Scaling Effective Economic Inclusion Programs

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This case study builds on the review that opened this chapter to examine the effectiveness of economic inclusion programs that target the ultra poor when the programming is delivered through government-run safety net systems.

Common Perceptions

Economic inclusion approaches show that multifaceted programs—such as graduation programs providing cash grants or assets, plus other support or training—can go a long way toward reducing poverty and sustaining poverty reduction in the long term (Banerjee et al. 2015).

Economic inclusion programs utilize a package of interventions designed to address multiple constraints experienced by the ultra poor and their ability to extricate themselves from poverty. Economic inclusion programs aim to boost the income, assets, and skills of the world's poorest individuals and households with a "big push" of coordinated interventions for a time-bound period of approximately one to two years. A typical program provides a one-off transfer of a productive asset (for example, a dairy cow) or a lump-sum cash grant, regular cash transfers, skills training, or savings facilitation to sustain income-generating activity, as well as psychosocial support in the form of life skills training or frequent visits from social workers.

Even in particularly fragile contexts like Afghanistan, impact evaluation shows that multifaceted programs that target the ultra poor can significantly, and cost-effectively, increase household consumption and reduce poverty (Bedoya et al. 2019).

Questions We Should Be Asking

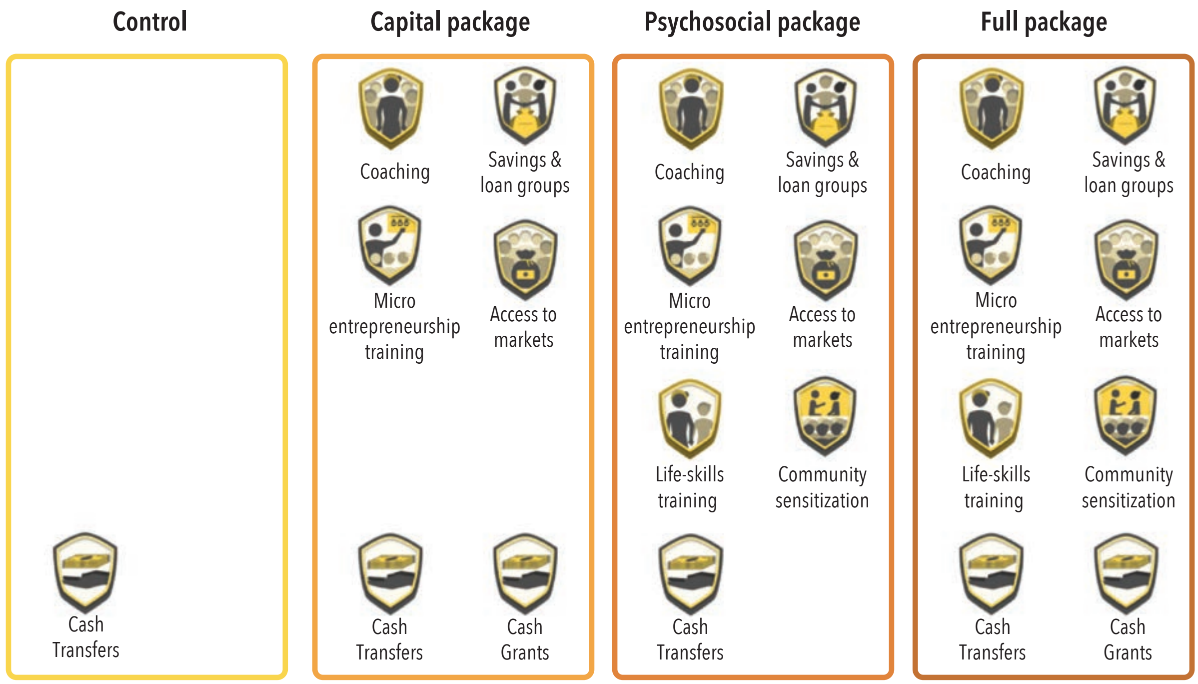
Existing evidence has highlighted the effectiveness of small-scale NGO pilots. Economic inclusion approaches are experiencing an unprecedented surge worldwide and are underway in at least 75 countries, reaching 20 million households and nearly 92 million individuals (directly or indirectly) (Andrews et al. 2021). However, there are many questions about whether governments can successfully deliver multifaceted interventions through their national social protection systems.

Between 2016 and 2020, the governments of Burkina Faso, Mauritania, Niger, and Senegal leveraged their national cash transfer systems to deliver complementary economic inclusion measures aimed at alleviating key constraints that keep the poor from growing their economic activities. These measures were implemented in both rural and urban areas. Beneficiaries (over 90 percent of whom were women) received one or more of the following:

1. Core components consisting of coaching, group savings facilitation, entrepreneurship training, and improved access to markets;
2. A lump-sum cash grant; and/ or
3. Psychosocial components in the form of life skills training and community sensitization on aspirations and social norms.

A multicountry, randomized impact evaluation is underway to determine the impact and cost-effectiveness of this integrated support package, including an analysis of which components optimize it (see figure 2.2).

Figure 2.2 Comparison Group (Control) and Three Economic Inclusion Packages Evaluated (Treatments)



Villages with existing cash transfer beneficiaries were randomly allocated to one of the three packages or a comparison group. In Niger, the randomized controlled trial included 329 villages and over 22,000 households across five regions.

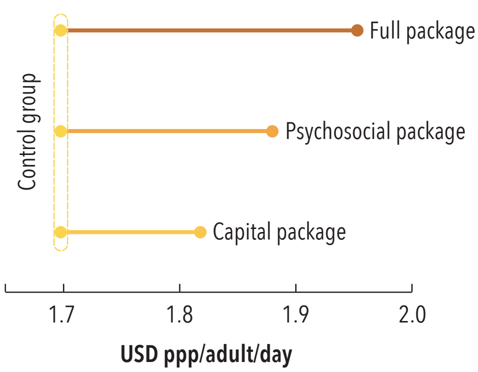
Our Findings

The government-led Niger economic inclusion interventions were highly cost-effective and positively impacted household consumption, food security, revenue, income, and women's psychosocial well-being.

Household Consumption and Food Security

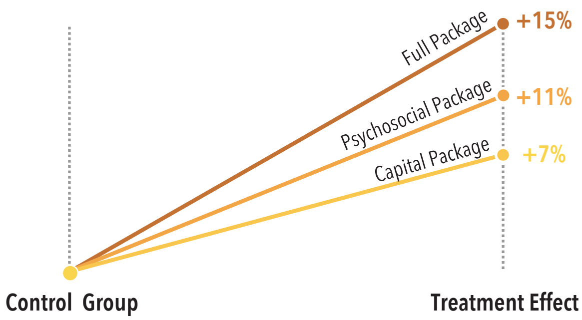
All three packages improved household consumption and decreased food insecurity; impacts were sustained even 18 months post-intervention. While the impacts were seen for all three packages, the full package had the strongest results (see figure 2.3): 18 months post-intervention, beneficiaries had increased their consumption by 15 percent (see figure 2.4).

Figure 2.3 The Net Impact of Economic Inclusion Interventions on Household Consumption



Note: The amounts represent the average consumption per adult per day (measured in US$ PPP) for each treatment arm. The data was collected 18 months after the project's implementation.

Figure 2.4 The Relative Impact of Interventions on Household Consumption



Note: The percentages represent the increase in consumption per adult per day (measured in US$ PPP) for each treatment arm. The data was collected 18 months after the project's implementation.

Revenue and Income

We measured revenues across three activities: off-farm business, agricultural harvest, and livestock. Impacts were particularly strong on off-farm businesses, indicating that women had expanded to non-agricultural activities. However, all three packages strongly impacted beneficiaries' business revenues, with an incredible 49–102 percent increase 18 months post-intervention.

The data shows that women spent more time on income-generating activities and were able to focus on more profitable, non-agricultural businesses. Substantial increases in livestock revenues were also observed in the capital and full packages, as well as in agricultural revenues in the psychosocial and full packages 18 months post-intervention. Across all three packages, households developed new income sources—crucial because diversification is an important factor in sustaining reduced poverty.

Women's Psychosocial Well-Being

Impacts on social inclusion and psychological well-being were strong and sustained for all three packages. Some dimensions of women's empowerment also improved.

Policy Implications

In Niger, the program kept costs low by using a government-led, national cash transfer program as the delivery mechanism. The full package cost was US$584 per beneficiary over the two years of the program. The cash grant (US$321) was the main cost driver. These costs are much lower than graduation-style programs implemented in other contexts (Andrews et al. 2021).

As a result, the **Niger productive inclusion interventions that built on the national cash transfer program were highly cost-effective**. The impacts on consumption alone (without considering impacts on assets, etc.) were so large for the psychosocial and full packages that they exceeded intervention costs 18 months post-intervention. The capital package had a lower benefit-cost ratio due to the relatively high cost of the cash grants and the limited extra welfare impacts it generated.

When using the same assumptions about the sustainability of program impacts as in the literature, the benefit-cost ratios estimated in Niger are several times larger than already very effective traditional graduation programs implemented by non-governmental organizations elsewhere.

The results show that the intervention modalities with psychosocial components are particularly cost-effective due to their low cost and substantial impacts, showing the value of integrating psychosocial interventions in multifaceted programs.

Overall, the delivery of economic inclusion packages to cash transfer beneficiaries generated strong results for household welfare and encouraged households to shift into more productive economic activities. The results show that **government-run safety net systems provide a platform to scale-up highly effective, multifaceted interventions.** This is a promising avenue to simultaneously reduce extreme poverty, improve productive employment opportunities, promote women's empowerment, and boost household resilience.

While the scale-up of economic inclusion programs builds on a promising evidence base, existing evidence does not yet go far enough in addressing several ongoing debates in economic inclusion programming. Specifically, there are still critical gaps in understanding the mechanisms and drivers of impact and cost-effectiveness, especially for large-scale, government-led programs (Andrews et al. 2021).

To implement high quality impact evaluations and assess the cost-effectiveness of government-led economic inclusion programs, the World Bank's Partnership for Economic Inclusion (PEI) and DIME are forging a partnership. This initiative will marry PEI's broad network of technical partners, deep engagement with World Bank's operations, and wide partnership network with DIME's expertise to evaluate large-scale government interventions and develop pathways to maximize program impact.

This case study is based on the work of Thomas Bossuroy, Senior Economist, Social Protection and Jobs Global Practice, World Bank, and Patrick Premand, Senior Economist, DIME.

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