digitalization to enhance efficiency. Future research may

consider exploring effect of integrating digitization in SILCGs operations and sustaining male involvement.

# CHAPTER SIX

## SUMMARY, CONCLUSION AND RECOMMENDATIONS

### Introduction

This section presents summary, conclusion and recommendations in line with the study objectives. The main objective of this study was to analyze effects of COVID-19 control measures on performance of SILCGs in Kisumu County, Kenya. The research was guided by the following specific objectives; To assess changes in SILCGs saving trends before, during and after COVID-19 control measures periods in Kisumu County ; To determine changes in performance of social welfare kitty for SILCGs before, during and after COVID-19 control measures periods in Kisumu County ; To examine the changes in SILCGs loaning trends before, during and after COVID-19 control measures periods in the Kisumu County and to explore on the coping mechanisms for SILCGs during enforcement of COVID-19 control measures in Kisumu County.

### 6.1 Summary of findings

The study findings demonstrates significant effects of COVID-19 control measures on savings trends which dropped by 32%, twelve months into the pandemic and picked up by 12%, twelve months after lifting of the ban of the COVID-19 restrictive measures. This study affirms the negative effects of COVID-19 protocols on SILCGs savings trends. However, it also shows that the effect is observed among communities that had no access to external support during the pandemic.

The average uptake of the welfare kitty was kes 57,885 before the enforcement of COVID-19 restrictive measures, increased by 35% to Kes 89,117.50 during the enforcement of the protocols and dropped by 33% to Kes 59,763.50 after the lifting of COVID-19 restrictive measures. Qualitative information revealed that groups with members benefiting from Government safety net programs faced limited challenges in sustaining their welfare kitty. The study demonstrates significance effects of COVID-19 pandemic on social welfare kitty for SILCGs

The average loan amount of SILCGs was Kes 995,903 before the enforcement of COVID-19 restrictive measures, increased by 34 % to Kes 1,338,409 during the pandemic and dropped by 5.3 % to Kes 1,266,993 after the lifting of COVID-19 protocols, implying an increase in loan uptake during the COVID-19 pandemic compared to the period before the pandemic.

The study findings revealed that groups in Kisumu County adopted strategies such as virtual

meetings, meetings for few individuals while observing the protocols and integration of mobile money transfer (MPESA payment platforms).

## **6.2 Conclusion**

The first objective of this study was to explore effect COVID-19 control measures on saving trends of SILCGs in Kisumu County. From the findings the study concludes that enforcement of COVID-19 control reduced savings among SILCGs while lifting of COVID-19 control measures increased savings among SILCGs. The study further concludes that groups benefiting from external support are cushioned from the pandemic effects

The second objective of this study was to explore effect COVID-19 control measures on social welfare fund kitty trends of SILCGs in Kisumu County. The study concludes that enforcement of COVID-19 control measures increased the uptake of social welfare funds among SILCGs, due to increase in vulnerability among member households as necessitated by the pandemic. This therefore affirms the need for safety nets programs that mitigates run away demand for welfare support due to emergencies. Furthermore, for sustainable mitigation measures, Government and Partners should initiate opportunities for linkages to welfare kitty development and networks

The third objective of this study was to explore the effects of COVID-19 control measures on loaning trends of SILCGs in Kisumu County. The study concludes that enforcement of COVID-19 control measures increased the uptake of loan among SILCGs while lifting of COVID-19 control measures reduced the uptake of loan among SILCGs;

The fourth objective of this study was to explore coping mechanisms adopted by SILCGs in Kisumu County during COVID-19. The study concludes that; SILCGs adopted strategies such as virtual meetings, meetings for few individuals while observing the protocols and integration of mobile money transfer (MPESA payment platforms) to cope with the enforcement of COVID-19 control measures. The study further concludes that SILCGs reviewed policies in relations to savings, loaning and social welfare fund kitty to accommodate the changes brought about by COVID-19.

## **6.3 Recommendations**

### **6.3.1 Savings trends**

SILC groups should come up with guidelines that are flexible incase of future pandemics. Such guidelines should ensure continued savings by members. Group members should consider avenues for various earnings that could cushion their income level even during pandemics. This will ensure sustained savings within the groups

### **6.3.3 Social welfare funds uptake**

Groups should partner with both public and private players to cushion them during future pandemics alongside coming up with group based policies that promote the growth of the welfare kitty.

### **6.3.3 Loaning trends**

The study recommends that SILCGs should develop loaning policies that grow an earmarked proportion to provide for increase in loaning during pandemics. This should include how they can partner with banks or other financial institutions to bridge loaning gaps resulting from pandemics within the groups.

Government policies should also allow for granting of such groups to enable them sustain an affordable loaning scheme beneficial to all members

### **6.3.4 Coping mechanisms**

To mitigate the effects of pandemics such as COVID-19 on SILCGS, the International communities and governments should develop policies and frameworks that facilitate prompt support to SILCGs during pandemics. Such policies should include those that strengthen safety nets and those that motivate digital integration in running SILCGs to facilitate un-interruption of the groups during future pandemics that may hinder mobility.

SILCGs should develop guidelines can adapt to future pandemics to ensure that groups activities remain functional. In addition, SILCGs should integrated ICT adaptable strategies in all operations so as to take care of events as was posed by the pandemic

### **6.3.5 Future research**

Based on findings from this study, groups were gradually appreciating the use of Information & Communication Technology (ICT) to enhance their performance during the pandemic. Therefore, future research to establish the factors that influence adaptability of groups towards digitalization of their processes and what groups need to do to implement the strategy is required. Further research is also needed on how to answer the question on factors triggering male involvement in SILC and sustaining their participation.

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## **ANNEXES**

### **APPENDIX 1: Research explanation**

My name is \_\_\_\_\_

I am a student and Great lakes university of Kisumu studying masters in community health and development

I am currently working on my master's research that seeks to establish if COVID-19 pandemic control measures affected the effectiveness of the Savings and Internal Lending Groups in Kisumu County. This study is significant since our government recognizes the contribution of community savings groups in building the economy of our nation. The findings of this study will be helpful to similar groups, members and stakeholders in determining workable strategies that will ensure that groups deliver their mandates in future pandemic. Future research areas to strengthen groups will be identified alongside review of conducive policies for groups.

I will be asking you relevant questions to the research as guided by a checklist that I have developed and I will be writing your responses in the tool (verbatim). In addition, I will request to access your financial records for the period between January 2019 to January 2022 to extract data on financial trends for social welfare fund, savings trends and loaning trends

Your participation is voluntary. You can turn down the interview before we start or even at the middle of the interview. To safeguard, confidentiality, you and I will seat in a private place of your choice. Both the KII and financial data extraction will take about 1 hour. Feel free to ask any question of seek for clarity when the interview is on

I wish to confirm that any information shared will be confidential and shall only be used for the study purpose. You will also be free to access the information shared within the storage timelines

**Appendix II: Consent form**

I \_\_\_\_\_, voluntarily agree to participate in this research study

I understand that I am allowed to withdraw at any time or refuse to answer any question that I feel uncomfortable to respond to without any consequences.

I also understand that the data protection protocol and I can withdraw permission to use data from my interview within two weeks after the interview and the material will be deleted.

The study objectives and rationale have been well explained to me in writing and I had the opportunity to seek clarity on areas that were unclear.

I understand that I may not benefit directly as an individual in this research but findings will help groups prepare well for future pandemics.

I agree that my responses are written down as verbatim, will remain confidential and my identity and of the group that I represent will be anonymous

I understand that extracts from my interview may be quoted in dissertation, conferences and published papers

I understand that the signed consent forms, filled questionnaires and extracted financial records will be retained by the researchers until the university senate confirms the results of the dissertation. I also understand that my transcript without identification details will be retained for two years from the date of the senate.

I understand that I am allowed to access the information that I have provided while it is still in storage as mentioned above and I am also free to contact the researcher to seek further clarification and information regarding.

**Signature of the research participant**

.....

Date.....

**Signature of the researcher**

.....

Date.....

**Appendix 111: Data collection form for SILCGs Groups**

Name of Group..... Date..... Venue of interview.....

Position in the group..... Phone Number.....

<b>General Instructions: Tool for SILC group leaders</b>							
It is essential that every question be answered completely, accurately and in details by ticking or filling in where appropriate.							
<b>Section 1: Personal Information</b>							
1	What is your Gender	Male			Female		
2	What is your age (in years)	18-30			31-40	41-50	Above 51
3	Years of service in SILC	1 - 5			6 - 10	11 - 15	Above 15
4	Education level	None	primary	Secondary	Diploma	Under graduate	Post graduate
<p><b>Objective 1:</b> To assess changes in SILCG saving trends pre, during and post COVID-19 control measures periods in the Kisumu County.</p> <p>i. <b>Research question:</b> What was the effect of COVID-19 control measures on saving trends among SILCGs in Kisumu County?</p> <ol style="list-style-type: none"> <li>Do you have an operational guideline/ constitution for your SILCG?</li> <li>If yes, what are the objectives of your SILCGs as per your constitution?</li> <li>What are the obligations of your group members?</li> <li>Did COVID-19 control measures enforce by Ministry of Health affect member's obligations in the group?</li> <li>If yes, explain how each of the control measures affected these obligations</li> <li>What did you do as a group to ensure that members are still able to play their roles in the group?</li> </ol>							
<p><b>Objectives 2:</b> To determine changes in performance of social welfare kitties for SILCGs at the pre, during and post COVID-19 control measures periods in the Kisumu County.</p> <p><b>Research question:</b> What was the effect of COVID-19 control measures on performance of social welfare kitty for SILCGs in Kisumu County (a) during and (b) after lifting of the COVID-19 preventive measures in comparison to one year before the pandemic?</p> <ol style="list-style-type: none"> <li>Do you have a social welfare policy in your group?</li> <li>If yes, how much and how often do you save in the social fund?</li> <li>How is the social fund managed?</li> <li>Did you experience any unique emerging social welfare needs during the COVID-19 pandemic? If yes, please explain?</li> <li>How differently did you use the kitty to support members during;               <ol style="list-style-type: none"> <li>COVID-19 pandemic compared to the period</li> <li>Before COVID-19 pandemic and</li> </ol> </li> </ol>							

	(c) After the lift of COVID-19 control measures?
	<p><b>Objectives 3:</b> To examine the changes in loaning trends between pre, during and post COVID-19 control measures periods in the Kisumu County</p> <p><b>Research question:</b> What was the effect of COVID-19 control measures on loaning trends among SILCGs in Kisumu County?</p> <ol style="list-style-type: none"> <li>1. Do you have a loaning policy?</li> <li>2. If yes, what is the loaning limit?</li> <li>3. How would you compare the loaning trends before COVID-19 pandemic, during the pandemic and after the lift of the COVID-19 control measures?</li> <li>4. Why do you think the trends were as above during the pandemic?( probe for loss of income, loan demand, defaulters, premature share outs, investment opportunities, reduced/no physical meetings)</li> </ol>
	<p><b>Objective 4:</b> To explore on the coping mechanisms for SILCGs during enforcement of COVID-19 control measures in Kisumu County.</p> <p><b>Research question:</b> How did SILCGs in Kisumu County cope with the enforcement of COVID-19 control measures?</p> <ol style="list-style-type: none"> <li>1) Explain how each of the control measures affected your SILCGs</li> <li>2) What are some of the challenges you faced as a leader during COVID-19 Lock down?</li> <li>3) How did you manage to ensure that the group’s activities were sustained?</li> <li>4) What coping mechanisms did you put in place to mitigate the challenges? (consider response for each of the challenges mentioned above)</li> <li>5) How did each of the adopted coping mechanisms perform (probe for both successes and failures)</li> <li>6) What recommendations would you make for future during any pandemic that SILCGs can adopt to ensure that they sustain their gains? <ol style="list-style-type: none"> <li>a) <i>Recommendations for the groups</i></li> <li>b) <i>Recommendations for groups members</i></li> <li>c) <i>Recommendations for Government and other stakeholders</i></li> </ol> </li> </ol>
	<p><b>Conclusion</b></p> <p>Do you have any comment, questions or observation with regards to this subject matter that you will to share with me?</p>

**Appendix IV: Data extraction tools**

GROUP	SAVINGS TRENDS			SOCIAL FUNDS UPTAKE TRENDS			LOANING TRENDS			MEMBERSHIP TRENDS		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
*****												

**Appendix V: FGD coding**

SUBCOUNTY	NO. OF RESPONDENTS	SUBCOUNTY CODE
Kisumu East	36	KES
Kisumu Central	9	KCS
Kisumu West	29	KWS
Nyando	9	NNS
Nyakach	21	NYS
Muhoroni	23	MUS

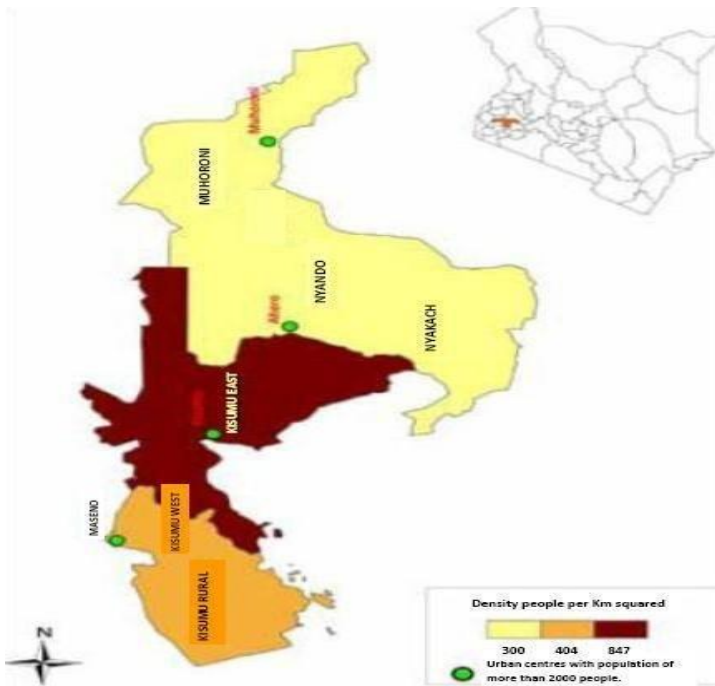
**Appendix VI: Research Schedule**

Year	2023									2024							
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Project Writing																	
Correction																	
Data Collection																	
Data Analysis																	
Report Writing																	
Pre-thesis defence																	
Examination																	

## Appendix VI: Research Budget

ITEM	UNIT COST	FREQUENCY	TOTAL COST
<b>PROPOSAL COSTS</b>			
Proposal drafting			
Internet costs	3,000.00	1	3,000.00
Printing and photocopying costs	770	1	770
Ethical approvals	5,000.00		5,000.00
Internet costs for virtual presentation	500	1	500
Printing costs	700	1	700
Correction costs			-
Transport	2,500.00	4	10,000.00
bundles	3,000.00	1	3,000.00
Printing and photocopying costs	1,000.00	1	1,000.00
Presentation of revised version			-
Internet costs for virtual presentation	500	1	500
Printing costs	700	1	700
<b>PROJECT COSTS</b>			-
Mobilization	1,000.00	7	7,000.00
Printing of tools	100	130	13,000.00
Transport	2,000.00	7	14,000.00
Proof reading	2,000.00	1	2,000.00
Miscellaneous	5,000.00	1	5,000.00
			<b>66,170.00</b>

# Appendix VII: Map of Kisumu County



**Appendix VIII: Ethical Approvals**  
**Greatlakes University Ethical Review Committee**



GREAT LAKES UNIVERSITY OF KISUMU (GLUK)

P.O. Box: 2224-40100 KISUMU, Tel: 254-057-2023972

Email: [ethicalreview@gluk.ac.ke](mailto:ethicalreview@gluk.ac.ke)

**Certificate of Approval of Research Protocol**  
Ref: No. GLUSERC /005/2023

**To: Beatrice Atieno Ouma-Principal Investigator**  
Date: 9th August, 2023

**TITLE: EFFECTS OF COVID-19 CONTROL MEASURES ON PERFORMANCE OF SAVINGS**

The Great Lakes University Scientific and Ethics Review Committee (GLUSERC) has reviewed the above acceptable on ethical grounds for research involving human subjects and hereby grants ethics approval.

This approval applies to research ethics issues only. The approval does not obligate an institution or any of its departments to proceed with activation of the study. The Principal Investigator for the study is responsible for identifying and ensuring that resource impacts from this study on any institution are properly negotiated and those other institutional policies are followed. GLUSERC assumes that investigators continuously review new information for findings that indicate a change should be made to the protocol, consent documents or conduct of the trial and that such changes will be brought to the attention of the GLUSERC in a timely manner.

Documents included in this approval are:

1. Protocol Version 2.
2. Informed Consent Form version 1.

Note that all applications/ re-submissions should reach the GLUSERC Secretary two weeks before the next scheduled meeting. Ordinary meetings are held EVERY FIRST MONDAY of the month. All approvals are valid for one year and renewals must be obtained for any period from time beyond the year

Thank you.

Sincerely,

GLUSERC:

CHAIR,

or

CO-CHAIR

or

SECRETAR

**National Commission of Science, Technology and Innovations**



**NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY &  
INNOVATIONS**

Ref No. **512850**

Date of issue: **24th**

**August/2023**

**RESEARCH LICENCE**



This is to Certify that Ms.. Beatrice Atieno Ouma of Great Lakes University of Kisumu, has been licensed to conduct research as control measures on performance of savings and internal lending communities groups, Kisumu County for the period ending: 24/August/2024.

License No: NACOSTI/P/23/28862

**512850:** Applicant Identification Number

Director General

**NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION**

**Verification QR Code**



NOTE: This is a computer generated License. To verify the authenticity of this document, scan the QR Code using QR scanner application.

**Department of Social Development**



REPUBLIC OF KENYA

MINISTRY OF LABOUR AND SOCIAL PROTECTION  
STATE DEPARTMENT FOR SOCIAL PROTECTION AND SENIOR CITIZENS  
AFFAIRS  
DIRECTORATE OF SOCIAL DEVELOPMENT

P O BOX 1503- 40100

TELEPHONE: 0704779108

Kisumu County Wing C, 10th floor

When replying please quote

KISUMU

KC/ADM/1/38 VOL 2/ (36)

29<sup>th</sup> August, 2023

TO WHOM IT MAY CONCERN

RE: REQUEST TO UNDERTAKE RESEARCH WITH SAVINGS GROUPS IN KISUMU COUNTY  
BEATRICE ATIENO OUMA

I refer to the subject matter above.

This is to confirm that the department of Social Development, Kisumu has cleared the above mentioned person to undertake research with the savings groups in Kisumu County.

The research will take duration of three months (October to December 2023).

Kindly accord her the necessary assistance.

*RA-2023*  
Okachi Achutho  
County Co-ordinator  
For County Co-ordinator  
Social Development  
KISUMU  
30-08-2023  
DIRECTORATE OF SOCIAL DEVELOPMENT  
P. O. Box 1503-40100

**Ministry of Education**



REPUBLIC OF KENYA

**MINISTRY OF EDUCATION**  
**State Department for Basic Education**

Telegrams:"schooling",Kisumu

COUNTY DIRECTOR OF EDUCATION

Telephone: Kisumu 057 -2024599 KISUMU COUNTY

Email: countyeducation.kisumu@gmail.com

PROVINCIAL HEADQUARTERS NYANZA

When replying please quote 3RD FLOOR

P.O. BOX 575-40100

KISUMU

REF: CDE/KSM/GA/3/24/VOL.V/132

28th August, 2023

**TO WHOM IT MAY CONCERN**

RE: RESEARCH AUTHORIZATION

Ms. BEATRICE ATIENO OUMA- NACOSTI/P/23/28862

The above named is from Great Lakes University of Kisumu.

This is to confirm that she has been granted authority by NACOSTI to carry out research on the topic "Effects of Covid-19 control measures on performance of savings and internal lending communities groups, Kisumu County" for the period ending 24th August, 2024.

Any assistance accorded to her to accomplish the assignment will be highly appreciated.

AVAI KISIA  
KISUMU  
For: County Director of Education  
Kisumu County  
P.O. Box 575 - 40100  
KISUMU

For: COUNTY DIRECTOR OF EDUCATION

KISUMU

COUNTY

**Ministry of Interior and National Administration**



**OFFICE OF THE PRESIDENT**

**MINISTRY OF INTERIOR AND NATIONAL ADMINISTRATION**

**STATE DEPARTMENT FOR INTERNAL SECURITY AND NATIONAL ADMINISTRATION**

Telephone: Kisumu 2022219/Fax:2022219

**COUNTY COMMISSIONER**

Email:ckisumucounty@gmail.com

**KISUMU COUNTY**

P.O.BOX 1912-40100,, KISUMU

Ref:CC/KC/R.E.S./1/3/VOL.V/78

Date: 30th August, 2023

**ALL DEPUTY COUNTY COMMISSIONERS**

**KISUMU COUNTY**

**RESEARCH AUTHORIZATION:MS. BEATRICE ATIENO OUMA**

Reference is made to a letter from the National Commission for Science, Technology and Innovation No. NACOSTI/P/23/28862 dated 24th August, 2023 on the above subject matter.

The above named is a student of Great Lakes University of Kisumu. She has been authorized to undertake research on "Effects of Covid-19 control measures on performance of savings and internal lending communities groups, in Kisumu County. The research period ends on 24th August, 2024.

Kindly accord her any assistance that she may need.

L.BOAZ

**FOR: COUNTY COMMISSIONER KISUMU COUNTY**