

No Lean Season

January 2016 Update

Over the last three months we have grown steadily more confident in the scalability of No Lean Season, while still maintaining a healthy dose of caution. An additional round of data analysis reconfirmed the welfare gains generated by the intervention for migrants, while showing no sign of negative spillovers on labor markets at the origin for non-migrants. Our last trip to Bangladesh (in December) increased our confidence in the potential cost-effectiveness and scalability of the intervention, while also flagging some concerns about political palatability which must be addressed through careful re-branding and framing. Our implementing partner is keen to launch the program when resources are available, and research experts have extended their engagement to accompany the development of the program along the path to scale.

In this document, we summarize our current thinking about the scale-up agenda, program design, additional evidence, and more finely-tuned cost-effectiveness estimates.

Scaling Plans and Sequencing

While our interest in No Lean Season remains strong, our learning agenda and proposed sequencing of the path to scale has evolved since our last update. This new plan is based on ongoing discussions with our implementing partner, including recent field visits in Rangpur and meetings with managers at various levels of the organization; suggestions from the research experts who have generated the evidence supporting the intervention; and our assessments of the key priorities for program development.

We now propose to undertake the “RCT at scale” in Year 2 (2017), and spend Year 1 (2016) focusing on building and improving program design, developing a solid implementation model, ground-truthing delivery cost estimates, and fine-tuning our projections through on-the-ground experimentation in 2016. Year 1 activities would involve a larger number of beneficiaries than previous research studies, but still far lower than the high-level target we hope to reach at scale. The idea here is to “learn by doing” by co-developing the program components in fifteen branch offices, and to closely monitor the process to identify any potential challenges in delivery. Before we can rigorously test the impact of the intervention at scale, we need to make sure the “scale model” is fully developed and optimized, and is standardized such that it can be implemented by RDRS personnel without interference in subsequent rounds.

After this first year of program tinkering and optimization, we will then seek to grow the coverage to reach the expected levels of program beneficiaries. The number of RDRS branch offices involved and subsidies offered per branch office will increase in a way that is sustainable for our implementing partner. In 2017, we will run a randomized evaluation of the optimized delivery model of the program; that is *in the same conditions as it would be delivered at scale*. Waiting until Year 2 to implement the RCT will have a cost, in that it will require an investment of more money

and time before we have a scalable model. However, we believe that this cost is outweighed by the advantages of accomplishing two key goals. First, this strategy will enable us to have a more hands-on approach in program design and development in Year 1 without jeopardizing the purpose of the RCT-at-scale, in which we want to evaluate the program as it would be implemented without our interference. Second, it will give us a larger sample for the RCT, which will yield more precise results that relate directly to a program at-scale.

Program Design Elements

Grant vs. loans

During our recent visit to our implementing partner RDRS, we were able to meet with a large group of Branch Managers of the organization. The message from the field is clear; those who are in direct contact with program beneficiaries would strongly prefer an interest-free flexible credit product rather than a grant. They are particularly keen to protect the “microfinance culture” built by RDRS over the last four decades, where beneficiaries are encouraged to pay back the money they receive to the extent possible.

From a program design perspective, the potential advantages of loans over grants are non-negligible. First, the amount recovered can be reinvested in the program to benefit new people, thereby improving cost-effectiveness. Second, credit might improve targeting by screening out people who would have migrated anyway (there may be little interest in taking a loan if you can afford migration, whereas grant money is “free”). On the other hand, a loan could increase risk aversion and exclude the poorest of poor. We will mitigate this risk by tailoring the intervention and messaging so that loans are ‘soft’ and do not have to be repaid in case of unsuccessful migration or substantial hardship. We plan to address this outstanding programmatic question (among others) during the Year 1 design phase.

Subsidy amount

The amount given to migrants during the 2008 study was 800 taka (\$12 USD at that time) and then 1,000 taka (\$13 at the time) in the 2014 round. Prices, including those of bus tickets, have gone up since, and there is consensus among partners that the subsidy amount should be increased. We are considering a subsidy amount of 1,500 taka (\$19 USD), and the current budget is based on this figure. This amount allows for a round-trip bus journey that is safe (not on the bus roof) as well as a couple of days of food -- strengthening the narrative that migrants will not incur any costs should they fail to find a job in the cities. We are continuing to review this amount. One design feature we are considering is a two-part subsidy, in which an initial amount is disbursed upon determination of eligibility, and a further amount is disbursed to the family once actual migration has occurred and is confirmed.

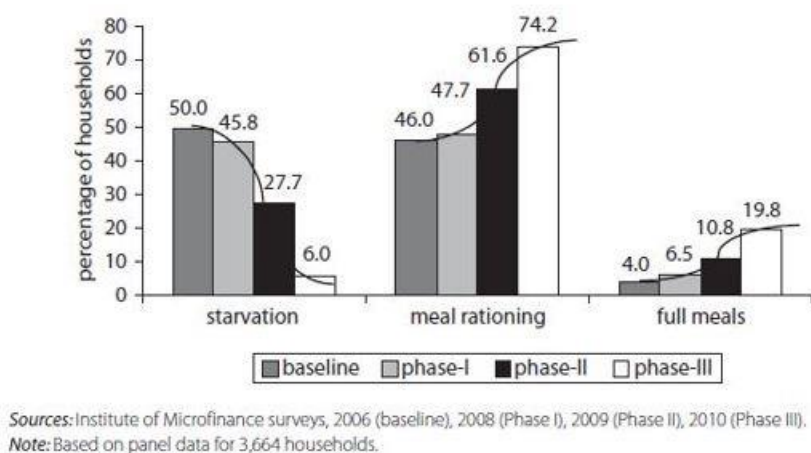
Political Palatability

During our recent (December, 2015) visit to Bangladesh, we had the opportunity to present the program at a conference organized by the International Growth Center (IGC) in Dhaka. The event was attended by many Bangladeshi policymakers, academics, and members of civil society, and we were able to gather valuable feedback about No Lean Season.

One key lesson is that the issue of seasonal famine was a controversial topic in the country. Over the past 10 years, the Government of Bangladesh, along with several NGOs, have invested substantial resources and effort to address seasonal hunger. While the effects of the lean season on extreme hunger has been relatively mitigated, it is unclear just how much of this is due to public action.

Therefore, while many people are still suffering from food insecurity - the figure below shows a decline in the prevalence of starvation in Northern Bangladesh, but a parallel increase in meal rationing - advertising the program as a famine-focused intervention might jeopardize its acceptance by key stakeholders and hamper its expansion, and may not reflect the latest perceptions on the ground about the nature of the challenge.

Figure 1: Trends in Food Deprivation Status during Monga (lean season) among Poor Households in the Rangpur Region, 2006 - 10



A conducive policy environment is essential to the development and growth of this program, and sound messaging is a key ingredient in this endeavor. We therefore propose to undertake the following:

- Broadening the framing of the program to an intervention that improves food security at large (instead of specifically focusing on tackling “famine”) while creating income-generating opportunities at the same time (evidence shows positive impact on migrants’ incomes and connections to urban labor markets).

- Adopting positive messaging that suggests the creation of opportunities instead of the tackling of a problem. The program can be positioned as a people-centered intervention that reduces the constraints preventing the poorest households to take advantage of the spatial arbitrage between rural and urban labor markets during the lean season.
- Considering changing the name and branding of the program from “No Lean Season” to something else – as yet undetermined.

State of the Evidence

Effects of migration on rural labor markets

With support from Good Ventures, we conducted a field experiment that provided insight into the decision to migrate and likely the first researcher-led experimental evidence on the impact of migration on labor market outcomes. We find strong evidence the decision to migrate is driven by risk and that this risk is reduced as more companions decide to travel together. Further, we find large and significant household income gains attributable to migrant employment in the destination location. Finally, we find suggestive evidence of migration impacts on origin labor markets. The large movement of people we document implies a reduction in local labor supply, which translates into a small increase in wages as a result of this movement.

Our results complement earlier findings in Bryan et al. of large inducement to migrate with an incentive along with gains in welfare (income). Given that higher intensity of treatment led to larger numbers of people actually migrating, a programmatic intervention that looks to provide a travel grant will do well to target as close to all eligible households as possible for maximum impact.

While we are now confident that the intervention does not generate negative spillovers for the availability of jobs, levels of wages, and food prices at the origin, we did not explore the impact of migration at destination labor markets. As we bring this program to scale, it will be important to track possible negative effects at destination in order to get the full evaluation accounting for all spillovers. As data suggests that migrants tend to opt for a broad array of different destination cities, it is plausible that any impact on the labor markets of these cities will be minimal.

Supplemental material

An important dimension of investigating the viability of scaling No Lean Season is measuring potential risks associated with migration. These risks include vulnerability of migrants as they travel and temporarily settle in new locations, as well as risks associated with family members, particularly women, who remain in the home village. We collected data in the 2014-15 study on migrant experiences and women’s status. From these surveys, we find no indication that either population is less secure as a consequence of migration. Detailed findings are provided in Annex A.

Updated Budget

We have refined our budget estimates in close collaboration with our implementing partner. Please note that these budget details are provisional, and are subject to change – particularly estimates for future years.

Table 1: Summary Budget

Summary Budget					
Activity	Year 1	Year 2	Year 3	Year 4	Total
RDRS Implementation (including subsidy)					
Evaluation Costs					
Independent Monitoring					
Evidence Action TA / Management					
Gross Total	\$812,351	\$1,953,565	\$3,571,518	\$5,547,497	\$11,884,932
Total in Subsidy	\$173,077	\$769,231	\$1,969,231	\$3,384,615	\$6,296,154
Total in Program Management and Evaluation	\$639,275	\$1,184,335	\$1,602,287	\$2,162,882	\$5,588,778
Loan Recovery and reinvestment	-\$51,923	-\$384,615	-\$1,378,462	-\$2,369,231	-\$4,184,231
Net Total	\$760,428	\$1,568,950	\$2,193,056	\$3,178,266	\$7,700,701
# of offered HH (i.e. # of eligible HH who are offered the subsidy)	16,071	71,429	171,429	294,643	553,571
# of recipient HHs (i.e. # of offered HH who take the subsidy)	9,000	40,000	96,000	165,000	310,000
# of beneficiary HHs (i.e. # of eligible HH who would not have migrated without the subsidy)	6,396	28,429	68,229	117,268	220,321
# of beneficiary people	25,586	113,714	272,914	469,071	881,286
Cost / recipient HH (no recovery)	\$90.26	\$48.84	\$37.20	\$33.62	\$38.34
Cost / recipient HH (incl. estimated recov)	\$84.49	\$39.22	\$22.84	\$19.26	\$24.84
Cost / beneficiary HH (aka migration induced) (no recovery)	\$127.00	\$68.72	\$52.35	\$47.31	\$53.94
Cost / beneficiary HH (aka migration induced) (incl. estimated recov)	\$118.88	\$55.19	\$32.14	\$27.10	\$34.95
Cost / beneficiary person (no recovery)	\$31.75	\$17.18	\$13.09	\$11.83	\$13.49
Cost / beneficiary person (incl. estimated recov)	\$29.72	\$13.80	\$8.04	\$6.78	\$8.74
Subsidy amount	\$19.23	\$19.23	\$20.51	\$20.51	\$19.87

Draft, subject to frequent updates – please do not quote

These budget figures are based on the following program design assumptions:

Table 2: Program Design

Program Design				
Attributes	# Year 1	# Year 2	# Year 3	# Year 4
Type 1: # of branch offices	5	50	80	110
Type 1: # of subsidies disbursed per branch office (i.e. # of recipient HH)	400	800	1,200	1,500
Type 1: Type of Subsidy	Loan	Loan	Loan	Loan
Type 1: Size of subsidy	BDT 1,500	BDT 1,500	BDT 1,600	BDT 1,600
Type 2: # of branch offices	5			
Type 2: # of subsidies disbursed per branch office (i.e. # of recipient HH)	600			
Type 2: Type of Subsidy	Loan			
Type 2: Size of subsidy	BDT 1,500			
Type 3: # of branch offices	5			
Type 3: # of subsidies disbursed per branch office (i.e. # of recipient HH)	800			
Type 3: Type of Subsidy	Loan			
Type 3: Size of subsidy	BDT 1,500			
Expected recovery and reinvestment rate if loan	30%	50%	70%	70%

Cost-effectiveness update

We updated the previous cost-effectiveness model that measures increased calories consumed per 1 USD and produced a new model comparing the income generation of No Lean Season with existing programs in Bangladesh. The updates to the previous model include: budget numbers, exchange rate, conversion rate, benefit calculations, and a calculation correction. See Annex B for the models in Excel and Annex C for a detailed cost-effectiveness model guide.

Figure 2: Increased calories consumed per 1 USD

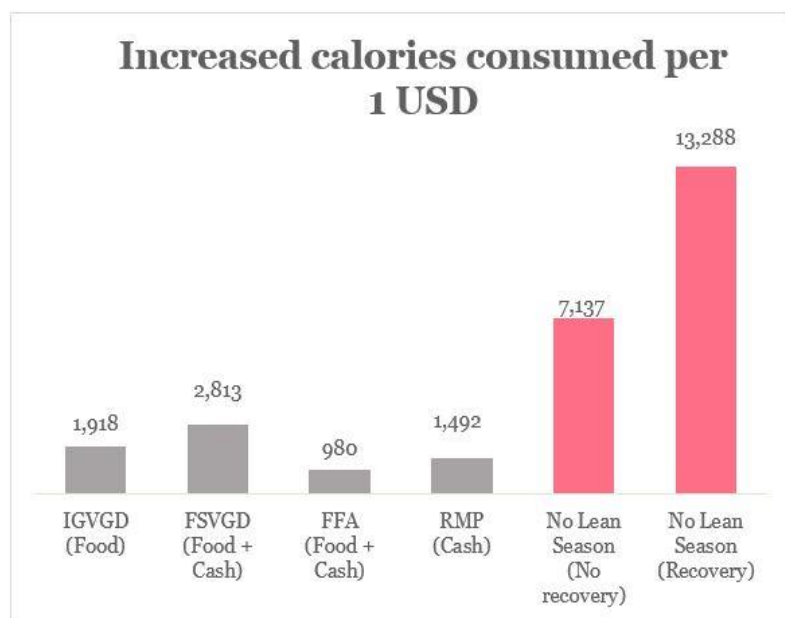
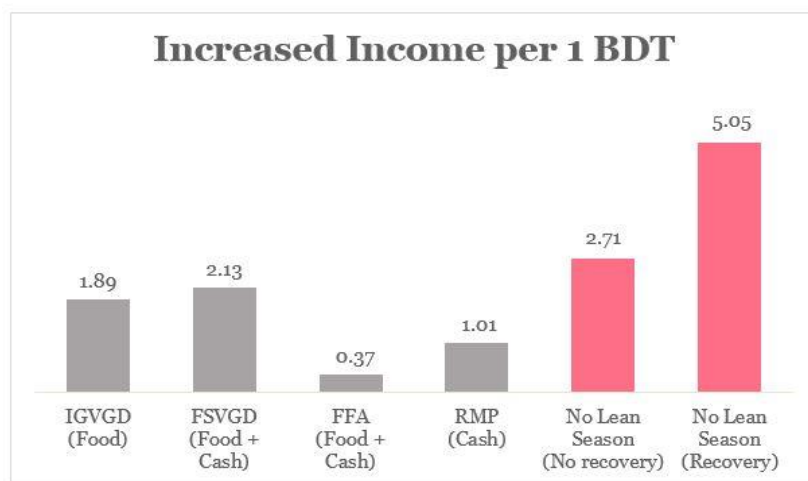


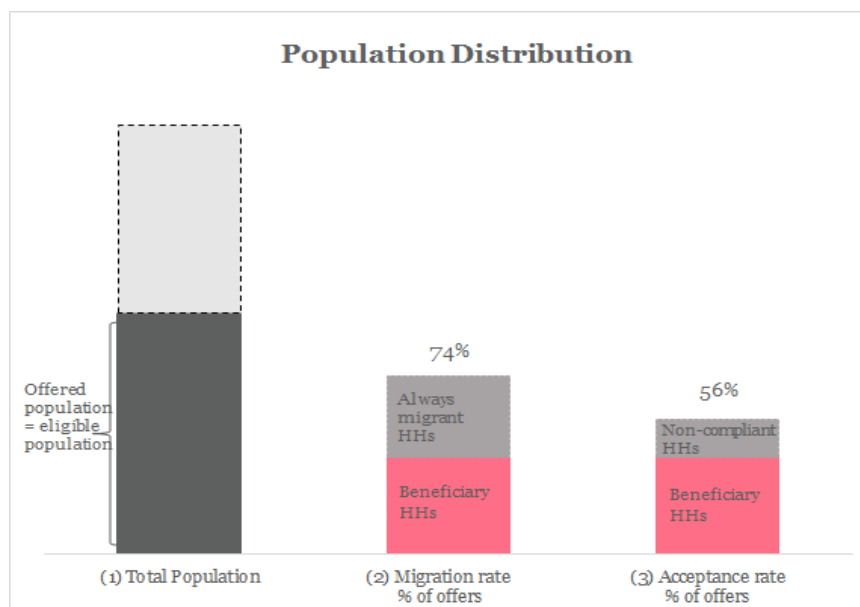
Figure 3: Increased income earned per 1 BDT



Beneficiary Population

We estimate the beneficiary population using data collected from previous rounds of study. At scale we aim to offer a subsidy to all of the eligible households. Approximately 56% of the target population will be eligible and offered the subsidy, as shown in Bar 1. Of those offered, approximately 74% will migrate as represented in Bar 2. Bar 3 shows that approximately 56% of households offered a subsidy will accept. The pink segments in Bar 2 and Bar 3 represent the beneficiary households, defined as those induced to migrate by the program.

Figure 4: Population Distribution



Funding needs

We are now seeking funding for the next two years of activities, allowing us to launch the intervention for the 2016 lean season, and deliver both a sustainable model of the program design that can be adapted and replicated in other regions of the world and a rigorous measurement of its impact at scale by the end of 2017.

Given that the program must be timed to roll out during specific months, the timing of funding commitments will determine our ability to move forward in 2016. Discussions with our implementing partners in December revealed that they need at least six months (and maybe more) to get all of the necessary permits and permissions to receive foreign funds. RDRS has requested that we finalize a contract with them for their activities in 2016 no later than the end of February (and earlier if possible).

We are therefore seeking three categories of funding, each with different timeframes and levels of risk. First, we are seeking an initial commitment of approximately \$375,000 to enable us to

immediately enter into a contract with RDRS for that amount. This would only cover the obligation to them for Year 1 activities, and none of our costs. Receiving this commitment will enable us to get the clock ticking on the permitting and regulatory processes in Bangladesh right away. This is a higher risk investment due to the fact that we would want to honor the contract with RDRS, even if we are ultimately unable to raise further funds. We understand that this is a very short time frame that would be impossible for most donors to work with.

Second, we are seeking the balance of funding needed to cover Year 1 activities and all of Year 2 activities. This is approximately \$2.4 million. In order to proceed with Year 1 activities we would need these funds to be committed by the end of March.

Third, we are seeking an expression of interest in funding Years 3 and 4, conditional on the results of the Year 2 RCT-at-scale. We do not need a firm commitment for these resources at this time, but would like to establish the level of interest in funding the program should the evaluation be successful. This is necessary for us to be able to work with our partners constructively and to enable them (and us) to manage expectations and risks. Current projections of the cost of Years 3 and 4 is approximately \$9.1 million, but this figure is likely to be adjusted based on the ultimate program design and more accurate costing information collected during Years 1 and 2. Note also that the ‘net cost’ of the program may be less if loan recovery and reinvestment is successful.