



## SKS Ultra Poor Pilot Mid-Term Evaluation Summary Findings

Based on SKS Ultra Poor Process Mid-Term (12 Month) Evaluation by Karishma Huda  
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### Background

CGAP and the Ford Foundation have been partnering since 2006 to explore how safety nets and livelihood training can be linked with financial services to create pathways for the poorest out of extreme poverty. The Swayam Krishi Sangam (SKS) Foundations' Ultra Poor Program (UPP) in rural Andhra Pradesh is one of these pilots. The pilot has reached over 400 women who were too poor to qualify from SKS Microfinance's services. The goal of the program is to bring ultra poor beneficiaries to a point where they can use their existing savings and asset base to grow and diversify their capital base, and potentially access microfinance.

The UPP combines three components.

- Financial: transfer of an entrepreneurial asset, allowance, a access to savings services, and financial and asset management training.
- Social Development: awareness training and confidence building in weekly group meetings.
- Health: free consultations on widespread issues such as iron deficiencies, parasitic infections, pre-natal care and linkages to local government hospitals.

### Evaluation Methodology

SKS's mid-term UPP evaluation took place from July to December 2008 – one year after asset transfer.<sup>1</sup> The methodology was mostly qualitative and included ten in-depth case studies of ultra poor members covering a range of livelihood options, focus group discussions, group meetings attendance, discussions with SKS staff and consultation of other program data such as household surveys. The evaluation also factored-in members' income and expenditure data over one year and baseline survey data collected by the impact assessment team.<sup>2</sup>

### Targeting

The targeting strategy combined a participatory rural appraisal (PRA) during which communities selected their poorest members. SKS staff then followed up with household interviews to check that potential members received no male support, owned no livestock, and had less than one acre of cultivable land. The combination of community PRA and household interviews resulted in effective targeting, but this process runs the risk of being hijacked by political leaders and village elites. Recommendations to mitigate this risk include conducting rural appraisals in smaller groups, and comparing households against one another.

### Livelihood strategies

Rather than offering a confined basket of enterprise options, SKS allows members to choose any asset that there is a viable market for. The majority of members selected buffaloes (48%) and goats (24%). Eight percent of members chose land cultivation or "kirana" (grocery) shops; these non-livestock options turned out to be the most profitable, but they are also the riskiest and require significant prior experience. In order to motivate members to take good care of their assets, SKS initially told them that they would keep the assets only if they took good care of them, and that they could return them if they proved to be too burdensome. SKS encouraged members to continue with their daily wage labour for regular short-term income. This strategy of "asset boost" rather than "asset replacement" worked well for SKS in Andhra Pradesh, but when SKS scales-up in areas where government programs are not as developed, they might want to combine a long term asset with a viable short-term source of income.

### Stipend

Since SKS encourages members to continue their daily wage labor after asset transfer, the cash stipend is distributed on a needs basis and must be used solely for the care of members' asset, mainly animal fodder. This is a cost-effective

<sup>1</sup> The evaluation was conducted by Karishma Huda, CGAP/BRAC Development Institute consultant, with field support from K. Radhakrishna, independent consultant.

<sup>2</sup> Shamika Ravi of the Indian School of Business and Jonathan Murdoch of New York University are implementing impact assessments with randomization by village for the SKS pilot.

stipend design that prevents problems of dependency and challenges the notion that members need monetary assistance to boost their consumption levels.

### Savings

SKS program staff encouraged members to save from the start, and ultimately opened individual savings accounts for members at local post offices. Members have developed a strong saving habit and deposited nearly all excess income into the SKS savings account. In September 2008, some members had saved up to INR 3,000 and withdrawn up to INR 1,700 to pay for medical expenses, purchase land, pay for children's education or to diversify their businesses (approximately US\$60 and US\$34 respectively). In response to the food crisis, SKS is also piloting a rice saving scheme; members are encouraged to save handful of rice daily into a communal pot—they can access this pot whenever they are sick or in need and replace the rice at a later stage.

### Weekly Group Meetings

Over a 12 week period, members are taught basic financial literacy and social messages during weekly group meetings organized by field staff. These sessions enhance social capital among members; they discuss issues such as communal grazing for goats, crop cultivation tips, and use of pesticides. Although weekly meetings are crucial, additional household visits might be more appropriate for the poorest members who need closer individualized support. In the scale-up phase, SKS should consider greater local community involvement, perhaps through Village Assistance Committees.

### Healthcare

Health is a major challenge for members: they often have accumulated high levels of debt due to health expenses. SKS contracted a health consultant to provide hands-on training to field assistants and trained "Health Ladies" among the members to dispense medicine and administer first aid. SKS has also hired two health field assistants that visit members weekly, and a health director to teach members medical practices that are natural and cheap. Members are encouraged to set aside INR 10 a week (approximately US\$0.2) for their own personal health fund. SKS does not pay for medical expenses or costly preventative health inputs. They believe that with increased income, members should be able to pay for their medical emergencies, install sanitary latrines, purchase costly medicines, etc. But one major health setback can deplete savings, asset bases, offset any progress made. In scale-up SKS should consider partnering with other health organizations and creating an emergency health fund.

### Financial Education

In order to help members learn basic money management skills SKS delivers financial education modules during weekly group meetings. The module includes: income/expenditure tracking, budgeting, financial goal setting, and financial negotiations training. During each training session, field assistants focus on a particular member. The member is asked to show with rocks her current number of assets, the number she wants to have at the end of the program, and explain how she plans to reach that goal. The member is given fake money to make transactions, while the other members observe and learn. SKS has also developed snakes and ladders games on financial education. This practical and interactive training is well suited to members; they are prepared to manage and plan for current and future expenditures. However, some members have expressed the need for additional training on debt management.

### Graduation

Members start the program at different levels and progress at differing paces depending on the set of skills, resources and social background they bring with them into the program. However, all members are expected to reach a certain level at the end of the 18 month program. In order to increase support to those left behind, field assistants have categorised members into slow, solid and fast climbers—a quarter are currently described as "slow climbers", thus requiring additional support to reach "graduation". Strategies and levels of support need to be carefully tailored. Reducing pre-existing debt, ensuring access to health services, and building social networks are important factors determining members' success.

### Conclusion

There has been a lot of learning and innovation in the SKS pilot implementation. All these lessons are being documented and shared with other Graduation Pilots. SKS focuses on livelihood building and "limited support" so members do not become dependent on the program. In scale-up, however, SKS should re-evaluate if any substantial gaps exist (e.g. healthcare, short-term assets, more individualized attention) and think through how to fill them.