



SOCIAL SAFETY NETS, HUMAN CAPITAL AND THE POOR

EVIDENCE FROM PROGRAM EVALUATIONS

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SOCIAL SAFETY NETS

- Poverty Alleviation Strategies
 - Broad-based growth
 - Investments in social sectors
 - Social safety nets
 - Social Safety Net Concerns
 - Do not reach the poor
 - Costly (administration, losses)
 - Uncoordinated components
 - Short-term focus
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PROTECTION AND PROMOTION

- Linking targeted transfers to human capital accumulation by households
 - PROGRESA (Mexico), RPS (Nicaragua), PRAF (Honduras), FFE (Bangladesh)
 - Design features
 - Geographic/Household targeting
 - Conditioning of transfers
 - Rights and responsibilities
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PROGRESA IN MEXICO

- Federally designed and implemented in 1997
 - Cash transfers conditioned on:
 - Enrollment of 6-17 year olds in grades 3-9; 85% attendance
 - Health visits and information sessions
 - Transfer levels (1999, inflation indexed)
 - Education
 - Primary: \$8-16.5/chld/mth + \$15.5 supplies
 - Secondary: \$24-30.5/chld/mth + \$20.5 supplies
 - Nutrition/Health: \$12.5/hsld/mth (supplement)
 - Max. transfer \$75/hsld/mth
 - On average=\$40; 21% of hsld. consumption
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- Coverage of 2.6mil hslds. in 2000; 40% rural hslds.
 - Budget=\$777mil in 1999
 - Admin. costs 10% of total implying \$1.11/\$1 transfer
 - Target (30%) , Conditn.(26%), Operns. (44%)
 - Private financial costs same as targeting
 - Targeting methods
 - Geographic based on locality marginality
 - Household based on proxy-means (80% incld.)
 - Demographic structure important
 - 58% (80%) of benefits to bottom 20% (40%)
 - (Geog;Hsld;Demog) = (36%, 16%, 48%) shares
 - Hsld. targeting more important with expansion
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- Nutrition/Health benefits
 - Transfers=25% increase for EP
 - 70% to increase quantity/quality of food
 - Decrease in incidence of illness
 - 25%, newborns; 19%, 0-2 years; 22%, 3-5 years
 - Increase in child height
 - Children 1-4% taller, 3.5% heavier
 - Reduction in anemia 24-48 months by 19%
 - Improved adult health status
 - 16% fewer days with difficulty from illness
 - 17%/18% fewer days incapacitated/in bed
 - Walk 7% further without getting tired
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- Education benefits
 - Primary school
 - Most impact is on progression rates
 - Secondary enrollment increases
 - 7.2-9.3pp for girls (from 67%)
 - 3.5-5.8pp for boys (from 73%)
 - Simulations: 1-t impact is 19% more children attending secondary school
 - Secondary grants 10 times more cost-effective than sb at increasing enrollments
 - Expect this to be context specific
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FOOD FOR EDUCATION IN BANGLADESH

- Launched in July 1993; post rural rationing
 - 50kg wht/chld/mth if enroll all children in primary school (max=20)
 - Now “cash for education”
 - By 2000 covered 1247/4451 rural unions and 2.1 million students
 - Average transfer of \$2.4/mth or 4% of poor’s total consumption
 - Budget \$77mil in 2000; \$36/student
 - Cost \$1.6 to deliver \$1 (good!)
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- Geographic targeting of 2-3 unions in each thana based on economic and literacy characteristics
 - Household targeting based on children (6-10), land, occupation through community groups
 - 60% of benefits go to poor (50% rural poor) with geographic targeting accounting for 92%
 - 9-17pp increase in enrollment (from around 55%)
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RPS IN NICARAGUA (PILOT)

- Federally designed/implemented in 2000
 - Cash transfer conditioned on:
 - Enrollment 7-13yo G1-4; 85% attn.
 - Health visits and information sessions
 - Transfer levels
 - Education: \$9.2/hsld/mth + \$21 supplies
 - Health: \$18.7/hsld/mth
 - \$4.6/chld/annum to school
 - Max. transfer 17% avg. consumption, 17/26% MPL/EPL and large enough to reduce avg. MPGap by 70%
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- 10,000 households; budget \$10million
 - Admin. costs: 33%/14%/9% in 2000/2 implying \$1.1-1.5 per \$1 transfer
 - Targeting methods
 - Chose 2/17 deprms. on need, implement. capacity and supporting infrastructure
 - Chose 6/20 municipalities similarly
 - 59 rural locals; census marginality index
 - In 21 least poor, 80% (predicted cons.)
 - 42-80% benefs. below EPL/MPL (c17-31% are EP/MP); most due to geog. targeting
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- Education impact
 - Enrollment increased 22pp from 69%
 - For poorest increased 30pp from 66%
 - Grade progression by 7.2pp from 88%
 - For poorest increased 9.3pp from 85%
 - Incidence of work decreased by 8.8pp from 27% for 10-13 year olds
 - Weekly hours decreased by 9 from 24 for those working
 - Exclusive schooling increased from 59% to 84%, mostly at expense of previously no school/work
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CONCLUDING REMARKS

- Evidence of large impacts in diverse range of countries
 - Suggests can be designed to be cost-effective at poverty reduction and improving human capital outcomes among poor (thus making overall human capital expenditures more progressive)
 - Flexible enough to be redesigned to address particular socio-economic circumstances (poverty, nutrition, health, education, decentralization, community)
 - But for human capital impacts need to ensure that:
 - Quality of health/education services is adequate
 - Macroeconomic policies conducive to absorbing skilled productively
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- Over last decade
 - Poverty numbers have increased by 10% in South Asia and malnutrition prevalence remains very high
 - Poverty rate has increased slightly in SSAfrica to 48% and malnutrition prevalence has actually increased
 - Reaching MDG
 - Evidence that although economic growth necessary it is not sufficient
 - More direct action is also required on large scale
 - Even if reach MDGs, only half way!
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IMPORTANCE OF EVALUATION

- Evaluation should not be an “add-on”
 - Role of evaluation
 - Ex-ante (and ongoing) evaluation feeds into choice and design of effective interventions
 - Ex-post evaluation is key to determining whether and how programs achieve their objectives and how they can be redesigned to have larger impact and to work in other countries
 - Crucial in generating political and financial support, both domestically and internationally, for expansion and continuation
 - Arguably evaluation is what international development organizations are really about, I.e. identifying and diffusing interventions found to be effective in poverty reduction and promoting development. Taking evaluation seriously is a prerequisite to achieving this objective
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