Afghanistan Targeting the Ultra-Poor Impact Evaluation

Researchers:

Guadalupe Bedoya

Aidan Coville

Johannes Haushofer

Mohammad Isaqzadeh

Jeremy Shapiro

Sector(s): Finance, Social Protection

Sample: 1219 women

Target group: Rural population Women and girls

Outcome of interest: Earnings and income Employment Food security and nutrition Empowerment Self-employment Women's/girls' decision-making Health outcomes Savings/deposits Livelihood interventions

Intervention type: Graduation approach

AEA RCT registration number: AEARCTR-0002665

Research Papers: No Household Left Behind: Afghanistan Targeting the Ultra Poor Impact Evaluation

Partner organization(s): World Bank, UK International Development, Knowledge for Change Program (KCP)

People living in extreme poverty face multiple constraints to exiting it, especially in fragile and conflict settings, where half of the extreme poor are expected to reside by 2030. In Afghanistan, researchers evaluated the impact of a Targeting the Ultra Poor program on poverty reduction. The cost-effective program generated large positive impacts for women participants across key outcomes: consumption, assets, psychological well-being, total time spent working, financial inclusion, and women's empowerment.

Policy issue

Extreme poverty—defined as living on less than US$2.15 per day—has fallen in recent decades, but has become increasingly entrenched in fragile- and conflict-affected countries, where more than 50 percent of those living in extreme poverty globally are expected to reside by 2030. As a result, identifying policies to alleviate poverty in these settings is crucial. Socioeconomic constraints such as low levels of education, lack of employment opportunities, exposure to uninsured risks, and the psychological stress of poverty exacerbate the precarity of those living in extreme poverty; many people face multiple constraints simultaneously. When put together, these constraints give rise to poverty traps that prevent individuals from escaping poverty even if one is alleviated. These challenges are compounded in countries affected by conflict, violence, and weak institutions.

Multi-faceted big-push interventions – known as the Targeting the Ultra Poor program or Graduation Approach – are meant to alleviate multiple constraints concurrently and show promise as an avenue for poverty reduction. The program—first designed and implemented by BRAC in Bangladesh— offers a time-limited package of productive assets, access to savings accounts, cash stipends, skill training, coaching, and additional complementary supports to lift households out of poverty sustainably. Multiple studies have shown these programs to be effective in stable contexts, but there is limited evidence of their effectiveness in fragile-

and conflict-affected settings. Can big-push interventions effectively reduce poverty in fragile and conflict-affected settings?

Context of the evaluation

Afghanistan, a country that has faced over three decades of civil conflict, is among the world's most economically challenged and fragile nations. From 2011 to 2016, the proportion of the population living below the national poverty line increased from 38 percent to 55 percent. In the ultra-poor households that were targeted in this study, five out of six households had an illiterate household head, two-thirds were in debt, and 1.5 percent had savings. Four percent of women could read and write, two out of three were depressed, and women's labor force participation remained low while underemployment was high.

This project was implemented from 2015 to 2018 under the World Bank's Access to Finance program by the Microfinance Investment Support Facility for Afghanistan (MISFA), an independent apex organization. It reached a total of 7,500 households over six provinces in Afghanistan.

Women farmers preparing food in Afghanistan.

Photo credit: thsulemani, Shutterstock.com

Details of the intervention

Researchers partnered with local NGOs to conduct a randomized evaluation to test the impact of a Graduation-style intervention on poverty reduction.

This study focused on ultra-poor households from the Dehdadi, Dawlatabad, Nah-e Shahi, and Khulm districts in the Balkh province of Afghanistan. Similar to BRAC's original Graduation Approach design, the program targeted women as beneficiaries of

the big-push package.

A local NGO, Coordination for Humanitarian Assistance, facilitated a community process to identify the poorest households in each village for the program. Eligibility criteria—such as household dependency on women's domestic work or begging, no male income earners in the household, and school-age children working for pay—were used to identify the most vulnerable households within those selected through the community process.

From this selection process, 1,219 households across 80 villages were included in the study and divided into two groups.

491 households received the intervention package, which included livestock (worth approximately US$309-$405 of cows or goats), a monthly cash transfer of US$15, training on livestock rearing and entrepreneurship, a health subsidy worth US$22, and regular mentoring visits. 728 households were part of the comparison group, which did not receive any intervention.

In May 2016, participants received the asset transfer and began receiving other program components, which lasted 12 months. From July to October 2018—one year after the end of the program and two years after the initial asset transfer— researchers conducted a follow-up survey. Surveys primarily measured consumption, assets, financial inclusion, psychological well-being, and women's empowerment, as well as school enrollment, absenteeism, and health.

Results and policy lessons

Two years after the initial asset transfers, the Graduation program had large and positive impacts on consumption and various measures of household members' well-being. These effects were driven by an increase in total time spent working by women heads of household.

Consumption, food security, and finance: Monthly per-capita consumption increased by US$24, a 30 percent increase relative to the comparison group's mean of US$81. This directly led to a decrease of 20 percentage points in the share of households below the national poverty line, from a base of 82 percent. Food security also increased: the likelihood that all household members were regularly eating at least two meals a day increased by 11 percentage points, from a base of 76 percent in the comparison group.

Graduation households also saw an increase in financial inclusion. Savings-related behavior improved: program households became 28 percentage points more likely to have a bank account, from a base of two percent in the comparison group. Savings amounts increased by US$106 relative to the comparison group's US$5. Households that received the package were 12 percentage points more likely (from a base of 2 percent) to say they could access formal credit. They were 14 percentage points less likely to have an outstanding loan, on a base of 55 percent in the comparison group, attributable to a decrease in the use of consumption loans.

Income, revenues, and assets: Participants' total monthly income and revenue increased by 22 percent against the mean of US$307 in the comparison group. This is primarily due to an increase in revenues in the last four weeks from livestock activities, which equated to 281 percent (from a base of US$22).

Program recipients saw large gains in durable and productive assets one year after the activities ended. The average livestock value remained 315 percent higher than the comparison group (from a base of US$72), though lower than the original value of the transfer. Further, participants held more higher-return productive assets in the form of cows, sheep, and goats.

Time use and labor supply: In intervention households, women increased their total time spent working by 55 percent, from a base of 4.2 full-time days per month in the comparison group, translating to an additional 2.3 full-time days per month. Large increases in time spent on livestock rearing and reductions in other paid work suggest that women shifted their time from less to more profitable activities. Moreover, the share of women's labor participation—measured as market work, self-employment, or job searching— increased by 22 percentage points, from 35 percent in the comparison group. These findings suggest that the program created economic opportunity for under-employed women in a context with low female labor force participation.

Women's empowerment: The Graduation program improved some measures of women's empowerment. Women in the program reported increased participation in decisions about their own bodies and time, participation in income-generating activities, and political and community involvement. Household finances and expenditures did not improve, but researchers suggest this may be due to the fact that women in the study were already doing well in these areas.

Psychological well-being: Graduation households saw large positive gains across measures of psychological well-being of both men and women heads of households.

Child health and education: Relative to the control group, Graduation households saw a reduction in diarrhea for the oldest child under five, an increase in school enrollment, and a reduction in absenteeism.

This study provides evidence that multi-faceted big-push programs can effectively tackle simultaneous constraints even in fragile and conflict-affected areas. Further research is needed to disentangle the impacts of individual program elements, such as coaching or training.