

PROPEL Toolkit

An Implementation Guide to the
Ultra-Poor Graduation Approach



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Ultra-Poor Graduation Approach**

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Preface

BRAC and BRAC USA share a mission to empower people and communities in situations of poverty, illiteracy, disease and social injustice. Our interventions aim to achieve large scale, positive changes through economic and social programmes that support our vision of a world free from all forms of exploitation and discrimination, where everyone has the opportunity to realise their potential.

At BRAC USA, our vision of success is to foster a better world by increasing BRAC's visibility as a development success story, harnessing the power of its friends and ensuring support for a growing number of BRAC organisations around the world to unleash the potential of millions of poor households to create better futures for themselves and their communities.

As described in further detail in this toolkit, since the 2002 creation of the *Targeting the Ultra-Poor Programme*, BRAC has achieved remarkable success developing the Graduation approach, a tailored response designed to address the unique needs of the ultra poor. Building on the inception of the approach in Bangladesh, from 2006 to 2014 ten Graduation pilot programmes were designed, developed and funded by the Consultative Group to Assist the Poor (CGAP), the Ford Foundation and a host of implementing partners in eight countries.¹ While evidence supporting the efficacy of the Graduation approach is now well established, there remains tremendous

need and opportunity to galvanise a critical mass of governments and practitioners to adopt and adapt Graduation to reach the millions of households still living in ultra poverty worldwide. The potential for scale is powerful.

We look forward to sharing our success story with you, and working together to harness the power of human enterprise to PROPEL the ultra poor on an upward trajectory from poverty. Only together can we work to end extreme poverty in our lifetime.

WHAT IS THE PROPEL TOOLKIT?

In the fall of 2014, CGAP and the Ford Foundation released a comprehensive *Technical Guide to the Graduation Approach: From Extreme Poverty to Sustainable Livelihoods*.² The CGAP/Ford Foundation Technical Guide serves as a how-to manual introducing governments and organisations to the Graduation approach as piloted by CGAP and the Ford Foundation alongside implementing partners.

The *PROPEL Toolkit: An Implementation Guide to the Ultra-Poor Graduation Approach* (hereafter referred to as the Toolkit) is intended to complement the CGAP/Ford Foundation Technical Guide. The PROPEL Toolkit addresses programme components in depth and offers tools, forms and formats from BRAC's fourteen plus years of implementing Graduation programmes 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 organisations advising on and implementing the Graduation approach around the world.

The PROPEL Toolkit is a step-by-step guide to help your organisation implement a Graduation programme. This Toolkit covers the basics of the BRAC model and its evolution, the steps involved in planning and staffing up, on-the-ground implementation and strategies for monitoring, evaluation and learning.

Each section covers the process involved, as well as tips, local case studies, specific considerations for adaptation and tools. The PROPEL Toolkit highlights factors for consideration and success to enable your organisation to engage in a thoughtful, strategic planning process and develop a comprehensive Graduation programme designed for ultimate impact tailored to your specific target population.

WHO IS THIS TOOLKIT FOR?

This guide is a resource for potential implementers – governments, non-governmental organisations (NGO) and microfinance institutions (MFI) – and funders of Graduation programmes. If you are an NGO or MFI leader or represent another implementing organisation considering the approach, this guide is intended to help you plan and successfully execute your Graduation programme from start to finish. If you are a government official, policymaker or multilateral funder, this guide will help you think through how this approach could best be integrated with or complementary to existing social protection and livelihoods programmes in your country.

HOW SHOULD THIS TOOLKIT BE USED?

The PROPEL Toolkit is meant to be both a preparatory document in a desk review and an equally valuable companion in the field. In particular, the forms that appear in the Annexes, as well as key considerations, tips and local adaptation examples will help guide you in the various steps of implementing a Graduation programme and tailoring it to meet the unique needs of your ultra-poor target population.

INDEX



INFO to support implementing organisations with additional resources for learning and capacity building.



TOOLS to support implementing organisations through all stages of planning, implementation and evaluation.



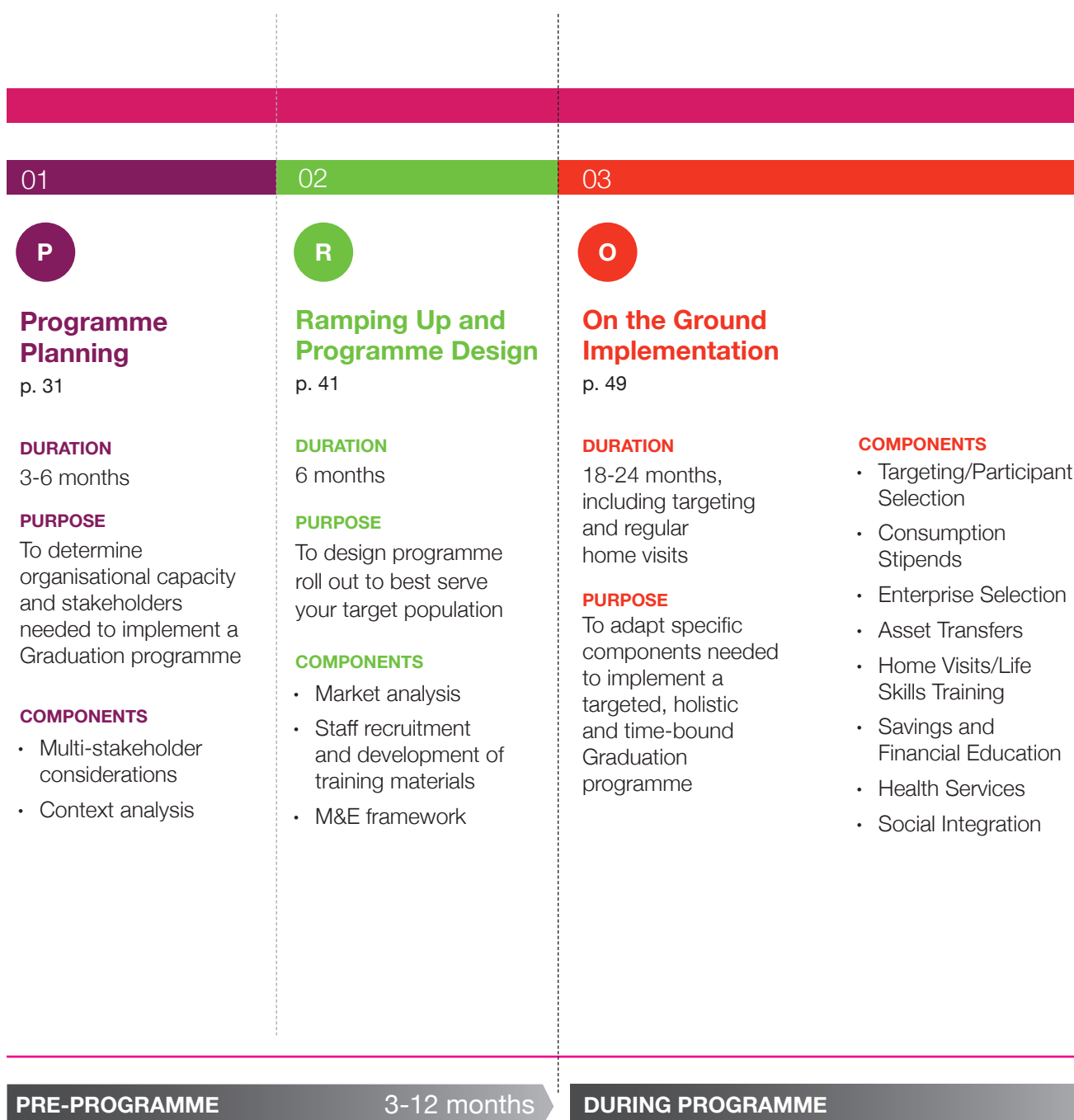
TIPS for quality programme adaptation across geographies.

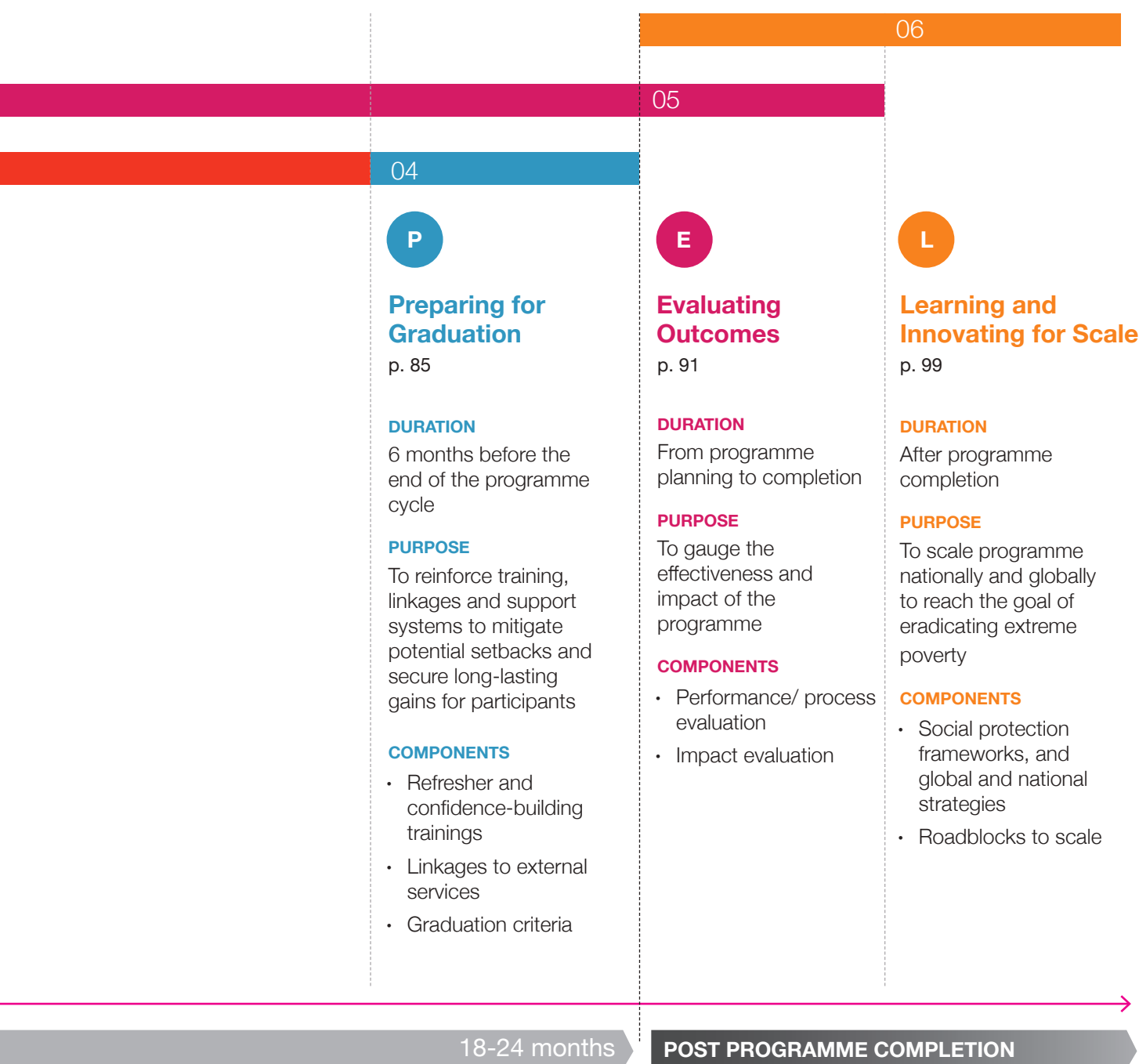
Acronyms

BRAC	Formerly Bangladesh Rural Advancement Committee
CFPR-TUP	Challenging the Frontiers of Poverty Reduction- Targeting the Ultra-Poor
CGAP	Consultative Group to Assist the Poor
CBO	Community Based Organisation
CO	Community Organiser
MFI	Microfinance Institution
MIS	Management Information System
NGO	Non-governmental Organisation
OTUP	Other Targeted Ultra-Poor Programme
PO	Programme Organiser
RCT	Randomised Control Trials
SACCO	Savings and Community Credit Organisation
STUP	Specially Targeted Ultra-Poor Programme
TUP	Targeting the Ultra-Poor Programme
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Development
VSLA	Village Savings and Loans Association
WFP	World Food Programme

PROPEL: A Timeline for Utilising Content and Resources

The following illustrates when various chapters and content in this Implementation Guide would be most helpful during your planning and implementation process.





P

Preparing for Graduation

p. 85

DURATION

6 months before the end of the programme cycle

PURPOSE

To reinforce training, linkages and support systems to mitigate potential setbacks and secure long-lasting gains for participants

COMPONENTS

- Refresher and confidence-building trainings
- Linkages to external services
- Graduation criteria

E

Evaluating Outcomes

p. 91

DURATION

From programme planning to completion

PURPOSE

To gauge the effectiveness and impact of the programme

COMPONENTS

- Performance/ process evaluation
- Impact evaluation

L

Learning and Innovating for Scale

p. 99

DURATION

After programme completion

PURPOSE

To scale programme nationally and globally to reach the goal of eradicating extreme poverty

COMPONENTS

- Social protection frameworks, and global and national strategies
- Roadblocks to scale

Executive Summary

“We are the first generation in human history that can end extreme poverty.”

– Jim Yong Kim, *World Bank Group President, 2015*

According to World Bank estimates, the number of people living in poverty around the globe dropped into the single digits—just below 10%—for the first time in recent history, marking 2015 as a landmark year in the global fight to end extreme poverty.¹

During the last quarter century, we have witnessed huge reductions in poverty worldwide. Both extreme poverty rates and under-five mortality have fallen by more than half,^{2,3} and 91% of children in developing countries are enrolled in elementary school.⁴ However, the decline in poverty has been uneven: East Asia accounted for half of the global poor in 1990 yet in 2015 Sub-Saharan Africa now accounts for half of the global poor.⁵ Though much has been accomplished, a great challenge remains in the global effort to eradicate extreme poverty by 2030, as espoused in the recent Sustainable Development Goals.

While the extreme poor live on far less than the \$1.90 USD/day poverty line, the ultra poor are the lowest-earning and most vulnerable subset of these populations globally. Although often used interchangeably, BRAC sees value in defining the ultra poor as a further and marginalised subset of the extreme poor, often without access to social safety nets or support from mainstream government or NGO services. The specific characteristics and income thresholds of the ultra poor depend on the local context and drivers of vulnerability, such as food insecurity, geographic isolation, absence of productive assets, lack of access to basic services and social ostracism.

The Ultra-Poor Graduation approach pioneered by BRAC is gaining international recognition as a key strategy to building secure, sustainable and resilient livelihoods. Adapted by various organisations and scaled in some of the poorest regions of the world, the Graduation approach has helped participants and their families gain the skills and confidence to move forward with hope. Graduation combines support for immediate needs with longer-term investments in life skills and technical skills training, asset transfers, enterprise development, savings and planning for the future to transition ultra-poor families into sustainable livelihoods. By addressing both the social and economic needs of families simultaneously, these programmes provide holistic support to participants as they climb the ladder of economic self-reliance into a sustainable future.

The Graduation approach is unique: it is built for both adaptation and scale. As subsequent chapters will demonstrate, the *PROPEL Toolkit: An Implementation Guide to the Ultra-Poor Graduation Approach* provides a clear understanding of BRAC’s Graduation model, critical elements for its success and lessons learned by BRAC and implementing partners to support global adaptation and adoption.

THE TOOLKIT INCLUDES THE FOLLOWING CHAPTERS:

- P** Programme Planning
- R** Ramping up Programme Design
- O** On the Ground Implementation
- P** Planning for Graduation
- E** Evaluation of Outcomes
- L** Learning and Innovating for Scale



EACH CHAPTER CONTAINS THE FOLLOWING:

- **Overview of BRAC's Graduation approach** to detail planning and implementation considerations and best practices.
- **Key elements for success**, based on lessons learned from BRAC and implementing partners to guide future implementing organisations.
- **Case studies** to demonstrate how the Graduation approach has been adopted and adapted for various countries and contexts.
- **Tips to support implementing organisations** through all stages of planning, implementation and evaluation.
- **Tools for programme monitoring and evaluation** to ensure routine information is

collected and analysed to support ongoing programme reviews and corrections as needed, as well as contribute to an overall understanding of your programme's impact.

- **Next steps:** Reflection and Action to stimulate dialogue around what is necessary to plan, design, implement and evaluate the approach.

BRAC looks forward to collaborating with governments, NGOs, MFIs, funders and other champions around the world to scale up Graduation and place millions of families on an upwardly mobile path out of extreme poverty.

We hope the resources and information herein will help PROPEL your organisation towards programming that uplifts the most vulnerable and marginalised. •

¹ World Bank. (October 4, 2015). World Bank Forecasts Global Poverty to Fall Below 10% for First Time [press release]. Retrieved from: <http://www.worldbank.org/en/news/press-release/2015/10/04/world-bank-forecasts-global-poverty-to-fall-below-10-for-first-time-major-hurdles-remain-in-goal-to-end-poverty-by-2030>

² The United Nations. The Millennium Development Goals Report 2015. Retrieved from: [http://www.un.org/millenniumgoals/2015_MDG_Report/pdf/MDG%202015%20rev%20\(July%201\).pdf](http://www.un.org/millenniumgoals/2015_MDG_Report/pdf/MDG%202015%20rev%20(July%201).pdf)

³ The World Health Organization (2015). Global Health Observatory (GHO) Data. Retrieved from: http://www.who.int/gho/child_health/mortality/mortality_under_five_text/en/

⁴ The United Nations. The Millennium Development Goals Report 2015.

⁵ World Bank. (October 4, 2015). World Bank Forecasts Global Poverty to Fall Below 10% for First Time [press release].



© 2012 BRAC. CFPR-TUP member Champa has been running a tea stall in Dhalpur, Dhaka. Slums in Dhaka are accommodating about five million people, which is almost 40 per cent of the total population of the city. Realising the dire need for addressing extreme poverty in urban slums, CFPR-TUP has started a small pilot in Dhaka slums in 2010.

BRAC Graduation Approach

EVOLUTION OF THE GRADUATION APPROACH

Founded in Bangladesh in 1972, BRAC's work touches the lives of an estimated 135 million people. With decades of successful programming at scale across microfinance, health, water and sanitation, education and livelihoods BRAC realised that its interventions often failed to reach the ultra poor and address the worst forms of poverty.

To address the needs of the poorest, in 1985 BRAC started the Income Generation for Vulnerable Group Development (IGVGD) programme with the World Food Programme (WFP), an extension of WFP's vulnerable group feeding programme. Recognising that direct food transfer was insufficient to put households on a trajectory out of poverty, the IGVGD programme provided additional skills training on income generation and financial services. As a result, IGVGD beneficiaries were able to attain an increase in income higher than the amount of food subsidies they received. However, IGVGD beneficiaries could not sustain all the gains that they had made during the intervention period.¹ Participants had low aspirations, dependence on food aid and lacked confidence in skills acquired through trainings.

Based on lessons learned from IGVGD, in 2002 BRAC launched a new programme: *Challenging the Frontiers of Poverty Reduction-Targeting the Ultra-Poor Programme* (CFPR-TUP or TUP). The programme's approach, now commonly referred to as "Ultra-Poor Graduation" or the "Graduation approach," utilises a set of carefully sequenced interventions tailored to the unique set of challenges faced by the ultra poor.²



The Graduation Approach: A Sustainable and Holistic Solution

Traditional poverty eradication approaches are often unable to reach the poorest and sustain long-term gains.^{i,ii} In response, BRAC's Targeting the Ultra-Poor Programme arose in 2002 out of a critical need to devise an approach that was targeted, time-bound, holistic and sustainable. This approach came to be known globally as the Graduation approach.

i. Morduch, Jonathan. 1999. "The Microfinance Promise." *Journal of Economic Literature*, 37(4): 1569-1614.

ii. Rabbani, Mehnaz, et al. 2006. *Impact Assessment of CFPR/TUP: A Descriptive Analysis Based on 2002-2005 Panel Data*. CFPR/TUP Working Paper Series, No. 12.

Table 1. Outcomes and Impact: Evidence from Graduation Programmes

Bandiera et al. (STICERD 2013)		
SUMMARY	Timeframe	2007-2011
	Intervention	BRAC TUP Programme
	Method	Cluster-randomized controlled trial
	Sample	7953 eligible poor households in 1409 communities; 19,012 households from all other wealth classes Final Sample: 6698 ultra poor; 16,245 from other wealth classes
	Location	Bangladesh
	Investigators	London School of Economics, University College London, Bocconi University, and BRAC
FINDINGS	<p>Results at four year, relative to baseline</p> <ul style="list-style-type: none"> • 38% increase in participant annual earnings • 36% decrease in hours devoted to menial domestic labour • 8% increase in household per-capita food expenditures • 10 fold increase in savings • Additional economically and statistically significant effects on asset ownership, food security, non food per-capita expenditures, and well-being 	
Banerjee et al. (Science 2015)		
SUMMARY	Timeframe	2007-2014
	Intervention	Graduation Programme
	Method	3 cluster-randomized controlled trials; 3 randomized controlled trials
	Sample	21,063 adults in 10,495 households
	Location	Ethiopia, Ghana, Honduras, India, Pakistan, and Peru
	Investigators	Abdul Latif Jameel Poverty Action Lab, Innovations for Poverty Action
FINDINGS	<p>Results at four years, relative to baseline</p> <ul style="list-style-type: none"> • 38% increase in participant annual earnings • 4% increase in household per-capita food expenditures • 10 fold increase in savings • Additional economically and statistically significant effects on asset ownership, food security, non food per-capita expenditures, and well-being 	
Bandiera et al. (IGC 2015)		
SUMMARY	Timeframe	2007-2014
	Intervention	BRAC TUP Programme
	Method	Cluster-randomized controlled trial
	Sample	Extensive follow up of 21,000 households over 7 years. Final sample: 6,700 ultra-poor; 15,100 other wealth classes (93% from original study)
	Location	Bangladesh
	Investigators	London School of Economics
FINDINGS	<p>Results at seven years, relative to the non-poor</p> <ul style="list-style-type: none"> • 90% reduction in savings gap with non-poor • 67% reduction in productive assets gap with non-poor • 51% reduction in land access gap with non-poor • Significant reduction in gap with non-poor in relation to consumption of durable and non-durable goods, livestock productive assets, savings and land ownership. 	

Key Research Conclusions

1. Significant increase in work productivity and household assets
2. Access to more stable and secure employment, leading to positive expansion of occupational choices
3. Contributes to reduction in economic inequality
4. Builds resilience and enables faster recovery from shocks
5. Promotes social cohesion and gender empowerment
6. Enhance dignity, self-esteem, autonomy resilience, hope and social recognition
7. Supports the realization of social and economic rights
8. Graduated participants continue to escape poverty at a steady rate
9. Supports realisation of SDGs, particularly goal 1 to end extreme poverty

ADAPTATION OF THE GRADUATION APPROACH

Inspired by the successful results of BRAC's TUP programme, in 2006 CGAP and the Ford Foundation initiated a global programme to pilot and scale up the Graduation approach. They partnered with international NGOs, local organisations and governments to adapt and test the approach in ten pilot projects across eight countries. Results of the pilots were positive: after 24-36 months the majority of participants (75-98%) met their programme's graduation criteria with regards to nutrition, assets and social capital.³

Table 1 (left) on evidence from BRAC's TUP programme and results from the ten pilot programmes demonstrate that BRAC's approach for tackling ultra poverty not only has impact, but is also adaptable to varied contexts. Randomised Control Trials (RCT) from Bangladesh and the eight countries participating in the CGAP-Ford pilots, as well as longitudinal seven year research study on the Bangladesh programme, produced strong results, including a sustained increase in assets, income, savings and food consumption post-programme completion. The strong evidence demonstrating effectiveness of TUP, coupled with interest from various stakeholders and countries in adapting the Graduation approach, indicates we are at a moment of tremendous opportunity for international scale and adaptation.

THE ULTRA POOR

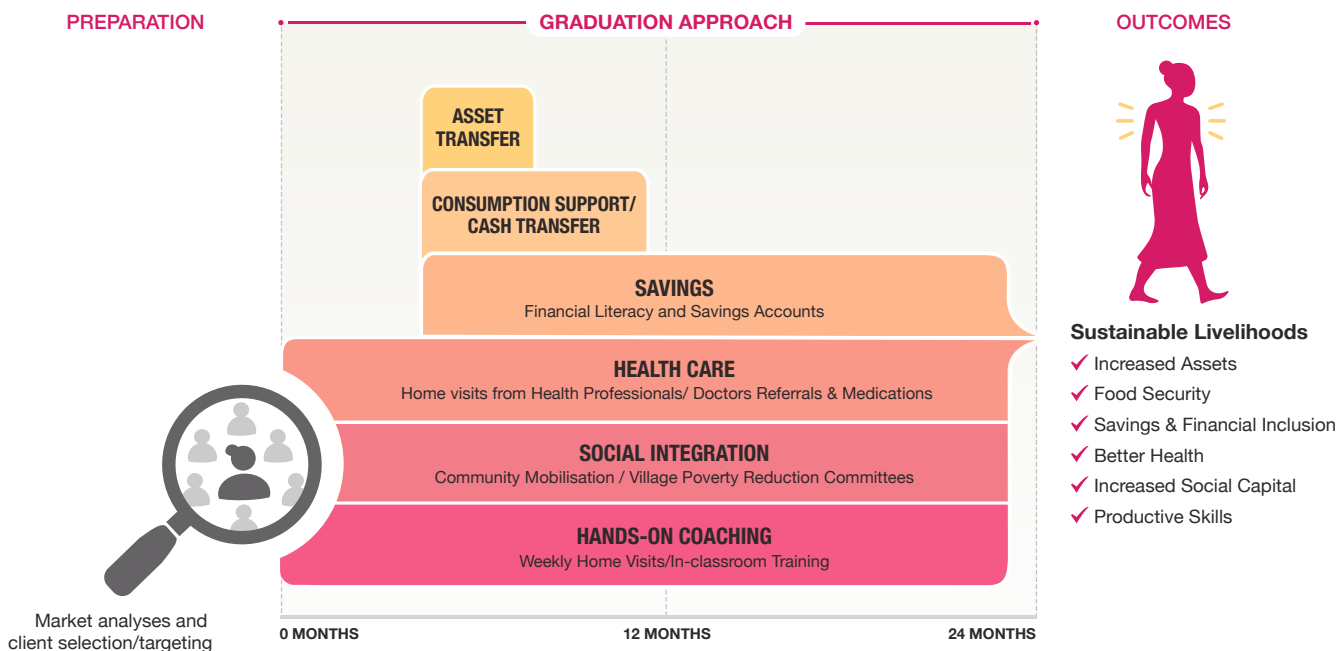
According to the World Bank, in 2012 1.2 billion people lived on less than \$1.90 USD/ day,⁶ in conditions of extreme poverty. Hashemi and Wamiq Umaira⁷ note that within the ranks of the poor, there are those at the very bottom who are significantly more resource constrained and who are unable to meet even the most basic consumption levels. Known as the "ultra poor,"⁸ these populations are chronically food insecure and more vulnerable to health shocks and natural calamities than any other group.

- Their lives remain largely unaffected by the economic policies that have created growth and prosperity for the middle class.
- They remain socially marginalised and are often geographically isolated, in hard to reach areas.
- Many live in female-headed households or are physically unable to work for a living.
- They often have little positive connection to their neighbours and remain beyond the reach of government schemes and services.
- Their demeanour and attitude often reflects a lack of hope for the future and confidence in themselves.

Largely disengaged with markets, the poorest of the poor are often not covered by social protection programming, or the efforts of local or international NGOs. Even when they are, it is unlikely that they will secure sustainable livelihoods that can provide food security and basic levels of consumption beyond the duration of those programmes.

The population who is considered ultra poor depends on the local context. The CGAP-Ford Foundation pilots showed, for example, that food insecurity seems to be a solid indication of poverty in Ethiopia and Haiti, but in Peru the poorest are relatively food secure, so social and geographic isolation count more. Lack of access to productive land is a reasonable indicator of poverty in South Asia, but not in Ghana where villagers can farm communal land. Absence of productive assets is often a key indicator of poverty, but it is not always easy to differentiate between actual ownership of an asset and leasing or borrowing.⁹

THE ULTRA-POOR GRADUATION APPROACH



The multidimensional and nuanced problems of the ultra poor—food insecurity, poor health, social stigma, limited skills, assets or savings—require an approach that is comprehensive, long-term and substantive enough to empower the ultra poor to engage with markets and their own communities and graduate from extreme poverty.

The Ultra-Poor Graduation approach is a comprehensive, time-bound and sequenced set of interventions that aim to graduate people from ultra poverty to sustainable livelihoods.

The interventions include: regular life skills training and home visits, technical skills training, asset transfers, enterprise development, consumption stipends, financial literacy and savings, health care and social integration. Working together, these interdependent interventions lead to strong outcomes at the household level including increased or improved assets, food security, savings and financial inclusion, health outcomes, social integration and productive skills. Pioneered by BRAC’s TUP programme, the Graduation approach has been scaled in Bangladesh, where BRAC has graduated 1.6 million households since 2002.

TWO VARIATIONS IN BRAC'S GRADUATION APPROACH

- **Specially Targeted Ultra-Poor (STUP):**

The most destitute ultra poor, who lack access to any productive assets or safety nets, are targeted with the Special Investment Programme, which includes physical productive assets (for instance a cow and 10 chickens), life skills and technical skills training, weekly stipend, regular home visits, tailor-made health care and community support.

- **The Other Targeted Ultra-Poor (OTUP):**

Participants who are considered marginally less deprived than the STUP, but still firmly among the ultra poor, receive a soft loan for the equivalent of the major portion of the asset required to start their enterprise. For instance, if the household were set to receive the same asset package, a cow and 10 chickens, they would receive the 10 chickens in-kind to jump start short-term income, and a soft loan to acquire the cow. This credit-based approach is designed with flexible terms and conditions such as smaller size loan and a grace period for repaying the loans. OTUP participants are also recipients of the other components of the programme, such as life skills and technical skills training, weekly stipend, regular home visits, tailor-made health care and community support.

The criteria that BRAC uses in Bangladesh to determine which participants qualify for STUP or OTUP programmes are illustrated on the following page. It is important to carefully segment the population using locally relevant inclusion and exclusion criteria to identify which participants are unable to engage with a livelihood short of receiving a physical grant, and who, with the right hands-on approach, may be equipped to repay a soft loan in time. It is also important to clarify to community members why two approaches are used.

For BRAC, the OTUP model is an avenue to reach greater numbers of ultra poor and a way for BRAC to build a bridge between participants and BRAC's well-established microfinance offerings. Soft loans in the OTUP programme are administered through



© 2014 Amplifier Strategies

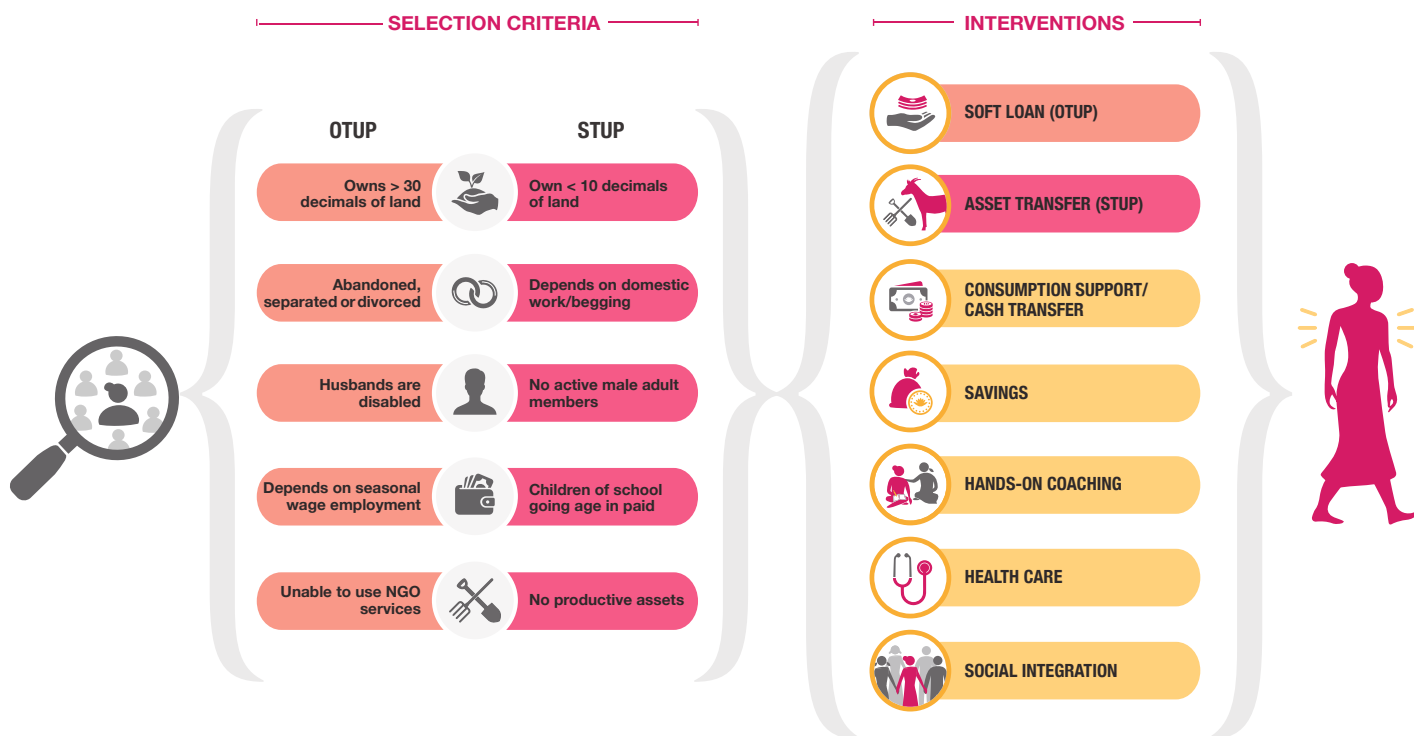
CASE STUDY

Distribution of Transfers in Cash vs. In-Kind

Many development experts have discussed whether asset transfers should be given in cash or in-kind. Many graduation models have favoured in-kind transfers but Fundación Capital and some governments have been testing cash transfers. Their decision was made based on a variety of factors:

- By transferring money instead of goods the recipient is empowered to, and charged with, the responsibility of finding providers, negotiating prices, purchasing their goods and tracking their expenses.
- Numerous studies in a range of countries demonstrate that recipients of cash transfer (conditional or unconditional) use funds wisely, from meeting basic needs to investing in skills training and savings.
- Cash-transfers are more cost-efficient for governments and generate increased benefits for local markets.
- When distributed as electronic transfers, cash transfers reduce the risk of corruption and facilitate the beneficiary's financial inclusion.
- When buying in-kind assets it is difficult to ensure that the products and services being purchased are wanted by and useful to participants, resulting in client dissatisfaction, reduced level of ownership and/or inappropriate purchases for local market conditions.

DISTINGUISHING BETWEEN STUP & OTUP



i
Specially Targeted and Other Targeted Ultra Poor
 Out of the 17% of the Bangladeshi population who live below the food poverty line, the STUP represent the bottom 8%, and OTUP represent the remaining 9%.

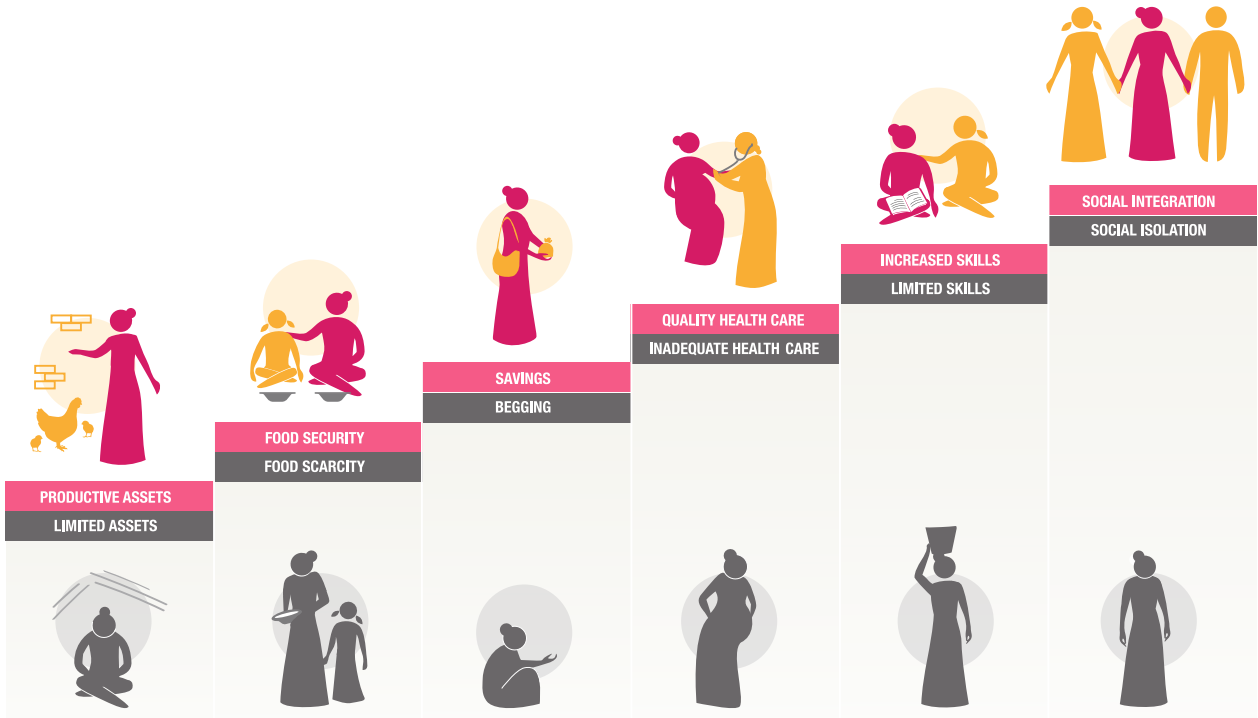
BRAC’s microfinance programmes, resulting in participants’ early familiarity and comfort with micro-finance. Although BRAC has served a majority of its ultra-poor clients through its soft loan variation (OTUP), it strongly advocates for the need to maintain STUP programming. BRAC’s experience is that if participant selection is rigorous, there will still be participants who will not be able to repay a loan, where only grants will succeed in kick-starting enterprises and helping them transition out of extreme poverty.

MEETING GRADUATION CRITERIA

It is important to note that “Graduation” is not synonymous with a threshold past which households are suddenly resilient to the pressures of poverty. Clients of Graduation programmes are the most vulnerable of the poor and can still back-slide if persistent shocks inhibit their trajectory.

Indeed the continued success of graduated households is greatly aided by the presence of support services which reinforce a household’s pathway out

BEFORE & AFTER GRADUATION Improved Outcomes through the Graduation Approach



of poverty, including access to finance, mainstream development programmes and government-led social protection programmes.

In terms of impact at the household level, Graduation is signified by greater household income and productive asset value, greater consumption levels, increased savings and higher social integration, among other impact measures.

In programmatic terms, Graduation occurs when households achieve economic and social advancement measured by several criteria over the course of 24 months. Criteria vary given the social and geographic context of the programme, and are often a combination of criteria appearing in **Table 2** on the following page.

Graduation programmes use these criteria to define when a household has “graduated,” however the actual experience of Graduation felt by households is more intangible. Households may feel they have a grasp on future income, a vision of their future and visibility and empowerment within their communities.

i

Ultra Poor and Extreme Poor

The extreme poor are considered those populations living on less than \$1.90 USD/day, according to the World Bank. The ultra poor are considered the lowest earning and marginalised subset of the extreme poor. BRAC sees real value in singularly targeting the ultra poor based on the local and contextual drivers of vulnerability, such as food insecurity, geographic isolation and absence of productive assets to reach the poorest and sustain long-term gains.

Table 2. BRAC Graduation Criteria

Purpose	Criteria	Measured by
Establishing food security	No self-reported food deficit in the last year	Asking household about access to 2/3 meals a day over a period of recall
	Households have kitchen gardens	Asking about and verifying presence of fruit/vegetables, ground nuts or other food supplements around the homestead
Establishing income related resilience	Multiple sources of income	Asking and verifying multiplicity of types of income, sale of various items and diversification of income generating activities
	Households own livestock/ poultry	Asking about and verifying presence of household owned livestock
Establishing additional economic resilience through savings	Cash savings	Asking household about savings practices/ meeting a fixed threshold for household savings
Establishing household resilience to negative health effects and practise of positive health seeking behaviour	Use of a sanitary latrine and clean drinking water	Asking about knowledge of local diseases, water consumption practices and confirming access to clear water sources
	Knowledge of common ailments and available health related resources	
Establishing greater household structural resilience	Homes with solid roofs made of corrugated iron or other materials (not thatched) or other locally relevant measure of improved structure	Asking and confirming whether household was able to fortify dwelling in a locally relevant way
Reinforcing positive behaviour change	No childhood marriage in the family or other locally relevant measure of reinforced positive behaviour	Asking and confirming ages and marital status of all children or other locally relevant measure of reinforced positive behaviour
	School-aged children are going to school	Asking and confirming ages and school going status of all children in household
	Eligible couples adopt family planning	Asking household about access, awareness and practise of family planning

THE CASE FOR GRADUATION

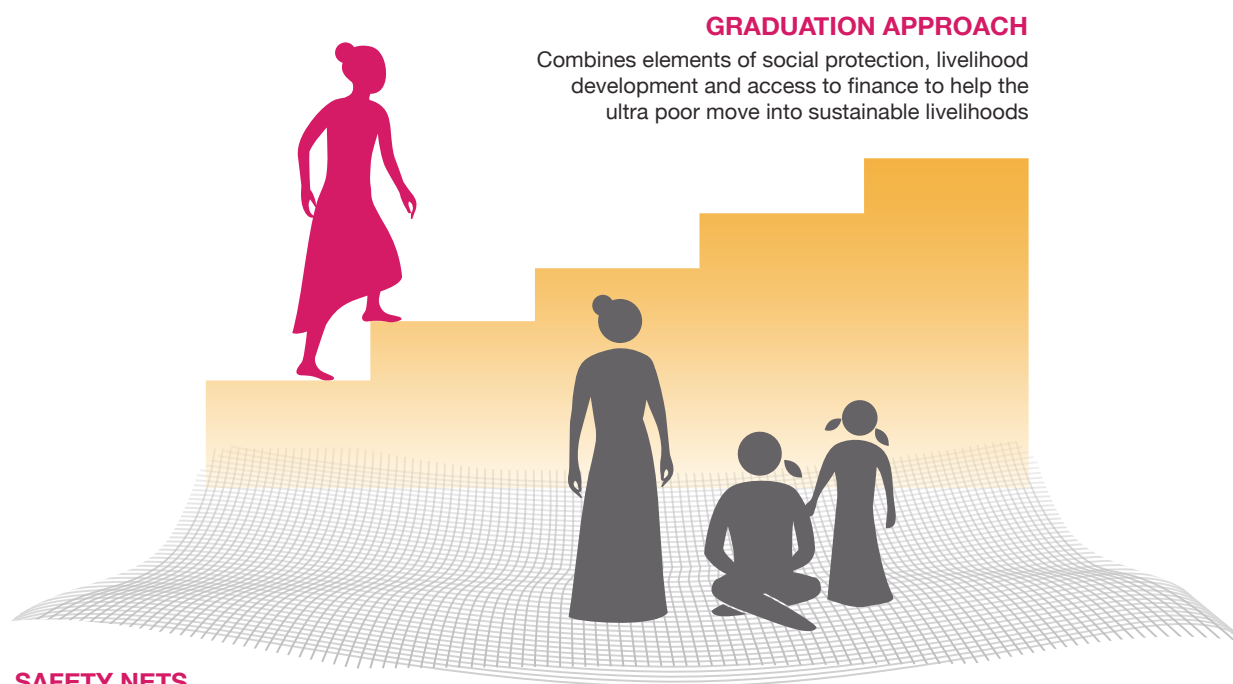
Traditional social protection interventions are often introduced as single instruments, such as food aid, cash transfers, school feeding or public works programmes, and assist the poor and the vulnerable to cope with food insecurity. In particular, targeted conditional cash transfers are used to increase human capital endowments (health and educational conditions) and to break the intergenerational transmission of poverty.

These safety net programmes combine with appropriate labour policies and insurance, and social sector policies (health, education and nutrition) to create a composite social protection strategy that is a critical component of a government's poverty alleviation efforts.

However, single instruments tend to target only restricted numbers of people, and deliver poverty reduction and food security benefits only as long as the intervention lasts.

BRAC strongly believes that poor and vulnerable households can and must be equipped to do more than just cope. Interventions must be carefully planned to build their skill sets and asset base as well as their confidence and social capital so that they can remain food secure, lead sustainable economic lives and become more resilient. Many governments are now moving towards implementing more integrated, comprehensive social protection systems with complementary social and economic policies. One area of broad consensus is the realisation of a “twin-track” approach, with a social safety

FROM SAFETY NETS TO SUSTAINABLE LIVELIHOOD How Graduation Approaches Complement Social Protection



Provide vital consumption support and immediate relief for basic needs but often offer few opportunities for the ultra poor to move into economic self-sufficiency.

net put in place for poor and vulnerable people who cannot work, and Graduation programmes being designed only for a subset of the poor.¹⁰ The next generation of social safety programming is evolving in countries such as in Ethiopia, Bangladesh, Nepal, the Philippines, Indonesia, South Africa, Colombia and Paraguay. The Graduation approach adds real value to these efforts to build more secure, sustainable and resilient livelihoods. It represents a holistic effort to address the wide spectrum of resource deficits that keep the ultra poor trapped in poverty and vulnerability.

Graduation programmes are not a “magic bullet” for addressing the fundamental drivers of poverty and vulnerability. Graduation is not a substitute for core social protection functions, and may only be suitable and practicable for ultra-poor households that have the capacity for economic self-sufficiency. For households needing long-term assistance, such as persons with severe disability or the elderly, permanent mechanisms are required. Moreover, while Graduation is a particularly promising ladder from poverty, there are other approaches that also provide necessary skills for gainful employment, access to finance and access to mainstream development programmes. Identifying the appropriate approach

may require several tools for tackling poverty that are context-specific and needs dependent.

HOW DOES THE GRADUATION APPROACH WORK?

Successful Graduation programmes are cognisant of the multidimensional nature of poverty and insecurity that the ultra poor face, and present a composite set of carefully sequenced interventions that address these multiple dimensions of poverty. The approach simultaneously focuses on enhancing the household’s financial capital, skills and social capital. Careful piloting, problem solving, impact assessing and lesson learning increases cost effectiveness, programme impacts and the likelihood of achieving scaled up operations.

Graduation interventions are delivered within a specified time frame, one that is long-term enough to seed sustainable progress at the household level while short-term enough to limit dependence.

Graduation programmes may differ in the specific components offered (for example, some may not offer health support or social integration). Local contexts will ultimately determine the precise composition of each component, programme duration and other specifics. What follows is a general overview of the steps followed in BRAC’s *Targeting the Ultra-Poor* programme.

Simultaneously Increasing Physical & Social Capital For the Ultra Poor



THE GRADUATION APPROACH IS COMPRISED OF THE FOLLOWING STEPS:

- **TARGETING/PARTICIPANT SELECTION:**
The success of the approach is strongly dependent on careful participant selection to ensure that the most vulnerable in any community are selected. Generally, a triangulation of different methods (participatory wealth ranking, means testing and home visits) is used to reduce inclusion errors (better-off households getting included) and exclusion errors (ultra-poor households



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getting excluded). Some engagement of the community in the selection process is ideal, as it helps to build buy-in and understanding of the approach by more well off neighbours.

- **ENTERPRISE SELECTION:**

The selection of viable economic activities for ultra-poor households is critical to a household's success in increasing income levels. The chosen livelihoods must be economically viable and varied to ensure participants are not in competition with one another, or in danger of saturating fledgling local markets. Careful market studies and value chain analyses limit risks, and ensure steady earnings as well as future expanded economic opportunities.

- **PRODUCTIVE ASSETS TO START ENTERPRISES:**

Once a menu of viable enterprises has been established, Graduation programmes ensure that participant households have the means to kick-start these enterprises. In Graduation programmes, doing so is accomplished through the following means:

- 1. Grants of productive assets:**

The most vulnerable poor households often need a one-time grant to kick-start their

economic enterprises. While small in value (to reduce possibilities of elite capture), these represent a significant investment for participant households, often beyond what they could have saved over a long term to acquire for themselves.

- 2. Cash transfers for productive assets:**

Rather than physically procuring and distributing assets to participants, some Graduation programmes transfer asset-equivalent value in cash to households. Whether this cash is effectively utilised to purchase the assets required for the new enterprise often correlate to the effectiveness of the programme's training and hands-on coaching component.

- 3. Soft loans for productive assets:**

If vulnerable households are not destitute and possess some basic capacities or productive assets, new enterprise activity can be jump-started through soft loans. For BRAC, this approach was possible due to years of extending microfinance offerings and resulting familiarity with the profile of clients who fell just outside the reach of traditional microfinance and required loans on softer terms. It is important to note that the CGAP-Ford



Foundation pilots concern only the productive asset-based approach (STUP) and not the soft loan approach (OTUP) variation of Graduation.

CONSUMPTION SUPPORT:

This component of the Graduation approach acts as a basic safety net provisioning for the household, since the first condition for survival and taking on new economic activities is ensuring that the food deficit gap is met. The Graduation approach therefore provides a minimum level of consumption support for a time-bound period so that ultra-poor households have some degree of smoothed consumption until incomes from the new economic activities start kicking-in.

HOME VISITS/LIFE SKILLS COACHING:

Participants receive programme-long handholding in the form of household visits. The home visits are often the first regular, supportive point of contact that participant households enjoy from anyone outside of immediate family. These weekly interactions signal to the household and the surrounding community that someone does

indeed care about the progress and well being of participants. In BRAC's Graduation programme, life skills coaching includes basic cash flow management guidance, messaging on social issues, helping participants learn to write and sign their names, psychosocial counselling and continuous encouragement and support of participants.

TECHNICAL SKILLS TRAINING:

In conjunction with the life skills coaching, participants receive highly focused in-classroom training and refresher sessions based on how to manage their transferred asset and operate a successful business. Lessons may also include financial literacy and numeracy, business planning and management, basic business skills to promote employment readiness and vocational and entrepreneurship training for both youth and urban ultra poor.

SAVINGS AND FINANCIAL EDUCATION:

Even the ultra poor can save, especially when they start receiving a consumption allowance. Regular savings creates a culture of discipline that is essential for financial management for

their businesses as well as planning for the future. More importantly, saving allows a participant to start envisioning a different future and seeding hope for a better life, which is critical to the upward trajectory of ultra-poor households.

- **HEALTH SERVICES:**

The ultra poor often do not have access to adequate health care. They lack the information, capacities and financial resources required to visit health care providers when necessary. To counter this, the TUP programme in Bangladesh delivers integrated health care support to participants through health programme organisers, community health workers and the services of local government doctors.

- **SOCIAL INTEGRATION:**

The ultra poor are often ostracised and stigmatised in their own communities, and do not benefit from a sense of belonging and support of peer networks. Social integration and support can increase confidence and decrease vulnerability. Some Graduation programmes mobilise the community to integrate the ultra poor by setting up village poverty reduction committees to hear grievances and support the ultra poor.

The following chapter will build on these components and facilitate the programme planning process for Graduation.



BRAC's Experience: Assets vs. Loans

BRAC has reached 1.6 million ultra-poor households through both its STUP (asset) and OTUP (soft loan) approaches combined. The majority of its ultra-poor clients are served through the soft loan variation (OTUP). However, BRAC strongly maintains the need for the STUP variation. In BRAC's experience, if participant selection is rigorous, there will be participants who simply will not be able to repay a loan, where only grants will succeed in kick-starting enterprises.

¹ Hashemi, S. 2001. Linking fard Safety Net Programs to Include the Poorest: The Case of IGVD in Bangladesh. CGAP Focus Note 21.

² Morduch, J. 1999. "The Microfinance Promise." *Journal of Economic Literature*, 37(4): 1569-1614.

³ Banerjee, A., et al. 2015. A Multifaceted Program Causes Lasting Progress for the Very poor: Evidence from Six Countries. *Science*: 348 (6236), 1260799 [DOI:10.1126/science.1260799].

⁴ Bandiera, O., et al. 2013. Can basic entrepreneurship transform the economic lives of the poor?. IZA Discussion Papers IZA DP 7386, Bonn.

⁵ Banerjee, A., et al. 2015. A Multifaceted Program Causes Lasting Progress for the Very poor: Evidence from Six Countries. *Science*: 348 (6236), 1260799 [DOI:10.1126/science.1260799].

⁶ <http://www.worldbank.org/en/topic/poverty/overview>

⁷ Hashemi, S. and Umaira, W. 2011. New Pathways for the Poorest: the Graduation Model from BRAC Centre for Social Protection Research Report (BRAC Development Institute, Dhaka, Bangladesh). <https://www.ids.ac.uk/files/dmfile/ResearchReport10FINAL.pdf>

⁸ Lipton, M. 1986. Consuming Less Than 1800 Calories Where the Minimum is 2100. "Seasonality and Ultra Poverty," *Institute of Development Studies Bulletin* 17.3.

⁹ Hashemi, S. and de Montesquiou, A. 2011. "Reaching the Poorest: Lessons from the Graduation Model." Focus Note 69. Washington, D. C.: CGAP.

¹⁰ Devereux, S. and Sabates-Wheeler, R. 2015. Graduating from Social Protection? Editorial Introduction. *IDS Bulletin*, 46: 1–12. doi: 10.1111/1759-5436.12124.



© 2012 Alison Wright/BRAC. Women farmers growing maize through the BRAC LEAD project (Livelihood Enhancement through Agricultural Development). Rachel Chezari, farmer, working in maize fields.

01 Programme Planning

OVERVIEW

Determining whether a Graduation programme can be implemented by your organisation requires a detailed process of analysis both internal and external, based on your organisation's mission, capacities and strengths as well as a keen understanding of the local context and social and economic conditions of the target group of the ultra poor.

Graduation programming is comprehensive, multi-faceted and resource dependent. Commitment of leadership at the highest levels is essential.

Graduation as an approach is not an end in itself, but rather a means to an end. Among other considerations, this end goal may include increased income or consumption for ultra-poor households, enhanced food security, inclusion of marginalised groups, buffering of a household against unforeseen shocks, recovery in the aftermath of a disaster or some combination thereof. During the initial stages of programme planning, identifying this goal requires establishing common understanding and prioritised objectives amongst stakeholders, and conducting contextual analysis of poverty and vulnerabilities of the target population, including assessment of existing programmes providing services.

KEY ELEMENTS FOR SUCCESS IN PLANNING FOR A GRADUATION PROGRAMME

- ✓ Identify the specific roles and responsibilities of key stakeholders to guarantee commitment from the highest levels of leadership.
- ✓ Determine the role of a Graduation programme in relation to other services.
- ✓ Commit sufficient resources to planning and developing the programme.

- ✓ Assess organisational capacity to execute, including external supports through partnerships and technical assistance/advisory services.
- ✓ Develop monitoring and evaluation priorities and a relevant research agenda.
- ✓ Conduct a thorough context analysis to ensure local relevance and feasibility.
- ✓ Consider adaptations to suit the needs of the target population.

CONSIDERATIONS FOR VARIOUS STAKEHOLDERS

Strategic, intentional planning is critical to the success of every Graduation programme. In addition to accounting for organisational capacities, complex needs of the population, funding sources, and monitoring and evaluation processes, initial considerations for varying types of implementing organisations are likely to take on different forms during the planning process.

For Multilaterals and Donors

Donors and multilateral organisations have a unique role to play in driving the global Graduation agenda, given the ability to channel significant resources into developing the potential of Graduation programmes to scale, innovate and even tailor the approach to serve specific marginalised or hard-to-reach underserved populations.

In this way, it is critical that donors and multilaterals ensure that funded programmes are both context and organisation appropriate to best serve the needs of the target population and best fit the capacity of the implementing organisation. Where an implementing organisation or ministry may require, many funders have supported external technical assistance and advisory services from organisations such as BRAC and others



What Constitutes Graduation Programming?

When funding Graduation programmes, it is important that funders are vigilant about supporting comprehensive approaches that incorporate both the financial and non-financial components of Graduation, including consumption stipends, asset or cash transfers, enterprise training and hands-on coaching, among other key areas. These components collectively drive sustainable livelihoods and other quality outcomes for participants.

Programmes should not:

- Disaggregate the package to deliver components to different target populations;
- Remove key components such as some version of the transfer, training and home visits;
- Encourage cash transfer participants to “self-graduate” by electing to receive a larger lump sum payment; or
- Arbitrarily exit participants from the programme without meeting strict Graduation criteria for success.

Without fidelity to the Graduation approach, a programme cannot be expected to produce similar outcomes for participants.

to apply their expertise in Graduation to help build the capacity of the implementing partner(s).

For donors and multilaterals, the following considerations are important:

- Does Graduation align with the donor mission and objectives for eradicating extreme poverty globally or focusing on a particular region or population?
- What are the organisational strengths, capacity and internal commitment of the selected implementing organisation to execute a Graduation programme? Will this bandwidth be stretched given other social protection and livelihoods programming implemented?
- What is the availability of external support through advisory services or implementing partners such as NGOs where an organisation’s internal capacity would benefit?
- Do significant and committed sources of funding exist for an intensive set of interventions that address multiple dimensions of poverty simultaneously?
- What is the cost-benefit justification for investing in the ultra poor for a time-bound, sustainable programme versus the social and economic costs of inaction or insufficient action to transition households out of extreme poverty?
- Does the implementing organisation possess robust data collection and monitoring and evaluation systems to leverage lessons learned and insights?
- Is a particular research question or agenda being tested?

The cost of Graduation programmes varies greatly according to the local context and environment. For example, previous Graduation programme costs have varied from \$450-\$2,000 USD per household over two years depending on the costs of programme inputs (existing infrastructure and programming, local goods, staffing wages, etc.). In a recent study in Bangladesh, the cost to graduate 6 million extreme poor families at the cost of \$500 USD/fam-

ily by 2022 was estimated at roughly \$3 billion USD; this figure represents considerably less than 0.5% of the country's GDP over six years and becomes increasingly affordable as GDP rises.¹

On a global scale the cost of not intervening—and the resulting malnutrition that leads to stunting and limited intellectual development and labour force participation—is estimated to cost \$3.5 USD trillion each year, 5% of the global gross domestic product.²

Though some may consider the overall cost of a Graduation programme as high depending on the context, this short-sighted assessment does not take into account the long-term sustainability of Graduation impacts or the opportunity cost of not addressing the needs of the poorest and most vulnerable. Such a view oversimplifies the magnitude of Graduation outcomes in elevating not only ultra-poor participants, but also their larger communities and children given potential spill-over effects and inter-generational impacts.

Graduation aims to activate the latent potential of the ultra poor to achieve long-term improvements to a household's welfare through access to sustainable livelihoods. This is as much a goal for the present as the future in the global effort to eradicate extreme poverty. When debating the cost, donors and multilateral organisations should consider the programme's comprehensive approach and sustainable impact, which combined outweigh the short-term economic costs associated with the programme.

For Governments

For governments, one of the main implications for design of Graduation programmes is the need for a careful analysis of both enabling and constraining factors to implementing within a national social protection system such that the programme forms a complement to existing services for the ultra poor where appropriate rather than duplicating services.

For governments, the following considerations are important:

- Have the right local implementation partners and delivery mechanisms been identified? What are the relative strengths of those organisations given that one partner may be best prepared to deliver the health component while another may be more equipped to offer livelihoods training services?
- Will the programme be integrated into current social protection programming, or be used as a complementary programme targeting a subset of clients or individuals not served by existing social protection programmes?
- Will the programme retain all programme components or a reduced selection, with the understanding that doing so will likely reduce Graduation effectiveness?
- Do selected components adequately ensure that multiple dimensions of poverty are addressed and the approach is valid to the population?
- Will the programme be housed in one government agency or will inter-agency or inter-ministerial coordination be required?
- Is there a public sector agency well suited to execute or manage implementation? Are there local NGOs that can be tapped as implementers?
- Can existing government extension agents be trained and incentivised to become effective field agents?
- What monitoring frameworks are in place to ensure quality? What form of evaluation—impact or performance—may be conducted either internally or externally by the implementing agency?

Entrusted with developing robust social protection systems that encompass the needs of the ultra poor and marginalised, unlike other implementing organisations, governments in particular bear a unique relationship to the target population and should consider Graduation another vital tool to bolster the existing social safety net.

For Non-Governmental Organisations

For an NGO, the Graduation approach can be a powerful methodology to deliver more holistic and impactful results to communities served. As with governments implementing the approach, similar key questions of which components to deliver and how may emerge. Distinct from governments however, embarking on Graduation programming often requires a heavier lift by front line staff than most NGOs have previously required.

For NGOs, the following considerations are important:

- Is there adequate commitment and buy-in from senior leadership and staff?
- Does the organisation have sufficient internal capacity—staff, infrastructure, etc.—to deliver comprehensive, time-intensive services?
- Does the organisation have technically skilled staff to provide diverse interventions, including but not limited to livelihoods training, financial inclusion, psychosocial support and social integration?
- What components may require partnerships with other agencies for services not provided in-house?
- Have adequate funding sources been identified to ensure highest quality delivery of services? Will these resources be extended beyond a single two-year cohort of participants?
- Is there an innovative research agenda being tested for which specific monitoring and evaluation frameworks will be necessary? Regardless, what monitoring systems are in place for programme staff and how easily can they be applied to Graduation?

Perhaps more than other implementing organisation, NGOs will likely grapple with capacity considerations depending on their size and reach in a given region as well as securing sufficient funding that will last for the duration of the programme. Coordination with partner organisations, particularly with expertise in providing specific components, will be an essential step in ensuring the most robust programming possible for participants.

For Microfinance Institutions

Microfinance Institutions have a mandate for financial sustainability. Given the significant upfront investment of Graduation programme components, these organisations must additionally consider the financial implications of Graduation and its impact on anticipated return on investment and profit margins. This may require identifying grant or donor-based funds, building partnerships or developing new approaches to working with clients that incorporate a cost recovery lens. Most likely, investing in a two-year Graduation cycle will need to be a subsidised initiative for an MFI.

For MFIs the following considerations are important:

- Does the MFI have capacity to deliver the non-financial components of Graduation in enterprise training, health and social integration?
- Is staff trained to provide additional supports—psychosocial, economic, etc.—during the regular home visits?
- What partnerships or collaborations will be necessary to supplement?
- What grant or donor funds may subsidise programme components?
- What does cost-benefit analysis reveal for protecting the financial sustainability of the MFI while operating programming?
- Have partial cost recovery mechanisms been identified for during or following a client's participation in the programme?
- How will the MFI ensure a degree of separation between microfinance operations and the Graduation programme?

Several microfinance institutions, notably Fonkoze Foundation in Haiti and Bandhan in India, have implemented Graduation programmes, demonstrating that it is a highly effective approach to reaching a lower income segment of clients otherwise left out of microfinance. Unlike other implementing organisations, MFIs may benefit from developing an emerging client base of successful graduates who are primed for microfinance after completion of the programme.

Though certain general considerations may overlap, considering whether to implement a Graduation programme can be a highly nuanced process depending on the type of funding or implementing organisation. In this way, as a first crucial step an organisation can assess its capacity as well as that of partners to effectively reach the underserved population of the ultra poor.

CONTEXT ANALYSIS

At its core the Graduation approach seeks to build the resiliency of the ultra poor in the face of natural calamities, macro-economic shocks and social and political instability. Therefore, understanding the local context is critical and demands a thorough political, social and economic analysis of what is both appropriate and realistic in terms of programme design and implementation. Context analyses should be conducted with as much depth and rigour as is possible, drawing on existing research, new empirical analysis and/or should emerge from dialogue among key informants and stakeholders.

Contextual analysis should incorporate several key areas:

Geography, Demographics and Infrastructure

- **Dominant social and community structures:**

What dominant structures may exclude particular marginalised groups? Consider social/cultural norms that discriminate against and exclude the poor; geographic, racial and ethnic exclusions that deprive certain groups equal opportunity to participate in mainstream socio-economic development; and behavioural patterns that contribute to exclusion and low living standards.

- **Profile of the most vulnerable:**

Which in the target communities are considered the most vulnerable and how will the programme reach these? Consider indigenous communities, minorities, culturally discriminated groups, regionally isolated groups, migrants, nomads and others who have been chronically excluded. Specific attention must be given to gender-specific poverty traps in terms of access



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CASE STUDY

UNHCR Modifies the Graduation Approach for Refugees

The United Nations High Commissioner for Refugees (UNHCR) is adapting the Graduation model to another extremely vulnerable and marginalised group: refugees. Striving to develop a more sustainable approach to empowering refugees and equipping them with tools for success in their host country, UNHCR has worked with Trickle Up and BRAC University to tailor Graduation programmes for refugee populations that include additional programme components such as sensitization campaigns to counter discrimination, legal rights and psychosocial counselling.



© BRAC 2013. Moyna, a community health promoter in Living in Dhaka's Kunipara slum, provides basic health services to around 200 households.

CASE STUDY

Contextualising Graduation Programmes

Conducting a comprehensive contextual analysis requires understanding the unique characteristics of the target population of the ultra poor and adapting the model to provide enriched service offerings tailored to their needs. BRAC has customised its flagship Targeting the Ultra-Poor programme to cater to groups in both urban and climate-affected environments.

TUP for Urban Populations

In 2010 BRAC launched its first urban pilot designed to expand opportunities to the poorest among the urban poor. Programme teams discovered that contrary to rural populations, a large majority of the urban ultra poor were not only slightly better educated and more skilled than rural populations, but also more economically well off.

In 2010 BRAC launched its first urban pilot designed to expand opportunities for the poorest among the urban poor. Programme teams quickly discovered that in many ways urban populations faced a very different reality from their rural peers. For example, though many women expressed being underemployed, they were still able to secure petty trade or odd jobs cleaning homes, sewing, tailoring or preparing food for sale given greater access to markets in and around Bangladesh's larger cities and towns. Many of these women also had slightly higher education levels that aided their ability to work.

Contrary to popular belief, however, these women did not have greater access to basic services such as sanitation, education for their children or health care. Thus, critical to the TUP urban programme was providing a locally relevant and market-driven suite of urban enterprise options, connecting participants to basic services, developing collective bargaining systems

through slum village committees, and building deeper community ties in slums where their social capital is weakest away from family and friends.

TUP for Climate-Affected Populations

Climate models indicate that by 2050 Bangladesh will experience increasing temperatures and monsoon precipitation, intensified cyclones, more severe droughts, riverbank erosion and rising sea levels.

The potential effects of climate change and correlated natural disasters on the ultra poor are substantial, affecting access to fresh drinking water, natural resources that provide livelihood support, household savings and consumption and exacerbate food insecurity and health problems.

In response BRAC implemented the Addressing Climate Change related Destitution (ACCD) programme to build resilience of ultra-poor households living in rural areas that are particularly prone to climate change vulnerabilities. Main features included:

- Asset transfer for livelihood development
- Enterprise development and life skill training
- Training on early warning and coping mechanisms
- Social forestry
- Infrastructure development
- Special health-care, water supply, sanitation and hygiene promotion
- Mobilising community support
- Disaster resilient houses that provide shelter for 4-5 families during a disaster

to education, financial services, political participation, reproductive health services, land and employment.

Population density of the geography to be served:

What is the concentration of the population and how will that affect programme reach? Denser populations decrease programmatic cost and facilitate greater access to participants; in contrast thin populations or more difficult terrains may result in higher costs and greater challenges, yet are a critical target population of the hard-to-reach ultra poor.

- **Nature of terrain:**

How does the environment affect access to services? Environmental factors include remoteness, harsh conditions, vulnerability to climate change and natural disasters, access to natural resources, resource quality, limited resources and seasons that may impact market and access to services. In some instances building necessary infrastructure to access services may be a better use of resources.

- **Access to basic services:**

Which public or private services are available and how do the ultra poor gain access? Consider financial, health, sanitation and hygiene, education and other key services. In some cases, repairing pain points in access to services may close the gap for the ultra poor.

The above considerations influence programmatic decisions, particularly with regard to participant selection and the hands-on coaching component. Modifications may be needed, such as fewer but longer points of contact between staff and participants, and use of mobile services if well developed. Ultimately, programme objectives must be weighed against what is appropriate and feasible.

Economic and Policy Considerations

- **Local markets:**

Analyse the local markets for goods and services with a view to barriers and opportunities for ultra poor participation and engagement, including the locations and linkages between the formal and informal sectors, and where in the value chain the ultra poor can be trained to fill or add-value.

- **Barriers to economic development:**

Understand barriers at micro-, meso- and macro-levels (such as commodity markets, labour demand and vulnerability to external economic shocks) and their impact on the ultra poor.

- **Regulatory environment:**

Assess international instruments, national policies, laws and regulations that support livelihoods and determine access to employment markets, services and commodities such as land ownership and labour laws.

- **Poverty reduction programmes:**

Identify social protection and safety net programmes and providers to determine what economic services exist and what is not available, as well as how well they address the ultra poor and gender specific issues.

- **Government coordination:**

Determine capacity for government coordination of services vis-à-vis centralised or decentralised delivery of public services.

- **Collaboration with NGOs:**

Identify sources of funding and opportunities to collaborate with NGOs and community-based organisations and build their capacity to deliver services to the ultra poor.

Linking Graduation programmes to broader policy and economic frameworks brings both opportunities and challenges. Ultimately, successful strategies targeting the ultra poor require appropriate national poverty reduction priorities and resources, as well as collaboration between government agencies, MFIs, NGOs, donors and communities.



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FEASIBILITY STUDY

Local Planning Considerations in Kenya

Working with the government of Kenya, BRAC conducted an initial feasibility study, followed by a programme design mission, to develop an appropriate design framework attuned to the needs of Kenya's ultra poor within its Arid and Semi-Arid Lands (ASALs). To better understand Kenya's local context and provide recommendations on programme design, BRAC took the following into consideration:

Population Characteristics

- Population density, incidence of ultra poverty
- Navigability of terrain; infrastructure to access services
- Availability of poverty related databases to build targeting practices or triangulate targeting results
- Stability of macro environment (hyperinflation, vulnerability to climate changes)

Customs and Cultural Norms

- Local power dynamics (tribalism, clanism, conflict)
- Household composition: agro or pastoralist, single or multiple family units, mobility patterns

- Traditional customs of clan based sharing, including livestock (implications for dilution of impact of asset transfer)
- Culture of savings practices
- Capacities and attitudes of local populations towards cash transfers, food aid, livelihood development and political dimensions around benefits
- Buy-in and involvement of the local community, including community leaders

Access to Services

- Availability of enterprise options, related asset procurement options and asset support services/ extension services
- Availability of phone coverage, mobile banking services and formal financial services
- Potential tie-in with national safety nets and social protection programming
- Availability of support from governmental or NGO sources
- Access to training opportunities

BRAC TECHNICAL ASSISTANCE AND ADVISORY SERVICES

BRAC works with governments, NGOs and MFIs to assess the feasibility and capacity of implementing Graduation programmes, and develops context-specific design recommendations. Through the years, BRAC has provided technical assistance to help a number of implementing organisations with effective programme planning and design. BRAC services include:

- Immersion visits to BRAC's flagship *Targeting the Ultra-Poor* programme.
- Assessment of organisational strengths and capacity of potential partners.
- Programme feasibility reports and on-the-ground programme design.
- Analysis of existing social protection programming and potential for integration with Graduation programme components.
- Review of integrated service offerings of NGOs to similar populations, including budget, infrastructure and operations.
- Linking to global and national funding opportunities and resources.
- Creation of country-specific knowledge products to disseminate findings and results and train internal staff in programme implementation.
- Incorporation of global lessons learned in Graduation programming and best practices.

BRAC continues to provide technical assistance services to implementing organisations globally to channel the above considerations, among others, into an effective programme design process.

BRAC can work with your organisation to design a context-specific approach to reaching the poorest and other marginalised groups with Graduation.

NEXT STEPS: REFLECTION AND ACTION

- Who amongst the poor lack access to basic goods and services in their communities?
- What affects their ability to decrease their economic and social vulnerabilities?
- Which service gaps are most prominent?
- Which ministries are most relevant to coordinating and executing a successful Graduation programme?
- How does the anticipated programme timeline dovetail or sync with existing national strategy or policy around social protection?
- What external organisations such as NGOs can form meaningful partnerships to connect participants to services?
- What sources of funding or resources have been secured? What options are available to mobilise these?
- Will the programme be sustainable beyond the initial cohort? What risks might be involved to guarantee this?



For more information about BRAC technical assistance and advisory services please contact ultrapoorgraduation@bracusa.org or visit www.ultrapoorgraduation.com

¹ Shiree. 2013. A Manifesto for the Extreme Poor. Shiree/DFID: Dhaka, available at http://issuu.com/eep.shiree/docs/manifesto_for_the_extreme_poor_-_en

² Food and Agricultural Organization of the United Nations. The State of Food and Agriculture 2013 Executive Summary. <http://www.fao.org/docrep/018/i3301e/i3301e.pdf>



02

Ramping Up and Programme Design

OVERVIEW

Following initial considerations of whether to implement a Graduation programme, an implementing organisation should determine how best to serve the target population of the ultra poor by ramping up programme design. This process will likely include:

- Conducting a market analysis to identify livelihood options for participant enterprises
- Recruiting and training programme staff
- Developing participant training methodologies
- Establishing a monitoring and evaluation framework

KEY ELEMENTS FOR SUCCESS IN DESIGNING A GRADUATION PROGRAMME

- ✓ Undertake a rigorous market analysis to determine enterprise options nuanced to accommodate local market needs and ensure appropriate, viable and sustainable livelihood options.
- ✓ Identify potential partners and carefully review their specific role and capacities.
- ✓ Recruit and train staff based on distinct profiles of skill sets required for a Graduation programme and specific target population.
- ✓ Create engaging and relevant training tools and methodologies to maximise on knowledge and skills gleaned and retained by participants.
- ✓ Develop a comprehensive monitoring and evaluation framework upon which to gauge success and improve future iterations of the programme.
- ✓ Determine programme components in alignment with the local context (social, economic and political).

MARKET ANALYSIS TO DETERMINE ECONOMIC LIVELIHOOD OPTIONS

Enterprise development forms the crux of a participant's success in the programme. Prior to implementing a Graduation programme, a market analysis of specific enterprises should be conducted to indicate a list of viable options for the specific geographical area and context, and to determine the relative success rates of each. For example, an agriculture based enterprise analysis will include the availability of land, soil, water and other inputs; infrastructure, transportation and markets; and local expertise available from agricultural extension agents.

- Diversify portfolios: use a combination of two enterprises to safeguard against shocks to the household (e.g., price fluctuations or a sudden onset of bird flu) caused by reliance on a single income generating activity. This is also useful for generating income flows over different periods. For example, sheep raising generates a one-time profit: only when the sheep is sold. When coupled with shorter-term chicken raising, households do not have to wait for months to accrue income.
- Creating value chain linkages can also be essential to ensuring participant success where market gaps or distortions may otherwise be

 **TIP**

The market analysis should pay special attention to over saturating markets in urban environments, taking into account the dense population, nuances of the local market and opportunities for urban enterprises.



CASE STUDY

Dual Enterprise Options

In rural Bangladesh, BRAC uses a combination of two enterprises to safeguard against shocks to the household caused by reliance on a single income generating activity. These may include:

- Cow and fowl (1 young dairy cow and 10 fowl)
- Sheep rearing and fowl (5 sheep and 10 fowl)
- Rabbit and quail (4 rabbits and 30 quail)
- Non-farm activities and livestock (petty trade and 1 goat)
- Nursery
- Vegetable cultivation
- Rice cultivation and fish farm

prohibitive. BRAC has invested in developing a range of value chain enterprises such as dairy production for the processing of milk, artificial insemination for the fertilisation of cows and feed production for the processing of corn and grains for animal feed.

- To determine formal employment opportunities, programme implementers will likely need to reach out to large and small-scale employers as well as government labour ministries, particularly to identify vocational training programmes and other work schemes for formal labour.

Further detail on developing enterprise options and training can be found in *Chapter 3: On the Ground Implementation*.

STAFF RECRUITMENT AND TRAINING

Staffing requirements will be contingent on local context and priorities, but should be consistent with a commitment to household visits and integrated

programme components. Graduation programmes typically require three levels of staffing—field staff, technical specialists and managers—each with a unique role to fill in programme implementation.

Field staff engage directly with programme



TIP

The Graduation approach is staff intensive; NGOs should assess internal capacity and potential partners to ensure staffing capacity and skills.

participants on a regular basis.

- These frontline individuals conduct regular face-to-face meetings with programme participants, provide them with critical advice and boost confidence, check on their progress and generally ensure programme success at the household level.
- Their essential quality is one of empathy with the ultra poor, and compassion for the difficulties this population faces.
- Frontline staff are not required to be university graduates, however they require a mix of training on the context of poverty and the lives of the ultra poor, basic knowledge of livelihoods and economic activities and an understanding of health issues and finance.
- Specific contexts such as fragile states, post-disaster environments or potentially traumatised populations will require field staff with background in psychosocial support.

Technical specialists provide specific advice around the components of the Graduation programme.

- These experts offer guidance on programme components such as financial literacy and budget management, primary health care, basic business management training, poultry or livestock expertise and livelihood skills.
- Provision and management of technical specialists can be achieved internally or through partnerships with other agencies including government, NGOs and MFIs; the determining

factor may be size, capacity or specialisation of the lead implementing agency and potential partnerships.

Managers oversee the execution of the programme and serve as leadership to guide field staff and technical specialists.

- These individuals require a thorough knowledge of poverty issues, preferably with a strong background in livelihoods or microfinance, and strong management skills including an understanding of Management Information Systems (MIS).
- Effective staff management in Graduation programmes requires sound MIS to allow management to identify and rectify problems as they arise.
- Although they do not have to be directly familiar with Graduation programming, managers should have years of direct programme implementation and management experience across programme areas such as health, education and livelihoods, as well as experience navigating programme partnerships with various agencies.

DEVELOPING TRAINING MATERIALS FOR PARTICIPANTS

TOOLS

See Annex B:

[Sample Staff Position Descriptions](#)

[Staff On-boarding Resources](#)

[Staff Training Resources](#)

Success in Graduation programming is closely tied to the quality of instruction provided to participants through livelihoods training and weekly home visits for mentoring, coaching and monitoring overall progress. Instructional approaches that empower the ultra poor require innovative and engaging teaching methods and highly relevant content to sustain participant attention.

Five steps lead to designing successful trainings for ultra-poor programme participants:

1. ASSESSMENT of the audience and desired learning outcomes helps to tailor the training to a population that typically lacks basic education and are consumed with their daily struggle for survival. Training assessments should consider:

- Who the training will target—women (as in the case of BRAC), spouses and/or households—as this will impact the format and style of training.
- Education and literacy level of participants.
- Language comprehension (especially in areas where various dialects are used).
- Social and religious barriers to participation (for example, low confidence levels may prevent women from actively speaking out in front of a group).
- Gender roles and responsibilities as they relate to both training and specific enterprise



CASE STUDY

Training Design Objectives for Cultivating a Small Plot of Land

- Preparing land and raised beds
- Collecting, germinating seeds
- Building fencing
- Preparing manure, fertiliser, watering
- Planting and transplanting saplings
- Applying pesticides
- Recognising plant diseases
- Marketing fruits and vegetables

related activities.

- Household constraints such as childcare that might make attendance difficult.
- Preferred and effective methods of learning.

For technical skills training for various enterprises and care of related assets, the assessment stage should also analyse:

- Market analyses developed for each enterprise option.
- Common skill and knowledge gaps.
- Strengths of participants based on their previous experience in the enterprise.
- Local technical resources and extension services where participants can receive additional support.

2. TRAINING DESIGN is the next step during which implementers should create a blueprint for the training and develop or acquire content. Training design should take into account:

- Results-oriented objectives, clearly communicated and directly relevant to the participants' training and success in the programme.
- Appropriate methodologies and sequencing of lessons or activities that allow participants to build on learning.
- Practical instruction and participatory techniques over didactic lectures.
- Knowledge depth of trainers about the subject and ability to communicate key concepts, knowledge and skills to this particular audience.
- Availability of facilitators to guide the group to meet its desired objectives, manage the session and ensure active and balanced participation.
- Reference and resource materials accessible to a population with a low level of literacy or poor exposure to the formal education system.

- Inclusion of follow-up activities, such as weekly home visits and a future livelihoods refresher course, to help the participants reinforce learning.
- Community-based mentors who can also enhance training, as well as build support within their own social networks.

3. LOGISTICS AND BUDGETING should follow training design, and take into account both pro-



TIP

Before developing training materials, find out what is already available from your own and partner agencies; build on already existing training curricula.

grammatic budgets as well as participant access to trainings. Considerations to take into account include:

- Location of the training site to ensure access, safety (particularly given time of day for women) and adequate space and supplies. Possible venues include training institutes, project offices, field offices of partner NGOs, school classrooms and in the villages. Village training can provide closer access to fields, fishponds and animals and allows participants to practice their techniques in a real environment.
- Budget for the training, which determines the options available for executing the training and should take into account participant stipends for transport, food or lodging, staff/specialists' rates and expenses and required supplies.
- Communication with participants so they are aware of the training and informed of any changes or problems as they arise.
- Special accommodations for persons with disabilities, women with children, etc.



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CASE STUDY

New Frontiers in Training-of-Trainers E-Learning Course

Fundación Capital, an international development organisation that imagines, creates and tests innovative ideas with the goal of eliminating poverty, designed a training-of-trainers online e-learning course to prepare programme organisers for hands-on coaching and household visits. The course also works as a monitoring

system, allowing the government and implementers to track individual progress and assess understanding of the material through a range of evaluation mechanisms. According to Fundación Capital, this technological innovation has reduced costs and improved learning outcomes when compared with traditional training. To date, 100% of trainers have stated that the content has been very useful or useful for their work, and at least 90% of trainers complete every module.

4. IMPLEMENTATION AND DELIVERY of the training entails attention to logistics, briefing staff, trainers and facilitators and creating ways to sustain learning. Considerations to take into account include:

- Creating a conducive learning environment to make participants comfortable; this can be achieved by decorating the room to invoke familiar surroundings, providing music and refreshments and/or initiating a welcome speech by the programme organiser or someone who is familiar to participants.
- Starting with an icebreaker that serves as an introduction of participants to one another

and programme staff, and sets expectations for the training.

- Maintaining flexibility to changes and awareness of participant comfort level to avoid overwhelming them with new information.
- Incorporating regular and refreshments breaks to allow participants to recharge.
- Observing processes and methodologies to inform future training activities.



5. EVALUATION focuses on both the participant and the trainer at the close of the training to determine if the training objectives were met.

Considerations to take into account include:

- Whether the participants' achieved expected competencies and can apply them to their current situation and programme expectations.
- Effectiveness of the trainer to transfer knowledge in an appropriate, engaging and relevant way.
- Quality and relevance of the training to this particular group.
- Establishment of improved standards, policies and procedures for future trainings.

Possible methods for gathering feedback include: trainer or participant comments, debrief sessions with trainer(s) or participants, observations of changes in behaviour following training and post-activity interviews with participants and stakeholders.

TOOLS

See Annex B:

[Participant Technical Skills Training Resources](#)

MONITORING AND EVALUATION

A functioning and effective monitoring and evaluation system must be designed prior to programme implementation and be ready for use once the programme begins. This will involve the development of an appropriate Management Information System (MIS) plan for data collection that will yield sufficient information to gauge performance and impact. It is important at the outset to distinguish these two separate lines of data collection and reporting:

- Data collected on a routine basis by programme organisers at the field level will feed into analysis of programme *performance*. How well are current mechanisms delivering the programme to participants and what changes might be necessary?

- Data collected at specific intervals to evaluate the programme *impact* will help gauge a cohort's progress towards achieving a pre-determined set of Graduation criteria that defines what success should look like for a programme participant. How has the programme changed the lives of participants over time? Ideally this data is collected and analysed by an independent organisation not involved in programme delivery to ensure rigour and objectivity. This is especially important during pilot phases of a Graduation programme.
- What staffing considerations must be made using internal or external sources to address each Graduation programme component?
- What materials and tools need to be developed to provide engaging and relevant training for participants?
- What criteria would you use to determine whether a household graduates?
- What data collection and monitoring systems will track participant progress? Will an impact evaluation be undertaken?

Social impact firm Amplifier Strategies is currently working with BRAC to develop a technology platform, Impact Atlas, which will enable widespread digitisation of data collection from the field level to headquarters for organisations tracking participant progress. This will equip implementing organisations with a powerful tool to track participant progress at more regular intervals during the life of the programme and report in a timely way on the best way forward to ensure participant success, contributing to measurements of both programme performance and impact.

Further details on the monitoring and evaluation process can be found in *Chapter 5 Evaluating Outcomes*.

TOOLS

See Annex B:
[Monitoring and Evaluation Tools](#)

NEXT STEPS: REFLECTION AND ACTION

- What current macro level trends may impact enterprise opportunities for participants, including value chain linkages?
- What self-employment and formal employment enterprise options will be made available to participants?
- What connections can be made to government ministries executing labour schemes/programmes or private sector entities?

Success in Graduation programming is closely tied to the quality of instruction provided to participants through livelihoods training and weekly home visits for mentoring, coaching and monitoring overall progress. Instructional approaches that empower the ultra poor require innovative and engaging teaching methods and highly relevant content to sustain participant attention.



© 2009 Shehzad Noorani/BRAC. Sitting outside Jahanara Begum's house, a female BRAC PO (Programme Officer), teaches her how to write.

03

On the Ground
Implementation**OVERVIEW**

Graduation programmes provide an integrated combination of services and training to address the varied causes of ultra poverty. As detailed in the previous chapter, significant analysis and planning must occur prior to implementing a Graduation programme, including feasibility assessments, market studies and value chain analysis and staff recruitment and training, among other key steps in the design process.

As a subsequent step, adapting programme components in ways that suit local contexts while preserving the vital elements of a Graduation programme that make it a transformative approach is a delicate exercise, often requiring micro-piloting to test assumptions, learn and adapt the programme to match resources and participant needs. In this chapter we further detail the specifics for implementing an integrated set of components: targeting/participant selection; life skills and technical skills training; consumption stipends; enterprise selection; asset transfer; savings and financial education; health services; and social integration.

**KEY ELEMENTS FOR SUCCESS
IN IMPLEMENTING A GRADUATION
PROGRAMME**

- ✓ **1. Targeting/Participation Selection** should involve an intensive process to identify the poorest and most vulnerable, relying on different targeting methodologies to balance potential inclusion and exclusion errors.
- ✓ **2. Consumption Stipends** provided for a time-bound period at the beginning of the programme should smooth consumption and enable participants to focus on acquiring new skills and livelihoods.
- ✓ **3. Enterprise Selection** should involve a thorough market analysis and the development of a suite of enterprise options suited to local market opportunities.
- ✓ **4. Asset Transfers** should inject vital capital into households early on, and require careful consideration with regard to enterprise selection and local market conditions, as well as a transparent monitoring process.
- ✓ **5. Home Visits/Life Skills Training** has been identified as one of the most crucial elements of the approach in building confidence and instilling general life skills with frequent and regular touch points.
- ✓ **6. Technical Skills Training** should provide critical instruction on business management and care for the enterprise, instituted at the beginning with a refresher course later on.
- ✓ **7. Savings and Financial Education** should mobilise participants in locally relevant savings customs that improve money management and help households develop a savings discipline.
- ✓ **8. Health Services** should make use of locally available resources including national health care schemes, community health workers, local doctors and NGO services.
- ✓ **9. Social Integration** should develop strong linkages between participants and the community-at-large as an essential step to building social capital and resilience.



In varying contexts, these components have been adapted to best suit the needs of vulnerable target populations. In certain environments, for example urban zones, the participatory wealth ranking systems used in BRAC's targeting and selection process might not adequately identify the poorest in a community given weak social ties among highly transient migrant communities. In other contexts, some programmes have chosen to forgo access to health care given institutional barriers (e.g., with refugee populations in host countries), difficulties connecting participants to services (e.g., hard-to-reach communities) or prohibitive costs of services. Still others have replaced poverty reduction committees with the formation of local village savings groups or other existing community networks. An implementing organisation must conduct a thorough assessment of organisational capacities and existing infrastructure to provide programme components or links to complementary services and determine the form of each Graduation programme component. Subsequent sections of this chapter detail the processes for the above components, resources and tools for implementing these steps and variations in their implementation in different geographies and among different vulnerable populations.

TARGETING/PARTICIPANT SELECTION




Rationale

Targeting, or participant selection, is a rigorous procedure to ensure that the most vulnerable in a given community benefit from the programme, rather than better-off households with greater resilience and means. Development practitioners have known through long experience that the better off often intentionally, or otherwise, end up dominating and marginalising the more vulnerable, thereby restricting benefits to the poorest households.

Key Considerations for Targeting/ Participant Selection

- 🔍 Select implementation sites carefully via national poverty maps, good first-hand knowledge of the area and reliable secondary data.
- 🔍 Determine which criteria to use for participant selection during the design stage, taking into account local and geographic differences of poverty, social exclusion, psychosocial and economic factors
- 🔍 Establish and maintain open communication with the community to ensure accurate target-

ing and guarantee community acceptance of the programme during implementation.

-  Ensure the Participatory Wealth Ranking (PWR) process is broad-based and proactively mitigates any bias by “elites” within the village.
-  Be aware of exclusion and inclusion errors, whereby participants that are selected are not the intended beneficiaries.
-  Strict targeting criteria may reduce waste but is likely to be more costly per participant. On the other hand, broadening the eligibility criteria is generally cheaper, but also results in better-off populations being included.

Targeting generally comprises two elements: first, setting the criteria that define categories for eligibility; and second, establishing mechanisms that determine which community members meet those criteria. In practice, targeting can be complex, covering a wide range of mechanisms designed to select individuals, households and population groups defined by geographic or demographic criteria (women, children, the elderly and ethnic minorities).

In recent years there has been significant debate over what targeting methodology should be used when targeting populations living in extreme poverty. All approaches have their relative strengths and weaknesses, and to varying extents are imperfect and can result in the following types of errors:

- Exclusion errors, which occur when ultra-poor persons are not selected to participate in the programme (under coverage).
- Inclusion errors, which occur when persons who are not ultra poor benefit from the programme, representing a waste of resources (leakage).

For targeting to be effective both inclusion and exclusion errors need to be minimised. In practice, however, it is hard to reduce one identification error without increasing the other. For example, extremely strict targeting criteria may reduce waste (leakage), but is likely to be more costly per participant, and will simultaneously limit the absolute numbers of ultra poor covered due to stringent standards (under

coverage). On the other hand, broadening the eligibility criteria is generally cheaper, but also results in better-off populations being included, which is a strain on limited resources.

The effectiveness of any given targeting approach depends on a range of considerations, the objectives of the poverty reduction policy, the poverty definitions used, the programme’s proposed scale and duration, the institutional environment, the data available, the country’s or organisations’ administrative capacities and local and cultural dynamics, the institutional environment, the data available, the country’s or organisations’ administrative capacities and local and cultural dynamics [See table 3 on the following page].

There are five main targeting methodologies: means testing, proxy means testing, community targeting, self-targeting and geographical targeting.

Table 3 on the next page presents the respective advantages and disadvantages of each targeting approach as well as the contexts to which they appear to be the best suited. Many poverty alleviation programmes use a number of targeting approaches in tandem, thereby applying the strengths of one approach to counter the weaknesses of another. South Africa’s social pension, for instance, combines categorical targeting (by age) with proxy means testing, and Mexican Prospera (previously Oportunidades) programme uses geographic targeting, proxy-means testing and community-based targeting.

Table 3. Targeting Methodologies, Advantages, and Disadvantages ^{1,2,3,4}

Approach	Description	Advantages
MEANS TESTING	Targets poor households below specified income threshold using household income information	Focus on the poor; Reduces inclusion errors
PROXY MEANS TESTING	Targets poorest, households using easily-observed indicators associated with poverty, including demographic characteristics (age, size of household), the house (type of roof or floor), and productive assets (land or animals)	Focus on the poor and vulnerable; Reduces inclusion and exclusion errors
COMMUNITY PARTICIPATION	Targets the poorest, based on community perceptions of poverty and vulnerability	Reflects local understanding of poverty and vulnerability; Higher community satisfaction; Smoother disbursement process
SELF TARGETING	Open to all, but based on participation incentives so only the poorest are attracted (e.g., low-wage public work programmes, queuing for health centres, subsidies on); No eligibility criteria	Inexpensive to administer; Low leakage; No screening or monitoring; May increase skills and income; May improve infrastructure
GEOGRAPHICAL	Based on poverty data or proxy indicators to identify geographic areas with high concentrations of poor people	Relatively easy to administer

Disadvantages	Examples	Suitable Context
<p>Expensive; Difficult to administer; Needs regular and frequent monitoring; High costs in collection and verification of information; Possible stigma</p>	<p>Revenu de Solidarite Active, France</p>	<p>Robust administrative system with control and checking procedures; Large transfer justify the high verification costs; Does not cover social and human poverty indicators</p>
<p>Costly and hard to administer, especially at scale; Observing/ verifying proxies difficult; May create perverse incentives to meet proxy criteria; May lack transparency</p>	<p>BEAM, Zimbabwe PAM, Zambia INAS, Mozambique</p>	<p>Robust administrative capacity and outreach for participant selection; Large transfers justify the high verification costs; Does not include vulnerability in the definition of poverty</p>
<p>Significant inclusion and exclusion errors; Staff intensive and time consuming</p>	<p>Kalomo Cash Transfer, Zambia; Mchinji Cash Transfer, Malawi</p>	<p>Modest administrative capacities; Categories chosen sufficiently correlated with poverty</p>
<p>Greater risk of inclusion and exclusion errors; Strong stigma; May incur high private costs</p>	<p>MASAF Public Works, Malawi Zibambebe Programme, South Africa</p>	<p>Modest administrative capacities; Categories chosen sufficiently correlated with poverty</p>
<p>Highly data dependent; Risk of inclusion and exclusion errors; May lead to migration; May exacerbate local tensions; Need national data</p>	<p>Chipata Cash Transfer, Zambia [urban] Subsidio Única Familiar (SUF) (cash transfers)</p>	<p>Consistent poverty levels within geographic areas and diverse between areas</p>



Targeting Additional Populations to Establish Control Groups for Impact Evaluation

Programmes that aim to establish causality and client level impact will need to target a larger number of potential participants, as some will participate in the programme (referred to as the treatment group) and others will not (referred to as the comparison or control group). Casting the net further ensures a statistically relevant comparison or control group is identified according to which impacts can be measured against. The same targeting processes should be used for identifying the clients and the control group selection to ensure similarity between groups.

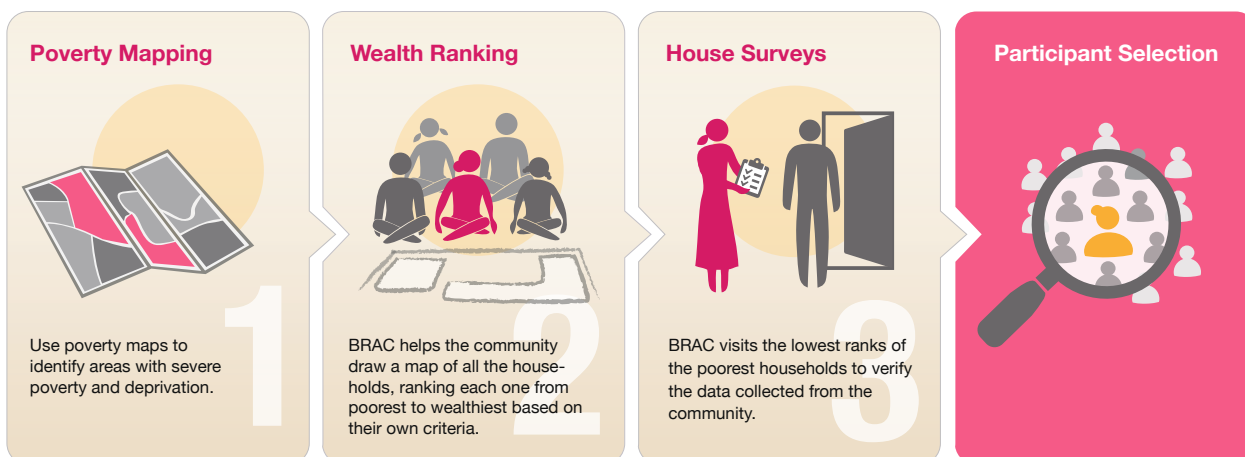
The BRAC Approach To Targeting

Targeting is a key component of the Graduation programme, designed to minimise the high costs of inclusion errors as well as create a sense of ownership and buy-in amongst the community. As the ultra poor are often not counted in census tracking, are stigmatised and exist at the margins of their community, they are often excluded from programmes that are intended to support them. To reach these households, BRAC adopts a process of triangulation that combines the respective strengths of geographical, participatory and proxy means test targeting to identify the poorest areas and, within those areas, the poorest households.

The first stage, **geographical targeting**, is used during the programme design phase to identify the poorest districts through statistical data, such as poverty and vulnerability mapping from the World Food Programme, statistical indices and economic reports and complimented by organisation staff’s own knowledge of poverty pockets in the area. Within each sub-district, further geographical selection is carried out through consultations with other stakeholders, such as microfinance institutions and the government.

The second stage, **participatory targeting**, is conducted in the communities themselves. In each of the poor communities identified a complete

STEPS TO TARGETING THE ULTRA POOR



 **TIP**

Involving the community in the selection process lends credibility to, and facilitates, household willingness to participate in the programme.

Community members should have a clear understanding of the need and benefit of targeting the ultra poor.

household listing is identified through a Participatory Wealth Rankings (PWR) exercise, a sub set of Participatory Rural Appraisal (PRA) methodologies.⁵ The PWR approach offers communities a chance to define for themselves who the poor are, providing a more holistic and people-centred determination of poverty and its ranking.

 **TIP**

Occasionally, a community participant will mislead the wealth rankings. Your staff should acknowledge their point of view and encourage other voices.

The PWR is ideally conducted over a two day period and requires 2-3 hours each day. It should be facilitated by skilled staff of the implementing organisation. On the first day programme staff visit each village, speak with key village members (e.g., school teachers, village elders, shop owners) to explain the programme objectives and build rapport. The actual PWR is then conducted on a separate day. A community meeting is set up involving good representation from all areas of the village. Care is taken to ensure that marginalised groups in the village, including the poorest living on the margins, are included as well as women. A village map is then drawn and a list of households generated from the map. Next, a card is drawn up for each household. The villagers are asked to rank each household from the richest to the poorest according to their own criteria (e.g., very rich, rich, normal, poor, very poor, extremely poor). They then place each household in the category that best represents them. Participants often debate in which category a certain household falls, making the thought process more rigorous and placement of the households more accurate.

Following this, a means test is conducted through a door-to-door survey by staff at each of the most vulnerable households identified by the PWR. The means test relies on a short set of verifiable and observable indicators of household wealth and is conducted after the PWR to offset any biases that may emerge from the qualitative and community nature of the PWR. The staff then compiles a list of eligible households deemed the poorest.

Generally when conducting these participant selections in Bangladesh, BRAC uses the following criteria to include the most vulnerable:

- Households that have children of school going age who are doing manual labour.
- Households that do not own land or have minimum land ownership.
- Households with no asset that earn income.
- Households that do not have an active male income earner.
- One or more household members who earn their livelihood by begging.
- One or more household members who earn their livelihood by daily domestic labour.

 **TIP**

Involve children in your PWR. They are a wealth of information on the household dynamics in the area and often know information that adult community members do not know, or do not volunteer.

 **TOOLS**

See Annex B
[Targeting Resources](#)



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CASE STUDY

Adaptations To Targeting/Participant Selection

Fonkoze Foundation in Haiti starts its targeting process with information gathered from members of the local community through a careful Participatory Wealth Ranking exercise. Two home visits of potential participants are conducted: first field staff assess whether a household should be recommended for the programme; those recommended receive a second visit to conduct an open-ended interview with the participant. Roughly 10% of recommended families are ultimately rejected. Their selection criteria includes, but is not limited to: working age women with dependents, school age children not in school, families without reliable access to food, families without access or knowledge of how to access health care and families not receiving support from any other NGOs or MFIs.

Plan International in Honduras, in partnership with local MFI ODEF Social, chose to work in a poor region they were familiar with. Their participant selection process included a PWR where all village members were invited through the school, followed by a household verification process. Verification helped identify households that were ranked incorrectly or not included. The majority of households passed verification, yet only 52% of households were selected for the programme based on their specific Graduation programme criteria.






Trickle Up in Guatemala focused on microenterprise development for people with disabilities. People with disabilities are overrepresented among the poorest and are drastically underrepresented in development and government poverty alleviation programmes. Because social stigmas and patterns of exclusion often make people with disabilities invisible in their communities, rigorous and deliberate targeting and engagement strategies are critical. To select participants, Trickle Up relied on several strategies that have since become regular practices, including: partnering with local Disabled Persons Organisations (DPOs) and key informants to access expertise and knowledge of individuals and families in need; employing project staff with disabilities and/or previous participants to help establish trust and encourage participation; conducting participatory community mapping exercises with DPOs, employees and/or former participants with disabilities; and engaging communities through radio announcements and communications from local government to encourage people with disabilities and their family members to present themselves to project staff. •

CONSUMPTION STIPENDS

Rationale

One of the direst challenges faced by ultra-poor households is the daily satisfaction of their most basic consumption needs. In microfinance, it has been observed that when microcredit is provided to households to invest in productive assets and enterprises, families often redirect the credit to household consumption purposes given the priority of these needs. Though Graduation equips participants with productive assets and enterprises that will generate long-term earning potential for each household, in the short-term the programme provides a crucial buffer in the form of a consumption stipend. Until participants begin to earn money from their new ventures, the stipend provides vital “breathing room” to establish basic food security and ensure that participants are able to transition to more fruitful income-generating livelihoods.

Key Considerations for the Provision of Consumption Stipends

-  The consumption stipend can take the form of a cash grant, staple food item or combination thereof; where participants have access to markets—physical, social and economic barriers notwithstanding— cash grants may suffice to help.
-  Initiated at the start of the programme, the stipend is time-bound (typically within the first six months) to minimise participants’ dependence yet designed to fill an income gap in the interim of enterprises generating income.
-  Participants are made aware of the fixed time period from the onset of the programme; this period is calibrated based on a reasonable estimate of profit generation from the enterprise.
-  For many, the stipend also allows households to offset the opportunity cost of not engaging in menial wage labour or begging during the programme.
-  Extenuating circumstances such as seasonal food insecure periods or regional emergencies may demand additional support.

By offering a weekly stipend that improves (and in some cases replaces) their meagre income and provides food for the family in the interim, participants gain the security to focus on increasing their chances of success in the programme.

TIP

The value of the stipend should cover the cost of an appropriate household basket of basic goods with adjustments for price fluctuations or seasonal needs.

As discussed in the previous chapter, analysis should be conducted in the planning and design stage to determine the appropriate type of consumption support to be provided, amounts for the cash stipends per household and the duration of the support. Several factors can influence these determinations, including:

- Size of households.
- Amount of typical household income at the start of the programme.
- Immediate needs of households (i.e., deficits in minimum nutritional needs).
- Types of food staples that are culturally appropriate and which provide best possible nutrition where nutrition outcomes are sought.
- Length of time the stipend will be provided based on when an enterprise will generate income.
- Available infrastructure for distribution.
- Geographic dispersion of the population, and staff to participant ratios.

TIP

Tailored consumption stipends may be implemented based on household composition and an index of vulnerabilities (number of dependents, chronic illness, etc.) yet this can be more costly and complicated to administer than a one-size-fits-all approach.



Lessons Learned: Women's Empowerment and Cultural Norms

In analysing long-term trends in the *Targeting the Ultra-Poor* Programme, BRAC discovered a peculiar long-term trend among former participants: several years after completing the programme most women returned to domestic labour in the home rather than remaining in the marketplace. Many women had transferred their assets to their children and opted to work from the home, believing a woman is best suited to remaining at home. This produces interesting implications on the intended outcomes for women's empowerment and what constitutes empowerment: power of choice or breaking social norms.¹

¹How Do Intra Household Dynamics Change When Assets Are Transferred to Women? Evidence from BRAC *Targeting the Ultra-Poor* Program in Bangladesh, Gender, Agriculture, & Assets Project, IFPRI, July 2014.

Review of these factors will help programme staff determine the best way forward, as deemed appropriate for organisational capacity and the local context.

The BRAC Approach to Consumption Stipends

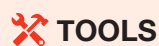
In Bangladesh the consumption stipend is administered partly in cash and partly via a grant of lentils (or other staple grains from the area). The weekly stipend addresses immediate needs, improves household food security and provides an incentive for participants to focus their time and energy on graduating out of extreme poverty through developing their enterprises. The duration of the consumption stipend is closely correlated to the specific enterprise selected for the client, and how quickly related assets will deliver income to the household. Occasionally a stipend is also offered during seasonal periods of food insecurity when households may be more vulnerable.

When a programme organiser visits a household during the hands-on coaching and home visits, participants are gathered into group meetings during which they receive their cash stipends and lentils and contribute their savings in a public and transparent forum. Following this, they receive an individual meeting with the organiser to gauge their progress and needs.



TIP

Cash-based transfers will incur costs related to the safe delivery of cash. Transportation of direct food aid requires adequate infrastructure for storage and transport.



TOOLS

See Annex B
[Asset and Stipend Tracking Tools](#)



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CASE STUDY

Adaptations in the Provision of Consumption Stipends

In Ecuador, the United Nations High Commissioner for Refugees (UNHCR) partnered with the Hebrew Immigrant Aid Society (HIAS) and the World Food Programme (WFP) to help administer consumption stipends to refugees participating in the Graduation programme.

Given the urban environment with a host of amenities available, such as grocery store chains, the programme was able to tap into existing food distribution structures in place for refugees.

Participants receive pre-loaded cards that can be used at participating grocery stores to purchase food and other staple items. To address WFP nutritional conditions, the pre-loaded cards limit participants to specific foods deemed high in nutritional value. Each month, in order to receive their stipend, participants must attend a short class on nutrition and healthy lifestyles, with an emphasis on local ingredients like the tomate del árbol fruit native to Ecuador that possesses cholesterol-lowering properties. These classes are especially relevant for refugees unfamiliar with local staples in their host country.

By using pre-loadable cards, UNHCR was able to utilise nutritionally sound criteria for providing food aid and produced minimum risk to distribution of cash. Other stipend adaptations to consider are stipend transfers through mobile devices; where such widespread technology is unavailable paper food vouchers may provide an apt substitute with similar effect.

In other areas, particularly fragile or disaster-affected environments, the consumption stipend might include more than staple goods or a cash grant.





For example, Haiti's largest microfinance institution Fonkoze provides housing and latrines for participants in their Chemen Lavi Miyò Graduation programme. Programme organisers should determine what contextual factors might inhibit a participant's ability to concentrate on their enterprise and adjust where possible to incorporate this need into the consumption stipend.


ENTERPRISE SELECTION


Rationale

Graduation recognises the under-tapped income-generating potential of the ultra poor; a group hitherto stymied by a lack of access to economic opportunities and underdeveloped skill sets. A core premise of the programme is to empower participants to develop sustainable livelihoods through training in profitable enterprises that will outlive the duration of the programme, enabling them to maintain a self-driven upwardly mobile trajectory from extreme poverty in the absence of external supports. In varying contexts such as urban, peri-urban and rural zones, market-driven economic opportunities for the ultra poor may take on different forms, including both formal employment where opportunities exist and self-employment where access to the formal labour market is not readily available. Following a thorough market analysis of economic opportunities for the target group and existing skill sets, enterprise selection and training should take place in conjunction with the initiation of the consumption stipend.

Key Considerations for Enterprise Selection

-  Though potentially costly, careful market studies and value chain analyses are essential to minimise risks and reduce excess competition or redundancy of skills among participants.
-  Selected enterprises should be designed to impart a new skill or further develop an existing trade befitting the participant's knowledge, skill set and motivations as well as the needs of the local market.
-  Small businesses and livelihoods pursuits such as livestock rearing, agriculture planting and harvesting, food processing and petty trades are typically more accessible to populations of the ultra poor than formal employment opportunities.
-  Both formal employment and self-employment must be economically viable enough to withstand market forces as well as deliberately varied to avoid the danger of over saturating fledgling markets for labour, goods or services.

-  Urban and rural opportunities present unique challenges. For example, in rural areas self-employment activities may be more readily available for the ultra poor yet these enterprises may be more vulnerable to local market demand and supply constraints.

-  Where possible, harnessing group dynamics may benefit collective enterprises. For example, BRAC is working with the Government of Kenya and implementing partners The Boma Project and CARE to determine the impact of group enterprise models.

The BRAC Approach to Enterprise Selection

Connecting the ultra poor to market-driven economic activities is essential to the programme and must be carefully planned and implemented. Selecting the right enterprise and providing adequate training entails intensive consultation between the programme organiser and participants, as well as monitoring the production and income stream throughout the programme duration to correct course if necessary.

TIP

Avoid offering too many enterprise options, which can increase complexity of management beyond staff capacity.

Market Study for Enterprise Selection

When employing a thorough market study and value chain analysis, it is necessary to implement a comprehensive range of analyses, including:

- Cost-benefit analysis to compare investment in various enterprises.
- Financial analysis to determine cost efficiencies within the organisation or government agency's budget.
- Stakeholder and beneficiary analysis to weigh anticipated outcomes for implementers and participants.
- Market sensitivity analysis to account for market impacts on programmatic outcomes such as inflation, price swings and shocks to yields.

- Economic analysis to consider the broader macro implications and externalities of the intervention on the market, if operating at scale.
- Demand and supply analyses to identify formal employment opportunities and potential employers, including a thorough analysis of market gaps for employers as well as supply side existing skills and competencies of participants.

 **TIP**

Keep livestock and other business cycles in mind when determining the start dates of the programme and timing of consumption stipends. For example, unlike many enterprises, petty trade typically enables participants to buy bulk inventory and sell at mark-up to earn immediate returns; livestock rearing will require additional time.

Establishing links to formal employment often requires both a comprehensive market study as well as direct collaboration with large and small-scale employers. This may be provided through linkages to existing formal employment programmes and schemes offered by governments and partner organisations, where possible. Formal employment opportunities help link the ultra poor to the national labour market, further reducing their marginalisation from the work force. Programmes and schemes offered by governments and partner organisations, where possible.

 **TIP**

Youth may prefer to pursue formal employment opportunities to self-employment given a longer horizon of productivity ahead and interest in the formal labour market.

Participant Conditions For Enterprise Selection

In order to select potentially successful enterprises, the programme organiser assesses different factors of the participant's circumstances and context, including:

Human capital

- Participant's skills and previous experience managing any, or any similar asset.
- Participant's interest and motivation to pursue the enterprise.
- Participant's current or seasonal income stream (such as daily labour) that may supplement the new enterprise until it is more firmly established.
- Participant's education level and literacy.
- Gender implications, such as traditional gender roles, women's mobility or additional household responsibilities.

Household conditions

- Availability of additional labour in the household and support from family members.
- Number of dependents and special needs for caretaking, such as care of small children.
- Livelihood patterns, such as migration of household members.
- Use of enterprise as primary or secondary income-generating activity in the household.

Asset considerations

- Use of assets as a primary activity (long-term, high-value yield such as goats raised for slaughter) or secondary activity (short-term, low-value yield such as chickens laying eggs) in the household.
- Timing of asset transfers (given seasonal implications for calving, harvesting, etc.).
- Cash flow analysis of when primary and secondary asset will generate income.
- Additional cost of assets, such as veterinary care or maintenance.
- Availability of extension services, including veterinary support, agro chemical inputs and other services required for the health and well-being of the enterprise.
- Availability of agricultural land or other space required for the asset.
- Availability of local expertise or training to strengthen participant's skills.

 **TIP**

Livestock enterprises often require a combination of two types of livestock, one that is productive in the short term (e.g., fowl that mature and produce eggs relatively quickly), and another that will mature, diversify and increase income over time (such as a dairy cow or goats).

 **TIP**

The lack of technical assistance or extension agencies for livelihood development efforts can pose a challenge, especially in rural and remote areas. A possible solution is to train community members to provide these types of services, which can itself be an enterprise development; this should be part of the planning phase.

 **TOOLS**

See Annex B

[Enterprise Selection Tools](#)

Taking into consideration human capital, household conditions and asset considerations is essential to developing appropriate training for participant enterprises. For example, participants producing honey for a new enterprise might require training in beekeeping, honey harvesting and packaging as well as the myriad uses of not only the honey product but also the beekeeping by-products such as honeycombs and pollen for crop fertilisation. Selecting the right enterprise and providing adequate training entails intensive consultation between the programme organiser and the participant, as well as monitoring the production and income stream throughout the programme to offer support where necessary.

Once an enterprise has been selected, programme organisers record the decision-making process to validate the rationale for each participant's enterprise. Sample questions might include:

- What enterprise(s) was selected?
- Did the participant select the enterprise? If yes, when did the participant select the enterprise during the programme? If no, why not?
- What are some of the risks to this particular enterprise for the participant?
- How will those risks be mitigated?
- What skills does the participant bring to the enterprise?
- How many of each asset?
- What was the total cost of the asset?
- Will there be an additional grant of asset necessary to execute this enterprise?
If yes, when?



© 2014 Alison Wright/BRAC. Sierra Leone - Dorothy Leno with her chicken.

CASE STUDY

Adaptations To Enterprise Selection

As with any livelihoods intervention, Graduation programme organisers run the risk of misaligning economic activities with market forces.

To prevent this, in Ethiopia, the NGO Relief Society of Tigray (REST) joined forces with the United States Agency for International Development (USAID) to conduct a rigorous and comprehensive market analysis of opportunities for agriculture and livestock rearing in the Tigray region. As a result, participants were offered a diverse array of enterprises, including not only sheep and goat rearing, cattle fattening, honey production and petty trade as other programmes have offered, but also a novel “open” option to choose their preferred enterprise. This resulted in a more nuanced suite of options for participants.⁶

Though comprehensive market analyses were conducted in every CGAP-Ford Foundation Graduation pilot, in some cases extraneous factors will still impact the success of enterprise options outside the control of programme implementers.

In Honduras, where 83% of participants selected a particular breed of high-yield chickens designed to increase income-generating potential, an unanticipated rash of disease wiped out the majority of the breed leading to a decline in overall assets for a large number of participants. As a result, participants struggled with livestock depleted before they had accrued enough savings to replace the assets. Critical to salvaging progress, regular home visits enabled programme organisers to provide alternative options to help households recover from the shock.⁷

Table 4. Types of Enterprises

<p>RURAL ENTERPRISES IN SELF-EMPLOYMENT</p> <ul style="list-style-type: none"> • Dairy cow rearing • Beef fattening • Goat rearing • Chicken rearing • Pigeon rearing • Shrimping and fisheries • Fish-rice cultivation (in climate change affected regions) 	<p>URBAN ENTERPRISES IN SELF-EMPLOYMENT</p> <ul style="list-style-type: none"> • Clothing sales • Grocery sales • Hotel work • Vegetable vending • Sewing/tailoring • Prepared food vending • Small goods shop
<p>RURAL ENTERPRISES IN FORMAL EMPLOYMENT</p> <ul style="list-style-type: none"> • Commercial farming, planting and harvesting • Commercial butchering and meat packing • Commercial dairy production • Small/farm machinery mechanics 	<p>URBAN ENTERPRISES IN FORMAL EMPLOYMENT</p> <ul style="list-style-type: none"> • Garment industry production • Food processing and packing production • Hospitality services • Cleaning and maintenance services • Apprenticeships for youth

ASSET TRANSFERS

Rationale


One of the most distinguishing features of Graduation is the up front injection of capital and support provided to participants. This frontloading contrasts with more gradually sequenced interventions that introduce beneficiaries to services in incremental fashion over time, providing assets several months or more into a programme, only after participants have participated in trainings or other programming.

The Graduation approach asserts—and studies confirm—that coupling an asset transfer with enterprise training can propel a participant forward on the pathway out of extreme poverty by allowing a sustainable income-generating activity to take hold.

The asset transfer provides an immediate injection of capital and value to the household that the household would not be able to accomplish themselves (despite their best efforts and other programme interventions). This enables participants to reduce or altogether abandon odd jobs or subsistence activities such as domestic servitude, seasonal farm labour and begging in favour of more stable and socially respected income-generating activities. In this way the asset transfer becomes the gift that keeps on giving to participating households.

Key Considerations for Asset Transfers

- 🔍 Variances in characteristics among the ultra poor point to differing forms of asset transfers best suited to their needs and programme capacity: grants, cash transfers or soft loans for productive assets.
- 🔍 Segment participants to determine the type of asset transfer most appropriate and beneficial.
- 🔍 Participants receiving soft loans differ from traditional microfinance clients; what sets these individuals apart is that they still experience extreme social marginalisation and weaker access to goods and services.
- 🔍 Participant households should be involved in the process if at all possible to seed buy-in and ownership from the beginning.

-  When providing loan and/or cash grants, simultaneously step up the monitoring and handholding to ensure that cash is properly utilised for asset purchase.
-  Procuring assets should be done in teams of staff or with a “purchase committee” to mitigate against fraud and to ensure quality asset procurement.
-  Partnerships with governments, MFIs and NGOs can leverage delivery infrastructure.

The BRAC Approach to Asset Transfers

Types Of Asset Transfers

Even among the ultra poor, there are distinctions between the most vulnerable and destitute of the population and their relative capacities to utilise resources. As a result, asset values can be delivered to households in various ways, including: in-kind transfer of the productive asset itself via grant, cash transfer or soft loan. Grants and cash transfers are often ideal for the most vulnerable among the ultra poor; slightly better off households may fare as well with soft microfinance loans bearing more flexible terms than traditional loans.

TIP

The asset transfer should be large enough to create a sizeable investment and material change in a household's ability to jumpstart economic growth.

GRANTS FOR PRODUCTIVE ASSETS: The most vulnerable households among the ultra poor have a higher propensity for experiencing household shocks that impinge upon their ability to make even the smallest contribution to the economic input(s) required to jumpstart their enterprise. Such characteristics might include the absence of an able-bodied spouse or children of working age, high ratio of dependents, climate and environment- induced vulnerabilities or family members living with chronic illness. These participants are provided a one-time physical asset transfer, which represents a significant investment beyond what they could have saved themselves.

- Physical asset transfers require an infrastructure for supplying households these goods, including logistics and procurement processes, transportation to remote areas and financial tracking of distributed goods.
- Physical asset transfers also offset a participant's reticence or inability to use a cash transfer in the marketplace due to market barriers to entry such as limited knowledge, low confidence and/or social isolation and stigma. Programme organisers are key figures in producing confidence building in participants and introducing them to market ties.
- BRAC forms a purchase committee, comprised of programme staff, branch and regional managers, programme organisers assigned to households, an accountant and the participant to source, negotiate and buy physical assets for participants.

CASH TRANSFER FOR PRODUCTIVE ASSETS: When a physical asset is not provided, an equivalent cash grant may be used towards the purchase of goods and tools necessary to begin a new enterprise.

- When asset values are transferred via cash they should represent a significant value for the household to form a substantial injection of capital to the household (as opposed to more nominal amounts typically transferred in social protection payments).
- Cash transfers are specifically designated for the purchase of productive assets and tools for enterprise options preselected for the household, with participants' input.
- Providing earmarked cash transfers for the purchase of productive assets enables a participant to assume agency over their livelihood and stimulates local markets by encouraging purchases in their community.
- Cash transfers can be particularly effective for government ministries that already administer a cash transfer programme and can take advantage of the existing infrastructure, or in situations where the provision of a physical asset would prove cumbersome to the implementing organisation.

Whether cash transfers are effectively utilised to purchase the assets required for the new enterprise often correlates to the effectiveness of the programme organiser's regular home visits and coaching to encourage proper usage.



TIP

By transferring cash at the same time or immediately after enterprise specific training, a programme can maximise odds that it will be utilised as intended.

SOFT LOANS FOR PRODUCTIVE ASSETS: If households possess some basic capacities or productive assets and fewer characteristics of vulnerability, their new enterprise activity may be jumpstarted through the provision of a soft microfinance loan.

- Use of a soft loan requires careful segmentation and selection of clients using microfinance screening tools to determine who among the ultra poor have latent capacity to repay a soft loan yet still require the additional components of a Graduation programme.
- Participants receiving soft loans differ from traditional microfinance clients; what sets these individuals apart is that they still experience extreme social marginalisation and weaker access to goods and services.
- Soft loans can be made available at an interest rate cheaper than traditional microfinance loans, with an additional grace period to repay and/or more frequent small payments. These terms must be determined based on the repayment abilities of the target population and the lending capabilities of the financial institution servicing the loans, such as an MFI.
- Successful participants can gain credit history and smart repayment practices to later link to more formal microfinance services.

Though rigorous research remains to determine the relative impact of soft microfinance loans compared to the tested and proven physical asset or cash transfer model, more than a decade of BRAC programming points to soft loans as a potential avenue for introducing even ultra-poor populations to a gradual repayment mechanism. The soft loan

model represents tremendous opportunity for implementing organisations to undertake further research that might lead to more cost-effective and scalable replication of Graduation programming globally.

Monitoring Asset Transfers

Throughout the programme the programme organiser regularly provides reports to the manager after home visits to ensure that the asset purchases were completed and income generation has begun. The following activities are performed and tracked by BRAC:

- Participant completes enterprise training.
- Programme organiser develops a weekly asset transfer plan and a cash flow chart for each participant.
- Programme organiser submits the plan and chart to their respective branch manager.
- Branch manager collates a report of participants from all programme organisers.
- Collated report is distributed to regional manager and headquarters monthly.

Transparency In Delivering Asset Transfers

The following activities can support transparency in delivering asset transfers:

- Programme staff develops budgets for each asset package, such as seeds and equipment and cost of leasing land for agriculture.
- Purchase committee identifies markets for the assets, within the budget estimates and purchases the assets and inputs.
- Purchase committee transfers the asset to the participant with a written agreement stating her willingness to maintain the asset. The participant is not allowed to sell the assets without the written permission of the programme staff. The poverty reduction committee supports the participant in care of the asset.
- Programme organiser makes a list of the participants and assets for record keeping and submits this to management.

HOME VISITS/LIFE SKILLS TRAINING

Rationale

Many government programmes provide assets (live-stock or land) and training to the poor. What is however unique to Graduation approaches is an attempt to reinforce the benefits of these inputs through regular home visits by staff. The home visits are in essence a combination of encouragement, the instilling of discipline, education, skills and confidence and enabling access to resources. By enabling participants to develop a vision of their future out of poverty, the home visits are often credited as the most integral component essential to the success of the programme.

Key Considerations For Home Visits/Life Skills Training

-  Life skills training has been consistently identified by implementers as one of the most critical success factors for the Graduation approach.
-  Weekly home visits provide the opportunity to keep track of households' progress, reinforce technical skills trainings and address household-level challenges.
-  Different, and more intensive, support may be needed for "slow" vs. "fast" climbers.
-  Village assistance committees reinforce training and coaching messages during and after implementation.

TOOLS

See Annex B

[Asset and Stipend Tracking Tools](#)



BRAC's weekly home visit curriculum covers 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 flood, 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
- Immunisations

The BRAC Approach To Home Visits/Life Skills Training

The process for implementing BRAC's home visits and life skills training is as follows:

Conduct an in-country analysis during the programme design phase to determine the social and health issues to address during intensive home visits and coaching, as well as who in the household to include in the programme. Given the social and physical inequalities women face, particularly around early child marriage, childhood education and family planning, the BRAC home visit health sessions focus mainly on gender related issues. The issues listed under the info icon on page 71 are applicable to Bangladesh alone and are adapted in other local contexts to address prevailing social and health related behaviours.

Initiate home visits soon after participant selection, at the same time as the asset transfer, and continue until graduation. Other household members may be included depending on whether they are playing a role in the enterprise or if a programme organiser feels that another household member may benefit from the training and coaching.

Carry out weekly home visits, lasting 20-30 minutes each, to provide one-on-one coaching and training. The weekly home visit curriculum covers 12 social and health issues, as detailed on the previous page.

The programme organiser is the primary person responsible for coaching the participant through home visits, as well as monitoring and reporting on the participant's progress. Other specialists, such as an agricultural or health care field worker, may also conduct home visits.



TIP

Programme organiser should be familiar with the local customs, language and issues confronting the ultra poor in that particular context.

During the home visits, the role of the programme organiser is to:

- Cultivate a trusting bond with the participant.
- Help the participant prepare a life plan and business plan for their enterprises.
- Deliver financial education and livelihood management training.
- Deliver health, nutrition and social awareness messaging.
- Deliver confidence building or life skills coaching.
- Provide regular entrepreneurial and technical advice.
- Make linkages to external resources, both public, private and NGO services.
- Mediate (where appropriate) and help resolve personal/household problems.
- Monitor and supervise the growth of enterprises for participants.



TIP

Home visits require technically skilled, highly dedicated employees that are able to travel to often remote, marginalised communities and effectively relate to ultra-poor households.

Weekly home visits should include the following, conducted by the programme officer:

- Greeting: Inquire about her family, including if children are in school. This not only builds a rapport but also trains the participant in proper social etiquette that aids them with work and social interactions.
- Basic numeracy and literacy training: Teaches the participant to sign her name so that she is able to sign documents for her assets or to register her children in school. Signing her name becomes a major milestone for someone who has never been to school and is illiterate.
- Livelihood advice: The programme organiser checks on the asset and talks with the participant about how to maintain and grow their liveli-



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CASE STUDY

Adaptations In Home Visits/Life Skills Training

At Bandhan community organisers (COs) held weekly group meetings in each hamlet to provide social and health messaging on 10 relevant topics: nutrition, personal hygiene, early marriage, children's education, trafficking, dowry, birth, death and marriage registration, immunisation, etc. The COs also collected participants' weekly savings of Rs.10 (approx. \$0.24 USD) that was deposited at the nearest Bandhan Microfinance branch office. These meetings last for about an hour, during which the CO explained a pre-selected topic and held a 'motivational discussion' using storytelling methods. For example, COs actively worked towards ensuring that women stopped making and even smoking bidis. COs also encouraged peer-to-peer experience sharing to inspire less dynamic participants.

This was followed by half hour household visits during which the CO inspected the animal shelter, personal hygiene and household cleanliness, enquired about household and animal health and responded to any unanticipated problems. Recent research by Innovations for Poverty Action (IPA)⁹ has showed that coaching has helped support the positive outcomes of this programme. One year after the project ended, women were earning more each month and consuming 10% more food than a control group. They were also skipping fewer meals. Financial support contributed to this change, but coaching was also critical. The home visits also played a pivotal role in transforming the confidence levels and aspirations of these women, the majority of who had never engaged in a personal enterprise or been involved in household financial management. •

hood, for example maintenance of their livestock or advice about the procurement of materials and sale of their products.

- Health care and social issues: Raises awareness of health and social issues and facilitate access to health and social services as needed.
- Future planning: Work with the participant to create a business plan—visualising where they want to be in six months, one and two years—

setting goals to work towards and envisioning a different future.

- Graduation criteria: Monitors the participant's progress towards the graduation criteria and check off criteria as she achieves them. This process of checking off criteria allows an otherwise illiterate participant to feel a sense of accomplishment as she achieves milestones.

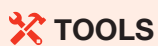
**TIP**

Life skills training should be adapted to the particular social, economic and cultural environment of the ultra- poor population targeted. For example, when necessary, participants should be further prepared for employment through the provision of employment readiness and life skills training.

It is also important that while the home visits are considered the hallmark of the programme, their frequency, high cost and demands on staff capacity are key concerns as the programme expands in complexity and scale. Implementers should consider linking and leveraging existing social protection programme delivery infrastructure, particularly when staff lack the depth and the breadth of technical skills needed.

**TIP**

The frequency, high cost and staff demands of home visits are key concerns as the programme expands in complexity and scale; partner with and leverage the existing social protection programme delivery infrastructure.

**TOOLS**

See Annex B
[Household Visit Tools](#)

TECHNICAL SKILLS TRAINING






Rationale

Technical skills training is centred on how to manage a chosen livelihood, such as cow rearing, vegetable cultivation or mentorship training for apprenticeship/job-placement transfers. It also includes basic skills training on how to successfully run a business, such as business planning, resources and risk management and expansion, as well as more advanced topics in financial literacy where needed.

Linkages are made to services in addition to and beyond graduation, such as government health

services or veterinary care. Combined with the weekly home visits, technical skills training allows staff to assess progress on livelihoods development and address any problems that have developed. This is critical to building self-reliance that is critical to participants leading active and productive lives for themselves and their families.

Key Considerations For Technical Skills Training

-  Technical skills training may be provided by project staff or specialists from a partnering NGO or government technical line agencies (e.g., agriculture, livestock, fisheries).
-  Trainers need to be able to connect with and engage participants in groups.
-  Trainers must be sensitive to gender and power dynamics, local customs, and education level of the group and utilise participatory training approaches to fully engage participants.
-  To ensure training quality, the implementing agency should consider contracting key courses to selected NGOs with proven capacity.
-  Significant financial and human resources are required, particularly when scaling up.

The BRAC Approach To Technical Skills Training


In Bangladesh BRAC's technical skills training consists of targeted in-classroom training and refreshers sessions on their specific assets and enterprises, including steps to realising revenue from those assets, as described below:


- Classroom training takes place before the enterprise selection and asset transfer so that the participant knows how to manage her asset. The sessions are approximately three to six days in duration.
- Refresher training takes place periodically during the programme. The training is conducted by programme organisers or trained facilitators who have technical knowledge and skills on specific enterprises. Trainees are encouraged to ask questions to ensure they fully understand the material.


Table 5. Enterprise Specific Training Course Content To Be Offered To STUP Members


Enterprises	Days	Course Contents
GOAT REARING	3	Animal husbandry, veterinary techniques, rearing condition, feed production, vaccination, milk production and preservation, etc.
COW REARING	3	
LIVESTOCK REARING	6	
VEGETABLE CULTIVATION	3	Soil properties, seed, ploughing techniques, use of insecticides and pesticides, crop seasonality, irrigation, storage, and marketing knowledge.
HORTICULTURE NURSERY	3	Basic cultivation techniques, marketing knowledge
NON-FARM ACTIVITIES	3	Item selection, inventory management, receivables management, etc.
POULTRY	3	Infrastructure development, ideal-rearing conditions, feeding techniques, medicine, egg production and preservation techniques, and product marketing

- “Confidence building,” an intensive group training for participants held six months prior to the end of the programme, helps participants build rapport as a peer group and prepare them for the opportunities and challenges after graduation.

 **TOOLS**
See Annex B
[Participant Technical Skills Training Resources](#)

 **TIP**
In addition to mastering their technical skills, trainers need to be able to connect with and engage participants in groups, show empathy, understand gender and power dynamics and be familiar with the local context.

 **TIP**
Consider working with husbands where appropriate to involve them in asset care and income generation to support adoption of life skills and technical training in the household.

 **TIP**
Hiring and retaining staff is important; staff should be able to work well with ultra-poor households, be technically skilled and able to travel to remote, marginalised communities.

CASE STUDY

Adaptations in Technical Skills Training

Hands-on training with participants is a crucial element in the Graduation approach that continues throughout the lifecycle of the programme. This level of ongoing and individualised engagement requires significant financial resources and staff capacity. As a programme continues to scale and expands its outreach, hands on coaching often becomes financially and operationally challenging. In such circumstances, it is important to consider alternative training mechanisms, such as training community coaches, leveraging village assistance committees to reinforce training, a combination of household and group training/ coaching sessions or where possible e-learning through tablets.

Fundación Capital, an international development organisation, has adopted an alternative approach to coaching and training. It has experimented with delivering clients training via pre-loaded tablets instead of solely through programme staff. Programme staff report strong results and knowledge retention of content delivered through these tablets. The quality and effectiveness of technology-mediated training to participants, which dramatically reduces the role of front line staff and weekly touch points, is being tested. Neither the specific level of education or literacy is required for a participant to make good use of training on tablets and smart devices. BRAC's experience has been that weekly touch points with programme staff are invaluable in educating and empowering even the most disadvantaged women.








SAVINGS AND FINANCIAL EDUCATION

Rationale

When livelihood options are temporarily suspended or lost in a crisis, or income becomes irregular, an ultra-poor family typically does not possess a social safety net on which to rely. The ability to save money not only places these households on a path to economic stability, but also encourages a culture of planning for the future - often for the first time.

Regular savings creates a culture of discipline that is essential for financial management of enterprises and livelihoods options, as well as in planning for the future. The positive outlook and confidence building that takes place in participants builds hope for the future and is critical to long-term progress during and after the programme. With savings, participants can expand their enterprise, improve living conditions, and invest in education and access health, financial and other services. Upon graduation, the participant savings passbook becomes a valued symbol of personal progress.

Key Considerations For Savings and Financial Education

-  Instil the importance of savings from the onset of the programme.
-  Utilise savings accounts to build a bridge to microfinance and the formal financial system.
-  Ensure savings approaches are locally relevant; mobilise participants to join peer savings groups where available.
-  Retain the passbook as a symbol of pride and first step towards credit history.
-  Encourage regular savings deposits, however small.
-  Incorporate a system of audits to monitor fraud and regular deposits.
-  Engage participants with interactive and relevant financial education from the start of the programme to develop smart financial habits.

The BRAC Approach To Savings and Financial Education

Instilling the importance of savings in participants from the onset of the programme is essential. This requires not only financial education about the benefits and mechanisms of saving, but also access to a means to save. Savings can be established through savings accounts with financial institutions, savings groups or other local community savings practices.

Financial Access

Encouraging participants to value and prioritise some form of saving every week, no matter how small an amount, adds value and has a large impact over time. The savings mechanism adopted by a Graduation programme is largely dependent on the financial access environment of local geographic contexts.

SAVINGS ACCOUNTS AND BUILDING A BRIDGE TO

MICROFINANCE: When feasible, it is preferable to facilitate participants' linkage and incorporation into formal financial institutions such as banks and MFIs.

- Formal financial institutions can provide a suite of financial products and services to participants that savings groups alone cannot.
- Regular savings can facilitate access to additional financial products and services that can help grow their enterprises and expand their livelihood and household options.
- To encourage incremental deposits in a highly visible setting, during weekly group meetings nominal sums are collected and recorded by the programme organiser, eliminating travel costs for participants and minimising the potential for fraud.
- The smoothest path to engaging with formal financial institutions for ultra-poor clients is typically through microfinance.



TIP

Leverage savings groups as a peer resource for trainings and other programme components.

CASE STUDY

Access to Savings: Refugees Store Away for a Rainy Day in Ecuador

A recent partnership between Ecuador's largest bank Banco Pichincha and UNHCR granted invaluable access to the financial system for Latin America's largest refugee population. Prior to this arrangement, refugees were unable to use refugee identification cards to open a bank account and save. Now following financial education provided by Fundación CRISFE, participants are eligible to receive training and a savings account to store away for a rainy day with earnings from their new enterprises or jobs in the formal sector.

Partnerships with formal financial institutions can bring a host of attractive opportunities for Graduation participants, breaking down barriers to the financial system by building bridges to access critical financial products and services these groups may otherwise be too marginalised to attain.

MOBILISING PARTICIPANTS INTO LOCALLY

RELEVANT GROUP SAVINGS APPROACHES: Where microfinance markets are not mature and links to formal financial institutions are unavailable, there frequently exists a popular local mechanism of group savings and lending. Key to executing an effective savings and financial education component in a Graduation programme is mobilising groups of participants in locally relevant savings customs.

- Local group saving mechanisms may include local community table banking practices, Village Savings and Loans Associations (VSLAs), women's Self Help Groups, Savings and Community Credit Organisations (SACCOs), etc.
- While limited with regard to formal financial linkages, local savings groups establish community-based peer support circles that help build community ties and encourage positive savings behaviour during and after the programme; this is a critical component of fostering social integration for a typically ostracised group.
- Together, participants can support one another to remain on track even after the programme's

end; this can be a sustainable means of prolonging programme impacts and shaping confidence-building connections that outlast the programme itself.

In addition to financial literacy and savings strategies, programme organisers should be trained in empowering women to overcome barriers such as lack of experience in planning for the future and a lack of self-confidence in their financial planning skills.

Financial Savings Plans

Below are guiding principles for implementing financial savings plans.

- **Working with banking institutions:** During the initial assessment for implementation, organisers should map options for financial service providers and establish linkages with appropriate candidate institutions or groups. Terms of the savings accounts must be negotiated at banks or credit unions that may not have a process for maintaining savings accounts that will be very small and may not meet minimum deposit requirements. Participants will likely need some form of identification from the financial institution that reflects their status as clients or members and allows them to access their savings accounts.
- **Working with microfinance institutions:** If a microfinance institution is the selected financial service provider, terms must be negotiated that support participants. These terms will depend on whether the MFI provides individual or group-based services and should anticipate participants' future access to credit. MFIs may also handle savings deposits differently. For instance, in rural and remote areas, they may use a lock box with more than one key required to access its contents. Participants should know where their savings deposits are being held as well as when and how they can access them.
- **Establishing savings passbooks:** Passbooks are important because they are tangible evidence of progress as well as essential financial records. They can be modelled after passbooks already being used by the partner financial institution or can be created to meet the particular needs of the programme. The passbook should show both weekly deposits and cumulative savings, as well as interest if paid on the account. If the partner financial institution issues an identification card, the participant will hold this document throughout the programme and after alongside the passbook.
- **Regular deposits into savings:** Programme staff must decide in advance when savings will begin to be collected, how much is expected to be deposited each week in the savings account and how that amount should grow over time.
- **Literacy barriers:** Participants will likely be unable to read or write their own names. Participants may also be innumerate, although many will be able to do basic math in their heads (i.e., making change). Programme organisers will be required to record deposits at weekly meetings and transport the funds to the financial partner for deposit. Using the passbook, the programme organiser should show the participant how her savings are growing with each deposit and how withdrawals change the balance.
- **Lapsed payments:** If savings is mandatory, programme organisers will need a procedure to follow when a participant does not have her weekly savings deposit ready at the home visit. This policy should include a process for reviewing the rules and expectations of the programme and creating a plan for meeting the savings requirement at the next home visit.
- **Tracking behaviour change:** Surveys could be conducted to establish a baseline and monitor changes in women's attitudes and behaviours towards savings.

BRAC has a strong financial education and financial services footprint in Bangladesh, particularly with respect to financial products tailored to the needs of the poor. At the start of the Graduation programme,

organisers help participants set up formal savings accounts with BRAC's microfinance operations or other locally operating MFIs. Participants are encouraged to place aside just a few taka each week (bi-monthly and monthly in urban areas, with higher savings encouraged) as monitored by programme organisers during home visits. While visiting with participants, programme staff make time to talk about the benefits of savings, highlighting how savings grow from week to week as recorded in their passbooks.

To guard against fraud and theft and ensure accuracy, a system is utilised for spot checks and auditing of participant savings accounts regularly. Programme staff utilise a ledger for official use to record aggregate participant savings deposits, withdrawals and cumulative savings that mirrors the cumulative information in individual passbooks. Interactive and innovative financial education tools early on in the programme, such as role play, drama and tools that aid financial literacy serve to not only build awareness and financial skills, but also confidence. In spite of the initial hesitance of participants and lack of self-esteem in their saving ability, patience, encouragement and sharing simple strategies to overcome these barriers are essential keys to success.

While the transformative effects of microcredit alone — or even microfinance — remains up for debate, it is now clear that access to savings and credit provided together with other wrap-around services not only provide a viable pathway out of poverty for the poor, they do so for the very poorest. Indeed, some of BRAC's most reliable and disciplined microfinance clients are graduates from our ultra-poor program.

– Shameran Abed, *Director of Microfinance, BRAC*

TIP

If a programme allows withdrawals from savings accounts only after a participant has reached a certain balance, the participant must be reassured that if she leaves the programme early her savings will be entirely hers again.

TIP

To record information in a passbook, recruit a person in the household or the village who is both literate and numerate (as well as trusted!) to either record or at least verify the information.

TOOLS

See Annex B

[Participant Savings Pass Book](#)



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CASE STUDY

Adaptations in Savings and Financial Education

Several adaptations to the savings and financial education component are possible depending on the local context and opportunities presented by partnering with a financial institution. Some examples include:

- **Coaching participants about practical savings habits through informal financial education.**

In some situations, no nearby financial institutions may exist and NGOs may be prohibited from taking savings deposits by law. Participants can still learn the practice of smart savings at home or in community-based groups not led by the NGO. In Pakistan, for example, villages were not located near a bank, therefore programme organisers worked with participants during home visits to practise savings techniques. Participants and organisers would decide on weekly savings goals and designate a place in the home where money could be kept safely, usually in covered clay pots. Though not ideal for reasons of theft, misuse of readily accessible savings funds, and lack of access to additional financial products and benefits, this still permits participants to find a meaningful way to save for the future.
- **Leveraging group table banking practices or savings group practices where formal microfinance or banking services are lacking.**

When participants are able to form savings groups with peers, these groups double as support circles creating a

source of solidarity among participants. Additionally, as a collective, these groups also act as a platform on which local organisations can connect with groups of clients, and where clients feel empowered to together interface with local level elites on issues in their communities.

- **Incorporating information about additional financial products into financial education.**

A savings account can introduce a participant to formal financial services as a platform on which services such as credit or insurance can be built; programme organisers may want to incorporate education about these other financial service products into their home visits as the participant gains confidence and her economic standing improves. In this way, the programme introduces participants to financial products that may advance their enterprises while providing new potential clients of ancillary services to the financial institution.
- **Offering additional benefits that participants can access as members of a financial institution.**

A credit union may offer low cost insurance that, after the participant is earning income, may benefit their enterprise or household needs but would otherwise be inaccessible to them as non-members of the institution. In a similar vein, a microfinance partner may offer access to cash credit if the participant is a part of a group-based saving process and has been successful in accumulating savings over time.

HEALTH SERVICES




Rationale



The ultra poor often have little or no access to primary health care, which adversely affects not only their physical well being but also their economic opportunities and livelihoods. Malnourishment coupled with lack of safe drinking water, adequate sanitation or decent shelter leaves them vulnerable to disease. Ill health, in turn, results in diminished labour productivity and a drain on household savings. A sudden or long-term illness of a family member can lead to devastating financial outlays paid by households selling their productive assets, reducing their consumption, dipping into their savings or borrowing at high interest rates for accessing medical care. Poor roads and high transport costs can pose additional financial barriers to accessing health care, particularly in rural areas where health care services are generally scarce and poor.

A participant's ability to graduate and lift themselves out of poverty is intrinsically linked to their health and that of their household.

The Graduation approach integrates health care knowledge and access into the programme to ensure and sustain improved health habits and participant productivity. Health training for participants may include: coaching around preventative health care, such as proper nutrition; basic health care or access to treatment through linkages with public health services and local providers; monitoring participant and family members' health; or financial assistance and/or health insurance.

Key Considerations For Health Services

-  Adapt the health training information, such as nutrition, to the local context.
-  Form partnerships with local health providers, insurers and other service providers in the community to provide adequate health information and services to participants.
-  Take into account different health systems and regulatory, policy and legal environments in order to deliver basic health care to participants.

-  Consider and invest in existing community health personnel such as community health volunteers and workers.
-  Create linkages between the formal government health infrastructure and the marginalised communities being served by the Graduation programme.

The BRAC Approach To Health Services

The TUP programme in Bangladesh delivers integrated health care support to participants through health programme organisers (POs), community health volunteers, community health workers and the services of local government doctors. This mix of staff and local health care providers offer preventative care guidance, treatment and/or health related information to TUP households.

Community:

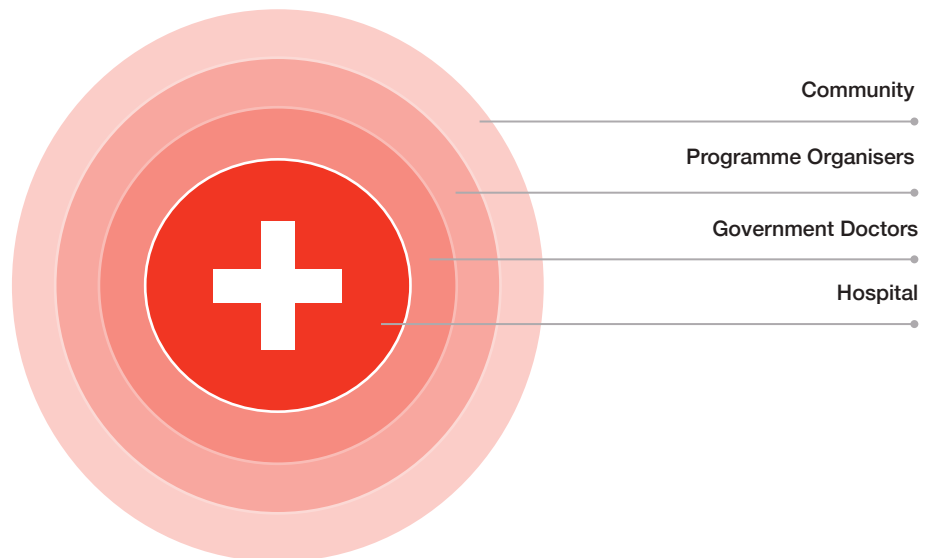
The mainstay of BRAC's community based care is the voluntary health workers and community health workers, who are directly from the communities that they serve. They provide door-to-door health education, treatment of basic health problems, collect health information, sell medicines and health commodities and make referrals to health centres as necessary. As such, they serve to extend health services to communities that would otherwise be out of reach.

The Programme Organiser:

During the weekly household visit, the programme organiser is the primary person who monitors the participant's health, but does not provide direct medical care. Health awareness coaching is provided during the programme organiser's weekly home visits. During the home visits, the role of the programme organiser is to:

- Provide education and awareness around health and nutrition, including topics such as food habits, maternal health, family planning, immunisation, and remedies for common illnesses, clean drinking water and sanitation. Health and nutrition education is a required component of the programme.
- Inquire about common health issues of participants and their family members to ensure that

DIFFERENT LEVELS OF HEALTH SERVICE DELIVERY



there are no changes to health conditions that require attention. Referrals may be made to a health care provider for serious illnesses.

- Ensure enrolment of participants in wellness and health services offered by government agencies. These benefits may include nutritional supplements for children under 5 years old, immunisations, distribution of vitamin A and de-worming medicine.

Government doctors:

Local health clinics/centres with government doctors provide basic outpatient services, and may also include treatment for infectious diseases, malnutrition, chronic diseases and mental health problems. Any follow up care takes place at the community level. Some of the health activities can be delivered by linking the participant to other health support systems through either the implementing organisation or other NGO programmes. If the government or other NGOs do not offer health services, then the programme will need to consider how to provide or incorporate these services into their programme.

Hospital:

Participants requiring more specialised care are referred to hospitals that offer a fuller complement of services, such as paediatrics, general medicine, surgery, mental health services, consultations with specialists and intensive care. The programme, in its initial design phase, should consider how payments for treatments would be handled.

TOOLS

See Annex B

[Monthly Health Report Template](#)



© BRAC Shehzad Noorani. BRAC TUP Afghanistan pilot.

CASE STUDY

Case Study: Adaptations to Health Services

Because of its long duration, BRAC has strong recruitment, management and incentive structures for the management of its community health workers and volunteers. Other Graduation programmes have not had the comparable institutional breadth or capacity, and accordingly have had to adapt their health service delivery through forming partnerships with local health providers, providing information on available health services, organising referrals to local providers and through linking up with local health insurance programmes.

NGOs and governments implementing the Graduation approach often have had to develop innovative strategies to respond to different health systems and regulatory, policy and legal environments in order to deliver basic health care to participants. In Afghanistan, for example, the number of households community health workers were able to visit was reconsidered due to the geographic distance and terrain being very different than in Bangladesh; population clustering around

water sources; the conservative nature of the culture that makes travel for women difficult; and ethnic differences within catchment areas making it difficult for some women to visit the homes of other ethnic groups/identities.

Another example, Chemen Lavi Miyò (CLM), which means pathway to a better life in Creole, is the Haitian organisation Fonkoze's programme for families too poor to succeed through credit programmes. Most suffer persistent hunger and would be under irresistible pressure to drain the assets out of any new business they might start just so they can feed their kids. The women who join the CLM programme live in rural Haiti, have no assets, no support from parents or friends abroad and multiple dependents. The vast majority of the women can't afford the tuition to send their children to school. The CLM team works with implementing partners who are able to strengthen the programme by adding outside expertise. Partners in Health, the largest health-care provider in rural Haiti, provides access to free health care for all CLM members and their families.

SOCIAL INTEGRATION

Rationale

The lack of economic resources is not the only determinant of poverty. Economic gains do not necessarily translate into social gains without a concentrated effort to link the ultra poor to the broader community, raise their voice and capacities, build resilience and facilitate social integration.

The ultra poor are often excluded from society because they live in deprived areas where poor housing, inadequate social services, weak political voice and lack of opportunity combine to create an experience of marginalisation. Their isolated status may be exacerbated by discrimination on the basis of ethnicity, race, religion, sexual orientation, caste, descent, gender, age, disability, HIV/AIDS status or migrant status. These social inequalities are also a function of persistent inequities at community and household levels. For instance, women are often excluded from decision-making roles at the community level and from social networks that promote access to fair employment opportunities. Limited decision-making power or control over assets may also contribute to participants' tolerating discriminatory and insecure employment conditions, or abusive domestic relationships. All of these factors can help reduce an ultra-poor person's capacity and resources for developing sustainable and productive livelihoods.

The key to a successful social integration component in a Graduation programme is building strong linkages between participants and the community-at-large.

This can happen through linking participants to local power structures, government agencies, committees or local elite. In several Graduation programmes, the social integration component is accomplished through mobilising the community to integrate the ultra poor. This is accomplished by setting up village poverty reduction committees, a supportive forum recognised by the community and led by respected community members. The committee helps the participant to protect their assets, provides advice, and gain access to government and other services in times of need. Self Help Groups





or Savings and Loans groups can also ensure that participants are tapped into support networks they did not previously have access to.

Key Considerations For Social Integration

- 🔍 Utilise local participatory research processes and community informants to identify individuals and opportunities for social integration of programme participants.
- 🔍 Identify and take into account local power dynamics, including economic, gender, ethnic, etc.
- 🔍 Be aware of the local social, cultural and religious traditions that impede behavioural change, particularly behaviours required for successful Graduation such as early marriage of girls, and foster positive community behavioural change practice.

The BRAC Approach To Social Integration

BRAC links participants to the broader community by establishing village poverty reduction committees, led by village leaders who volunteer their time and resources to support participants in the programme. The committee is formed early in the Graduation programme cycle, with a kick-off formation meeting that happens soon after the participants receive their livelihood assets.

Access to respected community members helps boost the participants' confidence and social status within their own communities. The committee serves as a platform for participants to build social networks and leverage community ties. These committees often exist well beyond the graduation life cycle.

💡 TIP

Build on and enhance existing community support systems and respected community members to better serve and integrate the ultra poor in that community.

The objectives of poverty reduction committees facilitated by BRAC in Bangladesh are:

- To provide participants with guidance and support, in particular how to safeguard their assets.
- To provide additional services that complement the programme resources for the participants, for example how to improve housing, sanitation and access to safe drinking water.
- To meet any emergency expenses of participants.
- To protect the participant and their household members, other village residents and in particular those living in poverty from domestic violence or child marriage.
- To facilitate linkages for the participants to other support networks.
- To reach and support other vulnerable members of their community who are not necessarily programme participants.

The committee is formed early in the Graduation programme cycle, with a kick-off formation meeting that happens soon after the participants receive their livelihood assets. The process for the formation, implementation, and transition of the poverty reduction committee is as follows:

- **Programme organisers build rapport with community:** At the outset of the programme, a participatory rural appraisal process was conducted to identify the participants for the programme. That process also provides valuable information about the socio-political dynamics in the community, and helps to identify natural leaders and respected members of the community. With this process as a starting point, and with regular visits to the community and participant households, the programme organiser or supervisor should be able to identify suitable candidates for the committee within the first three months of the programme.
- **Identify committee members and select officers:** Typically, the committee members are identified with inputs from the community. Once committee members are identified, the officers

are selected by the committee, including a chair (to preside over the committee), secretary (to record the minutes, resolutions, and decisions) and treasurer (to manage the book-keeping of cash inflows and outflows).

- **Establish committee as a formal, legal entity:** Depending on the legal requirements of the district or country, the committee could be established as a legal entity with a bank account. Registration typically requires a formal drafting and agreement of the committee's purpose, procedures, annual audits and naming of responsible authorities. The legal registration serves to legitimatise the committee and ensure accountability to the community.
- **Conduct monthly meetings:** The typical meeting agenda starts with introductions, roll call and a review of decisions from the last meeting. The committee then addresses issues, such as the participants' livelihood assets and health. Committee members also discuss how to mobilise the community to support participants' needs through various activities during the calendar year. These may include fundraising and events. The committee may also distribute clothing or household items, mediate issues between community members and participants and tutor the children of participants after school.



TIP

Motivate committee members by acknowledging them in public meetings and gatherings, shining light on their volunteer efforts.

- **Transition committee after graduation:** The committee is formally transitioned from BRAC's care to that of the village community about 18 months into the programme. Financial control, including that of bank accounts if any, is transferred to the committee. BRAC staff may still visit the committees periodically to provide guidance and motivation.

 **TIP**

Temper influence from elites. It can be a challenge to keep the committee safe from being appropriated by political leaders or local elites. At the same time attempting to shut out these influences overtly often proves counterproductive to the committee. In order to involve local political leaders and elites in such a way that gains their trust and curbs their influence, successful committees often include them in celebrations and special events.

 **TOOLS**

See Annex B

[Poverty Reduction Committee Resources](#)

CASE STUDY
Adaptations To Social Integration

Bandhan Konnagar launched the Targeting Hardcore Poor (THP) pilot in 2006 within 45 villages in Murhidabad, in northwest West Bengal. It formed Ati Daridro Sahayak Committees (ADSCs) comprised of respected community members. The objective of ADSCs is to extend support and cooperation to the THP clients and act as guardians of such families during and after the completion of the programme.

The functions of the ADSCs range from fundraising, to helping a participant household overcome a health crisis, to solving household disputes that threaten to disrupt a client's participation in the programme. The ADSCs also liaise with local panchayat (local level governance structure) members to get voter and ration cards for Graduation clients.

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² IFAD. 2007. Guidelines Poverty and Livelihoods Analysis for Targeting in IFAD—supported Projects, available at http://www.ifad.org/targeting/doc/poverty_guidelines.pdf

³ Thandika Mkandawire, Targeting and Universalism in Poverty Reduction (2005), unrisd: [http://www.unrisd.org/80256B3C005BCCF9/\(httpAuxPages\)/955FB8A594EEA0B0C12570FF00493EAA/\\$file/mkandatarget.pdf](http://www.unrisd.org/80256B3C005BCCF9/(httpAuxPages)/955FB8A594EEA0B0C12570FF00493EAA/$file/mkandatarget.pdf)

⁴ Coady, D., Grosh, M. and Hoddinott, J. (2004a), Targeting of Transfers in Developing Countries: Review of Lessons and Experience, Washington, World Bank.

⁵ Chambers, R. 2002. Participatory Workshops: A Sourcebook of 21 Sets of Ideas and Activities. London: Earthscan Publications.

⁶ Hashemi, S. 2010. "Ethiopia Graduation Pilot Underway." CGAP Blog, 2010.

⁷ Graduating the Ultra Poor in Honduras. Study Summary, Innovations for Poverty Action. <http://www.poverty-action.org/study/graduating-ultra-poor-honduras>

⁸ Heisey, J. Impact Research and the Role of Coaching in Poverty Reduction. 2013. CGAP. <http://www.cgap.org/blog/impact-research-and-role-coaching-poverty-reduction>



04 Preparing for Graduation

OVERVIEW

The goal of Graduation is to provide comprehensive socio-economic support and training to propel participants out of ultra poverty and into sustainable livelihoods. While Graduation programmes aim to provide participants continuous support throughout the two-year duration of the programme, the pathway out of extreme poverty towards sustainable livelihoods is a personal and distinct journey for each participant. This journey involves great opportunities and advancement, yet also risks and vulnerabilities associated with the lives of the ultra poor.

For families who are the most vulnerable in any given community, various shocks or setbacks at the household level are largely inevitable. Certain households may struggle to retain and put into practice the training they have received. Some may be more vulnerable to certain risks or may endure sudden shocks, such as unexpected illness in the family or a sudden theft or loss of an asset, that impede their ability to recover. These circumstances are to be expected and can adversely impact participants by impeding graduation, and in some cases increasing the likelihood of participants falling back into poverty.

Effective Graduation programmes reinforce training, linkages and support systems and build in certain measures to mitigate potential setbacks. Having such reinforcing measures in place, particularly near the end of the programme cycle, ensures that participants are able to minimise exposure to potential risks and are able to cope and adapt in such a way that sustains their trajectory out of poverty. Ultimately, the Graduation approach is successful when it propels the ultra



© BRAC

poor out of extreme poverty and sustains this after the programme cycle ends.

KEY ELEMENTS FOR SUCCESS IN PREPARING FOR GRADUATION

- ✓ Near the end of the programme cycle it is important to reinforce programme supports and services to increase participants' likelihood of Graduation.
- ✓ In programmatic terms, Graduation occurs when households achieve economic and social advancement measured by pre-determined programme criteria over the course of 24 months.
- ✓ Graduation criteria vary given the social and geographic context of the programme; criteria must be context-specific and determined in advance of implementation.

STRATEGIES TO ENSURE HIGH GRADUATION RATES

Near the end of the programme cycle the BRAC programme adopts the following strategies to reinforce programme inputs, improve outcomes, enable participants to become more resilient and less susceptible to potential shocks and more likely to graduate:

Refresher trainings: In addition to the intensive training that participants receive once they get their assets, participants are also provided refresher trainings on a regular basis and near the end of the programme cycle. These short and intensive sessions on asset management, livelihoods, business management and agricultural production techniques ensures that participants' skills and knowledge are retained and well practiced before Graduation.



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Confidence-building training: Towards the end of the programme a greater emphasis is placed on encouraging and motivating participants to recognise and take advantage of opportunities within their communities, with a view to building their confidence, strengthening the solidarity between participants and raising awareness of their rights and resources available to them. Through home visits and through a separate group training exercise towards the end of the programme cycle, participants are encouraged to take part in local level decision-making and village associations. They are equipped with information on area programmes and services, including how to seek government services where they can access additional skills, opportunities and social transfers if available.

Linkages to health services through NGO and government offerings: Enabling information and access to available health services beyond the programme cycle is key to ensuring that families are more resilient and less likely to back slide after a health incident. Towards the end of the programme cycle the Graduation programme reinforces linkages between participants and available health services and personnel (government, NGO, community).

TIP

“Graduation” is not synonymous with a threshold past which households are suddenly resilient to the pressures of poverty; the continued success of Graduated households is greatly aided by the presence of support services that reinforce a household's pathway out of extreme poverty during and after the programme.

Linkages to other NGO and government programming:

Within BRAC's own programme offerings, BRAC aims to move participants of the Graduation programme over to its microfinance programme to address their growing need for capital. On a case-by-case basis, participants are also linked to other services such as community empowerment, legal rights, advocacy programmes and livelihood programmes provided by BRAC, NGOs, MFIs or government agencies.

Community linkages: Social networks and peer support play a strong role in successful graduation. Where possible, committees are linked to larger community-based organisations (CBOs) or community networks, such as farmer cooperatives or trade associations. Empowering and charging key individuals and respected leaders in the community to maintain contact and keep a watchful eye on participants also has some record of success. Fostering community ownership in this way allows

TIP

Review programme planning and design socio-economic data and information to inform selection of graduation criteria.

Table 6 : BRAC Graduation Criteria

Purpose	Criteria	BRAC Measurement
Establishing food security	No self-reported food deficit in the last year	Ask household about access to 2-3 meals/day over a period of recall
	Households have kitchen gardens	Ask and verify presence of fruit/vegetables, ground nuts or other food supplements around homestead
Establishing income related resilience through savings	Multiple sources of income	Ask and verify multiple types of income, sale of various items and diversification of income generating activities
	Households own livestock/poultry	Ask and verify presence of household owned livestock
	Cash savings	Ask and verify establishment of cash savings
Establishing household resilience to negative health effects and practice of positive health seeking behaviour	Use of a sanitary latrine and clean drinking water	Ask about knowledge of local diseases, water consumption practices and confirming access to clear water sources
	Knowledge of common ailments and available health related resources	
Establishing greater household structural resilience	Homes with solid roofs made of corrugated iron or other materials (not thatched) or other locally relevant measure of improved structure	Ask and verify whether household was able to fortify dwelling in a locally relevant way
Reinforcing positive behaviour change	No childhood marriage in the family or other locally relevant measure of reinforced positive behaviour	Ask and verify ages and marital status of all children or other locally relevant measure of reinforced positive behaviour
	School-aged children are going to school	Ask and verify ages and school going status of all children in household
	Eligible couples adopt family planning	Ask household about access, awareness and practice of family planning

for the gradual transfer of responsibility from the programme officer to the community, and helps to create support systems for participants that endure past the programme cycle.

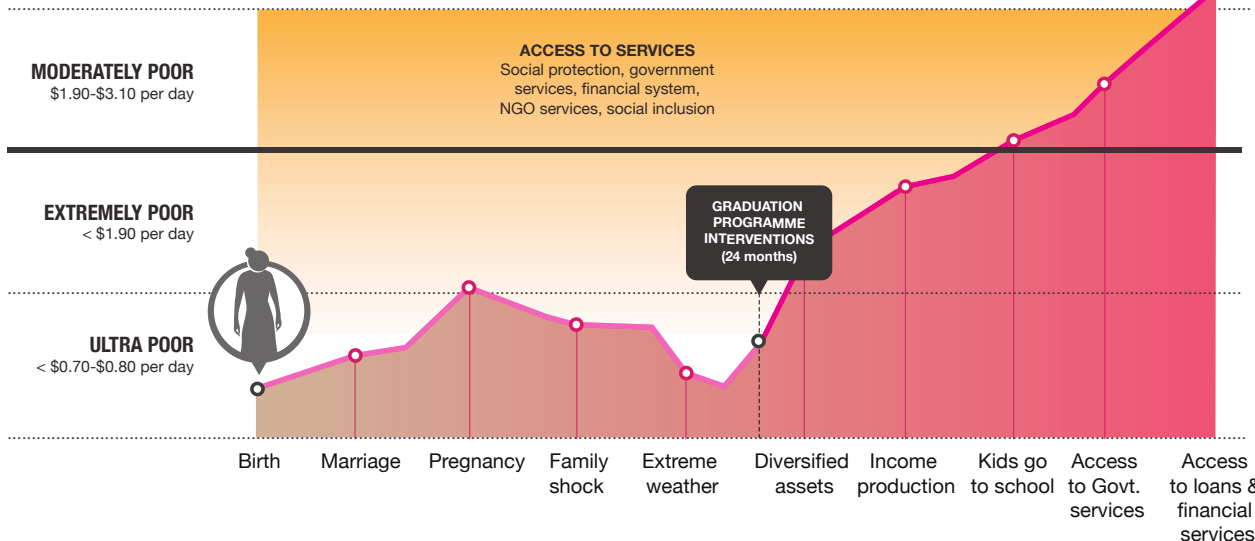
GRADUATION CRITERIA

It is important to note that “Graduation” is not synonymous with a threshold past which households are suddenly resilient to the pressures of poverty.

Clients of Graduation programmes are the most vulnerable of the poor and can still backslide if persistent shocks inhibit their trajectory. The continued success of Graduated households is greatly aided by the presence of support services that reinforce a household’s pathway out of poverty, including access to finance, mainstream development programmes, social integration and government led social protection programming.

GRADUATION APPROACH A Pathway Out of Extreme Poverty

The ultra poor are uniquely susceptible to life events and shocks and their incomes rise and fall correspondingly. The Graduation approach alters this trajectory and reduces income volatility, putting the household on a path towards financial inclusion and access to other services and support.



At the household level, Graduation is signified by greater household income and productive asset value, greater consumption levels, increased savings and higher social integration among other impact measures. In programmatic terms, Graduation occurs when households achieve economic and social advancement measured by several criteria over the course of 24 months. Criteria vary given the social and geographic context of the programme, and are often a combination of criteria appearing in table 6.

Graduation programmes use these criteria to define when a household has “graduated”, however the actual experience of graduation felt by households is more intangible. Households may feel they have a grasp on future income, a vision of their future and they may feel more seen and empowered within their communities.

NEXT STEPS: REFLECTION AND ACTION

- How does your Graduation programme define success among participants?
- How do participants define success for themselves?
- What Graduation criteria are most appropriate for your programme context and participants?
- What strategies can be employed to reinforce and sustain participants’ ability to graduate near the end of the programme cycle?
- What interventions might graduates ‘graduate into’ after the close of the programme?
- What mechanisms are in place for the slow climbers or individuals who do not succeed at graduating?

TOOLS
See Annex B
[Graduation Indicator Tracking](#)



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CASE STUDY

Graduation as a Stepping Stone to Other Interventions

Ethiopia

The CGAP-Ford Foundation Graduation pilot in Ethiopia, implemented by local NGO Relief Society of Tigray (REST) in partnership with MFI Dedebit Credit and Savings Institution (DECSI) adapted their Graduation programme to build on an existing government safety net programme, the Productive Safety Net Programme (PSNP). The ultra poor are targeted with PSNP cash/food transfers in return for working on community asset building. REST provides productive assets, skills training and weekly monitoring, while DECSI manages the financial components (savings, financial training, Voluntary Savings and Lending Associations) of the programme. The PSNP Food/Cash for Work helps to smooth consumption during the period of livelihood development. As households' economic base becomes stronger they graduate out of PSNP and move onto the Household Asset Building Programme for a further year. This enables them to increase incomes and accumulate assets through agricultural extension and credit services. Once households become resilient and able to support themselves they graduate from these programmes altogether.

Haiti

In Haiti Fonkoze caters to the poor with a variety of products designed to meet the evolving needs of individuals and households at various levels of poverty. Their programme includes three steps: basic Graduation programme components and support, small credit or solidarity group lending and business development.

The first step, Chemen Lavi Miyò (CLM)—the Road to a Better Life—is an 18-month programme that targets ultra-poor clients similar to BRAC's TUP programme. Participants who successfully complete the first step may self-select into one of the next programmes offered by Fonkoze: Ti Kredi (a small credit programme) or solidarity group lending.

Ti Kredi (small credit) targets women living on \$1 USD/ day or less, and offers an initial loan of \$40 USD with shorter repayment periods, extra support from the loan officer and literacy training. Its aim is to prepare participants to enter Fonkoze's mainstream solidarity lending programme. The solidarity lending programme, targeting women living on \$1-\$2 USD/ day, groups participants in a borrowing collective of five people, and then six or seven groups join to form credit centres of 30-40 people. Participants receive loans that range in size and duration from \$75 USD payable over 3 months to \$1,300 USD payable over 6 months, accompanied by literacy and business training programmes. The product is designed for clients who are ready to open an individual savings account, able to pay a small membership fee and engaged in commercial activity.

Once participants have demonstrated capability in the solidarity lending programme, they can graduate into the business development programme. Participants receive year long loans that start at \$1,300 USD to help them transition into the formal economy.



© 2014 Amplifier Strategies. BRAC TUP graduated participant with her successful pickle enterprise in Dhaka, Bangladesh.

05

Evaluating
Outcomes**OVERVIEW**

Propelling participants out of extreme poverty into sustainable livelihoods requires a carefully planned and comprehensive programme that integrates data monitoring and evaluation from the onset. Evaluations enable an implementing organisation to draw on the data collected to gauge the efficacy of the intervention and the impact of the programme in improving the lives of the target population it is intended to serve. Evaluations for programmes serving the ultra poor utilise rigorous, standard evaluation methods, albeit the selection of evaluation approaches must be carefully considered with regard to the target population, programme components, Graduation criteria, feasibility and desired impact.

KEY ELEMENTS FOR SUCCESS IN EVALUATING OUTCOMES

- ✓ Integrate evaluation approaches into the programme from the onset of programme planning and design.
- ✓ Harness credible results from evaluations to inform current and future programming, policies and funding to propel the extreme poor into sustainable livelihoods.
- ✓ Determine the best use of two main approaches to evaluation: performance evaluation designs primarily used for programme monitoring, and impact evaluation designs to determine overall causality and effect.
- ✓ While time and cost intensive, an impact evaluation is more rigorous, and should be executed by an independent third party and utilised as a companion of the performance evaluation.

DIFFERING APPROACHES TO EVALUATING GRADUATION PROGRAMMES

Evaluations of Graduation programmes are vital to ensuring that programming efforts are in fact placing households on a sustainable pathway out of extreme poverty. A strong evaluation can demonstrate whether and which outcomes persist past programme cycles and can ensure lessons learned regarding what works, what does not and why to inform future programming. Additionally, credible evaluation builds accountability by demonstrating effective use of public/private funds, and is critical information for policymakers considering funding, adapting or scaling up Graduation programmes.

Evaluation approaches vary depending on the logic and the conceptual framework for answering key research questions. There are essentially two main approaches, both with their respective advantages and limitations in addressing specific kinds of evaluation questions: performance evaluations primarily used for programme monitoring of delivery, and impact evaluations to determine overall causality and effect of the programme. Most implementing organisations opt to conduct either a performance evaluation alone or in combination with an impact evaluation, typically led by an independent third party.

Performance/Process Evaluations

Performance evaluations (PE), also known as process evaluations, place their primary focus on implementation, inputs, outputs and likely outcomes. PE approaches fall into three main categories: designs using primarily quantitative methods, qualitative methods or mixed methods.

- This approach is useful in answering questions about a Graduation programme such as who

benefited from the programme and who did not, the strengths and weaknesses in programme implementation and if the programme induced a change in participants, for example increased intake of nutritious meals.

- These evaluations also help answer normative questions that gauge programme performance against certain agreed norms or standards, such as to what extent did the programme achieve its target of graduating 400 ultra-poor women.
- Performance evaluation approaches tend to incur lower cost, are relatively fast to implement and are generally easily drawn from the data collected during the monitoring and reporting process.

As a result, performance evaluations tend to be the most frequently adopted.

Impact Evaluation

Impact evaluations are able to answer cause-and-effect questions about a Graduation programme, such as to what extent the programme led to greater self-employment of the ultra poor than would have been possible in the absence of the programme.

- Two groups—treatment and control—are randomly established at the launch of the programme to measure the precise impacts on an eligible target population with and without the intervention. The treatment group receives the services and goods associated with all programme components while the control group does not. Overall impact is measured by comparing the progress, conditions or status of the two groups at the end of the programme.
- Given that individuals are randomly selected to treatment and control groups and therefore possess like characteristics, an impact evaluation uses experimental or quasi-experimental means to construct a “counterfactual” to estimate what would have happened to participants in the absence of the programme (control group) as compared with what actually happened to participants (treatment group).

- While time and cost intensive, impact evaluations are stronger, more rigorous and robust evaluation designs than performance evaluations and are the only type of evaluation that can definitively point to the impact of a programme.
- To eliminate the possibility of bias in programme evaluations, external researchers should be used to conduct impact evaluations.

Meaningful impact evaluations that establish causality incorporate comparison or control groups of non-participant households and will require extensive data collection and management for baseline, endline, and at times midline observations.¹ The specific data from each household that the researchers collect in surveys should be kept strictly confidential and should not be shared with programme staff until the programme’s completion. Hence, programmes should collect and maintain their own client monitoring systems for performance evaluation simultaneously yet separately from the impact evaluation.

CASE STUDY

Monitoring and Reporting for Performance Evaluation

Once the final participant selection is completed, BRAC programme organisers collect basic social and economic data from each selected household. Baseline data points and periodic follow-up data are then used to determine progress of each household in achieving social and economic wellbeing and meeting programme targets, as well as to determine on-time responses to any problems that households may face.

Monitoring variables should closely align with the programme’s intended activities, outputs and outcomes and should not be extensively long, but comprehensive enough to provide a picture of each household. Data captured through programme level monitoring becomes the foundation for a programme Management Information System (MIS) and should be incorporated into a client monitoring system that is used for performance evaluation.

**TIP**

Impact evaluations need to be carefully considered due to substantial cost, time and technical requirements.

There are a variety of experimental and quasi-experimental impact evaluation approaches that can be adopted by an implementing organisation, as described in the table above.

THE BRAC APPROACH TO RESEARCH AND EVALUATION

Established in 1975, the Research and Evaluation Division (RED) of BRAC evolved into a multi-disciplinary independent research unit within the framework of BRAC. For more than four decades, the division has played an integral role in designing BRAC's development interventions, monitoring progress, documenting achievements and undertaking impact assessment studies.

Following the earliest cohorts of BRAC's TUP, the RED executed two non-randomised research designs to assess the programme's impact.

- The first, a difference-in-differences test, produced clear impacts on households decreasing observable vulnerability characteristics. Unfortunately, due to research design selecting the comparison group based on individuals who were identified by the community as ultra poor in the participatory wealth ranking exercise but did not meet the programme's inclusion criteria, many were actually better off than programme participants.
- The second, using propensity score matching, likewise suffered from data limitations caused by spill over effects; individuals in the comparison group were selected from the same community as the treatment group and likely experienced exposure to the programme.



Ethics and Evaluation: Control Groups in Impact Evaluation

Impact evaluations require the presence of treatment and control/comparison groups to establish a cause and effect relationship between the programme and outcomes experienced by participants.

In designing an impact evaluation, a target population is identified and then randomly assigned to either a treatment group, which will receive the Graduation programme, or a control/comparison group, which will not receive the Graduation programme.

The existence of a control group means an ultra-poor population has been selected but will not benefit from the programme in any way.

This raises ethical issues about denying coverage to an identified vulnerable population for the sake of evaluation. Some programmes address these ethical issues by arranging for a phased intervention allowing these groups to be treated at a later time. Others may choose a comparison group using a group that is just above a cut-off in inclusion criteria (e.g., monthly income) that is not eligible, but otherwise similar in all other ways to the treatment group. Programme implementers should consider the implications and weigh the best option given resources and mission alignment.


Table 7: Impact Evaluation Approaches

Approach	Methodology	Estimated Cost
Randomised Control Trial	Individuals in the target population are randomly assigned to treatment and control groups in this form of experimental design. Data is collected before (baseline) and after (endline) programme and sometimes in between (midline). Randomisation of participants at individual, household or village level increases the probability that the two groups will be statistically similar, controlling for selection bias and producing the most rigorous estimate of the counterfactual in the absence of the programme.	High
Regression Discontinuity	Individuals in the target population are selected based on a continuous eligibility index (such as monthly household income or dependency ratio) and a clearly defined cut-off score. Comparison group is selected from those just above or below the cut-off.	Low
Difference in Differences	When randomisation is not possible, this approach estimates the change over time between a treatment group before and after intervention as well as a comparison group that did not receive treatment before and after the same period. These between group changes are then compared to estimate the impact of the programme.	Medium
Matching	When randomisation is not possible, another approach constructs a comparison group based on similar characteristics to the treatment group for example using propensity score matching (a scorecard helps identify similar individuals to those in the treatment) or an ex-post matching (selecting a comparison group after treatment has taken place).	Low

In 2011, BRAC RED released an updated study, a randomised control trial (RCT) based on panel data from the 2007-2009 cohort of STUP participants. This data collection for a difference-in-differences test included three rounds: 2007 (baseline), 2009 and 2011. The sample selected included all households determined to be eligible per the PRA process and verification in each of the 20 treatment branch offices and in each of the 20 control branch offices. The overall sample across all 40 branch offices spanned 1409 communities. At the time of the base-

line survey in 2007, the sample included 7953 eligible households over treatment and control groups. The 2011 follow-up round successfully identified 6919 households, representing a mere 13% attrition from the baseline households examined.² A follow-up qualitative study using focus groups and key informant interviews was conducted from February to June 2011 to provide insights into the prevailing local patterns of intra-household asset ownership and on participants' perceptions of gendered impacts of the project.³

Advantages	Disadvantages
<p>This approach is considered the “gold standard” of evaluations for high level of accuracy in approximating the impact of a programme by randomising participants at the individual, household or village level.</p>	<p>Highly costly, RCTs can be prohibitively expensive to employ particularly for smaller organisations or programmes.</p> <p>Presence of a control group not receiving assistance may create ethical considerations for implementing organisation.</p> <p>Must be designed before the intervention is to begin.</p>
<p>This approach avoids some ethical implications by selecting a comparison group from among individuals who are technically not eligible for the programme however are very similar to participants because they cluster just above or below cut-off.</p> <p>Relatively low cost to identify comparison group if a database of households is available to target from.</p>	<p>Comparison group technically does not qualify for the programme and might exhibit characteristics unlike the treatment group though this is unlikely if the cut-off line is drawn accurately where most individuals cluster above or below.</p>
<p>This approach can be employed after an intervention has taken place using data about a participant group and a non-participant group before and after the programme took place.</p> <p>Macro level changes that take place over time affect both groups equally because both are measured before and after intervention.</p>	<p>Does not allow for the greater accuracy of randomisation.</p> <p>Requires the presence of baseline data on both groups.</p>
<p>This approach can create an artificial comparison group that is as identical to the treatment group as possible based on specific characteristics of importance.</p>	<p>This requires extensive datasets to have a large sample pool to draw specific individuals from to comprise a comparison group.</p> <p>This method is less robust than many other impact evaluation types.</p> <p>Greater accuracy when used with other methods such as difference in differences.</p>

 **TIP**

Rigorous, credible evaluations can inform current and future programming, policies and funding allocations.

Overall, the BRAC RCT determined that:

- Participants multiplied their asset base beyond the initial asset transfer value and reduced dependency on activities such as begging and working as low-paid domestic help.
- Food security rose sharply with double the number of treatment households reporting an ability to consume two square meals daily.
- Households exhibited strong improvements in savings behaviour and participation in credit markets, likely due to investments in the productive asset following the completion of the programme.
- Women's awareness of legal and social issues affecting the household also increased.

Much like the recent RCTs produced through the CGAP-Ford Foundation pilots, the BRAC RCT produced noteworthy improvements across key economic and social indicators for the ultra poor and furthermore sustained those improvements over time. This study, alongside a wide range of experimental and quasi-experimental evaluations of BRAC's TUP Graduation programme, form the foundation upon which more than a decade of implementation experience has been thoroughly documented and rigorously examined to demonstrate the far reaching impacts of Graduation on populations of the ultra poor.

Subsequent BRAC studies have included contextual variations of Graduation outside of the Bangladesh context, for example a recent BRAC pilot in South Sudan, as well as deeper examination of the multiplicative health and nutrition impacts on children in TUP households and gendered impacts of TUP on women's labour, among numerous others. These studies constitute a rich body of knowledge on the TUP programme which can serve as both a valuable resource for implementing governments and organisations as well as a springboard for future Graduation research, including the impact of Graduation in urban contexts, among youth populations, inter-generational effects and closer examination of the impact of specific programme components such as household visits.

Future research will likewise unpack the role of hope, self-esteem and confidence in empowering participants to not only excel during the two-year programme, but to continue to thrive long after the programme's completion.

NEXT STEPS: REFLECTION AND ACTION

- What information is desired from the programme? How will it be used? What financial resources are available for data collection and analysis? These questions will point to the ideal type of evaluation method used.
 - What evaluation approaches are you familiar with, and which ones do you need to learn more about?
 - How strong is your evaluation team, and how can it be strengthened?
 - What evaluation tools currently exist that can be adapted and enhanced for Graduation evaluation?
 - Would you consider undertaking an impact evaluation? Why or why not? If your organisation is conducting a programme where it will affect a large number of individuals at scale or will require a large share of a Ministry budget, you may want to consider an impact evaluation on a pilot programme if:
 - Insufficient evidence is available about the planned methodology of your Graduation programme.
 - Innovation or a new approach is being tested.
 - The programme will likely scale across contexts or settings.
 - Results will inform key policy decisions, particularly at a national or global level.
 - How will data be collected and by whom? Will an independent evaluator conduct the impact evaluation? If so, their data must remain confidential throughout the programme for credible collection and analysis.
-



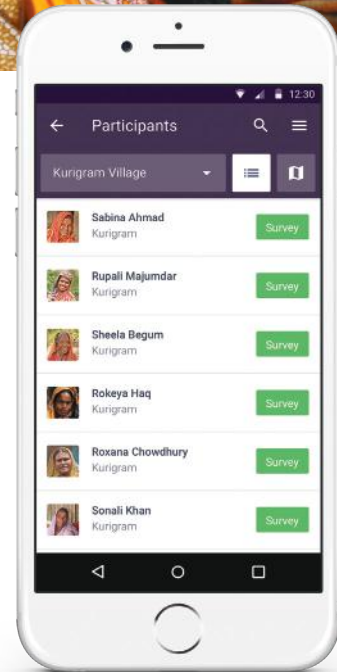
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TIP

Learn about Amplifier Strategies' new digital data collection platform, Impact Atlas, developed specifically to strengthen evaluation of the Graduation approach and support scale up at www.impactatlas.org.

TOOLS

See Annex B
[Monitoring and Evaluation Tools](#)



¹ Bamberger, M. 2012. Real World Evaluation Chapter 12; Rist, R. and Morra, L. 2009. The Road to Results: Designing and Conducting Effective Development Evaluations. The World Bank.; USAID. 2013. Evaluative Case Studies. Technical Note. USAID Monitoring and Evaluation Series; Gertler, P., et. al. 2011. Impact Evaluation in Practice. The World Bank, Washington, D. C; International Initiative for Impact Evaluation (3ie). <http://www.3ieimpact.org/>; Khandker, S. R., et. al. 2010. Handbook on Impact Evaluation: Quantitative Methods and Practices. Washington, DC: The International Bank for Reconstruction and Development / The World Bank. <http://go.worldbank.org/9H20R7VMP0>

² Bandiera A. et al. 2013. Can Basic Entrepreneurship Transform the Economic Lives of the Poor? CFPR Working Paper No. 23. Dhaka, Bangladesh: BRAC Research and Development Division.

³ Das, N. et al. 2013. How Do Intrahousehold Dynamics Change When Assets Are Transferred to Women? Evidence from BRAC's Challenging the Frontiers of Poverty Reduction—Targeting the Ultra Poor Program in Bangladesh. IFPRI Discussion Paper 01317. Washington, DC: International Food Policy Research Institute, December.



06 Learning and Innovating for Scale

OVERVIEW

Since its inception in 1972, BRAC has always had to ‘think big’ in its innovations to address the needs of the poor. In a densely populated nation cresting 160 million people, Bangladesh has long grappled with poverty through a lens of scale. The *Targeting the Ultra-Poor programme*, which has expanded its reach to more than 1.6 million participants since 2002, was created largely as recognition of failure—the failure of existing programming to provide an upwardly mobile trajectory for some of Bangladesh’s poorest citizens. At that time, BRAC identified a gap in its microfinance offerings to the extreme poor, a group unable to access services due to their ineligibility to meet selection criteria. By providing dedicated training and intensive coaching, the programme supplied the necessary supports to help stabilise ultra-poor households and connect them to sustainable livelihoods that would not only enable compliance with microfinance loan obligations, but also enables them to retain sufficient household revenue to support their families long-term.

Through successful piloting, to have the broadest and most lasting impact on poverty nationally and globally, pilot projects and similar interventions must operate with a view to scaling up successful approaches. Piloting with the intent of expansion enables an implementing entity to draw on lessons learned from the testing ground of innovation to replicate and adapt proven approaches for a broader population. Scaling up effective programmes targeting the ultra poor is the only way in which a country and the global community can achieve the Sustainable Development Goal of eradicating extreme poverty by 2030.

“People say small is beautiful,” stated BRAC founder and chairperson Sir Fazle Hasan Abed at the Toronto International Microfinance Summit in 2013. “We [at BRAC] always thought that small and beautiful will not have an impact on poverty.”



KEY ELEMENTS FOR SUCCESS IN LEARNING AND INNOVATING FOR SCALE

- ✓ Designing an approach that is tailored to fit the national social protection agenda and conforms to the national social protection discourse at hand is highly beneficial to scale.
- ✓ Pilots best primed for scale will incorporate consideration for scale in a cost-effective and replicable manner in the earliest possible stages.
- ✓ Leveraging national social protection programmes and strategies is a proven strategy to adopt Graduation for scale.

- ✓ National or regional level champions can galvanise resources and support for Graduation in a given country or among a given population.
- ✓ Account for adequate funding, staffing and monitoring and evaluations systems.
- ✓ Develop strategies to respond to roadblocks to scale as they arise.

PAVING A PATHWAY TO SCALE

Among development organisations, BRAC is an anomaly. Large and heavily integrated into the development infrastructure in Bangladesh, since 1972 BRAC has become one of the largest development organisations. Its service offerings for the poor have grown to become operational across the spectrum of development services throughout the country as well as in eleven additional countries globally. Barring these conditions that enabled BRAC to scale rapidly, global Graduation programmes likely stand the best chance of scale through government ministries and agencies as well as bilateral and multilateral institutions with the resources and infrastructure to touch the lives of millions of the global poor.

As successful Graduation programmes continue to adapt and proliferate, integration with government social protection frameworks and national strategies will be core to sustaining large and lasting impacts. This will involve deep understanding of existing government schemes and embedding the Graduation programme within a host of services offered to the poor. Where these services are limited or not present, this may require working closely with or alongside government ministries to demonstrate impact from the approach during a pilot phase. Following this, programme implementers may find it easier to interweave the approach within an existing national framework and social protection budget. Finding national or regional level service providers and champions is a crucial step in innovating for scale with the Graduation approach.



TIP

Building upon national safety net programmes and strategies may be a critical component of scaling up the Graduation approach.

CASE STUDY

Casting a Wider Social Safety Net in Ethiopia

In implementing a Graduation pilot in Ethiopia, the Productive Safety-Net Programme (PSNP) harnessed the power of cash transfers in the Tigray region to provide consumption support in a cash and food for work programme implemented by the NGO the Relief Society of Tigray (REST). The pilot results in Ethiopia, some of the strongest among the CGAP-Ford Foundation Graduation pilots, showed remarkable success largely due to a comprehensive market analysis, carefully paired and selected enterprises and strong linkages with the government social protection framework through PSNP. Such national scale linkages enable Graduation programmes to build on existing government services targeting the ultra poor and construct a clearer pathway to scale for national roll out.

Programmes seeking to reach scale should consider:

- Seeding buy-in from government or multilateral institutions with the resources and reach to spread the programme to millions of the ultra poor in need.
- Piloting a Graduation programme among a target population to demonstrate local relevance and pathways to success; this can be a role for NGOs and MFIs where available.
- Pooling various funding resources whether from government, bilaterals, multilaterals, innovation funds, development banks or other private sector areas.
- Partnering with other organisations to coordinate programming and aggregate resources.
- Screening the market to determine whether existing value chains are in place to pave the way to successful enterprises through self-employment or by means of formal employment.
- Conducting a cost benefit analysis relevant to government budgets and resources allocated in existing policy frameworks or other key potential implementing organisations of Graduation at scale.

CASE STUDY

Markets for Scale in Ethiopia

One of the essential linchpins of the Graduation approach is in linking participants to markets. In Ethiopia for example, USAID conducted a thorough and in-depth analysis of an emerging high potential honey industry, which heavily influenced enterprise selection in the Graduation programme there.¹ These types of analyses should be conducted in designing a programme that takes into account not only the possible outcomes for participants and their households following the close of the programme, but also the macro-level implications of scaling the approach and impacting related markets and value chains in the process.

- Innovating to test aspects of the approach with greatest relevance to the target population and implementing organisation as well as the global research agenda around Graduation. For example, this may include building evidence around partial cost recovery models or cost reduction mechanisms such as varying the intensity of household visits. This could also involve the addition or adaptation of components to populations with unique needs.

ROADBLOCKS TO SCALE

With the recent recognition of the Graduation approach as a proven intervention in addressing the needs of the extreme poor,² much debate has arisen around the question of how to adapt the programme to address lingering inquiries into potential roadblocks to scale.

- **Value of programme components relative to costs is largely unknown.**

Which programme components produce the greatest impact for least cost?

Chief among considerations for roadblocks to scale is assessing the individual and collective value of the programme components and their relative costs. The next round of research related to Graduation programmes is intended to shed light on the relative value-to-impact of individual components of the approach, and by

CASE STUDY

Cost Effectiveness at Scale in Pakistan

In Pakistan, BRAC's Graduation pilot determined that the participatory wealth ranking exercise, though cost effective and inextricable from the Bangladesh rural intervention model, was too expensive to be employed among a more geographically dispersed population and with limited staff bandwidth. Therefore, programme staff relied on poverty scorecards. Scorecards in this case were believed to produce less precise targeting than BRAC's customary participatory process, which triangulates information on eligible participants through a Participatory Wealth Ranking, a proxy means test and verification visit from staff. However, the relative cost effectiveness and savings of a scorecard in Pakistan outweighed these concerns. More so than in pilot stages, at scale programmes must account for budget constraints, developing a sophisticated calculus of costs and benefits to determine the best path to scale. This can point to a trade off between desired programme outcomes and financial realities. Organisers should determine a minimum threshold for execution that matches existing resources.

extension, whether key components may be altered to reduce costs while still achieving similar household level impact.

- **Provision of asset transfers can be costly and labour-intensive to administer.**

How can the process and cost of asset transfers be streamlined?

A second consideration is contexts that may necessitate labelled cash transfers earmarked for productive assets rather than physical in-kind asset transfers. These modifications often will represent trade-offs in cost and impact, and potentially new demands of the programme. For instance, ensuring that such a cash transfer is actually used for productive means and not consumption might require more intensive staff monitoring initially to ensure the transfer is properly invested. The programme may need to also build in mitigating measures against theft, fraud and other security concerns.

- **Staff requires competence in several areas based on Graduation components.**

What staff training is necessary to provide an integrated approach?

Further key to effective scaling up is the proper staffing and training of staff that deliver Graduation programmes. Graduation combines many varying types of programmes ranging from health care services to financial education and asset transfers with livelihoods training. Staff accustomed to servicing one of these several needs will require adequate training on additional components and a deeper understanding of how the components function together. Field staff making regular visits will need to be trained not only on delivering training and guidance to participants, but identifying red flags in the household, making inquiries into livelihoods progress, children's education, health care needs and overall well being. These soft skills will require grounding in basic concepts of social work, community empowerment and gender sensitivity.

- **Sophisticated MIS can be expensive and require copious staff time to manage.**

What types of MIS produce sufficient monitoring with real-time ability to course correct?

Unlike programmes where participants are given an injection of capital, food aid or support and left to their own devices, Graduation encourages a meaningful link and consistent check-ins for the ultra poor who typically are ill-equipped to carry forth the transformative experience with receipt of inputs such as cash, assets, training or food aid alone. Adequate MIS enables a Graduation programme to pivot to address individual or community needs as they arise, a capability that is critical when operating at scale. Timely indicators from ground staff can signal trends related to widespread crop failures or threats to enterprises that may impact an entire cohort.

 **TIP**

Having a strong MIS in place not only supports overall programme monitoring and evaluating impact, but also enables real time decision making to respond to concerns that may affect participants and ultimately the overall pilot.

ADAPTING FOR SCALE

While pilot programmes have tremendous value in testing innovation and new approaches to addressing the needs of the poorest, to achieve the broadest and most lasting impact on poverty nationally and globally ultimately requires graduating a pilot project to scale. The most impactful and sustainable gains achieved are Graduation programmes that were designed with the objective of testing scalability by building in cost-effective and scalable mechanisms from their inception. In Ethiopia, for example, USAID conducted a thorough and in-depth analysis of an emerging high potential honey industry, which heavily influenced enterprise selection at scale there.³ These types of analyses should be conducted in designing a programme that takes into account not only the possible outcomes for participants and their households following the close of the programme, but also the macro-level implications of scaling the approach and impacting related markets and value chains in the process.

NEXT STEPS: REFLECTION AND ACTION

- How effective are national safety net programmes and strategies? What can be leveraged to scale up the Graduation approach?
- What resources can be pooled or acquired to support implementation?
- How willing is the implementing organisation to innovate?
- Who are potential funders for piloting and scaling up Graduation?
- Which roadblocks can an implementing organisation address, particularly in pilot phases?

CASE STUDY

Monitoring Mechanisms in India

In India, one of the six pilot sites for the CGAP and Ford Foundation supported randomised control trials of Graduation programmes, rumours that the prime implementing organisation aimed to convert Muslims to Christianity spread like wildfire, pushing participants to opt out of the programme and thereby lowering the intended impact among the target population. Piloting to scale requires developing a systems wide mechanism to recognise these trends early, to allow a response from programme staff in a timely way.

Designing with the aim to harness pilot learning and innovation in order to achieve massive national, regional and global impact at scale is essential to bringing the fruits of Graduation to bear for marginalised populations worldwide. Small is indeed beautiful, but scale is impactful.

CASE STUDY

Removing the Roadblocks to Scale

One of the greatest challenges to scale is converting innovative partnerships and pilots into larger scale impact – rapidly. To do this requires a networked approach to learning, exchange and adaptation.

In response to this need, Amplifier Strategies partnered with BRAC and a group of philanthropic donors to launch Uplift, a collaborative initiative to accelerate global adoption of Graduation programmes and contribute to the eradication of extreme poverty by 2030. Through a combination of capital mobilisation, tech innovation, learning and exchange, Uplift works with investors and leading cross-sector partners to remove barriers to collaboration and support the scale-up of Graduation programmes worldwide.

To learn more about Uplift visit www.joinuplift.org.

¹ U.S. Agency for International Development. 2012. "Cost-Benefit Analysis of the Honey Value Chain in Ethiopia: Graduation with Resilience to Achieve Sustainable Impact—GRAD Project." http://pdf.usaid.gov/pdf_docs/PA00JN6Z.pdf

² "Graduating from destitution." The Economist, August 1, 2015. <http://www.economist.com/node/21660133>

³ U.S. Agency for International Development. 2012. "Cost-Benefit Analysis of the Honey Value Chain in Ethiopia: Graduation with Resilience to Achieve Sustainable Impact—GRAD Project." http://pdf.usaid.gov/pdf_docs/PA00JN6Z.pdf



Conclusion

As BRAC founder and chairperson Sir Fazle Hasan Abed aptly states, in addressing extreme poverty, Graduation is “one of the solutions, not *the* one solution”. Poverty is too complex to be solved with a single instrument. Graduation however is a powerful, evidence-based and integrated approach to enhance livelihoods and strengthen resilience; it is a holistic effort to address the wide spectrum of resource deficits and propel the ultra poor out of poverty and vulnerability. With the full results of the impact research published in 2015, Graduation holds a decisive role in the global effort to eradicate extreme poverty by 2030. With momentum and interest rising from various stakeholders and countries in adapting the Graduation approach, we stand at a moment of tremendous opportunity for international scale and adaptation. The time is now to adapt and scale up Graduation programming for populations of the ultra poor around the world.

CALL TO ACTION

- 01 **Review** the graduation approach, proven results and potential for scale up.
- 02 **Assess** the local social, economic and political context to determine how best to adopt and adapt the Graduation approach in your country or region.
- 03 **Secure** funding to target the ultra poor in a comprehensive and sustainable way.
- 04 **Collaborate** with government, NGOs, MFIs and other national and regional service providers and champions of working with the ultra poor.
- 05 **Implement** Graduation to help the ultra poor move out of extreme poverty to sustainable livelihoods.
- 06 **Innovate** and evaluate to identify what works, what doesn't and why.
- 07 **Share** lessons learned with the global Graduation community.
- 08 **Advocate** for scaling up the Graduation approach and other proven approaches.
- 09 **Fulfill** the Sustainable Development Goal to eradicate poverty by 2030.
- 10 **Celebrate** success and keep the momentum going!

Annex A

Glossary of Terms

Adaptation	To modify a Graduation programme to best suit the local context and serve the specific needs of the ultra-poor target population. Adaptation can be applied to: 1) The programme in its entirety, for example BRAC's programme variations to meet either specifically targeted or other targeted ultra poor, or to address ultra poor affected by climate change; and 2) A specific programme component such as the selection of asset transfers, or use of tablets for financial education as implemented by Fundación Capital.
Asset transfer	The asset transfer provides an immediate injection of capital and value to participants that they would not be able to accomplish themselves (despite their best efforts and other programme interventions). This enables participants to abandon subsistence activities, such as domestic servitude, seasonal farm labour and begging, in favour of more stable and socially respected income-generating activities.
CFPR/TUP ("Challenging the Frontiers of Poverty Reduction/ Targeting the Ultra Poor")	Holistic, sequenced set of interventions pioneered by BRAC in Bangladesh to propel and graduate people from ultra poverty to sustainable livelihoods. The interventions include: regular life skills training and home visits, technical skills training, asset transfers, enterprise development, consumption stipends, financial literacy and savings, health care and social integration. Working together, these interlocking interventions lead to strong outcomes at the household level, including increased or improved assets, food security, savings and financial inclusion, health outcomes, social integration and productive skills. Pioneered by BRAC's TUP programme, the Graduation approach has been scaled in Bangladesh, where BRAC has graduated 1.6 million households since 2002.
	CFPR/TUP's experience served as the model for the CGAP-Ford Foundation Graduation Programme.

CGAP/Ford Foundation Graduation pilots	To gauge the universality of the BRAC model, CGAP and the Ford Foundation conducted a global programme from 2006 to 2014 to adapt and scale up the Graduation approach through 10 pilot programmes in eight different countries. They partnered with international NGOs, local organisations and governments to assess whether BRAC’s model would work when delivered by different lead implementers, in different geographical and cultural contexts. A robust learning and evaluation agenda was embedded in all the pilot sites, including qualitative research and/or randomised controlled evaluations. Results of the pilots were positive: after 24-36 months the majority of participants (75-98%) met their programme’s “graduation” criteria with regards to nutrition, assets and social capital.
Consumption stipend	A consumption stipend can take the form of a cash grant, staple food item or combination thereof that is provided to participants at the start of the programme to provide participants with the “breathing room” needed to establish basic food security and transition to more fruitful income-generating livelihoods.
Enterprise selection	The selection of viable economic activities for ultra-poor households to increase their income levels. This is one of the essential components of the Graduation approach, and must be determined with careful analysis of local market conditions and viability as well as the participant’s circumstances.
Evaluation	<p>The collection of data to gauge the efficacy of the intervention and the impact of the programme in improving the lives of the target population it is intended to serve. Evaluations are integrated into programme design and delivery.</p> <p>There are two main evaluation approaches for Graduation programmes: 1) performance/process evaluations used for programme monitoring (inputs, outputs and outcomes); and 2) impact evaluations to determine overall causality and effect of the programme. The selection of evaluation approaches must be carefully considered with regard to the target population, programme components, Graduation criteria, feasibility and desired impact.</p>

Extreme poverty	The extreme poor live on less than \$1.90 USD/day, the global poverty line updated by the World Bank in October 2015. According to the most recent World Bank estimates, in 2012, 12.7 percent of the world's population, or 896 million people, lived at or below \$1.90 USD/ day. The global community's Sustainable Development Goals aim to eradicate extreme poverty by 2030.
Graduation approach	BRAC's Graduation approach is a comprehensive, time-bound and sequenced set of interventions that aim to graduate people from ultra poverty to sustainable livelihoods. The interventions include: regular life skills training and home visits, technical skills training, asset transfers, enterprise development, consumption stipends, financial literacy and savings, health care, and social integration. Working together, these interdependent interventions lead to strong outcomes at the household level including increased or improved assets, food security, savings and financial inclusion, health outcomes, social integration and productive skills. BRAC has graduated 1.6 million households since 2002.
Graduation criteria	Graduation occurs when households achieve economic and social advancement measured by several criteria over the course of 24 months. Criteria vary given the social and geographic context of the programme. BRAC graduation criteria include establishment of: food security, income related resilience, additional economic resilience through savings, household resilience to negative health effects and practice of positive health seeking behaviour, greater household structural resilience and reinforcement of positive behaviour change.
Poverty Wealth Ranking (PWR)	PWR, a subset of Participatory Rural Appraisal methodologies, is a two-day participatory process used in Graduation programme targeting/participant selection whereby communities define for themselves who the poor are through a ranking process.
Social integration	Social Integration is a critical component of the Graduation approach that develops strong linkages between participants and the community-at-large to build participants' social capital and resilience.

Soft loan

Microfinance loans bearing more flexible terms than traditional loans, such as smaller size loan and a grace period for repaying the loans, provided in BRAC's The Other Targeted Ultra Poor (OTUP) approach, for participants who are considered marginally less deprived than the most destitute ultra poor, for the equivalent of the major portion of the asset required to start their enterprise.

**STUP/OTUP
ultra poor**

Even among the ultra poor, there are distinctions between the most vulnerable and destitute of the population and their relative capacities to utilise resources. As a result, there are two variations in BRAC's Graduation approach targeting the ultra poor:

1. Specially Targeted Ultra Poor (STUP) where the most destitute ultra poor, who lack access to any productive assets or safety nets, are targeted with the Special Investment Programme which includes physical productive assets, life skills and technical skills training, weekly stipend, regular home visits, tailor-made health care and community support; and
2. The Other Targeted Ultra Poor (OTUP) for participants who are considered marginally less deprived than the STUP and receive a soft loan for the equivalent of the major portion of the asset required to start their enterprise, in addition to the other components of the programme. This credit-based approach is designed with flexible terms and conditions such as smaller size loan and a grace period for repaying the loans.

BRAC has reached 1.6 million ultra-poor households through both its STUP (asset) and OTUP (soft loan) approaches combined. The majority of its ultra-poor clients are served through the soft loan variation (OTUP). However, BRAC strongly maintains the need for the STUP variation. In BRAC's experience, if participant selection is rigorous, there will be participants surfaced who simply will not be able to repay a loan, where only grants will succeed in kick-starting enterprises.

It is important to note that the CGAP-Ford Foundation pilots only adapted the productive asset-based approach (STUP) and not the soft loan approach (OTUP) variation of Graduation.

**Targeting/
participant
selection**

Targeting, or participant selection, is a rigorous procedure to ensure that the most vulnerable in a given community benefit from the programme, and not better-off households with greater resilience and means. A triangulation of different methods (participatory wealth ranking, means testing and home visits) is used to balance potential inclusion and exclusion errors.

Ultra poor

The ultra poor are the lowest earning and most vulnerable subset of those living below the global poverty line of \$1.90 USD/day. The ultra poor are a marginalised subset of the extreme poor, often without access to social safety nets or support from mainstream government or NGO services. The specific characteristics and income thresholds of the ultra poor depend on the local context and drivers of vulnerability, such as food insecurity, geographic isolation, absence of productive assets, lack of access to basic services and social ostracism.

Annex B

BRAC Tools and Resources

Programme Management Resources

[Programme Administration Tools](#)

[Household Visit Tools](#)

[Staff On-boarding Resources](#)

[Sample Staff Position Descriptions](#)

[Participant Targeting Resources](#)

[Poverty Reduction Committee \(GBCD\) Resources](#)

Training Resources

[Technical Skills Training Resources](#)

[Staff Training Resources](#)

Monitoring and Evaluation Tools

[Graduation Indicators](#)

[Asset and Stipend Tracking Tools](#)

[Income Expenditure Tracking Tools](#)

Annex C

Additional Resources and Works Cited

SUGGESTED RESOURCES:

“An end in sight for ultra poverty Scaling up BRAC’s graduation model for the poorest.” BRAC Briefing Note #1:Ending extreme poverty. November 2013.

- A summary of the global issue of ultra poverty and BRAC’s pioneering approach to poverty alleviation.

<http://www.brac.net/sites/default/files/BRAC%20Briefing%20-%20TUP.pdf>

“Reaching the Poorest: Lessons from the Graduation Model. CGAP Focus Note No. 69, March 2011.

- Cites the graduation approach as a leading innovation for families beyond the reach of traditional development programmes

<http://www.cgap.org/sites/default/files/CGAP-Focus-Note-Reaching-the-Poorest-Lessons-from-the-Graduation-Model-Mar-2011.pdf>

Reaching the Poorest: Global Learning Event. 2014. CGAP.

- A gathering of more than 100 policymakers, practitioners, development experts and donors who reviewed research and findings on the graduation pilot programmes (organised by CGAP, February 2014).

<http://www.cgap.org/news/reaching-poorest-global-learning-event>

The Graduation Model: Escaping extreme poverty. 2014.

- A video animation about BRAC’s approach to poverty alleviation and the criteria for “graduation”.

<https://www.youtube.com/watch?v=troXQ4CTs1I>

RESEARCH: Validating the Graduation Approach

Clinton Global Initiative Highlights. 2013

- During a plenary session on Creating Business at the Base of the Pyramid at the Annual Meeting, development economist Esther Duflo weighs in on BRAC's approach to poverty alleviation.
<http://vimeo.com/77011008>

A research summary of seven randomised evaluations of the Graduation approach indicating that a “big push” intervention caused broad improvements in key dimensions of economic and noneconomic well-being.

- Abdul Latif Jameel Poverty Action Lab and Innovations for Poverty Action, 2015. Building Stable Livelihoods for the Ultra-Poor. J-PAL and IPA Policy Bulletin, Cambridge, MA.
<http://www.povertyactionlab.org/publication/building-stable-livelihoods-ultra-poor>

A first-hand experience and research on the efficacy of the Graduation approach as applied in rural Peru

- “Reaching Very Poor Families: A Promising approach.” Ford Foundation. March 2014.
<http://www.fordfoundation.org/equals-change/post/reaching-very-poor-families-a-promising-approach>

An analysis of how the Graduation Approach can be replicated or adapted at low cost, and how it relates to the broader field of efforts targeted at the ultra poor.

- Marston, A. and Grady, H. 2014. “Tackling Ultra poverty through the Graduation Approach: Situating Sustainable Livelihoods in the Landscape of Social Protection and Safety Nets.”
<http://www.microfinancegateway.org/library/tackling-ultra-poverty-through-graduation-approach>

Reports the results of a randomised impact evaluation of Bandhan's Ultra Poor Graduation pilot in India that confirms the intervention succeeds in elevating the economic, social and psychological wellbeing of the poorest.

- Banerjee, A. et al. 2011. Targeting the Hard-Core Poor: An Impact Assessment. Poverty Action Lab, funded by CGAP and the Ford Foundation, November.
<http://www.povertyactionlab.org/publication/targeting-hard-core-poor-impact-assessment>

This paper presents the BRAC programme as a major innovation in poverty eradication efforts, and shows how the process of ‘graduation’ necessitates state level support.

- Hashemi, S. and Umaira, W. 2011. “New Pathways for the Poorest: the Graduation Model from BRAC. ” Centre for Social Protection Research Report 10. BRAC Development Institute, Dhaka, Bangladesh, January.
<https://www.ids.ac.uk/files/dmfile/ResearchReport10FINAL.pdf>



BRAC works with governments, NGOs and MFIs to assess the feasibility and capacity of implementing Graduation programmes, and develops context-specific design recommendations. Through the years, BRAC has provided technical assistance to help a number of implementing organisations with effective programme planning and design.

BRAC services include:

- Immersion visits to BRAC's flagship Targeting the Ultra-Poor programme.
- Assessment of organisational strengths and capacity of potential partners.
- Programme feasibility reports and on-the-ground programme design.
- Analysis of existing social protection programming and potential for integration with Graduation programme components.
- Review of integrated service offerings of NGOs to similar populations, including budget, infrastructure and operations.
- Linking to global and national funding opportunities and resources.
- Creation of country-specific knowledge products to disseminate findings and results and train internal staff in programme implementation.
- Incorporation of global lessons learned in Graduation programming and best practices.

For more information about BRAC technical assistance and advisory services please contact ultrapoorgraduation@bracusa.org or visit www.ultrapoorgraduation.com.



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