

Just Small Change

Registered Charity no. 1154462

Annual Report and Accounts 2018-19



Over the last twelve months, the daily lives of more women and their families have been greatly improved and renewed hope given to them through the support of all our donors who have funded our work.

It was important that we had the right level of resource in Kisumu, Kenya to help to manage the increased workload and the future growth of our project. We needed to recruit a person with the highest levels of skills, competencies and experience, although it took us longer than expected to find the best candidate. During this period of about 5 months we scaled back the numbers of new clients and also gave the new programme manager, Roselyne Okanda, a period of time to review the operation and suggest improvements, some of which are now in place. Now better prepared to manage the project's future growth, our training programme and loan distribution for new clients resumed in May 2019.

OUR AIMS AND ACTIVITIES

Just Small Change was registered as a charity in 2013. We aim to relieve poverty among people in need in developing countries by enabling very poor and marginalised individuals to generate sustainable incomes. With support, our clients can build a pathway out of poverty for themselves and their families through small business development. We currently work in Kisumu, Kenya, an area which has been ravaged by the HIV/AIDS pandemic and where many women, often widows and often sick themselves, struggle as single heads of households to support their own children as well as children who have been orphaned through HIV/AIDS. We work in partnership with OLPS, an NGO which offers intervention and support to people living with HIV/AIDS (PLHIV). Through this NGO, Just Small Change now employs two microfinance professionals who manage the project.

87% of households in East Kisumu's informal settlements are moderately or severely food insecure.

Kisumu, 3rd largest city in Kenya, is the country's poorest, and one of its fastest growing. But there is great inequality. 62% of its population live in slums. Our project is based in the slums of Kisumu East, where there is a poverty rate of 60% (Kisumu County Government Factsheet 2016).

medicines, causes added stress and depression, illness, inability to work, loss of income, social stigma and economic exclusion.

Kisumu has Kenya's highest rate of HIV at 19.9%, 3.4 times the national average. HIV/AIDS brings the extra expense of

Kisumu County is home to 9.5% of the entire HIV-affected population of Kenya.

With little education and few employment opportunities, 70% of East Kisumu's residents support themselves through microenterprise.

Many of our new clients are already trading on a tiny scale, but not earning a viable income. However, with 5 days of business training and a small loan, these enterprises can grow to provide more income, making households less vulnerable, providing better for basic needs and enabling clients to begin to fulfil their aspirations.

In Kisumu East, poverty, pronounced gender inequality and high incidence of HIV/AIDS all impact the poorest women. Therefore, while not excluding men, this project targets very poor women, including PLHIV, 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)

The project aim is to develop a sustainable microcredit scheme, offering business training, loans and mentoring to the severely disadvantaged of Kisumu in order to:

- reduce clients' economic and social vulnerability by enabling them to achieve sustainable and significant improvement in their basic income
- empower and motivate clients by enabling them to build viable and sustainable businesses which permit them to save and plan for the future.
- build capacity and resilience in local communities through business training and through establishing trust groups and micro businesses to serve local needs

HOW WE WORK

Potential clients are referred to the project by our partner organisation in Kisumu, OLPS, and also by existing clients. Our two field officers in Kisumu carry out initial assessments, business training, distribution of micro loans and provision of ongoing mentoring and support to our clients. They help clients to develop viable business plans



A group trained in May 2018 with their certificates.

and agree on a manageable initial loan size. They teach our clients to reinvest to grow their businesses, and to save regularly to provide security against adverse circumstances. Clients are invited to form trust groups of 5-10, through which they offer each other advice and support, and sometimes undertake joint ventures such as poultry rearing. Our field officers visit each client every few weeks to mentor and monitor progress. Harnessing the power of Mpesa, Kenya's mobile money transfer system, loans are repaid monthly, much more secure than handling cash.

As their income improves, our clients gradually achieve increased financial security and economic resilience, better nutrition and healthcare, increased self-esteem and motivation, improved educational opportunities and outcomes for their children, improved social inclusion and greater economic choice. Our clients are also role models for their peers, encouraging others to start their own businesses. Some clients are able to create employment for others, increasing incomes further in their local community. The outcomes show that with training and support, microcredit can, in a sustainable way, unlock the personal and economic potential of the poorest individuals and communities, allowing them the opportunity to achieve a life free from poverty, with dignity and purpose.

OVERVIEW OF THE YEAR

During the year we have increased the number of clients from 142 to 193, of whom 191 are women and 2 are men. 52 new clients received 5 full days of business skills training as well as ongoing mentoring. Eight new trust groups were established during the year.

To build resilience and sustainability, trust groups have been trained and supported to set up savings clubs, to ensure clients are able to save securely and profitably. Most clients now save a small sum every week, and this provides households with much greater economic stability and reduced stress and worry.

Clients' businesses are providing many valuable local services including a nursery school, mobile money services, lunch canteens for schools and workplaces, flour milling, beauty services and a plant nursery, in addition to many cooked food outlets and grocery or fruit stalls. A survey carried out in October 2018 showed that 24 additional paid jobs have been created by clients' businesses, creating yet more income in more households, in a beneficial multiplier effect. Our most successful client, who sells second hand clothes, employs four very poor local women to sell as agents in local villages on her behalf, splitting the profits 50/50, an arrangement of mutual benefit as otherwise the agents would be destitute.

OUTPUTS IN YEAR TO 8 APRIL 2019

We aim to measure and report on the impact of our work accurately. This enables donors to see what their

52 new
clients
trained

money has achieved, and also allows us to measure and improve the efficiency and effectiveness of what we do. Interviews and surveys were most recently carried out during a field visit in October 2018.

In the year to 8 April 2019

109 new
loans issued

- Two full time microfinance professionals have been employed (our new co-ordinator joined in January 2019); all their salary and overhead costs have been met
- 50 new clients have 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.

193 clients
and 810
dependents
supported

- 8 more neighbourhood trust groups have been formed
- To build resilience and sustainability, trust groups have been trained and supported to set up savings clubs, to ensure clients are able to save securely and profitably. The majority of clients now save a small sum every week, helping to make the future more secure.

24
additional
jobs created

- 193 clients have received ongoing mentoring and support in running their businesses, with regular visits from project staff.

- 24 additional jobs have been created within clients' businesses
- 56% of clients were HIV+.
- 193 clients support 810 dependents between them (average 4.19)
- 109 loans have been issued: 50 to newly trained clients and 59 to clients receiving subsequent loans once the original loan has been repaid

Savings
clubs set up
and running

- The average loan size to date has been KSH 13,625 (£104.81)
- The total amount loaned to date has been KSH 4,905,000 (£37,731)
- The current value of loans outstanding is KSH 2,145,243 (£16,502)
- 1.33% of loans to date have been written off due to illness or death
- 4.16% of loans to date have been rescheduled due to illness or other client difficulties

- Since the project's start, each pound of the loan funds provided by Just Small Change has been re-loaned 1.43 times 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 £2.43 in lending to aspiring entrepreneurs, and will revolve again to generate more lending in the future.

- In the UK, two volunteers continued to carry out administration, financial tracking, monitoring of progress, fund raising and development of strategic plans in consultation with our partners in Kenya. No expenses were claimed or paid.

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

*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

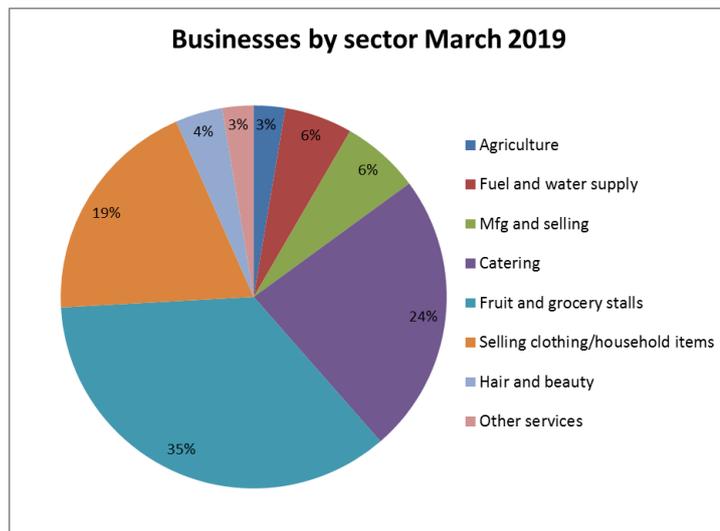
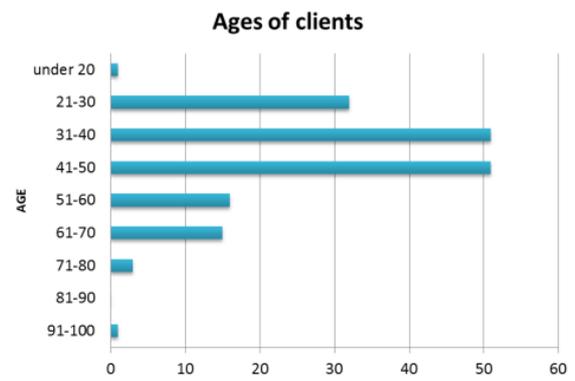
The project's pilot phase ran from the start date in May 2013 to March 2015.

OUTCOMES

'Now I worry less and I get more respect' (all the other ladies nodded at this). 'Once you earn money you have a voice, and get respect because you can contribute to the community' Grace (57, HIV+, 6 dependent grandchildren)

Clients and types of business:

At end March 2019, the project had 193 clients, almost all female. It is open to male applicants, but to date the most pressing needs arise in households led by women, often HIV+ and often widows. The clients vary widely in age; the youngest is 17 and the oldest 93. All are supporting dependents who may be siblings, their own children and grandchildren, orphaned children of friends or relatives and, in some cases, elderly parents or grandparents too. The number of dependents in each household can reach as high as 12; the average is currently 4.19.



Clients develop business plans, making use of available resources and meeting local needs. This makes the local economy more resilient. Seven clients have taken on a total of 24 additional employees, creating jobs for local people as gardeners, farmhands, clothes hawkers, nursery nurses, bead-workers and cooks.

Income improvement: Interviews with 36 clients in October 2018 showed an average increase in daily income of 120.4% (an increase of £2.07 a day) Mostly, this was spent on an improved diet

for their families, (more vegetables and some protein), on children’s education (school fees and uniform) and on housing improvements, such as a sheet metal roof in place of thatch. Many clients remarked on the increased respect they had gained in their families and on the voice they now had in the local community. Self-esteem had grown and, for a second year, some reported a decrease in domestic violence as a direct result of their new earning power.

Training: All the clients interviewed had found the 5 day business training very useful, with input on money management, the importance of saving, how to carry out stock takes and record keeping the most valued topics. Training in debtor recording and follow up has greatly improved the cash flow of many clients. Several clients reported feelings of empowerment as a result of the training, saying they felt encouraged and enabled to take charge of their own lives.

The best part of training was learning about how to save and about 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 in and participate in the local community.

Benter, 41, HIV+, six dependent children, runs a fruit kiosk

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

Alice, 33, HIV+, widow with 2 children

'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

Trust groups: Many clients spoke very positively about the support they received from their neighbourhood trust groups. Following training, all groups now run group savings schemes, so clients can enjoy a basic level of financial inclusion. This encourages regular saving as well as helping with cash flow management. Some also have group activities such as raising poultry, swapping kitchen tools or sharing a kitchen garden. All these initiatives help to strengthen clients' households and community resilience. In addition, the groups are used to share advice on business, health and family matters and to give emotional and practical support.

Mentoring: The ongoing mentoring provided by project staff is essential to clients' success. Examples of support given this year include

- advising an early stage client on next steps in expanding from food kiosk to café, managing the investment and cash flow implications of this,
- assisting a longer term client in making applications to other, larger lenders such as Stima SACCO, a Kenyan savings and credit cooperative
- ensuring savings groups carry out proper banking procedures and helping them to open group bank accounts, thus promoting financial inclusion
- providing counselling to a bereaved client so that she did not give up on her business

Long term impact

The spending patterns of the more longstanding clients sampled (2 years or more) show that many are now able to go beyond providing only basic needs. Some can now afford household items (such as crockery and furniture), school books, and one client has been able to buy a small solar panel for her home. Many are saving for business expansion and future school fees, as well as maintaining an emergency fund. Excluding the most successful client, average savings since entering the project are £43.93. This is equivalent to around 11 days' average earnings, so provides households with much greater economic stability and reduces stress and worry. Clients' businesses are providing valuable local services including a nursery school, mobile money services, lunch canteens for schools and workplaces and flour milling. 24 long term additional jobs have been created for local people by 7 client businesses. Our most successful client, who sells second hand clothes, employs four very poor local women to sell as agents in local villages on her behalf, splitting the profits 50/50; otherwise the agents would be destitute.

PRIORITIES FOR 2019-2020

- To train and support a minimum of 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, using baseline and annual assessment
- To strengthen trust groups by encouraging group enterprise
- To train one member of each group in leadership skills to enable them to assist project staff

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.

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 monthly fluctuations in income.

Credit risk: to reduce the risk of client default, project staff take care to tailor loans to the capability of clients , and always offer extensive individual support for clients in difficulty. If necessary,e.g. in cases of illness or bad weather, repayment periods can be extended

Operational risk: we are constantly striving to improve reporting and recording processes; regular supervision of project staff takes place by email and Skype. We have taken care to recruit staff with appropriate qualifications and are confident of the integrity of our partners in Kisumu, OLPS. The use of Mpesa for 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.

IMPACT STORIES



Lois

Aged 34, Lois is a widow with 6 children aged 15,12,9,6 and twins aged 4. Before she received her loan (Ksh10,000 (£77) in June 18), she supported her family by day labour, digging for other people. It was back breaking, badly paid and unreliable work.

With her loan Lois has started her own vegetable garden, renting land for a year (at a cost of Ksh 5000) and buying tools and seeds. She grows green vegetables, which she sells every day at the market. Sales are around Ksh200 per day, six days a week, giving her a profit of Ksh150 a day (about £1.15) after she has paid for renting a stall.

Lois is happy that earnings are more regular and there is less heavy work. She is using her extra income for school fees, better meals and is also saving into her group's savings club. She hopes to use her savings to grow a wider variety of vegetables. In the long run she hopes to rent more land and to pay others to help her grow larger amounts, to increase her income. One day she would like to own a rotavator.

Mary

Mary is a widow of 74 who is the sole supporter of 5 dependent grandchildren. Mary hawks second hand clothes, walking around the villages, as she says it is the best way to reach people. She has fully repaid her first loan and is now on her second, of Ksh 20,000 (£154). She has used both her loans to add stock. She buys her stock piece by piece in Kisumu's wholesale market, and can now afford to choose better quality items. This has doubled her profit to around Ksh 1000 a day (£7.69). She is proud that she can afford to take a bicycle taxi home in the evening, one day a week, if she gets too tired.

Mary enjoyed the training because everyone was treated as equals and the methods used meant that the content was accessible to her. The best learning, she says, was to keep a notebook of debtors so you don't forget.

Mary spends her extra income on school fees, uniforms and school lunches. She is also saving into her group's savings scheme. She says her life is so much better now, even though her head is very busy!



Pamela



Pamela is 33 and has 5 child dependents including some orphans. Before borrowing, Pamela was taking in washing and earning Ksh 200 a day (£1.53). With her first loan, in August 2017, she bought 5 sacks of charcoal which she sold in small batches. Most of her community can only afford to buy one day's supply at a time. She made good profits, and having paid off this loan she took a larger loan of Ksh 20,000 (£154). This allowed her to negotiate a bigger discount with her suppliers and increased her profits further. She is saving with the aim of being able to buy 50 bags at a time which would bring the wholesale price down yet again, and plans to rent storage when she reaches this point. .

She feels much more positive and hopeful about life. With regular income, she can now afford school fees for all the children,. She also spends on better diet, uniforms and saves, using the group savings club, for emergencies as well as business expansion. She has a real sense of pride in her own achievements and in her work. Others respect her too. On the training course, she says the most important things she learned were to speak up and express her views as well as the importance of regular savings. She finds her group very supportive, and says 'we are all each other's best customers'.

Linet

Linet, a widow with two children, first borrowed in March 17 and is now on her second loan. She started by cooking and selling fried chicken, but saw that regular custom was uncertain, so she decided to build on her teenage experience of working in a mobile money kiosk. She persuaded her former manager to let her set up her own kiosk, providing mobile money transfer services to her local community. She attracts business because customers like and trust her. The kiosk brings in income via commission of around Ksh 12,000 (£92) per month but this will grow as turnover increases.

To diversify and attract custom to her kiosk, Linet invested her second loan in selling and refilling LPG cylinders, and this business is also going well. In 2019, Linet is hoping to open a bank agency in her kiosk as she has noticed that there are as yet no bank agencies locally. She's in a hurry to set up before someone else does. Linet has used some of her increased income to move her family from one rented room to larger accommodation near to a better school. She can now afford to pay the fees for her children to attend there. Linet is very happy and full of plans for the future. 'We are comfortable now, and life is easier.'





Ruth lives in a rural village. She keeps poultry and makes bricks to support her 5 school age children and very sick husband. She says 'I can put food on the table and pay school fees. I feel more hopeful about life'



Clarice (left) is 65. She supports 7 dependents by growing vegetables and breeding from two sheep and two goats.

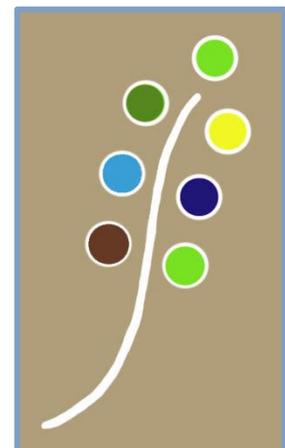


Penina (right) is 62 and supports 7 grandchildren. She sells fish at a market, using the profits for food, uniform, shoes and savings

Alice (known as Mama Tony after her eldest son) runs a snack bar, using her profits for uniform, school fees, food and medicines for her three sons. She is saving and hopes to build her own home one day, and move her family out of their two rented rooms



Susan is 36 and supports 6 children. She makes and sells detergent in used water bottles collected from the street. Her income pays for rent, food, school fees, uniform and shoes. She says 'the training and loan have given me courage and I have better standing in my community'.



Financial review, accounts

2018-19 has been a successful year for fundraising with several grant giving bodies awarding funds to our project, as well as continued generous support from our regular donor base. Owing to the appointment of our new project coordinator, and the subsequent rescheduling of several training courses to summer 2019, a considerable amount of funding has been carried over at the end of the year. The awarding bodies have all agreed to allow the funds to be spent in summer 2019. This includes the restricted funds shown.

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 08.04.19 on a receipts and payments basis:

	Unrestricted funds to the nearest £	Restricted funds to the nearest £	Total funds to the nearest £	Last year to the nearest £
Receipts				
Donations and grants	19,346	18,300	37,646	18,333
Gift Aid	3,678	-	3,678	
Donations from trustees for full reimbursement of field visit costs	1,080	-	1,080	929
Donations from trustees for bank charges	98	-	98	153
Paypal charity sales income	1,380	-	1,380	-
Total receipts	25,582	18,300	43,882	19,415
Payments				
Charitable activities	-	-	-	-
1. Provision of funds for business training and mentoring, funds for micro loans, salaries of field staff	9,683	2,850	12,533	15,322
2. Field visit for monitoring and review	1,080	-	1,080	929
3. Purchase of calculators for clients via Paypal	172	-	172	
Bank charges	98	-	98	153
Total payments	11,033	2,850-	13,883	16,404
Net of receipts/(payments)	14,549	15,450	29,999	3,011
Cash funds last year end	6,437	-	6,437	3,426
Cash funds this year end	20,986	15,450	36,436	6,437

Signed on behalf of the Trustees on 12 September by MJ Donaghue.

Notes:

1. Reserves are held to cover twelve months' salary and overhead costs for field staff. This cost is estimated at £14,037 for 2019-20.
2. It is the Trustee's policy that funding for each year's planned project activities should be in place at the start of that financial year.