

Just Small Change

Annual Report 2019-2020



2019-2020

Just Small Change

Registered Charity No. 1154462

<https://www.justsmallchange.org.uk>

Front : Esther makes chapatti sell to café owners

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Just Small Change works in the slums and rural villages of Kisumu East. Kisumu is Kenya's poorest city, and one of its fastest growing.



Where we work

Kisumu has Kenya's highest rate of HIV at 19.9%, 3.4 times the national average (Kenya Aids Indicator Survey 2015).

Kisumu County is home to 9.5% of the entire HIV-affected population of Kenya. HIV/AIDS brings the extra expense of medicines, causes added stress, depression, illness, inability to work, loss of income, social stigma and economic exclusion.

60% of people live in poverty (less than £1.47 a day). Women suffer gender inequality and high incidence of HIV/AIDS. We work with very poor women, many of whom are widows and caregivers for orphans.

In Kenya, poor urban women with little education suffer the greatest exclusion from formal and informal employment. (World Bank 2016)

87% of households in East Kisumu's informal settlements are moderately or severely food insecure (Kisumu County Factsheet 2016)

On joining the programme, our baseline assessments show that 53% of our clients are only able to feed their family one meal a day. 93% are unable to provide for their families' basic needs, and the remainder cannot do this consistently. With

little education and few employment opportunities, 70% of East Kisumu's residents turn to microenterprise.

Female headed households in East Kisumu are on average poorer than male-headed households (Urban Forum Dec 2019).

Our aim

We offer severely disadvantaged clients a microcredit service, including business training, loans and mentoring, in order to:

- reduce clients' economic and social vulnerability through a long term improvement in their business income
- empower clients by enabling them to build viable, sustainable businesses so they can save, educate their children and plan for the future.
- build capacity and resilience in local communities through business training and via establishing community groups and businesses to serve local needs



How we work

1

Our staff visit the slums and villages to see existing clients. More women ask to join the programme having seen their friends and neighbours benefitting. Our staff recruit those in need and who are most likely to benefit. Many of our new clients are already trading on a tiny scale, but not earning a viable income.



2

Clients join together into local community groups. Our staff train all new clients in basic business skills. They deliver ongoing training and mentoring through the groups and via individual visits to clients' businesses.



3

We provide small loans which clients use to start or develop their businesses. Incomes grow, families enjoy better standards of living and clients begin to fulfil their aspirations. Clients repay their loans, typically within 6-12 months.

'Now I have hope, and a vision for the future'
(Charles)

4

The community groups set up group savings accounts, so that all members can save, however small the amount. Clients start to grow their savings, providing more security for clients and their families. Group members support and advise each other in their weekly meetings.

'The group gives me courage – I have the example of the other women in the group'
(Elisabeth)

5

Clients may apply for up to two larger follow up loans. By the end of the third loan clients will usually have built up sufficient savings to finance their businesses or to apply for loans to larger microfinance organisations.



6

With 94% of loans being repaid in full, Just Small Change uses the money again, helping more women to start a business.

This means even a small donation goes on working for many years, helping more women to achieve economic security for the first time in their lives

Meet our clients

61-70

8%



71-90

3%



21-30

18%



10%

51-60



31-40

33%



41-50

28%

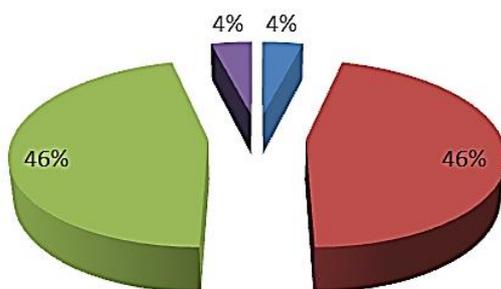




Meet their households

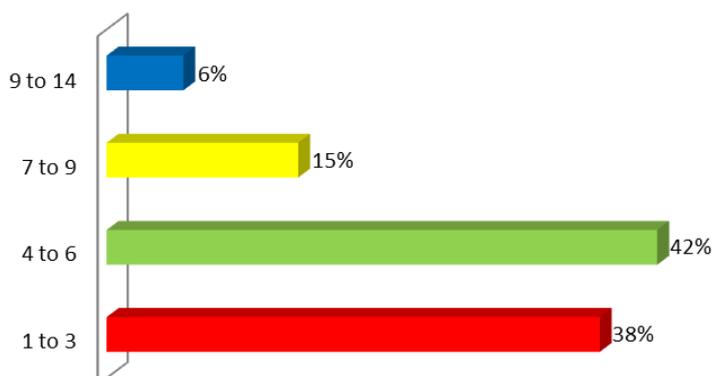
Civil status

■ single ■ married ■ widowed ■ divorced



54% of our clients are single female heads of household, struggling alone to provide for their dependents. The remainder are in very low income households, where husbands are often sick, disabled or unemployed.

Number of dependents



Two thirds of our clients are supporting four or more dependents, with one in five supporting seven to fourteen others. Dependents can include siblings, children and grandchildren, orphaned children of friends or relatives, elderly parents or grandparents too. One in four of our clients' dependents is a child orphan.

Meet their households



Housing



Nine out of ten clients live in semi permanent housing, made of mud or sheet metal. They have no access to roads, electricity, running water or drainage. Their homes are vulnerable to increasingly frequent heavy rains. Several clients have lost their homes in this year's heavy rains.

56% of clients live in rural villages,
44% in urban slums.

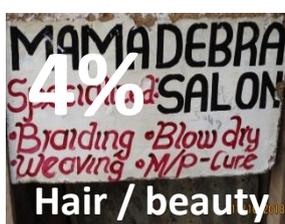
Education



All of our clients aspire to provide education for their school age dependents. This means finding money for school or college fees, for books and paper, and also for school uniform, without which children are not allowed to attend.

Paying for school fees is a constant source of stress and worry for these women. Often children have to be withdrawn from school due to lack of funds.

Lines of business



Impact of our work



During 2019-20, we expanded and strengthened our work in Kisumu. Over 300 clients now run small businesses. Our clients change not only their own lives through their work, but also many others'.

Their dependents benefit from the increased income, better diet, more consistent school attendance and greater economic stability.

Additional jobs are created, providing livelihoods for more families.

The women's businesses and community groups help villages and communities to prosper economically and socially.

Other women see them as role models and are encouraged to do the same.

To date, seven clients have taken on a total of 30 employees, creating jobs for local people as gardeners, seamstresses, farmhands, clothes hawkers, stallholders, nursery nurses, bead-workers and cooks.

*'The opposite of poverty is not wealth.
The opposite of poverty is enough'
Dr Wess Stafford, Compassion International*

Training is vital, building skills and confidence, turnover and profit

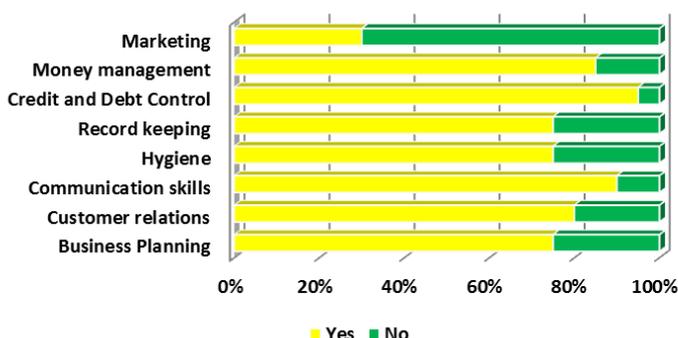
Our clients enjoy learning, and use their new skills to improve their businesses. Training boosts self-confidence. It also benefits the wider community, as women pass on their skills to friends and family.

The training has taught me that, in spite of everything, I can be in charge of my own life'

Alice, 33, HIV+, widow, 2 children



Have your new skills helped your business?

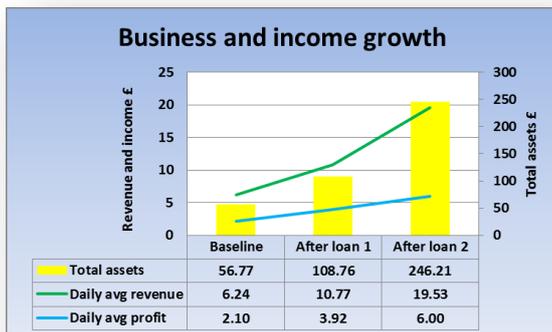


Money management, credit control, the importance of saving, how to manage stock and record keeping are the most valued topics. Training in debtor recording and follow up has greatly improved the cash flow of many clients. Marketing was a new topic this year, which clients are now starting to adopt.

In a new initiative for this year, 50 group leaders received two full days of training in leadership skills, administration and financial record keeping

Raising levels of knowledge and skill is key to increasing the productivity and earnings of poor women (World Bank Kenya Update 2016)

Women are empowered as their incomes, assets and savings grow



After the first loan, average income rose by 86% to £3.92, an increase of £1.82 per day. The percentage of clients unable to provide for their families' daily needs fell from 93% to 25%. After a second loan, average income rose again by 56%, to £6 a day, an increase of £2.08; these clients could provide for their families' needs almost all the time.

As our clients grow their businesses, they provide more of their household's total income. Children are less likely to drop out of school in order to earn, and the household is more resilient. 93% of clients said their incomes were more stable.



*The best part of training was learning how to save and how to keep records. I have realised that if you have knowledge this is power, the power to save, power to be self-employed, to have a voice and participate in the local community.
(Benter, 41, HIV+, six dependent children)*

Earning more, our clients are able to decide how money is spent, to plan for the future and to build up a savings buffer against the economic, health or weather related shocks which often affect them. This wins the respect of the community, builds self-esteem and enables women to take charge of their own lives. They become empowered.

Nearly 90% of clients were able to save more, providing valuable security from unexpected financial shock. All clients saw their assets grow, nearly doubling after the first loan, and rising again by 125% on average after the second. A few highly successful clients (excluded from the data above) have each grown their assets to around £1500, a remarkable achievement.



*'Economically empowered women create healthier and more productive societies.'
The business of empowering women, McKinsey & Company, 2010.*

Health and wellbeing

On joining the project, 95% of clients say they worry every or most days about the future. By the end of the first loan, this had fallen to 29%, and to 13% by the end of the second loan. Less worry means less daily stress, and, especially for the HIV+ clients, better health outcomes.

The loan has removed fear and stress from my life (Elisabeth, 50, HIV+, widow, 4 dependents)

'I was low, but now I enjoy much more respect. Life is good, having money gives you standing' (Mary, 53, HIV+, widow, 3 dependents)

Economic empowerment builds self-esteem and earns the respect of clients' families and communities. By the end of the first loan, nearly 80% of clients feel more respected, rising to nearly 90% at the end of the second. Several clients are now community elders.



Family well-being improves too. More income provides better diet and healthcare, and greater family stability. On joining the project, only 53% of clients could feed their families two meals a day. After repaying just their first loan, 91% were able to do so. Many also paid for medical care and undertook household improvements, such as re-roofing their homes. Two thirds of clients used their extra income to pay for schooling, improving the life chances of their dependents.

In total our clients are supporting 1267 dependents, including 327 orphans, with 863 dependents attending school or college.

'My group is supportive. We can get a small loan from the savings club when we need it. We also share ideas about where to buy the best stock and grow our businesses, as well as discussing how to cope with home life.'

Elisabeth, 41, widow with 4 orphan dependents, runs a fruit kiosk

Clients value their community groups, where project staff provide ongoing training and members give practical support and encouragement.

All groups now run group savings schemes so all clients can enjoy a basic level of financial inclusion. This helps with cash flow management.

Group activities, such as raising poultry or sharing a kitchen garden, help to strengthen households and communities.

Read the stories of some of our clients on the next page....

When she was widowed, **Jocinter** and her two daughters were thrown out by her husband's family, with no belongings or means of support. They arrived in Kisumu with nothing. Having joined the project, she can now support her family by hawking handbags and clothes in the villages and slums, seven days a week. Her profits pay for rent, food and school fees for one daughter. The other helps in her business. Having been badly shaken, her confidence is growing; she is now treasurer of her community group and feels she is making a new life for herself and her girls.



Timina is a widow with nine children to support. She runs a fruit and veg stall in the indoor market for 13 hours a day, seven days a week. Her profits pay for food, household needs and school fees, as well as college fees for her eldest son. The family live in a shack on land bought before her husband died. She hopes one day to be able to afford to build a house there. She says 'now I feel more respected, and I have a future to count on'

Catherine joined in May 2019. A widow with four children, she sells fruit and vegetables by the roadside. During training she learned about keeping costs down and now buys fruit from cheaper suppliers. She used her loan to buy a metal table, so she no longer has to lay her produce on the ground. She is saving to buy an umbrella, so she can keep trading when it rains, which she hopes will help her expand her business. She says the support offered by her community group and project staff are really important to her.



Susan is a single mother aged 37 with six children to support. Since joining the project in 2018, she has built a very successful business retailing and wholesaling soap, which she makes at home in the one room she shares with all her family. Her profits pay for rent, food, school and university fees as well as for investment in a second business in garment making. She has bought two sewing machines and several rolls of fabric, and now employs two seamstresses. Highly respected in her community, Susan is now a village elder.

OVERVIEW OF THE YEAR TO END MARCH 2020

Since last reporting in April 2019, our Income Generating Microcredit project in Kisumu, Kenya has grown from 193 to 307 clients.

In the year to end March 2020

- Two full time microfinance professionals were employed (our new loan officer joined in January 2020); all salary and overhead costs have been met
- 113 new clients each received 5 full days of business and financial training covering topics such as business management, financial management, stock taking, record keeping, customer relationships, communication and leadership. Accessible delivery methods used include role play, group work, puzzles and discussion.
- 50 group leaders received two full days of training in leadership skills, administration and financial record keeping
- 15 more neighbourhood trust groups were formed
- 307 clients received ongoing mentoring and support in running their businesses, with regular visits from project staff.
- 307 clients have supported 1264 dependents between them (average 4.12)
- These dependents included 327 orphans
- 863 dependents attended school or college, supported by our clients
- Around 30 additional jobs were maintained within clients' businesses, supporting approximately 120 additional dependents
- 168 loans were issued: 113 to newly trained clients and 55 to clients receiving subsequent loans once the original loan has been repaid
- The average loan size to date was KSH 13,665 (£103.52)
- The total amount loaned to date was KSH 7,229,000 (£54,765)
- The value of loans outstanding was KSH 2,145,243 (£20,078) at end March 2020
- 6% of loans to date was written off due to illness or death or other client difficulties
- Since the project's start, each pound of the loan funds provided by Just Small Change has been re-loaned 1.16 times (as at end March 2020) and will be available to loan yet again, once current loans are repaid. This means that each pound donated to the loan fund has, so far, generated £2.16 in lending to aspiring entrepreneurs, and will revolve again to generate more lending in the future.
- Operational integrity and financial controls were strengthened with the development of custom software to automate the bank reconciliation process, the lending records and improve the processing of data.

PRIORITIES FOR 2020-21

- To train and support 120 new clients in their businesses, thereby improving the lives of approximately 620 individuals (based on average of 4.2 dependents)
- To improve monitoring and measurement of clients' progress out of poverty by revising and streamlining baseline and end-of loan assessment
- To strengthen trust groups through training and by encouraging group enterprise
- To train several members of each group in leadership skills to enable them to assist project staff

- To assist our Kenya partner organisation, OLPS, to develop a savings cooperative for staff and for clients who are graduating from the project.

RISK MANAGEMENT

Sustainability risk: client savings are encouraged as is reinvestment in business, to ensure that clients will eventually be able to provide from their own resources or have sufficient collateral to get a loan from a larger lending institution. We are assisting our partner organisation to develop a savings cooperative for staff and for clients who are graduating from the project.

Liquidity and funding risk : the Trustees’ reserves policy is to maintain between 3 and 6 months’ forecast expenditure in reserves, in order to cover the charity for unexpected fluctuations in income.

Credit risk: to reduce the risk of client default, project staff tailor loans to the business plan and capability of each client and offer individual support for clients in difficulty. If necessary, e.g. in cases of illness or bad weather, repayment periods can be extended. Clients are required to lodge a small deposit with our partner organisation when taking a second or third loan from the project. This is returned once the loan is fully repaid.

Operational risk: we are constantly working to improve reporting and recording processes for project operations and for financial management. Regular supervision of project staff takes place by email and Zoom. We have recruited staff with relevant qualifications and are confident of the integrity of our partners in Kisumu, OLPS. Clients’ use of Mpesa (mobile payment) for loan repayment provides an excellent level of transparency and security.

CHARITY DETAILS AND GOVERNANCE

Just Small Change was established with the UK Charity Commission as a Charitable Incorporated Organisation on 5 November 2013. Our charity number is 1154462.

The charity’s principal address is 38 Orchard Way, Stratford upon Avon, Warwickshire, CV37 9QE

The activities of Just Small Change are managed and overseen by the trustees, all of whom were in post for the entire year:

Peter Joseph Donaghue	Chair
Mary Jane Donaghue	Treasurer
Gerard John Adams	
Andrew William Maher	

The power to appoint additional or replacement trustees rests with the existing trustees

Public benefit

The identifiable benefit which we aim to provide is to offer the opportunity, to people suffering from financial hardship and social exclusion in developing countries, of building their own small business to generate a sustainable profit which provides a sustainable income stream. This then allows the client to improve his or her or the family’s nutrition, healthcare and /or educational opportunities, leading to a more secure and prosperous future, greater economic resilience, greater self-confidence and improved social inclusion. In choosing our projects, all trustees have had regard to the guidance on public benefit issued by the Charity Commission.



KEY STATISTICS

Below are key statistics from the project, in both Kenyan shillings and pounds sterling.

Year ending	Number of woman clients	Total number of clients	Total loaned since start	Number of loans since start	Current average loan	Value of outstanding loans	Default %	Rescheduled %
			KSH		KSH	KSH		
Start*	39	40	325000	40	8125	8125	0	n/a
Mar-14	39	40	640,000	64	6,620	264813	0	n/a
Mar-15	41	42	1,305,000	106	15,833	665000	0	n/a
Mar-16	41	42	1,305,000	106	9,771	410400	0	n/a
Mar-17	90	91	2,120,000	168	8,131	739950	3.54	9.38
Mar-18	141	142	2,995,000	262	13,313	1890458	2.51	6.55
Mar-19	191	193	4,905,000	360	11,115	2,145,243	1.33	4.16
Mar-20	304	307	7,862,000	468	10,774	2,650,325	6	0

*May 2013

Year ending	Number of woman clients	Total number of clients	Total loaned since start	Number of loans since start	Current average loan	Value of outstanding loans	Default %	Rescheduled %
			£		£	£		
Start*	39	40	2,355	40	59	59	0	n/a
Mar-14	39	40	4,638	64	48	1,919	0	n/a
Mar-15	41	42	9,457	106	115	4,819	0	n/a
Mar-16	41	42	9,457	106	71	2,974	0	n/a
Mar-17	90	91	15,362	168	59	5,362	3.54	9.38
Mar-18	141	142	21,703	262	96	13,699	2.51	6.55
Mar-19	191	193	37,731	360	86	16,502	1.33	4.16
Mar-20	304	307	59,561	468	82	20,078	6	0

The project's pilot phase ran from the start date in May 2013 to March 2015.

FINANCIAL REVIEW

2019-20 has been a successful year for fundraising. Funds from monthly private donors increased by 12%, and ad hoc donations by 5%. We were also generously supported by grant making organisations and corporate donors.

Salary costs increased due to appointment of additional qualified staff. Training and loan costs increased in line with numbers of clients trained. The trustees' visit to Kisumu in October 2019 was privately funded and did not appear in the charity accounts.

Our accounts have been independently examined by HLBarnes (Chartered Accountants). Their report and a full copy of the accounts is presented separately. A summary of income and spending is included below.

ACCOUNTS FOR THE YEAR ENDING 8 APRIL 2020

		Last year
Receipts		
Donations and grants*	27497	37646
Gift Aid	63	3678
Paypal charity sales income	250	1380
Donation from trustees for cost of field visit and bank charges	0	1178
Total receipts	27810	43882
Payments		
Charitable activities		
1. Provision of funds for business training and mentoring, funds for micro loans, salaries of field staff	26159	12533
2. Purchase of equipment/supplies for Kenyan office	604	other 172
Bank charges	175	98
Field visit for monitoring and review	0	1080
Total payments	26938	13883
Net of receipts/(payments)	872	29999
Cash funds last year end	36436	6437
Cash funds this year end	37308	36436
Held in:		
bank	35079	34450
Paypal	2229	1986
total	37308	36436

Notes to accounts:

1. Reserves are held to cover 12 months' salary and overhead costs for field staff. This cost is estimated at £11,113 for 2020-21
2. It is the Trustees' policy that funding for each year's planned project activities must be in place at the start of that financial year.

METHODOLOGY

Baseline data is collected, by means of a questionnaire, from all clients as they join the project.

Reviews are conducted by structured one to one interview at the end of each loan period, and comparative data collected to assess progress.

This report is based on the results of questionnaires and interviews carried out up to end March 2020.



Thank you for reading this report and for your interest in the work of Just Small Change.