



Defining & Operationalizing a Climate and Nature-Positive Lens to Graduation

A FRAMEWORK FOR SUSTAINABLE PATHWAYS OUT OF POVERTY

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Authors

Isabella Genta, Julie Kedroske, and Gonzalo Pons.

Photos

Front Cover: An Angolan woman carries a heavy sack along a rural road near water in the picturesque landscape. © Shutterstock / Dave Primov

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Defining & Operationalizing a Climate and Nature-Positive Lens to Graduation

Executive Summary

Climate shocks, ecosystem degradation, and slow-onset environmental change are fundamentally reshaping the conditions in which Graduation programs operate. Without deliberate design changes, even highly effective poverty-reduction programs risk seeing their hard-won gains eroded or reversed as climate stress intensifies. This guidance note, produced by Innovations for Poverty Action (IPA), offers a practitioner-oriented framework for integrating climate adaptation and nature-positive principles into existing Graduation programs.

The note introduces the concept of a Climate and Nature-Positive (CNP) lens — defined as multidimensional support packages that enable poor and climate-vulnerable households to achieve sustainable, resilient livelihoods by (a) reducing climate risk and vulnerability, and (b) aligning livelihood trajectories with nature-positive development, in line with IPCC climate-resilient development pathways (CRDPs).

The framework is grounded in the IPCC's Sixth Assessment Report and is intended for NGOs and government partners adapting or scaling Graduation in climate-vulnerable contexts — particularly those where livelihood choices interact strongly with land use, ecosystems, and local emissions. Critically, the note does not offer a ready-made recipe for 'climate-proofing' Graduation; rather, it presents a working hypothesis and a set of design questions to guide experimentation and evaluation.

A CNP lens to Graduation can be understood as multidimensional support packages that enable poor and climate-vulnerable households to achieve sustainable and resilient livelihoods by reducing their climate risk and vulnerability, and aligning livelihood trajectories with nature-positive development, in line with climate-resilient development pathways ([IPCC, 2022](#); [World Bank, 2023](#)).

Key Findings

1. **Climate threatens gains made by Graduation programs.** Droughts, floods, and ecosystem collapse may push post-program households back into poverty — yet most Graduation models weren't explicitly designed with this in mind.
 2. **Most programs potentially fall short of true climate resilience.** Programs range from maladaptive (inadvertently pushing households toward risky or environmentally damaging livelihoods) to indirectly adaptive (building climate resilience as a co-benefit) — but few deliberately include climate and nature-positive goals in their design.
 3. **Early evidence is promising but thin.** Studies in Ethiopia and Nigeria show Graduation can buffer climate shocks. But most evidence targets acute disasters, rather than slow onset climate impacts. Environmental outcomes are rarely tracked at all.
 4. **Income gains can backfire.** Higher incomes can increase deforestation and resource pressure if livelihood choices are not intentionally steered. Economic success and environmental harm are not mutually exclusive.
 5. **All four Graduation pillars can integrate a climate and nature-positive lens.** Asset menus, savings products, coaching curricula, and community empowerment sessions each have concrete, actionable opportunities to integrate a climate resilience and nature-positive lens.
 6. **The field urgently needs rigorous evaluation.** The central ask: design evaluations that track both household welfare and environmental outcomes — and compare standard Graduation against climate- and nature-enhanced versions.
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Introduction and Purpose

Climate shocks, slow-onset changes, and ecosystem degradation are reshaping the landscape in which Graduation programs operate, threatening hard-won gains and increasing the risk that households fall back into extreme poverty after “graduating” ([Hallegatte et al., 2016](#); [World Bank, 2023](#)). While social protection programs, like Graduation, offer important tools to buffer shocks and promote equity, most conventional systems were not designed to include climate resilience or environmental conservation as core goals ([Bowen et al., 2020](#)).

As a result, they often fail to address the root causes of climate- and environment-related vulnerability, particularly for rural and climate-exposed livelihoods, and do not systematically account for risks such as deforestation, land degradation, or climate-related displacement ([Global Centre on Adaptation, 2021](#); [InsuResilience, 2021](#)). Existing evidence on how Graduation performs under intensifying climate and environmental stress and shocks is still thin, therefore any “climate-sensitive and nature-positive Graduation” model should be treated as a working hypothesis rather than a proven solution.

This note defines applying a "climate and nature-positive (CNP) lens" to Graduation rather than "green graduation." This phrasing emphasizes adapting programs to climate and environmental risks and realities, rather than suggesting they are fully "climate-proofed." "Green" language can be vague and risks overpromising; applying a CNP lens signals concrete, context-specific design choices or impacts.

This note offers a practitioner-oriented framework for integrating climate adaptation and nature-positive lens into existing Graduation programs, drawing on emerging evidence and case studies from climate-resilient economic inclusion and adaptive social protection. Conceptually, it is anchored in the Intergovernmental Panel on Climate Change’s (IPCC) framing of climate-resilient development pathways (CRDPs) in the Sixth Assessment Report, which define development trajectories that

integrate adaptation and greenhouse gas mitigation to support sustainable development for all. In line with this framing, CRDPs emphasize that livelihoods, ecosystems, and infrastructure co-evolve as interconnected social-ecological systems that simultaneously reduce climate risks, lower emissions, and safeguard biodiversity and ecosystem services on which households depend. This framework translates those principles into concrete design and implementation choices for Graduation programs, including how they engage with nature-based solutions, ecosystem stewardship, and sustainable livelihood trajectories. ([IPCC, 2022](#)).

Defining the CNP Lens

A CNP lens to Graduation can be understood as multidimensional support packages that enable poor and climate-vulnerable households to achieve sustainable and resilient livelihoods by (a) reducing their climate risk and vulnerability and (b) aligning livelihood trajectories with nature-positive development, in line with climate-resilient development pathways. ([IPCC, 2022](#); [World Bank, 2023](#)).

The framework is designed for NGOs and government partners adapting or expanding Graduation to climate-vulnerable contexts, particularly where livelihood choices interact strongly with land use, ecosystems, and local emissions (such as agriculture and natural resource dependent settings). As Graduation programs serve populations who have contributed very little to global greenhouse gas emissions, this framework primarily focuses on integrating climate adaptation and nature-positive livelihoods rather than emphasizing emissions reduction. For land-based programs, the minimum goal should be to avoid degrading natural capital, while aiming, where possible, to maintain productive landscapes, biodiversity, and ecosystem services. This framework's primary aim is to clarify concrete design choices, and to highlight where new evidence and experimentation are needed. Without rigorous testing, it is

not yet possible to claim that Graduation is ready to reliably deliver nature-positive, climate-resilient outcomes.

Refresher on the Graduation Approach

The Graduation approach is a time-bound, sequenced "big push" model designed to help households living in extreme poverty break the poverty cycle and achieve lasting economic independence. It combines multiple, mutually reinforcing interventions—typically delivered over 12-36 months—to build economic self-reliance and resilience. Originally pioneered by BRAC and rigorously evaluated by Innovations for Poverty Action (IPA), J-PAL, and other research partners, the model has since been adapted and scaled across diverse country contexts.

The evidence base has grown substantially since the first multi-country randomized evaluation (RCTs) published in 2015 which demonstrated improvements in income, consumption, assets, food security, and psychosocial well-being ([Banerjee et al., 2015](#)). This is now one of the most rigorously evaluated development interventions with more than 40 RCTs across 48 sites. Long-term follow-ups in India and Bangladesh show that effects persist and in some cases continue to grow up to a decade after program implementation. This note is therefore not intended to provide practitioners with a ready-made recipe for climate-proofing the Graduation model; rather, it offers a framework and a set of questions to guide initial thinking and experimentation.

The Graduation approach is generally structured around four core pillars:



- **Social protection.** *Social protection includes preventive, protective, and promotive mechanisms to support basic income security, such as*

consumption support, crisis relief, and improved access to health and education. These measures stabilize consumption and reduce immediate stress so households can invest in livelihoods and human capital.

- **Livelihoods promotion.** Livelihoods promotion ensures regular and diverse income streams that support consumption, asset accumulation, and economic empowerment, especially for women. Interventions usually include asset or cash transfers for viable livelihoods, technical and business skills training, and improved access to markets.
- **Financial inclusion.** Financial inclusion provides improved income and risk management and financial empowerment through access to savings, credit, and insurance mechanisms, accompanied by financial literacy training. Savings groups or accounts, basic planning tools, and, where available, insurance products help households manage shocks and invest productively.
- **Social empowerment.** Social empowerment equips families with knowledge and skills to boost confidence, promote community inclusion and positive behavior change.

Coaching serves as a critical delivery mechanism through which participants receive personalized guidance, skill development and psychosocial support.

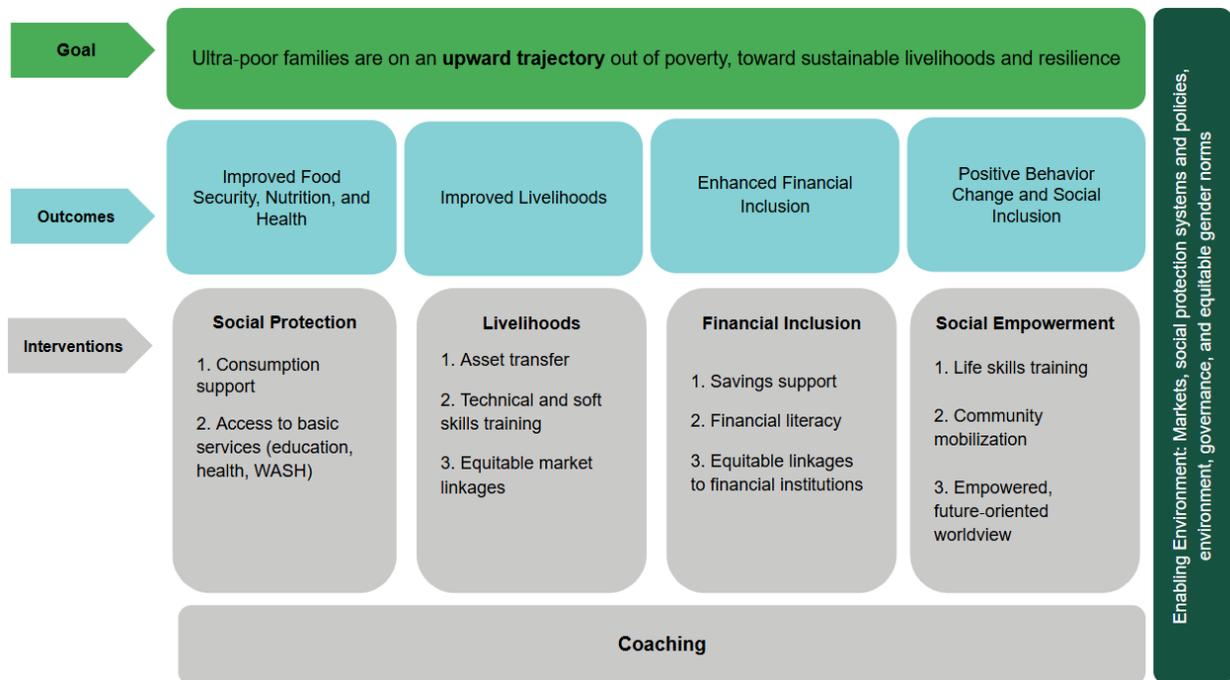


Figure 1.1: Illustrative theory of change for traditional Graduation approach.

Core design features include a holistic package, strong coaching, and adaptation to local context, and the approach is increasingly implemented by governments at scale. This model is now being tested against a new generation of climate and environmental risks.

Why Apply a Climate and Nature-Positive Lens?

Climate change and ecosystem degradation are reshaping poverty trajectories, especially for households dependent on agriculture, natural resources, or informal urban economies ([Hallegatte et al., 2016](#)). More frequent extreme events, slow-onset changes (e.g., desertification or sea-level rise), and the degradation of soils,

forests, water, and fisheries can erode Graduation gains and increase the risk that households fall back into extreme poverty after program exit ([Hallegatte et al., 2016](#); [World Bank, 2023](#)). But, not all Graduation programs respond to these risks equally.

A simple three-light typology can help distinguish between Graduation models that are climate- or nature-maladaptive, those that are indirectly adaptive or nature-positive, and those that are explicitly and directly climate-adaptive and nature-positive, clarifying where stronger evidence is most urgently needed.¹

Climate/nature-maladaptive Graduation	These are programs where livelihood choices, settlement patterns, or coping strategies may inadvertently increase exposure or sensitivity to climate hazards or drive ecosystem degradation—for example, encouraging expansion of rainfed agriculture or charcoal production in fragile drylands without safeguards or alternatives. In these cases, Graduation may still raise income and assets but unintentionally heighten long-term climate risk or contribute to deforestation and land degradation. Current impact evaluations rarely measure these outcomes.
Indirectly climate/nature-adaptive Graduation	These are “traditional” Graduation models that do not explicitly integrate climate or environmental objectives, but still build adaptive capacity and can indirectly support environmental conservation through diversification, savings, social capital, women’s agency, and improved access to services. Evidence shows sustained gains in income, assets, savings, mental health, and women’s decision-making, which align with IPCC concepts of households’ ability to anticipate, absorb, and recover from climate shocks, and may also reduce pressure on natural resources, even if programs were not designed with these goals in mind.
Directly climate/nature-adaptive Graduation	These are models that intentionally adjust asset menus, coaching, financial tools, and linkages based on climate and ecosystem diagnostics—for example, prioritizing climate-resilient and nature-positive livelihoods, integrating Disaster Risk Reduction measures and climate information into coaching, and adding elements such as improved cookstoves or basic Natural Resource Management training, as in emerging sustainable enterprise group pilots. These programs have explicit theories of change for resilience and environmental outcomes.

¹ The BOMA Project has developed a similar tool for their Green Reap program. <https://www.google.com/url?q=https://www.boma.ngo/wp-content/uploads/2022/09/Green-REAP.pdf&sa=D&source=docs&ust=1772560634925134&usq=AOvVaw1YWJU8eY8DggNQW7Jf1AEj>

Even though building resilience to general shocks has always been a focus of the Graduation approach, there is still limited evidence on its specific impacts on climate resilience and adaptation, partly because these outcomes are rarely measured in a systematic way and are costly to collect. In practice, many Graduation programs help households cope with shocks and smooth consumption, but do not necessarily shift livelihood trajectories away from climate-sensitive, high-risk, or environmentally degrading activities, likely placing them closer to the “indirectly climate-/nature-adaptive” or even “maladaptive” categories in this typology.

Emerging Evidence

Emerging evidence suggests that well-designed Graduation and social protection programs can buffer households against climate shocks, mainly through increased savings, diversification, and assets. A recent randomized evaluation of a light-touch Graduation program in rural Ethiopia finds that participants were better able to maintain consumption and assets in the face of localized droughts than comparable non-participants, indicating that Graduation can build resilience to climate shocks even when not explicitly designed as a climate intervention ([Hirvonen et al., 2025](#)). Similar patterns emerge from other Graduation evaluations synthesized in BRAC’s “[Graduation and Climate Resilience](#)” (BRAC UPGI, 2021) and “[Increasing Climate Resilience for People in Extreme Poverty](#)” (BRAC International, 2025), which conclude that standard Graduation models tend to reduce vulnerability to climate-related shocks while still calling for more attention to slow-onset events.

Broader evidence from adaptive social protection further illustrates how tailoring designs to specific climate and ecosystem risks can materially change outcomes—pointing toward what “directly climate-/nature-adaptive” Graduation could look like. A multiyear cash transfer program in rural Niger was found to help households better mitigate the welfare effects of drought shocks compared to non-beneficiaries, suggesting that predictable, risk-informed social protection can enhance resilience ([Beeqle et al., 2020](#)). Further, evidence suggesting adjusting the timing of transfers to climate shocks can have even higher impacts. A randomized evaluation of anticipatory cash transfers in flood-prone northeast Nigeria shows that households receiving cash before predicted floods had better food security, fewer negative coping strategies, and faster recovery than those receiving standard post-shock assistance ([International Rescue Committee, 2023](#)). Another randomized control trial in Niger compared large transfers delivered before the lean season, a traditional humanitarian response during the lean season, and smaller regular transfers

throughout the year. The results show that large early transfers yielded greater short term benefits on economic welfare and psychological well-being than the other two approaches ([Pople et al., 2025](#)), reinforcing the absorptive and anticipatory functions of social protection in climate-vulnerable settings and illustrating the value of systematically integrating climate risks into program design.

At the same time, while social protection has strong potential for climate adaptation, most program have not been explicitly designed or evaluated with these outcomes in mind, particularly for slow-onset effects of climate change (e.g., desertification, temperature and precipitation changes) that materialize slowly and over the longer term. Without explicit climate-risk management and attention to ecosystem health, programs can inadvertently reinforce patterns of vulnerability and ecosystem degradation in climate-sensitive rural livelihoods ([Agrawal et al., 2019](#)), precisely the kinds of dynamics that define the “climate-/nature-maladaptive” category in the typology.

Gaps in Climate and Nature Evidence for Graduation

Many programs take place in drylands and forest-adjacent rural economies (including Afghanistan, Chad, Burkina Faso, Niger, and Zambia) where assessments emphasize household welfare and employment alone, rather than changes in tree cover, soil health, or water resources (Carter et al., 2025). Consequently, although standard Graduation models could plausibly enhance sustainability or, conversely, prove maladaptive in certain contexts, existing evidence cannot yet determine which is occurring — or where. Even less is known about how these models affect local deforestation, the use of common-pool resources, or households’ exposure to ecosystem-linked climate risks over time.

Existing large-scale Graduation evaluations illustrate both the potential and the gap. For example, an impact evaluation of the Graduating to Resilience (G2R) program, implemented by AVSI Foundation in Uganda and funded by the United States Agency for International Development (USAID), finds sizable, sustained gains in productive assets, income, consumption, food security, and subjective well-being 18–24 months after the end of transfers for both refugee and host households, as

well as meaningful positive spillovers within treatment communities ([IPA, 2022](#)). The G2R evaluation also reports substantial improvements on the USAID composite Adaptive Capacity Index, capturing aspirations and confidence, social capital, information access, diversified livelihoods, asset ownership, and financial inclusion. This suggests that standard Graduation programs already strengthen many capacities that are relevant for climate resilience. However, the G2R evaluation did not track climate- or nature-specific outcomes such as land-use change, ecosystem conditions, or the economic and non-economic negative impacts of climate change and climate shocks on people and economies.

According to Partnership for Economic Inclusion’s (PEI) [2025 Landscape Survey](#), around 52 percent of Graduation programs explicitly cite enhancing climate resilience as a core objective, 28 percent target people affected by climate or nature risks, and approximately 66 percent of programs incorporate at least one design element intended to help participants build climate resilience. Further, recent internal mapping by the End Ultrapoverty: A Global Collaborative indicates that many programs are already taking first steps toward climate-sensitive design. However, the mapping provides less systematic information on whether and how these design features are intended to reduce pressures on forests, rangelands, or water resources, or to promote explicitly nature-aligned practices. This landscaping exercise demonstrated that while approximately two-thirds of Graduation programs included did incorporate at least one climate-related design element, few systematically track climate or environmental outcomes.

Box 1. Experience from End Ultrapoverty: A Global Collaborative “Climate Conversations”

Experience from the Graduation “Climate Conversations” initiative highlights both the potential and the gaps in climate-focused coaching. Existing tools—such as Grameen’s Climate Resilient Life and Business curriculum for women entrepreneurs, digital advisory toolkits like AgriPath, and participatory risk assessment tolos—offer practical starting points for integrating climate risk, adaptation options, and community-level DRR into coaching, but there is still very limited evidence on which approaches measurably improve resilience outcomes for ultra-poor households. Designing climate coaching modules that also reflect climate justice, gender equality, disability inclusion, and the realities of displacement and conflict is therefore a priority area for experimentation.

significantly reduce deforestation without harming household welfare ([Jayachandran et al., 2017](#)) or even producing small reduction in poverty ([Alix-Garcia et al., 2015](#)), quasi-experimental evidence from Mexico's Oportunidades program suggests that untargeted income gains can increase local deforestation in low-market access areas as demand shifts toward more land- and resource-intensive goods ([Alix-Garcia et al., 2013](#)).

Without explicitly integrating climate and nature objectives, otherwise successful Graduation interventions may prove maladaptive for these outcomes. In settings where small-scale farming and livestock production are major drivers of deforestation and land degradation, program-induced expansion or intensification can inadvertently accelerate ecosystem loss, thus undermining the very livelihood gains these programs seek to sustain. Because existing research tends to foreground extreme weather events rather than longer-term trends in climate variability and seasonality, it often emphasizes shock-responsive social protection at the expense of assessing how programs address deeper, structural drivers of vulnerability—such as soil degradation, declining agricultural productivity, and falling rural incomes ([Ulrichs et al., 2019](#)).

What a Climate and Nature-Positive Lens Adds

The goal of applying a climate- and nature-positive lens to Graduation is to move ultra-poor and climate-vulnerable households onto resilient development pathways that combine poverty reduction with climate resilience-building and nature-positive choices.

- **Adaptation objective:** *Lower climate-related losses and damages and strengthen households' capacity to anticipate, absorb, and recover from climate shocks while strengthening well-being and equity.*
- **Nature-positive objective:** *Avoid livelihood shifts that degrade natural capital and potentially long term ecosystem productivity, while aiming, where possible, to maintain productive landscapes, biodiversity, and ecosystem services.*

In practical terms, this includes supporting livelihood pathways that keep people out of high-deforestation frontiers, incentivize sustainable management of soils, water, and forests, and opening up opportunities linked to “green” or deforestation-free markets where appropriate and feasible. Particular attention should be given to climate-adaptive livelihood options such as livestock management and micro-enterprises, which are especially viable for Graduation participants since they do not require land ownership. Climate sensitivity and nature-positive is therefore not a separate goal or program, but a set of design choices within or alongside each Graduation component and its surrounding ecosystem of services, markets, and institutions. In developing climate-smart asset menus, programs should consider outlining the specific knowledge, technical skills, and financial investments necessary for households to successfully transition to and sustain their chosen livelihoods in an unstable climate.

Emerging research on climate-resilient economic inclusion shows that adapting Graduation models to include nature conservation and climate goals is both feasible and potentially effective, particularly when programs link livelihood support to sustainable land and resource management ([Costella et al., 2023](#)). However, evidence remains limited, context-specific, and rarely evaluates both poverty and environmental outcomes. As outlined above, some programs may already include climate- or nature-sensitive elements implicitly, but it is not clear that outcomes are consistently evaluated with explicit climate or nature dimensions in mind. This echoes wider evidence gaps on whether climate-sensitive livelihood and social

protection interventions translate into improved resilience under shocks or into genuinely nature-positive outcomes over time. Taken together, this reinforces both the opportunity and the need for a more intentional, evidence-led approach to CNP Graduation, rather than assuming that CNP-purposed models are truly delivering nature-positive, climate-resilient outcomes. There is a growing body of literature and casual experimentation on climate-smart livelihoods, but very little that situates these approaches within the Graduation model specifically — an important gap for a future research agenda.

Adaptation Opportunities

IPCC's Sixth Assessment Report (AR6) chapters on poverty, livelihoods and climate-resilient development explain that livelihoods become more climate-resilient when exposure and sensitivity is reduced, adaptive capacity is strengthened, and maladaptation is avoided. The following table links an IPCC concept to how Graduation design can put that adaptation component into practice in household-level support.

Adaptation Component	Key Elements (IPCC Framework)	Graduation Design Implications
Reduced exposure and sensitivity	Livelihoods can reduce exposure to climate-related hazards by locating people and assets in safer places, and they can lower sensitivity to those hazards by diversifying away from highly climate-sensitive activities.	Adjust targeting, coaching and asset menus so participants can protect or gradually move key assets to safer locations, and intentionally build portfolios that include more stable, less climate-sensitive income sources
Adaptive capacity and buffers	Adaptive capacity is strengthened when people have access to financial, human, social and physical assets, as well as climate information, early warning systems and basic services that enable them to prepare for, respond to and recover from climate-related shocks	Shape savings mechanisms, financial tools and social protection linkages around local climate risks, and integrate simple climate information, early warnings and risk literacy into coaching, group activities and livelihood planning
Avoiding maladaptation	Adaptation seeks to avoid maladaptation, that is, measures that increase vulnerability or exposure, or that reduce adaptive capacity, including practices that drive land or water degradation	Screen livelihood options, asset menus and common coping strategies for maladaptation risks, and embed “do no harm” criteria in program guidance, coaching and monitoring, especially in ecologically fragile or high-risk areas

Together, these adaptation components point to concrete modifications to standard Graduation packages: for example, climate-smart asset menus, shock-responsive savings and insurance, relocation or land-use guidance where appropriate, and systematic integration of climate services and disaster risk reduction (DRR) into coaching and service linkages.

Nature-Positive Opportunities

The IPCC AR6, through its cross-chapter analysis of tropical forests, underscores the vital role of nature-positive development pathways in sustaining both climate resilience and livelihoods. Integrating conservation and restoration into land-use and livelihood decisions supports ecosystem wellbeing and adaptation by maintaining critical ecosystem functions (such as water regulation, soil health, and biodiversity) that underpin community welfare and long-term productivity.

Although this framing centers nature-positive pathways and ecosystem stewardship rather than mitigation potential, it is grounded in IPCC AR6, which offers the most widely accepted synthesis of how conserving and restoring ecosystems underpins climate-resilient development pathways. IPCC AR6 highlights the importance of avoiding deforestation and ecosystem conversion, safeguarding biodiversity and ecosystem services, and preventing lock-in to ecosystem-degrading development patterns. For CNP Graduation programming, the three clusters of nature-positive and conservation components outlined below are particularly relevant, as they align with participating households' interests in protecting the natural assets that sustain their resilience, long-term livelihood productivity (including access to higher-value or "green" markets), and health.

Environmental Conservation Component	Key Elements (IPCC Framework)	Graduation Design Implications
<p>Avoiding deforestation and major ecosystem conversion</p>	<p>Reduce deforestation and ecosystem conversion, recognizing that protecting and restoring natural and semi-natural ecosystems is a key adaptation measure that helps maintain the resilience of biodiversity and ecosystem services for people dependent in these landscapes</p>	<p>Exclude asset options and value chains that drive deforestation, ecosystem conversion, or degradation, and assess how agricultural expansion, tenure arrangements, market demand, and subsidies may act as direct or underlying drivers</p> <p>Promote livelihood pathways that place lower pressure on land and ecosystems and are compatible with ecosystem-based adaptation</p>
<p>Maintaining / enhancing carbon and ecosystem functions</p>	<p>Promote land-use practices that conserve or restore biodiversity, ecosystem integrity and ecosystem services, including actions that reduce fragmentation, increase habitat extent and connectivity, and support ecosystem-based adaptation for livelihoods</p>	<p>Prioritize agroecological production, agroforestry, sustainable fisheries, community forestry and ecosystem restoration as livelihood options, and track simple indicators of biodiversity and ecosystem services such as tree and vegetation cover, soil stability and water availability</p> <p>Discourage activities that increase ecosystem degradation or reduce the capacity of ecosystems to provide services over time</p>

A common concern is that these “green” pathways may compromise poverty alleviation when practices such as agroforestry or ecosystem-based adaptation are less immediately profitable than conventional alternatives. Yet some emerging evidence from low- and middle-income countries suggests that many agroforestry systems can increase agricultural yields and modestly raise farm incomes—

particularly on less fertile land—while likely contributing to improved food security and ecosystem services, although the evidence base remains small, non-experimental, and thin on nutrition and environmental outcomes ([Campbell Collaboration agroforestry review](#)). The key design challenge for Graduation-style programs is therefore not whether to promote such options, but how to identify context-appropriate, market-connected models and provide sufficient technical assistance, market access, and transition support so that poor households are not asked to trade off basic income gains for environmental benefits.

An important caveat is that Graduation programs work with populations who have contributed very little to global greenhouse gas emissions. This raises ethical concerns about overemphasizing mitigation responsibilities for ultra-poor households. For land-based, climate-sensitive Graduation programs, a reasonable minimum mitigation and conservation objective is to avoid net losses of natural capital attributable to the livelihood package. Where feasible, programs should also aim to maintain or enhance local carbon stocks and biodiversity.

At the same time, in many rural landscapes, small-scale agriculture and livestock production remain important proximate drivers of deforestation and land degradation ([IPCC, 2022](#)). These processes can undermine soil fertility, water regulation, and the long-term productivity of local farming systems. In this context, the priority is not to achieve large-scale emission reductions but to help ultra-poor households pursue livelihood trajectories that prevent deforestation and severe degradation while maintaining or restoring the natural assets that underpin their future livelihoods. Within this approach, deforestation should continue to serve as a key metric to track, while broader “degradation” is best monitored through a small set of ecosystem functions most critical for resilience, such as soil health, water regulation, and habitat quality. Although these indicators are somewhat more costly to measure than simple land-use change, incorporating the associated monitoring costs into program design and budgets is therefore essential.

Applying a CNP Lens to Graduation Theory of Change

A climate-sensitive Graduation theory of change starts from the same core premise as economic inclusion programs documented by PEI: bundled support for income,

assets, savings, and skills can build households' capacity to prepare for, cope with, and recover from shocks, while reducing vulnerability over time (PEI, 2024). This note extends that logic to explicitly address climate shocks and ecosystem change, arguing that Graduation designs should shape livelihood trajectories, risk-management tools, and service linkages so that households advance along climate-resilient, low-emission, and nature-positive pathways that conserve and restore local ecosystems.

Rather than treating the integration of a CNP lens as a binary choice, programs should consider calibrating the climate adaptation component to local context. When the magnitude and frequency of climate shocks is low, the standard Graduation package may already build meaningful climate resilience. As shock frequency and severity increase, additional climate-related components should be embedded into the core pillars, progressing toward more targeted climate-specific measures such as community-led climate action plans at moderate-to-high levels of exposure, and intensive disaster risk reduction measures in the highest-risk contexts, where Graduation alone may be insufficient.

Theory of Change Components

A simple TOC for operationalizing this lens of CNP to Graduation can be framed as follows:

- **Inputs and diagnostics:** *Climate risk analysis, participatory hazard mapping, and ecosystem and market diagnostics inform targeting, asset menus, and partnerships, ensuring that program design reflects local hazards, slow-onset trends, and environmental constraints, including the condition of forests, soils, water resources, and critical habitats.*
- **Climate-and conservation-informed Graduation components:** *Each of the four pillars (social protection, livelihoods promotion, financial inclusion, and social empowerment) is adjusted to reduce climate risk and avoid environmental harm while maintaining or enhancing poverty-reduction impacts and supporting conservation of natural capital and ecosystem services.*
- **Intermediate outcomes:** *Households achieve more resilient and diversified income streams, build protective buffers (savings, risk transfer, responsive safety nets), gain climate- and ecosystem-informed agency and*

decision-making capacity, and adopt more sustainable resource-use practices that limit deforestation and land degradation.

- ***Longer-term outcomes:*** *Programs support sustained escapes from poverty, reduced climate vulnerability, and measurable contributions to local conservation (particularly in terms of avoided deforestation and improved ecosystem function), while at minimum ensuring a clear ‘do no harm’ standard with respect to emissions, ecosystems, and local livelihoods. This includes attention to income-driven consumption changes (i.e. shifts toward more resource-intensive diets, higher demand for fuelwood or charcoal where clean energy is unavailable, and increased use of electricity) all of which can materially affect the overall environmental footprint of Graduation support.*

In this model, climate risk analysis and ecosystem context sit upstream of all program components, rather than existing as standalone activities. In principle, any Graduation program can be designed along these lines. In practice, however, existing models fall along a continuum in how deeply and intentionally they integrate climate and conservation considerations.

Below is an example of how these components could map against the traditional Graduation model logical framework for illustrative purposes only, showing one possible way to locate climate risk analysis and ecosystem context upstream of, and woven through, all core program components.

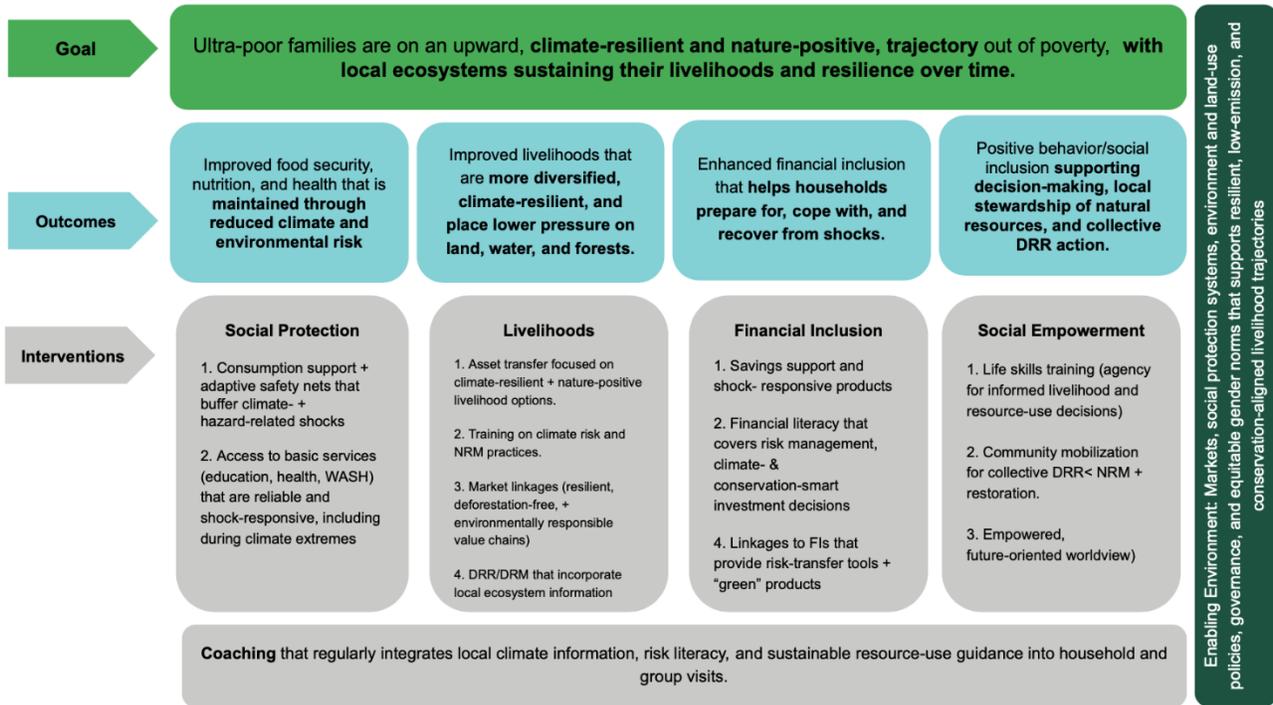


Figure 1.2: Illustrative Graduation theory of change with integrated CNP components

Annex 1 summarizes how climate and conservation considerations can be integrated across the four core Graduation components using a simple tabular format. For each type of Graduation intervention, the table describes the current mode of delivery, highlights the main climate and nature risks if the intervention remains unchanged, and then presents illustrative climate-responsive and nature-positive options that adjust program design, coaching, and asset packages to better manage climate risk, reduce ecosystem degradation, and strengthen long-term resilience for participant households. The annex also proposes potential indicators

to help build the evidence base needed to assess not only whether this climate-sensitive Graduation model works, but also to start to identify the nature-positive co-benefits and trade-offs, under what conditions it is more or less likely to work, and what needs to be in place for adoption and sustained impacts on climate resilience and environmental conservation.

Case Study: Early Lessons from ‘Green’ Graduation in Kenya

BOMA’s Green Rural Entrepreneurship and Access Project (REAP) program in northern Kenya is an early effort to green a standard Graduation-style model for ultra-poor women in arid, forest-adjacent areas. The core platform (i.e. women’s business groups, seed capital, coaching, and savings) remains the same, while selected groups are encouraged to start explicitly “green” enterprises (such as beekeeping, tree nurseries, non-timber forest products, or services that reduce fuelwood demand), backed by basic natural resource management training and improved cookstoves.

The REAP theory of change envisions simultaneous gains in income and resilience (more stable earnings and smoother consumption during weather shocks) and in environmental outcomes (reduced reliance on charcoal and fuelwood sales, reduced tree cutting, more active forest protection and reforestation, and higher value placed on standing forest), while explicitly acknowledging possible rebound effects if higher incomes increase resource demand or scale up extractive activities.

Early monitoring and learning indicate that “green” businesses have not consistently out-performed traditional enterprises on simple livelihood metrics such as profits, growth, or risk, and in some cases appear more capital-intensive, slower to mature, or more mentoring-intensive. This underscores core questions raised in this note: whether green livelihood options can match standard Graduation businesses on income and resilience; whether a minimum viable climate package will require extra technical support so ultra-poor participants are not disadvantaged by choosing greener options; and how to manage trade-offs if greener choices are not clearly better for households in the short run.

REAP’s learning agenda is designed around these uncertainties, tracking whether green businesses are less profitable, riskier, more capital- or mentoring-intensive, or slower to generate returns than standard options. This is complemented with qualitative work on livelihood choice, uptake of environmental training, and participants’ perceived role in forest protection and community forest associations. By doing so, REAP exemplifies the kind of iterative, evidence-driven

experimentation needed to move towards green Graduation models that are evidenced to be climate-sensitive and feasible to scale politically and financially.

Key Lessons

- "Green" businesses have not consistently out-performed traditional enterprises on simple livelihood metrics such as profits, growth, or risk
- Green options may be more capital-intensive, slower to mature, or more mentoring-intensive
- REAP exemplifies the iterative, evidence-driven experimentation needed to move towards green Graduation models that are climate-sensitive and feasible to scale

What is Missing? Assumptions and Evidence Gaps

The CNP lens framework rests on assumptions that require testing and refinement. Resource mapping indicates that climate-related objectives and design elements are already present in most graduation portfolios, but there is limited evidence on how these adaptations affect climate vulnerability and exposure, ecosystem condition, or environmental outcomes. A priority is to systematically compare "standard" graduation against programs that add climate- or natural resource management-focused coaching, livelihood filters, or financial tools, using a shared set of resilience and ecosystem conservation indicators.

A short learning agenda for NGOs and funders could focus on the following questions:

- ***Are standard Graduation programs climate-responsive and nature-positive, or potentially maladaptive?***
 - *To what extent do standard Graduation designs already reduce climate vulnerability via diversification, savings, social capital, and improved service linkages, even without explicit climate or conservation framing?*
 - *Under what conditions might Graduation be inadvertently maladaptive? For example, promoting livelihood choices that*

increase exposure or degrade ecosystems (e.g., in forest frontiers, water-stressed basins, or coastal zones).

- ***What is the context suitable for a “minimal viable” climate or nature-positive package?***
 - *What is the minimum set of climate-responsive enhancements within each component that is feasible at scale, suitable to risk context, and sufficient to meaningfully improve both socio-economic and climate/conservation outcomes?*
 - *Which enhancements are better delivered as complementary services (e.g., CSA extension, DRR programs, restoration or conservation projects) versus embedded inside Graduation design and coaching platforms in particular?*
- ***How does integration compare to parallel models?***
 - *How does a fully integrated CNP lens to Graduation model perform relative to: (i) standard Graduation plus separate climate programs (e.g., CSA or conservation projects) running in parallel, and (ii) standard Graduation plus light, complementary climate add-ons (e.g., a few extra sessions or linkages)?*
 - *What trade-offs emerge between short-term income and asset gains and long-term resilience and nature-positive objectives, and how can these be managed transparently with communities and policymakers?*
- ***How can Graduation programming integrate a community-level climate adaptation component to address challenges that cannot be resolved at the household level alone?***
 - *Which specific challenges — such as water access and early warning systems — are most tractable at the community level, and what governance structures or platforms could serve as entry points for collective climate action within or alongside Graduation programs?*
 - *How can climate action plans aligned with locally led adaptation principles be piloted and embedded into Graduation's coaching and group session infrastructure without duplicating or overburdening the existing package?*

Next Steps for Practitioners

Turning Graduation into a climate-sensitive approach requires two parallel efforts: (i) integrating climate- and ecosystem-sensitive diagnostics and design choices, and (ii) building a new wave of RCTs and quasi-experimental evaluations that track both household welfare and environmental indicators over time.

Recommended Actions for Practitioners and Partners

- **Conduct an appreciative inquiry** across existing Graduation portfolios to identify activities or practices that participants are already pursuing which enhance their resilience or reduce pressures on natural systems, using a climate- and nature-positive lens.
- **Conduct a rapid climate and ecosystem risk scan** of existing Graduation portfolios, focusing on major hazards, slow-onset trends, critical ecosystems, and places where current asset menus or practices may be risky, maladaptive, or environmentally degrading.
- **Map climate- and conservation-responsive options and partnerships** (e.g., CSA extension, DRR systems, conservation and restoration initiatives, adaptive social protection) to identify which existing services can be leveraged and where new Graduation design is needed.
- **Pilot one or two high-leverage climate and conservation enhancements** per component, chosen for scalability and impact potential, with embedding simple learning mechanisms (such as cohort-level comparisons or qualitative process tracking) to assess feasibility and effects.
- **Align upcoming evaluations** to compare: (a) status quo Graduation, (b) Graduation with a minimum viable climate-responsive package, and (c) Graduation models with deeper integration or strong parallel climate and conservation programs, using a shared set of poverty, resilience, and environmental indicators.

By anchoring Graduation in IPCC climate-resilient development pathways and specifying livelihood-level adaptation plus nature-positive components, practitioners and NGOs can better safeguard Graduation gains in a changing climate while also contributing to broader transitions toward low-emission, nature-positive development.

Annex 1.

Integrating Climate in the Four Graduation Components

Graduation Intervention	Current Mode	Climate risk if unchanged	Illustrative climate-responsive options	Illustrative Indicators
Basic Needs / Consumption Support	Short-term consumption smoothing and protection via cash or food transfers, basic health access, and links to safety nets stabilize households and create space for investment in livelihoods.	Transfers may stabilize consumption but leave exposure unchanged, locking participants into high-risk locations or settlement patterns, and may indirectly encourage coping strategies that degrade natural resources (e.g., charcoal production, unsustainable timber harvest) between payment cycles.	<p>Align transfer size and timing with seasonal hunger and climate shock periods (droughts, lean seasons, floods) to reduce negative coping during known high-risk windows.</p> <p>Pair transfers with climate and early-warning information, climate-sensitive nutrition messaging, and investments in safe WASH infrastructure in climate-exposed settlements (e.g., flood-resilient sanitation, protected water points).</p>	<p>% of households reporting reduced use of negative coping strategies (e.g., charcoal production, distress sale of assets) in bad seasons.</p> <p>% of households able to meet minimum food needs during climate or lean-season shocks without resorting to environmentally degrading coping strategies.</p> <p>% of households in high-risk locations with contingency plans for floods, droughts, or storms (self-reported).</p>

			Explore “soft” interventions or conditionalities - delivered through coaching and group processes - that discourage environmentally harmful coping strategies and promote viable, lower-impact alternatives, while carefully balancing environmental safeguards with poverty-reduction imperatives.	
Livelihood Assets and Training	Programs provide productive assets (livestock, equipment, seed capital) and training to launch microenterprises that build sustainable income, complemented by coaching and market linkages.	Asset packages may be highly climate-exposed (e.g., water-intensive livestock in drought-prone areas, crops vulnerable to heat, pests, or salinity), increasing the risk of asset loss and falling back into poverty; activities or incentives that successfully increase production but unsustainably can overstimulate production in ways that drive deforestation and degradation.	Screen livelihood options for climate risk and ecosystem impact, and prioritize climate-resilient, diversified, and low-emission options such as drought-tolerant crops, agroforestry systems, improved rangeland management, and diversified value chains. Integrate climate-smart agriculture and basic natural resource	% of participants adopting at least one climate-resilient or conservation-aligned practice (e.g., agroforestry, soil and water conservation, improved rangeland management). Proportion of Graduation-supported enterprises operating in value chains that are certified, deforestation-free, or explicitly “sustainable” according to

		<p>Evidence of large, persistent gains in self-employment and business assets suggests real scope to steer graduation-supported enterprises toward climate-resilient, low-emission activities; however, there is currently no systematic evidence on whether typical asset menus and coaching do this or instead amplify land-extensive or resource-degrading trajectories (Carter et al., 2025).</p>	<p>management into technical training.</p> <p>Build explicit diversification strategies into asset packages (e.g., combining on-farm and off-farm activities) and link participants to value chains that recognize or reward sustainable practices rather than incentivizing expansion into fragile ecosystems.</p>	<p>predetermined criteria.</p> <p>Change in perceived livelihood risk from climate and environmental shocks.</p> <p>Potential plot-level indicators (where feasible): tree/vegetation cover presence, visible soil erosion, basic ground cover scores.</p>
<p>Financial Support and Savings</p>	<p>Graduation programs build basic financial literacy, promote savings groups, and connect participants to formal financial services over time, supporting risk management and investment.</p>	<p>Limited attention to climate risk may leave participants under-insured against covariate climate shocks, so savings are rapidly depleted or high-cost borrowing increases after disasters; financial products may also be used to expand high-risk or</p>	<p>Design savings group rules and products with climate shocks in mind. For example, emergency savings targets, clear “windows” for withdrawals during climate events, and structured rebuilding plans after crises.</p>	<p>% of savings groups with agreed rules for emergency withdrawals linked to shocks and recovery plans.</p> <p>% of participants using formal or informal risk-transfer tools (insurance, shock-responsive cash top-ups,</p>

		<p>environmentally harmful activities.</p> <p>Because multi-component programs already raise savings and assets quite substantially, the main gap is not whether households can build buffers at all, but whether those buffers are structured and protected in ways that withstand covariate climate shocks and avoid financing environmentally harmful expansion (Carter et al., 2025).</p>	<p>Link Graduation participants to climate risk transfer tools where feasible, including index-based insurance, shock-responsive social protection top-ups, or emergency credit lines tailored to climate events.</p> <p>Incorporate climate risk management into financial coaching through simple scenario planning (e.g., “what if your main crop fails?”), diversification across different asset types, and “do no harm” principles for investments that may drive local degradation or deforestation.</p>	<p>emergency credit) after a shock.</p> <p>% of loans or grants used for activities classified as low-risk/low-impact vs. high-risk/high-impact for local ecosystems.</p>
<p>Social Empowerment, Coaching, and Services</p>	<p>Regular coaching, life-skills training, and peer support groups build confidence and agency, shift norms (particularly around gender), and improve access to services such as WASH,</p>	<p>Social capital may be underused for collective resource management and climate risk governance; DRR and environmental stewardship are often peripheral or missing, limiting</p>	<p>Integrate community-level DRR planning, participatory climate risk mapping, and inclusive adaptation planning into coaching and group sessions, using tools that</p>	<p>% of groups completing a participatory risk and resource map and updating it at least annually.</p> <p>% of participants reporting confidence to engage local</p>

	<p>sexual and reproductive health, and sometimes DRR or local governance structures.</p>	<p>opportunities for prevention, preparedness, and joint action.</p>	<p>communities can own and update.</p> <p>Use groups as platforms for behavior change around sustainable resource use (fuelwood, grazing, water), climate-sensitive WASH and health practices, and women's leadership in local climate and natural resource committees.</p> <p>Strengthen linkages to public climate-relevant services (agricultural and forestry extension, water authorities, DRR agencies) and community-based conservation or restoration initiatives that offer both livelihood opportunities and ecosystem benefits.</p>	<p>authorities or committees on DRR, water, forest, or land-use issues.</p> <p>Number of collective initiatives launched by groups related to natural resource management, DRR, or ecosystem restoration (e.g., community woodlots, spring protection, rangeland rules).</p>
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Climate shocks, ecosystem degradation, and slow-onset environmental change are fundamentally reshaping the conditions in which Graduation programs operate. Without deliberate design changes, even highly effective poverty-reduction programs risk seeing their hard-won gains eroded or reversed as climate stress intensifies. This guidance note, produced by Innovations for Poverty Action (IPA), offers a practitioner-oriented framework for integrating climate adaptation and nature-positive principles into existing Graduation programs.

This note is a call to practitioners and funders working at the intersection of extreme poverty, climate vulnerability, and nature conservation to experiment rigorously, measure what matters, and build the evidence base.



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