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Regional Hunger and Vulnerability Programme

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# Frontiers of Social Protection brief

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## Dependency and graduation

### Summary and policy lessons


(1) This briefing paper critically examines two concepts that permeate contemporary policy debates about social protection – 'dependency' and 'graduation'. Both issues are commonly raised by governments and donors that are sceptical about making firm, long-term commitments to social transfer programmes.

(2) 'Dependency syndrome' is typically understood as a tendency for recipients of regular social transfers to become permanently reliant on these 'handouts', and to lose any incentive to improve their circumstances using their own initiative and resources.

(3) All societies accept that certain members must be supported – young children, older persons, the chronically ill and severely disabled. So 'dependency' must differentiate between those who are genuinely unable to care for themselves, and those who require temporary support but can be assisted to become self-reliant in the future.

(4) The widespread belief that food aid or cash transfers induce dependency is based on anecdotal evidence – stories of individuals cheating the system to get handouts that they do not need and are not entitled to receive – which is impossible to quantify but probably describes a very small minority of transfer recipients in most programmes.

(5) Available evidence suggests that 'dependency syndrome' is very rare in African social protection programmes, because: (a) transfers are rarely guaranteed, regular or large enough to justify behavioural change (such as stopping work); (b) accessing transfers often comes at a cost (e.g. heavy manual labour on public works programmes).

(6) Social transfers can actually reduce dependency, because poor people face constraints in accessing work and working capital, so transfers that alleviate these constraints are typically put to good use – looking for work, invested in family farms or generating income – thus enhancing livelihoods and reducing dependency on external support.


**What is RHVP?**

The Regional Hunger and Vulnerability Programme (RHVP) supports improvements in policy and programme approaches to hunger and vulnerability in southern Africa with particular emphasis on the role of social protection.

**The Frontiers of Social Protection studies**

The Frontiers of Social Protection (FoSP) studies aim to ensure that the knowledge from policy analysis on hunger and vulnerability that RHVP provides to policy makers remains relevant and reflects advances on a number of key social protection frontiers. The studies build on the research activities of RHVP's first phase (2005-08), in particular the Regional Evidence Building Agenda (REBA), which involved 20 commissioned case studies of social protection programmes in southern Africa and a series of cross-cutting thematic analyses (these are available at www.wahenga.net).

Like the REBA, the FoSP work is demand-led, focusing on a number of 'hot topics' prioritised by stakeholders across the region and incorporating new evidence that is continually emerging on the practicalities and impacts of delivering large scale social protection. The FoSP studies have been designed and implemented by a core team of international researchers including Frank Ellis (International Development at the University of East Anglia), Stephen Devereux (IDS, University of Sussex) and Katharine Vincent (RHVP), under the overall coordination of Philip White (International Development at the University of East Anglia) and in collaboration with individual researchers and research institutions in Africa and elsewhere.

**The Frontiers of Social Protection briefs**

This series of briefs has been prepared by Philip White, Frank Ellis, Stephen Devereux and Katharine Vincent. The briefs aim to summarise the main findings of the respective FoSP studies in a concise and accessible format that will be appreciated by policy makers and practitioners concerned with hunger, vulnerability and social protection in the Southern African Development Community (SADC) countries, and that will support RHVP's policy dialogue activities and other dissemination events.

(7) 'Graduation' refers to the notion that receipt of social transfers should be time-bound, if possible, often with complementary interventions put in place that enable recipients to support themselves at some stage – without needing transfers indefinitely. People who can 'graduate' are those who are able to work but require temporary assistance.

(8) Graduation is extremely difficult to operationalise. Challenges include: identifying robust indicators of self-reliance that incorporate resilience against future shocks; setting realistic thresholds for income or asset ownership in circumstances where livelihoods may be unpredictable; and resisting incentives to graduate participants prematurely.

(9) Given the limited evidence for dependency effects of social transfers, and very limited success with graduation to date, African governments might be better advised to focus on building comprehensive and sustainable social protection systems that ensure: (i) that coverage is extended to all who need assistance, (ii) that access to social transfers is entitlement-based rather than discretionary, and (iii) that all citizens are effectively insured against falling below a minimum subsistence level.

## Background

This Brief explores two concepts – 'dependency' and 'graduation' – that feature prominently in discussions about the advisability and feasibility of introducing comprehensive social protection programmes in low-income countries. 'Dependency' is generally thought of as a negative but inevitable consequence of providing people with regular social transfers on a long-term basis. The concern is that beneficiaries will come to regard these transfers as an alternative means of meeting basic consumption needs, and will lose any motivation to secure their livelihoods through their own efforts. 'Graduation' is often presented as a positive antidote to dependency. Financial assistance to poor individuals and families in distress should be limited in scale and time in order to avoid the 'dependency trap', and complementary programmes should be put in place to ensure that beneficiaries are able to 'graduate' from 'handouts' and become self-reliant.

It is not difficult to expose flaws in these generalisations about human behaviour and the risks of social transfers. For one thing, certain categories of the population are obviously 'dependent' on support from others – the young, the old, the chronically ill, the severely disabled. The family is expected to take primary responsibility for ensuring the wellbeing of these 'vulnerable groups' in the first instance, but if the family is unable to meet the basic needs of all its members (because of poverty or a high 'dependency ratio'), or if vulnerable individuals are not located within functional families (e.g. street children) then public actors (the community, donors or the state) must take on or share this responsibility. This is an obvious and fundamental 'social welfare' role for social protection, and is a core function of government in most countries.

Secondly, the concern to avoid dependency confuses two quite separate roles for social protection: (1) temporary support for economically active people who become vulnerable due to a livelihood shock or humanitarian emergency (e.g. unemployment insurance for workers who are retrenched, or famine relief for drought-affected farmers); and (2) continual support to labour-constrained people who are persistently unable to provide for their subsistence (e.g. infirm elderly widows living alone with no support). While people in the first category clearly have the potential to 'graduate' once their circumstances improve (e.g. if they find a job, or when the next harvest comes in), people in the second category have much lower prospects of graduating – and should not be expected to do so.

Several social protection programmes in Africa do recognise this fundamental distinction, by combining (1) cash or food transfers with a labour requirement for eligible people who are able to work, with (2) unconditional cash or food transfers for eligible people who are unable to work. Ethiopia's 'Productive Safety Net Programme' (PSNP) and Rwanda's 'Vision 2020 Umurenge Programme' (VUP) both comprise two sub-programmes: public works for 'able-bodied' adults, and 'direct support' for vulnerable individuals who are labour-constrained. Typically, the public works programme dominates, with 'direct support' kept to a minimum (fewer than 10% of beneficiaries). In both Ethiopia and Rwanda public works participants are expected to graduate within a period of between six months and 3-4 years, and complementary interventions are in place to support the graduation objective –

**Table 1: Conceptual distinctions regarding dependency and graduation**

| | Economically active poor | Economically inactive poor |
|---|---|---|
| **Dependency** | **'Negative dependency':** Social transfers induce negative behavioural changes, which should be avoided. | **'Positive dependency':** Dependent on others, by definition, but social protection can relieve this burden on poor communities. |
| **Graduation** | **Graduation potential:** Have labour capacity, so should be supported to escape poverty and achieve self-reliance. | **No graduation potential:** Most will never be self-reliant, so should not be expected to graduate from social transfer programmes. |

in Ethiopia, 'livelihood packages' and in Rwanda, access to financial services.

It is important also to emphasise that many social protection programmes have broader and more ambitious goals that, while appearing to create dependency on the state in the short-term, could reduce dependency on the state in the long-term. Child benefits, school feeding and conditional cash transfers, for instance, all provide immediate relief to poor households, but have the objective of enhancing children's health, nutrition and access to education, with big potential returns to livelihoods – and the national economy – in the next generation. A narrow interpretation of dependency and graduation would overlook these highly significant impacts, which have the potential to break the intergenerational transmission of poverty.

A preliminary way of creating workable distinctions regarding dependency and graduation is to differentiate 'economically active' from 'economically inactive' poor people (see Table 1). Poor individuals or families that have capacity to engage in productive livelihood activities differ from those that do not – for instance, 'skip generation' or child-headed households. Economically active households have 'graduation potential' – and often attract accusations of 'scrounging' if they receive social grants that they do not need ('negative dependency'). Labour-constrained households are unavoidably dependent on society for support – from their families, the community, or the state – and have little or no 'graduation potential' ('positive dependency').

It should be noted that simple conceptual distinctions such as those in Table 1 have limited applicability in the face of the widespread chronic vulnerability that is prevalent in rural areas of very poor countries. For instance, the presence of active labour in the household does not necessarily mean that such labour can be productively deployed. High unemployment rates mean that rural labour markets offer few opportunities for waged work, and self-provisioning farming families with little land experience a gap every year between their food production and their consumption needs. Seasonal food shortages result in steep food price rises in the period before the next harvest, making it even more difficult for food deficit households to secure enough food. These structural problems in labour markets and the agricultural sector cause the poverty and food insecurity that prompted the introduction of large-scale food aid and public works programmes – the dominant 'safety net' interventions in many African countries since the 1980s. In such contexts, ideas of dependency and graduation imported from much wealthier economies need to be modified to fit local realities.

## Dependency

### Concept and definitions

Although the word 'dependency' usually has pejorative connotations, it actually has two distinct meanings, only one of which is entirely negative (see Box 1). The 'positive' meaning is that every society has many members whose survival depends on support from others – children, older persons, people with disabilities – and some of these people (e.g. abandoned orphans, or widows living alone without support) do not receive adequate support from their families and communities. These individuals are the 'social welfare caseload' that every society carries, and must support. It can legitimately be argued that vulnerable categories of people have a 'right to social protection', and that the state has a duty to ensure that their subsistence

needs are met, through public provision if private provision is inadequate.

It could even be argued that social protection exists precisely because this kind of 'positive' social interdependency exists. As Harvey and Lind (2005: 6) argue, social protection is a core public sector function. "In situations where people's lives and livelihoods are under acute threat, and local capacities to cope with crisis are overwhelmed, being able to depend on receiving assistance should be seen as a good thing". This assertion applies equally to emergencies and to contexts of chronic poverty.

## Box 1: Definitions of dependency

**Dependency:** "A person is aid dependent when they cannot meet immediate basic needs in the absence of relief assistance".[(a)]

**Positive dependency:** "Helping individuals, communities and organizations to meet basic needs when they otherwise could not".[(b)]

**Negative dependency:** "when current needs are met at the cost of reducing recipients' capacity to meet their basic needs in the future without external assistance".[(b)]

**Dependency syndrome:** "a condition where farmers modify their social and economic behavior in anticipation of food aid" – or cash transfers.[(c)]

**Dependency trap:** A situation where individuals choose to remain eligible for social grants rather than taking proactive steps to 'graduate' out of the programme.

**Sources:** (a) Harvey and Lind (2005: 3); (b) Lentz and Barrett (2005: 10); (c) Little (2008: 861)

The 'negative' meaning of dependency relates to strategic changes in behaviour that people might make, either to qualify (or remain eligible) for social assistance, or because receiving social grants undermines their self-reliance and allows them to 'choose leisure' rather than work for a living. On the first point, if the eligibility criteria for poverty-targeted programmes include ownership of productive assets (e.g. no livestock, or less than half a hectare of land), this might create 'perverse incentives'. People might decide not to acquire (or even to sell) these assets, in order to be registered for social assistance, or to remain eligible even after they have enough resources to purchase or retain livestock or land. This behaviour could reduce their income-generating capacity, so that they remain dependent on social transfers.

On the 'choosing leisure' point, if farmers are certain that they will receive food aid or cash grants if their harvest fails, they might put less effort into weeding their fields. On at least one occasion in the 1970s, the World Food Programme provided 'food-for-work' to farmers in Zambia as an incentive to replant their fields after a drought. The following year, some farmers reportedly failed to plant at all because they were waiting for food-for-work, and they were confident that food aid would be delivered if they harvested nothing. In insurance terminology, this behaviour is called 'moral hazard': if someone is insured against a negative outcome, what incentive do they have to prevent the negative outcome from occurring?

'Positive dependency' can be assessed by establishing the actual contribution that social grants make to the beneficiary's well-being. 'Genuine' claimants would suffer a significant deterioration in their food consumption and well-being if social grants were removed, but 'fraudulent' claimants would not. 'Negative dependency' can be assessed only by monitoring behavioural changes among beneficiary populations, before and after the introduction of social grants. This is extremely difficult to quantify (not least because those involved in such behaviour have no incentive to report or admit it), which is why administrators resort to punitive techniques – screening applicants rigorously, keeping payment levels low, and imposing conditionalities such as a work requirement, if appropriate.

Policy-makers are understandably concerned to minimise all forms of negative dependency. Given their budget constraints and an ideological aversion to the 'undeserving poor', they strive to restrict the numbers of people claiming social assistance, for instance by imposing strict eligibility criteria and keeping transfer payments low. European and North American social welfare debates have long been preoccupied about setting social grant levels high enough to allow claimants to meet their basic needs, but not so high that they create a 'poverty trap' such that it becomes economically rational to claim unemployment benefits rather than seek

low-paid work. This 'moral hazard' behaviour has fuelled decades of policy debates (dating back to the Great Depression of the 1930s) about how to minimise the disincentive effect of social grants. Steps taken in the UK include: (1) lowering the amount paid to recipients of 'unemployment benefits'; (2) limiting payments to six months or one year; (3) assisting or coercing recipients of 'job-seekers' allowance' to find employment; (4) providing training, retraining or apprenticeships to improve employability. These measures have also been applied in Africa, especially but not only on public works programmes.

One argument in favour of applying conditionalities on social transfer programmes is that this introduces a cost to accessing the benefit, which discourages non-needy applicants. The principle is to adjust the 'cost-benefit ratio' that beneficiaries face, either by lowering the benefit to a level that is impossible to live on (this was applied to the 'dole' in the United Kingdom in the 1930s) or by raising the cost of accessing the benefit to a level that deters anyone who has other options from applying. The work requirement – often heavy manual labour – on public works programmes, for instance, discourages non-needy applicants, but also minimises the risk that participants will become dependent on free transfers.

However, most social protection in Africa is discretionary, rather than guaranteed. Even during food crises, affected people cannot depend on humanitarian relief, so they would be ill-advised to modify their behaviour in anticipation of food aid. De Waal (2000) estimated that famine relief supplies "rarely account for more than 10-15% of overall food consumption by the affected populace". Rather than individual aid recipients becoming dependent on handouts, de Waal believes it is their governments that become hooked on aid – the "external dependency and orientation of accountability" of aid-dependent governments allows them to abdicate responsibility for saving lives and protecting livelihoods, "by putting responsibility on aid donors and blaming them when things go wrong".

This argument could be applied equally to ongoing initiatives by donor agencies to introduce social protection programmes in low-income countries such as Kenya, Malawi and Zambia, in the form of cash transfer pilot projects. By providing the bulk of financial and technical inputs, are donors inadvertently allowing African governments to evade their responsibility to deliver social protection to their own citizens, thereby inducing a form of donor dependency?

> "*External aid donors increasingly come to define the problems and solutions of the recipient country. … citizens themselves come to believe that solutions lie in the hands of aid agencies, not their own actions. This level of demoralisation and dependency is perhaps the most difficult obstacle to overcome.*"
> (de Waal, 2000: 23)

## Evidence on dependency

Food aid and dependency

It is widely believed that food aid has disincentive effects on African agriculture. The argument is that increasing deliveries of food aid to Africa over the past several decades are not only a response to falling per capita food production, but have actually accelerated this decline. The mechanism suggested is simple, but it operates at every level, from the household to domestic markets to the national state. Large imports of free or subsidised food aid depress local food prices and create disincentives to farmers to produce for the market, so production falls and dependence on further food imports increases. The distribution of food aid also inhibits the activities of local grain traders, preventing the emergence of a competitive commercial grain marketing sector. At the household level, receiving food aid is predicted to: (a) reduce labour supply (i.e. people work less), (b) discourage investment in farming (because returns to production have declined), and (c) undermine informal social support mechanisms (i.e. public transfers crowd out private transfers). At the national level, food aid allows governments to neglect essential investments in agriculture and rural infrastructure, so agricultural stagnation persists, and so therefore does dependence on future flows of food aid.

Recently, a panel survey in Ethiopia tested this version of the dependency argument across 1,470 households. A comparison of food aid recipients and non-recipients in South Wollo found that recipients pursued a more diversified portfolio of livelihood activities, and were more likely to provide assistance to others (Little, 2008). The survey found that 52% of the households sampled received food aid at least once in three rounds of

interviews, but only 6% received food aid in all three rounds (Abdulai et al., 2005). Given this evidence that food aid is delivered irregularly and unpredictably, it would not be rational for local people to stop farming or seeking work in expectation of receiving social assistance.

> "*Food aid does keep people alive and provides an important resource for the poor, but the uncertainties surrounding its timing and amounts have taught local farmers and herders not to depend too much on it*" (Little, 2008: 861).

The same survey found that food aid recipients recorded lower labour supply, investment in farming and mutual support than non-recipients. However, these apparent indicators of disincentive effects of food aid disappeared once household characteristics were controlled for – households did not reduce their labour supply because they received food aid, they received food aid because they had limited labour capacity (Abdulai et al., 2005). This finding contains an important lesson that has wider applicability: the alleged 'dependent' behaviour of transfer recipients is often an indicator that they are dependent anyway, with or without the transfers. The survey discovered further that "there are not significant differences in social and economic behaviour between households who receive food relief and those who do not" (Little, 2008: 861).

The unreliability and small amounts of food actually delivered challenge claims that food aid induces 'dependency syndrome' among recipient individuals and households. Instead, there is a great deal of muddled thinking about cause and effect.

> "*claims of dependency seem to have the direction of causality wrong. Shocks cause behavioral change that may necessitate various types of safety nets, including food aid. But food aid volumes transferred are, in almost all cases, simply too modest to make people dependent upon them, although they can help keep them alive*" (Barrett and Maxwell, 2005: 180).

Even more striking, a cross-country analysis found that food aid was associated with an increase rather than a decline in national food production.

> "*a one kilogram per capita increase in food aid shipments yields an expected net increase of about a one-third of a kilogram per capita in the subsequent year's food production. Food aid certainly does not appear to have depressed food production. On the contrary, if anything it appears to have exerted a modest positive impact on food production in sub-Saharan Africa over the past 30 years*" (Abdulai et al., 2005: 1699).

One suggested explanation is that food aid alleviates farmers' liquidity constraints, releasing some of their limited resources for investment in agricultural inputs and boosting the next harvest (Abdulai et al., 2005). For example:

> "*food aid distributed directly or through food-for-work programmes to households in northern Kenya during the lean season brought about increased purchases of agricultural inputs, thereby increasing agricultural productivity – precisely the opposite of a negative dependency effect*" (Lentz et al., 2005: 18).

A review of the food aid literature from southern Africa, commissioned by RHVP, found inconclusive evidence for disincentives and dependency effects (Maunder, 2006). Where food aid is poorly managed – excessive deliveries or poor timing in relation to needs – some impacts on food prices, and possibly production disincentives as well, have been observed (e.g. in Malawi in 2002, Lesotho in 2004). The report recommended replacing food aid with cash transfers or vouchers, if local markets are functional and food supplies are adequate, to avoid these potential negative effects on food markets and food production.

<u>Cash transfers and dependency</u>

A small (but rigorous) literature exists on the dependency effects of food aid, and a small (but growing) literature exists on the dependency effects of social cash transfers. We can speculate on the likely impacts of cash transfers by contrasting these with the 'pathways to dependency' that are often associated with food aid (as summarised in Table 2). In general, cash transfers are thought to convey positive market effects through multiplier effects – in contrast to food aid. Cash provides purchasing power that supports price levels in food markets and increases demand for locally produced commodities.

**Table 2: Dependency effects of food aid and cash transfers**

| Food Aid | Cash Transfers |
|---|---|
| "Food aid can drive down local or national food prices in three ways.<br>(i) Monetization of food aid can flood the market, increasing supply.<br>(ii) Households receiving food aid may decrease demand for locally produced substitutes or, if they produce substitutes, may sell more.<br>(iii) Recipients may sell food aid to purchase other necessities or complements, driving down prices of the food aid commodity and its substitutes and increasing demand for complements" | Cash transfers can drive up local or national food prices in three ways.<br>(i) Cash transfers can stimulate the market, increasing demand.<br>(ii) Households receiving cash transfers may increase demand for locally produced foods.<br>(iii) Recipients may use cash transfers to purchase other necessities or complements, driving up prices of food commodities and increasing demand for complements. |
| "Reduced prices hurt net sellers of the commodity and can create a disincentive for them to invest in their own agricultural production if food aid deliveries are regular occurrences. In extreme cases, producers could lose their livelihoods as a result of low prices, which would make them dependent" | Higher prices benefit net sellers of the commodity and can create incentives for them to invest in their own agricultural production activities if cash transfers are regular. |
| "Reduced prices can also decrease the relative payoff of investment in agriculture by governments or producers." | Higher prices can also increase the relative payoff of investment in agriculture by governments or producers. |

**Source of quotations on food aid:** Lentz et al., 2005

Economic theory suggests that people who receive regular free transfers will be discouraged from seeking work, especially if the value of the transfer is close to the income that the recipient could expect to earn from paid employment. The 'dependency trap' refers to a situation where transfer recipients have no incentive to take steps to stop receiving these transfers (such as finding work) – or even worse, when employed people leave work and 'choose leisure' instead, preferring to survive on state benefits.

Do these fears about 'dependency syndrome' in affluent northern welfare states translate into evidence of similar behaviour by poor recipients of social transfers in African countries? There is intriguing evidence from southern Africa that social grants have precisely the opposite effect. In South Africa, a study of the labour market impacts of the Child Support Grant and Old Age Pension found that adults living in recipient households were more likely to seek work, and more likely to find work, than people in similarly poor households that do not receive these grants (Samson et al., 2004). The authors speculate that the explanation for this evidence of increased labour force participation is that social grants alleviate financial constraints and give beneficiaries the resources and economic security they need to invest more in job searching – by spending some of this cash on transport costs, child care, etc.

Similar findings have been reported from large-scale conditional cash transfer programmes in Latin America. One panel survey of PROGRESA participants in Mexico found no evidence of statistically significant changes in adult labour force participation. Instead, it emerged that some men and women used their PROGRESA grants to seek salaried work and shift from informal family enterprises to higher-paid formal sector employment, although this trend was not sustained over time. Nor did recipients 'choose leisure'. "There is certainly no evidence to support that leisure time has increased under PROGRESA" (Skoufias and di Maro, 2006).

In Namibia, sceptics greeted the introduction of a pilot Basic Income Grant in one community with assertions that this would convert the local population into idle drunkards. What actually happened was strikingly different (see Box 3).

From the evidence available, it appears that negative perceptions and expectations about the dependency-inducing consequences of social transfers simply do not apply to the majority of poor people, especially in low-income countries.

## Box 3. How cash transfers reduced dependency in Namibia

In Namibia, a Basic Income Grant (BIG) is being piloted in a severely impoverished rural community, where unemployment stood at 64% in November 2007 – much higher than the national unemployment rate of 37%. From January 2008, every adult in Otjivero-Omitara was given N$100 (US$12) each month, unless they were already receiving a social pension. In July 2008, six months after the BIG was introduced, unemployment in Otjivero had fallen to 52%, while the proportion of those still unemployed who were looking for work had risen significantly. Much of the increased employment was in the informal sector, with women and men using the BIG cash as working capital to engage in income-generating activities.

> One woman set up a home bakery. "*After the introduction of the BIG I started my business. I bake traditional bread every day. I bake 100 rolls per day and sell each for N$1. … I make a profit of about N$400 per month.*" Another woman started a dress-making business. "*Since we get the BIG I bought materials and I am making 3 dresses that I will sell. When I finish … I will start with new ones. I sell a dress for N$ 150.*"

These small enterprises operate within the community, with other community members using their BIG cash to purchase the products. This illustrates how injections of cash can stimulate local economic growth. Average monthly per capita income in Otjivero rose from N$160 to N$303, an increase of 89% in just six months, of which N$100 (63%) is directly attributable to the BIG cash transfer, and N$43 (27%) is additional productive income leveraged by the BIG. This evidence refutes the prejudicial belief that poor people who are given free cash or food will become lazy and choose to work less than before, thus becoming totally dependent on the cash transfers for their survival. In fact, the opposite is true. Guaranteed social grants give poor people the means to invest in productive activities and improve their livelihoods.

The BIG is also giving people independence in other ways. The BIG has helped many young women to become less dependent on men for financial support. The rapid spread of AIDS in Namibia (which has one of the world's highest HIV-prevalence rates) has been attributed partly to transactional sex, driven by poverty and economic stress. An assessment of the BIG after six months of implementation found that the cash transfers gave women more control over their sexuality and increased their economic independence.

One shopkeeper in Otjivero claimed that his domestic worker had resigned after receiving the BIG, because she no longer needed to work. But the worker refuted this interpretation, saying that she had been underpaid and badly treated by her employer.

> "I complained many times about my low salary but there was no increment. I was not even getting something to eat during lunch hours. The way they talked to me was also not proper. I therefore decided to stop working. When I left them, they accused me that I left work because of the BIG, but this is not the case. I left them because of the low salary and bad treatment".

These examples of cash transfer impacts can be interpreted as reduced dependency of women on men, and of employees on exploitative employers. They also indicate enhanced empowerment of poor and vulnerable Namibians in relation to those who are wealthier and more powerful.

**Sources:** Basic Income Grant Coalition (2008) '*Towards a Basic Income Grant for All*', Basic Income Grant Pilot Project Assessment Report. Windhoek: Namibia NGO Forum (NANGOF).

Uhuru Dempers (2009) '*A Basic Income Grant in Namibia: Tackling poverty and inequality through a universal Basic Income Grant*', Windhoek, Namibia: Basic Income Grant Coalition.

# Graduation

**Concept and definition**

The concept of 'graduation' entered the social protection policy discourse relatively recently. Rarely rigorously defined, it describes a process whereby recipients of cash or food transfers move from a position of depending on external assistance to a condition where they no longer need these transfers, and can therefore exit the programme. Though seemingly simple at the conceptual level, graduation is extremely difficult to define and implement at an operational level. If the objective of a social protection intervention is to ensure household food security, how to determine when a household is food secure? Food security is a dynamic condition – it describes access to sufficient food "at all times" – so it is not enough to give hungry people 2,100 kilocalories of food, or enough cash to buy 2,100 kilocalories of food; they need guaranteed access to 2,100 kilocalories *every day*.

A second challenge is equally familiar from the humanitarian literature. If a poor household facing a livelihood crisis is saved from destitution or death by food aid, should the aid stop when recipients have been returned to their pre-crisis state – even if they remain acutely vulnerable to future crises? There is a danger of a logical circularity here. If eligibility for a cash transfer programme is open to anyone earning less than a dollar a day, and graduation is defined as a person earning a dollar a day, then a cash transfer programme that gives someone a dollar immediately 'graduates' them. But withdrawing the transfer risks returning them to poverty – and eligibility to receive cash transfers!

It follows that graduation is not only about attaining a certain *level* of food consumption or cash income. *Sustainable* graduation implies (a) the capacity to generate adequate streams of future food and income; and (b) *resilience* against future shocks. This is a more dynamic concept than a static assessment of household income or access to food at a point in time.

Building capacity to generate future income requires supporting livelihoods, while building resilience against future shocks requires building savings or asset buffers. Regular cash transfers delivered over an extended period of time can contribute to both objectives, by being invested in income-generating activities, being saved, or being used to buy assets that can be liquidated for cash or food when required. But the question remains: how to assess whether and when a household is self-reliant and resilient, and no longer needs social assistance?

Assessing whether a household has graduated from a social protection programme requires defining graduation criteria and setting thresholds that participating households must reach. These criteria and thresholds must be 'SMART' – specific, measurable, achievable, realistic, timely – to be operationally useful.

One way of defining graduation is in terms of crossing an income 'poverty line'. This has the advantage of being relatively straightforward to measure (or at least to estimate, through proxies for income such as household expenditure), although it does require regular and rigorous means testing of every participating household. It also serves as an indicator of programme effectiveness, by comparing incomes at baseline with incomes after several months or years of implementation. If it can be shown that the programme has generated enough income for households to bridge their annual food gap in a sustainable way – i.e. through income earned or food harvested independently of cash transfers or food handouts that will cease when programme support is withdrawn – then household poverty, food insecurity and vulnerability have been reduced and the household might be assessed as ready to graduate.

However, as noted, a household's level of income at a point in time does not necessarily reflect the household's resilience and self-reliance. Economists sometimes define poverty in relation to a level of income (e.g. anyone earning less than a dollar a day), and vulnerability (to future poverty) as a percentage above the poverty line (e.g. anyone earning between one and one and a half dollars a day). This does at least provide clear thresholds for graduation: a household is no longer poor once it crosses the 'dollar a day' per person income threshold, and is no longer vulnerable once it crosses the 'dollar and a half a day' threshold. But this definition of vulnerability seems rather narrow and reductionist, and the threshold is entirely arbitrary.

Alternatively, asset ownership might be a better indicator of resilience than income level, because assets provide buffers against livelihood shocks –

they can be liquidated to bridge a food gap. In rural communities where savings are held in the form of livestock, livestock ownership might appear to be an unambiguous indicator of household wealth. However, monitoring household asset levels is also problematic, because of 'fuzzy' ownership rules – livestock are not necessarily owned by individuals or households, but by extended families or the clan. In many African countries, land also is not individually owned, but belongs to the state and is allocated by communities. But if assets are not owned by households then any programme that targets households by assessing their poverty status or asset ownership is far from simple. Monitoring household incomes or assets – to determine their eligibility and whether (and when) each beneficiary has graduated – is in fact a major challenge.

Most social protection programmes are inadequate to address the nature of vulnerability in rural African communities. The notion of graduation is implicitly linear – it suggests a steady progression up an income scale – but livelihoods in rural Africa are often unpredictable and uncertain. Farming communities and pastoralists face erratic weather and other threats to crop harvests and livestock herds. Even if a household appears to have passed an income or asset threshold at a point in time (say, after three years of receiving social cash transfers), it is impossible to predict whether the household is about to suffer a major shock (e.g. a drought or disease outbreak) that will decimate its harvest or livestock herd, leaving the household acutely vulnerable to hunger, destitution and even death.

A case in point comes from Ethiopia, where the PSNP aimed to 'graduate' participants by delivering regular transfers over several years (see the discussion below). After three years of steady progress, most of the gains made in terms of income growth and asset accumulation were lost in 2008/09, when rain failure led to two successive failed harvests in several highland regions. What do 'graduation' and 'resilience' mean in such inherently vulnerable and unpredictable livelihood contexts?

**Evidence on graduation**

Two ongoing social protection programmes in Africa that have grappled with defining and implementing graduation operationally are the Productive Safety Net Programme (PSNP) in Ethiopia, and the Vision 2020 Umurenge Programme (VUP) in Rwanda. Both programmes have two main components: Public Works for households that can provide adult labour in exchange for cash or food, and Direct Support for households with no adult labour capacity. These case studies are examined below, by asking four questions.

(1) What does graduation mean?
(2) What support do programme participants need to graduate?
(3) Who is expected to graduate?
(4) When has a household graduated?

The Productive Safety Net Programme was introduced as one component of Ethiopia's Food Security Programme (FSP) in 2005, with several objectives, including: (a) to break Ethiopia's dependence on food aid by shifting to cash transfers; (b) to remove millions of 'chronically food insecure' Ethiopians from the annual emergency appeal process and provide them instead with predictable transfers on a multi-annual basis; (c) to protect household assets against 'distress sale' for food purchases; (d) to provide complementary support to assist these families to graduate out of dependency on food aid or cash transfers. So the PSNP aims to smooth food consumption and protect household assets – it is not in itself a mechanism for 'graduation'. Instead, graduation is to be achieved through complementary interventions – 'Voluntary Resettlement' and 'Other Food Security Programmes'.

The Vision 2020 Umurenge Programme – "an integrated local development programme to accelerate poverty eradication, rural growth, and social protection" – is a flagship programme in the Government of Rwanda's Economic Development and Poverty Reduction Strategy (EDPRS). It aims to eradicate extreme poverty by 2020, through an integrated set of interventions. Three pathways to poverty reduction are identified: (a) cash transfers will accelerate monetisation of the rural economy and stimulate local economic growth through income multipliers; (b) creation of community assets will increase on-farm and off-farm incomes for VUP participants and non-participants; (c) "better targeting of social protection will not only break the dependency syndrome but also improve the effectiveness of social protection for the benefit of all *others* in an inclusive society" (Government of Rwanda, 2007).

### (1) What does 'graduation' mean in Ethiopia and Rwanda?

The concept of graduation needs to be defined before it can be operationalised. Graduation from what – from food insecurity? chronic poverty? or dependence on emergency food aid? In Ethiopia, a 'Graduation Guidance Note' (FSCB, 2007) describes graduation from the PSNP as a transition from 'chronically food insecure' to 'food sufficient', defined as follows:

> "*A household has graduated when, in the absence of receiving PSNP transfers, it can meet its food needs for all 12 months and is able to withstand modest shocks*" (FSCB, 2007: 1).

Although this definition seems clear, it is far from straightforward to implement in practice, because there is no simple and robust indicator of a household's ability "to withstand modest shocks".

Rwanda's VUP is distinguished by a decentralised and participatory approach to defining eligibility and assessing graduation. In all eligible sub-districts (or *Umurenge*), communities classify all local households into six wealth categories – four poor and two non-poor – in a public social mapping exercise, before the VUP starts. This is known as the *Ubudehe* system (see Box 4). Households classified in the two poorest categories – "those in abject poverty" and "the very poor" – in this baseline mapping are eligible to participate in the VUP, provided they also have less than 0.25 hectares of land. VUP eligibility therefore combines a subjective and an objective targeting criterion.

Graduation from the VUP occurs in an equally participatory way. After six months, each VUP community does another *Ubudehe* social mapping. Any household that has moved out of category 1 or 2 into category 3 or above is judged to have graduated out of extreme poverty, and is removed from the programme. Any VUP participant whose landholding has increased to 0.25 hectares or more is also disqualified from continued participation in the programme.

## Box 4: *Ubudehe* categories of poor households in Rwanda

**Category 1: *Umutindi nyakujya* (those in abject poverty)**
Those who need to beg to survive. They have no land or livestock and lack shelter, adequate clothing and food. They fall sick often and have no access to medical care. Their children are malnourished and they cannot afford to send them to school.

**Category 2: *Umutindi* (the very poor)**
The main difference between the *umutindi* and the *umutindi nyakujya* is that this group is physically capable of working on land owned by others, although they themselves have either no land or very small landholdings, and no livestock.

**Category 3: *Umukene* (the poor)**
These households have some land and housing. They live on their own labour and produce, and though they have no savings, they can eat, even if the food is not very nutritious. However they do not have a surplus to sell in the market, their children do not always go to school and they often have no access to health care.

**Category 4: *Umukene wifashije* (the resourceful poor)**
This group shares many of the characteristics of the *umukene* but, in addition, they have small ruminants and their children go to primary school.

**Source:** Rwanda Participatory Poverty Assessment

### (2) What support do programme participants need to graduate?

Policymakers in both Ethiopia and Rwanda recognise that cash or food transfers delivered as Public Works wages or Direct Support grants are used mainly for food consumption and other basic needs. Although there is evidence of some investment uses of transfers in both the PSNP and the VUP, one definition of extreme poverty is that households use most of any incremental income on meeting subsistence needs, and have very little to spare for productive purposes. Since cash transfers are inadequate to generate additional income or asset accumulation on their own, complementary interventions are needed for this purpose.

**Table 3. Linked components in the concept of graduation adopted in Ethiopia**

| PSNP | + | Livelihood Packages | = | Graduation |
|---|---|---|---|---|
| Cash or food transfers | + | Assets or inputs | = | Food security |
| Livelihood protection | + | Livelihood promotion | = | Poverty reduction |
| Smoothing consumption | + | Promoting production | = | Self-reliance |

In Ethiopia, PSNP participants have the option of taking 'Livelihood Packages' to generate additional streams of income, such as beekeeping kits to produce honey. While the PSNP protects livelihoods and smoothes consumption, Livelihood Packages promote livelihoods and asset accumulation. In combination, the two programmes are expected to facilitate graduation of households into food security, self-reliance and poverty reduction (Table 3).

An assessment of the PSNP identified several pathways to graduation (Slater et al., 2006). Some of these pathways relate to the Livelihoods Packages that were provided to some PSNP households, but others are related to the cash or food transfer itself, or to the assets created by PSNP Public Works. These pathways include the following:

1. Many households that received Livelihoods Packages used them to generate additional income, as intended, though this was limited in households which already had to provide several days of labour to PSNP Public Works each month.
2. The cash and food transfers provided by the PSNP enabled households to preserve their assets, and some acquired additional assets – especially in districts where cash transfers were delivered, rather than food.
3. Some PSNP participants used their transfers to secure loans for either consumption or investment purposes – again, this was more common among cash recipients than food recipients.
4. Several 'enablers of graduation' relate to the context within which rural Ethiopians pursue their livelihoods, and some of these 'enablers' – such as roads, water points or irrigation facilities – were upgraded under PSNP Public Works projects.

On the other hand, the authors caution that the achievement of genuine graduation from the PSNP is likely to be slow and sporadic, despite the introduction of Livelihood Packages. "Even with the additional positive effects brought about by a combination of both programmes, graduation to a sustainable and independent livelihood will still take a long time" (Slater et al., 2006: vii) – and might never be achieved for many households, given the difficult circumstances in which they are struggling to make a living.

In Rwanda, graduation from the VUP is expected to be achieved by an integrated approach that is similar but not identical to the PSNP. Instead of receiving Livelihood Packages, VUP participants will get access to Financial Services – savings facilities (for all participants) and microcredit (for Public Works participants only, since Direct Support recipients, by definition, do not have the labour capacity needed to earn income and repay loans). The VUP already provides 'sensitisation' sessions for one hour every 1-2 weeks, on a range of topics including savings behaviour and gender awareness. Once the Financial Services component starts, some of these sessions would be oriented towards providing training in practical skills such as business planning and financial management.

The Financial Services component of the VUP is due to be launched in January 2010. In the absence of Financial Services, the main pathways to graduation have been identified as:

1. voluntary investment of VUP cash transfers in farming and non-farm enterprises;
2. the construction or rehabilitation of productive assets (such as hillside terracing for farmers) by Public Works;
3. voluntary savings.

This third pathway is possible because a bank account has been opened for every VUP participating household, and all participants are strongly encouraged to leave some proportion of their VUP income as savings in their bank account. Savings are important for graduation because they provide a buffer against future livelihood shocks, thereby promoting resilience and reducing vulnerability.

### (3) Who is expected to graduate?

Both the PSNP in Ethiopia and the VUP in Rwanda have two components: a Public Works programme (cash- or food-for-work) for eligible households with labour capacity, and a Direct Support

programme (gratuitous cash or food transfers) for eligible households with little or no labour capacity. Conceptually, these are two entirely distinct interventions: one is a (temporary) job creation programme, the other is a (quasi-) social welfare scheme.

The Public Works component dominates in both countries, in terms of numbers (more than 80% of programme participants) and policy emphasis. The drive for graduation focuses on Public Works participants, who are economically active and are therefore regarded as having 'graduation potential'. These households are encouraged to access Livelihood Packages (in Ethiopia) or Financial Services (in Rwanda), to generate additional streams of income and achieve self-reliance.

The first phase of the PSNP ran from 2005-2009. After receiving up to 5 years of continual support, most participants were expected to graduate, and the programme would become redundant. In practice, this ambition proved to be unrealistic, and in fact the number of PSNP participants increased rather than fell during this period. The PSNP has now entered its second phase, from 2010-2014, again with an expectation by the government of Ethiopia that it will end in 2014 with most participants no longer needing support. The VUP started in Rwanda in 2008/9, also with a five-year programme cycle. Its name reflects the government of Rwanda's vision of eradicating poverty by 2020, so it too is expected to finish operations within a specified period – after two five-year cycles.

Direct Support is very much a residual component of both the PSNP and the VUP. Although there are approximately one million Direct Support beneficiaries in Ethiopia, this constitutes only 15% of over seven million PSNP participants. In Rwanda in 2009, during the VUP inception phase (before scaling up to national level), approximately 23,000 out of 220,000 individuals on the VUP received cash transfers as Direct Support; this amounted to just 10% of all VUP participants. Direct Support beneficiaries do not take Livelihood Packages or microcredit and are not expected to graduate; they represent the 'social welfare caseload', found in every society, who need permanent support.

This highlights a conceptual inconsistency within the PSNP and the VUP, both of which are time-bound programmes with defined exit strategies. If Direct Support beneficiaries are not necessarily expected to graduate, what support will they receive when the Public Works participants have graduated, or programme funding comes to an end? In Ethiopia, a study was commissioned to think through options for Direct Support beneficiaries after the PSNP. Officials interviewed for this study (quoted in Devereux and Teshome, 2008: 9) were well aware of the challenge.

> "*We do not expect all Public Works beneficiaries to graduate at the end of the project. With regards to Direct Support beneficiaries, graduation is unthinkable.*"

> "*Nothing is planned for the Direct Support beneficiaries when the PSNP stops. However, some sort of social security must be developed. Long-term social protection is highly required for all who cannot work, particularly the disabled, orphans and elderly.*"

The report recommended a two-pronged approach. Firstly, it is incorrect to assume that all Direct Support beneficiaries cannot work – many do have some labour capacity, even if they cannot perform heavy manual labour such as road construction. Appropriate employment should be found for these individuals, such as 'light work' to support Public Works activities (e.g. registration of Public Works participants, or providing child-care at project sites). Since this employment is linked to the PSNP, it does not resolve the challenge of graduating Direct Support beneficiaries. For this, complementary labour market interventions are needed, such as finding suitable jobs in government ministries or agencies, or offering incentives to private sector firms to provide preferential employment (e.g. to people with physical disabilities who have capacity to perform administrative work). Any individuals who do secure productive employment would graduate off Direct Support.

Secondly, however, most Direct Support beneficiaries have no labour capacity and no prospect of graduating into self-reliance. The transfers that they currently receive should be upgraded from short-term discretionary grants to permanent entitlement-based claims. Every citizen who meets the eligibility criteria for Direct Support should be entitled to receive assistance from the state, independent of time-bound projects like the PSNP (or the VUP in Rwanda, where the same principle should be applied). This requires thinking of Direct Support as the first step towards a social welfare system that is implemented by the government and provides ongoing support to all vulnerable citizens –

with no expectation that they will graduate, and no threat that cash transfers will be withdrawn because of budget constraints or the end of a project cycle. The ultimate goal should be an institutionalised social protection system for all vulnerable Africans that is permanent, administratively viable, financially affordable, politically acceptable, and has a sustainable financing strategy (Devereux and Teshome, 2008: 29).

**(4) When has a household graduated?**

In theory, graduation from any social protection programme occurs when a participating household no longer meets the eligibility criteria. In Rwanda, households eligible for the VUP are registered for Direct Support or Public Works for only six months, after which their status is reassessed. If they no longer satisfy the eligibility criteria – in particular, if they have moved from *Ubudehe* category 1 or 2 to category 3 or above – they have 'graduated' out of extreme poverty and are no longer entitled to receive assistance from the VUP. In reality, VUP households are often graduated prematurely. In communities where insufficient workplaces have been created on Public Works projects, participants are rotated after six months (even if they are still classified in *Ubudehe* category 1 or 2), to extend coverage to other eligible households.

It could also be argued that retargeting every six months is too soon. It raises the question: does a temporary improvement in circumstances constitute a sustainable escape from extreme poverty? for example, category 1 and category 2 households own "no livestock" (see Box 4), so if a VUP household buys a goat should it immediately be disqualified from the programme? There is no guarantee that a household that has technically moved from category 2 to category 3 after six months will not fall back into category 2, soon after it stops receiving support from the VUP. This possibility highlights the point that graduation should not only be based on a threshold at a point in time, but should also incorporate an indicator of resilience or self-reliance.

A threshold-based approach to defining graduation was also adopted in Ethiopia's PSNP. The International Food Policy Research Institute (IFPRI) was contracted to devise a set of graduation 'benchmarks', based on the assets (livestock, farm tools, education level, household size, land holding) that households need to cover their annual 'food gap' (Gilligan et al., 2007). Four regions followed these guidelines to develop their own criteria for graduation, which include a unique figure for the value of household assets, based on local prices, to be reviewed each year. In Oromiya region, four criteria were established:

1) the household is able to feed itself for all 12 months of the year
2) the household includes able-bodied adult members
3) the household's total assets plus income are worth at least 19,187 birr (US$ 1,500)
4) at least 75% of any loans taken for Livelihood Packages has been repaid.

This exercise highlighted several problems with asset-based benchmarks.

(a) Because the benchmark only indicates a probability that the household has achieved 'food sufficiency', there is a trade-off between its level and the confidence that the household has genuinely graduated. Setting a low benchmark risks 'graduating' households prematurely, but setting a high benchmark means that households may never reach the required criteria and therefore can never qualify for graduation.
(b) The baseline asset levels of most households were so low when they entered the PSNP that they would need to multiply their assets by double or more, before they would be assessed as having graduated – which is an unrealistic target.
(c) The benchmarks make no allowance for shocks – this would require setting the thresholds even higher – but any definition of graduation should include resilience (the ability to withstand modest shocks).
(d) Because the benchmarks evaluate asset values in terms of food security, they are sensitive to changes in food prices – whenever food prices rise (as they did rapidly in Ethiopia in 2008), the benchmarks will need to be revised upwards.

In practice, progress towards (genuine) graduation has been slow, due to the benchmarks being set at very high levels. Local officials tend to be sceptical about the prospects for graduation, given the levels of the benchmarks, rapidly rising food prices and recurrent drought shocks that undermine crop and livestock production, as well as incomes and assets. A survey of beneficiaries found that two-thirds had 'no confidence' that they would ever graduate from the PSNP, while less than one in ten were confident that they would graduate (Devereux et al., 2008).

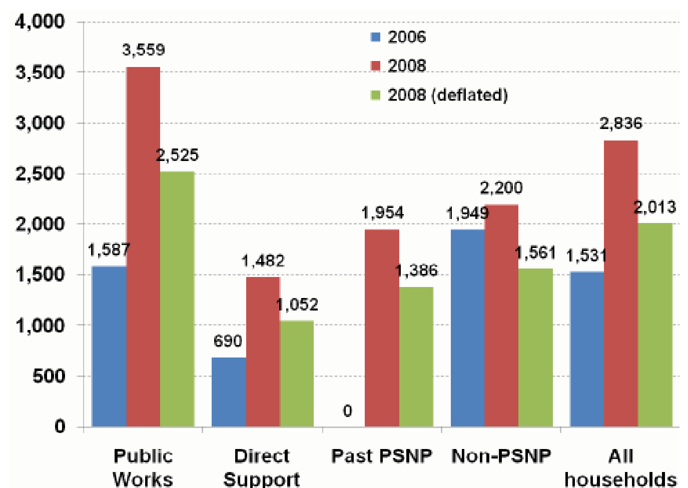
Differences in understandings and applications of 'graduation' across regions are reflected in households leaving the PSNP for many reasons, most of which cannot be described as genuine graduation:

- 'voluntary graduation', or 'self-graduation' – Public Works participants finding better things to do (which officials are encouraging, to bring new people into the programme);
- migration or resettlement (including the 'Voluntary Resettlement Programme', which aims to relocate millions of farming families out of drought-prone, densely settled areas);
- absenteeism from Public Works projects (in which case the household is removed from the PSNP list);
- household income exceeds the income of another household on the PSNP waiting list (this form of rotation of participants is widely practised);
- households acquire assets through Livelihood Packages, so are considered to be better off (and in some cases, are immediately removed from the PSNP for this reason);
- their income plus assets move the household above the graduation threshold (this is the only criterion for genuine graduation, but is true of only a minority of PSNP 'graduates').

A panel survey found striking evidence that 'past beneficiaries' – households that left the PSNP between the first survey in 2006 and a second survey in 2008 – were worse off than either current beneficiaries or a non-beneficiary control group. The average annual income in 2008 of current Public Works participants (Birr 3,359) was almost double that of former PSNP households (Birr 1,954),whose income was also lower than that of the non-PSNP control group (Birr 2,200) (see Figure 1).

Both case studies reveal the complexity of graduation: the difficulty of establishing realistic graduation criteria (especially incorporating indicators of resilience), the incentives that programme managers face to graduate participants prematurely (and the risks of doing so), and above all, the necessity to acknowledge that many recipients of social transfers have no prospect of graduating, and will require permanent assistance.

**Figure 1. Average annual household income, by PSNP status, 2006 and 2008 (Birr)**




**Source:** Devereux et al. (2008: 57)
**Note:** '2008 (deflated)' is 2008 income at 2006 prices

## Conclusion

Evidence from many African countries challenges the notion that social transfers induce 'dependency syndrome'. First, the social protection that does exist in much of Africa is fragmentary, unreliable and represents only a small proportion of an acceptable minimum level of income, and its recipients have no reason to expect that it will be reliably forthcoming in the future at a level that would enable them to stop trying to improve their own livelihoods. Second, in those cases where social transfers are more predictable, continual and generous, the overwhelming evidence (as illustrated powerfully by the Namibia example discussed in Box 3) is that recipients will use the extra flexibility this confers to increase their asset levels, invest in small businesses, or enter the job market. This in itself could be enough to lift social transfer recipients out of extreme poverty and towards self-reliance.

'Graduation' is a concern for social protection programming, because policy-makers strive to avoid 'dependency' and because financial constraints and donor funding cycles mean that social transfer programmes often have limited budgets and timeframes. Attempts to operationalise graduation have proved problematic: robust indicators of resilience against shocks are difficult to identify; benchmarks or thresholds are arbitrary and/or unrealistically high; many eligible households have little prospect of sustainable graduation, either because of their own circumstances or because of

the challenging environment in which they struggle to make a livelihood.

Recognising these realities of poverty and vulnerability in Africa, social protection policy-makers should perhaps worry less about minimising dependency and maximising graduation in as short a time period as possible, and focus their attention more on building effective social assistance and social insurance systems. This would include:

1) ensuring that everyone who needs social assistance receives it, for as long as they need it;
2) upgrading discretionary grants to enforceable entitlement-based claims, delivered by accountable national agencies;
3) rather than prioritising pushing households above a threshold level of income or assets, ensuring that these households are effectively insured against falling below a minimum subsistence level.

## Research approach and acknowledgements

This Briefing Paper draws on theoretical and empirical literature that discusses and analyses the concepts of dependency and graduation in social protection programmes. For both food aid and cash transfers, empirical studies demonstrate that fears of 'dependency syndrome' are exaggerated, and that social transfers might actually reduce dependency. Programmes that attempt to 'graduate' participants have faced conceptual and operational challenges, in terms of defining and implementing graduation criteria and thresholds. Two case studies are closely examined – the Productive Safety Net Programme in Ethiopia and the Vision 2020 Umurenge Programme in Rwanda. The author of this Briefing Paper, Stephen Devereux, has been involved in evaluations and assessments of both programmes. Frank Ellis, Nicholas Freeland and Philip White provided useful inputs and comments.

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