

The State of Economic Inclusion Report 2024

Pathways to Scale

POLICY RECOMMENDATIONS



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Policy Recommendations

Introduction

This report illustrates the potential of economic inclusion programs to unlock the productive potential of poor and vulnerable populations. The evidence clearly reveals that these programs play a critical role in building resilience to shocks, including those exacerbated by climate change. In the current context of overlapping crises, these programs are more relevant than ever before.

Through a multidimensional approach, these programs address multiple constraints faced by poor and vulnerable individuals, households, and communities, thereby increasing their incomes and assets. Initially driven by evidence from nongovernment-led programs, a growing body of evidence from government-led programs now demonstrates robust impacts on key economic outcomes among poor and vulnerable populations, including improvements in food security, consumption, income, business revenues, and asset accumulation. There is also evidence of increased resilience to shocks over the long run, as well as greater diversification of women's economic activities, which is a key pathway to resilience. Although the evidence is limited to a few studies, these programs have been shown to be very cost-effective, high-return investments.

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 sustainable growth that leaves no one behind. Based on an in-depth review of the current landscape of economic inclusion programs, this report provides the following five key policy recommendations.

1. Continue to Expand Coverage to Reach Those Most in Need

Poor and vulnerable populations face a complex web of challenges such as lack of access to education, health care, financial services, and employment opportunities. These constraints are often interlinked, reinforce each other, and create a cycle of poverty and exclusion. Without comprehensive economic inclusion programs, there is a considerable risk of leaving these populations behind as countries progress economically.

This report highlights a promising trend of increasing coverage of economic inclusion programs. These programs currently reach more than 15 million households and benefit more than 70 million individuals, directly or indirectly, in 88 countries globally. These figures represent an increase of more than 50 percent in the number of individuals participating in these programs since 2021. Despite this expansion, these programs cover only a small proportion of the overall population living in poverty. Millions more poor and vulnerable people remain economically and socially excluded.

As the report shows, expanding coverage means not only increasing the number of participants but also ensuring that the most marginalized and hard-to-reach people

are included. This work requires a multifaceted approach involving improved data collection for better targeting, increased financial and administrative resources, and enhanced coordination between government agencies and nongovernmental organizations. Scaling up involves replicating successful models while adapting them to local contexts, ensuring sustainability, and continuously evaluating and refining approaches. By doing so, economic inclusion programs can more effectively address the complex and varied needs of poor and vulnerable individuals, building their long-term resilience and creating job opportunities.

2. Strengthen Outcomes for Women and Youth through More Intentional Design and Delivery and for Youth by Connecting Them to Wage Employment Opportunities

It is especially important to focus on women and youth in the expansion of economic inclusion programs. As illustrated in the report, these groups are a priority for most economic inclusion programs: 90 percent of programs target women, and 65 percent target youth. In regions experiencing a youth bulge, a much larger share of programs focuses on supporting the access of youth to better economic opportunities (86 percent of programs in the Middle East and North Africa and 70 percent of programs in Sub-Saharan Africa). However, targeting these groups is just the first step. Although these vulnerable groups share some of the same constraints to economic inclusion, understanding specific barriers to engaging in income-generating activities is key to supporting them effectively. There has been progress on this front in recent years, but more programs must take an evidence-based approach to customizing design and delivery for these groups.

Many more programs could adopt gender-intentional design and delivery that actively considers and addresses the different needs, experiences, and challenges of all women, particularly focusing on reducing gender inequalities. Emerging lessons stress the importance of addressing social norms, tailoring the timing and nature of program activities, and including components to reduce the burden of unpaid care work on women, which often limits their time and opportunities for economic participation. Beyond programmatic interventions, a critical dimension to scaling up also requires policy-level engagement, at a minimum to take advantage of any enabling policy frameworks (such as decent work provisions for childcare or community-based care) and, at best, to gradually influence legislative and regulatory barriers that women might face.

Similarly, economic inclusion programs offer a testing ground for innovative approaches to tackle job challenges and integrate young people into the economy, especially those hardest to reach. In contexts where labor demand is extremely low, these programs typically promote self-employment opportunities for poor and vulnerable youth. The prevailing trends of increasing urbanization and demographic shifts, such as the youth bulge in developing economies, present an opportunity to promote more access to wage employment for youth. By focusing on comprehensive provision of skills training, job placement services, and referrals, these programs can boost labor market participation of youth and promote their economic self-sufficiency. However, it is essential to integrate demand-side measures into such programs, and practitioners should better understand

constraints such as skills mismatches, employer biases, regulatory barriers, and economic instability, all of which may dampen demand for labor. Building strong partnerships with employers, developing skills training programs aligned with market needs, and offering job-matching services can help connect young job seekers with suitable employment opportunities.

3. Maintain Program Quality While Scaling Up

This report highlights the opportunities and challenges in scaling up both individual programs and establishing systematic links across programs for a more coherent economic inclusion policy framework. At the program level, it is important to prioritize the quality of program implementation as these programs scale up. Effective program delivery at scale will require well-structured institutional arrangements and organizational frameworks. Fifty-seven percent of the programs surveyed in the report indicate that they have scaled up institutionally by forming new partnerships or becoming more integrated with government structures. As government-led programs move to scale, collaborating with external organizations such as NGOs, community-based organizations, and the private sector is critical to overcoming capacity constraints. Leveraging existing delivery systems and digital technologies also plays a role in innovation and cost-effective delivery at scale.

At the policy level, as programs move to scale, a coherent approach toward an overall economic inclusion strategy is needed. The report underscores the diversity of economic inclusion programs across different countries and contexts, particularly within government institutions. While these programs often utilize distinct strategies and target various geographic areas and populations, fragmentation remains a substantial risk. To address this issue, it is crucial to develop national economic inclusion strategies that provide a coordinated approach, in particular by understanding the interplay between household- and area-focused interventions to catalyze sector-wide transformation. Enhancing interagency coordination, streamlining program design and implementation, and leveraging technology for integration are essential steps to reduce fragmentation. These actions can help create a unified, scalable approach to economic inclusion, ensuring programs work synergistically to maximize their impact on poverty reduction.

4. Continue to Build an Evidence Base to Inform Scale-Up and Enhance Government Capacity for Implementation

Scaling up involves replicating successful models while adapting them to local contexts, ensuring sustainability, and continuously evaluating and refining approaches. However, current evidence from government-led economic inclusion programs primarily comes from a few household-focused programs, which do not fully capture the variety of programs across different regions and contexts. A broader evidence base and a more comprehensive research agenda are needed to evaluate the impact and cost-effectiveness of large-scale government-led programs in diverse settings. Critical learning gaps must be addressed, specifically for optimal program design for achieving scalability, impact, and cost-effectiveness. So far, most evaluations have measured impact in the short term, 1–3 years after program completion. To assess the long-term sustainability of these programs,

more evaluations of at least 7–10 years after program completion are needed. Going forward, it is also crucial to better understand the impact of area-focused programs on poverty and the broader economy and their potential synergies with household-focused interventions.

Beyond building the evidence base, the research and evaluation agenda at the country level can help national governments build capacity for implementation. Research teams should work hand-in-hand with national governments and implementing agencies to establish robust monitoring and evaluation frameworks. Embedding impact evaluations during program rollout and scale-up can ensure the production and use of high-quality, operationally relevant data to inform decision-making. Engaging all stakeholders in the evaluation process can create a dynamic learning environment that improves program outcomes in real time.

Throughout the program cycle, a strong case exists for establishing comprehensive data systems, incorporating real-time monitoring and beneficiary feedback, and systematizing operational learning. In the design phase, expanding to new populations or geographies while ensuring strong program quality requires adopting good diagnostics, tailoring program components, and sequencing components. During implementation, monitoring participant progress, making real-time adjustments, and refining program design are hallmarks of success. Programs should balance participant needs, costs, complexity, and feedback from monitoring data to inform design refinements.

5. Design for Sustainable Impacts

Economic inclusion programs have demonstrated their effectiveness in boosting income and assets by creating household enterprises or by diversifying income sources and occupational choices. The next generation of economic inclusion programming should focus on enhancing the sustainability of these impacts, for example, by integrating their participants into local and international markets and value chains to the extent feasible. Achieving this outcome requires a thorough understanding of market systems and the constraints specific to each context, followed by the development of tailored interventions to create strong market linkages. Thus, conducting detailed market assessments to identify opportunities and challenges, understanding consumer preferences, and analyzing competitive landscapes are needed. By doing so, programs can better align their interventions with market demands, enhancing the viability and profitability of household enterprises or the employability of their participants.

For many programs, securing sustainable financing and embedding economic inclusion in government systems and policies is a priority to achieve sustainability. It is also important to calibrate expectations—many participants of economic inclusion programs will make continued efforts to sustain household enterprises. As such, while economic inclusion programs typically provide a time-bound, sequenced set of components, referrals to other services or support will likely be necessary to sustain the positive impacts on incomes, assets, and occupational choices, especially due to the increasing frequency of economic and climate-related shocks.

Going forward, economic inclusion programs must retain their flexibility in responding to broader development challenges, most notably building climate resilience, as illustrated in this report's special focus.

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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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