Improving livelihoods and women's empowerment among the ultra-poor in Afghanistan; expanding knowledge on poverty reduction in fragile and conflict-affected settings.

Program Details

LOCATION:
Six provinces in Afghanistan

TARGET GROUP:
Ultra-poor households

IMPLEMENTING AGENCY:
Microfinance Investment Support Facility for Afghanistan (MISFA)

NUMBER OF PROGRAM RECIPIENTS:
7,500 households; about 52,500 people

TIMELINE:
2015–2018

TOTAL FINANCING:
$15 million

FUNDING PARTNERS:
International Development Association (IDA)

Key Findings

- An impact evaluation of the Targeting the Ultra-Poor (TUP) program in Afghanistan suggests that big-push interventions can dramatically reduce poverty in fragile and conflict-affected areas.
- One year after the intervention ended, consumption had increased by 30% and poverty decreased by 20 percentage points (from 82% in the control group).
- The intervention improved women's labor participation in a context where gender gaps in access to assets and inputs, and discrimination in paid employment, are the norm.
- The program is cost-effective, with an estimated internal rate of return of 26%.
- These results are the first positive and significant impacts of a TUP program in a conflict setting, with larger consumption increases than those reported in TUP programs in more stable settings (Banerjee et al. 2015; Bandiera et al. 2017).

Context

While global poverty has declined remarkably over the past 30 years, gains have not been equally distributed. In Afghanistan, the share of people living below the national poverty line increased from 38% in 2011/12 to 55% in 2016/17. The ultra-poor in Afghanistan face multiple, simultaneous constraints that often reinforce their socioeconomic status and may trap them in persistent poverty. Lacking skills, assets, and employment opportunities, ultra-poor households face slim prospects for a path out of poverty. The situation is particularly acute for women in these households: in our study areas in Balkh, less than 4% of primary women in the household can read and write, two in three of these women experience depression, and just over half of eligible girls attend school.
**Afghanistan TUP Impact Evaluation**

**Constraints at baseline**
- Low levels of human capital
  - 4% of women are literate
  - 47% of girls do not attend school
- Poor physical and mental health
  - 67% of women are depressed
  - 47% of children under 5 have diarrhea
- Financial constraints
  - 68% of households are in debt; only 2% save anything
- Food insecurity
  - 68% of households

**Intervention**
- Biweekly coaching sessions
- Health subsidy of US$22
- Productive asset transfer (cow, sheep, or goats)
- Entrepreneurship training
- Monthly stipend of US$15 for a year

**Impacts**
- 30% increase in consumption
- 20 pp decrease in households living below the poverty line
- Improvement in women’s empowerment and mental well-being
  - 23 pp increase of women with financial assets in their name
  - 17 pp decrease in depression
- 26 pp increase in likelihood of saving
- 8 pp decrease in child diarrhea rates
- 6 pp increase in school enrollment
- 22 pp increase in women’s labor force participation
- 53% reduction in debt

**Constraints and Impacts**
- 67% of women are depressed
- 47% of children under 5 have diarrhea
- 4% of women are literate
- 47% of girls do not attend school
- 68% of households are in debt; only 2% save anything
- 42% of households skip or reduce meals for kids
- 20% increase in consumption
- **pp** = percentage points

All photos courtesy of MIFSA.
The Microfinance Investment Support Facility for Afghanistan (MISFA) collaborated with the World Bank to address these challenges through the Targeting the Ultra-Poor (TUP) graduation program, as part of the IDA-funded Access to Finance program. By providing a time-limited, sequenced, “big-push” package that combines a large investment in a productive asset, access to savings accounts, temporary cash support, skills training, coaching, and other complementary services related to education and health, the TUP aims to lift ultra-poor households out of poverty. Addressing multiple constraints simultaneously may offer an effective strategy for lifting households out of poverty in these settings if these constraints reinforce each other.

Impact Evaluation

The study covers 80 villages in Balkh province. Ultra-poor households were first identified using a community-led wealth-ranking exercise followed by a household survey to verify that selected households met strict selection criteria. Slightly less than 5% of the population in the study area (1,219 households) were identified as eligible and were randomly assigned through a public lottery to a treatment group that received the full TUP package (491) or control group that did not receive the program (728). Study design and response rates are shown in figure 1. A baseline survey was conducted in early 2016, the program was then rolled out for 12 months, and a follow-up survey was conducted in mid-2018, one year after program completion.

The results from this study contribute to understanding how multifaceted interventions can help reduce persistent poverty in one of the most difficult settings in the world and when most recipients are women.

Results

The TUP program transformed the well-being of ultra-poor households in the study villages across multiple dimensions. Per capita monthly consumption increased by 30% or US$7 with respect to the control group, and the share of households below the national poverty line decreased by 20 percentage points from 82%. This was achieved mostly through the expansion of labor choices of ultra-poor women. Household assets, revenues, and financial inclusion indicators improved, as did individual well-being indicators such as child education and health and the psychological well-being of both the primary women and men (see infographic on previous page).

These results are consistent with the underlying theory, and international evidence, that the TUP program helps ultra-poor households overcome multiple constraints simultaneously and provides a “big push” to improve their well-being and possibly put them on a path out of extreme poverty.

Moving Forward

The findings complement existing evidence that big-push graduation programs can transform the lives of the ultra-poor and highlight the potential of these interventions to reduce poverty, improve employment opportunities, and reduce gender gaps in fragile and conflict-affected areas. The results have already motivated the scale-up of the program in two more provinces in Afghanistan that are hosting internally displaced people and returnees. A follow-up survey is planned for 2019–20 to assess whether results are sustained in the longer run.

REFERENCES


Afghanistan TUP Impact Evaluation Team and Funding

The research team includes Guadalupe Bedoya, Aidan Coville, Johannes Haushofer, Mohammad Isaqzadeh and Jeremy Shapiro. The TUP implementation team includes Aminata Ndiaye, Ahmed Rostom, Naïla Ahmed, and Guillermette Jaffrin, who led the World Bank–funded Access to Finance project. The MISFA team, including Bahram Barzin and Khalil Baheer and supported by Matin Ezidyar, Shafkat Shahnur Bin Reza and Hashmat Mohmand, delivered the program. Maria Camila Ayala, Thomas Escande, Gëzime Christian, Garima Sharma, Seungmin Lee, Shivang Mehta, Catalina Salas, and Rebecca de Guty provided excellent research assistance throughout the project. Funding was provided by the DIME Impact Evaluation to Development Impact (i2I) fund, Knowledge for Change, and Department for International Development protracted forced displacement trust funds, the World Bank Afghanistan Country Management Unit and Finance, Competitiveness and Innovation Global Practice.