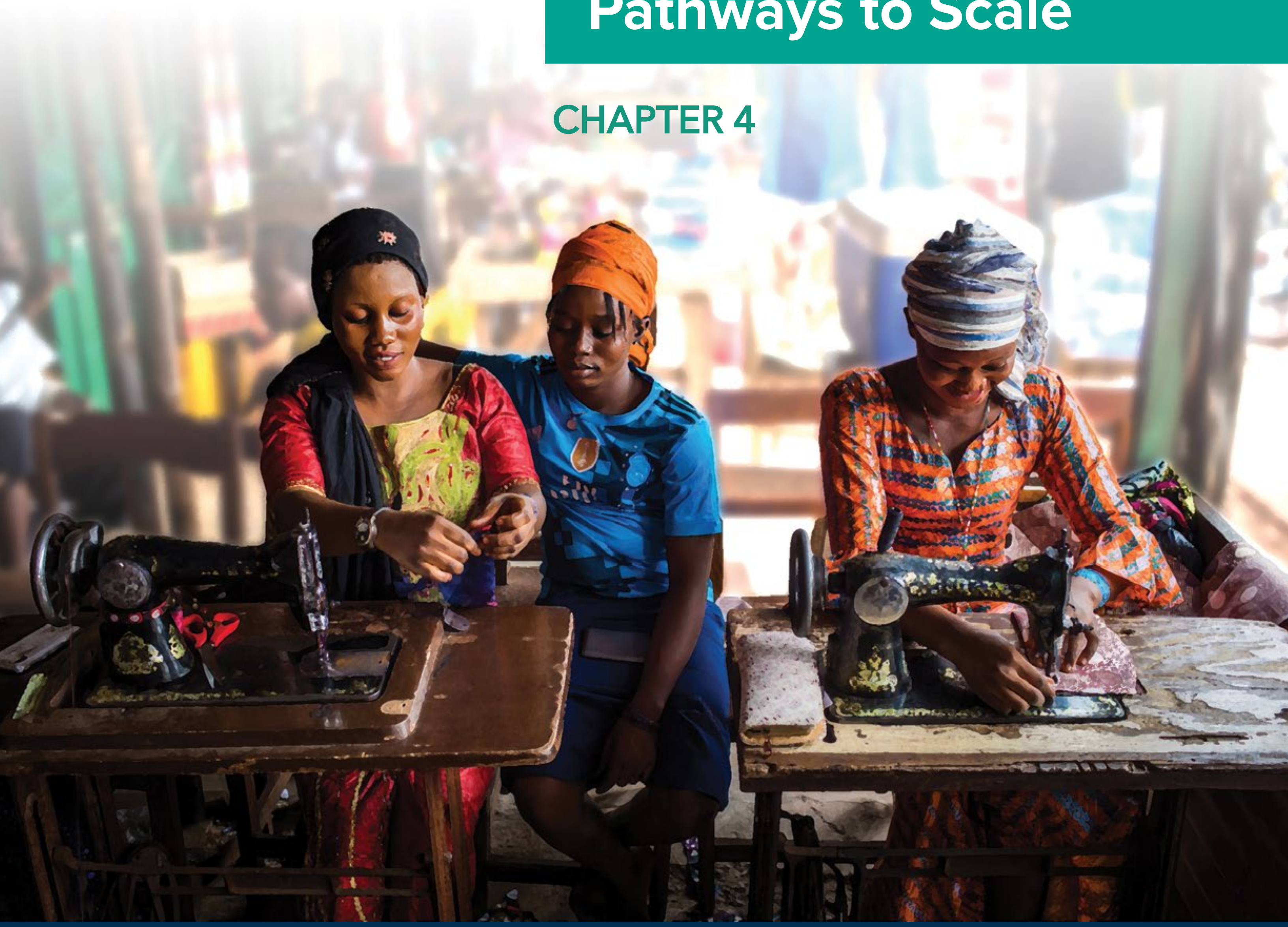
The State of Economic Inclusion Report 2024

Pathways to Scale



CHAPTER 4

WORLD BANK GROUP

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Sarang Chaudhary, Timothy Clay, Victoria Strokova,
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CHAPTER 4
Program Delivery at Scale and Policy Integration

KEY MESSAGES

- Effective program delivery depends on well-structured institutional arrangements and organizational frameworks. Fifty-seven percent of the programs surveyed report they have scaled up institutionally. The external service providers, including nongovernmental organizations, engaged by many programs often play a pivotal role in scaling up government-led programs.
- Programs use community structures throughout the delivery chain to build community ownership and enhance cost-effectiveness. Increasing access to digital technologies is also playing a role in innovation and delivery at scale.
- For many programs, embedding economic inclusion in government systems and policies is a priority to achieve sustainability. Securing sustainable financing and improving the understanding of how decisions are made within government structures will help programs scale up to reach all people living in extreme poverty.

Introduction

Because of the multidimensional nature of economic inclusion programs, effective implementation relies on well-structured institutional arrangements and organizational frameworks. The institutional scale-up in the past two years that 57 percent of programs have reported has emerged in various ways, including expanding capacity within implementing organizations and establishing new partnerships or institutions (26 percent); integrating economic inclusion programs into government structures through policy, programming, and systemic changes (16 percent); and operationalizing through building or using delivery systems (45 percent).

Government programs layer their economic inclusion approaches on a wide range of sectoral interventions, including social safety nets, jobs and skills, agriculture, and environment. This trend reveals that economic inclusion programs are not only expanding their reach in coverage but also are embedding themselves within broader institutional frameworks. However, efforts to scale up economic inclusion programs can encounter numerous institutional constraints such as lack of organizational coordination and capacity or the absence of delivery systems. Addressing these challenges is imperative for scale-up (Carter, Joshi, and Remme 2018; Cooley and Linn 2014).

Coordination and managing the interests of a range of stakeholders are key. For government-led programs, creating partnerships within government ministries and departments and collaborating with diverse stakeholders—including community organizations, nongovernmental organizations (NGOs), and the private sector—are critical to mitigating institutional constraints. For nongovernment-led programs, operating within the broader institutional and policy framework of governments requires additional coordination and stakeholder management. To overcome the institutional challenges, these programs must navigate diverse interests and ensure sustained cooperation among stakeholders for building a coalition of support for economic inclusion programs.

Institutional constraints are further shaped by the broader policy frameworks under which programs operate, whether social protection, livelihood, or environmental policies. Establishing an enabling policy environment—which includes providing access to resources, creating regulatory frameworks, and streamlining bureaucratic processes—is an ongoing challenge requiring continual engagement with policy makers to align livelihood strategies and policies with program objectives (Beegle, Coudouel, and Monsalve 2018).

Securing financing brings its own set of challenges, notably the need to ensure sustainability for both government- and nongovernment-led programs. Achieving financial sustainability requires strategically reallocating funding toward cost-effective initiatives and reducing inefficient spending within broader social protection and livelihood programming, particularly for government-led programs. For example, in Kenya and Uganda, the Village Enterprise Development Impact Bond attracted the additional resources needed to scale up a program dedicated to creating and sustaining microenterprises, ultimately helping the extreme-poor population achieve economic self-sufficiency (Njogu-Ndongwe et al. 2022).

This chapter addresses the institutional dimensions of scaling up for economic inclusion programming and examines the diverse arrangements for achieving scale in view of the operational and organizational challenges. It especially examines the strategies used by these programs to leverage existing platforms and systems—such as community structures and digital delivery mechanisms—to reduce costs while upholding quality at scale. It also explores the process of integrating economic inclusion programs into the broader policy and strategic framework of the governments.

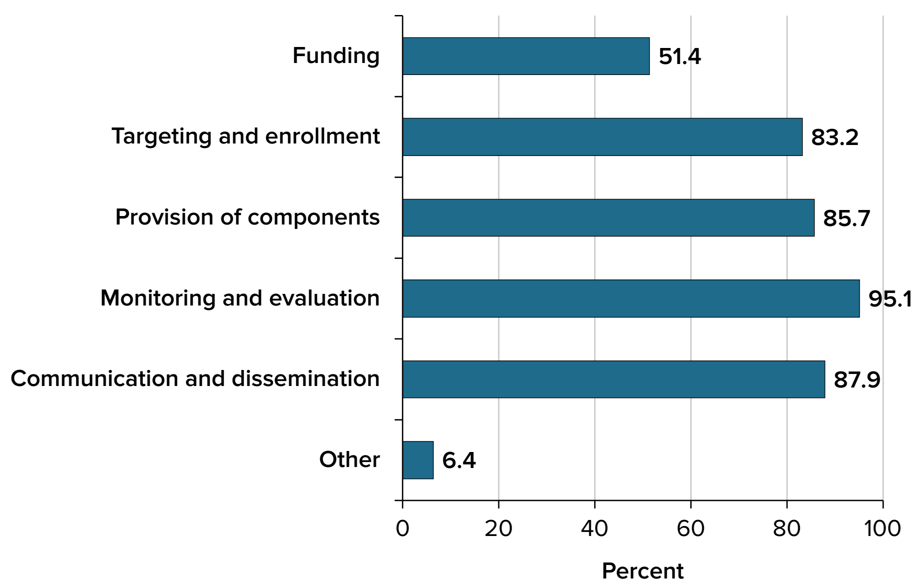
Implementation Arrangements Vary Widely to Ensure Effective Delivery

Both government organizations and NGOs lead economic inclusion programs, collaborating with other organizations to deliver program components. Collaboration entails careful consideration of the roles and responsibilities assigned to each organization based on its capacity and expertise. Effective coordination and stakeholder management are critical to ensuring seamless collaboration among the parties for the successful delivery and implementation of diverse elements.

Lead implementation agencies take on diverse roles throughout the delivery chain, including funding, targeting and enrollment, the delivery of program components, and monitoring, as well as grievance and case management (refer to figure 4.1). In addition, NGOs, community members, line ministries, and governments at different levels engage in implementation in different capacities alongside the lead agency.

Ninety percent of government programs are led by line ministries at the national level, and the remaining 10 percent are led by regional or local governments. Even when a ministry at the national level takes the lead, implementation is frequently decentralized to the regional and local levels. When one government agency assumes the lead role,

FIGURE 4.1 **Percentage of Programs in Which the Lead Agency Plays Selected Roles**



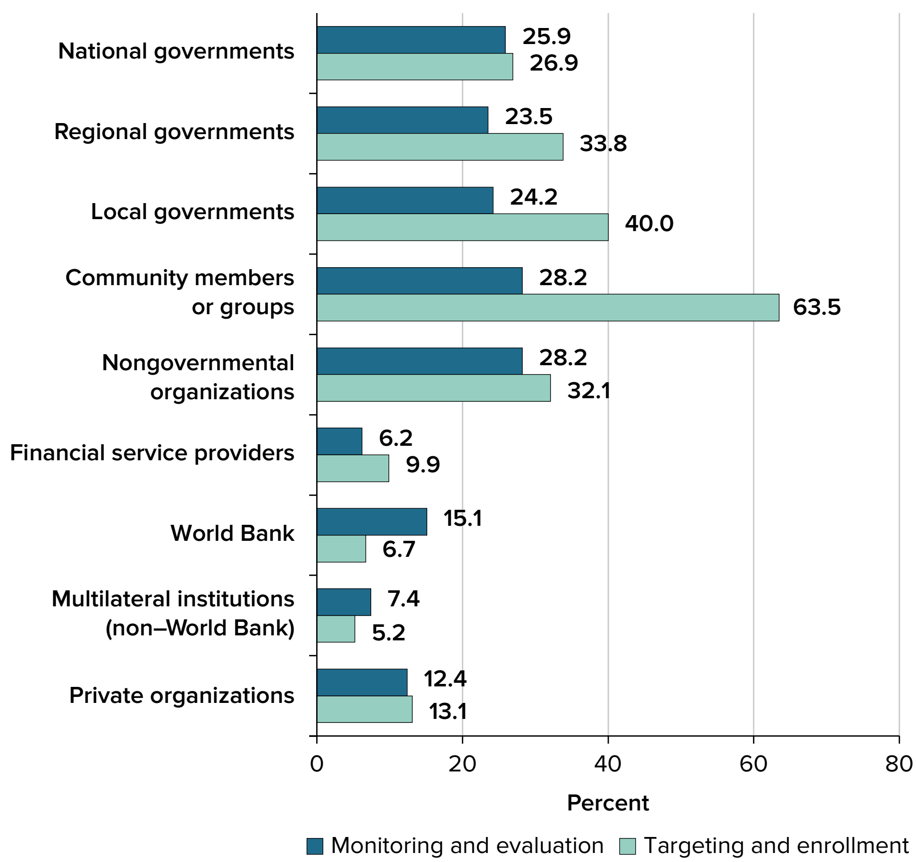
Source: Partnership for Economic Inclusion, World Bank.
Note: Figure shows the percentage of all programs (N = 405).

implementation involves multiple government agencies or departments in 67 percent of these programs.

Governments also collaborate in 53 percent of nongovernment-led programs and play a critical role in supporting NGOs, especially at the local level. They assist in needs assessments, provide infrastructure such as community centers, and encourage community participation. Local governments also facilitate data-sharing for evidence-based program design, contributing to successful collaboration with NGOs. This intricate interplay of leadership and collaboration reflects the complexity of the governance structure in economic inclusion initiatives.

The complexity of program delivery is further evident in the involvement of a diverse set of institutions beyond the lead implementing agency. For example, different organizations are engaged in targeting and enrollment and monitoring and evaluation in both government- and nongovernment-led programs (refer to figure 4.2). Governments at all levels—national, regional, and local—play roles in these functions. The community's role is particularly pronounced in targeting and enrollment because community engagement ensures that programs reach those who require assistance the most and builds ownership and participation.

FIGURE 4.2 **Percentage of Programs in Which an External Organization Plays Selected Roles, by Role Played**



Source: Partnership for Economic Inclusion, World Bank.

Note: Figure shows the percentage of all programs (*N* = 405).

Because of the intricate and multidimensional attributes of economic inclusion programs, within governmental structures, the institutional frameworks are notably diverse. For government-led programs broadly, three delivery modalities are possible when scaling up, depending on the capacity of the lead implementing agency: (1) *deliver in-house*—that is, execute the program by directly recruiting, overseeing, and managing a substantial cohort of front-line personnel; (2) *deliver through interinstitutional coordination*—that is, engage in collaborative alliances with another governmental institution, line ministry, or departments or agencies within the same ministry; or (3) *deliver by hiring service providers*—that is, enlist the services of an NGO or private sector entity to provide human resource–intensive components, such as training and coaching, or outsource implementation completely to an external agency.

For implementation arrangements, more often nongovernment-led programs deliver a sequenced set of interventions in-house. However, collaboration with governments, especially at the local level, is critical for efficient delivery. In many instances, international NGOs are also collaborating with local NGOs and local governments to implement programs, leveraging collective expertise across organizations, similar to the interinstitutional coordination and delivery using external service providers observed within governments.

In-House Delivery Suits Programs with Existing Institutional Capacity

Government-led programs opt for in-house delivery most often when their institutional capacities are sufficiently robust to provide a package of interventions. This delivery method is common when a scaled-up safety net or livelihood program serves as the basis of interventions. Implementation arrangements are often decentralized, with local government structures assuming responsibility for program staffing and playing a pivotal role in the delivery of interventions. Concurrently, fiduciary and administrative oversight is managed at the regional and national levels of government, establishing a hierarchical structure that ensures effective governance and scrutiny throughout service delivery.

For area-focused programs, the livelihoods protection and rehabilitation activities in the Kenya Locust Response Project exemplifies this approach because it mobilized staffing and administrative capacities built during earlier projects. Led by the National Project Coordination Unit in the Ministry of Agriculture, the project emphasizes climate-smart practices, resilience building, and livelihood support. It builds on the successes of earlier projects, such as the Kenya Climate Smart Agriculture Project and the National Agriculture and Rural Inclusive Growth Project initiated in 2016 and 2017, respectively. Although concluded, these projects played a critical role in building the capacity of the ministry staff and refining procurement and financial management processes. The institutional strengthening arising from these foundational projects contributes significantly to the effective execution of the current economic inclusion initiative.

For programs delivered at the household level, the existing social safety nets serve as a robust institutional setup and delivery mechanism for effectively integrating and scaling up economic inclusion interventions. Existing institutional systems used to implement cash transfers or cash-for-work programs, which are often already at scale, can serve as a foundation for layering economic inclusion programs. The synergy between social safety nets and economic inclusion interventions can enhance the efficiency, reach, and impact of initiatives aimed at empowering individuals and communities economically. Box 4.1 illustrates how safety nets were effectively capitalized to scale up economic inclusion in Nigeria.

Some nongovernment-led programs, while relying on their internal capacity to deliver comprehensive economic inclusion packages by hiring front-line staff, also engage with external agencies, including the government, in the implementation process. Because nongovernment-led programs typically operate in specific geographic locations or target specific groups, they frequently enter into memorandums of understanding (MoUs) with local governments. These MoUs can leverage the expertise and community connections of the government's front-line staff, thereby providing stronger government buy-in and support for nongovernment-led programs.

For example, BOMA's Rural Entrepreneur Access Project (REAP), a gender-focused graduation model in Kenya, implements a sequenced set of interventions through trained front-line staff. These staff members serve as coaches, delivering training and mentoring, while also fulfilling the monitoring function to identify and address operational bottlenecks. BOMA involves stakeholders from county governments in steering committees to oversee the implementation progress, fostering government buy-in and enhancing BOMA's credibility within the community. This collaborative approach ensures that the program aligns with local priorities and policies, facilitating smoother integration and support from government entities.

BOX 4.1 Building on Existing Safety Nets and Delivery Systems in Nigeria

The adaptability and resilience of the foundational social protection systems were critical to the efficient delivery and rapid scale-up of economic inclusion programming in Nigeria.

The National Social Safety Nets Project (NASSP) began in 2016 with the goal of improving the country's social protection delivery systems. The project expanded the access of impoverished households to social safety nets and established a unified National Social Registry. NASSP was meticulously designed to align with an existing economic inclusion program, the Youth Employment and Social Support Operation (YESSO), which was launched in 2013. YESSO primarily concentrated on providing job support to youth through public works and life skills training, achieving significant progress by establishing state coordinating structures and social registries.

Building on the foundation laid by YESSO, NASSP expanded these activities to additional states. It also supported the operation of the National Social Safety Nets Coordinating Office at the federal level to coordinate all social protection interventions. This strategic move enabled the government to target and deliver livelihood programs to poor households. NASSP also introduced an economic inclusion component on top of the existing cash transfers, aiming to build sustainable livelihoods through government structures. A robust foundational safety net system was instrumental to the Nigerian government's swift response to the challenges posed by COVID-19. The COVID-19 Action Recovery and Economic Stimulus Program was designed to expand access to livelihood support, food security services, and grants for poor and vulnerable households and firms.

The use of established delivery platforms simplifies the implementation of program components such as cash transfers for consumption support or business capital and, in some cases, in-kind asset transfers. However, challenges arise when the delivery of human resource–intensive components, such as coaching and training by front-line staff, conflicts with competing responsibilities. Because the effectiveness of these interventions largely depends on the capacity of government personnel, building their capacity to address constraints and priorities is needed to ensure quality of implementation.

Interinstitutional Delivery Is Typical in More-Complex Programs with Diverse Objectives

The Landscape Survey 2023 indicates that in 67 percent of government-led economic inclusion programs, several government agencies are involved in implementation. However, the institutional arrangements vary widely. In some instances, two ministries may co-lead implementation, with one overseeing cash transfers or public works, while the other manages livelihood or job-related components such as training, coaching, and wage employment facilitation. Alternatively, programs may convene a steering committee of stakeholders from various ministries or agencies to provide oversight and administrative support. Bringing together capacity from different institutions to jointly provide program components rather than relying on a single ministry creates opportunities to achieve economies of scale, thereby leading to more impactful, cost-effective services and interventions. Box 4.2 describes how institutional links across ministries are used to scale an area-focused economic inclusion approach.

BOX 4.2 Building Institutional Linkages in Ghana

The Ghana Landscape Restoration and Small-Scale Mining Project exemplifies the importance of maintaining institutional memory and good governance mechanisms by bringing together practitioners from various sectors and encouraging joint decision-making to address the complex challenges of natural resources management and adaptation to climate change. The project is a collaborative effort led by two central agencies or ministries: the Environmental Protection Agency (EPA) and the Ministry of Lands and Natural Resources (MLNR). It is designed to deliver sustainable livelihoods through a multisectoral approach, recognizing the interconnectedness of environmental well-being and natural resources sustainability. The EPA takes the lead in investments related to production and forest landscapes, emphasizing the promotion of climate-smart agriculture, conservation efforts, and the establishment of value chains for key commodity crops. In response to the significant impact of mining on forest loss and waterways in Ghana, the MLNR supports appropriate forest landscape restoration opportunities and reclamation of mined-out areas, and it provides miners with alternative livelihood support.

This collaborative project leverages the expertise and engagement of multiple implementing ministries and agencies. It builds on the foundation laid by the Sustainable Land and Water Management Project (SLWMP), the Forest Investment

(Box continues next page)

BOX 4.2 **Building Institutional Linkages in Ghana *(continued)***

Project, and technical assistance provided by the Natural Resources and Environmental Governance initiative, which reflects decades of World Bank involvement in Ghana's natural resources management sector. SLWMP played a critical role in mainstreaming implementation across various ministries and agencies, equipping government staff with the technical skills and leadership qualities needed to address multisectoral landscape issues and engage diverse stakeholders. SLWMP deliberately engaged technically skilled staff from key agencies at both national and district levels rather than rely solely on project-specific consultants. This approach fostered a higher level of commitment, enabled networking within the agencies, consolidated project gains, and deepened results over the 10-year duration of the project (World Bank 2021a). Retaining key government staff and supplementing them with technical support from consultants as needed are now proving pivotal in achieving the current project's ambitious goals.

Despite good intentions and formalized agreements, achieving effective coordination between different agencies can be difficult. Challenges often arise from the limited operational capacity across departments, a lack of clarity in terms of responsibilities, and the time needed for coordination mechanisms to function effectively. Establishing clear communication channels, defining roles and responsibilities, and streamlining coordination are essential steps toward achieving a successful multisectoral approach.

One example of institutional challenges was the recently concluded Strengthening Social Protection and Inclusion System Project in Panama. Initiated in 2015, it sought to enhance the efficiency of the social protection system and improve the income-generating capacity of poor and vulnerable people. In addition to cash transfers, participants received technical and vocational training and wage employment support. The Ministry of Social Development led the overall project implementation. The National Professional Training Institute (INADEH) in the Ministry of Education and the Ministry of Labor (MITRADEL) led the training and wage employment services, respectively, and acted as technical co-executing agencies.

Collaboration among the three ministries posed significant challenges, however, leading to substantial delays in project implementation. Key contributing factors included the problems encountered in signing interinstitutional agreements with INADEH and MITRADEL to identify their roles and responsibilities in program delivery. Consequently, the project's scope and expected coverage were significantly reduced. Despite the original design featuring a technically sound implementation model with individual agencies assigned service delivery responsibilities, the actual interagency cooperation fell short of expectations, highlighting the complexities involved in coordinating efforts across multiple ministries (World Bank, IEG Review Team 2023).

Economic inclusion programs require robust intra- and interinstitutional coordination. However, achieving effective coordination can be difficult due to institutional rigidities, prioritization of individual objectives over collective goals, and a lack of incentives for joint efforts (box 4.3 describes lessons learned on implementation challenges in Iraq). Some programs have successfully developed political and interagency agreements that clearly define the expected value added from collaboration. Adopting an overarching strategy and promoting a culture of information-sharing through integrated systems can also improve coordination across different entities. These measures can overcome challenges and create a more-cohesive approach to implementing economic inclusion initiatives.

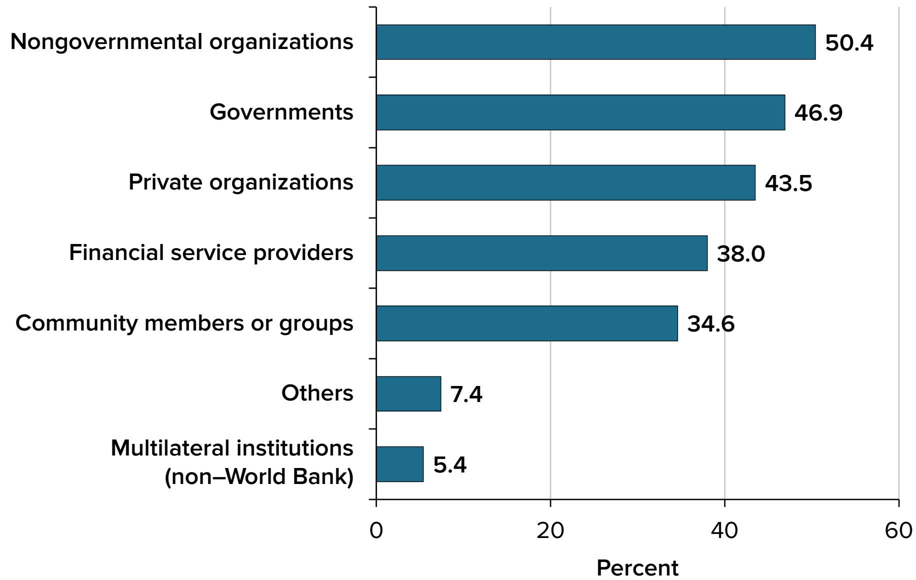
BOX 4.3 Why Do Some Economic Inclusion Programs Fail? Lessons from Iraq

Alignment across ministries, institutionalization for sustainability, and a robust fiduciary capacity are important for the delivery of economic inclusion projects, especially in contexts of fragility. The Emergency Social Stabilization and Resilience Project (ESSRP) initiated by the government of Iraq and financed by the World Bank aimed to facilitate recovery in areas liberated from ISIS in 2018. Led by the Ministry of Labor and Social Affairs (MOLSA), the project sought to increase livelihood opportunities, provide psychosocial support, and strengthen social safety nets. However, challenges such as delays in launching activities, procurement issues, and noncompliance with legal covenants led to the project's suspension. Key lessons learned from the ESSRP include the following:

- *Establish a realistic design and implementation timeline.* The project's ambitious three-year timeline proved unrealistic, especially in a context of conflict and violence. Building local capacity takes time, affecting institutional coordination, government ownership, and effective project execution.
- *Ensure alignment with the core responsibilities of the implementing ministries.* The introduction of activities beyond MOLSA's usual scope posed challenges in ownership and commitment to project implementation.
- *Institutionalize a cash-for-work program.* The sustainability of the program relied on integration within MOLSA systems. The limited engagement of MOLSA in implementation and a lack of clarity on institutionalization hindered program sustainability.
- *Establish adequate fiduciary capacity, and eliminate implementation roadblocks.* The inadequate fiduciary capacity of MOLSA emerged as a significant roadblock, and staff turnover in the project management office led to training challenges. Adequate fiduciary capacity is critical to effective implementation, and addressing turnover is essential for maintaining consistency and expertise.

Source: World Bank 2021b.

FIGURE 4.3 **Percentage of Programs in Which External Organizations Are Involved in Program Service Delivery**



Source: Partnership for Economic Inclusion, World Bank.

Note: Figure shows the percentage of all programs (*N* = 405).

External Service Providers Can Help Address Capacity Constraints

Both government- and nongovernment-led programs rely extensively on external agencies for service delivery, with NGOs assuming a pivotal role as essential service providers for governments. Globally, 81 percent of surveyed programs collaborate with external agencies to deliver at least one program component. For government-led programs, this figure rises to 91 percent. Figure 4.3 illustrates the percentage of programs in the Landscape Survey 2023 in which external agencies are engaged in the delivery of program components. Governments' reliance on service providers is especially evident in the delivery of wage employment, training, and coaching.

Collaboration enables governments to overcome capacity and expertise constraints. Arrangements with service providers depend on the project design, components, and capacity of the lead implementing agency.

Engaging NGOs as service providers can be an important strategy for scaling up economic inclusion programming through government systems, especially in low-capacity contexts. The Eastern Recovery Project in the Democratic Republic of Congo is an example of a government-led initiative in which local NGOs play a pivotal role. This program provides productive inclusion measures for both labor-intensive public works participants in urban areas and the recipients of unconditional cash transfers in rural areas. Local NGOs are instrumental in the capacity-building of local development committees and training of participants.

Some government programs initiate economic inclusion measures by means of pilot phases with support from NGOs for design and initial implementation, while concurrently building in-house capacity. For example, in the Kenya Social and Economic Inclusion Project, this phased approach allows for a learning-by-doing process, with the government gradually assuming more responsibilities as it develops capacity. This approach also refines implementation tools and systems based on practical experience, contributing to the successful scale-up of multifaceted programs. The sequenced process involves the development of operational guidelines and participant training materials, along with building the capacity of government staff during the initial round of implementation.

Programs aimed at labor market integration also often depend on NGOs and the private sector for technical and vocational skills training, as well as for wage employment and referrals. To ensure long-term sustainability, governments establish formal fee-for-service agreements with external service providers at both the national and regional levels. Implementation is then coordinated by government staff at the local level, fostering collaboration between public and private entities for effective, sustainable labor market integration. For example, Argentina's FOMENTAR active labor market initiative, led by the Ministry of Human Capital, enhances jobs prospects through skills training, internships, and career guidance. Collaborating with NGOs and private training institutions, the decentralized structure ensures delivery at both the national and local levels. Municipal employment offices play a critical role, facilitating access to services, while the centralized Employment Portal streamlines registration. Leveraging Argentina's extensive experience in labor market programs and a competency-based certification system, the program is an example of successful collaboration with an NGO and the private sector to achieve overarching goals.

Some governments adopt a twofold approach to economic inclusion: (1) augment both self-employment and wage employment jobs for poor and vulnerable people, and (2) create an ecosystem of collaboration with NGOs and the private sector for sustainability. Box 4.4 illustrates how a program in the Arab Republic of Egypt is delivered in collaboration with external agencies.

BOX 4.4 Creating an Economic Inclusion Ecosystem in the Arab Republic of Egypt

Led by the Ministry of Social Solidarity, the FORSA (Opportunity) program in Egypt incorporates in its self-employment and wage-focused economic inclusion strategies critical roles for nongovernmental organizations (NGOs) and the private sector in the delivery of the wage and self-employment components. To strengthen the capacity for coordination and oversight, the ministry has built robust institutional structures at both the central and local levels.

The NGOs conduct behavioral change sessions, using content provided by the FORSA team. These sessions guide program beneficiaries toward pathways that align with their profiles, whether wage or self-employment. Rigorously selected NGOs train participants and manage the procurement and transfer of assets for those on the self-employment

(Box continues next page)

BOX 4.4 Creating an Economic Inclusion Ecosystem in the Arab Republic of Egypt *(continued)*

track. For those on the wage employment track, the project has signed direct agreements with NGOs for training and facilitating their employment and with private sector companies to provide jobs for FORSA participants. This approach was adopted because of the lower skill levels and limited work experience of the participants. The program has also organized employment fairs to create opportunities for participants within the private sector (World Bank, Partnership for Economic Inclusion 2022).

While collaborating with external agencies is often sought to address capacity constraints, challenges can arise from poor communication and coordination between government agencies and those agencies, hindering the smooth implementation of economic inclusion programs. The inherent complexity and sometimes slow-moving nature of government bureaucracies can delay decision-making and program implementation. As a result, NGOs may face challenges in navigating intricate government systems and critical program delivery timelines can be affected, hindering participant progress.

Engaging the Private Sector in Service Delivery Shows Strong Potential

Nearly 60 percent of surveyed programs acknowledge some level of private sector engagement in the delivery chain. The private sector can bring valuable resources, expertise, and innovation to programs, making them pivotal partners in improving the livelihoods of poor and vulnerable people. Private financial institutions are already playing a critical role in financial inclusion by providing access to credit, facilitating savings, and offering vulnerable populations other financial services, such as insurance. For example, the Strengthening Women's Ability for Productive New Opportunities Project in Bangladesh collaborates with established microfinance institutions such as the Bangladesh Rural Advancement Committee and Grameen Bank to offer tailored financial services.

The private sector also contributes by designing and implementing innovative financial products, such as weather-indexed insurance and crop-specific credit, for smallholder farmers and vulnerable communities. The World Bank's De-risking, Inclusion, and Value Enhancement of Pastoral Economies in the Horn of Africa Project collaborates with a leading private sector reinsurance company to insure livestock losses arising from unpreventable natural disasters and climate risks. The creation of innovation hubs or incubators in collaboration with the private sector is fostering entrepreneurship and supporting the development of new business ventures.

Looking ahead, efforts to capitalize on the private sector's expertise in program delivery are needed. Possibilities are collaborating with private companies to provide technical and vocational training to enhance the employability of target populations; seeking the private sector to help improve access to markets and the value chain integration of smallholder farmers; involving the private sector in fair trade practices and ethical sourcing, thereby ensuring equitable prices for products produced by poor and vulnerable people; and collaborating with private sector companies, often at the forefront of technology development, to introduce innovative solutions for enhancing productivity and improved service delivery. The widespread use of mobile technology for financial transactions and payments, along with the application of precision agriculture techniques to improve agricultural productivity, can benefit vulnerable people in shock-prone areas.

Incorporating Community Structures into Program Delivery Can Facilitate Local Buy-In

Economic inclusion programs rely on community structures and groups across the delivery chain, including for targeting and enrollment, intervention delivery, monitoring, and grievance and case management. By engaging community members, informal community savings and credit groups, local community governance groups, and formalized producer organizations, programs can cultivate trust and acceptance in the community, thereby bolstering social inclusion and participation in developing and implementing programs and empowering local leadership. Integrating complex economic inclusion programs within communities also gives communities a sense of ownership, improving program uptake and sustainability.

Programs that engage community structures for programming can, however, also encounter pitfalls. Elite capture may concentrate benefits among a few, excluding marginalized members. Criteria such as minimum land ownership to join farmer groups may unintentionally exclude vulnerable farmers. Gender, age, and disability biases can also hinder the full participation of certain groups. Limited representation and social capital, cultural barriers, and inadequate empowerment efforts can perpetuate exclusion, impeding the effectiveness of community-based livelihood initiatives. Addressing these pitfalls requires a holistic approach that promotes inclusivity and social equity, ensuring that programs benefit community members regardless of their background or status.

Engagement of Community Members Can Enhance Cost-Effectiveness but May Affect Quality

Some programs formally engage community members in implementation by introducing selection criteria for their participation as facilitators (refer to box 4.5 for examples from Ghana and Tanzania). Facilitators are assigned well-defined roles and responsibilities in program activities at both the individual or household and group levels. Notably, a deliberate emphasis on prioritizing women encourages gender inclusion and augments female participation in program delivery. Scaling up economic inclusion programs using local community individuals for service delivery can also enhance cost-effectiveness and appeal to policy makers.

Quality trade-offs and implementation challenges can arise, however, particularly with intensive components such as coaching. A review of the Adaptive Social Protection program in the Sahel region of Africa revealed different approaches to coaching. In Senegal, nonlocal field agents faced difficulties in building trust, whereas in Niger, the use of coaches from the local communities proved more cost-effective. Challenges in Niger included recruiting adequately educated community coaches and ensuring a uniform understanding of coaching manuals, which relied on pictures because of language and education disparities (Sumanthiran and Roelen 2023). However, these findings are contextual. Programs should invest in diagnostics and monitoring to identify the most effective coaching approaches tailored to context.

BOX 4.5 Engaging Community Facilitators in Ghana and Tanzania

Ghana

The Complementary Livelihood and Assets Support Scheme in Ghana has adopted a structured approach to engage community facilitators in service delivery. These facilitators are selected through a formal process based on criteria such as education level, language proficiency, information and communication technology orientation, proximity to the community, and credibility within the community. Priority is given to female candidates to deepen gender inclusion and female participation in program delivery.

Upon selection, facilitators receive an official appointment letter from the local government that clearly outlines the terms of reference, duration of the assignment, and details of their entitlements. These facilitators play a pivotal role as intermediaries between the local government and the implementation focal points at the community level. Their responsibilities include mobilizing the community and facilitating beneficiary selection, monitoring skills training using biometric-enabled tablets, facilitating grant disbursements, monitoring coaching sessions through a dedicated software application, facilitating grievance redress, and promoting social accountability. The accountability of facilitators is ensured through the submission of monthly monitoring reports.

Tanzania

The Productive Social Safety Net Project in Tanzania has adopted a distinctive approach to community facilitators by selecting them from the communities, specifically targeting those with a certain level of education and those who are locally based. These facilitators, who receive specialized training, are informally invited to contribute to project delivery, leveraging their status as community members to establish trust and a drawing on their nuanced understanding of their peers' challenges. Facilitators promote savings groups, help participants complete business plans and grant application forms, collaborate with local government officers to address these challenges, and support the development of monitoring plans for households and groups. Facilitators also encourage participation in internal monitoring and evaluation of activities, thereby encouraging a sense of ownership and accountability among beneficiaries.

Community-Led Producer Groups Support the Creation of Rural Enterprise Ecosystems

Programs in both the agricultural and nonagricultural sectors collaborate with producer groups within community structures. These programs encourage smallholder farmers to form groups, thereby improving their market access and economic well-being. By acting collectively, groups can pool their resources, share knowledge, and negotiate together with buyers, boosting their bargaining power. Formalizing producer groups empowers economically disadvantaged farmers, addressing access challenges in remote areas. It also improves coordination and access to resources and establishes a structured framework for interventions, enabling the integration of more households into well-managed and monitored producer groups (box 4.6 describes how a program in India has integrated participants into producer groups to create a rural enterprise ecosystem). Finally, collaboration with community organizations extends beyond mere implementation support. These efforts frequently serve as the basis for social and professional networks for program participants—an integral component of a comprehensive support package.

BOX 4.6 Enterprise Ecosystem Development in India

Using community structures via a tiered group approach allows projects to seamlessly integrate participants into value chains, thereby contributing to higher income and employment outcomes. In Bihar, India, Satat Jeevikoparjan Yojana (SJY) is a notable government-led scale-up of the graduation approach. Implemented by the Bihar Rural Livelihoods Promotion Society (JEEViKA), SJY uses existing community structures to enhance efficacy.

JEEViKA, as the implementing agency of the National Rural Livelihoods Mission, mobilizes rural women to join community institutions, including self-help groups, village organizations, commodity-specific producer groups, and higher cluster-level federations. Self-help savings and credit groups, facilitated by JEEViKA, operate at the village level, conducting regular meetings and exploring financial savings and internal lending.

JEEViKA's Community Investment Fund stimulates financial activities. Village organizations, composed of multiple self-help groups, act as intermediaries between local banks and member groups. These organizations develop cluster-level federations, which are large financial intermediation platforms. SJY is seamlessly integrated into JEEViKA's community structures, leveraging their strengths and operational capacity. Village organizations and self-help groups play a central role in the SJY beneficiary selection process and key implementation phases, ensuring effective program delivery.

Similarly, the Tamil Nadu Rural Transformation Project has adopted a three-tiered, structured approach emphasizing the formation of collective enterprises. In the first tier, enterprise groups at the community or village level engage up to 30 members in shared farming- and nonfarming-related production directly connected to the market. Producer groups form the second tier, involving producers in aggregation and basic processing and establishing direct links with the market. In the third tier, producer groups are aggregated into higher-order producer collectives, functioning as membership-based organizations representing the groups. The collectives create value for producers through access to inputs, technologies, services, finance, and market links.

Community Savings Groups Promote Financial Inclusion, but Inadvertent Social Exclusion Can Occur

The use of community structures to form new savings groups or rely on existing ones is a common and effective strategy of economic inclusion programs. Community-driven initiatives empower individuals, particularly those in economically vulnerable situations, to save money, access loans, and benefit from financial inclusion. They also have significant nonfinancial benefits, as they can build valuable social networks and elevate the community profile of excluded women and men. Program facilitators work with community members to form small savings groups based on common interests, geographical proximity, or other relevant criteria.

Savings groups often consist of 10–20 members who pool their savings and make collective decisions. Groups establish their own norms, rules, and operational procedures. These guidelines help build trust among group members, ensure transparency and accountability in financial transactions, and are adaptable to allow groups to meet their needs and to fit into different intervention packages.

Box 4.7 demonstrates a structured approach to savings group formation in Malawi. Traditional methods of mobilizing savings groups have inherently tended to exclude the poorest individuals, who may lack common interests or social connections and are perceived as posing a high financial risk to other members. This exclusionary trend is also observed among people with disabilities, Indigenous groups, and marginalized individuals (Fernández-Olit, Paredes-Gázquez, and de la Cuesta-González 2018). Programs should, then, invest in significant efforts to either integrate poor, vulnerable, and marginalized individuals into existing community groups or establish new groups specifically composed of these marginalized members.

BOX 4.7 A Structured Approach to Savings Groups in Malawi

Malawi's Social Support for Resilient Livelihoods Project forms savings and loans groups in collaboration with Malawi's leading cooperative union, COMSIP. Using outcome indicators to measure success, the project unfolds in distinct phases facilitated by extension workers and caseworkers:

- *Mobilization.* Clarify and express collective needs, using recorded discussions and a register of members to help measure success.
- *Formation.* Bring together the group of members seeking benefits, using a group constitution, minutes, initial savings, and a community facilitator to measure success.
- *Group stability.* Maintain a fully functional group whose members actively contribute and adhere to norms, using fewer visits from extension workers, independent decision-making, proper record-keeping, initiation of group businesses, and increased savings as measures of success.
- *Sustainability.* Achieve long-term viability and links with other financial institutions, using stable group businesses and asset creation demonstrating sustainability beyond project phase-out as measures of success.

Although using community structures enhances cost-effectiveness and sustainability in livelihood programs, maintaining program quality requires a balanced approach that incorporates external expertise, accountability mechanisms, and ongoing capacity-building support within the community structures. Community-based delivery relies on peer support, knowledge sharing, and resource pooling; reducing costs associated with program delivery; and monitoring and supervision using external service providers. Although cost-effective resource mobilization at the community level is valuable, providing the proper training and support for community members is essential for effective implementation. Programs should strategically assess where to use the expertise of local NGOs, because these organizations typically have established systems for accountability and monitoring, ensuring adherence to quality standards.

While community models are crucial for engagement, an often-overlooked challenge is the overburdening of these community institutions. These issues can result in decreased program effectiveness and lower community engagement. To mitigate these risks, practitioners should conduct capacity assessments before integrating economic inclusion interventions, prioritize core objectives to maintain focus, and coordinate across programs to prevent duplication and streamline activities. Providing adequate support and training to community leaders and members can help build capacity to deliver effectively.

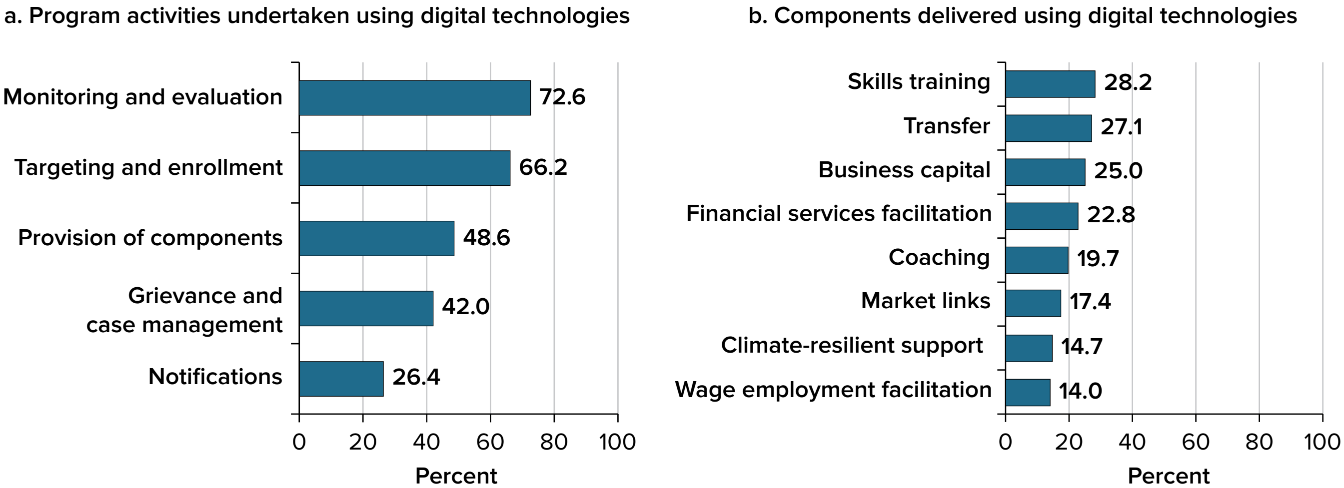
For community-based approaches that also focus on social inclusion, practitioners implementing economic inclusion programs must carefully balance the dynamics between economic and social inclusion. One key challenge is *sequencing*—ensuring social inclusion is established before introducing economic interventions is critical.

Digital Platforms and Tools Can Significantly Facilitate Service Delivery

Many programs capitalize on digital technologies to deliver components. The increasing accessibility and affordability of digital technologies present a significant opportunity to reach remote communities and tailor interventions to target groups. According to the Landscape Survey 2023, 93 percent of programs use digital technologies. Digital tools are integrated across the delivery chain, with programs using technology for targeting and enrollment and monitoring and evaluation (refer to figure 4.4).

Geospatial data can enhance the targeting of poor and vulnerable populations, and digital platforms can streamline the registration and enrollment processes. Online registration forms and digital databases allow program teams to collect and manage participant information more efficiently. Biometric technologies, such as fingerprint or iris scanning, can play a role in accurate participant identification, preventing duplication, reducing fraud, and ensuring benefits reach the intended recipients.

FIGURE 4.4 Percentage of Programs Using Digital Technology for Program Management and Delivery



Source: Partnership for Economic Inclusion, World Bank.

Note: Panel a shows the percentage of all programs (N = 405). Panel b shows the percentage of programs providing components digitally out of those providing a given component (skills training, N = 387; transfer, N = 218; business capital, N = 312; financial services facilitation, N = 298; coaching, N = 361; market links, N = 299; climate-resilient support, N = 266; and wage employment facilitation, N = 136). Multiple responses were possible.

Governments are using digital tools to deliver business capital. Digital financial services and electronic payment systems, including mobile money and direct bank transfers, are commonly used to disburse cash. These methods enhance transparency, reduce leakage, and give participants convenient and secure access to funds.

Expansion of the digital government-to-person (G2P) payments model underscores the potential to scale up the cash-based components of economic inclusion interventions. For example, Zambia's Girls' Education and Women's Empowerment and Livelihood Project has provided cash transfers and business grants to approximately 140,000 women to date using G2P, which allows participants to choose from six financial service providers. Short message service (SMS) and automated messaging systems are being used to communicate with participants. Payment updates are sent via text messages to community and district facilitators, ensuring timely and effective communication.

Programs are also using digital technologies for training and coaching, with nongovernment-led programs taking the lead in piloting these innovative solutions for greater cost-effectiveness. Some programs, especially in middle-income contexts, use digital platforms for training and capacity-building of both participants and program staff. For example, the Support to Women Entrepreneurs program in Chile provides online training for refugee women in the basics of entrepreneurship, such as business plans and digital marketing.

In some countries, nongovernment-led programs deliver coaching using computer tablets and mobile phones. In many Latin American countries, including Brazil, Colombia, and Paraguay, Fundación Capital and some of their government partners use digital tools, such as apps and chatbots, to help coaches provide more tailored support and improve responses to participants' needs. Despite the promise shown by digital platforms and apps, it can be challenging to recruit and train sufficiently educated community coaches (Sumanthiran and Roelen 2023). Indeed, although technology offers valuable tools, limitations must be addressed—among them, the availability of qualified coaches or trainers and the need to adapt to varying literacy levels.

Some economic inclusion programs use digital tools and services specifically to enhance women's participation and contribute to their economic empowerment. Direct transfers to women's bank accounts or mobile wallets can expand their ownership of resources, and digital tools such as SMS and mobile apps can ensure that women are well-informed about program details, eligibility criteria, and the timing of benefit transfers. Although not yet widespread, some economic inclusion programs are improving women's access to markets by promoting their products on e-commerce platforms. Women can, then, reach a broader customer base and potentially increase sales, thereby strengthening their overall economic empowerment.

Digital technologies also play a pivotal role in monitoring the quality of service of delivery at scale. Digital tools enable real-time data collection through mobile surveys and applications. Fieldworkers can use mobile devices to collect information on program implementation, gather participant feedback, and acquire other pertinent data that provide timely and accurate insights. The integration of these tools allows programs to establish a more responsive and accountable system for managing grievances and cases, thereby not only streamlining the resolution process but also enhancing the overall effectiveness and credibility of initiatives. Spotlight 3 highlights the emerging innovations in the use of digital technologies in program delivery and the factors that must be considered when integrating digital technologies in programs.

Integrating Programs into National Policies Can Facilitate Political Support and Budget Allocation

Economic inclusion programs often align and sometimes integrate with national policies and strategies. Alignment with broader national objectives supports scalability and long-term sustainability. The integration of economic inclusion programs into government policies provides a legal framework that safeguards the rights of participants, particularly the extremely-poor and vulnerable populations these programs serve. Policy integration clearly delineates the responsibilities of implementing agencies and helps governments prioritize and allocate budgetary resources more effectively, ensuring that programs are funded adequately for optimal impact. Policy integration also improves coordination and collaboration among various government departments, leading to better-synchronized efforts and more-efficient use of resources.

The official recognition of economic inclusion programs in national policies can also generate political support, improving the navigation of political transitions and maintaining momentum. Integration further extends to data collection, monitoring, and evaluation, enabling policy makers to assess impacts and make informed decisions that will lead to more-effective programs. However, as discussed in *The State of Economic Inclusion Report 2021*, political economy also plays a role in program adoption and scale-up (Andrews et al. 2021).

In the context of climate change, policy makers in developing countries, where fiscal capacity is limited, may grapple with the challenge of balancing poverty reduction efforts with the imperative for climate change mitigation and adaptation. This balancing act requires thoughtful resource allocation between environmentally sustainable projects and poverty alleviation programs, recognizing potential trade-offs. Although well-designed climate policies can generate new job opportunities in sectors such as renewable energy, energy efficiency, and sustainable agriculture, they also may lead to job losses in traditional industries. Because poor and vulnerable populations often bear the brunt of climate change impacts, climate policies should prioritize building resilience in these communities, addressing both immediate poverty concerns and long-term climate-related challenges.

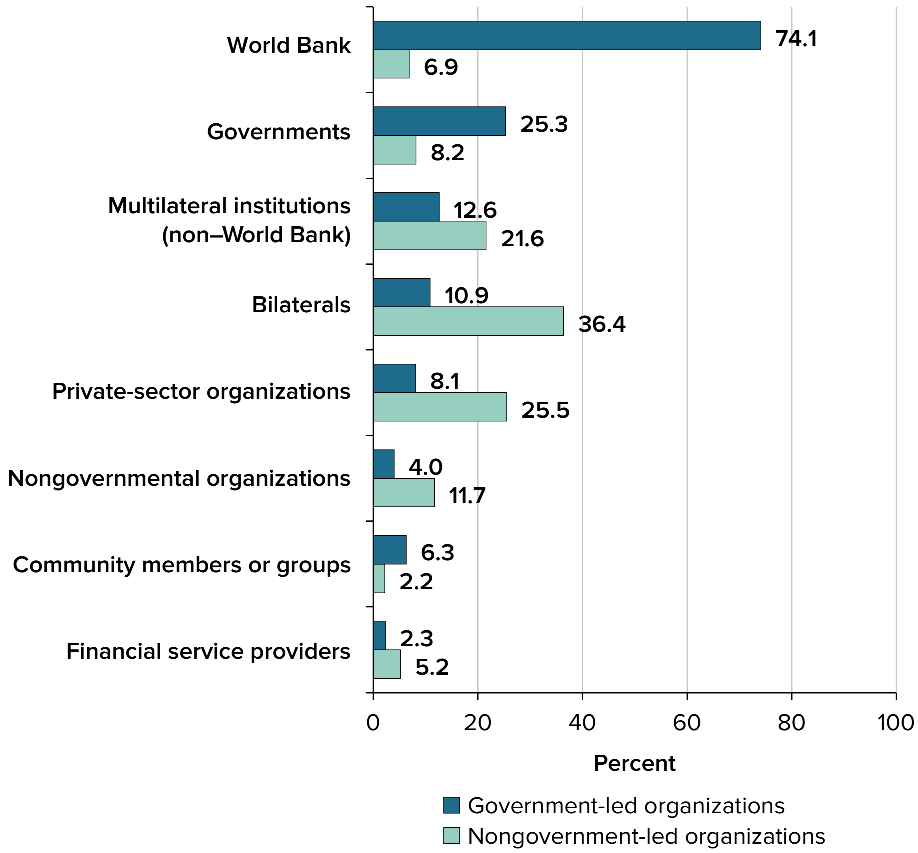
Sustainable Financing Is Critical for Piloting, Scale-Up, and Long-Term Success

Several pilot projects, initially funded by donors and spearheaded by NGOs, have informed the adoption and scale-up of government-led initiatives. These projects are underpinned by government policies and at least some financing from government budgets. However, external financing often remains essential. This reliance is unlikely to change substantially, especially in low-income settings where fiscal constraints prevail, and the situation may only intensify in the medium term due to ongoing and overlapping crises.

Because economic inclusion programs are designed to tackle enduring challenges such as poverty, inequality, and vulnerability, adequate and consistent funding is essential for long-lasting impacts. Sustainable financing provides predictability and facilitates better planning, ensuring that benefits and services are delivered consistently to poor and vulnerable populations. By contrast, unpredictable funding can result in interruptions and undermine the effectiveness of these programs, jeopardizing the intended positive outcomes. A stable, sustained financial framework is thus essential for the resilience and long-term success of economic inclusion initiatives.

Although most governments are funding economic inclusion programs to some extent, most programs still rely primarily on donors for funding and sustainability (refer to figure 4.5).[1] However, information on the share of government financing of programs is limited. Country-specific reviews of government expenditures in specific sectors are needed for a deeper understanding of government versus external funding. For nongovernment-led programs, bilateral agencies, the private sector, and regional multilateral institutions remain the key donors.

FIGURE 4.5 **Percentage of Government- and Nongovernment-Led Programs Financed by External Institutions**



Source: Partnership for Economic Inclusion, World Bank.

Note: Figure shows the percentage of government- and nongovernment-led programs (N_1 = 174 and N_2 = 231).

After a substantial surge in programming, a primary concern is securing sustainable financing for sustained scale-up, particularly given the shifting donor-funding patterns arising from overlapping crises. In the aftermath of events such as the COVID-19 pandemic and the Russian Federation's invasion of Ukraine, which led to a food security crisis, donors prioritized humanitarian responses and scaled up cash transfers to address basic needs (Gentilini 2022). Many donors have offered emergency funding and embraced flexible approaches to help countries respond to the dynamic and evolving nature of these crises.

As illustrated by the expansion in economic inclusion programming, donors recognize the importance of sustaining economic inclusion efforts to build long-term resilience and address the broader socioeconomic impacts of such crises. Balancing the urgent needs of a humanitarian response with the imperative of sustaining economic inclusion initiatives becomes a critical consideration in ensuring comprehensive, enduring support in crisis-affected contexts. Philanthropic donors are also supporting the scale-up of government-led programming (refer to box 4.8).

BOX 4.8 Philanthropic Donors Supporting Government-Led Programs

Evolving collaboration among philanthropic donors, nongovernmental organizations, and government-led initiatives offers a promising avenue for donor funding to play a catalytic role in advancing economic inclusion while simultaneously leveraging existing government investments.

Co-Impact, a global organization that brings together philanthropists, foundations, and private sector partners, illustrates this approach. It offers funding that allows governments to access technical assistance from organizations such as Fundación Capital, which works with government agencies to design, implement, and integrate economic inclusion programs into larger successful initiatives, such as Tenonderã in Paraguay and Prospera Familia in São Paulo, Brazil. BRAC International recently signed a memorandum of understanding with the National Rural Livelihood Promotion Society in India to include the poorest communities in the Deendayal Antyodaya Yojana National Rural Livelihoods Mission, a flagship program of the Ministry of Rural Development devoted to uplifting rural livelihoods and reducing poverty.

Similarly, ideas42 collaborates with many country governments—including the Democratic Republic of Congo, Ethiopia, Ghana, Sierra Leone, South Sudan, and Tanzania—to address behavioral barriers related to saving and investment by program participants. The support from ideas42, funded by bilateral and philanthropic donors such as the Global Innovation Fund, comes at no cost to the governments. Similarly, the Bill and Melinda Gates Foundation is supporting Village Enterprise in Kenya, which is collaborating with county and national governments on scaling up graduation approaches.

Impact bonds are another emerging innovation reshaping the financing landscape for programs. The Village Enterprise Development Impact Bond (DIB), the first for poverty alleviation in Africa, involved partners such as the United States Agency for International Development, Foreign, Commonwealth & Development Office (formerly the Department for International Development); Village Enterprise; Instiglio; and the Global Development Incubator. The DIB's structure linked outcome payments to an impact evaluation when Village Enterprise received funds tied to an increase in household income. This model paid approximately US$1 for every US$1 increase in income.

Subsequently, projects will aim to streamline the model, making it an effective blueprint for results-based financing in efforts to reduce extreme poverty. Plans for an outcomes fund call for supporting more experiments, and engaging future outcome payers and service providers in order to scale outcomes funding in poverty alleviation.

Examples of Successful Policy Integration Are Emerging

Programs can be fully integrated into government policy only if they are also included in the broader framework of governmental plans. This strategic alignment ensures that economic inclusion becomes a central and coordinated aspect of decision-making, resource allocation, and long-term planning. Sustainable financing, measurable outcomes, stakeholder involvement, and adaptability are key components of cultivating policy integration.

Pathways for integration into national policies span various sectors, including food security, social protection and labor, skills development, rural transformation, and climate resilience. Although most government-led economic inclusion programs are aligned with broader sectoral policies, they are not always formally integrated at the policy level. Aligning economic inclusion initiatives with overarching national policies across diverse sectors not only enhances their impact but also ensures their continued relevance and effectiveness in addressing the multiple constraints facing poor and vulnerable people. If carried out well, this integration could facilitate a holistic and coordinated approach, leading to the long-term sustainability of economic inclusion efforts within the larger national development agenda.

Some economic inclusion programs are becoming a key feature of livelihood policies. For example, India's National Rural Livelihoods Mission, a flagship program funded by the national and state governments to promote economic inclusion among poor rural households, is integrated into the country's overall livelihood strategy (refer to boxes 4.6 and 4.8).

Following years of technical assistance from and policy dialogue with partners such as Fundación Capital, the Tenonderã Project in Paraguay has evolved into a multifaceted program focused on self-employment. The government institutionalized the project in 2017 by including it in its legal framework, which reflects the government's commitment to its funding and sustainability. Since 2014, the project has been fully funded by the government, with a dedicated line in the annual budget of the Ministry of Social Development. From 2014 to 2019, the annual expenditure of the project rose substantially, from US$0.66 million to approximately US$6 million (ECLAC n.d.). In 2022, the government approved a redesign of Tenonderã, adapting it to a more-classical poverty graduation approach (Resolutions 889/2022 and 128/2024).

BRAC is partnering with several governments to scale graduation and recently signed an MOU with the National Rural Livelihood Promotion Society in India to include the communities furthest behind under the Deendayal Antyodaya Yojana National Rural Livelihoods Mission, a flagship program of the Ministry of Rural Development, focused on building rural livelihoods and reducing poverty. In addition, Rwanda, under the Ministry of Local Government, launched a National Strategy for Sustainable Graduation in 2022 to scale graduation with BRAC's support and empower people in more than 900,000 households in poverty to develop sustainable, long-term livelihoods, as part of a broader strategy to eradicate extreme poverty by 2030. Box 4.9 demonstrates how the government of Rwanda is integrating graduation into social protection policy.

BOX 4.9 Evolution of a National Strategy of Sustainable Graduation in Rwanda

Rwanda has made significant strides in integrating the graduation approach into its social protection policy and programs, emphasizing continual monitoring and adaptive management for a sustained impact.

Implementation of the Vision Umurenge Program as a flagship social protection program since 2008 generated valuable lessons that influenced development of the National Social Protection Strategy in 2011. Guidelines on graduation within the program were formalized in 2012.

The commitment to graduation approach gained momentum with the 2013–18 National Social Protection Strategy, featuring specific outcomes related to graduation. Introduction of the Minimum Package for Graduation (MPG) in 2015 marked a practical step toward translating graduation rhetoric into action. The National Strategy for Transformation 1 (2017–24) elevated the importance of graduation from extreme poverty, making it a prominent feature of the social transformation pillar, with priority given to promoting resilience and enhancing graduation from poverty or extreme poverty.

Graduation was formally defined for the first time in the 2020 National Social Protection Policy for Rwanda as "A situation whereby a previously poor household increases their household productivity and resilience to the extent that their consumption permanently remains over and above the official poverty line" (Rwanda Ministry of Local Government 2020, iv).

The recently cabinet-approved National Strategy for Sustainable Graduation (November 2022) draws lessons from the evaluations of earlier graduation initiatives in the country, which are guided by the MPG. The key changes introduced in the strategy encompass a shift from social protection as a sector-focused initiative to a multisectoral undertaking, with graduation seen as an agenda for the entire government and its partners. The importance of the enabling environment, including access to markets and service delivery systems, is acknowledged and requires cross-sector coordination.

Economic inclusion programs are also aligning with government policies at the subnational level. An excellent example is the implementation of Prospera Familia by the government of the state of São Paulo in Brazil. Integrated with the national safety net program Bolsa Familia and leveraging the national social registry, Prospera Familia is fully funded by the state of São Paulo. With a current enrollment of 7,500 participants and cumulative coverage reaching 18,000 households, this program demonstrates that in large countries where states possess both funding and institutional capacity, economic inclusion programs can be seamlessly integrated into subnational policies. In Guatemala, Trickle Up has collaborated with four municipal governments over the past 5 years to seek adoption of livelihood programming tailored to Indigenous women living in extreme poverty. Initially, Trickle Up provided funding for the programs at the municipal level. However, as the programs gained traction and produced results, the total investment in specific municipalities increased, and the financial contribution from municipalities largely replaced Trickle Up's initial investment.

Economic Inclusion Is Embraced as a Key Strategy to Address Forced Displacement

With the marked increase in the number of people facing forcible displacement, global initiatives to both promote an effective policy response and improve coordination among stakeholders is a key priority to address the immediate needs of displaced people and their hosts. To help global coordination efforts to this end, the Global Compact on Refugees seeks to improve the global response to refugee needs. In December 2023, governments, UN agencies, donors, private sector actors, NGOs, and displaced people convened at the Global Refugee Forum to discuss progress on the compact. Economic inclusion programs emerged as a practical approach that combines elements of humanitarian response, often in the form of cash relief, with development strategies to engage displaced people and host communities in livelihood activities and link them to social services, where possible.[2]

Multiple organizations and governments joined a multistakeholder pledge to support 1 million refugees and their hosts, and economic inclusion initiatives were among them. Forty-seven governments offered pledges to support economic inclusion, as did all members of the Poverty Alleviation Coalition,[3] a global alliance to reduce poverty for refugee and host communities, led by the United Nations High Commissioner for Refugees (UNHCR). To advance achievement of these goals, the coalition, led by the Refugee-Self-Reliance Initiative and UNHCR, will support at least 15 governments to strengthen laws and policies supporting economic inclusion to reach refugees, forcibly displaced and stateless people, and members of host communities with jobs and social services and expand quality data and evidence to promote effective programs and policies.

Notes

1. According to the Landscape Survey 2023, 74 percent of the surveyed government-led programs are funded by the World Bank and 6 percent by other multilateral or bilateral donors. However, the coverage of the survey is biased toward the World Bank because most of its programs responded to the survey, and programs funded by bilateral or other multilateral institutions are not fully represented.
2. Refer to International Network on Conflict and Fragility 2023.
3. A coalition of UNHCR, the World Bank's Partnership for Economic Inclusion, and 16 NGOs; refer to https://alleviate-poverty.org/about.

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SPOTLIGHT 3

Economic Inclusion in an Increasingly Digital World

Introduction

Digital tools and technologies are increasingly contributing to the enhanced efficiency, accessibility, and effectiveness of economic inclusion programs. The emergence of innovative digital technologies holds promising implications for scaling up these programs and improving cost-effectiveness. Nongovernmental organizations are taking the lead in developing and testing these digital innovations to optimize program operations, but several governments are also pursuing opportunities to connect poor and vulnerable people to increasingly available digital and digitally enabled job opportunities. Although the digital delivery of cash and business capital grants has been widely adopted by both government- and nongovernment-led programs, other digital innovations have emerged in recent years. What follows are some noteworthy examples.

Delivering Training

AppTitude, developed by Fundación Capital, is a mobile application leveraging digital technology to train program participants in entrepreneurship, financial education, and life skills. The app delivers through its five modules practical lessons via engaging mobile lessons, games, and videos. Tailored to individual learning styles, the app includes self-assessments and quizzes to ensure efficient progress. Data dashboards and reports enable participants and managers to track individual and group progress. AppTitude not only adapts content to specific needs and cultural contexts, it also encourages collaboration and knowledge sharing within communities, strengthening social networks. With more than 30,000 households in Latin America benefiting from its training, the app shows significant potential for reaching a large number of participants.

Improving Access to Information and Market Linkages

Digifarm, created by Safaricom with support from Mercy Corps's AgriFin program, improves farmers' access to discounted inputs and credit options for seeds and fertilizers. The platform directly connects farmers to buyers, eliminating intermediaries and ensuring fair prices for their produce. Digifarm provides agricultural advice, weather updates, and best practices, empowering farmers to make informed decisions and improve their techniques. It also promotes financial inclusion and independence by offering access to small loans and financial services. Currently, more than 1 million farmers in East Africa are registered with Digifarm.

Conducting Data Collection, Monitoring, and Analysis

Village Enterprise uses an adaptive management system, using digital tools such as the TaroWorks App for real-time data collection on businesses, savings groups, and program progress. This approach eliminates paper-based processes. The collected data are stored centrally in the Salesforce Database, facilitating analysis and visualization. Custom dashboards and reports are generated from the data, offering valuable insights into program performance. This streamlined approach enhances decision-making, saving time and resources while allowing cost-effective program implementation. The system is adaptable and scalable to support Village Enterprise's expanding reach and programs in Sub-Saharan Africa.

Improving Savings and Financial Inclusion

Many programs are piloting the use of digital savings group solutions such as SAVE, DreamSave, Jamii.one, Chomoka (powered by the Cooperative for Assistance and Relief Everywhere), Maximus, and LedgerLink. These mobile-based applications support savings and credit groups in managing their finances effectively. They enable the electronic recording of individual and group savings and loan transactions, ensuring accuracy and transparency. In addition, they automate loan calculations, disbursement, and repayment tracking, reducing errors and streamlining the process. Applications operate offline, with automatic data synchronization upon reestablishing connectivity. They are designed for ease of use, making them suitable for groups with limited literacy and no prior digital experience.

Government-led programs are also harnessing the potential of digitalization to boost job opportunities for program participants. In Rwanda, the Priority Skills for Growth Program equips participants with market-ready digital skills through technical and vocational education and training, providing both short- and long-term training programs. Some governments are pursuing a comprehensive strategy by building a digital ecosystem addressing both supply- and demand-side constraints to more-inclusive digital development. Box S3.1 describes how the government of Jordan is creating a digital ecosystem focusing on youth and women.

BOX S3.1 Digital Ecosystem for Job Creation in Jordan

The Youth, Technology and Jobs (YTJ) Project addresses the challenge of youth unemployment in Jordan by promoting digital skills development; creating job opportunities in the information, communications, and technology sectors; and expanding access to technology-driven services.

Supported by the World Bank and implemented by the Ministry of Digital Economy and Entrepreneurship (MoDEE), the YTJ Project is seeking to improve digitally enabled income opportunities and expand digitized government services in Jordan

(Box continues next page)

BOX S3.1 Digital Ecosystem for Job Creation in Jordan *(continued)*

through interventions that address specific constraints and opportunities in both the supply and demand sides of the economy. To address supply-side challenges, the project is integrating digital skills into public school curricula for grades 7–12, reaching approximately 300,000 students. It is also providing digital skills training and certifications through programs in coding, data analysis, and digital marketing. Finally, the initiative is establishing three to five technology hubs in underserved communities, offering co-working spaces, training, and mentorship to support tech start-ups and entrepreneurs. On the demand side, the project is boosting the digital economy by digitizing government services and nurturing growth of the gig economy.

Meanwhile, MoDEE is collaborating with the relevant ministries to improve the quality and accessibility of selected e-government services, and it is also partnering with freelance platforms to integrate Jordanian youth and women into the digital workforce.

The use of digital technologies in economic inclusion programming holds great promise, but careful consideration of design and delivery factors is essential, including assessing the digital literacy levels of both program implementers and participants and providing the appropriate training for effective implementation. Understanding the local digital divide is critical, especially in rural areas with limited access to smartphones and the internet and where innovative solutions will be needed for inclusion. Digital tools must prioritize accessibility and inclusivity, considering local language, context, and cultural sensitivities. To ensure widespread, equitable access, tools should work offline or with low connectivity and should accommodate individuals with disabilities.

Many organizations are beginning to explore the use of artificial intelligence (AI) technologies in economic inclusion programs—a move that poses both immense promise and significant challenges. AI could dramatically improve the efficiency and effectiveness of economic inclusion programs. By integrating AI-driven tools, these programs can increase their cost-efficiency, particularly in traditionally resource-intensive areas such as personalized coaching. AI can provide tailored learning experiences, automate complex financial services, and adapt to the specific needs of individuals.

That said, the deployment of AI in this context must be approached with caution, ensuring that its benefits are accessible to all, particularly the poor or marginalized populations that stand to gain the most from economic inclusion efforts. The effectiveness of AI technologies in strengthening economic inclusion critically depends on access to dependable data, a resource often in short supply in developing regions. In addition, the ethical landscape surrounding AI—encompassing privacy, data security, and the potential for algorithmic bias—demands meticulous attention to avoid deepening existing societal disparities. Therefore, although AI holds the potential to revolutionize economic inclusion, its implementation must be thoughtfully managed to navigate these limitations and ensure it serves as a tool for empowerment rather than exclusion.

ECO-AUDIT

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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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