Promoting Productive Inclusion and Resilience in National Safety Nets: A Four-Country Evaluation in the Sahel

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Sector(s): Finance, Labor Markets, Social Protection

Fieldwork: Innovations for Poverty Action (IPA)

Location: Burkina Faso, Mauritania, Niger, Senegal, Chad

Sample: Approximately 16,500 households, in 918 rural villages or urban neighborhoods, across four countries

Target group: Rural population

Outcome of interest: Earnings and income Food security and nutrition Empowerment Household finance Business investment Health outcomes Income diversification Mental health

Intervention type: Cash transfers Community participation Financial literacy Social networks Graduation approach Unconditional cash transfers Psychosocial support

AEA RCT registration number: AEARCTR-0002544

Partner organization(s): World Bank

Households living in extreme poverty face a wide range of challenges that limit their ability to make productive investments or cope with unpredictable shocks such as droughts or disease. Productive inclusion programs combine cash transfers with trainings and other support to increase household earnings while also helping households withstand and recover from shocks. However, little is known about the impact of productive interventions when implemented at scale within national safety net systems, or about the optimal combination of interventions. In partnership with country governments and the World Bank, the research team has been evaluating how different productive packages impact the wellbeing and economic stability of safety net beneficiaries in Burkina Faso, Mauritania, Niger, and Senegal. In Niger, a multi-faceted economic inclusion program delivered to women beneficiaries of a national cash transfer program improved women's consumption and food security, increased their off-farm business activities, and improved their psychosocial well-being.

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Households living in extreme poverty face many challenges that constrain their ability to earn a living. These constraints can range from lack of capital and skills to pervasive social norms, exposure to various types of shocks, or being disconnected from local markets. Although the combination of different interventions appears to be critical for sustained impact on productive inclusion,[1] research-to-date tends to focus on partnerships with nonprofit organizations, while the effectiveness of large-scale, government-led programs may differ from the efficacy of smaller-scale, non-governmental programs.

Social safety nets establish mechanisms to reach and provide consumption support to the poorest and most vulnerable households. A growing number of countries are seeking to implement packages of productive inclusion measures for safety net beneficiaries, including training programs, asset transfers, psychosocial support, and/or facilitated access to markets. However, little is known about the impact of multifaceted programs implemented through government systems, or about the optimal combination of productive measures to effectively lift households out of poverty.

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As of 2018, approximately forty percent of people in Sub-Saharan Africa lived on less than $1.90 dollar per day, the international benchmark for extreme poverty, making it the poorest region in the world.[2], Countries in the Sahel region of West Africa are among the poorest in Sub-Saharan Africa, with extreme poverty rates higher than forty percent in Niger in 2020.[3], The Sahel region is particularly exposed to climate shocks, making it especially difficult for poorer households to escape poverty.[4]

National cash transfer programs have risen considerably in popularity around the world to provide consumption support to very poor households, including in the Sahel. Increasingly, policymakers in the region are interested in complementing cash transfer programs with additional interventions that can improve the ability of recipient households to foster resilience and cope with climatic shocks. To support these efforts, the World Bank and partner countries launched the Sahel Adaptive Social Protection Program in 2014. The program's objective is to increase access to effective adaptive social protection systems for poor and vulnerable households across the region. As part of the program, country governments, the World Bank, IPA and partner researchers are collaborating to evaluate complementary interventions that, combined with traditional cash transfer programs, have the potential to promote productive economic inclusion and resilience among poor households in the region.

Woman sorts grain while caring for children in Burkina Faso (Hector Conesa | Shutterstock.com)

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Country governments, the World Bank, IPA and partner researchers are collaborating to evaluate the impact of different packages of productive interventions on the economic wellbeing and resilience of safety net beneficiaries in Burkina Faso, Mauritania, Niger, and Senegal. The system used to deliver the intervention varies across countries, ranging from fully government-implemented to fully NGO-implemented.

The programs in this evaluation include combinations of the following set of seven interventions:

1. *Basic consumption support:* Participants receive consumption support in the form of periodic cash transfers of about $15 per month.
2. *Coaching and group formation:* Participants form groups to meet with coaches on an ongoing basis. Coaches provide support and guidance to the groups, ensure that program components are being implemented effectively, and promote group access to local markets. They also provide individualized follow-up when participants need additional support.
3. *Savings groups:* Groups of participants are trained to establish Village Savings and Loans Associations, which allow members to pool their savings in order to have a source of lending funds, and are supervised as they establish and manage these groups.
4. *Workshop on aspirations and social norms:* Participants and the wider community attend a screening and engage in a facilitated discussion of a video that aims to lift aspirations and address community norms that prevent participants from making productive investments.

5. *Life-skills training:* Participants are offered a week-long training program designed to promote socio-emotional skills such as self-esteem, effective decision-making, conflict resolution and future orientation.
6. *Micro-entrepreneurship training:* Participants receive a week-long training program covering basic business skills for both agricultural and non-agricultural activities.
7. *Large, lump-sum cash grant:* Participants receive a one-time grant of US $100-200 meant to promote investment in productive activities. This grant is significantly larger than the periodic cash transfers.

In each of the four countries, researchers used public lotteries to randomly assign villages or neighborhoods to one of the following four groups:

- *Full package:* Participating households in this group of villages receive all program components listed above (components 1-7).
- *Capital arm*: Participating households receive all program components listed above except the trainings related to life skills and social norms (components 2 and 4). By testing the program with and without these trainings, researchers evaluate whether addressing participants' aspirations and social norms improves the program's overall effectiveness.
- *Psychosocial arm:* Participating households receive all program components listed above except the large, lump-sum cash grant (component 7). Because the large cash transfer is one of the most expensive components of the package, researchers and policymakers are interested in identifying the cost-effectiveness of the transfer itself.
- *Comparison group:* This group receives only the basic consumption support (component 1).

The evaluation team has been gathering information on household income, assets, consumption, and food security, and on individual-level mental health and women's empowerment, to evaluate the impact of the different program packages on participants' wellbeing.

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Results are forthcoming from Burkina Faso, Mauritania, and Senegal.

In Niger, researchers compared the impact of the three packages for female program participants, who were already receiving monthly cash transfers through a national cash transfer program implemented by the Government of Niger.[5] All three packages led to significant improvements for participants across a range of outcomes after six and eighteen months of program participation relative to a comparison group. Participants enjoyed improved food security and higher household consumption. They increased their business investments and saw higher revenue, mostly from off-farm businesses. Additionally, all three packages led to increased participation in savings groups. There were also positive impacts on psychological and social well-being and some dimensions of women's empowerment. Women in all three groups experienced increases in social empowerment and control over their income-generating activities and earnings. However, this did not lead to an increase in power over household decision-making.

The impacts on welfare, food security, and income-generating activities tended to be the largest for the full package. Only small differences in impacts emerged between the capital arm and the psychosocial arm. For example, improvements in psychological and social well-being as well as community engagement and collective action were strongest for the psychosocial arm and full package. The effects of each arm changed over time, as well. The capital arm worked better than the psychosocial arm at six months, but by eighteen months, the impacts are similar.

The research team also assessed the cost-effectiveness of each study arm. At eighteen months after the start of the program, the psychosocial arm was the most cost-effective in terms of household consumption, with a cost-benefit ratio of 126 percent. This was followed by the full package (95 percent) and the capital package (58 percent). It is worth noting that these cost-benefit ratios

will change over time, depending on whether participants continue to enjoy higher household consumption even after the end of the program.

These results highlight the value of addressing both psychosocial and capital constraints in poverty reduction programs and that neither capital nor psychosocial programs are substitutes for each other.

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1. See, for example, Bandiera, Oriana, Robin Burgess, Narayan Das, Selim Gulesci, Imran Rasul, and Munshi Sulaiman. 2017. "Labor Markets and Poverty in Village Economies." *The Quarterly Journal of Economics,* 811-870; Banerjee, Abhijit, Esther Duflo, Nathanael Goldberg, Dean Karlan, Robert Osei, William Parienté, Jeremy Shapiro, Bram Thuysbaert, and Christopher Udry. 2015. "A Multifaceted Program Causes Lasting Progress for the Very Poor: Evidence from Six Countries." *Science* 348 (6236): 1260799; or Banerjee, Abhijit, Dean Karlan, Robert Darko Osei, Hannah Trachtman, and Christopher Udry. 2018. "Unpacking a Multi-Faceted Program to Build Sustainable Income for the Very Poor," *NBER Working Papers 24271,* National Bureau of Economic Research, Inc.

2. World Bank. 2020. *Poverty and Shared Prosperity 2020: Reversals of Fortune.* Washington, DC: World Bank. doi: 10.1596/978-1-4648-1602-4.

3. World Bank. 2021. *The World Bank in Niger.* Washington, DC, World Bank. https://www.worldbank.org/en/country/niger/overview

4. World Bank. 2017. *Sahel Adaptive Social Protection Program: Addressing the Challenges of Climate Change and Disaster Risk for the Poor and Vulnerable*. Washington, DC: World Bank. http://documents.worldbank.org/curated/en/973501518153667496/Sahel-adaptive-social-protection-program-addressing-the-challenges-of-climate-change-and-disaster-risk-for-the-poor-and-vulnerable

5. The Government was also heavily involved in the implementation of this program, actively leading the delivery of the savings groups, coaching, access to market and cash grant components. Given the use of the existing cash transfer program, the involvement of government officials, and the low-cost of the program, it has a high potential for being scalable if effective.