Promoting Inclusive Growth: An Evaluation Synthesis
Summary Report

December 2022
IDEV conducts different types of evaluations to achieve its strategic objectives.
Promoting Inclusive Growth:
An Evaluation Synthesis
Summary Report

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ACKNOWLEDGEMENTS

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## Acronyms and Abbreviations

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<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tr>
<td>AFD</td>
<td>Agence Française de Développement</td>
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<td>AfDB</td>
<td>African Development Bank Group</td>
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<td>AsDB</td>
<td>Asian Development Bank</td>
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<td>BMZ</td>
<td>German Federal Ministry for Economic Cooperation and Development</td>
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<td>BZ</td>
<td>Netherlands Ministry of Foreign Affairs</td>
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<tr>
<td>COVID-19</td>
<td>Coronavirus Disease</td>
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<td>DFID</td>
<td>Department for International Development</td>
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<tr>
<td>EBRD</td>
<td>European Bank for Reconstruction and Development</td>
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<td>EIB</td>
<td>European Investment Bank</td>
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<td>FAO</td>
<td>Food and Agriculture Organization</td>
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<td>IADB</td>
<td>Inter-American Development Bank</td>
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<td>ICT</td>
<td>Information and Communications Technology</td>
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<td>IDEV</td>
<td>Independent Development Evaluation</td>
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<td>IEG</td>
<td>Independent Evaluation Group</td>
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<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
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<td>ILO</td>
<td>International Labor Organization</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>MDB</td>
<td>Multilateral Development Bank</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<tr>
<td>PSD</td>
<td>Private Sector Development</td>
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<tr>
<td>SME</td>
<td>Small and Medium Enterprise</td>
</tr>
<tr>
<td>STEM</td>
<td>Science, Technology, Engineering and Mathematics</td>
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<tr>
<td>TVET</td>
<td>Technical and vocational education and training</td>
</tr>
<tr>
<td>UNCDF</td>
<td>United Nations Capital Development Fund</td>
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<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>UNECA</td>
<td>United Nations Economic Commission for Africa</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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<tr>
<td>WASH</td>
<td>Water, Sanitation and Hygiene</td>
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Executive Summary

Background and Methodology

Africa is home to the 10 poorest countries in the world and is the third most unequal continent. Tackling poverty and reducing inequality in Africa are critical to achieving sustainable development and improving the quality of life of people across the continent. That is why the African Development Bank Group (AfDB or “the Bank”) identified “inclusive growth that targets all segments of society to ensure equality of treatment and access to economic opportunities, and that leads to deep reductions in poverty” as one of the two overarching objectives of its Ten-Year Strategy 2013-2022.

Data indicates that over the past two decades, progress in achieving inclusive growth and reducing inequality in Africa has been slow. In particular, poor and marginalized people are not sufficiently participating in the growth process and are not benefiting enough from growth. The COVID-19 pandemic worsened the situation, driving more people—especially women, children, youth, and workers in the informal sector—further into poverty. This makes addressing inclusive growth even more important and urgent.

As the AfDB develops its Ten-Year Strategy for 2023-2032, Independent Development Evaluation (IDEV) has conducted an evaluation synthesis of interventions supporting inclusive growth to capture the evolution of thinking and implementation over the past decade. Key findings on these interventions and approaches have contributed to IDEV’s evaluation of the AfDB’s Ten-Year Strategy 2013-2022 and will inform the design and implementation of the next strategy.

This evaluation synthesis brings together findings and lessons from evaluations, research, and documentation produced by the AfDB, multilateral and bilateral development institutions, and other partners from 2013 to 2021.

Evaluation synthesis questions: The synthesis set out to examine the following questions: (i) To what extent have inclusive growth strategies and approaches been relevant to the needs and priorities of poor, vulnerable, and marginalized groups and coherent with country policies and programs? (ii) Is there evidence that inclusive growth interventions are effective? (iii) Have inclusive growth interventions been implemented efficiently? (iv) To what extent have inclusive growth interventions had an impact on targeted groups? (v) How sustainable are the results of inclusive growth interventions? and (vi) What lessons emerge from the implementation of inclusive growth interventions?

Synthesis approach and methodology: The evaluation synthesis combined a theory-based and a realist synthesis approach to establish the effectiveness of selected interventions in inclusive growth. The interventions were selected in accordance with a theory of change developed to illustrate the pathways to achieving inclusive growth in Africa. The interventions cover nine domains: (i) agricultural development; (ii) financial inclusion; (iii) economic infrastructure (road transport, energy, and irrigation); (iv) the development of the private sector/small and medium enterprises (SMEs); (v) social services; (vi) education and skills development; (vii) social protection; (viii) governance; and (ix) the empowerment of women and youth.¹

Using a multi-stage screening process, the evaluation synthesis team selected and drew information from 67 studies (55 evaluations and
12 research papers) in the nine domains indicated above. The interventions had been implemented in Africa and in other areas of the developing world. Data was extracted, analyzed, and synthesized to generate findings and lessons.

Limitations and mitigation measures: The evaluation synthesis encountered the following limitations: (i) differences in the quality and comprehensiveness of the data in the evaluation and research documents; (ii) variations in the availability of documents for the interventions studied, which made it difficult to evaluate all interventions at the same level of depth; and (iii) potential biases resulting from the purposive sampling of documents, the choice of inclusive growth interventions, and the use of the frequency of occurrence of key words to identify documents. The team mitigated these limitations by strengthening the screening process and including additional documents, where possible, to supplement the evidence.

Findings

Despite development institutions’ common commitment to addressing poverty and inequality, there is still no consistent definition of inclusive growth. Elements common to existing definitions include equitable access to opportunities and sharing the benefits of the growth process. But the evidence shows that the lack of a common definition has implications for the implementation, funding, and measurement of inclusive growth interventions. Clear frameworks to operationalize inclusive growth ambitions, among other things by specifying development outcomes for marginalized and excluded groups, could be helpful in achieving much-needed progress.

Progress towards inclusive growth in Africa is hampered by multifaceted constraints that limit the continent’s ability to generate sufficient jobs, develop human capital, and create an environment that encourages growth and equal access to opportunities. These include structural constraints that limit faster growth and job creation, the low quality of human capital, as well as insufficient quality and quantity of infrastructure which hinders industrialization and social and economic development. In addition, weak governance, conflict and instability, and vulnerability to climate change, extreme weather events and other external events affect growth and access to opportunities for different groups. The magnitude of the constraints differs among countries.

Nevertheless, opportunities to enhance inclusive growth are numerous. First, the COVID-19 recovery process has given Africa and the rest of the world a chance to reflect on past policies and to work towards establishing more resilient economies that address the problems of the marginalized and under-served populations. Second, the African Continental Free Trade Area, once fully operationalized, will widen Africans’ access to markets, facilitate equitable growth, and increase remunerative jobs. Third, the fourth industrial revolution, of which digitalization is a part, provides new opportunities for increasing access to finance and other basic services, particularly for the underserved. It can also stimulate enterprise growth, increase productivity, and create jobs, especially for youth. Fourth, if constraints regarding technology, productivity, and marketing are addressed, Africa’s vast arable lands and labor force will enable the continent to become a global food producer and exporter. Last, Africa’s youth—the continent’s most untapped asset—will drive the continent to the next development frontier if they are properly skilled and provided with enough resources and an enabling environment.

The extent of the relevance, effectiveness, efficiency, and sustainability of inclusive growth interventions

Sectoral inclusive growth interventions were found to be relevant, but their targeting of poor and marginalized populations was found weak. This reduced the likelihood of their impact. The interventions covered in the studies
Executive Summary

An IDEV Evaluation Synthesis examined often aligned with national government policies and priorities and with international commitments. They sometimes addressed constraints to inclusive growth and the needs of marginalized and poorer populations. Corporate policies and organizational capacity were found to influence the extent to which interventions focused on certain vulnerable groups, particularly women and youth.

However, interventions were not always found to adequately target and pay attention to barriers for the poor, marginalized and/or underserved groups, thereby decreasing relevance and inclusive growth potential. This was evident in investments in economic infrastructure, in financial inclusion, in private sector development, and in Water, Sanitation and Hygiene (WASH) projects that sometimes did not focus on the groups, issues, and/or geographical areas with the greatest need. As for program approaches used, some demonstrated more success than others in reaching underserved groups. For example, the use of information and communications technology (ICT) made it possible to provide education to remote communities. The evaluation synthesis also found that embedded demand-side interventions—such as conditional cash transfers and health insurance-supported poor households and vulnerable groups to use health services. Other approaches, in contrast, were not found to pay attention to the different needs and capacities of different cohorts of project beneficiaries, and ended up locking out poorer populations. Designs that did not pay sufficient attention to the desired outcomes for target populations were found to diminish the relevance of agriculture, financial inclusion, private sector development, and institutional governance interventions.

Findings from this synthesis suggest that interventions were found more effective at delivering immediate outputs and outcomes than demonstrating impacts on poor, excluded, and other marginalized groups, including women and youth.

Economic growth interventions in agriculture, energy, transport, financial inclusion, private sector development, and support for SMEs were found to have achieved immediate outputs and short-term outcomes. Among other things, they improved skills and production, established critical infrastructure, and increased financial intermediaries’ capacity to provide credit. But the related evaluations found the interventions to be less successful at improving productivity, competitiveness, access to jobs, and wellbeing among underserved and marginalized populations, because the interventions did not adequately address the barriers hindering access to economic opportunities for these groups. In addition, they did not sufficiently focus on or measure outcomes of interest for this target population.

The evaluations included in the synthesis found that the effectiveness of interventions to improve human and social capital varied. These interventions include health initiatives, WASH, education and skills development, as well as social protection initiatives to improve labor force quality and the resilience of the most vulnerable to participate better in growth process. Social protection interventions were deemed more relevant, targeted, and impactful than interventions in WASH, skills development, and health, which addressed issues of access but had difficulty targeting disadvantaged or excluded populations and measuring impact on utilization of services, employability, and poverty reduction.

Institution-strengthening and governance interventions were found to deliver outputs on building institutional capacity, developing relevant policies, and enabling citizen action, but these outputs were found insufficient to change the way systems operated. Effectiveness was hampered by low political will, low commitment, inadequate institutional capacity, and insufficient citizen action.

When designed and measured well, activities to empower women and youth were found to improve economic opportunities and the accumulation of
assets. These improvements were more evident for women, since all portfolios paid more attention to gender than to youth and people living with disability.

Effectiveness was found to be enabled by several cross-cutting practices:

- Multi-sectoral and/or complementary interventions that addressed multiple constraints were associated with wider benefits for affected populations.
- Targeting relevant population groups was critical to achieving the inclusive growth outcomes intended.
- Engaging beneficiaries in programs’ design and implementation was associated with positive outcomes as it enhanced participation, ownership and implementation of more responsive interventions.
- Private sector engagement was both an opportunity and a limitation to reaching out to underserved populations and addressing their needs. On one hand, when private sector engagement was successful, it yielded additional resources, expertise, and earnings for enterprises. On the other hand, it was found to divert efforts away from the target population, thereby lessening interventions’ impact on inclusive growth.

Differences in measurement made efficiency difficult to establish. Efficiency was found to have been measured inconsistently across the interventions and/or organizations studied. Indeed, efficiency was measured in only half of the stand-alone evaluations reviewed here. Differences in measurement approaches and criteria also made it hard to draw conclusions within groups of interventions. Where innovative ICT options were applied in education, social protection and governance interventions, benefits were observed in efficiency and achieving greater access to populations, including those hard to reach. In contrast, design weaknesses, inadequate resources, and weak monitoring systems emerged as common constraints to achieving outcomes related to efficiency.

In the absence of evidence of the achievement of critical outcomes and impacts on poor, disadvantaged, and/or excluded groups, the sustainability of interventions and benefits was difficult to establish. Nevertheless, an analysis of the likelihood of sustainability revealed common trends and factors. The evaluations that assessed institutional sustainability prospects yielded a mixed record on this element. Positive examples of strengthened capacity, policies and regulatory reforms were found across all interventions, as well as persistent capacity gaps. The synthesis reconfirmed that political will and commitment to implementing programs and reform processes, establishing relevant structures and systems, and allocating resources affects the reliable provision of services and the delivery of benefits to recipients. Programs that strongly engaged the community were more likely to have sustainable outcomes, but this did not necessarily translate into sustainable institutions.

The appropriateness of designs and the extent to which interventions addressed constraints and provided lasting solutions for underserved groups was found to affect the technical soundness of infrastructure development, financial inclusion, private sector development, and agriculture programs. Weak financial sustainability was found prevalent across all intervention types, as individuals, organizations, and government institutions lacked sufficient capacity to mobilize financial resources. Approaches for improving access to finance and generating revenue were often unsuccessful. Finally, the synthesis found that the effect of private sector engagement on the likelihood of sustainability varied among agriculture, energy, WASH, finance, and private sector development interventions.
Lessons

Lesson 1: Intentionally targeting populations that are excluded from participating in or benefiting from growth processes is crucial to achieving inclusive growth outcomes.

Achieving inclusive growth requires intentionally targeting excluded and underserved populations and addressing specific barriers that cause these populations to remain poor. Several social protection interventions and other programs demonstrated successful mechanisms for segmenting and tailoring interventions to different income groups, according to their needs and capabilities. Conversely, agricultural value-chain interventions and financial inclusion activities that did not adapt their approaches to poorer and under-served populations could not demonstrate impacts on income and job creation. Failure to recognize and/or address heterogenous needs within specific groups also undermined outcomes. Therefore, targeting excluded or underserved populations should not be assumed to occur automatically, but should be intentional. Selecting those implementation approaches and instruments that best address constraints to inclusive growth can contribute to success.

Integrated approaches that address multiple barriers can be complex but can also produce promising results. This was evident in infrastructure projects that were complemented by activities addressing access to markets and other basic services. Most marginalized groups face multiple barriers at different levels—the levels of the individual, the household, the community, the economy, and institutions. These barriers hamper their access to basic services and economic opportunities, their ability to develop critical skills and capacities, and/or their freedom to make choices about their lives. Multipronged efforts to address the different barriers open up access to opportunities, increase incomes, and build resilience.

Maintaining and/or scaling up the engagement of excluded or marginalized groups in inclusive growth activities increases the chance of achieving positive outcomes. Examples from the World Bank water and sanitation activities, International Fund for Agricultural Development pro-poor value-chain activities, and women and youth economic empowerment activities, showed that projects that used community-driven development and/or community-based approaches were more successful than projects that did not. Engaging affected groups in decision-making can make service delivery more responsive, improve visibility on the needs and constraints of affected persons, and build networks and social capital.

Lesson 2: Evidence-based program designs and measurement systems that specifically address outcomes for underserved and marginalized groups can increase interventions’ impacts for inclusive growth. The synthesis revealed several instances in which inadequate analysis of constraints and barriers and definition of development outcomes and impacts for disadvantaged groups diminished interventions’ potential to boost inclusive growth. Underlying evaluations found that the absence of clear frameworks for translating the inclusive growth or shared prosperity theory into action and inadequate specification of targeted outcomes affected the operationalization of the inclusive growth portfolios of the Asian Development Bank and the World Bank. In almost all the interventions, weaknesses in the monitoring and evaluation systems limited access to important information on the interventions’ processes and outcomes. This underlines the importance of defining clear results chains and frameworks at the design stage, and monitoring them throughout the lifespan of the intervention.
Lesson 3: Political support and institutional capacity are prerequisites for initiating and sustaining reform programs for inclusive growth. The presence or absence of political will was found to affect the achievement and the sustainability of outcomes in interventions in accountability and transparency, in national policies on social protection, and in reforms of energy and water tariffs designed to ensure the continued delivery of services. The synthesis found positive examples of strengthened institutional capacity, better policies, and regulatory reforms alongside persistent gaps in institutional capacity. Better use of political economy analysis to understand and respond to political realities, incentives, and the role of structural issues in policy reforms could improve buy-in and commitment and enhance the sustainability of services.

Lesson 4: Developing and/or amplifying the use of alternative financial products for poor and underserved groups can increase access to social and economic opportunities. Lack of finance was found to perpetuate exclusion by making it harder for the members of underserved groups to engage in more productive economic activities, diversify their assets, and build resilience to shocks. The predominant use of lines of credit and limited innovations in other financial products did not sustainably address the lack of access to finance for the poor and under-served populations. Exploring other options for addressing financial barriers, including widening the instruments used by multilateral development banks and investing more in alternative financial services and products like digital services, insurance, savings, and different payment options, may increase financial inclusion.

Lesson 5: To promote inclusive growth through private sector engagement, it is essential to balance profitability goals with targeting the underserved. Experiences from agricultural value chains and financial inclusion projects demonstrated that when the private sector’s priorities do not align with an intervention’s goals of inclusion, underserved and riskier populations can be left out. Achieving impactful private sector engagement in inclusive growth is more likely when guided by a focus on outcomes for reaching the poor, a set of meaningful incentives for private sector participation, strong government commitment, and appropriate mechanisms for measuring impact.
Background and Purpose

Between 2000 and 2019, the global economy experienced two decades of strong growth. Global poverty declined by about 0.5 percentage points annually between 1990 and 2017, reducing the number of people living in extreme poverty from 1.9 billion to 689 million.

Although poverty fell in Africa, as in other regions, its population grew. The continent is still home to the 10 poorest countries in the world. Over 62% (433 million) of people living in extreme poverty by 2018 were in Africa. This poverty has been accompanied by increasing levels of inequality, which undermines the use of human capital and other assets and affects the rate and sustainability of economic growth. To improve people’s overall quality of life, poverty reduction should be accompanied by decreases in inequality.

The COVID-19 pandemic worsened poverty and inequality in Africa and reversed the significant progress of past decades. The African Economic Outlook 2022 estimates that up to 30 million Africans (mostly women, youth, and low-skilled informal-sector workers) were pushed into extreme poverty in 2021, and about 22 million jobs were lost because of the pandemic. The OECD States of Fragility 2022 Report revealed a worldwide increase in fragility between 2020-2021 associated with the systematic and multidimensional impact of the COVID-19 crisis. Making economic growth more inclusive was already critical in the pre-COVID era, but these developments render it more urgent than ever.

The African Development Bank Group (AfDB or ‘the Bank’) is committed to supporting inclusive growth across the continent. One of the two overarching objectives of the Bank’s Ten-Year Strategy 2013-2022 is to promote inclusive growth that targets all segments of society to ensure equal treatment and equal access to economic opportunities, both of which reduce poverty deeply. The Bank is operationalizing this aspiration through various policies and strategies, including the High 5s and other operational or sector-specific strategies and plans.

Objectives and Scope of the Evaluation Synthesis

To capture the evolution of thinking and approaches to inclusive growth and to document implementation experiences, the AfDB’s Independent Development Evaluation (IDEV) conducted an evaluation synthesis that draws findings and lessons from AfDB evaluations and from the evaluations and research produced by other multilateral development banks (MDBs), bilateral agencies, thinktanks, academia, and research organizations. An evaluation synthesis differs from a traditional evaluation in that it does not collect primary data or conduct original research. Instead, it systematically reviews, collates, and organizes findings from existing (sometimes disparate) studies to answer specific policy and/or program questions.

This evaluation synthesis informs the AfDB’s Board of Directors and Management of approaches and interventions that are effective at promoting inclusive growth. Its findings are expected to inform the design and implementation of the Bank’s next long-term strategy (2023-2032) and advance the implementation of AfDB policies and strategies. The evaluation synthesis also contributed to IDEV’s recently completed evaluation of the Bank’s Ten-Year Strategy 2013-2022.
The evaluation synthesis has four specific objectives:

- Describe the evolution of definitions of inclusive growth and frameworks for promoting inclusive growth over past years;
- Gather findings on the effectiveness of interventions for inclusive growth;
- Update the understanding on key drivers, constraints, and opportunities to advance inclusive growth in complex and dynamic environments;
- Draw lessons about approaches and interventions whose design and implementation are effective at promoting inclusive growth.

Questions of the Evaluation Synthesis

This evaluation synthesis was designed to answer the following questions:

- **Relevance and coherence**: To what extent have inclusive growth strategies, approaches, and interventions been relevant to the needs and priorities of poor, vulnerable, and marginalized groups and coherent with country policies and programs?
- **Effectiveness**: Is there evidence that inclusive growth interventions are effective? Which factors have contributed to or hampered interventions’ success?
- **Efficiency**: Have inclusive growth interventions been implemented efficiently?
- **Impact**: To what extent have inclusive growth interventions impacted the lives of members of targeted groups?
- **Sustainability**: How sustainable are the results of inclusive growth interventions?
- **Lessons**: What lessons emerge from the implementation of inclusive growth interventions? What has worked and what has not worked, and why?

Scope of the Evaluation Synthesis

The evaluation synthesis covers 67 evaluations, research papers, and other documents produced by the AfDB, other multilateral organizations, and bilateral development partners and institutions on programs implemented in Africa and other developing countries over 2013 to 2021.

The remainder of this report is organized as follows: The section following the background and purpose of the evaluation presents the methodology used to conduct the evaluation synthesis. Next, this report presents the findings of the synthesis: institutions’ definitions of and approaches to inclusive growth; the state of inclusive growth in Africa; constraints and opportunities associated with interventions in inclusive growth; and interventions’ relevance, effectiveness and development impact, efficiency, and sustainability. The final section draws conclusions and lessons. The report also includes four annexes and a set of references.
Methodology

The evaluation synthesis adopted a theory-based approach to answer the evaluation’s main questions and to better understand which interventions work, and under what circumstances. The theory of change for this synthesis was reconstructed from the literature, which posits that achieving inclusive growth in Africa entails the following:

- **Strengthening economic growth** by increasing assets and improving the availability of productive opportunities, especially for low-income and marginalized groups, thereby enhancing productivity and competitiveness, and generating more decent jobs to reduce poverty and inequality;

- **Building human and social capital** to improve the quality of the labor force, provide equal opportunities that make it possible for everyone to participate in economic growth, and improve labor productivity in agriculture and other sectors that are sources of inclusive growth;

- **Developing strong institutions and establishing sound governance systems** that promote inclusion and the rule of law to build citizens’ trust in the system, foster investment, provide equal opportunities, and ensure the effective management of public resources;

- **Promoting climate resilience and sound environmental management** to preserve the environment and reduce climate risks so that economic growth is sustained and inclusive.

Annex 1 presents the theory of change in detail.

Based on this theory of change, the evaluation synthesis assessed nine core types of interventions:

- (i) agricultural development;
- (ii) financial inclusion;
- (iii) economic infrastructure (road transport, energy, and irrigation);
- (iv) private sector development (PSD)/the development of small and medium enterprises (SMEs);
- (v) social services (including water, sanitation and hygiene, and health);
- (vi) education and skills development;
- (vii) social protection;
- (viii) governance; and
- (ix) women and youth empowerment.

**Sources of Data**

The evaluation synthesis drew on evidence from a cross-section of documents:

- 55 evaluations, evaluation synthesis reports, and systematic reviews published by members of the Evaluation Cooperation Group, United Nations agencies, bilateral institutions, and global development institutions;

- 12 development research papers on inclusive growth produced by leading global development institutions, academia, and thinktanks;

- Selected development institutions’ policies and strategies on inclusive growth.

The complete list of documents assessed in the synthesis can be found in the References section. Annex 2 lists the institutional policies and strategies assessed.

**Document Selection**

The initial selection of the documents was guided by the criteria listed below. The documents were then screened to identify the most relevant documents and minimize potential bias. A total of 67 documents were retained for data extraction, analysis, and synthesis.
Target population(s): This included the poor and other marginalized groups, including women, youth, and people with disabilities in developing countries across Africa, Asia, Eastern Europe, Latin America, and the Middle East.

Interventions: Areas determined by the elements of the theory of change (Annex 1).

Outcomes: The intermediate and long-term outcomes identified in the theory of change.

Time period: Research papers and evaluation reports published over 2013-2021.

Document types and quality: Independent evaluations and research papers presented in selected peer-reviewed journals on development.

Limitations and Mitigation Measures

The synthesis exercise encountered and addressed several limitations:

Variations in the quality of the source materials, which affected the synthesis findings. To mitigate this limitation, the team conducted a series of screenings and assessments to identify documents that best demonstrated consistency in methodology and alignment with selection criteria.

Differences in the depth to which different intervention areas were examined, again because of the uneven availability of evidence. Where relevant, the team noted the impacts of this limitation.

Potential bias arising from the purposive sampling of documents, the choice of interventions, and the use of the frequency of occurrence of key words to select documents. To fill some of the gaps in evidence, the team added new documents that also met the selection criteria during the data extraction and analysis phase.

Focus on specific target populations may mask the importance of ensuring that inclusive growth benefits all. While the selection criteria for target populations focused on the poor, vulnerable and other marginalized groups, the actual analysis captured other groups that are excluded on the basis of geography, access to service and sometimes ethnicity. The evaluation recognizes that there are other groups critical for inclusive growth that are not explicitly covered e.g., middle class, urban communities.

The limited availability of information on the long-term impacts of macroeconomic-strengthening interventions that did not necessarily target poor and other marginalized groups. The absence of information on secondary benefits masks interventions’ potential impact on these groups.

Given the scope of the period covered by the synthesis exercise (2013 to 2021), it is possible that some of the findings presented here have been overtaken by subsequent events. For that reason, the findings of this evaluation should be interpreted with caution.
Findings

This section reviews the evolution of the concept of inclusive growth and discusses how different institutions have applied it. It then provides an overview of the relevance, effectiveness, efficiency and sustainability of the examined inclusive growth interventions, including drivers and constraints.

Inclusive Growth: Evolution of Concepts and Application

Debates about growth and equity have been part of the global agenda and the subject of research since the 1950s. Decades of high economic growth across the globe that failed to substantially reduce poverty and inequality caused stakeholders to realize that the benefits of economic growth were not “trickling down” to the poor. As a result, the debate shifted from achieving high economic growth to achieving sustainable economic growth that involves and improves the wellbeing of all. This also led to the evolution of different concepts of growth including “broad-based growth,” introduced in the World Development Report 1990 and “pro-poor growth” that emerged in the early 2000s.

By the mid-2000s, there was growing concern on how to make growth more inclusive, so that its benefits would be spread more equitably to the widest possible population. In 2008, the Commission for Growth and Development’s report Strategies for Sustained Growth and Inclusive Development introduced the concept of inclusiveness (encompassing equity, equality of opportunity, and protection in market and employment transitions) as an essential element for a successful growth strategy. In 2009, a World Bank paper defined inclusive growth in terms of the pace and pattern of growth—i.e., increasing the pace of growth and enlarging the size of the economy—while leveling the playing field for investment and increasing opportunities for productive employment. These transitions in thinking led to an expansion of measures of inclusive growth from income and inequality to include other measures that reflect a wider understanding of wellbeing and capture such non-monetary elements as access to education, health, social protection, and social capital.

Despite this evolution in thinking, a common, unified definition of inclusive growth remains elusive. The synthesis found that institutions define inclusive growth differently, and apply it in ways that are consistent with their own corporate objectives. This makes comparison across institutions challenging.

A review of the corporate strategies of 16 institutions confirmed that aspirations of tackling poverty and inequality are common to different agencies and align with global goals and commitments. The evaluation synthesis found elements of inclusion, inequality, and poverty reduction in the development goals, visions, or results statements of 14 of the 16 institutions assessed. Despite this, only 4 institutions (i.e. the AfDB, the Organization for Economic Co-operation and Development/OECD, the United Nations Development Programme (UNDP), and USAID) define inclusive growth in a corporate strategy paper. Other institutions like the Asian Development Bank (AsDB), the European Bank for Reconstruction and Development, and the World Bank have some form of definition of inclusiveness and/or economic inclusion.

Common to the definitions are the prominence of issues related to equality in opportunities, and participation in and shared distribution of benefits from the growth process, which fosters a more productive use of the labor force, thereby generating greater wealth. All institutions with some form of a definition explicitly identify the populations targeted by inclusive growth interventions, including poor, excluded, or disadvantaged populations. In this, they...
advance from the “pro-poor” mindset, which only targets the poor.

Although other institutions did not define inclusive growth, they identified interventions that address elements of reducing poverty, reducing inequality, and creating equal opportunities. A notable area of variance around institutional definitions or reflections of inclusive growth is in regard to integration of elements of natural resource management, climate change and building adaptability to promote more sustainable growth. Although some institutions are geared to a private sector-led approach and focus on economic growth, 9 of 11 institutions with available data reflected a multidimensional approach to address the multiple barriers faced by groups that are commonly left behind.

While differences in interventions could be linked to differences in institutional mandates and comparative advantages, the absence of a clear definition of inclusive growth in over half of the institutional strategies examined has implications for the implementation, funding, and measurement of inclusive growth. For example, both the World Bank and AsDB evaluations on inclusive growth noted a lack of clear frameworks for translating the inclusive growth or shared prosperity theory into action, the absence of well-defined mechanisms for reaching the poor, and inadequate specification of targeted outcomes and measures of success of projects’ impact on the poor. On a positive note, the variance among institutions provides opportunities for learning and adaptation, given differences in the needs of groups and countries.

Inclusive Growth in Africa

Even before the onset of the COVID-19 pandemic, most African countries were not expected to reach the sustainable development goal of a poverty rate of 3% by 2030. As for inequality, Africa is the third-most unequal continent in the world, after Latin America and the Middle East. Apart from income, other forms of inequality such as differentiated access to quality education, health, social services, technology, security, and political participation perpetuate exclusion of different groups of people from economic growth processes. People affected by such inequalities often face multiple barriers at different levels—the levels of the individual, the household, the community, the economy, and institutions. These barriers hinder them from participating and benefiting from the economic growth process. A UNDP evaluation reported that the loss of human potential caused by inequality is highest in sub-Saharan Africa. Tackling poverty and inequality in Africa is therefore critical to achieving sustainable development and meaningfully improving the quality of life of people across the continent.

Data indicates that progress in achieving inclusive growth and reducing inequality in Africa over the past two decades has been slow. In particular, poor and marginalized people are not sufficiently participating in the growth process and are not benefiting enough from growth. According to African Economic Outlook 2020, only a third of the countries for which data were available achieved inclusive growth in 2000-2005 and 2010-2016. The World Bank’s Global Prosperity Report 2020 also reported slow progress in Africa; in some cases, it reported a reversal. For example, 10 of 15 economies in sub-Saharan Africa experienced negative shared prosperity. Globally, 6 of 14 economies in which shared prosperity and the shared prosperity premium were negative are found in sub-Saharan Africa.

“There can be no progress without equal participation and opportunity for all. Each one of us has a role to play to ensure gender disparity and exclusion has no place in our future.”

The President of Rwanda
New York Times, 8 March 2021

While country contexts differ across the continent, a review of research papers and evaluations reiterated that constraints to inclusive growth in Africa relate to the following elements:
Findings

An IDEV Evaluation Synthesis

- The structure of the economy and the slow growth of the private sector, which hamper growth and the potential for job creation;
- The quality of human capital, due to skills gaps, unequal access to basic social services, unequal access to education, and low levels of social protection;
- The insufficient quality and quantity of infrastructure, which hinders industrialization and the social and economic development needed to make labor more productive;
- Weak governance, conflict, and instability, which hamper the implementation of growth-enabling policies and limit the population’s access to opportunities.

Annex 3 sets out these constraints in more detail.

Despite these constraints, the synthesis team also found evidence of numerous opportunities to boost inclusive growth across Africa. Although the COVID-19 pandemic adversely affected the global economy in general and African economies in particular, the pandemic also created opportunities that can inform the development and implementation of inclusive policies, programs, and projects that target populations most affected by the pandemic as part of their objective of helping economies recover and spurring growth. During COVID-related lockdowns, some businesses transitioned to online transactions to sustain operations, jobs, and incomes. This transition is expected to create a strong foundation for other businesses, including SMEs and businesses run by young entrepreneurs, to pursue innovative, more efficient, productive business models in regional and global markets.

The African Continental Free Trade Area provides opportunities to increase economic growth and benefit populations within and across countries through free and fair competition that opens access to wider markets and regional integration. More open and competitive regional trade and integration is a potential source of jobs, can improve firms’ productivity and economic competitiveness, and supports the development of manufacturing sectors. It is estimated that a 1% increase in intra-African trade reduces youth unemployment by 1.47% and reduces women’s unemployment even more.

The fourth industrial revolution is expected to eliminate some jobs, but it is also creating opportunities for using digitalization to address challenges in different sectors in ways that enable youth, women, dispersed populations, and other disadvantaged groups to access basic services, secure financing, acquire skills, and develop enterprises. Accelerated digitalization complemented with creating a conducive environment for entrepreneurship is expected to improve productivity and create jobs, especially for youth.

Africa’s vast arable lands continue to position the continent as a potential net exporter of food to a growing continental and global population. Research has also shown that agriculture-induced growth reduces poverty more than growth induced by other sectors. Because the poorest in Africa tend to reside in rural areas and depend on agriculture, improving productivity in agriculture would give them wider opportunities to engage in more productive employment and improve their quality of life. For that reason, strategies to improve the business environment for agriculture and agribusinesses should be developed. In particular, the sector should be modernized to attract youth and enhance youth’s engagement in regional and global value chains. This would increase agricultural outputs, create more jobs, and raise incomes in turn. Higher agricultural productivity also stimulates growth in the rural non-farming economy, thus generating employment, especially for youth, by increasing farmers’ demand for and consumption of other goods and services.

As the largest labor force in the world, Africa’s youth can be its greatest asset in the global marketplace. Africa boasts the world’s fastest-growing population under age 20. During 2010-2020, people under 20 constituted 25.6% of all Africans. By 2070, this age segment will constitute the largest share of the continent’s population. By virtue of their vibrancy, their curiosity, their capacity...
and readiness to innovate, Africa’s youth make up an important labor force in the global market and a source of job creation.\textsuperscript{35} If properly harnessed, this increase in the working age population could increase productivity in export-oriented manufacturing, create more productive agribusinesses and profitable small enterprises, and augment inclusive economic growth across the continent.

Relevance of Interventions

This section brings together findings on the extent to which interventions to promote inclusive growth in agriculture, financial inclusion, PSD, economic infrastructure development, social services, education and skills development, social protection, governance, and women’s and youth empowerment were found relevant to addressing the constraints and needs of the poor and vulnerable persons, and were aligned with national priorities and policies.

Finding 1: All interventions were found aligned with country strategies and priorities and with global commitments.

Generally, the inclusive growth interventions covered in the 67 studies analyzed by this evaluation synthesis were found relevant and aligned with government priorities and poverty reduction objectives. For example, interventions in agriculture were found relevant to addressing problems of poverty and the needs of smallholder farmers, rural communities, and poor people in developing countries in that they improved agricultural productivity, increased access to better technologies, inputs, marketing, and sales, and increased incomes and wellbeing. Similarly, economic infrastructure interventions in the World Bank’s 2000-2014 energy portfolio (1,028 projects) and the AfDB’s energy portfolio for 1999-2018 (306 projects) aligned with country priorities and with the global commitment to securing energy access for all by 2030.

Reproductive, maternal, nutrition, and child health interventions that aimed at improved access to and quality of health services, strengthened national systems, and increased community capacity, were found relevant to improving health outcomes in children and women.

Education programs were found to have addressed barriers to education, skills development, and job opportunities. For example, the USAID-financed Education for Income Generation project was designed to meet the short-, medium-, and long-term development needs of project beneficiaries in Nepal through an integrated approach that linked basic literacy to life skills and agricultural entrepreneurship.\textsuperscript{36} A rapid market assessment was critical to identifying areas for vocational education training under this project. Most World Bank tertiary and vocational education projects implemented between fiscal years 2000 and 2010 aimed to improve the quality of education and access to education in line with countries’ and beneficiary needs.

Policy-enabling programs, legislative support, and anti-corruption and governance programs were found responsive to countries’ needs, priorities, and plans for broader inclusive and sustainable growth. For example, the UNDP’s pro-poor policy support covered the development of poverty reduction strategy papers and national development plans, which was appropriate for enhancing governments’ focus on pro-poor and human development issues.\textsuperscript{37}

Corporate policies and organizational capacity were found to have influence on the extent of focus on certain vulnerable groups. Corporate gender policies within the International Fund for Agricultural Development (IFAD), the World Bank, and the AsDB increased programs’ attention to gender issues. By 2016, all World Bank country assistance strategies included gender considerations, up from 64% in 2005.\textsuperscript{38} The availability of staff, operational instruments like gender action plans, and the use of sound diagnostics influenced the level of attention paid to gender by institutional programs. However, an increase in gender mainstreaming did not necessarily imply more attention to addressing inequality and
barriers to opportunities for women. Experiences from the AsDB, the World Bank, and UNDP indicate that despite an increase in gender-mainstreamed projects and gender-inclusive projects, the quality of programming to meaningfully address issues of inequality declined. In all cases, the studies found little attention paid to how gender outputs translated into gender-equality outcomes.

Conversely, a varying focus on youth in development institutions’ strategies and programs was found to limit the attention paid to barriers to decent employment for youth. For example, prior to 2010, IFAD did not have specific focus on youth, as they were treated as part of the adult population. In some cases, investments in youth employment were not concentrated in countries with the most need. In one institution, it was reported that the level of funds allocated was not commensurate with the importance given to youth employment issues within the organization and partner governments.

**Finding 2:** The extent to which interventions targeted poor, marginalized, and/or underserved groups was found to increase or decrease the interventions’ relevance and subsequently, their potential to achieve inclusive growth.

The adequacy of targeting affected populations varied among and within types of intervention. Examples of good targeting were MDB investments in countries with the greatest need, as evidenced by the World Bank Group’s financial inclusion interventions, and industrialization and competitiveness interventions that aligned with local levels of competitiveness and the stage of the country’s development. In another example, the Somalia Alternative Basic Education program was found to target children of pastoralist communities well; it even established education centers along migration routes to reach the children of internally displaced persons. Similarly, the Wealth Creation Development of Rural Markets project in Zambia located its market expansion programs in the two poorest provinces in the country.

**Social protection interventions** that included transfers to poor and vulnerable households, social pensions, public works programs, and other provisions that guaranteed basic income security for targeted poor and vulnerable groups were found appropriate for addressing their needs. In addition, the related evaluations found that several interventions addressed institutional weaknesses in developing and implementing social protection programs, a key challenge for the effective administration of social protection interventions in many countries.

However, infrastructure investments sometimes failed to focus on the groups and geographical areas with the greatest need. This was found to occur across all intervention types. For example, only 14% of AsDB infrastructure interventions between 2000 and 2012 targeted rural areas, where the poorest populations reside. World Bank Group lending and operations targeting the financial viability of electricity in the energy sector between 2000-2014 took place in countries with high or universal access to electricity, rather than in countries with low access, especially countries in sub-Saharan Africa. Despite its potential to scale up access to electricity for remote or dispersed populations, only 30% of the World Bank’s support for off-grid electrification occurred in low-access countries. The same evaluation concluded that affordability, equity, and inclusion need to be addressed by targeting the poor and other people living in remote and inaccessible areas.

A review of the World Bank’s portfolio of Water, Sanitation and Hygiene (WASH) projects for 2007-2016 in sub-Saharan Africa showed a greater proportion of projects with objectives in urban water supply (67%) than those with objectives in rural water supply (24%), despite the higher need in rural areas. In contrast, the Water and Sanitation Program for the Urban Poor, funded by United Kingdom’s Department for International Development, supported governments to establish low-income consumers and pro-poor units within water and sanitation utilities. Guided by the recognition of poor people as customers and by linkages with local groups, the
units developed affordable, appropriate mechanisms for poorer communities to access clean water.\textsuperscript{49}

Finally, the World Bank Group evaluation synthesis of inclusive growth interventions noted that regulatory reforms (including reforms to land administration systems) paid insufficient attention to disadvantaged groups, even though poorly functioning systems affected these groups more than others.

The failure to adequately define target groups and to adapt PSD and financial inclusion interventions was found to limit these interventions’ opportunities to meet the needs of SMEs and other underserved groups. For example, a World Bank evaluation of financial inclusion projects noted that projects targeting low-income households, micro-enterprises, small firms, and other underserved groups did not define these groups or articulate the barriers to their access to finance. Both the AsDB’s comprehensive evaluation and the World Bank’s SME evaluation noted that more investments were made in developed countries than in countries with weaker financial markets and greater SME constraints. Existing evaluations covering 214 operations by the AsDB and 688 operations by the World Bank reported that many programs ended up targeting larger firms rather than SMEs. The lack of a clear definition of an SME and sometimes the lack of a clear strategy for addressing SME issues were found to affect targeting in the access to finance and SME development portfolios of the World Bank, AfDB, and the AsDB.

Because interventions tended to focus on improving access to finance, and pay little attention to other constraints, PSD support was found insufficient to meeting SMEs’ needs. According to two comprehensive evaluations of PSD interventions,\textsuperscript{50} the interventions focused narrowly on improving SMEs’ access to finance through provision of intermediary loans for on-lending to SMEs. They paid less attention to other critical needs, such as capacity development, institution-strengthening, business development services, and the overall enhancement of the enabling environment. Furthermore, the AfDB evaluation found that promoting better access to finance for SMEs as a means of driving growth and job creation led interventions to focus on high-growth SMEs, not necessarily underserved SMEs.\textsuperscript{51}

Similarly, a weak focus on underlying constraints to financial inclusion for poor and underserved groups was found to undermine some interventions’ relevance. The synthesis found that the lack of a systematic approach to identifying and addressing systemic issues of weak payment systems, regulatory and oversight constraints, downstream issues related to the lack of innovation in financial products, and informality, left underlying barriers to access to finance for the underserved unaddressed. In addition, most financial inclusion interventions by assessed MDBs focused on credit instead of other financial services, like savings,\textsuperscript{52} which have been found to have a more transformative effect on the poor.

The synthesis found that water and energy interventions addressed issues related to access more than other issues of importance to the underserved, thereby undermining potential gains in economic, health, and human development for some groups. The World Bank used a combination of subsidies, off-grid interventions, and output-based approaches to address access and the use of energy by poor populations.\textsuperscript{53} Nevertheless, on the whole, the energy portfolios of the World Bank and the AfDB were found to have paid more attention to accessibility than to affordability, even though affordability affects accessibility and use. Similarly, the reviewed World Bank group WASH programs demonstrated more relevance in addressing access and delivery of WASH services, i.e. addressing adequacy and quality, than affordability and hygiene issues, both of which disproportionately affect the poor.\textsuperscript{54} Generally, less than 30% of the World Bank’s WASH investments were found to have addressed the needs of disadvantaged groups.\textsuperscript{55}
Attention to the heterogeneity of needs and barriers among different cohorts of women and youth was not always factored into interventions’ designs, the evaluations found. For example, IFAD’s focus on entrepreneurial youth was found to have reduced opportunities for disadvantaged youth who lacked the confidence, experience, and/or financial means to participate in entrepreneurship projects. As for youth employment programs implemented by the International Labor Organization between 2012 and 2017, it was found difficult to establish the extent to which the programs targeted disadvantaged youth compared to other youth. It was observed that youth economic empowerment strategies and interventions were not always based on sound socioeconomic assessments that identified barriers and opportunities for different categories of youth.

Program approaches were found to be either enabling or limiting in reaching under-served groups. For example, the use of technology in the USAID Education Through Technology project played a key role in the delivery of mathematics courses to remote areas. Similarly, embedded demand-side interventions such as conditional cash transfers in health programs and the provision of health insurance were deemed useful in supporting poor households and vulnerable groups to utilize health services. On the other hand, the undifferentiated value-chain approach used in four out of seven stand-alone agricultural interventions reviewed was assessed as inappropriate for engaging the poorest and marginalized populations or communities, as they often lacked the assets, capital, and skills to engage in value chains. This mismatch was attributed in part to the absence of a clear framework of the value-chain approach in some organizations, weak quality of entry assurance mechanisms, and the use of ineffective strategies for reaching different groups of beneficiaries. The expected trickle-down effect on poor groups from interventions that supported larger, more entrepreneurial farmers and large agribusinesses did not materialize, due to insufficient incentives to reach the poor. Nevertheless, the synthesis observed examples of multi-sectoral projects targeting smallholder farmers and poor households in value-chain approaches by means of cash transfers, small grants and/or input credits, and entrepreneurship training and coaching, to increase smallholders’ and poor households’ participation in value-chain activities.

Most MDBs’ reliance on lines of credit to reach underserved populations, including poor rural dwellers, smaller SMEs, women, and youth, was found inappropriate for driving financial inclusion, as it did not give financial intermediaries sufficient incentives to transact with these populations.

Finding 3: Weaknesses in design were found to diminish interventions’ relevance for inclusive growth.

Inadequate attention to desired outcomes was found to diminish the relevance of interventions in agriculture, financial inclusion, PSD and institutional governance. Financial inclusion studies found that a focus on broad development outcomes limited attention to the specific needs of populations and enterprises with low access to finance. A World Bank evaluation of SME projects suggested that strengthening the technical design of projects could improve the projects’ development outcomes. The World Bank also observed that the design, implementation, and results measurement systems of only a small proportion of its 881 projects in industry and competitiveness implemented between fiscal years 2008 and 2014 articulated the job creation issue and specified target groups: ultimately, this affected the projects’ effect on employment. The programs’ theories of change, implementation plans, and measurement plans did not always clearly articulate agricultural and institutional strengthening and governance intervention impacts, resulting in inadequate focus and/or reporting on this level.

Studies also observed instances of insufficient time planning for projects requiring more time for transformative change to happen. For example, the short life span of stand-alone
technical assistance social protection programs implemented by the AsDB were not deemed relevant to building long-term resilience to shocks, poverty, and inequality. Similarly, the short duration of some of the UNDP’s anti-corruption programs was found to reduce their relevance to building sufficient institutional capacity, which requires efforts over a longer term.62

**Effectiveness and Development Impact of Interventions**

This section addresses the extent to which the interventions assessed by the 67 studies included in this synthesis demonstrated outputs, outcomes and impacts on people’s wellbeing, especially the poor, most vulnerable, and excluded populations.

**Finding 4:** Effectiveness was found to vary across the different interventions, with more success observed at the output and short-term outcome levels than demonstrated impacts on employment, business profitability, income, improved wellbeing, and quality of life for the disadvantaged.

Economic growth interventions were found to have achieved immediate outputs and short-term outcomes, but their effectiveness at improving productivity, increasing competitiveness, and creating jobs for underserved and marginalized groups was deemed limited. Their limited focus on the measurement of outcomes of interest to the target population was also found inadequate to guide required action. Up to 70% of the agricultural studies reviewed registered improvements in the knowledge and skills of farmers and participating producer organizations; increased adoption of improved farming practices, new varieties, and technologies; augmented use of inputs; improved post-harvest practices; and/or increased access to markets, all of which boosted production and sales. However, higher-level outcomes and positive impacts on profitability, employment, asset diversification, income, and wellbeing were more difficult to establish due to weak program design, poor targeting, and the inadequate measurement of outcomes and impacts, especially on poor populations.

**Financial inclusion interventions** were found to have expanded access to finance for on-lending and strengthened the capacity of financial intermediaries. For example, World Bank projects that combined enabling environment interventions, like the establishment and regulation of credit bureaus, with technical assistance to financial intermediaries, expanded access and broadened the range of products.63 Similarly, eight of 13 lines of credit supplied by the AfDB fully or partially attained their intended results and helped financial intermediaries access additional funding and attract support from international financial institutions.64 Success factors common to the studies included government commitment and the quality of engagement and commitment of the client financial institution. However, this was not enough to address the needs of underserved and excluded groups. The evaluation synthesis found weak targeting and limited innovation in financial products and delivery channels—including digital services—that might have improved access for underserved groups. The synthesis also found limited evidence on the transformative effect of financial inclusion on poverty and income for the disadvantaged, the poor, and low-income earners.65 Credit helped poor people manage their day-to-day financial struggles and gave them choices and options, but it did not necessarily support enterprise growth.66 More borrowers were found to use credit for consumption than for investment.

**Support for PSD and SMEs** focused primarily on access to finance and was found inadequate in addressing SMEs’ constraints, resulting in limited growth of SMEs. In addition, the related evaluations found that the reach and impact of these interventions was hampered by deficiencies in their definition of SMEs, their over-reliance on lines of credit that did little to incentivize financial intermediaries to work with SMEs and other underserved groups, and their overt focus on lending outputs rather than on development outcomes. Both the World Bank and
the AsDB found that the effectiveness of financial intermediaries and financial markets influenced the growth of SMEs. Information on the job creation impact of SMEs was inconclusive. Evaluations reviewed as part of this synthesis raised issues on the sustainable job creation impact of MSMEs versus larger companies, consistency in the design and measurement of employment effects, and the realism of job targets. In one organization, better measurement of job creation outcomes was associated with clear definitions and the institutionalization of the measurement practice. Weak monitoring and evaluation was observed as a constraint common to financial inclusion and PSD and SME interventions. It limited stakeholders’ understanding of the development impact of the support provided.

Interventions in economic infrastructure, specifically energy infrastructure, were found to have improved access. For example, the AfDB’s 2020 evaluation of energy projects found that outputs related to the construction of infrastructure to produce, transmit, and distribute electricity and establish electromechanical equipment were largely achieved and sometimes surpassed. In 35 of 37 World Bank energy projects, outcomes rated satisfactory or better were linked to strong government commitment and realistic project design. However, both institutions’ energy portfolios registered challenges in reaching the “last mile,” and in addressing reliability, quality, and affordability for the poor. Poor governance of the sector; weaknesses in institutional capacity, energy policies, and regulatory frameworks; and weakly implemented tariff reforms were identified as barriers to progress. World Bank urban road projects were found more successful at improving access for the poor through targeted interventions that connected poor neighborhoods to urban transport services, but even these projects did little to address affordability. Generally, measurement and reporting on changes in economic opportunities and business growth, employment and income as a result of better access and utilization of infrastructure was found to be weak.

The effectiveness of human and social capital interventions in improving the quality of the labor force and the ability of the most vulnerable to better participate in the growth process was found to vary across intervention types. Health interventions reviewed were found to have improved access to services and increased the adoption of positive health behaviors. Specifically, studies registered more awareness and an increase in the adoption of positive health behaviors among women and children, including antenatal care attendance, the use of family planning, exclusive breastfeeding, and more dietary diversity. That said, programs’ failure to provide equitable access to good health services was found to limit the most vulnerable groups’ use of those services over the long term. This limited their health benefits. Measuring health outcomes for target populations was rare, as was measuring the outcomes’ impact on poverty. The only evaluation that reported on impact found moderate gains in height for age and stunting and a decrease in weight for age in the treated population. This was associated with a chronic lack of access to adequate nutrition in the project area.

Access to basic education and vocational and technical skills for vulnerable populations and disadvantaged youth was found to have increased in the three interventions that assessed it. In Somalia, improvements in the quality of teachers, the creation of a positive learning environment, active social mobilization, and the redirection of the project to follow migrating populations, enabled the project to reach more out-of-school children, including the children of internally displaced persons who were previously unable to access government services. The use of information technology to deliver science and mathematics lessons, complemented by an improved instructors’ teaching style, raised girls’ performance in subjects they traditionally struggled with. On the other hand, evidence of effectiveness of skills development programs on high level indicators such as learning and labor market outcomes was found inconsistent due to poor tracking of results and concerns about the quality of education and its responsiveness to labor market
demands. A study on technical and vocational education and training (TVET) observed that low wages, even for workers who had been apprentices, lowered individuals’ motivation for participating in TVET and skills development programs. In contrast, the evaluation of the USAID-funded Education for Income Generation Project in Nepal reported that more than 76% of disadvantaged youth (i.e. 85% men; 74% for women) who participated in the project were employed. It also found that linking basic literacy skills to enterprise development, putting trainees in touch with employment agencies, and linking recipients of agricultural training to markets, agricultural resources, and services, could improve productivity, incomes, and employment opportunities.

Social protection interventions were deemed more effective among household beneficiaries than among institutions. Cash transfers in particular increased consumption and productive investment among beneficiary households and enhanced resilience as households diversified their income-generating activities, saved more, and reduced their use of negative coping strategies (e.g., selling assets, migrating to cities, and/or putting children to work). Cash transfers were deemed more effective when provided in substantial amounts and complemented with training, coaching, and regular transfers. Social safety nets had a poverty- and inequality-reducing effect. However, the relevant evaluations found that governments continued to face challenges in targeting beneficiaries effectively, securing financing, coordinating multidimensional programs, and producing robust data.

Interventions in institution-strengthening and governance were found to deliver outputs, but not enough to change the way systems operate. When adequate resources, motivated staff, and functioning accountability mechanisms were in place, citizen engagement interventions were found to increase citizens’ awareness of and participation in the governance of service delivery and to increase their physical access to certain types of services. Policy development and legislative support for national and local governments was found moderately effective at strengthening local institutions and policy frameworks. This support resulted in the development and sometimes the adoption of legislation, policies, and strategies that advanced transparency and accountability, economic development, and pro-poor and inclusive growth agendas. However, in the absence of political will, sufficient resources, and citizens’ willingness to hold government and other duty-bearers accountable, this support alone was not always found sufficient to address underlying institutional and governance challenges and to positively impact the poor. In addition, deficiencies in design and implementation rendered determination of impacts of institutional governance interventions inconclusive and/or difficult to measure.

Women’s empowerment interventions were found to strengthen women’s access to opportunities and increase their income and assets, but evidence of interventions’ impact on sustained earnings, human development outcomes, and women’s control of resources was found inconclusive. The synthesis found that programs with economic empowerment elements increased economic opportunities for women. For example, the Women in Wealth activity reported an increase in investment in income-generating activities and an increase in women’s income. Economic inclusion programs were found to increase economic opportunities and asset ownership among women participants. In contrast, AsDB-funded SME programs targeting women often achieved their outputs—measured in terms of the number of women reached by the services provided by the programs—but did not track those outputs’ impact on business growth or performance and profitability. Although women’s voice and participation in decision-making improved, the impact on women’s access to opportunities and wellbeing is not fully known. Two evaluations of women’s empowerment activities noted an increase in women’s participation in decision-making, but insufficient monitoring of higher-level results meant that the impact of this increase in participation could not be established.
A combination of downstream activities providing services to women, interventions to create an enabling environment, and policy reforms were, however, found promising. Women in business operations were found to achieve better development results in countries whose efforts involved policy change and capacity development for women-led SMEs than in countries that just focused on provision of credit. Positive results from financial inclusion interventions on women’s empowerment were observed in projects that added components on women’s rights, social norms of the area, and the type of empowerment being considered.

The effectiveness of youth economic empowerment programs was found to differ by type of intervention and implementation approach. Although one study found that well-designed skills training interventions contributed to increasing young people’s economic, social, and political engagement, a lack of appropriate indicators, the unavailability of age-disaggregated data, and low attention to outcomes in general made it difficult to establish the outcomes and impacts of interventions in youth employment. The evaluation synthesis found that inadequate strategic guidance and insufficient attention to measuring youth outcomes on the part of institutions affected the implementation, effectiveness, and impact of youth employment interventions.

Factors Enabling Effectiveness

Despite differences among categories of interventions, the evaluation synthesis identified a common set of factors that influenced success across the board. These factors concern (i) multisectoral and complementary interventions, (ii) targeting, (iii) the engagement of beneficiaries, and (iv) the role of the private sector.

**Finding 5:** Multisectoral and complementary interventions were found to have a stronger positive effect on underserved populations due to their focus on multiple barriers.

The evaluation found complementary and/or multisectoral interventions more strongly associated with positive outcomes. For example, the integration of infrastructure development into agriculture projects was found instrumental in increasing productivity, improving quality, facilitating value addition, and enhancing access to product markets and inputs, especially when complemented by other supporting services, such as access to credit and market information.

Similarly, infrastructure interventions that adopted an integrated approach and connected lower-income groups to basic services and markets were found effective at enhancing access to employment, education, health care, and other services and opportunities. The impact evaluation of the AfDB-funded construction of the 147.5 km Fufualso-Sawla Road observed a decrease in commuting time and improvements in the living standards of beneficiaries, including education and health outcomes for girls and women. Impacts were higher in areas where road construction was accompanied by the construction of schools and market centers. This aligns with a 2014 AsDB evaluation that observed that the degree to which infrastructure interventions were inclusive depended on whether the interventions connected lower-income groups to basic services and markets that made it possible for them to access employment, education, health care, and other services and opportunities.

In other cases, multisectoral approaches or a bundled set of social protection interventions were found to have a greater impact on income, assets, and savings than stand-alone interventions, since multisectoral interventions addressed multiple barriers at one go. Similarly, integrated and bundled activities that addressed multiple constraints faced by youth in starting businesses-by providing youth with access to both finance and training, by training youth in entrepreneurship, and by youth participating in public works programs-were more promising. It is worth noting that multidimensional programs are anticipated to require strong coordination.
Finding 6: Effective targeting fostered the achievement of outcomes for inclusive growth.

As indicated earlier, effectively targeting relevant population groups was found critical to achieving inclusive growth outcomes. The studies assessed presented various targeting approaches, including community-based targeting, proxy means-testing, demographic and geographic targeting, and poverty maps. The AsDB’s 2020 synthesis on social protection further noted that when targeting methods were used in combination, they guarded against mistargeting and ensured a more effective allocation of resources to those most in need.

Governance and institutional projects were found better at targeting poor and other marginalized groups when they did so intentionally. This occurred when the intervention(s) concentrated on specific barriers to the participation of these groups and used poverty-focused tools and analytical products to engage stakeholders and focus the debate on the poor.

Conversely, weak targeting of poor populations, including youth and indigenous people, made some interventions in agriculture less inclusive. The undifferentiated value-chain approach adopted in most agriculture interventions was found ineffective at reaching the chronic poor and the asset-poor. Exclusion of some groups or farmers occurred when the private sector was left to choose partners; that is, when the private sector was not driven by poverty-reduction objectives. It is possible to reach out to the poor through value chains, but this requires inclusive value-chain assessments and targeting (Box 1).

Similarly, as noted in previous sections, both financial inclusion and PSD activities suffered from targeting problems. This subsequently limited their ability to reach and address the needs of underserved SMEs and households. The AsDB’s evaluation of SMEs recognized that support for women’s businesses did not differentiate between woman-led SMEs and individual women or petty traders, who face different challenges. This made interventions less effective, as some women took loans to pay for their children’s education and not to expand their business.

While projects may aspire to target beneficiaries accurately, it is important to recognize that politics, the availability of resources, and other factors may weigh on an intervention’s choice of location and its beneficiaries.

Finding 7: Engaging beneficiaries in design and implementation was found to contribute to positive outcomes.

Deep, sustained citizen engagement in projects has been associated with positive outcomes in service delivery, building trust and confidence in service providers and leaders, and enhanced overall governance and accountability. Evaluations that assessed community-based approaches (i.e., approaches that prioritize engaging citizens in the design, management, and monitoring of projects and the delivery of services) observed success in a range of outcomes. These outcomes included enhanced community organization and agency;

Box 1: Integrating pro-poor elements in work on value chains

Case studies from IFAD’s evaluation of pro-poor value chains show that it is possible to reach poor and very poor households and groups with a value-chain approach. Not all IFAD’s projects managed to do this effectively. Those that did (i) selected commodities that required little capital investment and involved intensive, unskilled labor inputs; (ii) stipulated pro-poor conditions for agribusinesses to obtain IFAD’s support; (iii) conducted community-based groundwork and mobilized producer groups; and (iv) had previously conducted work in the area, thereby establishing the productive base and local knowledge.

Source: IFAD, 2019
access to education, water, and health services; and agricultural production and entrepreneurship.

In another instance, better performance was observed in programs that used a community-based model for improving rural water supply and access to sanitation, contributing to a reduction in disparities between rural and urban areas. Community contributions—whether ideas, time, physical resources, or financial resources—incentivized community members to manage water supplies more sustainably. Similarly, some of the more successful women and youth empowerment projects were projects that gave these groups substantive roles in project decision-making.

**Finding 8:** Private sector engagement was both an opportunity and a limitation to reaching and addressing the needs of underserved populations.

The integration and effects of private sector partnerships was found to vary among interventions. When successful, they yielded additional resources, expertise, and earnings. A UNDP evaluation of its earlier poverty reduction programs found that limited integration of pro-poor elements in PSD activities registered reduced productivity and employment outcomes. However, subsequent programs that integrated public-private partnerships were found to have brought in complementary resources to address policy and institutional bottlenecks that hindered the development of the private sector and SMEs. These programs also enhanced inclusion and benefited poor people who participated in the programs as consumers, suppliers, employees, and business holders in value chains and markets. Likewise, the use of equity investments in the AfDB’s access-to-finance portfolio was found critical in developing the financial sector and attracting private-sector funding.

Public-private partnerships in the energy and water sectors were not found as successful because of limited incentives and lower anticipated returns in a context of low revenues and slow tariff reforms. SME development programs’ reliance on financial intermediaries to reach microenterprises and underserved populations was deemed unsuccessful because of the challenges and high costs of operating in such lower market segments and the absence of sufficient incentives. In some value-chain interventions, the use of grants to incentivize entrepreneurs and private-sector organizations to reach poorer farmers was a good approach to maintaining a poverty focus, but when the assignment criteria were not well applied, uptake was found limited and mistargeting occurred.

**Efficiency of Interventions**

This section discusses the studies’ findings on the extent to which inclusive growth interventions were implemented efficiently. It also discusses the drivers that underlie the efficiency of interventions in inclusive growth.

**Finding 9:** Differences in assessments and variance in measures and rubrics made it difficult to assess efficiency within and among groups of interventions in inclusive growth.

The frequency with which funding agencies assessed efficiency varied among different types of interventions. Half (21/42) of stand-alone evaluations assessed efficiency directly. Efficiency was measured more consistently in agriculture, financial inclusion, economic infrastructure, and PSD/SME-strengthening interventions than in other types of interventions. At the institutional level, IFAD, the AsDB, the AfDB, the World Bank, the United Kingdom’s Department for International Development (DFID)/Foreign Commonwealth and Development Office, UNDP, and the World Bank were found more consistent in assessing the efficiency of the interventions they funded. Evaluation synthesis products, research papers, systematic reviews, and impact evaluations rarely assessed efficiency, most likely due to the focused scope of their research, which did not always cover this aspect.
Where efficiency was assessed, agencies used different approaches and measures/rubrics. This made it difficult to synthesize findings and draw conclusions. Agencies and interventions determined efficiency in ways that ranged from value-for-money assessment to cost effectiveness, economic rates of return, and efficiency ratings. In some cases, conclusions about efficiency surfaced as statements on the extent to which resources, systems, and processes had been adequate for delivery without provision of a rating. In other cases, findings or conclusions about efficiency did not include explanations of the measures or approaches used. Differences in measurement also occurred within the same institution. Another challenge to the assessment of efficiency was inadequate information on processes, outputs, and outcomes, which made it difficult to link resources to outcomes. Certain youth and governance-related interventions had difficulty isolating the efficiency of activities that had been implemented as part of a comprehensive package. Inadequate knowledge about efficient inclusive growth interventions makes it difficult to scale up workable interventions.

Despite these differences, the analysis revealed common drivers of efficiency. For example, complexity in program design surfaced as a hindering factor in agriculture value-chain, health, institutional governance, financial inclusion, and infrastructure projects. The complexity was due either to over-ambitious programs that tried to address multiple barriers and therefore struggled to maintain focus and coherence, and/or to a complex technical design as was the case in some water, energy, and transport projects.

Delays and sometimes cost overruns were found prevalent in economic infrastructure activities due to procurement delays and weak national government capacity. In some interventions, inadequate resources (funding and staffing) emerged as a common factor that affected efficiency and effectiveness. The underestimation of requirements and bureaucratic delays was also found to hamper the delivery of national institution-strengthening activities across interventions and development agencies.

The potential of information and communications technology (ICT) to improve efficiency was evident in financial inclusion interventions, some of which used digital platforms, and in social protection programs, which used ICT to manage beneficiary registries and social assistance payments.

The reports reviewed suggest that coordination and collaboration across project components, organizations, and other development agencies remains an important consideration for achieving efficiency through leveraging efforts and minimizing duplication.

Weaknesses in the monitoring and evaluation of programs and projects were identified as a significant shortcoming in all interventions and sectors. The difficulty of measuring outputs, outcomes, and impacts affected the measurement of efficiency during implementation and made it difficult to determine value for money and the level of economic returns.

### Sustainability of Interventions

Assessing the overall sustainability of an intervention is difficult in the absence of evidence of the achievement of critical outcomes and impacts on poor, disadvantaged, and/or excluded groups. However, the sections below provide examples of elements of sustainability (i.e. institutional, ownership and partnerships, technical soundness, and financial sustainability) and observed factors/risks to sustainability as identified in the course of the synthesis.

**Finding 10:** The record on institutional sustainability is mixed. The synthesis found examples of strengthened institutional capacity, policies and regulatory reforms alongside persistent institutional capacity gaps across the different intervention types.
Various cases demonstrated strong institutional capacity, as evidenced by clear structures, clear policies, and regulatory reforms designed to secure participation and benefits for underserved and marginalized populations and groups excluded from the growth process. For example, the UNDP built the capacity of national policy-making and anti-corruption institutions to develop poverty reduction strategies and mainstream inclusive development in national development strategies and plans. This capacity and analytical tools are still available to support national planning. Interventions for financial inclusion and PSD strengthened the capacity of financial institutions, including microfinance agencies, and accomplished regulatory reforms in some countries. Common success factors were government commitment and the quality of engagement with and commitment by the client financial institution. The AfDB’s evaluation of energy sector projects found that regional and national policies and regulatory frameworks, together with appropriate political cooperation and country reforms, strengthened utility companies.

Programs whose benefits were integrated into national structures and policies were found more likely to be sustainable. For example, integrating agricultural seasonal loans and repayments developed under an IFAD-supported microfinance project into the Palli Karma Sahayak Foundation, a government financial institution in Bangladesh, made financial products available to other microfinance institutions and farmers outside the project area. Linking women’s credit groups to the formal banking sector had a similar effect. The likelihood of institutional sustainability was found stronger when local reforms were linked to national reforms; for example, when the capacity of rural institutions was strengthened in parallel with the development of an enabling environment.

Nevertheless, gaps in institutional capacities remained, affecting the likelihood of sustainability. These gaps were linked to insufficient clarity in roles, lack of autonomy, inability to attract and retain technical expertise, and inadequate funding. In some countries, the absence of organizations to lead social protection efforts or the lack of autonomy and authority of public accountability and oversight agencies affected the fight against corruption. In many cases, gaps in technical expertise, in human resources, and in financial resources were found evident in agencies responsible for planning, infrastructure, health, accountability, governance, and local development. One evaluation noted that an emphasis on technical content and process was not conducive to building the management and leadership skills necessary to continue policy and legislative reforms. As one evaluation noted, embedding projects in existing organizations is good for sustainability, but does not necessarily work for organizations already experiencing capacity constraints. The AsDB’s gender evaluation noted that limited government understanding and capacity for gender equality work hampered both progress and continuation. The same evaluation noted that in eight countries, gender programs’ failure to tackle legal and regulatory obstacles to facilitate women’s participation in entrepreneurship undermined the sustained demand for microfinance loans. Finally, inadequate support for institutional development and business development did little to build SMEs’ capacity to grow.

Finding 11: Though the outcomes of programs that strongly engaged the community were found more likely to be sustainable, community engagement did not necessarily translate into sustainable institutions. IFAD-rated community-driven development projects implemented between 1982 and 2018 scored higher for sustainability and ownership than non-community-driven development projects. The use of community development funds to support community initiatives was deemed useful in securing that ownership. Participatory approaches were found to improve ownership and helped integrate gender equality measures in community structures. One governance intervention involved nongovernmental organizations that advocated on behalf of marginalized women farmers and sought to improve the working and living conditions of...
female stall sellers: these organizations continued their advocacy work after the project closed, with the affected women at the forefront, advocating on their own behalf. In a WASH project for the urban poor, actively engaging communities was found to enhance the stakeholders’ buy-in and strengthen linkages between water and sanitation utilities/service providers and user communities. Conversely, poor community ownership was linked with deteriorating and poorly maintained road infrastructure.

The likelihood that community groups formed under projects would be sustained, was found uncertain. While a group approach was appropriate for securing local ownership, local buy-in, social mobilization, and peer learning, it proved very likely that the groups would weaken or dissolve in the absence of other supportive structures. In health, agriculture, and financial inclusion interventions, the continued provision of mentoring, supervision, technical and financial support, and market linkages was required to keep the groups active.

A World Bank evaluation found that community-based approaches that combined agricultural and rural non-farm economic activities reported satisfactory results for agriculture production and incomes but did not adequately address the profitability or sustainability of small rural enterprises.

Finding 12: Political will and commitment are critical.

The synthesis reconfirmed that political will and the commitment to implement programs and reform processes, establish relevant structures, and allocate and spend resources efficiently affects the continued provision of services and the delivery of benefits to recipients. Although the ownership of energy and water and sanitation programs was high, the political will to implement much-needed tariff reforms and cost recovery programs was found inadequate. This affected the viability and reliability of services. Similarly, political will and government commitment to transparent and accountable governance and inclusive policy reforms was found insufficient to achieve the intended outcomes and make results sustainable. Social protection benefits and the sustainability of the systems developed by interventions were subject to institutional capacity, political commitment, and prioritization by governments, as this involved decisions about the allocation of resources and the distribution of benefits among groups. One study found that the adoption and scaling-up of economic inclusion programs hinged on political acceptability and trade-offs in design and implementation, pointing to the need for greater political leadership and solid evidence to support such decisions.

Finding 13: Technical soundness was influenced by the appropriateness of designs and the extent to which interventions addressed constraints and provided lasting solutions for underserved groups.

The synthesis found that the quality of designs and construction work affected the sustainability of infrastructure service projects. Some energy projects scored satisfactorily on technical soundness, based on the technology they used. In contrast, rural water and sanitation projects whose complex design required technical expertise and maintenance costs that exceeded communities’ means, were rated unsustainable.

In addition, the insufficient attention paid to the constraints that prevent financial institutions from serving underserved segments of the population and the economy, was found to continue to limit access to finance for the underserved. MDBs’ predominant use of lines of credit was a temporary solution, as it did little to build financial intermediaries’ capacity to serve riskier populations. Similarly, some projects’ shortcomings in addressing structural gender equality suggests that outcomes for women’s economic empowerment are unlikely to be sustained.

The underestimation of risks and other exogenous factors also undermined sustainability, for example in the case of agriculture projects that did not
consistently address agri-businesses’ exposure to weather, market, and price risks, or WASH projects that did not consider the impact of climate change on a community’s ability to obtain enough water to meet its needs.

**Finding 14:** Weak financial sustainability was found prevalent in all interventions, as institutions did not demonstrate sufficient capacity to mobilize financial resources. Approaches to improve access to finance and generate revenue were often found unsuccessful.

Over-reliance on external funding, with limited mechanisms for generating additional resources to keep services running and available to those who need them most, was found prevalent across the public and private sectors. In low-income countries, the financial sustainability of social protection programs was a concern and resulted in narrowly focused interventions. High startup costs and incorrect assumptions caused nearly half of the nongovernmental organizations expected to transition into microfinance institutions with the support from the International Finance Corporation to fail to turn profitable. Without external support, the sustainability of alternative basic education centers was found low. Limited success in implementing effective cost-recovery programs and tariff reforms affected the financial viability of water and energy services, thereby requiring targeted subsidies.

Although in general, MDB-funded financial inclusion initiatives supported sustainable financial intermediaries and improved their performance, it is not evident that the intermediaries would continue to support end-beneficiaries without external funding, or would provide products and approaches for underserved groups. Research shows that after a line of credit ends, lenders tend to revert to their usual borrowers. The AfDB found equity funds, with their positive performance and ability to attract private sector funding, to be a more sustainable form of financing than lines of credit or partial credit guarantees.

Access to financing continues to be a challenge for farmers and SMEs. Given the still-considerable size of excluded populations, the provision of subsidies, guarantees, and other forms of assistance was still deemed necessary to improve the demand for and supply of financial services in the downstream market. The continued provision of subsidies was also a consideration across World Bank WASH and energy projects.

**Finding 15:** The interplay between weak institutional capacity and weak financial capacity undermined overall sustainability.

While many interventions included elements of institutional capacity-building at all levels, this capacity was often found insufficient to secure financial sustainability and make benefits available in the long run, irrespective of the sector of the intervention. Evaluations of energy projects found that the financial viability of the sector and its institutions depended both on institutional strength (clarity of roles and responsibilities, good business models) and the financial capacity of the utility/sector. In another example, the low sustainability of AfDB-funded rural electrification projects was linked to utilities’ weak financial and institutional viability and to a lack of appropriate country reforms, both of which resulted in inadequate financial resources. Low institutional capacity and inadequate mechanisms for financing maintenance were identified as the highest risks to the sustainability of water supply and sanitation systems. Also, a combination of insufficient financial resources and a lack of technical capacity on the part of government agencies, including ministries responsible for anti-corruption efforts, trade, and health, was found to undermine the effectiveness and ability to continue with program outcomes. The AsDB’s synthesis on social protection interventions noted the importance of building local and national systems and better coordination of various sources of aid and advice to improve interventions’ efficiency and effectiveness and make them more fiscally sustainable. The sustainability of farmer and producer organizations, rural enterprises, and other
agricultural organizations was found questionable on account of their weak organizational and financial capacity.

Finding 16: Successfully engaging private sector actors was found to improve the likelihood of sustainability.

The degree to which engaging the private sector improved the likelihood of sustainability was found to vary among agriculture, energy, WASH, finance, and PSD interventions. When partnerships were secured and functional, they added resources (funds, expertise, networks), enabled access to markets, and supported technological innovations beyond the scope of specific projects/programs, all of which increased the likelihood of sustainability. However, unsuccessful partnerships were found to lower these gains. For example, private sector participation in the management of an energy utility was deemed unsuccessful in the absence of tariff reforms and adequate governance structures. Similarly, private sector participation in the maintenance of a complex water supply system in Tanzania did not materialize due to delays in developing the public-private partnerships that had been planned in the national policy framework.

Finding 17: Technical constraints and unsustainable financing limit the potential of ICT solutions.

While digital systems provide an opportunity for more efficient and financially sustainable platforms to provide access to finance, low levels of initial investment and inability to operate at scale were some of the factors found to affect commercial viability. Similarly, in the case of social protection programs, governance reform programs, and programs for innovating education with ICT, the poor maintenance of digital equipment and poor internet connectivity made it difficult to continue to make services available to target beneficiaries. This could often be traced back to inadequate technical and financial resources.
Conclusions and Lessons

Conclusions

As poverty persisted and the impacts of uneven growth became more vivid over several decades, concepts of inclusive growth emerged on the development agenda. Though there is still no consistent definition of inclusive growth across sixteen organizational policy documents reviewed, the key development institutions share a common commitment to addressing poverty and inequality and engaging excluded groups in economic growth.

Even before the COVID-19 pandemic, Africa was making slow progress in achieving inclusive growth. Multifaceted constraints limited the continent’s ability to generate sufficient jobs, develop human capital, create an enabling environment for growth, and provide equal access to opportunities. The pandemic exacerbated this situation and reversed gains in poverty reduction. This has made inclusive growth more important than ever.

Effectiveness of inclusive growth interventions:
The synthesis of evaluations of inclusive growth interventions suggests that interventions have been more effective at delivering immediate outputs and outcomes than at demonstrating impacts on members of poor, excluded, and other marginalized groups, including women and youth.

Specifically, economic growth interventions in the areas of agriculture, financial inclusion, PSD, SMEs, and infrastructure (energy, roads, irrigation) were found more effective at producing outputs and short-term outcomes than at producing outcomes and impacts. Aside from agriculture interventions, financial inclusion, PSD/SME development, and infrastructure interventions did not adequately demonstrate relevance and subsequently effectiveness, because they did not adequately target poor and underserved groups or address the barriers hindering these groups’ access to economic opportunities. Their effect on improving business growth and competitiveness, creating jobs, and increasing income and wellbeing was either lacking or—in the absence of robust data—difficult to establish.

The effectiveness of interventions to develop human and social capital was found to vary across health, WASH, education, skills development, and social protection interventions. Social protection interventions reviewed for this study were found relevant, targeted populations’ needs, and improved consumption, productive investment, and the resilience of vulnerable households. Other interventions to develop human capital—i.e., WASH, skills development, and health interventions—were found to address barriers to access but sometimes faced difficulties in addressing issues pertinent to excluded or under-served populations. They also had difficulty measuring the outcomes and impact on use of services, improvements in employability, and reduction of poverty. In general, significant institutional and financial risks were found to affect the availability of services over the long term and undermine the sustainability of benefits.

Institution-strengthening and governance interventions were found to be relevant and appropriate for increasing the focus of policies on inclusive growth, improving institutional capacity in this area, and for stimulating citizen action. Although the interventions showed evidence of having strengthened institutions, policy reforms, and engaged citizens, these improvements were not enough to change the way systems operated. There was rarely a focus on or tracking of the outcomes and impacts of institution-strengthening and governance activities on the poor. The synthesis found that country leadership and political support was critical
to implementation and sustainability, especially in public-sector led areas such as social protection, economic infrastructure, public policies, governance, and accountability.

When designed and measured well, activities to economically empower women and youth were found to improve these groups’ economic opportunities and asset accumulation. These impacts were more evident for women as there was less coverage on youth, people with disabilities or other disadvantaged populations in the reports reviewed. The presence of institutional policies or strategies, operational guidance, access to expertise, and the use of sound diagnostics influenced the extent to which country programs targeted women and youth. Delivering tailored programs and/or using approaches that targeted women and youth, focused programs better.

Integrated programming: Programs that included multi-sectoral or a set of bundled interventions were associated with wider benefits. This highlights the fact that vulnerable and poor populations often face multiple constraints—for example, inadequate access to economic opportunities, poor access to basic social services, and inadequate skills—that exclude them from participating and benefiting from the growth process.

Targeting: Effective targeting was found crucial to assuring relevance for inclusive growth interventions, their effectiveness and subsequently sustainability. The use and impact of application of effective targeting approaches were evident in social protection interventions and other types of interventions. In other instances, flaws in the design and implementation process limited targeting of the poor, marginalized, and excluded people, resulting in minimal impact in addressing the barriers that exclude these groups.

Private sector: Engaging the private sector was both an opportunity and a limitation to reaching and addressing the needs of the underserved. When successful, PSD brought on board relevant resources (expertise, funds, networks), access to markets and innovations to address needs and barriers.

Evidence base: In general, the outcomes and impacts of interventions on poor and disadvantaged populations were not monitored consistently. Weak monitoring and evaluation systems were prevalent across sectors and interventions and limited the availability of ongoing feedback to (re)direct activities during the course of implementation.

Despite the setbacks from the COVID-19 pandemic, the ongoing consequences of climate change, and the knock-on effects of global geopolitical and security events, Africa has numerous opportunities to integrate equity and equality in recovery efforts. Clear frameworks to operationalize inclusive growth goals and development outcomes for excluded groups would help achieve much-needed progress.

Lessons

While the interventions covered by the 67 studies were varied, their focus on common outcomes and increasing the participation of and benefits for the poor, vulnerable and other marginalized groups in the growth process presents a set of common lessons.

Lesson 1: Intentionally targeting groups excluded from participating in and benefiting from growth processes is crucial to achieving inclusive growth outcomes.

Inclusive growth requires intentionally targeting excluded and underserved populations and addressing the barriers that cause these groups to remain in poverty. Social protection interventions used targeting mechanisms better and demonstrated more evidence of positive results for poor and marginalized populations than did some interventions in agricultural production, financial inclusion, and economic infrastructure. Successful youth empowerment activities were those that offered tailored support for youth and/or their businesses different from the other project beneficiaries. Other programs segmented and tailored their activities to respond to specific needs.
and capabilities of different population groups. In contrast, access-to-finance interventions that did not focus much on underserved populations, including SMEs, or those that relied on large private sector organizations to reach poorer farmers, had limited or inconclusive impacts on the poor. Similarly, agriculture value-chain interventions that did not adapt their approach to poorer populations did not demonstrate impacts in terms of income generation and job creation for the poor. The failure to recognize and/or address the heterogenous needs of specific groups also undermined the achievement of intended outcomes. Therefore, targeting excluded or underserved groups must be intentional: it should not be assumed to occur automatically. Selecting those implementation approaches and instruments that best reach and address constraints to inclusive growth can contribute to success.

Integrated approaches that address multiple barriers can be complex but can also produce promising results, as evidenced in infrastructure projects that were complemented with activities addressing access to markets and other basic services. Similar examples were evident in social protection programs and youth and women’s economic empowerment activities. Most marginalized groups face multiple barriers at different levels—the levels of the individual, the household, the community, the economy, and institutions. These barriers hamper their access to basic services and economic opportunities, their ability to develop critical skills and capacities, and/or their freedom to make choices about their lives. Multipronged efforts to address the different barriers have opened up opportunities, increased incomes, and built resilience.

Maintaining and/or scaling up the engagement of excluded or marginalized groups in activities increases the probability of producing positive outcomes. Water and sanitation projects as well as women’s and youth economic empowerment activities that used a community-driven development and/or community-based approach were more successful in achieving development outcomes for marginalized groups than projects and activities that did not. Engaging affected groups in decision-making can make service delivery more responsive, improves visibility on the needs and constraints of affected persons, and build networks and social capital.

Lesson 2: Evidence-based programs and measurement systems that specifically address outcomes for underserved and marginalized groups can increase impacts related to inclusive growth. The synthesis revealed several instances in which inadequate analysis of constraints and barriers and definition of development outcomes and impacts for disadvantaged groups diminished interventions’ potential to boost inclusive growth. The achievement of financial inclusion outcomes was hindered by a limited focus on market barriers and outcomes of interest to poor people. Interventions in agriculture did not measure outcomes in profitability of farm enterprises, creation of jobs, and the sustained generation of income. The absence of clear frameworks for translating the inclusive growth or shared prosperity theory into action and inadequate specification of targeted outcomes affected the operationalization of the inclusive growth portfolios of the Asian Development Bank and the World Bank. In almost all the interventions, weaknesses in monitoring and evaluation systems for projects and institutions limited access to important information on the process and outcomes of inclusive growth interventions. This underlines the importance of defining clear results chains and frameworks at the design stage, and monitoring them throughout the lifespan of the intervention. More consistent measurement of the reach and impacts of interventions on the poor can help to ascertain progress, learn what works best for whom, and identify the most efficient means of producing results.

Lesson 3: Political support and institutional capacity are prerequisites for initiating and sustaining reform programs for inclusive growth. In all sectors and interventions, institutional capacity and political support were found critical to driving reform
processes and sustaining outcomes. The presence or absence of political will was found to affect achievement of accountability and transparency outcomes. The evaluation also found that the political will to implement much-needed tariff reforms and cost-recovery programs in energy and water initiatives was lacking thereby lowering the viability and reliability of services. The synthesis found positive examples of strengthened institutional capacity, stronger policies, and regulatory reforms alongside persistent gaps in institutional capacity. For example, political will was instrumental in integrating pro-poor elements into policies but weak capacities in applying effective targeting mechanisms affected achievement of pro-poor outcomes. The decision to scale up economic inclusion programs was found to depend more on politics than on technical rationale. Better use of political economy analysis to understand and respond to political realities, incentives, and the role of structural issues in policy reforms could improve buy-in and commitment and enhance the sustainability of service.

Lesson 4: Developing and/or amplifying the use of alternative financial products for poor and underserved populations can increase access to social and economic opportunities. Lack of finance was found to perpetuate exclusion by making it harder for the members of underserved groups to engage in more productive economic activities, diversify their assets, and build resilience to shocks. The predominant use of lines of credit and limited innovations in other financial products did not sustainably address the lack of access to finance for the poor and under-served populations. Exploring other options for addressing financial barriers—among other things by widening the instruments used by MDBs and investing more in alternative financial services and products like digital services, insurance, savings, and different payment options—may improve financial inclusion. More research on how to make finance work for the poor is critical to answering lingering questions on whether or not these interventions really work.

Lesson 5: To promote inclusive growth through private sector engagement, it is essential to balance profitability goals with targeting the underserved. Experiences from projects in agricultural value chains and financial inclusion demonstrated that when the private sector’s priorities do not align with an intervention’s goals for inclusion, underserved and riskier populations are left out. This can have far-reaching effects as countries and development agencies pursue private sector-led strategies for achieving inclusive growth. In another instance, energy and water programs in which critical tariff reforms took place slowly or not at all, and in which the creation of an enabling environment for private sector participation did not proceed as planned, critical technical expertise, and participation in infrastructure maintenance by the private sector was compromised. Achieving impactful private sector engagement in inclusive growth is more likely when guided by a focus on outcomes for reaching the poor, a set of meaningful incentives for private sector participation, strong government commitment and appropriate mechanisms for measuring impact.
Annexes

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Annex 1: Methodology

The evaluation synthesis is grounded in theory and draws on evidence from evaluations and other research on inclusive growth. Based on an initial document review, the synthesis constructed a theory of change for pursuing inclusive growth in Africa that served as an analytical framework for synthesizing and interpreting the evidence. The key elements of the theory posit that achieving inclusive growth in Africa entails:

- **Strengthening economic growth by growing assets** and improving productive opportunities especially for the low-income and marginalized groups of the society thereby improving productivity, competitiveness and generation of decent jobs to reduce poverty and inequality. This includes promoting entrepreneurship and addressing barriers in access to finance for small and medium enterprises, women, and youth entrepreneurs in Africa; improving access to local, regional and global markets; building critical infrastructure (both hardware and software) like roads, electricity, telecommunications, water for production to support business growth, industrialization and create jobs. Addressing gender equity and increasing female economic participation are associated with higher growth, more favorable development outcomes, and lower income inequality (Jain-Chandra & Kochhar, 2015). Structural transformation efforts that support export diversification away from dependence on a narrow range of primary products, modernization, technology adoption and strengthening of labor-intensive manufacturing and processing sectors especially agriculture where most of the poor derive their livelihoods, and expansion of national and foreign private investments in critical sectors including services will create jobs, enhance competitiveness and increase productivity. Various studies have demonstrated that economic transformation will emerge from strengthening productivity in lower productivity sectors such as agriculture and expanding output and employment in higher productivity sectors (Samans et al, 2017, Woldemichael & Shimeles, 2019, Fox & Gandhi, 2021). Pursuing innovation of new goods and services for and/or by the poor through incubation centers, innovation labs, partnerships to grow and take business ideas to scale drives up production and consumption. Research commissioned by IMF suggests that the main instrument for sustainable and inclusive growth is productive employment (Rabbah et al, 2012). Productive employment is a combination of employment growth that generates jobs and productivity growth which in turn have the potential to lift wages for both the employed and self-employed. Increased jobs and productivity will increase incomes, reduce poverty and inequality thus leading to better living standards.

- **Building human and social capital to strengthen the quality of the labor force and provide equal opportunities for all to participate in the economic growth process and improve overall labor force productivity in agriculture and other sectors**. This can be achieved by improving access and quality of education for both girls and boys, addressing the skills mismatch between the demand and supply of labor through expansion of tertiary and vocational education services, investment in STEM, skills in using digital technology in different sectors for the future thereby improving the employability (wage/self-employment) of the working age population, and stimulating innovation and productivity. Alongside this, improving access to other social services like health and nutrition, as well as water and sanitation supports the generation of a healthier and more capable workforce for both current and future work. Greater adoption of technology and innovations has the potential to increase access - reaching more people, efficiency and quality of services. Provision of social protection services to the extreme poor and most vulnerable groups will increase their resilience to shocks and ability to engage and benefit from economic growth by opening
productive opportunities and improving their employability. More human capital is associated with higher earnings for people, higher income for countries, and stronger cohesion in societies (World Bank, 2021).

- Developing strong institutions and establishing sound governance systems that promote inclusion, rule of law, and enhance citizens’ trust in the system will foster investment, equal opportunities and effective management of public resources. This will include the development of political commitment to inclusive growth at the highest level, creating an enabling environment, developing capable institutions, and designing and implementing effective pro-labor government policies. It also includes establishing regulatory frameworks that incentivize national and foreign private sector investment, facilitate import and export trade, enhance labor mobility and create a stable macro-economic environment, thereby supporting business growth, labor-intensive industrialization and increased productivity. In addition, targeted implementation of public policies and good governance enhances opportunities for under-served and marginalized groups to contribute to inclusive growth. Improving voice and accountability through civil participation and citizen engagement interventions enhances effective use of resources and rebuilds trust and public support for economic reforms and policies. In general, skillful adoption of technology will advance opportunities for engaging citizens in democratic processes like elections and other decision making foras.

- Promoting climate resilience and sound environmental management is necessary to preserve the environment and reduce climate risks to sustained economic growth. Climate change and inclusive growth are closely linked as low-income households tend to suffer more from the negative economic consequences of global warming (AsDB, 2015). Acknowledging that the marginalized populations are often more impacted by adverse climate change effects and environmental degradation; intentional support to mainstreaming of climate adaptation, environmental protection and sound natural resource management practices in investment processes will help build resilience and mitigate shocks and disasters.
Growth should be shared not just among this generation but with future generations (IMF, 2017).
Document selection process

To generate responses to the evaluation questions, the evaluation synthesis drew on evidence from a cross-section of documents:

- Evaluations, evaluation synthesis reports, and learning products on key inclusive growth interventions published by multilateral development banks, United Nations agencies, bilateral agencies, and other global institutions.

- Development research papers on inclusive growth produced by leading global institutions, academia, and think tanks.

- Inclusive growth policies and strategies of a selected number of agencies.

**Collecting documents:** The evaluation applied a comprehensive list of keywords, including nine thematic keywords, to search scholarly databases (EBSCO and Google Scholar) and institutional databases (i.e., the Evaluation Resource Center of the Development Assistance Committee, bilateral and multilateral institution evaluation websites, J-pal, 3ie). The initial document search yielded 370 documents that had been produced by the following institutions:

<table>
<thead>
<tr>
<th>Multilateral development banks/agencies (members of the Evaluation Cooperation Group)</th>
<th>Other multilateral development institutions</th>
<th>Bilateral™ agencies</th>
<th>Global institutions</th>
<th>Development research agencies</th>
<th>Peer-reviewed journals</th>
</tr>
</thead>
<tbody>
<tr>
<td>AsDB</td>
<td>FAO</td>
<td>AFD</td>
<td>OECD</td>
<td>Brookings Institute</td>
<td>Journal of African Economies</td>
</tr>
<tr>
<td>ADB/IDEV</td>
<td>ILO</td>
<td>BMZ</td>
<td>World Economic Forum</td>
<td>World Inequality Lab</td>
<td>Review of Development Finance</td>
</tr>
<tr>
<td>EBRD</td>
<td>UNECA</td>
<td>BZ</td>
<td>Overseas Development Institute</td>
<td>African Development Monitor</td>
<td></td>
</tr>
<tr>
<td>EIB</td>
<td>UNDP</td>
<td>DFID</td>
<td>J-Pal</td>
<td>3ie</td>
<td></td>
</tr>
<tr>
<td>IADB</td>
<td>UNCDF</td>
<td>USAID</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IFAD</td>
<td>UNCTAD</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IMF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Islamic Development Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>World Bank /IEG</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: For the meaning of the abbreviations in this table, see the abbreviation list at the beginning of this paper.

**Selecting documents:** A clean-up exercise was carried out to delete duplicates and remove incomplete documents and summary documents. This exercise resulted in the selection of 348 documents. These were screened with Atlas TI to measure the occurrence of keywords tailored for each dimension of the evaluation. Finally, the evaluation team selected the top 25% of documents in each interventions area to retain 100
documents. This set of documents was assessed in depth to eliminate interventions that did not meet the following criteria:

- **Target population(s):** of the poor and other marginalized groups, including women, youth, and disabled people in developing countries across Africa, Asia, Eastern Europe, Latin America and the Middle East

- **Critical intervention:** Determined by the elements of the theory of change. These included:
  - **Economic growth:** Agricultural development, financial inclusion, PSD (including support for SMEs), critical infrastructure development, the empowerment of women and youth to enhance their participation in economic development
  - **Human and social capital development:** Education and skills development, health and nutrition, water, sanitation and hygiene, women and youth empowerment, social protections including safety nets
  - **Institutional development and good governance:** Macroeconomic policies; conducive legal and regulatory frameworks; economic reforms; institutional capacity-strengthening; and the promotion of transparency and accountability

- **Outcomes:** The intermediate and long-term outcomes identified in the theory of change

- **Time period:** Research papers and evaluation reports published over 2013-2021

- **Document type and quality:** Evaluations produced independently and research papers presented in selected peer-reviewed development journals whose methodology was sound and that made references available

Based on these criteria, the evaluation retained 65 documents for analysis. During the analysis, the evaluation dropped five documents whose findings proved inconclusive or of limited value. It replaced these documents with documents from the original search and by documents identified by a new search.

The final number of documents synthesized by the evaluation was 67. The areas covered by these documents were distributed as follows:

<table>
<thead>
<tr>
<th>Area of intervention</th>
<th>Type of document</th>
<th>Total</th>
<th>Geographic Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Research</td>
<td>Evaluation</td>
<td>Africa</td>
</tr>
<tr>
<td>Financial inclusion</td>
<td>1</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Education and skills development</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Governance</td>
<td>1</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Economic infrastructure</td>
<td>0</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Social services (Health/WASH)</td>
<td>0</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Social protection</td>
<td>1</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Women’s empowerment</td>
<td>1</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Youth empowerment</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>PSD/SME support</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Cross-cutting areas, other documents[^1]</td>
<td>2</td>
<td>11</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12</td>
<td>55</td>
<td>67</td>
</tr>
</tbody>
</table>

[^1]: These documents contributed to other intervention areas, which were sector-specific.

PSD = private sector development; SME = small and medium enterprise; WASH = water, sanitation, and hygiene
Data analysis and synthesis: To draw conclusions around elements common to different evaluations and studies, the evaluation team conducted a narrative synthesis and a thematic analysis. The narrative synthesis summarized findings from the documents reviewed, paying attention to similarities, differences, and relationships between them. A standardized coding tool and Atlas-ti software were used to enable coding, data extraction and analysis. Thematic analysis was then applied around the evaluation criteria (relevance, efficiency, effectiveness, impact and sustainability) to interpret findings and generate lessons.
# Annex 2: Institutional Policies and Strategies

<table>
<thead>
<tr>
<th>Agency</th>
<th>Policy / strategy</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agence Française de Développement (AFD)</td>
<td>AFD strategic orientation plan 2012-2016</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>AFD Group 2018-2022 Strategy</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>Economic and Financial Transition - 2021-2025 Strategy</td>
<td>2021</td>
</tr>
<tr>
<td>African Development Bank Group (AfDB)</td>
<td>Ten Year Strategy</td>
<td>2013</td>
</tr>
<tr>
<td></td>
<td>2013 Inclusive Growth Agenda</td>
<td>2013</td>
</tr>
<tr>
<td>African Union</td>
<td>Agenda 2063: The Africa We want.</td>
<td>2015</td>
</tr>
<tr>
<td></td>
<td>Strategy 2030. Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific</td>
<td>2018</td>
</tr>
<tr>
<td>Department for International Development (DFID)</td>
<td>UK-DFID aid strategy</td>
<td>2015</td>
</tr>
<tr>
<td></td>
<td>DFID Economic Development Strategy: prosperity, poverty</td>
<td>2017</td>
</tr>
<tr>
<td>European Bank for Reconstruction and Development (EBRD)</td>
<td>Economic Inclusion Strategy</td>
<td>2017</td>
</tr>
<tr>
<td>European Commission (EU)</td>
<td>Increasing the impact of EU Development Policy: An Agenda for Change</td>
<td>2011</td>
</tr>
<tr>
<td></td>
<td>Strategic Plan 2016-2020</td>
<td>2016</td>
</tr>
<tr>
<td></td>
<td>A new strategic agenda for the EU</td>
<td>2019</td>
</tr>
<tr>
<td></td>
<td>Strategic Plan 2020-2024</td>
<td>2020</td>
</tr>
<tr>
<td>Government of Netherlands</td>
<td>A World to Gain a New Agenda for Aid, Trade and Investment</td>
<td>2013</td>
</tr>
<tr>
<td></td>
<td>Policy document on foreign trade and development cooperation</td>
<td>2018</td>
</tr>
<tr>
<td>Inter-American Development Bank (IADB)</td>
<td>Report on the ninth general increase in the resources of the IADB and institutional strategy</td>
<td>2010</td>
</tr>
<tr>
<td></td>
<td>Update to the Institutional Strategy 2010-2020</td>
<td>2015</td>
</tr>
<tr>
<td></td>
<td>Second Update to the Institutional Strategy</td>
<td>2020</td>
</tr>
<tr>
<td></td>
<td>IFAD Strategic Framework 2016-2025</td>
<td>2016</td>
</tr>
<tr>
<td>Agency</td>
<td>Policy / strategy</td>
<td>Year</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Islamic Development Bank (IsDB)</td>
<td>Islamic Development Bank’s Ten-Year Strategy</td>
<td>2016</td>
</tr>
<tr>
<td>Organisation for Economic Co-operation and Development (OECD)</td>
<td>All on Board Making Inclusive Growth Happen</td>
<td>2014</td>
</tr>
<tr>
<td></td>
<td>OECD Inclusive Growth Framework</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>UNDP’S Strategy for Inclusive And Sustainable Growth</td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td>USAID’s Policy Framework: Ending the Need for Foreign Assistance</td>
<td>2019</td>
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<tr>
<td></td>
<td>USAID Economic Growth Policy</td>
<td>2021</td>
</tr>
<tr>
<td>World Bank</td>
<td>World Bank Group Strategy</td>
<td>2013</td>
</tr>
<tr>
<td></td>
<td>The World Bank group goals: end extreme poverty and promote shared prosperity</td>
<td>2013</td>
</tr>
</tbody>
</table>
Annex 3: Constraints to Inclusive Growth in Africa

- **Structural imbalances**: Africa’s economies have continued to rely on exports of primary commodities: this makes them vulnerable to external shocks such as weather conditions and fluctuations of prices on global markets. Structural transformation involving the transition into the manufacturing and service sectors is not happening as expected, thus resulting in limited opportunities to generate jobs and increase outputs. Jobless growth in Africa reduces the pathways for people to rise out of poverty. More than 85% of Africa’s workers are engaged in the informal sector (mostly agriculture), where they struggle with low wages, seasonality, and a lack of social protections. Informality is associated with low labor productivity, higher income inequality, and poverty.

- **Slow private sector growth**: In developing contexts, including Africa, over 90% of the private sector is dominated by small and medium enterprises (SMEs). SMEs are the prime drivers of job creation, mostly in the informal sector. They face tax and regulatory barriers as well as significant challenges in accessing the finance and infrastructure needed to grow their businesses, increase productivity and generate sufficient decent job. The lack of access to finance disproportionately affects SMEs as well as poor and marginalized populations, including women and youth. Like SMEs, these groups lack the documentation and collateral necessary to access loans, which results in their exclusion from the economic growth process.

- **Unequal access to basic social services**: Over the past decades, the African continent has made progress in improving access to basic services, including health, education, water, and sanitation. Nevertheless, coverage and use are low and remain uneven among countries and among population groups within a country. Disparities in access to services perpetuates the inequality of opportunities. Ultimately, it undermines the quality and quantity of the labor force needed to drive growth.

- **Education, skills gaps, and the digital divide**: The quality of education in Africa lags behind that in other continents. As in South Asia, low skills and poor education result in low-quality jobs, poverty, and inequality. The mismatch between levels of education and the skills required by the marketplace increase unemployment, especially among youth, even as job vacancies go unfilled. Africa has not yet fully developed the skills pool it needs to take advantage of the digital revolution.

- **Poor infrastructure**: Despite improvements, the quality, quantity, and affordability of Africa’s infrastructure lags behind that of other regions constricting the continent’s efforts towards industrialization and the achievement of better human capital development outcomes. As a result, the prospects for creation of jobs and economic opportunities required to drive growth are limited. Only seven African countries have a household electricity access rate of more than 50%, while access in the other countries averages just 20%. Paved road density is 2 km for 100 km² of land area in Africa as compared to 3 km in Latin America, 25 km in Asia and 122 km in Europe. The poor provision of infrastructure is a result of weak legal, regulatory, and institutional frameworks, inadequate financing, poor governance, and an unstable political economy.
Conflict and instability: Several sub-Saharan African countries are characterized by a high incidence of poverty, a history of conflict, and high exposure to climate change risks. Nearly 56% of all countries (22/39 countries) that the World Bank classified as fragile and in conflict situations in 2021 are in Africa. These countries are affected by corruption and related governance problems, civil unrest and conflicts, business environments that are not conducive to private investment and entrepreneurship, vulnerability to climate change, weak institutions and limited infrastructure. Fragility disproportionally affects the poorest and most vulnerable groups in society, including women and children. Poverty, inequality, and conflict have a mutually reinforcing effect.

Low levels of social protection: Social protection is expanding in Africa, but coverage is still too low to significantly improve Africans’ resilience to shocks and thereby reduce inequality and poverty. Only 17.4% of the population in Africa is covered by at least one social protection benefit as compared to the global average of 46.9%. Significant coverage gaps persist across the region, especially affecting children, mothers with newborns, workers in the informal sector, persons with disabilities, and other vulnerable groups. Although all regions have increased spending on social protection, investments are still not enough to cover the needs of vulnerable populations. Africa spends only 3.8% of its gross domestic product on social protection, versus 7.5% in Asia and the Pacific and 4.6% in the Arab states.

Unequal access to opportunities for women, youth, and people living with disabilities affects the development of these people’s productive capacities, their engagement in employment, and access to income. Exclusion and gender inequality are major sources of poverty. Gender-based inequality in the labor market alone cost sub-Saharan Africa about USD 95 billion per year between 2010 and 2014: this is a great loss in potential for the continent’s growth. Africa is the only region in the world where the youth labor force is expanding and yet most of them remain underemployed in low paying jobs in the informal sector. Africa’s youth face problems of supply (education and skills) and demand (access to finance, poor infrastructure, a weak business environment, small markets), all of which undermine their ability to engage in productive employment. The disabled are estimated to comprise 10% of all Africans but are excluded from schools and opportunities to work: this suggests that they will live the rest of their lives as the poorest of the poor.

Ineffective governance: Weak institutions, poor governance, and limited opportunities for civic engagement in the development process hinder inclusive growth in Africa. Despite advances in the management of macroeconomic policy and other indicators of governance, persistent corruption and the misappropriation of resources meant to deliver services to the poor have undermined the promotion of inclusive, equitable, and sustainable growth. Slow progress in creating a stable environment favorable for business growth has done likewise.
References

Documents Consulted by the Evaluation Synthesis


26. IFAD. 2014c. IFAD’s Engagement in Middle-Income Countries


31. IFAD. 2020b. Corporate-Level Evaluation IFAD’s Support to Innovations for inclusive and sustainable smallholder agriculture.
Annexes

34. Inter-American Development Bank. 2018. IDB’s Ninth General Capital Increase: Implementation and Results.
36. Ismail, Z., Mujuru, S. 2020. Workplace Based Learning and Youth Employment in Africa. Governance and Social Development Resource Centre (GSDRC), University of Birmingham.
42. OECD. 2018. The Role of Technical and Vocational Education and Training (TVET) in Fostering Inclusive Growth at the Local Level in Southeast Asia. OECD Local Economic and Employment Development (LEED) Papers 2018/01.
47. UNDP. 2016a. Evaluation of Disability Inclusive Development at UNDP.
Other References

Kakwani, K., Premia, E. 2000. What is Pro-poor Growth?
Jain-Chandra, S., Kochhar, K. 2015. Why Gender and Income Inequality are Linked.
Endnotes

1. This evaluation synthesis recognizes that there are other interventions supporting inclusive growth not covered under this exercise. These include interventions on climate change, natural resources management, and green growth, covered extensively by IDEV’s recent evaluation of mainstreaming green growth and climate change into the AfDB’s interventions.


5. This evaluation synthesis recognizes that there are other interventions supporting inclusive growth that are not covered under this exercise. These include interventions on climate change, natural resource management, and green growth, which were covered extensively by IDEV’s recent evaluation of mainstreaming green growth and climate change into the AfDB’s interventions.

6. Up to 39% of the documents had a global scope, 29% focused on Africa (i.e., the continent, a region or regions within Africa, or one or several African countries), and the remainder were experiences from Asia, Latin America, or the Caribbean.

7. The evaluation team defines “poor” in terms of the international poverty line, that is, people living under USD 1.90 per day.

8. This evaluation accepts each institution’s/agency’s definition of an independent evaluation.


13. The institutions are listed in Annex 2.

14. The review focused on institutional development strategies and self-identified inclusive growth strategies in use during the evaluation period of 2013–2021. It is possible that other organizations have working definitions and wider scopes of what is considered inclusive growth in other documents not reviewed as part of this synthesis.

15. A detailed assessment of the relevance of the intervention programs is difficult due to an inability to determine whether choices of interventions are a result of the institution’s understanding of the approach to addressing the issue, level of need, institutional mandates, capacity and comparative advantages to address a specific issue given the available documentation.

16. It is highly likely that these elements are addressed by the institutions in question but not as part of inclusive growth component.


20. UNDP. 2017. Income Inequality Trends in sub-Saharan Africa Divergence, Determinants and Consequences


22. UNDP. 2018. Evaluation of UNDP Support to Poverty Reduction in the Least Developed Countries

23. Inclusive growth was measured as changes in the mean consumption rate of poor populations compared to changes in the consumption rate of other populations in the country.

24. The World Bank uses shared prosperity and shared prosperity premiums to measure inclusive growth. Shared prosperity refers to the annualized growth rate of mean household per-capita income or consumption by the poorest / bottom 40% of the population. The shared prosperity premium refers to the difference between the shared prosperity of the entire population and the population’s annualized growth rate.

25. Negative shared prosperity indicates that average consumption/income by the bottom 40% of the population is shrinking: https://blogs.worldbank.org/opendata/introducing-shared-prosperity-data-portal


Research presented in African Economic Outlook 2021 found that the arrival of submarine internet cables on the continent was associated with a rise in incomes, enterprise growth, productivity, exports, and job creation (AfDB, 2021).


USAID Nepal. 2013. Education for Income Generation Project

UNDP. 2018b. Evaluation of UNDP Contribution to Anti-Corruption and Addressing Drivers of Corruption

UNDP. 2018. Evaluation of UNDP Support to Poverty Reduction in the Least Developed Countries


USAID Nepal. 2013. Education for Income Generation Project

UNDP. 2016b. Evaluation of UNDP Contribution to Anti-Corruption and Addressing Drivers of Corruption

UNDP. 2018. Evaluation of UNDP Support to Poverty Reduction in the Least Developed Countries


IFAD. 2014b. Rural Youth Evaluation Synthesis


Asian Development Bank. 2014b. ADB’s Support for Inclusive Growth


ILO. 2018. Independent Evaluation of the ILO’s Strategy and Actions for Improved Youth Employment prospects 2012–17. This report describes disadvantaged youth as including low-income youth, youth with a low level of education, and youth exhibiting strong disadvantages in the labor market.


UNDP. 2016b. *Evaluation of UNDP Contribution to Anti-Corruption and Addressing Drivers of Corruption*


Social safety nets are non-contributory measures designed to provide regular and predictable support to poor and vulnerable families and individuals (World Bank, 2018d).

Herma Majoor. 2016. *Final Evaluation Women Wealth and Influence Project Tajikistan Republican Subordination and Khatlon Region UK Aid & Save the Children*


98 World Bank. 2018a. A Thirst for Change the World Bank Group’s Support for Water Supply and Sanitation, with Focus on the Poor


100 UNDP. 2013. Evaluation of UNDP Contribution to Poverty Reduction; UNDP. 2018

101 UNDP. 2018. Evaluation of UNDP Support to Poverty Reduction in the Least Developed Countries

102 UNDP. 2018. Evaluation of UNDP Support to Poverty Reduction in the Least Developed Countries

103 IFAD. 2019. IFAD’s Engagement in Pro-poor Value Chain Development;

104 This synthesis did not assess the efficiency of cross-cutting programs because of the difficulty in disentangling the relative efficiency of different interventions.

105 The ratings are commonly used in evaluations by the AfDB, UNDP, and IFAD but are rarely accompanied by explanatory notes.


107 IFAD. 2014a. People’s Republic of Bangladesh Microfinance for Marginal and Small Farmers Project Performance Assessment

108 IFAD. 2017. What Works for Gender Equality and Women’s Empowerment - A Review of Practices and Results

109 IFAD. 2020b. Corporate-Level Evaluation IFAD’s Support to Innovations for inclusive and sustainable smallholder agriculture


111 IFAD. 2014c. IFAD’s Engagement in Middle-income Countries

112 IFAD. 2020a. Community-driven development in IFAD-supported projects

113 IFAD. 2017. What Works for Gender Equality and Women’s Empowerment - A Review of Practices and Results


Annexes

An IDEV Evaluation Synthesis

World Bank. 2017c. Growing the Rural Nonfarm Economy to Alleviate Poverty


IFAD. 2019. IFAD’s Engagement in Pro-poor Value Chain Development


Includes both tangible and intangible assets.

Woldemichael, A. & Shimeles, A (2019) concluded that, human capital is the main driver of both productivity growth within sectors and the pace of structural transformation in Africa.

Government effectiveness and the rule of law have positive and significant effects on inclusive growth because they increase the income share of the poorest 20 percent (Doumbia, 2018).

Growth should be shared not just among this generation but with future generations (IMF, 2017).

**ASSUMPTIONS:** a) Economic growth trends stabilize and/or improve b) Population growth trends reduce and/or stabilize across Africa; c) External events i.e. extreme weather events, natural disasters, pandemics and commodity price fluctuations are contained; d) Limited emergence and/or escalation of conflicts and civil strife; e) Socio-economic services are sufficiently targeted and used.

**RISKS:** a) Marginalized and excluded groups are not known and therefore not sufficiently targeted: b) National governments don’t prioritize and commit resources to inclusive growth actions: c) Insufficient structural transformation i.e., economic diversification, industrialization, integration to accelerate growth; d) Insufficient financial resources are mobilized, disbursed and/or allocated to implementation of IG supporting activities

Members of the Evaluation Cooperation Group use common evaluation practices.

Selected the top providers of official development assistance as recorded by the OECD.

“Poor” is defined as people living under the international poverty line of USD 1.90/day. The same threshold is used to measure extreme poverty.

The evaluation accepts each institution’s/agency’s definition of an independent evaluation.

[1] These documents contributed to other intervention areas, which were sector-specific.


AfDB.2021. Annual Development Effectiveness Review


About this evaluation

This summary report presents the findings and lessons of an evaluation synthesis of interventions and approaches supporting inclusive growth. The synthesis focused on 55 evaluations, 12 research papers, and other documentation produced by the African Development Bank (“AfDB” or “the Bank”), multilateral and bilateral development institutions, and other partners on inclusive growth from 2013 to 2021.

The overall purpose of this evaluation synthesis was to capture the evolution of thinking and approaches to inclusive growth, inform the design and implementation of the Bank’s next long-term strategy (2023–2032), as well as advance the implementation of AfDB policies and strategies. It also contributed to IDEV’s recently completed evaluation of the Bank’s Ten-Year Strategy 2013–2022.

Regarding relevance, the evaluation found that the interventions analyzed were relevant and aligned with the government priorities and poverty reduction objectives, although the adequacy of targeting affected populations varied among and within the types of interventions. Infrastructure investments sometimes failed to focus on the groups and geographical areas with the greatest need. Effectiveness was found to vary across the different interventions, with more success observed at the output and short-term outcome levels, than demonstrated impacts on employment, business profitability, income, improved wellbeing, and quality of life for the disadvantaged. Differences in assessments and variance in measures and rubrics made it difficult to assess efficiency within and among groups of interventions. Nonetheless, the observed commonalities in efficiency drivers included: innovative information and communication technology (ICT) options, the complexity of program/project design, and the adequacy of resources and monitoring systems. It was challenging to establish the sustainability and benefits of the interventions given the absence of evidence of the achievement of critical outcomes and impacts on the poor, disadvantaged, and/or excluded groups. However, the record on institutional sustainability was mixed, while weak financial sustainability was found prevalent across all intervention types. Nonetheless, positive examples of strengthened capacity, policies, and regulatory reforms were found across all interventions.

Some of the key lessons from this synthesis evaluation include intentionally targeting of groups excluded from participating in and benefiting from growth processes is crucial to achieving inclusive growth outcomes; political support and institutional capacity are prerequisites for initiating and sustaining reform programs for inclusive growth; balancing the profitability outcomes and targeting of underserved is essential for inclusive growth through private sector engagement.