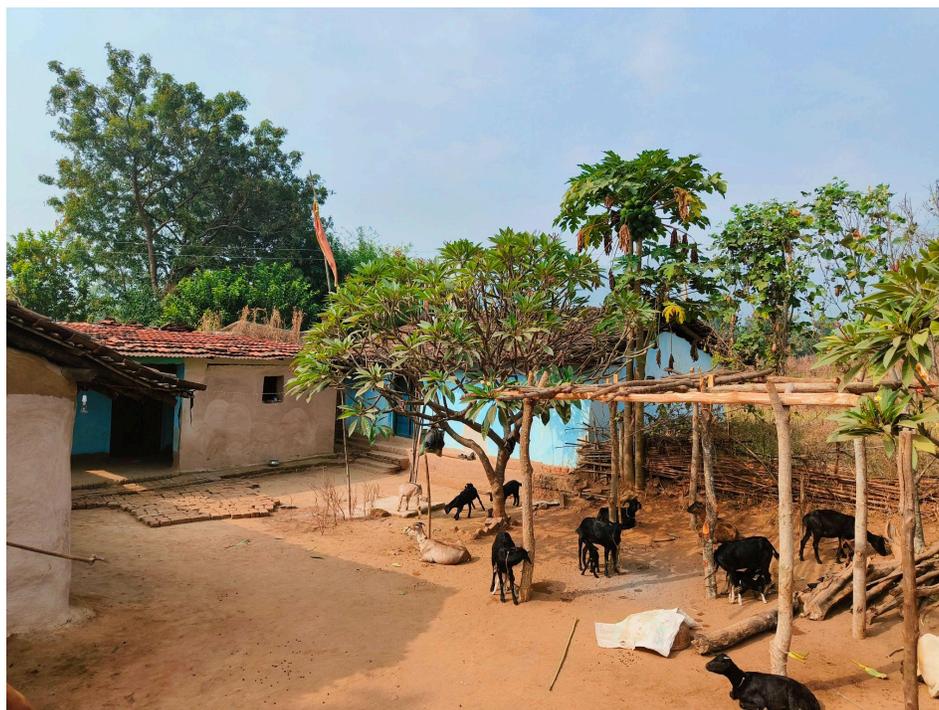


What after Graduation?

Insights into sustaining impact beyond the initial intervention.

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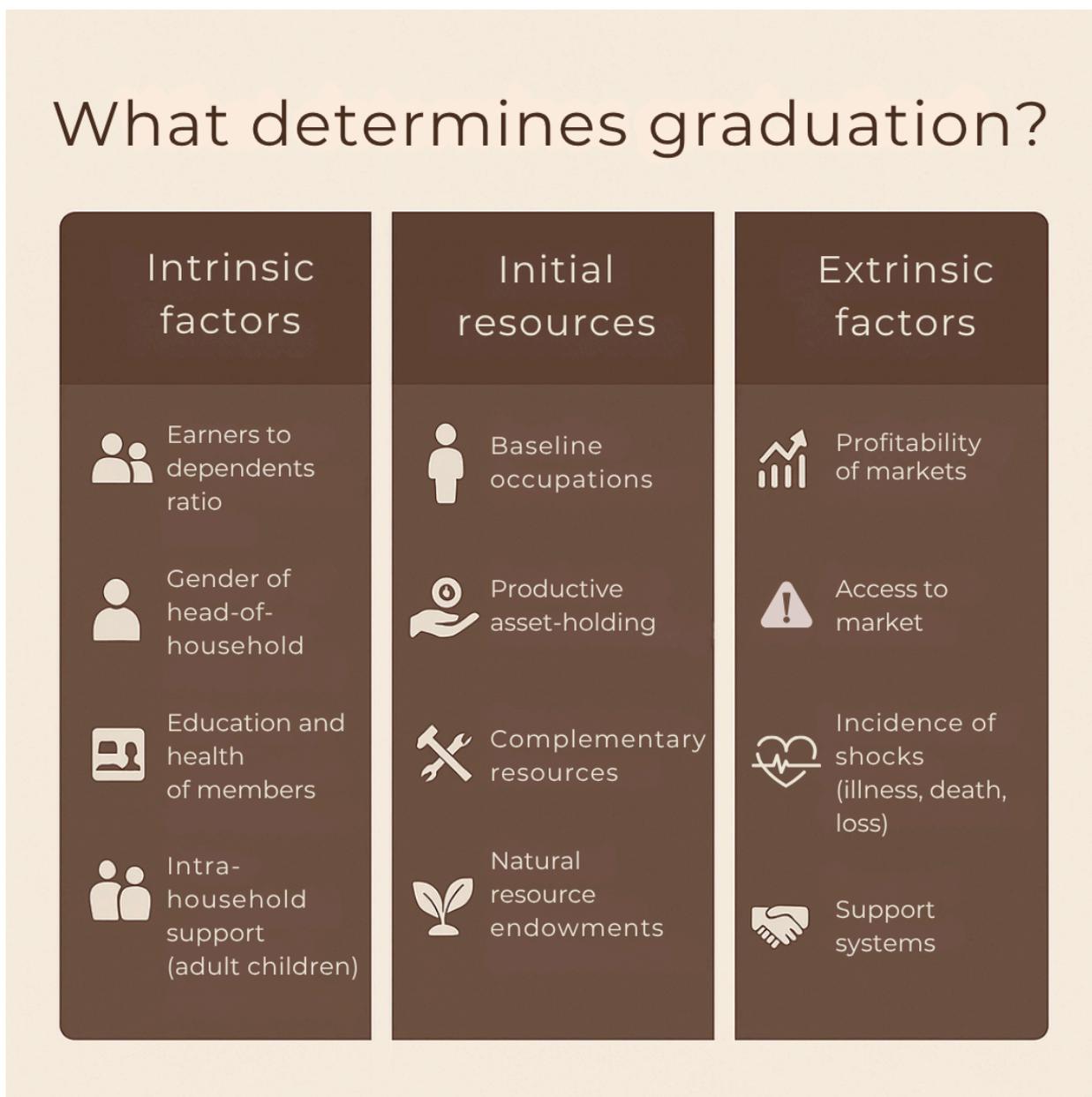
The 'graduation approach' for poverty alleviation is a multi-dimensional program that helps participants move out of extreme poverty by focusing on four pillars: livelihood promotion, social empowerment, social protection, and financial inclusion. It emphasises a phased progression from extreme poverty to self-reliance by addressing immediate needs and enabling households to build sustainable livelihoods through a combination of support like cash or asset transfers, skills training, and mentoring.

The approach has been implemented worldwide, adapting to local contexts and field realities, leading to a growing body of research on its multifaceted impact. However, most evaluations focus on changes observed at the program's end, with fewer tracking outcomes some years later—and even fewer mapping long-term trajectories of graduate households. This raises the pertinent question, **what happens after graduation?** What factors determine that they remain graduated in the long term? How do households leverage the training received during the program? What pathways do graduated households pursue to stay in an upward trajectory? And importantly, **how do evaluations understand and measure this journey?**

This article synthesises existing findings into three key questions to explore the factors shaping program outcomes in both the short and long term. Understanding these findings

is crucial for policymakers, practitioners, and researchers who aim to refine and scale these programs.

1. Which households graduate?



A predominant theme across studies is the heterogeneity of impact i.e., the same program has different outcomes for different households. According to literature, this is largely due to the differing characteristics and resources at the outset. These can be broadly categorised into three types: intrinsic, extrinsic, and initial resources.

- **Intrinsic:** "Household characteristics, such as dependency ratio, the gender of the head of household, the presence of adult children, spousal support, and members' education and health, significantly influence how many individuals can work. These factors also shape the types of livelihoods available and the household's capacity to sustain them. For instance, if a household cannot properly manage livestock or a small business, it may fail to liquidate assets quickly enough to prevent losses, leading to financial strain. "Households, particularly those initially engaged in begging or domestic work, those without adult sons, and male-headed households tend to revert to their baseline occupations in the long-run (Bandiera et al., 2016; Misha et al., 2018, Sabates-Wheeler et al., 2018).
- **Initial resources** available to the household such as natural resource endowments, baseline occupations, productive assets including land, and other complementary resources such as carts, sheds that enable the household to efficiently convert their skills and latent potential into a livelihood and move towards a more stable trajectory, graduating out of poverty. Evaluations have observed that while the poorest households prioritised meeting basic needs like food, those better off were able to build assets and access financial services like access to credit or savings.

Benefits in consumption, income, and assets were larger for households at the higher end of the poverty spectrum (though still poor), showing that households with more resources were able to leverage the program for greater gains. In the long term, the impact on assets at the 90th percentile has been over ten times greater than at the 10th percentile (Balboni et al., 2021; Bandiera et al., 2016; Banerjee et al., 2015).

- **Extrinsic factors** - such as profitability of local markets, market accessibility, macro-economic trends, and available structural support—strongly influence a household's long-term ability to maintain a livelihood. Simultaneously, high frequency of shocks can drive the household back into poverty. Households that regress or drop out typically do so due to unexpected personal, health, or livelihood shocks that overwhelm their resilience capacity and/or deplete their savings. Other extrinsic factors can be understood through the case of Andhra Pradesh, where the gains experienced by treatment households through livestock rearing were offset by wage employment in control households due to rising wages (Bandiera et al., 2016; Bauchet et al., 2015; Misha et al., 2018).

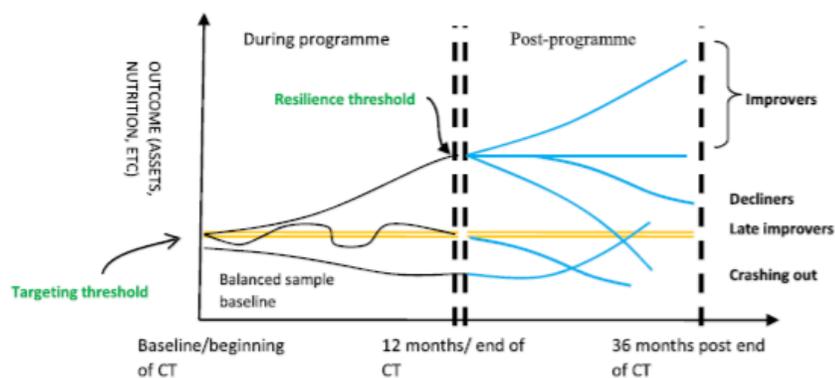
2. When do households graduate?

A. Beyond a one-time event

Sabates-Wheeler et al (2018) expand upon the implications of heterogeneity of impact further, by interrogating *when* a household can be deemed to have graduated out of poverty. Their research emphasises that, rather than treating

graduation as a one-time ‘event’ measured by a snapshot of indicators, it should be understood as a ‘trajectory’ unfolding over time - capturing the evolving realities of livelihoods for households, from receipt of asset/cash transfer to a substantial post-program period. **Escaping poverty isn’t a one-time event—it’s a journey.** Graduation for them is a phenomenon that can only be understood through longitudinal data that is sensitive to household characteristics, shock types, household location, and complementarities among resources because they directly shape a household’s trajectory.

R. Sabates-Wheeler et al.

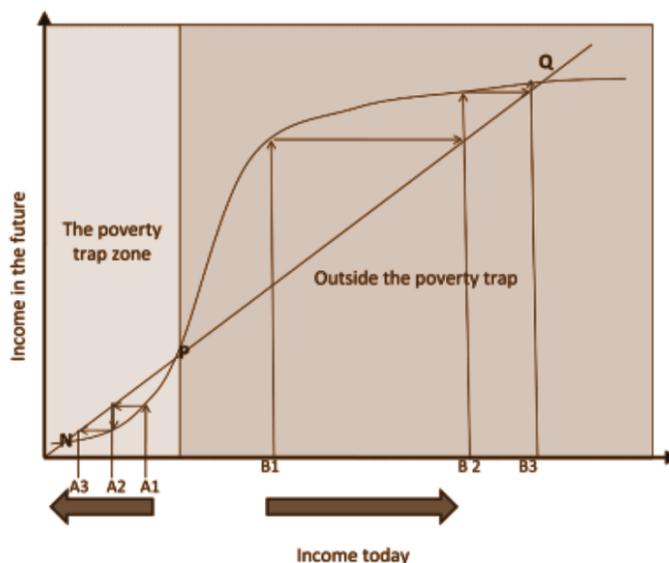


[Source:](#) Livelihood trajectories during and post cash transfer (Sabates-Wheeler et al, 2018)

These insights underscore the need for flexible, **multi-sectoral poverty eradication strategies**, given that, “**different households need different types of support for different lengths of time**”. Some will benefit from a short, intensive intervention, while others require ongoing assistance to reach a stable livelihood trajectory.

B. Crossing a critical threshold

Big push interventions like the graduation approach are envisioned to remove multiple barriers simultaneously and drive people out of poverty traps. An s-shaped, or bimodal pattern of asset accumulation is associated with poverty traps where those above a certain threshold accumulate more, whereas those with limited initial assets lose them. But what does a poverty threshold really mean?



The concept of a ‘poverty threshold’ implies a **minimum asset base needed to shift from low-return wage labor to more sustainable livelihoods**. Balboni et al. (2021) build on this by examining factors that determine these critical threshold levels. Analysing 11-year panel data of 6000 graduated households from Bangladesh, the study contends that the most plausible reason for households staying poor despite the transfers is the lack of complementary inputs along with the absence of rental or credit markets. Without complementary inputs like carts and sheds for rearing cows, for example, households are unable to convert the livestock and other asset transfers into occupations or achieve the **“minimum scale of operation required for profitable and sustainable livestock production”**.

Thus, households above the poverty threshold transition more easily into better occupations, effectively escaping poverty. In contrast, those below it often remain trapped in low-return, irregular wage labor. Unable to convert the asset into an income source, such households often resort to distress-selling or consumption of the asset to make ends meet. **While small transfers may boost consumption in the short-run, however, asset, occupation, and consumption trajectories in the long-run will be determined based on a household’s location vis-a-vis its poverty threshold.**

3. How do households graduate?

A. Pathways for graduation

In contrast to the growing treatment effects reported by Banerjee et al (2021), a longitudinal study in Ethiopia by Barker et al (2024) shows that while

positive impacts on income and consumption persisted four years post-program, the initial gap between treatment and control households shrank considerably. The study points to two possible explanations: **migration** and the **kind of livelihood diversification**.

Migration emerged as a critical pathway for sustained impacts in India: many treated households moved to distant but more profitable locations, raising remittances by 52% at year ten. By contrast, in Ethiopia, political instability and ethnic tensions impeded similar gains. Like India, Ethiopia's growing economy created favorable conditions for control group households to progress, narrowing the gap with treatment households. However, the absence of structural changes—like migration opportunities—meant that long-term impacts for treatment households remained muted compared to other contexts.

Secondly, while households in both India and Ethiopia diversified their livelihoods, in India the **degree of income diversification was higher**. Households earned through several sources such as non-farm enterprises, horticulture, and fishing. Whereas in Ethiopia, households diversified income through agriculture by cultivating more land and investing more on their farms. **Across studies, treatment households diversify income sources more than the control group, thereby helping households mitigate external shocks**. Often, this diversification goes beyond program supported livelihoods and largely includes increased participation in paid labor and market activities by both men and women, contributing to sustained economic resilience (Bedoya et al., 2023).

B. Mentorship



Life-skills coaching has been described as “**perhaps the most critically successful factor**” (De Montesquiou & Sheldon, 2014) of the graduation approach, highlighting its unique role in **addressing behavioural constraints** and strengthening the impact of other program components, such as asset transfers.

Evidence from gender-sensitive coaching modules—particularly those that involve both women and men at the household level—suggests that such approaches can shift social norms and increase women’s decision-making power, thereby having a **ripple effect**. For example, in Burkina Faso, Trickle Up’s program incorporated family coaching on child protection and domestic violence, which led to improved outcomes for women’s autonomy and agency (Ismayilova et al., 2018b). In Burundi, coaching played a vital role in resolving spousal conflict and fostering trust (Devereux et al., 2015).

Practitioners also emphasise the importance of **early, consistent, sequential** (moving from simple to more complex ideas), and **context-specific coaching**, particularly when men are engaged from the beginning. This not only **builds women’s confidence and social capital but also promotes mutual understanding and smoother program implementation** (Roelen et al., 2019; BOMA, 2018).

Evidence on the graduation approach highlights its potential to drive long-term poverty reduction, but also underscores the complexities in sustaining these gains. While program participation often facilitates a shift toward higher-return livelihoods, long-term outcomes remain highly heterogeneous, shaped by intrinsic household characteristics, extrinsic economic conditions, and the presence of a critical poverty threshold. The ability to diversify income sources and leverage complementary assets plays a crucial role in determining whether households continue on an upward trajectory or revert to their baseline occupations. Findings also stress the importance of viewing graduation as a dynamic process rather than a fixed outcome, necessitating longitudinal evaluations that capture evolving livelihood trajectories.

Ultimately, the graduation approach shows strong potential as a poverty alleviation strategy, but its **long-term success depends on context-sensitive interventions that align with local realities**. Effective programs **must enable households to translate their potential into capabilities, ensuring a sustained trajectory out of poverty**. We are also looking forward to adding to this conversation by sharing insights from our ongoing study—on the sustainability of outcomes two years post-graduation for the first cohort of our Economic Inclusion Program. Stay tuned to find out more!

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