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CASE STUDY:

Children, Communities, and Care (PC3) Program, Ethiopia

A "Livelihood Development" Approach

The HIV & AIDS and Microenterprise Development Working Group of The SEEP Network,
"Children, Communities, and Care (PC3) Program, Ethiopia, Case Study."

Printed in the United States of America

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This publication of the HIV & AIDS and Microenterprise Development Working Group of The SEEP Network was made possible with support from CARE Ethiopia. The contents are the responsibility of The SEEP Network and do not necessarily reflect the views of CRS or any of the individual organizations that participated in the discussion.

Children, Communities, and Care (PC3) Program, Ethiopia

A "Livelihood Development" Approach

prepared by

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with support from CARE Ethiopia

February 2008

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Acronyms

ASO	AIDS support organization
BDS	business development services
CBO	community-based organization
CSSG	community savings and self-help group (CARE International designation)
CSO	civil society organization
HBC	home-based care
HIV & AIDS	Human Immunodeficiency Virus/ Acquired Immunodeficiency Syndrome
ISL	internal savings and lending
MFI	microfinance institution
NGO	non-governmental organization
PWA	people living with AIDS
OVC	orphans and vulnerable children
VSL	village savings and lending

Exchange rate:

Ethiopian birr (Br) 9.09 = US$1, as of 18 March 2008

Preface

The consequences of HIV & AIDS are unprecedented and far-reaching. For many families, concerns about poverty subsume worries about the effects of HIV & AIDS. Poverty and social factors, such as gender inequality, also increase the risks to which women are exposed, as well as their vulnerability to contracting HIV. Income and savings become crucial tools as households struggle to build and protect their economic resources to offset the impact of HIV & AIDS. Engaging in business and gaining access to support services may, moreover, provide women with alternatives to risky sexual behavior.

Microenterprise development services[1] can help families cover basic expenses, ensure the well-being of their children, increase their incomes, and build their savings. In addition, the close relationship between providers of microenterprise services and their clients offers a powerful platform from which to launch awareness and community mobilization initiatives that go beyond the mitigation of the economic impact of HIV & AIDS to address issues of HIV prevention.

Microfinance practitioners have created an innovative system that provides poor people access to capital, which in turn supports their economic activities. However, most microfinance institutions (MFIs) don't have information about how HIV & AIDS affect their operations or their clients, nor do they have the background to address the societal factors that underlie HIV & AIDS. A better appreciation of client realities could allow MFIs to develop demand-driven innovations that protect their institutions. Such awareness could also guide MFIs to collaborate with AIDS support organizations (ASOs).

The **economic development** (ED) sector is developing effective ways to meet the non-financial needs of microentrepreneurs. ED initiatives typically seek to create access to market opportunities for microentrepreneurs and increase business growth in the various sectors in which they work. The services offered by ED initiatives include business management training, entrepreneurial development, and facilitating linkages between microenterprises and growing markets. New lessons are emerging, however, that may help ED providers meet client needs that microfinance is not suited to address.

Development practitioners involved in **HIV & AIDS programming** traditionally come from the public health or social welfare fields. Although they often understand the need for sustainable economic interventions, they may not have the necessary background either to design and implement such interventions effectively or to examine potential development tools in the context of the economic needs of HIV-affected populations.

[1]In general, the field of microenterprise development is comprised of initiatives in microfinance and economic development (also referred to as business development services).

Effective AIDS program responses have opened opportunities for more economic initiatives in AIDS impacted communities. For example, with the availability of life-extending anti-retroviral therapies, people living with HIV are able to regain and extend their productive capacity and stay involved in their enterprises and communities. Increased education and awareness campaigns have been effective in reducing the stigma that is associated with HIV & AIDS, thus making community members more inclusive of HIV-affected households.

Sharing information about current initiatives and sound practices in both the microenterprise industry and HIV & AIDS field should lead to a better understanding of the issues faced by households coping with HIV & AIDS. Clarifying these issues and better defining potential strategies to address them will in turn lead to more effective collaboration and program design, helping catalyze strategic alliances between microenterprise development organizations and AIDS support organizations.

I. Context

Socioeconomic Overview

Ethiopia has a large and extremely vulnerable population—over 5 million citizens face high levels of malnutrition, poor access to health services, low literacy rates, and overwhelming poverty. Conflict, famine, and drought have led to widespread population movements. As of mid-2004, there were an estimated 121,000 refugees in the country, and cross-border tensions were poised to result in additional population displacement.

From two reported AIDS cases in 1986, the HIV epidemic in Ethiopia reached a cumulative total of 1,320,000 by 2005. In 2005, there were 137,500 new AIDS cases, 128,000 new HIV positive births, and 134,450 (368 a day) AIDS deaths including 20,900 in children under the age of 15. Ethiopia's national adult HIV & AIDS prevalence in 2005 was estimated at 3.5 percent overall, with 10.5 percent prevalence in urban areas and 1.9 percent in rural areas. By 2005, an estimated 744,100 Ethiopian children had lost one or both parents to AIDS. In 2003, AIDS accounted for about one-third of all young adult deaths in the country.

Table 1. HIV & AIDS in Ethiopia, 2005

Adults aged 15–49 with HIV & AIDS	**1,320,000**
Adult HIV prevalence (%)	**3.5**
New AIDS cases	**137,500**
AIDS deaths	**134,450**
Children orphaned by AIDS (ages 0–17)	**744,100**

Source: AIDS in Ethiopia, Federal Ministry of Health/National HIV & AIDS Prevention and Control Office, 2006.

Purpose of Intervention

Stakeholders in the Children, Communities, and Care (PC3) Program in Ethiopia recognized that the program would have a significant and sustainable impact only if its activities strengthened the ongoing capacities of AIDS-affected families and communities to protect and care for children. The starting point for creating effective responses to the impacts of HIV & AIDS on children[2] is recognizing that extended family and communities are the principal, albeit informal, safety nets for these children. Children and adolescents not only depend on the support of their families, they also contribute to the economic capacity of their households. The illness and loss of productive adults often means that, as a matter of survival, children engage in additional income-earning activities or take over the majority of work in the family field—shifting their roles from important economic contributors to that of premature heads of household (who also try to

[2]PC3 defines children as youth under the age of 18.

care for younger siblings and incapacitated adult relatives). The difficulty of this role is compounded by significant psychosocial distress, which is caused by losing one or both parents and/or relatives.

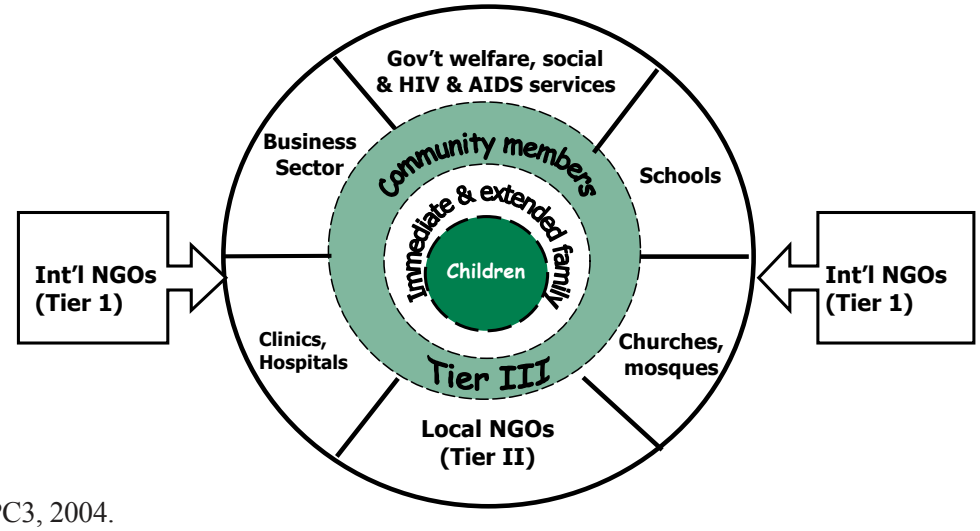
In light of the above, the PC3 Program aimed to: (i) increase the availability, quality, and consistency of community-based support services for orphans and vulnerable children (OVC) and families affected by HIV & AIDS; (ii) improve the capacity of Ethiopian civil society organizations (CSO) to plan, implement, monitor, evaluate, manage, and report on OVC programs and services; and (iii) create a more supportive environment for OVC and their households through strengthened coordination, networking, and advocacy. The program has sought to ensure that a range of core services are provided across community OVC programs, while maximizing other services that meet the needs of OVC and build their capacity. One of the "fixed menus" for OVC care and support services is livelihood support.

The program has employed a tiered approach to capacity building. A consortium of international non-governmental organizations (NGOs)—Tier I partners—provide ongoing skills building and technical guidance, while local NGOs (Tier II, or "mentor," organizations) support direct programming through frontline community implementers (Tier III) at the grassroots level. Tier I partners provide sub-grants to their Tier II partners, who in turn work with community groups to implement programs that improve the well-being of OVC and families affected by HIV & AIDS.

Description of Target Group

Figure 1 illustrates the child-focused nature of the PC3 program. With respect to its livelihood support strategy, PC3 partners found it necessary to create a new paradigm.

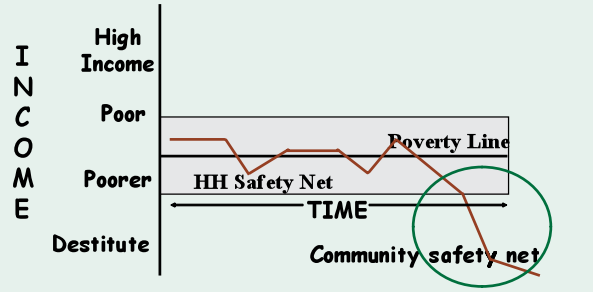
Figure 1.
PC3: A child-focused, community-driven response to vulnerable children and youth.



Source: PC3, 2004.

In the past, the tendency of PC3 partners had been to intervene with livelihood support when households, people living with AIDS (PWA), and orphans were already at their most vulnerable state (see circled area in Figure 2 below). However, their experience with previous home-based care (HBC) and OVC projects had shown that solutions aimed at leading households back to economic independence were expensive and time consuming. The PC3 staff realized that it was not effective to wait until a household or individual needed to be rescued before introducing livelihood support. In fact, as Figure 2 demonstrates, it was clear that preventing the erosion of economic resources before multiple crises had an impact was as important as responding to households that needed immediate assistance.

Figure 2 - Impact of multiple HIV/AIDS-related crises on household safety net



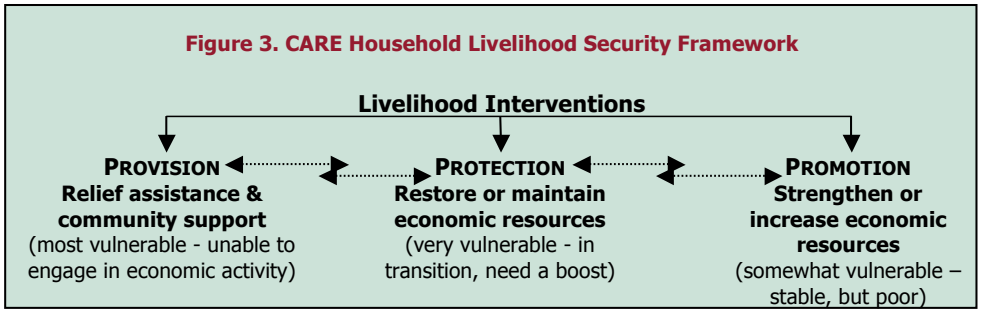
Source: Ebony Consulting International (ECI), 2004.

II. Description of Methodology

Summary of Design

The PC3 Program partners decided to use the CARE Household Livelihood Security Framework to guide the development of their livelihood strategy.[3] The CARE Framework consists of three principal activities: provision, protection, and promotion. Figure 3 below shows the three activities as a *continuum* in which related activities overlap. They are not neatly separated categories, nor are they individually implemented by a single organization within the PC3 consortium. The activities are neither linear stages nor distinctly segregated. A household can be in between categories or can start in one category and then slide back and forth among them, as illustrated by the dotted lines. This is the nature of HIV & AIDS—it is a moving target.

Figure 3. CARE Household Livelihood Security Framework



Source: CARE International, 2004.

Promotion: strengthen or increase economic resources

Households that are stable but still poor are vulnerable to sudden shocks that require unplanned lump sums of cash. The unexpected nature of many HIV & AIDS-related crises causes households to sell off protective assets (e.g., cash or in-kind savings, household possessions, etc.) first. When subsequent shocks occur before these assets are restored, a family will then sell productive assets (i.e., the assets with which the family earns money). The loss of assets increases a household's vulnerability. Enhancing household economic activities to strengthen and protect its safety net enables it to accumulate assets and savings. In addition, improving the performance of household members' economic activities enables diversification of economic activities. Many studies have shown that these outcomes contribute to the resilience of a poor household's safety net.

Protection: restore or maintain economic resources

Very vulnerable households may be in transition between livelihood stages and, if given access to a temporary "boost," may be able to stabilize their economic situation after the impact of an HIV & AIDS-related crisis, or at least avoid eroding their economic resources to the point of destitution. Such support might include a one-time grant, specialized training, or assistance in facilitating market access. Support may also enable a household to restore assets—particularly business capital—so that economic activity can be

[3]The framework was adapted to fit the circumstances specific to the PC3 strategy.

resumed, thereby preventing the liquidation of remaining assets. Similarly, economically active children within households who may need to take more responsibility for earning money can benefit from support that meets their specific needs.

Provision: deliver community support and relief assistance

In a community that is significantly affected by HIV & AIDS, many households and/or individuals are unable to engage in productive activities—a situation that is likely the result of an AIDS-related crisis. PC3 livelihood support at this stage aims to keep households from breaking up or being forced into destructive coping strategies. In most cases, the condition of these households is temporary and assistance lasts only for the duration of the most extreme period of crisis. Tier III partners and the community generally identify and select households that need this type of support, although community selection can be effective if the mobilization process is genuine.

Dual Livelihood Support Strategy

PC3 partners decided to support economic activities using a dual approach of generalized and targeted intervention "packages." The design of the dual approach used the CARE Livelihood Framework as a conceptual guide.

Generalized Package

This package focuses primarily on livelihood **promotion** (i.e., strengthening economic resources) and secondarily on livelihood **protection** (i.e., maintaining economic resources). Interventions are offered at the community level, not targeted at individuals. The package is designed to attract the more economically vulnerable people in a community and reach them in large numbers.

The Community Savings and Self-help Groups (CSSG) initiative of CARE[4]—an intervention that provides support and training for self-managed village savings and lending groups—was the preferred methodology for the generalized package. Other options included facilitating linkages between targeted clients and MFIs (both governmental and private) and supporting the creation of formal, registered savings and credit associations. The credit schemes that Tier II partners had operated in the past had far too limited an outreach to make a significant impact. The CSSG initiatives of CARE in East and West Hararghe, Ethiopia, on the other hand, were able to reach 3,244 individuals through 188 savings groups in just over a year. The members of these groups were, moreover, among the very poorest residents of these rural communities. These groups mobilized savings of Br96,063 that year, permitting them to issue 613 loans to their members.

[4]CARE implements this microenterprise development project in several African countries, including Malawi, Mali, Niger, Tanzania, Uganda, and Zimbabwe, among others. The methodology is also known as "Internal Savings and Lending" (ISL) and "Village Savings and Lending" (VSL); each country adapts the methodology to local conditions. The first project to use the VSL methodology, "Mata Masu Dubara" or MMD, began in Niger in 1991.

Linkages to MFIs and the creation of savings and credit associations might be a potential growth strategy for CSSGs, but such a strategy should not be a foregone conclusion. Other countries in which CARE has implemented the CSSG methodology show that most such groups are able to mobilize the amount of financial capital that their local market can absorb. This provides additional external capital that would only increase the risk of a business in a market where purchasing power is finite.

In addition to savings and loan activities, PC3 program partners considered introducing the following additional activities to the CSSG after their first year of operation:

- Sessions on HIV & AIDS and modules that address the economic management of chronic illness (e.g., HIV & AIDS-related emergency preparedness from an economic perspective);
- Product development, such as life and health insurance (which could take the form of a CSSG social fund) and/or savings products for school fees or emergencies; and
- Building the capacity of CSSG executive committees to become community-based trainers, who would then be able to mobilize new groups, facilitate additional CSSG training, and monitor group performance.

Targeted Package

This package focuses primarily on livelihood **protection** (i.e., restoring and maintaining economic resources), and secondarily on livelihood **provision**. Interventions seek to combine community and relief assistance to support the rebuilding of household economic activities. This combination is targeted to PC3 clients who are capable of productive activities and especially vulnerable and/or in need of a temporary "boost" to recover from the impact of an HIV & AIDS-related crisis. The PC3 approach relies on community mechanisms to identify people in need of extra support. Tier III partners at the community level "channel" relief assistance and mobilize social support (i.e., provision) so that assistance reaches the right people.

PC3 partners felt it would be premature to dictate what targeted packages would be included during the design phase. The strength of the approach rests on the ability of the program to tailor packages to the specific situation of each household. Nonetheless, the lists below illustrate the range of activities that can be included in a targeted intervention (see Box 1 for concrete examples from the project).

Community support and relief assistance (provision):

- Mobilize community-based support (e.g., visiting, doing household chores, minding children, giving moral or spiritual comfort, providing food or money);
- Access community-based organizations (CBOs) or other community group sources of material assistance, such as pooled funds gathered by a CBO or a community group through fundraising (e.g., donations from well-wishers, membership fees, raffles, charity events, etc.) or a business activity (e.g., rental of a hall, shop, public shower, etc.);

- Facilitate linkages to social services offered by other organizations (e.g., legal advice, government grants or welfare assistance, scholarships, counseling, health services, etc.);
- Provide psychosocial support (e.g., counseling).

Example 1. Targeted PC3 packages

Example 1. Gasha: 18-year-old head of household, responsible for siblings

Situation:

- Does tin-smithing for income. Barrel supplier comes and pays boys Br3 per finished piece (e.g., laundry basin, roasting pan for coffee beans, etc.)
- Keeps money with adults who knew his parents, accesses it as needed. He trusts them, and they know him. Other young people like him also keep their money safe in the same way.

Options:

- Investigate "market chain" for tin products made from used barrels. Can it be improved so that the barrel supplier who hires boys also improves his margin (e.g., by improving market access, raw material supply)? And then pass on part of his margin to the boys?
- Investigate whether there is an appropriate or improved technology that could make production faster or of higher quality.
- Get to know the barrel supplier and persuade him to take Gasha on as an apprentice to learn the tin "business."
- Tier III and/or community leaders should identify Gasha's "network of support" and mobilize it so his dreams can be realized. Build on commitments made by members of this network. Commitments do not have to be cash related; they could be moral support, providing linkages to opportunities, watching over his siblings if he has to be away from home, or mentoring and giving advice when needed.

Example 2. Grandmother-headed household

Situation:

- Caring for three children (two girls ages 2 and 4; one boy age 7). The youngest girl may be HIV+.
- Grandmother has poor health stemming from a difficult pregnancy earlier in her life.
- Used to make injera (local bread), but poor health forced her to leave and work in a factory grading and sorting coffee beans. She is no longer able to continue the factory job.
- She now relies on charity, but remains able to gather leaves used as fuel to make injera.
- She cannot talk to children about their mother, because it is too painful. She mainly focuses on raising the children so they are brought up properly. She sees that the boy gets to school; he went to pre-school (informal) and is now enrolled in an FHI-supported community school.
- Is not able to wash the children's (or her) clothes, so neighbors help her.
- She seemed to feel depressed and helpless to fend for the children. At the end of an initial conversation, she asked whether she could send the children to an institution where they would be looked after better. She seemed resigned and ready to give up.

Example 1. Targeted PC3 packages, continued

Example 2. Grandmother-headed household

Options:

- Community services to assist grandmother with chores, play with children, and boost grandmother's spirits. Get other children involved to play with kids so they are not isolated.
- Food/health/education assistance for children and grandmother. If necessary, confirm sero-status of youngest girl. If positive, look for possible connection to pediatric AIDS care.
- Psychosocial services for children and grandmother. This would help the family deal with their grief and talk about the mother's death.
- Someone to help gather leaves for grandmother to sell from home. Or identify an older girl who is vulnerable or has lost her mother and would like to team up with the grandmother to learn injera making. They could work together, perhaps getting a joint grant.
- Match family with a benefactor from the *iddiq* or *kebele*. This benefactor, while not totally replacing the grandmother's daughter, could still provide some type of support, if only moral. Get them involved now, so children feel comfortable and have someone to help facilitate where they will go and who will help them once the grandmother passes away. Time to prepare is NOW.

Livelihood interventions (protection—enabling households to move into promotion):

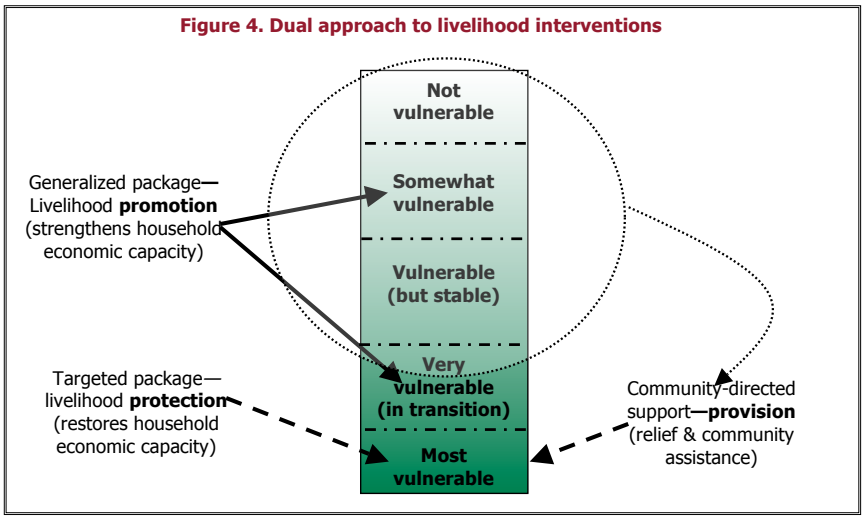
- Provide business management or entrepreneurial training, as well as coaching;
- offer community-based training opportunities and ongoing coaching and/or mentorship to children and adolescents;
- Make one-off, small grants ;
- Provide productive skills training (e.g., sewing, craft making, carpentry, etc.);
- Facilitate market access, such as:
  - Improve the quality of a product to attract a market (e.g., introducing a new technology that decreases the labor-intensity of production);
  - Create new outlets where either final consumers or other wholesaler and/or retailers could buy products;
  - Conduct analysis of market supply chains (also known as value or vertical supply chains) to identify potential niches or commercial buyers with whom to create linkages (e.g., matchmaking, brokering);
  - Organize events (e.g., fairs) or prepare households to attend and properly exploit trade fairs;
  - Organize the production of several microenterprises in order to fill large contracts, attract wholesale buyers, reduce transport costs to a marketplace, or effect bulk purchases of raw materials.

Although there was consensus among PC3 partners concerning the transitions between the various categories in the CARE Livelihood Security Framework, many expressed discomfort with the "handout" nature of the provision stage. Handouts are seen as both unsustainable and a major cause of dependency. Similarly, a community often has a limit to how much support it can provide in the case of emergencies, particularly as the HIV & AIDS epidemic progresses. Thus, it is extremely important to emphasize two points about the provision stage:

- "Provision" does not simply mean handouts from external sources. In a genuinely mobilized community, provision can mean several types of assistance. It can include concerned community members looking after vulnerable children—seeing that they are fed, don't become isolated, and comforted. It can mean that meals are prepared and taken to the household, household chores are taken care of, etc. It can also consist of material assistance (e.g., food, medicine, HBC, school fees, etc.) from multiple sources (e.g., community donations or revenue from a fundraising effort, a Tier II sub-grant, government programs, churches, or the business sector). When social and material assistance and their sources are mixed in this way, it is much less likely to either create dependency or be unsustainable.
- As much as PC3 partners want households to remain economically independent and thus support them towards that end, there are times when an AIDS-related crisis puts children and young people in a household in serious danger. Offering some temporary community or material support at such moments can see a household through the worst of a crisis. Support to conduct some kind of economic activity after a crisis passes can help a household restore its resources but is out of the question while the situation remains extreme. It may also be necessary to provide a one-time grant to a household coming out of a crisis, so they can restore or start an economic activity. These are two different types of "handouts"—the entity that renders the assistance will make a difference in whether or not it creates potential dependency.

Figure 4 below illustrates how the generalized and targeted packages can work together with community-directed support.

Figure 4. Dual approach to livelihood interventions



Source: PC3, 2004.

Matching Packages to Levels of Vulnerability

The descriptions provided in Table 2 below are not definitive criteria, but it's used for illustrative purposes only to render the levels of vulnerability less abstract for the reader. These descriptions are also intended to facilitate an understanding of how HIV & AIDS contributes to vulnerability. In reality, a household in any given vulnerability category may be experiencing one, several, or all of the situations listed in the "Impact of HIV & AIDS" column.

Table 2. Levels of household vulnerability to HIV & AIDS

Level of vulnerability	Economic resources of household	Impact of HIV & AIDS
Not vulnerable but could become vulnerable to poverty in future	• Has significant productive capacity and assets • Could have a formal wage earner or a member self-employed in a small business	May be affected by HIV & AIDS, but resources allow household to cope with impact • Household members may play active role in community support for the most vulnerable
Somewhat vulnerable to poverty	• Has adequate productive capacity and assets • Formal wage earner in household • Engaging in one or more economic activities	• May have liquidated some protective assets in order to care for orphans or an ill family member • May have to reduce role in providing support to others in the community
Vulnerable to poverty	• Has productive capacity • Has meager productive assets • Engaging in marginal income-earning activities • Most likely has no formal wage earner	• Caring for an ill family member and/or loss of productive adults has reduced household income • Household has sold protective assets and some productive assets to meet lump-sum cash needs • Household still tries to play some type of role to support others in the community
Very vulnerable to becoming destitute	• Weak productive capacity • In danger of liquidating all assets and savings • Productive capacity exists, but it is weak or temporarily halted • Engaged in survival or intermittent economic activities that are less demanding or time consuming	• Household in transition; either stabilizing after experiencing a crisis or on the way to becoming the most vulnerable • Remaining productive adult is increasingly unable to work either because she/he is too sick or due to the demands of caring for someone who is ill • Household has absorbed overwhelming number of relatives' children orphaned by AIDS • Child-headed household or youth outside of traditional households • May need temporary support to restore productive capacity, enabling household to replace depleted assets

Table 2. Levels of household vulnerability to HIV & AIDS, continued		
Level of vulnerability	**Economic resources of household**	**Impact of HIV & AIDS**
Most vulnerable/ destitute (no longer in the cash economy)	• Destitute, has no productive capacity or assets. Not operating in the cash economy • Survives mainly through charity from family, neighbors, and community or church groups	• Household or individual is coping with advanced stages of AIDS • Caregiver is unable to work and/or is caring for numerous children orphaned by AIDS • Savings/assets are depleted after medical, funeral, and orphan care expenses • Needs immediate relief and support
Source: J. Thompson (formerly Donahue) 2004		

Indicators for Monitoring

The overall goal of the livelihood support provided by the PC3 program is to enhance households' economic capacity to ensure the well-being of orphans and vulnerable children.

Output indicators. To avoid exacerbating the social stigma **associated with HIV & AIDS**, the program adopted a generalized approach to monitoring. This approach uses proxy measures to identify who the intervention reaches among PC3 target groups. Examples of such proxy measures include clients who are:

- Caring for a chronically ill person in their household;
- Chronically ill;
- Caring for additional children and/or dependents (orphans and vulnerable children);
- Living through the experience of one or multiple deaths in the household.

The beneficiaries of targeted packages were easier to determine directly, since community members identified the households for such interventions, largely based on vulnerability caused by an HIV & AIDS-related crises.

Outcome indicators. These indicators are used to measure changes in economic resources at the household level—the outcome necessary to achieve the programs intended impact (the well-being of OVC). No more than two or three indicators should be chosen to monitor outcomes.[5] Indicators that were recommended for this type of monitoring were those that best determined a household's ability to manage risk and counteract and/or recover from the negative affects of crises, including:

- Change (in percent or a number) in household assets (disaggregated by protective and productive assets);

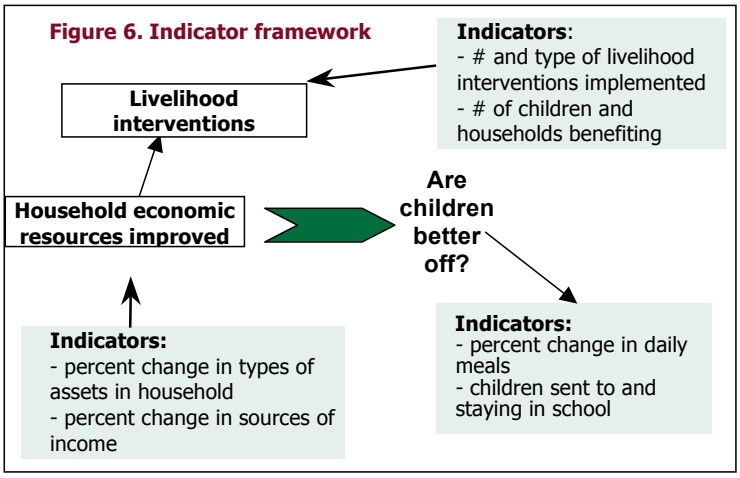
[5]The microenterprise development field is a good source of information on appropriate indicators.

- An increase in the number of sources of income[6];
- An increase in cash savings (a type of protective asset).

USAID has a wealth of information on impact evaluations, impact indicators, and research findings on managing and mitigating the economic impact of crises. A number of papers on impact assessment published by the USAID program, Assessing the Impact of Microenterprise Services (AIMS), can be found on the website of the Microfinance Gateway.[7] In addition, the International Food Policy Research Institute (IFPRI) recently published a discussion paper on the diversification of income sources as a successful adaptive strategy in the face of crises.[8]

Impact indicators. At the end of the project, PC3 sought to determine whether or not its target population of Ethiopian children was better off. Using a "less is more" philosophy with respect to impact indicators, suggested impact indicators included the ability of a household to pay for school fees and related costs (as measured by change in the number of children—especially girls—in school); the number and composition of meals (although this is a more challenging indicator to collect reliable information on); and certain indicators tracked by the psychosocial component of the PC3 program.

Figure 6 illustrates how the different levels of indicators fit together into a conceptual framework.



Source: Jill Donahue, Report May 2005

[6]Worldwide experience of measuring the impact of microenterprise support explicitly advises AGAINST using income alone as an indicator of improved economic resiliency. Diversifying sources of income and asset accumulation serve as proxy indicators of increased income flows into the household (they are also known to work as adaptive strategies for managing risk). These are preferred over direct income indicators because the latter are notoriously unreliable.

[7]See http://www.microfinancegateway.org/section/resourcecenters/impactassessment/developing/guide/tools/ (accessed February 2008).

[8]Lire Ersado, 2003, "Income Diversification in Zimbabwe: Welfare Implications from Urban and Rural Areas," Discussion Paper No. 152, Food Consumption and Nutrition Division, International Food Policy Research Institute, Washington, DC, http://www.ifpri.org/divs/fcnd/dp/papers/fcndp152.pdf. Accessed February 2008.

III. Positive Results

Specific Achievements of the PC3 Program

As of December 31, 2007, the PC3 program in Ethiopia had:

- Established 350 CSSGs with 6,329 members (95 percent of whom are female), which have collectively mobilized nearly half a million Ethiopian birr in savings;
- Maintained a loans-to-savings ratio of 90 percent or above, with only a two-percent default rate;
- Supported the economic strengthening of a total of 18,900 OVC via caregivers organized by the CSSGs;
- Built links to MFIs so that members could access additional loans and business development services. Among CSSGs that had completed their first operational cycle by December 2007, 50 percent were linked to MFIs, which had provided credit to approximately 345 OVC caregivers;
- Provided CSSG members—including 2,000 older OVC and caregivers—specialized training in such varied income-earning activities as tailoring, embroidery, the production of exportable products, driving, videography, mobile phone maintenance, computer maintenance, carpentry, electrical installation and repair, hairdressing, food preparation, and catering;
- Facilitated 150 OVC to take advantage of apprenticeship opportunities to learn new skills in order to earn income for their families;
- Facilitated 189 OVC[9] to find jobs in the private sector after completing apprenticeship programs, thereby securing gainful employment to support themselves and their families;
- Trained 1,223 program beneficiaries to grow vegetables in urban settings in order to improve their nutrition and diversify their sources of income;
- Provided 56 OVC the opportunity to expand their business ideas under the auspices of business incubation centers established with PC3 program support; and
- Provided small grants to 1,234 program beneficiaries to boost their microenterprises.

Major Programmatic Achievements of PC3

When viewed at the program level, many of the accomplishments of PC3 are highly relevant to other initiatives working with HIV-affected orphans and vulnerable children in other parts of the world.

Providing Microfinance to HIV & AIDS-affected groups

The program created savings groups that have helped poor households affected by HIV & AIDS to strengthen their economic position. Beginning with three CSSGs in 2006, the PC3 program facilitated the formation of 390 groups in just one year.

[9]189 OVC included not only those who are supported in their apprenticeships program but those who completed their training program and received support from the program to find employment.

Duplicating a Successful Methodology

CARE used a previously established methodology to reach more than 500 community-based organizations via 35 local NGO partners. The methodology is simple, flexible, requires no collateral, and provides households with the skills to manage their own savings and loans. Today, CSSGs established by the PC3 program have reached their full development in terms of operations, organizational capacity, and member ownership. Their impressive expansion is mainly due to CARE's simple methodology. The program is easy to understand and based on the well-known Iqqub tradition in Ethiopia.

An Iqqub is formed with group of individuals with common needs who gather for series of regular meetings. At each meeting, each person contributes a predetermined amount into a collective "pot" which is then given to a single member. The latter is subsequently excluded from receiving the pot in future meetings, while still being obliged to contribute to the pot. The meeting process repeats itself until all members have had a turn at receiving the pot. In this way, members take a turn in benefiting from collected savings.

CARE also keeps the cost of training low; this is done in two ways: 1) through using community based trainers and 2) by organizing community to community experience sharing programs

For these reasons, CSSGs were easily accepted and internalized by target populations. As of beginning of 2007, the methodology was operational in seven of the nine regions of Ethiopia. Through its PC3 and food security programs in Ethiopia, CARE has established approximately 2,400 CSSGs comprised of more than 37,000 members, 70 percent of whom are women.

Achieving Lasting, Significant Change in Local Communities

The CARE CSSG methodology has been recognized as a successful way to enable vulnerable communities in both rural and urban environments to become active agents of change. These groups increase the household income of HIV & AIDS-affected households and contribute to improved social services, develop gender awareness, facilitate cooperation and linkages with the private sector, and promote community participation and the sharing of experience.

Empowering Households and Communities

The beneficiaries of PC3, especially women, acquire household management skills and build confidence in managing their own money. Planning ahead and having more than one economic option does not simply empower the poor, it is perhaps the sole method of achieving sustainable growth.

Not only do the CSSGs work to strengthen the coping mechanisms of vulnerable groups, they also enhance the role of community-based initiatives. Community mobilization lies at the core of the CSSG methodology. Grounded in participatory development techniques, community-based projects provide a

cost-effective and sustainable way to address crisis—mainly because they rely on existing community groups, use traditional coping mechanisms, and rely on established trust. The voluntary groups plan, carry out, and evaluate their operations to improve the situations of their households.

A CSSG essentially belongs to its members: Members self-select both their group and their managing committee, savings are internal, interest rates are reinvested, bylaws are decided on by all, and decisions are made unanimously. Ownership sustains motivation and facilitates commitment and dedication over the long term. Experience indicates that group bonding is the cement for confidence and solidarity.

Ensuring the Provision of Quality Services

CSSGs emphasize quality over quantity by providing comprehensive training so that new groups can develop and prosper. The amount of loans is initially small, since it is based on small savings, but it grows over time as the groups learn how to effectively use their savings for different types of loan projects. Graduation events are advertised and experienced CSSGs then train other groups. Community-based trainers, moreover, learn the skills needed to conduct more sustained monitoring.

Example 2. Insurance for Life

Haimanot is 40 years old and a mother of four children, aged 16 to 21. Her husband, an ex-soldier, left her 7 years ago. She currently lives in Adama, a town in one of the poorest Kebele*. Prior to the PC3 program, she had no income-generating options and no concept of saving. Haimanot also had no experience participating in public gatherings or even discussing issues that affected her community. She was unaware that she had the right to make decisions on socioeconomic issues concerning her and her family's life. Simply put, she was an ordinary woman living in poor conditions, trying to feed her children everyday.

Then she joined a CSSG established by the PC3 program in her community. Starting with capital of Br50 (approximately US$5), she engaged in petty trade selling vegetables. After several loans, she managed to save approximately Br2,300 ETB (US$255), which enabled her to purchase goats and chickens to breed and sell in the market. She therefore built a capital asset to insure her family against economic shock. She has now expanded her business to butter and cheese. Today, she feels relieved because she can cover her children's expenses. Her eldest daughter is in grade 10 and will sit for the National Examination this year.

* Kebele is the smallest administrative unit in urban context of Ethiopia.

"I was quite skeptical at the beginning. I never believed that saving 1 Birr could make any difference. . . but it did. Thanks to the different loans I took, I have really improved my life. One thing I am so proud of is that I have my own little business and am making money."

—Workanesh, CSSG member

Fostering Independence and Self-Assurance among CSSG Members

Beyond the financial gain that the CSSG methodology provides families, the most important value added by the program is a powerful feeling of self-sufficiency and independence. CSSG members do not borrow from family, neighbors, or private lenders anymore. Money used in the past for specific consumption needs is invested today in productive activities. The skills to carry out petty trade, which members learn through training, have built sufficient confidence in members that they feel accountable to themselves only, without the need to report to and depend on others. The structure of the group also has a direct influence on member autonomy. In many community structures, an authoritarian leader commonly retains most rights and shares little information with members. CSSG methodology distributes the group's rights and obligations equally among all members. Members can express their opinions freely, learn how to speak in front of an audience, and decide together what option is best for the future of the group.

EXAMPLE 3. CARING FOR MY SIBLINGS

Bezaweet was very young when her father died and 15 when she lost her mother to HIV & AIDS. At the time of her mother's death, she had already been out of school for some time, caring for her mother and her five young siblings—all of whom are double orphans today. Bezaweet's mother used to run a small goods shop, which had not been operational for some time because the children were unprepared for the responsibility of running it. As the eldest child, Bezaweet was selected by the local community group to participate in livelihood training to become a hairdresser. The training was provided by CARE under the PC3 program. Unfortunately, it was difficult to leave her siblings, so she dropped the classes and decided instead to reopen the family's shop, but her limited experience meant she could not generate enough income. Eventually, the community group intervened again and suggested that Bezaweet join a local CSSG.

After the training, Bezaweet used loans to buy items in bulk, diversify her stock, and raise her profit margin. As a result, she managed to raise her income from Br50 (US$5.50) a month to Br80 (US$9) in the first couple of months. She was also able to provide her siblings three meals a day and keep three of the school-age children in school. The CSSG itself has also grown, and the weekly contribution has risen from Br3 to Br6, increasing the amount of potential loans. Bezaweet is today very positive and feels proud to be providing her family with their basic needs and more. In addition, she has participated in psychosocial training and is now a counselor for other orphans and vulnerable children in her community.

"In the past, . . . I was so desperate that I would get money from private [money]lenders. Now that I have joined the CSSG, I feel so very free and relieved. No constraints, no pressure, everything seems so smooth and simple. With my little business, I earn some money and it's enough for me to buy what I need without asking my husband."

—Hirut, CSSG member

"I used to borrow from a microfinance institution for my personal needs. It's true that I could borrow a lot, sometimes over Br1,000 or more. With the CSSG, my loans are smaller, but more frequent. But what is more comfortable for me is that I own what we have in this cash box and I hope that the more we borrow, the more money we will make. Whatever energy I spend in saving and paying, I want to spend it on our initiative."

— Asnaketch, CSSG member

Creating a Springboard for Social Cohesion

One of the major breakthroughs of the CSSG is its ability to strengthen social links among members and within the community at large. Previously, community structures in Ethiopia had mainly been based on social groupings that render services at the time of a death, but CSSG methodology mobilizes groups to address the deep economic issues of their members in order to improve their lives. This objective creates a strong incentive and the dynamic for members to act together. Groups become successful depending on their ability to manage and operate their activities, and a strongly bonded group works as a unified and coherent platform for decision making.

Once a group is strongly bonded, sharing common goals and interests, group solidarity reinforces their compassion, which in turn triggers actions to help others. CSSG members have thus on their own volition set up social or emergency funds (collected from group savings), which are given to families in the wider community in dire need of cash. Social funds are given in solidarity—the group does not request that the beneficiary(ies) pay them back. Such initiatives usually emerge from a confident group that has mastered how to mange its money and prioritize its needs.

Example 4. Sense of Community

Frehiwot Wondmu is 35 years old and has been a very active member of her CSSG. She used to have great difficulties getting regular meals for her family. She did not get much help from her community because people used to live next to each other, but didn't pay much attention or care for each other. It seemed people were too busy dealing with their own problems. A year ago, she became a member of a CSSG.

"This association has changed our lives. It's not only about money. The most important change is the real sense of community that has developed between us, the social bonding that today exists between members. Before, we didn't have any regular visits between us: we didn't have money to give during special occasions, like birth or illness. Now everybody comes together without any problem. Coming together is so important because it strengthens our friendship and helps us to understand and take care of each other. We also have plans for the future. We managed to get a piece of land from the Kebele, and we want to set up some [small-scale] agriculture for our own needs, but also for business."

—Frewihot, CSSG member

Main Lessons of the PC3 Program in Ethiopia

Based on achievements to date, the following lessons can be drawn from the program:

- Contrary to what is commonly believed, including by the poor themselves, poor and vulnerable people can save money when appropriate mechanisms are in place.
- Profits generated by income-generating activities are relatively low, but raise household consumption to a minimum level above the poverty line and stabilize household income against shock. Such activities also contribute directly to economic growth and poverty reduction.
- The CSSG methodology is simple enough to be accepted by populations in diverse environments with varying needs. The methodology promotes the essence of development: Increasing the well-being of families and children.
- Program targeting often risks appearing unfair when it provides support to some within a community but excludes others. The CSSG methodology helps overcome this issue since no financial support is provided, only technical assistance. The knowledge gained by community members can also be easily transferred from one group to another. Community involvement is thus crucial to the process.
- CSSGs have effectively used traditional communication activities like the coffee ceremony (where people meet several times a day to share information) as entry points for awareness and behavior change, providing education on health nutrition, HIV & AIDS and reproductive health.
- The CSSG methodology works as a learning process: Beneficiaries, staff, and partners all develop and strengthen skills in management and development.
- The methodology is cost-effective and therefore sustainable, and can be replicated easily among communities. Five days of basic training for a CSSG with 20 members costs only Br2,500 (US$277). The ratio of cost to leveraged savings is thus very high, and this measure does not even include the potential outreach of well-trained groups (i.e., their ability to teach new groups in the future).
- Overall, there is a need to define a clear future strategy for the CSSGs. Discussions with government partners should be further developed so that these groups become a primary partner in development. CARE is currently at a reflection stage, exploring different ways in which existing CSSGs could receive more support and recognition without losing the flexibility that makes them so appropriate for serving vulnerable communities.

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