

**SWAYAM KRISHI SANGAM ULTRA POOR PROGRAM**  
**Qualitative Evaluation of Sustainability of Program Outcomes**

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**Presented to:**  
**Swayam Krishi Sangam (SKS) NGO**

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## I. Introduction

This paper documents the results of a qualitative evaluation of the Ultra Poor Program, a pilot poverty alleviation program implemented by Swayam Krishi Sangam NGO in Andhra Pradesh, two and a half years after it ended. Over a 4-week period in January and February 2012, we spoke with over 60 women, of who around 35 had participated in the SKS pilot. This study is part of a wider research agenda in which research teams are following up with program members at least a year after the end of the program to understand how sustainable any positive outcomes of the various graduation pilots have been.

We begin by describing the graduation model and the conceptual innovations that gave rise to this particular approach to poverty alleviation. Next, we provide a detailed description of the SKS's Ultra Poor Program and its unique aspects vis-a-vis the other pilots. In the third section, we describe the results of earlier evaluations of the pilot, both quantitative and qualitative. Finally, we present the findings of our research, which was conducted between January and March of 2012. We conclude with recommendations for SKS to consider as it moves forward with scaling up the Ultra Poor Program in other locations.

In brief, we find that the sustainability of the program's outcomes has been uneven. While many social and financial behaviors inculcated by the program seem to have dropped off, many members seem to be continuing to benefit from the livelihood aspects of the program. Furthermore, the heightened political energy in Andhra Pradesh has caused disruptions in the microfinance industry and has greatly expanded social safety nets for poor people; both of which have had serious implications for the Ultra Poor Program's target group.

## II. A Different Approach To Poverty Alleviation

In their attempts to move out of poverty, the poor do not move along a linear continuum;<sup>1</sup> most oscillate in and out of poverty, subject to factors such as the availability of employment, the price of food staples, and the health of their families. Whereas social safety nets such as food aid, conditional cash transfers, and social insurance have proved successful in reaching the extremely poor they have not, on their own, created sustainable pathways out of poverty. Microfinance, for its part, has been somewhat successful at creating such sustainable pathways but has generally failed to reach the poorest.

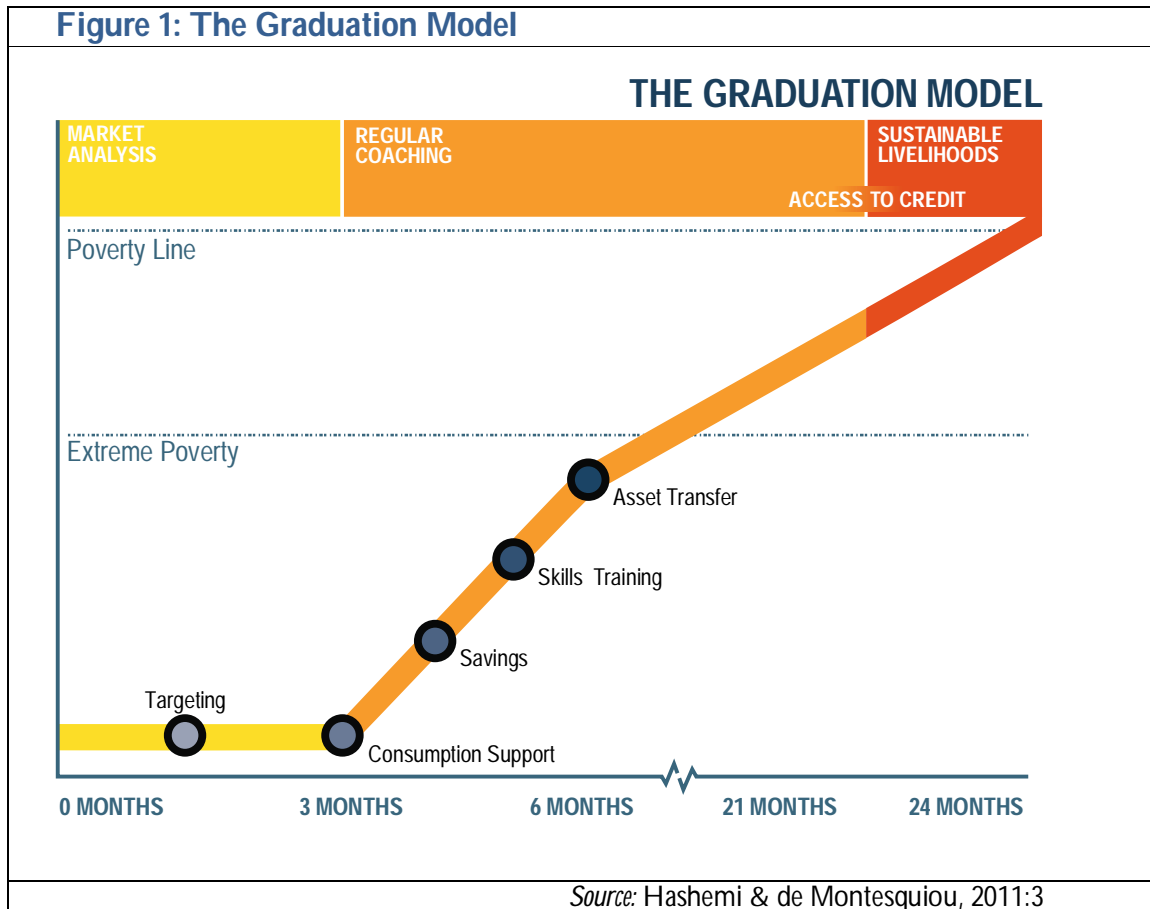
In order to address the limitations of each of these conceptually distinct approaches to poverty alleviation (social safety nets are “protective,” whereas microfinance is “promotional”), BRAC pioneered an innovative model that, by combining social

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<sup>1</sup> Sengupta, Anasuya and Karishma Huda. 2010.

protection with financial services, leveraged the strengths of both to “graduate” the poorest out of extreme poverty. The “Challenging the Frontiers of Poverty Reduction/Targeting the Ultra Poor” (TUP) approach is built on “five core elements: targeting, consumption support, savings, skills training and regular coaching, and an asset transfer.”<sup>2</sup> These elements (or inputs) are strategically sequenced, typically over 24 months, to ensure that the extremely poor are accurately identified and their multidimensional constraints are appropriately addressed.

**Figure 1: The Graduation Model**



In 2006, the Consultative Group to Assist the Poor (CGAP) and the Ford Foundation launched the Graduation Program, an initiative to test the potential of BRAC’s approach to poverty reduction in a variety of contexts. The Graduation Program in partnership with local organizations initiated a series of ten pilots in eight countries.

<sup>2</sup> Hashemi and de Montesquiou, 2011, 2

### III. SKS Ultra Poor Programme

In October 2007, Swayam Krishi Sangam NGO, the not-for-profit arm of SKS Micro Finance Limited, began implementing the Ultra Poor Program (UPP) pilot in Medak district, in the politically effervescent Telangana region of Andhra Pradesh. SKS's UPP is one of three graduation pilots being implemented in India; the other two are in West Bengal and are being implemented by Trickle Up and Bandhan.

In some ways, Andhra Pradesh is not the most obvious location for an ultra-poor program, as the state government is among the most proactive in India in terms of pro-poor policies and programs.<sup>3</sup> SKS chose to implement its pilot UPP in this state for practical and logistical reasons; Andhra Pradesh is where SKS is based and it was, until recently, SKS Microfinance's largest market.<sup>4</sup>

SKS recognized that, among the poor, women-led households with no access to arable land or other productive resources were the most vulnerable. Owing to their near-exclusive reliance on (primarily agricultural) daily wage labor, they face seasonal unemployment and, consequently, food insecurity. Similarly, they are vulnerable to income shocks due to illness or other conditions that might prevent them from earning daily wages. In these instances, they are forced to temporarily migrate (distress migration) or to borrow from neighbors or private moneylenders to cover basic household expenses.

Drawing on these insights into the nature of rural poverty, and in order to target only the poorest of the poor, SKS came up with the following inclusion and exclusion criteria for the UPP pilot:<sup>5</sup>

#### *Inclusion criteria*

- Own less than one acre of arable land
- Own no livestock/productive assets
- Have only irregular sources of income (eg., daily wage labor)
- Children do not attend school (because they need to contribute income)
- Is below the age of 60

#### *Exclusion criteria*

- Access to microfinance
- Presence of an adult working male in the household

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<sup>3</sup> See Box 2 in Section IV of this report

<sup>4</sup> Interviews with SKS NGO staff

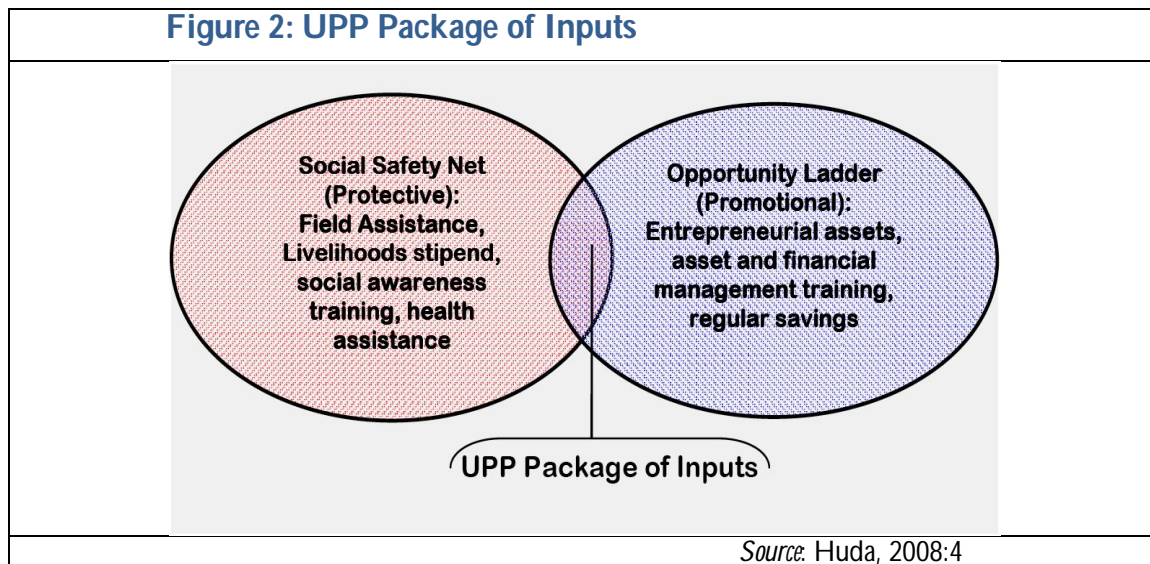
<sup>5</sup> SKS Ultra Poor Program Brochure and Huda, 2008

Members were selected on the basis of the above criteria by means of a rigorous targeting process that involved village-level surveys, participatory rural appraisals, and household-level surveys.

The primary goal of the program was “to create sustainable livelihoods so that the extremely poor [could] graduate into one of two paths.”<sup>6</sup> Some of the graduates would join mainstream microfinance programs active in their regions while the majority would continue saving in Self-Help Groups to strengthen and diversify their asset base.

### III.1 UPP Intervention Logics

For 18 months, from October 2007 to June 2009, SKS NGO provided highly targeted interventions along four axes—livelihoods, health and nutrition, social development, and financial literacy—to 426 households in 100 villages in drought-prone Medak, one of the poorer and more economically unequal districts in Andhra Pradesh.<sup>7</sup>



Drawing on the BRAC CFPR/TUP model, SKS conceptualized its ‘intervention logics’ in keeping with the multidimensional objectives of the graduation model. The intervention logics, described below, explain how SKS hoped the various aspects of the UPP would impact members. In brief, they anticipated that “promotional” inputs such as assets and mentoring would increase income or livelihood opportunities and “protective” inputs

<sup>6</sup> Chanani and Kumar, 2010:5

<sup>7</sup> See Narain et al, 2009. On the basis of 50 different indicators, they rank Medak 10/22 in terms of socio-economic development, 9/22 in terms of infrastructural development, and 13/22 for agricultural development.

such as a livelihood stipend, healthcare counseling, and group savings would reduce vulnerability to hunger and destitution.<sup>8</sup>

### *1. Livelihoods and Income Security*

Creating sustainable livelihoods that would generate cash flows throughout the year was the foremost aim of the program. SKS sought to supplement (and, in some cases, to eventually replace) members' existing income from daily labor and other irregular sources with income from productive activities that could also lead to asset accumulation. The idea was that micro-enterprises could generate a regular income in the short term, while the accumulation of assets (through savings and diversification) could lead to increased ability to withstand income shocks in the long run.

For the pilot UPP, the livelihoods intervention included the selection and transfer of productive assets and training in asset management (such as livestock rearing or running a general store). Members selected a livelihood from a basket that included: livestock (buffalo/goats/sheep/chicken) rearing; land-lease for fruit or farming; and non-farm options such as general goods store, vegetable vending, tailoring, etc. Livestock was the asset of choice for over 70 percent of members; 233 members chose buffaloes and 148 chose goats. Those who chose assets that cost more than the designated asset transfer budget of Rs. 9000 per member (approximately USD 200 at the time) were expected to cover the difference themselves.

Livelihood selection was followed by 3-6 days of skills training, during which program staff and trainers covered topics such as buying and selling livestock, livestock care and management, diagnosis and treatment of common illnesses among livestock, and marketing skills. In order to mitigate the risk of negligence or premature sale of assets, SKS provided the assets on a contractual basis—members were told that the assets belonged to SKS and that they would only acquire full ownership upon successful graduation from the programme. SKS's decision is not without complications; according to a process evaluation of the UPP, some members expressed concern that, despite having cared for the animal and invested precious resources into it, they lacked ownership papers and SKS could take away the animal anytime they wanted.<sup>9</sup>

In BRAC's CFPR/TUP model, as well as in the other graduation pilots, all program members are also provided a regular "consumption stipend" for the duration of the program in order to allow them to focus solely on enterprise development. When designing the UPP pilot, however, SKS chose a more stripped-down approach. UPP members were offered livelihood stipends on an as-needed basis, subject to approval by their Field Officer. In addition to significantly reducing costs, SKS felt that such an

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<sup>8</sup> Huda, 2008. For a detailed description, please refer to SKS's program brochure.

<sup>9</sup> Huda, 2008:15

approach would prevent women from becoming financially dependent on the program.<sup>10</sup> UPP members were encouraged to continue participating in wage labor and to use their daily wages for regular household expenses, i.e., food, clothes, and school items. Any stipends that they received were to be used exclusively for asset-related costs (such as fodder). SKS also provided regular veterinary services for livestock maintenance.

## *2. Health and Nutrition*

As SKS underscores in its program materials, “health is the single greatest catalyst that drives the Ultra Poor into the vicious cycle of extreme poverty.”<sup>11</sup> Health shocks prevent participation in daily wage labor and the related costs drain income and assets, often leading to indebtedness and to a vicious cycle of poor health and extreme poverty. Improving members’ health and encouraging the cultivation of habits necessary to lessen the risk of disease was therefore a core objective of the program.

Health support provided by the program included monthly visits by a trained health professional; information sessions regarding healthy habits, hygiene and sanitation; health screenings; and training of community health workers. SKS also provided services such as distribution of vitamin and iron supplements, free consultations on common parasitic infections and pre-natal care, and referrals to government hospitals for severe cases. SKS also trained fast climbers among program members to become paraprofessional health workers or *Arogya Karya Kartas* who were responsible for ensuring that members grasped health messaging disseminated in various ways as well as providing basic preventive and curative care.

## *3. Social development*

A third objective of the UPP was to empower members and help them to develop self-confidence. SKS recognized that a major limitation of ultra poor women is their weak social capital and the absence of reliable community safety nets. Weekly group meetings with SKS’s Field Officers provided members with a forum to discuss issues and concerns related to their lives and livelihoods, allowing them to develop self-confidence and belief in their problem-solving abilities. SKS also used this opportunity to increase members’ awareness of and participation in a variety of government programs and entitlements.

SKS emphasized sharing experiences and peer-to-peer learning during weekly group meetings over one-on-one interaction with Field Officers during household visits. During group meetings, Field Officers encouraged members to discuss individual concerns as well as issues affecting the entire village, including lack of access to government services (such as Self Help Groups, widow pensions, monthly rations,

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<sup>10</sup> The data bear this out. In total, SKS disbursed 803 stipends over a 24-month period, which is less than two per household. See Chanani and Kumar, 2010.

<sup>11</sup> SKS Ultra Poor Program brochure

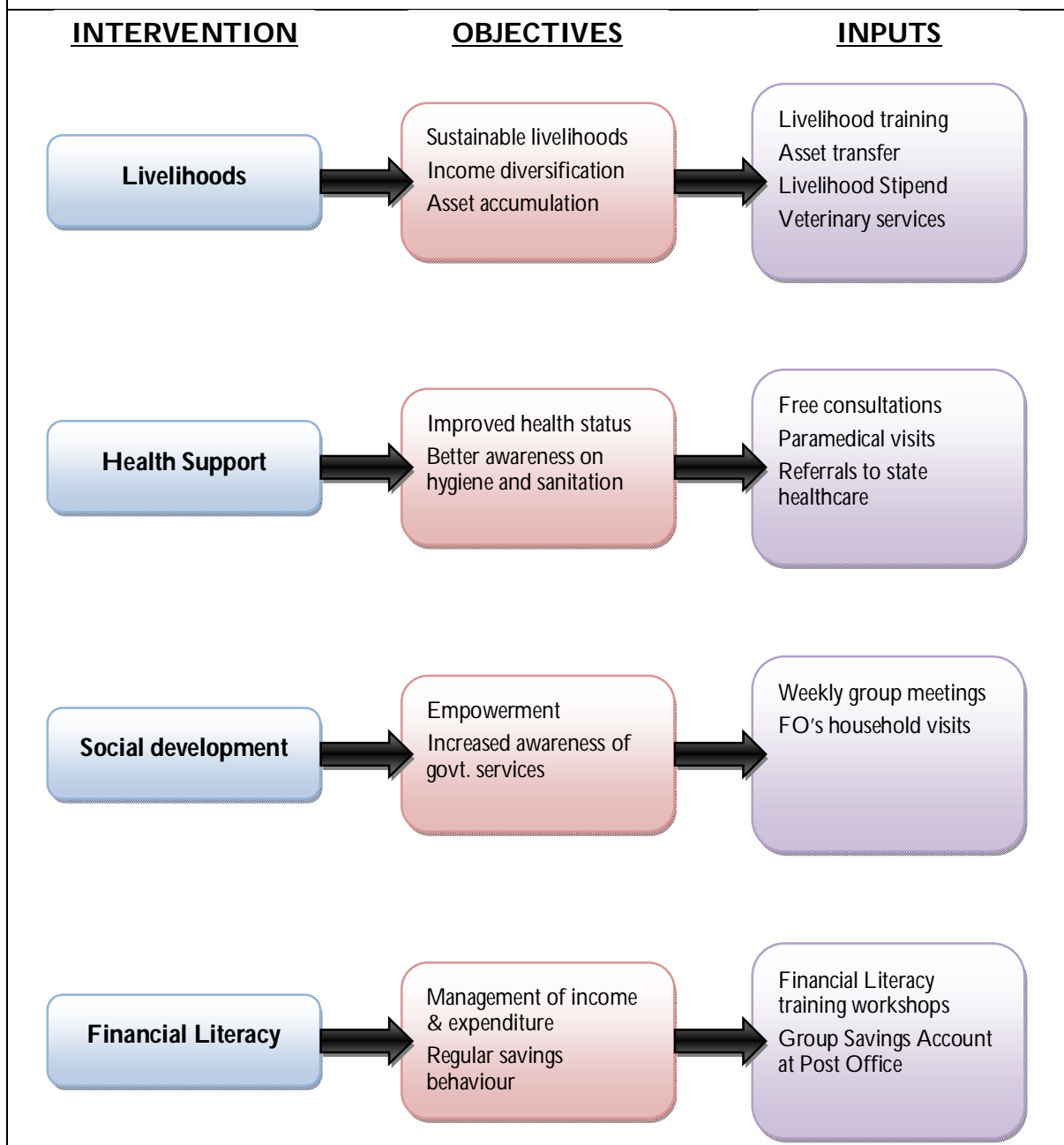


*Arogyashri* health insurance card), poor hygiene and sanitation habits, lack of awareness on the importance of formal education, and belief in superstitions.

#### *4. Financial Literacy*

Finally, SKS believed that the economic vulnerabilities of ultra poor households are exacerbated by their inability to optimally manage household income and expenditure, resulting in minimal and irregular savings. The final objective of the UPP, therefore, was to provide members with basic guidance on financial literacy. SKS implemented regular financial literacy training during weekly group meetings on topics such as mapping of income and expenditure, budgeting and financial goal setting. SKS also set up group savings accounts at the Post Office to encourage “voluntary microsavings,” toward which members were expected to contribute whatever amount they could each week. Finally, members were given information about various financial products and services available to them from government and private sources.

**Figure 3: SKS UPP Programme at a Glance**

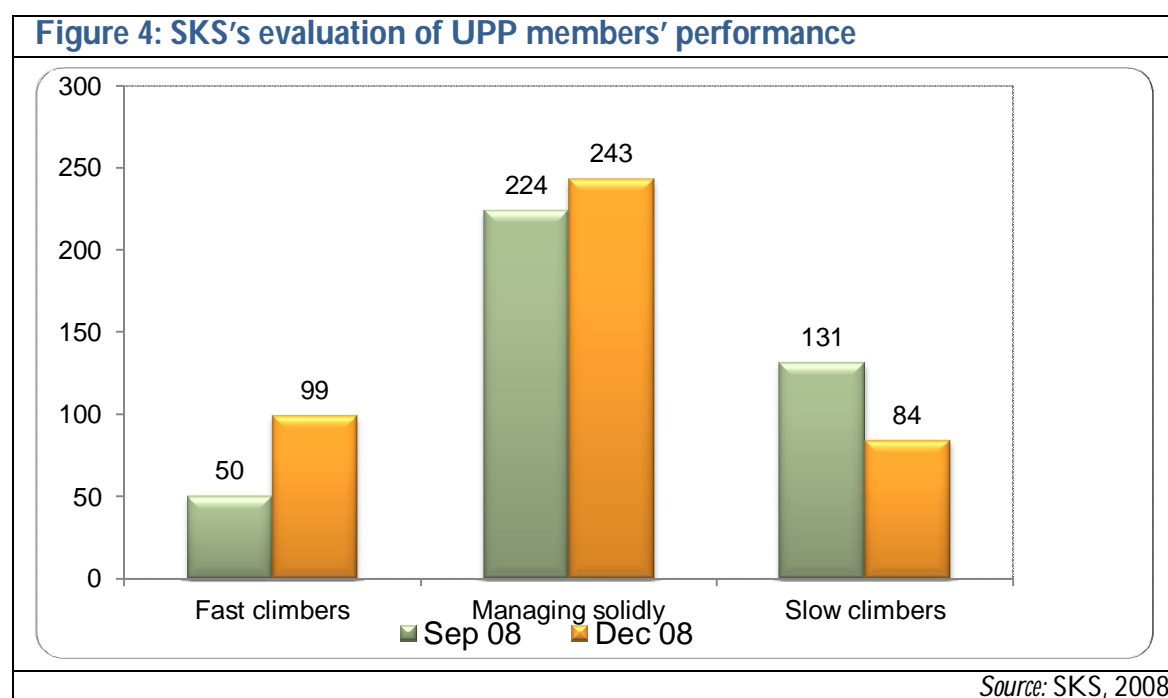


### III.2 Monitoring Progress

As part of its monitoring of UPP members' progress at different stages of the program, members were categorized as fast, solid, or slow climbers based on the following performance indicators:

- Total savings/ Regularity of weekly contributions (Fast climbers – Rs.500-600, Average climbers – Rs.200 and Slow climbers – less than Rs.200)
- Rate of expansion of livelihood/increase in working capital
- Ability to purchase food in bulk for 3 weeks (fast climbers)
- Ability to adhere to health and social messages

The first evaluation was done 8 months after asset transfer and the second 4 months later. The results of these monitoring exercises are shown in Figure 4.



At the end of the program, members were deemed to have met the program's graduation criteria if they had:<sup>12</sup>

- At least Rs. 800 in individual savings (equivalent to food security for a month)
- One month's worth of food stock
- More than one income source (typically, wage labor and a livelihood asset)

<sup>12</sup> Interview with SKS program staff. Also see <http://graduation.cgap.org/pilots/sks-graduation-pilot/>

Based on these criteria, 97 percent (414 out of 426) of UPP members graduated from the pilot program.<sup>13</sup>

### III.3 [Program Outcomes](#)

SKS used a data management system to collect data about members' progress over the course of the program. Additionally, researchers from the Indian School of Business (ISB), Hyderabad and New York University (NYU), New York conducted a randomized trial to assess the impact of the program (results forthcoming).

#### 1. *Client Monitoring System*

SKS implemented a client monitoring system (CMS) developed by BRAC Development Institute from September 2008 to January 2010. The CMS tracked indicators such as: assets; savings and savings behaviour; other sources of income; health status; and social changes. The last round of data collection was completed six months after the pilot ended.<sup>14</sup>

As a result of livelihoods skills training and the linkages SKS created with state veterinary services, holdings of goat and sheep nearly doubled from September 2008 to January 2010. Staff raised concerns over the lack of asset diversification, noting that members tended to "collect" livestock rather than invest in other assets. The report concluded that members continue to be economically vulnerable, since livestock is prone to sudden death from disease or natural disasters.

The data also revealed that UPP members were more socially aware and better able to rely on guaranteed government benefits such as widow pensions and National Rural Employment Guarantee Act (NREGA) by the time the program ended. Moreover, a majority of members had maintained their savings of Rs.1000 and many had taken loans to pay off informal debts, access better healthcare services, renovate their homes and even purchase/lease land. Finally, food security and children's school attendance had increased.

#### 2. *Randomized Controlled Trial*

In a draft report, researchers from ISB and NYU concluded, on the basis of a village-level randomized trial, that there was "no statistically significant evidence of net impact on average consumption, income or asset accumulation one year after the intervention ended."<sup>15</sup> They found that program members' increased income from livestock was offset by corresponding gains from daily wage labor among members of the control group. The

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<sup>13</sup> Chanani & Kumar, 2010

<sup>14</sup> *Ibid.*

<sup>15</sup> Morduch et al, 2011:1

authors argue that, confronted with the need to care for the assets provided by the Ultra Poor Program, members chose to allocate less time to agricultural labor, whereas members of the control group were able to devote greater amounts of time to wage labor, which was significant as labor rates were rising due, in part, to government employment guarantee schemes.

The study also argues that although “it is true that families in the treatment group would have been in roughly the same place [in terms of income, consumption, and asset accumulation] had the ultra-poor program not existed ... it is simultaneously true that the ultra-poor program had a positive impact on those it served.”<sup>16</sup> For instance, although researchers found no evidence of an improvement in direct health outcomes, they did observe that participation in the program led to significant reduction in health expenditure as well as reduced borrowing related to health. This is perhaps due to the change in the occupation structure and time used, with households spending less time engaged in strenuous agricultural labor and more time tending to livestock. Similarly, the data show that a year after the end of the program, “more than half the treatment households had sold the enterprise asset,” but that in doing so they were able to pay off outstanding loans.<sup>17</sup> Additional results will be published in 2012.<sup>18</sup>

#### IV. Sustainability of Program Outcomes

Two and a half years removed from the end of the pilot UPP in Medak, we conducted a qualitative study that would build on the insights and knowledge gained from prior evaluations (at the six-month and the one-year mark) and that would allow us to comment on the medium-term sustainability of program outcomes.

Field research for the evaluation was conducted over a 4-week period from mid-January to mid-February 2012. In addition to seven focus groups—4 with UPP members, 2 with members from the control group, and 1 with women who declined to participate in the UPP—and interviews with program staff, we conducted face-to-face interviews with 32 women. Of these, 16 had participated in the pilot (all but 2 graduated), 9 were from the RCT control group, and 2 women were “newly hungry,” i.e., had not met the programme’s inclusion criteria in 2007 but now do. We also interviewed five women who had been targeted by SKS at the beginning of the program, in October 2007, but who, for a variety of reasons, had declined to participate in the pilot.<sup>19</sup> Our sample is not representative, and we caution against inferring anything from the proportions reported here.

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<sup>16</sup> *Ibid.*, 3. Approximately a quarter (143 out of 569) of the originally targeted members had declined to participate in the pilot. For methodological reasons, they were included in the treatment group even though they were not, technically, served by the ultra-poor program

<sup>17</sup> *Ibid.*, 4

<sup>18</sup> <http://financialaccess.org/research/publications> and <http://graduation.cgap.org/topics/1-rcts>

<sup>19</sup> We return to this group later in Section V in this report

## IV.1 Livelihoods

We conducted face-to-face interviews with 16 UPP members. 9 had chosen goats, 2 preferred *kirana* shops (petty trade), 2 had leased land, and 1 each had asked for a buffalo, a tailoring shop, and a vegetable shop. Those members with family and/or other support systems appear to have benefited more, relative to others in the program. More than two years after the program, they had held on to and, in some cases, grown and/or diversified their assets (most commonly, by lending out money).

The village of Narsapoor in Narayankhed mandal is a community of about 15-20 houses by the side of a well-paved road. It is a close-knit settlement of the Thanda tribe, who have traditionally maintained large herds of goats. Unsurprisingly, goats are visible everywhere. We spoke to two UPP graduates from the village: Sailamma and Pujamma. They were able to draw on the goat-rearing experience of their extended family as well as neighbors in order to successfully grow their own herds. Anshubai now has 8 goats and has only sold two in the past 4 years. Her reasoning is, "*I'm saving the female goats for my daughter's wedding. When that happens I will sell some of the goats.*" Mirabai has 13 goats, which she hopes will one day become 25 goats. Both plan to eventually stop engaging in agricultural labor and devote all their time to their livestock.

Other UPP members whom we interviewed, however, were unable to retain the two goats provided by SKS, and much less to expand their asset base. Without past experience in their chosen livelihoods, and without support networks to turn to, many had lost their assets due to illness or death (or been forced to sell them to cover expenses) and were effectively indistinguishable from women who had not participated in the program. In the village of Krishnapuram, for example, all five UPP members who had selected goats lost their assets in an outbreak of 'PPR' (commonly known as goat/sheep plague) a year after the program ended. The frequency of health-related concerns suggests that there is a need for greater veterinary support, whether through a fee-for-service model (paid for by SKS) or by strengthening linkages with government veterinary services. It also suggests the need for SKS to ensure that by the end of the program period members are fully aware of the importance of vaccinating livestock against endemic diseases.

In terms of asset selection, members who had chosen shops and buffaloes had in general done well, while those who had accepted goats had had mixed success. The success of members who chose shops and buffaloes appears to be a result of a selection effect; only those women with previous experience or with support networks were willing to take on these assets. This is not entirely surprising, since the cost of a buffalo exceeded what SKS was willing to provide. As a result, only women who could afford to make up the difference chose buffaloes. Similarly, choosing a kirana shop meant immediately giving up wage labor, which only women with a tolerance for risk were willing to do. The most troubling outcomes were observed among those who had selected land-lease; due to poor rainfall, crop yield was extremely low and they were eventually worse off than before they started. In total, 9 out of 16 interviewees had maintained or added to their enterprise

assets. By way of (imperfect) comparison, 3 out of 14 interviewees from the control group owned productive assets.

In order to empower members and give them a greater sense of ownership over the process, SKS allowed members to take the lead in selecting from the livelihoods basket. Although program staff provided information regarding the pros and cons of various livelihoods options—emphasizing the higher cost of buffalo fodder, the susceptibility of goats to illness, the difficulty of continuing with daily labor while running a general goods store, etc.—the final decision was left to program members. While this approach empowers members and helps ensure that they are committed to their chosen livelihood, it also presents challenges for some, usually slow climbers, at a later stage.<sup>20</sup> Members often started out without a thorough knowledge of the challenges and risks involved in their chosen livelihood and were therefore unable to manage assets effectively or to realize their productive potential fully.

Members might also have selected assets for their “prestige,” rather than their productive potential or practicality. Several members alluded to the fact that ownership of the asset, per se, rather than the income it generated, had made a difference to their position in their community. As one participant put it, “*When we had goats we had strength, and we could fight.*” This attitude might explain the absence of a diversification strategy for some, which even the final CMS report highlighted: “the lack of diversification and ‘collecting’ of animals does raise a red flag.”<sup>21</sup>

#### [IV.2 Asset diversification](#)

Suvamma, who was one of the more successful UPP members we spoke to, asked SKS for a buffalo. She sold one of two calves for Rs. 6000, and now lends out money to neighbours. According to her, “the buffalo made us creditworthy. People were willing to loan us money.” With the money she was able to borrow, she started sharecropping and is now she and her family—two children and her father—eat better.

Suvamma’s story is heartening. Indeed, she is a textbook example of the possibilities afforded by the graduation model. Unfortunately, she appears to be in a minority among UPP members. We observed little diversification of assets, even among those programme members whose asset holdings have increased. Most livestock members, therefore, remain vulnerable to shocks that might affect their entire asset base.

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<sup>20</sup> Huda, 2008:17

<sup>21</sup> Chanani and Kumar, 2010:7

### **BOX 1: The changing face of microfinance in Andhra Pradesh**

Part of the explanation for the observed lack of asset diversification among UPP members might have to do with recent developments in the microfinance industry in Andhra Pradesh. A December 2010 state law—the Andhra Pradesh Microfinance Industries (Regulation of Moneylending) Act—that severely restricts MFI activity in the state. Reacting to a spate of suicides allegedly caused due to coercive recovery practices on the part of MFIs, the state government passed a law that, among other restrictions, prohibited weekly collections from borrowers and prohibited new loans to existing clients without prior government approval. Andhra Pradesh is the largest microfinance market in India and as a result of the 2010 law several MFIs, including SKS, were forced to dial back their presence on the ground. This matters when considering UPP impact because, according to some SKS NGO staff, SKS MFI loan officers might have been able to follow up with fast climbers among UPP members.

### IV.3 Health & Nutrition, Social Development, and Financial Literacy

Entrenched social constraints and a crippling lack of self-esteem and confidence among the ultra-poor are powerful barriers to socioeconomic resilience. In many ways, these limitations present even more formidable challenges than purely economic limitations. Especially for women, cultural and normative constraints define the nature of their poverty. Women are not only marginalised from active participation in the public sphere; denied education, they are also often unable to develop the skills and confidence necessary to move beyond a life of perpetual poverty.

Even where the state attempts to play a more proactive role through entitlements and rights-based approaches, a lack of accurate information about these programs means that women are unable to benefit from them. They are also poorly informed about various health hazards, and their limited financial literacy hampers their ability to plan for fluctuations in income and expenditure.

When UPP members were asked during FGDs and personal interviews how they benefited from participating in the program, most women struggled to think of any benefits—real or perceived—other than their livelihood asset and, in some cases, livelihood skills training. The data support their perspective; although the short-term effects of program participation on **financial literacy, health-seeking behavior** and **social development** were generally positive,<sup>22</sup> these effects have diminished over time. We were unable to discern any meaningful difference between members and non-members on a variety of relevant indicators (belief in the importance of saving, household cleanliness and personal hygiene, visits to primary care practitioners, children's schooling, knowledge of government programs, etc.).

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<sup>22</sup> Based on SKS program staff's observations and previous evaluations, including Huda, 2008, and Chanani & Kumar, 2010.



Education: In 2007, SKS identified “working children” or “children not in school” as a clear indicator of ultra poverty.<sup>23</sup> Ultra poor households could not afford to send their children to school not simply because it implied additional expenditure but rather because it implied extremely high opportunity costs: these households depend on the additional income their school-age children earn from being employed. Even so, SKS program staff encouraged UPP members to send their children to school, and to desist from getting their daughters married too early. As one member recounted: “[Field officer] Manish scolded me for getting my older daughter married so young. He kept telling me to send them to school and to let them study as much as possible.”

Four years later, nearly all our interviewees (UPP members and non-members alike) acknowledged that sending their children to school was important in order for them to “have a better life.” SKS field officers claimed that in the last few years, state visibility has increased, notably in the education sector, in the form of primary and secondary schools, higher secondary colleges, and hostels. Positive attitudes towards education, together with it becoming more accessible, have led to an increase in enrolment among the ultra poor.

Even so, interviewees from both groups without well-developed support systems still resort to keeping one child out of school to help out at home (for instance, with caring for livestock) or to bring in extra income. Most often, the child denied an education is a girl. After all, educating daughters drives up future costs. As one UPP member candidly remarked, “There’s no point in having them highly educated. They are destined to marry farmers, and if they’re too educated, we have to get an educated son-in-law, which means more dowry.”

Savings: We also found no evidence of continued savings behaviour, which SKS tried to inculcate through compulsory weekly contributions to group savings and which is one of the primary goals of all graduation programs. At present, respondents in all villages except one that we visited (a total of 16 villages) have withdrawn their savings, closed the Post Office accounts and used the money to repay debts or cover household expenses. Apart from a few women in our sample, others prefer to keep ad hoc cash in their homes as high inflation makes it strenuous to maintain regular savings. Some, like Mirabai, have no savings because they prefer to spend on long-term investments, such as their children’s education. “I want to invest most of my income in my children’s education. I have never considered taking them out of school under any circumstances. It is my responsibility to look out for their future”. Others, however, have discontinued saving and liquidated their group accounts to pay off short-term debt, which is likely to leave them financially vulnerable in the long term.

Self-confidence: Although clear differences in non-livelihood outcomes between members and non-members are difficult to perceive, one area stands out for the marked

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<sup>23</sup> According to SKS’s program brochure, ‘children not attending school’ is one of the main characteristics of ultra poor households

difference between the two groups: self-confidence and interpersonal relations. During a Focus Group Discussion in Sirgapoor, one of the pilot villages, the conversation became especially animated once the topic of access to pensions and monthly rations was broached.

**Member A:** *There is no system, any one can get the pension even she is not eligible, while any one who is actually eligible might not get it.*

**Member B:** *I had tried earlier but I did not succeed. One has to get the support of community members, village elders or the elite and force the department to give it. You should go and fight with the department, and demand your pension. I fought with the department to get mine. I took my neighbours and friends with me as well.*

Instilling confidence among the ultra poor so that they are empowered and willing to stand up for themselves is vital if they are to find a sustainable pathway out of poverty. Through a combination of weekly group meetings and the reassurance and respect that comes from owning productive assets, SKS's ultra poor program appears to have instilled among its members the confidence to articulate their concerns in a patriarchal society and, crucially, to demand their rightful share of the state's largesse.

#### **BOX 2: Poverty alleviation and political competition in Andhra Pradesh**

Andhra Pradesh is one of the fastest developing states in India (although, like much of the rest of the country, the benefits of development remain unevenly distributed), and the government has pursued pro-poor policies actively. Government schemes such as *Abhaya Hastam* (a co-contributory pension and insurance scheme for SHG members), 1-rupee rice, and widow pension have proliferated. Moreover, interviews with former SKS field officers suggested that increasing political competition in the region has led to greater awareness and better implementation of these various schemes and programs, as incumbents and the opposition compete to attract votes. A recent article in *Economic & Political Weekly* argues, for instance: "a high level of competition throughout Telangana means that an aggressive opposition and ever-watchful coalition partners make it politically unfeasible to corner NREGS [National Rural Employment Guarantee Scheme] benefits" (Khosla, 2011:66). Telangana has in recent years also witnessed intensification of separatist sentiment, which could similarly have contributed to greater political awareness among inhabitants in the region.

#### IV.4 Internalizing program messages

UPP member Sheila quickly picked up the goat-rearing skills she required to successfully manage the assets she received from SKS. She enthusiastically describes her memories of the pilot: "*The income was great. I sold goat kids every six months. It was a good time for my family.*" With the money she made from selling livestock, Sheila invested in 5 grams of gold, contributed a total of Rs. 1500 towards group savings and even started a poultry business.

Two years later, her livestock has perished and she struggles to provide for her three children, 2 of whom are mentally challenged. She has been asking the ‘big people’ (village leaders) for years to approve the disability pension scheme that her family is entitled to, but without much hope. She claims to remember the social and health messages delivered by the field officer, but admits that she has been unable to sustain the related behavior. For example, she says, *“It is difficult to boil water all the time, and you need a separate vessel. I don’t have an extra vessel for boiling water.”*

Sheila’s story is indicative of one of our most consistent observations: the lack of deep internalization, among UPP members, of the behaviors and habits recommended by SKS’s health and social messaging. Where their health and other medical issues are concerned, members still display a marked preference for expensive curative care over preventive steps such as regular intake of vitamins and iron supplements to build up resilience to illness and disease.

#### [IV.5 Handholding support](#)

Our observations beg the question: “Did the way program inputs were designed get in the way of sustained behavioural change?” SKS emphasized peer-to-peer learning over sustained one-on-one interactions between UPP members and field officers. Household visits consisted of a summary discussion with the member outside her homestead to inquire about the status of her assets, the health of family members, and whether her children were attending school. This format did not allow any room for customized and creative support from the FO, on whom SKS discouraged any sort of emotional dependence.<sup>24</sup>

Instead, field officers engaged with their members primarily during weekly group meetings. SKS program staff felt that members would be more willing to discuss their problems in the presence of their peers, and that sharing experiences in a group would allow members to tap into the group’s collective knowledge and facilitate improved communication skills. They also thought that weekly center meetings would provide an appropriate environment for interacting with the SKS Field Officer and imbibing health and social messages. As a former field officer explained: *“Our group meetings would often last up to 2 hours depending on the issues at hand, but our household visits lasted only 2–5 minutes on average. If there was health emergency, we would spend up to 15 minutes in the household.”* Rather than field officers, SKS relied on members’ peers—the fast climbers in each village—to provide individual hand holding support to other members.

As observed in other pilots, fast climbers—those with prior experience or the entrepreneurial spirit to run a business—are often able to acquire adequate levels of self-confidence and internalize program messages simply through experiential learning during

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<sup>24</sup> Huda, 2008

the program. Average or slower climbers require additional mentoring as well as close monitoring to retain programmatic learning. Therefore, in the CFPR/TUP model, BRAC conceptualizes weekly support as intensive, in-depth household visits by Field Officers, which last for at least half an hour *per member*. Each household visit begins with a recap of the previous week's lessons, to ensure that the member is able to grasp the concept and maintain the course of behavioral change, followed by a discussion on pre-determined social and health-related topics.

In the original BRAC model and in the other CGAP-Ford Foundation Graduation Pilots, the potential of weekly household visits in defining a member's pathway out of poverty lies in the quality of Field Officer interface. SKS believes, however, that creating dependency on a field officer who is only available only for a limited period of time may hamper members' abilities to sustain their progress beyond the formal program period. Both arguments have their merits, but our evaluation suggests that the "right" amount of support might lie somewhere in between the standardized and the customized ends of the handholding spectrum.

## V. Targeted Households Which Did Not Participate

SKS initially identified 569 women-led households to be a part of their pilot program based on the targeting criteria. Surprisingly, 143 of them chose not to participate. Our interactions with women from this group revealed an inherent fear of formal credit. At the sight of a SKS staff member, a woman named Ramamma insisted that she be left alone. She eventually revealed that she declined SKS's invitation to be a part of the UPP due to an overriding fear that any potential loss of assets would result in forced repayment of the asset value. A senior field staff member offered a candid insight: *"Those who were willing to join the program were generally better off than those who did not. I would say around 75% of the members that refused to join were the worst off, who refused simply out of fear."*

At the time of initial targeting, around mid-2007, SKS was known across the villages as a microfinance institution. In order to discourage false reporting (in an effort to game the targeting criteria) during initial household visits, SKS Field Officers tactically avoided any explicit mention of the nature of the ultra poor program. As a result many women—and certainly most of those who eventually chose not to participate in the program—assumed that it was a credit program. While several women did attend induction meetings without much prior knowledge of the program, a smaller group of highly risk-averse women preferred not to get involved with any program associated with an MFI.

A few women in our sub-sample said they refused simply because they had other sources of income or strong family support. One participant refused on the premise that she was already engaged in a respectable, secure job as a water supply operator at the *panchayat* (local village administration), although her salary was relatively low. Finally, senior staff at SKS NGO, pointed to the long time lag between the baseline survey and the start of

program implementation. In their opinion, the six-month gap, caused in part by the randomization process, was long enough to cause some women to wonder whether SKS would actually deliver on their promises of providing livestock.<sup>25</sup>

### V.1 [Effect on impact assessment](#)

Nearly a quarter of the intended UPP members chose not to participate and, therefore, did not receive any program inputs. However, these 143 households are included among the RCT treatment group in all statistical analyses, as per state of the art in randomized trials. However, in the forthcoming RCT publications, it would be imperative to see Treatment-on-Treated (T-o-T) estimates alongside the (more methodologically sound) Intent-to-Treat (I-t-T) estimates in order to provide SKS and other institutions with more complete information about the strengths and weaknesses of the program for those who actually participated. Importantly, in keeping with a primary function of an impact assessment, it would help them decide whether or not it is worth investing more time and effort into this model of poverty alleviation.

If the data show that T-o-T estimates are higher than I-t-T estimates, then there is reason to believe that there is nothing conceptually wrong with the way the program was designed, and that it was properly implemented. It might mean that those who opted out of the program might have benefited from it. If this were the case, it would suggest that SKS and similar organizations should pay closer attention to their targeting criteria and recruitment pitch such that “dropouts” are minimized.

If the T-o-T estimates are lower than I-t-T estimates then the program was either poorly conceptualized, poorly implemented, or both. In this case, would appear that those who opted out of the program knew something about their employment/livelihood opportunities that the implementers did not.

## VI. Conclusion and Recommendations

The basic goal of any pilot initiative is to understand what works and what does not, and to take this understanding into consideration when redesigning the program or implementing it in different contexts. The present evaluation suggests that, in the case of the SKS Ultra Poor Program pilot in Medak, Andhra Pradesh, certain elements of program design did not work as anticipated, particularly in the context of a highly proactive state government focused on pro-poor policies.

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<sup>25</sup> Interestingly, in the ongoing UPP in Medak district the dropout rate is *significantly* lower. We were unable to verify an exact figure, but according to program staff only 10-12 potential members declined to participate.

Notwithstanding valuable gains in the short term, most of the UPP members we interviewed appear not to have been able to sustain these gains, particularly in the areas of health and savings behavior. Also, asset diversification has not been prioritized, leaving several members economically vulnerable in the event of an unanticipated shock to their asset base.

Because myriad psychological and social deficits—in addition to obvious economic constraints—characterize extreme poverty, providing for adequate levels of handholding and training support should be a key concern of program design. For instance, in the UPP pilot, relying on weekly group meetings rather than one-on-one interactions between Field Officers and members for communicating key programmatic messages appears to have hampered the internalization of these messages. As a result, once program support ended, UPP members' health-seeking and financial behavior reverted to their pre-program state. Thorough follow-up household visits might be necessary to ensure that programmatic messages are retained and become the basis for lasting behavioral change.

Peer-to-peer learning leads to valuable knowledge sharing and the development of useful social skills. It cannot, however, replace one-on-one mentoring by Field Officers. The experience of other graduation pilots shows that, although it is a major logistical and financial burden, one-on-one mentoring by trained and committed Field Officers is key to transforming the lives of the most vulnerable. Along the same lines, identifying fast and slow climbers early in the program would allow SKS to customize its support for different groups of members, thereby optimizing the use of limited resources.

The stark differences in members' behavior—weekly savings, for instance—during the program compared to after the program highlights the importance of monitoring behavior. Phasing out Field Officer support gradually might better prepare members for the post-program period. SKS has adopted such an approach in its ongoing UPP in Medak (which extends program benefits to members of the control group from the pilot UPP); Field Officers start with weekly visits for the first six months and gradually reduce the frequency to bi-weekly and then monthly visits. Although the primary impetus for this change is financial constraints, our experience suggests that there might be practical benefits, too, provided that SKS does not end up relying too heavily (or too early) on fast climbers among program members for training or monitoring support.

Leaving decisions about asset diversification up to members' sole discretion meant that even those members who were able to build their assets remained vulnerable to external shocks because they failed to diversify. This was most evident in the case of livestock owners. Constant guidance and monitoring to encourage livelihoods diversification (and not just expansion) may have led more members to strategically expand their asset base and, in so doing, to spread their risk and to reduce their long term vulnerabilities. The selection and management of assets has to ensure that the primary objective of livelihoods intervention is met; i.e., that members are able to sustain a minimum level of livelihood

gains in the long term. To this end, members' progress should be monitored not just in terms of the size of asset holdings but also using indicators such as regularity of income, returns from assets, and diversification of risk (particularly for livestock owners).

The variation in livelihood outcomes between members with strong family support and those without suggest that SKS should consider ways to provide additional support to UPP members who do not have family and social support structures of their own so that they, too, can fully realize the potential of their livelihood asset. In addition to incorporating these sorts of pre-existing resources and constraints in their identification of slow and fast climbers, SKS might think about providing additional training in livestock management or facilitating the creation of "goat-banks," where one member takes care of several members' assets on a rotating basis. SKS could also think about ways to further increase livelihood support. Additional veterinary care, links to state livestock programs, and/or "livestock mentors" (linking members with those in the community who have experience in livestock) might help members care for their livestock better once the program has formally ended. We recognize that these recommendations would be difficult to implement given the limited availability of resources. However, SKS and other organizations need to consider how to better balance resource considerations against sustainability considerations.

As the graduation pilots all draw to a close and discussions around scale up commence, a final takeaway that this study sheds light on concerns the context within which the program was implemented. Holistic poverty-alleviation programs such as the Ultra Poor Program might have the greatest impact when and where the state is not also actively pursuing pro-poor policies. In this sense, SKS's UPP in Koraput in Orissa's tribal belt is arguably better positioned to demonstrate the potential of the graduation model.

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