

Building Pathways out of Poverty in Baidoa

Evidence from a randomized controlled trial at endline

Jessica Leight, Naureen Karachiwalla, Kalle Hirvonen, and Deboleena Rakshit

Overview and study objectives

Somalia is one of the poorest countries in the world, and severe poverty, ongoing armed conflict, and recurring droughts and floods have created a humanitarian crisis characterized by a high level of internal displacement. Baidoa city—the site of this evaluation—hosts 517 sites for internally displaced persons (IDP), with almost 600,000 households, and 64 percent of the individuals living in these sites are women and girls. According to the second Somali High Frequency Survey (Pape and Karamba 2019), IDP settlements (along with rural areas) face a particularly high level of poverty, exacerbated by high unemployment rates and the absence of income-generating opportunities.

This brief reports on endline findings from a randomized controlled trial (RCT) evaluating the project Building Pathways Out of Poverty for Ultra-poor IDPs and Vulnerable Host Communities in Baidoa, an ultra-poor graduation (UPG) intervention implemented by World Vision and funded by the United States Agency for International Development's Bureau for Humanitarian Assistance (BHA). The project seeks to enable ultra-poor internally displaced households to graduate from extreme poverty and begin the upward trajectory to self-reliance for displacement-affected communities by enabling gender-sensitive, context-appropriate, and sustainable livelihoods in an urban setting. IFPRI is collaborating with World Vision to conduct the trial.

The UPG intervention includes an initial phase of unconditional cash transfers disbursed over a nine-month period to stabilize ultra-poor households' food security. At the same time, savings groups were established or strengthened to cultivate a culture of saving and serve as a platform for skills transfer. Income-generating capacity was supported through vocational and financial training and the transfer of start-up kits. Throughout the project cycle, participants also received coaching support on social capital mobilization, financial literacy, and business facilitation.

Box 1: Key findings

The UPG intervention led to a significant shift in economic outcomes for households exposed to the intervention over three years of implementation. They showed higher levels of engagement in income-generating activities, owned more assets, and were more likely to report savings. The poverty rate among individuals in UPG households declined by 25 percentage points relative to individuals in the control arm.

The endline findings suggest that the UPG intervention has generated a range of significant positive effects for households in the treatment arm. Households exposed to the intervention report an increase in the number of income-generating activities they engage in, own more assets, are more likely to report any savings, and are less likely to be identified as extremely poor. Overall, the intervention seems to have been effective in generating a meaningful shift in economic trajectories for these households, at least in the short to medium term.

Evaluation design and sample

The project employs an RCT design in which households eligible for the intervention were randomly assigned to participate in the program or to serve as part of the control arm. Given that the number of eligible households exceeded the target number that could be served by available resources, randomization was identified as a fair method to assign program benefits. Eligible households met two key criteria in the initial vulnerability assessment conducted by World Vision at project launch. First, they were characterized as experiencing moderate or severe hunger according to the Household Hunger Scale, and second, they had resided in the IDP site for at least one month. These criteria were identified as important for program eligibility by the program team and validated by participants and community members through focus group discussions.

The initial vulnerability assessment identified 6,323 eligible households. Ultimately, 5,000 households were enrolled in the sample; the baseline survey (conducted in June 2022) targeted 2,980 of these households for inclusion and successfully interviewed 2,872. Of the 1,323 households assigned to the control arm, 1,244 were successfully interviewed.¹ The realized sample size at baseline for households enrolled in the evaluation was 4,116. In the endline survey (conducted in September–October 2024), 4,089 households were reinterviewed, with a minimal attrition rate of 1 percent.

At baseline, the sample was characterized by a low level of food security and a high level of deprivation: only 5 percent of households reported that all members had eaten three meals daily for the past seven days, and less than 1 percent reported meeting all basic needs for the past month. Virtually no households reported cash savings or access to cash. As expected, IDPs constituted the majority of the sample (93 percent). Host community households constituted 5 percent of the sample, and returnees and refugees constituted 2 percent and 0.5 percent of households, respectively.

The outcomes of interest in the quantitative survey were specified at baseline and are largely aligned with indicators required by BHA, focusing on food security, consumption, graduation, and resilience.

¹ Households that were not interviewed were excluded either because they could not be contacted by enumerators during the designated survey period, or they declined to participate.

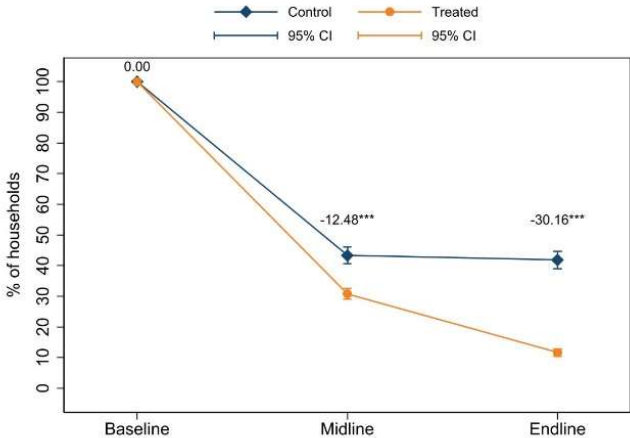
In each survey round, trained enumerators collected data by administering in-person surveys in Somali following the provision of written consent. Qualitative data were also collected at midline and endline to enable both triangulation with quantitative findings and a richer understanding of key mechanisms. This included a series of focus groups with project participants (youth, men, and women), as well as key informant interviews with local stakeholders.

Key findings

Food security

At endline, we observe significant shifts in food security among households exposed to the UPG intervention: the probability that households report moderate or severe hunger according to the household hunger scale declines by nearly 30 percentage points, a reduction primarily driven by moderate hunger (28 percentage points). There is a corresponding increase in the probability of reporting little to no hunger. The largest gains in food security were observed between baseline and midline, with some continued gains between midline and endline. The decline in the probability of moderate or severe hunger is shown in Figure 1.

Figure 1: Evolution of moderate and severe Household Hunger Scale scores



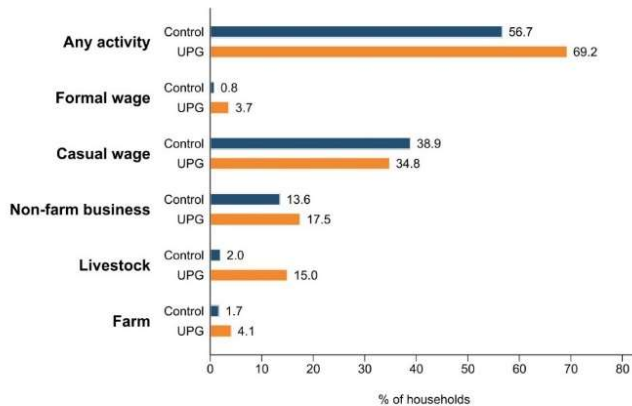
Source: Survey data collected by IFPRI and World Vision.

Note: CI = confidence interval. Numerical labels report the mean difference between the treatment and control arms. Asterisks indicate significance at the ten, five, and one percent level.

Income

Households exposed to the UPG intervention are also significantly more likely to have any income-generating activity (an increase of 13 percentage points), which is primarily driven by an increase in the probability of having income generated from livestock (13 percentage points). These patterns are captured in Figure 2. Treatment households are also slightly more likely to have income from formal wage employment, non-farm businesses, and agriculture, while their reliance on casual wage labor (often a coping mechanism) decreased over time.

Figure 2: Engagement in income-generating activities



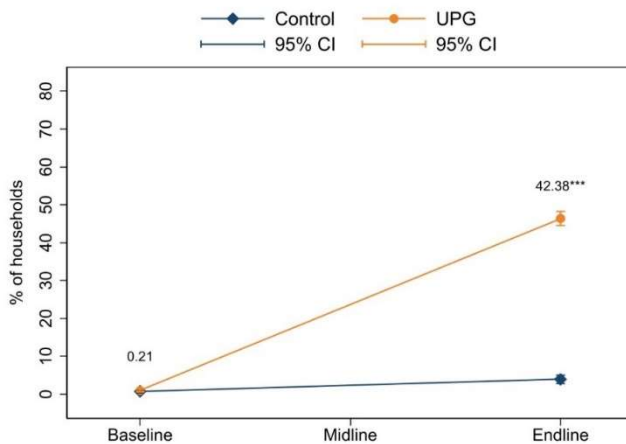
Source: Survey data collected by IFPRI and World Vision.

Note: CI = confidence interval. Numerical labels report the mean difference between the treatment and control arms. Asterisks indicate significance at the ten, five, and one percent level.

Financial inclusion

For household savings, UPG households also show a dramatic shift over time, as shown in Figure 3. At baseline, virtually no households reported any access to any cash savings. For treatment households, access increased substantially over time to reach 42 percent, while for control households, the level barely shifted, increasing to only 4 percent. The probability of reporting credit (not captured in the figure) also increased by eight percentage points for women and six percentage points for men.

Figure 3: Probability of reporting any savings



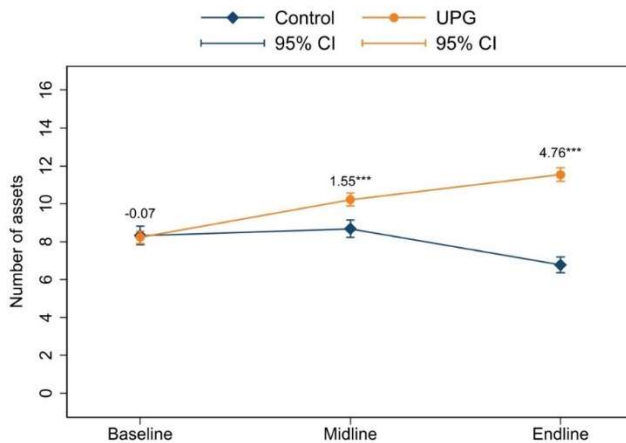
Source: Survey data collected by IFPRI and World Vision.

Note: CI = confidence interval. Numerical labels report the mean difference between the treatment and control arms. Asterisks indicate significance at the ten, five, and one percent level.

Assets

Figure 4 shows trajectories over time for the number of assets. Treatment households show a significant increase in the number of assets owned over time, while for control households, this trajectory seems slightly negative. By endline, the gap in the number of assets owned widened to five.

Figure 4: Evolution of assets



Source: Survey data collected by IFPRI and World Vision.

Note: CI = confidence interval. Numerical labels report the mean difference between the treatment and control arms. Asterisks indicate significance at the ten, five, and one percent level.

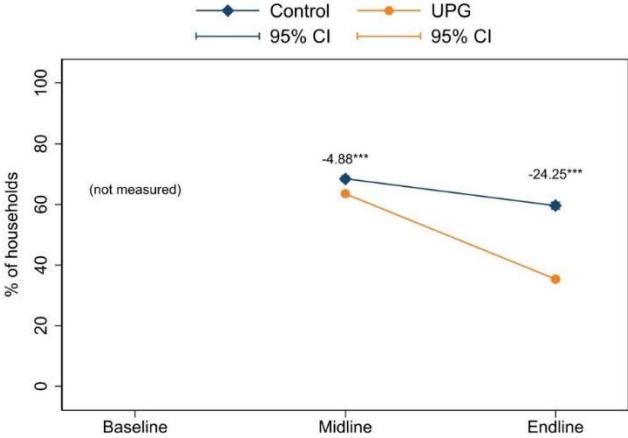
Consumption and poverty

Figure 5 shows the treatment effects for the poverty rate, a binary variable characterized by consumption below the extreme poverty rate of \$2.15 PPP; this variable was not measured at baseline. It is evident at midline that a small treatment effect was already generating increased consumption and lower

poverty among UPG households; by endline, this treatment gap grew considerably. Households in the control arm show a slightly positive trajectory between midline and endline (consumption increasing and poverty decreasing), but this trajectory is significantly sharper in the treatment households, leading to a significant treatment effect. Similarly, between midline and endline, extreme poverty also decreased sharply among both control and treated households. However, the decline was greater among UPG households, with fewer treated households (an almost 25-percentage-point difference) categorized as living in extreme poverty.

The qualitative data also suggests patterns consistent with the quantitative findings with respect to households' shifting economic trajectories. Households exposed to UPG generally report greater food security, a more diverse set of economic activities, and a greater ability to manage shocks compared to non-beneficiary households.

Figure 5: Poverty rates



Source: Survey data collected by IFPRI and World Vision.
Note: CI = confidence interval. Numerical labels report the mean difference between the treatment and control arms. Asterisks indicate significance at the ten, five, and one percent level.

Conclusion

The UPG intervention may be a promising strategy to shift economic trajectories for extremely poor households living in fragile contexts. The evidence presented in this brief suggests meaningful positive benefits for IDP households in Baidoa, Somalia over a three-year period, findings consistent with positive effects of similar graduation model interventions implemented in non-fragile contexts (Banerjee et al. 2015; Bandiera et al. 2017). In particular, the treatment effect on poverty reduction (a decline of 25 percentage points) is notably large relative to existing estimates.

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