Founded by Sir Fazle Abed, BRAC is recognized as a leader in creating opportunity for the poor, including microfinance, education, healthcare, agriculture, food security and human rights. Begun as a limited relief operation in 1972 after Bangladesh’s liberation war, BRAC has grown to become the world’s largest development organization.
Since 2002, BRAC has expanded its international network to 10 countries: Afghanistan, Sri Lanka, Uganda, United Republic of Tanzania, South Sudan, Pakistan, Sierra Leone, Liberia, Haiti and the Philippines.

Serving more than 138 million people globally with an annual budget of $800 million, 80 percent of which come from BRAC's social enterprises. These revenues allow BRAC to develop, test, and replicate some of the world's most innovative antipoverty programs, demonstrating sustainability and scale.
In 2002, BRAC pioneered the Challenging the Frontiers of Poverty Reduction- Targeting the Ultra-poor program in Bangladesh to **improve the resilience of the ultra poor** and effectively address the worst forms of poverty.

The Graduation approach has been **scaled up** in Bangladesh, with **1.4 million** households from ultra poverty, and **piloted** internationally by BRAC in South Sudan as well as, by **CGAP and the Ford Foundation** in eight countries, with **measurable** and **well documented results**.

The Graduation approach is poised for **global scale** as an effective strategy to reaching the excluded and ending extreme poverty.
Who are the ultra-poor?
According to the World Bank, as of 2012 there are an estimated 1.2 billion people living in conditions of extreme poverty.

The ultra-poor are those who live in the lowest earning \textbf{half of those below the extreme poverty line}. 

<table>
<thead>
<tr>
<th>COMMON CHARACTERISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>\textbf{Chronically food insecure}, eating less than 1800 calories where the minimum is 2100, despite spending 80% or more income on food</td>
</tr>
<tr>
<td>\textbf{Disconnected from mainstream government and social protection programs} - such as school feeding and public works</td>
</tr>
<tr>
<td>\textbf{Most vulnerable to health shocks and disasters}</td>
</tr>
<tr>
<td>\textbf{Many live in female-headed households} or are physically unable to work for a living</td>
</tr>
<tr>
<td>\textbf{Live in geographically isolated, hard to reach areas}</td>
</tr>
<tr>
<td>\textbf{Disengaged with markets} and unaffected by the economic policies</td>
</tr>
<tr>
<td>\textbf{Lack community acceptance, confidence, support systems}</td>
</tr>
</tbody>
</table>
Why Graduation?
Social protection programs have a better track record of reaching the poor through a range of interventions—from safety nets (e.g., cash transfers, food aid, public works). However, safety net programs are typically aimed at immediate relief for basic needs but often offer few opportunities for the ultra-poor to move into economic self-sufficiency.

However, a holistic package of support has the potential to construct ladders out of poverty towards sustainable self-reliance and sustainability:
- Access to finance (microfinance)
- Mainstream development programs
- Self employment / formal employment
What is the Ultra-Poor Graduation Approach?
Ultra poor are directly targeted to receive a sequenced, time-bound holistic package:

- Productive Asset Transfer to Start a Small Enterprise
- Consumption of Cash Transfer
- Savings and Financial Education
- Health Care
- Intensive, Hands-on Training in Technical Skills and Life Skills
- Community Integration
Realizing the heterogeneity even among the ultra poor, BRAC delivers two key variations of the Graduation approach:

1. Cash transfer (stipend) plus **physical asset(s)** (STUP)
2. Cash transfer (stipend) plus **soft loan for asset procurement** (OTUP)

### SELECTION CRITERIA

<table>
<thead>
<tr>
<th>OTUP</th>
<th>STUP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owns no more than 30 decimals of land</td>
<td>Owns less than 10 decimals of land</td>
</tr>
<tr>
<td>Abandoned, separated or divorced</td>
<td>Female domestic work or begging</td>
</tr>
<tr>
<td>Husbands are disabled or infirm</td>
<td>No male adult active members</td>
</tr>
<tr>
<td>Seasonal wage employment</td>
<td>Children have to take paid work</td>
</tr>
<tr>
<td>Unable to use NGO services</td>
<td>No productive assets</td>
</tr>
</tbody>
</table>

### INTERVENTIONS

<table>
<thead>
<tr>
<th>OTUP</th>
<th>STUP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soft loan (OTUP)</td>
<td>Consumption support/cash transfer (STUP)</td>
</tr>
<tr>
<td>Asset transfer</td>
<td>Savings</td>
</tr>
<tr>
<td>Hands-on coaching</td>
<td>Health care</td>
</tr>
<tr>
<td>Social integration</td>
<td></td>
</tr>
</tbody>
</table>

While OTUP model is an avenue to reach more ultra-poor, BRAC strongly advocates STUP model for participants who simply will not be able to repay a loan and only physical grants will succeed in kick-starting enterprises.
STEP 01

Targeting

Community participates in a spatial mapping and wealth ranking exercise to identify community members in the most need.
STEP 02 Asset Transfer

Client receives a package of assets, in this case a goat and a cow, to raise and learn about generating income.
To allow the client breathing room, and time to start earning income from her assets, the client receives a cash transfer or stipend, and in some cases a food to supplement their diet.
STEP 04

Savings

Clients are encouraged to save and track their savings
Client receives weekly home visits and training on how to use their asset, on health and hygiene matters, basic skills and literacy, and general support and counseling.
STEP 06
Life Skills Coaching

Client receives weekly home visits and training on how to use their asset, on health and hygiene matters, basic skills and literacy, and general support and counseling.
Client receives healthcare support with access to community medical workers, physicians and medications.
STEP 08
Social Integration

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.
When does Graduation occur?
Graduation occurs when households achieve economic and social advancement measured by several criteria over the course of 24 months. Criteria vary given the social and geographic context of the programme.

Graduation criteria can include:
- No self reported food deficit in the last year
- Multiple sources of income
- Use of a sanitary latrine and clean drinking water
- Homes with solid roofs made of corrugated iron or other materials
- Households own livestock/poultry
- Households have kitchen gardens
- Cash savings
- No childhood marriage in the family
- School-aged children are going to school
- Eligible couples adopt family planning

By combining rigorous participatory targeting with tracking and monitoring of households ensures participants exit the program being better placed to achieve sustainable self-reliance when they stop receiving support.
Bangladesh: Results & Impact
In Bangladesh, more than 95% of participants achieve graduation with 92% crossing an ultra-poverty threshold of 50 cents per day and maintaining their improved conditions for the next 4 years.

Internationally, reports from the various CGAP and Ford Foundation funded pilots show that in 18-36 months, 75% to 98% of participants meet the country specific graduation criteria.
Randomized Control Trial (credit Robin Burgess (LSE and IGC) using panel data on 3,795 treatment households and 2,801 control households
• Baseline survey 2007; follow-up 2009, 2011

Randomize the program roll-out across 40 BRAC branch offices (1409 communities) in the poorest areas of the country (20 treated in 2007, 20 in 2011)
  • Randomly chose 2 branches within each upazilla, one treatment, one control
  • Randomize at the branch rather than community level to minimize contamination
  • Attrition over the four years is 15%, both in treatment and control communities

Snapshot at baseline:
• targeted poor have fewer productive assets and are employed in low return, insecure wage labor
• correlation between assets, occupational choice and poverty holds across households
• can asset transfers transform the occupational choices of the poorest women?
Program transforms occupational choices

- 92% increase in hours devoted to self-employment after four years
- 26% decrease in hours devoted to wage labour after four years
- 15% increase in days of work per year after four years
- 26% decrease in hours of work per day after four years
- 15% increase in income per hour of work after four years

(credit Robin Burgess (LSE and IGC))
Participants increase or maintain livestock assets

Participants completely self-employed increases
- Among participants, a **33% increase in earnings within 2 years** (during intervention) and **38% increase in earnings within 4 years (2 years after intervention)**
- **Higher gains than control**
- **Savings Increases:**
  - 818% after 2 years
  - 875% after 4 years
- **Consumption Increases:**
  - 8% increase after 2 years
  - 15% increase after 4 years
- **Investment in land:**
  - 38% increase after 4 years
- Changes were accompanied by increase in income, expenditure and food security achieved

---

BRAC: Briefing Note, based on Robin Burgess (LSE and IGC)
RESULTS AND IMPACT

• The program succeeds in transforming the occupational choices of the targeted poor

• Structural changes: from wage labor and day labor to small enterprises

• Significant transfer AND intensive training is the critical intervention

• Implication: capital and skills constraints together drive the occupational choices of poor women in rural Bangladesh

• Graduation approach accomplishes a change in occupational choices accompanied by increase in income, expenditure and food security achieved

(credit Robin Burgess (LSE and IGC))
CGAP/Ford pilots: Results and Impact
The Graduation approach caused broad and lasting economic impacts. Pooled data from six sites show Graduation households’ consumption increased 5.8 percent relative to the comparison group two years after the asset transfer.

Relative to control group, consumption increased by:
- 7.3 percent in Bangladesh
- 16.4 percent in Ethiopia
- 6.9 percent in Ghana
- 13.6 percent in India,
- 10.2 percent in Pakistan

Consistent with increasing food expenditure, household members were able to afford two meals per day more often.

Savings increased significantly and persistently, and gains were largest in countries with mandatory savings. In pooled estimates from Ethiopia, Ghana, Honduras, and Peru, Graduation households saved 156 percent more than the comparison group.

The improvements in well-being were mostly the result of increases in self-employment income. Combining a productive assets with skills training led to an increase in basic entrepreneurial activities, primarily concentrated on livestock and activities like petty trade.

Graduation led to some improvements in psychosocial well-being. Happiness, stress, women’s empowerment, and some measures of physical health and political engagement improved for participants.
Next Steps in Graduation
Direct implementation of the Graduation approach:

- Expansion in Africa: Uganda, Tanzania, Sierra Leone, Liberia
- Expansion of urban, youth-focused, and climate change adaptations

Helping others to implement the Graduation approach:

- Technical assistance and consulting to governments and implementing organizations where requested (Kenya and Malawi)
- Creating implementation guides, tools and resources and training materials for new implementers (PROPEL – Launch at LSE Dec 9)
- Advocacy of Graduation approaches in international efforts to eliminate extreme poverty by 2030 (National conference)
- Knowledge share and immersion experiences to facilitate learning about Graduation approaches/ adaptations
Join us to tackle extreme poverty

On 9 December, the London School of Economics and BRAC will convene academics, policymakers and practitioners from around the world in London to discuss and evaluate Graduation Approach to end extreme poverty by 2030. If you have any questions, please feel free to email Harshani Dharmadasa at harshani@bracusa.com
Join us in the movement to end ultra-poverty.
Contact us to learn more.

BRAC Centre
75 Mohakhali
Dhaka 1212
Bangladesh

BRAC USA
110 William Street, 29th Floor
New York, NY 10038
USA