

# ***Executive Summary of Chris Desmond report***

## **Introduction**

The report written by Chris Desmond endeavors to determine the extent to which former beneficiaries of the Village Model in Rwanda are able to provide for the resource needs of their families once they have left the program. This report focused specifically on the sustainability and efficiency of the income generating component of FXB's Village Model Program.

Rwanda's violent past, HIV and AIDS and the high fertility rate have led to the creation of households in which the care of many dependents is left to few adults. This is of particular concern to FXB, as it seeks to keep children in the family environment and to build the capacity of the family to respond to children's needs rather than bypassing the family and trying to support the child directly.

The survey interviewed 55 beneficiaries from the rural site and 103 from the urban site on 41 questions on income and expenditures. At the time of the survey, the respondents from Kigali had been out of the program for 3.5 years and those from Muhanga for over 1 year. Former beneficiaries were overwhelmingly women (92%) and caring for children (99%).

Due to the lack of baseline data and a control group, it is not possible to determine to what extent the current situation of households in the sample is a result of FXB's intervention. However, since FXB sought the poorest and most vulnerable families to participate in the Village Model, it is unlikely that these families could have achieved their current economic statuses, given their initial circumstances, without FXB's assistance.

To ascertain the economic status of each household, it is necessary to establish an appropriate definition of poverty. The final analysis, using the Rwandan poverty line, suggests that between 70 and 86% of former beneficiaries were above the poverty line at the time of the survey, though there was a marked discrepancy between urban and rural communities.

## **Method**

The current international guidelines for defining poverty are US\$1 and 2 for extreme poverty and poverty, respectively. This per person measure, however, is often considered inappropriate because it assumes equal resource needs for adults and children and was set in 1985. To counter this problem, it is more useful to use techniques of adult equivalents, weighted ages, and economies of scale.

In Rwanda, a more appropriate measurement of extreme poverty and poverty were calculated based on daily caloric needs. Extreme poverty is set at Rwf 174 per day (US\$0.32) and poverty at Rwf 246 per day (US\$0.45).

Given that children's ages were not recorded, weighted values according to age were impossible. The usual approximation of 0.5 adult equivalents per child was used but increased to 0.7 for the high cost of education.

Though approximate poverty levels were computed for the families, these figures were not sufficient to prove that the FXB-sponsored IGAs were responsible for the improvement in economic status. The survey accounted only for income from these IGAs and did not include information on alternative sources of earnings.

## **Results**

### ***Economic status***

In terms of all three measures of household well-being (income, food expenditure, total expenditure), the urban households fared far better. This difference is not surprising, and can be attributed to greater overall poverty levels in rural Rwanda (60% as compared to 20% in urban areas), and the absence of market demand in rural areas.

The average level of food expenditure exceeded the average income from project activities, and this was true for 80% of respondents. This suggests that households had income from other sources in addition to the income from project-related activities.

The results of an examination of the poverty rates calculated on income only, food expenditure only, and total expenditure provided important results on the program's success. The results suggests that in urban areas, even if the IGA income were the only source, the household would be able to stay above the poverty line in 84% of the cases and above the extreme poverty line in 88% of the cases. In rural areas, however, the income from project related activities, if it were the only source of capital, would leave 58% of households below the extreme poverty line and 83% below the poverty line.

Poverty levels calculated on total expenditure suggested that 67% of rural families versus 96% of urban families remained above the poverty line. Overall, 86% of former beneficiaries surveyed remained above the poverty line according to total expenditure.

These results suggest that the majority of former beneficiaries are no longer living below the poverty line. In a country like Rwanda, where close to 60% of people live below this line, this economic status is impressive.

Despite having completed the program, the vast majority (97%) of respondents reported that they were still involved in their individual income generation activity. Close to 90% were still part of a functioning community group.

### ***Education***

Expenditures per quarter on education were taken from the surveys, and these results show high spending on secondary school. Unfortunately, household listings of children, their ages, and their enrolment status were not taken during the program, so comparison before and after FXB's intervention was not possible. That being said, it is clear that former beneficiaries are spending a significant amount on secondary education for their children (35% in rural, 70% in urban) in comparison to the rest of the country (3% rural, 12% urban).

### ***Health***

97% of beneficiaries report that they have continued their registration with the health insurance scheme that was begun with FXB.

## Future Data Collection

As mentioned, the lack of baseline data and a control group are serious problems in terms of producing statistically sound figures on the success of FXB's program in Rwanda. Additionally, poverty rates have fallen in Rwanda in recent years and anti-retroviral medications have become more accessible, making it even more difficult to understand which improvements are direct results of FXB's intervention.

Poverty rates remain high, however, and FXB beneficiaries often have an even lower economic status than the average poor community. Due to the population which FXB serves, the fact that former beneficiaries are now living out of poverty suggests that they have risen above the community average, and improved at a faster rate than has their community, given overall improvements in the conditions in the country.

Future data collection should, at the very least, involve collection of key baseline data that includes:

- Basic household socio-demographic characteristics
  - Listing of all household members
  - Relationship of household members to head of household
  - Age and educational level of all household members
  - Attendance at school for children
  - Employment status for adults
  - Adult literacy
  - Adult and child self-reported health
  - Incidence of hunger
  - Household characteristics
    - Number of rooms
    - Floor type
    - Roof type and condition
    - Access to services
    - Asset ownership
- Income and expenditure
  - Income from all sources for all members
  - Level of agricultural production
  - For self-employed
    - Turnover per day/week/month
    - Employment-related expenses per day/week/month
  - Expenditure (common time period)
    - Food
    - Clothing
    - Housing
    - Transport
    - Education
    - Other
    - Savings
    - Total

Additionally, for comparison purposes and to make the data more useful, FXBC should not develop new questions, but should use available standardized surveys and select appropriate questions from them.

While it would be ideal to measure the impact of FXB's intervention by interviewing another non-beneficiary community, this is difficult to justify ethically.

The best option for sound data would be to randomize communities and provide one with the Village Model and another with an alternative intervention costing a similar amount. Such an approach would be highly informative but complex and difficult to monitor. Partnership with a research organization would be beneficial if this investigative method were adopted.

A second possibility to collect data ethically that would be useful to FXB would be to survey only program recipients and compare that data with similar households captured in national surveys. Even without a formal control group, tightly monitored collection of baseline data would be of great use to FXB in supporting its program.

### **Additional comments**

There are some beneficiaries who will never be able to provide for themselves due to poor health or old age. These individuals will need continued support, and if FXB is not able to provide such aid, referral links should be established for these most vulnerable households.

The model seems ideal for economic uplift for a series of communities, but not for continuous improvement of one community continuously. FXB must use great care in selecting its beneficiary communities so as not to flood the market with IGA produced materials, thereby disturbing the normal balance and causing price fluctuations.

Additionally, it is worth examining more closely the relative efficiencies of providing support in cash versus support in kind.