

BRAC's Challenging the Frontier of Poverty Reduction/Targeting Ultra Poor (CFPR/TUP) Programme in Bangladesh

Munshi Sulaiman,
BRAC and LSE

December 03, 2009

About BRAC

- Established in 1972 as a relief and rehabilitation organization in post-war Bangladesh
- Started testing new approaches from 1975 with a simple mission of “empowering the poor, especially women and children”
- The set of programmes expanded to health, education, social development, human rights and legal services, agriculture and livestock sectors
- Started operations in Afghanistan and Sri Lanka in 2002
- Currently operating in 9 Asian and African countries with over 130,000 staffs

Scale of operations

- In Bangladesh
 - operates from 2,600 field offices to reach 110 million people
 - has disbursed over USD 4.6 billion of microloan by 2008
 - Annual expenditure in 2008 was USD 535 million

Scale of operations

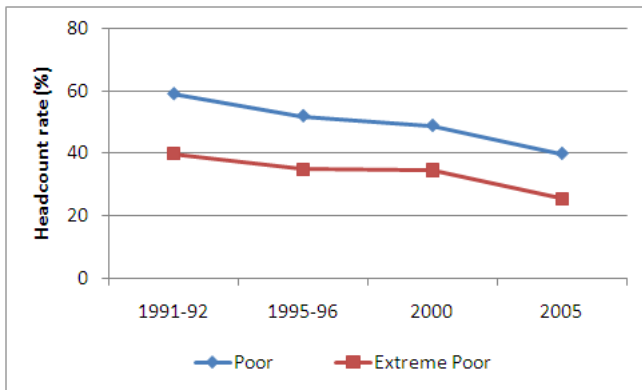
- In Bangladesh
 - operates from 2,600 field offices to reach 110 million people
 - has disbursed over USD 4.6 billion of microloan by 2008
 - Annual expenditure in 2008 was USD 535 million
- Abroad
 - Reaching over 800,000 people in Afghanistan with multiple interventions
 - Serves about 100,000 households in Sri Lanka with microfinance
 - Reached to 1 million people each in Uganda and Tanzania with multiple interventions
 - Disbursed USD 4 million of microloan in Southern Sudan

Scale of operations

- In Bangladesh
 - operates from 2,600 field offices to reach 110 million people
 - has disbursed over USD 4.6 billion of microloan by 2008
 - Annual expenditure in 2008 was USD 535 million
- Abroad
 - Reaching over 800,000 people in Afghanistan with multiple interventions
 - Serves about 100,000 households in Sri Lanka with microfinance
 - Reached to 1 million people each in Uganda and Tanzania with multiple interventions
 - Disbursed USD 4 million of microloan in Southern Sudan
- Visit www.brac.net for more information

Poverty trend in Bangladesh

With over 160 million population, poverty has been a burning issue for Bangladesh



Status of social indicators in Bangladesh

Variable	1990	2005
Population growth rate	2.1	1.2
Under five mortality rate (per 1000)	108	61
Infant mortality rate (per 1000)	94	47
Maternal mortality rate (per 100,000)	480	370
Adult literacy rate	35	54
Net primary enrolment rate	56	78
Net secondary enrolment rate	28	47

Overview

- Core objectives
 - Assist the ultra poor to improve their livelihoods by achieving positive economic, social and aspirational changes
 - Empower the ultra poor to access mainstream development services

Overview

- Core objectives
 - Assist the ultra poor to improve their livelihoods by achieving positive economic, social and aspirational changes
 - Empower the ultra poor to access mainstream development services
- Partners
 - DfID, CIDA, AusAid, EC, NOVIB, WFP

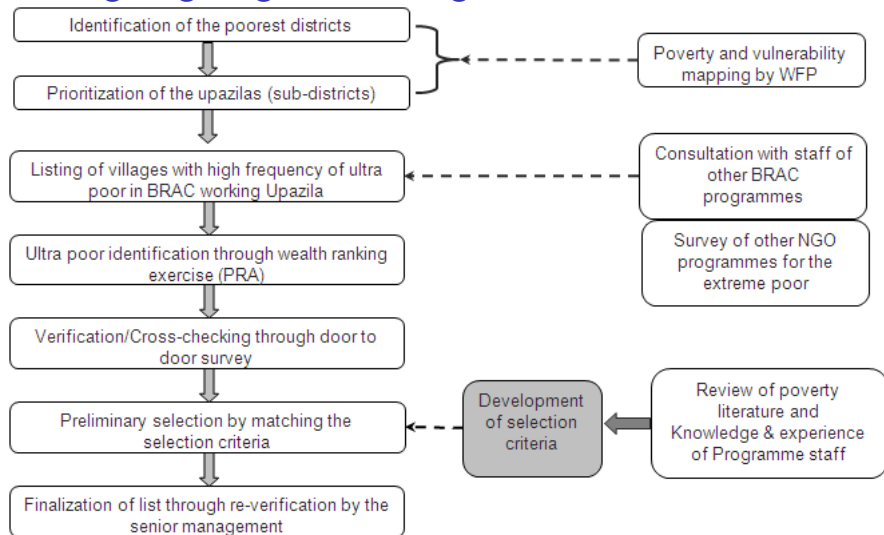
Overview

- Core objectives
 - Assist the ultra poor to improve their livelihoods by achieving positive economic, social and aspirational changes
 - Empower the ultra poor to access mainstream development services
- Partners
 - DfID, CIDA, AusAid, EC, NOVIB, WFP
- Scale
 - In phase-I (2002-2006) reached over 100,000 households with a total cost of USD 48 million
 - In phase-II (2007-2011) targeting to reach 800,000 households with a total cost of USD 143 million

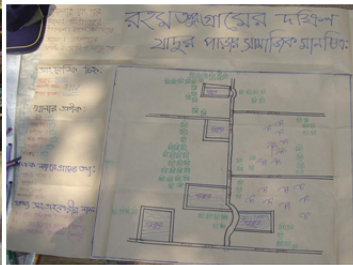
Set of components with specific purposes

Component	Purpose
Integrated targeting methodologies	Effective targeting of the extreme poor
Income generating asset transfer	Build economic asset base
Training and regular refreshers	Ensure good return from asset
Technical follow-up of enterprise	Ensure good return from asset
Provision of all support inputs	Ensure good return from asset
Weekly stipends	Reduce opportunity cost
Health support	Reduce costly morbidity
Social development	Awareness of rights and justice
Mobilizing local elite support	Create an enabling environment

Combining targeting methodologies



Glimpses of participatory wealth ranking



The CFPR model

Targeting



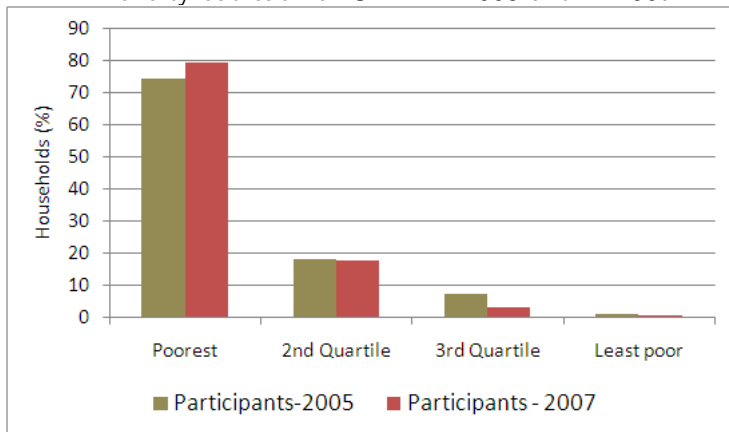
"Just look at my house and that will tell you about my life now--- passers by can see me changing clothes through my tattered walls... I haven't been able to yet replace the door after the floods...and when it rains, you can imagine...I try to patch up holes with any thing I can find for free, thrown away polythene, scraps of bamboo

and straw... but this is an endless story... if you are not careful, mending one only creates another... sometimes I just feel liking giving up.."

[Sumitra from Jelepara village in Paglapir Upazilla. Selected for CFPR in 2002]

Targeting effectiveness

Poverty outreach of CFPR in 2005 and in 2007



Key thrust is enterprise development

- Building enterprise
 - Asset transfer as grant
 - 3-5 day class-room Training and monthly/quarterly refresher courses
 - Hands on Training throughout 24 month period
 - Technical support and input supplies
 - Weekly stipend for short term income support

Key thrust is enterprise development

- Building enterprise
 - Asset transfer as grant
 - 3-5 day class-room Training and monthly/quarterly refresher courses
 - Hands on Training throughout 24 month period
 - Technical support and input supplies
 - Weekly stipend for short term income support
- Other supports are linked to enterprise development
 - Health supports (promotive, preventive, curative) to avoid distress sales of assets
 - Social awareness for attitudinal change
 - Community mobilization to assist asset protection

Assetization: The issues

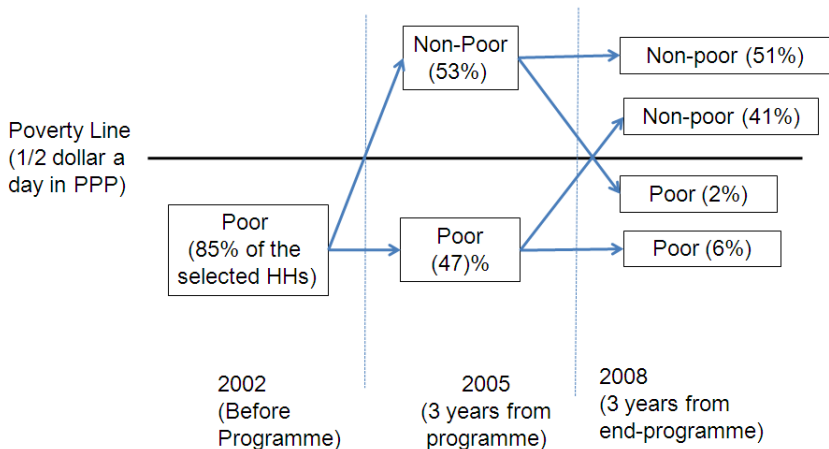
- Assetization as the big push needed to cross trap equilibrium
- Recent work (Carter and Barrett) highlights the importance of asset based measurements of dynamic poverty
- Yet assetization has traditionally suffered from low retention rates and adverse market effects (Case of India's well known IRDP cows)
- Low asset retention by the ultra poor due to high future discount rate
- CFPR is designed to counter this

In the final analysis, CFPR is about changing planning horizons of the ultra poor

The Village Poverty Reduction Committees

- Security of assets transferred
- Managing conflicts between the 'asseted' ultra poor and...
 - Those 'not asseted'
 - The 'microfinanced' poor
 - Their patrons
- Provide additional supports to CFPR members
- Expand the supports to the ultra poor non-members

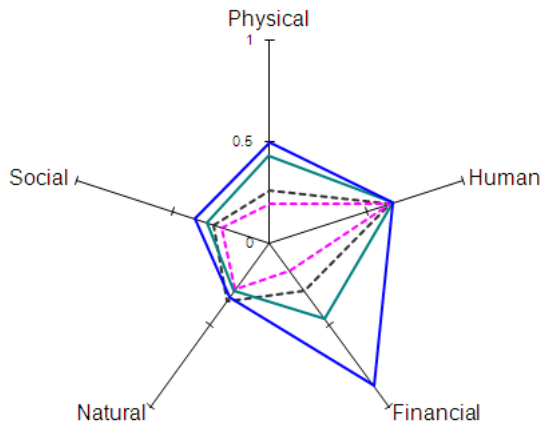
Poverty dynamics of the Selected Ultra Poor (SUP)



Impact and sustainability

- Impact on average per capita annual real income after 3 years was about Taka 1,000 (32 percent)
- After 6 years, the estimated impact was over 1,600 taka
- Per capita daily calorie intake increased by 350 kcal in 3 years
- Impact estimate on calorie intake was 400 kcal after 6 years

Asset Pentagon



----- NSUP02 - - - - SUP02 ——— NSUP05 ——— SUP05

Impact Evaluation of CFPR-I

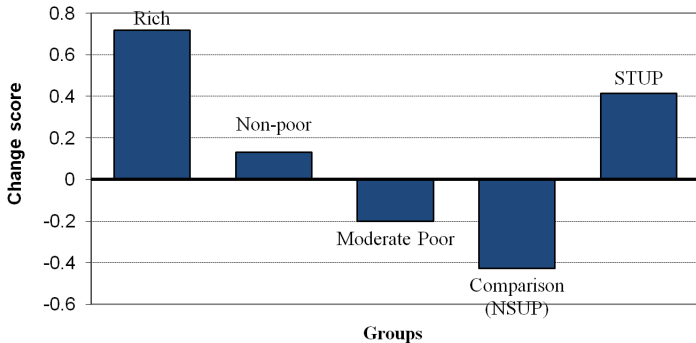
Self perceived impact



"You ask what has changed? Can't you see? You wouldn't have asked this question if you saw me and my house before"

[Mini Bala, in 2005. Village- Shawlabari , Upazilla-Pagal Pir. Selected for CFPR in 2002.]

Community based 'Change Ranking'



Microfinance Participation of Graduated Ultra Poor

- 56% are active borrowers (current borrower)
- 69% have taken loans at least once

Microfinance Participation of Graduated Ultra Poor

- 56% are active borrowers (current borrower)
- 69% have taken loans at least once
- Major correlates of borrowing frequency include
 - Presence of working aged male member in the HH
 - Stock of physical asset
 - Access to informal credit
 - Type of microfinance group

Graduating into microfinance is not a clear step

Quality of microfinance participation differs by the types of group they join

	Regular MF Group	Separate Group
Have taken loan from BRAC (%)	57.5	71.1
Number of loans taken (mean- for those who borrowed)	1.90	2.87
Loan size (mean for last loan in Taka)	4,255	4,750
Savings with BRAC (mean in Taka)	994	1214
Recovery rate (%)	97.5	98
Participation in other MFIs in 2005 (%)	2.3	2.3
Participation in other MFIs in 2008 (%)	8.5	8.7

Lessons and puzzles from Phase-I

- Heterogeneity among the ultra poor
- Control group
- Impact on children's education
- The special case of under 5 children
- Capturing cognitive changes
- Completely mainstreaming into microfinance

Addressing the heterogeneity among the ultra poor

