Pathways out of Poverty for the Ultrapoor

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A three-year study of Trickle Up in West Bengal, India, demonstrated that the program achieved substantial gains for women in income and assets, reductions in hunger and “distress” migration, and increased social empowerment. The program also contributed to positive spillover effects that benefited other community members.

To achieve the Sustainable Development Goal of ending extreme poverty by 2030, it will be necessary to reach the estimated 300+ million “ultrapoor” with proven approaches that help them gain skills, access to capital, and greater voice in decision-making in their households and communities. The ultrapoor exist at the last mile of poverty: they tend to live in remote rural areas; have low and unreliable incomes, few productive assets, and minimal education; lack access to health care and other public services; and face multiple forms of marginalization and discrimination. Unlikely to benefit from industrialization and national economic growth, the ultrapoor are also not always effectively reached by government programs and most NGOs.

The ultrapoor have been Trickle Up’s focus since its origin in 1979, and its programs in West Africa, India, Central America, and other regions have helped hundreds of thousands of families take the first steps out of extreme poverty. Trickle Up provides a structured, carefully sequenced program that includes livelihoods and life-skills training; seed capital to fund new or expanded businesses; self-help groups (SHGs) to mobilize savings, provide affordable credit, and be a source of peer support; and regular coaching and mentoring. Trickle Up follows a methodology called the Graduation Approach, the effectiveness of which has been validated in a major six-country randomized control trial involving 22,000 participants.1

This brief highlights the key findings from a research study designed to estimate the impact of Trickle Up’s Graduation program with 600 participants in West Bengal, India, relative to a comparison group in the same community. The comparison group consisted of 89 households who live in similar conditions of poverty in West Bengal but who did not receive Trickle Up support during the 2012-2015 program. The study draws on evaluation and monitoring data, as well as qualitative assessment. While the study was not immune to limitations with design, data quality, seasonality, and spillover effects, the analysis of results was informed by consultation with partners and participants themselves to ensure accuracy and accountability. The results showed increases in income, savings, and assets, as well as reductions in hunger, reliance on daily wage labor, seasonal migration, and debt to moneylenders. The findings were largely consistent with the large-scale six-country Graduation randomized control trials. For the full evaluation report, please visit trickleup.org/pathwaysreport

Key Findings

1. Engaging in multiple new income-generating activities substantially increases ultrapoor women’s incomes and productivity, and greatly reduces vulnerability.

2. Increased and more reliable incomes, coupled with improved financial literacy and access to financial tools, resulted in substantial gains in ultrapoor households’ savings and assets.

3. Hunger in ultrapoor households decreased dramatically due to engagement in diverse income-generating activities, including agriculture.

4. Socialization with other ultrapoor participants through self-help groups, coupled with increased financial empowerment, significantly increased their ability to engage in community advocacy and household decision-making.

5. The success of ultrapoor participants, particularly in agriculture, can cause positive spillover effects that benefit other community members.

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1 A multifaceted program causes lasting progress for the very poor: Evidence from six countries
Key Finding 1

Engaging in multiple new income-generating activities substantially increases ultrapoor women’s incomes and productivity, and greatly reduces vulnerability

At the end of Trickle Up’s three-year project, participants’ annual incomes increased by $527. Diversifying into multiple productive activities resulted in reduced reliance on casual wage labor and distress migration, as well as increased productivity and income.

Ultrapoor households must often rely on short-term, sporadic wage labor to earn an income. Inconsistent incomes can force families to engage in distress migration, which is often associated with hazardous conditions, risks of sexual exploitation, and long absences from school for children. Diversification into multiple productive activities is important for building alternatives, raising household productivity, and increasing resilience to destabilizing shocks like extreme weather or inflation.

Before the program, 66% of participant households relied on wage labor as a source of income. After completion of the program, only 3% engaged in casual wage labor. Forced migration rates dropped dramatically from 90% of households to only 22% at the end of the project. Annual incomes increased by $527, primarily due to agricultural, small business, and livestock income from the Trickle Up livelihood activities and increased access to MGNREGA, a government program that guarantees a job for 100 days.

While participant households started with a slightly lower annual income than the comparison group, their income at the end of the project was nearly 25% higher. Of the $527 increase among participant households, an estimated $205, or 39%, can be attributed to the program.
Increased and more reliable incomes, coupled with improved financial literacy and access to financial tools, resulted in substantial gains in households’ savings and assets.

Greater economic stability from increased incomes, plus the knowledge and ability to save and borrow safely, enabled participants to prioritize investment in productive assets over immediate consumption needs. This resulted in increased rates of savings and ownership of livestock, motorized irrigation pumps, land for cultivation, and bicycles used to deliver products to wider markets.

Due to their exclusion from economic opportunities and social marginalization, ultrapoor households are frequently forced to prioritize immediate consumption needs over long-term investments in income-generating activities or saving for the future, trapping them in a cycle of extreme poverty. With an increase in reliable income from multiple productive activities, and access to financial tools and the knowledge to use them effectively, women save more frequently. They can start making long-term investments to grow their livelihoods and pay for healthcare and children’s education. Participants increased the total average value of household, land, and livestock assets by $618, up from only $73 at the outset.

As part of the Trickle Up program, women participated in SHGs, where they met regularly to save and use their savings pool to make loans to each other. This resulted in 99% of participants saving on a regular basis, compared to only 10% before Trickle Up. Participants also were able to stop taking expensive loans from moneylenders. By the end of the project, 60% of participants took lower interest loans from their SHGs to grow their productive activities, make household improvements, send children to school, and even participate in important community social functions. Many SHGs also opened formal bank accounts, which increased the total amount that the SHGs could lend to Trickle Up participants.

The average increase in participating households’ assets of $618 is significantly greater than that of comparison group members, who increased their assets by an average of $364. Of the increase in participants’ average assets, $254, or 41%, can be attributed to the program.
Key Finding 3

Hunger in ultrapoor households decreased dramatically due to engagement in diverse income-generating activities, including agriculture

The percentage of participant households that reported sometimes or often not having enough to eat over the past year declined from 45% at the start of the project to only 1% by the end of the project. Participants experienced a substantial increase in consuming more and better foods, which they attributed to increased income from productive activities, the expansion or initiation of cultivation, and increased access to government food subsidy programs.

Hunger and food insecurity characterize populations living in extreme poverty. Hunger takes its toll on the physical health and economic productivity of families, and annual lean seasons can force households to liquidate productive assets and resort to dangerous and undignified coping mechanisms. Improving food security not only enhances the well-being of participant families but also creates the “space” for participants to engage in longer-term, higher-yielding productive activities. And, while government programs to stem hunger may exist, the marginalization faced by families facing extreme poverty often means they lack knowledge of or access to these programs.

Trickle Up households saw significant gains in the ability to eat more and higher-quality meals. The number of participant households who reported “sometimes” or “often” not having enough to eat over the past year decreased from 45% at the start of the project to only 1% of households at finish. In interviews with participants, they attributed these gains to an increase in income from their livelihood activities, the expansion or initiation of cultivation, the addition of kitchen gardens, and increased access to government food subsidy programs.

The decrease in hunger by 44 percentage points for participant households is significantly different from the 22 percentage points experienced by the comparison group, meaning an estimated 22 percentage points can be attributed to the program.
Key Finding 4

Socialization with other ultrapoor participants through self-help groups, coupled with increased financial empowerment, significantly increased their ability to engage in community advocacy and household decision-making

Project households substantially increased their engagement in community advocacy efforts, with 92% of households engaged in some form of advocacy, up from only 1% before participation. Trickle Up women and their households lobbied for improvements to roads or irrigation systems, or took action to confront domestic violence. Women also increased their decision-making roles over children’s education, healthcare and family planning, and finances.

Women’s status within their households and communities ranks poorly in India. According to the UN’s Gender Inequality Index, India currently ranks 135 out of 186 countries in a measure reflecting inequality in achievement between women and men in three dimensions – reproductive health, empowerment, and the labor market. Populations facing extreme poverty are largely from marginalized communities and face prejudice about their ability, gender, and low-caste status; as a result, living in relative isolation has often restricted women’s ability to advocate for access to state entitlements or gain access to formal banking institutions.

As part of Trickle Up’s program, participants were encouraged to engage in group advocacy through their SHGs. Project households lobbied for infrastructure improvements from the government, such as roads or irrigation systems, and took action to address gender justice issues like domestic violence and child marriage. The number of participant households that engaged in group advocacy increased from 1% to 92%. Women also increased their decision-making power within the household, according to an index measuring children’s education, healthcare and family planning, housing, and finances. On an index of 0 to 1, which combined all these domains into one metric, women increased their decision-making roles from 0.27 at the start of the project to 0.63, an estimated 0.24 of which can be attributed to the program.

The increase in participating households’ engagement in group advocacy of 91 percentage points is significantly higher than the 42 point increase in engagement of the comparison group, meaning an estimated 49 percentage points can be attributed to the program.
Participants learn best practices for engaging in lucrative agricultural activities like cucumber and tomato cultivation.

Key Finding 5

The success of ultrapoor participants, particularly in agriculture, can cause positive spillover effects that benefit other community members

Community members in the project comparison group also earned increased incomes from agriculture and livestock rearing, which appears to be a result of observing and implementing the best practices of their Trickle Up neighbors, who were trained in cultivating heartier and higher-yielding crops.

When ultrapoor households engage in agricultural activities, their lack of access to tools, skills, and quality seeds can result in small yields of poor quality crops and loss to preventable or treatable plant diseases. Skills training in productive activities is a core component of Trickle Up’s approach, including how to increase quality and quantity of crops by using fertilizers and irrigation techniques.

Researchers observed a large number of positive spillover effects benefiting other community members as a result of Trickle Up participants’ activities, sharing of knowledge, and “setting an example.” In some cases, participants reported renting out their irrigation pumps to other non-participant community members, increasing the productivity of the community members’ land. Another participant reported starting a seed bank with high-quality seeds produced through cultivation that were then provided to the community, improving the quality of crops for all. The success of Trickle Up participants who grew valuable tomato crops opened the community to new market opportunities when new traders were attracted to their villages to buy produce in bulk.
Lessons Learned & Next Steps

1  **Enhance the cost-effectiveness and scalability of the program**

Coaching appears to have been critical for reinforcing training messages and providing motivation for participants; however, we also know that coaching is the most challenging component to scale and constitutes a significant program cost. We are testing different configurations of delivering coaching, such as through “community resource people,” who are women from the community who can serve as advocates and resources for program participants.

2  **Capitalize on the role of self-help groups (SHGs) as a foundation for development**

SHGs appear to play an important role in building and sustaining the social and financial capabilities of participants. However, the sustainability of SHGs is not guaranteed after the program ends. Trickle Up is exploring if grouping SHGs into federations may strengthen their institutional capacity in the long term and promote their ability to leverage other government services and programs.

3  **Strengthen the enabling environment for the poorest through broader community engagement**

This project reinforced the importance of also working with households who are not in ul apopt poverty, but who are at risk of falling into this category and whose livelihoods can be supported with a less intensive approach. We are currently exploring the impact of a “lighter” Graduation Approach (specifically, the elimination of the grant transfer) with these households. Working with a larger proportion of poor villages also has the advantage of strengthening community level efforts to access infrastructure and other programs that support community-wide improvements in livelihoods. It also aids in bringing about social changes that require community level engagement, such as improving health practices and combatting child marriage.

4  **Scale impact through partnerships**

This and our other projects in eastern India were instrumental in helping Trickle Up establish partnerships with the Jharkhand and Odisha state branches of the Indian government’s National Rural Livelihood Mission in order to support their efforts to effectively engage and serve the poorest people in their communities. By integrating the Graduation Approach into their programs, Trickle Up has the opportunity to continue to learn and contribute to the evidence base on how best to support families living in ul apopt poverty to build sustainable livelihoods and increase their social and financial inclusion, particularly when delivered at scale through government social protection and livelihood programs.
Monica Singh, left, leads her self-help group in West Bengal, India, and serves as a resource for women in her community facing gender injustices.

With support from the Ford Foundation, Trickle Up conducted this project with partner agencies Jamgoria Sevabarta in West Bengal and Network for Enterprise Enhancement and Development Support in Jharkhand. For the complete results of this research, please visit trickleup.org/pathwaysreport.

Trickle Up helps people graduate out of extreme poverty and reduce their vulnerability and exclusion. We work in partnership with local organizations, global institutions, and governments in India, Africa, and Latin America. We focus on how to scale what works, using data and other evidence to measure our results and continuously improve our impact.