

KENYA

financial

DIARIES

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RESPONDENT PROFILES



Background

Researchers at Digital Divide Data (DDD) and Bankable Frontier Associates (BFA), in partnership with Financial Sector Deepening (FSD) of Kenya, recently completed an in depth Financial Diaries study to better understand how Kenyan households earn, save, and spend their money. The study tracked 300 households over one year. Findings from this study can help government, business, and NGO decision makers better understand the financial needs of ordinary families and create better solutions in response.

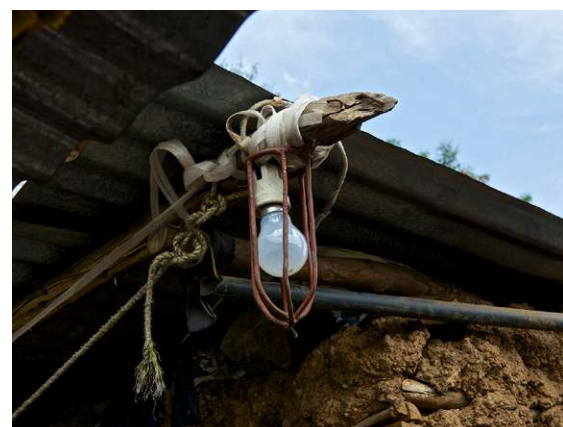
“EVELYN”: COPING WITH CHRONIC ILLNESS

Evelyn is a 37 year old woman who lives with her teenage daughter Marie, in Nairobi. Evelyn has another daughter in Mwea who is living with relatives who care for her and send her to school. Evelyn would like to move to Mwea once Marie finishes primary school. She thinks there will be more work opportunities outside the city. She survives on casual work and feels that these days there are too few opportunities in Nairobi.

One of six siblings, Evelyn migrated to Nairobi after secondary school to do a one year course in hairdressing. She did casual work until she met her husband in 1999. After having children, she tried various businesses. Things were difficult but relatively stable until her husband passed away in 2006.

There were many more ups and downs for the next five years, but the lowest point was when Marie was hospitalized in the ICU in 2011. She suffers from Type 1 diabetes, and it has been very difficult to control. This was the first really serious diabetic episode. The bill mounted to KSh 50,000, and Evelyn had been late in paying her NHIF (National Hospital Insurance Fund) premiums so was not covered at the time. She begged the NHIF administrators to backdate her premium payments to offset the bill. Luckily they obliged, though they charged her some extra for late fees.

She now prioritizes payments into NHIF and to her welfare groups that help her keep up with Marie's treatment costs. Another NGO pays for all of Marie's insulin and syringes. Still, out-of-pocket medical expenses account for 29% of the household's spending throughout the project.

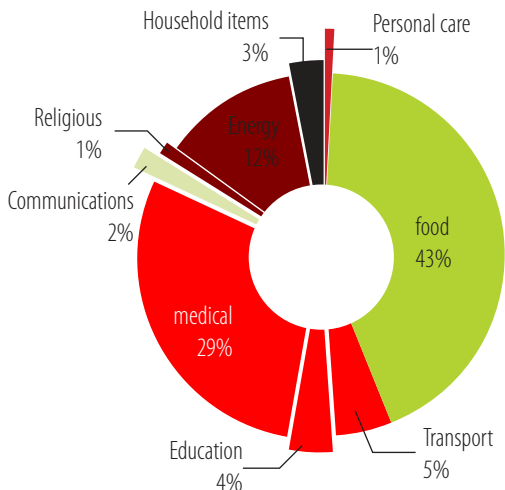


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¹ In several cases throughout the project, we find evidence of both adverse selection into NHIF and outright fraud. While NHIF is potentially a very powerful and useful product for people of low incomes, if these issues are as systemic as they appear, the viability of the scheme will be seriously compromised.



Distribution of Evelyn's consumption spending



The only way she was able to make ends meet during the study year was through in-kind support from her church, friends, and family."

Apart from straining Evelyn's budget with out-of-pocket medical expenses, Marie's frequent hospitalizations make it nearly impossible for Evelyn to earn a stable income. When Marie is hospitalized, Evelyn's small businesses collapse.

The only way she was able to make ends meet during the study year was through in-kind support from her church, friends, and family. One of Evelyn's sisters cares for another daughter on her behalf. A friend allows Evelyn and Marie to stay in their home without paying rent. A few times, the church also gave her casual work to help her get through the toughest times. When she worked there, the church also provided free tea and lunch. During the teacher's strike, Evelyn brought Marie along so that she would study and also take advantage of the free meals.

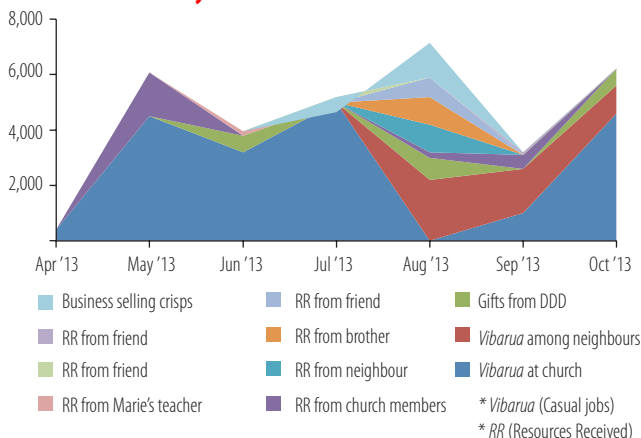
With her income so patchy, Evelyn often stops her payments into *chamas* (informal savings and lending clubs). She is not able to keep up. NHIF and the welfare groups come first. She knows that without these, she would really be in trouble.

Next year, Marie is set to enter secondary school, which Evelyn expects will cost about KSh 50,000. She has applied for a tender to supply her church with construction materials, and hopes she will win the contract and be able to send Marie to school. There is no plan B.

While she has some money saved, it is not nearly enough, and only just covers her outstanding debts.

Assets (Ksh)		Liabilities (Ksh)	
Bank account 1	0	Informal credit at shop	0
Bank account 2	500	Loan from cousin	5,000
SACCO account	2,800	Arrears owed to church welfare	200
Money in the house	400	Arrears owed to Marie's school	850
ROSCA 1	0	<i>Okoa Jahazi (borrowed mobile airtime)</i>	-
ASCA 1	4,800		
M-Pesa	0		
Total Assets	8,500	Total Liabilities	6,050
Net Financial Assets 2,450			

Evelyn's income month to month



Unless Marie both gets better and gets through school, it seems most likely that the two will continue, just barely getting by. Evelyn is considering moving with Marie upcountry. She had come to Nairobi to earn a living. If she can't, she thinks it might be better to be close to family who can help her through the difficult years ahead.



Find all of these and more at <http://www.fsdkenya.org/financial-diaries/>