Graduation models for the extreme poor: Evidence from BRAC’s programs in Bangladesh and Southern Sudan

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September 03, 2010
Background on BRAC’s approach for the extreme poor

- BRAC initiated a targeted programme for the extreme poor in collaboration with WFP and the Government of Bangladesh in 1983
- Reached nationwide with the Income Generation for Vulnerable Group Development (IGVGD) programme
- Launched the ‘Targeting Ultra Poor’ (TUP) programme in 2002
- During it’s second 5-year phase TUP is reaching 800,000 households
Why graduation model?

- The extreme poor are not ‘just poorer than the poor’
- Social safety nets are mostly protective
- High probability of adverse incorporation
- Aspiration failure
Income Generation for Vulnerable Group Development

Source: Matin and Hulme (2003)
Targeting Ultra Poor (CFPR/TUP)

Source: Graduation Program, CGAP
Food for Training and Income Generation (FFTIG)

- Participant selection
  - 6 branches in Juba
  - Selection by community
  - Indicators (female headship, housing, dependency ratio)
  - Verification
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- **Evaluation**
  - Randomized control trial
  - 500 participant households and 549 control households
  - Baseline in 2008
  - Follow-up in 2009
Impact results

- Income declines by about 20%
- There is no structural change in participant’s earning activity
- Decline in child labour and small improvement in enrolment
- Improvement in housing condition
- No major change in household assets
- Private transfers receipt does not decline
- Participants are more likely to give out transfers
### Components of Targeting Ultra Poor (TUP) program

<table>
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<tr>
<th>Component</th>
<th>Purpose</th>
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<td>Integrated targeting methodologies</td>
<td>Effective targeting of the extreme poor</td>
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<tr>
<td>Income generating asset transfer</td>
<td>Build economic asset base</td>
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<td>Training and regular refreshers</td>
<td>Ensure good return from asset</td>
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<tr>
<td>Technical follow-up of enterprise</td>
<td>Ensure good return from asset</td>
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<tr>
<td>Provision of inputs</td>
<td>Ensure good return from asset</td>
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<td>Weekly stipends</td>
<td>Reduce opportunity cost</td>
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<td>Health support</td>
<td>Reduce costly morbidity</td>
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<td>Social development</td>
<td>Awareness of rights and justice</td>
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<td>Mobilizing local elite support</td>
<td>Create an enabling environment</td>
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The thrust is for enterprise development

- Building enterprise
  - Asset transfer as grant
  - 3-5 day class-room Training and monthly/quarterly refresher
  - Hands on Training throughout 24 month period
  - Technical support and input supplies
  - Weekly stipend for short term income support

- Health supports to avoid distress sales of assets
  - Promotive, Preventive
  - Limited curative care
  - Financial Assistance For mild and severe morbidity

- Social Development
  - Social awareness for attitudinal change
  - Community mobilization assists asset protection
Change in average per capita annual income

Per Capita Annual income

2002 2005 2008

TUP
Comparison
Impact and sustainability

- Average ‘impact’ on per capita annual income by 2005 was Tk 980 (2002 price)
- Estimated impact increased to Tk 1640 by 2008
- Significant improvement was observed in savings, assets holdings, calorie intake and health
Community based ‘Change Ranking’

- Rich
- Non-poor
- Moderate Poor
- Ultra Poor

Change score

Groups
Graduation model for the extreme poor
Food transfer: S. Sudan
Asset transfer: TUP

Community based 'Change Ranking'

![Bar chart showing change scores for Rich, Non-poor, Moderate Poor, and Comparison (NSUP) groups. The Rich group shows the highest change score, followed by the Comparison group. The Moderate Poor group shows a negative change score.]

Program description
Findings
Replication/pilot of the model

- Bandhan - India
- Fonkoze - Haiti
- SKS - India
- Trickle Up - India
- ODEF and Plan - Honduras
- Pakistan Poverty Alleviation Fund Partners - Pakistan
- Asociación Arariwa and Plan - Peru
- Relief Society of Tigray - Ethiopia
- Social Fund for Development and Social Welfare Fund - Yemen
Early results from Bandhan (Banerjee et al, 2010)

- Consumption increased by 20%, which is over Rs 1,000 per capita annually
- No impact observed on expenditure on pan, tobacco or alcohol
- Increased savings (on average Rs. 22 a month)
- Beneficiaries score higher on an index of financial autonomy
- No crowding out effects, either on Government or private transfers
Some additional thoughts

- Asset transfer is not completely new
- The key is a comprehensive approach with a clear exit strategy
- Intergenerational poverty: Enrolment and child labour