

**Graduation Lessons Learned So Far:
Bandhan's Targeting the Hard Core Poor Program in Urban Settings**

*Most of the 10 pilot projects to help the ultra poor through the CGAP-Ford Foundation Graduation program have focused on reaching people in rural and remote communities, but now **Bandhan** in India is able to report on its experiences introducing the initiative into urban communities.*

In 2009, with support from the Michael & Susan Dell Foundation, Bandhan expanded its Graduation pilot to 1,500 urban families and structured its approach to meet the demands of these urban households. What they found will help Bandhan and other programs interested in reaching the poorest better tailor the Graduation approach to the specific challenges and opportunities of urban settings.

1. Targeting

There are several challenges to identifying the poorest in urban settings. People within the same neighborhoods are less familiar with each other and, even if they are, conducting a community wealth ranking is challenging: meeting times need to be flexible and a suitable space should be identified in this crowded environment.¹ The means-testing (simple poverty surveys) is a crucial second step. Finally, despite the community wealth ranking and means surveys, some of the better-off families in the urban areas did not want to be left out of the program—even if they already had access to microfinance—making it all the more **critical to conduct a rigorous screening process to select only the ultra poor households.**

Another factor that emerged was that, in contrast to their rural counterparts, the families in urban settings are more migratory, and because they often have no legal status as renters or property owners, they can face the near-constant threat of eviction. Both factors make it **harder to keep some households in the program.**

Bandhan found that the women heads of household selected to participate in the Graduation program in urban areas shared many characteristics with their rural counterparts with one particularly significant difference; **women in urban settings were more confident and set themselves higher goals.** Whereas women participants in rural areas were less confident and resigned to their fate, women in the urban areas had aspirations and responded positively when given opportunities.

2. Consumption Support

The consumption support for participants was Rs. 20 a day, for 15 weeks. It was important for Bandhan to provide this support till such time that the enterprises of the participants stabilized and started generating steady income.

3. Savings

Participants were encouraged to save Rs.10 each week (during the consumption stipend phase) and thereafter they can save any amount they choose. They were also encouraged to open savings accounts in post offices or banks. Participants opened 460 saving accounts, two-thirds of them at post offices, and one-third at banks.

¹ The mapping of the area can be done on small paper sheet rather than on a large map on the ground due to space constraints.

A significant number within the urban group **learned the principles of business and financial management relatively quickly** and showed the discipline necessary to succeed; this raised the prospect that the kind of step by step financial literacy training conducted in rural areas might not be as necessary for urban participants.

4. Livelihoods and Asset Transfers

There seem to be more options available for people in urban areas, so the opportunity costs of staying within the program is higher than in rural areas. Enterprises offered by Bandhan as part of the urban program included incense stick making, pottery, handicrafts, vegetable, fish, or meat vending, and running a grocery or tea shop etc. Bandhan's experience showed the importance of assessing the market viability of each enterprise option, as well as considering the competitive landscape, before offering them to participants. The **greater number of livelihood options** also presents a challenge in matching participants to the most suitable new vocation. Training was also an important component, as Bandhan staff had to be able to understand stock management or cash flow analysis to monitor these enterprises effectively.

Bandhan found that the poor urban women they targeted could be **reluctant to give up their existing livelihoods** – even though these may be tenuous and sometimes exploitative – in favor of other alternatives, and that it can be a challenge encouraging them to stick with their new vocations once they have switched. While this reluctance to give up existing income opportunities – perhaps as domestic staff or wage laborers – is also seen in rural settings, it seems to be more prevalent in urban areas, where the training times are often longer.

5. Training and Coaching

Despite being more confident, and even having a greater degree of financial awareness than their rural counterparts, Bandhan realized that it needed to provide **greater motivation to women participants in urban areas** to counter the family disapproval they faced to join the program. Bandhan discovered that maintaining enthusiasm was also a testing challenge since urban participants were more eager to engage in competing income generating activities, while the training itself required more time than in rural settings given the greater complexity of the livelihoods.

6. Partnerships and Linkages

Bandhan noted that that the provision of ancillary services such as health care encouraged participation by urban households, but it also found this a very costly exercise; **a better alternative is to link people to existing basic services, saving time and curbing expense.**

Conclusion

*Bandhan's experience in the slums of West Bengal hold some promise for introducing Graduation programs to help the ultra poor in urban areas. In particular, the women participating in the Bandhan program were **already looking for opportunities to boost their incomes**, even if these were short-lived. To build on this positive foundation, however, still requires time and resources. In particular, **urban participants need to be encouraged to complete the sometimes training and persevere with their new occupations.** Bandhan also found that access to **markets and infrastructure can enable some "fast climbers" to graduate more quickly**, but again, this needs to be considered against the longer timeline sometimes required for training.*