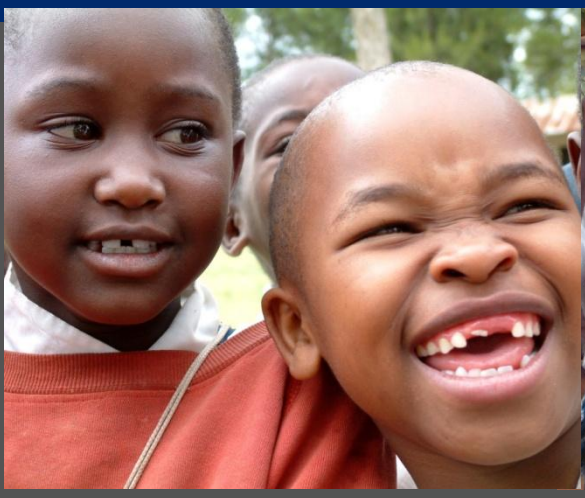
DRAFT REPORT ON OVC ECONOMIC STRENGTHENING STRATEGY

HOUSEHOLD ECONOMIC STRENGTHENING IN TANZANIA

TECHNICAL GUIDANCE FOR PEPFAR II PROGRAMMING



June 2009

This report was produced for review by the United States Agency for International Development. It was prepared by Jason Wolfe of the Microenterprise Development office in USAID/EGAT.

HOUSEHOLD ECONOMIC STRENGTHENING IN TANZANIA

PEPFAR II PROGRAMMING

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LIST OF ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome
AIMS	Assessing the Impact of Microenterprise Services
CGAP	Consultative Group to Assist the Poor
DHS	Demographic and Health Survey
HIV	Human Immunodeficiency Virus
IGA	Income-generating activity
JLICA	Joint Learning Initiative on Children and HIV/AIDS
MICS	Multiple Indicator Cluster Survey
MFI	Microfinance institution
OVC	Orphans and vulnerable children
PEPFAR	President's Emergency Plan for AIDS Relief
PLHA	Person(s) living with HIV/AIDS
PSNP	Productive Safety Net Program (Government of Ethiopia)
SACCO	Savings and Credit Cooperative
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
USG	United States Government

HIV/AIDS AND HOUSEHOLD ECONOMIC VULNERABILITY

The HIV/AIDS pandemic affects all segments and elements of Tanzanian society, though in different ways and with varying degrees of severity. The economic impacts can include declining workforce productivity in private businesses, reduced household earnings, and diminished consumption and ability to pay for basic services. Specific crises emerge with the onset of disease, incidence of opportunistic infections, and death of family members. However these crises also take place in the context of a chronic illness that can slowly erode productivity, assets, and relationships over time. The resiliency of individuals, households, and communities to weather both acute and chronic shocks is a fundamental factor for mitigating the multisectoral impact of HIV/AIDS in Tanzania.

Economic strengthening comprises a portfolio of interventions to reduce the economic vulnerability of households – meaning their ability to cope with the effects of the various risks they face – and thereby improve their resiliency to future shocks. The economic concepts around household risk are fundamental to understanding the nature and effects of economic strengthening interventions.

Household Assets

Assets represent the resources that households can employ to meet their basic needs and to generate income. Five categories of assets are typically used[1]:

- Human: labor, skills, knowledge, and health
- Physical: tools, equipment, consumer goods
- Financial: cash and cash-equivalents in the form of savings, insurance, and credit
- Natural: land, water, forests, fisheries
- Social: kinship and community networks, membership of formalized groups

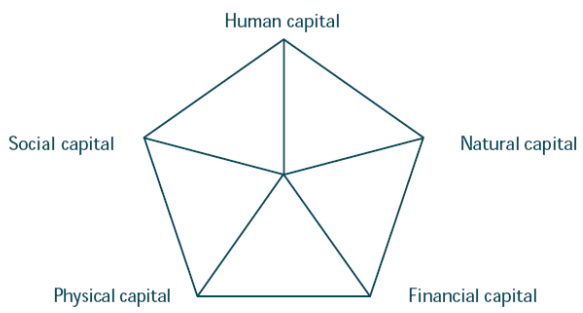


Figure 1. Five Types of Household Assets

An asset-based view of households is fundamental to understanding economic vulnerability and supporting more effective economic strengthening interventions. First, understanding a household's assets prioritizes their strengths (what they have) rather than their weaknesses (what they need). Second, assets represent both the basis of a household's livelihood as well as the resources they can draw on in a time of need. Finally, the diversity of household assets explicitly highlights the importance of social capital and social networks, especially when the household has low levels of other assets. Social capital is often overlooked, underestimated, or neglected in economic strengthening – yet it may be the most powerful asset available to a highly vulnerable household.

[1] DFID (1999). *Though the concept is not unique, the Sustainable Livelihoods Approach as developed and employed by DFID provides a solid overview of the five types of household assets.*

Household Economic Model

USAID's AIMS project elaborated a conceptual model of the household economic portfolio[2] to better understand how households manage and cope with risk to their economic activities (refer to Figure 2). This model comprises (1) the set of economic assets available to the household (human, physical, and financial), (2) the set of household activities (production, consumption, and investment), and (3) the circular flow of interaction between household assets and activities (outflows from assets as inputs/expenditures for household activities and inflows to assets as income and other additions from household activities). Households can further augment their assets through two primary channels: accessing credit through lenders (commercial relationships) and a range of resources through social networks (non-commercial relationships). This model underscores the following salient features:

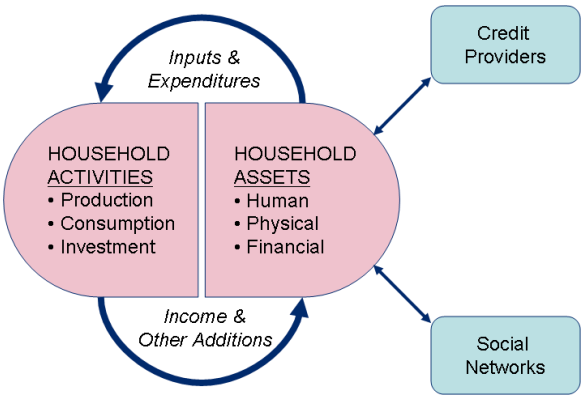


Figure 2. Household Economic Model

- Household activities, including household maintenance activities, can only be supported through available household assets.
- Household assets can only be replenished or increased through remunerative household activities or by accessing credit providers and social networks.
- Accessing credit providers and social networks implies some degree of reciprocity where loans must be repaid (often with interest) and social obligations fulfilled (often in a non-monetary manner).
- Where access to credit is limited, social networks are extremely important for households to manage the assets they have available to support household activities.

Poor households exhibit unique characteristics that are also incorporated into this model:

- Households tend to have incomplete information about markets or imperfect access to markets, increasing the level of uncertainty and risk associated with decisions around household activities.
- Because the same assets can be employed for both production and consumption, household decisions to allocate resources for production activities will also consider the potential impact on consumption activities – which is contrary to assumptions in neoclassical economic theory and traditional models of enterprise decisionmaking.
- Households will tend to engage in multiple production activities in order to (1) obtain an acceptable level of income, (2) spread income more evenly throughout the year, (3) meet the needs of home consumption (i.e., subsistence activities) and earning cash, and (4) diversify income sources as a way of managing risk.
- Lower levels of assets correspond to a higher degree of vulnerability because households have fewer mechanisms for managing risks and coping with potential shocks.

[2] M. Chen and E. Dunn (1996).

Household Risk Management

Households manage risk and potential shocks through two primary strategies[3]. The first category, *risk reduction strategies*, intends to reduce the household's exposure to risk and to smooth the flow of income into the household. The second category, *loss management strategies*, seeks to improve the household's ability to cope with loss after a shock has occurred and to smooth household consumption.

Table 1. Risk Reduction Strategies to Smooth Income in Case of a Shock

Selecting low-risk activities	Low-risk economic activities have a lower probability of loss or failure and tend to require a lower investment, which avoids competing with household consumption activities. However they are typically less profitable than higher-risk activities and contribute less to replenishing or growing the household's asset base. Households with fewer assets tend to select lower-risk activities, which may be lead to a downward spiral.
Diversifying activities	Selecting multiple unrelated economic activities may reduce a household's overall risk should any individual activity fail. Multiple activities may also help ensure a more continuous or even flow of income into the household throughout the year, especially when individual activities are seasonal in nature. Diversification is most effective in reducing risk when individual activities are unrelated, for instance combining agricultural activities, nonagricultural activities, and wage labor.
Building insurance mechanisms	If market-based insurance products are unavailable, accumulating savings and assets are important self-insurance strategies for a household to draw upon in the event of a loss. Moreover, households tend to actively seek and maintain social networks to access resources in case of loss or spread risk through sharing. Another potential insurance mechanisms is access to credit for consumption smoothing – in this case it is the access to rather than the use of credit which is the main risk reduction strategy.

Loss management strategies follow a predictable sequence of stages corresponding to the magnitude of the shock with respect to the household's assets.

Table 2. Loss Management Strategies to Smooth Consumption after a Shock

Stage 1	Using insurance and reversible mechanisms ▪ Increasing wage labor and temporary migration for employment ▪ Liquidating self-insurance assets such as cash savings and physical assets accumulated for their value (typically food stocks and livestock) ▪ Borrowing from formal and informal credit markets ▪ Using social and kinship networks ▪ Reducing consumption and investments in health and education
Stage 2	Disposing of key productive assets ▪ Selling land, tools, equipment, and other assets that generate income for the household ▪ Borrowing at extremely high interest rates ▪ Further reducing consumption and investments in health and education
Stage 3	Destitution ▪ Relying on charity ▪ Breaking up the household ▪ Migrating

[3] E. Dunn, N. Kalaitzandonakes, and C. Valdivia (1996).

It is important to understand that production and consumption are closely interlinked in poor households because their scarce assets can be allocated to either activity. Accordingly, they tend to manage risk to ensure that a loss of income will not reduce their consumption capacity – meaning a strong preference for risk reduction strategies. However, if such households have access to strong loss management strategies, they will see less of a need to prioritize risk reduction strategies. This phenomenon has fundamental implications for understanding household decision-making and designing effective economic strengthening interventions.

Evidence Base

The relationship between household economic vulnerability and HIV/AIDS has both *ex ante* and *ex post* dimensions. *Ex ante* relationships would indicate a correlation between economic vulnerability and the risk of HIV infection. By contrast, e*x post* relationships would indicate a correlation between economic vulnerability and the ability to cope with or manage HIV/AIDS infection after it has occurred.

There is little evidence to date of *ex ante* correlations between household economic vulnerability and HIV/AIDS. Although poverty may increase an individual's susceptibility to infection, the epidemic pervades all socioeconomic classes. Some studies have found a positive relationship between socioeconomic status and HIV infection in parts of sub-Saharan Africa – meaning a less economically vulnerable household may actually have a higher risk of infection.[4] Nevertheless, some evidence does show that poverty, especially among girls, may lead some individuals to engage in riskier behavior (such as commercial sex work) than their wealthier counterparts.[5]

The evidence of an *ex post* correlation is clearer, stronger, and growing. The Joint Learning Initiative on Children and HIV/AIDS (JLICA) recently completed a long-term collaborative research effort[6] to review and compile existing evidence and undertake new empirical studies to fill in identified gaps. Some of the major findings are highly relevant and compelling:

- Family poverty significantly limits households' capacity to protect children against the effects of HIV and AIDS.
- Poverty limits uptake and impact of HIV and AIDS prevention and treatment.

Similarly, a forthcoming UNICEF study[7] used existing DHS and MICS data to identify children made vulnerable in the context of HIV/AIDS. The study found a high correlation between household wealth status and key indicators of child well-being (wasting and school attendance) – and this correlation was deemed stronger than common OVC-related indicators of vulnerability (such as orphan status).

THE ECONOMIC STRENGTHENING PATHWAY

Vulnerable households tend to allocate their scarce resources to maintain consumption levels and reduce risk rather than to maximize profit or income. This phenomenon is a major challenge for linking these households to growth-oriented strategies. Traditional models that have proven successful with more stable or wealthier households often fail when applied to more vulnerable contexts. These models may underestimate or ignore the role that risk plays in influencing household economic decisions – expecting the same profit-driven behavior demonstrated by less vulnerable participants. By understanding and addressing household

[4] J. White and E. Robinson (2000).

[5] G. Mutangadura, D. Mukurazita, and H. Jackson (1999).

[6] A. Irwin, A. Adams, and A. Winter (2009).

[7] UNICEF (2009).

risk, PEPFAR economic strengthening strategies can be more effective in reducing the impact of the HIV/AIDS pandemic.

While mitigating risk may influence economic behavior and decisionmaking at the household level, by itself it does not necessarily lead to widespread growth. Linking vulnerable households to growth strategies is vital for building assets, further reducing vulnerability, and increasing consumption levels. Many risk-centered interventions fail when they apply the same models for mitigating risk to fostering growth. By employing successful growth-oriented strategies, PEPFAR economic strengthening programs can achieve catalytic, systemic, and sustainable impact among vulnerable households.

Reconciling the need for both risk-sensitive and growth-oriented strategies is the center of the challenge for PEPFAR to reduce household vulnerability and improve family resiliency. The overall program framework should view economic strengthening not as a single event – a household was vulnerable and now it is not – but as a pathway towards growth and decreasing vulnerability. Such a pathway sees household progressing sequentially through several key outcomes. The entry points in this pathway will depend on the initial status of the target households, and the rate of progression will also depend on the capacity, orientation, and motivations of each individual household. As shown in Figure 3, the economic strengthening pathway comprises five sequential outcomes, where each outcome is dependent on the preceding one.

Figure 3. Economic Strengthening Pathway

Note the relationship between this pathway and the characteristics of the household economic model and risk management strategies:

- Households that have already reached levels of destitution (stage 2 or 3 of loss management) will require direct support to meet basic needs and recover key assets that they have lost.
- For more stable – yet highly vulnerable – households, assistance to develop basic self-insurance mechanisms will strengthen their stage 1 loss-management strategies and improve the way they manage household risk.
- As households are building self-insurance mechanisms, they tend to prioritize improvements in their ability to manage consumption and cash flow over improvements in their income.
- By strengthening loss-management strategies and mitigating risk to consumption, households can more easily invest in risk-sensitive income generating activities.

- Solid self-insurance mechanisms plus reliable and frequent income streams will influence the way households perceive risk and allow them to make riskier investments in higher-return economic activities.

There are also several key characteristics that distinguish a pathway concept from traditional models of economic strengthening:

- Outcome-oriented: it emphasizes the essential and interlinked developmental outcomes that are necessary for reducing vulnerability rather than a laundry list of options for intervention.
- Dynamic: it explicitly anticipates that household needs, activities, and behaviors will change over time.
- Contextual: it allows for different entry points and paces of change according to the varying capacities, resources, and motivations of target households as well as the influence of their external environments.
- Risk-sensitive: it expects that shocks and setbacks will occur and prioritizes risk-mitigating behavior to cope with them.
- Growth-oriented: it provides direction and linkages with larger strategies for growth that may be implemented by PEPFAR, wrap-around programs, or other USAID operating units.

Several leaders in the economic strengthening field have begun to adopt the pathway concept. Most of these agencies have struggled to advance (or "graduate") highly vulnerable households from direct income assistance (such as cash or food transfers) to more growth-oriented strategies. While each may identify different sequential phases, the common element is a directional pathway towards growth. Their ongoing lessons will be instructive for PEPFAR's strategies.

- CGAP Graduation Pilots

  This "graduation" model assumes that the very poor need grants, food aid, or subsidized employment to provide for basic needs. Once these needs are met, livelihood training and carefully sequenced financial services (starting with savings and later credit) can help clients graduate from dependence on safety net programs and become full-fledged microfinance clients.

  QuickTime™ and a TIFF (Uncompressed) decompressor are needed to see this picture.

  Figure 4. CGAP Graduation Model

  CGAP is conducting nine pilots in different countries to demonstrate how the graduation model works. Five such pilots have already begun – three in India and one each in Haiti and Pakistan. In India and in Haiti, microfinance institutions have been the lead partners, working with others to provide grants, training and healthcare services. In Pakistan, the pilot is jointly managed by a large government poverty alleviation program and the World Bank. Rigorous impact assessments are being conducted for all pilots to determine causality between program participation and changes in the economic and social conditions of clients.[8]

- USAID/Ethiopia Productive Safety Net Program PLUS

[8] For more details: http://www.cgap.org/p/site/c/template.rc/1.11.1925/1.26.1467/

The Government of Ethiopia's Productive Safety Net Program (PSNP) provides food and financial resources to 7.4 million chronically food insecure and most vulnerable people to help stabilize their income and assets. In operation since 2004, the PSNP works to prevent asset depletion and encourage household-level production. PSNP receives financial support from seven international donors, including USAID.

While food aid distribution and community level public works projects make people more resilient to food shortages, they are not enough to permanently graduate people from the safety net program. USAID's new PSNP PLUS project is designed to link PSNP households to microfinance services and functioning markets, a necessary step to lift people out of dependence on the PSNP.

The PSNP PLUS project will strengthen the financial literacy and business skills of the PSNP beneficiaries to promote savings and increase their financial assets. The project will also target four agricultural products – honey, haricot beans, livestock fattening, and cereal production – to increase farmer's incomes. Overall, the project aims to help more than 212,000 Ethiopians in four regions.[9]

TARGETING AND ENTRY POINTS

The economic strengthening pathway provides a conceptual framework for understanding how households can reduce their economic vulnerability over time. However, PEPFAR is interested in impacts on very specific kinds of households, and not all of them are starting from levels of destitution.

Targeting households based on HIV/AIDS or OVC status has proven to be an unsound practice – often contributing more to stigma and isolation than reducing their economic vulnerability. More effective strategies target households based on their economic characteristics, which provide a clearer understanding of the nature of their economic vulnerability and helps support community integration by involving households regardless of HIV/AIDS status. Indeed, the second phase of PEPFAR is evolving its targeting practices to use more "AIDS-sensitive" rather than "exclusive" methods.

A well-designed situation analysis can determine and segment target PEPFAR cohorts (e.g, OVC or PLHA) according to their economic characteristics to feed into an inclusive yet AIDS-sensitive targeting process. Such a situation analysis can use a variety of methods depending on available time and resources as well as the need for rigor and comprehensiveness:

- Secondary data from government surveys
- Review of caseloads from representative service providers
- Household surveying methodologies
- Participatory rapid appraisals and community wealth ranking

When the economic status of target households is understood, approaches and interventions can be designed specifically to attract their involvement and meet their needs, although any household could choose to participate. The economic strengthening pathway presents a holistic view of the general trajectory a vulnerable household could follow from destitution to greater resiliency. In practice, most target households will join this pathway from various entry points. If an appropriate situation analysis has been completed, programs can select appropriate entry points based on two related criteria:

- Economic status of target households
- Articulated desires of target households

[9] Excerpted from http://ethiopia.usembassy.gov/pr1209.html

The economic characteristics of households will permit the program to understand or predict how they currently perceive and manage risk, which correspond to the outcome milestones described along the pathway. If households have already achieved certain outcomes on their own, the next sequential outcome may often present the most logical entry point for intervention strategies. For instance, households with adequate, though perhaps limited, assets certainly do not require asset transfers and may already have reasonable self-insurance mechanisms. Thus a program may actually target consumption smoothing and cashflow management as the most reasonable entry point.

However, target households often have their own ideas about what they need or what they want – and income-generating strategies are typically in high demand. It is important for all programs to solicit and judiciously consider such demands. Sometimes this feedback can be used effectively to frame and promote the intervention strategies developed by the program, with household aspirations for entrepreneurial activities cast as a longer-term objective rather than an immediate outcome. In other cases, however, the demands are so strong and deep-seated that any other entry points are likely to fail. In such cases, programs should carefully and creatively structure their intervention strategies to enter at a higher-level outcome (such as income smoothing) while simultaneously supporting other lower-level outcomes (such as self-insurance and consumption smoothing). Such a strategy requires advanced skills and experience to design and implement effectively. However relying solely on household feedback and skipping outcomes completely will guarantee that the program will ultimately fail many of the target households.

PROGRAM STRATEGIES

Categorized by expected outcomes in the economic strengthening pathway, the following program strategies can guide PEPFAR and its implementing partners in designing and sequencing appropriate interventions for target households.[10]

Table 3. Summary of Program Strategies for Economic Strengthening

RECOVER ASSETS AND STABILIZE HOUSEHOLD CONSUMPTION
- Asset transfers, primarily in the form of cash, with or without conditions

BUILD SELF-INSURANCE MECHANISMS AND PROTECT KEY-ASSETS
- Income-based safety nets, with or without conditions
- Savings mechanisms, individual or group
- Microinsurance
- Strengthening social networks

SMOOTH HOUSEHOLD CONSUMPTION AND MANAGE HOUSEHOLD CASHFLOW
- Credit mechanisms, individual or group
- Financial literacy
- Strengthening social networks

SMOOTH HOUSEHOLD INCOME AND PROMOTE ASSET GROWTH
- Income-generating activities (low risk/return), individual or group
- Financial and market literacy
- Strengthening market networks
- Strengthening social networks

EXPAND HOUSEHOLD INCOME AND CONSUMPTION
- Self-employment through microenterprise (higher risk/return)
- Employment through workforce development/employability

[10] Adapted and expanded from FIELD-Support LWA (2008).

Recover Assets and Stabilize Household Consumption

This outcome seeks to stabilize consumption to meet basic needs among households that are approaching levels of destitution. Such households have exhausted all of their self-insurance mechanisms and liquidated all or most of their productive assets and possible also their non-productive household assets (e.g., cooking utensils, blankets). They have few assets remaining to support basic daily needs (e.g., food) much less to invest in the future welfare of the household (e.g., health, education, and income generation).

Typical activities include direct transfers of assets, usually in the form of cash, to targeted households in order to support basic needs of household members, particularly children. These transfers may also come with conditions so that households have to engage in specific behaviors to access the transfers. One of the most innovative and well-documented strategies for conditional cash transfers involves matching household savings for schoolchildren depending on school attendance and educational attainment.

Of all economic strengthening strategies, both conditional and unconditional cash transfers have the most robust evidence base employing the most rigorous methodologies.[11] The evidence demonstrates impact on poverty, education, health, and nutrition outcomes, especially for children. However, the major challenges are to facilitate households to advance in the economic strengthening pathway (i.e., "graduate" from cash transfers) and to sustain cash-transfer funding and mechanisms after donor-funded projects end.

SUCCESS FACTORS

- Well developed targeting criteria. Cash transfers are intended for the most vulnerable households. Households should be selected for participation according to well defined measures of income or asset levels; community members can also be used to identify the most vulnerable households where other means of selection are not feasible or useful. Employing creative conditionalities can also help in self-selecting those most vulnerable households that are willing to meet the conditions in order to access the transfers. HIV/AIDS and/or OVC status by themselves are poor criteria that may lead to concerns about accuracy, equity, and stigma.
- Prioritizing efficiency. Delivering and monitoring cash transfers can be an expensive undertaking if not carefully designed. Government and donors want to see the preponderance if their funding going directly to target households in the cash transfers. Effective programs actively monitor cost-effectiveness and explore creative means of delivering transfers to minimize cost and delay. Innovations are currently being explored in direct transfer to accounts with banks and MFIs (especially effective for matched savings schemes), smart card technologies, and mobile phone accounts.
- Exploring conditionalities. Combining cash transfers with creative conditionalities can encourage positive household behaviors for child-centered outcomes as well as advancing on the economic strengthening pathway.
- Active monitoring and follow-up. Monitoring the delivery and use of cash transfers as well as outcomes on the household needs to be considered and integrated at the outset of the program. Some cash-transfer schemes have employed case-management methods that are integrated with other social and health services.
- Sustainability through government ownership. Cash transfer interventions are most sustainable when the government takes ownership of the activity and integrates it into its national social protection mechanisms. Where governments have followed this course, PEPFAR should be linking to and supporting rather than duplicating this function.

[11] M. Adato (2008) has the most extensive review of evidence. S. Hofmann et al (2008) review impact on intergenerational households in Tanzania. F. Ssewamala (2005) investigates matched savings for children in school in Uganda.

Where governments have not yet taken this step, donor programs can serve as helpful pilot initiatives to engage the government on plans for more effective social protection strategies. If government ownership is not a possibility, the cash-transfer program must address issues of non-sustainability at the outset.

INTERVENTION ISSUES

- Preventing diversion of transfers. Cash is typically the preferred asset to transfer because households can use it to meet their most pressing needs, which are defined by the household not by the program. However, cash is fungible and can be used for a variety of purposes. Effective programs ensure that cash is not diverted for completely unrelated purposes by (1) using good household selection criteria, (2) using good monitoring and follow-up strategies, and (3) avoiding lump-sum payments.

Build Self-Insurance Mechanisms and Protect Key Assets

This outcome focuses on building and strengthening a household's primary loss-management strategies: the stock of reversible and relatively liquid assets it has to draw upon in the event of a shock. Stronger loss-management strategies are critical for a household to make less risk-averse decisions about allocating their resources for both consumption and production. Depending on the initial vulnerability status of a household, it may take time to achieve this outcome or it may quickly realize this outcome before or in conjunction with higher outcomes on the economic strengthening pathway.

One of the biggest misconceptions is that very poor or very vulnerable households cannot save. Both rigorous research and practical experience demonstrate quite the contrary.[12] Poor households save simply because they have to. Their meager incomes trickle in from a variety of sources with great inconsistency. In the face of tremendous uncertainty, they save small amounts of money whenever and however they can to guard against future loss of income and to maintain spending on essential items. However, the informal ways that they save are not always the most effective – not sufficiently safe, accessible, or protective. Providing more structure to this existing propensity for saving has proven highly effective in strengthening household's ability to insure themselves against future shocks.

The most common activities are to facilitate new mechanisms for saving financial and other assets or to link target households with existing mechanisms. Individual savings accounts are only available from a limited number of financial institutions in Tanzania (SACCOs, regulated MFIs, and commercial banks) that are located primarily in urban areas and target less vulnerable clients. Accordingly, more informal savings mechanisms that do not depend on financial institutions are often more appropriate and accessible for more rural and more vulnerable households. Such mechanisms use self-selected groups of individuals or households to mutually pool and guarantee each other's savings, and they are derived from traditional arrangements that are easily understood by most households. (Refer to Annex D for more detail on and comparisons of these types of mechanisms).

Mechanisms for savings other assets can be equally important. Some household maintain stocks of food both for home consumption but also as a store of value that can be easily liquidated in times of crisis. Promoting community-based seed or grain banks can be a useful strategy to bolster household self-insurance strategies. Similarly, social networks are a vital self-insurance strategy for virtually every vulnerable household, and any activity that serves to strengthen social ties and mutual support within a community will contribute to this outcome.

Income-based safety nets and microinsurance are more sophisticated activities for protecting assets against loss but require greater upfront investments in infrastructure for them to be

[12] D. Collins et al (2009) and S. Rutherford (1999) provide compelling examples and insights.

effective. Safety nets are the same cash-transfer mechanisms described previously but under this outcome represent a public investment (led by the government) to protect households against loss of key assets in the event of a major shock. Microinsurance is a relatively new financial product offering market-based insurance products for poor households for a variety of assets (e.g., life, livestock, crop, property). They require key data for properly assessing risk and indexing the insurance products, access to commercial reinsurance markets, and appropriate distribution channels for selling products and submitting claims.

It can be easy for self-insurance mechanisms to get overshadowed by other complimentary interventions. Activities under this outcome have strong links to activities under other outcomes. For instance, mechanisms that promote savings usually also allow for lending. Furthermore, while this outcome may be an important entry point for some households, it may represent a less obvious or easily achieved outcome for those that are less vulnerable. However, it is important for PEPFAR to prioritize this program strategy as it is fundamental to sustainable reductions in household vulnerability.

SUCCESS FACTORS

- Safety and accessibility of savings. Savings mechanisms do not contribute to this outcome unless they provide a secure repository for and relatively uncomplicated access to the savings. Safety is ensured through physical means (e.g., a lockbox) as well as social cohesion and transparency, which are addressed below. Different models provide varying levels of accessibility, primarily because of the way savings schemes are also linked to lending activities. Some models are time-limited and provide access to members' savings every time they dissolve – and moreover they can be timed to dissolve when cash is most needed (e.g., at planting time or when school fees are due). Other models provide more limited or no access to savings (unless an individual leaves the group); PEPFAR should carefully consider whether these models are appropriate for target households to achieve this outcome.
- Strong social cohesion. Savings groups started by members who self-select into the group for the purpose of saving together exhibit the strongest social cohesion and mutual trust, which are fundamental for individuals to pool and mutually guarantee their savings.
- Ownership. Savings groups are most effective when it is their responsibility to set the rules of the group – officer and member roles, savings amount and frequency, whether and how lending is conducted, and when and how the group may dissolve. These rules will vary from group to group and tend to change over time within the same group. Empowering the group to make these decisions ensures that it is relevant to their needs and that they have ownership over the activity.
- Insurance products. Although health insurance is among the most demand insurance products among vulnerable households, many healthcare providers are not set up to accept insurance payments or facilitate health insurance claims. In this respect, health insurance is typically not a strong entry point. A credible market assessment should underpin any potential microinsurance initiative, but funeral and life insurance are often the easiest entry points followed by weather-indexed insurance against crop failure or livestock loss.

INTERVENTION ISSUES

- Co-opting groups formed for one purpose to undertake a different activity. It can be tempting to encourage groups formed for other purposes (e.g., post-test clubs, caregiver groups) to adopt savings schemes and also to encourage savings groups to engage in other activities. Experience shows that these approaches can deteriorate ownership and group cohesion, thereby undermining the savings activity and failing to achieve this outcome. Due to the nature and mutual interests of individual groups, some may choose to proceed along these lines on their own. If the program is following good principles of

self-selection, they may be successful. However a good, general rule of thumb is simply not to mix or confuse the purpose and composition of groups for different purposes.

- External funding for savings groups. It can also be tempting to inject funding from outside the group as seed capital that augments the group's savings and is shared equally by the members. Experience also shows that this nearly always undermines ownership and social cohesion. PEPFAR should actively avoid and discourage this practice.

Smooth Household Consumption and Manage Household Cashflow

This outcome presumes that households have accumulated a minimal level of assets to insure themselves in the event of future shock. Yet households may still be managing risk in terms of protecting their consumption levels rather that increasing their income levels. Accessing and employing stronger mechanisms to manage household cashflow and even out their consumption is a necessary prerequisite to engaging in more growth-oriented activities.

Typical activities include access to credit through structured, though often informal, mechanism as well as leveraging reciprocal and shared resources through stronger social networks. Access to appropriate loan products for household consumption is very similar for this outcome as access to appropriate savings products in the self-insurance outcome. Informal, group-based formats are common, easily understood, and replicated organically. (Refer to Annex D for more detail on and comparisons of these types of mechanisms).

As households begin to access and use credit for home consumption, it is an excellent opportunity to introduce concepts of financial education. More regular cashflow, larger resources available for purchases, and greater needs for repaying loans may be entirely new phenomena for some households, requiring greater financial discipline and planning than they are accustomed to. The relatively new field of financial education seeks to introduce households to better behaviors and tools for managing their finances and their engagement with financial services. These new behaviors can be strong accelerators for achieving this outcome and advancing towards more income-oriented outcomes.

Credit is most useful to households when it is packaged appropriately to their needs and when they can freely decide how best to use it – and households frequently choose to use credit for household consumption rather than for financing business activities. These observations confirm the need for managing consumption and cashflow before seriously pursuing other outcomes based on income generation.

SUCCESS FACTORS

Informal lending is complementary to informal savings (group savings provide the pool of funds for lending). Accordingly, the same success factors for savings groups also hold true for lending groups.

- Strong social cohesion. Lending groups started by members who self-select into the group for the purpose of saving and lending together exhibit the strongest social cohesion and mutual trust, which are fundamental for individuals to pool their resources for lending and guarantee repayment through peer pressure.
- Ownership. Lending groups are most effective when it is their responsibility to set the rules of the group – officer and member roles, lending practices, interest rates, and when and how the group may dissolve. These rules will vary from group to group and tend to change over time within the same group. Empowering the group to make these decisions ensures that it is relevant to their needs and that they have ownership over the activity.

INTERVENTION ISSUES

Because they rely on the same structures and processes as informal savings, lending groups also exhibit very similar intervention issues.

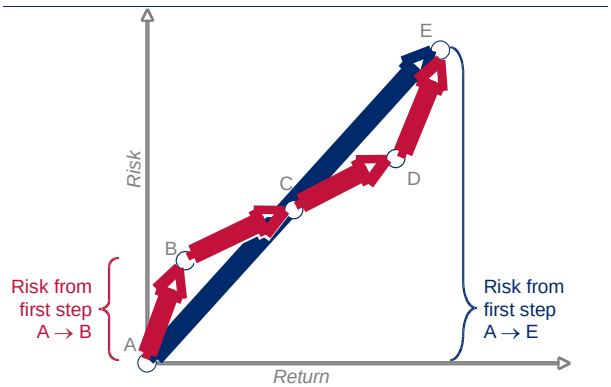
- Co-opting groups formed for one purpose to undertake a different activity. It can be tempting to encourage groups formed for other purposes (e.g., post-test clubs, caregiver groups) to adopt credit schemes and also to encourage lending groups to engage in other activities. Experience shows that these approaches can deteriorate ownership and group cohesion, thereby undermining the lending activity, reducing repayment, and failing to achieve this outcome. Due to the nature and mutual interests of individual groups, some may choose to proceed along these lines on their own. If the program is following good principles of self-selection, they may be successful. However a good, general rule of thumb is simply not to mix or confuse the aims and composition of groups for different purposes.
- External funding for lending groups. It can also be tempting to inject funding from outside the group as seed capital to increase the lending capacity of a group – with the mistaken assumption that access to larger loans is always a good thing. Experience shows that this nearly always undermines ownership and social cohesion. PEPFAR should actively avoid and discourage this practice.

Smooth Household Income and Promote Asset Growth

This outcome targets moderate growth in household income by conforming to (rather than combating) the risk-mitigating behaviors followed by many vulnerable households. Multiple, diversified, reliable, and frequent income streams tend to receive higher priority than simply maximizing profit from an individual activity. Moreover, household will tend to seek activities that require a low investment and have a low risk of failure, although such activities will also feature relatively low returns. If prior outcomes have been achieved, income smoothing can also contribute directly to asset growth.

Typical interventions include promoting so-called income-generating activities (IGAs), which have particular requirements on both the supply and demand sides in order to be most effective. The supply side refers to the activities undertaken by the household for delivering a product or service to market, while the demand side refers to the characteristics of the target market itself.

On the supply side, IGAs should build directly on the existing knowledge, skills, behaviors, resources, and capabilities of the participating households. This does not mean that a household may not have to acquire new capabilities, but rather that an IGA will be more easily adopted if it is more closely aligned with a household's current status – because the household will perceive less risk in undertaking the activity. Where significant changes are needed for households to engage and succeed in new IGAs, implementers should plan for a process of incremental change in small, riskable steps – where individual changes conform to the low risk/return demands of households, although the sum of those changes may represent comparatively higher risks and returns.



On the demand side, markets for IGA products and services should have low barriers for entry so that they can be penetrated easily and relatively quickly without spending much time on developing market demand or access. Classic examples include markets for fairly undifferentiated products (like staple foods and commodity cash crops) or markets for broadly demanded services that depend more low margins and high volume than quality (such as petty trading). However, other examples can include more niche products that may have higher entry costs but are mitigated by direct and formalized relationships with lead firms (like the Uganda dried fruit and Rwanda basket export IGAs promoted under the COPE project). These models are often overlooked because they do not conform to traditional concepts of IGAs, but if properly facilitated they can provide stronger potential and clearer linkages to more growth-oriented outcomes.

Figure 5. Concept of Small, Riskable Steps

Promoting group approaches to IGAs can help mitigate risks perceived by individual participants and provide a greater pool of resources and capabilities to build on. Group enterprises may help vulnerable individuals to feel less isolated and more supported in moving into unknown territory – in much the same way that social capital acts as collateral in informal saving and lending groups. However, group businesses usually do not work well over the long-term for a variety of reasons: they may require more time than participants are willing to put into it, group dynamics may break down as individual participants mature over time, and a group structure may not be flexible or adaptable enough to keep pace with changing market dynamics. When viewed as an initial stepping stone to get from one stage to another, group approaches can be very helpful for promoting greater confidence and familiarity.

As households begin to pursue IGAs, it is an excellent opportunity to introduce concepts of business and market education. Market-oriented behavior and increased private sector engagement may be entirely new phenomena for some households, requiring different actions and decision making than they are accustomed to. The concept of market literacy seeks to introduce households to better behaviors and tools for understanding and engaging with markets. These new behaviors can be strong accelerators for achieving this outcome and improving income-generating strategies.

SUCCESS FACTORS

- Market assessment. Some degree of formal or informal market research is fundamental to planning, designing, and implementing successful IGA interventions. A credible market assessment will scan for potential market opportunities that seem to align well with the potential supply capacity of target households, with a strong preference for low barriers to entry. The analysis should identify and analyze the nature of demand (requirements, preferences, and trends), the influence of competitors, and the structure of the market system (how the product gets from inception to final consumer). PEPFAR should expect its implementers to undertake such market research or utilize relevant assessments from others before launching IGA interventions.
- Quick wins. Successful IGA strategies target the low risk/return mentality of vulnerable households through careful selection of IGA opportunities. Low barriers to entry are an important factor, but projects should also consider the returns on household investment in the IGA. The ability to generate fairly rapid returns (i.e., "quick wins"), even if they are small, is critical for securing and sustaining a household's interest in the IGA. This maxim also holds true for the time a household must invest in training for the IGA – interventions tend to be more successful when they require minimal training upfront and integrate progressively more advanced training as the IGA matures.
- Private sector engagement. Effective IGA interventions build greater engagement with the local private sector, which can include input suppliers, traders, buyers, and a range of

service providers that may be either formal or informal businesses. Such engagement begins with the way the households view their IGAs – implementers must promote them as real business activities rather than as small "projects", which is an unfortunately widespread perception. Thereafter, implementers can use a range of techniques for introducing households to relevant local businesses and building comfort and confidence to engage with them, such as: market mapping, stakeholder meetings, and mentoring arrangements.

- Strong facilitation tactics. Effective IGAs demonstrate strong ownership by target households, increased engagement with other entities in the marketplace, new economic behaviors and decisonmaking skills, and the potential for growth into higher risk/return endeavors. All of these characteristics require the implementer to use strong facilitation skills and careful subsidies. Facilitation tactics are discussed in greater detail on page 19.
- Mitigating risks of group approaches. While group enterprises can be helpful in early stages of IGAs, over time they may actually suppress the performance of IGAs. A range of strategies can potentially mitigate the risks of such approaches: encouraging households to undertake IGAs both as a group and as individuals, promoting IGAs among time-limited groups (such as the savings and lending groups discussed previously) or under highly informal arrangements, and supporting group structures for only certain aspects of IGAs (such as cooperative input purchases or product sales). When dealing with group enterprises, PEPFAR should look for signs that such groups can evolve with the IGA and can easily disband if the group dynamic no longer adds value to the IGA.

INTERVENTION ISSUES

- Supply-driven IGAs. Failure to conduct a decent market assessment or inattention to barriers of entry will yield IGAs that have no market or face difficulties in accessing markets. Projects then explore strategies for addressing these market concerns, when the best solution is usually to reconsider the selection of IGAs.
- Over-regulating the pace of change. Some individuals are naturally more entrepreneurial than others. IGA strategies fail to achieve this outcome when they assume all households possess (or can be trained to adopt) high levels of entrepreneurial behavior. Similarly, IGA strategies can also fail to advance the economic strengthening pathway when they assume all households have low levels of entrepreneurialism. Effective strategies embrace individual talents and paces of change, allowing natural entrepreneurs to mature quickly while supporting a slower pace for others.
- Overly protective tactics. Households must learn to manage risk and cope with loss; any business endeavor has some chance of failure, and successful businesses are built from lessons learned through these failures. Many IGA interventions fail when the project shields target households from risk rather than carefully selecting IGAs with appropriate levels of risk that households can manage on their own – including coping with loss if it occurs, due to the successful achievement of prior outcomes on the economic strengthening pathway.

Expand Household Income and Consumption

This outcome seeks to move beyond a household's risk-reduction strategies, increase their overall income levels, and link them with more growth-oriented opportunities. If all previous outcomes have been achieved, a vulnerable household should have adequate sources of self-insurance against future losses and relatively secure, though perhaps still low, levels of income. They can begin to consider comparatively riskier investments in economic activities and accordingly expect higher returns. Such households now begin to fit the profile of target participants in USAID's conventional economic growth initiatives, and implementers should actively explore linkages and synergies with such programs.

Typical interventions depend on the nature of the economic activity and fall into two broad categories: microenterprise interventions support self-employed households while workforce development interventions target households seek employment from others.

Microenterprises differ from IGAs in that they pursue higher-return markets and accordingly tend to require greater investments in time, skills, capacity, and relationships with other commercial actors. Value chain development, which views microenterprises as part of a larger market system, is an important intervention strategy for effective microenterprise development. This approach recognizes that the performance of individual microenterprises is highly influenced by the performance of the entire market system in which it operates. Constraints in any part of the market system can easily affect the opportunities available to stakeholders in other parts of the system. It can be critical for projects to interact with and provide assistance to other stakeholders apart from target households to be effective and achieve this outcome.

Workforce development builds the skills and systems required for target households to seek, acquire, and retain employment in the private sector. Formal employment can also represent greater risk than vulnerable households are accustomed to managing as it involves a dedicated allocation of human capital (i.e., labor) to a single income stream. By contrast, under an income-smoothing scenario, a household may engage in casual labor as an IGA where they have greater flexibility in deciding when to seek work and when to use their labor for other activities.

Workforce development presents unique challenges for vulnerable households because it (1) requires anticipating labor market demands over the medium- to long-term and (2) it often involves substantial periods of preparatory training during which household labor is not contributing to income or consumption maintenance activities. The most effective approaches to workforce development target skills and behaviors that households will need to find, secure, and retain employment recurrently over time rather than the criteria that they will need to obtain one specific job. This approach may more accurately be called *employability* and use a variety of non-formal education, applied learning, and networking techniques to improve a household's prospects for employment. Like microenterprise development, workforce and employability activities are more effective and sustainable when they use more systemic approaches.

Interventions targeting this outcome require more specialized skills and growth-oriented approaches. It is critical for PEPFAR and its implementing partners to actively explore partnerships and wraparounds with other economic growth initiatives to maximize their respective strengths and strategically address any capacity gaps. At this stage in the economic strengthening pathway, it becomes quite feasible to "hand over" the responsibility for target households from programs focused on vulnerability to those focused on growth.

SUCCESS FACTORS

- IGAs as stepping stones to growth. Income-expansion activities are most effective when they represent a natural sequence or extension from prior income-smoothing activities. If IGAs are selected judiciously and facilitated skillfully – i.e., with a view to reaching this next outcome – it can de dramatically easier to make the transition. This does not necessarily mean that all IGAs are appropriate business models for expanding household income. Rather, IGAs should be seen as a means to develop the necessary behaviors, skills, and relationships that permit households to shift more readily to more growth-oriented business models.
- Market research. Proper market research is even more important for activities under this outcome – partially because the markets are likely to be more complex and demanding but also because participation will represent even greater risk to the household. There is a greater need for understanding the structure and dynamics of market systems, and specialized methodologies have been developed for guiding this process.

- Indirect assistance to households. Many activities under this outcome may actually target stakeholders and issues that do not directly involve the target household. The most successful initiative have had the ability to work with a broad array of stakeholders to address the most critical constraints ultimately affecting the opportunities for target households. The more indirect such assistance may be, the more important a strong M&E plan becomes for understanding and assuring anticipated impacts at the household level.

FACILITATION TACTICS AND PRACTICES

Facilitating change among target households must start with a vision for reduced economic vulnerability and then stimulate positive behaviors and relationships that value continual changes in support of that vision. An economic strengthening pathway, as outlined above, provides the guideposts towards sustainable economic resiliency that allows facilitators considerable flexibility to adjust interventions to account for deeper learning, unanticipated market changes, and variable paces of change.

Projects and implementing partners should view their role as facilitators in economic strengthening initiatives, as distinct from their role as direct service providers in other PEPFAR interventions. The specific tactics employed by facilitators to support economic strengthening pathways are identical to those used by other implementers: they provide training, technical assistance, subsidies, and a range of possible support services. The difference is why facilitators engage in certain activities and how they conduct them.

Specific interventions are selected in an economic strengthening project only if they move target household towards reduced vulnerability and a growth orientation. Each and every intervention should lead to one or more of the following:

- Household strategies to manage risk and cope with loss
- Empowerment to take control of household economic situations and decisions
- Continuous improvements to accumulate assets and respond to markets
- Credibility of and confidence in market mechanisms
- Concentration of new actors that broaden and deepen commercial networks

Three central principles guide how a facilitator conducts its interventions:

- Intensity refers to the magnitude of resources and visibility that a project employs when intervening. The intensity can range from light-touch (i.e., very little resources or involvement and a limited public presence) to more heavy-handed approaches (i.e., greater allocation of resources and an active pubic presence). The default should always be light-touch unless there are compelling reasons that increased intensity is needed to achieve outcomes. However, as interventions become more heavy-handed, the prospects for sustainability reduce drastically because the project artificially shields households or other market actors from actual risks – and withdrawing such project assistance once begun is very difficult.
- Relationships among target households and other local stakeholders are critical for sustaining economic strengthening outcomes, unlike the relationships between them and the project. Building strong relationships between households and the project always creates dependency and weakens sustainability. Projects should address the underlying factors that prevent or discourage households from forming and sustaining relationships with other stakeholders by encouraging them to develop on their own. An effective project tactic is using project assistance to briefly mitigate the perceived risks of engaging in new relationships until stakeholders learn such risk is unfounded or easily managed. Known by many as "buying down risk", this practice encourages sustainable, supporting relationships and limits dependency of stakeholders on the project.

- Ownership refers to who actually drives the changes along the economic strengthening pathway. If target households are already adopting needed changes on their own, the project should avoid engagement. Otherwise, the project must seek ways to catalyze, but not own, the needed changes. "Self-selection" is an effective project tactic that requires households and other stakeholders to invest their own time or resources before being able to access project support. Self-selection becomes an especially effective tactic when employed continuously so that households take on ownership of each progressive change sought and supported by the project.

A careful and continuous process of facilitation can support economic strengthening interventions to achieve scale, sustainability, and cost-effectiveness. Such a process makes optimal use of existing structures and behaviors and employs three distinct phases for each intervention – stimulating change to expand and accelerate with diminishing project assistance. In practice, a project with multiple interventions in many geographic areas would feature numerous concurrent and overlapping facilitation processes.

- Find leverage. Leverage is the process of targeting an intervention at points in a system that can generate broader change throughout that system. Four basic factors can provide sources of leverage – some of which involve target households directly and others related stakeholders: (1) influential people in a social network, (2) social incentives or cultural norms, (3) economic incentives, and (4) aggregation points in a market system.
- Demonstrate. Initial intervention activities should use principles of self-selection and buying down risk to attract the participation of identified leverage points and also test or refine the particular intervention. As demonstration proves successful, the project should employ a prudent plan to publicize or sensitize others to its effects in order to advance to the next phase.
- Scale up and Exit. Scaling up refers to more target households or important stakeholders adopting pivotal behaviors and achieving priority outcomes rather than to the project undertaking more activities. Demonstration effect is the most frequent form of scaling up, where influential or less risk-averse individuals have adopted changes during the demonstration phase that other individuals now try to replicate. Carefully reducing project support to these new participants or increasing self-selection criteria helps to ensure such copycat behavior is driven by the value they see in adopting the change rather than by simply receiving project assistance. As the process reaches a certain critical mass or saturation point, the project can successful cease its support (or exit) and shift focus to the next incremental intervention.

MEASURING RESULTS, OUTCOMES, AND IMPACTS

Assessing meaningful results of any PEPFAR initiative is complicated by burdensome central reporting requirements that generally only serve to satisfy needs for accountability rather than indications of impact. Economic strengthening efforts can also face additional challenges. While ultimate outcomes and impacts are directly related to broader PEPFAR objectives for populations affected by HIV/AIDS, actual interventions and their more immediate outcomes usually only serve as means to those ends. Strong M&E frameworks and methods are critical to building confidence in economic strengthening strategies, ensuring accountability for PEPFAR funding, and understanding the ultimate impacts on target households.

Causal models form the solid foundation upon which credible program designs and effective M&E strategies are built. The individual components of M&E – results monitoring, outcome evaluation, and impact assessment – fulfill different functions for implementers and donors. Understanding their individual purposes, requirements, and limitations is important for getting the information that each stakeholder needs and answering the questions that each may have about the results of a particular program.

Causal Models

A causal model reflects the rationale for the project design and forces designers to be explicit in relating project activities to project outputs, outcomes, and impacts. Stated simply, a causal model is akin to a roadmap showing how a project gets from Point A (project activities) to Point Z (impact), including the intermediate steps needed to get from inputs to impacts (refer to Figure 6). Program activities include not only actual program activities but also the inputs (resources) used to produce those activities. Outputs are objectively measurable (capable of being independently observed, measured, and verified) results of program activities. Outcomes are observed changes among project clients or other stakeholders important to achieving or sustaining the objectives of the project (e.g., MFIs or value chain actors).

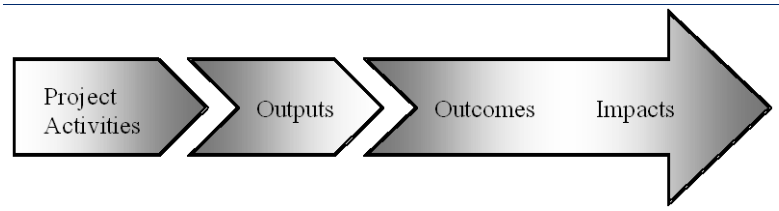


Figure 6. The Causal Chain

The stated goal of a particular program should represent the ultimate impact it is intended to achieve, such as: *improving the well-being of orphans and vulnerable children*. Likewise, the program's objectives delineate the categories of project activities to be undertaken, which should ideally correspond in some fashion to outcomes along the economic strengthening pathway. A sample outline of a causal model is detailed in Table 4.

Table 4. Sample Outline of Causal Model

ACTIVITIES	OUTPUTS	OUTCOMES	IMPACT
Promote savings groups	Accumulation of financial assets	Decreased variability of household expenses	Improved well-being of orphans and vulnerable children
Promoting lending groups	Ability to manage finances and plan expenses		
Training to diversify into vegetable production	Upgraded agricultural production skills	More consistent and higher household incomes	
Develop market for micro-irrigation equipment	Higher production for less cost and labor		
Affiliation with producer groups	Access to market and/or market information		
Social marketing/ public information	Awareness of the importance of investing in children	Increased household expenses per child on social/health services	

RECOMMENDATIONS FOR THE PEPFAR COUNTRY TEAM

At a minimum, PEPFAR should adhere to the following principles in its future economic strengthening efforts in Tanzania:

- Be clear about objectives and target population
- Take a cross-sectoral approach and ensure open dialogue throughout the program

- Base program design on sound market analysis
- Seek household change in small, riskable steps
- Develop interventions for sustainability and scalability
- Avoid mixing *how* OVC and other services are provided directly with *how* economic strengthening strategies are facilitated
- Identify robust indicators to effectively track performance, outcomes, and impact
- Do no harm to the private sector

More specific recommendations include the following:

1. Invest in a champion program that will:
    - Demonstrate approaches
    - Build capacity
    - Provide technical leadership
    - Develop M&E models
    - Explore coordination mechanisms
2. Leverage CARE's savings program financed by the Gates Foundation
3. Strengthen program design/procurement:
    - Specify target populations and expected outcomes
    - Encourage strategic alliances
    - Require exit strategies
    - Require causal models
    - Reward effective M&E
4. Build government ownership:
    - Support development of quality standards
    - Seek assistance for social protection framework
    - Influence orientation: government enables rather than provides economic strengthening
5. Strengthen management capacity:
    - Invest in a technical advisor for economic strengthening
    - Involve EG/NRM in technical rather than managerial oversight
    - Plan ahead for institutional and TDY technical assistance
6. Embrace PEPFAR II principles:
    - Sustainability and systems
    - Family-centered
    - AIDS-sensitive rather than exclusive targeting

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ANNEX B. INDIVIDUALS AND INSTITUTIONS CONSULTED

Academy for Educational Development *Dar Es Salaam*	Tony Castleman *FANTA-II Deputy Director for Field Support*
Africare *Dodoma*	Ranahnah Afriye *Regional Technical Manager* Sekai Mapanda Chikowero *Tanzania Country Representative* John Stephen *Senior Programs Manager* Datus Ng'wanangwa *COPE Programme Coordinator* Yohana Makala *COPE Income Generation Officer*
Aga Khan Foundation *Mwanza*	Joanna Ledgerwood *Director, Enterprise Development* Candace Nelson *Consultant* Ben Fowler *Consultant*
Amani WORTH Group *Mwanga*	*Group Members*
CARE *Dar Es Salaam*	Lauren Hendricks *Executive Director, Access Africa* Sybil Chidiac *Technical Advisor, Learning and Impact*
Catholic Relief Services *Mwanza*	Wendy-Anne Rowe *Technical Advisor* Malone Miller *Head of Programs* Hemmed Lukonge *Senior Program Officer, OVC PEPFAR Track 1 Programs* Sebastian Jayasuriya *Head of Office, Mwanza* Carlos Sánchez *Health Program Manager* Steve McSween *Agriculture Program Manager* Betty Chiduo *Program Officer*
Emerging Markets Group *Dar Es Salaam*	Gad Sam Tukamushaba *COPE Regional Income Generation Officer*

Kimkumaka Agricultural Training Facility *Mwanza*	Zephania Ihuya *Director* Mr. Lugoe *Project Officer* Mr. Swalala *Project Officer*
Mildmay International *Kisiwani*	Elias Ooko *Team Leader, Home-Based Care*
Moshi Municipal Council *Moshi*	Anthony Gikuri *Community Development Officer, Pasua Ward*
Pact *Moshi*	Jacqueline Mwaba *Global Support Unit Director, WORTH Program*
PASUG Village Community Bank *Pasua, Moshi Municipality*	*Group Members*
Social Action Trust Fund *Dar Es Salaam*	Beatrice Mgaya *Chief Executive Officer*
Tanzania Red Cross Society *Moshi*	Lucy Swai *Programme Manager, Home-Based Care*
The Salvation Army *Moshi*	Salome Kisenge *Program Manager* Herbert Tenson *Monitoring & Evaluation Officer* Sara Davis *Technical Advisor, HIV/AIDS*
Tuleana SILC Group *Samiro*	*Group Members*
Tumaini WORTH Group *Mwanga*	*Group Members*
Tusaidiane SILC Group *Bukumbi*	*Group Members*
UNICEF *Dar Es Salaam*	Myo Zin Yunt *HIV/AIDS Coordinator*

USAID/Tanzania *Dar Es Salaam*	David Nyange *Project Management Specialist, Economic Growth* Laura Skolnik *Senior HIV Prevention Advisor* Elizabeth Lema *Project Management Specialist, OVC* Grey Saga *Project Management Specialist, Nutrition & Wraparounds* Moses Busiga *Project Management Specialist, Palliative Care* Megan Burkhart *PEPFAR Field Analyst*
Yam Makaa WORTH Group *Moshi*	*Group Members*

ANNEX C. ITINERARY

Sunday • 24 May 2009

19h30	Arrive from Johannesburg on flight SA 188 and transfer to Hotel SeaCliff

Monday • 25 May 2009

Public Holiday

Tuesday • 26 May 2009

08h00	Depart Hotel SeaCliff
08h30	Social Action Trust Fund *Dar Es Salaam*
09h00	Depart Dar Es Salaam by road for Dodoma
15h00	Arrive Dodoma and check in to New Dodoma Hotel

Wednesday • 27 May 2009

07h45	Depart New Dodoma Hotel
08h00	COPE project overview, Africare office *Dodoma*
09h00	Depart Dodoma by road for Kongwa
10h00	Kongwa District Administrative Secretary *Kongwa*
10h30	Kongwa District Executive Director *Kongwa*
11h30	COPE Income Generating Activity Group #1 *Mshikamano*
12h30	COPE Income Generating Activity Group #2 *Mlanga*
13h30	Depart Kongwa by road
14h30	Lunch at the Royal Village Hotel
16h00	Nduka Most Vulnerable Children Committee *Dodoma*

17h00	Return to New Dodoma Hotel

Thursday • 28 May 2009

08h00	Depart New Dodoma Hotel
08h30	Dodoma Municipal District Executive Director *Dodoma*
09h30	Depart Dodoma by road
16h30	Arrive Dar Es Salaam and check in to Hotel SeaCliff

Friday • 29 May 2009

09h15	Depart Hotel SeaCliff
10h00	UNICEF *Dar Es Salaam*
11h00	FANTA-II project consultation *Dar Es Salaam*
13h00	Return to Hotel SeaCliff

Sunday • 31 May 2009

09h00	Depart Hotel SeaCliff
11h15	Depart on flight PW 412 to Mwanza
13h25	Arrive Mwanza and check in to Hotel Tilapia

Monday • 1 June 2009

09h00	Depart Hotel Tilapia
09h30	SILC project overview with CRS and Kimkumaka *Mwanza*
10h30	SILC Group #1 *Misungwi*
12h30	SILC Group #2 *Isamilo*
15h30	SIGA Group *Nange*
17h30	Return to Hotel Tilapia

Tuesday • 2 June 2009

09h00	Depart Hotel Tilapia
09h30	Debrief with CRS and Kimkumaka *Mwanza*
13h45	Depart on flight PW 727 to Kilimanjaro
15h05	Arrive Kilimanjaro
16h00	Meet Salvation Army *Moshi*
16h30	WORTH Group #1 *Moshi Rural*
18h30	Check in to Parkview Inn

Wednesday • 3 June 2009

08h00	Depart Parkview Inn
09h00	WORTH Group #2 *Mwanga*
10h30	WORTH Group #3 *Mwanga*
13h30	Mildmay Income Generating Activity Groups *Kisiwani*
18h00	Return to Moshi

Thursday • 4 June 2009

08h30	Depart Parkview Inn
09h00	Tanzania Red Cross Society *Moshi*
10h00	Village Community Bank *Pasua*
11h30	Debrief with Salvation Army *Moshi*
13h30	Lunch
17h30	Depart on flight PW 433 to Dar Es Salaam

18h50	Arrive Dar Es Salaam and check in to Hotel SeaCliff

Friday • 5 June 2009

07h30	Depart Hotel SeaCliff
08h00	Courtesy calls with PEPFAR staff *Dar Es Salaam*
08h30	Planning meeting with Grey Saga *Dar Es Salaam*
09h30	Debriefing and discussion with PEPFAR team *Dar Es Salaam*
11h30	Return to Hotel SeaCliff

Saturday • 6 June 2009

09h00	Emerging Markets Group *Dar Es Salaam*

Sunday • 7 June 2009

No meetings scheduled

Monday • 8 June 2009

No meetings scheduled

Tuesday • 9 June 2009

14h30	CARE / Access Africa *Dar Es Salaam*

Wednesday • 10 June 2009

10h00	Catholic Relief Services *Dar Es Salaam*

Thursday • 11 June 2009

15h00	Africare *Dar Es Salaam*

Friday • 12 June 2009

08h30	Outbriefing with USAID/PEPFAR *Dar Es Salaam*

Saturday • 13 June 2009

03h00	Depart Hotel SeaCliff
05h25	Depart on KQ 481 to Nairobi

ANNEX D. TYPOLOGY OF INFORMAL MICROFINANCE STRUCTURES

Explanatory/introductory text…

TYPE & EXAMPLES	FEATURES	ADVANTAGES	DISADVANTAGES
ROTATING SAVINGS AND CREDIT ASSOCIATION (ROSCA)	▪ Unregistered ▪ Time-bound ▪ Members deposit fixed amount each period ▪ Each period, one member receives all funds ▪ Rotates until everyone has received funds ▪ No external funding	▪ Works well in remote rural communities ▪ Well-known in many countries ▪ Simple, easy to manage system ▪ No written records ▪ Enable people to obtain usefully large sums	▪ Amounts saved are generally small ▪ Inflexible: can't deposit or withdraw funds as needed, so generally not available for emergencies ▪ No lending ▪ Savings tied up until member's turn to collect
ACCUMULATING SAVINGS AND CREDIT ASSOCIATION (ASCA) ▪ VSLA (CARE) ▪ SILC (CRS) ▪ Saving for Change (Oxfam) ▪ PLAN ▪ Save the Children	▪ Unregistered ▪ Time-bound ▪ Usually a fixed amt. deposited each period ▪ Funds lent to members with interest ▪ No external funding	▪ Same advantages as for ROSCAs ▪ More flexibility than ROSCAs for people who want loans ▪ Members receive a return on their investment	▪ Amounts saved are small ▪ Loans generally not suitable for agriculture or large investments, due to small loan size and risk ▪ Savings tied up for the cycle
SELF-HELP GROUP (SHG) ▪ WORTH ▪ Vicoba (Village Community Bank)	▪ Similar to ASCA but intends to be permanent ▪ External funds: SHGs borrow from banks and on-lend to members ▪ Sometimes federated	▪ More flexible than ASCA ▪ Savings sometimes leverage external funding (banks, MFIs), enabling larger loans	▪ Savings cannot be withdrawn unless member leaves SHG ▪ May be difficult to achieve bank linkage without support from government

Adapted from A. Ritchie (2007).

ANNEX E. GLOSSARY OF KEY TERMS

Accumulating savings and credit associations (ASCAs): These are informal savings groups that resemble Rotating Savings and Credit Associations but are slightly more complex. In an ASCA, all members regularly save a minimum fixed amount, and some members borrow from the group. Interest is usually charged on loans. Some members borrow while others are savers only; borrowers may borrow different amounts on different dates for different periods. Importantly, ASCAs are time-limited: they dissolve after a specified period of time agreed by the group, the accumulated savings are divided proportionally among group members, and the members have the option whether to re-constitute the group.

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

Economic strengthening: The portfolio of strategies and interventions that reduce the economic vulnerability of target households.

Economic vulnerability: The possibility that a household or individual will experience an acute loss of assets or the loss itself.

Financial education: Activities that empower households to make wise financial decisions – teaching people how to save more, spend less, borrow prudently, and manage debt with discipline. It can also help more experienced households to understand and make informed decisions about an array of financial services, from money transfers to insurance.

Income-generating activity (IGA): Any legal economic activity that produces income for the household and that exhibits low risk and equally low returns from engaging in the activity.

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

Microcredit: A subset of microfinance that focuses exclusively on providing small loans to low-income households.

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

Microfinance: The provision of a range of financial services adapted to the needs of poor households, including savings, loans, insurance, money transfers, and remittances.

Micro insurance: A subset of microfinance that provides insurance products to poor households.

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