PATHWAYS OUT OF EXTREME POVERTY:
TACKLING PSYCHOSOCIAL AND CAPITAL CONSTRAINTS
WITH MULTI-FACETED SOCIAL PROTECTION PROGRAMS IN THE SAHEL

Thomas Bossuroy – Dean Karlan – Harounan Kazianga – William Parienté –
Patrick Premand – Christopher Udry – Julia Vaillant – Kelsey A. Wright
Strong interest from governments to scale up multi-faceted programs through social protection systems.

We set-up a 4-country RCT of government-led multi-faceted interventions delivered to (women) beneficiaries of national cash transfer programs in the Sahel.

We assess the overall effectiveness of government-led economic inclusion programs:

- Effectiveness may differ from efficacy of NGO-led programs
- We study a low-cost, highly scalable model
- We analyze effectiveness across settings in the Sahel:
  - **Rural** (Niger and Mauritania): most of the graduation literature to date
  - **High insecurity** (Burkina): complements studies from Afghanistan, Yemen, South Sudan, Cote d’Ivoire
  - **Urban** (Senegal): more limited evidence base
**Motivation (2)**

Important questions remain on the nature of the big push needed to address the root causes of poverty:

- What combination of constraints drive poverty persistence?
- What is the scope of multi-faceted interventions necessary to address these multiple market failures/constraints?
- How to select cost-effective components in multi-faceted interventions?

We study the relative importance of alleviating capital and psychosocial constraints as part of a multi-faceted intervention:

- **Value-added of cash grants**
  - Complements research on traditional “economic” interventions such as cash grants, cash transfers, or micro-credit

- **Value of adding psychosocial components to a “more traditional” graduation intervention**
  - Links to literature on psychosocial interventions
  - Our psychosocial interventions not only aim to build women beneficiaries’ skills, but also to strengthen support from their household and community:
    - Life skills training for beneficiaries
    - Light-touch community programming—community film screening and discussion targeting social norms and collective aspiration
The economic inclusion intervention

Core components

- Group formation and coaching
- Facilitation of community savings and loan groups (VSLA)
- Micro-entrepreneurship training
- Access to markets

Community sensitization on aspirations and social norms:
Screening of a video showing a couple working together to diversify livelihoods
Followed by community discussion on aspirations and social norms.

Life-skills training: Group training (7 half days).
Topics: self-esteem, personal initiative, aspiration, social norms, gender relations,…

Cash grants: Lump-sum grant of $140-280 (80,000-160,000 FCFA)

Recipients are women cash transfer beneficiaries
Intervention settings

<table>
<thead>
<tr>
<th>Beneficiaries (households)</th>
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<tr>
<td>Burkina Faso</td>
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<tr>
<td>Mauritania</td>
</tr>
<tr>
<td>Niger</td>
</tr>
<tr>
<td>Senegal</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
</tr>
</tbody>
</table>

Target areas chosen by governments. Differences in settings:

- **Urban** areas in Senegal; rural areas in other three countries
- **High insecurity** provinces in the North of Burkina Faso (border with Mali)

Target national cash transfer program beneficiary households. Within households:

- Select cash transfer recipient: 95% women
- Additional filters in Senegal (if CT recipient <45 years old; select his/her daughter) and Mauritania (select only CT recipients < 49 years old). In Burkina, cash grant only to youngest adult beneficiary within hh.
Implementation Lessons

Systematic effort to synthesize lessons from implementers, M&E, process evaluations, ...

Overall good quality delivery through government system
- Despite differences in delivery modalities
- More reliance on community volunteer coaches in Burkina & Niger; program/NGO technical staff in Senegal & Mauritania

High attendance rates (often >90%)
- But: lower in urban settings in Senegal
- Lower frequency of individual coaching visits (by design, stronger emphasis on group coaching given intended scale)
RCT design (similar across countries)

Control
(No productive measures)

Capital Arm
- Cash grants
- Groups and Coaching
- Savings and loan groups
- Micro-entrepreneurship training
- Access to markets

Psychosocial Arm
- Community sensitization
- Life-skills training
- Groups and Coaching
- Savings and loan groups
- Micro-entrepreneurship training
- Access to markets

Full Arm
- Community sensitization
- Life-skills training
- Groups and Coaching
- Savings and loan groups
- Micro-entrepreneurship training
- Access to markets

All beneficiaries receive regular Cash Transfers (CT)
## Study samples

<table>
<thead>
<tr>
<th></th>
<th>Niger</th>
<th>Senegal</th>
<th>Mauritania</th>
<th>Burkina Faso</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit of randomization</td>
<td>Village (rural)</td>
<td>Neighborhood (urban)</td>
<td>Social promotion space (rural)</td>
<td>Village (rural)</td>
</tr>
<tr>
<td>Randomization units (clusters)</td>
<td>325</td>
<td>279</td>
<td>114</td>
<td>192</td>
</tr>
<tr>
<td>Sample households</td>
<td>4608</td>
<td>5634</td>
<td>2682</td>
<td>3859</td>
</tr>
<tr>
<td>Individual Beneficiary</td>
<td>Cash beneficiary</td>
<td>Household member aged 18-45</td>
<td>Cash beneficiary if aged 18-49</td>
<td>Cash beneficiary; multiple beneficiaries possible per household</td>
</tr>
<tr>
<td>Geographic area</td>
<td>Dosso, Maradi, Tahoua, Tillaberi and Zinder</td>
<td>Dakar, Thiès and Kaolack</td>
<td>Selibaby and Barkewol</td>
<td>North Region (high insecurity)</td>
</tr>
</tbody>
</table>
## Beneficiary baseline profiles

<table>
<thead>
<tr>
<th></th>
<th>Niger (rural/remote)</th>
<th>Senegal (urban)</th>
<th>Mauritania (rural/remote)</th>
<th>Burkina Faso (conflict)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beneficiary (average)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>age</td>
<td>38</td>
<td>32</td>
<td>36</td>
<td>40</td>
</tr>
<tr>
<td>years of education</td>
<td>0.4</td>
<td>4.7</td>
<td>0.9</td>
<td>0.4</td>
</tr>
<tr>
<td>literacy</td>
<td>7%</td>
<td>60%</td>
<td>27%</td>
<td>11%</td>
</tr>
<tr>
<td>has non-ag business</td>
<td>37%</td>
<td>37%</td>
<td>16%</td>
<td>32%</td>
</tr>
<tr>
<td><strong>Household (average)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>consumption per adult equivalent, USD PPP</td>
<td>$2.23</td>
<td>$3.94</td>
<td>$3.52</td>
<td>$1.88</td>
</tr>
<tr>
<td>cultivates land</td>
<td>97%</td>
<td>6%</td>
<td>52%</td>
<td>99%</td>
</tr>
<tr>
<td>count of non-ag businesses</td>
<td>1.1</td>
<td>2.0</td>
<td>0.3</td>
<td>0.7</td>
</tr>
<tr>
<td>minutes to market</td>
<td>72</td>
<td>18</td>
<td>64</td>
<td>40</td>
</tr>
</tbody>
</table>
Baseline before economic inclusion intervention started.

Follow-up surveys **18 months** after cash grants.

Niger: implementation and surveys before Covid. Other countries: some activities or surveys during Covid.
Estimation

Main Specification: \[ Y_i = \beta_p T^{psychosocial} + \beta_c T^{capital} + \beta_f T^{full} + QY_{i,0} + \gamma_s + \epsilon_i \]

- \(\gamma_s\): randomization strata fixed effects
- \(Y_{0}\): control for baseline outcomes
- Standard errors clustered at the unit of randomization (village, neighborhood or social promotion space)

For today, we focus on a few key (pre-specified) economic outcomes and provide estimate separately for each site.

- Estimates 18 months after the end of the program
- Preliminary estimates for Mauritania and Burkina
- We first present estimates for \(\beta_f\), then estimates for \(\beta_p, \beta_c, \beta_f\)

Additional hypothesis to analyze pathways:

- H1: \(\beta_f - \beta_p = 0\). Test added value of cash grant (gross marginal effect)
- H2: \(\beta_f - \beta_c = 0\). Test added value of psychosocial interventions (community sensitization + life skills training) (gross marginal effect)
- H3: \(\beta_c - \beta_p = 0\). Test equality of Capital and Psychosocial arms (equality of gross marginal effects of cash grants and psychosocial components)
Impacts of full treatment arm
Significant effect of full package on consumption 18 months after cash grants in rural Niger and Mauritania
- Substantial magnitude: $0.25 in Niger, $0.42 in Mauritania
- Positive point estimate ($0.17, 6%) but marginally not statistically significant in urban Senegal
- No statistically significant effect in conflict-affected Burkina setting
Consumption results line up with impacts on off-farm businesses.

- Increase in the number of businesses 18 months after cash grants, ranging from +0.13 in urban Senegal, +0.20 and +0.35 in rural Mauritania and Niger.
- No statistically significant effect in Burkina Faso.
Yearly beneficiary business revenues (PPP)

- Consumption results also line up with impacts on beneficiaries’ off-farm business revenues.
- Large effects on off-farm beneficiary business revenues in rural Niger (+$268) and Mauritania (+$198).
- Positive effects also in urban Senegal (+$302).
- No statistically significant effect in Burkina Faso.
Savings group participation

- Large effect on savings group participation in all settings
- Large share of beneficiaries remain in active in saving groups 18 months after the end of the program
  - Remarkably: 90% in Burkina
  - 48% in Mauritania, 71% in Senegal, 86% in Niger
Contributions to savings groups (PPP)

- Beneficiaries also keep saving into savings groups, with large effects across all settings
  - Substantial savings flows over last 3 months: Niger (+$20), Mauritania (+$27) Senegal (+$56)
  - Largest absolute effect on savings in Burkina Faso (+$62). Higher precautionary motives in conflict settings?
- Large effect in rural Niger.
  - (more in Thomas’ presentation in next session)
- Positive point estimate in rural Mauritania and Burkina, but large standard error.
- No effect in Senegal. Overall, very few impacts on psychosocial dimensions in urban Senegal.
Pathways?
Impacts by treatment arm
Contribution of psychosocial components:
- Psychosocial arm alone has positive impacts in Niger and Senegal
- Positive marginal effect of psychosocial components in Mauritania and Niger (Full > Capital)

Contribution of capital:
- Capital arm alone has positive impacts in Niger
- Positive marginal effect of cash grants in Mauritania (Full > Psychosocial)
### Contribution of psychosocial components:
- Psychosocial arm alone has an impact in Niger
- Positive marginal effect of psychosocial components in Niger and Mauritania

### Contribution of capital:
- Capital arm alone increases the number of businesses in Niger and Mauritania.
- Positive marginal effect of cash grant in Niger and Senegal (Full > psychosocial)
Yearly beneficiary business revenues, per arm

- **Contribution of Psychosocial**
  - Psychosocial arm alone increases business revenues in Niger.

- **Contribution of Capital**
  - Capital arm alone increases business revenues in Niger, Senegal, and Burkina.
  - Positive marginal effect of cash grants in Niger and Senegal.
Contribution to savings groups, by arm

Robust effects on savings across arms
- Even capital or psychosocial arms alone increase savings. Potential role of core components, but not only.
- Marginal effect of cash grant in Niger, Senegal and Mauritania
- Marginal effect of psychosocial component in Burkina Faso.
Psychosocial arm has positive impact in Niger and Burkina, borderline in Mauritania (noisier).

- Significant effects in Niger for all packages (and positive marginal effect of psychosocial components).
- No effect in urban Senegal.
Cost-effectiveness
Low costs due to integration in national systems

Standardized costing exercise across the 4 sites
- All expenditures component by component
- Admin costs, supervision costs,…

Key results
- Efficiency gains obtained by leveraging safety net systems.
- Economies of scale: larger programs have lower per-capita costs.
- Mostly driven by more intensive use of community volunteers rather than technical program staff (e.g. Niger, Burkina).
- Cash grant key cost driver: 42-69% of total.

Program cost per household, by component
- Market access facilitation
- Cash grants
- Micro-entrepreneurship training
- Life skills training
- Savings groups
- Community sensitization on aspirations and social norms
- Coaching
- Group formation
- Program administration

<table>
<thead>
<tr>
<th>Country</th>
<th>Market access facilitation</th>
<th>Cash grants</th>
<th>Micro-entrepreneurship training</th>
<th>Life skills training</th>
<th>Savings groups</th>
<th>Community sensitization on aspirations and social norms</th>
<th>Coaching</th>
<th>Group formation</th>
<th>Program administration</th>
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<tbody>
<tr>
<td>Niger</td>
<td>$28</td>
<td>$142</td>
<td>$10</td>
<td>$16</td>
<td>$4</td>
<td>$33</td>
<td>$13</td>
<td>$28</td>
<td>$142</td>
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<tr>
<td>Burkina Faso</td>
<td>$15</td>
<td>$182</td>
<td>$18</td>
<td>$15</td>
<td>$7</td>
<td>$12</td>
<td>$12</td>
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</tr>
<tr>
<td>Senegal</td>
<td>$29</td>
<td>$258</td>
<td>$34</td>
<td>$34</td>
<td>$7</td>
<td>$4</td>
<td>$5</td>
<td>$29</td>
<td>$258</td>
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<tr>
<td>Mauritania</td>
<td></td>
<td>$573</td>
<td>$72</td>
<td>$77</td>
<td>$38</td>
<td>$36</td>
<td>$27</td>
<td>$72</td>
<td>$573</td>
</tr>
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Packages with psychosocial components (full & psychosocial) cost-effective 18 months after the intervention (remarkably)
- Capital package cost-effective with weak assumption (50% yearly dissipation of impacts)
- Solely based on consumption impacts – impacts on some assets/economic activities largest in the full package (particularly in Senegal)

Estimates not yet computed for Mauritania and Burkina
- Mauritania: calculations will focus on full package.
- Burkina: no statistically significant effect of Full package on consumption in Burkina, hence not cost-effective with this metric
Discussion
Conclusion (preliminary)

Substantial economic impacts of low-cost multi-faceted economic inclusion interventions delivered through government social protection systems in urban Senegal, rural Niger and Mauritania.

- Full package increases measures of consumption, business revenues and savings

We find contributions of both cash grants and psychosocial components

- Points to importance of “multifaceted” scope of the intervention
- In particular, role of integrating psychosocial components in ‘traditional’ graduation interventions

There are differences in pathways and across sites/settings, however

- Psychosocial components have substantial value-added in rural Niger and Mauritania.
- More nuanced economic results in Burkina Faso (highest insecurity, savings > investments)

The economic inclusion interventions have high rates of returns in Niger and Senegal

- Impacts already larger than costs for packages with psychosocial components (Full and Psychosocial) after 18 months, based on consumption only
Open questions

For Sahel study:

- This is our first look at results from the 4 sites. Results from Burkina and Mauritania are preliminary.
- Pooled analysis to report aggregate results and heterogeneity analysis
  - Assess the pathways/optimal package by type of households to inform ongoing scale-up (planned to reach > 400,000 households).
  - Explore role of differences in beneficiary profiles (using common support across sites), beyond contrast across settings (urban/rural; insecurity levels, pre-post covid).
- Resilience to shock

Broader consideration:

- Learning from effectiveness at scale and scale-up (a gradual process with many parameters).
- Optimal bundling and tailoring across settings and population groups.
- Dynamics and cost-effectiveness over time.
- Rapid testing, short-term measurement, and role of implementation quality

→ Some of the key priorities for 6-9 country Impact Evaluation Collaborative se-up with Partnership for Economic inclusion (PEI in collaboration with DIME, IPA, technical partners,...)
A highly collaborative endeavor – thank you!

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