

# Engagement *With* UltraPoverty



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**S W A Y A M   K R I S H I   S A N G A M**

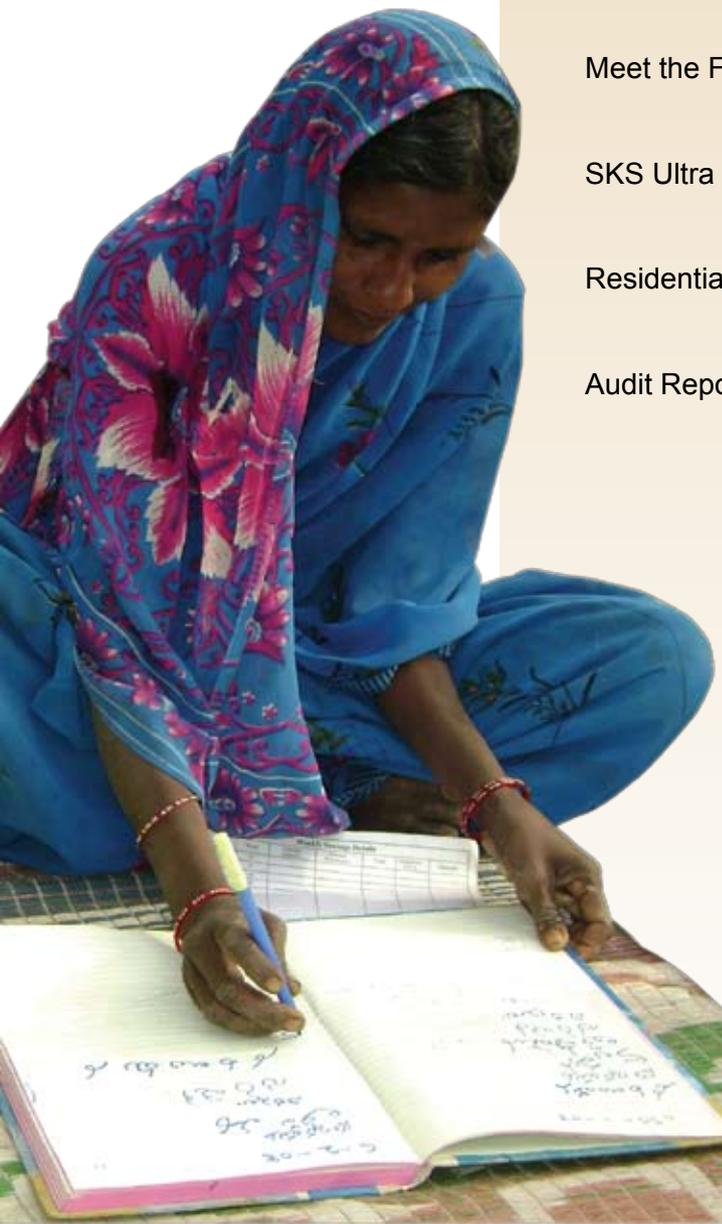


S W A Y A M   K R I S H I   S A N G A M

**Eradicating Poverty in India**

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## Chairman's Note



Founder and Chairperson  
Vikram Akula

It gives me immense pleasure to present the Annual Report for the period 2008-09.

I am happy to share with you that the pilot project of the Ultra Poor Poverty Program has been able to meet its milestones and targets. The UPP initiative is gaining ground in creating solutions at the field level and also making innovations like the widely appreciated rice line scheme (to ensure food security by pooling in one fistful of rice each day to be then collected at the weekly centre meeting), creating post office accounts to deposit their savings, regular trainings by health practitioners and intensive follow-up and very well drawn out and systematic withdrawal strategy.

Second program of the NGO: of Residential Bridge Camps for out of school children has been extremely effective in integrating them with mainstream schools as well as keeping them out of child labor.

Besides this, it's very encouraging to have new Board of Directors creating synergies between the Development and the Corporate World. The vision is to have them guide and steer the Ngo programs and work in significant advisory capacity.

I would also like to congratulate the SKS team for their perseverance and their commitment to the organization's mission and for having the capacity and capability to carry it forward. Their hard work makes SKS Ngo a dynamic organization, responsive to needs of the Ultra Poor and committed to alleviating embedded poverty amongst them.

For the next year, SKS intends to roll out the UPP program in Koraput, Orissa to work with a diverse geography and ultra poverty profile which is different from Medak. The hope is to make this a Pan-India Flagship program of Swayam Krishi Sangam which is eventually coterminous with SKS Microfinance programs al over the country.

I would look forward to your support, feedback and critical engagement from all of you to help us move ahead.

## About Swayam Krishi Sangam

### Organizational Background

**Swayam Krishi Sangam; SKS NGO** was established with a vision to “**Eradicate Poverty in India**”. It was registered as Public Society on 18.12.1997 with Registration no. 6528 of year 1992 under AP (Telangana Areas) Public Societies Registration Act 1350 Fasli (Act of I of 1350 F).

The **spirit and philosophy** of the institution is enshrined in its **Aims and Objectives** which purport to undertake, promote and co-ordinate programs of integrated rural development for the benefit of the rural poor, including women and other disadvantaged groups, by addressing the basic needs of livelihood, shelter, medical care, education, and adult literacy.

### Ultra Poor Program

The Program was launched in April 2007 by the SKS NGO, which is an autonomous entity that incorporates the necessary social, health training and savings components into the program.

### Board of Governance

SKS has an independent Board of Directors drawn from multi-disciplinary professional backgrounds. SKS is in the process of constituting a new board that will meet for its first board meeting in May 2009.

### Team

SKS is running different programs through professionals with varied background skills and expertise. The Team is led by a full time CEO.

Women do two-thirds of the world's work. Yet they earn only one-tenth of the world's income and own less than one percent of the world's property. They are amongst the poorest of the world's poor.



## Our Supporters

Ravi & Prathiba Reddy Foundation



# FORD FOUNDATION

Strengthen democratic values, reduce poverty and injustice,  
promote international cooperation and advance human achievement



Swiss Agency for Development and Cooperation (SDC)



**thinkIndia**  
Foundation



**Naraindas Morbai Budhrani Trust**  
Serving the poor with its Krishna Arpanam programs



# Practicing Ultra Poverty

## Characteristics of Ultra Poor

Ultra Poverty is linear descent into deprivation of opportunities

### Why an Ultra Poor Program?

Despite the success of microfinance, it has been unable to target the ultra poor, as microfinance works well only for the

#### Very Poor

#### Moderate Poor

As they can take the rigors of microfinance (EDA Rural Systems study)

Hence the Ultra Poor Program serves to work with the Ultra Poor to transition them out of ultra poverty. This SKS pilot serves to do just that!

***Ultra Poor need greater control of their lives and livelihoods***



The ultra poor have been excluded from the traditional microfinance sphere because of these challenges. They often self-select themselves out of programs due to

- Lack of confidence
- Concern for indebtedness
- Credit risk perception by group or MFI

### Ultra Poor Density in India

India contains approximately 20 million ultra poor families. These families lack the opportunity or means to lift them out of poverty.

## Targeting the Ultra Poor

Targeting is extremely rigorous using multi-layered filters. The community involvement in the identification of the bottom poor households through 'participatory identification' tools employing household poverty indices helps in precision targeting.

These indicators are developed in consensus with the local community as they are based in their context and arrived at from their experience.



Precision Targeting of the Ultra Poor is a prerequisite for successful ultra poor transition:



### Impact comparison studies

For comparative analysis of the impact, a control group of 100 villages will be evaluated with 106 treatment villages.

## SKS Ultra Poor Graduation Pilot

Phase I of the Graduation Pilot is working with 426 members in 100 villages in Narayankhed Block of Medak district in Andhra Pradesh from April 2007. Phase II will expand its reach to 1,000 members in Orissa beginning September 2009.



### Selection Criterion of Ultra Poor Members

- No adult working males in the household
- Children do not attend school
- No productive asset in the household
- Ownership of Less than 1 acre of arable land
- Non-MFI participant
- Adult woman is daily wage earner or beggar

### Ultra Poor Graduation Pilot

The Ultra Poor Program is the flagship program of Swayam Krishi Sangam, a not-for-profit entity operating from Hyderabad, India.

The Ultra Poor face multi-dimensional deprivation, caught in powerful poverty traps. The SKS Ultra Poor Program, scientifically targets the extreme poor at the bottom of the pyramid by employing participatory identification tools.

The goal of the program is to uplift targeted, ultra poor households with the aim of reconnecting them to lost livelihood opportunities through a road map of their choice.

### Gendered Poverty

Ironically, most households targeted by the program are headed by women, most of whom are destitute or below destitution. The aim is to provide some solidarity among ultra poor women so as to protect them from the bitterness of life struggles through various programs.

### Tracking the Graduation Path

The graduation path is closely tracked with intensive information collation and analysis, capturing quality life and household performance indicators. SKS Ultra Poor Program is deeply grounded in the philosophy and methodology of handholding to hand in hand to shaking hands within a time frame.



## Program components

### Intervention logic I

The **Livelihood Action Plan (LAP)** is meant to reconnect ultra poor households to the lost opportunities by building multiple livelihood resources. The Livelihood Action Plans are household specific building blocks carefully drawn in a participatory way. Each plan has to be a technically feasible and economically viable proposition amenable to the household's ongoing wage sources.

#### Livelihoods and Income Security

- Livelihood Action Plans
- Livelihood Incubation Trainings
- Forward And Backward Linkages
- Para - Professional Services
- Voluntary Micro Savings

#### The Livelihoods basket that has emerged out of LAP

##### Asset Basket

- Buffalo-Rearing
- Sheep, pigs, Goats/goats + Chickens
- Non-Farm Package 1: Telephone + Small Goods Shop
- Non-Farm Package 2: Telephone + Food Products
- Non-Farm Package 3: Telephone + Tea Shop
- Vegetable-vending
- Horticulture Nursery (land-lease for fruit or farming)

**Till date:** 426 assets including 233 buffalos, 148 goats, 2 telephones connections and 11 kirana shop material have been transferred.

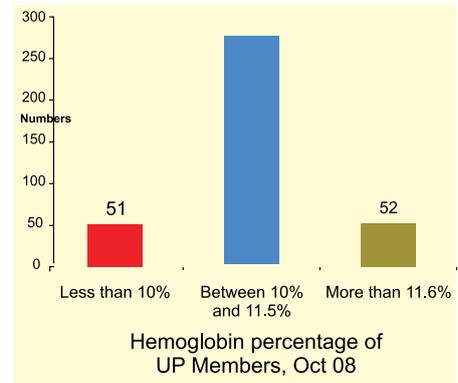


## Intervention Logic II

### Health and Nutrition

Health is the single most critical factor that drives the Ultra Poor into the vicious cycle of extreme poverty. For the Ultra Poor Program, health constitutes a critical intervention in terms of:

- Health messaging through house and center visits
- Referral services
- Information sessions
- Health awareness
- Para-professional services



### Health Camps

Health checkups conducted and information on blood group, blood sugar and hemoglobin levels collected for all members

Health checkup



Health checkups conducted on 380 beneficiaries

Eye checkup



305 members were tested in the Eye camp's

Height and weight checkup



Recording of height and weight and distribution of medication as required.

## Intervention Logic III

### Social Development

The Ultra Poor have a fragile social space. The situation is made even more difficult because they are destitute women. Daily life struggles coupled with discrimination trap them in a closed environment that needs to be transformed.

### Weekly Center Meeting

It is the platform to articulate their family and social issues concerning their lives and livelihoods. It is also a vehicle for social change with experience sharing and peer-to-peer learning.

“

The real tragedy of poverty is not just that the poor have limited resources, but that they lack the financial tools to squeeze all they can from what they have ”

– Prof. Murdoch  
New York University

### **Social Development interventions include**

- Group solidarity
- Gender issues and awareness
- Social awareness
- Conflict resolution
- Family development and raising children
- Self-confidence
- Problem solving

### **Intervention Logic IV**

#### **Financial Education**

Financial Education arms the poor with skills to stave off income shocks, insulating fragile and liquid household economies from the caprice of money lenders.

Financial Education is strategic intervention for SKS Ultra Poor Program with the following training inputs.

- Ultra Poor have only “Sweat Equity”
- Cash flow analysis
- Budgeting:
- Financial goal setting:
- Financial product information
- Innovative service products Rice line scheme
- Health fund





**Coping Mechanism: SKS has documented the coping mechanism adapted by the Ultra Poor against the odds and daily life struggles**

<b>Demands</b>	-	<b>Coping Mechanisms</b>
Food shortage	-	Grain bank & loans on savings
Health problems - income shocks	-	Health fund
Working capital	-	Stipend - Savings
Livelihoods expansion & diversification	-	MFI or SHG bank linkage

**Year-long cash flows**

SKS's endeavor is to help the members to get into year - long cash flows, overcoming seasonal fluctuations like slack season and uncertain work demand.

**Flexi-savings**

The savings product devised for the Ultra Poor is flexible. The member can voluntarily save any amount and bring it to the center meeting.

**Integrating the ultra poor into economic circuit**

Graduation is defined as having the confidence and capability to generate income and/or begin a new livelihood, buoyed by increased social and health awareness

**Existing poverty alleviation programs and their limitations**

<b>Program</b>	<b>Effective</b>	<b>Ineffective</b>
Food Aid	Short-term relief	Can't build sustainable building blocks for change
Training Programs	Valuable for income generation	Can't meet immediate health and food needs to focus on income generation
Social Programs	Viable for empowerment	Can't meet immediate health and food. Needs to focus on income generation. Fail to meet pressing economic concerns

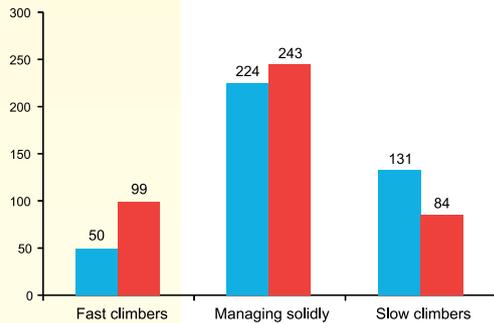
Bundling and monetizing the traditional welfare programs have not helped the ultra poor.

### The Precursor (BRAC Ultra Poor Program-Bangladesh)

The SKS Ultra Poor Program, modeled after the highly successful BRAC program in Bangladesh, attacks the challenge of extreme poverty on three levels: economic, social and health, and aims to graduate clients into being able to run sustainable income-generating enterprise - and potentially integrate into mainstream microfinance. In India, others besides SKS, such as Bandhan and Trickle Up, are implementing the program in West Bengal.

### Impact of the Graduation Pilot

Impact of the Program on Members



Fast Climbers: Incremental Income 10%; Solid climbers: 5%; slow climbers 2%

Sept 08 March 09

There is perceptible change in socio-economic indicators as the ultra poor members start graduating to become self-supportive

#### Fast Climbers

Have managed the assets well, attended the training programs regularly and got support from the family members in stabilizing incomes.

#### Solid Climbers

Have managed assets well but have health problems keeping them back and preventing them from attending training programs

#### Solid Climbers

Lack family support and are not able to maintain their assets due to intrinsic health and family reasons.

### Milestones for Graduation

Indicator	Significance
Food buffer for at least one hold	Food security month in the house
Children go to school	Do not depend on child labor
Multiple livelihoods base	Safety nets
Cumulative savings up to Rs.1,000	No to money lender
Strong government program linkages	Access to state service providers & resources
Elevated social awareness and health practices	Better quality of life

**Graduation Pilot** - Mid-term process and evaluation studies (for complete report please visit [www.sksngo.org](http://www.sksngo.org)).

The following organizations are involved in process and evaluation studies

Indian School Of Business; Base Line, Mid- Term Evaluation Study and End Line Study International Development Studies- initiated by CGAP: Mid Term- Process Study

## Summary Findings

*SKS Ultra Poor Process Evaluation Study by Karishma Huda of IDS  
Summarized by K. Huda, N. Lamhauge, and Aude Montesquieu*

### 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) NGO's Ultra Poor Program (UPP) in rural Andhra Pradesh is one of these pilots. The pilot has reached 426 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, 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, prenatal care and linkages to local government hospitals.



### 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.

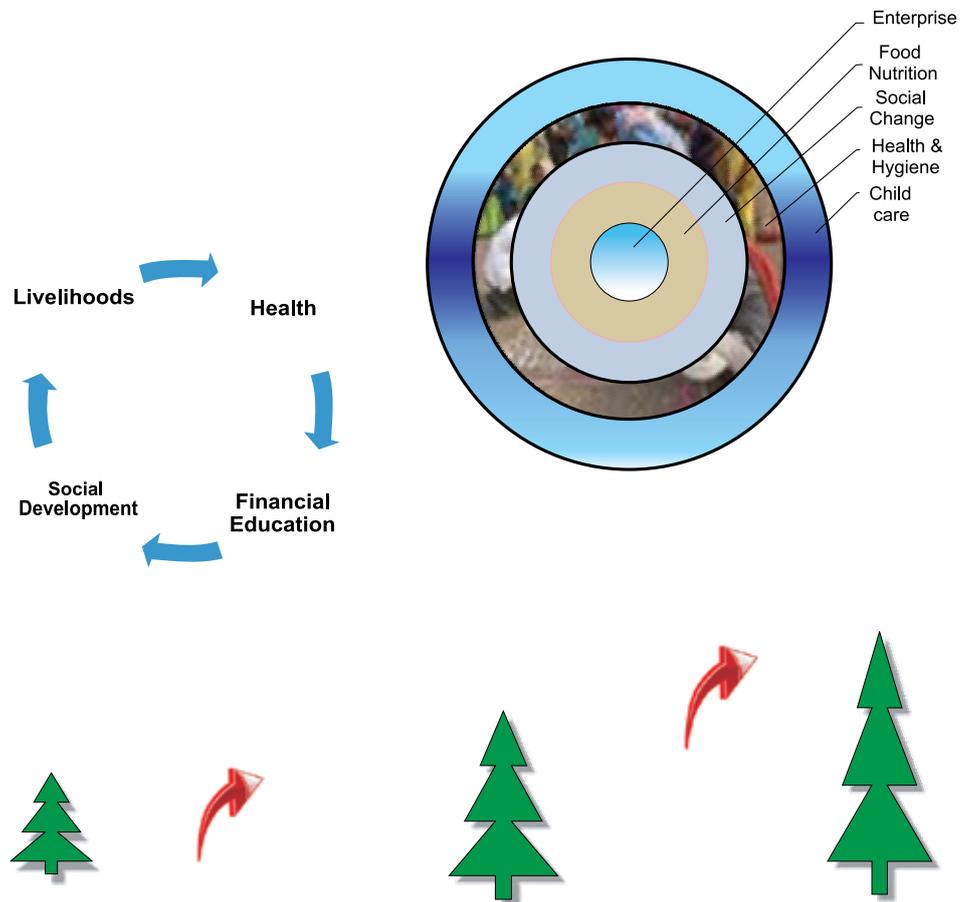
### Inference

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.

# Tracking the Transition

## CGAP Client Monitoring Systems:

### Process study by CGAP:



## Household Progress Index

To capture the concrete and abstract performance indicators and to rate the household progress, a localized community-friendly tool has been initiated and its progress is constantly tracked.

## Case Study Analysis

Several case studies and client stories are captured and analyzed to share with others.

### v. Baseline, Midline and End Line studies

In partnership with Indian School of Business in Hyderabad and assisted by Prof. Murdoch of New York University, an independent study is being carried out to assess the impact of the program.

## Meet the Fast Climbers



**Client name:** Madiga Sayamma  
**Age:** 25 years  
**Village:** Gajjada  
**Family Members:** Bhumaiah, 70 years (grandfather) Lachamma, 65 years (grandmother) Nagamma, 40 years (aunty, mother's sister) Yadaiah, 16 years (cousin)

Born visually impaired, Sayamma is unmarried. She lost her mother at birth and when her father remarried he left Sayamma at her grandparents' home. Her aunt looks after her as she is not able to do field work. She also suffers from health ailments.

She has been targeted along with four other ultra poor women in her village under uniform selection process. Participatory Livelihoods Action Plans led her to purchase one goat. With constant motivation by the UPP Team she approached the Mandal development officer for a pension under the visually challenged persons' category and now she gets Rs.500 p.m., pension regularly.

We have also encouraged her to enroll under the National Rural Employment Guarantee Scheme and she is now getting wage employment under NREGS regularly. Her vision is also slowly improving due to better consumption and nutrition. With the transformative livelihood support, Sayamma became confident and self-dependant. Her respect and status in her grandparents' house is also better now as she owns a pregnant goat.

Pushpamma is a mentally-challenged destitute.

Her husband abandoned her nine years ago. She lives with her parents, and as an

agriculture laborer earns Rs.200 (\$4.00) per month. Pushpamma has been suffering from hysteric fits and other mental and neurological ailments that prevent her from long hours of physical work. Her parents are also not of working age. Pushpamma has two brothers but they do not live close by nor do they support her.

Along with other 10 members who are targeted as ultra poor in the village, Sayamma is working herself out of poverty with milch cattle as her livelihood asset. She is already generating stable income through selling milk and plans to enlarge her livelihoods resource base in the next three years. Her daily income from milk sales is fairly stable and a local MFI has started looking at her as potential client capable of repaying loans.



**Client name:** Tenkati Pushpamma  
**Age:** 30 years  
**Village:** Malkapur  
**Family members:** Manikyam, father, 60 years old  
Motheamma, mother, 55 years old



**Juttu Poolamma**

**Age:** 40 years

**Village:** Dosapally

**Family Members:** Anitha, 16 years (daughter)  
Suresh, 11 years (son) Mamatha, 7 years  
(daughter)

Padma, a widow with three children, is living with her parents. After 14 years of marriage her husband died of rabies. In spite of her life being mired in innumerable challenges, she has educated her children with elder daughter Anitha studying in class 10 at Gajjada village, son Suresh studying in class 7 at Sangareddy hostel and younger daughter Mamatha studying in class 4 at Dosapally village.

She is the lone earning member in her family. Her main income source is daily labor and she earns Rs. 450 per month (\$9 US). She has inherited one goat and half an acre of unproductive dry land from her mother. She is not a member of a self-help group and borrowed Rs. 3,000 from money lenders to perform her husband's death ceremony. When her husband was alive she was a member of an MFI but dropped out after his death because there was no definite source of income to help her in a microfinance program.

Poolamma became an Ultra Poor Program member and she her life has been dramatically changed by SKS's transformative livelihood plans. She chose goat rearing as her livelihood option as it fits with her regular daily wage earning. Poolamma is into her second cycle of livelihood and is enlarging the stock and moving forward confidently. She is now prepared to take up a micro-insurance policy facilitated by SKS, which gives her old age endowment and regular pension from 60 years onwards.

Veera Mani is a widow with a very old mother. Her 8-year-old son goes to school. Veera Mani never gave up hope against the myriad challenges of life. Targeted as ultra poor, SKS helped her in transformative livelihoods with a small goat bank. In 12 months she could successfully diversify her livelihoods base, plowing back the income and micro-savings out of sales from her goats. Now, she has a coin-operated telephone booth, is a volunteer in ASA HIV Program and works as a helper in a local aanganwadi (child nutrition school). She had the vision to graduate herself as an entrepreneur with a multitude of goats as stock alongside a "provision shop" attached to a telephone booth. Incidentally she is also learning the ropes to become a **Bare Foot Health Scout** in SKS Ultra Poor Program.



**Veera Mani**

**Age :** 35 years

**Village:** Kadpal, Kaler Mandal

**Family Members:** Mother, 80 years

## Ultra Poor Program Road Map

State		District	Sector	2008-09	2009-10	2010-11
AP	1	Medak	Rural	1		
Orissa	1	Koraput	Tribal	0	1	
Jharkhand	1	Being explored	Tribal/ Scheduled Castes		1	
<b>Branches</b>		<b>Old</b>	1			
		<b>New</b>	2			

### Expansion Plans

The Ultra Poor Program shall work in tandem with SKS Microfinance in 18 states. As a first step after the graduation pilot in Narayankhed, the program plans to moves to Koraput Dt., of Orissa working with ultra poor tribal people.

Phase I of the pilot program is working with 426 members in 100 villages in Andhra Pradesh. Phase II will expand its reach to 1,000 members in Orissa beginning in September 2009.

### Investment Per Member

	INR	US \$
Livelihoods Asset	7000	140
Capacity Building	5350	107
Implementation costs	4700	94
Targeting Costs	260	5
Stipend (Working capital allowance)	550	11
<b>Total</b>	<b>17860</b>	<b>357</b> <b>INR 50=1</b> <b>US\$</b>

## Residential Bridge Camps



The Residential Bridge Camp concept was pioneered by the **SARVA SHIKSHA ABHIYAN**. Because of its reputation in education, SKS was invited by the government to run the Rural Bridge Camp in Narayankhed.

**Year of establishment** : 2005

**Accommodation:** Up to 100 Girls

### **Methodology**

Pratham's highly successful L2R (Learning to Read) adaption

Enables faster learning and absorption amongst the pupils

### **Objectives**

- Targeting of never-enrolled and out-of-school children aged between 9-14 years
- Integrating children into regular schools

### **Facilities**

Six-acre campus with sufficient water, playground and small kitchen, garden and training halls to accommodate and conduct classes





**V.NAGARAJAN & CO.,**

*Chartered Accountants*

**AUDITORS' REPORT TO THE MEMBERS OF  
SWAYAM KRISHI SANGAM**

We have audited the attached Balance Sheet of SWAYAM KRISHI SANGAM as at March 31, 2009 and the Income and Expenditure account for the period ended on that date annexed thereto. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion, proper books of accounts have been kept by the head office and the branches of the Society visited by us so far appear from our examination of the books.

In our opinion, and to the best of our knowledge, and according to the information given to us, the said accounts read along with the notes and accounting policies forming part of the accounts, give a true and fair view-

- a) In case of the Balance Sheet, of the state of affairs of the above named institution as at March 31, 2009 and
- b) In the case of Income and Expenditure account, for the year ended on that date.

**Place:** Hyderabad

**Date:** 18-06-2009

**for V. NAGARAJAN & Co.,**  
*Chartered Accountants*



*A. G. Sitaraman*

**(A. G. SITARAMAN)**  
*Partner*

M. No.: 017799

## SWAYAM KRISHI SANGAM

BALANCE SHEET AS AT MARCH 31,		2009	Rs. 2008
<b>SOURCE OF FUNDS:</b>	<i>Sch</i>		
<b>CORPUS FUND</b>		240	240
<b>RESERVES AND SURPLUS</b>			
Capital Reserve	1	856,227	856,227
Income and Expenditure Account		16,097,938	17,543,576
<b>LOAN FUNDS:</b>			
Unsecured	2	2,439,000	2,439,000
<b>TOTAL</b>		<b>19,393,405</b>	<b>20,839,043</b>
<b>APPLICATION OF FUNDS:</b>			
<b>FIXED ASSETS:</b>			
Gross Block	3	4,740,802	4,841,898
Less: Depreciation		2,868,182	2,682,097
<b>Net Block</b>		<b>1,872,620</b>	<b>2,159,801</b>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Cash and Bank Balances	4	15,349,394	13,374,529
Advances & Other Amounts Recoverable	5	2,899,453	5,546,757
		<b>18,248,847</b>	<b>18,921,286</b>
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	6	728,062	242,044
<b>NET CURRENT ASSETS</b>		<b>17,520,785</b>	<b>18,679,242</b>
<b>TOTAL</b>		<b>19,393,405</b>	<b>20,839,043</b>

Significant Accounting Policies and Notes on Accounts 9

As per our report of even date  
for **V. NAGARAJAN & Co.**,  
Chartered Accountants

for **SWAYAM KRISHI SANGAM**

Place: Hyderabad

Date: 18-06-2009



*A. G. Sitaraman*  
(A. G. SITARAMAN)  
Partner

*Ashish Damani*  
(ASHISH DAMANI)  
Secretary

*Vikram Akula*  
(VIKRAM AKULA)  
President

Audited financial statements for the year ended on March 31, 2009



# Engagement *With* UltraPoverty



## Head Office:

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Website: [www.sksgo.org](http://www.sksgo.org) Email: [sksultrapoor@sksgo.org](mailto:sksultrapoor@sksgo.org);  
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