

# BRAC's Ultra-Poor Program

Results from a long-run evaluation in  
Bangladesh

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# Introduction

- First target of SDGs to eradicate extreme poverty for all people everywhere by 2030
- Critical to achieving this is encouraging occupational change amongst unskilled, assetless workers whose only endowment is labor
- Big global question: can mass of population still working in unskilled, insecure, itinerant, unremunerative occupations (which have not changed much over time) be brought into more regular, higher return employment?

# Introduction

- Labor is the main (and often only) endowment of the poor, e.g. agricultural workers
- Labor markets and poverty are tightly linked
- Transforming the economic lives of the poor requires us to think about occupational change
- Occupational change will typically not be achieved by transfers
- A key challenge therefore is to think about how to increase the returns to labor for casual laborers

# Context

- Huge mass of people for whom nature of work has not changed much over time
  - Even today 67% of rural landless workers in India rely on casual employment (Kaur 2015)
  - 46% of female labor workforce have agricultural wage labor as main occupation (Kaur 2015)
  - 98% of agricultural wage employment is through casual wage contracts (Kaur 2015)
- Those at the bottom of the employment ladder left behind by modern economic growth
- These are a difficult to reach group – demonstrate limited demand for capital or human capital

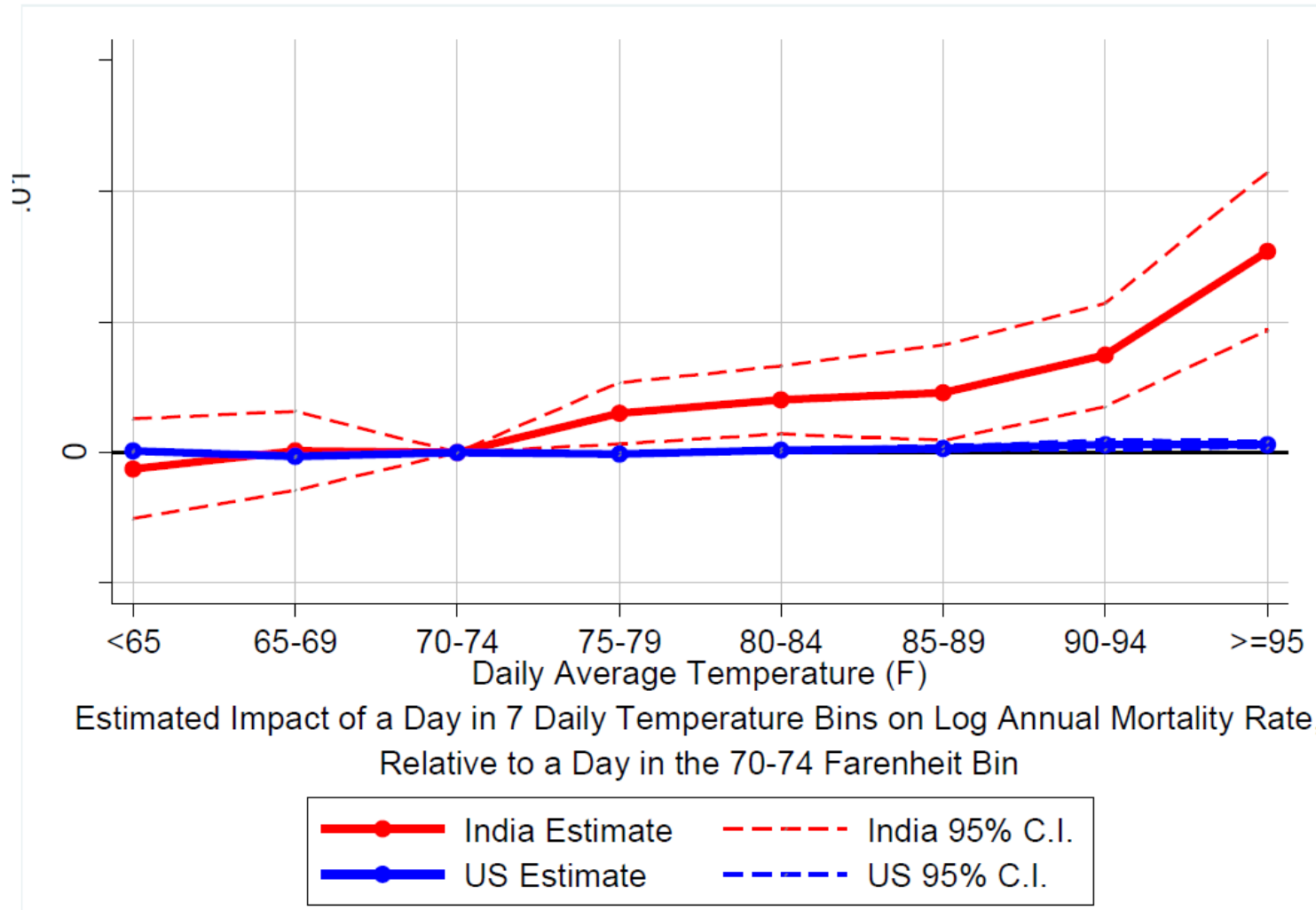
# The employment ladder

1. Formal salaried employment (private and public) – services, manufacturing, government
  2. Informal manufacturing and services
  3. Self-employment (e.g. livestock rearing, cultivation, subsistence entrepreneurs, family enterprises) – K-intensive
  4. Casual laborers (e.g. agricultural laborers) – L-intensive
- Female workers tend to be particularly disadvantaged
  - As you move up the ladder need for human capital tends to increase
  - Want to get people into formal, salaried employment but this will take time

# Focus on bottom end of the employment ladder

- Why?
  - casual labor (and basic self-employment) dominant sources of employment
  - w/p - vulnerable group
  - unskilled and assetless
  - misallocation of talent
- Occupational change → key to transforming the economic lives of the poor?

# Impact of daily temperature on all-age mortality in India and USA

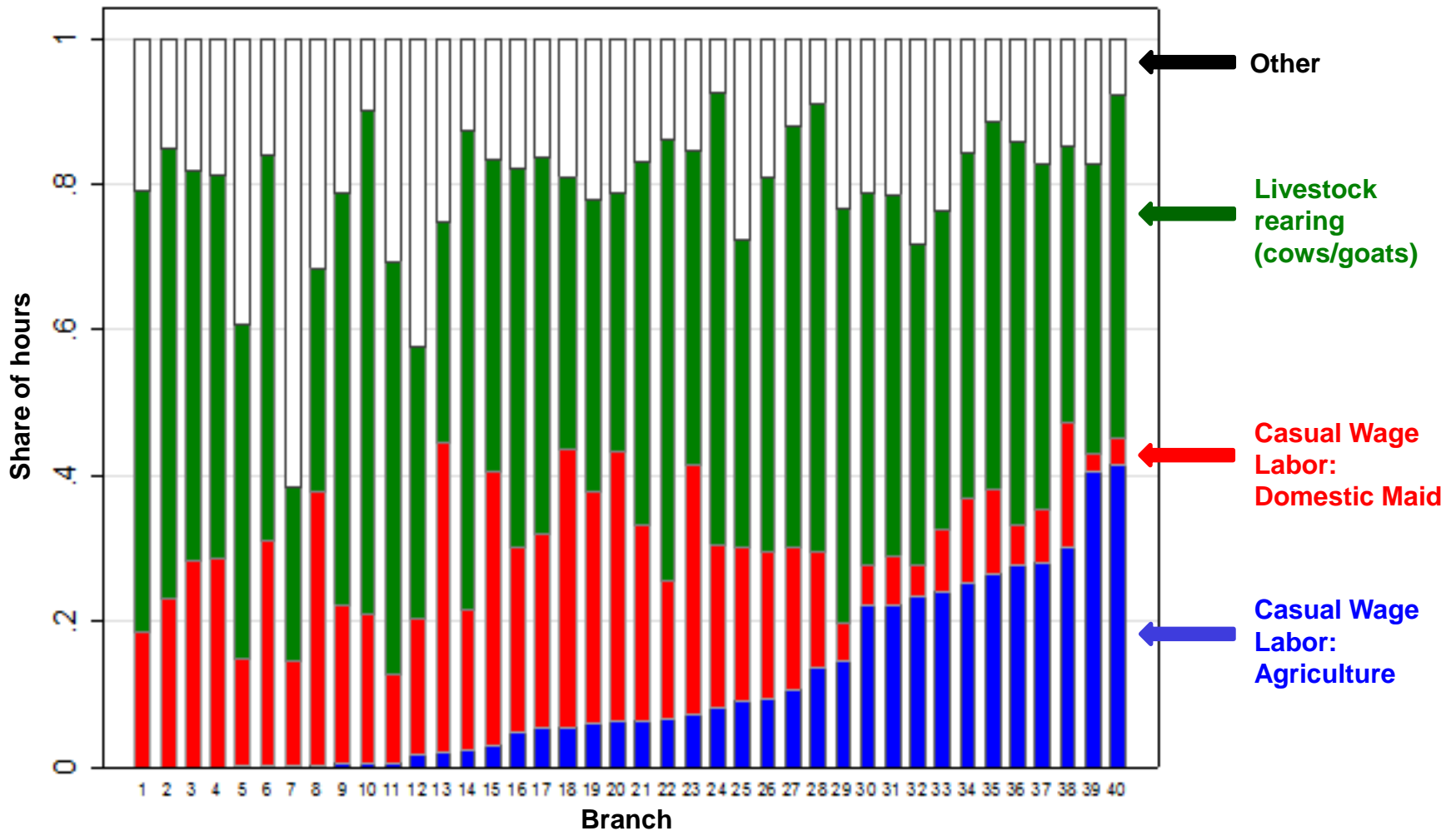


# Context of this study

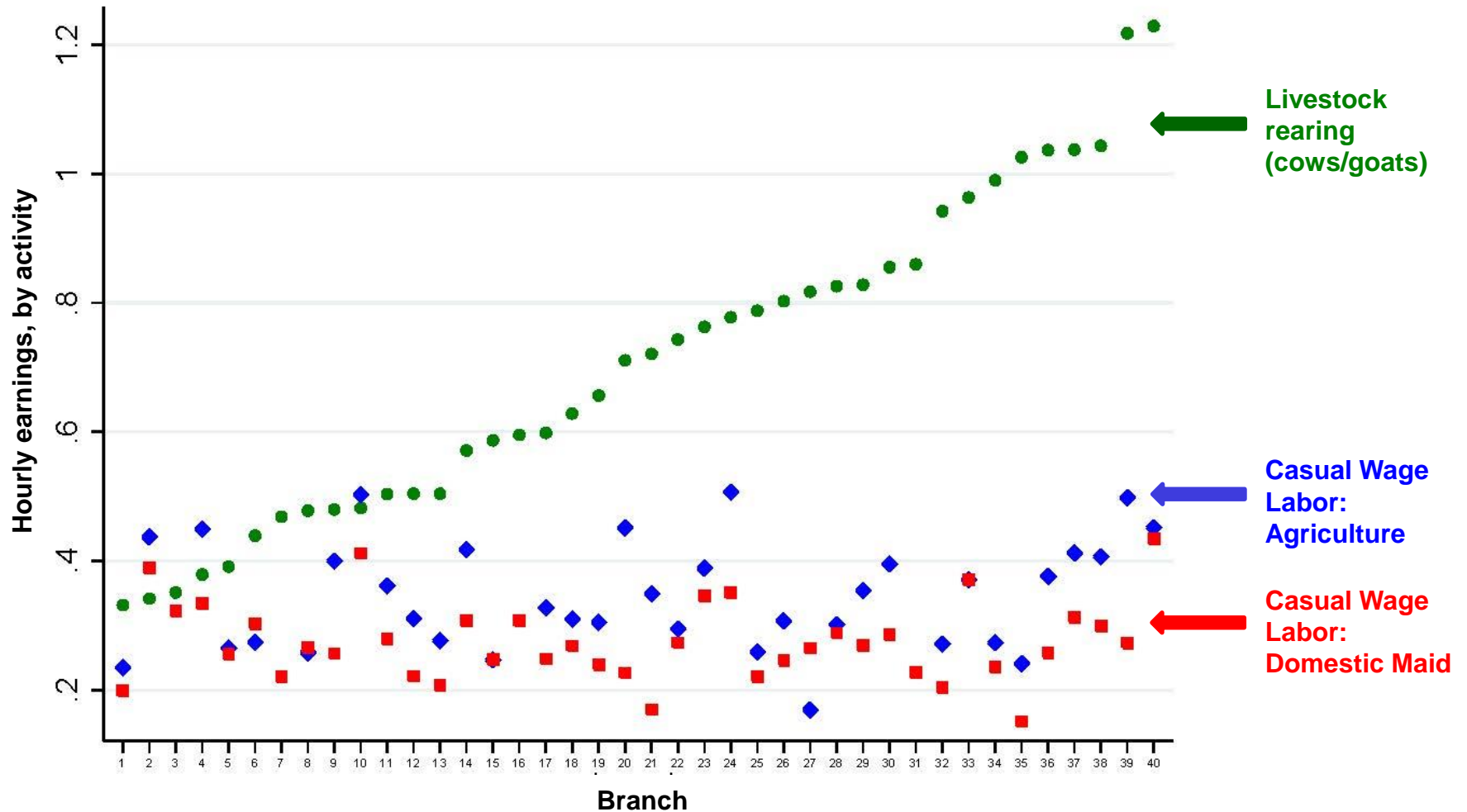
- Based on work by Bandiera, Burgess, Das, Gulesci, Rasul, Sulaiman (2015)
- Female labor markets in Bangladeshi villages where BRAC TUP operates
  - 1309 poor villages
  - 23,000 HHs from different wealth classes



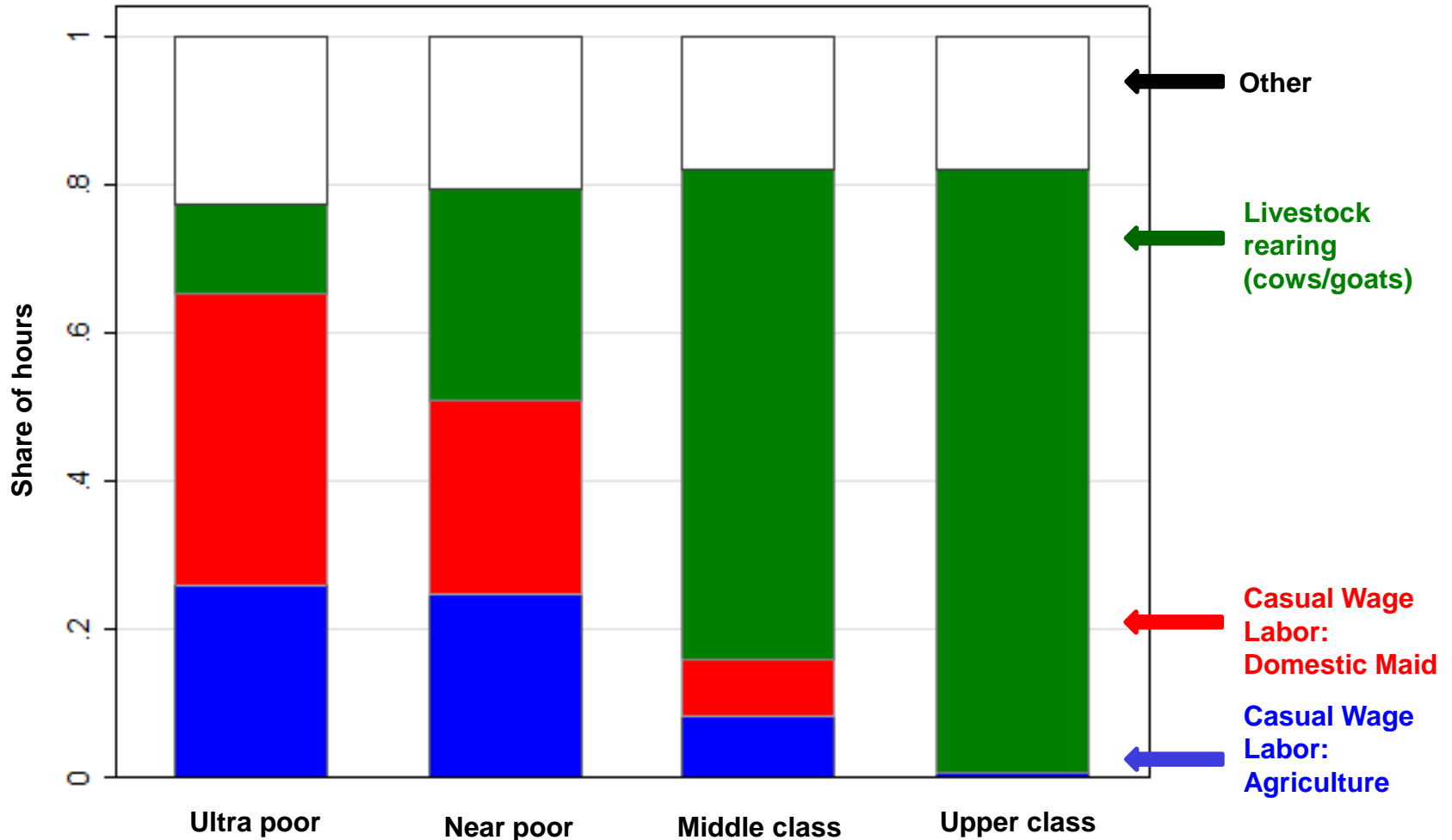
# Women only do 3 jobs



# Hourly earnings are lower in casual jobs

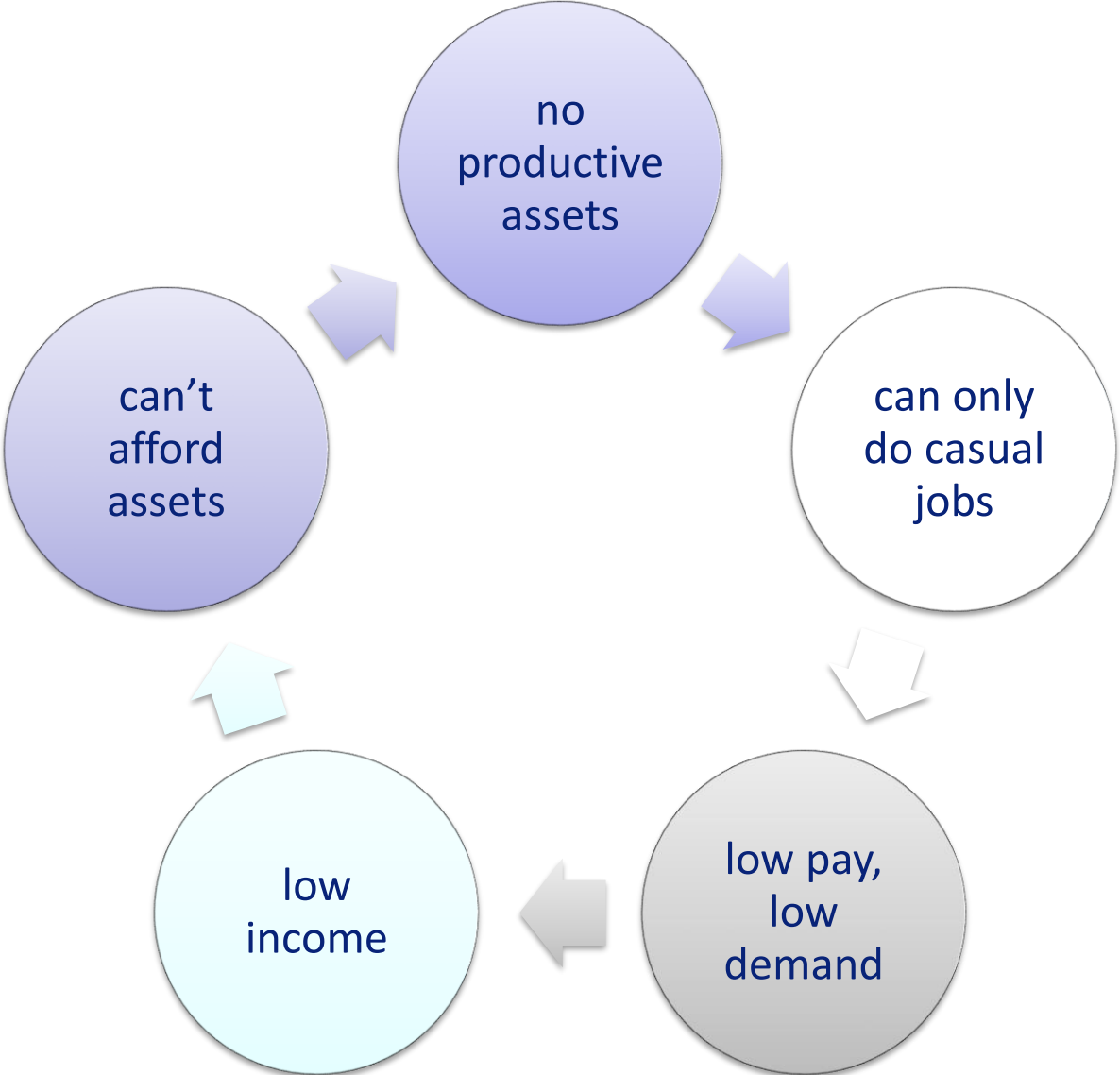


# Only the poor do casual jobs



why?

# Poverty trap?



# BRAC's TUP aims to break the trap

- Eligible: poor women, identified by the communities, verified by BRAC employees
  - On avg, 6 women per community (7% of HHs) eligible
  - Poorest women targeted: 93% illiterate, assetless, not receiving any assistance from government or microfinance organizations, median age ~40, almost all have kids
- Big push program to transfer capital and skills to poorest in treatment villages to see if occupational change can be engendered

# A multi-faceted program

- Productive asset transfer
  - Asset menu: livestock, small crafts, small retail...
  - Almost all choose a livestock combination
  - Value of transfer 140USD: 1X yearly PCE; 2X yearly earnings; 9X savings
  - Commit to retain asset for 2 years, free to sell after that
- Asset specific training also valued at 140USD – initial classroom training followed by regular assistance
- Consumption support: subsistence allowance for first 40 weeks after asset transfer to help smooth any short-run earnings fluctuation due to adjustments
- Health support and training on legal, social and political rights
- Savings and borrowing from BRAC microfinance encouraged, but neither is a pre-condition to obtain the program

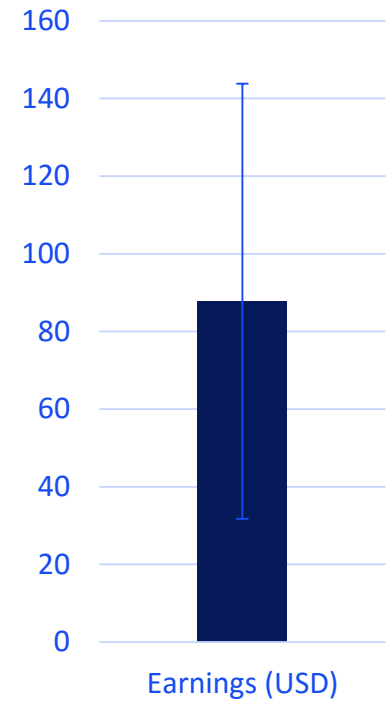
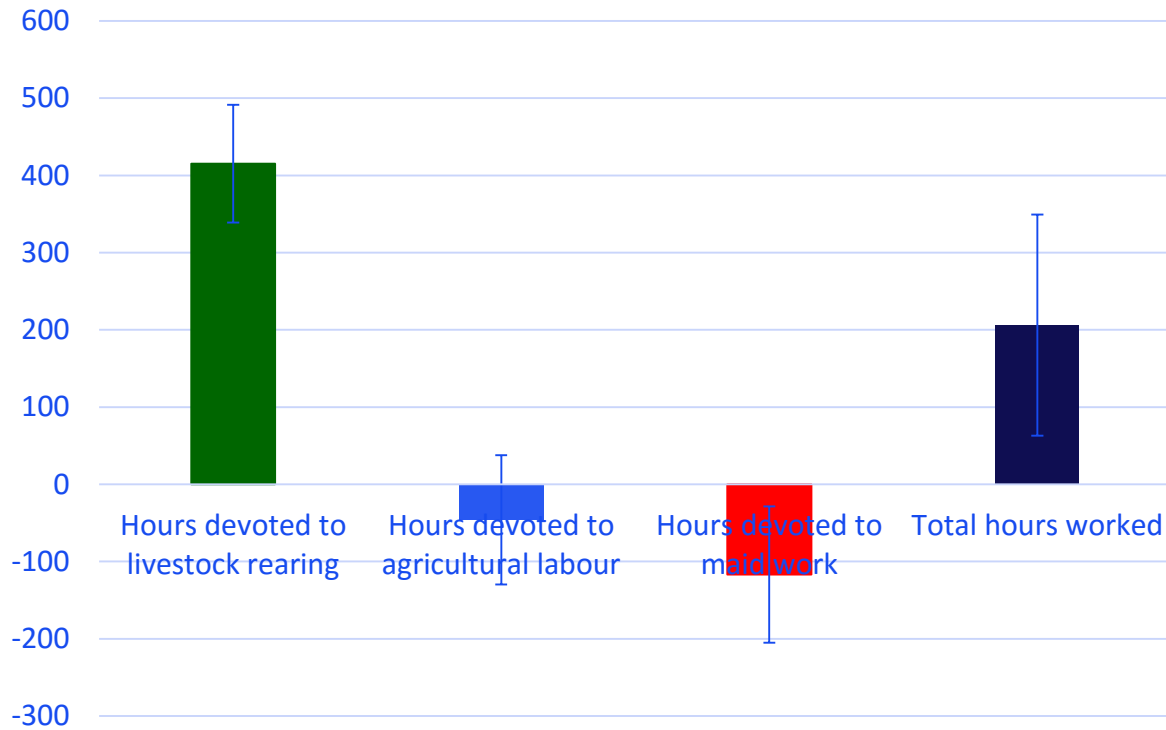
# Evaluation strategy

- Randomise the programme roll-out across 40 BRAC branch offices (1309 communities) in the poorest areas of the country
  - 20 treated in 2007, 20 in 2011
- 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
- One of the largest evaluations done to date

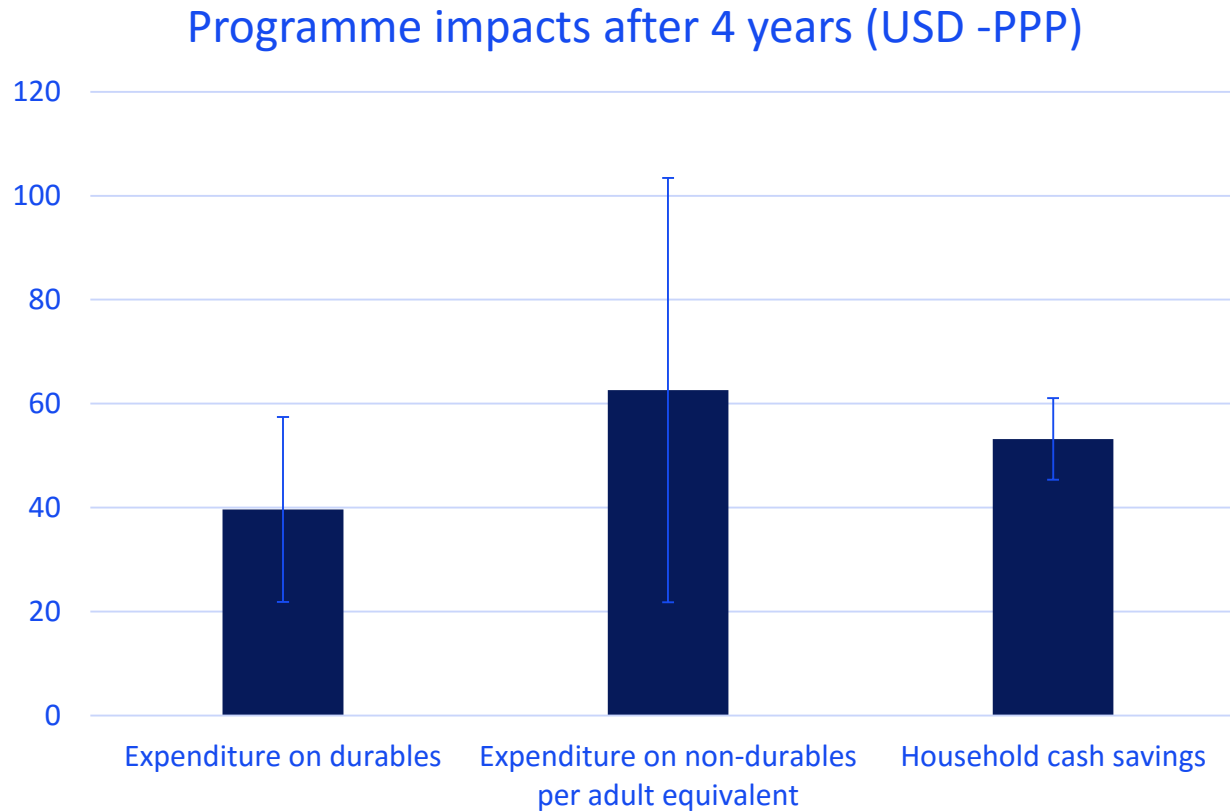


# TUP transforms job choice...

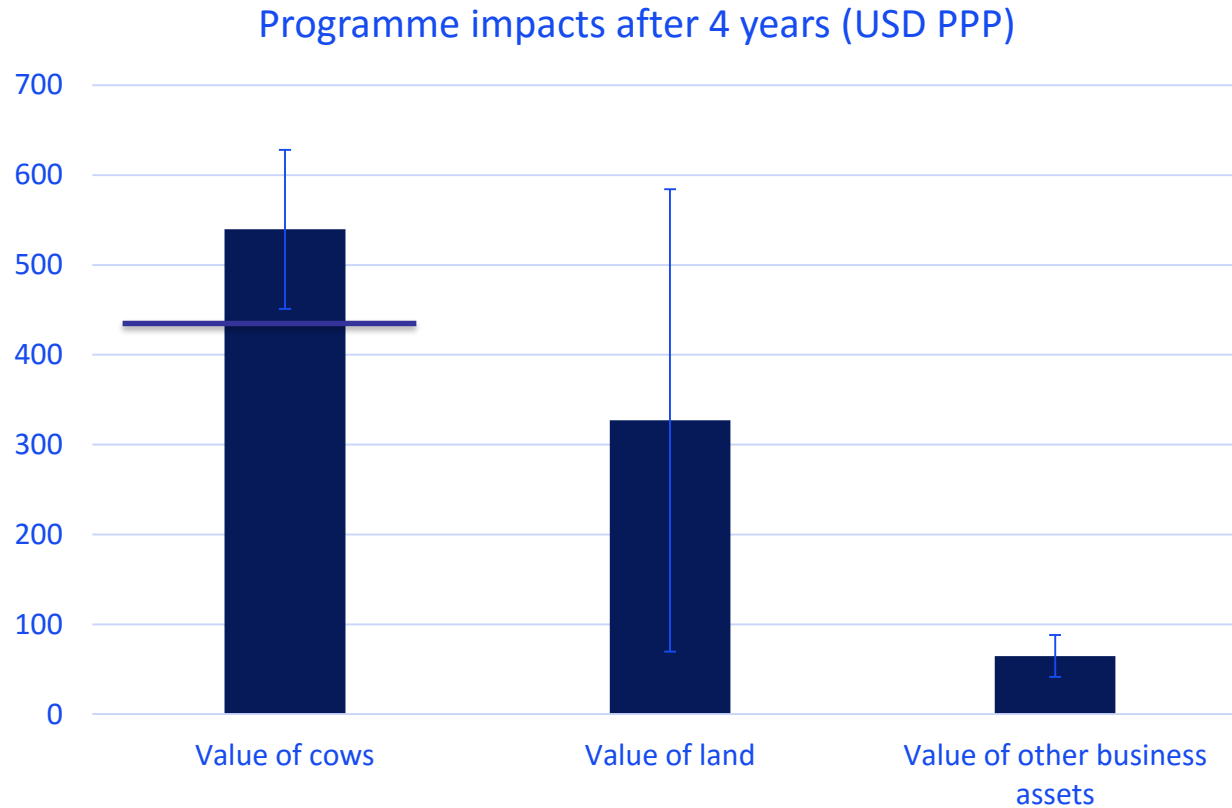
Programme impacts after 4 years



# this increases consumption & savings



# and leads to further asset accumulation



# Key findings

1. Poor women were unable, rather than unwilling or unfit, to engage in same occupations as wealthier counterparts
2. The program relaxes the constraints that were preventing them from doing so
3. Their baseline labor allocation was suboptimal
4. Program can be successfully implemented in wide variety of contexts (Banerjee et al, 2015)

# BRAC TUP breaks the poverty trap

