



Brief 9

Consultative Group to Assist the Poor (CGAP) - Pakistan Poverty Alleviation Fund *Research Partnerships on Participatory Development*

IMPACT OF “TARGETING THE ULTRA-POOR” PROGRAM IN PAKISTAN

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Context

How can we help the world's destitute to improve their lives? In recent decades, there have been several high-profile efforts to help the very poor increase incomes, with very different approaches, such as microfinance or cash transfers programs. BRAC, a Bangladeshi development organization, has developed a program targeted at ultra-poor people that combines elements of both: livelihood development, asset transfers and savings services for further asset building, and consumption support to protect households from shocks.

Recognizing the potential of this approach, the Consultative Group to Assist the Poor (CGAP) and the Ford Foundation joined together in 2006 to replicate the intervention in other countries, with a series of quantitative and qualitative evaluations to measure the impact of the model, led by Innovations for Poverty Action (IPA). Today, the Graduation Project, named for its mission to graduate the ultra-poor from extreme poverty, has expanded to ten pilots in eight countries: India, Pakistan, Haiti, Honduras, Peru, Ethiopia, Yemen, and Ghana.

This summary brief reports the results of the evaluation of the pilot in Pakistan, which was implemented by four NGOs¹ in partnership with the Pakistan Poverty Alleviation Fund (PPAF). In order to evaluate rigorously the impact of the program, we identified a large sample of eligible ultra-poor households and randomly selected some to participate in the program, while others formed the control group. Given a sufficiently large sample size, any differences we observe between the two groups (treatment and control) can confidently be attributed to the program, since the groups were alike at the outset of the program.

The evaluation was conducted with 1250 households (from nearly 65 rural villages in the coastal area of the Sindh region in Pakistan). A baseline survey took place in September 2008 before the start of the program, followed by two surveys: in September 2011, after the implementation of the program, and April 2013, a year and a half later. The timeline of the project allows us to evaluate the short- and medium-term effect of the program.

The Experiment

A program designed to reach ultra-poor households

The initial phase of the intervention (early 2008) consisted in identifying ultra-poor households within villages. Households were selected primarily on the basis of a Participatory Wealth Ranking (PWR) during which villagers create an economic ranking of all community households. The poorest households on this list are visited by field officers to verify their poverty status. Then, public lotteries were organized in the villages to select beneficiaries of the program among the eligible population.

Between December 2008 and May 2010 assets were transferred to the treatment households. They consisted mainly in livestock (graph 1) for a total value of Rs. 15,000², which corresponds on average to a

¹BRDS, AKPBS, INDUS EARTH and SAFWCO

²\$ 570 (PPP)

month and a half consumption expenditures by households. The asset transfer was complemented by a basic training on livestock management or enterprise development.

During the year following the asset transfer, households also received consumption support in cash or kind (Rs. 1000 per month), as well as health services free of charge. The purpose was ensuring food security and good health for households members so that they could focus on operating their business.

Results

Given the multi-dimensional nature of the program, we expect a variety of impacts through different channels. As the asset transfer is at the core of the intervention, we evaluate the change in terms of asset ownership over time and whether some income has been generated from it. We then test whether consumption and poverty have also been affected. Finally, we analyze potential effects on secondary outcomes such as schooling, health and participation in the community.

Assets

We first examine the impact of the program on households' assets, as measured by the total value of durable assets and livestock they own. At the time of the second follow-up (nearly three years after the end of the program), we find that selected households have on average a total asset wealth \$ 173 (PPP) higher than the control group (graph 2). This statistically significant result is primarily due to owning of livestock, which was effectively transferred to treated households. We do not find statistically significant difference on durable goods. These results suggest that households have conserved part of the assets transferred since the end of the program.

In terms of financial assets, the program allowed beneficiaries to reduce their reliance on informal credit. Treated households have borrowed \$ 123 (PPP) less than control households at the time of the second follow-up (graph 3). This represents 23% of the mean of the control group. This effect on total debt is entirely driven by the reduction in informal credit.

Income

Along with the increase in asset value, the program significantly affected households' income. On average, the monthly income of treated households was \$ 30 (PPP) higher, which represents 35% of the control group mean (graph 4). This increase in total income is primarily driven by additional income from livestock rearing activities (\$ 21 PPP). This increase is due to regular income flows (sale of animal products: milk, eggs, etc.) as well as irregular income flows (sale of the animal itself), suggesting that treated households have been able to maintain a reliable income stream and do not rely only on the sale of the animals.

Consumption

Our results show that households selected in the program spend on average \$ 8 (PPP) more at the time of the first follow-up and \$ 5 (PPP) more at the time of the second follow-up per person³ per month than control households (graph 5). Considering food consumption alone, we find that beneficiaries of the program spend \$ 3.4 (PPP) more in 2011 and \$ 2.7 (PPP) more in 2013 per person per month (graph 6), which accounts for respectively 8% and 7% of control group mean. In line with the results on consumption, we also find that the program reduced poverty. The poverty headcount ratio, measuring the proportion of households living on less than \$ 1.25 (PPP) per person per day is 7 percentage points lower in the treated group at the time of the first follow-up survey and 4 percentage point at the time of the second follow-up survey (graph 7).

In terms of food security, we find that households that took part in the program are less likely to cut the size of their children's meal. There are 5% more households in the treated group that did not cut the size of their

³Using adult equivalent (children under 14 count as 0.5)

children's meal during both follow-up surveys (graph 8). We do not find similar results for adult household members. However, we find that at the time of the first follow-up survey, members of treated households were more likely to eat two meals a day (graph 9).

Other impacts: health, schooling, social empowerment

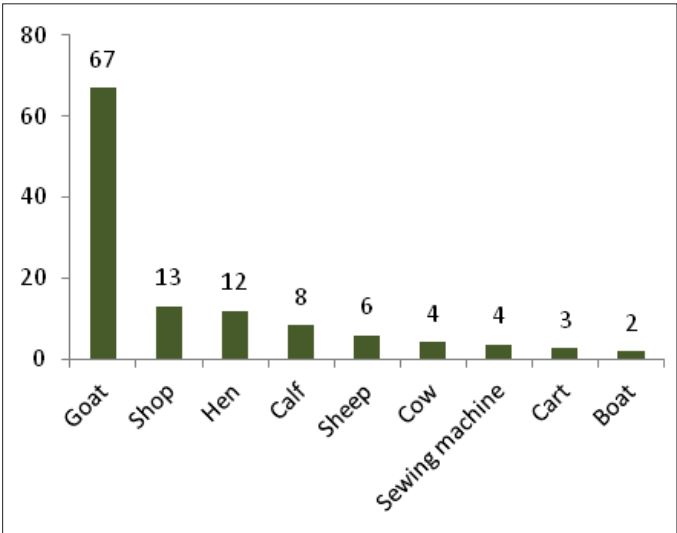
In line with other studies, we do not find conclusive evidence that the program had positive effects on household members' health. We also do not find evidence that school attendance of children has changed after the program implementation.

However, we find signs of increased social empowerment of members in treated households. The program included the formation of village committees composed of non-political leaders that take decisions regarding the development of the village (e.g., village clean-ups, construction of new water sources). Our results show that beneficiaries of the program are more likely to be members of these committees, even though the share decreased from 13% to 7% between both follow-up surveys (graph 10).

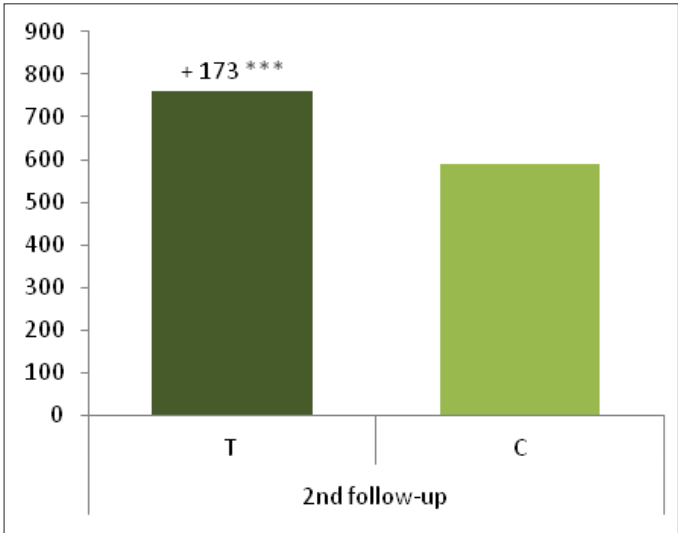
Conclusion

Three years after the implementation of TUP program in Pakistan, results show that the situation of treatment households has been improved in many dimensions in comparison to the control group. Income, consumption and asset wealth increased substantially, food security among children is improved, reliance on informal debt decreases and local participation is fostered. At this stage, we however did not detect significant program impacts on secondary outcomes such as adults' physical health or children's school attendance.

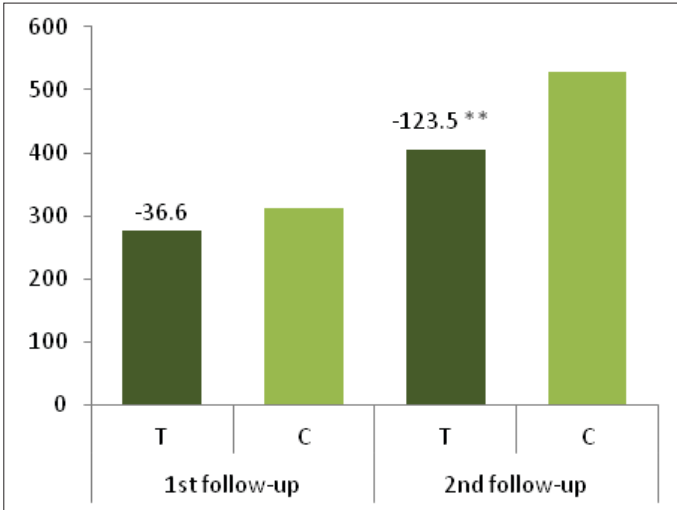
Graph 1: Percentage of treated households who received a given asset



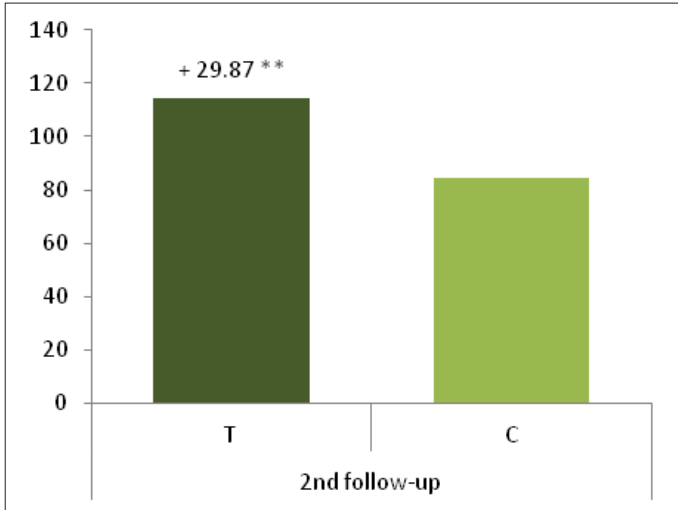
Graph 2: Total wealth of households (\$ PPP)



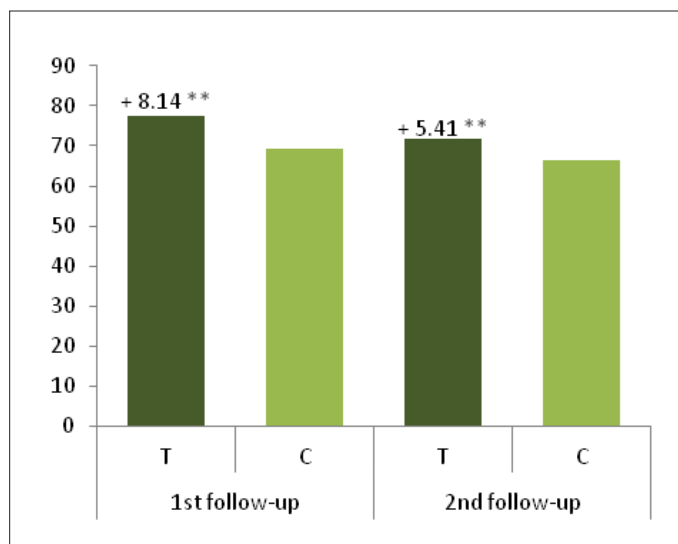
Graph 3: Household indebtedness (\$ PPP)



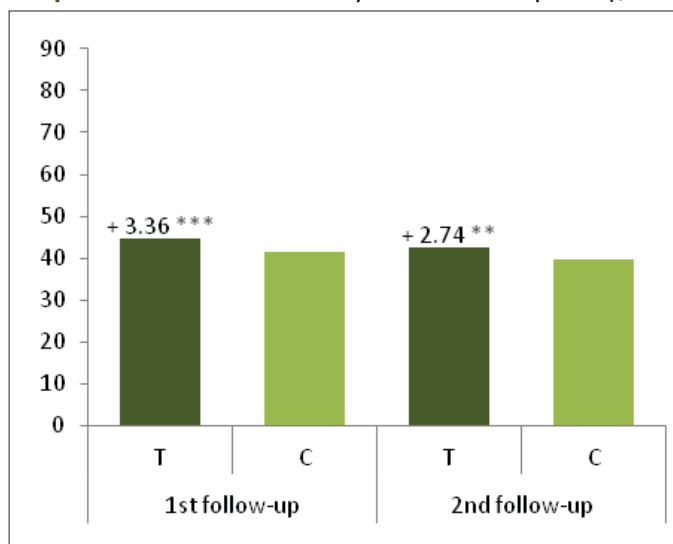
Graph 4: Household monthly income (\$ PPP)



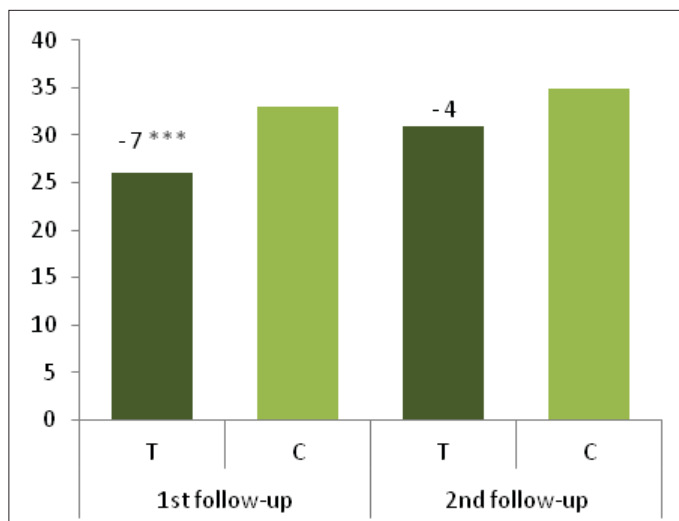
Graph 5: Household monthly consumption (\$ PPP)



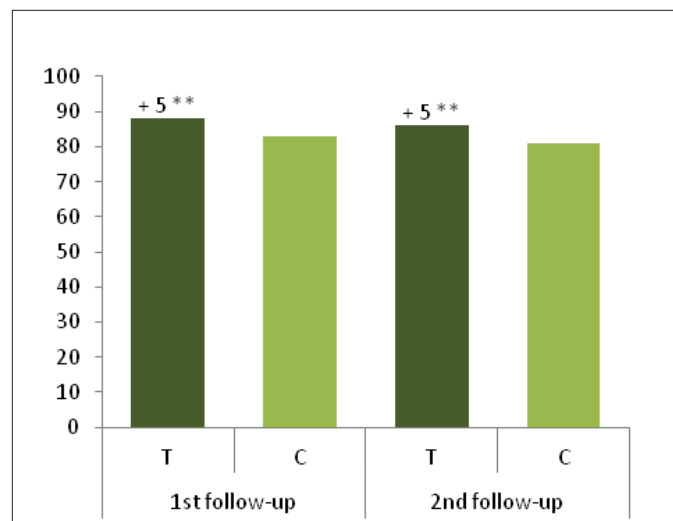
Graph 6: Household monthly food consumption (\$ PPP)



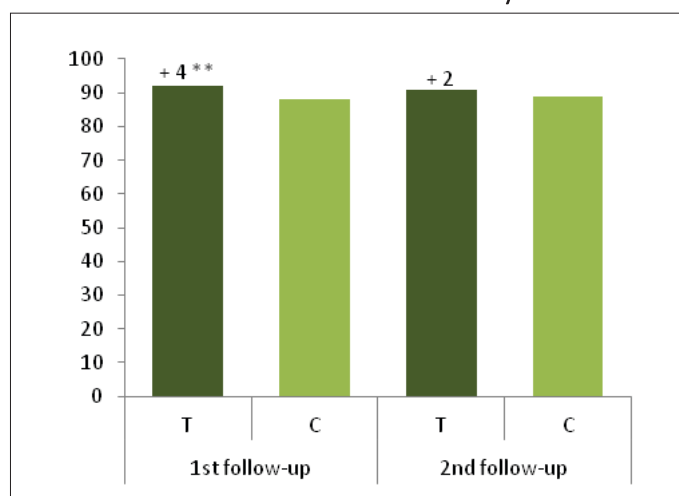
Graph 7: Poverty headcount ratio at \$ 1.25 PPP a day (% of households)



Graph 8: Percentage of households in which children do not skip meal



Graph 9: Percentage of households in which all members eat two meals a day



Graph 10: Percentage of households' members that are member of a village committee

