

## KEY POINTS

- Drawing on the success of a previous pilot project, the Government of the Philippines and the Asian Development Bank (ADB) implemented a social protection for economic inclusion project serving 2,784 poor households across Iloilo, Bukidnon, and Sultan Kudarat provinces.
- The project included specific measures and context-specific interventions to improve participant households' adaptive capacity and to promote resilient and sustainable livelihoods.
- By project end, 83% of the households met at least 7 of the 11 graduation criteria resulting in increased income from resilient livelihoods, improved health behaviors, disaster preparedness, and better waste disposal.
- Project results have been helpful to the government's sustainable livelihood program (SLP) in redefining its operating model. The SLP is now integrating some project interventions such as the localized market assessment; livelihood matching; technical training on livelihoods; business management and financial literacy training; and intensive monitoring, coaching, and mentoring.

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## Integrating the Graduation Approach into a Sustainable Livelihood Program

**Yukiko Ito**

Principal Social Development Specialist  
 Human and Social Development Sector Office  
 Sectors Group  
 Asian Development Bank (ADB)

**Dristy Shrestha**

Social Protection, Gender, and Economic Inclusion Specialist  
 Independent Consultant

**Joven Valenzuela, Jr.**

Consultant  
 Sectors Group  
 ADB

### INNOVATIONS IN SOCIAL PROTECTION: THE GRADUATION APPROACH FOR REDUCING POVERTY

During the coronavirus disease (COVID-19) pandemic, countries worldwide leveraged social protection as a crisis response tool to mitigate the socioeconomic impacts of quarantine measures and supply chain disruptions. Evidence highlights that social protection measures helped protect not just incomes and livelihoods but also saved millions of lives by making it less costly to stay at home for vulnerable workers. Nevertheless, ADB estimated that the pandemic pushed about 78 million people in Asia into deprivation and created about 162 million newly poor people, particularly in South Asia.<sup>1</sup> The COVID-19 pandemic also revealed important gaps in social protection systems, underscoring the importance of adaptive and shock-responsive social protection to build resilience against shocks. Today, there is an urgent need for innovative solutions that help vulnerable populations better prepare for, cope with, and adapt to future shocks and address the multiple facets of poverty and deprivation.

One solution—grounded in rigorous evidence and gaining traction around the world—is the graduation approach, also known as social protection for economic inclusion. Poverty graduation programs, typically delivered over 18 to 36 months, encourage income generation and the pursuit of sustainable livelihoods by

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<sup>1</sup> Asian Development Bank (ADB). *Social Development and Poverty*.

combining (i) targeted social assistance with cash or asset transfers to engage in an income-generating activity; (ii) livelihood support training combined with market linkages; (iii) dedicated coaching, mentorship, and skills training to promote social and behavior change; and (iv) financial resilience through savings support and financial literacy training. ADB produced a brief in early 2020 to introduce the graduation approach and explore whether this innovative program would be successful in the Philippines.<sup>2</sup> Results from the ADB-supported Philippines graduation pilot project highlighted that despite the severe impacts of the COVID-19 pandemic, the project strengthened household resilience across different dimensions, including financial security, food security, and mental health. An average of 71% of participating households met each graduation criterion by the end of the project.<sup>3</sup>

Based on the successes of the pilot, ADB and the Government of the Philippines launched a second project in April 2021 known as the *Padayon Sustainable Livelihood Program (Padayon SLP)*. The *Padayon SLP* was designed specifically to integrate the graduation approach into existing government programs while helping poor and vulnerable Filipino households establish sustainable livelihoods. This brief highlights the project results and key design and implementation features that the *Padayon SLP* incorporated to promote resilient and sustainable livelihoods for the beneficiaries.

## Overview of the Project

The SLP is one of the poverty reduction programs under the Department of Social Welfare and Development (DSWD) in the Philippines. It is a capability-building program for poor, vulnerable, and marginalized households and communities to help improve their socioeconomic conditions through accessing and acquiring necessary assets to engage in and maintain thriving livelihoods.<sup>4</sup> To enhance the SLP—particularly the delivery of its services—the DSWD SLP National Program Management Office, with support from ADB; Australia’s Department of Foreign Affairs and Trade; and BRAC, an international nonprofit organization engaged by ADB, launched the *Padayon SLP*.

After a 6-month preparation period, the *Padayon SLP* targeted 2,784 selected beneficiaries of the *Pantawid Pamilyang Pilipino Program*

(4Ps)—a conditional cash transfer program of the Philippine government—over 21 months (i.e., May 2021 to January 2023) in five cities and municipalities across the provinces of Iloilo, Bukidnon, and Sultan Kudarat. As in most graduation or economic inclusion programs, the *Padayon SLP* aimed to improve different aspects of well-being such as income, savings, financial management skills, food security, nutrition, health, and hygiene behavior, as well as access to local resources. The project was jointly conceptualized and co-designed with the DSWD to promote full ownership, and ensure that the impacts are sustained beyond implementation.

The project built on the SLP as the foundational intervention with additional measures layered on it to provide participants with a comprehensive and sequenced set of interventions and to strengthen the impacts of the project. The interventions included (i) provision of livelihood grant to each household participant amounting to ₱15,000 through the SLP microenterprise development track; (ii) formation of SLP associations to facilitate disbursement of funds, savings, and peer-to-peer learning; (iii) microenterprise development training as well as business management and financial literacy and management training; (iv) technical livelihood training; (v) life skills training on various social and health issues; and (vi) coaching and mentorship by program development officers (PDOs). All participant households also received 4Ps cash transfers upon fulfilling health- and education-related conditionalities. This project had a robust monitoring mechanism to track the progress of each participant household toward the graduation criteria. It was conducted by PDOs twice per month using CommCare, a digital data collection tool, during home visits or at the place of business.<sup>5</sup>

## Impacts and Key Results

The project faced several implementation challenges, such as COVID-19-related restrictions during the initial months of the project as well as challenges in operating livelihoods due to losses caused by weather or livestock diseases, such as the African swine fever and avian influenza. However, the project’s monitoring data suggest that, overall, 83% of the participant households have met at least 7 of the 11 graduation criteria under the four graduation pillars—livelihood promotion, social protection, financial inclusion, and social empowerment.<sup>6</sup>

<sup>2</sup> K. Schelzig and P. Rawal. 2020. Testing the Graduation Approach in the Philippines. *ADB Briefs*. No. 132. Manila: ADB.

<sup>3</sup> K. Schelzig and A. Jilani. 2021. Assessing the Impact of the Graduation Approach in the Philippines. *ADB Briefs*. No. 169. Manila: ADB.

<sup>4</sup> Government of the Philippines, Department of Social Welfare and Development. 2023. *Memorandum Circular. No. 07: Revised Guidelines for the Comprehensive Implementation of the Sustainable Livelihood Program*. Manila.

<sup>5</sup> CommCare is a digital platform that facilitates real-time data collection and analysis, enabling adaptive project management and proactive problem-solving. Its user-friendly interface and case management features enable PDOs to note specific challenges that households are facing so that they can follow up. It also enables coaching prompts to help PDOs identify red flags and provide advice when needed. See BRAC. 2023. *Padayon SLP Turn Over Workshop PowerPoint Presentation*.

<sup>6</sup> The percentage of households that met the graduation criteria was calculated based on the data collected by project staff at the baseline and endline, and does not establish attribution to the project alone. Only 11 of the 13 graduation criteria were considered in the computation of the graduation rate. The excluded indicators were ability to avail of local assistance/support and resources in times of need (41%) and joint decision-making within the household (99%). Note that the four pillars and 11 criteria (with indicators and achievement rates) were as follows: (i) livelihood promotion, including increased monthly income (73%), income diversification (at least two sources, excluding cash transfers, 67%), and access to support services (accessed a service in at least four monitoring visits, 0.86%); (ii) social protection, comprising food security and nutrition (access to meals at least three times per day, 98% and dietary diversity in the last 3 days, 83%), health behaviors (proper waste disposal, 48% and use of treated drinking water, 99%), and disaster preparedness (practice at least two of the activities trained on, 99%); (iii) financial inclusion, such as savings (able to save at least ₱100 per month, 32%) and use of formal financial services (at least one active account in the household, 93%); and (iv) social empowerment, i.e., participation in community activities (attended at least one activity in the last 30 days, 86%). See ADB. 2023. *Strengthening Social Protection, Education, and Health Reforms Facility: Graduation from Poverty in the Philippines*. Consultant’s report. Manila (TA 9079-PHI).

The provision of seed capital, training, mentorship, access to livelihood support services, and diligent monitoring played significant roles in establishing thriving livelihoods capable of generating income and enhancing the economic resilience of households.

**Increased income from sustainable livelihoods.** The funds provided through the SLP microenterprise development track enabled participant households to start or grow an existing livelihood, increasing their source of monthly income. Each household was carefully matched with a suitable livelihood based on their geographic location, skills, resources, and preferences to ensure that participant households fulfilled the prerequisites to operate that livelihood successfully.<sup>7</sup> They were matched with selected livelihoods<sup>8</sup> identified through a rigorous market assessment that took into consideration important factors relevant to the households, such as profitability, ability to withstand different types of shocks, market demand, quick returns, availability and affordability of inputs, and gender considerations (e.g., care responsibilities, physical demands, and safety). This approach increased the likelihood of achieving success and maintaining sustainability as opposed to risking involvement in livelihoods that may have limited demand, lower profitability, feasibility challenges, or intense competition in their local market. Consequently, the provision of seed capital, training, mentorship, access to livelihood support services, and diligent monitoring played significant roles in establishing thriving livelihoods capable of generating income and enhancing the economic resilience of households.

Although only 32% (883)<sup>9</sup> of participant households exhibited regular savings, monitoring data indicated a positive shift in financial behaviors. The participants were utilizing their supplementary income for long-term investments such as their children's education and livelihoods. This observation implies that as households progress and experience an increase in income, they should be capable of augmenting their savings. Additionally, the participants showcased an enhanced understanding of and access to various formal financial services.

**Improved life skills and behaviors.** Participants showed positive change in key health-related outcomes such as food security (i.e., eating at least three meals per day), dietary diversity (i.e., eating a balanced diet as per Department of Health guidelines), and using safe drinking water. However, the most significant impact was on disaster preparedness and proper waste disposal. At the end of the project, 99% of the participants—compared to 53% at the baseline—reported practicing at least two activities that would better prepare them for disasters, such as keeping an emergency kit, having an evacuation plan, or being aware of the hotline for emergency services. Similarly, more participants practiced proper disposal of waste—48% compared to 13% at the baseline—also leading to a heightened sense of environmental conservation. Adoption of such positive life skills practices can enhance the resilience of households by reducing vulnerabilities, promoting well-being, and improving their capacity to cope with shocks and challenges.

### Promoting Resilient and Sustainable Livelihoods

Poor and vulnerable households face multiple constraints to achieving new income-generating opportunities such as lack of or limited education, skills, information, and networks, as well as access to finance, infrastructure, technology, and markets. They often engage in irregular, informal, low-income, and risky livelihood activities. Dependent on natural resources, they are also disproportionately vulnerable to climate-change-related risks. The different interventions of graduation programs can be tailored to address these challenges, build resilience, and help the poor adopt and sustain productive livelihoods. The *Padayon* SLP included specific measures to improve participant households' adaptive capacity and to promote resilient and sustainable livelihoods, including the following:

- (i) Since livestock rearing and farming are particularly vulnerable livelihoods to climate-change-related risks and were among the most popular selected,<sup>10</sup> the project facilitated participants' enrollment in the Registry System for Basic Sectors in Agriculture under the Department of Agriculture, a government-initiated registry of farmers and fishers that gives them access to insurance from the Philippine Crop Insurance Corporation (PCIC). As of the last round of monitoring in January 2023, 27% of participants engaged in crop- and livestock-based livelihoods had insured their crops or livestock with the PCIC.

<sup>7</sup> According to the consultant's report, 71% of the participants were matched with their first choice of livelihood, and 29% were matched with their second or third choice.

<sup>8</sup> Selected livelihoods included livestock raising (1,302), *sari-sari* (variety) store (454), farming (321), food service (234), processed fish or meat vending (134), general merchandise and clothing (126), fish/vegetable/fruit peddling (61), food processing (51), bakery (44), vegetable and fruit market vending (40), transport service (13), and internet shop and water refilling station (4). See ADB. 2023. *Strengthening Social Protection, Education, and Health Reforms Facility: Graduation from Poverty in the Philippines*. Consultant's report. Manila (TA 9079-PHI).

<sup>9</sup> Refers to households with savings in a formal financial institution or savings group; excludes households that save exclusively at home.

<sup>10</sup> Note that 46% of the project participants selected livestock rearing and 11% selected farming.

- (ii) The first few months—particularly the first few business cycles of a livelihood—are the most critical times for participants to learn and to establish smoothly running operations, especially among novices. Therefore, after training on specific livelihoods, trainers for livestock-based livelihoods provided follow-on support for the first 3 months to monitor the health and condition of the livestock, ensure delivery of required medication, and provide additional guidance on breeding techniques. This added support helped participants navigate the initial challenges while building their skills, knowledge, and self-confidence to manage their livelihood independently and be better prepared for future challenges.
- (iii) To sustain impacts beyond the duration of the project, linkages with various market actors and support services were facilitated (e.g., the Department of Agriculture’s Registry System for Basic Sectors in Agriculture and the Department of Labor and Employment) to ensure that locally available support services remain accessible to the participants and that they take advantage of them when needed.

### Strategies to Incorporate Lessons Learned

The *Padayon* SLP successfully demonstrated how the multifaceted interventions of the graduation approach can lead to positive impacts across multiple domains. This is aligned with past evidence that individual interventions within graduation programs do not produce the same level of sustained impacts in isolation that a program with integrated interventions can generate.<sup>11</sup> One of the objectives of the project was to find ways to enhance the current design and implementation of the SLP to serve poor and vulnerable

households—especially 4Ps beneficiaries—more effectively. Based on the success of the project, the SLP is committed to leveraging the lessons learned and integrating elements of the graduation approach into its programming. After the completion of the project, the SLP devised strategies to sustain its impacts and further strengthen its implementation process.

To sustain impacts, the SLP recruited monitoring PDOs, including some former *Padayon* SLP PDOs. These monitoring PDOs are responsible for monitoring the progress of project participants and providing them with necessary guidance and support until they have completed the 2-year incubation period in October 2024.<sup>12</sup>

The lessons learned, insights, and results from the *Padayon* SLP have already been considered in the revised SLP implementing guidelines.<sup>13</sup> The guidelines feature a 5-year sustainability plan detailing a sequenced handholding strategy inspired by the graduation approach that aims to develop and strengthen the capabilities of beneficiaries in sustaining their livelihoods and managing SLP associations. The SLP has also adopted and integrated various interventions from the *Padayon* SLP in its 5-year sustainability plan. Design features—such as localized market assessment; livelihood matching; technical training on agri-, food-, and livestock-based livelihoods; business management training; financial literacy training; regular livelihood monitoring; and intensive coaching and mentoring activities—are currently being integrated into manual, modules, and tools so that the SLP can provide greater support to poor and vulnerable households in tackling the multiple constraints that they face in pursuing resilient and sustainable livelihoods.<sup>14</sup>

<sup>11</sup> In Ghana, a savings-only program and an asset-only program had positive economic outcomes that lasted 2 years after the program. However, both programs failed to improve physical and mental health, political participation, and women’s empowerment in a sustainable manner compared to the full program. See B. Abhijit et al. 2018. Unpacking a Multi-Faceted Program to Build Sustainable Income for the Very Poor. *National Bureau of Economic Research (NBER) Working Papers*. No. 24271. Cambridge: NBER.

<sup>12</sup> The incubation period is the predetermined time after the project implementation stage or start of enterprise when the participants’ livelihood is under the observation and guidance of the SLP.

<sup>13</sup> Government of the Philippines, Department of Social Welfare and Development. 2023. *Memorandum Circular. No. 07: Revised Guidelines for the Comprehensive Implementation of the Sustainable Livelihood Program*. Manila.

<sup>14</sup> As of this writing, the SLP is yet to complete the development of all accompanying modules and tools following the enhancement of the guidelines.

## About the Asian Development Bank

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[pubsmarketing@adb.org](mailto:pubsmarketing@adb.org)

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Asian Development Bank  
6 ADB Avenue, Mandaluyong City  
1550 Metro Manila, Philippines  
[www.adb.org](http://www.adb.org)