Innovations for Poverty Action

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RESEARCH

RESEARCH ARTICLE SUMMARY

DEVELOPMENT ECONOMICS

A multifaceted program causes lasting progress for the very poor: Evidence from six countries

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INTRODUCTION: Working in six countries with an international consortium, we investigate whether a multifaceted Graduation program can help the extreme poor establish sustainable self-employment activities and generate lasting improvements in their well-being. The program targets the poorest members in a village and provides a productive asset grant, training and support, life skills coaching, temporary cash consumption support, and (typically access to savings accounts and health information or services. In each country, the program was adjusted to suit different contexts and cultures, while staying true to the same overall principles. This multipronged approach is relatively expensive, but the theory of change is that the combination of these activities is necessary and sufficient to obtain a persistent impact. We do not test whether each of the program dimensions is individually necessary. Instead, we examine the "sufficiency" claim: A year after the conclusion of the program, and 2 years after the asset transfer, are program participants earning more income and achieving stable improvements in their well-being?

RATIONALE: We conducted six randomized trials in Ethiopia, Ghana, Honduras, India, Pakistan, and Peru with a total of 10,600 participants. In each site, our implementing partners selected eligible villages based on being in geographies associated with extreme poverty, and then identified the poorest of the poor in these villages through a participatory wealth-ranking process. About half the eligible participants were assigned to treatment, and half to control. In three of the sites, to measure within-village spillovers, we also randomized half of villages to treatment and half to control. We conducted a baseline survey on all eligible participants, as well as an endline at the end of the intervention (typically 24 months after the start of the intervention) and a second endline 1 year after the first endline. We measure impacts on consumption, food security, productive and household assets, financial inclusion, time use, income and revenues, physical health, mental health, political involvement, and women's empowerment.

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RESULTS: At the end of the intervention, we found statistically significant impacts on all 10 key outcomes or indices. One year after the end of the intervention, 36 months after the productive asset transfer, 8 out of 10 indices still showed statistically significant gains, and there was very little or no decline in the impact of the program on the key variables (consumption, household assets, and food security). Income and revenues were significantly higher in the treatment group in every country. Household consumption was significantly higher in every country except one (Honduras). In most countries, the (discounted) extra earnings exceeded the program cost.

CONCLUSION: The Graduation program's primary goal, to substantially increase consumption of the very poor, is achieved by the conclusion of the program and maintained 1 year later. The estimated benefits are higher than the costs in five out of six sites. Although more can be learned about how to optimize the design and implementation of the program, we establish that a multifaceted approach to increasing income and well-being for the ultra-poor is sustainable and cost-effective. ■

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Pooled average intent-to-treat effects, endline 2 at a glance

This figure summarizes the average treatment effects in each country for the 10 primary outcomes. All treatment effects are presented as standardized z-score indices and 95% confidence intervals.

Consumption
Per Capita Consumption
Per Capita Food Consumption
Per Capita Durable Good Consumption

Food Security
Food Security Index
Household Daily Enough Food
No Adults Went Whole Day Without Food
No Children Skipped Meals
Everyone Gets Two Meals Everyday

Assets
Total Asset Index
Total Asset Value
Productive Asset Index
Productive Asset Value
Household Asset Index
Household Asset Value

Finance
Total Amount Borrowed
Amount Borrowed, Informal
Amount Borrowed, Formal
Total Savings
Amount Separated Into Savings

Time Use
Total Time Spent Working
Time Spent Working, Agriculture
Time Spent Working, Livestock
Time Spent Working, Microenterprise
Time Spent Working, Paid Labor

Income and Revenues
Livestock Revenue
Agricultural Income
Microenterprise Income
Paid Labor Income
Perception of Economic Status

Mental Health
Mental Health Index
Perception of Stress Index
Locus of Stress Index
Did Not Experience Worry

Women's Decision-making
Women's Decision Making Index
Major Say in Food Expenditure
Major Say in Education Expenditure
Major Say in Health Expenditure
Major Say in Non-durable Expenditure
Major Say in Business Management

-0.6 -0.5 -0.4 -0.3 -0.2 -0.1 0.0 0.1 0.2 0.3 0.4 0.5

Effect size in standard deviations of the control group

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Innovations for Poverty Action

A Multifaceted Program Causes Lasting Progress for the Very Poor

We present results from six randomized control trials of an integrated approach to improve livelihoods among the very poor. The approach combines the transfer of a productive asset with consumption support, training, and coaching plus savings encouragement and health education and/or services. Results from the implementation of the same basic program, adapted to a wide variety of geographic and institutional contexts and with multiple implementing partners, show statistically significant cost-effective impacts on consumption (fueled mostly by increases in self-employment income) and psychosocial status of the targeted households. The impact on the poor households lasted at least a year after all implementation ended. It is possible to make sustainable improvements in the economic status of the poor with a relatively short-term intervention.

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