



Human Development *Network*

Activation and Graduation of Social Assistance Beneficiaries in Developing Countries

Istanbul

May 1, 2012

Activation and graduation: semantics

- Both imply pro-active strategies
 - The ultimate goal is to improve employability and productivity
 - Both aim at supporting beneficiaries to move to self-sufficiency
- Regional differences in terminology due to different contexts and trajectories of social protection policies/ programs
- Graduation strategies – a relatively recent entry in the social policy discourse (and still a ‘fuzzy’ concept)
 - Alternative operational definitions
 - ... from the narrow ones that emphasize program “exit”
 - ... to the broader ones that focus on moving out of vulnerability and extreme poverty into more productive and resilient livelihoods

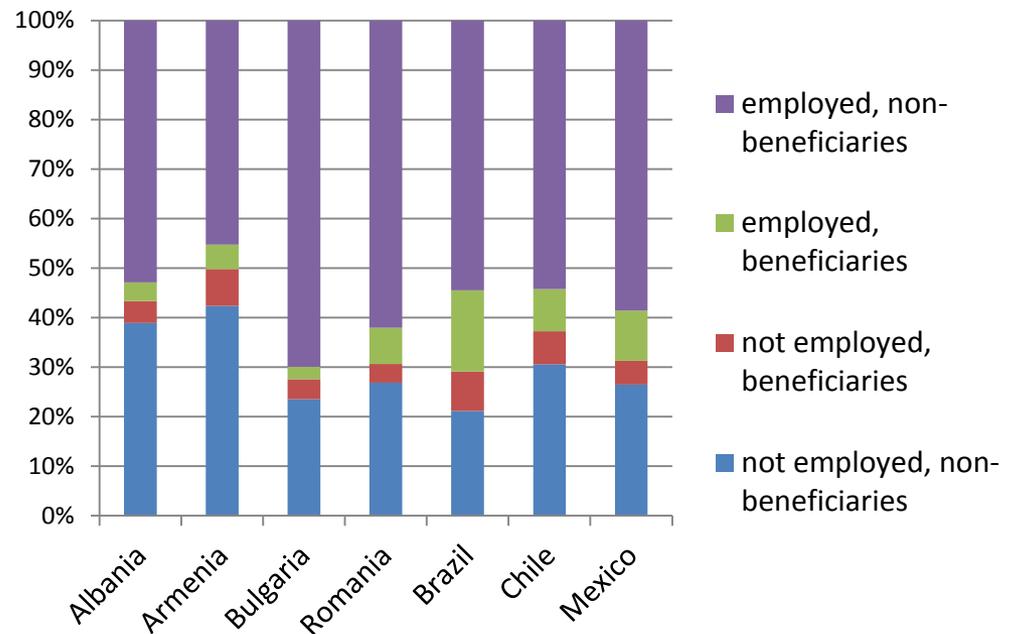
Growing interest for activation and graduation measures for social assistance recipients in developing countries

The scope for activation

Main drivers

- independent and sustainable livelihoods for the poor
- but also some *concerns*
 - fiscal
 - dependency
 - political economy
 - informality

Employment status of 'able to work' population
- activation target groups -



Activation and Graduation of Social Assistance Beneficiaries

Some Frequently Asked Questions

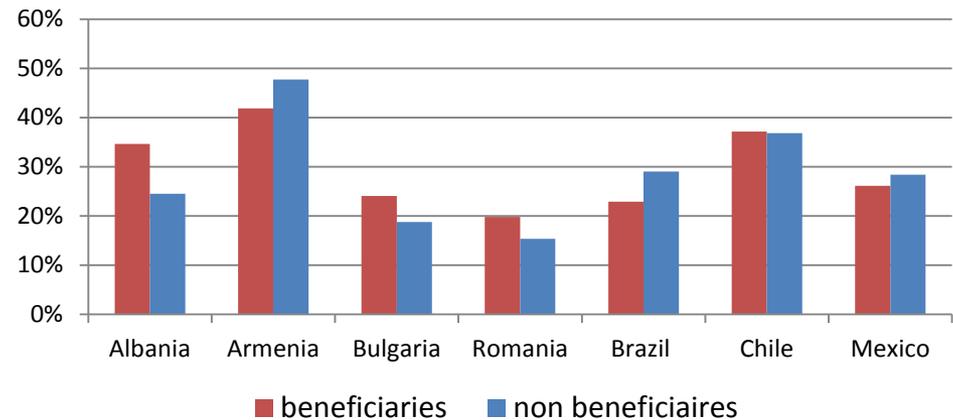
- What works?
- How to ...
- ... target the right measures to the right people
- ... link (and match) beneficiaries to available services
- ... identify/ map the (gaps in) service supply
- ... coordinate between agencies and across levels of government
- ... monitor service provision
- ... determine readiness to exit assistance
- What are the costs?

Are concerns always justified?

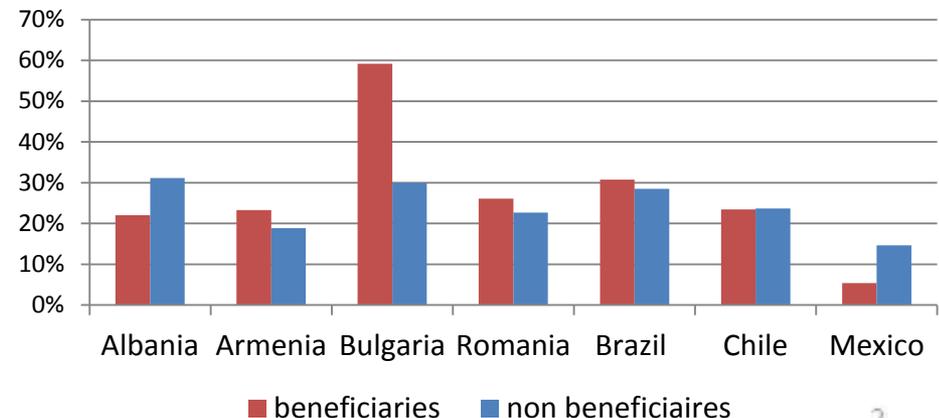
- Dependency
 - Can beneficiaries in developing world afford inactivity?
 - Barriers and dependency

- Evidence (developing world):
 - mixed evidence of impacts of social assistance on work incentives and labor supply
 - in most cases no negative impact was found; rather the opposite in some cases (e.g., Brazil)

Share of inactive labor force in the bottom quintile



Unemployed (ILO) in the first quintile

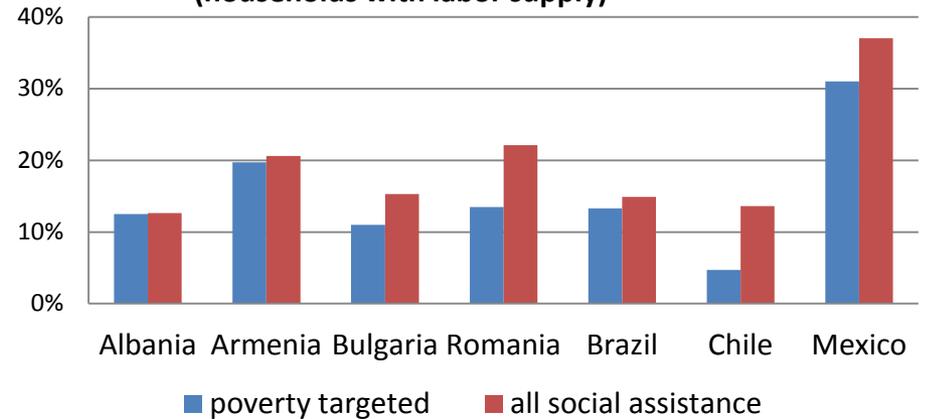


Are concerns always justified?

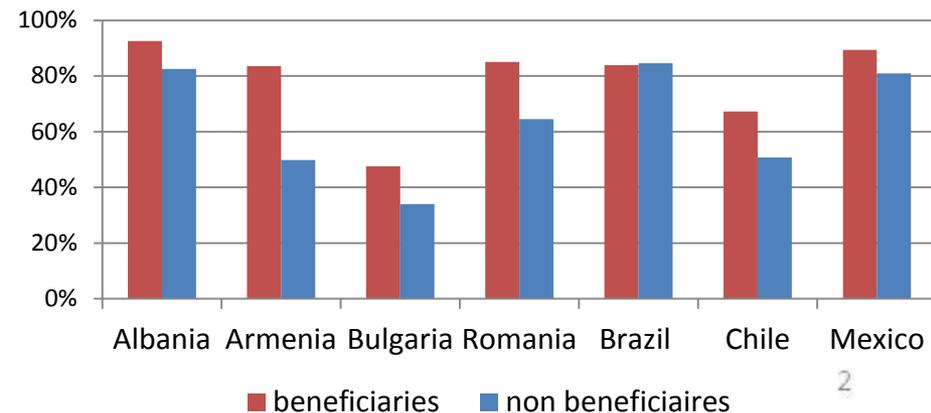
- Generosity
 - Dilemma: disincentives vs. benefit dilution

- Informality
 - Are cash transfers contributing?
 - Low productivity trap but also buffer against poverty

**Social Assistance Generosity
(households with labor supply)**



Share of employed adults from the first quintile working in the informal sector



Middle Income Countries

Europe and Central Asia (ECA)

- Poverty targeted programs (means-tested) introduced in the mid - late 90s
- Caseload – between 2 and 10 percent of population
- Activation strategy
 - Focus on reducing potential disincentives to work
 - Registration with Public Employment Services (PES) and regular in-person visits
 - In few countries beneficiaries are targeted by subsidized employment programs

	Mandatory registration with PES	Community work requirements	Income disregards
Albania	Yes	Yes	No
Armenia	Yes	No	No
Bulgaria	Yes	Yes	No
Kyrgyzstan	Yes	No	No
Lithuania	Yes	Yes	No
Romania	Yes	Yes	Yes

ECA: mandatory registration with PES

- Eligibility condition (in some cases a six months history is required)
- Beneficiaries cannot refuse job offers / training
- Regular verification of “active status” (3 – 6 months)
- Sanctions:
 - Suspension of benefits
 - Lose right to apply for benefits for certain time (BG)
- No evidence on outcomes with respect to SA beneficiaries, but existing assessments of PES in ECA point to constraints:
 - PES are understaffed and not well connected to employers (Kuddo, 2009)
 - In Bulgaria the duration of the interview with a “hard-to-serve” client for elaborating an individual plan – about 15 minutes (Shopov, 2012)
 - In Romania evidence of “creaming off” the most qualified candidates for ALMPs - training and retraining, self-employment assistance, etc. (Planas, 2009)
 - In Romania only 3-4% of GMI beneficiaries registered with PES were offered training or jobs (survey data, before crisis)

ECA – employment programs targeted to SA beneficiaries

Mainly subsidized employment (AL, BG)

- Bulgaria subsidized employment - “From Social Assistance to Employment” (since 2003)
 - 70% quota allocated to GMI beneficiaries
 - May include training or literacy courses
- A mid-term evaluation (Koning et al, 2005) indicates that the impact of the program is rather mixed
 - positive effects on unemployment spell (on average, the program reduced by half the unemployment duration of a participant),
 - increased self-confidence and job-search motivation of beneficiaries
 - positive results for the local communities (creation and maintenance of public goods including social services)
 - gross impact on employment was rather small (8 percent), and the net impact was estimated to be negative
 - the program did not increase the chances of participants to find a regular job

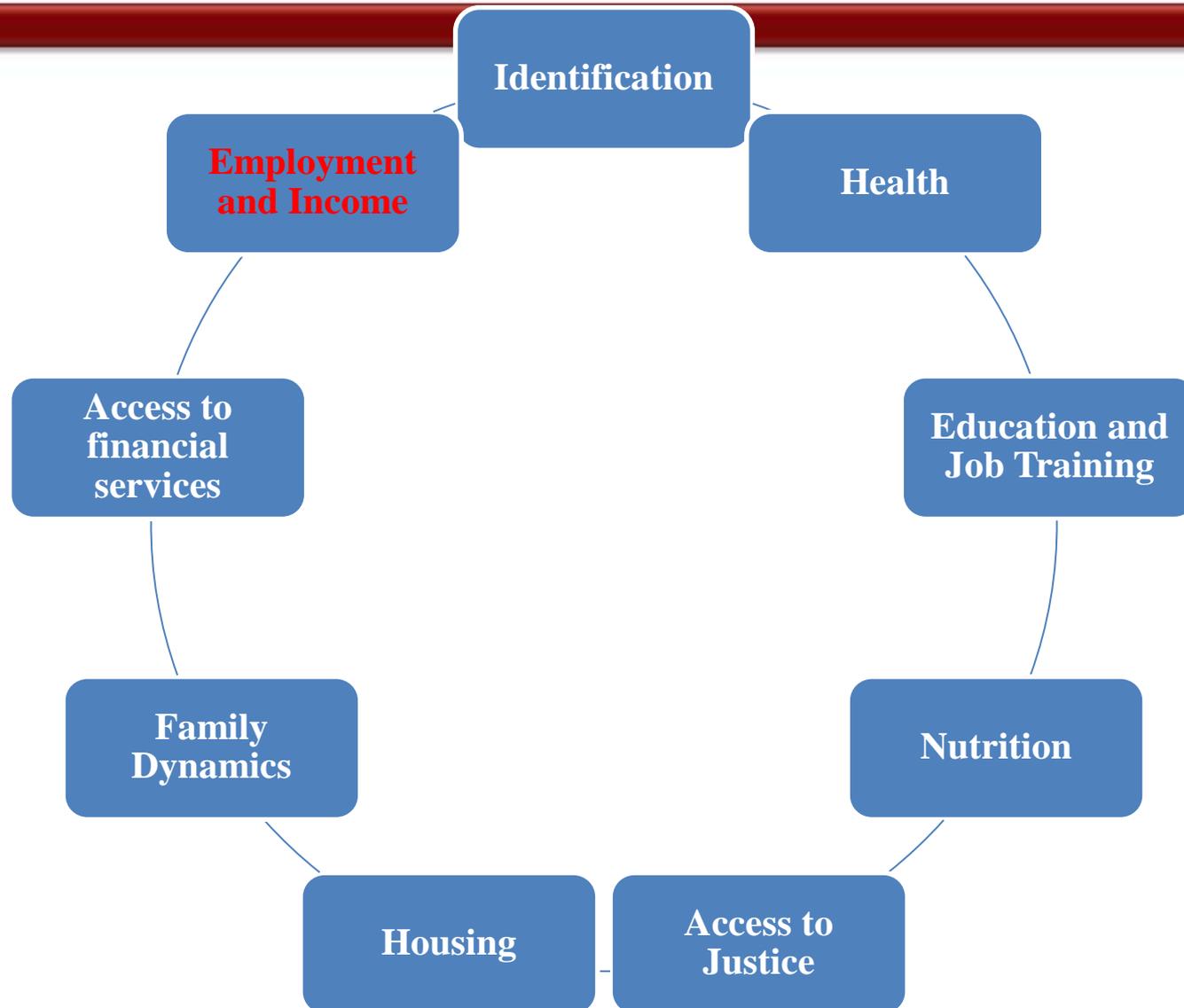
Latin America

- Conditional Cash Transfers introduced in the late 90s (poverty and human capital)
- Caseload – up to 20 percent of population
- Focus on “graduating” beneficiaries (recertification not as frequent as in ECA due to targeting method)
- In 2002 Chile launches a more comprehensive approach (Chile Solidario) to address low take-up of services by the poor
- Colombia follows in 2006 with Juntos (now Unidos)
- Other countries (e.g., Mexico, Nicaragua) start piloting similar approaches

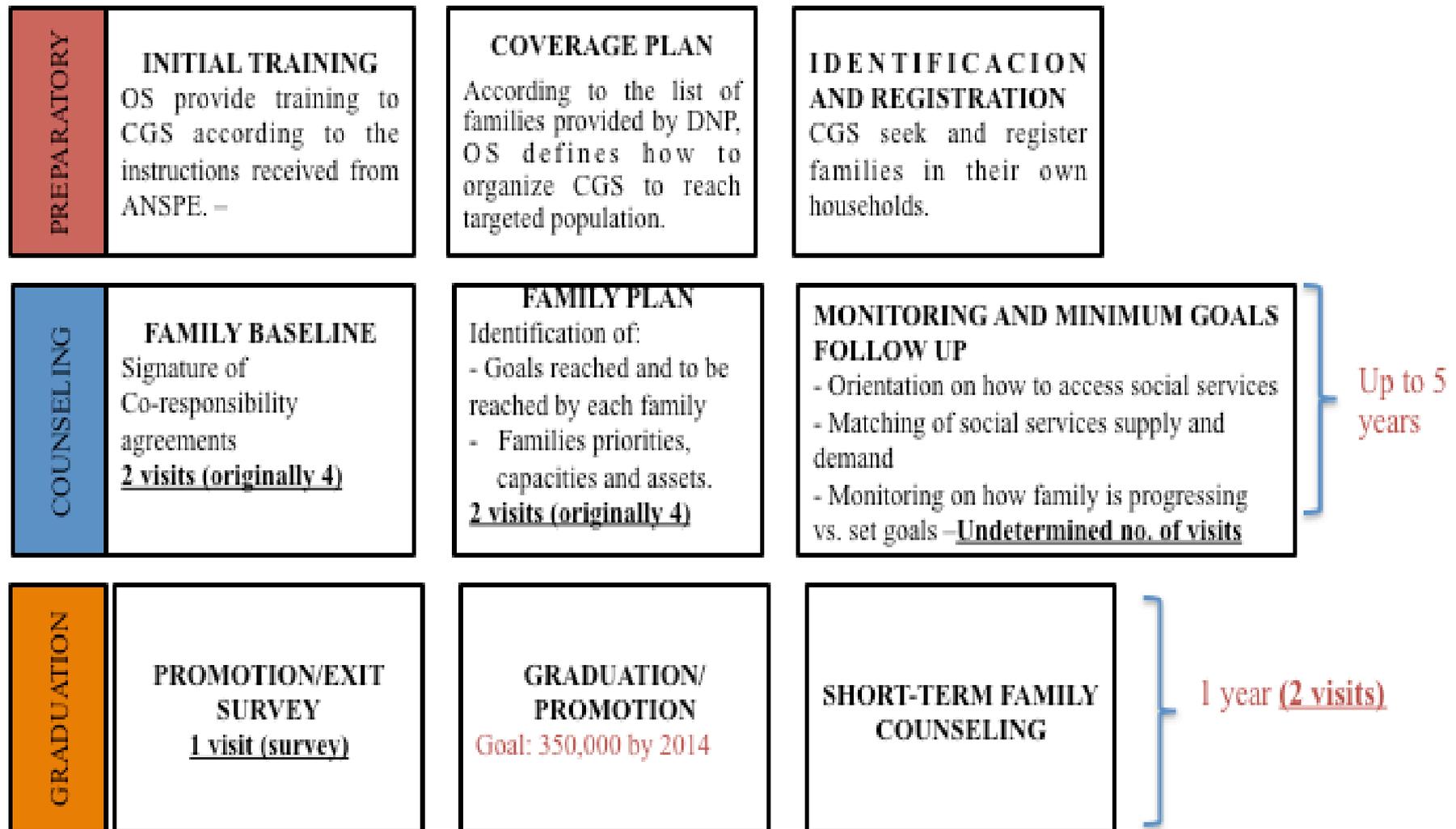
Core elements of the approach

- Aims to address multiple dimensions of poverty
 - 7-9 dimensions, 45-50 targets (conditions/ goals)
- Time limits for participation (5-6 years)
- Pro-active outreach
- Personalized family counseling – intensity and frequency decrease over time
 - In Chile, 21 sessions over a 2 year period (once a week in the first 2 months)
 - In Colombia 6 visits over 5 years in practice (over 10 by design)
- Beneficiary families prepare graduation plans and sign co-responsibility agreements
 - Co-responsibilities are tailored to each family
- Preferential access to social programs and services
- Strong MIS, including mapping of services and gaps in services at local level

Colombia Unidos - Dimensions



Colombia Unidos – Family Counseling



Activation

- Chile - minimum conditions for the Employment dimension
 - At least one adult in the family has steady work and a stable salary
 - No child under 15 leaves school to work
 - Unemployed family members are registered in the municipal employment office
- Both Chile and Colombia: activation strategy based on existing employment services and programs – but scarce supply .
 - In Colombia in 2012 only 4% of the target group of working age adults could access job market intermediation, small business development, or training.
- Evidence:
 - Chile – increase take-up of employment services and programs
 - Chile – caseload matters for impacts
 - Colombia – no impact

Middle income countries: emerging patterns

Poverty Targeted Social Assistance Benefits

Model A (common in ECA)

Model B (emerging in LAC)

Distinctive features of SA programs

- Mainly focused on income poverty
- Social workers – ‘gatekeepers’
- Few complementary services/ benefits (others are available on demand)
- Standard set of benefits for all

- Acknowledges multidimensionality of poverty
- Active outreach, personalized support, counseling
- Complementary services corresponding to dimensions
- Based on identified needs, profiling

Activation/ Graduation Strategies

- Graduation based on income threshold
- Frequent recertification
- Focus on reducing disincentives to work
- Standard conditionalities for all
- Mandatory registration with PES

- Graduation based on “minimum conditions”
- Phased graduation (time limits and phases)
- Remove barriers, increase access
- Agreements, tailored co-responsibilities
- Preferential access
- Family focus

Middle income countries: emerging patterns

Employment – supply of services

- Relatively well established PES, but low capacity
- Weak efforts to identify and fill the gaps in service supply

- Emerging PES
- Fragmentation
- The state explicitly assumes the responsibility to identify and fill the gaps in service supply for beneficiaries

Governance

- Accountability based on rules
- Social assistance and labor market programs are rather disconnected

- Accountability based on performance
- Inter-institutional and across government levels coordination, agreements, financial incentives
- Information management

Trends

- One stop-shops (e.g., piloted in AR)
- MIS development and integration

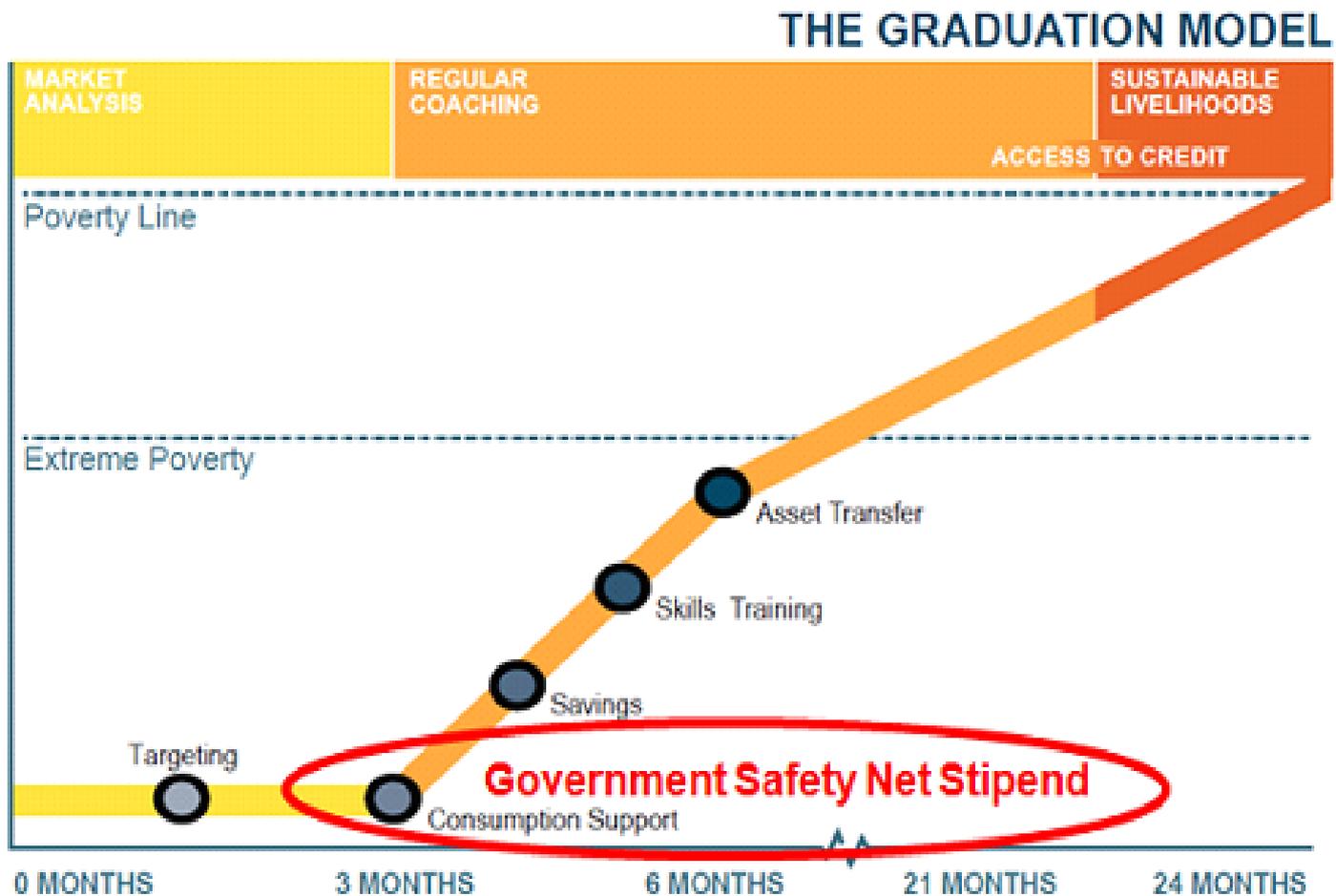
- Adaptation/ Customization of Solidario across countries
- Strengthening PES

High informality and rural poverty contexts

Comprehensive/ Productive Packages

- Focus on managing risks and improve livelihoods via self-employment
- Provide access to capital and technical support
- The CGAP (Consultative Group to Assist the Poor) graduation model
 - Also an effort-intensive, proactive outreach model
 - Package of benefits and services provided over 24 months:
 - (i) consumption support (cash benefits), (ii) encouraging savings, (iii) asset transfer, and (iv) skills training and regular coaching
 - Weekly visits over 18 to 24 months
 - At the end of 24 months, beneficiaries referred to micro-finance institutions
- 10 pilots programs in 8 countries around the world (Haiti, India, Pakistan, Peru, Yemen, Honduras, Ethiopia and Ghana), and Bangladesh
- Preliminary results from impact evaluations are positive (India, Bangladesh)
- Positive results are also observed for comprehensive packages combining cash transfers, investment grants, and vocational training in Nicaragua

The CGAP graduation model



Counseling/ Coaching – is it replicable?

- What intensity of effort?
 - Chile ~ 70 families per counselor
 - Colombia ~ 150 families per counselor
- Is it affordable? How much does it cost?
 - In Chile, unit cost of counseling is \$260 (for 2 years)
 - In Colombia, unit cost of counseling is \$70 per year
 - In CGAP, unit cost is estimated at \$400-\$600 (over 24 months)
- Replicability – Colombia experience seems to suggest that adapting and replicating is not straightforward:
 - Initial conditions matter (supply of services)
 - Allocation of enough resources (family counseling)
 - Gradual scale-up (coverage in line with capacity and resources)