International Growth Centre (IGC) and BRAC public discussion

Tackling Extreme Poverty through Programmes Targeting the World's Ultra-Poor

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Hashtag for Twitter users: #LSEultrapoor
BRAC’s Ultra-Poor Program

Results from a long-run evaluation in Bangladesh

Oriana Bandiera (LSE)
the context

• women labor markets in Bangladeshi villages where BRAC TUP operates
  – 1309 poor villages
  – 23,000 HHs from different wealth classes
Women only do 3 jobs:

- Casual Wage Labor: Domestic Maid
- Casual Wage Labor: Agriculture
- Livestock rearing (cows/goats)

Graph showing the share of hours spent in each branch, with distinct color codes for each job type.
hourly earnings are lower in casual jobs

![Graph showing hourly earnings by activity](image-url)
only the poor do casual jobs

[Diagram showing share of hours spent in different activities across different economic classes (Ultra poor, Near poor, Middle class, Upper class), with categories such as Casual Wage Labor: Domestic Maid, Casual Wage Labor: Agriculture, Livestock rearing (cows/goats), Other.]
Poverty trap?

- no productive assets
- can't afford assets
- can only do casual jobs
- low pay, low demand
- low income
BRAC’s TUP aims to break the trap

• Eligible: poor women, identified by the communities, verified by BRAC employees
  – On avge, 6 women per community (7% of HHs) are eligible
• Asset menu: livestock, small crafts, small retail..
• Almost all choose a livestock combination
• Value of transfer (9500TK= 140USD)
  – 1X yearly PCE; 2X yearly earnings; 9X savings
• Commit to retain it for 2 years, free to sell after that
• Asset specific training - intensive over first year
Evaluation strategy

• Randomise the programme roll-out across 40 BRAC branch offices (1309 communities) in the poorest areas of the country

• Beneficiaries + all other poor + a sample of other wealth classes surveyed in 07,09, 11,14

• Final sample: 6732 eligible beneficiaries & 16,297 HHs from other classes
TUP transforms job choice..

Programme impacts after 4 years

- Hours devoted to livestock rearing
- Hours devoted to agricultural labour
- Hours devoted to maid work
- Total hours worked

Earnings (USD)
this increases consumption & savings

Programme impacts after 4 years (USD -PPP)

<table>
<thead>
<tr>
<th>Category</th>
<th>Impact (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure on durables</td>
<td>40</td>
</tr>
<tr>
<td>Expenditure on non-durables per adult equivalent</td>
<td>100</td>
</tr>
<tr>
<td>Household cash savings</td>
<td>50</td>
</tr>
</tbody>
</table>
and leads to further asset accumulation
benefit/cost ratio is 5.4

- Benefits: 7360
- Costs: 1363
internal rate of return is high

22% on average

- positive for almost all beneficiaries
- larger than 5% for most
- larger than 22% for a large minority
Effects are sustained after 7 years
Expenditure on non-durables

Yearly changes in expenditure on non-durables after 2, 4 and 7 years (USD)
Expenditure on durables

Yearly changes in expenditure on durables after 2, 4 and 7 years (USD)
Productive assets

Yearly changes in productive assets after 2, 4 and 7 years (USD)
Access to land

Yearly changes in share with access to land after 2, 4 and 7 years

Treatment

Control
BRAC TUP breaks the poverty trap

can’t accumulate more assets

productive assets

combine labor with assets in small businesses

higher hourly pay, regular employment

higher income
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