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Sustainable escapes from poverty through productive inclusion

A policy guide on the role of social protection

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Acronyms

CCT	Conditional Cash Transfer
CFPR-TUP	Challenging the Frontiers of Poverty Reduction – Targeting the Ultra Poor (Bangladesh)
CGAP	Consultative Group to Assist the Poor
CGP	Child Grants Programme
CPAN	Chronic Poverty Advisory Network
CT	Cash Transfer
CT-OVC	Cash Transfer for Orphans and Vulnerable Children (Kenya)
DRC	Democratic Republic of Congo
FAO	Food and Agriculture Organization
FSP	Food Security Programme (Ethiopia)
IDS	Institute of Development Studies
IFAD	International Fund for Agricultural Development
GRAD	Graduation with Resilience to Achieve Sustainable Development (Ethiopia)
HABP	Household Asset Building Programme (Ethiopia)
ILO	International Labour Organization
IPA	Innovation for Poverty Action
LIC	Low-Income Country
LMICs	Lower Middle-Income Countries
MIC	Middle-Income Country
MFI	Microfinance Institute
MoA	Ministry of Agriculture (Ethiopia)
NGO	Non-Governmental Organisation
OPM	Oxford Policy Management
OVC	Orphans and Vulnerable Children
PPP	Purchasing Power Parity
PSNP	Productive Safety Net Programme (Ethiopia)
PtoP	From Protection to Promotion
RCT	Randomised Control Trial
REAP	Rural Entrepreneur Access Project (Kenya)
SAGE	Social Assistance Grants for Empowerment (Uganda)
SCG	Senior Citizen Grant (Uganda)
SCTP	Social Cash Transfer Programme (Malawi)
SDG	Sustainable Development Goals
SKS	Swayam Krishi Sangam
UMICs	Upper-Middle Income Countries
UN	United Nations
UNDP	UN Development Programme
UNICEF	UN Children's Fund

Preface

The Chronic Poverty Advisory Network (CPAN) is producing a portfolio of sector and thematic policy guides to help policy-makers and programme designers use evidence on chronic poverty and poverty dynamics in designing policies and programmes to:

- contribute to addressing the causes of chronic poverty
- assist poor households to escape poverty
- prevent impoverishment.

The policy guides are aimed primarily at policy-makers and practitioners in developing countries, working for government, civil society, the private sector and external development agencies. This includes organisations working directly with and for the poor. They are also intended for the intergovernmental, bilateral and non-governmental international agencies that support those domestic actors.

This policy guide opens up new ground by reviewing the contribution of social protection programmes in facilitating sustained escapes from poverty through the productive inclusion of poor individuals in low- and middle-income countries (LMICs). It focuses in particular on programmes of innovative design that seek to combine different interventions, either following a graduation approach or towards building integrated social protection systems.

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Executive summary

This policy guide opens up new ground in reviewing the contribution of social protection programmes in facilitating sustained escapes from poverty through the productive inclusion of poor individuals in low- and middle-income countries (LMICS). The overarching question to which it seeks to respond is: what are the *key features* of existing programmes that allow poor people to *sustainably* escape from poverty in a *cost-effective* and *scalable* way?

To answer this question, this policy guide looks at evidence from social protection programmes with innovative designs that combine different interventions, either following a graduation approach or by building integrated social protection systems.[1] This comparative approach is new and offers insights for policy-makers seeking to design integrated social protection systems that fulfil protective and preventive functions as well as maximise their promotive and transformative potential in order to lift people out of poverty in a sustained way. The key messages are:

- Social protection can be a powerful driver of sustained poverty escapes through productive inclusion by linking cash or in-kind transfers with interventions that aim to increase a household's productivity and its access to markets. The most appropriate interventions will differ across contexts depending on the local economy, the labour market and institutional capacity.

- Embedding graduation programmes into integrated social protection systems is a promising strategy to achieve this at scale. Ideally, such systems should be situated within development strategies where social protection programmes are linked to and complemented by the provision of services (e.g. education, health, extension services) tailored to the livelihoods of the poor. In designing and scaling up graduation programmes, it is important to ensure beneficiaries remain embedded in a supportive policy framework even after they graduate and exit a specific programme. For example, they have access to social insurance that protects them against different livelihood risks.

- Reaching the poorest and most vulnerable groups may require a tailored approach, for example with a two-tier graduation programme that envisions interventions of different lengths for different people. The labour-constrained poor (e.g. elderly, disabled) will require support for a longer (or permanent) amount of time, whereas the working age poor might need a 'big push' or tailored approach to engage in more remunerable economic activities. Further, special attention needs to be given to the design of gender-sensitive programmes which address the barriers women face in engaging in productive activities and labour markets.

- Designing integrated social protection programmes that reach down to and serve the needs of

[1] Targeted conditional cash transfers with a focus on improving beneficiaries' human capital are deliberately excluded from this review because they aim for productive inclusion only as secondary long-term effect, and discussions of their impact already abound.

the poorest people requires a more holistic approach to monitoring and evaluation. This includes greater accuracy of targeting methodologies, systematic collection of longitudinal data and disaggregated analysis of impact by different groups of poor people.

Conceptual framework: definitions and types of programmes aiming for productive inclusion

Productive inclusion is defined here as a person's or household's engagement with the economy that allows for a return permitting the individual or household to live above a given poverty line. It can arise through four main channels: (i) an increase in the absolute level of labour and/or capital (e.g. through grants that support asset accumulation) or (ii) in their productivity (e.g. through a shift towards higher-profit and higher-return activities); (iii) higher returns to capital or labour arising from other changes (e.g. legislation supporting minimum wages); and (iv) a change in the terms of engagement with the local economy (e.g. more accessible markets).

Productive inclusion can be a powerful driver of sustained poverty escape. However, this requires an enabling economic environment that offers adequate and accessible opportunities for poor people, complemented by supportive public sector interventions. Social protection can be an important ingredient of this environment. It can play a role in increasing and protecting people's productive asset base, ensuring they can meet their basic needs and providing income and assets that allow the poor to invest in their livelihoods. It can also contribute to transforming some of the structural barriers socially excluded people face in participating in the labour market.

In the past decade, two particular types of social protection programmes have emerged that aim to support productive inclusion: graduation programmes and integrated approaches to social protection. Both types link the protective element of social protection, such as consumption smoothing through cash or in-kind transfers, with interventions that aim to increase a household's productivity, such as asset and skills transfers, connections to financial services and income-generating activities. They share the overarching objective of aiming for sustained escapes from poverty through productive inclusion, and both seek to achieve this by combining different interventions. However, they differ in their underlying theory of change, the timescale and the way the different interventions are combined. These differences can be summarised in two key points.

First, according to the theory of change of graduation programmes, productive inclusion is to be achieved through pathways that lead to self-employment and entrepreneurship. This theory was first pioneered by the non-governmental organisation BRAC in Bangladesh and replicated in eight countries with the support of the Consultative Group to Assist the Poor (CGAP) and the Ford Foundation. By the end of the programme, beneficiaries are expected to have achieved a certain level of resilience, after which they will continue on a trajectory of asset and income accumulation. By contrast, integrated systemic approaches to social protection envision a broader range of pathways towards poverty alleviation. These do not necessarily emphasise self-employment, and maintain a strong focus on reducing vulnerability to risks through social protection. On the one hand, they can also aim for increased productivity of rural populations mainly engaged in agriculture, for example through productive safety net programmes, input transfers and fostering linkages with the agriculture sector, as in Ethiopia's Productive Safety Net Programme (PSNP). On the other hand, and particularly in Latin America, a new generation of integrated social protection programmes, such as Mexico's Prospera and Chile Solidario/Ingreso Ético, aims to promote integration of social assistance beneficiaries into local labour markets through employment and training schemes. This is a significant shift in social protection and is based on the recognition that building human capital alone through conditional cash transfers will not necessarily lead to productive inclusion, especially in the short term, and may not provide sustained pathways out of poverty.

Second, a graduation project provides a package of interventions to give beneficiaries a 'big push' to strengthen their livelihoods. The interventions are short in term and time-bound, after which beneficiaries in most cases exit permanently from programme support. What happens next is beyond the scope and reach of the programme. In an integrated system, when passing a poverty threshold, beneficiaries move out of a particular type of support into another that can continue to assist their trajectory out of poverty. 'Graduates' can become eligible for social assistance should they fall back into poverty. The concept of graduation is thus integrated within a wider support system that persists independently of the individual's movements in and out of poverty of individuals, but provides differentiated support depending on the level of need and potential to engage in productive activities.

The two typologies described here represent the two ends of a spectrum, and in practice many programmes fall between these two ends. Often, overlaps between the two types exist, and there is a general tendency to incorporate a graduation component or approach into integrated systems. For the purpose of this study, we situate other social protection programmes, such as social cash transfers or productive safety nets, between the graduation programmes and integrated social protection systems on this spectrum. In the following discussion, we focus on their impact on productive inclusion.

Overview of impacts on productive inclusion

Overall, the evidence suggests social protection programmes can have a positive impact on four key indicators of productive inclusion: asset accumulation; allocation of labour to different activities; income and consumption; and savings and investment.

Graduation programmes can lead to ***asset accumulation*** at the household level but it is less clear whether asset accumulation in itself is sufficient to provide sustained poverty escape. Further, an increase in assets, particularly livestock, appears also to be a secondary effect of social cash transfer programmes that do not specifically aim for asset accumulation.

In terms of intra-household ***allocation of labour****,* graduation programmes have led to greater engagement in self-employment activities and fewer hours spent in casual employment. This indicates that livelihood strategies have become more sustainable and manage to support household income throughout the year; there is less need to resort to casual labour. One glaring gap is the contribution different programmes make to linking beneficiaries with wage employment. In middle-income countries where the local economy is growing and jobs are available, conditional cash transfers have managed to increase human capital but have not necessarily addressed the structural barriers that prevent marginalised groups accessing more remunerative wage labour. This partly explains the shift in focus from human capital accumulation to facilitating productive inclusion, particularly in Latin America.

Graduation programmes not only increase time spent on productive activities but can also lead to higher returns to labour, with positive impacts on ***income*** and consumption. This impact seems to be higher for beneficiaries of graduation programmes than for beneficiaries of cash transfer programmes. The amount of ***savings*** generally increases across all types of programmes but is rarely used for productive investments. The same applies to small loans taken out from informal savings and loan associations. Their role in supporting productive inclusion is to provide a buffer for emergencies, thus preventing the distress sale of productive assets.

The dearth of disaggregated analysis of programme impact on different groups of beneficiaries limits the extent to which we can draw conclusions on the programmes most appropriate for the poorest households. Evidence from graduation programmes shows positive impact at all deciles of beneficiaries' income distribution but for certain variables (e.g. per capita consumption) effects are larger in the top deciles. In other words, the initially better-off families are more able to take advantage of the opportunities graduation programmes provide. Additionally, we need to better understand whether the design and implementation features are appropriate for different types of poor people, particularly for women or ethnic minorities who face specific constraints in participating in economic activities.

Systematic assessment of the sustainability of programme outcomes is also still relatively uncommon because follow-up surveys are rarely done, especially more than two years after the end of the programme. The longest assessment is that of BRAC's graduation project in Bangladesh (five years after leaving the graduation programme). To fully assess the contribution of social protection programmes to sustained poverty escapes, programme design should include longitudinal monitoring and evaluation data and analysis, and is should be disaggregated for different groups of poor and vulnerable people.

Programme design and implementation features

The following considerations can be made concerning the programme design features that can facilitate the productive inclusion of the poor. The key components found across a range of different programmes are asset and cash transfers. Programmes that provide ***asset transfers*** have led to an increase in the value and number of assets households own. However, the sustainability of this impact, and whether it is sufficient to lift people out of poverty, needs to be assessed more often. Participatory selection of assets in combination with market analysis can help ensure the assets transferred are appropriate in a given context and valued by their new owners. Also, when asset transfers go hand-in-hand with a sequence of interventions, as in the case of graduation programmes, it is more difficult to attribute the impact to one particular component of the programme.

It is possible to distinguish two types of ***cash transfers***: regular (smaller) cash transfers received over a longer period of time and one-off (bigger) lump sums. These contribute differently to productive inclusion. Lump-sum payments allow people to make bigger productive one-off investments, such as starting a business or buying an expensive asset. Regular cash transfers primarily provide consumption support and free up resources in the household, in some cases enabling gradual expansion of the asset base. A combination of the two can enhance the protective and promotive aspect of programmes.

Conditioning the use of cash transfers (e.g. for purchase of assets) does not necessarily affect whether beneficiaries decide to use the transfer for productive investments or not. ***Business and livelihood training***, on the other hand, helps deepen the impact of transfers, but it is not enough on its own to increase people's productivity.

Access to financial services is usually provided as part of the package graduation programmes offer. However, absence of private sector providers that cater for poor clients can threaten the sustainability of impacts achieved by programmes when this ends, depending on the context. Informal financial service providers, such as village savings and loan associations, can play an important protective function in providing smaller loans to cover immediate needs, and function as intermediaries with formal microfinance institutions. For integrated social protection programmes, where financial services usually lie outside the realm of the programme, it is important to ensure microfinance institutions do not systematically exclude the poorest beneficiaries, and that services are tailored to their profiles.

These different programme components need to be adjusted to the particular profiles of beneficiaries, particularly in the case of women, who often need to balance productive activities with reproductive duties at home. Their different access to resources and markets, as well as lack of agency and voice, often poses barriers to their effective participation in economic activities. Programmes need to be designed taking into account these specific constraints and actively seek to remove them.

Role of context and challenges to scaling-up

Different social protection approaches to productive inclusion will perform differently in different contexts, according to the structure of the economy and the labour market. Graduation programmes, with their focus on self-employment, may be especially useful in contexts with limited employment opportunities. In these settings, a 'big push' injection of capital, combined with complementary activities such as coaching, skills training and microfinance services, can increase the productivity of extremely poor households. An integrated approach will be more appropriate in transforming economies, where poor people are mostly constrained by low human capital and discriminatory job markets. The greater flexibility acquired through human development would better enable participation in different pathways to productive inclusion.

Regardless of the context, social protection programmes that aim to support sustained escapes from poverty through productive inclusion need to be embedded within a coherent national development strategy that aims for pro-poor growth and includes sector policies complementing each other to provide the necessary services for people to escape poverty. To achieve this, it is also important to create and reinforce linkages between social protection programmes and public sector services, such as education and health care, as well as linkages with public and private sector activities that can increase the productivity of existing livelihoods and facilitate access to labour markets.

One desirable way to scale up graduation programmes is by incorporating them into integrated social protection programmes so that beneficiaries remain embedded in a supporting policy framework even after graduation. These approaches are already explored in different countries, where graduation programmes led by NGOs aim to link up with services provided by the government. Putting in place integrated programmes, in terms of both expanding coverage and promoting linkages with other complementary services and interventions, implies focusing on both the demand and the supply side. This means expanding integrated interventions to cover the needs of different people and allow access to all. It also means coordinating among the different social policy sectors and between the different administrative levels responsible for the design, financing, implementation, regulation, monitoring and evaluation of the different initiatives.

The provision of resources to scale up social protection programmes can meet with political resistance. This arises from fears related to financial sustainability, ideological opposition to social welfare spending and concerns with creating dependency on social assistance. To overcome these constraints, social protection programmes need to become attractive to policy-makers and voters. One possibility is to focus on the components that make them more acceptable in the eyes of the public, such as the time-bound nature of graduation programmes. Another is to attach some conditions to cash transfers. Public information campaigns are also important, as are lobbying and advocacy strategies with the involvement of local civil society. These will dispel myths about social assistance and to show evidence of the programme’s benefits.

Many countries may not yet have the institutional setup and implementation capacity to scale up programmes or build integrated systems. For these countries, it may be advisable to start by focusing on a large-scale, relatively simple flagship social assistance programme as the basis for building capacity and political consensus. This can then be gradually expanded and integrated with other interventions.

Evidence from both graduation and integrated programmes suggests that indeed the combination of ‘complementary’ interventions to remove constraints to engaging in the economy, and building synergies with public services and the private sector can be critical to promote productive inclusion. However, more tailored and specific approaches may be required to reach the poorest and most vulnerable groups. For example, the graduation approach may need to envision a two-tier project of different lengths for different people, with the poorest given cash transfers for a longer period before they embark on the other activities. Entitlements to social assistance may also more strongly rooted into a life cycle approach. This will be easier to achieve where graduation programmes are embedded in a broader integrated social protection system that situates protective safety nets and livelihood promotion programmes within comprehensive development strategies.

1. Introduction

The debate on poverty eradication strategies, which has led to the adoption of the Sustainable Development Goals (SDGs) in September 2015, widely acknowledges the importance of social protection as a policy tool to reduce poverty and inequality. For example, SDG 1 (End poverty in all its forms everywhere) includes Target 1.3, 'Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable' (UN, 2016). Not only are social protection measures crucial to protect the poorest and most vulnerable and prevent deprivation but they can also play an important role in promoting sustainable livelihoods and be socially transformative by addressing social inequalities (Devereux and Sabates-Wheeler, 2004). Social protection is an essential tool to address poverty dynamics. It tackles chronic poverty by bringing people up to the poverty line, sustaining their trajectories above and away from the poverty line over time and preventing their impoverishment (see Box 1) (Shepherd et al., 2014). There is also increasing recognition that social protection can contribute to local and broad-based economic growth (Alderman and Yemtsov, 2012; Mathers and Slater, 2014; Thome et al., 2016).

Research and practice have delivered solid and abundant evidence that social protection reduces poor people's vulnerability by helping them manage risks and recover from shocks when they occur. Increasingly, evidence also points towards a role for social protection in helping people escape poverty by facilitating their productive inclusion. This follows two decades of experimentation with social protection programmes, particularly cash transfers (CTs), seeking to transform people's livelihoods, increase their income generation capacity and modify the terms of their engagement with the economy.

In this paper we look at two broad categories of programmes which lie at the opposite extremes of a spectrum covering a range of programmes: graduation programmes and programmes that form part of 'integrated' social protection systems. Both approaches combine interventions aimed at protecting people from shocks with interventions seeking to increase household productivity[2]. However, graduation programmes provide these interventions through one programme whereas, at the other end of the spectrum, social protection systems cover these through different social protection programmes and linkages to other sectors. Social cash transfers and productive safety nets are placed in between these two extremes for the purpose of this study as covering some aspects of either extreme.

This policy guide considers the role of social protection in facilitating sustained escapes from poverty through the productive inclusion of poor individuals in low- and middle-income countries (LMICs). Specifically, it looks at the evidence from integrated social protection and graduation programmes in order to identify programme- and policy-relevant lessons. The aim is to inform the design, implementation and scaling of social protection programmes that support the productive inclusion

[2] This paper employs this categorisation for analytical purposes. In practice, the two approaches often overlap and should not be considered mutually exclusive.

of poor people in different contexts. It considers in particular what integrated approaches towards productive inclusion can tell us about providing the necessary support for chronically poor people to sustainably escape poverty. The overarching question to which this policy guide seeks to respond is: what are the *key features* of existing programmes that allow poor people to *sustainably* escape from poverty in a *cost-effective* and *scalable* way?

For this purpose, the policy guide first provides a conceptual framework defining the core concepts around productive inclusion and different social protection programmes (Section 2). It also takes stock of the evidence, reviewing a range of different programmes that have had an impact on the asset base of the poor; their income and allocation of labour to different activities; and productive investments (section 3). These programmes either fall neatly within the two approaches mentioned above or lie somewhere on a spectrum between short-term graduation programmes and established social protection systems. This breadth helps us identify which design and implementation features in particular are important for the productive inclusion of the poor (Section 4). We also discuss the opportunities and constraints faced when scaling up social protection programmes with a focus on productive inclusion, as well as considering how these may differ in different contexts (Section 5). Finally, we summarise key lessons, as well as evidence gaps, including some policy implications for the way forward.

Given the recent implementation and short life span of many of the programmes reviewed, the tone of this policy guide is exploratory rather than prescriptive. Follow-up research will be needed to provide more specific guidelines, especially on aspects such as integrating different interventions and scaling up.

Box: 1 Poverty dynamics

Poverty is a *dynamic* phenomenon: some people stay poor over many years or a lifetime (the chronically poor), and pass their poverty down to their children. Others rise above the monetary poverty line but then fall back because they lack the skills, education or assets to stay permanently above it. Some people become impoverished for the first time or fall back into poverty because they are hit by a combination or sequence of shocks. These could include a serious drought, a costly illness, insecurity or conflict in their community. The drivers of poverty dynamics operate at the level of individuals, their families and their communities, but are influenced by the underlying social relations, political processes, macroeconomic conditions and policy frameworks in place in a country (or region).

Chronic poverty: poverty that persists over years or a lifetime and is often transmitted to other generations. The extreme and severely poor are also usually chronically poor.

Impoverishment: descent or return into extreme poverty, often because of shocks (e.g. sudden health shocks or climate-related shocks).

Sustained escapes from extreme poverty/graduating from poverty: crossing the extreme poverty line and staying permanently above it while also possibly progressing towards a higher threshold (such as $3.10 (2011 purchasing power parity (PPP)) per person per day).

Source: Shepherd et al. (2014)

2. Conceptual framework: definitions and types of programmes aiming for productive inclusion

2.1 Productive inclusion and sustained escapes from poverty

Sustained escapes from poverty occur when the characteristics and processes that keep people trapped in chronic poverty are reversed. Proximate causes of chronic poverty include lack of assets (including natural, social, physical, economic and human capital) and low returns from the few existing assets. Chronically poor people often lack access to labour, goods and money markets, or face unfavourable prices and terms of trade and employment. It follows that sustained poverty escapes require enhanced asset accumulation and increased returns from assets. Higher consumption and human development also contribute, by improving people's well-being and facilitating the accumulation of more productive assets. Diversification of sources of livelihoods is another critical driver of poverty escapes, and this is facilitated by improvements in the terms of engagement in the economy. This is when poor people are better able to access markets, to pay and receive fairer prices on these markets and to work under more secure and stable conditions.

The term 'productive inclusion' sums up the processes that drive sustained escapes. Accordingly, here we define productive inclusion as *an engagement with the economy that allows for a return that permits the individual or household to live above a given poverty line*.[3] This is in line with the definition of productive employment used by the International Labour Organization (ILO), as 'employment yielding sufficient returns to labour to permit the worker and her/his dependents a level of consumption above the poverty line' (ILO, 2012).

As with productive employment, productive inclusion is not only about the quantity but also the quality of the process: engagement with the economy must occur on terms that do not increase vulnerability or exploitation. Two core aspects need to be in place to ensure this: 1) an increase in productivity, which leads to higher income-generating capacity; and 2) pro-poor inclusion in the economy. This is in turn characterised by improvements to market access and the legislative framework that lays the foundations for decent work. This means access to social security, basic health and safety standards, minimum wage legislation and access to credit.

Based on the above, an increase in productive inclusion can therefore be considered to arise through four main channels:

1. **An increase in the absolute level(s) of labour and/or capital deployed** (physical, human, financial, natural, social), e.g. through productive investment grants that support asset accumulation or access to new employment opportunities through public work programmes.

[3] Few definitions of the term are found in the literature despite its increasing use (see Davis, 2014; Galasso, 2015; Rigolini, 2016). The term appears to have followed on from the emergence of the concept of *financial inclusion*, which is typically referred to as a state in which 'households and businesses have access and can effectively use appropriate financial services' (Klapper, 2015).

2. **Increased productivity of labour and/or capital**, for example through the use of technologies which yield higher returns to labour or capital, a shift towards higher-profit and higher-return activities, and more productive human capital arising from better access to health or education.
3. **Higher returns to capital or labour arising from other changes**, e.g. through favourable changes in power relationships that enable workers to secure higher returns for their labour or application of legislation supporting minimum wages.
4. **A change in the terms of engagement with the local economy**, e.g. if markets become more accessible or the nature of the value chain changes (e.g. an intermediary is modified) or the safety of the work conditions improve.

Productive inclusion and sustained escapes from poverty may occur through wage employment and/or self-employment, depending on the opportunities available within the local economy and the extent to which poor and marginalised groups have access to them. In other words, different pathways will lead to productive inclusion in different local contexts. Equally, different supporting policies will therefore be needed depending on the characteristics of the economy, the labour market and the poor and on local poverty dynamics.

2.2 Social protection and poverty alleviation

Social protection comprises a range of different policies and programmes which aim to protect individuals and households from negative consequences of risk along the lifecycle. It includes reducing and preventing poverty and vulnerability as well as enabling a life in dignity for all. Social protection can be divided into three categories: social assistance, social insurance and labour market interventions (see Box 2).

Box 2: What is social protection?

Social assistance: non-contributory, means-tested or categorically targeted programmes (e.g. (conditional) cash transfers, in-kind transfers, food or input subsidies, social pensions).
Social insurance: contributory programmes that protect individuals and households against life risks and their catastrophic expenses (e.g. unemployment insurance, health insurance).
Labour market interventions: measures that aim to integrate the working-age poor into labour markets (e.g. employment guarantee schemes, cash for work programmes).

The contributions social protection makes to poverty alleviation are commonly framed around the Protective, Preventive, Promotive and Transformative framework (Devereux and Sabates-Wheeler, 2004). These four functions are intrinsically linked, and individual social protection programmes can cover several of them simultaneously, depending on their design.

Conventionally, the main function of social protection is to help people manage risks and recover from shocks when they occur, thereby preventing the adoption of negative risk-coping strategies such as distress asset sales. ***Preventive*** forms of social protection include regular and predictable cash transfers, the elimination of user fees and contributory social insurance/security (e.g. pensions, health insurance and maternity, disability or unemployment benefits). ***Protective*** instruments include cash transfers, public employment schemes, school-feeding programmes and humanitarian relief. In terms of poverty dynamics, these interventions help tackle chronic poverty by providing relief from economic and social deprivation. They can contribute to preventing impoverishment by mitigating the impact of adverse shocks, and therefore also to the sustainability of poverty escapes.

Promotive and transformative functions are at work when social protection provides incentives and opportunities to support and strengthen the productive capacity of individuals and households. ***Promotive*** instruments, such as asset-building programmes, skills training and conditional cash transfers (CCTs) aim to increase human capital and income-earning capacity. ***Transformative*** instruments address power imbalances that create or sustain economic inequality and social exclusion. Examples include strengthening workers' rights, anti-discrimination policies and laws to protect inheritance rights. The promotive and transformative functions address the different dynamics of poverty (see Box 1) but are particularly critical to promote the sustained escapes from poverty.

2.3 The role of social protection in promoting productive inclusion

Long-term sustained escapes from poverty through productive inclusion require a supportive and enabling economic environment that offers adequate and accessible opportunities for poor people, as well as public sector interventions that actively support these (UNDP, 2013). Social protection is a fundamental ingredient of this process. It plays a role in increasing and protecting people's productive asset base, ensuring they can meet their basic needs and providing income and assets that allow them to invest in their livelihoods; it can also contribute to transforming some of the structural barriers socially excluded people face affecting their participation in the labour market (Mathers and Slater, 2014). Yet how social protection can facilitate productive inclusion differs depending on a country's level of development, economic structure, administrative capacity and other features. Accordingly, the design of social protection programmes will thus always be country-specific (Berry, 2013).

In lower and upper middle-income countries (LMICs and UMICs), where the job market is relatively dynamic and generates wage employment opportunities, policies promoting productive inclusion require a focus on reducing barriers for the poor in accessing labour markets and decent work. This can include reducing financial barriers to labour market participation, building human capital to expand skills and linking the poor to existing opportunities. In these contexts, social protection interventions can 'level the playing field' for the extremely poor and socially marginalised groups by reducing the economic barriers they face in accessing services such as health care or schools. They can do this through cash transfers that incentivise human capital accumulation and/or free up resources for productive investments. Social assistance programmes can also reduce information barriers by linking beneficiaries to job centres or other social services. Examples include Brazil's Plano Brasil Sem Miséria (see Box 3) and Chile's Solidario (Barros et al., 2011).

In low-income countries (LICs), by contrast, the economy is still relatively untransformed, mostly based on agriculture and characterised by casual employment and micro-informal businesses. Creation rates for formal and informal jobs are low, which means policies for productive inclusion are required that focus on stimulating the local economy by boosting local production, thickening markets and supporting a transition from informal businesses to an expansion of small and medium-sized enterprises that will generate employment. Here, social protection can contribute to expansion of the local economy by increasing the productivity and income-generating potential of the poor. This can be achieved by reducing capital and liquidity constraints to make productive investments, facilitating access to and intensified use of inputs for production (e.g. seeds, water, equipment) and improving the forms of organising production (e.g. through cooperatives, developing value chains) (Barros et al., 2011; UNDP, 2013).

There is broad consensus among national governments, international organisations and researchers that this requires moving away from fragmented, short-term pilot projects to more harmonised and comprehensive systems that link beneficiaries with productive opportunities (Devereux et al., 2015; ILO, 2014; World Bank, 2012). Several governments, particularly in LICs and UMICs, are putting in place social protection strategies to gradually scale up and develop systems. Debates are concerned with integrated interventions, for instance combining cash transfers with asset transfers, financial inclusion and training. Evidence suggests these can play a key role in promoting the integration in the private sector of the poorest people (Mariotti and Shepherd, 2015) and enhancing the impact on agriculture (FAO, 2015; Tirivayi et al., 2013). A key question is if and how a single programme can combine the different interventions required to achieve productive inclusion, and how this differs across contexts. The next two sections review a range of social protection programmes that contribute to productive inclusion, focusing on graduation programmes and integrated approaches to social protection.

Box 3: What is graduation?

Graduation in the context of social protection refers to a point in time when a recipient of a poverty reduction programme passes a threshold, after which they are considered resilient to shocks and able to maintain a certain level of wellbeing without external support, and are consequently exited from the programme. Attempts to link the idea of graduation with programme exit have come under scrutiny and have raised a question as to the underlying definition of 'graduation'. This could stand for a state in which livelihoods have been fundamentally and sustainably transformed so as to maintain or even accumulate the beneficiaries' assets without external support. Alternatively, it marks a point in time when beneficiaries have passed an arbitrary income or asset threshold after which they are no longer eligible, regardless of the sustainability of the programme impact (Devereux and Sabates-Wheeler, 2011).

'Developmental graduation' is not necessarily synonymous with programme exit. Rather, programmes entailing this provide 'comprehensive and integrated benefits that create opportunities for human capital and other productive investment, livelihoods activities and employment' (Samson, 2015). This can best be achieved through the integration of social protection within a broader developmental framework that reduces poverty and vulnerability while promoting pro-poor and inclusive growth. Micro-level projects, such as graduation programmes, could thus work best if they are placed within a broader macro-development framework 'that integrates and strengthens the range of social and economic policy instruments implemented by the government' (ibid.).

2.4 Graduation programmes

With regards to productive inclusion, so-called 'graduation programmes' have received increasing prominence because of impressive results in lifting people out of extreme poverty. These have been achieved through intensive support programmes for extremely poor people led by non-governmental organisations (NGOs).

BRAC's and CGAP–Ford Foundation graduation approach

The graduation model was first pioneered in Bangladesh through a programme called Challenging the Frontiers of Poverty Reduction – Targeting the Ultra Poor (CFPR-TUP). It consists of time-bound complementary sequenced or layered interventions that aim to put poor people on a trajectory out of extreme poverty. Following the wide wave of support for microfinance as a market-based approach to poverty reduction, BRAC recognised that the extreme or ultra-poor required support to meet their immediate consumption needs and protect their assets. This would allow them to make effective use of financial services for asset accumulation and income generation through self-employment.

BRAC's graduation theory of change rests on the assumption that the sequenced provision of consumption support, savings, skills training and coaching, as well as asset transfers over a period of 18-24 months, will put people on a pathway out of poverty. These combined interventions are seen to operate as a 'big push' towards an occupational shift whereby people increase productivity through entrepreneurial activities. Productive inclusion is thus expected to occur through 'basic entrepreneurship' (Bandiera et al., 2013). The ultra-poor targeted are usually the most disadvantaged women in the selected communities who are receiving neither anti-poverty government transfers nor microfinance lending (Balboni et al., 2015). 'Graduation' is defined as the moment when participants move from 'extreme poverty' to 'moderate poverty', which the programme defines on the basis of a range of indicators related to food security, housing conditions, stock of assets, savings and others (Hashemi and Umaira, 2010). However, the programme's timescale is fixed, and it ends regardless of whether beneficiaries reach these indicators or not.

Box 4: BRAC and CGAP – Ford Foundation graduation approach

BRAC's graduation model consists of a sequence of interventions over a period of 24 months, after which graduation into sustainable livelihoods is expected to be achieved. Programmes following the BRAC model consist of five key building blocks:

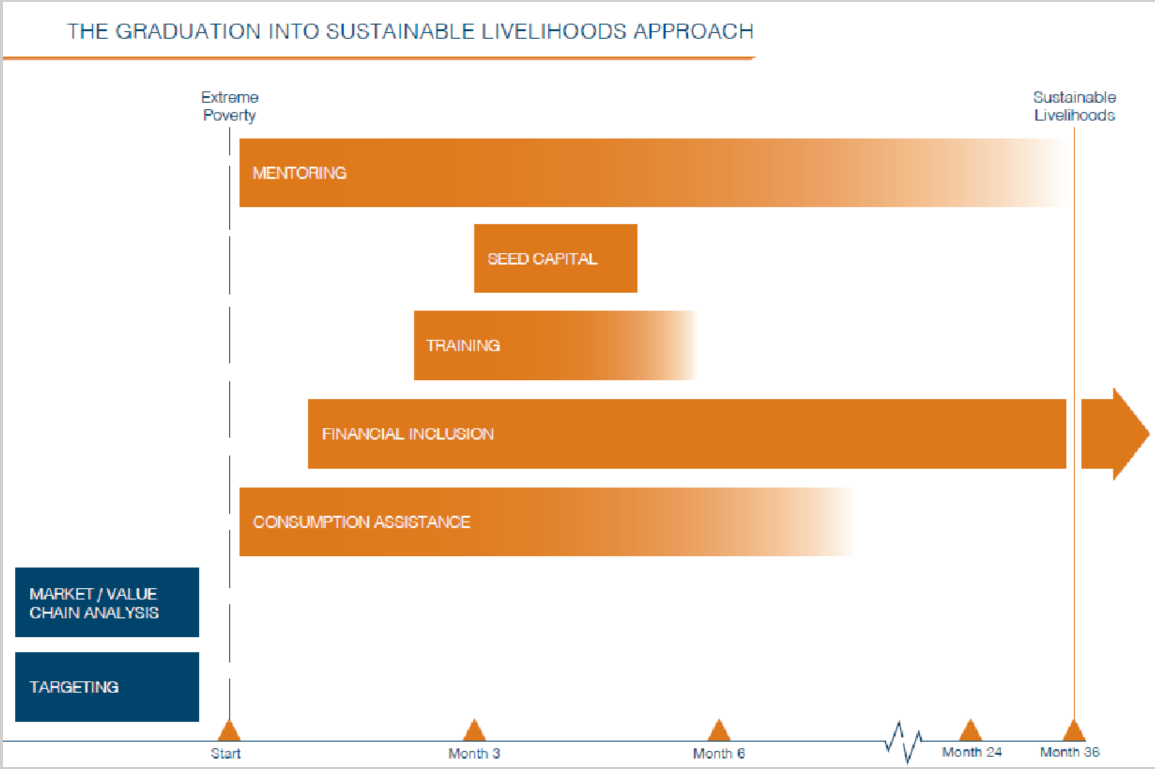
Targeting: ensuring the poorest are selected for programme support. First, poor regions and communities are selected based on national poverty maps. Then, wealth ranking and household surveys are conducted, with final selection emerging from a cross-verification of the two methods.

Consumption assistance: food or cash transfers to support participants and their families to stabilise food consumption until they start earning income from productive assets generated as part of the programme. It can be offered through a pre-existing government safety net programme in contexts where this is available.

Seed capital: asset transfers selected by participants on the basis of context-specific market studies conducted by the programme. These aim to 'jump-start' sustainable economic activities and are the critical element of the graduation model.

Financial inclusion: encouragement of participants to save regularly to build financial discipline either semi-formally through self-help groups or more formally through an account at a microfinance institution (MFI). Savings are considered to help people reduce the likelihood of selling assets in the case of a shock. Financial literacy training is offered in parallel to access to financial services.

Skills training and mentoring: regular monitoring and coaching by programme staff to provide business planning advice and social support, promote health and nutrition and encourage positive attitudinal and behavioural changes along the way.



Source: De Montesquiou, A. And S. M. Hashemi (2016) 'CGAP Brief,' forthcoming

Based on the success of CFPR-TUP, BRAC's graduation approach (see Box 4) was replicated in 10 pilot projects across eight countries,[4] supported by the Consultative Group to Assist the Poor (CGAP) and the Ford Foundation. The objective was to test whether the design would lead to similar positive effects in different economic, cultural and ecological contexts. These pilots were relatively small in size (ranging from 150 beneficiaries in Haiti to a maximum of 1,000 in Pakistan), and were implemented mainly through national NGOs (Hashemi and de Montesquiou, 2011).

[4] Ethiopia, Ghana, Haiti, Honduras, India, Pakistan, Peru and Yemen.

In recent years, various governments have been implementing graduation pilot projects inspired by BRAC's model, and discussions are ongoing on how best to scale them up to be part of social protection strategies (de Montesquiou, 2016). For example, Peru has recently scaled up its graduation programme – Haku Wiñay – from 25,000 to 50,000 families, with plans to increase it to 160,000 families (DeGiovanni and Hashemi, 2014). The state government of Jharkhand in eastern India, through the Jharkhand State Livelihood Promotion Society, is partnering with the NGO Trickle Up in order to pilot graduation programmes in two districts. The initial target is to graduate 3,000 ultra-poor families out of poverty in three years and 10,000 families in five years' time (Parida, 2015).

Another example is Women for Women International (WfWI), which is a graduation programme for women in eight countries affected by conflict. In comparison with the other examples mentioned, WfWI provides support only for a period of 12 months. This consists of training and cash transfers to help ultra-poor beneficiary women obtain the tools, skills and resources needed to move above the $1.25/day poverty line. This includes support to increase their income-generating capacity and improve their health and their status within the household and community (McIlvaine et al., 2015).

There are also graduation pilots that aim to specifically inform government programmes. Examples include Graduation with Resilience to Achieve Sustainable Development (GRAD) in Ethiopia, funded by the US Agency for International Development (USAID), and Concern Worldwide's Unleashing the Productive Capacities of the Extreme Poor in Rwanda. GRAD aims to graduate 50,000 chronically food-insecure households from the government's PSNP (Productive Safety Net Programme, see below) over a period of five years. It tests and refines approaches to sustainable graduation by increasing the economic opportunities of targeted households through a market-based approach directed at value chain development. Further, it starts by making capital available to beneficiaries by firstly establishing village savings groups to build financial literacy and capital. It then links them to formal microfinance institutes (MFIs) and rural savings and credit cooperatives to finance income-generating activities. The ultimate objective is to inform government-implemented programmes under the Food Security Programme (DeVries et al., 2014).

Concern Worldwide's graduation programme in Rwanda targets 3,000 households in four districts. It aims to specifically contribute to Rwanda's Vision 2020 Umurenge Programme (VUP 2020) by drawing lessons from the BRAC model as well as the CGAP–Ford Foundation pilots. The government is a key implementation partner, given the objective of linking 'graduates' with existing social services (Victor, 2016).

GRAD and Concern's programmes are interesting examples of NGO-led graduation programmes designed from the outset to inform national strategies that aim for integrated approaches to social protection. Lessons on how to make the transition from small-scale graduation programmes to national systems work are particularly valuable.

Table 1: Examples of graduation programmes

Programme name	Country and implementing agency	Summary of intervention
Swayam Krishi Sangam (SKS) Ultra Poor Program (UPP)	India NGO SKS in collaboration with BRAC	An 18-month intervention comprising four main components: 1) a one-time economic package to provide self-employment and spur enterprise development (either a cash stipend for non-farm activities or in-kind asset transfer for farming activities – average of $195.61 per participant – plus enterprise-related training and collection of minimum mandatory savings) 2) essential health care (preventive training and on-the-spot coverage) 3) social development (e.g. building community solidarity groups), and 4) financial literacy training.
Rural Entrepreneur Access Program (REAP)	Kenya BOMA Project, a US non-profit and Kenyan NGO	REAP is a microenterprise-focused graduation programme targeted at women. The baseline package includes support to develop an initial business plan to set up microenterprise, $100 cash transfers to groups of three and monthly training. Beneficiaries are free to select the type of enterprise they want to invest in. After six months an additional $50 cash transfer is transferred on the condition that the enterprise is active. Additionally, the project aims to encourage savings and provides training to form savings groups.
Women for Women International (WfWI)	Afghanistan, Bosnia & Herzegovina, DRC, Iraq, Kosovo, Nigeria, Rwanda, South Sudan WfWI, a US-based non-profit	WfWI is a 12-month intervention with poor women that follows the same model in eight countries. The programme provides cash transfers and life skills training to equip beneficiaries with the tools, skills and resources to graduate out of poverty and achieve four outcomes: earn and save money; develop health and wellbeing; influence decisions in the home and community; and connect to networks for support and advocacy.
Enhancing the Productive Capacity of Extremely Poor People	Rwanda Concern Worldwide	The programme targets extremely poor households with no adults who are able to work (those who meet the eligibility criteria for the government's unconditional cash transfer under the VUP programme). Beneficiaries receive a sequence of interventions that cover a cash transfer for 12 months, asset transfers, intensive training and coaching.
Graduation with Resilience to Achieve Sustainable Development (GRAD)	Ethiopia Consortium of NGOs led by CARE Ethiopia	GRAD aims to test and refine approaches that can be used by other institutions, particularly the government's Household Asset Building Programme, to inform the design of the Productive Safety Net Programme (PSNP) and increase impact. It aims to graduate 50,000 chronically food-insecure households from the PSNP and increase their income by $365 per year. This is achieved through a combination of value chain development, access to capital from microfinance institutions and VSLAs and complementary interventions (e.g. women's empowerment, nutrition, climate change adaptation).
Chemin Lavi Miyo (CLM – 'Pathways to a Better Life')	Haiti Fonkoze (Haitian NGO)	The programme aims to strengthen the productive assets and asset management of the extreme poor so they can graduate into one of two paths that will assure continuing and sustained progress out of poverty. One path is being able to access a larger credit programme known as Ti Kredit (next step of CLM tiered strategy) or to use savings and existing assets to grow and diversify their capital base. This is achieved through a

		package of interventions, including cash transfers, savings schemes, skills training and coaching, and asset transfers. Additionally, the programme aims to link beneficiaries to other services, such as health, housing repairs, education and health services.
Challenging the Frontiers of Poverty Reduction – Targeting the Ultra Poor (CFPR-TUP)	Bangladesh BRAC	The BRAC graduation model consists of a sequence of interventions over a period of 24 months, after which graduation into sustainable livelihoods is expected. Programmes following the BRAC model consist of five key building blocks: training, consumption support, asset transfers, savings, skills training and coaching.
CGAP-Ford Foundation Graduation Model studies	Ethiopia, Ghana, Honduras, India, Pakistan, Peru. Implemented by national NGOs in collaboration with BRAC, CGAP and the Ford Foundation	Replication of CFPR-TUP BRAC's graduation approach in 10 pilot projects across eight countries.
Chars Livelihood Programme (CLP) (Phase 1 2004-2010; Phase 2 2010-2016)	Bangladesh Funded by DFID, DFAT, sponsored by the Government of Bangladesh and implemented through Maxwell Stamp Plc	A graduation programme seeking to improve livelihood security for poor and vulnerable women, men and children living in the riverine areas of five districts of northern Jamuna in Bangladesh. The package of assistance is provided for average of 20 months and comprises transfers of assets (mostly cattle), small infrastructure projects, health clinics, livestock market development project and financial inclusion and social development activities. A household is considered to have graduated if it meets at least six out of the 10 criteria (reflecting criteria used by communities to assess their own wellbeing) once CLP's assistance ends.

Enterprise grant projects

Similar to graduation programmes, enterprise grants are short-term and time-bound interventions where a grant is complemented by other interventions. These intend to increase people's productivity and facilitate their productive inclusion with a focus on supporting entrepreneurship. For example, Uganda's Women's Income Generating Support (WINGS) provided one-off grants, together with business skills training and ongoing supervision, to women in post-conflict Northern Uganda to create small retail and trading enterprises (Blattman et al., 2014). However, unlike graduation programmes, enterprise grants do not necessarily target the ultra-poor. Depending on the design, beneficiaries are either existing or potential entrepreneurs who are more or less close to the poverty line. Evidence from these programmes is used here as it provides useful insights on the role of specific components, such as training and grant transfers, and how they can best be combined.

Table 2: Examples of enterprise grant programmes

Programme name	Country and implementing agency	Summary of interventions
Youth Opportunities Programme (YOP)	Uganda Government of Uganda	Large one-off enterprise grant conditional on writing a business proposal, paying for vocational training, tools and materials ($763 PPP average – roughly equal to baseline *annual* income).
Women's Income	Uganda	Provided a large one-off grant ($375 PPP – roughly equal to 30

Generating Support Programme (WINGS)	NGO AVSI	times baseline monthly earnings), mostly to women to create retail and trading enterprises, and five-day business skills training and supervision.

2.5 Social cash transfers and integrated social protection systems

The second broad category of social protection programmes in this policy guide covers a more heterogeneous range of initiatives. Unlike graduation programmes, they are national programmes endorsed or directly implemented by governments that operate at a large scale (beyond individual pilot sites) across a country.

Social cash transfer programmes

Social cash transfers that provide non-contributory social assistance to the most vulnerable and poor groups mainly aim to protect people from economic and lifecycle shocks and prevent impoverishment. They do not specifically aim for productive inclusion, largely because the target group is considered 'labour-constrained' and thus 'deserving' of unconditional, publicly funded support. While social protection for particularly vulnerable groups should not be replaced by programmes that aim exclusively for livelihood promotion or graduation, there is evidence on the productive impact social cash transfers can have on certain types of households that are highly vulnerable yet have productive potential. This evidence can inform policy-makers on the types of households that can be supported to increase productivity – without ignoring the fact that some groups of poor people will require ongoing support.

Most prominently, the Food and Agriculture Organization's (FAO) research on From Protection to Promotion (PtoP) aims to highlight the potential for better synergies between safety nets in sub-Saharan Africa and agricultural programmes (Tirivayi et al., 2013). This policy guide draws on evidence emerging from these case studies to better understand the potential social cash transfers can have in terms of increasing the asset base of poor households, incentivising productive investments and generating income. In LICs in particular, social CT programmes can be the first step towards establishing political support for social protection programmes, building institutional capacity and delivery systems, exploring linkages to complementary sectors and gradually moving towards integrated systems (Daidone et al., 2015). Examples of social CT programmes include child grants that target poor households with orphans and vulnerable children (OVC), such as the Kenyan Cash Transfer for Orphans and Vulnerable Children (CT-OVC) or Lesotho's and Zambia's Child Grants Programmes (CGPs). Unlike in the more complex intervention structure of graduation programmes, they tend to consist mainly of a regular CT over a period of several years. The size of the transfer can be adjusted to the size of the households (e.g. Lesotho's CGP) or be at a fixed rate for all beneficiaries (e.g. Zambia's CGP).

By highlighting the existing or potential synergies between social protection and agriculture, findings from this literature allow us to identify entry points for productive inclusion through inter-sectoral complementarities. Indeed, Lesotho and Malawi are planning to roll out programmes that aim for productive inclusion of the working-age poor as part of their lifecycle-based social protection strategy (Government of Lesotho, 2014). However, 'any efforts to capitalize on such synergies must be mindful of the conflicts that might arise from competition for power in the political economy of policymaking' (Tirivayi et al., 2013) and particularly lack of existing coordination between sectors (Slater et al., 2016). Addressing these barriers to inter-sectoral coordination and collaboration thus needs to go hand-in-hand with any efforts to put in place integrated social protection systems that aim for synergistic impact between social assistance and other sectors.

Table 3: Examples of social cash transfers

Programme name	Country and implementing agency	Summary of interventions
Orphan and Vulnerable Child Cash Transfer (OVC-CT)	Kenya Department of Children's Services, Ministry of Labour and East African Affairs (MLEAA)	Unconditional cash transfer aims to improve the welfare of poor households caring for OVC and reduce poverty among the poorest segments of society.
Livelihood Empowerment Against Poverty (LEAP)	Ghana Government of Ghana	LEAP is a social cash transfer programme that provides cash and health insurance to extremely poor households across Ghana to alleviate short-term poverty and encourage long-term human capital development.
Child Grant Programme (CGP)	Lesotho Ministry of Social Development	The CGP is an unconditional social cash transfer programme for poor and vulnerable households with OVC (aged 18 years and under). The objective is to improve the living standards of OVC so as to reduce malnutrition, improve health status and increase enrolment among OVC.
Social Assistant Grants for Empowerment (SAGE)	Uganda Expanding Social Protection (ESP) Programme, Ministry of Gender, Labour and Social Development	SAGE forms part of the government's ESP programme, which was launched in 2010 with the objective of embedding a national social protection system as a core element of Uganda's planning and budgetary processes. SAGE covers two main cash transfer pilots, the Vulnerable Family Grant (VFG) and the Senior Citizen Grant (SCG). The SCG is categorically targeted at elderly people above 65 years of age (60 years in Karamoja); the VFG targets households by employing a composite index based on demographic indicators of vulnerability. Since 2015 the SCG is being scaled up as a national social protection programme.
Child Grants Social Cash Transfer Programme (CGP)	Zambia Ministry of Community Development, Mother and Child Health (MCDMCH)	The Zambia Child Grant Programme (CGP) provides a fixed bi-monthly payment of 60 kwacha per month (£10.90) to 20,000 households with young children. The CGP aims to reduce extreme poverty and the intergenerational transfer of poverty by providing income support, increasing the number of children enrolled in and attending primary school. It aims to reduce child mortality and morbidity, increasing the nutrition and asset base of recipient households.

Integrated social protection programmes

Another approach, emerging particularly in Latin America but also in productive safety nets in sub-Saharan Africa (and in several European countries), involves an integrated systems approach. This works by linking social assistance beneficiaries to other government programmes and services in order to improve their human capital and productive potential. Programmes are often embedded within national policy frameworks aiming for poverty reduction. The preventive and protective functions of social protection remain central: the core intervention aims to tackle vulnerability, poverty and social exclusion by protecting vulnerable groups from different risks and preventing impoverishment. Additional activities and linkages with other services contribute and reinforce the impact on beneficiaries' productive potential.

This approach is emerging out of increasing recognition of the need to integrate the provision of individual measures within a broader, integrated, social protection system, including linkages to essential services such as education and health, as well as social services and even measures to support productive inclusion (e.g. Camacho et al., 2014; Paiva et al., 2013; UNICEF, 2012).

Two different dimensions of a systemic and integrated approach to social protection can be identified: 1) intra-sectoral complementarities of social protection programmes, and 2) complementarities between social protection and other government sectors, which emerge from a 'development planning approach to social protection' (Samson, 2015). We describe each of these in further detail below.

1. **Intra-sectoral complementarity** of social protection programmes refers to multiple social protection programmes in place addressing different risks, sometimes based on a lifecycle approach. Such an approach may, for example, include a child grant targeted at households with OVC, public works for able-bodied individuals, disability grants or old-age pensions – as in fairly recent social protection strategies (e.g. Lesotho and Uganda). A systemic approach applied internally to the social protection sector 'develops and strengthens the structures and mechanisms that facilitate the integration of a network of interventions and policies to effectively address multiple vulnerabilities' (UNICEF, 2012).
2. **Inter-sectoral complementarity** refers to explicit linkages between social protection programmes and programmes in other sectors that in many cases aim for increased developmental impact of social protection. For example, many CCTs in Latin America aim to break the intergenerational transmission of poverty through the provision of cash transfers conditional on attending health and education services. In Bolsa Família and Chile Solidario, social workers specifically play an intermediary role in helping social assistance beneficiaries access public services (Barros et al., 2011; Larrañaga et al., 2009).

Different variants of an integrated systemic approach to social protection have been developed in recent years in various countries. In contexts with high levels of rural poverty, policy-makers have a strong interest in linking social protection programmes for the 'working-age poor' with agricultural programmes to avoid dependency on social assistance and to achieve poverty reduction through increased productivity and economic growth (through access to markets, extension and financial services) (Cherrier, 2014). Ethiopia's Food Security Programme (FSP), for example, is an explicit attempt to move away from seasonal humanitarian assistance towards sustained escapes from food insecurity by combining cash for work and complementary programmes. Within the FSP, the PSNP provides public works for 'able-bodied' beneficiaries. The CT allows people to cope better with food insecurity during the lean season. Access to complementary services, such as extension, credit facilities and assets, is designed to allow beneficiaries to accumulate assets and move gradually from insecurity to food sufficiency and eventually food security. The safety net is thus embedded in the FSP, which rests on the provision of agricultural extension and financial services (Berhane et al., 2013).

Table 4: Examples of integrated social protection programmes

Programme name	Country and implementing agency	Summary of interventions
Vision 2020 Umurenge Programme (VUP)	Rwanda Ministry of Local Government, Good Governance, Community Development and Social Affairs	The VUP is the Government of Rwanda's flagship poverty eradication programme. It consists of three components: 1) public works to build community assets, 2) credit packages to foster entrepreneurship and off-farm employment, and 3) direct support to improve access to social services for labour-constrained households.
Food Security Programme (FSP), including Productive Safety Net Programme (PSNP)	Ethiopia Ministry of Agriculture and Rural Development	The FSP covers a range of interventions that together aim to graduate chronically food-insecure households from food insecurity first to a level where they are food-sufficient and then into food security. This is achieved through a combination of interventions including public works through the PSNP, unconditional cash transfers, community asset building and access to extension services, inputs and market linkages through the Household Asset Building programme.
Bolsa Família	Brazil Ministry of Social Development and Fight against Hunger	Bolsa Família was launched in 2003 as a conditional cash transfer programme to support poor families as part of the government's Zero Hunger programme. It brought together several of the Government's cash transfer programmes (Bolsa Escola, Bolsa Alimentação, Cartão Alimentação and Auxílio Gas). It now forms part of the Plano Brasil Sem Miséria (Box 5), which links cash transfers with public services and interventions aimed at productive inclusion.
Prospera (formerly Oportunidades)	Mexico Ministry of Social Development SEDESOL	Cash transfer provided to poor families with children linked to conditionalities to attend school and health services. Compared with its predecessors (Oportunidades, Progresa),Prospera has expanded its activities and includes linkages to services that aim for the social and productive inclusion of beneficiaries.
Chile Solidario	Chile Ministry for Social Development	Chile Solidario is a conditional cash transfer programme with an integrated structure that seeks to ensure people living in extreme poverty can access social benefits and public services. It has three main components: psychosocial support; preferential access to social services; and guaranteed access to state subsidies, including a small cash transfer. Families remain in the system for a five-year period.
Ingreso Etico/Ethical Family Income (Chile)	Chile Ministry for Social Development	This is replacing Chile Solidario (starting in 2012). It consists of a wide range of conditional and unconditional cash transfers for the poorest and for certain vulnerable, although not extremely poor, segments of the population. It expands significantly the type and amounts of cash transfers with respect to Chile Solidario, organising them under three fundamental pillars: dignity, duties and achievements.

In Latin America, Brazil has pioneered the idea of complementarity with programmes by other ministries explicitly to enhance the developmental impact of social assistance and support productive inclusion. Plano Brasil Sem Miséria aims to reduce extreme poverty by bringing together social protection and employment and income generation policies (see Box 5). In Mexico, the long-established CCT Oportunidades was already linking beneficiaries to complementary services, such as universal health insurance; in its new incarnation as Prospera it places a stronger focus on promoting access to higher education and formal employment. This includes scholarships for vocational training for young people and access to formal employment. Beneficiaries have priority access to complementary services provided by 15 national programmes that aim for productive inclusion, such as the Ministry of Agriculture programme for young entrepreneurs, scholarships provided by the Ministry of Education and training on producing handicrafts for women.[5]

Box 5: Integrating social protection with employment and income generation – Brazil's Plano Brasil Sem Miséria

Plano Brasil Sem Miséria was launched in 2011 by President Ilma Rouseff as a strategy to eradicate extreme poverty by 2014. Following on from the previous social protection policy, Estratégia Fome Zero, it promotes a multidimensional approach to poverty reduction. This is achieved by linking government programmes that provide income guarantees (e.g. Bolsa Família) with increased access to basic services and programmes aiming to increase productive inclusion. In particular, its goal is to improve employment opportunities by offering vocational training and promoting labour intermediation, micro-entrepreneurship and solidarity-based economic activities. In rural areas, Plano Brasil Sem Miséria focuses on activities that provide technical assistance to family farmers, among other things.

Thematic pillars that combine programmes from different federal institutions are outlined below:

Income guarantee	Productive inclusion	Access to public services
Cash transfers Child care	Rural productive inclusion Urban productive inclusion	Education, health, social assistance, food security

Sources: Paes-Sousa (2013); Paiva et al. (2013)

One of the best-known examples of an integrated approach is that of Chile Solidario-Puente. This is a targeted social welfare programme combining CCTs with intensive social worker support and referral to other social welfare programmes. It ran between 2002 and 2012, when it was replaced by Ingreso Ético Familiar. This consisted of a wide range of conditional and unconditional cash transfers for the poorest and for certain vulnerable, though not extremely poor, segments of the population.

Colombia, El Salvador and Peru are working on integrating their CCT programmes (Familias en Acción, Comunidades Juntos Solidarias Rurales and Juntos respectively) with selected rural

[5] https://www.prospera.gob.mx/swb/es/PROSPERA2015/Inclusion_Productiva

development projects. These are funded by the International Fund for Agricultural Development (IFAD) and implemented by each country's ministry of agriculture. The rural development projects concentrate on technical assistance, asset-financing, savings promotion and, in the case of El Salvador, also non-technical assistance and training (Maldonado et al., 2015).

The examples mentioned here come from very different regional as well as economic contexts. They also highlight that social protection systems can be at very different levels of maturity (for typologies of systems, see Gentilini and Omamo, 2011; OPM, 2015). Consequently, efforts to promote productive inclusion through social protection will have to take into two factors into account. The first is the capacity of the social protection system at any given time (including administrative and technical capacity) to contribute to productive inclusion. The second is the capacity of the local economy to provide income-generating opportunities for the poor.

To sum up, both broad categories of programmes discussed here are characterised by linking the protective element of social protection, for example consumption-smoothing through cash/in-kind transfers, with interventions that aim to increase a household's productivity, for example asset and skills transfers, linkages to financial services and income-generating activities. Overall, they share the overarching objective of aiming for sustained escapes from poverty through productive inclusion (albeit differently defined) and both seek to achieve this by combining different interventions. However, there are differences in terms of their underlying theory of change, timescale and the way the different interventions are combined (Table 5).

Table 5: Graduation programmes vs. integrated social protection programmes

Key features	Graduation	Integrated social protection
Objective	Provide temporary support to improve people's livelihoods to lift them above a poverty threshold.	Put in place social protection systems that support people throughout their lives to manage risks to their livelihoods.
Lead implementing agency	NGOs	Government agencies
Timeframe	Programme participation is time-bound (usually 12-24 months) until beneficiaries have graduated.	Programmes are meant to be permanent, and individual participation can extend over several years depending on need. Beneficiary participation may or may not be time-bound.
Design	Programmes provide a sequenced and intensive package of support (including cash transfers, financial services, livelihoods training).	Interventions complementary to social protection programmes are provided through linkages with other programmes (e.g. extension services, health centres, enterprise grants, training facilities).
Contributions to productive inclusion	• promoting self-employment and new income-generating activities • increasing productivity of existing livelihoods • improved access to financial services	• promoting self-employment and new income-generating activities • increasing productivity of livelihoods • access to labour market through training and human capital accumulation • providing employment opportunities through job creation • providing protection from economic and lifecycle risks through social insurance • improved access to financial services

Source: authors' own conception

These differences can be summarised in two key points. First, according to the theory of change of graduation programmes, productive inclusion is to be achieved through pathways to self-employment and entrepreneurship. By the end of the programme, beneficiaries are expected to have achieved a certain level of resilience, after which they will continue on a trajectory of asset and income accumulation. By contrast, integrated systemic approaches envision a broader range of pathways towards poverty alleviation that do not necessarily emphasise self-employment, and maintain a strong focus on reducing vulnerability to risks through social protection. They can also aim for increased productivity of rural populations mainly engaged in agriculture, such as through productive safety net programmes, input transfers and fostering linkages with the agriculture sector. Ethiopia's PSNP is an example. They may also aim to promote integration into local labour markets through employment schemes, linking social assistance beneficiaries to training or incentivising human capital development through CCTs. This is particularly typical of the examples from Latin America, such as Prospera and Chile Solidario/Ingreso Ético Familiar.

Second, a graduation programme provides a package of interventions to give beneficiaries a 'big push' to strengthen their livelihoods. The interventions, as currently put in practice, are short-term and time-bound, after which beneficiaries exit the programme. What happens next is beyond the scope and reach of the graduation programme on most cases (BRAC's programmes being an exception by providing additional support for 'graduates' such as access to microfinance, healthcare etc.). In an integrated system, beneficiaries passing a poverty threshold move out of a particular type of support into another that can continue to support their trajectory out of poverty. 'Graduates' can also become eligible for social assistance should they fall back into poverty. The concept of graduation is thus integrated into a wider support system that persists independently of individual movements in and out of poverty, providing differentiated support depending on level of need and potential to engage in productive activities.

With this in mind, the next sections look at how different programmes have had a positive impact in terms of the productive inclusion of the poor. They then draw out lessons that can inform efforts to support such inclusion through social protection.

3. Evidence on productive inclusion

3.1 Methodology

This section reviews existing evidence on how social protection and graduation programmes currently contribute to productive inclusion. The aim is not to provide a comprehensive literature review of the impact of social protection on productive inclusion. Instead, it aims to highlight and unpack important findings from a selection of programmes which offer insights on the design of social protection programmes that can promote sustained escapes from poverty.

To this end, we searched recently published papers on graduation, as well as on social protection programmes which aim specifically to increase participant productivity and income generation. Enterprise grants were included in the review based on their similarities with certain components of graduation programmes (e.g. lump sum transfers for enterprises, business training). Social cash transfers and productive safety nets were included where studies have discussed their impact on different dimensions of productive inclusion (e.g. asset accumulation, allocation of labour). Findings from the studies so identified were reviewed and systematised according to the following criteria:

- overall evidence of impact on productive inclusion
- evidence on sustainability of outcomes
- disaggregated analysis of impact on different groups of people
- role of any *programme design/implementation features* in supporting or inhibiting productive inclusion
- role of *local context* in supporting productive inclusion (e.g. market context, economic growth, poverty levels, infrastructure, health services)
- information on feasibility for scaling up.

Most of the programmes reviewed come from LICs, with some notable exceptions from UMICs, such as Chile and Brasil (for a full list of all programmes included in the review see tables 1-4).

Following the definition of productive inclusion provided in Section 2, the impact of the various programmes on productive inclusion is examined in the remainder of this section by looking at: 1) changes in the asset base, 2) changes in labour allocation to different activities, 3) changes in income, and 4) changes in levels of savings and loans.

Where evidence exists, impacts on various aspects of productive inclusion are linked to outcomes in terms of graduation and poverty escape. Overall, the evidence suggests that different types of programmes have had effects on various aspects of productive inclusion, including some combination of income, expenditure, savings and productive asset accumulation. However, findings vary across programmes and countries, and it is less clear that these effects then lead to sustained poverty escapes. A discussion of the programmes' impact on different groups of poor people is also provided, although very few studies provide a disaggregated analysis of programme impact.

3.2 Asset base

Assets can be broadly divided into productive assets (e.g. livestock, agricultural inputs, tools and machinery) and non-productive assets (e.g. household items and housing). Asset accumulation is often seen as a driver of productive inclusion because it enhances returns from existing activities (e.g. agriculture) and enables households to reallocate their labour force to other remunerative activities. This has positive effects in terms of income and consumption. Changes in the asset portfolios of poor households can be taken as indicators of poverty dynamics, especially in rural areas, where income is a less reliable measure of wellbeing.

Graduation programmes aim specifically to lift households above an asset threshold by providing a sequence of interventions to catalyse sustainable asset accumulation. Evaluations look at impact in terms of increases in the asset base beyond the programme effect caused by the asset transfer itself. For example, randomised control trials (RCTs, see Box 6) conducted by Innovation for Poverty Action (IPA) on six CGAP–Ford Foundation graduation pilots found on average across the sample examined a positive impact on livestock holdings of beneficiaries compared with the control group, which were sustained three years after the programme ended (Banerjee et al., 2015). In BRAC's CFPR-TUP, the value of cows provided to ultra-poor households had increased by 208% (net of the value of the asset transfer itself) four years after the programme had ended. Participation had also led to the accumulation of new productive assets, such as livestock sheds, rickshaws and pumps (Bandiera et al., 2013).

Similar impacts were found in Concern Worldwide's graduation pilot in Rwanda, where the CT provided as part of a sequence of interventions (following the BRAC graduation model, see Box 4) allowed beneficiaries to increase their ownership of productive assets. In the first cohort, households owning any type of livestock had increased from 7% to 81% one year after the programme started, with higher prevalence of smaller livestock such as goats, pigs and chicken. Apart from livestock, participants invested the cash in improved seeds and mobile phones – although these changes are largely owed to the income effect of the cash while they were in the programme. Long-term sustainability of impact still needs to be studied (Sabates and Devereux, 2015).

Despite specifically aiming for it, graduation programmes do not lead to asset accumulation by default. Some examples highlight limited programme impact and provide valuable lessons showing when interventions lead to desired impacts. In the case of the Ultra Poor Programme (UPP) of the NGO Swayam Krishi Sangam (SKS) in India, asset retention was low after graduation. Similar to BRAC's model, the programme provided support to livelihoods, health and nutrition, social development and financial literacy for 18 months. By the end, though, only 43% of participants who had purchased livestock with the CT still owned it. Two thirds reported selling it and many had used the proceeds to pay off debt (Bauchet et al., 2015). In the case of the CGAP–Ford Foundation pilot in Honduras, the programme had a statistically significant *negative* impact on productive capacity following the death of chickens provided by the programme that were affected by an illness (Banerjee et al., 2015). More research needs to be conducted on 'failures' of graduation programmes, since these examples indicate the importance of the choice of asset. Equally, research is needed on the economic status of household influence and on additional support mechanisms (such as access to financial services) needed for the graduation theory of change to work.

Some positive impacts in terms of asset accumulation have also been achieved by integrated social protection programmes with a graduation component despite asset or in-kind transfers not being part of the design. Ethiopia's PSNP and Rwanda's VUP are examples of such programmes. Participation in the PSNP has led to a steady (yet slow) increase in asset levels (Berhane et al., 2013). In Rwanda, the VUP programme has contributed to an increase in asset holdings (average investment of 0.5 goats) but no effect is evident with respect to productive assets (other than livestock) (Hartwig, 2013). Yet in both cases questions have been raised as to whether the increase in assets is sufficient to support sustained escapes from poverty.

Even more remarkably, long-term cash transfers that do not specifically aim for asset accumulation have recorded a positive impact on livestock holdings. FAO's PtoP explores the linkages between social cash transfers and agricultural development and finds positive impacts in terms of input use and asset accumulation. Recipients of child grants in Kenya, Lesotho and Zambia used part of their transfers to invest in a wide variety of livestock (Daidone et al., 2015). CCT programmes have also affected livestock holdings despite not explicitly aiming to do this. In Mexico's Oportunidades, beneficiary households were more likely than control households to own animals for farm work and animals for consumption (17.1% and 5.1% higher ownership respectively), and the number and value of their livestock was higher (Gertler et al., 2012; Todd et al., 2010).

The evidence highlights that both graduation and CT programmes can lead to asset accumulation. This evidence seems to suggest that asset or in-kind transfers built into programme design may not be the only way to achieve asset accumulation, and that long-term cash transfers may well do the job. However, the increase and retention of assets alone is not necessarily indicative of productive inclusion. It is less clear to what extent an increase in the number and value of assets allows households to pass a threshold after which they manage to sustainably move out of poverty.

3.3 Allocation of labour

Productive inclusion can also be obtained through changes in the allocation of labour at the individual and household level, ideally by moving people towards more remunerative economic activities.

Graduation programmes aim for greater engagement in self-employment activities, mostly as a result of asset transfers and fewer hours spent in casual employment. The CGAP–Ford Foundation graduation pilots, for example, increased the amount of hours adults dedicated to entrepreneurial activities (e.g. livestock-rearing and also agricultural activities) per year by the end of the programme (Banerjee et al., 2015).

Where casual employment is a coping strategy of last resort, lower reliance on it can indicate a step towards more sustainable livelihood strategies. BRAC's CFPR-TUP led to a shift in female work patterns, with women beneficiaries working 170 fewer hours per year in casual wage employment and 388 hours more in self-employment. Two developments confirm that this shift indicates productive inclusion and poverty reduction. First, it was accompanied by a 15% increase in labour productivity (higher earning per hour) and a 38% increase in total annual earnings (equivalent to TK 1,754, or $24.4, per year) after four years.[6] These effects are due to a higher than average return to self-employment, which is available throughout the year, in contrast to casual wage labour. Second, wealthier women were involved in livestock rearing more often than in wage employment. This indicates that in that context the former is more likely to be associated with poverty escapes (Bandiera et al., 2013).

However, a shift in labour allocation towards self-employment may have a high opportunity cost in settings with rising rural wages. This was the case for the SKS UPP in Andhra Pradesh, India. At the end of the programme, the gains for the treatment group as a whole did not exceed the gains the control group received from participating in wage employment. In a context of a tightening labour market, this was offering increasing income returns (Bauchet et al., 2015). The success of a graduation programme focused on self-employment therefore rests on careful ex-ante analysis of the local economy. Countries with more implementing capabilities could consider adopting a flexible model which lets beneficiaries choose whether to undertake a graduation pathway focused on self-employment or one aimed at providing the skills and information to search for wage employment. This, for instance, is the solution recently incorporated in the fourth phase of Ethiopia's PSNP.

Reduced reliance on irregular, piecemeal work as a coping mechanism in times of hardship has also been observed in social cash transfers, such as in Lesotho's CGP. However, in this case, a regular CT allowed households to meet their basic needs without having to rely on erratic income streams from casual work (Daidone et al., 2014a). Similar impacts were found in Kenya's OVC-CT (Asfaw et al., 2014) and Malawi's Social Cash Transfer Programme (SCTP) (Covarrubias et al., 2012). The SCTP led to a reduction of nearly five days spent on *ganyu* (casual labour) one year after enrolment in the programme. As *ganyu* is low-wage casual labour performed by vulnerable households during the lean season, its reduction is indicative of a household's greater capacity to engage in more remunerative activities.

Evidence from a number of enterprise grants shows these have led to an increase in time spent on self-employment. In Uganda, the Youth Opportunities Programme (YOP) provided a large one-off grant, coaching and training to young people to help them start a business. At the end of the programme, intensity of overall adult supply had increased by 20 hours per month (Blattman et al., 2013). Uganda's WINGS (a similar project targeted exclusively at women) led to an increase of 40 percentage points in time spent on non-agricultural self-employment (Blattman et al., 2015). By contrast, a combination of a CT and a lump sum in Nicaragua for a non-agricultural enterprise also led to an increase (13 percentage points) in the likelihood of engaging in non-agricultural self-employment (Macours et al., 2012). This is not necessarily surprising since the objective of the lump-sum grant was to catalyse entrepreneurial activities. However, it is positive to note in the case of the YOP at least that no time was diverted from subsistence production. Instead, the intensity of labour increased (Blattman et al., 2012).

[6] As per the exchange rate used in Bandiera et al. (2013): in 2007, $1=TK 69.

The evidence of programme impacts on allocation of labour currently focuses on self-employment, rather than the contribution of social protection to formal employment. This links back to the role of social protection in contexts within labour markets (discussed in Section 2) to encourage productive inclusion by increasing the productivity of poor households and to slowly build local economies. There are only a few examples of social protection programmes specifically aiming to link beneficiaries to formal employment in LICs and MICs. Bolsa Família and Chile Solidario, for example, aim to improve the occupational patterns of the poor by facilitating linkages to employment yet evidence on impacts on labour supply and employment is inconclusive. A recent extensive review of cash transfers highlighted that in half the studies which evaluated impacts on overall adult labour participation and intensity, the cash transfers did not have any statistically significant impact. Studies that did find a significant impact yielded a mix of results depending on the type of programme (Bastagli et al., 2016). How social protection programmes can facilitate entry into formal labour markets is an area that still requires more analysis.

3.4 Income

Programmes following BRAC's graduation model have demonstrated a positive impact on income from self-employment as a result of asset accumulation, training and access to microfinance. In the CGAP–Ford Foundation pilots, an increase in time spent on agricultural activities was accompanied by higher returns to labour and capital. This was demonstrated by an increase in revenue from livestock and an overall increase in self-employment income. This had a positive impact on household consumption and number of meals per day in all sites but Honduras (Banerjee et al., 2015). In CFPR-TUP in Bangladesh, income per capita in 2005 was higher for participants than non-participants, with the gap widening further in 2008. In 2008, the proportion of participating households below the extreme poverty benchmark of $0.5 per day had decreased from 80% to 20% (Misha and Das, 2010).

Ethiopia's GRAD pilot follows a comprehensive value chain approach to building market linkages and economic opportunities for participants. As a result, 70% of targeted households were engaged in a value chain activity and 44% in an income-generating activity (the two categories differ in terms of the financing source used). It is estimated that a household earns on average $100-200 more per year than before (DeVries et al., 2014). These findings come from the mid-term impact evaluation, however. They do not yet allow for conclusions in relation to the stand-alone sustainability of the income-generating activities.

REAP in Kenya led to the setup of new petty trade enterprises and an increase in income of around $6 per month from non-agricultural trade after 12 months of programme participation. With a control group mean of $1.5 per month, this represents a fourfold increase in income from this source. In terms of impacts on poverty, the programme increased the probability that beneficiaries were above the Kenyan rural poverty line by between 7% and 13% after six months, and 13% after one year. The one-year impact represents a 77% increase in the likelihood of being above the poverty line compared with the control group (Gobin et al., 2016).

In terms of income-generating activities, social protection programmes that aim for graduation seem to have an impact but still a very small one. In Rwanda's VUP, only 3% of all households interviewed had an off-farm business. This indicates that the programme objectives to diversify livelihoods through off-farm job creation and entrepreneurship have yet to be achieved (Hartwig, 2013). A study on female-headed VUP beneficiary households has drawn similar conclusions: only a minority managed to use the wages from public works as catalysts for economic activities such as petty trading, brewing and selling local beer (Pavanello et al., 2016). However, in Zambia, CGP beneficiaries were significantly more likely than non-beneficiaries to have a non-farm business, to operate enterprises for longer periods and more profitably, and to accumulate more physical capital (Daidone et al., 2014b).

Beneficiaries of Chile Solidario, which aims specifically to facilitate access to employment for marginalised and socially excluded households, presented absolute positive gains in self-generated income and employment. However, the gains attributed to the programme for employment are small, and for self-generated income are negative (this could be linked to a substitution of greater monetary subsidies provided by the programme). Control group households with the same socioeconomic profile as beneficiaries experienced similar income and employment gains. This highlights that the economy played a bigger role in increasing income and the programme played an intermediary role (Larrañaga et al., 2012). Further, the programme is based on the premise that training and employment schemes are available for the poor, with lack of uptake traced back to demand-side constraints. However, lack of supply of such schemes tailored to the chronically poor is a main obstacle to effective labour market integration (Camacho et al., 2014).

Studies on CCTs in Mexico and Brazil draw attention to similar obstacles to productive inclusion, and in particular to the case of marginalised communities facing structural barriers to accessing labour markets. This puts into question the linearity of the human capital accumulation approach as a recipe to break the intergenerational transmission of poverty. Poor quality of education and health services, and labour market discrimination along gender and race lines both limit social mobility for the poorest groups (González de la Rocha et al., 2008; Jones, 2016; Ulrichs and Roelen, 2012).

The different results on increasing income across a range of programmes highlights yet again the importance of the context in which the programmes operate. Where markets are underdeveloped, and complementary interventions (e.g. training, financial services, access to inputs) are difficult to obtain, more intensive support programmes like the graduation model might be able to fill a gap. Cash transfers alone will not necessarily generate sustainable income streams. Nevertheless, the size of the transfer and regularity of delivery can have a positive impact on productive investments and income generation (Daidone et al., 2014b). However, in contexts where in theory employment opportunities exist in the market, structural barriers can prevent marginalised groups from accessing these. The role of social protection in such contexts is thus different. It has to reduce those barriers rather than (temporarily) responding to the lack of existing livelihood support services (e.g. training, microfinance, inputs) through more intense packages.

3.5 Savings and loans

An increase in savings is an important driver of productive inclusion and poverty escapes since it enables productive investments, reduces risk aversion and thus encourages the adoption of new and potentially more profitable livelihood activities. It also allows people to opt out of negative coping strategies (such as selling off productive assets) that undermine their capacity to move out of poverty in the long term.

Accumulation of savings is a key component of the theory of change of graduation programmes. Programmes usually follow a sequenced strategy whereby beneficiaries are encouraged to accumulate a certain amount of savings that will allow them to 'buffer' shocks, before they access financial services such as credit, to make bigger investments in their productive activities.

Regardless of whether the design makes savings compulsory, there is evidence that participation in both graduation and ongoing social protection programmes can increase the prevalence of saving. In Concern's graduation pilot in Rwanda, participants are explicitly encouraged to save for both risk mitigation and investment in productive activities (Sabates and Devereux, 2015). In Uganda's Senior Citizens Grant (SCG), beneficiaries can decide to save or not. At least 30% do so with the intention of investing in productive activities by buying farm inputs or hiring ox ploughs (Okillan and Wandera, 2012; Watson and Bukuluki, 2012, cited in Namuddu et al., 2014).

In the countries where BRAC's graduation model has been piloted, savings increased significantly and persistently, and gains were largest in countries with mandatory savings. Evaluation of CFPR-TUP in Bangladesh found that the financial assets of participants increased considerably during and after the end of the programme following an increase in saving behaviour and credit market participation. At the same time, financial assets of non-participants declined. While only 8% of women beneficiaries had cash savings at the beginning of the programme in 2002, this had increased to 94% in 2005 and then further to 98% in 2008 (Misha and Das, 2010). However, there is little evidence on how savings are used or whether they are used for productive investments.

In the case of productive safety net programmes, evidence shows that in some cases participant borrowing increased with savings. However, it was mostly used for non-productive purposes and therefore made a limited contribution to productive inclusion. The 2013 programme evaluation of Ethiopia's PSNP found that 87% of beneficiaries had taken out one or two loans in the previous year from different sources (savings and loan associations, informal networks, NGO programmes). However, 45% of the loans were used for purchasing food or other goods, and 12.5% for health expenditures. Less than 2% of the households that took out a loan used it to invest in a non-farm income-generating activity (and most of these loans were from informal sources). The assessment showed that 12.3% of all loans were used to buy livestock and 6.3% to buy inputs such as seeds, fertilisers or pesticides (Berhane et al., 2013). In Rwanda's VUP, the repayment rate for loans was below 50%, partly because the loans were used for consumption rather than income generation. Further, very few households that participated in the public works component of the VUP had access to financial services (Hartwig, 2014).

3.6 Sustainability of impacts

Systematic assessment of the sustainability of programme outcomes is still relatively uncommon because follow-up surveys are rarely carried out, especially more than two years after the end of a programme. However, some evidence suggests that impacts do persist over time, especially in the case of graduation programmes. Indeed, this could be one of the major strengths of the graduation approach. Even if the absolute impacts turn out to be small and insufficient to make the transition out of poverty, programmes may still be putting households on a trajectory out of poverty.

IPA's six-country assessment of the CGAP–Ford Foundation graduation pilots found that most impact variables discussed here remained significant up to a year after the end of the programme (and three years after the asset transfer). In CFPR-TUP in Bangladesh, households were surveyed seven years after the start of the programme and five years after it ended. After seven years, changes in core variables (consumption expenditure, value of household assets and land ownership/rent) were larger than or equal to changes after four and two years. The exception was savings, which fell between four and seven years after the programme (Bandiera et al., 2016).[7] Evaluation of the first phase of CFPR-TUP based on three waves of panel data[8] suggests that the programme's overall impact on income, employment, food security and asset-holding was sustained over time. It even increased in the case of per capita income (Misha and Das, 2010).

Evidence of sustainability of outcomes also emerged in the case of enterprise grants. Uganda's YOP assessed the impacts of large one-off enterprise grants to young people four years after they first received them. It found that the average annual return on the transfer was 40%, particularly among the most credit-constrained, patient and risk-averse beneficiaries. The programme had also increased durable wealth and short-term consumption even four years after completion (Blattman et al., 2013). However, there is also important albeit limited evidence of unsustained impacts. In Haiti's Chimen Lavi Miyo graduation pilot, a decline in assets was observed four years after graduation (Pain et al., 2015). In many cases, households were not able to build their resilience in a way that allowed them to withstand shocks without setbacks to their livelihood and without risking impoverishment. In the Rwanda Concern pilot, illness (health shocks) was a major reason why participants dropped out of the programme (Sabates and Devereux, 2015). This raises a question as to whether 'graduates' will have been able to build sufficient resilience not to fall back once they face a shock and no longer have access to a safety net.

As far as integrated social protection is concerned, the existing evidence on productive inclusion stems from points at which people are still participating or shortly after the programme ends. In many cases, concerns are raised for different reasons about the sustainability of the impact over time. Pressure to meet 'graduation quotas' in Ethiopia's PSNP meant beneficiaries graduated prematurely (Berhane et al., 2013). In Rwanda's VUP, household capacity to maintain asset accumulation decreased after the programme ended, and many beneficiaries lost their incremental livestock investment. However, as mentioned above, the longer people had been in the programme the more likely they were to sustain their asset (Hartwig, 2014).

[7] The 2014 survey recorded the progression of the treatment group between Year 4 and Year 7 without looking at the control.

[8] 2002 baseline, 2005 and 2008 – i.e. two years after the end of the programme.

4. Programme design and implementation features

This section delves deeper into the evidence on programme design and implementation features that led to positive impacts discussed above. The aim is to draw lessons that can inform the design of both graduation and integrated social protection programmes. In particular, the following section will look at beneficiary targeting, how asset and cash transfers are provided and the role complementary interventions play in promoting productive inclusion.

4.1 Targeting and beneficiary profile

Most of the programmes in this review target poor beneficiaries or entail a combination of poverty and categorical targeting. However, most of the studies offer limited disaggregated analysis of the programme's impact on different categories of poor people. Impact findings are usually disaggregated by gender but only few examine the distribution of benefits by income group. In some cases, characteristics of 'top performers' are highlighted – yet there is little on 'poor performers'.

The lack of disaggregation by poverty level might be based on the assumption that all beneficiaries belong to the poorest households in that particular context. Yet accurate targeting in social protection programmes poses substantial conceptual, practical and ethical challenges (e.g. Coady et al., 2004; Devereux, 2016; Ellis, 2012). Targeting errors (both inclusion and exclusion) are prevalent in most programmes. For example, nearly 34% of 'graduates' of Ethiopia's PSNP were above the graduation thresholds before they entered the programme (DeVries et al., 2014). In Rwanda's VUP, almost a third of public works participants belonged to a higher welfare category and were thus ineligible for the programme and included by error (Hartwig, 2014). Similarly, in Bangladesh, only 53% of the sample households classified as ultra-poor in BRAC's CFPR-TUP were in fact below the $1.25 a day poverty line (together with 49% of those classified as near poor). This can be linked to the fact that beneficiaries are selected on the basis of locally defined criteria rather than income proxies (Bandiera et al., 2016).

Targeting errors make it difficult to understand whether a programme has had the desired impact on its target group or whether it has favoured the slightly better off. Evidence from graduation programmes shows a positive impact at all quintiles of the distribution. IPA's six-country RCT assessments provide useful insights into the impacts on different income groups. The assessments examined the distribution of outcomes in different quintiles. It found that the impact on food security was stronger towards the bottom of quintiles, and that financial inclusion effects were observed only at the top quintile. Effects on consumption per capita as well as income and revenues all increased with the quintiles. The poorest in the sample had a lower return to assets (or consumed more of them), and their asset accumulation rates were 10 times slower than those at the top (Banerjee et al., 2015).

A similar distribution of results is observed for BRAC's CFPR-TUP in Bangladesh, for which quintile treatment effects were estimated. The effects on earnings and expenditures were found to be positive at all deciles of the beneficiaries' income distribution but with great heterogeneity. For earnings, the impact at the top decile is 10 times larger than the impact at the bottom decile (TK 4,136 vs. TK 384), and differences for savings and productive assets are even larger. After four years, the programme did not significantly increase the per capita consumption of households in the lowest two deciles of the distribution of per capita consumption (Bandiera et al., 2013; 2016). Overall, these results suggest that better-off families were better able to capitalise on the programme's activities while the poorest may have experienced negligible benefits.

Concentration of benefits in the top percentiles of the distribution was also observed in REAP in Kenya, which targets women. The effect of the programme estimated at the 90th percentile was found to be almost four times the effect at the 10th percentile, suggesting that those who were better off to begin with tended to see greater impacts on income (Gobin et al., 2016).

This contrasts slightly with findings from Uganda's YOP, in which the impact on capital stock and earnings was larger among those who started out more 'constrained' (without a vocation or with lower capital/wealth). However, this difference may be explained by the fact that the beneficiaries were (poor) young unemployed or underemployed youth, who may not suffer the same obstacles facing the poorest households in BRAC's CFPR-TUP or Kenya's REAP (Blattman et al., 2013).

Initial asset base, human capital and gender of household head are considered additional factors beyond poverty level increasing the likelihood that beneficiaries improve their capacity to accumulate assets and generate income in the long term. In the VUP in Rwanda, 20% households were considered 'top performers' in those outcomes, and they shared a range of characteristics, such as access to financial products, training and health insurance. Successful beneficiaries also had higher household head education level and low dependency ratios (Hartwig, 2014). In Mexico's Oportunidades, prior access to land played a role in increasing the productive impact of the CT (Todd et al. 2010).

Lack of a gender-sensitive design can make it difficult for women to reconcile their productive and reproductive duties, particularly if they are head of the household (Holmes and Jones, 2010). This can increase the opportunity cost to women participating in the programme due to an increased workload in complying with programme conditions or passing on domestic duties to younger female household members. Female beneficiaries of the PSNP and VUP found it harder to participate in public works because of competing responsibilities in the household and persistent gender inequalities in the allocation of care work (Berhane et al., 2013; Pavanello et al., 2016; Sabates-Wheeler et al., 2012).

Lack of agency and voice further pose greater barriers for women than for men in placing complaints with programme staff as well as in having the confidence to 'graduate' (McIlvaine et al., 2016; Sabates-Wheeler et al., 2012). In the PSNP, the access to services provided by development agents through the Household Asset Building Programme (HABP) was supposed to enable the necessary technical and material input to increase asset accumulation. Yet female beneficiaries had less contact with development agents and were less likely to use credit facilities established under the HABP. The strong focus of extension services on crops also meant limited support for non-farm income-generating activities, from which women could benefit more (Berhane et al., 2013).

Women's lower bargaining power, as well as lower literacy levels, puts them at a disadvantage when trying to access financial services and apply for commercial loans (Pavanello et al., 2016). Participants in the WfWI graduation project in Rwanda and Democratic Republic of Congo (DRC) found that lack of confidence was a main obstacle to achieving economic empowerment for women, particularly in areas affected by conflict. Material inputs alone were considered insufficient to achieve sustainable graduation for this target group (McIlvaine et al., 2015).

4.2 Cash and asset transfers

Lump sums vs. regular cash transfers: size, regularity and duration of support

Evidence from graduation, enterprise grant and CT programmes suggests that both cash transfers and lump sums have an impact on productive inclusion yet fulfil different functions. One-off large transfers support the promotive function of social protection by allowing households to make expensive investment through a sudden, one-off cash injection. Regular smaller cash transfers on the other hand support the protective and preventive function of social protection. They provide vulnerable people with the 'peace of mind' to meet their most immediate needs throughout the year. They fulfil primarily a safety net function and if people are able to set some money aside this can be saved and eventually invested in assets.

Enterprise programmes are a good way of analysing the impact of one-off, unconditional lump-sum cash transfers. Uganda's YOP and WINGS delivered large one-off transfers equivalent to a full year's income (YOP) and 30 times the baseline monthly earnings (WINGS). The productive investments made with the cash led to an income increase of around 30-40% (Blattman et al., 2013; 2014).

Evidence from Kenya's Give Directly experiment shows that those who received larger grants ($1,520 compared with $404) made significantly higher investments in livestock and durable household goods and also had higher savings (Haushofer and Shapiro, 2013). Surprisingly, however, they actually made a lower monthly profit in livestock by the time of evaluation despite their larger investments.

Compared with one-off grants, regular cash transfers can also incentivise productive investments if the size of the transfer is larger. In a comparative study of different CGPs, Zambia's transfer reached nearly 30% of per capita consumption, whereas those in Ghana and Kenya were 10% and 14% respectively. While there were many other differences between the programmes, Zambia's CGP led to larger impacts in terms of investments in agricultural inputs and assets, including livestock, as well as in non-farm businesses. Out of the four programmes, Zambia's CGP also had the transfer with the most regularity (Daidone et al., 2015).

Evidence suggests that receiving a guaranteed and predictable source of income at regular intervals lifts liquidity and credit constraints that prevent the poor from investing (Bastagli et al., 2016). This is true both for programmes specifically aiming to increase productive investments and for social CT programmes. For example, qualitative research on Rwanda's VUP showed that delays in payments compromised women's participation in the programme and made beneficiaries more prone to negative coping strategies (Hartwig, 2014; Pavanello et al., 2016). It also found that delays in payment led to destructive coping strategies like the distress sale of assets in Ethiopia's PSNP (Berhane et al., 2013; Sabates-Wheeler et al., 2012).

Like transfer predictability, length of support to households is important in allowing investments for sustainable livelihood improvements. Households that had been in Oportunidades for 18 months longer had consumption levels 5.6% higher than those who joined later yet had been in the programme for four years (Gertler et al., 2012). The VUP impact evaluation found a higher increase of productive asset accumulation among households in the programme for longer (Hartwig, 2014).

A combination of regular cash transfers and lump sums can also increase household productivity. In Nicaragua, different combinations of CCTs, lump sums and vocational training were piloted to assess the effectiveness of the individual and combined interventions. Even two years after the end of the programme, those who received the CCT plus a lump sum were 13 percentage points more likely to be self-employed in non-agricultural activities and have higher profits than those in the control group. By contrast, those receiving just the CCT or the CCT with vocational training did not see a statistically significant increase. Backing up the lump-sum transfer with a regular CT reduces household aversion to risk and encourages it to use the lump sum for productive investment which they would otherwise use for consumption or saving (Macours et al., 2013).

Asset transfers

As discussed in Section 3, asset transfers like the provision of livestock through graduation programmes can be a crucial driver of productive inclusion. However, to lead to their desired impact, assets need to be designed to match the needs and characteristics of the beneficiaries, their livelihoods and their contexts.

The value of the asset to its owner (*vis-à-vis* its monetary value) needs to be considered to achieve this aim. This includes the specific attributes of assets (their 'asset-ness') and the context in which the owner hopes to use them (Dorward, 2001; Kim and Sumberg, 2015). Different types of livestock can for example fulfil different purposes. Chickens can be used for self-consumption, as well as a buffer to be sold during times of cash shortage; oxen are more valuable and can be used for agricultural production. Graduation programmes still find it hard to identify appropriate, context-specific asset thresholds marking a point in time after which beneficiaries can be expected to engage in continuous asset accumulation. Thresholds need to account for differences across contexts in terms of access to markets and financial services and agro-ecological conditions, which can impact the accumulation trajectories of different households (Carter and Barrett, 2006; Devereux, 2010; Sumberg and Lankoandé, 2011).

Bottom-up approaches to asset selection can help ensure the assets transferred are appropriate in a given context and valued by their new owners. IPA's six-country assessment of the CGAP–Ford Foundation pilots shows the importance of location-specific market analysis in determining which livelihoods should be promoted among beneficiaries. The quality of the market analysis is also of crucial importance. For example, among the six pilots, the Honduran case performed particularly badly (with a decrease in the annual consumption of participants). This was because the chosen business of chicken-rearing encountered a number of obstacles (e.g. delivery delay, special feed required, four to six weeks before chickens were ready to lay eggs) which led to many families to chose between two options. Either they invested in the feed for their chickens and waited until they could start the business or they purchased food for their family and sold or slaughtered the chickens (DeGiovanni and Hashemi, 2014).

Conditioning the use of transfers

Unconditional CT programmes differ from graduation programmes with respect to the intensity of the support provided. They also provide different guidance on how to use cash and asset transfers to make livelihood improvements (e.g. save, invest in assets). However, conditioning the CT (be it a regular transfer or lump sum) is not the decisive factor in the productive use of cash by beneficiaries. Evidence on social cash transfers highlights this. They are meant primarily to relieve the burden of poor households in meeting the food, health and education needs of children yet have also been used to invest in productive assets (see Section 3).

The one-off grants provided through the Give Directly experiment in Kenya, for example, were entirely unconditional yet reported large and significant impacts on consumption and asset accumulation (Haushofer and Shapiro, 2013). Receipt of the grant through YOP in Uganda was dependent on beneficiaries applying with a specific proposal on how the money would be spent. However, actual use of the grants was not centrally monitored or enforced, and recipients were accountable only to other recipients from their group (Blattman et al., 2013).

Giving greater agency to beneficiaries to decide how to use the transfers might lead to productive investments. Equally, it can also increase programme uptake. For example, the UPP in Andhra Pradesh, India, required individuals to choose from a 'menu' of local activities. They subsequently underwent training in skills relevant to that specific enterprise, after which they received a specific asset or in-kind working capital (Bauchet et al., 2015). The programme also required mandatory weekly savings. However, by its end, many households had chosen to sell off the assets they had been given, and asset sales were strongly correlated with debt reduction. Many had also entered the wage labour market (ibid). Better outcomes for households could have been achieved giving them greater agency in choosing what resources they needed and whether to use some of them to to pay off debts.

Demand-driven approaches to selecting the type of support people need can increase programme activity uptake. For example, in Ethiopia the government and extension professionals decide on the types of services provided by the Food Security Programme (FSP). Instead, the GRAD programme followed a demand-driven participatory approach to the selection of its value chains. This allowed the identification of high-value, local products, which the programme promoted among beneficiaries. Familiarity with the products also accelerated uptake of programme activities, such as specialised marketing cooperatives and multi-stakeholder platforms (DeVries et al., 2014).

4.3 Complementary interventions

Graduation and integrated social protection programmes add a promotive function to the protective and preventive functions of social protection. This is achieved by removing the constraints to productive inclusion and creating synergies between interventions that can enhance impact. We discuss three main sets of interventions here: financial services, business and livelihood training, and creation of market linkages. Of course, the right mix of complementary interventions will depend on the specific context. However, monitoring and evaluation still rarely consider how the performance of a certain package of interventions is influenced by the specific characteristics of the context in which it is implemented (as in the case of RCTs, see Box 6). More research in this area is needed, especially in view of scaling up graduation and integrated social protection programmes.

Financial services

Access to financial services is a feature in the theory of change of many graduation and integrated social protection programmes. It is seen as key complementary services that increase people's capacity to make investments in income-generating activities.

Microcredit is often a core element of the graduation programmes' theory of change. A limitation of the graduation approach here relates to the accessibility of such services once beneficiaries have left. This can undermine the sustainability of the positive outcomes achieved and the ability to progress on a trajectory out of poverty. For example, lack of access to reliable sources of credit and capital reduced the potential of women who exited the WfWI programme in Rwanda and DRC to sustainably graduate (McIlvaine et al., 2015). This can be a challenge particularly in remote areas, where provision of financial services is expensive and often feasible only if programmes subsidise the cost of delivery to high-risk clients. Ethiopia's GRAD is a case in point.

One partial solution is the establishment of village savings and loan associations (VSLAs), which can prove sustainable beyond the life of the programme they were part of. In graduation programmes, the function of VSLAs is to build financial literacy among members as well as a credit history and group collateral to become eligible for more formal financial services provided by MFIs. However, they are also themselves valuable institutions, particularly for their poorest members, providing small loans to invest in livelihoods. Seeing them merely as intermediaries between beneficiaries and MFIs can thus prevent programmes from building their capacity sufficiently (DeVries et al., 2014).

However, the small amount of money saved, either individually or through VSLAs, is frequently a barrier to meaningful productive investments. Access to formal MFIs after leaving graduation programmes is thus critical to obtaining the necessary capital to make meaningful changes to existing livelihoods. Yet this is something that exceeds the scope of individual programmes; governments are required to facilitate the establishment of pro-poor private sector financial services.

For example, Ethiopia's FSP aims to link PSNP beneficiaries with formal financial services. However, accessing these has been a challenge for extremely poor and socially excluded groups. This is because MFIs are reluctant to work with what they perceive to be 'high-risk clients', whose capacity to repay loans is limited. In the past, failure of PSNP beneficiaries to repay loans provided through the Other Food Security Programme has set a negative precedent that continues to fuel reluctance among MFIs (DeVries et al., 2014). Preference is thus given to households that are slightly better off and have collateral, which is a barrier for poorer people and female beneficiaries in particular (Berhane et al., 2013). Acknowledging that HABP was still missing or not properly serving the poorest and most vulnerable households, Phase IV of the PSNP4 has been redesigned. Households ready to engage with MFIs now receive referrals to credit providers while the poorest and most vulnerable households are provided with livelihood transfers instead of a loan (MoA, 2014).

Some of these problems can be addressed by reinforcing the mediation between the graduation programmes and the country's MFIs. GRAD in Ethiopia mediates with MFIs and tries to mitigate the risks for MFIs through programme-specific features such as loan guarantees. These can to some extent address these constraints (DeVries et al., 2014).

Another aspect of graduation programmes not frequently discussed is the role of insurance as a next step to 'graduation' after beneficiaries exit programme support. This protects acquired assets in the case of a shock. For small farmers, an integrated package of interventions that includes an insurance component may have a significant impact on ability to invest. Graduation programmes could be designed to include the provision of insurance services. An experimental study in northern Ghana randomised the provision of a cash grant (based on land area) either by itself or in combination with weather-based agricultural insurance (Karlan et al., 2014). The intervention was targeted at maize-growing communities and households with less than 15 acres of land, although not specifically at ultra-poor households. The study found that when covered by agricultural insurance as well as a cash grant, farmers invested significantly more in farm cultivation compared to those who received only the grant. The binding constraint to farmer investment in this case is uninsured risk, which can lead to catastrophic losses; providing insurance alleviates this constraint and puts farmers in a better position to invest.

Linking social protection with financial services can offer significant potential for greater inclusion in financial services and can provide significant incentives to financial service providers to develop products suited to poor people. This has implications for the design of programmes and delivery of services (see more in Smith et al. 2015).

Business and livelihood training

Access to business and livelihood training is another complementary component to cash or asset transfers in programmes aiming for productive inclusion. Training, supervision and follow-up visits are typically among the most expensive components of programmes aimed at productive inclusion (e.g. Blattman et al., 2014). It is difficult to isolate the impacts of this specific component. Yet several studies suggest it contributes to the sustainability of enterprises set up by different programmes that promote self-employment as a way out of poverty.

Blattman et al. (2014) tested the effect of Uganda's WINGS programme, which encouraged participants to form self-help groups and offered three days of training on working together. This included work on developing organisational structures; decision-making; leadership and assistance; and forming savings and credit associations. Those who received this support doubled their earnings compared with those who did not, which highlights the importance of training and mentoring for increasing income generation. However, supervisory visits were more than twice as costly as the grant itself. This often raises concerns among policy-makers around financial sustainability, particularly if these programmes were to be scaled up.

In the Chars Livelihood Programme in Bangladesh, beneficiaries were trained in livestock management and land investment, which contributed to an increased value of their assets by the end of the programme (Barrett et al., 2013; Pritchard et al., 2015). Training in itself is thus valuable in deepening programme impact and increasing the sustainability of enterprises set up by programmes and the confidence of beneficiaries to continue independently (Blattman et al., 2014; DeVries et al., 2014). However, the impact increases if it is linked to an asset transfer or a lump-sum CT. In Nicaragua, several implementation designs were tested, with cash transferred in combination with a range of interventions. Those receiving cash transfers plus grants registered a higher increase in non-agricultural self-employment compared with those who received a CT and training (Macours et al., 2013).

The type of training provided also needs to be appropriate to the context and the beneficiaries targeted. Ethiopia's FSP aims to link CT beneficiaries with development agents, who provide technical input and business training that will allow them to build assets and graduate. However, the agents' strong focus on agriculture has limited the impact in relation to the diversification of livelihoods into non-farm activities. These are particularly important for poor households that lack access to land or are labour-constrained, such as female-headed households (Berhane et al., 2013).

Local economy and market linkages

An important function of graduation and integrated programmes is improving access to markets for beneficiaries, both to sell products and to access jobs. Programmes do not operate in isolation; along with programme-specific factors, the local economy and market access context is a decisive factor in enabling productive inclusion. It is also possible that programmes generate spillover effects on the local economy. They can, for instance, lead to an increase in aggregate demand or generate extra competition in one particular activity (e.g. poultry farming), which drives down prices. The extent of the spillover effects will strongly depend on the programme's coverage and should be taken into account in the design of scaling-up strategies.

Where markets are more developed, the effects of cash transfers on livelihood strategies are stronger. In Kenya, for example, households receiving a child grant invested more in agriculture if they lived in districts with more availability of land, livestock and labour, as well as higher prevalence of cash cropping. In districts where opportunities within the agricultural economy were limited, the CT was used primarily as a safety net (Daidone et al., 2015). In Nicaragua, lack of complementary infrastructure and services and/or poor macroeconomic conditions hampered the impact of the CCT programme Red de Protección Social on the expected marginal returns of businesses and enterprises (Maluccio, 2010). In Mexico, the impact of CT programmes on agricultural investment was limited in areas lacking a vibrant local agriculture and difficult access to land (Todd et al., 2010).

In contexts where markets are underdeveloped, programmes can play a proactive role in building market linkages and can strengthen the local economy from the bottom up. Experience from Ethiopia's GRAD suggests linking beneficiaries with input and output markets can enhance the ability to trigger productive inclusion. Lack of labour markets, the location of markets and associated transport problems were the main obstacles to achieving graduation from the PSNP. On the other hand, access to input and output markets was one of the most important factors allowing households to enhance production and income and graduate from the PSNP (Sabates-Wheeler et al., 2012). GRAD's approach in targeting PSNP beneficiaries thus specifically focuses on building value chains and cultivating market relationships. This is achieved through multi-stakeholder platforms that engage producers, the private sector and government, and is producing good results. Within the same programme, distance to markets affects beneficiary willingness to engage with activities such as farmer cooperatives. This suggests the support provided and expectations of success need to be adjusted to the particular local context (DeVries et al., 2014).

Graduation programmes generally focus on self-entrepreneurship as the preferred pathway to productive inclusion and poverty escape. Micro or small informal enterprises can constitute a route out of poverty. However, evidence also shows that businesses run by the poor face constraints in turning from 'survival' to profitable and transforming (see literature reviewed in Mariotti and Shepherd, 2015). Accordingly, such programmes are more likely to lead to sustained poverty escapes if they are implemented in contexts with policy frameworks that address the constraints facing micro and small informal enterprises.[9] Further, they are especially useful where local economies are not fully transformed and are unable to provide sufficient employment opportunities, and where access to markets is weak. In this type of context, they can help beneficiaries overcome these constraints. In particular, the 'big push' of a graduation programme can trigger some transformations at the micro level of households and communities. However, graduation programmes may be less recommended in 1) untransformed economies, characterised by limited or no markets and prevalence of self-sufficient livelihoods, and 2) intermediate or fully transformed economies, where the greatest constraints to accessing employment opportunities arise from individual low human capital and a discriminatory job market.

Women in particular face gender discrimination in the labour market which is exacerbated by a lack of voice and access to resources. In particular, programmes aiming for female economic empowerment need to actively address barriers to participating in the local economy on an equal footing. However, reducing gender discrimination in the local economy requires both gender-sensitive design of social protection policies and a much broader set of policies and legislative framework that protects the productive and reproductive rights of female workers (Holmes and Scott 2016; Ulrichs 2016).

The design and implementation of graduation programmes should also consider that in some contexts wage employment may constitute a safer, quicker and less risky route out of poverty than self-entrepreneurship. The opportunity cost of engaging in a graduation programme that drives households towards self-employment in micro businesses can be high in tight labour markets where there are opportunities for wage labour. The UPP in Andhra Pradesh, India, is a case in point. This can lead to high rates of project dropout or losses of potential additional income for families that stick with the project. An integrated system approach may be more appropriate in this type of context, being less prescriptive and more flexible in terms of the pathways to productive inclusion. Here, the focus is more broadly on building the productive capacities of beneficiaries using a range

[9] These would include an enabling environment, measures to promote capabilities (e.g. business development services and financial assistance) and opportunities (e.g. value chain development and inclusive business initiatives) (see Mariotti and Shepherd, 2015).

of instruments (from public works to vocational training to links with job centres) according to the nature of the local economy.

Ethiopia's PSNP4 has been redesigned to enable greater flexibility in the livelihood paths taken by beneficiaries. To this end, HABP has been replaced with a set of livelihood activities directly integrated in the PSNP. In particular, three livelihood pathways are supported: crop and livestock, off-farm income generation and employment. Support includes technical, business and marketing training for all households, referral to MFIs and livelihoods transfers. Interventions are meant to be tailored to each beneficiary's capacity and needs. Especially innovative is the inclusion of the 'employment' pathway, which will help beneficiaries identify employment opportunities based on existing demand from industries and farms, and link them with the required skill training (MoA, 2014).

Latin American countries represent a clear example of how integrated approaches can be shaped to the characteristics of each economy (Cecchini et al., 2014). For example, Mexico's Prospera links social assistance beneficiaries with a range of complementary programmes tailored for different groups, such as agribusinesses, handicrafts and indigenous livelihood strategies. Chile Solidario on the other hand aims to specifically build linkages with social services and job centres (Larrañaga et al., 2012).

Box 6: Understanding context – what can RCTs tell us?

One of the key limitations of RCT evaluations – which generated most of the evidence on graduation programmes following the BRAC model – is scarce information on the context in which programmes are implemented. There is little scope for analysing the contextual factors that may have influenced the result, or the importance of political or institutional processes on outcomes. This is because RCTs are based on the premise that they are able to isolate and exclude the role of such factors from the assessment (Samson et al., 2015).

In BRAC's six-country assessment, RCTs in Ghana, Honduras and Peru included randomisation at both household and village level and found that neither externalities nor general equilibrium effects within villages affected the results. However, the programme obtained different results in different countries, suggesting that local factors may still have influenced programme performance. Further, we cannot discount the hypothesis that part of the results obtained in RCTs are driven by the implementing agency. This is typically a committed and functional NGO with a good presence and knowledge of the local context. Since RCTs are used to assess the impact of small or pilot projects, their results may lose some of their validity when used to assess the potential to scale up the projects examined.

Context-related factors are crucial to understanding the interplay between design and implementation features of programmes with particular political, social, environmental and economic dynamics. A growing emphasis on methodological rigour achieved through the 'gold standard' of RCTs is crowding out more comprehensive approaches to evidence-building that look at the complexity of context and poverty dynamics. Evaluation methods to assess programme impact thus need to be adjusted to fill existing evidence gaps. This will allow policy-makers to develop more effective strategies (Devereux and Roelen, 2014; Samson et al., 2015).

5. Scaling up

Scaling up is a key consideration for policy-makers facing the above evidence. The first SDG on ending poverty in all its forms means governments have committed themselves to scaling up their social protection systems to achieve 'substantial coverage of the poor and vulnerable' by 2030. One question therefore is how best to increase the coverage of social protection interventions that can help achieve productive inclusion.

In the context of this policy guide, scaling up refers to:

- scaling up the graduation approach from pilots to programmes, possibly through incorporation into integrated social protection policies and other large-scale government programmes
- scaling up integrated programmes in terms of both expanding coverage and adding linkages to other complementary services and interventions

Although evidence of how this process can be successfully implemented is still limited, we can still consider three areas: 1) institutional capacity for integrated approaches, 2) political economy and 3) cost-effectiveness and fiscal space.

5.1 Administrative and institutional capacity for integrated approaches

Integrated social protection programmes

In many countries, particularly in LICs and UMICs, the social protection sector is still characterised by high levels of fragmentation and lack of coordination across implementing agencies. The success of integrated approaches to productive inclusion thus rests in the ability to integrate diverse initiatives into a coherent system that plays multiple functions (e.g. protection and promotion) and responds to various needs. Such systems need to act on both the demand and supply side (Cecchini et al., 2014). On the supply side, service providers should ensure government programmes and services address the needs of different groups in terms of both the individual and the family lifecycle and the social group. On the demand side, programmes can specifically aim to reduce access barriers to other interventions that can help them access markets in the short and long term. Both are equally important: reducing access barriers alone may be insufficient if the service provision is inadequate in the first place, as is often the case in geographically marginalised and/or economically deprived areas (Larrañaga et al., 2012; Ulrichs and Roelen, 2013).

Lack of adequate complementary initiatives – or their inadequate coverage – inhibits the capacity to facilitate productive inclusion. Improving access to basic social services such as health, education, water and sanitation is also crucial. Integration also requires coordination among the different government sectors and between the different administrative levels responsible for the delivery of public services (Cecchini and Martínez, 2011).

In LICs, the low institutional capacity of government agencies provides challenges in linking beneficiaries of social assistance programmes to services that aim to catalyse the productive impact of social protection. For some countries, starting with the implementation of integrated systems may just be too ambitious. In such cases, a recommendable route would be to start with 'simple, scalable, cost-effective, socially non-divisive, transparent and popular' programmes (Namuddu et al., 2014), such as CT programmes, while reinforcing provision of and access to basic social services. Political consensus and implementation capacity could be built around CT programmes, and then linkages progressively incorporated with complementary intervention. To a large extent, this was the approach followed by many of the Latin American countries used as examples in this policy guide and by Ethiopia's PSNP.

Scaling up graduation programmes

As discussed in Section 2, there are differences between a system approach to the provision of social protection and the graduation approach. One of these consists of the way complementary services that link beneficiaries to markets, financial services and productive inputs and training are provided. In the graduation approach, projects provide a package of layered or sequenced interventions (safety net, asset transfers, access to microfinance, training), which are directly provided or managed by the implementing organisation. In a system-based approach, complementary interventions tend to be provided by different public or private sector institutions (e.g. extension services provided by the ministry of agriculture, credit by formal MFIs, social assistance by the ministry of social development).

As graduation projects are scaled up, the provision of multiple coordinated interventions by the same entity may prove unfeasible. In general, handing over a certain programme design tailored to small-scale and intense provision of services to government is inherently difficult because it takes the programme design out of the institutional context in which it worked. The key challenge therefore lies in identifying what institutional arrangements need to be set up for the concept of graduation programmes to be run at scale and allocating the responsibility for interventions in the 'package' approach to respective technical line ministries. In contexts with low institutional capacity this will be only possible in the medium to long term but this can start to form part of a development strategy that envisions more inter-sectoral integration in the long term.

Graduation programmes are implemented and run mainly by NGOs, and this creates another specific issue. Governments tend to be reluctant to adopt NGO-led projects since they are considered to have relatively large resources for a comparably small geographic area. Scaling up through government would turn this ratio of scale to capacity upside down, with relatively small resources for a large geographic area.

This has been one of the obstacles facing GRAD, which is a pilot put in place to inform the government-implemented FSP components. Unlike other graduation programmes, GRAD was specifically designed to inform HABP, implemented by the Ethiopian government as part of the FSP. Yet at mid term it still faced obstacles to being perceived as a partner able to develop approaches that are replicable by the government. Strong relationships have been built, however; it remains to be seen whether these will allow a transfer of experience from an NGO-implemented project to a government-run programme (DeVries et al., 2014).

The case of Ethiopia's GRAD highlights government's scepticism towards adopting projects run and financed by well-resourced NGOs at limited scale (DeVries et al., 2014). However, it also shows that linking a graduation pilot directly to an existing government-run programme can be useful in providing lessons to improve it. This makes it possible to identify context-specific barriers and opportunities that can help enable sustainable graduation and productive inclusion.

Cost is another important consideration relating to the adoption and scaling up of graduation programmes. Graduation programmes tend to be characterised by a high cost per person given the wide range of interventions provided to each beneficiary. For example, total direct programme costs per household in the CGAP-Ford foundation pilots ranged between $4,680 (PPP 2014) in Pakistan and $1,107 (PPP 2014) in India (Banerjee et al., 2015). These appear to be high when compared to the cost of enrolling an additional woman in Kenya's REAP graduation programme for two years, estimated at $713.91 (PPP 2014) (Gobin et al., 2016), but more in line with the average total cost per person of Uganda's enterprise grant programme WINGS: $1,946 at PPP 2014 (Blattman et al., 2014).

However, comparisons between different programme cost-effectiveness are difficult for a number of reasons. First, full information on cost-benefit analysis is usually available for programmes assessed with RCTs but not often for other types of impact studies. Second, cost-benefit analysis is based on simplified calculation of the short-term impacts on income or consumption relative to cost. This neglects to take into account the sustainability of the impact, the possibility of spillover effects (to the household, neighbours, the community) and intrinsic differences in the nature of programmes and their objectives. For example, asset (livestock) transfers constitute a large share of the high cost of CGAP-Ford Foundation pilots but play both a promotive and a transformative function because livestock can be a buffer against shocks. This effect is not captured in cost-benefit analysis. Scaling up graduation programmes should be based on careful considerations of costs and cost-effectiveness. Cost-benefit analysis of pilots is a useful starting point but this information should be complemented by context-specific analysis of long-term impact, spillover and qualitative effects.

5.2 Political economy

Political will is one of the main obstacles countries will face in adopting, implementing and scaling up social protection programmes. A country's political economy context greatly affects the chances of such programmes being adopted, implemented and scaled up. In Brazil and Chile, large-scale CT programmes were adopted by governments that had a strong inclusive and redistributive agenda combined with class-based social mobilisation (Shepherd et al., 2014). In Ethiopia, adoption of the PSNP was driven and motivated largely by the government's narrative and its ideological commitment to rule in the name of the rural masses (Hagmann and Abbink, 2011).

A first problem is that non-contributory social assistance for the poor often lacks political support among political elites and the middle class. This is especially evident in LICs, where the size of the population in need of social assistance is very large, and public resources are limited. This creates resistance among tax payers, motivated by a fear of creating dependency (Kabeer et al., 2010). Politicians and policy-makers therefore have few incentives to roll out safety nets unless they perceive them as an opportunity to gain political capital by appealing to the masses. The challenge of making social protection programmes politically palatable is even greater when interventions target the 'working-age poor' with cash transfers. This is because many policy-makers fear creating dependency and laziness by giving 'hand-outs' to those who have productive potential. However, evidence from an extensive range of cash transfer programmes has disproved the myth of dependency caused by social assistance programmes (Bastagli et al. 2016). Development partners and researchers thus need to use existing evidence to engage with policy-makers to dismantle myths and focus on the impact of programmes on poverty and inequality reduction.

Both approaches have features that could be emphasised in order to make programmes more attractive to policy-makers and voters. For example, the strong productive component of graduation programmes and their time-bound nature may make them more acceptable in the eyes of the public. In the case of integrated programmes, a possible strategy is to include and put emphasis on components considered more ‘acceptable’ and ‘deserved’ – which may vary by country. For example, public works tend to be popular because they constitute a visible response to unemployment and jobless economic growth and are relatively easy to implement and justify financially as the CT is provided in exchange for work (McCord, 2012). CT programmes are popular in Latin American countries partly because the conditions attached to them were used to generate support for transfers among the middle classes, particularly among those who do not trust the poor to spend their money wisely. Additional interventions were included gradually after their effectiveness had been proved. A core ingredient in the success of these programmes was the ability to generate cross-party political support, with information put into the public domain and kept there by the media (Shepherd et al., 2014).

The Latin American experience shows that good impact evaluation and public information campaigns about programmes are critical to ensure support. They are also helpful dispels myths that social assistance creates dependency. Framing the provision of integrated programmes around productive inclusion can in this case be an opportunity. This is because the aim is to combine safety nets with a graduation approach that lifts people out of poverty and thus reduces dependency on safety nets in the long term.

Another crucial contextual factor that impinges on the scalability and adoption of both approaches rests in the fiscal space available for social expenditure. LICs have various options available to increase fiscal space for social protection. This includes, for example, increasing tax revenues, using taxation and royalties from natural resources, borrowing on international markets and reallocating public expenditure to pro-poorer uses (CPAN, 2016; Ortiz et al., 2015; UNICEF, 2009). These opportunities can be explored to finance programme expansion and invest in the pro-poor delivery of complementary services for integrated approaches.

Countries that want to implement nationwide social protection programmes (with or without graduation) would need to devise strategies to create and maintain adequate fiscal space to fund and support over time their social expenditure. This is especially the case given the deterioration of global economic conditions and the risk for many countries to experience a slowdown in economic growth. For many countries, development aid remains crucial to set up the systems and ensure even the poorest countries can implement at least basic safety nets for the poorest people.

6. Summary of findings and policy implications

Social protection programmes have become increasingly popular in the past decade. Interest has been growing for programmes that seek to integrate different interventions beyond the provision of consumption support through cash transfers, and that do so following a graduation approach. This policy guide has offered a review of evidence from a selection of programmes to draw insights on how integrated social protection systems can fulfil their promotive and transformative potential to lift people out of poverty in a sustainable way.

In particular, it has sought to identify the key features of existing programmes that provide pathways for sustained poverty escapes and discussed the potential for scaling up. The existing evidence enables us to draw policy recommendations on certain aspects of design and implementation but substantial gaps in knowledge remain. In particular, limited evidence exists on the sustainability of programmes and the destiny of ex-beneficiaries. Of particular concern is the dearth of disaggregated data of programme impact on different groups of beneficiaries. All the programmes reviewed here target poor beneficiaries. However, we are still unable to conclude with certainty that what works for the poor also works for the severely and chronically poor – those well below the poverty line.

We looked at different categories of programmes to present the evidence: graduation programmes and programmes that form part of integrated social protection systems. These categories were developed and employed for analytical purposes; a review of the evidence reveals that most programmes in fact lie somewhere on a spectrum between these two (such as stand-alone cash transfers and enterprise grants), and a number of overlaps and complementarities exist. Further, the way forward in designing social protection programmes with a focus on productive inclusion clearly lies in the integration of these two approaches.

6.1 Overview of impact on productive inclusion

Overall, the evidence reviewed here demonstrates that social protection programmes can have a positive impact on four key indicators of productive inclusion. These are asset accumulation, labour allocation to different activities, income and consumption, and savings and investment.

Asset base

Graduation programmes and enterprise grants can lead to asset accumulation at the household level but it is less clear whether asset accumulation in itself is sufficient for sustained poverty escapes. Further, an increase in assets, particularly livestock, appears to be a secondary effect of social CT programmes that do not specifically aim for asset accumulation. However, it is possible that in the case of graduation programmes, asset accumulation plays the additional effect of stimulating and enabling a shift in allocation of labour towards more remunerative activities.

Allocation of labour

Graduation programmes lead to greater engagement in self-employment activities, mostly as a result of asset transfers, and fewer hours spent in casual employment. This can be a positive improvement where self-employment generates more sustainable sources of income than casual work. But it could also be argued that graduation from casual work to permanent work is a more desirable pathway out of poverty, since it reduces the risk people face when in informal self-employment (e.g. erratic income streams, lack of social security). Particularly where the local economy is growing and demand for wage employment exists, a narrow focus of programmes on self-employment could maintain people in vulnerable economic activities.

Income, poverty and sustainability of outcomes

Systematic assessment of the sustainability of the impact of social protection programmes over time is still relatively uncommon, with the exception of some graduation programmes. Where evidence exists, it generally suggests that impact does persist over time.

One unresolved issue is whether the impact, if it is persistent, is large enough to put people on a trajectory out of poverty. This is especially the case for graduation programmes. For example, in the case of BRAC's CFPR-TUP, the increase in total annual earnings after four years was equivalent to TK 1,754, or $24.4 per year (Bandiera et al., 2013). While the positive impact of graduation programmes cannot be reduced to this single variable, it is questionable whether this amount of money is sufficient to instigate a sustained poverty escape. Further, this should be assessed with a view to results from other programmes such Ethiopia's GRAD pilot. This revealed that beneficiary households on average at mid term earn $100-200 more per year than before joining the programme. This requires further investigation (DeVries et al., 2014).

Evidence also shows that idiosyncratic and systemic shocks can be a major cause of programme dropout and undermine achievements after completion. Livelihood improvements achieved through graduation programmes could be best protected if the programmes formed part of wider policy frameworks that provide policy interventions for those who have passed a poverty threshold but are at risk of falling back. Integrated social protection programmes could thus contain both a graduation component and a safety net for people in case they fall back into poverty. Social insurance programmes (e.g. health insurance, crop insurance) that protect people who have graduated from the impoverishing effects of shocks could prevent them falling back in the first place.

Savings

Participation in both graduation and integrated social protection programmes can increase the prevalence of savings. In most cases the money saved is used for unexpected household expenditures, such as health emergencies but it may also be used for productive investments. Savings play a primarily protective function, allowing for consumption stabilisation during times of hardship and protecting assets that would otherwise be sold to generate cash in the short term. For savings to have a promotive function, they need to be complemented by financial services that allow the poor to take out bigger loans that enable bigger productive investments.

Categories of poor people and distributional impact

The dearth of disaggregated analysis of programme impact on different groups limits the extent to which we can draw conclusions on which programmes are most appropriate for the poorest. However, it is possible to conduct a brief analysis.

Evidence from graduation programmes shows a positive impact at all deciles of the beneficiaries' income distribution, but for certain variables (especially per capita consumption, income earnings and financial inclusion), effects are larger for the top deciles. In other words, better-off families (even among the poor) seem better able to take advantage of the opportunities graduation programmes provide. Two points are worth making here.

First, it must be acknowledged that even in the best intervention the extreme poor remain hard and costly to reach. They are difficult to place on a pathway to escape poverty that overcomes the multiple constraints they face.

Second, an implication worth exploring through future research is the possibility that a more tailored approach is needed to reach the poorest people (even among a group of poor beneficiaries). For example, the poorest may be more dependent on also having a regular transfer to meet their basic food needs whereas less poor households are better able to invest a lump-sum transfer. As in the case of programme sustainability discussed above, this suggests that the best results for the poorest could be achieved by integrating a graduation approach with permanent safety nets (i.e. cash transfers). This also has to include gender-sensitive design and implementation of programmes to ensure that the barriers women face in participating in productive activities are addressed. Examples include tailored support for livelihood strategies and the provision of care facilities and child support.

6.2 Implications for programme and implementation

The following considerations can be made concerning programme design features that could facilitate the productive inclusion of the poor.

Providing regular and predictable cash transfers is a way to enhance the positive impact of social protection programmes. Indeed, evidence suggests that receiving a guaranteed and predictable source of income at regular intervals lifts the liquidity and credit constraints that prevent the poor from investing.

Larger cash transfers seem to deliver larger outcomes and increase people's ability to make productive investments. This holds for both regular cash transfers and lump-sum transfers. It is worth considering providing lump-sum transfers together with permanent cash transfers, as they serve different purposes. While lump sums constitute a 'big push' that enables productive investments, cash transfers reduce people's risk aversion and give them the security and confidence to make such investments. In both cases, the ability of the poorest to take advantage of the transfer also depends on the provision of complementary services such as training and access to financial services.

Giving greater agency to beneficiaries to decide how to use the transfers can increase uptake of programme activities. This can be achieved either by allowing people to choose what type of productive assets they would like to invest in and providing tailored support or by offering unconditional grants that people can use as they wish. This last option would have the advantage of carrying less administrative cost for the programme itself. However, in the absence of enabling conditions (e.g. access to technical expertise, market access, availability of financial services), it might undermine long-term productive inclusion outcomes.

Complementary interventions
The design of complementary interventions for graduation and integrated programmes should include two critical steps outlined below.

1. Analysis of the specific needs and constraints facing different types of beneficiaries (according to poverty level, gender etc.) in each context, and the opportunities to create synergies towards productive inclusion.
2. In the case of integrated systems, ensuring that targeting is consistent between the interventions implemented by different entities so that the poorest and other vulnerable groups do not remain excluded.

Issues around financial inclusion are closely linked to productive inclusion, particularly in contexts where lack of capital to make productive investments is a main obstacle to people escaping poverty. Access to microfinance actively facilitated as part of the programme (e.g. by subsidising services in hard-to-reach areas) allows for the provision of services tailored to the specific profile of programme beneficiaries. This is beneficial for when people are in the programme but can pose issues after graduation in the absence of accessible financial services that cater to 'graduates'. One option is the establishment of village informal savings groups that continue operating even after the end of the programme. However, beneficiaries often deem the loans insufficient to make meaningful productive investments. It is therefore also important to use savings groups as platforms to connect members with formal credit facilities.

For integrated social protection programmes, where financial services usually lie outside the realm of the programme, it is important to ensure MFIs do not systematically exclude the poorest beneficiaries and that services are tailored to their profiles. Governments need to provide incentive structures for MFIs to deliver services to high-risk clients, who are often not profitable for private institutions.

Providing business training, supervision and follow-up visits can deepen programme impacts and sustainability of new businesses set up by programmes. In particular, the role of regular mentoring in BRAC's programme is considered key to provide support and build the confidence of participants.

Building linkages to markets is an important function of graduation and integrated social protection programmes. Increasing direct access of producers to markets allows them to sell their goods at more competitive prices and avoid intermediaries. Training on building cooperatives can increase the bargaining power of individual producers and spread risks. A promising model is followed by GRAD in Ethiopia. This focuses on building value chains and cultivating market relationships through multi-stakeholder platforms that engage producers, the private sector and government. Conducting an in-depth market analysis before promoting specific livelihood activities as part of a programme's interventions is particularly important. This makes it possible to assess the viability of certain products in a given market context to reduce the risk of financial losses for beneficiaries. However, these are considered to be among the most expensive components of graduation programmes, which are often considered financially unfeasible at a large scale.

Regardless of the context, social protection programmes that aim to support sustained escapes from poverty through productive inclusion need to be embedded within a comprehensive national policy framework that aims for pro-poor growth. This includes public investment in agriculture, infrastructure and education to support economic diversification; policies to encourage diversification of rural livelihoods in the farm and non-farm economy, and to improve the conditions of informal and casual wage workers and address gender and other discriminations in the market place (Shepherd et al., 2016). It is also important to create and reinforce linkages between social protection programmes and complementary public sector services, such as education, healthcare and agricultural extension services. Linkages are also needed with public and private sector activities that can increase the productivity of existing livelihoods and facilitate access to labour markets. In some contexts, these might already exist, yet connections are not explicitly made to target similar caseloads of beneficiaries or do not ensure that ex-beneficiaries of social protection programmes can 'graduate' into different types of support. In such cases, a comprehensive map of available programmes would enable the identification of potential entry points for integrated approaches to build on existing capacities and institutional structures. It would also ensure they meet the needs of social protection beneficiaries.

This can be difficult to achieve where interventions target different groups of the population. For example, extension services and input subsidies are often accessible mainly by farmers with commercial potential rather than by poorer subsistence farmers. Complementarities can also be challenging where access is inhibited by livelihood programmes with eligibility criteria excluding the poor and vulnerable or where planning and coordination of service delivery within local governments is poor.

Regardless of contexts, graduation programmes as well as enterprise grant programmes will be more likely to lead to sustainable graduation and poverty escape if implemented within such a policy framework. The package of interventions provided through graduation programmes would then be spread across different government sectors to create an enabling environment on a sustainable and long-term basis. This would include safety nets to catch people if they fall back into poverty, social insurance to protect 'graduates' from shocks and an enabling environment. The latter entails access to pro-poor financial services, infrastructure, skills training and education and assistance to seek jobs.

6.3 Policy implications for scale-up in different contexts

Different approaches to productive inclusion will perform differently in different contexts, depending on the structure of the economy and the labour market. Graduation programmes, with their focus on self-employment, may be especially useful in contexts with limited employment opportunities (e.g. rural Ethiopia). In these cases, a 'big push' injection of capital (assets/cash), combined with complementary activities such as coaching, skills training and microfinance, can increase the productivity of extremely poor households. An integrated approach will be more appropriate in transformed economies (e.g. urban Brazil), where poor people are constrained mostly by low human capital and discriminatory job markets. The more flexible approach, which focuses on building beneficiaries' human capital and linking them to other services, will better reflect the availability of different pathways to productive inclusion.

Scaling up integrated programmes in terms of both expanding coverage and adding linkages to other complementary services and interventions implies focusing on both the demand and the supply side. On the demand side, integrated intervention should be expanded to cover the needs of different people while ensuring all interventions are accessible to all people. On the supply side, scaling up integration means coordinating among the different social policy sectors and between the different administrative levels responsible for the design, financing, implementation, regulation, monitoring and evaluation of the different initiatives.

One desirable route to scaling up the graduation approach is to incorporate it into integrated social protection systems so that beneficiaries remain embedded in a supportive policy framework even after they graduate. The key challenge for each country would be to identify what institutional arrangements need to be in place for this to work in terms of coordination between different ministries and administrative levels. Another key aspect is how to ensure national ownership by governments since graduation programmes have more often been run by NGOs.

To overcome political constraints to implementation and scaling up social protection programmes, such programmes need to be made attractive to policy-makers and voters. This requires a close consideration of what types of programmes are appropriate for a given context and rigorous evaluations of programmes from the start. It is also important to dispel myths about social assistance and show evidence of programme benefits. Critical actions for this include building public information campaigns around the programmes as well as lobbying and advocacy strategies with the involvement of local civil society.

Many countries do not yet have the institutional setup and implementation capacity to scale up programmes or build integrated systems. For these countries, an advisable route for the short term may be to start focusing on a large-scale, relatively simple flagship social assistance programme, around which to build capacity and consensus. Future, gradual integration of other interventions would then follow.

More specific policy implications will depend on each country's context, including the institutional and political setup, previously existing experience and capabilities to implement large programmes, as well as on the country's poverty profile.

In countries where social protection policies for the poorest are yet to be embraced by the government, and national social protection strategies are not in place, basic cash transfer programmes can start to build political support. The provision of other types of social protection (e.g. social assistance, social insurance) and linkages with other sectors would then be gradually expanded.

In low-income countries where social protection strategies and larger programmes are already in place, the focus should be on identifying priority areas to develop linkages to complementary services. For example, where increasing food security is a priority, the emphasis should be on linking safety net beneficiaries engaged in subsistence agriculture to extension services and agricultural programmes tailored to their specific needs. If programmes aim for sustainable poverty escape through entrepreneurship in off-farm activities, access to business training and pro-poor financial services needs to be facilitated. For example, where private microfinance institutions are reluctant to provide services to high risk poor clients or to remote areas, governments and development partners can play a role in subsidising the provision of these services to social protection clients.

Financial feasibility can be achieved through a gradual approach encompassing increasing contributions adjusted to the clients' profile. For example, one strategy is to gradually increase premiums for insurance depending on the contributory capacity of different clients. The provision of training and technical assistance should be informed by a thorough market analysis to identify viable value chains and economic activities that meet the interests and needs of clients. This needs to take into account differential access to resources between groups of poor people according to gender or ethnicity, for example.

Experience from NGO-led programmes can be maximised by setting up strong monitoring and evaluation systems, and the evidence made public and used to inform the development and improvement of pro-poor service provision. The collaboration between BRAC and CGAP and the Ford Foundation is a successful example of this. Where government programmes are still being developed, NGO-led graduation programmes can provide important lessons on best practice. This will require active engagement with actors in government to identify what type of evidence is most needed in each case.

Where social protection systems are already in place and wage labour available in the economy, as is more likely in MICs, a priority is to identify barriers for the poor in accessing labour markets. Social protection programmes can then help remove these barriers and provide financial support, mentoring and assistance in accessing services such as vocational training, school and job centres. On the supply side, governments need to ensure that the quantity and quality of services provided is adequate to the needs and challenges faced by the poor and is able to reach out even to the poorest and most marginalised groups of the population.

Sustained escapes from poverty need to be supported by comprehensive policy frameworks which provide safety nets for the poor and follow a coherent pro-poor approach across other sectors such as education, agriculture or health. Such frameworks should be based on a broad understanding of social protection beyond social assistance and include the gradual provision of different social protection programmes. For example, people who no longer need social assistance could graduate into social insurance to protect their acquired income and asset gains from shocks that could push them back into poverty (e.g. health insurance, index-based weather insurance, old age pensions). These can be fully or partially subsidised, depending on the capacity of people to contribute.

Productive inclusion for all?

Integrated social protection programmes carry great potential to contribute to sustained poverty escapes. However, not everyone will be equally able to benefit from them. By way of conclusion, it is worth taking into account the three points below.

First, the design and setup of country poverty reduction systems need to consider that, with or without graduation, the poorest people need 'protective' interventions that guarantee them consumption support. This is required especially but not exclusively in the face of shocks.

Further, evidence from both graduation and integrated programmes suggests that the combination of 'complementary' interventions can be critical to promote productive inclusion. These can reduce barriers to labour markets and allow the poor to acquire the necessary skills to engage in economic activities competitively. However, reaching the poorest and most vulnerable groups may require more tailored and specific approaches than those seen so far. For example, the graduation approach may need to envision a two-tier project of different lengths for different people, with the poorest given cash transfers for a longer period before they embark on the other activities. This would be easier to achieve where graduation programmes are embedded in broader integrated social protection systems. More tailoring may also be needed in linking people with financial services, to guarantee that each beneficiary has access to the service (savings, credit, insurance) best suited to their needs.

Third, the design and implementation of integrated social protection programmes which lead to sustained poverty escape requires greater effort in long-term monitoring and impact assessment. This is achieved through follow-up surveys and the collection of longitudinal data disaggregated for different groups of poor and vulnerable people, as relevant in each context.

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