

Reducing Extreme Poverty in Kenya:
Impact of PROFIT
Financial Graduation

BRAC Ultra-Poor Graduation Initiative
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Executive Summary

In October 2016, the Government of the Republic of Kenya (GoK) with funding from the International Fund for Agricultural Development (IFAD) launched two Graduation pilots as part of the Programme for Rural Outreach of Financial Innovations and Technologies (PROFIT), an initiative that promotes economic development among the poor in the arid and semi-arid lands (ASALs) in Kenya. With technical assistance from BRAC, The BOMA Project and CARE International Kenya implemented the pilots in Samburu and Kitui counties.

The PROFIT Financial Graduation pilots targeted 2,600 vulnerable women and youth and integrated elements of social protection, livelihoods promotion, financial inclusion, and social empowerment. The program tested varying livelihood models, including group and individual models in Samburu and youth livelihoods in Kitui. In addition, it provided GoK with insights from the Graduation approach that helped inform national social protection.

The Graduation interventions included targeting using participatory rural appraisal; income-generating asset valued at 35,000 Ksh (350 USD); technical training on asset management; monthly consumption stipend of 1,500 Ksh (15 USD) transferred through M-pesa; subsidized enrolment in the National Hospital Insurance Fund (NHIF); savings support through groups; mentorship and life skills training; and linkages to government services. The interventions were sequenced from March 2017 to March 2019. A set of Graduation criteria measured the success of participants along multiple dimensions including food security, livelihood diversification, health, and resilience.

Expanding Opportunities, a US and Kenya-based research partner evaluated the outcomes of the program through a quasi-experimental study that included household surveys, focus group discussions with participants, and key informant interviews with local leaders. At baseline (conducted in July 2017), income, savings, empowerment, food security, and health indicators in Samburu and Kitui were among the lowest in the country. In March-April 2019, an endline survey was conducted in both locations with a treatment sample consisting of 50 percent of participating households and a matched comparison group. The findings indicate that the PROFIT Graduation program significantly improved the lives of extreme poor households in all five dimensions.

Key Findings

- Households achieved a significant boost in income due to an increase in the value of transferred assets. The value increased by 61 percent in Samburu and by 75 percent in Kitui. Training in livelihood management and business skills was integral to the success of livelihoods, given participants' low literacy levels and knowledge of business management at baseline.
- The largest quantified impact was the increase in savings, resulting from the formation of groups, provision of mobile phones that enabled access to M-pesa, and financial literacy training. The average total savings of treatment households increased by 12,744 Ksh (127 USD) while the savings increased by 670 Ksh (6.70 USD) in the comparison group in

Samburu, and by 17,464 Ksh (175 USD) in the treatment group and 1,527 Ksh (15 USD) in the comparison group in Kitui.

- The economic benefits for participants were reinforced by improvements in confidence and empowerment. The program empowered women at the household level by engaging them in livelihoods and improving their relationships with their spouses and other family members. At the community level, women were visible in areas that they previously had limited access to such as local committee leadership.
- Based on reports from participants, the mentorship component combined with the regular trainings were considered critical to the overall success of the program.

Lessons Learned

Lessons drawn from the PROFIT Graduation program provide valuable insights into effective implementation of the Graduation approach and can inform future scale-up.

- The impact on women's economic empowerment came with its challenges - increased hostility from male members of the community and greater risk of intimate partner violence at the household level. In order to address these challenges, mentors engaged male members of the family during household visits and life skills training sessions to reinforce messaging on the benefits of women's empowerment. This helped alleviate some of the negative perceptions of the shifting gender roles in the community.
- Reinforcement of staff training is essential for high-quality implementation since mentors are expected to develop in-depth knowledge of a wide range of topics, including effective communication, gender sensitization, livelihood management, business skills, social and health issues, among others.
- Establishing linkages to mainstream services and institutions throughout the implementation cycle ensures that participants have support after the program has ended. This emphasizes the importance of implementing Graduation as a complement to other resources in the area. In Samburu and Kitui, participants were linked to social services to ensure that they continue building resilience after they exit the program.
- Investment in local infrastructure and markets should be taken into account when identifying areas for implementation. Households in Kitui with greater access to roads, and consequently markets, benefitted more from the program than households with lower connectivity.
- Regular monitoring to capture timely data on participants is critical for a rapid response to implementation challenges, and can be facilitated through the use of tablets or smartphones.

Introduction

In October 2016, the Government of Kenya (GoK) launched two Graduation pilots in the arid and semi-arid lands (ASALs) of Kenya as part of the Programme for Rural Outreach of Financial Innovations and Technologies (PROFIT), funded by the International Fund for Agricultural Development (IFAD). PROFIT is a multi-year project that aims to reduce poverty in rural Kenya by targeting 287,750 smallholder farmers, agricultural value chain actors, and vulnerable women and youth. With technical assistance from BRAC, two local organizations, The BOMA Project and CARE International Kenya implemented the Graduation program with the goal of placing 2,600 vulnerable women and youth on an upward trajectory out of extreme poverty.

The Graduation program aimed to strengthen household resilience through greater food security, resistance to income erosion related to climate change, increased ability to manage health shocks, and improved access to financial services. The program also informed national social protection policy by demonstrating the impact of a holistic approach in reducing extreme poverty. Several innovative approaches were piloted in the PROFIT Graduation program including testing group versus individual livelihoods in Samburu, youth livelihoods in Kitui, and use of mobile money to transfer consumption stipends.

This report provides an overview of the PROFIT Graduation program and highlights lessons on effective implementation of the approach. It is divided into three sections: (i) Overview of PROFIT Financial Graduation; (ii) Impact of PROFIT Financial Graduation, including evaluation results and stories from the field; and (iii) Lessons Learned.

1. Overview of PROFIT Financial Graduation

1.1 The Graduation Approach

The PROFIT Graduation program adopted the internationally recognized Graduation approach to build sustainable livelihoods and resilience among extreme poor¹ women and youth. The approach, pioneered by BRAC, consists of a set of time-bound and sequenced interventions that address the vulnerabilities faced by extreme poor households that are often excluded from market-based development programs. By addressing the root causes of poverty, Graduation equitably builds household capacity and empowers families to interact with the local economy and community in productive and positive ways.

The Graduation approach has been refined through rigorous application and evaluation, leading to a set of design and implementation standards that promote consistency, effectiveness and scalability, while allowing it to be adapted to different contexts. BRAC's Graduation approach builds on four essential pillars, namely social protection, livelihoods promotion, financial inclusion, and social empowerment.

¹ The World Bank defines the extreme poor as those living under 1.90 USD a day. The ultra-poor are the lowest subset of that population and face various challenges including food insecurity, poor health, lack of access to government services, social exclusion, etc.

- **Social Protection** provides various preventive, protective, as well as promotive mechanisms to support income security with interventions such as consumption support (cash or food transfer) and access to basic services (health or education).
- **Livelihoods Promotion** secures regular and diverse income streams for households to support economic empowerment. Interventions include asset or cash transfers for a viable livelihood or linkages to formal employment, and technical and business skills training.

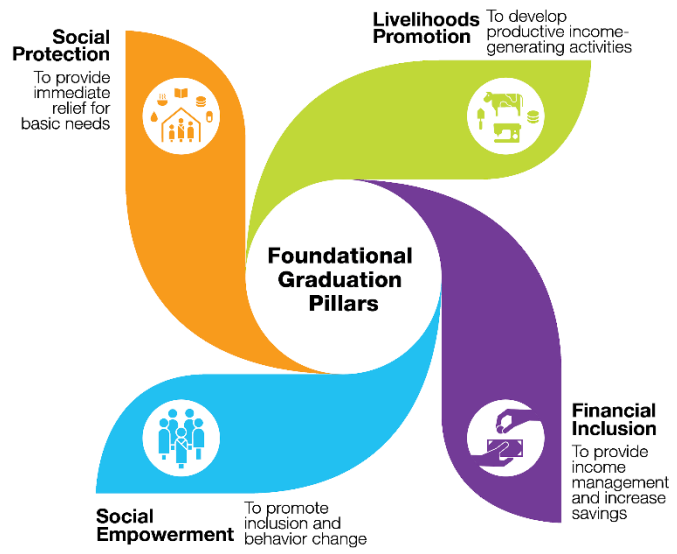


Figure 1. BRAC Graduation Pillars

- **Financial Inclusion** provides improved income and risk management support and financial empowerment. Interventions include access to formal or informal savings support, credit and insurance mechanisms, accompanied by financial literacy training.
- **Social empowerment** equips families with a confident mindset and promotes community inclusion and positive behavior change. Interventions include life skills training, linkages to government and non-government services, and mentorship that cuts across the four pillars.

While Graduation is not a ‘silver bullet’ solution to poverty or an alternative to social protection programs, it can strengthen their transformative functions. Impact evaluations from BRAC’s Graduation program in Bangladesh and the CGAP-Ford Foundation Graduation pilots in Ethiopia, India, Pakistan, Peru, and Ghana produced strong results proving a sustained increase in asset accumulation, income, savings, and consumption post-program completion.² Graduation has also demonstrated increased access to more stable and secure employment leading to positive expansion of occupational choices, contribution to reduced economic inequality, and promotion of social cohesion and women’s empowerment.³ Inspired by the successful results, the approach continues to gather global momentum, with over 90 Graduation programs currently implemented across 40+ countries.⁴

² Banerjee et al. 2015. “A Multifaceted Program Causes Lasting Progress for the Very Poor: Evidence from Six Countries.” *Science* 348, 1260799.

³ Bandiera et al. 2013. “Can Basic Entrepreneurship Transform the Economic Lives of the Poor?” IZA Discussion Paper No. 7386.

⁴ 2018 State of the sector: Synthesis Report. Partnership for Economic Inclusion, World Bank. November 2018.

1.2 Context

The ASALs constitute 84 percent of the land mass in Kenya and are home to more than 12 million people. Household income and human development indicators in these areas are far below the national average. Historically, the ASAL region has endured conflict and periodic drought. More recently, the impact of climate change has made the conditions of pastoralist and semi-pastoralist communities even more tenuous. Samburu county, the implementation site for BOMA's pilot, is both arid and semi-arid with a poverty rate of 74 percent. Kitui county, where CARE implemented the pilot, is classified as semi-arid and has a poverty rate of over 60 percent. The sites were selected largely based on implementing partner (IP) preferences with a focus on areas with a high incidence of poverty, adequate population density, interest of community members, and diversity in livelihood options. Figure 2 summarizes key challenges in program implementation in the ASALs.

Nomadic and Semi-Nomadic Communities

- Pastoralist communities where men are often away for long periods of time tending to livestock
- Heavy reliance on livestock as the primary source of income

Poor Infrastructure

- Poor road conditions resulting in long travel times to access basic services such as health, education, and water
- Difficult terrain contributing to isolation of communities

Climate Shocks

- Recurrent droughts resulting in high food prices, water shortage, and a scarcity of wage labor opportunities
- Drought conditions that make reliance on livestock risky

Low Density of Youth Population

- Lack of high-quality vocational centers and opportunities for youth to build productive skills, resulting in high urban migration

Gender Dynamics

- Patriarchal society with men holding authority and decision-making power
- Resistance to behavior regarding women's empowerment, family planning, female genital mutilation, etc.

Figure 2. Challenges with implementing programs in the ASALs

1.3 Key Actors

National Treasury

PROFIT is a broad rural finance program that is funded by IFAD and GoK and managed by the National Treasury of Kenya. The program contributes to poverty reduction in rural Kenya by boosting income through improved production, productivity, and marketing in smallholder farms and off-farm enterprises. The program duration is from 2011 to 2019, during which it aims to provide sustainable access to a broad range of cost-effective financial services to poor rural households and empower them to effectively manage assets and facilitate increases in income and employment.

IFAD - Donor

IFAD is a specialized United Nations Agency with a focus on rural poverty reduction and food security. Since 1978, IFAD has provided 18.5 billion USD in grants and low-interest loans to projects that have reached about 464 million people. In Kenya, IFAD provides loans to smallholders and value chain actors (agro-dealers, private extension services, small traders, processors, etc.) in the dairy sector and cereal value chains and works towards improving access to rural financial services. In the past, IFAD activities in Kenya concentrated in rural areas with medium to high productive potential where most of the poor population live. However, under the new strategy, IFAD is extending support to arid and semi-arid lands in line with the Kenyan government's commitment to improving small-scale irrigation, extension services, marketing, and access to financial services in areas with high poverty rates.

BRAC USA - Technical Advisor

With nearly five decades of experience in designing and implementing large-scale poverty alleviation programs, BRAC reaches more than 130 million of the global poor population across 11 countries. Since the launch of its flagship Graduation program in Bangladesh in 2002, BRAC has graduated over 2 million households in countries across Asia and Africa. BRAC's Ultra-Poor Graduation Initiative provides technical assistance to governments and NGOs implementing the Graduation approach. BRAC has provided technical support to the governments of Kenya, Rwanda, Lesotho, Pakistan, Guinea, and the Philippines. BRAC has also supported the adoption of Graduation among non-governmental and multilateral organizations including UNHCR in partnership with Trickle Up, as well as World Vision, and the Sawiris Foundation for Social Development in Egypt. As a technical advisor in Kenya, BRAC's role was to lead program design, oversee implementation, guide the development of a monitoring and evaluation framework, facilitate program learning, and explore linkages with national social protection programs. Figure 3 summarizes BRAC's role in the PROFIT Graduation program.

Feasibility and Design	Planning and Implementation	Monitoring and Evaluation	Learning
<ul style="list-style-type: none">• Conduct a feasibility assessment to determine the viability of the Graduation approach in the ASALs• Identify appropriate implementing partners• Design Graduation interventions and operational plan for the IPs• Develop research and learning agenda	<ul style="list-style-type: none">• Host immersion visit in Bangladesh to facilitate learning from BRAC's Graduation program• Develop training content and deliver training to IP staff on Graduation implementation• Oversee implementation and troubleshoot on-the-ground challenges	<ul style="list-style-type: none">• Develop harmonized Graduation criteria and monitoring tools with input from both IPs• Procure an independent evaluation firm• Support the design of the baseline survey instrument• Coordinate between IPs and evaluation partner to ensure timely survey	<ul style="list-style-type: none">• Organize workshop with stakeholders to facilitate learning from pilots and inform national social protection programs• Create knowledge products to share insights with GoK and global Graduation community• Facilitate cross-learning between IPs

Figure 3. Technical assistance provided by BRAC to GoK, BOMA, and CARE

The BOMA Project - Implementing Partner

The BOMA Project implemented the PROFIT Graduation pilot in Samburu with a target group of 1,600 women and the goal of building their resilience against climate shocks. The pilot aligns with the organization's mission to empower women in the drylands of Africa to establish sustainable livelihoods, build resilient families, graduate from extreme poverty, and catalyze change in their rural communities. Since 2008, BOMA has been implementing the Rural Entrepreneur Access Project (REAP), a poverty graduation model that helps pastoral families forge a pathway out of extreme poverty in Northern Kenya. BOMA was founded in 2005 and is officially registered as both a Kenyan NGO and a 501(c)(3) nonprofit organization in the United States.

CARE International Kenya - Implementing Partner

CARE targeted 1,000 women and youth in Kitui with the objective of addressing the underlying causes of poverty and building household capacity for self-reliance. CARE has been working in Kenya since 1968 and is one of the largest international NGOs in the country. CARE's work spans health, water and sanitation, livelihoods, agricultural value chains, financial inclusion, social protection, adaptation to climate change, disaster risk reduction, and refugee assistance. CARE is currently working in 21 Kenyan counties and has strong expertise in Village Savings and Loans Associations, which forms the basis of the savings component in the PROFIT Graduation program.

Expanding Opportunities - Evaluation Partner

Expanding Opportunities conducted a quasi-experimental evaluation of the PROFIT Graduation program to assess its impact on participant wellbeing through changes in income, savings, food security, health, and confidence. Expanding Opportunities was founded in 2000 and is officially registered as both a Kenyan NGO and a 501(c)(3) nonprofit organization in the United States. Evaluation activities included a baseline in July 2017 and an endline assessment in March 2019. The study compared individual outcomes of participants engaged in group and individual livelihoods. Findings from the evaluation will guide efforts to scale program coverage and contribute to the global discussion on best Graduation practices to drive and sustain impact.

1.4 Graduation Interventions

The PROFIT Graduation interventions included targeting, asset transfer, technical training, consumption stipend, health support, savings support, mentoring and life skills training, and community mobilization. The interventions were sequenced from March 2017 to March 2019 and were harmonized across program locations, as summarized in Figure 4.

Intervention	BOMA	CARE
Targeting	Participatory rural appraisal (PRA) followed by verification through a household survey	Participatory rural appraisal (PRA) followed by verification through a household survey
Asset Transfer	35,000 Ksh (350 USD) in cash for group and individual livelihoods	35,000 Ksh (350 USD) in-kind transfer of assets based on options finalized by rapid livelihood assessment
Technical Training	Business skills (pricing, recordkeeping, marketing), financial literacy, and asset management	Business skills (pricing, recordkeeping, marketing), financial literacy, and asset management
Consumption Stipend	1,500 Ksh (15 USD) per month for 6 months (transferred through M-pesa on a mobile phone provided by the program)	1,500 Ksh (15 USD) per month for 6 months (transferred through M-pesa on a mobile phone provided by the program)
Health Support	Free enrollment in National Hospital Insurance Fund for 18 months	Free enrollment in National Hospital Insurance Fund for 18 months
Savings Support*	Savings groups (10-15 participants per group) that meet on a weekly basis	Savings groups (15-20 participants per group) that meet on a weekly/bi-weekly basis depending on the constitution of the group
Mentoring & Life Skills Training	Bi-weekly home visits by mentors who discuss social and health issues including maternal and child health, nutrition, malaria, WASH, HIV/AIDS, alcohol and drug abuse, family planning, women's empowerment, etc.	Bi-weekly home visits by mentors who discuss social and health issues including maternal and child health, nutrition, malaria, WASH, HIV/AIDS, alcohol and drug abuse, family planning, women's empowerment, etc.
Social Integration*	Support from BOMA Locational Committee and linkages to social services and other government resources	Linkages to local government and non-government services

*Indicates where interventions vary across both pilots

Figure 4. Program interventions in PROFIT Financial Graduation

Targeting

Households in the PROFIT Graduation program were identified through a comprehensive participatory rural appraisal that included two steps - participatory wealth ranking (PWR) followed by verification through a household survey. In the PWR process, community members ranked households according to wealth categories based on locally valid indicators. This inclusive and transparent process utilizes local knowledge of socio-economic conditions and secures community buy-in, which is crucial for achieving programmatic support and sustainability. In the second step of the targeting process, IPs administered surveys to the poorest households identified through the PWR to verify their eligibility based on certain selection criteria (age criteria of 18-55 for women and 18-35 for men, no access to NGO or government programs, poor housing conditions, etc.). BOMA targeted 1,600 women while CARE targeted 1,000 participants, of which 80 percent were women and 20 percent were male youth.

Asset Transfer and Technical Training

BOMA transferred cash to participants while CARE transferred physical assets valued at 35,000 Ksh (350 USD) per participant. BOMA tested a group livelihood model consisting of three participants versus an individual model. 1,350 participants were selected for the group model and 250 were selected for the individual model. Accompanying the asset transfer was technical and business skills training, which imparted skills on managing a livelihood, such as livestock-rearing or petty trade.

Livelihood options in Samburu included livestock trade, poultry farming, butcher shops, grocery shops, bead-making, and others. Following a business planning phase in April-May 2017 in which participants were guided by mentors to select an appropriate livelihood and develop a work plan, BOMA participants received 25,000 Ksh (250 USD) as seed capital for a primary and secondary business. In April 2018, BOMA transferred an additional grant of 10,000 Ksh (100 USD) to help participants expand and diversify their business. Participants completed technical training on business skills (planning, marketing, pricing, record keeping, and managing credit) as well as livestock management (breed selection, shelter, vaccinations, and feeding).

CARE conducted a rapid livelihoods assessment that identified a menu of viable livelihood options including livestock (poultry, donkeys, goats), grains trade (maize, beans, cowpeas, yellow and green beans), petty trade, water vending, and small skills trade (barber shop, tailoring, welding, etc.). Similar to BOMA, CARE phased the asset transfer by providing an initial physical asset equivalent to 24,000 Ksh (240 USD) followed by a cash transfer of 11,000 Ksh (110 USD) to promote diversification. Figure 5 demonstrates the various livelihood options selected by participants in both pilot locations.

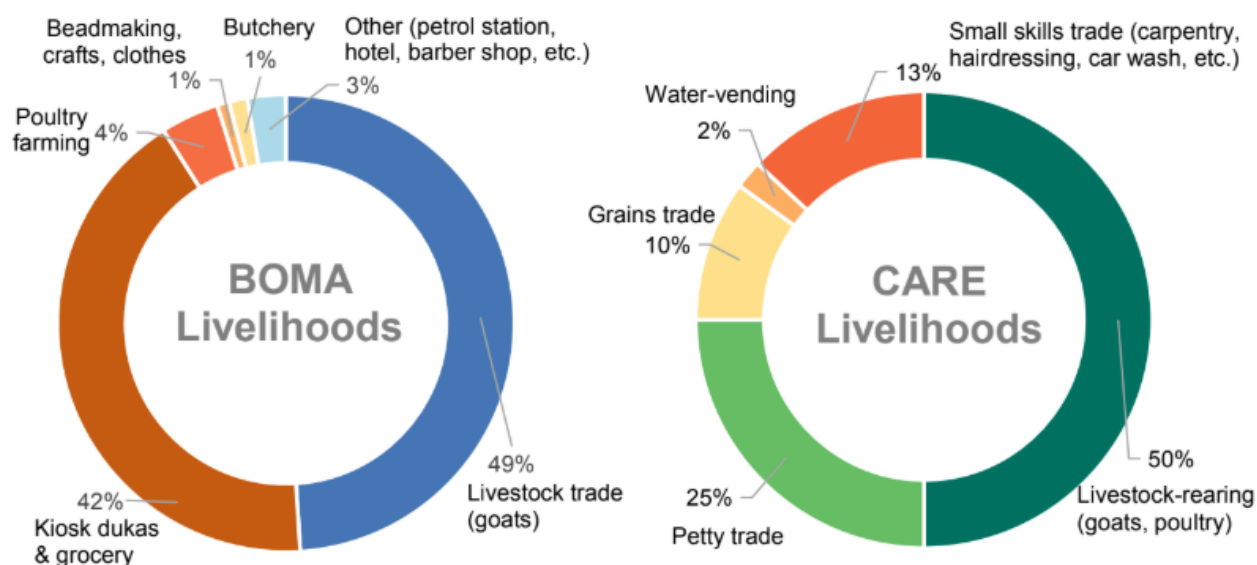


Figure 5. Livelihood options selected by program participants

Consumption Stipend

Participants received a monthly stipend of 1,500 Ksh (15 USD) for a period of six months.

They also received a mobile phone with an M-pesa account, a mobile money platform through which the IPs transferred the stipend. The stipend was intended to smooth household consumption, increase caloric intake, and offset the opportunity cost of engaging in a new livelihood. It focused directly on the short-term consumption needs of both adults and children, with the support tapering off when livelihood-related assets started to generate revenue.

Health Support

All program participants were enrolled in the National Hospital Insurance Fund (NHIF), which provided them with free access to care in local health facilities. Their enrollment was subsidized for the first 18 months with the expectation that participants would continue to pay the monthly premium after the subsidy expired. In addition to health insurance, all households received basic health messaging through mentors during group and home visits. The objective was to improve health-seeking behavior and access to healthcare to reduce the incidence of illness and sustain participant productivity.

Savings Support

Savings groups consisting of 15-20 members were the primary mechanism for building savings behavior and a buffer against future shocks. In Kitui, CARE formed 52 savings groups with 15-20 members shortly after targeting. Groups met on a weekly basis to collect savings with the goal of providing credit to members in the future. BOMA formed 101 savings groups in March 2018, seven months after the initial cash transfer when participants had reaped some benefits from their livelihoods.

Mentoring and Life Skills Training

Local mentors conducted regular (weekly or bi-weekly) home visits to follow up on participant progress, impart encouragement, and guide households through challenges. Mentorship aimed at empowering women by enabling them to gain skills and confidence to engage with markets and make household decisions. Mentors covered a wide range of health and social awareness topics, which are listed in Figure 4.

Social Integration

Both programs linked households to mainstream social services and the broader community through access to a local village committee. BOMA formed committees of local leaders, who were selected through a participatory process by the community. In addition to facilitating buy-in with the local community and contributing to the targeting process, BLCs supported participants with advice on local action, advocacy and dispute resolution. In Kitui, CARE engaged local county officials and leaders to facilitate participant access to basic services, such as national identity cards, without which participants would not be eligible for M-pesa accounts or NHIF.

1.5 Implementation Timeline

The PROFIT Graduation interventions were harmonized across locations. The graphic below demonstrates how the interventions were carefully sequenced in both sites.

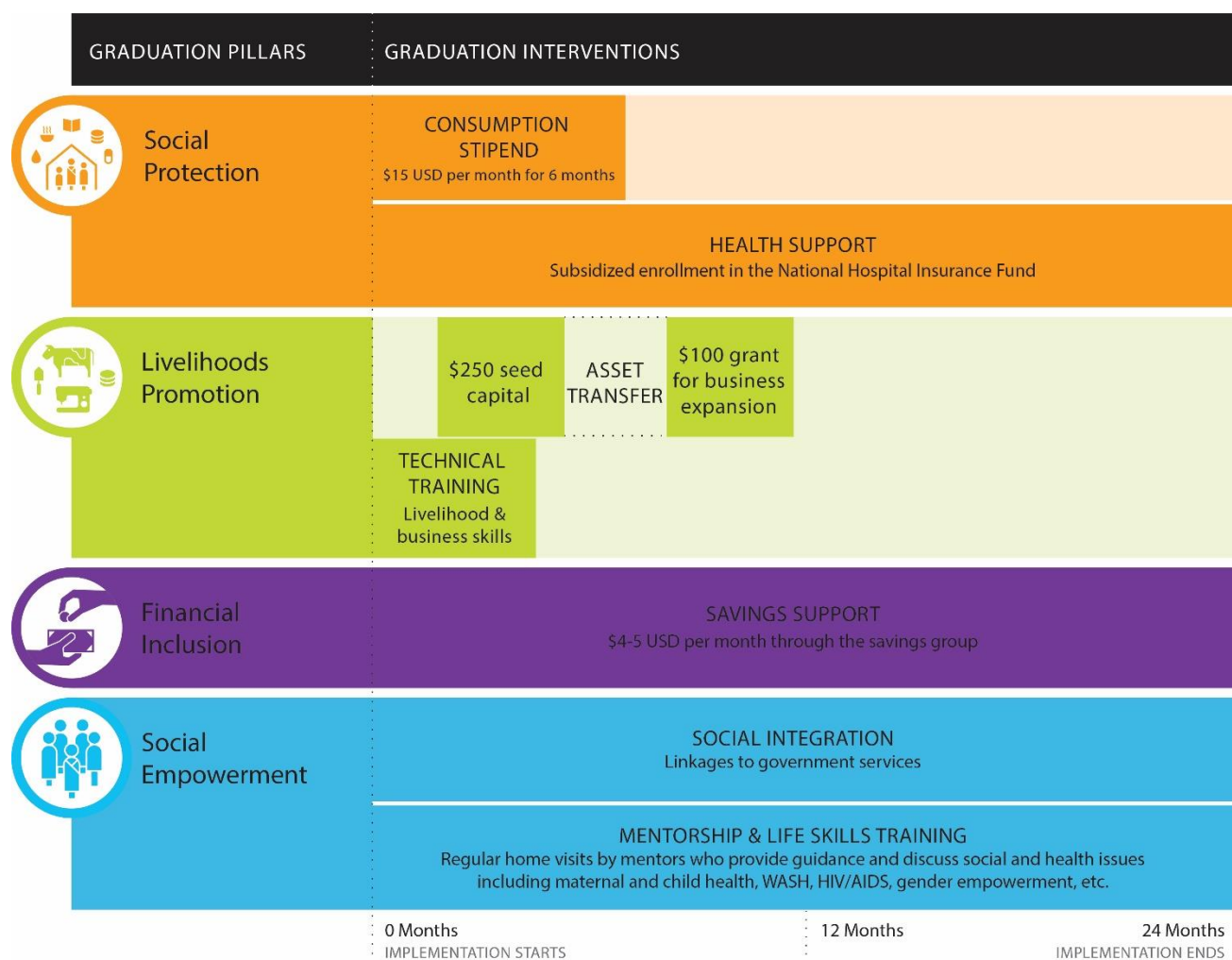


Figure 6. Timeline of Graduation interventions

1.6 Graduation Criteria

Graduation criteria include indicators that serve as a benchmark for successful completion of the program and an indication of whether a participant is on an upward trajectory out of extreme poverty. Graduation criteria typically measure progress along multiple dimensions including food security, income and consumption, business value, health, and changes in social and economic conditions. To ensure a harmonized monitoring framework, the IPs adopted the criteria in Figure 7. Participant performance was assessed continually throughout the program cycle to determine whether they were on track to meet the criteria. This allowed mentors to identify struggling participants and increase the intensity of support.

Food Security	<ul style="list-style-type: none">• Household members had two meals a day in the past week• No child went to bed without an evening meal in the past week (Samburu)
Livelihoods	<ul style="list-style-type: none">• Participant's productive asset is at least 25% higher than its original value• Participant has at least two sources of income
Savings	<ul style="list-style-type: none">• Participant is a member of a savings group (with a formal constitution, credit, and loan protocols), has access to credit, and has a minimum of 6,500 Ksh (65 USD) in savings
Health	<ul style="list-style-type: none">• Participant can identify at least three methods of family planning and where to access them (Samburu)• Participant can name at least three instances when it is critical to wash hands

Figure 7. Graduation criteria

2. Impact of PROFIT Financial Graduation

2.1 Participant Progress (Aug 2017 - March 2019)

Methodology

Expanding Opportunities conducted baseline and endline surveys to track the progress of program participants between 2017 and 2019. Figure 8 provides details on the methodology and timeline of the evaluation.

Phase	Method of Data Collection	Sample Size	Date of data collection
Baseline	<ul style="list-style-type: none">Household surveys	Samburu 600 treatment households 600 comparison households Kitui 526 treatment households 500 control households	July - August 2017
Endline	<ul style="list-style-type: none">Household surveysQualitative information from 35 focus group discussions with participants and 19 key informant interviews with representatives from the government, private sector, local leaders and other organizations conducted six months prior to endline	Samburu 536 treatment households 500 control households Kitui 500 treatment households 559 control households	February - April 2019

Figure 8. Evaluation methodology and timeline

Profile of Target Households

Baseline findings showed that participants were food insecure, with limited income and savings, had no access to government services, and lived in poor housing conditions. The key findings from the survey are listed below:

- Average total income of participants in both locations was approximately 3,870 Ksh (38.70 USD).
- Savings rate was 17 percent in Kitui and 30 percent in Samburu with the average level of savings around 500 Ksh (5 USD).
- Child hunger was prevalent in both locations.
- Most participants (about 91 percent in Kitui and over 82 percent in Samburu) were engaged in joint or individual decision-making indicating a high level of decision-making authority at the household level.
- Participants had a moderate to high level of confidence in accessing basic services except for loans from financial institutions, with only 14 percent in Kitui and 18 percent in Samburu feeling very confident.
- Educational attainment (particularly among women) was lower in Samburu than Kitui. There was a significant difference in secondary education between men and women in

Samburu (15 percent and 8 percent, respectively), which was lower than Kitui (29 percent among men and 25 percent among women).

- Only 12 percent of households had a latrine on premise in Samburu, compared to 61 percent in Kitui.

Impact Evaluation Results

In February - April 2019, Expanding Opportunities conducted an endline survey in both locations with 50 percent of participating households (treatment sample) and matched comparison groups from surrounding areas. The endline assessment compared progress against the baseline income, savings, empowerment, health treatment, and education. Monitoring data, focus group discussions (FGDs), and key informant interviews (KIIs) conducted six months before the endline provided further insights into program benefits. The section below discusses the findings from the endline assessment.

Income

Majority of the participants reported that the asset transfer was the most significant benefit of the program and led to an increase in income. The increased income enabled participants to cover expenses related to consumption, child's education, and ownership of long-term assets. In Samburu, the average business value had reached 56,652 Ksh (566 USD), which was over 61 percent higher than the original value of the asset disbursed. In Kitui, the average business value increased to 61,221 Ksh (612 USD), which was about 75 percent higher than the original value of the asset disbursed.



Figure 9. BOMA participant, Tetekwa, selling groceries at the village market

When comparing individual and group livelihoods, individual livelihoods grew faster and had a slightly higher value than group livelihoods. In Samburu, the average business value of individual businesses at endline was 57,735 Ksh (578 USD) compared to 56,094 Ksh (561 USD) for group livelihoods. However, participants who were in the group model reported greater income diversity, as measured by the number of income sources, compared to those who had individual livelihoods. This can be attributed to the division of responsibility in the group model that allows members to diversify easily. The number of income sources across individual and group models doubled from two sources at baseline to four at endline.

Support from family members proved to be key to the success of businesses. Children, particularly in group businesses, often provided technological support (e.g. using phones and M-pesa) and record-keeping which requires basic numeracy and literacy. Many participants, particularly those who owned individual businesses, received support from their husbands to run the business while still retaining primary ownership.

Savings

All households demonstrated positive savings behavior and accumulated a significant amount of savings. At endline, all households were saving compared to only 36 percent in Samburu and 17 percent in Kitui at baseline. Between baseline and endline, the average total savings of treatment households in Samburu increased by 12,744 Ksh (127 USD) while savings in the comparison group increased by 670 Ksh (6.70 USD). Similarly, in Kitui, the average group savings among treatment households increased by 17,464 Ksh (175 USD) and by 1,527 Ksh (15 USD) in the comparison group.



Figure 10. Participants depositing their savings in the cash box during savings group meetings

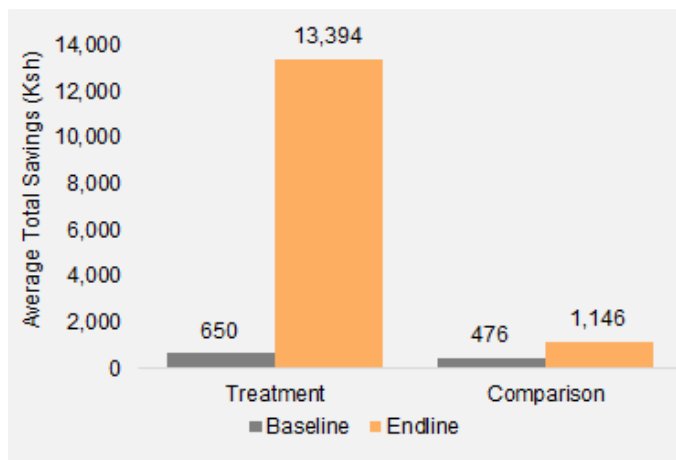


Figure 11. Average total savings in Samburu

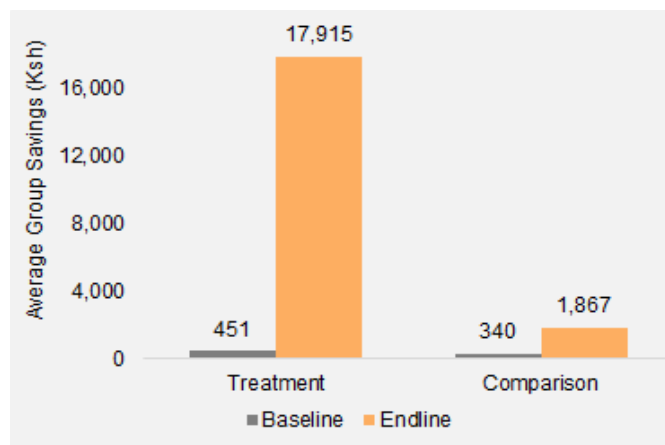


Figure 12. Average group savings in Kitui

While groups were the most common platform to save, participants also saved through ROSCAs, M-pesa, banks, and other mechanisms. Participants leveraged their access to M-pesa and reported a preference to save on the platform due to its security, convenience, and

exclusive access that granted independence. Relative to the comparison group, almost twice as many program participants used M-pesa for various purposes, including saving and connecting with customers.

Empowerment

Women's empowerment measured by confidence, leadership, and local committee membership increased significantly between baseline and endline. Women reported a 27 percent increase in confidence in both Samburu and Kitui in terms of obtaining loans, sending children to school, and joining committees and savings groups. Decision-making related to buying food in the household, seeking medical treatment for household members, school expenditures, sending children to school, buying and selling household and personal livestock, and buying household items increased by 6 percent in Samburu and by 20 percent in Kitui. Participants also reported greater respect from their spouses because of their contribution to the household income.

“This program has truly uplifted me! I have a business that gives me monthly profits, which is like a miracle.”

- Amina Muema, Kitui

“Now we call them [for meetings] and they are open-minded about it. The program has removed all shyness [among participants].”

-Local leader in Samburu

Women were able to participate in domains which they had no prior access to such as hiring labor, livestock and business management, and leadership in local committees. In Samburu, there was a 6 percent increase in female membership in committees, particularly those with a focus on environmental, relief, and health issues. In Kitui, there was a 7 percent increase in assumption of leadership roles in committees, including those related to the local church and schools. FGD participants also reported an improvement in social status as a result of having greater income, and positive shifts in attitudes toward women owning property.

Health and Hygiene Behavior

The use of NHIF and other micro-insurance schemes was significantly higher among program participants relative to the comparison group. In Samburu, 19 percent of participants used NHIF while seeking treatment in the past year compared to 1 percent of the households in the comparison group. In addition to the direct benefits of NHIF, participants also reported a reduction in stress, due to the underlying knowledge that they had support in the event of a health shock. Both IPs cited a lack of adequate NHIF-compliant facilities as a significant challenge to the use of health insurance and worked with county officials to advocate for greater investment in health infrastructure.

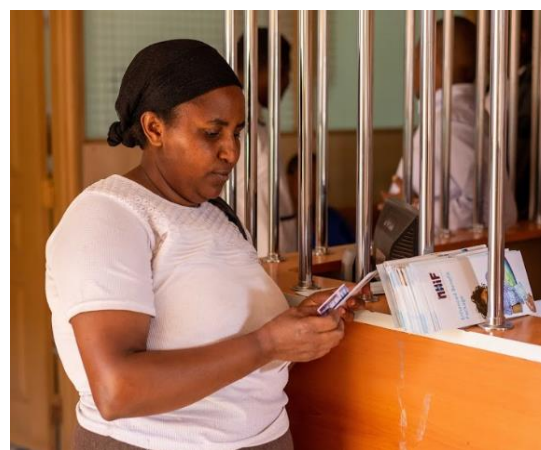


Figure 13. A BOMA participant using her NHIF card at a local health post

Participants reported greater awareness of family planning and an increase in the use of reliable contraceptive methods. Households in Samburu saw a significant increase in the use of family planning among participants relative to the comparison group, which indicates that the messaging by mentors through life skills training and home visits had a positive impact. Injections were the most common method of family planning, presumably because they are relatively discrete and more accessible in the region. In Kitui, the change between baseline to endline was not significantly different from the comparison group, which suggests that there was a rise in family planning in general throughout the region.

The IPs recognized the need to target male members of the household to encourage positive behavior change, given the sensitive nature of family planning. In Samburu, family planning proved to be a difficult topic to discuss in a group setting. There were misconceptions about the side effects of family planning that deterred a number of women. This was addressed through reinforcement of the benefits of family planning by mentors and greater engagement of male partners.

An increase in the use of latrines and water treatment demonstrates an improvement in hygiene behavior resulting from life skills training and follow-up by mentors. In Kitui, treatment of water increased by 37 percent between baseline and endline among treatment households. This was 51 percent higher than the comparison group at endline. Adoption of latrines increased among program participants while the number of working latrines decreased among the comparison group between baseline and endline. In Samburu, the difference in use and/or latrine construction between baseline and endline among participating households was not statistically significant. Households that did not have latrines highlighted challenges such as lack of materials, skills and labor to build high-quality latrines, incompatibility with the nomadic lifestyle, and knowledge barriers.

2.2 Graduation Rates

Over 75 percent of participants met the economic and social milestones indicating their readiness to graduate from the program. There was an attrition rate of about 4 percent in both locations due to migration or death of participants. The Graduation rates below for BOMA's pilot apply to active participants and do not factor in attrition.

Graduation Criteria		BOMA	CARE
Food Security	At least 2 meals per day	99%	81%
	No child went to bed without an evening meal in the past week	99%	
Livelihoods	Access to at least two sources of income	92%	82%
	Productive asset is at least 25 percent higher than its initial value	84%	78%
Savings	Belongs to a savings group (with a formal constitution, credit, and loan protocols), has access to credit, and has a minimum of 6,500 Ksh in savings	99%	82%
Health	Can identify at least three methods of family planning and where to access them	78%	
	Can name at least three instances when it is critical to wash hands		77%

Figure 14. Graduation rates among BOMA and CARE participants

2.3 Sustainability

In order to ensure that participants remain on their trajectory out of extreme poverty after exiting the program, both IPs focused on strengthening partnerships with county government programs, local NGOs, and created linkages with market actors. In terms of financial sustainability, all the savings groups (101 in Samburu and 52 in Kitui) were formally registered so that members can access formal financial services and business loans from financial institutions, county government, and other sources. The groups were registered with the Kenya Revenue Authority (KRA) and each group received a personal identification number that will facilitate the monthly payment for NHIF coverage. In Kitui, groups were able to open bank accounts with formal institutions, including ACB, Equity Bank, Cooperative Bank, and Solutions Sacco. In addition, committees with local community members were created in order to identify the needs of the participants, leverage local resources to provide any support needed, and advocate for essential services and infrastructure.

2.4 Stories from the Field

A world of difference, said with a smile

A story of Agnes Kalimi Munywoki



Agnes at the beginning of the Graduation program in 2017.

In the sleepy market town of Gai, Agnes' small shop and hotel serve to bring the community together, and weary travelers and villagers alike have a place to sip tea, buy commodities and chit-chat with the locals who gather there.

A smile says it all

Agnes said there was a time when she did not smile, for she felt she had nothing to smile for. This has all changed since she joined the PROFIT Financial Graduation Program in 2017. The program, funded by the International Fund for Agricultural Development (IFAD) and Government of Kenya is implemented in Kitui county by CARE International with technical assistance from BRAC. It provided Agnes with basic training on business management and seed capital to start her business. Now a proud business owner, Agnes continues to improve



Agnes with her children after the start of her business in 2018.

the hotel she runs and makes improvements on her home, something she is fiercely proud of.

“Previously my confidence was very low, and I was embarrassed of my home.”

A family affair

No longer having to rely on casual labor to support their seven children, Agnes and her husband, along with help from their oldest daughter, run their businesses as a family. When Agnes is tending shop, her husband is usually either off caring for their goats or lends a helping hand washing dishes in the back of the hotel and her daughter helps with the bookkeeping after school. Just like before, they continue to discuss and make joint decisions for the household and business ventures.

“[Since the start of my involvement in this program], there is more love between my husband and I.”

Agnes also received a monthly stipend of 1,500 Ksh (\$15 USD) for the first six months of the program that enabled her to feed her family and focus on growing the business.

Someone to look up to

Agnes used to keep to herself and felt very removed from society around her. Not only is her shop located at the center of a tiny market town, but people now visit her for things beyond the physical retail: they come to her because they now look up to her.

“Neighbors come to visit me, borrow things, money when they need it.”



Tending the produce stand in the center of Gai town.

She gives advice to her peers who are also in the program to work hard and encourages them to hit their savings and Graduation targets. This social empowerment aspect of a participant's upward trajectory is an important piece of the program, and serves to represent a key indicator in their future success within a community.

“If there is an emergency or drought, I know that my savings with the Village Saving and Loans Association (VSLA) will be able to cover any loss.”



Agnes with her oldest daughter, Jennifer.

By requiring participants to acquire at least two different streams of income, the PROFIT Financial Graduation program promotes resilience against future shocks, particularly in drought-prone areas like those of arid and semi-arid (ASAL) land in Kenya.

Through the Graduation Program, Agnes also receives regular coaching by a trusted mentor who discusses best business practices, social and health issues with her, and provides her with continued support and encouragement.

Agnes now has a plan for her future and knows what she has to do to achieve it. She wants to invest in the hotel and make it look more attractive so that she can bring in more customers. She also wants to expand her shop and sell in markets in the surrounding area.



Beads on a string of love

A story of Anna Lobuk



With the technical guidance of BRAC, the BOMA Project is implementing the PROFIT Financial Graduation pilot in Samburu county, funded by IFAD and the Government of Kenya. The pilot targets 1,600 women and integrates elements of livelihoods promotion, social protection, financial inclusion, and social empowerment. The success rate of participants will be measured against a set of Graduation criteria that examine food security, livelihood diversification, health, and resilience. The pilot will be independently evaluated by Expanding Opportunities.

To the Samburu people of Kenya, beadwork represents their cultural values and traditions. From necklaces and bracelets to belts and sandals, beadwork is used in everyday life as well as in weddings, rituals, and community events. It is considered an honor and often a duty for Samburu women to learn and practice this handicraft. Many women, like Anna, make it their main livelihood.

Growing up too fast

Anna is no stranger to hard work. As a child she pitched in with the daily household chores and when her father passed away, she found herself taking care of her nine siblings. As she got older, she learned how to do beadwork from other women in her community. She made small pieces to put food on the table.

Married at age 12, Anna felt somewhat helpless to even imagine what her future might look like because she had little control over it. So she started her own family and raised livestock because that was traditionally expected of her. When tragedy struck again with the death of her husband when she was just 25, Anna's life became even more desolate.

“Back then I didn’t even know what it was to have hope. Now I hope to build a house and grow my business.”

Education is key

As a single mother raising her five children, Anna has come to appreciate the important role education will play in their futures. She says all the work she does is to ensure they have lots of opportunities and possibilities, with the children's school fees being a priority for her monthly expenses. Through the PROFIT Financial Graduation programme, implemented in Baragoi, Samburu County by the BOMA Project, she has also learned the importance and practice of savings, further padding her businesses against unexpected weather or sickness. Through the programme, Anna received seed capital to invest in her beads business, technical and life skills training on social and health awareness,



monthly consumption stipend of \$15 USD for the first six months, savings support, subsidized health insurance, and psycho-social support through two years of mentorship from a BOMA Village Mentor. With maize in her stores, a formal water tank and a bank account, Anna has taken a lot of the worry out of her life and is ready to expand her bead-making business as well as the farm behind her home. When asked about her and her family's current situation she exclaimed:

“We look good now! We look healthier now!”



A cup of tea

When asked what was her happiest moment, Anna replied with a story. Soon after she was chosen to participate in the Graduation programme, her BOMA Village Mentor, Susan, came to her home for a visit. Anna didn't have access to clean water and wanted to serve her mentor a cup of tea. So Anna went to a neighbor and asked her if she could borrow some water. Her neighbor scowled at Anna and told her to just get some dirty water from the river.

Anna was embarrassed and couldn't bring herself to serve dirty water to her new mentor. She was deeply ashamed to not have anything to offer her. Months later, after Anna had started growing her business, she invested in a water tank. What was the first thing she did? She called her mentor and proudly told her that she could come



Anna with BOMA Village Mentor Susan Bagajo

over any time. She said she would *always* have tea ready. Anna now plans on expanding her business which means more sales and more savings. At the same time she is working to complete the construction of her home and is looking forward to purchasing a sofa and bed to add to her family's daily comfort.



3. Lessons Learned

Globally, Graduation has been identified as a key social protection strategy and a means of equipping participants with the skills, assets, and ability to earn a sustainable livelihood.⁵ In addition, it is an approach where the benefits far outweigh the program costs.⁶ At scale, a successful Graduation approach leverages existing social protection instruments including cash transfers, public works, and community development models. Through its focus on livelihoods, Graduation can build on the protective elements of social protection and strengthen its transformative role in bolstering the capacity of the poorest. Graduation must have a clear strategy to link households to social protection, markets, financial services, and community resources so that households continue to progress after the program ends.

Lessons drawn from the PROFIT program provide valuable insights into effective implementation of the Graduation approach and can inform national social protection.

- **Local infrastructure and market development must be coordinated with Graduation programs to ensure maximum impact.** In Kitui, households in areas where infrastructure, such as roads, were improved during the course of implementation, were able to benefit more from the program as a result of increased access to markets, compared to those who were in areas with lower connectivity. To ensure sustainability of program outcomes, investment in infrastructure should be taken into account when identifying areas for implementation.
- **Community-level coordination is critical for community sensitization.** This is particularly important in resolving disputes that can occur when extreme poor households undergo economic transformation and cause a shift in power dynamics in the community. In such cases, engaging external support from local leaders can help address hostility within the community.
- **Gender sensitization training with male family members is critical in increasing agency of female participants.** Increased female ownership of livelihoods may cause negative shifts in gender dynamics at the household level. Thus, engaging male members of the household during home and group visits, particularly when topics such as women's empowerment are discussed, can help prevent such adverse effects.
- **Reinforcement of staff training is essential for high-quality implementation since mentors are expected to develop in-depth knowledge of a wide range of topics.** Frontline staff play a key role in all Graduation activities, including transfer of skills, knowledge, and expertise to participants, many of whom are managing a livelihood for the first time. Staff members need to be trained in business skills, management of various livelihoods, and health and social issues. In addition, gender sensitization training for frontline staff is necessary to handle sensitive issues such as domestic conflict. Refresher

⁵ Devereux, S. et al. (2015). "Graduating from Social Protection". IDS Bulletin 46.2.

⁶ Sulaiman, M. et al. 2016. "Eliminating Extreme Poverty: Comparing the Cost-effectiveness of Livelihood, Cash Transfer, and Graduation Approaches." Washington, D.C.: CGAP.

trainings every few months can help staff retain the vast amount of information and strengthen their ability to provide high-quality support to participants.

- **Cash transfers can be less cumbersome than in-kind transfers that are subject to procurement delays.** However, they require monitoring and clear guidance to ensure that the cash is used for productive livelihoods instead of short-term expenses. A physical asset transfer is recommended for participants with limited experience in managing livelihoods and low access to markets.
- **Implementation of such a complex approach requires strong inter-ministerial coordination and partnerships between government and NGOs.** Strong coordination at the national level will help avoid duplication of programs implemented by different ministries.
- **Establishing linkages to mainstream services and institutions throughout the implementation cycle ensures that participants have support after the program.** Similarly, linking savings groups with formal financial institutions with a pro-poor mandate is critical in preventing exposure to predatory institutions, safekeeping of savings, and ensuring continuation of savings behavior beyond program duration.
- **Regular monitoring and the ability to capture timely data is important in ensuring a rapid response to challenges in implementation.** Monthly monitoring and reporting on key program indicators can track the implementation of program activities across components and performance of field staff based on established targets. Repeated training on monitoring is fundamental to ensure all field officers and mentors record information in a consistent manner. The use of devices such as tablets or smartphones can facilitate the monitoring process.