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From Extreme Poverty to Sustainable Livelihoods

A Technical Guide to the Graduation Approach

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PARTNERSHIP FOR ECONOMIC INCLUSION

Preface

When the first edition of From *Extreme Poverty to Sustainable Livelihoods* was published in 2014, the results were just coming in from the large-scale, randomized control trial (RCT) research about the impact of the graduation approach. From the beginning of their collaboration in 2006 to test graduation through a multi-country set of pilots and to build the global community of practice, CGAP and the Ford Foundation had built in an ambitious research agenda. The findings from the RCTs and other research generated real optimism among anti-poverty practitioners and policymakers. The incomes, food consumption, assets, and especially savings of participants in the graduation pilots all showed statistically significant and lasting improvements. Hunger, illness, and psychological stress levels decreased, also to statistically significant degrees.[1]

Interest in the graduation approach as an effective response to extreme poverty began to accelerate. That interest is not surprising considering how intractable extreme poverty has been historically. Most countries have different forms of safety-net protections—food, housing, medical attention, and other basics—for extreme poor populations. But the policy goal of safety nets is mainly to keep very poor and vulnerable people afloat rather than to support their movement upwards out of deep poverty. Many countries also have initiatives aimed at helping low-income people move into the economic mainstream, or "making markets work for the poor." While these market-based approaches often work for the upper tier of economically active poor households, rarely have they served extreme poor people effectively.

The breakthrough innovation of the graduation approach is the way it blends elements of social protection with those of livelihoods support to help extreme poor people move toward economic self-sufficiency. At the heart of graduation's theory of change is the insight that a person perpetually trapped in survival mode cannot engage in the creative thinking or planning necessary for a longer-term strategy to escape extreme poverty—that a person facing chronic hunger is unlikely to be able to focus on anything else. So graduation includes consumption support, but as one piece of a package with the ultimate goal of lasting economic self-sufficiency. The elements of the graduation package, which also include mentoring, skills training and transfer of an asset to generate income, and access to financial services, all work together to help participants escape the constant pressure for survival and begin the climb up the ladder of economic well-being.

CGAP supported development and testing of the graduation approach for many years and has published extensively about it. Following the success achieved in Bangladesh by BRAC's Challenging the Frontiers of Poverty Reduction/ Targeting the Ultra Poor (TUP) program, CGAP and the Ford Foundation teamed up to test whether the TUP results

1 See for example Banerjee, Abhijit, Esther Duflo, Nathanael Goldberg, Dean Karlan, Robert Osei, William Pariente, Jeremy Shapiro, Bram Thuysbaert, and Christopher Udry. 2015. "A Multifaceted Program Causes Lasting Progress for the Very Poor: Evidence from Six Countries." *Science*, May. Annex 1 of the volume contains detailed discussion concerning the graduation impact analyses to date.

reflected something unique about the context of Bangladesh (or the organizational strengths of BRAC), or alternatively, whether the graduation approach could also work in other countries, with other implementers and in very different contexts.

The 10 CGAP-Ford Foundation pilots ran from 2006 to 2014 in eight different countries in Africa, Asia, and Latin America. CGAP and Ford Foundation co-published the first edition of *From Extreme Poverty to Sustainable Livelihoods* so that the fast-growing global community of practice around the graduation approach could learn from those experiences and launch graduation programs of their own. That first edition went on to become one of the most frequently downloaded technical guides from CGAP's website, and the pace of graduation expansion continues to accelerate. By the end of 2017 close to 100 programs were either already in operation or planned for launch in developing economies and emerging markets—a third of them implemented by governments.

Government-implemented programs hold the key to the graduation approach's potential to make a meaningful dent in extreme poverty. With a few important exceptions, government entities alone have the resources and the nationwide presence to deliver anti-poverty (or other) interventions at massive scale.[2] So although NGOs continue to make meaningful contributions to graduation efforts (especially start-ups) around the world, much of the work currently underway focuses on how government implementers can adapt the approach—including seeing how the complexity and cost of the package can be reduced without compromising the impact—and deliver it at scale.

CGAP encouraged the expanding graduation community of practice, which has attracted more and more public-sector stakeholders over time, to share their experiences in scaling up graduation. Those experiences, and other lessons learned, are included now in this second edition of *From Extreme Poverty to Sustainable Livelihoods*. The new edition draws especially on Ford Foundation-supported case studies from four countries (Peru, Colombia, Ethiopia, and India) where the approach was scaled up significantly, in all but one of those cases (India) via embedding the approach within government-implemented social protection programs.

It was CGAP's honor for more than a decade to support the graduation approach and to provide the platform for the global community of practice. In July 2017, that role was shifted to a new global alliance, the Partnership for Economic Inclusion (PEI) hosted by the World Bank's Social Protection and Jobs global practice. At the time of writing, the PEI was refining its agenda and strategic plan to focus on four primary areas: ***Policy evidence and engagement*** to serve policymakers and other influencers and to provide policy champions with the advice they need to launch and scale graduation***; Knowledge generation and innovation*** to continue improving the state of practice and building evidence; ***Knowledge management and quality standards*** so that lessons learned are shared most effectively; and ***Sustainable resourcing*** to mobilize the funds that will become increasingly necessary as graduation programs increase in number and scale.

Finally, it is important to note that graduation would not exist at its current scale and prominence without the early, active, generous, and sustained support of the Ford Foundation. Along with co-sponsoring the 2006-2014 pilots and funding the four 2016 case studies, the Ford Foundation for more than a decade provided both the financial resources and the intellectual leadership that helped build graduation into a global effort. Frank De Giovanni, who retired from Ford in 2016, did as much as any individual to advance this work.

Extreme poverty is a complex phenomenon which demands a diverse range of responses. The graduation approach is one such response. It is our privilege to release this new edition of *From Extreme Poverty to Sustainable Livelihoods*, and on behalf of its authors and publishers, I hope it will be a valuable contribution to the ongoing work of building knowledge and better practice.

[SIGNATURE]
Katharine McKee
Transition Lead, Partnership for Economic Inclusion

2 Some countries do of course have high-capacity NGOs which can operate at large scale. BRAC in Bangladesh, for example, pioneered the graduation approach and its PROPEL graduation toolkit is cited throughout this second edition; the graduation scale-up experience of the Indian NGO Bandhan Konnagar is also discussed extensively.

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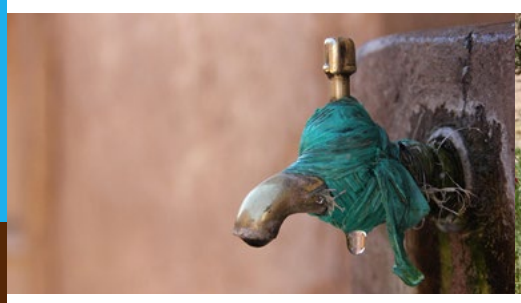

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USING THIS GUIDE

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Executive Summary

This Technical Guide provides a roadmap for those wishing to implement programs based on the graduation approach—an integrated, carefully sequenced, multi-dimensional intervention to address extreme poverty. While the Guide will be useful for all graduation implementers, it is especially aimed at government policymakers and social protection agencies that operate at nationwide scale and are seeking to incorporate the graduation approach (or elements of it) into their programs.

Pioneered by BRAC, the graduation approach creates livelihood opportunities, increases incomes, reduces vulnerabilities, and builds the resilience of extremely poor families so that they can start the transition to self-sufficiency and upward economic mobility. Since its beginnings with BRAC in Bangladesh, the graduation approach has become a global phenomenon, with close to 100 graduation programs in operation at the end of 2017.[3] This Guide draws on the lessons learned from multiple sources: the BRAC experience beginning in 2002 with Targeting the Ultra Poor (TUP), a program reaching more than half a million households in Bangladesh,[4] a subsequent eight-year (2006-2014) global program involving 10 sites in eight countries; scale-ups of some of those programs; and new adaptations of the approach by governments and donor agencies.

The graduation approach's promising results have captured the attention of anti-poverty stakeholders around the world. These stakeholders, which include technical assistance providers, representatives from governments, donor agencies, and NGOs, have coalesced into a global community of practice. They have been testing and adapting the approach and exploring, among other issues, how best to support large-scale adaptation and implementation of the graduation approach by governments. The contributions of this community of practice form the majority of the revisions to the Guide's contents.

3 Annex 1 of this Guide includes data about the global state of graduation programs, including trends in participants' poverty levels and other targeting statistics, percentage of programs offering "graduation classic," percentages of in-kind vs cash for consumption support and asset transfer, and many other trends in practice.

4 TUP itself built on earlier programming BRAC had been pursuing for a decade.

GRADUATION'S IMPACT:

Promising Results with "Graduation Classic," Research Continues on Adaptations

- CGAP and the Ford Foundation jointly sponsored 10 programs that operated in eight different countries in Africa, Latin America, and Asia between 2006-2014. These CGAP-Ford Foundation pilots included an ambitious research and learning agenda, and six rigorous randomized impact assessments conducted by Innovations for Poverty Action (IPA) demonstrated that the graduation approach increased incomes and household consumption at all but one site.[5] Differences in impact across sites may stem from conditions at the outset: for example, relative poverty levels in countries differ and some experienced severe shocks (e.g., food price hikes in several countries including Haiti in 2008, a coup in Honduras, floods in Pakistan) while others did not.[6]
- Additional research in Ghana compared the transfer of assets alone (goats) to the full suite of graduation components: after three years, the value of the assets at graduation sites was higher than at the goats-only location and participants had also increasingly diversified their livelihoods by investing in other assets.
- Evidence from the BRAC program in Bangladesh shows the poorest who participated in the program were truly breaking free of the poverty trap. Overall earnings increased 37 percent over the seven years surveyed (five years after the program ended), with significant increases in consumption and savings. Households not only earned and saved more but also diversified their assets and income sources.
- New results from one of the CGAP/-Ford Foundation pilot sites in India six years after the end of the program revealed even greater impact, with a doubling in per capita consumption compared with the three-year mark.[7]

More information about the findings of the impact assessments findings published to date may be found in Annex 1.

Users of this Guide should bear in mind (as is stressed throughout this volume) that the impact assessments completed and published to date, and the promising results they have found, concern the "classic" graduation approach specifically. One of the most important areas for the research now ongoing is to see how impact is (or is not) affected as second-generation implementers refine or adapt various elements of the graduation approach, whether to contain costs or in response to other circumstances. The research agenda is fully described in the Conclusions & Next Steps section.

5 Banerjee et al (2015b)

6 In the Honduras pilot, the livelihood component of the program did not pay off—the asset selected by most participants (a new chicken breed) failed to translate into sustainable livelihoods illustrating the importance of getting this component of the graduation approach right.

7 *The Economist*, How to rescue people from deep poverty—and why the best methods work, Dec. 12, 2015

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The design of next-generation delivery models for the graduation approach at scale remains a work in progress, with implementers all over the world creating, testing, and refining different ideas. Among government-led implementations, the delivery models that have been implemented to date fall primarily within three broad categories:

- Adding a livelihood component onto existing social assistance programs
- Using the graduation approach to link existing social protection and poverty reduction interventions
- Wholesale implementation.

Adding productive livelihoods features on to existing social assistance schemes: Ethiopia, Peru (*see box*) Paraguay, and Colombia are adding graduation-inspired productive livelihoods components into their respective countries' social assistance programs.[8]

LINKING SOCIAL ASSISTANCE WITH LIVELIHOODS: ETHIOPIA'S HOUSEHOLD ASSET BUILDING PROGRAM AND PERU'S HAKU WIÑAY

The graduation approach in Ethiopia began as a small CGAP-Ford Foundation pilot with an NGO implemented by the Relief Society of Tigray (REST) from 2010 to 2012. The Government of Ethiopia (GoE) had initially been hesitant to adopt any poverty reduction approach that included grants. When rigorous evidence demonstrated the effectiveness of the REST pilot, the GoE embraced the graduation approach, which evolved as an add-on to the Productive Safety Nets Programme (PSNP). As part of PSNP IV, the poorest 30 percent of beneficiaries (675,000 people) will receive one-time asset transfers to launch livelihoods activities on top of regular PSNP transfers. It is estimated that approximately 3.5 million Ethiopians will benefit from the program between 2016 and 2020.

A decade before creating its graduation program known as Haku Wiñay, Peru had started a conditional cash transfer program for the extreme poor through the Juntos program. But policymakers recognized that the transfers alone were insufficient to address extreme poverty.*The Peruvian Ministry of Development and Social Inclusion created Haku Wiñay by adding the elements of the graduation approach onto an existing program aimed at enhancing agricultural productivity. Thanks in part to the existing Juntos platform, which delivered cash grants, Haku Wiñay was able to reach 90,000 extreme poor families primarily in remote mountain and jungle regions. Haku Wiñay added elements such as asset transfers, skills training, savings mobilization, and mentoring.

**From 2011 to 2013, Arawiwa, a Peruvian microfinance institution, and the Peru office of the NGO PLAN International partnered in the implementation of one of the 10 CGAP/Ford Foundation graduation pilot programs. That pilot delivered the full "classic graduation" model to 800 households in the Cusco region and its success, documented by a randomized control trial, led to strong interest from the government in adapting and scaling the graduation approach.*

Using the graduation approach to integrate existing social protection interventions: Building social protection systems – creating coherent linkages between social assistance, social insurance and labour market interventions to extend appropriate levels of coverage to all stages of the life cycle – is administratively very complex, especially when it involves integrating existing programs that are managed by separate institutions. Several countries are using the graduation approach to build linkages among social assistance programs. Indonesia and the Philippines, for example, are working towards integrating their poverty-targeted programs so that people can access comprehensive packages of services, which are intended to help them move out of extreme

8 Even within the extreme-poor segments, there are especially vulnerable groups (e.g., the very old, the chronically ill or disabled, people with significant responsibilities of care for children or other family members) who may not have the capacity or necessary time to succeed in a graduation program and who will need ongoing social assistance.

poverty. The office of the United Nations High Commissioner for Refugees is pursuing this model as well, combining services it already delivers (shelter and food aid, psychological support, productive livelihoods or job training) to displaced persons into comprehensive, graduation-like packages of services.[9]

INTEGRATING EXISTING POVERTY-TARGETED PROGRAMS: The Philippines' convergence strategy

Philippines' Department of Social Welfare and Development (DSWD) is responsible for implementing several large-scale social protection and poverty reduction programs. DSWD is working to integrate three major interventions into a "convergence strategy" that creates a graduation-inspired pathway towards full economic and social inclusion:

- The Pantawid Pamilya Pilipino Program which provides conditional cash transfers to 4.2 million poor households with children.
- The Kalahi-CIDDS National Community-Driven Development Program (KC-NCDDP), which is projected to serve 2.4 million households by 2019 and aims to foster citizen involvement in local planning and budgeting to ensure greater transparency and accountability of development projects.
- The Sustainable Livelihoods Program, which already includes some of the core components of the graduation approach, such as skills training, seed capital, loans, and market linkages for people to start business activities that can eventually generate sustainable livelihoods.

Standalone graduation programs: In some cases, the opportunity to build on existing social assistance schemes does not exist. This is particularly the case in conflict affected and post-disaster settings. The graduation Community of Practice needs to learn more about whether and how the graduation can work in very fragile settings, especially since projections suggest that extreme poverty will increasingly be concentrated in fragile contexts.[10]

STAND ALONE GRADUATION: MISFA's Targeting the Ultra-Poor Program in Afghanistan

Despite relative progress and improving macroeconomic stability, poverty and insecurity remain a challenge for Afghanistan. Almost every other Afghan is living under the poverty line and an estimated 45 percent of the population is unable to purchase sufficient food to guarantee the minimum food intake of 2,100 calories per day. The Microfinance Investment Support Facility for Afghanistan (MISFA) piloted the graduation approach in 2010 in three districts of Bamyan. Based on the success of the pilot, MISFA replicated the project with CoAR, a national NGO, with some design adjustments. Now, MISFA and several other partner NGOs are starting to implement graduation projects in other parts of Afghanistan. There are very few existing poverty reduction or social assistance programs to build on, so MISFA and its partners implement all components: consumption assistance, asset transfers, specialized training in health, livelihoods, financial literacy, and mentoring.

9 Ayoubi, Ziad, Syed Hashemi, Janet Halsey, and Aude de Montesquiou. 2017. *Building Resilience through the Graduation Approach: Economic Inclusion of the Poorest Refugees*. United Nations High Commission on Refugees, Trickle Up, and CGAP (co-publishers), March.

10 Chandy, Laurence, Natasha Ledlie, and Veronika Penciakova. 2013. *The Final Countdown: Prospects for Ending Extreme Poverty by 2030.* Washington, DC: The Brookings Institution, April.

How to Use This Guide

This Technical Guide was designed for use by those interested in launching, scaling up, or improving a graduation program. The Guide primarily targets policymakers, donors, technical assistance providers, and supervisory-level staff within the implementing organizations who will have direct responsibility for program management. However, much of the Guide's material should also be of interest to other parties interested in methodologies to move extremely poor people into sustainable livelihoods.

When the first edition of this Guide was published in September 2014, several large-scale, government-sponsored roll-outs of the graduation approach were just getting underway. CGAP sought—and got—a lot of feedback on what was working differently at scale versus at pilot size, and how the approach changes when managed by a government agency versus by an NGO. We have included those insights in this second edition, drawing especially from case studies on the roll-out of the graduation approach by the governments of Colombia, Ethiopia, and Peru. Although the nature of the implementing entity (private- or public-sector player, nonprofit or for-profit contractor) may vary, the Guide assumes a degree of technical capacity on the part of the user (e.g., for preparing budgets and designing monitoring systems, for project management, for due diligence and market research).[11]

The heart of the Guide is the ***Launching a Program*** section. Each chapter in that section outlines a practical, step-by-step process for program design, implementation, monitoring, and follow-up. For the user's convenience, sample planning tools, reference materials, and other resources are embedded within the text, and are also included in the Annexes and Bibliography. The Guide's interactive technology enables the reader to navigate easily through its contents by clicking on any section or subsection on the sidebar menu.

11 The first edition (2014) of this Guide included an extensive Introduction which reviewed global trends in poverty rates and provided a more extensive history of the graduation approach's evolution. That material has been updated and is available in this second edition's Annex 1.

BRAC'S PROPEL TOOLKIT

The PROPEL Toolkit: An Implementation Guide to the Ultra-Poor Graduation Approach is intended to complement *From Extreme Poverty to Sustainable Livelihoods*. It addresses program components in depth and offers tools, forms and formats from BRAC's fourteen plus years of implementing graduation programs and technical advisory services to other implementing partners in several countries in Asia and Africa. The Toolkit also contains valuable insights and learning from peer organizations advising on and implementing the graduation approach around the world.

Structure of this Technical Guide

The Guide begins with the **Launching a Program** section, which details the process that those seeking to implement the graduation approach will wish to follow. It charts the major steps (each of which has sub-steps) and discusses each in detail. For each step, the Guide provides a list of tips and cautions.

The steps in **Launching a Program** are *Planning, Implementation, Monitoring,* and *Reaching Graduation.*

- ***Planning.*** This section describes the upfront work necessary to achieve success. Sub-steps include the development of targeting criteria to determine participants' profile; conducting an initial design workshop to assess field conditions and local staff capacity; building local partnerships; recruiting, motivating, and training staff; budgeting and financial planning; determining exit criteria; and planning for eventual scale-up. The Guide includes numerous Annexes that can be useful during the Planning phase, including **budget tools**, **targeting tools**, **sample job descriptions**, and **sample graduation criteria**.

- ***Implementation.*** The implementation section presents in depth the five building blocks of the graduation approach—consumption assistance, savings, asset transfer, technical skills training, and mentoring.
  - Consumption assistance. Considers the amount of the stipend, how long it should last, and whether it should take the form of cash or of in-kind support.
  - Savings. Discusses when financial services should start (before or after asset transfer), the link to financial literacy training, and the questions of voluntary vs. compulsory, group vs. individual, and formal vs. informal savings.
  - Market Analysis and Asset Transfer. Discusses how to match the income-generating activity to the participant's skills, and the importance of ensuring that a market exists for the goods or services.
  - Technical Skills Training. Reviews the optimal design features (highly focused, short in duration) for the training component.
  - Mentoring. Reviews recent innovations (including "e-mentoring"), but stresses that the efficacy of the alternatives to the original in-person, one-to-one intensive coaching is at present unknown. (The weekly individualized coaching component of the "classic" graduation approach was consistently identified by both implementers and participants themselves an important factor to the success of past programs. But its time- and labor-intensive nature has also made coaching/mentoring one of the main focus areas for adaptations as second-generation programs seek scale.)

- ***Monitoring.*** In the monitoring phase, it is important to gather data not only about the participants' experiences but also about implementation quality, e.g. staff's performance, including whether field workers are visiting households as scheduled and whether there are any significant variations in participant performance based on the field worker assigned. Then household-level data can be aggregated to give a picture about overall program performance. The Guide provides a **sample client monitoring tool**, includes examples of economic and social indicators, and suggests a schedule of critical path milestones according to which monitoring data should be gathered.

- ***Reaching Graduation.*** In this final stage of the graduation approach, the importance of the upfront planning will become most apparent, especially around the clarity of purpose and the definition of success. The Guide stresses that success indicators, while they should include hitting specific milestones by a certain point in time, should also incorporate a measure of potential resilience to future shocks and vulnerabilities. The graduation approach aims not for a short-term escape from extreme poverty but rather seeks to equip participants with the tools, livelihoods, and self-confidence to sustain themselves over the long-term when the program is over. The Guide recommends a graduation ceremony and includes discussion of important post-graduation follow up, including referrals to any available government services, access to health care, access to additional financial services, and ways to help those who were not able to graduate "on time."

THE IMPORTANCE OF CONTEXT

In using this Guide, it is important to remember that each implementing organization is different, with its own external operating environment, its own internal culture, and many of its own unique goals. Plan International, for example, had a specific focus on child welfare. When identifying prospective participants for its graduation project, Plan specifically targeted families with children; the project's exit indicators (for what would constitute "graduation") were likewise weighted toward child well-being metrics. Other implementers will have their own objectives as well as varying staff capacity, available external resources (e.g., technical assistance providers, financial services providers), budgets, and other factors. The Guide stresses that the graduation approach is not "one size fits all" and encourages implementers to take their unique circumstances into account throughout the planning and implementation stages.

The **Conclusion and Next Steps** section includes a discussion of specific marginalized groups (refugees,[12] people with disabilities, youth) for whom the graduation approach is being adapted, and discusses the formation of the Partnership for Economic Inclusion, or PEI, the new home for the graduation community of practice within the World Bank's Social Protection and Jobs unit. At the time of writing in summer 2017, PEI was finalizing its draft research agenda. That agenda is included in Conclusions and Next Steps along with a recap of the research findings published to date and other information about the graduation global community of practice.

Finally, the Guide's bibliography, other resources, and annexes provide much information that should be helpful to the reader. Annex 1 in particular provides extensive background history on the graduation approach and its evolution, a review of trends in poverty reduction and where graduation fits within relevant interventions, and in-depth discussion of efforts undertaken by government entities to adapt graduation to a variety of circumstances unique to the public sector.

"A Good Fit with Social Protection Programs"

This short (4:17) video describes the Graduation Approach's origins and its methodology. Several members of the growing community of practice coming together around the Graduation Approach discuss its potential to link with government-run social programs.

12 Among the useful resources discussing the graduation approach in the context of the refugee experience is the "Forging a Path to Dignity with Refugees" landing page run by longtime graduation implementer Trickle Up.

Glossary

CFPR/TUP (see "*Challenging the Frontiers of Poverty Reduction/Targeting the Ultra Poor*")

CGAP-Ford Foundation Graduation Program: A global effort to understand how safety nets, livelihoods and access to finance can be sequenced to create sustainable pathways out of extreme poverty. Between 2006 and 2014, the CGAP-Ford Foundation Graduation Program partnered with local organizations and governments to launch 10 pilot projects in eight countries. A robust learning and evaluation agenda, including qualitative research and/or randomized controlled evaluations, was embedded in all the pilot sites.

Challenging the Frontiers of Poverty Reduction/Targeting the Ultra Poor (CFPR/TUP): Holistic, sequenced set of interventions pioneered by BRAC in Bangladesh. CFPR/TUP's experience served as the model for the CGAP-Ford Foundation Graduation Program.

Client monitoring system (CMS): The system by which an organization tracks key indicators of its participants' social and economic progress. This Guide uses "CMS" to refer to the *processes* undertaken by graduation program staff as well as the software and other *tools* used in support of the execution of those processes.

CMS (see "*Client monitoring system*")

DFS (see "*Digital financial services*")

Digital financial services (DFS): Financial services delivered via digital infrastructure (mobile or internet) with low use of traditional brick-and-mortar branch infrastructure. DFS include the full range of products (digital transfers, payments, stored value, savings, insurance, credit, and more), channels (such as mobile phones, internet or ATMs), and providers including mobile network operators (MNOs or "telcos"), banks, nonbank financial institutions, and e-money issuers, retailers, post offices, and others.

Extreme poor, ultra poor: This Guide uses the term *"extreme poor"* as it is commonly used in discussions of social development goals; i.e. people living on a purchasing power parity adjusted USD 1.90 a day, the updated international poverty threshold.[13] This allows for international comparisons since most countries are tracking this indicator to determine progress on the goal of reducing or eliminating extreme poverty. BRAC uses the term "ultra-poor" to describe a similar cohort. This Technical Guide retains the term "ultra poor" when it refers specifically to programs (e.g., BRAC's TUP in Bangladesh) that employ that terminology. (See also *"ultra poor"* entry below.)

It should be noted however that graduation programs do not necessarily use only the USD 1.90 metric for targeting participants but often take other indicators of vulnerability into account. The CGAP-Ford Foundation programs, for example, relied significantly on community-based ranking. Local communities were asked (and it is worth pointing out that most respondents were themselves poor) to identify who in their community were the poorest. While most of those people so identified would almost certainly fall within the quantitatively defined boundaries based on income levels or daily caloric consumption, such participatory wealth rankings also brought in a community dimension of relative poverty. Finally, the Guide uses "extreme poor" and "the "poorest" interchangeably where desirable for stylistic reasons at various points in the discussion.

Financial inclusion: Financial inclusion means that households and businesses have access to and can effectively use appropriate financial services. Such services must be provided responsibly and sustainably, in a well-regulated environment. (See also "*Microfinance*.") Refer to **the CGAP website Frequently Asked Questions** for a discussion of the differences between the terms "microfinance" and "financial inclusion."

Graduation: The threshold point at which a participant in a graduation program is deemed to have satisfied locally determined criteria intended to ensure that he or she can sustain an economically viable livelihood and has significantly lower risk of reverting back into extreme poverty.

Graduation classic, graduation approach, graduation program: "Graduation" is accelerating and evolving rapidly as more implementers, especially governments, experiment with different operating models, either to hold down costs or in response to other circumstances. *Graduation classic* refers to the fully integrated, five-step suite of interventions, delivered in a specific sequence, which was the model implemented at the CCGAP-Ford Foundation sites from 2006-2014. The reader should remember that the randomized control trial results reported throughout this volume studied the effects of graduation classic; research remains ongoing into the impact of programs that refine one or more elements of graduation classic. The term *graduation approach* describes any carefully integrated, well-sequenced and closely monitored set of time-bound interventions designed to provide the necessary push for households to move beyond extreme poverty and food insecurity and to cross the threshold into sustainable livelihoods. A *graduation program* is

13 Cruz, Marcio, James Fosterm Bryce Quillin, and Philip Schellekens. 2015. *Ending Extreme Poverty and Sharing Prosperity : Progress and Policies*. Washington, DC : World Bank, September.

any program that implements a graduation approach, however modified (or not) it may be from *graduation classic.*

Microfinance: The term "microfinance," once associated almost exclusively with small-value loans to the poor, is now increasingly used to refer to a broad array of products (including payments, savings, and insurance) tailored to meet the particular needs of low-income individuals. (See also "*Financial inclusion.*") Refer to **the CGAP website Frequently Asked Questions** for a discussion of the differences between the terms "microfinance" and "financial inclusion."

NGO (see "*Non-governmental organization*")

Non-governmental organization (NGO): An organization that is neither a part of a government nor a conventional profit-maximizing business. Although some NGOs may accept funding from governments or work in collaboration with government agencies, an NGO by definition is not itself a governmental entity. NGOs' work often focuses on humanitarian or environmental causes.

PEI (see "*Partnership for Economic Inclusion*")

Partnership for Economic Inclusion (PEI): The new home effective 2017 for the graduation community of practice. PEI will be housed within the World Bank's Social Protection and Jobs (SPJ) Global Practice and will be supported by a consortium of other stakeholders along with the World Bank. PEI will serve the graduation approach's growing and dynamic global community of practice by providing public goods (advocacy; knowledge generation and innovation; knowledge management; standard-setting; funding and other resources) for the field as well as more intensive support to selected governments.

PPP (see "*Purchasing power parity*")

Purchasing power parity (PPP): The number of units of a country's currency required to buy the same amount of goods and services in the domestic market as a US dollar would buy in the United States.

Randomized control trial (RCT): A program evaluation in which participants and non-participants are deemed to be statistically comparable and in which participants are randomly allocated to receive a given intervention. By monitoring outcomes in both groups, the results of an RCT show the differences that can be attributed to the specific program intervention.

RCT (See "*Randomized control trial*")

ROSCA (see "*Rotating Savings and Credit Association*")

Rotating Savings and Credit Association (ROSCA): A group of individuals who meet regularly in order to save and borrow together. At each meeting, all members contribute the same amount and one member takes the whole sum, until all members have received the cumulative amount once. As a result, each member is able to access a larger sum of money during the life of the ROSCA, and use it for whatever purpose he or she wishes. This method of saving is a popular alternative to keeping cash at home where it is vulnerable to theft and to the demands of family members.

Safety nets: Noncontributory transfer programs targeted in some manner to the poor and those vulnerable to poverty and shocks. Analogous to the U.S. term "welfare" and the European term "social assistance."[14]

Second-generation graduation programs: All the graduation programs implemented post-2014 (beyond the CGAP-Ford Foundation graduation programs). Note that some second- generation programs are scale-ups, by the same implementers, of programs previously piloted during the 2006-2014 phase. Other second-generation programs are being carried out by new implementers such as governments, NGOs, and donor agencies who may be adapting various elements of graduation classic (whether as a response to their own resource constraints or as a deliberate means of isolating a given element to test its causal role in creating impact).

Social protection: The set of public interventions programs which include social insurance, labor market policies, social funds, social services, and safety nets (social assistance) aimed at supporting the poorer and more vulnerable members of society, as well as helping individuals, families and communities to manage risk.[15]

Ultra poor: A term coined by researcher Michael Lipton to describe those people who must allocate at least 80 percent of their daily expenditures for food and who cannot meet at least 80 percent of their standard caloric intake. This Guide retains the term *ultra poor* when it is part of a proper name; otherwise, to describe the sub-segment of poor population targeted by graduation programs, the Guide uses the term *"extreme poor"* (*see above*).

14 Grosh, Margaret, Carlo del Ninno, Emil Tesliue, and Azedine Ouerghi. 2008. *For Protection and Promotion: The Design and Implementation of Effective Safety Nets*. Washington DC: World Bank.
15 Ibid.

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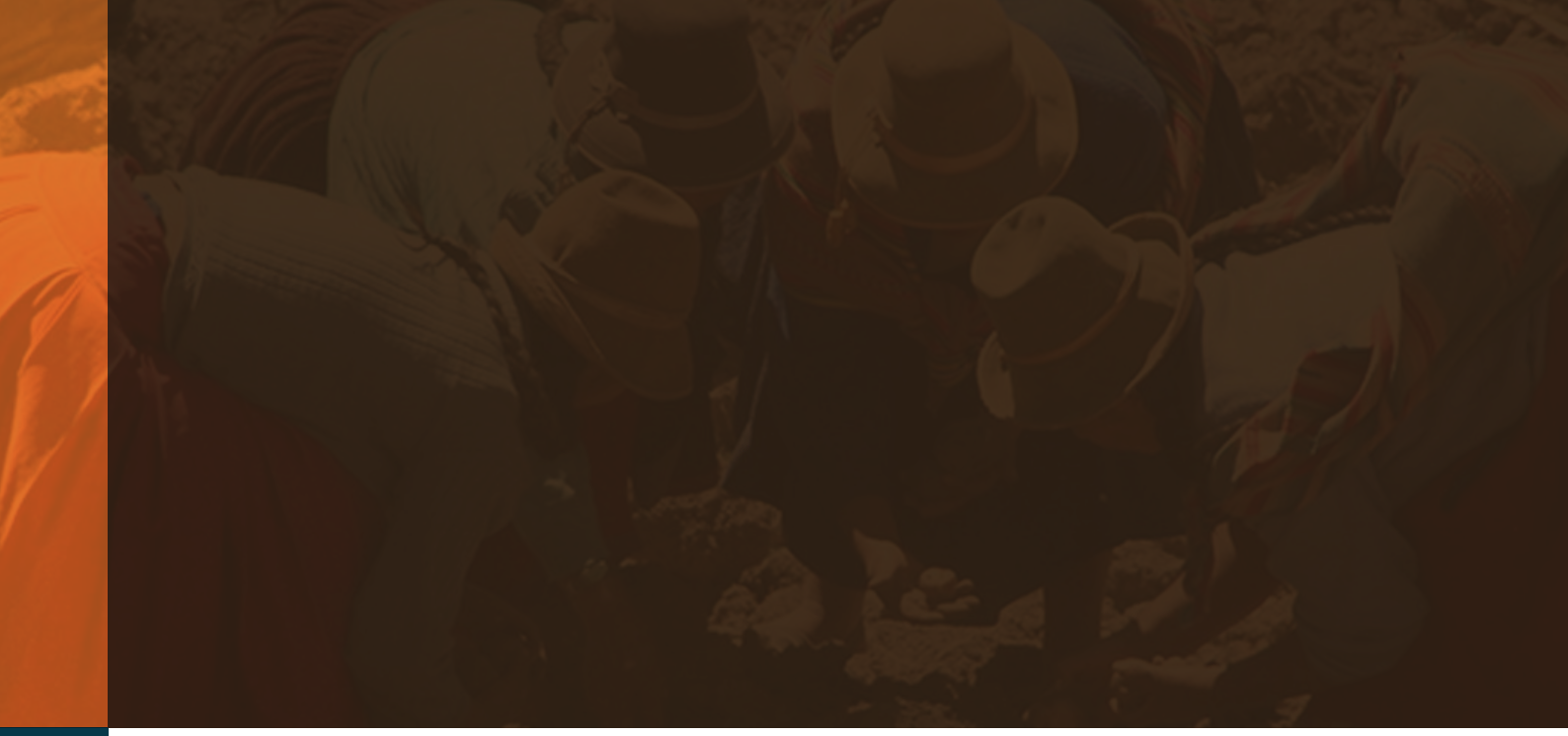

Launching a Program

In the years since the first edition of *From Extreme Poverty to Sustainable Livelihoods* was published, one of the most important trends has been the degree to which graduation programs are increasingly being implemented by governments. At the end of 2016, more than one-third of graduation programs worldwide were government-led, and of those, 70 percent had launched just within the prior year.[16] Non-governmental organizations continue to play an important role; BRAC in Bangladesh, for example, remains the implementer of the largest graduation program in the world by far. But in general, we expect that the trend toward government-led implementations will continue. As noted elsewhere, governments are more likely to possess the financial and human resources and nationwide presence necessary to operate anti-poverty programs at massive scale.

The ***Launching a Program*** section from the first edition of this Guide drew primarily upon the experience of the Targeting the Ultra Poor (TUP) program, a collaboration between BRAC, the Government of Bangladesh, and the United Nations World Food Programme, and on lessons learned from the 2006-2014 CGAP-Ford Foundation pilots. This second edition updates that content to incorporate lessons from the early second-generation scale-ups. It also includes expanded content aimed specifically at government implementers given our belief that government-implemented programs will remain a dominant and necessary trend.

One of the key ingredients for success is careful upfront planning. This is true not only for the important questions (elaborated next in this section) of participant targeting and identifying which, if any, additional services may generate positive impact for them but, prior to that, the fundamental question of whether the proposed implementer has the capacity to undertake a graduation program. Implementers who conclude that they lack the resources to offer the full "graduation classic" package (or who have other goals for their programming) can and do adapt the classic approach in a variety of creative and successful ways. Government agencies in particular are, as noted, the leading implementers of second-generation graduation programs. For them, one common tactic is to expand an existing social protection program (e.g., an ongoing cash transfer program) into a graduation program, so it is important to verify first that the existing program itself is well functioning.

16 CGAP. (2016) *Status of Graduation Programs 2016*. Washington, DC: CGAP, December.

Following below is a set of Readiness Assessment questions that have proven helpful and are suggested for future potential implementers as well:

- Is the current program efficient in terms of being able to channel funds and/or services with relatively low operating costs?
- Is it reaching the intended target populations?
- Is it effective in achieving its intended goals (e.g., increasing family nutrition, boosting school attendance, providing an economic cushion for beneficiaries)?
- Is the current program's timeframe appropriate for integration into a graduation approach (e.g., of sufficient duration to allow participants to launch and reap the financial benefits of new livelihood activities)?
- Is there appropriate staff capacity (or can it be developed) both in terms of number and skill levels of staff, acknowledging (as noted below) that adaptations to some aspects of the Graduation approach may be needed?
- Can strong potential partners be identified to co-lead or assist in delivering the various key elements of the Graduation program (e.g., expertise in providing livelihood development services, financial services, relevant training, etc.)?
- Are systems in place (or can such systems be developed) to monitor client and program indicators (e.g., changes in assets and income, number of children attending school, frequency of accessing healthcare, etc.)?
- Is sufficient funding available not only to launch/pilot the program, but to scale it up if it proves successful?

Many of these issues are explored in depth throughout this **Launching a Program** section.

Where a government agency is the lead implementer, a very useful first step would be to carry out a "landscaping survey" to determine which programs are already in operation that focus on the extreme poor. Once this universe of pre-existing resources comes into clearer focus, it will be easier to assess the desirability of combining these different resources (perhaps adding in components) so as to offer a "package" similar to the graduation approach. Such an effort could be greatly facilitated if there is a national database that keeps track, at the household level, of who is already receiving the various kinds of government benefits.

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This Guide assumes a baseline level of technical capacity (program design and management, budget development and monitoring, field research, managerial/supervisory/leadership skills) on the part of the lead implementer. We also assume that the key members of the team, especially those with direct participant-facing roles, understand the issues around extreme poverty and share a commitment to the mission of alleviating it. It would be very useful for all team members to become familiar as well with the lessons learned from implementation and research on the graduation approach thus far in other countries. In addition to desk research, interviews with key experts and field visits to other graduation program sites can help enormously.

We have created a global community of practice dedicated to the Graduation approach. That community's dedicated page on the Microfinance Gateway and other resources provide valuable information. (*See also* **Bibliography and Other Resources**.)

During the Planning phase, the lead implementing organization drives the program vision and design process. The local context must be assessed, and strong relationships with strategic partners (such as financial service providers or health clinics) established. At this stage, it is also crucial to carefully map out the financial requirements of each program phase and of management overhead, including costs for direct program components, staff, and supporting activities. Establishing upfront a solid strategy for hiring, training, and retaining quality staff will be at the heart of the program's success.

Chief among the priority tasks during the Planning stage is to develop targeting criteria for program participants. This section details some of the targeting approaches such as participatory wealth ranking that were most often used during the pilot phase. The pilot phase projects relied heavily on local input to determine the best ways to identify the extreme poor in each community. We advocate consulting with local sources, since the features of extreme poverty vary depending on context. Government-based implementers, however, may already be working from officially adopted definitions of extreme poverty and perhaps even from database registries segmenting the population by socio-economic class. If so, the targeting discussion may be less relevant for them.

For the program to maintain strategic clarity throughout its implementation, it is important, at the very beginning, to identify criteria for program success and to establish interim and end goals for program participants. These typically would include criteria for participants' exit from the program. It also is important to determine whether continued linkages with other interventions, such as financial services or healthcare, can be established, and to map out a strategy for scaling up the program if it proves successful. For government-sponsored programs, the criteria for graduation (or exit) will likely be shaped by the broader goals of that government's policymakers. Whatever specific form the metrics for success may take, those metrics should always provide households with sufficient time to build robust livelihoods. Participants need time to develop the resilience necessary to reduce the likelihood of slipping back into extreme poverty.

We examine these aspects of Planning in turn below:

1. Targeting
2. Initial field visit/design workshop
3. Building partnerships
4. Recruiting, training and motivating staff
5. Financial planning
6. Planning for participants' program exit
7. Planning for scaling up

One of the most useful resources developed recently is the PROPEL Toolkit from BRAC. This second edition includes numerous references to PROPEL. Its sections on "Program Planning," "Ramping Up," and "Program Design" provide information on many of the issues covered in this Guide's **Planning** *section.*

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Note for Government Implementers

Adapted from an article by Fundación Capital, key technical assistance provider to the Government of Colombia's "Producing for My Future" Graduation Program and to several other graduation programs in Latin America:

Prior to introducing a graduation program, it is essential to have a deep understanding of several key variables:

1) ***Existing public policies*** to see how a graduation approach could fit, complementing rather than competing with existing poverty reduction programs. For instance in Paraguay the graduation program is part of a larger "Extreme Poverty Reduction National Strategy" that involves eight different ministries with complementary objectives. In all Latin American countries where graduation programs are underway, the graduation program is linked to a nationwide conditional cash transfer program. It is important for government and technical assistance providers to co-design a graduation program that reflects local needs and characteristics. It is also important to be clear about which elements of the program can be adjusted and which ones cannot be changed without compromising the goals. To implement a graduation program at scale in the framework of public policy, it is also important to find ways to lower the program costs because public budgets are affected by economic stagnation or recession, and public programs compete against each other for finite resources.

2) ***Regulatory considerations***, as these may impact program design. For instance in Mexico, some productive inclusion programs require participants to have a tax ID number, do business with at least two other people, and provide legal invoices for each of the assets purchased – requirements that are not realistic when dealing with extremely poor households in remote rural areas.

3) ***The standardized processes of public institutions***—that is, the roles and responsibilities of relevant government entities, or different units within the same entity. A graduation program often involves more than one agency, which can be challenging. For instance, in Colombia, three government entities (the Ministry of Social Development, the National Agency for Overcoming Extreme Poverty, and the Victims' Unit) were involved in the "Producing for My Future" graduation program. Determining the right level of involvement from, and the appropriate division of responsibilities between, national and local authorities, can be challenging. It is very helpful to identify "champions" at the decision-making level within the relevant government entities (who) can streamline efforts and push a graduation program forward.

1 Targeting

Deliberately targeting the poorest—which meant excluding better-off poor households— was a crucial step to ensure that the 2006-2014 CGAP-Ford Foundation graduation programs reached the poorest populations. As elaborated elsewhere in this Guide, the graduation approach may also be a powerful tool for other sub-segments of poor and other vulnerable populations. But regardless of the specific population identified for intervention, for the targeting to be successful, the implementer must choose project sites carefully, via good first-hand knowledge of the area and reliable secondary data.

If an accurate and relatively recent/updated public household database is available, that will likely provide a sufficient basis for the targeting. This is an important consideration because the targeting step can become time-, labor-, and cost-intensive if it must be based solely on field research. As noted, government-led implementations often enjoy a head start since most governments do have large databases that can be used for targeting. But of course, to be useful, any database must be up-to-date, and the information contained in the government databases does not always coincide with the reality on the ground. If that is the case, an additional targeting mechanism such as community input must be added. Although it adds time and cost, verifying database-derived information with the local community not only helps ensure accuracy, it also builds local buy-in and goodwill.

In addition, a central registry (as opposed to multiple databases held within different ministries), reduces institutional fragmentation. LISTAHANAN from the Philippines provides a good example of a government database with poverty indicators that can serve as a starting point for targeting. Pakistan too maintains a similar database, updated every few years, with scores on the poverty levels of households through a survey using a poverty scorecard.

In cases where household databases are not available (or not accurate), the targeting process can include:

- geographic targeting
- community input on wealth ranking
- household means tests
- cross-verification to confirm accuracy and comprehensiveness

(See also the **documentation on the four-step targeting process** *in the Annexes & The BRAC Approach to Targeting).* There are several methodologies to conduct the targeting process (See BRAC PROPEL Toolkit page 52)

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2 Initial Field Visit/Design Workshop

Before deciding to launch a graduation program, the lead implementer and key partners should carry out a design workshop. This workshop should explore several crucial issues and considerations. The most important of these issues, the one which will shape all the others, is the fundamental question of the target population the implementers seek to reach. As noted throughout the Guide, the graduation approach as implemented during the 2006-2014 pilot phase systematically targeted the extreme poor, for the reasons elaborated in the Introduction (the fact that such people are the most in need while at the same time being the most overlooked; the fact that reaching them, while difficult, can have major impact). What we know about the approach's effectiveness is based primarily on its implementation with that extreme-poor population segment and to a lesser extent, on early learnings from adaptations to other vulnerable groups such as refugees and displaced persons. As the approach continues to evolve and expand, we look forward to continuing to build the global knowledge base about its effectiveness for different populations and in different contexts. We recognize that there are different perspectives on the question of vulnerability, and that different implementers will have different social and programmatic goals which will shape their priorities for participant targeting.

However determined, once the fundamental issue of the desired target population has been clarified, tasks to accomplish in the design workshop include:

- An assessment of the living conditions of the target participants to explore their economic potential and the barriers they face
- An on-the-ground assessment of potential lead implementers 'capacity and the capacity of other partners (e.g., financial service provider, safety net provider)
- A review of the contextual conditions *(see list below)* that will define how the basic graduation approach may need to be adapted
- A review of the market opportunities and linkages that will be key to identifying the types of livelihoods to be supported
- A determination of the amounts, types, and duration of assistance to be provided to participants

- A detailed discussion on staffing, budgets and timelines
- The design workshop team typically should comprise key staff of the lead implementer and key partners, as well as graduation approach experts. This workshop should ideally take place for one week, and should include a couple of days in the field as well as a two- to three-day planning workshop (with the partners' executives and field staff) to map out the program design.

Workshop participants need to make sure they understand the relevant economic, social, and political issues in their region. Literature review can be helpful, but the deepest insights will come during the field interviews with potential program participants themselves.

The design workshop must produce an understanding of the lives of those in extreme poverty and the context in which they live so that the building blocks are designed appropriately. Topics to explore include:

- Population density and demographic profiles
- Local poverty indicators and prevalence of different poverty levels, including food security levels and seasonal deprivations, as available.
- Geographic terrain (e.g., highlands, marshes, drought-prone areas) and exposure to natural and human disasters (e.g., earthquakes, drought, pollution, migrations).
- Initial scan of local livelihood opportunities, including an overview of market access in various value chains (e.g., vitality of local markets, distance, time and cost of travel to closest town, road conditions, availability of public transport) and the suitability of those opportunities based on the skills of the program participants and the environmental context—weather conditions, availability of water and fodder, etc.—of the geographic area.
- Scan of local employment opportunities.
- Overview of local financial access (e.g., levels of access to formal or semi-formal financial services) and healthcare providers (e.g., assessment of healthcare quality and accessibility in terms of physical distance and costs).
- Which services (beyond the graduation building blocks themselves) must be included given the specific characteristics of the extreme-poor families in the area, lest participants' ability to succeed in the program be compromised. Examples of frequently crucial services include healthcare or veterinary services.
- Capacity of lead implementer (whether with its own resources or via a partnership) to deliver any such additional services identified as critical.
- Identification of potentially complementary government social protection interventions and NGO activities.
- Understanding of local power structures through key informant interviews and focus groups.
- Political instability and macro-economic factors/shocks (e.g., food crisis, inflation, etc.).

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A combination of the preliminary research outlined above, including an exploration of the various alternatives and options, will result in a better understanding of the extreme-poor families to be included in the project. This process will likely reveal multiple areas where potential participants face an array of resource deficits, so an important part of the planning process is to determine which of these deficits could prevent participants from completing the program successfully. For instance, extreme-poor families often lack sources of clean drinking water and they also often face considerable vulnerability from health shocks. A lack of potable water, while certainly a health risk, is unlikely to derail economic progress for the household (and can be mitigated by training participants about safe drinking water management). However, healthcare expenses could easily cause the family to sell off assets or prevent them from building savings. The health component, in this case, may be deemed essential.

The next decision is whether the deficits to be addressed can be managed through a partnership or whether, because partnerships are not feasible, the work will have to be integrated into the project by the lead implementer. For example, in the Haiti Graduation pilot, improving participants' housing conditions was deemed critical to ensuring program success due to frequent floods and hurricanes yet no partner was available to offer this service. Therefore the lead implementer, Fonkoze, determined that they themselves would need to provide support to participants for establishing a nine square meters house with a corrugated iron roof as a core component of the project. (Partnerships are examined in detail in the following section.)

One useful tool to create during the Design Workshop is a logical framework (or log frame)—a matrix that sets forth all the desired objectives, the key indicators to track for each one, the criteria for verifying whether those indicators have been achieved, and the assumptions upon which the program rests. In Afghanistan, MISFA developed a log frame *(see next page)* which clearly states, among the assumptions, that program success will depend in part on the security environment and absence of natural disasters. Each graduation program's assumptions (and its objectives and thus key indicators) will be different. The objectives and indicators may also need to be adjusted as the program gets underway and the field-level realities become clearer. But generally, developing a logical framework during the design workshop phase will provide a roadmap to guide the program's work, and will be a necessary document to refer back to for both ongoing monitoring and when the time comes for program evaluation._

3 Building Partnerships

A graduation program brings together multiple interventions, and this usually, as discussed below, requires multiple institutions. Ultimate responsibility for the program, including for coordinating all the others' efforts, must reside with one entity, the *lead implementer*. That entity may itself be a provider of one of the program's elements. During the 2006-2014 CGAP-Ford Foundation programs, the lead implementer was usually the livelihoods experts; since then, the second-generation government-led programs often vest lead implementer responsibility with a social protection ministry.

Note for Government Implementers

It may be a good upfront investment to commission a government-wide inventory of all anti-poverty interventions already in place. As noted, many countries have various programs aimed at the extreme poor scattered throughout multiple ministries, and then further broken down by federal vs state or provincial programs. An inventory that provides the big picture of all the programs can be an extremely useful starting point, and can be the starting point for a feasibility study to see which ones might conceivably be combined or coordinated to achieve the goals established for a graduation program.

Regardless of any direct operational role for any of the graduation program's specific elements, the lead implementer should possess:

- a strong commitment to serving the target group
- strong organizational capacity
- systems in place to manage a complex program
- the ability to hire and retain qualified staff
- strong local knowledge
- established presence and credibility in the community.

The lead implementer will also need expertise in identifying strong partners and forging good working relationships with them. As noted, the graduation approach delivers multiple, intensive interventions. Few organizations have the expertise or financial capacity to offer all the components of the graduation approach effectively, so building appropriate partnerships is crucial. When establishing partnerships, the leadership of each organization—both the lead implementer and the prospective partner—needs to ask itself:

- What do the graduation program participants need?
- What can we do well, and what else is needed?
- Who is working in the same geographic area that does these other activities well?

Due diligence by all concerned is essential, so that everyone involved recognizes what each party can—and cannot—bring to the collaboration.

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Figure 1 illustrates the respective roles played by the key implementing partners:

FIGURE 1: TYPICAL PARTNERSHIP MODEL FOR A GRADUATION PROGRAM

- An agency with expertise and resources for offering social protection services, such as cash transfers, food support, healthcare services, or a combination of these.
- A livelihoods provider able to assess appropriate self-employment (or employment) opportunities, deliver the required assets, and offer technical skills training and mentoring.
- A financial services provider, able to provide savings services, financial literacy training, and (over time) other financial services such as credit and insurance.

Finding good partner organizations is one of the most challenging aspects of implementing a graduation program. Forging the terms of the partnership, optimizing the operational and reporting structures, and nurturing the relationship is a time-consuming process. But it is worth investing time upfront to make sure there is clarity on the partners' respective roles and responsibilities. Financial commitments, staff relationships, deliverables, reporting relationships, and timelines should all be clear.

What if no suitable partner can be found?
As discussed throughout this volume, a graduation program design team decides during the planning phase which of the approach's components will be integral to the achievement of the goals they set for that program. If there is no in-house capacity to deliver one of those components, and no suitable partner can be found (or is cost-prohibitive), then the design team must make some decisions. Haiti's Fonkoze did not have, and could not find, the capacity to support participants with prefabricated housing, so Fonkoze decided to develop that capacity in-house. They saw safe housing as non-negotiable and their organizational culture is highly adaptable and entrepreneurial. Peru's Haku Wiñay program saw the mentorship component as integral to its goals. The team determined that the same village elders who delivered its program's technical skills training also enjoyed sufficient standing and respect among the participants to deliver the mentoring component as well, eliminating the need to find a third-party partner organization for that component. Although such creative solutions can be viable, it is important to evaluate them realistically: not every organization or individual is sufficiently nimble to take on significant new or additional roles. If a graduation program element is seen as integral, and no capacity to deliver that element can be identified, it may be appropriate to revisit the go/no-go decision.

Beyond this, successful partnerships require a shared vision, aligned ethics, ongoing communication, and trust.

Partnerships for Vital Services

Two examples of partnerships from the CGAP-Ford Foundation Graduation Program illustrate the importance that linkages to health services played during the pilot phase. In Haiti, Fonkoze forged a partnership with Partners in Health to provide basic health care and disease prevention services, given this crucial need among program participants. In India, Trickle Up formed alliances with local government health clinics.

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Livelihood provider

As noted above, during the 2006-2014 CGAP-Ford Foundation graduation programs, the lead implementer was usually an NGO with expertise in livelihoods development. As government-led programs increase, the livelihood development components may be implemented either by a government agency directly or in partnership with an NGO. Even if the livelihoods component is provided directly by a government agency, it is not necessarily the case that that agency will also act as lead implementer. One trend in government-led, second-generation programs is to layer graduation onto an existing large-scale cash transfer program. That cash transfer program *de facto* becomes the source of the graduation program's consumption assistance element, and often the ministry responsible for the cash transfers also takes on lead implementer responsibility for the full graduation program. The livelihood provider (whether government agency or NGO) may also have a job training or workforce readiness function. Although graduation programs in isolated rural communities are likely to remain focused on self-employment livelihoods for the foreseeable future, for participants (especially youth) in urban and peri-urban settings where there are jobs to be found, graduation programs increasingly supplement livelihoods training with job training and placement.

Financial services provider

Savings are crucial for participants to build up assets and, ideally, to familiarize themselves with a formal financial institution. Loans may also be important to some program participants once they launch their income-generating livelihood activity. In "graduation classic," access to savings is one of the earliest steps in the process, coming second only to immediate consumption assistance in most cases.

To the extent possible, savings should be managed by a professional financial services provider. In the case of the graduation pilots, this was most often a microfinance institution, but it can also be a postal bank or a digital financial service provider. To assess a potential financial partner, the lead implementer must check the partner's ability to offer and service small deposits, its financial strength, its staff capacity, and its mission.

The economics of providing access to finance (and especially to savings services) to the poorest will differ depending on whether the graduation program is designed as a pilot or is integrated into a national social protection program. When designed as a pilot, these services will not be profitable in the short run. The financial services provider must be driven by its social mission in the short

term, and by an aspiration to potentially expand its client base in the medium to long term. In some cases, the savings component can also be delivered by creating or partnering with sound self-managed savings groups.[17]

Social Protection Provider

As noted, second-generation graduation programs are often built on the foundation of an exisiting government social protection program, such as conditional cash tranfers. In programs where the lead implementer is a livelihood NGO or a microfinance institution, one common form of alliance is with government social protection agencies (and especially departments implementing safety nets programs) when these exist in the targeted area. These potential collaborators may be in a position to fund or even deliver the consumption assistance elements of the graduation approach, though they may choose not to be full-fledged partners but instead to focus only on the social protection component. The graduation pilots in Ethiopia and Peru rely on their respective governments (the Productive Safety Program in Ethiopia and JUNTOS in Peru) to provide the consumption assistance component of the graduation approach. In Pakistan the consumption assistance is provided by the Benazir Income Support Programs cash transfers. In the Philippines the convergence strategy links up multiple existing government-run programs into a coordinated, graduation-inspired whole. In all these instances (and others), by linking with existing social protection programs, the graduation approach leveraged available resources (the all-important food security/ consumption assistance), capturing significant efficiencies of scale in the process

THE GRADUATION APPROACH AND PARTICIPANT HEALTH:
The links between cause and effect

Many graduation programs include health-related metrics (e.g., fewer work days lost to illness; regular medical check-ups made part of family life; previously deferred health issues receiving attention) among their criteria for graduation. Implementers realize that for those criteria to be achievable, graduation programs must include linkages to health care resources, so they build partnerships with healthcare providers into their program design. An important area for future research is the complex, dynamic interplay between participants' health and their economic circumstances. Given that health emergencies are a primary reason for extremely poor households to lose their savings, sell assets, and go into debt, graduation implementers must consider whether health linkages are optional or alternatively, whether they should be an integral part of the graduation approach. In situations where low-cost or even free healthcare is available but poor households have been failing to access it (the poorest families often live in such extreme isolation that they are unaware that resources are available or how to use them), leveraging that existing healthcare infrastructure improves health outcomes among program participants. Many graduation programs also include basic preventive healthcare training and messages (e.g., the importance of hand-washing and other hygiene practices; the importance of boiling drinking water if local sources are unsafe) in their mentorship components. Healthier lives also provide the necessary precondition for participants to develop livelihoods and engage fully in the graduation program. Finally, regular access to healthcare is one critical element in building participants' long-term resilience to withstand (or avoid) future shocks. When possible, the potential for linking participants with microinsurance services should also be explored.

17 For technical resources on village and loans savings associations and self-help groups, see for example Weingärtner and Pichon (June 2017); Bali Swain and Floro (2010); Greany, Kaboski, and Van Leemput (2013) or other resources in the Bibliography.

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We suspect there will be a growing potential for cross-linking participants to multiple complementary programs as more governmental social protection programs, such as Brazil's Bolsa Família program, the National Rural Livelihood Mission in India, KUBE in Indonesia, or the Benazir Income Support Programme in Pakistan grow to appreciate the complementary nature of the graduation approach's features with their own work. As noted, there are already many opportunities in those countries with large social protection programs because they have already had experience with conditional cash transfers, have built databases with critical information about their poorest populations, and can provide the convening platform to coordinate government efforts across ministries and agencies.

Partnerships must be nurtured by strong management and good communication. Relationships often break down because parties are not aligned on delineation of responsibilities, branding, attribution of results, or other operational and communications issues. The senior members of each partner organization must clearly communicate the rationale for the partnership and its terms of reference to all levels of staff. Although each party will of course need to pursue its own interests in any partnership, it is important to be sensitive to the challenges of power imbalances and of varying appetites for risk among two or more partner organizations. Ongoing, honest communication between the organizations makes a decisive difference.

Government implementers face various challenges of their own in implementing a holistic interventions. In Indonesia, the government is testing and adapting the graduation approach among beneficiaries of its conditional cash transfer program known as Program Keluarga Harapan (PKH), while also including elements of the KUBE Program, a pre-existing business entrepreneurship program in place since 1983. Because the PKH program conditions the cash transfer to poor families upon those families' compliance with health and education requirements, the graduation program has those linkages pre-incorporated. So Indonesia's core challenges include:

1) How best to bring together all the various components of the graduation-like package and blend them together.
2) How to foster greater institutional coordination given that several activities fall under different ministries.

For instance, while most activities for the PKH are housed under the Ministry of Social Affairs, the scholarship program is with the Ministry of Education, and the health insurance lies with the Ministry of Health. This scenario is not uncommon; in government contexts, in fact, it is the rule rather than the exception. In general, the greater the number of ministries and offices across which the graduation building blocks are spread, the greater the coordination challenges for the lead implementer. *(See also "Notes for Government Implementers: Three Countries' Experiences with Building Partnerships and Alliances.")*

Three Countries' Experiences with Building Partnerships and Alliances

Given the varied and complex nature of the interventions included in the graduation approach – which span social protection, livelihoods development, and financial services – often no single agency is able to implement the full package. The lead implementing agency must often serve as the focal point for partnerships with other ministries, as well as alliances that include NGO advisers and co-implementers.

The graduation program in **Colombia**, "Producing For My Future," partnered with multiple other government agencies, as well as with its key technical assistance provider, the NGO Fundación Capital. The design process began in 2011, led by the Department of Social Prosperity (known by its Spanish acronym DPS), with the participation of the Department of National Planning and the National Agency to Overcome Extreme Poverty (ANSPE). ANSPE facilitates social welfare programs to poor families across the country, providing consumption assistance in addition to other "safety net" options. DPS was able to leverage this ANSPE-delivered support for most of the families targeted for "Producing For My Future." Other DPS departments, including the Unit for Integrated Attention and Reparation of Victims (serving families displaced by Colombia's internal conflict) were involved in the selection of program sites. After launching in 2012 as a pilot program within DPS, additional technical assistance was provided by Colombia's National Learning Service Agency (SENA), a government initiative focused on capacity building to foster employment. In the design phase of the Colombia program, Fundación Capital and DPS intended to create alliances with universities and other local institutions to provide technical assistance, including enlisting students from regional universities to provide assistance, for example, in animal husbandry or agricultural technology. DPS and Fundación Capital wanted formal agreements that would ensure professional technical assistance and a consistent level of support and follow-up during the project. However, they were unable to formalize working agreements, so participants were dependent on local, less specialized veterinary assistance, rather than finding technical support focused on their specific needs.

The experience from **Peru** provides a good example of successful management of a significant number of partnership relationships. Peru's Ministry for Development and Social Inclusion (MIDIS), the lead implementer of Haku Wiñay, is supported by other federal government agencies, as well as municipal governments, bilateral aid organizations, development NGOs and coalitions, and citizen groups. The program is implemented through a formal agreement between MIDIS's Cooperation Fund for Social Development (FONCODES), municipal governments, and local "Implementing Groups" made up of representatives of the communities served. FONCODES provides funding, technical assistance and program supervision, while municipal governments contribute financial and in-kind support such as transportation and office space. Peruvian and international NGOs and bilateral aid agencies provide technical assistance and funding that support specific Haku Wiñay activities.

Ethiopia's Productive Safety Net Program (PSNP) also brings together a significant number of donors, government ministries, NGOs, and microfinance institutions. There are 11 donors for PSNP, including the World Bank, the UK Department for International Development (DFID), the United States Agency for International Development (USAID), the European Commission, the United Nations International Children's Emergency Fund (UNICEF), and the World Food program. The Government of Ethiopia provides the consumption assistance, asset transfers, technical skills training, and mentoring. NGOs, including regionally-based organizations, play a number of roles at the local level, such as providing financial literacy training and establishing Village Savings and Loan Associations.* Financial institutions are a key component of the asset transfer program, as savings programs must be established for participants. In addition, a range of Ethiopian Government ministries, including the ministries of Women, Youth, and Children's Affairs, will be asked to take on expanded roles in this next phase of PSNP. In short, the large number of partners involved in the process provides the opportunity for program participants to receive tailored support from specialized institutions and ministries, but also creates significant challenges to coordinate all the actors.

**A Village Savings and Loan Association, or VSLA, is a group of people who save together and take small loans from those savings. The activities of the group run in cycles (typically of one year), after which the accumulated savings and the loan profits are distributed back to members. The purpose of a VSLA is to provide simple savings and loan facilities in a community that does not have easy access to formal financial services.*

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Tips and Cautions

Successful Graduation Program Partnerships

Ensuring successful partnerships is as hard as it is crucial. Common success factors include

- Sharing a common vision and commitment to the participants.
- Clarity on respective roles and responsibilities
- Ensuring the objectives and ethos of the collaboration are transmitted to all levels of staff.
- Articulation of the underlying expectations and points of possible contention.
- Upfront establishment of a structure for ongoing, regular communication at both the senior and field-staff level (e.g., a detailed Memorandum of Understanding, status reports shared among all staff followed by weekly meetings, quarterly steering committee meetings, conflict resolution procedures).

Even though the most important factors for partnership success may well be subjective (i.e., how well the lead implementer's staff get along with other organizations' staff), clear assessment of the following factors can help build viable partnerships:

- What populations do the potential partner typically reach?
- How "grounded" are they in the local communities where the Graduation Program will be launched?

"Part of the Family"

According to one graduation program manager, staff should feel "like the participant's own family," showing strong commitment and empathy in the participant's fight against extreme poverty. Steven Werlin of Fonkoze noted: "The heart of our case managers' work unfolds in the visits they make every week to our members. Each case manager is responsible for fifty families, and these visits are our best chance to track and to facilitate their progress. Our job is not simply to give them the assets they need to change their lives, but to ensure those lives change. The assets we give them are important, but would not be enough because most of our members lack the knowledge and the mindset to make something out of their assets. They need close accompaniment, and that's what our case managers offer."

4 Recruiting, Training, and Motivating Staff

The graduation approach is staff-intensive, in terms of requiring both a high ratio of staff-to-participants and a deeply dedicated and qualified staff. The importance of having the right staff, who can communicate the right messages and motivate participants, cannot be over-emphasized. Program staff need a special mix of professional skills and personal qualities, ranging from technical expertise in specific livelihoods to listening skills and empathy for participants. But this does not mean all staff need advanced degrees or high levels of technical proficiency. Participant-facing staff need to have strong understanding of the poor and empathy for them, but if they lack strong technical knowledge on livelihoods or finance, experts can help by providing specialized technical training.

To start with, staff should have a strong knowledge of the community where they will be working. Hiring staff from the region where the program is to be implemented (but not from the same village or community lest preferential treatment or other conflicts of interest arise) can help ensure the right cultural and geographic knowledge. Staff should also have an understanding of the livelihoods that participants select (following the training from specialized livelihood experts) so that they can provide any needed future help directly or provide referrals in more complex situations. Staff should also be able to help participants develop knowledge and confidence in financial planning and management and finally, should also have strong interpersonal skills to motivate and mentor participants. Typically, this means empowering participants and boosting their self-confidence, but also encouraging them to change any self-defeating habits.

Staff orientation and training

As described above, graduation program staff need an unusual mix of qualifications, encompassing local knowledge, technical capacity, and interpersonal skills. BRAC USA describes three levels of required staffing: field staff, technical specialists, and managers, each with a unique role to play in implementation.[18]

Effective staff training is important both during orientation sessions and throughout the implementation of the Program with refresher trainings. Staff training should be field-based as well as classroom-style, so trainees get a deep sense of the realties and challenges faced by program participants because, from the outset, staff should be sensitized to the essence of the graduation approach: a respect for the participants. Staff must in no way look down on the participants because the participants are the extreme poor. To the contrary, staff must have—and be able to show—respect at all times. Field staff in particular, because they are the program's "face and voice," must understand and respect the community's issues, and must understand why the program is needed and how best to communicate with very poor households.

Staff may also need training on the relevant livelihood activities and the skills needed to operate them successfully. Some graduation programs have hired staff with existing technical expertise, while others have focused more on hiring staff with the appropriate attitude and commitment, and then providing them with the needed technical skills (e.g., through trainings with veterinarians, entrepreneurs, etc.). Ultimately the task is to transfer knowledge to program participants, often through stories and pictures, and other creative ways(such as using tablets) of imparting information to people who are illiterate and who, having never gone to school, are unaccustomed to being taught via traditional pedagogical methods.

18 For a detailed discussion of these three levels and their respective requirements, see the PROPEL toolkit, Dharmadasa et al (2015), page 43.

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To prepare field workers for the challenging task of mentoring, Trickle Up created training tools on livelihood planning. The tools increase staff's technical capacity to assess market conditions (so that the staff can better advise participants in the choice of livelihood activities), sensitize staff to poverty issues, and enhance facilitation skills. According to Trickle Up's evaluation, the West Bengal pilot also achieved an important breakthrough when field agents began strategically integrating access to government infrastructure programs (e.g. for community irrigation) into the livelihood planning phase. This allowed staff to expand the menu of additional and potentially more profitable livelihoods which, absent the access to upgraded infrastructure, would have been unfeasible.[19]

19 Siahpush, Amenée, Jo Sanson, and Matthew Bombyk. 2015. *Evaluating Graduation in India: Findings from a Quasi-Experimental Evaluation in West Bengal*. Kolkata: Trickle Up.

Three Countries' Experiences with Recruiting, Training, and Motivating Staff

Government-led graduation programs often execute via existing staff both to contain costs and to leverage in-place networks and local knowledge. This tactic makes practical sense, but it also means that providing the right degree of supervision becomes crucial. Graduation-related responsibilities demand that government employees take on new tasks beyond their standard duties, putting pressure on them in terms of both time constraints and professional expertise. Managers need to recognize this and offer appropriate training and ongoing support.

In **Colombia**, overall management was undertaken jointly by a project manager from the Department of Social Prosperity and an implementing team from Fundación Capital. The Fundación Capital team included a program director, an operations manager (responsible for training mentors and on-site coordinators, and for liaising with municipal leaders), and a site-level project manager. In the field, government "municipal coordinators" managed mentoring staff. Each week the coordinators would meet with the mentors to review their weekly work plan and troubleshoot any challenges facing the participants. The operations manager also spoke at least weekly with the coordinators and the mentors, and made monthly visits to each site. Mentors were hired locally, a strategy to help build participants' trust (they have the same accent, know the area, etc.). However, due to the rural nature of the pilot sites, finding qualified people (who meet the requirements of education levels and work experience) has been a challenge. Turnover was high among the mentors between the first and second years of the pilot, requiring time and resources for orientation of each new team member. This challenge led Fundación Capital to create on-line, virtual classrooms to train new mentors, an innovation that is now being implemented as part of mentor training in the scaling up of the program.

In **Peru**, the Haku Wiñay program has also addressed staffing constraints in a very innovative way, recruiting participant-facing staff from among the trusted leaders of local and nearby communities. These *Yachachiqs* (Quechua for "teacher") are selected based on their business acumen and agricultural expertise. This is supplemented by additional training in the ecological technologies which the program promotes, and in which the *Yachachiqs* in turn train program participants, including irrigation systems, organic fertilizers, raising chickens and guinea pigs, installing improved stoves, and preparing safe drinking water. Given the positions of respect they occupy in their local communities, the *Yachachiqs* are also able to serve as de facto mentors, as discussed below in the Mentoring section.

Ethiopia's PSNP relies on a network of development agents, whose role will be expanded to cover the additional programmatic elements of the graduation approach. The government recognizes that a major challenge ahead will be managing the increased workload, taking into consideration the agents' other responsibilities.

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Recognizing that it is not easy to find staff with a skill set spanning all areas of the graduation approach, some programs have chosen to pair those staff members with technical skills (e.g., livelihoods experts) with those staff who have social development skills. Each member of the pair alternates weekly visits to the participants, each focusing on his or her specific area of expertise. Organizations with limited capacity can assess their strengths and hire accordingly. Initially, Trickle Up in India recruited junior field staff, but found that too much time was required to build staff capacity to address the many needs of the project. Subsequently, Trickle Up hired staff with two to three years of experience in development work. This increased salary expenses, but reduced the oversight required.

Finally, the increasing using of electronic tablets and other technology solutions can ease the burden on staff to possess or acquire specialized expertise. In Fundak's program in Mexico, tablet-enabled videos and other standardized content allow for harmonization of content across large numbers of participants, an important factor when staff capacity is limited and one that will become even more so as graduation programs ramp up to massive scale. The table is also a way to monitor staff performance. Fundak tracks any gaps in time and data usage to check whether the content is being delivered as intended. In Paraguay, they found time-stamped evidence of a staffer skimming through the content in his own home rather than reviewing it with graduation program participants. At scale, the tablets can signal potentially materially significant gaps in program delivery.

BRAC's Experience

The Challenging the Frontier of Poverty Reduction (CFPR) approach demands a more compassionate work force compared to microfinance. The real challenge is creating such a compassionate work force and managing it with a focus on achieving results. This involves significant change and innovation in management. CFPR management chose to recruit fresh graduates arguing that the program approach required fresh perspective and a new work culture. Meticulous planning, attention to detail, close supervision from senior management to build the capacity of the fresh cadre, structured problem solving, focused regular meetings with staff at various levels including frequent meetings with the senior management, were some of the critical management factors that led to the success of CFPR. All this is combined with infusing a strong sense of purpose and pride in the CFPR workforce, a sense of accomplishment in working on a challenging and innovative program, understanding grants not as give-aways, but as a tool to achieve sustainable improvements in the lives and livelihoods of the ultra-poor, and a strong feeling of everyone, irrespective of hierarchy, of being able to contribute through new ideas. In addition to extremely structured and well-maintained field level documentation of every program activity, field staff had regular assignments on different types of localized and general problems and puzzles faced by the program. This allowed them to exercise their analytical capacities and feel that they had a role in the bigger picture and strategies of the program. Source: http://graduation.cgap.org/library/a-graduation-pathway-for-the-ultra-poor-lessons-and-evidence-from-a-brac-programme/

5 Financial Planning

The upfront and ongoing investments required by a Graduation Program are high, but costs are reduced when programs build on existing cash transfers and or other programming. Although some economies of scale may be possible when programs scale up, the graduation approach is unlikely ever to be a low-cost proposition. Total program costs per participant for the program have varied widely, based on location (e.g., cost of inputs, local wage rates, etc.), duration, and number of participants. Costs include consumption assistance, assets transferred, program staff, and head office overhead. Variations can stem from the emphasis programs place on each of the building blocks (e.g., size and duration of consumption assistance, amount spent on the assets, head office management costs, and cost-sharing in partnerships or alliances for other components such as healthcare).

The Budget Tool included in the Annexes lists the main budget line items for each element of the graduation approach. It shows the range of level of effort for staff and the range of approximate costs (quoted in USD) for other program components. See also section "Understanding Costs."

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6 Planning for Participants' Program Exit

A Graduation Program is structured and intensively managed with an end goal in mind: participants' graduation out of extreme poverty and into sustainable livelihoods after a time-bound period of between 18 and 36 months. Criteria that indicate people are ready to graduate are context-specific. But they usually include measures of nutrition, stable and diversified incomes, increased assets, better access to healthcare and education, and improved self-confidence. These criteria are used to assess not only the status of an individual at a specific point in time, but also aim to incorporate a predictive measure of resilience to future shocks. Typically, 18 months is too short to build participants' resilience unless a follow-up support program is in place.

In most sites participants have needed between 24 and 36 months to move into sustainable autonomous income. It is unlikely that most program participants will have moved out of poverty altogether after 36 months since their incomes were so low at the start of the program. This is an important point to remember particularly as the graduation approach becomes increasingly adopted by government agencies. The hope is that Graduation participants will be on a trajectory to cross the poverty line entirely into "non-poor" at some point in the future. But if at the end of 36 months, a graduation program participant's poverty level is still such that he or she qualifies for social protection coverage, that coverage should remain available.

Regardless of how the program is structured, the expectations need to be clearly and consistently communicated to the participants. All participants need to know from the start that the graduation program is time-bound, and that some of the components (e.g., the consumption assistance) will only last for a set period of time. Participants in countries where social protection programs are available need to know whether participation in a graduation program will affect their eligibility for social protection coverage and if so, how.

The lead implementer and its partners need to make sure that there is some continuity for participants beyond the end of the program. This continuity can take various forms. Graduation program participants may become clients of a microfinance institution. They may become NGO members, or join savings and credit groups (or other peer groups) or take part in ongoing mentoring relationships with elders in their community. It is important that the discipline that the graduation program emphasizes—in managing livelihoods, in saving and managing funds, in taking care of themselves and their families—and the related economic gains not be lost in a sudden exit from the program.

A graduation program should establish clear performance indicators for its participants in every area the program is designed to impact—from savings to livelihood performance to empowerment. That said, only a small subset of the indicators should be considered the "graduation criteria" which define whether participants have successfully completed the program. As discussed at length in Reaching Graduation, all indicators should be coherent, meaningful, and measurable (and regularly measured). But not all indicators need to have the same weight, and staff should decide which ones are absolute conditions for graduation.

Some Sample Graduation Indicators (from the 2006-2014 Pilot)

All 10 Graduation Pilots shared a common overarching objective: participants' achievement of sustainable livelihoods, and their increased resilience against the possibility of any reversion back into extreme poverty. Specific criteria for "graduation" were determined at the local level. **Sample graduation criteria** are included in the Annexes. These criteria included

- All children aged 5 to 10 must be attending school if a school is accessible in a radius of 1.5km. (Pakistan)
- The family home has a viable roof, and no one is experiencing malnutrition—children are enrolled in feeding programs if needed. (Haiti)
- Increased awareness of children's rights. (Peru and Honduras)
- No female member of the household married before age 18. (Yemen)
- Participant maintains basic hygiene and has access to healthcare and safe drinking water. (India)
- Participants are aware of accessible government programs. (India)

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7 Planning for Scale Up

If the program proves successful, the partners or others (e.g., governments or NGOs) may want to scale it up by further honing the approach, making it more cost-effective, and offering it to additional households in the same or other areas. It is important to think through what scaling up would entail—especially in terms of human and financial resources—even during the planning phase of the initial implementation. The partners must stay ever-mindful of opportunities to make the program more efficient and effective, and begin to identify the resources that will be needed for successful scaling up.

Tips and Cautions Planning

- Ensure that the lead implementer has the vision, capacity, and commitment to follow through on what promises to be a very complex program.
- Conduct a thorough initial field visit/design workshop to assess whether a Graduation Program is appropriate, and for whom (e.g., who should be included and who should be excluded).
- Build the partnerships needed to deliver all components of the program and forge alliances with other services providers for additional needed services, such as healthcare.
- Commit to recruiting, training, and motivating field staff who have the right blend of professional skills and personal traits.
- Carry out detailed financial planning to ensure that sufficient funding is lined up for the programmatic and administrative needs of implementation.
- Think through the criteria that would constitute program success and "graduation out of extreme poverty."
- Plan for how participants can best exit the program while still having access to essential services, such as healthcare, savings and credit, and mentoring.
- Plan how the program could be scaled up to new areas or populations if it proves successful.

See also BRAC's PROPEL, section 3, "On the ground Implementation" pages 43-84.

Implementation

1 Consumption support
2 Savings
3 Livelihood selection and asset transfer
4 Technical skills training
5 Mentoring

1 Consumption Assistance

WHY

A major premise of the graduation approach is that extremely poor households regularly experience food insecurity. Food insecurity causes significant stress that reduces people's ability to work, to take advantage of opportunities, to engage with their community, and to plan for the future. Consumption assistance—either cash or in-kind—is intended to create "breathing space" for participants once they join the graduation program. This subsidized support helps participants and their families stabilize their food consumption levels until they start earning income from the productive assets and enterprise development training they will receive later as part of the program.

Psychology of scarcity

Recent behavioral research suggests that poor people routinely make suboptimal economic decisions when there immediate consumption needs are not being met. According to the influential work of scholars Sendhil Mullainathan and Eldar Shafir, the experience of chronic severe poverty creates a "tunneling" effect leaving people unable to make plans beyond just getting through immediate crises. It is not uncommon for people in such circumstances to make decisions with seriously adverse consequences, such as borrowing at very high interest rates or selling off productive assets to meet basic consumption needs. In the words of Mullainathan and Shafir "Living with too little imposes huge psychic costs, reducing our mental bandwidth and distorting our decision-making in ways that dig us deeper into a bad situation."[20]

The three effects of living with scarcity are[21]

- **Distraction:** Scarcity creates stress, which causes people to perform less well in decision-making tasks.
- **Tunneling:** As noted above, scarcity causes time horizons to shorten as people focus on managing the next imminent crisis or need, leading them to neglect other needs or crises.
- **Borrowing:** People will borrow from the future to take care of immediate needs, sometimes at very high rates, even if this makes them less well off in the long term.

20 Mullainathan, Sendhil and Eldar Shafir. 2013. *Scarcity: Why Having So Little Means So Much.* New York: Times Books
21 Ibid.

For extremely poor households, consumption assistance can provide a respite from the relentless focus on daily survival, thus freeing them from the "psychology of scarcity" and providing a basis for developing the longer-term livelihood strategies that are at the core of the graduation approach.

For NGO-led implementations, any available government-sponsored food support or other safety net programs should be integrated into the program design. Both the Ethiopia and Yemen pilots offered consumption assistance via a pre-existing government safety net program, for example. In some cases, even when government consumption assistance is available, it may not be sufficient and may therefore need to be supplemented or adapted (e.g., with smaller but more frequent disbursements).

When government consumption assistance is not available, the consumption support should be designed based on careful projections of what is needed to bridge participants' food gaps. The design of the consumption stipend is based on the projected lifecycle of income generation from the new assets. What is the likely amount and timeframe for the income to be generated from the new livelihood activities?

The organizational budget and workplan should then be developed to reflect these needs. The design of consumption assistance requires decisions on a range of key issues, including the form of support (cash or in-kind), the amount, and the duration. In practice, of course, decisions about consumption assistance will also be determined by the resources that the program implementers have available, including funding, level of staff, and operational capacity, to name a few.

Decisions on each of these features will vary based on context. But it is crucial to avoid creating a "dependency syndrome," in which gains in sustainable livelihoods slip after the program is completed. Clarity from program staff with participants, upfront and frequently reiterated, about the purpose and duration of the support is key, as is preparing for cut-off of the consumption assistance (if that is part of the program design). The core message should be that the extensive consumption assistance is intended to last for a specific, limited period of time, only until the asset(s) acquired through the graduation program can generate enough income to cover essential nutritional needs for the household. That said, if the graduation approach is implemented within a government social protection program, continuation of the consumption assistance will likely be

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determined by that governmental program's own eligibility criteria. Government implementers generally would integrate livelihood development and financial services (especially savings) into current cash transfer programs. In this situation, the cash transfer payment probably would continue until the participants' lives have improved sufficiently to leave the cash transfer program (or until they exit the program for other administrative reasons). As noted earlier, the hope for graduation is that participants cross the threshold out of extreme poverty and are steadily improving their economic circumstances, minimizing the likelihood of slipping back into extreme poverty. That said, few will have moved out of poverty entirely in 36 months given how low their incomes were at the start. Whatever a given government's or ministry's specific eligibility criteria for ongoing social protection coverage may be, the key point for graduation implementers is this: *expectations must be clearly and consistently communicated to participants*.

HOW

Cash vs. In-kind

The choice of providing consumption support in cash vs. in-kind support is based on several factors. These include the logistical feasibility of having the implementers purchase and deliver staple foods such as rice or grains and the relative cost of volume purchasing compared to household-level purchase. If the program implementer is able to purchase food staples in bulk at a significantly lower unit cost than individual households can, and if the implementer has the capacity to store, transport, and deliver the food to its target households, then it may make sense to undertake such an approach. In some countries, direct food assistance can also provide participating households a cushion against inflation—particularly at a time when food prices are volatile.

However, a cash approach to consumption assistance is generally better. Most government transfer programs use cash, increasingly in digital form. Doing so significantly eases the logistical demands on the implementers, a factor likely to increase in importance as second-generation programs grow beyond pilot size to achieve significant scale. In addition, cash-based consumption assistance presents the opportunity to work with households on financial literacy as they consider how best to manage that cash.

The households themselves often prefer cash to in-kind support because it allows them to choose how and when to spend the funds, such as which food items to purchase at a particular time

of year. This very flexibility, however, carries a downside. While some conditions on the use of funds (such as food, medical care, etc.) are generally part of cash-based consumption assistance (and, as noted, can be accompanied by financial literacy training), cash does increase the risk that consumption assistance will be used for purposes other than those intended.
Staff capacity to implement and monitor the consumption assistance is therefore crucial. This is true whether the support takes the form of cash or in-kind (and whether, if cash, the funds are given to the participant directly or deposited electronically into his or her account, as some programs do).

That being said, there will likely always be instances of non-compliance. Families may decide, for example, to go back to one meal a day, if they can keep one more child enrolled in school by spending some of the consumption assistance money (or by selling the in-kind aid, and then using those proceeds). No matter how strong the staff capacity, there will always be limits to the degree of control any program can and perhaps should exert over participants. Finally, it is critically important that the graduation program design include robust internal controls to guard against staff misappropriation of consumption assistance. This, too, will become increasingly important as programs scale up and the amount of money, especially taxpayer money, moving through the system grows larger.

The decision about cash vs in-kind, relevant to the discussion above about consumption assistance, will arise again later in the graduation sequence, when implementers will need to make the cash vs in-kind decision about asset transfer. Just as they did about consumption assistance, program implementers will need to decide whether to transfer to the graduation participants the actual asset (e.g., livestock, inventory to stock a small store, sewing machine) for their chosen livelihood or alternatively, the cash for the participants to purchase those assets themselves. Please refer to the asset transfer section below for that discussion.

ADAPTATION

Amount

Setting the appropriate amount for the consumption assistance can be very tricky. In general, it should be set fairly low to avoid creating dependency—often just enough for the household to have or buy a level of food essential for nutritional needs. For example, BRAC sets consumption assistance at the monetary equivalent of a kilo of rice per day for eight to 12 months. The goal is to provide short-term income support before the livelihoods assets start generating income. (The precise duration depends on the type of assets.)

Some programs give the same level of consumption assistance to all participating households; others vary the amount based on the number of dependents living in each household or to achieve other program goals. There is a natural tension between standardized support, where all participants get the same amount for the same period, and customized stipends, which are more responsive to household needs. Standardization is simpler for program staff to implement and is often more cost-effective, but it does raise issues of equity, as households with fewer members derive much greater benefit from the same level of support.

For those programs giving different amounts to participating households, criteria may include the number of children and elders, whether the mother is pregnant, and whether the program seeks to stem seasonal migration. For those programs offering direct food support, participants are often encouraged to engage in practices drawn from traditional "grain bank" systems (e.g., "depositing" a fistful of rice at a central location every day when possible, and withdrawing it in times of need).

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Duration
The duration of consumption assistance depends greatly upon context, and can range from two months to two years with seasonal breaks. The key factor to consider is how long families are likely to need the food support subsidy before they are able to generate sufficient income from the livelihoods and training provided through the graduation program (discussed below). Another key consideration is any potential seasonality of need: some communities need consumption assistance only in the lean seasons between harvests.

At Bandhan in West Bengal, India, the duration of consumption assistance is linked to each participating household's selection of livelihoods. For example, participants working in agriculture receive support for a longer period than those establishing small shops because agricultural activities take more time to start generating meaningful income. In Honduras, Ghana, and elsewhere in India (at Trickle Up's graduation program), consumption assistance is needed only during the lean season, as participants have sufficient caloric intake other times of the year. The Ethiopia pilot provided consumption assistance only during the lean season and as payment for labor in public works programs because those were the terms of the government's public works-based social protection program to which the pilot was linked.
Beyond improving food security, consumption assistance has other less tangible but important benefits. Fonkoze in Haiti, for example, considers the regular payment of the consumption assistance to be crucial to generating trust among participants during the early stages of the program. The predictability of this support is also a key element in encouraging participants to start planning ahead.

Can provision of consumption assistance undermine local support networks? Graduation programs risk generating resentment on the part of those who did not receive consumption assistance towards those who do. This may be the case whether the resentment involves non-participant households toward participants, or even among participating households—there are examples of graduation programs where some participants receive consumption assistance but others do not. Any resentment or ill will generated could potentially threaten program outcomes or damage the

broader social fabric.[22] Another risk is that families who receive food stipends could feel pressured to share with those who do not. Upfront disclosure to the entire community if not all families will be receiving consumption support can help mitigate these risks. Communities can then decide whether participating in the graduation program is acceptable in spite of any unequal provision of resources.

Three Countries' Experiences with Consumption Assistance

In Colombia, the government decided to leverage existing social welfare initiatives to serve as its graduation program's foundation. A conditional cash transfer (CCT) program was already in place to provide consumption support to extremely poor households and to families displaced by the country's long-standing internal conflict. The implementers decided to use this existing CCT as the graduation program's consumption assistance channel even though about 40 percent of graduation participants were not eligible for the CCT. Program implementers were concerned that the new graduation program would be perceived as unfair if some households received graduation-provided consumption support and others (i.e., the CCT households) did not, even if the intent (and effect) would have been to bring those recipients to parity with the CCT-eligible ones.

Peru's Haku Wiñay program was also designed to build on the existing national CCT program. A stipend worth about USD 70 is given every two months to poor mothers in rural areas to help them buy more food to improve family health and welfare. In return, the women are required to keep their children in school and take them to regular health check-ups. Peruvian government officials explicitly stated that CCTs are inadequate to bring about lasting change, and that CCT recipients would achieve more sustainable positive outcomes if they also received the additional services of the Graduation approach.

All PSNP clients in Ethiopia receive consumption assistance from the government, regardless of whether they choose to participate in the broader livelihoods component, and whether or not they are among the poorest 30 percent who are eligible for an asset transfer. Each household receives food or cash equivalent for six to 12 months of the year. This support is predicated on a "food-for-work" model, wherein able-bodied adult household members provide five days of work per month per PSNP household recipient. This model reflects the Government of Ethiopia's emphasis on avoiding dependency among program participants, and the food-for-work projects' objective of benefiting the local community as a whole.

22 Several of the RCT evaluations in the program were designed specifically to look into spillover effects of the consumption assistance and asset transfers on the rest of the community. In addition, qualitative research suggests that families receiving support do share to some extent, and that this helps them build up their social network and strengthens their position in the community. This is not the primary objective of the program, but building up social capital is nevertheless valuable. For an example, see the BDI Trickle Up research at Sengupta, Anasuya. (2012). *Trickle Up Ultra Poor Programme: Qualitative Assessment of Sustainability of Programme Outcomes*. Dhaka: BRAC Development Institute, July.

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Tips and Cautions Consumption Support

- When possible, consumption support should build on any existing government cash or food aid programs. Government implementers generally build on existing social protection programs, adding livelihood development and savings services onto pre-existing cash transfer programs.
- To avoid fostering dependency, it is important to be clear with participants upfront and on an ongoing basis about when consumption support will start and when it will end.
- Flexibility and adaptability are critical. Fundamentally, the consumption support component should be designed to meet the needs of participating households in the initial months of the Graduation Program. The specific context will determine how each element of consumption support should be designed, and often experimentation and adaptation are needed to figure out what combination of features works best.
- The choices around the amount, the form (cash or in-kind), and the duration of consumption support are based on a variety of factors, including implementers' resources, food prices, seasonality of need, and timeframe before graduation program assets start generating income.

❷ Savings

WHY

Savings help poor people manage risks, reducing the likelihood that they will have to sell assets or resort to local moneylenders when faced with a crisis or other economic shock. In general, graduation program participants have had no prior formal access to financial services, but have dealt (sometimes extensively) with moneylenders and other informal alternatives. Saving regularly in a formal way helps program participants build financial discipline, leads to a sense of empowerment, and of course creates a financial cushion.

Because participants are particularly poor and vulnerable, providing a safe means for savings is crucial. This factor of safety and soundness is a top priority for such populations, of higher importance than earning interest on deposits.[23] The accessibility and flexibility of deposit services are also priorities. But those features are often more difficult to achieve because many financial services providers on graduation programs are microfinance NGOs rather than fully licensed banks, and thus not legally permitted to mobilize deposits. Graduation programs may also be located in geographically remote areas with limited or no access to regulated financial institutions that offer saving services. Some ways to address these challenges are described below. Government implementers, especially, may have the capacity to deliver cash transfers electronically (that is, the governmental or other provider of conditional cash transfers, or CCTs, for consumption support may directly deposit those funds into participants' accounts rather than delivering physical cash to participants). If funds are disbursed electronically, those accounts can be linked to a digital savings account into which some portion of the CCT could be deposited. This offers participants the opportunity to set aside a portion of their cash support safely for subsequent productive use.

HOW

Timing

The launch of actual savings mobilization varies among programs. Some programs encourage, or require, clients to start saving from the beginning by setting aside a small portion of the consumption assistance amount (assuming that consumption assistance took the form of cash rather than food aid). Others wait until after the asset transfer, or until new sources of household income are being generated, to introduce savings. Some programs establish a fixed amount to be set aside each week; others are more flexible in how much clients are required or encouraged to save and when.

Financial literacy training

Most graduation programs launch financial literacy training very early on because the savings and financial management messages are so integral to the graduation approach. As noted above, most participants have never had a chance to save formally. Inculcating even the idea of formal savings, and building trust in a financial institution, can be a long process. The first step in helping very poor households to save is to illustrate how formal savings can help them to become more resilient and to take on expanded economic activity. Saving is in itself a part of financial education—the practice of saving is a way of developing and practicing financial literacy.

23 Deshpande, Rani. (2006). "Safe and Accessible: Bringing Poor Savers into the Formal Financial System." *Focus Note 37.* Washington, DC: CGAP, February.

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By developing the habit of setting aside even very modest amounts of money on a regular basis, households can begin to create a buffer against shocks. Then as savings grow, they can be used to invest in income-generating activities. Financial literacy training starts with the very basics. Especially for illiterate clients, or members not used to handling money, close mentoring (discussed below) is often required. Later on the training presents more general money management techniques, and describes ways in which they can be implemented. SKS delivered financial education modules during weekly group meetings in the form of a "snakes-and-ladders" game focused on money management. Fonkoze staff in Haiti work with each participant to create an individual savings plan with specific goals, such as purchase of a new asset.

When savings are mobilized in groups (see below), the savings group gives program participants the opportunity to handle money, sometimes for the first time, which can be alien and intimidating. Savings groups can also provide a platform for formal financial literacy training and simply for participants to provide mutual encouragement to save.

Frequent topics explored during financial literacy training include budgeting household expenditures, how to calculate repayment schedules and manage debt, and how to plan income-generating enterprises. By exploring household expenses systematically, participants often see where they might be able to save. Another money management principle introduced is that money not be kept idle, that savings beyond a certain threshold should be invested in income-producing assets.[24] In many sites, participants are encouraged to convert their savings and a small program-transferred asset into a larger asset, such as a cow or donkey.

ADAPTATIONS

Voluntary and compulsory savings

Across graduation programs, the emphasis is more on inculcating the habit of savings, and less on the amount saved. In the Bandhan graduation pilot in India, participants initially were saving the majority of their consumption stipend rather than spending it on essential nutrition. Surprising though this decision may seem among people facing chronic undernourishment, prior to receiving the cash-based consumption assistance, most Bandhan participants had never had enough money in hand to save any of it—and they reasoned that this chance might never come again. So Bandhan assured them that the graduation program would provide more opportunities to save, especially

24 For more information see https://www.microfinanceopportunities.org/what/page/4/

during the livelihoods phase, and also mandated that no more than ten rupees (about USD 0.20) be saved each week so that participants would spend the majority of the stipend on consumption as intended. After the stipend period ended, they were encouraged to save as much as they wanted to, and savings rates increased to an average of between 20-30 rupees per week.

Participants knew that if they saved under the guidance and monitoring of Bandhan, the savings were secure and could be used for emergency purposes or business investment, but could not be easily diverted to household uses. In its scale up of the program, Bandhan staff now ensure that clients start saving at the outset of the program with formal financial institutions, such as banks and post offices. In Fonkoze's program, participants and program staff work together to set the target savings amounts based on a long-term vision of how to use the money. Following the asset transfer, savings becomes voluntary. Trickle Up's program in West Bengal establishes a goal for savings of 1,600 rupees (about USD 35) by the end of the program. Participants start by saving 10 rupees per week, then move to 20 rupees, and then to 30 rupees. They are free to skip a week, so long as they reach the targeted amount by the end of the program.

Often the savings component may start as compulsory (to help participants become familiar with formal savings) and then becomes voluntary. However, it is important that participants maintain access to their savings in case of a pre-determined set of emergencies (e.g., health shocks) even during a compulsory savings period.

Group and individual savings accounts

As is true in microfinance, graduation programs can deliver savings through individual or group savings accounts or a combination of both. Graduation programs offer Individual accounts mainly when one of the key program implementers is itself a microfinance institution. But individual accounts are also feasible via other types of lead implementers provided that there is a financial institution in reasonable proximity or that digital financial services are a viable option. Programs facilitate savings in a variety of ways; for example, SKS opened savings accounts for participants at post office banks. Bandhan also links its graduation clients to rural banks, cooperative banks, and post office savings banks. Regardless of institutional type selected, it is important that the implementing organization be aware of basic principles around savings plans: any fees or restrictions; requirements for formal identification and how those might be waived or modified if graduation program participants' lack such documentation (as many extreme poor people do); how illiteracy or innumeracy obstacles can be worked around, and so forth. BRAC's PROPEL toolkit contains a discussion of principles to be considered. [25]Program implementers should also be aware of financial literacy rates within intervention zones and should track behavioral perceptions and changes of the participants.

The other common model is group savings. This can take many forms, ranging from establishing formal self-help groups (SHGs) or village banks, to less formal ways of organizing clients into savings groups, such as village savings and loan associations (VSLAs). Group mobilization can also help graduation implementers address some of the legal constraints many of them face, since, as noted, NGOs are generally not legally allowed to receive savings deposits. At Trickle Up in West Bengal, the program created SHGs to mobilize participants' savings and opened bank accounts for each group—these groups were run by the members, who chose their own leaders, and established compulsory savings amounts, interest rates, lending norms, and distribution of surpluses. Accounts for each group were opened at a bank and were maintained by literate group

25 Dharmadasa et al (2015), PROPEL Toolkit pp 74-75.

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members.[26] Savings groups can also serve as a support network even after the project is over. They can serve as an effective platform for delivering messages around health care or other critical subjects, and for generally building the social and economic capacity of the participants.

The Peru graduation pilot launched community-based savings mobilization during the consumption stipend phase, with members selecting a committee to oversee the accounts. Committee members were responsible for making the deposits into each group member's individual account and for overseeing the accounts after the deposits were made. Withdrawals from these group-managed accounts were limited to emergencies. When deposits are mobilized in groups, it is important to open secure accounts for the groups with formal financial institutions whenever possible. Trickle Up in West Bengal found it important for bank linkages to be established early on so that program participants and the bank can build trust and establish a long-term relationship. Groups can also leverage larger loans from banks based on the amount they collectively save.

When possible, program design should include ongoing monitoring measures to encourage that savings continue beyond the end of the program and individual accounts do not go dormant. After graduation, participants could be encouraged to expand or diversify beyond savings and pursue other financial products, especially insurance.

Formal versus informal savings

Although saving preferences vary from place to place, low-income savers tend to care most about accessibility (physical proximity and affordability) and security. Formal financial institutions are more secure than the informal alternatives of saving at home or with a group. However, informal mechanisms often out-compete formal financial institutions in terms of proximity and affordability. Cash kept at home is always accessible and carries no extra costs to the saver in terms of time or travel, whereas formal deposit-taking institutions can be very far away.[27] At Fonkoze, for example, graduation program pilot participants were saving regularly as long as the program staff were collecting their savings at their doorstep. Once the program ended, however, and the doorstep collections ceased, people stopped saving formally in their individual deposit accounts and invested in large assets instead.[28]

26 For more information on SHG implementation and performance, see Isern, Jennifer, L.L. Prakash, Anuradha Pillai, Syed M. Hashemi, Robert Peck Christen, Gautam Ivatury, Richard Rosenberg. (2007). "Sustainability of Self Help Groups in India: Two Analyses." CGAP Occasional Paper 12. Washington, DC: CGAP, August

27 Deshpande (2006)

28 Huda, Karishma and Anton Simanowitz. (2010). *Chemin Lavi Miyo: Final Evaluation*. Dublin: Concern Worldwide.

A good approach at the outset is often to promote both formal and informal savings for different purposes. The Ethiopia graduation pilot, for example, encouraged small informal savings at home and with savings groups to meet regular, modest needs for cash. But participants in that pilot also saved larger amounts in individual accounts at a formal financial institution. At Fonkoze, program staff often facilitate the formation of traditional informal, rotating savings groups (in which members set aside a certain amount every week and take turns getting the whole pot), even while mobilizing formal savings deposits.

Informal saving services might be important in the short run. But graduation programs should try to ensure that participants shift to formal (and generally safer) sources in the long run. Financial education should include discussion of the potential risks involved with saving primarily in informal channels.

In India a common mechanism used for village savings and loans is the self-help group (SHG) model. Fewer than twenty individuals (the limit for unregistered groups) from poor households come together to form SHGs. They meet regularly, collect savings from group members, on-lend to other group members, maintain records, and discuss issues of mutual interest. They maintain SHG savings with formal banks which, under guarantees from the government, lend to the group against the savings—first equaling the amount of savings and then in increasing multiples of the accumulated savings amount.

Saving in-kind

Some special savings products can provide added value to extremely poor people. In response to the food crisis, SKS in India started an in-kind savings "rice bank" in 50 villages. Participants were encouraged to follow the traditional practice of saving a handful of rice in a communal pot each day, creating a grain reserve that could be accessed when participants were sick or otherwise in need. Participants replace the rice they borrow plus an additional handful as "interest" when they can.

The role of credit

Most graduation programs also facilitate access to credit. Frequently loans are offered at or near the end of the program, especially to those households seeking to expand their enterprises. Some graduation programs do not offer enterprise credit, but do make small loans available for emergencies and for short-term consumption needs so that clients need not resort to borrowing from moneylenders. When savings are mobilized in groups, such as through SHGs at Trickle Up or through community banks in Peru, linkages with banks are facilitated so that the banks can lend via the group arrangement too, after evaluating the group's operations, maturity, and capacity to absorb credit. The groups in turn lend the capital to their individual members.

Fonkoze created a special loan product, *Ti Kredi*, to help build its poorest clients' familiarity and confidence with credit; it made the product available to those graduation clients seeking credit after the program's end. *Ti Kredi* is a six-month program, starting with a USD 25 loan to be repaid in one month, followed by USD 35 repayable in two months, and then USD 65 repayable in three months. Participants are organized into groups that meet weekly to explore more advanced topics in financial literacy such as cash flow analysis. Fonkoze thus effectively offers interested clients a "ladder:" from the graduation program, to *Ti Kredi* for those who are interested, and then (again, for those clients who are ready and interested) into its main credit products.

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Tips and Cautions Financial Services

- By saving regularly, participants can start to create a buffer against personal or economic shocks. As the savings grow, they can be used to invest in income-generating activities.
- At first, emphasis should be placed more on inculcating the habit of savings and less on the amount saved.
- Extremely poor people may be unfamiliar with cash and may need training to acquire basic numeracy skills, ease with handling cash, and solid financial literacy.
- Savings should be introduced early: either at the start of the program by setting aside a portion of the consumption support or else as soon as the assets transferred start generating income.
- Low-income savers tend to care most about accessibility and security of their money: informal savings and formal savings can complement one another. But over time, clients should generally be encouraged toward the increased security and reliability of saving with formal financial institutions.
- Small amounts of credit can be introduced toward the end of the program for those households that want to expand enterprises and are creditworthy.

Note for Government Implementers

Linking Social Protection and Financial Inclusion

In a number of countries, two policy agendas have emerged in the past five years: governments are seeking to provide better safety nets to their poorest citizens through cash transfer programs (sometimes making payments to bank accounts and / or electronically) while they are also actively seeking innovations to promote greater financial inclusion.

The two agendas have not fully converged yet, but in many countries policy makers and donors are exploring the case for drawing people into the formal banking system using social protection payments as the "on-ramp."

The **Better than Cash Alliance** promotes linkages between social protection and financial inclusion by advocating that government-to-people payments shift from cash to electronic payments. Electronic payment can provide a pathway to a broader range of financial services, is generally safer (especially for women and girls), and is more efficient for low-income people.

For more information see

- **Electronic G2P Payments: Evidence from Four Lower-Income Countries** (CGAP)
- **Understanding Consumer Risks in Digital Social Payments** (CGAP)
- **Social Cash Transfers and Financial Inclusion: Evidence from Four Countries** (CGAP)
- **Promoting Financial Inclusion Through Social Transfer Schemes** (Bankable Frontier Associates)
- **Designing and Implementing Financially Inclusive Payment Arrangements for Social Transfer Programmes** (DFID)
- **Savings-Linked Conditional Cash Transfers: A New Policy Approach to Global Poverty Reduction** (New America Foundation)
- **Savings-Linked Conditional Cash Transfers: Lessons, Challenges & Directions** (New America Foundation)
- **Scoping Report on the Payment of Social Transfers Through the Financial System** (Bankable Frontier Associates)

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Three Countries Experiences with Savings

In **Colombia**, the pilot encouraged formal savings, but in the end participants saved primarily at home and through savings groups. Training modules were dedicated to the importance and value of savings. Each participant received a small *alcancia*, or piggy bank, which they painted and decorated in a group meeting, and were encouraged to set aside a portion of their earnings for savings. Each family had its own process for deciding the percentage they wanted to save. For many, the Colombia graduation program, known as Producing for My Future, facilitated the first-ever household savings plan. The participants who reported saving did so with obvious pride. The savings enabled them to meet their personal and family goals, including sending their children to school, as well as expanding or improving their homes. In general, participants expressed hesitation about using banks. Many were wary of formal banking because of limited financial education, a lack of experience with the banking system, or negative past experiences, including high transaction fees or poor customer service.

FONCODES, the government ministry overseeing the graduation program in **Peru**, reports that from 2012 to September 2015, 22 percent of Haku Wiñay participants (over 15,000 families) used formal financial services including deposits, withdrawals, microloans, and insurance; about 6,700 opened savings accounts. Compared to a control group, an additional 14 percent of Haku Wiñay participants expressed a preference for saving in a financial institution over informal savings options.

In the **Ethiopia** program, the savings component will be mandatory (as it was in the REST pilot in Tigray). Planners recognize that this may be difficult to ensure, given the realities of expanding the program to scale across the nation. But context-specific mechanisms to ensure clients save an appropriate amount will be a key factor in reducing concerns about fostering dependency on the other aspects of the graduation program.

When introducing credit services, graduation program staff should work with the credit providers not only to ensure appropriate design of the loan products themselves but to sensitize credit staff on the background of the program participants as well. Program staff should also remember that access to formal sources of credit will likely be a new experience for almost all the participants. Staff should thus be prepared to provide the participants with extra support and encouragement as they enter this new phase of household economic development.

Market Analysis[29]

Program staff will develop options for viable livelihoods based in part on market studies that analyze demand, constraints, infrastructure availability, value chains, and upstream and downstream linkages. Program staff should of course consult closely with participants to help identify their experience, capacity, and interests, discussing the menu of livelihood options and corresponding assets to help match each person to the right activity. Program staff provide guidance, but the participants ultimately make their own choices. Most programs in rural areas transfer livestock, but may also offer seedlings and other agricultural inputs, sewing machines, or a stock of commodities to start a small shop. In all cases the process starts by understanding the market.

Finding market opportunities

To identify the right assets to transfer, it is important to have a good understanding not only of individual participants' talents and interests but also of the potential opportunities in the program area. Unless the overall context within which the extreme poor live and operate is thoroughly studied, the livelihoods and associated assets could be ones for which there is no viable market.[30]

Identifying priority sectors. Typically, the extreme poor are looking to work in sectors with which they are familiar and which are not too risky. While the program will lead them to pursue entrepreneurial activities, some participants may lack typical "entrepreneurial spirit" or the required expertise (the program actively addresses both of those constraints). It thus makes sense to start by prioritizing livelihoods that can build on markets that the poorest feel most comfortable, typically businesses that they have tried in the past or have seen operating in their communities. Extremely poor people are often less mobile than others. They might have some financial or cultural restrictions on travel, or just lack the self-confidence it takes to sell their goods in a distant marketplace. Many will prefer to engage in activities they can market locally.

Value chain analysis. A first step in the livelihood strategy design is to conduct a value chain analysis to identify priority sectors for interventions. A team of experts (either in-house or external consultants) can conduct this type of exercise. Identifying the relative attractiveness of different sectors typically involves some desk research followed by interviews and focus group discussions with local producers, government officials, sector specialists, local NGOs, and key market actors. It is important to make sure that the experts specifically explore value chain opportunities for the extreme poor (and not a higher income group) since this client segment often has very different constraints than the slightly better off.

29 For a selection of technical resources related to market analysis (e.g.,Nutz, Najda [2017]; Gaunt, Anna [2017]: International Rescue Committee [undated]), please see the Bibliography and Other Resources section of this guide.

30 Matin, Imran, Munshi Sulaiman, and Mehnaz Rabbani. (2008). "Crafting a Graduation Pathway for the Ultra Poor: Lessons and Evidence from a BRAC Programme." Working Paper No. 109. Manchester, United Kingdom: Chronic Poverty Research Centre, March.

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Ranking priority sectors. Sectors are ranked as more or less attractive depending on criteria such as their potential for outreach and growth. Attractive sectors offer the potential for reliable markets with good growth potential, while incorporating program participants as core actors in the value chain. For example, in Ethiopia a study by Emerging Markets Group recommended that the graduation pilot look into the honey production sector since that market was expanding and offered the potential for significant value addition by program participants.

Sector specialization. There is a rationale, especially in early pilot stages, for programs to choose a limited number of sectors of intervention. Specializing in a few value chains means a program can build up its staff's expertise or bring a few specialists on board. Participants can be trained together and can help each other with their livelihoods. For example, IET in Pakistan transferred goats to all participants in some villages: the extended family structure in these communities facilitated exchanges among participants who helped each other in managing their small herds. In the Haiti and Ethiopia pilots, the programs organized peer-to-peer training workshops among participants engaged in the same livelihoods.

Scale and saturation. Well-chosen sector specialization works well as long as the program reaches a limited number of participants who engage in the chosen sectors. However, in scale up, it is important to avoid flooding the market with the similar goods produced by a growing number of program participants. To help avoid market saturation, programs should carefully analyze the value chain, often by working with market development organizations. For example, in the Peru graduation pilot, where over two-thirds of pilot participants raise guinea pigs, the program is working with the Economic Development Association of Peru (ASODECO) to provide business networking support in the guinea pig value chain. Cooperatives can also offer small producers a range of services aimed at improving access to (and management of) natural and productive resources, technology, and infrastructure to increase their income generation; access to markets for distribution; and access to information, knowledge, and skills to improve productivity. Finally, initiatives such as Purchase for Progress (*see box below*) are also working on connecting small producers to buyers.

Purchase for Progress Initiative

Purchase for Progress is an initiative led by the World Food Programme (WFP) that connects smallholder producers to markets in 20 countries. WFP's partners, including the Food and Agricultural Organization of the United Nations, the International Fund for Agricultural Development, and national governments, help smallholder farmers increase their production, with WFP buying the surpluses and connecting the farmers to other buyers.

Table 1: Ranking Matrix to Identify Viable Market Opportunities (Developed by Emerging Markets Group for the Ethiopia Graduation Pilot)

Value Chain Selection Criteria	Weighting (%)	Rationale
Competitive- ness potential of sector	30	• Potential exists to significantly increase revenues or sales within range of areas along the value chain • Sector offers possibilities for value-addition, product innovation, differentiation • Sector is not overly constrained by legal or regulatory barriers • Unmet demand in domestic, regional, and/or international markets
Potential to maximize impact and outreach	35	• A critical mass of target beneficiaries exists, with potential for program leverage • Sector has potential to increase employment for both men and women, as well as youth and landless • Significant potential exists to maximize incomes and improve livelihoods
Lead firm presence	25	• Presence of existing lead firm willing to source or collaborate with target beneficiaries • Potential for forward / backward linkages between lead firm and target beneficiaries
Potential for "multiplier" effect with other economic sectors	10	• Expanded growth of sector has potential for stimulating the development and increased economic opportunity within other industries • Environmental impact within sector is minimal

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Three Countries' Experience with Market Analysis

The **Colombia** program has built into its next phase of expansion several lessons learned from the "Producing For My Future" program:

- A comprehensive market analysis is necessary to help participants understand the existing landscape of businesses, along with potential opportunities and competition for their proposed small enterprise.
- Businesses are more likely to succeed when they build on participants' existing skills, knowledge, and resources. Mentors must provide guidance and encourage participants to focus on past experiences and knowledge (e.g., in raising pigs), as well as existing assets and resources, to build out their businesses.
- Investing sufficient time in each participant's business plan helps ensure a higher success rate. While the program's training methodology (discussed below) teaches general concepts related to upfront costs, revenues, and expenses of a small business, more planning and projections work is necessary to ensure participants are taking a longer-term view of their entrepreneurial investments.

In **Peru**, Haku Wiñay does not carry out a market analysis based on local or regional value chains; Haku Wiñay planners acknowledge that entities qualified to carry out formal market analyses are scarce and expensive in Peru. Instead, creation of rural businesses is promoted by the local *Yachachiqs* (the trusted community members who act as technical skills trainers and mentors). They encourage participants to form groups of four to six "partners" interested in working together to develop a business idea. *Yachachiqs* provide guidance about how to produce and market the goods or services the group has in mind. Each group prepares business proposals and pitches them to the Local Committee of Resource Allocation (CLAR). The CLAR decides which businesses are the most feasible and awards them start-up funds of about USD 2,500, which come from a FONCODES grant. While these judgments are not equivalent to a market study, they are informed judgments based on knowledge of local conditions. When the business is running, the "partners" receive training from their *Yachachiqs* and from Haku Wiñay technical advisors in identifying and connecting with potential markets.

The design of the **Ethiopia** program has integrated key lessons based on for the REST pilot in Tigray:

- The selection of livelihoods pathways is more effective when combining demand-driven market analyses, community-specific options, and the element of choice by participants.
- Careful explanation of each pathway enables clients to participate in the process, and to select a pathway that is appropriate for their circumstances and skills.

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❸ Livelihood Selection and Asset Transfer

The transfer of the asset that will help a participant launch a sustainable livelihood is one of the five critical elements of the graduation approach. In the 2006-2014 pilots, the implementing partners transferred the physical assets themselves. The guidelines discussed below apply to that scenario but also to situations in which programs provide cash so that participants can purchase the assets themselves. Such is the case, for example, in the program sponsored by the government of Colombia. In that case, the program still helps the participant choose an appropriate livelihood, and supports the participant through the enterprise development process, so much of the guidance below still applies.

We suspect that as the graduation approach continues to evolve and expand, programs will increasingly choose to transfer cash, so that the participants can purchase the assets themselves, rather than transferring assets in-kind. We believe this partly because the largest-scale second-generation implementations have been led by governments, a trend almost certain to continue, and governments find it much more practical and efficient to transfer cash as a logistical matter. But there are also powerful arguments to be made on the merits for using cash. One of the leaders of the Colombia program made that case in a December 2016 blog post:[31]

- People prefer cash. It demonstrates trust, and empowers participants to make their own decisions.
- It strengthens buy-in. Participants reported that in-kind assets felt like a gift; purchases they made (even with money that had itself been a grant) left them feeling more committed to their businesses.
- In-kind is no guarantee that assets won't be diverted. One of the most common arguments in favor of transferring in-kind assets—that unlike cash they cannot be used except for the intended purpose—is not necessarily true. In-kind assets can be sold to third parties.
- Cash works. The Colombia implementers report that only about 3 percent of participants used a cash transfer for anything other than the intended purpose. In Uganda, a randomized control trial followed 2,500 young people who had received asset transfers in cash and found that the majority had initiated new businesses, their working hours had increased by 17 percent, and their income by 50 percent. Similar studies in other regions found similar results.

31 Gasnier, Austine. 2016 "Cash or Cow? Weighing Monetary vs In-Kind Asset Transfer." Blog post on CGAP graduation community of practice site. December 19, 2016.

- Boosts local economies. In-kind transfers tend to favor large suppliers at the national level, since the implementers naturally seek to buy in bulk, for price advantages as well as logistical convenience. Cash transfers tend to benefit local economies since participants, when they are given the cash, tend to shop close to home.

Grants or loans for asset acquisition?

The graduation approach relies on the idea that transferring an asset (or providing the cash to purchase an asset) can help the poorest jump-start an economic activity. A loan, even without interest, is debt: most of the poorest are not in a position to make productive use of credit. They usually have many immediate priorities to meet before they can start repaying a loan. Some are wary about taking on debt and may self-select out of loan programs. Learning about "how poor is too poor" for taking out a loan is important. BRAC's Other Targeted Ultra Poor Program)OTUP) and the Livelihood Pathways for the Poorest Pilot (implemented by the BASIX Livelihood School and the Grameen Foundation) are both testing a similar model to the graduation approach but replacing the subsidized asset with a loan. The lessons from these programs should help establish some typology of who might succeed with loans versus who needs grants.[32]

WHY

Designing the asset package

Once the program staff have identified attractive sectors, it is important to determine specific livelihood options for each participant (i.e., what enterprise the participant will develop) together with the associated asset packages (i.e., what inputs the program will transfer). Program staff should have a close conversation with the participant and any other earners in the family to understand the livelihood patterns, skill sets, aspirations, and interests of the household. This conversation is also a crucial step to get buy-in for the program from other family members, and it will not only help the program staff to match activities to participants, but also to plan the training and mentoring requirements. Although time-intensive, this step will shape many critical components of the program.

HOW

Selecting a livelihood: A staff-intensive process

In a series of conversations, staff should inform participants and their families about the goals of the project, in particular the livelihood objectives, and should ask what the participant seeks to achieve. The goal is to match the right activity to the interests and skills sets of participants, and to ensure that each participant feels that the asset selection is right for her or him, too. The conversations should of course explore participants' past livelihood activities to identify skills and experience. Staff should also analyze potential assets to determine whether and how those can be utilized either for the primary activity or for diversification of activities later. It is important to understand any constraints on the family and how livelihood activities may potentially alleviate (or exacerbate) them. For example, if food security is a concern, a kitchen garden or fish pond could be a good initial activity. In fact, BRAC's TUP program as well as most graduation pilots insisted that households start a kitchen garden even in the small spaces they may have adjoining the house. Even one fruit tree or a couple of vegetable plans can provide extra income and more importantly, better nutrition for the household. If the family has been forced in the past to practice distress migration (that is, leaving home during lean periods), livelihood patterns should be timed to generate income that allows all members of the family to stay put.

32 On BRAC's other targeted ultra poor program in Bangladesh, see TUP landing page on BRAC website http://tup.brac.net/programme-approaches.

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BRAC's experience suggests that intensive and repeated consultation between field staff and participants is the key to getting the mix of enterprises right for an extreme poor household, especially for extreme poor women. More often than not, they lack the full understanding of all the different issues that need to be taken into account to make an informed choice, and it is only through repeated consultation and involved engagement that a suitable enterprise mix can be found.[33] This delicate process requires staff to have a set of qualities combining technical expertise with the listening skills and empathy needed to work with the most vulnerable.

Starting with the end goal in sight. Programs should first determine the income level they want to see for participants by the program's end and work backwards to determine the appropriate asset package. For example, Trickle Up in West Bengal has found it takes 11 adult goats (ten female and one male) for a herding business to generate a regular monthly income of approximately 1,000 rupees (the target income level for program's end). When using Black Bengali goats for herding, one can reach 11 animals within 36 months (the program's duration) by starting with a minimum of five female goats and one buck.[34] Trickle Up has thus composed an asset package with five to six goats, plus 1,500 rupees to construct a goat shed, buy some feed, and pay for veterinary care. Over the course of 36 months, field staff work with participants to ensure their herds grow well over the target 11 goats—usually reaching around 18 animals by the end of the program.[35]

Incremental packages. The extreme poor often have limited enterprise know-how or have suffered traumatic past experiences with failed businesses. They can easily feel overwhelmed and make bad decisions if they receive too many assets at once. Some assets can be transferred in batches, allowing the recipients to build up skills and confidence over a period of time (the same logic may apply to transferring cash). In Ethiopia, for example, participants who choose to engage in "shoats" (sheep and goats) get 12 animals over a period of six months. They receive six at first, and only after they have built up their confidence in handling the small herd, do they get a second batch of six. Trickle Up in West Bengal also believes that transferring livestock in two batches decreases the risk of diseases compared to when all animals are purchased at the same time. If assets are transferred in batches, however, the interval between the transfers should be considered carefully so as not to constrain business productivity.

33 Matin, Sulaiman, and Rabbani 2008.
34 Not everyone receives a buck since the cost of one buck is 2-3 times that of a female goat.
35 For livestock, it is important to transfer breeds that are able to reproduce within local herds.

Asset value. The value of the asset package varies significantly by livelihood and country context. But one core guiding principle must be to avoid too modest a level of assets in the hope of reducing program costs. As Trickle Up president Bill Abrams puts it: "If you know it takes [USD 230] worth of animals to kick-start a sustainable livestock business, you're doing nobody a favor by transferring less." Although the asset value should be flexible to mirror each livelihood's specific business needs, there is a case for making the packages as similar as possible across participants, since being perceived as equitable generally increases the program's acceptance in communities.

Risk profile. To mitigate business risks, many pilots encourage households to engage in several livelihoods using a diversity of assets (generally a main activity and a side business for supplementary income, as discussed below). In addition, programs like SKS and Bandhan in India encourage participants to continue daily labor activities when possible. The income from the daily labor can supplement consumption in the short term, and help households invest in their business in the long term. In the Honduras program, the asset strategy was designed specifically to allow participants to take part in the seasonal coffee harvest—a valuable source of income for families during part of the year.

Income patterns. Each type of livelihood and associated asset yields different cash-flow patterns. Chickens, for example, can generate small but regular income in the short term through the daily sale of eggs. Calves, on the other hand, are a longer-term but higher-return asset. It makes good sense to design a package that includes both types of assets. In Haiti, Fonkoze's strategy includes providing chickens for short-term income and goats for longer-term returns. Providing two different types of assets also helps mitigate risks such as livestock disease. Ideally, asset transfers involving larger livestock would include pregnant cows or goats to minimize the elapsed time before offspring (and thus hastening return on investment). Bandhan in West Bengal also found that it increased participants' confidence to see the benefits on their short-term investments while waiting for their longer-term investments to start generating income.

Investment needs. Some activities, such as poultry, require upfront cash investments (e.g., to build a coop) and operating costs (e.g., nutritious chicken feed). However, other activities, such as goat rearing, do not require much upfront investment or ongoing costs but are more time-intensive, since someone has to watch the animals most of the day.

Technical difficulty. Some activities such as cattle are relatively easy to manage and minimal management is not likely to severely affect the business's profitability. Others, such as poultry, are extremely complex: chickens need to be vaccinated and are highly vulnerable to diseases, weather, and predators. Goats can also require some specific care such as being protected from humidity. It is important that the required level of technical expertise and time commitment be factored into both the selection of assets and the participant and staff training.

Gender. The livelihood selection has a number of gender implications. Different livelihoods have specific time and physical labor implications. Some activities are home-based and, if well managed, can be part-time. Raising poultry or producing honey, for example, both allow for time to do other things such as taking care of household chores and looking after children, activities frequently taken on by women.[36] However other livelihoods, especially non-farm, are full-time jobs and usually require working outside the home to sell the products. In places like Coastal Sindh in Pakistan, restrictions on women's mobility in the public domain significantly limit their ability to engage in certain livelihoods and make them extremely dependent on intermediaries both to provide inputs and sell outputs.

36 Some children's rights organizations such as Plan International particularly value livelihood options that are compatible with childcare.

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Activities such as horticulture that require hard physical work generally require the household to have access to some male labor. Cattle-rearing can be managed by a woman alone, but typically requires extra hands to collect fodder. Participants with no family support or weak social networks will find it hard to deal with such an activity on their own. Finally, programs that focus on women should communicate clearly to families, especially to the men of the household, that the women own the assets and lead the activities, even if other family members participate in the activity. Gender-awareness training for staff and participants may be required to ensure that women's decision-making ability is respected.

Good and bad unintended consequences

Some activities can have negative unintended consequences. For example, in Haiti participants' goats frequently went loose and damaged neighbors' gardens, creating animosity toward the program in several communities. In West Bengal, Trickle Up found that as some participants in the community were encouraged to grow paddy rice on previously uncultivated land, the amount of grazing fields available for others' livestock was reduced, creating a fodder shortage.[37]But some livelihoods generate positive secondary outcomes. In Andhra Pradesh households raising cattle burn dung to reduce energy cost. In Haiti, owning a donkey substantially facilitates access to markets. In India, holding large livestock significantly increases a person's social prestige, helping to boost self-confidence. Groups that identify strongly as farmers will gain more than just income from agricultural activities, which may help advance other project goals, especially around empowerment and social capital. In Guatemala, Trickle Up found that many women strongly identified with their weaving activities, so although weaving is not very profitable, Trickle Up built that activity into the families' livelihood strategies for cultural and social benefits.

Procuring the asset

For the programs that transfer physical assets (rather than cash), the logistics of purchasing and delivering the assets can prove challenging. Most programs prefer to source assets nearby in order to energize the local market. However, there is a risk of prices hiking when sellers hear of development programs seeking to bulk-buy certain goods.

37 Trickle Up is now carefully considering the compatibility of various livelihoods within communities.

Formalizing the transfer. In order to avoid corruption and minimize the risks of buying damaged or low-quality assets, some organizations, such as SKS in India did, may establish a purchase committee to procure assets. SKS's committee consisted of program staff, an accountant, the participants, and a local expert (typically a veterinary doctor in the case of livestock assets). Committee members worked with local market vendors, negotiating and signing contracts for each asset purchase. (A health certificate was required for all livestock.) The purchase committee also signed off on a written Memorandum of Understanding between the program and the participant when the asset was transferred. During an Asset Transfer Ceremony, two instant-photographs of the participant and the asset were taken and stamped to serve as a form of receipt for both the participant and the program implementers.[38]

Timing. It is important to take seasonality into account, for example, by not transferring livestock during the rainy season. Program partners in Yemen avoided making livestock transfer over the Eid holidays as there was a risk of participants selling their animals prematurely for celebrations. On the other hand, the Eid period was perfect for getting the petty-trade participants up and running.

Transparency. It is good practice to be transparent from the outset about the conditions under which the program will replace an asset. Most programs will fully or partly replace an asset if it is lost or damaged due to circumstances beyond a participant's control (e.g., flood, fire, earthquake, untimely death of livestock) but not if the loss results from negligence or premature sales. Case-by-case decisions may sometimes be required, but the program should always clearly communicate the rationale for any such decisions to avoid perceptions of unfairness.

Ownership. Participants are expected to take care of the assets the Program transfers to them, so a sense of ownership is vital. Trickle Up found during the pilot project that participants were not devoting their full attention to the goats they had received and also referred to them as "the HDC goats" (HDC was Trickle Up's partner agency). Trickle Up adjusted accordingly. Now, during the livelihood planning stage, each participant contributes not just labor but some small payment towards the upkeep of the asset (such as a portion of the cost of the goat shed). Each participant's contribution is carefully noted. Contributing something tangible (and ideally visible) promotes participants' buy- in—literally and figuratively—to the assets and livelihood activities.

Support Services

Protecting assets is crucial, and any absence of reliable support services can severely undermine participants' efforts to earn a decent livelihood. In Pakistan, Pakistan Poverty Alleviation Fund (PPAF) partners acted as an information clearinghouse and actively linked participants to government veterinary services, since the extreme poor frequently fail to use (or even to know about) services to which they are entitled. In India, Trickle Up hired a part-time veterinarian and trained community "barefoot veterinarians" to provide basic care to livestock after nearly one-third of goats died due to a surge in water-borne diseases. This strategy proved too costly in scale-up; instead, the Trickle Up program now negotiates microinsurance coverage for the livestock. Ideally, participants should receive basic veterinary training by government veterinarians on how to take care of livestock. Graduation programs can also explore the feasibility of setting up a helpline for participants to call in case they need veterinary advice.

38 Trickle Up India transferred in-kind assets to participants during the pilot phase of the project, but in scale-up it transfers funds directly to participant bank accounts, always documenting the transfer. Trickle Up's purchase committees continue to play the role of guiding and overseeing participants when purchasing assets.

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Three Countries' Experiences with Asset Transfer

In Colombia, the governmental implementers and their technical assistance providers at Fundación Capital wanted to test the efficiency of providing cash rather than having to go through the process of asset purchases. The cash transfer (done in two tranches) also provided an opportunity for participants to increase their confidence with cash management, which was low for most households. Finally, the program implementers wanted to help stimulate the local economy so the broader communities could receive the secondary benefits of the increased flow of funds.

In Peru's Haku Wiñay program, asset transfers are managed by participants through a collective implementing group called the "executing nucleus." Members get three price quotes on the assets to be bought and any equipment that is purchased for rural businesses. The group makes the purchases and keep records of how the government funds were spent, reporting regularly on program accounts to the governmental office in charge. Local participation and control over the purchase of assets are intended to empower the residents of Haku Wiñay communities.

The ***Ethiopia*** program plans to lower the value of the asset transfer compared to the level set during the pilot phase in Tigray, in order to manage costs as it seeks now to achieve massive scale. Although the lower value of assets means it will not be possible for recipients to undertake a major project immediately, the process generally is designed to allow participants to get comfortable with investments, savings, and credit, as they incrementally move to larger projects. Nonetheless, the impact of the lower amount of the asset transfer will be a key element to monitor during Year 1 and may require adjustments as the scale-up continues.

ADAPTATIONS

Fostering Market Linkages

Many programs working with the extreme poor are implemented in economically depressed areas. When market opportunities, infrastructure, and communications are limited, participants have few opportunities close to home to sell the goods generated from their businesses and so, absent any intervention to create new markets, household-level enterprises can be severely constrained. BRAC in Bangladesh has invested significantly to expand poultry, dairy, and clothing opportunities within the national market value chain. Such a level of intervention may potentially be an option for government implementers or even for large NGOs which, like BRAC, are long established and operate at significant national scale. But market-making interventions would likely be difficult for other private-sector graduation program implementers to consider.

Because even limited markets are never static, it is also important for programs to continuously monitor bottlenecks—and opportunities—and adjust accordingly.[39] The Ethiopia program facilitated participant training by a new large-scale honey processor and exporter, based on a mid-course program assessment that such training would significantly enhance participants' livelihoods.

In some cases, group-based production schemes are needed and it makes sense to create or strengthen cooperative structures. Cooperatives can also facilitate linkages to larger markets, for example by organizing product collection centers, bulk- buying facilities, or selling outputs jointly. In Peru, for example, participants in one village organized themselves to sell their guinea pigs collectively to a trader who on-sells them to the market in Cusco. As noted, most programs do not have the capacity to take on market expansion activities themselves, but they can help connect participants with other interventions designed to help them increase profits by lowering the costs of production and distribution.

- Specializing in a few value chains early on gives programs a chance to build staff expertise in those sectors. But as programs being operating at large scale, implementers need to proactively address the risk of market saturation.
- Participants need to be trained on appropriate asset management (**see the following section on technical skills training**).
- Being flexible but equitable among participants increases the programs' acceptance in communities. Situations will inevitably arise that require consideration on a case-by-case basis, but the decision-making process should be transparent and devoid of favoritism.
- It is critical to be transparent from the outset about the circumstances under which a program will replace assets (e.g., natural disaster, disease or death of livestock) and will not (e.g., premature sale or neglect of asset on the part of participant).
- Without any major public- or private-sector intervention to create new markets or supporting services, many household-level enterprises' prospects will be limited. The selection of assets for transfer needs to reflect the reality of market linkages (or lack thereof).

39 Approaches such as Practical Action's Participatory Market Systems Development can help local actors collectively identify obstacles and opportunities affecting markets. See http://practicalaction.org/pmsd

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Tips and Cautions Asset Transfer

- Programs may prefer to transfer cash rather than physical assets. In this situation, it is important to ensure both that the market provides a range of choices for assets to purchase and that participants have the knowledge to make informed choices about price and quality when purchasing the assets.
- Carefully weigh the costs and benefits of making in-kind vs. cash transfers. In-kind preserves a greater level of control for the program implementers (because there is no risk of program participants' using cash for some purpose other than the asset acquisition). On the other hand, the logistical challenges of procuring and transporting livestock, sewing machines, or other assets could easily prove impractical.
- If the decision is made to make asset transfers in the form of cash, it is very important to link the asset transfer component to the program's monitoring system. This is essential not only to monitor that the program participants are using the cash as intended, but also to ensure that cash does not get diverted (e.g., by staff).
- Programs should determine what income level they want to see participants reach by the program's end and "work backwards" to determine the appropriate asset value.
- Each type of livelihood yields different cash-flow patterns and has different associated risks. It is important to design a package that couples assets for short-term income with longer-term assets, while diversifying the risks.
- The asset package varies by livelihood and by country but it should always be considered as a form of investment. Programs should avoid too modest a level of transfers in the hope of reducing program costs.
- It is important to have a good understanding of the markets and to choose sectors with strong potential for growth and for significant value addition, while incorporating Program participants as core actors in the value chain.

4 Technical Skills Training

WHY

Consumption assistance, savings, and the transfer of assets are all tangible contributions that participants receive from the graduation program. But the ongoing skills training and mentoring (see below) are equally important, if less tangible, components of the graduation approach. As noted elsewhere, program staff need a mix of technical skills in specific livelihoods combined with interpersonal skills, including empathy and the ability to listen, to deliver the training and mentoring successfully.

Appropriate initial orientation followed up with ongoing training are both essential to equip the staff to deliver the technical and social support throughout the life of the program.

HOW

Transferring basic technical skills

Technical skills training, centered on how to manage the transferred assets and operate a business, is an important part of all graduation programs. The most effective trainings are hands-on and short. Training sessions also serve as an information clearinghouse, pointing participants to resources they can access such as government health services or veterinary care. Effective skills training begins with assessing what is required to successfully launch and operate the livelihood activities previously identified, and includes an analysis of any gap between those requirements and the participants' existing skills. Depending on the types of assets transferred, the trainings' content can focus on animal husbandry, inventory management, or basic business skills, as well as more advanced topics in financial literacy. In some cases the livelihoods are very simple and widespread within communities. In those cases, less technical skills training may be needed, but even participants who have some prior experience in livelihood activities can benefit from learning best practices, which sometimes differ from local norms. For example, in Peru, many households had raised guinea pigs informally before the pilot began. But they were unfamiliar with best practices in raising and breeding the guinea pigs, such as keeping them in pens and how to avoid the spread of disease.

Selecting the trainee within the participant household

Many graduation programs focus on female household members because they are often the most marginalized and also because they are the most likely to channel their efforts productively into the new livelihood activities. But other household members may be included in the trainings so that all can eventually contribute their efforts to the family enterprise.

ADAPTATIONS

Professional and peer-to-peer trainers

In most cases, program staff have livelihood expertise and provide basic technical skills training to participants. When program staff lack the necessary expertise, external trainers can be hired. Additionally, community members who have relevant skills (e.g., in animal husbandry or basic business operations) can be identified to serve as mentors to program participants. These locals understand the context-specific challenges of launching and sustaining the livelihood activities, and may also already know the graduation participants. The Peru graduation program, for example, used *yachachiqs*— essentially "wise men" from the local community—to teach and mentor the program participants. The *yachachiqs* are not formally trained teachers or professional trainers, but rather are recognized elders whose skills are respected.

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The Peru implementers characterized the local respect commanded by the *yachachiqs* as a powerful success factor. Other peer-based learning models have also proved effective. For example, individuals who have participated in and "graduated" from the program are often invited to return to the trainings to offer their stories to teach and inspire new participants. And active participants can also learn from each other. Once a graduation program is well underway, implementers can often readily distinguish the "slow climbers" from the "fast climbers." Fast climbers can be enlisted to provide assistance and inspiration to slow climbers.
In Concern Worldwide's program implementation in Rwanda, the community selects members to become Community Development Animators to work closely with participants under Concern's guidance. The CDAs' role includes: 1) to help participant households identify and analyze their problems; 2) to set clear plans to solve those problems; 3) to provide guidance in use of cash transfer, mentoring in management of income-generating activities and to build related skills; 4) to promote hygiene, education, adoption of family planning, better nutrition, and other healthy practices.

PPAF in Pakistan follows a similar process. Together with its partners, PPAF encourages the creation of community organizations formed with at least 50 percent women and 60 percent of the poorest groups within a given community. The community organization takes on the role of planning and implementing economic and other activities, as well as engaging in peer-to-peer mentoring. The primary purpose is to empower the poor and "build voice and scale for an effective interface with local government bodies, other development programs and markets."[40]

Timing
Training typically happens right before the asset transfer, or shortly thereafter, so that it will be fresh in participants' minds as they begin applying it. Practical, hands-on, often field-based trainings are generally best. Follow-up trainings, or "refresher" courses, are offered on a regular basis (e.g., quarterly). In addition, household-specific training is also offered in conjunction with the regular monitoring and mentoring visits (discussed on page 81).

40 PPAF: Social Mobilization Approach. 2016, Unpublished.

Three Countries' Experiences with Technical Skills Training

In the ***Colombia*** program, Fundación Capital has developed a tablet-based application which provides training on financial education, entrepreneurship, and soft skills (such as communication and negotiation skills). The application offers the modules independent from traditional training techniques, using tools in which users direct their own learning. They progress at their own pace in their own homes, repeating lessons that are most relevant to their needs, and sharing knowledge with their families. The tablets are distributed to participants on a rotating basis, allowing for the modules' information to be disseminated efficiently and cost-effectively throughout the community.

Peru's Haku Wiñay includes important innovations drawn from long experience with rural and agricultural development programs in Peru. The trainers who work directly with participating families are selected from among the most respected farmers who live in communities served by Haku Wiñay. This use of "*Yachachiqs*"—essentially "wise elders"—as trainers allows for peer-to-peer communication and skills transfer. In their on-site visits, the *Yachachiqs* discuss the demands of the participant families, and then develop and deliver the relevant training. The *Yachachiqs* make home visits twice a month to each family in their area. The technical skills training covers crop and livestock cultivation as well as making compost and installation of sprinkler irrigation. All of the methods of cultivation taught by *Yachachiqs* are organic.

The ***Ethiopia*** program is designing its technical training to be based on the economic activities chosen by participants. Local "community facilitators" will be supplemented by a range of technical experts who can provide more specific advice. An emphasis on group and peer-to-peer learning will help reduce the time demands on staff for this large-scale implementation. The program has developed a checklist of required steps so that proper sequencing of training modules is followed, and so that clients are adequately trained before receiving an asset transfer. The development of pathway-specific training involves a range of actors, and the effective coordination of all involved will be a key challenge.

Note for Government Implementers

Most governments have training programs embedded within various departments (e.g., ministries of labor and education, agricultural extension agents, etc.). A first step during program design would be to landscape the training capacity that already exists to see where a graduation program could be layered. (In the **Planning** section of this Guide, we recommended a similar landscaping exercise to inventory all the social protection programs that might be compatible with graduation.) Getting the full picture of all available training programs is even more important for graduation implementations whose participants may pursue skill-specific, wage-paying employment rather than self-employment in microbusinesses.

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Tips and Cautions Technical Skills Training

- An upfront assessment of technical training needs for the whole household is crucial.
- Effective technical training is designed to address the needs of the selected livelihoods. Practical, hands-on, often field-based trainings are generally the most useful.
- Technical skills trainings also enhance social capital, especially for women.
- Periodic "refresher" training is generally needed.
- Training can be supplemented with a mentorship program from more experienced community members to help their peers.

5 Mentoring

WHY

Graduation Programs also provide ongoing mentoring to participants to assess how households are faring, offer ongoing support, and boost self-confidence. Having lived marginalized from their communities, often for multiple generations, graduation participants face high emotional hurdles to become confident that they are in fact capable of running a successful enterprise.

Individual mentoring has proven essential in helping people overcome these barriers. In most of the original graduation programs, staff made weekly visits to participating households. For some implementers, especially government programs, this level of ongoing engagement may not be possible for a variety of reasons, including cost and lack of appropriate skills among existing staff. If this is the case, it will be important to find some alternative mentoring strategy other than relying on existing staff (such as enlisting community coaches, peer-to-peer support groups, or technology-enabled "e-mentoring") because implementing organizations consistently state that the individualized "hand-holding" is crucial to the success of the graduation approach.

BRAC in Bangladesh has a home visit curriculum covering 12 social and health issues:

- Early or child marriage (its detriments and encouragement against engaging in the practice)
- Marriage registration as a preservation of survivorship and other rights
- Dowry (its detriments and encouragement against engaging in the practice)
- Human trafficking of women and children
- Disaster management in times of food, cyclones or drought
- Early childhood education
- Family planning education and practice
- Daily food habits as a way to reduce malnutrition and ensure healthy nutrition
- Vitamin consumption and intake of Vitamin A
- Typical water borne diseases and prevention and care
- De-worming education and practice
- Immunizations

Taken from *PROPEL Toolkit: An Implementation Guide to the Ultra-Poor Graduation Approach* (Harshani Dharmadasa, Syed M. Hashemi, Sadna Samaranayake, and Lauren Whitehead. BRAC, 2015)

Effective mentoring is designed to accomplish several interrelated goals:

- To provide a weekly touch-point for participants in the form of household visits by program staff, where progress on livelihoods and social development can be assessed and any problems addressed.
- To reinforce the basic financial education and livelihood skills provided in other building blocks of the program.
- To improve health practices, and to link participating households with available healthcare resources, whether through government services or NGO clinics.
- To foster self-confidence and encourage behavioral change.
- To troubleshoot when problems arise, whether these are related to business, health, or other factors.

Home-based mentoring sessions offer the one-on-one interactions that allow staff to keep an eye on each participant's progress, understand household dynamics and barriers, and offer the social support needed for them to move beyond endemic poverty into sustainable livelihoods. During the visits, staff monitor progress and address problems. More importantly, they develop strong bonds with participants and become their mentors, providing guidance and encouragement over the 18 to 36 months of the program. Staff check whether participants are on track to reach their goals and offer advice on how to do so. They also often offer business counseling, provide social support, promote health and nutrition, and encourage positive attitudinal changes among program participants on issues ranging from personal hygiene, safe drinking water, immunizations, family planning, and the importance of schooling for children.

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Staff work with households to set both short- and long-term goals which are then monitored and reviewed during the weekly visits. These include livelihood goals (e.g., *How much income are the assets producing? Is livestock well-tended? How much in savings has been set aside?)* and also more personal goals (e.g., *How frequently and how well is the family eating? Are the children in school? Is respect being accorded to female household members?*).
In Haiti, over 90 percent of participants felt that they had "a best friend" since joining the program, referring to their designated staff person. One respondent elaborated by saying, "when someone comes to visit you, asks about you, you feel important. Because of my [mentor], I feel like I am somebody."

Mentoring should be tailored to each participant's progress as he or she moves through the lifecycle of income generation from the new assets. Different, and more intensive, support may be may be needed for "slow" vs. "fast climbers." Staff also need to be mindful of any potential "slipping back" and what kinds of support are needed for the participant to get back on track.

Steve Werlin, a regional director with Fonkoze's Chemen Lavi Miyo program, explains the goals and practices of mentoring in **his blog**:

During [weekly] mentoring sessions, members receive advice about caring for their livestock and managing their businesses, they talk with their case managers about their own and their children's health, and they are pushed to plan, to make decisions that reach deeper than just where to find their next meal. Much about these mentoring sessions is almost as unpredictable as any dialogue could be. We know that there are certain topics that must come up for discussion, but it's hard to foresee just what will be said.

One part of each weekly visit, however, is tightly scripted. We call it the "issue." Every week, members and case managers go through one out of a rotating list of ten health-related subjects. Going over the week's issue involves dialogue. We try to draw from the members what they already know about the issue [. . .]. But the dialogue is not open-ended. We don't leave it to our members to decide whether vitamin A is good, whether prenatal care is important [...]. When

presented properly, the issues have a three-part structure. First, we ask a member to consider a danger that hangs over her family and herself. We then go over the measures the member can take to protect herself and her family from the threat. Finally, we push the member to commit herself to making the changes she needs to make. [. . .]

Everything we can do to help them learn that the decisions they make can dramatically affect their lives is a step on the road from victim toward actor. And walking that road is a key part of the pathway to a better life.

ADAPTATIONS

One way of reinforcing mentoring is through the formation of "village assistance committees," which serve to link more prosperous members of the community with program participants through a semi-formal, ongoing engagement. Village assistance committees are groups of village leaders tasked with helping the poorest protect their assets, providing advice, and facilitating access to government and other resources. Although Bandhan in India started its program without these committees, it soon introduced them to help ensure participants' security and to offer mediation in cases of domestic violence and alcohol abuse. The programs in Haiti and Honduras have also organized such committees to support program participants, foster local buy-in for the program, and reinforce its messages within communities.

Implementation

1 Consumption support

2 Savings

3 Livelihood selection and asset transfer

4 Technical skills training

5 Mentoring

Tips and Cautions Mentoring

Ongoing, personal and meaningful engagement with participants provide the opportunity both to keep track of household progress and to offer needed training around life skills such as confidence-building, health, hygiene, and children's education.

- Ongoing mentoring reinforces the material conveyed in the technical skills training and identifies household challenges as those arise.
- Village assistance committees can reinforce training and mentoring messages throughout the program and after it is over.
- Appropriate staff orientation and ongoing training is essential.

Three Countries' Experiences with Mentoring

The concern most frequently raised by governments implementing the graduation approach at scale has been the complexity of the mentoring element. Due largely to constraints on staff time and expertise – if an existing social protection program delivery infrastructure is used, the staff are not likely to have mentoring skills nor the time available for intensive weekly visits with each household – a number of adaptations to the mentoring component have been developed.

In the **Colombia** graduation program, computer tablets are being used to supplement bi-weekly mentoring visits, as a tool both to reduce costs and to improve consistency and quality. In order to streamline the mentoring, the implementing government agency DPS and its private-sector partner Fundación Capital designed a graduation curriculum of 22 training modules for the tablet, with the objective of increasing consistency of training across participating households, regardless of the style or abilities of each mentor. As noted above, the tablets circulate among participants, allowing a community to share these technical resources. Families who are "fast climbers" and who are active technology users absorb the material quickly, allowing the mentors to review the modules with them at a swift pace since those families will have been able to review the content in advance. Just as important, this gives mentors the opportunity to dedicate more time to less technology-adept families and those perceived as "slow climbers." (One caveat: as mentors and families got to know and trust each other more, the bi-weekly household visits would extend beyond the allotted 30 minutes, making it an ongoing challenge for mentors to complete all scheduled visits on a given day.)

Peru's Haku Wiñay does not provide lmentoring *per se*, but the relationships forged between the participants and their *Yachachiqs*—the respected elders who provide agricultural skills training, technical assistance, and financial training—produce, by the nature of that bond, the changes in outlook and attitudes similar to the intended outcomes of conventional mentoring. Program participants become more skilled in negotiation, organization, managing a budget, and financial transactions as well as gaining confidence and healthier life skills and habits.

Ethiopia's program uses government staffers called Development Agents, or DAs, to act in the mentorship role. The government recognizes the importance of building that mentoring capacity among its DAs, since that is an unfamiliar role for them and one that will be added onto significant existing workloads. Ethiopia is aiming for 50 households per DA, a ratio it estimates will enable the program to reach a very large number of participants while maintaining quality control.

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1 Program-Level Monitoring

WHY

At the program level, it is crucial to monitor the quality of inputs, staff engagement with participants, and participants' progress toward achieving their goals. Information collected from households (see below) may be aggregated to track progress toward achieving program goals, as well as to shed light on important operating issues.

Supervisors should use monitoring data to gauge performance and address questions such as

- Are field workers visiting households as scheduled?
- Are livestock healthy and are income-generating activities yielding projected returns?
- Are households saving as intended?
- Are there significant variations in participant performance according to field worker, community, livelihood, etc., which may prompt program modifications (e.g., extra training or close monitoring of underperforming staff, rethinking of suboptimal livelihoods options)?
- Is the program achieving its goals, and if not, what kinds of changes in program design or delivery might be needed?

It may also be important to assess what kinds of information are most difficult to track and thus what changes may be needed to the monitoring and evaluation system in response, especially prior to scale-up.

Along with monitoring, it is important to perform an assessment of the overall results of the program to provide managers with a better understanding of the nuances behind the results. This gives a more complete picture of what works, what doesn't, and why— how the process of change unfolds in the lives of participants, and why some participants succeed while others may not.

The goal of the graduation approach is for participants to move out of extreme poverty and into sustainable livelihoods, with increased assets and other gains sustained over time. So it is important to continue to gather household data after program completion. Some programs are able to do this for all participants. If this proves too costly or logistically unfeasible, collecting data on a sample of past participants can still shed light on whether the long-term objectives of the program are being achieved (and, if not, the reasons behind any ongoing challenges the households continue to face). Finally, where contributing to knowledge generation for the broader field is a priority, third-party evaluations should be commissioned to measure program success and the reasons why specific outcomes were, or were not, achieved. This will be especially useful to the graduation program's community of practice with regard to "second- generation pilots" implemented by government agencies in different configurations so that the body of knowledge can expand about the impact of different models.

A **table drawn from the Client Monitoring System** (CMS) developed for the CGAP/Ford Foundation Graduation Program pilots is included in the Annexes. It covers key information to be tracked throughout the duration of the program, such as

- Field agent and participant identification
- Nature and number of transferred assets
- For each asset: cost, number still in service, income generated, etc.
- Stipend amount and use
- Savings accumulated
- Food consumption
- Number of children attending school
- Health status of family members

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2 Household-Level Monitoring

WHY

Gauging the progress of graduation participants toward their economic and social goals requires a rigorous yet easily manageable client monitoring system. Monitoring data against key indicators and benchmarks enables programs to track participants' progress in key areas such as savings, assets, income, and health. Along with tracking each household's progress relative to its own goals, it is also useful to aggregate the data in order to compare households to one another. This can uncover any notable variations in participants' progress, possibly suggesting the need for adjustments in program design and services (e.g., providing "slow climbers" with additional resources). Most graduation programs collect and analyze qualitative data as well to understand more deeply participants' individual experience and how they are making changes in their lives.

The specific household-level data to be tracked depend on the graduation criteria that the program has established for each household. It is also depends on any key intermediate outcomes that are deemed important for achieving the desired results. For example, Trickle Up has relatively few hard-and-fast graduation criteria but a much larger set of performance targets with quarterly or yearly benchmarks for assessing progress.

Impact Atlas, developed by Amplifier, is a cloud-based technology platform specifically designed to deploy the graduation approach in a way that drives efficiency, increases transparency, promotes operational effectiveness, and helps new organizations mitigate risk and respond to household-level needs. Uplift and BRAC began field testing Impact Atlas in Bangladesh in April 2016. Uplift is in active conversations with several other organizations to bring Impact Atlas to multiple contexts and regions. Other monitoring tools are also on the market: Grameen Foundation's mobile tech tool Taroworks, for example, is being used by Village Enterprise to monitor programs and evaluate impact.

Some Recommended Economic and Social Indicators, Based on the 2006-2014 Pilot Experience

Economic:

- Stabilized and diversified income sources
- Increase in assets (e.g., livestock)
- Increase in formal and informal savings

Social:

- Food security
- Improved access to healthcare
- Increased self-confidence and a plan for the future. Collection of client monitoring data can be combined with the weekly coaching visit to each household. Either the regular field staff person serving that household can perform both tasks (i.e., the standard coaching functions as well as the data collection) or alternatively, a second field staff person can attend to handle the data collection. Regardless of who performs the task, if data is collected during the weekly coaching visits, it is better that the monitoring forms not be filled out in front of the participant, but rather afterwards, so that the participant feels fully free to share his or her challenges and concerns. Staff should be encouraged to discuss with one another regularly about their experiences and the challenges they and program participants are facing, so that an opportunity for shared learning is created from which timely program modifications can be made.

Client-level data should be collected and analyzed at several different junctures:

- Initially at program inception, to provide a baseline of where each household is relative to the key metrics established.
- Periodically (e.g., weekly, monthly or bi-monthly) during the program, to gauge ongoing progress and any challenges faced.
- Midway through the program duration (i.e., at nine months, for an 18-month program; at 18 months, for a 36-month program) to establish a midline update and provide a meaningful basis for any necessary midcourse corrections uncovered.
- At the end of the program, to assess how well the household has fared (endline).
- Ideally, on a periodic basis after the program has ended (e.g., every three or six months) to assess how deeply economic and social changes have taken root (either for all households or, if that proves too expensive, for a representative sample).

Baseline participant monitoring. A graduation program typically works with each household to create a "life plan," defining goals the participants want to reach by the end of the program and setting benchmarks to measure ongoing progress. Establishing a baseline—a record of the household's starting point—permits the program to observe and track changes and can help refine performance targets.

Ongoing participant monitoring. Program staff track each household's progress against key benchmarks throughout the duration of the program, collecting data either in conjunction with the weekly field visits or independently. This information helps the field officer assess whether the household is progressing, what events (positive and negative) may have taken place, and how best to work with the household to ensure continued progress in each key area. If livelihood activities are affected by seasonality, that should be reflected in assessments of economic progress. In some of the graduation pilots, field workers maintained booklets to help participants record their progress and challenges towards meeting goals.

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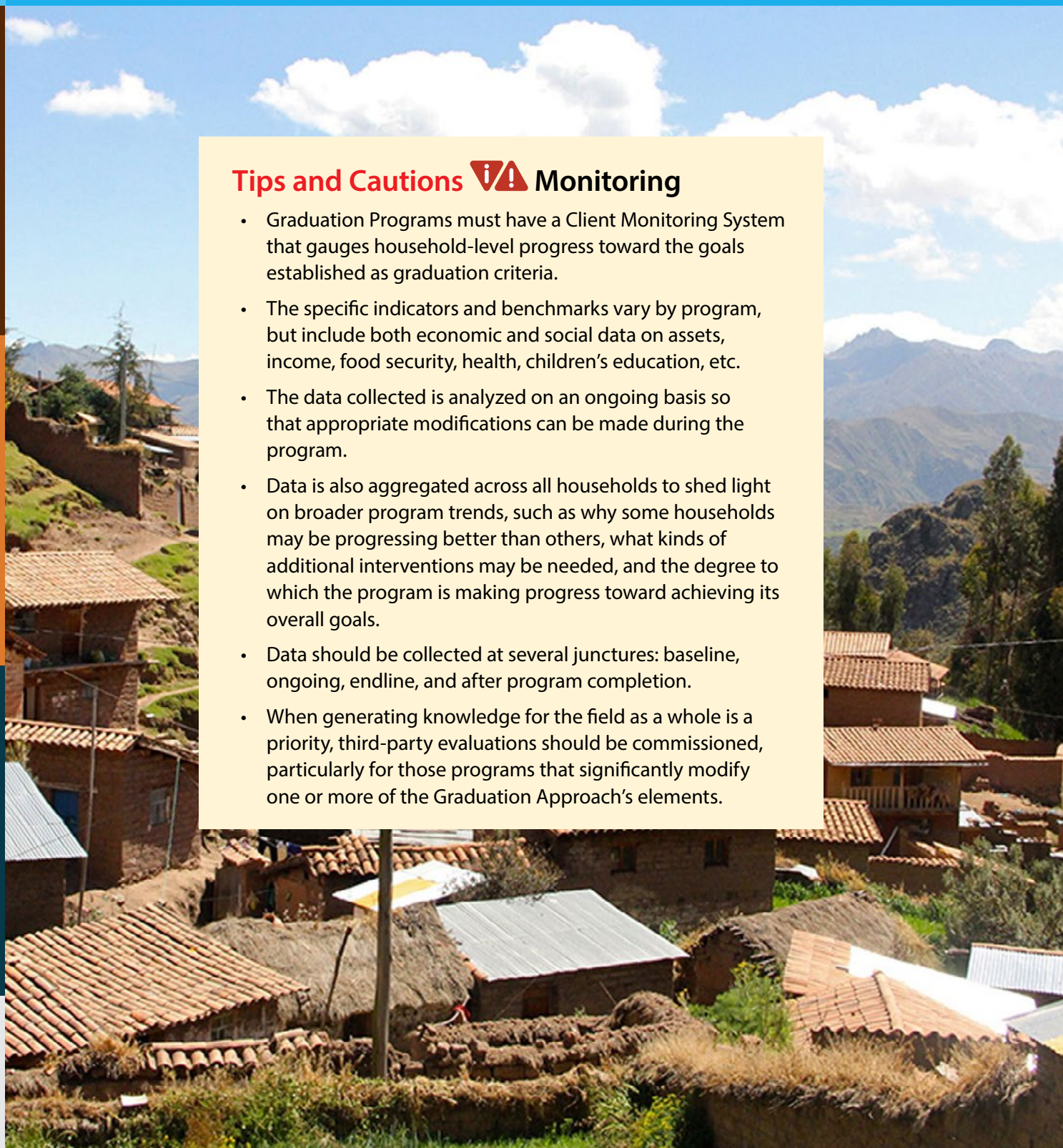

Tips and Cautions Monitoring

- Graduation Programs must have a Client Monitoring System that gauges household-level progress toward the goals established as graduation criteria.
- The specific indicators and benchmarks vary by program, but include both economic and social data on assets, income, food security, health, children's education, etc.
- The data collected is analyzed on an ongoing basis so that appropriate modifications can be made during the program.
- Data is also aggregated across all households to shed light on broader program trends, such as why some households may be progressing better than others, what kinds of additional interventions may be needed, and the degree to which the program is making progress toward achieving its overall goals.
- Data should be collected at several junctures: baseline, ongoing, endline, and after program completion.
- When generating knowledge for the field as a whole is a priority, third-party evaluations should be commissioned, particularly for those programs that significantly modify one or more of the Graduation Approach's elements.

Endline participant monitoring. Gathering household data at the conclusion of the program allows participants, staff, and management to gauge how well people have fared in achieving their goals, and to glean insights on what kinds of changes to program design might be needed.

Post-program monitoring. As noted throughout this Guide, the goal of the graduation approach is to move participants permanently out of extreme poverty and into sustainable livelihoods. That is an ambitious and complex undertaking, so the possibility remains that a household may lose the ground it gained after the program ends and slip back into poverty. It is thus important for the program to continue monitoring key household-level indicators even after the program concludes. As noted elsewhere, if it is not possible to continue tracking all households, the program may choose to track just a representative sample of households, and possibly to include in that sample any households identified as being at particular risk of back sliding.
This monitoring can shed light both on any additional services may still be needed for a particular household and on whether changes may be needed to the program design as a whole.

Documentation for monitoring
In India, the graduation program scale-up has been led by Bandhan, the same NGO that implemented the 2006-2014 CGAP/Ford Foundation pilot in that country. Bandhan's is one of a small number of post-pilot scale-ups led by an NGO rather than a governmental entity. Bandhan describes strict monitoring at every level as a major priority both for internal quality assurance purposes and to gauge outcomes (asset growth, savings, achievement of graduation indicators, cost-benefit analysis). Monitoring has thus facilitated successful scaling of the program without compromising its quality and effectiveness. One key to Bandhan's system has been detailed documentation and triangulation of different information sources at each level of management. The asset transfer, for example, is recorded in at least three registers. Following below are Bandhan's reporting levels.

REGISTERS AND REPORTS
Participant household level:
- Practice book: to practice numbers 1 – 10 and name-signing during group meetings
- Information register: summary of participant's weekly income, expenses and profits; kept with participant for her entire lifetime
- Stock inventory register: weekly stock inventory done by community officers, or COs (the participant-facing Bandhan staff)
- Daily bookkeeping register: daily bookkeeping done by participant households

Branch level:
- CO Movement register
- Staff Meeting Registers (2)
- Asset transfer register
- CO register – details of each household as per schedule of weekly visits
- Ledger/Cash Book/Daily sheet to be filled in every evening at the branch office
- Leave register/Security/Bicycle register
- Problem register and vaccines registers – farm livelihoods
- Cash dispensation registers
- Fund plan – budget of branch expenses (administrative + participant disbursements)
- Mess (staff quarters) expenses register

Headquarters level:
- Monitoring register maintained by the area coordinators (supervisors of the COs)
- Internal audit report
- MIS report
- Excerpted from page 35 of the India Case Study from Preserving the Essence, Adapting for Reach: Early Lessons from Large-Scale Implementation of the Graduation Approach. (Anasuya Sengupta, author ; Tony Sheldon, series editor. New York, NY : Ford Foundation, November 2016)

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1 Defining Graduation

Program objectives

Every graduation program must develop a succinct definition for what constitutes "graduation" along with a set of clear indicators to assess whether that definition has been met. Clarity of purpose on the part of the lead implementers will in turn create clarity for staff about what their priorities should be, and for participants about the program's expectations.

Fonkoze, for example, adopted the following definition: "*Graduating members have the skills and resources to sustainably provide for the needs of their families, the capacity to manage future economic shocks, and are ready, should they choose, to receive their first loan.*" Fonkoze's indicators, in turn, flowed from that definitional statement. Some of those indicators included a requirement that, for a participant to "graduate," all school-age children had to be enrolled in school provided there was a school within a reasonable distance, that no one be suffering from malnutrition, and that the family home have a viable roof.

In India, Bandhan Konnagar has established two sets of metrics or "progress indicators" – mandatory and optional – to gauge both household graduation and to maintain comparability of outcomes across operational sites. These graduation criteria encompass a range of achievements, economic and non-economic. Participants must achieve 75 percent of all the indicators including five of the eight mandatory criteria. Bandhan Konnagar's graduation indicators are included as Annex 7.

What is Graduation?

The term graduation refers to a threshold which, once crossed, significantly reduces the probability of sliding back into extreme poverty. Graduation criteria are necessarily contextualized and concretized based on regional differences and the specific conditions that create and entrench extreme poverty in a given locale.

Graduation criteria are generally a mix of quantitative and qualitative indicators. "Graduating" does not necessarily mean that participants are no longer eligible for other government services, such as conditional cash transfers, as eligibility criteria for such programs may be distinct from graduation criteria. Indeed, participants' capacity to continue increasing their economic and social resilience may depend on their continued eligibility for government services. Relevant issues include malnutrition, health, children's education, wider occupational choices, and women's agency. To address these issues, extreme poor households need to link up with other social protection elements, such as conditional cash transfers, health care, schooling, or insurance.

As noted, the second-generation implementers are drawn primarily from among public-sector actors, especially ministries already engaged in social protection activities, and that trend is likely to continue. Such actors typically operate within a larger, pre-defined policy framework that might encompass, among other elements, eligibility criteria for various safety-net benefits for their respective nations' citizens.

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Three Countries' Experiences with Graduation Criteria

Colombia's "Producing for My Future" program did not mandate specific graduation criteria but did set certain expectations at the outset for each participating family. To complete the program successfully, participants had to complete all capacity-building modules and be present for the coaches' home visits. If the registered participant was unable to be present on a specific day, someone else from the family was expected to meet with the coach, complete the training module (using the tablet), and pass along the information. All participants were also required to attend group activities that promoted team building and cooperation to strengthen community connections and to encourage savings plans.

The vision for **Peru's Haku Wiñay** is that, by the time they complete the program, participants will have more diversified sources of income, be better planners, have money saved, and make use of other financial services. Haku Wiñay tracks and evaluates several key indicators to gauge household progress, such as annual change in household income, average spending in the household, and change in value of agricultural production.

Ethiopia's PSNP IV does not use a predetermined set of standardized benchmarks to evaluate graduation. Rather, local committees are tasked with determining context-specific criteria for program exit, relying on their knowledge of the communities they serve. To reduce any pressure households may feel to exit before they are ready, Ethiopia does not impose a specific timeline for graduation. While the Government of Ethiopia ultimately wants to ensure greater exit from the PSNP program (because it wants to achieve the goals of reducing extreme poverty and increasing sustainable livelihoods), it is also undertaking a pragmatic approach. Employing the knowledge of local-level officials, evaluating households on a case-by-case basis, and not imposing a deadline are all efforts to reduce the odds that households will exit before they are ready and thus that they might backslide.

Finally, it is worth emphasizing that the graduation approach, regardless of who implements it or the specific criteria they adopt, is not a quick fix. Whatever specific key performance indicators a given program may design, the overarching end goal of the graduation approach is to move participants out of extreme poverty and into sustainable livelihoods. The careful sequencing and execution of its five core building blocks, based on the experience of the 2006-2014 pilots and the subsequent scale-ups, typically takes between 18 and 36 months.

FIGURE 2: One Participant's Visual Reminder

This member of Fonkoze's Chemen Lavi Miyo (Pathway to a Better Life) program has placed her graduation indicators on her front door. Many participants in the Fonkoze pilot did this, checking off their progress against each indicator as milestones were achieved. (Screenshot from CGAP video.)

How the success of the graduation approach supports broader governmental policy goals, including allocation of social protection resources, is a question that each government must answer for itself. But as graduation programs are integrated into government social protection programs, care should be taken to avoid defining premature graduation or setting exit criteria too low. Participants must be given adequate time to demonstrate that their sustainable livelihoods are precisely that—sustainable—and that they have acquired sufficient resilience to significantly reduce the possibility of falling back into extreme poverty.

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FIGURE 3: Graduation Ceremony Photograph (Haiti)

Fonkoze (Haiti) graduates display their diplomas at their graduation ceremony.
Photo courtesy Fonkoze

Future household resilience
Reaching graduation means reaching a number of certain context-specific indicators by the end of the program, but these indicators should also aim to incorporate a measure of potential resilience to future shocks and vulnerabilities. There is a choice to make about what level of shocks a household should be able to bear to be deemed "resilient"—a difficult choice in the context of macroeconomic fragility, as well as recurring natural and man-made disasters. However, this attempt to assess participants' future resilience reflects the reality that the program's goal is not the participants' short-term escape from extreme poverty, but rather their ability to sustain themselves after the program is over.

Specific objectives. Some implementers use the graduation approach as a means to achieve a specific objective beyond general poverty alleviation. For example Plan International designed its programs in Honduras and Peru as a way to foster child welfare. Plan deliberately targeted households with several children, then worked with parents and children (along with the wider community) to raise awareness around children's rights. Different implementers may have different specific objectives for their graduation programs. But any program will stand a better chance of success to the extent it defines objectives clearly from the outset and designs interventions accordingly.

FIGURE 4: Program Coherence Around Specific Objectives/Plan International in Honduras and Peru Pilots: Children's Education

FIGURE 5: Helping Participants Determine Their Goals

Alberto, a participant in the Peru Graduation Pilot, drew a picture of his situation in 2010 and a picture of what he wanted his life to look like by 2012. He and his partner, Epifania, then in their mid-30s and with seven children ages 4 to 17, wanted to buy more livestock, build a new stable, expand their house, and pay for school fees.

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Participants' dreams and aspirations
Graduating should also mean that participants meet a certain number of individual life goals of their own. Toward this end, staff should help households determine what outcomes they personally want to achieve through their participation in the program. The extreme poor are often so focused on day-to-day survival that creative strategies are needed to help them think about the future. One interesting way to help households "unpack" their dreams is to ask families to draw their current situation and what they would like their life to look like when the program is over. In many cases program staff need to work with participants to help them think of ambitious yet realistic objectives.

2 Developing Good Indicators

While the overarching goal of graduation is common across all pilots—exit from extreme poverty and into sustainable livelihoods—each pilot sets its own context-driven indicators for graduation, since the features of poverty vary. The pilot sites incorporated some or all of the following elements into their graduation criteria: food security, stabilized and diversified income, increased assets (including savings), improved access to healthcare, increased self-confidence, and a plan for the future.

Graduation indicators—the datapoints that suggest whether a participant has exited extreme poverty—should align with the corresponding poverty indicators. So when looking at food security, for example, there should be a correlation between extreme poverty (or whatever the baseline) and food consumption/security. If the difference between extreme poverty versus non-extreme poverty can be defined as the number of daily meals (or the addition of vegetables and fish to a meal of rice), then one can say that a household has graduated if they are having two meals a day instead of one, or if those meals now include consuming rice with vegetables and fish. The program can also use a composite scoring of several indicators, each weighted to account for relative importance, to provide a complete score on extreme poverty.
In general, indicators need to be *coherent*, *meaningful*, and *measurable*.

Coherent. Programs target the extreme poor based on certain criteria (reflected in the targeting inclusion/exclusion standards). So it makes sense to reflect progress made along these criteria at the end of the program. For example, Bandhan targets participants whose primary source of income is informal labor or begging; who have no productive assets; and who have school-aged children working rather than attending school. Based on this targeting strategy, Bandhan's twelve graduation criteria include participants having at least two sources of income and keeping school-age children enrolled in school.

Meaningful. Graduation criteria need to be ambitious yet achievable. They must also reflect the program intervention—for example, it is unrealistic to expect improved health outcomes after an 18 to 36 month intervention if the program did not specifically include access to healthcare as a component. While measures of meaningful economic changes are fairly clear (e.g., increase in income and assets), indicators of less tangible but equally important goals (such as increase in self-esteem) are harder to design. Careful consideration is needed about what is meaningful and achievable, based on the particular goals and structure of the program and on the local context. For example, Trickle Up determined for the program in West Bengal that if women actively participated in local government meetings, that was a good proxy for increased confidence.

Measurable. Indicators need to lend themselves to being accurately measured. At Fonkoze, for example, members were linked to healthcare providers during the program. But because Fonkoze did not have a straightforward and cost-effective way to measure whether or not members were actually visiting the healthcare providers, uptake of healthcare services was not used as a graduation criterion. Indicators need not all have equal weight. Staff may decide that some indicators are "absolute"— *sine qua non* conditions for reaching graduation—whereas others are not. Fonkoze decided that participants could not graduate if there were any malnourished children remaining in the household who were not already attending a feeding program, if women in the family were too sick to work, or if the family home lacked a viable roof.

Where appropriate, graduation criteria can be evaluated using an industry standard tool such as a poverty scorecard, a progress out of poverty index, or some other type of survey (e.g., a food security survey). Participants should be assessed at baseline and upon program completion using the same set of measurement tools: comparing baseline and follow-up data gives a more accurate picture of participant progress.

Accounting for the participant's perspective

Self-confidence and a vision for the future are important program outcomes in themselves. They also significantly influence participants' general ability to pursue the program's goals, so it is important to track participants' sense of well-being. In several sites, graduation evaluation teams asked participants to respond to some entirely subjective, self-reported questions. These questions created the sense that graduation was not simply the expiration of the program, but an active choice on the part of the participant. When using subjective criteria, it is important to evaluate whether participants are accurately reflecting their situation: neither artificially boosting their progress nor under-reporting in hopes of receiving additional support. For example, participants have been asked to assess which step of a "happiness staircase" (with a smiling face at the top, and a sad face at the bottom) they felt they were on before joining the program, and which step they were on at program completion.

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FIGURE 6: The Happiness Staircase

Recent research suggests that cognitive behavioral therapy (CBT) may help the extreme poor engage more productively in new livelihoods.[41] In Ghana, Innovations for Poverty Action is testing the addition of group-based CBT to reduce depression and improve the forward-looking aspirations among poor populations prior to their entry into graduation programs.

Considering external variables

Several graduation indicators—typically those related to healthcare or schooling—depend on external service provision or infrastructure. It is important to take this into account when designing graduation indicators. In Pakistan, for example, school coverage is patchy; hence the program deemed that a graduation indicator should be very specific: "All children aged five to ten must be attending school if a school is accessible in a radius of 1.5km."

Building on a government safety net program

REST (Relief Society of Tigray) in Ethiopia implemented a Graduation pilot that built on the Ethiopian government's Productive Safety Net Program (PSNP). REST aligned its Graduation Program objectives with PSNP's general targets, but took care to express its graduation metrics as a set of clear indicators (qualitative and quantitative) with a specific timeline. At the end of the graduation program cycle (36 months from the date of the asset transfer for bee-keeping participants; 24 months from asset transfer for all others), households were expected to graduate by meeting at least one of the quantitative indicators plus at least one of the qualitative indicators—both categories reflecting PNSP criteria. *Quantitative criteria*: (1) Graduating to food

41 Thomas, Catherine and Johannes Haushofer. 2015. "Get Happy, Get Rich: The Relationship Between Depression and Poverty." *Foreign Affairs*, April 21. New York, NY: Council on Foreign Relations.

security (equivalent to owning 12 months of food supply plus 3 months reserves); (2) Successfully saving an amount equivalent to at least 75 percent of the initial value of the asset. *Qualitative criteria*: (1) Expanding and diversifying livelihoods; (2) Readiness to access microcredit; (3) Verification by a Community Task Force that the concerned household is better off.

❸ The Process of Graduation

Home visit

It is important to assess participants' progress during an end-of-program home-visit evaluation, made by at least two staff. When working in pairs, one interviewer can ask questions and discuss informally while the other assesses objective questions by observing members' homes, assets, children, etc. The interviews should be conversational in tone and the information-gathering tool preferably not used in front of the participant.

Committee

After each household has been visited and evaluated according to the determined criteria, a Graduation Committee of staff and management can be gathered to help determine the status of members whose special circumstances are not reflected in a systematic evaluation. This allows for a more nuanced evaluation process and corrects for human error in data collection and observation. The Graduation Committee meetings can also help management identify weaknesses in the program and the evaluation tool itself, and to consider ways of improving both during scale-up. During committee meetings at Fonkoze, staff provided a nuanced portrayal of each member in question, and sought to understand the particular circumstances of each borderline case while maintaining the authenticity of the evaluation. Conversations with program staff produced information about participants' readiness for graduation, for example: "Francoise's assets are more valuable than the evaluation indicates because her goats are large, not small" or "Bernadette has a zero savings account balance because she just withdrew money to purchase a horse."

FIGURE 7: Graduation Ceremony Photograph (India)

Women line up to perform a dance at Trickle Up Graduation Ceremony, West Bengal, India
(Photo courtesy of Trickle Up)

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Graduation ceremony

After each member has been evaluated and his or her eligibility for graduation determined, it is important to hold a graduation ceremony for participants and their families. The ceremony allows the participants to talk about their progress and celebrate their success. In some cases, participants receive certificates of program completion or other gifts. At SKS each graduate received a clock—a symbol both of status and of the move out of a state where time had no meaning and participants were always frantically trying to make ends meet and into a life under better control. At the Trickle Up Graduation ceremony participants made banners and chanted slogans for economic and social rights. Several participants also spoke or recited poems about their journey out of extreme poverty.

What if a participant doesn't achieve the graduation benchmarks?

Almost certainly, some program participants will not satisfy the criteria established for graduation. An institution should define the interventions that will be available to "non- graduates." Will the program offer an extension period for those who do not graduate? If so, how will this be managed? These decisions may be time-sensitive as resources will need to be allocated for members who need additional support. Moving permanently out of extreme poverty is not fast or easy, and some program participants will need additional support.

Post-graduation pathways

As part of the graduation approach participants are encouraged to develop new livelihoods through self-employment. However, not everyone is an entrepreneur by nature, and not every graduation participant will have the appetite and the ability to expand a microenterprise. It is important for graduation programs to foster a full range of pathways and to encourage participants to access the social protection resources available—even when social protection is no longer necessary to meet basic daily needs, other services such as pensions, life and health insurance, minimum wage regulations, healthcare, education, and disaster assistance will remain highly relevant.

Entrepreneurship and microcredit. Given the graduation approach's focus on self-employment, microcredit will likely be an important post-graduation tool for many participants. The early focus on financial literacy training, building financial discipline through regular savings, and business development training is especially important to participants' future ability to use credit wisely. Program staff also need to ensure that the credit product's designs are suited to the participants'

needs. As noted earlier, Fonkoze has an intermediary product, called Ti Kredi, which offers very small loan amounts and extra hand-holding. Fonkoze offers Ti Kredi to recent graduates as a first step before accessing mainstream solidarity loans. Some participants choose not to take microcredit upon graduation because of fear, but may decide months later to join a credit program. Research at Fonkoze suggests that due to the lack of other employment opportunities, those who do not take up microcredit tend not to fare as well six months after the program's end.

Employment. In some contexts (e.g., coastal Sindh and rural Haiti), it is difficult to find alternatives for those who do not want to take on self-employment. However, where possible, participants should be encouraged to link up with salaried employment opportunities which can be at least as lucrative and often less risky than microenterprise. In many places pilots have encouraged participants to seek principal or supplemental income in activities such as domestic employment, agricultural wage labor, or construction work. In a series of new pilots, the United Nations High Commissioner for Refugees (UNHCR) is developing an "employment track" in addition to the classic "microenterprise track." Participants in the employment track receive technical skills in areas where the markets can offer jobs for relatively low-skilled workers. In parallel, UNHCR works with the potential employers to determine the needs and raise awareness about the specific circumstances of their populations of concern (typically refugees or internally displaced people).

❹ Social Protection

As noted above, social protection should still be available to people who require ongoing support. Where government programs are in place, it is important that participants be made aware of the existence of such programs and encouraged to avail themselves of their rights. Graduation programs should cultivate a consistent engagement with governments and share about the graduation program experience with the goal of improving the design, implementation, and coordination of safety net programs, social sector policies, and social insurance, and determining strategic interventions for pro-poor economic growth.

❺ Managing the Risk of Slipping Back

Even though a majority of participating households do "graduate" into livelihoods that should be sustainable after the program's end, this process is not always linear and is not guaranteed to be sustained across the long-term. It also does not mean that all or most of the households will have crossed the poverty line. Many participants will likely go through different cycles of progress and setbacks. To mitigate these risks it is important to consider the following mitigation strategies:

Continued community support. In places where group strategies are developed (SHGs, peer-learning networks, village assistance committees, etc.) they should be designed to sustain post-program engagement. Such groups can keep a watchful eye on former participants and continue with local initiatives that program staff began, such as social messaging or community development. Lead implementers should work throughout the program to build the capacity of these groups so that the groups can remain effective permanent resources in their communities after the program is over.

Facilitating access to healthcare. Many households slip back into extreme poverty due to a health crisis. In severe cases, households may go into debt or sell their assets to pay for medical assistance. Access to healthcare or health insurance services after the end of the program allows participants to access preventative care and to seek any necessary early treatment, reducing the risk that health shocks will thrust them back into extreme poverty.

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Reaching Graduation

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3 The process of graduating
4 Social protection
5 Managing the risk of slipping back

Facilitating access to savings and insurance. Financial services play a crucial role in participants' trajectories beyond graduation. A strong savings base is vital to managing emergencies and to maintaining steady consumption despite erratic cash flow (a common feature of self-employment, particularly where seasonality is a factor). Continuing to save after the end of the program can also help participants protect assets and accumulate money for future investments. Although there are many competing demands upon participants' income (e.g., food, emergencies, requests from family, purchasing an animal, etc.), the established discipline of formal savings helps ensure that some funds will routinely be set aside for the future.

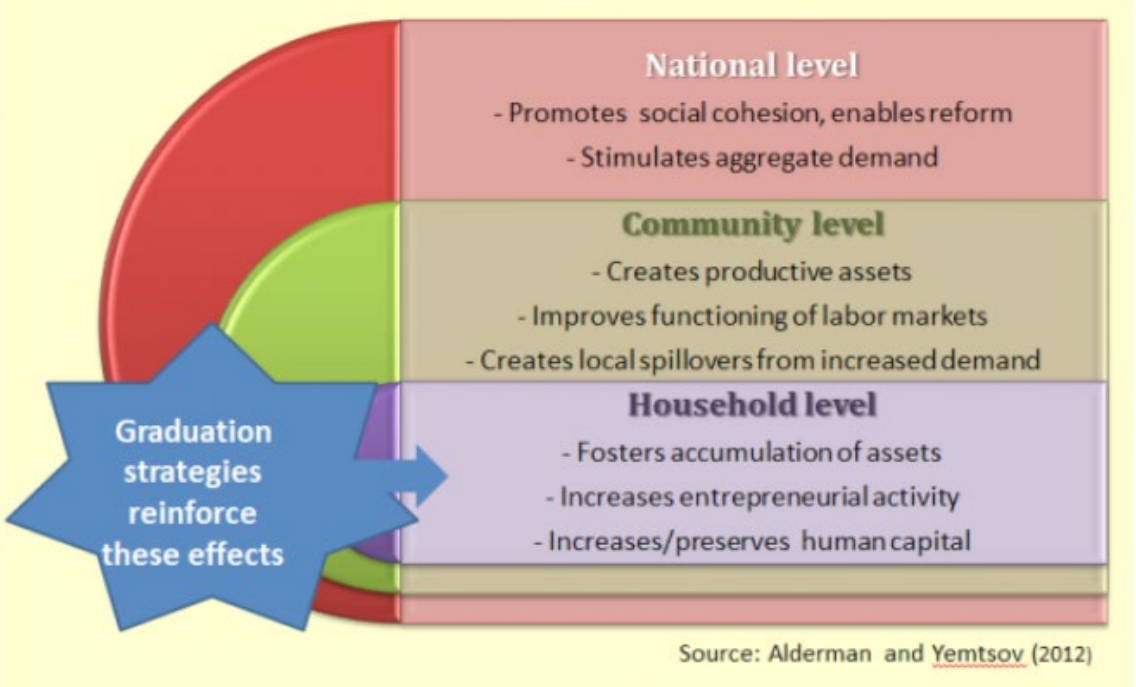
Program staff have an important role in encouraging participants to make the savings habit a permanent discipline. The lead implementer should also work with its financial services partner to ensure that appropriate savings services remain available. Program staff may also be able to source insurance products to protect participants against the kinds of major shocks (e.g., hurricanes or earthquakes) that personal savings cannot cover. At Trickle Up, for example, excessive rainwater during the pilot phase killed many participants' livestock. Trickle Up has since negotiated for bulk livestock insurance as it scales up the program.

GRADUATION AND RESILIENCE

One of the most important trends in development and anti-poverty work generally is the focus on *resilience*—on making sure that interventions not only address the immediate need for which they were designed but also contribute meaningfully to their beneficiaries' ability to withstand future shocks and setbacks without falling deeper (or back) into poverty. Building participants' resilience, by virtue of moving them into sustainable livelihoods, is at the heart of the graduation approach's theory of change. An April 2017 paper from USAID* reviewed the documented impact results from the graduation programs studied to date and found that graduation contributes significantly to resilience across multiple indicators. The paper also recommended that graduation programs incorporate a more explicit emphasis on resilience into their work, and that they include systematic efforts during the program design phase to understand the risk environments that their extreme poor populations face. As the paper put it, "[t]he complex and compound nature of these environments is clear; it is rarely a single event that sends households back or deeper into poverty and chronic vulnerability, but rather a combination of shocks and stresses, from large-scale co-variate droughts and floods, to more idiosyncratic shocks such as the loss of a wage-earner or a health crisis within the household that unfold over time."

*Collins, Greg. *Resilience and Graduation*. 2017. Washington, DC: USAID, April

FIGURE 8: The Multi-Level Effects of the Graduation Approach



Note for Government Implementers

As this Guide has stressed repeatedly, the graduation approach is not intended to be a *substitute* for effective social protection coverage. The program is likely to achieve a measure of public visibility, so it will be desirable for policy makers at all levels to understand and be able to articulate clearly the fact that participants do not "graduate out" of their eligibility for social protection if they still need it.

In fact, the experience of the pilot phase frequently found the opposite. Participants in some cases, notably West Bengal, effectively graduated *into* social protection. They had been so socially isolated that they had been previously unaware that social protection services existed, or that they qualified for them. Part of the work of the graduation program there was not only to deliver the program services but also to link the participants, for the first time in their lives, to social protection.

Interventions such as the graduation approach are not and should not be a means for the public sector to be let "off the hook." The extreme poor, on their way to becoming self-employed micro-entrepreneurs, need to have sound infrastructure (roads, irrigation, agricultural extension services) in place. They require access to affordable healthcare since any economic progress can be swept away by a single health shock with their families. In order to break the intergenerational cycle of poverty, their children will still require affordable access to quality education and other human development benefits. Governments should continue to provide transfers to those extreme poor who are still eligible given their vulnerability (e.g., those graduation program participants whose new livelihoods are still fragile and, of course, those whom the graduation approach is unable to reach or for whom it is not an appropriate intervention).

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Conclusions and Next Steps

We conclude this Technical Guide by remembering that poverty is a complex, multi-dimensional phenomenon. This is especially true of the extreme poverty—entrenched across multiple generations, affecting entire communities—that was the focus of the graduation approach through 2014 and has remained its primary, if not exclusive, focus since then. Extreme poverty's complexity means that caution is warranted when attributing causation to any given intervention, including the graduation approach. That is why many of the graduation programs have included randomized control trial impact assessments as part of a robust research and learning agenda.[42]

As discussed elsewhere in this Guide, the findings to date have been very encouraging.

Strong impact findings from the first graduation program, created by BRAC (Bangladesh): The 2015 follow-up study[43] to an earlier randomized control trial evaluation[44] found positive impacts on employment, income (37 percent increase in earnings), assets (household asset value more than doubled), savings (cash savings increased nearly nine-fold), and consumption (9 percent increase in per-capita nondurable consumption). The gains were sustained after two years from the end of the intervention (i.e., four years after the asset transfer). Households also diversified their assets and income sources; for example, the value of productive assets tripled. Impacts were observed to be even larger seven years after the asset transfer, and five years after the end of the program (e.g., the change in spending on nondurables was 2.5 times higher after seven years than after four, and the increase in land access doubled). Further, since CFPR/TUP targeted women in extreme poor households, it allowed for women's increased control over household economic resources and greater power in decision-making.

Impact findings from CGAP-Ford Foundation pilots: The rigorous randomized control trial impact assessments conducted by Innovations for Poverty Action at six of the pilot sites documented increased household incomes and consumption at all but one graduation site (Honduras, where the new chicken breed selected by most participants failed to produce sustained returns).[45] The programs have statistically significant impact on consumption (7.5 percent increase in food consumption), beneficiaries' productive assets (15 percent increase), and savings (96 percent increase) one year after the program ended (that is, three years after the assets are transferred). In addition, beneficiaries spent more time working, went hungry on fewer days, experienced lower levels of stress, and reported improved physical health. The program also led to some improvements in psychosocial well-being: participants' self-reported happiness, stress, women's empowerment, and some measures of physical health and political engagement improved at some sites, although the women's empowerment and physical health treatment effects were not statistically significant one year after all program activities ended.

More recent impact findings: Results from one of the CGAP/Ford Foundation sites in India six years after the end of the program revealed even greater impact, with a doubling in per capita

42 RCT impact assessments by external academics prove causality between program participation and changes observed in participants' lives through random assignment of potential participants to treatment and control groups and comparing changes between them.

43 SPECIFY

44 Bandiera, Oriana, Robin Burgess, Narayan Das, Selim Gulesci, Imran Rasul, R. Shams, Munshi Sulaiman. 2012. Asset Transfer Programme for the Ultra Poor: A Randomized Control Trial Evaluation. BRAC, December.

45 Banerjee et al in *Science* (2015)

consumption compared with the three-year mark.[46] It is important to note that the first round of randomized control trials tested the graduation approach as a package, rather than assessing each component's relative importance. Additional research in Ghana compared the transfer of assets alone (goats) to the receipt of the full graduation package; after three years, households that received the full package had significantly higher and more diversified assets than those of the goats-only households, whose livestock value and total consumption actually decreased.[47]

Two related points made throughout this Technical Guide bear repeating. The first is that most of what we know about the graduation approach (including the encouraging results noted above) pertain to the "classic" graduation approach —the fully integrated suite of five interventions, delivered in a set sequence. The second point is that second-generation graduation programs do not adhere in every respect to classic graduation approach. They adapt the approach to their own purposes, constraints, and contexts. We expect that trend to continue, especially because we also expect the trend of government-led implementations to intensify: government-led graduation programs typically pursue massive scale, and many interventions' pilot models (not just graduation's) undergo adaptations for scale.

It is important that programs that significantly change the design and delivery methodologies of the approach continue to be both thoroughly documented and then assessed to determine whether the adapted approaches can still deliver a high degree of positive outcomes. Such assessments are vital to the implementers of the revised approach (so they can make any necessary adjustments to their program's design), and should also be shared among the broader graduation community of practice to inform other programs. Only by continuing to capture, document, and share lessons learned—especially as government implementers adapt the approach's core elements to achieve massive scale—will we be able to realize graduation's full potential.

Along with achieving scale, another emphasis among second-generation programs may be outreach to a particular sub-segment of poor or an otherwise vulnerable populations, e.g., youth, urban dwellers, people with disabilities, or indigenous persons. The graduation pilots operated by the United Nations High Commissioner for Refugees provide an example. Today there are more than 60 million forcibly displaced people around the world, 86 percent of whom are hosted in developing countries. Many restrictions on movement, the right to work, and bank account ownership influence how these populations are able to cope during their displacement period and hinder their ability to support their basic livelihoods. The emerging use of cash transfers for humanitarian assistance presents a unique opportunity to explore how links to broader financial services could reduce the burden on tightening aid budgets, improve the ability of refugees and internally displaced persons (IDPs) to manage their lives, and support their ability to access livelihood opportunities.

The UNHCR recognized the potential for the graduation approach for cross-border refugees and IDPs, and put the approach at the center of its 2014-2018 Global Strategy for Livelihoods. The approach of course needed to be adapted for this specific group, and the UNHCR added a strong legal assistance and a psychosocial counseling component. But otherwise the cash assistance (consumption stipend), the asset transfer (or links to employment opportunities), and

46 The Economist (2015)

47 Banerjee, Abhijit, Dean Karlan, Robert Osei, Bram Thuysbaert, and Christopher Udry. 2014. *Graduating the Ultra Poor in Ghana*. New Haven, CT: Innovations for Poverty Action.

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the mentoring features of the approach remained the same. With the assistance of Trickle Up (an international NGO that had implemented one of the original pilots), UNHCR is now testing the model with refuges in five countries—Egypt, Costa Rica, Ecuador, Burkina Faso and Zambia—in very different contexts, including rural, urban and camp settings, as well as both emergency and protracted situations.

Results thus far have been encouraging. UNHCR Egypt has fully integrated graduation into its livelihood programming while UNHCR Ecuador has used a graduation lens to transform how they plan their wider refugee response. Overall, graduation provides UNHCR field teams with a means of linking disparate program inputs (social protection, livelihoods, and others) into a more carefully sequenced and time-bound way to bring about improved social, economic and in some cases legal outcomes. The graduation approach improves economic autonomy for refugees by shifting UNHCR programming from short-term assistance to a longer-term vision of self-reliance. Moving ahead, UNHCR is eager to test the cost effectiveness of the graduation approach in a refugee context against the effectiveness of cash and traditional UNHCR interventions (e.g., shelter, food, medicine) to understand the role that economic inclusion can play for people affected by prolonged displacement and for their host communities.

The graduation community of practice includes more than 200 members and has already achieved a high degree of cooperation and knowledge-sharing, both online and in person. Its collective wisdom plays a decisive role in the success of the graduation approach's ambitious agenda. It also has a dedicated page on the Microfinance Gateway that is regularly updated with news about the graduation approach and its learning agenda. We encourage all those who work on extreme poverty alleviation to join the community of practice, visit the dedicated graduation page frequently, and submit your questions, updates and news.

Table 2 provides information on graduation adaptations underway worldwide.

TABLE 2: Graduation Adaptations Worldwide

GRADUATION ADAPTATIONS WORLDWIDE			
Country	**Main Implementing Agency/Organization**	**Name of Program**	**Start date**
Afghanistan	Microfinance Investment Support Facility for Afghanistan (MISFA)	Targeting the Ultra Poor	2010
Bangladesh	Bangladesh Rural Advancement Committee (BRAC)	Targeting the Ultra Poor- Phase IV	2016
Bangladesh	World Vision	Ultra-Poor Graduation Programme	2014
Burkina Faso	Trickle Up	Scaling Graduation in Burkina Faso	2014
Burkina Faso	Trickle Up	Assessing the impact of Child Protection Programme	2014
Burkina Faso	United Nations High Commissioner for Refugees (UNHCR)	UNHCR Milk and Artisan Value Chains Graduation Project	2015
Burundi	Concern Worldwide	Burundi Graduation Pilot	2012
Cambodia	World Vision	Economic Resilience and Livelihoods (ERL)	2015
Colombia	Government of Colombia and Fundación Capital	Producing For My Future	2013
Colombia	Government of Colombia and Fundación Capital	Transforming My Future	2014
Costa Rica	United Nations High Commissioner for Refugees (UNHCR)	Modelo de Graduacion	2014
Ecuador	United Nations High Commissioner for Refugees (UNHCR)	UNHCR in Ecuador Graduation Program	2015
Egypt	United Nations High Commissioner for Refugees (UNHCR)	UNHCR Egypt Graduation Project	2013
Ethiopia	Save The Children	Transformation to Food Security (T2FS)	2011
Ethiopia	Government of Ethiopia	Productive Safety Net Program IV-Livelihood Support Component	2015
Ghana	Innovations for Poverty Action (IPA)	Escaping Poverty	2011
Guatemala 1	Trickle Up	Promoting Economic Opportunity for Young Women and Girls	2016
Guatemala 1	Trickle Up	Inclusive Livelihood Development in Tamahu	2015
Guatemala 1	Trickle Up	Alliance for Rural Inclusion	2015
Guatemala 1	Trickle Up	Empowering Adolescent Girls in Guatemala	2016
Guatemala 1	Save The Children	PAISANO	2012
Haiti	Fonkoze	Chemen Lavi Miyo (CLM)	2007
Honduras	Government of Honduras and Fundación Capital	Graduation Pilot	2017
India	Bandhan Konnagar	Targeting the Hard Core Poor Program	2007
India (Jharkhand)	Jharkhand State Livelihood Promotion Society (JSLPS) and Trickle Up	Partnering to scale up Graduation with Jharkhand Sate Livelihood Promotion Society (JSLPS)	2015
India (Odisha)	Odisha State Livelihood Mission and Trickle Up	Intervention for ultra-poor households in partnership with Odisha Livelihood Mission and Trickle Up	2015
India	Consortium of organizations	Empowering Women Through Technology	2015
India	Trickle Up	Promoting Sustainable Livelihoods and Wellbeing in Households in Extreme Poverty in West Bengal with the Bharat Rural Livelihood Foundation	2015
Indonesia	Government of Indonesia	Kelompok Usaha Bersama Program Keluarga Harapan (KUBE PKH)	2013

GRADUATION ADAPTATIONS WORLDWIDE			
Country	**Main Implementing Agency/Organization**	**Name of Program**	**Start date**
Kenya	The BOMA Project	Rural Entrepreneur Access Project (REAP)	2013
Kenya	BRAC USA and Partners	Government of Kenya & IFAD PROFIT Program, Financial Graduation Facility Subcomponent	2010
Kenya	Village Enterprise	Village Enterprise's Microenterprise Development Program	2011
Laos	Maxwell Stamp	Resilient Livelihoods for the Poor	2014
Lebanon	Government of Lebanon	National Poverty Targeting Program (NPTP) Graduation Pilot	2017
Malawi	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)	Reducing Ultra-Poverty through Economic Empowerment of Social Cash Transfer Beneficiaries	2015
Mexico	Government of Mexico and Fundación Capital	Hand in Hand with Prospera (De la Mano con Prospera)	2016
Mexico	State Government of Jalisco and Partners	Supporting Women Heads of Households	2017
Mexico	Ko'ox Taani and Trickle Up	Ko'ox Taani Inclusive Livelihood Development in Yucatan	2015
Mongolia	World Vision	A 36-Month Integrated Graduation Approach	2015
Mozambique	Government of Mozambique and Fundación Capital		2017
Nicaragua	Trickle Up and Partners	Economic Inclusion of People with Disabilities (Chontales)	2014
Niger	Save The Children	LAHIA	2012
Pakistan	Pakistan Poverty Alleviation Fund (PPAF)	Social Safety Net-Targeting Ultra Poor (SSN-TUP)	2007
Pakistan	Government of Pakistan's Benazir Income Support Programme and Pakistan Poverty Alleviation Fund (PPAF)	Household Overcoming Extreme Poverty	2017
Paraguay	Government of Paraguay and Partners	Seeding Opportunities Family by Family (Sembrando Oportunidades Familia por Familia)	2015
Peru	Government of Peru and Partners	Haku Winay-Mi Chacrea Emprendedora	2012
Philippines	Government of Philippines and Partners	Graduation Pathway from survival to subsistence to self-sufficiency	2017
Rwanda	Concern Worldwide	Unleashing the productive capacities of the extreme poor in Rwanda	2011
Somalia	World Vision	Somalia Resilience Program	2013
South Sudan	BRAC USA		2013
Sudan	Government of Sudan and Partners	Sudan Graduation Pilot	2016
South Africa	Economic Policy Research Institute (EPRI)	Saving and Investment Linkages (SAIL)	2013
Sri Lanka	World Vision	Graduation Model	2013
Tanzania	Government of Tanzania and Fundación Capital	Tanzania Graduation Pilot	2017
Tanzania	Government of Tanzania and BRAC USA	Targeting the Ultra Poor Programme	2017
Uganda	BRAC USA	Targeting the Ultra Poor- Mitigating Extreme Poverty for Ugandan Youth: Creating Pathways through Graduation Pilots in Central Uganda	2016
Zambia	Government of Zambia, World Bank and Partners	Supporting Women's Livelihoods	2016

Graduation Program Implementations: Research Components

Country	Name of Program	Cost effectiveness	Component variation	Long-term impact	Resilience
Bangladesh (BRAC)	Targeting the Ultra Poor- Phase IV		x		x
Burkina Faso (Trickle Up)	Scaling Graduation in Burkina Faso	x			x
Burkina Faso (Trickle Up)	Assessing the impact of Child Protection Programme		x		x
Burkina Faso (UNHCR)	UNHCR Milk and Artisan Value Chains Graduation Project		x		
Burundi (CONCERN)	Burundi Graduation Pilot		x		x
Colombia (PFMF)	Producing For My Future		x		
Colombia (TMF)	Transforming My Future		x		
Costa Rica (UNHCR)	Modelo de Graduacion				x
Ethiopia (PSNP4)	Productive Safety Net Program IV- Livelihood Support Component				x
Ghana (IPA)	Escaping Poverty	x	x	x	
Haiti (Fonkoze)	Chemen Lavi Miyo (CLM)	x	x	x	x
India (Bandhan)	Targeting the Hard Core Poor Program		x		x
India (Jharkhand)	Partnering to scale up Graduation with Jharkhand Sate Livelihood Promotion Society (JSLPS)	x	x	x	x
India (Odisha)	Intervention for ultra-poor households in partnership with Odisha Livelihood Mission and Trickle Up	x	x	x	x
India (Tata)	Empowering Women Through Technology		x		x
India (Trickle Up)	Promoting Sustainable Livelihoods and Wellbeing in Households in Extreme Poverty in West Bengal with the Bharat Rural Livelihood Foundation		x		x
Kenya (Boma)	Rural Entrepreneur Access Project (REAP)		x		x
Kenya (VEF)	Village Enterprise's Microenterprise Development Program		x	x	x
Laos (RLP)	Resilient Livelihoods for the Poor				x

Country	Name of Program	Cost effectiveness	Component variation	Long-term impact	Resilience
Lebanon	National Poverty Targeting Program (NPTP) Graduation Pilot			x	x
Malawi	Reducing Ultra-Poverty through Economic Empowerment of Social Cash Transfer Beneficiaries		x	x	x
Mexico (Prospera)	Hand in Hand with Prospera (De la Mano con Prospera)				x
Mexico (Jalisco)	Supporting Women Heads of Households			x	
Nicaragua	Economic Inclusion of People with Disabilities (Chontales)				
Pakistan (PPAF)	Social Safety Net-Targeting Ultra Poor (SSN-TUP)		x	x	x
Pakistan (BISP- PPAF)	Household Overcoming Extreme Poverty		x	x	x
Paraguay (SO)	Seeding Opportunities Family by Family (Sembrando Oportunidades Familia por Familia)			x	x
Peru (Haku Winay)	Haku Winay-Mi Chacrea Emprendedora				x
Phillippines (DSWD)	Graduation Pathway from survival to subsistence to self-sufficiency			x	
Rwanda (Concern)	Unleasing the productive capacities of the extreme poor in Rwanda		x	x	x
Somalia	Somalia Resilience Program		x	x	
South Africa (EPRI)	Saving and Investment Linkages (SAIL)				x
Sri Lanka (World Vision)	Graduation Model		x		x
Tanzania (BRAC USA)	Targeting the Ultra Poor Programme	x			
Uganda (BRAC USA)	Targeting the Ultra Poor- Mitigating Extreme Poverty for Ugandan Youth: Creating Pathways through Graduation Pilots in Central Uganda		x		
Zambia (World Bank)	Supporting Women's Livelihoods		x	x	x

The Partnership for Economic Inclusion

Since late 2017, the global community of practice focused on the graduation approach has been served by the Partnership for Economic Inclusion, or PEI, hosted by the World Bank's Social Protection and Jobs (SPJ) Global Practice. As CGAP was, PEI will be hosted at the World Bank and supported by a consortium of stakeholders, using its secretariat and multi-donor trust funds to facilitate and deliver those services that program implementers and their support partners most need. PEI will help mobilize the public and private funding and resources to build needed policies and systems, programmatic tools, and evidence base. PEI will capitalize on the WB's policy clout and convening power while maintaining an independent and nimble governance structure with a small team of experts. The World Bank is excited to host PEI, and the SPLJ Global Practice has build in links to the Bank's financial inclusion, gender, poverty, conflict, agriculture, and education expertise.

At the time of writing, the finalization of PEI's mandate remained on-going. But the draft vision and mission are:

- **Vision:** Ensure the poorest households and other vulnerable populations can sustainably improve their economic conditions, increase their resilience, and escape extreme poverty and social exclusion through household-level, multi-sectoral, time-bound interventions.
- **Mission:** Draw together, serve, and support governments and other stakeholders that are implementing household-level, holistic, income-generating interventions for extreme poor households and other vulnerable populations.

PEI intends to focus on four key priorities, corresponding to the key problems identified through a six-month strategy review process carried out in 2016:

1. **Policy evidence and engagement:** PEI will provide strategic advice and assistance to selected governments and international aid agencies; facilitate high-level exchange of experience with policy reform and investment in targeted economic inclusion programs; generate and share policy-relevant impact evidence, including cost-effectiveness analysis on graduation in comparison with other micro-level interventions as well as strategic, operational, and systems lessons; assess and analyze the global state of policy and practice on a regular basis and serve as the "go to" place for information on graduation for governments and other stakeholders.

2. **Knowledge generation and innovation:** PEI will develop and implement a strategic learning agenda including an Innovation Facility to accelerate R&D, in partnership with members of the global graduation Community of Practice. This includes innovations to support increased scale and cost-effectiveness (e.g., digitization, new models of coaching and psychosocial support) and operations research on the scale-up process and required systems change. PEI is also launching innovation and learning initiatives to adapt graduation to priority segments (e.g. urban youth, refugees and displaced persons) and contexts (e.g. fragile and conflict-affected areas).

3. **Knowledge management and quality standards:** PEI will capture and share lessons from government scale-up; conduct a "boot camp" to expand the pool of technical experts equipped to provide TA for program design and implementation and match up needed expertise to demand from governments and development partners; develop and disseminate tools, quality standards and metrics to assess operations and impacts; and distill and disseminate emerging best practices.

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4. **Sustainable resourcing for graduation scale-up, innovation and systems change:** PEI will mobilize additional financial support for country-level implementation and the global learning agenda. One immediate priority is supporting governments that want to utilize IDA 18 resources to invest in graduation-style programs, and to provide additional research, peer learning and capacity building. PEI will support and document innovative financing arrangements such as "pay-for-performance" or "outcomes contract" models or Social/ Development Impact Bonds, of which several are already underway in the graduation field.

Among the PEI's priorities will be to generate a prioritized list of innovations that are most critical for success, to test them, to document them persuasively, to disseminate them, and to get other implementers on board to ensure robust uptake. The following specific goals reflect the areas where innovation is most needed:

- *Increase household-level impact*. The impact evidence suggest positive changes in beneficiaries' lives, but there is room to improve the outcomes:
  - Higher income gains through stronger/better linkages (for the livelihoods pursued by the poor themselves via graduation interventions and through better linkages to programs, access to markets, connections to value chains, jobs opportunities, longer-term skills, proactive work on income opportunities for the extreme poor in the digital economy, etc.). Potential universe of direct beneficiaries: Graduation programs have demonstrated having statistically significant impacts in consumption per capita of approximately USD 5 per month after programs have ended. Approximately 15 percent of the people living in extreme poverty worldwide and 6 percent of the people living in poverty could cross their poverty threshold if their income increases by that USD 5 per month figure. If their income increases by USD 10 per month, approximately 33 percent of the extreme poor and 14 percent of the poor could cross their poverty threshold.
  - Careful integration of intentional nutrition/health interventions or linkages especially for children (this is particularly important since children are such a disproportionate share of the extreme poor and there are strong human capital arguments to use the graduation platform for this intervention if possible)
  - Better design of gender and women's empowerment dimensions of the model which could boost the performance of the whole intervention package
  - Test and articulate the limits of this approach – in particular: 1) which segments of the extreme poor and other vulnerable segments can really take advantage of a work-and-income focused intervention package like graduation 2) are there economic/ environmental/conflict contexts where the necessary preconditions for success are highly unlikely? 3) what are the minimum institutional capacities in a social protection system to make implementation at scale likely to succeed? Can this work in brand-new social protection regimes and in countries with huge challenges and very little installed capacity? A clear-eyed investigation of where the graduation approach is likely to work and where it is not will be one of the most important contributions that PEI can make.
- *Reduce cost of the package*:
  - Digital delivery of key components, at least in part, to achieve cost savings (and be able to reach truly remote communities and participant households)
  - Test how "big" the "big push" asset package needs to be and whether it could be financed (e.g., cash vs asset transfer, loan vs gift)
  - Shorten the time frame of the package—devise ways to enable "fast climbers" to climb faster
  - Shorten the time frame/intensity of any of the components

  - Leverage in other existing social infrastructure or public/private programs that can deliver or co-deliver parts of the model (e.g., Self-Help Groups and Village Savings and Loans Associations, existing community-based organizations)
- *Streamline and simplify the package (to make scaled delivery easier and focus on the needed systems changes)*
  - Use of and linkage to existing programs/infrastructures (as noted in final bullet from cost-reduction list above)
  - Innovations in operations and institutional coordination (e.g., operational research to test/demo well-functioning inter-institutional memoranda of understanding; improve training/incentives/career path for key staff functions)
- *Demonstrate how the approach can be adapted to other vulnerable segments that are policy priorities*

Any innovations must be evaluated by objective third parties to remain credible. PEI (like all the graduation work that has preceded PEI's creation) will seek to keep well-respected researchers and research institutions involved in both the impact research and the operational research.

Supported by the PEI, the global graduation community of practice is expected to accelerate progress dramatically to the point where the graduation approach has the track record—and thus the credibility—to be widely and successful replicated. CGAP expects that the number of people reached could double every year for the next five years, from a little more than 1 percent of the extreme poor (at the end of 2016) to over 10 percent. This would translate into about 50 million extreme poor and vulnerable people reached by 2022.

We believe this critical mass would propel graduation beyond the tipping point to where policymakers at the national and global social protection systems levels will see this livelihoods-focused strategy as a reliable and cost-effective way to create pathways out of extreme poverty and vulnerability. It would also bring a sea change in how governments, citizens, the global development community – and the graduation participant families themselves – view the economic potential and capacities of very poor and vulnerable people.

A Sense of Urgency

The task of promoting sustainable livelihoods in a cost-effective manner is an urgent global task. In India alone, for example, more than 10 million additional people will be seeking work every year in the current decade. New livelihoods must be generated at a scale commensurate with the enormous global demand. Although self-employment may not be a choice, but rather a necessity for many—it is one pragmatic solution to help many of the extreme poor into a life of dignity. Government agencies supporting livelihoods development, organizations focused on this area, and policy makers must all use their resources optimally. The Government of India has been one of the largest agencies involved in livelihood promotion efforts, with work in agricultural irrigation (e.g., 40 million hectares of irrigation since independence) and subsidized asset acquisition programs such as the World Bank-sponsored District Poverty Initiatives Program in Andhra Pradesh, Madhya Pradesh, and Rajasthan. (See "An Introduction to Livelihood Promotion" at ruralfinance.org) Many international NGOs such as Oxfam, CARE and CONCERN also operate large-scale livelihood promotion efforts.

Acknowledgements

The authors and publishers of this second edition of *From Extreme Poverty to Sustainable Livelihoods* gratefully acknowledge the contributions of the organizations all over the world whose work has propelled the graduation approach to the central place it now occupies among anti-poverty interventions. Ten years ago, graduation was a promising idea being tested among fewer than a dozen pilot programs. By the end of 2016, almost 60 programs were underway, many of them government-led initiatives operating at massive scale. This is a stunning achievement, made possible only by the hard work and creativity of the graduation community of practice. *From Extreme Poverty to Sustainable Livelihoods* reflects their work.

Kate McKee, who formerly served as CGAP's lead adviser and is now PEI's transition lead, has spearheaded the graduation initiative for the past several years. Her leadership has been instrumental in bringing the graduation approach to the cusp of breakthrough global scale. The team of Anne Folan and Ernie Agtarap from Anne Folan & Associates provided expert editorial and creative services, rewriting portions of the content, polishing the manuscript, designing the Guide, and programming the interactive technology that makes the significant amount of content in this volume more user-friendly and navigable. CGAP's Melissa Victor provided research and project management support throughout the process.

We renew our appreciation for those who contributed to the first edition of this volume which laid such a solid foundation for this latest version. Alexia Latortue of CGAP, Steve Werlin of Fonkoze, and Janet Helsey of Trickle Up all reviewed drafts of the 2014 edition and provided very helpful comments. Various portions were also reviewed by the following people whose expertise is much appreciated: Elizabeth Naah of Innovations for Poverty Action, Piyali Bhattacharjee of Bandhan, Leonardo Alvarez of Plan Honduras, Sandeep Kaur of BRAC Development Institute, Anne Hastings of Fonkoze, and Jo Sanson of Trickle Up. Gregory Chen and Gerhard Coetzee, both of CGAP; Rabeya Yasmin, Sadna Samaranayake, and Susan Davis of BRAC and BRAC USA; and Nathanael Goldberg of Innovations for Poverty Action provided the final peer review of the original edition. The authors are deeply grateful to all reviewers and contributors for their generous contributions of time and insights.

Special thanks are due for the invaluable leadership of our long-time partner Frank DeGiovanni. Frank and Syed Hashemi were the original visionaries behind the global effort to test and replicate the graduation approach. Both as a long-standing member of CGAP's executive committee and as director of the Financial Assets Unit at the Ford Foundation (from which he retired in 2016), Frank helped to build up a community of practice remarkable for its geographic and operational diversity and for its robust skill. Simply put, without the leadership of Frank DeGiovanni and the generous past support of the Ford Foundation, the graduation approach would not have achieved anything like the massive presence and impressive results from which we are all now learning so much about how to reduce extreme poverty.

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Aude de Montesquiou has worked on graduation since 2006, first as the Task Team Leader for the graduation work at CGAP and since late 2017 as an integral member of the Partnership for Economic Inclusion (PEI), the new home for the graduation global community of practice within the World Bank's Social Protection and Jobs unit. Aude oversaw the implementation of the CGAP-Ford Foundation Graduation Program, a global effort to understand how safety nets, livelihoods, and microfinance can be sequenced to create for the poorest out of extreme poverty in eight countries with an intensive research agenda and randomized impact evaluations in seven sites. She is co-author of both the first and second editions of *From Extreme Poverty to Sustainable Livelihoods* and other key publications on graduation such as *Reaching the Poorest: Lessons from the Graduation Model*. Aude provides technical advice to extreme poverty reduction programs worldwide. Previously, she worked on funder effectiveness, supporting CGAP's Country Level Effectiveness and Accountability Reviews and managed the Savings Information Resource Center, a website dedicated to promoting accessible savings services for the poor. Before joining CGAP, Aude completed internships working on impact evaluation at PlaNet Finance, and with microfinance institutions in Lebanon and Togo. Aude holds a master's degree *(summa cum laude)* from the School of Political Science in Paris (Sciences-Po) with a specialization in development studies, and a bachelor's degree in history from the University of La Sorbonne. She is fluent in English and French, speaks Portuguese and Spanish, and has rudimentary German.

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Tony Sheldon is executive director of the Program on Social Enterprise at the Yale School of Management, where he is also a lecturer in the practice of management. He has been a consultant to the Ford Foundation on the graduation approach since its inception, most recently serving as the series editor for *Preserving the Essence, Adapting for Reach*, the November 2016 series of case studies concerning large-scale implementation of the graduation approach in four countries. Tony has worked as a consultant to several development finance networks and funders, including the Social Performance Task Force, the World Bank, CGAP, and Women's World Banking. He received an AB degree from Princeton University and a master's in public and private management from Yale.

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Senior Advisor

Syed M. Hashemi has a long career in teaching, research and managing programs for the poor. He taught economics at Jahangirnagar University in Bangladesh, directed an anti-poverty research program at Grameen Trust, and set up a development institute and chaired the department of economics and social sciences at BRAC University. He spent nine years with CGAP, at the World Bank, focusing on financial inclusion of the poorest and ensuring a social performance bottom line in microfinance. He also headed a multi-country program to develop new pathways to graduate out of extreme poverty and food insecurity through integrating social protection, livelihood activities, and financial services. Hashemi received a doctorate in economics from the University of California at Riverside.

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Biobliography & Other Resources

The authors are grateful to all those scholars and practitioners whose published work has advanced the understanding and state of practice of the graduation approach. Where possible, we have provided URLs where interested readers can download the works cited in this Guide. Please note that URLs were valid at the time of writing. We regret that we cannot be responsible for any links that may break or decay over time, nor can we ensure that downloads are or will remain free of charge.

GENERAL INTEREST

Sheldon, Tony (editor). 2016. *Preserving the Essence, Adapting for Reach: Early Lessons from Large-Scale Implementations of the Graduation Approach*. New York: The Ford Foundation. November.

The publication above is an omnibus containing English-language versions of four case studies (Colombia, Peru, India, and Ethiopia) as well as a synthesis report. For reader convenience, the individual case studies and the synthesis report are also available from the Ford Foundation website's library as stand-alone publications.

Sheldon, Tony (editor). 2016. *Preservacion de la esencia, adaptación para el alance: Lecciones tempranas de las implementaciones a gran escala del Model Graduación.* New York: The Ford Foundation. November.

The publication above is an omnibus containing a Spanish translation of the synthesis analysis as well as Spanish-language versions of the two case studies from Latin America (Colombia and Peru) involving second-generation, government-led implementations. For reader convenience, the synthesis analysis, the Colombia case study, and the Peru case study are all also available in Spanish as stand-alone publications from the Ford Foundation website's library.

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This short (16-page) document catalogues English-language graduation resources—publications, blogs, video, press clippings and more—about the graduation approach. It is organized by subject area (e.g., extreme poverty, graduation's impact and cost effectiveness, resilience) as well as demographic segments (e.g., sex, age, refugee status). It also contains an extensive section containing conference proceedings and event summaries from many graduation-related events worldwide. All resources contain hyperlinks where available.

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ANNEX 1: RESPONSES TO EXTREME POVERTY

This second edition of From Extreme Poverty to Sustainable Livelihoods *has relocated to the annexes much of the background information about graduation that had been in the introductory section of the first edition. Because that context material remains valuable, especially for readers who may be new to the graduation approach, we have aggregated the reference material from what is now Annex 1 into this main bibliography for the sake of convenience.*

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ANNEX 1

RESPONSES TO EXTREME POVERTY: The Sustainable Development Goals, Progress Against Them to Date, and Where Graduation Fits In

This Annex updates material that originally appeared as the Introduction to the first edition (2014) of this Technical Guide. It reviews progress and trends in poverty reduction and discusses the graduation approach in that context. It also provides a history of the graduation approach's evolution, recaps how the approach works, reviews global trends in graduation practice, and presents a summary of impact findings to date. The reference materials cited in this Annex have been incorporated into the main bibliography.

WHO: **The Extreme Poor: Prevalence of Extreme Poverty and Some of Its Features**
WHY: **Reasons for Focusing on the Extreme Poor**
WHAT: **The Graduation Approach**

- **Theory of Change**
- **A Brief History**
- **How It Works**
- **Cost Effectiveness**
- **State of Practice as of 2016**

WHERE: **Graduation Programs as of 2016 (map)**
WHO: **The Extreme Poor: Prevalence of Extreme Poverty and Some of Its Features**

The past decades have seen marked progress on reducing poverty. The world attained the first Millennium Development Goal target—to cut the 1990 poverty rate in half by 2015—five years ahead of schedule. Despite this progress, however, the number of people living in extreme poverty globally remains unacceptably high. According to the most recent estimates, in 2013, 10.7 percent of the world's population lived on less than USD 1.90 a day; that is, 767 million people remained extreme poor by this standard (albeit down from 881 million in 2012 and from 1.85 billion in 1990). Furthermore, given global growth forecasts, the pace of continued reduction may be too slow to reach the target articulated in the Sustainable Development Goals (the successor to the Millennium Development Goals) of ending extreme poverty by 2030.

In addition, while poverty rates have declined in all regions, progress has been uneven:

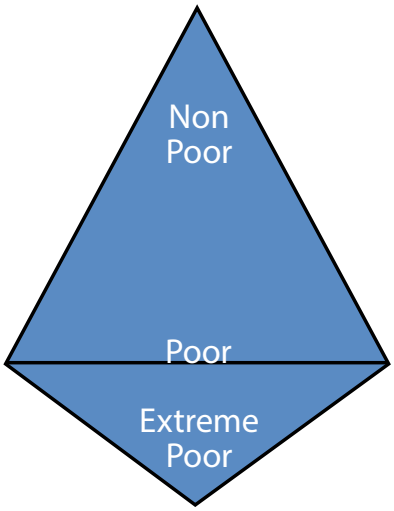
- The reduction in extreme poverty between 2012 and 2013 was mainly driven by East Asia and Pacific (71 million fewer people in extreme poverty, the majority in China and Indonesia) and South Asia (37 million fewer, the majority in India)
- Half of the extreme poor live in Sub-Saharan Africa. This region's extreme poverty rate fell only by 4 million to 389 million people, a total that is more than all the other regions combined.

A vast majority of the global poor live in rural areas and are poorly educated. Most are employed in the agricultural sector. Over half are under 18 years of age. [48]

48 All statistics from World Bank. 2016. *Poverty and Shared Prosperity 2016: Taking on Inequality*. Washington, DC: World Bank.

The figures concerning the bottom 767 million are very important to keep in mind, since the "extreme poor" are a separate segment, with many significant differences, from the "poor." A nuanced way of visually representing the stratification of wealth within the population is to replace the traditional "poverty triangle" (which presents a large proportion of poor people at the base) with a "poverty diamond" showing a submerged tip of extreme poor[49]. Although context is crucial to consider, there are some general characteristics of extreme poverty. Food insecurity, unreliable incomes, and a lack of land ownership or other assets are shared features of extreme poverty. Food insecurity in particular is both a feature and a driver of extreme poverty. Malnutrition leaves adults weaker and less able to work; for children, it means irreversible losses of intellectual ability and productivity in later years.[50] In addition, family dynamics characterized by high dependent-to-earner ratios, weak social networks, and lack of self-confidence tend to mark the difference between the extreme poor and those somewhat better off.

ANNEX 1/FIGURE 1: Poverty Diamond



WHY: Reasons for Focusing on the Extreme Poor

Interventions targeted at the extreme poor tend to be complex (and thus expensive) because the nature of severe poverty is also complex. Extremely poor people are often geographically or socially isolated, making them harder to reach. The poorest also tend to prioritize immediate needs over longer-term investments, which complicates efforts aimed at sustainable development. But there are several reasons to focus on the needs of the extreme poor despite these significant challenges.

First, there is a moral case to be made for serving the most vulnerable first, simply because by definition their need is the most urgent. Second, the poorest are also likely to benefit the most from any positive change: "Going from one meal a day to two is arguably more important to a household than going from two to three meals."[51] Third, evidence shows that when given the opportunity, the poorest tend to prioritize an increase in their household's food consumption, a decision with major positive long-term implications since child malnutrition in particular leads to lower IQ, stunting, and other outcomes which affect individuals for the rest of their lives and which also, at scale, affect entire societies. In fact, the combined effect of these adverse consequences in India, Pakistan and Vietnam has been estimated to reduce gross domestic product by 2 to 4 percent per year[52] not to mention the toll in human suffering. The extreme poor are also less likely to obtain adequate schooling for their children, consigning them to a lifetime of lower earnings and reinforcing the intergenerational cycle of extreme poverty.[53]

49 Original graphic by CGAP based on concept described in "The Poverty Paradox," Jo Sanson, Trickle Up, Monthly Developments, September 2012.
50 Ravallion, Martin. 2013. "How Long Will It Take to Lift One Billion People out of Poverty?" Washington, DC: The World Bank, January.
51 Sanson (2012).
52 FAO 2012 report quoted on page 14 of Grosh, Margaret, Carlo del Ninno, Emil Tesliuc, and Azedine Ouerghi. (2008). *For Protection and Promotion: The Design and Implementation of Effective Safety Nets*. Washington, DC: The World Bank.
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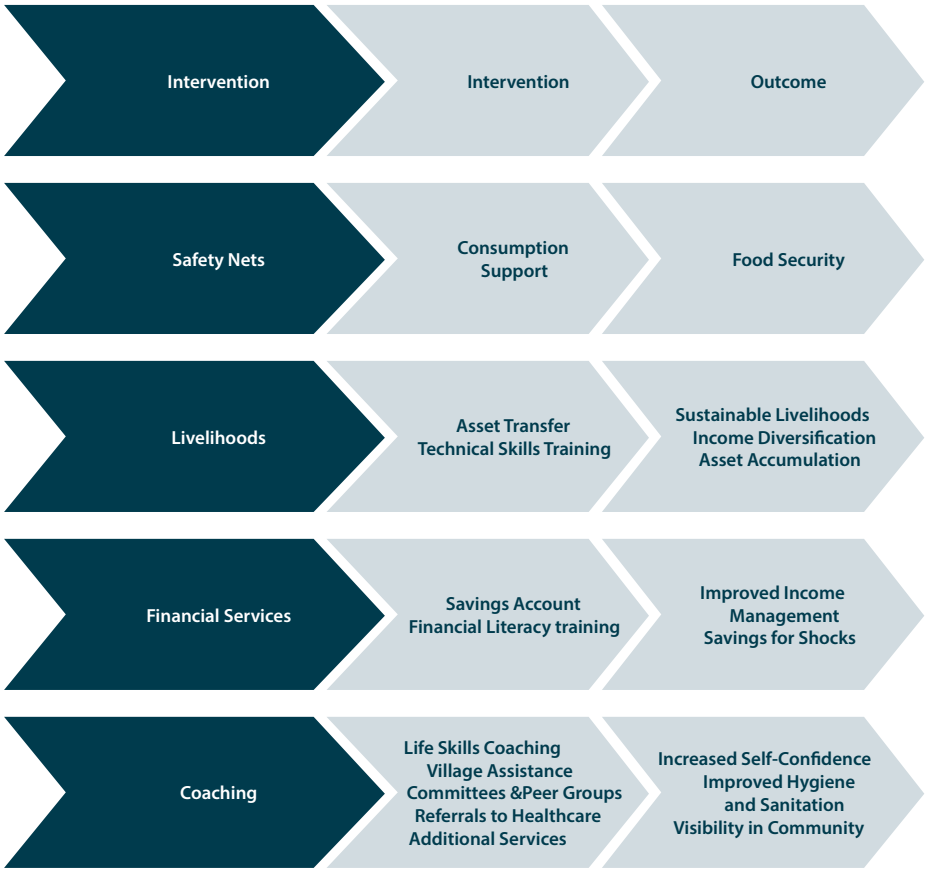
Finally, there is realistic hope now for interventions to combat even the most extreme forms of poverty. The most promising strategies to put extremely poor households on a path toward sustainability are, like the graduation approach, multi-disciplinary, combining the strengths of different poverty-alleviation interventions. The graduation approach combines elements of three distinct approaches—***social protection, livelihoods development***, and ***financial inclusion***—to move such households out of extreme poverty and into sustainable livelihoods. In combination, these interventions have a dynamic and beneficial interplay such that the whole is greater than the sum of the parts.

WHAT: The Graduation Approach

Theory of change.

Behavioral research suggests that unless their immediate consumption needs are addressed, poor people make suboptimal economic decisions because of chronic distraction due to stress and to a "tunneling" syndrome which limits their ability to focus on anything beyond the next imminent crisis.[54]The graduation approach's ultimate goal is to move extreme poor households into sustainable livelihoods. But that progress requires an ability to plan and a future orientation on the part of the participant, attributes that the behavioral research suggests cannot be tapped unless basic survival needs are met. The graduation approach thus combines consumption assistance with its medium-term interventions (assets to launch a business, technical training, financial services) and its longer term-focused mentoring aimed at changing ingrained habits and mindsets.

ANNEX 1/FIGURE 2: Visual Model of Graduation Approach Theory of Change



54 Microcredit Summit Campaign (2012) interview with Eldar Shafir

The approach has a three-part vision:

First, that a meaningful up-front investment in extremely poor families will help them develop sustainable livelihoods.

Second, that as these households develop their capacity to generate increased income and build assets, their resilience will increase and their vulnerability to shocks will diminish correspondingly over time. This should reduce the risk of them falling back into extreme poverty. But we recognize that the progress along the pathway is not linear and households will not progress evenly. Very poor families are subject to many shocks; any one of these shocks may cause them to fall backwards. Not all households will progress at the same rate, and some households may not succeed. But we hope that the overall effect of the program is that the majority of families, over time, will develop livelihoods that will help move them out of extreme poverty and toward sustainability and resistance to future shocks.

ANNEX 1/FIGURE 3: The Graduation into Sustainable Livelihoods Approach

Third, that the long-term benefits will accrue both to those individuals and families directly affected, breaking entrenched, multi- generational poverty and of reducing inequality.

A Brief History of Graduation

In our search for models to fight extreme poverty, CGAP and the Ford Foundation were inspired by "Challenging the Frontiers of Poverty Reduction/Targeting the Ultra Poor" (CFPR/TUP), the innovative and holistic approach developed by BRAC in Bangladesh. (*See box*[55]) We have researched CFPR/TUP extensively and advocated for it as an important pathway for many of the poorest to move beyond extreme poverty.[56]

55 In 2005-2006, CGAP reviewed four programs targeted to the extreme poor (the Rural Maintenance Program implemented by CARE in Bangladesh, the Central Region Infrastructure Maintenance Program implemented by DFID and CARE in Malawi, the IGVGD Program implemented by BRAC in Bangladesh, and the Towards Self-Employment Project implemented by Alexandria Business Association in Egypt). The review presented in Hashemi and Rosenberg (2006) (full cite below) suggests that appropriate sequencing of support such as BRAC's can produce good results for the poorest.

56 Hashemi, Syed M. and Richard Rosenberg. (2006). "Graduating the Poorest into Microfinance: Linking Safety Nets and Financial Services." Focus Note 34. Washington, DC: CGAP, February.

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Reaching the Poorest: BRAC's Approach in Bangladesh

One of the world's largest NGOs, BRAC works in 70,000 rural villages and 2,000 urban slums in Bangladesh. BRAC has always had a strong focus on poverty—providing financial services, schooling, healthcare, legal services, and marketing facilities. But in the 1980s, BRAC realized that its financial services programs were not reaching many of the poorest in the villages where BRAC had been active for a decade. In 1985, BRAC partnered with the Government of Bangladesh and the World Food Programme to add a "graduation ladder" to an existing national safety net program that was providing the poorest households with a monthly allocation of food grain for a two-year period. BRAC worked with these participants and added skills training, mandatory savings, and small loans to accelerate livelihoods development. In 2002, BRAC fine-tuned its approach both through better identification of the ultra-poor and through a more intensive sequenced set of inputs. This new approach, termed "Challenging the Frontiers of Poverty Reduction/Targeting the Ultra Poor" (CFPR/TUP) has been studied intensively since its inception. Three rounds of surveys were conducted with the same group of participants: the baseline in 2002, an endline in 2005, and a follow-up in 2008 (three years after that same group of participants had concluded the program). Among the findings was a significant increase in food security. Chronic food insecurity fell by 47 percentage points, annual food expenditure rose by 93 percent, and caloric intake increased over 22 percent, particularly in the consumption of vegetables, eggs, meat, and fish. The upward trend continued a year after the program's end, suggesting that participants were able to sustain this increased consumption without ongoing program support (**Hashemi and de Montesquiou 2011**). By 2014, CFPR/TUP had reached around 1.4 million ultra-poor.

CGAP and the Ford Foundation launched a 2006-2014 initiative to test and adapt BRAC's approach in a diversity of countries and contexts. We were intrigued by the idea that, with the right mix of interventions, introduced in the right sequence, the extreme poor, regardless of specific country or culture, could "graduate" out of extreme poverty within a time-bound period. We wanted to see whether the strong results achieved by CFPR/TUP reflected something unique to Bangladesh (or to BRAC's formidable operational strength) or whether different implementers in different countries could achieve similar successes. Ultimately, CGAP and the Ford Foundation launched 10 programs in eight different countries in Africa, Asia, and Latin America to test the approach.

ANNEX 1/TABLE 1: CGAP/FORD FOUNDATION PROGRAMS (2006-2014)

TABLE 1: CGAP-Ford Foundation Graduation Pilots (2006 to 2014)		
Fonkoze Chemin Lavi Miyo Program (Haiti)	**Project implementer:** Fonkoze **Project partners:** Concern Worldwide and Partners in Health **Location:** Rural Boukan Kare, Twoudino, and Lagonav **Pilot start date:** 2006 **Pilot end date:** 2008 **No. Participants:** 150	**Consumption support:** US$5.50/week (based on price of a kilo of rice a day) for 8 months **Savings:** Individual savings accounts at Fonkoze **Livelihoods:** Chicken, goats, and small trade **Other components:** Construction materials for a 9x9 meter home, a latrine and water filter; confidence-building, enterprise management and life skills training, plus support from Village Assistance Committees; free healthcare at Partners in Health **Estimated cost:** US$1,933/participant
Bandhan Targeting the Hardcore Poor Program (India)	**Project implementer:** Bandhan **Project partners:** None **Location:** West Bengal **Start date:** 2007 **Pilot end date:** 2009 **No. Participants:** 300	**Consumption support:** US$2.30/week for up to 10 months **Savings:** Weekly savings of US$0.20 **Livelihoods:** Goats, cows, and small trade **Other components:** Veterinary and other livestock services; health services (links to UNICEF for sanitary latrines, hospital visits); help to members to access government services **Estimated cost:** US$331/participant
Trickle Up Ultra Poor Program **(India)**	**Project implementer:** Trickle Up **Project partner:** Human Development Centre **Location:** West Bengal **Pilot start date:** 2007 **Pilot end date:** 2010 **No. Participants:** 300	**Consumption support:** US$2.25 /week for 6 months **Financial service:** Savings with SHGs (each SHG has a savings account with the State Bank of India) **Livelihoods:** Goats, rice paddy, fish, and small trade **Other components:** Preventive health care education, neo/post-natal care, sanitary latrines and community veterinarians, support from Village Assistance Committees. **Estimated cost:** US$674/participant
Swayam Krishi Sangam (SKS) Ultra Poor Program (India)	**Project implementer:** SKS NGO **Project partners:** Swiss Development Cooperation, NM Budharani Trust, and others **Location:** Andhra Pradesh **Pilot start date:** 2007 **Pilot end date:** 2010 **No. Participants:** 426	**Consumption support:** US$18 on a "per need basis" over 18 months **Savings:** Individual savings accounts at post offices; grain bank scheme in 50 villages **Livelihoods:** Goats, buffaloes, land cultivation, trade, and tailoring **Other components:** Free health consultations; eye and hemoglobin camps; access to government veterinary and health support **Estimated cost:** US$571/participant
Pakistan Graduation Pilot	**Project implementers:** Aga Khan Planning and Building Services Pakistan (AKPBSP), Badin Rural Development Society (BRDS), Indus Earth Trust (IET), Sindh Agricultural and Forestry Workers Coordinating Organization (SAFWCO), and Orangi Charitable Trust (OCT) **Project partner:** Pakistan Poverty Alleviation Fund **Location:** Coastal Sindh **Pilot start date:** 2007 **Pilot end date:** 2010 **No. Participants:** 1,000 (5 people x 200 hh)	**Consumption support:** Food or cash transfers of US$12/ month for 12 months **Savings:** Savings with village groups **Livelihoods:** Petty trade, crafts, goats, cows, and other livestock **Other components:** Health care, water, sanitation **Estimated cost:** US$800/participant

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Mejoramiento Integral de la Familia Rural (Honduras)	**Project implementers:** Organización de Desarollo Empresarial Feminino (ODEF) and Plan Honduras **Project partner:** Plan Canada **Location:** Lempira **Pilot start date:** 2009 **No. Participants:** 800 households	**Consumption support:** US$17/month for 6 months **Savings:** Individual accounts at ODEF **Livelihoods:** Coffee, cereals, vegetables, pigs, and fishery **Other components:** Two income-generating activities; assets; three meals per day; access to safe water, latrines, improved stoves; Alcoholics Anonymous meetings; access to financial services; children attending school; increased rights awareness **Estimated cost:** US$1,300/hh
Peru Graduation Pilot	**Project implementers:** Arawiwa and Plan Peru **Project partner:** Plan Canada **Location:** Cusco **Pilot start date:** 2010 **No. Participants:** 800 households	**Consumption support:** US$34 for 9 months, building on government conditional cash transfer program **Savings:** Village community banks implemented by Arawiwa **Livelihoods:** Livestock, small trade, and cultivation **Other components:** Enterprise training; social work (including domestic violence, child protection and rights); health prevention **Estimated cost:** US$2,480/hh
Ethiopia Graduation Pilot	**Project implementer:** Relief Society of Tigray (REST) **Project partners:** Dedebit Credit and Savings Institute (DECSI), USAID, the Italian Development Cooperation, and the European Commission **Location:** Tigray **Pilot start date:** 2010 **No. Participants:** 500 households	**Consumption support:** 15kg of wheat/month for 3 months and equivalent in cash for 3 other months, building on government's food for work program **Savings:** Individual savings accounts at DECSI **Livelihoods:** Sheep, goats, beekeeping, vegetable cultivation, and other **Other components:** Access to REST's water security, health and education programs **Estimated cost:** US$800/hh
Yemen Graduation Pilot	**Project implementers:** Social Welfare Fund (SWF) and Social Fund for Development (SFD) **Project partners:** None **Location:** Aden, Lahij, and Taiz **Pilot start date:** 2010 **No. Participants:** 500 households	**Consumption support:** US$24 per month building on government cash transfer program **Savings:** Individual and group accounts at the post office and VSLAs **Livelihoods:** Goats, cows, small trade, and other **Other components:** Access to mosquito nets, school bags, and school uniforms **Estimated cost:** US$450/hh
Ghana Graduation from Ultra Poverty Program	**Project implementers:** Presbyterian Agricultural Services and Innovations for Poverty Action **Project partners:** 3ie **Location:** Tamale, East Mamprusi, and Bulsa **Pilot start date:** 2010 **No. Participants:** 650 households	**Consumption support:** US$2.50-3.75 per week for six months **Savings:** Individual accounts at rural banks **Livelihoods:** Goats and poultry; guinea corn and goats; maize and poultry; maize and pigs; poultry and goats; goats and maize; rice and poultry; shea butter and poultry; shea butter and maize **Other components:** Access to the National Health Insurance Scheme **Estimated cost:** US$1,800/hh

As part of our 2006-2014 program, CGAP and the Ford Foundation made substantial investments in impact research, program monitoring, and cross-pilot learning. The robust learning agenda combined the work of program staff with that of leading researchers and research institutes including Innovations for Poverty Action, the Abdul Latif Jameel Poverty Action Lab at MIT, BRAC Development Institute, Institute of Development Studies-University of Sussex, Institute for Financial Management and Research, and New York University.

The learning component rested on three approaches: *monitoring* by program staff, *qualitative research* by independent experts, and impact assessments through *randomized control trials (RCTs)* by academic researchers. Each helped answer different questions about how the program affected participants' lives. RCTs also tested different versions of the graduation approach to see which components may have the greatest effect in achieving different outcomes (e.g., whether financial literacy training helps participants build savings).

ANNEX 1/TABLE 2: Features of CGAP-Ford Foundation Graduation Program Research and Learning Agenda

Monitoring	Careful monitoring by program staff allows implementing organizations to track participant progress. It also helps identify areas for mid-course correction, refinements, and adaptation to increase the likelihood of success. Pilots have all developed simple monitoring tools to keep track of participants in a systematic and cost-effective manner.
Qualitative research	Qualitative research by independent experts helps implementers understand the nuanced realities of participants' lives, the challenges they face, and the processes through which change takes place.
RCT impact assessments	RCT impact assessments by academic researchers demonstrate whether there is a causal link between program participation and changes observed in participants' lives through random assignment of potential participants into treatment and control groups and comparing changes between them.

Strong impact findings from the first graduation program, created by BRAC (Bangladesh): The 2015 follow-up study[57] to an earlier randomized control trial evaluation[58] finds positive impacts on employment, income (37 percent increase in earnings), assets (household asset value more than doubled), savings (cash savings increased nearly nine-fold), and consumption (9 percent increase in per-capita nondurable consumption). The gains were sustained after two years from the end of the intervention (i.e., four years after the asset transfer). Households also diversified their assets and income sources; for example, the value of productive assets tripled. Impacts were observed to be even larger seven years after the asset transfer, and five years after the end of the program (e.g., the change in spending on nondurables was 2.5 times higher after seven years than after four, and the increase in land access doubled). Further, since CFPR/TUP targeted women in extreme poor households, it allowed for women's increased control over household economic resources and greater power in decision-making.

Impact findings from CGAP-Ford Foundation pilots: Innovations for Poverty Action conducted rigorous randomized control trial impact assessments at six pilot sites which documented increased household incomes and consumption at all but one graduation site (Honduras, where the new chicken breed selected by most participants failed to produce sustained returns).[59] The programs had statistically significant impact on consumption (7.5 percent increase in food consumption), beneficiaries' productive assets (15 percent increase), and savings (96 percent increase) one year after the program ended (that is, three years after the assets were transferred and training was conducted). In addition, participants spent more time working, went hungry on fewer days, experienced lower levels of stress, and reported improved physical health. The program also led to some improvements in psychosocial well-being: participants' self-reported happiness, stress, women's empowerment, and some measures of physical health and political engagement improved at some sites, although the women's empowerment and physical health treatment effects were not statistically significant one year after all program activities ended.

57 SPECIFY

58 Bandiera, Oriana, Robin Burgess, Narayan Das, Selim Gulesci, Imran Rasul, R. Shams, Munshi Sulaiman. 2012. Asset Transfer Programme for the Ultra Poor: A Randomized Control Trial Evaluation. BRAC, December.

59 Banerjee, Abhijit, Esther Duflo, Nathanael Goldberg, Dean Karlan, Robert Osei, William Pariente, Jeremy Shapiro, Bram Thuysbaert, and Christopher Udry . 2015b. "A Multifaceted Program Causes Lasting Progress for the Very Poor: Evidence from Six Countries." Science, May.

More recent impact findings: Results from one of the CGAP/Ford Foundation sites in India six years after the end of the program revealed even greater impact, with a doubling in per capita consumption compared with the three-year mark.[60] It is important to note that the first round of randomized control trials tested the graduation approach as a package, rather than assessing each component's relative importance. Additional research in Ghana compared the transfer of assets alone (goats) to the receipt of the full graduation package; after three years, households that received the full package had significantly higher and more diversified assets than those of the goats-only households, whose livestock value and total consumption actually decreased.
Cost-effectiveness: In terms of cost/benefit ratios the results are more mixed. The total per household cost of the programs (including consumption assistance, seed capital, training, mentoring, staffing, monitoring, and office overhead), over the entire duration of each program ranged from USD 330 to USD 700 in Bangladesh, India, Yemen, Ethiopia, and Pakistan to approximately USD 1,250 in Honduras and USD 1,750 to USD 2,500 in Ghana, Haiti, and Peru.[61] The cost-effectiveness of the program varies, with annual household income gains as a percentage of total program costs ranging from about 7 percent to 25 percent in the five sites registering positive impacts. At BRAC, the initial investment of USD 365 was estimated to yield total benefits of USD 1,168 over a projected span of 20 years (the discounted sum of consumption and asset gains in 2007 U.S. dollars). This would amount to a benefit-cost ratio of 3.2—that is, USD 3.20 in benefits for every USD 1 spent on the BRAC program – much higher than in most replications, suggesting that the quality of implementation (the key factor behind cost effectiveness) can be maintained at large scale.[62]

As the 2006-2014 graduation programs progressed, CGAP and the Ford Foundation worked intentionally to build a global community of practice, convening stakeholders interested in the graduation approach (or in poverty alleviation more broadly) and sharing the lessons our 10 programs were generating. By the end of 2016, that community of practice had expanded to include more than 200 members and is very active, both online and at conferences and panels, exchanging ideas and experiences.
The major topic post-2014 has been how the graduation approach can achieve scale. The positive findings from the 2006-2014 programs and from BRAC created great enthusiasm, but the excitement was tempered with the understanding that the programs studied had been small-scale pilots. For graduation to achieve its full potential, it had to be able to achieve a global scale commensurate with that of extreme poverty.

Increasingly, the solution is to embed the graduation approach within government-run social protection programs which themselves already operate at scale. At the end of 2016, 20 graduation programs (more than one-third of the global total of 57) were government-led, many of them indeed operating at massive scale (e.g., Ethiopia's, which reaches 675,000 households, or between 3 to 5 million individuals). The pace of entry by governments has accelerated rapidly as well: of the government-sponsored programs in existence at the end of 2016, 70 percent had been launched just since the start of 2015.

Governments are often uniquely positioned to deliver at a significant scale many, or all, of the graduation approach's key elements:

- Government policy objectives are often closely aligned with that of the graduation approach – to help provide a route out of extreme poverty and into sustainable livelihoods.

60 The Economist. 2015. "Extreme Poverty: Leaving It Behind. How to Rescue People from Deep Poverty—and Why the Best Methods Work." The Economist. 12 December
61 Sulaiman, Munshi. 2016. Making Sustainable Reductions in Extreme Poverty: A Comparative Meta-Analysis of Livelihood, Cash Transfer, and Graduation Approaches. Working Paper. Washington, DC:CGAP and Innovations for Poverty Action, October.
62 Balboni, Clare, Oriana Bandiera, Robin Burgess, and Upaasna Kaul. 2015. Transforming the Economic Lives of the Ultra-Poor. IGC Growth Brief Series 004. London: International Growth Centre, December.

- Many governments have wide-reaching social protection programs, including the provision of consumption assistance in the form of conditional cash transfers ("CCTs"). CCT programs operate at significant scale, reaching extremely poor households – often including those targeted in the graduation approach. The existing infrastructure of staffing and funds transfer mechanisms can provide a strong foundation on which to build a broader graduation program.
- Policy makers in many countries have seen the potential that integrating a graduation approach into their existing social protection programs can hold. By offering an on-ramp into sustainable livelihoods, governments can leverage the investment they are already making in social protection to help boost extremely poor households into more productive and ongoing economic activities. A graduation program can also be a first step toward financial inclusion for the hardest-to-reach segments of the population.

Scaled-up graduation programs, whether government-run or not, may pursue a "graduation classic" model or adapt one or more of the graduation components in response to individual program objectives or resource constraints. However they choose to adapt the graduation approach's components, most of the new programs share (along with being government-run for the most part) two common features:[63]

- targeted to the extreme poor and most vulnerable families
- multi-sectoral, sequenced, and time-bound interventions with a "big push" to put families on a sustained upward pathway of income earning and asset building

The second of those elements—the *big push*-- is crucial for the global community of practice to explore. One of the characteristics of graduation classic is the intensity of the engagement—a participant might go from being socially isolated, chronically hungry, and unemployed to becoming food-secure, receiving significant resources, and having personal attention from a skilled and caring mentor in a very short time frame. The *big push* was practical at pilot scale and, as demonstrated by the RCT results, was effective. The question as graduation programs start scaling up is how big the big push needs to be in order to achieve similar positive results without becoming cost-prohibitive. The experiences of large-scale implementations, particularly those run by governments, will provide particularly valuable insights into this question.

How the Graduation Approach Works[64]

The graduation approach is built on five core elements: consumption assistance, savings, an asset transfer, technical skills training, and regular mentoring. It draws on the most relevant aspects of social protection, livelihoods development, and financial inclusion to deliver results by combining support for immediate needs with longer-term investments in human capital and assets.

- **Consumption assistance:** Soon after participants are selected into the program, they start receiving consumption assistance in the form of direct food relief or a small cash stipend. (The respective merits of cash vs in-kind consumption support are discussed extensively in this Guide.) The upfront consumption support gives participants the necessary "breathing space" by easing the stress of daily survival. The support can be offered through a pre-existing government or other safety net program, in contexts where this is available. This component reflects the important lessons derived from the field of social protection.

63 de Montesquiou, Aude and Syed M. Hashemi. (2016). "Graduation into Sustainable Livelihoods: What's in a Name?" (blog post on cgap.org), June 15

64 The approach described is "graduation classic." As noted throughout this Guide, numerous adaptations to the graduation approach are underway worldwide. These adaptations may involve one or more of the five elements or to where each one comes in the sequence.

- **Savings:** Once people's basic needs are met and food consumption stabilizes, they are encouraged to start saving, either semi-formally through a community-based group or more formally through an account with a formal financial services provider. In addition to building assets, regular savings instills financial discipline and familiarizes participants with formal financial services. Most graduation programs have seen the need to offer financial literacy training, teaching participants about cash and financial management, and familiarizing them with savings and credit. This feature draws on emerging lessons about the importance of savings from the field of financial inclusion. New programs are increasingly connecting beneficiaries to digital financial services.
- **Market analysis and asset transfer:** A few months after the program starts, each participant receives an asset (e.g., livestock if the livelihood involves animal husbandry; inventory if the livelihood is retailing) to help jump-start one or more economic activities. Prior to that transfer, the program staff will have thoroughly analyzed the local market's infrastructure and support services to identify sustainable livelihood options in value chains that can absorb new entrants. Once the staff has identified several viable options, the participant either chooses from a menu of assets, based on livelihood preferences and past experience, or consults with program staff about the livelihood to be pursued. New programs are recognizing the importance of an employment pathway for many of the extreme poor (especially youth) living in urban and peri-urban areas. Although rural and isolated areas have very limited employment opportunities (and graduation programs in such areas therefore emphasize self-employment), in more urban areas where there are jobs to be had, graduation programs have begun experimenting with substituting the asset transfer with a graduation pathway focused on training and job placement.
- **Technical skills training:** Participants receive skills training on caring for an asset and running a business. While rudimentary, such training is essential in managing successful small businesses. The training also provides information on where to go for assistance and services (e.g., a veterinarian, for the many program participants whose livelihood selection involves animal husbandry). The asset transfer and skills training incorporate lessons derived from the livelihood development field.
- **Mentoring:** Extreme-poor people generally lack self-confidence and social capital. Weekly household visits by staff allow for monitoring but even more so for mentoring—for providing practical and moral support, advice, and encouragement—over the 18 to 36 months of the program. During these meetings, staff help participants with business planning and money management, along with social support and health and disease prevention services. In several instances, it has proven valuable to organize social support groups (such as "village assistance committees") or link up with a governmental or NGO-based health care service provider.

Graduation programs adapt the building blocks to the local context—prioritizing, sequencing, and shaping the elements to the priority needs of the poorest and to the reality of the markets in the various program sites. The key is for the implementing partners, especially the participant-facing staff, to understand the core logic of the approach and to know how and when to bring in flexibility. The overarching goal across all the pilot programs was to help people onto a pathway out of extreme poverty. Key steps toward reaching that goal include achieving food security, developing and stabilizing income, building assets, and having a plan for the future. These criteria are used not only to assess the status of an individual at a specific point in time, but also aim to incorporate a predictive measure of resilience to future shocks.

THE GRADUATION APPROACH'S THREE THEMES

Graduation blends elements of three different interventions—***social protection, livelihoods development, and financial inclusion***—to create a holistic package to move people out of extreme poverty.

Social protection encompass a range of interventions—from safety nets (e.g., conditional or unconditional cash transfers, food aid, guaranteed employment) for those in immediate need, to labor policies to protect wages and worker conditions, insurance to mitigate risks, and public policies for services and infrastructure related to health and education. Such programs therefore build citizenship and contribute to a necessary improvement in the quality of life. By ensuring safety nets for the vulnerable and by assisting in increasing incomes, social protection programs also provide a breathing space to the extreme poor. Those who are able can seek employment or engage in micro businesses and other income earning opportunities (what the graduation approach promotes). And of course continued safety nets guarantee that the elderly, children, the disabled and other marginalized groups receive ongoing assistance, along with those who fall back into extreme poverty.

Livelihoods development promotes the use of human and material assets to develop income sources and "ways of life" (e.g., becoming a farmer or an artisan). The aim of livelihood promotion strategies is to keep people meaningfully occupied and productive, with dignity, for the long term. But few livelihood development programs have addressed the needs of extremely poor households. This is especially the case in rural areas, where livelihood development programs tend to focus on economically active households, typically those with enough land to generate surplus to sell in the market. Nonetheless, these programs have generated valuable lessons that can be adapted, as the graduation approach has done, to benefit extreme-poor families.

Financial inclusion typically focuses on the economically active and thus does not reach the extreme poor. For example, even in Bangladesh, where microfinance institutions are strongly focused on serving the very poor, their concentration is highest among the second-poorest quintile group but lowest among the poorest quintile.[65] Extremely poor people may prefer not to borrow because they think debt is more likely to hurt rather than help them—and they are often correct. Even very poor people save money, however, even if only by hiding it at home or perhaps by participating in one of the community-based savings clubs that are a universal feature in developing countries. For very poor people, savings is largely a matter of survival. Savings is the only available tool to protect against shocks for people who have no access to insurance, emergency credit, or anything other than their own resources. In the graduation approach, savings plays a key and early role. Some participants, depending on the livelihood they eventually pursue, may also benefit from credit. But given the critical importance of savings as a risk management tactic, everyone in the graduation classic approach receives access to savings services, in most cases as soon as their immediate consumption needs have been met.

In isolation, all three approaches, **social protection, livelihoods development**, and **financial inclusion**, have achieved successes in pursuit of their respective objectives. In combination, however, they can be much more powerful, especially if there is a deliberate focus on the poorest. A model to integrate all three approaches can build on the comparative strengths of each to create programs to help address the multiple facets of extreme poverty.

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65 **Hashemi** and Rosenberg (2006).

Cost Effectiveness

Among three types of programs that target the poor or extreme poor (livelihood development, lump-sum cash transfers, or graduation – with virtually all graduation participants being extreme poor) and for which there is long-term evidence, the graduation approach has the greatest impact per dollar spent, with positive impact on economic and other well-being indicators that persist over time.[66]

As noted elsewhere, programs that target the extreme poor are costlier than non-targeted interventions. The graduation approach systematically uses a multi-stage process to target the poorest (and screen out the slightly better off). Few other livelihood or lump-sum cash transfer programs do the same, which is confirmed by a qualitative assessment which found that only three (27 percent) of the lump-sum cash transfer and 10 (33 percent) of the livelihood programs reach the extreme poor, let alone serve them almost exclusively.[67] The ability to make comparisons between programs of each type is therefore limited, but some conclusions may be made.

Lump-sum cash transfers have an average cost of USD 232 with the size of cash grants in the 11 evaluations selected in this study ranging between USD 84 and USD 480. Livelihood programs have a large range in cost per beneficiary: starting as low as USD 2.36 and going as high as over USD 3,700. The average cost (USD 796) of livelihoods programs is thus much higher than that of cash transfers, and the average for *targeted* livelihood programs—USD 1,147—is higher still . Graduation programs also have a high average cost (USD 1,148) with a wide heterogeneity across sites[68] but their interventions are very similar. The difference in costs across sites is likely to be driven, as noted above, by multiple factors: the variances in staff salaries, price of inputs, decisions (level and length of duration) of consumption support, status of local infrastructure, and population density. A recent meta-analysis of research on the three methodologies (livelihood development interventions, lump sum cash transfers, and the graduation approach) found that the graduation approach "is the clearest path forward to reduce extreme poverty."[69] Findings included evidence from graduation programs showing sustained impacts on economic indicators. For instance, in Bangladesh, the estimated impact of the graduation program on consumption significantly increased between the end of the intervention and five years after. Furthermore, at least one year after the graduation program ended, households had more productive assets (mostly livestock), more cash savings, and increased labor supply. In some countries, they even acquired livestock other than what was provided by the program.[70] [71]

66 Sulaiman et al (2016)
67 *Ibid.*
68 Banerjee et al (2015)
69 Sulaiman et al (2016)
70 *Ibid.*
71 Sulaiman, Munshi. 2016. *Making Sustainable Reductions in Extreme Poverty: A Comparative Meta-Analysis of Livelihood, Cash Transfer, and Graduation Approaches*. Working Paper. Washington, DC:CGAP and Innovations for Poverty Action, October.

State of Practice as of 2016

CGAP along with partners from the broader community of practice captured some of the emerging global trends through comprehensive self-reported factsheets. An analysis of the data compiled from 57 self-reported factsheets from graduation implementations revealed:[72]

- **Over 78** percent of projects have integrated the graduation approach into their organization's mainstream strategies
- Over **2.5 million** households were participating in graduation programs as of December 2016, reflecting the massive scale of the second-generation, government-led implementations. The average size of a program includes approximately 42,475 households, with the median size being 1,350 households.

Targeting

- **51 percent** of programs are predominantly rural, down from 75 percent at the end of 2015. 31 percent were mixed rural/urban at the end of 2016,and 7 percent were predominantly urban, up from just 2 percent in 2015 and again, reflecting the demographics of some of the major scale-ups and the priorities of those programs' government-led implementers.
- **62** percent of programs target only people living below USD 1.90 purchasing power parity per day, down from 73 percent in 2015.
- There is a growing effort to adapt the graduation approach to other vulnerable or marginalized segments, such as **indigenous groups (31 percent), cross-border refugees and internally displaced persons (9 percent)**, **youth (18 percent), people with disabilities (22 percent), and the elderly (9 percent)**.

Implementation

- **64 percent** of all implementations globally provide the full graduation "classic" package.
- At **70 percent**, NGO-led implementations are more likely to provide the full package
- At **50 percent**, governments are less likely than NGOs to provide the full package. When they adapt the "classic" approach, governments most often exclude mentoring or technical training, or else (as in Peru) combine those two components which are the most labor-intensive of the graduation package's elements.
- **78 percent** of programs include consumption assistance, with 55 percent of implementers using cash and 19 percent using electronic payments.
- **93 percent** of programs include an asset transfer. **65 percent** of programs provide physical cash for asset purchase (as opposed to providing the asset in-kind or delivering the cash in digital form).
- NGOs and donors provide technical skills training in most implementations (**97 percent and 86 percent** respectively). Only **72 percent** of government-led implementations include technical training.
- 90 percent of programs provide access to savings, with group-based methods being the most common at 65 percent. 55 percent of government implementations connect beneficiaries to formal banking institutions. NGOs and donors provide financial education in most implementations (97 percent and 86 percent respectively). Only 67 percent of government implementations include financial education.

72 All figures taken from the CGAP graduation factsheet current as of time of writing as based on December 2015 collection exercise. *Status of Graduation Programs 2016*. 2017. Washington, DC: CGAP, January.

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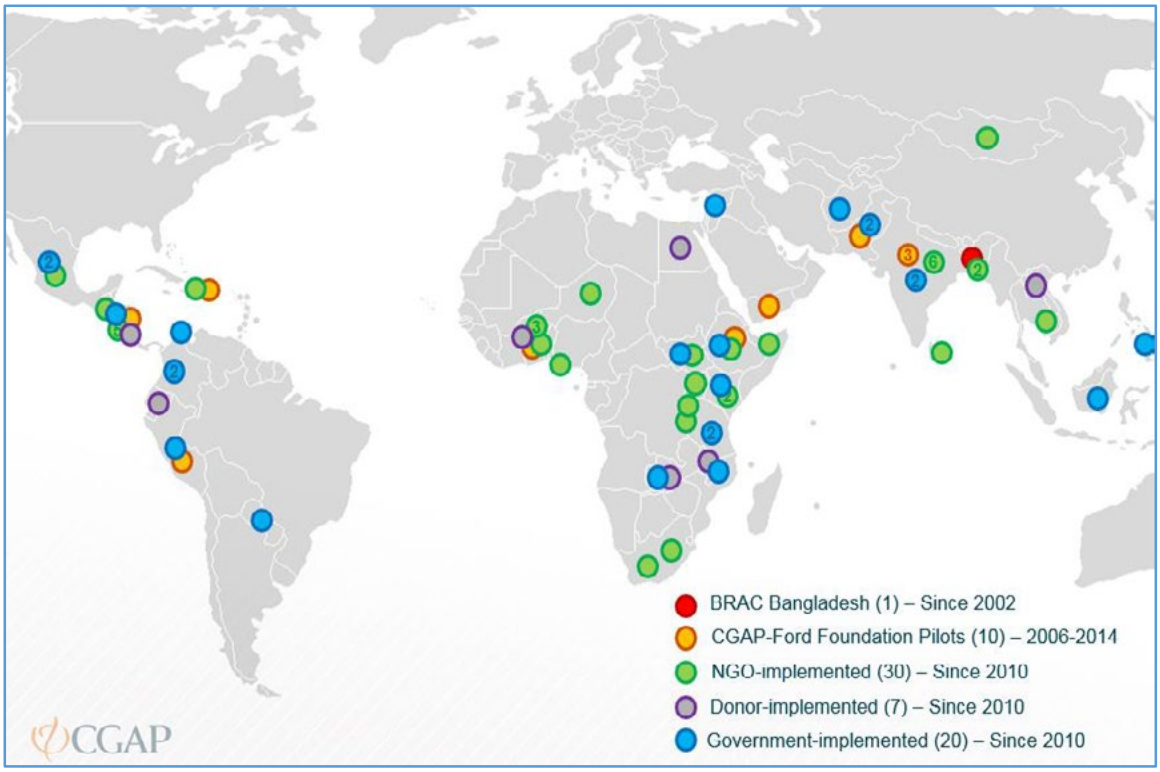
- 85 percent of implementations globally include mentoring. Government is less likely (72 percent) to provide mentoring compared to NGOs and donors.
- **53 percent** offer some healthcare component**, up from 48** percent over prior year
- **24 percent** link to wage employment, up from **6** percent over prior year
- **36 percent** offer links to jobs as opposed to self-employment, up from 18 percent over prior year
- **18** percent (primarily those serving refugees and internally displaced persons) provide legal support
- Individual programs also offer psychological support (e.g., IPA Ghana and the United Nations programs aimed at refugees and internally displaced persons likely traumatized by conflict) or community based social support groups (mostly in South Asia).

WHERE : GRADUATION PROGRAM LOCATIONS (2016)

ANNEX 1/FIGURE 4: GRADUATION PROGRAM LOCATIONS WORLDWIDE



ANNEX 2

SAMPLE Logical Framework

MISFA (AFGHANISTAN) TUP LOGICAL FRAMEWORK[73]

The Logical Framework of a project defines the interventions the project needs to make in the context of its goals and purposes. Its vertical logic specifies the hierarchy of goals in terms of wider objectives, purposes and results and also the activities that need to be performed and inputs that are to be provided.

The vertical logic is the basic framework for project planning, in which project activities and flow of inputs are scheduled and budgeted to achieve each of the objectives in a timely manner. The horizontal logic is represented by objectively verifiable indicators against each element in the vertical logic; their means of verification. It also underscores the assumptions under which a positive measurement of progress through use of the indicator can take place.

Indicators are the performance standard for project interventions. The horizontal logic is the starting point for the monitoring and evaluation system of the project.

73 MISFA. (publication forthcoming). Project Operations Manual: Targeting the Ultra-Poor Project. (working draft). Kabul: MISFA

Objectives	Indicators
Goal or Impact	
The incidence of extreme poverty reduced in the selected districts of Afghanistan.	• Extreme poverty incidences reduced in the targeted ultra poor households • Reduced malnutrition in children under-five years of age. • Reduced child and maternal morbidity and mortality
Outcome	
Helping the number of families lift them out of extreme poverty.	• 90% of TUP graduates can access the existing development services without facilitation from TUP. • Diversified and strengthened asset bases of ultra poor and poor households. • 60% women from participating ultra-poor and poor households aware of their social rights and entitlements.
Outputs	
1. The number of TUP households supported to successfully develop sustainable income generating activities.	• 80% of TUP members can articulate their future plans for diversified income sources. • 80% of TUP members use productive assets. • At least 80% of TUP graduates' families enjoy at least one meal a day. • 80% of TUP members have improved their housing conditions. • 80% of the beneficiaries linked to the market • 80% of the beneficiaries started savings.
2. Essential preventive, basic curative and promote health care services ensured for the number of the ultra-poor households	• Increased health-seeking behavior for illnesses and a corresponding decrease in self-treatment • Increased households having and using slab latrines around 50%. • Increase eligible couples using contraceptives to 30%. • Increase from the existing rate to 90% of children aged 0-1 years who are fully vaccinated. • Increase in TB detection rate to 80% and treatment success rate of 92%
3. Awareness and confidence of ultra-poor and poor people to achieve their rights and entitlements enhanced/ access social justice strengthened.	• All births, marriages and deaths are registered. All victims of physical assault, rape and other forms of violence receive medical care support. • At least 50% of women understand and can recall their fundamental rights and act on those that are most relevant to them (e.g., age of marriage, divorce).
4. Advocacy, communication and social mobilization campaigns to influence policy makers and the general public in favor of the ultra-poor successfully implemented.	• Changes in attitudes and behavior of the community members towards ultra poor. • Other development partners sensitized and motivated to change their policies, programs and practices in favor of the rural poor. • One published article on ultra poor issues per year; 2 stories on the ultra poor broadcast on print and electronic media per year
5. Effective monitoring, research and evaluation systems operational and results effectively disseminated.	• Potential champions for the ultra poor in government, NGOs, business, politics and media have improved understanding of ultra poor issues and the TUP program.

Means of verification	Assumptions
• Afghanistan Dept. of Statistics and other government and donor reports. • Outcome survey • Baseline Assessment • End-of-program impact assessment	Not required
• Baseline information compared to midterm and end-of-program impact assessment. • Project 6 month and annual reports • Field Visit Report by MISFA & IP	Political stability and economic growth and stability. No widespread of natural disasters.
Quarterly, Six monthly reports, Annual monitoring reports, midterm and end-of-program impact assessment	Other factors (e.g., disasters, economic instability, and political instability may sometimes affect on TUP's ability to improve their livelihoods.
Quarterly, Six monthly reports, Annual monitoring reports, base line, midterm and end-of-program impact assessment	Other factors (e.g., disasters, economic instability, and political instability) may sometimes affect on TUP's ability to improve their livelihoods.
Quarterly, Six monthly reports, Annual monitoring reports, midterm and end-of-program impact assessment	Other factors (e.g., disasters, economic instability, and political instability) may sometimes affect on TUP's ability to improve their livelihoods.
TUP Quarterly, six-monthly progress reports.	
Baseline, midterm and end-of-project attitudinal survey by reputable third-party polling organization.	

ANNEX 3

Budget Tool

Typical budget line items are captured in the table below. For the purpose of this document costs are indicated in both level of effort (LOE) for staff and approximate US$ costs (when available).

Program Element	Staff time
Design workshop/visit	Learning about the background and establishing partnerships: LOE 7 days senior staff of lead implementer, partners and any external consultants
Targeting	• Area selection and refining targeting tools: LOE 5 days senior staff and implementation team • Participant selection: typically takes 4 weeks for a program of 500 people in a low-population density environment: LOE 30 days of implementation team
Consumption support	Depends on how the stipend is distributed: • Designing a simple transfer requires: LOE 1 day senior staff. • In cases of linkage to a safety net provider can take several days to establish: LOE 3 days senior staff
Savings	The LOE depends on the amount of work need to establish a partnership with a financial institution, and the level of involvement in designing and testing a product: LOE 1-5 days senior staff
Asset transfer	• A market analysis (or value chain or sub-sector analysis) needs to be conducted: LOE 15-20 days of technical staff and/or consultant • Designing the asset transfer strategy: LOE 3 days senior staff/consultant • Asset procurement: LOE 15-20 days of program staff
Training and Coaching	• Program staff might need initial training by technical experts: LOE 5 days technical staff/consultant • Depending on livelihood options and training strategy, upfront participant training typically takes LOE 1-4 days per every 30 participants. • Coaching through weekly visits for the duration of the program: LOE 20-40 minutes per participant each week.
HR and admin costs	Varies but salaries need to be competitive to hire staff with a mix of technical expertise and human skills.

Other expenses (in US$)
Transport, food and other local expenses.
Transport and other operating expenses.
Actual costs can vary widely by program design and location/context and whether participants receive cash from existing government social protection programs, but tends to range between $2 and $5 per week per participant for up to 12 months.
Transport and other operating expenses.
• Depending whether the analysis is done in-house or not, project needs to budget consultant fees, travel and per diem. • Cost of assets varies per region, but typically ranges from about $150 to $450 per household, or 15-30% of total program costs.
• Consultant fees, travel and per diem. • Training center costs, trainer fees and small participant perdiem for each day of attendance. • Transport and other operating expenses.
Administrative and other operating costs such as office space typically amount for 10-12% of overall program costs.

ANNEX 4

SAMPLE JOB DESCRIPTIONS

HIAS
Welcome the stranger.
Protect the refugee.

TERMS OF REFERENCE

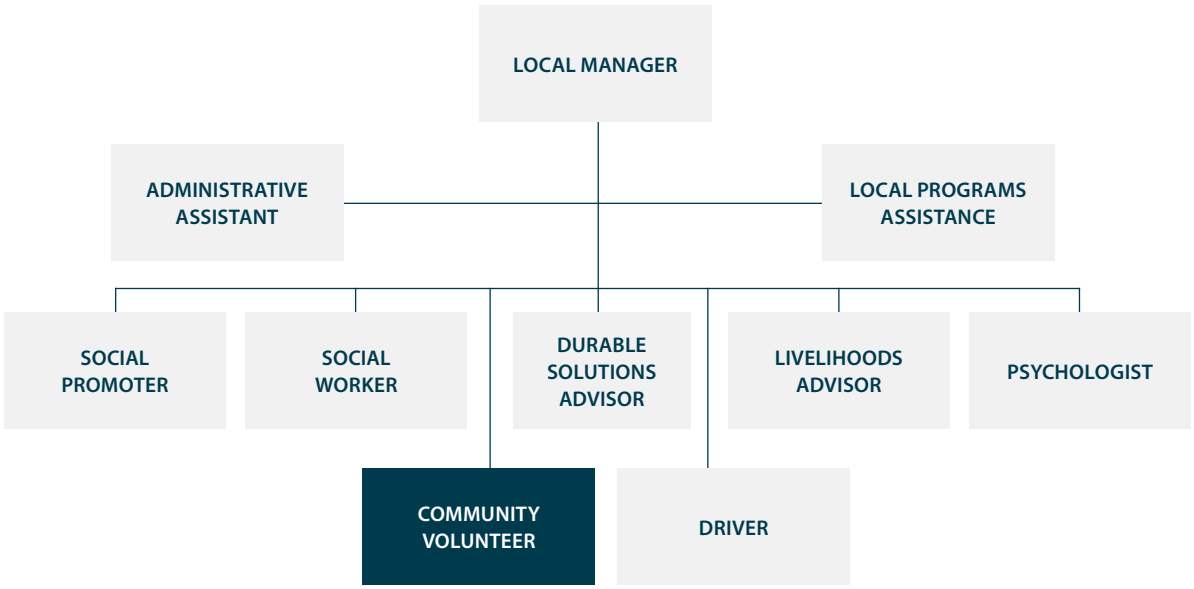
1. POSITION INFORMATION

Position Name: **COMMUNITY VOLUNTEER**
Area: PROGRAMS
Reports to: LOCAL MANAGER

2. JOB DESCRIPTION

2.1 MISSION:
Provides support in the execution of community management and development of networks aimed at strengthening the local integration of families in need of international protection; according to organizational guidelines and procedures.

2.2 ORGANIZATIONAL CHART: Position placement and definition of reporting line.



2.3 DUTIES AND RESPONSIBILITIES:

- Search and identify population in need of international protection within assigned areas and refers them to the HIAS local office for evaluation.
- Provides support to local Social Workers and Social Promoters in the conducting of home visits and accompaniments to access services.
- Completes records of home visits and accompaniment and then forward them to the corresponding areas.
- Identifies and reports on cases requiring immediate assistance (high specific needs, victims of gender violence, detainees, persons to be deported, cases requiring accompaniment outside their neighborhoods) to the Local Manager.

- Identifies and develops the mapping of neighborhood actors and services in the area, and then socializes it with the local team.
- Participates in team meetings and case management.
- Develops community activities and disseminates relevant information in coordination with the different HIAS service areas.
- Provides accompaniment to the different service areas in home visits developed in neighborhoods that are difficult to access, after agreement with the Local Manager.

2.4 LEVEL OF RESPONSIBILITY

Responsibility	High	Medium	Low
Goods and money		X	
Information management	X		
Advice and coordination		X	
Directive management			X

3. REQUIREMENTS

3.1 FORMAL EDUCATION

- University or technical degree in Social Management, Social Work, Social Psychology, Sociology or related careers.

3.2 WORK EXPERIENCE

- Minimum experience of one year conducting social management in the field, preferably with vulnerable population.

3.3 ADDITIONAL KNOWLEDGE

- Intermediate knowledge of MS Office (Word and Excel)

3.4 COMPETENCIES

- Ethics and values
- Service Orientation
- Results Orientation
- Communication
- Teamwork
- Adaptability and flexibility
- Management and development of interpersonal relationships

4. REVIEW AND APPROVAL

Action	Name	Position	Date	Version
Elaborated by:				01.01
Supervised by:				
Authorized by:				

TABLE OF CONTENTS

HIAS
Welcome the stranger.
Protect the refugee.

TERMS OF REFERENCE

5. POSITION INFORMATION

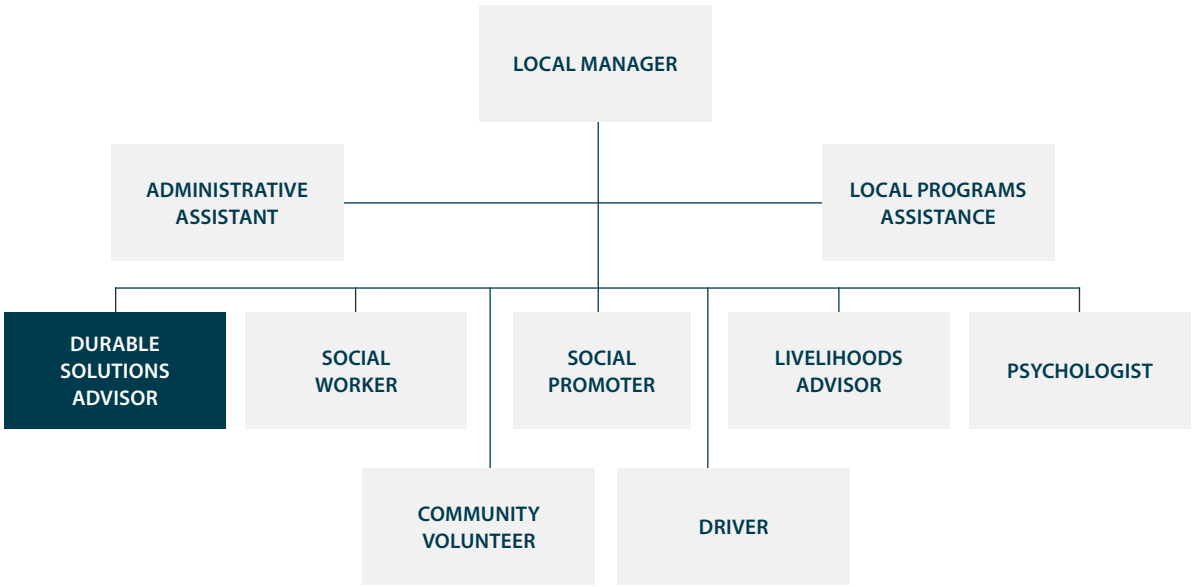
Position Name:	**DURABLE SOLUTIONS ADVISOR**
Area:	PROGRAMS
Reports to:	LOCAL MANAGER

6. JOB DESCRIPTION

6.1 MISSION:

Assist and identify persons of concern through the application of a specialized methodology to then manage emergency complementary support and refer those cases to the different HIAS service areas according to their profile and needs.

6.2 ORGANIZATIONAL CHART: Position placement and definition of reporting line.



6.3 DUTIES AND RESPONSIBILITIES:

- Conducts the specialized interview for the determination of person of concern (Durable Solutions Evaluation Form - FESD) and then forwards it to UNHCR for its respective assessment.
- Participates in case analysis meetings with the Local Manager and UNHCR.
- Completes the general data form of new individuals requesting HIAS services.
- Notifies the services that will be provided in case of being person of concern and refers to specialized institutions that assist the cases not of concern.
- Identifies cases for the Graduation Model Approach (Local integration index, prioritization profiles and home visit)
- Opens the physical file of each case assisted.
- Identifies and refers cases to the different HIAS service areas according to the kind of needs identified.

- Delivers emergency assistance (support for food, shelter and health) to newcomers.
- Identifies and refers cases for resettlement to the UNHCR Resettlement Unit.
- Identifies cases requiring food assistance according to WFP guidelines.
- Produces statistical and / or performance reports according to requirements.
- Participates in team and supervision meetings.

6.4 LEVEL OF RESPONSIBILITY

Responsibility	High	Medium	Low
Goods and money		X	
Information management	X		
Advice and coordination		X	
Directive management			X

7. REQUIREMENTS

7.1 FORMAL EDUCATION

- Professional degree in Clinical Psychology, Social Work, Sociology or related careers.

7.2 WORK EXPERIENCE

- Prior experience of minimum two years providing assistance to population in vulnerable situations.

7.3 ADDITIONAL KNOWLEDGE

- Intermediate knowledge of MS Office (Word and Excel)
- Interview Techniques

7.4 COMPETENCIES

- Ethics and values
- Service Orientation
- Results Orientation
- Communication
- Teamwork
- Adaptability and flexibility
- Analytical capacity
- Management and development of interpersonal relationships

8. REVIEW AND APPROVAL

Action	Name	Position	Date	Version
Elaborated by:				01.01
Supervised by:				
Authorized by:				

9. POSITION INFORMATION

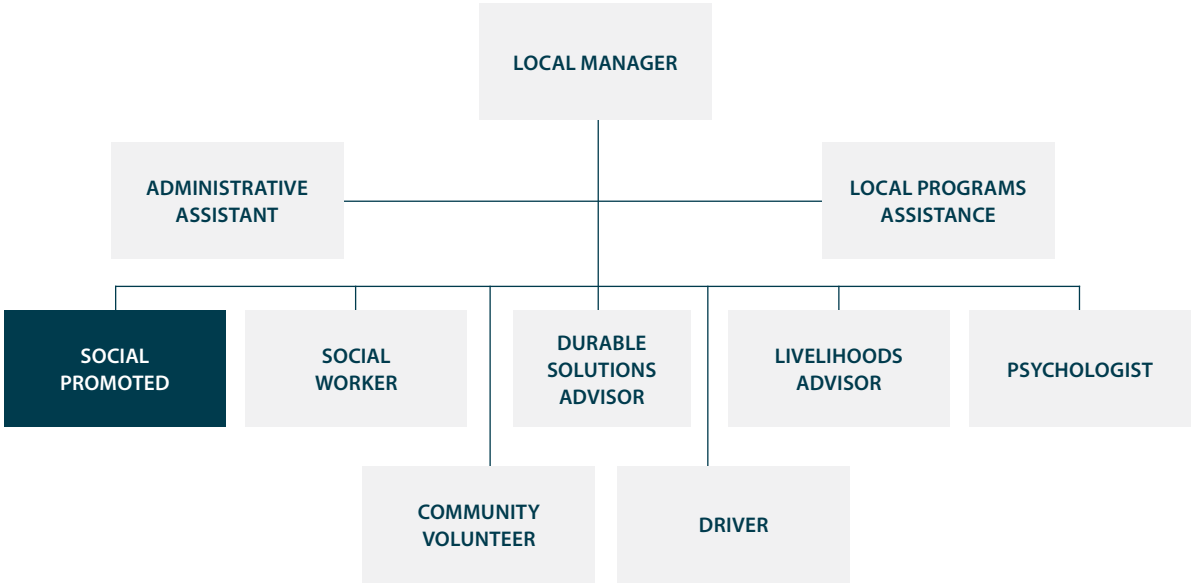
Position Name:	**SOCIAL PROMOTER**
Area:	PROGRAMS
Reports to:	LOCAL MANAGER

10. JOB DESCRIPTION

10.1 MISSION:

Provide accompaniment and follow-up to the families targeted for the Graduation Model according to procedures and organizational guidelines in order to guarantee the success of the program.

10.2 ORGANIZATIONAL CHART: Position placement and definition of reporting line.



10.3 DUTIES AND RESPONSIBILITIES:

- Conducts accompaniment and monitoring to cases targeted for the Graduation Model Approach (GMA).
- Records and updates the agreements with the family, accompanying plans, case follow-up actions, and graduation criteria of each case in the database system.
- Updates the physical file of each case participating in the GMA.
- Conducts home visits to families that are part of the targeting process.
- Conducts periodic follow-up (minimum twice a month) during 18 months, to each case targeted for the GMA.
- Process the request and delivery of monthly consumption support for families registered within the GMA for a period of 12 months.
- Refers and accompanies families within the GMA for access to services.
- Convenes and monitors training on financial education, nutrition and others required within the GMA.
- Coordinates and refers cases to the different HIAS service areas according to requirements of assistance (Livelihoods, Legal Orientation and Psychology).

- Coordinates follow-up activities and accompaniment of cases with Community Volunteers.
- Coordinates jointly with the various areas of HIAS, community activities that foster local integration in different neighborhoods.
- Facilitates the processes of strengthening and accompanying actions undertaken with social and institutional groups in the locality.
- Strengthens the mapping of the relevant neighborhood actors and then socializes it with the other areas of HIAS and local partners.
- Establishes links with public or private institutions in neighborhoods or districts in order to foster free access to services by the refugee population.
- Participates in case evaluation committees.
- Participates in team meetings and area supervision.
- Produces monthly reports of the activities performed.

10.4 LEVEL OF RESPONSIBILITY

Responsibility	High	Medium	Low
Goods and money		X	
Information management	X		
Advice and coordination		X	
Directive management			X

11. REQUIREMENTS

11.1 FORMAL EDUCATION

- Professional degree in Social Work, Social Psychology, Sociology or related careers.

11.2 WORK EXPERIENCE

- Minimum experience of two years carrying out accompaniment and social management in the field, preferably with vulnerable population.
- Demonstrated experience in the development of networks and community-based relationships.

11.3 ADDITIONAL KNOWLEDGE

- Intermediate knowledge of MS Office (Word and Excel)

11.4 COMPETENCIES

- Ethics and values
- Service Orientation
- Results Orientation
- Communication
- Teamwork
- Adaptability and flexibility
- Management and development of interpersonal relationships

12. REVIEW AND APPROVAL

Action	Name	Position	Date	Version
Elaborated by:				01.01
Supervised by:				
Authorized by:				

ANNEX 5

SAMPLE Targeting Processes

Four-Step Targeting Process

Targeting in the Graduation program is a four-step process:[74]

1. Selection of program area(s)
2. Community or participatory rural appraisal, often including a poverty wealth ranking
3. Household means-test surveys
4. Household verification visits

Based on publicly available data and on implementers' knowledge about different regions of the country, the implementing organization(s) select the geographic area(s) in which to offer the Graduation program. Within these areas, communities are actively engaged in a participative process called a Participatory Rural Appraisal (PRA). As part of this appraisal, they designate the poorest households in each village through a poverty wealth ranking (PWR) exercise. To cross-check (and sometimes expand upon) the findings of the PWR, the identified households are further screened through the lens of a set of indicators that gauge relative poverty levels. As a final step in the cross-verification of results, senior staff of the implementing organization conducts household visits to ensure that those selected for the program meet the eligibility criteria. The goal of this four-step targeting process is to make sure that the limited resources of the implementers are channeled to the households that are indeed among the poorest in their communities. Research conducted during the Graduation pilots has indicated that in communities where extreme poverty is relatively "homogenous" (meaning that all households identified by a means-test share the same level of poverty), the time and expense of a full PRA/PWA may not be necessary. See the box below on "Caveats to the PWR" for more details.

Establishing and maintaining open communication with the community is crucial. Not only is community members' input essential to accurate targeting (so that the poorest, most socially excluded households are identified), but community engagement is also crucial to ensure ongoing support for program implementation. In general, explaining carefully the program's goals and limitations, the different elements of the targeting method, etc., will greatly enhance *acceptance* of the program within the community. Implementing organizations need to be careful to manage any expectations that may be created among community members from participating in the targeting process. For example, in some countries rural villagers associate being surveyed with later receiving access to a government support program. Clear and ongoing communication is especially crucial in such contexts.

1. **Selection of program area(s)**

The first step for the implementing organizations is to identify the poorer regions and communities in a country through national poverty maps, if they exist, or the lead implementers' knowledge of the area, if no maps are available. Secondary data from regional or local government often provides the confirmation for selection of program areas. Areas are chosen based on where poverty levels are highest or most entrenched ("poverty pockets" or "poverty hotspots"). Depending on context, poverty hotspots can be identified as those areas with little infrastructure, food insecurity, extreme physical isolation (as in Peru and Pakistan), or the predominance of scheduled castes and/or indigenous population (as in West Bengal and Orissa, India).[75]

74 There is some flexibility in the sequencing and design of these steps: some Graduation programs conduct the community rural appraisal and the PWR as distinct steps, the means-test can be conducted before the PWR, etc.

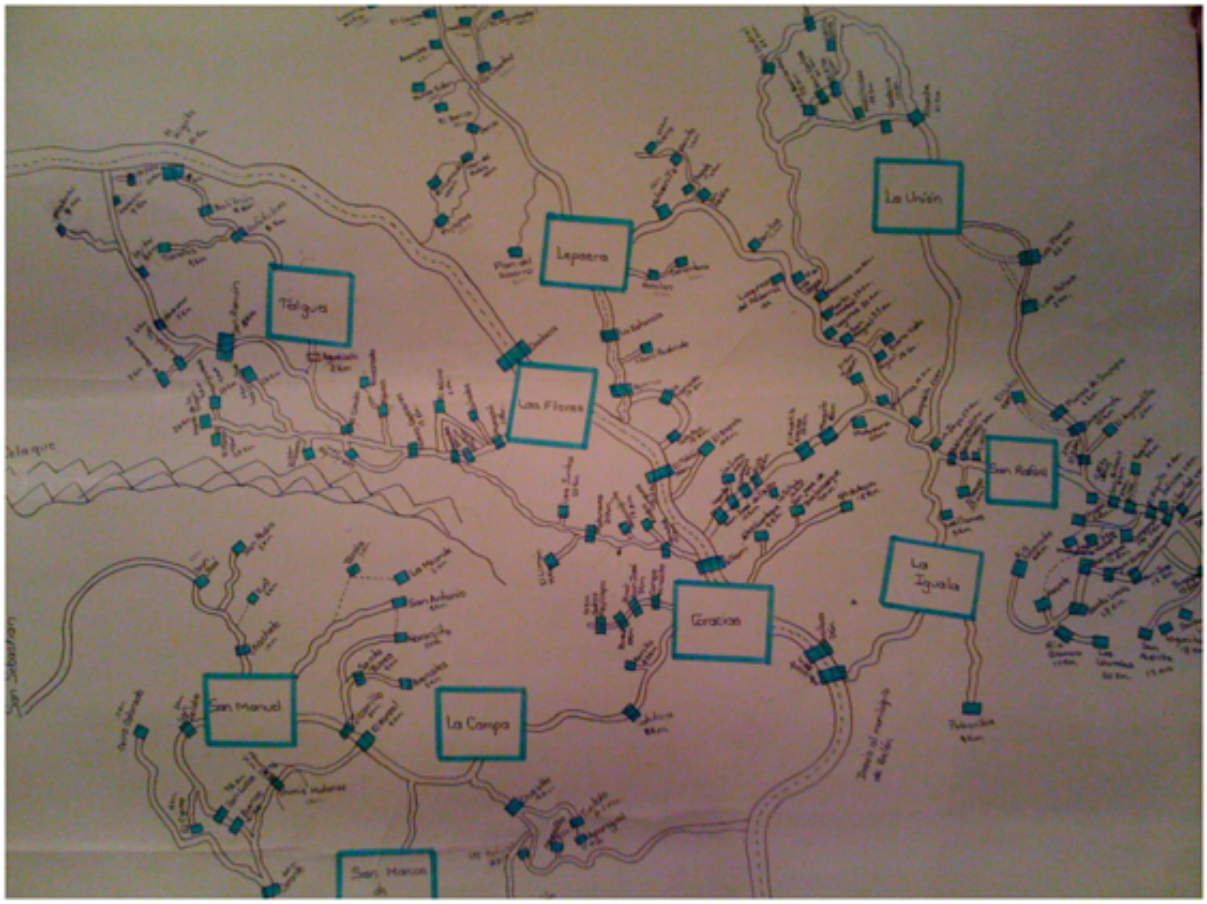
75 {Reference to Ghana census survey as an example}

2. **Community participatory rural appraisal and poverty wealth ranking**

Within the specified geographic area(s), usually a village or cluster of villages, a selection of community members is directly engaged in identifying who among its members are deemed to live in extreme poverty and therefore eligible for the Graduation program. Often community leaders are asked to convene a representative group—with a balance of genders, ethnic groups, etc.—to help identify eligible households, as villagers will always know current conditions better than field workers. Transparency in the selection process is paramount in order to build and maintain trust between the community and the implementing organization.

During the Participatory Rural Appraisal (PRA), community members create a local map identifying each household and talk about village dynamics. Often, this is the first time villagers have purposefully mapped out their community, explicitly identifying wealthier and poorer households.

SKS NGO Orissa Ultra-Poor Program.
Each house has been drawn on a map with sand with poorer households identified in different colors.



Area map of the Honduras Graduation Pilot, drawn based on PRA input. This detailed map of the area and was used extensively by the implementing organizations.

Community members are then asked by program staff to rank the relative poverty level of all households—a "poverty wealth ranking" (PWR). It is important that everyone in the community is made aware of the meeting, from village leaders to more isolated members. Implementing organizations should actively seek to include harder-to-reach people, such as women and minority groups that may self-select not to attend such meetings. Typically, staff should visit their homes to encourage them to participate. It can also help to bring in community leaders, such as the local nurse or school teacher, to serve as "poverty champions" in identification of eligible households. It is important to have a very broad swath of the community present (more than a simple majority) in order for the process to achieve a meaningful depth of analysis and generate broad community buy-in.

A PWR is used to help identify the poorest households in the village. Implementing organizations take a two-pronged approach to developing a set of criteria for use in the PWR with which to screen potential Graduation program households. The community exercise is important in letting the community know about the program, establishing transparency, and getting broad engagement.

Community members are asked to develop and then collectively agree on a list of indicators that they believe are good criteria to judge the poverty level of local households. These criteria—qualitative and quantitative—generally take the form of inclusion and exclusion criteria: what conditions should be in effect for a household to be deemed eligible (or ineligible) to participate? Criteria differ in different areas: housing conditions may be a reliable gauge of poverty in one region, whereas land ownership may be a more accurate indicator in another. Some organizations may also have their own mission-driven lens which influences the choice of criteria, such as a focus on children or on women. Box X gives examples of inclusion and exclusion criteria. PWR participants are then asked to separate community households into five to six groupings based on poverty levels, considering the criteria they have just developed, as well as a more subjective sense of relative poverty levels. It is important that all community members are considered, including for example those living on the margins of the village. Participants then review the results of their work and describe the distinguishing features of each wealth ranking, articulating key characteristics that distinguish the poorest members of the community. Using the map drawn in the PRA, community members rank each household in the community based on the indicators, reaching consensus on who the poorest are by ranking each household's degree of wealth/well-being relative to one another. By the end of the PWR process, implementers should have a household-by-household map of the community indicating which members are considered most in need, and therefore appropriate candidates for the Graduation program. Research at Bandhan in West Bengal showed that community targeting is generally reliable and that PWRs are "reasonably good indicators of economic well-being." (See Banerjee, Duflo, Chattopadhyay, and Shapiro, 2007). As one researcher noted: "PRAs were the first time anyone did this in their communities. People were excited about the democratic process. What people really want is respect, and this gave them that."

Typical inclusion criteria used in Participatory Rural Appraisals include:

- Quantitative: No regular income sources (e.g., reliance on daily labour); Little or no assets;Poor food security (e.g., number of missed meals during the lean season); Many children under 18 in household ; Several children under 12 not in school
- Qualitative: Female-headed household; Low self-confidence and esteem; Poor housing conditions.
- Typical *exclusion* criteria are:
- Quantitative: Major asset ownership (e.g., owning over 0.5 acres of land, or a productive asset like livestock); Someone in the household is employed by the public sector
- Qualitative: Participation in other economic empowerment programs (e.g., having a formal loan with a microfinance institution); Physical or mental inability to work, while keeping in mind that people with disabilities are in fact often able to pursue many sustainable livelihood activities.[76]

Implementing organizations have taken very different approaches to the presence of strong social networks in households identified as potential participants in the program. Some organizations found that a strong horizontal network of social support available to a poor household was sufficient reason not to include it in the Graduation program, as the family de facto had access to other resources. In other contexts, even a seemingly strong social network was not seen as a stable and reliable course of support, and so should not be deemed an exclusionary criterion. Whether informal networks should serve as an exclusion criterion should depend on the resource constraints faced by poor households in each particular context. It is important to proactively mitigate any bias that may enter into the community poverty wealth ranking process. Whether intentional or not, bias is a risk when selecting which households should be considered for the program.

76 See Trickle Up Disability, Poverty and Livelihoods Manual:

There is an array of strategies to control for this, including:

- Ensuring, by careful facilitation, that the PWR process is broad-based and not dominated by "elites" within the village—community leadership who may be tempted to steer resources based on criteria other than poverty level
- Calling on quieter members at community meetings, so that their views are included
- Balancing key criteria of poverty against one another (such as geographical distance from the village center versus quantity and quality of household assets)
- Reaching consensus on whether some seemingly appropriate criteria (such as age or ethnic group) are in fact the best gauges of eligibility
- Ensuring clear communication between staff and the community

In some contexts, the PWR process is not crucial for the targeting process. In settings where poverty levels within a community are fairly homogenous across all households, the additional effort of the PWR may not result in significantly better targeting. In these settings, using geographic targeting, followed by household surveys and visits, provide as strong a degree of poverty targeting.[77]

In urban areas, where community members do not know each other as well or for as long, the means-test survey and then the household visit by senior staff are also more reliable targeting methods. PWRs also may not work in feudal, tribal or highly politicized contexts, where community members may not feel comfortable speaking candidly in public.

Conversely, in some contexts the household surveys and visits may be important in order to identify households that may have been left out during the PWR. As Steven Werlin of Fonkoze notes, "We often find that some of the poorest women are not even mentioned at PWR meetings. Either because they are so isolated from their neighbors or for other reasons, they just aren't on anyone's radar screen. When we first take to the field after a PWR, finding these women, whom we call "special cases," is one of our most important jobs."

3. **Household Means-test Surveys**

The results of the PWR are typically verified through a more traditional "household means test" conducted by program staff. Typically, all those identified as being in the bottom two rungs in the PWR (or approximately 15-20 percent of the community) are surveyed. Surveys are comprised of a few easily verifiable indicators, such as land and livestock ownership, ownership of other assets, family size, number of children attending school, type of housing, etc. (see Appendix.) The picture of each household's means that emerges from this simple survey is compared to the results of the PWRs to confirm that the households identified as being eligible for the Graduation program are indeed among the poorest in the area. It is important that the indicators selected be relevant—have a high correlation with poverty—in each specific regional context. For example, housing quality or land ownership are reliable indicators of poverty in some contexts but not in others. In general, the means test seeks to identify "differentiating" factors between the extreme poor and others.

77 Based on descriptive statistics from the Extreme Poverty Graduation Program baseline in Cusco, Peru. See also: http://graduation.cgap.org/2011/01/19/baseline-survey-in-peru/

The surveys are sometimes based on existing poverty scorecards such as Grameen Foundation's Progress out of Poverty Index (PPI) or USAID's Poverty Assessment Tool (PAT).[78] In some cases the implementing organisations adapt these national poverty scorecards to better reflect local context or to address specific programmatic goals (e.g., children's nutritional status).

The use of a poverty targeting tool, such as the Progress out of Poverty Index (PPI) or the Poverty Assessment Tool (PAT), may prove especially valuable in this verification stage. Graduation Program implementers have tended to prefer to use these tools in this second, survey stage, in order to give priority to the community-oriented PWR as the initial targeting tool. For example, families may live with a relative in a nice house that in fact belongs to the relative, and so still should be eligible for the Graduation program. In other cases a household might be taking care of livestock that in fact belong to another person. These kinds of nuances are important in considering program eligibility and are difficult to capture with a PPI or PAT. There may also be a need to further contextualize the proposed indicators on the "scorecard" (e.g., a question relating to the presence of electrical appliances may not be appropriate in villages where none of the households has access to electricity, or where all households are connected through a government program).

4. **Household Visits to Verify Findings**

Following the household means-test, senior program staff should visit all (or as many as possible) of the households identified as being eligible to participate in the Graduation program. As a PWR can generate some subjective assessments of household poverty, and household means tests can inadvertently miss important factors, a face-to-face visit with each potentially eligible household has proven to be an important final step in verifying household selection. For example, it may turn out that an asset listed as "owned" on the household survey was in fact borrowed or rented, and so should not be listed as belonging to the household.

This cross-verification process should not be applied rigidly; each household selected may not meet all eligibility criteria, but may still qualify for participation in the program. A particular household may have some livestock or all its children in school or decent housing, and yet still overall be among the poorest households in the community. So some flexibility and judgment on the part of staff in carrying out the final verification are important. One way to increase transparency and fairness is to establish an "appeals process," where community members could ask that an excluded household be re-considered. When scaling up a graduation program to reach significantly more people, visits to every potential household may not be possible; in these cases, visiting a randomly selected sample of households may be all that is feasible to limit the likelihood that any mis-targeting has taken place.

78 The PPI is a simple, yet statistically sound, poverty measurement tool: the answers to 10 simple questions on a household's characteristics or asset ownership are scored to compute the likelihood that the household is living below the poverty line. See: www.progressoutofpoverty.org. USAID's PATs are short, country-specific surveys used to estimate individual poverty levels. See: www.povertytools.org

Common Indicators of Relative Poverty Levels Used in Means Test Surveys

The example below is adapted from the means test survey for the Ghana Graduation from Ultra Poverty Pilot. The original means test survey was based on the PPI for Ghana (Source: IPA).

- How many members does this household have?
- Are all children aged 5-12 in school?
- What is the highest grade completed by the female head/spouse?
- Is the main job of the male head of house/spouse in agriculture?
- What is the main construction material used for the roof of this house? (A. Palm leaves/raffia/thatch, wood, mud bricks/earth, bamboo, or other; B. Corrugated iron sheets, cement/concrete, asbestos/slate, or roofing tiles
- What is the main source of lighting for this house? (A. Not electricity; B. Electricity)
- What is the main source of drinking water for this household? (A. Borehole, well (with pump or not, protected or not), or other; B. River/stream, rain water/spring, or dugout/pond/lake/dam; C. Indoor plumbing, inside standpipe, sachet/bottled water, standpipe/tap (public or private outside), pipe in neighbors, water truck/tanker, or water vendor)
- Does any household member own a working stove? (electric, kerosene or gas)
- Does any household member own a working iron? (box or electric)
- Does any household member own a working radio, radio cassette, record player, or 3-in-1 radio system?
- How did you get the construction materials you used for your roof? (A. Gift from an NGO, government agency, relative, or friend.; B. Bought, found, harvested or made it)
- What is the main material used for your flooring? (A. Cow Dung; B. Cement; C. Other, please describe)
- Do you own any of the following? Mark all that apply (A. Working Bicycle; B. Working Donkey Cart; C. Mobile Phone). Specify: No/ Yes, it was a gift from a NGO, friend or relative/Yes, I bought, found or made it.
- Do you depend on other community members to get daily food for your households year round? Specify: No/ Yes, daily/ Yes, weekly / Monthly.
- Do you depend others in your community to get daily food for your household during the lean season? Specify: No/ Yes, daily/ Yes, weekly / Monthly.
- Do you ever partake in gleaning during the harvest season to meet your food needs?
- Do you receive any support or services from an NGO or government?
- Is the head of this household currently repaying a loan from a microcredit organization?
- Do you own any fowl? (Fowl, guinea fowl, turkey, duck). Please specify how many.
- Do you own any small ruminants? (Goat, sheep, pig). Please specify how many.

ANNEX 6

SAMPLE Client Monitoring System

Impact Atlas, developed by Amplifier, is a cloud-based technology platform specifically designed to deploy the graduation approach in a way that drives efficiency, increases transparency, promotes operational effectiveness, and helps new organizations mitigate risk and respond to household-level needs. Uplift and BRAC began field testing Impact Atlas in Bangladesh in April 2016. Uplift is in active conversations with several other organizations to bring Impact Atlas to multiple contexts and regions.

Sample Client Monitoring System (CMS)
The following table is drawn from the CMS developed for the CGAP-Ford Foundation Graduation program pilots.

General
Date of Data Collection
FA Name
Participant ID #
Participant First Name
Participant Last Name
Asset Status / Income Generation
For each Asset type:
Number of Assets provided by program
Asset cost per asset (at beginning of program)
Total Asset number (now)
Reason for change in number of assets (e.g., for livestock: birth of babies, bought new assets, death of assets, sale of asset)
Amount of asset added/reduced for this reason
If applicable, amount the last one was sold for
Income generating activity from retained assets
Average Income generated from assets not sold (Weekly)
Other sources of income to household
Income earned from each of this source (Weekly)
Stipend Use
Stipend Frequency (e.g., Monthly vs. Weekly)
Last stipend amount received (local currency)
Business Activity (for each livelihood activity):
Part of last stipend spent on this activity per week
Stipend amount put into savings
Activity of other stipend expenditures

Savings Behavior
Type(s) of Savings (Bank, SHG, Credit Union, ROSCA, at home, etc.)
Amount of formal savings (bank, credit union, cooperative, etc.)
Amount of withdrawals from formal account
Reasons for withdrawals from formal account
Amount of informal savings within the program (SHG, ROSCA, at home, etc.)
Reasons for withdrawals from informal account
Food Consumption
(For each item below, indicate consumption by number per day:)
Starches (e.g., potatoes, yams, yucca, etc.)
Vegetables and fruits
Lentils (e.g., beans, daal, etc.)
Meat/Fish/ Poultry/Eggs
Missed meals over last 3 days
- If so, why?
Social Changes
Number of school aged children
Number of school aged children in school
Have members in your household been able to purchase more clothes than in the previous 3 months?
Are you attending more social events (marriages, funerals, etc.)
Are you able to buy more presents?
Have you purchased any household assets in the last 3 months (e.g., fan, radio, mobile phone, etc.)?
Have you made any improvements to your house (e.g., new walls, roofing, etc.)?
Healthcare
Ailments/sicknesses in the household
Treatments (e.g., access to formal health services, or something else)?
Amount spent on medicine
Amount spent on doctor fees
Amount spent on surgeries
Vaccinations for :
(Name / Age of each Child / Adult)
• Tetanus
• Measles
• Mumps
• Polio
• Other

ANNEX 7

SAMPLE Graduation Criteria

Bandhan Konnagar's Graduation Progress Indicators

MANDATORY CRITERIA	OPTIONAL CRITERIA
Income and working capital of family will be increased significantly (to USB 75 and 377, respectively) At least two sources of income in the family Growing savings habits and deposits Residential house of the family is safe Beneficiaries can write their own names and numbers (1-10) properly All members of the family are getting at least two full meals every day Family members are using safe and hygienic latrines Beneficiary planted at least two fruit plants or cultivates two types of vegetables in her own garden	Eligible couple in the family practicing family planning method Household has access to basic medical services and facilities Household has proper access to safe drinking water All children below 5 years are immunized All school-aged children are attending school All members of the family wear clean clothes and keep their house clean Beneficiary has a voter identity card Beneficiary has a ration card

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ABOUT THE PARTNERSHIP FOR ECONOMIC INCLUSION

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