



Shifting to a Sustainable Livelihoods Approach: Lessons Learned from CCFC's Experience

Dan Stevens

Vice-President, Global Operations

Moira Buttner-Schnirer

Grants Manager

V. Munisayamy

CCFC India Country Director



Introduction

- Christian Children's Fund of Canada (CCFC):
 - International, child-centered community development organization
 - Member of Child Fund Alliance (CFA)
 - Mission is to work with deprived, excluded and vulnerable children, their families and communities
 - Implement community-driven, meaningful, appropriate and sustainable solutions



CCFC's MED Experience

- In 1999: Seed capital provided by the Canadian International Development Agency (CIDA)
 - India, Sri Lanka and Ethiopia
 - Following the 3-year partnership, CCFC committed a portion of its own funds
- MED became one of CCFC's Key Program Sectors
- All of CCFC's program countries adopted a MED component to their programming
- In 2007, analysis of MED sector
 - Very different approaches, methods of operation and management across countries, and sometimes across communities.



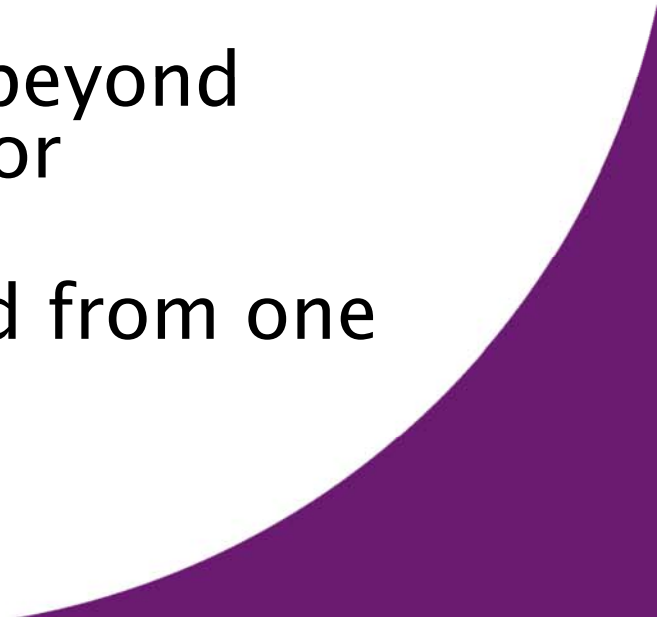
Micro Enterprise Development

- **Goal:**
 - Create income, employment and economic diversification in poor communities through the development of local micro enterprises
 - Increase the financial well being and security of borrowers, their families, and the community at large



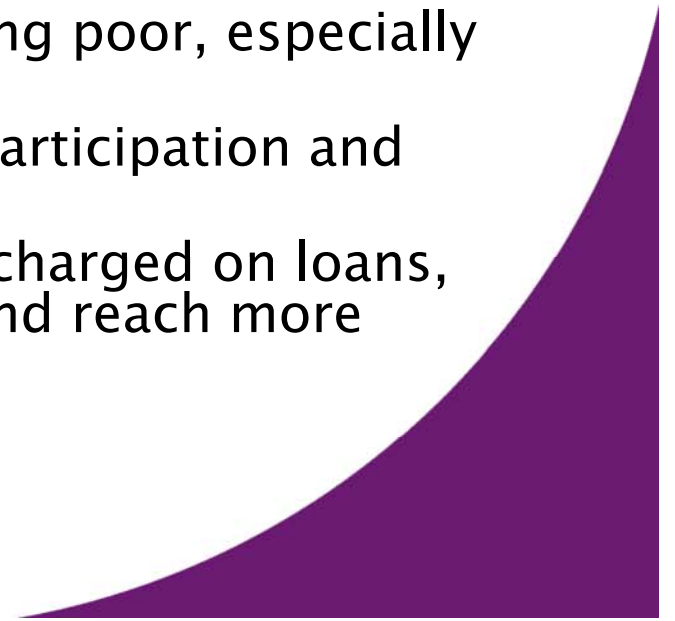
Characteristics of Micro-Enterprises

- Very small scale
- Usually with no outside assistance
- Low operating costs because:
 - Use handmade or second-hand equipment, appropriate technologies and family labour
 - Operate from within the home
- Rarely have access to capital beyond sources from family, friends, or professional moneylenders
- Businesses are largely isolated from one another



MED: Successfully creating income

- Micro enterprises are effective for a number of reasons:
 - They are simple to operate
 - They use locally available skills and materials
 - They use appropriate technologies
 - They are labour-intensive and create significant employment
 - They improve the income of the working poor, especially poor women
 - They serve as a basis for community participation and empowerment of clients
 - Owners can pay market interest rates charged on loans, which can help a project cover costs and reach more people.



Learnings from CCFC's MED

1. Decision:

- Is MED program is being run as a business (with the goal of becoming profitable/sustainable) or as a social service?
- Effects every aspect of implementation
 - Business?: Credit-worthiness, administration, and capacity building of clients with the goal of ensuring an adequate return on investment
 - Social Service?: credit is a tool to attract beneficiaries, so that capacity building and other services can be provided

Learnings from CCFC's MED

2. Where there are no national regulations, a unified strategy, policy and procedure framework:

- Rapid start-up of MED projects
- Knowledge and lessons can be more easily shared between them
- Monitoring is more effective, and less technical training is needed




Learnings from CCFC's MED

3. Secondary focuses:

- Analyze to determine if should be adopted by all countries as a value add-on to the MED program



Learnings from CCFC's MED


4. Managing and preventing risks:
 - Develop a clear and detailed MED management system that can be applied uniformly
 - Adequate monitoring and evaluation mechanisms
 - Training for staff, partners and beneficiaries
- 

Learnings from CCFC's MED

5. Partnering with specialized NGOs:
- Help to remove confusion
 - Increase performance
 - May add complexity
 - Alliances at regional, national or international level?



Learnings from CCFC's MED

6. Working with Specialized organization:
 - MFIs do not always have incentives to keep capital in circulation
 - May not be interested in CCFC's beneficiaries
 - May not do capacity building
 - May be duplication of skills training
 - Need for clear MOA between the three parties:
 - Roles and responsibilities
 - Regular and rigorous reporting and monitoring
- 

Learnings from CCFC's MED

8. Making MED sustainable:

- Need critical mass to pay administration fee
- Without threshold number of beneficiaries, administration will always have to be subsidized



Learnings from CCFC's MED

9. Loan size:

- Too small a loan
 - Limits beneficiaries' ability to kick-start their business
 - Lessens the impact of the program
- Too big a loan can be too big a risk both for the beneficiary and the loan administrator



Learnings from CCFC's MED

10. Market studies:

- Ensure a demand
- Ensure availability of reliable and diversified market
 - Ex: Chickens in Paraguay
- Access to markets
 - Increased prices if can get to market



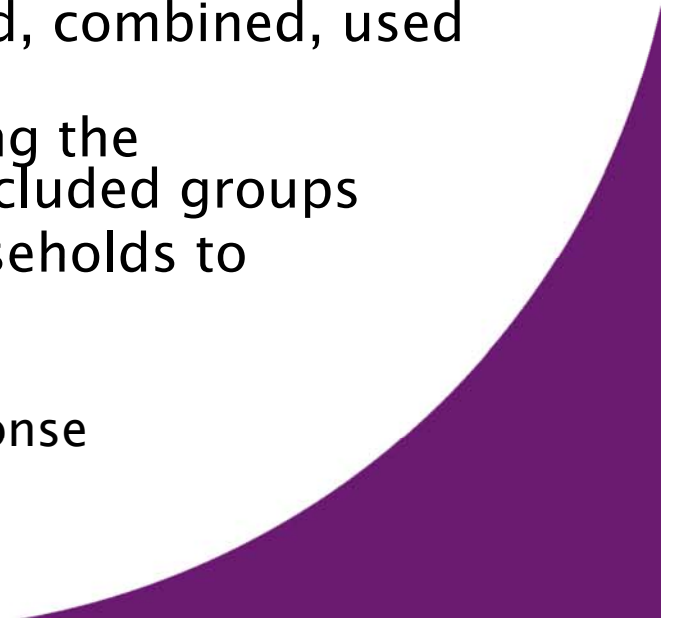
Shifting to Livelihoods

- CCFC at a cross-roads
 - Intervention in livelihoods as fundamental to helping communities find sustainable and locally appropriate solutions to their challenges



Sustainable Livelihoods

- Adopting a Sustainable Livelihoods Approach:
 - Identifying the trends, shocks and seasonal influences
 - Minimizing their impact
 - Inventorying assets in a community (human capital, natural capital, financial capital, physical capital and social capital)
 - Understanding how assets are currently used a
 - Analyzing how they could be leveraged, combined, used differently and augmented
 - More concerted focus on understanding the circumstances of marginalized and excluded groups
 - Disaggregating communities and households to understand the situation fully
 - More flexibility and adaptability:
 - circumstances change: so should response



Shifting to Livelihoods

- Complements CCFC's Graduation policy
 - Capitalizing on people's strengths and resourcefulness
 - Recognizes that sustainability is a long-term goal
- Make a lasting difference in the lives of children

