

## **A conversation with BRAC USA, March 7, 2018**

### **Participants**

- Donella Rapier – President & CEO, BRAC USA
- Scott MacMillan – Senior Advisor, BRAC USA
- Chelsea Tabart – Research Analyst, GiveWell

**Note:** These notes were compiled by GiveWell and give an overview of the major points made by BRAC USA.

### **Summary**

GiveWell spoke with Ms. Rapier and Mr. MacMillan of BRAC USA as part of its investigation into programs aimed at reducing extreme poverty. Conversation topics included changes to BRAC's Targeting the Ultra Poor (TUP) program in Bangladesh, the monitoring system for TUP, TUP's room for more funding, and an update on forthcoming research about BRAC's Empowerment and Livelihood for Adolescents program.

### **Changes to BRAC's Targeting the Ultra Poor (TUP) program in Bangladesh**

BRAC's Targeting the Ultra Poor (TUP) program provides productive assets, skills training, and other services to the poorest households in Bangladesh.

TUP has been modified since it was last evaluated in the Bandiera et al. 2013 randomized controlled trial (RCT).

#### **Cost per household**

Bandiera et al. 2013 estimated the cost of TUP in Bangladesh, in 2007 dollars, at \$300 per household over two years (approximately \$370 in 2018 dollars). The current cost of the program is approximately \$525 per household over two years.

#### **Partial repayment of assets for all participants**

A core component of TUP is the transfer of productive assets such as livestock to beneficiaries. In TUP's original model, the poorest participants (referred to as "specially targeted ultra poor") received the asset as a grant, while less poor participants (referred to as "other targeted ultra poor") received a portion of the asset as a grant and the other portion as a soft loan. Over the past 10 to 20 years, however, Bangladesh's economic growth has led to improved circumstances for the nation's extreme poor. Consequently, BRAC has redesigned TUP so that all participants receive a portion of their asset as an interest-free loan. Required repayment ranges from 30% to 80% of the value of the transferred asset, based on the degree of poverty a participant is experiencing.

BRAC will still provide fully subsidized assets to extremely poor TUP participants in countries that have not yet experienced the same economic growth as Bangladesh.

## **Urban TUP program**

TUP participants have traditionally lived in rural areas. However, due to the urbanization Bangladesh has experienced, BRAC also conducts a TUP program that serves extremely poor individuals living in urban settings. Whereas rural TUP participants tend to receive livestock and farm-related skills training, urban participants more often receive skills training to enable them to get petty trade or wage-earning jobs.

## **Increased means testing**

BRAC has intensified its targeting process, conducting more rigorous means testing to ensure that potential TUP participants in Bangladesh are, in fact, the ultra-poor households TUP is designed to serve.

## **Elimination of stipend and addition of matched savings**

The TUP program tested in the Bandiera et al. 2013 RCT included a consumption stipend. The current iteration of TUP in Bangladesh does not include a stipend to participants. However, it matches any funds that participants allocate to a savings account, providing an incentive to participants to save.

## **Monitoring system for TUP**

BRAC monitors TUP participants' progress on the criteria required to 'graduate' from the program, which include having a functioning latrine, consuming a certain number of meals per day, having multiple sources of income, and other requirements. Each TUP participant also receives coaching from a BRAC staff member, who is then able to monitor progress in-person and determine which participants need further help.

Since Bangladeshi citizens do not have unique identification numbers, BRAC is unable to monitor whether TUP participants become clients for other BRAC programs after graduating from TUP.

## **Monitoring structure**

BRAC's structure for monitoring TUP participants includes a quality control team, a research division, and an independent monitoring division that resurveys a random 10% of households to ensure the validity of certain key indicators that BRAC looks at to determine whether the program is operating as intended.

## **New electronic monitoring system**

Data for the TUP monitoring system has traditionally been catalogued manually, often resulting in a significant delay between data collection and analysis. However, BRAC will soon be converting TUP monitoring to an electronic system that can relay data in real time, which will likely reduce costs and increase BRAC's capacity for data analysis. The electronic monitoring system has been piloted in various sites and will now be gradually rolled out.

## **TUP's room for more funding**

### **Annual budget for TUP**

BRAC's funding for TUP in Bangladesh comes largely from a strategic partnership arrangement with the United Kingdom's Department for International Development (DFID) and Australia's Department of Foreign Affairs and Trade (DFAT). For the years 2016-2020, BRAC has raised approximately 68% of its five-year budget of \$213.7 million from these donors. It faces significant shortfalls in future years: \$15 million in 2018, \$38.7 million in 2019, and \$62.9 million in 2020. Without these funds, the program's budgeted cohort of 90,000 participants per year will likely be revised downward.

Less than 10% of TUP's budget is allocated for TUP's urban program, with the remaining funding allocated for participants located in rural areas.

### **Expiration of funding in 2020**

BRAC's strategic partnership arrangement with DFID and DFAT expires in 2020, although BRAC will experience a reduction in funds for TUP in Bangladesh as early as 2019. BRAC is concerned that, in the absence of funding from DFID and DFAT, TUP programming in Bangladesh may have to reduce significantly in scale. BRAC is actively seeking new donors and considering new funding mechanisms for TUP in Bangladesh.

### **Use of additional funding**

BRAC would use additional funding to continue current TUP operations in Bangladesh. BRAC estimates that it could productively use at least an additional \$20 million in funding per year through 2020 to meet its current targets for TUP. It could utilize well over \$20 million per year after 2020.

#### *Areas of Bangladesh where BRAC plans to implement TUP*

BRAC's TUP program has already worked in most districts of Bangladesh. If BRAC received additional funding, it would implement TUP in regions with the highest rates of poverty where BRAC has not yet engaged deeply enough, likely with a focus on coastal areas with a high incidence of poverty attributable to increased flooding and climate change. BRAC is also introducing TUP to so-called "host communities" in Cox's Bazar, a port city in Bangladesh where the influx of refugees from Myanmar has altered the poverty landscape. BRAC also hopes to extend TUP to the Myanmar refugees themselves.

#### *Potential for fungibility*

Additional funding for TUP would not be used for any other BRAC program because there is a large enough gap in funding necessary to meet TUP's current targets.

## **Update on BRAC's Empowerment and Livelihood for Adolescents program**

BRAC's Empowerment and Livelihood for Adolescents program empowers young women through mentorship, life skills training, and financial services.

Apart from the published literature, the program has also been evaluated by RCT in both Sierra Leone and South Sudan; results from each study are forthcoming.

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