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Article

Tackling psychosocial and capital constraints to alleviate poverty

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Tackling Psychosocial and Capital Constraints to Alleviate Poverty

Many policies attempt to help extremely poor households build sustainable sources of income. Although economic interventions have predominated historically[1,2], psychosocial support has attracted substantial interest[3,4,5], particularly for its potential cost-effectiveness. Recent evidence has shown that multi-faceted 'graduation' programmes can succeed in generating sustained changes[6,7]. Here the researchers show that a multi-faceted intervention can open pathways out of extreme poverty by relaxing capital and psychosocial constraints. The researchers conducted a four-arm randomized evaluation among extremely poor female beneficiaries already enrolled in a national cash transfer government programme in Niger. The three treatment arms included group savings promotion, coaching and entrepreneurship training, and then added either a lump-sum cash grant, psychosocial interventions, or both the cash grant and psychosocial interventions. All three arms generated positive effects on economic outcomes and psychosocial well-being, but there were notable differences in the pathways and the timing of effects. Overall, the arms with psychosocial interventions were the most cost-effective, highlighting the value of including well-designed psychosocial components in government-led multi-faceted interventions for the extreme poor.

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