

## COVID-19 vs the Ultra-Poor Graduation Approach: Evidence from Bangladesh

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On November 10, 2021, BRAC, BRAC Institute of Governance and Development (BIGD), G<sup>2</sup>LM|LIC, the International Growth Centre (IGC STICERD, the London School of Economics and Political Science (LSE), and the UK Foreign, Commonwealth & Development Office (FCDO),) organized a webinar to present the findings of recent BIGD/LSE research [COVID-19 vs. UPG: Evidence From the 2007 Cohort in Bangladesh](#).

[Oriana Bandiera](#), Sir Anthony Atkinson Professor of Economics at the London School of Economics, was the keynote speaker. Adnan Khan, Professor of Practice, LSE, and FCDO Chief Economist was the moderator of the session.

The webinar also included comments from a panel including:

- [Imran Matin](#), Executive Director, BIGD, and visiting Fellow of the Suntory and Toyota International Centres for Economics and Related Disciplines (STICERD) at the London School of Economics and Political Science (LSE).
- [Robin Burgess](#), Professor of Economics at the London School of Economics, and Director of the Economic Organisation and Public Policy Programme at the London School of Economics.
- [Dean Karlan](#), Frederic Esser Nemmers Distinguished Professor of Economics and Finance at Northwestern University, co-Director with Christopher Udry of the Global Poverty Research Lab at Northwestern University, and the Founder and President of Innovations for Poverty Action, a non-profit organization dedicated to discovering and promoting solutions to global poverty problems.
- [Markus Goldstein](#), lead economist in the Office of the Chief Economist's Office for Africa at the World Bank, where he leads the Gender Innovation Lab.
- [Greg Chen](#), incoming Managing Director, of [BRAC Ultra-Poor Graduation Initiative \(UPGI\)](#), charged with leading BRAC's Ultra-Poor Graduation Initiative into its next phase of growth. Prior to joining BRAC, Chen was the Policy Lead at [CGAP](#), focusing on hands-on advisory and implementation with microfinance institutions and engaging governments and regulators across Africa and Asia.

[Ahmed Elsayed](#), Senior Research Associate at the IZA – Institute of Labor Economics and Deputy Program Director G<sup>2</sup>LM|LIC moderated the online discussion.

Adnan introduced the session by reminding participants that the poorest and the most vulnerable households in low-income countries are hit hardest by COVID-19: [World Bank estimates from January 2021](#) suggest that the pandemic pushed between 119 and 124 million people into extreme poverty around the globe in 2020. In Bangladesh, an additional 22.9% of the population fell below the poverty line during the lockdown period of the first wave in Bangladesh ([Rahman et al., 2020](#)).

Professor Oriana drew attention to the success of the UPG program in giving the poorest women in some of the poorest areas of Bangladesh the tools to escape the poverty trap ([Balboni et al., 2020](#); [Bandiera et al., 2017](#)).

The new [research by BIGD and LSE, 2021](#) investigates the impact of the COVID-19 pandemic on the 2007 cohort of beneficiaries of BRAC's Ultra-Poor Graduation (UPG) program in rural areas of Bangladesh. The [Graduation Approach](#) is a multifaceted set of interventions designed to address the

complex nature of extreme poverty. The approach empowers participants to develop sustainable livelihoods that set them on a path of upward economic mobility. They also become better integrated into society, develop social connections, improve their self-esteem, and establish active roles in their communities.

BIGD, along with PPRC (Power and Participation Research Centre), conducted an extensive survey on 7,000 households in three stages: first in April 2020 when the lockdown was first imposed, then in June 2020, during the lockdown and in March 2021, when the lockdown was lifted. The study compares the UPG households above and below the poverty threshold identified in Balboni et al. (2020).

When COVID-19 hit, it appears that UPG participants who were above the poverty threshold were more likely to keep good jobs, including salaried, agricultural, and non-agricultural work. This is crucial in terms of household well-being since losing a good job is associated with lower consumption and assets. They were also less likely to experience COVID-19 induced migration, a phenomenon that is happening worldwide. Those above the poverty threshold were more likely to keep good jobs during the pandemic, probably because they had moved from casual labour to self-employment, through livestock rearing and land cultivation. Salaried employment is rare in Bangladesh, and only wealthier individuals have salaried jobs; small businesses are run by poorer individuals, while the poorest do casual jobs. UPG works to uplift people from “casual jobs” to “small business.

UPG helps the poorest move into self-employment but COVID-19 inverts the cycle due to lockdowns forcing small businesses to close, depleting people’s assets and moving them back into poorly paid and unpredictable casual jobs. “If UPG is a ‘big push’, it could be that COVID-19 is a ‘big pull.’ We need to understand how the pandemic contributes to creating new poverty traps,” Oriana Bandiera said.

Dr Imran Matin, Executive Director, BIGD, mentioned two design challenges he believes should be explored further. First, COVID-19 has affected vulnerable people in urban areas the most. Second, the UPG program was designed for the chronic poor but will need to adapt to the “new-poor” whose aspirations and psychology will be different. Professor Robin Burgess, LSE, added that the COVID shock can help us learn how to deal with other shocks such as climatic shocks and climate-induced migration towards urban areas. Dean Karlan, Professor of Economics and Finance at Northwestern University, underscored the importance of coaching and psychosocial components of UPG in helping the poorest move above a threshold. He shared findings from Uganda, showing that participants in graduation adaptations were affected differently by COVID-19 and questioned whether psychosocial skills could be predictors of vulnerability and resilience. Markus Goldstein, Lead Economist at the World Bank, emphasized the gender dimension of the COVID-19 shock since women were most affected and had extra-care work as schools closed. He highlighted recent research in Niger that show that participants who received more skills training fared better than others. In Zambia, the results were not as strong. Finally, Greg Chen, Managing Director, BRAC UPGI, highlighted the need to understand who the new poor in Bangladesh are.

During the wrap-up, Oriana urged donors and policymakers to act fast and build the bases for sustainable growth post-COVID-19.