



Production with Education in Bolivia



Beneficiaries of AVSI Foundation in Côte d'Ivoire

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TOPIC OF THE MONTH

MICROFINANCE AND PSYCHO-SOCIAL SUPPORT

By Jacques Charmes and Lassine Bamba

Introduction

Microfinance has long existed in traditional societies under the form of rotating savings/credit schemes or clubs (known as "tontines" in Western and Central Africa) or other self-help groups, to benefit their members. Microfinance is defined as a set of financial services such as savings, micro-credit, micro-insurance, money transfer, adapted to the needs of low-income and poor persons. Because they have no collaterals, the poor have no access to the official banking system.

The number of users (borrowers, members) of the services of microfinance institutions (MFI) is estimated at 200 million at global level. This large number is still low compared to the three billion poor. "We are poor but so many" is the title of a book by Ela Bhat, the founder of SEWA. The fact is that the combination of tiny individual needs with large numbers of operators constitutes a vibrant and attractive market and has been the basis for the development of the process of financialisation. In financialisation, MFIs raise funds on the international capital market.

Microfinance in Côte d'Ivoire and the experience of AVSI

Côte d'Ivoire is a country that experienced such microfinance changes in recent years. To attain financial sustainability, MFIs engaged in the search for performance and financial profitability. A break ensued between their



financial function and their commitment to improving the lives of their clients. MFIs faced difficulties in terms of coaching and guidance and mainly focussed on financial supervision, accounting and management. They paid little attention to the client as an individual and social being. That is, as a person who has values and attitudes and who interacts with others in the family and community.

As a matter of fact, psychosocial counselling should be part of the monitoring of microfinance beneficiaries. An analysis of the loan process and level of payment arrears clearly shows that the quality of the individual relationship between the MFIs and the borrowers has an impact on the level of arrears. Yet, none of the MFIs in Côte d'Ivoire have staff members who are in charge of the psychological and/or social monitoring of the beneficiaries. Taking the human factor into account can help projects to be successful and guarantee good recovery rates. It has been observed that the entrepreneur's profile, his or her relationship with family members (who often contribute in one way or another to





the running of the business) and the environment have an impact on the sustainability of the enterprise.

AVSI Côte d'Ivoire had noted during a previous project that, among beneficiaries who had been "coached" with a package of psychosocial services, the failure rate was two times less than among those who did not benefit from such a package.

Lessons Learned and Good Practice to Increase the Impact of Microfinance Support

For projects that deal with vulnerable groups, it is of particular importance that dedicated social support actors are included in project actions. Such actors can work to establish and strengthen self-confidence and the trust of borrowers in the community. This is necessary because members of vulnerable groups often lack confidence since they are constrained by one or more personal challenges. They also have to make decisions or choices about their income generating activities in situations of uncertainty. Is it not the role of projects like AVSI's to provide such "coaching" and complement the actions of MFIs whose role is to ensure the financial and management monitoring of their beneficiaries?

Today, as a result of the financialisation process, MFIs have reached a size and a scale of operation that make it difficult for them to provide their clients (who are not their members any more) with psychosocial coaching. Such coaching had mostly only been possible as long as they were self-help groups that remained at a smaller human scale. Institutions like SEWA represent exceptions to this situation as they continue to provide psycho-social support. More generally, large institutions - be they private or public – are not well equipped nor do they have the human resources to ensure efficient individual monitoring at field level. A rational means to fill this gap is to assign this task to grassroots organisations, NGOs or donors' funded projects that have such a capacity. The ideals that such agencies pursue and the motivation and determination they usually show provide a basis for such a good practice.

In conclusion, a good practice observed in many of the projects that RNSF supports is that they act in tight partnership with public or private national or sub-national bodies. Such partnerships form an opportunity to enlarge and improve the development and implementation of national policies. In partnership and through integrating a range of actions consisting of financial, training, and psycho-social support, national policies can have an impact on the most vulnerable people in even the most remote areas. ■





NEWSLETTER N° 2

PUBLISHED BY RNSF: AN EC-FUNDED PROJECT BASED ON THE EU THEMATIC PROGRAMME "INVESTING IN PEOPLE"

We are following the stories of people whom the Implementing Partners are supporting in our Newsletter. Here we introduce you to two new beneficiaries, Rosa from Bolivia and Rose from Rwanda. In the last newsletter we introduced Elizabeth and Brian. We will follow how their stories unfold, as well as those of others, in future newsletters.

STORIES FROM THE FIELD: ROSA

Production with education in Bolivia

By Pedro Claver

ORURO, BOLIVIA - Mrs. Rosa Lopez Perez, 51 years old, is a beneficiary of the project "Production with Education, an alternative for Decent Work in Social Inclusion" implemented by the FAUTAPO Foundation. Rosa works in the food sector: she sells "rellenos" (roasted pepperonis) in the morning, and spends the rest of the day preparing "salchichas con papas y pollo frito" (sausages with potatoes and fried chicken) directly sold on a provisional market stall half a block from her house. Rosa had previously worked in a commercial activity with her mother and sister. She then got married with the hope and purpose of starting a new life, but unfortunately her husband became addicted to alcohol and could no longer financially support the family. This is the reason why Rosa decided to start working again. She started selling "rellenos", but the profit was not enough to take care of her children.

So she began selling "salchichas con papas" in the evening. Initially, she would fry them on a small burner in her kitchen. Then, in order to diversify her production and to make her food more appealing, she decided to buy a small mobile food cart ("carrito de comida rápida"), which she uses to serve "pollo frito". Rosa manages to provide for her entire large family (four children: two boys and two girls). Her husband was officially recorded as an "indigent person" during the last census and is now living on the street. Rosa does not have any kind of instruction, since she attended only two years of primary school, and performing calculations remains quite hard for her. She is not a member of any of the market associations of the area, and that's why she is not allowed a well-defined spot to sell her products. Sometimes, other vendors keep her from carrying out her activity and Rosa is forced to walk around with her mobile food cart searching for spots



Rosa working at home, in Oruro (Bolivia)





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where there are no competitors. The house Rosa lives in is too small for her large family. She has a sleeping area that is divided into three with curtains. She has a kitchen where she spends most of her time preparing “rellenos, pollo y salchichas con papas”. However, the actual frying is done in her food cart. Rosa has an approximate income of 80 to 130 Euros per month. Her best clients are the students from Kennedy College. With the project’s support, it is expected that Rosa will be able to differentiate and manage her accounts in a better way, clearly separating the household economy, on the one hand, and her business on the other. In addition, it is important to teach her the basic rules of hygiene and food safety throughout the process of food preparation. She further needs to learn some better selling techniques to improve her competitive conditions. The overall project aims to strengthen her productive and selling ability by helping attain the proper conditions and appearance of both her market stall and herself. This will be achieved through different means, including compliance with minimum standards in hygiene and sanitation.



Established in 2005, FAUTAPO promotes the interaction between educational and productive sectors through the development of innovative educational processes, the linking of productive units and the development of managerial and information systems.

STORIES FROM THE FIELD: ROSE

YIES project: shoes to walk the road to dignity

By Ajprodho – Jijukirwa staff

KIGALI, RWANDA- Rose Niyonsenga is a 24-year-old single mother of one child. She is from Ineza VSLA (Voluntary Saving and Lending Association) Group based in Nyabugogo Cell, Kigali Sector, Nyarugenge District. Before being introduced to YIES project and joining a VSLA group, she traded in poor quality Chinese shoes on the streets of Kigali with a working capital of about 5,000 RW Francs (about 6.6 Euros). Street vendors, commonly known as “wazunguzayi”, are not allowed to trade on the streets because authorities say they steal customers from traders who sell the same products from their shops and market stalls, and that they evade taxes. These vendors are also accused of facilitating theft and disturbing the traffic and peace of the city. As a result, their business items are often confiscated and they are sometimes detained, as a means to frighten them away from street vending.



Rose's current stall in Kigali



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The Voluntary Saving and Lending Association started on May 24, 2015 with 30 members. Rose is one of the members that benefited from a VSLA loan and has since grown her business: *"I have increased my business consistently because I now use 40,000 francs to purchase shoes, thanks to the loan from my VSLA group which was granted in September. I have also stopped trading in third class Chinese shoes and now trade in second class Taiwanese shoes".*

Thanks to the growth of her business, she is able to meet basic household needs including feeding her family, paying health insurance, house rent, and other everyday-life needs. The project approach encourages beneficiaries to have a clear vision of where they want to be. Rose has big dreams including buying a plot of land to set up a house in her home town, and buying a business stall in the Nyabugogo public market. Since joining the VSLA group, Rose has accessed 2 loans from her VSLA group: 20,000 and 40,000 RW Francs. She stopped selling on the street and started trading in front of her house where it is much safer for her and her job. ■

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Thematic Brief n°9 on Result-Based Management

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The "Informal Economy Support Facility" **Facebook page** has been active since October 2015. Included in the initiatives is the **"Project of the Week"**. This has a particular focus on the projects funded under the Call for Proposals - Thematic Programme "Investing in People".
EuropeAid/135181/C/ACT/Multi



The Youth Association for Human Rights Promotion and Development (**AJPRODHO – JIJUKIRWA**) is a non-profit youth organization working to improve the rights of youth and children in Rwanda.



This project is funded by the European Union

REPORTING: AVSI

AVSI Côte d'Ivoire in the Spotlight: progress!

By Lorenzo Manzoni and Lassine Bamba

The "Integrated Project to Support the Independence of craftspeople in Côte d'Ivoire": why this initiative?

Under the agreement EuropeAid/135-181/C/ACT, the European Union co-finances the "Integrated Project to Support the empowerment of craftspeople in Côte d'Ivoire" with AVSI. A total amount of 2 million Euros was allocated for a period of 3 years in the areas of Abidjan, Yamoussoukro and Bouaké targeting 5,000 craftspeople and their families. The project addresses the complex issue of artisans who are dependent on the informal sector and subject to a multi-dimensional vulnerability. It includes particular attention to people living with HIV in areas of Abidjan Yamoussoukro and Bouaké.

The official launch of the project in March - April 2015 was an important opportunity to gather all of the project's stakeholders at international and national level, including the relevant Technical Ministries. It also included Regional actors, decentralized civil society and community actors involved in supporting craftspeople, and the European Union.



Côte d'Ivoire in figures

Côte d'Ivoire is situated in West Africa with a population of 23 million inhabitants and a demographic growth of 2.6%. Life expectancy is 57.2 years, the literacy rate is 57%. The human development index rank of Côte d'Ivoire is 171st out of 187 countries. Poverty affects 47.4% women and 45.5% men. 51.4% of young people under 25 are poor. The poverty rate is high among people of non-agricultural informal sector (30.5%) and also in the informal agriculture (48.9%). 70% of the poor are unemployed.



Activities	Results
5 Regional chambers assessed 8 Social Centres assessed 20 ONG Partners 50 Professional craftsmen organizations assessed	Capacity building plans are developed and validated by AVSI and by those who are responsible of the organizations involved.

Activities during the period July-August-September 2015.

Baseline: Identify craftspeople to support them

The starting point of this activity was the evaluation of the capacities of basic social structures to mentor craftspeople. These structures are social centres, local NGOs, professional craftspeople organizations and Regional Trade Chambers. The aim is to strengthen them to enable them to better provide close supervision and services to craftspeople. The capacity building of main beneficiaries has become AVSI's core strategy in order to strengthen the national support system and contribute to the sustainability of the project activities.

Main Implementation Activities

1) Identification of artisans: this activity has started on all project sites. For AVSI, this identification remains the gateway to serve the artisans and their families. After developing and validating the tool, the process started with NGO partners, the Social Centres. Until now, 911 artisans were identified, compared with an expected target of 5,000 craftspeople.

2) Set up of the computer database: This activity was comprised of establishing a system to produce reliable, up to date and timely data. The aim is to facilitate decision-making on the means to support and monitor the project's craftspeople. Software was developed to record and analyse data (socio economic conditions, work, individual, family, etc.) and to facilitate the generation of progress reports.

3) Launch of the baseline as a start-up reference study: the first quarter was spent developing the terms of reference of the study, the recruitment of a consultant and the launch of the study in its operational phase.





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The GESCO (Groupements d'Epargne et de Solidarité Communautaire) Pilot Initiative

According to empirical observations, not only the working conditions of craftspeople are precarious, but the artisans and their families face low access to economic opportunities, lack of funding and access to credit from financial institutions.

For this reason, training activities on the "Savings and Community Solidarity Groups" (GESCO) were developed by AVSI in Côte d'Ivoire. The training activities of GESCO are seen as an opportunity for income generation and facilitation of access to craftspeople funding from their own resources.

To date, five training sessions were carried out in project intervention areas namely Kumasi, Yopougon, Yamoussoukro, Bouaké and Abobo.



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123 GESCO developers, from the Social Centres, NGOs and professional organizations have been trained, in order to implement the GESCO process in their organizations.

The concrete objective of this training is to allow these GESCO developers to:

- enhance their knowledge on GESCO implementation methods,
- spread awareness about the creation and management of a GESCO, about the tools of a GESCO data collection,
- define the role and responsibilities of a group promoter and the cycle and the implementation phases of a GESCO.

So far, the operation was very successful. There is a good commitment and motivation of craftspeople who have installed 65 Groups, under the guidance of AVSI, through a contribution of approximately 400,000 CFA Francs.



Saboto school rehabilitated by AVSI in Abidjan



This project is funded by the European Union





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As put it by the President of the Association of hairdressers de Tiébissou, Mrs Bernadette Konan: *"We never imagined that the members could agree to meet together and contribute as easily. In the past we tried a tontine (a traditional self help saving group -Editor's note), but it did not work. Now, with this training and new technology provided by AVSI, we have restarted contributions with pride, because all the evidence is in place. And then, with regular meetings, further links were strengthened among our members."* ■

The **AVSI Foundation** is a non-governmental organization founded in 1972 - active in Africa, Latin America and the Caribbean, Eastern Europe, the Middle East and Asia. AVSI operates in the following sectors: socio-educational, urban development, health, labour, agriculture, food security and water, energy and environment, humanitarian aid and emergency migrations for over 4,000,000 direct beneficiaries, in 37 countries worldwide. Its mission is to promote human dignity through development cooperation activities with particular attention to education.

In the last newsletter we had INSAF in the spotlight. This time it is AVSI. Who wants to collaborate with us for the next newsletter? Please let us know!

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