Inclusive Growth: A Synthesis of Findings from Recent IEG Evaluations
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Abbreviations

AAA  analytical and advisory activities
ASA  Advisory Services and Analytics
B40  bottom 40 percent
CCTs conditional cash transfers
CDD  community-driven development
CPF  Country Partnership Framework
CPIA  Country Policy and Institutional Assessment
CPS  Country Partnership Strategy
FCS  fragile and conflict-affected situations
GPOBA  Global Partnership on Output-Based Aid
IBRD  International Bank for Reconstruction and Development
IEG  Independent Evaluation Group
ILO  International Labour Organization
LICs  Low-income countries
M&E  monitoring and evaluation
MDG  Millennium Development Goals
MFIs  microfinance institutions
MICs  middle-income countries
MSMEs micro, small, and medium enterprises
NGOs  nongovernmental organizations
P2P  Power to the Poor
PPPs  public-private partnerships
RAP  Results and Performance of the World Bank Institutions
SCDs  Systematic Country Diagnostics
SDGs  Sustainable Development Goals
SSNs  social safety nets
UMIC  upper middle-income country
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Summary

Globally, although growth has lifted millions out of poverty, in many countries growth has existed in parallel with rising inequality and groups of people being left behind. Social discontent arising from the lack of inclusiveness of the growth process has sometimes led to conflicts and violence.

Anchored on growth, inclusion, and sustainability, the 2013 World Bank Group Strategy promotes inclusive growth by pursuing the twin goals of eliminating absolute poverty and boosting shared prosperity. Reflecting strong concerns for equity, it embraces policies that enhance equality of opportunity and remove barriers against the often-excluded.

The Independent Evaluation Group (IEG) has conducted many evaluations that have assessed World Bank Group interventions in various dimensions of growth, inclusion, and sustainability. This report extracts findings and distills lessons from all relevant IEG evaluations completed between FY09 and FY18 to shed light on the nature and results of the Bank Group’s support in key areas of inclusive growth. In synthesizing evaluative evidence, it follows the common practice in Bank Group strategies and operations in treating all demonstrated attention to the poor and often-excluded groups (women, youth, ethnic minorities, and lagging regions) as explicit support for inclusive growth. Also, it should be noted that some of the issues identified in the evaluations and reflected in this synthesis report may have been addressed through changes in World Bank Group’s strategies, programs and projects in response to evaluative findings or otherwise.

FOCUS ON INCLUSIVENESS OF GROWTH. IEG evaluations revealed that considerations of the inclusive agenda had been present in Bank Group’s strategies and operations for several decades. The Bank Group’s corporate strategies reflected a longstanding focus on poverty as well as growing attention to equity. Most strategies in social, infrastructure, and financial services were aligned with the Sustainable Development Goals (SDGs), supporting the ambitious goals of universal access. Moreover, the Bank Group was a leading source of analytical work to understand the drivers of inclusive growth.

The operationalization of the Bank Group’s support for inclusive growth at country program and project levels had also incorporated an increasing attention to inclusive growth. Overall, in the key areas of support for inclusive growth, including various aspects of economic assets and opportunities, human development, and social protection, available information suggests that Bank Group interventions had been effective in achieving their expected development outcomes.

Despite the progress made, IEG evaluations found that many Bank Group interventions lacked a clear articulation of the mechanisms through which they would contribute to the well-being of the poor and often-excluded. Relatedly, the programs and projects’ results frameworks, and data collected during
project supervision were often insufficient to clearly establish the Bank Group’s contribution to inclusive growth. In addition, uneven internalization of the shared prosperity agenda, which is closely related to inclusive growth – across Bank Group units and lack of commonly shared understanding of the policies and institutions to support inclusive growth may have contributed to insufficient congruence between the Bank Group’s stated ambitions and operational approaches on the ground. Bank Group interventions also faced constraints because inclusive growth agendas at the country level could be context-specific and involve a multitude of players, with some operating at cross purpose. The absence of clear intervention logic and insufficiently strong results framework and monitoring further hampered learning about what works for achieving inclusive growth outcomes.

To break this vicious cycle, IEG evaluations have recommended that the Bank Group adopt an even greater focus on the inclusive growth agenda by systematically considering the needs of and potential effects on the poor and often-excluded in the design of Bank Group strategies and operations and investing in analytical work, data and results monitoring to better understand the drivers of inclusive growth. This does not necessarily mean a corporate mandate to mainstream inclusiveness or a need for targeted support across all its interventions. However, it does mean a consistent application of an inclusive lens so as to understand how the Bank Group can improve its activities in ways that help clients achieve inclusive growth outcomes. Moreover, going beyond setting up the necessary system to collect data on its own interventions, the WBG could play a valuable role in helping client countries develop their data capacities to improve data quantity, quality, and availability in general.

**FROM ACCESS TO UTILIZATION.** The Bank Group had made a strong contribution to progress toward achieving the SDG commitment of extending basic social, infrastructure, and financial services to all people. Although data pertaining to the poor and often-excluded were lacking, provision of services had been expanded, permitting improved access. Bridging the remaining gap will be significantly more challenging. Reaching the poor and often-excluded would require not only resources, but also a deeper understanding of their specific needs, as well as innovative approaches to meet those needs.

Moreover, IEG evaluations have noted that access does not necessarily lead to inclusion. Cost considerations, security concerns, cultural preferences, and social perceptions could deter use of available services. In several areas of social and infrastructure services, the Bank Group had paid more attention to supply-side issues than to demand-side constraints. The World Bank’s experience with conditional cash transfers (CCTs) offered useful lessons for boosting demand and encouraging behavior changes. There was also a need for increased Bank Group focus on affordability of services.

**A ROLE FOR THE PRIVATE SECTOR.** Achieving the SDGs will require a quantum increase in resource mobilization. The private sector has a role to play in meeting those resource requirements. Although its role as an engine of growth and a provider of goods and services, jobs, and the tax
base is well understood, when it comes to the poor and often-excluded, the articulation of the role of the private sector becomes much less clear. The Bank Group and development partners have been supporting governments to explore innovative approaches to capitalize on the interests of private investors to realize both financial and social returns. IEG evaluations identified many success stories where the Bank Group helped break ground for increased private sector involvement in service provision, but also considerable challenges for commercial financing to play a significant role.

Within countries, the challenge is for governments to develop frameworks that facilitate private provision of services. In addition to enforceable and enforced laws and regulations, this includes tariff reforms to allow cost recovery and ensure financial viability of service provision, and public funding to assist the poor.

**KNOWLEDGE AND DATA GAPS.** The most frequently mentioned knowledge gap in IEG evaluations is a lack of information on the outcomes of Bank Group interventions in general and as they relate to the poor and often-excluded in particular. IEG evaluations also called for more impact evaluations to understand what works, and support for improved quantity, quality, availability, and timeliness of data.

There are also important gaps in IEG evaluation knowledge. Many aspects of the Bank Group’s support for inclusive growth have not been assessed, and some evaluations may require an update. For example, IEG has not comprehensively evaluated the Bank Group’s impact on jobs; the available assessment of land support is a learning product based on 14 land administration projects; there is an evidence gap with regard to old age pensions, unemployment benefits, and other forms of social insurance beyond social safety nets; and the last in-depth reviews of the Bank Group’s engagement with gender, agriculture, and technology were conducted in 2010/2011. Given the profound changes in the global economy that are being brought about by disruptive technologies and their potential for transforming economies, IEG’s forthcoming evaluation on development in a digital era is timely.
Management’s comments

World Bank Group Management Comments

Management of the World Bank Group Institutions would like to thank the Independent Evaluation Group (IEG) for the informative Working Paper, *Inclusive Growth: A Synthesis of IEG Evaluation Findings*. The paper covers an important topic that is central to the World Bank Group’s twin goals. It provides a good synthesis of the relevant IEG evaluations completed between fiscal year (FY)09 and FY18, using the lens of inclusive growth. Management appreciates the recognition of the World Bank Group’s approach, operationalization, and achievements in support of inclusive growth. The paper also highlights important challenges for strengthening knowledge on the drivers of inclusive growth to enable better design of World Bank Group interventions and improved data and results monitoring, focusing on impacts on poor and often-excluded groups.

Considering the limitations outlined in the synthesis report, it is important to contextualize the conclusions in the paper. All World Bank Group activities are intended to contribute directly or indirectly to the ultimate goals of ending extreme poverty and boosting shared prosperity. It is therefore fully understandable that the report could not include many aspects of World Bank Group engagements that are relevant to the inclusive growth agenda. It is also worth noting that the scope of the report is driven by the availability of relevant IEG evaluative evidence, and it is not meant to provide an exhaustive assessment of the Bank Group’s support for inclusive growth.

Fighting poverty is a complex endeavor. Strategies to address inclusive growth are often context-specific and need to address specific challenges in a country with a certain socioeconomic environment and political economy. In collaboration with clients, development partners, the private sector, academia, and other actors, the World Bank Group is working to fill the knowledge gaps and to better understand the drivers of poverty and what works to address them.

Management agrees that it is important to continually enhance and deepen our focus on the inclusive agenda, with the support of improved data and monitoring for stronger evidence. As the World Bank Group works to improve people’s livelihoods in pursuit of the twin goals, we will strive to more systematically assess the needs of and impacts on poor and often-excluded groups in the project design and monitoring mechanisms of the World Bank Group’s operations.
MIGA Management Comments

MIGA and the twin goals

The Synthesis Report states that MIGA’s strategies give priority to IDA and fragile and conflict-affected situations, but without a clear articulation of the linkages between its projects and the twin goals, where relevant. However, MIGA notes that it remains fully committed to the twin goals, as articulated in “MIGA Strategic Directions FY15-17.” It is very difficult—if not impossible—to link the development impacts of MIGA guarantees to the twin goals at the project level. Consequently, MIGA’s general approach has been to posit guarantee projects as broadly consistent with the twin goals, within the ambit of country income levels, but without any attribution at the project level. World Bank Group collaboration through joint projects has also been a key element of MIGA’s approach to the twin goals. Over the past two decades or so, joint Bank Group projects have allowed MIGA to expand its reach to access World Bank and IFC clients.

MIGA’s support for electricity access

In referring to the FY14 Electricity Access evaluation, the Synthesis Report states that MIGA operated in only eight low-access countries during FY00-14. MIGA wishes to reiterate that according to IEG data, 22 of the 72 MIGA guarantees provided in the electricity sector during FY00–FY14 were in low-access countries. MIGA also notes that it served the highest share of low-access countries (35 percent) in the World Bank Group, and the lowest share (39 percent) of universal-access countries.
Introduction

In 1973, Bank Group President Robert McNamara initiated a radical shift in the institution’s strategy by sharpening the focus on the poorest groups in developing countries, especially “the approximately 40 percent of their population who are neither contributing significantly to economic growth nor sharing equitably in economic progress.”\(^1\) The approach to income distribution was, fundamentally, one of poverty alleviation, pursued by “accelerating the development of the poorer segments in the society rather than in terms of relative shares of income.”\(^2\)

Since then, various flagship reports—including three World Development Reports (1990, 2000/01, 2006, and 2012)—have shed light on the complex relationship between growth, poverty, and inequality, and have contributed to recognizing not only the intrinsic value of equity, but also how equity affects the long-term development of countries and the welfare of their people.\(^3\) These reports have strongly influenced subsequent Bank Group strategies.

In 2001, the Bank Group committed itself to the Millennium Development Goals and adopted a two-pillared strategy.\(^4\) The first pillar was founded on the principle that overcoming poverty requires economic growth, which is driven by the private sector. The second pillar, which was supposed to reinforce the first pillar, involved investing in and empowering people, particularly poor people. In 2013, the World Bank Group adopted its current strategy, which defined two corporate goals: ending extreme poverty and promoting shared prosperity.\(^5\) Without referring explicitly to inclusive growth, it emphasizes growth, inclusion, and sustainability, including strong concerns for equity.

The 2013 Strategy stresses that economic growth must create good jobs, for which actions to strengthen both the private and public sectors are required. It defines inclusion as empowering all citizens to participate in and benefit from the development process, and embraces inclusive policies that promote equality of opportunity as well as actions that remove barriers against those who are often excluded, such as women, youth, and minorities. It also emphasizes sustainability to ensure that progress is not reversed. To these ends, the Bank Group supports country-specific policies and investments for job creation, good governance and anticorruption, gender equality, environmental sustainability, and crisis response.

\(^1\) McNamara, R. 1973, Address to the Board of Directors, Nairobi, Kenya.
\(^4\) WB, 2001, Strategic Directions for FY02-FY04: Implementing the World Bank Strategic Framework.
In support of the World Bank Group’s twin goals, International Development Association (IDA)17 introduced inclusive growth as a special theme in 20146. Focusing on building the knowledge base and tools for understanding country-specific constraints to inclusive growth, IDA committed itself to devoting special attention to job creation, financial inclusion, public financial management, and natural resource management to promote inclusive growth. Some important aspects of inclusive growth, such as gender equality, were dealt with separately. IDA18 replaced this special theme with jobs and economic transformation, which emphasizes infrastructure, private sector development, job creation, and regional economic integration7.

A Framework for Inclusive Growth

The advances in the Bank Group’s thinking as well as its strategies are rooted in the evolution of the postwar economic paradigm. In the early years after World War II, the prevailing view was that development involved an initial worsening of the income distribution with a subsequent improvement in inequality as growth trickled down to poorer people.8 Rising inequality was seen as an almost mechanical consequence of labor moving from low-productivity agriculture to high-productivity manufacturing, so not a cause for concern, especially if the incidence of poverty was falling. It was even argued that there was a trade-off between equity and efficiency.9 This expectation was confirmed by the trajectories of advanced economies, and some developing countries. China’s growth in recent decades also followed such a path.10

The experience of many other countries, however, was different. In several countries, including some fast-growing economies, the growth process failed to produce a turning point after which the initial trend of inequality was reversed. Instead, poverty rates persisted at high levels, with groups of people being left behind. Although changes in inequality appear to be country-specific and there is no conclusive evidence that, on average, inequality is higher today than it was 25 years ago11, concerns about the distributional consequences of growth have shifted development thinking to incorporate active intervention to manage distributional issues throughout the growth process.

Recent research shows that although growth has generally helped reduce the incidence of poverty, this has been less the case in more unequal countries, and that high inequality threatens to stall future progress against poverty by attenuating the long-term sustainability of growth.12 There is now consensus that growth is not inherently pro-poor, but must be calibrated to benefit the poor, and the equity-efficiency trade-offs may be avoided if redistribution involves an increase in the productive capacity of the poor.13 There is also increasing recognition that poverty is multidimensional and that

8 Kuznets, 1955, Economic Growth and Income Inequality, AER.
the impact of growth may differ not just across income distribution, but also across ethnic and gender groups and geographical regions. In this context, how people engage in the growth process matters as much as its outcomes.

Despite agreement about the need for a more inclusive model of growth, the concept of inclusive growth remains vaguely defined. There is ongoing discussion about what it is, how to measure it, and how to achieve it. Key elements of the pathways to inclusive growth often include private sector-led growth that is broad-based across sectors and regions to expand economic opportunities; human capital development that enhances productive capacities of all people to participate in the growth process; and safeguard mechanisms that ensure socioeconomic equity and resilience against risks, to sustain long-term development.

Anchored on growth, inclusion, and sustainability, the 2013 World Bank Group Strategy subscribes to such a framework for achieving the twin goals, and thus for promoting inclusive growth. The shared prosperity goal—to boost the incomes of the bottom 40 percent of the population—provides a measure of inclusive growth because it “paves the way for a focus on inequality, not only of opportunity but also of final outcomes.”

Over the years, IEG has conducted many evaluations that have assessed Bank Group interventions in various dimensions of growth, inclusion, and sustainability. This report extracts findings from all relevant IEG evaluations completed between FY09 and FY18 to answer the following three questions:

To what extent have Bank Group strategies and operations been informed by considerations of inclusion?

What do we know about the effectiveness of Bank Group support for improving inclusive growth outcomes?

What are the key lessons and knowledge gaps about the Bank Group approaches for fostering inclusiveness of growth?

Figure 1.1 maps the topics covered in IEG evaluations to the key elements of the pathways to inclusive growth. It is acknowledged that IEG has not assessed many aspects of the Bank Group’s engagement with the inclusive growth agenda. The scope of this report is driven by availability of relevant evaluations and is thus not meant to provide an exhaustive assessment of the Bank Group’s support for inclusive growth. It is also acknowledged that available evaluations are highly uneven in their coverage of Bank Group institutions, evaluation methods deployed, depth of analysis, and time periods. Finally, although fiscal resilience and environmental resilience are closely related to inclusive growth, this report does not address these issues. A 2017 synthesis summarizing available IEG evaluations in those areas does exist. Appendix A summarizes the basic features of the evaluations referenced in this report.

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15 IEG, 2017, Crisis Response and Resilience to Systemic Shocks.
In synthesizing evaluative evidence, this report follows the common practice in Bank Group strategies and operations in treating all demonstrated attention to the poor and often-excluded groups (women, youth/elderly, ethnic minorities, and lagging regions) as explicit support to promote inclusive growth. While underscoring the fundamental role of growth, the report eschews discussions of Bank Group support for growth in general, or its implicit support for the poor and often-excluded through trickle-down effects; instead, it focuses on the strategies and interventions that promote the inclusiveness of growth. It is also beyond the scope of this report to reflect the Management’s responses to IEG evaluations, or to document the Bank Group’s continuing efforts in the various areas since the evaluations.
Considerations of Inclusive Growth in Bank Group Strategies and Operations

There was evidence of an increasing focus on inclusive growth in Bank Group strategies and operations, consistent with its long-term mission to reduce poverty, attention to the poor is strong. However, IEG evaluations did not reveal a widespread reference to the term “inclusive growth” in WBG corporate, sector, and country strategies. Instead, considerations of the inclusive growth agenda were manifested through attention to poverty reduction, gender equality, shared prosperity, and welfare of the disadvantaged. With the corporate push to mainstream gender and increased client demand for gender-smart solutions, considerations of gender issues were growing rapidly. References to other often-excluded groups were less common. Overall, the high-level strategic focus on inclusive growth had yet to translate into consistent attention throughout Bank Group operations.

Corporate Strategies: Longstanding Focus on Poverty and Growing Attention to Equity

Poverty reduction has been a strategic objective of the World Bank Group since the 1970s, when President Robert S. McNamara first made it a corporate priority. In 2001, the Bank Group formally endorsed the Millennium Development Goals (MDGs), but continued to pursue a more comprehensive approach to poverty reduction by combining private sector–led growth with empowering the poor to participate in development and supporting their increased resilience to various risks—the pillars of Bank Group corporate strategies since 2000.

The adoption of the twin goals in 2013 reflects the Bank Group’s recognition that addressing high inequality levels is important for achieving the vision of poverty elimination. However, the Bank Group has stopped short at considering inequality reduction a corporate goal, noting that promoting shared prosperity does not necessarily imply reducing inequality in all countries at every point of time. Instead, the Bank Group’s approach to shared prosperity embraces an emphasis on enhancing human capacities and building assets, improving access to markets, and strengthening tax and transfer policies. This approach promotes the inclusiveness of growth by emphasizing the factors that encourage participation of the poor and vulnerable in the growth process.

16 The Poverty Focus of Country Programs: Lessons from World Bank Experience (FY15).
17 The Millennium Development Goals focus on poverty, gender equality, and access to education, health, and water and sanitation services.
18 Results and Performance (RAP) 2014 (FY15).
19 World Bank Group support for shared prosperity (FY17).
International Finance Corporation (IFC), seeking to contribute to growth by promoting private investment, has grappled with the basic challenge of combining successful business operations with development impact since its inception. Over time, IFC strategies have evolved to be consistent with support for inclusive growth. Since 2000, IFC’s strategies have included a focus on frontier markets, IDA, FCS, regions with a high incidence of poverty and fragility, micro, small, and medium enterprises (MSMEs), sectors with strong engagement of the poor, and certain types of financial services. Gender is considered a cross-cutting strategic theme, and IFC also aims to reach people at the base of the pyramid through inclusive business models that support low-income, excluded, and underserved populations.

MIGA’s strategies give priority to IDA and fragile and conflict-affected situations (FCS), but without a clear articulation of the linkages between its projects and the twin goals, where relevant.

Of the many facets of inequality, the Bank Group has paid special attention to gender disparity. The first Bank Group gender strategy, adopted in 2001, mandated gender mainstreaming in all country strategies and throughout the World Bank’s lending portfolio. The World Development Report 2012: Gender Equality and Development added further impetus to working toward gender equality, while the Bank Group’s restructuring in 2014 effectively made gender a top institutional priority by creating the Gender Cross-Cutting Solution Area. The Bank Group’s current gender strategy brings the World Bank and IFC together for the first time to focus on gender. Corporate commitments on gender are reflected in the Corporate Scorecard and IDA results framework. In addition, IFC pursues gender-related goals in its Sustainability Framework and multiple Performance Standards.

Country Strategies: Substantial Yet Inadequate Incorporation of Inclusive Growth

The Bank Group’s country strategies were broadly consistent with poverty diagnostics and addressed the main causes of poverty. Growth, employment, poverty reduction, and social service delivery (health and education), or modest variants on these, were the main pillars of most country strategies. In 10 case study countries, IEG found that the Bank Group’s strategy formulations all emphasized social inclusion and inclusive growth.

MDG themes had been substantially incorporated into country strategies even before the introduction of the MDGs. In nine countries reviewed for the Results and Performance of the World Bank Institutions (RAP) 2015, nearly 80 percent of the Country Partnership Strategy (CPS) pillars supported specific MDGs. Virtually all country strategies included objectives in education and health, while objectives in social development and social protection, agriculture and rural development, and water and sanitation became more important over time. Measured by the use of MDG-related indicators in the CPS results frameworks, the focus on MDG issues was stronger in the two FCSs than in the four

20 Assessing IFC’s Poverty Focus and Results (FY11).
21 World Bank Group support for shared prosperity (FY17).
22 RAP 2015 (FY16).
23 Poverty Focus of Country Programs (FY15).
24 RAP 2014 (FY15).
low-income countries (LICs) and three middle-income countries (MICs) in the sample.

The 2015 RAP found that MDG-related Bank lending was higher in MICs than in LICs and FCSs, and this gap widened after the introduction of the MDGs. The 2017 evaluation on shared prosperity revealed a similar trend: the share of World Bank projects with significant distributional content was higher among upper middle-income country (UMIC) clients than lower middle-income countries (LMICs) and LICs. To a large extent, this outcome reflects the MICs’ choice to work with the World Bank on issues related to inclusive growth. In Brazil, for example, the World Bank strongly supported MDG 7 (environment, water and sanitation, slums) throughout the period, as well as objectives in poverty, education, maternal and child health, and communicable diseases. By contrast, in Nepal, although the MDGs were highlighted in Bank Group strategies, much of the World Bank’s lending program was directed to transport, energy, and mining. Overall, MICs tend to focus their engagement with the Bank Group on issues that affect the quality of growth, while LICs seek Bank Group support for many competing priorities, both to accelerate growth and to ensure inclusiveness of that growth.

After the adoption of the twin goals, Bank Group country strategies zeroed in on what would be required to support their achievement. More than half of the country strategies included significant distributional content. However, three-quarters of the objectives in a sample of 29 CPFs failed to show how they would influence the living conditions of the bottom 40 percent (B40), and in 12 of the 29 countries, none of the CPF objectives had an explicitly articulated theory of change pertaining to the B40. Only 16 objectives, or 7 percent, described the results chain linking Bank group interventions, context variables, and outcomes related to the B40.

IEG evaluations have used different lenses when assessing the Bank Group’s support for inclusive growth. The 2013 evaluation of the Bank Group’s assistance to low-income FCS, for example, focused on growth and job creation, and examined the Bank Group’s support for private sector development, agriculture, infrastructure, and natural resources management. It found that the Bank Group lacked a strategic and effective framework for inclusive growth and jobs in FCS during FY01–FY12, and that country programs broadly assumed that job creation would result from economic growth.

In contrast, the 2015 evaluation of Bank Group engagement in resource-rich developing countries emphasized poverty reduction and sharing the benefits of growth. It looked at the Bank Group’s support for social transfers, education and skills development, reaching the rural poor, and managing environmental impact. It identified the World Bank program in Mongolia as a good-practice example on the basis of the program’s very explicit selection of areas that would have the maximum impact on poverty reduction and shared growth. In other countries, it found World Bank selectivity to be more arbitrary, reflecting a lack of government interest in World Bank support in certain areas (Bolivia and Kazakhstan), or lack of traction of the World Bank’s previous programs (Zambia).

26 Growth for the Bottom 40 Percent: The World Bank Group’s Support for Shared Prosperity (FY17).
Discussions of gender issues in CASs increased significantly over time. A 2005 evaluation on gender found that 64 percent of CASs referred to gender issues; by the 2010 evaluation, 89 percent of the CASs did.\(^{28}\) A strong effort between FY11 and FY13 led to further increase in gender integration in country strategies, with nearly all country strategies incorporating gender in at least some dimension by 2016.\(^{29}\) However, only 55 percent of the country strategies with a gender discussion presented a logical chain that linked background analysis, actions, pillars or components, and indicators. Almost half of the gender indicators were either education or reproductive and maternal health indicators.

The 2010 evaluation found that gender integration in CASs was strongly correlated with the preparation of a Country Gender Assessment, and that CASs did better at integrating gender considerations in countries with lower Country Policy and Institutional Assessment (CPIA) #7 (gender equality) ratings. IDA country strategies had a higher level of gender integration than International Bank for Reconstruction and Development (IBRD) countries: all country strategies with an explicit gender pillar; and 90 percent of those where gender was explicitly integrated in a cross-cutting manner were IDA countries.

**Understanding the Drivers of Inclusive Growth through Analytical Work**

Between FY90 and FY14, MDG-related analytical and advisory activities (AAA) products grew in both absolute terms and as a share of total AAA delivered, with non-lending technical assistance expanding particularly fast.\(^{30}\) Poverty-related AAA grew particularly fast, from 2 percent of the World Bank’s total knowledge work in FY90–FY01 to 10 percent in FY02–FY14. The World Bank was considered a leader and valued partner in poverty diagnostics by governments and other stakeholders.\(^{31}\) Most poverty diagnostics attempted to identify the key drivers of income and non-income poverty at the national, regional, and zonal (rural/urban) levels, and across social groups. Growth was most often identified as the main driver of poverty reduction, but the type of growth (or its inclusiveness) was also crucial, and linking growth to poverty reduction requires jobs, particularly productive jobs. Education and health were repeatedly identified as key drivers of poverty reduction, and additional analytical work such as Public Expenditure Reviews (PERs) delved further into the links between education, health, and poverty reduction. Improvements in social development, including social inclusion, sustainable livelihoods, gender equity, and increased voice and participation, were found to contribute to poverty reduction.

Introduced in 2013, the Systematic Country Diagnostics (SCDs) have become the Bank Group’s main instrument for comprehensive assessments of client countries for achieving the twin goals. All SCDs devoted strong attention to identifying opportunities for economic growth.\(^{32}\) The impact of economic growth on the poor was analyzed extensively, focusing on the drivers of poverty reduction, such as job creation and labor income, social assistance programs, and equality of opportunity in education.
and health. Changing trends in poverty incidence were identified in both monetary and nonmonetary dimensions and with an emphasis on the vulnerability of the poor across gender, ethnic, and minority groups and rural/urban dichotomies. The most frequently discussed pathway for boosting shared prosperity was to increase the income-earning assets of the poor, while transfers, although important, were a lesser means for lifting people at the bottom.33

The World Bank’s other core diagnostics, such as Country Economic Memorandums, PAs, PERs, and gender assessments, had paid relatively little attention to the B40, although these diagnostics were more likely to cover distributional issues than other types of Advisory Services and Analytics (ASA) and a larger share of them contained distributional content after the adoption of the twin goals. The share of ASA with distributional content was higher in Latin America and the Caribbean than in other Bank Group regions. Judged by the downloads at the World Bank’s Open Knowledge Repository, diagnostics related to shared prosperity and inclusive growth appeared to be in greater demand than other analytical work, suggesting more influence.

IFC has contributed to understanding the drivers of inclusive growth through analysis of business strategies at the bottom of the pyramid, assessments of the private sector’s contribution to job creation and poverty reduction, and an overview of how IFC’s support for private sector growth potentially contributes to the twin goals. Since 2010, there has been a surge of studies on measuring the number of jobs created and other social benefits generated by IFC projects.

During the past decade, the World Bank has become the largest producer of impact evaluations among development institutions. There is now a more systematic approach to identifying and financing impact evaluations, notably in human development. For instance, the 2011 IEG evaluation on SSNs identified 92 impact evaluations of 24 World Bank–supported SSN programs, providing a large body of evidence unavailable in other sectors. However, these evaluations were concentrated in the MICs and Latin America and the Caribbean, and on CCTs. Moreover, a 2012 IEG evaluation on Bank Group impact evaluations noted that the feedback loop between impact evaluation production and World Bank operations and learning had been weak.34

### Learning to Support Inclusive Growth through Development Financing

The share of World Bank projects with significant distributional content had been trending up even prior to the adoption of the twin goals.35 However, although three-quarters of World Bank projects mentioned the shared prosperity goal, only 32 percent had an explicit theory of change linking project interventions to benefits among the B40 and in just 18 percent that theory of change was sufficiently articulated. Lack of genuine attention to inclusion issues or of knowledge about the policies and institutions needed to support inclusive growth might explain why so few projects explicitly identified the expected transmission channels.

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33 Growth for the Bottom 40 Percent (FY17).
35 World Bank Group support for shared prosperity (FY17).
Most of IFC’s projects are designed to contribute to growth, making it challenging to incorporate poverty and distributional considerations. A review of 339 IFC investment projects from 12 countries during FY05–FY13 found that only 17 percent had an objective or a component that could potentially benefit low-income or excluded populations. No IFC projects approved between FY14 and FY16 directly targeted shared prosperity or included a clear theory of change linking project results to benefits accruing to the B40 (or to a subset of that group). Many IFC projects indicated that they would create jobs, but the link to the poor was not clear.

The theory of change was found strongest in World Bank projects that would help improve transfers to the B40 and in those that would build their productive assets, suggesting a better understanding of the mechanisms for reaching the poor in these areas. Of the IFC projects that mentioned shared prosperity, about 60 percent focused on supporting micro and small enterprises or low-income or underserved populations by increasing access to microfinance, or on improving accessibility and affordability of services (such as health and electricity) through the private sector.

Different Levels of Focus on Inclusiveness of Growth in Bank Group Support for Improved Economic Assets and Opportunities

Access to Finance: Strong Bank Focus on Inclusion

The Bank Group’s 2007 Financial Sector Strategy set out an agenda for financial inclusion. The 2013 Strategy prioritizes access to finance in low-income countries and FCSs. In October 2013, World Bank President Kim lifted financial inclusion to the highest strategic relevance by declaring the Bank Group’s commitment to achieving universal access to financial services by 2020, focusing on extending access to low-income workers and poor families in 25 priority countries through transaction accounts.

During FY07–13, Bank Group support for financial inclusion grew by about 20 percent. There was a strong and increasing focus on upstream policy, regulatory, and institutional issues. IFC carried out a large portion of the Bank Group’s downstream interventions, mainly through credit, although a growing share addressed issues (or institutions) related to payments, savings, and insurance, which are known to have higher potential to improve the lives of the poor.

The Bank Group’s downstream support was concentrated in the most excluded countries, but also reflected patterns of over-indebtedness, providing advisory and knowledge support rather than funding to markets at risk of over-indebtedness. For example, 99 percent of the World Bank’s lending focused on the bottom two quartiles of countries in terms of financial inclusion and over 70 percent in the lowest quartile. IFC investments had less emphasis on countries with the lowest levels of financial inclusion but were also in sync with client countries’ needs. Sub-Saharan Africa led all other regions in the number of projects. About one-third of financial inclusion projects focused on women and rural areas.

The Bank Group’s targeted support for SMEs was usually done in tandem with financing through

36 World Bank Group support for shared prosperity (FY17).
37 Inclusive Finance (FY15).
microcredits or providing microfinance to improve their access to finance. During FY06–FY12, just over half of the World Bank’s targeted SME portfolio was provided through lines of credit for on-lending to SMEs, and nearly all IFC’s SME portfolio focused on financial markets. Unlike the portfolio targeting low-income households and microenterprises, a significant portion of the Bank Group’s SME financing went to non-IDA countries. UMICs accounted for one-third of World Bank lending and more than half of IFC investments. Many IFC advisory projects were linked to complementary investment projects.

**Land: Most Bank Group Support Is Not Designed to Address Inclusion**

The World Bank supports both increasing land access for the poor and formalization of land-use rights. About 85 percent of the World Bank’s lending support was for land administration, which aimed to improve public services for titling and recording transactions. A 2016 review of 14 land administration projects found that most projects focused exclusively on modernizing the system for registering property rights, demarcation of land, improving information systems, and building capacity for land administration agencies. These projects did not explicitly target the poor or vulnerable groups; nor did they reflect social inclusion in their objectives. The World Bank’s land tenure interventions that address the demarcation and registration of indigenous peoples’ land, or land redistribution, have a more explicit focus on equity dimensions of land issues. IEG has not evaluated these projects systematically.

**Agriculture and Agribusiness: Strong Natural Focus on the Rural Poor, but Uneven Explicit Attention**

Most of the world’s poor live in rural areas. Given the space in which they operate, Bank Group strategies for agriculture and agribusiness development have extensive considerations of the rural poor. Over time, the Bank Group’s strategies have sharpened its focus on the most disadvantaged, and have supported an increasingly broad rural agenda anchored in creating an investment climate conducive to rural growth and empowering the poor to share in the benefits of that growth. Following two successive food crises in the 2000s, the Bank Group’s Agriculture Action Plans (FY10–12, FY13–15) showed renewed attention to food security, and emphasized the importance of enhanced agricultural productivity, linking farmers to markets, strengthened value chains, and creating more and better rural jobs. Aligned with these action plans, IFC’s agribusiness strategies have a pillar in inclusive economic development, targeting firms that work with smallholder supply chains. Agribusiness is also an area with high prevalence of inclusive business models and where IFC engages to improve livelihoods in rural areas.

Between 1998 and 2003, the share of World Bank commitments focusing on agricultural growth and productivity declined from 71 percent of the portfolio to 25 percent, before picking up slightly thereafter. Although Sub-Saharan Africa had the most projects and largest commitments, it had the

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38 The World Bank’s Targeted Support to SMEs (FY14).
40 “Why Land Administration Matters for Development” (FY16). A few projects included specific measures to address the needs of vulnerable groups (typically women and ethnic minorities), but they were not always implemented as planned and there was insufficient follow up during implementation to assess if these efforts were appropriate.
41 Growth and Productivity in Agriculture and Agribusiness: Evaluative Lessons from World Bank Group Experience (FY10); and Growing the Rural Nonfarm Economy to Alleviate Poverty (FY17).
42 Industry Competitiveness and Jobs (FY16).
44 Growth and Productivity in Agriculture and Agribusiness: Evaluative Lessons from World Bank Group Experience (FY10).
lowest share of portfolio dedicated to agricultural growth and productivity. Instead, the World Bank engaged through nonagricultural projects that had some agricultural activities (including forestry), many with community-driven development (CDD) approaches. Because of agriculture’s role in creating jobs and reducing poverty, agriculture dominated the World Bank’s interventions on competitiveness. Half of these agriculture projects were in LICs; one third in LMICs.45

IFC agribusiness investments increased sharply after the sector became a corporate strategic priority in 2007.46 Its financial support had focused on large local and regional trader-processors, who provided extension, financial, environmental, and social services and inputs to their outgrowers and other value chain partners. IFC’s agribusiness investments, which made up a major share of the Bank Group’s support for manufacturing competitiveness, did not increase in agriculture-based economies, especially in Sub-Saharan Africa, but were targeted at large MICs. IFC’s agribusiness advisory work had focused on Europe and Central Asia.

During 2004–14, the World Bank provided more support to generate rural nonfarm incomes than had been suggested by its tracking system.47 Some rural nonfarm economy projects targeted the rural poor directly through CDD approaches with a productive aim, rural livelihoods programs, and special social protection programs with a productive component; others sought to increase productivity and competitiveness by supporting crop, animal, and tourism value chains. The latter approach had been increasing rapidly as a share of world Bank Group commitment, but these projects did not identify specific links to the rural poor.

**Jobs: Challenges in Defining Effective Support Mechanisms**

The Bank Group struggles to mainstream jobs in its support programs due to difficulties in articulating jobs outcomes in projects, particularly when job creation is indirect; establishing conceptual link between jobs and Bank Group activities; collecting data; and demonstrating results.48 Conscious of these problems, the Bank Group’s Jobs Cross-Cutting Solution Area (now blended into social protection and labor) worked to develop a conceptual framework to help staff measure, monitor, evaluate, and report the results of jobs-focused operations, as well as job-related indicators to improve knowledge about the ways that Bank Group projects effect more, better and inclusive jobs.

About half of the Bank Group’s industry competitiveness projects referred to jobs, with the Middle East and North Africa region showing the highest proportion (69 percent). Of these projects, only 30 percent identified the types of beneficiaries they would affect, of which 45 percent targeted the poor or vulnerable and 36 percent, youth or elderly. Gender-specific employment targeting was present in 16 percent of job-related projects. A large percentage of job-related agriculture projects were in LICs; most job-related manufacturing projects were in LMICs. Most projects identified indirect channels, such as improving the business environment, infrastructure, supply and value chains, and innovation, as the main mechanisms to create jobs.

46 Growth and Productivity in Agriculture and Agribusiness: Evaluative Lessons from World Bank Group Experience (FY10).
47 Growing the Rural Nonfarm Economy to Alleviate Poverty (FY17).
48 Industry Competitiveness and Jobs (FY16).
The Bank Group’s industry competitiveness projects focused much more on creating jobs (80 percent) than improving the quality of existing jobs (5–10 percent). A higher share of projects in manufacturing aimed to improve job quality than in other industries. IFC addressed job quality through performance standards on labor and working conditions for its investment projects.

The Bank Group did not have a strategy for youth employment; instead, corporate thinking was set out in the strategies on education, and on social protection and labor. During 2001–11, the World Bank’s direct youth employment lending was small and not targeted to the countries with the largest youth employment problems. MICs with large lending programs were the main recipients. Eighty percent of the World Bank’s youth employment portfolio supported skills building and school-to-work transition activities; more than half included interventions to foster job creation and work opportunities for youth. IFC strategies did not give priority to youth employment, except in the Middle East and North Africa region. With the creation of the Jobs Cross-Cutting Solution Area, the Bank Group emphasizes more youth employment.

**Infrastructure Services: Imbalances in Channeling Bank Group Resources to the Poorest**

To improve delivery of infrastructure services, the Bank Group has pursued strategies that support both infrastructure development and targeting of the underserved. Most Bank Group financing in infrastructure, however, has gone to MICs and higher-access countries. Engagement in Africa was generally weak and, in some cases, declining. There was significant attention to expanding access to services but improving affordability of service delivery has generally been neglected, even though the cost of services is a big concern for the poor and disadvantaged.

**Box 2.1. Colossal Challenges**

Worldwide, 663 million people lack access to improved water supply and 2.4 billion lack access to improved sanitation; more than 1 billion people do not have access to electricity and another 1 billion have chronically inadequate or unreliable service. Achieving universal access by 2030 requires an investment estimated at $1.7 trillion in the next 15 years for water and sanitation, which is three times historic levels, and $37 billion per year for electricity, compared to an average of $3.6 billion per year that low-access countries (less than 50 percent coverage) received from public and private sources in recent years. Meanwhile, with just 3 percent of the land mass, the world’s cities host more than half of its population, a share that will grow to 60 percent by 2030, and account for 60 percent of energy consumption and 75 percent of carbon emissions.

**Source:** A Thirst of Change: The World Bank Group’s Support for Water Supply and Sanitation, with Focus on the Poor (FY17); World Bank Group Support for Electricity Access (FY15); Mobile Metropolises: Urban Transport Matters (FY17).
**Water supply and sanitation.** To achieve access to water and sanitation for all, the Bank Group strategy emphasizes innovative service delivery, targeting the poor, improving service provider performance, facilitating public-private partnerships (PPPs), and addressing environmental and intersectoral factors.49 During FY2007–16, World Bank lending in water supply and sanitation was highly skewed toward MICs, but had a robust knowledge presence in LICs, where the World Bank tackled emerging challenges such as sustainable management of onsite sanitation and promoting domestic private water supply and sanitation service providers. All IFC investments and 90 percent of IFC advisory services were in MICs. China was the single largest client for both IFC and MIGA in water supply and sanitation, receiving 13 of IFC’s 49 investments and 7 of MIGA’s 9 guarantees. The vast majority of IFC advisory services in WSS advised governments on PPP transactions, PPP structuring, or implementation of privatization transactions.

Both World Bank lending and IFC investments placed significantly more emphasis on access to water supply and sanitation and on augmenting bulk water supply than on addressing reliability, quality, and affordability of services to consumers. They also focused on urban areas and paid more attention to water supply than to sanitation and wastewater management. World Bank engagement in small towns and rapidly urbanizing villages in LMICs and LICs was limited. Although a majority of World Bank projects conducted social assessment and included beneficiary participation in design and implementation, less than 30 percent addressed the needs of disadvantaged groups.

Global partnerships complemented Bank Group support. Both the Water and Sanitation Program and the Water Partnership Program were major conduits for World Bank knowledge transfer in the water supply and sanitation sector.50 The Water and Sanitation Program maintained presence in 37 countries, including 12 FCS, and offered flexibility for dealing with topics that are not amenable to regular World Bank operations. The Water Partnership Program supported smaller-scale activities and provided just-in-time support to World Bank projects for analytical work, and project preparation and implementation. With a focus on affordable access for the poor, the Global Partnership on Output-Based Aid (GPOBA) supported projects that tested innovative ways to address key supply-side and demand-side barriers to access and service delivery, with a strong emphasis on Sub-Saharan Africa.

**Electricity.** To support the objectives of the Sustainable Energy for All (SE4All) initiative, the Bank Group’s strategic focus on electricity access has evolved from building the generation, transmission, and distribution capacities of national electricity companies in the 1970s and 1980s, to rural electrification in the 1990s, unbundling and privatization in the 2000s, and renewable energy and off-grid options more recently as technology improved and became less expensive.51 Despite the ambition, during FY00–14, the 51 low-access countries, including 22 FCS, received only 22 percent of World Bank lending commitments and 6 percent of IFC investment commitments for the electricity sector. Bank Group engagement was shallow and sporadic in most low-access countries: during the 15-year period, there was no Bank Group project approved in 14 countries; IFC was absent in 29 countries; and MIGA operated in only 8 countries. This could be partly attributed to limited (albeit

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50 The Water and Sanitation Program, Water Partnership Program, and other smaller trust-funded programs were merged into a unified partnership framework that was fully operationalized in January 2017.
increasing) IDA resources, and the presence of FCS among low-access countries, which constrained World Bank operations to small grants under the multi-donor trust fund. There were significant gaps in coverage of low-access countries, with especially low engagement and continuity in Sub-Saharan Africa.

In countries that had reached medium to near-universal access, the Bank Group focused more on other dimensions of electricity access, including quality and reliability, and energy efficiency and renewable energy. Support for off-grid electrification was small. The Bank Group’s growing nonconventional renewable energy portfolio is dealing with technology and regulatory challenges. Most of IFC’s electricity investments were in conventional generation, while its advisory services focused on structuring PPP transactions and tenders and bids documents.

**Urban transport.** To meet the challenges of rapid urbanization, recent World Bank strategies have embraced the objectives of mobility for all, with increasing attention turned toward more inclusive approaches, especially for public and non-motorized transport. However, although urbanization accelerated during FY07–16, Bank Group support in urban transport was flat except in 2010, when there was a surge in the wake of the global financial crisis. The number of public transit projects increased slightly, but their average project size fell. The Bank Group’s urban transport portfolio has concentrated in MICs since 2012, with UMICs accounting for 43 percent of all commitments. In Africa, despite pressing need arising from rapid urbanization, the Bank Group’s portfolio declined by nearly 60 percent between the first and second half of the 10-year period, and focused increasingly on urban roads. Among the various modes to improve access, nonmotorized transportation facilities disproportionately benefit the poor; yet Bank Group support for nonmotorized transportation was strongly skewed toward MICs: 10 MICs accounted for 66 percent of the total, while Africa, where walking accounts for 30–35 percent of all trips taken in urban areas, received only 9 percent.

The Bank Group’s urban transport projects often discussed challenges faced by the disadvantaged, but the portfolio did not reflect consistent attention to improving access for them. Improvement was pursued primarily through targeted interventions by connecting poor neighborhoods to urban transport services, improving security for women in urban transport systems, and promoting universal access for disabled and elderly persons. While 36 percent of projects targeted the poor, only 7 percent targeted women and 10 percent targeted disabled and elderly persons.

Support for affordability represented only 9 percent of the portfolio. The primary approach was through policies for fare integration or subsidies, or through preparation of affordability studies.
Consistent Attention to Inclusion in Bank Group Support for Enhancing Human Development and Social Protection

Health: Strong Focus on the Poor and Disadvantaged, but Challenging for Private Provision of Services Targeting the Poor

In health, the drivers of universal health coverage have been articulated in the Bank Group’s health sector strategies for about two decades. Given the massive increase in health-related trust funds that targeted vertical disease priorities (core of MDGs), the World Bank has taken a more focused approach since 2007, emphasizing the strengthening of health systems and sustainable health financing. During FY97–FY06, two-thirds of the World Bank’s Health, Nutrition, and Population support was in the poorest countries, but only half of the lending portfolio had a poverty focus and only 13 percent of the projects had an objective specifically addressed to the poor.53

The share of Health, Nutrition, and Population projects truly targeting the poor would be even smaller because increasing access to services often benefits disproportionately the non-poor. Nutrition projects and lending to reduce high fertility or improve access to family planning, which tend to benefit the poor in particular, dropped by half and two-thirds, respectively, in total projects. Geographic targeting, providing services that the poor would use (basic health package, nutrition, primary care, communicable disease), targeting specific groups classified or presumed to be poor, and making health care more affordable, were the common methods for reaching the poor.

Most IFC investments in health services went to hospitals, although pharmaceuticals had a growing share of commitments.54 Concentration was high in large markets. IFC supported the disadvantaged populations by investing in clients with a strong focus on corporate social responsibility and a commitment to serving low-income patients, and by piloting investments that target the base of the economic pyramid.

Most World Bank projects in health financing supported revenue collection from public sources.55 About 40 percent aimed to extend compulsory risk pooling through automatic coverage in national health systems or enrollment into mandatory health insurance in 36 countries. Few projects focused on revenues from private sources, including user payments. Less than 20 percent of health financing projects aimed to improve equity in access; about one quarter explicitly targeted the poor.

Education: Limited Bank Group Support for Higher Education in Low-Income Countries

In education, the World Bank shifted its focus from primary education in the 1990s to a dual focus on universal primary completion and post-primary education for the knowledge economy after 2005. The broader agenda includes an emphasis on learning outcomes, education and labor market linkages, and service delivery systems. IFC’s education strategies prioritize support for building skills, competencies, and employability. During the past two decades, the Bank Group’s support for primary

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53 Improving Effectiveness and Outcomes for the Poor in Health, Nutrition and Population (FY09).
54 Improving Effectiveness and Outcomes for the Poor in Health, Nutrition and Population (FY09).
education increasingly focused on IDA countries, while there was a large increase in support for post-primary education.\textsuperscript{56} During FY00–FY10, the share of tertiary and vocational education projects doubled, although that related to labor market relevance or employment did not change.\textsuperscript{57} Most projects aimed to improve education quality and access, with only 9 percent targeting disadvantaged groups (girls, scheduled tribes or castes, and children with disabilities or special needs).

The bulk of Bank Group lending in higher education was to MICs and high-income countries. Employability was a major objective and primarily addressed by strengthening the quality and relevance of teaching and learning. Only 17 out of 139 World Bank projects approved during FY03–FY16 specifically addressed inequalities in access to higher education. Among projects that explicitly targeted vulnerable and disadvantaged groups, defined mainly by income, gender, and ethnicity, few specified targeting mechanisms.

Nearly 70 percent of IFC’s investments in higher education were in UMICs. IFC investments prioritized access for poorer (not necessarily the poorest) students and focused on employment-oriented education. IFC advisory services projects had more presence in poorer countries, with half of the projects in Sub-Saharan Africa.

**Social Safety Nets: Expanding Support in Low-Income Countries**

The World Bank’s first strategy for social protection was produced in 2001.\textsuperscript{58} Although the World Bank’s definition of social safety nets (SSNs) was relatively narrow, the strategy encouraged a more fluid approach to addressing risks, with SSNs being just one of several potential instruments to develop a social protection system serving the poor and nonpoor. A revised strategy was being prepared by the World Bank when IEG began its evaluation.

Most of the World Bank’s support to social protection programs went to SSNs. During FY00–FY10, World Bank engagement in SSNs expanded rapidly, particularly after the food, fuel, and financial crises. Prior to the crises, the World Bank focused its SSN support mainly on addressing chronic poverty and investing in the human capital of the poor. The crises revealed major weaknesses in countries’ SSNs: many MICs found that their poverty-targeted SSNs were not sufficiently flexible to increase coverage or benefits as needed, while LICs lacked poverty data and systems to target and deliver benefits.

Until the late 2000s, the World Bank’s presence in LICs on SSNs had been very modest. This became evident during the crises, when the World Bank was constrained in its ability to provide support because of weak institutions, lack of data, and absence of SSN programs. The use of Rapid Social Response trust funds and the IDA crisis window enabled SSN engagement to LICs, particularly in Africa. In more than two-thirds of countries, the World Bank supported scaling up of an existing SSN or establishment of a new SSN program to cushion the impact of the crises on the poorest.

Although a few large MICs dominated World Bank lending in SSNs, many countries engaged with the

\textsuperscript{56} A Portfolio Note: World Bank Support to Education Since 2001 (FY11).

\textsuperscript{57} Higher Education for Development (FY17).

\textsuperscript{58} Social Safety Nets: An Evaluation of the World Bank Support, 2000-2010 (FY11).
World Bank through smaller loans or technical work, resulting in a higher share of LICs than MICs (68 percent versus 59 percent) having at least one SSN operation during the decade. Most SSN projects in MICs supported institutional capacity building, while SSN interventions in LICs focused more on immediate crisis response and piloting different SSN programs. Gradually, the World Bank began to move from a project-focused approach that emphasized delivery of social assistance benefits toward an approach that focused on helping countries build SSN systems and institutions to respond better to poverty, risk, and vulnerability.

The World Bank actively supported SSNs in FCS settings, with a presence in 26 of the 33 countries considered fragile according to its definition. The most common instrument was public works schemes, usually implemented through community-driven social funds and in-kind transfers, as well as unconditional cash transfers, and education, health, water, and housing subsidies.

**Strong Drive to Mainstream Gender but Challenges in Defining Effective Approaches to Address Gender Inequality**

Bank Group corporate reporting documented a sharp increase in the share of lending operations that were gender informed—up to 95 percent of all approved projects in 2014. A 2016 IEG review found that three quarters of World Bank projects were relevant for gender inclusion, including 2 percent that directly addressed gender inequality (mostly health projects), 6 percent that potentially worsened gender biases (mostly infrastructure projects involving resettlements), and two-thirds that could positively impact gender outcomes. However, projects rarely defined relevance of gender integration (the why), and even less the gender results chain (the how).

IFC's priorities for gender integration center on fostering women's roles in entrepreneurship, employment, and corporate leadership, and as customers and consumers. In 2015, IFC selected agriculture, extractives, and finance as sectors of specific gender focus; outside these sectors, gender is virtually absent.

Many IEG thematic evaluations offered insights on how gender issues were treated in Bank Group operations. The 2013 evaluation of Bank Group support to low-income FCS found that the World Bank paid insufficient attention to conflict-related violence against women and to economic empowerment of women, and lacked gender-sensitive actions in state building and most demobilization, disarmament, and reintegration programs. The 2014 evaluation on SSNs and gender found that programs were often ambiguous in the types of gender elements they included and why they included them; rarely was there an explicit discussion of the gender roles and responsibilities in the household and the community. The 2015 evaluation on financial inclusion found that gender was included in countries with low inclusion rates for women, but projects frequently failed to address constraints specific to women beneficiaries. The 2015 IEG evaluation on investment climate found that few projects explicitly targeted women entrepreneurs even when they acted on constraints that were more likely to affect women, and most of these projects targeted women as participants in training or consultative working groups instead of as entrepreneurs.
Effectiveness of Bank Group Support for Inclusive Growth Outcomes

Since 2014 the World Bank Group Corporate Scorecards have been reporting long-term development outcomes and Bank Group–supported results in growth, inclusiveness, and sustainability and resilience. Progress toward the twin goals is tracked along with other Tier 1 indicators; inclusiveness is measured by employment of the extreme poor, growth concentration in the bottom 40 percent, gender equality, access to health care, education, water, sanitation, and electricity, and coverage of SSNs.

Linking Bank Group interventions to such long-term development outcomes as income growth of the bottom 40 percent in a country is fraught with difficulties. A more meaningful assessment of the Bank Group’s contribution requires knowledge of changes in access to and use of services among the poor and often-excluded, as measures of their improved capacity to contribute to growth, and of advances in their participation in income-generating activities. The best sources of such information are the Country Partnership Framework (CPF) and project results frameworks.

Unfortunately, important deficiencies exist in the Bank Group’s self-evaluation system, as IEG evaluations have consistently pointed out. In most areas, it is unclear what has been achieved vis-à-vis the poor and often-excluded through the Bank Group’s interventions. It is thus difficult to draw conclusions as to the effectiveness of the approaches adopted.

Economic Assets and Opportunities

The Bank Group has contributed to expanding access to finance among the poor and unbanked. The World Bank’s broad approach to rural development has helped improve agricultural production and incomes of rural households. IFC’s trader-processor models for investment in agribusiness have provided integrated support throughout the value chain. The impacts on the poor and the sustainability of the approaches adopted, however, are generally not clear. The Bank Group’s substantial interventions in investment climate have been successful in simplifying administrative procedures, but their broader economic and social impacts are largely unknown.
Financial Inclusion Entails More than Access to Financial Services

The Bank Group reached a substantial share of the microfinance industry and contributed to the sustainability of microfinance services globally and in client countries. However, only about 2 percent of Bank Group projects attempted to measure beneficiary effects. Most of these tracked the volume of finance provided; others monitored the provision of workshops, trainings and studies, or performance of microfinance institutions (MFIs). IEG’s assessment confirmed the results of the broader literature that the expectations of microcredit pulling millions out of poverty had not been fulfilled. Credit helped the poor manage their day-to-day struggles and provided choices and options, but microenterprises barely grew. Moreover, rapid expansion of financial access may not lead to effective financial inclusion. Experiences with government initiatives to achieve large numbers in financial access through establishment of government-to-person payment accounts or “no-frills” bank accounts in the public and private banking system have sometimes led to high dormancy.

More broadly, there was ambiguity in the Bank Group’s approach to using subsidies to expand financial access. The Bank Group had tended to discourage subsidies of interest rates; but it had accepted them as an instrument for poverty alleviation under certain conditions. The World Bank had, therefore, provided technical assistance and funding (such as lines of credit) channeled through state-run financial institutions. At times this had resulted in contradictions in countries where the World Bank channeled financing through state institutions while IFC was attempting to build up commercial institutions serving an overlapping client base.

IFC’s investment in MFIs often struggled to achieve adequate business performance due to higher start-up costs, slower loan growth, and delays in regulatory approval. Given the self-sustaining nature of IFC investments, its presence in the low inclusion countries is remarkable because these markets are typically dominated by nongovernmental organizations (NGOs). Most IFC-supported banks did not cater to the lowest end of the microcredit segment, but had mixed portfolios that served clients taking out larger loans, including SMEs. This is not necessarily a bad thing because SMEs are likely to benefit from such loans, and the strengthening and deepening of the smaller end of the commercial finance market benefit microenterprises eventually. Some IFC-supported MFIs managed to increase the number of savers among their clients—more so than their peers. This is a potentially promising development because savings tend to have more positive effects for the poor than credit.

To expand into the rural areas, traditional distribution channels would have to be replaced by less costly models, such as agent banking or mobile money (Box 3.1), and innovative products, such as loans with flexible payback profiles. Given the increasing difficulties of MFIs in recovering costs as they approach the very low retail end of the market, some level of subsidization may be unavoidable. Reaching the “last billion” of unbanked that will persist beyond 2020 is likely to pose yet unknown challenges to systems and associated costs.
Box 3.1. Mobile Money

bKash is one of the successful IFC investments so far for mobile money. bKash started its commercial operation in the second half of 2011, grew its customer base to 2 million accounts by the end of 2012, and increased to 11 million registered accounts by the end of 2013. bKash now has more than 5 million mobile financial services accounts, through which low-income Bangladeshis are conducting more than 400,000 transactions per day through more than 50,000 financial service agents. Although Bangladesh’s central bank has approved more than 20 licenses to offer mobile financial services, bKash has a market share of 50 percent of the transaction volume.

IFC supported WIZZIT, the third-party mobile money processor in South Africa, with both advisory and investment operations. In 2004, WIZZIT started to provide standard banking services via mobile phones to the unbanked and under-banked populations, in the belief that the poor need full banking services. In 2008, the Consultative Group to Assist the Poor (CGAP) offered a grant technical assistance to test different approaches to customer acquisition for steeper growth. Its operation has been facing several issues, from finding a suitable banking partner to identifying financial products that are attractive to the poor. In analyzing its problems, a Harvard Business School case study points out: “Founders of WIZZIT were very creative in bringing the costs down dramatically and improving access to banking services, so the poor could afford to bank. The problem is that this is not the way that the poor think of money. They hardly have any savings. Their main need is money transfer.”

Source: Financial Inclusion (FY15).

Modernization of Land Administration Is not Designed to Improve Land Access

Land administration projects are designed to strengthen land administration services, which codify existing claims to land. Although most of the World Bank’s land administration projects did not explicitly target the poor and other vulnerable groups, to the extent that complex, costly land administration systems pose a bigger burden to these groups than to those with more capacity and resources to deal with them, projects that contributed to improving these systems were expected to benefit the poor and vulnerable.

A few projects included measures to improve access to land administration services for women and marginal groups through free legal assistance and outreach activities, but these actions were limited and there was inconclusive evidence of their impact. Overall, there was little reporting on social impacts across projects.

The reviewed projects suggested that that equal in law did not always mean equal in practice, and that a systematic approach to land titling and registration, which is more advantageous to the poor than a sporadic approach in theory, might still leave out the poor if other barriers existed. In these cases,
additional attention and targeted measures may be required to ensure that the needs of the special groups are addressed (Box 3.2).

**Box 3.2. Land Titling for Indigenous People**

The Nicaragua Land Administration projects (PRODEP) facilitated land titling for indigenous peoples through a process under traditional territorial councils. It was a historic milestone in the recognition of indigenous people’s land rights. The legal and procedural changes achieved under the project established the conditions to implement a countrywide land regularization program. A household survey found that investment in home construction and improvement was greater in the titled project areas than in the control group. By contrast, despite having similar objectives, the Panama Land Administration Project lacked the same focus on issues of indigenous peoples and understanding of interests of different groups.

*Source: Supporting Transformational Change for Poverty and Reduction and Shared Prosperity (FY16).*

Land administration projects are not designed to address land access or land redistribution, and thus cannot be expected to meet the needs of the landless or land poor. Other interventions are needed to facilitate their access to land (Box 3.3).

**Box 3.3. Land Distribution in Malawi**

Under the market-based land redistribution project in southern Malawi, poor families were provided conditional cash and land to relocate, purchase, develop and register new (larger) plots of farm land. Despite a lack of short-term productivity gains compared to the control group, beneficiaries had a positive perception of changes in their income and economic wellbeing two years after relocation because of the significant increase in their landholdings and agricultural production. Productivity in terms of land utilization likely increased substantially because beneficiaries occupied previously underutilized land. Female-headed beneficiary households increased their productive and consumption assets more than male-headed households.

*Source: “Can a Market-Assisted Land Redistribution Program Improve the Lives of the Poor? – Evidence from Malawi” (FY09).*

**Effective Contribution to Agriculture and Agribusiness Growth, But Limited Evidence of Sustainable Poverty Reduction**

The 2010 evaluation on agriculture and agribusiness did not explicitly assess how Bank Group support had affected the poor or other disadvantaged groups. It found that the broad rural development
approach that the World Bank adopted in the mid-1990s appeared to have taken into account the needs of the agricultural sector and to be benefiting the sector. Specifically, the World Bank’s irrigation projects helped increase farmers’ access to water and raise agricultural outcomes, but there is limited evidence of the World Bank’s contribution to water-use efficiency and mixed results for efforts to strengthen water user associations. World Bank support helped improve management practices and institutional models in agricultural research and extension, but with little evidence of that leading to adoption of improved technologies. Cost recovery was challenging in irrigation as it was in extension, threatening their sustainability. Bank Group–supported rural roads and other market infrastructure and logistics were generally successful, but they often failed to show impacts on agricultural production. The World Bank’s broad rural finance approach appeared to have benefited the agriculture sector, although sustainability of the microfinance thus developed, often grounded in a CDD approach, remained a challenge. IFC’s trader-processor business model proved to be very successful at ensuring that the multifaceted needs of agricultural development could be effectively addressed (Box 3.4). Both the poor and nonpoor benefited in some of these investments.

**Box 3.4. An IFC Agribusiness Client with an Inclusive Business Model**

Jain Irrigation is a listed company in South Asia. The company offers farmers inputs (seeds, saplings, PVC pipes), financing, and training on good agriculture practices to produce more and high-quality crops. It also purchases fruit and vegetables from farmers through its food processing division for processing and sale in export and domestic markets. Finally, the company supplies micro irrigation system products to farmers through a network of distributors, which are mostly SMEs. IFC’s main additionality was to provide financing at a tenor not available in the market, which enabled the company to mobilize funding from other investors and expand its operations to other parts of the country. IFC also provided technical assistance to the company in adapting international standards to the local context. IFC’s assistance enabled farmers to meet food safety certification standards, which can be difficult to ensure when sourcing takes place from thousands of small farmers. This enabled them to export their produce in the international markets through the investee company.

**Source:** “IFC’s Experience with Inclusive Business: An Assessment of IFC’s Role, Outcomes, and Potential Scenarios” (FY18).

Rural nonfarm projects targeting the poor were relatively effective in reaching the rural poor, and had success in such dimensions as social empowerment, increased agricultural production, income smoothing, and rural service delivery. However, there is little evidence on the poor being lifted out of poverty, or of the profitability and sustainability of rural enterprises supported. Efforts to insert income-earning components into SSN programs were generally less effective than separate, complementary approaches to rural employment and entrepreneurship.

The value chain projects in rural areas frequently achieved increased sales, revenues, and income, and there were likely spillover effects within the rural economy, through labor smoothing and job
creation. However, reach to the rural poor was often not tracked and evidence is lacking that growth, income, and employment for the poor could be sustained after project end. IFC’s investments in food processing with strong links to rural areas have generated positive rural employment outcomes. Its retail investments linked to rural areas sought to increase the availability and affordability of goods for rural consumers, but these projects did not target the poor and only a few included local sourcing.

**Little Knowledge of the Bank Group’s Impact on Jobs**

The Bank Group’s extensive support for regulatory reforms was successful in simplifying procedures and reducing time and cost in client countries. Few of the supported reforms targeted specific disadvantaged groups, although even untargeted investment climate reforms tended to disproportionately benefit the poor and often-excluded. The social value of regulatory reforms had not been properly included in the design of reforms. Their impact on investment, business formation, and jobs was rarely monitored.

IEG’s review of SMEs’ role in job creation yielded mixed results. It found that in LICs, more workers were employed by micro and informal enterprises than by SMEs, and that evidence on net job creation, after accounting for SMEs’ higher tendency to exit as well as to grow, was inconclusive as compared to the evidence for larger and smaller firms. IFC’s own jobs study indicates further that larger companies provide more sustainable jobs, are typically more productive, offer higher wages and more training, and support a big multiple of the direct jobs they provide through their supply chains and distribution networks, which provide opportunities for the poor.

IEG tested the association between Bank Group interventions to promote competitiveness and job creation and job quality. It found that Bank Group interventions generally targeted industries with the highest labor intensity and multiplier effects. The multipliers were generally higher in LMICs. Agribusiness had the highest short-term indirect employment impact, where creating one job generated more than two jobs in the rest of the economy (mainly in labor-intensive agriculture). Manufacturing also had significant short-term indirect multiplier effects, where each job created was associated with two indirect jobs. After allowing for price and wage adjustments, the long-term indirect impact was much lower: every 4 jobs created in manufacturing (6 jobs in agribusiness, 10 in tourism) led to one indirect job in the rest of the economy.

Bank Group support was associated with employment growth in agriculture, but not in agribusiness, manufacturing, and tourism. As Bank Group engagement intensified, a positive association with employment growth emerged in all industries. The intensity of Bank Group support seemed to be positively associated with female employment growth in manufacturing and agribusiness, but not in agriculture. World Bank interventions in competitiveness also had a positive association with improved working conditions in agriculture and manufacturing; for women, such improvement was greater in the manufacturing sector than in agriculture. IFC’s monitoring of its performance standards contributed
Inclusive Growth: A Synthesis of Findings from Recent IEG Evaluations

IFC’s partnership with the International Labour Organization (ILO) to help improve labor conditions and competitiveness in Vietnam’s garment sector through the Better Work Program was partially successful. Despite higher productivity and increased profitability thanks to improved working conditions, factories continued to view the program as a requirement to fill orders and did not volunteer to join. Noncompliance with occupational safety and health, contracts and human resources, and working time was widespread.

In FCS context, Bank Group support was not clearly prioritized and sequenced around a medium-to long-term agenda specifically on jobs and growth. There lacked adequate analysis of the drivers of conflict and fragility and of the constraints and opportunities for the private sector. Coordination in critical areas, such as linkages between education, skills development, infrastructure, and private sector development was often inadequate. Direct World Bank support for job creation was primarily in the form of short-term jobs through CDD, demobilization, disarmament and reintegration, public works programs, and microfinance programs. Bank Group support for agriculture, which absorbs 50–80 percent of the FCS workforce, was not commensurate with its effects on food security and employment needs. Lack of clarity on land rights was a major cause of conflict, fragility, and stagnation in rural areas, and a major constraint to private sector development. The potential for leveraging natural resources management and migration toward job creation remained untapped.

Strong Contribution to Expanding Infrastructure Access but More Attention Needed to Address Affordability

The World Bank Group has made a strong contribution to expanding infrastructure services in client countries. Impacts on the poor and disadvantaged are rarely tracked. Financial viability of service provision remains an issue in water supply and sanitation and electricity. Affordability has received very limited attention even though it is closely linked to utilization of the services by the poor. The Bank Group has had a high level of support for private sector participation in urban transport, and private financing is playing an increasing role in electricity generation, but it has been very challenging for the private sector to play a role in water supply and sanitation.

Water Supply and Sanitation

The Bank Group was more effective at improving basic access to water supply and sanitation than at achieving adequacy, reliability, quality, and affordability of service delivery outcomes. Too few projects included an affordability objective to allow a performance analysis. Impacts on the poor were rarely tracked: only 10 percent of the World Bank’s water supply and sanitation projects defined poverty outcome indicators, and a quarter of these did not collect data against the indicators at project completion.

Performance of the water supply and sanitation portfolio was about World Bank average, but more than 40 percent of the projects faced significant or high risk to project development outcomes because of lack of financial sustainability of service providers and inadequate institutional capacity, especially

in rural areas. World Bank projects using a community-based model for improving access generally performed well; in low-income urban and peri-urban areas, where the informal nature of settlements and continuing in-migration from rural areas called for innovative solutions, the World Bank tested different market-driven solutions with mixed results. IFC encountered significant difficulties in its water supply and sanitation engagements, underscoring the challenges of attracting commercial finance to the sector.

World Bank efforts to improve the financial sustainability of service providers through financial covenants in investment projects yielded disappointing results. Many utilities in client countries were unable to recover operating costs, perpetuating a culture of dependence on financial support from oversight ministries and sovereign guarantees for external borrowings. Many LMICs and LICs were unwilling to use tariffs to promote cost recovery and demand orientation, particularly in the presence of civil society and political groups’ stiff resistance. This was a key constraint to financial viability in the water supply and sanitation sectors, and a contributing factor to the weak performance of IFC investments and its efforts to structure successful PPP transactions.

Electricity
World Bank projects supporting physical infrastructure generally achieved favorable development outcomes. IFC investments in conventional generation were successful. In contrast, results of the Bank Group’s support for off-grid electrification were modest; attempts to promote isolated mini- and micro-grids did not yield significant results; and performance in improving financial viability of country electricity sectors was below expectations. The focus on access for the poor was weak.

Attention to welfare- and gender-related outcomes of electricity access interventions appeared to be increasing, though there was a long way to go. Of 278 World Bank electricity sector projects approved during FY00–FY14, only 48 tracked human development and gender-related outcomes; even fewer—16 projects—measured productive uses and increased incomes from activities associated with electricity access, including adoption of electricity-powered equipment for small and micro business and farming activities.

The World Bank consistently raised issues of adequacy, reliability, and financial viability of electricity services with country clients, but less of affordability, especially in low- and medium-access countries. The vast majority of development policy operations targeting the financial viability of electricity sectors were directed to high- and universal-access countries; half of them had favorable outcomes. There was limited traction from the relatively few investment operations that relied on covenants to stimulate financial discipline in the electricity sectors.

Bank Group–supported electricity PPPs were largely successful in achieving their development outcomes, but data are scarce as to the effects on the poor. In only 10 percent of the cases was there confirmation that access improved for the poor; broader benefits such as employment effects occurred in 42 percent of World Bank PPPs, 39 percent of IFC investments, and 20 percent of MIGA guarantees. Because the introduction of PPPs could lead to end-user cost increases, the decision to
implement PPPs would need to be linked to policies aimed at absorbing these cost increases, at least for the poor.\footnote{World Bank Group Support to Public-Private Partnerships (FY14).}

The need to recover financing costs for capital expenditures and operating costs to ensure financial viability of the electricity sector competes with the need to keep electricity access and consumption affordable for the poor. High costs for connection and services can discourage low-income households from gaining access to electricity even if they are within reach of the distribution network. The World Bank usually supported subsidy schemes where governments administered them with own funds. The World Bank also embraced output-based aid approaches for performance-based subsidy in several poor countries. Successful country experience highlighted the need for, among other things, targeting the poor and those in remote and inaccessible areas to address issues of affordability, equity, and inclusion (Box 3.5).

**Box 3.5. Power to the Poor**

In the Lao People’s Democratic Republic, a World Bank–supported Power to the Poor (P2P) program subsidized connections and financed indoor wiring for poor, female-headed, rural households. Eligible households received a basic low-voltage connection and an interest-free credit to cover the costs of installation and indoor wiring. Repayment of the credit plus payment for electricity consumption were at the same level as their expenditures for vastly inferior traditional energy substitutes (batteries, diesel lamps, and candles). In the villages where P2P was implemented, it helped more than 90 percent of the vulnerable and disadvantaged families connect to the grid. Strong government commitment and high motivation of the national utility’s staff were crucial to the success of the program and the fast expansion of access to grid-supplied electricity in the country.


There had been some good-practice experiences with solar home systems in Bangladesh and Mongolia. Such lessons were relevant for several Sub-Saharan African countries that were in fragile situations, had dispersed populations, or whose sector conditions were not minimally in place for systematic and rapid scale-up.

Collaboration among World Bank, IFC, and MIGA grew with time, and their joint projects had a greater presence in low- and medium-access countries than in high- and universal-access countries. These operations helped break ground for the private sector in some high-risk countries, and supported a few large and complex projects, such as the joint IFC-World Bank Lighting Africa program (Box 3.6).
Box 3.6. Lighting Africa

The Lighting Africa program supports rapid scale-up and delivery of affordable, quality lighting products, mostly basic solar lanterns, for household use. Against the backdrop of serious product quality issues in the region, Lighting Africa addresses quality assurance, market intelligence, business support, access to finance, consumer education, policy, and regulation to help participating governments create an enabling environment for off-grid lighting and integrating it into their national electrification plans. Lighting Africa has implemented several World Bank and IFC projects, and far surpassed its initial beneficiary target (nearly 7 million people vs. initial goal of 2.5 million by 2012).


Urban Transport

Continuous Bank Group support for urban transport strongly contributed to enhanced urban transport capacity and improved service quality in client countries. Attention to mobility of the disadvantaged and affordability of services were insufficient. Lack of resources and team knowledge, and different client priorities on social issues, explained the limited engagement.

Projects seldom tracked the impacts on the disadvantaged groups. Although the share of dedicated urban transport projects with indicators on disadvantaged groups increased, very few tracked results pertinent to specific disadvantaged groups, such as improved women’s security, improved affordability, or access and mobility for the disadvantaged. Only nine projects (19 percent of the evaluated projects with targeted interventions) presented evidence on improved mobility and affordability for the poor.

Among its targeted interventions, the Bank Group was most successful in providing easier access for the poor through roads and public transport services. Metro projects most frequently incorporated support for women’s security but results on improved access for women were limited because of the small number of such interventions and weak results monitoring. Projects in the East Asia and Pacific and Latin America and the Caribbean Regions most frequently incorporated universal access design features to address mobility needs of the disabled and elderly. Altogether, only four evaluated projects measured improved access for the disabled and elderly; three of them were successful.

Available evidence on the Bank Group’s contribution to improved affordability of the urban poor was restricted to five projects supporting fare integration. They showed reduced spending on and increased use of public transport by poor households.

Human Development

The World Bank has been effective in helping expand access to health and education services, as well as equity in education, but data are lacking on distributional impacts of health sector support on the disadvantaged. Extending private provision of health services down-market to the poor has been
very challenging. Learning outcomes among the poor are rarely tracked, and there is little evidence of effective contribution of the Bank Group to meeting labor market demand.

**Substantial Contribution to Expanded Health Services but Unknown Distributional impacts and Significant Challenges in Promoting Private Provision of Health Services for the Poor**

Although World Bank health projects prioritized disadvantaged groups, the impacts among them were rarely monitored and evaluated. Most World Bank projects that sought to improve access to care monitored changes in the utilization of services, but rarely across socioeconomic groups. Among 108 closed projects that have ICRs, 12 (11 percent) had objectives targeting the poor. In half of these cases, data were collected only in project areas, with no information on comparison areas. Only 2 projects collected outcome data in both the (poor) project and control areas, and in both cases improvements in health were shown across the board.65

In health financing, World Bank support for public revenue collection for health helped subsidize compulsory contributions to various health insurance for low-income groups and helped protect health spending against budget cuts during economic crisis. Improved use and reduced out-of-pocket spending for the insured were reported in some World Bank–supported risk pools, and insurance reduced catastrophic spending on health and protected households against impoverishment. Increased pooling, however, particularly in automatic coverage systems, did not always lead to pro-poor spending, improved equity in service use, or greater financial protection (Box 3.7).

**Box 3.7. Health Insurance for the Poor**

In Turkey, by incorporating a general revenue-funded health care subsidy program into the public health insurance, coverage for the poorest increased more than fourfold between 2003 and 2011 to reach a rate of 85 percent. Similarly, in Colombia the World Bank’s development policy operation helped to increase the enrollment of low-income groups in government subsidized insurance from 10.7 million in 2002 to 18.2 million in 2007, leading to 43 million individuals or 90 percent of the population insured by 2014. In Rwanda, World Bank support made insurance mandatory and increased enrollment to about 85 percent of the population by 2012.

By contrast, in Tunisia, only 9 percent of the eligible poor were covered under the government-funded Free Medical Assistance Program while the World Bank could have addressed institutional constraints such as nontransparent eligibility criteria. In Ghana, although the World Bank was instrumental in convincing the government to extend coverage to children, youths, and pregnant women to achieve the relevant Millennium Development Goals, insufficient government commitment and limited capacity constrained reform.

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65 *Improving Effectiveness and Outcomes for the Poor in Health, Nutrition and Population (FY09).*
IFC’s health investments have benefited primarily upper and middle-income groups. Most IFC-financed pharmaceutical projects resulted in significant declines in the price of generic drugs, enhancing affordability. Some projects, especially in China and India, focused on the domestic markets and used local inputs.66 There is no information as to the impact of these projects on the poor.

Available early childhood development results related mainly to health outcomes such as infant, child, or maternal mortality rates, which could not be attributed solely to Bank Group interventions and did not capture impacts on children’s development. The World Bank invested heavily in maternal and child health interventions, but survival and physical development, while necessary, were not sufficient to break the cycle of poverty. Most World Bank–financed parent support programs and early learning were in the Latin America and the Caribbean Region, where governments had long been committed to early childhood development. The region offered good examples of using social protection programs to improve the development of young children in vulnerable families.

**Effective Contribution to Increase Education Access and Equity but Less Success in Achieving Learning and Labor Market Outcomes**

World Bank support was most successful at helping increase education access and improve equity but found it considerably more difficult to achieve learning and employment and other labor market outcomes. Expansion of post-primary education proved complex, particularly in LICs, while evidence was thin that investments in higher education and vocational training had contributed to meeting labor market demands.

More than 80 percent of the World Bank’s education projects with an objective to increase access to education or raise enrollments had substantially achieved it; nearly two-thirds of projects with an equity objective did so.67 In contrast, only a third of projects aimed at improving learning outcomes managed to achieve the objective substantially. Even where there were improvements, average learning outcomes were still relatively low, and successes appeared to be the exception. Targeting and tracking outcomes of the poorest and most disadvantaged children were found to be critical for raising overall learning outcomes in a context of rapidly expanding enrollment. Experience from World Bank support for expanding and improving the quality of secondary education suggests that rapid expansion of relatively low-quality secondary schools risks creating a pool of unemployed graduates.

The World Bank supported both top-tier and lower-tier higher learning institutions, using an approach...
typically justified in top-tier universities in the United States or the United Kingdom but without sufficient justification. The universe of completed projects was small and the results framework typically measured inputs and outputs (enrollment, number of scholarships, or quality of facilities) instead of outcomes (graduation and employment rates). There was a lack of evidence that the Bank Group’s contributions improved employability or access for lower-income students.

**Social Safety Nets**

World Bank–supported SSN programs achieved substantial progress in protecting the poor and vulnerable through noncontributory transfers. The relatively low level of World Bank engagement on SSNs in LICs might have perpetuated countries’ low level of attention to SSNs.

Where World Bank–supported efforts did not distinguish between chronic and transient poverty, and where interventions targeted the poor broadly, short-term and seasonal measures were less relevant for addressing chronic poverty and had limited impact in reducing poverty. For example, until the World Bank started conducting detailed analysis of safety net transfers in Tanzania, the country’s main SSN—temporary public works programs—targeted able-bodied adults, failing to reach the most vulnerable, chronically poor groups, such as children and the elderly.

Strategic engagement strengthened the effectiveness of World Bank support for SSNs in many countries. In only one third of countries did the World Bank have an overall vision of how its support could help build an effective SSN system, but it had begun to make an important shift from an approach that emphasized delivery of social assistance benefits to helping countries build SSN systems and institutions that could respond better to various types of poverty, risk, and vulnerability.

To help countries understand the value of SSNs and improve their capacity to design and implement appropriate SSN programs, the World Bank engaged through analytical and advisory services. Throughout the 2000s, it organized international conferences to share experiences with CCTs. Following the 2006 CCT conference in Istanbul and a study tour to Mexico, Indonesia introduced a pilot CCT program in 2007 to replace regressive fuel subsidies. Similarly, the conference in Turkey and a subsequent study tour to Colombia led to the introduction of a (World Bank–supported) CCT program in the Philippines that covered more than a million households.

**Gender Equality**

The 2010 IEG evaluation found that World Bank support likely contributed to increased gender equality in terms of investment in human capital, access to economic assets and opportunities, and voice in development. Following IEG recommendations, World Bank Group management took several actions to sustain gender mainstreaming momentum, introducing gender indicators in the Corporate Scorecards, institutionalizing reporting mechanisms, integrating gender in country strategies systematically, introducing Regional Gender Action Plans, expanding the role of the private sector in closing gaps between men and women, and improving local statistical capacity for gender-relevant...
data. IEG’s more recent review did not focus on the results achieved since then in improving gender equality.

A review of gender issues in World Bank CDD projects found that they generally increased female participation in village committees. Less is known about the impacts of this participation. CDD programs that supported livelihoods or income-generating activities often improved women’s access to credit, training, and jobs. Impacts on earnings, consumption, productivity, education, and health were not normally measured. CDD programs could increase women’s voice and decision making in project activities, but political empowerment at higher levels was typically not monitored.

In low-income FCSs, the World Bank was relatively effective in mainstreaming gender within the health and education and CDD portfolios, but paid insufficient attention to conflict-related violence against women and economic empowerment of women. Most of the demobilization, disarmament, and reintegration programs were not gender sensitive and focused primarily on ex-combatants, with few programs for victims of violence.
Key Lessons and Knowledge Gaps

The Bank Group’s engagement with the inclusive growth agenda has been extensive and longstanding, even before the term “inclusive growth” was coined. At the heart of the Bank Group’s mission is the fight against poverty, but attention to equity has been present and increasingly explicit. Its approach is essentially one of equity in opportunity. The key concern has always been to reduce absolute poverty and improve living standards in the poorer segment of society rather than relative to the rest of the population.

In the pursuit of these objectives, the Bank Group’s strategies have been remarkably consistent. The approach to achieving the twin goals has emphasized growth and inclusion with a heightened focus on sustainability in the SDG era. Available evidence suggests that much has been achieved through the implementation of these strategies. The WBG’s experiences offer many valuable lessons and indicate knowledge gaps to be filled by the collective efforts of the development community.

**Focus on Inclusiveness of Growth**

IEG evaluations suggest that the Bank Group’s attention to inclusive growth is not new. Yet knowledge about what drives inclusive growth outcomes remains limited. Handicapped by weak monitoring and evaluation (M&E), only fragmented information exists about the impacts of the Bank Group’s interventions on the poor and often-excluded, making it difficult to determine what approaches have been effective and what need modification.

Overall, there is clear evidence of corporate-wide recognition of the importance to focus on the inclusiveness of growth, which is manifested in different levels of the Bank Group’s strategies and the objectives of its operations. Translating this awareness into effective lending and non-lending programs is much more difficult. Imperfect knowledge about the most effective policies and institutions to support inclusive growth hinders the ability of Bank Group teams to articulate clear theories of change in designing support programs and projects. The lack of strong intervention logic leads to poor results monitoring, which hampers learning about what works for achieving inclusive growth outcomes.

The Bank Group’s experience with gender mainstreaming offers useful lessons. Although considerable further progress is needed, the corporate push to mainstream gender has led to increased consideration of gender issues and improved measurement and tracking of gender-related results. These efforts have created conditions for improving the understanding of the drivers of gender equality outcomes and the identification of effective approaches to help countries achieve gender equality. A similar focus on the poor and often-excluded—by consistently applying an inclusive lens
in all strategies and operations—should help the Bank Group understand how it can improve its engagements in ways that help clients achieve inclusive growth outcomes.

This does not necessarily mean a corporate mandate to mainstream inclusiveness—although it is difficult to find a situation where the Bank Group should not consider the impacts of its actions on the poor and often-excluded—or a need for targeted support across all its interventions. What it does entail is an even greater focus on the inclusive agenda, including systematically considering the needs of and potential impacts on the poor and often-excluded in the design of Bank Group operations, and investing in analytical work and results monitoring to better understand the drivers of inclusive growth.

**From Access to Utilization**

The Bank Group has made a strong contribution to the SDG commitment of extending basic social, infrastructure, and financial services to all people. Although data pertaining to the poor and often-excluded are lacking, provision of services has been expanded in every domain, and the improved availability should have improved access for the poor and often-excluded to some extent.

Bridging the remaining gap will be significantly more challenging. The future underserved will likely be the rural poor, excluded from the expanding services by geography, ethnicity, age, gender, and other barriers. Reaching them will require a deeper understanding of their specific needs, and innovative approaches and modalities to meet those needs.

An issue identified in IEG evaluations is that access does not necessarily lead to inclusion. The financial inclusion evaluation noted that massive rollouts to expand access to banking services had been associated with dormant accounts and low usage, which were particularly strong in LICs and LMICs. Similarly, the health financing evaluations reported that automatic coverage systems to expand health insurance did not always lead to pro-poor spending and increased use of services. User fees, security concerns, cultural preferences, and social perceptions could deter utilization of available services.

In several areas of social and infrastructure services, the Bank Group has paid more attention to supply-side issues than demand-side constraints. The World Bank’s experience with CCTs offers useful lessons: all CCTs focus on boosting demand and encouraging behavior changes. Many IEG evaluations have also called for increased Bank Group attention to address the affordability of services.

**A Role for the Private Sector**

It is well understood that achieving the SDGs will require a quantum increase in resource mobilization. It is also recognized that the private sector has a role to play in meeting those resource requirements. As an engine of growth, the private sector’s role as a provider of goods and services, jobs, and the tax base is clear. When it comes to the poor and often-excluded, the role of the private sector becomes much less evident.

In some areas, such as financial services, higher education, power generation, and transport, there is general acceptance of “payment for service” among the population, which allows private companies to
operate and provide services on commercial bases. In these areas, IEG evaluations found a big role for IFC and many examples of successful IFC interventions. For example, IFC accounted for 65 percent of the Bank Group’s financial inclusion projects; collaboration between the World Bank, IFC, and MIGA grew in the energy sector and helped break ground for further private sector involvement in LICs; and private sector participation was found in 66 percent of the Bank Group’s dedicated urban transport projects.

In other areas, such as health, water, and sanitation, many expect the services to be provided free of charge by the state. This makes it difficult for commercial financing to play a significant role without some form of subsidization. IEG evaluations have noted that most IFC’s health sector investments that were targeted at the poor were unsuccessful, and its investments and PPP efforts in water supply and sanitation encountered many difficulties. Inability to recover costs impedes viable commercial businesses.

Even in financial services, where many NGOs are active in providing microcredits, IFC’s investments in MFIs often struggled to achieve expected business performance because of higher costs and slower growth. Cost recovery becomes increasingly difficult as MFIs move further down-market. In this regard, IFC’s experience with inclusive business models, especially the at par performance of inclusive business projects with the rest of IFC projects despite involving higher country, sponsor, and market risks, provides valuable insights.

To allow the private sector a bigger role in inclusive growth, the challenge is for governments to development frameworks that facilitate private provision of services. In addition to enforceable and enforced laws and regulations, this includes tariff reforms and public funding to assist the poor. The Bank Group and development partners have been helping governments explore innovative approaches to capitalizing on the interests of private investors to realize both financial and social returns.

Knowledge and Data Gaps

The most frequently mentioned knowledge gap in IEG evaluations is a lack of information on the outcomes of Bank Group interventions in general and as they relate to the poor and often-excluded in particular. In some cases, such as the evaluations on youth employment and higher education, the paucity of relevant results data prevented IEG from drawing any conclusion on the impact of the Bank Group’s support. In addition to more rigorous results monitoring, IEG evaluations also called for more impact evaluations to understand what works. Currently, most impact evaluations are of human development interventions, especially CCTs, while few exist for financial, private sector, or transport projects.

IEG evaluations have clearly and consistently identified the need for better results monitoring. For all that the Bank Group has done to support inclusive growth over several decades, because of inadequate results monitoring, very little verifiable evidence is available on how much of the Bank Group’s resources have reached the poor and often-excluded, and what benefit they have derived from the interventions.
The Bank Group has significantly strengthened its results orientation and results management. The 2016 IEG evaluation on the Bank Group’s self-evaluation systems found that the design and operation of these systems adhered to relevant good-practice standards, that coverage was comprehensive, and that many evaluation experts considered the Bank Group’s systems to be as good as or better than those in comparable organizations.\(^{71}\) Though these systems had reasonably fulfilled corporate results reporting and accountability functions, they remained inadequate to meet learning and decision-making needs.

One issue that has been raised in all IEG evaluations is the use of inappropriate indicators for tracking results. Apart from motivation and incentives for selecting indicators at the appropriate levels for meaningful results monitoring, data availability is also a big concern. As pointed out in the 2017 IEG evaluation on data for development, there were major gaps in data quantity, quality, and availability, and no country was anywhere close to collecting all 230 SDGs monitoring indicators.\(^{72}\) Moreover, many countries lacked resources and capacity to generate timely data. The 2017 SCD/CPF evaluation noted that many SCDs had identified data gaps in their analysis, most often regarding household surveys, firm-level surveys, and labor force data, and knowledge gaps that most frequently concerned labor markets, growth and productivity, and access and quality of basic services.

There are also important gaps in IEG evaluation knowledge. Many aspects of the Bank Group’s support for inclusive growth have not been assessed, or the evaluations are outdated. For example, IEG has not comprehensively evaluated the Bank Group’s job impact. The assessment available on land is a learning product based on 14 land administration projects. In social protection, IEG has only evaluated the World Bank’s SSN programs, leaving an evidence gap with regard to old age pensions, unemployment benefits, and other forms of social insurance support.

Some evaluations may require an update. For example, the last comprehensive evaluation on Bank Group engagement with gender was conducted in 2010, as was those on agriculture and technology. IEG is preparing an evaluation on development in a digital era, which is timely given the profound changes in the global economy that are being brought about by disruptive technologies and their potential for transforming economies.

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\(^{71}\) *Behind the Mirror: A Report on the Self-Evaluation Systems of the World Bank Group (FY16).*

\(^{72}\) *Data for Development: An Evaluation of World Bank Support for Data and Statistical Capacity (FY17).*
## Appendix A. IEG Evaluations

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<th>FY</th>
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Inclusive Growth:
A Synthesis of Findings
from Recent IEG Evaluation