

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

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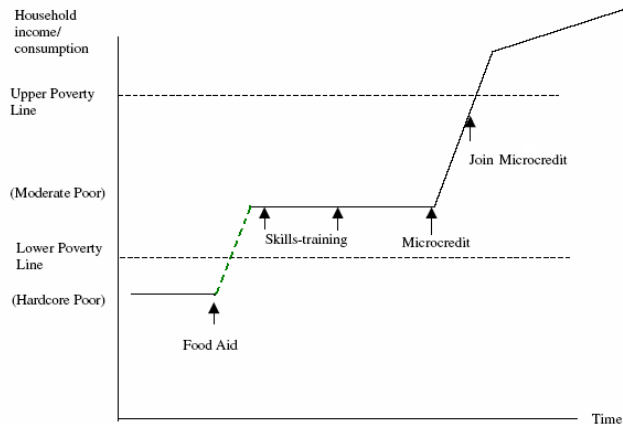
## Background on BRAC's approach for the extreme poor

- 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 its second 5-year phase TUP is reaching 800,000 households

## Why graduation model?

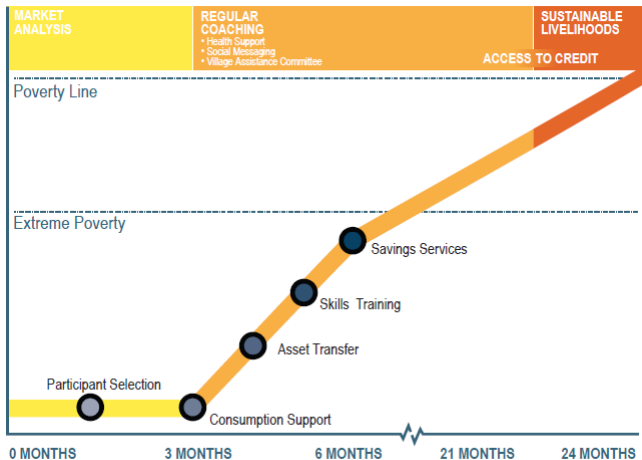
- The extreme poor are not 'just poorer than the poor'
- Social safety nets are mostly protective
- High probability of adverse incorporation
- Aspiration failure

# Income Generation for Vulnerable Group Development



Source: Matin and Hulme (2003)

# Targeting Ultra Poor (CFPR/TUP)



Source: Graduation Program, CGAP

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  - Access to financial services
- 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

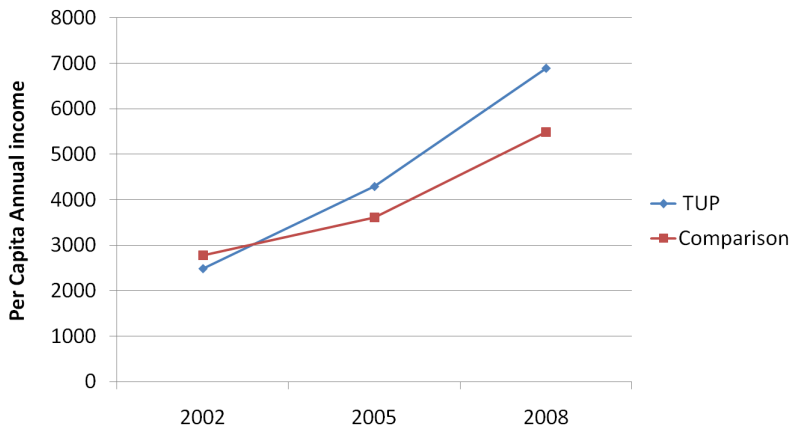
## Components of Targeting Ultra Poor (TUP) program

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

# 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

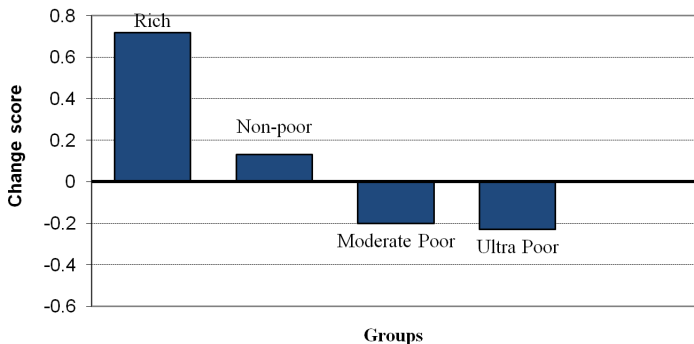
## Change in average per capita annual income



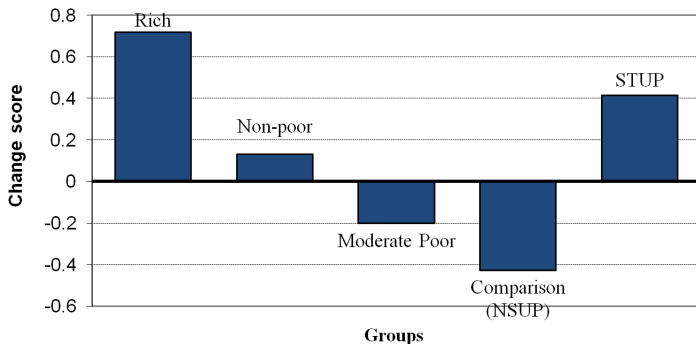
## Impact and sustainability

- 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'



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## Replication/pilot of the model

- Bandhan - India
- Fonkoze - Haiti
- SKS - India
- Trickle Up - India
- ODEF and Plan - Honduras
- Pakistan Poverty Alleviation Fund Partners - Pakistan
- Asociacin 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