



Assisting the Poorest in Bangladesh: Learning from BRAC's Targeting the Ultrapoorest Program

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Context - Bangladesh

- Bangladesh has been doing well.
- Headcount poverty down - 52% (1983/4) to 40% (2000)
- HPI down from 61% (1981) to 36% (2004)
- Economic growth at 5 to 6% pa over last 15 years
- Democracy, rapid recovery from disasters, infrastructure (roads and bridges – especially Jamuna)
- But 36% of rural population in chronic poverty despite RMGs, green revolution, remittances, MFIs, NGOs
- 25-30 million people – spatially concentrated (North-west, haors, chars, coastal) and socially (widows and deserted women and casual labourer households)

Context - BRAC

- 1972 - established as a relief NGO by Fazle Abed
- 2009 world's biggest NGO – 11 million clients, US\$500 million turnover, 60,000 F/T staff, 62,500 P/T teachers
- Microfinance, health (ORT), NFE, HRLE, social dev't
- Private businesses – cold store, printers, ISP, shops, bank
- BRAC International – 5 African and 3 Asian countries, USA, UK
- Tremendous experimentation/ learning capacity and service delivery capacity (effectiveness, efficiency, expansion)

ORIGINS OF THE ULTRAPOOR PROGRAMME

- BRAC recognised in 1990's that its commercial (microfinance) and subsidised services (NFE, health) rarely reached the poorest – Prof Yunus is wrong!
- BRAC'S Income Generation for Vulnerable Group Development (IGVGD) programme – food aid, group mobilisation, savings schemes, graduation to microfinance - was only providing temporary relief for many participants (few graduates, 30% no change on exit, high 'repeat' rates)
- Began experiments with its 'Challenging the Frontiers of Poverty Reduction/Targeting the Ultrapoor' (CFPR/TUP) initiatives for the economically active poor in 2002.
- BRAC saw the problem as 'how to 'graduate' the ultrapoor into standard BRAC programs'?

CFPR/TUP Program

- Specially targeted ultrapoor (STUP) – full package (services and assets)
- Other targeted ultrapoor (OTUP) – (services but no asset transfer)
- Other components – research, health, HRLE, NFE in urban areas, urban poor experiments

CFPR/TUP Status - 2008

Phase 1 (2002-2007)

- 100,000 STUP h/holds and other activities
- US\$ 65 million (mainly donors)

Phase 2 (2007-2012)

- 100,000 STUP and 100,000 OTUP h/holds by 12/2008. Target of 800,000 h/holds by 2012 and other activities
- US\$ 223 million (mainly donors)

STUP Program Components

- **Integrated targeting** – PRA map, wealth rank, interview. select, verify
- **Weekly stipend** to provide livelihood security for 18 months (previously food aid)
- **Social development** – functional literacy, confidence-building, awareness of rights
- **Health support** – reduce morbidity & vulnerability
- **Enterprise training** – ensure asset returns

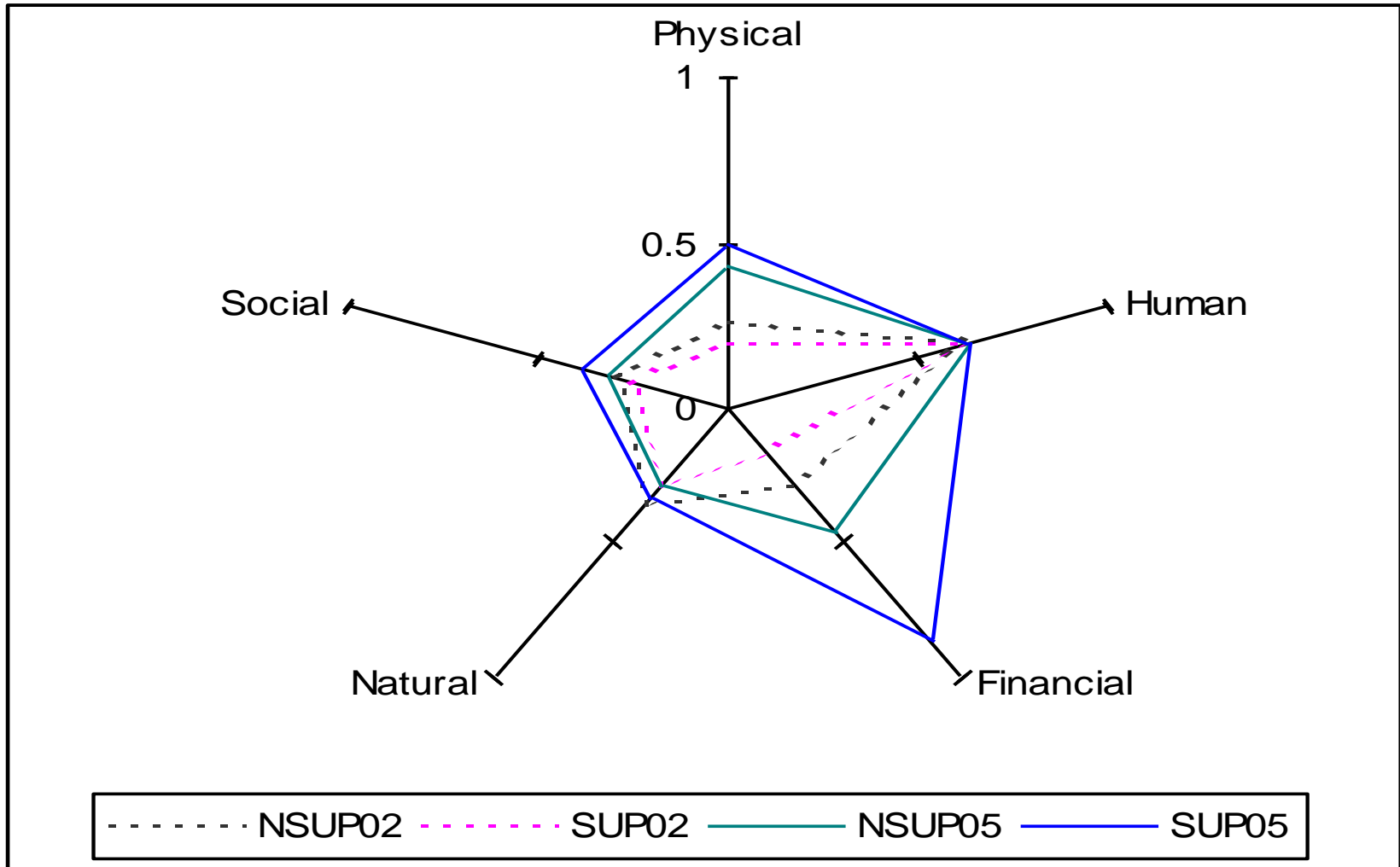
STUP Program Components

- **Asset transfer** – grants in-kind to transform the household asset base and income. Livestock packages (cows, goats, chickens and ducks), horticultural projects and others
- **Inputs, technical support & follow-up** – to ensure good returns from asset and reduce failures (vaccines, feed)
- **Social organisation** – establishment of a Village Assistance Committee (GDBC) of local elites, BRAC PO and STUP reps to support STUPs (and other poor). It protects STUPs, draws down local government inputs/services and mobilizes local philanthropy
- **STUP village organization** – VO for microfinance

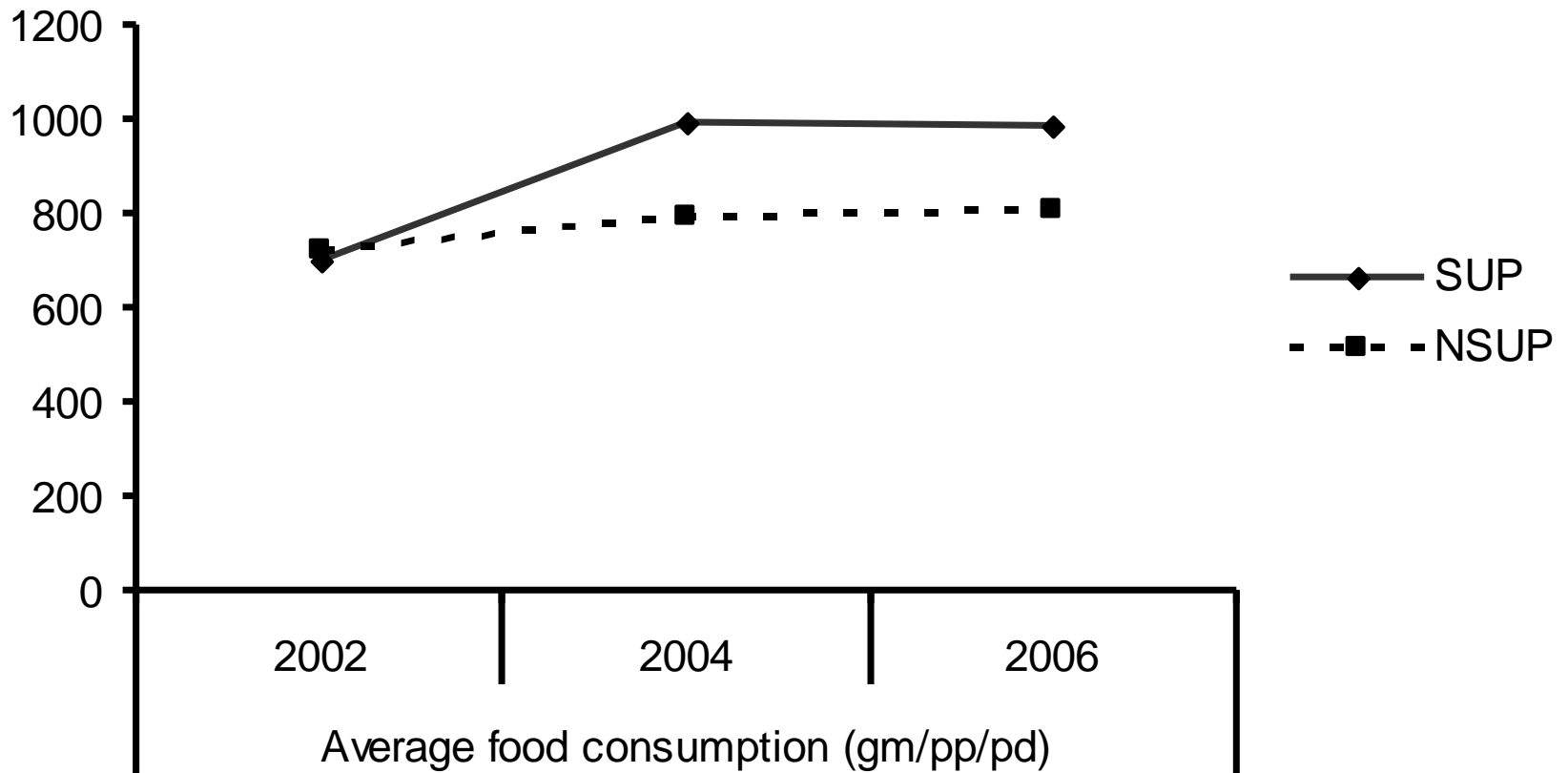
DOES IT WORK?

- BRAC's Research and Evaluation Department (RED) runs a panel dataset and is also conducting regular subjective assessments - www.bracresearch.org
- Panel tracks Selected Ultrapoor households (SUP's) who participate in the programme and Not Selected Ultrapoor households (NSUP's)
- SUP's and NSUP's were both ranked as in 'poorest' group in their village before programme start-up. NSUP's were left out of the programme because they were close to the poorest/poor cut off line
- Over 2002 to 2007 SUPs>NSUPs in
 - access to land
 - physical asset accumulation
 - access to credit and accumulating savings
 - social and legal awareness
 - nutrition and calorie intake

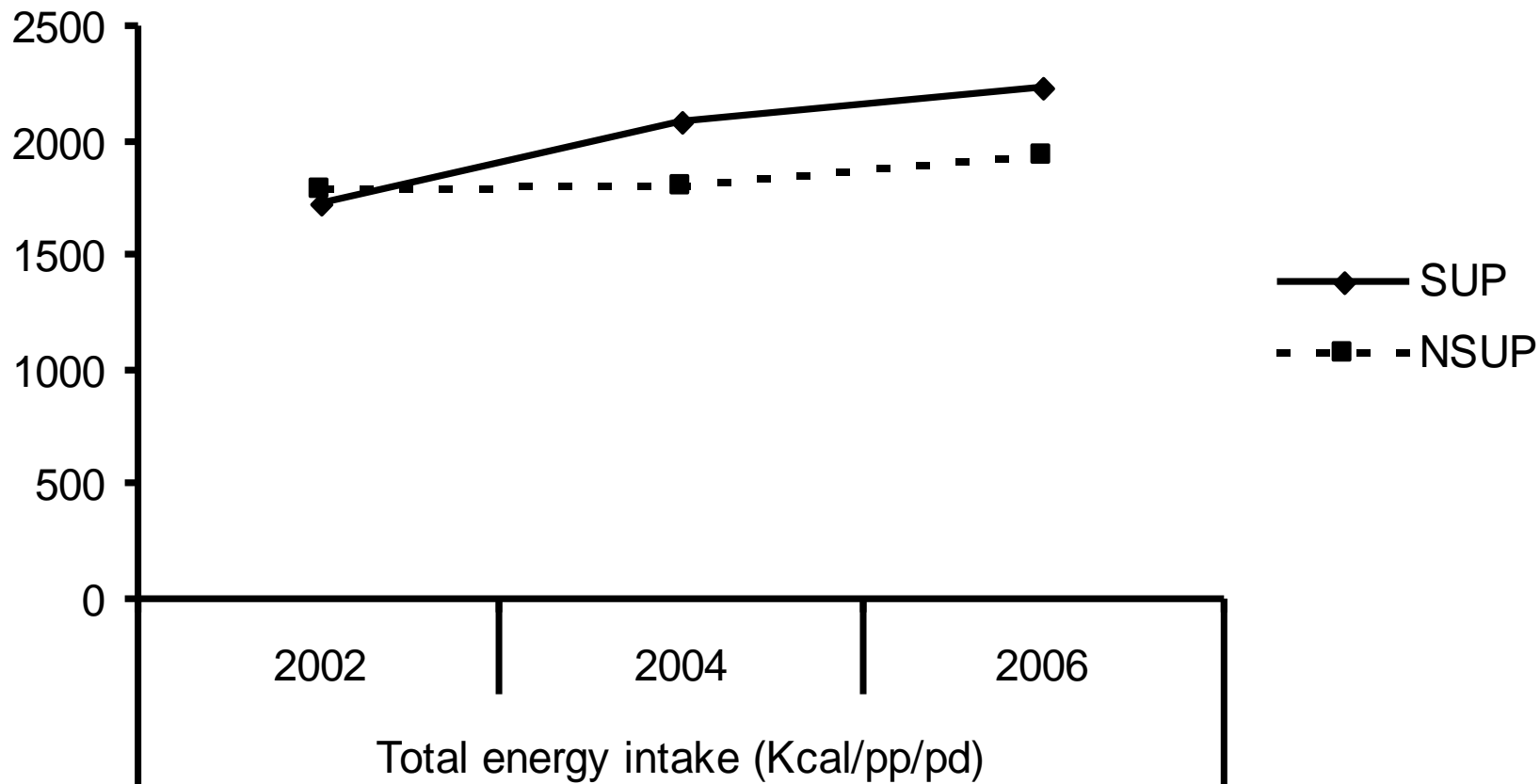
ASSET PENTAGON DYNAMICS: SUP's and NSUP's



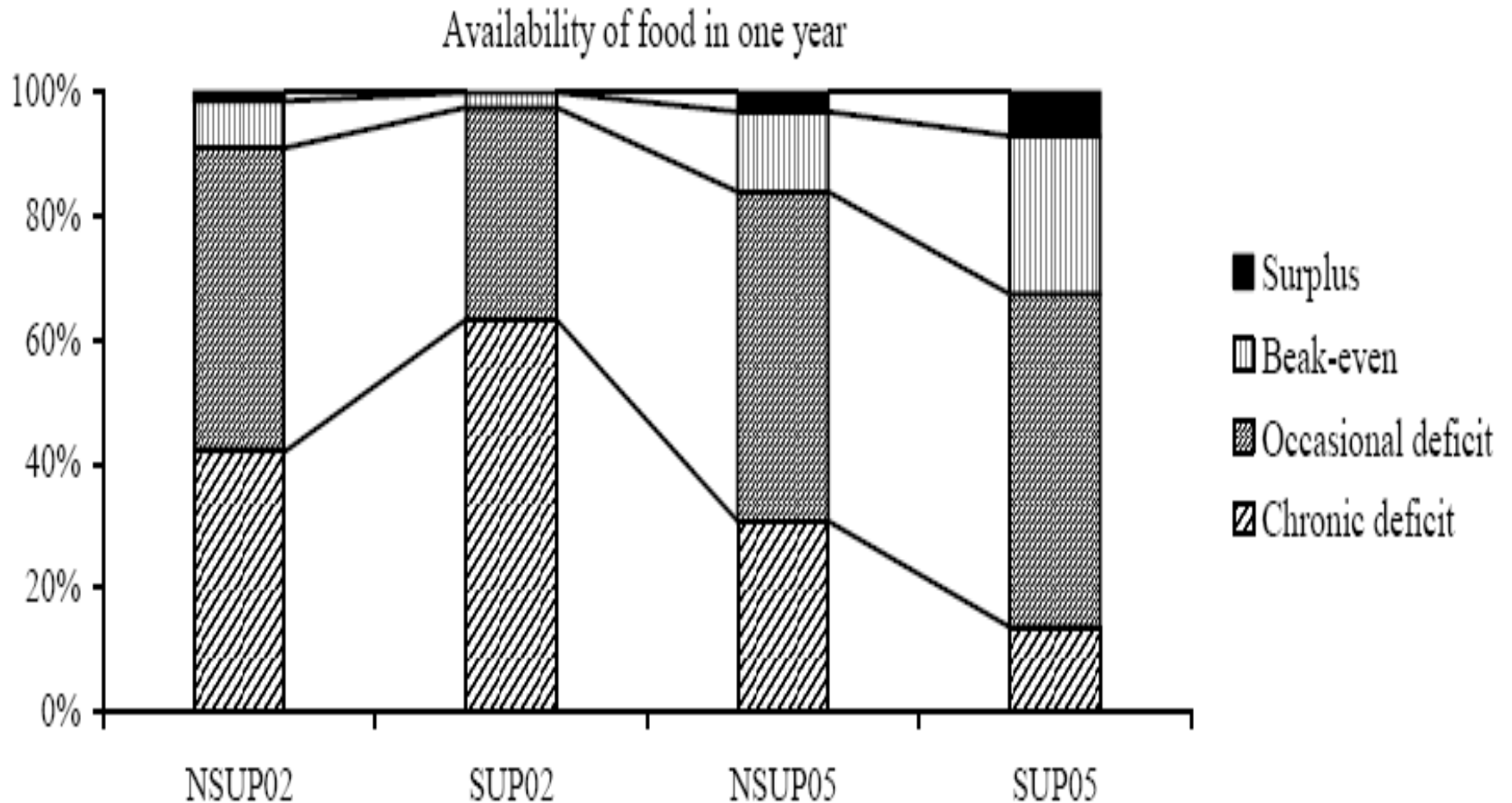
FOOD CONSUMPTION: SUP's and NSUP's



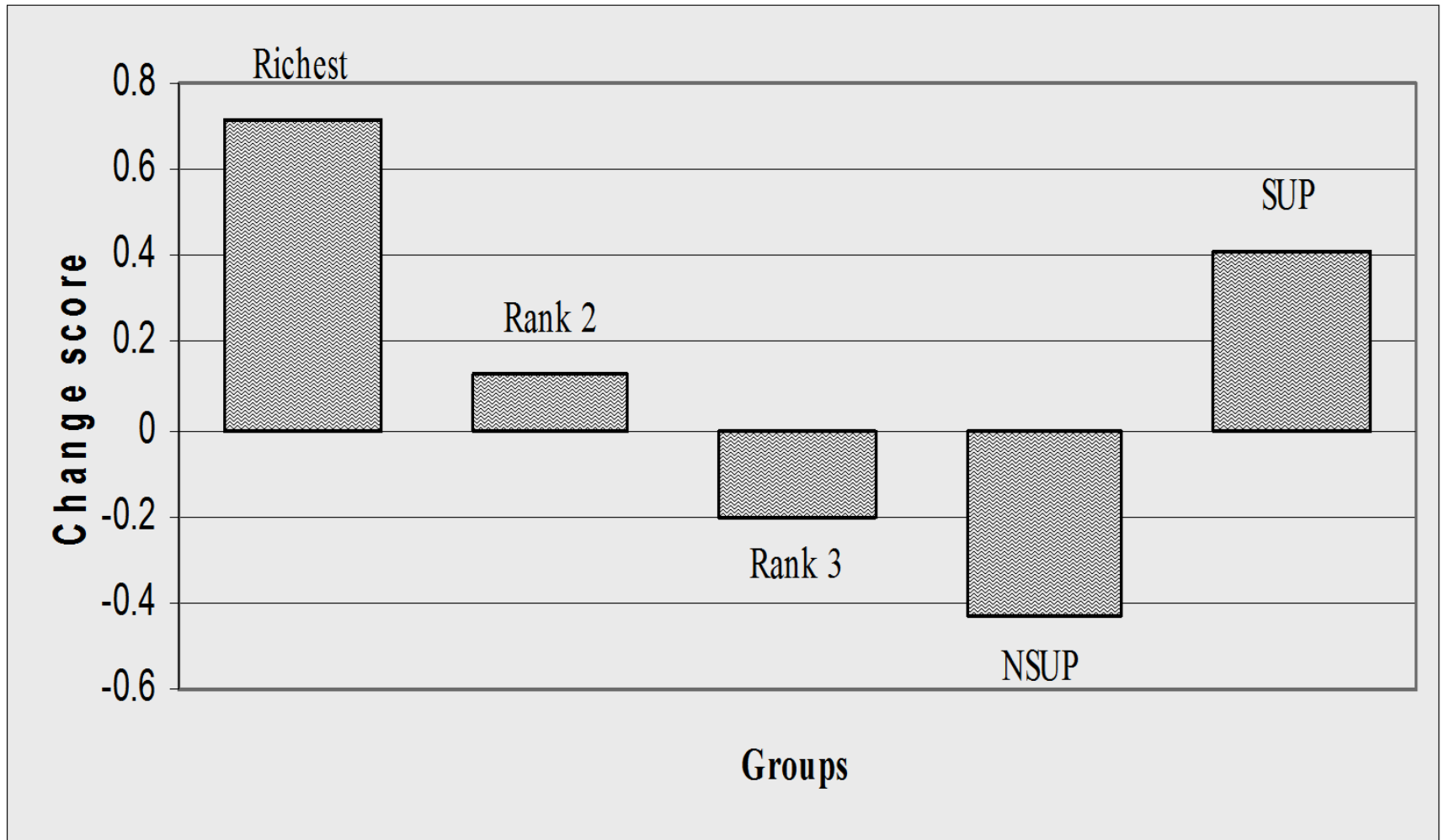
ENERGY INTAKE: SUP's and NSUP's



SELF PERCEPTION OF FOOD SECURITY



COMMUNITY ASSESSMENT OF VILLAGE POVERTY DYNAMICS



STUP as an investment

- Graduation – runs at 90% (achieve at least 5 out of 7 criteria) – not BRAC VO entry
- Unit costs – in 2002 and 2003 ran at \$460 per h/hold. By 2008 at \$268 per h/hold – still not cheap!
- Cost/Benefit – 2007 analysis reported high return (by the economist who said negative return in 2003)
- Knowledge creation - being copied by other programs (DFID Chars program)

ISSUES AND CONSTRAINTS

- **Little or no beneficial impact on children** – school enrolment rates and u-5 nutrition. Not stopping inter-generational poverty. Is it too soon or are there intra-household constraints?
- **'Its too expensive'** – only 3,730 households per \$1 million (13,000 to 15,000 people). What's the comparison? Other donor financed programmes in Bangladesh? UK (or US) daily defence expenditures?
- **Viability of post-STUP microfinance** – STUP M/F groups smaller than BRAC VOs (20 against 30/35) and smaller loans (35% smaller). May need cross-subsidy or higher interest rates...for the poorer!
- **Sustainability of GDBC**s – village support groups

Lessons – Design Features

- **Laddered strategic linkage** of services and goods (requires great technical capacity)
- **Asset transfer** (redistribution by stealth)
- **Monitor** and reduce costs and impact assessment (essential to persuade donors)
- **Local institutional development** – most challenging feature. Village assistance committees with pro-poor elites (a revolution for BRAC) and STUP VOs

Lessons – Process Features

- **Learning process** – gifted, informed, hands-on managers/directors guiding a high risk experiment. Research, monitoring, impact assessment (diaspora strategy)
- **Business-like approach** – unit costs, staff client ratios, operations standardization, MIS
- **Social norms** – staff inculcated with a sense of mission and ‘esprit de corps’
- **Partnerships** – careful selection (and rejection) of donors; recruitment of academic partners (Manchester and LSE); rural elite

Conclusions

- The **economically active poorest can be assisted** by well-designed programs
- Asset transfers work – some thought this ‘crazy...welfare dependency’. Instead we have ***conspicuous re-investment*** by the poorest.
- Village Assistance Committees – **cast-off the old knowledge about monolithic rural elites**, in Bangladesh ‘things have changed’.
- **Process approach** - think through and act out
- **Caution 1** – Needs capacity (the BRAC factor)
- **Caution2** – Does not reach all ultrapoor (chars and inactive). Systematic social protection is also needed.



MORE INFORMATION

- www.bracresearch.org
- [**www.manchester.ac.uk/bwpi**](http://www.manchester.ac.uk/bwpi)
- I.Matin and D.Hulme (2003)
'Programs for the Poorest',
World Development 31 (3), 647-665