



Methodology description paper: “121 Aid Family Micro-Business (FMB)” Programme

In order to ensure commitment and drive towards implementation of this programme, members of Children Are the Future ASBL/VZW (CAF), its local Partners and the beneficiaries of CAF’s programmes must understand and share the same objectives. In addition to the guidelines included in this document, partnership between CAF members, local partners and beneficiaries will be based on CAF’s vision and mission and on the general CAF’s *General Methodology Description Paper*.

Programme Vision

The programme aims to address the lack of capital for poor families, which - in an environment with little stable employment opportunities - often corners them in a vicious poverty circle hard to escape. The provision of an initial amount of money to the entrepreneurial poor can then support the initiation of a sustainable micro-enterprise, hopefully generating a regular flow of revenue to cover, partially or totally, the subsistence needs of the family. It is meant for the additional income generated by the micro-business to allow children within the family to follow and, ideally, complete their course of studies, rather than abandoning their education path in order to support the immediate family’s needs.

Programme Mission

The programme aims at increasing school attendance and education levels of the children and young people by empowering the entrepreneurial member of their family through an initial grant of money to take control of her/his life and generate a regular and sustainable income. This enables to put an end to daily dependency on work carried out by children and young people in education age, who are often obliged to abandon their studies in order to contribute to family subsistence.

The programme targets those families possessing or motivated to develop the skills required to run a micro-enterprise. In case a family in need does not fit the required profile to run a successful micro-business, the 121 Aid Child Sponsoring programme might be more suited to support directly children’s education. Also, it must be noted that help under 121 Aid FMB programme will only be granted when existing programmes from governmental authorities or other organisations (e.g. foundations, big NGOs, etc) are not available or sufficient to provide for the necessary support for the family.

Programme description

Modalities of FMB support

121 Aid FMB support can be granted according to different modalities, depending on the circumstances, e.g. a simple donation, as a loan (with or without interest rate) to be reimbursed to a revolving fund for helping other families, or a combination of both. For business projects which require a higher investment, CAF may put together several sponsors to support such business. A combination of credit and grant could be considered. The FMB programme may also support collective business projects involving different families.

Selection of beneficiaries

- *Candidate family Screening.* The local Partner is expected to make the initial screening of the candidate families on the basis of CAF's Vision and Mission. The Partner maintains primary responsibility on the screening and should also counsel the family regarding the choice of micro-business. This includes initial verification of overlapping or complementary government or other organizations-sponsored programmes that would apply to the family in question. The local Partner shall provide to CAF an application, on the basis of the template in annex 1, and a business proposal for each candidate. CAF will then confirm if it provides its agreement on the candidate family after evaluation in line of CAF's priorities and capabilities of the moment.
- *Family Demographics and Social-economic indicators.* Few basic criteria must be taken into consideration when selecting the family.
 - Overall financial situation of the family, including current level of incomes, indebtedness level, access to other sources of help, e.g. family, friends, banks, other benefactors.
 - Selected families should comprise children or young people at age of education.
 - Among eligible candidates, preference should be given to:
 - otherwise discriminated members of the community, e.g. because of caste, sex, marital and or social status. E.g. Dalit in the case of Indian societal structure, widows or deserted women, AIDS affected families;
 - families with higher number of children, with special attention to the number of girls;
 - families headed by older grandparents (e.g. because of death of parents);
 - families with members with a disability or a serious illness.

It must be noted that, given CAF's mission is focused on improving children's well-being and education, the main objective of the support provided to the family should remain the possibility for the children to continue their education.

- *Entrepreneurial profile of the family.* . Screening should also be based on the business proposal prepared by the applicant with the help of the local partner. This proposal shall be evaluated by CAF according to the following criteria:
 - *Motivation of the family.* The family should propose the type of business activity they would like to engage in and show commitment towards it.
 - *Background of the family.* Actual and potential skills/experience of the family in the type of business selected must be evaluated by the partner. Training needs to fill any existing gap should be considered and addressed, whenever possible.
 - *Potential sustainability and profitability of the micro-business proposal* needs also careful evaluation. Questions of the following type must be answered:
 - Does the business respond to a need in the community? Is there a market for the chosen business activity?
 - Will the family have the time and capacity to run the activity in conjunction with any other constrain?
 - Does the activity require any support of the community/Self Help Groups/local authorities?
 - Does the chosen business meet approval of all family members? Are those available/able to assist in management of the chosen activity?

- Are there environmental constraints/risks that could negatively or positively impact the development of the chosen business?
- *Other criteria:* positive consideration will be given to business proposals that are part of a broader collective project (e.g. various women working together on a tailoring business).

Start up of the micro-business

- Each sponsored family must sign an agreement with CAF's local partner to subscribe an understanding of the programme conditions (Agreement between the Local Partner and the Beneficiary, see template in Annex 3A).
- The grant is intended to be used to create a sustainable business activity. As for example, the received grant should not be used for any of the following:
 - buying land (unless in case of agricultural revenue-generating projects),
 - house building/refurbishing,
 - dowry payment or ceremony-related expenses,
 - immediate consumption goods (e.g. TVs) not related to the selected business,
 - Bank deposit for obtaining interest.
- Whenever necessary, the FamA may specify that a small percentage of the grant could be devoted to meet urgent needs (immediate education costs, medical expenses, etc.). This should not exceed 20% of the total amount and must be discussed on a case-by- case basis, since the purpose of 121 FMB is to ensure a sufficient amount is devoted to the start-up of the micro-business.
- In order for the family to start the micro-business, training/counselling might be necessary. The Partner should advice on such requirements and eventually facilitate training through existing programmes provided by other NGO, governments, or, if available, volunteers, local business men or women, or professionals/academics, etc.
- The beneficiary family should consider obtaining an insurance policy which would cover expenses in the event of accident of the beneficiary. In addition, the family shall obtain an insurance policy on the business (e.g. insurance on milk animals to cover loss in case of sickness, floods, insurance of place of business, etc.) The local partner must ensure that CAF is informed about the cost and coverage of the insurance. On the basis of the Partner's advice, beneficiaries shall give preference to Government recognized National Insurance companies or, more generally, reliable insurance companies.
- The local Partner will perceive up to 10% of the grant to cover monitoring, counselling and administrative work (e.g. translation of documents) related to the programme.

Follow up of the micro-business and children's education

Regular feedback must occur between the beneficiary and his/her family, the local partner and CAF. The purpose of this information, besides providing some feedback to the sponsor is to revisit and improve the programme as necessary through a process of continuous learning.

- The beneficiary shall regularly inform the local partner on any circumstances affecting the development of the micro-business (e.g. change of place of residence). If the beneficiary or the local partner wish to introduce changes to the micro-business, they shall inform CAF and obtain its prior permission.

- The local partner shall obtain from the beneficiary family and keep information on the progress and status of the micro-business project, including a record of the account transactions and documents related to the business development (e.g. bills of purchases, etc).
- The local partner shall also obtain from the beneficiary family and keep information on progress of the education of their children/young people (level of studies, results, etc.), including school reports (e.g Indian promotion cards). The family will inform the local partner of any changes/difficulties regarding the education of their children (e.g. risk of drop out).
- The local partner shall provide a half-yearly monitoring report per family, according to the template in Annex 4, including the details of the investment performed and current status of the business, and the education of the children/young people. The local partner should visit the beneficiary at least twice a year to verify progress of the micro-business.
- The local partner shall monitor the roll-out of the micro-business initiative for the first three consecutive years from the date when the grant is received by the beneficiary family. Further ad hoc follow-up might be requested for overall programme improvement initiatives.
- CAF members shall also evaluate the progress of the programme during yearly field trip visits.
- During half-yearly visits, the local Partner should obtain visual and/or audio visual documentation material about the families and their business to be shared with CAF for the exclusive purpose of informing the sponsors concerned of progress made with their contribution. CAF members will also be allowed to obtain such material directly during field trip visits. Publication of the material obtained by CAF will be allowed for the exclusive purpose of communication on CAF's projects, subject to the applicable legislation guaranteeing the privacy of personal data.

Evaluation of the outcome of the FMB programme

In order for CAF to evaluate the success of the FMB support provided, the local partner should record and keep track of the following:

- schooling/education results of the children/ young people within the family (check that there is no drop outs in the family; if there were, clear explanation of the reasons);
- average monthly revenues generated by the micro-business and how they relate to other sources of revenues within the family;
- eventual increase in family assets and consumption paths;
- improvement in healthcare conditions; and
- any increase in savings and/or decrease in levels of indebtedness.

This information shall be included in the half-yearly monitoring report provided to CAF by the local partner.

Communication between sponsors and beneficiaries

Any communication between sponsors and beneficiaries shall always be channelled through the local Partner and CAF. Any letters between sponsors and beneficiaries will be sent by CAF or the local partner and forwarded to the addressee. CAF and the local partner reserve the right to open the correspondence between sponsors and beneficiaries in order to avoid any case of misbehaviour

on either side. Any other means of communication between the sponsors and beneficiaries would have to be agreed with the local Partner.

Neither CAF nor the local Partner will provide to the beneficiaries the personal contact data of their respective sponsor/s.

Upon receipt of the confirmation of sponsorship (see below), sponsors shall commit to keep the privacy of the information provided by CAF regarding the beneficiary, including images.

Information to sponsors

As part of the sponsorship programme, CAF will endeavour to ensure regular communication with the sponsors. While remaining flexible to adjust to the specific circumstances affecting each sponsored family, CAF should make sure to inform the sponsor at the following occasions:

- Confirmation of sponsorship, by means of a thank you letter.
- Initiation of business activity: CAF should send a message to the sponsor informing of such initiation.
- Every six months, CAF should send an update on the progress of the business on the basis of the monitoring report produced from the local Partner.
- Ad hoc, whenever there is a relevant change of circumstances impacting the family or the business.

In all communications with sponsors, images (photos or video) of the beneficiary should be shared with the sponsors as available and only for private purposes.

Communication on the programme by CAF

CAF will be allowed to use images and information on sponsored beneficiaries for their external communication, subject to the full understanding and permission by the subjects of those images and in line with the application legislation on data privacy.

CAF commits not to provide information on the sponsored beneficiary to the level of detail (such as full name or address), which would allow for the identification and location of the beneficiary.

CAF will ensure that those whose situation is represented in the images or information have the opportunity to communicate their stories themselves.

Partners should make an effort to provide such photos to CAF, which can upload them on their web-site for visibility purposes only with the consent of the local partner and beneficiary and in line with the data protection legislation applicable in the countries concerned.

List of annexes:

Annex 1: Application Form

Annex 2: Personal Information Sheet

Annex 3A: Agreement between Local Partner and Beneficiary

Annex 3B: Understanding between CAF, Local Partner and different types of Associations

Annex 4: Progress Monitoring Report