The Graduation Approach: Increasing Climate Resilience for People in Extreme Poverty

Global evidence indicates that the Graduation approach reduces vulnerability of households living in extreme poverty from climate-related shocks and climate change adaptation-specific adjustments may offer even greater protection.

Summary

Extreme poverty makes people more vulnerable to the effects of climate change. People living in poverty are not only more likely to live in areas most impacted by climate change, like drought- and flood-prone areas, increasing their exposure, they also often have limited adaptive capacity to respond to rapid or slow-onset climate challenges. Due to such factors, economists estimate that climate change will push between 32 million and 132 million people into extreme poverty by 2030.

The Graduation approach is proven to reduce vulnerability to climate-related disasters, enabling people in poverty to diversify their income (often away from a primary reliance on vulnerable, rain-fed agriculture), save more, and build skills, knowledge and awareness to prepare for shocks. BRAC and others are trying out different ways to make Graduation even more effective at increasing resilience to a changing climate, where disasters caused by extreme and slow-onset events are expected to become more frequent and/or intense.

It is important to emphasize that while Graduation offers important co-benefits of increasing resilience, it is only one tool and is not sufficient as a standalone approach to avoid climate vulnerability.

How Graduation enables households to prepare for climate shocks:

Income Diversification

Savings Increases

Skills, knowledge, and awareness

Evidence on Graduation and Climate Vulnerability

Rigorous evidence from different countries and contexts around the globe indicates that the standard Graduation approach reduces the negative impacts of climate change for households in extreme poverty:

In Ethiopia a light-touch Graduation-like programme, integrated into a government social safety net programme, reduced or eliminated the negative impacts of seasonal droughts on food security, nutrition, livestock holdings, and intimate partner violence. In drought-affected clusters served by the programme, the food insecurity was roughly halved, the decline in livestock holdings was reduced by a third; and the impacts on household consumption were completely muted, relative to drought-affected control clusters. The key driver of this protective effect was increased savings, which enabled households to smooth consumption and not sell off productive livestock when droughts occurred (Hirvonen et al. 2023).

In Afghanistan the Graduation approach enabled households to withstand multiple crises– conflict, insecurity, drought and the COVID-19 pandemic– significantly better than control households. Five years after receiving the asset transfer, households had more diverse income sources and used more sustainable coping mechanisms. While both Graduation and control groups experienced absolute reductions in consumption, revenue and income, Graduation households experienced smaller contractions and were 53% more likely to have recovered to some extent from the shocks. These results suggest that the programme was able to strengthen treatment households' ability to cope with or limit the effects of shocks, which can help protect their potential future consumption and investments (Bedoya et al. 2023).

In Bangladesh the Graduation approach significantly decreased participants' vulnerability to unexpected droughts and floods —which have become increasingly frequent and intense in recent decades due to climate change. Compared to control households, who experienced significant negative impacts from the climate-related shocks, Graduation households were able to maintain and diversify productive assets and labor activities and did not have to sell off transferred assets. The programme completely offset the negative impacts on consumption and nutrition experienced by control households (Balboni et al. 2025, not yet public).

In Nicaragua a randomised controlled trial of light-touch Graduation-like programme provided protection against unpredictable drought conditions. Rural Nicaraguan households, exposed to more frequent and less predictable drought conditions, received different combinations of safety net and productive interventions aimed at smoothing income and consumption and decreasing reliance on adverse coping mechanisms. Two years after the programme ended, researchers found the programme had completely offset income and consumption shocks from droughts experienced by control households. The impacts were driven by income smoothing and diversification of economic activities, offering better protection from drought compared to those who received a basic conditional cash transfer or households in the control group (Macours et al. 2022).

Innovations in Design

Adjustments to the Graduation approach may further boost its effectiveness at increasing resilience to climate change. Programme designers are exploring various innovations such as climate-resilient livelihoods selection and investments, climate-focused coaching, and layering in shock-responsive cash transfers or financial tools such as parametric heat insurance and crop and yield insurance to manage risk.

This is an emerging area of practice and evidence is only starting to demonstrate what works. For example, a non-causal study in Bangladesh found that climate-specific interventions—disaster risk-reduction training and providing information on early warning systems– were associated with the development of absorptive and adaptive capacities that reduce chronic poverty. Participants who received disaster risk reduction training and information on early warning systems were 19 percentage points less likely to lose income when faced with climate shocks (Diwakar et al. 2022).

Ongoing Research

Climate-related events vary widely in their type, the suddenness of onset, and their severity, making it difficult to generalise, particularly when looking across different contexts. While research on Graduation's impacts has been very positive, evidence on questions related to climate vulnerability is still limited. At the time of this writing, ongoing rigorous research is seeking to answer key questions, such as:

- *What are the impacts of the Graduation approach on household resilience to climate events in Malawi and Ethiopia? (Forthcoming, World Bank Development Impact Group)*
- *What is the impact of an environmentally-focused version of the Graduation approach —whereby households launch green businesses, make linkages to green value chains and market actors, and engage in community conservation and sustainable resource management? What are poverty and welfare outcomes and how does it impact how households' interact with the environment in Kenya? Learn more*
- *How effective are adjustments to BRAC's Graduation programme in Bangladesh at promoting in-situ adaptation in the context of climate-induced vulnerabilities? Learn more*
- *How do Graduation programme participants in Bangladesh experience the effects of climate change on their lives, and how are they adjusting their behaviours in response? (Forthcoming, BRAC Institute of Governance and Development)*
- *What is the impact of incorporating climate change adaptation elements into Graduation in the city of Khulna, Bangladesh, and how does the programme address climate vulnerability among urban climate migrants? Learn more*

More evidence is needed on slower-onset challenges such as gradually rising temperatures, extended droughts, increasing salinity, and the increasing unpredictability of rainfall, as well as to what extent Graduation is protective in the face of particularly severe impacts, both slow and sudden onset.

References

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