



# CHALLENGES IN OVC GRADUATION PROGRAMS: BENCHMARKS, SEQUENCING, AND BACKSLIDING

## OVC Graduation Brief Series: 1 of 4

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### Key Messages

1. "Graduation" in OVC programs refers to a household's achievement of minimum outcomes related to health, education, economic stability, and child protection. This differs from primarily economic development programs, which typically use graduation to refer to having escaped extreme poverty.
2. USAID's OVC technical working group recommends using a case plan achievement approach, which requires households to achieve program- and household-specific goals or benchmarks.
3. There are no minimum standards for OVC graduation benchmarks, primarily due to the diverse nature of OVC programming.
4. OVC programs do not require a specific sequence of interventions. Implementers are interested in understanding the optimal sequencing of economic strengthening (ES) interventions and how to combine ES with other social support interventions.
5. There is uncertainty about the types, intensity, and combination of programs that lead to sustainable outcomes and prevent backsliding to a pre-graduation state of vulnerability.

As PEPFAR and USAID policy have intensified their focus on sustainable project outcomes, programs for orphans and vulnerable children (OVC) are increasingly expected to ensure that participants reach certain programmatic outcomes before exiting, or graduating, the program. Although PEPFAR OVC programs have incorporated the language of graduation, they use the term differently than economic development programs, which emphasize poverty alleviation. Instead, "graduation" in OVC programs describes

a household's successful completion of all program elements, which includes achievement of minimum outcomes related to health, education, economic stability, and child protection, as defined by individual programs.

It is clear from PEPFAR guidance that economic strengthening (ES) is a key component of OVC programs. Less clear, however, is how PEPFAR OVC programs should define sustainable ES outcomes and optimally sequence interventions

to achieve those outcomes. Moreover, there is limited guidance on how to achieve sustainable outcomes so household do not “backslide”, or return to a pre-graduation state of vulnerability.

## GRADUATION VS. CASE PLAN ACHIEVEMENT

With the mainstreaming of graduation into OVC programs, implementers as well as USAID and PEPFAR experienced difficulty early on in defining what graduation should mean in OVC programs and how this might differ from how “graduation” is used in poverty alleviation programs. For the latter, the “graduation approach” is synonymous with the Ultra-Poor Graduation Program developed by BRAC in 2002 and piloted by the Consultative Group to Assist the Poor (CGAP) and the Ford Foundation in eight countries from 2006-2014 (Dharmadasa, Hashemi, Samaranayake, & Whitehead, 2015). The program targets the ultra-poor, defined as those living below the World Bank definition of extreme poverty of \$1.90/day. The features of the approach are that it 1) includes a specific series of interventions, 2) provides subsidies, which are reduced over time, and 3) is time-bound. It targets participants with a specific sequence of interventions, including regular life skills training and home visits, technical skills training, asset transfers, enterprise development, consumption stipends, financial literacy and savings, health care, and social integration. Households receive productive assets and training on using those assets to generate income sustainably.

Graduation occurs when “households achieve economic and social advancement measured by several criteria over the course of 24 months” (Dharmadasa et al., 2015).

Randomized trials of graduation programs in six countries found significant improvements in consumption, food security, productive and household assets, financial inclusion, time use,

income and revenues, mental health, and political involvement outcomes a year after the end of the intervention (Banerjee, Duflo, et al., 2015). Banerjee and colleagues have shown that, in most countries, participants’ extra earnings exceeded the costs of the program.

In response to the Ultra-Poor Graduation Program’s success, large-scale, governmental social protection programs have incorporated principles from the approach, including layering resource transfers and training to help households build a sufficient amount of assets to be able to generate income and “graduate” from social assistance (Sabates-Wheeler & Devereux, 2013). Sabates-Wheeler and Devereux (2013) identified the idea of overcoming a “poverty trap” as central to the theory of change underlying most graduation programs. Graduation “is not synonymous with a threshold past which households are suddenly resilient to the pressures of poverty” (Dharmadasa et al., 2015), but the sustained effects of the program can be interpreted as evidence that participants have indeed moved beyond some threshold or “poverty trap.” They do so by building assets and capacities that allow them to escape the self-reinforcing constraints of extreme poverty (Banerjee et al., 2015). Though significant, the effects of BRAC’s program on consumption were small (a mean 5% increase), meaning that participants exited extreme poverty but remained poor.

Like BRAC, FXB’s Village Model is a time-bound program that features up-front subsidies that are gradually phased out. Training in an income-generating activity (IGA) is also central to the model, which seeks to sustainably bring households out of poverty (FXB, 2015). A pre-post test from program sites in Uganda and Rwanda in 2012 found significant, positive

impacts immediately following program completion, including movement to higher wealth quintiles, increased food consumption, improved school attendance, and improved communal financial support (Harhay et al., 2017). A 2011 tracer study that followed up on households that graduated in 2003, 2005, and 2007 in Uganda and Rwanda identified longer-term impacts (Epstein & Collins, 2012). Participants from the Rwanda locations had similar incomes to surrounding households (despite starting off poorer), and those in Uganda had significantly higher incomes. Across locations, FXB participants were more likely than non-participants to own their own home at endline. An earlier tracer study in Rwanda of FXBVillage participants revisited graduate households 1 to 3.5 years after completing the program, finding that between 70 and 86% of the sampled beneficiaries remained above the poverty line, compared to the national average of 60% (Desmond, 2007).

Unlike primarily economic development programs, PEPFAR OVC do not treat poverty alleviation as their primary outcome. Their conceptualization of graduation is more focused on improving HIV and child well-being outcomes through integrated programming, with economic interventions supporting these outcomes. PEPFAR OVC programs use “graduation” to refer to a household’s successful completion of all program elements.

Programs are required to report on the number of households that have “graduated” from a program, in contrast to being lost to attrition or transitioning to other programs. However, there is little information in PEPFAR guidance on how graduation should be measured. The measurement of graduation “will vary based on local criteria for achieving stability in the

household” (PEPFAR, 2017), where stability refers to positive outcomes in child education, safety, health, and household economic status.

To avoid confusion between “graduation” in OVC programs and the use of the term in economic development, USAID’s OVC technical working group has transitioned to the term “case plan achievement” to describe successful completion of an OVC program. Case plan achievement occurs when “the child and family have achieved both the goals of the case plan and of the program” (Beeler & Bunkers, 2017). Because OVC programs use case management approaches, this definition requires participating households to reach predetermined program outcome benchmarks as well as the goals developed in their individual level case plans.

## BENCHMARKS

Graduation benchmarks are minimum requirements a household must reach in order to graduate from a program. BRAC’s graduation program is designed to lift the poor into sustainable livelihoods, meaning graduation criteria are based on indicators linked to economic resilience. These include both financial and social indicators, such as those related to food security, income, savings, health, shelter, and positive behavior change. Examples of such behavior change include avoiding child marriage, sending children to school, and adopting family planning (Dharmadasa et al., 2015).

Since OVC programs must target the most vulnerable and measure reductions in vulnerability over time, many have developed scales aggregating different indicators of vulnerability into a single score. These scales are often used to determine if households are ready for graduation. However, scales seeking to measure broad definitions of vulnerability can

generate inaccurate classifications of vulnerability and are not recommended for targeting or measuring program outcomes (Burke et al., 2016; Moret, 2018).

The Catholic Relief Services (CRS) project 4Children has recommended, instead, using individual yes/no “graduation benchmarks” as minimum outcomes required for households graduating OVC programs. Minimum outcomes for OVC programs must also incorporate child-level and HIV-specific outcomes according to PEPFAR requirements. PEPFAR guidance specifies outcome areas covering four domains: children must be safe, schooled, stable, and healthy. Economic outcomes are part of the “stable” domain.

PEPFAR’s required Monitoring, Evaluation, and Reporting (MER) essential survey indicators are a good starting point for defining minimum standards across these domains. MER indicators are collected biannually to monitor OVC program outcomes (MEASURE Evaluation, 2015), and they are monitored as individual outcome indicators, not aggregated to generate an overall score of vulnerability. They include a set of indicators for child-level outcomes and household-level outcomes, focusing on health, children’s schooling, child protection, and economic stability. The indicator related to economic stability measures a household’s ability to pay for unexpected expenses. As explained in MEASURE Evaluation’s guidance, “[a]bility to access money for unexpected household expenses is a direct (outcome) measure of a household’s financial stability and resilience in the face of economic shocks”.

4Children worked with several OVC programs to develop program-specific benchmarks by collecting input from different stakeholders that considers what the project can realistically

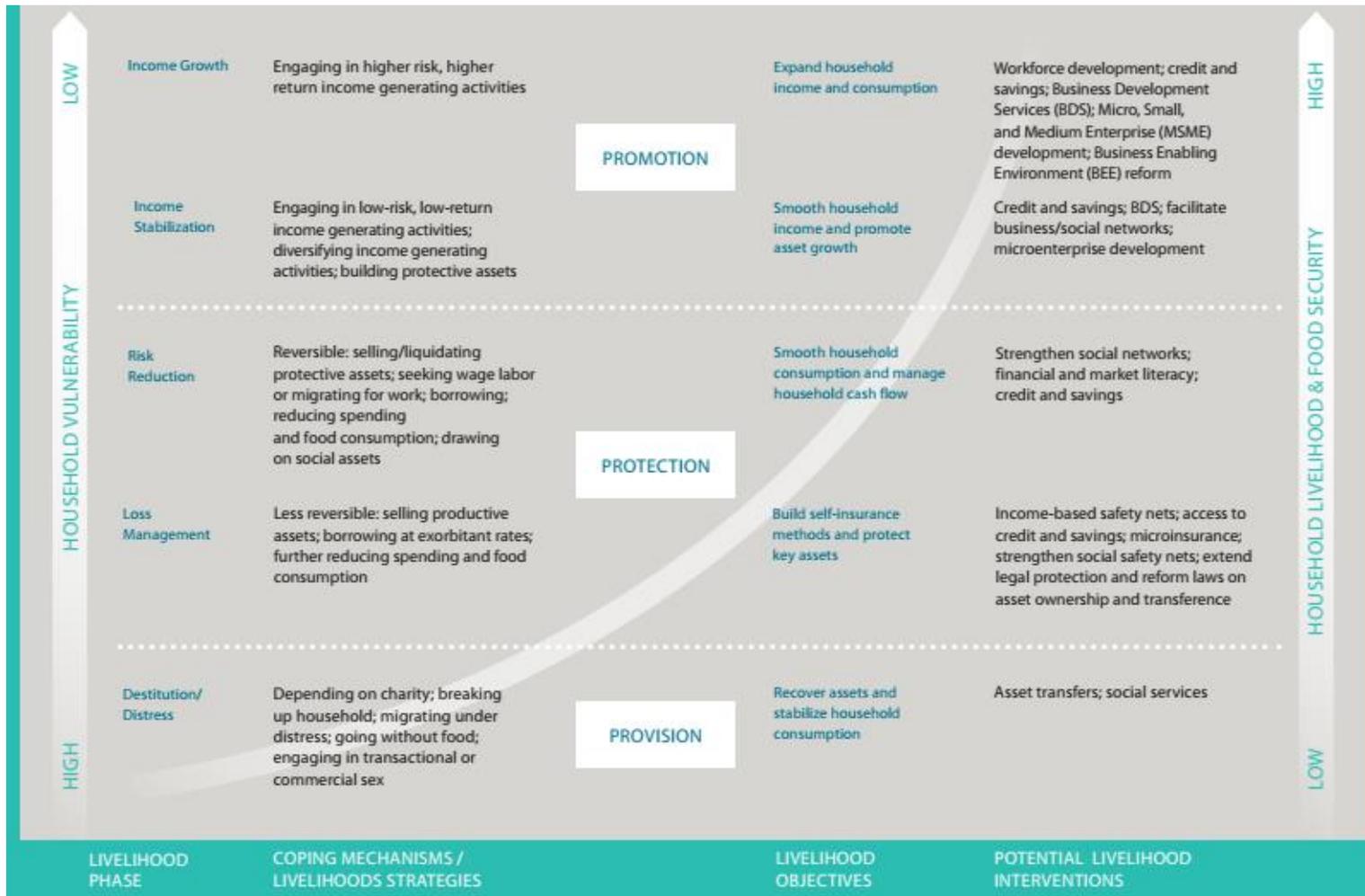
accomplish as well as the outcomes indicating that households are truly stable and no longer need program support. To better inform guidance on how to develop minimum benchmarks for the “stable” domain, there is a need to define ES intervention outcomes that indicate sustainability but are also universally feasible for OVC programs, given their structure and funding mechanisms.

## SEQUENCING

BRAC’s and FXB’s graduation models use specific sequences of required interventions to achieve results. OVC programs, on the other hand, do not follow a specific sequence or even require a specific set of intervention components. Instead, PEPFAR’s OVC programming guidance separates economic status into three categories, in order of descending economic vulnerability, and recommends appropriate interventions for each category (PEPFAR, 2012). Similar approaches are articulated as a sequenced pathway in other PEPFAR guidance materials (PEPFAR, 2012; Wolfe, 2009; Woller, 2011). PEPFAR’s pathway specifically recommends: consumption support for the most vulnerable (“destitute”) households; money management strategies, such as savings and financial literacy training, for the moderately vulnerable (“struggling to make ends meet”); and income promotion strategies, such as microcredit, for less vulnerable households who are “ready to grow” (PEPFAR, 2012).

This pathway is further elaborated in Figure 1, the livelihoods framework developed by the LIFT project (Woller, 2011). This approach to sequencing is depicted as a series of economic activities characterized by progressively increasing risk and return. Income generation appears after savings, which may be related to an increased emphasis on savings-led approaches

Figure 1. LIFT Livelihood Pathway





in international development after research emerged showing that microcredit was not appropriate for all households. Evidence on microcredit is mixed, demonstrating the potential to both benefit and harm clients (Banerjee, Karlan, & Zinman, 2015; van Rooyen, Stewart, & de Wet, 2012).

Savings groups, on the other hand, are accessible to a greater number of people and are less risky for vulnerable households (Karlan, Savonitto, Thuysbaert, & Udry, 2014). ES programs' emphasis on savings, rather than income-generation, has its drawbacks. A review of savings-led interventions found associations with increases in household expenditures and incomes, higher returns from family businesses, and improved food security, but not significant effects on assets, housing quality, education, or health (Steinert et al., 2018). On the other hand, graduation approaches like BRAC's model successfully engage "ultra-poor" households in IGAs, which is not emphasized for the most vulnerable households in the LIFT or PEPFAR pathway approaches. BRAC's approach engages these ultra-poor households by placing income-generation at the center of a more comprehensive support program that increases a household's risk tolerance.

There is a need for greater clarity on optimal sequencing in OVC programs. PEPFAR guidance does not address how ES interventions interact with other program components, such as case management or parenting and life skills training. It is important to understand how OVC programs layer these components, and whether any pathways emerge as particularly effective methods of sequencing ES and non-ES interventions.

## BACKSLIDING

OVC programs seek to create sustainable outcomes for the communities and households they work with. Achieving graduation should indicate that a household is able to sustain program gains even after the program ends. To appropriately plan and resource interventions, OVC programs need evidence on the factors that make program outcomes sustainable.

A useful starting point for thinking about benchmarks specific to ES is to assess what makes households resilient overall. At a high level, analysis of panel data from household surveys provides clues on predictors of resilience by identifying characteristics of households that are able to escape and remain out of poverty versus those that only temporarily escape it (Scott, Diwakar, & Okech, 2016; Scott, Shepherd, & Garloch, 2016). Characteristics associated with sustained progression out of poverty, such as increased livestock holdings and participation in a non-farm enterprise, can be used to inform sustainable benchmarks. However, some characteristics, such as having a smaller family, are not possible to change with an intervention and cannot be used to inform benchmarks.

Benchmarks can also be informed by characteristics associated with backsliding or sustained outcomes as determined by tracer studies of ES programs. A tracer study on the FXBVillage model in Rwanda and Uganda found that successful households were more likely to have diverse sources of income, including scaled-up traditional enterprises, such as animal husbandry and agriculture, or highly-skilled jobs, such as being employed as a mechanic or hairdresser (Epstein & Collins, 2012). Negative outcomes were associated with

single-income households, households where income-earners engaged in casual labor for others instead of owning their own business, and livestock farming.

In a one-year follow-up with graduated households, the Sustainable Comprehensive Responses for Vulnerable Children and their Families (SCORE) program in Uganda found that 13% of households had backslid (SCORE, 2016). At a two-year follow-up, this number increased to 26% (SCORE, 2017). With nearly one-quarter of sampled participants returning to a pre-graduation state of vulnerability, it is important to understand the components that promote sustainable outcomes. In SCORE's final evaluation, authors found that participating in child protection (OR 1.09), ES (OR 1.07), and family strengthening (FS) interventions (OR 1.06) were associated with the greatest reductions in vulnerability. Participating in more ES interventions contributed to greater reductions in vulnerability, but these findings highlight the need for complementary interventions. FS, in particular, enabled households to transition through the stages of critical, moderate, or slight vulnerability to eventual graduation, and to enable maintenance of post-graduation and resilience status. Graduation rates were lower for households that were HIV-affected, child-headed, elderly-headed, or included members who were orphaned or disabled. Being HIV-affected did not affect a household's post-graduation status at the one-year follow-up.

SCORE's findings provide important insight, but there remains sparse evidence in the literature about project components that are linked to sustained outcomes in OVC programs using ES. It is necessary to understand how programs can prevent households from backsliding after program closure.

## Addressing Challenges in Defining Benchmarks, Sequencing, and Backsliding

There is a critical need to understand, from an implementer's perspective, how benchmarking and sequencing are operationalized in OVC programs in order to design programs that promote sustainable outcomes. To inform USAID guidance, FHI 360's ASPIRES project conducted seven key informant interviews with implementers of OVC programs using various approaches to exit participating households from program support through a graduation process. Our findings are presented in briefs 2 through 4 of the *OVC Graduation Brief Series*.

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