

## **APPENDICES**

## APPENDIX A THREE CASE STUDIES

Three organizations with different experiences in integrating delivery of different-sector services were invited to describe their integrated-services delivery systems. The three case studies are presented more or less in the words of the three organizations, with editing (approved by each organization) to fit a common format.

### A Case of Unified Delivery by Credit Unions:

#### Fédération des Unions de Coopératives d'Épargne et de Crédit du Togo (FUCEC-Togo)

FUCEC-Togo<sup>1</sup> is the Togolese credit union league governed by a board of directors elected by the member credit unions, called COOPECs (Coopératives d'Épargne et de Crédit). The first COOPECs were founded in the 1970s. Each COOPEC is a financial cooperative governed by a board of directors elected by the cooperative members (one member, one vote).

The COOPECs provide the typical savings and credit services of a credit union. In addition, since 1996, an increasing number of COOPECs are providing a service to very poor Togolese women through a FUCEC-sponsored program called **Crédit-Épargne avec Éducation** (Service CE/E). The service is provided through groups of 18–30 (average 24) women, which are called Groupements d'Interêt Economique et Social (GIES). Within each GIES, members organize themselves as solidarity groups of 4–5 individuals and elect a management committee to lead the whole GIES.

The GIES service delivery model is a variant of *Credit with Education*. A GIES meets in its own community with a FUCEC *promotrice* (field agent) for one to two hours each meeting—weekly for the first few loan cycles (16 weeks each), then biweekly as the group demonstrates its reliability. One *promotrice* meets with the group for the joint purposes of providing savings, credit and educational services at the same meeting. The GIES are generally located in rural areas served by public transportation once in a week. Therefore, the *promotrices* travel to their meetings on motorcycles provided by the Service CE/E.

The *promotrice* helps the GIES register itself to receive the Service CE/E and provides orientation training in five two-hour weekly sessions. During the first few loan cycles, the *promotrice* tends to lead the meetings while encouraging members to participate. This leadership role becomes progressively a facilitating role for the more mature groups (advanced loan cycles), allowing the GIES management committee to take on their group leadership responsibilities. A successful field agent must ensure this transfer of responsibilities within three-to-six loan cycles.

FUCEC hires, trains and supervises the *promotrices*. They are assigned to form and manage the GIESs of the participating COOPECs, which are too small in staff and service area to employ and supervise a full-time *promotrice*. Before assignment to a program area, the *promotrice* is provided two weeks of professional orientation to be well equipped to investigate villages to

**APPENDIX A (Continued)**  
**THREE CASE STUDIES**

determine potential for the Service CE/E, to promote the program to rural women, and to form groups of women who want to join. The *promotrice* is trained in adult education and training techniques. The program trainer conducts most of the trainings, but for some specific trainings the FUCEC program benefits from external assistance from Freedom from Hunger or PLAN International Togo.

*Microcredit Services*

The Service CE/E made its first loans in April 1996. The value of loans outstanding at December 31, 2000 was US\$1,470,000 to 13,540 active borrowers (average loan size was US\$109) in 550 GIES served by 21 promotrices. Loan funds are provided by FUCEC as investments from its central liquidity fund. This fund is composed by deposits of all member COOPECs and serving the liquidity management needs of all member COOPECs. The ultimate sources of these funds are the savings deposits of COOPEC members, the great majority of whom do not participate in a GIES.

GIES members are not required to borrow but 98 percent had loans at the end of 2000. A borrower must

- be member of a GIES (including payment of member fees);
- have a minimum amount of savings on deposit in the group account with the COOPEC;
- have completed the pre-membership training;
- regularly attend GIES meetings;
- have no repayment problems; and
- do an economic activity deemed profitable enough by her solidarity group to allow weekly repayment of the loan.

*Educational Services*

To receive education from the Service CE/E, women must be GIES members, attend the weekly or biweekly meetings and be a current saver. Topics covered deal with health and nutrition (diarrhea prevention and management, breastfeeding, infant and child feeding, immunization and family planning), better business development (“Increasing your sales” and “Knowing your real profit”) and GIES management.

Almost every GIES meeting (except when loans are disbursed by the *promotrice* or repaid in full by the group) includes a learning session. Each learning session takes about half an hour. Each topic, like family planning, requires several learning sessions spread over several meetings, generally concentrated in one “loan cycle” of 16 weeks duration. Learning sessions are led by the *promotrice* with assistance of the women in the groups. She uses short “dramas” and sometimes visual images to introduce the subject and various discussion facilitation methods to encourage everyone’s contribution to develop and convey the key message. The sources of education materials and technical information, including updates and upgrades, have been Freedom from Hunger and the Togolese Ministry of Health.

**APPENDIX A (Continued)**  
**THREE CASE STUDIES**

One of the more recently introduced education topics of the Service CE/E is family planning. This topic is the favorite among all CE/E members; women are very engaged by the family planning learning sessions. The topic is taught through “drama,” such as the one about Mouzou and his wife Sena; this couple has seven children. They all become sick at the same time while Mouzou is away. Sena takes them to a health center, where she is given a prescription for medicine, but she holds the prescription for Mouzou to get filled. Days later, Mouzou comes home and finds Sena very sad. He asks what is her problem. She shows him the prescription, but as she expected, Mouzou prefers to go for traditional medicine. While struggling to get proper treatment for her children, Sena is visited by Afi, a former classmate. Afi hardly recognizes Sena, because she has changed so much since her marriage. To help her friend, Afi pays Sena’s debts and also shares family planning information with Sena. Then Sena shares this information with Mouzou. The drama closes with the *promotrice* coming in and explaining a variety of methods of family planning, not only to Mouzou and Sena, but also to their whole community.

This story stimulates very animated discussion, because the women see themselves so clearly in the person of Sena. The methods of family planning introduced are hormonal pills, Norplant implants, quarterly DMPA injections, condoms, the IUD and others. Women are referred to the nearest health center for more information and access to these methods. As a result of the family planning learning sessions, most GIES members are proud to show off the Norplant implants in their arms!

*Evidence of Impacts on Clients and the Program*

FUCEC selects communities to receive the Service CE/E because of their reasonable proximity to member COOPECs and their relative remoteness from transportation corridors and cities, reaching out to communities where no financial institution or NGO is active. People in these communities are very poor farmers living on their crops. As further evidence of their relative poverty, GIES members in some of these communities are still borrowing no more than US\$40 after ten 16-week loans from the program.

Positive impact for GIES members has been documented by an external impact study conducted in February 2001 by two Togolese consultants. The main change in the lives of GIES members is financial. Families are not only sending children to school more easily but they can take them to the hospital while sick. The program has also affected the social life in families. Women receive more respect in their communities, especially from their husbands. They are more recognized as financial contributors to their households.

The program accounts for costs of delivering financial and educational services together because the two services are so unified in the work of program staff and their supervisors and trainers. As of September 30, 2000, income from credit operations covered 94 percent of the unified costs of the Service CE/E. Grant funding for start-ups in new areas has been provided by both PLAN International and Freedom from Hunger. Technical assistance funded externally (e.g., training by Freedom from Hunger) is not included as revenue or expense in the tracking of program costs.

**APPENDIX A (Continued)**  
**THREE CASE STUDIES**

Its experience with the Service CE/E has convinced FUCEC that education added to small loans and savings is essential for changing the lives of poor people in rural communities. Despite difficult economic conditions that limit the potential of their microenterprises, poor women have stayed with the program, according to FUCEC, because they enjoy fellowship with others and the information they receive during learning sessions. This has helped the financial self-sufficiency of the program as well as the women. In addition, FUCEC has become convinced that the financial and educational services can be efficiently and effectively delivered together by the same *promotrices*, who were serving an astounding average of 26 GIES each!

**A Case of Parallel Service Delivery:**

**BRAC (Bangladesh Rural Advancement Committee)**

BRAC<sup>ii</sup> is a private, nonprofit, nongovernmental organization, founded in 1972 by the current Executive Director, Mr. Fazle Hasan Abed. Initially responding to the devastation caused by the Independence War in 1971, BRAC soon focused on sustainable development and empowerment of the poor in rural areas of Bangladesh through microcredit, health, education and training programs.

*The BRAC Development Programme (BDP)*

In total, BRAC had 3.64 million Village Organization (VO) members (in all 64 districts of Bangladesh) at the end of 2000, 97 percent of whom were women. Within a village, a VO is composed of 7–8 BRAC groups of five, which are formed by individuals to provide each other social collateral as a joint-liability group. Members are recruited by BRAC staff, with the requirement that member households meet three criteria: ownership of less than 50 decimals of land; sale of manual labor to make a living; and total assets amounting to less than the value of 50 decimals of land.

BRAC arranges weekly and monthly meetings with the VO members. Weekly meetings generally focus on credit operations: to collect savings, to decide who should get loans and for what purpose, and to make loan repayments. The monthly meetings are issue-based meetings called *Gram Sobha*. They provide functional education on various issues that women members deem important. All these meetings are held within the community. Other forms of education (legal, social or health-related) are provided at additional meetings that are also held within the community. In addition, more specialized training may be provided at the local BRAC area office or, in some cases, in one of BRAC’s training and resource centers (TARCs).

BRAC’s members are mostly illiterate women. BRAC education aims to serve the needs of its members and be appropriate to the context of rural Bangladesh. BRAC provides many, mostly nonformal, learning opportunities to VO members who regularly attend credit meetings, deposit savings and take loans from BRAC. Education meetings are held separately from credit meetings and are led by specialized staff. Field work is carried out by Program Organizers (POs), and there are separate credit POs, social development POs (responsible for Human Rights and Legal Education

**APPENDIX A (Continued)**  
**THREE CASE STUDIES**

classes (HRLE) and Gram Sobhas) and Health POs. The POs travel by bike to meet with the VOs and to see individual members.

*Microcredit Services*

**Savings.** Collected weekly by BRAC (a minimum of 5 takas [US\$0.90] per week) and earn interest at 6 percent per annum. Savings can normally be withdrawn only when a member leaves the VO. When a member needs access to extra funds (in case of serious illness or natural disaster), she can withdraw her savings by submitting a special application.

**Loans.** BRAC offers four basic types of loans: *general loans* for use as borrowers decide; *program loans* targeted to certain sectors that BRAC wishes to promote and feels that there is ample scope for poor people’s involvement (e.g., poultry, silk culture and social forestry); *housing loans* offered to help VO members build homes; and *rural enterprise loans* to set up nonfarm businesses in rural areas (e.g., small restaurants, grocery stores, laundry and tailoring shops).

New VO members must wait 6–8 weeks before applying for a loan. During this period, the member must regularly attend VO meetings, demonstrate knowledge and adherence to the rules and regulations of the VO, and maintain regular savings. The first loan varies from US\$28 to \$56. The amount finally approved depends on various factors, such as the amount of savings the member has accumulated (for the first loan, at least 2.5 percent of the loan; for the second and subsequent loans, at least 5 percent), whether she seems competent to use a loan profitably, and whether she has the resources needed to make good use of the loan. The size of the loans gradually increase as a member shows that she is capable of regular and timely repayment of her loans. From the second loan, the amount increases to between US\$74 and \$93 and will subsequently increase up to \$186 after several years of membership in the VO.

Loans are repaid in weekly installments beginning the first week after the loan is taken—46 installments (at 46 meetings) over a maximum of 52 weeks at a flat interest rate of 15 percent. While there is generally one credit meeting each week, some may be cancelled due to national holidays or other reasons.

**Insurance.** When a woman joins a VO, she must pay US\$0.19 every year for a life insurance policy. The member must have a nominee who will receive US\$93 in event of the VO member’s death.

*Educational Services*

**Gram Sobha (village meeting).** This provides a forum where women can learn and gain information informally through discussion and consultation with other members and BRAC workers. Various socioeconomic, legal, health and political issues are discussed (e.g., the need to prevent early marriages; how to stop domestic violence; how to prevent illegal divorces or bigamy; where to access various types of services, such as immunization days).

**APPENDIX A (Continued)**  
**THREE CASE STUDIES**

**Human Rights and Legal Education (HRLE).** This is offered to new VO members within one year of joining BRAC. Twenty-eight topics are covered, broadly divided into land laws, Muslim family law, Hindu family law, constitutional laws, basic human and constitutional rights, and criminal law. The course lasts for 30 days and is conducted by a volunteer called the *Shebika*, a longstanding VO member given special legal training at one of the BRAC TARCs and receiving US\$0.37 per learner (half from the group member, the other half from BRAC).

**Essential Health Care Program (EHC).** BRAC decided to provide health education and basic forms of health care when research and experience in the field indicated that illness of a borrower or someone in her family was a primary reason for difficulty in making profitable use of loans. EHC educates both VO and other community members at a monthly education forum in the community, covering various health issues; e.g., local food sources of vitamin A, good nutrition during pregnancy and lactation, protection against six killer diseases through immunization, use of slab-ring latrines, and use of delivery kits for safe childbirth. Each meeting covers a new topic, has roughly 20 to 25 participants, and lasts for an average of 45 minutes to an hour. The health Program Organizer (PO) facilitates the meetings (encouraging learner discussion and participation) with the help of community health volunteers (*Shasthya Shebikas*).

The EHC has decided to replicate a successful pilot project to make men and women in the communities aware of certain reproductive health issues. The project trained *Shasthya Shebikas*, traditional birth attendants and traditional healers to provide, and discuss at people’s doorsteps, information related to sexually transmitted diseases, including HIV/AIDS, reproductive tract infection, sexual hygiene, and domestic violence. BRAC provided all these health workers with flip-charts and picture stories that would explain the main issues and generate further discussion with an audience that is often illiterate. The project also trained the health workers to provide initial assistance and, as needed, to refer people to the appropriate care providers or government health facilities.

The visual aids were developed with great sensitivity to the fact that quite personal and sensitive issues were being addressed in a Muslim social environment. Prior advocacy work was done in the communities to explain the need and relevance of such discussion in the community, and the materials were shown to community leaders to ensure they did not object to any of the content.

The EHC has also started a new component dealing with pregnancy-related care. BRAC realized that although pregnant women are amongst the most vulnerable in its target population, not enough was being done to provide healthcare during that critical period. Through the *Shasthya Shebikas* and the health POs, the EHC is providing prenatal and postnatal care at the community level and has established referral linkages with the basic and comprehensive Emergency Obstetric Care unit of the government.

**Vocational Training.** BRAC quickly realized that members needed not only capital, but also training and skills to take up various forms of income-generating activities. Thus, BRAC has been training women on poultry- and livestock-rearing, silk culture, fish culture, and how to run nonfarm-related businesses. Only active VO members qualify. Courses vary in length from 3 to

**APPENDIX A (Continued)**  
**THREE CASE STUDIES**

15 days and are mostly held in the BRAC area office, in Union Parishad offices, or at the activity location (in the case of fisheries or tree planting). BRAC employs specialized, highly qualified trainers to conduct all of the vocational courses.

**Nonformal Primary Education.** BRAC has a separate education program (BRAC Education Programme, BEP) to provide nonformal primary education in communities where there are few schools or for children who cannot attend regular, government-run primary schools. Many of the students in schools run or supported by BEP are members of families with members of VOs.

*Evidence of Impact on Clients and on BRAC*

Husain<sup>iii</sup> found that 27.0 percent of VO-member households fall within the category of “extreme poverty,” 25.1 percent within “moderate poverty” and 47.9 percent above the poverty line. Measuring poverty in terms of economic well-being, Hussain found that “BRAC programs have been able not only to reduce the intensity and depth of poverty, but have also been able to reduce its incidence among its participants, though the reduction in incidence is apparently modest” (p.102).

Long-term, control-comparison impact research has been conducted by BRAC since 1992 in partnership with the International Centre for Diarrhoeal Disease Research, Bangladesh. The analysis<sup>iv</sup> shows the following results and impact of BRAC’s work:

Nutritional status of children. It was found that the prevalence of severe protein-energy malnutrition has significantly declined among the children of BRAC member households, but not among comparable households of nonmembers.

Food and Family Expenditure. The pattern of intra-household food distribution was examined through observation of a small sample of 25 households consisting of both girls and boys. This exercise revealed that among BRAC-member households, girls more commonly receive equal treatment in terms of food distribution. BRAC households also spend significantly more on consumption of food items compared to poor nonmembers.

Family Planning. The current use of family planning methods was greater among currently married BRAC members (57 percent) than among the poor nonmembers (49.6 percent).

Education. The changes in level of education from 1992 to 1993 were measured. While it was found that basic education had increased among all households, the increase was much greater in the case of BRAC-member households and a greater number of girls had obtained basic education.

Child Survival. It was found that the survival rate of children belonging to BRAC households was better than that for children from poor nonmember households, and in fact rather similar to the survival rate of children from nonpoor households. The survival advantage associated with BRAC membership among the poor was largely the result of mortality differences in the first few months of life.

The cost of BRAC’s credit program is calculated separately from the educational programs. The total cost of delivering financial services includes all financial costs of capital lent to clients as well as all costs of external technical assistance. Based on financial performance in 2000, BRAC’s

**APPENDIX A (Continued)**  
**THREE CASE STUDIES**

credit program is projected to become completely financially self-sustainable in 2001 and beyond. During year 2000, the credit program was actively expanding from 3.2 million to 3.64 million members.

From the surpluses generated through the credit program and some of BRAC’s sector programs (such as poultry, silk culture, social forestry), BRAC is able to fund some of its educational programs. Still, at present, all the educational components of BDP are funded predominantly by external grants. To the extent possible, BRAC has started collecting service charges from its members for certain forms of training (vocational) or education (for the HRLE course); however, all of the educational and training components are expected to rely partially for the foreseeable future on external funding.

Field POs are now selected and assigned to specific tasks and programs rather than being expected to master all aspects of BRAC’s development programs. A few years ago, there was not such a clear division of responsibilities. When the same staff were responsible for all tasks, the rigors of running an efficient credit program meant that other sectors and tasks tended to be neglected. Moreover, BRAC realized that a PO who is good at managing credit may not necessarily be suitable for carrying out social awareness-raising programs and vice versa.

The management of staff also is specialized, so that credit POs and other POs report to different staff at the BRAC area offices, as well as at the head office. Within BDP, there are separate management sections for Microcredit, Health and Social Development. Nonformal primary education works as a completely independent program at the head office level, though it targets many children of BDP program members. Initially, all BRAC staff undergo a common training program for introduction to BRAC and its various programs, core values and method of work. Subsequently, staff receive more specialized training which is directly relevant to their specific program work. Staff periodically get new training for new skills or to keep up with new developments within their field or within the organization.

The most obvious benefits of specialization within BRAC are that staff become very skilled at their particular task; no tasks or programs are neglected; staff can be assigned to particular programs according to their abilities and interests; and there is clarity in terms of tasks to be performed by each person. The disadvantages of having separate staff looking after the different components of BDP are that it is sometimes difficult to ensure coordination between the different programs and the total cost for separate staff and training for each program are obviously higher than if there were a single set of staff serving all BDP components.

There is strong support throughout the organization for taking a holistic approach to development. BRAC field staff definitely see a correlation between participation in education programs and successful use of credit and involvement in the Village Organizations. BRAC, even if starting over again, would still commit to providing a broad package to promote the overall social, economic and political empowerment of poor people, especially women. When BRAC has prioritized one area (e.g., economic activities or social mobilization work) more than another, members have shown that they needed and demanded a more integrated package which would address several of their problems, not simply one area of their lives. This stems from the fact that all areas of poor

**APPENDIX A (Continued)**  
**THREE CASE STUDIES**

people’s lives are interconnected and that a general improvement in their position is not possible without fighting on all fronts—health issues, education issues, legal issues, political issues and economic issues.

**A Hybrid Model of Unified Management and Parallel Delivery:**

**PRO MUJER—Bolivia**

PRO MUJER<sup>v</sup> is a nongovernmental organization founded on March 11, 1990. Its mission is, “To support women who live in socioeconomic exclusion with integrated participatory services so that they may achieve personal, family and community sustainability.” The institution provides integrated services in the areas of credit, business development and health. An important element in all services is ongoing training, which is established as a basic pillar in the process of personal and group development. All of these services are provided to PRO MUJER clients who are grouped into Communal Associations (a model adapted from the village banking methodology) and participate in the organization as active clients.

Communal Associations (CAs) have an average of 23 members, with a range of 15 to 40 members. Ninety-eight percent of the clients of PRO MUJER are women. Meetings are held every 7, 14 or 28 days, depending on the seniority of the group and the credit terms under which they operate. Each meeting lasts two hours, during which, according to the established agenda, there is an organizational stage, a payment session and a training session (administration, business development or health), in addition to a session for addressing various matters related to the activities of the group.

Members of a CA organize themselves into Solidarity Groups and elect a Management Committee and a Credit Committee to facilitate administration, implementation and control of resources and services provided by the Communal Association. Business and Health Managers are appointed to maintain the connections between the CA and services offered by PRO MUJER.

CA Meetings are held in PRO MUJER Focus Centers; each CA has an assigned room. The Health Consultant and the office of Business Development are located in the same Focus Center, and clients have direct access to these services on their CA meeting days. More than 80 percent of the clients live less than one-half-hour travel time from the CA meeting places and PRO MUJER institutional offices. The remaining 20 percent live farther away, mainly due to a change in residence. PRO MUJER policy is to organize groups in zones of influence around each Focus Center so that clients do not travel great distances to access the services.

Services are delivered by operating teams, each led by a Credit Officer/Educator, who supervises all staff assistants providing services at a Focus Center. Credit Assistants advise CAs on the evaluation, granting and tracking of loans. Business Assistants provide training and technical assistance for business development. Health Assistants provide preventive health training and primary health-care services. In addition, there is a business technician and a physician who give

**APPENDIX A (Continued)**  
**THREE CASE STUDIES**

technical help to the personnel of these services and coordinate with the Credit Officer/Educators, whose supervision is operational, not technical.

*Financial Services*

The Communal Association model is an adaptation of village banking to allow for educational development, growth and permanent and collective learning, both in the economic and social components. The credit component of PRO MUJER is directed exclusively toward investments in profitable economic activities. PRO MUJER does not grant consumer loans. The loans to individual members vary in amount from a minimum of US\$50 to a maximum of US\$1,000. A member can access a new loan for a greater amount if she repays the previous loan in a satisfactory manner.

PRO MUJER makes a group loan to the CA, which makes individual loans to its members. The first CA loan is for 12 weeks, the second for 16 weeks, the third and fourth for 20 weeks, the fifth and sixth for 24 weeks, and from the seventh loan onward, the term is 28 weeks. For the first two loans, individual members repay their CA in equal, weekly installments. For the third and later loans, members can repay twice per month, but only if the CA indicators regarding organization, cohesion, administration and number of members are at acceptable levels.

Loans may be in bolivianos, in which case, the annual rate of interest is 48 percent, charged on unpaid balances, with no commission. Alternatively, loans may be in U.S. dollars, with an interest rate of 30 percent per annum on unpaid balances plus a commission of 2 percent.

Before receiving the first loan, the CA members participate in a 10-hour training to organize the CA and impart information on credit terms and rules of the institution. Once this training is concluded, the CA receives its first loan. The repayment meetings allow for ongoing training, with the objective of strengthening the organization and management of the CA. The management training sessions last 30 minutes per meeting, and depending on the needs of each CA, can total between four and eight hours during the term of each loan.

All CA members who receive loans are required to save. For the first three CA loans, the required savings rate is 20 percent of the loan value; for the next three loans, 15 percent of the loan is required; then for the next three loans, 10 percent is required. However, the CA, by agreement of all the members, can save at a rate higher than required by PRO MUJER in order to strengthen its savings fund. In addition to savings required by PRO MUJER and the CA, members have the option to deposit voluntary savings, which have no minimum or maximum and can be deposited or withdrawn on demand at any payment meeting of the CA. A member's voluntary savings earn a fixed 13 percent annual interest, calculated annually and distributed with the dividend payments.

Each member is a “shareholder” of the CA and receives dividends from CA earnings in the same proportion as her share of the total of required savings on deposit. Earnings of the CA include interest paid to its account in a commercial bank and interest paid by members who take

**APPENDIX A (Continued)**  
**THREE CASE STUDIES**

“internal loans” from their CAs (required) savings fund. Dividends are calculated and distributed at the successful close of each CA loan.

*Nonfinancial Services: Business Development and Health Service*

**Business Development** has two components. First, there is training given at the CA meetings, totaling 3–6 hours per loan term. These are motivational and informative sessions on business improvement and the development of business skills among participants. Second, there is technical assistance, consisting of individualized client consultations, beginning with a diagnostic of the business and establishment of a program of improvements to be gradually implemented. Finally, there are follow-up visits to adjust the recommended program.

The **Health Service** also has two components, both of which inform and guide clients regarding contraceptive methods, pregnancy and childbirth, and sexual transmitted diseases (STDs), including HIV/AIDS. First, there is both group training and individual counseling. The participatory group training sessions last for 30 minutes with one topic per session. During each loan term, there are 3–6 hours of preventive health training per CA. Individual counseling is provided by health service staff to women clients or couples.

The institution has a training unit that periodically develops, evaluates and adjusts curriculum content and training materials and keeps the training program in line with the needs of the CA members. The material produced is specifically for the target population and for training delivery using participatory methods. This methodology obtains knowledge from the clients, analyzes it, introduces new information and contrasts the information with the experience of the group, generating new knowledge and attitudes. All this is done through various activities that facilitate multi-channel perceptions and participatory integration.

The second component is primary health-care services, for which the health service provides consulting rooms and trained medical personnel. The health service organizes frequent screening campaigns for early detection of breast and cervical cancer and STDs, so the patients can receive the appropriate treatment and follow-up. The health service coordinates its activities with other community health service organizations. Demand for information and services relating to HIV/AIDS is increasing. For contraceptive methods, the health service offers couples the opportunity to decide on a method and receive it in the same consultation. Couples deciding on a natural method receive orientation in its use and individualized follow-up to ensure correct use of the method.

*Impacts on Clients and Program Performance*

The target population for PRO MUJER services corresponds to the threshold and moderate levels of poverty reported by the Bolivian National Statistical Institute. New CA members are almost solely socioeconomically marginalized women with no business or only a microbusiness, who have limited access to credit, low family income, few economic resources, and little, if any, education. Fifty-one percent of the population from which CA members are recruited have had a family food crisis in the past year.

**APPENDIX A (Continued)**  
**THREE CASE STUDIES**

After several years of providing financial and nonfinancial services, PRO MUJER conducted impact evaluations<sup>vi</sup> that showed that the volume of sales, earnings and family income is significantly higher among CA members than in a control group. CA members also had more operating capital and investment in inventory and were more likely to have stores, stands or other fixed points of sale.

CA members have greater access to information on family and reproductive health and are more likely to take their children to a doctor for both preventive and curative care. Homeownership and access to sewer and telephone services is higher. CA members are more likely to expand or diversify their businesses and differentiate business from home activities. They are more likely to participate in community activities and organizations in comparison with the control group, even more likely to hold executive offices.

The benefits identified seem to be the result of the integrated delivery of services. Client satisfaction assessments indicate demand for and acceptance of this type of integrated offer and in both financial and nonfinancial services are highly valued. There is no evidence that quality of either service has suffered from integration with the other.

PRO MUJER had not separately accounted for financial and nonfinancial services, until a new information system, just installed, allowed for separate financial tracking for each Focus Center, for institutional personnel and for financial and nonfinancial services as cost centers. Income sources are used separately for financial and nonfinancial services, and the program keeps accounting information separated by funding source. The costs for financial services include all financial expenses, but not those for external technical assistance.

Fiscal years 1999 and 2000 were a period of rapid program service expansion—in 2000 alone, a net increase of 7,152 clients, in both old and new service areas. Operational self-sufficiency, calculated only for the financial services cost center, correspondingly fell from 121 percent in 1998 to 95 percent in 1999 and 94 percent in 2000.

Nonfinancial services represent 30 percent of costs during fiscal year 2000. Only 20 percent of costs for nonfinancial services were covered by income directly generated by these services. In the future it is planned that financial income and income from nonfinancial services will cover the costs of nonfinancial services. But, until this is achieved, PRO MUJER has sustainability plans based on contributions from the community, its own funds and new financing. The sustainability of nonfinancial services is an institutional priority because it fully favors clients and because it qualitatively strengthens and improves the performance of the credit service.

As indicated above, staff assistants who work directly with clients are specialized in the service they deliver. Technical support is also specialized. On the other hand, the work of supervisory and middle-management personnel unifies all services at the Focus Center level and higher. With this model, each Credit Officer/Educator can supervise 90 CAs (about 2,250 members) with three credit assistants and two nonfinancial service assistants (health and business development).

**APPENDIX A (Continued)**  
**THREE CASE STUDIES**

A monitoring and tracking system by operating team and by service has been developed and is implemented in team and area meetings, during which the fulfillment of goals is analyzed and strategies are proposed for improving service delivery and team performance and maintaining coordination ties. This information and analysis is consolidated monthly in a regional meeting in which reports are presented by team and by service and the difficulties and limitations are analyzed. Finally, strategies are defined for improving the work during the next month and resolving the detected problems.

The executive director and management, as well as personnel and their teams, identify with the institutional mission to deliver integrated services. The teamwork provides strong support for this type of approach. The principal motive for this approach is that there is evidence that the population with which PRO MUJER works has various needs that go beyond a response to economic problems. Their condition of social marginalization is overarching, and therefore the intervention with this population should be integrated in order to give real results. Results of the different evaluations performed have demonstrated to management and staff the value of this type of intervention and the positive impact it has on the lives of clients, on the program itself and on the institution. If PRO MUJER were to start all over again, it would provide integrated services as it does now.

---

<sup>i</sup> FUCEC-Togo may be contacted for additional information at B.P. 3541, Lomé-Togo (Tel: 228 21-06-32 / 22-25-74; E-mail: [fucec@café.tg](mailto:fucec@café.tg))

<sup>ii</sup> BRAC may be contacted for additional information at 75 Mohakhali Commercial Road, Dhaka-1212, BANGLADESH (Tel: 880 2 882-4180; Fax: 880 2 882-3542; E-mail: [rdp@bracbd.net](mailto:rdp@bracbd.net))

<sup>iii</sup> Husain, A.M. Muazzam. 1998. “Poverty Alleviation and Empowerment: The Second Impact Assessment Study of BRAC's Rural Development Programme.” BRAC Printers: Dhaka.

<sup>iv</sup> Rashid, Sabina, Mushtaque Chowdhury and Abbas Bhuiya. 1995. “An inside look at two BRAC schools in Matlab,” BRAC-ICDDR,B Working Paper No.8.

Nasreen, Hashima et al. 1996. “An assessment of Client's knowledge of family planning in Matlab.” BRAC-ICDDR,B Working Paper No. 13, Dhaka.

Roy, Rita Das et al. 1998. “Does involvement of women in BRAC influence sex bias in intra-household food distribution?” BRAC - ICDDR,B Working Paper No. 25. Dhaka.

Ahmed, Syed Masud et al. 1998. “Two studies on health care seeking behaviour and sanitation practices of BRAC member and non-member households in Matlab, Bangladesh.” BRAC- ICDDR,B Working Paper no 22. Dhaka.

<sup>v</sup> PRO MUJER may be contacted for additional information at Calle 9 N° 455. Edif. “El Zodiaco” Of. 10 Planta Baja., Zona Obrajes, La Paz-Bolivia (Telephone: 591 2 784711; Fax: 591 2 784942; E-mail: [lapaz@pro-mujer.org](mailto:lapaz@pro-mujer.org) or Executive Director: [cvelasco@pro-mujer.org](mailto:cvelasco@pro-mujer.org))

<sup>vi</sup> Claire, P. 2000. “Evaluación del Impacto del Programa Integrado de Capacitación y Crédito de PRO MUJER, El Alto. PRO MUJER, La Paz (in press).

Claire, P., M. Mollinedo, and S. Paredes. 2000. “Evaluación de Resultados del Programa de Capacitación y Crédito de PRO MUJER en Cochabamba.” *Informe a Entidades Financieras*

## APPENDIX B CLIENT DEMAND AND CHOICE IN *CREDIT WITH EDUCATION*

The original designers and proponents of *Credit with Education*, coming from the public health perspective, started with a reasonable assumption that clients, especially the poorer ones, should not be expected to pay for education they don't yet know they need. And when it is feasible to provide public health education, clients should not be deprived of what they need in order to get many things they clearly want, such as able bodies and live, healthy children. *Credit with Education* designers assumed that women would pay for financial services but not education, because the benefits of preventive education for better health are not experienced immediately (or even directly, in the case of child health) by the women being educated.

The value of preventive public health interventions is perceived mainly in their absence, when it may be too late for the affected individuals to be helped. The “need” precedes the “want.” The consumer demand to which normal business responds is geared to wants rather than needs. “Externalities” (delayed or indirect effects) are the concern of society and government rather than consumers and private business, which is why public health interventions are usually publicly funded. In the case of *Credit with Education* (which is usually initiated with public or philanthropic funding), the on-going public health intervention is cross-subsidized by the private revenue from on-going credit services in high demand.

Given that credit for the poor is a low-margin line of business, the education component was designed to be integral to the village banking experience and to impose as little extra cost as possible on either the provider or the client (not just free of extra charge but also making sure learning sessions do not make the village bank meetings too long). Succeeding in this design objective, there has not been an apparent need to charge more than what people are willing to pay for credit services. The evidence in section III that women, after experiencing the education, place such a high relative value on the education they receive (and might even pay extra for it) and that the education component might convey a competitive advantage to *Credit with Education* providers has come as a welcome surprise to the original designers and proponents.

The unified design is considered by some to be paternalistic, even unethical, because it “forces” public health education on the microcredit client whether she wants it or not. It would be difficult to debate this point without a philosophical exploration of the moral imperative to intervene on behalf of the disadvantaged—especially of children, whose life or death can hinge on the mundane knowledge and practices of their mothers and other female relatives. Given the public health objectives of the provider institutions, allowing their clients to choose *not* to participate in the health-related education could be considered unethical.

At a practical level, client choice is presumed to apply pressure on the education provider to offer the highest quality, most efficient service. This seems a valid criticism of the original design of *Credit with Education*. Yet the author knows of no experiments or innovative designs to offer such choice, at least not for relatively new clients. In large part, lack of choice reflects the dominant practice throughout the microcredit movement to offer new clients, and even long-term clients, a single package of services that allows little if any customization to accommodate individual or group choice. The rationale for this inflexibility is that customization imposes

**APPENDIX B (Continued)**

**CLIENT DEMAND AND CHOICE IN *CREDIT WITH EDUCATION***

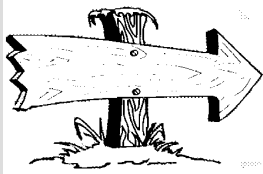
extra costs and introduces new risks that threaten the opportunity for financial sustainability of the service. Nonetheless, there is unexplored opportunity for choice and customization in the offer of education.

Even in the original design, it must be understood that there is up-front, full disclosure to potential clients of what is involved in *Credit with Education*. People make the decision to join or not, knowing that more than microfinance is involved. Many who want access to credit and savings do not join, but almost always for reasons related to the terms and conditions of village banking, not the education add-on. The little anecdotal evidence in section III indicates that where competition from microfinance-only providers exists and is growing, people are still choosing to join and stay with unified programs. This competition already is heightening awareness among *Credit with Education* providers of the need to assure quality and efficiency in their unified services.

**APPENDIX C**  
**CRECER BOLIVIA: FAMILY PLANNING MODULE**

CRECER Bolivia (Crédito con Educación Rural) has kindly provided the following sample lesson plan from its education module (curriculum) on Family Planning. The sample learning session (lesson) is the second of twelve in the module. Here are the titles of all 12 lesson plans:

1. Talking with your partner
- 2. Pregnancies that can be Dangerous to the Health of the Mother and Child**
3. Our Bodies and Fertility
4. Rhythm or Calendar Method
5. Lactational Amenorrhea Method (LAM)
6. Condom or Preservative
7. Vaginal Tablets
8. Contraceptive Pill
9. Contraceptive Injection
10. IUD—Copper “T”
11. Permanent Methods
12. Family Planning and Making the Decision as a Couple



### Prior to the Learning Session

*By the end of the learning session, we'll be able to*

Name the situations in which pregnancy and childbirth represent a high risk for the health of the mother and child.

Describe the best times and ages to have a child and ways to space births and prevent pregnancy.

Give examples of how to talk about this topic with a partner or other people.

### In preparation



Read this lesson and write on the “notes” page some ideas that will help us during the learning session, including the beliefs or local knowledge on this topic.

Consider the **KEY IDEAS**.

Prepare the **FOUR DRAWINGS**.

#### **IN ADDITION**

Update the information on places that provide health services and that are easily accessed by the participants.

Prepare a “warm-up activity” in order to start the learning session, with a maximum duration of five minutes.

Remember the message and the practice from the previous session.

## Key Ideas



When can a pregnancy be dangerous to the health of the mother and child?

- ✓ When a woman is very young—less than 18 years old—or when she is older than 35.
- ✓ When a woman has not waited at least *two* years between pregnancies.
- ✓ When a woman has been pregnant various times (four or more).
- ✓ When a woman has problems such as diabetes, high blood pressure, or another illness that the doctor considers a risk to her health and/or that of her child.

Are there ways to prevent those pregnancies that are dangerous to the health of the mother and child?

- ✓ Family planning, understood as a “responsible, free and voluntary decision on how many children to have and when to have them,” allows a woman to prevent pregnancies that are dangerous for her and for the child.
- ✓ Family planning requires a couple to:
  - a) Have information on methods of contraception.
  - b) Use the method selected correctly.
- Contraception is used not only to prevent high-risk pregnancies, but also:
  - a) When the couple does not want to have any more children.
  - b) When the couple wants to wait for a few years before having another child.

**In the “notes” section we will write down the local knowledge or beliefs on this topic in order to have them in mind during the learning session.**





## During the Learning Session

TOTAL TIME:  
45 minutes

### Let's have fun

Organize a “warm-up” activity

5 minutes

### Review

*What was the message from the previous session?  
What experience did we have in applying the  
message?*

5 minutes

### Small Groups

Divide into FOUR GROUPS to reflect on “Pregnancies that can be dangerous to the health of the mother and child.”

Each group receives ONE DRAWING to observe and discuss.

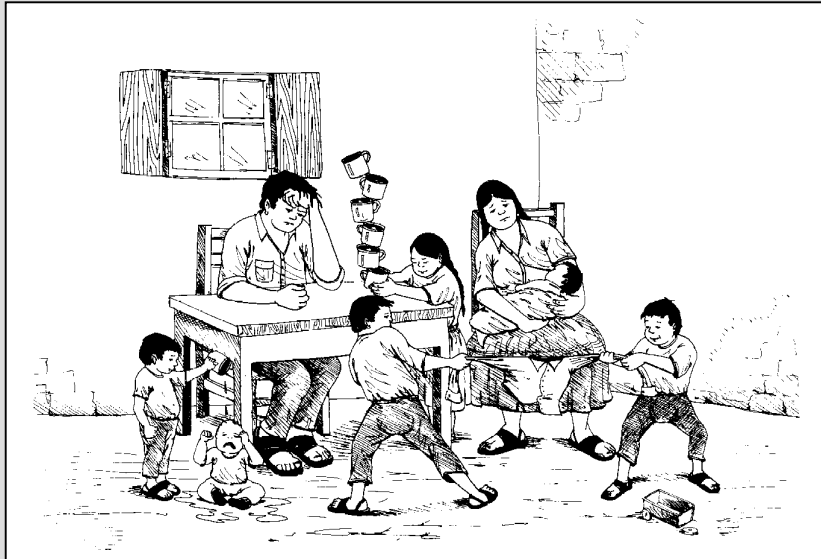
Appoint a representative of the group who will present the answers and comments of the group.

The conversation will be guided by the questions on each drawing:

**The field agent asks the questions of each group and ensures that they have been understood.**



- *What do we see in the drawing?*
- *Are the conditions right for this couple to have another child? Why?*
- *What will they have to do to avoid having another child right away?*



- *What do we see in the drawing?*
- *Are the conditions right for this couple to have another child? Why?*
- *What would happen to this woman's health if she were to become pregnant?*



- *What do we see in this drawing?*
- *Why are women younger than 18 advised to not have children?*
- *Why is the health of this young mother important?*



- *What do we see in the drawing?*
- *Is there any danger for this pregnant woman? Why?*

## **LARGE GROUP**

### **A) LISTENING AND WRITING DOWN THE KEY IDEAS FROM THE SMALL-GROUP WORK**

- Listen attentively to the answers from each group.
- The field agent will write down any ideas that need to be reinforced and also those that need to be asked again or clarified (knowledge of the participants regarding the topic).

### **B) GIVE SOME EXAMPLES OF HOW TO BEGIN A CONVERSATION**

- How would we start a conversation on “pregnancies that can be dangerous to the health of the mother and child”?

30 minutes



## Summary and Take-Home Message

5 minutes

### Remember

For the health of the mother and child, pregnancies should not be:

- a) too early (before 18 years of age)
- b) too late (after 35 years of age)
- c) too close together (a woman's body should rest for at least 2 years)
- d) too many (no more than 4 children).

It is important to know that there are many ways to prevent pregnancy and in the sessions that follow we will talk about these methods.

### Application

*Talk about “pregnancies that are dangerous to the health of the mother and child,” with your partner and also with a friend.*

### Health Services

Inform the women of the places where they can receive additional information or professional help with regard to what we have discussed today.

# BEFORE THE SESSION

LESSON NO. \_\_\_\_\_

<b>DATE</b>	<b>BEFORE THE SESSION</b> (Note the ideas that helped you to prepare more for this session)	<b>AFTER THE SESSION</b> (Note what you'll need to remember at the start of the next session and other key ideas)

(attach additional sheets if necessary)



**APPENDIX D**  
**FOCCAS UGANDA: HIV/AIDS PREVENTION EDUCATION MODULE**

**HIV/AIDS PREVENTION EDUCATION**

FOCCAS Uganda (Foundation for Credit and Community Assistance) has kindly provided the following sample lesson plan from its education module (curriculum) on HIV/AIDS prevention. The original module was developed by Freedom from Hunger for use by *Credit with Education* practitioners worldwide. The sample learning session (lesson) is the fourth of six in the module. Here are the titles of all six lesson plans (each is designed for completion in one group meeting):

1. What do we know about HIV/AIDS?
2. How people become infected with HIV
3. HIV-positive mothers may infect their unborn infants
- 4. How AIDS can spread - one family's story**
5. How can we help families living with AIDS?
6. Telling our children about HIV and AIDS

**Session # 4: How AIDS Can Spread—One Family’s Story**

**PURPOSE:** To motivate and prepare women to discuss HIV/AIDS with family and community members.

**OBJECTIVES:**

By the end of the session, participants will have:

1. Listened to a story about HIV transmission in one family, and discussed whether it is something that could happen in their community.
2. Participated in designing conversations to discuss the facts of AIDS.

**TIME:** 30 minutes

**METHODS:** Story, large group discussions, Solidarity Group discussions

**PREPARATION / MATERIALS:**

- Read the story of Mukasa and Yulia
- Review the situations that will determine the discussions women will have

---

---

**STEPS:**

**1. Review of Last Session and Community Reactions**

- **Ask** for a volunteer to review the facts which were discussed last session concerning pregnancy and HIV/AIDS. **Ask** them to report the reactions to the information they shared with their neighbors and friends about HIV/AIDS and pregnancy.

**APPENDIX D (Continued)**  
**FOCCAS UGANDA: HIV/AIDS PREVENTION EDUCATION MODULE**

**2. The Story of Mukasa and Yulia**

- **Present** the following story to the group:

**Mukassa and Yulia**

*There was a man named Mukasa. He has done well in his business. Perhaps you knew him. He made his friends laugh and he was generous with his good fortune. Last year he went to the city for business. He was very lonely in his hotel because he did not know anyone. One night he drank some beers and found a woman to ease his loneliness. Mukasa did not know it, but during his stay in the city he was infected with HIV.*

*But now Mukasa is very happy. He is marrying a beautiful woman from his village named Yulia. The wedding is a big celebration, and everyone comes. Yulia and Mukasa move into a home in the village and both help run the business.*

*One day several months after the marriage, Yulia feels like she has the flu. Mukasa makes her rest a few days and soon she feels well and is back at work. Yulia does not know it, but she has been infected by HIV.*

*In the next year, Yulia becomes pregnant and has a child. This child is healthy and happy. Yulia does not know it, but the baby was born without the HIV virus. Another year passes, the business is good, the first-born is growing well. Yulia has a second child. This child has the HIV virus.*

*Yulia is worried about her new baby. He doesn't look well. He has fevers and diarrhea and does not gain weight. She gives him many medicines, but the baby does not get better. So Yulia takes him to the local clinic.*

*The doctor is very concerned. He asks Yulia many questions about the baby, and about her and her husband. He asks questions about their private life and Yulia is embarrassed since no one had ever asked her these things before. The doctor tells Yulia that he thinks the baby could have AIDS but he cannot tell until the baby is 15 months old. He also asks her to have an HIV blood test and bring her husband to have a blood test. She agrees with the doctor so he will not be angry.*

*While waiting for the blood to be taken, Yulia worries because she does not know how to talk to Mukasa about this – or what to do. After the blood is taken, the doctor gives her medicine for the baby and tells her to return in two weeks to find out about the blood test.*

*When she arrives at her house, Yulia cannot tell her husband what the doctor said. She knows that her husband does not go with other women, and she has seen too many families destroyed by the AIDS disease. So when Mukasa asks what the doctor said about the baby, she says that she has been given medicine to make him well. Yulia never returns for the results of her HIV blood test.*

*A few months later, the baby dies one night from a fever. The family is sad, but luckily the first-born is strong and this helps Yulia with her sorrow.*

*After a time, Mukasa becomes sick. He is always coughing and the doctors treat him for tuberculosis. He becomes better for awhile, but becomes ill again. Yulia must tend the shop most of the time. Mukasa loses weight and becomes ill again. He dies.*

- **Ask** the group the following questions:
  - Could this happen here in a family of this community?

**APPENDIX D (Continued)**  
**FOCCAS UGANDA: HIV/AIDS PREVENTION EDUCATION MODULE**

- Do you know situations like this?

### **3. Talking to others about HIV/AIDS**

- **Tell** the participants that we all know that it is difficult to discuss HIV/AIDS.

It is a difficult illness to talk to your loved ones about because it concerns your intimate relations with your husband, your husband’s health, your health and your children’s health. In addition, it is a subject that brings up anger, shame, fear and many other emotions. Many times it is easier not to talk or think about what is happening. Today we are going to practice using the facts of HIV/AIDS to help us have difficult conversations.

- **Ask** the women to meet in Solidarity Groups. **Assign** each group a situation from the list below where they will need to discuss the facts of AIDS. **Tell** them that they are to create conversations to respond to the issue in the situation. Each group will work together to think of ways to handle the emotions (anger, fear) which come out in the discussion—as they come out in real life. They will have 10 minutes to discuss. You may choose not to use all the situations presented here. **Move** among the groups and **listen** to their conversations.

#### **OPTIONAL: Implement loan repayment and savings deposit during the exercise**

**Situation 1:** Mukasa has just told you that he will be going to the city. You are his friend and neighbor. You have just heard about AIDS. What advice will you give him to protect his health and the health of his future wife and children? Using the facts we have learned, create a conversation between Mukasa and his neighbor.

**Situation 2:** Yulia is preparing to get married. She knows there is HIV/AIDS in many families. She is embarrassed and very shy, but very, very frightened of the AIDS epidemic. She has decided to ask Mukasa if there is any possibility that he may have ever been infected by the HIV virus, and if he could get an HIV test before the marriage. Using the facts we have learned, develop a conversation between Yulia and Mukasa.

**Situation 3:** Yulia has returned home after taking the baby to the clinic. She decides that she will tell Mukasa what the doctor said about baby’s health and the possibility of AIDS. She will also tell him about her HIV test. Using the facts we have learned, develop a conversation between her and Mukasa.

**Situation 4:** Yulia is very worried about her husband. He has been sick for a long time, he has lost weight. She thinks about what the doctor said before the baby died. She decides that she should ask Mukasa if the doctor thinks that he has AIDS, and if his doctor has given him an HIV test. Using the facts we have learned, develop a discussion between Yulia and Mukasa.

**Situation 5:** Yulia decides to return to the clinic to find out the results of her HIV blood test. She finds out that the test is positive. Using the facts we have learned, develop a conversation where Yulia asks the doctor what this disease is and what it means for her and her family.

**Situation 6:** Yulia has thought about having another child, but she wants to find out from the doctor what being HIV-positive will mean for her during pregnancy and the health of the baby. Using the facts we have learned, develop a discussion between Yulia and the doctor.

**APPENDIX D (Continued)**  
**FOCCAS UGANDA: HIV/AIDS PREVENTION EDUCATION MODULE**

**4. Review of Conversations and Close**

- **Ask** the women what was difficult in their conversations and why. Ask them how they might support their Solidarity Group if they need to have these conversations.
- **Close** the session by thanking everyone for their participation. Next week we will be continuing the story of Yulia.

## APPENDIX E

### SPECIAL CONSIDERATIONS FOR SELF-FINANCED DELIVERY OF MICROFINANCE UNIFIED WITH OTHER DEVELOPMENT SERVICES

#### **Add-ons to Microfinance: System Overload and Service Complementarity**

The principal advantage of group-based microcredit, such as village banking, as a vehicle for unified delivery is that it offers a forum of very poor people for “extra” activities at the regular group meetings. Microcredit has the real potential to fully fund the activities at this forum with interest income from credit operations. However, microcredit for the poor is a high-volume, low-margin business. Its revenue stream can support only a very limited number of “extra” activities. Some activities, such as health *services*, would require additional, specialized personnel to attend meetings, dramatically increasing salary and travel costs to unsustainable levels. Only activities that can be carried out during the regular group meetings and managed by the regular field agent are likely to be financially sustained by the low-margin microcredit business. And even these appropriate “extra” activities could unduly extend the length of the meetings, thereby significantly increasing opportunity cost to the clients (who otherwise could be engaging in business or providing child care) or to the field agents (who could attend more meetings in the day).

An organization that wants to pursue a financially sustainable strategy of unified microcredit-education service delivery will be tempted to overload the delivery system. Freedom from Hunger illustrates the problem of overloading by analogy to a locomotive (credit operations) pulling a “coal car” (income-generating activities financed by the credit and fueling the locomotive with interest payments) and one or more freight cars (education topics) in tow. The locomotive can pull only a certain number of freight cars. Yet there are so many crucial services and education topics needed and demanded by the poor. Tough choices are required.

Generally, the microcredit managing staff can provide only *education*, not *services*. And not all types of education are suitable. For example, some require too much time and/or expertise to be added on by a regular field agent to a microcredit meeting. *Credit with Education* providers have steered clear of traditional literacy training, despite the obvious importance of literacy and numeracy for village bank self-management and the severe lack of such skills among women in most poor rural areas. The reason is that traditional literacy programs have involved frequent, long sessions led by skilled literacy trainers. Recent innovation in literacy training, however, is opening up the prospects for unification with group-based microfinance.<sup>1</sup>

Some types of education promote the use of services, such as immunization, that must be offered by a different service-providing organization. Ethically, such education/promotion should be offered only when the corresponding services are locally available and of adequate quality. The most widely applicable education topics are those that encourage actions that people attending the meetings can take with their own resources, as augmented by credit-supported income generation and asset accumulation. Good examples are diarrhea prevention and management, breastfeeding, infant and child feeding, and other topics that promote behavior change among mothers and other care givers and do not depend on reliable support from other service providers.

**APPENDIX E (Continued)**  
**SPECIAL CONSIDERATIONS FOR SELF-FINANCED DELIVERY OF MICROFINANCE UNIFIED WITH OTHER DEVELOPMENT SERVICES**

**Human Resources: Recruitment, Training and Supervision**

The key ingredient of the unified-service delivery business model is the *field staff person* who actually meets with the groups of women borrowers/savers at the regular group meetings for microcredit and education service delivery. The great challenge of the model is to recruit, train and supervise large numbers of reasonably paid, local field agents who can comfortably play the dual role demanded by the unified delivery system.

On one hand, the field staff person must be a “tough love” trainer/enforcer of the credit policies and practices to encourage repayment. Self-discipline of the field agent in the face of special pleading for often legitimate (and sometimes not) humanitarian concessions is essential for maintaining the integrity of the credit system. If special allowances are made for some borrowers to become delinquent in their repayments, then motivation for all borrowers to repay is undermined. This is especially true when the repayment is secured only by mutual guarantee within solidarity groups. Exceptions made for certain individuals will create hardships for many others.

On the other hand, every field agent must be a “facilitator,” engaging the group in a broader learning agenda requiring considerable empathy. The field agent has to illustrate an issue or problem with a story, a skit, a picture, or some other device and then engage the group in a discussion of what group members have observed in the illustration, what they think about the issue, how it affects their personal and family lives, and what they might do to change the situation they personally find difficult. Usually the discussion must span a number of meetings to move the group toward ideas for making changes and to confront the obstacles they will certainly encounter as they try to change. This process must use the principles of good adult, participatory education: building on the life experiences of the group members and drawing out those who have had some positive experiences in dealing with the issue at hand, whether it be successfully treating a child's diarrhea, overcoming resistance to exclusive breastfeeding, or talking a husband into using a modern method of contraception. The field agent needs to ally with these “positive deviants” to build peer support for change in the whole group.

The educational opportunity offered by weekly meetings and the long-term continuity of groups is counterbalanced by the necessary brevity of each learning session. Keeping the meeting short enough to avoid undue “opportunity cost” to the clients is problematic, especially since the more participatory the education, the more successful it will be, but the *longer* it will be. Anyone who has facilitated a lively discussion knows how difficult it is to keep to a set period of time, especially one as short as twenty to thirty minutes. The field agent's facilitation skills are critical to maintaining the integrity and dynamics of the learning sessions while respecting the village bank members' time.

This dual role of “tough-love facilitator” seems like a tall order. Filling the order requires unusual methods for recruitment, training and supervision of large numbers of field agents. There is no inherent reason why these roles must be incompatible. But the organization must

**APPENDIX E (Continued)**  
**SPECIAL CONSIDERATIONS FOR SELF-FINANCED DELIVERY OF MICROFINANCE UNIFIED WITH OTHER DEVELOPMENT SERVICES**

have a top-to-bottom commitment to making the dual role work, a commitment that permeates all aspects of hiring, training and supporting field agents.

Over the past decade, Freedom from Hunger, its affiliates and other practitioners of the *Credit with Education* strategy have developed a variety of methods for successfully fielding large numbers of field agents who can play this dual role. The operational guidelines and training methods have been most developed and best documented by Vor der Bruegge and Stack.<sup>ii</sup> Yet there is still much to be learned by determined practitioners of unified service delivery.

In particular, methods (and documentation thereof) for recruitment and supervision remain a challenge for innovation and learning. One big question is, “Who is likely to be a good field agent?” Is there a personality or education profile of the ideal recruit? If so, it has yet to be clearly identified. But experience so far indicates that not everybody can be trained to be a “tough-love facilitator.” Recognizing that recruitment and training are ever imperfect, supervisors of field agents must know a good “tough-love facilitator” when they see one in action. Feedback, retraining and “weeding out” the poorer performers is mandatory for building and maintaining a successfully unified delivery system. Supervisors must be committed to being out in the field to witness and act on field agent performance. This is as crucial for success as any other form of “internal auditing” to ensure good programmatic performance.

### **The Pressures of Managing for Financial Sustainability**

In the unified microcredit-education service delivery model, microcredit is the vehicle carrying the package toward financial sustainability. The management discipline required of the unified system is driven fundamentally by the rigors of managing microcredit as a high-volume, low-margin business. In other words, the unified approach absolutely requires an entrepreneurial business orientation. Traditional social service organizations accustomed to public or private donor support often find this orientation very difficult to adopt, involving a major change of organizational culture affecting all levels of management. It seems especially difficult to adopt the business orientation without at the same time abandoning or compromising the social mission of the organization. Successful unified-service delivery systems must find a balance between pursuit of the financial bottom line and the social bottom line. There are at least two reasons why this balance is difficult to achieve.

First, managers tend to be influenced by performance that can be measured or perceived easily and frequently, and not by that which defies easy, frequent measurement. Financial performance can be tracked with relative ease, mainly because there is good consensus about what should be measured and how, supported by a whole industry of accountancy. In contrast, social impact measurement is far more difficult. There is such diversity of specific social impact objectives from one organization to another that there is little consensus about what should be measured. And this diversity makes it very difficult to focus sufficient time and resources on a few objectives or variables in order to develop cost-efficient measurement and tracking methods.

**APPENDIX E (Continued)**  
**SPECIAL CONSIDERATIONS FOR SELF-FINANCED DELIVERY OF MICROFINANCE UNIFIED WITH OTHER DEVELOPMENT SERVICES**

This leaves social-impact-performance monitoring way behind financial-performance monitoring in terms of both validity and utility for managers.

Second, donors tend to fund programs, or business start-ups in this case, along sectoral lines. They tend to fund either microcredit or education but not both. Managers have a natural bias in favor of the dominant source of funding. If funding comes mainly from the clients paying for the service, management will become biased toward meeting their immediate wants rather than their longer-term needs. However, this fairly healthy bias toward the market (clients) seldom prevails in the early years of a business start-up because so much funding for start-up expenses comes from donors/investors, not clients. Microcredit donors in recent years have been fixated on the financial bottom line and have pushed very hard for microcredit practitioners to become fully financially self-sufficient quite quickly. This achievement requires emphasis on rapid expansion, very streamlined cost structure, and sophisticated financial-management information systems. These donors correspondingly have indicated little interest in service-delivery innovations or evidence of social impact or even client-level satisfaction (other than client willingness to pay for the service and return for more). Management thereby has little to no incentive or means to develop social impact indicators and in-house systems for tracking progress in relation to these indicators. Instead, management information systems tend to be inward looking and incomplete, focusing far more on progress toward the *institution's* rather than the *clients'* goals. Because microcredit is the “locomotive” of unified service delivery, microcredit donors have been the dominant investors in the development of unified delivery of microcredit and education services. So, there has been a natural skew of management concern toward the financial bottom line and away from the social mission.

**The Difficulty of Cross-Sectoral Programming**

There is widespread recognition that social and economic development requires multiple interventions within multiple development service sectors. Rhetoric in favor of interdisciplinary programming or cross-sector linkages is commonplace. Yet, everyone knows the reality of practice is quite different. Development professionals are trained primarily or solely in one sector because that is the way the educational institutions operate. Development donor bureaucracies are organized correspondingly along sectoral lines. Even when divisions are along geographic lines, policy, money and professional advancement within each geographic division tends strongly to flow down and up sectoral “stovepipes” (in current USAID parlance) rather than laterally between sectors. The same organizational and development programming “stovepiping” is commonplace in PVO and NGO organizational structures. No matter that these sectoral distinctions are relatively meaningless in the lives of the poor; they define the organization of development services to the poor. They are the “grain” against which cross-sectoral programming goes.

Cross-sectoral programming requires a special commitment, not because it is inherently difficult, but because it is so unfamiliar to most of us. An ever-conscious effort to think and act

**APPENDIX E (Continued)**  
**SPECIAL CONSIDERATIONS FOR SELF-FINANCED DELIVERY OF MICROFINANCE UNIFIED WITH OTHER DEVELOPMENT SERVICES**

intersectorally, and therefore creatively, is required of managers, trainers and supervisors of unified service delivery systems.

---

<sup>i</sup> Lynn Curtis of Laubach Literacy International reports that LLI has been building literacy training into curricula for other topics, such as family health and microfinance, so that learners are motivated to learn to read in order to learn about these other subjects (see Lynn Curtis’s book *Literacy for Social Change*). A wide range of community action agents can implement this new approach. Marcia Odell of Pact reports similar developments in literacy training by Pact Nepal as part of the Women’s Empowerment Program (WEP). In fact, WEP is integrating literacy training with village banking. Self-Help Groups (SHGs) of women engage in literacy training, supported by an Empowerment Worker from a local NGO, using new or used books which the SHG members buy and study with the assistance of literate members of the community (trained in the earlier Pact Nepal WORD program). The Empowerment Worker visits the SHGs only every other week, but the groups meet almost daily for their literacy education. These SHGs are also savings groups. The series of literacy training books from Pact Nepal, called *Women in Business*, teaches these savings groups how to form their own village bank, manage savings, lend to their members from the group savings, and better manage microenterprises. In contrast to *Credit with Education*, village banking is not the vehicle for education so much as savings promotion and literacy training through SHGs are the vehicles for village bank lending. Building on this grassroots structure of SHGs, 125,000 women of the Terai in Nepal have become engaged in village banking in just 18 months. Thirty-five percent of the women involved are holding loans from their groups, with 97 percent repayment at 24 percent interest per annum. This appears to be a very promising innovation for integration of microfinance and education. However, it is too early to definitively evaluate the potential for this model within, much less outside Nepal. One major concern is the need for external credit financing as the women are likely to demand far more credit than can be funded from group savings (about \$10 per SHG member). Another concern regards institutional and financial sustainability; WEP and Pact Nepal are fully dependent on grant funding, and neither has any current prospect for capturing revenue from the lending operations of the SHGs. Local NGOs may be in a position to provide financial intermediation between banks and the SHGs and possibly could capture enough revenue from this intermediation to support the Empowerment Workers and production and sale of the *Women in Business* books, which is a remarkably low-cost structure to support. The service delivery model deserves to be watched carefully as it develops solutions to these challenges.

<sup>ii</sup> Vor der Bruegge, Ellen, Kathleen E. Stack, and Christopher Dunford (1999) *Credit with Education Learning Game*. Freedom from Hunger, Davis, CA (available from Pact Publications, E-mail: [books@pactpub.org](mailto:books@pactpub.org))

Vor der Bruegge, Ellen and Kathleen E. Stack (1999) *Credit with Education Field Agent Operations Manual*. Freedom from Hunger, Davis, CA (available from Pact Publications, E-mail: [books@pactpub.org](mailto:books@pactpub.org))