



Investing in rural people

Graduation models for rural financial inclusion

by

Khalid El Harizi

International Fund for Agricultural Development (IFAD)

with the collaboration of

Xinjia Yan

Columbia University

13 IFAD
RESEARCH
SERIES



The IFAD Research Series has been initiated by the Strategy and Knowledge Department in order to bring together cutting-edge thinking and research on smallholder agriculture, rural development and related themes. As a global organization with an exclusive mandate to promote rural smallholder development, IFAD seeks to present diverse viewpoints from across the development arena in order to stimulate knowledge exchange, innovation, and commitment to investing in rural people.

The opinions expressed in this publication are those of the authors and do not necessarily represent those of the International Fund for Agricultural Development (IFAD). The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of IFAD concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The designations “developed” and “developing” countries are intended for statistical convenience and do not necessarily express a judgement about the stage reached in the development process by a particular country or area.

This publication or any part thereof may be reproduced for non-commercial purposes without prior permission from IFAD, provided that the publication or extract therefrom reproduced is attributed to IFAD and the title of this publication is stated in any publication and that a copy thereof is sent to IFAD.

Authors:

Khalid El Harizi, Xinjia Yan

© IFAD 2017

All rights reserved

ISBN 978-92-9072-755-2

Printed May 2017



Investing in rural people

Graduation models for rural financial inclusion

by

Khalid El Harizi

International Fund for Agricultural Development (IFAD)

with the collaboration of

Xinjia Yan

Columbia University

A decorative graphic in the bottom-left corner consisting of several yellow wheat stalks with detailed grain heads and long awns, set against a white background.

13 IFAD
RESEARCH
SERIES

Acknowledgements

For development agencies like IFAD, the importance of learning from their own practice cannot be overemphasized. This work would not have been possible without the vision and support of IFAD's former President, Kanayo F. Nwanze. I am also grateful to John McIntyre, former Associate Vice-President, Programme Management Department, for providing the necessary day-to-day support for this research. Along this journey, I benefited from many useful conversations that took place with colleagues in the Strategy and Knowledge Department (Karim Hussein, Bettina Prato and Alessandra Garbero), in the Latin America and the Caribbean Division (Paolo Silveri), the Near East, North Africa and Europe Division (Nerina Muzurovic, Malek Haddad and Dina Saleh) and the Asia and the Pacific Division (Fabrizio Bresciani and Yvonne Diethelm), to mention but a few. I would also like to recognize the contribution of the following colleagues from the Technical and Policy Advisory Division: Edward Heinemann, Michael Hamp, Jonathan Agwe, who reviewed the paper at various stages of its development, as well as Francesco Rispoli, Pedro De Vasconcelos, Tom Anyonge and Norman Messer for sharing their perspectives on the subject. Sundeep Vaid and his team of librarians have been most helpful right from the very start of this research in identifying, screening and facilitating access to the relevant literature.

Outside of IFAD, I would also like to acknowledge the help of colleagues of Fundación Capital, and in particular Roberto Haudry and Tatiana Rincón, for their kind guidance in the early stages of this work, their encouragement and their feedback on initial findings. Mohamed Manssouri and Michael Marx from the Investment Centre at the Food and Agriculture Organization of the United Nations shared their experience in developing knowledge products for IFAD, the European Bank for Reconstruction and Development and other donors on related topics. I cannot forget to mention my long-time friend Grigori Lazarev, with whom I have had countless intellectual exchanges on subjects of mutual interest, and this one was no exception. Last but not least, I have derived considerable insight and stimulation from my interaction with the team of experts in charge of the Rural Development Report 2016 led by Hans Binswanger, with special thanks to Carolina Trivelli for her insights on social protection.

A very special word of thanks to the external reviewers of this paper, namely Dr Christiane Stroh de Martinez and Christoph Renken from Joyn-Coop; we hope we have done justice to their thoughtful remarks and suggestions for the benefit of the readers. Many thanks also to the publication team of IFAD for their patience as they coordinated the internal and external reviews, in particular Rui Benfica and Helen Gillman. Finally, I feel infinitely grateful to the hundreds of anonymous farmers and rural communities that I met during my career who gracefully opened for me a window on their world. They are my ultimate teachers.

Khalid El Harizi

About the authors

Khalid El Harizi is currently a strategic evaluation and innovation management consultant. He previously held several positions at IFAD, including Country Programme Manager, Manager of the Innovation Mainstreaming Initiative and Senior Evaluation Officer. He also led a joint International Food Policy Research Institute-IFAD research project on Empowering the Rural Poor under Volatile Policy Environments in the Near East and North Africa Region, where he developed a model of empowerment and metrics applied to the governance of natural resources. Before his time at IFAD, he worked for the FAO Investment Centre, its Technical Cooperation Programme and for the Government of Morocco. He has done fieldwork in North Africa, sub-Saharan Africa, the Middle East, South-East Asia and South Asia. He holds an MSc degree in rural development from the Agronomic Institute of Paris-Grignon and an MSc degree in agronomy with a major in human sciences from the Hassan II Institute of Agronomy and Veterinary Medicine, Rabat.

Xinjia Yan is a master's student of public administration in environmental science and policy at Columbia University's School of International and Public Affairs. She received her degrees in applied mathematics and environmental economics from the University of California, Berkeley, simultaneously in 2016. In 2015, she joined the Programme Management Division at IFAD as an intern, where she collaborated on this graduation study. Xinjia Yan has a specific interest in the metrics of sustainable development.

Oversight: Paul Winters, Director of Research and Impact Assessment Division, and Ashwani Muthoo, Director of Global Engagement, Knowledge and Strategy Division.

Advisory Board: Fabrizio Bresciani, Shirley Chinien, Edward Heinemann, Bruce Murphy, Richard Pelrine, Lauren Phillips, Tomas Rosada and Abdelkarim Sma.

Editorial Management Team: Rui Benfca, Helen Gillman and Anja Lesa.

Table of contents

Acknowledgements	2
Abstract	5
Introduction	6
The model and its theory of change	10
Are graduation approaches effective?	12
Enabling and disabling environments	18
Institutional capacities and quality coaching	18
Markets, policies and self-employment.....	19
Initial endowments and geographic poverty traps	20
The graduation path	21
On behaviour change	21
Analytical framework	22
Conclusions and policy implications	25
What have we learned?	25
Should graduation become a new dimension in IFAD development practice?	26
References	27

Abstract

Graduation out of chronic poverty has recently been receiving considerable attention globally for its potential synergies with social protection, microfinance and livelihoods development approaches to poverty reduction. This paper examines the evidence regarding the effectiveness of graduation strategies in reducing extreme poverty, with a particular focus on rural households. Data have been collected from archives, interviews and published research. However, this inquiry goes beyond a literature review. We attempt to deepen our understanding of alternative theories of change underpinning the CGAP-Ford Foundation graduation model and investigate the enabling and disabling contextual factors that affect the efficiency and effectiveness of graduation programmes. We use two research strategies: (1) a quantitative analysis of country-level graduation pilot programmes, and (2) a qualitative inquiry into the mechanisms of capability building, with a particular focus on the interaction between household and contextual factors. Based on available evidence, we propose a new analytical framework to support future programmatic work on graduation. We conceptualize graduation as a learning and adaptation process of alignment between motivation, knowledge and practice whose outcomes are highly dependent on contextual factors in general and initial endowments in particular. We conclude that graduation could become a new dimension in IFAD operational strategies under clearly identified conditions.

Introduction

*“We do not learn from experience ...
we learn from reflecting on experience.”*

John Dewey

Notwithstanding the reduction by half of global poverty since the beginning of the twenty-first century, nearly 1.2 billion people still live on less than US\$1.25 a day, of whom half a billion live on less than US\$0.75 a day (Montesquiou et al., 2014; Rosenberg, 2015).

In the host of development approaches that cater to the needs of people living in poverty, two broad – and often disconnected – clusters emerge: on the one hand, social protection and safety net programmes that address the destitute and extremely poor people; and on the other, microfinance and livelihoods development programmes that cater to the needs of the less poor segments of the population. Each of these approaches has made considerable achievements but has also had serious limitations. Despite the real achievements of microfinance, more than 2.5 billion people remain unbanked (World Bank, 2012). Similarly, great progress in poverty reduction has been achieved by extending social protection and social safety nets through cash transfers on a large scale in countries like Brazil and Mexico (Mathers and Slater, 2014), but these programmes have also created a counterproductive sense of entitlement and level of dependency (Samson, 2015). Livelihoods development programmes that promote self-employment as a pathway out of poverty have had their fair share of success but they generally target the economically active, not the extremely poor, and have also proven difficult to replicate at scale.

To sum up with Montesquiou et al. (2014): “in isolation, all three approaches – social protection, livelihoods development, and microfinance – have achieved successes in pursuit of their respective objectives. In combination, however, they could be much more powerful.” In a search for higher effectiveness, attempts to enhance each of these strategies with elements borrowed from the other two were launched. For example, some protection programmes have devised graduation strategies out of social protection programmes to foster self-employment.¹ Similarly, in order to reach out to poorer segments of the population, microfinance institutions have developed approaches to support individuals and groups to graduate to microfinance that build up the savings and financial management capabilities of their prospective clients.²

1. One prominent case is BRAC's Challenging the Frontiers of Poverty Reduction Programme, which combines livelihoods development and life skills coaching with traditional social protection projects. It has created growing impacts on poverty reduction in Bangladesh (Hashemi and De Montesquiou, 2011).
2. In October 2007, the NGO Swayam Krishi Sangam, the not-for-profit arm of what was then SKS Microfinance Limited, now known as Bharat Financial Inclusion Limited, began implementing the Ultra Poor Program, which provided highly targeted interventions along four axes – livelihoods, health and nutrition, social development and financial literacy – in drought-prone Medak. (www.bfil.co.in/know-sks/)

Livelihoods development programmes have also typically sought to link participating households to markets and microfinance institutions. It is in these efforts at outreach by social innovators beyond their respective traditional domains that graduation approaches or models find their origins.³

Graduation programmes thus generally combine food consumption support, asset transfer and self-employment to help deprived households lift themselves out of poverty. However, in view of the fact that the model is rooted in three different approaches to poverty reduction, there are several concurrent meanings to – and applications of – the concept of graduation.⁴ For those who design and implement social protection programmes, graduation is an administrative process relating to the income or asset level at which a household exits a programme (what Sabates-Wheeler and Devereux (2011) have called “threshold graduation”). Other authors focus on what people move into, rather than only on what they move from. So graduation is “the movement of households from a state of high vulnerability to shocks and stresses (and usually high levels of poverty) to one of an improved income and asset base, increased resilience to such shocks and stresses, and subsequent improved livelihood security” (Slater et al., 2010).

Looking at graduation from the perspective of social protection, Stephen Devereux (2011) highlighted three types of graduation: “adaptive graduation”, which is resilience-oriented rather than threshold-oriented (i.e. households graduate when their livelihood has adapted sufficiently to be insulated against moderate shocks); “intergenerational graduation” (once the intergenerational transmission of poverty has been broken); and “transformative graduation,” which harnesses the transformative potential of social protection, doing away with structural root causes of marginalization and vulnerability (such as infrastructure, public services, financial services, socio-political context, etc.).

The concept of “sustainable graduation” describes the framework of the CGAP-Ford Foundation Graduation Program, which is the sustainable exit from extreme poverty, based on a series of graduation criteria such as eating several hot meals per day, having assets totalling a certain value, having decent housing conditions, etc. Graduation here is defined as reaching a certain level of human, social, physical and productive assets that allows households to become self-sufficient and build the necessary capacity to cope with shocks without falling back into extreme poverty (Montesquiou et al., 2014).

The more recent graduation programmes⁵ have in common a major role for government in funding and implementation, how this role develops in the context of a variety of challenges and target groups⁶ and the belief that graduation alone is insufficient to sustainably reduce poverty at scale. Additional or complementary programmes and policies are also required. This is well reflected in the definition of graduation, adopted by Fundación Capital (FUNDAK), which is based on the strengthening of the productive, financial, human and social assets of extremely poor people (whether they benefit or not from social protection mechanisms such as conditional cash transfer programmes). The objective is for the poor to become self-sufficient, build the necessary capacity to cope with shocks (resilience) and continue climbing the development ladder on their own. This might coincide in many cases,

3. The LEAP programme (Livelihood Empowerment Against Poverty) in Ghana is combining its eligibility and targeting with the National Health Insurance programme. It integrates social insurance with cash transfers to strengthen the benefits.

4. The following analysis has also benefited from an exchange of views with FUNDAK Director Tatiana Rincón.

5. These approaches are sometimes also referred to as second-generation graduation approaches.

6. For example, displaced populations in post-conflict situations.

but not systematically, with the crossing of the income-based or multidimensional extreme poverty line as defined by each government.

Since 2006, the graduation approach has attracted increasing attention. The Ford Foundation and CGAP, most prominently, sought to establish whether the apparent success of the BRAC⁷ model of graduation was due to the specific sociocultural and institutional conditions of rural Bangladesh and to the unique capacities of BRAC or whether it could be replicated elsewhere and by a range of different organizations. Numerous impact evaluations and studies have been published since then that address a range of questions regarding livelihood outcomes and the effectiveness of self-employment as a pathway out of poverty. A smaller corpus of the literature addresses the issues of behaviour change and attitude towards innovation, as well as the impact of various contextual factors on these outcomes, not least policy, institutional and market contexts in various countries.⁸ Most of these studies are of a non-experimental type,⁹ blending qualitative with quantitative approaches, but a significant and increasing number have been using quantitative approaches, including experimental and quasi-experimental approaches. A few of these, conducted by prominent researchers and international academic institutions, have been able to meet the standards of rigour that enable them to control the main threats to internal validity¹⁰ (sample selection biases in particular). A wealth of lessons can also be drawn from implementation experience as reported by numerous accounts and studies.

To our knowledge, no synthesis is available that reviews systematically the literature on graduation building on both streams of knowledge – quantitative and qualitative. This inquiry is a first attempt at a synthesis. It specifically aims to revisit the theories of change underlying graduation programmes in the light of lessons learned from impact evaluations. Formulating better theories of change that understand and take into account contextual factors would be critical for the design of policies and programmes that systematically foster synergies and linkages between the realms of financial inclusion, social protection and livelihoods development. Hence, this inquiry focuses on four main questions:

- a. What is the theory of change underlying graduation approaches?
- b. Is graduation an effective poverty reduction strategy?
- c. What contextual factors influence the outcome and sustainability of the graduation process?
- d. How does the graduation process expand households' capabilities?

7. BRAC stands for Building Resources Across Communities, formerly known as the Bangladesh Rural Advancement Committee, which is one of the largest non-governmental development organizations in the world. Based in Bangladesh, it has had operations in 14 countries, working on economic development, education, public health and disaster relief for poor communities. We will talk more about the specificity of BRAC in the discussion on behaviour change in the graduation path.

8. For a broader discussion of attitudes towards innovation, see also Hazell, 2007; Huda and Simanowitz, 2009; Fan, 2013; Johnson, 2013.

9. For example, Johnson and other researchers conducted a longitudinal study on the impact of the microfinance and health services in India (2014). Sengupta conducted a qualitative study on participants' ascent out of extreme poverty for the Bandhan's Targeting the Hard Core Poor Program in 2013, and another qualitative study on the sustainability of the Trickle Up Ultra Poor Program in 2012.

10. For examples of experimental and quasi-experimental approaches, see Banerjee, A. et al., 2011; Hossain, 2012; Banerjee, A. et al., 2015

Following this introduction, the paper presents the theory of change underlying the graduation approach. We then bring evidence in support of the effectiveness of the graduation model in terms of livelihoods development for people living in extreme poverty. We will show that these strategies remain cost-effective despite high costs per beneficiary, but that self-employment alone is not a long-term solution to poverty reduction. The next section discusses in more depth the contextual factors that shape graduation outcomes. We then propose an analytical framework for understanding how capability is developed. We will contend here not only that graduation is about upward mobility but that it is also and most importantly about capability building and behaviour change, without which positive graduation outcomes are likely to be short-lived. We conclude with key learning messages for policymakers and practitioners, with special attention to the implications for IFAD strategies.

The model and its theory of change

In this inquiry we view development programmes or interventions as theories of change. In Pawson's words: "Programmes chart out a perceived course whereby wrongs might be put to rights, deficiencies of behaviour corrected, inequalities of condition alleviated. Programmes are thus shaped by a vision of change and they succeed or fail according to the veracity of that vision" (2004). It is therefore necessary to articulate at least one theory about how a given programme or approach is supposed to work before testing the theory against available evidence. The theory of change "originates with an understanding of what gives rise to inappropriate behaviour, or to discriminatory events, or to inequalities of social condition and then moves to speculate on how changes may be made to these patterns" (Pawson, 2004).

The origin of the graduation model can be traced back to the mid-1980s in Bangladesh when BRAC, one of the largest non-governmental organizations (NGOs) in the world, and the World Food Programme entered into a partnership to implement the Income Generation for Vulnerable Group Development (IGVGD) programme. The programme objective was to enable poor women to "graduate" into BRAC's mainstream microfinance programme. The programme combined food transfers with skills training, microcredit and a mandatory savings component to accumulate a lump sum investment amount over a period of 24 months (Matin et al., 2008; Hashemi and Umaira, 2011).

After years of innovation and experiential learning, BRAC redesigned the programme and named it "Challenging the Frontiers of Poverty Reduction: Targeting the Ultra Poor" (CFPR/TUP). The TUP programme was based on the premise that a strategic sequencing of inputs and services could address the multiple constraints that weakened the ability of extremely poor women to take advantage of economic opportunities, offered by the IGVGD programme (Matin et al., 2008; Hashemi and Umaira, 2011).

The issue at stake – for which graduation would be a solution – has been described in a variety of converging ways (Sabates-Wheeler et al., 2011; Sengupta, 2010; Hashemi and Montesquiou, 2011; Goldberg and Salomon, 2011). All emphasize fragile and insecure sources of income, although the focus may be on any subset of contributing factors such as: barriers to entering the market economy; low earning potential of extremely poor families; intergenerational transmission of poverty; barriers to accessing financial services; and health-related problems that are usually a major drain on household resources.

In any case, an important premise underlying the graduation theory of change is that food insecurity causes significant stress that reduces poor people's ability to take advantage of opportunities and plan for the future. Severe inadequacy in food intake results also in multigenerational transmission of extreme poverty "since child malnutrition causes serious problems such as lower IQ, stunting, and mineral deficiencies which adversely affect the development of both the individual and thus society" (Montesquiou et al., 2014).

How does graduation tackle the double problem of food insecurity and insecure sources of income? In substance: by promoting self-employment as a pathway to sustainable livelihoods, households will lift themselves out of poverty by building their productive asset base, thus supporting sustainable income-generating activities.

The central idea is that of giving poor people a “big push” to get them out of the poverty trap while a specific sequence of intensive actions are undertaken to enable them to graduate in a time-bound period. The change momentum is enhanced by the synergy between the five core elements of the strategy:

- a. Consumption support, either as cash or directly as food, first helps participants and their families stabilize their food consumption levels until they start earning income from the productive asset they receive as part of the programme;
- b. Next, mandatory savings help them manage risks, smooth consumption and boost their resilience, thus reducing the likelihood of having to sell assets when faced with a shock;
- c. Transferring an asset is meant to jump-start a sustainable economic activity. Options for viable livelihoods are developed through market studies that analyse demand constraints, infrastructure availability, value chains, and upstream and downstream linkages;
- d. Skills training centred on managing assets and running a business is essential to proper use of the asset and to the start of gainful economic activity. To mitigate risks, pilots encourage households to engage in multiple livelihoods using a diversity of assets;
- e. Finally, through regular monitoring and coaching, staff check if participants are on track to reach their goals by the end of the programme and offer guidance on how to do so. They also offer business planning advice, provide social support, promote health and nutrition, and encourage positive attitudinal changes along the way.

As stated in the “Technical Guide to the Graduation Approach” (Montesquiou et al., 2014), extremely poor people are beyond the reach of the Making Markets Work for the Poor paradigm. In the case of the very poor person overwhelmed by survival-level issues such as food security, it only makes sense that the graduation approach begins by stabilizing consumption in the absence of generalized social protection or safety net services. Without food security, no meaningful longer-term livelihoods strategies can be contemplated.

In sum, graduation models or strategies consist of a sequence of interventions targeting poor or extremely poor households not reached by microfinance and conventional banking. The sequence is designed to gradually build the capabilities and assets of poor households to the point where they become food-secure¹¹ and able to derive sustainable incomes from self-employment activities.

11. Depending on the concepts of graduation in use, expanded resilience, credit-worthiness and entrepreneurship capacity may be part of capabilities that define a successful process of graduation or they may be the next frontier to reach.

Are graduation approaches effective?

Assessing the effectiveness of graduation approaches required a process of standardization of the approach itself, its replication in various contexts, as well as a rigorous measurement protocol. All these conditions only matured with time through a process of trial and error. In this section we first provide a quick historical overview of these attempts before presenting the most recent and complete set of randomized control trials used to measure the effectiveness of graduation as a poverty reduction strategy.

First attempts to establish causality between a graduation programme and observed changes in livelihoods outcomes were not quite successful, for methodological reasons. Through quasi-experimental designs comparing households selected into the programme with households that failed to meet selection criteria, early impact evaluations of the CFPR-TUP project (BRAC) demonstrated that, over a period of three years, ownership of assets, social integration, and likelihood of holding savings and access to credit increased and food security improved for households participating in CFPR-TUP, compared with the achievements of non-selected households (Rabbani et al., 2006). These impacts were mostly sustained over time, and the difference in income between participating and non-participating households grew even larger over time (Das and Misha, 2010). These studies, however, presented many threats to validity. In particular, the selection bias resulting from the construction of the comparison groups (those who failed to meet the selection criteria) prevented any robust conclusion on the attribution of observed changes to the graduation programme. Any difference observed between the treatment and the comparison groups could be attributable to pre-existing confounding factors (Bauchet and Morduch, 2010).

“Since 2006, CGAP and the Ford Foundation have further adapted the approach developed by BRAC in Bangladesh with a view to test its replicability. The approach¹² targets the poorest members of a village using a Participatory Wealth Ranking. It consists of a careful sequencing of five core elements, including: the transfer of a productive asset with consumption support, training and coaching, in addition to savings encouragement and health or education services. Each participant is assigned a field assistant (FA) who acts as a mentor. FAs help participants create milestones, a plan for realizing their goals, and through this process, inculcate a sense of entrepreneurship” (Hashemi and Montesquiou, 2011).

The various pilots allow for a degree of adaptation to local contexts with regard to the value and type of the asset transferred, the implementing agencies and some elements of the programme, such as the frequency of visits. Similarly, the influence of the national or local context is manifest in the variations of the costs per beneficiary, which include the value of the asset transfer and all other costs involved in programme implementation.

12. In the rest of this study we will identify this specific model as the CGAP graduation model, for ease of reference.

Table 1: Graduation pilot programmes fact sheet

	Unit	Ethiopia	Ghana	Honduras	India	Pakistan	Peru
Cost per beneficiary	US\$ (PPP)	3591	4672	2670	1257	5150	4960
Value of asset transfer	US\$ (PPP)	1230	450	540	440	1040	850
Type of NGO	-	Local NGOs	Local NGOs	Local and international NGOs	Local MFI	Local NGOs	Local and international NGOs
Sample size	HH	925	2606	2403	978	1299	2284
Randomized sample	HH	458	666	800	512	660	785
Visit frequency	-	Week (2 years)	Week (2 years)	Week (2 years)	Week (1.5 years)	+/- Week (2 years)	6 weeks (2 years)

In order to test replicability at scale of the graduation approach, 10 pilot programmes were launched between 2007 and 2010 in eight countries¹³ representing a wide regional, economic, cultural and ecological diversity. In parallel, six randomized control trials were conducted between 2007 and 2014 in Ethiopia, Ghana, Honduras, India, Pakistan and Peru to validate the theory of change (Banerjee et al., 2015).¹⁴ Table 1 presents a summary of these experimental designs. Of the six pilot programmes, five were led by local or international NGOs, while a local microfinance institution played an essential role in the pilot programme in India.

At the household level, treatment groups were randomly selected under distinct eligibility criteria from an overall sample pool of 10,495 households. On average, 41 per cent of the households in the selected villages were chosen in randomization. The randomized sample size of each experiment varies from 458 (Ethiopia) to 800 (Honduras). Households in the treatment group were offered consumption support and asset transfer, which varies from US\$440 to US\$1,230 depending on the sites. We also notice a wide variation in total costs by beneficiary from US\$5,150 (PPP) in Pakistan to US\$1,257 (PPP) in India.

Numerous accounts of the performance of the various pilot programmes have been made as they were launched, implemented and then completed. The CGAP and Microfinance Gateway websites¹⁵ are a major source of information, as is the selected bibliography annexed to this paper. It is neither the place nor the intent here to summarize this rich set of evaluations for each country or pilot programme. We will focus on a comparative analysis of effectiveness across six countries and projects.¹⁶

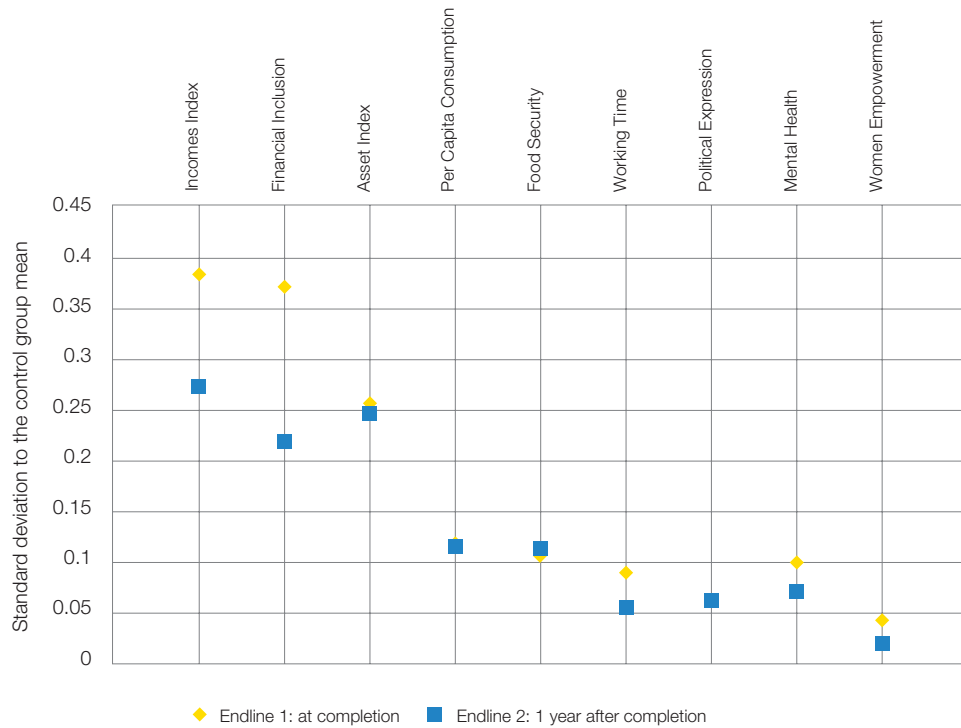
13. Ethiopia, Ghana, Haiti, Honduras, India, Pakistan, Peru and Yemen.

14. For examples and discussion of the use of experimental methods in the rural and agricultural development context, see Mukhopadhyay, 2014; Berge et al., 2011; De Mel, 2008; Torero, 2011.

15. www.microfinancegateway.org/topics/graduation-sustainable-livelihoods; www.cgap.org/

16. This analysis borrows extensively and adapts from the most recently published article by Banerjee et al., (2015).

Graph 1: Standardized mean treatment effect (Source: adapted from Banerjee et al., 2015)



Graph 1 presents the standardized mean treatment effect¹⁷ of the programme for a range of outcome indexes by endline 1 (at completion of the project) and endline 2 (one year after the programme ended). The larger the number, the more positive and significant is the outcome attributed to participation in the programme. The results show that graduation programmes clearly have a positive effect along a wide range of dimensions. Arranging the indexes from most significant to least significant (as shown in graph 1), we find that household income,¹⁸ financial inclusion¹⁹ and assets-holding are the three most positive outcomes, with an increase of 0.38 SDs, 0.367 SDs and 0.258 SDs (q-value 0.001), respectively, at endline 1. There are also moderate improvements in per capita consumption (0.12 SDs) and food security (0.107 SDs). On the other hand, only insignificant to small impacts on working time,²⁰ political expression, mental health (less stress) and women’s empowerment were observed, as the treatment groups achieved less than 0.1 SDs to the control group at the corresponding survey round.

17. The z-scores refer to how many standard deviations a particular data point is from the mean of the data, here of the control group mean. Each tested index (x) is normalized into z-score: $z = (x - \mu) / \sigma$, where μ is the control group mean and σ is the control group standard deviation.

18. The income index is composed of revenues from livestock, income from agriculture, income from business, income from paid work and self-perception of economic status. In principle, net income is the difference between net revenue and cost. The study counts agricultural revenues as the sum of crop production at observed sale price, land rents, livestock revenue, output production and non-farm microenterprises.

19. Financial inclusion is measured by formal borrowing, informal borrowing, total amount deposited into savings and total savings balance.

20. Increase in working time suggests people engaging in more sustainable income-generating activities, which is also in accordance with our goal of promoting self-employment activities.

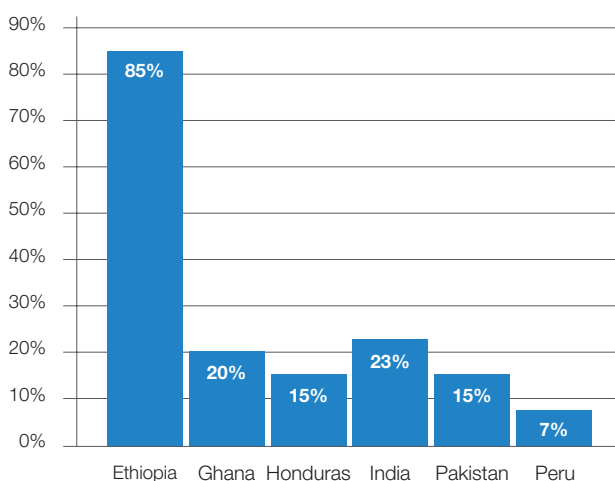
Overall, the net treatment effect appears to be closer to a real but incremental improvement rather than the expected big push out of poverty. Most effects diminish within a year of programme completion, while remaining still positive and significant. The two largest declines in magnitude occur in household income and financial inclusion, about 0.15 SD and 0.11 SD respectively, while the largest decline in proportion occurs in women’s empowerment (-52.17 per cent).

Therefore, the programme does seem to have a real impact on the asset position of households, per capita consumption and food security. These are considerable achievements that are compatible with the view that a diversified sequence of interventions helps the poor overcome both soft and hard constraints in their pathway out of poverty. However, as noted earlier, the study does not allow us to say that the programme actually enables extremely poor people to cross the symbolic poverty line nor does it measure the effect of the programme beyond one year after completion. In particular, we cannot rule out the possibility of programme effects disappearing after some time for a proportion of the participants. The sustainability of these approaches needs to be confirmed through longer periods of observation.

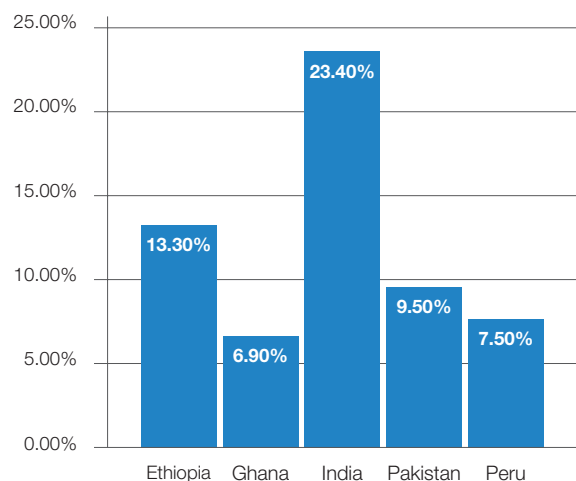
There are significant cross-country disparities regarding the increase in asset value per dollar of asset transfer calculated for the 50th percentile of income distribution (graph 2) – with Ethiopia having the highest ratio at 85 per cent and Peru the lowest, as this latter programme could only generate 7 per cent additional value on average from each dollar transferred.

The internal rate of return on investment varies from 6.9 per cent in Ghana to 23.4 per cent in India (graph 3) with an average return rate of only 12.12 per cent. Generally, the pilot programmes appear to be moderately cost-effective. While there may be potential gains from economies of scale, further research is required based on specific country contexts and intervention approaches to identify lower-cost alternatives.

Graph 2: Increase in asset value/transfers, 50th percentile
(Source: adapted from Banerjee et al., 2015)

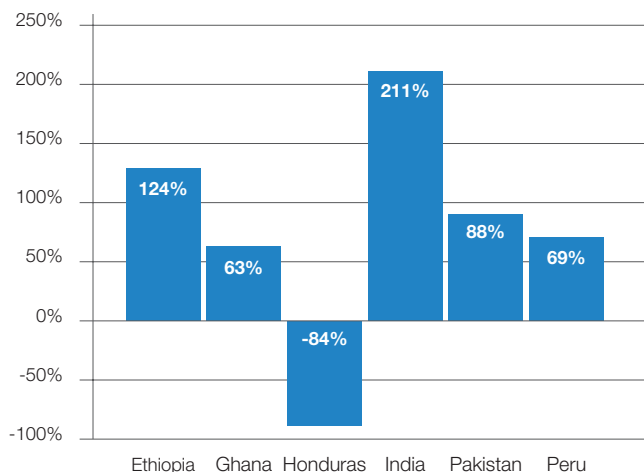


Graph 3: Internal rate of return
(Source: adapted from Banerjee et al., 2015)



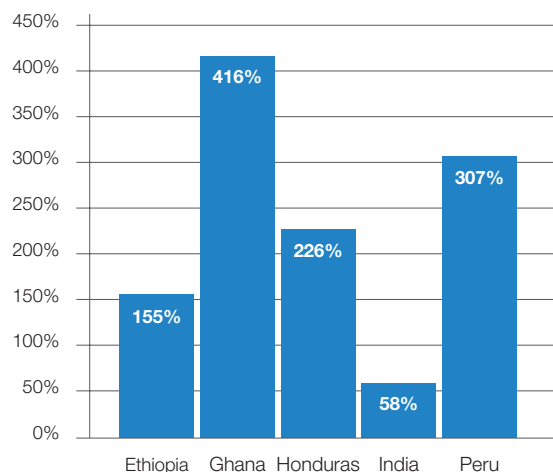
Graph 4: Benefit/cost ratio (at discount rate of 10%)

(Source: adapted from Banerjee et al., 2015)



Graph 5: Total supervision cost/direct transfer cost ratio

(Source: adapted from Banerjee et al., 2015)



Further insights into differences in economic viability are provided by the computation at 10 per cent discount rate of the cost/benefit ratio (graph 4). India with 211 per cent generates a benefit equivalent to more than twice the total investment. Ethiopia comes next with a ratio of 124 per cent while Ghana (63 per cent) and Peru (69 per cent) generate positive benefits but only as a fraction of their total investment. Pakistan presents an intermediary profile closer to 1 dollar benefit for each dollar invested. “Honduras stands as an exception to the generally positive trend due to the high mortality rate of the asset [chicken] transferred” (Banerjee et al., 2015).

Disease risk (and livestock mortality) increases in the aftermath of disasters such as floods and hurricanes. The Honduran results show an important contextual factor of risk that can affect the success of graduation programmes, both during and after completion.

We noted earlier in this study that high upfront costs characterize the graduation approach. Specifically, the ratio of supervision costs to asset value (direct transfer cost) appears to be the single most important driver of cost-effectiveness. As shown in graph 5, Ghana and Peru, with the two highest ratios of supervision cost to direct transfer cost, at 416 per cent and 307 per cent respectively, also have the two lowest cost-benefit ratios; conversely, India, which has the lowest ratio of supervision cost to direct transfer costs, achieves the highest cost-benefit ratio. More cost-effective methods of supervision will be needed if any replication of the graduation programme is to occur on a significant scale.

In discussing the randomized control trial results for the pilot graduation programmes, Banerjee et al. consider that the pattern of impacts on intermediate and downstream outcomes accords with the theory of change as productive assets, income and revenue all go up (2015). Recognizing that the modest size of the average effects does not fully support the assumption that the graduation programme has unlocked a poverty trap, the authors

proceed with a discussion of alternative explanations regarding the size and the nature of the poverty trap in the light of available evidence from this research and others. The evidence suggests “that the effect of the big push might be heterogeneous with those households closer to the edge of the trap being able to exit from it, but the rest will just slowly fall back in it” (Banerjee et al., 2015).

Regarding the nature of the poverty trap, several explanations are reviewed: “a standard narrative says that the poor cannot afford to buy enough food to make them strong enough to be productive” (Banerjee et al., 2015). This explanation has been discounted in recent years as not plausible enough, based on empirical evidence. An alternative explanation emphasizes poverty in terms of under-investment on account of inadequate access to credit or because of risk aversion, but the supporting evidence is not strong.

Alternative explanations are thus worth exploring. As the authors put it: beyond these standard theories of poverty traps, “there are now behavioral theories of poverty traps that give an important role to positive expectations of the future. We do see some improvement in the self-reported well-being of the beneficiaries, which, at endline 1, are visible at all levels of the distribution except for the 90th percentile. ... Perhaps this program worked by making the beneficiaries feel that they mattered, that the rest of society cared about them, that with this initial help they now had some control over their future well-being, and therefore, the future could be better” (Banerjee et al., 2015).

Enabling and disabling environments

A number of implementation challenges complicate the objective of achieving developmental impact, conditioning the replicability of the BRAC model of graduation at scale. We attempt in this section to identify some of the critical contextual factors that may enable or inhibit the effectiveness of graduation programmes as a poverty reduction strategy. Admittedly, the purpose of randomized control trials was not to explain but to measure graduation outcomes. Context was treated as an exogenous variable. We have therefore sought answers to the question of the influence of contextual factors from insights found in the pilot programme implementation reports. We have furthermore completed this information by a review of the wider graduation literature and related qualitative research.

Institutional capacities and quality coaching

“The model entails rigorous (or ‘heavy’) forms of targeting, aiming to reach the very poorest using community-based approaches or other mechanisms with often high direct and indirect costs. The expensive up-front costs limit the potential of more universal approaches especially in lower population density areas” (Samson, 2015).

The complexity of livelihoods development requires an abundance of skilled programme implementers, stretching the government’s capacity to scale up programmes nationally and challenging the sustainability of implementation partnerships.

In the light of the above observations, the fact that the graduation model has its origin in the practice of BRAC takes on particular significance. The implementation systems, processes and modus operandi that characterize the BRAC model can relatively easily be adopted by a variety of implementing agencies and also adapted to various contexts. However, these agencies do not necessarily share BRAC’s organizational culture or have its implementation capacity. BRAC’s organizational culture and principles can be briefly characterized as follows (Seelos and Mair, 2006):

- a. An operational mode where solutions are developed by experimentation and learning;
- b. An emphasis on working closely with the poorest through a close group of peers who support and monitor each other, creating an effective means of reinforcing desired behaviours;
- c. A focus on women and a holistic development effort covering a wide range of basic social and economic needs; and
- d. An economic organization that substitutes for market failures by owning and developing whole supply value chains.

Obviously, not all organizations that implement graduation programmes have a similar capacity to substitute for market and state failures by essentially isolating poor people from negative contextual factors (nor is this always necessary).

Markets, policies and self-employment

Emerging results from the implementation of the pilot programmes also show that “protecting assets and dealing with uncertainty by diversifying the range of livelihood options is a priority for all pilots. Price fluctuations, the absence of reliable support services, and poor infrastructure can undermine participants’ efforts to earn a decent life with their new asset” (Hashemi and Montesquiou, 2011).

The relevance of the type of assets transferred to the context and circumstances of the participants is paramount, in particular for income diversification, but to succeed, participants must also have access to adequate services that support the use of the asset.

Since the programmes can generate important macro-level effects, simply scaling up a model that is successful at the micro level may backfire (Samson, 2015). Similarly, new self-employment activities can be particularly vulnerable to diseases, floods, cyclones and other shocks.

Hashemi and Montesquiou assess the factors affecting graduation in the developing countries of Africa, Latin America and Asia. Their findings indicate that absence of market (for selling primary products and buying agricultural inputs), lack of physical infrastructure and macroeconomic shocks are the main hampering factors of beneficiary graduation (2011). On the other hand, diversified income source, asset ownership, improved housing and access to credit are the enabling factors and indicators of graduation from social protection programmes. Other sources mention participation in the labour market, remittances, households headed by men and market access as the main enablers of graduation in Malawi (Hayalu, 2014).

The rationale for the asset transfer is based on the assumption or rather the fact of the scarcity of gainful employment for extremely poor people; clearly, the range of labour opportunities available to them varies with the location and time (season). Trends in wages, public and private investments in the local economy, as well as rural-urban migratory flows, shape the demand for services and labour and, as a result, the opportunity structure for gainful employment of the workforce, including extremely poor people.

These trends and market conditions are in turn shaped by the nature and coverage of public policies and, in particular, by the extent to which they are oriented towards raising the returns to the labour of the self-employed (Fields, 2011). Such policies include, for example: designing products to help raise the productivity of the self-employed (frugal innovations); adopting a positive policy stance towards the self-employed and the informal sector; providing the poor in the agricultural sector with means of production (including improved technologies, water infrastructure); facilitating supplemental off-farm and wage-employment and self-employment; and making capital available to the poor.

To expand this analysis of the influence of contextual factors we look at the experience of social protection programmes. A number of them involved designing micro components as part of the social protection programme to expand their social benefits. However, this was not sufficient and it became clear that social protection schemes would also need to address macro considerations in order to have adequate developmental impacts. Sabates-Wheeler and Devereux (2013) highlight the factors of the macroeconomic environment that may constrain graduation components of social protection programmes or their developmental impacts more broadly. Specifically, market conditions, scale of programme coverage, and environmental context can have significant effects on the impacts of social protection.

Social protection interventions that operate at the household and the community level work best when integrated within a macro-level policy environment that strengthens developmental impact. Policies that strengthen social protection's natural tendency to promote livelihoods and foster pro-poor and inclusive economic growth and development yield the greatest impact when coordinated with a range of government interventions within a larger planning framework. With a supportive macroeconomic climate, grants enable households to invest in more sustaining livelihoods, as this additional income can be invested in activities that further reduce their vulnerability and risk (Samson, 2015).

Initial endowments and geographic poverty traps

Related to the market context is the ability of households and individuals to take advantage of this market context with a given level of assets (at both the household and the community/local levels). The idea that an economy may exhibit endowment sensitivity has roots in the writings of Alexander Chayanov (1925), who argued "that farm households with different endowments of productive resources would use those resources in different proportions, with different productivities" (quoted in Zimmerman, 2000). Theories of endowment dependency suggest that "asset accumulation primarily depends on initial endowments, with obvious implications for distributional outcomes" (Barham, Takasaki and Coomes, 2000). For instance, constraints in capital or insurance markets over time interact with poorer landholders' inability to accumulate assets, which leads to poverty traps and livelihood vulnerability. Thus, at the household level, movements out of poverty appear to be largely determined by initial endowments.

This conclusion appears to apply to the community level too. As Dercon (2004) puts it: "if growth requires a certain threshold of local endowments to take off, then poorly endowed areas may well find it hard to escape poverty." Geographic poverty traps result from initial community characteristics. Unlocking the growth potential of asset-poor areas or regions is likely to be related to a variety of policy responses, such as irrigation provision or health and education provision (and other issues to do with market failures). In geographic poverty traps, isolated graduation programmes are unlikely to be an effective solution to poverty.

In sum, graduation programme outcomes very much depend on factors that are not under the control of the programme, such as: initial conditions, target group response, policies, markets, shocks, historical legacy and other contextual factors. In this light, the theory of change stipulating that farmers will lift themselves out of poverty through self-employment, while broadly valid, should nevertheless be qualified, as graduation outcomes also depend on the specific contextual factors at play in each situation. Hence the need to revise the graduation theory of change to include actions that address contextual factors, both enabling and disabling.

The graduation path

The magnitude of the behaviour change expected from extremely poor households is tantamount to a cultural revolution. In the relatively short timespan of 24 months, households are expected to reduce risk aversion, learn proactively about a wide range of topics, adopt regular savings and financial discipline behaviours, project themselves in the future by setting goals and jump-start a new microbusiness. How are such changes expected to take place? We noted earlier the importance of positive expectations generated by participation in graduation programmes. In this section, we briefly review the available evidence on behaviour change before proposing a new analytical framework for the graduation model, thus revisiting the theory of change underpinning it.

On behaviour change

Based on randomized trial results, there are in fact indications of real attitude and behaviour changes: participants spent more time working on productive activities, became more involved in community life and political process, reduced child labour or changed their attitudes towards social and health issues, for example. While some of the changes in behaviour and attitudes such as improved consumption, self-confidence and increased participation in the community appear to be reasonably within reach of extremely poor households, it takes a leap of faith to consider that the rest of the required changes would equally occur for the majority of the households in a two-year time frame.

Furthermore, given that savings are mandatory, as part of the programme strategy, to what extent can such “improved behaviour” be considered sustainable? What do we know about the programme participants’ understanding and interpretations of mandatory savings? Do they genuinely buy into the rationale promoted by programme staff or do they have a different view, and if so, which one? The answers to these questions are likely to differ from household to household and from site to site.

As indicated earlier, randomized control trials are proving useful in establishing causality between programme and outcomes, but they tell us little about how these results are obtained and certainly nothing about the process by which households interpret and act upon the activities and messages to which they are exposed as participants in a graduation intervention.

Not much in fact is known about the mechanisms by which graduation programmes and their components generate behaviour change and livelihoods outcomes. We find piecemeal evidence in the literature that savings play a vital role not only for building assets but also in building self-confidence (Hossain, 2012). There are also indications about the positive role of being a member of self-help groups (Chanani and Huda, 2011), and about the influence

of the organizational culture of implementing agencies. Similarly, there is evidence in the literature that financial literacy has a proven impact on the improvement of small businesses' outcomes. In this regard, Drexler, Fischer and Schoar (2011) also show that the rule-of-thumb type of training is more effective than traditional principle-based accounting rules.

With regard to capacity-building, not all acquired knowledge through training necessarily translates into a capability (i.e. the ability of an agent to use newly acquired knowledge to achieve its own goals). Capabilities are in fact developed through practice but, in the case of extremely poor households, acting upon new knowledge acquired can be risky, unless a safe learning environment is created around them.

A recent ground inquiry based on IFAD's experience in Cambodia (El Harizi, 2015) in situations that involve a comparable process of graduation shows that capabilities are developed through a process of alignment between the motivation, knowledge and behaviour of the individual household or the group. This alignment process requires constant adjustments as capabilities develop. This is a fundamental aspect of self-leadership.

In any event, intentionality is essential to change. An understanding of the interpretations of programme participants along the graduation path is integral to evaluating its outcomes. Hence the importance of recognizing the diversity of motivations and therefore the potential diversity of outcome patterns.

Analytical framework

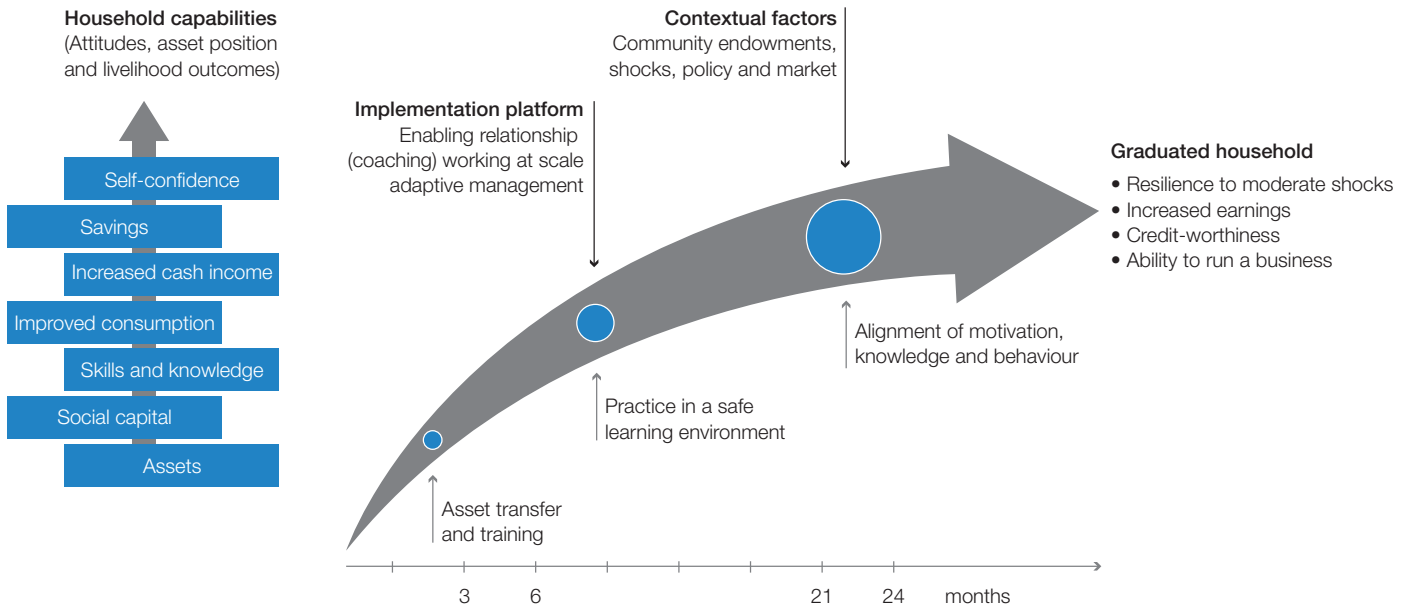
Replication cannot be regarded as a ready-made solution. On the basis of the lessons learned from this inquiry and of the author's previous research on empowerment (El Harizi, 2006), we propose an analytical framework to support future programmatic work on graduation.

The framework does not assume any particular sequencing in capability building but it does list a number of critical capabilities that must be developed along the path, including: improved consumption and cash incomes; savings and asset position; skills, information and knowledge; as well as self-confidence and social capital. These capabilities are generated by the behavioural response of participants to the graduation programme.

Graduation outcomes are understood as the result of the dynamic interplay of four main factors or clusters of factors: household capabilities and characteristics; an enabling relationship; an implementation platform; and a policy and market context that shapes the decision-making environment of key actors in the process. The term "dynamic" refers to changes that affect each of these factors over time as well as to the changes affecting their linkages, whether anticipated by the graduation strategy or emerging during implementation.

Furthermore, we assume a recursive relationship over time between the graduation intervention (actions) and household capabilities along the graduation path. Some capabilities are prerequisites to the development of other capabilities. This is the case, for example, of better health (physical capability) and better food security (livelihood capability). One literally feeds into the other. As a result of several rounds of interaction, a third capability can emerge, such as the capability to access better paying jobs or to simply access a job that can be physically demanding. For children, health and nutrition directly affect their performance at school and their long-term livelihood prospects. In the same way, the initiation of a voluntary saving behaviour would require other capabilities to be developed first, and some basic needs to be satisfied before the saving/investment capability can increase.

Chart 1: The graduation path: An analytical framework



The framework operates at both the micro and the meso²¹ levels. At the micro level, household capabilities are developed through repeated rounds of interactions between one or several enabling organizations and the transforming households.²² We hypothesize that capabilities are built through an ongoing process of alignment between the motivation, knowledge and behaviour of the graduating household. Critical to its success are the individual and collective learning abilities of the graduating households as well as the quality and effectiveness of the enabling relationship (coaching), including its ability to create and maintain a safe learning environment for graduating households.

At this level, the graduation path is essentially the expression of a deliberate implementation of a pre-designed strategy focusing on the enabling relationship. Hence the importance for understanding how graduation models work, analysing not only the particular sequence of actions that characterize alternative graduation strategies, but also the goals, structures, systems, processes and modus operandi, and, more generally, the organizational culture and capacities of implementing agencies.

We should not underestimate the influence of these meso-level factors on the overall effectiveness of a graduation programme and the sustainability of its outcomes, especially while working on large numbers of households and communities. At this level, the actual graduation path depends on the type of interactions that exist – or are created during the course of action – between the implementing agencies, the graduating households in the programme and an opportunity structure represented by key contextual variables. Contextual factors include both economic and socio-political factors. The former include factors such as initial endowments, the range and coverage of market or public services that support farming

21. Simply defined as an intermediate level of research between the micro (household) and the macro (sector) levels, which is the level of operational strategies for most development programmes.

22. In this IFAD-sponsored study of graduation models for rural finance, we are more particularly – albeit not exclusively – interested in small-scale farming households.

households, self-employment and external shocks. The latter revolve around public policies, the interplay of stakeholders' interests and access to social capital at the community level. It is the interaction between these contextual factors, households' own efforts and the ability of the graduation intervention to create a safe learning environment that ultimately enables graduating households to increase their self-confidence and build their capability to advance their economic status and social standing.

The same package of interventions will have different outcomes in different configurations, each being defined by a particular combination of context, actions and behaviour changes in response to these interventions. Effective change [i.e. whether individuals will pick up the opportunity of improved incomes from self-employment] will specifically depend on such contextual factors as social infrastructure, local labour markets, mobility and migration, the presence of institutions, and market services that support the type of livelihoods activities in which the graduating household are engaged in addition to the initial endowments of individual households and communities. At this level, the graduation path cannot be planned or anticipated but is better understood as an emerging strategy as the actors learn from their practice, negotiate in pursuing their respective interests and adapt to changes in their environment.

Conclusions and policy implications

With the rapid decrease in mass poverty worldwide, chronic poverty is the new frontier to cross. It is a particularly resilient problem requiring a solution that involves developing an enhanced capability to design and implement customized approaches to meet the needs and expectations of a range of specific and dispersed groups that are relatively small in number, including youth without qualifications, persons displaced by conflicts, ethnic minorities, etc.

What have we learned?

Graduation strategically bridges the gaps between purely social protection activities on one side, and livelihoods, microfinance or microenterprise development work on the other. Randomized control trials conducted by CGAP and the Ford Foundation have proven that the original graduation model developed by BRAC in Bangladesh is adaptable and replicable in a diversity of contexts.

Positive effects were found to be persistent one year after programme completion but diminishing too. Asset transfer and self-employment alone are not sufficient to offer a long-term solution to chronic poverty. In certain situations, alternative strategies such as building the skills and fostering the employability of extremely poor people might be a better choice than self-employment.

Asset transfers need to be accompanied by adequate capacity-building. It is not just human capital, but physical and natural capital that may be lacking. Proper implementation of graduation strategies is very demanding in terms of institutional capacity and quality of coaching. This is a potential problem, particularly when it comes to scaling up these programmes through public structures. In particular, whether a social protection system exists and is accessible to graduation participants makes a big difference in graduation outcomes.

While the mix of activities that constitute the graduation model seems to be sufficient to achieve some level of positive results, we cannot conclude on whether all the activities are necessary. Questions have been raised as to the effectiveness of the costly life coaching, for example. However, the randomized control trials did not control for this factor and more research will be needed to identify the individual contribution of each component of the model as well as the contribution of subsets of these components.

Admittedly, the purpose of randomized control trials was not to explain but to measure graduation outcomes. Context was treated as an exogenous variable since they are not under the direct control of such programmes. Initial conditions, size and nature of the poverty trap, target group response, policies, markets, shocks, historical legacy and other contextual factors all play a role in shaping these outcomes. Scaling up the graduation model will

require identifying lower-cost alternatives in most countries. As is already the case for the new generation of graduation programmes, the objective is not to replicate the BRAC or CGAP models, but to strategically build on what exists in the country, adapting the model to its context. Hence it is important for any graduation programme to establish solid linkages with its immediate institutional environment.

Overall, graduation programmes are indeed able to generate a positive dynamic for extremely poor people, but the question is how to sustain and expand such momentum. Paradoxically, the graduation strategy may prove more effective for helping those households just below the poverty line – typically IFAD target groups – than the chronic poor.

Should graduation become a new dimension in IFAD development practice?

There are many similarities between the IFAD type of programmes and graduation programmes. Among the most important similarities are targeting (wealth ranking); asset transfers (conditional or not); technical and financial training; promotion of village savings; and work through NGOs.

There are several advantages for IFAD in stepping up its engagement with graduation programmes. First, graduation approaches that were created for the ultra-poor are likely to be even more effective for IFAD-type target groups. Second, graduation programmes offer a valuable opportunity for IFAD to leverage, and adapt, its policy instruments, including rural finance, targeting and gender, as well as innovation to support a continuing increase in household earnings from self-employment. Most importantly, IFAD project platforms can deliver a wide range of multistakeholder services at scale and at a relatively low cost per beneficiary that create an enabling environment for graduation programmes. This type of platform is very much in demand by an increasing number of developing and emerging countries because of potential synergies and efficiency gains that could stem from linking social protection and productive development programmes.

Nonetheless, the IFAD-funded type of project is not so well placed when it comes to two important requirements of graduation programmes: high-quality coaching and entrepreneurial management. To successfully engage in this type of programme, IFAD will have to revisit its project delivery models and focus on more dynamic and entrepreneurial solutions that rely on strong partnerships involving capable organizations of the private and civil society sectors alongside the traditional public-sector organizations.

In these times of uncertainty and questioning about the future of the development field, it is somewhat heartening to conclude this research with a renewed belief that development, after all, can work, even in the most challenging situations, provided some equally demanding conditions are met.

References

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

Banerjee, A., Duflo, E., Chattopadhyay, R. and Shapiro, J. (2011). *Targeting the Hard-Core Poor: An Impact Assessment*. BRAC.

Banerjee, A., Duflo, E., Glennerster, R. and Kinnan, C. (2015). *The miracle of microfinance? Evidence from a randomized evaluation*. *American Economic Journal: Applied Economics*, 7(1), 22-53.

Barham, B. L., Takasaki, Y. and Coomes, O.T. (2000). *Are Endowments Fate? An Econometric Analysis of Multiple Asset Accumulation in a Biodiverse Environment*. Submitted to *Economic Development and Cultural Change*.

Bauchet, J., Morduch, J. and Ravi, S. (2015). Failure vs. displacement: Why an innovative anti-poverty program showed no net impact in South India. *Journal of Development Economics*, 116, 1-16.

Berge, L. I., Bjorvatn, B. and Tungodden, B. (2011). "Human and Financial Capital for Microenterprise Development: Evidence from a Field and Lab Experiment." NHH Dept. of Economics Discussion Paper (1/2011).

CGAP. (2011). *New Initiative Is Helping the Poorest "Graduate" to Better Lives*. Retrieved from CGAP website: www.cgap.org/news/promising-initiative-helping-poorest-%E2%80%9Cgraduate%E2%80%9D-better-lives

CGAP. (2012). *Protecting Microfinance Borrowers*. CGAP Focus Note, 27.

Chanani, S. and Huda, K. (2011). *Final Results from Trickle Up Client Monitoring System: Program Sustainability*. BRAC.

Das, N. and Misha, F. (2010). *Addressing Extreme Poverty in a Sustainable Manner: Evidence from CFPR Programme*. CFPR Working Paper No. 19, BRAC Research and Evaluation Division.

De Mel, S., McKenzie, D. and Woodruff, C. (2008). "Returns to Capital in Microenterprises: Evidence from a Field Experiment." *The Quarterly Journal of Economics* 123(4), 1329-72.

- Dercon, S. (2004). "Growth and Shocks: Evidence from Rural Ethiopia." *Journal of Development Economics* 74(2), 309–29.
- Drexler, A., Fischer, G. and Schoar, A. (2010). *Keeping It Simple: Financial Literacy and Rules of Thumb*. CEPR Working Paper. London, UK: Centre for Economic Policy Research.
- El Harizi, K. (2006). *Empowerment: Actors, Institutions and Change*. Conference Paper. Natural Resource Policies in the Near East and North Africa: From Management to Governance. A Research-based Regional Policy Forum; Bibliotheca Alexandrina, Alexandria, Egypt, 3-4 July 2006. Retrieved from IFAD website: www.ifad.org/events/nrp/case/ifpri.pdf
- El Harizi, K. (2015). *Is There a Future for Group Revolving Funds? A Case Study of IFAD Experience in Cambodia (1995-2015)*. IFAD, Rome (forthcoming).
- Fan, Shenggen, et al. (2013). *From Subsistence to Profit: Transforming Smallholder Farms*. Vol. 26. Intl Food Policy Res Inst.
- Fields, G. S. (2011). *Poverty and Low Earning in the Developing World*. (Electronic version). Retrieved from Cornell University, ILR School website: <http://digitalcommons.ilr.cornell.edu/workingpapers/152>.
- Goldberg, N. and Salomon, A. (2011). *Ultra Poor Graduation Pilots: Spanning the Gap Between Charity and Microfinance*. IPA Evaluation Summary.
- Hashemi, S. and De Montesquiou, A. (2011). *Reaching the Poorest: Lessons from the Graduation Model*. CGAP Focus Note, 69.
- Hashemi, S. M. and Umaira, W. (2011). *New Pathways for the Poorest: The Graduation Model from BRAC*. Centre for Social Protection Research Report 10, IDS, Brighton, UK: IDS.
- Hayalu, G. (2014). *Assessment of Factors Affecting Household Level Graduation from Productive Safety Net Program (PSNP): Evidence from Emba-Alaje District Southern Tigray, Northern Ethiopia*. Doctoral dissertation, Mekelle University.
- Hazell, P. (2007). "Transformations in Agriculture and their Implications for Rural Development." *Electronic Journal of Agricultural and Development Economics*, 4(1), 47–65.
- Honohan, P. (2008). "Cross-country Variation in Household Access to Financial Services." *Journal of Banking & Finance*, 32(11), 2493–2500.
- Hossain, M. K. (2012). "Measuring the Impact of BRAC Microfinance Operations: A Case Study of a Village." *International Business Research*, 5(4), 112.
- Huda, K., and Simanowitz, A. (2009). "A Graduation Pathway for Haiti's Poorest: Lessons Learnt from Fonkoze." *Enterprise Development and Microfinance*, 20.2 86–106.

- Johnson, A., Butcherit, C., Keyes, M., Vance, D., Anderson, K., Gray, B. et al. (2014). *Longitudinal Study of the Impact of the Integration of Microfinance and Health Services on Bandhan Clients in India*. (Electronic copy). Retrieved from Freedom from Hunger website: www.freedomfromhunger.org/sites/default/files/LongitudinalStudyReportBandhanIndia2008-2013.pdf
- Matin, I., Sulaiman, M. and Rabbani, M. (2008). *Crafting a Graduation Pathway for the Ultra Poor: Lessons and Evidence from a BRAC Programme*. Chronic Poverty Research Centre Working Paper 109. Dhaka, Bangladesh: BRAC-RED.
- Mathers, N. and Slater, R. (2014). *Social Protection and Growth: Research Synthesis*, London: Overseas Development Institute.
- Montesquiou, A. (2011). *Reaching the Poorest: Lessons from the Graduation Model*. CGAP Focus Note, 69.
- Montesquiou, A., Sheldon, T., DeGiovanni, F. F. and Hashemi, S. M. (2014). *From Extreme Poverty to Sustainable Livelihoods: A Technical Guide to the Graduation Approach*. CGAP, Ford Foundation.
- Mukhopadhyay, J. P. (2014). "Does Access to Microfinance Affect Consumption Inequality?: Evidence from a randomized controlled trial in Andhra Pradesh, India."
- Pawson, R. and Tilley, N. (2004). "Realistic Evaluation." Sage.
- Park, C. Y. and Mercado Jr., R. (2015). *Financial Inclusion, Poverty, and Income Inequality in Developing Asia*. Asian Development Bank Economics Working Paper Series, (426).
- Rabbani, M., Sulaiman, M. and Prakash, V. A. (2006). *Impact assessment of CFPR/TUP: a descriptive analysis based on 2002-2005 panel data*. BRAC, Research and Evaluation Division.
- Rosenberg, T. (2015). "Upward Mobility for the World's Destitute." *The New York Times*. (Electronic copy). Retrieved from the New York Times website: https://opinionator.blogs.nytimes.com/2015/05/15/upward-mobility-for-the-worlds-destitute/?_r=0
- Sabates-Wheeler, R. and Devereux, S. (2011). *Transforming Livelihoods for Resilient Futures: How to Facilitate Graduation in Social Protection*. CSP Working Paper 003.
- Sabates-Wheeler, R. and Devereux, S. (2013). *Sustainable Graduation from Social Protection Programmes in Development and Change*.
- Samson, M. (2015). *Exit or Developmental Impact? The Role of "Graduation" in Social Protection Programmes*. IDS Bulletin, 46(2).
- Seelos, C. and Mair, J. (2006). *BRAC – An Enabling Structure for Social and Economic Development*. IESE Study, 34.

Sengupta, A. (2010). *Pathways out of the Productive Safety Net Programme: Lessons from Graduation Pilot in Ethiopia*. Working Paper, BRAC Development Institute.

Sengupta, A. (2012). *Trickle Up Ultra Poor Program: Qualitative Assessment of Sustainability of Programme Outcomes*. BDI.

Sengupta, A. (2013). *Bandhan's Targeting the Hard Core Poor Program: A Qualitative Study on Participants' Ascent out of Extreme Poverty*. BRAC Development Institute (BDI).

Slater, R., Holmes, R., Farrington, J., McCord, A. and HagenZanker, J. (2010). *Enabling Graduation: Linking Agriculture and Social Protection Toolbox*. London: Overseas Development Institute.

Torero, M. (2011). "A Framework for Linking Small Farmers to Markets." In *IFAD Conference on New Directions for Smallholder Agriculture* (Vol. 24, p. 25).

World Bank. (2012). *Who Are the Unbanked?*

Zimmerman, M. A. (2000). "Empowerment Theory: Psychological, Organizational, and Community Levels of Analysis." In J. Rappaport and E. Seidman (Eds.). *Handbook of Community Psychology*. New York: Kluwer, Academic, Plenum.

The IFAD Research Series

01. **Agricultural and rural development reconsidered**
A guide to issues and debates
By Steve Wiggins
02. **Migration and transformative pathways**
A rural perspective
By David Suttie, Rosemary Vargas-Lundius
03. **Fostering inclusive outcomes in sub-Saharan African agriculture**
Improving agricultural productivity and expanding agribusiness opportunities
By David Suttie, Rui Benfica
04. **The effects of smallholder agricultural involvement on household food consumption and dietary diversity**
Evidence from Malawi
By Rui Benfica, Talip Kilic
05. **Rural-urban linkages and food systems in sub-Saharan Africa**
The rural dimension
By Karim Hussein, David Suttie
06. **Why food and nutrition security matters for inclusive structural and rural transformation**
By Steven Were Omamo
07. **Measuring IFAD's impact**
Background paper to the IFAD9 Impact Assessment Initiative
By Alessandra Garbero
08. **Fostering inclusive rural transformation in fragile states and situations**
By Karim Hussein
09. **Social protection and inclusive rural transformation**
By Carolina Trivelli, Silvana Vargas, Jhonatan Clausen
10. **Inclusive finance and inclusive rural transformation**
By Calum G. Turvey
11. **Food safety, trade, standards and the integration of smallholders into value chains**
A review of the literature
By John Humphrey
12. **An evidence-based assessment of IFAD's end of project reporting**
By Bia Carneiro, Alessandra Garbero
13. **Graduation models for rural financial inclusion**
By Khalid El Harizi, Xinjia Yan



International Fund for Agricultural Development

Via Paolo di Dono, 44 - 00142 Rome, Italy

Tel: +39 06 54591 - Fax: +39 06 5043463

Email: ifad@ifad.org

www.ifad.org

www.ruralpovertyportal.org

 ifad-un.blogspot.com

 www.facebook.com/ifad

 instagram.com/ifadnews

 www.twitter.com/ifadnews

 www.youtube.com/user/ifadTV

ISBN 978-92-9072-755-2



9 789290 727552

