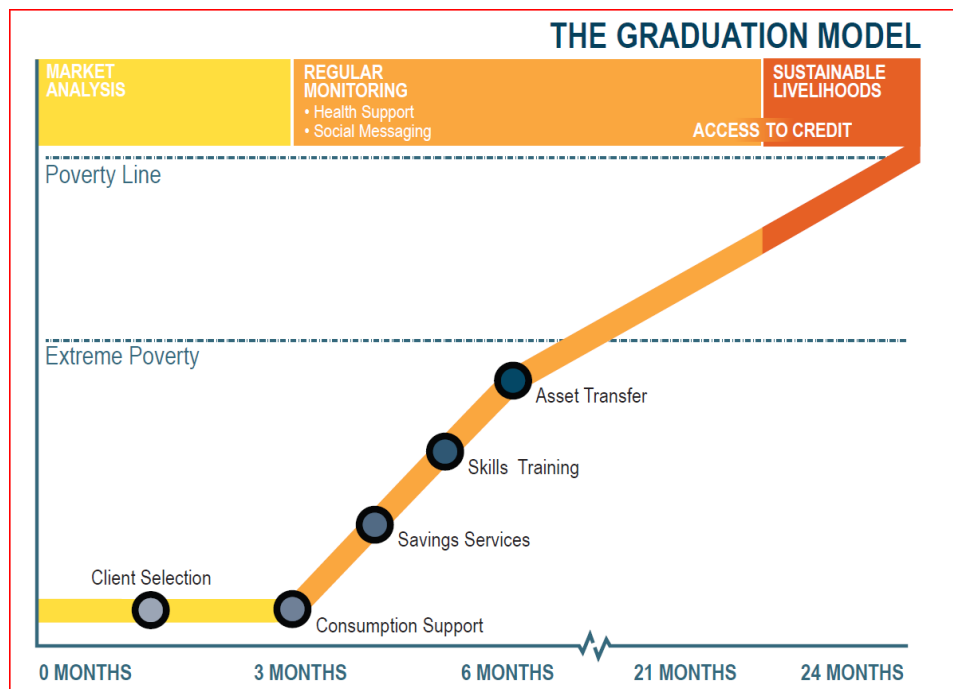


Preliminary Results from SKS Client Monitoring System: Program Sustainability, December 2010

Background:

The traditional response to alleviating poverty for the extreme poor has been food aid. Food aid, however, is a temporary crisis management instrument that does not create a sustainable platform for change. Stand-alone 'promotional' programs such as microfinance also do not meet the varied needs of the extreme poor. In response, the Consultative Group to Assist the Poor (CGAP) and the Ford Foundation initiated a multi-pronged livelihoods protection and promotion scheme to financially and socially uplift the extreme poor. Adapted from BRAC's Targeting Ultra Poor (TUP) program in Bangladesh, this 'graduation model' is designed to provide extremely poor households with both promotional elements that uplift them to a higher socio-economic space, as well as protective elements that provide them with basic social safety nets when faced with crises and shocks. Promotional elements include assets for entrepreneurial use, enterprise training, and basic financial services (usually in the form of savings); the protective elements include basic health services, consumption support, and individualized hand-holding support from a designated field agent. Upon receiving 24 months of holistic support, the model posits that members will have 'graduated' into a sustainable livelihood and out of extreme poverty.



Ten pilots have been implemented in eight countries to test the feasibility of the model in diverse economic settings. The pilots are all being carefully monitored and evaluated; most are accompanied by rigorous randomized control trials as well as qualitative research. This allows for close monitoring of changes in the lives of the beneficiaries as a result of the program.

While the evaluations and qualitative research provide insights at different points of the program cycle, it became clear that a monitoring tool to track the regular performance of the program inputs was essential. Program staff need to know how their program is evolving, and the kind of impact they are making on a constant basis, not simply at the baseline and end line. The Client Monitoring System (CMS), therefore, is a set of simple indicators to regularly track changes in members' social and economic conditions. These indicators also help to understand how program beneficiaries are progressing in comparison to members of other pilots.

Swayam Krishi Sangam (SKS) Background

SKS is one of the ten pilot programmes being implemented in the Telangana region of Andhra Pradesh, India. The organization has successfully penetrated the microfinance market, yet through its 12 years of operation, SKS learned that their solidarity lending programme effectively excluded the poorest within the communities in which they worked.

In response, SKS initiated the Ultra Poor Programme (UPP). The UPP is geared towards those who do not meet the inclusion criteria for microfinance – in essence, those whom SKS classifies as the poorest. The package of inputs was extended to 426 women over an 18 month period (October 2007 –June 2009).

The purpose of SKS's Ultra Poor Program is to create sustainable livelihoods so that the extremely poor can graduate into one of two paths:

- join an existing microfinance program in the area (for the few that are strong enough to integrate into mainstream microfinance)
- continue saving in groups and use their savings to strengthen and diversify their asset base (a viable transition for most)

SKS' inputs included a wide array of asset choices (from livestock to vegetable vending), livestock insurance, veterinary health care, a savings scheme coupled with financial education, a cash stipend, and social messaging from both a regular field assistant and health field assistant. They received classroom training on how to run an enterprise, as well as weekly household visits by the their field agent (FA) and weekly center group meetings where they get together with other TUP members.

Members were determined graduates based on having multiple sources of income, minimum savings, food security, and awareness of government services. Based on these criteria, 414 out of 426 women graduated from the pilot program.

Methodology

The CMS is an Excel database that covers basic indicators for individual members and their assets, savings behavior, stipends, other sources of income,

illnesses, and children's vaccinations. The CMS tracks a few other social changes related to members' ability to participate in community activities, purchase more clothes and gifts, and educate their children. A subset of 20 members was randomly selected to track their food consumption during each round of data collection. Field agents were trained to collect data on the beneficiaries for whom they are programmatically responsible.

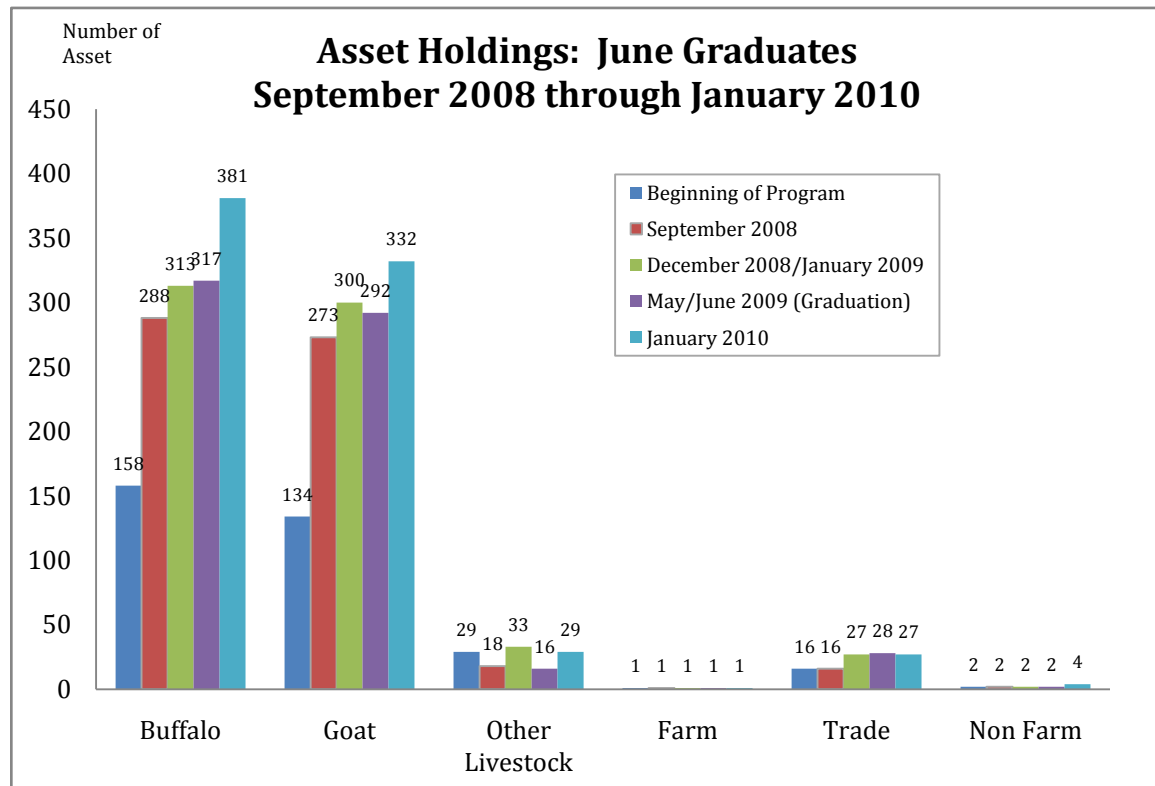
There were some limitations to implementing the CMS to be considered when reviewing this report. The CMS was rolled out for the first time with SKS—there were some implementation challenges both in data collection and data entry. Field staff experienced a learning curve in completing the forms; staff were new to supervising the data collection process; data entry operators faced challenges in using a newly developed system. There could also be biases in responses, given that the field staff were also the data collectors (e.g. beneficiaries withholding information in anticipation of receiving more benefits), but this was also offset by the staff's extensive knowledge of members and their household situations. Despite these challenges, compromises have not been made to the integrity of the data or the report.

Results

The tables below outline the findings for 260 of the 414 (63%) members six months after they graduated in June 2009. The remaining 154 members graduated at various points over the next 8 months and to present their status six months after the program in a comparative manner is not possible. The 260 members are representative of the entire set of graduated members and results highlighted below are indicative of the trends for the entire group of graduated members. Previous reports have highlighted trends for all members during the program period; this report's primary purpose is to reflect on sustainability by reviewing members' livelihood and general well being six months after the end of the program in January 2010.

The analysis for the 260 members includes the three rounds of CMS data collected while the program was running (September 2008, January 2009, and June 2009) and one last round of data collected six months after graduation in January 2010. The data collected for each round represents the prior 3 month period; thus the September 2008 results reflects data collected from June 2008-August 2008.

Chart One: Asset Holdings



Livestock is separated into goats and buffalo, the main assets provided, and other livestock (sheep, pigs, chickens, and donkeys). Trade includes vegetable vending, operating a payphone, a mobile snack shop or food stall, or selling cloth. Farm activities refer to land cultivation and non-farm activities refer to tailoring.

The general trend six months after graduation as demonstrated in Chart One indicates that members are successfully continuing to breed their livestock assets and maintain their non-farm, farm and trade assets. During the program period, SKS staff had provided direct veterinary services, but also made an effort to build and communicate the importance of linkages to government veterinary services and local husbandry consultants. Having experienced the benefits of timely insemination during the intervention period, members continued insemination schedules for livestock and paid for the inseminations themselves through these newly established linkages.

Members are holding on to larger numbers of buffalo, goat, and other livestock, as they feel more confident holding on to livestock through the monsoon season. Previously, members had sold more livestock prior to monsoon for fear of seasonal illnesses, but are now confident in their own capacity to identify and

treat illnesses. According to program staff, members are also holding on to older female goats to maximize reproductive capacity of their livestock.

Chart Two: Sales of Assets and Average Sale Price

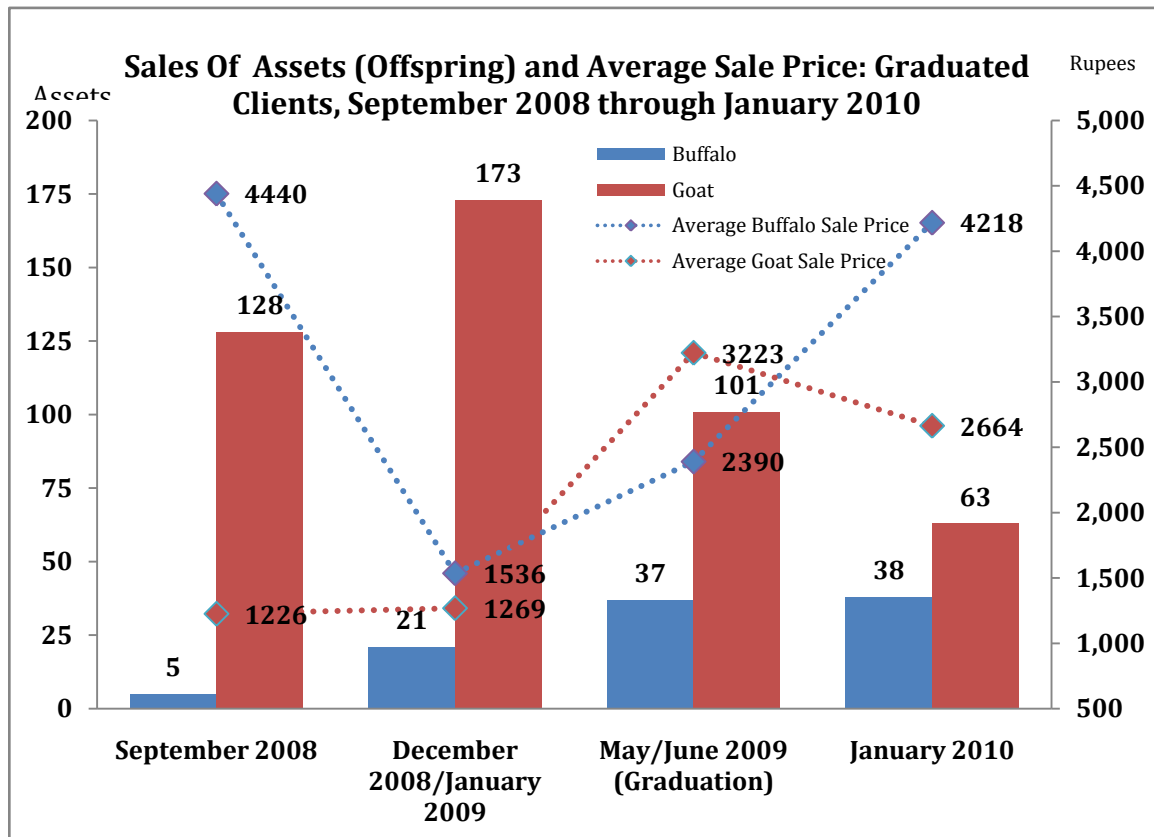
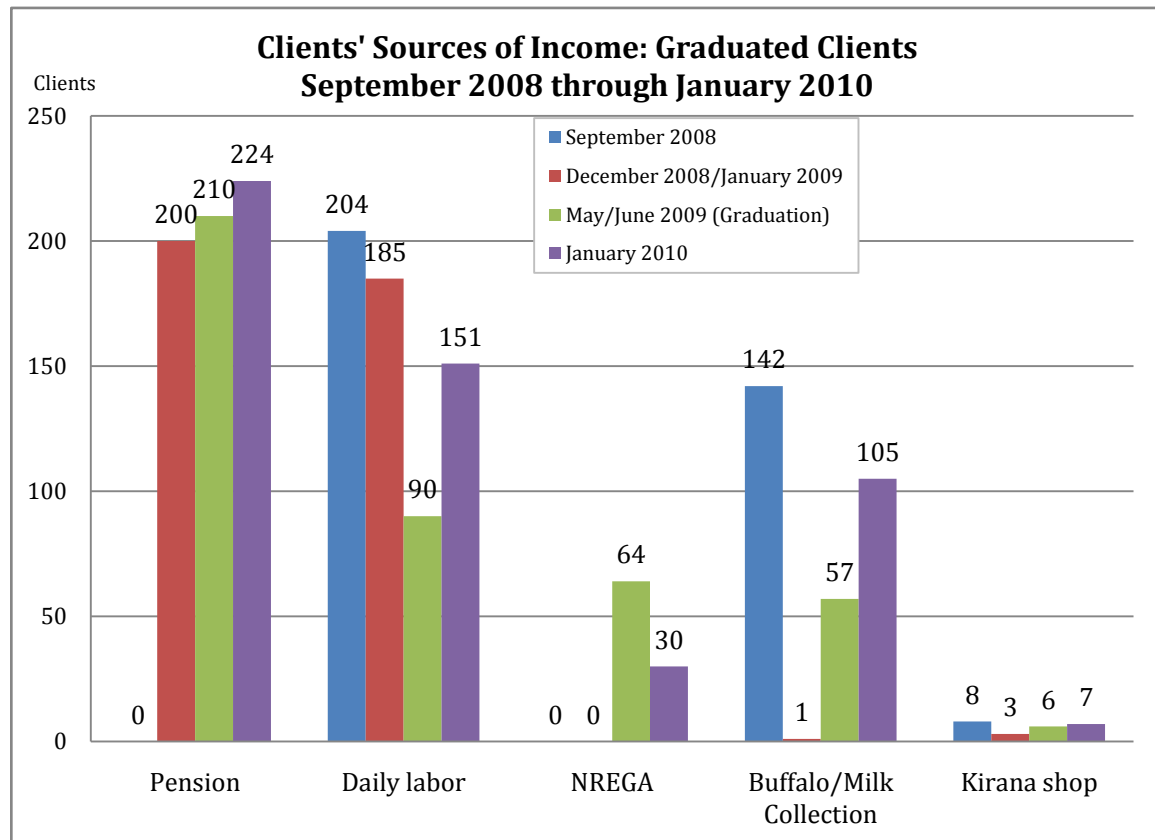


Chart Two shows that members are selling fewer goats, while continuing to sell similar levels of buffalo. As members have become more sophisticated in management of assets, they also choose to hold on to more goats as short-term assets. Goats provide the additional benefit of serving as buffer income, as they can be easily sold for immediate cash needs. The average prices members are selling assets for post program are high enough compared to the previous January period to suggest that members were not having to resort to distress selling or getting significantly lower prices despite selling relatively younger and male assets.

Chart Three: Clients' Sources of Income



The sources of income for January 2010 in Chart Three is consistent with seasonal work trends; in winter there is more agricultural work available as compared with the drier seasons when NREGA¹ work programs provide alternative income. Pensions² remain an important source of income. Buffalo milk sales as an additional source of income remains stable after graduation; the high sales corroborates the feedback from staff that members are holding on to their female buffalo. Members' ability to maintain timely insemination cycles on their own to maximize milk production is also supported in the high milk sales data.

Chart Four: Clients' Other Changes in Assets

¹ National Rural Employment Guarantees Act that entitles 100 days of employment to adult members of every rural household in India

² This refers to either old age pension (for members 60+ years of age), or widow pensions (which 98% of members qualified for)

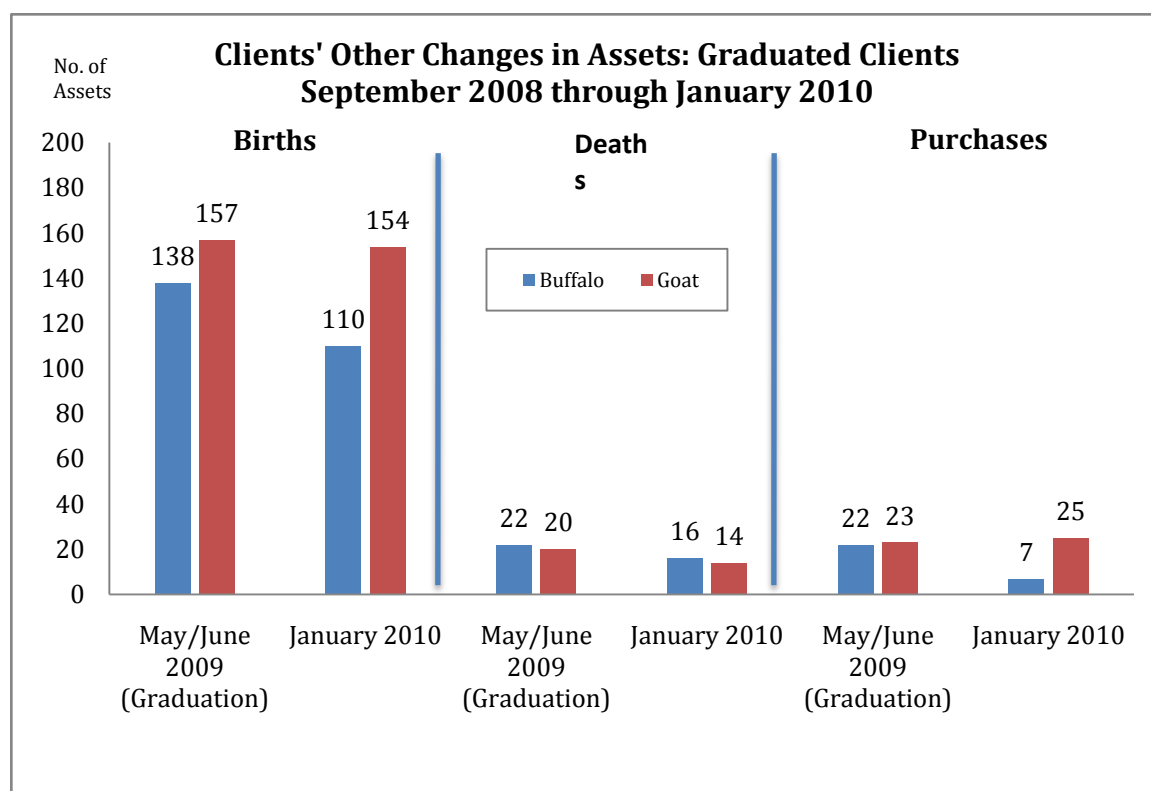
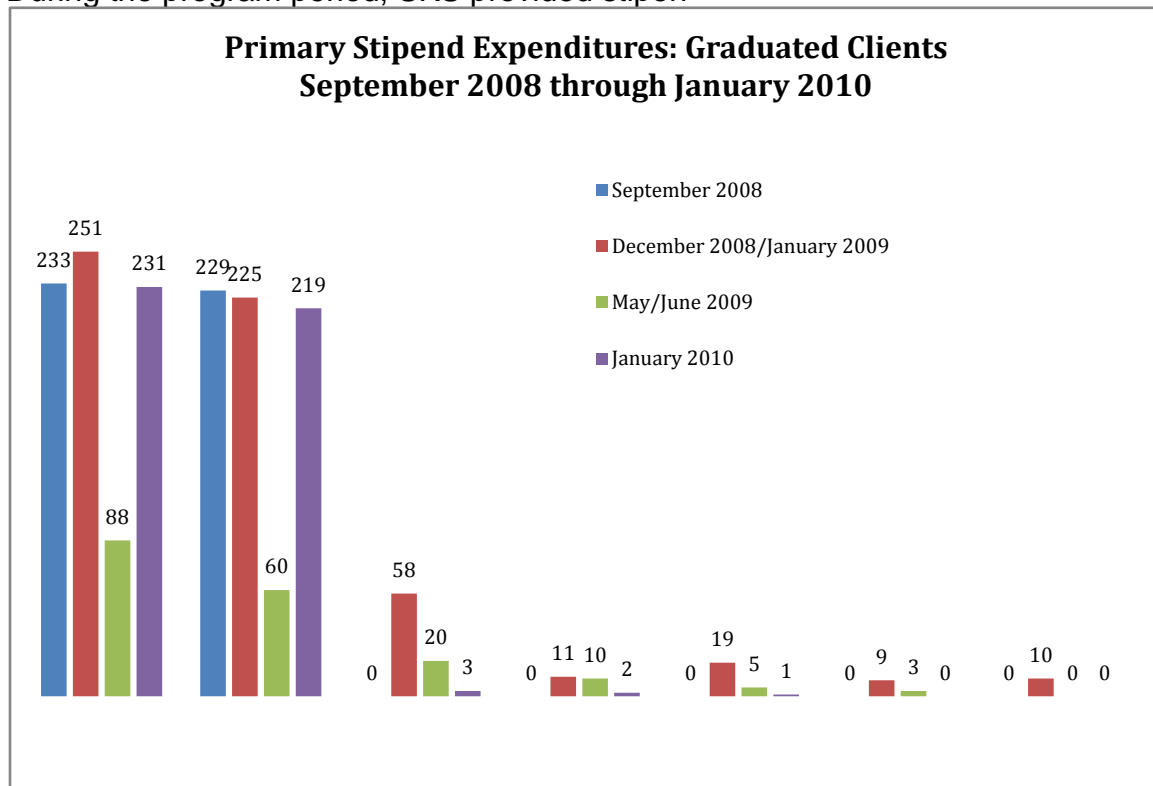


Chart Four provides more detailed information on births, deaths, and purchases of the primary assets (goats and buffalo) after graduation. The birth amounts for goats remained stable after graduation as there are more frequent reproductive cycles for goats than buffalo; buffalo births are lower than the May/June period because many of the births occurred during the previous three-month period of July-September 2010.

Asset deaths are down by January 2010, even covering part of the post monsoon period and members keeping larger holdings. Deaths are down due to improved preventive care and strict adherence to vaccination schedules. Members are able to better identify sicknesses early on, seek out veterinary care, and use local medicines and plants for caring for the assets. Overall the births, deaths, and purchases amounts substantiate the data from previous charts that members have been able to successfully continue managing the reproductive capacity and health of the livestock after graduation without direct assistance from SKS.

Chart Five: Primary Stipend Expenditures

During the program period, SKS provided stipen



ds on a need basis. After graduation the members experienced a drought due to a delayed monsoon and an especially dry September (2010). To ease this unexpected dry spell, SKS used available remaining funds from the program to provide fodder bags to members with livestock and cash for those in trade, farm, and non-farm activities. Thus, as the data indicates in Chart Five, most of the stipends are used for fodder for livestock.

Chart Six: Overall Savings Behavior

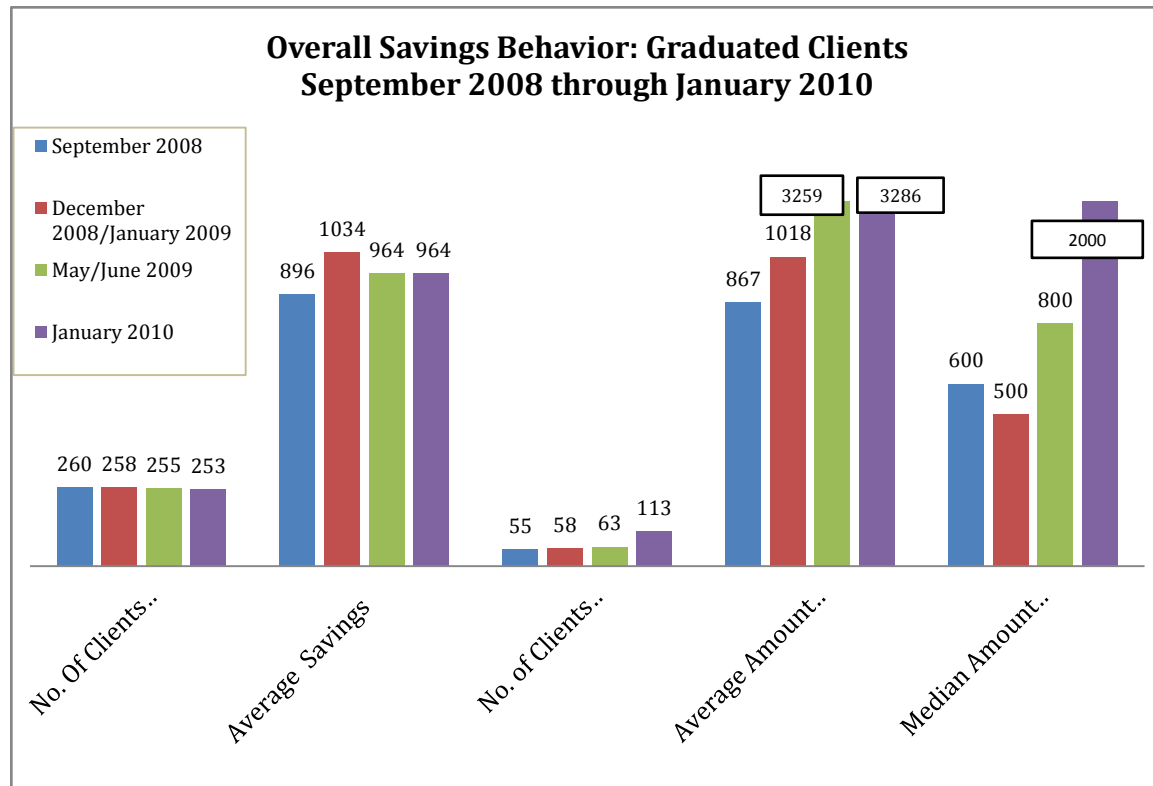


Chart Six provides meaningful post program results in light of the main goals of the program. Members were required to maintain a savings balance of Rs. 1000 to graduate and even after graduation, without any external requirement or pressure, members have maintained similar levels of savings. The financial literacy component has been quite successful in imparting the importance keeping Rs. 1000 in savings as a one month buffer for the household; this knowledge acquisition is clearly demonstrated in the continued level of savings even while taking out larger withdrawals (Chart Seven).

The growth in income is clear as members maintained savings levels while being able to withdraw larger amounts to invest in land, pay off higher interest debt, and improve health and social well being. Chart Seven provides interesting post program information on members' reasons for withdrawals. Medical expenses have gone up as members sought out more care with private providers (also observed in Chart Nine below). Despite being costlier than public health care facilities, members perceive higher quality care through private providers and have the income now to act on these preferences. Food expenses are more frequent than the previous round because of the recent harvest period prior to January—members are more likely to buy bulk amounts of food during this time of the year and are able to stock up more on larger amounts of food for the leaner seasons. Program staff also suggest that expenses may be higher as members shifts towards foods that are higher quality.

Post program, withdrawals on social events demonstrates the biggest growth, corroborated in Chart Twelve; with increased disposable income members are able to spend more on improving their social well being (such as purchasing new clothes during festival season). This shift toward expenditures that are for social improvement beyond basic survival needs is indicative of the program's sustainability.

Chart Seven: Reasons for Withdrawals and Loans

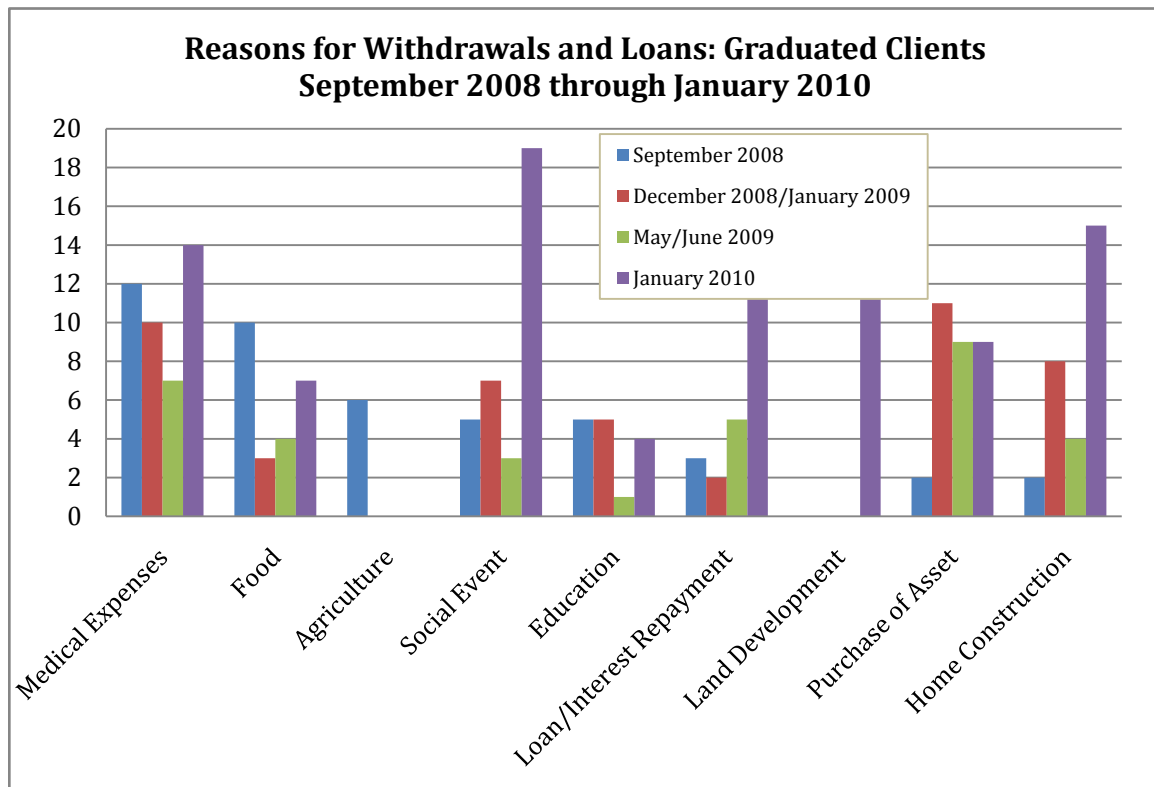
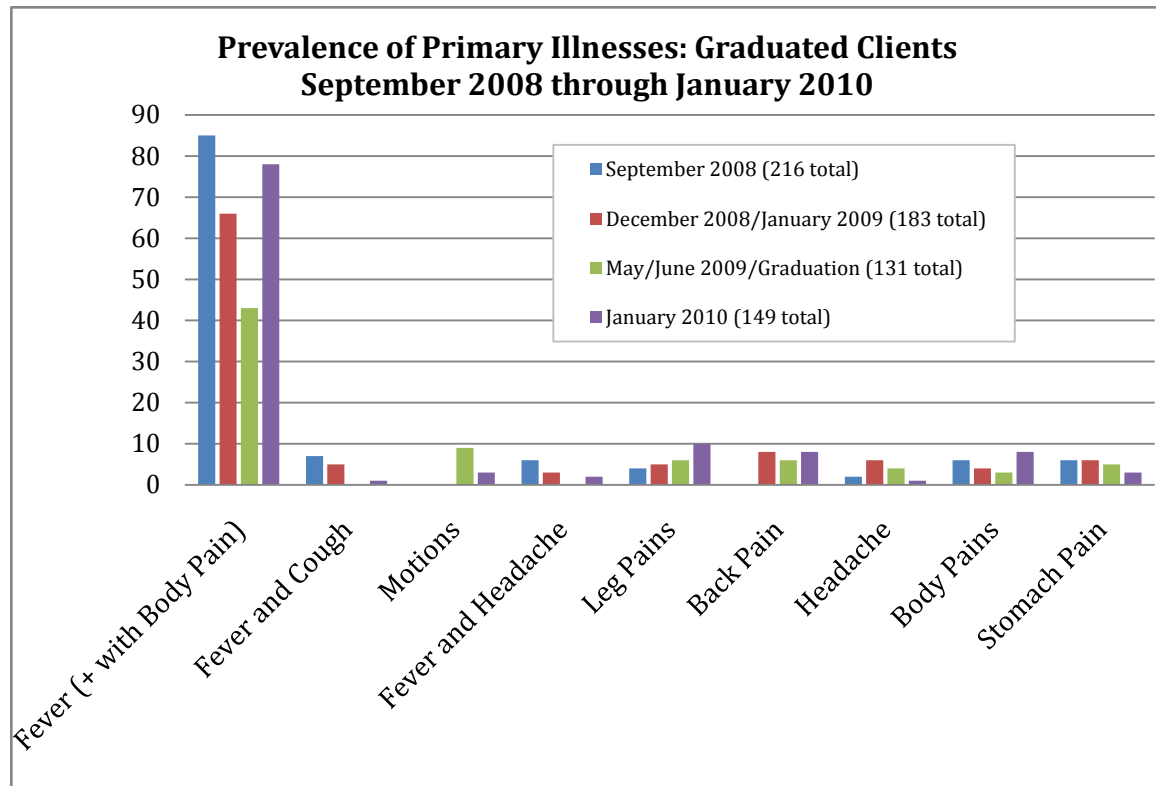
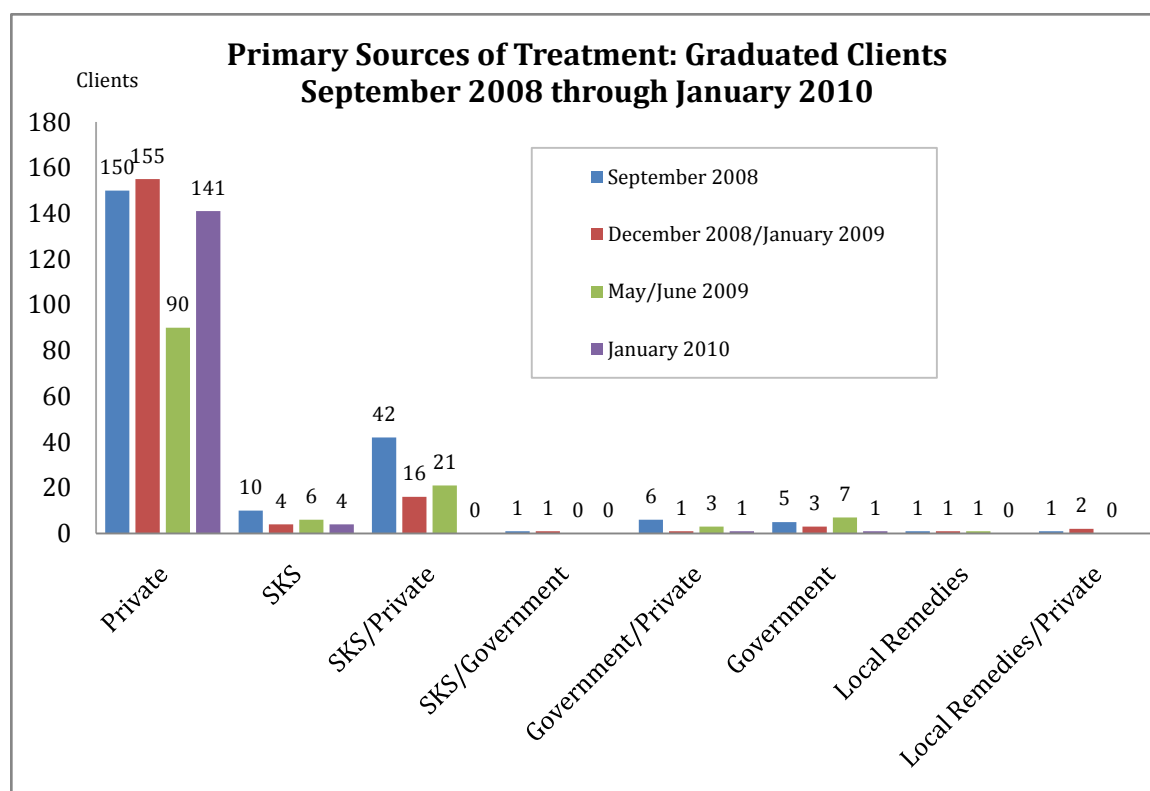


Chart Eight: Prevalence of Primary Illnesses



Post graduation, fevers remain the primary illness experienced by members. The large percentage of fevers can be attributed to winter viral illnesses. There was a slight increase in leg pains and body pains, which are experienced more during the colder months among older members. There was a slight increase in illnesses from the end of the program, but the overall number of illnesses remains lower than the earlier periods of the program.

Chart Nine: Primary Sources of Treatment



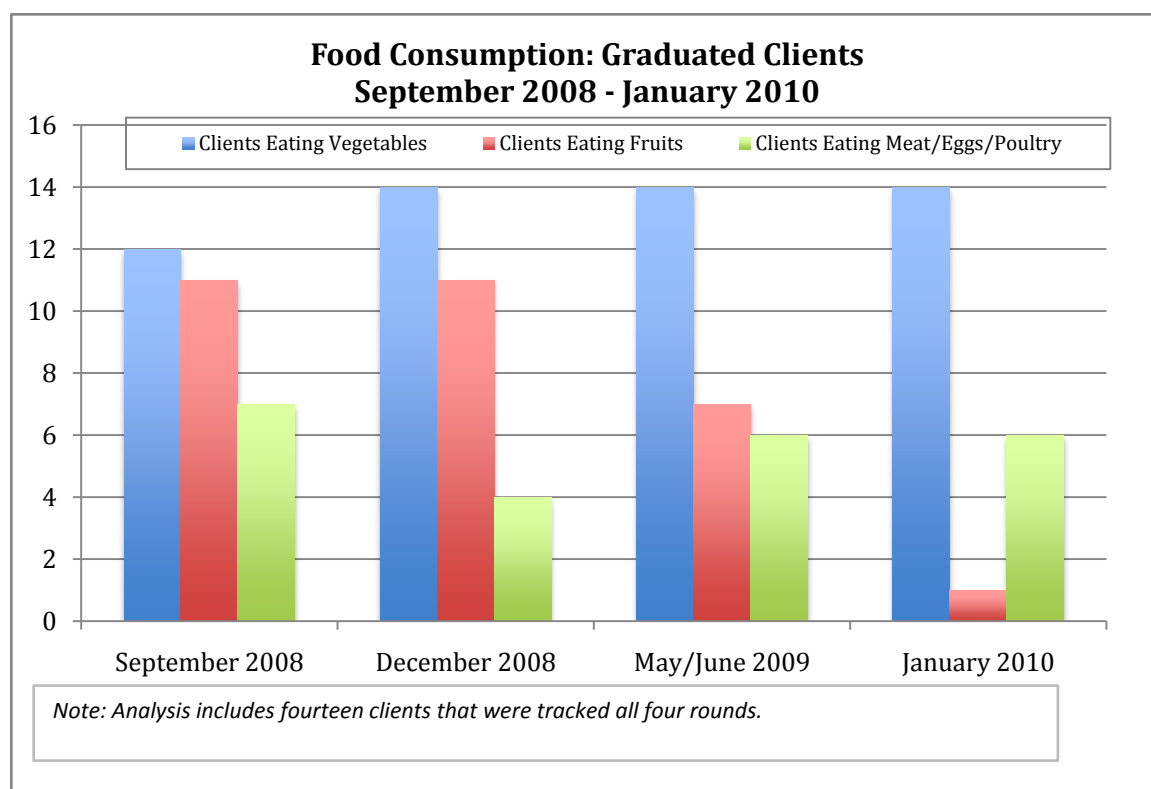
After graduation the most notable change in health seeking behavior is that most people are seeking out private providers. During the program, SKS had provided members with a medical kit for symptomatic and preventative treatment (e.g. aspirin, antacids, ORS, tablets for upset stomach, etc.). Members were encouraged to seek government care where available, and then private care if necessary. Government facilities are inconvenient in terms of timing and location and members prefer to seek out private doctors who easily available in their villages and prepared to make house calls during emergencies. There may be some underreporting for SKS/Private in the January 2010 data; the medical kit provided by SKS provided only minimal health assistance and members during the post graduation round may have failed to mention SKS even if they did use medicines from the kit. The data here is consistent with the higher number of medical expenses reported in Chart Seven. Seeking more treatment earlier and going to private doctors has increased medical costs on the whole since the program ended.

Chart Ten: Reasons for Missed Meals



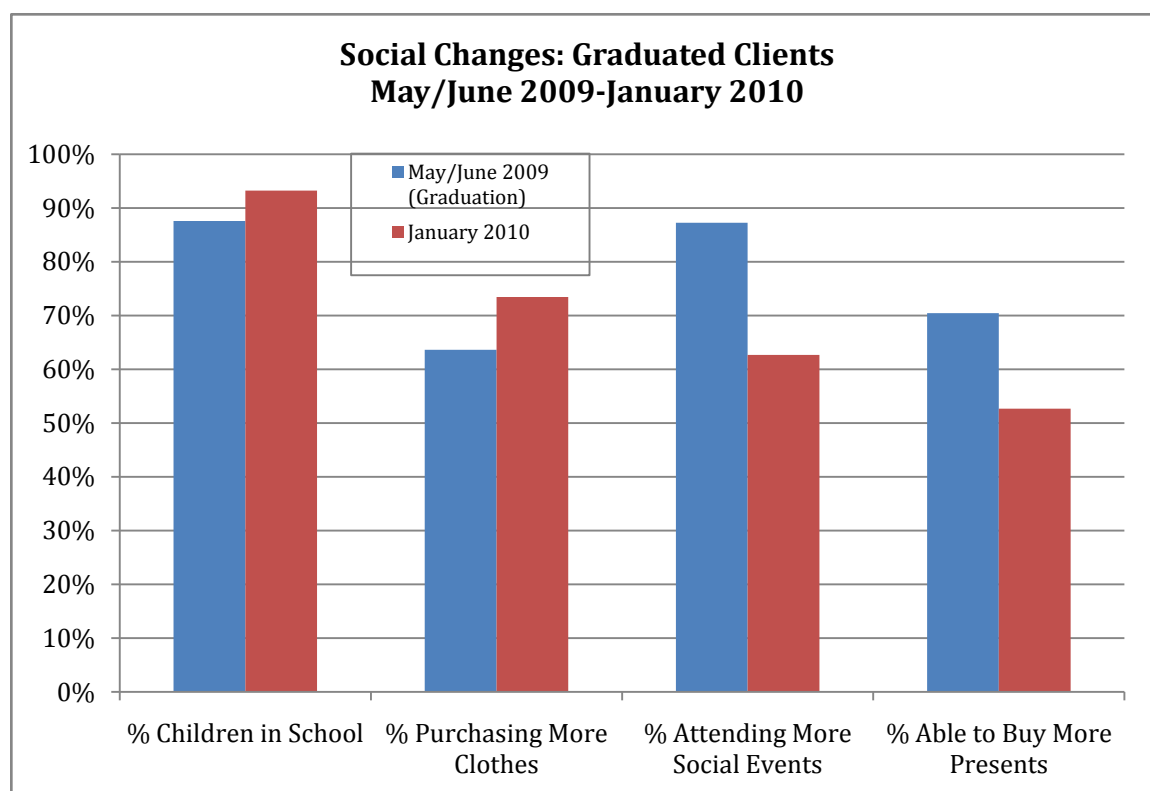
In January 2010, only three meals were skipped and for the most part were not due to lack of income. Post-graduation there is an encouraging drop in the number of members that skipped meals due to health reasons. Overall the sample suggests that in spite of considerable inflation, members are able to afford their regular meals.

Chart Eleven: Food Consumption



Food consumption of the members has been relatively stable during the program and six months after graduation. As most members are vegetarian, there was little change in meat consumption. The fluctuations in fruit consumption also reflect an issue with data collection as members tended to recount consumption of purchased fruits and not locally grown fruits, which they do continue to eat regularly. Commonly eaten purchased fruits such as apples and bananas have experienced huge price increases due to the drought; according to program staff the price of bananas went from Rs. 12/kg in 2008/09 to Rs. 30 in 2009/10.

Chart Twelve: Social Changes



During the program period, SKS staff were concerned that the provision of assets could encourage children to attend school less in order to assist in caring for assets. Intensive social messaging was conducted to ensure that children remained in school and the data indicates that there was no drop post graduation and in fact an increase in the percentage of children attending school. The increase is likely to due to a combination of the communication strategy as well as increased income available for educational expenses such as school fees and books.

The period for which the January data was collected (October-December 2009) includes the festival season (Diwali) during which members buy new clothes. The wedding season occurs mostly in the summer months when members will attend more events and buy more presents for others. The data for the last few months of the program as well as six months after are consistent with spending patterns of members for social occasions. Across all types of spending behaviours, more than half the members have enhanced their ability to participate and contribute to their social well being. This increase in social welfare continues beyond the life of the program and is especially high for the most relevant activity, purchasing clothes, of the season.

Conclusion

SKS provided some assistance through provision of fodder during the drought, but was no longer providing extension services once members graduated in June 2009. Overall the data indicates that members have been able to maintain and

grow their livestock assets through their improved insemination cycles, health care practices, and linkages with local (government and private) veterinary services. Income has continued to increase post-program, allowing members to maintain savings and while spending towards more productive means (land development, paying off high interest debt), as well as their personal well being (purchasing clothes during festival season, medical expenses). The overall scenario for the members in the short term (six months later) does suggest that the program has been successful in removing members from extreme poverty with the tools for maintaining sustainable livelihoods.