

Mainstreaming Graduation into Social Protection in Asia

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The ultra-poor make up over half of the estimated 797 million people living in extreme poverty around the world (Reed et al. 2017, 4). This group tends to be food insecure, typically excluded from mainstream services and programs, including formal market systems and financial services, and in some contexts live in isolated and hard-to-reach areas. To address such a complex and multifaceted problem, it is necessary to implement holistic interventions that make sustainable improvements in the lives of the extreme and ultra-poor. This paper argues that the Graduation approach is one such approach that aims to equip this population with the tools, access to resources, livelihoods, and self-confidence to escape the poverty trap.

The Graduation approach, pioneered by BRAC in Bangladesh in 2002, is an integrated development approach that consists of a comprehensive and time-bound sequenced set of interventions that enable the poorest households to progress along a pathway out of extreme poverty. It is grounded in the theory that extreme poor households require a ‘big push’ to activate their latent economic potential, build capacity and resilience to withstand and recover from shocks and vulnerabilities, and place them on an upward trajectory into sustainable livelihoods. Graduation interventions include a combination of a productive asset transfer (cash or in-kind such as livestock, employment schemes, or supplies for a microbusiness) along with training to manage the asset, consumption support (regular cash or food support for several months to a year), coaching to provide psychosocial support and encouragement, access to savings, and healthcare support (access to health services, health education). Thus, it combines support for immediate needs with longer-term investments in training and income generation. Consequently, after the end of the program, which typically lasts on average 24 months, participants are able to ‘graduate’ into sustainable livelihoods with long-term resilience against future shocks.

Evidence of Graduation Programs

Graduation is one of the most evidence-backed, integrated development approaches to date. Results from multiple evaluations, including randomized control trials (RCTs) in countries across Asia, Africa, and Latin America, have demonstrated positive impacts on income and revenues, total per capita consumption, assets, food security, financial inclusion, women’s empowerment, physical and mental health, total time spent working, and political/community involvement.

Evidence from the rigorous seven-year evaluation of BRAC’s Ultra-Poor Graduation (UPG) programme (formerly known as *Targeting the Ultra-Poor* (TUP) programme), the longest longitudinal study of a Graduation program, conducted by the London School of Economics

(LSE), showed an increase in earnings by 37%, per-capita non-durable consumption by 9%, increase in work productivity by 361% (shifting from casual wage labor to mostly livestock rearing), savings rate increased ninefold, and household assets doubled (Balboni et al. 2016). The longitudinal study also showed that the transformative effects of the program are not only sustainable seven years after the intervention, but that the targeted households continued on a steady, upward trajectory in terms of earnings, consumption, and savings gains (sustained or increasing). Intergenerational transmission of positive effects has been similarly demonstrated, the results of which will be released in mid-2020. Since its launch in 2002, BRAC's *UPG* programme has reached over two million households, 'graduating' 95 percent of the beneficiaries out of ultra poverty. Another longitudinal study of a Graduation program from West Bengal, India implemented by *Bandhan* showed similar positive impacts of the program across all outcome categories (consumption, assets, income, food security, financial stability, time spent working, and physical and mental health) seven years after the assets were distributed. The study also indicated that effects almost always grew over time (Banerjee et al. 2016, 4) suggesting that the beneficiaries steadily continued on the trajectory out of poverty and improved their welfare long term.

In 2006, the Consultative Group to Assist the Poor (CGAP) at The World Bank and The Ford Foundation launched 10 Graduation pilot programs in eight countries across the globe to test the adaptability of the approach. Rigorous impact evaluation through RCTs conducted at six pilot sites (India, Peru, Pakistan, Ethiopia, Ghana, and Honduras) by Innovations for Poverty Action (IPA) and partners between 2006 and 2014 showed strong positive impacts that sustained over time despite the differences in cultures, market access and structures, subsistence activities, and implementing organizations (Banerjee et al. 2015). Consistent with the results from Bangladesh, the six countries produced broadly similar positive impacts - increase in consumption (6%), asset value (12%), savings (96%), livestock revenues (37%), and agricultural revenues (9%) (Banerjee et al. 2015). The positive impacts also demonstrated that the Graduation program was effective in diverse contexts and thus is a program that is highly adaptable to different geographic and institutional environments.

Graduation and Cost-Benefit Analysis

In Bangladesh, the same evaluation conducted by LSE demonstrated that on average, UPG program benefits were at least 5.4 times larger per household than its direct costs (Balboni et al. 2016, 6). Similarly, cost-benefit analysis of the CGAP-Ford pilots confirmed that despite being a multifaceted approach, Graduation produced gains far greater than the amount invested (Fahey 2015, 10). In 2018, the results of an RCT conducted by IPA on a year-long program implemented by *Village Enterprise* in Uganda showed that the beneficiaries included in the full Graduation program experienced positive outcomes with increased consumption per capita, assets, cash flows, productive working hours, and improved well being, including greater food security and dietary diversity. However, those that received a cash transfer (including those with a behavioral change intervention) appeared to derive less economic value from the transfer compared to those that received the full program (Sedlmayr et al. 2018). Recipients appeared to

better invest and utilize their earnings when paired with training, coaching, and peer support through the program. Likewise, another study compared results from impact evaluations and project-specific cost data of 30 livelihood development programs, 11 lump-sum cash transfer initiatives, and seven Graduation programs - all of which targeted the extreme poor in developing countries. The study suggested that the Graduation approach has the greatest impact per dollar spent, with positive impacts on economic indicators that persist over time. Although the overall benefit-cost ratio was the highest for lump-sum cash transfers (0.29), followed by livelihood programs (0.20), and Graduation programs (0.11), Graduation programs were the most consistent in making significant positive impacts across sites and in the longer-term (Sulaiman et al. 2016). Livelihood programs and lump-sum cash transfers generally lacked evidence of sustainable impacts among the extreme poor.

Despite strong evidence, the relatively high cost of implementation has been a barrier to scaling up Graduation programs as they typically have a higher per participant cost compared to conventional social protection schemes such as traditional cash transfers. According to the results of a survey of 66 programs conducted by the World Bank, the total reported cost per household varied across programs and ranged between USD \$100 and USD \$4,000 with an average of about USD \$1,200 (Arévalo et al. 2018, 26). It is important to note that the costs were self-reported and organizations/agencies have different ways of calculating total costs including start up office costs, administrative overheads, and so forth. However, the long-run benefits of Graduation far outweigh the upfront costs as demonstrated by numerous evaluations and studies assessing cost effectiveness and cost-benefit.

While cost often arises as a concern for Graduation programming, it is critical to take into consideration the sustainable and positive impacts it can have in dramatically improving the lives of the extreme poor and reducing poverty. When compared with the most common development interventions such as cash transfers, the Graduation approach retains the most compelling evidence of a sustainable shift out of poverty.

Social Protection & Graduation

The Graduation approach combines interventions across four core principles: livelihoods promotion, social protection, financial inclusion, and social empowerment, designed to bolster the resilience of the poorest households and generate sustainable impacts that outlast the provision of the direct benefits to a household. Based on vast evidence behind the effectiveness of the holistic package and interdependent interventions of the Graduation approach, more than 100 programs have proliferated in 40+ countries (Arévalo et al 2018). Today, according to the Partnership for Economic Inclusion (PEI) housed within the World Bank, an estimated third or more of these programs-- and growing-- are government-led in Africa, Asia, and Latin America (Arévalo et al 2018). Most government-led Graduation programs adopt one of several implementation structures including execution of all interventions by a single ministry (typically a ministry of social protection or welfare); inter-ministerial collaboration by complementary ministries; or joint public-private implementation with civil society or the private sector. However,

almost all government-led Graduation programs share one salient commonality, namely, integrating Graduation within existing social protection systems.

Graduation forms a natural complement to existing social protection programming given its strong emphasis on targeting the poor and most vulnerable populations while tailoring interventions to provide comprehensive support that addresses the most pernicious vulnerabilities and barriers that they face. It can also play a vital role in the progressive realization of rights and development of effective Social Protection Floors. Furthermore, Graduation acts as a vehicle for integration amidst social protection services, augmenting and strengthening interconnectivity while enhancing inputs to maximize the ‘big push’ necessary to uplift the poorest households. In this way, Graduation helps to address coverage gaps by both highlighting barriers to availability, accessibility, and utilization of basic social assistance services as well as developing linkages to support disconnected households often underutilizing available provisions due to lack of knowledge or ability. Through social empowerment interventions, Graduation advances the voice of the underserved to advocate for their needs at community, regional, and national levels. Thus, Graduation acts as a natural ally and a complement to social protection, integrating seamlessly into national Social Protection Floors.

However, embedding interdependence and sequencing a tailored package of services within existing social protection systems is not without its challenges. Graduation requires careful segmentation of a target population and thorough assessment of vulnerabilities, barriers, and needs in order to best customize packages appropriate to corresponding levels of poverty. Not all households will meet the necessary threshold of poverty and potential for economic-activity befitting Graduation; the most vulnerable such as the elderly, chronically ill, and severely disabled are most likely to require long-term support in perpetuity. Graduation tackles a number of economic and social constraints faced by those who can actively engage in productive activities, yet there will always be a need for safety nets for those who cannot, such as people with severe disabilities and the elderly (UNDP 2017). While national registries and databases abound, this level of up-to-date accuracy and specificity can be hard to extract when targeting households for Graduation. Many governments have looked to supplement national resources with additional layers of targeting verification through household surveys and participatory community-driven methodologies.

Additionally, once designed, Graduation interventions bring an added layer of complexity to execution regardless of the implementation structure. Single implementing ministries must significantly bolster their institutional capacity to perform activities potentially outside their domain of expertise such as a ministry of social protection delivering livelihoods or financial inclusion. Collaborating ministries might also face difficulties in sequencing and layering interventions intended for a wider audience than the narrow capture of Graduation eligible households. To address this, many government ministries have thus sought to expand implementation capacity through specific partnerships with civil society and the private sector, or adopting a model with an anchor ministry and supporting ministries that contribute through specific departments, programs, or agencies as most relevant.

Finally, for governments, scaling Graduation can be difficult not only due to operational challenges, but as mentioned, high costs due to inputs such as human resource-intensive coaching, high-value assets, or employment schemes. Therefore, both researchers and implementers alike have experimented with various intervention modalities including group or digital coaching, reduced asset values, and job placement in order to lower costs while retaining as much impact as possible. Furthermore, Graduation programs can also be cost-effective by leveraging government budgets and resources with existing investments. Given the sustainable impacts and intergenerational transmission of benefits from parents to children, despite the costs, Graduation is decidedly more cost-effective to benefit extreme poor populations than most comparable cash-based or traditional livelihood interventions and employment schemes.

In spite of its challenges, most critical to the success of all Graduation programs integrated effectively into existing social protection systems is inter-ministerial coordination, if not outright collaboration, which leverages the relative strengths of multiple ministry stakeholders invested in the common goal of improving national welfare for the poor and vulnerable. In addition to advancing pro-poor national policy objectives, inter-ministerial coordination also ensures the most effective and cost-efficient use of ministry resources by harnessing the collective power of resources directed to poor and vulnerable households across ministries. Such coordination enables the partner ministries to avoid duplication of resources while providing complementary support to households, ultimately adding value to existing investments. Thus, Graduation presents an opportunity to effectively coordinate resources that position each implementing partner ministry to capitalize on relative strengths in provision of services. Furthermore, Graduation can serve as a concrete foundation to advance cross-ministerial commitments to improving core architecture for the upward mobility of poor populations such as health and education infrastructure, inclusive finance, and market systems development.

Graduation Program in Asia

The global momentum is strong and growing with government leaders and others testing, implementing, and scaling Graduation-inspired economic inclusion programs that reach and serve the poorest worldwide (Arévalo et al. 2018, 30). For example, Graduation theory of change can be found in long-standing social assistance programs such as Mexico's PROSPERA (formerly Oportunidades), Brazil's *Brasil sem Miséria* strategy nestled in the Bolsa Família programme, and Chile's *Ingreso Ético Familiar* (formerly Chile Solidario). Similarly, governments in Peru, Paraguay, Rwanda, and Ethiopia, among others are paving the way by adding productive and economic inclusion onto their existing social protection programs. In addition, the growth of Graduation also includes a rising number of committed governments across Asia such as the Philippines, Cambodia, and Pakistan where governments are considering convergence strategies that leverage inputs across ministerial departments or even across ministries to develop a cohesive package of services tailored for the poor. The Asia region presents tremendous potential given rapid economic growth and strides in productivity, particularly amongst an emerging tide of middle-income countries with dedicated

government-financed resources for tackling poverty. In Asia, as well as globally, such economic advances all too often serve to widen the inequality gap rather than diminish it. Graduation presents itself as one remedy to mitigate such trends.

Graduation in the Philippines

In line with the 2017-2022 Development Plan of the Government of the Philippines to decrease the poverty incidence to 20% and espousing the vision of [AmBisyon Natin 2040](#) to eradicate poverty nationally, the Philippines Department of Labor and Employment (DOLE), in partnership with the Asian Development Bank (ADB) and BRAC as technical assistance provider, launched a Graduation pilot targeting 1,800 poor households in Negros Occidental province in 2018.

The project leverages and builds on two existing government programs, including i) the [Pantawid Pamilyang Pilipino Program \(4Ps\)](#), a flagship conditional cash transfer program under the Department of Social Welfare and Development (DSWD) that invests in health and education of poor households in the country and currently has over 4.1 million beneficiary households; and ii) the *DOLE Integrated Livelihood Program (DILP)* also known as the *Kabuhayan* program, a livelihoods program that provides grant assistance for capacity building of group or individual livelihoods.

The Graduation pilot combines the strengths of both government programs with additions of Graduation elements to provide participant households with a comprehensive and sequenced set of interventions placing them on an upward trajectory into sustainable livelihoods. By targeting existing beneficiaries of the *Pantawid* program, the pilot leverages the national targeting system and database, *Listahanan*, that identifies poor families in the country. Similarly, the pilot builds on various government services, including the *Kabuhayan* Starter Kit, which combines one-time asset transfer and training in business planning and accounting practices; food security, health, and education conditionalities monitored through the *Pantawid* program, including the use of *PhilHealth*, a national health insurance program; participation at the monthly Family Development Sessions (FDS) to enhance and acquire new skills and knowledge; deworming pills for 6-14 year old children twice a year; and mandatory at least 85% per month school attendance by children under 18. Outside of government programs, the pilot adds individual and group coaching, access to financial services and savings, as well as social empowerment activities.

Drawing from the multifaceted approach of the pilot that builds on existing government services, the government's National Human Development and Poverty Reduction Cluster (HDPRC) is exploring ways to integrate Graduation in the National Poverty Roadmap and the National Livelihood Framework, where various livelihood interventions spread across agencies could be consolidated for better coordinated and efficient government programming in livelihoods and poverty reduction. At an institutional level, DOLE is considering ways to leverage the lessons learned from the pilot to strengthen their monitoring systems for tracking beneficiary progress and improving targeting tools and mechanisms to achieve wider outreach, especially to bolster

their capacity to target the extreme poor and vulnerable populations so that the department is able to enhance its pro-poor efforts and scale integrated livelihoods programs in the country.

Graduation in Cambodia

In 2017, the Government of Cambodia launched the ambitious reform agenda of the National Social Protection Policy Framework 2016-2025 (SPPF) with the goal “to build an effective and financially sustainable system which serves as a policy tool to reduce and prevent poverty, vulnerability, and inequality, while boosting human development and national economic growth” (ILO 2017, 1). In response to the launch of SPPF, UNDP commissioned a study to explore the potential of Graduation to be adopted as a social protection strategy (UNDP, 2017).

A quantitative analytical tool (the Computable General Equilibrium model) developed for the study estimated a series of macroeconomic impacts of cash transfers combined with Graduation on poverty and the Cambodian economy. Multiple micro-simulations with varied combinations of interventions provided empirical evidence of the benefits of integrating Graduation into social protection relative to conventional safety-net programs. The study showed that although the cash transfer program had the highest poverty reduction in the first year, it also had the lowest impact on economic growth. On the other hand, every scenario that included some version of Graduation exceeded the effects of conventional cash transfer programs and appeared to stimulate the country’s economy (UNDP 2017, 45). The human and physical investment under the Graduation program (in the form of a transfer of productive asset and skills training) would allow beneficiaries to engage in productive activities, improve their productive capacity, and enhance their ability to generate income beyond the implementation of the program.

The study further showed that these effects could be multiplied and accelerated with corresponding public investments in infrastructure (such as water-management systems to improve agricultural productivity) and local economic development initiatives. This indicates the strong potential of Graduation as a social protection mechanism when combined with rural development policies as a driver for both poverty reduction and macroeconomic growth. Additionally, despite the high upfront costs required, the study recommends considering the comparative advantage and lasting impacts of Graduation-integrated social protection programming compared to conventional social protection measures (UNDP 2017, 38).

Graduation in Punjab, Pakistan

In Pakistan, the Southern Punjab Poverty Alleviation Project (SPPAP) implemented by the Government of Punjab and International Fund for Agricultural Development (IFAD) targeted 80,000 households in the Benazir Income Support Programme (BISP). Participants were in the Poverty Score Card category of 0-18 in four poorest districts in southern Punjab (IFAD 2017). In order to uplift the ultra-poor and poor rural families targeted, the project implemented the Graduation approach with “a package of tailored and responsive support serving to meet their essential needs” (IFAD 2018, vii). The approach combined ‘big push’ interventions in social

mobilization (a revolving fund for agriculture input supply), social protection (food bank), assets and skills creation (small plot, low cost housing unit, goat package; vocational and entrepreneurial training, veterinary training), and basic rural infrastructure development (community physical infrastructure such as drinking water, irrigation, feeder roads, and culverts) for improved rural livelihoods (IFAD 2017).

In order to build on the success and positive impacts of SPPAP, in 2018, the Government of Punjab decided to scale up the project and expand its reach to 480,000 households (over 3.3 million individuals) in the targeted districts over five years with a government contribution of USD 76.2 million (IFAD 2018). By scaling up the Graduation approach through this project to reach significantly more ultra-poor and extreme poor rural families, the Government of Punjab plans on making strides in achieving its objectives of economic growth and poverty alleviation.

Conclusion

The Graduation approach is a rigorously tested, adaptable, and scalable approach to reducing extreme poverty. It is supported by widespread global evidence including cost-benefit analysis and studies of long-term impacts. Graduation is not, nor ever was, intended to be an alternative to social protection used to supplant existing government interventions for the poor. Instead, the approach can act as a strategic complement to build on social protection mechanisms to more effectively tackle extreme poverty challenges in a given country. When paired with social protection systems and adequate safety nets, the Graduation approach can have long-lasting, positive impacts (Arévalo et al. 2018, 31), contributing significantly to the core aims of several Sustainable Development Goals, especially SDG 1: to eliminate poverty in all its forms everywhere by 2030.

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