



LIVELIHOODS AND FOOD
SECURITY TECHNICAL
ASSISTANCE

Economic Strengthening for Vulnerable Children

RESOURCE GUIDE

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About This Document

This resource guidance is geared to help PEPFAR implementing partners understand their capacity to effectively design and implement economic strengthening activities, to enable them to choose which activities they are best suited to implement, and to appreciate critical steps and considerations for sound decision-making and resource allocations.

After reading this guidance, development practitioners with minimal or no prior experience in economic strengthening will be able to:

- Identify and describe three primary economic strengthening strategies
- Make preliminary judgments about the livelihood needs of their target beneficiaries using a standard economic strengthening model (provision, protection, promotion)
- Make preliminary judgments about which types of economic strategies may be most appropriate for target beneficiaries
- Describe five key steps involved in preparing for and selecting economic strengthening activities
- Discuss with potential partners and other stakeholders important components of each of these five steps to ensure that important decisions are considered, evaluated and made
- Access key resources for all of the above

This guidance is NOT a comprehensive manual on designing and implementing economic strengthening activities. Doing so requires expertise and resources that are generally best provided by experienced partners that can help you in all aspects of program planning, implementation and monitoring.

Several tips for using this guidance:

1. **Read the glossary first**, especially if you are new to the financial services and economic strengthening sector. The defined terms will be used throughout this document and are important for your understanding of the guidance.
2. **Bring it with you** when meeting with or contacting partner organizations. Use the information provided to help guide conversations with potential partner organizations and donors.
3. **Do the exercises**. In addition to describing and suggesting resources for comprehensive planning, design, and monitoring and evaluation activities, this guidance includes a number of pre-planning exercises you can do with minimal resources and time. These exercises are meant to help you start thinking about your target population and community in ways you might not be used to and that will be helpful for planning and designing economic strengthening activities.
4. **Share with colleagues**. Building your organization's internal capacity will be critical for delivering successful economic strengthening activities – even if you are using a partner to manage them. Getting colleagues and stakeholders into an 'economic strengthening' state of mind by working with you on the activities in this guidance will help deepen your own understanding of the information and lead to better decision-making and collaboration.

Glossary

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.
Enterprise (Business) Development (ED)	A wide range of services (marketing, financial/strategic planning, access to finance, links to input suppliers, etc.) provided by donors, governments, or private suppliers to businesses that use them to efficiently operate and grow.
Caregiver	A person who cares for a child inside the home.
Transfers	Grants of cash or other assets. Recipients are deemed to be eligible based on objective criteria (such as age or poverty status) that can be independently verified. Eligibility requirements may be defined through a participatory process. <i>Conditional</i> transfers require recipients meet specific conditions such as sending children to school, attending local health clinics, or investing in productive activities. <i>Unconditional</i> transfers do not have these restrictions.
Coping Mechanisms	Various ways in which households approach financial and social burdens to avoid resorting to damaging behaviors (selling productive assets, engaging in transactional sexual practices, eating at family homes, etc.) to survive.
Food Security	Having consistent access (both physical & financial) to enough food to meet dietary needs and to live a productive and healthy life.
Household (HH)	A group of people living together that “eat from the same pot” (literally and figuratively). Includes family members and others who contribute to and take from resources regularly.
Household Economic Strengthening (HES)	The process by which individuals and households improve their well-being by participating in any number of activities that increase assets (physical, financial, human or social) and/ or their capacity to obtain them.
Income Generating Activities	Any activities aimed at increasing income or food, such as working, gaining access to credit, business skills training, or improving market access.
Livelihood	The combination of the resources used and the activities undertaken in order to ensure day-to-day and long-term survival.
Market	The market includes all participants in producing, buying and selling a good or service. The market collectively determines what is to be supplied, for what price and where it is to be sold.
Marketplace	Anywhere retail goods and services can be bought and sold by community members.
Microenterprise	A small business, typically having fewer than 10 employees.

Shock	A devastating event that increases the vulnerability (financially and otherwise) of an individual or household. Examples include illness or death of a breadwinner, physical destruction of assets, and environmental upheaval (natural disaster, war, etc.).
Savings Group (SG)	An informal, community-based provider of financial services, composed of self-selected members who agree to save together and use their pooled deposits as a loan fund from which members can borrow.
Vulnerable Children (VC)	“[Children] who, because of circumstances of birth or immediate environment, [are] prone to abuse or deprivation of basic needs, care and protection, and thus disadvantaged relative to [their] peers.” ¹

¹ *National Guidelines and Standards of Practice on Orphans and Vulnerable Children*, Federal Ministry of Women Affairs and Social Development. Nigeria, 2007.
<http://www.crin.org/docs/NigeriaOVCNationalGuidelinesHV.pdf>

What is Household Economic Strengthening?

Household economic strengthening (HES) is the process by which individuals and households improve their living conditions by participating in any number of activities that increase assets (physical, financial, human or social) and/ or their capacity to obtain them. Non-Governmental Organizations (NGOs) and Community Based Organizations (CBOs) often facilitate HES activities to reduce poverty and improve the overall welfare of individuals, households and communities. Vulnerable children (VC) can benefit directly through their participation in age-appropriate HES activities and also indirectly as members of households whose adult caregivers participate in HES interventions.²

HES is most effective when activities are well-matched to the specific needs and capabilities of targeted children and adult caregivers. We will discuss tools for understanding household needs and livelihoods in the section on “What do people really need” on page 13. For now, a useful way to start to understand whether particular HES activities are suitable is to consider whether VC and/or their households are in need of livelihood **provision**, **protection** or **promotion**. Put simply...

<i>Households that are...</i>	<i>Are ready for livelihood...</i>	<i>Which includes strategies to...</i>	<i>Often through this type of activity:</i>
Prepared to grow	PROMOTION	Grow income and expenses	Enterprise Development
Struggling to make ends meet	PROTECTION	Match income to expenses	Money Management
In destitution	PROVISION	Meet basic needs	Consumption Support

A first step to understanding the types of HES activities most appropriate for the VC and households you are working with is to think about where they fit on this spectrum of livelihood provision, protection and promotion. Appendix 2 includes an exercise you can complete with colleagues or community members to do this.

Livelihoods

A livelihood is the combination of the resources used and the activities undertaken in order to ensure day-to-day and long-term survival. For example, the following are all examples of livelihood activities people undertake to access food: working to earn income, bartering owned assets for food, growing / raising food, sending children to eat with neighbors, receiving government food assistance, etc.

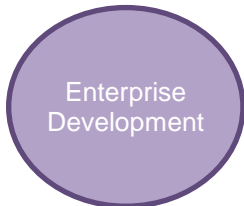

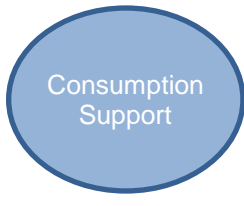
² This will be discussed further in the next section.

Types of HES activities

HES activities can be broadly placed into three categories:

- **Consumption support** involves the provision of cash, assets, food, etc. for households that need assistance just to survive day-to-day;
- **Money management** activities like savings and financial literacy help those that have just enough to get by use and protect their resources so that when some shock or major event comes along, they don't slip into destitution;
- **Enterprise development** activities help households that can assume the risk of investing time and other resources to start or grow small- or large-scale businesses.

The following table describes several (but certainly not all) HES activities, including the relative level of risk a household takes by participating in them and the potential level of returns (benefits).

<i>Category</i>	<i>Activity</i>	<i>Description</i>	<i>Level of Risk, Value of Return</i>
 Enterprise Development	Private sector development	Products and services that help large businesses grow – financing, employee training, value chain development, etc.	High risk, high return
	Income generation	Products and services that help small businesses grow – working capital loans, skills training, market linkages, etc.	Low risk, low/medium return
 Money Management	Group savings	Self-selected groups in which members pool savings and provide loans with interest to each other.	Medium risk, medium return
	Financial literacy	Knowledge and skills that allow people to make good decisions with all of their financial resources and assets	Low risk, medium return
 Consumption Support	Cash transfers	Grants of cash to help households meet basic needs and fund education	Low risk, low return
	Asset transfers	Goods given to a household for consumption or use in productive (income-generating) activities	Low risk, low return

HES activities are meant to not only meet households and individuals at the level of their current capabilities, but are also intended to help move them up the continuum. Planning for an HES activity should include careful consideration of 'what's next' and assist households to prepare. For example, cash transfers (used at the **provision** stage) have a primary goal of helping people meet day-to-day needs (food, healthcare, etc.). But a secondary and equally important goal is to elevate households to a point where they no longer need the transfers and are healthy and prepared to earn and manage income to transition into the **protection** stage. Some households will then be capable of assuming greater risk and pursuing livelihood options that would move them above and beyond the **promotion** stage. For additional guidance on select HES activities - cash and asset transfers, savings groups, and enterprise development – see page 31.

Equally important to understand is that HES activities alone are rarely sufficient to evoke transformative change in the lives of the poor, especially poor children. Job training programs are

only effective if people are healthy enough to seek and hold employment. Assets like livestock are only productive if those that care for them have the skill and resources (feed, vaccines, etc.) to take care of them and either use or sell their byproducts (milk, offspring, etc.). Children who benefit from HES activities are unlikely to permanently break the cycle of poverty without education that will ultimately help them engage in preferred, higher-return income generation activities. While some institutions have the capacity to offer and manage a range of coordinated, complimentary services, it can be more effective and efficient to develop partnerships with local organizations that specialize in specific services, such as healthcare, education, agriculture, or others. If your organization already provides one or more of these services, it may be similarly advisable to partner with groups experienced in delivering HES activities. Partnerships are further discussed on page 22.

How can Household Economic Strengthening benefit Vulnerable Children?

When the focus of household economic strengthening is to improve the lives of vulnerable children, it is important to carefully select activities that are most likely to have specific, measurable, and positive effects on the lives of children. Often, HES activities are selected with a goal of improving the capacity of families to provide for children in their care. Children without adult caregivers can also benefit from participation in HES activities appropriate for their age, for example, as recipients of transfers and other forms of consumption support, as members of individual or group savings schemes, and as students in financial literacy programs.

The following table summarizes potential benefits of several HES approaches for improving the quality of care for VC.

<i>Category</i>	<i>Benefits to VC</i>	<i>How</i>
Enterprise Development	Improved quality of care (i.e., food, shelter, health, education, protection)	Accumulated savings or loans are invested to raise income potential. Increased revenue covers the cost of higher quality goods and services to meet children's needs
	Increased income	Older children participate in income generating activities to earn for themselves and to contribute to household expenses
Money Management	Safety net	Accumulated savings can be drawn on to cope with a shock and reduce the economic consequences on children
	Sustained quality of care (i.e., food, shelter, health, education, protection)	Financial literacy skills improve caregiver ability to manage income, savings, and other assets to consistently meet children's needs
Consumption Support	Health and nutrition (thus growth and development)	Cash or vouchers ("transfers") can cover the cost of food or healthcare services ³
	School attendance	Cash or vouchers ("transfers") can cover the cost of food or healthcare services
	Safety & security	Children are less likely to be engaged in exploitative labor, begging, sex work, etc. to meet needs

³ Another way that cash or asset transfers can improve child access to school or healthcare services is by tying the condition of attendance to receipt of the transfer. That is, a household cannot receive a cash payment unless it is verified that the child is attending school or has received vaccinations. Such agreements are often called 'conditional cash transfers.'

What works?

This section briefly highlights the status of the evidence base on select HES activities across the consumption support (i.e., cash transfers), money management (i.e., savings groups), and enterprise development continuum.

Evidence collected by PEPFAR shows that cash transfers are an effective HES activity for enhancing the lives of children by improving education, health and nutrition outcomes.⁴

Studies on savings group approaches commonly demonstrate that members increase investments in agriculture, enterprise, and health – though there are few studies that have assessed the subsequent impacts of these investments on children.

Enterprise development is the least researched of the three HES activity areas. Aspects that commonly diminish its relevance for very vulnerable children, include: a) such activities are generally not appropriate for vulnerable households who are not equipped to take the risks necessary to invest in and grow a business, and b) children themselves can be too young (legally and developmentally) to be direct participants in these activities (see box at right). Models that combine elements of consumption support, money management, and enterprise development in a sequential manner are emerging and show promise. The effectiveness of any HES activity, however, depends on a number of factors, some of which relate to the individual or household taking part in them and others relate to the capabilities of the implementing organization. These factors are discussed more in the Enterprise Development activity guidance section on page 48.

Nigeria's National Guidelines and Standards of Practice on VC defines **child labor** as, "all children below age 12 years working in any economic activities, and those aged 12 to 14 years engaged in harmful work, and all children engaged in the worst forms of labor (i.e. being enslaved, forcibly recruited, prostituted, trafficked, forced into illegal activities and exposed to hazardous work)."

⁴ PEPFAR. Guidance for Orphans and Vulnerable Children Programming. Washington DC: PEPFAR, 2012. www.pepfar.gov/documents/organization/195702.pdf

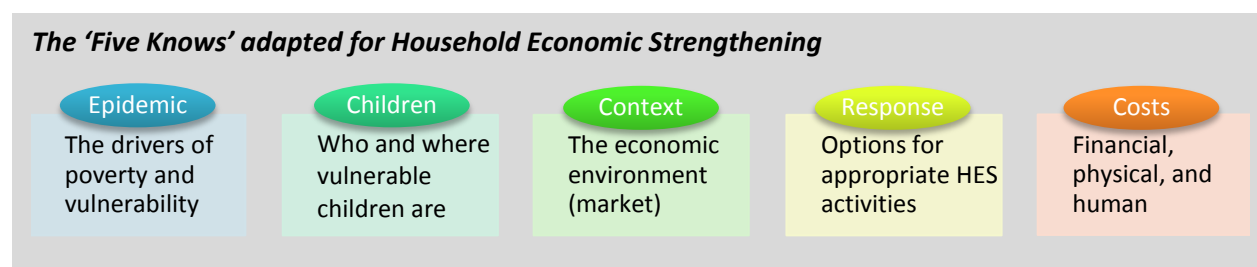
Addressing critical vulnerabilities

Children and households can be vulnerable for any number of reasons. The following is a list of several known and common vulnerabilities people face and how HES activities can be tailored to improve their effectiveness.

Vulnerability factors for economic strengthening
Gender: identify HES opportunities appropriate for men and women; respect cultural practices that affect when and how men and women can participate; be careful about targeting women only – sometimes this exacerbates gender conflict.
Age: select activities appropriate for physical and emotional capacity of children and provide appropriate training, support and supervision; balance children’s need to attend school and their contributions to the households livelihood; select activities appropriate for the physical limitations and cultural expectations of the elderly; provide health and transportation support as needed; make contingency plans for the household when primary income earners become unable to work.
Social Exclusion: social ties – based on ethnicity, religion, region, politics, or other “non-business” connections – can be powerful forces that connect people to one other and enable the exchange of information, capital, safety nets, and moral support. They can also be exclusive. Develop strategies that exploit the benefits and mitigate potential harm. Very poor households often lack social networks which can prevent them from knowing about or accessing assistance.
Conflict: always make safety the number one priority; anticipate problems that may be faced by households and communities as their income and assets increase, and develop appropriate security measures.
Accessibility: households in remote locations (urban or rural) may require transportation assistance; ill or disabled beneficiaries may require special accommodations to physically participate in HES activities.
Chronic Illness (HIV/AIDS and other): adopt flexible policies that allow continued participation in activities or receipt of services during times of acute illness; establish tie-ins with relevant health service providers to accelerate access to care and recovery.
Environment: Minimize potential negative environmental impacts, and enhance or take advantage of potential positive environmental impacts.

Preparing for and Selecting HES Activities

If you have experience with PEPFAR programs, you may be familiar with the “Five Knows” from PEPFAR’s Guidance for VC Programming. The guidance suggests that you have to “know” your epidemic, children, context, response and costs to create your plan of support. The same ideas apply to what you should “know” to engage in household economic strengthening, and to determine whether to offer HES activities to households or individuals already involved in existing prevention and care and support programs for VC.



The following table describes **five key questions** to be answered to clarify which ES activities are needed and for which beneficiaries, and to highlight additional critical information needs for informing the selection and design of effective program responses.

Key question	Why is this important?	How do you do it?
What do people really need?	Incorrectly matching HES activities to households can have long-lasting negative consequences (e.g., dependency, loss of confidence, poor use of resources).	Conduct a household livelihood assessment (page 13) and review relevant policy frameworks (page 16)
How will HES activities affect and be affected by the local economy (“the market”)?	HES activities can exploit opportunities in the market for greater inclusion and gains among the poor. Without consideration of the effects on market dynamics, interventions run the risk of undermining favorable market functions and actors.	Conduct a market assessment (page 18)
Can we implement HES activities alone or should we partner?	HES activities can be resource intensive and technically challenging; specialized skills sets and systems are key to delivering effective, efficient programs.	Conduct an organizational analysis and assess strengths and weaknesses of potential partners (page 22)

Who will be the direct participants or beneficiaries of HES activities?	There are pros and cons to targeting particular populations for participations in HES activities. There can be benefits (e.g., sustainability) to offering interventions with potential for cost-recovery to a broader population base.	Choose a targeting strategy that maximizes positive outcomes for direct and indirect beneficiaries (page 25)
How can we monitor and evaluate these activities?	To know if HES activities are having intended (positive) effects and to avoid unintended negative consequences.	Create and implement a monitoring and evaluation plan (page 26)

What do people really need?

Interventions that have a significant and transformative effect on people's lives are often tailored closely to match the specific circumstances of households. Having a deep understanding of how households live day-to-day, cope with economic and climatic shocks, and adapt to changes in their environment is essential for addressing needs and taking advantage of opportunities for improved economic stability and growth.

Household livelihoods assessment (HLA) is a broad term that refers to a number of tools used to measure household and community assets, capabilities and liabilities, strengths and vulnerabilities. An HLA allows program implementers to test assumptions about the living conditions, assets, opportunities, constraints, and stressors of target population(s).

The following information will help you refine your objectives for conducting an HLA, and select appropriate tools. As a first step, we recommend completing the exercise in Appendix 2 with your team to get a preliminary idea of where the households with whom you are working fit within the livelihood 'provision, protection, promotion' framework that we discussed on page 5.

HLA Objectives

A comprehensive HLA will use a combination of tools to gain a broad view of what is happening at household and intra-household levels, as well as the wider community. The information collected during an assessment can serve a number of purposes, including:

- ***Developing a holistic understanding of household*** and community livelihoods⁵ and well-being (economic conditions, health, food security, political and environmental security, etc.)
- ***Determining household and community needs*** and designing interventions to meet them
- ***Examining intra-household dynamics*** and how poverty affects VCs and other household members differently
- ***Understanding local economic opportunities***
- ***Establishing a baseline*** or reference point from which to identify and measure changes (positive and negative) in the future. Subsequent monitoring informs program course corrections and program outcomes and impacts.

Why an HLA is Important

Simply put, it is almost always more difficult than we think to understand the complex set of causes and drivers of poverty in a household or community – even in the ones in which we work and live. It is important that we select HES services that fulfill specific needs and that will do no harm. Problems of over-indebtedness in India and other parts of the world have been created – where microfinance overreached and allowed people to borrow beyond their capacity to repay. There are examples of cash and asset transfer programs that have created dependence among households and could not be sustained, leaving beneficiaries in a difficult situation. These are just two examples of good intentions gone wrong that could have been prevented with more careful understanding of household needs and capabilities, and better institutional coordination and planning.

⁵ A livelihood is the combination of the resources used and the activities undertaken in order to ensure day-to-day and long-term survival. For example, the following are all examples of livelihood activities people undertake to secure food: working to earn income, bartering owned assets for food, growing / raising food, sending children to eat with neighbors, receiving government food assistance, etc.

What You Will Learn from an HLA

In addition to household-level livelihood strategies and consumption and expenditure patterns, here are a few of the critical pieces of information your HLA should tell you.

- **Livelihoods context including hazards, risks and vulnerabilities.** Where people live is a major determinant of the available options to make a living. For this reason, the economic operations of households vary from one area to another, determined by geography, production and market systems. Agro-ecological conditions shape decisions on suitable agriculture patterns (e.g. coffee production or livestock production). The market system determines the ability to access productive inputs, to sell primary production, to trade goods and services, and to find formal or informal employment, all of which have a profound influence on the pattern of livelihoods. Different livelihood patterns are also associated with different types of shocks and risk factors. For example, workers who receive wages may have more regular and ensured income than those reliant on the sale of their agricultural produce.

Market vs. marketplace
Recall that when we talk about “the market”, we mean the system of buyers, sellers, suppliers, manufacturers, regulators, and others that collectively determine what is sold, for how much, and where. This is different from the “marketplace” which is any physical location people go to buy and sell goods and services.

- **Differences in access to productive assets and total food and cash income.** The social and economic circumstances of VC and their caregivers must be understood within the broader context of the communities in which they live. These vulnerable households may be systematically different from others in their community in ways that compromise their well-being. For example, these households are likely to be more vulnerable to economic and food security shocks related to reduced labor supply, illness, or death of income earners. Differences in household composition may also reduce access to productive assets and opportunities that shape wellbeing. For example, with fewer healthy adults to care for children, household members may be less able to travel to marketplaces, schools, trainings, etc. due to their responsibilities at home.
- **Seasonality of livelihood strategies and shocks.** Households’ abilities to meet their food and non-food needs fluctuate throughout the year based on seasonality. Seasonal cycles influence both access to livelihood opportunities and exposure to shocks. Understanding the timing of major annual events is critical for effective planning of interventions (pre- and post-shock). Rural households generally face their greatest challenges during the “hunger season” (the months preceding the first harvest in farming communities). Strategies to cope with seasonal stress and shocks include saving during peak earning periods, changing food consumption levels, cutting down on non-essential expenditures, taking on debt, and seeking alternative but less preferred income generating activities.

Illustrative List of Indicator Categories Used in HLAs

✓ Asset holdings	✓ Food consumption
✓ Human capital/labor supply	✓ Dietary intake (proxy for nutritional adequacy)
✓ Social capital	✓ Livelihood strategies to earn income and access non-food items and essential services
✓ Debt burden	

HLA Tools and Methodologies

There are a variety of quantitative and qualitative tools you can use to measure direct and indirect (proxy) indicators of household livelihood status for defined reference periods. Reference periods vary from as short as 24 hours to as long as 12 months. Shorter time frames improve respondent recall and enables collection of more accurate information about the period under consideration. Assessments considering longer periods emphasize cross checking to create and validate a comprehensive picture of household characteristics, livelihood strategies, and access to services over time. In general, one method is not necessarily better than another and you will likely use a combination of tools and reference periods to learn all you need to know. The following table compares several HLA tools you may find useful. It focuses on household-level assessments. Appendix 3 provides more detail on each tool and references for getting more information. See page 18 for information on context / market assessments and page 16 for information on policy analysis.

Comparison of HLA Tools

Tool	Type	How it's done	What it tells you	What it doesn't tell you	Cost: \$ - \$\$\$
Dietary Diversity Score	Quant	Household (HH) / individual survey	Number of food groups consumed	Caloric intake, nutritional quality, seasonal fluctuations	\$
Food Consumption Score	Quant	HH / individual survey	Dietary diversity & nutritional quality	Caloric intake, seasonal fluctuations	\$
HH Hunger Scale	Quant	HH survey	'Perception' of the sufficiency of food quantity consumed	Dietary diversity, food availability, seasonal fluctuations	\$
Coping Strategies Index	Quant / Qual	HH survey + community FGD ⁶	Food consumption behaviors to cope with lack of food	How households prioritize food versus non-food consumption	\$
USAID Poverty Assessment Tool / Grameen Progress out of Poverty Index	Quant	HH survey	Probable percent of HH's in a community living above/below the poverty line; likelihood of an individual HH falling above/below the poverty line.	Actual poverty level of individual HH's	\$
Household Economy Approach (HEA)	Quant / Qual	HH survey + community FGD + research	Annual food, income and expenditure patterns; hazards and coping strategies	Intra-household access to food and income (e.g., by gender, age, etc)	\$\$
Income & Expenditure Surveys	Quant	HH survey	HH access to income within a specified one week or one month period	Seasonal fluctuations	\$\$\$
Participatory Wealth	Qual	Community FGD	Community ranking of relative HH wealth	Relative poverty across communities	\$

⁶ FGD = Focus Group Discussion

Ranking (PWR)			status		
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Selecting HLA Tools

There are many factors that can affect your selection of tools and indicators to conduct an HLA. One way to narrow down the list is to consider each tool's **reliability**, **feasibility** and **utility**.

Reliability is the extent to which one can reasonably assume they can acquire correct or accurate information. A tool that includes questions that interviewers or respondents may interpret differently may not be reliable. **Feasibility** is the extent to which the information needed can be readily acquired. It requires that you be able to access the source of information as well as the specific data you need as often as you need it. **Utility** is the extent to which the information is actually *useful*. How much will what we learn help us to make or adjust programmatic or strategic decisions? When considering whether or not a tool has utility for your objectives imagine having the results in front of you and ask yourself, "What will I do with this information?" Individual tools or indicators might not, by themselves, inform decision-making but may be most useful when used in combination.

You can work as a team to rate various HLA tools against the above criteria, using a simple scale from 1 (poor) to 5 (excellent). Assign each tool a score for each of the above listed criteria and add the scores. Tools with low scores – though they can still be tested – can be put in the 'maybe' list while high scoring tool can be put in the 'likely' list.

	<i>Reliability</i>	<i>Feasibility</i>	<i>Utility</i>	<i>Total score</i>
Tool 1	2	3	3	8
Tool 2	5	4	5	14
Etc...				

Policy and Institutional Context

National government and international funding partners' policies provide guiding frameworks to define development priorities and the investment of resources. An analysis of existing policy frameworks is critical for identifying how HES program and advocacy interventions reinforce or fill gaps within the policy environment. Policy areas that may be the most relevant to consider, include HIV/AIDS, economic growth, agriculture, gender, health, and child and social welfare.

The following is a list of questions you should answer to help gain an understanding of the policy system and how it can limit or support HES activities.

Policy and institutional analysis guiding questions⁷

What relevant national government and international funding partner VC policies exist? Are these consistent and coordinated?

Do the relevant policies reflect a comprehensive understanding of the problems faced by VC?

Is there a clear roadmap to address the identified problems? Are policies reinforced by clear strategic plans, target impacts, and timelines?

What institutions (government ministries, coordination bodies, civil society entities representing VC, etc.) are involved in formulating VC policies?

Is institutional responsibility and accountability for achieving VC policy goals clearly defined? Are implementation roles and responsibilities specified?

Do the policies identify how civil society representing VC and their households will be involved in the design, implementation, and/or monitoring of strategies outlined?

Do the policies identify clear opportunities and provide tangible support to achieve improvements in the well-being of VC?

What are the national and subnational implementation and coordination structures?

Do budget allocations reflect policy maker priorities and influence? Are resources allocated to implement relevant policy instruments?

What are the policy barriers and gaps to achieving and scaling up planned objectives for VC?

⁷ Bhuyan, A., A. Jorgensen, and S. Sharma. 2010. *Taking the Pulse of Policy: The Policy Implementation Assessment Tool*. Washington, DC: Futures Group, Health Policy Initiative, Task Order 1. http://futuresgroup.com/files/publications/Taking_the_Pulse_of_Policy.pdf

Southern Institute on Children and Families 2009. *Process Mapping: An Effective Tool for Improving Public Services*, Lexington SC <http://www.thesoutherninstitute.org/docs/publications/Process%20Map%20Brief%20Final.pdf>

How will HES activities affect and be affected by the local economy (“the market”)?

What is “the market”?

The market includes all participants who produce, buy, or sell a good or service. The market determines what is to be supplied and at what price. In this guidance, we differentiate between ‘market’ and ‘marketplace’, where you physically go to buy goods and services.⁸

Markets are driven by the supply and demand of goods and services and are highly dynamic. They can be affected by anything from consumer habits and macroeconomic policies to weather and road conditions. Government trade and monetary policies and regulations also have an effect on how markets function and on price levels by permitting or restricting the production and movement of goods and services, by subsidizing goods or levying taxes, and by influencing inflation rates, among other actions.

Why conduct a market analysis?

When implementing organizations provide HES activities, they are having an effect on the market and the market can have an effect on the HES activity. Understanding how markets are working and what factors can influence or change their operation is important for selecting and designing HES activities whether they are explicitly designed to affect individual households or larger communities. By engaging in HES activities, your organization will be affecting the supply and demand of goods and services on some scale. See the following examples of how HES activities affect and are affected by the market:

Employment skills training: Often, implementing organizations provide vocational skills training without consideration for who will use their skills, for how long, and for what pay. There are many examples of large numbers of women in a village being taught to sew or young girls being taught hairdressing. By training so many people in one community in a single skill, the market gets saturated and leads to more products and services being offered than the need or desire to buy them.

Productive asset transfers⁹: Poor households should be able to make a profit fairly quickly as they need steady flows of income. Providing one goat that is expected to reproduce in six months can become a liability for some households. They are required to feed, vaccinate and shelter the goat until it has kids. The goat may die, be sold, or eaten before the household gains any financial benefit.

When considering what skill training to offer, or what good to produce or sell, it is important to remember the following:

*‘Produce what you can sell! Don’t try and sell what you have produced.’
(Getting to Market, CRS 2009)*

It is important to identify the ‘tipping point’ (i.e. the break-even point) for productive asset transfers. The related expenses and timeframe required to become profitable should not be an excessive burden on the household. The opportunity cost of allocating labor to this activity versus another should also be considered in the analysis. For instance, if a household receives a couple of chickens for producing eggs, the cost of feed, vaccinations, shelter, and labor may exceed the income from selling a few eggs each day. However, the household may be able to benefit from ‘economies of scale’ if they can acquire a larger brood of chickens, which would produce more eggs

⁸ See definitions on page 3.

⁹ A productive asset transfer is the provision of some good to a household with the expectation that they can reap benefits from the asset above and beyond its initial value (i.e. a goat has value but so does its milk and offspring). Page 32 discusses transfers in more detail.

at a lower cost per egg. In some sectors, however, small-scale producers simply may not be able to effectively compete with larger producers. It is therefore important to know what people want to buy at what price, whom else is providing that good or service at the moment, and how much it would cost to enter into the business and manage it before it can be expected to become profitable.

Savings groups vs. cash transfers for enterprise development: Suppose an organization provides cash transfers (grants) to their beneficiaries to enable them to develop a business. In competitive markets, these households are able to provide a good or service at a lower price than existing providers can. This undercuts the market price and reduces profits and can undermine the livelihoods of others, therefore having a negative effect on the well-being of a community. However, if a household first has to save and borrow funds from a Village Savings and Loan (VSL) group, then they will have to ensure that their prices are high enough that they can cover their costs and make a profit. Therefore, in this case, VSL groups are not as likely to cause problems in well-functioning markets compared to grants. On the contrary, cash transfers can stimulate markets that have been severely interrupted (post-conflict, post-disaster, etc.) by getting cash invested into enterprises in less time than it would require group members to save, invest, and generate profit.

How to conduct a market analysis

A good market analysis will tell you about:

- ✓ The local supply and demand of goods, commodities, services and skills
- ✓ The accessibility of inputs, including commodities, capital or services, and sales outlets
- ✓ Poor households' connections to marketplaces in order to access goods and services, and to earn income
- ✓ How the environment (political, regulatory, etc.) shapes incentives and opportunities for households and enterprises to participate in the market

A thorough market analysis is best conducted by an expert, particularly with relevant in-country experience. The information that follows will help you understand the scope of a market analysis and some of the tools available. It should help you know what questions to ask when selecting a market analysis expert and reviewing their proposed methodology.

Key questions a market analysis should answer

1. What are the main sources of employment and livelihoods within the community? Is employment concentrated in a particular industry or sector(s)?
2. What and where are the promising market opportunities? For example, in the agricultural sector, which value chains (for example mahangu or maize) and/or other products made, produced or processed within the community can provide a source of livelihood for poor households?
3. Who are the main local producers, their main products, and what types of suppliers exist?
4. What economic activities or industries within the area have growth potential and what upgrading/support would be needed to make them relevant for poor households and

vulnerable children - as a source of jobs/self-employment or as a source of better cost/quality goods and services?

5. What are potential opportunities and constraints for these industries to grow and to be more relevant to the income earning or consumption needs of poor households?
6. Of all of the constraints to increasing incomes, especially for vulnerable children in the community, which are the most important and which can be fixed first?
7. Are there any business associations (of either consumers or suppliers) with whom we should communicate or form partnerships?
8. What are the main marketplaces within the community? Are they buildings in a developed shopping area, open air in a central market, road side, grocers, etc.?
9. How do most people travel within the community (type, cost, reliability)? How do they access other communities?
10. Which funders/programs focus on market orientated programming?

Market analysis methodologies

There are a number of ways to conduct market research. Adopting a combination of methodologies is generally preferred than using only one method or tool. In addition to available secondary data, primary data collection using participatory approaches are especially encouraged for market analyses as they help us capture local knowledge on what market actors are currently buying or selling, and what additional goods, services, and skills they would like to buy or sell. It also informs how well the market is functioning and identifies the influential actors (e.g., traders, retailers, wholesalers, companies, associations, and community and government representatives).

Method	Description	Use
Secondary research	Desk research based on publicly available information. Sources include government documents, international organizations, e.g. World Bank & ILO, private sector reports, online databases, etc.	Provides an overview of context and markets. Often used to identify high potential sectors, organizations or key stakeholders. Typically the first stage in any market analysis process.
Key stakeholder interviews	Interactions with a small set of local experts, government, market actors (sellers, buyers, tradesman, etc.) and target beneficiaries. Information typically collected through semi-structured interviews or focus group discussions.	Provides informed insights into market context, challenges and potential solutions. Often helps in prioritizing and directing research efforts to focus on pre-identified high potential opportunities.
Market observation	Information gathered through the direct observation of active markets. A researcher may quietly observe or shadow market actors OR ask prepared questions about what is being sold,	A way to ground truth data and assumptions about markets. Allows researchers to capture nuances in the relationships and transactions between market actors.

	what is the price, who is buying it, what makes some sellers more successful than others, etc.	
Market survey	Data and information collection from a range of market actors, including suppliers, buyers and sellers through surveys and structured and/or semi-structured interviews	Provides a detailed understanding of how a market functions, the cost of providing a good or service, and the potential benefits. Provides the information needed for designing program interventions with an understanding of potential opportunities and risks.

Can we implement HES activities alone or should we partner?

You have already started to narrow down your options about which household economic strengthening activities are most appropriate for your beneficiaries. You have assessed the needs of the household, and reviewed the market. It is now important to assess your capacity to deliver these activities – on your own and with partners. The following activity can be used to assess your organization's readiness and that of potential partner organizations.

Circle the score (at right) associated with your answer to the following questions.

Which of the following statements describe your...

1. Mission statement?

- | | |
|--|---|
| a. VC and HIV care and support | 1 |
| b. Community development, including some care and support and some HES | 2 |
| c. Economic strengthening, livelihoods and/or food security | 3 |

2. Strategic approach to development?

- | | |
|--|---|
| a. Relief and recovery, helping households meet their immediate needs, market neutral (tries not to distort local markets) | 1 |
| b. Helping households stabilize income, market-linked (adjusts activities to respond to gaps in the access / availability of products / services in the market) | 2 |
| c. Long term sustainability and profitability, helping households find jobs or grow businesses to increase income and consumption, market-led (activities support development of the market) | 3 |

3. Technical capacity?

- | | |
|--|---|
| a. Does not have a technical expert at national office, has a technical expert at the international head office, is willing to recruit a national expert and field staff | 1 |
| b. Has at least one strong HES technical expert at national office, has several good HES technical field staff, willing to buy additional technical expertise | 2 |
| c. Employs only experienced HES experts | 3 |

4. Systems?

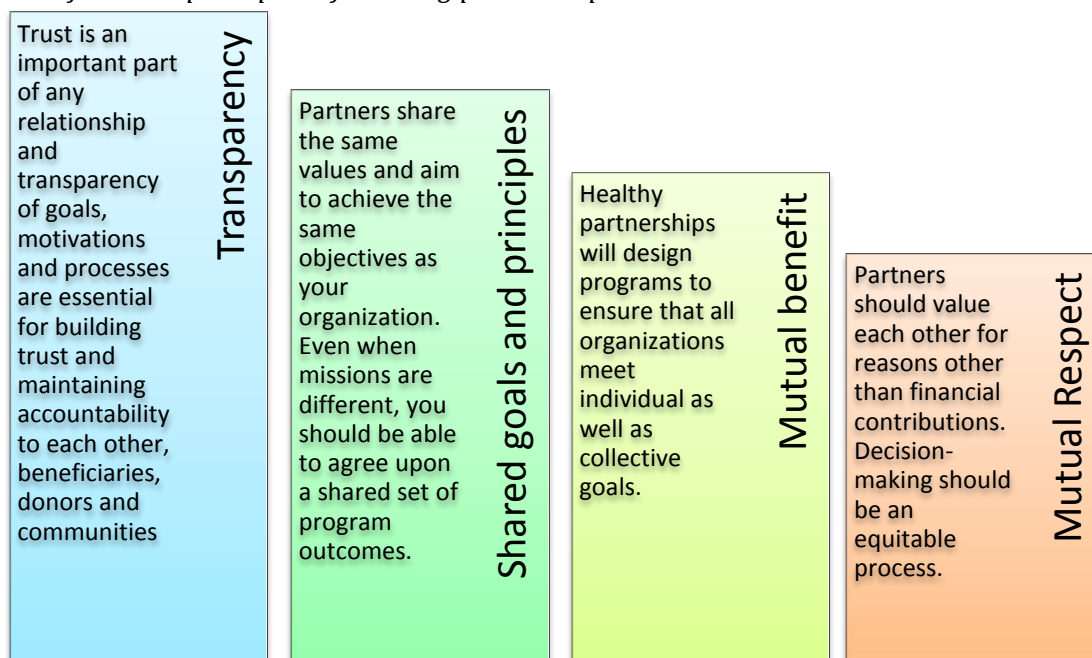
- | | |
|--|---|
| a. Weak financial and program management systems | 1 |
| b. Adequate systems for accurate and timely tracking of income and expenditures, and program management data | 2 |
| c. Robust financial systems and specialized program management systems for specific HES activities (e.g., VSL MIS) | 3 |

<i>Total points</i>	
If your score is...	You may want to...
1-4	Engage a partner to design and implement all HES activities
5-8	Engage a partner to oversee all HES activities and involve your organization in some aspect(s) of the implementation
9-12	Design and manage all HES activities internally, enlisting outside assistance as needed

Partnerships

After deciding which HES activities will be most appropriate and having assessed your capacity to deliver those activities, you are ready to either deliver the service yourself or partner with another organization.

There are four core principles¹⁰ for strong partnerships...



CASE STUDY Early recognition of when to enlist partners helps ensure that successful outcomes are achieved. St. John's Community Centre, a partner of HAI 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 effectively implement the savings-led model in the community. (*Field Report 2, USAID, Save the Children, FHI360, Economic Strengthening for Vulnerable children 2008*)

Selecting a partner

Use the same organizational capacity quiz that you completed on page 22 to assess potential partner organizations. In addition to talking with partners directly, try speaking to third-party organizations that have worked with them before or would otherwise know of their reputation. Here are some other questions to ask:

- ✓ Do they have a good reputation implementing the HES activity you are interesting in?
- ✓ Do they have reports that show positive results from past HES projects?
- ✓ Do they have a standardized and documented approach to the HES activity?
- ✓ Do they have experience working with VC and their households? Do they have the expertise to tailor their approach to households with different socio-economic characteristics?
- ✓ If they don't have sufficient staff expertise currently, do they have the necessary resources to recruit and oversee new staff or consultants?

¹⁰ Adapted from Partnership Toolbook, IBLF and GAIN 2003.

Partners that can offer the right mix of capabilities may be non-governmental, private sector, or government entities. There is growing appreciation that businesses are critical stakeholders in the design, development and sustainability of many HES interventions. Some of the common contributions of business and drivers behind their engagement in partnership are highlighted below. Visit thepartneringinitiative.org for more resources on forming and managing effective partnerships.

For-profit partnerships

<p>For-profit institutions may work with national & local NGOs or CBOs to:</p> <ul style="list-style-type: none"> • Make philanthropic donations that have a direct poverty alleviation or environmental impact • Implement programs that raise the profile and improve the company's reputation within local communities 	<p>For-profit institutions may work with international NGOs to:</p> <ul style="list-style-type: none"> • Support emergency relief in crisis or post-conflict situations • Develop strategic approaches that respond to global issues and can be scaled in different contexts 	<p>For-profit institutions may work with government to:</p> <ul style="list-style-type: none"> • Form public sector relationships • Understand and influence the operating environment for businesses
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Who will be the direct participants or beneficiaries of HES activities?

When offering ES activities to improve the lives of VC it is important to carefully choose who will be the direct and indirect participants in these activities or programs. For example, will food vouchers be offered in the name of a child or adult caregiver? Will training be available to female heads-of-household only? Will men and women be eligible for savings and loans? The following table outlines some of the potential benefits and limitations of offering services directly to particular categories of individuals.

	Benefits	Limitations
Children (under age 12) with an adult caregiver	Increases likelihood that child will directly benefit Encourages caregivers' support for building and managing assets for children	Not of an appropriate age to participate in business, labor or other income generating activities
Youth (age 12-18) with an adult caregiver	Can be integrated with other youth development initiatives Builds important skills for adulthood	Limited ability to participate in business or other income generating activities
Children (under age 12) <u>without an adult caregiver</u>	Prevents exclusion of child-headed households	Potential for theft or exploitation Limited capacity to manage assets Not of an appropriate age to participate in business or other income generating activities
Youth (age 12-18) <u>without an adult caregiver</u>	Prevents exclusion of child-headed households	Potential for theft or exploitation Limited capacity to manage assets Limited ability to participate in business or other income generating activities
Male adult caregivers	Lessens likelihood of conflict with female recipients May have greater access to markets and legal rights to retain assets, land, etc.	Less likely to use resources for children's direct benefit
Female adult caregivers	More likely than men to allocate resources to children's needs	Potential for conflict with male household members
Elderly or chronically ill adult caregivers	Potential capacity to manage resources better than children in their care	If incapacitated, may have limited ability to access services for the household
HHs affected by HIV	Partnerships with health clinics can facilitate targeting and coordination of services	Can draw attention to and increase stigma around HIV Capacity to receive and use resources may be limited, especially in times of acute illness

How can we monitor and evaluate these activities?

Monitoring and evaluation (M&E) are integral parts of any development initiative. We are not going to describe the entire process step-by-step in this guidance but will instead highlight important elements of M&E in the context of household economic strengthening: key objectives, an overview of the process, and key indicators. As with the rest of this guidance, the objective is for you to know what is important and to be aware of existing practices and tools that can be adapted when planning and developing M&E systems with partners and consultants.

This section is best reviewed by practitioners who already have a background in M&E. If you are new to this area, you may also want to review The UNDP Handbook on Planning, Monitoring, and Evaluation for Results (2009).¹¹

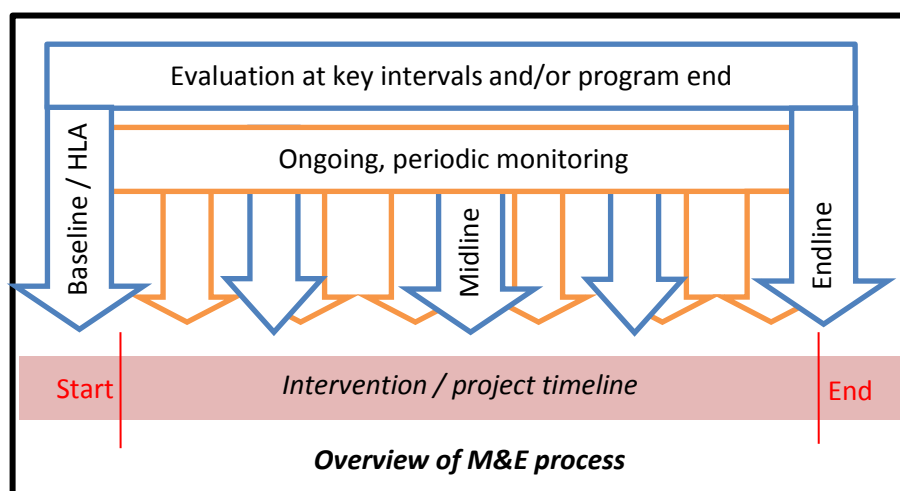
M&E Objectives & Overview

Setting objectives for a monitoring and evaluation system is done in the same way as in many development sectors. However, this does not mean that one system will fit all projects. Systems should be tailored to individual projects based on informational needs, learning objectives, reporting requirements, and available resources. Typical M&E objectives for HES activities can be summarized as:

- ✓ **Knowing what and how households and VC are doing** to understand and measure their economic status, vulnerabilities, and opportunities for near and long-term improvement.
- ✓ **Providing program designers and implementers with information to select HES activities**, verify that appropriate individuals and households are being targeted, and that resources are sufficiently allocated.
- ✓ **Giving managers insight into whether HES activities are meeting household needs** and helping them move toward achieving specific short and long-term livelihood and food security objectives.
- ✓ **Providing 'data for decision-making'**, allowing managers to base program and financial decisions and course corrections on accurate and timely information rather than on 'hunches'.
- ✓ **Being accountable to stakeholders** including beneficiary communities, implementing partners and funding agencies.

Similarly, the overall M&E process is the same in any development sector. The guidance described here presents a 'best case' scenario but your M&E plans will be adapted to your existing needs, capacities and resources.

A baseline survey (including an HLA) conducted prior to the start of a project



¹¹ <http://web.undp.org/evaluation/handbook/>

provides you with information needed to select HES activities and a ‘reference point’ against which to compare future information. Regular monitoring activities track what is happening:

- Operationally (money spent, activities held, etc.),
- Within households (participation in HES activities, changes in livelihoods, etc.), and
- Within communities (market and marketplace fluctuations, relevant political activity, etc.).

A distinction between monitoring and evaluation is that evaluations examine outcomes and assess whether the outcomes can be attributed to project interventions. Monitoring is used to capture and critically assess data on project processes, inputs, activities, and outputs.

M&E in the Project Cycle



USAID Project Cycle

As indicated in the USAID Project Cycle,¹² evaluation and monitoring are an integral part of project design and implementation. We’ve already discussed the important role Household Livelihood Assessments (HLA) play in your project planning – guiding the selection, design and targeting of HES activities.¹³ Monitoring of key HLA indicators helps you refine HES activities and integrate new ones as needed. Effective M&E systems can produce credible information that can then be used to shape donor and community policies and strategies. Evidence that your program is showing significant positive effects on VC and their households can compel donors to expand outreach and replicate proven methods.

Of course none of this is possible if your M&E activities aren’t linked to specific reporting and

learning activities. When planning any M&E activity, it is very important to decide, *What will we do with this information?* If you don’t know, you should re-design the data collection tools or the chosen indicators to be more relevant (see the text box on *Selecting Indicators* on page 28).

¹² CDCS = Country Development Cooperation Strategies. These are five-year plans that USAID uses to guide strategy and funding. See <http://goo.gl/wVZM4>.

¹³ We recognize that because of the way funding cycles work, it is often important to select and propose HES activities before conducting full HLA. Whenever possible, components of HLAs can be implemented while you are developing proposals to get a preliminary sense of community and VC needs. Internal activities such as those described in Appendix 2 and throughout the section “Preparing for and Selecting HES Activities” beginning on page 11 can be useful in guiding project design when decisions must be made without comprehensive information.

Standard Indicators

The following is an illustrative list of indicators used to assess HES interventions. Appendix 1 includes a number of resources to find more examples.

Household Economic Strengthening Indicators ¹⁴
% of households with access to minimum food consumption requirements- measured against 2100 kilocalories per person per day (adapted for child caloric requirements as needed)
% of households reporting increased consumption of diverse diets that include (cereals/grains, roots, beans/nuts, vegetables, meats/fish, fruits, cooked food, milk products, sugar, beverages, spices).
% of households reporting expenditure on essential non-food items and services (schooling, uniforms, health care, food, shelter, electricity) in the previous month
% of households reporting increase in asset ownership
% of households earning sufficient cash income to maintain productive assets
% of households with the ability to invest in productive activities
% of households reporting increased ability to cope with economic shocks
% reporting increased revenue due to application of the new skill (determine profit values and compare with the cost of inputs) over the last month, year, or since program inception.
% reporting increased clientele base, or increased market access as compared to before the program inception
Child-focused indicators
Average % of children in household (not) enrolled in age-appropriate education
Average # of days enrolled children did not attend school in past month
% of households stating ___ as reason for school non-attendance (child / caregiver illness, hunger, chores / work, etc.)
Average % of children in household self-reporting feelings of hunger or lack of hunger in past week
Average % of children in household meeting regional or national growth or developmental targets (+/- a certain percent)
Average % of children in household with a savings account or other fund in their name

Selecting Indicators

With so many priorities and indicators to choose from, it can be difficult to select which program goals and objectives to monitor and evaluate with which indicators. In general it is far better to monitor and evaluate a small set of good indicators well than to do a poor job of monitoring a comprehensive list.

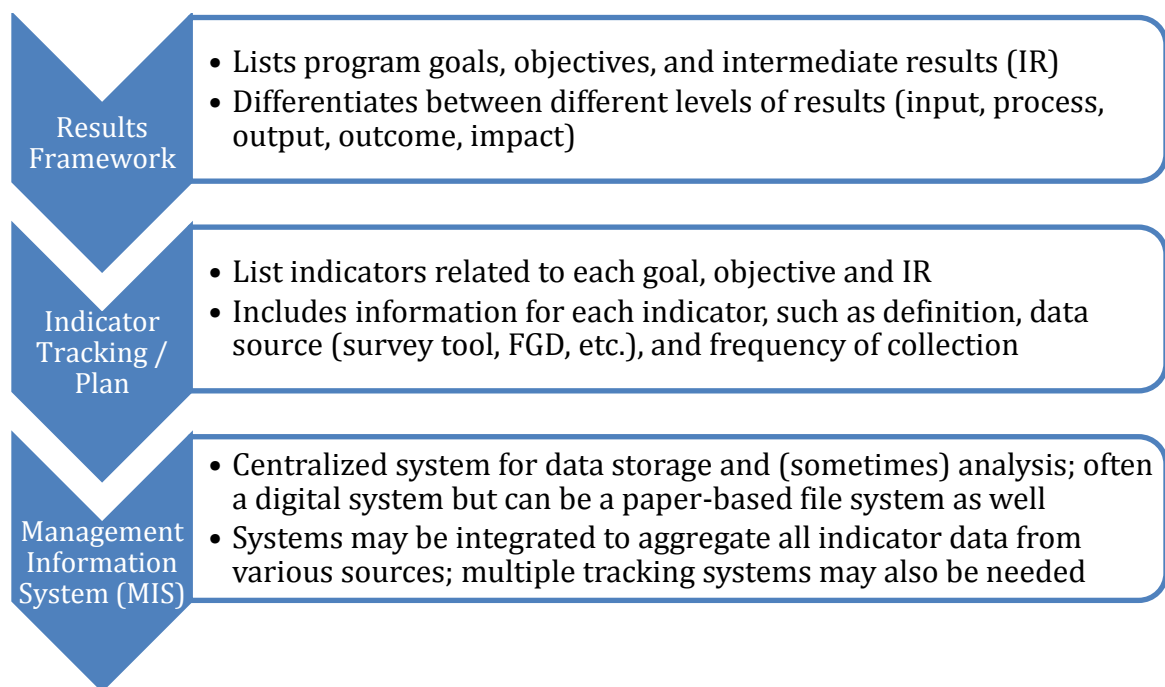
One way to narrow down your indicators is to assess their **reliability**, **feasibility** and **utility**.

Page 16 describes an activity for rating HLA tools against these criteria. The same exercise can be used to assess and narrow down your list of individual indicators.

Organizing Indicators and Data Collection

Organizations use a variety of planning tools and data collection instruments (results or log frameworks, surveys, MIS, etc.) to manage program goals and monitoring and evaluation systems. A system may work as follows:

¹⁴ Adapted from 'Economic Strengthening Programs for HIV/AIDS Affected Communities: Evidence of Impact and Good Practice Guidelines' p28 to 30 (<http://goo.gl/qQ5t6>)



Appendix 4 shows an example of a results framework and related indicator tracking plan.

Key Lessons Learned

Here are several important lessons learned from the monitoring and evaluation of HES activities:

- ✓ **Utilize a combination of tools** and approaches to monitor and evaluate the multiple dimensions of poverty, economic strengthening and childhood vulnerability. For example, statistical surveys will provide information on improvements in income levels, but lack measurement of improvements in social wellbeing
- ✓ **Customize monitoring and evaluation systems** to the underlying livelihood system. For example, monitoring livestock prices may not be particularly useful in urban economies where households depend on trade and wage labor not related to livestock production.
- ✓ **Monitor and evaluate the unintended consequences of programs.** For example, how gender relations can change due to evolving economic circumstances.
- ✓ Because HES activities almost always involve partnerships, it is important to **consult with all involved institutions and stakeholders** when designing M&E systems. For example, you won't be able to monitor grain prices monthly if the association that sets prices only adjusts them quarterly.
- ✓ Security is a significant concern whenever cash or assets are involved and especially when children are direct recipients. **Baseline data collection should identify safety threats** to individuals, households, and communities who receive cash or assets and to the organizations and individuals who distribute them.
- ✓ **Monitoring market and community conditions** can be resource-intensive but is essential for effective programming. For example, if food supplies decline for several months, cash transfers intended to be used to purchase food will be of little value to households. If a flood has washed away a road, people might not be able to travel to marketplaces to buy food. Be sure to allocate adequate resources to these types of monitoring activities.

- ✓ Intra-household differences in poverty and food security can be difficult to track. Just because a household is receiving more food does not necessarily mean children are receiving a proportionate share. ***Include indicators and methods of tracking how households use and distribute resources*** (for food, education, clothing, healthcare, etc.).
- ✓ A critical factor for the collection and interpretation of seasonal food consumption indicators is the timing of measurement. Diets are highly dependent on seasonal food access trends along with annual patterns of income and expenditures and shock exposure. ***Data must be collected during the same month every year in order to draw valid conclusions about annual trends.*** Whether data is collected during the lean or post-harvest season should be determined by program intervention types and learning objectives.

HES Activities – Three examples

The next three sections of this guidance present an overview of three specific types of household economic strengthening activities though many more exist. After reading these sections, you should be able to make *preliminary* decisions about whether or not this type of activity may be appropriate for your beneficiaries and for your organization. These sections are *not* comprehensive how-to guides but instead provide you with information on questions to ask, decisions to make, and resources to use in order to develop such a program.

With reference to the provision, protection, promotion framework presented on page 8, the following activities are described in the next three sections.

PROMOTION	Enterprise Development
PROTECTION	Savings Groups
PROVISION	Cash and Asset Transfer

Cash and Asset Transfers

I. What are Transfers?

Cash and asset transfer programs (“transfers”) provide money, goods, and/or services to poor households to reduce the vulnerability and/or increase the resiliency of children and families.

Transfers are also called...

Cash, grants, safety nets, in-kind assistance, vouchers, productive / non-productive assets, and more...

Transfers are primarily used to:

- ✓ Meet basic human needs - food, water, healthcare, shelter, etc.
- ✓ Stabilize consumption - ensure households can meet basic needs consistently
- ✓ Protect, recover or introduce new assets - savings, items stolen, destroyed, sold, etc.
- ✓ Recover or improve the ways households (HHs) previously sustained themselves

Transfers can support a range of short or long-term objectives. For example, cash can take the immediate burden of meeting daily needs off of the head(s) of household and other family members. They can support income needs during the recovery of an injured / ill income earner due or during the recovery of a lost source of income. Other forms of transfers allow people to focus on finding work or pursue longer-term solutions to family income needs, such as education and skills upgrading. Transfers can subsidize these costs, or replace the income forgone during these pursuits. They may complement government safety-net programs or demonstrate effective ways that scarce public resources can be allocated.

Who can benefit most from transfers?

Transfers are typically most useful for very vulnerable households and individuals – those we described as being in the **provision** stage on page 5. Specifically, transfers are most appropriate for households and individuals who:

- ✓ Are unable to meet daily basic needs such as food, water and/or healthcare needs.
- ✓ Have suffered a shock (natural disaster, theft, illness, etc.) and temporarily lack basic necessities.
- ✓ Can benefit from temporary income or in-kind support while recovering from injury or illness to avoid depleting savings or selling off assets.
- ✓ Suffer a high opportunity cost (e.g. not attending school) by participating in income generating activities.

It is important to recognize that poorer populations who can often benefit most from transfers generally need more resources, are harder to reach, and are more difficult to track. While convenience and cost-efficiency are important considerations in choosing transfer recipients, transfer programs can have the most impact when efforts are made to identify and include the poorest.

Characteristics of Transfer Programs

Transfers typically fall into one of two categories:

A **cash transfer** is money that can be used to purchase whatever a household needs. A caregiver or child head-of-household might receive cash directly with the intention of buying food, water or medicine. Cash allows for flexible spending, permitting recipients to spend it as needed for priority and non-priority uses. Cash transfers can also strengthen local markets and marketplaces by enabling households to buy basic items they need and/or local traders to restock key goods.

An **asset transfer** is a targeted disbursement of something that is in limited supply, has been lost, consumed, sold and/or used to build additional household assets. It can be anything from food and household supplies to productive assets that produce cash returns or appreciate over time, such as livestock, agricultural equipment, or trade inventory. Asset transfers lack the flexibility of cash but have the benefit of ensuring that households receive a specific item that is needed. Asset transfers can strengthen local markets when items are purchased locally so long as the program does not negatively impact the supply levels needed to meet other local demands. They can also fill supply gaps by providing items that are not available locally.

Cash-for-work programs are sometimes characterized as conditional cash transfers: cash is transferred to an individual on the *condition* they work in a stated capacity for a set number of hours.

An alternate format for delivering either cash or asset transfers is in the form of a **voucher**. Vouchers with a cash value or for a specific item are often used when security conditions raise the likelihood of theft or the program wants to minimize diversion of cash to non-priority uses. Vouchers also are a useful way of supporting local markets while maintaining control of the quality of goods acquired by linking voucher redemption to only qualified suppliers.

Transfers can also be *conditional or unconditional*. **Conditional** transfers require that recipients meet specific conditions such as sending children to school, attending a local health clinic, or meeting childhood development or growth targets. VC can benefit above and beyond the value of a transfer when conditions are directly linked to child health, education and/or nutrition. **Unconditional** transfers do not have these restrictions but can still be beneficial to VC.

Oportunidades in Mexico

Oportunidades (formerly Progresa) is a conditional cash transfer program implemented by the Mexican federal government. It provides cash to households who partake in health, education and nutrition services. The main objective is investment in human capital that leads to long-term economic improvements for poor people.

II. Understanding the Context for Transfer Programs

Choosing the right transfer ‘type’ involves selecting:

- 1) **What will be transferred?** What is most needed by, or will be most useful to, the household (cash, food, productive assets, etc.)?
- 2) **How it will be transferred?** What is the most effective, efficient and secure format for delivering it (cash, asset or voucher).

What will be transferred?

Conducting a comprehensive household livelihood analysis (HLA, as described on page 13) is the most effective way of determining a household’s needs. A good analysis will also allow you to compare households within their communities to determine who is ‘better’ and ‘worse’ off for targeting purposes. Certain tools can also identify intra-household poverty differences and help you target the specific needs of children.

The following questions can be answered by an HLA and will help you determine households’ most pressing needs:

1. Does the household need basic consumption support, assets or livelihood growth support?

2. Among how many household / family members are resources being shared?
3. What length of assistance is required: short-term, long-term, or seasonal?
4. What are people's spending habits and what will they purchase if extra resources become available?
5. Would local customs and behaviors guide preference for asset or cash offerings?
6. What is the level of security in the community? Is it safe to give out cash? Are certain assets more susceptible to theft than others?

Using Participatory Rural Appraisal: Trickle Up's Approach with Ultra-Poor Women in India

In 2009, Trickle-Up used a household-level participatory rural appraisal (PRA) tool to find 2,350 ultra-poor vulnerable rural women across India. The health-livelihood asset program worked with community-based organizations to pair women participants with "hand-holders", mentor coaches, for three years. They received productive asset transfers - goats, pigs or fish hatchlings - and technical advice. They joined savings groups and support networks. Those that qualified were connected to government safety net programs for the 'hungry season'.
www.seepnetwork.org/filebin/pdf/resources/Trickle_Up.pdf

How will it be transferred?

A market assessment (as described on page 18) helps define the context for providing transfers. Understanding where goods come from, how prices are set and what factors may change the current status are essential for determining whether to meet needs in the form of cash, assets or vouchers.

The following questions – addressed during a market assessment – can help shape your delivery decisions.

1. Are marketplaces operating and accessible?
2. Are the basic items that people need available in sufficient quantities and at reasonable prices?
3. What is the security situation community? What delivery options are safest? Are there restrictions on the movement of goods that affect current or future supply?
4. Is the market competitive? Are there multiple suppliers of a given good?¹⁵
5. Are traders able and willing to respond to an increase in demand?

Answering these questions during household and market assessments will help inform the appropriate transfer type. For example, you should not try to distribute cash where there is a high possibility or perceived possibility of theft. Instead, use in-kind food, water or other basic assistance to meet household needs. You may also use vouchers if the market assessment finds goods are being freely exchanged at normal prices.

Challenging the Frontier of Poverty Reduction Program Targeting the Ultra Poor (CFPR-TUP) in Bangladesh

CFPR was designed and implemented by BRAC to increase access to basic education in Bangladesh through income provision. As a result of a community-based market assessment, after consultation with clients involved, BRAC shaped the program to include livelihood asset transfers, grants coupled with loans, healthcare services and life-skills training to poor families to increase school enrollment. Enrollment increased over the seven years of the program as staff continually honed offerings in response to client needs and feedback. For more, visit <http://graduation.cgap.org>.

¹⁵ Cash provided where there is little competition may lead traders to raise prices.

Managing Risks

There are risks associated with transfer programs. There may be changes in the market that affect the value or availability of goods and services. The presence of cash and valuable goods may affect security and intra-household dynamics among households within a community. Notable risks and mitigation methods include the following:

Major risks	Mitigating actions
Reputation Poor program quality reflects badly on the organization	Follow program design best practices and involve qualified partners. Conduct thorough due diligence on partners <i>before</i> signing agreements.
Security, theft, fraud, corruption Loss of program funds, assets, equipment by households or sponsoring organization	Adopt security protocols and internal controls for all parties involved. Monitor the situation regularly.
Pricing volatility Prices go up/ down due to distribution of transfers or changing market conditions	Maintain reserve funds to cover potential inflation
Asset availability Scarcity or shortages of food, water, shelter materials, etc.	Monitor prices and inventory levels in the market, and adapt to shifting trends
Unintended consequences Dependency created, households sell transferred goods, or buy unnecessary goods	Monitor as part of the M&E system and modify transfer type, value, or other features as needed
Community backlash Targeted households may face stigma or increased requests for help from neighbors. Community may make demands for the expansion of the program to include others.	Carefully weigh pros and cons of targeting criteria. ¹⁶ Consult with community members beforehand to anticipate ways the community might react to the inclusion of only certain HHs.

III. What are the main features of a transfer program?

Purpose	Transfers meet basic needs of HHs, replace lost or depleted assets, stabilize consumption patterns and restore income to pre-crisis levels.
Size or value	Cash and asset values are set by market price, volume, weight, size, shape or other features. Potential price increases should be factored in. The administrative infrastructure will require inclusion of labor, materials, transport, technical expertise and equipment, and supervision costs. The size of the transfer will be determined by these factors and household need, ensuring that repeated transfers avoid creating dependency.
Frequency	When and how often transfers are given is based on the size and type of the transfer and the perceived period of need. Seasonal transfers are given when food supplies are lowest. Cash transfers can be given in small, regular amounts or larger lump-sums, depending on the needs they are intended to serve and relevant security threats. Transfer programs can be time, value or goal-bound, ending when relevant targets are met.

¹⁶ Targeting HIV-affected households in transfer programs has, in some cases, resulted in increased stigmatization for those recipients. If you determine this to be a risk in your situation, you may choose to broaden the defined target beneficiaries to include HIV-affected households but not *only* them.

Conditionality	Conditional transfers should be implemented only if the condition... a) Will have a direct benefit on HH or specific HH members (i.e. children), b) Can be realistically met by the household, AND c) your organization can reliably monitor whether the conditions are being met.
Target Group	Household livelihood assessments (HLAs, page 13) help determine the vulnerability of HHs as well as their most pressing needs. Transfers should generally be targeted at highly vulnerable HHs, those in the provision stage (page 5). Targeting should NOT be a matter of convenience as the poorest are often geographically and socially excluded. Conducting HH assessments to inform targeting should be a priority.
Education and Awareness	Cash management, financial literacy, safety, improved nutrition, and livestock care are a few examples of skills needed to maximize the benefits of transfers. Age-appropriate training and supervision is particularly important for child recipients.
Operational Features	
Eligibility requirements/enrollment process	A system is needed to ensure the person eligible to receive the transfer is the person to whom cash or assets are given. Potential for fraud is high as many poor people lack official identification or documentation (ID cards, birth certificates, etc.). Work with community members to develop a feasible solution.
Delivery methods	Cash transfers will require partnerships with financial institutions or electronic payment companies. If reliable, you can directly distribute cash or assets through local CBOs or marketplace vendors.
Security	Assignment of expiration dates on vouchers and requiring that identification be presented in order to exchange a voucher can deter fraud. Ensure that partners have controls in place to protect against fraud, embezzlement or misuse of transfers. Child-headed households may require extra measures to protect them from theft. Monitor the security situation and collect feedback from transfer participants regularly.

Exit Strategy and Sustainability

Transfer program design begins with the end in mind. Transfer programs should ideally end when they are no longer needed by households which can occur when the household:

1. Restores lost assets to previous levels
2. Resumes previous, sustaining livelihood activities that had been halted for some reason
3. Has begun new, sustaining livelihood activities
4. Has been connected with other long-term social assistance programs, such as those provided by the government

IV. Monitoring & Evaluation

The primary functions of the monitoring and evaluation of transfer programs are to:

1. Ensure programs are reaching the intended population
2. Verify transfers are providing intended benefits (economic value, other measurable socio-economic outcomes)
3. Identify additional benefits or unintended negative consequences
4. Track changing household needs to inform program adjustments
5. Track changes in the marketplace to inform program adjustments
6. Learn lessons to improve future practice and policy, and enhance accountability

Key indicators

Below are common process and outcome indicators. They are illustrative only; adapt as appropriate and/or use others, but do track. M&E is vital for program success. While attribution is difficult to measure, basic data monitoring and reporting is possible where time, budget, and capacity is limited, and can verify that the results are positive.

Sample monitoring and evaluation indicators		
Process Indicators	<ul style="list-style-type: none">• % of transfers verified as being correctly delivered• Average asset delivery time	<ul style="list-style-type: none">• Gender / age of recipients• # of transactions per approved supplier (for vouchers)
Output Indicators	<ul style="list-style-type: none">• Quantity of transfers• # of beneficiaries receiving transfer• # of beneficiaries registering for conditional activity (for conditional transfers)	<ul style="list-style-type: none">• Other assistance provided to transfer beneficiaries (health, training, etc.)
Outcome indicators	<ul style="list-style-type: none">• Changes in use of transfer• Changes in marketplace vendors• Changes in coping strategies	<ul style="list-style-type: none">• Average participant satisfaction rating• Household income/expenditure levels• HH consumption patterns

Tools and Resources for developing an M&E System

Guidelines for Cash Transfer Programming is a comprehensive document on cash-based transfers by the Red Cross/Red Crescent Movement. This publication presents step-by-step instructions on the full project cycle and has a useful monitoring and evaluation section.

Action Against Hunger/AFC International has also developed *Food Security and Livelihood Monitoring and Evaluation Guidelines: A Practical Guide for Field Workers*, a rigorous M&E tool for integrated programs.

Your system and processes will be influenced by resources and funding. The AAH / AFC guide requires more time, resources and expertise, but yields more detailed results.

V. Your Readiness: Organizational Capacity to Implement

Use this organizational assessment ***prior to conducting assessments and choosing a transfer type*** to rate your organization's readiness for implementing a transfer program.¹⁷ Rate the readiness of partner organizations as well. Give yourselves and partners a score of 1 (lowest – we cannot do this) to 3 (highest – we already do this well) for each item. You can also use this list to aid discussions with potential partners on their capabilities. Be sure to rate your current status honestly and then update scores as progress is made.

¹⁷ These criteria are for preparing for transfer programs. The quiz on overall organizational capacity on page 22 should be used to assess overall organizational strength.

<i>Rate your organization's 'readiness'</i>	Our Rating	Partner Rating
Knowledge and experience designing transfer programs		
Knowledge and experience implementing and monitoring transfer programs		
Understanding of local and national social assistance programs (government transfer programs)		
Knowledge of local and national regulations governing trade and other relevant business / financial transactions		
Trustworthy, responsible and trained staff to safeguard assets and/or cash		
Inventory system (assets & cash) in place		
Tracking systems / M&E (pre/post transfers) in place		
Storage infrastructure is sufficient and secure (pastures for goats, warehouses for grain, banks for cash, etc.)		

Any scores of '1' should be rectified and brought up to a 2 or 3 before starting a transfer program. Ideally, either you or your partner organization will have a 3 in each category.

VI. Cost & Resource Considerations

Program components and delivery mechanisms vary for transfer programs. Some strategies for estimating costs include:

- Use market research to accurately calculate local costs of goods and services
- Estimate storage and transport costs with specific locations, vehicles and sized containers
- Balance partner expertise and costs with program priorities to ensure 'value' will be created by the partnership
- Include funds for legal and contract expenses, and loss during implementation (e.g., reserves, insurance)
- Include contingency funds

Remember funding for core program administration and delivery components:

- Local staffing, specialized technical expertise, monitoring and supervision
- Operational costs (rent, utilities, supplies, transport, storage, etc.)
- Pre-program market research, household assessment and targeting
- Orientation and training for transfer recipients and communities
- Ongoing monitoring and evaluation

Not all costs need to be incurred directly by your organization. Partnerships may provide cost and resource savings.

Savings Groups

I. What are Savings Groups?

Savings Groups (SGs) are informal, community-based providers of financial services. They are composed of 15-30 self-selected members who agree to save together and use their pooled savings as a loan fund from which to borrow. Many groups elect to create a social fund to help members respond to emergencies. Groups set their own terms and rules that govern members' savings and borrowing which occurs over the course of an 8 to 12 month cycle. At the end of each cycle, groups divide or 'share-out' their funds to members. After 'share-out,' the group typically starts another cycle. Members can leave and new people can join at that time.

Who can Benefit most from Savings Groups?

The flexibility of the Savings Group model makes it appealing to a wide range of individuals. Savings groups attract members with varying income levels and have functioned well in rural and urban areas and with different age groups (adolescent and adults).¹⁸ Groups set the minimum weekly (or bi-monthly) deposit amount (often defined as the 'value of a share', with members able to purchase from one to five shares at each meeting) at a level affordable to their poorest member.

While a very poor group of people can and do save together successfully, SGs are not recommended for the destitute. Members should be engaged in a minimal level of economic activity (or temporary cash or food assistance) that enables them to save, even if amounts are tiny.

Similar Models – Different Names...

Savings Groups have many different brands, including:
Village Savings & Lending Associations - VSLA
Saving for Change - SfC
Savings & Internal Lending Communities - SILC
Internal Savings & Lending Groups - ISLG

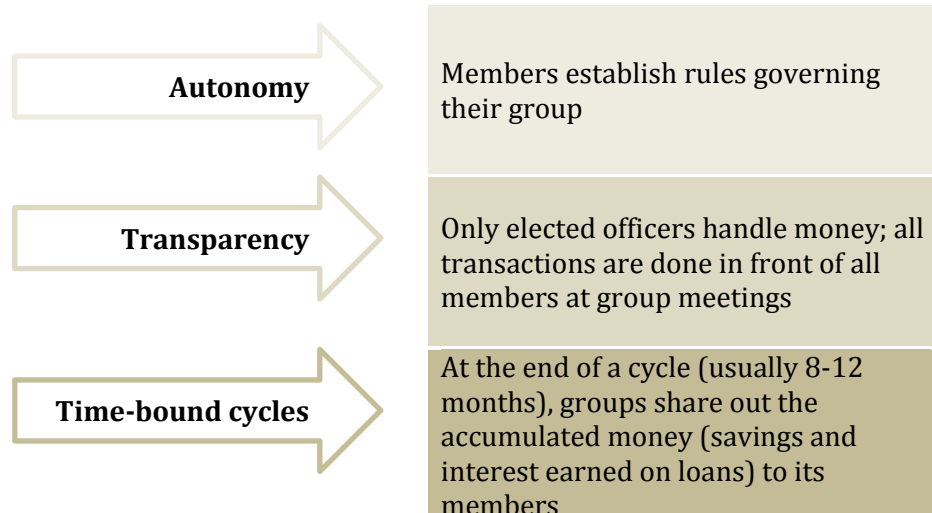
The most common populations for SGs include:

- **Women**, who are the majority of existing SG members. Compared to men, they are more open to joining groups, most satisfied with slow accumulation of capital given small weekly deposits, and better at using tiny amount of capital (savings or loans) effectively.
- **Rural residents** whose access to formal financial institutions is limited by distance, transport expense and lack of familiarity. SGs operate where they live and among people they trust.
- **Socially excluded populations**, who often experience reductions in stigma and social exclusion, in addition to financial benefits.
- **Youth 14-24 years old**, including VC and adolescent girls. Students often rely on parents and caregivers to help contribute to their savings, and to help with business activities while they attend courses.

Characteristics of Savings Groups

Savings Groups are built on the very important premise that poor people can save, especially when they have the option do so in small amounts that they deposit (and put out of reach) safely and securely. Successful Saving Groups share the following features:

¹⁸ Savings Groups are typically placed at the **protection** stage of the 'provision, protection, protection' framework as they are a way for households with some resources to save ('protect') what they have. The flexibility of the SG model can make it an appropriate option for households at other stages as well.



These characteristics allow individual members to:

- ✓ Accumulate meaningful lump sums by the end of the cycle.
- ✓ Have convenient and quick access to small loans for investment or consumption.
- ✓ Access grants or no-interest loans from the social fund¹⁹ to help respond to emergencies.
- ✓ Increase their financial discipline and management capacity.
- ✓ Benefit from group solidarity and social capital that grows as members successfully save together and build trust.

Case example: Africare's Pamoja Tuwalee Project promotes children's funds

In Central Tanzania, Africare supports the organization and training of Saving Groups through 19 NGO/CBO partners. The groups bring together vulnerable children and caregivers with other community members, and have created special social funds for emergency needs and for the needs of the most vulnerable children. In FY12, the project formed 565 SGs. Eight percent of the total funds mobilized paid for food, shelter, bedding, scholastic materials and school uniforms for several thousand children, offsetting a perceived dependency of vulnerable populations on donor resources.

II. Understanding the Context for Savings Groups

Savings Group programs have been introduced successfully in many different contexts around the world. Understanding the operating environment and the communities where you are considering to introduce SG models is critical. The following are key environmental and market issues to review if you are considering introducing SGs.

Unstable environments	Few programs start in a crisis characterized, for example, by hyper-inflation or civil violence. However, existing SGs have proven resilient when things become unstable.
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¹⁹ Social funds are pooled cash that can be used for a variety of purposes – from community emergency assistance and school fees for orphaned children to parties and funeral expenses. Members determine how funds are spent though they can be used to benefit communities, non-members, and members alike.

Current availability of financial services	Local residents with ready access to savings and lending services may not find SGs relevant. Specific target groups, however, may face barriers to accessing these services.
Previous negative experience with savings and credit	If a fraudulent individual or entity has ‘run away’ with their money, people will be suspicious of outsiders and similar sounding schemes.
Cultural factors	Group meeting location and time may have to respond to limitations on the movement of women in public or on safe and appropriate places for young people. In Muslim communities with restrictions on charging interest, programs have sought leaders’ permission to operate and have adopted Islamic-friendly lending practices.
General literacy levels	Common literacy levels among group members allows for greater parity. If all members are illiterate the record-keeping can be more complicated, but possible. See the box below for an example of a successful oral record keeping system.

Case example: Illiterate Savings Groups Keep Records Orallyn 2006, *Saving for Change* created a system of oral accounting to serve illiterate women in Mali and Senegal. It requires that members sit in the same order at every meeting. Each member remembers these simple facts:

- 1) Amount of money in the box at meeting end
- 2) Her loan: if she owes a savings payment, amount and due date of her loan
- 3) Lady to her left: if her neighbor owes a savings payment, amount and loan due date

Recalling data is essential. Some groups impose fines on members who forget. This overcomes the hurdle of written records, which would require a literate outsider and limit expansion.

Managing Risks

There are risks in running Savings Groups, particularly since money is being exchanged among members. Notable risks and mitigation methods include the following:

Major risks	Mitigating actions
Security During the cycle, a group’s funds are lent out and thus rarely accumulate in the box. During the last month of the cycle, all loans are repaid and no new loans are made in anticipation of ‘share-out’. The significant amount of money in one place during this short period can pose a security risk.	When possible, SGs open a bank account to hold liquid savings. Or, members divvy up cash for safekeeping until ‘share-out’. Agreements with local government offices to temporarily hold cash in a safe may be another alternative.
External agencies and financial service providers Rural groups are often targeted by NGOs and government agencies seeking to have additional non-financial services delivered to members. As SGs have established positive savings and credit practices, they may be attractive marketing outlets for financial institutions seeking new clients.	Members must develop capacity to decide which ‘invitations’ to accept. In the case of loan offers from banks and MFIs, members need to evaluate the financial risks and rewards. SG facilitating agencies can act as intermediaries between financial institutions and SGs.

III. What are the Main Features of the Savings Group model?

The basic operating principles of the Savings Group model are based on sound reasoning and extensive experience and should be followed. The strongest groups tend to be those disciplined and true to the principles. SGs are autonomous and find ways to adjust practices to fit their needs and conditions. Many common revisions to SG operating features have become 'best practice'.

Targeting	When introducing savings groups to assist pre-selected populations, participants should self-select and be allowed to include members of the broader community. Just because individuals participate in other programs together, does not mean they would choose to be in a group to save and borrow together.
Group size	Group size varies between 15-30 members. In larger groups, it is harder to maintain trust and transparency. Smaller groups are challenged to accumulate capital.
Cycle length / frequency of meeting	<ul style="list-style-type: none"> • Encourage meeting weekly or bi-weekly; discourage monthly • Groups may want to adjust cycles, usually 8-12 months, to end when members need a lump sum (e.g. planting time or when school fees are due)
Saving amounts	<ul style="list-style-type: none"> • Encourage groups to set a 'share value' that all members can afford • Set the min and max number of shares that any member can purchase • Encourage flexibility in required weekly saving amounts. Few can always meet them each week, e.g., in West Africa, some SGs suspend saving during the 'hungry season', before harvest, as many run out of cash.
Loan terms	<ul style="list-style-type: none"> • Encourage tying loan limits to amount saved, i.e., 3x saving • Suggest an interest rate between 2-10% • Encourage short loan terms (1-3 months) in first cycle Discourage terms greater than 6 months, even in later cycles, as it ties up capital • Encourage groups to review loan policies each new cycle, and the benefits of raising or lowering the interest rate.
Social fund	<ul style="list-style-type: none"> • Members decide if they wish to establish a social fund & set contribution amounts • Members determine criteria for accessing the social fund • Members set terms (e.g. grant or no-interest loan) • The re-distribution of excess social fund to members is not included in share-out calculation
Group meeting process	<ul style="list-style-type: none"> • Help groups develop an agenda to follow every meeting • Introduce set seating. It is easier to take attendance and to remember financial info of neighbor if s/he is always the same • Emphasize punctuality as sign of respect for members' time
Transparency	<ul style="list-style-type: none"> • Promote use of lock box, which members purchase • Have group carry out all transactions in front of members

	<ul style="list-style-type: none"> • Insist on rigorous maintenance of group records • Simplify accounting. Passbooks are often enough. Passbooks for illiterate groups exist and examples are available.
Share-out	<ul style="list-style-type: none"> • Groups make their last savings transactions and social fund contributions before the final share-out meeting • All loans must be repaid in full prior to share-out • Groups must decide what to do with any remaining money in their social fund. These funds can be distributed equally among members, or carried over to the next cycle. • Groups decide if they want to start next cycle with a one-time contribution exceeding the regular maximum deposit amount • Groups review policies and procedures for any needed changes (e.g. raise minimum savings deposit or change interest rate charged on loans)
Add on services	<ul style="list-style-type: none"> • Give SGs time to master their own operations - to develop trust in the process and confidence in themselves - before layering additional activities, roles and responsibilities • Allow member opinions on modifications or additions to activities and services to surface. Some SGs have chosen to set up a children's fund in addition to a social fund, or to lengthen group meetings to receive trainings in other areas (e.g., literacy, business, health, etc) • Advise caution before any group 'opens the box' to invest in activities suggested by external agencies
Management Information System (MIS)	<p>There is a standardized management information system called 'VSL MIS'.²⁰ It is an Excel-based, open-source software solution covering program outreach and efficiency, and group financial performance. It allows performance comparisons across SGs and facilitators to track progress and highlight potential problems.</p> <p>Data is collected through observation of group meetings, and by examining facilitator and group records at regular intervals (e.g., monthly, quarterly).</p>

²⁰ See <http://edu.care.org/Documents/Forms/DispForm.aspx?ID=267>

Role of facilitating agency	<p>The facilitating agency and its agents are first and foremost trainers. Their role is to help each SG operate on its own.</p> <p>The facilitating agency, NGO, or CBO mobilizes and trains groups in the SG model. For example, one SG model²¹ has nine modules. The initial eight modules require two weeks to two months to complete, depending on meeting frequency. Each module takes two hours. The ninth module is presented at end of the first cycle to demonstrate the ‘share-out’ process and calculation method. After completing the modules, a field agent monitors the group with decreasing frequency.</p> <p>Advice to field agents:</p> <ul style="list-style-type: none"> • Do not provide ‘matching’ funds to augment group savings • Do not handle group funds yourself • Do not make decisions for the group
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Designing Youth Savings Groups

SGs whose participants are young follow many of the same principles listed on the previous pages, a few design characteristics should be integrated as necessary:

- ✓ In general, it is easier to form youth SGs in communities where SGs are already in place for adults. Sometimes adult SG members will initiate SGs for their children on their own.
- ✓ Younger children (13-17) especially those still in school often get the money to deposit with their SG from their parents so it is important to help parents see the value of SGs.
- ✓ Older, out of school youth may seek to engage in collective activities, such as working as a group on someone’s farm to earn money for deposits and to increase the amount available for loans.
- ✓ Students may want to meet on the weekends, so implementing organizations must be willing to work then. Parents must generally allow young people to travel and congregate for meetings.
- ✓ Student borrowing is less robust as they don’t have time (or are too young) to run a business. Often youth will run a business with a parent and take a greater role during school holidays.
- ✓ A challenge with youth SGs is mobility. Young men migrate in search of work and girls leave to get married. In urban areas, older youth may not have a permanent address. Freedom from Hunger has found in Mali that when one member leaves, s/he is replaced by a younger sibling.

Exit Strategy and Sustainability

Part of the promise of Savings Groups is their successful independent operation. After initial formation, training and monitoring, SGs may ‘graduate’ to function on their own. Thousands of autonomous groups managing their own financial services without external subsidies justify initial investment. SGs can and do replicate on their own, and an investment in one group may yield two or three or more.

However, be aware challenges SGs face after they ‘graduate’²² and operate on their own:

- **Groups may need assistance beyond the first cycle.** Share-out is difficult to manage. Groups also occasionally need help with conflict resolution. Such needs for periodic technical assistance suggest a team of fee-for-service agents or trained community volunteers be made available.

²¹ See www.vsla.net

²² SG programs for vulnerable populations that integrate non-financial services have generally supported groups beyond their first cycle to accommodate the time required for groups to build the capacity to manage multiple activities on their own.

- **Groups with other services and programs may require ongoing external assistance** with accompanying costs. Services may not ‘travel’ with the model when introduced to others.
- **Group needs evolve over time**, potentially requiring renewed external assistance to connect with banks or other entities to manage excess liquidity or access larger loans.
- **Graduated groups may revise their own rules**. How such adaptations of the model affect outcomes over time is not well understood or documented.

Case: Savings Groups support other services to vulnerable households

In Rwanda, CHF’s supported Higa Ubeho project has six NGO partners targeting vulnerable households. Together, they have formed 2,280 SGs with nearly 41,000 members. Each NGO provides a combination of services: nutrition, psycho-social support, school scholarships, and SGs. The project reports that participation in SGs enables parents and caregivers to manage the cost of school fees. The program anticipates its SGs will be independent after 24 months. At that time, they can choose to continue operating as an SG, transform into a cooperative, or link with a microfinance institution.

IV. Monitoring & Evaluation

Monitoring and evaluation for SGs has a standard methodology and basic data collection tool, called the VSL MIS. Its use is highly recommended.

Key Indicators

The most valuable indicators of SG strength demonstrate how group members and leaders:

1. *Follow meeting procedures*: leaders carry out their roles effectively, procedures are followed in an orderly fashion, money is counted and balances verbally announced.
2. *Keep accurate records*: savings deposits, loans, and repayments.
3. *Participate*: members report fund balances, remain engaged throughout the meeting.

Example indicators include:

Group formation	Number of new groups trained, number of new members trained, % women
Savings	Cumulative value of savings, average value of savings per participant
Lending	Value of loans outstanding, number of active loans, average active loan size
Group dynamics	Meeting attendance rate, dropout rate, percentage of graduated groups operating after 1yr
Efficiency	Field Agent caseload (number of groups; number of individual members)

As SGs are self-governing and often evolve to manage themselves independently and without the support of facilitating organizations, it can be difficult to track outcome-level indicators over time. Where possible, it can be useful to try to collect data such as loan use, changes in household income / expenditures, SG participant satisfaction and other information that tells you about how SG members and their households have benefited from savings, borrowing, and group participation.

Tools & Resources for M&E of Savings Groups

While VSL MIS (described on page 43) is widely used, several agencies have developed complementary qualitative monitoring tools to measure changes in members’ welfare, attitudes,

and empowerment. A list of resources is provided in Appendix 1. A valuable resource to note is the Freedom from Hunger Social Indicator System, which has been developed over many years.²³

VSL Associates' Group Quality Assessment Tool (QAT) is another leading industry resource. It measures group health by governance, accuracy of group records, participative decision-making, transparency, and above all, members' understanding of the group's financial position. These can be observed during a regular group meeting (www.vsla.net; *Savings Groups at the Frontier*, Chapter 6 "Performance Monitoring", David Panetta).

V. Your Readiness: Organizational Capacity to Implement

The simple methodology and low-cost of promoting Savings Groups makes it an appropriate intervention for non-financial organizations to lead. However, sufficient funding to cover specialized staff, outreach, training, and monitoring is necessary for a successful program. Use the organizational assessment below to rate your organization's readiness to implement a Savings Group program.²⁴ Rate the readiness of partner organizations as well. Give yourselves and partners a score of 1 (lowest – we cannot do this / we don't have this) to 3 (highest – we already have / do this well) for each item. You can also use this list to aid discussions with potential partners about their capabilities. Be sure to rate your current status honestly and then update scores as progress is made.

<i>Rate your organization's 'readiness'</i>	Our Rating	Partner Rating
Mission: does the mission support long-term community development and a commitment to community led initiatives?		
Culture/Policies: do they allow for discussing money with clients and for applying financial charges in the form of loan interest or fees?		
Staffing: do you have experienced community mobilizers with the ability to manage field agents in each locale?		
Systems: is there a Management Information System, and personnel to enter and analyze data on savings and lending activity?		
Partnership: do our organization and each partner have the right set of experience, skills, and incentives for an effective working relationship?		

Any scores of '1' should be rectified and brought up to a 2 or 3 before initiating an SG program. Ideally, either you or your partner organization will have a 3 in every category.

VI. Cost & Resource Considerations

²³ This resource is unavailable online at the time of writing this guidance but should be available in the future.

²⁴ These criteria are to gauge your preparedness for implementing Savings Group programs. The quiz on overall organizational capacity on page 22 should be used to assess overall organizational strength.

SG programs are not expensive on a per member basis. The main recurring operational costs are staff and transport. Additional investment is needed to cover start-up costs, which generally include specialized technical assistance, asset and material purchases, and staff recruitment and training. Costs vary across organizations; typically projects aim to keep an average cost per member around USD 40. Practitioners are challenged to further increase efficiencies and lower their cost per member, however the cost structure does not change substantially with economies of scale.

The budget will be driven largely by the group outreach target. As the number of SGs formed grows, so will the recurring costs. Set targets realistically to reflect the quality and number of staff, the population density and travel distances, anticipated demand, and the number of groups at different stages - formation, training, monitoring, graduated - that a single agent can manage at any given time. Test your assumptions to determine achievable metrics within the budget and timeframe.

Specific budget items include:

- Baseline study
- Staff (manager, field supervisors, field agents/trainers, data entry staff and accountants)
- Transport costs for staff to regularly travel to groups: foot, bus, bicycle, motorcycle, etc.
- Training for staff, including community volunteers or fee-for-service agents
- Material toolkits for each group (calculator, passbooks, three fabric bags, two bowls, two pens, notepad, ruler, tokens). Groups should be expected to pay for their lock boxes!
- Specialized technical assistance to help plan implementation, growth and efficiency metrics, and staff training and supervision needs on the SG methodology and M&E.

Enterprise Development

I. What is Enterprise Development?

Enterprise development (ED) is a livelihood **promotion** strategy that generates and stabilizes income. In addition to, or instead of jobs, families often seek to generate their own income through farming, animal husbandry, trading, food processing, making crafts, and other activities. Enterprise Development is the support provided to help people get the most from such efforts.²⁵

ED indirectly supports income **protection** and strengthens resilience by helping people build assets, diversify income sources, and smooth cash flows. ED can also help *economically stable families* earn enough to also be able to provide for people unable to earn a living. Running a business or enterprise (including informal ones) requires assets – tangible and intangible. Thus, ED is appropriate for families “making ends meet” or entrepreneurs “ready to grow,” rather than families “living in destitution.”

ED can **directly** support targeted clients with training, equipment, input supplies, or loans. ED can also work **indirectly - through markets** – to improve the way businesses work together to bring services, inputs, and customers to target clients to increase their earnings. For example: organizing farmers to buy in bulk and get better prices from input suppliers; teaching an irrigation supplier to sell to small-scale farmers; helping wholesalers improve their buying, storage and transportation systems so that they purchase more from farmers.

Two ED strategies are helpful to understand and select among the many ED intervention options for intervening to strengthen the economic stability and longer-term income prospects of households:²⁶

1. “Household oriented” ED (income generating activities; livelihood expansion and development; sustainable livelihood promotion, etc.): These are household level programs that help vulnerable but stable clients earn money from activities they already know or can easily start, such as growing staple food crops and vegetables, raising common livestock, producing traditional crafts, or trading. The economic activities are generally characterized by easy entry, low risk, and low or moderate returns. ED programs may need to deliver a “package” of services to households, such as business skills and market literacy training, access to finance, and networking support to better access marketplaces. They may offer matching grants and subsidized training depending on their level of vulnerability of targeted households and the time it take for households to increase the profitability of their activities. The number of participants is often limited by the available budget and the size of the gap in the market for particular skills, goods, and services.

2. “Commercial oriented” ED (social enterprise, value chain development, making markets work for the poor, etc.): These services aim to help stable clients – with assets to invest – to significantly increase income by engaging in riskier, higher return activities by exploiting under tapped and new market opportunities. This may include investing in improved inputs for agriculture or growing new types of crops, raising improved breeds of livestock, food processing, designing new crafts, and often selling goods to larger, more distant and discerning markets that offer higher margins. Such enterprises may require learning new skills, accessing new technology, and making new market

²⁵ IRC et al, 2008; Hashemi and Montesque, 2011; Norrell and Brand, 2012; PEPFAR, 2012; Van Vuuren et al, 2008; The SEEP Network, 2010.

²⁶ *ibid.*

linkages. The aim is for clients and firms to be able to acquire skills “commercially” (i.e., from other businesses) to sustain their progress and the availability of ED services to others in the community.

Commercial oriented Enterprise Development can be further divided into two common approaches: social enterprise²⁷ and “systemic” enterprise development, such as value chain development (VCD). This guide focuses on Value Chain Development and highlights recent successful efforts to reach vulnerable populations.²⁸

Social Enterprise:

- **Social Enterprises** are ventures that serve to strengthen communities using business practices to generate revenue. Examples include group income generating activities, Fair Trade Organizations, producer-owned businesses, cooperatives, and NGO-managed enterprises. Also included in this category are private initiatives run by “social entrepreneurs” - people with an innovative vision and personal drive. They range in size from small, community-based operations to large, multi-national organizations. Social Enterprises can benefit communities by providing employment, marketing their products, and/or selling them needed products and services.

Value Chain Development (VCD):

- **A value chain (VC)** consists of all the services and activities involved in bringing a product from conception to its end market. VC actors include all of the businesses that buy from and sell to each other to get a product or service from raw material to the final customer. VCD helps farmers and entrepreneurs access stable, growing, and/or high value services and markets. In VCD, enterprises benefit from improved access to new technology, know-how, inputs, buyers, infrastructure, among other enabling elements. VCD aims to ensure the sustainability of its outcomes by facilitating changes in the way that a market system functions in order to benefit all actors, such as the small farmer who is a producer in the system and the wholesale buyers and exporters who drive demand for the small farmer’s produce.

ED in PRACTICE: AMPATH, Rift Valley and Western Kenya

AMPATH, a leading HIV treatment and prevention initiative operates a multi-level ED program by:

- ✓ Providing individual (customized) grants and counseling
- ✓ Managing a craft business and a cafeteria that train and employ patients
- ✓ Supplying farmers with free inputs and training to grow African leafy vegetables
- ✓ Training input suppliers and traders to help farmers grow and sell passion fruit

Working with partners, AMPATH links patients and non-patients in HIV impacted communities to the appropriate type of ED, while promoting improved health and reducing the stigma of HIV. In a 14-month pilot, AMPATH reached 4,200 clients. A season later, vegetable farmers earned \$50 more than a control group, and passion fruit farmers earned \$500 more.

Characteristics of ED Programs

Different ED strategies will be appropriate for different target households and market situations. For example, select households and firms may initially require subsidized supports. Other

²⁷ Somewhat related strategies include cooperative development and base of the pyramid marketing.

²⁸ A similar strategy is “Making Markets Work for the Poor,” a broader concept than value chain development and a term used by some European donor agencies.

households and firms will be ready to participate in commercial ED efforts. Sometimes a mix is the best fit to enhance the sustainability of interventions and to create opportunities for households and firms to move toward acquiring support with their own means. In unstable market settings where the risks are particularly high for commercial ED, the recommended focus would be on household ED. In all situations, there are good practice principles to be consistently applied.

Successful programs strive to follow these **key principles**:²⁹

- ☐ **High-Impact:** Ensure people earn *significant* income from stable, profitable, and growing enterprises by taking advantage of market opportunities and by assuming a manageable degree of risk.
- ☐ **Demand-Driven:** Decisions are made based on an understanding what the market needs.
- ☐ **Strengthens Enterprise Capacity:** Build on and build up clients' existing expertise and assets, including personal & business networks.
- ☐ **Tailored:** Respond to the specific and expressed needs of clients and market actors.
- ☐ **Sustainable at multiple levels:** Build responses that will sustain benefits at client, group, enterprise, and market levels. Stimulate a culture and a capacity to pay for assistance.
- ☐ **Systemic:** Tackle big and recurring obstacles. Identify issues that affect multiple clients and businesses, such as the access to or quality of input supplies, weak infrastructure, poor government regulations, etc.

ED IN PRACTICE: BRAC and Practical Action, Bangladesh

BRAC's **household enterprise development** strategy for people in extreme poverty carefully targets the food insecure. It offers 24 months of income support, savings groups, asset transfers and skills training. Over 2002-2010, of the 300,000 people reached, 75 percent are food secure and have sustainable economic activities.¹

BRAC, world renowned NGO, operates many large-scale **social enterprises** – including a dairy business. It purchases milk from microfinance clients with cows, and offers vet, artificial insemination, improved feed, training, and cold storage services. BRAC Dairy has 100 collection and chilling stations in 25 districts. Ten stations are in ultra-poor areas. The enterprise serves 40,000 farmers, of which 64 percent are women.

Value chain developers, such as Practical Action (PA), help additional farmers sell to BRAC Dairy. PA trains village vets and informal milk collectors to organize rural women into groups and offer them a similar “full package” of services, establishing local market systems that link to BRAC's national network. www.brac.net/content/brac-dairy; <http://vimeo.com/50925499>; www.youtube.com/watch?v=9cV0C5l3whE)

II. Understanding the Context for Enterprise Development Programs

What do we need to know at the household level?

A household livelihoods assessment (HLA, see page 13) can determine household needs and capabilities. Such an assessment not only helps determine whether or not households are ‘ready’ for ED activities, but also the kinds of activities in which they may be most successful. For ED activities, an HLA can specifically tell you about a household's:

²⁹ IRC et al, 2008; Hashemi and Montesque, 2011; Norrell and Brand, 2012; PEPFAR, 2012; Van Vuuren et al, 2008; The SEEP Network, 2010.

- ✓ **Stability:** Are their immediate, basic needs met (security, stable location, shelter, food and water, physical and mental health? education for children, clothing)? And, does the household have a basic livelihood, such as farming, animal husbandry, crafts, casual labor, etc?
- ✓ **Physical assets:** Do they have some tangible assets to use and invest (land, savings, animals, tools, and equipment, physical strength and cognitive ability)?
- ✓ **Intangible assets:** Do they have time, interest / motivation, mental and physical health, skills/experience, financial literacy, social networks, confidence, and power to make decisions?

For households that are not destitute, select an appropriate ED strategy:

Economic Status:	"Barely making ends meet"	"Ready to grow"
Degree of Stability:	Stabilizing; low risk tolerance	Stable; moderate risk tolerance
Physical Assets:	Low-moderate	Moderate-high
Intangible Assets:	Low-moderate	Moderate-high
ED Strategy:	Household ED	Commercial ED

What do we need to know about the operating environment?

If people are producing goods or running businesses, there is potential ED work to be done. As discussed on page 18, a market analysis is important for answering questions about the local and national environment that will identify the needs and the feasibility of engaging in ED activities. A market analysis can answer the following preliminary questions:

- ☐ **Physical environment:** Is the physical environment safe and secure?
- ☐ **Operating markets:** Are markets and marketplaces functional and operating predictably?
- ☐ **Economic stability:** Are substantial sectors of the economy stable or growing?
- ☐ **Stakeholders:** Are there government, civil society, or firms with ED expertise, networks, and other resources willing to complement you and your partners' capabilities and offerings?

If the response to most of these questions is **NO**, then it may be better to postpone ED activities. While specific tactics can be adopted to address or work around the above issues individually; the more pervasive and complex the set of problems, the more difficult it will be to have positive outcomes. To identify an appropriate ED strategy, given the operating environment, may be selected based on the following criteria:

Physical Security:	Stabilizing or stable	Stable
Market Distortion:	High-moderate, or low	Moderate-low
Economic Stability:	Stable or growing	Stable or growing
Partners:	Low number and quality	Moderate-high number and quality
ED Strategy:	Household ED	Commercial ED

Managing Risks

There are risks associated with ED programs. These risks are heightened when working with vulnerable populations. Notable risks and mitigation methods include the following:

Level	Major risks	Mitigating actions
Client	Personal or family crisis	Social and financial support
Enterprise	Competition; weak management and marketing; poor access to inputs and finance	Full “package” of market information, capacity building and other services
Market	Fluctuations in prices and consumer demands; inconsistent or seasonal availability of supplies	Market development – beyond enterprise; contingency planning; diversification of business activities
Program	Slow growth in client demand; inadequate expertise and resources; poor sequencing of interventions; inadequate buy-in from key stakeholders	Clear incentives for clients and market stakeholders, up-to-date understanding of market dynamics; non-traditional partnerships (e.g., private firms); qualified staff and organizational capacity building
Operating Environment	Physical, security or economic crisis; unanticipated changes in policy	Contingency planning to shift from a from commercial to household-oriented protection and safety-net mode ³⁰

III. What are the Main Features of ED Programs?

ED programs can be designed with features to match the market context and the needs and capabilities of the target population. Here we compare features of simple Household ED approaches with VCD, a complex commercial approach that strengthens the market system in ways that benefit target clients. When designing an ED program, consider the features and ensure that they align with one another and the objectives and opportunities.

Feature	Household ED	Commercial ED: VCD
Who it helps and how	Direct supports to the target beneficiaries including individuals, households or small enterprises to stabilize and grow income.	Often supports market actors who are not the direct target beneficiaries. Facilitate improved market systems that enable households to stabilize and grow revenue from their economic activities.
Types of enterprises	Familiar: easy entry, low-risk, low-moderate reward	New/improved: requiring new skills, technology, market links; harder entry; moderate-high risk/reward
Targeting approach	Selectively works with specific beneficiaries and common sets of livelihood activities (agriculture, trade, etc.)	Identifies selects value chains with growth potential and opportunities for participation of the target population; works with entities (suppliers, wholesalers, business networks, private service providers) along the value chain to improve the prospects for target household enterprises
For very vulnerable	Households are not able to manage the associated risks and	Some adaptations are required to make traditional value chain

³⁰ For vulnerable households, this might involve disaster preparedness/contingency planning, income diversification, developing community safety-nets, or strengthening government responses.

populations	opportunity costs, e.g. savings are depleted following a drop in prices	approaches more appropriate for highly vulnerable populations. See Integrating Very Poor Producers into Value Chains Field Guide. World Vision, 2012. http://goo.gl/0pl9X
Products/services offered	Full “package” of priority services (e.g., grants, training, finance, inputs, technology, market access) informed by households and the market	Narrow set of products and services to stimulate select market actors’ capacity, coordination, and quality of product and service (reliable, affordable, inclusive) offerings to fill gaps in the market and improve its efficiency
Delivery mechanisms	Direct delivery: services delivered to household enterprises directly by your organization, or contracted private or public partners.	Market facilitation: the program builds capacity of market actors along the value chain to improve coordination and offerings. Clients indirectly benefit from a better functioning/inclusive market and can access new and improved products and services
Revenue model	Subsidized - Matching grants: clients pay a portion, program pays a portion. This ensures that enterprises actually want the products and services, and are invested in utilizing them well.	Financially viable: clients and businesses pay fees or the cost of the service is bundled into transactions. (e.g., fees and interest on loans; buyers provide producers inputs and adjust the purchasing price of the final product)
Sustainability requirements <i>Before the ED project ends, these things should be happening...</i>	Client/household enterprise <ul style="list-style-type: none"> Enterprise is profitable; has adequate access to inputs, services, finance and markets. Enterprise observes social/legal rules; provides safe workplace; is environmentally sustainable. 	Sustainable and resilient market <ul style="list-style-type: none"> Businesses (input suppliers, trainers, buyers, finance providers) and other institutions (associations, technical schools, etc.) offer quality products/services, create sufficient demand, and cover their costs Business and institutions are able to adjust product / service offerings to adapt to market shifts and shocks
Potential for scale	Establishing proven, replicable models for supporting household enterprises that can be replicated by other community, NGO, public, or private entities.	Scale relates to the size of the particular market and value chain, and its growth potential.
Impact timeframe	Short-to-medium term outcomes	Medium-to-long term outcomes

IV. Monitoring & Evaluation

Approaches to M&E for Enterprise Development will vary depending on the strategies undertaken and the set of interventions delivered or facilitated by the program. The Donor Committee for Enterprise Development (DCED) guidelines stresses the importance of establishing a causal model or results framework to track program objectives and performance on multiple levels. In addition, it is important for managers to monitor outputs & outcomes periodically to adjust the program as a) assumptions about household enterprises and markets – often based on weak data – are validated or negated b) staff and partners understand how the target population is responding and benefiting, and c) changes in the market.

A basic framework for developing an appropriate M&E system is laid out in the table below.³¹

Level/Objective	Indicator	Difficulty in Measurement
Input	<ul style="list-style-type: none"> Program costs, stakeholder investments 	Low
Operations (process)	<ul style="list-style-type: none"> Efficiency (e.g. staff per beneficiary, unit cost per client), quality (adoption rates, repeat clients) 	Low
Output/Outreach	<ul style="list-style-type: none"> Number, quality of ED services/"packages" Number of enterprises/employees reached and segmented by gender, age, etc 	Low
Outcomes	Household enterprise/employee <ul style="list-style-type: none"> revenues, assets, profits, productivity relative poverty status 	Medium
	Social enterprise, employers, private ED providers <ul style="list-style-type: none"> Financial and social performance "Decent Work" standards (i.e. ILO) 	Medium
	Market <ul style="list-style-type: none"> size, transaction volume/value, competitiveness, structural and policy changes 	Medium
Impacts	Household/enterprise <ul style="list-style-type: none"> change in income, assets, poverty level, empowerment, equity in individual household member access to income/assets (e.g., women, children) as a result of intervention 	High
	Community <ul style="list-style-type: none"> Economic growth, cohesion, equity as a results of intervention 	High

³¹ DCED, 2012; SROI Network, 2012a and 2012 b.

TechnoServe Kenya and Nyala Dairy: A “Business Hub” Model Replicated in the Region¹

Diary cooperatives like Nyala operate milk bulking and cooling plants, and sell milk to larger dairy companies. The coop provides or links farmers to multiple services: finance, animal health, and feed supplies. The hubs also link farmers to “life transformation services” including health insurance, water harvesting technology and solar electricity. The coop provides members with a line of credit to pay for the services. Nyala operates in a semi-arid area, affected by economic crisis and political turmoil. Membership is affordable: farmers pay a membership fee of \$1 and must purchase shares of \$20, which is deducted from their milk sales. See Appendix 5 for a summary of key program results.

Tools & Resources for M&E in Enterprise Development

Several appropriate tools and standards exist for ED. Leading industry documents include:

Donor Committee on Enterprise Development (DCED) Results Assessment Standards: These standards include “common indicators” (scale, net revenues to enterprises, net employment creation) as well as guidance for results assessment applicable to customized M&E systems.³²

Guide to Social Return on Investment. With a focus on social enterprises, this guide helps practitioners quantify social benefits, and compare them to financial investments.³³ The financial performance of a social enterprise is assessed using standard commercial business performance measures.³⁴

Putting the “Social” into Performance Management. Designed for microfinance, this guide can help ED partners to incorporate social objectives into their organizations and other enterprises.

V. Your Readiness: Organizational Capacity to Implement

The organizational commitment and skills required for effective ED are often outside the core capabilities and mission of many CBOs and poverty-focused programs; at the same time, many mainstream ED programs do not have capacity or mandate to work with vulnerable populations.

The best ED implementers are agencies or partnerships that mobilize both sets of expertise.³⁵

Use this organizational assessment ***prior to conducting household and market assessments*** to rate your organization’s readiness for selecting and implementing ED strategies and activities.³⁶ Rate the readiness of partner organizations as well. Give yourselves and partners a score of 1 (lowest – we cannot do this) to 3 (highest – we already do this well) for each item. You can also use this list to aid discussions with potential partners about their capabilities. Be sure to rate your current status honestly and then update scores as progress is made.

³² DCED, 2012.

³³ SROI Network, 2012a and 2012b.

³⁴ Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS)

³⁵ IRC et al, 2008; Hashemi and Montesqueiou, 2011; Norrell and Brand, 2012; PEPFAR, 2012; Van Vuuren et al, 2008; The SEEP Network, 2010.

³⁶ These criteria are for preparing for ED programs. The quiz on overall organizational capacity on page 22 should be used to assess overall organizational strength.

<i>Rate your organization's 'readiness'</i>	Our Rating	Partner Rating
Culture/Policies: allow for commercial strategies such as charging fees, working with various commercial entities		
Credibility: experienced and skilled staff in enterprise development, with strong private sector networks and access to market actors		
Scope for capacity building and long-term engagement: sufficiently resources department and staff to design and manage an ED portfolio		
Partnership capacity: our organization and each partner/stakeholder has the right set of experience, skills, and incentives for an effective working relationship		

Any scores of '1' should be rectified and brought up to a 2 or 3 before starting an ED program. Ideally, either you or your partner organization will have a 3 in every category with as few ones across all measures as possible.

VI. Cost & Resource Considerations

There are no standards for cost and resource considerations in ED. There are three budgeting **structures** to be aware of, depending on the ED strategy:

- ✓ **Household ED:** The actual costs of delivering grants and services to households, partners, and other service providers, minus any cost-share agreements, and based on a project plan.
- ✓ **Social Enterprise:** The budget will be informed by financial projections (e.g., cash flow) based on a business plan.
- ✓ **Value Chain:** Budgets will be determined by the costs of facilitating rather than delivering commercially viable services.

In all three cases, the cost of household and market assessments (if not already available) to appropriately design specific interventions, specialized technical expertise, partner and stakeholder education and coordination, and monitoring and evaluation will be important budget items.

Appendix 1: Resources

Household Livelihood Assessments

Calculation and Use of the Food Consumption Score in Food Security Analysis

WFP. *Food consumption analysis: Calculation and use of the Food Consumption Score in Food Consumption and Food Security Analysis*. World Food Program, 2008.

Guidance presenting the standard use of the Food Consumption Score as part of VAM or VAM-supported food consumption and food security analysis, as well as background and explanation of the methodology.

<http://tinyurl.com/bl8zsru>

The Coping Strategies Index

Maxwell, Dan, Ben Watkins, Robin Wheeler and Greg Collins. *The coping strategies index: Field methods manual*. Nairobi: CARE and World Food Programme, 2003.

The Coping Strategies Index (CSI) is an indicator of household food security that uses a series of questions about how households manage to cope with a shortfall in food for consumption results in a simple numeric score. In its simplest form, monitoring changes in the CSI score indicates whether household food security status is declining or improving.

<http://tinyurl.com/d3tzotr>

Dietary Diversity as a Food Security Indicator

Hoddinott, John and Yisehac Yohannes. *Dietary diversity as a food security indicator*. Food Consumption and Nutrition Division Discussion Paper, 2002.

This paper examines whether an alternative indicator, dietary diversity, defined as the number of unique foods consumed over a given period of time, provides information on household food security.

<http://tinyurl.com/cfubz5k>

Guidelines for Measuring Household and Individual Dietary Diversity

Kennedy Gina, Terri Ballard and MarieClaude Dop. *Guidelines for measuring household and individual dietary diversity*. Food and Agriculture Organization of the United Nations, 2011.

This is a revised version of the guidelines for measuring dietary diversity. The main changes in this version are i) the proposal for a new individual dietary diversity score based on results of the Women's Dietary Diversity Project (Arimond *et al.*, 2010) and ii) an annex on classifying food items into food groups.

<http://tinyurl.com/cw3qrsf>

Household Dietary Diversity Score (HDDS)

Swindale, Anne and Paula Bilinsky. *Household dietary diversity score (HDDS) for measurement of household food access: Indicator guide*. Food and Nutrition Technical Assistance Project, Washington, 2006.

This guide describes proxy measures of household food access and provides background on the indicators as well as guidance on data collection (including questionnaire format) and analysis.

<http://tinyurl.com/dy7b78w>

Kenya Integrated Household Budget Surveys (2005/6) Basic Report.

The Kenya Government. *Kenya integrated household budget surveys (2005/6) basic report*. Ministry For Planning and National Development, 2005/06.

The Kenya Integrated Household Budget Survey (KIHBS 2005/06) Project's aim was to collect a wide spectrum of socio-economic indicators required to measure, monitor and analyze the progress made in improving living standards. Specifically, the KIHBS was designed to update and strengthen three vital aspects of the national statistical database, notably: the Consumer Price Index (CPI), poverty and inequality; and the System of National Accounts (SNA).

<http://tinyurl.com/bt8rrqf>

Living Standards Measurement Study Surveys and their Data Sets

The Living Standards Measurement Study (LSMS) and the Living Standards Measurement Study-Integrated Surveys on Agriculture (LSMS-ISA) were established by the Development Research Group (DECRG) to explore ways of improving the type and quality of household data collected by statistical offices in developing countries. The goal is to foster increased use of household data as a basis for policy decision-making.

<http://tinyurl.com/clqqp5s>

Participatory Rural Appraisal Manual: Socio-Economic Planning Process

Quang Ngai Rural Development Program — RUDEP. *Participatory rural appraisal manual: Socio-economic planning process*. Quang Ngai Province, 2007.

This Participatory Rural Appraisal Manual was prepared for conducting Participatory Rural Appraisal (PRA) Field Exercises conducted under SEPP. Guidance is given on PRA Field Exercises, PRA tools, facilitation skills and the analysis of PRA results.

<http://tinyurl.com/d8kyvoe>

Poverty Assessment Tools (PATs)

USAID

Country-specific poverty measurement surveys, data entry templates and user guides plus general implementation assistance, and a free online course. PATs calculate per capita household income to determine the percent of a given population living below a given poverty line.

<http://www.povertytools.org>

The Practitioners' Guide to the Household Economy Approach

FEG Consulting and Save the Children. *The practitioners' guide to the household economy approach*. Regional Hunger and Vulnerability Program, 2008.

The Household Economy Approach (HEA) is a framework for analyzing how people obtain food, non-food goods and services, and how they might respond to changes in their external environment, like a drought or a rise in food prices.

<http://tinyurl.com/bvsx9ma>

Progress Out of Poverty Index (PPI)

Grameen Foundation

Country specific poverty measurement scorecards plus implementation guidance and analysis look-up tables. PPI tells you the likelihood that a household lives below a given poverty line based on a 10 indicator scorecard.

<http://progressoutofpoverty.org>

Sustainable Livelihoods Guidance Sheets

DFID. *Sustainable livelihoods guidance sheets*. Department of International Development (DFID), 1999.

The livelihoods framework is a tool to improve our understanding of livelihoods, particularly the livelihoods of the poor. It was developed over a period of several months by the Sustainable Rural

Livelihoods Advisory Committee, building on earlier work by the Institute of Development Studies (amongst others).

<http://tinyurl.com/cxq4khw>

Market Assessment & Analysis

Emergency Market Mapping and Analysis Tool

Albu, Mike. *Emergency market mapping and analysis toolkit (EMMA)*, 2010.

The EMMA toolkit is a guidance manual for humanitarian staff in sudden-onset emergencies. It aims to improve emergency responses by encouraging and assisting relief agencies to better understand, support and make use of local market-systems in disaster zones.

<http://tinyurl.com/cd89yy3>

Identifying Market Opportunities for Rural Smallholder Producers

Ostertag, Carlos, Mark Lundy, María Verónica Gottret, Rupert Best, and Shaun Ferris. *Identifying market opportunities for rural smallholder producers*. Catholic Relief Services (CRS), 2008.

This guide combines market research, product concept evaluation and business analysis techniques, within a practical, innovative approach for identifying market opportunities for rural agroenterprise development projects within a defined area or territory.

<http://tinyurl.com/d5axwmt>

Mapping the Market: A framework for rural enterprise development policy and practice

Albu, Mike and Alison Griffith. *Mapping the Market: A framework for rural enterprise development policy and practice*. Practical Action, 2005.

This paper lays out a framework and visual tool for "mapping" a rural market in which small enterprises and/or poor people are involved.

<http://tinyurl.com/c4zd2n7>

Market Assessment Toolkit for Vocational Training Providers and Youth, Linking Vocational Training Programs to Market Opportunities

School of International and Public Affairs Columbia University (SIPA) and Women's Refugee Commission (WRC). *Market assessment toolkit for vocational training providers and youth, linking vocational training programs to market opportunities*. 2008.

The *Market Assessment Toolkit for Vocational Training Providers* provides an understanding of dynamic market conditions and the sources of potential employment growth within the community and surrounding areas.

<http://tinyurl.com/c6fblom>

Participatory Market Chain Analysis for Smallholder Producers

Mark Lundy, María Verónica Gottret, Carlos Ostertag, Rupert Best, and Shaun Ferris. *Participatory market chain analysis for smallholder producers*. Catholic Relief Services (CRS), 2008.

Case studies focusing on a particular stage in the agro enterprise development process, following a new "agroenterprise development cycle" that outlines how to go about helping farmers improve their market performance.

<http://tinyurl.com/cgsxzpc>

Monitoring and Evaluation

Training in Qualitative Research Methods: Building Capacity of PVO, NGO, and MoH Partners

The Core Group. *Training in qualitative research methods: Building capacity of PVO, NGO, and MoH partners*. 2005.

This training is designed to help PVOs improve the quality of their qualitative research in order to make more informed programming decisions for their child survival projects.

<http://tinyurl.com/cfhhtlx>

Designing Household Survey Questionnaires

Grosh, Margaret and Paul Glewwe. *Designing household survey questionnaires for developing countries: Lessons from 15 years of the living standards measurement study*. Vol 1. World Bank, Washington, DC, 2000.

The handbook covers key topics in the design of household surveys, with many suggestions for customizing surveys to local circumstances and improving data quality. Detailed draft questionnaires are provided in written and electronic format to help users customize their surveys.

<http://tinyurl.com/cgij2oj>

Impact Evaluation in Practice

Gertler, Paul J., Sebastian Martinez, Patrick Premand, Laura B. Rawlings, and Christel M. J. Vermeersch. *Impact evaluation in practice*. World Bank Publications, 2011.

This is a user-friendly guide to rigorous quantitative impact evaluations which require a high degree of technical skill.

<http://tinyurl.com/comexto>

Designing a Results Framework for Achieving Results: A How-To Guide

Independent Evaluation Group (IEG). *Designing a results framework for achieving results: A how-to guide*. The World Bank, 2012.

Published by the World Bank, this booklet provides how-to guidance for designing results frameworks in the field of development. It discusses definitions, uses, requirements, formats, and challenges, and provides examples of frameworks at international, national and organizational levels.

<http://tinyurl.com/d9jyhe6>

Conducting Mini Surveys in Developing Countries

Kumar, Krishna. *Conducting mini surveys in developing countries*. US Agency for International Development, 1990.

The report is intended to serve as a guide for those planning and undertaking evaluations as well as other analytical efforts related to development activities. The mini survey can be valuable in circumstances where large-scale surveys or experimental research design approaches are not feasible, but where systematic empirical information would contribute to the rigor and credibility of rapid appraisal evaluation approaches.

<http://tinyurl.com/ceubqtl>

Qualitative Research Methods: A Data Collector's Field Guide

Mack, Natasha, Cynthia Woodson, Kathleen M. Macqueen, Greg Guest, and Emily Namey. *Qualitative research methods: A data collector's field guide*. Family Health International, 2005.

This how-to guide covers the mechanics of data collection for applied qualitative research. It is appropriate for novice and experienced researchers alike. It can be used as both a training tool and a daily reference manual for field team members.

<http://tinyurl.com/d66el8b>

The UNDP Handbook on Planning, Monitoring, and Evaluation for Results

Menon, Saraswathi, Judith Karl and Kanni Wignaraja. *Handbook on planning, monitoring and evaluating for development results*. UNDP Evaluation Office, New York, NY, 2009.

A good general reference available in English, French, Spanish, Russian, and Arabic.

<http://tinyurl.com/ce38334>

The Results Readiness Guide

This tool offers guidance in areas of objective identification, key performance indicators, and M&E frameworks with many useful links to technical notes and resources. There is also a 2010 review of World Bank programming in this area with respect to M&E provided in power point.

<http://tinyurl.com/c9lj5dw>

Economic Strengthening for HIV/AIDS Affected Communities: Evidence of Impact and Good Practice Guidelines

Stene, Angela, Taara Chandani, Aneesa Arur, Rebecca Patsika and Andrew Carmona. *Economic strengthening programs for HIV/AIDS affected communities: Evidence of impact and good practice guidelines*. Bethesda, MD: Private Sector Partnerships-One project, Abt Associates Inc., 2009.

The report outlines the need for economic strengthening and includes a summary of the evidence of impact that economic strengthening programs have on the welfare of targeted individuals or households and their ability to mitigate risk among vulnerable groups. The criteria used to assess success can inform a strong monitoring and evaluation system.

<http://tinyurl.com/5w22zeu>

Overview of Cost-Benefit Analysis and its Applications in Public Policy Decisions.

Trebilcock, Michael, Adonis Yatchew and Andy Baziliauskas. *Overview of cost-benefit analysis and its applications in public policy decisions*. CRA International, 2007.

<http://tinyurl.com/cxzl35>

Qualitative Interview Design: A Practical Guide for Novice Investigators

Turner, DW. *Qualitative interview design: A practical guide for novice investigators*. The Qualitative Report, 2010;15(3):754-760.

This paper explores the effective ways to conduct in-depth, qualitative interviews for novice investigators by employing a step-by-step process for implementation.

<http://tinyurl.com/brglrv8>

Transfers

Household and Market Level Assessments

Investing in Nigeria's Agricultural Value Chains

Adesina, Akinwumi. *Investing in Nigeria's agricultural value chains*. Federal Ministry of Agriculture and Rural Development, 2012.

This GoN report highlights the growing importance of Nigeria's agricultural sector, potential for small holder farmers and local communities for income and outlines government policy reform to revitalized agriculture-based value chains. It provides information useful for coordinating program objectives and design for transfers that support agricultural production for vulnerable households.

<http://tinyurl.com/d3h3ggb>

Cash-Based Transfer Toolkit

International Red Cross and Red Crescent Movement. *Guidelines for cash transfer programming*. Geneva, Switzerland, 2007.

Comprehensive guidance on cash-based transfer programming developed by the Red Cross and Red Crescent Movement. It presents step-by-step instructions on the full-project cycle of transfers covering major topics: developing rationale/goal-setting, conducting assessments, assessing risks of various transfers, when to use them and how, and monitoring and evaluation.

<http://tinyurl.com/d5mkmo5>

Asset-Based and Livelihood Transfer Toolkits

Van Vuuren, Laura, Mary McVay, and Lisa Parrot. *The SEEP Network guidelines for microenterprise development in HIV and AIDS-impacted communities: Supporting economic security and health*. Washington, DC: The SEEP Network, 2008.

This is used by enterprise development practitioners to design economic strengthening programs, including transfers for HIV-impacted communities, with integrated programming. It focuses on integrated program design of health and microenterprise/market development strategies. Guidance provides useful information for objectives, design and program implementation strategies.

<http://tinyurl.com/crc552g>

Monitoring and Evaluation

ACF International. *Food security and livelihood monitoring and evaluation guidelines: A practical guide for field workers*. 2011.

A comprehensive guide providing rigorous approach to 'M&E' design and implementation focusing on monitoring designs including Cash-Based, Food Security, Livelihoods(income-generating), Cash-based transfer interventions (income-generating) and Agricultural Rehabilitation.

<http://tinyurl.com/d9kfrbg>

Practical Transfer Standards and Guidance

Minimum Economic Recovery Standards (Productive Asset Standards)

The SEEP Network. *Minimum standards for economic recovery after crisis*. 2009.

This guide provides standards for minimum levels of technical and other assistance for establishing economic recovery including livelihoods after a crisis. Standards, indicators, and key actions are presented with advice to overcome gaps in programming knowledge. These standards have been adopted as a companion guide to the UN SPHERE guidelines for humanitarian programming.

<http://tinyurl.com/blj5c29>

Economic Strengthening Technical Frameworks

PEPFAR. *Guidance for orphans and vulnerable children programming*. 2012.

USAID technical framework for developing country operation plans and program designs for strengthening goals and objectives. It provides good background, language, innovations and technical information for integration into transfer program designs.

<http://www.pepfar.gov/documents/organization/195702.pdf>

Savings Groups

Allen, Hugh and David Panetta. *Savings groups: What are they?* Washington DC: SEEP Network, 2010.

<http://tinyurl.com/bvvb2yo>

Carsey Institute

Provides training opportunities in Africa

<http://tinyurl.com/c7ydpz3>

Ferguson, Michael. *An analysis of agent earnings in fee-for-service savings groups*. SILC Innovations Research Brief 4. Catholic Relief Services (CRS), 2012.

<http://tinyurl.com/cvgf9df>

Ferguson, Michael. *An evaluation of household impact among fee-for-service savings groups*. SILC Innovations Research Brief 5. Catholic Relief Services (CRS), 2012.

<http://tinyurl.com/c7mafwd>

Ferguson, Michael. *Group performance in fee-for-service savings groups*. SILC Innovations Research Brief 3. Catholic Relief Services (CRS), 2012.

<http://tinyurl.com/bv9rt3y>

Freedom From Hunger (FFH)

Documents can be found on SEEP Network's documentation center, Savings Led Working Group.

<http://tinyurl.com/czmjk4g>

Hendricks, Lauren and Sybil Chidiac. *Village savings and loans: A pathway to financial inclusion for Africa's poorest households*. Commissioned Workshop Paper. Enterprise Development and Microfinance, 2011.

<http://tinyurl.com/7nchs7k>

Nelson, editor. *Savings groups at the frontier*. Practical Action Publishing and the SEEP Network, 2012.

<http://tinyurl.com/d6o343q>

Savings Group Information Exchange (SAVIX)

SAVIX provides on-line reporting with transparent, standardized data from 22+ countries.

<http://tinyurl.com/c8eoqrx>

Savings-Revolution

The website has a resource library and links to further resources. There's also a blog on savings groups by Paul Rippey with podcasts and SG manuals.

<http://tinyurl.com/3eg4vr6>

SEEP Network's SLWG

Peer group of Savings Groups practitioners, with resources.

<http://tinyurl.com/dybe8yv>

Vanmeenan, Guy and Marc Bavois. *Savings and internal lending communities (SILC) field agent guide*. Catholic Relief Services (CRS), 2011.

<http://tinyurl.com/cbu49b2>

VSL Associates

The site provides training and TA to set up savings programs. Resources are available at no cost in multiple languages.

<http://tinyurl.com/br4mfwx>

Enterprise Development

ED FOR VULNERABLE POPULATIONS

Fowler, Ben and Margie Brand. *Pathways out of poverty: Applying key principles of the value chain approach to the very poor*. Washington DC: USAID, 2011.

<http://tinyurl.com/d4c5c7q>

Hashemi, Syed, and Aude de Montesque. *Reaching the poorest: Lessons from the graduation model*. CGAP, 2011.

<http://tinyurl.com/br75ufg>

Norell, Dan, and Margie Brand. *Integrating very poor producers into value chains field guide*. World Vision, 2012.

<http://tinyurl.com/d6ls7t7>

PEPFAR. *Guidance for orphans and vulnerable children programming*. Washington DC: PEPFAR, 2012.

<http://tinyurl.com/d3zcekv>

The SEEP Network. *Minimum economic recovery standards, second edition*. Washington DC: The SEEP Network, 2010.

<http://tinyurl.com/ckv2br8>

Van Vuuren, Laura, Mary McVay, and Lisa Parrot. *The SEEP Network guidelines for microenterprise development in HIV and AIDS-impacted communities: supporting economic security and health*. Washington, DC: The SEEP Network, 2008.

<http://tinyurl.com/crc552g>

SOCIAL ENTERPRISE

Alter, Sutia Kim. *Managing the double bottom line: A business planning reference guide for social enterprises*. Save the Children, 2000 (updated, 2012).

<http://tinyurl.com/c4caa2t>

Anita Campion & Chris Linder with Katherine E. Knotts. *Putting the "Social" into Performance Management*. Institute of Development Studies, 2008. http://www.impact.org/sites/default/files/spm_practice_guide_english.pdf

MONITORING AND EVALUATION

DCED. *Standard for measuring results in the private sector*. Donor Committee for Enterprise Development, 2012.

<http://tinyurl.com/p7my54>

SROI. *Myths and challenges*. The SROI Network, 2012a.

<http://tinyurl.com/8lar2x9>

SROI. *A guide to social return on investment*. The SROI Network, 2012b.

<http://tinyurl.com/br68pke>

SOCIAL AND ENVIRONMENTAL ISSUES

Christianson, Giulia, Kate Hyder and Aram Kang. *Voices of the entrepreneurs*. New Ventures program of World Resources International. Washington, DC, 2012.

<http://tinyurl.com/cz6u364>

Making Cents. *The state of the field in youth enterprise opportunities*. Making Cents International. Washington, DC, 2012.

<http://tinyurl.com/d96fs8x>

Mayoux, Linda and Grania Mackie. *Making the strongest links: A practical guide to mainstreaming gender in value chain development*. International Labor Organization, 2007.

<http://tinyurl.com/c9qdndf>

Morgan, Mary and Mary McVay. *Social networks and value chain development*. The SEEP Network, 2012.

<http://tinyurl.com/bpc8a58>

Appendix 2: Household Mapping Activity

This is a group activity that will help you and your colleagues start thinking about economic strength of the vulnerable children and households you work with and what HES activities might be best for them.

Preparation

1. Write out a list of your beneficiary groups to whom you are interested in offering HES activities. You may need to enlist the help of a few colleagues to do this. Groups can be distinguished in several ways – geographically, by VC ‘type’ (child-headed household, HIV afflicted households, street children, etc.), by participation in your existing programs, etc. When choosing groups, consider a) groups that might need the same type of ES activity or b) groups that you might form operationally (for ease of offering a service). You may wish to reconsider these groupings later and you may only have 1 or 2 groups.³⁷
2. Describe each group on a slip of paper or sticky note. Include brief statements on household composition, how income is earned and/or food is obtained, what they have enough of and what they don’t (healthy cattle, no accessible schools), big challenges faced by the households and its children (HIV, child marriage, migrant work...), events that have hurt them in the past (closing of a factory and loss of jobs...) or could potentially harm them in the future (flood, drought...). If you are having a hard time describing the groups you chose in step 1, you may want to reorganize them into groups that are easier to categorize broadly.³⁸
3. Prepare a copy of Table A on the coming page. You may want to print or draw a larger copy. Also have a copy of Table B available. Printing copies of the definitions on the next page is optional.

The Activity

1. When your team is assembled, first review and briefly discuss the definitions on the next page.
2. Using Table A, the team should review the group descriptions and place them on the chart according to their vulnerability (left hand side) and livelihood / food security (right-hand side). For example, using a large printout of the Table, you would place the sticky notes in the appropriate spots, adjusting as necessary. This should take some time.
3. After you have mapped each of the groups onto the chart, take a little time to look at the groups relative to each other. Is it clear which groups are more or less vulnerable than others? Or are there conflicting opinions? If so, you might consider re-classifying your groups.
4. When you have agreed on each group’s placement, look at the final column on Table B (potential livelihood interventions). Have a discussion about which activities may be most appropriate for each group (or group of groups). This is by no means a way of deciding absolutely which HES activities you’ll do. It’s just a way to help you and your colleagues start thinking about how HES activities are related to the needs and capabilities of households.

³⁷ If you have a hard time describing the groups, you may instead write out descriptions of specific vulnerable children and their households that you are working with.

³⁸ For example, maybe you originally have one group called ‘One or more parents with HIV’. When trying to place them on the chart, you realize that some households are more vulnerable than others in different villages so you split the original group into 2 different groups: HIV parents Village A and HIV parents Village B.

Definitions – Household mapping activity

Provision

An economic strengthening phase where the focus is on helping households recover lost assets and stabilize household consumption.

Protection

An economic strengthening phase where the focus is on smoothing household consumption and managing the household cash flow.

Promotion

An economic strengthening phase where the focus is on expanding household income and consumption.

Vulnerability

“A state of being or likely to be in a risky situation, where a person may suffer significant physical, emotional or mental harm that could result in their human rights not being fulfilled. There are many factors that make a child vulnerable.”³⁹

Livelihood security

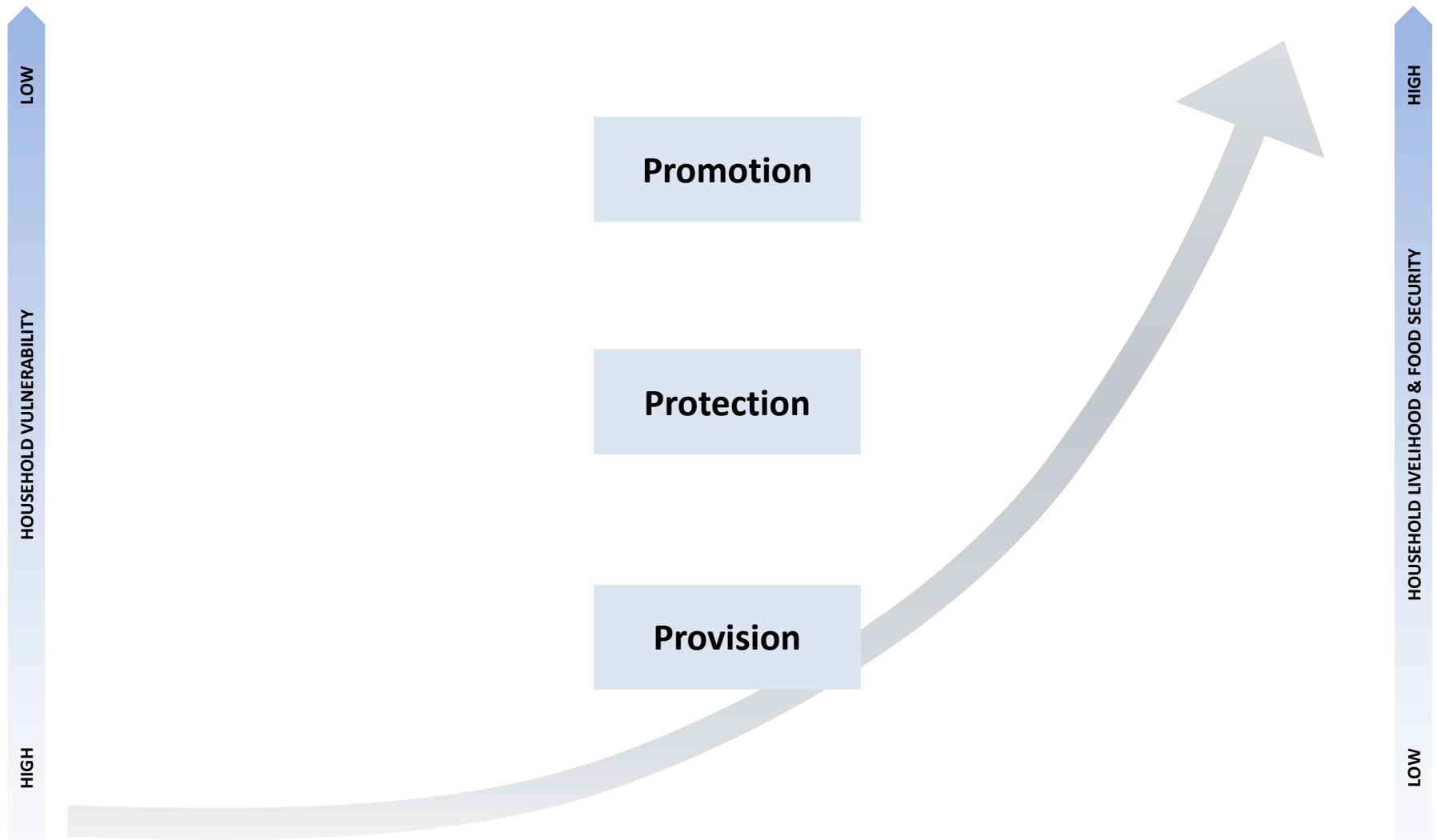
The capabilities, assets, and strategies that households use to make a living (i.e. assure access to adequate food, goods and services – especially health and education – to ensure their survival, and better withstand shock). Employment or other income-generating activities, sustenance farming, bartering, livestock rearing, borrowing from lenders or family, etc are all examples of livelihood activities. Livelihood security is the extent to which a person or household's livelihoods are stable, safe and free from threat of being lost or interrupted.

Food security

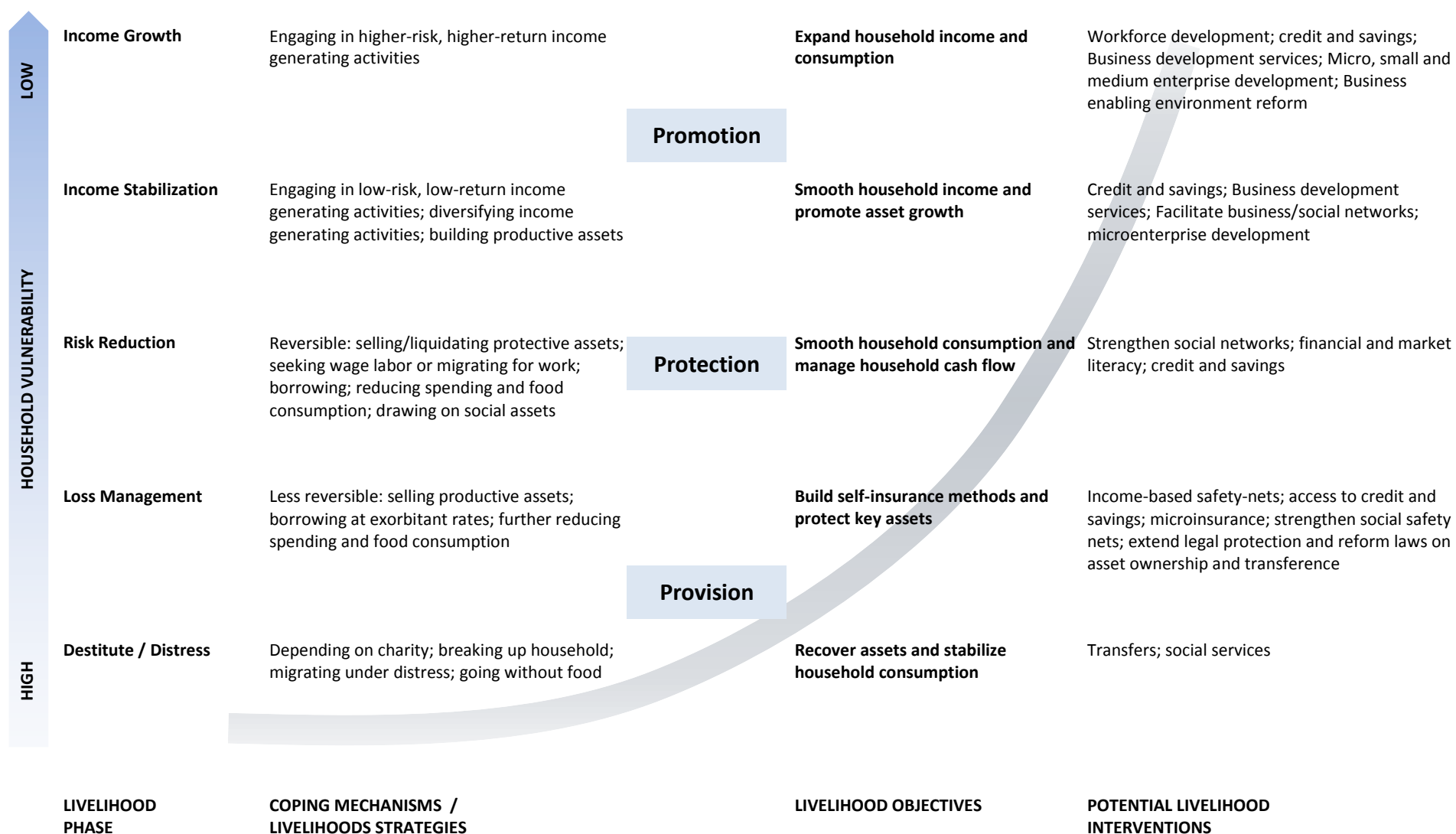
The extent to which an individual or household has enough nutritious food to eat regularly. A house with regular access to significant access to a single food item only may still be considered highly food insecure.

³⁹ *National Guidelines and Standards of Practice on Orphans and Vulnerable Children*. Child Development Department, Federal Ministry of Women Affairs and Social Development, January 2007

Household Mapping Activity - Table A



Household Mapping Activity - Table B



Appendix 3: HLA Tools and Descriptions

Category: “Snapshot” Assessments

“Snapshot” assessments collect qualitative and/or quantitative ‘proxy’ indicators on food consumption indicators that are correlated to kilocalorie consumption and household economic security. These assessments are commonly conducted during the hunger season (also known as the lean season) to provide a picture of household food consumption patterns for the most recent 24 hour, seven day or 30 day period. Data collection is simple and quick, providing timely and accurate information for the period under consideration. The season when data is collected is critical for the interpretation of findings. In rural agricultural areas, for example, livelihood access and food consumption patterns vary significantly between the hunger season and the harvest and post-harvest seasons. This understanding must inform the use of “snapshot assessment” findings for response planning. The common “snapshot” assessments measure indicators on consumption (caloric intake and/or dietary diversity), coping, and/or expenditure/debt information.

Dietary Diversity Score

For the Household Dietary Diversity Score (HDDS), household-level data is collected for the consumption of 12 different food groups over a 24-hour recall period. Note that because all groups are given equal weight in the aggregate scoring, the HDDS is less illustrative of dietary quality than is the Food Consumption Score.

Source: <http://tinyurl.com/dy7b78w>

Food Consumption Score

The Food Consumption Score (FCS) is a composite score that classifies households using three thresholds - ‘poor’, ‘borderline’, and ‘acceptable’ - based on dietary diversity, food frequency, and the relative nutritional importance of nine standardized food groups. Unlike the HDDS, the FCS emphasizes nutritional value of each. For example, while under the HDDS classification, a household diet consisting of vegetables and animal protein would be measured equally to one based on sugar and starches (two groups each), the FCS would indicate the greater nutritional value of the former.

Source: <http://tinyurl.com/bl8zsru>

Household Hunger Scale

The Household Hunger Scale (HHS) is a newer indicator adapted from the longer Household Food Insecurity Access Scale (HFIAS) to ensure cross-cultural validity. HHS assesses the occurrence of various food consumption and access events that include consumption of less preferred food, reduced food portions and meals, or not eating at all, to draw conclusions on varying levels of food insecurity over a 30 day recall period.

Source: <http://tinyurl.com/cylx2hq>

Coping Strategies Index

The Coping Strategy Index (CSI) is an indicator which is primarily used in emergency settings to support the targeting and monitoring of short term impacts of food aid.⁴⁰ The tool collects information on behavioral indicators of food consumption to measure food in/security. The basic

⁴⁰ CSI Manual

question underlying the CSI is “What do you do when you don’t have enough food, and don’t have enough money to buy food?”⁴¹

The CSI combines information on how frequently a coping strategy is utilized and on the severity of the response. Frequency is based on the number of days in the past week that a coping strategy was used and severity is based on localized understandings of their interpretation for household status. Severity ranges from less harmful strategies like eating less preferred food to more extreme actions such as going a whole day without eating. Higher scores denote higher food insecurity. The relative severity of different strategies is context-dependent and must thus be determined by or in consultation with local beneficiary populations. For example, while in some cultures it is socially acceptable to send children to eat with extended family members, in other places this strategy is indicative of extreme duress/hardship.

Source: <http://tinyurl.com/cv58pka>

Advantages and Limitations of ‘Food Consumption’ Approaches	
Advantages	Limitations
<ul style="list-style-type: none"> • Relatively inexpensive and generally simple and quick to administer. • The short recall period minimizes recall error to provide accurate information on the <i>current situation</i>. • Provides rapid assessment and timely information for use in emergency situations • Effective and timely tool to monitor worsening or improving food security conditions 	<ul style="list-style-type: none"> • Does not capture seasonal variations in food access. • Does not capture underlying causes of food insecurity limiting utility for long term planning to address chronic vulnerability. • Provides a <i>relative</i> measure of food security. i.e. does not provide an understanding of what a dietary diversity score or CSI is equivalent to in terms quantities of food consumed and/or the magnitude of the problem faced. • Does not necessarily reflect dietary quality or nutritional value

USAID Poverty Assessment Tools (PAT) and Grameen Foundation Progress out of Poverty Index (PPI)

Both PAT and PPI are country-specific tools which calculate the percent of a targeted population living below one or more national or international poverty lines. These tools are created from national data sets and accurately replicate the household poverty calculations of much longer national surveys.

Source: povertytools.org (PAT), progressoutofpoverty.org (PPI)

Advantages and Limitations of PAT & PPI	
Advantages	Limitations
<ul style="list-style-type: none"> • Statistically valid • Verifiable indicators • Measure absolute poverty against recognized national and/ or international poverty lines • Low-cost • Do not need to be adapted or customized (except for relevant translation) 	<ul style="list-style-type: none"> • Analyze only one dimension of poverty at a given point in time • Surveys are country-specific; if there is no tool for a country it is not possible to adapt another tool • Survey questions cannot be altered or substituted. This has no bearing on accuracy

⁴¹ The CSI Index, Field Manual

Advantages and Limitations of PAT & PPI	
Advantages	Limitations
<ul style="list-style-type: none"> • Include data analysis tools 	but sometimes affects staff buy-in as it is not obvious why some seemingly 'unimportant' indicators are included while others deemed more relevant are excluded.

Category: Annual Picture Assessments

Annual picture assessments collect comprehensive information on household composition, productive assets, livelihood strategies, expenditure patterns, access to services, risks, and coping strategies, and, in some cases, nutritional data. Interviewer-led cross checking during data collection is essential to minimize recall error and to ensure high quality information. These assessments provide information that is commonly used for the design of interventions to address chronic (rather than acute) vulnerability.

Household Economy Approach

The Household Economy Approach (HEA) collects quantitative and qualitative information on household food, income and expenditure patterns, hazards, and coping strategies for a defined livelihood zone over a specific reference year. HEA is based on the principle that an understanding of people's livelihoods is essential for an accurate analysis of the impact of any significant change, including climate, market, or political shocks, program interventions, or policy changes, on households. At its heart it is an analysis of: 1) how people in different social and economic circumstances get the food and cash they need; 2) household assets, the opportunities generally available to them, and the constraints they face; and 3) perceived and utilized coping strategies in times of crisis⁴². It involves the analysis of the economic connections between different groups and different areas, providing a picture of how assets are distributed within a community and who gets what from whom.⁴³ Findings from an HEA assessment are typically presented for four wealth groups - the 'very poor', 'poor', 'middle' and 'better off' - that are categorized by the community using local perceptions of wealth. These are normally defined by access to productive assets according to the sustainable livelihoods framework (<http://tinyurl.com/y8lk43b>).

In an HEA, household total income (both food and cash) throughout the year is compared to the 'survival' and 'livelihood protection' thresholds. The survival and livelihood protection thresholds represent the expenditure (or income) required to access 2,100 kilocalories per person per day and additional non-food costs associated with food preparation and minimum non-food requirements. It also includes the expenditure (or income) required to maintain the capacity to be productive and access essential health and education services. The thresholds serve as intervention 'trigger points' that inform the design of responses to protect and/or promote livelihoods and/or to provide humanitarian assistance⁴⁴. The value of the thresholds is presented in both caloric and monetary values to enable comparisons within and across communities.

Subsequent monitoring using HEA is based on a set of identified key livelihood parameters, defined as livelihood sources that make a contribution significant enough, such that changes to these would impact overall access to food and non-food needs⁴⁵.

⁴² HEA Guide FEG Consulting

⁴³ HEA Guide page 2 FEG Consulting

⁴⁴ HEA Guide FEG Consulting

⁴⁵ HEA and FEG Guide

Advantages and Limitations of the Household Economy Approach	
Advantages	Shortcomings
<ul style="list-style-type: none"> • Analysis is based on local livelihood patterns • Provides picture of seasonal access to livelihood strategies and exposure to shocks and stressors • Inter-wealth group relationships • Provides strong narrative descriptions • Good quality information ensured by cross checking findings during data collection and analysis • Can be used as a diagnostic tool to classify beneficiary households within the local livelihoods systems 	<ul style="list-style-type: none"> • Relatively expensive initial investment and requires experienced technical supervision • Lacks intra-household poverty dynamics • Lengthy interviews • Subject to respondent recall error and retrospective perceptions

Source: <http://tinyurl.com/c4f7z5z>

Income and Expenditure Surveys

Surveys provide statistically representative quantitative information on local or national living standards. Results from the assessment establish clear economic linkages with household demographics, housing, livelihood strategies, and access to health and education. The purpose of Integrated Household Budget Surveys is to understand and respond to national levels of poverty measured against national poverty lines, and also to analyze and monitor the Consumer Price Index. Poverty lines provide a basis to compare living standards across the country. These are commonly developed on an estimate of the cost of acquiring predetermined food energy requirements -typically 2,100 kilocalories per person per day- and the cost of accessing the essential non-food items such as shelter, education, health care, and clothing. Surveys can be done at a local, regional, or national level. Significant skills and resources are required for the design, planning, training, data collection, data cleaning, and basic analysis components of a survey which can span the course of a year or longer. Sub-national analysis of existing national surveys can often be done to provide a comparison of the poorest areas within a country, though caution should be taken with interpretation of findings as they may not be statistically representative at the sub-national level (see Monitoring and Evaluation section below).

Advantages and Limitations of Income and Expenditure Surveys	
Advantages	Shortcomings
<ul style="list-style-type: none"> • Statistically valid • Comprehensive information that links living conditions with household demographics, housing, livelihood strategies, access to health and education, education • Cross checking of findings • Stronger intra-household information 	<ul style="list-style-type: none"> • Expensive. Require high skills level to manage a lengthy data collection, analysis and reporting process. • Complex questionnaires, sampling, analysis and reporting • Minimizes importance of variations in the cost of living across contexts- which can be significant depending on market access, and/or rural and urban settings. • Minimizes the importance of context specific household spending priorities in the development of national poverty lines.

Source: <http://tinyurl.com/bvnp73b>

Category: Other tools

Participatory Approaches

Participatory Rural Appraisal (PRA) techniques such as historical timelines and seasonal calendars provide important contextual information on key events and trends shaping livelihoods, agricultural productivity, and household- and community-level vulnerability to idiosyncratic and correlated shocks. Seasonal calendars inform the timing of these assessments by identifying the critical periods during which access to livelihood options fluctuates. It is important to map out the seasonal exposure to risks which can potentially undermine program results.

Wealth ranking exercises provide information on the characteristics of different wealth groups from the perspective of the community based on how they define and categorize the poor. This is useful for targeting beneficiaries, designing interventions informed by household resources, and monitoring changes in asset ownership within the community.

PRA techniques also provide high quality information on non-economic factors and their relationship to economic insecurity. Linked to either snapshot assessments or annual picture assessments, they can be used for both short and longer term development planning.

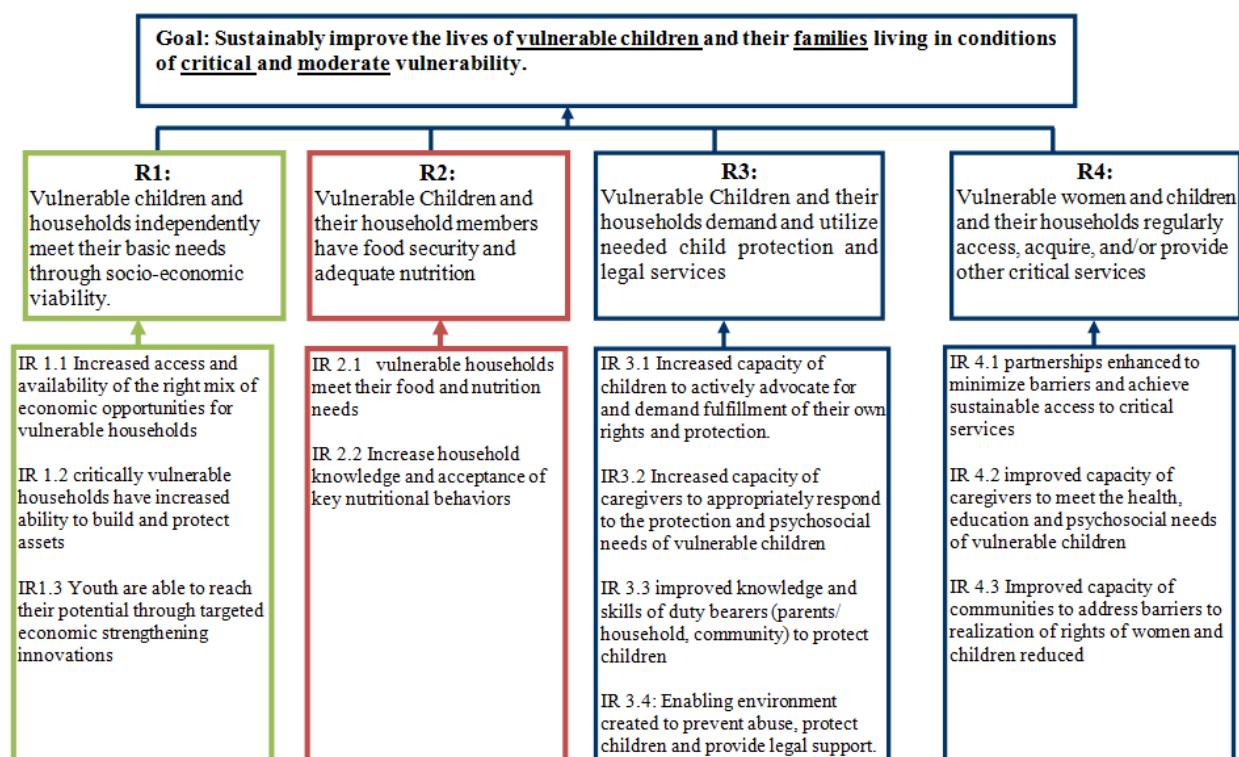
Advantages and Limitations of Participatory Approaches	
Advantages	Limitations
<ul style="list-style-type: none">• Generates strong community involvement, local ownership of the process, and a high level of transparency• Relies on accessible and practical techniques not requiring a high level of technical skills• Provides a rich narrative of social and economic factors shaping livelihoods within a community• Relatively quick and inexpensive• Useful complement to other quantitative and qualitative assessments.	<ul style="list-style-type: none">• Lacks quantitative information to inform program design and evaluation• Community-led beneficiary targeting may lead to the exclusion of some vulnerable groups for cultural or political reasons• Provides a <i>relative</i> measure of food security. i.e. does not provide an understanding of what a dietary diversity score or CSI is equivalent to in terms quantities of food consumed and/or the magnitude of the problem faced.

Source: <http://tinyurl.com/bo9ap7p>

Appendix 4: Example Results Framework & Indicator Plan

A **results framework** articulates clear and measurable program goals as well as the assumed causal links in the planned results chain: inputs, processes, outputs, outcomes and impacts. A results framework for HES programming follows the same format as those for other types of development initiatives. This appendix includes one example of a part of a results framework developed for a household economic strengthening project.

This chart below summarizes Results (R1 – R4) and Intermediate Results (IR 1.1 – IR 4.3) related to one overarching program goal (top block) of the initiative.



On the next pages, you will see components of R1/ IR 1.1 and R2/ IR2.3 in more detail, developed into an indicator plan.

Targets generally set or adjusted after baseline

Data collected using multiple methodologies across indicators

Data is collected & verified two ways for a single indicator

Multiple levels of indicators identified

R1: Vulnerable children and households independently meet their basic needs through socio-economic viability				
IR1.1 Increased access and availability of targeted economic opportunities for vulnerable households				
Outcome				
Performance Indicator	Indicator Definition	Data Source	Data Collection Methodology	Frequency of Data Collection
% of partners and CSO staff trained in the use of the HEVA tool and using analysis to target appropriate household interventions Target: 100% of those receiving SCORE funding	Numerator: # using HEVA tool appropriately (as rated by trainers) Denominator: total # trained	Program reports/training records; MT and Final evaluation	Qualitative - direct observation; quantitative evaluations	Annually through program reports and in Years 1, 3, 5 evaluations
% change in ownership of 5 key distributed assets [TBD] among critically and moderately vulnerable households targeted Target: TBD	Numerator: # possessing assets X months after distribution Denominator: # of HHs to which assets were distributed [each asset has its own indicator]	Baseline, Midterm and Final evaluations, HEVA	Qualitative and quantitative evaluations	Annually through program reports and in Years 1, 3, 5 evaluations
Process				
Number of CSOs trained in market facilitation Target: 100% of CSOs receiving SCORE funding	To be considered "trained" participants must pass end of course exam with score of 80% or higher	Program reports/training records	Qualitative - direct observation	Annually through program reports and in Years 3, 5 evaluations
Number of young entrepreneurs receiving funds for business ideas through the UIE Target: 25 per year	As stated	Program reports	Qualitative - direct observation	Annually through program reports and in Years 3, 5 evaluations

R2: Vulnerable children and their household members have improved food security and adequate nutrition				
Performance Indicator	Indicator Definition	Data Source	Data Collection Methodology	Frequency of Data Collection
Impact				
% of households with moderate or severe hunger Target: 50% decrease by midterm; 90% decrease by end of program	Numerator: # of HHs with score of 2 or more on the household hunger scale (HHS) Denominator: Total # of HHs	Baseline, Midterm and Final evaluations	Quantitative and qualitative methods	1 st , 3 rd and 5 th year
Average number of months of adequate household food provisioning Target: TBD	Numerator: # of months HHs self-report having adequate food in past year Denominator: Total # of HHs	Baseline, Midterm and Final evaluations	Quantitative and qualitative methods	1 st , 3 rd and 5 th year
IR 2.3 Knowledge and practices related to nutrition improved				
Process				
% of households who add indigenous crops to household production Target: TBD	Numerator: Number of households adding indigenous crop production to household production Denominator: Total # of HHs targeted for agriculture interventions	Baseline, Midterm and Final evaluations, observation and community dialogue	Quantitative and qualitative methods	Monthly monitoring, quarterly, semi-annually and annually reporting
% of households able to identify recommended food storage and preparation practices Target: TBD	Numerator: # of households able to identify proper crop and food storage and food preparation practices Denominator: Total # of HHs	Baseline, Midterm and Final evaluations, observation and community dialogue	Quantitative and qualitative methods	Monthly monitoring, quarterly, semi-annually and annually reporting

Impact (long-term) indicators for R2 overall (not an IR). Compare these to outcome indicators (previous table) that are less long-term.

Monitoring indicators specified

Appendix 5: TechnoServe Kenya Dairy Program Results Table

Level/Objective	Results
Input	Original capital investment was modest, coming from a handful of founding members; capital equipment was provided on a hire-purchase agreement by the large dairy company buying milk; TechnoServe provided technical assistance in operations and accessing finance from a cooperative bane.
Operations	High growth: from US\$500,000 sales in 2002 to US\$4 million in 2011
Output/Outreach	25 coops served 24,000 dairy farmers in 2010; Nyala had 6,000 members and 3,000 additional customers – poverty levels unmeasured but presumed low-income;
Outcome: <ul style="list-style-type: none"> • Enterprise • Workers • Social Enterprises • Market 	<ul style="list-style-type: none"> • 80% of milk sale value goes to farmers • In 2011, Nyala generated US \$4million in sales; all 24 coops generated \$16 million in annual sales • Nyala was profitable from inception; never received grants • In areas that previously had very weak markets, hubs attract many sizes and types of businesses: informal markets, small business hardware shops, and corporate suppliers
Impact	No information

Source: Internal TechnoServe Case Study produced by Julie Kariuki, Mary McVay and Yogesh Ghore. 2011. www.youtube.com/watch?v=qBErfaTURQc
www.technoserve.org/our-work/stories/moving-towards-profitability

Appendix 6: ED Examples and Case Studies

AMPATH: McVay, Mary. VIP Kenya . The SEEP Network, 2012.

<http://tinyurl.com/cy3jp2h>

BASIX India (Grameen Foundation partner)

<http://tinyurl.com/cfk5enm>

BRAC Dairy:

<http://tinyurl.com/d2qd6jx>

BRAC Graduation Model:

<http://tinyurl.com/d2qd6jx>

CARE Bangladesh Rural Sales Program:

<http://tinyurl.com/dywwghw>

CARE Ethiopia, SNV PSNP + and GRAD Ethiopia:

<http://tinyurl.com/cftl6j9>

Ethiopia Dairy Project, USAID PEPFAR, Land O Lakes:

<http://tinyurl.com/ckrpztc>

FINTRAC Honduras and Kenya: Case linking value chain development and food security – describes “whole family” approach to gender and farm improvements:

<http://tinyurl.com/ca23lhe>

Heifer International:

<http://tinyurl.com/d6xfmym>

Inclusive Value Chain Development, including:

- EDCI/MEDA, embroidering among home-bound women in Pakistan
- Access Development Services, urban jewelry artisans (women and children) in Jaipur, India
- Mercy Corps, Indonesia: Tofu and Tempeh

<http://tinyurl.com/bw48a86>

MEDA value chain development projects, many engage women:

<http://tinyurl.com/cfotc3g>

Practical Action Bangladesh – Dairy:

<http://tinyurl.com/brhcvlo>

Urban Gardens Program Ethiopia:

<http://tinyurl.com/d58wqah>

WEMAN OXFAM/NOVIB – Coffee and Gender Change in Uganda

Participatory, community-level value chain development and gender change

<http://tinyurl.com/bqlr4k2>



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