

# From Workfare to Well-Being

## A Randomized Evaluation of the Effects of the STEP Labor – Intensive Public Works Program on the Urban Poor in Eastern DRC

The World Bank

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# FROM WORKFARE TO WELL-BEING

## *A Randomized Evaluation of the Effects of the STEP Labor - Intensive Public Works Program on the Urban Poor in Eastern DRC*



*In Bunagana, Goma, the school classroom bears the marks of years of conflict.*

**Photo Credit: World Bank**

### *Did you know?*

Even with the formal end to the Congolese wars, post conflict and fragile states face **enormous challenges** with regards to **growth, human development and security**.

Throughout DRC, **basic infrastructure** such as schools and health facilities **is lacking**, due to destruction and/or a lack of investment.



*A new power line being installed in Majengo, one of the poorest neighborhoods of Goma.*

**Photo Credit: World Bank**

### Context

Instability in the Eastern Congo region over the past three decades has frequently resulted in outright violent conflict with catastrophic results leaving millions of people dead, and millions of others plunged into acute vulnerability. The international community has been actively involved in efforts to end conflict and to support economic recovery in Eastern DRC, as part of broader efforts to re-establish peace and security in the region. The World Bank supports these efforts in part through the International Development Association (IDA)-funded Productive Opportunities for Stabilization and Recovery in the DRC (STEP, in its French acronym), being implemented by the Social Fund of the DRC (FSRDC) in North Kivu, South Kivu, and Oriental Province. The livelihood and employment generation component includes a labor-intensive public works (LIPW) program, which embeds an impact evaluation (IE) study undertaken by DIME.

### Intervention

LIPW programs provide temporary employment opportunities and earnings to vulnerable households and individuals in both urban and rural areas through infrastructure projects, hence improving community assets. Specific program elements including the type of infrastructure projects, the transfer amount etc. may vary by country. While there is extensive literature on the impacts of LIPW with early studies such as Subbarao (1994) finding positive impacts on poverty reduction and income and later ones including Gallaso (2004) reporting opposite results, the evidence on the effects of LIPW programs, comprising additional components and/or implanted in fragile contexts, is scant. This IE will aim to fill this knowledge gap by informing whether LIPW programs combined with training and savings, that seek to increase the likelihood of long-term impacts, effectively reduce poverty among populations affected by violent conflict.

**Targeted Cities:** Bukavu, Goma, Bunia, Beni, and Butembo

**LIPW Activities:** Garbage collection, street cleaning and road maintenance

#### **Project Key Characteristics:**

- Approximately 6000 beneficiaries
- Those eligible (adult and able) enroll to a list stratified by gender
- Paid \$3 a day for working four days a week for 4 months
- A subset of beneficiaries in addition to the public works will also get: i) savings account, and ii) an extensive training program

## Research Questions

1. What is the impact of LIPW on economic outcomes such as income, spending, saving, investment, employment and on socio-psychological ones such as social cohesion, inter-family conflict, mental well-being, the propensity to be engaged in illegal activities and schooling among others?
2. What is the added impact of a training program on the above outcomes?
3. What is the added impact of a training program on the above outcomes?
4. What is the added impact of a training and savings program on the above outcomes?

## Evaluation Methodology

The impact evaluation was designed as a randomized controlled trial to determine what would have happened in the absence of the program. Individuals are randomly assigned to the LIPW program through a lottery. There are four treatment arms and a control group with the below sample sizes:

1. LIPW- 500 Individuals
2. LIPW plus training- 500 Individuals
3. LIPW plus savings- 500 Individuals
4. LIPW plus training and savings- 500 Individuals
5. Control- 500 Individuals

## Census Survey



**Setting:** Urban

**Location:** Five largest Congolese cities in Eastern Congo: Beni, Bukavu, Bunia, Butembo, and Goma  
**Sample size:** 3727 Individuals

## Preliminary Findings

Baseline results show that the typical household in the sample is poor, the data implying that the median HH lives below US\$1 per day, with necessities accounting for over 80% of expenditures. This is exacerbated with lack of predictable income stream, with half of sample facing unemployment. They also face financial barriers in accessing education and health services as well as starting their own businesses.

The social cohesion outcomes fare better although psychological ones such as mental stress do not fare well. A minority, less than 10% of the sample, has engaged in conflicts, however, those who have come mostly from migrant populations. One-third of the sample belongs to associations, which reflects strongly on the household's resilience. The sample reported high levels of trust in family members and neighbors.

### Demographic



- The median **household** in the sample has **6** members
- In **74%** of households, one individual+ **fell ill** in last year
- The median **schooling attainment** is **4th year** of secondary school

### Economic



- US\$82 is **monthly consumption**
- **12.5%** of households have **savings**
- **41.7%** of respondents has a **job**
- **Men & those educated** more likely to have **job**
- **84%** report **lack of financial means** as main barrier to micro-business creation
- **35%** of sample received **some professional training**

## Gender Component

Given women generally receive fewer employment opportunities and fare lower in employment outcomes compared to their male counterparts, the LIPW program includes a **50% male and 50% female gender quota** to select individuals into the program.

## Policy and Program Lessons

LIPW is a popular social-safety net model across developing countries because of the presumed socio-economic impacts but program design is critical:

- The target population is poor and underemployed so they are likely to respond positively to the \$3per day program. The transfer amount should be tailored to the target beneficiaries.
- The data highlights that the population faces capital constraints and savings are low which prevents them from coping with shocks. Hence it is beneficial to test out different program elements and focus on program design that is in line with the local context.
- Since the target population has low education, low professional training and are engaged in small businesses/self-enterprises, it may be beneficial to offer extended training, however, it is important to focus on the design of the skills training and weight the tradeoffs between keeping it generic to basic skills or catering to specific skills.

## Social & Psychological



- **31.4%** of sample HH have **one member+ in associations**
- **83%** of sample **voted in 2011 elections**
- **13.5%** of respondents suffer from **low self-esteem**