



2010 Africa-Middle East Regional Microcredit Summit

Session transcript

A Deeper Look at Programs that Work with the Ultra-Poor, Including Youth and People with Disabilities

Day 1, 4:00 PM - 5:30 PM, Tsavo A

Chair: Mr. Mohammed Khaled, Middle East & North Africa (MENA) Regional Representative, CGAP, Palestine

Panelists:

- Ms. Janet Bett, Manager, Tumaini Department, Jamii Bora Bank, Kenya
- Mr. Hamed Adil from UNDP/PPAP in Palestine
- Mr. Imran Matin, Deputy Executive Director International Programs, BRAC, Bangladesh

Janet Bett: [audio begins mid-sentence] ...take transfers to engage in selected potential value chains. These assets will be transferred on credit business in partnership with Microfinance Institutions. The households will be organized into village savings and loans associations so that they will be able to use their scarce resources wisely and mobilize their resources and have a revolving fund for their members, as well as to develop their financial discipline because the program is aiming to also link them with microfinance institutions. With this, they will access more capital, more loans that will have a risk. With this they will be able to build their assets, protect their assets, as well as smooth their income and develop their business experiences. The program will provide different business skills trainings as well as when the groups mature, we will link them with formal microfinance service providers to get more additional capital, to expand their income generating activities to engage in new types of income generating activities, and they will be able to improve their productivity as well as the quality of their product to be profitable in the market.

And different linkage mechanisms will be used, group linkage as well as individual linkage, SME loans as well as insurance products. And finally, value chain financing is also additional. And this has the activities that will be done at participating household levels will have a push effect to integrate these households into the value chains in the market. And, activities that the project will be working with in the private sector and different service providers that will have a pull effect so that households will be effectively integrated with the market.

This program has two major components: access to microfinance as well as linkage with functional markets. And bottlenecks for the both chronically food-insecure households to engage in markets will be identified and through multi-stakeholder platforms all actors in that specific value chain will come together and identify the constraints discuss on the opportunities, and plan solutions to tackle those barriers so that they will be addressed and removed among the value chain actors. Through this, we were able to reach the poorest of the poor --that are the chronically poor insecure households. The project has been like one in ... [unclear] and the asset transfers relationship with microfinance institutions—as microfinance institutions we're not providing these services for the chronically poor and insecure households because of the risk associated, but now we have established this relationship and the chronically poor and insecure households were able to engage in the selected value chain activities and market negotiations are on the way.

I think my time is up. Thank you.

Mr. Mohammed Khaled: Thank you very much Janet. And now we will hear from ... Mr. Hamed Adil from Palestine.

Mr. Hamed Adil: Ok, thank you very much. Again I would like to thank Mr. Mohammed Khaled for his invitation. I would like to share and reflect our experience with working with the poor and the ultra poor and as my colleagues mentioned; the poor will never be able to directly access microfinance schemes unless we have put them on the first step of the ladder. So, this is the core of the idea behind our program, it is implemented by the UNDP occupied Palestinian territories it is called DEEP, which stands for: Deployed Families Economic Empowerment Program. Basically it is a poverty reduction program aimed at the poor and the very poor households. It links microfinance with safety net programs and hopefully we are creating new pathways for the poorest through income generating projects and self-employment schemes.

What we had before in the occupied Palestinian territories were scattered efforts of trying to alleviate poverty through various different interventions. We wanted to introduce something different, the transformation process was not easy, because change is not always easy, and we had to work with an environment of instability.

It's a place of conflict, and a culture of dependency, so many variables were there that did not work in our favor. We tried to move away from projects that just measured success just by delivering the outputs just as programs that maybe deliver a couple of goats here, maybe a small chicken farm there, and leave. But no, we are trying to stay with the families we are working with and measure the success by the graduation out of poverty. Here that's the way we define our success or not. Previous initiatives were either donor or supply driven from the organizations that implemented those programs, now we are focusing on the households and what they need, and we can do, and try to design the relevant interventions for them. We had a major problem of targeting the poor—about 56% of the poor households were not eligible of receiving assistance, 28% of the households that were eligible, did not receiving any kind of assistance.

So we tried to work on this major issue. There was a problem with the roles of the different actors who were trying to fight poverty, either the governmental or the civil society organizations. Now we have this in a complementary fashion using a unified approach. Finally, in our microfinance component of the program, we tried to make use of the lessons learned in the previously implemented programs. We wanted a microfinance program that helped the poor—not just put an additional burden on the poor—through the previous mistakes that happened.

So, this was probably possible through these three main issues, that we need to choose the right implementing partners, we need to choose the partners that have the grassroots, that know the people, that can be in contact them and are able to diagnose their needs and deliver the right interventions. Also, we need to properly define our beneficiaries; this was part of the national effort to have national poverty lines to identify the households that fell under those poverty lines. Finally, all of this was possible because we built and invested in the national capacity. Many of our implementing partners, many national and non-governmental organizations were the spearheads in our effort to fight poverty, and investing in those efforts. Unifications of the methodology applied led to success in achieving our goal.

I think one of the reasons we have had success is that we were able to identify, different levels of poverty—as I mentioned before, and based on those levels of poverty we can design the relevant

and accurate interventions to satisfy different needs. This understanding is very important. We used the national agreed poverty lines, the absolute poverty line, and the abject or de-poverty line to identify our households. With this understanding, we can design what they are eligible for. Either they will be eligible right away for micro financing or they will need the step before, which are economic empowerment grants, or maybe they just need social protection, and we try to link all of this together.

We have the three components to try to solve the different levels of household poverty. We have the economic empowerment grants for the very poor or deeply poor with the minimum human capital, microfinance for the little better off, and we have a small pilot for the protective social safety nets for the really hard type cases which will act as an additional step on the ladder all the way down so we can link all of this together.

I don't know if I have much time, but we are now in the process of having an evaluation for our program, but we did an internal assessment for our interventions which are mainly microenterprise creation and the development. Our results, as you can see, contain people who are poverty gap reduced, others who are graduated from the de-poverty line, others who are totally graduated out of poverty, and we have some failures that we can draw our lessons learned from.

Our future prospects: we are currently preparing for a second phase of this program and we are tripling the number of households we are targeting. The philosophy of economic empowerment and linking of the social safety nets with microfinance has become at the core of poverty reduction philosophy nationally. It is now a cornerstone in the national strategy for poverty reduction and I think this type of program will have an important future and it will be major contributor in fighting poverty in the occupied Palestinian territories.

Thank you very much.

Mohammed Khaled: Thank you ...and now we will hear from Imran Matin about the BRAC approach.

Imran Matin: Thank you very much. There are three questions that have been posed and I will try to address those 3 questions with experiences of BRAC's program for the ultra-poor. I was thinking as I watched the video that I would like to basically use that as a backdrop to talk about BRAC's ultra-poor program and what's unique, etc. I think what really struck me about the video are a few remarks. The first is when we heard Anne Hastings saying that we always assumed we were reaching the poorest of the poor and then we realized that we were not. And I think that this is the moment because every organization needs to ask itself who it is reaching and ask itself in a very serious way. I think instead of assuming we are reaching the poorest of the poor, we should really ask very hard questions about whom it is actually reaching and who it's leaving out and lead it towards determining whether it wants to reach the people who it is leaving out.

I think that really is the key. I think many of us try to create a false debate, and it's a distracting debate---on whether microfinance is an appropriate intervention for the poor or the ultra poor and we are talking about it in what context. We have a very large program for the bottom 25%, where we start with microcredit. Where we start with some capacity building but straightaway they come to a microcredit program very quickly within a period of about 3-6 months, but the loan sizes are relatively smaller and they have some flexibilities in the product design.

When we talk about the ultra-poor we are talking about the bottom 10%, people who have got houses like this, people who are not in a continuum of deprivation and not in a structural brink of deprivation. These are the people we are talking about when we talk about the ultra poor program. We are talking about far more heavy investment to begin with, with the entry point being grants, stipend support, technical assistance, hand-holding, and then start organizing them and building a socio-political asset base and then gradually after that they can start taking credit.

So we are talking about different groups, and that has to be factored in this whole discussion, I think that is really critical. There was another remark in that video that really grabbed my attention, where one of the clients said, 'when I started, I wasn't even on that ladder'. I think that's really key; when we are talking about this heavy investment, ground-based approach to begin with—a social protection type of a safety net approach—we are really talking about these people that are not on the ladder. That is also very important to realize.

Again, the approach that we saw in the video that is inspired by BRAC's approach uses grants as a tool not as a handout. If you go and talk to any of our ultra-poor program beneficiaries and ask if they received a grant, they will sometimes not even think that the asset is their own to begin with, they think that it is something that BRAC has given them and if they don't take care of it, BRAC will take it back again. So that engagement is very important, that these members have to think of this asset not as a grant and not as a transfer, but as a contract and actually as an implicit contract that they have with the organization that they have to work very hard to get out of poverty. That is very important in changing our mind frame in the way that we look at grants, because it really depends how we design the grant, rather if it becomes a permanent handout or a hand-up.

So the remark that was in the video where the staff of Fonkoze says that this is a program that provides guidance to make guided asset income growth and I think that this very powerful and at the heart of this particular approach. Another remark that grabbed my attention was when it was said by Ann that when these ultra-poor members graduate, 'We don't leave them; we accompany them'. And I think that is really critical, that is where microfinance program basically comes in. What they found, when these ultra-poor program members graduate, they actually prefer to form their own groups, rather than join existing groups. And this actually creates another level for us, because from a sense of efficiency it makes far greater sense to integrate them in an existing group, rather than form a much smaller group that will take more time to grow. However, from the preference of the ultra-poor members themselves, they prefer to be in their own groups, to build a different kind of identity, partly because they have had bitter experiences in the past from being excluded from these kinds of microfinance groups in the past. This is important in the strategy, that we have a sequence of spaces in which people can be accompanied throughout the graduation process.

Finally, I would just like to end by going through some of my pictures, and show some of the different aspects of the program. As I said, we work on building socio-political assets as well by organizing poor people. This is, as you can see, towards the 18th month of the program where we start forming groups, and you can see the confidence in the faces of the people, the dress they are wearing, etc.

These are the ultra-poor members going through the human rights and legal education class. This is the popular theater that we organize to sensitize and to bring into focus the plight of the ultra poor in society. This is not something that I think Fonkoze does, but we have found it to be very useful to organize the local elites to serve as an ally in helping the ultra-poor.

Organizations such as us started working with the ultra-poor not too long ago and these ultra-poor families have been living being exploited and problematic but moving because of the health necessities they receive from the friends and family in the community; this informal base of support is something we want to build on rather than crowd out. This is a tube well that has been provided by community members.

In terms of evidence, over 80% of our program members have been sustainably able to graduate out of poverty, less than 10% slide back and then need further support, and the other 10% are people who basically cannot sustain their level and after 2 or 3 years they can graduate but then slide back in again and basically move in and out, so that is a different category. This was a cost-benefit analysis that was done, there was over a \$44 benefit for every \$1 invested, and the entire package cost under \$200 for an ultra-poor family, and we have reached over a million ultra-poor families with this approach since 2002.

And here are some more pictures. I would like to end with something that Professor Yunus talks about a lot and I feel so emotionally connected with that idea of sending poverty to a museum, and I would like paraphrase and say that let us first have some landmarks on that route and start by sending ultra-poverty, poverty in its deepest form of deprivation, lets try and send that kind of poverty to the museum first, because as it has been said, it is absolutely possible to eliminate this kind of poverty, and I think it certainly is. Thank you very much.

Applause

Mohammed Khaled: Thanks for all of the speakers for this time. We will begin our question and answer session now. We will take 4 or 5 questions at a time and then have the speakers answer them. Somebody will be helping us with the microphone here. I see a hand here.

[24:00 / inaudible]

Question:

Thank you, my name is Patricia Rodriguez, and I want to ask you, when you work with ultra-poor people and if you work with ultra-poor people with disabilities and if there is a difference in the work and what you do to support them? Thank you.

Question:

This question is mainly for John: in the day to day life of the ultra-poor, it is incredibly hard to save due to day to day necessities and immediate needs. What kind of incentives do you provide to help people to want to save and to accumulate more assets?

Question: *[translated from French]* My name is Mrs. Denise. I would like to pose a question to the first panelist on the Haiti program. I saw in the film that you would like to make sure that the activity is sustainable. The women who are in agriculture, the problems they have concerning transportation, the sale of their products, and their health. So what precautions are taken? You also have to do monitoring and evaluation so that these people do not stay in poverty.

Je m'appelle Madame Denise. Je voudrais poser la question au premier, sur le Programme Haiti. J'ai vu dans le film que vous voulez pérenniser l'action. Les femmes qui sont en agriculture, les problèmes elles ont, concernent le transport, la vente de leurs produits et leur santé. Et puis, quelles sont les précautions prises ? Il faut aussi faire le suivi, et l'évaluation; pour que ces gens ne restent pas dans la pauvreté.

Question:

Hi. This is Rosita from Mercy Corps, open to anyone on the panel. If you could please say a few words about what you would do to adapt to youth who might be among your ultra-poor, that would be great. Thank you.

Question:

Good afternoon, this question is for anyone working with the ultra-poor and using economic empowerment grants for the ultra-poor. Are these programs sustainable without donor funding? Do you make up the funds you give to the ultra-poor when you start?

Mr. Mohammed Khaled: Ok, let's take another round of questions.

Panelists' Responses

[unclear]

Janet Bett: I wanted to answer the first question. In the [inaudible] we are having around ten companies and we have the other programs like the health insurance and housing insurance.

What we are trying to do with those that have graduated and want to take bigger and bigger loans, instead of taking them to other banks, we are trying to maintain them at Jamii Bora..Jamii Bora trust, is trying to build trust and monitor other safety nets like health insurance and disaster insurance. We still need them especially for the beggars because we still need them. As we build trust, we are able to help them with the other programs like the health insurance and the house insurance. We stay with them so that they can get what they need and so that we can reach our mission at long last. I think I have answered your question.

Yes, the other question I wanted to talk about the incentives, especially the families that have been able to graduate out of poverty. We have tried to give their credit history in such a way, especially for those that need We use that credit history to keep them so that they can have at the same time a micro-business loan, health insurance for the family, education loan, and a housing loan at the same time. And the last question, about the youth, especially in Kenya, I can say that about 40% of our members are the youth. These are the people who have a problem with unemployment. I can say that the majority of our staff that could be working the desk are graduates. We do not employ anyone out of our membership. We have employed all of our staff out of our members and children of our members at that is the incentive which has made our organization self-reliant and it is a movement of our own.

And the last question, about the family. When we started with the 50 singles that we are serving, we found that it could be unfair to pay some of our members who were absent for some weeks and who said 'we don't have money' [inaudible]

[32:08 / no audio]

Imran Matin:It's a household-based program, so if anybody in the household, who is able-bodied and including someone who has disability then that household is included in the program. So we basically take a household-based approach and don't really have a particular approach for addressing disability as such. In our education program of BRAC, we have a special program for working with children with disabilities.

I did not talk about the youth program—BRAC has quite a large youth program that tries to combine social and financial empowerment. We support close to 1 million youth around the world, mostly in Bangladesh but also in Uganda and Tanzania and starting another youth program in southern Sudan. This program at its heart is very much a ladder approach, creating a safe social space where the youth can come together and interact. That really is the starting point for us.

Then we provide them with life skills, education, and some income generation training, and then savings and credit and in 8 months to a year we can get them into microcredit

Sustainability of our ultra-poor program: the microfinance component is sustainable. There are elements of cross-subsidy initially because it takes longer for the microfinance component to become sustainable given the lower loan size—it starts as low as \$30 and the increments are also lower and also the borrower to member ratio tends to be lower, and the preferences of the graduated ultra-poor members they want to form their own groups and not join an existing group so it takes much longer for the ultra-poor program to become sustainable. The grant component is not sustainable because that would not be possible to recover from the interest charges of the loans.

New Speaker? [unclear]: I also just want to add a couple of points on the sustainability issue, its different from one country to another, but among the nine pilots of CGAP for using the BRAC approach, the first pilots were done by microfinance institutions like Fonkoze. Some begun with the grants, some begun by using some of their profits as a microfinance institution allocated to do this kind of work. The problem with this is to scale it up it would need a lot of money. Now, the little pilots in Ethiopia, in Yemen, in Pakistan; the governments in those countries have a huge social safety net program. In Yemen for example, over 1 million households are getting monthly assistance from the government. The pilots are trying to work with those families, selected families from those, and show that if they work with those families for 18 or 24 months, give them the assistance to train them, build their confidence, start savings, transfer some assets to them, etc. after 24 months they will be linked to a microfinance institution and be done with it, end of story—compared to the government giving that money for so many years. So in many countries, there are governmental programs giving money to the poor, and if we can find the right approach to use that same money in a better way, that might be the solution.

Imran Matin: I would like to go on that and emphasize that point a lot. That's actually what we started out with in Bangladesh, with the first program for the ultra-poor, a program called Income Generation for Volatile Group Development, IGVGD. And this program built on the largest social safety net program of the government, which provided wood ration, to the most vulnerable women in the country, for a period of 18 months. So BRAC built on *that* program, the ultra-poor program was trying to address those who were not even covered by that IGVGD program because they were so poor that they did not even have the political voice to get into those programs to get those rations that were provided by the government. And I think that that distinction is very important.

New Speaker? [unclear]: Again, I want to stress the same points regarding the sustainability. Regarding the microfinance component; it is currently now implemented by local microfinance institutions and by the end of the program we will be having a revolving fund which will be the source of the funding for the other MFIs who will take loans from the revolving fund and paying it back. On the other hand, for the grants component, again, as my colleagues have mentioned, it tries to build upon the government programs and lift a little bit of the burden of the cash transfer programs instead of just dumping huge amounts of money for the families who are able to be economically empowered we can just resolve use these funds and move the resources to help address more families.

I just want to touch upon the issue of youth and disabilities. As mentioned, our program is household-based and we are using the sustainable livelihoods approach, using this household-based approach, we are able to use the entire human capital of the family including youth and

disabled. We have had many success stories of disabled people that were engaged in income-generating activities and were able to pull their family out of poverty.

Ok, I would like to respond to the question of how we can solve the marketing problem. The project that I am working with has a marketing component and for these ultra-poor people to integrate in the market, it is very important so that they can sustainably graduate from the safety-net programs. So we are following a value-chain approach and we did the value chain analysis and identified the major barriers and this report facilitated the establishment of the needed platforms whereby all the value chain actors come together and discuss on the opportunities and constraints in that specific value chain and find solutions for those constraints by using all available opportunities. We encourage and work together with the private sector to find a long-lasting solution for these problems. So we are attempting to maintain the quality of their products as well as increase their productivity and productions. At the same time with working with the private sector, we work to solve the barriers for chronically insecure households to engage with the market.

Mohammed Khaled: Ok let's take another round of questions:

Question

My name is Nasser ... [unclear] Thank you for the speaker. I am talking about from our experience, where you talk about ultra-poor and the link to microfinance. We have been working too close with the debate in making a link between micro and small, and I remember the debate: People who believe in small saying 'ah, micro doesn't grow'. And we find a percentage, lets say, 50% of people's access to finance is micro grow easily to small, and grow from small to medium. I want to go back and do the same approach with the ultra-poor. I don't want to put the entire burden on microfinance and say that the microfinance will do everything, let's not forget that the government and the NGOs should be indispensable. Let's talk about financial services. If we decide right now and make a decision, and say banks get to be in every country and not just MFIs, but have microfinance through banks, lets see if its effective in all developing countries and then access to finance for the poor is there. Then, have people look at that approach with BRAC and what they are doing and then concentrate on financial services. Let's talk about the ultra-poor, in Yemen, we found a million. Those million, and I am definitely sure with my colleague here from ... Bank, minimum of 25% have access to finance and have graduated without even any training—so we want to use this approach, not to take six months to a year, but to do something with these poor people and through the government, and the Ministry of Social, get to work and understand the welfare responsibility, and the Ministry of Education will have to be responsible for that. Let's have the Central Bank here admit that we have to scale up microfinance and have it as an industry acceptable everywhere. So, what I recommend: we use social business and the private sector to help with non-financial services. My question--let's assume microfinance services are so, what is the best way, through different roles and the role of government, business sector, and NGO, that we can help the ultra-poor completely, and quickly? Thank you.

Question

Excuse me, Mohammed Khalid, my question is related to what all of panelists have referred to as the graduation from poverty. And they referred specifically to a sort of economic graduation. Have you developed any sort of inclusive socio-economic assessment mechanism that really defined the characteristics of graduation? Or are we just talking about people who had small loans and then got larger loans. Thank you.

Question

My name is Favia from AMFI Uganda. I want to add, someone asked me about the innovations that have been made for people with disabilities. We have a project at AMFI, the National Member of Microfinance Institutions that is specifically targeting persons with disabilities and this project we have embarked on since the realization of our neighboring institutions regarding information that had been left unknown about persons with disabilities and it is a tool approach. On the other hand, the national organization for persons with disabilities is also having this realization. To the microfinance institutions, one question about the ways in which they are providing services that is limiting the access by persons with disabilities, issues of access, issues of attitude, and when that we are doing this analysis with other staff. The results however are very encouraging, and I have printed some materials that have this information. It can all be found on the AMFI website about this planned project. Thank you.

Question

Thank you to the presenters.

I was intrigued by a comment from the last presenter who said that the grant is a tool and that the beneficiaries view the asset transfer as an implicit contract. How do you achieve this? How are you presenting the program and its various components to the beneficiaries to be sure they are using the different components in the way that you intend?

Question

Hello, my name is Lindsey. I just want to say thank you to all the panelist today. My question is: when your organizations are providing micro-business loans to your clients specifically, do you find that your clients can identify and execute profitable businesses with just basic business training? Or do you find that they need more hands on guidance on what sorts of businesses to start or actual linkages to value-chains in markets; and, if it's the latter, what are some of the successful models of doing this? Thank you.

Question

My one question is to Jamii Bora ... What are you doing now as a bank? We are really happy now that Jamii Bora has been recognized as a bank. My other question is, to the presenters, you have mentioned graduation out of the ultra poor. How many of the graduated ultra-poor end up coming back to be the ultra-poor? Do you have any statistics on the number of ultra-poor that come back after 2 or 3 years to be ultra-poor?

Question

I work for the National Development Agency in South Africa. My question has just been touched in respect to the tool of the grant coming to an entitlement. And my question is about your experience in Africa, in some of the countries you have been working in. I don't know whether the culture in Asia has something to do with it being seen as a tool, the grant instead of an entitlement. I think we have a culture of entitlement when you get a grant from the government or from wherever. If you could touch on the experience you are having with respect to youth or the poor taking these as a tool for their advancement. Thank you.

Question

Hello my name is Richard and I am a PhD finalist in Economics and I'm on my final year. One of the things that has always concerned me a lot is the transformation of the microfinance activities who are basically players in the third sector to the formal sector, that is basically, to the banking sector, and I don't know—there is quite a feeling about the transformation of credit from the former place near too to the poor institutions to a bank, basically pulling the bank far from the poor. Now Jamii Bora is moving towards this particular areas. So people, who are operating in the

third sector, refuse completely to be taken by the corporate practice. What do we really have to be a bank to eradicate poverty?

[unclear]

Question

My question is for BRAC: [52:15 / Inaudible]. When we talk about microfinance, and you know the nature of microfinance in Bangladesh, so where we actually work from microfinance institutions...so for BRAC, a big microfinance institution, don't you see competition in the market and how do you overcome it? This is the reaction that we face in my country. The other thing, after the graduation process and the linkage, what is the bank's role and how does it grow? ... When you talk about graduation, what do you mean? Is it graduation to be able to qualify for another program or to have credit-worthy status, or what? So, does the linkage happen after the graduation?

Question

Before we go back to the speakers, let me just say: With all of the experiences that we have heard about, it's not only giving a loan to the ultra poor. It's very clear that all of with all of these models, it takes more than just getting a loan or opening a savings account. It's rather a comprehensive package and as everyone said, these people are not on the ladder and it takes more than just giving them a loan. In terms of the graduation, what we actually mean by graduation is to graduate from being 'ultra-poor' to being poor and being able to access microloans from a microfinance institution like everyone else. We notice that those households/families still have another phase where they take a loan and pay it back but are not in the general group of clients for the MFIs. It is very important to keep these things in mind. So we are not talking about typical microfinance. Let me go back to the speakers to comment on the questions now.

Speakers' Responses

Imran Matin? [unclear] Right, I am on the spot on this ultra-poor topic. I think there have been a couple of very rich interventions and I don't think that I can quite answer all of them. But let me talk a bit on the topic of graduation: We have had huge debates and discussions on what the graduation indicators would be, however, microfinance participation is NOT one of the graduation indicators, we don't even count that as a graduation indicator. We can monitor it, yes, and we are interested in seeing them gain access to microfinance, but it cannot be an indicator because then it would serve as an incentive for our staff then to start coercing microfinance and actually lead to greater damage by building unsustainable debt. So we are very careful about that and very open about that. As a matter of fact, our experiences with the eligibility program have shown instances where it actually led to downward mobility and the credit created the unsustainable debt. Of course, you can't control the whole chain, and sometimes that will happen. So we have got all kinds of social indicators to look at for graduation. I have a report here on the impact assessment of the program and, (BRAC by the way has a full research and evaluation division and we also carry the same program for our international program with a research and evaluation department for all of our programs where we carry out full and systematic evaluation of the program, with the ultra-poor having one of the most well researched and evaluated programs. The long-term impact has been monitored with an eight year randomized and controlled trial methodology to assess the impact of the program.) Now, I think there is a very interesting intervention around the microcredit and ultra-poor and the other graduation pathways. I think we have some idea at a very conceptual level of what those other graduation pathways would be, but I think we need to have a concrete discussion of what those pathways are, and until then we need to look at other graduation pathways. The private sector is also at play—our chairperson, Mr. Ahmed, started off saying in the morning that the best thing that the ultra-poor themselves would prefer to have to get out of poverty would be to get a job. And that's exactly

where the private sector and social business comes out in a big way. How can we do that? Even if we cannot directly create jobs for the ultra-poor, how can we regenerate the local economies so that we create a positive spillover—and that itself would take care of a large part of the current ultra-poor problem and then we would be left with the hardcore ultra-poverty to deal with. Finally, there was another interesting question on using grants as a tool, in Africa we experienced this, and the way that we do it in Bangladesh is that with the ultra-poor, retention of the assets that we are providing is the biggest challenge. Most of the grants and transfer programs in India, have led to huge sales of assets and disturbing the market by selling assets and increasing the price of milk and things like that. We have designed, right from the beginning, the stipend. The stipend can act as a preventive tool in terms of just getting the asset and selling it off that we can use so that the household will be able to use it in the cases of immediate consumption. So a small amount of stipend is very important. Second of all, the stipend is customized depending on the enterprise's cash flow. Certain enterprises may have a longer period of gestation, such as goat-rearing for instance and so the stipend needs to be customized for stipend is extremely important. Then of course, an innovative part of it is that every village elite is unique and the function that the MFI may provide such as the security of the asset and ensuring that the assets are utilized so that it is not that easy to sell off an asset when everyone in the village is looking and everyone included such as governmental staff, village staff, village leaders are a part of the public ceremony for an asset transfer with staff, village leaders, village elders, a public sermon. Of course, coaching and intensive monitoring will happen and even though in typical microfinance a loan officer will look after 400 borrowers, in this program, one loan officer is only looking after 100. We actually start with the first half year 50, and then we gradually bring them to 150. I would also like to comment very quickly on Africa and the African culture thing; we started a microfinance program in Southern Sudan and when we started, we were told 'your loans are not going to be paid back; people are going to take the loan and go away'. Yes, we have heard that in Southern Sudan, but it has had nothing to do with our borrowers. It has something to do with management, something to do with the loan product, but it has nothing to do with borrowers. I think we need to focus much more on the product design than on the cultural differences.

[1:02:20 / Female speaker begins commentary and then microphone becomes inaudible.]

Janet Bett? [unclear] ...One type of program has to be comprehensive effort from all parties, whether it is the international donors or the local governmental actors, this type of synergy we can get will maximize the benefit. There will not be just one magical solution to solve the problem of ultra-poor poverty. Thank you.

Janet Bett? [unclear] I have received one specific question on the role of women in the framework of the graduation to food security: We are addressing in this program the households, but there are also many women that remain in the households and we did the value-chain analysis and it showed specific instances of women-headed households as well as men-headed households and as a result of this, we are actually addressing women's issues in this program. Thank you.

Mohammed Khaled: Thank you for all of the speakers and all of the participants. I have a couple of announcements to make. Please fill out the evaluation form. The activities of the day there are field days and courses. I think there is 5 dollar fee for the session. There will be associated sessions, so make sure you look at the program and decide where to go.