BRAC’s Graduation Approach to Tackling Ultra Poverty: Experiences from Around the World

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Founded in 1972 in Bangladesh, today BRAC is one of the largest development organizations in the world with **115,000 staff** serving **138 million** people in **12 countries**.

Where do we work?
BRAC’s approach for addressing poverty and other social injustice

- **Economic development and social protection**
  - Microfinance, Agriculture and food security, Enterprises and investments, Targeting the ultra-poor

- **Expanding horizons**
  - Education, Migration

- **Empowerment**
  - Community empowerment, Gender Justice and Diversity, Human Rights and Legal Services

- **Well-being and resilience**
  - Health, nutrition and population; Water, sanitation and hygiene, Disaster, environment and climate change
BRAC’s Scale and Diversity (2016)

Population Coverage: 138M
Annual Expenditure: 932.4M
Employees: 115K
Community Health Workers: 111K
Schools: 45K
Graduated Students: 11.2M
Borrowers: 4.8M
Women Received Assets: 525K
Received Legal Education: 3.9M
A lot more to be achieved…

• **In our collective endeavor to**
  – ‘End poverty in all its forms everywhere’ (SDG 1)
  – ‘End hunger, achieve food security and improved nutrition and promote sustainable agriculture’ (SDG 2)

• **In Bangladesh**
  – About 30-40 million people live below the lower poverty line
  – 15 million below extreme poverty line (*the ‘ultra poor’*)

• **Globally**
  – About 800 million people do not have enough food to lead healthy active life
Eradicating extreme poverty.

- SDG1: By 2030 eradicate extreme poverty for all people everywhere

- Requires a ‘big push’ from proven interventions like Graduation and CCTs that can reach the extreme poor and go to scale.

- Graduation could act as an important locomotive to reaching SDGs.

- Graduation helps most vulnerable escape extreme poverty and move closer to formal social protection provision.
What is the Graduation Program?

In 2002, BRAC pioneered the TUP program in Bangladesh to **improve** the **resilience** of the ‘ultra poor’ and effectively address the worst forms of poverty.

Since then, enrolling 100,000 new participants each year, BRAC has **scaled** the Graduation approach, as it is now known, graduating **1.7 million** households (6.8 million people) with a projected reach of **2 million households by 2020**.
Who are the Ultra Poor?


The ultra poor are the poorest subset of the extreme poor, living on significantly less than $1.90/day (perhaps less than 70 cents in Bangladesh).

MULTI-DIMENSIONAL CONSTRAINTS FACING THE ULTRA POOR

- Chronically food insecure, eating less than 1,800 calories where the minimum is 2,000-2,500 based on gender, despite spending 80% or more income on food
- Disconnected from mainstream government services such as school feeding and public works programs
- Most vulnerable to health shocks and natural disasters
- Live in geographically isolated, hard-to-reach areas
- Underserved by markets and unaffected by economic policies
- Lack community acceptance, confidence, support systems
- Predominantly a female-headed household in community with restrictive social norms
BRAC designed a model to address these challenges

THE ULTRA-POOR GRADUATION APPROACH

PREPARATION

GRADUATION APPROACH

OUTCOMES

Market analyses and client selection/targeting

0 MONTHS
12 MONTHS
24 MONTHS

Savings
Financial Literacy and Savings Accounts

Health Care
Home visits from Health Professionals/Doctors Referrals & Medications

Social Integration
Community Mobilisation/Village Poverty Reduction Committees

Hands-on Coaching
Weekly Home Visits/In-classroom Training

Sustainable Livelihoods
✓ Increased Assets
✓ Food Security
✓ Savings & Financial Inclusion
✓ Better Health
✓ Increased Social Capital
✓ Productive Skills
BRAC relies on a triangulated targeting approach, including a participatory wealth ranking exercise, poverty mapping, and household surveys.

1. **Poverty Mapping**
   - Use poverty maps to identify areas with severe poverty and deprivation.

2. **Wealth Ranking**
   - BRAC helps the community draw a map of all the households, ranking each one from poorest to wealthiest based on their own criteria.

3. **House Surveys**
   - BRAC visits the lowest ranks of the poorest households to verify the data collected from the community.

4. **Participation Selection**
Following an in-depth market analysis, participants work with their coach to select an enterprise for which they receive a package of assets such as cows, goats, chickens, etc.
STEP 03
Consumption Stipend

To allow the client breathing room and time to start earning income from her assets, she receives a consumption stipend and in some cases a food item to supplement her diet.
As food consumption stabilizes, clients are encouraged to begin saving, even if only in small increments, either semi-formally through self-help groups or formally with a financial institution.
STEP 05
Technical Skills Training

Upon selecting her enterprise, each client receives technical training in how to care for her asset and generate income from running her business.
STEP 06
Life-Skills Coaching

Regular visits from a coach provide clients with ongoing training, consistent progress monitoring and support, as well as vital self-confidence to succeed.
Healthcare

Coaches act as the first line of defense in identifying potential health needs and connecting clients to available resources.
Clients increase their social standing and receive guidance on integrating better with their community. Here, a village poverty reduction committee, organized by BRAC, conducts a regular monthly meeting, after clients have graduated, to help clients address various issues they face.
Cost of Graduation in Bangladesh

Break down of programme costs:

- Asset Transfer: 48%
- Technical and Life Skill Training: 19%
- Community Mobilization: 4%
- Health Care Support: 3%
- Stipend: 26%

In Bangladesh, interventional + operational costs over 2 years:
Approx. 500 USD

Projections estimated 01/2016.
Based on 2016-2020 intake, 564,139 participants.

Amounts subject to currency fluctuations.
Graduation occurs when households achieve a series of milestones in economic and social advancement.

**Bangladesh Graduation Criteria:**

- **Food Security**
  - Access to nutritious meals (2/day)
- **Economic Resilience**
  - Multiple sources of income (3)
  - Increased value of assets (doubled)
  - Improvement in home condition
- **Improved Health Practices**
  - Use of sanitary latrine and clean drinking water
- **Social Inclusion and Empowerment**
  - Engagement in household decision-making
  - Attendance at community events
- **Positive Behavior Change**
  - School enrollment for children
  - Absence of under-age marriage
  - Use of family planning

**What does it mean to ‘graduate’?**

Graduation does not constitute an exogenous exit nor does it signify crossing a specific income threshold.
What happens after graduation?

Graduation aims to enhance the visibility of the poorest, providing a ‘big push’ and placing them on an upward trajectory from extreme poverty and towards, not out of, formal government protection and social services.

In this way, Graduation aims to contribute to the progressive realization of rights and can be used as a strategic complement to social protection systems.
In Bangladesh, roughly 95% of participants achieve graduation at the end of the two year period with the majority maintaining those improved conditions 7+ years later.

Beginning in 2006, CGAP and the Ford Foundation launched a series of pilots to investigate the external validity of the approach across the globe.
Global Graduation
2006-2014: 10 pilots spanned 8 countries. Six completed RCTs to determine three-year impacts.

Across pilots, every group of economic outcomes improved significantly relative to the comparison group immediately after the two-year program ended (Endline 1), and saw similar gains one year later (Endline 2).
KEY RESULTS:

Relative to comparison groups, per capita household consumption increased by 5.8%.
KEY RESULTS:

Total asset ownership also increased significantly in all sites—except Honduras.

Honduras Failure: Illness with main asset. Large fraction of chickens, which most households received as their productive asset, died due to illness (bird flu).
KEY RESULTS:

Savings also increased significantly and persistently across countries, and households expressed improvement in self-reported well-being.

In pooled estimates from Ethiopia, Ghana, Honduras, and Peru, households saved 156 percent more than the comparison group.
Graduation adaptation to fragility: South Sudan

During the first six months into pilot, conflict and instability increased, resulting in hyperinflation (from 21.3% to 91.3%) and migration to more remote villages without assets.

More productive and secure livelihoods:

- 97% increase in annual consumption
- 71% access at least 2 income sources
- Saved $12.40 more than control
- Assets worth $65.99 more than control
- 53.3% of their children less likely to be underweight compared to control
What are the long-term effects of Graduation in Bangladesh?

Since launch of Graduation, BRAC set out to discover the long-term effects of the TUP program through a seven-year study led by the London School of Economics.
7 years later, ultra poor continue to advance at a steady rate.

Key Findings

- Significant increases in work productivity and household assets
- Access to more stable and secure employment leading to positive expansion of occupation choice
- Builds resilience and enables faster recovery from shocks
- Promotes social cohesion and gender empowerment
- Substantial reduction in economic inequality in the village setting
Across a range of indicators, the program reduced economic inequality gaps at the village level.
Impact on nutritional status
“Much of the news about global poverty is depressing, but this is fabulous: a large-scale experiment showing, with rigorous evidence, what works to lift people out of the most extreme poverty.”

- Nicholas Kristof

*The New York Times*
Globally, an estimated 40+ Graduation programs have been designed to suit a variety of contexts.

- Post-Disaster Contexts
- Refugee Populations
- Conflict Contexts
- New Technology
- Government Implementation

Map courtesy of CGAP, Dec 2015
Integrated (Graduation-type) logic in national social protection systems?

• Integrated logic of Graduation has occurring elsewhere.

• **Ethical Family Income** (Chile, 2012 (previously *Chile Solidario*).
  - An integrated anti-poverty (laddered graduation) approach.
  - Combines a CCT and UCT, information, skill-development, and psycho-social support delivered through a social worker.

• Over time *Prospera* has moved beyond cash alone and incorporated other programmatic dimensions. Now has linkages with:
  - Health and nutrition,
  - education and mentoring
  - access to higher education and formal employment & access to financial services.

Both *Prospera* & BRAC recognize multidimensional poverty requires multifaceted response!
The poorest households are able to sustain growth over time, reducing the inequality gap with the non-poor;

Households are able to save and invest in productive assets and non-durables, thereby building greater economic resilience; and

Households increase access to land, improving social standing and ability to pursue productive activities.

It’s a one-time investment.

Concluded: What does this mean?

For the bottom-most on the economic spectrum, a ‘big push’ intervention may provide critical leverage to upward mobility for the ultra poor.
How is BRAC advancing the agenda?
Now entering Phase IV, the TUP program in Bangladesh continues evolving, including adaptations for urban and climate change response, nutrition-focused outcomes, and mobile payment processes, etc.

Learning from our flagship program, BRAC has expanded its contribution to:

Direct Implementation:
- Expansion into BRAC operations in Africa (e.g. 2016 Uganda Youth pilot now launched)
- Design adaptations of the model:

Technical Assistance and Advocacy:
- Consulting to governments, multilaterals and implementing organizations
- Creating guides, tools, and training materials and workshops

Research:
- Testing new questions for optimizing Graduation 2.0
- Cost recovery? Reducing frequency of home visits
Join us in the movement to end ultra poverty.

Visit [www.ultrapoorgraduation.com](http://www.ultrapoorgraduation.com).

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