

**ALCHEMY PROJECT FIELD ASSESSMENT**

**Arid Lands Development Focus (ALDEF)**

Wajir, Kenya

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Alchemy Internship Final Report

The Fletcher School of Law and Diplomacy

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## **I. Introduction and Background:**

In June – July 2004, Maitri Morarji, a 2005 MALD Candidate at the Fletcher School of Law and Diplomacy at Tufts University (Boston, USA), conducted an impact assessment of Arid Lands Development Focus's (ALDEF) credit and savings program in Wajir, Kenya. Over a seven-week period, in-depth interviews were conducted with 49 individual women borrowers from ALDEF's credit and savings program, and with 10 non-borrowers, constituting the control group. The interviewer utilized an income support and livelihoods baseline instrument developed by the Alchemy Project, as well as numerous informal information-gathering sessions to determine what impact the credit program has on promoting livelihood and food security among internally displaced women in Wajir town and its outskirts.

Additionally, extensive interviews were held with ALDEF staff, Board members, local government officials, and with Non-Governmental Organizations (NGOs) based in the community to provide a thorough understanding of the context in which the organization operates, and of the perception of the credit intervention by the larger community. In addition to the provision of contextual perspective and significant detail provided by the interviews, numerous field visits were made to local communities where individual borrowers reside, as well as to the two milk shops that have recently been launched with the financial support of the Alchemy Project. The following report seeks to synthesize the qualitative data and findings from the research in a systematic, thorough, and fair fashion. Moreover, the hope is that this study will serve as a tool for broadening and deepening understanding of the unique challenges of, and opportunities for operating a credit and savings scheme for previously nomadic women in a rural, arid, and traditional community, based in a region which has been historically marginalized and remains one of the most underdeveloped parts of Kenya.<sup>1</sup>

## **II. Context:**

### **A. Wajir and the Northeastern Province:**

#### *i. Historical Overview:*

Wajir town is located in Kenya's Northeastern Province (formerly the Northern Frontier District, or NFD), which is comprised of three separate administrative districts, Wajir, Garissa and Mandera, with a total population of approximately 356,000. With a vast, arid landscape covering circa 56,698 square

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<sup>1</sup> *Central Bureau of Statistics*, Ministry of Planning and National Development, Government of Kenya (accessed October 8, 2004); available from <http://www.cbs.go.ke>

kilometers and many centuries of separation from the influence of the modern economy, the population in the province has historically been pastoral, and has grazed camels, cattle, sheep, and goats as a principal source of economic livelihood. The majority of Wajir's population of approximately 60,000-70,000 is formerly nomadic, or made the transition to a sedentary, peri-urban life during the past generation as a result of limited water and/or grazing land for their animals; clashes between the three principal clans in the region and with the Kenyan government; and/or other environmental, social, and economic triggering effects. Circa 90 percent of the population earn a livelihood by grazing their animals; collecting gum arabica, firewood, and stones; and engaging in petty trading and whitewashing—while the remaining 10 percent are salaried by the government, NGOs, or private enterprises.

The sense of separation or exclusion of the province from the rest of the country can be traced to a number of factors, including geographical obstacles; socio-economic practices and cultural/religious identity; and a history of tension between the central government and the province. During British colonial times, for instance, the area to the south and east of Moyale and Tana River<sup>2</sup> was demarcated to deliberately separate the Somali pastoral nomads from the rest of the country, and to act as a buffer zone against Somalia and Ethiopia. Currently, limited infrastructure, including the lack of a public airport in Wajir, as well as the notable absence of paved roads or a highway running through the province—has resulted in the perpetuation of this sense of exclusion and marginalization.

With the exception of a pan-Somali tribal wave that became popular in the NFD in the late 1940s, the region's population has historically been excluded and disengaged from political activism. In the 1960s, however, the British colonial government lifted its ban on political organizing, and a movement for integration with Somalia gained momentum. In this context, new political parties began to form such as the Northern Province People's Progressive Party (NPPP), the Northern Frontier Democratic Party (NFD), and the Northern Province People's National Union (NPPNU). In 1961, their calls for unification with Somalia were fueled by the Somali government passing a motion in the National Assembly welcoming the union of the NFD to the Republic. In 1962, at the Kenya Conference held in the United Kingdom, the delegation from the NFD firmly voiced their desire to be granted an autonomous region that would eventually be a part of the territory of the Somali Republic.

Their calls for unification with the Somali Republic, however, were staunchly opposed by the delegations from the Kenya African National Union (KANU) and the Kenya African Democratic Union (KADU), the two leading Kenyan political parties of the day. Somalis viewed this opposition as a double standard, in

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<sup>2</sup> Please refer to [Appendix I](#) for a map of Kenya

light of the advocacy efforts for self-determination being undertaken by the Kenyan delegation. In order to reduce the risks of continued political dispute on the matter, the British colonial government appointed a commission to survey the national aspirations of the population of the NFD. Based on a survey that was conducted in October 1962, the commission found that the majority of the region's population favored joining the Somali Republic. These actions on the part of the British government, however, became viewed as little more than symbolic undertakings, and in 1963 the British announced that the NFD would be included in Kenya's regional constitution.

The British decision led to overwhelming discontent in the NFD, and a sense of betrayal that the will of the Somali people had been publicly ignored. This act on the part of the British had a critical and lasting impact on the relations between Kenyan Somalis and the Kenyan central government, as well as reflected broader geo-political trends at the time. In March 1963, the Somali Republic broke off diplomatic ties with the British. Somalis viewed Britain's decision as an act of partiality toward Ethiopia, and its desire to maintain cordial relations with the new Commonwealth country of Kenya, which had gained its independence in December of 1963.

In the immediate aftermath of Kenyan independence, skirmishes broke out between Somalis and the Kenyan army. Although these skirmishes did not lead to outright war with the Kenyan government, they lasted for approximately three years, and resulted in mutual and long-lasting suspicion between the residents of the NFD and the central government. In response to these skirmishes, the Kenyan government took drastic security measures, including ordering that *Shifita* (liberation front) sympathizers face life imprisonment, and the confiscation of their property. Moreover, martial law was imposed in the region in 1963 in the immediate aftermath of independence, and lasted until 1993. The exceptional measures continued long after the threat of insurrection had faded, and were accompanied by gross human rights abuses carried out by Kenyan security forces. The most notable of these human rights abuses was the Wagalla massacre of 1984, in which Kenyan security forces killed more than 2,000 ethnic Somalis on the outskirts of Wajir.<sup>3</sup>

The turbulent relations between the Kenyan government and the Somali people have resulted in tremendous mutual suspicion, and contributed to the persistent underdevelopment of the region. The combination of inadequate infrastructure; limited economic and educational opportunities; an arid landscape characterized by cyclical and devastating droughts; frequent and violent clan clashes; and human rights abuses by Kenyan security forces—have all led to cycles of internal displacement in the region.

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<sup>3</sup> *Stop the Massacre* (accessed October 25, 2004); available from <http://www.kenyasomalis.org/index.html>

Following the first multiparty national elections in 1992, for instance, violence broke out between two of three principal clans in the region—the Ogaden and the Degodia, which had been political rivals in the election. Similarly, in October 1998, 189 people were killed and 36 were injured in a clan clash that became known as the Bagalla massacre. The victims were primarily from the Degodia tribe and the attackers were believed to have been from Wajir's minority clans, backed by the Ethiopian Oromo Liberation Front. A survey conducted by the International Committee of the Red Cross (ICRC) in the immediate aftermath of the conflict found that more than 6,500 individuals had been displaced, 80 percent of whom were women and children.<sup>4</sup>

The Northeast overall is characterized by its arid landscape, and notably unreliable, erratic, and unevenly distributed rainfall. Although it has a limited agricultural sector through which it produces maize, sorghum, beans, and a number of other vegetables, the district is only able to produce 20-30 percent of its annual cereal requirement of 3,853 metric tons, and is forced to import the vast majority of its food from other parts of Kenya. Cyclical droughts and floods have resulted in clan disputes over resources, outbreaks of disease, and threats to the survival of pastoral communities—all of which have contributed to internal displacement as populations have moved into Wajir town and other peri-urban communities such as Gurar, Korondille, and Bute. In 1997, for instance, flooding in Wajir District led to population displacement, ruined water and sanitation facilities, loss of crops and livestock, and health and nutritional problems. Attributed to the El Niño weather pattern, the floods led to severe outbreaks of hemorrhagic fever and malaria.<sup>5</sup>

In July, 2004, President Mwoi Kibaki declared a state of national emergency in 26 of Kenya's 74 districts, due to the poor performance of the short rains (October-December 2003), coupled with below-average rainfall during the long rains (March-May 2004). In the Northeastern province, one of the most severely affected areas, water shortages have resulted in pans and wells drying up, and pastoralists and livestock relocating to be near the few permanent water sources in the region. The Kenyan government, relief agencies, and NGOs, including ALDEF, have put more persistent concerns on hold to respond to the risk of disease outbreaks due to poor hygiene, sanitation practices, and water quality by providing vaccinations, drugs, and water pumps; are delivering food and supplements to prevent malnutrition and starvation; and

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<sup>4</sup> *Kenya: Ongoing Assistance for Victims of Wajir Massacre* (accessed October 21, 2004); available from <http://www.icrc.org/Web/eng/siteeng0.nsf/htmlall/57JPFC?OpenDocument>

<sup>5</sup> *Malaria Strikes In Kenya* (accessed October 30, 2004); available from <http://www.doctorswithoutborders.org/news/before1999/04-06-1998.shtml>

are seeking to prevent the outbreak of clan clashes and cattle raids through conflict-prevention and mitigation efforts.<sup>6</sup>

## B. Arid Lands Development Focus:

### *i. Mission and Principles:*

ALDEF is a secular, non-governmental organization that is guided by a mission to support pastoral communities<sup>7</sup> in their endeavor to enjoy sustainable livelihoods in peace and harmony with their environment. It works in partnership with local communities and with the Kenyan government to promote livelihood and food security; ensure the provision of basic social services, and enhance equity. Underlying all of its projects and programs is a commitment to improve community participation in development, reduce vulnerability to disaster, and prioritize the needs of the district's most vulnerable and marginalized populations. ALDEF developed out a Community Based Organization (CBO), the Wajir Volunteer Group, and has a sound record of working collaboratively with local communities, the government, and with other NGOs.

ALDEF operates in a severely resource-strained environment, in which civil-society activity is limited, the needs are tremendous, and a number of NGOs are competing for extremely limited funding. Despite this apparent 'competition,' all of the NGOs operating in the district—ALDEF, Oxfam GB, Wajir South Development Association (WASDA), Nomadic Primary Health Care (NPHC), and Wajir Peace and Development Committee—work in close collaboration. Additionally, Arid Lands Resource Management Project (ALRMP), established as a joint Government of Kenya and World Bank program in 1996, and currently absorbed under the Office of the President (of Kenya), is a key player in the district, addressing natural resource and drought management issues, and community-driven development initiatives. Over time, these organizations have developed their own expertise of working in specific parts of the district, whereby ALDEF primarily operates programs in the center and in the west, WASDA in the south, and Arid Lands Resource Management Project (ALRMP) in the East and North.

Each month, these organizations are brought together at a meeting of the District Steering Group (DSG). Hosted by the most senior government official in the district, the District Commissioner, the DSG provides a forum to promote the coordination of development efforts among NGOs and the government,

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<sup>6</sup> *Crisis Appeal: Drought Emergency, Kenya - Jul 2004* (accessed November 1, 2004); available from <http://www.reliefweb.int/w/rwb.nsf/0/52aa0f9455d3e57f85256edf0051fbba?OpenDocument>

<sup>7</sup> The majority of the residents interviewed identify themselves as 'pastoral,' despite the fact that most respondents in the case study are not sustained by a pastoral way of life.

discuss strategies for meeting the district's needs, encourage transparency, and avoid program duplication. In interviews conducted with the staff of partner NGOs and government officials—this close and collaborative relationship was repeatedly cited as the most favorable and promising feature of the development enterprise in Wajir. This relationship has enabled the DSG to serve as a forum for devising a prompt emergency plan to facilitate the delivery of food, water, and other types of assistance during the current and severe drought that is affecting the region.

*ii. The Credit and Savings Scheme:*

Background and Target Population:

ALDEF's credit and savings scheme was established in 1996, as a revolving loan fund by Oxfam GB. In 1998, the project was handed over to ALDEF. The program provides savings and loan facilities to female former pastoralists in Wajir town, and its seven surrounding *bullas*,<sup>8</sup> or villages. Its structure and function is premised on an understanding of the types of social and economic barriers faced by women in this traditional [*Sunni* Muslim] community. As such, the program considers the potential economic benefits that can be achieved by women's participation in a revolving credit and savings fund, as well as examines how to develop mechanisms that promote women's empowerment more broadly. The credit and savings program is designed not only to address income-generating activities, but also to emphasize the formation of women's groups, concentrate on consciousness-raising activities, and provide assistance in the form of healthcare and literacy training. The project specifically targets women living in Wajir's seven *bullas*, which over the years have become settlement centers for the internally displaced. Clients are identified through the use of Participatory Rural Appraisal (PRA) techniques, by which members classify themselves according to their location, socio-economic status, and interest. The program seeks to support women who are living in extreme poverty.

Structural Aspects:

Clients selected to participate in the program organize themselves into credit groups of five to 20 members each. Each of the groups identifies three women to serve as their officials and to participate in the village *kuelmiye* (or village development group). ALDEF's Project Officer for the program conducts several meetings for the credit and savings groups, as well as for the *kuelmiye* to discuss issues such as membership fees, weekly and monthly savings, the progress of loan repayments, and the difficulties and successes which borrowers are experiencing with their business enterprises. Weekly and bi-monthly meetings are

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<sup>8</sup> God Ade, Alimao, Borwago, Jogo, Wagberi 1, Wagberi 2, and Hodhan.

conducted in order to facilitate group cohesion, to provide opportunities to discuss social issues affecting members, and to foster collaboration and mutual support. The work of the *kulmiye* includes assisting groups in their formation process; mobilizing savings; conducting trainings; managing the revolving loan fund; collecting funds and depositing them at the bank; and approving the provision of new loans. The scheme is currently assisting 2,571 women, organized into 230 credit and savings groups in seven *bullas*.

#### Loan Criteria:

ALDEF provides loans that range from 20,000, to approximately 290,000 Kenyan shillings each.<sup>9</sup> Loan sizes vary depending upon how long the group has been in existence, the number of members, and the type of businesses undertaken. The program charges a 10 percent service fee on all loans, as a mechanism to raise revenue to cover monitors' salaries, and to overcome the obstacle posed by the prohibition of charging interest under *shariah* (Islamic law). The Project Officer for the credit program administers the scheme with the assistance of seven monitors. Short-term loans (14 months or less) are disbursed to groups through the *kulmiye* structure. Loans are repaid on a monthly basis. Rather than relying on collateral requirements for participation, the program utilizes a model of peer pressure and support to encourage timely repayment. During the initial stages of formation, groups undergo a two-part training program that includes conveying the rules and procedures of the credit scheme, as well as how to conceive of, develop, and operate a business. The repayment rate is approximately 98 to 99 percent.

#### Savings Criteria:

ALDEF operates a mandatory savings scheme, which it views as critical to the success of the project, and essential to encouraging a sense of financial responsibility among borrowers. The groups contribute a minimum of 220 and a maximum of 1,000 Kenyan shillings each month into their savings account. Members' willingness to save is viewed as an important indicator for maintaining loan repayments. Savings are utilized to cover the cost of loans in cases in which borrowers default. Additionally, savings seek to promote and encourage 'graduation,' as borrowers are able to withdraw their funds upon exiting the program.

#### Monitoring and Evaluation:

The credit and savings scheme monitors and evaluates group performance and program outcomes on two levels—at the individual household income, and at the group level. At the individual household and

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<sup>9</sup> Currency conversion rate is one USD equals 80 Kenyan shillings

income level the program examines business profit, loan repayment and savings, and enhanced income of families. At the group level, the program additionally evaluates degrees of loan repayment and savings contributions; monitors the administrative and financial performance of the group in terms of maintaining regular meetings; and reviews group decision-making processes, problem-solving capacities, and changes in members' attitudes.

### **III. Research Methodology:**

#### *i. Project Purpose and Framework:*

Ms. Morarji was tasked with conducting an impact assessment of ALDEF's credit and savings program through the use of an income support and livelihoods baseline instrument developed by the Alchemy Project. The overall intention of the project was to gain a better understanding of the role of micro-finance and other economic support programs both in the livelihoods of refugees and IDPs, and in the wider host community; assess what the program has accomplished so far in terms of supporting livelihoods and building ALDEF's capacity; and determine what changes need to be made to enhance the effectiveness and long-term sustainability of the program.

The livelihoods baseline instrument provided a framework for evaluating the impact of the program on three distinct levels—at the level of individuals and communities; in terms of its impact on ALDEF's program capacity; and in regards to its impact on institutional change. In order to ensure an adequate and diverse data set, the interviewer conducted 49 interviews with individual women borrowers; with 10 non-borrowers who fit the criteria for participation, but are excluded as a result of resource constraints; with five ALDEF staff and Board members; with representatives from several partner-NGOs; and with key government officials. Additionally, numerous field visits were made to local communities where individual borrowers reside, as well as to the two milk shops that have recently been launched with the financial support of the Alchemy Project.

#### *ii. Process:*

During the first few days in the field, Ms. Morarji worked with ALDEF staff and Board members to develop a detailed plan of action for conducting the interviews.<sup>10</sup> In order to ensure a wide representation in the data set, and to limit the burden imposed on individual borrowers, a decision was made to conduct the interviews on-site in the villages in which the women reside, and to spread out the interviews so that

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<sup>10</sup> Please note that the interview plan is attached as [Appendix II](#)

each of the seven *bullas* would be represented. The seven monitors, responsible for overseeing the credit program in each of the villages, were immediately invited to participate in the process, and to identify potential interviewees.

Prior to launching the interview process, a meeting was convened with several of ALDEF's staff and Board members in order to calibrate the questionnaire. All of the participants in the meeting were fluent in English. In advance of reading through each of the questions, the interviewer sought to make it clear that the survey was not static, and could be altered to better suit the local context. Although modifications to the questionnaire at this initial stage were limited, notable concerns were raised over the following questions:

**105. Highest level of education?** ALDEF staff and Board members indicated that it would be unlikely that any of the interviewees would have received any formal schooling. As such, it would be more appropriate to initially inquire whether respondents have attended any formal school at all, and then pose the follow-up question of what level of schooling they have completed.

**108. Did you live in a city, town, or village for most of your life before leaving your place of origin?** According to the group, the majority of the borrowers came from either a semi-nomadic or fully nomadic lifestyle, and hence would have been unable to answer this question. Additionally, all of the participants were IDPs rather than refugees, and came from within the national territory of Kenya. The group determined that it would be more appropriate to replace the word "country" with "place."

**204-205. Where is your immediate family?** The group anticipated that questions would arise as to whether "immediate" referred to borrowers' birth family, the family that they have married into (their in-laws), or their current family (i.e. husband/s, children, etc.). In order to bring greater clarity to this question, the word "immediate" was replaced with "current."

**404. How often did you eat meat, chicken, or fish this week? This month?** Due to a variety of reasons, including the arid nature of the landscape and therefore the lack of availability of/high costs of fruits and vegetables, the Somali diet is rich in goat meat. As a result of this fact, ALDEF staff and Board determined that this question would not serve as an adequate indicator of household economic standing. They held that it would be more useful to inquire about the frequency of vegetable and fruit consumption.

**406. How often did you drink beer or cola this week? This month?** ALDEF staff and Board members indicated that the community does not drink beer, due to the prohibition of alcohol

consumption under the tenets of Islam. The group determined that it would be more appropriate to remove the word “beer” from the question, and simply inquire about soda consumption.

Ms. Morarji was assigned an ALDEF Board member, Mr. Yussuf Muktar, to assist in translating the interviews from Somali [into English], in light of the fact that it would be highly unlikely that any of the respondents would be educated, and therefore would lack English language skills. Due to the traditional gender roles that tend to regulate relationships between Somali men and women, particularly in the public sphere, the interviewer had some initial concerns that using a male translator would affect the comfort-level of the clients, and thereby influence their responses. These concerns were promptly allayed as it became clear that Mr. Muktar has extensive experience in conducting interviews, and is a long-term and trusted member of the community. Mr. Muktar had earned a solid reputation as an outreach officer for Oxfam GB during the drought of the early 1990s, when he conducted interviews with women and men across Wajir to assess their desire to be restocked, and to facilitate their return to pastoral life.

The interviews were conducted over a seven-week period in the communities in which the respondents are based, and in the presence of the interviewer and Mr. Muktar. In a rare number of cases, an alternative translator was used, and interviews were held in the presence of the village monitor. Each day, approximately two to six interviews were held, lasting for approximately one to two hours each. The questions were initially read in English by the interviewer, after which Mr. Muktar translated the questions into Somali. Although this technique enabled Mr. Muktar to relay the questions in a slightly different manner each time, we were able to develop a shared understanding of their meaning that ‘made sense’ for the local context.

At the outset of the impact assessment information-gathering process, it became evident that the concept of who constituted an “Alchemy client” was unclear. Although all but 10 of the interviewees are clients of ALDEF’s credit program, the majority of the respondents have not benefited directly from the most recent grant from the Alchemy Project for developing a milk project in the community. In order to address the confusion caused by the lack of a clear distinction between long-term institutional support by Alchemy, and immediate project support, Ms. Morarji conducted a combination of interviews, which included credit program as well as milk project participants.

#### **IV. Findings:**

The key findings of the interviews are divided into three subsections that seek to evaluate the impact of the credit intervention on individuals and communities, on the program capacity of ALDEF, and on

institutional change more broadly. This analysis is drawn from the data gathered through interviewing clients, potential borrowers, ALDEF staff and Board members, staff members from other NGOs, and officials from the Government of Kenya. Please note that the names and affiliations of those interviewed are included as attached appendices.

## **A. Individuals and Communities:**

### *a. Non-Clients/Communities:*

ALDEF's credit program is highly regarded in the community, and is viewed as having fundamentally transformed the role that women play in both public and private life in Wajir. The community views this impact as manifesting itself on two levels. On the individual level, it has strengthened women's opportunities and abilities to earn a livelihood, enhanced their self-esteem and negotiating-power in the home, and provided them with greater opportunities to support themselves and their families. At the community-level, it has encouraged women's participation in public life, and has promoted a conception of women as credit worthy and business-savvy.

The tensions that have arisen within the community over the existence of the program and/or its operational features have primarily focused on the following three distinct issues. Please note that recommendations to address these challenges are included on page 19:

- The concept of **interest**: Since the launch of the program, religious leaders, or *sheikhs* have raised concerns over the 10 percent service fee charged to clients on all loans. They hold that this service fee constitutes *haram* and is forbidden according to the tenets of Islam.
- The unforeseen **impact of 'creditworthiness'**: An unforeseen impact of women's enhanced creditworthiness [as a result of their participation in the program] has been that borrowers are now able to access credit from a wide variety of sources. In light of the continued poverty that many borrowers have continued to face despite their participation in the program, they have tended to amass significant debt from shopkeepers.
- The challenges of **extended family** and **clan-allegiances**: In addition to facing the double-edged sword of gaining greater access to credit in the community, program clients additionally bear the burden of obligation to assist family and clan members. Although the level of poverty and desperation in Wajir is dire, Somalis rely on the safety net provided by family and community.

Their access to funds, albeit limited, has placed borrowers in the same role as salaried employees—they serve as a regular source of food and monetary support for families, friends, and neighbors.

*b. Clients:*

i. Livelihood Activities and Economic Impact:

The majority of ALDEF's clients are utilizing their loans to purchase goods to sell on the streets of Wajir. Operating table shops to sell products such as sugar, cigarettes, and tea enables clients to work on a flexible schedule, thereby freeing up their time for household and other responsibilities. Several of the interviewees have at least two livelihood strategies, which include operating kiosks that are enclosed in sheet metal structures (as opposed to a simple table on the street); serving as butchers; selling firewood; marketing livestock; operating food stalls; building/repairing traditional *berios* (Somali houses); and/or selling milk or vegetables on the street or to ALDEF's two milk shops. Although the majority of women do not describe household work or serving as housewives as a "livelihood activity," *all* of the respondents have the responsibility of developing and operating their business enterprises, managing household duties, and taking care of their children.

The clients principally chose to engage in these activities as a result of feedback received through a feasibility study conducted by ALDEF during the nascent stages of the project. Prior to launching these enterprises, the majority of the borrowers were engaged in a pastoral, nomadic lifestyle. Those that were either born in town, or have been living in Wajir for several years, have frequently tried out a number of livelihood activities or were homemakers until they became ALDEF borrowers and launched businesses of their own. If provided with additional capital, borrowers would either attempt to expand their existing businesses or diversify their income-generating mechanisms by purchasing livestock as well as managing enterprises in Wajir town.

Although ALDEF's credit intervention has generally provided avenues for women to sustain themselves and their families from day to day, it has not supplied them with adequate resources to 'graduate' from the program entirely, and in some cases, has pushed them further into debt. Factors contributing to this difficulty include aspects of the structure of the program itself; cultural and social pressures; and economic and development characteristics that are unique to Wajir.

These challenges include:

- The **duplication of livelihood activities**: The majority of program clients are engaged in the same livelihood activities, tending to flood Wajir's relatively small market with similar goods and services.
- Limitations to the **amount of capital** available to clients: ALDEF's borrowers frequently articulated that the sizes of loans paid out to borrowers are inadequate for meeting the capital needs for building sustainable enterprises.
- Lack of **development assistance** in the community: The obstacles to development in the community are seemingly insurmountable. An environment of extreme poverty, scanty job prospects, low literacy levels, and the lack of marketable skills possessed by women [and men] in the community—compounded by limited NGO and government assistance provided to the needy—means that women are having to borrow funds from a wide variety of sources in order to simply survive.

When faced with limited funds for food, education and medical care, for instance, respondents borrow funds from relatives and friends, take credit from local shops and clinics, or try to earn some funds through the collection and sale of firewood. Borrowers articulated a very real sense of hopelessness that has emerged from perpetual cycles of debt, concerns over the obligations created as a result of owing moneys to family, friends, and members of the community, and fear of judgment by *allah* (god) upon potentially facing death with outstanding debt.

- Decrease in income as a result of **regional security pressures**: During the past year, many borrowers have witnessed a dramatic decline in their incomes as a result of tighter control along the Kenyan/Somali border. In the past, clients were able to purchase products [for their table shops] such as sugar, tea, and cigarettes at a low rate from neighboring Somalia (the reduced rate likely the result of the lack of a taxation system). This shift has forced clients to purchase their products from within Kenya, which generally tend to be available at a higher price due to exorbitant transportation costs [resulting from the poor quality of roads throughout the region].

## ii. Settlement and Mobility:

The majority of ALDEF's clients have resided in Wajir for approximately five to 30 years. Although the credit program has been critical to providing marketable skills to women who arrived in Wajir with

livelihood experiences that were limited to pastoral livestock management, hence easing their transition into sedentary life—it is unlikely that their participation in the program has been the most critical factor influencing their decision to stay in town. Few of the respondents articulated a desire to leave Wajir to return to pastoral life, many categorically stating that they would not leave [Wajir] “until they die.” The principal reasons for this were their concerns about the high financial burden involved in moving, their lack of adequate livestock to survive in the bush, leaving family and friends behind, and compromising their children’s education. Many borrowers pointed to the hope for greater socio-economic and educational opportunities to be available to them in Wajir itself.

Borrowers’ similarly lacked an interest in emigrating from Kenya, indicating that they had few connections in, or notions of, other countries. In order to assess clients’ desire to leave Wajir, Mr. Muktar used the analogy of an airplane, with ample space for family members and friends and with plentiful amounts of money, being willing to take the respondents anywhere they so desired. While this helped some women to fantasize about where they would want to go, these were primarily just that—places that are visualized through the media, but in which the respondents had no actual connections. When the respondents were asked why they would like to go to the places in which they indicated, they emphasized the religious connection to the Middle East, and the opportunities for educating both themselves and their children in Europe and the United States.

The fact that the majority of the respondents have resided in Wajir for several years may be indicative of two factors, which are not necessarily mutually exclusive. On the one hand, it may mean that ALDEF’s credit program is not reaching the most recent pastoral dropouts who have left nomadic life as a result of persistent resource limitations and clan clashes. An alternative possibility, and one that was suggested in a number of interviews, is that more recent pastoral dropouts have settled in other peri-urban environments such as Gurar, Korondille, and Bute in the northern part of Wajir district. Although ALDEF has historically operated limited programs in the north (this primarily being the area in which ALRMP works), in July of 2004 it began to explore avenues for reaching out to communities in this part of the district by conducting a food security and livelihood assessment in Gurar, Bute, and Korondille.

### iii. Security:

Although many respondents have in the past experienced the theft of their livestock, the death of family members in clan clashes, and violence committed by the Kenyan security forces—they described their daily lives as being extremely secure. The majority of borrowers reside in Somali huts or *berios* that lack any type of locking mechanism, and are placed in compounds that are shared with members of the extended

family, as well as with friends. Whereas clients were extremely trusting of neighbors and other community members, often burying their valuables in tins in their compounds—they articulated a general distrust of government agencies, including the police. As such, when faced with a threat to their security or the safety of their family or belongings, the majority of respondents indicated that they would seek assistance from family members, or pray to god. One client, upon being asked whether she had ever experienced crime or security problems in her *bulld*, categorically stated “you will be robbed when you have something. I just have the clothing on my back.”

#### iv. Education:

Although a number of program clients have attended some *koranic* school, and/or participated in ALDEF’s adult-literacy program several years ago, none of the borrowers have received any formal education. However, many women indicated their strong desire to educate themselves and their children, and expressed a hope that ALDEF would develop an adult literacy program for its borrowers. Overall, clients are sending their children to school in relatively high numbers, particularly at the primary level.

However, economic and cultural pressures have had two critical influences on retention levels. Firstly, parents face difficulties in paying for school fees, and frequently make requests to headmasters to postpone their payments. Although schools are generally flexible in this regard, they are unable and unwilling to submit graduation diplomas in the absence of the complete payment of all tuition bills. This has resulted in overcrowded classrooms, and students graduating at an older age.

Although the gross primary school enrolment rate is relatively similar between boys and girls in the district (approximately 31 percent for males, and 20.8 percent for females), credit program participants articulated the challenges that they face in promoting retention among girls after primary school. The majority of borrowers seemed to be theoretically committed to promoting the education of their daughters—yet cultural and socio-economic obstacles frequently get in the way. Given the lack of educational and employment opportunities available to young women in the district, many families choose to marry off their daughters at a young age.

Additionally, young girls are frequently withdrawn from school when economic pressures (combined with the priority placed on educating sons), limit the resources available to families to pay for school fees. As economic difficulties force both parents to engage in livelihood activities outside of the home, young women are frequently withdrawn from school to care for children, grandparents, and other family members. In light of the fact that Wajir district’s average household size is 5.9, representing the second

highest number in the country—the burdens of childcare and providing assistance in the home is very real.<sup>11</sup>

## **B. Program Capacity:**

### *a. Program Reach and Staff Capacity:*

ALDEF's credit and savings program is regarded as an economic model that has successfully mobilized and empowered women, and has strengthened and enhanced the overall economy of Wajir. Its decentralized operating model, which utilizes locally based monitors and works through village *kulmiyes*, is effective in that it has shifted responsibility and ownership to the community level. Although this structure is appropriate for the widely geographically dispersed nature of the program, it has hindered ALDEF's ability to provide adequate oversight, and conduct data-collection and monitoring and evaluation.

ALDEF's stellar reputation in, and commitment to the community, and the fact that few other NGOs are active in the district, has resulted in its development of a wide institutional mandate through which it frequently overextends its staffing and other resources. Combined with the lack of a clear organizational structure, this wide institutional mandate often results in more imminent needs (such as those brought on by the recent drought) taking precedence over continuous programs such as the credit and savings project—both in regards to financial and staffing resources. In the past, ALDEF's staff has been inadequately trained on issues of credit, and as a result has been forced to gain expertise over time as the program has developed. Although ALDEF's effort to holistically address the development needs of the community through a wide range of projects is commendable and in many ways appropriate, it has tended to diminish its ability to strengthen the structure, processes, and impact of the credit and savings program.

As was indicated above, during the past few years those leaving the nomadic pastoral life and moving into town are settling in communities other than Wajir. Although Wajir was in the past the only urban center, the internally displaced are now settling in other communities such as Gurar, Kornodille, and Bute, in the northern part of the district. In light of this shift, it is appropriate that NGOs such as ALDEF evaluate whether and how to more effectively meet the wide range of needs of the population of this vast district. ALDEF will need to carefully weigh the potential limitations and advantages of expanding the program to other parts of Wajir, with its need to deepen organizational expertise on issues of micro-finance,

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<sup>11</sup> Source: Central Bureau of Planning, Ministry of Planning and National Development; from the 1999 Kenya Population and Housing Census.

strengthen internal knowledge of its current shortcomings, and enhance the capacity of existing borrowers to ‘graduate’ from the program with a degree of economic stability.

*b. Sustainability:*

Over the next few years, ALDEF hopes to assist in transitioning the credit and savings program into a sustainable and autonomous Micro-finance Institution (MFI). Strategies such as charging a 10 percent service fee on all loans to cover the salaries of seven monitors each month have been implemented to facilitate sustainability and autonomy. Additional financial mechanisms such as the savings scheme—through which the program has accrued 4.5 million Kenyan shillings—are intended to build the capacity of the program for the long term. On a structural level, capacity-building measures such as fostering local governance bodies such as the *kulmiye* have been incorporated, and have encouraged day-to-day decision-making to occur at the community level. The *kulmiye*'s mandate includes making decisions on who will be given loans, what amounts will be granted, and recommending the provision of additional monies.

In order for ALDEF to move toward a model of a more autonomous MFI, a number of critical steps will need to be put in place in order to solidify its very loose structure, promote greater expertise, and enhance the collection and flow of information. At the organizational level these steps include conducting a thorough impact-assessment to critically evaluate the current status of the program; building staffing/community expertise on issues of micro-finance through trainings and workshops; providing an initial and substantial infusion of capital into the program; and conducting exchange visits to similar groups locally and abroad to share best-practices and lessons-learned.

**C. Institutional Change:**

ALDEF's lessons-learned from providing micro-credit support and savings facilities to women in Wajir have not been adequately shared with, and disseminated to policy-makers and other practitioners in the field. Its experience of establishing and operating a credit program for internally displaced women in the context of a community that faces dire and seemingly insurmountable development needs, and the impacts of these efforts—have been complex and diverse. The impact of ALDEF's credit and savings program on shaping the practice of micro-credit provision has been mostly negligent, given the reality that no other credit providers are operating in Wajir. However, its method of operating; prioritization of women's concerns; and inclusive and participatory practices have had a significant impact on the development community in the district, and have served as a positive model of NGO, government, and community

development cooperation. The following represent the most significant institutional impacts of ALDEF's credit and savings intervention:

- Its greatest influence has been in **reshaping** and **altering the societal expectations** of **women's** role as participants in decision-making in both the private and the public sphere.
- It has strived to advocate for the **elimination of clan allegiances**, and encouraged peace building and conflict resolution by holding a workshop during the initial phase of the project on how to live in harmony with neighbors.
- ALDEF's credit and savings intervention is viewed as a **'landmark project'** that is likely to be **replicated** by other NGOs in the community. ALRMP, for instance, is currently in the process of exploring avenues to replicate the program in the 22 districts in which it operates.
- It has worked in an **unusually collaborative** manner with other NGOs, with government agencies, and with local communities to address the development needs of the district. At the institutional level, this cooperative relationship has primarily been fomented through monthly DSG meetings. Additionally, ALDEF meets with government officials regularly, seeking their advice and expertise on a wide range of issues, including drought-mitigation efforts and humanitarian-relief delivery mechanisms.

At the operational level, ALDEF is currently completing the construction of a school in Tula Tula, 30 kilometers outside of Wajir town. The project involves the construction of four new classrooms in the compound of an existing primary school (grades one through seven). ALDEF and ALRMP are providing two thirds of the support for the building of the school, while the community is ensuring the additional one-third of support through the provision of labor.

## **V. Recommendations:**

### *a. Staffing:*

In order to enhance the credit and savings program, and ensure that adequate oversight is provided, ALDEF requires additional staffing support in this area. The decentralized monitoring mechanism is in many ways appropriate given how dispersed ALDEF's borrowers are, and the effectiveness with which this system promotes local leadership and oversight. However, in order for this model to operate effectively, greater oversight and coordination is required between ALDEF's staff and Board, and the

monitors, borrowers, and *kulmiye* members. The need for greater investment in staffing will additionally become evident if ALDEF continues to explore the possibility of expanding its work into other parts of the district.

*b. Strengthening Monitoring and Evaluation Mechanisms:*

Over the next few years, ALDEF would be well suited to enhance its monitoring and evaluation systems. At the staff and Board level, limited knowledge exists regarding the progress of the program and the challenges that it is facing. Collecting more information from borrowers through regular evaluations, and storing information in a permanent and user-friendly database—would enable ALDEF to more closely monitor crises or difficulties that clients are facing and respond accordingly. More detailed and precise information, regardless of whether this data is revealing about the shortcomings of the program, would indicate to funders and other stakeholders that the organization is serious about learning from past experiences to enhance its future effectiveness.

*c. Focusing on Supporting Role vs. on Simply Capital Provision Role:*

Although clients frequently articulated a desire to receive larger sized loans to enable more significant capital inputs into their business enterprises, virtually all of the respondents also described similar plans for expanding their businesses. The vast majority of borrowers are lacking other forms of support that can better enable them to manage their businesses, expand their funds, and take care of their families. These supports might include adult literacy, business diversification, and management trainings, and working more closely with other NGOs, the government, and other funders to assist borrowers in meeting their day-to-day survival needs. Rather than focusing on expanding the program to include a larger number of borrowers over the next few years, ALDEF might be better suited to enhance its ability to meet the needs of existing program participants.

*d. Learning from the Experiences of Other Organizations:*

In light of the remote nature of Wajir, and the difficulties and significant costs involved in traveling to and from the district, ALDEF has not been able to reap the advantages of learning and exchanging best practices with similar organizations in other parts of Kenya, and in other countries. As the only micro-credit provider in Wajir, and an organization that has tremendous community trust and support, it is extremely unfortunate that ALDEF has worked in relative isolation. Building exchange visits and dialogue with other NGOs into its funding proposals under the rubric of “capacity building” would enable ALDEF

to legitimize this critical aspect of organizational learning. Seeking to exchange best practices with other organizations would not only bring greater legitimacy to the organization in the eyes of funders, but would also build its support in the local community. By visiting with micro-credit organizations operating in other Muslim countries, such as Pakistan or Bangladesh, in which the charging of interest is forbidden, ALDEF would be able to refine its method of addressing the continued suspicion of the program by local *sheikhs*.

## **VI. Conclusion:**

ALDEF's endeavor to enhance the lives of women and improve the lives of all members of the Wajir community continues to be an impressive and formidable enterprise. As an organization, ALDEF is widely regarded in the community as an outstanding NGO that is deeply committed to equity, parity, and participatory development. As a community, Wajir is bound together by a spirit of survival, kinship, and a very broad interpretation of 'family.' Persistent poverty in Wajir has created a culture of trust and generosity that tends to ensure the basic survival of its members. The persistent poverty, and tremendous development needs of the community, however, also continues to pose major challenges for ALDEF as an organization, and for the credit program more specifically—as the organization's broad mandate, and desire to address a wide range of Wajir's needs, often means that it gets pulled in the direction that will meet imminent needs. In light of these contradictions and dilemmas, ALDEF would be well suited to reflect on its experiences as a micro-credit provider, and move forward in a manner that both continues to meet its goal of serving the community of Wajir—and does so in an effective, efficient, and sustainable fashion.



## Appendix II: Interview Plan

*June, 2004*

<b>Friday 11<sup>th</sup></b> Interviews: Hassan, Yussuf (ALDEF), District Commissioner	<b>Saturday 12<sup>th</sup></b>	<b>Sunday 13<sup>th</sup></b> 10am: Yussuf & Ahmed for questionnaire	<b>Monday 14<sup>th</sup></b> Borrower Interviews (Wagberi 1 and God Ade)	<b>Tuesday 15<sup>th</sup></b> Borrower Interviews (Wagberi 1)	<b>Wednesday 16<sup>th</sup></b> Borrower Interviews (Alimao)	<b>Thursday 17<sup>th</sup></b> Borrower Interviews (Alimao)
<b>Friday 18<sup>th</sup></b> Borrower Interviews (Wagberi 2)	<b>Saturday 19<sup>th</sup></b> Borrower Interviews (Wagberi 2)	<b>Sunday 20<sup>th</sup></b> Borrower Interviews (Hodhan)	<b>Monday 21<sup>st</sup></b> Borrower Interviews (Hodhan)	<b>Tuesday 22<sup>nd</sup></b> Borrower Interviews (Barwago)	<b>Wednesday 23<sup>rd</sup></b> Borrower Interviews (Barwago)	<b>Thursday 24<sup>th</sup></b> Borrower Interviews (Jogo)
<b>Friday 25<sup>th</sup></b> Borrower Interviews (Jogo)	<b>Saturday 26<sup>th</sup></b> Borrower Interviews (God Ade)	<b>Sunday 27<sup>th</sup></b> Borrower Interviews (God Ade)	<b>Monday 28<sup>th</sup></b> Org. Interviews	<b>Tuesday 29<sup>th</sup></b> Org. Interviews	<b>Wednesday 30<sup>th</sup></b> Org. Interviews	

*July, 2004*

<b>Thursday 1<sup>st</sup></b> Remaining Interviews	<b>Friday 2<sup>nd</sup></b> Remaining Interviews	<b>Saturday 3<sup>rd</sup></b> Remaining Interviews	<b>Sunday 4<sup>th</sup></b> Visit to North*	<b>Monday 5<sup>th</sup></b> →	<b>Tuesday 6<sup>th</sup></b> →	<b>Wednesday 7<sup>th</sup></b> →
<b>Thursday 8<sup>th</sup></b> Day of Rest	<b>Friday 9<sup>th</sup></b> Remaining Interviews Non- Borrowers	<b>Saturday 10<sup>th</sup></b> Remaining Interviews Non- Borrowers	<b>Sunday 11<sup>th</sup></b> Remaining Interviews Non- Borrowers	<b>Monday 12<sup>th</sup></b> Democ. and Gov. Proposal	<b>Tuesday 13<sup>th</sup></b> Democ. and Gov. Proposal	<b>Wednesday 14<sup>th</sup></b> Democ. and Gov. Proposal
<b>Thursday 15<sup>th</sup></b> Food Security Proposal	<b>Friday 16<sup>th</sup></b> Food Security Proposal	<b>Saturday 17<sup>th</sup></b> Food Security Proposal	<b>Sunday 18<sup>th</sup></b> Training, report, misc.	<b>Monday 19<sup>th</sup></b> →	<b>Tuesday 20<sup>th</sup></b> →	<b>Wednesday 21<sup>st</sup></b> →
<b>Thursday 22<sup>nd</sup></b> →	<b>Friday 23<sup>rd</sup></b> →	<b>Saturday 24<sup>th</sup></b> →	<b>Sunday 25<sup>th</sup></b> →	<b>Monday 26<sup>th</sup></b> →	<b>Tuesday 27<sup>th</sup></b> →	<b>Wednesday 28<sup>th</sup></b> →
<b>Thursday 29<sup>th</sup></b> →	<b>Friday 30<sup>th</sup></b> →	<b>Saturday 31<sup>st</sup></b> Leave for Nairobi				

- Visit to North: To survey food security situation

### Key Informants and Focus Group Interviewees

Arid Lands Resource Management Project (ALRMP)  
Wajir South Development Association (WASDA)  
Wajir Peace and Development Committee (WPDC)  
Nomadic Primary Health Care (NPHC)

District Social Development Officer (DSDO)  
Oxfam GB  
District Development Officer (DDO)  
World Vision International  
District Cooperative Officer (DCO)  
Chairman, Wajir County Council (Chairman, WCC)  
District Commissioner (DC)