

Building the Resilience of the Poor through Graduation in the Post-COVID-19 Global Context

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The health shocks brought on by the spread of COVID-19, coupled with the economic crisis wrought by global lockdown measures, have had an immediate and severe impact on the state of extreme poverty. The scale of the crisis means widening numbers of people are experiencing vulnerability and financial insecurity, and risk falling further into the trap of extreme poverty.

The World Bank estimates that 70 million to 100 million people will join the ranks of the world's extreme poor by the end of 2020, adding to the 700 million living in extreme poverty at the start of 2020. This increase in extreme poverty is expected to be long-lasting, and will be concentrated in countries with high existing levels of extreme poverty. Almost half of those projected to fall into extreme poverty live in South Asia, and more than a third live in Sub-Saharan Africa.¹



The crisis has also exacerbated existing issues faced by people living in extreme poverty in both rural and urban areas.² In rural areas, where over 80% of labor is informal, the extreme poor are particularly affected by curtailing of wage labor, seasonal migration, and remittances, as well as lack of access to healthcare and sanitation services, information and communication technology, and social safety nets.³ In urban areas, the extreme poor face reduced or cut daily wages, overcrowded and unsanitary living conditions, and limited access to basic services like water, electricity, and sanitation.⁴ The health consequences and loss of jobs due to the economic fallout of the pandemic have resulted in a swell of reverse

migration from urban centers to rural areas. **Without long-term interventions for economic recovery, those who are already vulnerable risk becoming more deeply entrenched in extreme poverty.**

The severe impact of the current crisis demonstrates the urgent need for a global policy response that matches the scale of the challenge and anticipates shocks on the horizon. The global community must take action to ensure the poor have the resources and support they need to begin a path toward economic recovery and build economic resilience to prepare for future shocks.

Graduation is a proven approach to strengthen the economic resilience of the extreme poor and prepare them to manage shocks before they occur. After receiving an initial asset package and relevant technical training, Graduation participants build market-driven, sustainable livelihoods and develop market linkages. Through coaching and training, participants enhance their technical capabilities and financial literacy, diversify their assets, and develop strategic planning skills to adapt to market changes. Graduation participants also develop linkages to local financial service providers, which encourages them to build their savings and protect their savings even during adverse events. Through life skills training, strengthened linkages to local government and community groups, and linkages to health services, participants improve their overall well-being and enhance their ability to respond to unanticipated household shocks.

¹ The World Bank. (2020, June 8). [Projected Poverty Impacts of COVID-19](#) (coronavirus).

² Sánchez-Páramo, C. (2020, April 23). [COVID-19 Will Hit the Poor the Hardest: Here's What We Can Do About It](#).

³ Food and Agriculture Organization of the United Nations. (2020, April 28). [COVID-19 and Rural Poverty: Supporting and Protecting the Rural Poor in Times of Pandemic](#).

⁴ Du, J., King, R., & R. Chanchani. (2020, April 14). [Tackling Inequality in Cities is Essential for Fighting COVID-19](#). World Resources Institute.

Graduation improves economic resilience by:

- ✓ Delivering asset packages or employment facilitation to launch market-driven livelihoods pathways
- ✓ Facilitating linkages to buyers and sellers in local markets for upstream and downstream resources
- ✓ Providing technical training to equip participants to execute a livelihood and adapt to market changes
- ✓ Coaching participants to diversify their asset base accumulation and investment over time
- ✓ Linking participants to local financial service providers and increasing their financial literacy to protect savings and utilize strategic financial services during adverse events
- ✓ Delivering life skills training and linking participants to health services to increase overall well-being

In the global context of increased momentum for social protection instruments that will outlast the pandemic, Graduation offers an effective path to economic recovery during the COVID-19 crisis because:

- Graduation offers the **flexibility** to respond to unexpected shocks such as decreased economic activity through program adaptations to help participants maintain their livelihoods and stabilize in the face of setbacks.
 - Frontline staff are trained to **rapidly respond and adapt** to emerging household needs through case management.
 - **Iterative monitoring systems** enable staff to quickly assess changing circumstances and vulnerabilities.
 - **Targeted household segmentation** facilitates programs to provide different levels of support to households with different levels of vulnerability.
 - Hands-on coaching and technical training helps participants develop strategic **planning skills** to avoid asset loss, limit financial risk, increase savings and plan for adverse events.
 - **Localized market assessments** enable program staff to rapidly analyze the impact of COVID-19 on local markets and reassess livelihood strategies.
 - **Partnerships with local financial service providers** encourage households to protect and continue to grow their savings.
 - **Linkages with local government and community resources** enable households to access assistance.
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Graduation has been proven to be effective in a variety of contexts as a means of building ex-ante economic resilience and enabling swift and targeted response during crisis. Evidence in various geographies shows that the approach has effectively enabled participants to maintain their livelihoods and grow their income and savings even during the global pandemic. For example, as of June 2020, 95% of Graduation participants in Bangladesh⁵ and 67% of Graduation participants in the Philippines⁶ were able to continue operating their livelihoods following extended quarantine periods in both countries. Many not only stabilized, but also diversified their livelihoods to strengthen long-term prospects and resilience to shock.

As such, Graduation is a policy response that matches the demands of the current moment. **Partnering with governments to bring Graduation to scale offers a promising pathway to meet the needs of the extreme poor and build their resilience to future crises and shocks, COVID-19 and otherwise.**

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⁵ BRAC. (2020, June 20). COVID 19 Emergency Response: Ultra Poor Graduation Programme

⁶ BRAC UPGI, July 2020. [Strengthening Resilience during COVID-19: Adapting the Graduation Approach in the Philippines.](#)