

THE “GRADUATION” AGENDA

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SSN Core course, World Bank

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“Graduation” can mean different things



Which is true for your country? The term is used....

1.as a polite way of saying that the government decided to reduce the number of beneficiaries and thus to ‘graduate’ some.
2. ... a way that household exit a program due to some benchmark met – aging out, or no longer meeting needs assessment, hitting a time limit
3. ... a set of services or design features designed to stabilize or to raise households’ autonomous income – eg graduating from the present degree of poverty

How important is graduation in your country/program?



1. Not a very big deal
2. One among several topics of the moment
3. A BIG deal - eg what the minister or president calls to check on; where a lot of money or effort is going

What percentage of people do you expect to graduate?



1. All, nearly all
2. Most but not all
3. Some but not most
4. Few

Over what time period do you expect clients to graduate?

1. 0-6 months
2. 6 months to 1 year
3. 1-2 years
4. 2-5 years



SOME INSPIRING EXAMPLES

Mexico: Oportunidades

Mere Transfer Increases Savings

- For each peso transferred, beneficiary households consume 88 cents directly, and invest 12.
- An estimated rate of return on investment of between 15.52% and 17.55%.
- Beneficiary households increased their consumption by 34% after five and a half years in the program.

Gertler, Martinez, Rubio 2011

Paying through Bank Accounts Increases Investment

- MPC is 0.77 when paid in cash
- MPC is 0.65 when paid through bank
- Reduced spending on carbohydrates, eating out and junk food primarily
- Increased spending on durables: furniture, household appliances, and housing (e.g. toilets)

Gertler, Morgan, Martinez 2012

Ethiopia: public works done help restore watersheds, which should eventually improve livelihoods

Results from 2011 PW IA

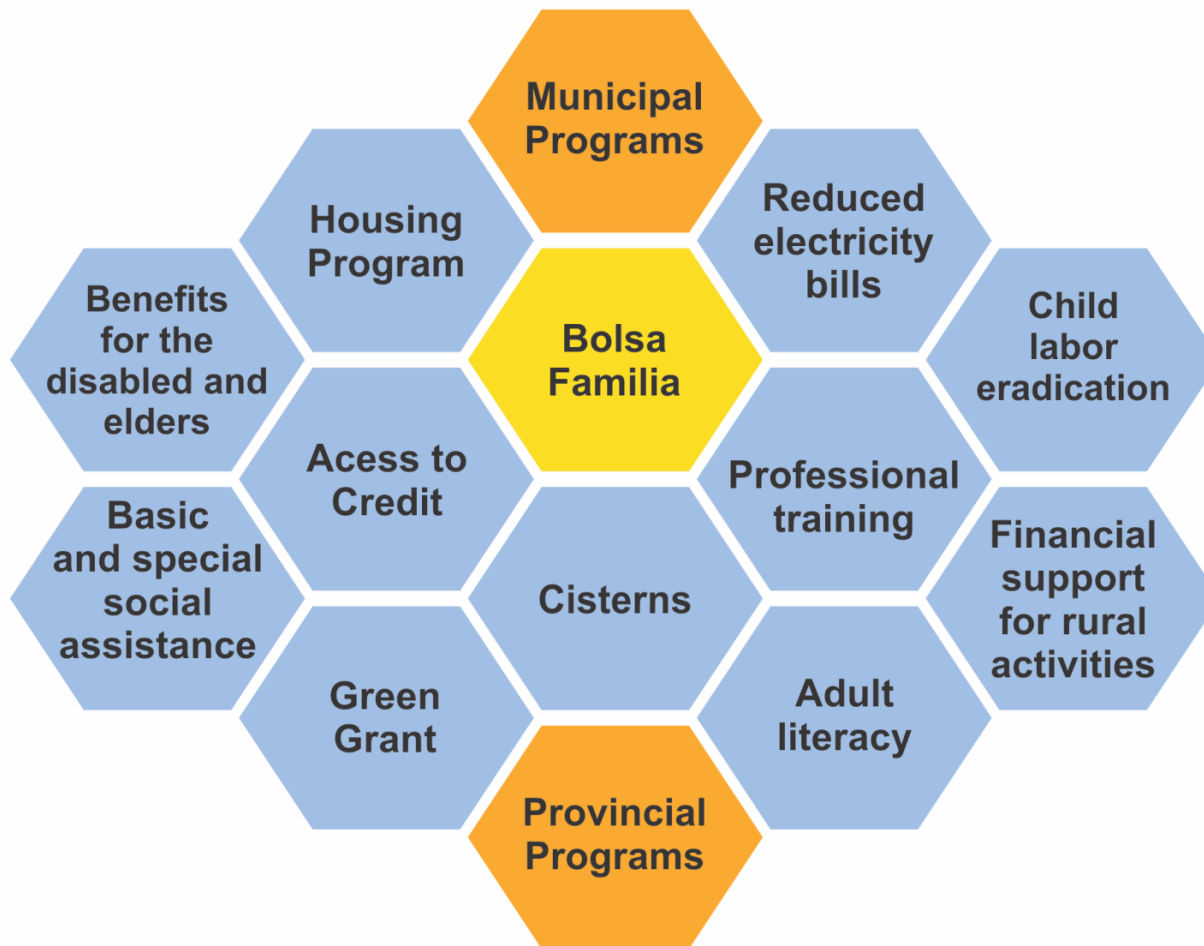
- 75% of hh report have benefitted from soil and water conservation activities
- Decreased soil loss of more than 12 tonnes/ha in sampled micro-watersheds
- Increased crop yields
 - 66% for cereals;
 - 22% for pulses;
 - 8 % for perennials
- Increases from small base
 - in bee-keeping (reflects greater herbaceous cover);
 - irrigation

IE speaks of role of improved roads and access

Change on one hill, 2005-2008



Brazil: Brasil Sem Miséria links Bolsa Familia to panoply of other programs via common registry



Chile Solidario: more directed linkages and psycho-social support

Intervention

- Psycho-social support:
 - 21 meetings over 2 years
- Preferential access to all SP programs for which qualify, especially
 - Various income support programs
 - Various employment related programs
- Individualized plans to work toward meeting 53 minimum conditions (average of 8-12 bind per family)
 - ID, health, ed, housing, employment, family dynamics, income
- Small, time-bound, declining transfer to offset participation costs

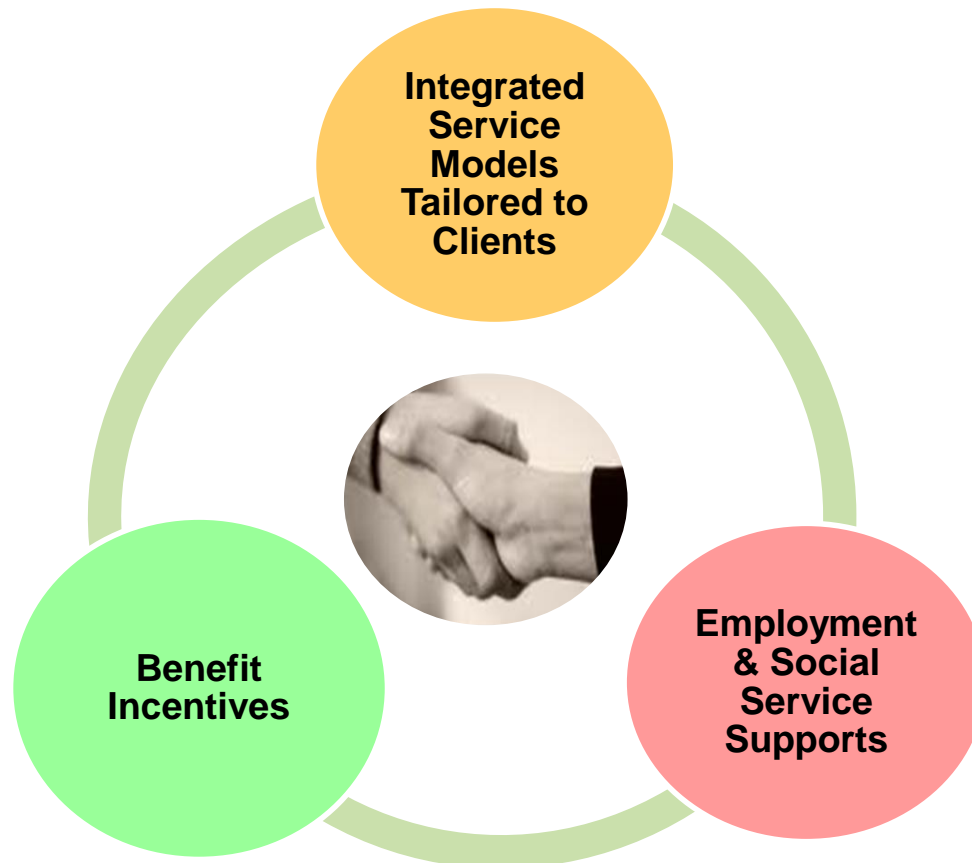
Partial List of Results

- Large increases in take-up of income support programs
 - For targeted child allowance, from 52 to 80+ percent
 - For employment programs among those unemployed or out of labor force
- Limited impacts on employment and housing
 - All male heads already employed
 - Some increased employment among female spouses, higher in rural areas and for least educated and younger women
 - Housing programs supply constrained
- Impacts bigger once supply side improved

(various papers by Galasso and co-authors)

Activation: promoting employability and reducing reliance on social transfers

Ubiquitous in HIC and ECA, in some other MICs,
though varies in details



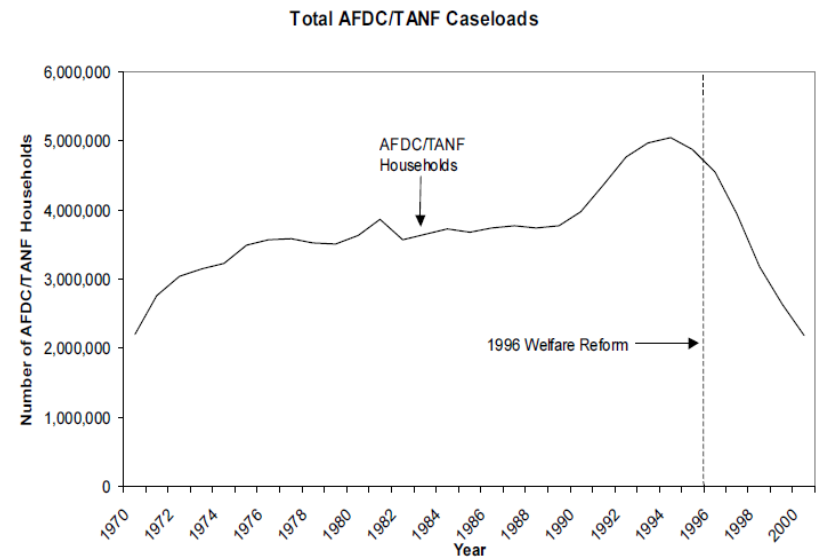
US TANF Reform 1996

Main reform provisions

- Work Requirements
 - 50% of single parent families
 - 90% of two parent families
 - 35 hours per week/20 hours per week for single parents of children under 6
 - Work, training, job search counts
 - Reduced caseload counts as working
- Time limits
 - 5 years over lifetime
- Changes in financing
- Devolution to states
 - States provide a variety of work supports
 - Commonly job search assistance, some training, help finding or subsidies to childcare, etc.
- Discouragement of out of wedlock births
(Earned Income Tax Credit comes in too)

Results

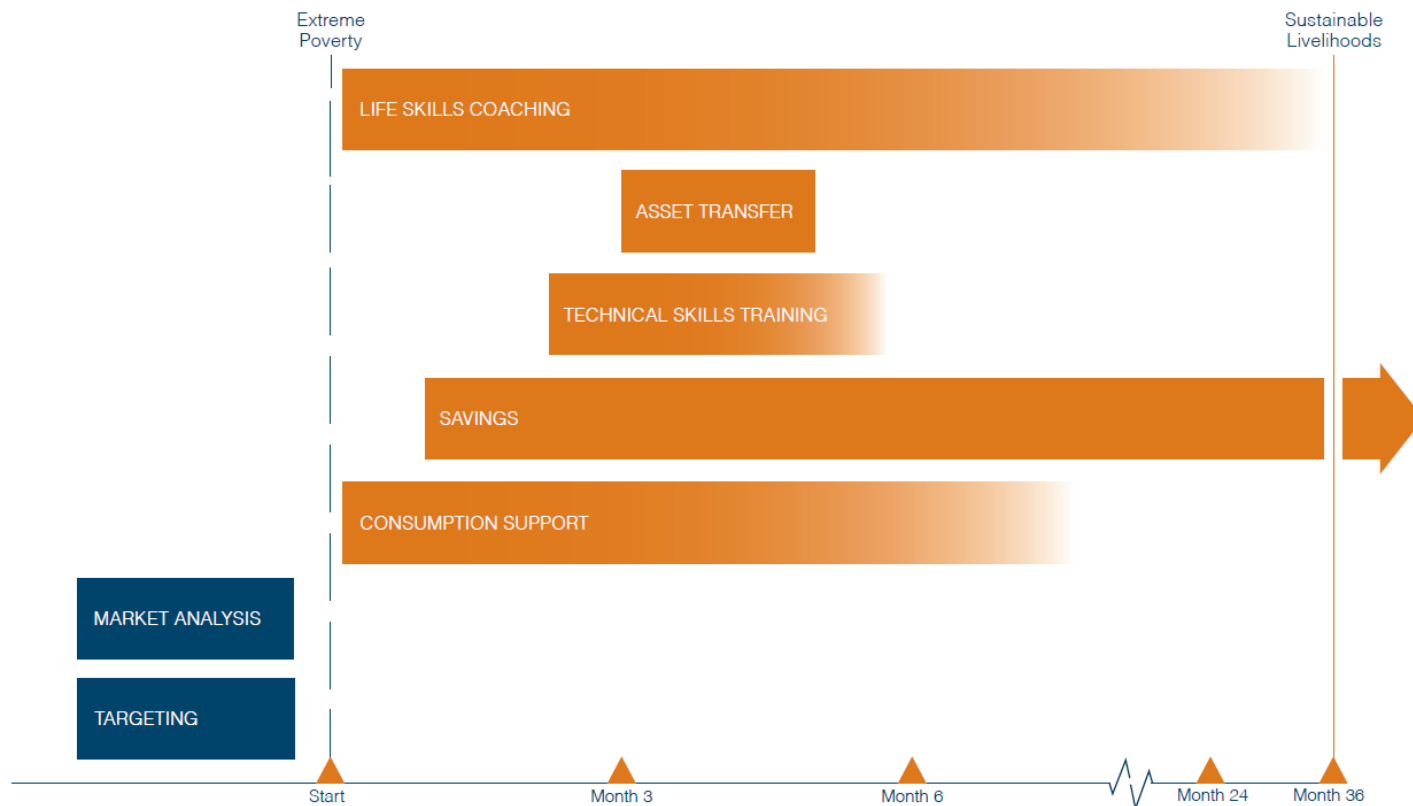
- Caseload decline
 - Some to work
 - Low paid, unstable
 - Incomes improve a little (EITC important)
 - Some become disconnected
- Caseload mix changes to those harder to serve/activate
- Over time rules change affect state behaviors



BRAC/Ford Foundation/CGAP model

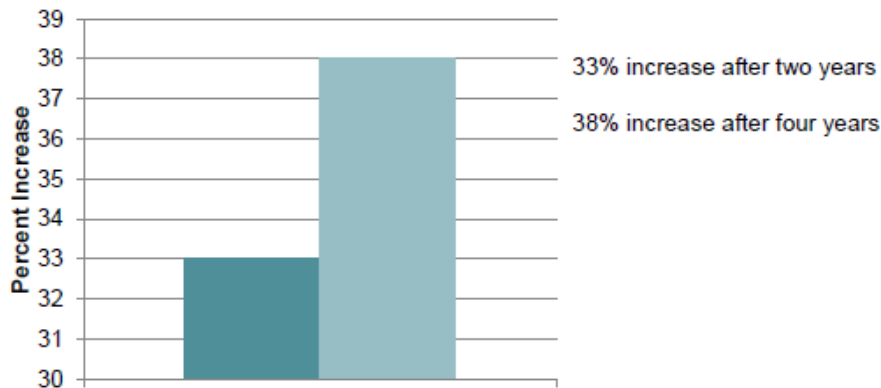
graduation.cgap.org

THE GRADUATION INTO SUSTAINABLE LIVELIHOODS APPROACH

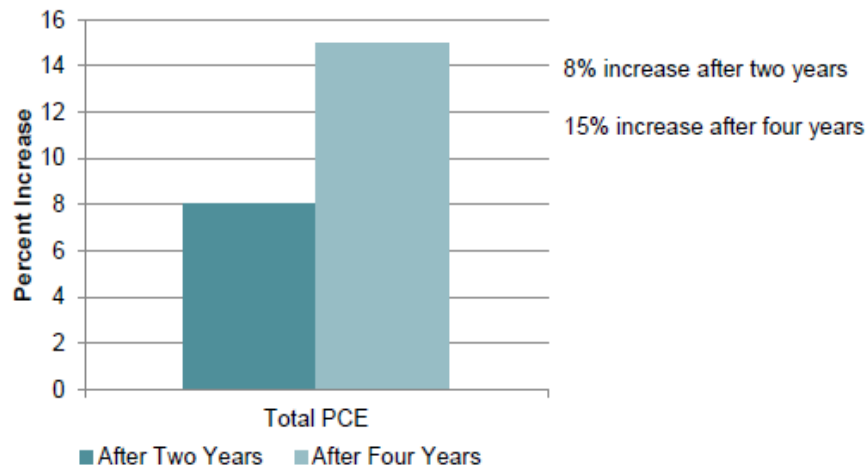


BRAC TUP (as taken from Besley and team)

Program increases earnings



Program increases consumption



- Increases hours of self employment
- Increases total hours of work
- Spreads work more evenly across year
- Lowers hours worked per day
- Makes work patterns more like those of better off villagers

- Costs 20,700TK per HH,
- yields 1,754TK per year
- Positive C/B, better than savings in micro-finance institute

RCT of pilot replications also largely positive

(Summary of Karlan and Goldberg 2014)

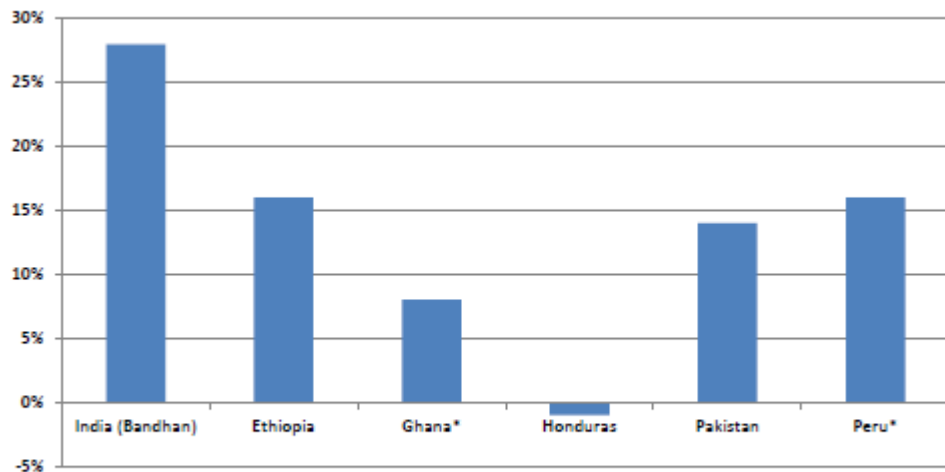
Adaptation at 10 Sites



Adaptations in Ghana, Haiti, Honduras, India (3), Ethiopia, Pakistan, Peru, Yemen

Randomized evaluations at 8 sites

Change in Annual Consumption, as Share of Total Program Cost



Learning as We Scale

Integrated approach:
whole bigger than sum of the parts?
- Complementary returns
- Bottleneck market failures

Early impacts quite positive,
but not 100% of time

- When does it work, when does it not?
Improving the model:
 - Which components are most useful?
 - Compare to cash

DISCUSSION

Range of Complexities

simpler

- Mere transfer alleviates credit constraint, allows investment that raises incomes **Bonosol** (Bolivia social pension) and **Oportunidades** (Mexican CCT)
- Works done on public works programs raises returns to local enterprises – watershed management, market access, etc. **PSNP** (Ethiopia public works)
- Activation programs to encourage work by social benefit recipients **TANF** (US social assistance)
- Comprehensive programs to address household specific vulnerabilities on multiple dimensions **Chile Solidario**
- Programs with major coaching and asset transfer **BRAC graduation model**

more complex

Range of things one can link transfer to is very diverse

- **For building child human capital for future:**
 - nutrition programs; health, schooling, ECD
- **For releasing constraints on adult labor time:**
 - childcare, disabled/elder care, transportation supply
 - water supply, fuel supply, improved stoves
- **For improving return to adult labor:**
 - Human capital: technical training, adult literacy, entrepreneurship training, ag extension
 - public employment services
 - Instruments to build household assets – payment via savings accounts, links to micro-finance, even large asset transfers
 - Instruments to increase returns on household assets – improved roads, links to value-chains, public procurement policies, etc.

Range of things one can link transfer to is very diverse

- **For building child human capital for future:**

- nutrition, health, schooling, ECD

With respect to:

- Appropriate context, target group
- Time scale for impact
- Unit cost
- Track record
- Place in government organizational chart

- **Interventions on adult labor time:**

transportation assistance

improved stoves

- **Interventions on adult labor:**

adult literacy, entrepreneurship

assets – payment via savings

even large asset transfers

improvements on household assets – improved

public procurement policies, etc.

Range of things one can link transfer to is very diverse

- For building children's human capital
- ...

With respect to:

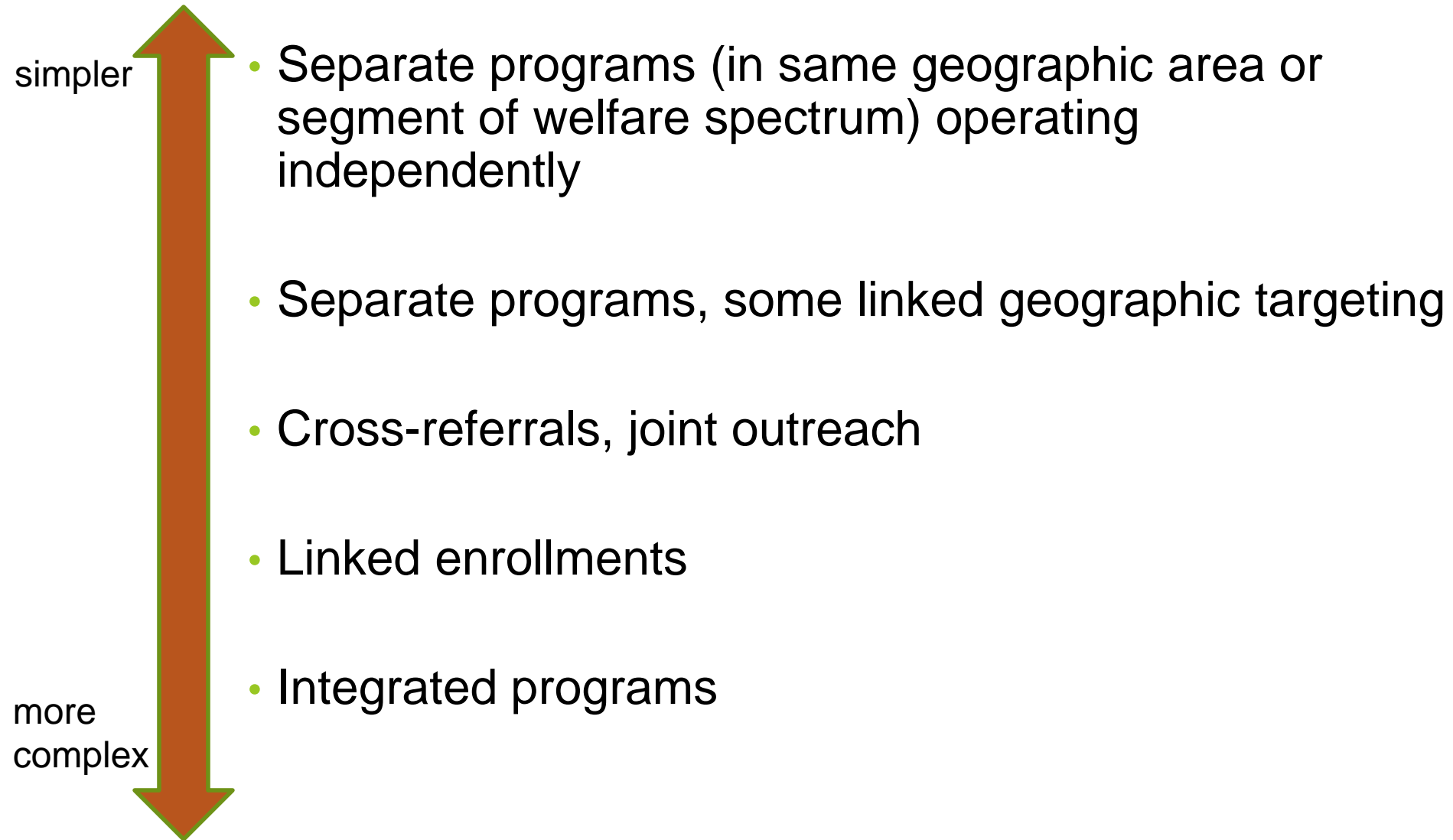
- Appropriate context, target group
- Time scale for impact
- Unit cost
- Track record
- Place in government organizational chart

Where does SP stop?

Is graduation just “development”?

assets – payment via savings
even large asset transfers
on household assets – improved
public procurement policies, etc.

Range in Type of Linkages



What is the 'magic' in linkages?

ie, what wasn't working about the separate model?

- Synergies are inherently important?
 - ➡ Requires only concurrent delivery?
- Programs to be linked to weren't to scale?
 - ➡ Implies big \$\$\$ to fix
- Programs to be linked to weren't effective?
 - ➡ Implies reform agenda

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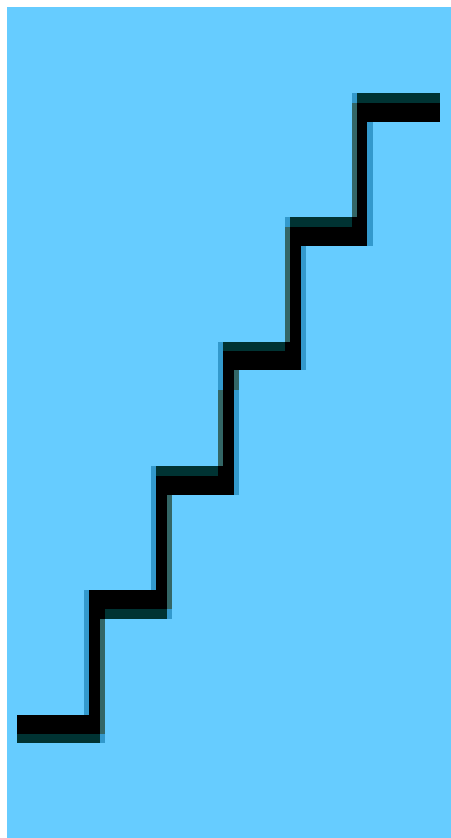
Magic is synergy

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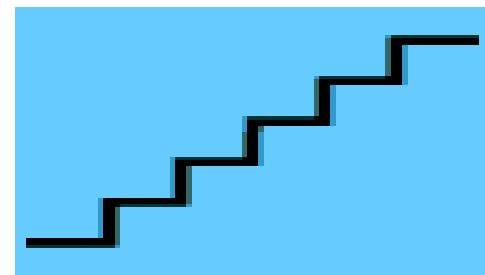
Magic is in willingness to work on these

Different difficulties in “graduating”

Poorer person/
person with
multiple
barriers to
prosperity



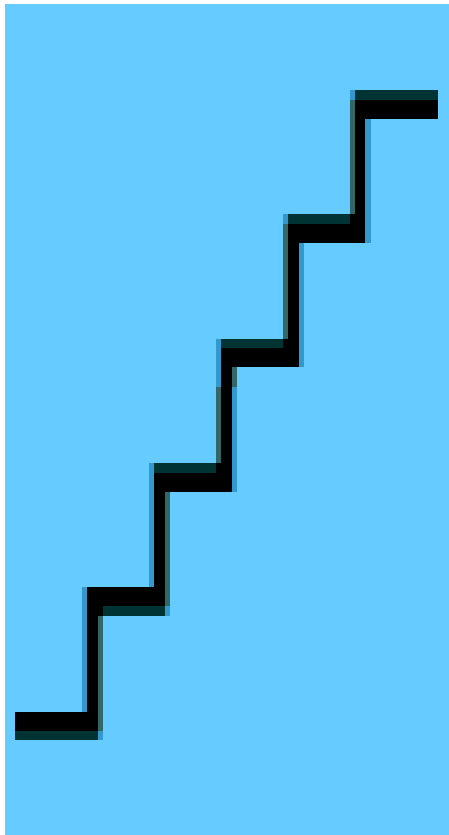
Less poor
person/fewer
barriers



Different difficulties in “graduating”

Income support would be most important for these

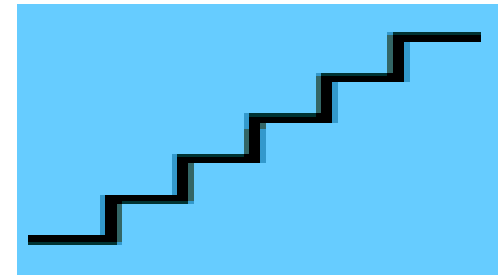
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Less poor
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Graduation would be most successful/easiest for these



When resources are most scarce,
or politically difficult to get,

we often emphasize **BOTH** narrow targeting
and the graduation potential in the advocacy for
those resources -- **CONTRADICTION!**

Thinking about costs

Benefits

Costs

Increasing
autonomous
well-being

Discounted
some for risks

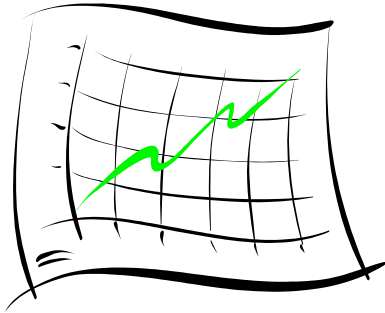
Extra program
elements

Extra coordination
mechanisms

political technical
problems w/ targeting
as costs rise



What is realistic to expect?



How much can incomes increase?



For whom? How many?



How fast?

What is role of SP?

- Make sure our SP interventions give Graduation due weight
 - Means of payment
 - Think about benefit levels and threshold effects
 - Timing of payments
- Facilitate Linkages with other program elements
- Don't forget that the Protection agenda isn't finished
 - Breaking link between shock and downward ratchets still needed
 - Still needs effort and finance
 - And protection needed for those unlikely to graduate soon

In conclusion

- Graduation is poverty reduction so of course we are for it
- But we have to:
 - Think critically about SP's role in helping achieve it;
 - Think imaginatively;
 - Work practically
 - Evaluate sensibly;
 - Avoid hype