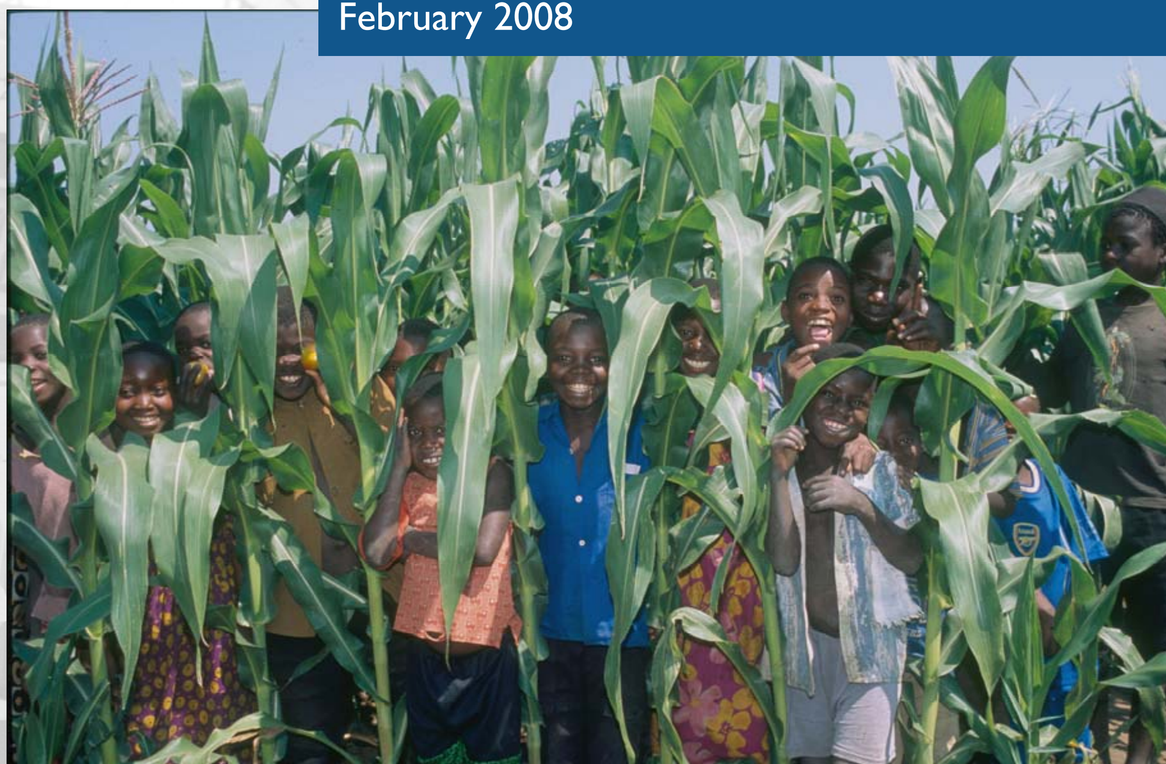
Economic Opportunities

Economic Strengthening for Vulnerable Children: Principles of Program Design and Technical Recommendations for Effective Field Interventions

February 2008



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Acronyms

AED	Academy for Educational Development
ART	Anti-retroviral therapy
ASCA	Accumulating savings and credit association
AVSI	Association of Volunteers in International Service
BDS	Business development service
DCOF	Displaced Children and Orphans Fund
CBO	Community-based organization
CMM	USG Conflict Management and Mitigation teams
CTO	Cognizant Technical Officer
DfID	UK Department for International Development
D&G	USG Democracy and Governance teams
EG	USG Economic Growth teams
ES	Economic strengthening
ES-VC	Economic strengthening programs for vulnerable children
HACI	Hope for African Children Initiative
IGA	Income-generating activity
ITM	Institute of Tropical Medicine—Belgium
M&E	Monitoring and evaluation
MFI	Microfinance institution
NGO	Nongovernmental organization
PEPFAR	United States President's Emergency Plan for AIDS Relief
PLWHA	Person living with HIV/AIDS
PVO	Private voluntary organization
ROSCA	Rotating savings and credit association
SME	Small and medium enterprise
USAID	United States Agency for International Development
USG	United States Government
VC	Vulnerable children
VSL	Village savings and loan organization

Executive Summary and Recommendations at a Glance

The multi-faceted nature of child vulnerability–whether due to such epidemics as HIV/AIDS, conflict, natural disasters, extreme poverty, or a host of other contextual factors–is reflected in the wide spectrum of professional disciplines that have mobilized to address it. Among these, economic strengthening is gaining in importance and prominence, with few experts working to reduce child vulnerability in doubt that poverty is a major contributor to the challenges they face. Unfortunately, very few specialists feel comfortable working at the intersection of these disciplines, which have generally become more technical and specialized and often appear impenetrable to outsiders. So, on the one hand, economic development professionals rarely master the complexity of the political, social, and health issues at stake; on the other, their own efforts to make their discipline accessible to practitioners in other fields have been limited.

This guide begins to fill this gap through the illustration of economic strengthening best practices in a format that multi-sectoral teams of donors and practitioners can use to inform their own work. To that end, the document offers two sets of tools:

1. A series of seven principles for program design and implementation, which donors and partner agencies may refer to as they progress from early program concept through implementation, monitoring, and evaluation. These principles emphasize multi-sectoral coordination thorough market research, careful consideration of targeting, incorporation of market realities, awareness of the latest technical lessons learned, collaborative partnerships, and focus on scale and sustainability. These principles and the programmatic implications that flow from them are summarized below for ease of reference.

2. A set of technical recommendations on how to implement selected economic strengthening activities. These interventions are classified according to three main categories: social assistance, asset growth and protection, and income growth. For each selected intervention within these categories, the guide provides examples from Africa, discusses what works and what does not, and provides recommendations for successful field implementation. The recommendations are summarized on pages 4 and 5.

The document also provides an annotated list of technical references and concludes with a glossary of terms.

Although initially conceived as a guide to economic strengthening for children affected by HIV/AIDS, the development process made it apparent that these lessons have relevance beyond this context. As such, the guide is valuable for practitioners across a broad range of disciplines and aims to inform practice accordingly.

At a Glance:
Principles of Program Design and Implications

1. Take a multi-sectoral approach and ensure open dialogue throughout the program
- Involve a variety of actors from all relevant sectors.
- Inform programming decisions through a sound Situation Analysis.
- Create ongoing dialogue opportunities.

2. Base program design on sound market analysis
- Invest sufficient financial and human resources to identify relevant or growing markets with which to link vulnerable children, their caregivers, or their communities.

3. Weigh the benefits and risks of targeting
- Identify whether targeting is appropriate, or whether it risks breaking down market opportunities and systems.
- Carefully assess the ability of pre-existing delivery channels to advance programming.

4. Identify best practices in ES and adapt them to the specific vulnerabilities of children and households affected by HIV/AIDS
- Link child-focused economic strengthening programming with best practices developed in related programs.
- Adapt best practices to the specific circumstances facing target children and families. These circumstances include the level of economic vulnerability, asset depletion, economically active children and youth in vulnerable households, the presence of child-headed households, elderly caregivers, large families, health issues, and legal identity issues.

5. Know what you can do by yourself and build partnerships to implement the rest
- Determine whether partnering with other organizations specialized in ES can be the most effective option.
- Consider the relative benefits of facilitation and direct provision in setting up partnerships.
- Require a strong project plan and clear terms of reference for the partnership.

6. Develop interventions for sustainability and scalability
- Require a project plan that creates the conditions for sustainability beyond the life of the intervention.
- Consider the cost per participant and the envisioned outcomes.
- Think critically about exit strategies.
- Support projects that hold promise either for being scaled up or replicated over a large area.

7. Identify robust indicators to effectively track performance and outcomes
- Harness opportunities to begin developing, implementing, and testing causal models of ES-VC.
- Determine whether the use of human development indicators is an acceptable stopgap measure.
- Consider opportunities for credible impact assessment.
- Report progress according to activity-specific indicators.

At a Glance:
Recommendations for Effective Technical Interventions

Social Assistance:

- Asset Transfers
  - Critically assess the administrative capacity of implementing agencies and the effective coordination of technical support.
  - Target on the basis of poverty, incapacity, and dependence rather than HIV/AIDS status.
  - Use community-based mechanisms of cash transfer if they are well-planned and budgeted for.
  - Design mechanisms for safely and transparently distributing benefits.
  - Consider the availability, quality, and other associated costs of actions required of beneficiaries.
  - Build household capacity to manage resources independently.
  - Develop a clear exit strategy or transition process for cash transfers at the community level.

Asset Growth and Protection:

- Group-Based Savings
  - Consider using ASCAS in very remote communities and in situations where small savings may be a stepping stone to the use of more formal financial services.
  - Require that a strong operating manual and training program be in place to help groups establish themselves and receive training in effective and transparent procedures.
  - Ensure that groups require minimal outside input and are encouraged to remain autonomous.
  - Remember that group meetings represent an opportunity cost to participants and must be used in communities where people are able and willing to meet regularly.

- Individual Savings
  - Analyze the product development process and market research to ensure savings are designed around the needs and aspirations of the target population.
  - Ensure there is evidence that a savings account will ultimately benefit the child in whose name it was created.
  - Examine the savings product with care and identify the incentives or signals it sends to the guardian, child, and other caregivers.
  - Insist that savings are placed in reliable, trustworthy, preferably regulated deposit-taking institutions.

- Microinsurance (life, disability, health, loan, agriculture)
  - Favor an arrangement whereby the program implementer or a local organization acts as local agent for a commercial insurer.
  - Target groups rather than individuals to minimize costs.
  - Support the use of information monitoring systems necessary for reducing fraud.
  - When implementing health insurance programs, verify that clinics meeting minimum standards of care are accessible by health insurance subscribers.
  - Include educational programs and financial education training on the unique characteristics of insurance (clients often expect a refund for “unused” insurance).
  - Consider options beyond formal insurance.

- Legal Services for Asset Protection
    - Build a path for vulnerable children and caregivers to eventually access more formal services by assisting them in accessing identification or birth certificates.
    - Engage with policy makers on issues that create barriers to effective asset transfer in favor of the child upon the death of parents.
    - Recognize advocacy efforts for legal services and community education as necessary preliminary steps to more widespread economic strengthening.

Income Growth:

- Skills training
    - Require market research to establish the viability of using the skill in question and identify opportunities as well as constraints for program graduates as they try to productively earn income from the training.
    - Invest in quality facilitation of training.
    - Examine skills training programs comprehensively to determine if other needed services are available and viable.

- Income generating activities
    - Use IGAs cautiously, ensuring that adequate market research has been carried out to identify profitable, sustainable opportunities to sell the goods or services.
    - Consider the target population's ability to effectively run the project.
    - Verify that there is sufficient expert input on how to run a business, as well as on the specific opportunity.

- Job creation
    - Consider who wins and who loses.
    - Consider that the marketability of new skills is more often assured when work is carried out with a private sector partner.
    - Invite private sector partners to underwrite some or most of the training costs.

- Market linkages
    - Recognize and address complementary difficulties that do not lie at the primary producer level but which can impact their success.
    - Recognize that not all vulnerable children and caretakers can immediately engage in these types of projects.
    - Focus on projects that lead to increases in productivity and/or add significant value to the final product.
    - Channel support to projects that focus on sustainable production, distribution, and sales achieved mainly through private sector channels.
    - Target subsidies to only those instances where there will be no effect on long-term pricing and the sustainability of production/distribution market relationships.

- Business loans
    - Avoid funding non-microfinance programs that try to initiate "loan schemes" to individuals or groups on a small scale.
    - Evaluate with a critical eye programs offering education and other services in conjunction with the loan.
    - Require timely, regular reporting based on industry standards for loan programs.
    - Avoid combining grants and loans: giving with one hand (social welfare activities) and taking away with the other (requiring loan repayments) can be confusing to target communities.

Background, Motivation, and Approach

A broad consensus is developing on the critical role that economic strengthening (ES) can play in a comprehensive response to the needs of vulnerable children and the households and communities that care for them.[1] There is, however, significantly less agreement on effective approaches to develop ES programs for vulnerable children (referred to in this document as ES-VC). Ongoing efforts by U.S. government (USG) and others to develop and support effective, scalable, and sustainable ES-VC interventions have encountered a number of central challenges. Meetings with key USG actors in the field have identified the following challenges as the most significant:

- Few USG programs targeting vulnerable children include ES components; among those that do, only a small number succeed in decreasing child vulnerability.
- There are few examples of successful programs that are demand-driven and appropriate for the target markets and reach desired outcomes for children.[2]
- It is challenging to draw on and harmoniously integrate the technical knowledge, development paradigms, and practice-based wisdom of lead USG sectors (including agriculture, economic growth, health, education, conflict management and mitigation, and democracy and governance) into effective country-level implementation plans and action.
- A large number of publications and technical guidance on ES-VC issues issued by the USG and other donors are inaccessible or non-user friendly for frontline USG staff and their implementing partners (particularly within the health sector).

Existing guidelines—for example, those developed by PEPFAR shown in Box 1—are evolving toward providing more comprehensive program standards. But they have yet to offer clear, multi-sectoral direction for the development of ES-VC programming.

The purpose of this document is to make a significant contribution to this effort. It was produced under the FIELD Support Leader with Associates,[3] supported by USAID's Microenterprise Development office, in collaboration with the USG's Technical Working Group on Orphans and Vulnerable Children. It is designed to support USG country teams and their partners as they design new interventions—or adjust existing programs—to build and protect the economic assets of HIV- and AIDS-affected households. This, in turn, will help ensure that the critical needs of children, including shelter, food, clothing, education, health care, and legal protection, are addressed on a more sustainable basis.

[1] The term "vulnerable children" is used throughout this document to refer to children—including but not limited to orphans—who have been made vulnerable as a result of HIV and AIDS; the guidelines can also be useful for programs working with children vulnerable due to other causes.
[2] Among the economic interventions reviewed by the team in Kenya and Uganda, very few were deemed economically viable, largely because they had not been designed and implemented with adequate consideration paid to fundamental principles for economically viable programming.
[3] For more on the FIELD Support LWA mechanism, see www.microlinks.org/field.

The concepts and recommendations presented in this report are drawn from the experiences of USG- and non-USG-supported projects and observations by field-level stakeholders in Kenya and Uganda, along with a review of relevant documents and publications.

While the development of these guidelines was initially intended to focus solely on economic strengthening for children made vulnerable by HIV/AIDS, the field work and subsequent research have made it clear that they hold true beyond this population. Indeed, the authors of this study found that specifically targeting children affected by HIV/AIDS over a broader population of vulnerable children was often inappropriate for ethical or practical reasons. Consequently, although we refer to programming for children affected by HIV/AIDS throughout this guide, readers will find it useful to consider the validity of our recommendations in broader contexts, and apply or adapt them accordingly.

Box 1: Current PEPFAR Guidelines for ES-VC Programming

Economic strengthening is often needed for family/caregivers to meet expanding responsibilities for ill family members or vulnerable children joining the household. Maturing children need to learn how to provide for themselves and establish sustainable livelihoods. PEPFAR encourages the use of funds for economic strengthening activities as well as cooperation and joint efforts with organizations with strong experience and a high level of expertise in this area. This is particularly appropriate for interventions focused on both adolescents and caregivers.

Economic strengthening interventions should be market-driven and contextually relevant. Examples of potential interventions that PEPFAR programs may fund include the following:

- Vocational and technical training
- Livelihood opportunities (e.g., income-generating activities and links with the private sector)
- Small business activities and promotion of entrepreneurship among older vulnerable children and caregivers
- Household ES activities focused on increasing coverage of school-related expenses such as incentive-driven, conditional grants and training for HIV/AIDS caregivers
- Support for drip-kit irrigation and use of drought-resistant crops for gardens maintained by child-headed households
- Purchase of seeds and tools for household and community gardens for children made vulnerable by HIV/AIDS
- Setting up small-scale animal husbandry for HIV/AIDS vulnerable households
- Household labor-saving devices
- Activities that provide access to savings, credit, and, in some cases, insurance
- Community-based asset building
- Establishing mechanisms to support community-based child care

Source: “Orphans and Other Vulnerable Children Programming Guidance for United States Government In-Country Staff and Implementing Partners.” The President’s Emergency Plan for AIDS Relief, Office of the U.S. Global AIDS Coordinator, July 2006, pp. 18-19.

This document consists of three main parts. The first section is organized according to seven principles which, through a series of lessons learned and associated implications, can guide the design or strengthening of ES programs for vulnerable children and their families. A series of text boxes in this section labeled “Learning from the Field” provides relevant examples gathered during field visits to Kenya and Uganda. The second section presents technical recommendations for actual implementation of ES field programs, arranged by three intervention categories: social assistance, asset growth and protection, and income growth. A third section provides a list of resources used for preparation of this document, with links to additional available materials on specific aspects of ES-VC programs. A glossary concludes the document.

1 Principles of Program Design of Economic Strengthening Interventions for Vulnerable Children

What is "Economic Strengthening"?

The ultimate goal of all programs discussed in this document is to strengthen the capacity of caregivers and communities to address the financial issues to ensure vulnerable children are able to access essential services, including safety, healthcare, education, and other basic needs. In this context it may be helpful to define economic strengthening as the *portfolio of strategies and interventions that supply, protect, and/or grow physical, natural, financial, human, and social assets.* Of particular interest for this document are: the establishment or strengthening of social assistance programs such as asset transfers ("supply"), the provision of insurance services ("protect"), and the facilitation of access to savings, business credit, skills training, employment (including self-employment), market linkages, and value chain development ("grow").[4]

Seven Principles of Success

Seven programming principles can help guide effective economic programs targeted at vulnerable children. These are:

1. Take a multi-sectoral approach and ensure open dialogue throughout the program
2. Base program design on sound market analysis
3. Weigh the benefits and risks of targeting
4. Identify best practices in ES and adapt them to the specific vulnerabilities of children and households affected by HIV and AIDS
5. Know what you can do by yourself and build partnerships to implement the rest
6. Develop interventions for sustainability and scalability
7. Identify robust indicators to effectively track performance and outcomes

Lessons learned and programmatic implications for these principles are discussed in the remainder of this section.

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[4] Although vulnerability is a multi-dimensional concept that reflects insufficient access to all five types of assets–financial, social, human, natural and physical–this document is focused on financial assets. This is due in part to the lack of sufficiently refined indicators to measure household ownership of the other four classes of assets, particularly human and social assets.

1. Take a Multi-Sectoral Approach and Ensure Open Dialogue Throughout the Program

Lessons Learned

- A call for multi-sector work has been made in many publications, including the "Children on the Brink" series on orphans and AIDS[5] and the 2006 PEPFAR guidelines, which state that "U.S. government country teams should institute a process for identifying and coordinating multi-sector responses" to the needs of vulnerable children.[6] Although few USG country teams are structured and organized in exactly the same way, most draw on the following areas of expertise to address the needs of vulnerable children:

- Health and HIV teams are looking for ways to help families meet immediate needs and build sustainable resources at the household level to ensure the ongoing needs of children, including psycho-social and educational needs, are met.

- Social assistance practitioners inside the economic growth, food security, and agriculture sectors are developing approaches to limit the extreme impact of the illness and address any barriers to entry that keep households from re-engaging in the economy.

- Economic growth teams are searching for strategies to maximize entry or re-entry points into sustainable market opportunities—whether related to access to financial services, linkages to markets, legal reform, or trade and private sector investments.

- Consultations with these technical teams suggest that the most effective way to ensure positive outcomes for vulnerable children is to co-design (and in some circumstances, co-implement) projects. Unfortunately, these teams report that this need is often overlooked. Failure to communicate in multi-sectoral teams and align project objectives and monitoring with the most promising practices undermines the potential of USG investments.

Box 2: Learning from the Field: Gaining Multi-Sectoral Input

One way to produce multi-sectoral input is to share management of ES-VC efforts across offices and programs. In Kenya, for example, an EG officer serves as Cognizant Technical Officer (CTO) for a PEPFAR-funded microfinance project. The microfinance project, which provides loans to HIV/AIDS-affected households, receives direct, relevant, and knowledgeable technical input and monitoring from a CTO with long-term microfinance experience.

[5] "Children on the Brink 2004: A Joint Report of New Orphan Estimates and a Framework for Action," UNAIDS/UNICEF/USAID joint collaboration, July 2004.
[6] "Orphans and Other Vulnerable Children Programming Guidance for United States Government In-Country Staff and Implementing Partners." The President's Emergency Plan for AIDS Relief, Office of the U.S. Global AIDS Coordinator, July 2006, p. 5.

- Observations in the field show that it is not only USG offices but also,–and more strikingly –implementers that isolate the technical sectors involved in various inputs for vulnerable children programs. Large international NGOs with specialized services in both economic growth and health rarely collaborate across teams, often mirroring the “silo mentality” that flows from the USG offices that fund them.

- One clear message that emerges from key informant interviews in the field and echoed in some of the current literature on programming for vulnerable children is the need to provide more open dialogue in programming; such dialogue is needed between donors and implementing partners as well as between implementers and program participants. Based in Kenya, HACI shared its experience with in-country working groups of child-focused projects, noting there could be more information sharing on possible economic strategies for livelihood activities among the various actors in each country. Similarly, programs are often conceived without involving potential participants in project design and ongoing modification as it evolves. Engaging program participants from the beginning ensures stakeholder interest and ownership. It allows those who are caring for vulnerable children—and, hopefully, the children themselves—to have ongoing input into the design and delivery of relevant services.

Box 3: Learning from the Field: Open Dialogue for Improved Outcomes

One USG partner in Uganda realized the need to change aspects of its economic strengthening and market linkages project once it began to use PEPFAR funds. A TRACK 1 partner, the organization identified the need for substantial coaching and monitoring support of community-based organizations. It then successfully negotiated with USG to expand the capacity-building component of the project’s scope of work, resulting in improved outcomes.

Another partner in East Africa proposed an economic initiative that tapped an international partner with specialized technical expertise in credit and savings. When pressed to meet USG target deadlines, the project rushed to implement, despite poor early results. The initiative was not successful, an outcome that may have been avoided had there been more dialogue between the implementing partner and USG to allow for a revised project design.

Programmatic Implications

- **Involve a variety of actors from all relevant sectors**, starting from agreement on intervention and design stage objectives (for example, developing procurement instruments), all the way through implementation and monitoring. Sectors involved could include agriculture, economic growth, health, education, conflict management and mitigation, and democracy and governance. While it may not always be necessary to create new working groups, working together when preparing for new initiatives can help identify key information for improving impact and effectiveness. For example, questions to discuss within multi-sectoral design discussions could include:

- What factors most frequently contribute to child vulnerability? What are the potential points of intervention to address these? What kinds of interventions and, consequently, expertise are required?

- What are our joint expectations for the program? What outcomes do we envision (changes we want to see, for whom, and by when)? How can we realistically and cost-effectively measure these outcomes?

- Does the overall approach to ES-VC programming reflect market realities?

- What is the potential for targeting specific participants and what are the costs or risks of doing so? Who are these target participants and is this exclusive market viable? If not, how can we design an economically sustainable approach that will benefit vulnerable children?

- What ES strategies have been tested in our context? What worked well and what did not? Are there examples in our respective fields that could be adapted by our partners? What sorts of strategies are sustainable?

- Are we sufficiently aware of existing projects implemented by other USG entities, donors, and practitioners in this area? Are any of these interventions working at cross-purposes or have the potential to do so?

- Are there issues of stigma or funding requirements concerning the target population that should be considered in designing or selecting potential programs?

- How can USG technical capacity be used to improve benefits to vulnerable children and families?

- During the procurement process, how can we most clearly inform potential grantees about our expectations?

- What is the best balance of funding allocation between ES and other interventions to achieve the most significant and sustained benefit for the vulnerable children of concern?

While collaboration may require some additional effort on the part of the sectors involved, addressing such questions from the early stages of the project can create the best opportunities for success or indicate where potential problems are emerging. The exchange of information between technical fields is particularly vital to ensuring ES-VC work maximizes its potential for its ultimate beneficiaries. For example, many health and HIV/AIDS professionals interviewed during field work in Kenya and Uganda had the impression that the participants they target are too poor to save, leading to a perception that savings-based initiatives would not be an effective ES strategy. Although this indeed may be the case for some very destitute households, financial service experts have demonstrated that very poor individuals, such as street dwellers, can save and that they often develop highly innovative mechanisms for pooling various forms of assets.

Similarly, health and HIV/AIDS professionals have helped economic teams become aware of stigma issues that might hamper well-designed business focused programs. In one striking case, social workers helping a caregiver explained that she was not able to operate her business effectively and repay her loan because she had developed sores on her body from an AIDS-related illness and customers had stopped coming to her kiosk to buy goods.

- Inform programming decisions through a sound Situation Analysis. This analysis should inform decisions about the types of programming required and the relevant types of expertise. Multi-sectoral teams may want to rely on two USAID guidance documents on situation analysis that are directly relevant to the impacts of HIV and AIDS on children.[7]

- Create ongoing dialogue opportunities through both formal and informal channels that are flexible enough to respond to changes in the working environment. This could include a learning network and an effective monitoring system that provide avenues for identifying where changes may be needed to improve the program's design, cost-effectiveness, or ability to reach scale.

[7] See:
- DeMarco, Renee, "Conducting a Participatory Situation Analysis of Orphans and Vulnerable Children Affected by HIV/AIDS: Guidelines and Tools, A Framework and Resource Guide," Family Health International with USAID and Implementing AIDS Prevention and Care Project, Arlington, Va., April 2005 (available at http://www.fhi.org/en/HIVAIDS/pub/guide/ovcguide.htm) and
- Williamson, John, "What Can We Do to Make a Difference? Situation Analysis Concerning Children and Families Affected by AIDS," draft, Displaced Children and Orphans Fund, October 2000 (available at http://www.displacedchildrenandorphansfund.org).

2. Base Program Design on Sound Market Analysis

Lessons Learned

- Successful ES-VC initiatives demonstrate a clear understanding of the children of concern, their caregivers, and the market realities—both opportunities and challenges—that they face. This includes ensuring economic strengthening activities are not only market-driven but also appropriate for the capacity, context, and culture of the intended participants. Few projects visited in the field or documented in case studies demonstrated that they had conducted market research to determine whether their products or services were adapted to the needs of the target population and would ultimately have a positive impact on children.

- Market studies enable projects to identify commercial strengthening opportunities appropriate for the intended participants, whether vulnerable adolescents or adult caregivers.

Examples of both skills training and production-oriented projects visited in the field showed poor economic results because the entrepreneurs were not able to locate or access viable markets. In some cases, the individuals trained sold the tools they were given for their businesses because it was more profitable than running the business they were expected to start. In other programs, it was observed that despite large donor funding, there was no long-term opportunity to sustainably support the enterprises in the project.

The more successful activities linked economic activities to existing markets. Both the COPE program's dried-fruit project for caregivers in Uganda and a PEPFAR-funded mushroom project supported by USAID/East Africa undertook extensive market research and market facilitation to ensure effective and sustainable outcomes (see boxes 4 and 5).

Box 4: Learning from the Field: Effective Market Research

The purpose of the Community Based Orphan Child Care, Protection and Empowerment (COPE) Project, managed by Africare in partnership with the Emerging Markets Group, is to reduce the socioeconomic impact of HIV and AIDS on approximately two million vulnerable children and their caregivers. In Uganda, caregivers have been organized into producer groups and linked directly to income-generating activities with growing value chains. The project conducted market studies as an integral part of its program design. These studies showed that children and their caregivers rely heavily on agricultural production and minor business trade for their incomes; that they lack direct contact with markets, limiting their ability to understand consumer behavior and needs; and that there is an over-reliance on primary production and little involvement with agro-processing or value addition.

To address these findings, COPE assists communities with a high concentration of caregivers to upgrade their agricultural activities to process dried fruit with homemade passive solar dryers. The project has also facilitated linkages between producers and both domestic markets and exports to the United Kingdom.

- Key informants in Kenya and Uganda often noted that their projects did not have the skills, time, or budget to conduct proper market research. The representative from a USG-funded project in Kenya pointed out the difficulty in carrying out market research because "donors want to fund sure things. They want to give to projects that say they know what they are doing. There is no room to do market research or show that you are learning." Additionally, some institutions financed by donors indicated that they provided subgrants to community-based organizations interested in economic strengthening, but it was challenging to ensure that market research was adequate.

Programmatic Implications

- Invest sufficient financial and human resources to identify relevant or growing markets with which to link vulnerable children, their caregivers, or their communities. Chances of ES-VC programming success are dramatically increased when evidence is available that the specific intervention meets the needs and increases options for the target participant, and there is potential to sell products and services through viable market linkages. Including accurate, well-designed market studies as an integral part of the ES-VC project plan helps outline the outcomes to be achieved and their chances of success. USG funders and lead implementing partners have a critical role to play in requiring that market research be conducted. They also play a key role in ensuring there is a clear link between the proposed activities and market success and ultimately positive outcomes for vulnerable children.

In addition to allocating sufficient project funds to allow for quality market studies, donors have the opportunity to ensure implementing partners have the internal capacity, or team up with the right institutions, to complete a market analysis.

Box 5: Learning from the Field: Pre-existing Demand

An example of the effectiveness of linking economic activities to identified markets is the market survey that identified an opportunity for mushroom production in the Kenyan market.

Specialty vegetable markets, particularly in Nairobi, were already searching for reliable suppliers of edible mushrooms. A PEPFAR-funded regional project trained women from western Kenya in mushroom production, which requires minimal inputs and is a highly accessible project for individuals unable to do more labor-intensive farming. The proven market enabled several producers to continue sustainable agro-enterprises after the initial project phase.

When evaluating projects based on effective market research, the type of information that demonstrates market potential often includes the following:

> **Box 6: Learning from the Field: Over-Promising Market Potential**
>
> An NGO working in western Kenya to build incomes of vulnerable children and their caregivers distributed an exotic variety of banana planting material. Although the wholesaler has promised that high prices and strong export markets exist, the NGO had not verified this, nor has he looked for alternative market opportunities. Should these opportunities not materialize, the prospects for profitable local sale are slim.

- Market participants–what types of actors are involved and how will they tap into the markets?

- Participants' financial returns and pricing–what is the business potential for a given activity and what are the costs involved?

- Physical movement and processing of goods–how are products designed and services delivered? Is the travel infrastructure sufficiently developed to allow goods to be delivered to markets on time?

- Size of markets–how much can realistically be sold?

- What are the critical success factors in the target market, in terms of quality and quantity of products, packaging, pricing, and marketing?

- Competitiveness–who else is offering this type of product or service and what is the participants' competitive advantage?

- Business services–are the necessary financial and non-financial business services available to entrepreneurs? Are there commercial providers willing to provide such services?

- Can markets be accessed through existing market linkages?

- Regulations and institutions in the markets through which the products move–are there potential barriers to success due to legal restrictions? What are the market points in getting the product or services to the final consumer? Are there local or regional trade tariffs or other issues that could affect profits?

3. Weigh the Benefits and Risks of Targeting

Lessons Learned

- The majority of existing ES-VC projects offer economic programming to primary caregivers rather than to youth themselves. In most cases, these participants are already participating in some sort of group activity through an HIV and AIDS intervention and the same group is used as a platform for ES activities. Very few programs target vulnerable children directly with ES programs, and many that do are not particularly successful. Although children are often too young to participate in the type of initiative designed, misconceptions remain about older children's ability to engage in economic activities.

- Discussions of appropriate ES-VC strategies regularly focus on whether to target specific populations (those households already included in other programs that benefit vulnerable children) or to offer services more widely to vulnerable children and households throughout a community impacted by HIV and AIDS. Observations in the field and background documents suggest that the natural instinct in developing programs for children is to expand existing services by "adding" an economic component to increase incomes or build assets. Sometimes targeting can be an effective way to match the desired economic outcomes to the child or his/her caregiver directly:

- From a social assistance perspective, targeting may be necessary to provide the specific support that will lift these households to the point of being able to benefit from markets. Note, in this regard, that explicit targeting of vulnerable children themselves may also not be necessary to achieve effectiveness, as exemplified by the pension (essentially cash transfer)

Box 7: Learning from the Field: Community-Based Targeting

Some of the most successfully targeted programs depend on members of the community to identify beneficiaries. In Africare's caregiver-focused economic strengthening program in Uganda, community members decide which caregivers will participate in the intervention based on basic criteria (e.g., caring for an orphan, a poorer family in the community, etc.).

The result is that other community members do not feel excluded from program opportunities because they were involved in the selection process. Likewise, the community better understands the rationale for the program and what it hopes to achieve (assisting the most vulnerable families affected by HIV). Other interventions that have allowed program staff to select the beneficiaries have struggled with members of the community wanting to participate even if they do not meet the criteria (that is, are not part of the target group) and/or do not support the activities because they feel they are also entitled to the benefits of economic strengthening.

programs in Africa that provide resources to the elderly, which greatly benefit children.[8]

- From an asset and income growth perspective, however, targeting is sometimes viewed differently than in health or social services programming. While some economic programs focus on lending specifically to women or attempt to reach the poorer members in a community, most ES professionals believe that targeting can distort the evolution of markets and overall economic development in a community. In addition, microfinance providers specifically focused on lending services have found some groups to be riskier than others and have tried to diversify services through a broad market approach that spreads risk as much as possible.

- Some, though not all, ES activities can be delivered through pre-existing channels and targeting is not recommended for all ES program options. Groups formed for one purpose (e.g., health support groups) may not easily or directly adapt for another purpose (e.g., peer-guaranteed loans). For example, group savings and loan initiatives, such as Accumulating Savings and Credit Associations, are based on the premise of self-selection, by which members trust in one another's capacity to meet the group's financial expectations. If a project attempts to transform an existing caregiver group into a savings and loan group, problems often arise because the specific and central role of trust may not have been considered: The members did not originally come together to guarantee loans to one other and safe keep each other's savings.

- Targeting may be appropriate if households and young people known to be HIV-positive, or caring for people affected by HIV and AIDS, still face stigma and barriers to entry to economic strengthening programs. This may be the case in group-based activities, such as group-guaranteed loans, where members may chose to not include people known to be infected with HIV and AIDS. In such cases, program staff may choose to target a specific HIV- and AIDS-affected group and the choice of interventions may be narrower (although self-selection for group activities may still need to be respected with the smaller target group).[9] In some programs visited, it appeared this bias is often over-exaggerated by program staff: Community members embraced HIV/AIDS-affected families and ensured there was a substitute representative to attend meetings if the person fell sick or had to tend to a sick household member.

- Not every member of an HIV and AIDS program needs to be, nor should be, involved in economic strengthening programs. One donor organization met during the field visit insisted that every person receiving health and education services within an HIV program also participate in economic strengthening activities, overlooking the fact that few enterprise development activities are relevant for every participant of a larger initiative.

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[8] See www.wahenga.net/uploads/documents/reba_studies/REBA_case_Study_Brief_3_Nov2007.pdf.

[9] This approach also reflects PEPFAR's policies regarding program designs that create or reinforce stigma.

Programmatic Implications

- Identify whether targeting is appropriate, or whether it risks breaking down market opportunities and systems. Many projects and programs whose objectives include improving the well-being of vulnerable children do not actually reach these children.[10] The focus of ES-VC programming should be on activities that demonstrate an outcome for the children or the households that support them. That being said, the program team should make a clear choice whether targeting or the use of pre-existing channels is the best mechanism to achieve the desired outcomes for children. Targeting can sometimes pool vulnerability and undermine the economic viability of market-based programming, and would therefore not be an economically neutral decision. In Kenya, CARE offers non-targeted services to the broader community—i.e., regardless of HIV/AIDS status—but markets these services through channels aimed at specific targeted groups such as vulnerable children and their caregivers (see Box 8 for more detail).

Box 8: Learning from the Field: Non-targeted Services

CARE's Local Links project in the Kibera slums in Kenya works with community savings and loan groups to help participants save money and lend internally in order to develop businesses and build household assets. Rather than targeting specific individuals (e.g., caregivers of vulnerable children), CARE uses existing programs for children and partner community based organizations (CBOs) to publicize the Local Links groups, thereby increasing the chances that the target population will participate.

As part of the PEPFAR-funded project, CARE tracks the number of caregivers participating and the number of children supported. It reports that more than 90 percent of the participants are women; of these, most are parents or guardians, young, single mothers (age 16-23), older children, or people living with HIV or AIDS.

- Carefully assess the ability of pre-existing delivery channels to advance programming. Some HIV and AIDS programs are based on the assumption that if caregivers are meeting for education, mutual support, or other activities, they will automatically work well together as a team for economic activities. This is frequently not the case because the factors that encourage memberships–such as a common vulnerability–are typically not viable from an economic perspective. Programs should offer sound reasons for any specific targeting and a logical explanation of how the targeted intervention avoids market distortion to ensure sustainability. In some cases it may not be necessary to target, but rather offer services widely in a community and channel marketing and promotion through other related activities for children.

[10] This result often occurs because increased benefit to vulnerable households does not necessarily translate into increased benefit to the children within those households, or because it is often easier for programs to show results by targeting less vulnerable groups.

4. Identify Best Practices in ES and Adapt Them to the Specific Vulnerabilities of Children and Households Affected by HIV and AIDS

Lessons Learned

- The poorest families are unlikely participants in income growth programs, especially if they are labor-constrained. Their extreme vulnerability—and correspondingly high aversion to risk—often renders them unwilling to take on any activity that would expose them to higher risk, such as starting a business. To bring these families to the point where they are willing to accept the small amount of risk necessary to generate income, social assistance programs such as cash transfers and subsidies are often the best options.

- The public visibility and attractiveness of microcredit as a development tool—exemplified by the Nobel Peace Prize awarded to Mohammed Yunus and the Grameen Bank—has obscured the fact that appropriate financial services for the poor involve more than providing microcredit for small businesses. Poor families have diverse and complex financial needs, of which credit is only one component. While not every poor beneficiary has the time, skills, or interest to be an entrepreneur, all families need financial instruments to protect and grow their assets—via savings and insurance, respectively.

- There is more to running a microenterprise than simply having access to financial services. Access to markets and information and a supportive legal and regulatory environment are essential.

Box 9: Learning from the Field: Why It Is Critical to Support Savings for Very Poor Households

Savings opportunities are particularly important to very poor households. Yet they are often overlooked due to speculation that households are "too poor to save" or have savings activities that rely on mechanisms that are either inflexible (e.g., in livestock or other large assets difficult to sell to meet small cash needs) or carry high levels of risk (e.g., hiding money at home or entrusting cash to informal and often unreliable deposit collectors). But savings creates a sense of empowerment—not always the case in becoming indebted through loans—and helps households meet their day-to-day needs as well as bigger cash requirements like education, healthcare, and the absorption of additional vulnerable children into the household.

Very few formal institutions target the poor with accessible, affordable, secure savings products, and yet there is overwhelming evidence of the need to create savings opportunities for the benefit of vulnerable households and children (see CGAP Focus Note "Safe and Accessible: Bringing Poor Savers into the Formal Financial System"). While individual savings products would ultimately best serve the needs of poor children and caregivers, cost and infrastructure constraints will effectively prevent their availability into the medium term. In the meantime, one promising practice is the village savings and loan group, or ASCA model, pioneered by CARE and now used by many institutions to establish group-based savings services for low-income clients.

These observations—and the efforts of development professionals to set straight the common misconceptions described in Box 10 on the following page—have led to the development of the following three categories of ES interventions: social assistance, asset growth and protection, and income support. Examples of each are included in Table 1, shown below. For an overview of lessons learned and programmatic implications for the technical design of the most commonly encountered interventions, see Part II of this document.

Table 1. Categories of ES Interventions

Social Assistance	Asset Growth and Protection	Income Growth
• Assets transfers • Food aid • Social pensions • Public works	• Savings • Insurance (life, disability, health, loan, agriculture) • Legal services for asset protection	• Skills training • Income-generating activities • Job creation • Market linkages • Business loans

Box 10: Some Common Misconceptions in Economic Strengthening

Poor beneficiaries—and vulnerable children in particular—cannot save

Reality Check: Except for the most destitute families, poor households own assets. The fewer these assets, the more critical it becomes to protect them by holding them in a secure place. The excellent business that itinerant deposit collectors make throughout Africa testifies to the cost and risk that poor people are willing to face to secure their assets. Children can save too: Orphans involved in the SUUBI Child Development Account Project in Uganda have demonstrated that they can save and manage individual savings accounts. (See the Asset Transfers and Individual Savings sections of Part II for more information about this project.)

Young people will stop learning if they begin to earn

Reality Check: Older children who head households are balancing their desire to keep learning with the need of the family to cover basic costs of caring for their siblings. Children respondents shared that they will usually opt for working around their school schedule. Among those who lack access to support networks, many will postpone formal learning but continue to look for opportunities to develop knowledge.

Economic strengthening and HIV programming should be sequenced separately

Reality Check: Economic strengthening can take place at any time in the lifecycle of HIV and AIDS. When individuals are sick, the time may be right to support asset transfer programs or succession so that they go into the hands of the intended beneficiary. Financial planning is appropriate at any time and draining assets can be a poor strategy for households on the brink of survival.

Economic strengthening only involves the provision of microcredit

Reality Check: ES programming involves a wide spectrum of activities, of which the most pressing for vulnerable children and their support systems are often savings and insurance, not loans.

Every beneficiary will start a business

Reality Check: Not every program recipient needs, wants, or has the skills necessary to start a business. Many stakeholders prefer salaried employment over committing the time and managing the risk required to run a successful business.

One product fits all

Reality Check: Some of the respondents in the field visits acknowledged that one type of ES activity may not be useful to everyone. Village savings and loans groups that only lend for business purposes were seen to be limiting and gave opportunities for participants not to be fully candid about the actual reason for taking a loan.

Many households are not ready for income growth programming

Reality Check: Field studies demonstrate that some households will be tempted to hide their asset accumulation in order to continue to receive direct support. Such project-created disincentives can slow or impede the process of transition to self-reliance.

Training alone will lead to business success or employment

Reality Check: Some of the respondents interviewed during the field visits in Kenya and Uganda were focused on product-specific or service-driven skills training. These respondents were often less clear about the nature and location of the market for the goods they were trained to produce. Some trainers indicate they will support participants by giving them equipment if they cannot find employment with the skills acquired. Any training program should include assistance linking skills to productive use.

Programmatic Implications

- Link child-focused economic strengthening programming with best practices developed in related programs. Although the field of economic strengthening for poor families is rapidly evolving, a consistent body of programmatic implications is solidifying, and many of these implications are presented in Part II of this document.

- Adapt best practices to the specific circumstances facing target children and families. Successful implementation of programmatic implications presented in Part II requires the consideration of the often unique circumstances that face children and households affected by HIV and AIDS. Economic strengthening initiatives for such children need to factor a number of specific vulnerabilities into program design, including the following:

- ***Economic vulnerability***. Households facing different levels of vulnerability to poverty are characterized by varying levels of economic resources and labor capacity and, in turn, by very different mechanisms to cope with the impact of HIV and AIDS (Table 2 on the following page summarizes the levels of vulnerability faced by households affected by HIV/AIDS.) Careful consideration of a household's vulnerability status will therefore affect the choice of the most appropriate ES interventions. For example, households which, despite facing high poverty levels, are not labor-constrained may be excellent candidates for income-generation programs. Others, facing more binding labor constraints, may be better suited for social assistance programs such as asset transfers.

- ***Asset depletion***. Vulnerable families often deplete their asset base while caring for a family member with AIDS until the loved one's death. Funeral costs can consume further resources. In some cases, after the death of a male household head, the inheritance process may deprive orphans and widows from the opportunity to retain land or other assets.

  Shielding assets from depletion—though the preparation of wills, succession planning, ensuring legal protection of children's inheritable assets, and life insurance—can therefore be a key component in economic strengthening programs in these situations. Other initiatives may need to consider asset transfers before orphans and widows can reach a level at which they can generate income to sustain themselves.

- **Economically active children and youth in vulnerable households**. Many vulnerable families must rely on cash or in-kind contributions from younger household members to cope with constrained adult-driven economic survival strategies. These contributions may take the form of part-time employment or self employment, supplementary agricultural/animal husbandry activities, non-remunerated labor in household economic pursuits, or via child care/home care activities that support out-of-home work by adults. For young people and their households, such short-term contributions to household economic survival must often be balanced with ongoing participation in schooling and the longer-term acquisition of human and social capital offered by continued education.

Table 2. Vulnerability, Resources and Impact of HIV/AIDS

Levels of vulnerability	Economic Resources	Impact of HIV/AIDS
Not vulnerable .....but could become vulnerable to poverty in future	• Has significant productive capacity and assets • Could be a formal wage earner, self-employed in a small business	• May be affected by HIV/AIDS, but resources allow household to cope with impact • Household members may be active part of community safety net for the most vulnerable
Somewhat vulnerable ..... to poverty	• Has adequate productive capacity and assets • May have a formal wage earner • Engaging in microenterprise or in several income earning activities	• May have started liquidating some protective assets in order to care for orphans or an ill family member • May have to reduce role in providing support within the community safety net
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 the loss of productive adults reduces income to the household, such that: • Household has sold protective assets and has sold some productive assets to meet lump sum cash needs • Still tries to play some type of role within the community safety net
Very vulnerable .... to becoming destitute	• Weak productive capacity • Is in danger of selling off all assets and liquidating all savings • Productive capacity exists, but is weak or temporarily halted • Engaged in survival or intermittent income earning activity that are less demanding or time consuming	• Household in transition; either stabilizing or becoming part of the most vulnerable • Remaining productive adult is increasingly unable to work either because s/he is too sick or because of the demands of caring for someone else who is ill • Has absorbed overwhelming number of relatives' children orphaned by AIDS • Child-headed household or youth outside of traditional households • May need temporary support to replace assets and restore productive capacity
Most vulnerable/ Destitute ...no longer in the cash economy	• Is destitute, has no productive capacity or assets, and is no longer operating in the cash economy • Survives through charity given by family, neighbors, community or church groups	• Household or individual is coping with advanced stages of AIDS • Caregiver who is unable to work and/or has absorbed numerous children orphaned by AIDS • Savings and assets are depleted after medical and funeral expenses and care of orphans • Needs relief and support indefinitely

*Source: Donahue, Jill, "Uniting Economic and Community Strengthening — The Frontline in Securing the Future for Vulnerable Children," concept paper prepared for the Children and Youth Economic Strengthening Network, 2004).

ES projects that blend opportunities for both learning and earning, and which recognize the difficult decisions households must make in this domain, are more likely to provide the kinds of flexible educational and livelihood development offerings that will foster long-term opportunities while respecting short-term needs.[11]

- ***Child-headed households.*** Some children are left to support themselves or become caretakers for younger siblings. These youth may be below the minimum legal age for employment and often lack the skills and maturity to provide for their own needs, let alone those of younger siblings.

  This suggests that economic strengthening programs must be targeted to these children's experience level, the importance of attending school, their multiple roles in the household, and their lack of status as "adults" (for example, their inability to engage in contracts required to access loans at financial institutions). Providing youth livelihood activities as part of economic strengthening often requires supportive adults to provide mentoring and coaching; such activities may also require greater financial education and should build on the capabilities of older children in the household.

- ***Elderly caregivers.*** Older relatives–typically with limited capacity to generate income due to lack of skills, minimal education, or poor health–are in many cases responsible for supporting both themselves and the children in their care.

  Economic strengthening of children under the care of elderly adults should therefore be more focused on social assistance and asset protection programs if there are few opportunities to build on existing household income sources.

- ***Large families.*** Children who lose both parents often join other households, resulting in larger families that require more resources. If the household was already struggling with subsistence issues, the addition of young children may drain assets even further, unless the enlargement of the family results in additional labor capacity. In addition, biological children may get prioritized over "adopted" children when household resources are strained, inflicting increased hardship on children added to the household.

  Accordingly, economic strengthening may involve building up existing assets or ensuring that the asset base is large enough to support the additional children. The inclusion of adolescents may strengthen some households economically.

- ***Health issues.*** Many vulnerable children reside in households where one or more people are living with HIV/AIDS. These individuals may face health crises due to the nature of the illness or require additional resources to cover the costs of medicine

[11] For more on ES programming for vulnerable children and youth, see the forthcoming "Youth Livelihoods Development–Program Guide" from USAID's EQUIP3 initiative (available in early 2008 at www.EQUIP123.net).

and treatment. If they are running small businesses, farming, or participating in other income-generating activities, they may often be absent or unable to work to full capacity during periods of poor health.

Economic strengthening initiatives may therefore need to consider greater flexibility in physical participation, employ labor saving technologies, or plan for transfer of responsibilities during periods of illness. Greater access to effective treatment for HIV- and AIDS-related illnesses is available to an increasing number of people, enabling them to resume work or remain economically active. As a result, some economic strengthening programs may consider ways in which to facilitate local travel to enable access to treatment.

Another important implication is that it is important for ES and HIV/AIDS treatment programs to coordinate closely. Enabling an ill adult to obtain access to anti-retroviral medication or other treatment can dramatically improve the household's labor capacity and allow a family member's time to be spent on economically productive activities rather than on care of a seriously ill member. (See the next principle on building partnerships.)

- ***Legal identity issues***. Many orphans are left without birth records or other formal identification documents. In some economic strengthening programs, a major obstacle to participation may be the lack of legal identification, which, for example, could hinder the opening of a children's savings account for education at a bank.

  Programs may consider assisting children in gaining formal identification, not only to access to financial services but so they can participate actively in education, employment, voting, and other civic activities.

5. Know What You Can Do by Yourself and Build Partnerships to Implement the Rest

Lessons Learned

- Observations in the field demonstrate that numerous forms of partnerships are used to implement ES-VC programming. In many cases, services are delivered through local community-based organizations (CBOs) or through a subgranting mechanism to either specialized economic development programs or local institutions working closer to the target populations. The effectiveness of an ES-VC project often rests on the strength of the partnership, not only from the point of view of technical capacity but also in terms of ability to manage the partnership.

Box 11: Learning from the Field:
The AED-CARE Partnership in Kisumu, Kenya

AED's strength in Kisumu is in health and education programs. The organization recognized that it did not have the staff capacity or the necessary set of skills to successfully address the ES component of its project, and decided to partner with CARE to move this set of activities forward.

- Effective partnerships begin with clear statement of intended outcomes and mutual understanding between partners. AVSI staff members in Uganda shared with the study team that they start all partnerships with a common vision of the ES-VC outcomes, and how the outcomes can be achieved: "We decide on the project design together with the CBOs based on what communities need and what they have." A clear understanding of what each partner brings to the activity and how it will be managed is particularly critical when focusing on specific objectives regarding vulnerable children.

- Early recognition of when to enlist partners helps ensure that successful outcomes are reached. St. John's Community Centre, a partner of HACI Kenya, initially provided loans as part of a revolving loan scheme to small groups in its target community. The small project appeared to be manageable for the social workers closely engaged with groups interested in implementing income-generating projects. When loan repayment became a severe problem, the Centre chose to try a new strategy by partnering with PACT, which had expertise in designing savings groups that eventually mobilized their own loan capital. PACT trained St. John's staff members, who in turn were able to adapt and implement the savings-led model in the community.

- Partnerships can fail, even when planned carefully. As part of its youth HIV/AIDS prevention and reduction program in western Kenya, the Institute of Tropical Medicine-Belgium (ITM) developed a livelihoods component to address issues of poverty, youth idleness, and lack of vision for the future as a possible step in reducing risky sexual behavior. An experienced microfinance organization was contracted to provide business management training and loans to interested youth. Despite a clear Terms of Reference, the microfinance organization was unable to achieve targets for business trainings offered, number of loans disbursed and portfolio volume. More importantly the intended outcome—more youth involved in livelihoods activities—did not materialize. From ITM's point of view, the partner did not deliver on its commitment; from the microfinance organization's point of view, ITM did not adequately mobilize a target group that was ready for and interested in group-based loans. The partners indicated that one of the main problems affecting the collaboration was a disproportional focus on providing inputs instead of achieving and measuring intended outcomes.

Programmatic Implications

- **Determine whether partnering with other organizations specialized in ES can be the most effective option** for an HIV and AIDS-focused program targeting vulnerable children, especially those lacking experience in implementing effective models. Donors and implementing partners that subgrant ES activities can play an important role in helping projects for vulnerable children identify appropriate partners or know when to partner. Often, such expertise is already present in multi-sectoral, child-focused organizations, so that the needed partner can sometimes be found within the same organization. In other cases, such projects may rely on volunteers who are already stretched thin; asking them to also facilitate economic initiatives may be overly demanding. Likewise, a survey of existing economic programs in a country can reveal greater expertise in another institution that can either bring experience to the project or implement the initiative directly.

- **Consider the relative benefits of facilitation and direct provision in setting up partnerships.** One of the most effective uses of program resources results from the careful balance of direct service provision and facilitation. While some program implementers have a comparative advantage in direct delivery of services like skills training to beneficiaries, many others are best suited to identifying and bringing together providers and beneficiaries. USG actors should carefully weigh the ability of their partners—and indeed, their own ability—to facilitate direct program design and implementation, and to provide services to children.

- **Require a strong project plan and clear terms of reference for the partnership** from the outset. In situations in which donors are at arm's length from the partnerships, they may have little influence on the way partners interact and be insufficiently aware of the outsourcing partner's partnership management capacity. When partnerships are planned, it is therefore critical to evaluate each party's expectations and deliverables, as well as how results will be tracked and problems resolved. Problem resolution, in particular, is often overlooked, as expectations for smooth operations are generally high at project start up. Agreeing on clear indicators for success and on pre-defined channels that either party can use to share concerns, audit the relationship or, if it becomes necessary, leave the partnership will help with problem resolution.

6. Develop Interventions for Sustainability and Scalability

Lessons Learned

- The study's review of programs in Kenya and Uganda identified very few sustainable ES-VC initiatives funded by USG. In a handful of cases, an initial input by a donor or supporting partner has led to sustained activities and continued income growth or asset accumulation by households. Some microfinance institutions set up to offer loans in a given community have begun to reach sustainability of current operations, usually with extensive inputs from donors both in terms of funding and capacity building. One promising program option used in several projects is the Group Savings and Loan model (see the Group-Based Savings section in Part II of this document). This approach shows potential for sustainability if groups are able to continue independently once they have reached a level of self-managed transactions and cycle liquidation.

- Many of the projects observed in the field focused on short-term benefits. They did not have a clear exit strategy for ending agency involvement in the project or for helping participants continue without outside input, either in the form of community or field worker input, or through sustainable market opportunities.

- Few ES-VC initiatives are significant in terms of scale and funding—and if they are not designed and implemented to make an impact at scale, they will fail to address the economic underpinnings of the vulnerability experienced by millions of children. It is much easier to develop economically viable boutique projects that only benefit a handful of participants than to develop programs that are successful at addressing the problems faced by vulnerable children and families on a significant scale.

Programmatic Implications

- **Require a project plan that creates the conditions for sustainability beyond the life of the intervention.** Despite the recognition that developing capacity of households in any livelihood strategy requires time, it should be clear from the very beginning of a project that inputs are only an interim aspect of the program that will come to an end. The strategy for participants to achieve economic sustainability needs to be made clear, and it should be based on situation and market analyses rather than on wishful thinking. Considering how an individual intervention feeds into larger systems, such as the national education plan or local health systems, can also help build sustainability into programs.

- Once a project has proposed a budget and estimated the number of participants, **consider the cost per participant, and the envisioned outcomes**. If applicable, evaluate the projected income streams to target participants over the medium term. Is the investment level sensible for the activity and anticipated changes, particularly for participating children? Some projects, particularly those that are embarking on economic initiatives for the first time, underestimate costs. A project's success will be constrained if these key factors are not considered in the resource allocation process. Box 12 outlines some often-overlooked expenses in ES activities.

- **Think critically about exit strategies** as a major driver of sustainability. This principle is particularly appropriate when planning transition from social assistance programs. Planning for this transitional phase needs to be clearly developed and articulated to participants before implementation. It is essential to make clear to participants what they can and cannot expect in the short and long term from the provider. When household vulnerability is so high that transfer programs (which by design are rarely sustainable) are the most appropriate form of support, the need for short-term exit strategies is even more acute: households that have adjusted coping strategies around transfers may be left even worse off once the project ends.

- **Support projects that hold promise either for being scaled up or replicated over a large area.** The message here is not that only massive projects should be considered for programming. Small-scale pilots are not only appropriate but also necessary, particularly in view of the risks and uncertainties associated with programs in the ES area. At the same time, pilots need to be designed so that factors contributing to or inhibiting scalability or replication are clearly identifiable, so the results can be fed directly into the design of larger-scale projects.

Box 12: Learning from the Field: Budget for All Program Costs

Projects for economic strengthening often underestimate the true cost of development and delivery. Some costs that are often overlooked include:

Market research to effectively design products and services for the target participant—time to conduct focus groups or surveys, analyze information, and test possible concepts.

Community mobilization and marketing to introduce the project to the intended participants—staff time in community meetings, door-to-door marketing, printed materials about the program, etc.

Development of market linkages to help link supply chains or help producers gain access to better markets and buyers —staff time to explore, negotiate, and build these relationships.

Mentoring and coaching of participants, particularly during learning phases—new savings and credit groups may need assistance with record keeping, youth enterprises may need business advice or ideas for start up, and all entrepreneurs can use confidence building towards success, all activities requiring staff time.

Monitoring to make good management decisions about the program—time and transport may be needed to ensure the project is operating well or make crucial adjustments.

Evaluations to ensure the proposed outcomes are achieved, especially for vulnerable children —this could ideally be built into the monitoring system from the onset, but is often simply seen as project end component or not even designed within the scope. Ensure that there is evidence toward objectives and an understanding of the factors that lead to successful and unsuccessful outcomes.

7. Identify Robust Indicators to Effectively Track Performance and Outcomes

Lessons Learned

- One of the most difficult elements of evaluating current ES-VC strategies is the lack of unambiguous evidence of a link between economic activities and positive outcomes for children. This issue is not unique to this specific field—all economic or poverty alleviation programs face significant obstacles in trying to measure outreach and impact at an acceptable cost.[12]

- Most ES-VC programs only rely on **output** indicators to measure project success. These indicators, which may include the number of participants or volume of savings or loans, fall short of assessing project **outcomes**, such as average income generated per participant or the health impact of purchasing an insurance policy. As they may be costly to monitor or unreliable in terms of attribution of observed results to the intervention, such outcome indicators are rarely reported. In addition, affordable assessment methodologies that unpack the impact of economic programs on individual members of a household have yet to be developed.[13]

- Many USG-funded sectors use standardized measures to report annually on progress across countries. In the case of ES, the Microenterprise Results Reporting (MRR) system offers options for providers of both financial and business development services to provide online information on their progress.[14] The system includes data on outreach (number of enterprises and individual participants), financial performance, and efficiency. These indicators, though, also fall short in measuring the use of increased income of program participants.

Box 13: Learning from the Field: Increased Household Income and Improved Child Well-Being

AVSI Uganda staff indicated that "increased income does not always lead to improved child well-being." Global observations confirm this: Measuring the impact of enterprise interventions on the incomes of families does not generally capture broader impacts on the well-being of individual members of these households—in particular, children.

[12] One of the most promising endeavors in this regard is the Financial Services Impact Assessment project funded by the Bill and Melinda Gates Foundation and implemented by the IRIS Center and Microfinance Opportunities. See http://www.fsassessment.umd.edu for more details.
[13] For a discussion of these issues, see Gammage, Sarah, "A Menu of Options for Intra-Household Poverty Assessment," 2006 (available at www.povertytools.org/Project_Documents/Intra-household%20Poverty%20Tools.pdf). See also USAID's Private Sector Impact Assessment initiative at www.microlinks.org/psdimpact.
[14] See www.mrreporting.org.

- PEPFAR itself also provides guidelines for reporting receipt of services at various levels—child, caregiver, and community. This information is aggregated and a comprehensive picture of services delivered in any one country can be reported by project.[15]

- Ultimately, ES-VC programs are only worth implementing if they can demonstrably improve children's well-being. Several implementing partners are wrestling with the challenge of collecting relevant information in a cost-effective, non-intrusive way while at the same time trying to better understand the results achieved for vulnerable children. When asked about possible indicators, many field programs pointed to more traditional health and education outcomes as possible measures of success in supporting vulnerable children. For example, they suggested that improved nutritional status in the form of height and weight measures, number of children attending school (particularly secondary school), and percentage of children covered by health insurance for major illnesses could be used. While these indicators can be difficult and/or cumbersome to track within an economic assistance program that, for instance, develops market linkages for caregivers or trains youth in job skills, they are available and field-tested; they can, at a minimum, account for the jointly achieved outcome of ES and health/education/protection programs.[16] They do, however, also underline the need for improved evidence in the monitoring process.

Programmatic Implications

- **Harness opportunities to begin developing, implementing, and testing causal models of ES-VC.** This requires the identification of key indicators, gathering baseline data, designing impact assessments, establishing systems for ongoing monitoring and data collection, and developing systems to feed information directly back into the design of the project as it progresses.

- **Determine whether the use of human development indicators is an acceptable stopgap measure** until more economic-focused indicators are available to assess the results of ES-VC programs. For example, showing improvements in health or participation in education may be a positive ES-VC outcome,

Box 14: Learning from the Field: Quality Standards for VC Services in Uganda

In Uganda, the CORE initiative is working with the Ministry of Gender, Labour and Social Development on a publication that establishes quality standards for all services delivered on behalf of children. This work will include a section on socio-economic support. USG has the opportunity to influence such publications by working alongside the CORE Initiative and ministry to align expectations on ES programs. See www.coreinitiative.org for more details.

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[15] PEPFAR's Indicators Reference Guide can be accessed at: www.pepfar.gov/documents/organization/81097.pdf. PEPFAR is also in the process of developing a Child Status Index, aimed at measuring changes in child well-being.

[16] See Williams, Sharon and Gammage, Sarah: "Impact of Microfinance Programs on Children: An Annotated Survey of Indicators," Save the Children, 2007.

even if the link to improved income or asset accumulation cannot be conclusively proven.

- Report progress according to activity-specific indicators. While causal models linking ES programming to impacts on vulnerable children are being developed, practitioners should rely on well-established indicators related to specific activities included in the portfolio. For example, programs offering loan products as part of an economic opportunity are already able to report accurate, timely data on their portfolio.[17] Similarly, programs designed to raise microenterprise income have access to such indicators of success as profits and revenue—which, despite their limited ability to predict well-being and their own measurement errors, provide a partial gauge of program success. At a minimum, best practices in reporting for microfinance and business development services should be required of any ES-VC program.

[17] For generally accepted indicators, see CGAP's "Microfinance Consensus Guidelines: Definitions of Selected Financial Terms, Ratios, and Adjustments for Microfinance," 2002 (available at www.cgap.org/portal/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/Documents/Guideline_definitions.pdf).

2 Technical Recommendations for the Implementation of Economic Strengthening Interventions for Vulnerable Children

Part I of this document described seven principles for the design of successful ES programs for vulnerable children. Building on those principles, this section offers technical advice for actual implementation of selected effective field interventions in three main categories: social assistance, asset growth and protection, and income growth.

The list of interventions discussed here does not aspire to be exhaustive—in particular, it does not reflect the rich variety of social assistance programs such as food aid, pensions, and public works. However, it does discuss the main categories of ES programming currently in use in the field and encountered during the visits to Kenya and Africa upon which this document is based.

For each of these interventions, this section provides a description, examples from Africa, lessons learned, and programmatic recommendations.

Social Assistance:

- Asset transfers

Asset Growth and Protection:

- Collective and Individual savings
- Insurance (life, disability, health, loan, weather)
- Legal services for asset protection

Income Growth:

- Skills training
- Income-generating activities
- Job creation
- Market linkages
- Business loans

Social Assistance: Asset Transfers

Description:

Direct transfers of assets—most often cash—to identified low-income families to support costs related to the care of vulnerable children. Such transfers can be either conditional or unconditional, depending on whether recipients are required to engage in specific behaviors as a condition for access.

Examples from Africa:

In Kenya, UNICEF is testing conditional cash transfers that require certain minimum standards are met in order to continue to receive the monthly disbursement. The conditions include:

- Attend the health facility for immunizations (ages 0-1)
- Attend the health facility for growth monitoring and vitamin A supplement (ages 1-5)
- Attend basic school institutions (ages 6-17)
- Attend awareness sessions (caregiver receiving cash transfer)

The Government of Kenya is implementing a parallel cash transfer system in other districts; these are not on a conditional basis.

The SUUBI project under pilot in Uganda is another type of cash transfer, linked to child savings accounts. The project "matches" or pays into the savings fund for the child's secondary education an amount double that of the monthly savings deposit, up to a certain limit.

In an extensive review of several large-scale cash transfer programs and modeling exercises, Adato and Bassett indicate that conditional and unconditional classes of cash transfers have a demonstrated impact on poverty, education, health, and nutrition outcomes, especially for children.[18] In particular, 20 unconditional cash transfer programs in nine sub-Saharan African countries—where the largest expenditures were on food items—have shown an especially strong impact on school enrollment and attendance and on nutrition. Transfers targeted at elderly-headed households were found to have a significant effect on schooling, particularly girls' education. Although the impact of conditional cash transfers is less documented in Africa, the magnitude of their impact in other regions strongly points to their potential for HIV/AIDS programs on the continent.

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[18] See Adato, Michelle, and Bassett, Lucy: "What is the potential of cash transfers to strengthen families affected by HIV and AIDS? A review of the evidence on impacts and key policy debates," International Food Policy Research Institute, 2007.

Lessons Learned– What Is Most Successful:

- Targeting support to the neediest households (e.g., the very elderly and poor caring for vulnerable children) rather than on the basis of HIV/AIDS status, which often leads to concerns about accuracy, equity, and stigma.
- Relying on community members to identify the neediest not covered by other programs.
- Using conditionalities to ensure desired outcomes for children, although in cases where capacity constraints are binding, it is most successful to start with unconditional programs and adding conditions as appropriate.
- Carefully assessing program cost effectiveness to identify where over-spending on transfer delivery occurs and focusing on process efficiencies.
- Providing incentives for graduation and future-oriented investments.
- Including non-mandatory complementary activities, such as ARTs, home-based care, nutrition education, psychosocial support, etc.
- Collecting baseline information before any payments are made for more effective impact assessment.

Lessons Learned– What Is Less Successful:

- Providing lump-sum cash payments has gotten mixed reviews. Some studies show that lump sum payments can lead to investments in productive assets, while others show that a large pay-out may not benefit the child if diverted for other purposes.
- Expecting cash transfers to be part of sustainable support strategy at either the household or community level. Incentives built into cash transfer programs have led communities to hide their true capacity and ability to function independently of outside resources.
- Developing conditional cash transfer programs when the supply of services and implementation capacity are insufficient.
- Providing benefits to families that already receive assistance through other NGO projects or support agencies.
- Trying to analyze usage of the cash (recall) after a long period of support: Regular monitoring immediately after the distribution is needed to get accurate information on its use.
- Providing cash resources before assessing the impact on local economic dynamics.

Programmatic Recommendations:

- Critically assess the administrative capacity of implementing agencies—especially if conditionalities are part of the program—and the effective coordination of technical support.
- Target on the basis of poverty, incapacity, and dependence—ideally together rather than independently—rather than HIV/AIDS status. Targeting women is more likely to result in improved outcomes for children than avoiding gender-based targeting.
- Use community-based mechanisms of cash transfer if they are well-planned and budgeted for.

- Design mechanisms for safely and transparently distributing benefits, especially in rural areas where social payment systems may not exist.
- Consider the supply side of a conditional program—i.e., the availability, quality, and other associated costs of actions required of beneficiaries.
- Build household capacity to manage resources independently.
- Develop a clear exit strategy or transition process for cash transfers at the community level.

Asset Growth and Protection: Group-Based Savings

Description:

Group-based lending methodologies that pool the resources of caregivers (and sometimes young people) to accumulate savings or distribute relatively large sums of money to their members.

Rotating Savings and Credit Associations (ROSCAs)

- ROSCAs are traditional savings groups, common in many parts of Africa and variously known as merry-go-rounds, *tontines*, *chilembas*, *stockveldt*,... They collect deposits from all members and distribute the combined amount directly to a selected member at each meeting, either at random or following a preset order. ROSCAs represent an age-old methodology of obtaining a large lump sum for investment or consumption; they do not involve accumulation or payment of interest.

Accumulating Savings and Credit Associations (ASCAs)

- Based on the ROSCA model, ASCAs are savings-based groups in which self-selected members deposit small, regular amounts into a pool of funds, from which interest-bearing loans are issued to members. Additional savings inputs and interest payments allow the pool to increase, enabling additional group members to take loans.
- The regular savings contributions to the group are deposited with an end date in mind for distribution of all or part of the total funds, including interest earnings, to individual members. Payouts are based on member contributions, usually on the basis of a formula that links payout to the amount saved.
- ASCA-issued loans can be used for any purpose selected by the group, often related to income generation by members.
- One of the best-known applications of the ASCA model is the Village Savings and Loan model (VSL), pioneered by CARE. VSLs generally offer more flexibility than traditional ASCAs: They allow members to choose the amounts of their deposits instead of regular fixed contributions and often include additional savings funds for social interventions or other group-designated needs.[19]

Lessons Learned–What Is Most Successful:

- Involving participants who are too poor and risk-averse to participate in standard microfinance programs. This intervention can be especially effective for families affected by HIV/AIDS: accumulating savings balances to replace assets lost during periods of sickness or to build assets for the future (for instance, to pay for the education of children) helps prepare participants for future health and economic shocks.

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[19] For excellent information on VSLs, ROSCAs, and ASCAs, see Allen, Hughes: "CARE International's Village Savings and Loans Programmes in Africa: Micro Finance for the Rural Poor that Works," CARE, 2002. See Part III of this study for more information on that document and additional technical resources.

- Ensuring the cycle of savings and lending in ASCAs is time-bound (usually between 6 and 12 months). At the end of this period the accumulated savings, interest earnings, and income should be returned to members to maximize transparency and accountability.
- Allowing each group to make its own decisions as part of its formation, including how group members will save and lend out funds, meeting frequency, and other bylaws. Financial services must match the needs and capacity of the community.
- Verifying that groups operate simple and transparent systems, managed by a small elected committee with all activities carried out in front of members.

Lessons Learned– What Is Less Successful:

- Forming ASCAs from groups originally designed for other purposes (e.g., education, support, training, etc.). A key concept of ASCAs is strong social cohesion and mutual trust. For optimal performance, the groups must be self-selected, not externally convened.
- Providing loans to ROSCA/ASCA structures from outside the group. This has often weakened cohesion, with the quality of repayment declining as participants no longer see the funds as their own.
- Using facilitators who lack strong skills in community mobilization, training, and financial transactions. It is imperative that facilitators be motivated to develop strong, independent, high-functioning groups that can manage their own decisions and transactions.

Programmatic Recommendations:

- Consider using ASCAS in very remote communities and in situations where small savings may serve as a stepping stone to the use of more formal financial services. The model may be a good starting point for older youth and child-headed households to learn about savings and loan services.
- Require that a strong operating manual and training program be in place to help groups establish themselves and receive training in effective and transparent procedures. Not only should standard training on ASCA operations be required for any successful program, but additional coaching on developing social funds and planning for savings use can be especially helpful when HIV/AIDS-focused objectives are integrated with the program.
- Ensure that groups require minimal outside input and are encouraged to remain autonomous. Once a methodology is put in place through effective training by the organization or another group, ASCAs should develop to a level of self-sufficiency.
- Remember that group meetings represent an opportunity cost to participants and must be used in communities where people are able and willing to meet regularly (at least every two weeks). Some HIV and AIDS projects have found that if ASCA members are sick or caring for sick people in the household, they may not be able to meet regularly.

Growth and Protection: Individual Savings

Description:

Individual savings accounts opened in the name of children, or sometimes for caregivers, to build cash assets.

In a number of developing countries, guardian-directed accounts are available through commercial banks. The guardian opens an account for the child under special terms and conditions (for example, low or no fees are charged and the minimum balance is quite low). Although increasingly common, these accounts are usually targeted at urban middle class families as a strategy to build their assets. They remain largely inaccessible to poor children in rural areas.

Example from Africa:

One project observed in Uganda (SUUBI) is piloting individual savings accounts for children to save for their secondary education. Both the guardian and child can contribute to the account and the balance is matched up to a maximum limit each month on the provision that savings be used exclusively for educational expenses.[20]

Lessons Learned–What Is Most Successful:

- Promoting the accounts with children and allowing them to participate in deposits.
- Providing incentives to save and regular reports on the growth of savings balances. However, the incentives should not be such that households divert needed resources for day-to-day life to the savings account at the expense of the child's welfare.
- Adding education or financial literacy to the savings promotion to build confidence and motivate households to save for children's needs.
- Developing a process of setting one or more savings goals so that guardians and children can work toward a tangible outcome.
- Using institutions that the caregiver and child trust and feel confident will protect their deposits. Likewise, building capacity and confidence on the side of formal financial institutions to work with low-income and young populations.

Lessons Learned–What Is Less Successful:

- Trying to convince formal financial institutions to open an account in the child's name only. (An adult must be involved to create a "contractual relationship" with the institution.)
- Requiring significant fees or bank charges that erode the savings balance faster than it can accumulate.

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[20] For a description of the research conducted around the SUUBI project, see Ssewamala, Fred M., Alicea, Stacey, Bannon, Wiliam, and Ismayilova, Leyla (2008). "A Novel Economic Intervention to Reduce HIV Risks among School-going AIDS-Orphaned Children in Rural Uganda." Journal of Adolescent Health, 42 (1): 102-104.

- Maintaining, or handling, cash deposits as part of a social service project. To prevent mismanagement or abuse, account holders should be linked directly to formal deposit mechanisms that ensure transaction transparency.
- Forcing a savings contribution without paying attention to capacity to generate surplus income. Ask the critical question: Where will the deposits come from in this family or community?

Programmatic Recommendations:

- Analyze the product development process and market research to ensure savings are designed around the needs and aspirations of the target population. Will vulnerable children and their caregivers really be able to use and access the product?
- Ensure there is evidence that a savings account will ultimately benefit the child in whose name it was created. How will it lead to better outcomes for the child and not just increased resources for the guardian?
- Examine the savings product with care and identify the incentives or signals it sends to the guardian, child, and other caregivers. Does it encourage savings of surplus assets or needed household income? What is it used for? How is the child involved in decision making about the money, especially his or her own investment?
- Insist that savings are placed in reliable, trustworthy, preferably regulated deposit-taking institutions that can accurately track balances over time and be accessible over the long term.

Asset Growth and Protection: Microinsurance

Description:

Initiatives linking households with institutions that provide low-cost insurance to unserved or underserved participants. Health, life, disability, and loan insurance are increasingly common. Microinsurance can reduce the impact of shocks and help households caring for vulnerable children afford health services, provided that providers are available.

Microinsurance may be accessed either directly through a commercial insurance provider or indirectly through a microfinance institution or a community group that serves as an agent for the insurance provider.

Examples from Africa:

- Microcare Limited in Uganda is an example of a private company focused on health insurance for the low-income market. Started in the late 1990s, it now serves over 20,000 beneficiaries. The company realizes that improving the current poor quality of many health institutions and increasing their efficiency is necessary for expansion into underserved areas.

- Jamii Bora in Kenya is a microfinance institution that offers its own health and life insurance scheme to members. It has developed strong ties to many mission hospitals and a complex computer-based system for payment tracking. It works with over 100,000 participants, who are required to participate in the insurance program to guarantee a diverse risk pool.

Lessons Learned–What Is Most Successful:

- Introducing insurance products in communities already familiar with the way insurance works. It can be a difficult concept to market to low-income communities, so financial education on "what insurance is and how it works" is often needed.
- Creating a diverse pool of participants. To ensure a scheme is viable, risk must be widely spread so that groups do not consist exclusively of members who are HIV-positive or vulnerable for another reason —in other words, those most likely to make claims.

Lessons Learned–What Is Less Successful:

- Providing health insurance in areas where healthcare is non-existent or ill-managed or healthcare quality is poor. A pre-requisite should be a market survey to ensure the insurance actually provides a quality product.
- Self-managing insurance schemes by NGOs or community organizations. Insurance is fundamentally different from credit and savings, requiring statistical analysis, large pools of people, and complex claims systems beyond the management capacity

of most small NGOs and CBOs. Even microfinance institutions find their comparative advantage lies in serving as local agents for experienced insurance providers.

<u>Programmatic Recommendations:</u>

- Favor an arrangement whereby the program implementer or a local organization such as an MFI acts as local agent for a commercial insurer to reduce operating costs and lower risk. In many cases, linking households with particularly vulnerable children to a private insurer may result in a win-win situation for both groups.
- Target groups rather than individuals to minimize costs. Bringing groups of clients to insurance companies reduces the latter's transaction costs in terms of marketing and enrollment.
- Support the use of information monitoring systems necessary for reducing fraud. As fraud is a significant liability within the insurance industry, programs must consider their internal control systems and benefit payment processes (for example, ensuring that life insurance is only paid upon proper documentation of a client's death).
- When implementing health insurance programs, verify that clinics meeting minimum standards of care are accessible by health insurance subscribers. When working with HIV-and AIDS-affected populations, it is important to explore the availability of testing and counseling services, ART, and privacy, as well as whether insurance schemes might offer transport benefits to clinics, often a significant barrier for vulnerable households in rural locations.
- Include educational programs and financial education training on the unique characteristics of insurance (for instance, clients often mistakenly expect to receive a refund for "unused" insurance).
- Consider options beyond formal insurance: Strengthen community approaches to help pay funeral costs (for example, co-operative, community, burial societies) or encourage the design of funds to help orphans pay for funerals or receive benefits when a parent dies.

Asset Growth and Protection: Legal Services for Asset Protection

Description:

Providing legal services or assisting in the process of protecting the assets of orphans and vulnerable children, including land and property inheritance, when parents die. Such programs may include encouraging birth registration, assisting in preparing wills, and helping families plan for the future before the legal parents die. They may also assist children in obtaining birth certificates, national ID cards, or other identifying documents that will allow access to services like attending school or opening a savings account. In practice, traditional law trumps statutory law in determining inheritance allocations in many African settings. Advocacy or support for legal intervention may be needed to ensure that national legislation protects the inheritance rights of widows and orphans and prevents property seizure by relatives.

Example from Africa:

GROOTS is a Kenyan NGO that advocates for vulnerable children and women by assisting in processing documents, ensuring inheritance cases are treated fairly in court, and assisting children with legal services.

Lessons Learned– What Is Most Successful:

- Educating communities, including decision makers and leaders, about the legal rights of children and women before cases occur.
- Working to change legal frameworks that lack provision for effective asset inheritance by children or caregivers of vulnerable children.
- Mobilizing existing community-based organizations to work for the rights of children, become involved in the education process, and identify cases of abuse.
- Educating communities about the importance of formal identification, such as birth certificates or national ID cards.

Lessons Learned– What Is Less Successful:

- Operating outside of national legal frameworks or trying to ignore the law. For example, if the minimum age to operate a bank account is 18 and the project attempts to open accounts for youth below this age, it will be difficult to scale up services to serve greater numbers of participants unless the law is changed.

Programmatic Recommendations:

- Build a path for vulnerable children and caregivers to eventually access more formal services by assisting them in accessing identification or birth certificates.
- Engage with policy makers on issues that create barriers to effective asset transfer in favor of the child upon the death of parents. In many cases the richest, oldest, or

more powerful family members inherit any assets and there is no guarantee they will benefit orphans.

- Recognize advocacy efforts for legal services and community education as necessary preliminary steps to more widespread economic strengthening.

Income Growth: Skills Training

Description:

Provision of specialized training to caregivers and older children in vocational skills (e.g., carpentry, tailoring, etc.) or small business management, or by training them to take advantage of specific business opportunities (e.g., handicrafts, honey production, etc.). This option is frequently used when directly targeting older adolescents, particularly in the form of vocational training programs.

Examples from Africa:

- St. John's Community Centre, a HACI partner in Kenya, focused on training a small group of individuals in an urban slum to make cloth sanitary pads that could be washed and re-used. With a vast potential market, they are working to reduce production costs to expand business opportunities.
- In the slums of Nairobi, TechnoServe works with groups of young girls on entrepreneurship training and partners them with business mentors. The group's business plan competitions have served as a forum to demonstrate participants' understanding of their training and develop successful entrepreneurs.

Lessons Learned– What Is Most Successful:

- Identifying a viable market for a skill or trade before training begins. Extensive market research is needed to clearly understand how a skill can be linked to income earning potential, what the barriers to entry are, and how the project will overcome these.
- Selecting individuals with interest or experience in managing a business (e.g., who know how to price, market effectively, etc.).
- Complementing skills training with other needed inputs, such as credit, business services, etc.
- Tracking performance of graduates and use of skills after training. This improves quality of programs in the future if adjustments are needed based on graduate feedback and also allows for better impact assessment of the skills intervention.
- Employing quality facilitators or instructors for training and ensuring needed materials are available for demonstration, practice, and modeling excellence in quality.
- Linking trainees with the private sector for future employment opportunities.

Lessons Learned– What Is Less Successful:

- "Flooding" the market with the same skill (for example, training 20 tailors for a small town does not work).
- Requiring written business plans, financial statements, or formal record-keeping systems if they are inappropriate for the business and participant. It is more important that the entrepreneur is able to develop a viable business strategy based

on the skills developed, often using extensive market research to develop an idea of how the business will viably operate as well as its market potential.

- Establishing large vocational training centers without clear career paths for the graduates. These schools are expensive to open and maintain, and will not serve the attendees if they are unable to establish viable businesses or secure jobs from the training received.
- Providing all training and inputs for free. Requiring cost recovery or cost sharing (in cash or in-kind) by participants generally leads to better application and use of the learning. It also improves project sustainability.

Programmatic Recommendations:

- Require market research to establish the viability of using the skill in question and identify opportunities as well as constraints for program graduates as they try to productively earn income from the training.
- Invest in quality facilitation of training: Consider certification or quality control processes to ensure graduates leave with marketable skills.
- Examine skills training programs comprehensively to determine if other needed services, such as credit to start up or expand a business, are available and viable. More than one project has failed because participants were given “loans” that they could not repay as new start-up enterprises; others have seen participants sell tools and equipment provided to them because cash obtained from the sale was more valuable than attempting to earn income from the skill.

Income Growth: Income-Generating Activities

Description:

Working with groups of caregivers (or, in some cases, individuals) to design a project that produces income to be shared among group members or generate personal income.

Interventions are focused primarily on production. Examples include a joint project in poultry keeping, operating a catering business with other group members, building a fishpond or farming a piece of land as a group, buying an asset such as a maize grinding machine to generate an income stream, etc.

This option is often used with groups of caregivers and older children as a starting point for income generation.

Lessons Learned–What Is Most Successful:

- Starting with market research: as with skills training, clearly outline the market opportunity before a project begins. Ensure the market is not already saturated.
- Designing systems that ensure transparent management of a group business, with equal sharing of inputs and income.
- Developing the capacity to adequately train groups in the activity and in project management. Best practice models draw on the expertise of others with skills in the proposed new activity.
- Using market mechanisms for financial services and operation of the income-generation activity (IGA). For example, linking groups or individuals to institutions specialized in providing loans is often better than trying to finance new projects as an NGO or community-based activity.
- Involving households and children in identifying potential projects. This creates ownership and ensures that children or other household members can take over if adult caregivers become sick or die.

Lessons Learned–What Is Less Successful:

- Providing free provision of start-up capital or assets, which at times reduces commitment to making the venture profitable. Some projects have successfully subsidized a portion of start-up costs or training, but few group or individual businesses that are completely financed by the project remain successful.
- Relying on project staff of a multi-sectoral initiative to deliver both technical expertise (e.g., health education) and advice and guidance on income-generating activities. Many projects use community workers to identify and provide services for vulnerable children, but if these professionals lack the required experience and exposure to guide participants in IGA activities, businesses often fail.
- Setting up revolving loan schemes for IGAs. Few NGOs or community-based projects have successfully developed lending mechanisms that rotate a pool of funds from

one project to another, especially with the limited staff capacity of many NGOs in the field. These structures can also be cost prohibitive, or highly subsidized and thus unsustainable.

Programmatic Recommendations:

- Use IGAs cautiously, ensuring that adequate market research has been carried out to identify profitable, sustainable opportunities to sell the goods or services. Some projects focus on cottage industry crafts rather than on producing goods that are appropriate to the local situation—and that people actually want to buy or that can be effectively exported.
- Consider the target population's ability to effectively run the project. Do they have the time, expertise, health, space, etc., to meet quality control and production needs?
- Verify there is sufficient expert input on how to run a business, as well as on the specific opportunity. There are often opportunities to link up with government services or other programs that have the needed expertise.

Income Growth: Job Creation

Description:

Developing opportunities for older adolescents of legal working age or caregivers to earn income through paid employment. This strategy is often most successful in a public-private partnership where apprentice opportunities are created in the private sector, or jobs are developed and targeted at households supporting vulnerable children.

Examples from Africa:

- Lifeworks project–a private-public partnership guided by the USAID Regional Office. It includes component production for vehicles, a home interior factory in Mombasa, and large-scale farming for schools and sales in western Kenya.
- PANPIRI, a PEPFAR-funded sustainable farm that employs people from the community and also provides quality nutritious outputs for a community heavily affected by HIV.

Lessons Learned–What Is Most Successful:

- Identifying sectors in growth phase or with significant growth potential that can provide long-term jobs or training in high-potential sectors.
- Evaluating skills gaps or challenges faced by older youth and caregivers before pursuing employment opportunities (e.g., illiteracy, need for childcare while working, periods of sickness if facing health crisis, etc.).
- Finding out from private sector counterparts the types of knowledge, skills, and character attributes they look for in employees.

Lessons Learned–What Is Less Successful:

- Subsidizing short-term work that does not build skills or longer-term gains for the household. While this may provide short-term income or fill in gaps, it is not sustainable and the household often returns to the same situation once the job ends.
- Providing jobs for caretakers of children without a strategy to care for the children while the worker is away from home. Many social workers have reported that accidents happen in the home while adults are away and children are left alone or cared for by other young children.

Programmatic Recommendations:

- Consider who wins and who loses— for example, are other people's jobs being replaced by your program participants?
- Consider that the marketability of new skills is more often assured when work is carried out with a private sector partner.
- Invite private sector partners to underwrite some or most of the training costs.

Income Growth: Market Linkages

Description:

A portfolio of interventions designed to increase the returns to caregiver-managed enterprises by understanding and taking account of the full market system in which they operate.

These interventions are ideally implemented as value-chain projects, by which we mean projects that conduct an initial analysis of all processes through which a product or service passes on its way to the final consumer. Subsequent activities are then based on an understanding of key challenges within the system to increasing caregiver-enterprise incomes. These processes include input supply, production, processing, wholesaling, and retailing. At every step of the analysis, opportunities are identified for improved efficiency, pricing, markets access, etc.

This category of interventions is clearly distinct from training in business skills or services (although improved practices and business management are often components of value chain development).

Example from Africa:

A PEPFAR-funded project operating in western Kenya began with a market survey of the demand for certain agricultural products, which revealed a need for mushroom production in the Kenyan market. Many specialty vegetable markets, particularly in Nairobi, were searching for reliable edible mushroom growers. The project hired specialists to train women–particularly in households affected by HIV or with caregivers–on the production of mushrooms, which requires minimal input and is a highly accessible project for individuals unable to carry out more labor-intensive farming. The viability of the market, coupled with specific training and provision of start-up inputs through a financing arrangement, enabled several producers to continue sustainable agro-enterprises after the initial project phase.

Lessons Learned– What Is Most Successful:

- Gaining intimate knowledge of the industry is crucial. The industries projects target must be well understood (with people inside the industry providing advice or service to the project. rather than the project trying to learn the industry) to ensure interventions have the desired impact.
- Operating in a business-friendly environment and area where a reliable communications and transportation infrastructure can support the production or processing cycle and link to markets.
- Examining pricing and thoroughly investigating niche markets to ensure their sustainability and size, and beneficiaries’ ability to access them independently.

Lessons Learned– What Is Less Successful:

- Imposing labor-intensive technologies or programs on households that are physically affected by illness.
- Focusing on program options with a negligible impact on the household income: a new product process may increase the price of an agricultural product by 20%, but requires a substantial investment in new technologies and more labor may not actually lead to improved outcomes for the household.
- Attempting to introduce market enhancements in locations where the infrastructure cannot support the value chain (lack of needed roads for transport, electricity for machinery use, clean water for processing, etc.).

Programmatic Recommendations:

- Recognize and address complementary difficulties that do not lie at the primary producer level but which can impact their success—in other words, be aware of the needs, strengths, motivations, and limitations of other actors in the value chain.
- Recognize that not all vulnerable children and caretakers can immediately engage in these types of projects, particularly those suffering from severe health issues.
- Focus on projects that lead to increases in productivity and/or add significant value to the final product.
- Channel support to projects that focus on sustainable production, distribution, and sales achieved mainly through private sector channels.
- Target subsidies to only those instances where there will be no effect on long-term pricing and the sustainability of production/distribution market relationships. Avoid underwriting ongoing business costs for microentrepreneurs.

Income Growth: Business Loans

Description:

Collaboration with, or establishment of, a lending institution to provide group or individual loans to caregivers to start/grow a business. Generally known as "microcredit," this methodology is one element of the growing portfolio of financial services provided by microfinance organizations (others include savings, insurances, and remittances).

Young children are usually excluded from these credit services because loan agreements can only be extended to adults, that is, to persons age 18 or older in most countries.

Providers are aware that, although issued to support a business, many loans are used for consumption purposes, debt repayment, etc.

Examples from Africa:

- AMREF in Kenya uses a pure community-based lending model (a community-appointed team approves loan disbursements to groups) and employs only one staff to monitor the portfolio for 1,200 participants served.
- FAHIDA, a project of K-Rep Development Agency, found that many of their participants experienced periods of sickness (e.g., from AIDS-related diseases). In response, the organization focused on helping them liquidate their businesses and restart to maintain good standing in the program through downturns.

Lessons Learned–What Is Most Successful:

- Segmenting the market into the types of participants to be reached and conducting market research to ensure that products and services are designed to meet the needs of that market segment.
- Using personal guarantors to pressure repayment or group guarantees within a self-selected group for populations unable to offer collateral to secure a loan. Care must be taken to ensure that these group guarantees are manageable (the rest of the members can, and indeed will, pay for defaulters) and enforced.
- Providing loan products with flexible terms and/or short emergency loans. Loan products should always match the business cycles of entrepreneurs so that repayment is timed to occur when a business has generated the expected profit.
- Focusing on a business model for offering financial services so that the institution is sustainable and competitive in the marketplace.

Lessons Learned–What Is Less Successful:

- Asking a bank or MFI to target caregivers or households with vulnerable children directly. However, if a project has a sizeable number of potential participants, working with an MFI or bank to introduce such households to the services offered by the financial institution may be a way to partner effectively.

- Subsidizing interest rates to provide below-market rates. While this might provide short-term benefit to participants, it does not introduce them to "real" financial markets and real interest rates; additionally, programs that charge subsidized interest rates generally fail to cover their costs and are not sustainable.
- Requiring participants to continue taking loans at the end of each cycle, or taking larger loans, if the business is not ready for this level of funding (and repayment amounts).
- Failing to enforce repayment systems and monitoring of loans to ensure repayment. Restructuring of loans (or delaying initial repayment periods) should only be done in cases of emergency.
- Offering individual loans to program participants without full disclosure of loan terms and conditions, including the importance of repayment. Many beneficiaries of other social services do not understand that the loan must be repaid–it is not a free service like others that might be provided.

Programmatic Recommendations:

- Avoid funding non-microfinance programs that try to initiate "loan schemes" to individuals or groups on a small scale. Such programs often fail to successfully recover loan funds due to their lack experience in lending techniques and because they are too close to their beneficiaries. MFIs can achieve the kind of arm's length professional business relationship with participants that the NGO cannot, and possibly should not, have with beneficiaries.
- Evaluate with a critical eye programs offering education and other services in conjunction with loans. Ensure the organization can provide these services on a cost-effective basis, that they are market-driven from the participant's perspective, and that the institution has the capacity to deliver them well. Freedom from Hunger's "Credit with Education" Model has been used effectively in many countries, but must be adapted to each context.
- Require timely, regular reporting based on industry standards for loan programs. Ensure there is an information system that rapidly signals where there are repayment problems or difficulties in cash flow for the institution.
- Avoid combining grants and loans. Giving with one hand (offering social welfare activities) and taking away with the other (requiring loan repayments) can be confusing to target communities. If an organization offers free goods and services (for example, transporting goods to market via project vehicles for an IGA), it may find it impossible to change expectations when the project ends.

Part III: Additional Technical Resources

Allen, Hugh: "CARE International's Village Savings and Loans Programmes in Africa: Micro Finance for the Rural Poor that Works," CARE, 2002. (Available online at: http://edu.care.org/pv_obj_cache/pv_obj_id_B37F9051ACB25E081F99396B1EF620BC3DB70900)

This overview of VSLs demonstrates the continuing importance of informal savings and loans groups as a means to reach poorer and more remote clients compared to formal MFIs. The VSL model—based on gathering member savings and small, community-managed groups—offers a simplified, decentralized, cost-effective approach to financial intermediation. Allen takes the reader through group formation to start up, training, and expansion phases. He shares recommendations that include: start small and experiment/adapt the approach; provide staff with a structured training curriculum; encourage replication; and keep it simple. Some of the challenges identified include the small size of loans and short-term nature of lending.

Allen, Hugh: "Economic Strengthening/Livelihood Tools and Literature Review," HACI, 2005. (Available at: www.crin.org/docs/ES%20review%20white%20paper2.pdf)

This document provides an overview of specific economic strengthening interventions aimed at vulnerable children and families affected by HIV/AIDS—particularly microfinance and business development services (BDS). It concludes that microfinance interventions should be flexible and offer products that meet the changing needs (savings, flexible credit, insurance) of affected families. Informal accumulating savings and credit associations are particularly relevant because of a simple methodology capable of reaching the vulnerable poor. BDS (focused on IGAs and consideration of household cash-flow needs) can help families secure, stabilize, and maintain their asset base.

Barnes, Carolyn: "Economic Strengthening Activities Benefiting Orphans and Vulnerable Children in Africa: Mapping of Field Programs," Academy for Educational Development, 2005. (Available at: www.crin.org/docs/Economic%20Strenthening%20for%20OVC%20-%20West%20Africa%20-%20Mapping%20of%20Pro.pdf)

This study highlights the role of economic strengthening (ES) in programming for vulnerable children. ES is critical for building family and community capacities and in ensuring children's access to essential services. The study maps and showcases interventions in Africa involving: financial strategies (savings/loans); technical and skills training; asset protection and building (legal advice/grants for asset building); improved agricultural technologies; and market linkages (producers and buyers). Savings and loan groups, market linkages, micro-leasing, and will-writing are identified as most appropriate for scaling up. The study suggests allocating more funding to ES, conducting rigorous impact evaluation of current efforts, and linking interventions with the private sector and government.

Barrientos, Armando, and DeJong, Jocelyn: "Reducing Child Poverty with Cash Transfers: A Sure Thing?," Development Policy Review, 24 (50): pp. 537-552. 2006. (Available online at http://www.odi.org.uk/publications/dpr/specialoffers.html)

This report discusses the role of cash transfers in the reduction of child poverty in developing and transition countries, and reviews successful programs from Mexico to South Africa and Kyrgyzstan. It profiles a range of options, from in-kind to in-cash, and discusses the strengths and weaknesses of each—i.e., conditional transfers are better at reducing poverty but family allowances reach more of the poor. The impact of cash transfers can be improved by, among other strategies, linking with basic services; improving household mobility/employment opportunities, including adolescent and child-headed households; and understanding intra-household resource distribution.

Bery, Renuka et al: "Multi-sectoral Responses to HIV/AIDS (Africa): A Compendium of Promising Practices from Africa," Academy for Educational Development, April 2003. (Available at: sara.aed.org/publications/hiv_aids/aids_in_africa/Multi-sectoral_Responses-oct03.pdf)

This document is the product of a USAID/PVO collaboration that profiles effective, multi-sectoral responses to the HIV/AIDS crisis in Africa, with relevant sections on agriculture/food security (section 1) and economic development/microfinance (section 3). These include providing low-cost household drip irrigation kits and water pumps to help HIV-affected households increase vegetable yields/quality while saving labor and conserving water in drought regions; offering life skills, tailoring, and carpentry training to vulnerable children and linking skill centers to required support services; providing small loans delivered in solidarity groups (combined with health education/behavioral change); connecting households to legal services (guardianship, wills, estate maintenance) through a voucher system; and offering a proactive approach to providing business planning tools to micro- and SMEs in areas with high HIV rates to improve ability to build assets and manage crises.

Bronson, John et al: "Economic Strengthening at the Core of Orphan Support," Project HOPE, Africa Journal, Fall 2006. (Available at: www.projhope.org/media/pdf/ajournalfall2006.pdf)

This article offers a brief review of a five-year project to provide sustainable economic strengthening for families caring for vulnerable children in Namibia and Mozambique. The focus is on income earners critical to the quality of care for vulnerable children through their resource contributions. The intervention targets such caregivers with micro-loans to help increase income, education, and access to information to help them support the needs of vulnerable children, as well as the establishment of a community network of volunteers to provide on-going support and assistance.

Dempsey, Jim: "A Guide for Agencies Planning and Developing Economic Strengthening for Households and Communities Caring for Orphans and Vulnerable Children," Displaced Children and Orphans Fund, USAID, 2003. (Available at: www.usaid.gov/our_work/humanitarian_assistance/the_funds/pubs/ecoguide.pdf)

This guide is designed to (1) establish a process to identify economic strengthening opportunities (developing assets/income opportunities and market-driven interventions) on a local level using a sustainable livelihoods assessment and (2) provide guidance to implementing agencies on interventions to economically strengthen individuals, households, and communities with the intention of improving vulnerable children's safety and well-being. It focuses on building assets in the early stages of the HIV epidemic, recognizing and combating stigma as a barrier to services reaching persons living with HIV or AIDS (PLWHA) and vulnerable children, inclusive support provided to communities, and a range of ES suggestions (labor-saving agriculture development, building community/household assets, child care support, etc.)

Devereux, Stephen; Marshall, Jenni; MacAskill, Jane; and Pelham, Larissa: "Making cash count: Lessons from cash transfer schemes in east and southern Africa for supporting the most vulnerable children and households," Save the Children UK, HelpAge International, and Institute of Development Studies, 2005. (Available online at http://www.helpage.org/Resources/Researchreports/main_content/bfT7/MakingCashCount.pdf)

This study reviews unconditional cash transfers in 15 countries in east and southern Africa; examines four programs in depth in Ethiopia, Lesotho, Mozambique, and Zambia; and draws lessons for policy from this comparative review. Lessons include: households purchase a variety of items (food, household items, assets, services, IGAs); families/children have greater food security and nutrition; cash transfers limit the severity of poverty but usually fail to lift people out of poverty. For implementation, the study recommends careful targeting with community involvement, a clear preference for cash over food, adapting delivery methods to context, and understanding the capacity limitations and possibilities for corruption in weak government ministries.

Donahue, Jill et al: "HIV/AIDS—Responding to a Silent Economic Crisis among Microfinance Clients in Kenya and Uganda," MicroSave, September 2001. (Available at: www.microfinancegateway.org/files/3661_ST_HIVAIDS_Crisis.pdf)

This study offers suggestions on how to refine microfinance services to better respond to the HIV/AIDS crisis and describes new products that best fit the needs of HIV- and AIDS-affected households. Services should permit fluctuating loan sizes and terms, allow PLWHA to miss meetings as long as they send in payments and encourage savings. New products would include medical/life/death insurance and emergency/school fee loans and would promote health education, informal coping strategies, and links to relevant services

Donahue, Jill and Mwewa, Louis: "Community Action and the Test of Time: Learning from Community Experiences and Perceptions. Case Studies of Mobilization and Capacity Building to Benefit Vulnerable Children in Malawi and Zambia," DG/DCHA, USAID, 2006. (Available at: www.crin.org/docs/testoftime.pdf)

This document provides a thorough analysis of mobilizing community action, which is becoming an increasingly common element in programming related to vulnerable children. These case studies review and identify lessons learned in vulnerable children programming and community mobilization efforts in Malawi and Zambia. The following lessons emerge: mobilization should help build community capacity, ownership, and participation; external financing should be tailored to enhancing local management capacity and not engender dependency; intermediary groups can help scale up interventions; and outside organizations should not impose eligibility criteria but rather entrust communities to reach the most vulnerable.

Economic Commission for Africa, Southern Africa Office: "Report of the workshop on interventions to mitigate the impact of HIV/AIDS on smallholder agriculture, food security, and rural livelihoods in Southern Africa," Oct. 2005. (Available at: www.uneca.org/srdc/sa/Documents/AIDSWORKSHOPREPORTOCTOBER2005.pdf)

This report documents a workshop involving donors, multilaterals, and research organizations focused on sharing knowledge and experiences regarding policy responses and effective practices in mitigating the impact of HIV/AIDS on rural livelihoods and identifying key actions and strategies. Although participants recommend actions at the meta-level (coordination, documenting/sharing best practices, research-extension linkages, more integrated HIV/AIDS policies), they also recommend practical steps such as promoting community coping mechanisms, school, and community gardens and addressing women and children's lack of land rights and insufficient access/control of productive resources. The authors also highlight government involvement as key to scaling up HIV/AIDS interventions.

Family Health International: "Case studies of success in the SCOPE-OVC Project: A guide to assist OVC programming," USAID, 2004. (Available online at http://www.ngosupport.net/graphics/OVC/documents/0000583e00.pdf)

This booklet presents case studies of successful outcomes for vulnerable households in Zambia and the vulnerable children living in those households. The case studies demonstrate the effectiveness of *community*-initiated activities and the importance of strong organization and oversight via district- and community-level committees. Anecdotal evidence relays other success factors, including the importance of training existing home-based care volunteers in psychosocial support; partnering with local and external actors; long-term community mobilization; community schools to improve education, business development, and access to finance; and cooperative-based agricultural development.

Family Health International & International HIV/AIDS Alliance: "Orphans and other Vulnerable Children Support Toolkit," 2006. (Available at: www.ovcsupport.net/sw505.asp)

This toolkit includes a collection of information, tools, and guidance for supporting vulnerable children living in a world with HIV/AIDS. It looks at ways in which the economic position of these children and their families and households can be strengthened. For example: being clear on the purpose of an intervention and choosing the right tool; partnering with MFIs to offer financial services before a crisis; and mobilizing community safety nets (communal agriculture/fundraising). The toolkit offers specific responses aimed at the national, community, private sector, and household levels.

FAO/Integrated Support to Sustainable Development and Food Security Programme: "Cross-sectoral Responses to HIV/AIDS," 2003. (Available at: ftp://ftp.fao.org/sd/SDW/SDWW/IP-brief-final.pdf)

This document provides a user-friendly summary of unique approaches to ES for children and households affected by HIV/AIDS, with country and programmatic examples: livelihood diversification; alternative labor-saving technologies; self-help groups and community mobilization; transmission of knowledge (farmer-to-farmer, youth organizations, school gardens, JFFLS); nutrition (home gardening/medicinal crops, information dissemination); legal assistance and training to prevent asset stripping; capacity building and sensitizing extension officers and district development committees; and normative activities (integrating HIV/AIDS messages with agricultural extension and among policy makers and development agencies).

Gillespie, Stuart and Kadiyala, Suneetha: "HIV/AIDS and Food and Nutrition Security: From Evidence to Action," International Food Policy Research Institute, 2005. (Available at: www.ifpri.org/pubs/fpreview/pv07/pv07ch04.pdf)

This publication contains a chapter (pp. 15-24) highlighting the importance of strengthening community capacity and resilience (labor sharing, orphan support, community-based child care, community food banks, credit for funerals, tractor hire, and labor-saving technology like improved seeds, minimum tillage, and fuel-efficient stoves) and building social security/safety nets when necessary. It also discusses improving nutrition through home gardens, adapting food aid to meet the needs of PLWHA, preserving agricultural knowledge through JFFLS, and integrating health messages with agricultural extension. The authors suggest modifying microfinance to include mandatory default insurance, death benefits, savings, and legal services.

International HIV/AIDS Alliance/Building Blocks Development Group: "Economic Strengthening (Building Blocks: Africa-wide briefing notes)," 2003. (Available at: sara.aed.org/tech_areas/ovc/build-blocks/Economic.pdf)

This document provides an overview of the economic impact of HIV and AIDS on children and offers guidelines and strategies for programs to strengthen the ability of families, children, and communities to cope with economic stress. Recommendations focus on building community safety nets and include: protecting children's rights (inheritance laws); protecting household resources (co-operative childcare, labor-saving technologies like fuel-efficient stoves, community welfare funds, micro-insurance, skill-training, apprenticeships for children); income-generation projects targeting whole communities and involving children in project selection; and communal planting and harvesting, food banks, and ROSCAs.

James-Wilson, David: "Youth Livelihoods Development—Program Guide," EQUIP3 / USAID, 2008. (Available in early 2008 at www.equip123.net)

This program guide focuses on design and implementation of economic opportunity interventions for marginalized youth involved in household and informal sector livelihood activities. It is divided into four main sections: (i) an overview of the common language and terms used in economic opportunity programming for young people ages 15-24; (ii) a presentation of nine key areas of learning synthesized from current programming and research; (iii) a five-step program development process that USAID missions and bureau teams can follow as they look to improve or expand on existing youth livelihood initiatives; and (iv) information on a wide range of supplementary print and Web resources readers can turn to for further information or programming examples.

Kakwani, Nana; Soares, Fabio; and Son, Hyun H.: "Cash Transfers for School-Age Children in African Countries: Simulation of Impacts on Poverty and School Attendance," Development Policy Review, 24 (50): pp. 553-569, 2006. (Available online at http://www.odi.org.uk/publications/dpr/specialoffers.html)

This study, which draws on data from 15 African countries, uses simulation models to suggest that reducing the poverty headcount ratio by increasing incomes among poor households requires sizeable cash transfers, in the range of 2 to 8 percent of GDP. Even then, an increase in income, by itself, would not suffice to increase school attendance significantly. Higher impacts at lower cost could be achieved by making transfers targeted and conditional, but the administrative costs of detailed targeting (e.g., by income) are known to be high. Nevertheless, some broad measures, such as targeting rural children only, produce results almost as good as income-linked targeting and at low administrative costs.

Kobayashi, Yoko: "Economic Livelihoods for Street Children: A Review," DAI, March 2004. (Available at: www.crin.org/docs/Street%20Children%20Livelihoods%20%20Review.pdf)

This paper discusses lessons learned from economic livelihood programs for children, including vocational training, production workshops, apprenticeship programs, entrepreneurship development training, and microcredit schemes. These include: ensuring activities address various developmental needs of youth; designing economic activities based on youth marketability, diversity, and demand/skill level; and providing follow-up services with graduates, along with continuous efforts to mitigate negative influences of external factors. Other tips include ensuring staff have both business and social skills to effectively deal with youth, linking with local employers/businesses, and taking into consideration young people's level of motivation and maturity.

Meintjes, Helen; Budlender, Debbie; Giese, Sonja; and Johnson, Leigh: "Children in need of care or in need of cash? Questioning social security provisions for orphans in the context of the South African AIDS pandemic," Centre for Actuarial Research (CARE), University of Capetown, Dec. 2003. (Available online at http://hivaidsclearinghouse.unesco.org/ev_en.php?ID=3347_201&ID2=DO_TOPIC)

This paper argues against the provision of grants for orphans as a category of children distinct from other children. It draws on a combination of primary research and demographic projections, costing a range of different social security scenarios. It argues that a social security system that targets orphans is inequitable and based on false assumptions; further, they maintain, such a system risks further overburdening the child protection system and is not cost-efficient. The authors maintain that a universal child support grant should be based on drawing more impoverished children—irrespective of parental circumstances—into the social security safety net.

Miamidian, Eileen et al: "Economic Strengthening to Improve the Well-Being of Orphans and Vulnerable Children," AED/CYES Workshop Report, 2004. (Available at: sara.aed.org/tech_areas/economic/economic_strengthening.pdf)

This report summarizes a workshop discussion of interventions at the child, household, and community levels, the three safety nets available to vulnerable children. Some of the underlying principles of successful interventions at the child level include: addressing children's real life needs, gender matters, market-linkages, importance of quality control and cost-effectiveness, child safety, and psycho-social support. At the household level, there is a need for flexible services to reach vulnerable families and for diversified services/markets to lower the risks families face. At the community level, the focus should be on community ownership and helping communities "do what they do better." Participants conclude that more work should be done on how best to target children for ES and how to work with households not reached by conventional microenterprise development.

Sabates-Wheeler, Rachel and Pelham, Lissa: "Social protection: How important are the National Plans of Action for Orphans and Vulnerable Children?," IDS and UNICEF, October 2006. (Available online at: http://www.ids.ac.uk/UserFiles/File/poverty_team/social_protection/IDSReportforUNICEF_2.pdf)

This briefing paper analyzes how well social protection requirements and the needs of orphans and vulnerable children have been incorporated into the national action plans of 14 African countries. Broadly, the plans show a commitment to vulnerable children; strong collaboration among NGOs, government, and donors; a comprehensive approach including policy reform and responses at the community and family levels; a focus on protective and livelihood promotion measures; and the emergence of new and innovative programs, including cash transfers and national trust funds. The paper recommends joining vulnerable children with HIV/AIDS initiatives and replicating small-scale programs rather than centralizing them.

Ssewamala, Fred M., Alicea, Stacey, Bannon, Wiliam, and Ismayilova, Leyla: "A Novel Economic Intervention to Reduce HIV Risks among School-going AIDS-Orphaned Children in Rural Uganda." Journal of Adolescent Health, 42 (1): 102-104, 2008.

This study tested an economic intervention based on Child Development Accounts (CDAs) designed to reduce HIV risks among AIDS-orphaned adolescents. Adolescents were randomly assigned to receive the intervention or usual care for orphans in Uganda. Data obtained at baseline and 12-month follow-up revealed significant differences between the treatment and control groups in HIV prevention attitudes and educational planning at follow-up. These findings suggest that AIDS-orphaned adolescents can benefit from a simple and feasible family economic intervention. Representing a departure from individual-level programs focused on behavioral risks for HIV infection, economic interventions, including CDAs, may effect change by giving adolescents and their families a means to improve their lives in tangible and rewarding ways. Such interventions warrant further investigation as a way to reverse the disquieting trajectory of HIV infection in sub-Saharan Africa.

Williamson, J: "Finding a way forward: Reducing the impacts of HIV/AIDS on vulnerable children and families," 2000. (Available online at http://pdf.dec.org/pdf_docs/pnack195.pdf)

This paper discusses how developing effective interventions to mitigate the devastation of HIV/AIDS requires careful attention to both children and families and recognition of the problem's immense scale. Williamson's recommendations include: integrating care and prevention; improving household economic capacity through interventions like microfinance; community mobilization and capacity building; stronger M&E and research; better targeting; more collaboration; scaling up cost-effective interventions; and building political, public, and donor support.

Part IV: Glossary

Accumulating savings and credit associations (ASCAs): informal savings groups that resemble rotating credit and savings associations, but are slightly more complex. In an ASCA, all members regularly save the same fixed amount, while some participants borrow from the group. Interest is usually charged on loans. Some members borrow while others are savers only; borrowers may borrow different amounts on different dates for different periods. If members pay interest on their loans, the return to savings is calculated individually and shared fairly among the group.

Asset: any physical, financial, human, or social item of economic value owned by an individual or corporation, especially that which could be converted to cash. Assets can be categorized as human, physical, natural, financial, and social.

Asset transfer: one of the many tools that government or donors can use to create a social safety net by providing assets or cash directly to the poor to lessen the severity of poverty, prevent households from falling into poverty, or helping them emerge from poverty.

Business development services comprise a wide range of non-financial services (marketing, financial/strategic planning, access to finance, links to input suppliers) provided by donors, governments, or private suppliers to entrepreneurs who use them to efficiently operate their businesses and make them grow.

Economic strengthening: the portfolio of strategies and interventions that supply, protect, and/or grow physical, natural, financial, human, and social assets of households.

Economic vulnerability: the possibility that a household or individual will experience a reduction in well-being, and the exposure to risk that might lead to the realization of this outcome.

Financial education: financial education empowers recipients to make wise financial decisions. It teaches people how to save more, spend less, borrow prudently, and manage debt with discipline. It can also help more experienced program clients understand an array of financial services, from money transfers to insurance.

Group guarantee: a financial liability system whereby individual collateral for loans is replaced by social collateral, with members of a credit group jointly responsible for repayment by individual members.

Income-generating activity: any legal activity that can boost household income and living standards, including agricultural/livestock production, horticulture, micro-enterprises, handicrafts, etc.

Inputs: resources used to implement an activity, including money, people, time, facilities, and equipment. Often refers to seed, fertilizer, irrigation, and equipment necessary for agriculture.

Labor-saving technologies: technologies (including fuel-efficient stoves, water filters, transport, agro-processing equipment) that help limit the time and energy spent by women, children, and those living with HIV/AIDS or other chronic illnesses.

Livelihoods: capabilities, assets, and strategies that families use to make a living (i.e., ensuring access to adequate food, goods, and services–especially health and education–to ensure their survival, and better withstand shock). This includes primary production of food, income, and employment, and access to markets, goods, and services. Strategies aim to provision, protect, improve, and transform livelihoods in emergency, transitional, and long-term development contexts.

Market distortion: a specific type of market failure (or inefficiency) brought about by deliberate government/donor regulation or subsidies, which prevent economic agents from freely establishing a clearing price and thereby hurts society as a whole.

Market linkages/facilitation: linkages refer to information on or contact with buyers of products or services and/or with input suppliers. Facilitation helps ensure that entrepreneurs have contact with buyers/suppliers and can access this information.

Market research: the systematic collection, analysis, and reporting of data on the market (customers, competitors, and other market actors) and its preferences, opinions, and trends.

Microcredit: a sub segment of microfinance that focuses on giving small loans to low-income people for the purpose of allowing them to earn additional income by investing in the establishment or expansion of microenterprises.

Microenterprise: a market-oriented economic activity with—in most definitions—10 or fewer employees, including the owner and unpaid family members.

Microfinance: the provision of financial services adapted to the needs of microentrepreneurs, low-income persons, or persons otherwise systematically excluded from formal financial services, especially small loans, small savings deposits, insurance, remittances, and payments services.

Microinsurance: a subsector of microfinance that provides insurance products to micro- and small business owners, their employees, and low-income persons.

Public-private partnership: a partnership that mobilizes the ideas, efforts, and resources of governments, businesses, and civil society to stimulate economic growth, develop businesses and workforces, address health and environmental issues, and expand access to education and technology.

Rotating savings and credit associations (ROSCAs): informal savings and credit groups that operate through a commitment of group members to contribute periodic fixed sums to a common savings fund lent in succession to all group members based on pre-existing distribution rules. Once a group member repays the loan, the fund is re-lent to another group member. This process continues until each group member has had the opportunity to borrow the fund amount. The process differs from an accumulating savings and credit association in that all group members receive loans.

Situation analysis: a process of gathering and analyzing information, building consensus among key stakeholders, and identifying strengths and weakness in existing responses to a policy or program in order to guide planning and action.

Skills training: refers to the purposeful activity of transferring skills and knowledge to be used to secure a livelihood or pursue an occupation.

Social assistance: non-contributory transfer programs targeted to the poor or to those vulnerable to poverty and shocks. They include: cash transfers, food programs, price and related subsidies, pensions, public works, health care services and education, electricity, and housing.

Sustainability: a goal of economic strengthening initiatives is to help beneficiaries become donor-free and self-financing by means of revenue generated by the service.

Value chain: a sequence or "chain" of activities carried out by multiple enterprises to produce and sell goods and services. As a raw material travels along this chain, each company adds to the value of the good or service until the final product is delivered to the consumer.

Value-addition: a range of production, marketing, and design strategies by which producers transform inputs or intermediate goods into higher-value final goods, thereby increasing the profitability of their venture.

Village savings and loans: an informal microfinance model based solely on member savings and small, community-managed groups. Members pool savings and provide loans with interest to each other. The interest is then disbursed to group members, based on their level of savings, at the end of a time-limited cycle.

Save the Children is the leading independent organization creating lasting change for children in need in the United States and around the world. For 75 years, Save the Children has been helping children survive and thrive by improving their health, education and economic opportunities and, in times of acute crisis, mobilizing rapid life-saving assistance to help children recover from the effects of war, conflict and natural disasters. For more information, visit www.savethechildren.org.

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