Enabling Sustainable Graduation out of Poverty for the Extreme Poor in Malawi

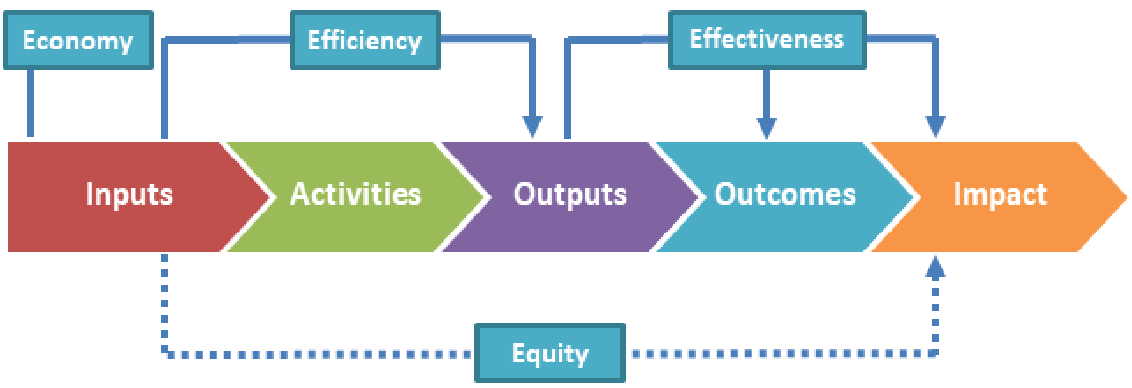
Addressing Value for Money in Graduation Programmes

The **Graduation Programme** is designed to address the many challenges of extreme poverty by simultaneously boosting livelihoods and income, providing access to financial services, improving people's self-confidence and tackling social exclusion. The intervention in Malawi is an 18 month intense, multifaceted intervention comprising training on a specific livelihood asset, an asset transfer, enhancing access to savings facilities, time-bound cash transfers while on the programme and regular coaching and support visits, as well as introducing and testing an innovative approach to engaging male and female spouses for improved gender equality amongst the programme participants.

Such an intensive programme has a high cost per beneficiary ratio, which has led to questions being raised about the perceived expensiveness of Graduation. At the same time, the cost presents potential challenges for scaling up. The following provides a very brief overview of current discussions on the subject and identifies how the Graduation programme in Malawi will contribute to these.

Defining Value for Money

For Concern Value for Money (VfM) must address issues of economy, efficiency, effectiveness and equity. In this, economy deals with the way inputs are being purchased in the right quantity and at the right price, while efficiency looks at the rate at which intervention inputs are converted to outputs. We take effectiveness to address issues of how outputs are converted into outcomes and impacts. The fourth dimension, equity deals with the degree to which the results of the intervention are equitably distributed – something that is essential as we talk about graduation programmes.



For Concern, it is important that discussions around VfM are not restricted to looking at a 'financial return', as improvements in areas such as self-esteem are exceptionally challenging to monetise.

Global Experiences to Date

The most comprehensive analysis undertaken to date of the Graduation Programmes found statistically significant, cost-effective impacts on consumption (fuelled mostly by increases in self-employment income) and the psychosocial status of the targeted households. This paper used total consumption as the measure for benefits and found that the programmes had benefits greater than their costs (ranging from 133% in Ghana to 433% in India). [1]

A separate piece of analysis compared the returns from Graduation Programmes with livelihoods or lump sum cash transfer programmes.[2] They found that among programmes that target the extreme poor and for which there is long-term evidence, graduation programmes had a greater impact per dollar than livelihood programmes. More importantly, they highlighted that the effect of the graduation programme on daily consumption did not decline after the intervention stopped, and that over one year after the graduation programs ended, households had more productive assets (mostly livestock) and increased their labour supply. On the other hand, livelihood and cash transfer cases showed a reverse trend with benefits declining between their respective midlines and end lines. This piece also identified that because of the comprehensive targeting approach in Graduation Programmes, there is more confidence that the ultra-poor are being reached.

However, the questions around the need for further comparison between graduation and 'simple' cash transfers giving the same amount (but perhaps over a longer time period) continue, as do questions over the scale of some of the impacts, with an argument put forward that the actual impacts are less impressive when expressed as absolute values.[3]

Targeting the Extreme Poor, Costs and Sustainability

To date, in the approach we at Concern take, we have focussed on making sure that we are reaching the poorest and that the benefits that accrue are sustainable over time, both of which are essential in any discussion around Value for Money. Our work in Burundi and Rwanda has shown that at least 94% of those included in the programme can be considered the extreme poor, suggesting very low inclusion errors. This has been achieved by a three-prong targeting process – initial discussion and identification of participants by community leaders, a verification process by Concern or partner staff and a feedback session that identifies those to be included. We have also established strong Complaints Response Mechanisms in each of our programmes, where people can contest the inclusion of some participants (or their own exclusion). If there are high levels of inclusion errors in such a programme, it means the first objective of reaching the extreme poor is not being met.

In terms of the total cost of delivering a programme, estimates from our Burundi programme show this was approximately US$1,023 for each of the 2,000 participants included in the first round of implementation. This places it in the mid-range of the US$331 to US$1,933 costs identified for the initial Graduation Programmes across different contexts.[4] In Burundi, the programme provided

[1] Banerjee, A., E. Duflo, N. Goldberg, D. Karlan, R. Osei, W. Parienté, J. Shapiro, B. Thuysbaert, and C, Udry (2015) *A multifaceted program causes lasting progress for the very poor: Evidence from six countries* SCIENCE VOL 348 ISSUE 6236

[2] Sulaiman, M., N. Goldberg, D. Karlan and A. de Montesquiou (2016) *Eliminating Extreme Poverty: Comparing the Cost-Effectiveness of Livelihood, Cash Transfer, and Graduation Approaches* Reports by CGAP and its Partners, No 11, December 2016 https://www.poverty-action.org/sites/default/files/publications/Forum-Eliminating-Extreme-Poverty-Dec-2016.pdf

[3] Kidd, S., and D. Bailey-Athias *The effectiveness of the Graduation Approach: what does the evidence tell us?* in **International Policy Centre for Inclusive Growth (IPC-IG) (2017)** Debating Graduation.

[4] Sanjay Sinha, S. and R. Ritobrata (2010) **Costing of the Global Graduation Programme, 2007-09** for Micro-Credit Ratings International Limited, Gurgaon, India

monthly cash transfers to beneficiary households, as well as access to savings and borrowing facilities, skills training and coaching, working capital for income-generating activities, a mobile phone, and advice on establishing kitchen gardens.

Estimated Cost per Participant in a Two Year Programme (Burundi) (US$):

Unit Cost per Programme Participant	US$ (Est)
Asset transfer (seed capital for business)	84
Mobile phone	28
Consumption support transfer	158
Training for households (Business, SILC/ VSLA, hygiene etc.)	235
Coaching and mentoring (includes cost of initial targeting)	209
Disaster response support (for households experience shocks)	16
Sub-Total	**730**
In country Management Staff costs (at 20% of benefits)	146
Admin and transport (actual estimates)	80
Sub Total: Staff and Admin	**226**
Overheads (at 7% of total programme spend)	67
Total	**1023**

The final evaluation found that, two years after the end of the programme, in addition to having annual income from their two main sources of $33 more than those in the control group, programme participants had increased the value of their assets by over US$130 more than the comparison group and fared considerably better on a number of other indicators. In estimating this initial gain to income and asset ownership, important points to consider include:

- Firstly, this does not refer to total income, and as the Graduation Programme led to increased livelihood diversification, it is possible that additional income-generating activities (IGAs) were adopted but not captured in the survey, which focused on the two main income source.
- Secondly, the programme saw participants exhibit a considerable shift away from daily agricultural labour as the primary occupation towards IGAs and farming their own land, which most respondents indicated to be a positive move towards self-reliance. Greater frequency and reliability of income from the newly set up IGAs were considered to outweigh potentially smaller amounts of income earned. This shift is particularly important, allowing household save and plan.
- Only a proportion of the total expenditure from the programme goes directly on promoting IGAs (the asset transfer and training on the asset), for which a more realistic figure of $258 could be considered.

- Furthermore, changes in consumption and asset holding that may not be included in our measure of income is also important - significant numbers of households acquired or built their own houses, and many more upgraded the quality of their housing, from mud to brick walls and from grass to metal roofs. The number of meals consumed per day by adult participants almost doubled between baseline and endline, while months of hunger fell dramatically, from over seven in the year before the baseline survey to less than two in the 12 months before the endline survey. Dietary diversity, measured by the number of distinct food groups eaten in a day, doubled between baseline and endline.
- Our data from Rwanda and Haiti allows us to show continued improvements a number of years after the programme has ended, suggesting the benefits are sustainable at least 36 months after the cash transfers have been completed.

What We Will Do

Globally there is a need for more evidence of the comparative long term and sustainable impacts of livelihoods, cash transfer and graduation programmes. As part of our contribution to knowledge on what works in the Graduation programme, we will continue to look into issues of what it costs to move people sustainably out of extreme poverty (what is referred to as threshold graduation). We will also look further into the cost of each component in the graduation programme in more detail as part of our research in Burundi and Malawi. In Malawi we will specifically look into the different costs and benefits for a graduation programme and compare this to the costs associated with the social cash transfer programme and the benefits that accrue from that. Separately we will look into the cost of the gender transformative training and the additional benefits it brings and use this to assess whether incorporating this component enhances the Value for Money of Graduation Programmes.

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FUNDED BY:

Irish Aid
Government of Ireland
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