

Targeting the Hardcore Poor

An Impact Assessment

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motivation

- ▶ noted that many anti-poverty programs, notably microfinance, fail to reach the poorest of the poor
- ▶ suggests need for targeted programs reaching poorest of the poor, enabling them to elevate and maintain higher levels of income
- ▶ this study evaluates one such program
 - ▶ targeted rural poor in Murshidabad, West Bengal with asset transfers, training, monetary support
 - ▶ aims to establish reliable income stream and “graduate” to microfinance



graduation model

- ▶ graduation model based on “Challenging the Frontiers of Poverty Reduction-Targeting the Ultra Poor” (CFPR-TUP) program pioneered by BRAC (Bangladeshi NGO)
- ▶ CFPR-TUP targets most disadvantaged households in an area, provides them with
 - ▶ direct asset transfers and cash support
 - ▶ livelihood training
 - ▶ (eventually) microfinance
- ▶ model being replicated and evaluated (orchestrated by CGAP and the Ford Foundation in partnership with local organizations) in 9 locations
 - ▶ Ethiopia, Haiti, Honduras, Pakistan, Peru, Yemen and **India** in three places (with **Bandhan**, SKS, and Trickle Up)

research pertaining to graduation model

- ▶ prior research on impacts of CFPR-TUP
 - ▶ Ahmed et al. (2009)
 - ▶ propensity score matching (with non-participants)
 - ▶ report positive impacts (livestock and agricultural land holdings, food security, consumption)
 - ▶ Rabbani et al. (2006)
 - ▶ difference-in-difference for non experimental control group (those not selected as Ultra Poor)
 - ▶ report positive impacts (agricultural land holdings, assets, food security, greater saving and borrowing)
 - ▶ Using similar methodology to Rabbani et al., Haseen and Sulaiman (2007) suggest increased food consumption persists through 2006, and Das and Misha (2010) suggest positive impacts on other outcomes persist to 2008
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program overview: Bandhan THP

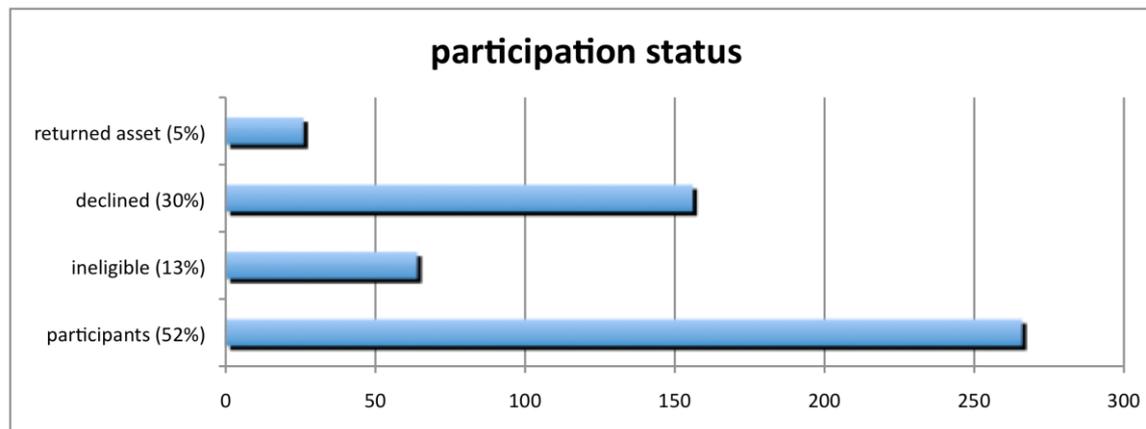
- ▶ graduation program “Targeting the Hardcore Poor” (THP) implemented by Bandhan (MFI based in Kolkata)
- ▶ **identification**
 - ▶ poorest in each village identified via PRA
 - ▶ must have an able-bodied female member
 - ▶ must not be associated with MFI
 - ▶ other indicators of poverty
- ▶ **intervention**
 - ▶ asset transfer (\$100), mostly livestock
 - ▶ training (business, health, social topics)
 - ▶ cash allowance (~\$2 per week for 13-40 weeks)
 - ▶ mandatory weekly savings (~\$0.25)
 - ▶ microfinance training and introduction to microfinance groups



study overview

▶ sample and baseline

- ▶ 991 baseline surveys conducted among eligible households (identified by Bandhan)
- ▶ 512 randomly determined offers to participate: 266 participants



▶ endline I

- ▶ conducted 18 months after asset transfer
- ▶ 814 households surveyed in endline

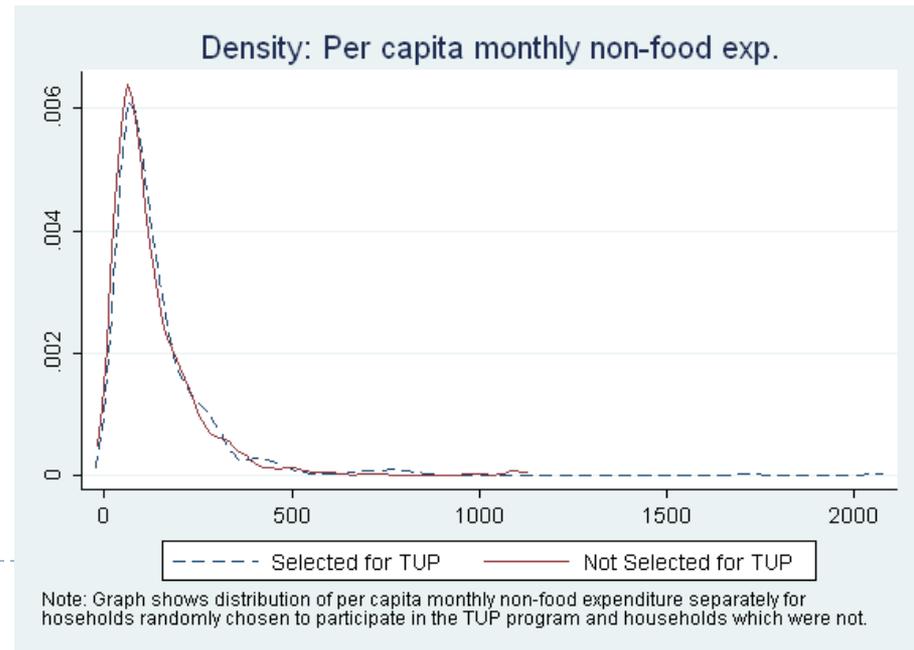
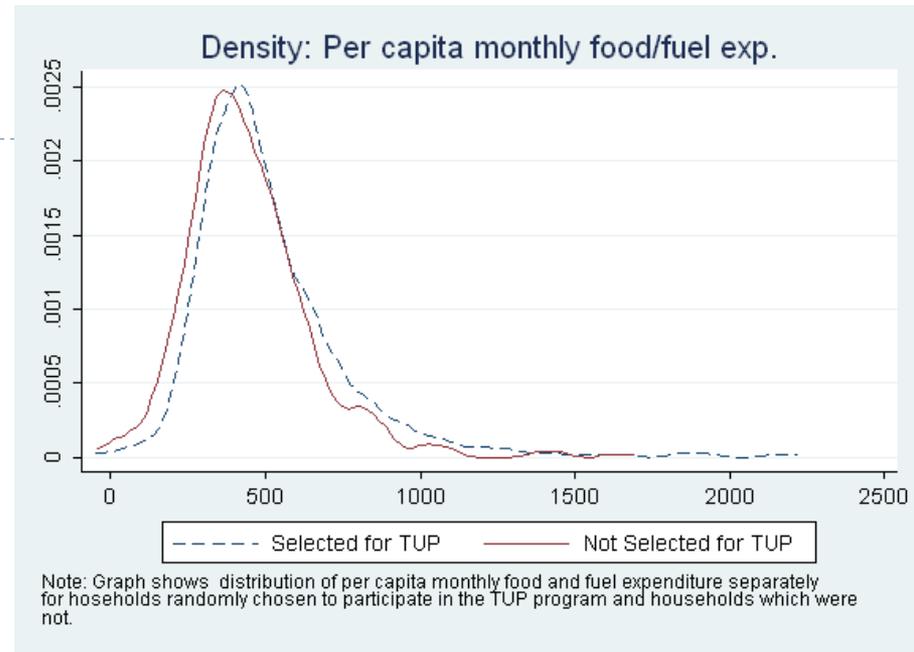
▶ endline II

- ▶ conducted after transition to microfinance (ongoing)



results: consumption

- ▶ increase in food consumption, at all percentiles, for treatment group
- ▶ mean difference of Rs. 64 per person per month (significant at 1% level)
- ▶ represents 15% of control group mean
- ▶ little indication of increase in non-food consumption



summary of additional results

- ▶ food security
 - ▶ decreased food insecurity for treatment (less likely to skip or reduce meals, especially among adults)
- ▶ health
 - ▶ increase in health knowledge (hand washing, etc.) among treatment
 - ▶ decreased emotional stress and increased life satisfaction among treatment
 - ▶ little discernable impact on physical health (slow moving)
- ▶ transfers / crowd out
 - ▶ treatment gives approximately 1 more meal per month (10% of mean) to other households
 - ▶ receive 50% less food gifts than control (Rs. 13 vs Rs. 30 per month)
- ▶ financial variables
 - ▶ no effect on credit (increased interest in borrowing)
 - ▶ increased formal savings (through Bandhan), not necessarily increased total savings



results: assets and income

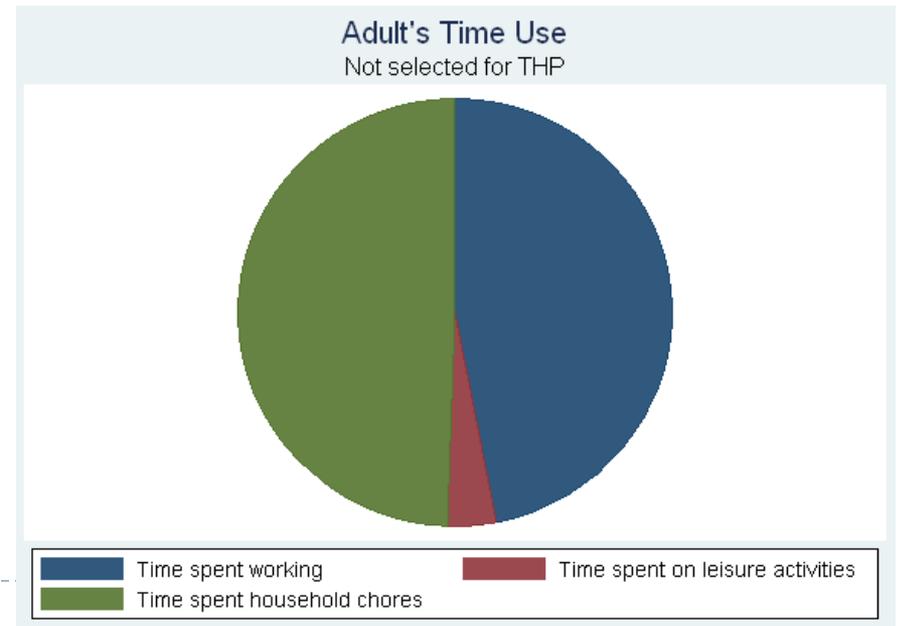
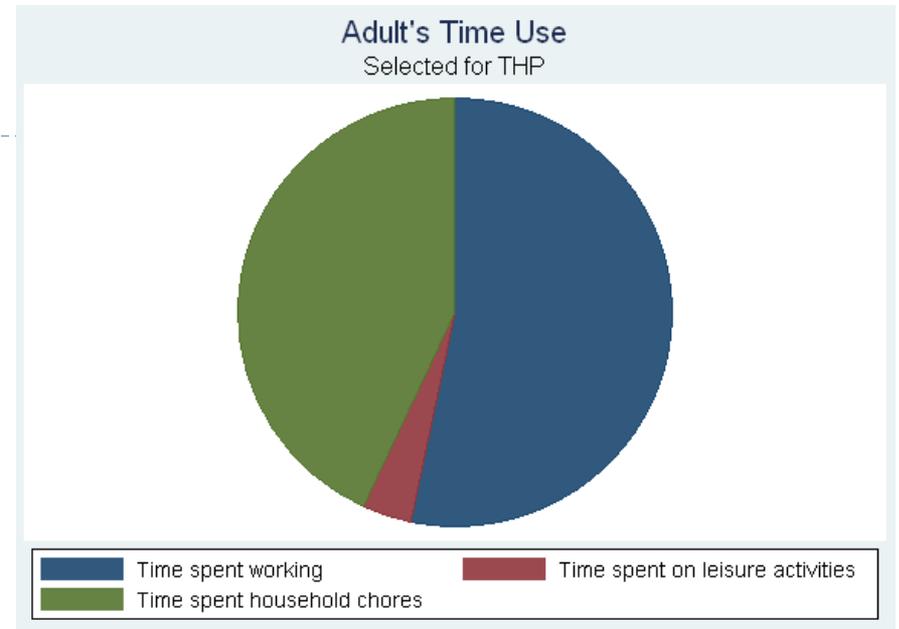
	Small animals acquired (3 years)	Cows acquired (3 years)	Irregular income from livestock	Monthly flow income from livestock
Selected in randomization?	1.95	0.4	398.83	-82.05
	(0.191)***	(0.053)***	(78.960)***	(23.662)***
Hamlet FEs	Yes	Yes	Yes	Yes
Observations	811	802	811	810
R-Squared	0.28	0.34	0.24	0.16
Mean of dependent variable	1.91	0.33	256.28	-73.38

- ▶ increase in livestock holdings
 - ▶ little increase in other assets (except fruit trees)
 - ▶ no detectable impact on business creation/ agriculture
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results: time use

- ▶ adults in treatment households work more hours per day, on average, than adults in control households



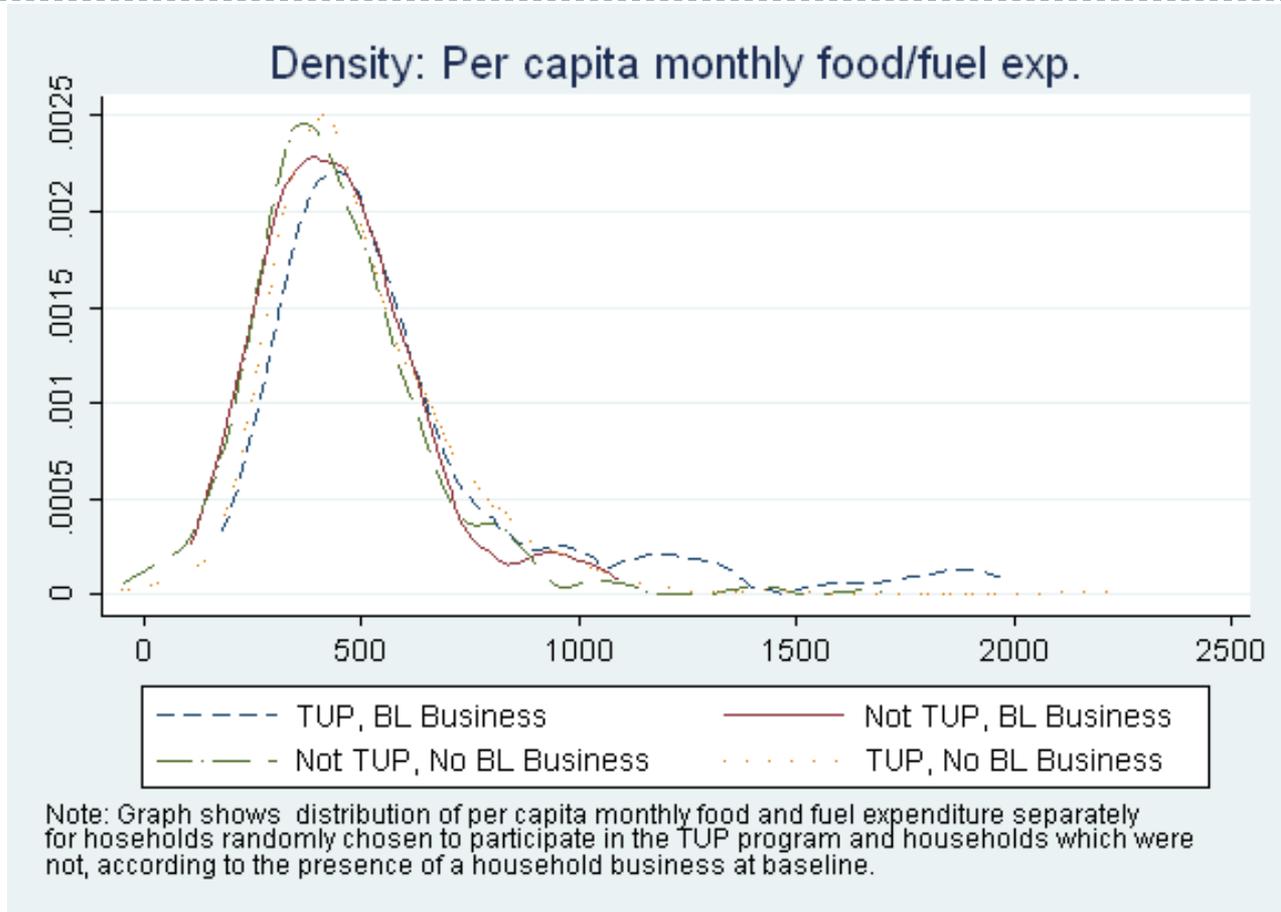
results: time use (cont'd)

Table 12: Effect of Treatment on Adult Time Use

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Time spent household chores	Time spent on leisure activities	Time spent working	Earned from work yesterday	Individual income from labor (if earn)	Individual income from HH business (if earn)	Individual income from outside labor (if earn)
Selected in randomization?	-4.57	2.57	61.25	-0.04	6.01	6.07	1.88
	(7.23)	(2.49)	(10.22)***	(0.02)*	(3.00)**	(2.68)**	(2.86)
Hamlet FEs	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1515	1515	1515	1515	653	653	653
R-Squared	0.1	0.14	0.13	0.12	0.25	0.28	0.29
Mean of dependent variable	232.07	18.14	256.2	0.43	51.25	19.44	27.01

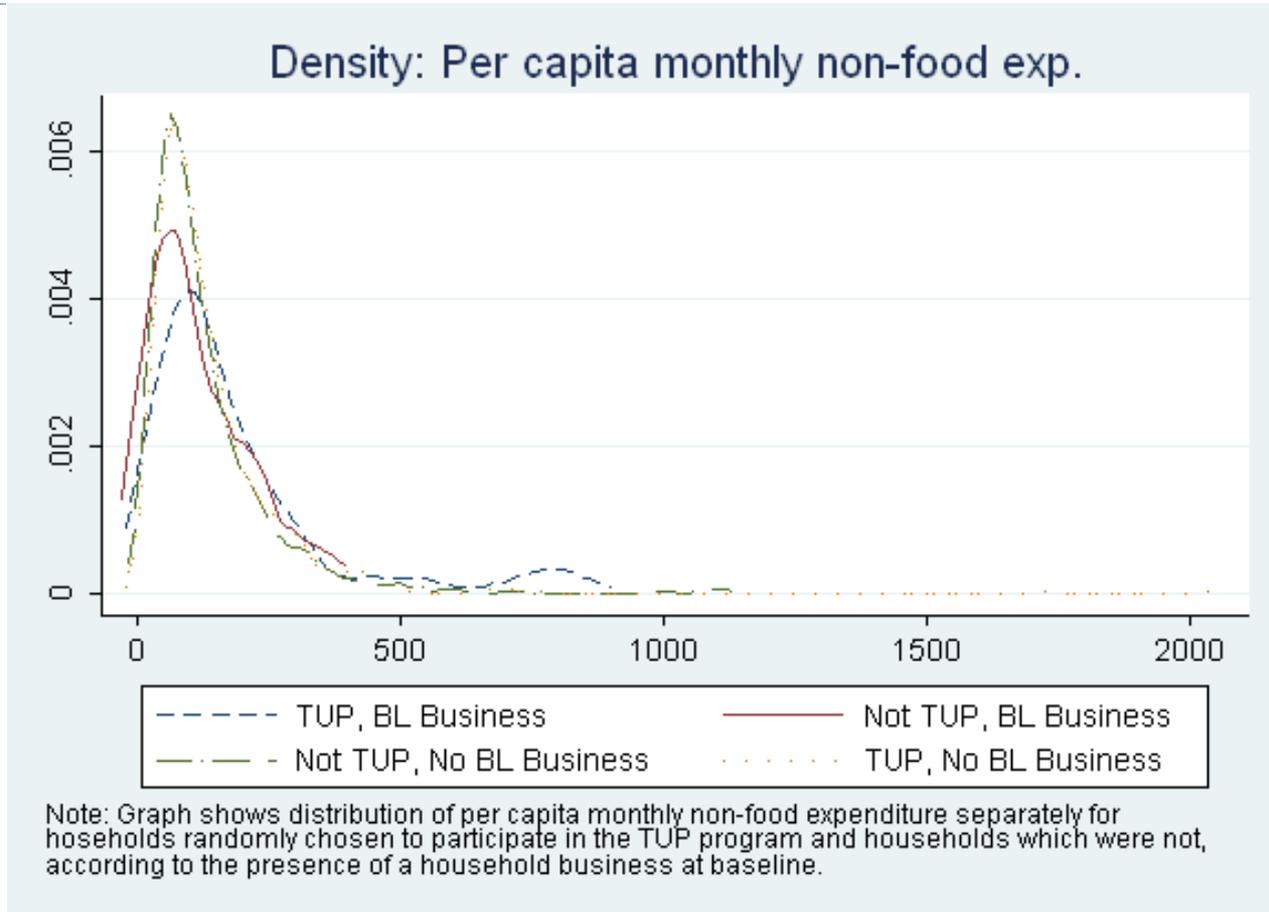
- ▶ difference in time working statistically significant
- ▶ conditional on income in last 24 hours, treatment households derive more income from household non-agricultural enterprises than control
- ▶ no difference unconditionally

impact heterogeneity



- ▶ food consumption results stronger for households having non-agricultural business at baseline

impact heterogeneity (cont'd)



- ▶ indication of higher non-food consumption for households having non-agricultural business at baseline

conclusion

- ▶ positive effects 18 months after asset transfer
 - ▶ on consumption
 - ▶ other measures of well being (food security, emotional health)
- ▶ non-agricultural enterprises appear important in income generation
 - ▶ evidence of heterogeneous effects
- ▶ follow up, examining long run effects and graduation to microfinance (ongoing)

