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March 21, 2012

Lessons Learned From Sequenced, Integrated Strategies of Economic Strengthening of the Poorest

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CGAP



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Trickle Up





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Outline

- Economic Strengthening for the Ultra-Poor
- Integrated, sequenced strategies
- CGAP Ford Foundation Graduation Model
- Trickle Up: the first steps out of poverty
- Integrating push and pull strategies
- STEP UP's learning initiative

Economic Strengthening of the Ultra-Poor

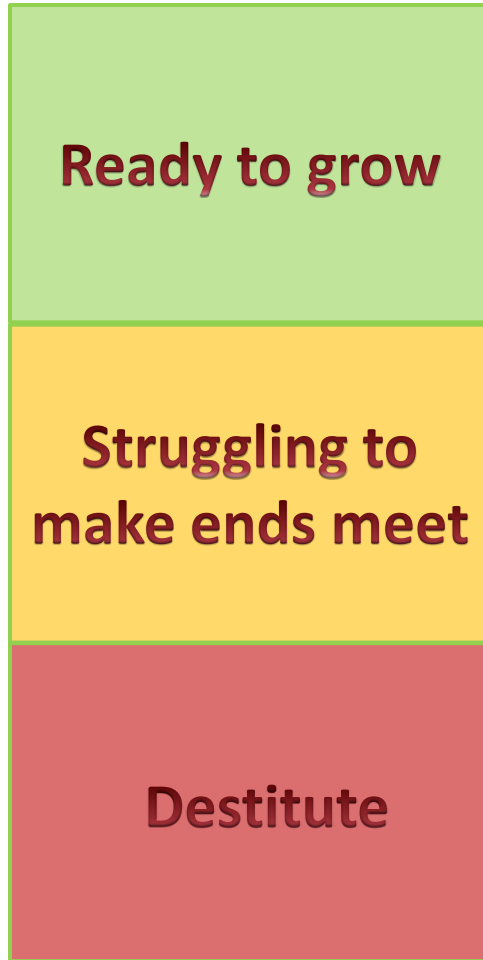
Roadblocks of the past

- Fundraising and anecdotal evidence
- Cost and reachability
- Perceived versus actual poverty levels (a measurement problem)
- The microenterprise myth
- Poor understanding of poverty and vulnerability
- Stovepipe syndrome

What is extreme poverty?

- Living below the extreme poverty line
- Living below the survival threshold
- Suffering chronic food insecurity
- Being highly vulnerable
- Stuck in a poverty trap: asset base with very low returns

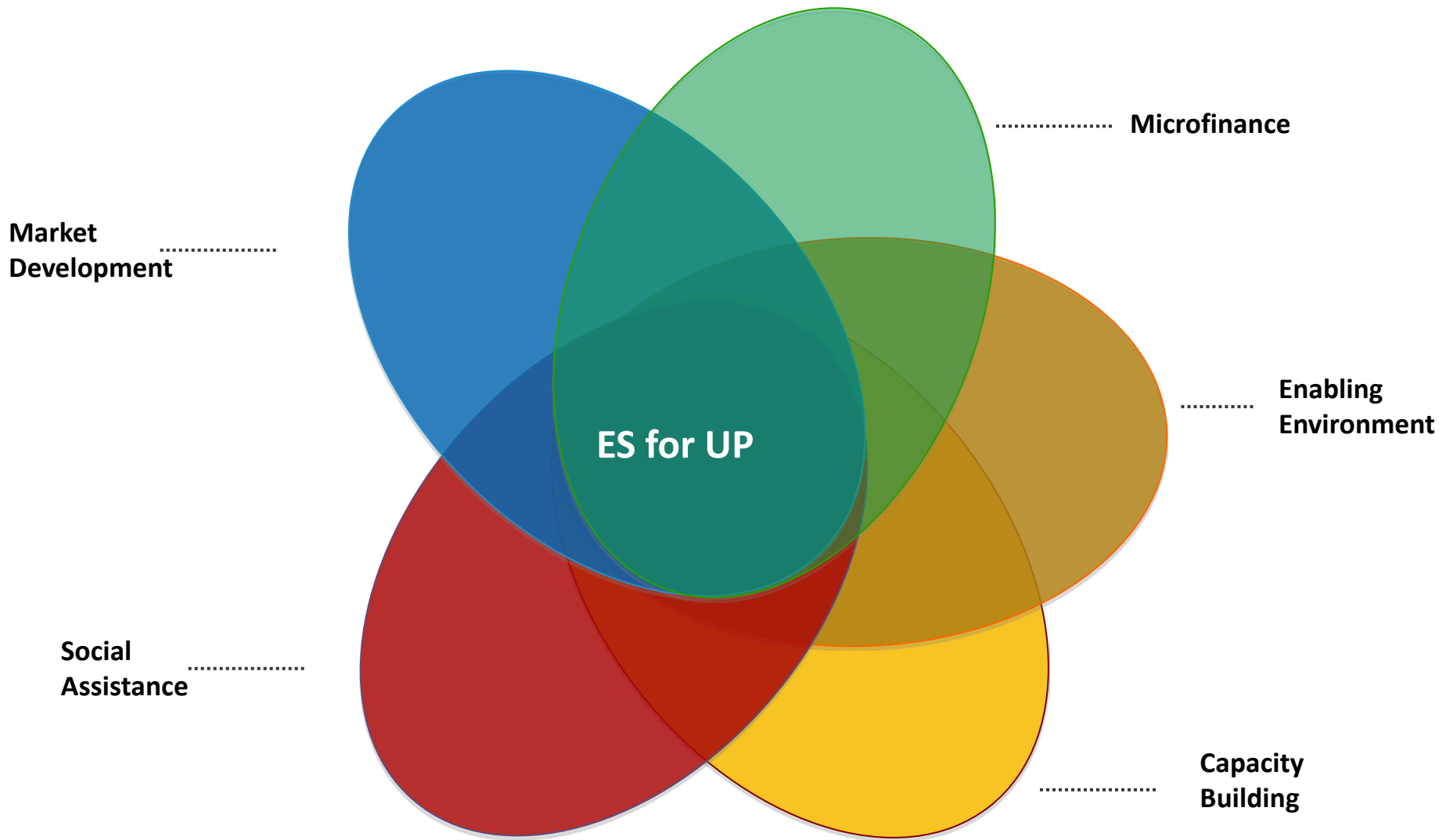
Zooming In



- Great variability in nature and degree of poverty/vulnerability
- How to assess?
 - Household livelihood assets (SLF)
 - Household Economy Approach (HEA)
- Important implications for strategy and success
- Examples

Economic Strengthening strategies

- ES = activities, programs and policies aimed at building the economic capacity of individuals and households
 - Financial Services
 - Market Development
 - Social Assistance
 - Enabling Environment
 - Local Capacity Building
- Graduation Model: example of integration and sequencing





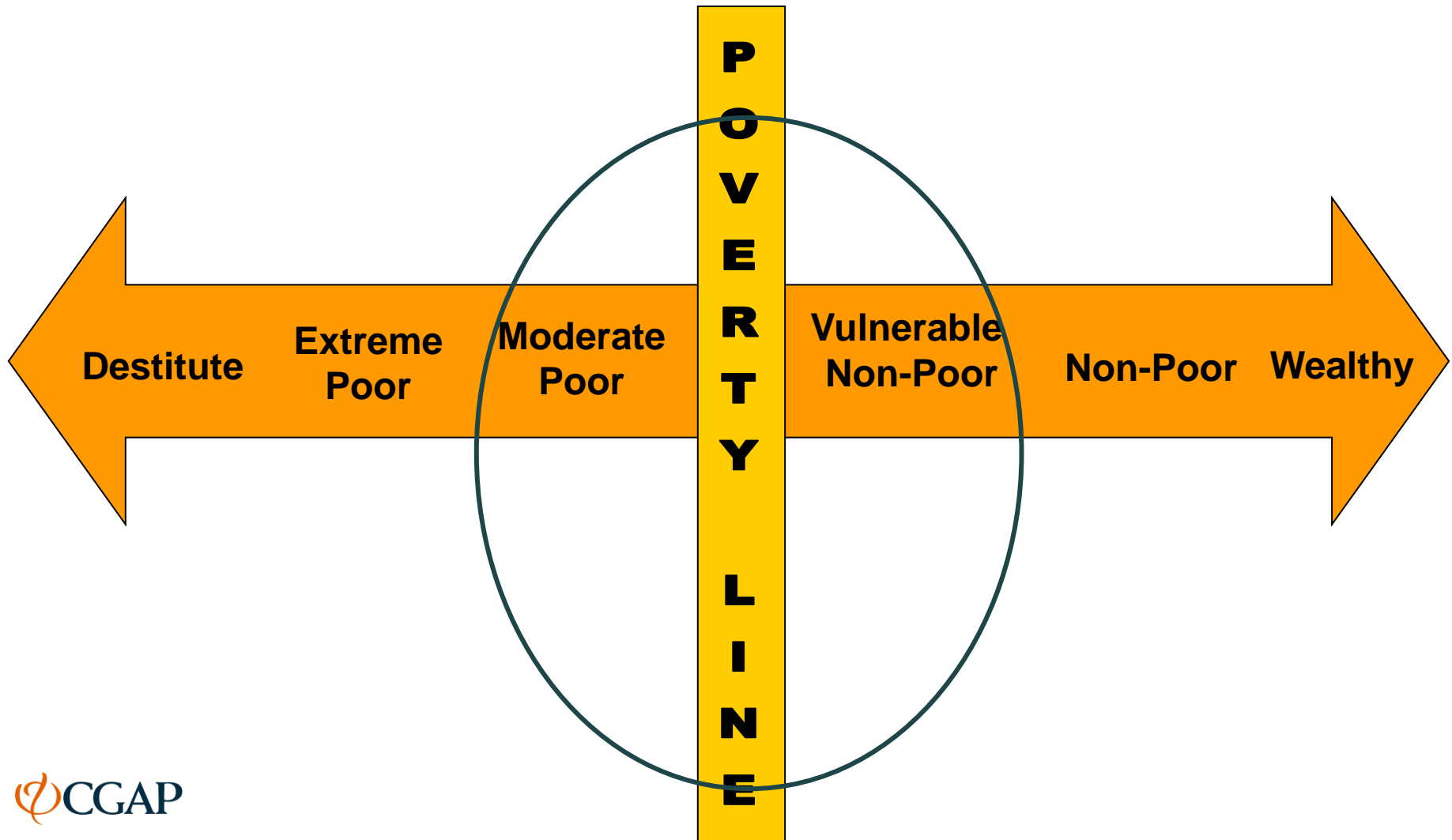
Advancing financial access for the world's poor

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Aude de Montesquiou
March 21, 2012

Microfinance Poverty Outreach

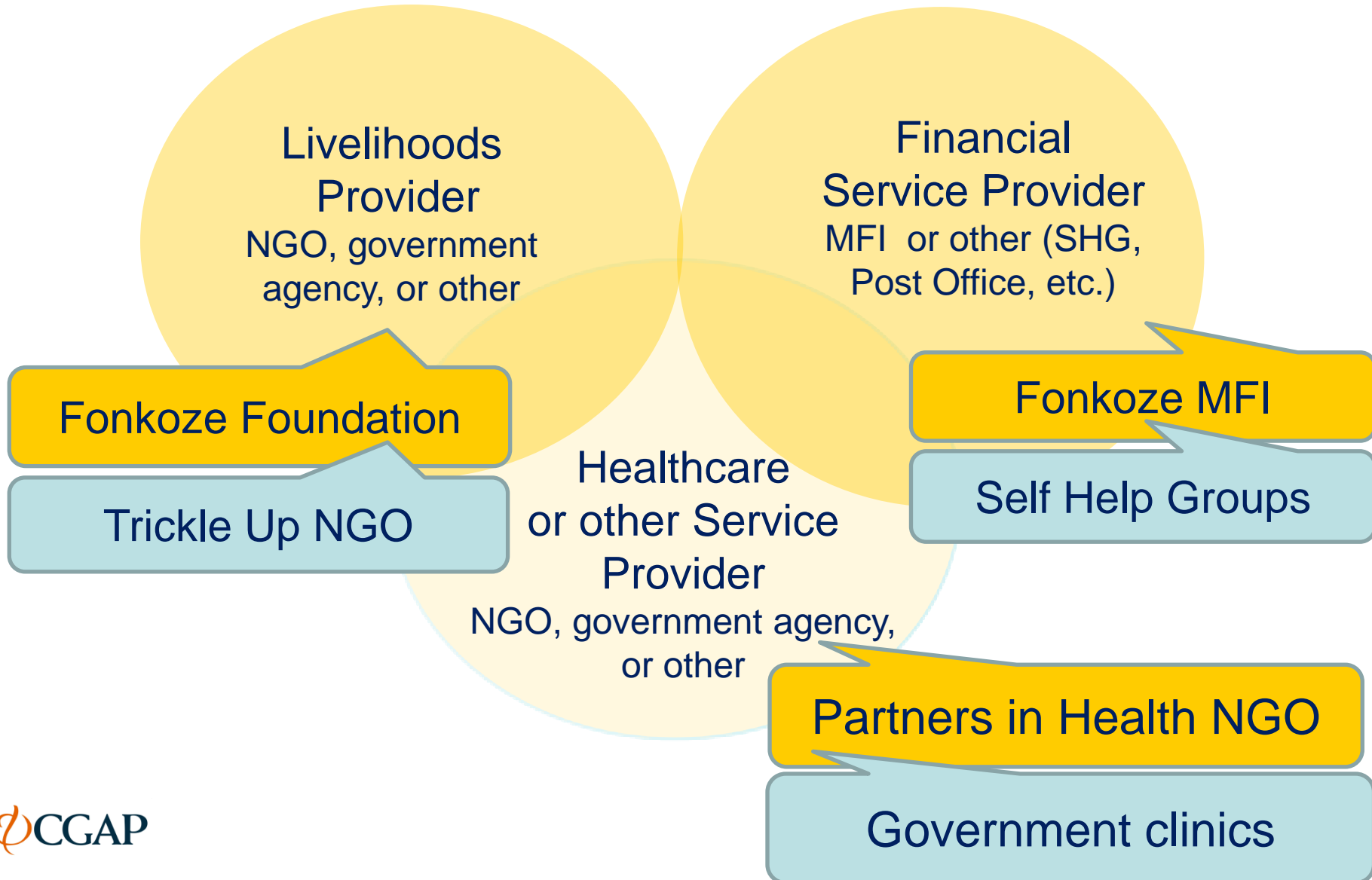
Microfinance rarely reaches the poorest



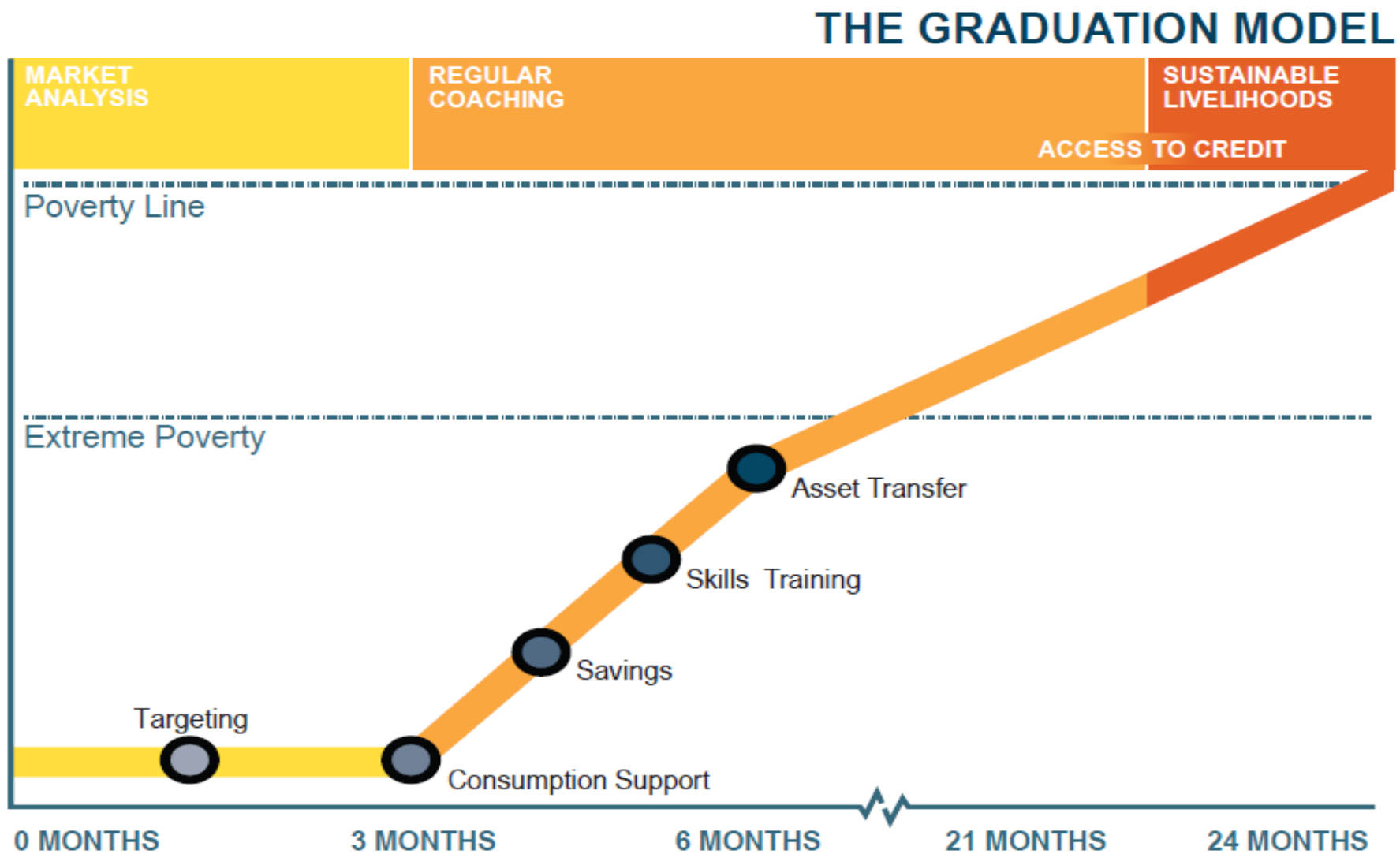
Sequencing Interventions



Critical Partnerships



The Graduation Model



CGAP Ford Foundation Graduation Program

Haiti - India - Pakistan - Honduras - Peru - Ethiopia - Yemen - Ghana



10 Pilots: Different Stages



Fonkoze, Haiti

150 participants
2006-2008

Scale up to 1,300 participants
Plans for 5,000 by 2015



Bandhan, West Bengal, India

300 participants
2006-2008

Scaled up to 2,400 participants,
now scaling to 55,000 by 2014



SKS NGO, Andhra Pradesh, India

426 participants
2007-2009

Scale up to 1,750 participants.
Plans for 12,000 by 2015



Trickle Up, West Bengal, India

300 participants
2007-2009

Scale up to 300 participants.
Plans for 1,000 in 2011



PPAF& partners, Sindh, Pakistan

1,000 participants
2008-2010

Plans to scale up to 1,000 in 2011



PLAN & ODEF, Lempira, Honduras

800 participants
2009-2011



REST, Tigray, Ethiopia

500 participants
2010-2012



PLAN & Arawiwa, Cusco, Peru

800 participants
2010-2012



Social Welfare Fund & Social Fund for Development, Aden, Yemen

500 participants
2011-2013



Presbyterian Agricultural Station & IPA, Tamale, Ghana

2011-2013

Under Close Scrutiny

Documenting program implementation	Distilling lessons for course correction and model refinement	All pilots
Monitoring	Tracking participant progress	All pilots
RCT impact assessments	Measuring impact	8 pilots
Qualitative research	Understanding change	9 pilots

Qualitative and Monitoring Results: Fonkoze

Food security:

- Food insecurity with hunger declined by over 50%
- Severe wasting among CLM children decreased from 13% to 4%

Assets and Savings:

- PPI scores show 16% of participants passed the \$1/day line
- Savings hiked at first but were not sustained
- Ownership of large livestock increased from 5% to 39%

Empowerment:

- Increased self-confidence and enterprise skills
- Increase in family planning

Health:

- Attending health clinics increased from 14% to 46%

Schooling:

- All or most children regularly attending school increased from 27% to 70%



Initial RCT Results: Bandhan

Food Security:

- 25% average monthly increase in consumption, especially in nutritious food (fruit, nuts, dairy, eggs and meat)
- Less likely to skip or reduce meals

Financial Services:

- Beneficiaries save on average nearly x2 control group
- Beneficiaries score higher on an index of financial autonomy

Health:

- Increase in health knowledge (hand washing, etc.)
- Decreased emotional stress and increased life satisfaction
- Little impact on physical health

Schooling:

- Children spend more time tending livestock ... but also spend an average additional 20 minutes per day on school work



Initial RCT Results: SKS

Consumption:

- No significant increases in consumption
- Shift in income: agriculture → livestock

Financial services:

- Less likely to borrow from money lender
- Decreased amounts of outstanding loans by 84% of initial average amount
- More likely to be saving, impact on amount is uncertain



Health:


- Reported being sick less: lost 2 fewer work days (in month prior to interview) to sickness (which is 56% of baseline number of days lost)
- 12% less likely to have gone to doctor/hospital in past year

Schooling:


- No impact on children in school

Still learning

<http://graduation.cgap.org>

 **CGAP** Advancing financial access for the world's poor

CGAP-Ford Foundation Graduation Program



The CGAP-Ford Foundation Graduation Program is a global effort to understand how safety nets, livelihoods, and microfinance can be sequenced to create pathways for the poorest to graduate out of extreme poverty, adapting a methodology used by BRAC in Bangladesh.

[Learn More](#)

HOME ABOUT PILOTS NEWS TOPICS LIBRARY HELP DESK

Most Recent Topics

Welcome to the CGAP-Ford Foundation Graduation Program's new site

November 16th, 2010 by [Aude de Montesquiou](#)

As the first step in a broad effort to get the word out about the Graduation Program, CGAP has created a new web destination that we hope will become a hub for those wanting to discover or share information about the graduation approach and ways to reach the poorest.

[Read More](#)

More content in:

[Other](#)

Be the first to comment! »

Do You Need A Question Answered?

We guarantee we will respond shortly or discuss it with the Graduation Program community on the topics page.

Submit a question to the [Help Desk](#)

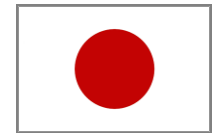
News & Announcements

17 Nov, 2010 [Fonkoze in the New York Times](#)

7 Jul, 2010 [Ethiopia Graduation Pilot Underway](#)

13 May, 2010 [Yemeni Government Launching a Graduation Pilot](#)

19 Mar, 2010 [New Graduation Pilot in Ethiopia](#)



BILL & MELINDA
GATES foundation



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www.cgap.org

www.microfinancegateway.org



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Federal Ministry
for Economic Cooperation
and Development



FORD FOUNDATION



Department for
International
Development

Trickle Up: The First Steps out of Poverty



Trickle Up believes in the potential of the poorest and most vulnerable—the ultra-poor—to become agents of change in their household, joining together with peers to create a world where it is no longer acceptable for anyone to live in extreme poverty.



Where we work



Graduation: From pilot to proof-of-concept

- Changed sequence of intervention
- Stronger focus on self-help groups
- Targeted handholding after first year

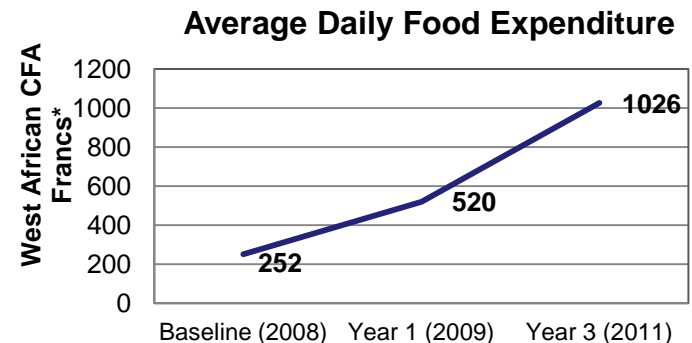
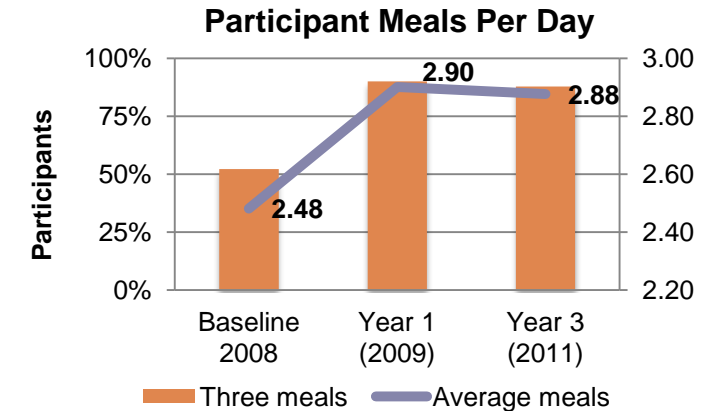


Unexpected areas of impact



- Self-Help Group collective action
- Intergenerational poverty
- Scale: depth to breadth

Mali: Solidarity groups after 3 years



Mali collective actions



- 37% of solidarity groups have created a social fund, to support members during times of hardship
- 16% are extending loans to non-members, thus benefitting other community members
- 35% are engaged in group investments such as animal fattening, trade, and cereal banks
- 53% of groups are legally registered, enabling applications for funding of community projects and bank linkages

India collective actions

- 87% attendance rates at self-help group meetings 2-1/2 years into the project, against end-of-project target of 90%
- TU capturing data on collective actions, including closing liquor shops, improving community infrastructure, cleaning wells, and advocating for better service from banks



Intergenerational poverty



Scale: Depth to breadth



Helping others to break down barriers



Questions?



Integration and Sequencing: Lessons Learned and Ways Forward

Innovations within disciplines

Discipline	Value Proposition	Weaknesses	Innovations
Social Safety Nets	Provides a lifeline; allows people to move above survival threshold	Is not designed to link to economic opportunity (Keep households from falling down, but do little to help them move up)	e.g. savings-linked CCT
Microfinance	Access to financial services Income/expenditure smoothing Increase microenterprise profit	Products often not matching customer needs: smoothing household consumption, asset protection, asset building	Savings Groups Microcredit Plus e.g. health e.g. agricultural e.g. financial literacy Microinsurance Social Performance
Market Development	Making markets work for those ready to grow	Destitute and struggling HH do not participate directly	Link to push strategies Focus on low-risk, economic activities with low barriers to entry

Push strategies build livelihood assets

- Examples: social capital (support mechanisms, bargaining power); confidence building; savings; conditional cash transfers, asset transfers, food stipends...
- At all levels: provision to protection to promotion
- Push \neq Subsidy
- Often accompanied by effective targeting
- Exclusive focus on push strategies is not sustainable and creates dependence

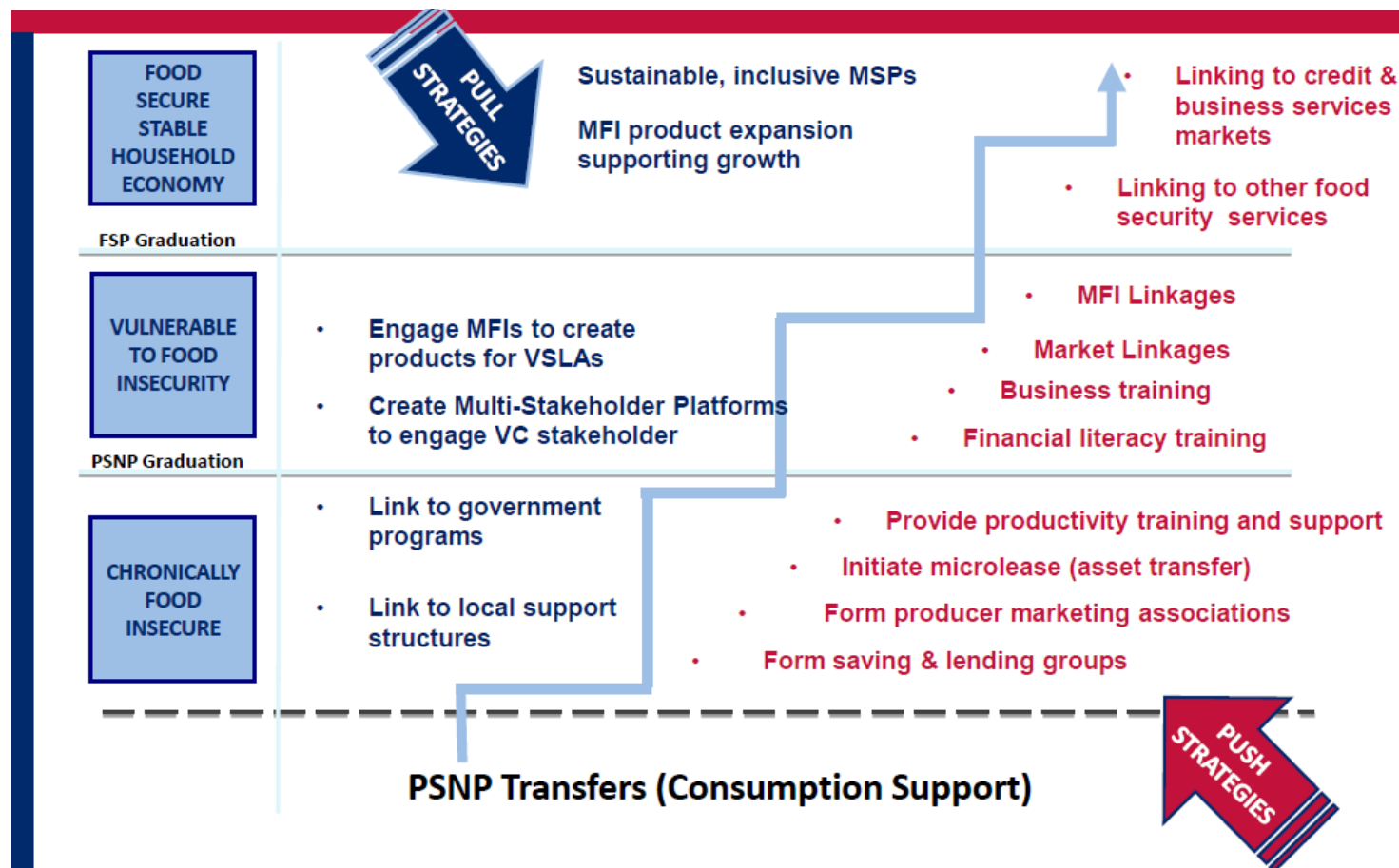
Pull strategies are about inclusion

- Systems, processes, institutions
- Examples: MFI customizes products or links to savings groups; government social safety net programs; VCD project engages very poor producers in VC multi-stakeholder platforms
- Ultra-poor as producers, consumers, workers
- At all levels: provision to protection to promotion
- Some key features: facilitation, direct provision (social enterprise), systemic approach
- Exclusive focus does not reach the ultra-poor (directly)

Examples of integrated approaches

- Graduation Program
 - Trickle Up
 - Fonkoze
- PSNP+ Ethiopia
 - CARE's Pathways to Empowerment
- AMPATH Kenya
- Grameen Foundation with BASIX's The Livelihood School
 - Livelihoods Pathways for the Poorest

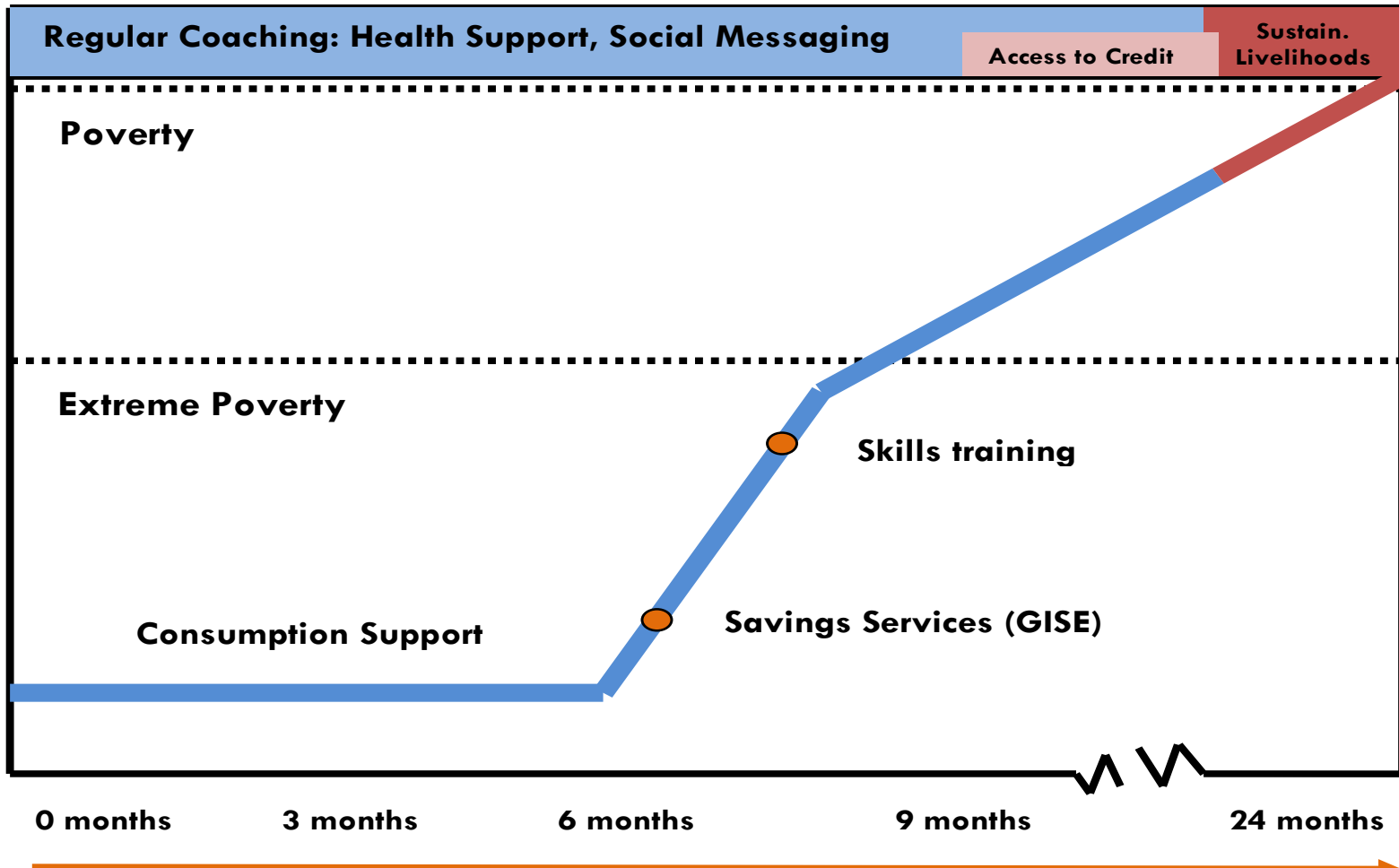
PSNP Plus Causal Model



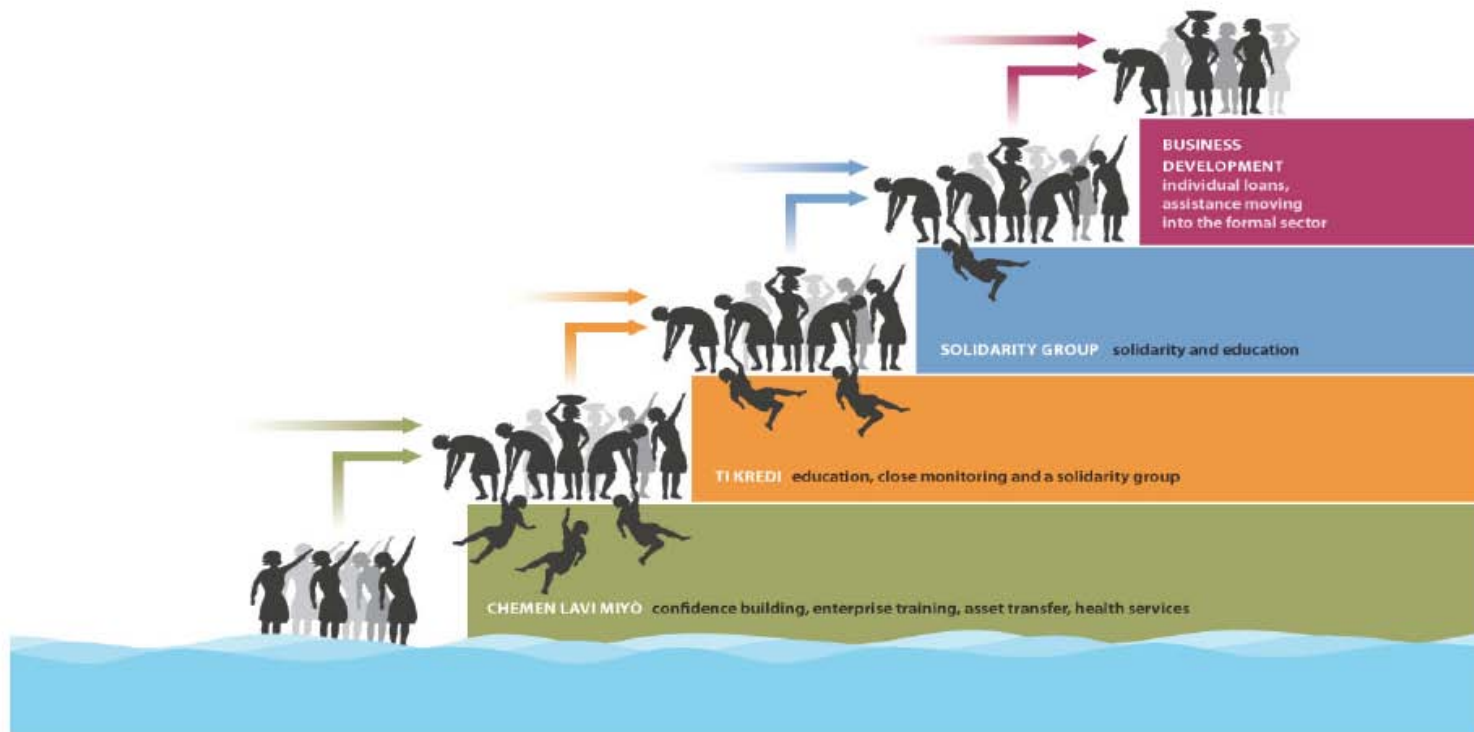
(source: CARE)

AMPATH Kenya

THE GRADUATION MODEL

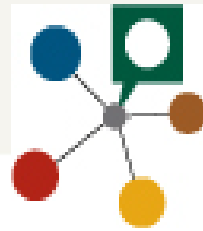


Fonkoze's Staircase out of Poverty



How to connect Push and Pull?

- Balancing act of demand and supply of economic opportunity
- Push strategies need to be sustainable – one-time interventions often aren't
- Coordination is essential: step up is more difficult than fall down
- Replace pathways with segmentation
- Systemic approach – no single player can do this job alone



STEP UP

- Primary focus on ultra-poor
- Connecting silos of practice
- Integrated, systemic approaches: assessment, design, implementation, evaluation and learning
- Role of facilitation and coordination
- Advocacy and link to other initiatives

Multi-disciplinary learning

- Stakeholder consultations and learning events
- One-stop shop resource center
- Mapping of initiatives, tools and resources
- STEP UP Webinar Series
- Development of learning modules and resources

Next on the learning agenda?

- Join the conversation:
<http://linkd.in/seepstepup>
- STEP UP concept paper
- Graduation Program learning events



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