

Tackling extreme poverty: from Bangladesh to a Global Agenda

In a high-level meeting at BRAC, Syed Hashemi, director of BRAC's Development Institute shared his enthusiasm about increasing global interest in tackling extreme poverty. Eight years before, while working at the Consultative Group to Assist the Poor (CGAP), he had approached several donor agencies, including the World Bank, to share the results of BRAC's Targeting Ultra-Poor (TUP) model, an innovative two year package of social and financial services that graduated households out of poverty and sustained the change years after the program had ended. He had been met with skepticism that the model would work outside of BRAC and Bangladesh.

Hashemi, was convinced of the model's effectiveness and he observed that BRAC, primarily through the efforts of Rabeya Yasmin, the architect and manager of the TUP program, was already helping an organization in Haiti replicate the model. In 2006, Hashemi helped launch the CGAP-Ford Foundation Graduation Model Consortium which created a network of partners that implemented adaptations of BRAC's model and conducted rigorous impact assessments. Programs were established in eight countries, several of which had supported thousands of families to move out of poverty.

By 2013, the scenario had changed greatly. Eradicating extreme poverty was the focus of donors and global policymakers. World Bank President Jim Kim announced that eradication of extreme poverty was in reach and would become a major focus of the Bank's work. While BRAC's program remained the largest by far, graduating over 415,000 households in 2012 alone, CGAP and Ford Foundation were now armed with proof that the model worked in other countries around the world.

How could the body of evidence and experience translate into global action to eradicate extreme poverty?

Expanding BRAC's reach to the poorest

Since its inception in 1972, BRAC, the world's largest NGO, had been focused on helping poor households and communities develop and achieve greater self sufficiency. Its earliest programs were established in some of the most remote corners in Bangladesh and aimed to create local economic development, education, and health opportunities that extended to vulnerable and marginalized families. Over time, however, it became clear that most of its activities, including its microfinance initiatives, were benefitting the "middle" poor, but failing to reach those who were truly at the bottom of the pyramid in a meaningful way. One project that was particularly instructive was the Income Generation for Vulnerable Group Development initiative that started in 1985. BRAC provided skills, health and legal rights training, and small loans to poor women who were already receiving a monthly supply of food from the Government of Bangladesh and the World Food Program. Despite the holistic packaging, it was clear that microfinance was not accessible to ultra poor families.

In 2002, BRAC developed a program specifically focused on helping the ultra poor graduate into a more stable economic and social situation. A high-level group of BRAC's leaders and international experts, including its founder and chairperson Sir Fazle Hasan Abed, Martha Alter Chen of Harvard, and Martin Greeley from the Institute of Development Studies, Sussex, worked together to design a model that was truly distinct from previous attempts to address ultra-poverty. This initiative was called, "Challenging

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the Frontiers of Poverty Reduction: Targeting the Ultra-Poor” Program (TUP). Rabeya Yasmin, who had been working in BRAC’s rural development programs since 1995, was chosen as its leader.

Rabeya knew that the TUP program would need to integrate a range of social and economic support to address the complex needs of the target population. Many of the ultra poor experienced chronic uncertainty and stress, about needs as basic as when and where their next meal would come from. Most owned no land, and lacked a household member that consistently earns wages. Children from ultra-poor households rarely enrolled in school. Significantly, ultra poor households often experienced extreme social isolation—their community’s elites, middle class, and even poor people preferred not to speak with them or be associated with them. The social networks that could offer informal protection and opportunity shut them out. In this context, daily survival often became a singular focus, and planning for the future is difficult.

The first activity for the program was correctly identifying the poorest members of a community. In every village where it worked, BRAC’s program organizers conducted a participatory rural appraisal (PRA), which is a technique that relies on the community to identify its poorest members. This was important because without this assistance, BRAC staff may not be able to correctly identify them on their own. Also, this process engaged the community and helped them feel ownership over the results.

Once the households were selected, BRAC primarily interacted with the women of the households. They received four primary components of support for the next two years. They were: asset transfers and stipend; training; health care; and community mobilization. BRAC’s experiences with the ultra poor in the 1980s had convinced them that households needed cash and loan-free assets. The TUP model included a weekly income stipend. This reliable source of cash removed some of the stress and uncertainty out of participants’ everyday lives, making it easier for them to spend time on the other aspects of the program. BRAC paired the stipend with the transfer of an asset, such as a cow, goat, or chickens to enable the household to generate its own income sustainably. Participants also received training about their asset so that they could increase its value.

The ultra poor were more likely than the rest of the population to suffer from health problems. When a participant or her family members experience health problems, it made it more difficult for the household to thrive. BRAC’s existing infrastructure of services, such as education, health, and sanitation, were extended to TUP members. In the case of health, the standard fees that clients paid to BRAC’s community health worker were covered by BRAC. Participants could also receive reimbursement for basic care received from other providers.

BRAC realized that the TUP program would not be effective without the support of the community elites. As a result, they organized village poverty reduction committees that engaged local leaders and community members. The committee also provided a local support and protection mechanism for the program, ensuring that assets were not stolen or diverted, and indirectly contributed important social approval. Ultra-poor households interacted with the committee at meetings, helping to mitigate the social alienation and offer opportunities for better local relationships. On a broader level, BRAC conducted advocacy campaigns to advance pro-poor policies.

Perhaps most important was the provision of “handholding” and coaching. BRAC’s program organizers visited each participant weekly. Program organizers built a rapport and trust with the members, treated them with respect, and encouraged them. They also coached them with their financial decisions and provided health information. They encouraged them to plan for the future and set goals for themselves.

In the final months of the two-year program, BRAC program organizers also provided a confidence-building training.

Looking for evidence of impact

Gaining support from donors for such an ambitious undertaking took significant efforts from BRAC's leadership. It was considered an experiment, and therefore conducting an assessment in parallel to evaluate its effectiveness would be crucial to securing future funds. BRAC's Research and Evaluation Division (RED) conducted an impact evaluation. It found that BRAC's TUP program had very positive results. Participation in the TUP program was found to have significant positive impacts on per capita household income. The magnitude of this impact was sustained and increased over time, even eight years after the program ended. Participating households' food security increased as a result of their participation. Qualitative research suggested that participant women's confidence, determination, and asset management skills all improved as well.

The early results were so promising that there was an interest in applying more rigorous scientific methods. In 2007, the London School of Economics and BRAC's RED launched a four-year randomized control trial to assess TUP's impact. The results confirmed the findings of the first study, but with significant increases in credibility. The authors' conclusions included:

Two years into the program, the participant women retain the assets they were given and change their occupational choices accordingly. On average, these women increase the hours devoted to self-employment by 135%, decrease the hours devoted to wage-labor by 14%, increase total hours worked by 38%, and increase labor force participation by 13 percentage points. Taken together, this change in occupational structure is associated with an increase in income of 36%, which results in an increase in standard welfare measures such as food security (42%), per capita expenditure on food (5%), price per calorie (3%) and per capita expenditure on non-food (22%). Most importantly, the findings suggest that the increase in welfare is due to the transformation of occupational structure rather than to a consumption boost due to the asset transfer.

Not only was the program's impact immense, but the program was relatively inexpensive. Per participating household, the cost for the two-year program was US\$325. According to a study conducted by BRAC's RED program in 2008 and later cited by Rabeya in an article in the *Journal for Social Business*, the benefit-cost ratio is 5.07.

Taking the model global

As the wider development community began to learn about the TUP program and research findings, a few individuals grew excited about the opportunities of replicating this model beyond Bangladesh. In 2005, leadership of the Haitian organization Fonkoze visited BRAC's programs, and subsequently invited Rabeya and three other international experts in extreme poverty eradication to inform the development of their new strategy. These invited experts spent the first few days visiting rural Haiti to understand the local context, then individually prepared a proposal that they presented to the organization's leadership. Fonkoze found Rabeya's suggestions and the TUP model compelling, and shortly afterwards they came to visit Bangladesh to learn more. Unfortunately, BRAC could not provide intensive support to Fonkoze without financial resources.

The Consultative Group to Assist the Poor (CGAP), an active supporter and advocate for innovative methods of financial inclusion, was working at that time to test models and identify solutions for the

ultra poor. They were particularly inspired by the idea that individuals could “graduate” from poverty—that through a combination of financial support and non-financial services, such as livelihood training they could develop a sustainable livelihood. One member of this team was Syed Hashemi, a Bangladeshi with personal and professional ties to BRAC. He recalled, “What excited me about the TUP program was first, its focus on the poorest—those normally left behind in conventional microfinance programs, and second, that it takes into account the ecosystem—concerning the economic, social and health needs of the ultra poor—with the goal of graduating individuals from poverty rather than merely sustaining them.”

Together with the Ford Foundation, who was also very keen to support this type of innovative approach, CGAP approached several donor agencies to introduce them to the model and create an advocacy effort to convince policy makers to replicate it. However, many were skeptical that the program would be effective in other contexts. CGAP and the Ford Foundation realized that without more diverse implementation experience, coupled with robust evidence that the model effectively pulled people out of poverty sustainably, it would be difficult to persuade many leaders to invest in helping the ultra poor.

CGAP introduced Rabeya to Trickle Up and Bandhan, two organizations in India interested in developing a program for the ultra poor in West Bengal. After that, they contacted Rabeya directly to invite her to India to help them design and establish their programs. Over the coming months, she visited them multiple times to help them develop their policies and strategies.

In 2006, CGAP and the Ford Foundation teamed up to create the Graduation Program, which funded pilot projects in different countries. At the beginning, there were four participating programs: Fonkoze from Haiti, Trickle Up and Bandhan from India, and the Pakistan Poverty Alleviation Fund (PPAF). CGAP supported these organizations’ leadership to visit Bangladesh and learn from BRAC. For example, there were many organizations in Pakistan that were interested in TUP program; a delegation of executive directors visited BRAC for several weeks and spent time in the field seeing the program. Rabeya also visited Pakistan twice to help the organizations think about how to adapt the model for their context.

CGAP offered to fund the technical assistance provided by BRAC for Trickle Up, Bandhan and Fonkoze. Other organizations, some on their own initiative and others encouraged by CGAP, requested an opportunity to visit BRAC’s programs and learn first-hand about the model.

Also keen on establishing the TUP model’s evidence base, CGAP and the Ford Foundation hired researchers from the prestigious Abdul Latif Jameel Poverty Action Lab (JPAL) at the Massachusetts Institute of Technology; Innovations for Poverty Action at Yale University; and New York University to conduct the necessary randomized control trials to demonstrate causality in household outcomes.

Getting programs up and running internationally

An important part of BRAC’s effectiveness had been attention to the specific realities of ultra-poor families in rural Bangladesh. Likewise, all learning consortium members would need to determine how to apply the principles underpinning BRAC’s model to their own context. In addition to the exposure visits, several consortium members requested onsite technical assistance from BRAC, which CGAP supported. In the case of Fonkoze, a BRAC staff person spent two years in Haiti as they implemented and adapted the model. Another regional manager from BRAC spent six months with Bandhan in West

Bengal. Some graduation consortium members had very little or no direct interaction with BRAC, and instead learned about the approach directly from CGAP.

Consortium members varied in their assessment of the TUP model and the ease of replicating it. Suma Reddy, who worked with SKS at the time, recalls it as quite straightforward. However, its linkages to other BRAC programs—from health to enterprise—intimidated other organizations. Trickle Up's India Country Director, Jui Gupta, reflected, "During my trip to Bangladesh in 2006, I saw how many different BRAC programs helped to support the initiative. As a small NGO, I was initially concerned about our ability to replicate this." Nonetheless, Trickle Up moved ahead with its replication of the model. For them and others, BRAC often provided significant technical support down to minute operational details: budgeting, development of training and supervision materials, staffing structures, staff training, and appropriate management information systems.

While partners were encouraged to emulate BRAC's model, they were also given great flexibility to experiment and adapt it. They were required to maintain a holistic approach and discuss plans for change with the consortium. Local context motivated many of the new strategies, but organizational philosophies, capacity, and their own theories of change also played a large role in implementation.

The cash stipend was a particularly controversial component of the model. Bandhan provided the stipend and felt that this was one of the key reasons for their program's success. A former SKS employee recalled thinking from the start that a stipend was something that they would never provide; it was antithetical to SKS's philosophy. Others took a more experimental approach. Trickle Up's Jui Gupta, described a continuous process of tweaking the amount and time period of the stipend. Initially it was provided for 5-6 months, and when it ended, members complained that they had not been clearly informed about its limited duration. Later, after meeting with the NGO partners, they decided to limit the funding to the "lean season"—the two months of the year when ultra-poor households faced acute food shortage. One reason for this decision was they knew that with limited funds in the pilot, they wouldn't be able to continue to provide the same amount during the scale up phase. The staff also harbored suspicions that the money was not being utilized for maximum impact. In 2013, some Trickle Up program leaders still felt that this piece of the model required further exploration and research.

The amounts of the asset transfer also varied across organizations. Initially Trickle Up planned to provide \$100 USD to each member for an asset transfer. CGAP encouraged them to increase the amount to \$200, but Trickle Up headquarters didn't agree, because their other international programs did not provide participants with such large amounts of money. They later increased the amount to \$112. This was enough to purchase a few small animals, such as a few goats, pigs or chickens. Bandhan had two different amounts depending on whether participants chose an agricultural (\$92) or non-agriculture livelihood (\$55). The type of investment shaped the return. Smaller investments (eg chickens) could yield a quick turn-around, whereas a cow or agricultural investment would yield a larger amount but take longer.

Some organizations developed innovative additions to the model. Trickle Up added a pregnancy allowance to the pilot that was given to mothers for one month before delivery and for two months afterwards. Mothers were encouraged to use this money to supplement their diets with nutrient dense foods. Trickle Up considered the pilot successful and it was distributed as part of their program's scale up. They also adapted the model to include self-help groups.

Learning together: the value of the consortium

A central part of the CGAP-Ford Foundation Graduation Program was raising the profile of ultra poverty and the need for specifically tailored programs to meet their needs. Their website describes it as a “global effort to understand how safety nets, livelihoods, and microfinance can be sequenced to create pathways for the poorest to graduate out of extreme poverty, adapting a methodology used by BRAC in Bangladesh.”

At the start, CGAP and Ford Foundation helped to connect some of the consortium members with donors and academic partners. It also approached and screened new members to add to the consortium over time. By 2013, 10 lead organizations, many of whom partnered with local organizations for wider implementation, were participating across eight countries (see **Exhibit A**).

A key motivation for creating a consortium was to give members the benefit of learning from each other. Partners had mixed views on the actual value of the learning network. Some of the earlier South Asian pilot sites felt that they were teaching more than learning. One NGO leader felt that they were more of a “elder brother.” Janet Heisey, Director of Technical and Strategic Alliances for Trickle up, reflected, “I love the consortium meetings. Trickle Up’s mission is to work with the ultra-poor in several geographic regions, so having a community of peers to learn from and engage with is so valuable for us.”

For some, the graduation consortium created a broader mission for ultra poor advocacy. This was valuable to them. Its structure also created an opportunity for organizations to regularly interact with visionary external leaders, whose insights helped them refine their approaches.

Members were expected to participate in annual learning consortium meetings. The first day was only CGAP, Ford Foundation and the graduation consortium members. This created a safe space for members to share their lessons learned, their challenges and suggest solutions to each other. The second day was open to the public, and it included media. The objective of this day was to increase international awareness of the graduation consortium.

Each member was expected to develop a national steering committee. The objective was to convene national thought leaders, increase awareness of the activities throughout the country, and to create an autonomous decision making body. A CGAP representative was included on each steering committee. Partners had to have pilot and scale-up phases, including plans to increase the number of participants in the scale-up phase. Many scaled up through partner organizations as well as their own efforts.

Participants were encouraged to allocate a significant percentage of their funding towards research. Almost all members had a quantitative research component to their work, and most included qualitative research as well. They partnered with prestigious academic institutions such as the MIT Poverty Action Lab.

Partners also hosted and participated in field visits. CGAP helped to pair partners whose work was most relevant with each other for these learning visits. Members said that hosting field visits, and having external organizations express interest in their work helped to validate their efforts. Trickle Up’s teams in Central America and West Africa visited regional consortium members in Honduras and Ghana to learn how others were adapting the basic model.

The consensus among graduation consortium members was that CGAP had successfully increased the visibility and attention to assisting the extreme poor amongst the international development community, governments and donors. Many of the South Asian organizations were appreciative of CGAP and the

Ford Foundation for organizing the consortium. They felt that the annual meetings and thought leadership from CGAP and BRAC leaders had been valuable. However, one member organization's leader felt that more could have been done to increase the publicity. This individual also expressed interest in a combined research publication from all graduation consortium sites, as well as interest in having CGAP and BRAC connect them with donors who support TUP.

Results on the ground

In 2013, ten organizations were participating in the CGAP-Ford Foundation Graduation Consortium, representing efforts across 8 countries (three partners operated in India). Their combined efforts had reached over 73,000 households (see **exhibit A**). Half the partners had reached over 2,000 households each, with Pakistan's program reaching over 43,000 and Bandhan reaching over 17,000 in West Bengal, India. In Pakistan, elements of the TUP model had also been incorporated into the country's National Livelihood Enhancement and Protection Unit, which reached close to 290,000 people.

Impact assessments provided additional evidence for the efficacy of the model in many settings, and created more visibility. Esther Duflo, a renowned MIT economist who focuses on poverty reduction, conducted research that demonstrated that after the intervention, Bandhan beneficiaries' worked 28% more hours on income-generating activities that were not related to the assets they were given. Their mental health also improved significantly over the course of the program. She argued that the income stipend provided the extreme poor with the mental space to pursue other activities and offered them hope for their future, which in turn affected their actions. *The Economist* featured an article on Bandhan and Duflo's findings.

Many graduation consortium members encountered external challenges. These included geographic, environmental, political and social or cultural challenges. Yemen struggled to implement the program in the midst of political disturbances and opted not to scale up. Others mentioned environmental events that affected the areas where they worked, like cyclones. For SKS, the government's forced shutdown of all microfinance organizations in Andhra Pradesh was a major cataclysmic event which distracted efforts from their TUP program. C.S. Ghosh, Bandhan's founder and CEO, mentioned that when Bandhan's field staff first began visiting a predominantly Muslim area in West Bengal, people were very suspicious of them. Some of them wouldn't even accept a cow. Rumors abounded; some thought the Bandhan workers were Christian missionaries, and others thought that they may be trying to take their wives. As a result, they revised their approach so that meetings with potential members were held in groups, in outdoor settings.

Though not a consortium member, BRAC had continued to expand and refine its ultra poor program. In 2010, it launched a small urban pilot in Dhaka, offering a different set of assets that would enable participants to participate in the growing service sector—a cart for selling vegetables, or a metal tin for selling fish. BRAC also established a modified program in coastal areas affected by natural disasters, combining additional education about cyclone and flood safety, support for disaster proofing homes, and appropriate agricultural assets. By the end of 2012, BRAC had reached 412,000 ultra-poor households in total, including 42,000 in the last year.

What's next?

After nine years of intensive implementation support, the CGAP-Ford Foundation Graduation Program was moving into its next strategic phase: codifying the network's learning and sharing it with the world. With the stage set for global discussions on the post-Millennium Development agenda, it was an opportune moment for mobilizing resources and political commitment for addressing extreme poverty. Some of these activities would be a continuation of existing practices, such as managing the central website, which has become a hub of tools, research, and information, with much engagement of the partner organizations. At this point, Hashemi had left CGAP and become the founding director of the BRAC Development Institute. In 2013, he reflect,

Most countries and major development agencies now recognize the imperative to provide an integrated and holistic social protection plan for their citizens. The TUP model, providing a pathway for the poorest to graduate out of food insecurity, provides an extremely important component of an effective social protection policy. We need to make this visible, provide evidence of success and ensure policy-makers incorporate it into their strategies.

Some programs had secured funding for ambitious scale ups of their own. Bandhan had reached 17,000 households and planned to reach 55,000 within the next two years. Trickle Up teamed up with BRAC Development Institute to provide technical assistance to organizations seeking to test the graduation model, or a modified model, with their populations. Its first initiative would be in Egypt, working with North African refugees living in the city. They hoped to find other partners working in refugee camps to determine what modifications are required for working in that context.

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- Sagarika Indu, BRAC Sri Lanka
- Sandeep Kaur, BRAC Development Institute
- Suma Reddy, former SKS employee
- Rabeya Yasmin, BRAC
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Exhibit A Graduation Consortium Members and Details

Graduation consortium members and details

Year of joining	Program name	Country	Population reached by 2013 (or latest figure available)
2006	Fonkoze Chemin Lavi Miyo Program	Haiti	2,050
2007	Bandhan Targeting the Hardcore Poor Program	India	17,249
2007	Trickle Up Ultra Poor Program	India	4,450
2007	SKS Ultra Poor Program	India	2,707
2007	Pakistan Graduation Pilot	Pakistan	43,100
2009	Holistic Improvement of Rural Families	Honduras	800
2010	Peru Graduation Project	Peru	800
2010	Ethiopia Graduation Pilot	Ethiopia	500
2010	Yemen Graduation Project	Yemen	450
2010	Grduation from Ultra Poverty Program	Ghana	650
Total			72,756

Source: CGAP website—latest handout