

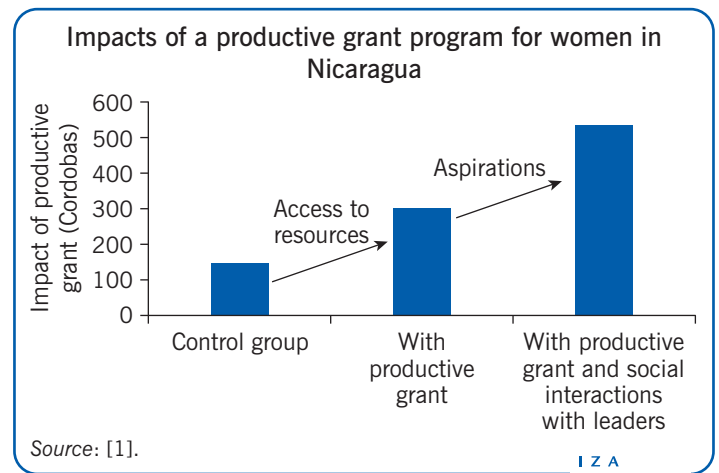
What can be expected from productive inclusion programs?

Grants and training programs are great complements to social assistance to help people out of poverty

Keywords: productive inclusion, graduation, training, self-employment, entrepreneurship, social protection systems

ELEVATOR PITCH

Productive inclusion programs provide an integrated package of services, such as grants and training, to promote self-employment and wage employment among the poor. They show promising long-term impacts, and are often proposed as a way to graduate the poor out of social assistance. Nevertheless, neither productive inclusion nor social assistance will be able to solve the broader poverty challenge independently. Rather, the future is in integrating productive inclusion into the existing social assistance system, though this poses several design, coordination, and implementation challenges.



KEY FINDINGS

Pros

- + Productive inclusion programs have long-term positive impacts on the poor, which span dimensions beyond income.
- + In rural areas, the net returns of productive inclusion programs are positive, including for the most vulnerable groups such as the extreme poor.
- + Rural productive inclusion programs that combine grants with training have shown among the most consistent positive impacts.
- + Integration of productive inclusion into the social assistance system could lead to significant synergies and even larger impacts.

Cons

- Productive inclusion programs can help reduce poverty, but will not solve poverty on their own.
- There is little evidence on the long-term impacts of large-scale, government-led programs.
- Comprehensive packages of productive inclusion services can be relatively costly.
- Training programs in urban areas for vulnerable populations such as unskilled youth have shown heterogeneous impacts.
- Integrating productive inclusion into the social assistance system poses several design and implementation challenges.

AUTHOR'S MAIN MESSAGE

The integration of productive inclusion programs into social assistance systems can lead to substantial and long-term poverty reduction. However, productive inclusion will not work for everybody, and even when it shows impacts some households—especially the poorest and most marginalized—will still need assistance. To maximize impacts, it is important to tailor productive inclusion programs to match the beneficiaries' profiles. Furthermore, the right monetary and design incentives must be provided so that social and productive inclusion programs can effectively coordinate activities, exchange information, and refer beneficiaries.