Social Safety Net Programs for Resilience Building and Productive Inclusion

May 8, 2018
Vision:
The poorest households and other vulnerable populations sustainably improve their economic conditions, increase their resilience, and escape extreme poverty and social exclusion.

Photo Credit: BOMA
The Poverty Diamond: Economic Stratification

- Better-off
- Poor
- Extremely Poor with a household member with the capacity to be economically active
- Extremely Poor
Enabling excluded populations to capture benefit from the growth in local economy

Social Protection
- Risk Management
- Social Insurance
- Social Assistance

Jobs
- Creation
- Quality
- Access

Economic/Productive Inclusion
- Targeted economic inclusion, not only graduation

Active Labor Market Policies

PEI focuses on targeted economic inclusion:
- Targeted to people living in extreme poverty and/or vulnerability
- Direct to households or individuals
- Package of support sufficient to boost income and assets
- Time-bound
- Typically an add-on to social assistance

Enabling excluded populations to capture benefit from the growth in local economy
# The Graduation Approach

## Approach Characteristics

- **Time-bound** interventions (typically 18-24 mos.) delivered at the household level
- Deliberately targeting the extreme poor, either those under the $1.90-per-day line and/or those identified as the poorest or most vulnerable and marginalized
- **Holistic** in order to tackle the multifaceted constraints of extreme poverty
- Offer a “big push” based on the idea that a large investment to kick-start an economic activity will really make a meaningful change
- Facilitate access to a wider social protection regime and formal or semi-formal financial services as away to build resilience, deepen economic inclusion, and continue upward progress

## Components of the Graduation Approach

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
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<tr>
<td><strong>FOOD AND CASH STIPENDS</strong></td>
<td>Stipends are provided to immediately improve and stabilize consumption</td>
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<td><strong>ASSET OR CASH TRANSFER</strong></td>
<td>Participants purchase an asset that is a sustainable income generator, such as animals or shea butter processing equipment</td>
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<td><strong>SKILLS TRAINING</strong></td>
<td>Participants receive guidance on running a business and caring for assets</td>
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<td><strong>SAVINGS PROMOTION</strong></td>
<td>Households are encouraged to open and maintain savings accounts with a microfinance institution or community-based savings group</td>
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<td><strong>MENTORING</strong></td>
<td>Field officers regularly visit households to encourage and monitor participants and reinforce accountability</td>
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GRADUATION IS PART OF THE SOLUTION

- BRAC – Bangladesh (Since 2002)
- CGAP – Ford Foundation Pilots (Since 2006)
- NGOs
- Donors
- Governments

Since 2015
Since 2017
Impacts and Costs: Randomized Controlled Trial Results

The approach drives impacts across diverse indicators...

- Income
- Savings
- Food security
- Health
- Happiness

And has delivered high returns on investments with sustainable outcomes

- Honduras
  - Cost/HH: $1,335
  - ROI: -198%
- Peru
  - Cost/HH: $2,604
  - ROI: 190%
- Ethiopia
  - Cost/HH: $884
  - ROI: 260%
- Pakistan
  - Cost/HH: $864
  - ROI: 179%
- Bangladesh
  - Cost/HH: $436
  - ROI: 540%
- Ghana
  - Cost/HH: $1,777
  - ROI: 133%
- India
  - Cost/HH: $330
  - ROI: 433%

Graduation participants reported
- Working, earning, and eating more than the control group a year after program completion
- Greater occupational choices

Source: Innovations for Poverty Action, Abdul Latif Jameel Poverty Action Lab, London School of Economics, The Economist
Government Implementation

• Governments are in the lead in 32% of programs surveyed

• Governments from 31 countries are involved in graduation programming in some capacity (leading, implementing, funding, or some combination)

• Governments in Ethiopia, Pakistan, Peru, and two states in India are in the process of scaling up
Adaptation to different segments

- Youth: 43.4%
- People with disabilities: 30.3%
- Indigenous: 29.3%
- Refugee/IDP: 16.2%
- Elderly: 11.1%

Percentage programs (N=99)

Source: PEI Upcoming State of the Sector Report
The big opportunity: Building on the foundation of an existing, effective social transfer as the gateway to an effective graduation package

Decision 1: The minimum sufficient package, Which “add-on” components are essential?

Decision 2: Who delivers what? For each component, is it:
• Agency-provided, or
• Linked, referred, or outsourced?

Decision 3: Delivery model - If linked, referred, or outsourced, then:
• Public agency vs private service provider?
• Group vs individual delivery?
• Deliver by institutions and/or individuals?

Add-ons for successful Graduation
- Economic Inclusion
  - Market linkages
  - Agricultural extension
  - Asset transfers
  - Livelihood services
  - Skilling

- Soft skills and Empowerment
  - Broader empowerment, including political
  - Gender/women’s empowerment interventions
  - Digital and financial capability
  - Coaching

- Complementary Social Services
  - Education
  - Nutrition
  - Health

- Financial Inclusion
  - Insurance or risk management
  - Credit or investment
  - Savings and accumulation
  - Payments

Government-to-Person (G2P)/Direct Benefits Transfer
Eligibility, Outreach, Registration, Intake, and Casework
Identification
The PEI partnership is:

- A multi-stakeholder initiative that aims to accelerate systems change and innovation
- It seeks to massively scale up effective household interventions that increase the earning opportunities and well-being of extreme poor and vulnerable people as part of social protection systems
Thank you!

Please see our Technical Guide on Crowd Compass

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