

# **Graduation Pathways and Analytical Frameworks**

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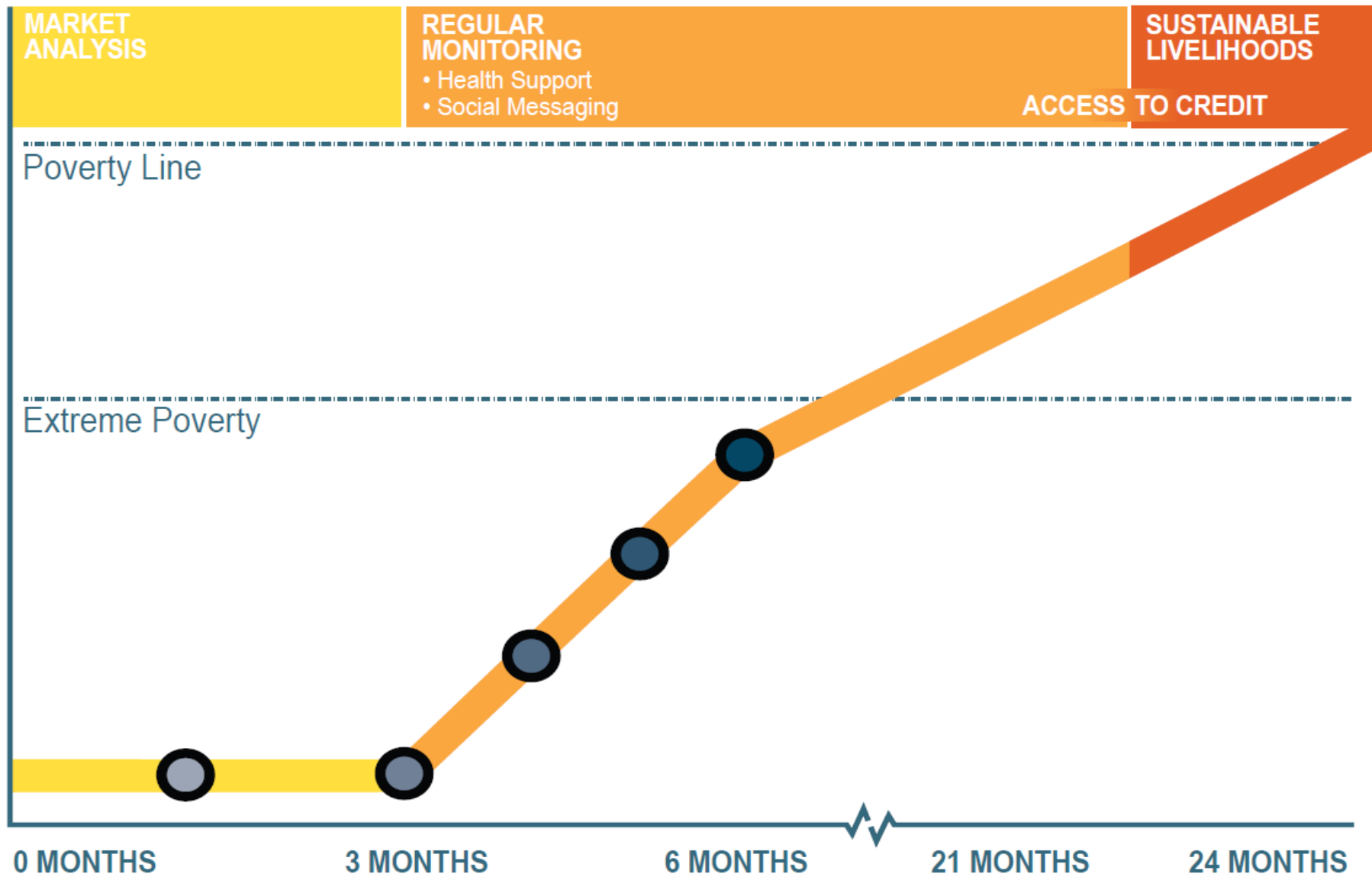
**BRAC DEVELOPMENT INSTITUTE**

**Ten Years of War Against Poverty  
Manchester, September 8-10, 2010**

## New pathways: linking safety nets to financial services

- poorest need grants
- poorest require financial services
- time bound finite grants provide “breathing time”
- savings help build “micro-funds”
- small credit helps build confidence and discipline
- grant program phases out
- participants pursue economic activities
- some graduate to regular microfinance programs

# Graduation: How the model works



## Challenging the Frontiers of Poverty Reduction

- 800,000 households covered
- 75% have graduated out of ultra poverty
- 98% have cash savings
- 40% increase in per capita real income
- 51% increase in per capita food expenditure
- 21% increase in per capita calorie intake
- Lack of impact on nutritional status of children < 5

# Cost-Benefit Ratio



**Costs:** Reduced from \$434 to \$ 246 per household

***Benefit Cost Ratio:***

3.07 using income indicators

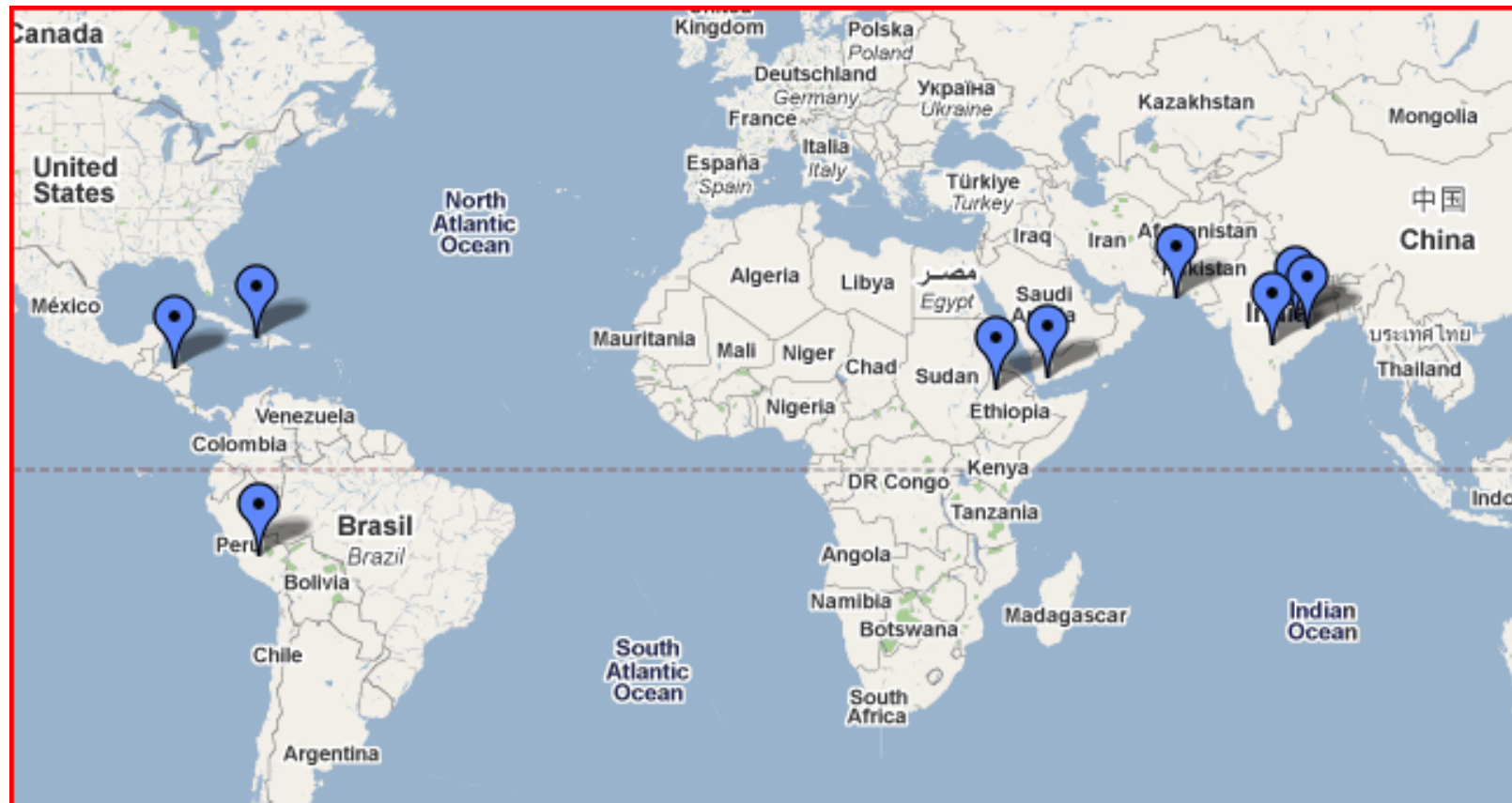
5.07 using consumption indicators

***Sensitivity analysis:*** benefit-cost ratio from 3.12-6.23

***BC ratio > 3 represents a high rate of return***

# CGAP-Ford Program: 9 pilots in seven countries

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



# Early Numbers



**Fonkoze, Haiti**  
**150 participants**  
**95% graduation rate**



**Bandhan, West Bengal, India**  
**300 participants**  
**97% graduation rate**



**SKS, Andhra Pradesh, India**  
**426 participants**  
**97% graduation rate**



**Trickle Up, West Bengal, India**  
**300 participants**  
**86% \* graduation rate**

# Success Factors



- smart, keeps track of money, enterprising
- supportive husband/ family or all by herself
- labor assistance from family
- network of fictive male kins (*bhai, chacha*)
- village committee of elders

***Some categories of poorest never graduate; require ongoing government assistance***



# Key Constraints



- markets
- agro-ecology
- natural disasters and political conflicts
- macro economic variables

***many require employment***

***many require permanent safety nets***

# Analytical Framework For Action: Challenging Extreme Poverty

Micro Level  
Targeted  
Programs

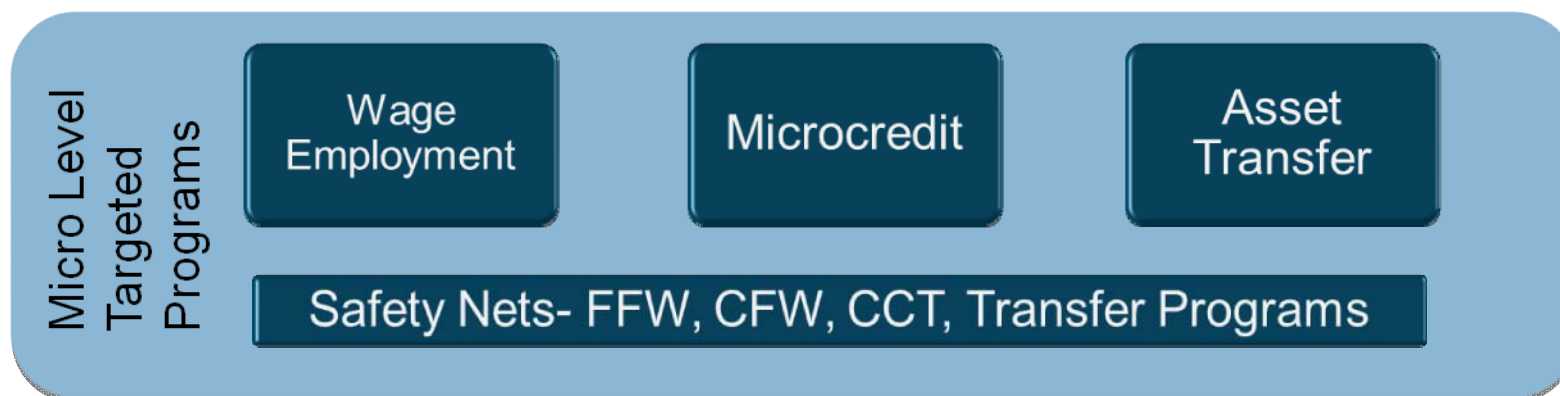
Safety Nets- FFW, CFW, CCT, Transfer Programs

# Safety Nets for Food Security



- target effectively
- respond urgently
- provide adequate package
- prevent market distortion
- ensure time bound exit strategy

# Analytical Framework For Action: Challenging Extreme Poverty



# Analytical Framework For Action: Challenging Extreme Poverty

Meso Level  
Constraints/  
Opportunities

Building  
Markets

Managing  
Natural  
Resources

Healthcare  
Systems

Education

Accountability  
over local  
government &  
resources

Micro Level  
Targeted  
Programs

Wage  
Employment

Microcredit

Asset Transfer

Safety Nets- FFW, CFW, CCT, Transfer Programs

# Building Markets



- government incentives
- private sector interventions
- NGO engagement

*value chain and sub sector analysis to assist in opening up economic spaces*

# Managing Natural Resources



- build resilience against natural calamities
- protect against environmental & climatic risks
- promote new cropping regimes
- promote new economic activities

*Infrastructure and public works can help in redesign of agro-eco systems*

# Health and Education



- promoting awareness and access
- increasing supply
- health insurance and education finance

*health care access reduces vulnerability*  
*education builds human capital*



# Governance and Accountability



- promote social accountability at local level
- improve governance capacity
- improve systems of justice

***Need citizen participation at local level***

# Analytical Framework For Action: Challenging Extreme Poverty

Policies for Macro Stability & Growth

Meso Level  
Constraints/  
Opportunities

Building  
Markets

Managing  
Natural  
Resources

Healthcare  
Systems

Education

Accountability  
over local  
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Micro Level  
Targeted  
Programs

Wage  
Employment

Microcredit

Asset  
Transfer

Safety Nets- FFW, CFW, CCT, Transfer Programs

# Policy Implications

- holistic model: integrating micro, meso, macro
- focus on graduation: but multiple pathways
- consistent and continuous engagement
- different entry points for different stakeholders
- categorize poorest: determine diverse pathway
- agency for poor people

***state has to provide ongoing support for some***

Thank you.

