What Works in Fighting Poverty? Reimagining Development Cooperation in a Post Aid World

A BRAC PERSPECTIVE

For over 50 years, BRAC has focused on quietly scaling what works, fighting poverty without entering into debates on how aid and partnerships are structured. But the current moment demands more.

The architecture of international development is under severe strain. Traditional bilateral aid flows are shrinking, politics are becoming more fractious, and public approval of Official Development Assistance (ODA) is declining. All the while, the challenges we face, such as climate change, fragility, and inequality, are becoming increasingly accelerated, complex, and interconnected.

While the need for cooperation has never been greater, the old model of development assistance, which is overhead-heavy, short-term, and siloed, is losing legitimacy and effectiveness. To remain relevant and impactful, development actors must rethink not just how they deliver resources, but also why and with whom. What is needed now is not incremental reform, but a reset that puts effectiveness and what truly works at the centre.

In this paper, we share three recommendations for decision-makers that could help development cooperation become more effective and credible in the decade ahead. We also include examples from BRAC's experience to demonstrate how these recommendations can be applied.

Why BRAC's Perspective Matters

We have been fighting poverty at scale for 54 years. BRAC's history has shown that the way resources are shaped, channelled, and controlled doesn't just influence outcomes, it determines what kind of change is possible.

BRAC's role is to support communities in driving their long-term solutions. Over time, the community becomes part of BRAC too. As teachers, health workers, credit officers, and more, reinforcing and expanding the change.

Our approach has taken root in more than 15 countries, not through replication, but through deep adaptation to local realities and contexts. From Afghanistan, across Asia and into Africa, we've stayed true to the same way of working: become part of communities, commit for the long term, and support change that communities shape and own. As one of the largest Global South-led actors, we don't see health, education, finance or climate as separate problems. We see them as people do: interconnected and part of everyday life.

That is why we focus on strengthening systems through integrated approaches, even when working in a single sector might be simpler. Where some see business approaches and poverty programming as separate or even in conflict, we regard them as complementary and essential. This is what effectiveness and sustainable change require.

BRAC operates as a solutions ecosystem, unbounded by sector, combining social development programmes, social enterprises, humanitarian response, commercial ventures, and higher education. By working closely with communities, we build sustainable solutions that are locally led, adaptable, and cost-effective.

With over 145 million people having accessed our services, BRAC's model demonstrates how to create lasting, large-scale change.

Invest at the doorstep of poverty: fund local solutions (organisations, businesses, community groups) directly, in ways that build their capacity to solve with communities.

FACTS
In 2016, the Grand Bargain commitment promised to provide 25% of humanitarian funding to local organisations "as directly as possible". The last available data (2023) indicates signatories provided only 4.4% of their funding to local and national actors. (Source: ***Devinit.org***, October 2024)

BRAC's humanitarian "Pooled Fund for Localisation" mechanism, funded by Global Affairs Canada and the Government of Australia (DFAT), has provided funding and financial and technical support to Bangladeshi organisations responding to the Rohingya Crisis, in Cox's Bazar, Bangladesh. Those organisations have received 88% of the $9.3 million pooled fund, which represents just 0.4% of the $1.4 billion Joint Response Plan for the Rohingya Crisis.

FACTS
The OECD's "***Aid for Trade***" monitoring exercise (2024) reported that 58% of donors and 70% of partner countries see misaligned funding cycles as a top challenge — suggesting that most grant cycles are short-term and not designed for long-term impact.

The Strategic Partnership Arrangement I (2011-2015) was a 5-year partnership between BRAC, and the UK and Australian Governments.
The partnership brought significant ROI for all parties, achieving 17% of the UK's global impact on extreme poverty during that period, for a cost of 0.5% of the UK's ODA allocation.

It Starts with Rethinking Local

It is time to embrace a more nuanced understanding of local development. It's time to move beyond shortcuts, such as counting local staff as a proxy for locally led initiatives or registering offices in the Global South. What matters is effectiveness, and this is only possible when organisations strengthen local systems, reflect lived realities, and sustain change. Donors must do the harder, more deliberate work of identifying and backing organisations that are truly embedded in the communities they serve. Those that are a part of communities, that work alongside people, leverage local knowledge and resources, and are committed to long-term, holistic solutions.

Doubling down on support for these genuinely local actors isn't just the right thing to do; it's the most effective way to amplify impact and build durable, community-led change.

Fund Local Solutions Directly

Too much of ODA and development finance is absorbed by layers of middlemen, including multilateral organisations, development contractors, and consultants, before it reaches the people it is intended to serve. The era of flying in experts to "fix" local problems is over.

For a time, direct cash transfers were seen as the solution; they were fast, flexible, and supportive of agency and choice. While direct cash transfers offer short-term relief and boost consumption, they are limited in their ability to deliver lasting, systemic change.

What communities need is consistent, long-term, direct investment in local solutions and sustained commitment to the organisations that work alongside and within communities. Rooted in shared realities, these actors own the challenge, are directly accountable to communities, and work to enable those living in poverty to solve their own problems, to build agency, resilience and sustainable change.

If intermediaries are needed to manage risk, their role should be time-bound and transitional. Labelling local organisations as "too risky" can no longer justify indefinite reliance on intermediaries, especially when resources are scarce. Denying local actors funding prevents them from building the very capacity needed to mitigate risk, creating a vicious cycle of exclusion. Breaking it requires donors to rebalance their risk appetite and invest directly in local capability. The real risk is clinging to a failing model and continuing to waste scarce resources on approaches and intermediaries that have not delivered sustainable change.

Fund Local Organisations Differently (in ways that build capacity)

BRAC's ability to scale as a Southern-led organisation was made possible by donors who partnered differently: committing

Example 1: Strategic Partnership Arrangement, Bangladesh

The Strategic Partnership Arrangement (SPA) between BRAC and the governments of Australia, Canada and the United Kingdom has been pivotal in transforming development practices in Bangladesh. Initiated in 2011, the SPA has evolved through multiple phases, providing long-term, flexible funding that empowers local organisations to address poverty effectively.

Phase I (2011-2015): In the first phase, Australia committed AUD $180 million and the UK GBP £222.6 million in unearmarked funding for the delivery of health, education, and socio-economic development programmes across Bangladesh. This innovative approach allowed BRAC to allocate resources where they were most needed, fostering adaptability in programme implementation. The funding reached over 12 million people, yielding a return on investment of 700%, with benefits estimated at USD $2.38 billion against a cost of USD $350 million.

Phase II (2016-2020): The second phase saw an extension of support, with Australia providing AUD $95 million and the UK GBP £223 million. This phase focused on enhancing BRAC's organisational capacity and sustainability whilst delivering similar programmatic impact as Phase I. The flexible funding model enabled BRAC to develop leadership and management skills, improve operational efficiency, and leverage data for informed decision-making.

Phase III (2021-Present): The ongoing third phase, in partnership with the Governments of Australia and Canada, builds on the successes of previous phases. It emphasises the importance of long-term investments in local organisations, allowing them to respond to emerging challenges effectively.

The SPA exemplifies how long-term, flexible funding can lead to sustainable development outcomes. By empowering BRAC to adapt its strategies and respond to the needs of the communities it serves, the partnership has created a robust framework for addressing poverty and enhancing resilience in Bangladesh. The success of the SPA highlights the importance of investing in local capacities and fostering collaborative approaches to development.

to long-term funding across sectors and countries, and investing in BRAC's core capacity, not just projects. These flexible, trust-based partnerships enabled BRAC to hire talent, strengthen systems, invest in strategic planning, integrate research and innovation, and pursue learning and scale. But this remains the exception, not the norm.

Despite growing rhetoric on localisation, most donor models continue to constrain local organisations with short-term, siloed funding and unrealistic overhead limits, ironically based on the assumption that organisations in the Global South require less to operate effectively than their Northern counterparts. The result: under-resourced organisations, fragmented efforts, and missed opportunities for real, lasting change. Funding remains locked into three-year project cycles, while the challenges demand ten-year commitments and ecosystem-level investment. Funding arrangements are often bureaucratic and place a disproportionate burden of risk and compliance on local organisations, binding them to delivering pre-conceived projects, as opposed to locally-led learning, innovation, and systems change.

It's time to fund systems change, not just projects. To support organisations holistically, across staff, strategy, and infrastructure. To break down sector silos and back integrated, locally led approaches that match the complexity of poverty. Real change takes time, trust, and the courage to fund differently. For example, fair sharing of overheads with organisations in the Global South can have a catalytic impact on their sustainability.

Example 2: Pooled Funding Mechanisms

Since the influx of Rohingya refugees from Myanmar to Bangladesh in 2017, BRAC has been at the forefront of humanitarian efforts in Cox's Bazar, where over one million refugees reside. "The Pooled Fund for Localisation" mechanism has facilitated the rapid deployment of USD $9.3 million to address urgent needs, including food, water, shelter, and healthcare.

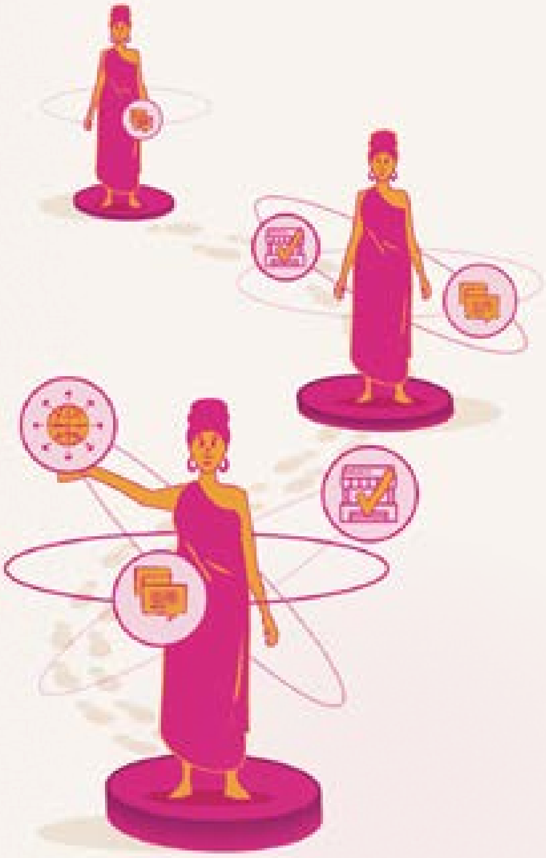
It is based on a simple idea: to pool donor contributions (DFAT Australia, Global Affairs Canada) in a flexible fund managed locally, and channel them directly to Bangladeshi NGOs and community-based organisations, building their capacity where needed at the same time, so that they can respond quickly.

The results are striking:

- 27 national NGOs have delivered 29 projects across WASH, education and livelihoods.
- In 2024 alone, USD $3 million reached 32 sites, serving over 100,000 refugees.
- More than 80% of all funds flowed directly to programme interventions.
- Implementation costs were up to 40% lower than the most expensive UN-led projects—while maintaining comparable quality.
- Over the past three years, 76% of pooled fund partners have strengthened key policies and bolstered their own corporate governance.
- In 2024 alone, 23 of these organisations secured new donor funding—many of them previously viewed only as last-mile delivery agents.

These numbers show more than efficiency; they show transformation. Local organisations are no longer just implementers. They are decision-makers, innovators and trusted stewards of humanitarian resources. In a moment of shrinking aid budgets and sectoral crisis, the Pooled Fund offers a proof of concept that locally-led, capacity-focused financing can deliver more with less and chart a path toward sustainable, nationally-owned humanitarian response.

Back Shared Wins. Bet on Systems Change.



Build a Clear Narrative around Shared Wins

No good deed goes unpunished in today's politics. Development cooperation needs a border-agnostic, win-win narrative: aid is not charity; it is a smart strategy. Make explicit the utility of aid. It strengthens soft power, drives trade and security, and underpins sustainable peace, domestic stability and migration management.

Frame cooperation through mutual interest. For example, at BRAC, one of our recently developed programmes trains young Bangladeshi caregivers to work in Japan, filling a labour gap there, and creating opportunities in Bangladesh.

Make Big Bets, Unbounded by Sector

Silos serve the survival of the aid industry, not the communities ODA seeks to serve. Health, education, climate, and financial inclusion are interconnected. To bring all of this together, donors, philanthropic foundations, and high-net-worth individuals should utilise their convening power to build coalitions around a few big bets. Proven solutions with the potential to scale globally that can capture the imagination of constituents, regardless of whether they are in the Global South or North.

Power Pro-Poor Markets, through Local Solutions

Too often, siloed thinking limits donors' understanding of how local actors use markets to drive transformative change. A belief in markets can, and should, be actioned through investment in local capacity. There may be no clearer or more compelling expression of systems change and shared progress than enabling markets to better work for people living in poverty.

BRAC has long pioneered social enterprises that connect people to markets, enabling them to participate as contributors, producers, and consumers. Its flagship enterprise, Aarong, is Bangladesh's leading fashion and lifestyle brand, creating livelihoods for 75,000 artisans, 85% of whom are women. Generating over USD $150 million in annual revenue, Aarong reinvests half of its surplus into BRAC's social programmes and half into growing the enterprise, sustaining jobs, demand for Bangladeshi craft, and the country's rich heritage. Similarly, BRAC Dairy has organised small-scale milk producers and built the infrastructure, from cold chains to urban market access, that allows them to thrive. There are many more examples.

By aligning profits with purpose, BRAC has built an ecosystem that drives sustainable livelihoods, resilience, and inclusive growth. Donors can amplify this approach by using seed funding and de-risking tools to support local actors building critical local markets. This investment delivers sustainable impact and resonates with those seeking credible alternatives to traditional aid.

Example 3: Accelerating Impact for Young Women

The Accelerating Impact for Young Women programme (AIM), a $315 million, 7-year partnership, exemplifies a transformative approach to addressing the challenges faced by young women in developing economies. Launched in 2022 by BRAC in collaboration with the Mastercard Foundation, AIM is equipping 1.2 million adolescent girls and young women with age-appropriate entrepreneurship, employability, and life-skills training, as well as the tools to start and scale their own businesses.

The programme's success is rooted in its adaptive management approach, which incorporates continuous learning and feedback from participants. This iterative process allows AIM to refine its strategies and maximise impact.

Currently, three years into its operation, AIM has shown promising results. Participants have reported significant improvements in their economic well-being, health, and overall quality of life. The programme's focus on education, financial inclusion, and entrepreneurship has led to increased income and enhanced decision-making power among young women. These early outcomes highlight the potential for sustained impact, reinforcing the need for continued investment in such transformative initiatives that transcend sectors.

RECOMMENDATION 3

Scale proven evidence-based approaches as a strategy to optimise resources and engage other critical partners.

FACTS
Multiple studies show that fewer than 10% of evaluations in development spending are true impact evaluations (i.e. with counterfactual, rigorous design) despite many projects claiming "impact". (Source: ***Center For Global Development***, July 2022)

Since BRAC pioneered the Graduation approach (from extreme poverty) in 2002, it has been evaluated via several randomised controlled trials (RCTs) across multiple countries. One significant RCT involved 21,000 participants in six countries, and showed the programme effectively improved revenue, income, total consumption, and health indicators at the household level.

Scale up programmes that are proven to work

Sir Fazle Hasan Abed, BRAC's founder, famously said that "small is beautiful, but scale is necessary". That insight has never been more relevant than it is today, as funding becomes scarcer and the drivers of poverty become increasingly complex. While pilot projects provide valuable insights and promote innovation, there are models available which have been proven to work in multiple contexts through robust evaluation methods, such as Randomised Control Trials (RCTs). Particularly in this moment, donors should finance proven models at scale, instead of endlessly funding "new pilots."

Adapt evidence-based, proven programmes to suit multiple contexts

When programmes are proven to work, backed by strong evidence, and supported to scale, the next necessary step is to adapt what works to new geographies, communities, and challenges. Thoughtful adaptation, not replication, is the path to sustainable scale. By focusing on refining and contextualising what works, we can make smarter use of limited resources, accelerate impact, and ensure that success is not confined to isolated cases but scalable across contexts.

Partner with Local Governments, the Private Sector, Civil Society and Community Members

Doubling down on evidence-based, locally adapted solutions creates vital inroads for governments, the private sector, and new funders to build around what already works. In Bangladesh, BRAC is partnering

Example 4: The Graduation Approach

The Graduation approach is a packaged set of interventions provided over a two-year period designed to help individuals escape extreme poverty. It combines several key elements: providing a productive asset, offering basic needs support, and delivering coaching to build skills and confidence.

It is one of the most well-researched poverty alleviation strategies globally. Rigorous evaluations have demonstrated its effectiveness in a range of contexts and settings. For instance, evidence suggests this approach can enable hundreds of millions of people to build long-term pathways out of extreme poverty. For every dollar invested in these programmes by BRAC, 10 to 50 times more government programme funding is being unlocked.

Through the lens of social return on investment to Graduation participants, dozens of rigorous impact studies find that USD $ 1 of government investment has an ROI of between USD $1.21 and USD $11, with most programmes seeing a USD $4 return. The returns greatly outweigh the cost.

In India, BRAC is partnering with the National Rural Livelihood Promotion Society, an autonomous body under the Ministry of Rural Development, and five state governments on a national inclusive livelihood programme modelled on the Graduation approach. This effort will be a subset of India's existing flagship programme, Deendayal Antyodaya Yojana National Rural Livelihoods Mission (DAY-NRLM). This is a pioneering initiative to support the inclusion and economic empowerment of extremely vulnerable households. Through this effort, the government aims to enrol 74,000 households by March 2026.

The Graduation approach has proven to be a powerful tool in the fight against extreme poverty. Approximately 100 million households are living in extreme poverty. If each household costs an average of USD $1,000 to participate in a 2-year Graduation programme and build a sustainable pathway out of poverty, it would cost $100 billion dollars to reach all of them and move a lot closer to achieving SDG 1 - end poverty in all its forms.

with Medtronic Labs and government-run health centres to screen high-risk patients for non-communicable diseases (NCDs) and related conditions, including cardiovascular diseases, diabetes, chronic respiratory diseases, and certain types of cancer. In a country where 70% of deaths are caused by such NCDs, this vital cross-sector partnership is strengthening health systems and saving lives.

In a time of scarce resources and growing need, cross-sector partnerships can reduce fragmentation, foster trust, and attract the kind of patient capital needed for long-term, systemic change. Real impact at scale demands complementarity: governments bring reach, the private sector brings efficiency, civil society brings deep community insight, while community members bring lived experience, local ownership, and sustainability, ensuring solutions are not just accepted but also embraced.

CONCLUSION AND NEXT STEPS

These recommendations are not a blueprint, but a provocation: a call to donors, governments, philanthropies, and development actors to disrupt themselves before irrelevance does it for them.

BRAC stands ready to share its experience, insights and knowledge (successes and failures), to support and work alongside development actors looking to set ambitious new strategies. Our door is open, whether to think, strategise, and innovate together, or to visit our frontline operations and see these solutions in action. We stand ready to work alongside others prepared to take bold steps, so that together we can drive meaningful, sustainable, community-driven change.

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