

Community Resource Mobilization and FINCA/COPE II Overlap in Malawi

April 1999

by

Jill Donahue

The evaluation report was conducted under the auspices of the United States Agency for International Development. The evaluation was conducted by the Displaced Children and Orphans Fund and War Victims Fund Contract (HRN-C-00-98-00037-00). The opinions expressed are those of the author and do not necessarily reflect the views of the U.S. Agency for International Development or Professional Resources Group, International.

For additional information or copies of this report, contact

Displaced Children and Orphans Fund and War Victims Fund Contract

1300 Pennsylvania Ave, NW

North Tower, Suite 405

Washington, DC 20004

phone: 202-789-1500 fax: 202-789-1601

e-mail: fred@dcowvf.org

Contents

Acronyms.....	iii
Map of Malawi.....	iv
Recommendations.....	v
Community Resource Mobilization and FINCA/COPE II Overlap	1
Overview.....	1
Importance of Income Generation	1
Purpose of Technical Assistance	2
Specific Tasks	3
Workshop Highlights	4
Community Resource Mobilization.....	4
Fundraising versus Income-Generating Activities	4
Individual versus Committee Needs for Income.....	5
Committee Assistance to HIV/AIDS-Affected Households.....	5
Strengthening Vulnerable Household Incomes versus Relief Assistance.....	5
Rotating Savings and Credit Associations and Market Chain Analysis	6
Supporting the Household Economic Resources	6
FINCA, DEMAT, and MRFC Overlap with COPE	7
Current Potential Locations for Geographical Overlap.....	7
Operational Issues of Overlap	8
FINCA.....	8
Development of Malawi Trust.....	9
Malawi Rural Finance Corporation	10

Appendices.....A-1

- A. Scope of Work.....A-1
- B. Workshop Proceedings—Community Resource MobilizationA-3
- C. Recommendations for the development of FINCA’s Social CommitteesA-11
- D. How to Use the Capacity Inventory Tool.....A-16

Acronyms

AIMS	Assessing the Impact of Microenterprise Services
CAC	community AIDS community
COPE	Community-based Options for Protection and Empowerment
DACC	district AIDS coordinating community
DCOF	Displaced Children and Orphan's Fund
DEMAT	Development of Malawi Trust
DFID	Department for International Development
EAP	economic activity program
EOP	economic opportunities promoter
FINCA	Foundation for International Community Assistance
GTZ	German Technical Assistance Agency
IFAD	International Foundation for Agricultural Development
IGA	income generating activity
MASBA	Malawi Association for Small Business Assistance
MRFC	Malawi Rural Finance Corporation
NABWE	National Association of Business Women and Entrepreneurs
NASBI	National Association of Small Businesses and Industries
NASME	National Association of Small and Micro Enterprises
NGO	nongovernmental organization
PRA	participatory rural appraisal
ROSCA	Rotating Savings and Credit Association
SCF/US	Save the Children Fund/United States
UNCDF	United Nations Capital Development Fund
USAID	United States Agency for International Development
VAC	village AIDS committee
WWB	Women's World Banking

Recommendations

COPE Staff and Members of District, Community, and Village AIDS Committees

- C Use the capacity inventory tool to identify the skills and talents of committee and community members. These skills and talents can form the basis for ideas on fundraising possibilities.
- C Weigh the pros and cons of engaging in income-generating activities (IGA) that function as businesses to secure financial resources for committee operations.
- C Analyze more thoroughly whether households made vulnerable by the impacts of HIV/AIDS will benefit from credit facilities. They must first be capable of engaging in their own economic activities. Do not assume that training in business management is the most compelling factor in improving capacity in this regard. A household may be so severely affected that links to economic opportunity are ineffectual.
- C Collaborate with the Foundation on International Community Assistance (FINCA) to develop a training package to support committees in their solidarity groups.
- C Investigate the progress of the Malawi Rural Finance Corporation (MRFC) partner agencies in the Mudzi scheme. The Ministry of Women's economic activity program (EAP) effort should be an interesting possibility.
- C Introduce the informal Rotating Savings and Credit Association (ROSCA) scheme to those households who cannot benefit from standard microfinance services. ROSCAs should enable women to gain access to working capital for their microeconomic activities. Encourage participants to build up their activities in this way until they are able to take advantage of the standard microfinance services.
- C Use the market chain analysis as an opportunity to identify niches within business sectors that might be more profitable than activities that vulnerable households are doing. The information gained through these analyses could promote better ideas. It could also help committees maximize the potential of the communal gardens.
- C Seek out training opportunities for economic opportunity promoters (EOP).
- C Encourage all stakeholders to participate in, be fully informed about, and be comfortable with Community-based Options for Protection and Empowerment's (COPE) economic strengthening, community resource mobilization, and fundraising strategy.

Displaced Children and Orphans Fund

- C Pursue collaboration with both USAID's Assessing the Impact of Microenterprise Services (AIMS) initiative and the British Government's Department for International Development's (DFID) impact evaluation efforts. Determine what type of resources DCOF is willing and able to provide to influence the direction of AIMS's and DFID's impact evaluation.
- C Encourage and support a retreat for COPE staff. The retreat agenda should include examination of the role that economic strengthening plays in the context of community mobilization and HIV/AIDS impact mitigation.
- C Continue information dissemination to microfinance practitioners, HIV/AIDS care and support program staff, and donors about how microfinance services are a tool to mitigate the disease's impacts.
- C Document how microfinance institutions' operational practices evolve in response to HIV/AIDS impacts.
- C Consider sending the microfinance technical advisor to Malawi to follow up on and provide technical assistance to the development of social committees within FINCA's solidarity groups.
- C Document how clients' use of microfinance services change and evolve in response to the impacts of HIV/AIDS on their households.
- C Continue clarifying the role that income generation plays in the context of community mobilization programs. Understanding the contribution income generation makes to creating sustainable sources of funds, for activities designed and managed by community members, is critical.

Community Resource Mobilization and FINCA/COPE II Overlap

Overview

Save the Children Fund/United States (SCF/US) began the Community-based Options for Protection and Empowerment (COPE) program in July 1995, in Malawi's Mangochi District with funding from the Displaced Children and Orphans Fund (DCOF). DCOF funded the initial COPE program (COPE I) for the period July 1995-September 1997, and provided a second grant for the period September 1997-September 2000 (COPE II).

COPE focuses on mobilizing communities to organize activities that will mitigate the impacts of HIV/AIDS on children and families. Three levels of committees are the foundation of this community-based approach: district AIDS coordinating committees (DACC), community AIDS committees (CAC), and village AIDS committees (VAC).

Importance of Income Generation

At the start of the COPE program, SCF/US staff realized HIV/AIDS had a profound economic impact on households. They saw the status of those already living in poverty as especially precarious; the decline from poverty to destitution could be an abrupt one. In Namwera, the number of families having trouble finding enough food alarmed village AIDS committees. Children in these households were malnourished, poorly clothed, and oftentimes did not attend school.

In addition, the village and community AIDS committees depend on intermittent income-earning activities and donations to finance their efforts to assist families and children in need. Their ability to sustain care and support activities depends upon a degree of economic stability at household and community levels. If AIDS pushes too many people from poverty into destitution, their needs will overwhelm the committees and erode the committees' funds to provide support.

The members of the district, community, and village AIDS committees are working to develop the two following approaches to the need for income generation:

1. **Committee Funds:** Stakeholders in the COPE program recognize they are most successful in generating funds for their committees' activities when they use members' existing skills and knowledge. Initiating major projects that are, in reality, small businesses require management skills and time that members do not possess. Such efforts also oblige members to seek external grants, which are difficult to acquire, and repress committee initiative in acting on ideas that use internal resources. Instead, they start with what committee members already know how to do (community gardens) and on intermittent fundraisers (raffles and big walks).

2. **Individual Households:** An encouraging approach to shoring up individual household

resources is state-of-the-art microfinance programs. Although microfinance services are unlikely to produce major economic gains for poor households, modest gains can make important contributions to household survival and well being. Access to credit and savings also enables households to build assets that can serve as insurance in emergencies.

Purpose of Technical Assistance¹

The community- and village-level AIDS committees formed thus far have successfully mobilized their internal resources. The COPE staff in Malawi has been successful in creating links between communities and agricultural extension inputs that greatly enhanced community group fundraising for more vulnerable members of their village. At the same time, committees seem to be reaching the limits of these resources. They need assistance to mobilize additional untapped resources within their community and to gain access to new external sources of assistance.

AIDS committee members recognize the potential of microfinance services to strengthen vulnerable households' economic resources. These programs, however, require specialized expertise. Since there are several organizations in Malawi that deliver microfinance services, the best solution is to create links between them. Foundation for International Community Assistance (FINCA) and SCF/US have been discussing such a linkage for some time, but have not yet engineered with each other to accomplish geographic overlap. In addition, the Economic Opportunity Promoters (EOP) of COPE would like to identify other ways to support the economic resources of vulnerable households. Their view is that some households affected by HIV/AIDS do not fit the criteria for participation in microcredit projects, but are still able to engage in microenterprise or agricultural activities. In these cases, savings schemes and better market links might be more effective alternatives than access to credit.

Accordingly, the technical advisor provided support to the COPE project in the following two areas:

1. **Skill Development for Economic Opportunity Promoters (EOP):** The technical advisor provided training to uncover opportunities for income generation and resource mobilization for individuals within the community or for committee fundraising ideas. The training approach looked at the wider possibilities of community resource mobilization. The EOP learned about and practiced using tools to acquire a better picture of what human, material, and financial resources are available within their communities and committees. From this strengthened position, communities will more effectively direct requests for external resources and assistance.

¹ See Appendix A for the Scope of Work.

The original training content proposed covers market links, savings mobilization, and links to agricultural inputs and advice. Sessions introducing tools to identify community members' skills and talents as potential resources were added to the original training design.

2. Link Target Beneficiaries and Financial Services: An important aspect of collaboration with FINCA and other microfinance institutions is reinforcing the economic stability of HIV/AIDS-affected families and communities within the targeted districts. The technical advisor assisted COPE and FINCA to detail potential programmatic and operational areas where each organization could improve the overall effectiveness of the others' program activities. In addition, the technical advisor reviewed the status of two other organizations providing microfinance services: Malawi Rural Finance Corporation (MRFC) and Development of Malawi Trust (DEMAT).

The original scope of work indicated that the technical advisor, in collaboration with SCF/US, COPE II, FINCA, and USAID staff, would develop a conceptual framework for measuring the impact of the two program's overlap on the target population. However, the tasks for this part of the FINCA/COPE overlap were modified to consider the impact of microfinance on households and on mitigating the impacts of HIV/AIDS. One new development is DCOF's collaboration with USAID's HIV/AIDS Division and Horizons to design research to document the impact on HIV/AIDS-affected households. Another development is that both USAID/Washington (through Assessing the Impacts of Microenterprise Services or AIMS) and the British Government's Department for International Development (DFID) are already carrying out or planning major microfinance assessments in Eastern, Central, and Southern Africa. The possibility of coordinating a COPE/FINCA impact assessment with these other activities should be explored before designing an activity that would duplicate other efforts.

Specific Tasks

- Design and deliver a workshop for COPE staff about market links, savings mobilization, and creation of links to agricultural inputs and advice;
- Develop strategies to strengthen community AIDS committees' and village AIDS committees' capacities to mobilize external resources and raise funds;
- Review and provide input to discussions already begun between FINCA and SCF/US on the conceptual basis of potential overlap;
- Identify effective, practical, and realistic indicators that could be used to measure impact and suggest a system for monitoring and tracking these indicators;
- Discuss with and provide suggestions to COPE staff on how to do qualitative research on the impact of the overlap program on vulnerable children and households.

The end products are a training of trainers workshop on mobilizing external resources and fundraising for CACs and VACs; a description of COPE/FINCA geographic overlap; and a framework or system for generating and tracking indicators to measure the impact of the program on vulnerable children, households, and communities affected by HIV/AIDS.

The last portion of the aforementioned end products was modified. Instead of creating a formal framework, the technical advisor discussed and made recommendations on how to incorporate questions and indicators to measure how microfinance programs mitigate the impact of HIV/AIDS.

Workshop Highlights²

Community Resource Mobilization

Workshop participants discussed the need for enhancing community mobilization efforts to engage wider participation within the community. Many times the committees (DACCs, CACs, and VACs) do not realize what resources they have. Often, individual skills and talents are not thought of as resources, and there is a tendency to look to outside sources of assistance before thoroughly examining all the possibilities within the community. The philosophy of valuing all community members' skills and talents and providing opportunities for them to contribute those talents is a very powerful one. The Capacity Inventory³ is a tool that community mobilizers can use to put this philosophy into practice.

Continuing efforts to improve the participatory skills of all COPE stakeholders (i.e., DACC, CAC, VAC, and SCF/US staff) is also very important. In particular, VACs need to be able to engage as many people in the communities as possible. This requires skills that committee members need to develop and learn.

As COPE stakeholders acquire new skills, the new abilities must be absorbed into the mobilization strategy. For example, stakeholders recently attended participatory rural appraisal (PRA) training sessions. Using the mapping exercises from the PRA tool in conjunction with the Capacity Inventory may enhance identification of internal community resources.

Fundraising versus Income-Generating Activities

Although fundraising is a way to generate income, people generally understand it to be different than an income-generating activity (IGA). Income generating activities tend to refer to on-going business activities (like a grocery store or a grain mill), whereas fundraising refers to intermittent activities (like Big Walks or raffles).

² See Appendix B for a detailed record of the proceedings.

³ See Appendix D for a description of this tool.

Income-generating activities are typically recommended by donors or NGOs to strengthen the economic resources of vulnerable households affected by HIV/AIDS, and income-generating activities are recommended to community groups as a way to acquire a source of financing for their group activities. The second goal is the most difficult to turn into a success. Group-based enterprises often do not generate enough revenue to provide financial resources. In addition, many group members tend to expect the activity to supply individual members with income. Another problem is the question of who manages the enterprise, particularly when problems arise or when the time comes to parcel out the revenue. A final danger is when managing the activity takes up so much of the members' time that it becomes the main activity of the group.

Individual versus Committee Needs for Income

It is extremely important that a committee be clear about the purpose of the resources they mobilize. Committees get into trouble when they expect their fundraising or income-generating activity to supply funds for the committee's operations and individuals.

Committee Assistance to HIV/AIDS-Affected Households

The committees' purpose for mobilizing resources (material, human, and financial) is to assist households (especially orphan caregivers) who are particularly vulnerable to the impacts of HIV/AIDS. In general, they approach this in three ways:

- Providing relief assistance (food, clothes, school fees) and moral support (visiting, advising, consoling, assisting with child care and household chores);
- Linking households in need to resources and resource people; and
- Developing strategies to improve the economic resources of vulnerable households.

Strengthening Vulnerable Household Incomes versus Relief Assistance

Committees have had mixed success with developing strategies to improve the economic resources of vulnerable households. The issue is one of defining who, among the vulnerable households, will be most likely to benefit from either approach. In this light, facilitating access to credit needs to be reconsidered. It may not be the best tool with which to assist the more vulnerable families in a community.

A case in point is the business training offered to 150 women in preparation for receiving loans from DEMAT. The terms and conditions of the available credit may seem strict, but they exist for a reason. Microfinance institutions have learned their lessons the hard way. In order to protect their ability to become sustainable, they can not deviate too far from what they have learned are best practices.

Other African women just as poor and vulnerable as Malawian women have seen fit to save in order to leverage credit. They have also had no problem paying high interest rates. Malawian women may be reluctant to take on debt because they feel their risk for default is too high, they may not want to be in a group where they are jointly liable for other women's loans, or they may think the loan amounts are too high. Another possibility is that, before the training, the women thought the credit scheme was yet another ploy to get political mileage and they would not really have to pay back.

The destitute may not be able to engage in income-generating activities at all. In their cases, assistance designed to strengthen economic activities (e.g., credit or business training) is not appropriate; instead, relief assistance should be used. Similarly, the capacity to absorb debt may be very low for vulnerable households who do engage in economic activities. Credit may be too heavy a burden for them.

Mobilizing savings for very small amounts of working capital, however, by using an informal rotating savings and credit association (ROSCA) scheme may be needed. Finding more profitable activities within familiar business sectors using the market chain analysis may identify niches that do not require heavy investments of training where financial resources would work better than credit.

Rotating Savings and Credit Associations and Market Chain Analysis

Rotating Savings and Credit Associations (ROSCA) should be viewed as tools for improving the individual situations of vulnerable households. It is not an effective method that will mobilize resources or provide finances for communal use. A ROSCA could cause confusion within a committee if the scheme were used with membership contributions. It would worsen the conflict of interest between meeting the individual needs of committee members and the needs for supporting committee activities for the public good.

The market chain analysis can be used for community fundraising purposes, particularly to maximize the revenue potential for communal gardens.

Supporting the Household Economic Resources

As stated above, the effectiveness of linking households severely affected by HIV/AIDS to credit needs to be reconsidered. Credit can be very valuable in strengthening the resources of the community in general. If the better off people in the community become economically disabled, there will be no one to take up the activities of the district, community, or village AIDS committees. Attention to strengthening their resources is an important strategy to sustaining the community mobilization efforts of these committees.

FINCA, DEMAT, and MRFC Overlap with COPE

The technical advisor met with the FINCA representative, Scott Graham; the acting general manager of Development of Malawi Trust (DEMAT), Douglas Katapola; and Geoffrey Kumwenda at Malawi Rural Finance Corporation (MRFC). All agreed that overlap with microfinance institution programs has the potential to assist the portion of households who are less severely affected by HIV/AIDS. It can also be viewed as a preventative method that enables all households to participate in community mobilization efforts and as a way to minimize the number of people who become vulnerable and need relief assistance.

Current Potential Locations for Geographical Overlap

The FINCA head office in Blantyre covers an area from Lundzu in the North and Vumbwe in the South. FINCA is also in Mulanji near the District center. In Balaka, it covers the Boma, although it should be expanding. In Zomba, it covers the area from Namadzi to Liwandi. Lilongwe operations started in November, and FINCA expects that by mid-2000, it should be expanding, probably into Dedza.

FINCA has already expanded to Lilongwe. There will be an overlap there between FINCA and COPE by the end of 1999 when COPE moves into that area. Another overlap will occur when FINCA expands to Dedza from Lilongwe in the early part of 2000. If FINCA expands out from Balaka, there will probably be overlap in the Ntcheu area where COPE is next programmed to expand.

DEMAT's head office is also in Blantyre. They have branch offices throughout Malawi, but they are operating their microcredit scheme only in Nkhata Bay, Mchinji, Dedza, Thyolo, and in the Mangochi and Nsanje offices. Potential overlap is in Dedza through Mr. Austin Chiwa and in Mangochi through Mr. Charles Sambani.⁴

MRFC has the best coverage and overlap with COPE. Their Mudzi scheme operates in their branch offices throughout Malawi. Potential overlap through MRFC satellite offices exists in each district that COPE is in and in the ones COPE will expand to. MRFC also has field offices at CAC levels. In Dedza, for example, the Mudzi scheme is channeled through their field offices in Kanyama (which also covers Bembeke), Mayani, and Lobi. Kanyezi is covered through their Chafumbwa field office.⁵ Mudzi scheme operations should be verified with MRFC staff at their satellite and field office locations.

Operational Issues of Overlap

⁴ The DEMAT brochure contains additional information.

⁵ The MRFC Branch Network brochure contains a list of the field offices for the other COPE sites.

FINCA

FINCA operates its credit and savings services through solidarity groups. These groups have 25 to 30 members. First-time loan amounts are a maximum of 2,000 kwacha (roughly \$155). Individual members are expected to mobilize savings to provide a loan fund in case of default.

Although actual geographic overlap is not imminent, FINCA is interested in collaboration because it has the potential to help gauge the impact HIV/AIDS has on client retention and on developing innovations in credit delivery methodology to minimize attrition. COPE is interested in engineering geographic overlap to the extent it can capture the effect FINCA's credit and savings services has on mitigating the impacts of HIV/AIDS within client households and on strengthening the effectiveness of the mitigation.

FINCA wants to improve client retention rates by dealing with the HIV/AIDS issues that may affect those rates. They want to do so without scaring clients away. Most clients who leave FINCA do so voluntarily, not because they are forced out. For example, one group had six members drop out after a loan cycle; three departed because of repayment problems, two were transferred, and one dropped out because of illness. It is likely that the solidarity group could have identified the client's difficulty before it became a problem and devised solutions that would have enabled the person to repay and keep her place in the group. This type of solidarity does occur, but its full potential has not been used.

FINCA intends to systematically incorporate a strategy that would maximize the potential of the solidarity function within their client groups⁶. The main thrust of the strategy will be to create a training package that will provide tools that credit officers and solidarity groups can use to improve client retention. Through this package, credit officers will gain skills to facilitate the creation of support committees. These social support committees would in no way replace the disciplinary committee's function. They would be complementary; acting to minimize the number of repayment problems the disciplinary committee has to confront, and in the process retaining solidarity between group members.

Social committees would become a mechanism within FINCA solidarity groups to

- C Identify people who have manageable social problems. (The idea would be to get to people before their situations become a repayment problem.)
- C Facilitate the committee's ability to analyze and solve problems.
- C Brainstorm with the committee on what the group could do—internally—to support clients with difficulties so they will not have to drop out or become repayment problems.

⁶ See Appendix C for a memo sent to FINCA's Malawi representative regarding recommendations for developing social committees.

- C Identify sources of external assistance for clients who have needs that surpass what the group can do.

The training package design would be based on enhancing credit officers' skills in the aforementioned areas. It would also include sessions on how a social committee would function within the solidarity group. COPE staff and members of the DACC, CAC, and VAC structure could contribute valuable insight toward the development of the FINCA training package. Sharing their experience in identifying vulnerable members of their communities, without stigmatizing them, and supporting vulnerable members are two areas of information exchange. In the meantime, when geographic overlap exists, the support committees and the DACCs, CACs, and VACs would be points of intersection. DACCs, CACs, and VACs could inform social committees of possible sources of assistance for those clients who need it.

The second part of this overlap strategy is to develop an information sharing structure between FINCA and COPE. FINCA intends to assign a headquarters point person to monitor the evolution of the social committees. In addition, FINCA supervisors could participate within the DACCs. The CACs could also be contact points for the VACs they assist.

The third aspect of the overlap is organizing and planning impact assessments. DFID is already planning a longitudinal study. COPE may be able to participate or coordinate assessments with them. In addition, DCOF is planning a research initiative with the HIV/AIDS Division in USAID/Washington and Horizons. All of these efforts should be explored first to determine areas of mutual interest so that resources are used efficiently. The DFID contact is Richard Boulter, based in Harare, Zimbabwe. Scott Graham will discuss coordination of impact evaluations with them, and DCOF will follow up (through Jill Donahue).

Development of Malawi Trust

DEMAT and COPE have collaborated in the past. In phase I, COPE graduated some of its GGLS women's group to DEMAT. DEMAT's loan sizes are a bit larger than GGLS's. After having gone through one or two loan cycles, women saw that they and their businesses were ready for the larger loan. In addition, DEMAT had a short subcontract arrangement with GGLS staff to carry out a new initiative within the credit scheme.

The acting general manager for DEMAT said that maximum loan levels for first-time borrowers is 3,000 kwacha (roughly \$230), but that there is no minimum amount. Second-time borrowers can go as high as 5,000 (roughly \$385). In addition, 20 percent of the loan amount must be saved first before borrowing. Group size is from 5 to 10 members.

Currently, DEMAT has a grantee contract with the United Nations Capital Development Fund (UNCDF) that runs out in the year 2000. Under this arrangement, DEMAT contacts various organizations that already have groups formed for economic purposes. DEMAT then makes the loan capital it manages on behalf of UNCDF available to them. This loan capital is administered

by the Commercial Bank of Malawi, but is guaranteed by a fund supplied via the UNCDF. Current collaborating organizations are the National Association of Small Businesses and Industries (NASBI), the National Association of Business Women and Entrepreneurs (NABWE), Women's World Banking (WWB), the Malawi Association for Small Business Assistance (MASBA), and the Fisheries Department of the Ministry of Natural Resources. The women's groups affiliated with the Ministry of Women's Economic Activity Program (EAP) will also be participating in the near future.

It was not clear from the meeting exactly what will happen to the credit scheme after the current grantee contract runs out. DEMAT hopes they can perform well enough in the current grant to persuade UNCDF to renew it. However, UNCDF has been positioning itself to choose one microfinance institution and then put all its support with the chosen institution. An institutional analysis was carried out over the last year, but UNCDF has not yet announced whom they will back. (The UNCDF contact person was out of the country and specific information was not available.)

Although DEMAT is in Mangochi and Dedza, they may not be the best institution with whom to seek overlap. It is unclear what their future prospects are as far as the credit scheme is concerned. Their services in business training and the like are not affected by this and seem to be very stable. But it should not be assumed that business management training is what the vulnerable households supported by COPE and the DACCs, CACs, and VACs need.

Malawi Rural Finance Corporation

MRFC manages the Mudzi fund on behalf of the Malawi Government. The World Bank and the International Foundation for Agricultural Development (IFAD) capitalized the initial loan funds. Funds are supposed to be forthcoming from the Ministry of Women via the EAP supported by the German Technical Assistance Agency (GTZ). MRFC works with some of the same organizations as DEMAT, such as the Fisheries Department and, more recently, the Ministry of Women's Economic Activity Program. MRFC also collaborates with the Woman and Development Department in the Ministry of Agriculture. Recent discussions with the National Association of Small and Micro Enterprises (NASME) and CARE International may result in new activities.

Mudzi has two loan products. One is for small holder farmers' groups of 15 to 20 people. This loan product is seasonal—each member of a farmers' group can get up 2,500 kwacha (roughly \$190) for agricultural inputs. When a farmer's loan is approved, the farmer receives a voucher from MRFC. The farmer then can present the voucher to the distributor of their choice for the inputs they want. Repayment is organized around the agricultural calendar.

The other product is a small business loan for groups of 10 to 25 people. Collections are made monthly; either MRFC staff makes the collections or group members can make their own deposits. There is no minimum loan amount, but the maximum is approximately 4,000 kwacha (roughly \$308) for first-time loans and up to 22,000 kwacha for future loans. No savings are

required for initial loans, but clients must thereafter save 5 percent of the amount they loan until they reach 20 percent.

MRFC's credit delivery methodology is unique. Their Mudzi scheme provides training to the staff of collaborating organizations. The MRFC covers the cost of training staff and materials, and the partners cover the per diem and lodging costs of their personnel. The staff of the collaborating organizations then mobilizes and trains groups within their programs who are interested in gaining access to credit. The MRFC conducts an initial group screening before individuals are trained by partner agency staff. An oral exam is given after the training to ensure that the groups are creditworthy. MRFC members are responsible for ensuring repayments.

This arrangement presents an interesting possibility for COPE. Many of MRFC's partners have field agents at the district level. Examples are Farm Home Assistants for the Ministry of Agriculture program, Community Development Assistants with the Ministry of Women's EAP, and technical agents for the Fisheries Department. Some of these same agents are on DACCs and CACs already. COPE could be instrumental in encouraging these agents to get involved in these programs since it is already part of their organization's program activities. It may also be possible for CAC members to be trained.

Appendix A

Scope of Work

Save the Children Fund/United States — COPE II Project

Purpose

This consultancy provides support to the COPE project in two areas: (1) skill development for EOP staff and (2) collaboration with FINCA to make financial services (credit and savings) available to COPE II project target beneficiaries.

Skill development for EOP staff

The technical advisor will provide training to uncover opportunities for income-generating and resource mobilization for individuals within the community or for committee fundraising ideas. The specific training content will cover:

- market linkages;
- savings mobilization; and
- creating linkages to agricultural inputs and advice.

Some households affected by HIV/AIDS do not fit the criteria for participation in microcredit projects, but are still able to engage in microenterprise or agricultural activities. Making credit available to poor households works best in areas where there is a concentration of year-round business activity. This poses an obvious problem for rural and remote areas not within easy access to market centers. Rural households dependent on seasonal agricultural ordinarily rely on in-kind savings to provide them with revenue throughout the year. For such areas, savings schemes or savings-led credit initiatives are more important than credit alone.

In addition, the committees formed so far at committee and village levels have successfully mobilized their internal resources. However, they have reached the limits of these resources and need assistance to mobilize external resources. The COPE staff in Malawi has been successful in creating links between communities and agricultural extension help and/or inputs that greatly enhanced community groups to raise funds for more vulnerable members of their village.

Collaboration with FINCA

An important aspect of the collaboration is reinforcing economic stability of HIV/AIDS affected families and communities within the targeted districts. The consultant will assist COPE and FINCA to detail potential programmatic and operational areas where each organization could improve the overall effectiveness of the other's program activities. The consultant, in collaboration with SCF/US, COPE II, FINCA, and USAID staff will develop a conceptual framework for how impact of the overlap on target population will be measured.

Specific tasks include:

- Design and conduct a workshop for COPE and PCI/Z staff in market linkages, savings mobilization, and creating linkages to agricultural inputs and advice;
- Develop strategies to strengthen CACC and VAC capacity to mobilize external resources and to raise funds to sustain committee activities;
- Review and provide input to discussions already begun between FINCA and SCF/US on the conceptual basis of potential overlap;
- Identify effective, practical, and realistic indicators that could be used to measure impact (impact to be evaluated by a third party at a to-be-determined time) and suggest a system for monitoring and tracking these indicators; and
- Discuss with, and provide suggestions to, COPE staff as to how qualitative research on the impact of the overlap program on vulnerable children and households could occur.

The end products will be the following: **(a)** a training of trainer's workshop on mobilizing external resources and fundraising for CACCs and VACs; **(b)** a description of COPE/FINCA geographic overlap; **(c)** a framework or system for generating and tracking indicators to measure the impact of the program on vulnerable children, households, and communities affected by HIV/AIDS.

Appendix B

Workshop Proceedings—Community Resource Mobilization

Wednesday, March 17, 1999

Goal:

Enhance skills of EOPs to facilitate community resource mobilization

Specific needs as defined by EOPs:

- How to link the communities to economic opportunities
- Strategies to build capacities of CACs/VACs to mobilize internal and external resources
- Build EOPs capacities to increase resource mobilization
- Strategies for specific committees (DACC, CAC, VAC)
- Address and dwell on savings mobilization
- Determine what types of economic opportunities are suitable for which type of beneficiary
- Determine how to identify opportunities or interested parties “out there,” how and when to link which people to what opportunities

Session I: Types of Fund Raising/Income Generating Activities

DACCs/CACs/VACs

- Communal Gardens--provides cash and in-kind assistance
- Selling dried fish and other regular business activities
- Membership fees from committee members
- Big Walks
- Piece work where wages are donated for committee use
- Donations from the general public

Others:

- Dances
- Raffles
- Jumbles sales
- Drama and choir festivals

Session II. Analysis of Fundraising efforts/income generating activities

What made these activities work?

- Well-organized
- Public was adequately informed about activity, it was well publicized
- Activity responded to a felt need, the people organizing it felt as though they were raising the funds for something they felt they needed to do
- The feeling of ownership among the organizers and the community was not just for the activity itself but for the problem or need it was supposed to address

- Full involvement of all concerned parties
- Activity matched to the possibilities of the organizers and community, building on their available resources and talents

When did these activities not work? What caused them to fail?

- Lack of communal interest in organizing or participating in the activity
- For some communal gardens, inputs were not available on time
- Relying on external resources that never came, when internal resources were available (i.e.; communal gardens, some communities supplied their own inputs and planted on time, others waited for the external resources and were disappointed)
- Lack of correct information from external parties, information was not verified to ensure accuracy (communities were misinformed about the purpose and distribution of garden inputs)
- Natural or man-made calamities
- Lack of necessary capital, cash or equipment, as a result the activity could not generate enough to fund group activities (especially referring to business type activities)
- No leadership of activity to coordinate full participation of community to:
 - Prioritize activities
 - Resolve conflict of interest between individual and communal needs
 - Efficiently plan and allocate time and tasks
- Poor timing (i.e. activity took place when most people would be gone or when general public would have no money)

Session III. Specific fundraising/income generating activity issues

Community gardens--community's interest decreases over time, difficulty in procuring inputs and fertilizer

Business training/access to credit and savings--a workshop conducted with women caring for orphans was supposed to mobilize women so they could qualify for DEMAT credit. It didn't work because the women were not able to save the necessary funds that would function as partial guarantee/collateral. The stated obstacle is strict conditions for gaining access to credit (DEMAT, MRFC, SEDOM). Interest rates are high (48% for DEMAT, 37% for MRFC, and 32% for SEDOM). Physical collateral may not be required, but enforced savings are, generally about 20% of the amount given as credit. And then there are often fees, for opening an account at the bank, etc.

Committee members' contributions--members donate what they can, they start and stop as their individual possibilities allow. But these funds are not enough.

Income generating activities (businesses)--the low amount of capital means the business can't produce enough. Individuals also have to look after their own households too, so they can't work on the successful operation of the IGA as much as they'd like. Or they expect the activity to do both--supply funds for the committee's activities and support their own needs for income.

Fundraising (e.g.; Big Walks)--People who participated were satisfied with getting only a few sponsorships, rather than trying to get as many as they could

Session IV. Why do committees engage in fundraising and income generating activities? What is their motivation?

The committees need funds to finance their operations and activities such as: giving donations of food, cash or school fees/supplies to the most needy; conducting or going to workshops or covering their travel expenses when they go out to mobilize VACs.

Individual families caring for orphans and “sympathizers” (i.e. neighbors) have formed informal groups to generate income for the orphan care-giving households. The sympathizers and caregivers are sometimes members of the committees, but usually they come to the committees for help. So committees try to respond by linking them to economic opportunities.

Session V. What to look for to Achieve Successful Community Resource Mobilization

Features of Success:

Does the committee “own” the activity and the problem it is addressing in the community? How do we know?

- Full participation of committee members, everyone is responsible and sharing the tasks
- Leadership exists, a leader is needed who facilitates involvement--not enforces it. Look for past achievements
- Individuals invest their time, skills, cash and other resources to ensure the success of the activity
- Each member prioritizes and plans the time they devote to the group activity, taking into consideration their individual schedules

Has the committee addressed the issue of individual and group conflict of interest? How can we tell?

- Group has discussed and decided if the activity is meant to provide funding for the committee’s operations and activities, or to meet the needs of the committee members.
- When a committee is providing assistance (cash, food, school fees, training, and linkage to external resources), to supplement the income of “vulnerable” households, they choose the right tool for the job. For example, if the committee is trying to link up vulnerable households to credit, are the households still able to engage in income generating activities, can they absorb debt? Or is emergency relief a better option? Or could simply relieving some of the household chores assist them so they could attend to their business? Would credit help their economic activities? Or would helping them with savings mobilization schemes be more effective? Or linking them to better markets?

Is the activity responding to a felt need in the community? How can we know?

- The entire community is mobilized to participate when possible. Committee members are not the only ones doing things.

- The committee is facilitating, not imposing, the involvement of the larger community
- The community is aware of the purpose of the activity and the possible support available from different levels (DACC, CAC, VAC) There is transparency in the implementation of the activity, everyone knows what resources are going where and for what purpose

Is the organization necessary for the activity put into place? How can we tell?

- The activity matches the resources available in the community as much as possible. The need for anything external is determined and planned for well ahead of time
- If external resources are needed, information is verified and logistics followed up by those carrying out the activity.
- The timing of the activity is carefully considered
- Clear communication exists between VAC, CAC, and DACC

General Rules of Engagement

- Take time to do the homework. There are no short cuts.
- Take care choosing the approach. Make sure you know what job you want the activity to do and that you've chosen the right tool for the job.

Session VI. Capacity Inventory

EOPs conducted a practice inventory of the skills and talents of the individuals working at Onions NGO village. The inventory is designed to uncover the hidden resources in a community so that everyone is able to contribute to its betterment. People's skills are considered for general participation in a committee's activities; skills that seem to lend themselves to fundraising emerge from that. This puts fundraising into the wider perspective of community resource mobilization. Twelve people were interviewed.

Thursday, March 18, 1999

Session VI. Capacity Inventory continued

Feedback from the EOPS after practice:

- People assumed that SCF/US was gearing up for a recruitment campaign even though it was made clear that this was a training exercise to practice a survey tool.
- Most people needed reminding that they should think of ALL their skills, not just the ones they use at work.
- People were happy to talk about the things they could do. Although they seemed more willing to talk about sharing skills that weren't professionally related. Many said they preferred getting paid for skills that they considered professional.
- The introduction will need to be reworded to dispel any misunderstandings
- Ask all questions on the form. Don't assume someone wouldn't have certain skills, you may be completely wrong!

- Members of the CAC conducting the exercise would remove the expectation that a job opportunity is forthcoming after the interview.

Brainstorming on possible uses for inventory

- Brief the DACC and CAC and present the inventory as a tool to help them uncover resources within their committee and community
- Inventory could link youth to artisans or resource people who have valuable skills or even to jobs
- Tool could assist in identifying the community's training needs and at the same time identify people within the community who could provide the training.
- Use the inventory to identify marketable skills among the community (to use during fundraising activities)
- Inventory would identify what skills a community couldn't provide for certain activities. This would serve as an alert to look for external resources.
- Identify potential contributors to activities. For example, people that can sing, assist in the classroom or who are good with children could help out in the CBCCs.
- Thoroughly verify the resources available within the community
- Exercise helps to know the general picture of the community
- Information will help strategize and make informed decisions about the types of activities with the best chance of succeeding

Session VII. Rotating Savings and Credit Associations (ROSCAS)

These informal means of mobilizing savings have existed for centuries throughout the world. Africa is no exception. They are called susu in Ghana, stockveldt in South Africa, tontine in most of francophone West Africa, merry-go-round in Kenya and Chilemba in Zambia. For whatever reason, they are not widely practiced in Malawi. The ROSCA concept was introduced during the former COPE GGLS program to the credit officers and business trainers. Ted Kasanje, former GGLS business trainer demonstrated it to the women in Mangochi at that time. The women seemed to like the idea and started their own ROSCAs. Whether they still operate them now is not known.

After a demonstration of a ROSCA, the EOPs noted the following advantages and disadvantages of the system as it related to their communities.

Advantages

- Savings are not left idle, they are put to work
- Strengthens the bonds of trust among community members more quickly
- It is more likely that those participating in a ROSCA would use money wisely because no one would want to lose trust among the others and would not want to spoil the chance for a turn.
- A ROSCA activity would build on past business training efforts. But be careful not to impose training, wait until it's a truly felt need. The success of a ROSCA has more to do with the trust among its members than any skill imparted by a business training.
- Could be used for different groupings and settings; satisfies need for strengthening individual income, thereby freeing up the committee to focus on generating funds for its activities.
- Increases the sense of ownership and belonging among the community

Disadvantages

- Potential danger for confusion between membership contributions and ROSCA savings mobilization. Raises the issue of individual versus group needs
- ROSCAS work best when meeting individual's needs for cash, working capital for business, or emergency funds. In this case, is it wise for EOPs to introduce the ROSCA idea to committee members as a way for them to increase their own income?

Session VIII. Market Chain Linkages

George Chiweyu had already presented the market chain analysis to the other two EOPs. Nonetheless, we reviewed the analysis by examining a few sample market chains (for vegetable selling and for tailoring). The EOPs discussed the use of market chain analysis as a tool to identify economic opportunities. When analyzing chains, the important thing is to identify bottlenecks because they represent potential business activities. Using the two samples, the EOPs brainstormed where possible bottlenecks might be and what economic opportunities might be related to them.

Ideas from brainstorming

- Wholesalers may lack outlets from which to buy vegetables. This would be an opportunity for committees to identify these wholesalers and inform them about communal gardens.
- Seeds or rootstock, particularly for the improved varieties of sweet potato and cassava may be in short supply. This would indicate that committees should invest their time in multiplying seeds for sale as opposed to planting more vegetables. (this would not apply to the portion of the garden that a committee has designated for in-kind donations to vulnerable families).
- There may be a shortage of sacks in which vegetable sellers transport their goods. This indicates an opportunity to sell sacks to them.
- Tailors may lack buttons, thread and other accessories. This would indicate better opportunities to supply tailors rather than become one. (Note: This idea is more useful for an individual thinking of going into business than for a committee trying to dream up fundraising possibilities)

Friday, March 19, 1999

PRACTICE Sessions

The EOPS trained *Young Voices* youth group in Dedza practiced the capacity inventory, ROSCA and Market Chain analysis. (We were unable to go out to a CAC because rains had made the roads impassable.)

Capacity inventory:

Victor Jere, EOP Dedza facilitated this session with representatives from Young Voices. They are interested in improving their capacity to mobilize resources and raise funds so they can: acquire better sports facilities; travel around to other youth groups to learn from them and get new ideas; and increase care activities for orphans (providing clothes and maybe shelter). They discovered they had many skills that could be used for potential fundraisers. Some of their ideas were:

- Offering administrative services (payment for which would be donated to their group's funds) to government electoral officials during the upcoming elections. Several youths have hair cutting and hairdressing skills. With these, they could organize and publicize a day of "Charity Hairdressing". The public would be charged a modest fee for the service, and proceeds would be donated to Young Voices.
- Public speaking, acting, singing and drama experience could be used to put on choir festivals, drama competitions, etc.
- Another category of skills they all possessed is cooking and cleaning. They could offer these services to people organizing large function (particularly official functions) in exchange for donations to Young Voices.

After discussing the results of the inventory of their skills, Young Voices representatives went out into Dedza community to conduct the inventory. Several people they went to didn't have time for interviews and others suspected an ulterior motive. But where people were enthusiastic, they seemed to enjoy talking about their skills. Again, since interviews were done in workplaces, most people neglected their other skills. Although there wasn't time to tally up the results of those interviews. The representatives did see how the tool could be used to uncover skills in the community.

Ted Kasanje, EOP Nkhota-Kota facilitated the exercise on ROSCAs. This tool was well appreciated by the Young Voices group. They saw immediately how it could assist them in raising funds for their own needs, especially for business type of endeavors. One of the youth group members brought up a good point. He asked what benefit the tool could be to their group as a community group. After discussion, we all agreed that this tool related better to strengthening individuals' ability to mobilize their own resources and that it might be dangerous to use the youth groups' funds in such a way. However, it is something they could train others youth in, for their own benefit outside the group activities. In addition, orphan caregivers might find the ROSCA tool useful to mobilize working capital for their income generating activities. George Chiweyu, EOP Mangochi proceeded with a demonstration of the market chain analysis. The youth group members grasped this concept very quickly. Again, they saw this mostly as a way to improve individual possibilities for engaging in business. This is something they would use to train other youth in and to identify opportunities for their own economic development.

Saturday, March 20, 1999

Session IX. Review and Wrap up

Review of Friday's activities

- Youth group didn't fully understand how to carry out the capacity inventory, the EOPs needed to follow up with explanations as they conducted interviews.
- Since we didn't have time to go through the whole process of analyzing the information gathered during the interviews, Victor should help the group to do so.
- Interviewing at the workplace only brings out professional skills; more interviews should be conducted at people's homes.
- Both the DACC and the CAC should be involved in carrying out this inventory among themselves AND in the community
- Victor was encouraged to keep working with Young Voices, they are a very sharp bunch of teenagers with enormous potential.

EOP concluding comments about Community Resource Mobilization

1. Introduce the inventory, ROSCA and Market chain analysis tool to the DACC and CAC. Use the same process of introduction practiced in the workshop.
2. Committees always talk about the lack of resources when they don't appreciate what resources they already have. The Inventory will be a very useful tool to help them realize and thoroughly identify what they've got.
3. The ROSCAs, market chain analysis and access to credit will be viewed as tools for improving the individual situations of vulnerable households. They are not methods that will mobilize resources for communal use. That being said, if the better off people in the community become economically disabled, there will be no one to take up the activities of the DACC, CAC, and VAC. Attention to strengthening their resources is an important strategy to sustaining committee activities.
4. Access to credit needs to be reconsidered. It may not be the best tool with which to assist the more vulnerable families in a community. However, it can be very valuable in strengthening the resources of the community in general as mentioned in the comment above.

Specific Comments about COPE overlap with microfinance institutions

- Conditions for getting loans from most of the credit organizations are a bit too stringent for the more vulnerable families in COPE communities. Some of them are not even able to manage engaging in income generating activities. In these cases, credit is not the best tool with which to assist them.
- Some families considered vulnerable may still be carrying out economic activities. In these cases, credit may still be inappropriate, but the ROSCAs may help them generate the working capital they need. Over time, they may be able to take advantage of formal credit schemes. At that point, they could be linked to DEMAT, FINCA, or MRFC.
- The formal credit programs of DEMAT, FINCA and MRFC should be encouraged for the general communities, not the specific CAC or VAC. These groups were formed for reasons

other than improving their individual economic resources. People must be allowed to self-select for participation in such credit programs.

Appendix C

MEMORANDUM

To: Scott Graham, FINCA Malawi Representative
From: Jill Donahue, Technical Advisor DCOF
Date: Tuesday, April 06, 1999
Re: Recommendations for FINCA Social Committees
CC: Stan Phiri, David Chilongozi, COPE

The following are my thoughts for you and your staff to use as you prepare to introduce the “social committee” concept.

I will also be sending you a copy of my report to COPE once the SCF/US staff have had a chance to review the draft I left behind.

- As I recall, information in the following areas would be useful to your staff as they design their approach and training materials:
- identifying when solidarity group members are facing legitimate household difficulties that could be the precursor to repayment problems
- identifying when social committees might intervene in such cases
- determining the types of actions in which social committees can engage that will mitigate household or social problems so that members don’t drop out

According to COPE experience, village and community level AIDS committees regard the following households as vulnerable:

MOST vulnerable are:

- single parent (usually women who have been widowed) headed households caring for several children where the primary adult caregiver falls ill on a regular basis and is often unable to work
- elderly grandparent-headed households caring for their orphaned grandchildren

MORE vulnerable:

- adolescent-headed households
- households headed by both parents, but where one of them is ill and in need of continuous care
- households where one caregiver has died and the family is in the process of reorganizing itself (particularly where the husband has died; however, the transition period either could be very brief or it could be the beginning of very desperate times)

- single women-headed households who have several children already, but take in more who are orphaned (the degree of vulnerability in this case would vary according to the resources available to the household when the children join it)

LESS vulnerable:

- households caring for extended family members who are ill
- households where no one in the immediate family is ill but who have taken in several orphans

Vulnerability tends to revolve around the illness, death and productive capacity (food or income) of primary care giving adults in a household. Most village and community level AIDS committees within the COPE program routinely visit households where they know someone is sick (it doesn't matter what illness the person is suffering from) to see how serious the situation is. They also visit where a household is caring for several orphans.

The last two categories of vulnerable households are usually able to continue their income and food production roles. Typically, the level of activity is reduced in response to added burdens of caring for ill family members and/or additional children (although usually children are expected to contribute to the household labor pool). Examples of how households respond to impacts of HIV/AIDS:

- for food production - less labor intensive types of crops are grown (i.e.; corn is substituted with cassava)
- food consumption is reduced; (i.e.; meat eating and numbers of meals)
- taking care of non-emergency health needs is postponed
- children are taken out of school (to reduce costs and to contribute to household labor pool)
- as things deteriorate, savings are tapped into, extended family and kinship ties are called on and household assets are sold off. This is where a household will become increasingly vulnerable. They become most vulnerable when productive assets like land, farming equipment, draft animals used in crop production, etc. are sold off.

As far as income generation goes, a household member will switch to less risky types of businesses or reduce the volume of business activities when faced with illness (his/her own or a family member's). Example: a woman in Mangochi originally sold fried donuts, the loan she got from GGLS allowed her to move to fish trading. When her sister became ill and she had to take care of her, she went back to donut selling. When her sister passed away, she went back to petty fish trading.

If the adult who dies had a formal wage-earning job (usually the husband), the household has to depend on the activity of the surviving adult (usually the wife). More often than not, the wife is already engaged in some kind of microenterprise. If she isn't, she starts one; the most typical activities will have low barriers to entry and are not particularly risky, but they have very slim profit margins. These types of activities are survival economy type businesses where growth is not an objective, but maintaining a steady income stream is. Income is used for household consumption and not business reinvestment.

When faced with absorbing more children, a household may try to build up its activities; especially when the adults are healthy. For example, diversifying the number of micro economic activities. Several members of a CARE microfinance project in Zambia said they joined a credit group so that they could increase their business activities because they knew they would be taking care of children orphaned (or about to be orphaned) in their extended family. When someone dies and leaves surviving children behind (particularly when the mother dies or both parents die), a family “council” is convened. Those members of the extended family who have a business activity or who have a solid formal wage-earning job are chosen to take the orphaned children into their household. Unfortunately, “property grabbing” where a deceased husband’s family moves in and takes everything of value from the household motivates some families. If the husband’s family takes in some or all of the children, they rarely retain ownership of their parents’ possessions.

So those are all the various relevant scenarios I can think of. Stan and the rest of the COPE staff may have more. Now we move on to what COPE communities have done to mitigate these impacts. I have listed below two scenarios where I think a social committee could play a mitigating role to potential repayment problems. They are accompanied by potential social committee actions (in the order of their importance). Finally, I have added actions COPE communities routinely engage in. This may give you ideas on what role the social committees could play and where (in future) the two entities would complement and overlap each other.

1) Situations where a solidarity group member becomes ill (most vulnerable if she heads a single-parent household):

- taking over running the solidarity group member’s business during the times she is too ill
- advising the member to delegate someone within her family or household that could learn the business from her and run it when she isn’t able to do so herself
- providing an opportunity (and encouraging the member) to put more into the voluntary savings that are managed by the solidarity group
- allowing the member to take out a smaller loan if she has to reduce her business activity
- assisting with household and child care chores

NOTE: One possible way that FINCA can stem its attrition rate is by encouraging someone from the ill member’s family to take over the business. If the business survives, whoever was designated to run it on behalf of the solidarity group member could continue as a FINCA client. If the member is the head of her household, the survival of a future source of revenue is **extremely** crucial to the welfare of the rest of the household (the children in particular). In addition, the social committee could play a very important role in reducing the likelihood of property grabbing. A business that survives the death of its original owner doesn’t do much good if its assets are seized and withdrawn from the community. FINCA would lose a potential client anyway.

2) Situations where a solidarity group member has to care for an ill family member or has absorbed orphaned children

- allowing the member to take out a smaller loan if she has to reduce her business activity while she cares for the person who is ill
- assisting with household and child care chores (so the member can attend to her business)
- providing an opportunity (and encouraging the member) to put more into the voluntary savings that are managed by the solidarity group
- taking over running the solidarity group member's business from time to time if she is overwhelmed with her patient's needs

NOTE: If a member has taken in orphans, but is not caring for someone who is ill, helping out with child care and household chores may be the most useful. This would allow the member to attend to her business rather than neglect it. It would also reduce the necessity of keeping children out of school since there would be another source of help with household chores and caring for younger children.

Actions currently carried out by community and village AIDS committees:

- identify and monitor households that are caring for orphans and/or where adult caregivers suffer from chronic health problems (so as to direct necessary assistance to them if and when it is needed);
- organize on-going visits to vulnerable households to provide assistance with household chores, child care or moral support;
- organize community fundraising activities (communal gardens, big walks, raffles, etc) to create a sustainable source of funds for committee activities and for relief assistance;
- link the household to organizations that train family members in home-based care techniques that make the patient more comfortable and that reduces the risk of other family members contracting AIDS;
- counsel the person who is ill about preparing for the future (having a will, guarding against property grabbing, talking to the children in the household about what is happening);
- emphasizing the importance of keeping the children in school (sometimes all that is needed is some help with the household chores);
- donations for school fees and/or supplies or clothes so children can stay in school
- when the household moves from vulnerable to most vulnerable, committees direct relief assistance (food, clothing) to the family;
- link the household with sub-district or district levels of governmental and non-governmental assistance.

Miscellaneous suggestions:

The following indicators may suggest trends related to the impacts of HIV/AIDS. Monitoring them may help FINCA gauge when to step up social committee activities or when to direct capacity building resources to their evolution.

- Changes in the rate that loan insurance funds are used to cover default,
- Drop out rates in existing solidarity groups that don't improve over time (or that increase), Increased demand for lower loan sizes and
- Unexpected changes in the proportion of voluntary savings to outstanding loans.

Finding out how many dependents clients are caring for will help FINCA get a handle on how many of their clients are affected by the impacts of HIV/AIDS. This may require credit officers to clarify with clients that 'dependents' refers to all children in the household whether or not they are their own children. It could also be widened to refer to family members (extended or immediate) who require their care. Finally, getting just a bit more detail on the causes for drop out rates will also be helpful in analyzing the best methods for mitigation and reduction in client attrition rates.

Appendix D

How to Use The Capacity Inventory

In many communities, the natural ways of the local people and their associations and institutions constantly connect local capacities. For example:

- Neighbors have a tradition of helping each other by trading their skills. Mary repairs a dress while Sue watches her children.
- A local association of religious men combines their construction skills and builds a community center.
- A neighborhood school involves the local students in using the environmental knowledge they've gained to do a study for city council of whether a local pond is polluted.

In addition to these natural developments, other communities have intentionally used tools like the Capacity Inventory to identify local citizen talents. Then these groups have become active in making the necessary connections to mobilize the capacities. Some examples:

- A neighborhood organization interviewed over 100 local residents and found many women who had worked in hospitals, hotels or cared for sick and elderly people. Many of these women had families and were unemployed. They wanted to work part-time. The association brought them together and they formed a company to sell their services as home health care providers. There was great demand for their services and over 80 women were connected to neighbors needing community care. This connection met a community need and increased the income of the women.
- A group of residents of a public housing project organized and became powerful enough to gain control of their buildings. Their association took over the management and finances of the project. As a result they were able to employ residents to carry out the maintenance functions such as painting rooms, fixing broken windows, running a laundromat, etc. In order to exercise their new-found power, they needed to know which residents had the necessary skills to do the work of maintenance and management. They used a Capacity Inventory to gather this information and their association connected residents to the new job opportunities that improved the quality of the local buildings.
- A local association in a neighborhood collected information from local residents regarding skills that could be used at a job. Then they did an inventory of the kinds of jobs available at all local employers. They then created a brokerage effort connecting people with skills to employers needing skills.

It is significant to note two common characteristics of each of these efforts. First, a local group acted as a connector. Second, the local group took people as they were and mobilized their existing capacities. They did not start with the idea that the local people needed to be trained, educated or treated. Instead, they started with the idea that capacities were there and that the community-building task was to identify capacities, and to connect them to people, groups and places that can use the capacities.

Does Everyone Have Capacities?

There are some people who seem to be without any gifts or capacities. They may appear to be like an empty glass. And so they get called names—names like mentally retarded, ex-convict, frail elderly, mentally ill, illiterate, and gang member. These are names for the emptiness some people see in other people. They are labels that focus attention on needs.

One effect of these labels is that they keep many community people from seeing the gifts of people who have been labeled. The label often blinds us to the capacity of the people who are named. They appear to be useless. Therefore, these labeled people often get pushed to the edge of the community, or they are sometimes sent outside the community to an institution to be rehabilitated or receive services.

Nonetheless, every living person has some gift or capacity of value to others. A strong community is a place that recognizes those gifts and ensures that they are given. A weak community is a place where lots of people can't give their gifts and express their capacities.

In weak communities there are lots of people who have been pushed to the edge or exiled to institutions. Often, we say these people need help. They are needy. They have nothing to contribute. The label tells us so.

For example, "She is a pregnant teenager. She needs counseling, therapy, residential services, special education." But also, "She is Mary Smith. She has a miraculously beautiful voice. We need her in the choir. She needs a record producer."

Her label, pregnant teenager, tells of emptiness and calls forth rejection, isolation and treatment. Her name, Mary Smith, tells of her gifts and evokes community and contributions.

Communities growing in power naturally or intentionally identify the capacities of all their members and ensure that they are contributed. However, the most powerful communities are those that can identify the gifts of those people at the margins and pull them into community life.

The following sections of this chapter describe how the gifts of various kinds of people have been identified and connected to the community's life. Included are descriptions of how neighborhoods grew more powerful because they identified and connected the special gifts and capacities of:

- people who are developmentally disabled
- people surviving on welfare
- young people and elderly people
- people with artistic gifts

There are many other kinds of people with community contributions to make. Therefore, the following sections are merely examples of the thousands of possibilities for local individuals to

contribute and develop their gifts, skills and capacities. The task of community builders is to expand the list of potential giftgivers and create methods to connect those gifts to other individuals, local associations and institutions.

The Capacity Inventory

*This copyright material may be reprinted with the following attribution: "Reprinted with permission of John P. Kretzmann and John L. McKnight, pp. 19-25, from **Building Communities from the Inside Out: A Path Toward Finding and Mobilizing a Community's Assets**, Evanston, IL: Institute for Policy Research (1993)."*

Instructions to interviewer: Introduce yourself: where you are from: the purpose of the interviews: what the information will be used for.

Part I --- Community skills

We are interested in all your skills and abilities. They may have been learned through experience in the home, or with your family. They may be skills you've learned at church or in the community. They can be skills you use in a hobby or during leisure time. They may also be skills you have learned on the job.

Now, I'm going to read you a list of skills. It's a long list, so I hope you can bear with me. I'll read the skills and you just say "yes" when we get to one you have.

Have you ever organized or participated in any of the following activities?

School/Parent associations _____
Sports teams _____
Field trips _____
Church fundraisers _____
Community groups _____
Community gardens _____
Neighborhood organization _____
Other groups or community work? _____

Let me read the list again. Tell me which of these you would be willing to participate in the future.

Part II – Enterprising Interests and Experience

Business interest

Have you ever considered starting a business? Yes _____ No _____
If yes, what kind of business did you have in mind?

Did you plan to start it along or with other people? Alone _____ Others _____

What obstacle kept you from starting the business?

Business Activity

Are you currently earning money on your own through the sale of services or products?

yes _____ no _____

If yes, what are the products or service you sell?

Whom do you sell to?

How do you get customers?

What would help improve your business?

Part III – Skills Information

Health

Caring for the elderly _____

Caring for the mentally ill _____

Caring for the sick _____

Caring for the disabled _____

Now, I would like to know about the kind of care you provided

Bathing _____

Feeding _____

Preparing special diets _____

Dressing _____

Making the person feel at ease _____

Office

Typing _____

Operating adding machines/calculator _____

Filing _____

Taking phone messages _____

Writing business letters _____

Operating switchboard _____

Shorthand _____

Entering information into a computer _____

Construction and Repair

Painting _____

Tearing down buildings _____

Furniture repairs _____

Furniture making _____

Repairing locks _____

Building room additions _____

Tiles work _____

Plumbing repairs _____

Electrical repairs _____
Bricklaying & masonry _____
Installing insulation _____
Plastering _____
Soldering & welding _____
Concrete work _____
Installing floor coverings _____
Installing windows _____
Carpentry skills _____
Roofing repair or installation _____

Maintenance

Window washing _____
Floor washing or waxing _____
Washing and cleaning carpets or rugs _____
Routing clogged drains _____
Caulking _____
General household cleaning _____
Fixing leaky faucets _____
Mowing lawns _____
Planting & caring for gardens _____
Pruning trees & shrubbery _____
Floor sanding or stripping _____
Wood stripping/refinishing _____

Food

Catering _____
Serving food to large groups of people (over 10) _____
Preparing meals for large groups of people (over 10) _____
Washing dishes for large numbers of people (over 10) _____
Serving drinks _____
Meat cutting _____
Baking _____

Child care

Caring for babies (under 1 year) _____
Caring for children (1 to 6) _____
Caring for children (7 to 13) _____
Taking children on field trips _____

Transportation

Driving a car _____
Driving a van _____
Driving a bus _____
Driving a commercial truck _____
Hauling _____

Operating farm equipment _____

Driving an ambulance _____

Operating Equipment & repairing machinery

Repairing radios, TVs, VCRs, Tape recorders _____

Repairing other small appliances _____

Repairing automobiles _____

Repairing truck/buses _____

Panel beating _____

Using a forklift _____

Repairing large household equipment (e.g.; refrigerator) _____

Repairing heating & air conditioning system _____

Operating a dump truck _____

Supervision

Writing reports _____

Filling out forms _____

Planning work for other people _____

Directing the work of other people _____

Making a budget _____

Keeping records of all your activities _____

Interviewing people _____

Sales

Operating a cash register _____

Selling products wholesale _____

Selling products retail _____

Selling services (if yes, which services?) _____

How have you sold these products or services? _____

Music

Singing _____

Play an instrument _____

Security

Guarding residential property _____

Guarding commercial property _____

Armed guard _____

Crowd control _____

Installing or repairing alarms or security systems _____

Fire fighting _____

Other

Upholstering _____

Sewing _____

Knitting _____

Tailoring _____

Moving furniture or equipment _____

Managing property _____

Assisting in the classroom _____

Hair dressing _____

Hair cutting _____

Phone surveys _____

Jewelry or watch repair _____

Are there any other skills that you have which we haven't mentioned?

Priority skills

When you think about your skills, what three things do you think you do best?

Which of all your skills are good enough that other people would hire you to do them?

Are there any skills you would like to teach?

What skills would you most like to learn?

PART IV – Personal Information

Name of person interviewed: