

The State of Economic Inclusion Report 2024

Pathways to Scale

CHAPTER 1



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ISBN: 978-1-4648-2076-2

ISBN (electronic): 978-1-4648-2077-9

DOI: 10.1596/978-1-4648-2076-2

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Library of Congress Control Number: 2024917592

CHAPTER 1

Economic Inclusion in Overlapping Crises

KEY MESSAGES

- Economic inclusion programs are expanding in number and reach, shaped by the growing evidence of their effectiveness at building resilience and facilitating job opportunities for poor and vulnerable people in the face of overlapping global crises.
- Improving food security and short- and long-term resilience to various shocks are hallmarks of well-designed economic inclusion programs. Climate resilience can be enhanced by addressing challenges at the intersection of climate change and poverty.
- Economic inclusion programs can play a role in improving job opportunities for poor people by facilitating self-employment opportunities, establishing market links, and providing access to value chains. They can also facilitate access to wage employment opportunities, particularly in urban areas.

Introduction

There has been a sustained surge in the number of economic inclusion programs in recent years. A significant number of ongoing programs have expanded despite, or in some cases in response to, the current context of overlapping crises. In 2023, the Landscape Survey identified 570 ongoing economic inclusion programs in 105 countries, with many more programs expected to be operational in the future. This figure is more than double the number of programs identified in 2020, reflecting a steady expansion of economic inclusion programming.

This surge comes at a time when the world has been grappling with repeated shocks and crises, from the COVID-19 pandemic to disruptions in global trade and markets to inflation and a global economic slowdown. The effects of these overlapping crises have been felt globally, but they have affected poor and vulnerable populations disproportionately, derailing progress toward achieving the Sustainable Development Goals (SDGs) (Sachs et al. 2023).

This chapter illustrates the role of economic inclusion programs in building resilience and promoting job opportunities specifically in the context of overlapping crises. Drawing on key data points extracted from the Landscape Survey 2023,¹ the chapter focuses on the following topical concerns about how economic inclusion programs are improving job outcomes for poor and vulnerable populations against a background of overlapping crises and building long-term resilience to shocks, especially threats to food security and climate risks.

Safeguarding Poor and Vulnerable Populations Amid Overlapping Crises

Global trends in poverty reduction have reversed for the first time in decades as a result of COVID-19 (World Bank 2022a). Recent estimates suggest that, although poverty rates are falling again (World Bank 2023d), it is at a slower rate than before the pandemic; factors include uneven recoveries and the effects of overlapping crises, including steep increases in the cost of living and economic losses arising from conflicts and climate shocks (Yonzan, Gerszon Mahler, and Lakner 2023). All of these issues are taking place against a backdrop of climate change and other global megatrends, such as fragility, conflict, and demographic change, that have implications for poverty reduction and are hampering efforts to achieve the SDGs (refer to box 1.1). Meanwhile, debt distress in many countries and worsening financial conditions are limiting the efforts to promote an inclusive and resilient recovery. However, efforts to specifically target those disproportionately affected by the overlapping crises are now more important than ever.

BOX 1.1 Global Megatrends with Implications for Poverty Reduction

The following global megatrends have implications for poverty reduction:

- **Fragility, conflict, and violence (FCV).** Countries classified as FCV face “extremely low levels of institutional and governance capacity” or “acute insecurity” (World Bank 2024a). These challenging conditions impede poverty reduction because poverty and conflict can mutually reinforce each other, raising the risk of turning extreme poverty into a chronic problem, particularly in Sub-Saharan Africa where FCV conditions are concentrated (Tetteh and Lakner 2023). By 2030, up to two-thirds of the world’s extreme-poor individuals could live in these settings, even though the affected countries account for only 10 percent of the world’s population (Corral et al. 2020).
- **Climate change.** The Earth’s climate is changing rapidly due to human activity (Hallegatte et al. 2017; IPCC 2022). Climate change is leading to losses of biodiversity, soil erosion, sea-level rise, and less clean water. In addition, it is having other significant effects on the natural environment by increasing the frequency and intensity of climate-induced natural disasters, such as droughts, cyclones, and floods (IPCC 2022). Poor people are most vulnerable to the effects of climate change because of their reliance on agriculture and natural resources and because they lack the resources to recover from losses after experiencing an extreme climate event or to adapt to and recover from climate-induced shocks and stressors. By 2030, climate change could increase the number of people living in extreme poverty by 122 million (IPCC 2022), reversing some of the progress in poverty reduction in recent decades.
- **Demographic change.** Current estimates suggest the world’s population will grow at a slower rate than in recent decades, reaching 9.7 billion by 2050 (UNDESA 2019). Worldwide, the population is aging due to rising longevity and lower fertility levels, thereby putting pressure on contributory social protection systems that require a sufficient proportion of working-age adults to pay into and sustain the system (UNDESA 2019). However, these growth trends will be uneven across regions. Sub-Saharan Africa will likely experience a “youth bulge” and so could achieve development gains if it creates job opportunities and integrates youth into the workforce. In contrast, East and Southeast Asia, Europe, and North America, with their aging populations, must develop systems that can affordably provide for the health care and financial support that older people need. Such regional demographic imbalances, paired with uneven economic performance and increasing fragility, conflict, and violence in some parts of the world, will likely lead to growing migration, which, if managed well, could benefit both origin and destination countries (World Bank 2023e).
- **Urbanization.** The percentage of people living in urban areas rose from 25 percent of the world’s population in 1950 to 56 percent in 2022 and is expected to continue growing in the coming years (UN Habitat 2022; World Bank 2023f). As urbanization continues and urban poverty rises, urban development strategists must find ways to address the needs of poor and vulnerable populations and to prevent the exclusion of these groups from local economic processes and prevent the emergence of poverty traps in urban areas (Baker et al. 2023).

With the overarching goal of building resilience and creating jobs for poor and vulnerable people, economic inclusion programs can be used to address different needs in different contexts. Investing in economic inclusion programs pays off in the long run, with the benefits significantly outweighing the initial costs. The original graduation pilots in six countries showed positive returns ranging from 133 percent to 433 percent (Banerjee et al. 2015). A recent meta-analysis highlights evidence from studies conducted in Afghanistan, Bangladesh, the Democratic Republic of Congo, Ghana, Nepal, and Niger revealing cost-benefit ratios between 121 percent and 379 percent and internal rates of return² ranging from 16 percent to 66 percent (J-PAL 2023). For policy makers, this robust evidence from diverse settings demonstrates that economic inclusion programs consistently deliver economic benefits that surpass the initial investment, can be considered effective tools for poverty alleviation, and are wise investments with considerable returns, leading to broader social and economic development (refer to spotlight 1 for emerging evidence from government-led programs).³

Building Long-Term Resilience to Shocks

Economic inclusion programs help build households' resilience to intermittent shocks and stressors by, for example, providing access to regular and predictable cash transfers; facilitating asset accumulation, income diversification, and access to financial services; and strengthening social networks (Andrews et al. 2021). Several studies show that households participating in economic inclusion programs were better able to cope with shocks than were nonparticipants. Nonparticipants resorted to negative coping strategies, such as selling assets or reducing food consumption, and so they experienced reductions in well-being more than participant households (Bedoya Argüelles et al. 2023; Hernandez et al. 2016; HTSPE 2011; Siddiki et al. 2014; Smith et al. 2019).

In overlapping crises, however, the ability of poor and vulnerable households to withstand and recover from shocks is seriously undermined, reducing their resilience to future shocks (D'Errico et al. 2021). This finding highlights the importance of explicitly incorporating program elements specifically intended to build participants' long-term resilience. Such elements should help participants not only cope with the immediate effects of a crisis but also develop their capacity to adapt to and recover from shocks. Box 1.2 illustrates how economic inclusion programs built resilience in this way in response to the COVID-19 pandemic.

Food security and climate resilience are deeply interconnected. Achieving food security requires a transformation of food systems to ensure they are both nutritionally robust and adaptable to changing climate conditions. The World Bank's Global Challenge Programs on Food and Nutrition Security underscores the importance of building resilience to climate impacts, recognizing that without it, food systems remain vulnerable to disruptions (World Bank 2023b). This vulnerability has both immediate and longer-term consequences: climate-induced degradation of soil, water, and biodiversity not only undermines the current capacity to produce sufficient and nutritious food but also jeopardizes the future sustainability of food systems.

BOX 1.2 Building Resilience After the COVID-19 Pandemic

The COVID-19 pandemic undermined the ability of millions of people to sustain themselves and their families, especially those in poor and vulnerable households. In response, many economic inclusion programs adapted ongoing interventions to better support participants. Early responses focused on providing the immediate support households needed, and many programs provided emergency support through cash transfers or transfer top-ups to alleviate income losses as economic activity came to a halt. Some economic inclusion programs that built on existing cash transfers used existing delivery systems, such as social registries, to provide a timely response.

Although the initial effects of COVID-19 on economic activity were temporary during lockdowns (such as movement restrictions and market closures), its effects on people's livelihoods and overall well-being outlasted the lockdown period and were further exacerbated by the trickle-down effects of the pandemic, including the effects of supply chain disruptions on inflation and access to markets. Poor and vulnerable people were particularly affected because of their weaker access to resources and fewer positive or neutral coping mechanisms.

Some longer-lasting effects of COVID-19 were compounded by subsequent crises, and many economic inclusion programs were designed to respond to these events. For example, the Nigeria COVID-19 Action Recovery and Economic Stimulus Program, led by the Federal Ministry of Budget and Economic Planning, was designed to mitigate the impacts of COVID-19 on the livelihoods of poor and vulnerable households, communities, and micro and small enterprises. It expands their access to livelihood support and food security services by providing cash transfers, livelihood grants, agricultural inputs, and basic community infrastructure, as well as skills training and coaching. The program also strengthens the institutions for delivery of adaptive and shock-responsive social protection services.

Enhancing Long-Term Food Security and Reducing Reliance on Negative Coping Strategies

Food insecurity can be detrimental to people's ability to engage in productive work and function effectively in daily life, and it can have long-lasting impacts on the physical, cognitive, and psychosocial development of young children (Gallegos et al. 2021). In the event of a shock, poor and vulnerable households use coping mechanisms differently from those of other groups, and reducing the amount and quality of consumed food is among the main strategies used (D'Errico et al. 2021).

In recent years, food insecurity has dramatically increased globally as a result of overlapping crises. Since 2019, an additional 150 million people have become food insecure because of COVID-19 (FAO et al. 2023), and between 2019 and 2022, the number of people facing severe food insecurity more than doubled (UNDESA 2023). Despite some recent improvements, food security and nutrition are worse today than before the pandemic (FAO et al. 2023) due to inflation, food supply disruptions, and the economic effects of recent crises. Increasing exposure to the effects of climate change

poses additional risks (FAO 2023) and will likely make food security a pervasive issue (World Bank 2022b).

Food security is a core objective in 24 percent of all programs. A higher proportion of programs in Sub-Saharan Africa than in other regions have food security as a core objective (30 percent in East Africa versus 26 percent in West Africa and 19 percent in the rest of the world), a reflection of the higher food insecurity in these regions (FAO et al. 2023). Economic inclusion programs have been found to increase food security in general, but programs that deliberately include food security and nutrition elements can help their participants overcome constraints in accessing a healthy diet (Bouguen and Dillon 2021; Kang et al. 2023; Technical and Operational Performance Support Uganda Graduation Randomized Control Trial Associate Award 2022).⁴ Economic inclusion programs support food security and nutrition in ways that are consistent with strengthening households' long-term resilience. This finding is particularly important because evidence suggests that improvements in food security through social assistance or livelihood support do not necessarily translate into improvements in anthropometric indicators such as stunting and child height and weight (Technical and Operational Performance Support Uganda Graduation Randomized Control Trial Associate Award 2022; World Bank 2022b).

Beyond addressing shorter-term needs, programs build longer-term resilience and food security by supporting efforts to increase productivity, especially that of farmers and food producers through access to improved inputs (such as seeds and fertilizers) and technologies, as well as markets. Economic inclusion packages that support the development of agrifood systems show great potential for enhancing food security and nutrition and reducing poverty. Developing community groups, building local infrastructure, and strengthening local institutions are critical to building resilient and inclusive value chains and food systems (IFPRI 2023). For instance, Yemen's Food Security Response and Resilience Project combines short-term immediate support interventions to mitigate the humanitarian crisis's impact with medium- to long-term strategies aimed at enhancing resilience. The interventions encompass community-based agricultural production infrastructure, including small-scale irrigation, water harvesting and storage, land protection, terrace rehabilitation, and farm-to-field roads. In addition, the project support to resilience building includes agricultural services such as animal health and seed production and multiplication (using certified seeds on a farm to produce clean seeds that can be used by other farmers as alternatives to the often-unaffordable and -unavailable certified seeds), as well as assistance to agrifood service providers.

Building Climate Resilience in the Long Term

The lives and livelihoods of billions of people worldwide are significantly affected by climate change, which intensifies levels of extreme poverty and vulnerability. Each year, climate-magnified natural disasters such as droughts, floods, and windstorms cause more than US\$300 billion in damages and more than US\$500 billion in welfare and consumption losses worldwide (Hallegatte et al. 2017). Addressing climate change is a monumental challenge that cannot be separated from efforts to alleviate poverty. Moreover, climate change is also expected to lead to widespread hunger as a result of crop failures and higher mortality due to changing temperatures and greater exposure to diseases, such as malaria and diarrhea (WHO 2023). Poor people often must cope with these shocks in ways that further deteriorate their surrounding natural environment,

reinforcing a vicious cycle of poverty and environmental degradation. Thus, global efforts to reduce poverty must be paired with efforts to combat the effects of climate change, and vice versa.

Economic inclusion programs are well placed to enable climate-resilient development by supporting climate adaptation and mitigation, going beyond short-term shock-responsiveness. These programs are designed to improve resilience, and many of their features are particularly well suited for addressing the challenges to economic inclusion posed by climate change. The Landscape Survey 2023 finds that 66 percent of economic inclusion programs include interventions designed to build resilience to climate change.⁵ However, these numbers are misleading, and programs vary considerably in the degree to which they align climate and poverty objectives and how effectively they incorporate climate-resilient activities and outcomes in program design (Costella et al. 2023a).

Despite the growing importance of the climate-resilience agenda, cumulative experience is still limited within economic inclusion programs. Three program areas show high potential for positive climate-resilience outcomes: (1) adaptive safety nets and adaptive social protection (refer to box 1.3) that build resilience to climate events and incentivize sustainable livelihoods; (2) sustainable food and ecosystems that enhance natural assets and restore ecosystems; and (3) green livelihoods and jobs that facilitate a transition from extractive and resource-dependent livelihoods (Costella et al. 2023a). This report's section with the special focus on climate resilience delves deeper into these areas and presents emerging evidence and experiences from economic inclusion programs intentionally supporting climate-resilience development.

BOX 1.3 Adaptive Social Protection and Climate Resilience

Adaptive social protection (ASP) is a dynamic strategy for addressing poverty and food insecurity in the context of climate-resilient economic inclusion. Unlike traditional social protection, ASP integrates disaster risk management and climate change adaptation to enhance the capacity of vulnerable households and communities to prepare for, cope with, and adapt to various shocks, including natural disasters, economic crises, and climate change (Bowen et al. 2020). Against the backdrop of COVID-19 and the ensuing overlapping crises, diverse audiences related to climate, financing, and food security now recognize the potential of an adaptive approach (Costella et al. 2023b; World Bank 2023c).

A notable example of effective ASP is the Sahel Adaptive Social Protection Program, which supports six countries (Burkina Faso, Chad, Mali, Mauritania, Niger, and Senegal) in building adaptive systems to help vulnerable households adapt to the impacts of climate change and other shocks. This comprehensive initiative includes a spectrum of policies, instruments, and initiatives designed to enhance the human capital, productivity, and resilience of the most vulnerable populations in the region. By enabling these communities to effectively confront and adapt to shocks, the program's economic inclusion measures strive to have large positive impacts such as reducing poverty levels, addressing food insecurity, boosting productivity, and enhancing resilience among program participants. Furthermore, the program is anticipated to have broader effects on local economies, societies, and future generations.

Creating Jobs for the Poorest People

Economic growth is not always inclusive, and access to jobs is particularly challenging for poor and vulnerable individuals, especially women (refer to box 1.4). With an insufficient demand for paid labor, the wage sector remains thin in most developing countries, where levels of informality in labor markets are high—reaching 70 percent of employment in emerging markets and developing economies (Ohnsorge and Yu 2022). Creating better jobs is more difficult in informal settings due to capital constraints, low productivity, and fewer available resources to support investments (World Bank 2023a). Addressing the job challenges for poor and vulnerable individuals cannot be left solely to overall economic growth and instead requires a comprehensive set of policies.

BOX 1.4 The Jobs Challenge and Women

Women tend to be disadvantaged across the board in comparison with men, particularly in accessing earning opportunities (Fields 2011). A key barrier is that women are often expected to carry the burden of unpaid care work for children or elderly individuals, which limits the time they can engage in paid work. Other external factors hindering women’s ability to work are lack of safe transport options, long working hours, customary practices or laws that restrict their rights to property or work, discrimination in hiring and retention, and limited access to education and training, among other things. Social norms, such as the widespread expectation that women will raise children and manage their households, also undermine their ability to find jobs. Married women, particularly those with young children, face the greatest number of barriers to entering or remaining in the labor market (UN Women and ILO 2020).

As a result, from 2011 to 2022, an average of 50 percent of women globally participated in the labor force, compared with 70 percent of men (World Bank 2024b). Moreover, jobs are often subject to gender bias, with women’s jobs overwhelmingly in the informal economy where jobs pay less and are less secure. In 2022, for example, four-fifths of the jobs created for women were in the informal economy compared with two-thirds of jobs for men (ILO 2023). Women are also more likely than men to change their status in the labor market; they face greater difficulties moving to formal jobs and are more likely than men to lose their jobs (OECD 2024).

These factors are heightened when a woman takes on the role of mother. Research suggests that, even in high-income countries, female labor force participation and earnings drop after a woman has her first child. In low- and middle-income countries, there is more variation in the duration of the impacts, resulting in a higher overall cost to women’s earnings (Bandiera et al. 2022).

As a result, women are more vulnerable to poverty than men. According to Bandiera et al. (2022, 236–237), “gender is a stronger predictor of the levels of work than wealth: women are less likely to work than men in every wealth class.” Given this context, economic inclusion actors must design programs that consider the specific limitations women face and help them overcome structural and social barriers to successfully engage in economic activities.

The upcoming Jobs Flagship Report from the World Bank recommends an ambitious policy agenda to address market and policy failures that is centered on three broad pillars:

- *Production policies* can help by removing barriers that hold back private businesses;
- *Policies for people* should address inefficiencies in education and training to ensure a steady supply of a qualified workforce; and
- *Policies for places* will improve productivity through agglomeration economies, better market access, lower trade costs, and reduced barriers to migration.

Policies in each of these areas have impacts that cut across the four dimensions of jobs, as outlined in the report: sectoral, spatial, occupational, and organizational (World Bank, forthcoming).

Economic inclusion programs play a pivotal role in unlocking the productive potential of the poorest and most vulnerable individuals, gradually integrating them into broader economic development processes. Through a multidimensional approach these programs address multiple constraints faced by poor and vulnerable people. The programs can boost the productivity of people across the four dimensions of jobs. In terms of sectoral, labor productivity is improved as programs promote income diversification from subsistence farming to nonfarm enterprises. Spatially, programs support the creation of businesses in less developed areas and the poorest regions. Foundational technical and business skills are improved, enhancing the occupational choices for poor individuals. Finally, household enterprises are linked to markets, expanding value chains, and improving the productivity of producer organizations.

Overcoming the Constraints to Jobs

It is crucial to acknowledge the existence of “poverty traps” and understand that unlocking the productive potential of people living in poverty requires addressing various constraints. These constraints, stemming from households, communities, local economies, and institutions, can disproportionately affect the poorest and most vulnerable populations (Andrews et al. 2021). Economic inclusion programs address multiple constraints that prevent poor and vulnerable people from tapping into economic activities and participating in structural transformation processes.

Yet, how these programs enhance access to job opportunities for poor and vulnerable populations largely depends on the local economy and the characteristics of targeted households. Most economic inclusion programs are aimed at enhancing self-employment opportunities (84 percent of surveyed programs).⁶ In low-income countries, programs targeting extreme-poor and ultra-poor people exclusively, mostly in rural contexts, more often focus on supporting income diversification, increasing resilience, and moving participants from unpaid or casual work to self-employment, as well as increasing income through improved self-employment activities. These goals are mostly carried out by providing business capital and by facilitating access to financial services (81 percent and 75 percent of programs that seek to enhance self-employment opportunities, respectively).

A much smaller share of programs facilitates access to wage employment opportunities (34 percent of surveyed programs). In lower- and upper-middle-income countries, the focus is much more on wage employment opportunities than in low-income countries, particularly in urban areas where the context for the poor population changes

significantly, influencing the design of programs (refer to chapter 3). A large proportion of programs that facilitate access to wage employment do so by linking participants to apprenticeships, which is always combined with training for better positive employment and income outcomes (Bertrand and Crepon 2023). Ethiopia’s Urban Productive Safety Net and Jobs Project offers six-month apprenticeships to unemployed youth with high school diplomas or less. These apprenticeships, hosted by private and public firms, provide a stipend during the program and for three months after, helping support the transition into work. In addition, the project offers life skills, digital training, and job search support to further boost employment prospects.

Creating Market Access and Boosting Local Economies

Combining livelihood support with activities aimed at increasing the market access of poor and vulnerable households can effectively increase productivity and incomes (World Bank 2022c). Economic inclusion programs are increasingly linking these households to market systems and local economic processes. In fact, 23 percent of programs have “increased market access” as their core objective. This approach emphasizes the need to address constraints beyond the household and the community levels and pave the way for greater integration into the local economy to support more and better income-generating opportunities for poor and vulnerable populations. This issue is particularly true in agrifood economies and low-income countries, where fragmentation of production and weak market links lead to low productivity and low incomes (World Bank 2022c).

However, poor infrastructure and producer capacity in these contexts make it more challenging to improve market access (World Bank 2022c). Forty percent of economic inclusion programs support the organization of farmers through cooperatives and other types of producer organizations. These organizations can facilitate market integration, enhance coordination, and improve production capacity for smallholder farmers (Sparkman et al. 2022; World Bank 2022c). Programs can also use producer organizations as a platform to provide additional support such as skills training, capacity development, and access to finance and technology (refer to chapter 4 for more on the role of producer organizations and other community structures). Programs can be designed to assist in the organization and specialization of these producer groups and tailor support for them, depending on the initial level of specialization and formalization (refer to box 1.5 for an example).

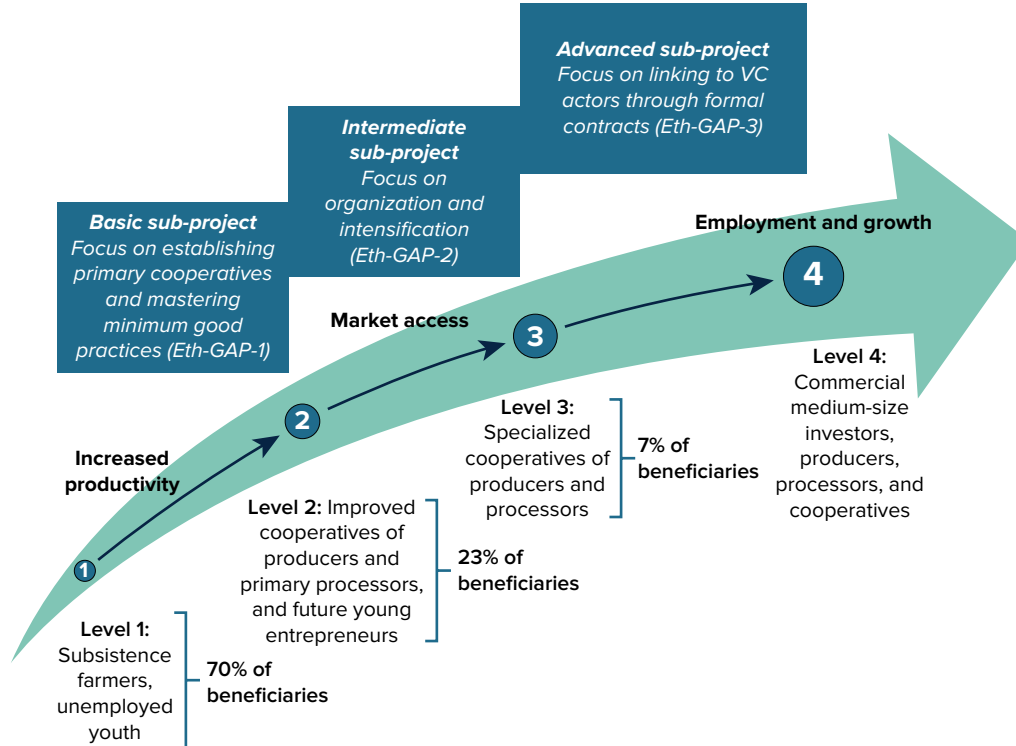
BOX 1.5 Facilitating Access to Markets and Better Job Opportunities in Ethiopia

The Livestock and Fisheries Sector Development Project in Ethiopia is a good example of how economic inclusion programs can help link poor farmers to higher-value markets. The program targets government-defined cluster areas with select value chains (poultry, dairy, red meat, and fish) and supports smallholder farmers, unemployed youth, and female-headed households. The program seeks to increase the productivity and commercialization of farmers through a bundle of interventions customized as these farmers increase their productivity and become part of more-specialized producer organizations (refer to figure B1.5.1).

(Box continues next page)

BOX 1.5 Facilitating Access to Markets and Better Job Opportunities in Ethiopia (continued)

FIGURE B1.5.1 Components and Objectives of the Livestock and Fisheries Sector Development Project in Ethiopia



Source: World Bank 2017.

Note: Eth-GAP-1: extension and advisory services (health, feed, breed); Eth-GAP-2: intensive and specialized adult training (FFS); Eth-GAP-3: specialized support, coaching on marketing, quality and food safety, organizational management. FFS = Farmer Field Schools; VC = value chain.

The support package consists of business capital, financial and business management skills training, coaching, facilitation of access to credit and savings, and links to markets. At level 1, the program supports farmers in establishing primary cooperatives and improving their business management skills. Once participants become part of cooperatives, productive partnerships are established at level 2 between the cooperatives and market actors. At this level, participants are further supported through additional training (following the Food and Agriculture Organization's Farmer Field Schools approach) and access to inputs. As cooperatives strengthen further, the program continues to support them through more specialized partnership contracts, training, coaching, and inputs (level 3). The program also supports access to equipment and improved productive and processing infrastructure. At level 4, producers and processors are expected to be able to access private financing and are no longer supported by the program.

Many economic inclusion programs are embedded in broader multisectoral interventions that address constraints beyond the household level, including barriers at the community, local economy, and institutional levels. The interventions may include developing local infrastructure (such as irrigation), building the capacity of government and nongovernment actors (through training and service integration), and initiating changes in policies such as land reform that govern access to and ownership of resources for target populations. Such steps can increase program effectiveness by better connecting poor and vulnerable populations to markets, ultimately contributing to more inclusive local economic development. For example, investments in rural roads, marketing, storage, and collection were important for productivity and inclusion enhancement at the farm and cooperative levels in the Agricultural Growth Project in Ethiopia and the Rural Alliances Project in Bolivia (World Bank 2022c).

Notes

1. Refer to box 1.2 for details.
2. The *internal rate of return* is the annual rate of growth that an investment is expected to generate.
3. Refer also to SEI 2021 for a review of impact evidence from both government and nongovernment programs (Andrews et al. 2021).
4. For instance, cash transfers can also help households be better prepared for future shocks by building assets and undertaking productive investments and income diversification (IFPRI 2023). Some programs help households increase the availability of food through business grants and training, and even the production of high-nutrient foods (for example, Graduating to Resilience program in Uganda). The coaching component of this project included topics on food and nutrition, particularly for pregnant and lactating women and children, and provided guidance on meal planning and cooking demonstrations.
5. Meanwhile, there is large overlap with programs operating in FCV settings: 76 percent of programs in these settings support program participants to build climate resilience versus 61 percent in non-FCV settings.
6. This includes programs that seek to enhance self-employment opportunities, support income diversification, and increase productivity.

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A Look at the Evidence Emerging from Government-Led Programs

Introduction

The *State of Economic Inclusion Report 2021* (SEI 2021; Andrews et al. 2021) presented a comprehensive review of impact evaluations of 80 economic inclusion programs in 37 countries. The findings revealed that a diverse array of economic inclusion initiatives exhibit promising and potentially sustained impacts for outcomes including income, assets, consumption, and savings, among others. Notably, most of the compelling evidence emerged from nongovernmental organization pilots (Banerjee et al. 2015; Bandiera et al. 2017). SEI 2021 conscientiously acknowledged the existing knowledge gaps and underscored the need to recalibrate the discourse surrounding program impacts. Because a growing number of governments were scaling up these programs, the report emphasized the need to establish the impact of government-led programs and to systematize evidence by using comparable outcomes and indicators.

SEI 2024 summarizes the evidence emerging from government-led economic inclusion programs. This discussion is limited to the evaluations of government-led economic inclusion programs, as defined in box I.1, that were not covered in SEI 2021¹ and whose results were published or presented in the public domain after publication of SEI 2021 (refer to table S1.1 for the list of studies and programs included in this review).

Program Examples

Government-led, multifaceted economic inclusion programs are demonstrating robust impacts on key economic outcomes among poor and vulnerable populations. Emerging evidence underscores substantial improvements in key indicators, including food security, consumption, income, business revenues, and asset accumulation. For example, the economic inclusion interventions in a national safety net program in Niger increased consumption by 15 percent and food security by 19 percent after 18 months of intervention. Remarkable increases in business revenue were also observed, with households experiencing a 102 percent rise in monthly revenues, primarily attributed to new income streams from off-farm business activities (Bossuroy et al. 2022).

Similarly, Zambia's Supporting Women's Livelihood intervention exhibited a 28 percent aggregate increase in household income, driven by a substantial 45 percent boost in household business profits arising from income-generating activities led by women. Household consumption also increased by 19 percent 12 months after the intervention (Botea et al. 2023). In Nigeria, a livelihood package provided as part of its National Social Safety Nets Program increased the total household earnings of program participants by 24 percent and profits from household enterprises by 45 percent (Ajayi et al., forthcoming). In Mauritania, a significant 137 percent increase was observed in monthly business revenues for economic inclusion program participants (Bossuroy et al. 2024a). Senegal's Yook Koom Koom program implemented in urban settings produced a 22-percent increase in business revenues for participants (Bossuroy et al. 2024b).

TABLE S1.1 Studies Noted in This Spotlight

Program	Country	Components	Study	Program cost per household (US\$)
Targeting Ultra-poor	Afghanistan	Cash grant, life skills training, business training, coaching, access to markets, community savings and loan groups, community sensitization on aspirations and norms	Bedoya Argüelles et al. 2023	\$1,675
Social Safety Net Project	Burkina Faso	Cash grant, life skills training, business training, coaching, access to markets, community savings and loan groups, community sensitization on aspirations and norms	Bossuroy et al. 2024c	\$430
Youth Employment Program	Côte d'Ivoire	Cash grant, life skills training, business training, coaching, access to markets, community savings and loan groups	Marguerie and Premand 2023	—
Social Safety Net Project	Mauritania	Cash grant, life skills training, business training, coaching, access to markets, community savings and loan groups, community sensitization on aspirations and norms	Bossuroy et al. 2024a	\$446
National Safety Net Project	Niger	Cash grant, life skills training, business training, coaching, access to markets, community savings and loan groups, community sensitization on aspirations and norms	Bossuroy et al. 2022	\$584
Refugees and Host Communities Support Project	Niger	Cash grant, life skills training, business training, coaching, access to markets, community savings and loan groups	Fernandez et al. 2024	—
National Social Safety Net Project	Nigeria	Cash grant, co-responsibility training, life skills training, business training, coaching, access to markets, community savings and loan groups	Ajayi et al., forthcoming	—
Yook Koom Koom	Senegal	Cash grant, life skills training, business training, coaching, access to markets, community savings and loan groups, community sensitization on aspirations and norms	Bossuroy et al. 2024b	\$442

(Table continues next page)

TABLE S1.1 Studies Noted in This Spotlight (continued)

Program	Country	Components	Study	Program cost per household (US\$)
Tanzania Social Action Fund Program	Tanzania	Cash grant, business training	Baird et al. 2024	—
Supporting Women's Livelihood	Zambia	Cash grant, life skills training, business training, coaching, community savings and loan groups	Botea et al. 2023	\$384

Source: Original table for this publication.

Note: — = not available.

Economic inclusion programs also help rural households become more resilient to shocks over the long run. Evidence suggests diversification of women's economic activities, which is a key pathway to resilience. For example, in Afghanistan, participant households had 32 percent higher income and business revenue five years after an intervention than control households. The economic inclusion program helped households endure a series of droughts and conflict shocks (Bedoya Argüelles et al. 2023). Strong impacts on savings and financial inclusion, which contribute to resilience, were also observed.

Government programs also have positive impacts on the psychosocial well-being of women participants and on women's empowerment (refer to box 3.2). Early evidence from programs operating in a forced displacement context is also revealing positive impacts on population subgroups. One example is Niger's Refugees and Host Communities Support and Youth Employment and Productive Inclusion projects. Significant effects have been observed on household income, employment, and economic activities (World Bank, forthcoming).

The results emerging from broader fragile, conflict, and violent contexts are, however, mixed. Although the long-term results of the program in Afghanistan have had sustained impacts on income, the impact of a government-led program in post-conflict Côte d'Ivoire has had a higher impact on savings. Instead of investing the start-up capital in businesses, participants saved a substantial share (30 percent) of the grant, pointing to high precautionary savings motives. Indeed, results from participants who received only a savings-focused intervention without a capital grant were encouraging, with participants shifting the saving toward investments over time (Marguerie and Premand 2023). Similarly in Burkina Faso over 90 percent of former participants remained active members of savings groups two years after the end of the program, increasing the contributed amounts by two-and-a-half times. However, the impacts on business revenues were muted (Bossuroy et al. 2024c).

Although the evidence is limited to a few studies, multifaceted programs, when implemented through government systems, have been shown to be cost-effective, high-return investments. For example, in Niger, 18 months after the intervention the overall cost-effectiveness was high, with a cost-benefit ratio of 127 percent.

In Zambia, the cost-effectiveness was lower, but the program broke even within 12 months. Assuming persistent impacts, both Niger and Zambia were yielding positive returns on investment at 73 percent and 36 percent, respectively (Bossuroy et al. 2022; Botea et al. 2023).

Even though some multifaceted programs led by governments have remarkable impacts, certain variations in economic inclusion programming yield cautionary results. In Tanzania, a study of a former economic inclusion program assessed the impact of business grants given to groups combined with consumption support and training delivered by Tanzania's Social Action Fund program. Surprisingly, the program had no impact, and businesses operated by the groups were unprofitable. The study underscores that for a group-based model to succeed, members must overcome the *tragedy of the commons*,² invest assets for collective endeavors, and remain committed to the initiative for an extended period (Baird et al. 2024). The program has incorporated lessons learned and is now scaling up a redesigned multifaceted program with individual business grants and coaching layered on consumption support and life and business skills training.

Knowledge Gaps and Learning Priorities as Economic Inclusion Programs Move to Scale

Notably, the emerging evidence from government-led programs is predominantly from Sub-Saharan Africa and does not adequately represent the diversity of economic inclusion programs implemented in various contexts and regions. Evidence and a research agenda are needed to assess the impact and cost-effectiveness of large-scale government-led programs across different contexts. Specifically, there are critical learning gaps where additional impact evidence is needed on how to optimally design economic inclusion programs to achieve impacts and cost-effectiveness at scale.

The scale-up of programs should be aided by exploring several research priorities, including determining how alternative delivery modalities that enhance scalability, such as group coaching and digitally delivered training, influence program impact and cost-effectiveness. It is also important to identify the appropriate package that can achieve maximum impact in a specific context and for specific target groups. Even within successful programs, not all participants benefit equally. Understanding the factors contributing to this heterogeneity is crucial for creating equitable program designs. This work involves examining participant trajectories to identify those who benefit significantly less and then tailoring interventions to better support these individuals.

To understand the sustainability of these programs, conducting long-term evaluations (seven years or more following program completion) is necessary. A detailed list of knowledge gaps and research questions is provided in table S1.2. By addressing these research questions, policy makers and practitioners can enhance the design and implementation of economic inclusion programs to better serve poor and vulnerable populations and achieve sustainable impacts at scale.

A new wave of evaluations of government-led economic inclusion programs is also in the pipeline to assess the opportunities and challenges in moving these interventions to scale. With more than 25 evaluations currently ongoing, the next wave of evaluations will bridge critical learning gaps on how to optimally design economic inclusion programs to achieve impact and cost-effectiveness at scale.

TABLE S1.2 Key Policy-Relevant Knowledge Gaps in the Economic Inclusion Literature

Thematic priorities	Impact evidence and cost-effectiveness research questions
Effectiveness at scale	<ul style="list-style-type: none"> • What is the cost-effectiveness of large-scale government-led programs? • What is the nature and extent of spillovers on the local economy and general equilibrium effects?
“Scalable” delivery modalities	<ul style="list-style-type: none"> • How do alternative delivery modalities that enhance scalability affect program impact and cost-effectiveness (for example, low-cost versus high-cost; low-intensity versus high-intensity; digital versus face-to-face; individual versus group-based; nongovernment organization versus government)?
Dynamics over time	<ul style="list-style-type: none"> • How do impacts vary over time? Are they sustained in the short term to long term? • How does impact over time affect cost-benefit analysis?
Bundling of interventions	<ul style="list-style-type: none"> • What is the marginal contribution of constituent interventions (including cash) to overall impact and overall cost? What is the appropriate bundle to achieve maximum impact in a given context? • Does the timing, sequencing, and intensity of interventions matter? • What is the role of psychosocial interventions or behavioral nudges to bring about sustained economic inclusion? • What is the impact of low-intensity “refresher” interventions? • What is the effect of add-on interventions to promote women’s economic empowerment? • Are interventions facilitating referrals with service providers effective, or linkages with value chains effective?
Targeting and heterogeneity	<ul style="list-style-type: none"> • What is the cost-effectiveness of economic inclusion programs across population groups? • What modifications in bundle design and delivery are necessary to increase cost-effectiveness for different subgroups?
External validity across settings	<ul style="list-style-type: none"> • How to adapt economic inclusion programs in urban; fragility, conflict, and violence; and displacement-affected contexts?
Resilience and shock-responsiveness	<ul style="list-style-type: none"> • Do economic inclusion programs improve households’ resilience to shocks (for example, climate, conflict, or economic)? How? • What elements in the bundle can help beneficiaries build resilience? • How can economic inclusion programs be tailored to improve resilience? • Are economic inclusion programs also effective to build resilience in conflict-affected and shock-prone areas?

Source: Original table for this publication.

Notes

1. Refer to appendix B, table B.1 for the list of evaluations covered in SEI 2021 at <https://www.peiglobal.org/sites/pei/files/2021-01/Appendixes.pdf>.
2. The *tragedy of the commons* is an economic and environmental theory that describes a situation in which individuals act in their own self-interest and deplete a shared resource, which can lead to negative consequences for everyone.

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The journey of economic inclusion programs has been remarkable, marked by significant strides in creating job opportunities and building resilience for poor and vulnerable populations. *The State of Economic Inclusion Report 2024: Pathways to Scale* highlights the progress and challenges of scaling up government-led programs, as well as the vital interplay with nongovernment actors and the private sector. The report draws on the 2023 Landscape Survey of Economic Inclusion Programs and on the operational insights garnered through the Partnership for Economic Inclusion's (PEI's) collaboration with its partners, summarizing emerging evidence from government-led programs, highlighting significant knowledge gaps, and offering insights for future programmatic approaches.

This report offers a comprehensive overview of the evolving landscape, global footprint, and key design features of economic inclusion programs. Comparisons with *The State of Economic Inclusion Report 2021* provide valuable insights into shifts and trends over the past 3 years, including those for the economic empowerment of women and youth, for collaborative efforts across different stakeholders, and for resilience to climate change. The current report complements the earlier report by exploring efforts to scale up policy and programming, including progress and challenges around government-led programs and the interplay with nongovernment actors and the private sector. This report analyzes shifts in the global landscape, including the degree to which economic inclusion programs are being customized in vastly different contexts and the growing role of economic inclusion in building resilience and providing job opportunities to the poor population in the context of overlapping crises.

Scaling up programs that empower poor and vulnerable populations to access economic opportunities, enhance food security, and build both short- and long-term resilience can contribute to more-inclusive and more-sustainable growth that leaves no one behind. This report provides policy makers with key recommendations for expanding coverage, strengthening outcomes for women and youth, maintaining program quality, continuing to build an evidence base, and designing programs for sustainable impacts.

Data from the report are available on the PEI Data Portal, www.peiglobal.org, where users can explore and submit data.



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Implemented by:



ISBN 978-1-4648-2076-2



SKU 212076

