

The Impact of Faith Based Organizations on Livelihood Empowerment: A case of Riziki Kenya

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Abstract

The Kenyan government like many other middle income countries is focusing on enhancing competitiveness and increased productivity amongst the different socio-economic sectors. The ultimate state goal, presented in the present government agenda is to improve the well-being of the Kenyan citizens to promote sustainability and realize economic growth. To realize the goal, there is need to focus efforts on the marginalized and less fortunate communities such as slum dwellers and rural poor whose productivity is limited due to socio-economic risks that characterize their environment. This study explored the impact of livelihood programmes by Faith-Based Organizations (FBOs) in Kibera on the peoples' productivity. The study focused on the case of Riziki Kenya; an FBO that employs faith-based approach to empower communities in informal settlements. Micro-lending is one of the largely known empowerment strategies for economic development in enabling the poor acquire skills, build assets/ capital and hence increase their resilience while significantly reducing their vulnerability. Riziki employs micro-lending and community development initiatives guided by Christian principles. The question therefore that the study sought to answer was "To what extent has livelihoods empowerment by FBOs through micro-financing increased the productivity of slum dwellers in Kibera?" The study reveals the great impact that is realized from leveraging on partnerships with local churches and other FBOs in empowering and enriching livelihoods of the people. The study found links between individual faith and their financial productivity. These links influenced their ethical behavior, and general stewardship of their own/ business financial resources.

Key words: *Faith based organizations, Micro-lending, livelihood empowerment, Community development.*

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Introduction

Faith-based Organisations as well as other development organizations have borrowed heavily from the Grameen model that offers financial services to communities through the group methodology. FBOs uniquely employ this by their holistic

approach that significantly emphasizes on faith based principles, Chant,(2003), spiritual well-being of the people as well integrating faith and religious practices in the development interventions. This was a case study of Riziki Kenya, a FBO, where

they employed the Riziki community empowerment model.

The model integrates biblical based principles to develop multifaceted training curricula and designs business development services and products, Chant,(2003). These approaches are designed to achieve two goals; to build and strengthen practice of Christian faith in daily routine of the beneficiaries in order to achieve a certain set of behavior and attitude and secondly, the models deliver necessary tools for business activity.

The model is basically a holistic credit service package with Loan programme and entrepreneurial training. The loan programme offers both cash as well as business assets/ household equipments. These are either for business use or household use. Such equipments included solar lamps, sewing machines, LPG gas cylinders, Welding machines, Hair dryers, hand carts for youth groups amongst others.

Before any person receives a loan product, they are required to undergo training which focuses on the following themes dependent on the category of the beneficiary

- Biblical Business principles
- Debt Management
- Savings & Basics of building Investments
- Enterprise development & innovation
- Business Planning & diversification
- Group dynamics/ building social capital
- Handcraft & Product Development

The model is anchored on social justice and integrity in the defence of the poor and the vulnerable Joy (2007). The Riziki group methodology approach is based on

bible teachings on ethical behavior as articulated by prophet Isaiah 1:17. *“learn to do right seek justice. Defend the oppressed, take up the cause of the fatherless; plead the case of the widow.* The groups are designed to ensure that the best interests of the poor are safeguarded. Practices of being just in small and big dealings and being honest are emphasized (*Leviticus 19:11 & Proverbs 11:1*)

Investment training module is based on the teachings of Jesus Christ where he talks about the three talents (*Mathew 25:14-30, Luke 19:7-12*). People are trained to maximize opportunities and resources they have to solve their own problems. Communities understand that the overall impact or results is related to magnitude in which they invest what they are endowed with.

In Debt management and repayment of the loans Mjomba E. (2011), the model nurtures virtues and disciplines drawn from biblical teaching. The training manuals quote the bible *“the wicked borrow but does not pay back, but the righteous is generous and gives.” (Psalms 37:21)*. The end result is integration of faith and practices in the business ventures and normal routine in the livelihoods of the beneficiaries, hence a holistic view of life. As people undergo training and access micro-finance services from Riziki, they are inspired, have faith, are taught on good Christian stewardship and this drives them to take most appropriate actions in their businesses which is seen to generate all-round empowerment in their livelihoods.

These actions translate into increased revenues from the businesses and these revenues contribute to improved livelihoods at household level. This was a case study which targeted 250 households and used descriptive research approach. Households were purposively sampled from a list of households that had

benefited from livelihoods services over a three year period, UN-HABITAT (2003). The study noted that the livelihoods programme in the slum had positive and significant impact on the productivity of beneficiaries through expansion of their businesses, acquisition of skills/knowledge, reduced financial pressure on household budget, access to improved shelter and education opportunities.

Faith Based Organizations, Micro-Finance Institutions, Community Based Organizations, amongst other grass root community groups have been identified as key agents towards economic development, development of personnel and strategic policies for enabling the poor mitigate risks, accumulate assets, and effectively organize available resources to increase incomes and realize empowered livelihoods (Betty, 2006).

Despite these initiatives, poverty levels among slum dwellers are still high with above 40% of the population in Kibera living under a dollar per day. Those running small businesses in the slum still record poor business performance (Wright, 2007). Evidence of Microfinance on borrower's condition has been produced by World Bank studies and the findings show low productivity among the poor characterized by a hand to mouth lifestyle (Husain & Uddin, 2008).

Mjomba (2011), observes that despite many development actors in slums such as Kibera, a typical house still struggles to feed and educate their children and meet other obligations such health care. Most of the previous studies have not concentrated on effect of Faith based approaches on livelihoods empowerment amongst marginalized communities especially in urban slums in line with this observation, this study aimed to assess the impact of FBO micro-financing on Livelihoods empowerment. The study set out to find

out the impact of FBO micro-financing on livelihoods empowerment.

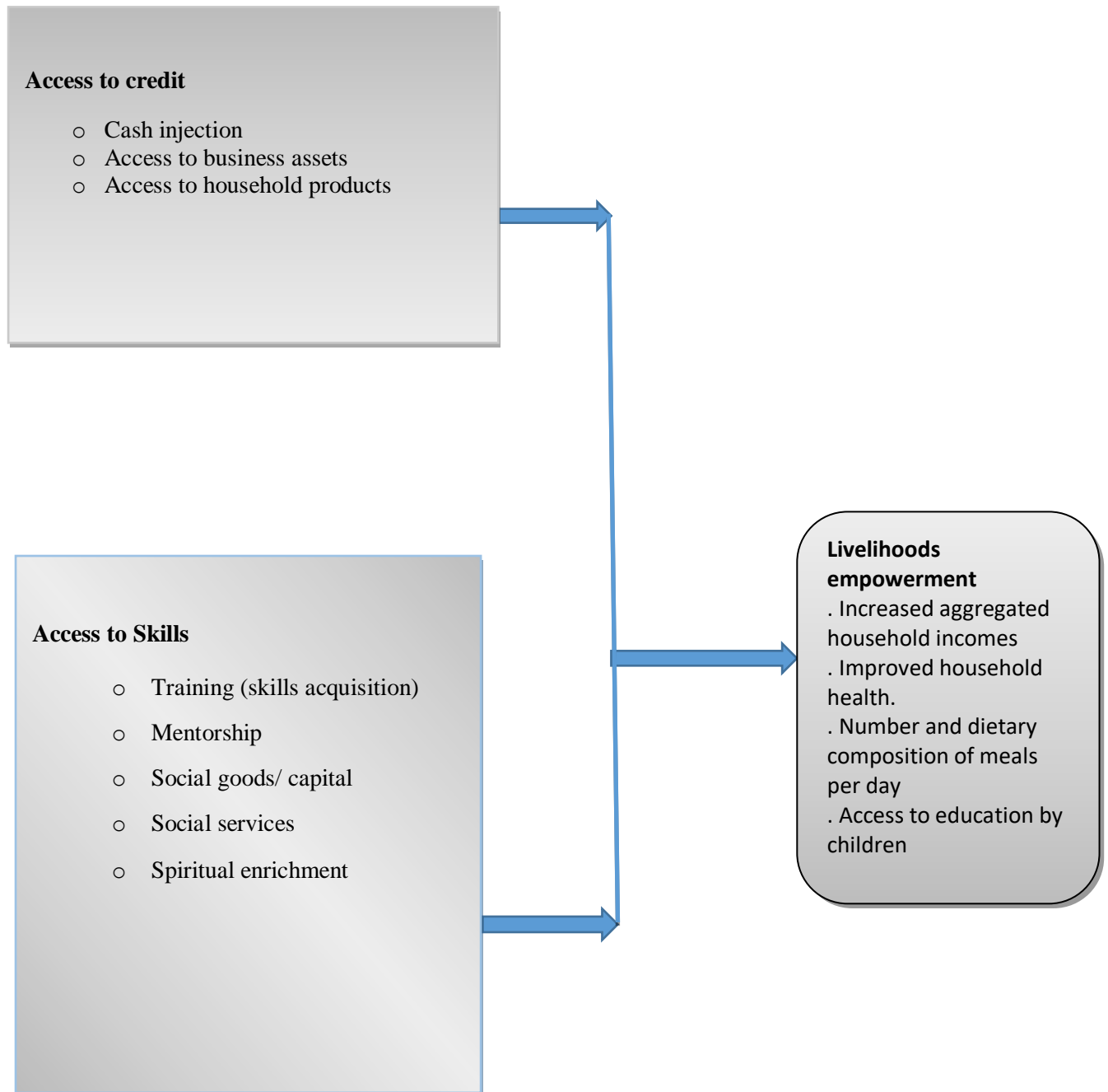
Livelihoods improvement is the ultimate goal in the big four Kenyan government agenda being spearheaded by the government.

The findings of this study are useful in the government policy towards realization of its agenda as well as contribution to the short term development goals. The study documents valuable lessons and best practices to development actors operating at the local community level in highlighting working strategies as well as identified pitfalls. The study shall serve as reference material to bridge the knowledge gap on this particular approach of community development.

Conceptual Framework

Independent Variables

Dependent Variable



Methods and materials

The study employed descriptive research methodology collecting data from all 250 households that had benefited from the FBO lending model for a period of three years in Kibera slums, (Mugenda & Mugenda, 2003). This approach allowed the researcher to gather information, interpret, summarize and present it for end users with the aim of ensuring in-depth description of the findings. The target population for this research were 250 households which had received livelihood empowerment services from Riziki FBO for a period of three years. The choice of Kibera slum was informed by the high poverty levels and also the fact that it is one of the largest slums in Africa. Purposive sampling was used in household selection for data collection. This sampling method involved non-random selection of all 250 households living in Kibera and which had benefited from the Riziki FBO micro-financing intervention. Simple, self-administered questionnaires were used to collect data from respondents.

Both quantitative and qualitative data were analyzed and presented in form of frequencies and cross tabulations, (Mugenda & Mugenda, 2003). Content analysis was employed in the analysis of qualitative data. Descriptive statistics including frequency distribution tables, percentages and proportions were used to summarize and present data.

Results & discussion

The Riziki Kenya Livelihoods model

The following findings and lessons are derived mainly from the Riziki Business

Development Services (BDS). The impact of the initiative in Kibera differed by household demographic, socio-economic status and livelihood pattern as these are very diverse in the slum areas. Though the findings are varied across the different households, they are promising if taken to scale.

Integration of Faith and Practice

All the 250 households participating in this study indicated they had undergone the biblical based training curriculums by Riziki. Moreover all the households were linked to churches and/or other FBOs upon which Riziki draws her member groups. In total the households are referred by six churches, one missionary school and one international FBO based in Kibera. As a matter of policy, group procedures and policies are faith based and religious teaching/ practices are part of the routine undertakings (Grullon, George, & James, 2010).

Endorsements of beneficiaries and credit guarantees are offered by the respective religious leaders/ institutions. The practice of faith had evident impact on the behavior of beneficiaries. An example is the case of Shanice Moraa, (*real name withheld*) a woman aged 41 years who had spent almost 20 years in alcohol abuse and drug peddling in Kibera until 2012. For those years she tried to run a grocery business and failed over and over again, she could not manage to feed and/or even educate her four children. Her transformation came through an evangelism mission by the Kibera deliverance church that was to later introduce her to the Riziki Programme in early 2012.

When asked how she thought the programme had changed her life, she had this to say *“I was going to the church to borrow food and medicine for my child who was very sick, so pastor Lute told me to come for the crusade and that is where I met riziki women. After I got in their group I realized how I was wasting money and started saving 300 every week. I completely changed and stopped bad habits. Saving for offering, tithe and business has taught me money discipline. I started by taking a loan of KES 3,500 from Riziki three years ago and now I have applied for KES 75,000 to buy a bodaboda. My grocery business is now like a supermarket of fruits in this slum of Kibera. I can now feed my family and my youngest daughter will now go get secondary education because I can pay”*.

Food consumption and dietary diversity as an indicator of improved livelihood

Receipt of Riziki loans increased food consumption, indicating that the cash injection clearly had a protective effect for recipients. This was confirmed in both qualitative and quantitative research, with the average meal frequency improving from 1.61 to 2.53 over a period of 21 months. Recipients' scores on the Household Food Insecurity and Access scale fell. These results were most striking for small households.

Food security is not only about the quantity of staple food purchased, but also about the quality of the diet, including the variety of foods consumed. 95% of the households in the programme felt confident about affording and being able to access food for the next one month. This was a sharp shift from only 20% who were sure of a monthly meal before they joined Riziki Programme.

Aggregate Incomes

Access to credit and/or business items and equipments by over 90% of the households, directly resulted into increased business activity and consequently increased household incomes, Kiiru J. M., (2007).90% of the households agreed that their household incomes had increased as a result of the services accessed through Riziki BDS. Generally this study revealed that injection of cash by FBOs boosted trade in the slum by increasing purchases from local traders and leading to some of the money being re-invested in up-scaling the small businesses, (Grullon, *et al.*, 2010).

Productivity in the slums is synonymous with labour, UN-HABITAT (2003). The provision of cash increased food intake which in turn enhanced the productivity of recipients, a second promotionally effect. Receiving cash led to an increase in food consumption for almost all recipients, as noted above. With labour being the main asset for the urban poor, the availability of food meant that they could engage in productive work and earn an income.

Access to credit through FBOs clearly made it easier for households to expand their existing businesses than to change businesses as was the case for some recipients who had small businesses that were doing poorly.business Roche, C. (2001). For example, it was easier for a recipient who sold vegetables to 'boost' her business by adding more stock than it was for a recipient who washed clothes to start a vegetable business.

This was for two reasons: first, there are fixed costs in starting a business (such as buying a stall or obtaining a patch) that can bar entry for low income households. Secondly, households already in business tended to have more disposable income to add to their business. 68% of business

activities funded by the FBO programme recorded averages of between 35% to 40% income in business revenues.

Self-confidence and Social Independence

The steady income in a household during the period of the programme gave households not only the confidence to engage in other activities but also to participate in community activities in their villages and voice their concerns on issues of importance. This sort of transformative effect translated into increased participation in church activities and other social arenas restoring dignity and high moral character in the community, (Grullon, *et al.*, 2010).

The study for instance noted a 45% decline in youth crime vices in lindi village where over 80% of the youth were enrolled into FBO/ Church behavior change campaign and later on enrolled into an integrated waste management system managed by the FBO in partnership with the Nairobi county government. The youth reported to have gained a sense of self-worth and a sense of ability to change their lives through the community dialogue process. The information provided during the dialogue sessions gave them ideas on how to make use of available opportunities in their communities (Collins, 1991).

Conclusion and Recommendations

The evaluation clearly showed that the model did indeed have a positive impact on the lives of recipients and should be built upon by future programmes. There have been marked improvements in the lives of the recipients ranging from increased food consumption, improved economic productivity, increased aggregate incomes, and a sense of self-worth and social independence through enhanced social protection.

Future programmes by other actors need to make a number of considerations for the intervention to have longer term impact in reducing vulnerability amongst the urban poor. Considerations to be made include:

- Longer term empowerment interventions to households with high dependency ratios (e.g. long term loans)
- Greater loan product diversification e.g. loans for capital infrastructure
- Recognition of social capital as collateral
- Institutionalization of faith practice across wider range of empowerment actors

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