

Should we just give people cash?

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Women wait to change their ration cards in South Sudan.

Andreea Campeanu / Reuters

GLOBAL

Give Poor People Cash

There's a simple way to reform welfare: Send money to those who need it, without conditions.

Outline

- Background
- Workfare
- Conditional vs. unconditional cash transfers
- Other antipoverty programs
- Remaining questions and concluding remarks

Background

- I will frame today's talk around social protection policy, which mainly targets households (sometimes individuals).
- Mainly due to time constraints, I will exclude some important strands of the literature.
 - Role of cash in humanitarian aid
 - Grants (in-kind and cash) and training to microenterprises.
 - Cash transfers and temptation goods

Give people cash!



- “For fighting poverty, cash is surprisingly effective.” (*Kenny, [Bloomberg](#)*)
- “Does giving cash grants which don't have to be repaid improve food security in Kenya? (Yes, significantly).” (*Duflo, [Huffington Post](#)*)
- “Dear governments: Want to help the poor and transform your economy? Give people cash.” (*[chrisblattman.com](#)*)
- “... cash transfers: they can serve as the index funds of international development.” (*Blattman and Niehaus, [Foreign Policy](#)*)

Give people cash for...

- Antipoverty policy is concerned with three kinds of aims:
 - ① Traditionally, social protection has been about providing a consumption floor for the poor.
 - ② More recently, the role of education (and health) has been recognized to break the cycle of intergenerational poverty
 - ③ Finally, very recently, a variety of interventions are trying to “promote” households out of poverty.

Give people cash for...

- It's therefore useful to examine the role of cash transfers to poor people with respect to each of those goals:
 1. Current poverty reduction
 2. Human capital accumulation (for the next generation)
 3. Sustained exit from poverty

Part I: Workfare

Workfare

- Oldest form of social protection
- Provided a floor of consumption by imposing work conditions
- Self-targeting elegantly solves information problem but imposes costs on participants that are not necessarily productive
 - Can help promotion if assets/public goods produced
 - Foregone earnings can be significant
 - Rationing is widespread in SSA, even seen in India, particularly in poorer states (Dutta et al. 2012)

Workfare

Evidence (on current poverty)

- Positive early on, but the ground has shifted significantly recently...
 - Helped respond to, & prevent, famines including in SSA (Drèze 1990).
- *Jefes de Hogar* (Argentina), preceded by the highly-regarded *Trabajar*, set up in response to the severe economic crises in 2001, was successful in protecting HHs from falling into extreme poverty (Almeida and Galasso 2007; Grosh et al. 2008)
- A recent experiment in Malawi shows no effects on labor allocation, food security, or use of agricultural inputs (Beegle, Galasso, and Goldberg 2015)
 - (Mysterious) negative spillovers on the food security of untreated households – not due to price or labor supply effects, but potentially spillovers on fertilizer use...

Workfare

- But, cash would have done better! (Ravallion and Datt 1995, Dutta et al. 2013)
 - Taking into account all of the costs involved, a universal cash transfer would have been more cost-effective in transferring incomes to the poor.
 - Only sufficient asset creation (benefitting poor people) would tilt the scales in favor of Bihar's Regular Employment Guarantee Scheme.
 - Alik-Lagrange and Ravallion (2015) further ups the ante...

Workfare

Evidence (on human capital accumulation)

- By increasing labor demand and increasing the opportunity cost of schooling, workfare programs could hurt schooling (Shah and Steinberg 2015):
 - Each additional year of exposure to NREGS decreases school enrollment by 2 percentage points and math scores by 0.02 SD among 13-16 year-old children
 - Boys substitute into market work while girls into unpaid domestic work...
 - But, the same exposure improves human capital accumulation and likelihood of being on track for school for children under 5.
 - Consistent with increased wages in rural India being positively associated with HC accumulation at young ages and switching for older ages (Shah and Steinberg 2013).

Workfare vs. Cash Transfers

Advantages

- ✓ Self-Targeting
- ✓ Counter-cyclical
- ✓ Benefits to the community as a whole
- ✓ Popular with public and politicians

Disadvantages

- ✧ Much of the funds devoted to non-wage costs
- ✧ Administratively demanding
- ✧ Leakage
- ✧ Labor market implications (& knock-on effects on children)

Workfare vs. Cash Transfers✓

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Workfare vs. Cash Transfers✓

- With the important caveat that the balance of evidence can shift quickly with ongoing studies that take into account:
 - Longer-term employment and promotion;
 - Indirect effect of assets created on poverty reduction;
 - LM spillovers, etc.
- This goes for much of the literature covered here, the bulk of which is comprised of recent/ongoing studies...

Part II: Conditional Cash Transfers

Schooling for the children of the poor

- Agitation for mass public schooling was the first example of “promotion” policies and it did not appear seriously until the 1850s (Ravallion 2013).
 - Schooling for children became compulsory in Europe, North America, Japan, and the UK, with East Asia following later
 - → impacts on relatively equitable and rapid growth in many parts of the world – attributable to broad-based education policies (Ravallion and Datt 2002; Goldin and Katz 2008)
 - Bursaries for poor families finally emerged in today’s developed countries in the second half of the 20th century (UK, Australia, USA’s EITC)

Conditional Cash Transfers

- Targeted bursaries came to be known as Conditional Cash Transfers (CCTs) in development economics and burst into prominence with the influential randomized evaluation of Mexico's PROGRESA (later Oportunidades).
 - The benefits are targeted to poor families with children...
 - ...conditional on households keeping eligible children in school.
- *“The real test of these programs is whether eventually you will not need them. If you have a program like this that lasts 30 years, you're failing because you're not really changing the underlying conditions.”*

Santiago Levy (on the Kojo Nnamdi Show, 2011)

Conditional Cash Transfers

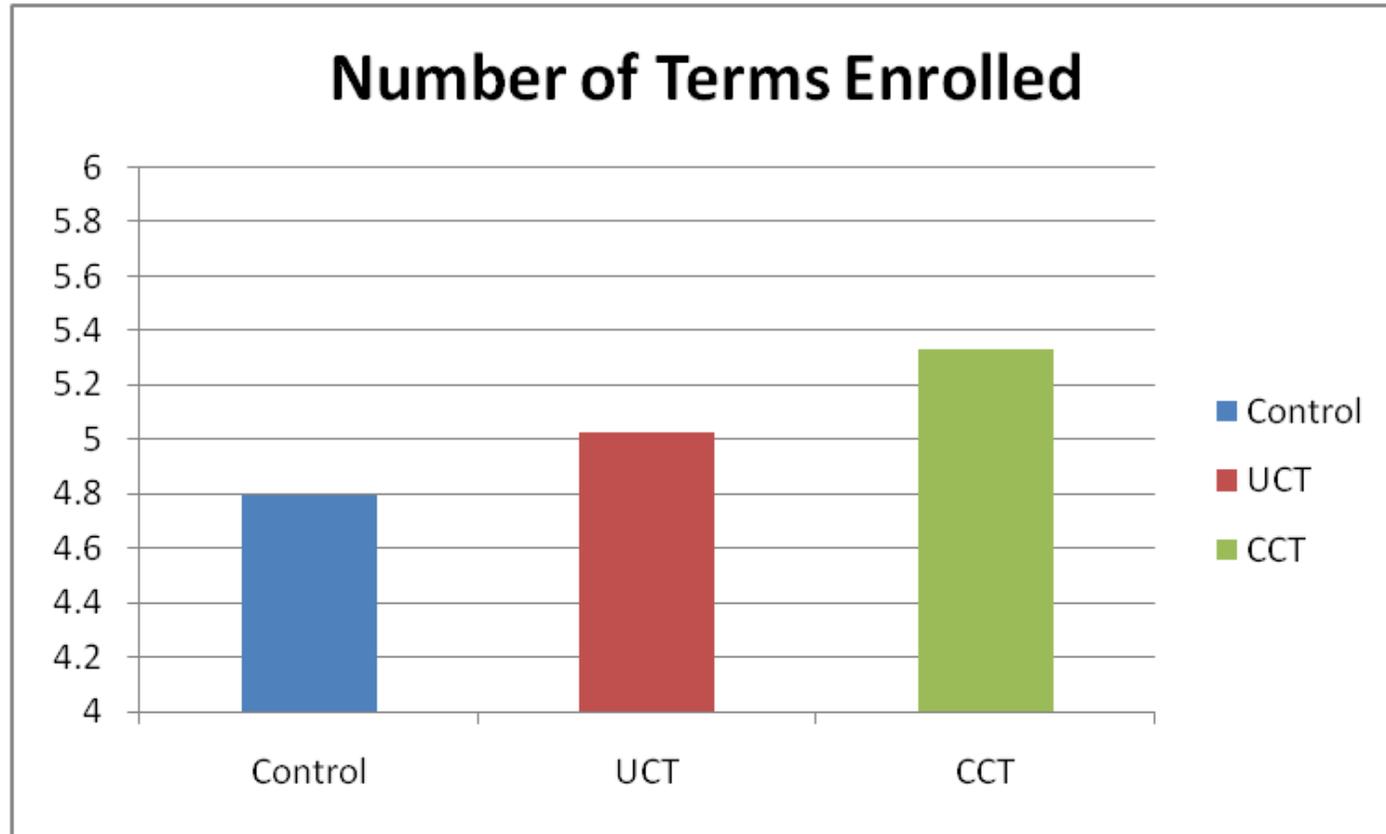
- Notice that CCTs combine a protection aim (primarily through geographic and means-tested targeting) and a promotion one – for the next generation.
- But, seeking to improve two goals using one policy tool presents challenges.
- While CCT programs may be more effective than UCTs in obtaining the desired behavior change, they can also undermine the social protection dimension of cash transfer programs.

Conditional Cash Transfers

A cash transfer experiment for adolescent girls in Malawi

- ✓ Two-year cash transfer experiment targeted at 13-22 year-old never-married females:
 - CCTs to all young females who had already dropped out of school at baseline (*baseline dropouts*).
 - CCTs or UCTs to a sample of young females who were in school at baseline (*baseline schoolgirls*).

Enrollment effects (baseline schoolgirls: 24-month follow-up)



Summary of schooling effects (24-month follow-up):

✓ Enrollment

- Modest improvement in UCT...
- ... but only 43% of the effect in the CCT

✓ Attendance

- Among those enrolled in school, some evidence of higher attendance in the **CCT**.

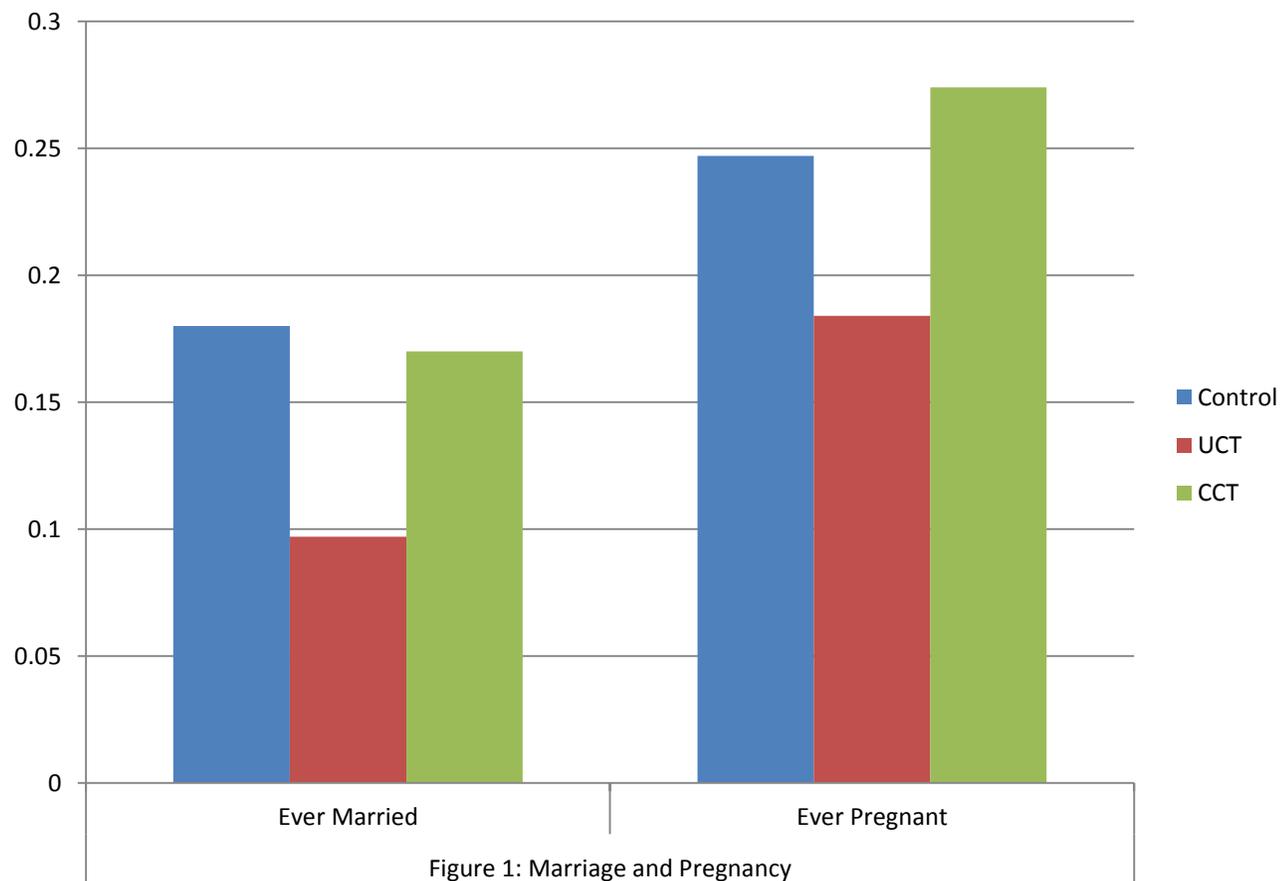
✓ Test scores

- Significant improvements in the **CCT** group in Math, English reading comprehension, and cognitive ability.

✓ → It is fair to conclude that CCTs outperformed UCTs in terms of improvements in schooling outcomes.

Marriage and pregnancy effects (baseline schoolgirls: 24-month follow-up)

- ✓ However, substantial delays in **marriage and pregnancy** in the UCT group.
 - No such effect in CCT
 - Similar effects on **psychological wellbeing** during the program
- ✓ Schooling gains in CCT achieved at the cost of denying transfers to *non-compliers* who are shown to be particularly 'at risk' for early marriage and teenage pregnancy.



Other goods

Welfare loss to non-compliers is not just a theoretical construct...

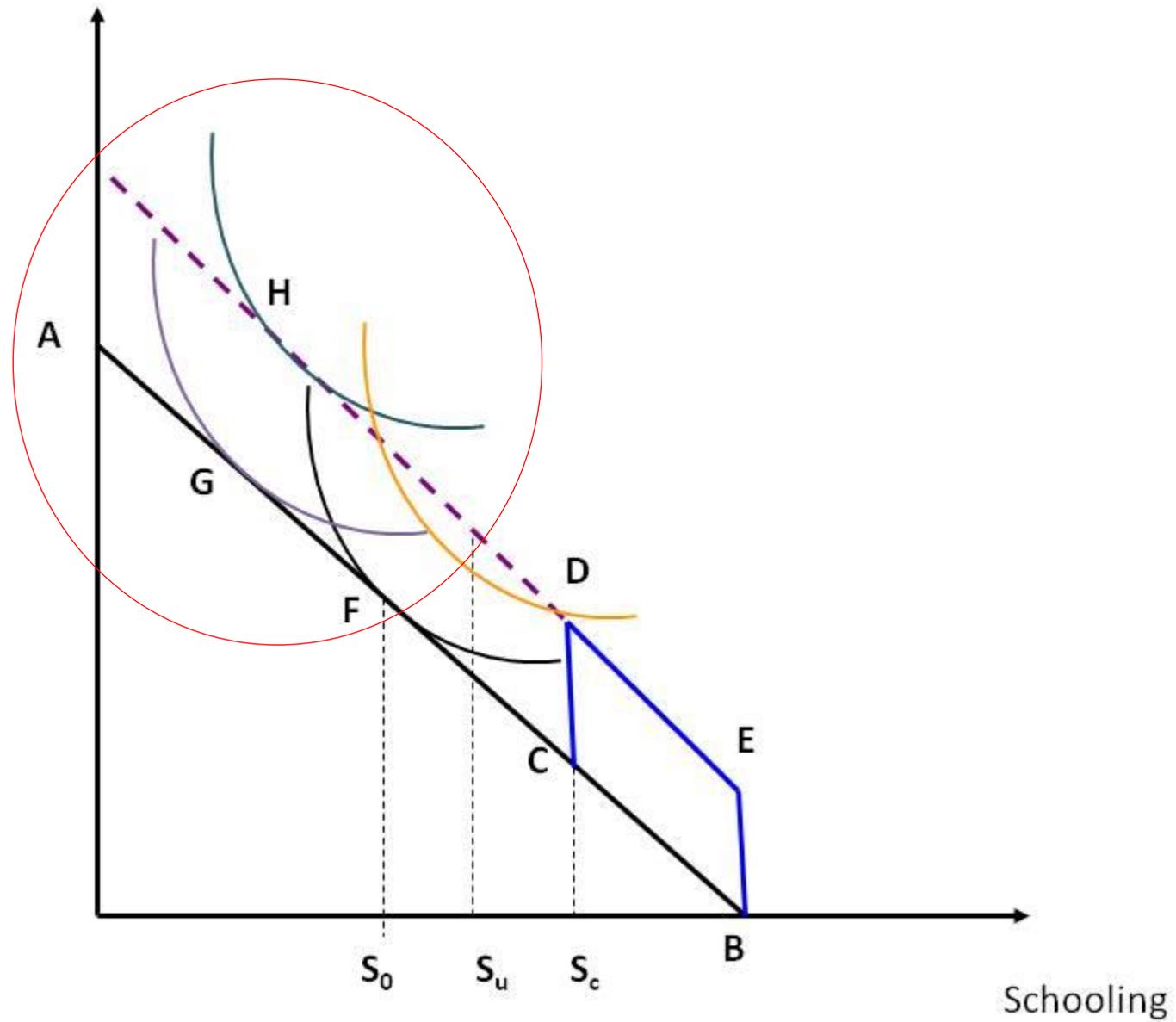


TABLE 1
OVERALL AVERAGE EFFECT OF PROGRAM ON PROBABILITY OF REPEATING A GRADE, DROPPING OUT, AND REENTERING SCHOOL

Age	Probability of Repeating among Those Enrolled in School			Probability of Dropping Out among Those Enrolled in School			Probability of Reentering among Those Dropped Out of School		
	T	C	Diff.	T	C	Diff.	T	C	Diff.
6	39.8	46	-6.2	.8	1.6	-.8
7	26.7	34	-7.1	1.0	1.0	.0	100.0	100.0	.0
8	26.9	32	-5.5	.3	.7	-.4	100.0	96.0	4.0
9	23.9	30	-6.5	1.0	1.4	-.4	97.2	94.7	2.5
10	24.2	25	-.8	1.6	2.9	-1.3	94.4	87.5	6.9
11	19.8	24.8	-5.0	6.3	12.2	-5.9	65.5	45.8	19.7
12	30.0	33.7	-3.7	10.4	16.8	-6.4	44.5	29.7	14.8
13	34.6	39.7	-5.1	12.2	22.7	-10.5	34.1	16.9	17.2
14	49.3	47.4	1.9	23.3	34.9	-11.6	16.9	15.5	1.4
15	57.8	61.9	-4.1	31.3	37.7	-6.4	14.2	10.8	3.4

Note. T = treatment, C = control, Diff. = difference.

Conditional Cash Transfers

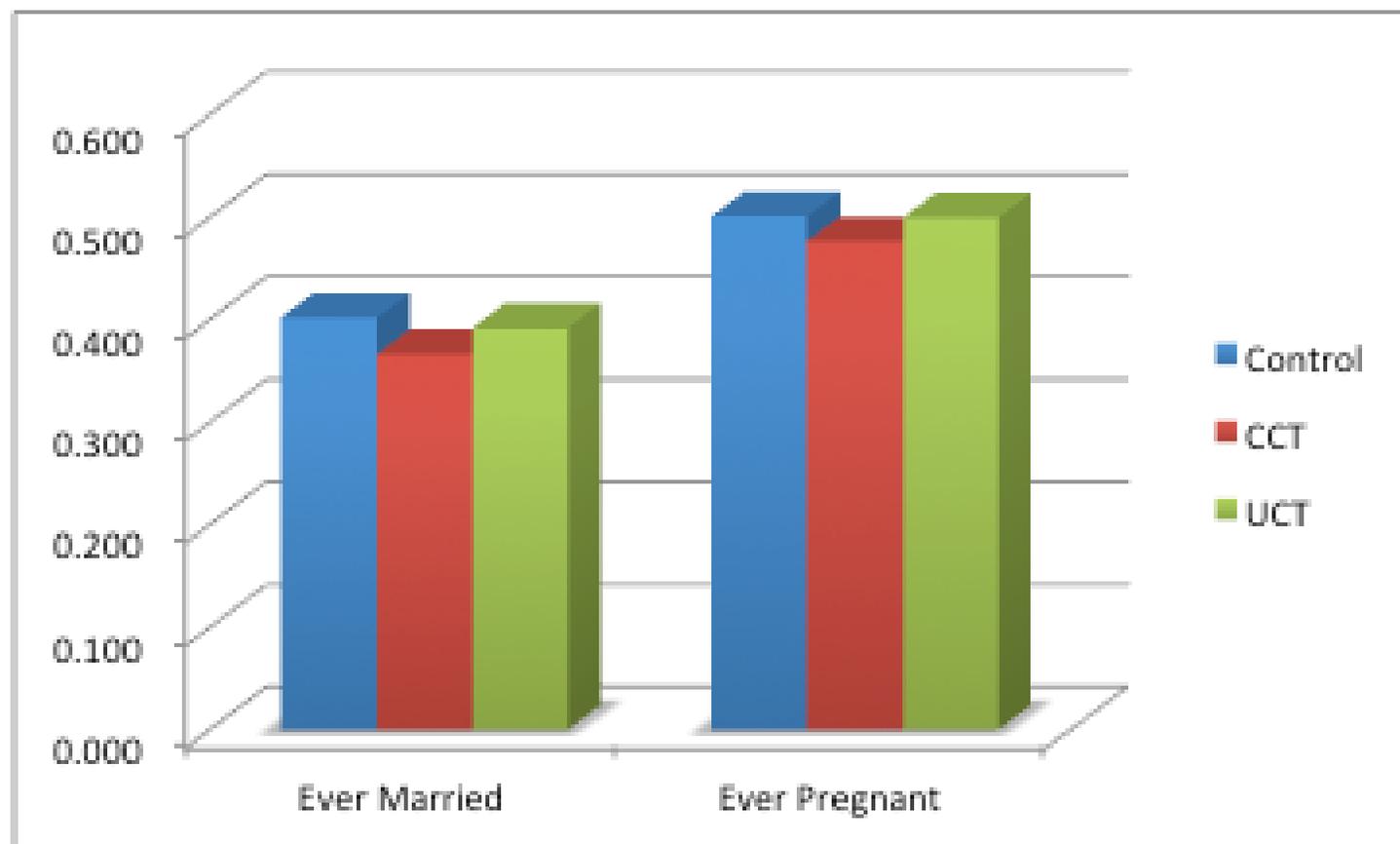
- How do we think about such tradeoffs caused by the conditions?
 - It's hard to justify denying poor households a basic safety net because they did not meet the behavioral conditions imposed.
 - Furthermore, current gains from UCTs could have longer-term effects on the recipients and their children in the future.
- I'll discuss some design options/ideas in a second, but let's look at some longer-term effects of the kind mentioned above...

Schooling, marriage and pregnancy effects (52-month follow-up)

What happened two years after the end of transfers?

- ✓ No lasting effects on **educational attainment or learning** among *baseline schoolgirls* in either group.
 - The positive effects on schooling among SG were too small to make a lasting impact...
- ✓ Also, complete catch-up of UCTs with the control group in being **ever married or pregnant**; total live births; age at first live birth.
 - Only **age of first marriage** increased by an average of 0.5 years (among the 40% who were married by 2012)

Two years after the end of the program...



Unconditional Cash Transfers

- **Importance** of cash...
 - With small, frequent, and reliable cash transfers, we are able to cause improvements in multiple domains:
 - Nutrition
 - Mental health
 - HIV/STDs
 - Reductions in teen pregnancies and child marriages
- ...even though such transfers do not necessarily cause substantial increases in capital accumulation (human or physical)

Unconditional Cash Transfers

- **Limitations of cash...**
 - However, all of the effects observed during the program disappear soon after the cessation of support.
 - Worse, the desired trends reversed themselves (HIV, total fertility, etc.)
 - No lasting effects of any kind for a broad range of outcomes (empowerment, consumption, health, marriage markets)
- UCTs are great for social protection, but we should not expect promotion from them (for the next generation or the current one)
 - Possible exception: income is good for the development of young children ([Baird et al. 2015](#); Shah and Steinberg 2013, 2015; Barham, Macours, and Maluccio 2013a)

Other Evidence

- “There is little support for the claim that untargeted income transfer policies to poor families significantly boost child outcomes.”
 - “Mentoring, parenting, and attachment are essential features of successful families and interventions to shape skills at all stages of childhood.”

Heckman and Mosso (Annual Review of Economics, 2014)
 - *Aizer et al. (2014) and Akee et al. (2015) provide a counterpoint*
- Very large lump-sum transfers by GiveDirectly had no effect on education eight months later (Haushofer and Shapiro, 2013)

(back to) Conditional Cash Transfers

- CCTs for *baseline schoolgirls* did not fare a whole lot better in the longer-run (with a few exceptions favorable to CCTs over UCTs)
 - Low accumulation of human capital due to the infra-marginal nature of schooling (88% completed primary, >50% junior secondary in control group)
 - The infra-marginal transfers point to the importance of targeting not just poor households but those with at risk children (if we are to insist on CCTs...)

Conditional Cash Transfers

What happened to the *baseline dropouts* who were offered CCTs?

- ✓ Very large effects on school attainment at the end of the program (at 24 months) were still present – even increased – at 52 months.
- ✓ Large, meaningful, and lasting knock-on effects:
 - ✓ Reductions in being ever married/pregnant, total live births, desired fertility
 - ✓ Increases in age at first marriage/pregnancy.
 - ✓ More educated husbands among those married...

Conditional vs. Unconditional Cash Transfers

- ✓ Human Capital accumulation: CCTs have the advantage
- ✓ Current Poverty Reduction: UCTs have the advantage
- ✓ Future Poverty Reduction: ???
 - ✓ Savings and investments in productive activities could increase future earnings and reduce poverty (Gertler et al. 2012; Bianchi and Bobba 2013)
→ UCTs
 - ✓ Investments in human capital could reduce poverty in the next generation → CCTs

Conditional vs. Unconditional Cash Transfers

- ✓ **For social protection, give unconditionally...** it protects households from many ills
 - ✓ with no increase in temptation or demerit good (Evans and Popova, 2014)
- ✓ **... and give cash rather than in-kind:**
 - ✓ Cunha (2014) is very similar to Baird et al. (2011): in-kind transfers provide more micro-nutrients (Vitamin C, iron, and zinc) to children and mothers than equal-valued UCTs but only translate to small gains in weight and height but not in self-reported sickness or anemia.
 - ✓ Muralidharan et al. (2011) advocate for cash transfers for the poor instead of subsidized commodities
 - ✓ Gentilini (2015) finds no clear evidence that food transfers dominate cash transfers but cannot pull the trigger to recommend “cash.”

What about promotion via human capital accumulation?

- ✓ While UCTs will provide basic protection from poverty, their promise for promotion is limited – *given extant evidence*.
- ✓ We do know that CCTs do improve at least intermediate outcomes in schooling, health, early childhood development, and nutrition, and in some cases final outcomes (Gertler 2004; Barham, Macours, and Maluccio 2013b; Attanasio et al. 2015)
- ✓ **What are some design features we can consider in cash transfer design?**

Cash Transfer Design Ideas

- ① Consider basic unconditional grants for all poor households topped up by carefully considered conditional transfers.
- ② The tradeoffs from imposing conditions will vary by setting and household demographics: → e.g., in Malawi, consider offering CCTs for young children that switch to UCTs upon adolescence.
- ③ Consider conditioning transfers on improvements on children's outcomes rather than utilization of services, tweak the timing and size of transfers

Cash Transfer Design Ideas

- ④ Consider the fact that market failures in the education/health sectors or elsewhere could be the reason for low human capital investments for children:
 - Combine basic UCTs with fixes for those failures
 - For example, providing all girls bicycles conditional on secondary school enrollment was much more cost-effective than comparable CCTs (Muralidharan and Prakash 2014)
- ⑤ Remember that conditions can have perverse effects for the compliers if the supply-side is poor.
 - Also remember that the condition may be “symbolic” to make cash transfers to the poor politically feasible.

Part III: Other Antipoverty Policies

Just Give Cash?

- As we were talking about unconditional cash transfers let's start with large lump-sum cash transfers to households.
- *GiveDirectly* is a recently founded NGO that makes one-time large cash transfers to selected households using mobile money.
 - RCT contains random variation in individual recipient, frequency, and transfer size...
- As such, its model is quite different than the small and frequent transfers model that governments and aid organizations are used to.

The *GiveDirectly* Model

Targeting

- Use census data to select poor **regions**
 - Select **villages** based on population and proportion lacking metal roofs
 - Select **households** with thatch roofs (with the help of the village elder)
-
- Targeting using roof materials is decent:
 - Assuming away [behavioral responses](#) and labeling issues
 - Targeting using a typical asset index could improve exclusion errors by 6-10%
 - But, these are improvements on the margins; adopting other criteria (proxy-means or else) not difficult; and *GiveDirectly* not married to this method.

The *GiveDirectly* Model

Transfers

- One-time, large, lump-sum transfers (about USD1,000 in PPP terms)
 - Experimentation with amounts and frequency...
- Recipients given a SIM card and asked to register with M-Pesa
- Organization estimates about 92% of your donations are transferred to the recipients M-Pesa account...

The *GiveDirectly* Model

Evidence

- Haushofer and Shapiro (2014) describe the short-term impacts of the *GiveDirectly* experiment.
- ✓ Significant improvements in asset holdings (58%), expenditures (23%), and happiness/life satisfaction (0.15-0.20 SD).
- ◆ Revenues are up, but so are expenses, implying no profit gains
- ◆ No effects on education, health, or female empowerment
 - ◆ *Sidebar: How does the popular press cover this evidence?*

The *GiveDirectly* Model

Evidence

- *Going back to our framework on SP, HC, and graduation:*
 - Good for current poverty reduction
 - But, it's only been eight months after very large lump-sum transfers
 - Will we have to provide similar transfers in a few years?
 - No evidence of human capital accumulation for children in beneficiary households
 - Graduation: ???
 - Not only too early to tell, but no sign of increases in profits (perhaps also because it is too early)

The *GiveDirectly* Model

Summary

- There are some technical issues with the study, but also some interesting findings...
- The timeline is too short
 - The findings of increased consumption, assets, and life satisfaction are not surprising
- It'd be good for *GiveDirectly* to run a cluster-RCT in a new setting, focused on sustained longer-term poverty reduction.
- The great news is that *GiveDirectly* is run by smart development economists, who want to be useful to development practitioners – and are willing to collaborate with us on important questions and designs.

Grants for Income-Generating Activities (IGAs)

- The paper around which I will structure the discussion of grants for IGAs is Blattman, Fiala, and Martinez (2013), evaluating Northern Uganda Social Action Funds (Youth Opportunities Program).
- Endogenously formed groups of young adults asked to propose IGAs in skilled trades, which are screened both at the village and higher levels.
- Program aimed to boost non-agricultural (self-) employment and incomes among un(der)employed youth and promote social stability in a post-conflict setting.

Grants for Income-Generating Activities

Targeting

- Mean age: 25; 75% with a primary school education; two-thirds male
 - Compared to their peers, beneficiaries are more educated, and wealthier.
- Contrast this with TASAF's very similar program, but targeted to "vulnerable households":
- Mean age: 55; only 5% with a primary school education; 60% female
 - 47% widow(er); 56% illiterate
 - Eligibility criteria ensures pro-poor targeting (Baird, McIntosh, Özler 2013)
 - → equity vs. efficiency tension...

Grants for Income-Generating Activities

Transfers

- Average transfer per group member was USD382 (higher in PPP), transferred to the group's bank account.
 - Group size ~ 20
- Not an unconditional cash transfer:
 - Group-based,
 - Proposal to include training and capital investment components,
 - Endogenous screening,
 - No monitoring after transfers...

Grants for Income-Generating Activities

Evidence

- Follow-up: two-year and four-year
- At the four-year follow-up, large improvements in:
 - Practicing a skilled trade (carpentry, welding, hairstyling, tailoring...)
 - Business assets (57%),
 - Work hours (17%) and earnings (38%)
- Consistent with credit constrained households with productive opportunities

Grants for Income-Generating Activities

Evidence

- Going back to our framework on the multiple roles of programs as safety nets, human capital accumulation, and graduation:
- How do the impressive gains in the target population contribute to poverty reduction in Uganda?
- What happened to children's schooling and health?
- Spillovers within communities?
- Definitely promising for “graduation” from poverty!
 - with the caveat that we don't know their “official” poverty status at baseline...

Grants for Income-Generating Activities

Summary

- Did the NUSAF YOP find the sweet spot for supporting entrepreneurial activity?
 - Young, underemployed, selected adults with above median wealth and education in a credit constrained environment coming out of a long conflict...
- A similar program in Tanzania, targeted to “vulnerable households” did not have the same success:
 - Similarly non-transformative findings for cash grants to young people in Brudevold et al. (2015) and Blattman, Jamison, and Sheridan (2015).

Grants for Income-Generating Activities

Summary

- Bleakley & Ferrie (2013) assess the effect of a large land lottery in 1830s Georgia (USA) and find that the wealth of the lower tail is largely unaffected 18 years later:
 - [Only a shift from middle to upper tail](#)
 - Findings consistent with heterogeneity in characteristics that determine wealth accumulation, and inconsistent with credit-constrained poor...
- Consistent with the idea that targeting these programs to the poor(est) in developing countries may not be as successful...

What about Microcredit?

- If the issue was a simple credit constraint, then microfinance could play the same role as grants.
 - Blattman et al. (2013) argue that even with the large earnings gains and relatively favorable interest rates and term lengths, it would take a long time (if not forever) to pay back a loan of the same average size.
- There is another reason why grants might be better than loans: poor households with high potential may get screened out by lenders (Beaman et al. 2015)
 - Can lenders improve their credit scoring systems based on new research?

What about Microcredit?

- Non-subsidized microfinance institutions successfully exist in many countries and serve a section of the poor.
 - It's not clear that subsidizing these institutions or governments themselves providing subsidized credit makes sense...
- High potential poor screened out by lenders can benefit from cash grants (McKenzie 2008a, 2008b; Blattman et al. 2013)
 - Likely not the poorest of the poor...
- Others can benefit from targeting the ultra-poor graduation programs (TUP) to become future borrowers.
 - And the rest...

The Multifaceted Graduation Approach (TUP)

- Originally designed and implemented by BRAC, a large Bangladeshi NGO, these programs provide beneficiaries with:
 - productive assets,
 - consumption support,
 - technical skills training,
 - frequent home visits, and access to savings (+ sometimes life skills/health)over a period of approximately two years.

- Two papers:
 - Bandiera et al. (2013): Bangladesh (two-year impacts)
 - Banerjee et al. (2015): Six countries (one-year impacts)

The Multifaceted Graduation Approach (TUP)

Targeting

- BRAC (Bangladesh):
 - “Women are selected on criteria such as not owning land, not having a male adult earner in the household, having to work outside the household, having school-aged children that work and having no productive assets. Eligible must also not be enrolled with MFIs or recipients of government anti-poverty programs.”
- Six-country study:
 - Geographic targeting of poor regions; village selection by NGO staff
 - Eligible (ultra-poor) HHs identified by a participatory wealth ranking (PWR)
 - 48% below \$1.25/day per capita consumption
 - However, various inclusion/exclusion criteria muddy the waters a bit...

The Multifaceted Graduation Approach (TUP)

Transfers

- Direct transfer costs ranging from USD700-2,000 (2014 PPP), with a mean around \$1,000.
 - Total direct costs are substantially higher (supervision, training, materials, salaries, etc.), with the transfers accounting for about a third of total direct costs, but with high variation (19% in Ghana to 63% in India).
 - So, while the transfer amounts are similar to GiveDirectly and higher than in NUSAF, these programs are more expensive (and more complex) to run.

The Multifaceted Graduation Approach (TUP)

Evidence (*Banerjee et al. 2015*)

- One year after the cessation of all support by the NGO, significant effects across the board (consumption, income, food security, asset accumulation, mental health, political involvement, etc.)
 - Effect sizes are modest (0.05 – 0.25 SD)
 - No effects on physical health or female empowerment; no schooling reported
 - Income and revenue gains slide down a bit from 0.38 SD at the end of the program to 0.27 SD one year later.

The Multifaceted Graduation Approach (TUP)

Evidence (*Bandiera et al. 2013*)

- Similar effects on asset accumulation, expenditures, earnings, and life satisfaction observed at the end of the intervention and sustained two years later.
- A significant shift from wage labor to self employment, with hours worked and hourly wages increasing.
- Comparison to a hypothetical equal-valued cash grant favorable to TUP...
 - ...but is somewhat unsatisfactory.

Grants for Income-Generating Activities

Evidence

- Going back to our framework on the multiple roles of programs as safety nets, human capital accumulation, and graduation:
- TUPs seem to serve the safety net and graduation purposes well.
 - Targeting is one issue that we need to think more about
 - Which elements of the package are needed, which can be cut? (Blattman et al. 2015; Argent et al. 2013)
- Again, as with many studies in this space, no effects on children's outcomes reported.

Grants for Income-Generating Activities

Summary

- Good example of an idea tested in multiple settings for multiple outcomes with at least one follow-up for measuring sustained effects.
- However, we still need more evidence of longer-term effects.
 - Recognizing that this is not easy...
- Also, effects are for relatively small scale operations by NGOs that vertically integrate the diverse set of services (Galasso 2015)

For further experimentation...

- The graduation approach is promising, but brings up a number of important questions:
 - ① Fixing the objective function, can TUPs outperform UCTs or microcredit?
 - How do we compare credit programs to cash grant programs?
 - ② Or, if different programs serve different objectives, how does a government harmonize its approach to dealing with different target populations? How does it sequence programs & supply side?
 - ✓ *A safety net for everyone, TUP for the ultra-poor, grants, credit, and insurance for willing borrowers, other programs for the rest?*

For further experimentation...

- ③ How would TUP operate at scale when markets respond to full GE effects?
- ④ Which components of the package are needed?
- ⑤ Lessons from multiple settings and for longer time horizons

For further experimentation...

- The World Bank is uniquely placed to support client countries who want to experiment with program design to determine the most promising approaches towards sustainable reductions in poverty.
- We are currently reaching out to some country teams, the GPs, and outside donors to enable countries to experiment with social protection and promotion systems-design. This could:
 - Help systematically accumulate evidence from a range of countries to shore up a rich “operational” evidence base;
 - Lead to innovation through competition in the social protection space;
 - Be funded through our lending and grant products

Part IV: Concluding Remarks

Conclusions

① For social protection purposes, it's hard to argue against cash transfers:

- Not conditional
 - Not in-kind
-
- Middle- and high-income countries could consider basic income grants **for everyone**, which could be too costly for poor countries.
 - Even then, there may be a lot of scope for cutting regressive subsidies and financing direct cash transfers for the poor (Kapur et al. 2008; Bardhan 2011; Ravallion 2013).

Conclusions

② For human capital accumulation, the promise of unconditional cash is not (yet) fulfilled.

- Credit constraints are neither the only nor the most important problem in improving education (skills) and health.
 - These are two complex markets, plagued by multiple failures: information, service delivery, politics...
- The question is whether conditional cash transfers (preferably on top of UCTs) are better than trying to solve these other failures directly.

Conclusions

③ For a sustained exit from poverty, there is not sufficient evidence to suggest that unconditional cash grants are the answer.

- Several studies have been helpful in identifying cases where the only (or main) binding constraint is access to credit.
 - However, this is unlikely to be the case for poor people in low-income countries.
 - A consistent finding from multiple studies is that the effects of interventions are higher towards the top of the distribution among the target populations.
- There is room for more exploration of more elaborate approaches (“cash plus” programs; TUP programs; credit for the entrepreneurial poor, etc.)

Conclusions

④ **We need to harmonize the space of social protection, promotion, and productive inclusion programs.**

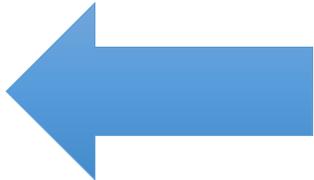
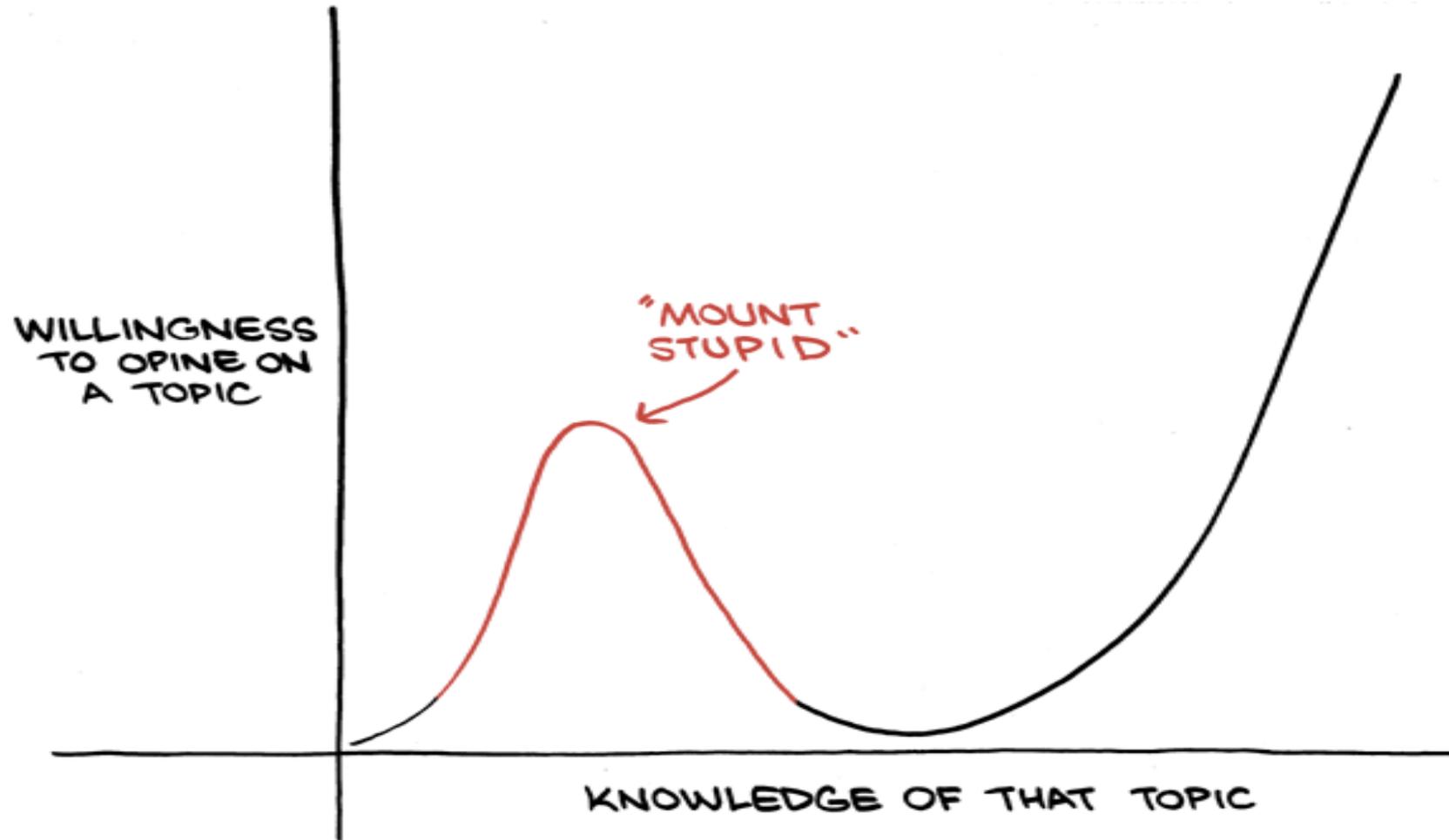
- Currently, in many countries, there are too many programs, where
 - contributions to these three goals are not well-defined,
 - **target populations overlap,**
 - supply-side is lagging,
 - The sequencing of services for the poor over stages of productivity growth is not clear

Conclusions

⑤ The antipoverty policy space is ripe for experimentation

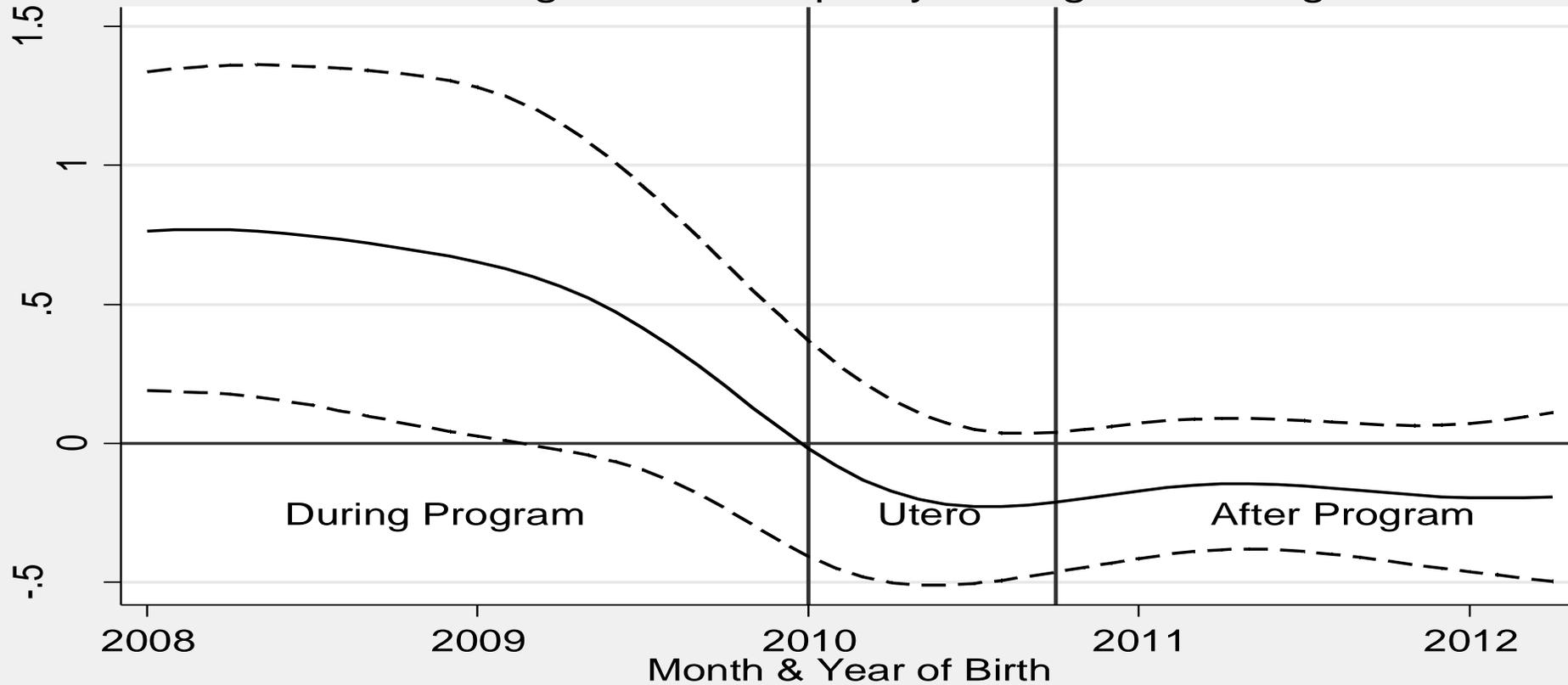
- To date, there are no apples-to-apples comparisons of many of these approaches
- Such experimentation requires careful thought on policy objectives, political constraints, and systems design.
- This puts organizations like the World Bank in a unique position to accumulate knowledge doing collaborative work with client countries, innovative new organizations.

Thank you



The UCT treatment effect on Child HAZ

Controlling for mother quality and age + child age



TE + 95% confidence Interval, locally weighted regressions over distribution of Child Age

SISBEN: Poverty index score distribution

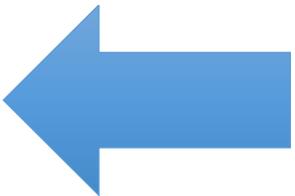
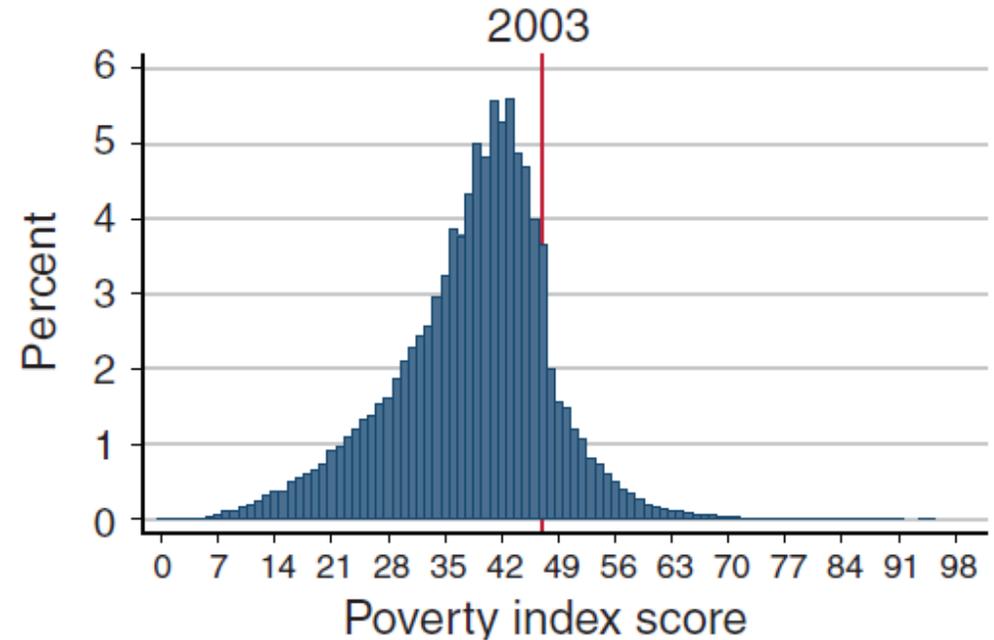
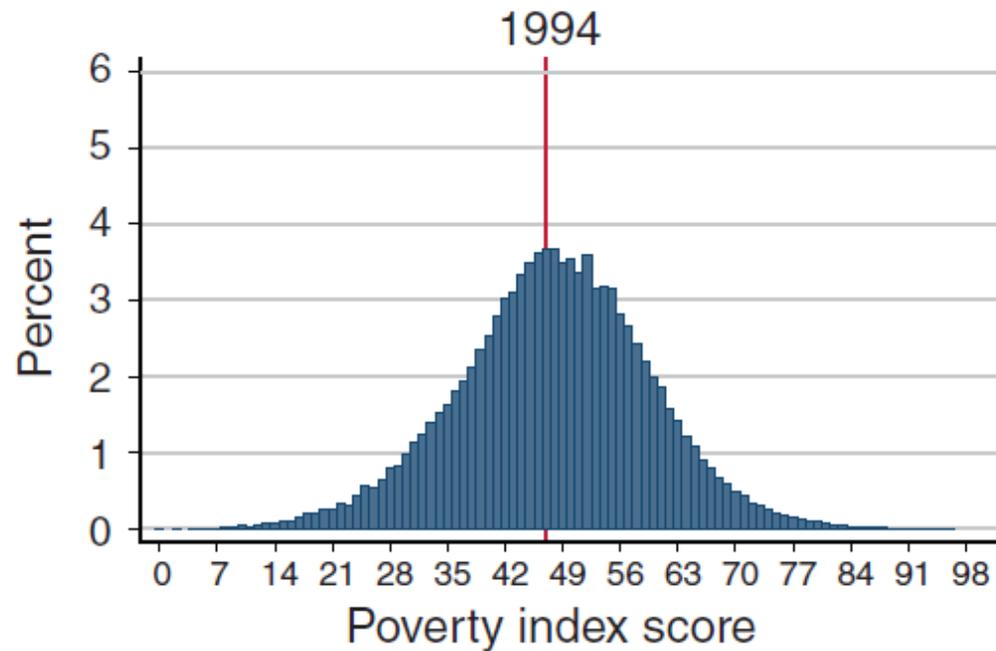


Figure 1: Business value (as a share of TASAF grant)

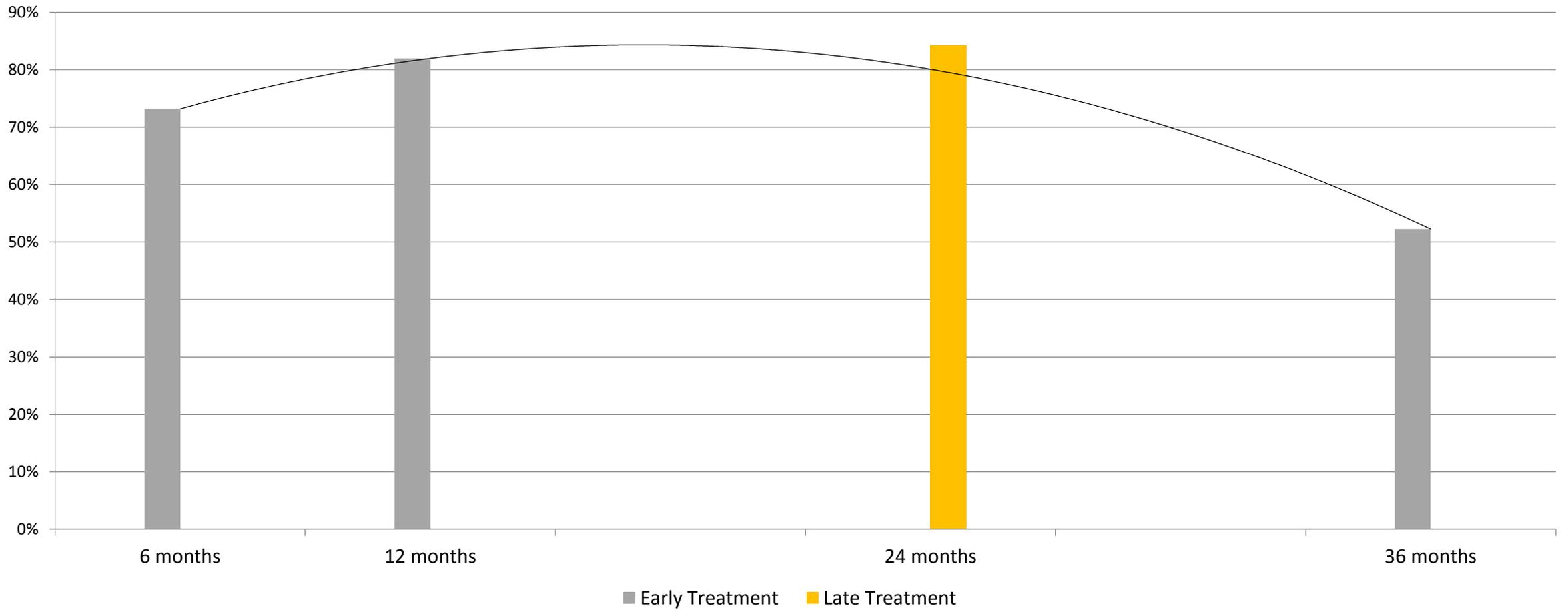


Figure 2: Individual earnings from TASAF business

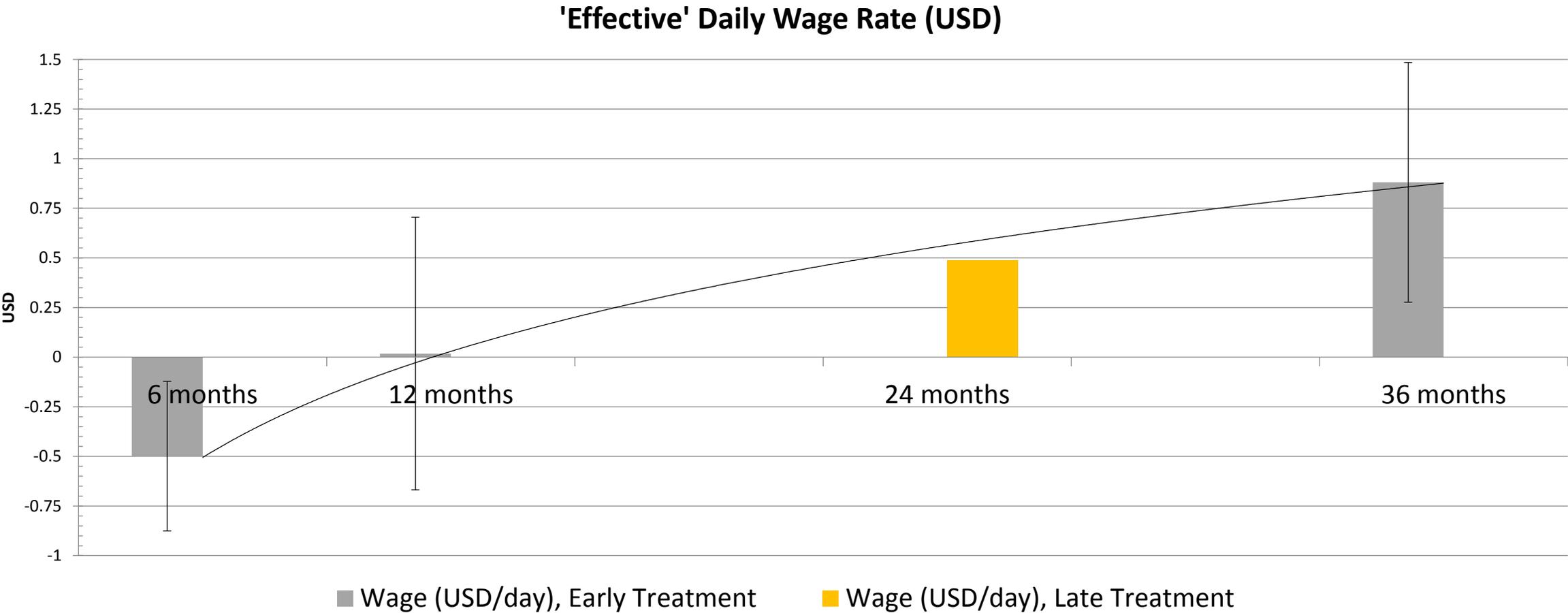


Figure 1: Quantile Regression Estimates on Total Wealth and Lottery Winning

