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A Research Agenda for the Next Wave of Graduation Programs

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Rarely has an antipoverty strategy been evaluated so thoroughly as the Graduation Approach, the holistic livelihood development program popularized by BRAC. The Graduation Approach includes five or more components designed to ensure that beneficiaries—typically the extreme poor—are able to manage or avoid new shocks while finding a pathway out of poverty. Targeted households are provided with consumption support (cash or food assistance) to meet basic daily needs, an income-generating asset (or a combination of assets, most often livestock) along with training in managing the asset, a savings account (or savings groups where banking is unavailable), and coaching or mentoring over a two-year period to reinforce lessons, monitor households' progress, provide moral support, and help to overcome any challenges along the way.

In 2006 CGAP and the Ford Foundation teamed up to determine whether BRAC's Ultra-Poor Graduation Approach could be adapted successfully outside Bangladesh. They identified ten partners in eight countries around the world and, with much foresight, invested in an evaluation strategy that would provide an impressive body of evidence once these programs had completed nearly a decade later. Eight of the sites were evaluated with randomized evaluations which were complemented with rigorous qualitative research. Innovations for Poverty Action (IPA) conducted seven of the randomized evaluations, with one of the research sites in India managed by our partners at J-PAL. We pooled the data from six[1] of the randomized evaluations and published the results in *Science* (Banerjee et al. 2015).

What we know now

The results showed positive impacts on every outcome we looked at, including income and revenues, total per-capita consumption, assets, food security, women's empowerment, physical health, financial inclusion, mental health, total time spent working and political involvement. Most of the outcomes were remarkably stable from year two, when the program completed, through year three, a full year after households received any services from the programs. Two results, physical health and women's empowerment, were no longer statistically significant by year three, though the direction of the impact remained positive. There was very little or no decline in the impact of the program after 36 months on the key outcomes including consumption, household assets, and food security.

The magnitudes of the individual impacts are modest (per-capita consumption increases about 5% compared to the control group), but they add up. We conducted a thorough cost-benefit analysis which showed a benefit/cost ratio of 166 percent across all the sites, with the highest over 400 percent. The benefits were based primarily on a projection of the 3-year impact of the program on per-capita consumption. This calculation rested on an assumption that the impacts would continue into the future, based on the stability of results from year two to year three. This assumption was bolstered by results from a separate randomized evaluation of BRAC's original program showing strong impacts after four years (Bandiera et al. 2016) and later greatly strengthened by a long-term

[1] The Yemen evaluation was delayed due to conflict but the data was eventually collected and data analysis is being completed.

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Today the World Bank's Partnership for Economic Inclusion (PEI) counts 219 active economic inclusion programs implemented by governments and NGOs across 75 countries, and extending to new populations including the urban poor and refugees.

IPA has developed a Research Agenda for the Next Wave of Graduation Programs that focuses on unpacking the pieces of the multidimensional approach, optimizing component levels, and experimenting with variations to improve cost-effectiveness and enable scale.

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