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# Case Study of the BOMA Poverty Graduation Model

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March 22, 2018



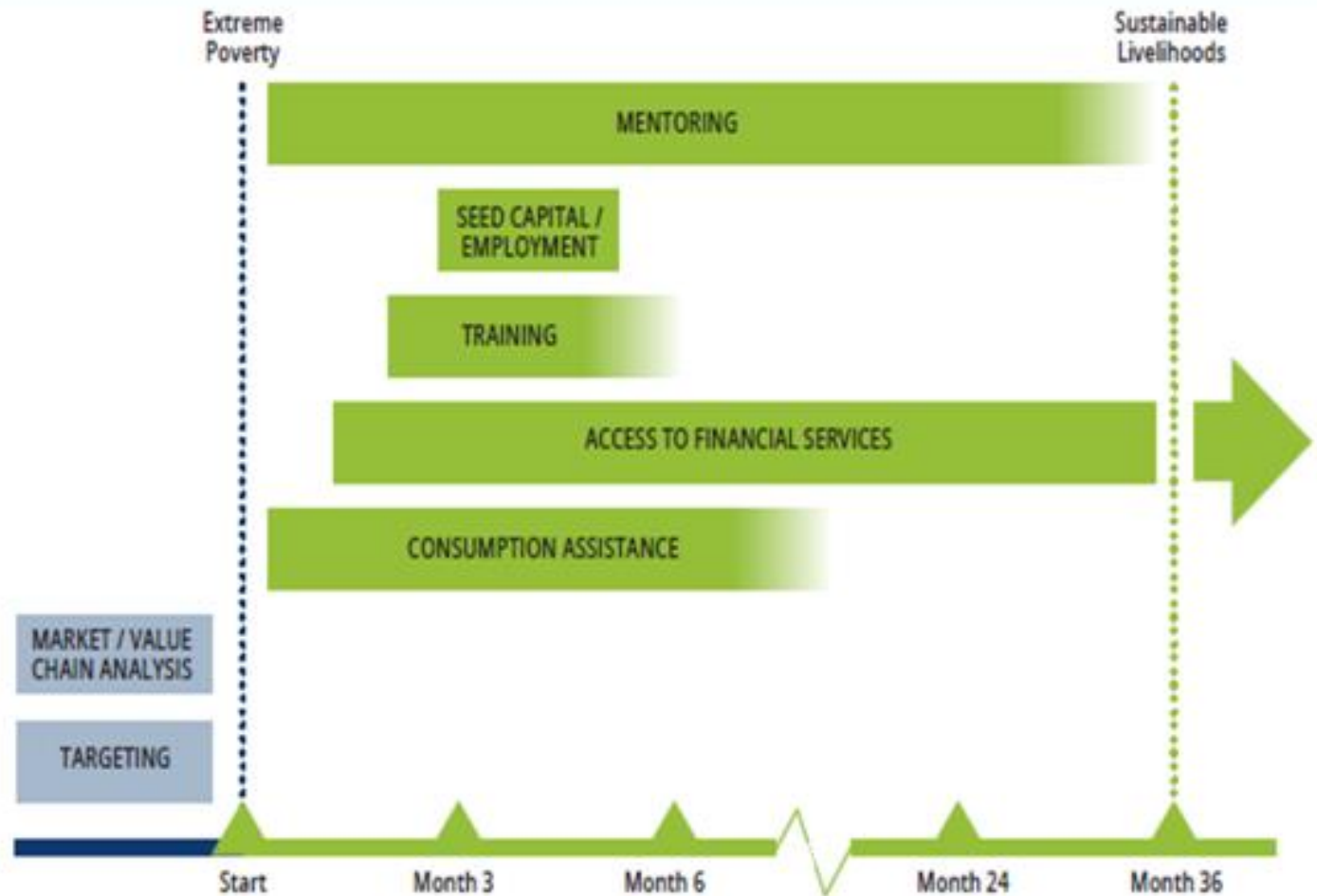
## What is the Graduation Approach?

- Focuses on the ultra-poor (no assets, chronically food insecure, limited to no income)
- Holistic; linked to other services
- Prescribed sequence of interventions
- Moves participants into a sustainable livelihood – ideally representing a diversification of income sources
- Timebound with defined exit strategy



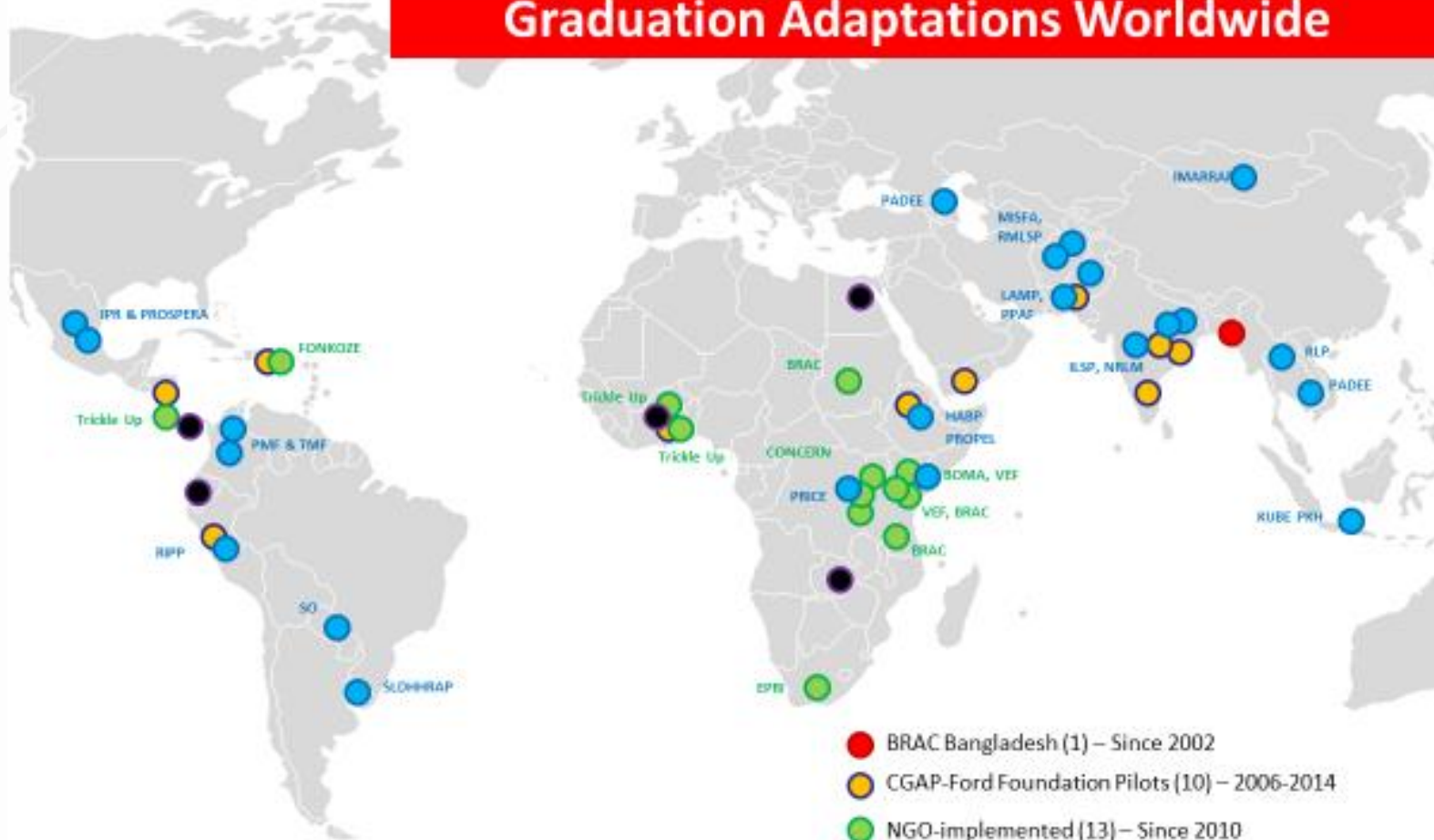


# The Traditional Graduation Approach





## Graduation Adaptations Worldwide



- BRAC Bangladesh (1) – Since 2002
- CGAP-Ford Foundation Pilots (10) – 2006-2014
- NGO-implemented (13) – Since 2010
- Donor-implemented [UNHCR] (5) – Since 2013
- Government-implemented (22) – Since 2013



## Graduation Approach Results

- **Ford/CGAP study - 2006 to 2014 (10 programs in 8 countries, 6 RCTs)**
- **Results of 6 RCTs - statistically significant improvements in all 10 indicators:**
  - **Consumption**
  - **Food security**
  - **Productive and household assets**
  - **Financial inclusion**
  - **Time use**
  - **Income and revenues**
  - **Physical health**
  - **Mental health**
  - **Political involvement**
  - **Women's empowerment**





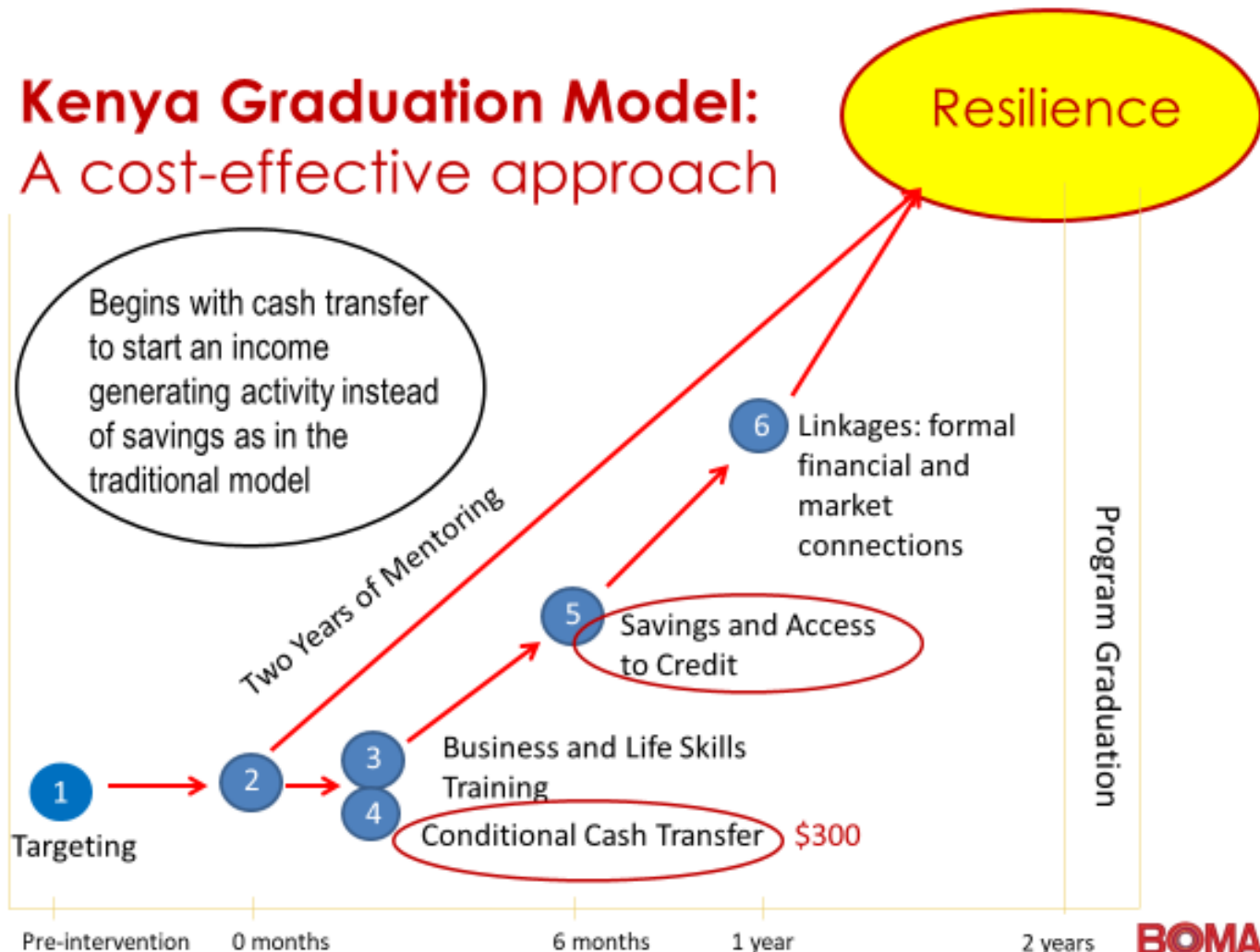


## Most Graduation Programs include

- ◉ Targeting of ultra-poor (*BOMA uses PRA*)
- ◉ Asset Transfer for income generating activities
- ◉ Training and coaching, financial literacy and business skills critical to success
- ◉ Savings augmented by connections to formal financial structures
- ◉ Links to complementary services – health, education, extension, credit, markets



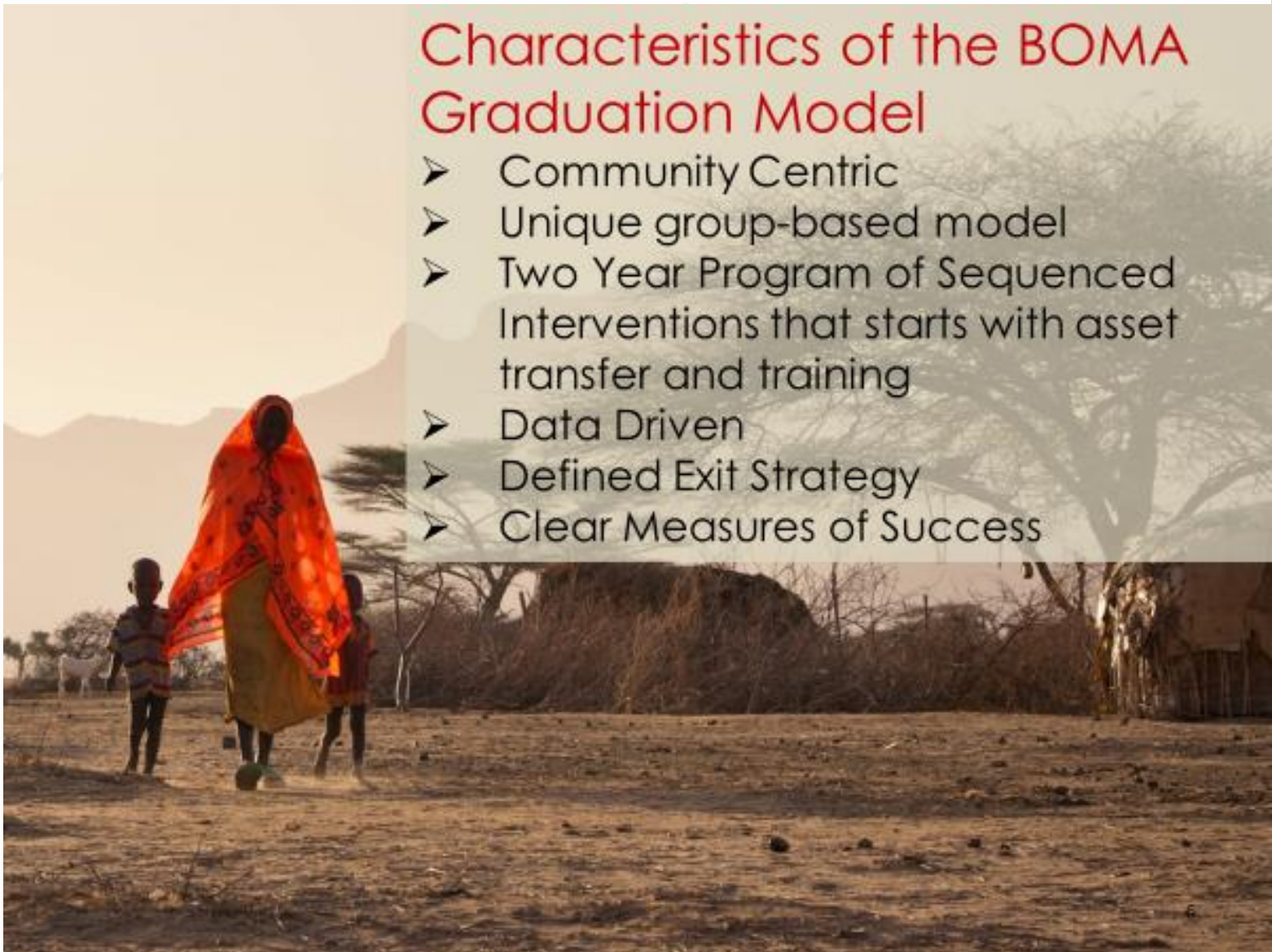
## Kenya Graduation Model: A cost-effective approach





## Characteristics of the BOMA Graduation Model

- Community Centric
- Unique group-based model
- Two Year Program of Sequenced Interventions that starts with asset transfer and training
- Data Driven
- Defined Exit Strategy
- Clear Measures of Success







## Outcomes of BOMA model

- Significant increases in household incomes
- Improved food security
- Increased human capital investment – school enrolment and agency
- Increased savings
- One year after two-year graduation program 97% of businesses still In operation



# Graduation Criteria

**Food security** – two meals a day

**Sustainable Livelihoods** – business value at 125% and access to multiple productive assets

**Shock Preparedness** - savings

**Human Capital Investment** – girls going to school and increased household decision-making



## **Complementarities - Graduation model under the PROFIT Programme implemented by BOMA in Samburu county and CARE in Kitui**

- Consumption stipend – KES 1 500 for 6 months
- NHIF – premiums paid for 18 months
- Mpesa enabled phones
- BOMA testing three person vs one person businesses
- BOMA provides cash and CARE provides assets



## Lessons Learned

- Achieve cost-effectiveness by delivering coaching and training at group level
- Focus on women increases diversity of HH income sources
- Graduation is a climate change adaptation strategy
- Hands-on experience reinforces learning and increases financial literacy
- Resilience is defined by the continued growth of savings as primary outcome
- Can be simple or more complex





# Challenges

## Infrastructure to support livelihoods & markets:

- Limited transport
- Mobile network capacity
- Limited diversification of local economy

## Demographics & Geography :

- Financial literacy of participants
- Low population density & remoteness

## Limited access & availability of services at county level:

- Health
- Education
- Technical training



# Challenges to cont'd growth of income and assets

## Financial Inclusion

- Sources of capital limited – how to continue to grow business?
- Lack of liquidity in existing financial mechanisms
- Limited links to formal financial savings and credit opportunities
- Need increased access to formal markets & enterprise funds for business growth



# The Graduation Opportunity

A graduation program built on the HSNP platform?

## HSNP\*:

- Targeting
- Delivery platform
- Asset Transfer
- Consumption Stipend
- Monitoring staff & digital data collection

## Additional Cost Drivers:

- Program delivery workforce, Management costs
- Training: financial and life skills

\* Marginal costs already covered



# Cash Plus: Graduation

## Value proposition with Graduation:

- Graduation creates wealth
- Exit strategy for some cash transfer programs
- Existing platforms in place for gradual scale-up of graduation





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