Economic Inclusion

SSN Core Course, 2019
Introducing the Partnership for Economic Inclusion

PEI is a new global partnership with a mission to support the scale-up of national economic inclusion programs that increase the earnings and assets of extreme poor and vulnerable households.
What does PEI do?

As a global platform PEI will:

- Leverage its partnership network, which includes practitioners, policy-makers, development partners, and research organizations.
- Operationalize economic inclusion programs to a wide portfolio of World Bank operations, with a central focus on linking social protection and job opportunities for the poorest.

PEI will catalyze country level innovation and global knowledge through:

- Country engagement
- Global knowledge sharing
- Support to research and innovation
Framing the Agenda for Today

1. Motivation & Momentum
2. Definition
3. Scaling up
4. Trade Offs
1. Motivation and Momentum

❖ Key motivations and literature
- Persistence of extreme poverty, poverty traps
- Demonstrated evidence on programs that target the poor, including big-push graduation
- Mega-trends changing the nature of the social contract e.g. climate change, refugees, population dynamics

❖ Policy framework
- Governments across the world looking to shape the changing social contract, including for the poor
- Relevance of SDG and “leave no one behind”: no goal is met unless it is met for everyone.
- SDGs will not be reached with more of the same. Scalable and cost-effective approach is needed if no one is to be left behind.

❖ A need to better ground the agenda
- EI can be seen through a lens linking social protection and jobs for the extreme poor
## Strong Impact Findings (Science, 2015)

<table>
<thead>
<tr>
<th>Country</th>
<th>Consumption</th>
<th>Assets</th>
<th>Mental Health</th>
<th>Financial Inclusion</th>
<th>Women’s empowerment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>×</td>
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<tr>
<td>Ethiopia</td>
<td>+</td>
<td>+</td>
<td>×</td>
<td>+</td>
<td>×</td>
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<tr>
<td>Ghana</td>
<td>+</td>
<td>+</td>
<td>×</td>
<td>+</td>
<td>×</td>
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<tr>
<td>Honduras</td>
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<tr>
<td>India</td>
<td>+</td>
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<tr>
<td>Pakistan</td>
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<tr>
<td>Peru</td>
<td>+</td>
<td>+</td>
<td>+</td>
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<tr>
<td>Seven-country summary</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>×</td>
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</tbody>
</table>

Sources: Bandiera et al., 2017; Banerjee et al., 2015
2. Definitions and Some Examples (a): Key characteristics around national economic inclusion programs

- Economic inclusion at scale can be achieved by three key characteristics:
  1. An alignment with a national vision and commitment around EI
  2. A set of multidimensional interventions to overcome economic exclusion (coordinated and context-specific)
  3. Focus on the extreme poor, poor and marginalized groups (ethnic minorities, castes, rural women, etc.) facing barriers to economic inclusion

- Smaller scale / experimental program design focused on specific populations, contexts and innovations, can be a testing ground to inform government roll-out, to mitigate for capacity constraints
Multiple Dimensions of Exclusion, and Multiple Dimensions of Response

**Social Exclusion**
- No political voice
- Lack of community infrastructure
- Lack of health
- Poor dwelling conditions

**Economic Exclusion**
- Unemployment
- Lack of skills
- Lack of capital
- No access to financial services
- Lack of education

**Response Measures**
- Coaching/mentoring
- Self help groups
- Linkages to government services
- Access to financial services
- Market linkages
- Skills training
2. Definitions & Some Examples (c): Shift towards comprehensive approaches for the poor & extreme poor?

<table>
<thead>
<tr>
<th>Productive inclusion / Productive safety nets</th>
<th>Basic livelihood</th>
<th>“Big Push” graduation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash “plus”</td>
<td>PWP “plus”</td>
<td>Community Driven Development</td>
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<tr>
<td><strong>Interventions</strong></td>
<td></td>
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<tr>
<td>Link existing social assistance programs with employment promotion programs such as training, employment or entrepreneurship support</td>
<td>Link temporary employment provision with skill development and other employment support</td>
<td>Asset transfers, loans/access to credit/ financial education, and training (often no social assistance but in combination with other programs)</td>
</tr>
<tr>
<td><strong>Implementing agency</strong></td>
<td></td>
<td></td>
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<tr>
<td>Usually government</td>
<td>Usually government</td>
<td>Often part of government systems (top-down vs. CDD approaches) but rarely connected to social protection systems</td>
</tr>
<tr>
<td><strong>Target Group</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Usually poor households /individuals with working ability Sometimes ultra-poor</td>
<td>Usually poor households /individuals with working ability</td>
<td>Not necessarily poor households</td>
</tr>
<tr>
<td><strong>Examples</strong></td>
<td></td>
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<tr>
<td>(1) Peru’s Haku Wiñay, (2) Colombia’s Jóvenes en Acción (3) Brazil’s Plano Brasil Sem Miséria (4) Nicaragua’s Red de Protección Social</td>
<td>(1) Ethiopia’s UPSNP (2) Papua New Guinea’s UYEP</td>
<td>(1) Sri Lanka’s Samurdhi Employment Program</td>
</tr>
</tbody>
</table>
Example: Productive Safety Nets

**Malawi - Community Livelihoods Support**

*Building expanded livelihood options based on a public works program and a cash transfer:*

**Basic Livelihoods:** Skills training for farm and off-farm activities + Savings + behavioral training (mindset change)

**Enhanced Livelihoods:** Financial Inclusion + Group livelihood grants + WASH + Nutrition + Entrepreneurial skills training.

**Graduation pilot:** household grants + mentoring + value chain linkages + cooperative development & management.

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**Egypt**

Strengthening Social Safety Net Project: Strengthen the CT program through better targeting and pilot of an economic inclusion package that complements the CT program with improved access to economic opportunities, including training and links to employment.

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**Zambia - Supporting Women’s Livelihoods**

*Improving* productivity and reducing poverty in rural areas for women in World Bank-funded Girls’ Education and Women’s Empowerment and Livelihoods (GEWEL) project:

**Supporting Women’s Livelihoods Component:** Life and business skills by community-based volunteers + grant + group mentorship for six months + savings groups.
Increasing income and living conditions of the poor and labor market outcomes through an integrated approach. The pilot builds on the government’s unconditional cash transfer program:

**Integrated Value Chain Development**: supply-side interventions seeking to improve agriculture productivity and farmers’ income (credit + inputs + training + access to market) and demand-side interventions (supporting rice producing units, through credit + training). Tested with and without cash transfer.

**Economic Inclusion Package**: Financial inclusion (savings groups and e-savings) + entrepreneurship training + seed capital + on-demand coaching + cash transfer

Focused on rice crop – labor intensive, widely grown, scope for growth (high local demand, import substitution)

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

Enhancing income through diversification of livelihoods, capacity building and improved access to finance.

SJY follows the graduation approach with participant targeting, consumption transfer, support for savings, livelihood mapping and enterprise selection, productive asset transfer and livelihood financing, aspiration training and confidence building.

**Package**: village social mapping, wealth ranking, village organization verification and endorsement for targeting + savings and credit through Self Help Groups + livelihoods diversification through micro-enterprise promotion, skills development and job placement + insurance services – life, health, livestock + consumption Assistance + asset Transfer and Financing: Rupees 60,000; up to a maximum of Rupees 100,000.
Example: “Big Push” Graduation

Afghanistan Targeting the Ultra Poor (MIFSA)

The TUP program combines the transfer of a productive asset with structured training, mentoring, a basic cash stipend, and other complementary services for a defined period.

Asset transfer: Transfer of a productive asset in the form of livestock (e.g., cows, goats) + Basic training on livestock rearing and entrepreneurship;

Consumption support: A monthly cash transfer/stipend

Empowerment and health support: “health subsidy” + fortnightly “mentoring visits” by social organizers

BRAC - Targeting the Ultra Poor (BRAC)

A comprehensive and holistic set of services designed to provide extremely vulnerable households the “big push” over a limited period of time.

Productive asset transfer: A one-time transfer of a productive asset + skills training on the asset

Consumption support: A regular transfer of food or cash for a few months

Empowerment: Home visits + savings groups/linkages to microfinance institutions + basic health education and services
Illustrative Data: WBG Economic Inclusion projects (2019): Apx. 140 WBG Projects across 5 Global Practices

- **69%** Active
- **31%** Pipeline

**Regional Distribution:**
- AFR: 5%
- EAP: 61%
- ECA: 72%
- LCR: 60%
- MNA: 44%
- SAR: 17%

**Beneficiaries:**
- Ultra Poor: 5%
- Extreme Poor: 61%
- Poor: 72%
- Women: 60%
- Youth: 44%
- IDP/Refugee: 17%

Preliminary Data!
ILLUSTRATIVE: OUTSIDE WBG - SCALE AND GEOGRAPHICAL SCOPE (2017)

99 programs across 43 countries
Reached 3.1 million households – 14 million people – to date
Scale (a): Pathways to Economic Inclusion – some illustrative country examples...

Productive Safety Nets
- Tanzania
- Rwanda
- Brazil
- Ethiopia

Livelihoods & Jobs
- Mozambique
- Bangladesh
- Madagascar
- Uzbekistan
- Cote D’Ivoire

Delivery Systems
- e.g. financial inclusion,
- Social registry, digitalization agenda

Afghanistan

Malawi
- Zambia
- Egypt

Indonesia

Iraq
Scale (b): New directions on bringing economic inclusion to scale.

<table>
<thead>
<tr>
<th>Type of Scale up</th>
<th>Focus</th>
<th>Description</th>
<th>Expected Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horizontal (Coverage)</td>
<td></td>
<td>expansion by covering more people/communities within a given location or replication in different locations</td>
<td>Improve/ widen/ deepen program outcomes</td>
</tr>
<tr>
<td>Functional (Layering and linking of components)</td>
<td>Programmatic</td>
<td>expansion by increasing the scope of activity, e.g., starting with a single focus and layering additional multi-sectoral interventions</td>
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</tr>
<tr>
<td>Vertical (Institutionalization)</td>
<td></td>
<td>institutionalization through policy, programming, political, legal, budgetary, or other system change</td>
<td>Improve efficiency Improve fiscal and policy coherence</td>
</tr>
<tr>
<td>Organizational (Implementation capacity)</td>
<td>Institutional and Policy Aspects</td>
<td>expansion of the implementing organization, or partnerships with other existing institutions, or the creation of new institutions</td>
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4. Trade Offs

Within a fixed budget and politically influenced context, there are fundamental tensions to address:

❖ **Different objectives e.g.**
   - Equality of opportunity for all children; human capital; focus on the productive inclusion of working age adults.

❖ **Target group e.g.**
   - Coverage of extreme poor versus universal focus;
   - Balancing within community, local economy.

❖ **Quality v. Scale**
   - Trade offs in moving to scale

❖ **Sustainability**
   - Fiscal and institutional
For Discussion

What is the next generation of Economic Inclusion?
Supporting a new generation of economic inclusion: 3 pathways

**IMPROVING THE EFFECTIVENESS OF SOCIAL SAFETY NETS**
- Evidence shows safety net transfers can promote economic opportunities, with beneficiaries more likely to expand own-businesses and own-farm labor.
- Increasing emphasis on expanding “cash plus” program interventions, to increase the effectiveness of established programs.

**PROMOTION BETTER JOBS AND LIVELIHOODS**
- For the poorest and most vulnerable, access to employment tends to be informal, risky, and often limited by labor constraints.
- A range of relevant experiences (including in rural development, urbanization, youth) can help unlock entry points for improved job and livelihood opportunities.

**STRENGTHENING PROGRAM DELIVERY SYSTEMS**
- Strengthening beneficiary identification, payments, social accountability etc. as a mechanism for improving access to economic inclusion.
- Implies a strong role for financial inclusion.

3 mutually reinforcing pathways
2. Definition & Key Concepts (b): What is Economic Inclusion?

One way to define economic inclusion is by flipping the question – what is economic exclusion?

“things you are endowed with, and usually accumulated over longer period of time”
human capital, skills, non-cognitive abilities, durable assets, land

“things you can buy or buy into, and are more short-term transactional in nature”
inputs, non-durable assets, agriculture extension services, financial services, output markets

“broader ecosystem within which to participate in economic activity”
Structural nature of economy (including local economy) or systems of production, social or political empowerment
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“broader ecosystem within which to participate in economic activity”
Structural nature of economy (including local economy) or systems of production, social or political empowerment
Dimensions of social exclusion:
- Malnutrition
- Schooling
- Access to health care
- Dwelling conditions
- Family arrangements
- Poverty
- Social assistance

Dimensions of economic exclusion:
- Unemployment
- Lack of skills
- No access to markets
- Lack of information
- Community infrastructure
- Economic programs

Social

Minimum consumption & basic needs

Economic

Skills
Assets
Financing
Information
Local issues
Multiple dimensions of “economic exclusion”

**Multiple barriers**
that the extreme poor face

- Endowment/Capital
- Social, political, economic ecosystem
- Access to markets and services

**A Multidimensional Approach**
can help overcome these barriers

- Asset transfers e.g. Livestock, Agricultural inputs
- Coaching and community awareness
- Access to financial services and market linkages

Extreme Poor