Graduating the Ultra-Poor in Ghana

Investigadores/as:

Abhijit Banerjee

Esther Duflo

Nathanael Goldberg

Dean Karlan

Robert Osei

William Pariente

Jeremy Shapiro

Bram Thuysbaert

Hannah Trachtman

Christopher Udry

Sector(s): Finance, Social Protection, Health, Gender

J-PAL office: J-PAL Africa

Fieldwork: Innovations for Poverty Action (IPA)

Ubicación: Ghana

Muestra: 2,606 households

Número de registro del AEA RCT Registry: AEARCTR-0000088

Datos: Download from Dataverse

Research Papers: A multifaceted program causes lasting progress for the very poor: Evidence from...

Socios Implementadores: Innovations for Poverty Action (IPA), Presbyterian Agricultural Services (PAS)

More than one fifth of the world's population lives on less than US$1.25 per day. While many credit and training programs have not been successful at raising income levels for these ultra-poor households, recent support for livelihoods programs has spurred interest in evaluating whether comprehensive "big push" interventions may allow for a sustainable transition to self-employment and a higher standard of living. To test this theory, in six countries researchers evaluated a multi-faceted approach aimed at improving the long-term incomes of the ultra-poor. They found that the approach had long-lasting economic and self-employment impacts and that the long-run benefits, measured in terms of household expenditures, outweighed their up-front costs. This evaluation summarizes the Ghana site, which had similar effects as the other successful sites. It also found that offering assets or facilitating access to a savings account alone did not improve outcomes.

Problema de política pública

More than one fifth of the world' s population lives on less than US$1.25 per day. Many of these families depend on insecure and fragile livelihoods, including casual farm and domestic labor. Their income is frequently irregular or seasonal, putting laborers

and their families at risk of hunger. Self-employment is often the only viable alternative to menial labor for the ultra-poor, yet many lack the necessary cash or skills to start a business that could earn more than casual labor.

In the past, many programs that have provided poor households with either credit or training to alleviate these constraints have not been successful at raising household income levels on average. However, in recent years, several international and local nongovernmental organizations have renewed their support for programs that foster a transition to more secure livelihoods. Combining complementary approachesthe transfer of a productive asset, training, consumption support, and coaching into one comprehensive program may help spur a sustainable transition to self-employment. To better understand the effect of these programs on the lives of the ultra-poor, researchers conducted six randomized evaluations in Ethiopia, , Ghana, Honduras, , India , , Pakistan, , and Peru.

Contexto de la evaluación

In Ghana, researchers partnered with implementing organizations Innovations for Poverty Action and Presbyterian Agricultural Services (PAS). The study took place in the Northern and Upper East regions of Ghana, a region that is disproportionately poorer than the coastal south. Fifty-three percent of households in the study were living on US$1.25 a day or less when the study began in 2011, compared to 29 percent in Ghana as a whole.

To select the poorest members of the communities, the project team conducted a Participatory Wealth Ranking, in which villagers collectively ranked households according to their wealth during a community meeting. PAS conducted a short survey afterwards to verify the results of the ranking.



Beneficiaries of graduation program in Ghana receiving their asset of choice

Photo Credit: Daniel Janamah

Detalles de la intervención

Researchers conducted a randomized evaluation to test the impact of a two-year comprehensive livelihoods program ("the Graduation approach") on the lives of the ultra-poor in northern Ghana. The approach was first developed by the Bangladeshi NGO BRAC in 2002 and has since been replicated in several countries. The Graduation program consisted of six complementary components, each designed to address specific constraints facing ultra-poor households:

In Ghana, researchers first randomly assigned villages composed of a total of 2,606 households, to one of two groups. One group served as a pure comparison group and was not offered the program. In the other group, 666 households were randomly assigned to receive the program. The other half of the households in that group did not receive the program, and served as a sub-comparison group to measure "spillover" effects on non-participating households living nearby. The program consisted of six complementary components, each designed to address specific constraints facing ultra-poor households:

1. *Productive asset transfer:* One-time transfer of a productive asset valued at GHS 300(2014 PPP US$451). Forty-four percent of participants chose goats and hens, roughly a quarter picked goats and maize inputs, and small number picked shea nuts and hens (6 percent).
2. *Technical skills training:* Training on running a business and managing their chosen livelihood. For example, households who selected livestock were taught how to rear the livestock, including vaccinations, feed and treatment of diseases.
3. *Consumption support:* During the lean season (14 out of 24 months), households received weekly cash transfers of GHS 4-6 (2014 PPP US$6.02- 9.03), depending on household size.
4. *Health:* Households were enrolled in the National Health Insurance Scheme and received health and nutrition education.
5. *Savings account:* Half of the Graduation households received savings accounts through the Savings Out of Ultra Poverty (SOUP) program, also implemented by PAS. When PAS staff made their weekly visits, they collected deposits and households logged deposits.
6. *Household visits:* Weekly visits by PAS staff to provide to provide accountability, coaching, and encouragement.

To identify whether one or more of the above components could improve household outcomes by itself, some households were also offered either access to savings (through SOUP) or the asset transfer, rather than the entire multi-faceted program. 733 households were offered the SOUP program, while another 164 households were only offered the asset transfer component of the program. Half of the 733 households in the SOUP program, or 362 households, also received a 50 percent match on their savings to test the impact of incentives to save.

Researchers conducted the first endline survey immediately after the two-year program ended, as well as a second endline survey around one year later.

Resultados y lecciones de la política pública

Across all six countries, researchers found that the full graduation program caused broad and lasting economic impacts. Treatment group households consumed more, had more assets, and increased savings. The program also increased basic entrepreneurial activities, which enabled the poor to work more evenly across the year. While psychosocial well-being improved, these noneconomic impacts sometimes faded over time. In five of the six studies, long-run benefits outweighed their upfront costs. However, offering the components of the program separately did not lead to significant improvements in household

outcomes.

In Ghana, households that participated in the full Graduation program saw similar effects to the other countries one year after the program ended:

Economic impacts: Average total monthly consumption among treatment households was 2014 PPP US$33.62 after one year, an 11 percent increase over households in the comparison group. They spent $22.41 on food every month on average, 12 percent more than the comparison group. Households saw significant increases in asset holding and borrowed 58 percent more than those in the comparison group (2014 PPP US$35.60 monthly average), They also saved 2014 PPP US$16 a month on average, which was three times more than households in the comparison group.

Self-employment: Households experienced a 91 percent increase in non-farm income, earning 2014 PPP US$12.86 on average, as well as significant gains in livestock revenue, earning 2014 PPP US$40.60 a month on average, or 50 percent more than the comparison group.

Psychosocial wellbeing: Households that participated in the program did not report feeling significantly less stressed or happier than households in the comparison group.

Political involvement: Women in treatment households did not experience significant gains in empowerment in Ghana, and in fact experienced significantly less power in decisions about food in the household. However, treatment households did participate in more community meetings than those in the comparison group.

Cost-benefit analysis: Researchers calculated total implementation and program costs to be US$1,777 per household (2014 PPP US$5,408). However, estimated benefits of consumption and assets growth amount to 2014 PPP US$7,175 per household, representing an overall 133 percent return on investment.

Households participating in only the SOUP intervention or only the asset transfer did not see many lasting improvements in these areas relative to households participating in the full graduation program. This implies that the many components together have a larger effect than any one component separately.

Two years after the programs, households participating in SOUP without the match generally had similar or worse outcomes than those participating in graduation with savings. Financial inclusion and income were the only economic indicators that showed a meaningful difference between the two groups; households participating in graduation had better financial inclusion and higher income compared with households who only participated in SOUP. Three years after the program, households participating in graduation with savings were more likely to have a business (by 9.3 percentage points) and had higher monthly business income by US $4.30. Households participating in graduation with savings also made $2.54 more per month in animal revenues and US $0.88 more per month in wage income compared with households participating in SOUP without the match.

Meanwhile, comparing households participating in graduation with no savings with households participating in just the asset transfer program shows that the only difference in outcomes between the groups was that the former had better consumption and income two years after the program. Households participating in graduation with no savings were more likely to have a business three years after the program when compared with households that just received an asset transfer (by 8.7 percentage points when other factors were accounted for). However, households in both groups were not significantly different from each other on other income sources.

Finally, there is no evidence that either SOUP or assets alone had a positive, long-term impact on health, mental health, political involvement, time at work, or female empowerment.

Overall, these results demonstrate that the graduation program with all of its components can have meaningful and sustainable economic impacts. However, the individual components alone are less successful in creating meaningful impact.

Banerjee, Abhijit, Esther Duflo, Nathanael Goldberg, Dean Karlan, Robert Osei, William Parient, Jeremy Shapiro, Bram Thuysbaert, and Christopher Udry. 2015. "A Multi-faceted Program Causes Lasting Progress for the Very Poor: Evidence from Six Countries."

Science 348(6236), doi: 10.1126/science. 1260799.

Banerjee, Abhijit, Dean Karlan, Robert Osei, Hannah Trachtman, Christopher Udry, 2018. “Unpacking a Multi-Faceted Program to Build Sustainable Income for the Very Poor.”