

# KNOWLEDGE MANAGEMENT SPOTLIGHT

Ultra-Poor Graduation Programs  
July 2022



## SUMMARY

### The CHALLENGE:

Ultra-poor families face deep multi-dimensional poverty that hinder paths toward sustainable livelihoods.

### Featured Solution:

#### The GRADUATION PROGRAM

offers a long-term solution whereby ultra-poor families receive a mix of assets – consumption support, access to savings-and loans, mentorship, community linkages, and skills for a holistic path out of poverty.

### What SUCCESS looks like:

- ▶ At least one hot meal a day
- ▶ At least two sustainable sources of income
- ▶ A secure home with a roof
- ▶ Children in school
- ▶ Increased self-confidence and community connections
- ▶ A plan for the future

### LOOKING FORWARD:

Opportunity supports Graduation Programs in:

- ▶ **HAITI:** Fonkoze plans to expand
- ▶ **MALAWI:** OIM programming began in 2021 and runs through 2023
- ▶ **COLOMBIA:** AGAPE is in the research phase and hopes to begin programming December 2022

## ASCENT OUT OF POVERTY FOR THE ULTRA POOR: GRADUATION PROGRAMS

### THE CHALLENGE: DEEP, MULTI-DIMENSIONAL POVERTY

The Graduation Model aims to serve ultra-poor families facing deep, multi-dimensional poverty. An example of a starting candidate may be a woman with dependents or any person with a disability. Targeted families are bereft of basic human needs such as food, clean water, and safe shelter. They also often suffer from low self-esteem and isolation. The Partnership for Economic Inclusion (PEI) estimates that 92 million people have benefitted from graduation programs, which have a broad cost per participant of \$41 - \$2,253.<sup>i</sup>

In this context, interventions used previously are not sufficient.

- ▶ **Microcredit:** does not always reach the poorest communities and addresses only income generation, without other interventions around water, housing, self-esteem, and so on.
- ▶ **Cash-Transfers:** Without training, linkages to community support, or empowerment interventions, these programs only solve one of the dimensions of poverty facing the ultra-poor.

### THE SOLUTION: GRADUATION PROGRAMS

The Graduation Model (or Economic Inclusion Programs, as referred to by PEI) grew out of an evidence-based program created by BRAC in Bangladesh to target the ultra-poor. The model is a multifaceted approach to address immediate needs, catalyze income generation, spark positive behavior change, and promote increased savings and other assets.<sup>ii</sup> Clients also receive regular guidance of a case-manager who works with each family to prepare them for success after the end of the program.<sup>iii</sup> Research by the London School of Economics found favorable outcomes for participants, seven years post-graduation, in comparison to a control group. This model aims to increase skill development and provide for a more sustainable way of life. Households that have been positively impacted by the graduation model have shown an increase in school attendance for their children, food security, access to health care, and confidence.<sup>iv</sup> PEI reports this model has reached nearly 20 million households in over 75 countries. Nevertheless, the need is substantially higher. Because of generally high cost per participant, organizations are experimenting with less intensive approaches which offer cash-plus-training, for example.<sup>v</sup>

## INNOVATION: FONKOZE's GRADUATION MODEL

Fonkoze, a Haitian partner of Opportunity International, began implementing a graduation model, Chemin Lavi Miyo (CLM), in 2007 for families in rural Haiti and has since reached over 9,300 households. The country has long been vulnerable to environmental disruptions and economic instability. Nearly 25% of the population live in extreme poverty, and 30% of children under five are malnourished to the point of stunting.<sup>vi</sup> Fonkoze found that credit programs were not adequately serving the poorest Haitians and began the work to assist families to build sustainable livelihoods.<sup>vii</sup> In their graduation model, over a period of 18 months, Fonkoze provides ultra-poor households with support – a cash stipend, training, and network development – coupled with counseling by a case manager, to equip clients to lift themselves out of poverty. A strength of the CLM program is the use of learning experiences for continuous improvement of the strategy. Important changes made over the years include, for example–

- ▶ More choices for CLM “members” in terms of the type of income-generating activities they take up within the project;
- ▶ Providing support to improve housing conditions, access to clean drinking water and sanitation;
- ▶ Collaborating with local health service providers for access to free health care during the program;
- ▶ Adding an emergency fund to buffer economic shocks while members work on improving their income;
- ▶ Initiation and strengthening of VSLAs into reliable, transparent, and democratic structures – each of which offers the entire local community the opportunity to save money safely in an informal setting in the long term – thereby better protecting themselves from economic shocks;
- ▶ Engaging village development committees and empowering them to plan, finance, and implement small-scale projects to improve local infrastructure and economy (conflict management and basic veterinary skills also benefit the local communities as a whole);
- ▶ The inclusion of ultra-poor persons with disabilities as a second target group alongside ultra poor women with dependent children;
- ▶ Addition of training and messaging focused on early child development;
- ▶ An increasingly explicit focus on issues of equity related to gender.



Ultra-Poor Family

Anne and her children | Usiwa Watha Client | Malawi



Graduated Family

Mirana with her four sons | CLM member | Haiti

### Fonkoze can boast of the following substantial client impact:

- ▶ 98.5% of clients Increased Asset Value by 40%
- ▶ 98.5% of clients Engaged in Two Income Generating Activities
- ▶ 98.5% of clients obtained Stable Housing
- ▶ 99.25% of clients Accessed Latrines and Water Filters

**Fonkoze saw 96% of families meet graduation criteria** which, in addition to the above, includes appropriate government documents held by each family member, consuming at least one hot meal a day, and possessing an active savings account through a local VSLA. Success after graduation is heavily reliant on clients' ability to manage risks and to prepare for future shocks – skills instilled in the program trainings. The presence of a support network – extended family, savings groups, or community groups – increases the likelihood of the graduate to remain successful post-graduation.

## NEXT STEPS FOR OPPORTUNITY: GRADUATION MODELS IN MULTIPLE COUNTRIES

The expansion of the graduation model depends on the availability of funds. Fonkoze is working towards implementing their graduation program for an additional 11,000 families through 2027. In Malawi, a graduation pilot, funded by Opportunity International – Germany, began in November 2021, and is projected to run through November 2023. It targets 120 households in southern Malawi. With technical assistance from BRAC, the pilot phase of their Usiwa Watha Ultra-Poor Graduation Program applies the basic BRAC model with a focus on learning to gradually adapt the approach to the local/national context. Agape (Colombia) has just begun the institutional assessment phase on their Graduation Program Cartagena Pilot with hopes to launch the program in December 2022 with technical assistance from Trickle-Up.



Nicole | CLM member | Haiti

## ONGOING QUESTIONS: FOR GRADUATION PROGRAMS

1. What is the best practice for creating resilience among ultra-poor graduation participants for them to be able to benefit from the program in the medium and long term?
2. The Graduation Model is expensive. How can it be scaled up? What kinds of sustainability strategies might support larger scale and therefore more widespread impact?
3. How can the program effectively address social exclusion and marginalization? And why is increasing social capital so important?
4. Illness or death of a family member are the most frequently occurring shock to ultra-poor households. What are the most (cost) effective measures to improve health status of household members within the program?
5. When and how does it make sense to involve the government?
6. Why is the role of the case managers so essential for the success of the program and what kind of skills do they need to fulfill their role?
7. What are the challenges and success factors for ultra-poor members to benefit from VSLAs within and after the program?

---

<sup>i</sup> Andrews, Colin, Aude de Montesque, Inés Arévalo Sánchez, Puja Vasudeva Dutta, Boban Varghese Paul, Sadna Samaranayake, Janet Heisey, Timothy Clay, and Sarang Chaudhary. *The State of Economic Inclusion Report 2021: The Potential to Scale*. Washington, DC: World Bank Publications, 2021. <https://openknowledge.worldbank.org/handle/10986/34917>.

<sup>ii</sup> “Graduation Overview - BRAC UPGI,” May 2021. <https://bracupgi.org/wp-content/uploads/2021/06/Graduation-Overview-May-2021.pdf>.

<sup>iii</sup> Shoaf, Emma, Anton Simanowitz, and Rob Dickinson. *Rep. Pathways To Sustained Exit From Extreme Poverty: Evidence From Fonkoze’s Extreme Poverty ‘Graduation’ Programme*, 2019.

<sup>iv</sup> “Graduation Overview - BRAC UPGI,” May 2021. <https://bracupgi.org/wp-content/uploads/2021/06/Graduation-Overview-May-2021.pdf>.

<sup>v</sup> Samuel, Sigal. “What’s the Best Way to Help Extremely Poor People? after 20 Years, the Evidence Is in.” *Vox*. Vox, June 24, 2022. <https://www.vox.com/future-perfect/23152657/poverty-cash-graduation-ultra-poor-brac>.

<sup>vi</sup> Shoaf, Simanowitz, and Dickinson. *Pathways To Sustained Exit From Extreme Poverty*.

<sup>vii</sup> *Ibid.*