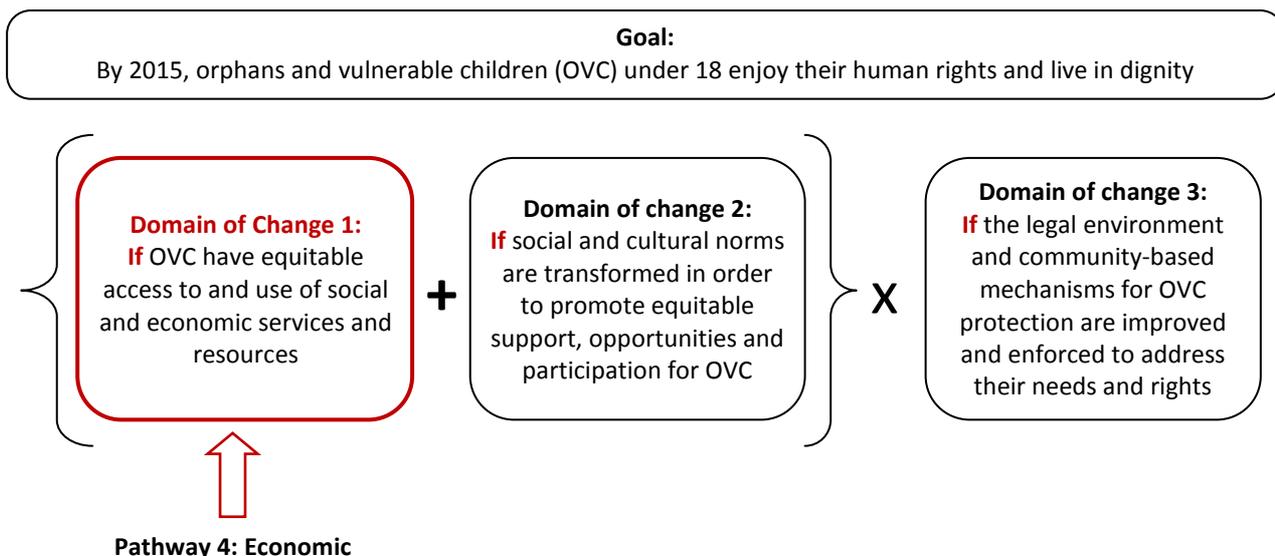


**Pathway 4: Promote the economic security of households containing OVC. This includes:**

- Access to savings and credit;
- Skills in enterprise development;
- Facilitation of cooperatives;
- Ensuring equitable distribution of the benefits of economic activity within the household.

Pathway 4 contributes to domain of change 1 of CARE Rwanda’s OVC program strategy:



**OVC & Economic security in Rwanda**

Although Rwanda’s economic performance in general is improving, income inequality is rising. The income of the poorest 10% of the population equals 2% of the country’s total, while the richest 10% access 43%. (Source: CIA, World Factbook, 2013)

Only 14% of all OVC HH has incomes or own production valued at over US\$ 0.33 per day. (Source: MIGEPROF, A Situation Analysis of Orphans and Other Vulnerable Children in Rwanda, 2008)

Often OVC need to contribute to the household income, thus leading to child labour and drop out of school. Their contribution to the family income is often crucial and sometimes so vital that it saves the family from falling into utter destitution. (Source: GoR, Initial report on the implementation of African Charter on the Rights and Welfare of the child, 2005)

Read the full situational analysis on OVC in section A2 in ‘Why the OVC Program?’.

**Impact sub-groups**

This pathway aims to have an impact on **all OVC**, because poverty is a driving factor of other forms of vulnerability.

All OVC are targeted through their care-giving households, while OVC over 12 are also targeted directly. Experience in Rwanda shows that this is the age when they start becoming economically active. The approaches used to work with OVC allow them to combine this with going to school.

Read more about the impact group of CARE Rwanda’s OVC program in section B1 in ‘Who the Program is for’.



## Strategic partners

In this pathway, CARE's strategic partners are:

- The **Ministry of Finance and Economic Planning**, being the main ministry that occupies itself with the country's economic situation and elaborating and managing policies and strategies that affect the pathway.
- The **Ministry of Trade and Industry**, including its **Rwanda Cooperative Agency** which provides capacity building to cooperatives. VSL members who set up cooperatives can benefit from this to improve their economic situation.
- The **National Bank of Rwanda (BNR)**, which oversees all micro-finance institutions (MFIs) and banks, and gives input to others on how to work with MFIs. Their policies also affect the pathway.
- **AMIR**, a national network of MFIs, They focus on capacity building and advocacy for the MFI sector, and ensure liaison between MFIs.

Apart from the strategic partners, many implementing partners contribute to this pathway. Please refer to our website for the descriptions of the projects under this pathway and get to know our implementing partners.

## Our approach

In order to achieve change in the economic situation of OVC, CARE Rwanda targets both OVC above 12 directly, as well as any family that contains OVC. Especially when OVC are young and/or in school, the focus will be on their parents or care-takers rather than on the OVC themselves. CARE ensures that all activities that target OVC directly are age-appropriate.



### The Village Savings and Loans (VSL) Model

The VSL Model involves the voluntary formation of groups of 20-30 self-selected participants who make regular savings contributions. They do this by purchasing shares to a loan fund from which any of the members can borrow. Loans are paid back with interest, causing the fund to grow. All transactions are carried out at regular (i.e. weekly or fortnightly) meetings in front of members. At the end of the agreed period (usually 9-12 months), the accumulated savings and interest are shared out amongst the membership in proportion to the amount of shares that

each member has purchased during over the course of the cycle. In this way the VSLAs, which are autonomous and self-managing, provide simple savings and loans facilities in communities that do not have access to financial services. The VSL methodology has proven to enable group members to invest in small business and as such improve the economic situation of their household. In order to allow them to do this with success, CARE Rwanda combines the VSL approach with capacity building in financial literacy (reading, writing, and keeping accounts), apprenticeships, small-scale income generating activities, and cooperative and enterprise management.

## Policy context

CARE Rwanda's work on this pathway is informed by the Government of Rwanda's policy context. Of specific importance to this pathway are:

- The **National Microfinance Policy** (MINECOFIN, 2006) identifies standards for MFI services, and gives the political framework that regulates informal VSL groups.
- The **National Financial Education Strategy** (MINECOFIN, under development) identifies needs for financial skills for different segments of the population, depending on the type of their economic activity. It provides the basis of CARE Rwanda's financial literacy program.
- The **Cooperative Law** (Minicom & Minecofin, 2007) identifies the rules and regulations around the establishment and functioning of cooperative organizations.
- The **Small and Medium Enterprises (SMEs) Development Policy** (MINICOM, 2010) has as its mission "to stimulate growth of sustainable SMEs through enhanced business support service provision, access to finance and the creation of a conducive legal and institutional framework" and pays specific attention to youth.
- The **Labor Law** (2009) allows children from 16 to work at limited scale.

Besides the above mentioned policies, a number of laws, policies and strategies are relevant to the OVC program as a whole. These are described in section A3 in 'Why the OVC Program?'

In its OVC Program, CARE Rwanda uses the VSL Model mainly to facilitate adults taking care of OVC to improve their economic situation. The model is well-tested and is therefore being scaled-up with partners. In addition, CARE is engaged in innovation on how to adapt the VSL Model in a way that makes it appropriate for older OVC. This can for example be done by placing the emphasis on saving and financial literacy, enabling OVC to learn how to deal with money without necessarily taking loans. That said, CARE Rwanda recognizes that many OVC above 12 are already economically active, and looks for ways to support them economically without compromising their rights to e.g. education. We are among others learning from CARE Burundi's experiences in this area, that have shown that the VSL Model can be successfully adapted to OVC. Please read more about the VSL model in section C2 in 'What the Program does'. Pathway 5 explains more about CARE Rwanda's support to OVC and their hosting households to generate an income.

### **Access to financial services**

Since OVC under 18 are not allowed to sign contracts or take loans, this approach focuses on parents and adult care-takers of OVC. Access to financial services (including saving, credit, insurance, etc.) is a critical enabling condition for pro-poor economic growth and improved livelihoods for poor people. The loan amounts that VSL groups can offer from members' accumulated savings are limited in both value and duration, and the VSL groups do not provide a mechanism for long-term savings, due to the annual cycle of savings, lending and share-out. Moreover, VSL groups have always been challenged with the issue of security for their funds. However, poor people living in remote rural areas of Rwanda with low and irregular income streams have difficulty gaining access to appropriate microfinance services, and formal micro-financial institutions (MFIs) find it hard to reach those people who represent a large potential market for their products.

CARE Rwanda establishes collaborative linkages between mature VSL groups and MFIs that are able to deliver appropriate financial services for the poor. These MFIs have been identified based on criteria such as outreach, product compatibility with VSL group member needs, governance and portfolio quality. A specific focus is on the use of U-SACCOs, MFIs that are part of the government's program aimed at bringing formal financial inclusion to the level of the sector. CARE Rwanda will also investigate how OVC without adult support can access these services, given the fact that minors are currently not allowed to sign for a bank account or credit.

Providing access to financial services for OVC is still a very new area, and thus identified as an area of innovation.

### **The Child Mentorship Model**

The Child Mentorship Model provides OVC with an adult mentor to help them in all kind of areas in their lives. The participating children choose adults they trust to serve as their volunteer mentor. With training and guidance from CARE, each mentor helps several child-headed or extremely vulnerable households. Via regular home visits, the mentor supports the children's emotional well-being, assesses their physical needs, and acts as advocate, teacher, counselor, protector, friend and bridge to the community and to service providers. The model combines the efforts of the mentors, the communities in which OVC reside, local authorities, service providers and OVC themselves to fulfill the children's rights.

The mentor is not expected to contribute financially to the needs of the OVC household. However, their advice can help the household in their income generating activities and resource management. Also, the mentor is expected to contribute to an equal intra-household distribution of resources.

CARE Rwanda is currently working to build capacity of partners to scale-up this approach. Please refer to section C2 in 'What the Program does' to read more about the Child Mentorship Model.

### **Advocacy**

Through their work, CARE Rwanda and its partners collect a lot of evidence around the (economic) situation of OVC, which can be used for advocacy. An example related to this pathway is the inclusion of OVC and their care-givers in the Vision 2020 Umurenge Program. Although the program aims to support the poorest sectors in Rwanda, CARE Rwanda's experiences indicates that improvement could be made in the identification of specifically vulnerable groups in these sectors, such as OVC. Another area of advocacy lies around the fact that minors cannot sign a contract, open a bank account or get a loan without the signature of their parents or formal care-takers. This puts children without adult support in a very vulnerable situation when it comes to access to financial services. CARE Rwanda will look into, and advocate for systems that allow also these OVC to access financial services and as such increase their economic opportunities.

Please see pathway 10 and section C5 for more on CARE Rwanda's approach to advocacy.

## Indicators

CARE expects this pathway to contribute to an improvement in OVC's food security and nutrition in combination with the other pathways of Domain of Change 1. Therefore, impact is measured at the level of the Domain of Change (DoC) rather than at the level of this pathway. This pathway contributes to change on the following DoC-level indicator:

- % of HH containing OVC that own durables

## Some key achievements so far

CARE Rwanda's main experience on economic empowerment has been within the Vulnerable Women program. Economic empowerment of OVC and the households containing OVC is a relatively new area. Nevertheless, some achievements have been realized, including the following:

- In CARE Rwanda's previous COSMO project, OVC were assisted to set up a small-scale, agriculture-based income generating activity. This included providing them with small livestock (typically a goat) and assisting them setting up kitchen gardens. 1,029 OVC households in Musanze District benefited from this support. The external evaluation found a significant difference in food security between project participants and other OVC households (Source: CARE Rwanda, COSMO final narrative report, 2010 & Lavin e.a., Evaluation of Community Support and Mentoring for Orphans and Vulnerable Children (COSMO) Program in Rwanda, 2010)
- Within COSMO and NIPS projects, 1,177 OVC have accessed vocational training or apprenticeships. 827 of them subsequently organized themselves into cooperatives, facilitated by the projects. (Source: CARE Rwanda, COSMO final narrative report, 2010 & Thurman e.a., NIPS Evaluation Report, 2006)



## Current and recent projects

The following ongoing or recently closed projects contribute to this pathway:

- **Kuraneza** (Community-based ECD)
- **NISU** (Nkundabana Initiative Scale-Up)
- **KGAS** (Keeping Girls at School)
- **COSMO** (Community Support and Mentoring for Orphans and Vulnerable Children)
- **NIPS** (Nkundabana Initiative for Psychosocial Support)

## Learning agenda

CARE Rwanda is committed to learning, to continuously improve the relevance and quality of its work. In relation to the economic strengthening of households containing OVC, it poses itself the following questions:

- How can the current, successful VSL model be adapted to work with OVC, taking into account their specific challenges and without compromising their going to school?
- How can policies allow OVC to access financial services and job opportunities, while at the same time protecting them from (exploitative) child labor?