

# THE STATE OF ECONOMIC INCLUSION 2021

The Potential to Scale

## Report Preview

Colin Andrews, Aude de Montesquiou, Ines Arévalo Sanchez, Puja V. Dutta,  
Boban V. Paul, Sadna Samaranayake, Janet Heisey, Timothy Clay, Sarang Chaudhary.



**THE WORLD BANK**  
IBRD • IDA | WORLD BANK GROUP



## CONTRIBUTIONS OF REPORT

- **Provides a global assessment on the state of economic inclusion programs that reach the extreme poor and vulnerable.**
  - Surveys 219 programs across 75 countries reaching in excess of 92 million individuals.
- **Enhances Conceptual Clarity**
  - Offers definitional clarity and a common framework to scale up economic inclusion programs.
- **Establishes more comprehensive evidence around program sustainability and feasibility with a central focus on program design and implementation, impacts and costs.**
  - Reviews impact evaluations of around 103 EI programs from 50 countries.
  - Launches a costing survey in which 35 projects were assessed.
- **Identifies emerging operational learning and knowledge gaps in a fast-moving global context.**
  - Launches PEI [Open Access Data Portal](#) & incorporates multiple country case studies.

## KEY MESSAGES

1. **A Changing Landscape:** There is a surge in economic inclusion programs for the poorest, which looks set to grow in the COVID-19 context.
2. **Moving to Scale:** Governments lead the scale up of economic inclusion programs, building on pre-existing national programs e.g., safety nets, livelihoods and jobs and financial inclusion.
3. **Sustainability:** Evidence base on program impact and cost effectiveness is promising – and central to addressing political economy debates.

## DEFINITIONS

- **Economic Inclusion** involves the gradual integration of individuals and households into broader economic and community development processes.
- **Economic Inclusion programs** are defined as a bundle of coordinated, multidimensional interventions that support individuals and households in increasing their incomes and assets.
- **Economic inclusion “at scale”** considers the programmatic and institutional mechanics to embed programs at national level. The process of “scale-up” requires a clear alignment to national strategies, partnership development and underlying political economy considerations.



# MESSAGE 1

## A Changing Landscape

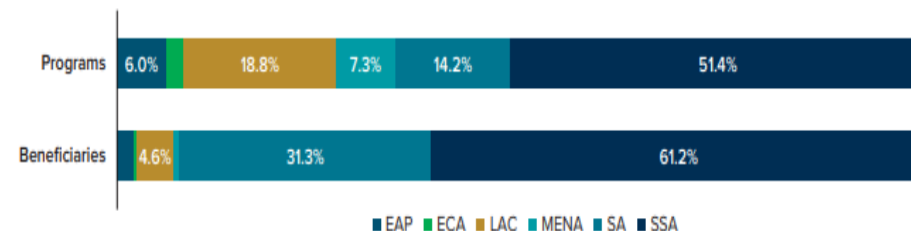
There is a surge in economic inclusion programs for the poorest, which looks to grow in the COVID-19 context.



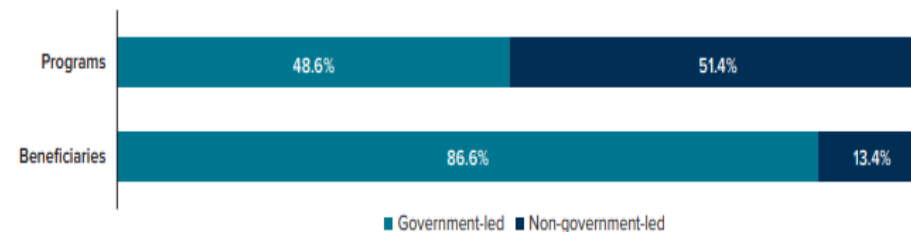
# GREAT EXPECTATIONS, CONSIDERABLE SKEPTICISM

- Survey data on 219 programs across 75 countries, driven by pick-up in low-income and fragile settings
- A surge in the scale up of government-led programs..... building on learning across several domains: graduation programs, social safety net “plus”, community driven and local economic development; and a variety of sectors.
- Yet, considerable debate on the feasibility, sustainability, and cost effectiveness of these approaches.

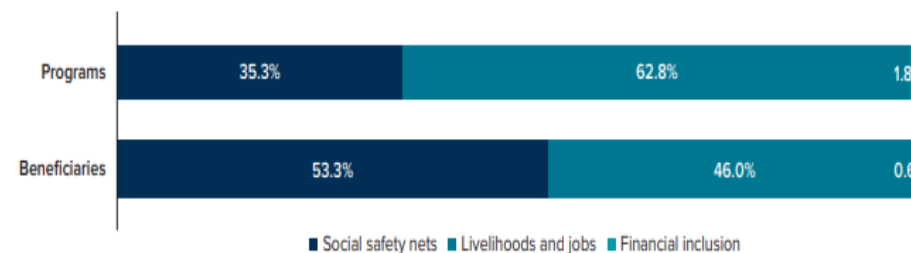
Percent Distribution of Economic Inclusion Programs



b. By lead institution

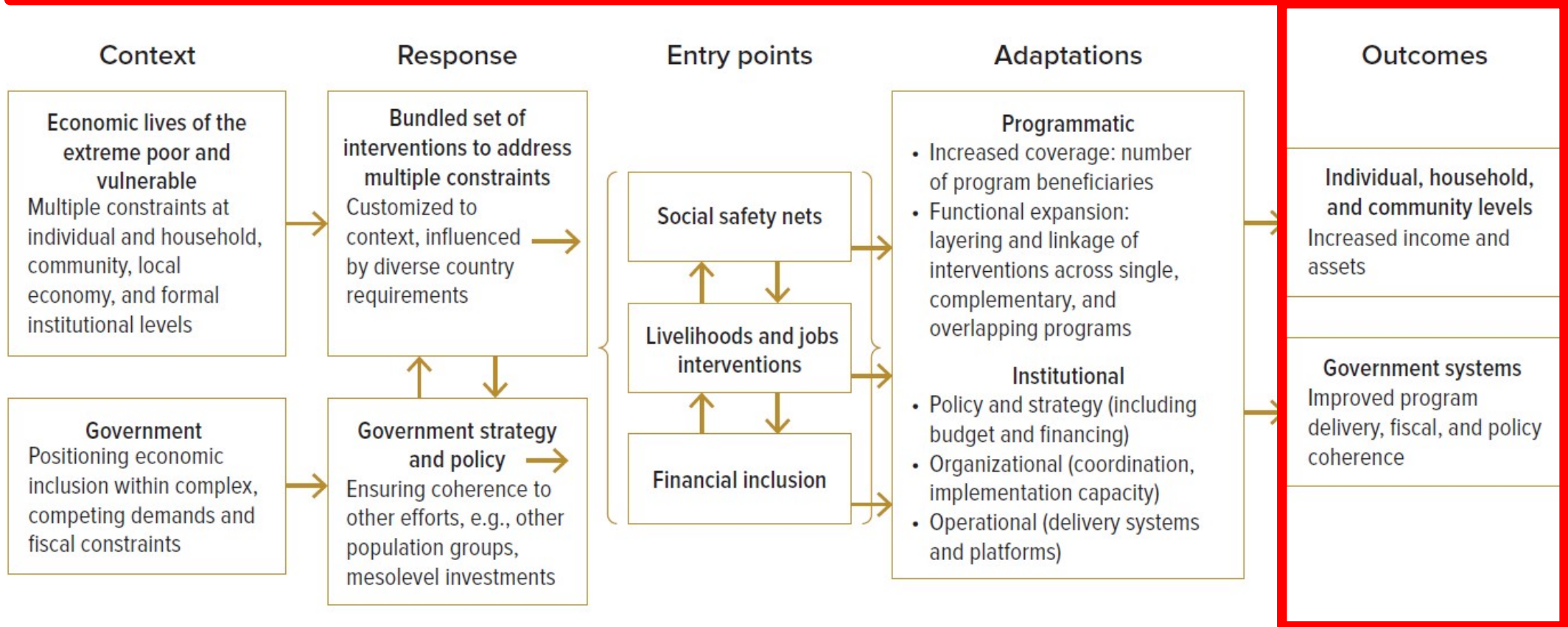


b. By entry point



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

**Goal:** Develop economic inclusion programs that strengthen resilience and opportunity for the extreme poor and vulnerable



# CONTEXT: POVERTY TRAPS & CONSTRAINTS

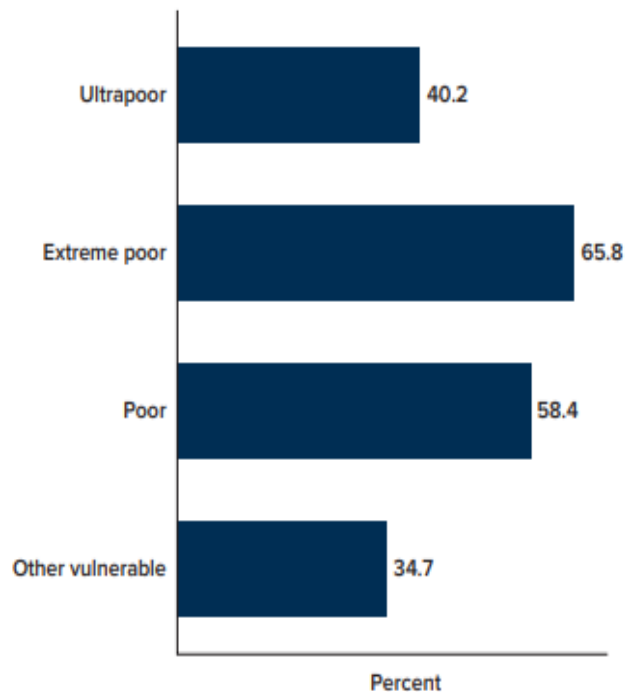
## Context

**Economic lives of the extreme poor and vulnerable**  
 Multiple constraints at individual and household, community, local economy, and formal institutional levels

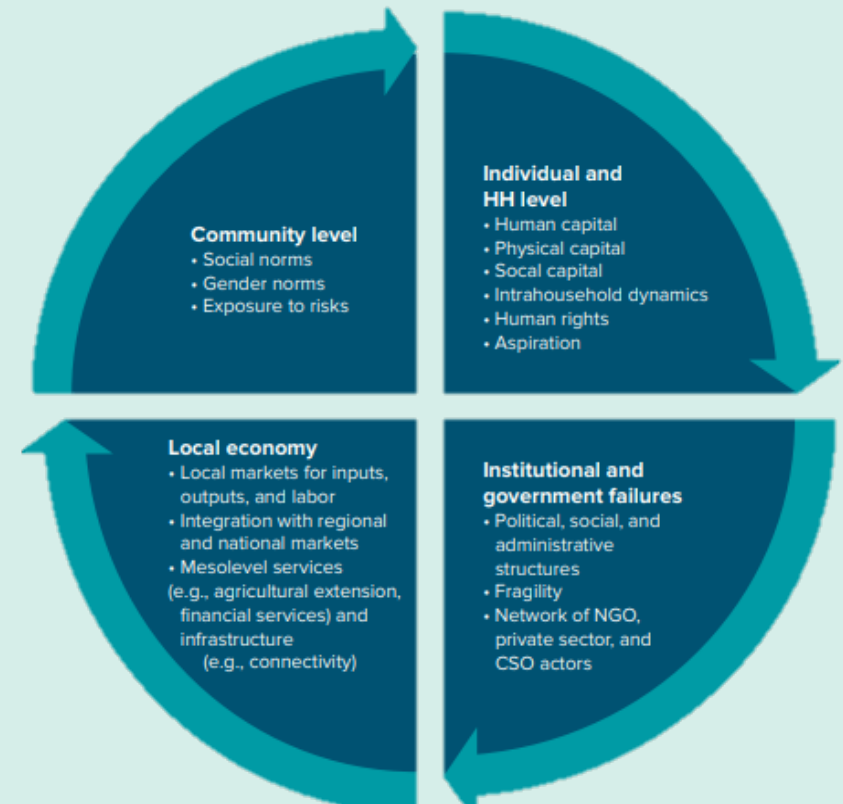
**Government**  
 Positioning economic inclusion within complex, competing demands and fiscal constraints

## Poverty Traps

Figure: Targeted Poverty Groups (Share of Programs)



## Constraints



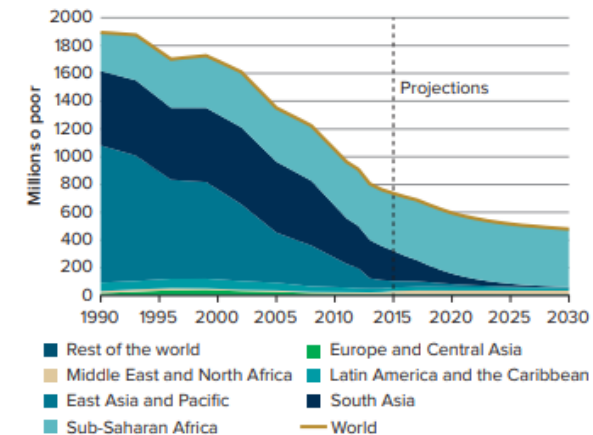


## CONTEXT: DYNAMIC POVERTY

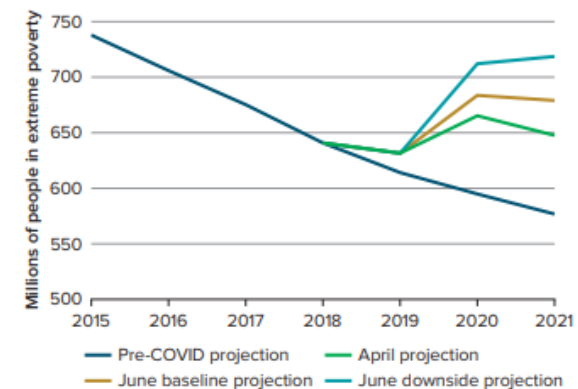
The report acknowledges **four megatrends** that will directly impact country-level program design and implementation for economic inclusion programs:

- 1) Human capital formation, with intergenerational considerations
- 2) Demographic trends, with urban impacts
- 3) Shock sensitivity, fragility and conflict
- 4) Technology adoption

Pre COVID : 479 million people in extreme poverty by 2030.



Post COVID: Less clear, with at least an additional 80m million in extreme poverty



## — MESSAGE 2

### Moving to Scale

Governments lead the scale up of economic inclusion programs, often building on pre-existing national programs e.g. safety nets, livelihoods and jobs and financial inclusion.



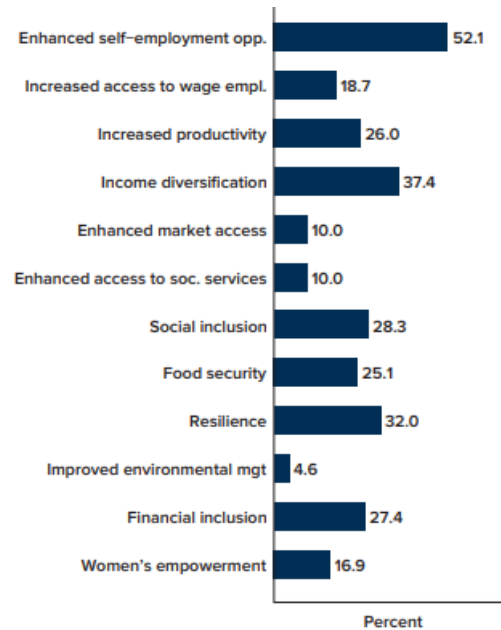
# RESPONSE

## Response

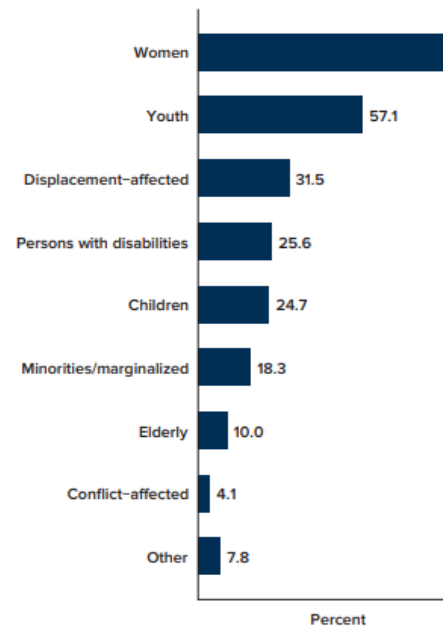
The adoption and scale-up of economic inclusion programs involves trade-offs in program design and implementation.



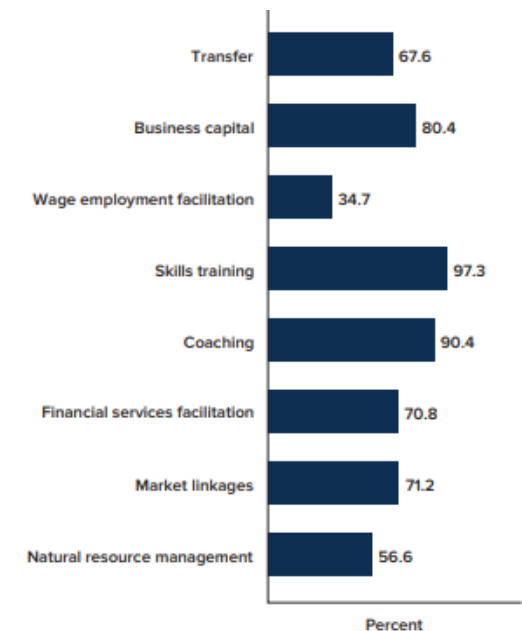
### Objectives



### Target Groups



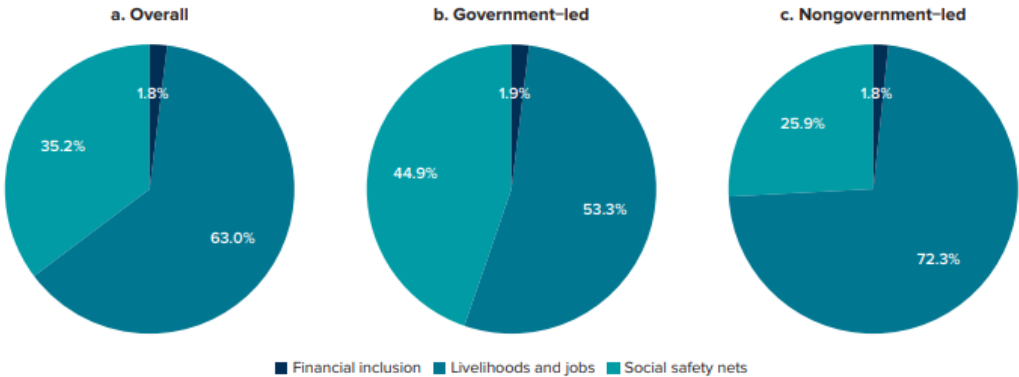
### Components



# ENTRY POINTS TO SCALE

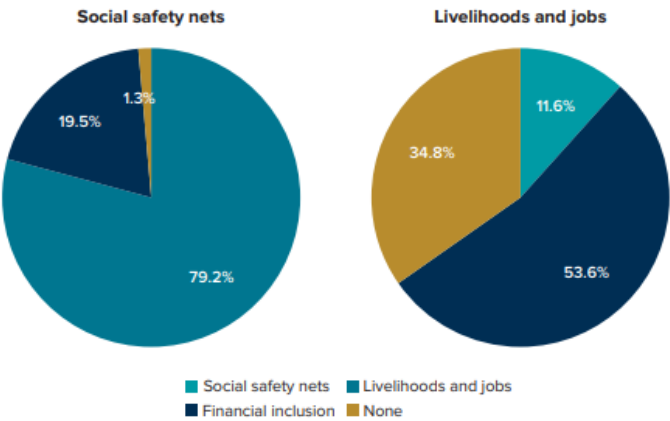
- LEVERAGING “SOCIAL SAFETY NETS PLUS” INTERVENTIONS
- INTEGRATING STRATEGIES TO PROMOTE MORE AND BETTER JOB AND LIVELIHOOD OPPORTUNITIES
- STRENGTHENING FINANCIAL INCLUSION AND PAYMENT SYSTEMS.

Distribution Of Entry Points To Scale: Among Programs Overall, Government-led Programs, and Nongovernment-led Programs



Source: Partnership for Economic Inclusion, World Bank.

Distribution of Secondary Entry Points, Showing Cross-cutting Role of Financial Inclusion





# CLOSER LOOK: ROLE OF SOCIAL PROTECTION

## OPPORTUNITIES

- 1) Strong opportunity to position economic inclusion programs as part of a continuum of social protection responses for different population segments
- 2) Economic inclusion is a strong driver of “cash plus agenda”... building on evidence of safety net impacts
- 3) Social protection delivery systems have strong potential to amplify the design & delivery of economic inclusion programs.
- 4) Promising evidence that SSN can facilitate gender equality and women’s empowerment

## CAVEATS & CHALLENGES

- 1) Cash transfers alone are still productive
- 2) Economic inclusion is not a replacement for cash transfers
- 3) Reconciling “exit” from economic inclusion programs approaches with the ideals of a social contract, universal coverage and social protection floors.

## DIMENSIONS TO SCALE

### Adaptations

#### Programmatic

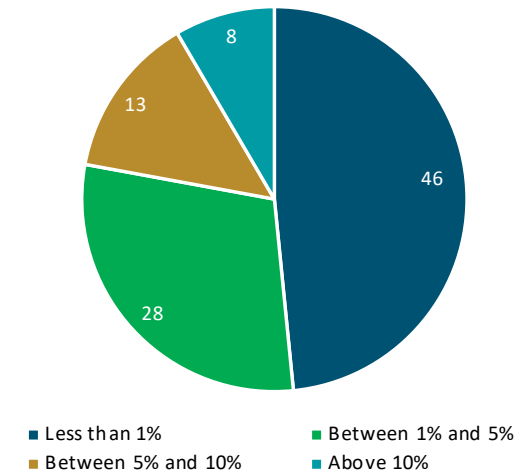
- Increased coverage: number of program beneficiaries
- Functional expansion: layering and linkage of interventions across single, complementary, and overlapping programs

#### Institutional

- Policy and strategy (including budget and financing)
- Organizational (coordination, implementation capacity)
- Operational (delivery systems and platforms)

- Current scale of economic inclusion interventions is modest but growing.
- More than 50% of existing government-led programs have the potential to support between 5 and 10 % of the extreme poor.
- Sustainable approach to scaling up involves more than expanding beneficiary numbers: Programmatic and institutional adaptations can be important prerequisites to expanding coverage.

Program Coverage , relative to share of Population Living In Poverty (NPL) (Individual Government Led Programs)



# SCALE-UP: PROGRAMATIC & INSTITUTIONAL ADAPTATIONS

## Sahel Adaptive Social Protection Program (ASPP)

### Programmatic Adaptations

- Layering on SSN investments,
- Combining village savings and cash transfer models
- Engagement of community coaches
- Investment in high quality monitoring data , as well as impact evaluations
- Focus on customizing programs for specific groups

S

### Institutional Adaptations

- Strong partnership collaboration between government and partners e.g. WBG, IPA, Trickle Up
- SSN delivery systems laid foundation for program delivery, especially in fragile setting
- Community engagement sensitization to address constraints, engage in training and program design.

## Bangladesh – BRAC, Ultra Poor Graduation

### Programmatic Adaptations

- Variations in size and cost recovery of cash grant
- Revision of participant selection and segmentation
- Introduction of partial loans. and saving matching.
- Significant adaptations at the local level e.g. health linkages

### Institutional Adaptations

- Large-scale organizational shifts to successfully operationalize programmatic shifts

## India - Satat Jeevikoparjan Yojana (SJY), Jeevika

### Programmatic Adaptations

- Building on National Rural Livelihoods Mission – JEEViKA program
- Adapting and refining approach for target groups
- Refinement of M&E models, e.g. to address social inclusion

### Institutional Adaptations

- Strong leverage of community structures e.g. community implementers,
- Deep and varied partnership engagement including Bandhan Konnagar, J-PAL, Co-Impact,

## Peru, Haku Wiñay

### Programmatic Adaptations

- Linkage to SP safety net investment and rural programming
- An active market linkage approach has the potential to create successful economic gains

### Institutional Adaptations

- Implemented through community structures, including volunteers and farmer-to-farmer training model.
- Specific intergovernmental and intragovernmental implementation arrangements.
- Engagement with technical partners e.g. FAO

## — MESSAGE 3

### Sustainability

Evidence base on program impact and cost effectiveness is promising – and central to addressing political economy debates.

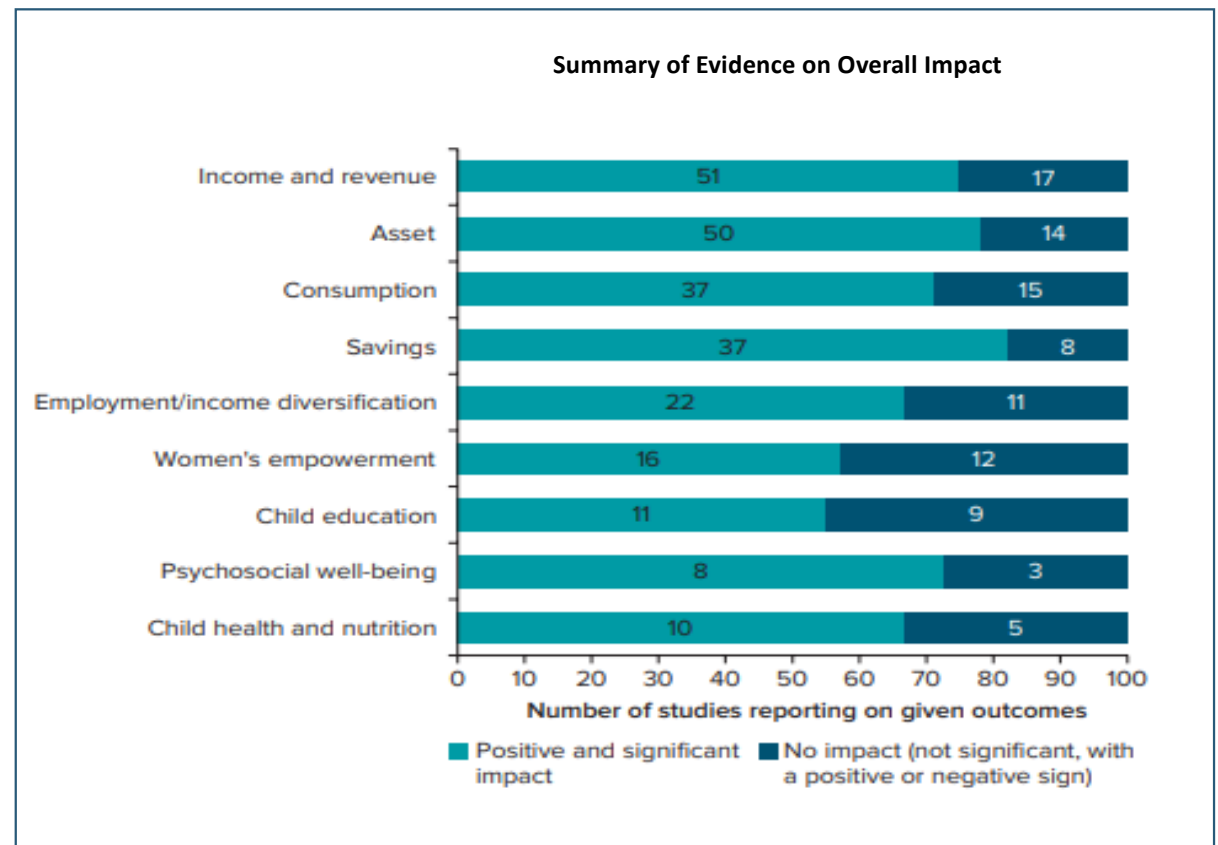




## IMPACT: UNPACKING THE EVIDENCE

**A review of 80 evaluations across 37 countries shows a strong evidence base to warrant optimism.**

- Economic inclusion programs have helped participants invest in productive assets and to save, earn, and consume more than they could have without these programs.
- Absolute gains are typically small in size (and vary across programs) but represent large increases for the poorest given low baseline values.
- Most promote income diversification and resilience to shocks.
- Many empower women, but evidence of impact on child well-being and psycho-social well-being more limited.

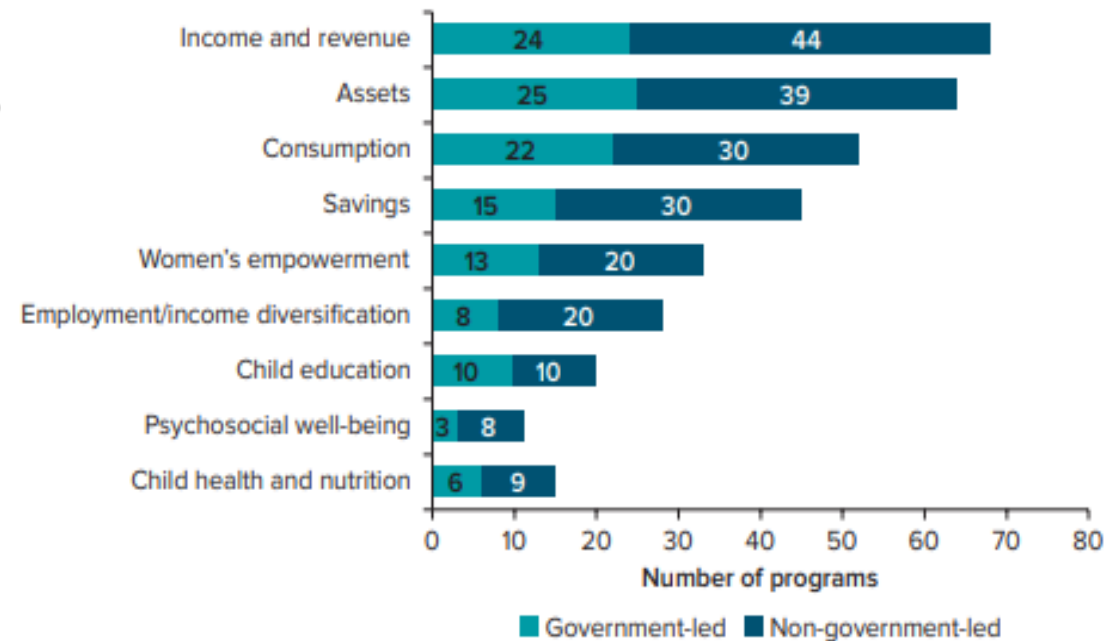


## CRITICAL KNOWLEDGE GAPS

**A rich pipeline of program-specific research is emerging, suggesting a new wave of evidence from government-led programming**

- **Overall impact of economic inclusion programming** across all three entry points, at scale, and over time.
- **Heterogeneity of impacts – across population groups** (e.g. women) but also for “slow” and “fast movers”.
- **Unpacking the bundling of interventions.** What works in different contexts, given costs and complexity
- **Strengthening M&E systems** for real time learning and course correction in program implementation
- **Establishing longer-term evidence** on what works at scale

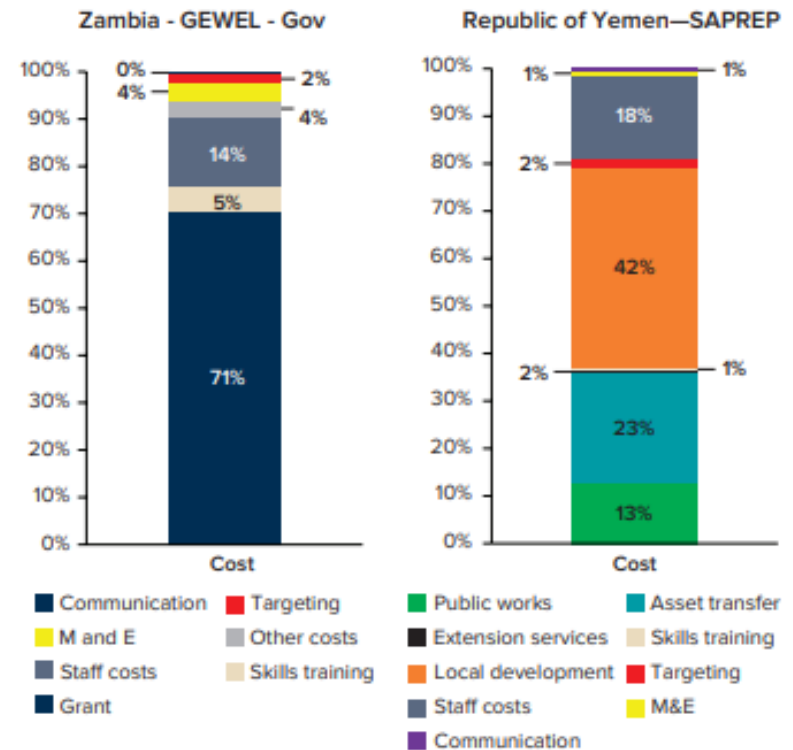
**Distribution of Studies Reporting on Specific Outcomes, by Lead Agency**



# COST OF ECONOMIC INCLUSION PROGRAMS

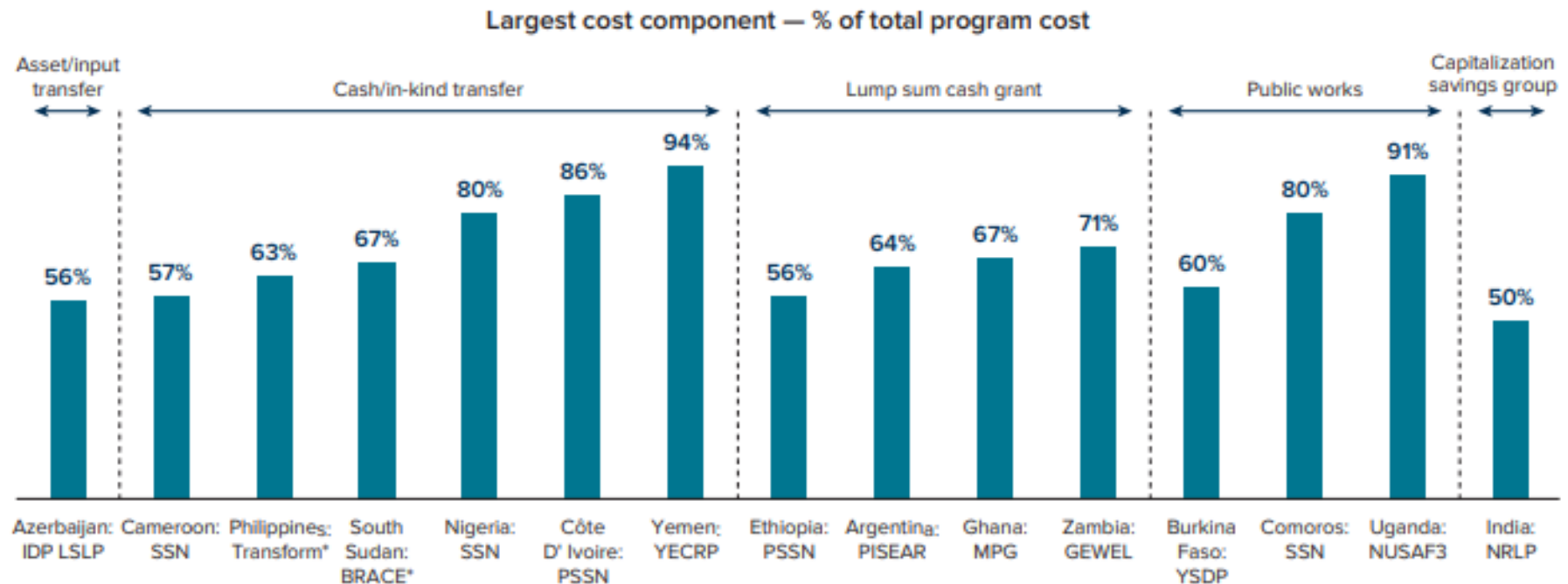
- **Resetting the debate:** Data on basic cost structures is vital starting point to understand cost effectiveness. Report features PEI Quick Costing Tool applied across 34 programs.
- **Exclusive focus on program “sticker prices” can be misleading and mask considerable heterogeneity.** The overall price range of economic inclusion programs sampled varies substantially with total program cost ranging between \$41 and \$2,253 ( 2011 PPP) per beneficiary over program duration (3.6 years on average).

Sample Program Cost Structures



## PROGRAM COST EFFECTIVENESS

- Many multi-sectoral economic inclusion programs are dominated by a single component, from a cost perspective.
- Important considerations for future cost optimization strategies e.g. variation in (i) size, frequency and cost recovery of grant, (ii) modality of training; (iii) engagement of groups and (iv) leveraging technology.





# FUTURE DIRECTIONS

01

**Delivery:** Refining program delivery systems across diverse contexts is a high priority

02

**Customization:** An increasing customization on the needs of specific population cohorts - including women, youth and people with disabilities - is anticipated.

03

**Shock Sensitivity:** Living history reminds us that programming for economic inclusion cannot be divorced from the vagaries of external shocks, vulnerability and fragility.

04

**Community & Market Linkages:** Traditional economic inclusion responses for individuals and households need to link more dynamically to wider community and local economy processes.

05

**Evidence:** While there is much evidence already, future evaluations focusing on government programs at scale will help isolate the mechanisms of impact across entry points and for different groups.

06

**Costs:** The ability to determine program costs, is an essential step in order to determine the cost effectiveness of economic inclusion programs and their sustainability.

07

**Political Economy:** Closer attention to the “political economy” of economic inclusion to consider local and national influences on decision to adopt programs or not.

08

**Partnerships:** Integral to success of programs via community structures, government coordination and NGO engagement. At global level, partnership will matter to advance knowledge, best practice and learning.



## PEI Technical & Funding Partners

# THANK YOU!



For more information:



[peimt@worldbank.org](mailto:peimt@worldbank.org)



[www.peiglobal.org](http://www.peiglobal.org)



[@PEIglobal\\_org](https://twitter.com/PEIglobal_org)

World Bank Group 1818 H Street, N.W. Washington, DC  
20433