Impact case study (REF3)

Institution: London School of Economics and Political Science
Unit of Assessment: 16 - Economics and Econometrics
Title of case study: Improving the lives of the ultra-poor
Period when the underpinning research was undertaken: 2007-2014
Details of staff conducting the underpinning research from the submitting unit:

Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
Oriana Bandiera	Sir Anthony Atkinson Chair in Economics	2000 to present
Robin Burgess	Professor of Economics, Director of the International Growth Centre	1999 to present

Period when the claimed impact occurred: 2013-2020
Is this case study continued from a case study submitted in 2014? No

1. Summary of the impact (indicative maximum 100 words)

Of the 800 million people around the world thought to live on less than USD1.90 per day, almost half are classified as "ultra-poor". This demographic has proved particularly difficult to reach. Researchers at LSE and UCL led the first evaluation of a "graduation-style" anti-poverty programme targeting the ultra-poor, intended to support a long-term and sustainable move to a more stable state. The work provided robust evidence that this sort of intervention does set the ultra-poor on a sustainable path out of poverty, with positive effects being maintained long-term: 95% of "Targeting the Ultra-Poor" programme participants were shown to achieve "graduation" and to maintain their improved conditions beyond the programme cycle. Today, graduation programmes help some three million ultra-poor households. The research continues to inform programme development and implementation among national governments and national and international NGOs, affecting the strategic spending of millions of dollars, and ultimately helping millions of the world's poorest people achieve more stable and sustainable futures.

2. Underpinning research (indicative maximum 500 words)

The "ultra-poor" are defined variously as those living at less than half the poverty line for "extreme" poverty, and those who eat below 80% of their energy requirements despite spending at least 80% of their income on food. Working largely in insecure wage labour, with few or no assets and limited skills, they are the most marginalised subset of the extremely poor and cannot participate in modern economic growth. The majority are landless rural women. Traditional poverty alleviation interventions such as food aid, cash transfers, public works programmes, and market-based interventions (including microfinance) often fail to reach this group. Where they *do* reach them, resource constraints often mean that their benefits last only as long as the intervention itself. Since the 1990s, research organisations and development agencies have exerted considerable effort to understand which interventions might both reach the ultra-poor and provide them with a sustainable route out of poverty. Research described here has significantly advanced these efforts.

Evaluation of a pioneering anti-poverty programme: the key underpinning work consisted of a large-scale, long-term analysis of the causal link between extreme poverty and labour markets. Specifically, it looked at whether the very poorest women could be set on a sustainable path out of poverty through interventions enabling them to take part in labour activities usually confined to their richer counterparts. The analysis was conducted as part of a randomised evaluation of "Targeting the Ultra-Poor" (TUP), a nationwide poverty alleviation programme run in Bangladesh by international development agency BRAC. First run in 2002, TUP pioneered an approach intended to help households "graduate" out of extreme poverty by enabling them to change the work they do. The programme transferred wealth (rather than income alone) by increasing *both* physical *and* human capital. This entailed a one-off transfer of livestock assets, which nearly doubled the baseline wealth of participants, alongside a programme of technical and other complementary skills training of equivalent value, delivered over two years. The evaluation was unique in its focus on: a) the effects of relaxing *both* capital *and* skills constraints; and b) the long-term effects of TUP.

LSE Professors Oriana Bandiera and Robin Burgess worked with Professor Imran Rasul (UCL) and with colleagues from the University of Bocconi, as well as with BRAC itself, to evaluate the TUP. In work starting in 2007, the research team randomly assigned 40 BRAC branch offices serving 1,309 villages to either treatment or control groups for four years. A participatory wealth ranking was conducted before baseline in both treatment and control villages, followed by the application of TUP eligibility criteria by BRAC offices. This process classified households into four groups: ultra-poor, near-poor, middle-class, and upper-class. Only ultra-poor households (6% of the population) were eligible to participate. The team surveyed all the ultra-poor and near-poor households and a 10% sample of the middle- and upper-class households. Households were re-surveyed four times over the seven-year period from 2007 to 2014, gathering data on hours worked, days worked, and earnings for every labour activity of every household member.

Evaluation results: At baseline, women's labour activities were shown to be both limited in nature and strongly correlated with poverty. However, women targeted by the TUP programme increased both their total working hours and their earnings, supporting an accumulation of livestock, land and business assets, and a reduction in poverty. Crucially, these effects were shown to accelerate over time. Four years after the initial livestock asset transfer - and two years after direct programme support had ended - the programme produced a 9% increase in per-capita non-durable consumption and a decline of 8.4 percentage points in the number of households living on less than USD1.25 per day. Household cash savings increased nearly nine-fold, the value of household assets more than doubled and the household savings rate increased by 25 percentage points from an initial value of close to zero. The value of land owned by the ultra-poor rose by 220%, the value of productive assets tripled, and beneficiaries became more engaged in credit markets. Importantly, these gains did not come at the expense of non-targeted households in the same communities. Villagers who were already running livestock-rearing businesses were not crowded out and wages for the casual jobs that programme participants had previously occupied increased as the supply of labour to such activities was reduced. Indeed, rather than reducing consumption, expenditure, or savings, the business assets of non-targeted households actually increased, perhaps because beneficiary households shared some of their new resources (or at least now required less support from others). The value of land owned by the upper classes *did* fall as the value of land owned by the ultra-poor increased, but the drop accounted for only 2% of the value of upper-class owned land.

Results of the evaluation were published in 2017 **[1]**. This was one of the most extensive and long-term evaluations of any anti-poverty livelihood programme and provided the first sound evidence for the long-term transformative effects of the graduation approach. The research also highlighted a new finding about the nature of poverty, namely that the very poorest are neither unwilling nor unfit to engage in the same jobs as more prosperous women in their communities, but face barriers to accessing stable and productive work.

The results from **[1]** encouraged a group of partners led by the Consultative Group to Assist the Poor (CGAP) and the Ford Foundation to carry out analyses of 11 pilot replicas of the TUP programme. Published research from these pilots (Banerjee et al., 2015) has also helped validate graduation interventions. Here, studies of pilots of similar programmes in six different countries (but with much smaller samples and shorter time horizons than the scaled version of the programme evaluated in **[1]**) demonstrated that the approach was effective in contexts other than Bangladesh. Alongside **[1]** and the work by Banerjee et al., the CGAP "Status of Graduation Programs 2016" report has also informed impacts described here.

However, the particular and significant contribution of the LSE/UCL work was to show that the positive effects of graduation programmes are sustainable over the longer term and when the programme is taken to scale. This represented a major advance and confirmed that graduation programmes could engineer a transformation in the living standards of the very poorest people by moving them into more productive forms of employment.

Researcher contributions: **Oriana Bandiera** (LSE), **Robin Burgess** (LSE), and **Imran Rasul** (UCL) led the research at every stage, from designing the surveys used through to carrying out analysis and writing up the results. **Munshi Sulaiman** and **Narayan Das** (BRAC)

supported this work, particularly fielding the different survey waves with the TUP programme team. **Selim Gulesci**, who started the project as a PhD student at the LSE, coordinated the work by the LSE/UCL and BRAC teams and provided support for data analysis.

3. References to the research (indicative maximum of six references)

[1] Bandiera, O., Burgess, R., Das, N., Gulesci, S., Rasul, I. and Sulaiman, M. (2017). Labor markets and poverty in village economies. *Quarterly Journal of Economics*, 132(2), pp. 811-870. DOI: 10.1093/qje/qjx003.

4. Details of the impact (indicative maximum 750 words)

In April 2013, World Bank president Jim Yong Kim announced a global target of 2030 to end "extreme poverty", then defined as living on or below the equivalent of USD1.25 per day (updated in 2015 to USD1.90 per day). Despite considerable progress, almost 800 million people still live below that line. The research outlined here has made a significant contribution to efforts to set these people on a sustainable path out of poverty, primarily via its influence on the decisions of national governments and national and international NGOs to invest in graduation-style anti-poverty programmes. A "State of the Sector" report by the World Bank's Partnership for Economic Inclusion showed that, in 2018, 99 graduation programmes served 3.1 million households in 43 countries **[A]**. According to BRAC, by 2020 the graduation approach had been adapted in 114 programmes in 45 countries. The research described here has contributed to the existence of all of these programmes by providing the first robust evidence for the long-term efficacy of the graduation approach.

A new approach to long-term poverty alleviation in the world's largest NGO

The most obvious and direct impacts of the research have been on strategic planning and investment decisions at BRAC, the world's largest NGO. BRAC serves a global population of some 138 million people and has an annual expenditure in excess of USD800 million. The research published in **[1]** has informed the USD20-30 million that BRAC devotes each year to its ultra-poor graduation programme **[B]**. In Bangladesh, where the original TUP programme ran, BRAC graduated 1.9 million ultra-poor households between 2002 and 2017. In line with the results of the original research, consumption, savings, and asset holdings increased dramatically among participants, 95% of whom achieve "graduation" and maintain their improved conditions beyond the programme cycle **[B]**.

By demonstrating that the TUP approach was effective in the long term, **[1]** also contributed to decisions by BRAC to reproduce the model in a wide variety of countries. Preliminary research results prompted pilot programmes in Haiti and Pakistan **[C] [D]** and by 2018 BRAC had established pilots in eight other countries. A 2016-2019 pilot in Uganda, for example, explored methods to tackle extreme poverty among young people. Participant benefits included enhanced knowledge, skills, and resources to improve their own and their families' health and nutritional status via greater food security, increased financial skills and savings behaviour, and improved capacity to increase their incomes **[E]**.

BRAC also continues to use the methodology to evaluate aspects of its programming. Its Vice-Chair explains: "*the lessons about research design learned alongside LSE from 2007-2014 are still being applied in BRAC's Research and Evaluation Division*" **[F]**. The research also continues to be used in BRAC's international advocacy work, including to help secure funds for new TUP programmes and to demonstrate that these are spent effectively **[C]**. The TUP Senior Director explains: "t*he RCT evaluation of BRAC's graduation programme…has played a large role in lending credibility to BRAC's advocacy efforts*" **[G]**. The research findings - and the success of BRAC-led programmes informed by them - has also "*tremendously advanced global advocacy for graduation-style programmes*" **[C]**, supporting the implementation of interventions to improve the lives of very poor people around the world.

Informing the work of other international humanitarian and development agencies
Some of these wider impacts are achieved through the development and delivery by BRAC of technical assistance for other organisations implementing graduation-style programmes. Its PROPEL Toolkit, published in January 2016, makes extensive use of the research in guidance for those implementing TUP programmes around the world. BRAC also regularly advises and trains governments, humanitarian and development organisations, and UN bodies to adapt

and implement the graduation approach. Its Ultra Poor Graduation Initiative, set up in 2013, works in Bangladesh, Egypt, Liberia, the Philippines, Uganda, and Zambia. The expansion of BRAC's own graduation programming, and promotion of graduation approaches elsewhere, has had knock-on effects on the strategy and operations of anti-poverty organisations around the world. Illustrative examples of these are outlined below.

World Vision International: the research informed an internal review of strategy at World Vision International (WV), a charity devoted to improving the lives of vulnerable children. In 2017, this led WV to make the graduation approach its core model for the period to 2030. According to WV Senior Director of Livelihoods, this change in strategy will inform a budget of some USD300 million and shape operations in 65 countries. He cites **[1]** as one of two pieces of evidence supporting their new commitment to graduation programmes, explaining that it "*influenced World Vision to adopt graduation because it shows that the positive effects of graduation are sustainable*" **[H]**. This is reiterated in the WV Ultra-Poor Graduation Handbook, which cites **[1]** in explaining why WV chose the graduation approach **[I**, p. 13**]**. Its version of the TUP, the Ultra Poor Graduation Model (UPG) is being implemented in Sri Lanka, India, Mongolia, Armenia, and Bangladesh, and is starting to be scaled up in Iraq, South Sudan, Sudan, Rwanda, Ethiopia, Uganda, and Zimbabwe. With BRAC's support, World Vision plans to implement graduation programmes to improve child wellbeing among vulnerable households in 40 countries **[J]**.

Fonkoze: by 2019, Haitian NGO Fonkoze had graduated more than 6,000 Haitian women out of ultra-poverty through its Chemen Lavi Miyò (CLM) programme, a graduation-style intervention based on the TUP **[K]**. Fonkoze has also used evidence published in **[1]** to develop new TUP adaptations for people with disabilities and those with HIV **[L]**, and to advocate for the inclusion of graduation in a new national social protection strategy for Haiti.

The BOMA Project: a collaboration between a US non-profit organisation and Kenyan NGO, the BOMA Project helps women in Kenya to lift themselves out of extreme poverty. Its CEO explains that the BOMA Project uses the research in various ways, including to secure donor funding and as an advocacy tool in work with African governments: *"The research in [1] can help make the case to government ministries that the most effective way to structure their existing interventions is using the graduation approach"* **[M]**. The Project further uses the work "*as evidence of a successful model upon which to base its own programmes*" as it expands from Kenya into countries such as Northern Uganda, Somalia, and Tanzania **[M]**.

Trickle Up: international development agency Trickle Up has piloted adaptations of the BRAC graduation programme to break the intergenerational cycle of poverty, and to improve the lives of indigenous people and people with disabilities. Its Director of Monitoring, Evaluation and Research explains that the LSE research "*adds to the body of evidence for graduation which informs Trickle Up's budget of approximately USD5 million and its work in 10 countries*" **[N]**. Examples in Trickle Up's 2019 Annual Report include the *Empowering Women and Youth through Graduation and Financial Inclusion* project, which works in Bangladesh, Mexico, and Vietnam. This is expected to directly benefit 23,000 women and young people by 2021, with impacts on 115,000 people living in extreme poverty.

United Nations High Commissioner for Refugees (UNHCR): UNHCR, which serves 33.9 million displaced people globally, has adapted the TUP to support work with refugees. Since 2013, its field teams and partners (with support from Trickle Up) have implemented the graduation approach in six countries, with widely positive outcomes. In Costa Rica, for example, where the programme was implemented from 2014-2017, unemployment rates among participants decreased from 36% to 4%, while self-employment rates increased from 24% to 59%. As many as 79% of participating households reached a monthly income equal or greater than the national minimum wage upon graduation **[O]**. A new initiative led by the UNHCR Poverty Alleviation Coalition plans to scale up the graduation approach to reach half a million refugee and host-community households in 35 countries from 2020 to 2025 **[P]**.

Supporting the use of graduation approaches by national governments
National governments now also regularly seek to incorporate the graduation approach into their social protection and poverty alleviation policies and programmes. Many governments work with NGOs to develop context-specific approaches to alleviating poverty and BRAC has

provided technical assistance and implementation support to several countries; it credits the research published in **[1]** with helping to secure these collaborations. Significant examples include a long-term contract with the **Government of Kenya** to help the International Fund for Agricultural Development and the Kenyan Ministry of Finance to implement a graduation programme, and a multi-year implementation programme in the **Philippines**, funded by the Asian Development Bank **[G]**.

The **Government of Pakistan** has also used the BRAC TUP programme to enhance social protection, notably by incorporating some of its most successful features into the Benazir Income Support Program (BISP), a federal unconditional cash transfer programme targeting some of the poorest households in Pakistan. Since 2013, the researchers have worked on this with the Pakistani Ministry of Livestock and with the Pakistan Poverty Alleviation Fund (PPAF), another large NGO. PPAF has now successfully advocated for the implementation of a graduation programme to help households currently within the BISP to move out of it. Its Group Head of Compliance and Quality Assurance confirms that **[1]** was a key piece of evidence used to advocate for the take-up of the graduation approach by the Government of Pakistan **[Q]**. In March 2018, that government announced a new agreement between BISP and PPAF to implement the Poverty Graduation strategy across Pakistan. In total, 320,000 households, representing two million individuals, will benefit from this partnership **[R]**.

5. Sources to corroborate the impact (indicative maximum of 10 references)

[A] World Bank Partnership for Economic Inclusion (2018), "2018 State of the Sector: Synthesis Report". See Annex 1 for full list of graduation programmes.

[B] BRAC (2018), "2018 Annual Report". Records annual spend of USD27.4 million on Ultra Poor programmes (see p. 31); see p. 20 for analysis of TUP benefits in Bangladesh.

[C] Former Director, Extreme Poverty Programs at BRAC. Transcript of interview conducted 06-07-17.

[D] Former Director, BRAC Research and Evaluation Division (2001-2006) and Deputy Director of BRAC International (2006-2012). Transcript of interview conducted 10-07-17.

[E] For impacts of pilot in Uganda, see: http://bracultrapoorgraduation.org/project/uganda/

[F] Vice Chairperson of BRAC. Transcript of interview conducted 13-07-17.

[G] Director, Targeting the Ultra Poor, BRAC. Transcript of interview conducted 18-07-17.

[H] Senior Director Livelihoods, World Vision International. Transcript of interview conducted 20-04-17.

[I] BRAC/World Vision (2019), "Ultra Poor Graduation Handbook", 2nd edition, May 2019. See p. 13 for reference to **[1]**.

[J] For World Vision implementation (with assistance from BRAC) of graduation programmes in 40 countries, see http://bracultrapoorgraduation.org/project/world-vision/

[K] Greeley, M. (2019). "Targeting the Ultra-Poor: Lessons from Fonkoze's Graduation Programme in Haiti". Institute of Development Studies Learning Brief. See pp. 2-5 for the adaptation of the Chemen Lavi Miyò programme from BRAC's approach.

[L] Executive Director, Fonkoze. Transcript of interview conducted 04-05-17.

[M] CEO, BOMA Project. Transcript of interview conducted 23-04-17.

[N] Director of Monitoring, Evaluation and Research, Trickle Up. Transcript of interview conducted 27-04-17.

[O] For UNHCR graduation programmes see UNHCR Focus Note, "Leaving no one behind: graduation for refugees", March 2018 (pp. 2-6). Impacts in Costa Rica are described on p. 6.

[P] For UNHCR Poverty Alleviation Coalition, see: https://alleviate-poverty.org/

[Q] Group Head of Compliance and Quality Assurance, PPAF. Transcript of interview conducted 04-07-17.

[R] Government of Pakistan press release, "BISP, PPAF Develop Understanding to Alleviate Poverty for 320,000 Households", 13-03-18.