

Building Women's Economic and Social Empowerment Through Enterprise in Uganda



Can small grants programs help the most vulnerable women develop sustainable livelihoods? Do employment and poverty relief empower them and improve their lives? This evaluation assesses the impact of a program that gave cash grants and basic business skills training to the poorest and most excluded women in post-war northern Uganda. We observe dramatic increases in business and reductions in poverty. But in spite of these economic gains we see little change in social integration, physical or mental health, or empowerment.

Project Overview

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PARTNERS:

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LOCATION:

Northern Uganda

SAMPLE:

1800 poor young women in
120 villages

TIMELINE:

January 2009-August 2012

THEMES:

Post-conflict, Ultra Poor,
Women

POLICY GOALS:

Understand how to help the most vulnerable women in post-conflict contexts develop sustainable livelihoods.

Investing in women is said to be a key to development. Educate her, buy her a cow or goat, or help her start a business and great things will follow: sustained increases in income, greater empowerment and social inclusion, health and education for the children, and (especially in war-affected regions) mental health and happiness.

In this evaluation we study the impacts of giving cash grants of approximately \$150 and basic business skills training to the very poorest and most excluded women in a war-affected region in northern Uganda. 1,800 mostly poor young women in 120 villages were randomly assigned to a first or second phase of the intervention, allowing us to assess the impacts after roughly 18 months. We also randomly assess the effect of alternative program designs: with and without NGO oversight, and with and without male household members.

CONTEXT OF THE EVALUATION

Twenty years of war and widespread displacement have left the population of northern Uganda impoverished. Young women and girls in particular have suffered economically and educationally from the war. A major worry is that the most vulnerable households will not be able to develop and maintain livelihoods and income without skills, capital, and social networks. In 2007 AVSI Uganda and two of the IPA Investigators surveyed more than 600 young females aged 14 to 35 affected by the conflict in northern Uganda, including more than 200 women formerly abducted by the armed group. The evidence from the survey, along with program experience among NGOs in northern Uganda, suggests that the development of new economic opportunities and building social capital will be crucial ingredients in reducing poverty and improving the health, education and psychosocial well-being of youth, especially young women.

The participants in the first survey, or baseline survey, had an average monthly income of about \$11 (in purchasing power parity, or PPP, terms), and just under \$6 PPP of savings on average. They also had an average of only 2.8 years of schooling. About three-quarters of the sample was illiterate, and only 24% reported having access to even an \$18 loan (in PPP terms). The most common economic activities were farming and casual labor, and on average participants were working about 15 hours a week.



DETAILS OF THE INTERVENTION

The Women's INcome Generating Support (WINGS) program has three core components:

1. Four days of business skills training (BST)
2. An individual start-up grant of roughly \$150
3. Regular follow-up by trained community workers

Additional optional components of the program include group formation, training, and self-support; and spousal inclusion, training, and support. Using records provided by AVSI, we estimate that the total cost of the intervention was approximately \$688 per person.

In order to pursue a randomized evaluation of the intervention, following the baseline survey with all 1,800 beneficiaries in mid-2009, IPA held public lotteries to randomly assign 120 program villages to Phase 1 or Phase 2 of the study. In this way, all beneficiaries were guaranteed to receive the program, but not all at once. This was both beneficial for the study design and was necessary from an implementation point of view as AVSI was already scaling up the program by 300% in order to serve 900 beneficiaries at a given time.

Phase 1 started in mid 2009 and Phase 2 began in early 2011 following the endline survey of all 1,800 beneficiaries in November 2010. By comparing the beneficiaries in Phase 1 to those in Phase 2, who had still not received the program at the time of the endline survey, we were able to estimate the medium-run impacts of the program on our core outcomes of interest: sustained livelihoods, poverty, empowerment, gender-based violence, family education and health, and psychosocial well being.

RESULTS

The results show that the program is especially effective in improving economic outcomes for the women and their households. We do not see any major effect on non-economic outcomes, such as health and empowerment. These results should be viewed against a background of increase peace and development in the post-conflict north.

Cash Earnings Nearly Double

For the average WINGS beneficiary, monthly cash income increased UGX 16,211, a 98% increase over controls. In absolute terms, an increase of UGX 16,211 does not seem large (about \$6.50 a month at market exchange rates). Relative to the average income in the control group, UGX 16,481 (\$6.60), it is substantial, however.

Consumption, Assets, and Savings Increase

Participants in the WINGS program had a 33% increase in household spending, a value of UGX 11,741 (\$4.72). There is also an increase in wealth, and the results imply that WINGS clients substantially increase their durable assets. Meanwhile, savings triple. Savings for program beneficiaries triples on average, going from UGX 40,740 (\$16.36) to UGX 169,862 (\$68.22).

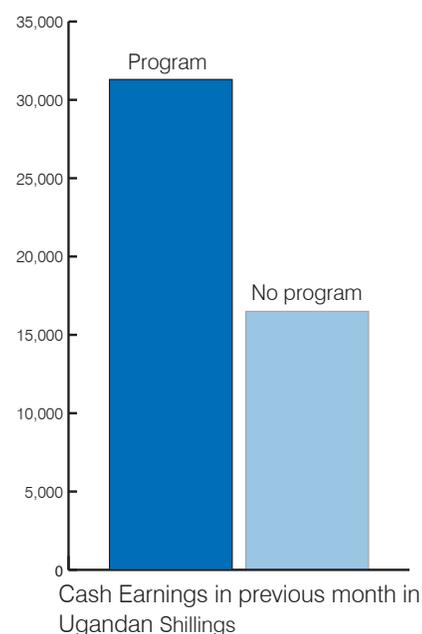
Access to Finance Matters

Inadequate capital and credit is one of the chief drivers of persistent poverty. As in many rural areas, the poor have high earning potential, but little capital and virtually no ability to borrow. Village savings and loan associations are inadequate: like most microfinance, people can only borrow small amounts, for a few months at most, usually at annual interest rates of 100% to 200%.

Phase 1: Randomized 60 communities to treatment and 60 to control. Evaluate overall impact.

Phase 2: 60 control communities treated. Evaluate effect of different program designs:

- (a) with and without NGO supervision and advice-giving
- (b) with and without inclusion of male household members



In this experiment, we see exactly what economic theory predicts if the poor are credit constrained: Those with more access to credit at baseline see fewer gains from the program. This makes sense as richer people with more access to capital would have advanced anyways. Rather, it is those who are the most credit and capital constrained who benefit the most from grants.

Should cash grants be supervised? Do the poor need to be held accountable?

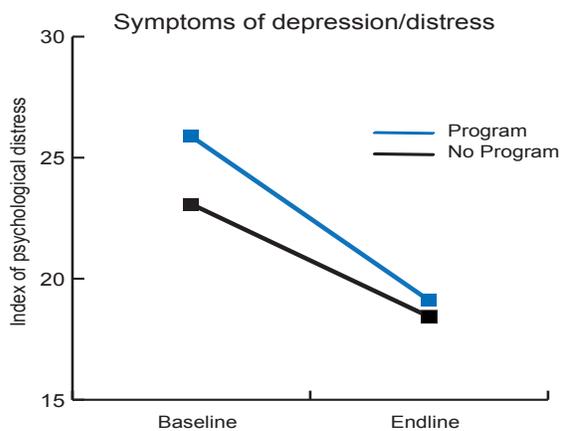
We also evaluated supervision and advice-giving by program officers, to see if oversight increases investment and performance. One third of people received the training and grant and were told officers would not visit them again, a third were told they would receive one or two follow-up visits, and one third were told they would receive three to five visits.

In the short run, expecting follow-up leads people to reduce durable asset purchases a small amount and increase business investment a small amount. But it does not change the long-term pace or patterns of investment.

Those participants who received any follow-up report no increase in consumption or asset measures of poverty, but do report 27% higher cash earnings. In absolute terms the earnings impact is small—about 5,000 UGX per month, or \$2.01. The effect on earnings remains the same for all visits measured past the second visit, suggesting that the value of additional visits is low.

If we focus on the earnings impact (and not poverty), follow-up only narrowly passes some cost-benefit tests, primarily because it is quite expensive. Highly inexpensive follow-up methods could be more cost-effective. See the full policy report for more discussion.

Few secondary effects on health and empowerment



Unexpectedly, we see no significant impact on psychological distress, in spite of the economic success enjoyed by beneficiaries. Both groups report a reduction in psychological distress over time, which is not surprising because the overall quality of life in northern Uganda improved over the period. We also see no improvement in physical health.

Poor rural women are typically targeted in microfinance programs because they are believed to be more likely than men to use the profits to benefit the household, particularly through spending on children's education and health. We see higher expenditure on children's health and education among beneficiaries, small in absolute terms but a large proportional change. But this does not result in an improvement in children's health status or school enrollment (at least after 18 months).

The conventional wisdom also assumes that lending to women will enhance their status in the community and household. Community integration is mixed, with some improvements in social support but also an increase in community hostility reported (discussed further in the full report). Meanwhile, household incomes increase, but we do not see evidence that women become more empowered in terms of household decision-making, independence, gender attitudes, or rates of intimate partner violence. This pattern has been seen before and is commonly referred to as the "impact-paradox."

Does involving men in the program have health and empowerment impacts for women?

One hypothesis for this "impact-paradox" is that the lack of male partner involvement in the program limited opportunities for changes in gender attitudes and behaviors that would lead to women's empowerment. We tested this idea by running the program a second time. Women in the standard program participated as individuals; women in the 'Women Plus' (W+) variant of the program participated with household partners. W+ participants received the same business training as standard participants, but they participated with partners and spent a few hours learning and practicing communication and joint problem-solving skills. The objective of W+ was to give couples skills



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to improve their relationships and to encourage the partners to contribute to the business directly and indirectly.

We found that women participating with partners reported a small but significant decline in symptoms of anxiety and depression (9%) on average compared to women in the standard program. We still did not observe an impact on women's empowerment or physical health, but women in the W+ program did report small but significant gains in relationship skills taught during the training. Partners of W+ participants became better listeners and contributed more to the business than partners of women in the standard program.



CONCLUSIONS

The poorest, most capital and credit-constrained women stand to benefit most from microenterprise start-up assistance

The intervention not only doubled incomes among the very poorest women, but had the largest impact on those with the least assets and access to credit. One reason is that, in the absence of the intervention, the women with initial assets and credit access, however meager, manage to invest and advance. This suggests that future interventions ought to target the poorest and most constrained people with capital.

Cost-effectiveness needs to be considered

While the impacts of the intervention were large, in general they struggle to pass simple cost-benefit tests. We believe it is possible to deliver nearly the same anti-poverty impacts at less cost. While the research design cannot say with certainty, our assessment is that the grant to the women was the most impactful element. It represents, however, less than a sixth of the per-person cost of the intervention. Increasing the ratio of grant to total cost is likely to be one of the best investments in poor women. Overall, we recommend more research to understand the effect of the different components. Perhaps the most important variation to test is the impact of a simple cash transfer versus the more complete intervention. We also recommend a research design that allows measurement of 3 to 5 year impacts.

Empowerment is not simply economic empowerment

Women report benefits to the household in terms of income, consumption, savings, and investment in children, but not greater levels of empowerment.

On the positive side, we do not see any increase in signs of intimate partner violence as a result of increased engagement in the market and higher female incomes. Other studies have reported increases in violence against women, but these are for different programs (usually loans) and are largely based on observational data. Intimate partner violence is difficult to measure, and so we may miss adverse or positive impacts, and it will be important to improve measurement and analysis in future work.

Moreover, some results from involving men in the program are promising. First, involving male partners and training the couples on communication and joint-problem solving led to more partner involvement and support for the business, both direct and indirect, and had a lasting positive impact on the couples' interactions. Second, the combination of income generation plus partner involvement and support had small but positive impacts on women's physical and mental health.

Overall, however, this study (and others) are beginning to show that the relationship between economic improvement and social and psychological outcomes is complex, and that even successful economic empowerment may not translate directly to social transformation. More research is needed to understand how to change multiple outcomes in cost effective ways.

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