



Technical Advisory Group (TAG)

Guideline for Budget

BY POVERTY ALLEVIATION
COALITION



Background and Purpose

The Technical Advisory Group (TAG) formed within the Poverty Alleviation Coalition (PAC) aims to set the minimum standards for program design, in forms of the country concept notes, for PAC partners. To that end, the group has developed and shared a guidance document with *minimum elements for PAC country concept notes*. This paper is an extension of that guidance document and outlines the key factors and major cost elements that need to be considered when budgeting for Graduation Programs.

Cost-effectiveness of Graduation programs

The cost of graduation programs varies by context. We have seen it as low as \$330 (India) per HHs and as high as \$2,604 (Peru) over the course of the 12-to-36-month program due to variances in staff salaries, cost of inputs, and population density etc. Nevertheless, multiple studies have shown that when considering the long-term household welfare and social benefits, the Return on Investment (ROI) for the graduation programmes are incredibly impressive.

Factors Affecting Graduation Programs

The cost of implementing Graduation in a given context is influenced by

Availability of existing services	Graduation participants should be linked with existing services such as social protection mechanisms and NGO programmes to avoid duplication by implementing partners.
Consumption/income support	It is often necessary to assist target households to meet their basic needs, including the supply of food, whilst they invest time in developing livelihood activities. This could be provided in cash or in-kind, or provided in a complementary intervention by another actor. Where provided, consumption/income support should be regular and predictable, allowing targeted households to plan and take measured risks in the pursuit of livelihood development. There are several ways in which the value of consumption/income support could be calculated. For example, it could be aligned with the value of a national social cash transfer programme, equivalent to the cost of a minimum expenditure basket (MEB) or defined based on national poverty line or daily labour rate. It is also important to consider the frequency and duration of support and/or whether the value will vary according to household size and adjust the budget accordingly. It is important to consult with UNHCR CBI colleagues in this decision, as UNHCR in many places operate significant cash transfers. Where possible, consumption support in cash should be distributed through delivery mechanisms that promote financial inclusion and link participants with the formal financial sector. In many countries, UNHCR has already set up a delivery system through financial service providers – this system should be used for the payment of consumption support.
Population density	In countries with high population density the targeting and coaching component can be implemented without significant costs incurred for staff travel between areas. In regions where households are farther apart, more resources are required.
Infrastructure	In areas where road networks are poor and the terrain is difficult to navigate, frontline staff require a high transportation allowance to facilitate household visits.
Cost of labour	Since Graduation is a program that requires intensive staff input, cost of labour plays a significant role in determining the overall cost per household.
Capital/Asset transfer	Capital/asset transfers are intended to enable targeted households to kick start a new or expand an existing economic activity and can be provided in cash or in-kind. The choice of modality (cash or in-kind) and value of transfer will be determined by what productive assets required as well as market availability. Assets provided in-kind will have different implications in terms of logistics (procurement, distribution) for the programme. It is always necessary to carefully consider the assets options so a balance can be reached between the size of the budget and the overall goals and aspirations of the project.
Market access	Where market infrastructure is limited, productive assets may need to be brought in from elsewhere. Additional resources have to be allocated to link to value chains, markets, and business support services to increase the viability of livelihood

Major Cost Elements



Community based targeting

This could involve developing training and operations manual, training of staff etc. and undertaking the activities that are required to select the most appropriate households. Budget considerations will need to be made around the staffing of key positions, conducting focus group discussions (FGDs) and participatory design workshops with stakeholders, consultant's fees, PRA and HH survey costs etc. Major factors that affect these costs are - staff requirements for conducting assessment activities; number and size of regions/districts to cover; targeting methodology; number of HHs to target; and population density etc



Staffing

Graduation programming requires heavy investment in staffing as coaching and mentoring is a high-touch, cross-cutting intervention delivered by the front-end staff throughout the program. Caseloads (number of HHs each staff supports) determines the number of front-end staff required for a project. Depending on roles and responsibilities, population density, transportation infrastructure and size of program area, caseloads can vary (previous examples have ranged between 30 to 120). Staffing costs should include salaries and fringe benefits of front-end staff, as well as supervisory structures - managerial and technical positions such as area/zonal managers, livelihood specialists, M&E officers, project managers etc. There are different models of coaching and mentoring available e.g. full-time staff, coordinating with existing extension services, volunteers etc. and each have different cost implications as well as impact on programme sustainability. It is worth considering different models when designing and budgeting programmes



Assessment and Preparatory cost

Assessments are important for Graduation programming to inform the design, especially when implementing in a new region or with a new type of population. The main kinds of assessments typically used for Graduation programming are vulnerability and poverty mapping, Gender Equality and Social Inclusion (GESI) analysis, localized market assessments, and stakeholder mapping



Set up costs

Budgets should include costs for setting up new offices where necessary. Costs of reasonable accommodation to ensure disability inclusion need to be considered.



Training of staff & participants

Graduation programs typically provide participants with various training including orientation, life-skills training, livelihoods technical training, business skills training, financial literacy training, social protection, and confidence building. . Costs vary based on how training is delivered (direct or through a training of trainer approach) and by whom (formal training provider, extension service, agency staff etc.). Factors to consider include the size of groups receiving training, training venue requirements, facilitator fees including, where relevant module development/adaptation). There are different approaches to training available and each will have different cost implications. It is worth considering different approaches when designing and budgeting programmes and, where possible utilising existing training structures and adapting materials rather than setting up parallel systems.



Direct support costs

Direct support costs depend on the programme design and the amount and frequency of the support each participant or households receive throughout the program. Direct supports to graduation participants could include:

- Social Protection – in-kind or cash stipend for food, health aid, linkage to services (see Consumption Support above)
- Livelihood – in forms of technical, vocational or business skills training, linkages to employers, capital or asset transfers, and any other inputs for managing assets that have been transferred (see above) or businesses (i.e. animal sheds, fodder, vaccines) etc.
- Financial Literacy – starter kits for savings group (i.e. lockbox, booklets), matched savings

Social empowerment – formation of or linkage to community led support groups



Monitoring, Evaluation, Research and Learning (MERL) costs

Key decisions that can significantly impact MERL budgets are – incorporation of digital monitoring systems, external evaluation, and randomized studies



Others

Budgets should also account for administrative costs, office expenses, partnership & grants management, overheads and other indirect costs as per organization's policies.

Annex

Sample graduation budget template

TOTAL PROJECT BUDGET		Cost						Total Project Budget
		Planning 6 months	Y1	Y2	Y3	Unit Type	Unit	Total Cost in USD
	ASSESSMENT COSTS							
	PROGRAMME COSTS							
	Preparatory costs							
	Cluster technical coordinators / programme officers conduct market assessment							
1.0	PARTICIPANT TARGETING							
1.1	Community Targeting Session							
	Participant Travel and Meals							
	Facilitator Travel and Meals							
	Programme Officer Travel and Meals							
	Materials and Supplies							
1.2	Household Surveys							
	Facilitator Travel and Meals							
	Programme Officer Travel and Meals							
	Materials and Supplies (handouts, flipcharts, etc.)							
	Printing (surveys for estimated eligible HHHs)							
2.0	PARTICIPANT TRAINING							
2.1	Introductory Training (includes Graduation overview, technical training, financial planning, and working with stakeholders)							
	Participant Travel and Meals							
	Materials and Supplies							
	Printing (training booklets)							
2.2	Refresher Technical Training							
	Participant Travel and Meals							
	Materials and Supplies							
	Printing (reuse training booklets)							
2.3	Confidence-Building and Exit Training							
	Participant Travel and Meals							
	Participant Travel							
	Materials and Supplies							
	Printing (training booklets)							
3.0	PARTICIPANT DIRECT SUPPORT							
	Consumption Stipend							

	Asset Transfer (cost of delivery, staff travel, information book to track asset growth)							
	Savings Group Starter Kit (lockbox, savings books, etc.)							
	Kitchen Garden							
	OPERATIONS COSTS							
4.0	STAFF SALARY (including fringe and inflation)							
4.1	Facilitators/Programme officers/volunteers							
	Travel allowance							
	Phone credit							
	Bicycles (in contexts where HH density is too low)							
4.2	Programme Management (Programme Manager, Area Programme Manager)							
4.3	Monitoring Staff							
4.4	Administrative Staff (e.g. accountant)							
5.0	STAFF TRAINING							
5.1	Targeting Training Workshop							
	Staff Travel and Meals							
	Materials and Supplies (handouts, flipcharts, etc.)							
	Printing (training manuals)							
	Space Rental							
5.2	Programme Implementation Training Workshop							
	Staff Travel and Meals							
	Materials and Supplies (handouts, flipcharts, etc.)							
	Printing (training manuals)							
	Space Rental							
	Provision of childcare if necessary							
5.3	Programme Implementation Refresher Training Workshop							
	Staff Travel and Meals							
	Materials and Supplies (handouts, flipcharts, etc.)							
	Printing (training manuals)							
	Space Rental							
	Provision of childcare if necessary							
6.0	OFFICE EXPENSES							
	Office Rent and Utilities							
	Internet and Telephone							
	Printing and Stationary							
	General Incidental Expenses and Maintenance							
7.0	OFFICE EQUIPMENT							
	Computers and related equipment (printer, scanner)							
	Vehicles							

	Motorbikes/bicycles (for Facilitators depending on context)							
	Furniture & Fixtures							
8.0	KNOWLEDGE DEVELOPMENT & DISSEMINATION							
	Knowledge Product Design (Consultancy)							
	International Conference Presentation on Pilot							
	Subtotal: Knowledge Development and Dissemination							
9.0	Quality Assurance							
	Baseline and Endline Assessment							
	Operations Research							
10.0	Overhead							