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.

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, Martinez, Rubio 2011

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 Miseria 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

![Graph showing Total AFDC/TANF Caseloads](https://example.com/afdc_tanf_caseloads.png)

Source: Agency for Children and Families, Department of Health and Human Services (http://act.dhs.gov)
THE GRADUATION INTO SUSTAINABLE LIVELIHOODS APPROACH

Extreme Poverty

LIFE SKILLS COACHING

ASSET TRANSFER

TECHNICAL SKILLS TRAINING

SAVINGS

CONSUMPTION SUPPORT

Start

Month 3

Month 6

Month 24

Month 36

Sustainable Livelihoods

MARKET ANALYSIS

TARGETING
BRAC TUP (as taken from Besley and team)

- 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

Program increases earnings

- 33% increase after two years
- 38% increase after four years

Program increases consumption

- 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

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

- 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*
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.
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With respect to:

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

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Where does SP stop?
Is graduation just “development”?
Range in Type of Linkages

- Separate programs (in same geographic area or segment of welfare spectrum) operating independently
- Separate programs, some linked geographic targeting
- Cross-referrals, joint outreach
- Linked enrollments
- Integrated programs
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
What is the ‘magic’ in linkages?  
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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

Less poor person/fewer barriers

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**
- Increasing autonomous well-being
- Discounted some for risks

**Costs**
- 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