

## [Analysis of the Prospects of Graduation Programmes As Tools for Ending Ultra-Poverty](#)

**COVID-19 Update :** The coronavirus crisis has had catastrophic consequences for graduation programmes. Not only are program participants among the most vulnerable and the least literate, but their micro-businesses have been suffering the direct and indirect impacts of family illnesses, of lockdowns, of border closures and of weak consumer demand. While this might sound discouraging, there are impressive signs of resilience in the sector: 95% of participants in Bangladesh were still engaged in income-generating activities as of June 2020 and 89% of participants in the Philippines kept their assets during quarantine.

[https://socialprotection.org/discover/blog/rethinking-economic-inclusion-poorest-covid-19-context?utm\\_medium=email&utm\\_source=bracusa&utm\\_content=17+-+Rethinking+Economic+Inclusion+for+the+Po&utm\\_campaign=04082020-upg-newsletter-sept&source=04082020-upg-newsletter-sept](https://socialprotection.org/discover/blog/rethinking-economic-inclusion-poorest-covid-19-context?utm_medium=email&utm_source=bracusa&utm_content=17+-+Rethinking+Economic+Inclusion+for+the+Po&utm_campaign=04082020-upg-newsletter-sept&source=04082020-upg-newsletter-sept)

The State of Economic Inclusion 2021 indicates that programmes that have multi-pronged interventions to accompany extremely poor and vulnerable populations across the poverty line are already having an important impact. (see below).

### **Background**

**The Partnership for Economic Inclusion** (PEI) is a spin-off of the Consultative Group to Assist the Poor, an economic think tank dedicated to financial inclusion. Strategically housed in the Social Protection and Jobs Global Practice of the World Bank, PEI brings together the leaders of organizations interested in accelerating access to economic opportunities for the very poor. PEI has made it its specific priority to support government adoption, and scale-up of deeply-targeted economic inclusion programs, starting with graduation programs<sup>1</sup>, to serve and benefit tens of millions of poor and vulnerable people. It published in 2018 a State of the Sector which mentions that 53.5 million people could have access to a graduation programme by 2030 based on current projections<sup>2</sup>. This is of course good news, but the question arises as to whether the projected growth is expected to take place in the countries where the need is most acute.

### **The Available Data**

In its questionnaire for the State of the Sector, PEI asked programs to estimate how many additional households graduation programme operators expected to reach with current funding and the additional households that would be reached by 2030, with additional funding. Of the 99 programs mapped by PEI's landscaping survey, most programs provided projected reach with current funding (84 projects in total) and about a third of all programs provided estimated figures for the number of additional households they would be able to reach with additional funding - Most of the latter respondents, (see APPENDIX 1), are amongst the largest programmes identified by PEI and only three major programs are missing from this list of respondents: Trickle Up India, LEAP Ghana and AVSI Foundation Uganda. Overall, the responses are representative of the major players of the graduation sector as it currently exists.

<sup>1</sup> For a description of the graduation approach please refer to <https://www.findevgateway.org/library/business-case-investing-graduation>

<sup>2</sup>[https://www.findevgateway.org/sites/default/files/publication\\_files/peis\\_2018\\_state\\_of\\_the\\_sector\\_report\\_final.pdf](https://www.findevgateway.org/sites/default/files/publication_files/peis_2018_state_of_the_sector_report_final.pdf)

The available data makes it possible to analyze if the projected growth is taking place in areas where there is a sizeable population in acute poverty, or if some of the growth is taking place in countries where it is likely the programme would be serving the not so poor, due to the limited number of people living in extreme poverty.

This is of course a plausible risk because the not so poor are generally easier to reach and are perceived to be a lesser risk by programme staff, as the history of the microfinance movement has clearly shown. Even with successful targeting techniques, in many cases, the majority of the clients reached is not under the extreme poverty line<sup>3</sup>.

The calculations which follow are based on simplified assumptions over the 2019-2030 period, holding constant the size of households, the number of people in poverty and population counts, but they allow for instructive and actionable conclusions.

### **What the Data Tells Us:**

***The first conclusion is that most of the projected growth will take place in areas where there is significant extreme poverty:*** approximately 90% of the new clients reached could be in extreme poverty if the programmes are strictly targeted. Only in Honduras, Peru and Mexico does the projected number of new clients exceed the number of actual people living in extreme poverty.

### ***But is this clientele growth reaching clients in ultra-poverty?***

Much of the support for the graduation approach comes from quarters of civil society specifically concerned by the very poorest, those who are unlikely of making it across the extreme poverty line without the type of accompaniment that graduation programmes provide.

This segment of the population are the ultra-poor, with ultra-poverty being technically defined term in the Global State of Ultra-Poverty ([www.ultra-poverty.org](http://www.ultra-poverty.org)).<sup>4</sup>

Trying to see the extent to which the map of ultra-poverty matches that of graduation programmes offers a very different perspective: as APPENDIX 2 shows, while nearly 90% of the current clientele and the clientele projected with no additional funding are in countries with ultra-poverty, at most 35% of the clientele reached with new funding would be in ultra-poverty (assuming perfect targeting). Another, more dramatic, way to look at the data is to notice that the number of ultra-poor reached would double with new funding over the next decade, but the number of clients in countries with minimal or no ultra-poverty would be multiplied by 15, over the same period of time.

This is mainly due to the fact that two thirds of the growth projected with new funding would take place in Latin America where ultra-poverty is rare.

### **Initial Conclusions**

- 1) Graduation programmes are currently operating in countries where ultra-poverty is present.**
- 2) Potential expansion plans appear to be eluding the countries where ultra-poverty is more prevalent**
- 3) The catalytic role of PEI will be crucial in fostering the expansion of existing graduation programs in countries with ultra-poverty and in shepherding the inception of new graduation programs in these same countries**
- 4) In all cases, targeting the right country is only a necessary condition; supporting proper household targeting will be essential to win the war against ultra-poverty and, ultimately, extreme poverty.**

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<sup>3</sup> See <https://www.poverty-action.org/sites/default/files/publications/building-stable-livelihoods-ultra-poor.pdf>, fig .1

<sup>4</sup> A simplified technical definition would be: a household is in ultra-poverty if it is completely deprived in two of three areas (health, education and living conditions) or it severely deprived in one area, and somewhat deprived in the other two.

## 2021 Updates

In February 2021, the Partnership for Economic Inclusion published the results of a more complete survey in its State of Economic Inclusion 2021.

The report includes the results of a survey of over 200 economic inclusion programs, covering over 20 million households (i.e. reaching over 90 million people).

Economic Inclusion programs are defined as a bundle of interventions targeted at either vulnerable people (refugees, disabled...) or people in extreme poverty.

Among the bundled interventions of each program, there are several of the following: transfers of assets (for instance goats), transfer of business capital, consumption support, work-for-food schemes, technical training, business and social skill training, health care, microfinance (savings groups and/or credit)...

The reporting is about economic inclusion, not just graduation programs, which means for instance that not all programs would include a transfer of asset to build up a livelihood activity. The top 9 countries with the greatest outreach to populations in extreme poverty represent nearly 70% of the global population in extreme poverty.

The last column of the table below shows that 9% of the extreme poor in the top nine countries taken globally are currently reached by economic inclusion programs. Given that the overwhelming majority of programs lasts less than 3 years, in the years leading to 2030, 27% of the extreme poor could be reached through three successive cohorts of economic inclusion programs, at the current level of targeting, for a total of 36% of the population in extreme poverty reached (this would not happen in Sudan, where absorption limits would be reached). If current programs had been exclusively targeted at the extreme poor, column C shows that nearly 16% of the extreme poor would have been reached. If targeting was tightened in future, almost 47% of the extreme poor could be reached through successive cohorts by 2030.

	<b>A-Number of People Reached by Economic Inclusion Programs (million)</b>	<b>B-Number of People living in Extreme Poverty (million)</b>	<b>C-Population reached by economic inclusion programs as % of those living in extreme poverty (A/B)</b>	<b>D- Number of Extreme Poor Reached by Economic Inclusion Programs * (million)</b>	<b>E- -Population in extreme poverty reached by economic inclusion programs as % of those living in extreme poverty (D/B)</b>
<b>Bangladesh</b>	<b>6.6</b>	<b>23.6</b>	<b>27.9%</b>	<b>4.1</b>	<b>17.5%</b>
<b>Burkina Faso</b>	<b>0.8</b>	<b>8.9</b>	<b>9.0%</b>	<b>0.3</b>	<b>3.3%</b>
<b>Cameroon</b>	<b>0.9</b>	<b>6.7</b>	<b>13.6%</b>	<b>0.7</b>	<b>9.9%</b>
<b>Ethiopia</b>	<b>7.3</b>	<b>19.8</b>	<b>36.5%</b>	<b>6.7</b>	<b>18.3%</b>
<b>India</b>	<b>52.0</b>	<b>307.47</b>	<b>16.9%</b>	<b>27.1</b>	<b>8.8%</b>
<b>Nigeria</b>	<b>2.8</b>	<b>78.6</b>	<b>3.6%</b>	<b>1.4</b>	<b>1.8%</b>
<b>Sudan</b>	<b>2.8</b>	<b>5.2</b>	<b>53.7%</b>	<b>2.8</b>	<b>53.7%</b>
<b>Tanzania</b>	<b>5.1</b>	<b>28.6</b>	<b>17.6%</b>	<b>2.5</b>	<b>8.8%</b>
<b>Uganda</b>	<b>2.3</b>	<b>18.4</b>	<b>12.2%</b>	<b>1.2</b>	<b>6.5%</b>
<b>TOTAL</b>	<b>80.5 million</b>	<b>514.0 million</b>	<b>15.6%</b>	<b>46.8</b>	<b>9.1%</b>

Source World Bank Data and State of Economic Inclusion 2021

\*Based on self-reporting through the State of Economic Inclusion 2021 Survey; for those whose target population includes the “poor” in countries where extreme poverty is below 40% of the population, only half of the clientele is counted as extreme poor (a somewhat conservative assumption); for those whose target is

exclusively the “poor” in countries where extreme poverty is below 40%, none of the clientele is counted as extreme poor, and in countries where extreme poverty is above 40%, half of the clientele is counted as extreme poor.

Notable is the absence, just as is the case with the 2018 data, of several key African countries with high burdens of ultra-poverty: Niger, South Sudan, Somalia, DRC, Chad and Guinea.

# APPENDIX 1

## 2018 LANDSCAPING SURVEY - FUNDING GAPS ANALYSIS

- 34 programs indicated they could reach more households if they secured additional funds – see below a table with the full list of programs
- Altogether, these programs will **have reached over 3 million households with current funding** and they could reach nearly **8 million households more by 2030, with additional funds.**
- The largest gaps are found in government programs in the Latin America and the Caribbean region, followed by NGO programs in South Asian countries.

**Table. List of programs with identified funding gaps, by country and type of lead organization**

Country	Program	Type lead organization	Lead organization	No. households (HH) to date	Additional no. HH with current funding	Additional no. HH with additional funds	HH size
Bangladesh	Targeting the Ultra Poor	NGO	BRAC	1,770,000	400,000	1,000,000	4.5
Bangladesh	Investment Component for Vulnerable Group Development (ICVGD) Programme	Government	Ministry of Women and Children Affairs	8,000		100,000	5
Brazil	Programa de Fomento às Atividades Produtivas Rurais	Government	Ministry of Social Development	232,608	40,000	3,300,000	3.3
Burkina Faso	Milk Solutions for Livelihoods and Self-Reliance of Malian Refugees and Host Communities in Burkina Faso	UN Agency	UNHCR	2,800		500	6
Haiti	Chemen Lavi Miyò	NGO	Fondasyon Kole Zepòl (Fonkoze)	6,749	-	20,000	5
Haiti	Kore Lavi (Support to life)	NGO	CARE	18,150	-	12,000	6

Country	Program	Type lead organization	Lead organization	No. households (HH) to date	Additional no. HH with current funding	Additional no. HH with additional funds	HH size
Honduras	Project on life improvement and livelihood enhancement of conditional cash transfer beneficiaries through financial inclusion	Government	Subsecretaria de Integración Social	1,000	2,000	400,000	5.4
Honduras	Empreendiendo una Vida Mejor	Government	Secretaría de Desarrollo e Inclusión Social, but joint initiative with IADB		840	10,000	5.4
India	Mobile Connections to Promote Women's Economic Development (M-POWERED)	Government	Jharkhand State Livelihood Promotion Society (JSLPS) and Odisha Livelihoods Mission (OLM)	1,800	-	25,000	5
India	Intervention for Ultra-poor Households in Partnership with Odisha Livelihood Mission (OLM)	Government	Odisha Livelihoods Mission	1,000	124	4,000	5
India	Targeting the Hard-core Poor (THP)	NGO	Bandhan Konnagar(BK)	64,957	6,000	500,000	3.6
India	Partnering to Scale Up Graduation with Jharkhand State Livelihood Promotion Society (JSLPS)	Government	Jharkhand State Livelihood Promotion Society (JSLPS), Department of Rural Development, Govt. of Jharkhand, Republic of India	800	2,200	12,000	5
Kenya	Village Enterprise Graduation Program: Kenya	NGO	Village Enterprise	19,998	5,700	24,796	6.5
Kenya	Rural Entrepreneur Access Project (REAP)	NGO	The BOMA Project	11,772	-	40,000	7
Kenya	Mercy Corps Graduation Pilots	NGO	Mercy Corps	360	-	4,200	7
Malawi	Enabling Sustainable Graduation out of poverty for the Extreme Poor in Southern Malawi	NGO	Concern Worldwide	200	1,200	4,000	5

Country	Program	Type lead organization	Lead organization	No. households (HH) to date	Additional no. HH with current funding	Additional no. HH with additional funds	HH size
Mexico	Empowering Women and Youth through Graduation and Financial Inclusion in México	NGO	Ko'ox Taani		3,000	30,000	5
Mexico	Hand in Hand with Prospera (De la Mano con PROSPERA)	Government	PROSPERA - Programa de Inclusión Social	400	-	1,300,000	4.5
Mongolia	36 month Integrated Graduation Approach	NGO	World Vision International Mongolia (WVIM)	840	2,200	8,000	5
Pakistan	National Poverty Graduation Programme (NPGP)	Government	Pakistan Poverty Alleviation Fund		156,000	313,240	6.3
Pakistan	Rehabilitation work in Dera Bugti by PPAF	Government	Pakistan Poverty Alleviation Fund - PPAF	4,490		4,300	6.3
Paraguay	Urban Graduation Strategy in Programa Abrazo	Government	Secretaría Nacional de la Niñez y Adolescencia	230	-	3,281	3.8
Paraguay	Seeding Opportunities Family by Family (Sembrando Oportunidades Familia por Familia)	Government	Secretaría Técnica de Planificación	13,000	-	24,000	6.3
Peru	Haku Wiñay/Noa Jayatai	Government	Programa Fondo de Cooperación para el Desarrollo Social-FONCODES, linked to the Ministry of Development and Social Inclusion	171,313	38,830	450,821	5
Somalia	Somalia Resilience Program ( SomReP )	NGO	World Vision	53,000	-	72,000	6
Sudan	Social Safety Net Project (P148349)	Government	Project Coordination Unit (PCU) at the Ministry of Welfare and Social Security (MoWSS)	1,000	-	4,000	6
Sudan	Livelihood and Self-reliance Programme	UN Agency	UNHCR		150	3,386	3.1
Tanzania	Livelihoods enhancement component of Productive Social Safety Net (PSSN)	Government	Tanzania Social Action Fund (TASAF)		1,000	250,000	4.9

Country	Program	Type lead organization	Lead organization	No. households (HH) to date	Additional no. HH with current funding	Additional no. HH with additional funds	HH size
Uganda	RAKAI CLUSTER	NGO	WORLD VISION UGANDA	265	5,000	15,000	7
Uganda	Village Enterprise Graduation Program: Uganda	NGO	Village Enterprise	27,984	7,620	33,149	6.5
Uganda	Targeting the Ultra-Poor: Graduation Programme in Uganda	NGO	BRAC Uganda	1,650	-	15,000	5
Zambia	Livelihoods Urban Refugees Project-Zambia	NGO	Caritas Czech Republic	50	50	300	5.2
Zambia	UNHCR Zambia Integrated Livelihoods Programme (ILP) - Graduation Pilot	UN Agency	UNHCR		150	150	5
Zimbabwe	Graduation Approach: Livelihood Programme Tongogara refugee camp	UN Agency	UNHCR		150	3,750	4



## APPENDIX 2 NUMBER OF ULTRA-POOR POTENTIALLY REACHED BY GRADUATION PROGRAMMES\*

		<b>Total Pop Reached 2018</b>	<b>Ultra-Poor Reached 2018*</b>	<b>Total Pop Reached by 2030 Without funding</b>	<b>Ultra-Poor Reached by 2030 Without funding*</b>	<b>Total pop Reached by 2030 With Add'l Funding</b>	<b>Ultra-Poor Reached by 2030 With Add'l Funding*</b>
Bangladesh	Targeting the Ultra Poor	7,965,000	7,965,000	1,800,000	1,800,000	4,500,000	4,500,000
Bangladesh	Investment Component for Vulnerable Group Development (ICVGD) Programme	40,000	40,000	0	0	500,000	0
Brazil	Programa de Fomento às Atividades Produtivas Rurais	767,606	0	132,000	0	10,890,000	0
Burkina Faso	Milk Solutions for Livelihoods and Self-Reliance of Malian Refugees and Host Communities in Burkina Faso	16,800	16,800	0	0	3,000	3,000
Haiti	Chemen Lavi Miyò	33,745	33,745	0	0	100,000	100,000
Haiti	Kore Lavi (Support to life)	108,900	108,900	0	0	72,000	72,000
Honduras	Project on life improvement and livelihood enhancement of conditional cash transfer beneficiaries through financial inclusion	5,400	5,400	10,800	10,800	2,160,000	250,000
Honduras	Empreendiendo una Vida Mejor	0	0	4,536	4,536	54,000	54,000
India	Mobile Connections to Promote Women's Economic Development (M-POWERED)	9,000	9,000	0	0	125,000	125,000
India	Intervention for Ultra-poor Households in Partnership with Odisha Livelihood Mission (OLM)	5,000	5,000	620	620	20,000	20,000
India	Targeting the Hard-core Poor (THP)	233,845	233,845	21,600	21,600	1,800,000	1,800,000
India	Partnering to Scale Up Graduation with Jharkhand State Livelihood Promotion Society (JSLPS)	4,000	4,000	11,000	11,000	60,000	60,000

Kenya	Village Enterprise Graduation Program: Kenya	129,987	129,987	37,050	37,050	161,174	161,174
Kenya	Rural Entrepreneur Access Project (REAP)	82,404	82,404	0	0	280,000	280,000
Kenya	Mercy Corps Graduation Pilots	2,520	2,520	0	0	29,400	29,400
Malawi	Enabling Sustainable Graduation out of poverty for the Extreme Poor in Southern Malawi	1,000	1,000	6,000	6,000	20,000	20,000
Mexico	Empowering Women and Youth through Graduation and Financial Inclusion in México	0	0	15,000	0	150,000	0
Mexico	Hand in Hand with Prospera (De la Mano con PROSPERA)	1,800	0	0	0	5,850,000	0
Mongolia	36 month Integrated Graduation Approach	4,200	0	11,000	0	40,000	0
Pakistan	National Poverty Graduation Programme (NPGP)	0	0	982,800	982,800	1,973,412	1,973,412
Pakistan	Rehabilitation work in Dera Bugti by PPAF	28,287	28,287	0	0	27,090	27,090
Paraguay	Urban Graduation Strategy in Programa Abrazo	874	0	0	0	12,468	0
Paraguay	Seeding Opportunities Family by Family (Sembrando Oportunidades Familia por Familia)	81,900	24,000	0	0	151,200	0
Peru	Haku Wiñay/Noa Jayatai	856,565	290,000	194,150	0	2,254,105	0
Somalia	Somalia Resilience Program ( SomReP )	318,000	318,000	0	0	432,000	432,000
Sudan	Social Safety Net Project (P148349)	6,000	6,000	0	0	24,000	24,000
Sudan	Livelihood and Self-reliance Programme	0	0	465	0	10,497	0
Tanzania	Livelihoods enhancement component of Productive Social Safety Net (PSSN)	0	0	4,900	4,900	1,225,000	1,225,000
Uganda	RAKAI CLUSTER	1,855	1,855	35,000	35,000	105,000	105,000
Uganda	Village Enterprise Graduation Program: Uganda	181,896	181,896	49,530	49,530	215,469	215,469
Uganda	Targeting the Ultra-Poor: Graduation Programme in Uganda	8,250	8,250	0	0	75,000	75,000
Zambia	Livelihoods Urban Refugees Project-Zambia	260	260	260	260	1,560	1,560

Zambia	UNHCR Zambia Integrated Livelihoods Programme (ILP) - Graduation Pilot	0	0	750	750	750	750
Zimbabwe	Graduation Approach: Livelihood Programme Tongogara refugee camp	0	0	600	600	15,000	15,000
<b>ALL COUNTRIES</b>		<b>10,895,095</b>	<b>9,496,149</b>	<b>3,318,061</b>	<b>2,965,446</b>	<b>33,337,124</b>	<b>11,568,855</b>
			<b>87%</b>		<b>89%</b>		<b>35%</b>
* Best case scenario, assuming all graduation programs are fully targeted on the ultra-poor							