

In Practice

Operational Considerations for Urban Economic Inclusion Programming

By Puja Vasudeva Dutta, Timothy Clay,
and Jorge Avalos



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1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org

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About the *In Practice* Series

The Partnership for Economic Inclusion’s *In Practice* series features accessible, practitioner-focused publications that highlight learning, good practice, and emerging innovations for scaling up economic inclusion programs.

This note is one of two designed to serve as a resource for policy makers and practitioners aiming to introduce or scale up economic inclusion programs in urban and peri-urban areas. The first note explores the potential of economic inclusion programs to promote the social and economic inclusion of the urban poor and vulnerable. It lays out a framework for such programming based on the current landscape and evidence and points to the central role economic inclusion programs can play in meeting the urban jobs challenge, facilitating a COVID-19 recovery, and building inclusive cities.

This note addresses the question of how to operationalize these programs. It shows that a rethink is needed about the ways in which programs are designed and delivered to fit the needs and lifestyles of the urban poor. The emerging experience from a growing pipeline yields some important operational insights, but several questions remain to be answered in coming years, as programs continue to evolve and customize to the urban context.

Guide to navigation

The *In Practice* series is interactive and provides built-in technical features to assist readers as they progress, including a navigation bar, progress bar, and the ability to jump to endnotes and back to the text throughout.

Key Adaptations to the Urban Context 	Selecting and Managing Target Groups	Tailoring Program Design to the Needs of the Urban Poor	Tailoring Delivery Systems to the Lifestyles of the Urban Poor	Leveraging Urban Actors and Policies	Conclusion
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Chapter navigation



The navigation bar at the top of each page allows easy navigation with a simple click.

Progress bar

This bar orients readers to their progress in each chapter and through the document.

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Endnotes throughout the text are interlinked to allow easy navigation from notes and the main text.

Introduction

Economic inclusion programs provide an opportunity to build more inclusive cities. They can help meet the urban jobs challenge, facilitate a COVID-19 recovery, and support the inclusive cities agenda. Rising urbanization underpins the importance of doing so. The COVID-19 crisis provides an opportunity to align the incentives of central ministries and city governments to work toward economic inclusion in cities by combining their relative strengths on “place” and “people” interventions (Avalos et al., 2021).

This note is the second of two notes on fostering economic inclusion in urban areas. It addresses the critical question of how to operationalize economic inclusion programs in urban areas at scale.¹ Although many aspects of program design remain the same across settings, programs operating in rural areas cannot be transplanted directly into urban settings. Successful programs are designed to address urban-specific opportunities and constraints to economic inclusion; delivery systems need to be adapted to the needs and lifestyles of the urban poor. Practitioners looking to introduce new programs or expand existing ones to urban contexts grapple with several operational questions, such as identifying the target group, tailoring design and delivery to the needs of urban beneficiaries, defining appropriate institutional arrangements, and linking with urban planning frameworks.

 [Click to read note one, A Path to Jobs for the Urban Poor](#)

An economic inclusion program is a bundle of coordinated, multidimensional interventions that help poor individuals, households, and communities increase their incomes and assets to achieve the long-

term goal of economic self-sufficiency.² Governments looking to expand economic inclusion programming can build on existing antipoverty and labor market programs. They typically add economic inclusion efforts to three types of existing programs: social safety net, livelihoods and jobs, and financial inclusion interventions.

The design of economic inclusion programs is based on the recognition that the poorest and most vulnerable people face multiple constraints in integrating into the economy. They require a package of support to address multiple constraints simultaneously. Economic inclusion programs therefore provide a package of interventions rather than one or two stand-alone interventions. For instance, many programs that aim to facilitate self-employment provide business capital, in order to jumpstart economic activity, along with training, coaching, and access to finance (Andrews et al. 2021). Emerging evidence suggests that a comprehensive suite of interventions has a greater and more sustained impact on income, assets, and well-being than stand-alone interventions.

Emerging experience from a rapidly growing pipeline of programs and projects is identifying promising approaches to adapting economic inclusion programs to urban contexts. This note examines the experience of government-led economic inclusion programs operating in urban and/or peri-urban contexts, either exclusively or in addition to rural contexts (referred to here as “urban scope” programs). As programs continue to evolve and customize to the urban context, new experience and evidence will continue to emerge, providing greater global and regional insights.

This note draws on the urban adaptation of the State of Economic Inclusion 2021 framework, as summarized in the first note in this series (Avalos et al. 2021). The analysis is based on the 2020 Partnership for Economic Inclusion (PEI) Landscape Survey, a 2021 review of the World Bank portfolio on economic inclusion, and insights from government-led programs supported by the World Bank to draw operational insights.³

The note is organized as follows. Section 2 summarizes the implications of the urban context for the design, delivery, and institutional arrangements of economic inclusion programs. Section 3 examines commonalities with respect to target groups and good practice with respect to delivery systems for registering and enrolling beneficiaries. Section 4 examines the design of urban scope programs with respect program objectives, individual components, and the package of support. Section 5 identifies good practice with respect to adaptations to the delivery system to address implementation challenges, especially for high-intensity components, such as coaching, training, and group formation, in urban contexts. Section 6 explores opportunities for engaging with urban actors and policies. Section 7 summarizes the note’s key operational findings. The annex provides details on the programs reviewed in this note.

Key Adaptations to the Urban Context

The urban context shapes the ecosystem in which the poor live and work. It amplifies—or mutes—some of the constraints individuals face in accessing economic opportunities. The economies of urban areas offer a wide range of economic opportunities, but in many places the number and quality of jobs are limited and competition for opportunities is fierce.

The urban poor also face multiple constraints at the community level, including limited access to infrastructure and services; inefficient land markets and shortage of affordable housing; weak social cohesion; and exposure to crime, health, economic, and climate risks. The poor are also vulnerable to extortion and exploitation, with youth in particular at risk of exposure to illegal and dangerous livelihoods. At the institutional level, spatial inequalities and inequitable urban policy frameworks can constrain urban livelihoods (Avalos et al. 2021).

All of these factors mean that the urban context shapes program design, delivery, and institutional arrangements. All economic inclusion programs, regardless of location, must select beneficiaries, match their profiles to appropriate economic activities, and design and deliver an appropriate bundle of interventions in a cost-effective manner. In addition, urban economic inclusion programming faces additional challenges.⁴

Four factors stand out:

- defining eligibility and systems for registering, enrolling, and managing beneficiaries
- tailoring program design to the needs of the urban poor
- tailoring delivery systems to the lifestyles of the urban poor
- leveraging urban policies and actors.

This note examines these factors, focusing on government-led economic inclusion programs operating in urban contexts. The focus is on “urban scope” programs—that is, programs operating in urban and/or peri-urban areas, either exclusively or, more often, in multiple locations (urban, peri-urban, and rural).⁵ Evidence on optimal design is still nascent. This note identifies common approaches, summarized in table 2.1, based on the Landscape Survey⁶ and the operational review of selected programs.

Table 2.1 **Potential adaptations of government-led economic inclusion programming in urban and peri-urban contexts**



Item	Description
Target groups and beneficiary management	
Target groups	<ul style="list-style-type: none"> The poor (not just the extreme poor or ultra-poor) Women, youth, and displaced people
Beneficiary management (typically through the foundational social safety net)	<ul style="list-style-type: none"> Use of existing or creation of new registries (using social safety net delivery systems) Demand-driven registration systems (business plan applications, especially for youth-focused programs, randomized or lottery-based targeting, especially in public works plus programs)
Design	
Objectives and packages of support	<ul style="list-style-type: none"> Facilitate self- and wage employment Facilitate (rather than directly provide) access to information and referrals to services Tailor specific components to the urban context (spotlight on training, coaching, and wage employment facilitation) Ensure adequacy of components (possibility of providing soft loans rather than grants in economically vibrant areas, for example, or covering commuting costs for job search)
Provision of additional components for some groups (through referrals or direct provision)	<ul style="list-style-type: none"> Childcare facilities to enable women to work Legal and psychosocial counselling for refugees, internally displaced people, and migrants Digital skills and Internet-based microwork for youth Behavioral nudges that shift aspirations and social norms
Delivery	
Delivery of high-intensity components	<ul style="list-style-type: none"> Restructure groups around a common issue to build cohesion (for example, savings groups organized by occupational groups, neighborhood groups for public works, youth clubs for adolescent girls) Substituting home visits with meetings at a central location or place of employment (or use ICT-based intervention) Keep timing flexible (setting meeting times outside most participants' working hours) Identify affordable and safe spaces for group meetings
Use of community structures and digital delivery platforms	<ul style="list-style-type: none"> Delivery of coaching in cost-effective manner through digital or community structures Greater choice of electronic payment mechanisms and opportunities for financial inclusion Use of messaging services and social media platforms for communication, outreach, and behavioral change Use of digital platforms for remote training
Urban policy and institutions	
Work with urban planning and local government to embed operations in broader urban policy frameworks	<ul style="list-style-type: none"> Policy reform with respect to decent work, especially childcare facilities Advocacy for livelihood zoning regulations to be more inclusive of the poor Embed public works programs within broader local urban development plans Leverage high-capacity urban local governments and interagency coordination with central line ministries
Potential for partnerships and referrals through local service providers (instead of direct provision)	<ul style="list-style-type: none"> Link with training providers for customized options (tailored content, shorter duration, digital delivery, flexible hours) Link with private sector employers for mentoring; demand-driven training; and jobs (placements, internships, apprenticeships)

Source: Authors, based on review of urban scope government-led programs supported by the World Bank (see references) and insights from nongovernment-led programs (BRAC-UPGI 2021; Concern Worldwide 2018; Moqueet, Zaremba, and Whisson 2020).

Selecting and Managing Target Groups

The nature of urban poverty affects how programs define eligible groups and register and enroll beneficiaries.

Several factors make beneficiary selection in urban areas complex:

- The poverty incidence is typically lower in urban areas than in rural areas, and socioeconomic differences between neighborhoods are narrower, making geographic targeting challenging.
- Defining urban households is not straightforward, complicating household-level targeting. The commonly used definition of “people living under the same roof” does not necessarily apply in urban settlements, where multiple families may share the same room, housing unit, or building. People who live in insecure housing arrangements, particularly migrants, may lack documents proving that they live where they do.
- Urban areas are dynamic, with informal settlements often rapidly contracting and expanding. Urban residents frequently change residence, with considerable movement in and out of neighborhoods.
- Urban communities are more anonymous and less socially cohesive than villages, with access to resources often mediated by unofficial local power brokers, especially in informal settlements (Gentilini 2015; Gentilini et al. 2021).

DESIGN CHOICES: DEFINING ELIGIBILITY

Many government-led economic inclusion programs use geographic targeting to focus on specific areas. In urban centers, the most common characteristics include a large population and a high risk of social unrest (Ethiopia), a high incidence of poverty (Mozambique), and high youth unemployment (Burkina Faso). In large cities, some programs also use poverty maps created from geospatial and satellite data to identify geographical pockets of marginalization/exclusion. These neighborhoods can serve as intake/registration entry points for identification of new program beneficiaries—as they do in Djibouti, Ethiopia, Mauritania, Mozambique, Pakistan, and other countries (Gentilini et al. 2021; Ahmed 2021). An increasingly critical element is mapping neighborhoods in terms of exposure to climate risks.

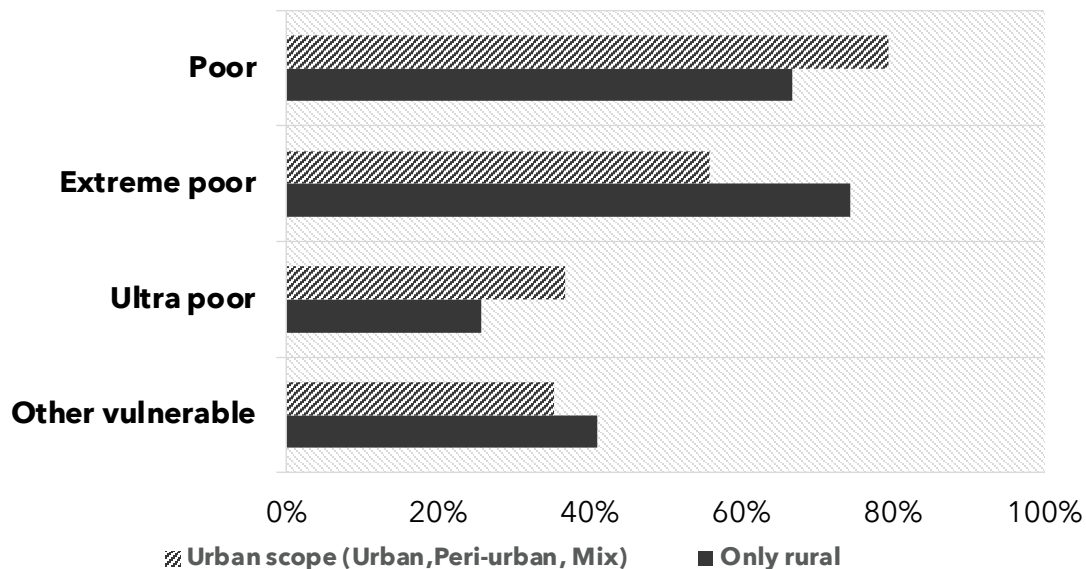
At the household level, government-led urban scope economic inclusion programs are more likely to focus on the poor than the extreme poor or ultra-poor. Indeed, 79 percent of government-led urban scope programs target the poor, with smaller shares targeting the extreme poor (56 percent) and ultra-poor (37 percent) (figure 3.1). In contrast, 74 percent of programs operating exclusively in rural contexts target the extreme poor, and 67 percent target the poor. It is possible that the lower incidence of poverty and the challenges of fine-tuning household-

level targeting in urban areas encourages urban scope programs to focus on the poor rather than the poorest groups. The target group may also reflect program objectives and design. For instance, the surveyed programs include national business plan competitions focused on promoting entrepreneurship among disadvantaged youth. This design is less likely to suit the needs of the poorest youth, who, without coaching and basic

training, may lack the skills to put together a business plan.

Many programs define eligibility in terms of vulnerable groups. Most government-led urban scope programs target women, youth, and people affected by displacement (refugees, host population, internally displaced people, and people affected by conflict). For both

Figure 3.1 Targeting of government-led economic inclusion programs, by location and level of poverty



Source: PEI 2020 Landscape Survey.

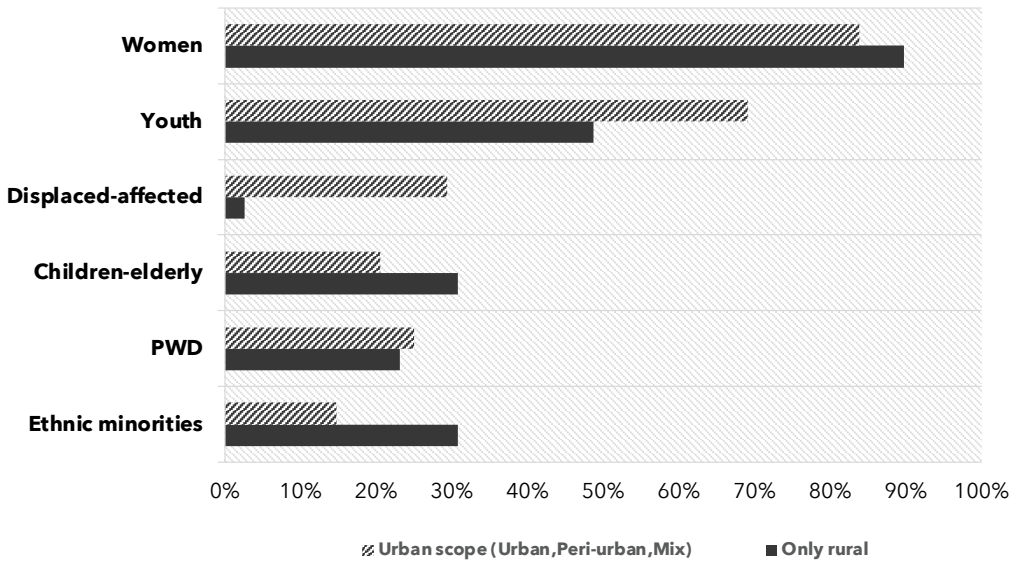
Note: Poor: People whose consumption is below the national poverty line or who, because of their personal and/or community characteristics, face barriers accessing opportunities to earn sustainable livelihoods and have elevated risks of being/staying in poverty and/or being socially marginalized. Extreme poor: People whose consumption is \$0.95–\$1.90 a day (2011 purchasing power parity [PPP]); also defined as the bottom 50 percent of the poor population in a country or people who are unable to meet basic needs. Ultra-poor: People whose consumption is below \$0.95 a day (2011 PPP); also defined as people experiencing the most severe forms of deprivation, such as persistent hunger and lack of sources of income. Other vulnerable: Other groups that do not meet any of the above criteria, such as people just above the poverty line and marginalized groups irrespective of their poverty level.

government- and nongovernment led programs, women are a priority segment (figure 3.2). A larger share of urban scope programs target youth (69 percent versus 49 percent in rural-only programs) and people affected by displacement (29 percent versus 3 percent in rural-only programs).

This design is less likely to suit the needs of the poorest youth, who, without coaching and basic

training, may lack the skills to put together a business plan. Many programs define eligibility in terms of vulnerable groups. Most government-led urban scope programs target women, youth, and people affected by displacement (refugees, host population, internally displaced people, and people affected by conflict). For both government- and nongovernment led programs, women are a priority segment (figure 3.2). A larger

Figure 3.2 Targeting of government-led economic inclusion programs, by target group and location type



Source: PEI 2020 Landscape Survey.
 Note: Categories overlap, and a program may target more than one population group.

share of urban scope programs target youth (69 percent versus 49 percent in rural-only programs) and people affected by displacement (29 percent versus 3 percent in rural-only programs).

DELIVERY SYSTEMS: MANAGING BENEFICIARIES

Many economic inclusion programs build on existing social safety net programs. In these cases, the social safety net component usually registers and enrolls beneficiaries in the economic inclusion program. Different approaches to beneficiary enrollment and selection are needed in urban and rural areas. Many nongovernment-led programs in rural areas adopt participatory social mapping and wealth-ranking approaches to select ultra-poor beneficiaries. This community-based approach is more challenging in urban contexts, where the transiency of the population results in limited social cohesion (Moqueet, Zarembo, and Whisson 2020). For this reason, in

Bangladesh, BRAC’s ultra-poor graduation model uses a participatory approach in rural contexts but a poverty scorecard approach and means testing on locally defined income thresholds in urban contexts, with household verification performed by program staff (BRAC-UPGI 2021). Mozambique’s Productive Social Action Program (PSAP) uses a community-based approach in neighborhoods, with formal local neighborhood structures used to identify potential beneficiaries. Although targeting outcomes were progressive, the community-based selection process did not work well: An assessment found that only 23 percent of the potential beneficiaries selected by local leaders were eligible (Gentilini et al. 2021).

Government-led urban scope economic inclusion programs often use social safety net registries or demand-driven or randomized target methods to register and enroll beneficiaries. Both approaches are described below.

Using Social Safety Net Registries

About half of government-led urban scope programs (51 percent) use existing registries to identify program participants—a much larger share than in rural-only programs (28 percent). Unsurprisingly, using an existing registry is more common in programs that have a social safety net as an entry point (69 percent) than in programs with livelihoods and jobs as the entry point (32 percent).⁷ Use of registries is more common in countries with robust social registries that can serve multiple programs. In Colombia, for example, an urban program used the social registry to provide livelihood support to victims of conflict who also received conditional cash transfers and a reparation cash grant (Fundación Capital 2018). In Brazil, an urban economic inclusion pilot selected urban beneficiaries from among people registered in the Cadastro Unico, with priority given to people from households receiving a conditional cash transfer (Government of Brazil 2021). This approach is common in Latin America. Several programs in other regions follow a similar approach. The Yook Koom Koom program in urban Senegal used the government's social safety net beneficiary registry to identify program participants (Ndiaye 2021).

Using existing systems reduces cost and facilitates linkages with other social policy.⁸ But in many countries, these registries do not exist or are not fit for purpose, with low coverage or outdated data, especially as coverage of social safety nets has traditionally been biased toward rural areas. In some countries, government-led economic inclusion programs, especially programs with a social safety net entry point, are in the process of creating urban registries. For instance, the Urban Productive Safety Net and Jobs Project in Ethiopia is constructing a registry of its 604,000 urban beneficiaries (World Bank 2016a).

The potential for economic inclusion programs to use such registries increased in the aftermath of COVID-19, as several countries have rapidly adapted delivery systems to include the urban informal sector (Gentilini et al. 2020). These

developments also highlight the need for urban registries to be dynamic, given fuzzy neighborhood boundaries (distinct from administrative boundaries), transient populations, and the high level of relocation. In urban Senegal, for instance, using the social safety net registry reduced implementation complexity and costs. The program nevertheless encountered challenges in locating about 10 percent of the households identified from the registry, because some households had relocated, both within and outside the pilot areas, and the demarcation of district boundaries was not clear (World Bank 2020c).

Using Demand-Driven Methods

Several urban scope programs rely on demand-driven beneficiary registration systems. Variations depend on program objectives and target groups.

Programs that seek to promote youth entrepreneurship often use business plan competitions or other application-based approaches. They are typically national programs that cover both urban and rural areas. A program in Uganda used business plan competitions to screen high-ability applicants from the pool of disadvantaged, but not ultra-poor, youth (Blattman, Fiala, and Martinez 2018). A business plan competition in Mozambique allowed only individuals from the social safety net registry to apply, in order to focus on the poor (World Bank 2013b).

Programs also differ in terms of the support they provide in developing or implementing the business plan and the evaluation process. In Uganda, local facilitators (usually a local government employee, teacher, or community leader) provided some formal advice in preparing the proposal, but successful applicants were provided no further coaching (Blattman, Fiala, and Martinez 2018). In contrast, in Azerbaijan, the project provided business training to help trainees prepare a business plan. An evaluation committee (comprising government officials and local business community representatives) assessed the plan to determine whether an additional month

of vocational training was required before the cash grant was approved (World Bank 2020a).

Some social safety net plus programs, especially programs that include a public works component, select applicants randomly or through a lottery. Examples include programs in Burkina Faso, the Democratic Republic of Congo, and Côte d'Ivoire (programs with a public works component) and Benin (a program without such a component).⁹ This approach requires effective communications and outreach to inform potential beneficiaries of the temporary work opportunities, type of contract, number of slots, selection criteria, and date and time of selection. The lottery system is often supplemented by quotas for specific vulnerable groups, such as women or internally displaced people. In Côte d'Ivoire, an evaluation found that an additional layer of categorical targeting for women and need-based targeting could improve cost effectiveness, although doing so would make the program more difficult to implement (Bertrand et al. 2017). In the Democratic Republic of Congo, the program deployed different approaches in urban and rural contexts. The urban variant selected beneficiaries using a lottery system supplemented by quotas; the rural variant used a participatory community-based targeting approach. This method serves as a transparent and socially acceptable assignment mechanism to allocate limited public works jobs or business grants that limit potential tensions within neighborhoods (Gentilini et al. 2021).

Handling Other Aspects of Beneficiary Management

Take-up can be low and drop-out high in urban contexts, partly because the opportunity cost of participating in a program is higher in urban than in rural areas. Urban public works programs, for example, have seldom been attractive to youth; in Ethiopia and Mozambique, the mean age of take-up in these programs was roughly 40 (Gentilini et al. 2021).¹⁰ By incorporating an effective outreach and communication strategy, a Côte d'Ivoire program reported strong take-up and limited drop-out for the labor-intensive

public work component, with a mean age of 25 (Bertrand et al. 2017). Even where beneficiaries continue with a program, attendance in high-intensity components, such as training, coaching, and savings groups, may be less than required for effectiveness (see section 5 for approaches to reduce this risk).

Economic inclusion programs must match beneficiaries to appropriate jobs (self- or wage-employment) and customize the package of support. Doing so requires (a) market assessments to understand the risk factors, cash flows, and overall economic viability of the livelihood in the local context (including links to input, labor, and output markets) and (b) assessment of the participants' skills, preferences, and resources. Most programs in urban contexts promote petty trading and other nonfarm activities. Some encourage income diversification through a mixed asset portfolio; others take a more flexible, participatory approach, allowing participants to choose.¹¹ Although access to markets and the density of providers offer diverse options in urban areas, it is effective coaching during the "ideation phase"—the stage at which ideas and solutions are generated—that helps match livelihoods to individual circumstances and market contexts (box 3.1).

Box 3.1

Matching individuals to jobs and customizing the package of support: Lessons from five countries

In Argentina, a youth-focused program leveraged local municipal employment offices to register participants, provide orientation workshops, develop a work program for eligible participants, and refer them to available services, including training and job placement (Bersusky and Paz 2021). Although the density of service providers and potential employers provided opportunities, outreach to the poorest youth remained a challenge, and the intensity and quality of the orientation workshop used to match applicants to job profiles varied widely across locations.

In Bangladesh, a new economic inclusion program is customizing the package of support for different groups: low-income, less-educated urban youth; low-income urban microentrepreneurs and self-employed people whose livelihoods have been affected by COVID-19; and returning migrant workers affected by COVID-19 (World Bank 2021a). The program is planning to conduct community outreach and a preliminary profiling for selection into the program. Participants that meet the eligibility criteria would then be profiled and counseled to identify an appropriate package of support. For low-income youth, support would include some combination of life skills training, business management training, informal apprenticeship, and access to microfinance. Informal microentrepreneurs affected by COVID-19 would receive only microfinance facilitation. Returnee migrants would be provided a separate package of support, to sustainably reintegrate them into the domestic labor market or help them access services to prepare for remigration. In addition, BRAC is piloting targeting climate migrants in Bangladesh and providing additional support in terms of training and coaching around climate resilience.

In Benin, a new program—the Benin Youth Inclusion Project—is streaming participants into wage and self-employment pathways (World Bank 2020b). Participants will first obtain orientation, job counselling, and life skills training (in a format adapted to their low level of literacy), in order to help them develop a life and professional plan. Based on this plan, employment counsellors will stream participants into wage employment pathways, with short-term internships and stipends, or self-employment pathways, with business development services to expand their activity (explore new markets, diversify into a new product, develop a marketing strategy); meet business registration and licensing requirements; and connect with markets.

Ethiopia's Urban Productive Safety Net Project follows a similar approach, providing life skills training to all beneficiaries, who then opt for self-employment or wage-employment pathways (Gentilini et al. 2021). For beneficiaries that opt for self-employment, local centers offer livelihood advisory services to select a livelihood activity suited to participants' skills, training, aptitude, and local conditions; develop a business plan; and provide subsequent training to implement the business plan.

An urban resettlement program in Tamil Nadu, in India, is planning to tailor its package in terms of the components offered and the intensity of coaching to different segments (Kedroske 2021). Participants able to continue existing livelihoods but requiring support to access their previous customer base will receive some combination of asset transfers, training, and transport subsidies. Participants unable to continue their past livelihoods will receive diversified livelihood packages based on a market assessment and matching of their skills, resources, and interests.

Note: Programs were Empleo Joven (formerly Jóvenes por Más y Mejor Trabajo) in Argentina; the Recovery and Advancement of Informal Sector Employment (RAISE) in Bangladesh; the Youth Inclusion Project (Azóli) in Benin; Urban Productive Safety Net and Jobs Project (UPSNP) in Ethiopia; Inclusive, Resilient and Sustainable Housing for Urban Poor Sector Project (ADB and BRAC) in Tamil Nadu, India.

Tailoring Program Design to the Needs of the Urban Poor

Program design needs to take into account the specific characteristics of urban poverty and the availability of alternative economic opportunities. Urban poverty is typically characterized by poor living conditions, insecure housing, market-mediated access to food, a high cost of living, exposure to crime and conflict, and vulnerability to health and economic risks.

At the same time, urban areas provide greater access to markets and jobs, access to information and communication technology (ICT), greater financial service infrastructure, and density of service providers. All of these factors have implications for decisions on program objectives, components, and the package of support. For instance, programs operating in urban contexts can offer a small package of direct support while facilitating access to information and referrals to available services. They can provide soft loans rather than business grants in economically vibrant areas. They may need to cover commuting costs for job search. Programs for youth, migrants, and displaced populations in urban contexts may need to provide psychosocial coaching or other support.

OBJECTIVES: FACILITATING SELF- AND WAGE-EMPLOYMENT AND SOCIAL INCLUSION

Urban scope programs are more likely than rural-only programs to focus on opportunities for self- and wage-employment. Among government-led programs with an urban scope,

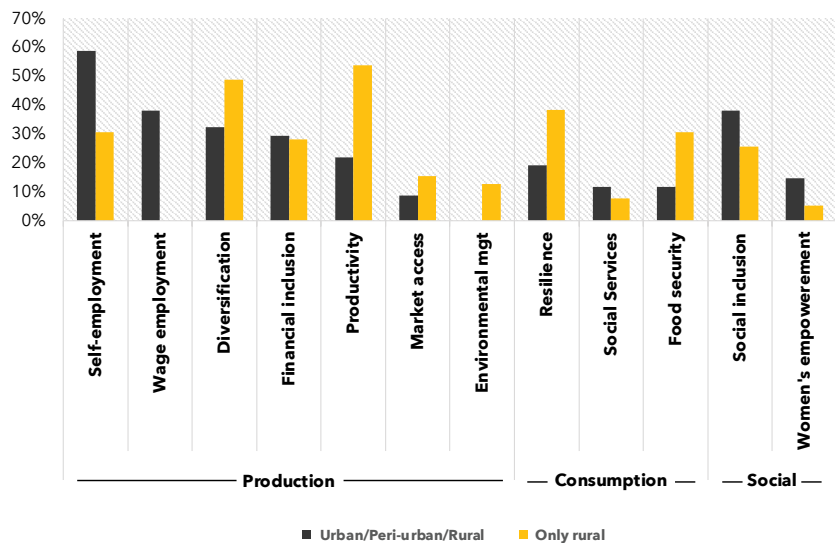
the most common priorities are promoting self-employment (59 percent of surveyed programs), facilitating wage employment and social inclusion (38 percent each), and diversifying income (32 percent) (figure 4.1). In contrast, among rural-only programs, the most common objectives relate to increasing productivity, diversifying income, and building resilience. Urban scope programs are also more likely than rural-only programs to prioritize women's empowerment (15 percent versus 5 percent) and less likely to prioritize food security (12 percent versus 31 percent). Promoting financial inclusion is a priority in both contexts.

These patterns are even more pronounced among the 10 government-led programs in the survey that operate exclusively in urban contexts. Almost all aim to facilitate wage employment, about half aim to promote social inclusion, and about 40 percent aim to facilitate self-employment. Three main policy drivers have provided the impetus for economic inclusion programs in urban contexts: (a) meeting the jobs challenge, especially for the urban poor, youth, and women; (b) spurring the COVID-19 recovery; and (c) helping create

Figure 4.1

Primary objectives of government-led economic inclusion programs, by type of location

Source: PEI 2020 Landscape Survey.
 Note: Respondents were asked to report a maximum of three objectives.



inclusive cities (Avalos et al. 2021). Many urban scope programs are motivated by high rates of urban youth unemployment and therefore target youth. This targeting likely prompts the focus on wage and self-employment.¹² A focus on people affected by displacement in urban areas likely drives the focus on empowerment and social inclusion.

CUSTOMIZING A PACKAGE OF SUPPORT

Tailoring Specific Components to the Urban Context

All economic inclusion programs share several core components, but the urban context

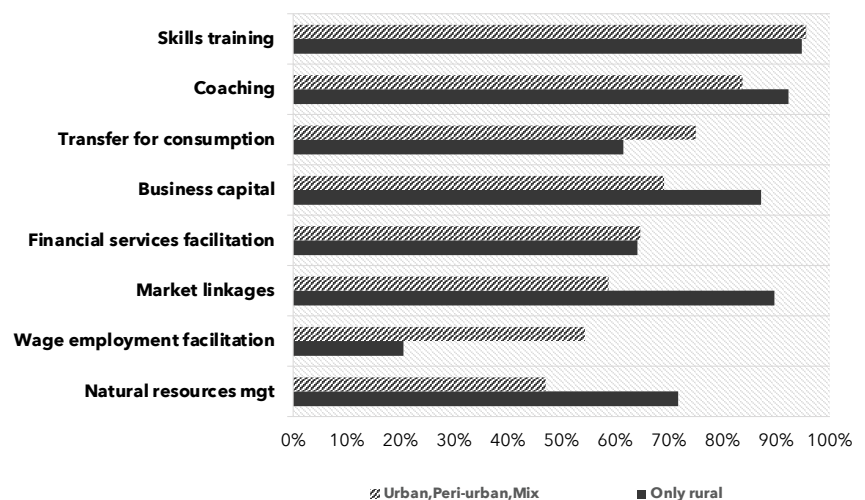
shapes the composition of the package to some extent. Urban scope programs include skills training (96 percent), coaching/mentoring (84 percent), consumption transfers (75 percent), and business capital (69 percent) (figure 4.2). Most rural-only programs also include skills training and coaching, but there are some differences. In particular, urban scope programs are more likely to provide cash transfers (75 percent versus 62 percent in rural areas) and facilitate wage employment (54 percent versus 21 percent) and less likely to include a market link component (59 percent versus 90 percent).

These differences in components likely reflect differences in program objectives, priority

Figure 4.2

Main components of government-led economic inclusion programs, by type of location

Source: PEI 2020 Landscape Survey.
 Note: Respondents were asked to report a maximum of three objectives.



groups, and entry points in urban scope and rural-only programs. Many urban scope programs prioritize youth and people affected by displacement; these programs include components that address specific barriers for these groups. For example, urban scope programs for youth commonly include business capital (72 percent of such programs) and a wage employment facilitation component (64 percent). All programs that prioritize displacement-affected people include cash transfers, often building on humanitarian assistance. Some also include psychosocial support. With respect to entry points, relative to programs that focus on livelihoods and jobs, social safety net plus programs are more likely to provide cash transfers (94 percent versus

55 percent), financial services facilitation (69 percent versus 58 percent), and market linkages (61 percent versus 54 percent) and as likely to provide business capital (69 percent versus 68 percent).

Almost all economic inclusion programs prioritize women. In urban areas, these programs must address gender-specific factors that constrain women's economic activities, such as lack of childcare and the risk of gender-based violence (box 4.2). Ideally, they also include behavioral interventions to shift social norms and link to broader legal reform efforts to allow women to participate fully in the economy.

Box 4.1

Building women's economic empowerment through gender-intentional design

Informal workers in urban areas include street vendors, market traders, and informal recyclers, whose children often spend their days with them. Women also often bring their children to public works sites.

To address this challenge, some programs have added childcare interventions to the package of interventions. In Burkina Faso, the Youth Employment and Skills Development Project includes a labor-intensive public works component in which many women could not participate because they affordable childcare. In response, the project piloted a mobile creche model that follows women from worksite to worksite. The mobile creche tents could host about 50 children. They offered nutritious meals (with contributions from parents), provided toys and learning materials (based on the national preschool curriculum) and parenting training materials, and established links with government agencies to support visits from education and health specialists. Using existing public service providers enabled some cost savings; the average cost per creche was about \$833 a month. The pilot also created a new public works stream that trained women as childcare assistants, with pregnant women and women unable to participate in manual work given priority. Caregivers received the same program wage as other workers. Although this model has been replicated only in rural programs, it is applicable to urban areas. An upcoming evaluation will provide further insights (Ajayi 2019).

Programs can also include specific interventions to counter the risk of gender-based violence, which has increased for urban informal workers in the wake of COVID-19. Two urban scope programs in Nigeria include these components. One is evaluating the impact of a messaging campaign focused on socio-emotional skills that can help individuals better manage intrahousehold dynamics (IPA 2020). Another is launching a social norm change campaign with outreach to women, enlisting the support of village elders and trusted community members to reduce the stigma associated with women's empowerment, forming gender dialogue groups for nonviolent conflict resolution, and training selected group members as nonspecialized first responders.

continues...

Box 4.1 continued

Other elements of gender-intentional design and delivery can enhance women's economic inclusion. In Benin, for instance, a youth-focused economic inclusion program provided training, apprenticeships, and business grants. The program design included several elements for young women, including apprenticeship in nontraditional trades, a life skills training component, provision of on-site childcare facilities and separate wash facilities during training, and adjustment of training schedules to accommodate household duties. Several of these elements have been adopted in a new national program for youth inclusion that includes coaching for young women to find wage employment or start a business activity, training on the risks of gender-based violence, and links to broader efforts to address gender norms that hinder women's access to and success in the labor force.

Note: Benin: Youth Employment Project (Projet Emploi des Jeunes [PEJ]) and Youth Inclusion Project (Azóli); Nigeria: Agro-Processing, Productivity Enhancement and Livelihood Improvement Support (APPEALS); Nigeria For Women Project (NFWP); Uganda and Tanzania: Empowerment and Livelihood for Adolescents (ELA); Honduras: Project on Life Improvement and Livelihood Enhancement for Conditional Cash Transfer Beneficiaries through Financial Inclusion (ACTIVO).

Spotlight**A Closer Look at Customizing Components**

The experience of urban scope programs provides some insights on how components can be tailored to the urban context. This spotlight examines three of them: training, coaching, and wage employment facilitation. The first two components are the most common. The third is less common but is a feature of several urban scope programs.

Training: Entrepreneurship, Technical, and Life Skills

One of the key constraints to economic inclusion of the poor is low levels of human capital. To enter the labor market, youth need to acquire foundational skills (including basic literacy, numeracy, and soft skills); technical and vocational skills; and business and entrepreneurship skills. Poor women and youth also need role models and social networks to help them make informed decisions.

Almost all urban scope programs (96 percent) provide some form of training, typically entrepreneurship and business management but also technical and vocational, financial literacy, and life skills. Some programs focus on one type of training; others seek to expand participants' skills with a broad suite of training opportunities. For example, entrepreneurship training is usually combined with financial literacy training, in order to increase business management skills more broadly, particularly if program participants receive grants for establishing or developing businesses. Programs that prioritize youth and women also often include life skills training (Andrews et al. 2021),

as discussed below. In Senegal, the Yook Koom Koom pilot provided a package of life skills and microentrepreneurship training. Each type of training lasted three to seven half days. Microentrepreneurship training covered basic management skills that are relevant for both agricultural and nonagricultural activities. Life skills training covered self-confidence, gender relations, communication skills, and risk-taking.¹³

Programs that provide entrepreneurship training face the challenge of adapting typically rural-oriented training materials to the urban context and target group. In the Sahel, Trickle Up adapted existing training materials by considering the local context (rural or urban), the education level of participants, the availability of partnerships with nongovernmental organizations (NGOs), and the skill levels of community coaches. The goal of the short-duration training (five to seven half-day sessions each for life skills and entrepreneurship) was to impart fundamental skills. Because the program targeted the poorest individuals, who were generally illiterate, the training was not related to any particular livelihood activity. It was basic and cross-cutting, including modules on how to manage accounts, set up a shop, and choose suppliers and target customers, for example. In Senegal, training included an urban-specific module that focused on access to markets, pricing, and advertising. Based on the findings of an evaluation, the program is condensing training content and reducing the duration in order to increase retention and completion (World Bank 2020c). In Benin and Azerbaijan, programs adapted the Start and Improve Your Business (SIYB) Program designed by the International Labor Organization for their target groups. The Azerbaijan program added socio-emotional and motivational elements as well as a module on financial literacy. An orientation day was added to the training program to strengthen beneficiary understanding of the program and local markets.

The same challenge exists for programs that offer center-based technical or vocational training. Emerging operational experience—from programs such as the Employment Support Project in Azerbaijan and the Youth Inclusion Project Support for the Azòli system in Benin—highlight the need for shorter-duration training, delivered in small groups, focused on urban (rather than traditional rural) livelihoods) and livelihoods suitable for women and men, with a redesigned curriculum to add more practical training to supplement classwork. In Azerbaijan, the program introduced an online business training program, but participants faced challenges related to connectivity and lack of access to devices.

Some emerging evidence suggests that personal initiative training may be useful. This psychology-based approach acknowledges that most program participants are not entrepreneurs by choice; the majority are self-employed by necessity. They operate at low levels of profitability, with little differentiation from other local businesses and few opportunities for growth. Personal initiative training and coaching (discussed below) can help develop personality traits for entrepreneurship, shifting interest in entrepreneurship outcomes. In urban Togo, for example, where traditional business training had no impact, teaching personal initiative to vulnerable microentrepreneurs increased firm profits by 30 percent (Campos et al. 2017). Although these microentrepreneurs were not the subsistence microentrepreneurs that economic inclusion programs typically target, this approach can inform the design

of entrepreneurship training. In Bangladesh, a new economic inclusion program in urban contexts is planning to include content that boosts participants' psychosocial ability and personal initiative as part of the business management training curriculum. The disruptions caused by COVID-19 have highlighted the need for better risk management. The program is also planning to include training on how to incorporate risk management, coping, and business continuity following a shock.

Labor force transitions are particularly challenging for young women. A number of urban scope programs deliver a package of life and vocational skills (along with other components) to adolescent girls. In urban contexts, life skill training needs to factor in training on urban social issues, such as child labor, road safety, and urban safety.¹⁴ Adolescence is a crucial window of opportunity during which many life skills can be acquired. Economic inclusion programs have taken different approaches to deliver packages of support to this group:

- In Liberia, the Economic Empowerment for Adolescent Girls Project provided center-based vocational and life skills training to adolescent girls and facilitated their transition to productive work.¹⁵ The subsequent Youth Opportunities Project (YOP), which builds on the earlier project, targeting both male and female youth, incorporated additional elements, including peer support groups (the “buddy” system under the first project) to enhance success. Preliminary results show that the YOP's urban-focused intervention of small business support increased rates of self-employment and paid weekly working hours for participants (Bengu 2021).
- In Uganda and Tanzania, a nongovernment-led program—BRAC's Empowerment and Livelihoods of Adolescents program—provided a similar package of interventions through community-based safe spaces or clubs (rather than training centers).¹⁶ Four years post-intervention, Uganda's program had significantly improved economic outcomes for participating girls, who were 48 percent more likely to engage in income-generating activities (almost entirely self-employment) than nonparticipants.¹⁷ These impacts were similar across urban and rural communities, with one exception: Although the program shifted aspirations across location in the short term, these effects did not persist in the urban sites (Bandiera et al. 2020). The annual program costs were relatively low, at about \$18 per girl—less than 1 percent of annual household income at baseline. The positive effects of the Uganda program were not replicated in Tanzania, possibly because of resource constraints that impeded implementation fidelity (Buehren et al. 2017).

Coaching

For many poor people, the hassles of day-to-day life deplete cognitive bandwidth, impairing their decision-making ability. Poverty can also result in low self-image and blunt aspirations. A qualitative study in Senegal, for instance, finds that 26 percent of respondents reported feeling pessimistic and helpless about the future (Bossuroy, Koussoubé, and Premand 2019). Low psychological agency limits the ability of people to identify and act on opportunities. A study in Ethiopia finds that many young people did not search for jobs because of low motivation and belief in their inability to change their circumstances (Mejía-Mantilla and Walshy 2020). Psychological support services are particularly important in urban contexts, where substance abuse, homelessness,

exposure to crime and violence, and the risk of involvement in illegal and dangerous livelihoods exist (Gentilini et al. 2021; BRAC-UPGI 2021; Concern Worldwide 2018).

Most urban scope programs (84 percent) use coaching—defined as informal guidance provided in an informal way—typically for business support. Coaching on business development during the ideation phase can help participants identify and act on business challenges and opportunities and match livelihoods to individual circumstances and market context. More than half of programs facilitate access to wage employment; about 37 percent provide job placement counseling.

Several programs use coaching to build soft skills, increase self-confidence, provide emotional support, and foster changes in attitudes and social norms. Nearly 40 percent of the surveyed programs provided psychosocial coaching. Some programs that prioritize refugees also provided psychological support services. The UN High Commissioner for Refugees (UNHCR) has added psychosocial and legal counselling to the package of support it provides refugees in several countries, including Zambia and Zimbabwe (UNHCR 2019). There is some evidence from other programs and experiments that even one-off, low-cost behavioral interventions at the individual or community level may have short-term benefits for participants' outlook and overall mental health. This evidence prompted the use of community sensitization videos in the urban Senegal pilot.¹⁸

Across locations, a primary concern for government-led programs is the ability to deliver coaching at scale. Three issues need to be considered:

- There are trade-offs between group versus individual delivery. Individual coaching is particularly important in the initial stage of business set-up, when participants face specific and diverse challenges that require one-on-one sessions. But group coaching may be more cost-effective and easier to implement. It also enhances peer-to-peer learning and improves interpersonal relationships, teamwork, and trust, thereby helping participants establish networks in their communities that they can tap as they face challenges or scale their businesses.
- Recruiting coaches with sufficient education, experience, and ability to engage with the target group can be challenging. In the programs for adolescent girls in Liberia, Tanzania, and Uganda, coaches were young women from the local community who could connect with participants. In Colombia's Transforming My Future, coaches were themselves victims of armed conflict (like program participants). Coaching eligibility requirements included minimum levels of technical or vocational education, two years of work experience, and residence in the target areas. The fact that coaches have similar backgrounds encourages take-up, as participants view them as examples of self-improvement (Centro de Estudios Sobre Desarrollo Económico 2017).
- Using existing government case management systems can be an ideal way to scale up coaching, because it establishes linkages with other aspects of social policy, such as social assistance, social care services, and labor market intermediation (see, for example, Abramovsky et al. 2015 for Colombia and Chile).

Facilitation of wage employment

Over half of urban scope programs include a component that seeks to facilitate wage employment. Most of these programs prioritize youth and attempt to foster linkages with prospective employers. The biggest constraint to wage employment is the dearth of job opportunities.

Most programs with a wage employment component provide assistance to participants in accessing job placements, internships, and apprenticeships. For instance, the Youth Employment and Opportunities Project in Kenya (World Bank 2016b) and the Youth Employment and Skills Development Project in Burkina Faso (World Bank 2013b) included on-the-job training for unskilled or low-skilled youth through apprenticeships with master craftspeople and involved the private sector in the design and implementation of the training programs. In Liberia, the Economic Empowerment of Adolescent Girls and Young Women Program provided six months of job placement support (following six months of skills training for self-employment or wage employment). The program led to a 47 percent increase in employment and 80 percent increase in earnings relative to nonparticipants. However, participants in the business skills track had markedly better outcomes than participants in the job skills track, likely reflecting the scarcity of good jobs even in urban areas (Adoho et al. 2014).

Some programs complement the package with wage subsidies to employers. In Papua New Guinea, youth who received the full package of services provided by the Urban Youth Employment Project were substantially more likely to be in formal employment in the short term than participants who received only income support through public works. This positive employment impact was achieved by screening candidates on ability and combining job-matching assistance and on-the-job training with wage subsidies to employers. Less than 15 percent of employers reported willingness to keep the same number of placements without a subsidy (Hoy 2018). Argentina's Empleo Joven Program also provides wage subsidies to encourage private sector employers to hire program participants.

Programs in urban areas often also include components that address informational, spatial, and other binding constraints to job search and matching, such as transport subsidies to cover job search costs, job application workshops, referral letters to help job seekers signal their ability, and psychosocial interventions to shape aspirations. In urban Ethiopia, a transport subsidy and job application workshop increased the probability of finding stable and formal jobs for young jobseekers, especially women and the least educated youth. Both interventions were relatively inexpensive (Abebe et al. 2017).¹⁹ Another intervention found that encouraging young job seekers to include reference letters from past employers with their job applications improved employment of higher-ability candidates, with women driving the effect (Abel, Burger, and Piraino 2020). Interventions that improve job search planning, help create peer networks, and provide access to information may also be useful.

Bundling Components into a Package of Support

Ideally, an economic inclusion program would select its components based on an analysis of the binding constraints to sustainable income generation, which differ across locations. In Senegal, for example, surveyed communities cited psychosocial and aspirational constraints, lack of access to capital, inadequate technical and business skills, and social norms as the primary constraints. Access to markets and inputs was not cited as a binding constraint; the cost of production factors (rent, utilities) was (Bossuoy, Koussoubé, and Premand 2019). Senegal's Yook Koom Koom Program was designed to address these constraints, through a package of interventions that included community sensitization, facilitation of community savings and loans groups, coaching, life skills trainings, microentrepreneurship training, access to markets, and a business grant (Andrews et al. 2021). Midterm reviews of youth-focused economic inclusion programs in Burkina Faso and Nigeria identified lack of financing as the key obstacle preventing participants of labor-intensive public work programs from starting their own businesses. In Burkina Faso, the program was able to course correct by introducing a business plan competition that provided business grants to selected youth (Hassan 2020; World Bank 2020e).

Economic inclusion programs typically provide an integrated package of interventions. Government-led urban scope programs tend to provide smaller packages than rural-only programs. Among rural-only programs, 59 percent provided five or six components. In contrast, only 40 percent of urban scope programs provided five or six components, with 31 percent providing three to four components (figure 4.3, panel a).²⁰ These differences may reflect the fact that other programs and services are available in urban but not rural areas, where beneficiaries may need a comprehensive package. In Honduras, for example, rather

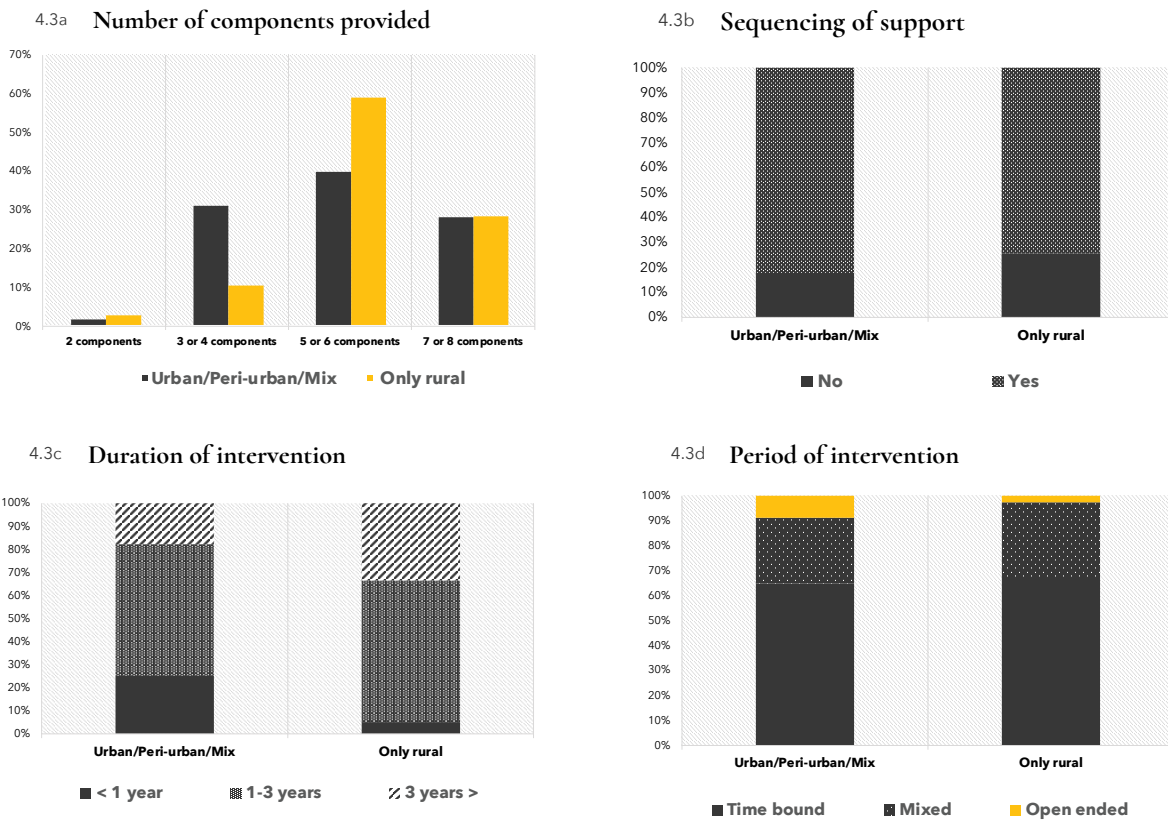
than direct provision, an economic inclusion program in urban areas is piloting referrals to entrepreneurship training and assistance for the application to the microcredit program ((JICA 2020). In Ecuador, another program also explored options for referral services, but for business development and labor market intermediation services (World Bank 2019b). Setting up a referral system requires technical and institutional capacity to manage partners and service providers as well as functioning information systems to facilitate interagency coordination.

Program components are usually provided in sequence and in a time-bound period. In urban scope programs, 82 percent of beneficiaries access components in a specific order, which is often designed to address barriers participants face during the course of program implementation (figure 4.3, panel b). This sequencing may also influence the duration of the intervention, which is one to three years in most programs (57 percent of programs with an urban scope) (figure 4.3, panel c). About two-thirds of programs, including those operating in urban contexts, provide all or some of the program components over a time-bound period (figure 4.3, panel d). However, urban scope programs tend to be shorter than rural-only programs. About a quarter of urban scope programs and just 5 percent of rural-only programs provide support for a year; 18 percent of urban scope and 33 percent of rural-only programs provide support for more than three years.

In its Yook Koom Koom program, Senegal sequenced the provision of components over a period of 18 months. Figure 4.4 displays the sequencing of the Yook Koom Koom program components over an 18-month period.

Ensuring that the components of a package are implemented and that the sequence is maintained is critical. Failing to do so is a particular risk in fragility, conflict, and

Figure 4.3 Number of components, support sequencing, duration, and period of intervention of government-led economic inclusion programs

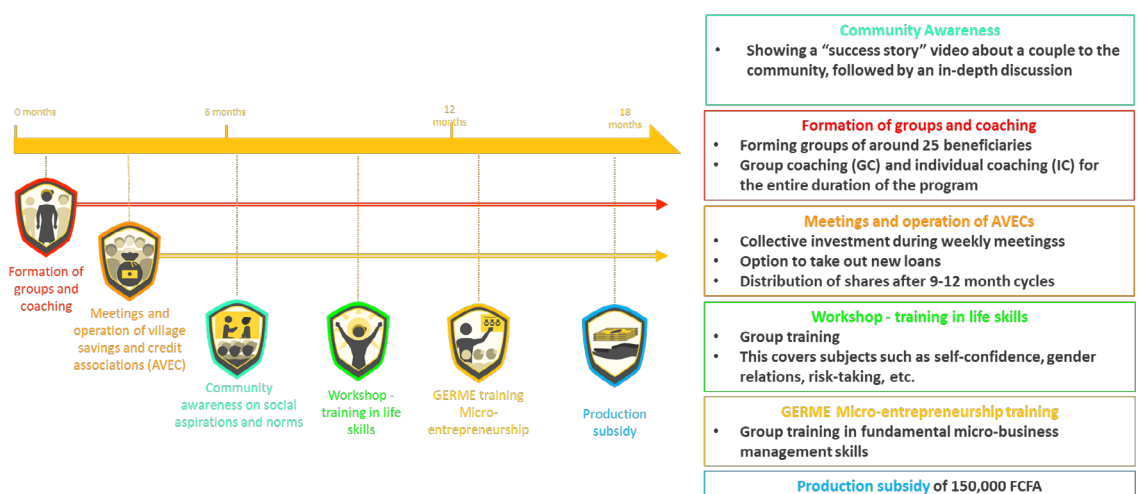


Source: PEI 2020 Landscape Survey.

Figure 4.4

Sequencing of components in Senegal's Yook Koom Koom program

Source: Ndiaye 2021.
Note: All program participants were also beneficiaries of a cash transfer program.



violence contexts and in government-led programs in which multiple agencies are involved in delivery. In Mozambique, for instance, the Productive Social Action Program implemented the labor-intensive public work component in urban areas; five years later, complementary skill training and livelihood activities—which had been part of the package—had still not been implemented (Zapatero et al. 2017). In Colombia, the Transforming My Future Program was designed without a separate business grant component, because the participants—all victims of conflict—were entitled to financial compensation as part of their reparation. However, only 7 percent of participants had received compensation at the start of the

program, and an additional 6 percent received their compensation during the program (Fundación Capital 2018).

Even when all components are implemented, a time lag between sequenced components can potentially reduce synergies. For instance, Burkina Faso's Youth Employment and Skills Development Project provided income support through public works and training to youth in urban areas. But delays in implementing the training programs potentially reduced any income impact from composite labor-intensive public work and training (World Bank 2020e).

Tailoring Delivery Systems to the Lifestyles of the Urban Poor

Training, coaching, and group formation are core elements of economic inclusion programs. They are essential to address the human capital, financial, and social network constraints the urban poor face. The urban context introduces several challenges in delivering these components effectively.²¹

First, the higher opportunity cost of participation makes it harder to ensure continuous participation in program with high-frequency components; activities need to be scheduled to accommodate participants' earning opportunities. Programs also need to mitigate the risk of program attrition, as access to a wide range of economic opportunities may reduce take-up of the program, limit attendance, or result in program drop-out unless the program is attractive relative to alternatives. Second, although many of the poor live in urban slums and informal settlements, the dispersion of beneficiaries across neighborhoods makes it harder to organize group activities. Third, greater anonymity and less social cohesion (coupled with dispersion across neighborhoods) can make group formation harder to sustain. Population density and low social cohesion can also pose security risks, and high rents and the cost of living can force beneficiaries to use business grant to meet basic needs. Finally, affordable venues for community mobilization or group meetings—especially safe spaces for adolescent girls and women—are often not available. There may be limited locations for training in the neighborhoods where beneficiaries live, and coaches may not live near beneficiaries. Emerging operational experience provides some insights into how these challenges could

potentially be addressed. These factors contribute to good program design regardless of location; they are particularly important in the urban context, where participation costs (in terms of alternative opportunities, time, and commuting) increase the risks of program attrition.

Urban scope programs need to be flexible in terms of meeting location and times, especially for women, adolescent girls, and youth. Youth-focused programs in Benin (the *Projet Emploi des Jeunes* [Gbessi 2021]) and Liberia (the *Economic Empowerment for Adolescent Girls Project* [Adoho et al. 2014]) offered flexible timing, with both morning and afternoon training sessions, in order to allow participants to continue with their educational, housework, and income-generating activities. Trainings were held in the communities where the participants resided, and every site offered free childcare. In Liberia, the training venues were selected to meet “girl-friendly” criteria, including safety (the buildings were not isolated); accessibility to girls from various parts of the community; proximity to a community center and to security posts, such as police stations; and a conducive atmosphere and space for learning, with access to water and latrine facilities (Adoho et al. 2014).

Finding appropriate venues for group activities is important for program success, especially for programs targeting women. In Senegal, a community sensitization video and training were key components of the package. Implementation challenges included difficulty renting spaces that were not too small or too noisy and mobilizing participants, who were often busy with other activities (World Bank 2020c). Finding safe spaces for adolescent girls was critical for the success of the Empowerment and Livelihood for Adolescents Program in Uganda and Tanzania. In Uganda, clubs were set up in one-room houses, which the program rented. The club space provided privacy, allowing members to discuss sensitive topics and build strong peer support networks. In contrast, in Tanzania, local implementers had to identify shared public spaces, leaving little flexibility with respect to the timing of sessions (Banks 2017).

With respect to group-based components, programs build cohesion by structuring groups around common issues, such as source of income, vulnerability, residence, or goals (Concern Worldwide 2018). Examples include occupation and business groups, support groups and life clubs for adolescent girls, neighborhood groups, and savings groups.

The role of groups may differ in urban and rural areas. In Senegal, saving groups in urban areas helped pool risk but did not build social networks (Demba 2021). Membership in a group represents a significant time investment. For savings and producer groups, potential economic benefits may be sufficient to retain members. In contrast, it may be necessary to offer incentives to convince participants to attend meetings of groups linked to psychosocial support. The Economic Empowerment of Adolescent Girls and Young Women Program in Liberia used a combination of incentives and gender-intentional delivery to ensure high retention (95 percent) and attendance (90 percent) rates during the classroom training phase. Trainees were given small stipends and a completion bonus contingent upon attendance.

They were required to sign a commitment form at the start and provided free childcare at every training site (Adoho et al. 2014).

Using local community structures and existing government systems can reduce delivery costs in both urban and rural areas. With growing coverage and efforts to set up delivery systems to reach and serve the poor, social safety net systems provide a platform for delivering economic inclusion measures efficiently at scale. In the Sahel, for instance, the existence of established delivery systems (and the scale of the program) helped reduce the unit costs of identifying beneficiaries, the constitution of groups, and the delivery of high-intensity services, such as savings facilitation and coaching. In urban Senegal and rural Niger, where community volunteers were trained and supervised by local program staff, the savings and coaching components cost less than \$20 per beneficiary. In Mauritania, where qualified NGO workers provided those services and the ratio of beneficiaries to providers was much higher, the same activities cost \$180 per beneficiary. Administrative costs, which include monitoring and evaluation and targeting costs, were lower where programs used existing systems (Andrews et al. 2021).

In theory, programs should be taking advantage of the greater penetration of ICT in urban areas relative to rural areas; in practice, urban scope programs do not seem to be doing so. Among government-led programs, the use of ICT is equally widespread in urban scope programs (87 percent) and rural-only programs (82 percent). However, this finding is driven by the use of information systems for program management and monitoring. A much smaller number of programs use digital technologies to deliver components, with little difference between all programs (31 percent) and rural-only programs (28 percent).

The ability of economic inclusion programs to deploy digital solutions depends on the context and whether the COVID-19 response has

prompted a renewed shift to digital platforms.²² Three innovations hold promise:

- E-training and e-coaching. Only 8 percent of urban scope programs use digital solutions to deliver training or coaching. The Nigeria for Women Project and the Agro-Processing, Productivity Enhancement and Livelihood Improvement Support (APPEALS) projects take advantage of Nigeria's high mobile phone penetration rate to deliver components in peri-urban and rural areas through digital technologies. Nigeria for Women delivers training and financial support digitally to women. APPEALS delivers market information digitally to peri-urban and rural smallholders (World Bank 2017). In Honduras, the Life Improvement and Livelihood Enhancement for Conditional Cash Transfer Program (ACTIVO) Project developed audiovisual materials on accounting, financial education, and measures for income improvement, which are available for free on its website (JICA 2020). Colombia's Transforming My Future Project uses a tablet-based mobile application to conduct training; participants use a notebook to take notes and complete training tasks. Coaches are also trained virtually, using tablets that connect to a virtual program platform. Program management uses the virtual platform to support and monitor coaches' training and assess their readiness to conduct trainings through examinations (Fundación Capital 2018).²³
- Job matching for informal workers. Mozambique's Social Protection Project is exploring the potential of partnering with Biscate, a private digital platform that matches informal skilled workers to customers using hybrid Unstructured Supplementary Service Data (USSD) (for workers without smartphones) and Internet-based technology. This matching service could potentially increase the revenues and profits of informal workers.

- Digital payments and savings products. Nearly 96 percent of urban scope programs use digital solutions for payment of cash transfers and business grants, savings, and other digital financial services. Some programs—such as Benin's *Projet Emploi des Jeunes* and Liberia's Youth Opportunities Program (YOP)—also paid business grants using mobile money. This trend has likely increased with the shift to digital solutions for social safety nets in response to COVID-19. Liberia's YOP provided beneficiaries that had completed the training and had their business plans approved with low-cost mobile phones with mobile money accounts to receive their Pre-Employment Social Support (PESS) business grant. Cameroon is exploring options for digital financial services (instead of savings groups) in its urban economic inclusion program.

These digital solutions offer the potential to cost-effectively deliver at scale. And designing and implementing these solutions is likely to be easier in urban than in rural contexts. Digital training solutions can be useful in standardizing the consistency and quality of training (regardless of the ability of individual trainers or coaches). Digital payment solutions also allow closer monitoring of beneficiaries as well as opportunities for financial inclusion.

Digital solutions cannot be sought, however, where access to digital technologies and digital literacy are limited. Digital tools also require high upfront investments and effective data privacy and protection. Emerging experience suggests the importance of building capacity to design and implement solutions appropriate for the target group, using digital platforms that are already popular with program participants, adopting multichannel and multiformat strategies, giving beneficiaries sufficient training and time to learn how to use the tools, and continually learning from implementation to adjust content and delivery (Fundación Capital 2021).

Leveraging Urban Actors and Policies

Urban policy frameworks and institutional arrangements can pose challenges for programs. Cities play an important role in job creation; urban local governments have direct influence over municipal taxes and incentives, zoning and land use polices, construction permits and business licenses, infrastructure and service provision, and public safety.

These governments can also stimulate economic opportunities by investing in skills, innovation, and business support services for enterprises. However, weak city planning, dysfunctional land markets, and inequitable urban policy frameworks can pose challenges for economic inclusion (World Bank 2015a).²⁴ At the same time, many municipalities are shifting their focus from primarily infrastructure-focused spatial interventions (such as slum upgrading) to more multidimensional approaches that cover economic and social inclusion. Such programs include promoting local economic development, improving the business environment, and supporting the private sector and small and medium-size enterprises.

Urban planning regulations affect informal livelihoods but do not typically incorporate the needs of poor informal workers (Chen and Carré 2020; Filmer and Fox 2014). In most cities, street vendors and other informal businesses typically experience unsafe working conditions and often face evictions from their place of work over licensing and taxation as well as harassment by local authorities, including demands for bribes

and the confiscation of their goods (Chen and Carré 2020). Lack of occupational safety and health laws also adversely affect workers in the informal sector, who are usually not covered by labor protections (Filmer and Fox 2014).

At the policy level, economic inclusion programs need to advocate for inclusive urban development. Many laws and regulations need to be reformed to match the reality of informal work. Changes could include legalizing commercial space for street vendors and other urban informal workers; protecting specific groups, such as waste-pickers and home-based workers, and addressing the right to work and access to services by migrants and displaced populations (Chen and Carré 2020).²⁵

Community consultations can help design urban spaces that are more hospitable for the vulnerable urban poor. Informal workers also need to be better organized (through cooperatives, for example) and their representatives involved in urban planning and legal reform processes (Chen and Carré 2020). Urban development programs typically include community consultations, which can help redesign spaces for petty trade businesses, training, and community gatherings

and improve connectivity and infrastructure (World Bank 2021e). Changes at the policy level may also be required for participants involved in small business activities to secure locations or permits for these activities. Several programs have adopted a participatory approach to increasing social engagement within the community. In Djibouti, for example, a slum upgrading program includes labor-intensive public works and income-generating activities carried out by local associations of youth and women (Ahmed 2021).

Programs implemented by central ministries and programs implemented by urban local governments face different challenges. The primary challenge for programs implemented by central ministries is the need to link with the local development plans and budgeting priorities of municipalities. Complementary “place-based” and “people-based” interventions can address community, local economy, and institutional barriers to the spatial, social, and economic inclusion of the poor and vulnerable. However, shifting incentives to create urban environments that are supportive of informal workers’ livelihoods will require better understanding of the ways in which informal workers can contribute to the urban economy and specific value chains or sectors. Central ministries can also explore options for fiscal incentives, such as performance-based grants, to engage urban local governments.

Economic inclusion programs could more closely reflect the priorities of the municipality. Several urban programs in Africa include public works components. City governments tend to be supportive of such programs, because they from the work performed (cleaning and maintaining streets, building drainage and sanitation networks, rehabilitating or maintaining public gardens and green spaces or local markets). In Ethiopia’s Urban Productive Safety Net Project, city governments identify and plan public works through a participatory process involving local communities (Gentilini et al. 2021).²⁶ In highly urbanized contexts, local governments are already

actively engaged. In Ecuador, for instance, the central ministry has signed memorandums of understanding with urban local bodies that support its economic inclusion program. Some of these municipalities provide their own resources to promote the economic inclusion of vulnerable youth.

The challenge for urban development programs implemented by urban local governments is to provide an effective package of support that addresses the multiple constraints the urban poor face. Most such programs support the provision of infrastructure and services; many provide labor-intensive public works. In Mozambique, for example, the Maputo Urban Transformation Project (World Bank 2021g) includes a small labor-intensive public work component as well as investments in small, multiuse public spaces, streets markets, and pedestrian and nonmotorized pathways.²⁷

These investments have the potential to provide temporary employment or link the urban poor to markets. But further support may be needed to promote sustainable income generation for this target group. The urban poor and vulnerable will likely require some combination of training, coaching, and business grants to overcome human, financial, and network constraints. Some programs are already exploring these options, with components that offer training, self-employment facilitation, or links with social protection programs. In the Democratic Republic of Congo, for example, the Kinshasa Multisector Development and Urban Resilience Project (World Bank 2021d) increases access to infrastructure and services and improves the skills and socioeconomic opportunities of residents of selected neighborhoods of the city. The experience of these programs provides the basis for layering economic inclusion components atop existing urban development programs. Forging effective linkages with central ministries can provide cost-effective platforms to reach the target group, link to existing social protection benefits, and deliver additional components.

Interagency coordination is critical, especially between central social or labor ministries and local municipalities. Achieving it may be particularly difficult in urban contexts. Potential reasons for coordination failures include lack of incentives (municipalities' mandates may not necessarily include economic inclusion); lack of clarity on roles and responsibilities (municipalities and local departments of social safety net or labor ministries have different mandates and lines of accountability); and inadequate mechanisms for coordination (in terms of operational tools, for example, such as integrated information systems and registries, to promote information sharing). In Mozambique, differences in local capacity and coordination between the municipality and social protection agency led to variations in program effectiveness across cities (Gentilini et al. 2021). For central programs, the selection of program areas can provide an opportunity to align incentives and partner with the municipalities that are most interested in the program. An urban economic inclusion pilot in Brazil encouraged municipalities to apply to be included in the program; it established criteria for the selection of cities and provided incentives for municipalities to engage. In Honduras, the ACTIVO program was carried out by social agents and municipal officers, with both cadres serving as trainers (JICA 2020).

Ideally, coordination should not be limited to ensuring effective program implementation; it should include deeper collaboration with respect to program design that leverages complementarities. Investments in urban infrastructure (such as multiuse public spaces,

street markets, slum upgrading, and affordable housing) can promote urban livelihoods; individual- and household-level interventions can help the poor and vulnerable connect to these opportunities. Collaboration between central ministries and urban local authorities can help programs use existing platforms and facilitate linkages and referrals to municipal services and social services. In Indonesia, an urban regeneration program is exploring options for systematically including economic inclusion components based on profiling residents and mapping available programs and services.

The sustainability of economic inclusion programs also relies on strong local partnerships, including with NGO and private sector partners that are willing to customize interventions to urban participants. Urban contexts offer a wide range of programs and services, by public and private providers, but they need to be tailored to meet the needs of poor and vulnerable residents to be effective. Urban scope economic inclusion programs can link with formal training providers that develop customized options for urban beneficiaries. Programs can also link with private sector employers for mentoring, demand-driven training, and jobs (through placements, internships, and apprenticeships, for example). In Argentina and Burkina Faso, for example, private sector partners helped design and implement training programs providing life skills and entrepreneurship training and coached participants in starting a business. (World Bank 2013a, 2014).

Conclusion

Rural economic inclusion programs cannot be simply transplanted to urban contexts; they must be designed specifically for the urban context, so that they reflect the unique needs of urban residents. Delivery systems need to adapt to the needs and lifestyles of the urban poor. Programs also need to be embedded in urban policy and planning, as part of the drive toward inclusive cities.

Several lessons emerge from the operational experience from a growing pipeline of urban scope programs:

- The challenge of fine-tuning targeting and beneficiary selection in urban areas has implications for how programs define eligible groups and how delivery systems register and enroll beneficiaries.
- Program design needs to take into account the specific characteristics of urban poverty. It should be based on the binding constraints to sustainable income generation for each target group.
- Systems need to adapt to deliver high-intensity and group interventions in urban contexts.
- Urban scope programs need to engage effectively with urban actors and policies, to stimulate complementary investments in people and places.

Several countries are implementing economic inclusion programs in urban contexts; their experience provides insights for operational teams. Much more will be learned in coming years. It will be important to collate lessons through systematic evaluations and learning from implementation. A deeper understanding of cost-effectiveness will help build political support to incorporate economic inclusion programming into government policy frameworks. It will also be important to understand the programmatic and institutional adaptations needed to scale programs in urban contexts, building on lessons learned from pilots and leveraging partnerships with urban local governments and between government and partner organizations.

Appendix A

Programs Reviewed

Appendix A

Table A.1 **Programs reviewed**

Country	Program/ project	Type of location	Source
Argentina	Empleo Jóven (Argentina Youth Employment Support Project, formerly known as Jóvenes por Más y Mejor Trabajo)	Urban only	World Bank (2014); Bersusky and Paz (2021)
Azerbaijan	Employment Support Project	Urban scope (urban, rural)	World Bank (2020a); discussions at PEI Urban Clinic, December 2020
Bangladesh	Recovery and Advancement of Informal Sector Employment (RAISE)	Urban only (urban, peri-urban)	World Bank (2021a)
	Ultra-Poor Graduation, BRAC	Urban scope (urban, peri-urban)	BRAC-UPGI (2021); Ara et al. (2016)
Benin	Projet Emploi des Jeunes (Youth Employment Project; Youth Inclusion Project (Azôli))	Urban scope (urban, rural)	World Bank (2020b)
Brazil	Piloto do Fomento Productivo Urbana (Urban Productive Development Pilot)	Urban only	Government of Brazil (2021)
Burkina Faso	Youth Employment Skills Development Project	Urban scope (urban, rural)	World Bank (2013a, 2020e); CFI (2019)
Cameroon	Adaptive Safety Nets and Economic Inclusion Project	Urban only	World Bank (2021b)
Colombia	Transformando Mi Futuro (Transforming My Future)	Urban scope (urban, peri-urban, rural)	Centro de Estudios Sobre Desarrollo Económico (2017); Leon-Jurado and Maldonado (2021); Fundación Capital (2018)
Côte d'Ivoire	Projet d'Urgence de Création d'Emploi Jeunes et de Développement des Compétences (Youth Employment and Skills Development Project)	Urban only	World Bank (2012); Bertrand et al. (2016, 2017)
Democratic Republic of Congo	Kinshasa Multisector Development and Urban Resilience Project	Urban only (urban, peri-urban)	World Bank (2021c)
	Third Additional Financing for the Eastern Recovery Project	Urban scope (urban, peri-urban, rural)	World Bank (2021d)

Country	Program/ project	Type of location	Source
Djibouti	Integrated Slum Upgrading Project	Urban only	World Bank (2019a)
Ecuador	Social Safety Net Project	Urban only	World Bank (2019b)
Ethiopia	Urban Productive Safety Net and Jobs Project	Urban only	World Bank (2016a); Franklin et al. (2021); Degu and Manie (2020); urban clinic presentation and summary note
Honduras	Project on Life Improvement and Livelihood Enhancement for Conditional Cash Transfer Beneficiaries through Financial Inclusion (ACTIVO)	Urban scope (urban, peri-urban, rural)	JICA (2020)
Kenya	Youth Employment and Opportunities Project	Urban scope (urban, peri-urban, rural)	World Bank (2016b)
Liberia	Economic Empowerment for Adolescent Girls	Urban only	Adoho et al. (2014)
Liberia	Youth Opportunities Project	Urban scope (urban, rural)	World Bank (2015b); Bengu (2021)
Mozambique	Maputo Urban Transformation Project	Urban scope (urban, peri-urban)	World Bank (2021g)
	Productive Social Action Program	Urban scope (urban, peri-urban, rural)	Zapatero et al. (2017)
	Social Protection Project	Urban scope (urban, rural)	World Bank (2013); Ricaldi, Mata, and Martins (2021)
Nigeria	Agro-Processing, Productivity Enhancement and Livelihood Improvement Support (APPEALS)	Urban scope (peri-urban, rural)	IPA (2020)
	Nigeria for Women Project	Urban scope (peri-urban, rural)	World Bank (2018)
Papua New Guinea	Second Urban Youth Employment Project	Urban only	Hoy and Naidoo (2019); Ivaschenko et al. (2017); World Bank (2020f)
Philippines	BRAC-UPGI Urban Pilot	Urban scope (peri-urban, rural)	BRAC-UPGI (2021); urban clinic presentation and summary note

Country	Program/ project	Type of location	Source
Senegal	Yook Koom	Urban-only (urban, peri-urban)	Ndiaye (2021); World Bank (2020c)
Tanzania	Boosting Inclusive Growth for Zanzibar: Integrated Development Project	Urban scope (urban, rural)	World Bank (2021h)
Tanzania	BRAC Empowerment and Livelihood for Adolescents	Urban scope (urban, rural)	Banks (2017); Buehren et al. (2017)
	Youth Opportunities Program	Urban scope (urban, rural)	Blattman, Fiala, and Martinez (2014, 2018)
Uganda	BRAC Empowerment and Livelihood for Adolescents	Urban scope (urban, peri-urban, rural)	Banks (2017); Bandiera et al. (2020)

Notes

Notes

1. The first note highlighted the potential of delivering economic inclusion programs in urban contexts at scale ([Avalos et al. 2021](#)). This note draws the first note as well as on a regional background paper on economic inclusion in urban Sub-Saharan Africa (Bossuroy et al. forthcoming).
2. This definition follows the one used in The State of Economic Inclusion Report 2021: The Potential to Scale (Andrews et al. 2021).
3. See Avalos et al. (2021) for definitions and data sources.
4. Participants at PEI events noted the following challenges in designing and delivering urban programs: selecting beneficiaries, customizing and delivering coaching (a high-intensity component) for urban participants, identifying viable market opportunities for sustainable urban livelihoods, ensuring access to basic services, and working with urban local governments. See BRAC-UPGI (2021); Concern Worldwide (2018); and Moqueet, Zaremba, and Whisson (2020) for operational insights from nongovernment-led programs.
5. Among the government-led programs in the 2020 Landscape Survey, only 10 operated exclusively in urban or peri-urban areas; 58 programs operated across urban, peri-urban, and rural areas; and 39 programs operated exclusively in rural areas (Avalos et al. 2021). Analysis of the survey compares urban-scope programs with rural-only programs, as the sample of 10 urban-only programs is too small for disaggregated analysis. The operational review includes these urban scope programs as well as a number of new urban-only and urban scope programs that have been introduced since 2020.
6. The PEI 2020 Landscape Survey provides a global snapshot of economic inclusion programs. Of the 219 programs identified in 75 countries, over half (118 programs in 63 countries) reach urban or peri-urban areas either exclusively or in addition to rural areas.
7. Examples include Senegal's Yook Koom Koom (Ndiaye 2021) and Mozambique's Social Protection Project (World Bank 2013b).
8. According to the PEI 2020 Cost Survey, targeting accounted for 0.3–5.5 percent of total program costs, with lower costs for programs that used existing systems, such as Benin's ACCESS program, which covers both urban and rural areas (Andrews et al. 2021).
9. These programs include the Youth Employment and Skills Development Project in Burkina Faso (World Bank 2013a); the Emergency Youth Employment and Skills Development Project in Côte d'Ivoire (World Bank 2012); the Projet pour la Stabilisation de l'Est de la RDC pour la Paix in the Democratic Republic of Congo (World Bank 2021c); and the Projet Emploi des Jeunes and the Youth Inclusion Project (Azôli) in Benin (World Bank 2020b).
10. Ethiopia: UPSNP; Mozambique: Productive Social Action Program (PSAP).
11. In a peri-urban graduation pilot in the Philippines, participants selected livelihoods such as ambulatory food carts, meat processing, massage therapy, and livestock. In a similar pilot in

urban Uganda, youth opted for vocational training in electrical work, mobile repair, motorcycle repair, and other small trades (BRAC-UPGI 2021).

12. Differences between urban and rural areas are particularly stark in programs that prioritize youth: Of the 22 youth-focused programs surveyed, a much larger share of urban scope programs focused on promoting wage employment (45 percent in urban areas and 0 in rural areas) and self-employment (64 percent in urban areas and 21 percent in rural areas).

13. See <https://www.worldbank.org/en/programs/sahel-adaptive-social-protection-program-trust-fund#6> for an overview of the program, including more detail on program components.

14. In India, BRAC and World Vision added urban-specific life skills modules on peacebuilding and conflict resolution (including religious and caste conflict), alcohol abuse, and gambling. BRAC's program in urban Bangladesh includes modules on disaster preparedness for floods, fire hazards, and evictions.

15. The evaluation did not find a net impact on fertility or sexual behavior, possibly because the life skills curriculum focused on employment-related soft skills rather than sexual and reproductive health.

16. This community-based model differed from Liberia's Economic Empowerment of Adolescent Girls and Young Women in several ways. Coaching was provided largely by female peers or mentors, professional trainers were brought in for specific vocational skills, and there was an emphasis on life skills, including sexual and reproductive health (Chakravarty, Das, and Vaillant 2017).

17. In addition, teen pregnancy fell by 34 percent and early entry into marriage/cohabitation by 62 percent.

18. A randomized field experiment in urban Ethiopia found that one-off psychological support (in the form of a three-hour self-affirmation workshop) to vulnerable youth can affect mindsets and job search in the short term, at least for young men. Impacts—including on employment and earnings in the short term—were higher for the most vulnerable men. The intervention cost less than \$10 per person (Mejía-Mantilla and Walshy 2020). Evidence from rural areas points to the positive impact of video-based interventions to boost aspirations and self-efficacy (see for example Bernard et al. (2014) for rural Ethiopia and Lecoutere, Spielman, and Campenhout (2019) for rural Uganda).

19. The transport subsidy covered the cost of regular trips to the town center. By easing spatial constraints, it increased the intensity and efficacy of job search. The job application workshop covered how to prepare effective applications and approach job interviews; participants had their skills certified on the basis of standardized personnel selection tests. Participants offered the transport subsidy were 32 percent more likely to be in formal employment than participants who did not receive the subsidy; the effect size of the workshop was 31 percent. The interventions cost only about \$20 a person for the transport subsidy and \$18 for the workshop (Abebe et al. 2017).

20. This pattern is starker among the 10 surveyed programs that operate exclusively in urban contexts, with about half providing three to four components and only 30% providing five to six components.

21. Several programs have made changes to group-based components because of COVID-19 restrictions. For instance, Liberia's Youth Opportunities Program originally provided business grants to groups of five beneficiaries. In 2020, the program allowed beneficiaries to operate businesses as individuals or a group.

22. A BRAC pilot with the Philippines government provided remote coaching using mobile phones to offer guidance on how to maintain livelihoods during quarantine during the COVID-19 pandemic.

23. The larger rural program *Produciendo por Mi Futuro* also uses these digital tools.

24. See the following World Bank regional reviews on urbanization challenges and public policy implications: Baker and Gadgil (2017); Ferreyra and Roberts (2018); Ellis and Roberts (2016); Lall, Henderson, and Venables (2017).

25. Efforts could also include broader legal reform with respect to the social protection and occupational safety and health protection of informal workers and exclusionary policies that constrain access to jobs, land, and services for migrants, internally displaced people, women and other vulnerable groups.

26. Public works cover five areas: (a) urban greenery and beautification; (b) urban integrated solid waste management; (c) urban integrated watershed management; (d) social infrastructure (as part of a larger plan, such as environmental, disaster prevention, and human development-enhancing initiatives); and (e) creation of a conducive environment for urban agriculture. The activities are planned for three years and implemented on a rolling basis.

27. Other examples include the Indonesia National Slum Upgrading Program, the Second Kenya Informal Settlements Improvement Project, the Djibouti Integrated Slum Upgrading Project, the West Bank and Gaza Third Municipal Development Project, and the Metropolitan Buenos Aires Urban Transformation Project, among others (World Bank 2020).

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In Practice