



Adapting for Reach: Early Lessons Approach

INDIA Case Study by Anasuya Sengupta

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Preserving the Essence,

from Large-Scale Implementations of the Graduation



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FOREWORD

Inequality remains at very high levels globally, limiting prospects for overall economic growth as well as opportunities for the poor and disadvantaged to get ahead. Combatting inequality in all of its forms is central to the mission of the Ford Foundation, and reducing inequality requires addressing the incomes and assets of the poor *and* addressing the alarming gap between those at the top and bottom of the economic ladder.

In this context, reducing or eliminating extreme poverty worldwide is a critical strategy, encompassed in the United Nations' Sustainable Development Goal #1: "End poverty in all its forms everywhere." A recent World Bank report estimated that close to 900 million people, or about 13 percent of the world's population and 15 percent of the population of developing countries, live on less than \$1.90 per day – the updated international poverty line as of 2015.¹

Unfortunately, most development interventions, including microfinance and livelihood development programs, have not addressed the needs of the extreme or ultra-poor because these populations tend to be the hardest to serve: they are socially and geographically isolated, own few or no assets, have limited livelihood prospects, and often suffer from poor health.

As a striking exception, one of the most promising approaches for promoting the social and economic mobility of the extreme poor has been the "Graduation Approach," originally developed as the "Targeting the Ultra Poor" program by **BRAC** in Bangladesh. The Graduation Approach is a holistic livelihoods program designed to address the multi-dimensional needs of extreme poor households. The Approach consists of five core components: time-limited

consumption support; a savings component; an asset transfer; training in how to use the asset; and life skills coaching and mentoring. The theory of change underlying the model is that this mix of interventions, offered in the appropriate sequence, would help the ultra-poor to "graduate" out of extreme poverty within a defined time period.

Based on the promising results achieved by the BRAC model, the Ford Foundation partnered with the Consultative Group to Assist the Poor (CGAP), a global partnership of 34 leading development organizations housed at the World Bank that seeks to advance financial inclusion. Together, we decided to adapt and test the Graduation Approach through pilot projects implemented by nongovernmental organizations at 10 sites in eight countries in Asia, Africa, and Latin America between 2006 and 2014. The Foundation and CGAP also put in place an ambitious research and learning program to document the impacts of the pilot projects and to disseminate the results widely. I want to thank our CGAP partners as well as Frank DeGiovanni, former Director of Financial Assets here at the Ford Foundation, who played a vital role in developing this powerful work and documenting its impact.

The findings from the rigorous evaluations of the CGAP-Ford Foundation pilots, as well as from BRAC's ongoing program, have been extremely positive.² Results of the randomized experiments from the pilots show that, compared to control groups, program participants earned increased levels of income and achieved sustained gains in household consumption, assets, and food security at least one year after the two-year pilot programs ended.³

² See for example: Banerjee, Abhijit, Esther Duflos, Nathanael Goldberg, Dean Karlan, et al. "A multifaceted program causes lasting progress for the very poor: Evidence from six countries." Science. 15 May 2015. Vol. 349, Issue 6236, p. 12; Balboni, Clare, Oriana Bandiera, et al. December 2015. Transforming the economic lives of the ultra-poor. London: International Growth Centre.; Fahey, Alison. 2015. Building Stable Livelihoods for the Ultra-Poor. J-PAL and IPA Policy Bulletin. Cambridge, MA: Abdul Latif Jameel Poverty Action Lab and Innovations for Poverty Action.

³ The evaluations of one of the pilots in India and the BRAC Targeting the Ultra Poor Program tracked the impacts of the Graduation Approach five years after the end of the interventions. In both cases, the improvements in well-being for program participants persisted.

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¹See Cruz, Marcio, James Foster, Bryce Quillin, and Philip Schellekens. October 2015. *Ending Extreme* Poverty and Sharing Prosperity: Progress and Policies. World Bank Group Policy Research Note. Washington, DC: World Bank.

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Renowned economists have in fact characterized these results as among the most powerful and impressive ever achieved by an antipoverty intervention.⁴

These findings suggest that the Graduation Approach is an effective and scalable intervention with impacts that are sufficiently robust to persist over time.

Based on these interim findings, the Foundation and CGAP designed an ambitious strategy to reach out to government policy makers to help them understand the potential of the Graduation Approach to serve large numbers of extremely poor people develop sustainable livelihoods and move into the market economy over time. They key is embedding the Approach in government social protection or large-scale anti-poverty programs.

The Foundation and CGAP undertook three years of systematic outreach to bilateral and multi-lateral donors and policy makers from 24 developing countries beginning in 2012. In addition, the Foundation funded technical assistance and outreach to governments in Latin America to assist them in adapting and piloting the Graduation Approach. These efforts have borne fruit. A scan conducted by CGAP in December 2015 indicated that 22 governments in Asia, Africa, and Latin America were in the process of piloting or adapting the Graduation Approach within their national social protection strategies, while 13 NGOs and one donor agency also were developing their own versions of the Graduation Approach.⁵ This level of uptake is very encouraging.

We recognize that governments and NGOs will need to adapt the "classic" version of the Graduation Approach as broader integration with social policy happens around the world. Governments face different challenges than NGOs, scaling brings its own set of challenges, and programs must be tailored to address differences in regional contexts. With these factors in mind, we commissioned these case studies of three governments and one large NGO who are scaling the Graduation Approach within their ongoing programs.

The widespread prevalence of extreme poverty across the world is unacceptable. It affects both current and future generations. But beyond being unacceptable, it is unnecessary, as these powerful Graduation results underscore. We celebrate the commitment of governments, NGOs and private sector partners to helping extremely poor households develop sustainable livelihoods. And we hope that the lessons provided—by the case studies and the companion analysis which synthesizes the lessons learned—will embolden other governments and NGOs to adopt, adapt, and scale up an approach that works.

> Xavier de Souza Briggs Vice President, Economic Opportunity and Markets The Ford Foundation

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⁴ At the CGAP-Ford Foundation convening on the Graduation Approach held in Paris in June 2014, Yale economist and founder of Innovations for Poverty Action (IPA) Dean Karlan stated: "IPA had been involved in about 500 or so randomized trials over the years. Of these, I could count on one hand those I was confident enough advising policymakers to scale up. The Graduation Program would now be on that list."

⁵ See CGAP, "Graduation Factsheets", www.microfinancegateway.org/sites/default/files/graduation_ factsheets_overview_december_2015_pdf

INTRODUCTION TO THE GRADUATION APPROACH

Among the development approaches aimed at reaching the extreme poor, one of the most promising has been the "Graduation" Approach," originally developed by BRAC in Bangladesh. BRAC's theory of change was that with the right mix of interventions, offered in the right sequence, households could "graduate" from extreme poverty into sustainable livelihoods within a defined time period.

The "classic" Graduation Approach begins with consumption support, mindful that part of what it means to be extremely poor is that the person is so overwhelmed by survival-level issues such as food security that she cannot meaningfully tackle any longerterm livelihood strategies. Once those basic needs have been met, participants receive support in saving money (a vital tool in managing risks). They are also helped to identify a sustainable livelihood that is suitable for their interests and aptitudes, and also for the local market (e.g., animal husbandry, shop-keeping, weaving or tailoring). Then they receive an asset to help launch that livelihood (e.g., goats or sheep for animal husbandry; an inventory of goods for shop-keeping) and related technical skills training. Finally, Graduation participants receive intensive personalized life-skills coaching throughout the life of the program.⁶

BRAC clients who participated in the Graduation Approach appeared to experience improved family nutrition, health, and other wellbeing indicators and, moreover, to sustain these improvements over time. The question then became whether the BRAC experience in Bangladesh could be replicated by other providers in other

geographical and cultural contexts. So from 2006 to 2014, the Ford Foundation, CGAP, and several international and local partners tested and adapted the Approach through 10 pilot programs in eight countries.

The findings from the CGAP-Ford Foundation pilots, as well as from BRAC's ongoing program, have been extremely positive.⁷ Quantitative and qualitative studies show that, compared to peer groups, program participants were earning more income and achieving stable improvements in their well-being long after the program concluded, with sustained gains in household consumption, assets, and food security. In other words, the answer to the question about whether the successes achieved with the Graduation Approach in Bangladesh could be replicated elsewhere appeared to be a resounding "yes."

The question remained, however, how to operate the Graduation Approach at scale. The very factors believed to make it so effective—highly personalized, wrap-around services delivered with compassionate, skilled, and individual attention—also make the "classic" Graduation Approach time- and labor-intensive and costly. So CGAP, the Ford Foundation and their partners next began exploring how best to support large-scale adaptations and implementations of the Graduation Approach, especially by governments. The results of four of those adaptations are the subject of this series of case studies commissioned by the Ford Foundation. Three of the cases (Ethiopia, Colombia and Peru) describe government-led programs; the fourth (India) covers the ongoing Graduation work of Bandhan Konnagar, one of the original 10 CGAP-Ford Foundation pilot programs.

⁷ See for example: Banerjee, Abhijit, Esther Duflos, Nathanael Goldberg, Dean Karlan, et al. "A multifaceted program causes lasting progress for the very poor: Evidence from six countries." Science. 15 May 2015. Vol. 349, Issue 6236, p. 12; Balboni, Clare, Oriana Bandiera, et al. December 2015. Transforming the economic lives of the ultra-poor. London: International Growth Centre.; Fahey, Alison. 2015. Building Stable Livelihoods for the Ultra-Poor. J-PAL and IPA Policy Bulletin. Cambridge, MA: Abdul Latif Jameel Poverty Action Lab and Innovations for Poverty Action.

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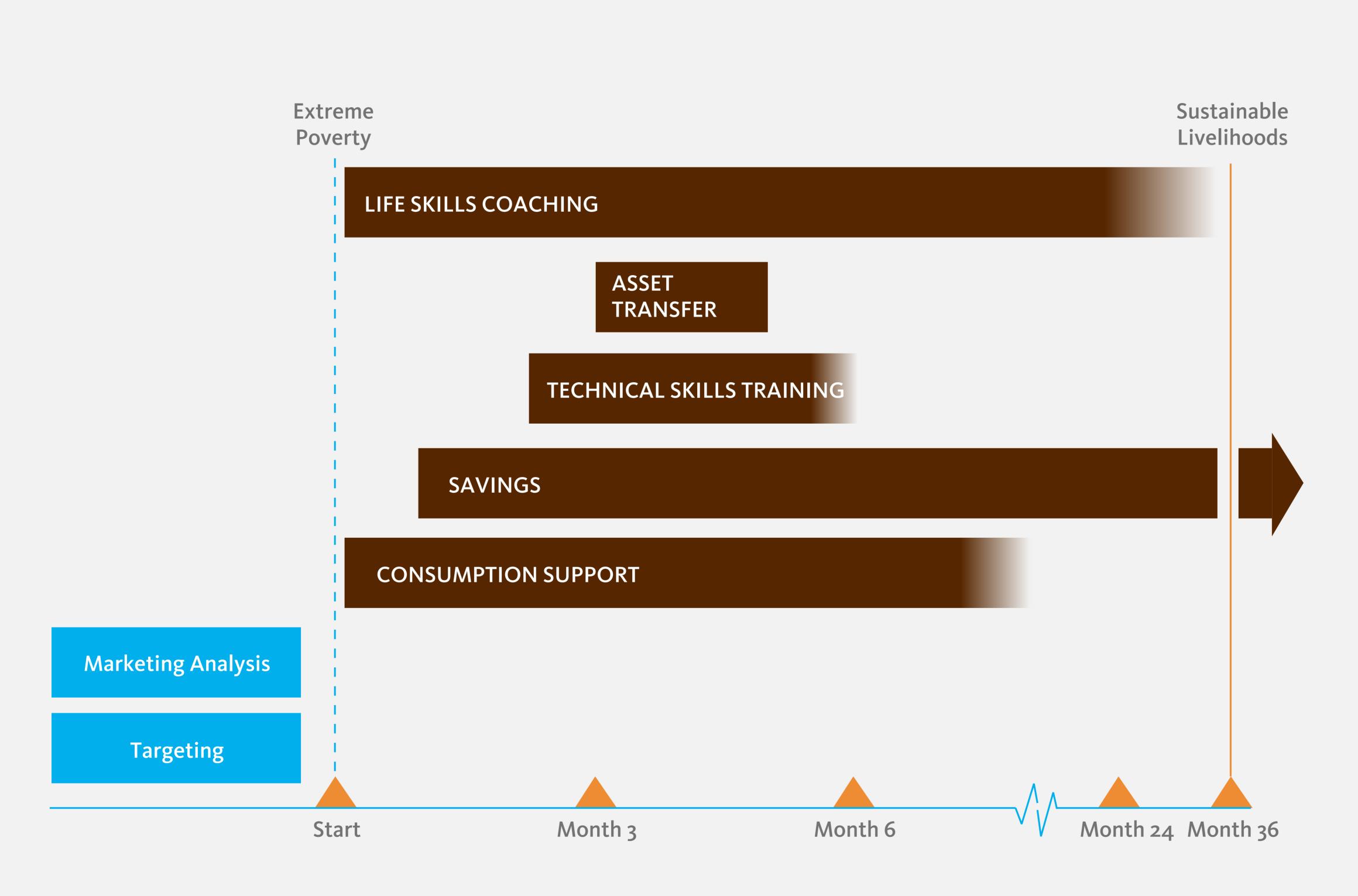
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⁶ CGAP has recently changed the terminology it uses to describe the elements of the Graduation Approach. As the case studies were written before this change, we have kept the original terms. CGAP's new terminology for each component is: Consumption Assistance; Financial Inclusion; Training; Seed Capital; Mentoring.

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When a government agency or other large-scale organization implements a program as complex, multi-faceted, and crosssectoral as the Graduation Approach, inevitably some of the "standard" features will need to be adapted, often in innovative and imaginative ways, while still preserving the core elements that make the Approach effective. CGAP and the Ford Foundation originally published From Extreme Poverty to Sustainable Livelihoods, a technical guide on the design and implementation of the Graduation Approach, in 2014; an updated version will be released in late 2016. It is our hope that the revised technical guide, together with this series of case studies, will provide valuable insights to those looking to implement the Graduation Approach, especially at large scale.

We are also pleased that policymakers are increasingly recognizing the power of the Graduation Approach to alleviate poverty, and that the community of practice continues to grow rapidly. As of September 2016, 58 Graduation projects were in operation, an increase of 30 percent since December 2015.⁸ Among the notable features:

Growing government interest. One third of ongoing Graduation projects are implemented by governments, reflecting the trend that Graduation style programming is increasing within national social protections systems.

Less rural. Projects have shifted their focus from predominantly rural (75 percent in December 2015) to 48 percent rural, 25 percent mixed, and 7 percent purely urban.

More diverse targeting. Targeting has also shifted from a predominant focus on the poorest (73 percent in 2015) to a little over half of the projects (56 percent) targeting people below USD 1.90 per day. Projects now target a broader range of excluded groups such as indigenous populations (16 projects), youth (15 projects), people

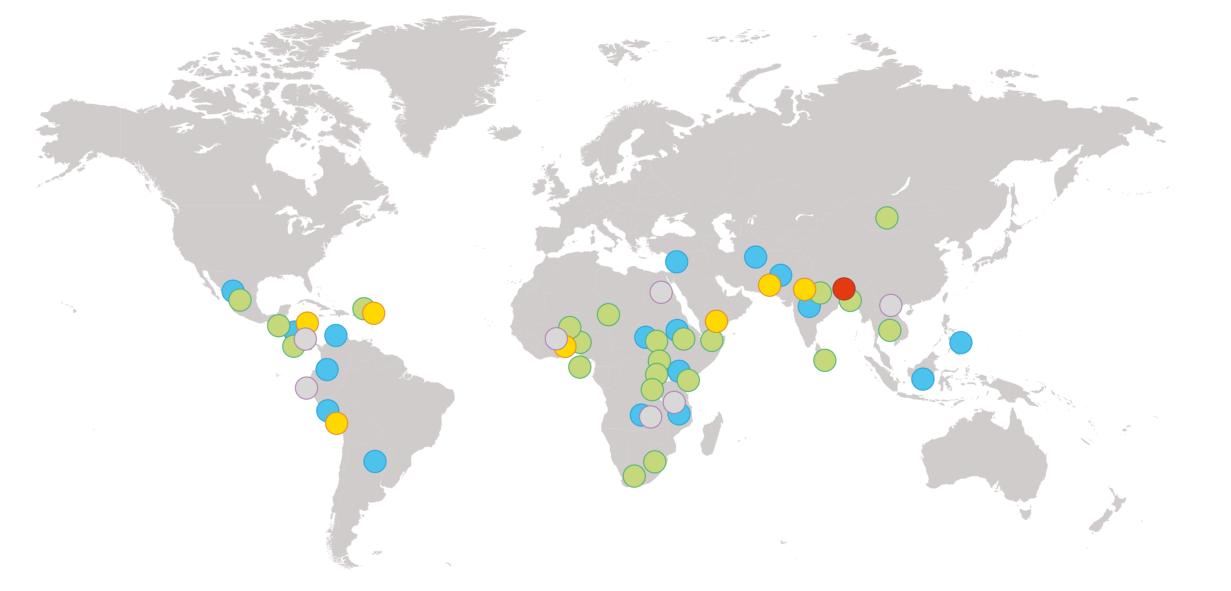
⁸ Source: CGAP.

with disabilities (11 projects), elderly people (11 projects), refugees and internally displaced persons (7 projects with 17 more planned by 2018). From a predominant focus on women in the past, only 30 percent of projects solely target women today.

Implementation and innovation. A vast majority of projects still offer the full Graduation package, but there is an increasing number of adaptations. A dozen programs are now offering some element of the package digitally.

Research. Nearly half the projects conduct research and 19 projects have reported ongoing or planned randomized impact assessments.

Graduation Programs as of Sept 2016 (58 programs in 36 countries)



- BRAC Bangladesh (1) Since 2002
- CGAP- Ford Foundation Pilots (10) 2006-2014
- NGO-implemented (30) Since 2010
- Donor-implemented (8) Since 2013
- Government-implemented (20) Since 2013



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GLOSSARY

AC/ACI – Area coordinator/Area coordinator in-charge **BPL** – Below the poverty line **CGAP** – Consultative Group to Assist the Poor **CO/COI** – Community officer/ community officer in-charge **CSR** – Corporate social responsibility **DIV** – Development innovation venture **ED** – Enterprise development **GOI** – Government of India **IFMR** – Institute for Financial Management and Research **IPA** – Innovations for Poverty Action J-PAL – Jameel Latif Poverty Action Lab **MFI** – Microfinance institution **MGNREGA** – Mahatma Gandhi National Rural Employment Guarantee Act, 2005 **NGO** – Non-governmental organization **NRLM** – National Rural Livelihoods Mission **NULM** – National Urban Livelihoods Mission **PRA** – Participatory rural appraisal **RCT** – Randomized control trial **SD** – Social development **SGSY** – Swarna Jayanti Swarozhgar Yojna (Self-employment scheme) **SHG** – Self-help group **THP** – Targeting the Hard-Core Poor **TUP** – Targeting the Ultra Poor **USAID** – United States Agency for International Development **VAC** – Village assistance committee

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Despite being one of the world's fastest growing economies, India remains home to a large "below the poverty line" (BPL) population: over 233 million people. Poverty reduction is a national priority, but social welfare programs have had very limited outreach to BPL households. India's landmark model for social service delivery and financial inclusion is the self-help group (SHG) initiative, known as the Swarna Jayanti Gram Swarozgar Yojna (SGSY). The SGSY was launched in 1999 to address poverty through access to microcredit, and it gradually transformed the lives of rural poor women and the rural economy. However 10 years later, studies revealed that the SGSY movement was fraught with infrastructural and institutional challenges. The Government of India (Gol) eventually restructured the SGSY into the National Rural Livelihoods Mission (NRLM) and the National Urban Livelihoods Mission (NULM), while keeping the core SHG model intact.

Overview of National Rural Livelihoods Mission

Key features of NRLM that align with aspects of the Graduation Approach

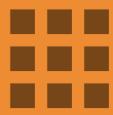
- **Participatory Identification of the Poor (PIP):** A move away from targeting on the basis of census data collection, which was considered an ineffective targeting method. The PIP is a community-driven process where community based officers identify the poor in the village using participatory tools. The Graduation Approach also stresses using qualitative, participatory targeting methods (although in some instances [see for example Colombia] where government databases are highly reliable, they may be a more cost-effective targeting tool).
- Inclusion of the poorest: For the first time, "the poorest" have been recognised as a critical subset of the poor that requires attention. The insight that the extreme poor require a substantively different mode of engagement than the moderate poor is, of course, the cornerstone of the Graduation Approach.
- Sustainable livelihoods: This includes the means of self-employment and value chain linkages to agricultural-based industries. Sustainable livelihoods (the transfer of productive assets and the training in their use) is one of the critical features of the classic Graduation Approach.
- Time-bound external support and an expressed need to develop an exit **strategy:** Different implementations of the Graduation Approach devise different criteria for what constitutes "graduation" (see for example the case study on Ethiopia, in which managers exercise great latitude in determining exit readiness on a case-by-case basis).
- Sensitive support structures to roll out and empower SHGs: Requires sensitizing all relevant government staff on how to work efficiently and effectively for and with the poor. Across various countries and operating models, implementers of the Graduation Approach have also found that civil servants benefit greatly from upfront and ongoing training in how to work effectively with the extreme poor.
- Public/private partnerships: Between government, formal financial institutions, corporations and civil society (such as non-governmental organizations).

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The NRLM/NULM reflects a changing mindset within the Indian government. Its mandate is not just to strengthen existing SGSYs but to deliberately target those who had previously been excluded: the extreme poor. As in many countries, the largest proportions of the poorest in India are religious and ethnic minorities. The nature of extreme poverty is even more pervasive due to the caste system, which ascribes a person's social status at the time of his or her birth, with lifelong consequences for access to resources (economic, educational, and other) and for prospects for personal advancement. The poorest are typically landless, chronically food-insecure, and earn their income



primarily from seasonal livelihoods or daily wage labor.

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The Organization

Bandhan Konnagar is a non-governmental organization based in West Bengal, a state in eastern India. Bandhan Konnagar was founded in 2001 as an auxiliary of Bandhan Microfinance Institution (Bandhan MFI), and ventured into development programs in 2007. Between 2007-2009, it implemented the Targeting the Hard Core Poor (THP) pilot with 300 female participants for 24 months in Murshidabad, one of the poorest districts of West Bengal. The nature and prevalence of extreme poverty in West Bengal is similar to that of Bangladesh, as the two adjacent regions share a common history and social culture. Several of Bandhan's senior staff members had previously worked on the operational design of BRAC's Targeting the Ultra Poor (or TUP) program in Bangladesh, the program that was the precursor of the Graduation Approach. These staffers saw an opportunity to draw on the lessons they had learned first-hand, and pilot test one of BRAC's best known programs in India.

Since 2009, Bandhan Konnagar has expanded its portfolio of interventions to include education, health, youth skills development, ethical trade, and energy

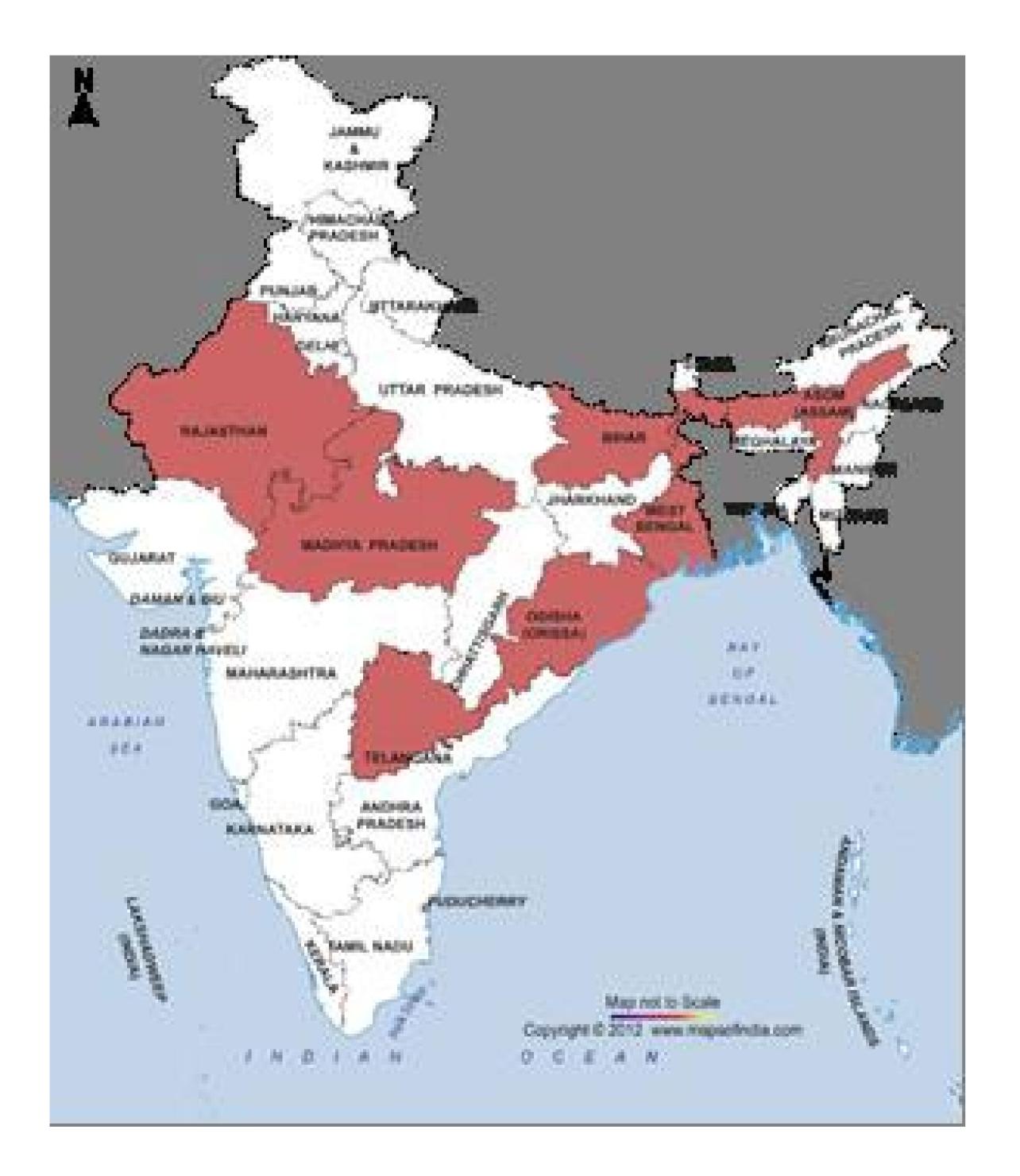
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renewal, but its core focus remains the THP program. As of early 2016, this program was operational in seven states (as shown in figure below).



The THP program had reached 39,879 participants, among whom 22,309 had graduated (i.e., become financially independent and achieved a set of social and economic criteria, discussed below, that indicate holistic improvement in household well-being).

Theory of Change and **Program Objectives**

Bandhan Konnagar is uniquely positioned among Indian NGOs due to its experience of livelihood security interventions for the poorest households. The key eliminators of extreme poverty are considered to be stability of income and creation of a solid, diversified asset base. As noted earlier, the self-help group model, a credit-based approach that relies on the self-selection of group members, has been the dominant livelihoods model since at least the 1990s. The THP program is a grant- rather than credit-based targeted approach that offers time-bound support to address multiple issues associated with severe income poverty. For the THP pilot, Bandhan Konnagar's vision was to enable the poorest to "graduate" into financial services after their urgent consumption needs had been met and they had a sustainable livelihood, rather than leading with financial services as the self-help group model does.

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Three key lessons emerged from the THP pilot. First, households without able-bodied male members are the most vulnerable. Second, women who engage in petty trading generate income more quickly and consolidate their enterprises faster than do women whose primary economic activity is agricultural. Finally, success in the context of a THP household has a holistic and qualitative nature that a single graduation indicator, such as a household beginning to use financial services, cannot accurately capture. While the chief components of the THP program remain in place, Bandhan Konnagar has made some strategic and operational iterations based on learning from the field as the program expanded to other regions far from the headquarters in Kolkata, West Bengal.

A crucial component has been the weekly life skills coaching that the field staff (called community organizers, or COs) provide the participants. Bandhan Konnagar believes, and

Overview of the THP program: Key elements of the pilot phase

Targeting: A triangulation process consisting of participatory rural appraisal

(PRA), household survey, and final verification by senior staff. **Enterprise selection and asset transfer:** Community Organizers (COs) conducted consultations with participant households to determine a suitable livelihood. Asset menu offered is mainly farm-based; cows, goats, cow + goats, sheep and pigs. A few women preferred petty trade such as rice/paddy vending, bamboo work. The budget per household was INR 5000 (approximately USD 121) for livestock and INR 3000 (approximately USD 73) for non-farm assets.

Consumption stipend: INR 91 (approximately USD 2.20 at the time) per week in cash; 30 weeks for farm livelihoods and 13 weeks for non-farm livelihoods.

Technical skills training: 3-6 days of classroom based training in the initial months, followed by refresher training every 3 months for participants struggling to develop their livelihood.

Life skills coaching: Five COs were appointed for following up with 300 participant households. COs were responsible for conducting weekly group meetings in which they covered 10 relevant social, economic and hygiene topics, and conducting weekly individual household visits for observing asset management and development.

Health support: Two female health workers guided participants on where to access free government health care services, family planning methods and overall female health and well-being. As part of their health and hygiene initiative, Bandhan organized the construction of latrines for a portion of participant households.

Village Assistance Committees (VACs): A committee was formed consisting of village elders and literate male members who acted as a monitoring and emergency response system in the village. They were especially responsive to cases of emergency, such as livestock theft or death.

Graduation pathway: Entry into Bandhan MFI.

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pilot research⁹ has shown, that the weekly visits make a critical difference in helping extremely poor participants make the transition (psychological no less than practical) to a new identity as an entrepreneur. These visits, consisting of group meetings and individual household visits for asset monitoring purposes, build participants' self-confidence, reinforce the technical and business skills being taught, and minimize loss or destruction of assets through the timely and regular follow-up on any issues that arise. The frequent visits instill a sense of discipline in the participants, and motivate them to perform. Bandhan Konnagar has also found that establishing a close relationship with their COs is critical for enhancing participants' self-esteem. THP participants are the most marginalized and socially isolated in their community¹⁰ and the regular, frequent, respectful human interaction is itself powerful.

⁹ Please see: Huda, Karishma, Sandeep Kaur, and Nicolina Lamhauge. 2012. And Who Listens to the Poor? Shocks, Stresses and Safety Nets in India and Pakistan. Centre for Development Policy and Research, SOAS, Discussion Paper 28/12. London: SOAS; Sengupta, Anasuya. 2013. Pathways out of the Productive Safety Net Program: Lessons from Graduation Pilot in Ethiopia. BRAC Development Institute (BDI) Research Report 2. Dhaka: BDI; Huda, Karishma and Anton Simanowitz 2010. *Chemin Levi Miyo – Final Evaluation* (24 Months), BRAC Development Institute (BDI) Working Paper, Dhaka: BRAC University; Hashemi, Syed and Aude de Montesquiou March 2011. *Reaching the Poorest: Lessons from the Graduation Model*. Focus Note 69, Washington, DC: CGAP; Hashemi, Syed and Wamiq Umaira 2010. New Pathways for the Poorest: The Graduation Model from BRAC. Dhaka: BRAC Development Institute. ¹⁰ The works cited in footnote 9 above contain extensive discussions of the personal and household

characteristics of Graduation Approach participants.

LESSONS LEARNED: THEORY OF CHANGE AND PROGRAM OBJECTIVES

Pilot lessons learned

- Households without able-bodied male members are the most vulnerable.
- Women with petty trades generate income more quickly and consolidate their enterprises faster.
- Entry into financial services as a sole graduation criterion does not reflect the holistic achievements of an extreme poor household.

Program design and objectives

- An extremely critical component is the weekly life skills coaching of participants.
- The key eliminator of extreme poverty is stability of income and creation of a solid, diversified asset base.

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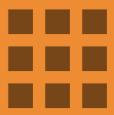
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Adaptations of the Graduation Approach

Bandhan Konnagar was, as noted, uniquely well positioned to implement the Graduation Approach in India. Some of its senior staff members had been involved in the original Targeting the Ultra-Poor program run by BRAC in Bangladesh (the precursor to the Graduation Approach), and Bandhan Konnagar learned valuable lessons from its own 2007-2009 THP pilot in Murshidabad. Before taking the THP program to scale post-pilot, Bandhan Konnagar revised several program elements based on the pilot's field-level challenges and organizational strategies.

Planning

Key partners

Bandhan Konnagar's sister company, Bandhan MFI, funded the pilot and still provides contingent grants when required. At the field level, the two divisions of Bandhan continue to coordinate closely and support one another in remote areas. (The branch manager of Bandhan MFI, for example, is a signatory of all THP branch expenses, including the transfer of assets to each participant to start his or her livelihood.) Since 2011, however, new corporate donors such as Axis Bank, ITC¹¹ and Indigo Airlines have begun partnering with Bandhan Konnagar to implement the THP program in various Indian states. Corporate social responsibility (CSR) has opened up as a major channel for private companies to invest in development programs.¹² This has created a surge of corporate donors interested in partnering with NGOs to fund interventions in both rural and urban areas. However, for-profit companies often view such funding from a "datadriven" perspective, and tend to value quantitative key performance indicators such as increases in income more highly than qualitative indicators about holistic development.

More familiar names such as Dell Foundation, USAID, and World Vision have also been involved in scale-up plans of the THP program. In early 2015, the program was selected by USAID, one of the leading bilateral development donors to India, for USAID's Development Innovation Venture (DIV).¹³ Bandhan Konnagar will act as a focal NGO, providing technical assistance for a number of other livelihoods-focused NGOs across India. For the first phase, the program aims to reach 23,050 participants in two states. World Vision, an international NGO, is providing Bandhan Konnagar with

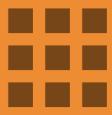
¹¹ ITC was first established at The Imperial Tobacco Company in 1910. As it diversified its product base, it came to be known by its acronym. ITC is one of the largest domestic conglomerates in India. ¹² At present, it is mandatory for all registered for-profit companies to contribute a minimum of 2 percent of their average net profits over the past three years towards their social responsibility. (The Indian Companies Act, 2013)

¹³ More information is available at www.usaid.gov/div

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the majority of the funding for direct implementation of the TUP program in three additional states.

Graduation Criteria

As noted earlier, the sole graduation criterion during the pilot phase was access to financial services, though Bandhan Konnagar had devised 12 progress indicators to monitor overall progress of the participant household. The major lesson learned was that successful "graduation" encompassed a range of economic and other achievements at the end of the program cycle. Subsequently, the number of progress indicators was increased and a new graduation criterion was devised; participants had to achieve 75 percent of all the indicators including five of the eight mandatory criteria.

As economic graduation criteria, participants have to achieve a minimum monthly income of USD 75, and develop working capital of at least USD 377. For the launch of new Graduation programs, Bandhan

Graduation Progress Indicators

MANDATORY CRITERIA

- Income and working capital of family will be increased significantly (to USD 75 and 377, respectively).
- At least two sources of income in the family.
- Growing savings habits and deposits.
- Residential house of the family is safe.
- Beneficiaries can write their names and numbers (1-10) properly.
- All members of the family are getting at least two full meals every day.
- Family members are using safe and hygienic latrines.
- Beneficiary planted at least two fruit plants or cultivates two types of vegetables in their own garden.

OPTIONAL CRITERIA

- Eligible couple in the family practicing family planning method.
- Households has access to basic medical services and facilities.
- Household has proper access to safe drinking water.
- All children below 5 years are immunized.
- All school-aged children are admitted and continuing in school.
- All members of the family wear clean clothes and keep their house clean.
- Beneficiary has a voter identity card.
- Beneficiary has a ration card.

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Konnagar is considering whether the criterion of having a second enterprise should be kept mandatory if a participant is extremely successful in her primary enterprise (i.e., earning approximately USD 75 a month). Furthermore, senior staff are working to reduce the number of progress indicators so that they can be easily applied in diverse states. They are also deliberating on highly specific standard metrics for measuring outcomes on each progress indicator to ensure that all staff maintain comparability of outcomes across states.

Organizational Structure

Bandhan Konnagar's structure for the Graduation program is organized geographically, with the greatest concentration of staff resources at the field level and reporting lines that move progressively up to the district, state, and national levels. (See figure below.)



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But early on in the pilot, Bandhan Konnagar realized it was also essential to have buy-in from influential male members in the community; landowners and the better-off frequently object to interventions such as THP due to the potential loss of their own power and standing. The Village Assistance Committees, or VACs, are comprised of these community influencers. Bandhan Konnagar forms the VACs soon after the initial screening of potential participants gets underway, and the VACs are given great importance and visibility thus transforming potential adversaries into important allies. The VAC meetings are open to all community members, providing a forum for discussion of issues that affect the entire community. The VACs have become a central player for implementing the program smoothly, and no step is taken by the COs without the knowledge and approval of the VAC. The VAC assists the verification process during participant selection and helps to prevent dropouts during the early stages of the program. During the asset transfer process, a VAC member must be present for the purchase and handover of assets. At the end of the program, field staff ceremoniously hand over responsibility to the VAC to continue their meetings.

LESSONS LEARNED: PLANNING

Key donors

- Bandhan relied on personal and professional networks and on philanthropic funding to launch its Graduation program.
- More recently, non-traditional funders have emerged, such as CSR-motivated corporations interested in supporting micro-entrepreneurship and development of local markets.
- Corporate donors often prioritize quantitative metrics (such as increases in participants' monthly income) over holistic development for gauging success. Other conditions may be stipulated, such as program location.

Graduation criteria

- Graduation criteria should encompass a range of context-relevant economic and other achievements, such as "earning a minimum monthly income of USD 75" and "use of clean latrines."
- Standard metrics must be established for each progress indicator to maintain comparability of outcomes across operational sites.

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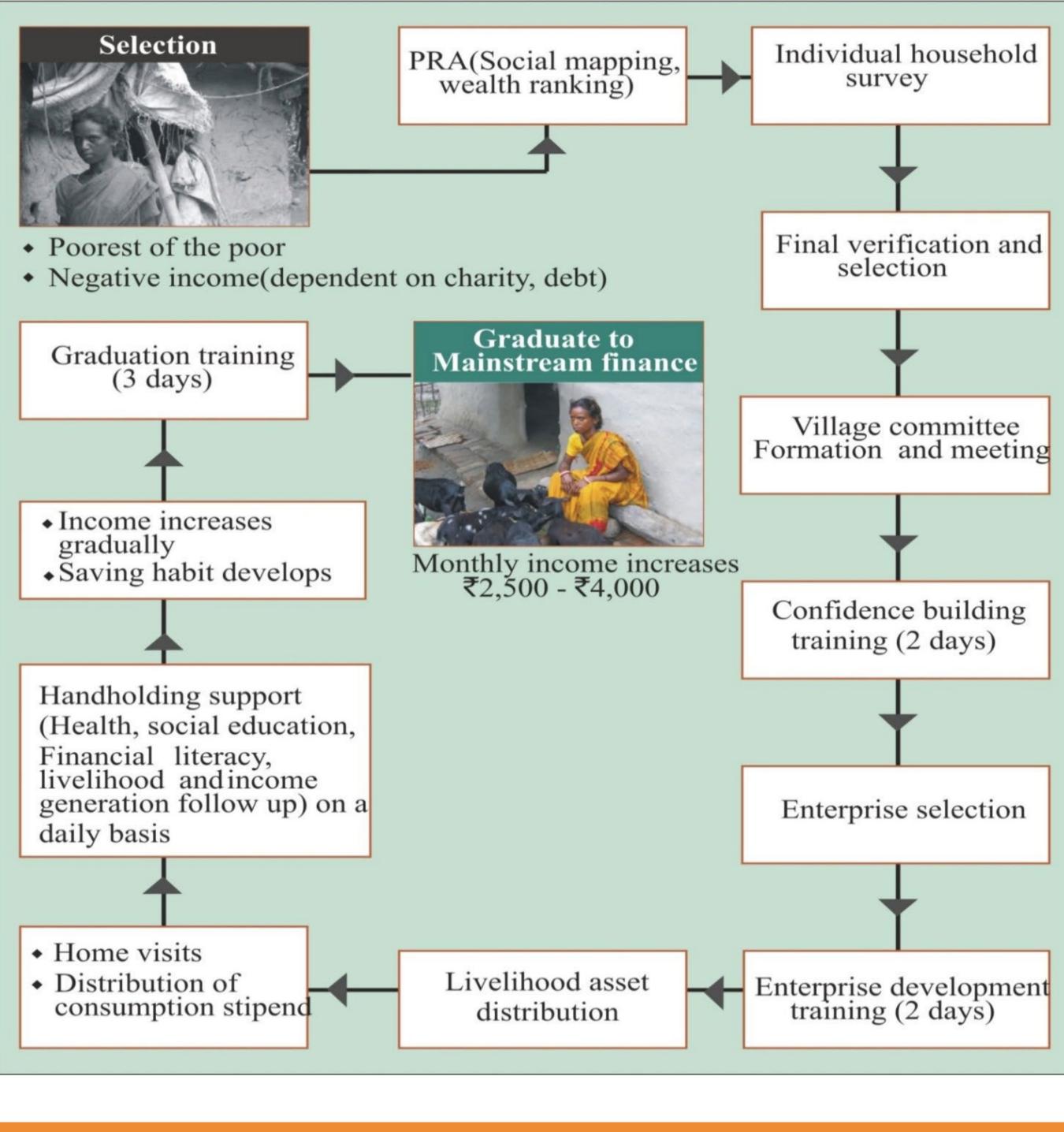


THE GRADUATION PROJECT >

Implementation

Program duration

The THP program cycle runs for 24 months. Recruitment for field-level staff often cuts into this operational timeline even though staff recruitment begins right after verbal commitment of donors. Participant selection, enterprise selection, and asset transfer are the most time-consuming stages and take up the first six to eight months, leaving just 16-18 months (out of 24) for livelihoods development and achieving graduation targets. Post pilot, Bandhan Konnagar realized that 24 months is not adequate for achieving graduation targets, and that 30 months should be the official implementation period. This will allow a full two years post asset transfer for monitoring and training, for participants to experience significant increases in income, and for adequate time for asset turnover and diversification in both farm and non-farm livelihoods. Bandhan Konnagar anticipates, however, that private donors will not be willing to underwrite the extension of the timeframe, and the consequent increase in funding, for an already costly program.



LESSON LEARNED IMPLEMENTATION

Program duration

• 36 months is considered ideal for implementation period, allowing 24 months post asset transfer for livelihoods development – though Bandhan has found it difficult to secure funding for such an extended program period.

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Staffing

During the pilot, THP program staff were recruited from Bandhan MFI. The pilot COs were gradually promoted through the ranks, and currently hold senior management positions in Bandhan Konnagar. Over the years, senior staff capacity has strengthened both due to accumulated experience and regular training, which has been key to Bandhan Konnagar's success in expanding operations. It has ensured, for example, that one experienced staff member is placed as a senior field manager in each state. As the program scales further, experienced staff are being over-stretched in terms of their responsibilities, while recruitment for new field level positions has been a fundamental challenge. Bandhan Konnagar has had to respond to recruitment challenges quickly by adapting to specific contexts. For example, the minimum qualifications were reduced to find suitable candidates in states with lower levels of literacy. Bandhan Konnagar is also hiring new local management teams where the language is a major communication barrier to establishing the program

Overview of the Community Organizer Ideal profile of a CO

- Recent university graduate, energetic, adaptable and willing to learn the work.
- Sensitivity towards the extreme poor and empathic to their psychological make up.
- Interested in social work and development of poor communities.
- Willing to work long hours and in difficult conditions.

Working conditions

- The field staff are residential staff based at the branch office.
- Staff usually housed in manufactured homes that are cheaper.
- Located in remote areas close to participant villages, where basic infrastructure such as health facilities, electricity and water supply are often extremely poor.

Field Staff incentives

- Salary starts at approximately USD 113 per month with semi-annual increments in the first year, in line with the average starting salary in an NGO in India.
- Rapid promotions within the first 3-4 years.
- Standard staff benefits (although no medical or other insurance).

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Recruitment procedure. After the pilot, external recruitment for COs was challenging due to its "high intensity, low salary" job profile. Bandhan Konnagar's recruitment process has always been coordinated by sister company Bandhan MFI, and as the Graduation program expanded Bandhan Konnagar has had access to more applicants. There are two main criteria: being a university graduate and between ages 23 and 32. Prior to the interview stage, approximately 50 are selected from the pool of applicants at a particular branch, to attend an initial orientation on the THP program. At this stage, almost half of them drop out, as many arrive expecting a desk-based, comfortable job in the city. After recruitment, there is another round of dropouts in the first couple of months due to the physical and mental demands of the job. Retention also depends heavily on whether new staff have other viable employment options. Women are difficult to hire in the cultural context of rural India due to the long hours on the job, their inability to move far away from their home (making transfers and promotions impossible), and above all the lack of separate housing arrangements.

Promotions and transfers. Senior staff realize the importance of giving field officers a vision for a longterm career trajectory. Bandhan Konnagar has its own motivation for ensuring staff mobility, too. To keep up with the demands for efficient field-level managers in new implementation sites, COs are rapidly trained for management positions through on-the-job and

classroom-based training, as well as promotion exams. Bandhan Konnagar minimizes any negative implications of frequent staff transfers by building rapport with the communities so that they accept newcomers, by thorough monitoring of new field staff, and by providing refresher training for those struggling with their duties.

Staff training. Classroom-based training is spread over a period of 7-8 months after recruitment. There are three types of training: Participatory rural appraisal (the screening methodology to determine participant eligibility); Social Development (SD) prior to weekly group meetings, and Enterprise Development (ED) prior to enterprise selection. (Refresher training takes place on an as-needed basis as determined by the head CO's assessment of staff performance.) Towards the end of the program, staff are trained to execute the Graduation process: 1) transition of participants into life post-program, 2) continuity of VAC meetings, 3) confidence boosters for participants, and 4) linkages to financial services. Beyond the classroom, the experiential learning in the field is the most valuable for cultivating staff compassion and sensitivity towards the participants, and learning to deal with unanticipated issues. The psychological well-being of staff is also crucial for staff retention and the ultimate success of the program. Daily branch staff meetings address issues of direct concern to staff, apart from field-level challenges.

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LESSONS LEARNED: IMPLEMENTATION

Staffing

- Recruitment: Field staff turnover is high in the initial months of a new program cycle, due to the physical and emotional demands of the job, coupled with difficult living conditions.
- Recruitment criteria needs to be flexible to quick changes so that they can be tailored to context.
- Women are difficult to hire due to the long work hours, their frequent inability to relocate, and a lack of appropriate housing facilities.
- Staff training: Classroom training spread over a period of 7 – 8 months after recruitment, and refreshers are conducted on an 'as needed' basis. Daily branch meetings and experiential learning are critical aspects of staff training.
- Retention: Field officers need to be incentivized with a vision for a long-term career trajectory through promotions.
- The psychological well-being of staff is also crucial for staff retention

Participant Targeting

Area selection. The process begins with identifying extreme-poor areas within a state on the basis of official census information and sending out a survey team. A needs assessment survey is conducted in all the village administrative councils falling in the identified areas. Bandhan Konnagar's staff meets with the elected heads of these councils to identify the 10 least economically and socially developed villages in their jurisdictions. Relevant information is collected on the number of below-the-poverty line cardholders, femaleheaded households, and disadvantaged castes. After this initial screening, the next important consideration is the feasibility of establishing a branch office for implementing the THP program in a particular area. A single branch oversees 150 participants spread across approximately 15-20 villages. The branch selection criteria involve the proximity of a THP branch office to a market, to a bank, and to a branch of Bandhan MFI (the last criterion being moot in states where Bandhan MFI does not operate). Once branch locations are finalized through deliberations at the management level, senior field staff members are internally recruited to set up the branch office. The cultural context and possible ramifications on implementing such an intensive program have to be carefully considered as well. In India for example, it is extremely challenging to implement the program in staunchly patriarchal areas where women's physical mobility without a male member is culturally prohibited.

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Participant selection. This is a crucial step to su implementing the THP program. A participate appraisal (PRA)¹⁴ is first conducted in the villa identified by the elected heads, and subseque all the villages under a particular council. At tl Bandhan Konnagar keeps its plans and object strictly confidential. For selecting participants village, the same procedure has been followed pilot:

- PRA with the support of village heads
- Household survey by CO
- Verification by Community Organizer in-cha
- Final verification and selection by Area Coo (AC)

Bandhan Konnagar has found strong correlati between extreme rural poverty and the absen responsible and proactive male household me In West Bengal and Assam¹⁵ for example, ther high incidence of abandonment by male partr to reasons such as polygamy or urban migrati-Abandoned women subsequently become vul to homelessness and hunger, and resort to dai labor opportunities. Post pilot, Bandhan Konn has included only female-headed households with no male member or with one who is chronically

¹⁵ Information based on field visits to Bandhan's program sites in West Bengal and Assam, including interviews with Bandhan THP participants and field staff

successfully ory rural ages ently in this stage, tives ts in each ed since the harge (COI) ordinator ion nce of a ember. re is a aner due tion. Inerable aily wage nagar s (that is,	ill or disabled). An age-based eligibility crite also been established in line with the entry for Bandhan MFI: participants must be betw years. The detailed selection criteria are as f		
	Inclusion Criteria	Exclusion crite	
	Able bodied adult female (18-59 years old)	Presence of able male above the years	
	Informal labor as main source of income; < USD 231 per month	Active loan from microfinance in the past five yea	
	Less than o.2 acres of land	Sufficient suppo state safety net	
	No livestock or productive assets	60 years and ab	
	All USD amounts rounded up to the nearest decimal. INR to US per www.oanda.com		
	The mandatory criteria for inclusion are: a) a female; b) no able-bodied male above the ag the household; and c) no active loan from ar last five years. Given the complex nature of contextual factors also have to be considered		
onically	Pongal which has a high population density		

erion has criteria ween 18-59 follows:

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USD conversions

able-bodied age of 14 in an MFI in the poverty, red. In West Bengal, which has a high population density, housing is considered an important indicator of extreme poverty, and the most vulnerable women are found

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¹⁴ Further details available at http://www.participatorymethods.org/

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to be living in cramped and unhygienic conditions. In Assam, however, housing conditions were a less meaningful indicator, as population density is far lower and traditional homes consist of spacious mud houses with large courtyards that are very well-maintained. Such contextual differences are only uncovered through experience, and senior field staff are expected to be alert to these nuances and exercise discretion during the selection process.

Softer indicators have become increasingly important due to issues of false reporting that occur in areas where the program is already well known. Prior to selection, field staff rely on informal conversations to derive more accurate information on a person's income status, household expenses and support networks.

- Household size: Income ratio (for example, USD 23 is considered sufficient for a household of two persons)
- Liquidity: Whether she has remittances or other sources of economic support (a bank account, whether she is supported by older children, etc.)
- Productive assets: Whether her land is cultivable; whether she houses other people's livestock in exchange for commission in cash or in-kind

The main points of debate have been the two selection criteria: no able-bodied male above the age of 14 and no active loan from an MFI in the past five years that

immediately exclude a number of vulnerable families based on what might be considered technicalities. In the case of one THP program area known for its tea, women are seasonally employed in tea gardens for over half the year, while men either have ad hoc jobs such as house repairs or clearing forests for tea-garden owners. For this site, World Vision, an international NGO and a funding partner for Bandhan Konnagar, insisted on making an exception to include households with ablebodied male members if they had extremely irregular sources of income. In other THP program areas, there were cases of poor women defaulting on such loans and becoming financially worse off. Although anecdotal, such reports raised concern about whether the act of taking a loan in the past five years was an appropriate basis for excluding vulnerable women from the program.

Further refinements to the selection criteria were recently considered in light of new revelations emerging from the field. For all future programs, the following terms for exclusion have been honed to better reflect on-the-ground realities:

- Presence of able-bodied male member above 14 years and earning an income (i.e., not going to school or unemployed)
- Existing debts with an MFI in the past 1 year (as opposed to past 5 years)

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With experience, THP field staff perceive the most vulnerable to be young (between 18 and 30), asset poor, single women with many young children, who rely on daily wages or seasonal employment, and are very willing to work hard if given the opportunity and appropriate guidance. As such, they often emerge as the most successful and innovative program participants and "graduates." Such perceptions of younger participants being strong performers were also reflected in qualitative research findings on the graduation pilots. It was found that participants under 30 experience extreme poverty due to a lack of assets and opportunities. Yet, they normally possess positive qualities, such as physical agility, basic literacy and numeracy skills, and intangible skills such as an inherent entrepreneurial spirit or risk-taking nature. Once they are provided a mix of productive assets and intensive "hand-holding," they are poised to succeed in an entrepreneurial endeavor. On the other hand, many older participants were found to be reluctant to engage in unfamiliar livelihoods such as petty trade, and preferred to keep livestock as assets (a common traditional coping strategy across cultures) rather than developing a microenterprisea core objective of Bandhan Konnagar's THP program.

Does a credit-based approach work for the poorest?

Soft loan pilot program: Soon after the pilot phase, Bandhan experimented with a soft loan pilot, similar to BRAC's Other Targeting the Ultra Poor (OTUP), with 300 households in West Bengal that belonged to the tier just above the poorest according to wealth ranking exercises. In essence, they are only marginally better off that the poorest, and require support. The soft loan program was similar to the THP but primary asset/working capital was provided in the form of an interest-free credit package. There were no repayment requirements for the 24 months of operation. The program was discontinued as senior staff discovered that collection of loan repayments after the OTUP program wound down and the branch office closed was a logistical challenge, and any attempt to collect earlier led to asset loss. Bandhan Konnagar strongly felt that, considering the profile of a THP participant, a credit program would only detract from the organization's objectives. A strategic decision was thus made to focus on the grant-based approach.

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States.





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LESSONS LEARNED: IMPLEMENTATION

Targeting

- The feasibility of establishing a branch office is an important pre-determinant for implementing the THP program in a particular area.
- The possible ramifications of the cultural context on such an intensive program have to be carefully considered; implementing in extremely conservative areas resistant to change may prove ineffective.
- Village Assistance Committees: The VACs can play a crucial role in developing and maintaining a relationship of transparency and trust within the community.
- Contextual differences are only uncovered through experience, and staff must be alert to these nuances and exercise discretion during the selection process.
- Care should be taken so as to not exclude a large number of vulnerable households on the basis of factors such as 'presence of able-bodied male' or 'no active loans in the past 5 years'. Appropriate weight must be given to other contextual factors to gauge extent and nature of household poverty.

Consumption Support

During the pilot phase, a cash stipend of approximately USD 1 per week was given for 30 weeks for farm livelihoods, and 13 weeks for non-farm livelihoods. Staff observed that cash consumption stipends were not always used for the purpose intended (household consumption). Participants preferred to invest in assetrelated costs, as this was the first time they had had funds to funnel toward productive investment. To encourage participants to use the consumption support for their own food needs, the amount was increased from USD 1 to approximately USD 2.50, so that some could still be set aside while the majority used for consumption purposes. The time period was also reduced, to 14 weeks for farm livelihoods and 6 weeks for non-farm livelihoods, so that households would know that the asset transfers for their livelihoods would be available sooner than in the original design.

As Bandhan Konnagar's strategy shifted to promote non-farm livelihoods, they found that the cash stipends were less critical, as petty trade participants earned daily income from the first day of asset transfer. Consumption support was deemed essential for farm livelihoods as asset turnover is considerably slower. This learning has thereafter become an integral part of Bandhan Konnagar THP model.

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In 2007, the consumption stipend was calculated on the basis of minimum cash required per day for staple foods like rice and lentils, although the household size was not considered. Since an initial revision after the pilot, the stipend has not been annually adjusted with inflation rates, as any increases in costs per head acts as a disincentive for donors. More recently in partnership with World Vision, Bandhan Konnagar has tested the efficacy of in-kind consumption stipends, but with an interesting twist. As World Vision does not allow any cash disbursements in their programs, the two organizations came to an agreement of establishing a few participants as suppliers of animal feed and household consumables (grocery stores). Bandhan Konnagar now pays the weekly stipend to the participant who runs the retail operation on behalf of other participants in nearby areas who can collect their stock from that store. This innovation has been highly successful in these sites, and Bandhan Konnagar is considering piloting this approach in other areas.

LESSONS LEARNED: IMPLEMENTATION

Consumption support

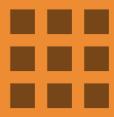
- Cash stipends are found to be rarely used for household consumption as participants prefer to invest in assetrelated costs.
- Cash stipends are essential for farm livelihoods as households incur a high initial asset-related expenditure but with very slow turnover. Such support is not as essential for petty traders as they have an income from the first day of asset transfer.
- A new successful in-kind consumption support model is to establish petty trade participants as suppliers of animal feed and household consumables for other participants.

Market Analysis and Enterprise Selection

Bandhan Konnagar does not consider an extended market or value chain analysis relevant for the THP program, as participants operate at a commercially insignificant scale. Instead, Bandhan Konnagar conducts an analysis of the local market during the enterprise selection phase via discussions with community members. Enterprise selection, the phase of the Graduation Approach during which each participant decides which livelihood he or she will pursue, is one of

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the most critical and challenging parts of the program. An ill-designed or poorly implemented livelihoods component can make or break an entire project. Initially, Bandhan Konnagar followed BRAC's example and offered participants a menu of farm livelihoods. But the THP field staff quickly learned during the pilot phase that small-scale farm livelihoods offered little growth opportunity for THP households in 18 months, and posed a higher risk of complete asset loss. Now a fixed "menu" of enterprise options is no longer offered although certain livelihoods may be discouraged (e.g., cow rearing which is both cost-intensive and has very slow turnover). Staff generally emphasize non-farm livelihoods unless participants insist on purchasing livestock, in which case mixed livelihoods are encouraged (livestock + petty trade). Various contextual factors are considered before advocating for non-farm livelihoods, including:

- Proximity to cities
- Density of population
- Cultural norms (e.g., mobility of women)
- Feasibility of farm livelihoods (e.g., whether feed is easily available)
- Demand from the community and from nearby areas
- Age of participants (therefore propensity to succeed in petty trade)
- Other household conditions (e.g., age of children)

Field staff must handle the enterprise selection phase carefully, as many participants find it overwhelming and may drop out without proper encouragement and practical advice. Bandhan Konnagar conducts a week long participatory enterprise selection process consisting of a three rounds of discussions: 1) with the participant and immediate family; 2) with neighbors; and finally 3) involving other community members. The field staff ensures that the chosen enterprise matches the participant's level of confidence and circumstances. Once the primary enterprise is stable, participants are encouraged to invest in a secondary enterprise such as small livestock (e.g., poultry or fowl) or in a petty trade.

LESSONS LEARNED: IMPLEMENTATION

Market analysis and enterprise selection

- A purely livestock-based model has been done away with as there is little opportunity for asset growth in 24 months
- As participants operate at a commercially insignificant scale, an analysis of the local market is more relevant than a deeper value chain/commercial market analysis

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FARM VS. NON FARM LIVELIHOODS: Some Examples

Hasina bibi is 28 years old and lives with two young children and her husband, who is chronically ill. She lives near the busy town of Canning, which is two hours from Kolkata by road. In 2012, with the support of Bandhan Konnagar, she started a door-to-door vending business (on foot), choosing that enterprise based on the advice of her community elders. She graduated from the THP program in 2014, and currently has an inventory of approximately USD 540. Her business has been going so well that she has set up a small shop and now also runs a grocery store.

Samia bibi is 30 years old, living with her husband, who is mentally unwell, and her three children. She lives quite far from the main town, and her two older daughters are of school-going age. She was unable to take up a petty trade as her youngest is an infant, and she is unable to be away from her home for long periods of time. However, there are enough grazing pastures for cattle in the vicinity. She received six goats from Bandhan Konnagar in February 2015, a herd which had increased to nine goats by the time of writing. Samia has yet to make a sale so she works as a daily wage laborer to earn cash. She also engages in traditional handicraft work, quilt making and embroidery, and her products are sold wholesale to middle men.

Regina Tudu is a 25 year old woman belonging to a tribe living in the forests of Assam. Large vehicles cannot reach her village, and the only modes of transport are either two wheelers or by foot. Bandhan Konnagar encouraged her to adopt a livelihood for which she could find buyers within her village and the nearby surrounding areas. She has taken up pig rearing, as pork is widely consumed by the different communities living in that area. It is a very profitable business, as asset-related costs are modest and full-grown pigs fetch a high price.

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Asset transfer

Following the pilot, the average allocation per participant for asset transfer rose from USD 45-75 to USD 150, an increase, which has given significant flexibility to provide a wider range and volume of working capital. Normally some participants choose enterprises (e.g., dry fish, spices, cosmetics) which have low startup costs USD (90-105) but high profit margin, while others choose options such as livestock, clothes selling, grocery stores which have higher startup costs (USD 165-180). The asset transfer also includes accessories which may be useful for setting up the chosen enterprise (for example, a shelter for livestock or a metal trunk in which to store petty trade items) as well as seeds for vegetables that participants can grow for their own consumption. Bandhan Konnagar structures its asset transfer budgets to take local prices into account and also to build in contingency funds for any asset loss in the initial months of the program.

Bandhan Konnagar executes the asset transfer in installments because the participants often lack the experience to manage a relatively large amount of working capital in one lump sum. For non-farm livelihoods, Bandhan Konnagar distributes first 50 percent of the assets, then 35 percent, and a final installment of 15 percent. Assets for mixed or farm livelihoods are made in two equal installments.

Bandhan Konnagar has found it is sometimes better initially to accede to demands for livestock (even if field staff consider that livelihood suboptimal) to ensure certain participants do not opt out of the program. Once their trust is gained, it is easier to convince them to take up a petty trade with the second instalment. The strategy is particularly useful for encouraging less dynamic participants to gradually explore other livelihood options. The participant must be present and have a final say during asset purchase, which creates an immediate sense of ownership and responsibility.

LESSONS LEARNED: IMPLEMENTATION

Asset Transfer

- Working capital is transferred in installments so as to not overwhelm inexperienced participants.
- The budget takes into account local prices and contingency funds for any asset loss in the initial months of the program.
- Local market dynamics and its impact on the confidence and performance of THP participants is an important consideration.

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Technical Skills Training

During the pilot phase, skills training consisted of three days of classroom-based training after which participants chose their enterprises. Bandhan Konnagar then provided refresher training every three months for slower-performing participants. The classroom-based training currently retains essentially the same format, consisting of two days of technical skills training for farm livelihoods, and business skills training for non-farm livelihoods, with a mandatory financial literacy component for all participants. The third and final day is reserved for confidencebuilding, using success stories of program graduates to motivate the new participants. Bandhan Konnagar realized that systematic refresher training is essential for *all* participants in order for them to fully absorb the necessary technical and business skills. Half-day refresher trainings are organized every three months, in which stronger performers are encouraged to share their experiences to motivate others.



LESSONS LEARNED: IMPLEMENTATION

Technical Skills Training

- Systematic refresher training proved necessary for all participants, farm and nonfarm alike. Refreshers take place every three months.
- Financial literacy-building is also mandatory for all participants.
- One day of the three-day skills-building is devoted to confidence-building and motivational training, drawing on success stories from past participants.
- Two days focus on technical skills for farming or (for non-farm participants) business skills.

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Seamers.





Challenges of implementing an urban THP program

Dell Foundation had funded a small-scale urban pilot of approximately 1,500 participants in Kolkata, the capital of West Bengal and the biggest metropolitan in eastern India. At the end of the pilot, Bandhan Konnagar concluded that their program may not be relevant in the large metropolitan cities as urban poor women are not the most economically vulnerable. Unlike rural women, urban women normally have access to multiple low-skills labor opportunities making the opportunity cost of joining THP much higher. Secondly, implementation proved to be logistical burden due to the weak social cohesion, tendency for urban dwellers to migrate for a better livelihood, and the lack of disciplined commitment to adhere to program requirements. Based on the results of the Kolkata pilot, Bandhan Konnagar has focused on peri-urban and rural areas, working with settled communities where the THP selection criteria can be relevant and efficient, and where effective implementation is more feasible.

The key operational challenges during the urban THP pilot were:

- Targeting: difficult to find women who meet the income ceiling (that is, who earn less than INR 1500 per month).
- Drop-outs during the enterprise selection process was high.
- Urban poor are far more suspicious of outsiders offering a "grant" and often did not take responsibility for ownership of the asset.
- Implementing crucial components of the program such as client targeting and weekly monitoring of all participants.

The key differences between urban and rural sites were:

Urban	Rural
The poorest are scattered; 1-2 HHs in each settlement which makes field implementation and weekly visits logistically difficult.	The poores concentrat hence easi implement
Formation of Village Assistance Committees (VACs) is more challenging as social cohesion is weak.	Formation smoother a is strong.
Women are mobile and used to travelling large distances or even to the nearest big city for employment.	Women sta within the
Only non-farm livelihoods possible.	Wider ente possible; p farm, and r
Risk of participant drop-out is higher as women have more income-generating options.	Risk of dro there are fe livelihoods
	Untapped therefore g enterprise
COs can only conduct 7-8 HH visits/day as accounting for non-farm livelihoods is more time-consuming and complex.	15 HH visit as there is and non-fa amongst be participant close to on

est are in ited pockets; ier for field itation.

n of VACs as social cohesion

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erprise range is pure farm, nonmixed.

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l market and greater scope for growth.

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Savings

After the pilot, Bandhan Konnagar stopped collecting weekly savings due to changes in fiscal laws. Instead, they opened individual bank accounts for THP participants either at a Bandhan MFI branch or at the nearest national bank or Post Office if there was no Bandhan MFI branch in reasonable proximity. It was eventually found that participants made very few deposits, not because of travel costs or distance but due to inappropriate behavior of staff at the non-Bandhan facilities. It was a common experience for participants to be turned away from banks for attempting to deposit very small amounts.

So Bandhan Konnagar devised a new savings strategy, consisting of mandatory savings and "capital" savings (the remainder of enterprise profits after reinvestment). Mandatory savings is set at the equivalent of USD 0.45 cents a day, considered a manageable amount and unlikely to cause a strain on household consumption. Participants are expected also to make a bank deposit of "capital" savings of about USD 1.50-2.20 at least once a month. Capital savings are normally utilized for household purposes, especially housing repair, healthcare costs and children's education. For the next phase, in areas where Bandhan MFI operates, participants will be able to access Bandhan's doorstep banking service, which makes

it possible for participants to deposit and withdraw in the convenience of their homes thanks to MFI representatives who make house calls.

LESSONS LEARNED: IMPLEMENTATION

Savings

- Savings is comprised of daily mandatory savings and "capital" savings (remainder of profits after reinvestments).
- Daily mandatory savings amounts should be kept at a bare minimum so as to not create a strain on household consumption, but to inculcate a regular savings habit.
- Field staff encourage participants to utilize their capital savings on housing repair, healthcare costs and children's education.



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Life Skills Coaching

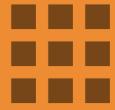
At Bandhan Konnagar, as with other Graduation Approach implementations, the life skills coaching is considered one of the most critical elements for participants' success. It is important to remember that the extreme poor live not only in a state of material deprivation but also one of social isolation: the only people with whom they come into meaningful contact are other extremely poor people. The life skills coaching provides them with ongoing, stable access to someone with a different perspective who can encourage them to imagine a different life, and then set the course to achieve that life, giving them a sense of hope and boosting their confidence and self-esteem.

Field staff play a critical role as the face of program implementation. They are on call 24 hours a day, seven days a week (participants have cell phone numbers of all branch staff). During the pilot phase, each branch had two COs covering 75 households each. With Bandhan Konnagar now operating in sites with lower population density or more difficult terrain, the ratio has been reduced to 1:50. Bandhan Konnagar believes the coaching component is scalable, but that the ratio of CO to participant should be maintained at between 1:50 to 1:75 households to preserve the personalized attention that is the coaching component's essential element. As noted earlier, Bandhan Konnagar delivers the life skills coaching via both group and household visits. Weekly group meetings begin immediately after the enterprise selection process, whereas household visits begin once a participant receives her asset. At the group meeting, participants learn to sign their names and write the numbers 1 through 10 in their mother tongue. One of the 10 topics below is also discussed, on a weekly rotating schedule.

- Child marriage
- HIV/AIDS
- Deworming
- Kitchen gardens
- Women and child trafficking
- Family planning
- Dowry
- Birth registration
- Marriage registration
- Death registration

There are a number of reasons why weekly group meetings are considered important. First, it is more comfortable for the young male COs to discuss sensitive issues in a group rather than a one-to-one setting. Group meetings also foster transparency as the meetings are held outdoors, and community members can observe these meetings. Group meetings also Graduation Approach **CASE STUDY:** INDIA INTRODUCTION GLOSSARY **CASE CONTEXT** GRADUATION PROJECT **CONCLUSIONS &** IMPLICATIONS

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create a sense of solidarity amongst THP participants, and those who are able to grasp the messages easily can explain to those who are struggling. Finally, weekly visits are time-efficient and reduce the CO's travel requirements.

Household visits are nonetheless equally critical, but the focus during these personal visits is asset follow up. Especially during the initial stages, the COs' guidance and support in asset management and enterprise development is crucial. The impact on THP participants of local market dynamics and competition with more experienced traders counts heavily when COs are advising participants. For petty trade participants, the CO reiterates a list of items with their costs and recommended selling prices, prepared by the supplier. For the first two to three months, the participant is expected to follow this list until she begins to grasp the concepts of pricing and market trends, and can more confidently set prices on her own. Daily household records are normally maintained with the help of their school-going children or any literate member of the extended family. COs also check on other aspects of the household, such as maintenance of the garden, children's school attendance, use of latrines, and housing conditions. Any urgent problem is either immediately addressed (if it is within the CO's capacity) or else reported at the branch at the end of the day.

In the last four months of implementation, Bandhan Konnagar organizes Graduation training for participants, which sets in motion the phasing-out of the program. During the pilot, the Graduation process had been a quiet affair. Now, realizing the intensive human element that binds the program from start to end, Bandhan Konnagar organizes the Graduation training, conducts handover meetings with the VAC, and organizes a festive THP graduation ceremony. Weekly meetings with the CO end in the second to last week of the program period, at which point the VACs take over responsibility.

LESSONS LEARNED: IMPLEMENTATION

Life Coaching

- This component is indeed scalable but to preserve effectiveness, the ratio of CO to participant should be maintained at 1:50/1:75 households.
- Weekly group meetings are important because they facilitate discussion of sensitive issues, create transparency within the community, and create a sense of solidarity amongst group members.

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Monitoring

Since the pilot, strict monitoring at every level has been a major priority both for internal quality assurance purposes and to gauge outcomes (asset growth, savings, achievement of graduation indicators, costbenefit analysis). Monitoring has thus facilitated successful scaling of the program in various parts of the country without compromising its quality and effectiveness.

The strategy has been to keep experienced and responsible staff members as on-site AC/ACIs—they are expected to be very alert and to keep branch staff at peak performance. Bandhan Konnagar is well aware of the potential risks involved in having young men work closely with vulnerable single women, especially in the cultural context of India. The sensitive nature of the participant/CO relationship requires close monitoring, strict rules, and swift enforcement. Any form of harassment of participants by COs generally translates into immediate termination of employment, and legal steps may be taken depending on the severity and nature of violation. Another concern is the potential for



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embezzlement of funds. Strict monitoring has ensured that there is no siphoning of funds especially during asset transfers. The household visits, achievements of graduation indicators, field-level challenges, and all monetary transactions are all recorded by the branch and then reported to headquarters.

The key to Bandhan Konnagar's monitoring system has been detailed documentation and triangulation of different information sources (including the registers as given below) at each level of management. The asset transfer, for example is recorded in at least three registers: 1) the asset transfer register, 2) Ledger/Cash book, and 3) Information register.

Household-level monitoring. The first tier of monitoring is of the participant household by the CO, which is probably the most critical step in ensuring that program objectives are met. COs cover an average of 10-14 participant households per day. They manage this volume by keeping a mix of farm and non-farm livelihoods. Household visits for farm livelihoods take about 15-20 minutes (because they do not have weekly or daily sales) and visits for non-farm livelihoods Graduation Approach Case study: INDIA INTRODUCTION GLOSSARY CASE CONTEXT GRADUATION PROJECT

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Documentation for monitoring REGISTERS AND REPORTS

Participant household level:

- participant for her entire lifetime
- Stock inventory register: weekly stock inventory done by COs

Branch level:

- CO Movement register
- Staff Meeting Registers (2)
- Asset transfer register
- CO register details of each HH as per schedule of weekly visits
- Leave register/Security/Bicycle register
- Problem register and vaccines registers (farm livelihoods)
- Cash dispensation registers
- Mess (staff quarters) expenses register

Headquarter level:

- Monitoring register maintained by the AC
- Internal audit report
- MIS report

• Practice book: to practice writing numbers 1-10 and name signing during group meetings • Information register: summary of participant's weekly income, expenses and profits; *kept with*

• Daily bookkeeping register: daily bookkeeping done by participant households

• Ledger/Cash Book/Daily sheet to be filled in every evening at the branch office

• Fund plan – budget of branch expenses (administrative + participant disbursements)

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take about 20-30 minutes. There are four registers maintained at the household level (see Documentation for Monitoring box on previous page) so that every detail of the enterprise is easily verifiable. The participant keeps the Information register even after the program ends. It is intended to serve as a constant reminder of her accomplishments for the rest of her lifetime. For the recently launched programs, the Information register has been further revised to clearly portray a) total working capital appreciation b) income from farm livelihoods relative to targets, and c) income from secondary enterprises. COs check participants' progress on the Graduation indicators and on the weekly mandatory savings. The field staff believe that strict monitoring makes participants strive harder both from a sense of personal discipline as well as accountability towards the program.

Branch-level monitoring. The next level of monitoring includes two tiers. First, COs are monitored on a daily basis by their COI or team leader. Second, the branch itself is monitored by the AC/ACI once every 15 days. To monitor and guide COs, staff meetings are held at the end of each day to recount participant achievements and challenges and to discuss various field-level or staff-related issues. Every evening, COs fill out daily transaction registers and their ledger/cash book. When a participant achieves a graduation target, a record of it is made in the CO register. The AC/ACI assesses

Example: Branch office monitoring visit by Area Coordinator (AC)

- The AC first seeks an update from the Community Officer in Charge on any households whose performance may have been flagged in the previous monitoring report and personally follows up on these households.
- The AC also follows up with the branch staff on other problems (staff performance and discipline, monetary issues) that may have been flagged in the previous monitoring report.
- Once all the issues from the previous monitoring report have been addressed, the AC will conduct a new round of spot checks on weekly meetings and households not visited in the previous month.
- Finally, every register maintained by the branch is checked, and the AC also observes COs' behavior and execution of tasks.
- At the end, AC holds a meeting to discuss strengths and weaknesses of the branch staff and possible solutions.

a branch office performance primarily on the basis of participants' performances in their livelihoods and achievement of graduation indicators. On the basis of personal observations and branch level documentation, the AC/ACI prepares a consolidated monthly monitoring report on branch-wide program outcomes for the Head Office.

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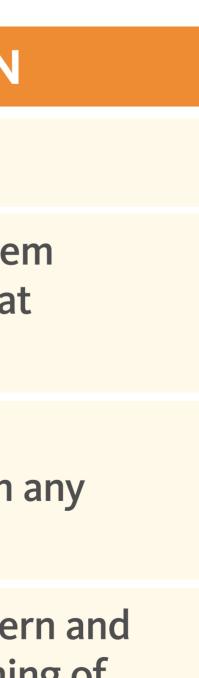
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Head Office-level monitoring. AC/ACI are responsible to program officers, who are required to visit all branches in their designated areas at least once every three months (although this is becoming logistically difficult as THP's geographical coverage expands). The internal audit department also conducts an independent check on each branch every three months, and program officers follow up with branches that have the most red flags. Head office staff also hold monthly monitoring meetings to analyze and discuss branch monthly monitoring reports, auditing reports, and Management Information System (MIS) reports. As the program expands, the organization is gradually switching from manual data entry to a software tailor-made for maintaining a new participant-centric MIS.

LESSONS LEARNED: IMPLEMENTATION

Monitoring

- A thorough monitoring and documentation system is crucial to successful scaling of the program that maintains quality and effectiveness.
- The CO/participant relationship calls for close monitoring and strict rules must be laid down on any form of harassment of participants by COs.
- Embezzlement of funds is another primary concern and strict monitoring ensures that there is no siphoning of funds especially during asset transfers.



Post-Graduation Program

Initial results and impact studies

During the CGAP / Ford Foundation Graduation pilot by Bandhan Konnagar, the rate of successful graduation was 98 percent. Jameel Latif Poverty Action Lab (J-PAL), in collaboration with Institute of Financial Management and Research (IFMR) and Innovations for Poverty Action (IPA) conducted a Randomized Control Trial (RCT)¹⁶ on the pilot. Since program completion, there have been three endline surveys: Endline 1 (a year after program completion); Endline 2 (conducted another year later as discussed below); and Endline 3 in 2012. At the end of Endline 1,¹⁷ it was found that treatment households had an increase of 25 percent in the per capita consumption expenditure and there was an obvious jump in their productive asset base. They were found to be less insecure, happier, and reported an overall improvement in their health. The report found a significant decrease in income from agricultural wage labor, marking a successful shift in livelihoods. As most pilot participants chose livelihoods from the farm-based livelihoods menu, income from livestock has a cumulative increase of 594 percent. Fewer participants requested nonagricultural enterprises, but on a blended (farm- and non-farm livelihood) basis, income increased by 46

¹⁶ In a randomized control trial, a treatment group receives the program inputs, and is compared against a control group of a similar profile in the same region, who do not receive any inputs or interventions.
¹⁷ Banerjee, Abhijit, Esther Duflo, Raghabendra Chattopadhyay and Jeremy Shapiro. 2011. *Targeting the Hard Core Poor Program: Impact Assessment*. Cambridge, MA: Abdul Latif Jameel Poverty Action Lab.





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percent. Participants earned on average USD 1.17 per capita more than the control group, and spent USD 1.25 per capita more on consumption. There was no significant impact on physical health, empowerment, or willingness to take calculated risks (such as likelihood of accessing credit).

Costs

The cost-benefit analysis of such an intensive program has been at the heart of discussions regarding the Graduation Approach's feasibility at scale. An important article in favor of the Graduation Approach appeared in the journal *Science* ¹⁸ in 2015, discussing the combined RCT findings by J-PAL and IPA from the graduation pilots in six countries (Ethiopia, Ghana, Honduras, India, Pakistan and Peru). This study has been an important advocacy tool for the Graduation Approach in India. Overall, the study concluded that benefits of the programs more than justified the costs, and that the program was both sustainable and cost-effective. Bandhan Konnagar's THP program was found to be the most cost-efficient model out of the six pilots, with 433 percent return on investment.

Bandhan's average cost per participant now stands at USD 347. Bandhan Konnagar, as we see below, has kept administrative costs to a minimum (approximately 39 percent of total cost) and maximized investments

¹⁸ Banerjee, A., et al, 2015.

in direct inputs. In comparison, an indefinite safety net program which targets the rural poor (including the poorest), the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), gives households below the poverty line the right to 100 days of work over 12 months with an average wage allocation per beneficiary of approximately USD 280 (averaged state-wise wage for MGNREGA 2015).¹⁹ Various state governments are further attempting to link the MGNERGA to the standard minimum wage rate, which would increase²⁰ the annual wage allocation per beneficiary to approximately USD 386²¹ (more than what is spent on a THP participant in two years). The breakdown of costs of the THP program in 2015 follows below:

THP Program Costs, by Component	Cost (INR)	
Asset transfer	12000	
Consumption stipend	1500	
Participant training	500	
Program costs *	9000	
Total	23000	

*Program costs include salary, staff training, office maintenance, communication & telephone, traveling allowance & food expenses, and other overhead costs.

¹⁹ The MGNREGA wages paid to women laborers is significantly lower than men ²⁰ This is without considering government administrative costs or accounting for the indefinite time period for which beneficiaries may participate in this scheme.

²¹ Average wage rates taken are for male laborers. For female laborers the average agricultural wage is INR 189 a day.

Cost (USD)

181	
22.65	
7.55	
135.80	

347

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At the end of the CGAP / Ford Foundation global pilots, there was a recognition that a blanket approach of including *all* poorest households with able-bodied adults was not always the most effective or financially justified. Instead, it is important to identify which demographic populations *among the poorest* that are mostly likely to benefit. Whether it is possible to anticipate successful graduation based on individual and household profiling has been an important discussion point on taking the Graduation approach to scale. This can be explored through a comparative analysis of household data and participant performance from MIS of ongoing programs, which may shed light on the question of who not only needs, but also succeeds in a Graduation program. This discussion will doubtless shape donors' and governments' decisions about whether to adopt the Approach, as it may be difficult both financially and politically (i.e., accountability to taxpayers) to approve substantial grant funding for large numbers of vulnerable households.

Plans for scaling up

In light of staff capacity and the other challenges discussed, Bandhan Konnagar's new principle for scaling up is to "carry it forward"—that is, to transfer technical capacity to other livelihoods-focused NGOs and MFIs and scale the program through those organizations rather than trying to achieve scale through Bandhan Konnagar's own resources exclusively. Bandhan Konnagar has already linked up with several small-scale MFIs to implement the THP program. Using an approach of funding + advocacy, Bandhan Konnagar will provide 75 percent funding and

IS THE PROGRAM WORTH THE COST?

Initial results of impact studies suggest that not only do benefits outweigh costs, but also that the program outcomes are sustainable.

Bandhan Konnagar's program was the most cost-efficient model out of the six CGAP/ Ford Foundation pilots surveyed, with a 433 percent return on investment

Key to Bandhan's strategy has been:

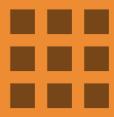
- Keeping administrative costs to a minimum and maximizing investments in direct program inputs.
- Showing that expenditures per participant are significantly less than an existing, open-ended public works program.

Including *all* the poorest households with able-bodied adults has been found to be neither the most effective nor the most financially sound approach.

WHAT MORE DO WE NEED TO KNOW? Who succeeds with the Graduation Approach, i.e., to identify which demographic populations *among the poorest* are mostly likely to benefit.

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technical assistance to four MFIs in West Bengal that will target 100 participants each. Bandhan Konnagar will also provide technical assistance to a large MFI, Swantrantra, which operates in central and western India. The technical assistance model consists of classroom-based training, exchange visits, and periodic reviews of the partner organization. (The implementing organizations will not keep an in-house expert from Bandhan Konnagar, since doing so would substantially increases overhead costs.) Bandhan Konnagar has created a separate department, under an experienced senior staff member, to manage these knowledgetransfer and capacity-building transfers aimed at scaling up the THP approach.

LESSONS LEARNED: POST GRADUATION PROGRAM

Initial results

- Treatment households had an increase of 25 percent in the per capita consumption expenditure.
- There was a drastic increase in their productive asset base and a shift of livelihoods from agricultural labor to micro-entrepreneurship.
- Treatment households were found to be less insecure, happier, and reported an overall improvement in their health.
- Findings were attributable to program components.

Cost

- IPA/J-PAL study shows that benefits of the programs were estimated to be higher than the costs in five out of six sites, ranging between 133 percent to 433 percent return on investment, and concludes that the program is cost effective, and that outcomes are sustainable.
- Bandhan Konnagar's THP program was the most costefficient model out of the six pilots, with 433 percent return on investment.
- Administrative costs have been kept to a minimum, with maximum investments going to direct inputs for the program.
- Budgeted expenditure per participant is less than for an indefinite public works program.
- Including *all* the poorest households with able-bodied adults has been found to be neither the most effective nor the most financially sound approach.
- Efforts should be made to identify those households who not only need the Graduation program the most but are also the most likely to succeed in it.

Plans for scaling up

• Current scaling approach is to "carry it forward"—that is, to transfer knowledge and build capacity of other organizations instead of containing it solely within Bandhan.

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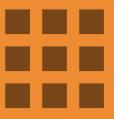


CONCLUSIONS AND IMPLICATIONS: REACHING THE POOREST AT SCALE

Bandhan Konnagar has come a long way since the pilot phase, and currently boasts, after BRAC, one of the largest Graduation scale-ups by an NGO. The THP program has gone through multiple rounds of learning, adaptations, refinements, and further learning. But the organization sees the expansion of the program as an ongoing learning process.

The THP program seeks to create a fundamental transformation in the participant household by developing alternative livelihoods and inculcating behavioral change. The core element of the THP program is that it is not limited to social protection but rather integrates livelihoods development and financial services. Its strength lies in developing the incomes and asset base of an extreme poor participant household. However, the THP program should be seen only as a first step for participants progressing out of poverty, and a suitable set of ongoing opportunities or pathways must be identified. These might include linking graduates to government programs on financial inclusion, healthcare, or education (including skills training). For the next phases of the program, Bandhan will prioritize participants' entry into self-help groups, forming new SHGs if necessary, as this will mark participants' first point of access to the mainstream state system, and will increase the odds of a permanent exit from poverty.







CONCLUSIONS AND IMPLICATIONS >

Key Lessons Learned

LESSONS LEARNED: THEORY OF CHANGE AND PROGRAM OBJECTIVES

- Households without able-bodied male members are the most vulnerable.
- The key eliminator of extreme poverty is stability of income and creation of a solid, diversified asset base.
- A critical component is the weekly life skills coaching of participants.
- Entry into microfinance as a sole graduation criterion does not reflect the holistic goals or achievements of an extreme poor household.

LESSONS LEARNED: PLANNING

Key donors

- Non-traditional funders should be pursued, such as companies that focus on supporting microentrepreneurship and development of local markets.
- Corporate donors often prioritize narrowly defined quantitative metrics, such as increase in monthly income, over holistic development.

Graduation criteria

- Sustainable graduation criteria should encompass a range of context-relevant economic and non-economic achievements at the end of the program cycle.
- Standard metrics must be established for measuring outcomes on each progress indicator to maintain comparability of outcomes across operational sites.

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CONCLUSIONS AND IMPLICATIONS > KEY LESSONS LEARNED >

LESSONS LEARNED: IMPLEMENTATION

Program duration

• 36 months is considered ideal for implementation period, allowing 24 months after asset transfer for livelihoods development — though Bandhan has found it difficult to secure funding for such an extended program period.

Staffing

- Recruitment: Field staff turnover is high in the initial months of a new program cycle, due to the physical and emotional demands of the job, coupled with difficult living conditions.
- Recruitment criteria should be tailored to context.
- Women are difficult to hire due to the long work hours, their frequent inability to relocate, and a lack of appropriate housing facilities.
- Staff training: Classroom training spread over a period of 7-8 months after recruitment, and refreshers are conducted on an 'as needed' basis. Daily branch meetings and experiential learning are critical aspects of staff training.
- Retention: Field officers need to be incentivized with a vision for a long-term career trajectory through promotions.
- The psychological well-being of staff is also crucial for staff retention.

Targeting

- The feasibility of establishing a branch office is an important pre-determinant for implementing the THP program in a particular area.
- The possible ramifications of the cultural context on such an intensive program have to be carefully considered; implementing in extremely conservative areas resistant to change may prove ineffective.
- Village Assistance Committees: The VACs can play a crucial role in developing and maintaining a relationship of transparency and trust within the community.
- Contextual differences are only uncovered through experience, and staff must be alert to these nuances and exercise discretion during the selection process.
- Care should be taken so as to not exclude a large number of vulnerable households on the basis of technicalities such as 'presence of able-bodied male' or 'no active loans in the past 5 years.' Appropriate weight must be given to other contextual factors to gauge extent and nature of household poverty.

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CONCLUSIONS AND IMPLICATIONS > KEY LESSONS LEARNED >

Consumption support

- Cash stipends are found to be rarely used for household consumption because participants prefer to invest in asset related costs.
- Cash stipends are essential for farm livelihoods because households incur a high initial asset-related expenditure but with very slow turnover. Such support is not as essential for petty traders because they have an income from the first day of asset transfer.
- A new successful in-kind consumption support model is to establish petty trade participants as suppliers of animal feed and household consumables for other participants.

Market analysis and enterprise selection

- A purely livestock-based model has been done away with as there is little opportunity for asset growth in 24 months.
- Because participants operate at a commercially insignificant scale, an analysis of the local market is more relevant than a deeper value chain/commercial market analysis.

Asset transfer

- Working capital is transferred in installments so as not to overwhelm inexperienced participants.
- The budget takes into account local prices and contingency funds for any asset loss in the initial months of the program.

• Local market dynamics and their impact on the confidence and performance of THP participants is an important consideration.

Technical Skills Training

- Systematic refresher training proved necessary for all participants, farm and non-farm alike. Refreshers take place every three months.
- Financial literacy-building is also mandatory for all participants.
- One day of the three-day skills-building is devoted to confidence-building and motivational training, drawing on success stories from past participants.
- Two days focus on technical skills for farming or (for non-farm participants) business skills.

Savings

- Savings is comprised of daily mandatory savings and "capital" savings (remainder of profits after reinvestments).
- Daily mandatory savings amounts should be kept at a bare minimum so as to inculcate a regular savings habit without creating a strain on household consumption.
- Field staff encourage participants to utilize their capital savings on housing repair, healthcare costs and children's education.

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CONCLUSIONS AND IMPLICATIONS >

Life Coaching

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Monitoring

- A thorough monitoring and documentation system is crucial to successful scaling of the program that maintains quality and effectiveness.
- The CO/participant relationship calls for close monitoring and strict rules against any form of harassment of participants by COs.
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Initial results

Cost

Plans for scaling up

LESSONS LEARNED: POST GRADUATION PROGRAM

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• Treatment households were found to be less insecure, happier, and reported an overall improvement in their health.

• Findings were attributable to program components.

• IPA/J-PAL study shows that benefits of the programs were estimated to be higher than the costs in five out of six sites, ranging between 133 percent to 433 percent return on investment, and concludes that the program is cost effective, and that outcomes are sustainable.

• Bandhan Konnagar's THP program was the most cost-efficient model out of the six pilots, with 433 percent return on investment.

• Administrative costs have been kept to a minimum, with maximum investments going to direct inputs for the program.

• Budgeted expenditure per participant is less than for an indefinite public works program.

• Including *all* the poorest households with able-bodied adults has been found to be neither the most effective nor the most financially sound approach.

• Efforts should be made to identify those households who not only need the Graduation program the most but are also the most likely to succeed in it.

• Current scaling approach is to "carry it forward"—that is, to transfer knowledge and build capacity of other organizations instead of containing it solely within Bandhan.

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The future of the THP program: Opportunities and challenges of scaling the Graduation Approach in India

Unlike BRAC, Bandhan Konnagar now faces a number of limitations in scaling its program in India, an extremely diverse country more than five times the size of Bangladesh and one with a strong government presence. The organization recognizes that as a practical matter, only the government of India has both the funds and the operational footprint to reach the poorest at nationwide scale. J-PAL has been playing a critical role as an advocacy partner, and has been pitching the Graduation Approach to regional governments using the positive results of their study. Senior staff at Bandhan Konnagar believe that the Graduation Approach is worthy of a stand-alone government program for mainstreaming the poorest into credit-based social programs. Bandhan Konnagar envisions that the THP can be placed as a precursor program for the poorest households to join the NRLM (the revamped self-help group program). In other words, entry into NRLM self-help group programs would be one destination to which the THP program leads. In reality however, this may be only a long-term possibility in India given that major policy reforms often take decades. There are a number of bureaucratic, procedural, and policy roadblocks to overcome before collaboration with state or federal governments can come to fruition.

As noted earlier, there has been a significant rise in the number of non-traditional development donors, especially CSR-motivated private corporations. But Bandhan Konnagar cannot scale such a cost-intensive program solely on the basis of time-bound donor money, whether publicor private-sector donors. Bandhan Konnagar also has finite in-house capacity for direct implementing the program.

Instead, Bandhan Konnagar has found technical assistance to be a practical scale-up model, and has chosen to become a technical assistance provider and training organization on the Graduation Approach. There are a number of livelihoods-focused organizations that transfer assets and one-time skills training to poor households. But technical assistance is especially important for designing the life skills coaching and household monitoring component which is unique to the Graduation Approach. World Vision, for example, has been transferring agricultural assets and providing skills training for more than 20 years, but visible impact has been limited in many of their participant households. Now they are partnering with Bandhan Konnagar with an aim to learn and absorb the Graduation Approach into their portfolio of economic development interventions. A senior staff member of World Vision put it this way, "We realized that Economic Development" Activity—which we always considered as a single activity—is a two-year program of asset transfer + training by Bandhan." The concerted, systematic, and sustained investment that characterizes the Graduation Approach is undeniably more challenging to implement, but the evidence suggests that such an approach is in fact what is required to achieve meaningful and lasting economic empowerment for extremely poor households.

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Scaling the Graduation Approach: Challenges Faced by Bandhan Konnagar

Staffing challenges

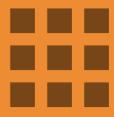
By the end of 2016, in a span of 10 years, the organization will have reached 50,000 households. The organization plans to limit direct outreach to 10,000-15,000 participants per year, based on present staff capacity. To increase staff capacity rapidly, Bandhan Konnagar has tweaked minimum qualifications (for example, to find suitable candidates in states with lower levels of literacy). It is also hiring new local management teams where the language is a major communication barrier to establishing the program. Staffing procedures have to be adapted to different contexts and remain flexible. An implementing organization in developing countries needs to take into account the cultural and linguistic obstacles where local communities in operational sites have a culture and language of their own, do not speak the official state languages, and have little in common with the capital cities where the organizations are based.

Financial inclusion after graduation

Bandhan Konnagar's vision of a graduation pathway, the next step for achieving "socioeconomic mainstreaming" (as they call it), is *financial inclusion*.

While it is not mandatory, the program aims to facilitate participants' entry into a) Bandhan MFI b) another microfinance institution or c) self-help groups. This has proven challenging; Bandhan Konnagar is unable to adequately facilitate the process because its branch offices are permanently closed when the program ends, and the onus falls on graduates to successfully join a microfinance group. Most MFIs, including Bandhan, also have stringent eligibility criteria which many THP participants still do not meet at the end of the program. Out of the 22,309 THP graduates through late 2015, only 14,258, or approximately 64 percent, have accessed microfinance services. But the good news, according to Bandhan MFI, is that only about 1 percent of these participants drop out soon after joining the MFI groups, whereas the majority remain active for more than two cycles. The loan amounts range from USD 226-1508, although THP graduates rarely borrow amounts beyond USD 450.

Moving forward, credit linkages will be a mandatory Graduation criterion with entry into existing self-help groups or formation of new ones as the main platform. Bandhan Konnagar has realized that savings accounts in formal banks are not a good proxy for a credit linkage (it is assumed to be easier to access credit from a bank where one has a savings account) because individual loan procedures in national banks are cumbersome and extremely difficult for THP graduates.





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Large scale funding

For an NGO like Bandhan Konnagar to access sufficient funds to implement the Graduation program at scale, it has two options: public sector companies or state administrative departments/ministries.

Public sector companies such as the Oil and Natural Gas Corporation (ONGC) hold CSR funds that are much larger in comparison to those available from the private sector. This remains a challenge as key personnel in these companies are difficult to approach, a common problem in the Indian government bureaucracy, and approval for funding is an extremely lengthy process.

Government departments/ministries: As discussed earlier, securing government funds would translate into regional or even nationwide operations. Bandhan's efforts are underway to reach out to various regional governments with a proposal to work with the poorest 1 to 2 percent of target populations. These discussions however are in the preliminary stages, and possibilities of partnering with the government are still speculative.

Bandhan Konnagar has already gauged a number of potential issues to be addressed.

- *Funding*. This will be the most critical stumbling block. Large-scale funding for a national Graduation program would require a major policy change by the central government. At present, regional governments only have the power to pilot the THP program with any surplus (that is, non-allocated) funds they may have available such funding is insufficient for major scaling up.
- Bureaucratic hurdles. Regional governments are wary at the prospect of one or two organizations monopolizing such a vast area of intervention, and how it would be perceived politically. Many officials are reluctant to explore new approaches, and prefer to stick with the familiar.
- Coordination. Reporting lines would need to be clarified as it would not be logistically feasible for Bandhan Konnagar to be responsible to the multiple tiers of governing bodies in rural areas in India.

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States.





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Bandhan Konnagar, one of the original pilot sites of the CGAP/Ford Foundation Graduation Program, has remained deeply committed to addressing the needs of the extreme poor. They have developed a two-pronged approach to scaling up their Graduation work: (1) by expanding their own efforts through reaching new households in the pilot sites and by launching in new regions, developing increasing cost-effective approaches; and (2) by providing technical assistance to other organizations interested in implementing the Graduation Approach in areas where Bandhan Konnagar does not operate. They have also begun a process of engaging with government authorities, in the hope that the Government of India will recognize the unique value of the Graduation Approach and integrate it into its social protection programs—though Bandhan recognizes that this may be a long process. Bandhan Konnagar serves as one model for how an NGO can implement the Graduation Approach to meet the needs of the extreme poor at large scale.







ABOUT THE AUTHOR

Anasuya Sengupta specializes in the field of gender and livelihoods, and has worked extensively in Africa and Asia. From 2010 - 2014, she was a core member of the CGAP - Ford Foundation Graduation Program Secretariat. She has a MA degree in Poverty and Development from the Institute of Development Studies (IDS), UK.

All photos taken by the author, Anasuya Sengupta, during research visits for this case study; used with permission.

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