Half of Haiti’s population can be characterized as extreme poor, and face widening gaps in equality, increasing social marginalization, no sustainable livelihood options and increasing food prices. In response to this, Haiti’s largest microfinance institution, Fonkoze, provided extremely poor households with a series of protective and promotional inputs for 18 months to help them build sustainable livelihoods.

Importantly, the programme does not seek to graduate members ‘out of poverty’ but to a point where their livelihoods are strong enough to participate in a ‘small credit’ programme that seeks to further develop their assets and savings, and with significant hand-holding, ultimately graduate them into mainstream microfinance. This article seeks to explore the effectiveness of the intervention and its implications for the lives of Haiti’s poorest, as well as reflect upon our understanding of the pathways out of extreme poverty.

**Keywords:** social protection, savings, asset transfers, extreme poverty, Haiti.

**Social Protection** (predominantly cash transfers) and mainstream microfinance have taken radically different approaches at lifting the most vulnerable out of poverty. Social protection, in its simplest form, is a safety net for the weakest in society (e.g. the very old, chronically ill, etc.). Social protection is also a mechanism for strengthening the livelihoods of the extreme poor, investing in their improved nutrition, education or health, and therefore is the start of a ladder out of poverty. For instance, where extreme poor people get cash handouts intended to improve nutrition they often invest part of the money in education, health or income generating activities. Many therefore see social protection as a short-term intervention to strengthen extreme poor people’s livelihoods to the point where they can move forward on their own. However, the provision of a cash transfer or other form of support on its own is mostly insufficient to allow extremely poor...
people to progress, as they can receive ongoing assistance without significant change in their assets, nutritional status, health, education or income generating capacity.

Microfinance, by contrast, provides entrepreneurial opportunities that individuals can harness to improve their own health, nutritional status and education of their families. Although microfinance provides a much-needed boost to those with existing businesses and skills, the extreme poor are often excluded because their livelihoods are too insecure and vulnerable. This essentially means that they are too risky for the MFI, and the extreme poor are themselves risk averse and often withdraw themselves out of a loan programme. In the same vein, savings-led organizations generally accumulate minimal savings, and thus do not accumulate large enough cash reserves to lend out significant amounts to members.

This article presents an exciting and innovative project that combines the strength of cash and asset transfer-based social protection with the livelihood support and empowerment of microfinance. The Consultative Group for Assisting the Poorest (CGAP)/Ford Foundation’s ‘graduation programmes’ currently being piloted in eight countries and nine organizations around the world, are providing a step approach to moving extremely poor people out of poverty. The model is one in which individuals can graduate into microfinance, which provides ongoing support, rather than out of a social protection programme.

This article homes in on the experiences of one particular pilot – Fonkoze, Haiti’s largest MFI – which was the first to pilot this graduation model for their extreme poor in a programme known as Chemin Levi Miyo (CLM), which translates as ‘A Path to a Better Life’ in Creole.

**Extreme poverty in Haiti**

Fonkoze’s CLM project is designed as an intervention to tackle extreme poverty in Haiti. A web of interlocking constraints such as political instability, extreme isolation, degradation of natural capital, poor infrastructure, unemployment, and rising population create a situation where 75 per cent of Haiti’s population live below the US$2 per day poverty line, and 49 per cent live in extreme poverty (below $1 per day). In other words, 4 million people out of Haiti’s population of 8 million can be categorized as extremely poor, with the vast majority living in rural areas (Arias and Brearly, 2006).

In the face of little to no existing social safety nets, rural communities in Haiti are resilient and adapt coping mechanisms to the myriad of constraints that plague them. However, these are often not sustain-
able as they lead to household and environmental asset depletion (Concern Worldwide, 2008). As in most fragile states, the extreme poor in Haiti face increasing inequality, social marginalization and lack of sustainable livelihood options. This is now reinforced by a tremendous global increase in food prices.

Poverty in Haiti is characterized by livelihood insecurity, vulnerability and an absence of social safety nets. Rather than being chronically poor through generations, extreme poverty mostly results from a serious shock (most often related to illness or death), with families being forced to sell off their assets or accumulate significant debt.

**CLM – a new face of development**

Fonkoze realized the severity of these deprivations and that their flagship microfinance product was not providing a solution for the majority of Haiti’s poor. Through their nearly 15 years of operation, Fonkoze learned that the poor are not a homogenous group: that ‘poor communities’ are hidden by inequality, with a small number of extremely poor people virtually marginalized and spurned by the rest of the community. Fonkoze’s solidarity lending programme with its requirements of an existing business, registration fee and the deposit of 15 per cent of the loan value in a savings account as collateral effectively excludes the majority of very poor women, and all of the extreme poor. Therefore, their single-pronged approach towards poverty alleviation, their flagship microfinance product, was no longer enough of a solution. Poor clients needed to be differentiated, they could no longer be categorized as ‘one-size-fits-all’.

In response, Fonkoze (with the technical assistance of Concern Worldwide, and as part of the nine-site CGAP/Ford Foundation ‘graduation’ pilots) initiated CLM, a multi-pronged livelihoods protection and promotion scheme. The scheme provides extremely poor women in rural Haiti with assets for entrepreneurial use, enterprise training, health services, housing support, a consumption stipend and social links with village élites, facilitated by the close support of a CLM case manager.

Bangladesh Rural Advancement Committee (BRAC) spearheaded this model in Bangladesh with tremendous success. Through their Challenging the Frontiers of Poverty Reduction/Targeting Ultra Poor programme (CFPR/TUP), BRAC provided Bangladesh’s poorest with ‘breathing space’ through non-financial services, as well as a ‘hand-up’ through asset building so, if they chose to, they would know how to effectively utilize a microfinance loan. CGAP/Ford Foundation have expanded the boundaries of BRAC’s experience, and organiza-
The model combines the most important elements of microfinance and social protection.

Intensive support in CLM gives way to an intermediate six-month microfinance programme, Ti Kredi (‘Little Credit’ in Creole), which combines a very small loan with savings and close supervision. This in turn provides a gateway to the mainstream solidarity programme, which still includes individual attention and support by a loan officer.

The aim, therefore, is not to move CLM members out of poverty in 18 months, but bring them to the stage that they can successfully graduate to the next level (see Box 1).

Outcomes of the CLM programme

To date, two evaluations of the programme have been carried out. The first was a mid-term evaluation nine months into the 18-month process – it looked at both the project implementation process and outcomes achieved. The second was carried out at the end of the 18-month period, and it evaluated individual clients to assess whether they were in the position to graduate into Ti Kredi. A further in-depth evaluation is planned at the 24-month point, where it will be possible to follow up on baseline anthropometric data to see changes in CLM children’s nutrition, as well as examine whether clients are continuing to progress and are able to join the mainstream solidarity programme (see Box 2).

Figure 1. CLM ‘marrying of methods’
Source: Huda (2006)
Box 1. Programme components

CLM was piloted in three communes within Haiti: Boukan Kare (in the Central Plateau), Lagonav (a separate island) and Twoudino (in the north-east). Fifty women were selected as members in each commune (150 in total). The conditions in each of the areas varied greatly, with Lagonav being the most difficult (limited access to water, geographically isolated on an island, mountainous terrain with no infrastructure and very few health facilities).

**Effective targeting.** The community firstly identifies the poorest in their villages. The staff then visit each household that the community selected, and conduct a household survey to identify the extreme poor according to programme criteria. To be selected, the household must be female headed with at least three dependents, have no productive activities, have school-aged children not currently in school, and receive no assistance from another NGO.

**Enterprise development/training.** Fonkoze case managers help members decide upon the best asset choice for them, provide intensive classroom training on how to manage their asset, and visits members in their houses twice a week to provide social awareness training, business advice and moral support. Veterinarians also visit members’ livestock assets periodically.

**Capital investment.** Members firstly have their homes renovated in order to protect programme-provided assets. They are then given a combination of two assets: goats and chickens or small trade (commerce). They also get a weekly stipend of about $1/day for eight months to help meet basic household expenses while their enterprises are taking shape. Each member also gets a Fonkoze savings account, where they are required to save a minimum amount weekly.

**Social development.** Fonkoze created village assistance committees (VACs), comprised of the most influential members of each community. Their role is to assist members with everyday needs that are beyond the remit of the programme. Case managers also provide messages every week on social issues such as child pregnancy, AIDS/HIV, basic sanitation and health.

**Essential health care.** Fonkoze partners with local health agencies to ensure that members receive all medical services free of charge. They have also hired an in-house doctor to provide additional door-to-door medical attention for members. Concern Worldwide and Plan International are providing all members with sanitary latrines and water filtration systems as preventative health mechanisms. Lastly, case managers are given basic medical training and medical supplies, and also learn herbal remedies for everyday ailments.

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**Mid-term evaluation**

One of the most striking results in the mid-term evaluation was an astounding shift in poverty status as measured by Fonkoze’s poverty scorecard. A lower score indicates fewer assets, lower household income, more children not attending school, poorer housing conditions, etc. Therefore, an increase in poverty scores signifies a decrease in overall poverty levels.

Figure 2 shows significant improvements in poverty scores of CLM members comparing baseline to follow-up. The positive shift seen is an indicator of successful delivery of key inputs to CLM members, and the methodology is achieving its desired impact on multiple dimensions of poverty.

An analysis of poverty scores shows that every single CLM member improved their score over 18 months. The average baseline score was 13 and the average 18-month score was 25, or an average change of 12 points, which means that members almost doubled their poverty
scores, on average. This is reflected in a movement of 20 per cent of clients above the $1/day extreme poverty line and 10 per cent above $2/day (see Table 1).

There were a few cases where members had not developed a sustainable daily income source by the nine-month point, and thus when the stipend ended and food prices simultaneously increased, they temporarily experienced food insecurity. Many members had selected chickens (for selling eggs for daily income), but the chickens died due to an avian flu outbreak. This left them with no sustainable income source until their goats were ready to sell. Case managers, however, worked with these individuals to develop small trades with their savings and closely supervised their progress for the duration of the programme.

Again, the fact that members grew their asset bases, improved their household income and improved on various socio-economic indicators has to be seen in the context of economic crisis and increasing

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**Box 2. Evaluation methodologies**

**Mid-term evaluation**

The nine-month evaluation of CLM focuses on understanding the process of project implementation from the perspectives of CLM members, other community members and staff; measuring the outcomes achieved on a range of indicators relating to project objectives; and attempting to relate the outcomes achieved to the project processes.

The quantitative methodology consisted of:

- administering four survey tools at baseline and 9-month point: a project-specific baseline survey, Fonkoze’s poverty scorecard – Kat Evaluation, the Grameen Foundation poverty scorecard – PPI (progress out of poverty index, which is benchmarked to international poverty measures), and the Freedom from Hunger Food Security Index;
- child nutrition and health surveys/measurements conducted independently at baseline, 9-month, 12-month and 24-month points by a student intern from the Masters in Public Health programme of University College Berkeley;
- project savings data.

The qualitative information was collected on an ongoing basis through:

- in-depth case studies (45 at baseline, 15 at 9-month follow up);
- focus group discussions and informal interviews with members and VACs (nine focus group discussions with members, three with VACs);
- attendance at monthly project staff meetings, focus group discussions with case managers and discussions with the programme director and case managers;
- programme and management information system data (case manager meeting minutes, VAC notebooks, member notebooks, programme manuals, concept notes, etc.)

**Graduation evaluation**

This involved revisiting all CLM members and re-administering the poverty scorecard, conducting individual interviews and crosschecking data with staff. A round table meeting is then conducted to discuss each member case by case to determine who is ready to graduate into Ti Kredi.
poverty from those households in Haiti. Members could have easily sold their assets and resorted back to low levels of poverty, but they did not. As a comparison, during 2008, 1 per cent of Fonkoze’s solidarity clients moved above the $1/day line, which reflects the difficult economic situation of the country in 2008.

**Graduation evaluation**

The mid-term evaluation was conducted at the time when the cash stipend to members was just stopping, therefore it was to be expected that their poverty status would have improved. However, results from the 18-month graduation assessment demonstrate that this was maintained.

The graduation assessment of CLM clients indicated that 93 per cent (140 out of 150 initial participants) had strengthened their livelihoods.
Most of the clients were ready to graduate to the next stage.

Against the gloomy economic backdrop, basic maintenance of existing living standards is remarkable.

to the extent that they could graduate into Ti Kredi (three clients had also passed away during the course of the programme). This figure is markedly higher than the experience of BRAC during their first round of TUP implementation. In addition, 2008 was a dramatically negative year for Haiti, with the price of basic staples such as rice doubling (in a context where very poor people spend around 80 per cent of their income on food). Lastly, around a third of the country was hit by a series of four hurricanes that swept through the country in August 2008. Against this backdrop, basic maintenance of existing living standards is remarkable, let alone the dramatic improvements seen.

Fonkoze used the following criteria to ascertain if a member was ready to graduate out of CLM and into Ti Kredi (all three absolute criteria must be fulfilled):

- a viable roof over her head;
- physical ability to work;
- malnourished children enrolled in a feeding programme.

In addition, five out of eight subjective criteria must be met, which include eating at least one cooked meal a day, cultivating food-bearing plants, having at least two income-generating activities, having a productive asset base of at least $150, having at least $7.50 in a savings account with at least three transactions in the past three months and conceptualizing a future plan.

The graduation scorecard looked at a range of livelihood indicators (see Table 2).

**Understanding the changes observed**

Data from the mid-term evaluation provide a more in-depth understanding of implementation of the CLM programme and the changes experienced by clients.

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<tr>
<th>Table 2. Graduation scorecard summary results</th>
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<tr>
<td>Average value of assets</td>
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<td>Average value of formal savings</td>
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<tr>
<td>Percentage of clients with at least two income-generating activities</td>
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<tr>
<td>Percentage of clients not suffering from hunger</td>
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<tr>
<td>Percentage of clients who said they advanced on the ‘ladder’ out of poverty</td>
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Targeting

Analysis of the targeting data suggests that CLM is successful in reaching their extreme poor target group and that this is indeed a distinct group compared to clients of other Fonkoze programmes – Ti Kredi and Credit Solidaire.

Figure 3 depicts the range of Kat Evaluation scores for the three Fonkoze programmes. We can see from the bell curves that there are three clearly demarcated groups, suggesting that the three products are successfully targeting distinct poverty levels. Notably the CLM range is the most tightly clustered, suggesting clear targeting in the programme. The fact that there is some overlap between Ti Kredi and CLM scores is expected – Ti Kredi members (even those that are just as poor as CLM members) have business acumen, a willingness and ability to manage credit, whereas CLM members do not. At the 24-month point, we hope to evaluate if programme staff correctly placed these ‘borderline cases’ by seeing how well they fared in Ti Kredi.

The three products are successfully targeting distinct poverty levels.

Figure 3. Poverty scores of CLM, Ti Kredi and Solidarity clients at baseline
Empowerment
As part of the baseline survey, members were asked where they would place themselves on the ladder depicted in Figure 4, compared to others in their community (Rung 1 is the bottom and Rung 10 is the top). We can see that at baseline, the overwhelming majority placed themselves on Rung 1. At follow-up, however, hardly anyone placed themselves on Rung 1 and placed themselves on various higher rungs. This implies a positive change in self-perception, and reinforces the overall reduction in poverty levels.

Food consumption
Baseline case studies, anthropometric and food security surveys demonstrated the following baseline results:

- all CLM members were food insecure with hunger at the outset;
- there were high levels of child malnutrition;
- CLM members were begging for food and experiencing days of hunger.

Follow-up results demonstrated that severe child malnutrition was completely eradicated among CLM members’ children in Boukan Kare (down from 15 per cent to 0 per cent) and Lagonav (from 6 per cent to 0 per cent) and decreased 6 per cent in Twoudino (from 15 per cent down to 9 per cent). Also it was shown that there were variable results in overall food consumption changes: about 45 per cent increased overall food consumption since baseline, about 20 per cent reduced their food consumption, and 35 per cent experienced no change.

Figure 4. Rungs of the social ladder at baseline and follow-up
Health

Illness is one of the greatest contributors to poverty for CLM members. In the case studies conducted with CLM members it was striking how many people had fallen into extreme poverty as the result of illness or death in the family. Lack of government health services, poor infrastructure, lack of transportation and income have caused easily treatable illnesses to impoverish CLM households.

My husband has a bad disease on his leg... we used to have animals before, but 12 years ago we sold everything we had to pay for treatment. His leg has not improved, and he cannot work any more. So we have no more animals, and I have to support him and six kids. (CLM member, Twoudino)

I was very sick and being treated in the hospital of Anse-à-Galet [Lagonav]. No one knew if I would survive. I used all my small revenue looking for recovery. I was so broke that I couldn’t even pay the hospital fees; I had to escape from the hospital because every time the doctor came to my room, they were asking me to pay. Life became very hard for the family once I came back because I had the children and nothing left to live on. (CLM Member, Lagonav)

Mid-term evaluation survey results show that there has been a significant reduction in gastro-intestinal disease in two of the three areas. This is particularly promising as this is a disease of poverty and frequently a cause of infant mortality. It is possible that having filtered water, having learned about how to boil and disinfect water and properly wash hands contributed to this decrease. However, without a control group, it is not possible to attribute the decrease to the CLM programme itself.

Most members also stated that they felt their health was much better now, because since they can treat the water they ‘fetch from under the rocks’ they get fewer headaches, stomachaches, and they can afford now to go to the doctor if need be.

Lastly, members have demonstrated considerable autonomy in being able to pay for health services on their own. Interestingly, many members chose to pay for healthcare services themselves at a private health clinic rather than go to programme-related services. When asked why, members explained that programme health services are excellent but are too far away: ‘Ms Marie (a private local doctor) is close by, and she treats us kindly. We don’t mind paying to go to her’. Healthcare and economic security, as we have seen, are closely intertwined. By providing opportunities for increased earning capacity, the programme has in effect improved members’ health-seeking behaviour.
Enterprise growth

The building of productive assets is one of the most important aims for CLM. Assets are intended to provide a regular and reliable daily income (to overcome the insecurity of daily living) as well as grow in the longer term to increase income and provide security in times of hardship. Table 3 shows the asset allocation in each area.

Fonkoze intended to provide members with a source of reliable income through the provision of chickens or small trade, and an asset for future income by providing members with goats. Chickens, however, were scarcely laying eggs (which were meant to be sold and provide daily income) and members faced an unexpected crisis with the majority of chickens dying due to disease. Despite these severe constraints on their short-term assets, members overall made good progress in terms of maintaining and growing the assets given. Table 4 illustrates that members in Lagonav and Boukan Kare have either maintained or grown their small trades and goat stock. Twoudino experienced a large decrease in goats (due to a local epidemic) and small trades, but many members have added new small trades after the evaluation period. Everyone experienced a shock with the chickens, although Lagonav fared the best out of the three areas.

Over the course of nine months, the importance of commerce for regular income became more important in all the three areas. In Lagonav, for instance, only one person selected commerce as an enterprise, but 31 started businesses with their own money.

Unintended consequences

Several unintended outcomes have come about within the programme. For instance, several landowners have increased the rent on members’ homestead land as a result of them now having additional income through the programme. In Lagonav, 12 out of the 50 members faced increased rent. In some cases members were forced to move. According to the Executive Director of Fonkoze, Anne Hastings, ‘the ultra poor are like salmon swimming upstream – they are trying to make progress in the face of every environmental, social and economic challenge that confronts them’. This example of predatory rent seekers exploiting the hard-won gains of the ultra poor is no exception. This unfortunate lesson has reinforced

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<th>Table 3. Asset allocation by area</th>
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<tr>
<td>Goats</td>
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<td>Chickens</td>
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<td>Commerce</td>
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the need for strong vertical networks, especially in Haiti where little social solidarity exists. Individually, CLM members do not have the social clout to battle local landlords, and nor have they ever had the support of those with greater agency in their communities. But through the VACs members now have access to individuals with influence who are willing to act on their behalf. Affected CLM members approached their VACs and case managers, who offset the problem by negotiating a lower rent increase with landlords, offering pieces of their land to CLM members, and helping members rebuild their homes elsewhere. If this problem persists, in the future VACs and even members need to more effectively unite to collectively fight rent increases. In BRAC’s experience, there are examples of TUP members confronting social injustices head on with the help of their VACs. For the time being, the VACs have succeeded in mitigating the negative consequences on CLM members.

Also, while members have been experiencing more respect by community members on one level, instances of tension and jealousy have occurred. Lastly, CLM members have proved to be very enterprising with their stipends, which were initially envisaged as a means of consumption smoothing. Rather than consuming their entire stipend, members have been investing it in their existing enterprises, starting new business activities with it, investing it in savings accounts, consortiums, repaying outstanding debt, etc. This has challenged the initial notion that CLM members, upon joining the programme, did not have knowledge of how to run a business and needed to develop enterprising skills.

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<th>Table 4. Growth of assets (%)</th>
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<td>Commerce</td>
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<td>Same or small increase</td>
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<td>Number adding business</td>
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<td>Chickens</td>
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<td>Goats</td>
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<tr>
<td>Decrease</td>
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<tr>
<td>Same or small increase (5–7)</td>
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<td>Significant increase (&gt;7)</td>
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The CLM evaluations and what they have taught us

The focus on both the processes as well as the outcomes has generated important practical lessons for the design and implementation of such programmes.

**Balancing short-term, regular income with longer-term investment**

An important lesson learnt is the need to give members both a short-term asset (i.e. a small trade or chickens) that can bring day-to-day income after the stipend ends, and a long-term asset (i.e. a goat) that can act as savings against future expenses. Small trade seems to be the most effective and reliable means of generating short-term income among CLM members. A strategy needs to be developed so every member earns a daily income from an asset post-stipend so as not to resort back to begging and food insecurity.

**Case manager interface**

Case managers work with CLM members to provide support and guidance that is responsive and tailored to an understanding of the specific needs of each CLM member. This involves a combination of encouragement, pressure, education and network building, and requires both technical skills and the capacity to empathize and respond at a personal level.

In the context of the pilot, case managers developed their own approaches according to local circumstances and consequent effects upon their members. Therefore, in addition to the roles above, they also had to be reactive, creative and ‘think on their feet’. Through monthly internal learning meetings, case managers had the chance to share the strategies that have worked for them so that other case managers may learn and implement.

The following are some strategies that case managers developed and utilized:

- **Dependency at first, then encourage autonomy.** With a model based on free inputs and close hand-holding support, Fonkoze was initially concerned about the members becoming dependent upon the programme. The case managers, therefore, developed a strategy of providing intensive support in the beginning, but then gradually weaning members off support over time. The staff envisioned, for instance, that members would grow dependent on the cash stipend and have difficulty adjusting to its end. As a result, case managers encouraged members to save part of their cash stipend weekly so that they could invest in an additional enterprise after the stipend ended. This was largely a response to
CLM chickens dying and the lack of preparedness of CLM members to prosper day-to-day post stipend, but the ethos appears to be one of encouraging greater autonomy over time.

- **Asset protection.** In several cases where members have been pleading to sell their assets to start businesses post stipend, case managers have been adamant about them not decapitalizing their asset base. Case managers feel strongly that until they can properly manage cash and build a proper savings base, they are in no position to start a business and sell off their assets.

- **Protecting CLM members from exploitation by men.** Due to members’ new economic security and stability, they have become a ‘catch’ to prospective suitors who want to share in their prosperity. Case managers have taken on the role of guardian in protecting these women against potential exploitation by men.

- **Ad hoc assistance due to gaps in provision.** Case managers have shown responsiveness and commitment in filling gaps where the programme is lacking. They requested and subsequently received medical training supplied by a highly skilled paediatric nurse practitioner. They have been taking it upon themselves to provide medical advice, procure medicines and accompany members to distant hospitals if they are in areas where medical treatment is inadequate. In cases where members are struggling to survive post stipend, case managers are giving some of their own money and trying to collect resources to help sustain them. Although this raises concerns of too much involvement that is difficult to replicate and sustain in scale-up, it does highlight the commitment of the staff to prevent any obstacles that would hinder members’ progress.

While such reactions and passion on the part of case managers are admirable, too much ad hoc support can be a potential risk to scaling-up. The programme recognizes the constraints that members face and has provided case managers with adequate training on certain issues to be able to fill programmatic gaps (i.e. medical training.) However, there is still the danger of case managers taking on too much (i.e. mediating conflicts, collecting resources on behalf of CLM members, providing medical support, negotiating with creditors to reduce CLM debt, etc.). In a pilot that is small and where the programme is learning, it is feasible and also necessary for case managers to wear so many different hats. In scale-up, however, this kind of intensive support will prove difficult. Case managers are encouraged to provide the support needed for members to graduate, and perhaps hand over conflict mediation and other issues involving the community to the VACs.
Village assistance committees

One of the starkest attributes of extreme poverty is not just being economically poor, but being ‘poor in people’. CLM members are characterized as being socially marginalized and having very few social networks that they can count on. This includes both horizontal social networks (i.e. with peers) and vertical networks (i.e. with those who are of a higher socio-economic status, such as local élites). Through classroom training and a slow transition into weekly group meetings, Fonkoze has attempted to create horizontal social capital for CLM members. But how does an organization create social linkages between the poorest and the élite within a community?

Modelled after BRAC’s Gram Shahayak Committee (GSC), the idea behind the VAC is to:

- provide support in managing assets;
- provide support in coping with problems relating to assets, family and community;
- provide moral support.

Fonkoze formed VACs in each of the CLM villages. CLM members were asked to suggest possible committee members based on those who have been most active in helping the poor within the community. Staff then invited three to six influential people in the local area, a member from Kredi Solidaire (mainstream microfinance) programme and a CLM member to form a VAC.

The VACs have been a tremendous social network for CLM members who previously had very few individuals on whom they could rely. VAC achievements include helping CLM children to enrol in local schools, providing transport and financial assistance for CLM medical needs, obtaining birth certificates for CLM members, paying for funerals of CLM household members and donating materials for CLM home repairs.

One lesson drawn from the success of the VACs is that their effectiveness is a direct result of case managers’ ability to think through solutions with VAC members and motivate them.

Although VAC members have traditionally been active in their communities, by bringing them together and institutionalizing their efforts, the case managers have been able to create a platform for them to extend their services and focus upon the most marginalized within the community. The key to VAC success has been the case managers’ ability to mobilize the VAC as a formal organization, or lead agency, to CLM members, and transform individual acts of charity into collective action. This entails organizing monthly meetings where CLM members voice their needs and put a small amount of money into a communal pot to help the VAC with their work, and motivating VAC members to address these needs as a collective unit. For instance,
there are several instances where a CLM household member passed away and the members requested assistance to help pay for the funerals. Case managers asked CLM members to authorize the use of their funds for this cause, and then encouraged the VACs to collectively mobilize additional funds to help pay for funeral costs.

Most importantly, VACs act as an extension of case managers. As case managers are bombarded by various day-to-day problems of CLM members, they are able to:

- hand over community-level issues over to VACs (i.e. conflict mediation);
- ask VACs to reinforce their programme messages (i.e. VACs pay home visits to CLM);
- ask VACs to help them provide support to CLM members as case managers are not always available (i.e. care for and look after CLM assets, provide transport for CLM members to the hospital, provide them with materials to rebuild their houses, etc.).

Such support is particularly crucial in scale-up, where case managers will have a heavier load of members and problems to tackle.

Regardless of the overall success of VACs, there are problems that can arise from the unequal power balance between extremely poor women and the élite that may relate to social status and gender. The VACs are theoretically equally accessible to all CLM members, and lots of CLM members do approach VAC members directly. But in reality, there are several CLM members who claimed to never receive VAC assistance. In attempting to uncover the reasons behind this, we discovered that these CLM members never approached the VAC for help. There is a strong issue of pride, and several CLM members stated that as the vulnerable ones, they should never have to ask for assistance. Such power dynamics must be acknowledged and dealt with in scale-up.

There is also an important role of VAC as an insurance mechanism and as a provider of increasing support to members after the nine months. This strategy needs to be made more effective so that there is a gradual move from dependency on the case manager to greater individual autonomy of the members, backed by the social networks with the VAC. If members, moving forward, are able to provide for their households with the profits from their small trade or third activity, then in the case of an emergency members have various safety nets they can turn to: their own savings, the VACs for assistance or the emergency fund in extreme cases.

**Service delivery**

In thinking about programme design we need to understand how to balance a desire to be responsive to members’ needs with what CLM
can practically provide, particularly when thinking about scaling up. Whilst the pilot has tried to respond to needs as they arise, in the scale-up there is a need to be more systematic about identifying elements that are essential to be included in the programme, and determine how these should be delivered (by CLM staff, the VACs or through partnerships) and what skills or expertise need to be developed to do so. Providing only essential inputs is also the most cost-effective means of operating in scale-up.

During the pilot implementation a number of issues arose that led to unplanned modifications. These included:

- access to education for CLM children (negotiating entrance into local schools, collecting school uniforms, supplies, etc.);
- water filtration (as poor drinking water proved to be a huge health obstacle for members);
- housing repairs (since poor housing conditions were adversely affecting members’ health);
- latrines (poor sanitation was a serious health challenge for members);
- failure of partners in two areas to deliver on promised free health care, resulting in case managers providing ad hoc health advice and inputs and a decision to hire an internal health director.

Each of these changes was made in response to a perceived barrier to the success of CLM implementation, and can also be understood in terms of the pathways to achieving intended programme outcomes. Fonkoze invested considerable additional resources that were not additionally budgeted for in order to provide these extra inputs to every household. They felt, however, that reacting to these lessons learnt was necessary for the success of the CLM members. Although the original BRAC model did not provide these inputs to their members, it must be understood that this is an adaptation of the BRAC model to the context of rural Haiti. The challenges that the ultra poor experience in various country contexts are not the same as the challenges experienced in Bangladesh, where local government and organizational capacities are exceptionally strong. While all the CGAP/Ford Foundation ultra poor models have the same overarching structure adopted from the BRAC TUP model (e.g. effective targeting, asset distribution, consumption support, close supervision, an exit strategy after 18–24 months), every implementation uniquely responds to its own gaps and hurdles in its implementation and objectives.

**Pathways out of poverty?**

Whilst the CLM intervention is unmistakably reducing levels of extreme poverty, by creating an avenue where members no longer
depend on daily labour and begging, members are not all progressing at the same speed: some have surpassed expectations in respect of how much they have saved, the amount of income they are generating, and their initiative in expanding/diversifying their businesses – whom we refer to as ‘fast climbers’. Others, at the nine-month point, had little to no savings, were struggling to keep their businesses afloat, and had little entrepreneurial vision for the future – in other words, ‘slow climbers’. Continued support by the case managers gets positive results from most of the members. This highlights the diversity of even the extreme poor. While members all receive the same programmatic inputs, they all enter the programme with differing pre-existing characteristics that influence their success. For instance, members with large amounts of debt are repaying their loans at the expense of regularly saving – their creditors are now demanding regular repayments since they are now ‘gwo moun’ (a ‘big person’) with goats and regular income. Those who do well seem to have a different set of pre-programme characteristics from those who are struggling:

- Differing social networks/household support – ‘fast climbers’ most often have a strong social network that they can rely upon in emergencies. Typically this is a household member financially contributing to the household, but in the case of a few CLM members, it is also a well-off neighbour/employer/relative that provides financial support. ‘Slow climbers’ are often sole income earners supporting their household, with little to no social network to rely upon – thus exacerbating their vulnerability.

- Differences in household size – while all members have dependents, those that progress more quickly in the programme typically have fewer dependents to support; while those that struggle in the programme are spreading their stipend and meagre earnings across a large household.

- Facing an unexpected disaster while in the programme – the members that struggle the most seem to have faced unexpected shocks such as a death in the family (typically of another household income earner). When these shocks hit early on in the programme before they have had a chance to develop secure livelihoods and social safety nets (such as savings), the lack of resources to cope may plunge them back down the ladder of progress. Such incidents understandably act as huge emotional/financial setbacks that are difficult to overcome.

- Level of small trade experience – a major factor influencing member success is enterprising behaviour. Pre-existing small trade skills and entrepreneurial motivation/confidence comes directly from past experience in managing an enterprise and finances. Those who are struggling, however, often come from chronic,
Those who struggle often have very little experience in managing money and running an enterprise. These members are not generating proper income and are dipping into their savings to feed their families. The skills and attitude that members came into the programme with seem to strongly influence their ability to succeed.

- Pre-existing debt – while most members come into the programme with debt from purchasing on credit, those that have significant amounts of debt seem to find it harder to save, and thus have less of a safety net to fall back upon in the face of shocks. Others with minimal debt have naturally been able to save more money and are now in more secure positions to develop their businesses, pay for emergencies, educate their children and plan for their futures.

What do such differing characteristics and levels of success tell us? Does this suggest that only certain ‘types’ of members can reap the benefits of the programme? This evaluation has opened up windows for further exploration and understanding, although one point is clear: based on the differences in performance and characteristics, there is a need to provide differing types of support. There is no standard recipe for success: while it makes sense in the first half to provide uniform inputs and assess individual progress levels, the second half of the programme should tailor inputs to ensure that slow climbers catch up. This could include a longer stipend period, more hand-holding support, a clearer plan for how to develop their assets/savings, etc. BRAC, for example, based on similar experiences, revamped their TUP programme to have differing tracks and levels of support for different people.

CLM, therefore, is not just about the programme pathway but about individual pathways. The mid-term evaluation highlighted the importance of understanding the needs of individuals rather than a uniform programme implementation. A case manager has a critical and complex role of establishing this pathway for each member at the beginning, and tailoring inputs, training, social messages and support to help her stay along it: how much small trade experience does she have, how much debt, whom does she rely on in emergencies, etc.?

Based on this information, case managers can create a pathway for each member and encourage asset choices, savings amounts/frequency and set milestones. Let’s take savings/amount frequency as an example: a person with a significant amount of debt and lots of dependents, for instance, will not have the same savings capacity as someone without debt and few children. Helping a member along her pathway involves more than just encouraging savings – based on what members want to do in the future (i.e. buy a donkey or a
cow), and their financial commitments (i.e. repaying debt and sending five children to school), how much can members afford to save on a weekly basis? Pathways are specific, tailored and should involve interim goals.

**Conclusion**

Fonkoze’s experience with CLM demonstrates two essential points: first, BRAC’s Ultra Poor model can work outside of Bangladesh, and can be adapted to the most difficult states and local contexts; second, organizations without the varied expertise and capacities of BRAC can implement this model through strong partnerships, linkages and staff development. Fonkoze did not mimic every component of BRAC’s TUP programme – Fonkoze experienced several challenges that required them to innovate and provide more than BRAC did. Costing approximately $1000 per beneficiary, as compared to BRAC’s $350 per beneficiary, Fonkoze’s pilot was by far the most expensive out of all the ultra poor graduation models. Lower population density (thus fewer members per case manager as compared to Bangladesh) and much higher input costs (for example Fonkoze staff require motorcycles to navigate the terrain) contributed to the high pilot costs. But in scale-up, Fonkoze intends to increase the case manager to beneficiary ratio, as well as cut out some of the inputs that are expensive and not essential to their pathway. Fonkoze has also learnt that certain linkages must be established for this programme to succeed in the future. With access to healthcare being such an important component, Fonkoze has decided to scale up only in Boukan Kare where their strongest health partner is present. CLM is a ground-breaking initiative – for the first time, a forgotten echelon of society has been brought into the folds of development. Over the next four years, Fonkoze hopes to reach 2,500 more households through this initiative. But cost and the sustainability of reliable partnerships will be major challenges for Fonkoze to overcome as they extend their grasp to all extremely poor households across Haiti.

**References**

