

THE POTENTIAL TO SCALE: ECONOMIC INCLUSION FOR THE POOREST



THE STATE OF ECONOMIC INCLUSION REPORT

PREVIEW



The **Partnership for Economic Inclusion (PEI)** is a global partnership that supports the adoption of national economic inclusion programs that increase the earnings and assets of extreme poor and vulnerable households. PEI, hosted by the World Bank's Social Protection and Jobs Global Practice, brings together a variety of stakeholders including national governments and bilateral, multilateral, nongovernmental, research, and private sector organizations. The partnership network is critical for contributing to evidence-based good practice, crowding in expertise, and providing a platform to refine and share cutting-edge knowledge on economic inclusion.

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ABOUT THE SEI REPORT PREVIEW

In several months, the *State of Economic Inclusion (SEI) Report* will shed light on one of the most stubborn challenges in development: transforming the economic lives of people in extreme poverty and vulnerability. The full report will emerge at a moment of global crisis, amid the fallout from the COVID-19 pandemic, which looks set to push more than 80 million people into extreme poverty. The report will feature contributions from over 100 organizations, reflecting the collaborative effort and spirit that shapes the [Partnership for Economic Inclusion \(PEI\)](#).

Given the urgency of the ongoing crisis, we are pleased to share the **SEI Report Preview**, which highlights some critical discoveries and data in advance of the full report's release. It provides an overview of the report, introduces a framework for economic inclusion at scale, and identifies 10 key findings from the full report.

The SEI Report Preview reflects a dramatically evolving global landscape for economic inclusion programs. Currently, economic inclusion programs focused on the extreme poor and vulnerable groups are being implemented in more than 75 countries. The SEI Report will present data from 219 programs reaching over 90 million beneficiaries. Recent growth in global economic inclusion operations is driven by the scale-up of government-led programs that build on social protection, livelihoods and jobs, and financial inclusion investments. Momentum has also been sustained through program innovation and learning from a variety of domains, including graduation programs, social-safety-nets-plus programs, community-driven development, and local economic development initiatives.

Along with the SEI Report Preview, we are pleased to launch the [PEI Data Portal](#), which includes core data from the country and costing surveys conducted for the report. This data platform allows users to explore evidence, open-access data, and country experiences—all of which will serve to inform ongoing debates on program sustainability and feasibility. The data platform is dynamic, and we encourage users to upload data on programs not currently featured to ensure it reflects the full spectrum of economic inclusion programming. New evidence will help to track progress and inform country operations and global debates in the coming years.

Please visit www.peiglobal.org and follow us on Twitter at [@PEIglobal_org](https://twitter.com/PEIglobal_org) for more updates. Later this year, the complete *State of Economic Inclusion Report* will be published, and PEI will host a virtual global learning event. In conjunction with the release of the full report, we expect to spotlight the many country inputs and partner contributions that have shaped this work. In the meantime, we hope readers will enjoy this SEI Report Preview, visit the website, and engage with us on this important mission.

Colin Andrews
PEI Program Manager
September 2020

STATE OF
ECONOMIC
INCLUSION
PREVIEW
REPORT



“

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”

IN RECENT YEARS, THERE HAS BEEN A GROWING GLOBAL MOMENTUM TO STRENGTHEN AND SCALE UP ECONOMIC INCLUSION FOR THE POOREST.

Intensive and innovative efforts are being undertaken worldwide, driven by the twin imperatives of Sustainable Development Goal 1, to “end poverty in all its forms everywhere” by 2030, and Goal 8, to “promote inclusive and sustainable economic growth, employment and decent work for all.” The forthcoming *State of Economic Inclusion Report* highlights the experiences of 75 countries in this regard. As evidenced throughout the report, global momentum toward inclusion is being fueled by a scale-up of government-led programs that build on social protection, livelihoods and jobs, and financial inclusion investments. Further fuel is provided by a promising evidence base and a groundswell of learning, originating especially within the nonprofit sector.

EFFORTS TO SCALE RESPOND TO HIGH LEVELS OF EXTREME POVERTY AND THE FALLOUT OF COVID-19.

By 2030, an estimated 479 million people are projected to be living in extreme poverty following a business-as-usual scenario, and the share of global poor living in fragile and conflict-affected countries is expected to reach 50 percent.¹ And the fallout from the coronavirus pandemic raises the possibility of another 80 million people being pushed into extreme poverty. Emerging experiences show the potential of economic inclusion programs—when part of integrated policy responses—to mitigate the economywide or sector-specific downturns created by this pandemic, and ultimately to facilitate restoration of livelihoods and the recovery of communities.

AS ECONOMIC INCLUSION PROGRAMS FOR THE POOREST EVOLVE, BOTH GREAT EXPECTATIONS AND CONSIDERABLE SKEPTICISM EMERGE.

A sustainable and inclusive economy that leaves no one behind is more important now than ever before. While transformative economic growth will be the

¹ World Bank, *Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle* (Washington, DC: World Bank, 2018).

ultimate driver of poverty reduction, it is not automatically inclusive and does not always penetrate the poorest households.²

ECONOMIC INCLUSION PROGRAMS ARE DEFINED AS A BUNDLE OF COORDINATED, MULTIDIMENSIONAL INTERVENTIONS THAT SUPPORT HOUSEHOLDS AND COMMUNITIES IN INCREASING THEIR INCOMES AND ASSETS. COMMON INTERVENTIONS INCLUDE A COMBINATION OF CASH OR IN-KIND TRANSFERS, SKILLS TRAINING OR COACHING, ACCESS TO FINANCE, AND LINKAGES TO MARKET SUPPORT. THESE INTERVENTIONS COVER A DIVERSE LANDSCAPE—INCLUDING PRODUCTIVE INCLUSION, GRADUATION, SOCIAL-SAFETY-NETS-PLUS, AND COMMUNITY-DRIVEN DEVELOPMENT PROGRAMS.

IN STRENGTHENING ECONOMIC INCLUSION FOR THE POOREST, IT IS IMPORTANT TO RECOGNIZE POVERTY TRAPS. Further, policy makers must understand that unleashing the productive potential of this population involves the removal of multiple constraints through a multidimensional response. In practice, household, community, local economy, and institutional constraints may have strong effects on specific population cohorts, such as women, youth, people with disabilities, and those who have been displaced. As a cross-cutting priority, economic inclusion programs tend to put a strong emphasis on women’s economic empowerment as a key driver for change.

GOVERNMENTS ARE TYPICALLY USING THREE ENTRY POINTS TO BUILD ON EXISTING ANTI-POVERTY PROGRAMS TO CUSTOMIZE SPECIFIC ECONOMIC INCLUSION EFFORTS. These entry points are social safety nets, livelihoods and jobs, and financial inclusion. While these entry points are not mutually exclusive—or exhaustive—they do provide a foundation upon which investments can be built and broader sectoral collaborations achieved. The use of each of these entry points has significant operational implications. Governments are deliberately integrating economic inclusion programs as part of national strategies and frameworks for poverty reduction. Economic inclusion programs are seen as a useful complement to existing anti-poverty efforts. As countries broaden the coverage and financing of safety nets, safety-nets-plus and cash-plus programs gain greater prominence. Economic inclusion is a key driver of the safety nets plus agenda, with the “plus” indicating the potential to complement cash with additional inputs, service components, or linkages to external services.

² M. Ravallion, D. Jolliffe, and J. Margitic. “Social Protection and Economic Development: Are the Poorest Being Lifted-Up or Left-Behind?” NBER Working Paper 24665 (Cambridge, MA: National Bureau of Economic Research, 2018).

Ultimately, a trend from stand-alone to more integrated approaches presents opportunities for improved program delivery as well as for fiscal and policy coherence.

DESPITE MUCH PROGRESS, THE POTENTIAL TO SCALE IS CHALLENGED BY CRITICAL DEBATES ON FEASIBILITY AND PROGRAM SUSTAINABILITY. Economic inclusion programs may be considered too complex or too costly to operate at scale. Governments in many countries—especially in low-income settings—will face capacity constraints to administer and manage multidimensional, cross-sector interventions. As programs scale, political economy factors become more visible. The adoption and scale-up of economic inclusion programs hinges on political acceptability and involves trade-offs, especially around program objectives and priority target groups. In this context, the *State of Economic Inclusion Report* brings a strong and fresh perspective on program impacts and costs, with the aim of better understanding the evidence base and fiscal realities which will ultimately determine the question of scale.

MAJOR CONTRIBUTIONS OF THE STATE OF ECONOMIC INCLUSION REPORT

THE REPORT IDENTIFIES 219 ACTIVE ECONOMIC INCLUSION PROGRAMS IN 75 COUNTRIES, REACHING ALMOST 92 MILLION INDIVIDUALS. Moreover, additional programs are expected to launch soon. The PEI Landscape Survey 2020 reveals a range of program implementers, with government programs quickly increasing in number. Government-led programs cover approximately 90 percent of program beneficiaries and account for half of the projects surveyed. Note that these figures are a lower-bound baseline, given gaps in the available data, fast-moving project pipelines, and challenges in reporting on coverage. Nonetheless, these estimates provide an important baseline to track program evolution in the coming years. Many programs are now reaching an important inflection point of expansion and refinement to address the needs of the poorest.

THE NEED FOR DEFINITIONAL CLARITY AND A COMMON FRAMEWORK UNDERPIN THIS REPORT. The report focuses on economic inclusion programs that reach the extreme poor and vulnerable. **Economic inclusion** involves the gradual integration of

individuals and households into broader economic development processes, with a focus on strengthening their resilience and future opportunities. **Economic inclusion programs** include a combination of cash or in-kind transfers, skills training or coaching, access to finance, and linkages to market support. These interventions cover a diverse landscape, including productive inclusion, graduation, and community-driven development programs. **Scaling-up** is the process by which a program that is shown to be effective on a small scale or under controlled conditions is expanded, replicated, and adapted under real-world conditions into broader policy and programming.

A HALLMARK OF THE REPORT IS THE CRITICAL NEED FOR ESTABLISHING A MORE COMPREHENSIVE EVIDENCE BASE AROUND ECONOMIC INCLUSION. A central focus of the report is the assimilation of new data and evidence around program design and implementation, impacts, and costs. Collation of this information—which is critical in determining the feasibility of program scale-up—is reflected in a series of efforts. Through the **PEI Landscape Survey 2020**, the report brings together formerly disconnected strands of experience within government and nongovernment programs, and across a range of sectors. The **impact review** documents experiences across 80 quantitative and qualitative evaluations in 37 countries. The report introduces the **PEI Quick Costing Tool** as a starting point to unpack debates on cost optimization and cost efficiency. Critically, key data gathered through this report will be updated on the **PEI Data Portal** available at www.peiglobal.org. The portal takes an open-access approach to its data to encourage debate and promote new evidence generation over time.

THE REPORT EMPHASIZES THE NEED FOR CONTINUED LEARNING FROM FIRST-HAND COUNTRY EXPERIENCES. The state of economic inclusion for the poorest looks set to evolve considerably over time, as new learning and experiences come to the fore. Adaptation to changing poverty contexts and megatrends is vital. Economic inclusion programs are flexible and can be customized to local settings, and major shocks such as COVID-19 will fundamentally reshape economic inclusion programs in each country. For this reason, the report provides an in-depth set of case studies highlighting lessons and operational insights from government- and nongovernment-led projects. The case studies include the Sahel Adaptive Social Protection Program, India’s Bihar National Rural Livelihoods Mission Programs with JEEViKA and Satat Jeevikoparjan Yojana, BRAC’s Ultra Poor Graduation in Bangladesh, and Peru’s Haku Wiñay Program. Box 1 provides an overview of these case studies.

BOX 1 LEARNING BY DOING: FOUR CASE STUDIES

The **Sahel Adaptive Social Protection Program**, supported by the World Bank and development partners, offers the multicountry experiences of implementing a set of productive inclusion measures through the national safety net programs of four Sahel countries—Burkina Faso, Mauritania, Niger, and Senegal. Across the four participating countries, more than 50,000 households to date have received a comprehensive package of productive accompanying measures. A multicountry impact evaluation is ongoing to determine the impact of these productive measures on cash transfer beneficiaries, and how such measures can be optimized and made more cost-effective. The case study presents preliminary insights on the challenges and opportunities of delivering productive inclusion programs at scale through government systems including operational insights on the importance of government leadership and institutional coordination, the value of broader investments in the safety nets system, and need for flexibility in delivery arrangements depending on country context.

The **Satat Jeevikoparjan Yojana (SJY) program of JEEVIKA**, in the State of Bihar in India, is a contextualized graduation approach and features the inclusion of the poorest and most vulnerable into its considerable livelihoods and financial inclusion program offerings. SJY attempts to scale economic inclusion through the entry point of livelihoods programming, while leveraging financial inclusion building blocks—such as self-help groups—and their upstream structures—including village organizations—to help with program functions such as targeting and delivering assets to poor households. SJY identifies and trains large cadres of community members as frontline program implementers, with potential implications for how large-scale government programs can alleviate implementation-related capacity constraints. Although at an early stage of implementation, SJY is a large-scale effort intended to reach 100,000 households within JEEVIKA's larger economic inclusion effort that currently reaches 10 million rural women.

The **BRAC** case study considers the experience of a large nongovernmental organization in pioneering the graduation approach. The case study considers BRAC's evolving experiences over the last 20 years, giving particular attention to lessons that emerge from recent innovations. BRAC's graduation program in Bangladesh has reached over 2 million households, accepting approximately 100,000 female heads of household into the program each year. A randomized controlled trial (RCT) evaluation of BRAC's program demonstrated sizable economic impacts that have been sustained years after the intervention. Other RCTs evaluating global graduation models have produced similar positive impact results; this has helped catalyze a global wave of graduation and similar programs. BRAC's nearly two decades of program implementation tell a story of long-term investment, constant adaptation, and innovation supported by research.

In Peru, the **Haku Wiñay program**, implemented by the Ministry of Development and Social Inclusion of Peru through the Social Development Cooperation Fund, is an economic inclusion program introduced to create economic gains among the most disadvantaged rural households. The case study explores how economic inclusion programs can leverage proven and societally accepted community structures and integrate them in a national program strategy in order to replicate and scale them. Participatory decision making and the engagement of community project management systems and community trainers have helped Haku Wiñay scale up. Replication in certain contexts has required significant adaptations, and the freedom of implementers to apply locally relevant micro-strategies to make the approach successful in varying contexts of rural poverty.

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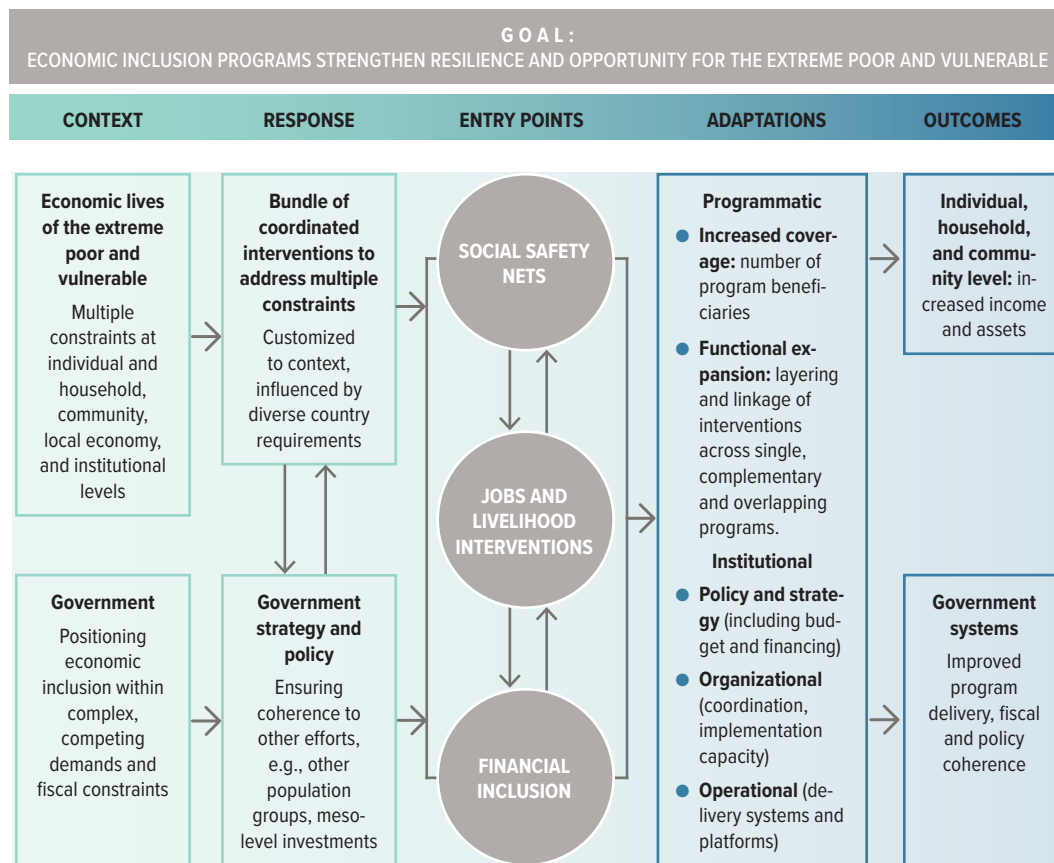
A FRAMEWORK TO TRANSFORM THE LIVES OF THE EXTREME POOR AND VULNERABLE

THE REPORT IS ANCHORED AROUND A SIMPLIFIED FRAMEWORK. This framework enables consideration of pathways for scaling up economic inclusion programs that strengthen the resilience and opportunities of the extreme poor and vulnerable. The framework (figure 1) illustrates an overall context and response diagnostic, linked to a desired set of outcomes at the household and community levels, as well as within government systems. It was developed iteratively using findings from the underlying report survey, stakeholder consultations, and available literature. Certain limitations are noted: economic inclusion at scale is not a silver bullet, considerable heterogeneity is masked by a simplified framework, and the engagement of local community and nongovernment structures is critical to its execution. The framework provides a baseline for ongoing discussion.

THE STARTING POINT FOR THE FRAMEWORK IS THE CHALLENGE OF TRANSFORMING THE ECONOMIC LIVES OF THE POOR. Unleashing the productive potential of the extreme poor and vulnerable involves the removal of multiple constraints. Addressing both **external constraints** related to community, local economy, and institutional failures and **internal constraints** reflecting intra-household dynamics and behavior is critical, although internal constraints are less well understood. Improved integrated responses that link the individual and household components of economic inclusion programs to wider community and local economy processes are required. A multi-dimensional response is proposed, the components of which are likely to evolve over time as learning and adaptation continue to develop.

THE FRAMEWORK CENTERS ON THE POTENTIAL TO EFFECT CHANGE WITHIN A GOVERNMENT LANDSCAPE. This requires a clear alignment to national institutions, strategies, and policies. Such an alignment represents an important shift in the popular discourse around economic inclusion programs, and should lead to consideration of incentives, trade-offs, and strategic entry points in scale. Ultimately, the evolution of these programs at the country level will hinge on political acceptability and will be shaped by political economy considerations such as historical processes, structural forces, and institutions. The report highlights how governments face strong challenges in determining

FIGURE 1 PATHWAYS TO ECONOMIC INCLUSION AT SCALE: A FRAMEWORK



SOURCE: Partnership for Economic Inclusion, World Bank.

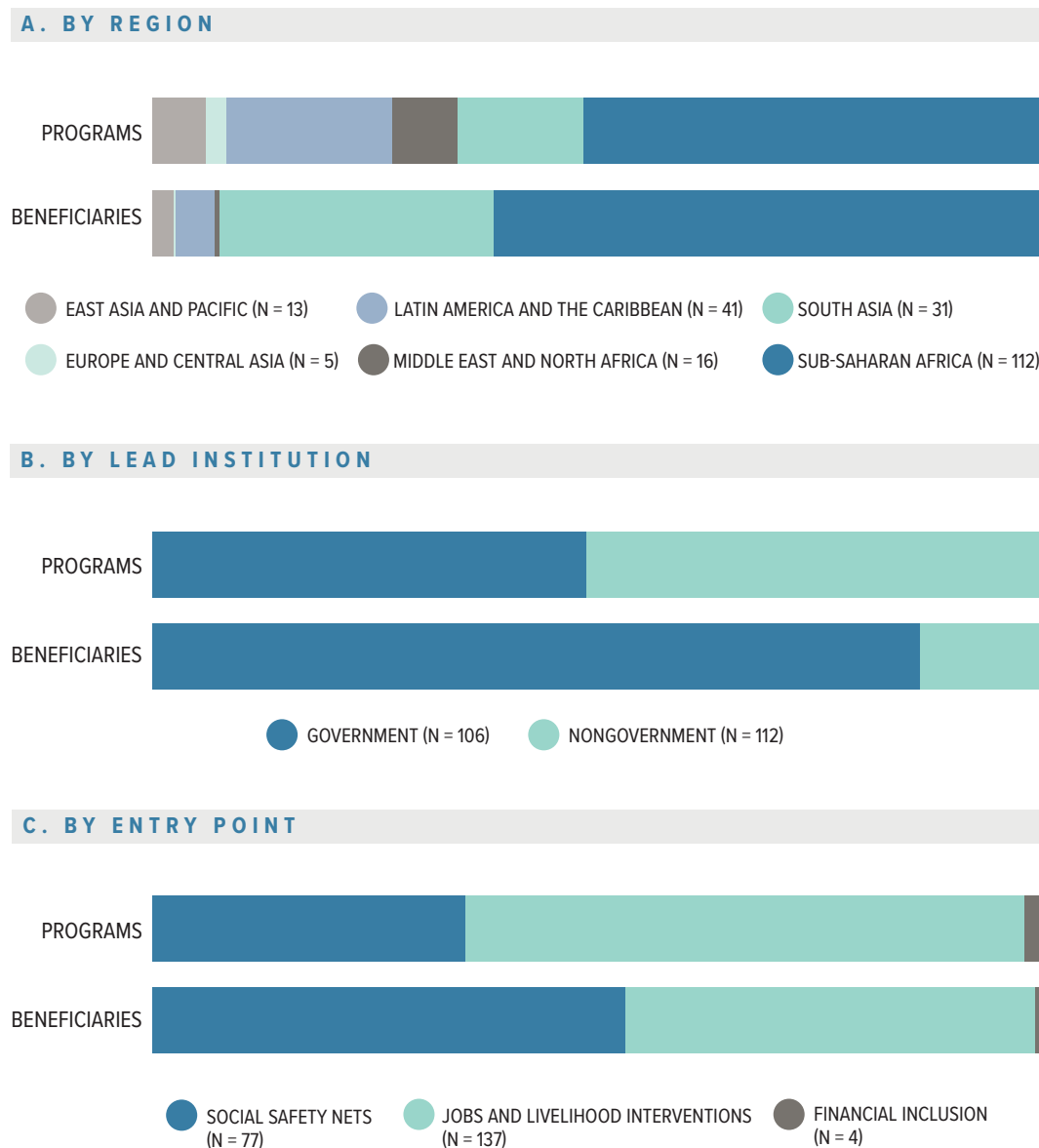
target groups—often against a backdrop of excess demand and tight fiscal constraints. The success or failure of economic inclusion programs will often rest on three programmatic decisions: program objectives, financing, and institutional arrangements for delivery.

10 KEY FINDINGS OF THE REPORT

1 AN UNPRECEDENTED SURGE IN ECONOMIC INCLUSION PROGRAMMING IS OCCURRING WORLDWIDE. Economic inclusion programs are under way in 75 countries, reaching approximately 20 million households and benefiting nearly 92 million individuals either directly or indirectly; this report presents data and evidence from 219 programs. The PEI Landscape Survey 2020

identified a further 40 new programs in the planning stages. Nearly half of all programs worldwide are government-led, and these programs cover 87 percent of the beneficiaries of programs featured in this report. Rapid expansion is driven in low-income countries with half of all programs surveyed in Sub-Saharan Africa (figure 2).

FIGURE 2 DISTRIBUTION OF ECONOMIC INCLUSION PROGRAMS AND BENEFICIARIES



SOURCE: Partnership for Economic Inclusion, World Bank.

NOTE: Beneficiary data based on 200 programs.

2 THERE IS A STRONG POTENTIAL FOR ECONOMIC INCLUSION PROGRAMS TO BE BUILT ON PREEXISTING GOVERNMENT PROGRAMS.

Economic inclusion is becoming a critical instrument in many governments' large-scale anti-poverty programming, and one of the primary means by which governments scale up economic inclusion is through social safety nets. With adaptive social protection systems forming the backbone of the first wave of the COVID-19 response, the scale-up of economic inclusion programs offers an important opportunity for households and communities moving forward. Economic inclusion programs are well placed to meet the challenges of COVID-19. The sequencing of context-specific components gives these programs considerable flexibility in adapting to different population groups and across rural, urban, and fragile settings. The report notes that government programs typically include five or more components, and most commonly feature transfers, skills training, coaching, market linkages, and access to financial services. The scale-up of government programs has the potential to introduce economies of scale and allow for integrated approaches.

3 THE COVERAGE OF ECONOMIC INCLUSION INTERVENTIONS IS MODEST, AND A SUSTAINABLE APPROACH TO SCALE REQUIRES PROGRAMMATIC AND INSTITUTIONAL ADAPTATIONS.

The PEI Landscape Survey 2020 shows that more than 50 percent of existing government-led programs have the potential to support between 5 and 10 percent of the extreme poor. Many government-led programs are in the process of expanding coverage. Yet scale-up is not simply about the size of coverage but also about the quality of impact, the sustainability of coverage, and the processes of change and adaptation. Economic inclusion at scale therefore must be considered in terms of programmatic and institutional mechanics, many of which are important prerequisites before introducing new program beneficiaries.

4 ECONOMIC INCLUSION PROGRAMS PROVIDE FLEXIBILITY FOR ADAPTATIONS.

Despite considerable heterogeneity across programs, common priorities are rural development, fragility, and the needs of specific vulnerable groups. The PEI Landscape Survey 2020 reports a strong focus on protecting most vulnerable groups, including children (25 percent of programs surveyed), people with disabilities (27 percent of programs surveyed), and displaced populations (33 percent of programs surveyed). The most frequently cited objectives for economic inclusion programs include self-employment, income diversification, and resilience. This reflects an agenda with a strong rural focus (87 percent of all programs) and an emphasis on fragility (one in four programs surveyed), coupled with a focus on climate change mitigation (55 percent of all programs surveyed).

5 WOMEN'S ECONOMIC EMPOWERMENT IS A KEY DRIVER OF ECONOMIC INCLUSION PROGRAMMING.

Nearly 90 percent of the programs surveyed have a gender focus. Program design adaptations to promote empowerment and mitigate unintended household and community risks have emerged. There is a considerable body of operational work focused on explicit gender-intentional program design to boost effectiveness. At the same time, there is heightened interest and a recognition of the risks of unintended consequences of gender-specific program adaptations, such as exacerbated time poverty, reinforced traditional gender roles, and gender-based violence.

6 ECONOMIC INCLUSION PROGRAMS LOOK SET TO INCREASINGLY ADAPT TO THE REALITIES OF INFORMALITY, ESPECIALLY FOR YOUTH IN URBAN AREAS.

Programmatic approaches vary, with some self-employment interventions having broad inclusion objectives and others explicitly seeking out high-potential entrepreneurs. Only one-third of programs facilitate access to wage employment opportunities, an agenda pushed by government-led programs. Nearly 70 percent of programs help participants link to existing value chains and markets (local, regional, national, or international); some even support the creation of new value chains. Almost 40 percent of programs report operations in urban centers, with 64 percent of programs focused on youth, reflecting broader demographic and urbanization megatrends.

7 THE DIGITAL SPACE WILL BE CRITICAL TO LEAPFROG CAPACITY CONSTRAINTS AND STRENGTHEN PROGRAM MANAGEMENT.

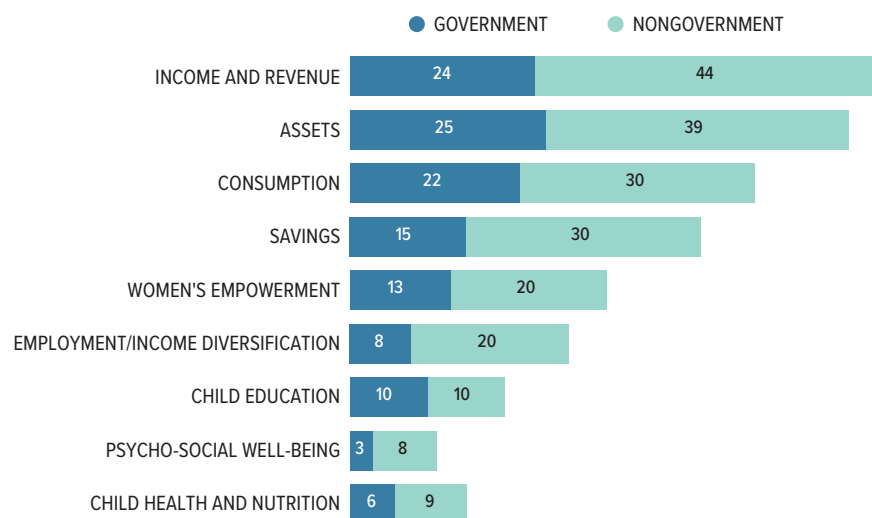
Many programs are currently utilizing government social registries, beneficiary registries, and other government databases to identify program participants (33 percent of all programs, and 45 percent of government-led programs). Digitization is an important factor across 85 percent of all government-led programs and popular across all regions. Thirty percent of government-led programs provide access to program components through digital platforms.

8 ECONOMIC INCLUSION PROGRAMS BUILD ON A PROMISING EVIDENCE BASE THAT WILL GROW SIGNIFICANTLY IN THE NEAR FUTURE.

A review of 80 quantitative and qualitative evaluations in 37 countries finds that a broad bundle of coordinated interventions demonstrates larger impact on income, assets, and savings relative to stand-alone interventions. The interactions between components likely drive overall

program impact. As highlighted in figure 3, the existing evidence base is dominated by nongovernmental programs, which in many cases are stand-alone. This is expected to change in the coming years. About 80 percent of the surveyed programs have planned research; two-thirds of these studies will be available in 2020–21. The emergence of greater evidence from government-led programs will help in rebalancing the discussion on program impacts—especially to reframe how long-term impacts are understood within a national system of support.

FIGURE 3 DISTRIBUTION OF STUDIES REPORTING ON SPECIFIC OUTCOMES, BY LEAD AGENCY (%)



SOURCE: Partnership for Economic Inclusion, World Bank.

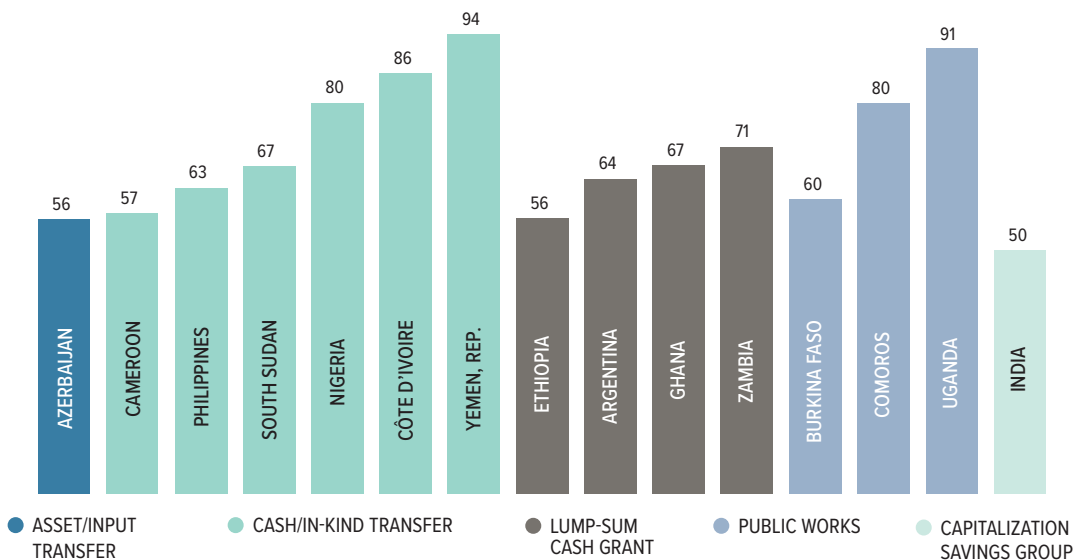
NOTE: This summary reflects 97 quantitative impact evaluations for 71 programs for which complete information could be obtained.

9 IMPROVED UNDERSTANDING OF BASIC COST STRUCTURES IS VITAL IN UNDERSTANDING THE COST-EFFECTIVENESS OF ECONOMIC INCLUSION PROGRAMS. Such understanding will also help in overcoming the limitations of assessing programs by “sticker price.” This report breaks new ground in approaching costing analysis, a topic fraught with complications, including challenges in measurement, heterogeneity of program objectives, and complications in comparability. The report presents the PEI Quick Costing Tool, which provides one of the first multicountry cost disaggregations for government- and nongovernment-led economic inclusion programs globally. The cost of economic inclusion programs tends to be driven by a single intervention such as cash

grants, asset or input transfers, or safety net transfers. Human resource and staff costs are more prominent cost drivers in more complex projects whose costs are driven by multiple components, rather than those driven by a single large component provided in conjunction with others (figure 4). The size of the components varies considerably and depends on whether it is time-bound or continuous.

The overall price range of economic inclusion programs sampled varies substantially. The total cost of economic inclusion programs is between \$41 and \$2,253 (in 2011 purchasing power parity—PPP) per beneficiary over program duration (3.6 years on average). This variance continues to exist when programs are further broken down by entry point—social-safety-nets-plus programs range from \$77 to \$2,253 (2011 PPP), and livelihoods and jobs programs range from \$41 to \$2,076 (2011 PPP). However, program sticker prices need to be understood based on their adequacy and impact.

FIGURE 4 LARGEST COST COMPONENT AS A PERCENTAGE OF TOTAL COST FOR SELECTED PROGRAMS



SOURCE: Partnership for Economic Inclusion, World Bank.

NOTE: The programs are as follows: Azerbaijan—Living Standards and Livelihoods Project; Cameroon—Social Safety Nets Project; Philippines—Transform; South Sudan—Building Resilience through Asset Creation and Enhancement; Nigeria—Social Safety Nets Project; Côte d'Ivoire—Productive Social Safety Net; Republic of Yemen—Yemen Emergency Crisis Response Project; Ethiopia—Productive Safety Net Program; Argentina—Socioeconomic Inclusion in Rural Areas Project; Ghana—Support Rural Income Generation of the Poorest in the Upper East Project; Zambia—Girls Education and Women’s Livelihood Project; Burkina Faso—Youth Employment and Skills Development Project; Comoros—Social Safety Nets Project; Uganda—Third Northern Uganda Social Action Fund; India—National Rural Livelihoods Project.

10 **STRONG PARTNERSHIP IS INTEGRAL TO THE SUCCESS OF ECONOMIC INCLUSION PROGRAMS.**

The engagement of community mechanisms is a critical driver of program delivery. Most programs leverage community structures, including informal savings and credit community groups (42 percent), local governance groups (59 percent), and formalized producer organizations (44 percent). Community structures can further expand livelihood opportunities and increase program sustainability—particularly if these community organizations are formally linked to other market actors, including financial service providers and private training providers. Nongovernmental organizations (NGOs) provide technical assistance to 64 percent of government programs, and 67 percent of governments partner with NGOs to deliver their programs. Partnership is also critical at the global level to advance global operational knowledge, best practices, and learning; and to leverage financial support.

FUTURE DIRECTIONS

THE REPORT POINTS TO A CONTINUED AND GROWING LEARNING AGENDA AROUND ECONOMIC INCLUSION FOR THE POOREST.

Across the world, economic inclusion programs are being customized to local settings, with programs invariably adopting a learning-by-doing approach. The flexibility of economic inclusion programs makes them well suited to adapt to changing poverty contexts and megatrends such as informality, urbanization, demographic shifts, and technology. This flexibility also points to the potential for the increased importance of economic inclusion programs in response to major shocks, including the medium-term response and recovery effort around COVID-19. As programs evolve, the learning agenda will continue to grow, with the promise of better informing the existing evidence base and bolstering political buy-in for programs and approaches that demonstrate effectiveness. The Partnership for Economic Inclusion will serve as an important platform to meet this demand for knowledge and continued innovation and learning.

REFINING PROGRAM DELIVERY SYSTEMS ACROSS DIVERSE CONTEXTS IS A HIGH PRIORITY.

Documentation of effective operational models and delivery systems in different contexts is required to facilitate effective design and coordination of economic inclusion programming. With a wide range of possible configurations of partners, programs, and structures, there are numerous opportunities to improve program effectiveness. Evidence on the interplay within government

and between government and partner organizations—such as community networks, NGOs, and private sector firms—will be critical. Such evidence will help to identify commonalities and key differences across each of the program entry points—a critical gap identified in this report. As part of this process, digital solutions can help to leapfrog some delivery constraints and increase cost-effectiveness; moreover, these will grow in prominence as social distancing restrictions affect training and coaching activities in the wake of the COVID-19 crisis.

INCREASING CUSTOMIZATION FOR THE NEEDS OF SPECIFIC POPULATION COHORTS—INCLUDING WOMEN, YOUTH, AND PEOPLE WITH DISABILITIES—IS ANTICIPATED.

As a cross-cutting priority, many economic inclusion programs include specific design features to promote women’s economic empowerment—a tendency quite likely to continue. Changes in the aspirations of youth will also provide an important impetus for program expansion. With high levels of underemployment and uncertain pathways to formal jobs, economic inclusion programs will play an important role in providing opportunities for self-employment and microenterprise development in particular. Demographic shifts and increased urbanization are likely to fuel these demands, as emerging experiences now show in Bangladesh, Ghana, the Arab Republic of Egypt, Indonesia, and Kenya, among other countries. Finally, multidimensional economic inclusion programs are well placed to overcome some of the challenges faced by people with disabilities in increasing their economic opportunities. The body of knowledge on how to adapt program design and delivery to increase outcomes for people with disabilities to reach their full potential is growing.

RECENT HISTORY REMINDS US THAT PROGRAMMING FOR ECONOMIC INCLUSION CANNOT BE DIVORCED FROM THE VAGARIES OF EXTERNAL SHOCKS, VULNERABILITY, AND FRAGILITY.

Beyond the current COVID-19 context, the direction and nature of economic inclusion programs will be shaped by different types of shocks, including economic shocks as well as underlying fragility due to conflict or climate change. Economic inclusion programs in fragile settings are poised to continue to grow, requiring a better understanding of operational models. Good practice in linking economic inclusion to humanitarian interventions and facilitating market linkages for displaced and host populations will be critical. One strong implication is for sufficient program adaptability and flexibility to withstand shocks, but also to adapt program design in the context of dynamic short- and medium-term needs.

TRADITIONAL ECONOMIC INCLUSION RESPONSES FOR INDIVIDUALS AND HOUSEHOLDS SHOULD BE LINKED WITH WIDER COMMUNITY AND LOCAL ECONOMY PROCESSES.

Economic inclusion programs already have a strong foundation to foster such linkages, as evidenced by existing community structures, productive organizations, and savings networks. Improved market and value chain linkages can increase the productivity of livelihood activities and bolster program sustainability. Increased meso-level linkages will help alleviate structural barriers and constraints to access to markets, infrastructure, and production inputs, and the potential for increased private sector engagement. Closer integration of these programs to the local economy may also realize important community spillover effects. As experience grows, the menu of programmatic responses will likely evolve.

FUTURE EVALUATIONS FOCUSING ON GOVERNMENT PROGRAMS AT SCALE WILL HELP ISOLATE MECHANISMS OF IMPACT ACROSS ENTRY POINTS AND FOR DIFFERENT GROUPS.

This will have important operational implications for identifying cost-effective bundles of interventions in each context and lessons on the effectiveness of different operational delivery models. A critical learning agenda is emerging to help address evidence gaps: (1) few studies provide details on the context in which programs operate, and a major gap exists on cost analysis; (2) most evaluations are not designed to isolate channels of impact—that is, to understand key drivers of program outcomes; (3) there is very limited quantitative evidence on resilience and empowerment, with the exception of some experiences from community-driven development programs. Going forward, a new wave of evaluations will shape the state of global evidence significantly. About 80 percent of the programs surveyed for this report have research planned; two-thirds of this will be available by 2021. In moving the evaluative agenda forward, there is a critical need to complement impact evaluations with real-time operational research, program monitoring assessments, and qualitative fieldwork to identify opportunities to enhance program performance.

THE ABILITY TO DETERMINE PROGRAM COSTS IS ESSENTIAL IN DETERMINING THE COST-EFFECTIVENESS OF ECONOMIC INCLUSION PROGRAMS AND THEIR SUSTAINABILITY.

The PEI Quick Costing Tool developed as part of this report is a practical tool to guide practitioners through the disaggregation of costs in multidimensional programs. Going forward, economic inclusion program implementers (both government and nongovernment) and policy makers need to better scrutinize their cost structures in order to increase program efficiency. Researchers assessing the impact of economic inclusion programs should systematically collect and

report on cost data in addition to impact sizes. Systematic understanding of costs will allow governments to make sense of program cost-benefit ratios and guide their policy choices. Reliable costing data offer considerable scope to further understand cost optimization. Opportunities to optimize costs include both the variations in size and cost recovery of cash grants and in the intensity, frequency, and content of training, mentoring, and coaching.

