The Effects of Savings and Internal Lending Communities (Silc) Loans on the Well-Being of Vulnerable Children in Kenya

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ABSTRACT

Access to appropriate and resilient financial resources remains important for low-income caregivers responsible for vulnerable children. This study examined the relationship between Savings and Internal Lending Communities (SILC) loans and the well-being of vulnerable children in Kenya. A cross-sectional mixed-methods design was employed. Quantitative data were analysed from 393 SILC participants using descriptive statistics and multiple regression, while qualitative evidence was obtained through focus group discussions and key informant interviews. The study assessed perceptions of loan terms, household savings and borrowing capacity, and four dimensions of child well-being: access to education, food, shelter and care, and healthcare. Respondents generally agreed that SILC loans were accessible on relatively favourable terms for food, healthcare, and shelter and care, whereas education-related loan items received lower ratings. Regression analysis showed that the amount borrowed was significantly associated with access to education, food, and healthcare, but not shelter and care; the direction of association differed across outcomes. Amount saved was not statistically significant in any model. Qualitative evidence indicated that caregivers used SILC loans for food, healthcare, education, and livelihood activities, while limited savings and borrowing capacity constrained the amount available. The findings suggest that SILC loans can complement household coping capacity, particularly when caregivers face immediate financial needs, but their contribution to child well-being is constrained by the scale of available credit, saving capacity, repayment considerations, and competing household needs. The study contributes to the literature by distinguishing perceived loan conditions from measured financial capacity and by examining separate dimensions of child well-being. The findings caution against interpreting borrowing as uniformly beneficial and highlight the importance of loan adequacy, purpose, household need, and repayment capacity when assessing community-based finance as a mechanism for strengthening vulnerable children's well-being.

Keywords: SILC loans; savings groups; vulnerable children; child well-being; financial inclusion; Kenya

INTRODUCTION

Background

Child well-being is multidimensional and includes the ability to access adequate food and nutrition, healthcare, education, safe shelter, care, and protection. Children living in poverty or experiencing orphanhood, inadequate caregiving, disability, violence, displacement, or social exclusion are particularly exposed to overlapping deprivations. In Kenya, recent evidence shows that child vulnerability remains strongly associated with household poverty and unequal access to essential services. The Kenya National Bureau of Statistics (KNBS) reports that 39.8% of the Kenyan population lived below the national poverty line in 2022, while households with children recorded a poverty rate of 38%, rising to 41% among rural households with children (KNBS, 2024). The same evidence shows substantial geographical inequality; overall poverty was 82.7% in Turkana compared with 16.5% in Nairobi City County. These disparities are especially relevant to the present study because the sampled counties include both highly deprived and comparatively better-off settings.

The burden is particularly pronounced among children. The 2022 Kenya Poverty Report estimated that 42.4% of children aged 0–17 years were living in monetary poverty. More recent analysis by KNBS, UNICEF and UN Women indicates that 55.3% of children experienced at least three simultaneous deprivations in 2022, with multidimensional deprivation affecting 66.4% of rural children compared with 28.0% of urban children (KNBS, UNICEF, & UN Women, 2025). These deprivations span dimensions directly relevant to the present study, including education, nutrition, housing, health and protection. The evidence demonstrates that child well-being cannot be understood solely through income; the ability of caregivers to mobilise and convert resources into essential goods and services is equally important.

Household financial vulnerability further complicates this situation. Kenya has made substantial progress in expanding financial inclusion, with the 2024 FinAccess Household Survey reporting financial inclusion at 84.8%. However, access has not translated automatically into financial resilience. Only 18.3% of adults were classified as financially healthy in 2024; only 24.9% reported that they could raise a lump sum equivalent to one month of typical spending within three days, while 33.2% reported regularly setting money aside for emergencies. The capacity to invest in livelihoods and the future also remained weak, at 17.1% (Central Bank of Kenya [CBK], Kenya National Bureau of Statistics [KNBS], & Financial Sector Deepening Kenya [FSD Kenya], 2024). The coexistence of high financial inclusion with low financial health is important for vulnerable-child households: the issue is not only whether a financial service exists, but whether caregivers can access adequate, affordable and timely resources when household shocks occur.

These pressures create recurring trade-offs. Illness, food shortages, school requirements, housing costs and unstable income can require caregivers to redirect limited resources from one essential need to another. Formal financial services may not always provide the small, flexible and rapid amounts needed for such shocks, particularly where households have limited collateral, irregular income or low savings. Community-based savings groups can therefore complement formal financial services by providing a mechanism through which members accumulate small savings, access internal credit and mobilise collective resources. Savings and Internal Lending Communities (SILC), a savings-led microfinance model developed and promoted by Catholic Relief Services, combines regular savings with internal lending and financial management practices intended to help low-income households manage resources and accumulate useful lump sums (Catholic Relief Services [CRS], 2024).

Evidence from savings-group research indicates that such mechanisms can support consumption smoothing, household expenditure, food security, health-related expenditure and livelihood activities. A systematic review and meta-analysis of saving-promotion interventions in Sub-Saharan Africa found positive effects on savings, household expenditure, income, family-business returns and food security, although effects were not consistently observed for education, health, housing or assets (Steinert et al., 2018). A qualitative study of savings groups operating over five to ten years in Tanzania found perceived benefits for household and child well-being, while low savings, poor loan repayment and dependence on external support posed sustainability challenges (Moret et al., 2021). An evidence review during COVID-19 similarly found that savings groups could strengthen resilience, but declining savings could weaken group liquidity and deplete group assets during shocks (Adegbite et al., 2022).

The relationship between savings-group participation and child well-being is therefore likely to operate through pathways rather than through financial access alone. Rutherford et al. (2020) found that caregivers and adolescents linked savings-group participation with improved well-being through household economic welfare and non-economic pathways such as caregiver knowledge and support. In Kenya, Njeru and Irungu (2024) found a positive association between microfinance loans and household income among SILC groups in Embu County. However, household income is not equivalent to child well-being, and improved income does not demonstrate that larger loans improve every dimension of children's welfare. Similarly, Parker et al. (2017) found that SILC members used loans for business investment, school fees, healthcare, household consumption and assets, while the scale of funds available could constrain what members were able to finance.

These findings point to an important unresolved question. Existing literature has established that savings groups can improve financial access, savings, resilience and some household welfare outcomes, but comparatively less is known about how the amount of credit mobilised by caregivers within SILC relates to

distinct dimensions of vulnerable children's well-being in Kenya. In particular, there is insufficient evidence on whether borrowing capacity is associated similarly with education, food, shelter and care, and healthcare. The present study addresses this gap by examining SILC loan-related financial capacity among caregivers of vulnerable children across five Kenyan counties and by distinguishing perceived loan conditions from the reported amounts saved and borrowed.

Statement of the Problem

Despite progress in financial inclusion and child-focused social protection, many Kenyan households caring for children continue to experience poverty, financial instability and overlapping child deprivations. National evidence indicates that 39.8% of the population lived in monetary poverty in 2022, while households with children had a poverty rate of 38%, increasing to 41% in rural areas (KNBS, 2024). Among children, 42.4% were monetarily poor in 2022, and 55.3% experienced at least three simultaneous deprivations, with rural children substantially more affected than urban children (KNBS, UNICEF, & UN Women, 2025). These figures demonstrate the scale of the problem and the continuing pressure on caregivers to finance essential needs.

At the same time, Kenya's financial inclusion landscape presents a paradox. Although 84.8% of adults were financially included in 2024, only 18.3% were financially healthy, and fewer than one in four could raise a lump sum equivalent to one month of typical spending within three days (CBK et al., 2024). Thus, formal or informal access to financial services does not necessarily mean that households possess sufficient liquid resources to absorb shocks. For caregivers of vulnerable children, inadequate financial buffers can translate into delayed healthcare, food insecurity, interrupted schooling, inadequate shelter, or reliance on high-cost and less sustainable coping strategies.

SILC loans offer a potentially important community-based response because they allow members to borrow from internally accumulated savings under group-governed terms. However, the evidence base has not sufficiently established whether the amount caregivers can borrow is associated with separate dimensions of vulnerable children's well-being in Kenya. Existing studies have more commonly examined savings-group participation, household income, economic empowerment, resilience or general welfare (Moret et al., 2021; Njeru & Irungu, 2024; Steinert et al., 2018). Evidence linking SILC-related borrowing specifically to education, food, shelter and care, and healthcare among vulnerable children remains limited. Moreover, borrowing may be endogenous to household need: caregivers experiencing greater deprivation may borrow more, meaning that a positive or negative statistical association cannot automatically be interpreted as a causal benefit or harm of credit. This study therefore examines the empirical relationship between reported savings and borrowing amounts and distinct child well-being outcomes, while using qualitative evidence to explain how caregivers use SILC loans and the constraints they encounter.

The study was guided by the need to determine whether SILC loans provide more than financial access—namely, whether the financial capacity generated through savings-led borrowing is associated with caregivers' ability to meet children's essential needs. By focusing on vulnerable-child households and disaggregating well-being into four dimensions, the study responds to a gap in the Kenyan evidence base and provides a more nuanced assessment of the contribution and limitations of community-based credit.

Purpose of the Study

The purpose of the study was to examine the relationship between Savings and Internal Lending Communities (SILC) loans and the well-being of vulnerable children in Kenya.

Research Hypothesis

H_{01}: There is no statistically significant relationship between SILC loans and the well-being of vulnerable children in Kenya.

LITERATURE REVIEW

SILC, Financial Inclusion and Household Financial Vulnerability

SILC is a savings-led community finance mechanism in which members make regular savings contributions and use pooled funds to provide internal loans under group-agreed rules. The model is designed to give low-income households a safe place to save and a means of accessing relatively small amounts of credit while strengthening financial management and collective support (CRS, 2024). Its relevance is heightened where households face irregular income and limited capacity to accumulate formal financial assets.

However, financial inclusion should not be equated with financial resilience. The 2024 FinAccess evidence shows that Kenya has expanded access to financial services, but financial health remains low, with only 18.3% of adults meeting the survey's financial-health criteria. This distinction is important for SILC research because the practical value of a loan depends on its timing, adequacy, affordability and purpose. A household may be formally included but still lack enough liquid resources to pay school costs, buy food or respond to a medical emergency.

Savings Groups and Household and Child Well-being

The empirical literature suggests that savings groups can affect welfare through several pathways. Steinert et al. (2018), synthesising 27 randomised trials in Sub-Saharan Africa, found small but significant improvements in savings, household expenditure, income, family-business returns and food security. However, the meta-analysis found no statistically significant pooled effects on education or health, demonstrating that financial interventions do not necessarily produce uniform improvements across all well-being domains.

Moret et al. (2021) similarly found that long-standing savings groups in Tanzania were perceived to contribute to household and child well-being, while low savings and poor loan repayment threatened sustainability. Adegbite et al. (2022) found that savings groups helped households cope with COVID-19-related economic disruptions, but reductions in member savings could weaken group liquidity. These findings suggest that the effectiveness of savings groups is conditional on the resources available within the group and on members' ability to save and repay.

The child-specific evidence is especially relevant to the present study. Rutherford et al. (2020) found that caregivers' participation in savings groups was associated, in participants' accounts, with improved children's material and non-material well-being through household economic welfare, livelihoods and caregiver-related pathways. The evidence nevertheless does not establish that the amount of credit itself produces improvements in each child well-being domain. This distinction motivates the present study's focus on reported borrowing amounts rather than participation alone.

Evidence on SILC in Kenya and the Research Gap

Kenyan evidence supports the economic relevance of SILC while also pointing to important limitations. Mwaisaka's earlier study in Kilifi examined the sustainability of the socio-economic status of caregivers of orphans and vulnerable children participating in SILC, illustrating the historical link between SILC and vulnerable-child households. More recently, Njeru and Irungu (2024) reported a positive association between microfinance loans and household income among SILC groups in Embu County. These studies provide evidence that SILC can strengthen household economic capacity, but they do not resolve whether the amount borrowed is associated with separate child well-being outcomes.

The literature therefore reveals three gaps. First, much of the savings-group literature examines household income, savings, resilience or women's empowerment rather than child well-being as a multidimensional outcome. Second, the available child-focused evidence is concentrated in settings outside Kenya, making contextual transfer uncertain. Third, existing Kenyan SILC studies do not sufficiently distinguish between access to loans, the conditions attached to borrowing, and the actual amount borrowed when assessing child outcomes. The present study addresses these gaps by examining caregivers of vulnerable children across

Turkana, Homa Bay, Mombasa, Kilifi and Nairobi; analysing four distinct dimensions of child well-being; and separating perceived loan conditions from observed savings and borrowing amounts.

The study consequently treats SILC loans as a potential enabling resource rather than an automatic welfare intervention. This position is consistent with the capability approach, which emphasises that resources contribute to well-being only when individuals have the capability to convert them into valued functionings (Sen, 1999). It also recognises that basic needs may compete for limited resources and that the collective and relational features of SILC are relevant to how financial resources are mobilised and used.

THEORETICAL AND CONCEPTUAL FRAMEWORK

Theoretical Framework

The study was informed by three complementary perspectives: Ubuntu (Obuntu) Theory, Capability Theory, and Basic Needs Theory.

Ubuntu (Obuntu) Theory provides an African relational perspective in which human well-being is understood through interdependence, mutuality, solidarity and responsibility toward others (Schreiber & Tomm-Bonde, 2015). This perspective is relevant to SILC because members pool resources, participate in collective decision-making and provide financial support within a community-based system.

Capability Theory, particularly Sen's capability approach, conceptualises development in terms of people's substantive opportunities to achieve valued ways of being and doing rather than income alone (Sen, 1999). In this study, SILC loans represent financial means that may expand caregivers' capabilities to convert available resources into valued child-well-being outcomes, including adequate food, healthcare, education and shelter. Basic Needs Theory complements the capability perspective by focusing on the satisfaction of essential human needs, including food, shelter, health and education (Streeten et al., 1981). Together, the three perspectives provide social, capability and material dimensions through which the relationship between SILC loans and child well-being can be understood.

Conceptual Framework

The conceptual framework links SILC loan conditions and observed household financial capacity to four dimensions of vulnerable children's well-being. The measured predictors used in the regression models were amount saved and amount borrowed.

SILC LOANS / FINANCIAL CAPACITY	WELL-BEING OF VULNERABLE CHILDREN
Loan conditions: • Interest rates • Repayment period • Terms and conditions	Access to education
Observed financial capacity: • Amount saved • Amount borrowed	Access to food
	Shelter and care
	Access to healthcare

Table 1. Conceptual framework linking SILC loans to vulnerable children's well-being

The conceptual framework operationalised SILC loans through perceived loan conditions—interest rates, repayment period and terms and conditions—and linked these to four dimensions of vulnerable children's well-being. In the empirical regression analysis, reported amount saved and amount borrowed represented observable measures of household financial capacity. These variables were treated as predictors and distinguished from respondents' perceptions of loan terms.

METHODOLOGY

Research Design and Population

The study employed a cross-sectional research design using mixed methods. The target population comprised adult caregivers of vulnerable children participating in SILC programmes in five Kenyan counties: Turkana, Homa Bay, Mombasa, Kilifi and Nairobi. The sampling frame comprised 25,408 SILC participants.

Stratified two-stage cluster sampling was used, with the five counties treated as strata. SILC groups were selected at the first stage using Probability Proportional to Size (PPS), after which individual participants were selected through simple random sampling. The quantitative analysis was based on 393 completed and usable questionnaires drawn from 19 SILC groups across the five counties.

Qualitative evidence was obtained through key informant interviews and focus group discussions involving SILC personnel, field agents, teachers, child protection officers and SILC service providers. The mixed-methods approach enabled quantitative associations to be examined while qualitative accounts provided contextual explanations of how caregivers used SILC loans and the constraints they experienced.

Data Collection and Measures

Questionnaires were administered to SILC participants. The questionnaire assessed respondents' perceptions of SILC loans using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Loan-related indicators included interest rates, repayment periods and terms and conditions.

Child well-being was assessed through four dimensions: access to education, access to food, shelter and care, and access to healthcare. Additional quantitative variables captured the amount saved and the amount borrowed during the previous year. The analytical quantitative sample was consistently reported as N = 393; no unsupported response-rate calculation is reported because earlier source versions contained conflicting questionnaire-return figures.

Validity and Reliability

The study assessed the internal consistency of the four well-being measures using Cronbach's alpha. The coefficients were 0.889 for education, 0.802 for food, 0.753 for shelter and care, and 0.721 for healthcare, indicating acceptable internal consistency of the measures used in the analysis.

Data Analysis

Descriptive statistics, including frequencies, percentages, means and standard deviations, were used to summarise respondents' perceptions, saving patterns and borrowing patterns. Multiple regression analysis was conducted to examine the relationship between reported amount saved and amount borrowed and each of the four well-being outcomes. Statistical significance was assessed at the 5% level. Qualitative evidence from interviews and focus group discussions was used to contextualise and explain the quantitative findings.

The regression coefficients are interpreted as statistical associations rather than causal effects because the study used a cross-sectional design. The low explained variance in the models was also considered when interpreting the contribution of savings and borrowing to child well-being.

Ethical Considerations

The study obtained the requisite research permit from the National Commission for Science, Technology and Innovation (NACOSTI), Kenya, prior to data collection. The research was conducted in accordance with the requirements governing the study and the participation of respondents.

RESULTS AND DISCUSSION

Respondents' Perceptions of SILC Loans and Child Well-being

Respondents generally agreed that low interest rates, flexible repayment periods and favourable terms enabled borrowing for food and shelter and care. Education-related indicators received lower ratings, indicating that respondents did not perceive loan conditions as equally supportive of education-related borrowing.

Indicator	N	Mean	SD
Borrowing for food – low interest rates	393	3.92	1.266
Borrowing for food – flexible repayment period	393	3.96	1.204
Borrowing for food – favourable terms and conditions	393	3.90	1.303
Borrowing for healthcare – low interest rates	393	3.96	1.186
Borrowing for healthcare – flexible repayment period	393	3.96	1.204
Favourable terms for healthcare borrowing	393	2.53	1.500
Low interest rates enable borrowing for education	393	2.39	1.488
Flexible repayment enables borrowing for education	393	2.41	1.492
Favourable terms for education fees	393	2.42	1.494
Affordable interest rates enable borrowing for shelter and care	393	3.87	1.336
Easy repayment enables borrowing for shelter and care	393	3.88	1.322

Indicator	N	Mean	SD
Favourable terms for shelter and care	393	3.89	1.319

Table 2. Respondents' perceptions of SILC loans and child well-being

Likert interpretation: 1.00–1.79 = strongly disagree; 1.80–2.59 = disagree; 2.60–3.39 = neither agree nor disagree; 3.40–4.19 = agree; 4.20–5.00 = strongly agree.

The relatively favourable perceptions for food, healthcare, and shelter and care suggest that SILC loans may be particularly relevant to immediate household needs. This is consistent with evidence that savings-group members commonly use loans for food, healthcare, household consumption, education and livelihood activities (Lukwa et al., 2022; Parker et al., 2017). The lower education-related ratings should not be interpreted to mean that SILC loans have no educational value. Rather, they may indicate that available loan amounts and repayment arrangements are less able to absorb the recurring and potentially larger costs associated with schooling.

Well-being Dimensions

Well-being dimension	Mean	SD	Cronbach's α
Assured access to education	2.4351	1.42737	0.889
Ensures access to food	3.9262	1.22063	0.802
Caters for shelter	3.8796	1.26657	0.753
Ensures access to healthcare	3.9606	1.17231	0.721

Table 3. Description of the four well-being dimensions

Respondents agreed that SILC participation supported access to food, shelter and healthcare, while they disagreed that it assured access to education. Healthcare recorded the highest mean score (3.96), followed by food (3.93) and shelter (3.88), whereas education recorded a mean of 2.44. The pattern suggests that SILC-related financial resources may be more readily translated into immediate household needs than into sustained educational access.

This finding is consistent with the broader literature, which suggests that savings-group resources can support consumption smoothing, food security and health-related needs but may have less consistent effects on education and longer-term investments (Steinert et al., 2018). It also supports child-focused evidence showing that savings-group participation may facilitate well-being through household economic pathways, while the magnitude and sustainability of available resources remain important (Rutherford et al., 2020; Moret et al., 2021).

Saving Capacity of SILC Members

Amount saved	Frequency	Percent
KSh 100–5,000	105	26.7

Amount saved	Frequency	Percent
KSh 5,000–10,000	204	51.9
More than KSh 10,000	84	21.4
Total	393	100.0

Table 4. Household savings during the previous year

More than half of the respondents (51.9%) reported saving between KSh 5,000 and KSh 10,000 during the previous year, while 26.7% saved KSh 5,000 or less. Overall, 78.6% reported annual savings of KSh 10,000 or less. This distribution indicates limited saving capacity among a substantial proportion of caregivers. Because SILC lending is internally financed through members' savings, low savings accumulation can constrain the capital available for internal lending and consequently limit the size of loans members can obtain. This finding aligns with evidence that low savings rates can threaten the sustainability and liquidity of savings groups (Moret et al., 2021; Adegbite et al., 2022).

Borrowing Capacity

Amount borrowed	Frequency	Percent
KSh 1,000–5,000	202	54.3
KSh 5,001–10,000	101	27.0
KSh 10,001–15,000	35	9.1
KSh 15,001–20,000	18	4.8
Above KSh 20,001	18	4.8
Total	374	100.0

Table 5. Amount borrowed during the previous year

Among the 374 respondents who reported borrowing amounts, 54.3% borrowed between KSh 1,000 and KSh 5,000, while 81.3% borrowed KSh 10,000 or less. The relatively low borrowing levels are important when interpreting the well-being findings because loan accessibility does not necessarily mean that the amount borrowed is sufficient to meet the full cost of a household need. This finding reinforces the importance of loan adequacy and affordability in evaluating community-based finance.

Statistic	Amount (KSh)
Mean	8,224.87
Median	5,000.00
Mode	5,000
Minimum	1,000
Maximum	70,000

Statistic	Amount (KSh)
N	374

Table 6. Descriptive statistics of amount borrowed

The mean amount borrowed was KSh 8,224.87, while the median and mode were both KSh 5,000. The maximum reported borrowing amount was KSh 70,000. The distribution suggests that SILC may function primarily as a mechanism for meeting short-term or moderate household financial gaps rather than providing substantial capital for larger household investments.

Regression Analysis of SILC Loans and Well-being

Predictor	Edu B	t	p	Food B	t	p	Shelter B	t	p	Health B	t	p
Constant	0.495	7.556	<.001	0.936	28.526	<.001	0.909	22.443	<.001	0.995	40.632	<.001
Amount saved	0.013	0.230	.818	0.038	0.679	.497	-0.009	-0.161	.872	-0.108	-1.928	.055
Amount borrowed	-0.179	-3.238	.001	-0.138	-2.473	.014	-0.062	-1.110	.268	0.118	2.111	.035

Table 7. Regression of savings and borrowing amounts on child well-being

Dependent variables: access to education, access to food, shelter and care, and access to healthcare. Predictors: amount saved and amount borrowed. Adjusted R^2 values were 0.025, 0.011, 0.004 and 0.010, respectively; corresponding model p-values were .003, .046, .441 and .053.

The amount borrowed was statistically significantly associated with access to education ($B = -0.179$, $p = .001$), access to food ($B = -0.138$, $p = .014$), and access to healthcare ($B = 0.118$, $p = .035$), but not shelter and care ($B = -0.062$, $p = .268$). Amount saved was not statistically significant in any of the four models. The low adjusted R^2 values indicate that the financial variables included in the models explained only a modest proportion of variation in the well-being outcomes.

The positive association between amount borrowed and healthcare is consistent with the practical role of short-term credit in responding to immediate medical needs. One caregiver explained, “In case of health emergencies, SILC loan can be obtained within hours.” Another reported, “I was once given Ksh1000 to take my child to hospital during an emergency of snake bite on his leg.” These accounts illustrate how relatively small amounts of credit can be meaningful when a financial need is immediate.

The negative associations between amount borrowed and education and food require cautious interpretation. They should not be interpreted as evidence that borrowing causes poorer educational or food outcomes. One plausible explanation is that households experiencing greater unmet needs may borrow more while the amount available remains insufficient to meet those needs fully. The descriptive findings support this possibility because most respondents borrowed KSh 10,000 or less. The cross-sectional design also limits causal interpretation, and the low adjusted R^2 values indicate that the models do not capture all factors influencing children's well-being.

The qualitative evidence further illustrates both the usefulness and limitations of SILC loans. One caregiver reported, “I had no food left at my house to take care for the children, SILC gave me 4000 Kenya shillings that I used to buy for 2 months which I was able to repay back within 5 months.” Another reported requiring KSh 20,000 for school fees but receiving only KSh 10,000 because of limited shares. These accounts

demonstrate that SILC loans can bridge immediate household gaps while simultaneously revealing the constraint imposed by members' savings and the amount of credit available.

The findings therefore suggest that the relationship between SILC loans and child well-being is differentiated by the type of need being addressed. Healthcare appears to benefit from timely access to credit, whereas the negative associations observed for education and food may reflect the interaction between borrowing and underlying household need. This interpretation is consistent with the capability perspective, which emphasises that financial resources become meaningful outcomes only when households possess sufficient capacity to convert them into valued functionings (Sen, 1999).

Hypothesis Testing

Null hypothesis	**Decision**
H_{01}: There is no statistically significant relationship between SILC loans and the well-being of vulnerable children in Kenya.	Rejected, with qualification

Table 8. Summary of hypothesis testing

The null hypothesis was rejected with qualification because the amount borrowed showed statistically significant associations with three of the four well-being outcomes. The association was significant for education, food and healthcare but not shelter and care. Amount saved was not statistically significant in any of the models. The evidence therefore does not support a uniform relationship between SILC loan-related financial capacity and child well-being; rather, the direction and statistical significance of the association vary according to the well-being dimension examined.

CONCLUSION

The study concludes that SILC loans constitute a useful community-based financial resource for caregivers of vulnerable children, particularly in responding to immediate household needs such as food and healthcare. Respondents perceived loan terms as relatively favourable for food, healthcare and shelter and care, whereas education-related borrowing received lower ratings.

The regression analysis demonstrated that the amount borrowed was significantly associated with access to education, food and healthcare, but not shelter and care. The direction of association differed across outcomes, with a positive association observed for healthcare and negative associations observed for education and food. These negative associations should not be interpreted causally; they may reflect the possibility that households with greater unmet needs borrow more while available credit remains insufficient to fully address those needs.

Amount saved was not statistically significant in any regression model, and the low adjusted R^2 values indicate that savings and borrowing amounts alone explain only a small proportion of variation in children's well-being. Overall, the contribution of SILC loans depends not simply on participation in a savings group but on the amount of financial resources caregivers can mobilise, the purpose for which loans are used, the severity of household needs and repayment capacity. SILC should therefore be viewed as one component of a broader household economic-strengthening and child-well-being strategy rather than as a stand-alone solution to vulnerability.

RECOMMENDATIONS

First, SILC programmes and development partners should strengthen caregivers' livelihood and income-generating capacity so that members can build larger and more consistent savings balances. Increased savings

can strengthen the internal capital available for lending and improve members' capacity to respond to household needs.

Second, SILC groups should strengthen financial planning and loan-use guidance. Such support could help caregivers prioritise high-impact child-well-being needs while reducing the risk of borrowing amounts that are difficult to repay.

Third, complementary interventions should address education-related costs. The low ratings for education-related borrowing suggest that SILC loans alone may not be sufficient to assure sustained educational access for vulnerable children.

Fourth, child-focused programmes should consider linking savings-group interventions with livelihood strengthening, social protection, education support and health-related services. Integrated approaches may improve the ability of households to convert financial resources into sustainable child-well-being outcomes.

Finally, future research should use longitudinal designs to examine how loan size, loan purpose, repayment burden, household income and changes in savings interact over time to influence child well-being. Longitudinal evidence would provide stronger grounds for assessing directionality and potential causal pathways than the cross-sectional design used in the present study.

LIMITATIONS

The study has several limitations that should be considered when interpreting the findings. First, the cross-sectional design permits assessment of associations but does not establish causality or temporal direction. Second, savings and borrowing amounts were self-reported and may therefore be subject to recall or reporting error.

Third, the regression models included only the reported amounts saved and borrowed, resulting in low explained variance; household income, household size, caregiver characteristics, loan purpose, repayment burden, social protection access and other contextual factors may also influence child well-being. Fourth, the study focused on SILC participants in five counties and therefore findings should not be generalised to all Kenyan households without considering differences in local economic and programme contexts. These limitations also identify priorities for future research.

DECLARATIONS

Research Permit

The study obtained the requisite research permit from the National Commission for Science, Technology and Innovation (NACOSTI), Kenya, prior to data collection.

Data Availability

The underlying study data are not publicly deposited. Data availability should be managed in accordance with the study's ethical and confidentiality requirements and the authors' institutional policies.

Conflict of Interest

The authors declare that they have no conflict of interest.

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