

SOCIAL PROTECTION | RESULTS BRIEF



## The Impact of Variations of Ultra-Poor Graduation Programming in Uganda



Helping the ultra-poor develop sustainable livelihoods is a global priority, but policymakers, practitioners, and funders are faced with competing ideas about the best way to reduce extreme poverty. Innovations for Poverty Action conducted a randomized evaluation to test the impacts of diverse components and variants of the Village Enterprise microenterprise program, an integrated poverty alleviation intervention that provides poor households with a combination of cash transfers, mentorship, business training, and support with the formation of savings groups, over a one-year period.

### Key Findings

- Village Enterprise's microenterprise development program led to increased consumption, assets, and income, as well as improvements in nutrition and subjective well-being.
- Cost effectiveness appears high: researchers estimate a full cost recovery within three to four years.
- A cost-equivalent cash transfer appeared to have less promising medium-term impacts on poverty reduction and subjective well-being than the microenterprise program, though estimates are more ambiguous.
- Adding a light-touch behavior change component to the cash transfer changed the investment patterns of cash transfer recipients and improved subjective well-being somewhat, but cannot be characterized as a substitute for the much more heavy-touch training and mentorship interventions of the microenterprise program.
- Overall, the results suggest that training and mentorship components of integrated poverty alleviation programs are sensible and cannot simply be removed (or substituted for cash transfers). But as they are complex, more research is needed on the issue of scaling them while maintaining their quality.

#### RESEARCHERS

Richard Sedimayr, Munchi Sulaiman, and Anuj Shah

#### PARTNER

Village Enterprise

#### TIMELINE

2013-2016

#### SAMPLE

6,378 households

#### COUNTRY

Uganda

#### TYPE OF STUDY

Randomized controlled trial (RCT)

#### SOURCE

Sedimayr, Richard, Anuj Shah, and Munchi Sulaiman. "Cash-plus: Poverty impacts of alternative transfer-based approaches." *Journal of Development Economics* (2019): 102418.

# The Impact of Variations of Ultra-Poor Graduation Programming in Uganda

Helping the ultra-poor develop sustainable livelihoods is a global priority, but policymakers, practitioners, and funders are faced with competing ideas about the best way to reduce extreme poverty. Innovations for Poverty Action conducted a randomized evaluation to test the impacts of diverse components and variants of the Village Enterprise microenterprise program, an integrated poverty alleviation intervention that provides poor households with a combination of cash transfers, mentorship, business training, and support with the formation of savings groups, over a one-year period.

## Key Findings

- Village Enterprise's microenterprise development program led to increased consumption, assets, and income, as well as improvements in nutrition and subjective well-being.

- Cost-effectiveness appears high: researchers estimate a full cost recovery within three to four years.
- A cost-equivalent cash transfer appeared to have less promising medium-term impacts on poverty reduction and subjective well-being than the microenterprise program, though estimates are more ambiguous.
- Adding a light-touch behavior change component to the cash transfer changed the investment patterns of cash transfer recipients and improved subjective well-being somewhat, but cannot be characterized as a substitute for the much more heavy-touch training and mentorship interventions of the microenterprise program.
- Overall, the results suggest that training and mentorship components of integrated poverty alleviation programs are sensible and cannot simply be removed (or substituted for cash transfers). But as they are complex, more research is needed on the issue of scaling them while maintaining their quality.

April 20, 2021