A Randomized Controlled Trial of Small Cash Transfers and Alumni Support within a Graduation-type Intervention in the Philippines

Study Overview & Key Findings

This randomized controlled trial assessed the impact of providing a small individual cash transfer of USD 20 in addition to International Care Ministries' *Transform* program. The RCT also examined the effect of a supplementary 8-week *Alumni* program for both treatment arms, where additional grants of approximately USD 17.5 per participant were disbursed. The study compared three arms: a *Control* arm (no intervention), a *Transform + Alumni* arm, and a *Transform with Grant + Alumni* arm, measuring impacts on household economic well-being, including income, consumption, savings, and food security.

Key Findings:

- **No statistically significant improvements in income or consumption** were detected in either the *Transform + Alumni* or *Transform with Grant + Alumni* arms relative to the *Control* group.
- **Sustained treatment effects on having savings and savings group participation** for the *Transform + Alumni* and *Transform with Grant + Alumni* arms at both the 9-month and 28-month follow-ups.
- **Financial incentives improved household savings amounts**, with the *Transform with Grant + Alumni* arm showing a significant increase in total household savings and amount saved in the last seven days.
- Key mechanisms identified in previous *Transform* studies, namely **Social Capital, Grit, and Hope, showed no significant changes** across treatment arms.

Introduction

The development sector has utilized various approaches to address poverty, including microfinance and conditional and unconditional cash transfers (United Nations, 2009), yet these interventions often lack comprehensive scope. The Graduation approach offers a holistic poverty reduction strategy, typically spanning two years and combining training, coaching, and large capital transfers. Studies have demonstrated its significant positive effects on income, consumption, and psychological outcomes, with sustained impacts seven to eight years post-intervention (Banerjee et al., 2015, 2017).

Several organizations have adapted the Graduation model with modifications to address contextual needs while preserving core elements. Village Enterprise condensed the traditional model to one year with small group cash transfers of USD 45 per individual, achieving a 4% increase in household consumption, an increase in productive cash inflows, and improvements in psychological outlook (Sedlmayr et al., 2020). In Ghana, Innovations for Poverty Action (IPA) and Presbyterian Agriculture Services (PAS) implemented a program with consumption support of at least USD 30 per month[1], generating significant increases in expenditures (11%) and food consumption (12%) (Innovations for Poverty Action, 2014; Banerjee et al., 2018). A Nicaraguan study compared interventions, including a USD 200 productive investment grant program, which outperformed standard Conditional Cash Transfer and vocational training approaches in economic outcomes and resilience (Marcours et al., 2012). While transfer-based approaches have proven effective in many low-income countries, evidence in the Philippine context remained limited until the 2020 BRAC pilot program, which showed positive impacts on consumption, food security, productive assets ownership, and financial management, with 69% of participants repaying all or part of their debt (Schelzig & Jilani, 2020). These integrated approaches align with International Care Ministries' (ICM) existing initiatives.

---

[1] Households in the treatment group were given a weekly cash stipend of USD 6 to USD 9 depending on the household size. This lasted throughout the duration of a lean season which extended to 14 months.

However, many require substantial grants (at least USD 24[2] per household and USD 300 worth of assets) in addition to government cash transfers, highlighting the need for more cost-effective alternatives.

ICM focuses on empowering families living in extreme poverty or families living with less than USD 2.15[3] per person per day. Through its primary program, *Transform*, ICM seeks to provide a low-cost, scalable poverty alleviation program that maximizes impact on poverty reduction. Continuous program evaluation is central to ICM's strategy, ensuring ongoing innovations and lasting impact.

Since conducting two Randomized Controlled Trials (RCTs) with IPA in 2014 and 2016, ICM has refined *Transform's* design to better serve households in extreme poverty. Building on encouraging results from Graduation studies and previous work with IPA (Bryan et al., 2020), this RCT aims to evaluate whether *Transform*, which shares fundamental components with the Graduation approach but at a lower cost, offers a more effective poverty alleviation strategy, and whether integrating small capital cash transfers meaningfully enhances these outcomes.

Study Objectives

The study aims to evaluate the impact of the *Transform* program, a 4-month multifaceted poverty alleviation program, on improving the material and subjective well-being of households living in extreme poverty in the Philippines. Drawing on elements from the Graduation Approach, this RCT explores: 1) the effectiveness of *Transform's* **low-cost health and livelihood education compared to no intervention**; 2) the added value of **integrating small cash grants (USD 20 per participant)** into the core program—the smallest grant amount utilized in such integrated programs (Partnership for Economic Inclusion, 2020); and 3) the feasibility of **implementing a sustainable and cost-effective integrated program** while maintaining impact levels comparable to more expensive counterparts.

Additionally, the study examines the impact of an *Alumni* follow-up program introduced one year after completing the *Transform* program. This 8-week program, which includes two additional grant infusions for attendees (up to USD 17.5 per participant), explores: the sustained effects of the core intervention; the added value of follow-up health and livelihood lessons; and the impact of providing supplemental support of higher-value grants to both participants who received the initial grant during *Transform* and those who only participated in the program but did not receive the initial grant.

Program Description

With approximately 2.99 million poor families in the Philippines (Philippine Statistics Authority, 2024), ICM developed *Transform*, a 15-week multifaceted poverty alleviation program targeting households in extreme poverty. Working through local religious leaders to recruit 30 of the poorest households per community, *Transform* delivers weekly 1-hour health and livelihood training that includes low-capital microenterprise management (*Business-in-a-Box or BIB*), container garden kits for food security (*Garden-in-a-Box*)

To enhance socio-economic outcomes, a USD 20 individual grant was introduced to half of the communities randomly assigned to the *Transform with Grant + Alumni arm*. To qualify, participants in grant communities should: (1) attend 10 of the first 13 weekly sessions; (2) join a savings group; (3) repay their BIB capital by week 13; and (4) submit a business plan by week 16. These qualifications were designed to encourage program completion. A total of 4,662 participants graduated from *Transform* across both intervention arms.

---

[2] Value was retrieved using the 2016 USD numbers Sedlmayr et. al.

[3] Based on a recent update by the World Bank, global poverty lines shift purchasing power parity from $2.15 to $3 per person per day. However, at the time of study implementation, the global poverty line was still at $2.15 per person per day.

A year after *Transform*, ICM launched an 8-week *Alumni* follow-up program for all participants, including those who did not complete the initial program. This initiative strengthened savings groups while introducing three strategic grants: a USD 10 individual grant in week 7 (contingent on savings group membership and program attendance), a USD 30 savings group grant awarded simultaneously (requiring 15 active members, with a USD 20 bonus for 25 active members), and a final USD 80 savings group grant four months later (requiring 15 active members, with a USD 20 bonus contingent on having 25 active members, group business operations, and 2 out of 3 savings group network attendance). The *Alumni* program aimed to sustain participant engagement and measure long-term impact.

Methods

This cluster RCT, delayed by COVID-19 restrictions, commenced in January 2022 across 393 communities in eight of ICM's Philippine bases.[4] Communities were randomly assigned to: 1) **Control** with no intervention[5], 2) **Transform + Alumni** with the standard *Transform* program and *Alumni* intervention, and 3) **Transform with Grant + Alumni**, including the *Transform* program, a USD 20 individual grant, and an *Alumni* program. The Global Innovation Fund-supported study received ethics approval from both IPA's Philippine Community Advisory Board and IPA's Internal Review Board (IPA IRB Protocol #: 15058) in March 2022.

Study Participants
Thirty of the poorest households in each community were identified using ICM's standard selection criteria based on poverty indicators including monthly household income, housing conditions, and standard of living. Local ICM staff supervised the selection process, and all participants provided informed consent.

After finalizing community applications, IPA randomized blinded communities, clustered by branch, before data collection. Participant-level data were collected from two primary sources: 1) **Operational Data** tracking weekly attendance, savings group membership, business plan submissions, and cash grant distributions; and 2) **Survey Data** from enumerator-administered interviews. The study used a phased implementation approach due to COVID-19 constraints, with half the communities starting in February 2022 and half in March 2022. Survey data collection comprised three waves: baseline surveys before intervention, a 9-month follow-up (November 2022-January 2023) evaluating short-term program impacts, and a 28-month follow-up (June-August 2024) assessing long-term effects including the *Alumni* program.

To address potential attrition, ICM implemented a 'pre-replacement' process during baseline collection, replacing participants who opted out before intervention began. In areas with frequent participant changes, participant lists for the 9-month follow-up were updated by removing dropouts after baseline.

---

[4] ICM organizes its operations through regional bases, each overseeing program implementation in a specific geographical area or province.
[5] *Control* pastors were compensated with a gratuity of USD 100 for their study participation and were encouraged to run a different iteration of the program in other communities for future batches.

International
Care
Ministries
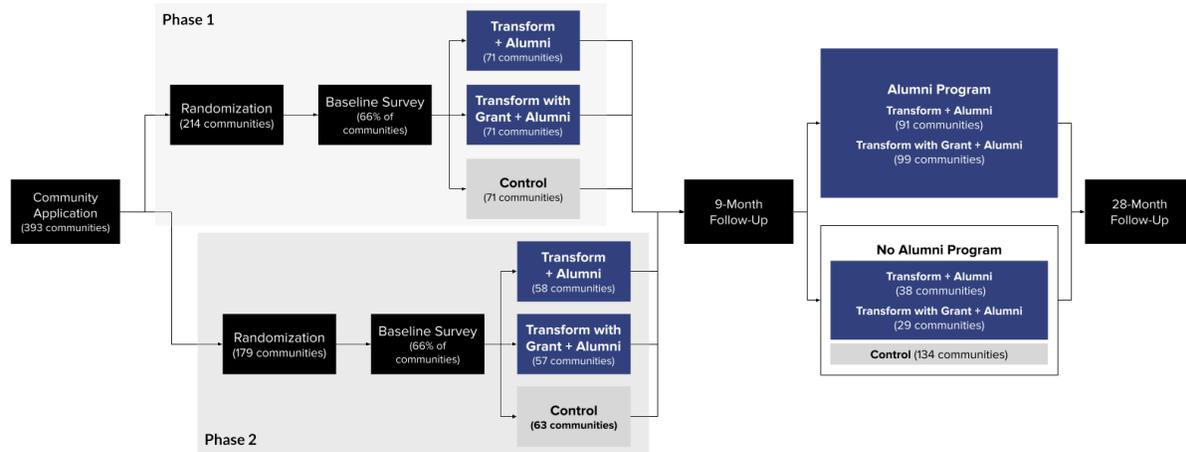
Statistical Methods & Analysis Overview

The study evaluated the impact of the *Transform* program, USD 20 cash grant, and supplemental *Alumni* program, on four primary outcomes: 1) Household income, 2) Household consumption, 3) Household Savings, and 4) Food Security. Secondary analysis was conducted to measure impact on financial inclusion, and mechanisms including access to social safety nets and livelihood aspirations and self-efficacy. Survey data were analyzed using fixed effects regression models with standard errors clustered at the unit of randomization, the community level, to account for the cluster randomization design.

To enhance statistical precision, each regression model controls for the outcome values at baseline and adjusts for ICM's branch-level administrative structure, which was used as the stratification factor during the randomization process. All analyses were performed in R (Version 2023.03.0+386).
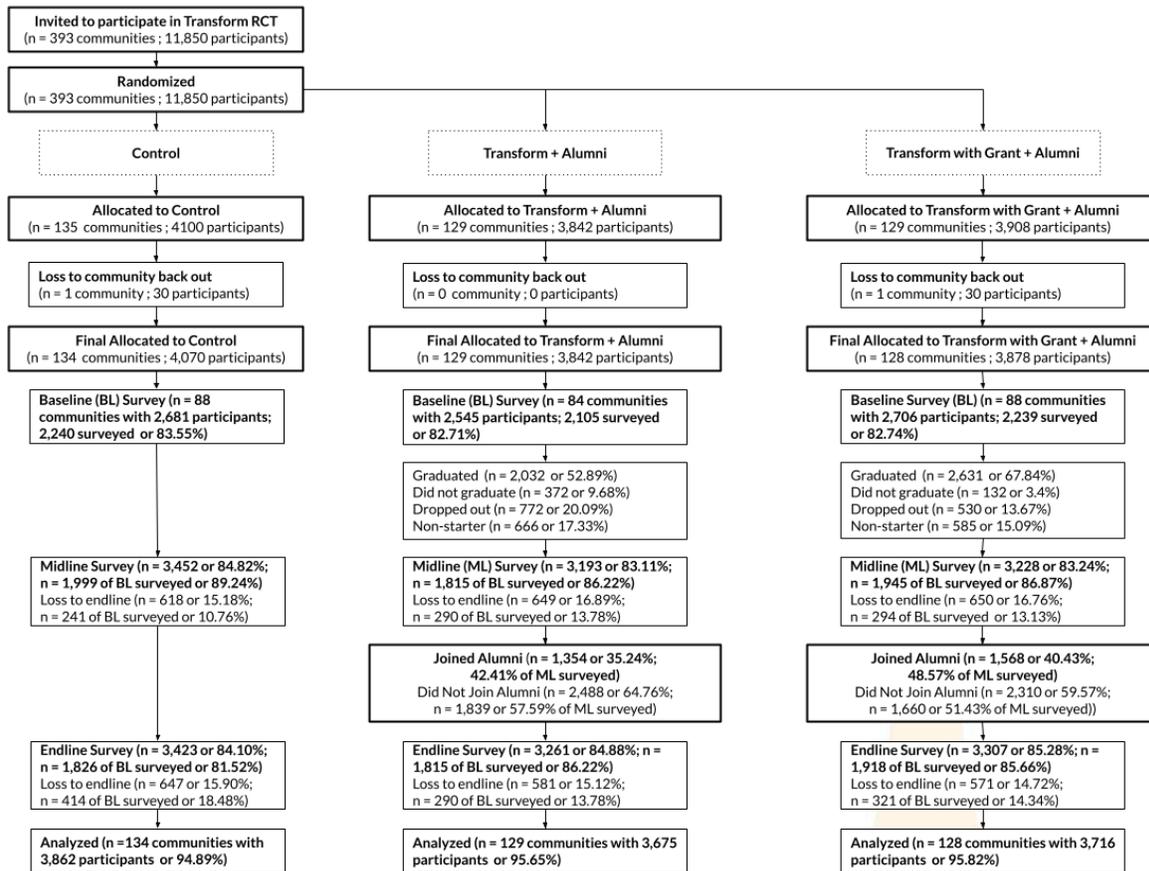
Results

Participant Flowchart

The study randomized 393 communities, comprising 11,850 participants, to one of three groups: 1) *Control* (135 communities, 4,100 participants), 2) *Transform + Alumni* (129 communities, 3,842 participants), or 3) *Transform with Grant + Alumni* (129 communities, 3,908 participants). Two Koronadal communities (one Control and one *Transform with Grant + Alumni*) were removed due to accessibility issues, resulting in a final target sample of 11,790 participants from 391 communities.

Due to time constraints, only 66% of communities (260) were randomly selected for baseline surveys, with 6,584 participants (56%) successfully surveyed. Enumerators attempted to survey all participants during follow-ups, reaching 9,873 (84%) at 9-month and 9,991 (84.74%) at 28-month follow-up. Attrition rates were 16% and 15.26% at respective follow-ups, attributed to dropouts, unavailability, and refusals to be surveyed. Only 44.05% of participants (5,194) completed all three survey rounds.

Before intervention, additional community reassignments occurred: a *Control* community from Iloilo dropped out after baseline and was replaced by a *Transform with Grant + Alumni* community, while one *Control* community each from Kalibo and Koronadal were reassigned to *Transform with Grant + Alumni* and *Transform + Alumni*, respectively, due to capacity considerations.

International Care Ministries

```
┌─────────────────────────────────────────┐
│ Invited to participate in Transform RCT   │
│ (n = 393 communities ; 11,850 participants)│
└─────────────────────────────────────────┘
              │
┌─────────────────────────────────────────┐
│ Randomized                                │
│ (n = 393 communities ; 11,850 participants)│
└─────────────────────────────────────────┘
```

	Control	Transform + Alumni	Transform with Grant + Alumni
Allocated	Allocated to Control (n = 135 communities ; 4100 participants)	Allocated to Transform + Alumni (n = 129 communities ; 3,842 participants)	Allocated to Transform with Grant + Alumni (n = 129 communities ; 3,908 participants)
Loss to community back out	(n = 1 community ; 30 participants)	(n = 0 community ; 0 participants)	(n = 1 community ; 30 participants)
Final Allocated	Final Allocated to Control (n = 134 communities ; 4,070 participants)	Final Allocated to Transform + Alumni (n = 129 communities ; 3,842 participants)	Final Allocated to Transform with Grant + Alumni (n = 128 communities ; 3,878 participants)
Baseline (BL) Survey	Baseline (BL) Survey (n = 88 communities with 2,681 participants; 2,240 surveyed or 83.55%)	Baseline (BL) Survey (n = 84 communities with 2,545 participants; 2,105 surveyed or 82.71%)	Baseline Survey (BL) (n = 88 communities with 2,706 participants; 2,239 surveyed or 82.74%)
Graduation status		Graduated (n = 2,032 or 52.89%) Did not graduate (n = 372 or 9.68%) Dropped out (n = 772 or 20.09%) Non-starter (n = 666 or 17.33%)	Graduated (n = 2,631 or 67.84%) Did not graduate (n = 132 or 3.4%) Dropped out (n = 530 or 13.67%) Non-starter (n = 585 or 15.09%)
Midline (ML) Survey	Midline Survey (n = 3,452 or 84.82%; n = 1,999 of BL surveyed or 89.24%) Loss to endline (n = 618 or 15.18%; n = 241 of BL surveyed or 10.76%)	Midline (ML) Survey (n = 3,193 or 83.11%; n = 1,815 of BL surveyed or 86.22%) Loss to endline (n = 649 or 16.89%; n = 290 of BL surveyed or 13.78%)	Midline (ML) Survey (n = 3,228 or 83.24%; n = 1,945 of BL surveyed or 86.87%) Loss to endline (n = 650 or 16.76%; n = 294 of BL surveyed or 13.13%)
Alumni status		Joined Alumni (n = 1,354 or 35.24%; 42.41% of ML surveyed) Did Not Join Alumni (n = 2,488 or 64.76%; n = 1,839 or 57.59% of ML surveyed)	Joined Alumni (n = 1,568 or 40.43%; 48.57% of ML surveyed) Did Not Join Alumni (n = 2,310 or 59.57%; n = 1,660 or 51.43% of ML surveyed))
Endline Survey	Endline Survey (n = 3,423 or 84.10%; n = 1,826 of BL surveyed or 81.52%) Loss to endline (n = 647 or 15.90%; n = 414 of BL surveyed or 18.48%)	Endline Survey (n = 3,261 or 84.88%; n = 1,815 of BL surveyed or 86.22%) Loss to endline (n = 581 or 15.12%; n = 290 of BL surveyed or 13.78%)	Endline Survey (n = 3,307 or 85.28%; n = 1,918 of BL surveyed or 85.66%) Loss to endline (n = 571 or 14.72%; n = 321 of BL surveyed or 14.34%)
Analyzed	Analyzed (n =134 communities with 3,862 participants or 94.89%)	Analyzed (n = 129 communities with 3,675 participants or 95.65%)	Analyzed (n = 128 communities with 3,716 participants or 95.82%)

Baseline Summary Statistics

Table 1.1 presents the demographic characteristics of baseline survey respondents. The cohort of respondents surveyed is predominantly women (90%). The average age of participants is approximately 40 years old, with most being married and one-quarter having completed at least high school education or higher. Importantly, the data indicate that key demographic factors, such as gender, age, marital status, educational attainment, and household size are well-balanced between the *Control* and *Treatment* arms.

Table 1.1 *Respondents' Baseline Characteristics*

	Control N = 2,240[1]	Transform + Alumni N = 2,105[1]	Transform with Grant + Alumni N = 2,239[1]	p-value[2]
Gender				0.62
Male	10%	10%	12%	
Female	90%	90%	88%	
Age	40 (15)	40 (15)	41 (23)	0.20
Married	60%	62%	61%	0.50
Elementary Graduate				
High School Graduate	26%	25%	26%	0.84
College Graduate	4.60%	3.70%	3.60%	0.19

Household Size	5 (2)	5 (2)	5 (2)	0.40

[1] %; Mean (SD)

[2] Pearson's Chi-squared test; F-Test

The table below summarizes the baseline economic characteristics of the study households. Over 50% of households fall within the extreme poverty group, defined as living on 30 PhP to 125 PhP per person per day, which aligns with the World Bank's threshold for extreme poverty (less than USD 2.15 per person per day). Poverty groups are balanced across the *Control* and *Treatment* arms. No significant imbalances were observed in the primary economic outcomes of the study, including income, consumption, and savings.

Table 1.2 Baseline Economic Characteristics

	Control N = 2,240[1]	Transform + Alumni N = 2,105[1]	Transform with Grant + Alumni N = 2,239[1]	p-value[2]
Poverty Group[3]				
Ultrapoor	39%	39%	39%	0.91
Extreme poor	56%	55%	56%	0.66
Income per person per day	49 (48)	52 (81)	50 (47)	0.46
Total HH income in the last 30 days[4]	6,123 (5,323)	6,112 (5,343)	6,237 (5,389)	0.85
Total HH labor income in the last 30 days[4]	5,033 (4,813)	4,878 (4,648)	5,072 (4,873)	0.79
Total monthly consumption[4]	7,032 (4,214)	7,074 (4,263)	7,111 (4,385)	0.81
Household has any savings	21%	21%	23%	0.68
Total household savings[5]	442 (2,130)	415 (1,782)	429 (1,620)	0.76
Amount household saved in the past 7 days[5]	301 (589)	273 (521)	354 (855)	0.77
Has borrowed money in the last 4 months for household expenses	26%	24%	23%	0.30

[1] %; Mean (SD)

[2] Pearson's Chi-squared test; F-Test

[3] Poverty classification: Ultrapoor ($0.50/person/day); Extreme poor (below $2.15/person/day, global poverty line during the RCT)

[4] Winsorized values. Outliers beyond the 99th percentile were replaced with the 99th percentile value

[5] Households without savings were encoded to 0

Regression Results

This section summarizes treatment effects observed at two key time points: the **9-month follow-up and the 28-month follow-up**. Each follow-up was designed to capture the timing and effects of various components of the *Transform* and *Alumni* programs, including the associated cash transfers. The **9-month follow-up survey** was conducted four months after the *Transform* program and USD 20 individual grant distribution, and captures the effects of the core *Transform* program and the initial cash transfer on participants' outcomes. The **28-month follow-up** was conducted eight months after the first two *Alumni* grants were disbursed, 3 months after the final *Alumni* grant, and 23 months after the initial *Transform* program ended. This survey assesses the sustained effects of the *Transform* program and initial grant, as well as the additional impact of the supplemental *Alumni* program and subsequent *Alumni* grants, which provided up to USD 17.5 per participant.

Treatment effects were estimated using regression models, with standard errors clustered at the community level and ICM branch fixed effects to align with the study's randomization structure. All analyses incorporated each respective outcome variable's baseline values as a covariate and included statistical adjustments to account for missing baseline data. For continuous outcomes, regression coefficients are

displayed with their standard errors in parentheses, while binary outcome results were converted to probability estimates for easier interpretation, with their 95% confidence intervals in parentheses.

Economic Indicators
Table 2 presents results on primary outcomes: household income, consumption, savings, and food security.

Income
No statistically significant income effects were detected for either intervention arm. At the 9-month mark, *Transform + Alumni* households earned slightly less than *Control* households, while *Transform with Grant + Alumni* households earned slightly more, though neither result was statistically significant. The lack of income effects observed at Month 9 persists into Month 28, suggesting that the *Transform* program did not lead to substantial changes in household income, regardless of the addition of the initial USD 20 grant (as seen in the Month 9 results) and the following the additional Alumni grants at Month 28.

This finding is further supported when comparing only the intervention arms to determine whether adding grants improved income results beyond the standard *Transform* program (Table 3, Columns 1–2). Despite exhibiting positive coefficients, the *Transform with Grant + Alumni* failed to demonstrate statistically significant income effects compared to the *Transform + Alumni* at both follow-up periods. This pattern indicates that microfinance grant supplementation did not generate the anticipated income improvements among participants. Furthermore, neither intervention arm demonstrated significant effects on total labor income compared to the *Control* group across both assessment periods (Table 2, Columns 3–4).

Consumption
Monthly household consumption similarly showed no significant effects (Table 2, Columns 5–6). *Transform + Alumni* households consistently reported lower consumption compared to *Control,* while the *Transform with Grant + Alumni* households consistently exhibited higher consumption levels. However, these differences did not reach statistical significance, suggesting no consumption effects for either intervention arm at both assessment periods.

To further evaluate the impact of grants, additional analysis compared only the intervention arms against each other. Results showed that adding small grants to the *Transform* program did not significantly increase household consumption levels compared to the *Transform + Alumni* arm (Table 3, Columns 3–4).

Savings
Unlike income and consumption, both interventions produced substantial effects on savings behaviors. Table 2, Columns 7–16, summarizes results across multiple savings dimensions: likelihood of having any savings, amounts saved (both in the last 7 days and in total), and savings group participation.

By Month 9, the probability of having savings was 18.2% for *Transform + Alumni* and 25.8% for *Transform with Grant + Alumni*, compared to 11.7% among *Control* households. These differences are statistically significant, with 95% confidence intervals that do not overlap with the *Control* group (14–22.7% and 21–31.2%, respectively). These effects persisted through Month 28. In terms of savings amounts, the *Transform with Grant + Alumni* households saved PhP 100 more in total and PhP 10 more in the last 7 days than *Control* at Month 9, both statistically significant increases continued into Month 28. However, no statistically significant savings effects were found for *Transform + Alumni* households at either follow-up.

Furthermore, both intervention arms had statistically significant effects on savings group participation rates across both follow-ups. *Transform + Alumni* households were 22.6 and 8.9 percentage points more likely to be in a savings group at Month 9 and Month 28, respectively. *Transform with Grant + Alumni* likewise increased participation rates by 33 and 14.8 percentage points at the first and second follow-up. When comparing between both intervention arms, the grant arm had a statistically significant 13.2 percentage

point increase in the likelihood of ICM savings group participation compared to the *Transform + Alumni* arm.[6] However, this difference was no longer statistically significant by Month 28.

Food Security

Food security was measured using the FAO-VoH's Food Insecurity Experience Scale (FIES), which captures households' difficulty accessing food resources in the last month (Food and Agriculture Organization of the United Nations. n.d.). Table 2, columns 17–18 presents the FIES results, with higher scores indicating greater food security.[7] *Control* households had an average score of 3 at either follow-up. Both *Transform* arms showed slightly lower food insecurity levels across both follow-ups, suggesting improved access to food, but these differences were not statistically significant.

---

[6] The ICM savings group regression excluded the Control group and instead, compared the Transform with Grant + Alumni arm against the Transform + Alumni arm. This is to avoid convergence issues as most, if not all, of the Control participants – not having been exposed to ICM interventions – were naturally not ICM savings group members.
[7] FIES scores sum "Yes" (1) and "No" (0) responses of eight questions on: worrying about food, access to nutritious food, dietary diversity, skipping meals, eating less, running out of food, going hungry, and not eating for a whole day. The final score ranges from 0 to 8, with higher scores signifying greater food insecurity.

Table 2 *Primary Economic Outcomes*

	Monthly Total Household Income		Monthly Labor Income Only		Monthly Consumption (PHP)		Total Household Savings		Household Savings in the Last Seven Days	
	Month 9 (1)	Month 28 (2)	Month 9 (3)	Month 28 (4)	Month 9 (5)	Month 28 (6)	Month 9 (7)	Month 28 (8)	Month 9 (9)	Month 28 (10)
Transform Only	-50.4 (165.85)	184.52 (181.74)	-6.59 (151.7)	181.32 (165.92)	81.96 (131.99)	3.05 (133.66)	42.13 (26.34)	37.11 (29.72)	1.66 (2.29)	2.44 (2.24)
Transform with Grant	20.5 (158.32)	185.72 (180.86)	29.87 (145.2)	194.17 (169.79)	165.9 (130)	66.4 (129.12)	96.91*** (26.78)	148*** (34.6)	9.53*** (2.67)	9.04*** (2.23)
Control Mean	6712	7886	5596	6586	7187	7667	167	224	18	19
# of Observations	9873	9991	9873	9991	9873	9991	9489	9515	9720	9806

† <.10, * p < 0.05, ** p < 0.01, *** p < 0.001. Fixed effects model. SE clustered at the community level with baseline control and missingness adjustment.
Winsorized top 2% outliers with the cut-off values. Figures are reported in Philippine Peso.

Table 2 *Primary Economic Outcomes (continued)*

	Probability of having savings		Probability of belonging to a Savings Group		Probability of belonging to an ICM Savings Group		Food Security Index	
	Month 9 (11)	Month 28 (12)	Month 9 (13)	Month 28 (14)	Month 9 (15)	Month 28 (16)	Month 9 (17)	Month 28 (18)
Transform Only	18.3%*** (15% - 22%)	8%** (6% - 10%)	50.9%*** (46% - 56%)	17.7%*** (14% - 21%)	62.8%	72.1%	-0.11 (0.1)	-0.08 (0.08)
Transform with Grant	26%*** (22% - 31%)	12.3%*** (10% - 15%)	61.2%*** (56% - 66%)	24%*** (20% - 28%)	76.7%*** (71% - 82%)	76.7% (69% - 83%)	-0.09 (0.1)	-0.15† (0.08)
Control	11.4%	5.5%	28.1%	8.8%			3	3
# of Observations	9857	9968	9873	9991	3107	2499	9745	9864

† p < .10, * p < 0.05, ** p < 0.01, *** p < 0.001.
Fixed effects model. SE clustered at the community level with baseline control and missingness adjustment.

Table 3 *Comparison of Household Income and Consumption Between Treatment Groups*

	Monthly Total Household Income		Monthly Total Household Consumption	
	Month 9 (1)	Month 28 (2)	Month 9 (3)	Month 28 (4)
Transform with Grant	115.39 (167.09)	113.85 (172.39)	54.73 (172.22)	-9.05 (199.19)
Transform Only	7314	7758	6618	8056
# of Observations	6421	6568	6421	6568

† p < .10, * p < 0.05, ** p < 0.01, *** p < 0.001.
Fixed effects model. SE clustered at the community level with baseline control and missingness adjustment.
Winsorized top 2% outliers with the cut-off values. Figures are reported in Philippine Peso.

Table 4 *Secondary Outcomes*

	Probability of ownership of a formal bank or financial institution account		Access to bank, remittance, mobile money services	
	Month 9 (1)	Month 28 (2)	Month 9 (3)	Month 28 (4)
Transform Only	3.3% (2% - 4%)	0.6% (0% - 1%)	50.8% (46% - 56%)	34% (30% - 38%)
Transform with Grant	3.6%† (3% - 5%)	0.5% (0% - 1%)	54% (49% - 59%)	37.9%† (34% - 42%)
Control	2.8%	0.5%	53.3%	34.4%
# of Observations	9817	9917	9614	9716

† p < .10, * p < 0.05, ** p < 0.01, *** p < 0.001.
Fixed effects model. SE clustered at the community level with baseline control and missingness adjustment.

Financial Inclusion

Table 4 summarizes the results on financial inclusion, including formal bank account ownership and access to financial services (bank, remittance, and mobile money). Neither intervention group showed statistically significant improvements in these areas at either follow-up compared to the *Control* group.

Mechanisms: Social Capital and Psychosocial Indicators

Table 5 summarizes the analysis results on access to social safety nets, grit, and livelihood aspirations. Social protection was measured using an internally constructed social safety net index, comprising questions on participants' access to emergency funds outside their immediate household and close relatives. Following Kling, Liebman, and Katz (2007), the index was constructed by standardizing components against the *Control* group, and re-standardizing the combined sum relative to *Control*. Duckworth et al.'s 8-question Grit Scale (2007) measured perseverance, self-efficacy, and passion for long-term goals. Respondents rated statements from 1 (*"Not like them at all"*) to 5 (*"Very much like them"*), with scores averaged across the eight items. Hope, or livelihood aspirations, was measured using an adaptation of Lybbert and Wydick's Hope Scale (2016, p. 167). Participants rated agreement with six statements on a scale of 1 to 10, with scores averaged across six items.

The grant arm exhibited a modest but statistically significant improvement in social safety net access at the Month 9 follow-up; however, this effect was not sustained and dissipated by Month 28. Moreover, no statistically significant treatment effects emerged for both psychosocial mechanisms during either

follow-up period. *Control* households maintained consistent grit scores, averaging 3 across both assessments, with neither intervention arm showing statistically significant effects. Similarly, participants' livelihood aspirations levels did not significantly differ across treatment arms, with *Control* households' hope scores averaging 8, throughout the study period.

Table 5 Mechanisms

	Social Safety Net Index		Hope Score		Grit Score	
	Month 9 (1)	Month 28 (2)	Month 9 (3)	Month 28 (4)	Month 9 (5)	Month 28 (6)
Transform Only	0.02 (0.03)	0 (0.03)	0.05 (0.04)	0.05 (0.05)	0.02 (0.02)	-0.01 (0.01)
Transform with Grant	0.06* (0.03)	-0.03 (0.03)	0.06 (0.04)	0.05 (0.05)	0.01 (0.02)	-0.02 (0.01)
Control	0	0	8	8	3	3
# of Observations	9873	9991	9873	9991	9873	9991

† $p < .10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.
Fixed effects model. SE clustered at the community level with baseline control and missingness adjustment.

Discussion

The RCT offered valuable insights into the impact of the *Transform* program, cash incentives, and the supplementary *Alumni* intervention on economic outcomes and surrounding mechanisms. The 9-month follow-up evaluated the short-term impact of the core *Transform* program and the initial grant, while the 28-month follow-up examined the longer-term effects and the added impact of the additional *Alumni* program with cash grants.

Economic Outcomes
The findings reveal limited evidence of significant treatment effects on income and consumption across both intervention arms. While the *Transform with Grant + Alumni* arm showed a positive trend in income and consumption after the initial *Transform* program and grant, these increases were not statistically significant. These persisted even after the infusion of additional grants and support through the *Alumni* program. Interestingly, the *Transform + Alumni* arm generally showed negative coefficient estimates, suggesting that neither *Transform* nor subsequent *Alumni* lessons and cash grants significantly contributed to income and consumption growth.

Conversely, savings outcomes demonstrated more consistent effects. Both interventions significantly increased the likelihood of saving, with effects sustained from the 9-month to the 28-month follow-up. The *Transform with Grant + Alumni* arm further boosted savings outcomes, with significant positive effects sustained across both follow-up periods on household savings amounts. These findings suggest *Transform* likely encouraged savings behaviors, while the initial grant infusion (*Transform with Grant + Alumni* arm) likely enabled households to actively start saving.

Transform's impact on savings behaviors also extended into savings group participation, where both intervention arms demonstrated significant and persistent treatment effects on savings group participation. At the 9-month follow-up, the *Transform with Grant + Alumni* arm also demonstrated significantly higher participation rates in ICM savings groups compared to the *Transform + Alumni* arm. This is likely due to ICM savings group participation being a requirement of the initial grant. This difference disappeared by Month 28, when both arms received *Alumni* grants with similar participation prerequisites.

Despite positive effects on financial behaviors, no discernable effects were observed on food security, highlighting the complexity of addressing multidimensional economic outcomes within the program's scope and duration.

Mechanisms
ICM's Theory of Change emphasizes social capital and psychosocial factors as critical mechanisms of impact, with previous ICM RCTs identifying these as key drivers of target outcomes. However, this study did not find significant treatment effects on social safety nets, livelihood aspirations (hope), or self-beliefs toward long-term goals (grit). These findings raise important questions about whether these mechanisms are still being effectively engaged in the current intervention model or if they are inherently difficult to measure and influence within the study design.

Supplementary Alumni Program
The supplementary *Alumni* program faced participation challenges, with only 35% to 40% of eligible participants joining. This limited engagement might explain why the intent-to-treat estimates continued to show insignificant results for many outcomes. Low participation rates may reflect broader challenges regarding sustained engagement. While addressing attrition is important, evidence suggests that effective poverty alleviation programs typically incorporate sizable asset transfers, cash grants, training, and coaching to achieve meaningful impact. Research by Sedlmayr et al. (2020) demonstrates that simplifying an integrated program—with a USD 28 cash value per person, training, and intensive coaching—into a purely cash transfer-based approach reduces its effectiveness.

Study Limitations
This study provides insights into the Graduation approach, but several limitations are worth noting. Testing multiple outcomes increases the risk for Type I errors. Future research should incorporate statistical adjustments and more rigorous methodologies for more robust results. Additionally, selection bias is a concern, as the study volunteers may significantly differ from those who opted not to participate, affecting result generalizability.

The use of self-reported data for key economic indicators such as income, consumption, and savings may introduce measurement errors through under- or over-estimation. Furthermore, the specificity of the study context may limit replicability, as results may be influenced by socioeconomic conditions unique to the study locations. Further investigation into its applicability in other contexts is needed.

The supplementary *Alumni* program introduced an additional intervention channel, making it challenging to attribute treatment effects among the *Transform* program, initial cash grant, and *Alumni* intervention. While grants appeared to improve savings outcomes, cash transfers alone may not be sufficient for sustained effects, echoing Sedlmayr et al.'s (2020) observations that integrated programs without coaching, may not lead to meaningful economic change.

Next Steps and Future Recommendations
Future adaptations of *Transform* should address these observations. Specifically, supplementing cash transfers with intentional mentoring or microenterprise coaching may boost participants' economic outcomes. Although the *Alumni* program had elements that could address this concern, incorporating coaching directly into the core *Transform* intervention could improve financial behaviors and economic conditions. This could particularly encourage increased involvement in income-generating activities, improving income, savings, and consumption outcomes. Future RCTs should consider testing treatment arms that integrate coaching and cash grants within *Transform* to evaluate the potential impacts on financial behaviors and sustained livelihood improvements.

References

Banerjee, A., Duflo, E., Goldberg, N., Karlan, D., Osei, R., Pariente, W., Shapiro, J., Thuysbaert, B., & Udry, C. (2015). A multifaceted program causes lasting progress for the very poor: Evidence from six countries. *Science*, *348*(6236), 1260799–1260799. https://doi.org/10.1126/science.1260799

Banerjee, A., Duflo, E., Chattopadhyay, R., Shapiro, J. (2017a). The Long Term Impacts of a "Graduation" Program: Evidence from West Bengal. *Massachusetts Institute of Technology*, pp. 1–25 (September).

Banerjee, A., Karlan, D., Duflo, E., Osei, R., Thuysbaert, B., Udry, C., Goldberg, N., Shapiro, J., Parienté, W., & Trachtman, H. (2014). *Graduating the ultra poor in Ghana (Study summary)*. Innovations for Poverty Action. https://poverty-action.org/study/graduating-ultra-poor-ghana

Banerjee, A., Karlan, D., Osei, R. D., Trachtman, H., & Udry, C. (2018). *Unpacking a Multi-Faceted program to build sustainable income for the very poor*. https://doi.org/10.3386/w24271

Bossuroy, T., Goldstein, M., Karlan, D., Kazianga, H., Parienté, W., Premand, P., Thomas, C., Udry, C., Vaillant, J., & Wright, K. (2021). Pathways out of Extreme Poverty: Tackling Psychosocial and Capital Constraints with a Multi-Faceted Social Protection Program in Niger. In *World Bank policy research working paper*. https://doi.org/10.1596/1813-9450-9562

Bryan, G., Choi, J. J., & Karlan, D. (2020). Randomizing Religion: the Impact of Protestant Evangelism on Economic Outcomes*. *The Quarterly Journal of Economics*, 136(1), 293–380. https://doi.org/10.1093/qje/qjaa023

Duckworth, A. L., Peterson, C., Matthews, M. D., & Kelly, D. R. (2007). Grit: Perseverance and passion for long-term goals. *Journal of Personality and Social Psychology*, *92*(6), 1087–1101. https://doi.org/10.1037/0022-3514.92.6.1087

Food and Agriculture Organization of the United Nations. (n.d.). *Food Insecurity Experience Scale | Voices of the Hungry*. Retrieved March 8, 2024, https://www.fao.org/in-action/voices-of-the-hungry/fies/

Kessler, R. C., Andrews, G., Colpe, L. J., Hiripi, E., Mroczek, D. K., Normand, S.-L. T., Walters, E. E., & Zaslavsky, A. M. (2002). Short screening scales to monitor population prevalences and trends in non-specific psychological distress. *Psychological Medicine*, *32*(6), 959–976. https://doi.org/10.1017/s0033291702006074

Kling, J. R., Liebman, J. B., & Katz, L. F. (2007). Experimental analysis of neighborhood effects. Econometrica, 75(1), 83–120. https://doi.org/10.1111/j.1468-0262.2007.00733.x

Lybbert, T. J., & Wydick, B. (2019). Hope as Aspirations, Agency, and Pathways: Poverty Dynamics and Microfinance in Oaxaca, Mexico. In C. Barrett, M. Carter, J. P. Chavas, & M. R. Carter (Eds.), *The Economics of Poverty Traps* (pp. 154-177). The University of Chicago Press.

Lønborg, J. H., Viveros, M., Aguilar, R. a. C., Lakner, C., Ibarra, G. L., Nguyen, M. C., & Baah, S. K. T. (2025, July 8). June 2025 global poverty update from the World Bank: 2021 PPPs and new country-data. *World Bank Blogs*. https://blogs.worldbank.org/en/opendata/june-2025-global-poverty-update-from-the-world-bank--2021-ppps-a

Macours, Karen, Patrick Premand, and Renos Vakis. 2012. "Transfers, Diversification and Household Risk Strategies—Experimental Evidence with Lessons for Climate Change Adaptation." Policy Research Working Paper 6053, World Bank, Washington, DC.

PEI Data Portal. (2020). Partnership for Economic Inclusion. Retrieved March 11, 2024, from https://www.peiglobal.org/pei-data-portal

Poverty Statistics | Philippine Statistics Authority | Republic of the Philippines. (2024, August 15). https://psa.gov.ph/statistics/poverty

Schelzig, K., & Jilani, A. (2021). Assessing the Impact of the Graduation Approach in the Philippines. *ADB Briefs.* https://doi.org/10.22617/brf210088-2

Sedlmayr, R., Shah, A., & Sulaiman, M. (2020). Cash-plus: Poverty Impacts of Alternative Transfer-based Approaches. *Journal of Development Economics*, *144*, 102418. https://doi.org/10.1016/j.jdeveco.2019.102418

United Nations. (2009). *Rethinking Poverty: Report on the World Social Situation 2010.* Retrieved March 11, 2024, from https://www.un.org/esa/socdev/rwss/docs/2010/fullreport.pdf

World Bank Group. (2025, June 13). *June 2025 Update to global poverty lines.* World Bank. https://www.worldbank.org/en/news/factsheet/2025/06/05/june-2025-update-to-global-poverty-lines

Appendix

Appendix A *Study Outcomes*

Variable	Components	Details	Responses
Household Income	Total household payments from labour	Total household income received from own business in the last 30 days	Amounts in PHP
		Total household income received from wage employment in the last 30 days *(agriculture; small-scale trade and sales; skilled and manual labor; transport services; domestic, personal, and retail services; industrial work; public sector)*	
		Total household income received from informal and daily labor in the last 30 days *(casual work or piece work)*	
	Total household payments received from monetary gifts in the last 30 days	Total household payments received from monetary gifts from family or friends in the last 30 days	Amounts in PHP
	Total household payments received from other sources in the last 30 days	Total household payments received from social transfers and benefits in the last 30 days	Amounts in PHP
		Total household payments received from property and investment income in the last 30 days	
		Total household payments received from other sources in the last 30 days	

Household Consumption	Total food consumption expenditures in the last 7 days	"Viand" (Meat, Poultry, And Fish)	Amounts in PHP
		Rice, Root Crops, Cereals, Beans, and Nuts	
		Fruits And Vegetables	
		Milk, Eggs, Yoghurt, Cream, Cheese, and Curd	
		Cooking Oils And Fats	
		Jam, Honey, Etc.	
		Spices and Condiments	
		Prepared Food	
		Non-Alcoholic Beverages	
		Alcoholic Beverages	
		Cigarettes	
		Snacks	
		Other Food Items Consumed	
		Other Food Items Specified	
		Cooking Gas/Fuel	
	Total non-food consumption expenditures in the last 30 days	Phone load	Amounts in PHP
		Transportation	
		Business Expenses	
		Clothing and Shoes	
		Personal Care	
		Gaming and Gambling	
		Water and Electricity	
		Church Tithes/Offering	
	Total non-food consumption expenditures in the last 6 months	Education	Amounts in PHP
		Health Expenses	
		Weddings	
		Funerals	
		Festivals, Anniversaries, and Birthdays	

Likelihood of Having Savings	Does anyone in the household have any savings?		Yes = 1; No = 0
Total Household Savings	What is the total household savings?		Amount in PHP
Household Savings Amount in the last 7 days	How much money did your household save in the past 7 DAYS?		Amount in PHP
Savings Group Membership	Do you belong to a Savings Group?		Yes = 1; No = 0
ICM Savings Group Membership	[If yes to the previous question] Is this savings group an ICM Savings Group?	**Conditional question**	Yes = 1; No = 0
Access to bank, remittance, mobile money services	Do you or someone in your household have an account that you can use to make or receive payments, or to receive wages or financial help, such as a bank account, PeraPadala, GCash, PayMaya or other mobile money account?		Yes = 1; No = 0
Ownership of a formal bank or financial institution account	Have you or any member of your household held a savings account in a bank or other formal financial institution?		No = 0; Yes, currently have one = 1; Yes, had one in the past = 0
Social Safety Net Index	If you suddenly needed to access 40 Pesos, are there people outside your immediate household and close relatives to whom you could turn to and who would be willing and able to provide this money?		Very unlikely = 0; Unlikely = 0; Neither likely nor unlikely = 0; Likely = 1; Very likely = 1

	If you suddenly needed to access 1000 Pesos, are there people outside your immediate household and close relatives to whom you could turn to and who would be willing and able to provide this money?		Very unlikely = 0; Unlikely = 0; Neither likely nor unlikely = 0; Likely = 1; Very likely = 1
Hope Score	I am satisfied with my current income and source of livelihood. I have specific goals and plans for the future growth of my livelihood. How important is hard work to prospering in livelihood/business? How important is being lucky to prospering in livelihood/business? People like me can help bring about positive change in our community. If my current business or livelihood fails, I could start a new business or livelihood.	Adaptation of Lybbert and Wydick's Hope Scale (2016, p. 167): Scores calculated by averaging responses from all 6 questions	Scale of 1—10
Grit Score	New ideas and projects sometimes distract me from previous ones. Setbacks don't discourage me. I don't give up easily. I often set a goal but later choose to pursue a different one. I am a hard worker. I have a difficulty maintaining my focus on projects that take more than a few months to complete I finish whatever I begin. I am diligent. I never give up. I have been obsessed with a certain idea or project for a short time but later lost interest.	Duckworth et al.'s 8-question Grit Scale (2007): Scores calculated by taking an average score of all 8 questions	Not like me at all = 1; Not much like me = 2; Somewhat like me = 3; Mostly like me = 4; Very much like me = 5

Appendix B *Social Safety Nets*

The social safety nets index measured participants' ability to access emergency loans (40 PhP and 1,000 PhP) from individuals outside their immediate household and close relatives. *"Very likely"* and *"Likely"* responses were combined to indicate the ability to access either amount.

The table below shows that at Month 9, 72.4% of *Control* households reported the ability to borrow 40 PhP, compared to 74.4% and 75.6% in both intervention arms. For the larger 1,000 PhP amount, access dropped to 17.9% among *Control* households compared to 18.9% in the *Transform + Alumni* arm. The *Transform with Grant + Alumni* arm *(20.4%)* showed statistically significantly higher access compared to *Control* at Month 9, but this improvement disappeared by Month 16. No other differences were statistically significant at either timepoints.

Appendix B *Social Safety Nets*

	Probability of being able to borrow PhP 40		Probability of being able to borrow PhP 1,000	
	Month 8 (1)	Month 16 (2)	Month 8 (3)	Month 16 (4)
Transform Only	74.4% (68.8% - 79.4%)	94.9% (93.8% - 95.8%)	18.9% (16.6% - 21.5%)	40.4% (36.5% - 44.3%)
Transform with Grant	75.6% (70.2% - 80.4%)	94.1% (92.7% - 95.2%)	20.4%* (17.9% - 23.2%)	38.6% (34.8% - 42.6%)
Control	72.4%	94.7%	17.9%	39.9%
# of Observations	9873	9991	9873	9991

† < .10, * p < 0.05, ** p < 0.01, *** p < 0.001. Outcome expressed as probabilities with 95% confidence intervals.