

DEVELOPMENT PATHWAYS

The evidence on “Graduation” programmes

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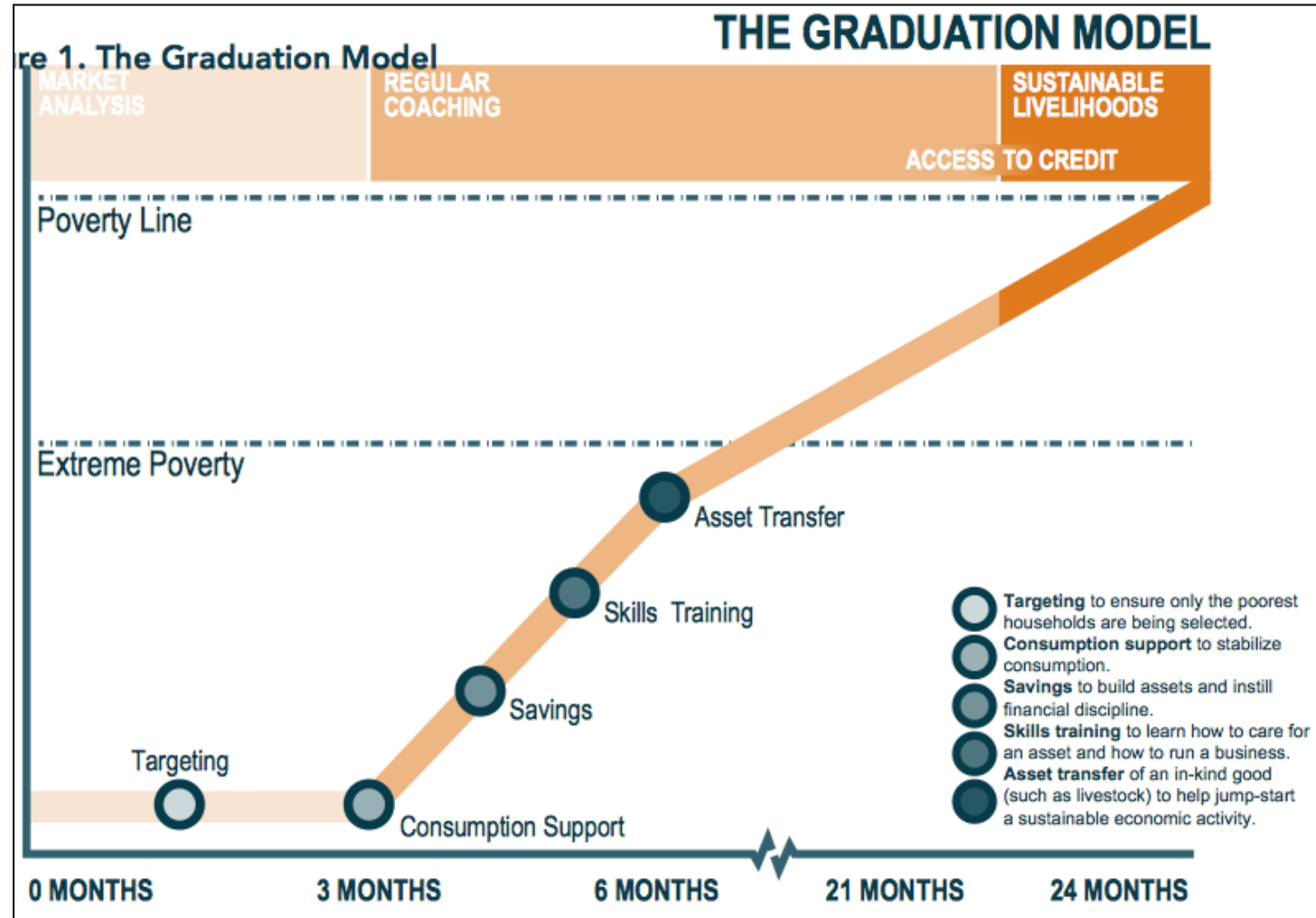
Are Graduation programmes social protection?

- No!
- They provide regular and predictable transfers for only around 10 months, then families are exited from the transfer and exposed to risks
- They are not provided by the state, but are NGO initiatives
- They are much better conceptualised as micro-enterprise or livestock schemes

BRAC's graduation model

BRAC believes that “ultra-poor” families – the poorest 6% of the population – will graduate out of poverty into sustainable livelihoods through their model

Sounds wonderful!



International Growth Centre (IGC) representation of impacts

Impacts appear to be
very significant

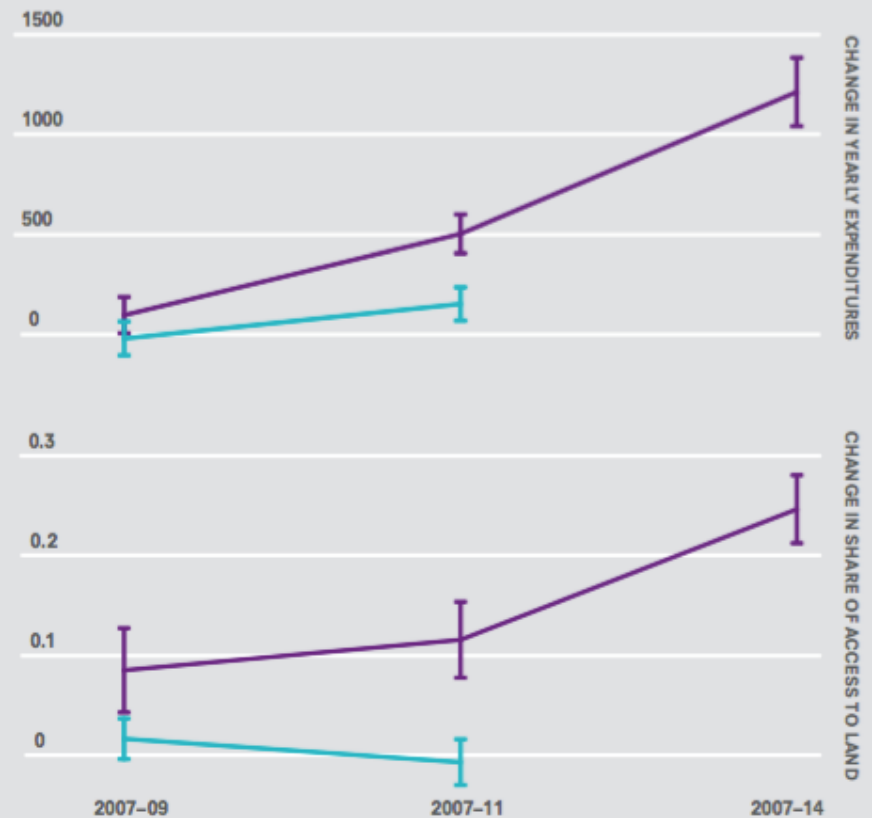
Household expenditure
appears to increase by
\$500 per year

What's not to like?

But, what do the actual
evaluations tell us?

ULTRA-POOR HOUSEHOLD EXPENDITURES AND LAND ACCESS

NON-DURABLE EXPENDITURES (USD)



LAND ACCESS



— PROGRAMME BENEFICIARY OUTCOMES — NON-BENEFICIARY OUTCOMES

Please note: In 2011, the programme was scaled up to all eligible study households, including those previously serving as controls. As such, land access and expenditure outcomes from 2011–2014 are illustrated without a control group comparison.

Targeting efficacy in BRAC Graduation programme

Poverty line of
\$1.25 per day



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graph LR; A[Poverty line of $1.25 per day] --> B[Around 40% of households under $1.25 in 2007]; B --> C[47% of "ultra-poor" households in Graduation programme were not poor in 2007]; D[Ultra-poor households are meant to be the poorest 6% of the population]; E[Very few of the beneficiaries of Graduation programme were actually in the poorest 6% of the population];
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Around 40% of
households
under \$1.25 in
2007

47% of “ultra-
poor” households
in Graduation
programme were
not poor in 2007

Ultra-poor households
are meant to be the
poorest 6% of the
population

Very few of the
beneficiaries of
Graduation programme
were actually in the
poorest 6% of the
population

Impacts of BRAC Graduation programme after 4 years

Value of
goats fell
by 298%

Wow Factor!

Earnings increase by 37%

Consumption increased by
10%

Value of household durables
increased by 110%

Value of cows increased by
208%

Household savings increased
by 863%

Hours worked increased by
22.4%

Not-So-Wow Factor

Earnings increased by \$1.83
per month

Consumption increased by
\$1.30 per month

Value of household durables
increased by \$9.90

Value of cows increased by
\$8.45

Household savings increased
by \$13.00

Beneficiaries earned \$0.10 per
additional hour worked

Which beneficiaries performed the best?

**“The effect on consumption.....is ten times larger at the 95th than at the 5th centile and differences for savings and productive assets are even larger.”
(Bandiera et al 2016)**

So, does this mean that largest impacts were on the non-poor?

And, does it mean that the programme had minimal impact on the ultra-poor?

Impacts of other pilot Graduation programmes

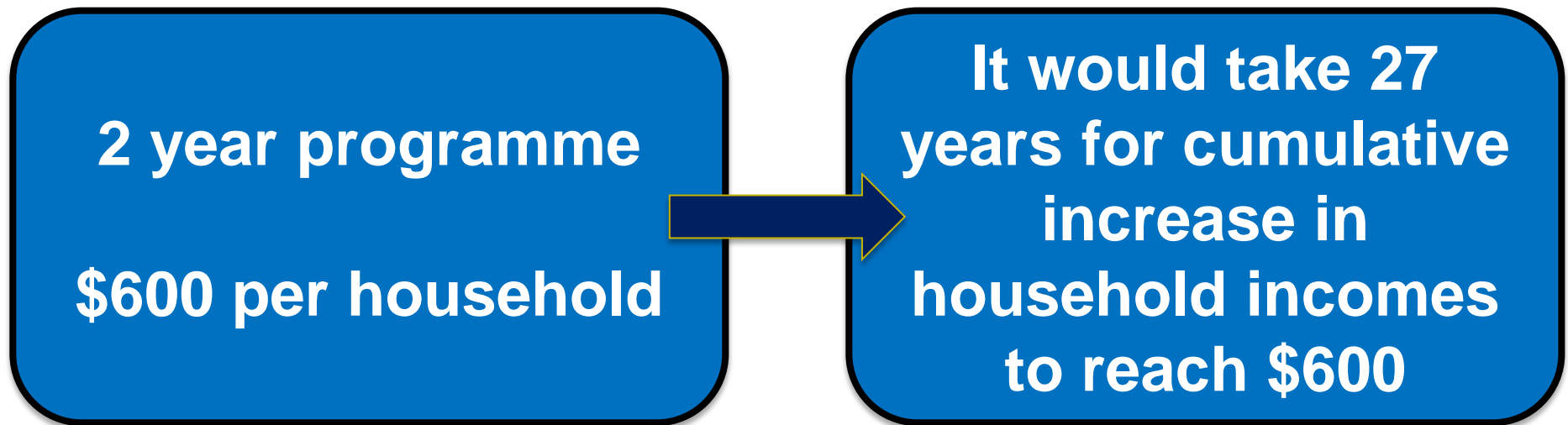
Bandiera et al (2016) compared the impacts of Bangladesh programme with similar schemes in Ethiopia, Ghana, Honduras, Peru, India and Pakistan

Conclusion:

“What is striking is how similar the pattern of effects is across the broad set of ten outcome variables.”

So, does this mean that all Graduation programmes have similar limited impacts?

Costs versus benefits



Alternatives to graduation programme

\$600 could have been placed in a bank at 6% annual interest



This would have given lifetime annual income of \$36 compared to \$22 annual increase in income from Graduation programme

Beneficiaries could have been given \$5 per month for 10 years



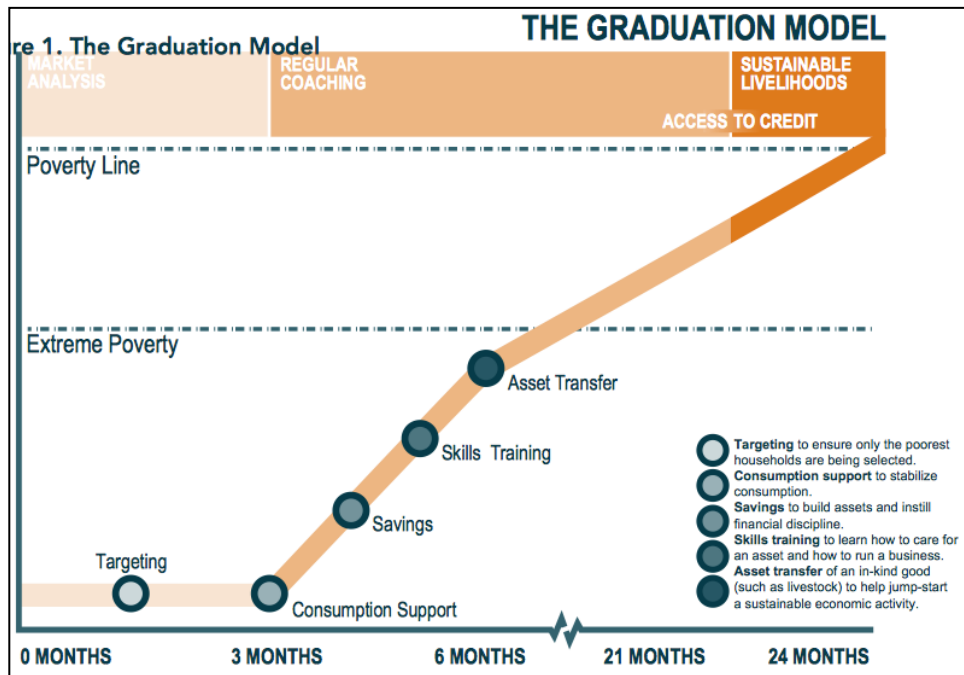
This would have been almost 3 times the increase in income from Graduation Programme

So, does BRAC Graduation programme enable ultra-poor households to graduate sustainably out of extreme poverty?

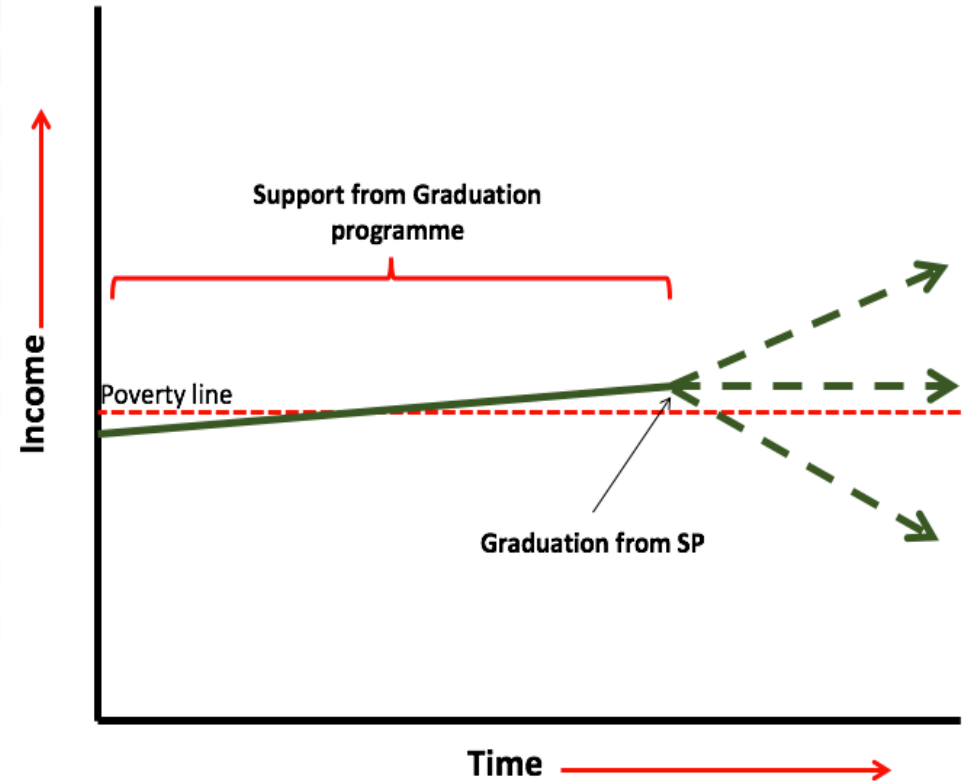
- Around half of beneficiary households were not poor so they had already “graduated”
- Programme impacts are so small – and probably smallest among the ultra-poor – that the majority of “poor” families are unable to sustainably graduate out of poverty
- If families are unable to access conventional social security benefits, they are likely to fall backwards if hit by a “shock,” such as ill-health, death of animals, drought, etc

So, which is more realistic?

The BRAC ideal model?



Or this one?



Further reality check: creating work and jobs is challenging

UK Department of Work and Pensions has scheme for helping unemployed find work



Target is for 5.5% of those on the scheme to obtain a permanent job



Scheme is run by private sector firms, incentivised by payments for success



None of firms have reached target – success is 3.5% - although 35% were placed in temporary work

Cost =
US\$21,000
per
success

Beliefs underpinning Graduation and inclusive social protection models

Graduation model:

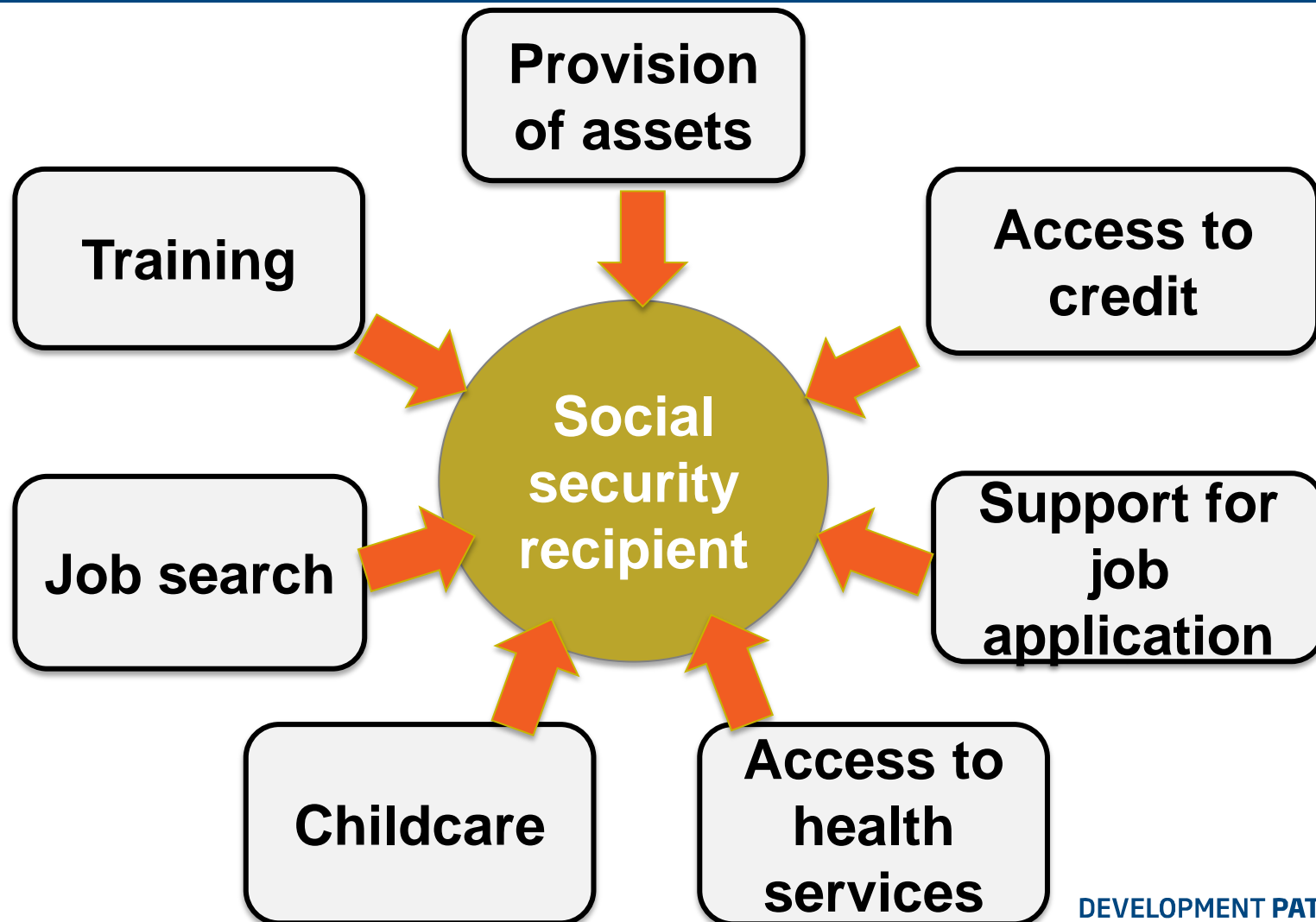
The Heroic Individual

- Traditional approach to development in which individuals strive to free themselves from poverty, while the state looks on
- At its core, Graduation model is no different to other livestock programmes for poor farmers

Inclusive social protection

- Ensure that individuals and families have access to core social security schemes such as old age pensions, disability benefits, child benefits
- Provide additional labour market support without removing families from benefits

However, social security recipients should receive support to enter the labour market



So, do we have yet another myth to go alongside.....

- Poverty targeting is good for the poor
- It is possible to accurately target the poor
- Poverty targeting is much more effective than universal schemes in reducing inequality
- Conditions have a positive impact on school attendance
- Bolsa Familia is Brazil's largest social protection scheme and has the main impacts on poverty and inequality

And now.....

- **Graduation programmes enable ultra-poor families to sustainably escape from poverty?**

Conclusions

- Graduation programmes are not a ***magic bullet***: they have minimal impacts on household wellbeing and are expensive interventions
- Providing a regular and predictable social security transfer to families over a long period is likely to give much better results
- However, if resources are available, we should offer support to families in receipt of social security transfer
 - But, let's not make that support conditional on kicking families off social security and exposing them to risk
- Donors should examine closely the evidence on initiatives such as the Graduation programme before investing their taxpayers' money
- Transformative change will only come about through the establishment of inclusive, lifecycle national social protection systems