Lessons Learned from the EEP/Shiree Scale Fund

IGA Selection
A common lesson emerging across Scale Fund (SF) projects is the need to adopt a more systematic approach to the selection of Income Generating Activities (IGAs).

IGA selection should be:

• based on rigorous market analysis;
• grounded in the geo-topographic and climactic characteristics of an area, and
• matched to individual beneficiary strengths.

Some PNGOs applied learning over the course of their projects to refine the IGA list based on what worked, suggesting that a more systematic and analytical approach to IGA selection from the outset could have improved project effectiveness. Some strengths and weaknesses of IGA selection are summarized below, based on SF end of project evaluations.

Household specific IGA planning

Many SF projects developed individually tailored micro-plans at the household (HH) level, providing a ‘strengths-based’ approach to asset selection and support that also takes into account differing levels of vulnerability and known risk of failure to graduate. This individualised HH development planning approach was widely praised for its flexibility and potential to provide a range of different pathways out of poverty, tailored to individual needs, skills and geographic/market factors. In some cases this even included interventions targeted at different members of a single HH, providing different assets or inputs for the husband and wife, and skills training for adolescent boys and girls.

Inter-household equity in asset packages

Several SF project evaluations reported conflict arising from variations to the asset package as a result of individually tailored HH development plans. For example, a HH choosing cage-based fisheries would receive BDT 4,000 for their IGA, whereas a HH choosing heifer rearing would receive BDT 15,000. A more equitable approach would be to offer a standardised cash value for assets, which could be used towards a diverse portfolio of assets. This has the added benefit of ensuring comparability across HHs and projects, so that different initial transfer values are eliminated as a potential contributing factor to different income-generation or graduation outcomes.

Mismatch between beneficiary capacity/capability and IGAs

Notwithstanding the widespread success of the HH micro planning approach, there was some evidence of mismatch between beneficiary skill sets and the IGAs transferred to them. Women in particular were found to lack confidence to branch out to non-agricultural or non-livestock pursuits, despite there being potential for off-farm IGAs close to the homestead such as grocery shops, tailoring clothes businesses, or cosmetic businesses. There was also evidence of livestock IGAs – an overwhelmingly popular choice – failing because HHs had insufficient livestock-rearing experience, or lacked supplementary income to manage livestock support costs. The labour-intensiveness of certain IGAs also rendered them unsuitable for female-headed, disabled and elderly HHs. In such cases, PNGO front line staff could give HHs a stronger steer towards high potential IGAs which they may not have considered, or away from IGAs which may seem attractive but for which there is insufficient HH capacity to develop an enterprise.

Diversified approach to IGA selection

Interventions appeared to be more successful when beneficiaries were transferred more than one asset type, giving them an already-diversified portfolio to manage risk; a primary IGA that will generate high returns over the long term, and a secondary IGA that provides quicker and safer returns. This two-tier approach encourages HHs to expand a business whilst addressing seasonal variations in productivity and preventing asset sale
during the lean period or as a result of economic, climactic or health shocks. The challenge for implementing partners is then to ensure that the similar levels of asset support (fodder, fencing, etc.), training and business development coaching are devoted to secondary IGAs, within limited project budgets. Some HHs who did not receive a diversified asset base from the outset sold their assets (particularly large livestock) too early to meet immediate cash and food security needs, resulting in low profitability. Others traded off between daily expenditures such as feeding their family, and the costs of asset maintenance such as fodder. There were some examples of successful asset diversification from a single IGA approach, but in general HHs were more successful and under less financial strain in projects where more than one type of IGA was initially transferred.

Market analysis to understand IGA potential
The market potential of IGAs must be analysed prior to asset selection, to ensure IGAs have potential to accumulate, diversify and succeed as a business, rather than simply be held as a safety net or store of wealth. This is particularly important in hard-to-reach and disaster-prone areas, where access to markets is restricted, and collective bulking of products is limited by the geographic dispersal of HHs. Some SF projects implemented post-hoc interventions to improve marketing of IGA products, but there was little evidence of SF projects undertaking detailed market analysis of IGA options prior to their endorsement as a viable option for HHs. This led in some cases to high potential (particularly off-farm) IGAs being overlooked, to large variations in asset price during both procurement and resale, or to IGA failure.

Improving marketability of IGA products
Amongst SF Partner NGOs (PNGOs) with expertise in market development, there was some evidence of good practice around the marketing of products generated by IGAs. Some project designs included elements such as: HH training on market linkages (pricing, market information, packaging, grading and market actors); facilitating connections between producers and input suppliers; group purchasing of agricultural inputs; and establishment of collection points as exchange centres between buyers and sellers in remote areas.

Need for good data on IGA viability and effectiveness
Most projects collected data on IGA uptake (i.e. the percentage of HHs selecting different types of assets), but there was very little comparative analysis undertaken on the effectiveness of different IGAs in different geotopographical areas, and for different HH profiles. This is a gap in the evidence base emerging from the SF, and a missed opportunity to inform future programming.

Importance of cost-effective and user-friendly technology
There are many good examples of PNGOs using technology to augment the income-generating benefits of assets transferred. Sometimes technologies were deployed to mitigate potential loss of assets in disaster-prone or waterlogged areas (e.g. water sacs to prevent seedlings being washed away), and others used technology to increase the marketability of assets (e.g. crushing or drying technology to prolong the life of agricultural products). There were however instances where technology failed because it was not user or context-appropriate, generally due to over-complexity. Several evaluations found this to be the case of the mobile phone based CMS2 (facilitating regular, real time data collection from all HHs), which was found to be overly burdensome for frontline staff. Similarly, the MJSKS project’s oestrous synchronisation technology, intended to regulate the reproductive cycle of cattle, failed because it required certain preconditions around the weight and health condition of cattle that were difficult for extreme poor beneficiaries to meet. There were also instances where technology could have significantly improved IGA productivity - for instance, low-cost irrigation systems for cash cropping – but was not implemented in any of the EEP projects.

Considering climate and disaster risk
Given the range of climactic shocks and disasters to which Bangladesh is susceptible - droughts, floods, cyclones, and earthquakes - it is critical to consider climate and disaster vulnerability and resilience in selecting IGAs for extreme poor families. Many PNGOs operating in difficult contexts factored this in to their project designs. For example, in the difficult haor areas of Sunamganj district in north-east Bangladesh, SF projects successfully identified and promoted IGAs and production technologies that were mostly unsusceptible to flood risk: short duration boro rice; multi-layered vegetable cultivation; and early/quick fruit tree plantation.
• Household level micro plans are a powerful tool for ensuring that IGAs are matched to the particular needs and capacity of HHs. Household level micro plans should consider beneficiary preferences, but front line staff should guide the process to ensure a good match and that HH potential is adequately captured.

• Standardisation of cash/asset package values reduces potential conflict, and encourages uptake of high potential assets with lower initial values. Residual funds from a standardised transfer package can be used for asset support costs or additional inputs.

• Providing HHs with more than one IGA helps to smooth consumption and mitigate against shocks; a primary IGA that will generate high returns over the long run, and at least one secondary IGA that provides quicker and safer returns. Providing a mixed asset base at the outset is all the more important in fragile and disaster-prone areas.

• Combining on- and off-farm IGAs can minimise risk, diversifying patterns of seasonal income flow, supporting value chain development through service provision, small-scale manufacturing, food processing, trading, etc, and allowing for alternative economic opportunities for different household members, including vocational training or apprenticeships for young people.

• Detailed market analysis should be undertaken prior to proposing IGAs for specific locations. This should include cost-benefit analysis of IGAs, also factoring in opportunity costs; labour intensiveness, rate of income growth, etc. It should also consider climate vulnerability and disaster risk reduction.

• Asset/cash transfers and training should be supplemented with appropriate technological support, which is user and context appropriate in terms of both cost and complexity.

• Future programmes should collect and analyse data on the effectiveness of different types of IGAs, to produce a robust evidence base for what works in different geographical areas and for different beneficiary profiles.
This summary of lessons learnt has been produced by Ecorys UK through the Economic Empowerment of the Poorest (EEP) programme. The views expressed in the report are entirely those of the author, and do not necessarily represent the views of the GoB, DFID, SDC, EEP staff nor of PNGO staff.