Creating More Inclusive Economies:

Conceptual, Measurement and Process Dimensions

By

Chris Benner

Gabriela Giusta

Gordon McGranahan

Manuel Pastor

With

Bidisha Chaudhuri

Ivan Turok

Justin Visagie

DRAFT

March 5, 2018

Table of Contents

Executive Summary

Promoting inclusive economies has become an important theme in international policy discussions, but there remain major gaps in our understanding of the components and determinants of greater economic inclusion. The overall goal of this report is to help contribute to developing a more comprehensive and coherent approach to promoting the development of more inclusive economies. Our starting point for this particular inquiry is the framework developed by the Rockefeller Foundation, which defines an inclusive economy as one that "expands opportunities for more broadly shared prosperity, especially for those facing the greatest barriers to advancing their well-being", and argues that there are five critical characteristics that define an inclusive economy: equity, participation, growth, sustainability, and stability. The first phase of this project saw the development of an indicator framework that tracks progress towards greater economic inclusion along these 5 dimensions with subsequent 15 sub-categories and 57 separate indicators (a more comprehensive review of the framework can be found here). In our recent work we extend this analysis to sub-national contexts, focusing on three key case studies—rural-urban connections in South Africa, urban development in Colombia and rural development in India—while also incorporating insights from our similar work in the United States. While we include some empirical analysis of patterns of inclusion in our case studies (in companion reports), the primary purpose here is conceptual and methodological, not empirical. Through this work we hope to help understanding along three key questions, listed below, with some preliminary cross-cutting conclusions:

INCLUSIVE ECONOMIES *Expand opportunities for more broadly shared prosperity, especially for those facing the greatest barriers to advancing their well-being.*	EQUITABLE	A. Upward mobility for all.	Experiences of historically marginalized populations	Distribution of power
		B. Reduction of inequality.		
		C. Equal access to public goods and ecosystem services.		
	PARTICIPATORY	D. People are able to access and participate in markets as workers, consumers, and business owners.		
		E. Decision making transparency and accountability.		
		F. Widespread technology infrastructure for the betterment of all.		
	GROWING	G. Increasing good job and work opportunity.		
		H. Improving material well-being.		
		I. Economic transformation for the betterment of all.		
	SUSTAINABLE	J. Social and economic well-being is increasingly sustained over time.		
		K. Greater investments in environmental health and reduced natural resource usage.		
		L. Decision-making processes incorporate long-term costs.		
	STABLE	M. Public and private confidence in the future and ability to predict outcome of economic decisions.		
		N. Members of society are able to invest in their future.		
		O. Economic resilience to shocks and stresses.		

1. <u>What is an inclusive economy?</u>

- ***Value of a broader, multi-dimensional approach:*** The multiple dimensions of this inclusive economies framework, particularly the addition of stability and sustainability, helps not just link equity and growth, but facilitates a more complex and systems orientation to understanding the economy, that incorporates greater attention to ecological and social well-being.
- ***Importance of flexibility and integration with context:*** While this framework seems to resonate in many different contexts and scales of analysis, it is also clear that there are many different ways to approach inclusion. The usefulness of this framework depends on how well it integrates with existing approaches in particular places
- ***Empirical research on relationships between dimensions will be important going forward:*** While there is some growing evidence in different contexts of the relationship between equity and growth, we did

not do a systematic literature review on empirical relationships between all five dimensions of this framework. This could be valuable work going forward

2. <u>How can we better measure an inclusive economy?</u>

- ***The specific measurement framework can be applied in multiple contexts:*** We were able to demonstrate in this work that the measurement framework of 15-sub-categories is useful at both a sub-national and national framework. The specific indicators we used varied—depending on data availability and quality—but at the sub-category level, the framework could be applied in many different contexts
- ***Spatial relationships are important, especially at a sub-national level, and are not always clear in indicators:*** Indicators at one geography can hide inequalities within that geography, but this is often more difficult to disaggregate at a local level than a national level. There are also important connections *between* geographies, such as between rural and urban areas or different cities within a country, that are important to understand in analyzing what indicators show.
- ***Individual indicators is better than an index in this context:*** While combining indicators into a single index can be useful in certain contexts, in this context we don't think it is appropriate. Technically, there are too many unknowns about the quality of the data in multiple contexts, and there is little empirical evidence to support the types of weighting and scaling required to create an index across these dimensions. Politically we also think it is important to examine trends in different dimensions and the relationship between them, rather than simplify into an index.
- ***It is easy to neglect the importance of power and the experience of historically marginalized populations unless that is made implicit in the indicator framework:*** Inclusion requires particular attention to power relationships and the experience of historically marginalized populations, and while this perspective is embedded throughout the measurement framework, it is important to make it explicit and visible.
- ***Co-creation of data and indicators matters:*** The creation of indicators and gathering of data can be a source of conflict and exclusion, or a process for building collaboration and inclusion.
- ***Indicators are at least as valuable in stimulating conversations as documenting trends:*** Our work has shown that diverse and dynamics knowledge communities are important for growth and inclusion, and indicators can play a valuable role in stimulating conversations and building shared knowledge.

3. <u>How can we get a more inclusive economy?</u>

- ***It is important to think about indicators in the context of theories of change:*** Indicators and indicator frameworks always are embedded in an explicit or implicit theory of change. This particular framework is rooted in decades of research and development experience that indicates that all five dimensions are critical in some way to promoting more inclusive economies. At the same time, we acknowledged that there is only partial and still incomplete empirical evidence of the relative importance of any of the dimensions for any preferred outcome, or the extent to which there might be trade-offs versus synergies between progress along different dimensions.
- ***Broadly, people can be excluded for different reasons, which require different strategies to address:*** Broadly, people might be passively left out of economic opportunities, or they could be actively marginalized by more powerful interests in society. Changing these conditions might take place through common ground reasoning, or, depending on the circumstance, through conflict and bargaining.

- ***Projects, Policies and Power can be a useful way to think about change***: Projects can demonstrate what is possible and generate change at a community level. Policies can make projects and their impact widespread. Power is required to create policies and ensure they are implemented and enforced.

I. Introduction

In its January 2017 global risk report, the World Economic Forum identified economic inequality and societal polarization as two of the three most important dangers facing the globe. The world's top business executives and government leaders joined a growing chorus of international development officials, economists, and policy advocates calling for countries to pursue more inclusive economic development strategies. With Thomas Piketty's 2013 book *Capital in the Twenty-First Century* and its focus on growing inequality becoming a global best-seller—albeit perhaps one of the least read best sellers of the year[1]--it seems that there is now a global consensus at many levels of the need for more inclusive economies.

But what do we mean by an inclusive economy? While the concept seems intuitive, people use it to refer to very different things. Some emphasize employment and patterns of income inequality, while other focus more on wealth. Some focus on broader access to social services, or basic needs, or banking services, while others emphasize participation, democracy and human rights. While there are clearly many different dimensions to promoting more inclusive societies, and there is certainly value in a diversity of approaches, there is a danger of the term becoming—in the words of former U.S. Secretary for Labor Robert Reich—another one of those terms of public discourse that go directly from obscurity to meaninglessness without any intervening period of coherence.

The overall goal of this report is to help contribute to developing a more comprehensive and coherent approach to promoting the development of more inclusive economies. Our starting point for this particular inquiry is the framework developed by the Rockefeller Foundation, which defines an inclusive economy as one that "expands opportunities for more broadly shared prosperity, especially for those facing the greatest barriers to advancing their well-being", and argues that there are five critical characteristics that define an inclusive economy: equity, participation, growth, sustainability, and stability. With the financial support of the foundation, we have helped trace the intellectual heritage for conceptualizing an inclusive economy this way, and developed a measurement framework—a set of sub-categories and specific indicators--that could be adapted to multiple contexts to help stakeholders measure progress towards inclusion along these five dimensions. Our work has included developing this indicator framework at the level of the nation-state, but also applying this measurement framework to

[1] https://www.wsj.com/articles/the-summers-most-unread-book-is-1404417569

sub-national contexts, focusing on three key case studies: rural-urban connections in South Africa, urban development in Colombia and rural development in India. We also integrate insights from parallel work done on inclusive economies at a metropolitan scale in the United States.

The primary purpose of this work is not an empirical analysis of specific patterns of inclusion in our case study locations. Rather our goal in the project was to develop improved insights on conceptual, measurement and process dimensions of creating more inclusive economies. We did this by gathering empirical data in each context within the measurement framework we developed and then engaging with a range of experts in each context about inclusive economies and this framework. In companion documents we share detailed information on the collaborative process and local participants in each country, key empirical insights that emerged in each case, and discussions of country-specific insights into processes of inclusive growth in each context. In this summary report, we highlight cross-country lessons that provide insights to help answer three key questions:

- What is an "inclusive economy"?
- How can we measure an inclusive economy?
- How can we get a more inclusive economy?

We start by addressing the question of what an inclusive economy is. We discuss the evolution of this term globally, what we see as the value added of the Rockefeller Foundation's conception of an inclusive economy, and how this conception relates to specific developments in a sub-national scale. We then turn to a discussion of how to measure an inclusive economy, going into more detail of our measurement framework and the lessons that emerged in trying to apply this at a sub-national context. We then turn to a discussion of insights of ways of moving towards a more inclusive economy that emerged from our work. We conclude with some recommendations for productive next steps.

II. What is an Inclusive Economy?

Evolution of Concept

In recent years, there has been a growing recognition that increasing inequality is a significant threat to sustained economic growth. The idea that equity is good for the economy, however, used to be controversial. Indeed, conventional thinking tells us that there is a tradeoff between the two; intervening in the market might be appropriate for promoting social goals, according to this thinking, but there is an inevitable loss of efficiency (Okun 1975). In the last decade or so, however, research has emerged from universities, think tanks, and even the International Monetary Fund and financial institutions like Standard and Poor's showing that inequality actually *hinders* growth (A. G. Berg and Ostry 2011; Eberts, Erickcek, and Kleinhenz 2006; Irwin 2014). So how did this shift in thinking come about, and what was the path to getting there?

In the decades following World War II, what we now think of as "conventional" thinking about the relationship between equity and growth was established. In 1955, economist Simon Kuznets led the advancement of the idea that some level of inequality, at least initially, is necessary for economic growth--which, once triggered, follows a natural cycle of wealth accumulation at the top that eventually *trickles down* to lift up the poor (Kuznets 1955). Using what we now call the "Kuznets curve"--which plots inequality related to stages of economic development on an inverted "U"--he theorized that in early stages of development, both per capita income and income inequality rise as certain sectors of the economy and population benefit from new forms of economic growth. At a certain point, however, inequality decreases as the benefits of this economic take-off are spread more broadly. From this, Kuznets and many others concluded that initial inequality is both a natural byproduct of growth as well as a necessary factor to *spur* growth.

For decades, this trade-off and trickle-down theory was considered conventional thinking. Beginning in the last few decades, researchers have challenged the idea of the Kuznets curve both theoretically and empirically, with some noting that there is an almost complete lack of evidence to support the idea of the Kuznets curve (Piketty 2014). As Kanbur (2000) explains in his review of post-war literature on income distribution and development, the large body of empirical evaluations testing the relationship between income distribution and income level does not validate Kuznets' hypothesis. In fact, in the post-war era, researchers found that in many developing countries, increasing inequality and poverty indeed accompanied growth, but the predicted "turning point" never came. In addition, Rafael Ranieri and Raquel Almeida Ramos' literature review highlights evidence examining development in Hong Kong, Singapore, South Korea, and Taiwan during the 1970s, 80s, and 90s, debunking the idea that society must sacrifice equity for growth--as well as the idea that wealth will trickle down naturally from the rich to the poor over the course of increased development (Ranieri and Almeida Ramos 2013).

From the critique of the trade-offs and trickle-down theory came two related schools of thought--one is called pro-poor growth, which focuses on lifting the poor out of poverty, while the other is called inclusive growth. The pro-poor growth perspective suggests that growth alone will not benefit the poor, so strategies to increase growth need to intentionally focus on reducing poverty.[2] But while researchers agree on the basic concept, there is little consensus on a standard definition of pro-poor growth or how to measure it. As Ranieri and Almeida Ramos point out, the crux of the debate is "what benefitting the poor means" (Ranieri and Almeida Ramos 2013, 5).

Three definitions of pro-poor growth rise out of the vast body of research: First, researchers like Ravallion and Chen define and measure growth as pro-poor if it improves the condition of the poor in absolute terms--and they develop a measure based on per capita income growth of people below the poverty line to measure it (Ravallion and Chen 2001). Using their definition, it is possible to develop absolute measure estimates of pro-poor growth that are independent of income growth rates at the top of the income distribution. In other words, incomes at the top of the income distribution could be rising faster than at the bottom, but a country could still have high levels of pro-poor growth if incomes at the bottom were rising fast also.

A second definition, spearheaded by researchers like Kakwani and Pernia, argues that growth is pro-poor if the income of the poor increases faster than that of the wealthy--meaning that relative income inequality goes down (Kakwani and Pernia 2000). To accompany this definition, Kakwani and Pernia developed the pro-poor index, which tells us the distribution of growth benefits among the rich and the poor and non-poor--although it does not factor in the level of the actual growth rate.

A third conceptualization of pro-poor growth tries to extend the understanding of growth beyond income measures, including both absolute and relative achievement in a variety of other important non-income indicators of well-being. Grosse et al., for example, develop a non-income growth incidence curve and demonstrate its use by measuring progress in education, health, nutrition, and a composite welfare index metric, using data from Bolivia as a proof of concept (Grosse, Harttgen, and Klasen 2008).

In addition to these efforts to measure pro-poor growth, a second school of thought emerged focused on inclusive growth. There are many similarities between pro-poor and inclusive growth (Ali and Son 2007), and indeed the term inclusive in relation to growth occurred in Kakwani and Pernia's (2000) description of pro-poor growth. Inclusive growth, however, goes beyond pro-poor growth in several ways. First, it goes

---

[2] In some ways, this perspective emerged as a reaction to the experiences of the macroeconomic structural readjustments of the 1980s and 1990s in the developing world; undertaken in the name of restoring fiscal balance and economic efficiency (as well as insuring repayment of debt to international financiers), the distributional damage was simply too large to ignore and led to consideration of new social welfare policies as well as more equitable growth strategies (Williamson 1990, 2003).

beyond simply measuring growth to asserting that inequality is bad for things like political stability and social cohesion; this suggests that the focus must not solely be on the conditions of the poor, but on the relative conditions of both the poor and the better-off sectors of society (Aoyagi and Ganelli 2015). Second, it stresses that *all* members of society should both be able to contribute to economic growth and reap the benefits as well (Lanchovichina and Lundstrom 2009). This is a departure from pro-poor growth which focuses specifically on benefits for the poor and so the inclusive growth also examines progress in overcoming other factors for disadvantage, such as race, gender, and region (Klasen 2010). Third, at least some variants of inclusive growth consider process as well as outcomes (de Mello and Dutz 2012). On the one hand, this opens up the realm of consideration to the political and social aspects noted above. On the other hand, this makes measurement more challenging: in the pro-poor growth perspective, one can simply count up gains at the bottom (and weigh them in one of the three ways highlighted above) but in the inclusive growth perspective whether those gains are achieved through authoritarian dictate or democratic dispensation—very different processes—actually matters.

For those authors studying inclusive growth from an outcomes-focus, the emphasis is on the core concept that growth should benefit all members of society. This is generally indicated by declining income inequality, but can also span to non-income measures of well-being for disadvantaged groups such as educational attainment and health care access (Thorat and Dubey 2013). Specific indicators from this stream of inclusive growth literature often focus on growth in the gross domestic product coupled with significant poverty or income inequality reduction (Habito 2009). In contrast, those authors more concerned with process argue that growth is driven from the input of many people, including those groups that are historically disadvantaged, and thus inclusive growth involves the creation of opportunities and access to greater participation in the economy (Ali and Zhuang 2007). Oftentimes the focus is on creating more productive and sustainable employment opportunities and making sure that people from all groups can attain the skills and training needed for these employment opportunities (Lanchovichina and Lundstrom 2009). A particularly interesting metric for measuring inclusive growth under this type of framework was Ali and Son's development of the idea of the social opportunity function which measures the distribution of opportunities across the population, with a particular focus on education and health opportunities (Ali and Son 2007).

Overall, definitions of inclusive growth coming from process-focused frameworks are generally more comprehensive than those on the outcomes-focused side and depart more from pro-poor growth theory, which have very outcomes-focused frameworks. Across researchers, the emphasis on participation and contribution from all groups takes on many forms, oftentimes spanning outside of traditional notions of economic participation. Lanchovichina and Lundstrom (2009), for example, also incorporate opportunities for investment, and Klasen (2010) delves more into non-income dimensions of well-being like education, health, nutrition, and social integration.

Finally, no review of the literature would be complete without mentioning that the debate has now shifted so dramatically that it is not simply researchers making normative argument that growth *should* benefit the poor or be more inclusive; a set of researchers have both theorized and empirically investigated the proposition that equity could actually lead to more sustainable economic growth (Benner and Pastor 2015; A. Berg, Ostry, and Zettelmeyer 2012; Birdsall, Torre, and Menezes 2008; Bowles 2012; Frank 2012; Stiglitz 2012). This perspective is still somewhat nascent but seems to be making headway in the field; this paper, however, does not seek to review the evidence on whether inclusivity hurts or helps growth but rather to focus on how inclusive economies have been defined and measured.

Inclusive Economies Framework: Definitions and Dimensions

The Rockefeller Foundation defines an inclusive economy as one that “expands opportunities for more broadly shared prosperity, especially for those facing the greatest barriers to advancing their well-being”, and argues that there are five critical characteristics that define an inclusive economy: equity, participation, growth, sustainability, and stability.

These five broad characteristics are what make up the core of the inclusive economies measurement framework we’ve developed. As suggested by the vast volume of literature, equity and growth are fundamental to the advancement of greater economic inclusion, but they are not all-encompassing. Many other elements and processes shape inclusion (and exclusion) and this framework makes an attempt to consider such issues. It broadens the dialogue of inclusion beyond the equity-growth dichotomy to uplift other equally important elements of an inclusive economy not as frequently discussed in the literature, thus providing a more comprehensive point of departure from which to initiate conversations of inclusion that consider important related issues of equity and growth but also of participation, sustainability and stability.

When thinking of each of the five dimensions, it is also important to not see these as independent categories but rather as interlinked dimensions, where the processes and outcomes within one dimension have ramifications on how other dimensions perform. For example, an economy that generates equal opportunities for all can contribute to the creation of a more active and participatory workforce, which in turn could generate greater economic growth; similarly, injustices that emerge through social exclusion and historical marginalization could promote social, economic and political instability, catalysts of less cooperative societies and abusive extractive economies. Thus, these dimensions can be thought of as feedback loops that can generate dynamic virtuous (or vicious) cycles. However, these relationships (or cycles), are not necessarily straightforward let alone linear.

Finally, there are two key cross-cutting issues that are embedded within multiple dimensions that are worth lifting up. These issues emerge from recognizing that conceptually there are two quite different reasons why people might face barriers to advancing their well-being: they could be passively left out of economic opportunities (say, by a poor society that has few resources to accommodate physical disabilities), or they could be actively marginalized or exploited by more powerful interests in society (say, by racial discrimination a la apartheid in South Africa). As a result, change to expand opportunity can take place through common ground reasoning (yes, we should overcome ableism) or, depending on the circumstance, through conflict and negotiation (as with the anti-apartheid movement). Thus, in considering progress towards more inclusivity across all five dimensions, it is important to pay particular attention to the experiences of historically marginalized populations, and to consider how power relations are distributed, in both formal and informal ways, across society.

With these details in mind, we now turn to a more detailed description of the five broad dimensions of the inclusive economies framework. The five dimensions are conceptualized in the following way:

1. *Equitable:* more opportunities are available to enable upward mobility for more people. All segments of society, especially the poor or socially disadvantaged groups, are able to take advantage of these opportunities. Inequality is declining, rather than increasing. People have equal access to a more solid economic foundation, including equal access to adequate public goods, services, and infrastructure, such as public transit, education, clean air and water.
2. *Participatory*: People are able to participate fully in economic life and have greater say over their future. People are able to access and participate in markets as workers, consumers, and business owners. Transparency around and common knowledge of rules and norms allow people to start a business, find a job, or engage in markets. Technology is more widely distributed and promotes greater individual and community well-being.
3. *Growing*: An economy is increasingly producing enough goods and services to enable broad gains in well-being and greater opportunity. Good job and work opportunities are growing, and incomes are increasing, especially for the poor. Economic systems are transforming for the betterment of all,

including and especially poor and excluded communities. Economic growth and transformation is not only captured by aggregate economic output measures (such as GDP), but must include and be measured by other outcomes that capture overall well-being.

4. *Sustainable*: Economic and social wealth is sustained over time, thus maintaining inter-generational well-being. In the case of natural capital, inclusive economies preserve or restore nature's ability to produce the ecosystem goods and services that contribute to human well-being, with decision-making incorporating the long-term costs and benefits and not merely the short-term gains of using our full asset base.
5. *Stable*: Individuals, communities, businesses and governments have a sufficient degree of confidence in the future and an increased ability to predict the outcome of their economic decisions. Individuals, households, communities and enterprises are secure enough to invest in their future. Economic systems are increasingly resilient to shocks and stresses, especially to disruptions with a disproportionate impact on poor or vulnerable communities.

In an effort to bring more clarity and context to each of the dimensions, we broke each one down into 3 distinct sub-categories, for a total of 15 sub-categories. The overarching framework is represented in the figure below.[3]

---

[3] A more comprehensive description of the indicator framework and description of the national indicators can be found in the report, *Inclusive Economy Indicators: Framework and Indicator Recommendations*.

<table>
<tr><td rowspan="15">INCLUSIVE ECONOMIES
Expand opportunities for more broadly shared prosperity, especially for those facing the greatest barriers to advancing their well-being.</td><td rowspan="3">EQUITABLE</td><td>A. Upward mobility for all.</td><td rowspan="15">Experiences of historically marginalized populations</td><td rowspan="15">Distribution of power</td></tr>
<tr><td>B. Reduction of inequality.</td></tr>
<tr><td>C. Equal access to public goods and ecosystem services.</td></tr>
<tr><td rowspan="3">PARTICIPATORY</td><td>D. People are able to access and participate in markets as workers, consumers, and business owners.</td></tr>
<tr><td>E. Decision making transparency and accountability.</td></tr>
<tr><td>F. Widespread technology infrastructure for the betterment of all.</td></tr>
<tr><td rowspan="3">GROWING</td><td>G. Increasing good job and work opportunity.</td></tr>
<tr><td>H. Improving material well-being.</td></tr>
<tr><td>I. Economic transformation for the betterment of all.</td></tr>
<tr><td rowspan="3">SUSTAINABLE</td><td>J. Social and economic well-being is increasingly sustained over time.</td></tr>
<tr><td>K. Greater investments in environmental health and reduced natural resource usage.</td></tr>
<tr><td>L. Decision-making processes incorporate long-term costs.</td></tr>
<tr><td rowspan="3">STABLE</td><td>M. Public and private confidence in the future and ability to predict outcome of economic decisions.</td></tr>
<tr><td>N. Members of society are able to invest in their future.</td></tr>
<tr><td>O. Economic resilience to shocks and stresses.</td></tr>
</table>

Inclusive Economies and the Sustainable Development Goals

This development of the concept of inclusive economies and this measurement framework has many synergies with the evolution of thinking in global development agencies, which has had a similar evolution from a primary focus on anti-poverty and social welfare approaches, to approaches that more specifically address the structures and characteristics of the economy and dynamics of economic growth. This can be seen by contrasting the Millennium Development Goals (MDGs), adopted formally in 2000, with the Sustainable Development Goals, which were adopted in 2015 and now largely shape the post 2015 development agenda (see Figure 1 below). The MDGs included eight broad goals, with 21 specific targets with various measureable indicators for each target. There is some attention to the economy embedded within these broad goals. For example, under the goal of eradicating extreme poverty and hunger, target 1B was "achieve decent employment for women, men and young people", and this includes specific indicators related to GDP growth, employment rates, income levels and labor force participation. But the emphasis in the MDGs is clearly on social development goals as a byproduct or outcome of economic development, rather than a direct engagement with the structure of the economy and inclusion itself.

Figure 1: The Millennium Development Goals (2000) and the Sustainable Development Goals (2015)

Some 15 years later, when the Sustainable Development Goals were adopted in 2015, goals related specifically to inclusion and the economy reached a much higher level of visibility and priority, particularly in goals 8-10:

- Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
- Goal 10: Reduce inequality within and among countries

The SDGs are also significant in their incorporation of sustainability into the mainstream of international development strategies. This is in many ways the realization of the vision first articulated in the 1972 UN Conference on the Human Environment, which emphasized that “the protection and improvement of the human environment is a major issue which affects…economic development throughout the world” and clearly recognized the links between poverty alleviation and protecting the environment. Thus, the SDGs represent a comprehensive approach to development that incorporate economic, environmental and social considerations in a single framework.

The inclusive economies measurement framework that we’ve developed has important synergies with the SDGs, but also some distinctive differences. Where possible, specific indicators that we recommend within our inclusive economies framework are drawn from specific indicators in the SDGs. The table below shows how the different components of our Inclusive economies framework relate to the sustainable development goals, and an appendix provides a detailed cross-walk between our recommended indicators and SDG indicators. One distinctive advantage of the inclusive economies framework, however, is that the five specific characteristics of an inclusive economy—equitable, participatory, growing, sustainable and stable—are more intuitive and easier to remember than the 17 different sustainable development goals. We believe this makes it easier to use as a tool for engaging with a broader sector of stakeholders and practitioners than the SDGs, which are more comprehensive and geared towards development professionals but are harder for a more general public to engage with.

Inclusive Economies Framework

EQUITY	PARTICIPATION	GROWTH	SUSTAINABLE	STABLE
A. Upward mobility for all 4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	D. People are able to access and participate in markets as workers, consumers, and business owners. 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	G. Increasing good job and work opportunity. 1 NO POVERTY 8 DECENT WORK AND ECONOMIC GROWTH	J. Social and economic well-being is increasingly sustained over time. 2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING 11 SUSTAINABLE CITIES AND COMMUNITIES	M. Public and private confidence in the future and ability to predict outcome of economic decisions. 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
B. Reduction of inequality 3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 10 REDUCED INEQUALITIES	E. Decision making transparency and accountability. 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	H. Improving material well-being 2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH 11 SUSTAINABLE CITIES AND COMMUNITIES	K. Greater investments in environmental health and reduced natural resource usage 6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 15 LIFE ON LAND	N. Members of society are able to invest in their future 1 NO POVERTY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
C. Equal access to public goods and ecosystem services 3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES	F. Widespread technology infrastructure for the betterment of all. 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS	I. Economic transformation for the betterment of all. 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	L. Decision-making processes incorporate long-term costs. 8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	O. Economic resilience to shocks and stresses. 1 NO POVERTY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES 17 PARTNERSHIPS FOR THE GOALS

Inclusive economies in context: National variations

While the development of new understandings of inclusion and the economy have evolved at this global scale, there have also been parallel evolutions at a national scale in countries across the globe. Since our focus is on how this overall framework might be useful in different contexts, and the framework itself pays a lot of attention to process and conversations, it is important to understand some of the more subtle differences in the evolution of inclusive economy concepts in different countries. Here, we briefly review these debates in each of our three key case studies, as well as the U.S.

South Africa: From redistribution to inclusion

South Africa has among the highest levels of income and wealth inequality in the world, with particularly striking racial inequalities. According to World Bank Data, South Africa had a Gini index of income inequality in 2011 of .634, by far the highest in the world.[4] Following the first democratic elections in April 1994, the country faced an urgent need to rebuild and transform the economy after years of the apartheid regime's racially exclusionary policies and international economic isolation. Promoting greater equity—including both racial and spatial equity—has been a high priority goal for government policy since 1994. Apartheid policies reinforced dramatic differences between urban and rural areas, while segregated apartheid cities generated extreme contrasts between poor black townships and wealthy white suburbs in all South African cities. At a sub-national scale, one of the most important changes after 1994 was the restructuring of local government, dramatically reducing the total number of local governments and creating metropolitan-scale regional governments in the largest urban areas of the country (Hart 2002; Parnell et al. 2002).

For most of the post-apartheid period, South African development debates can be broadly characterized as trying to promote economic growth and redistribution, primarily through state-policies, rather than a specific focus on inclusion. This approach was made explicit in the national macroeconomic policy framework called the Growth, Employment and Redistribution (GEAR) strategy that was adopted in 1996. The South African state has developed a strongly progressive system of cash transfers and state spending on public goods such as education, healthcare and basic services (Tseng 2013; Woolard et al. 2015). This has resulted in considerable achievements in extending access to essential public services, such as

---

[4] https://data.worldbank.org/indicator/SI.POV.GINI/

education, clean water, electricity, health services and housing, along with a massive roll-out of social security through state-funded pensions, disability allowances and child support grants.

Progress on economic goals and on reducing income inequality, however, has been modest at best. Unemployment rates remain high, at between 26-40% (depending on how it is measured), and as high as 55% among young people aged 15-24 (StatsSA 2016). In 2016, the number of people receiving social grants actually exceeded the number of people with jobs by 10% (SAIRR 2017). There is widespread recognition that overall inequalities have shifted little since 1994 and may even be rising (Ardington et al, 2005; Van der Berg, 2014; Bhorat et al, 2014). There is widespread evidence that the majority remain excluded from meaningful participation in the economy. Only 40% of working age people in rural areas actively participate in the labor market, and only 23% are in paid work.

As a result, policy discussions have increasingly turned towards goals of 'inclusive growth', a phrase that is now prominent in domestic policy debates, though with little precision of what it means. One indicator of the growth of interest in inclusive growth in the South African context is in the number of google scholar citations that include both the phrases "inclusive growth" and "South Africa", which has shot up from only 340 citations published between 1995 and 2004, to over 11,000 publications in just the 8 years from 2010 to January 2018.[5] Discussions of inclusive growth have contributed to stronger debates now emerging about structural economic transformation. The more radical strands of this debate emphasize restructuring patterns of ownership and control of the economy. More moderate approaches emphasize policy interventions designed to overcome spatial inequality in multiple dimensions (including within metro inequality, rural/urban integration, and addressing the economic dominance of Gauteng) and promote greater integration of the informal township economy, as well as start-ups and small enterprises.

Thus, given this focus on the need for structural transformation, while the inclusive economies framework resonated well with South African participants in our convening, there was some push-back to the focus on *stability*. Promoting stability was seen as potentially undermining attention to the need for more structural change. Promoting economic resilience to shocks and stresses, for example, might simply reinforce existing structural inequalities. This tension helped reinforce the need to look at individual

[5] Search conducted on scholar.google.com on February 3, 2018, using the search term "inclusive growth" "South Africa".

dimensions of inclusivity, since, as we discussed above, understanding empirically the relationships and potential trade-offs between different dimensions is critical.

Colombia: From violence to inclusion

Colombia, like South Africa, also has among the highest levels of inequality in the world—in fact in 2014, according to World Bank statistics, it had the highest Gini coefficient of income inequality of any of the 64 countries for whom data was available that year, at .511.[6] The causes of such high levels of inequality in Colombia is in part linked with an extremely high level of land inequality—an estimated 0.4% of the population owns 62% of the country's best land (USAID 2017)—and in part to a long running civil war fueled by conflict between the Revolutionary Armed Forces of Colombia (FARC) and paramilitary forces established by landowners, local elites and drug traffickers. The conflict and unequal landholding has resulted in substantial displacement of rural people. Currently Colombia has the second highest rate of internally displaced population in the world--surpassed only by Syria—with some 15 per cent of the total population internally displaced, an estimated 7.3 million people in 2017, (UNHCR 2017). This has contributed to the country's rapid urbanization and growth of large informal settlements, further entrenching inequality.

Thus, since the height of the conflict in the 1980s, national development priorities have included a significant focus on peace negotiations and political reconciliation, culminating in a final agreement in 2016 between the government and the FARC. A new constitution promulgated in 1991 was accompanied by fiscal decentralization and an increase in social expenditures of the state. Sub-national spending tripled in importance from 1986 to 2005, and by 2012, subnational government spending accounted for 44% of total public expenditure and more than half of central government revenue was distributed to subnational governments (Bird 2012; Lozano and Julio 2016). Since the early 2000s, overall economic growth in Colombia has been relatively strong, averaging over 4% GDP growth per year.[7] The increase in social expenditures and decentralization seem to be contributing to some reduction in poverty and inequality (Ramírez, Díaz, and Bedoya 2017). According to the National Administrative Department of Statistics (DANE), overall poverty levels declined from 49.7% of the population in 2002 to 28% in 2016, and extreme poverty declined from 17.7% to 8.5%.[8] Income

---

[6] See World Band GINI index data available here: https://data.worldbank.org/indicator/SI.POV.GINI/
[7] Calculated from World Bank data: https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG
[8] http://www.dane.gov.co/files/investigaciones/condiciones_vida/pobreza/pres_pobreza_2016.pdf

inequality also seems to have come down—from a GINI index of .587 in 2000 to .511 in 2015 according to World Bank data.[9]

The continued high levels of inequality, however, have contributed to a growing interest in more inclusive growth. A major strand of this approach has been through better understanding the multiple dimensions of poverty. Starting in 2011 a new Multi-Dimensional Poverty Index, modeled on the work of Alkire and Foster, became part of the official monitoring dashboard of the new National Development Plan (Alkire and Foster 2011). This index combines measurements of household education conditions, youth conditions (including both school attendance and access to health and nutrition), employment, health, and housing conditions and access to public utilities (Angulo, Díaz, and Pardo 2016). The percentage of people in multidimensional poverty by this measure has declined from 30.4% in 2010 to 17.8% in 2016.[10]

The causes of continued high inequality in Colombia are complex and multi-dimensional as well. Efforts to promote a more inclusive economy tend to focus on the need to further expand and improve social welfare programs, including increasing education enrolment rates for disadvantaged children, better access to labor market programs and formal employment, labor law enforcement, and comprehensive pension system reform to reduce old-age poverty (de la Maisonneuve 2017; OECD 2015). The spatial dimensions of inequality are also a key concern, particularly the high levels of disparity between urban and rural areas (Colombia National Planning Department 2010) .

In our discussions in Colombia, the overall inclusive economies framework resonated quite strongly with participants. Participants seemed particularly enthusiastic about the attention to upward mobility in the equitable category. What was also striking in Colombia was the weakness in civil society organizations. The history of violence, displacement and government repression has resulted in a situation that many people characterized as having led to a relative lack of community organizations and non-profit development organizations.

India: Regional Diversity and Rural Development

From independence in 1947 through the late 1980s, India essentially pursued a mixed economy model of state-led growth and development. National Five-Year Development Plans, especially in the early years, focused primarily on economic growth, with the assumption that growth would reduce income poverty

---

[9] See World Band GINI index data available here: https://data.worldbank.org/indicator/SI.POV.GINI/
[10] http://www.dane.gov.co/files/investigaciones/condiciones_vida/pobreza/pres_pobreza_2016.pdf

(Jayal and Pai 2001). Much of the focus in the agricultural sector was on increasing production (through Green Revolution technologies) and industrial strategies focused on import substitution industrialization. From 1984 onward there was a decline in the import substitution and self-sufficiency policy in India. One of the noted developments during this period was the gradual development of the Indian software Industry. Active policy frameworks, such as, the Computer Policy in 1984 and the Computer Software Export Development and Training Policy in 1986 and Software Technology Parks in 1990, were distinct from the preceding years as government's role was limited to only promotion and infrastructure provision (Parthasarathy 2010).

As Patnaik and Chandhrashekar argue, the State's responsibility to maintain public expenditure and expansion of domestic market was financed by internal credit rather than taxes (Patnaik and Chandrasekhar 1995). This coupled with a lack of any clear redistributive strategy and the State became an instrument of elite enrichment. All these slowly created an acute deficit in the public finance and led to the adoption of Structural Adjustment Programme (SAP) and economic liberalization in 1991. The objective of this major economic was to increase efficiency of industrial production, attract foreign investment, improve public sector (Aoyama and Parthasarathy 2016). The impact of these reforms on poverty has never been a matter of consensus among Indian planners and economists. What is noteworthy in the first decade after economic reform was increased growth and significant measures of governance reform as evident in the 73rd and 74th Constitutional Amendment Acts, 1992. This Act granted urban and rural local bodies, greater responsibility, and financial autonomy for effective self-governance (Jayal and Pai 2001). The agrarian sector, however, experiences a decline in growth from 1990s till 2007 (Parthasarathy and Mohan 2013).

Governance reform followed by economic reform in 1991 held a very important position in the policy domain. Towards the end of the 1990s, following the international trend, the discourse of development strategy in Indian started to move towards 'participatory development', 'inclusive human development' (Currie 2001) and finally 'inclusive growth' as seen in the Eleventh Five Year Plan. During this time, the role of the state was going through a shift as there was growing partnership with private sector and civil society organizations. The National Human Development Report (2001) in its chapter on 'Governance for Human Development' emphasized the role of 'good governance' in sustainable development and also the changing role of the state in delivering welfare (Chaudhuri 2014). From the Tenth Five Year Plan (2002-2007), there were two major shifts in the policy discourse: firstly, there was an increasing focus on poverty reduction, creation of employment opportunities and skill development, improving health and education for poor; secondly, market and civil society were considered to be partners in achieving some of these goals, whereas the State's role was to create and support a conducive political and economic environment (Chaudhuri 2014; Aoyama and Parthasarathy 2016).

In the first three decades after economic liberalization, India has experienced rapid economic growth, averaging over 7% a year from 2000-2016. The development strategy of the state has shifted more towards institutional reform, infrastructure development and public provision for social development and inclusive growth. Some of the schemes which hold testimony to State's effort for social development are National Rural Employment Guarantee Act in 2005, National Rural Health Mission launched 2005, Right to Education Act 2009, Prime Minister's Rural Road Programme (PMGSY) launched in 2000, Right to Information Act 2005, Backward Regions Grant Fund 2006-07. To what extent, this strategic shift in development policies has impacted both economic and social development in India is a matter of measurement and debate. According to World Bank Data, India had a Gini coefficient of income inequality of .354 in 2011, a level which is more equal than the United State (.404 in 2010), but there remain substantial inequalities particularly between urban and rural parts of the country.

As part of this project, we attempt to understand address some of these changes by looking at data from 5 Indian states, which represented different geographical and political histories and had different trajectories both in terms of economic growth and social development. These states are Andhra Pradesh, Assam, Bihar, Kerala and Rajasthan. Our focus was to look at data that matched the indicators defined in our framework and these indicators were oriented towards outcomes. However, during the consultative workshop in Bangalore and Delhi, one of the main suggestions that came up was to look at development policies and strategies to explain the larger processes through which such outcomes were achieved.

Taking this suggestion, in our India case study, we choose to focus on two of poorest rural states in India, namely Bihar and Rajasthan. Bihar and Rajasthan used to be part of an acronym, BIMARU (Bihar, Madhya Pradesh, Rajsthan and Uttar Pradesh), made popular by economist Bose to denote the state of poverty and backwardness in these states (Bose 1988). Whereas Bihar and Rajasthan has moved much ahead in terms of economic and social indicators in last one decade or so, there is still enough debate whether they can be still be considered BIMARU (Bimar means sick in Hindi). However, our objective is not just to measure how these two states have fared in terms of inclusiveness and extrapolate those findings to understand India's journey towards inclusivity. We rather try to use these two cases, in close comparison, to project a much complex picture of how inclusion/exclusion has spanned in India. We then tie the findings from these cases to understand our framework of measuring inclusive economies and how this framework inform our analysis of the two subnational cases.

United States: From Just Growth to Diverse Epistemic Communities

In the United States, the national social compact that grew out of the New Deal era and helped ensure relatively equitable and rapid growth in the 1950s and 1960s started to break down in the 1970s. Amidst a growing economic crisis in the 1970s, the country took a strong turn towards neoliberal economic policies with the election of Ronald Reagan in 1980, and inequality has been growing substantially and consistently since then. Researchers have identified a range of factors contributing to this increase in inequality—including skills-biased technological change, decline in unionization, deregulation in a range of critical economic sectors, employment polarizing effects of increasing global trade, and declining state investment in key social welfare programs. The spatial dimensions of inequality in the United States are also of particular importance—between urban and rural areas, between the thriving east and west coast cities and the 'fly-over states' in-between, and between different cities and neighborhoods in the country's highly segregated and jurisdictionally fragmented metropolitan regions.

The 2016 election made clear the three dimensional nature of the current crisis in the U.S. First, income inequality has reached the highest level since at least the late 1920s, right before the great depression.[11] Second, economic restructuring has hurt the economic fortunes of large parts of the country, which combines with stagnant wages and rapid technological change to significantly increase levels of real and perceived economic insecurity. Third, there is a growing fragmentation of American society, driven by a variety of factors including increasing spatial segregation (particularly by income and ideology but also high levels of racial segregation) and narrow-cast media, that is manifest in growing partisanship and national political gridlock (Benner and Pastor 2015).

In this context, the most significant efforts to promote a more inclusive economy have been occurring at a sub-national scale, particularly within metropolitan regions (Pastor, Benner, and Matsuoka 2009; Katz and Nowak 2018) and a growing attention to state-level strategies (Pastor, Ito, and Wander 2016). In the 1990s, a strong strand of this work was framed around promoting "regional equity", focused primarily on redistribution, without specific attention to a vision of inclusive growth (Pastor, Benner, and Matsuoka 2009). Specific connections with more inclusive growth strategies started emerging in discussions of

[11] See "Income Inequality in the United States" data series availableat https://eml.berkeley.edu//~saez/

more dense and pedestrian friendly 'smart growth' strategies (Blackwell and Fox 2004; Bullard 2007). A growing body of literature, to which we have contributed, has also been documenting links between social equity and economic growth (Benner and Pastor 2012, 2015; Stiglitz 2012; Reich 2016). While there have been normative calls for more inclusive growth strategies (Treuhaft, Blackwell, and Pastor 2011), the concept of 'inclusive growth' is not a widely used term in the U.S.

We did not specifically try to apply oru inclusive economies measurement framework to sub-national analysis in the U.S., though we've been involved in various other efforts to use indicators to measure inclusion and to engage multiple stakeholders in discussions about how to achieve more inclusive economic growth.[12] The Brookings Institution, however, in partnership with the Rockefeller Foundation developed a complementary measurement framework, building from the Rockefeller Foundation's five dimensional approach, and used this to measure inclusive economies in the 100 largest metropolitan regions in the country.[13] They found significant geographic and economic diversity in the regions that measured both particularly high and particularly low on these five characteristics, but found that the racial composition of metropolitan areas might be the most important distinction, pointing to the importance of historical patterns of racial segregation and exclusion in explaining inclusion across all five dimensions.

III. How do we measure an Inclusive Economy?

Developing a comprehensive multi-dimensional understanding of what an inclusive economy is an important advancement, but that alone is obviously insufficient. It is also important for us to be able to track progress we are making towards greater inclusion, to be better able to understand the relationships between different dimensions of the inclusive economy framework we are proposing, and to be able to identify complementarities and potential trade-offs. At what levels and in what circumstances might too much equity be bad for growth? In what contexts might promoting stability reinforce existing inequalities, and in what contexts might it promote greater equity? What are the relationships between

---

[12] See for example the National Equity Atlas (http://nationalequityatlas.org/) and the Regional Opportunity Index (http://interact.regionalchange.ucdavis.edu/roi/)
[13] See https://www.brookings.edu/blog/the-avenue/2016/05/12/measuring-inclusive-economies-in-metropolitan-america/ and https://www.brookings.edu/blog/the-avenue/2016/05/18/a-metro-map-of-inclusive-economies/

greater participation, equity, and growth? These are the kinds of questions that we ultimately hope it would be possible to answer more robustly with this framework.

The figure below lists the specific proposed indicators we developed for use at a nation-state level. These indicators were chosen after a review of more than 30 major indicator initiative around the globe as providing a comprehensive view of inclusivity across all 5 dimensions and 15 sub-dimensions of our framework. We know that specific data is available at a national level for a large number of countries across all of these indicators, and that there is potential for gathering the same or similar indicators across multiple scales and contexts.

Below, we will discuss specific lessons we learned applying this case study framework in each of our sub-national case study contexts—South African regions, Colombian cities, and Indian rural states. We start first, however, with some more general discussions about indicators and how we think about their role in understanding economic change, and about the relative trade-offs of looking at individual indicators versus developing a single index that would combine these multiple indicators.

Indicators

Reccommended indicators are selected following these criteria: (1) Data must be available at least at the national level, but have potential for replicability across different contexts, regions and scales; (2) Data must be available for a large number of economies; (3) Indicators must aim to be measures of outcomes rather than leading processes. Most recommended indicators are currently gathered by reliable government, private sector, or non-profit organizations with substantial international coverage. In addition to 49 core indicators, 8 additional indicators are designated ideal ("ideal") or should be considered ("considered") but don't fully meet the criteria described above. Furthermore, many of our indicators can be disaggregated by different population groups, such as gender, race, and age. Where possible, it is valuable to use these disaggregated measures for greater insight.

A1 Percentage of population with higher educational attainment than their parents (OECD)

A2 Intergenerational income mobility (OECD)

A3i (ideal) Proportion of the lowest earning 25 to 30 year olds that experience wage progression 10 years later (UK)

A4c (considered) Early Childhood Education (SDG)

B1 Ratio of income/consumption of the highest quintile to lowest quintile (ADB)

B2 Percentage of households with incomes below 50% of median income (SDG)

B3 Wealth share of top 1% (OECD)

B4 Gender Inequality Index (GII) (UNDP)

C1 Proportion of population using safely managed sanitation services, including a hand-washing facility with soap and water (SDG)

C2 Proportion of population using an improved drinking water source (SDG)

C3 Share of households with electricity or other modern energy services (SDG)

C4 Primary completion rate (WB)

C5 Infant and under-5 mortality rate (WHO)

C6c (considered) Proportion of population that has convenient access to public transport (SDG)

C7c (considered) Rating on level of women's social rights (ISD)

D1 Labor force participation rate (of working age population) (WB)

D2 Share of informal employment (ILO)

D3 Household final consumption expenditure per capita (WB)

D4 New business density (new registrations per 1,000 people ages 15-64) (WB)

E1 Ease of Doing Business (EoDB) Distance to Frontier (WB)

E2 Voice and accountability indicator (WGI)

E3 Control of corruption indicator (WGI)

F1 Mobile cellular telephone subscribers per 100 population (SDG)

F2 Percentage of households with Internet (SDG)

G1 Employment-to-population ratio (of working age population) (ADB)

G2 Growth rate of average per capita income PPP $ (ADB)

G3 Proportion of population below $1.25 (PPP) per day (SDG)

H1 GDP per capita, PPP (current international $) (WB)

H2 Proportion of population above minimum level of dietary energy consumption (SDG)

H3 Durable structures (Slum population as percentage of urban) (SDG)

H4 Life expectancy at birth (OECD)

I1 Labor productivity (GDP per hour worked) (OECD)

I2 Research and development expenditure (% of GDP) (WB)

I3 High-technology exports (% of manufactured exports) (WB)

J1 20 year change in proportion of population above minimum level of dietary energy consumption (WB)

J2 20 year change in durable structures (Slum population as percentage of urban) (WB)

J3 20 year change in life expectancy at birth (WB)

K1 Energy intensity (TPES/GDP PPP) (SDG)

K2 Proportion of total water resources used (%) (FAO)

K3 Proportion of wastewater safely treated (SDG)

K4 CO2 emissions (kg per PPP $ of GDP) (WB)

K5 Annual mean levels of fine particulate matter (e.g. PM2.5 and PM10) in cities (population weighted) (SDG)

K6 The Natural Resource Protection Indicator (NRPI) (SEDAC)

K7c (considered) Share of Renewables in Total Primary Energy Supply (%) (SDG)

L1 Resource Productivity: Ratio of GDP to Domestic Material Consumption (DMC) (EUROSTAT)

M1 Standard deviation of year-to-year change in GDP, previous 20 years (WB)

M2 Regulatory quality indicator (WB)

N1 Percentage of population using banking services (WB)

N2 Percentage of population aged 15+ who have borrowed from a financial institution (WB)

N3 Microinsurance coverage ratio (MIC)

N4 Country Policy and Institutional Assessments property rights and rule-based governance rating (1=low to 6=high) (WB)

N5c (considered) Level of internal conflict, International Country Risk Guide rating (ISD)

O1 Government expenditure on social security and welfare as a percentage of total government expenditure (ADB)

O2 Social protection and labor rating (WB)

O3 Herfindahl-Hirschman (Export) Product Concentration Index (ADB)

O4c (considered) FDI versus FPI, both as a % of GDP (WB)

O5i (ideal) Response time for emergency response services from initial call (WCCD)

ADB - Asian Development Bank; EUROSTAT- European Commission Statistics; FAO - Food & Agriculture Organization of the United Nations; ILO - International Labor Organization; ISD - Indices of Social Development, International Institute of Social Studies; MIC - Microinsurance Information Center; OECD - Organization for Economic Cooperation and Development; SDG - United Nations Sustainable Development Goals; SEDAC - NASA's Socioeconomic Data and Applications Center; UK - United Kingdom's Department for Work and Pension; WB - The World Bank; WHO - World Health Organization; WGI - Worldwide Governance Indicators

Inclusive Economy Indicators: Measuring Progress, Improving Understanding, Promoting Conversations

The purpose of indicators, of course, is to measure change along a chosen dimension. What percentage of people are employed, for example, or what proportion of young girls finish elementary school. Indicators are often presented as objective measures, and yet the meaning of any particular indicator can be subject to interpretation. Is a high proportion of people in informal employment, for example, a negative sign of the lack of formal sector employment opportunities, or a positive sign of the dynamism and creativity of micro-entrepreneurs? Is an increase in women members of parliament a sign of improved gender equity, or simply a sign of more subtly entrenched elite domination? Or both?

Thus, comprehensive indicator initiatives and even individual indicators are always embedded in some explicit or implicit theory of change—a belief about what is important to measure in the world. As we pointed out in our previous report, some indicator initiatives—such as the Asian Development Bank's Framework of Inclusive Growth—have an explicit theory of change built into their indicator framework. In that case, they develop two simple outcome measures related to reduction of poverty and inequality (assessed using both monetary and non-monetary indicators), and concentrate on three pillars—economic growth, social inclusion, and social safety nets—underpinned by indicators measuring a foundation of good governance and efficient institutions. Other indicator initiatives, such as the OECD Initiative on Inclusive Growth, have less explicit theories of change. In this case, they emphasize the role of indicators within broad thematic areas—employment, education, poverty, health, civic engagement, etc.—without explicitly discussing how they see those thematic areas being related to each other. And yet the very selection of certain thematic areas and not others reflect an implicit theory of change related to priority areas of attention. Furthermore, even individual indicators have implicit theories of change embedded within them. For example, whether an indicator of poverty is an absolute indicator (e.g., less than $1.50 a day) or a relative indicator (e.g., less than half the median income), represents very different understandings of the importance of social relations versus absolute deprivation in shaping experiences of poverty. Similarly, an indicator of the number of people who are employed implicitly values those in paid employment while undervaluing unpaid but economically valuable labor, more often performed by women and unpaid family members. It is important to always think about indicators in the context of theories of change, and whether or not that theory of change is explicitly (or implicitly) embedded in the indicator framework.

This is not to suggest that simple indicators, without clearly identified processes of theories of change associated with them, are not useful. To the contrary, they can facilitate discussion across multiple constituencies about the factors that might be leading to those conditions. They can lead to new hypotheses about causal connections between different outcomes. They might surface important issues that might not emerge in a more directed approach. Thus, as we emphasize in multiple places in this report as well as our previous work, one of the most important components of indicator initiatives is their ability to spark conversations between key stakeholders, often leading to better and more shared understandings of conditions and progress. This also points to the important of paying attention to the process of indicator development. Ultimately if we are to achieve more inclusive economies, we must develop some shared metrics for tracking them and a shared understanding of what is being measured.

We mention these issues of theory of change and process of indicator development because they are critical to understanding our experience in working with local partners in our three case study sites. In each case, we were clear to present the inclusive economies measurement framework as one that had an only partially formed theory of change. The more clearly formed component of the framework, rooted in the decades of research and development experience highlighted in the previous section, is that all five dimensions are critical in some way to promoting more inclusive economies. At the same time, we clearly acknowledged that this framework was a normative framework that was in the process of development, and that there is only partial and still incomplete empirical evidence of the relative importance of any of the dimensions for any preferred outcome, or the extent to which there might be trade-offs versus synergies between progress along different dimensions.

We also emphasize that as inclusive a process as we tried to pursue in developing the indicator framework, that we were much less knowledgeable about local dynamics and processes than our local partners. Thus, rather than focusing only on what our data analysis indicated about levels of inclusion, we were at least as interested in the extent to which this framework resonated with our partners' own work on inclusion, how this framework might help contribute to discussions about how to promote a more inclusive economy, and how the framework might be improved.

.

Index or indicators: Many indicators vs. a sub-dimensional index:

One of the most consistent issues that emerged in this context was why we didn't develop an inclusive economy *index* that could combine multiple indicators into a single measure that would make it easier to track progress. This could conceivably be done at the level of the entire framework or at each of the five dimensions, so that it would be possible to have both an overall inclusive economies index, and an index of equity, participation, growth, sustainability and stability. There are many indicator efforts that do calculate a comprehensive index. The *Human Development Index*[14] of the United Nations Development Program is perhaps the most widely known, but there many others, including the World Economic Forum's *Inclusive Development Index*[15], the *Social Progress Index*[16] launched by Michael Porter but now driven by a global network of partners, the Global Multidimensional Poverty Index [17]developed by the Oxford Poverty and Human Development Initiative, and the Economic Commission for Africa's *African Social Development Index*[18], to name just a few well known examples.

There are reasons why developing an index can be valuable. It certainly makes it easier to communicate results to a wider spectrum of stakeholders. It can focus attention and help build consensus towards achieving a high priority goal. And, through the ease of communicating results through media and other broad communication channels, it can help build a broad social and political constituency for greater inclusion and social progress. In other contexts, we have also been directly involved in developing indices out of multiple detailed indicators.[19]

There are, however, two key concerns we had in this case that led us to not propose an inclusive economies index. The first concern is technical. There are many detailed methodological issues involved in both indicator selection and combination in the process of index construction. Which indicators to include, how they are standardized, how they are weighted in the index, and how they are combined are all critical decisions to be made in developing an index, with very substantial implications for the results. As a result, it only makes sense to develop an index in contexts where there is substantial research documenting the relative importance of different components of an index in explaining the outcomes,

---

[14] http://hdr.undp.org/en/content/human-development-index-hdi
[15] https://www.weforum.org/reports/the-inclusive-development-index-2018
[16] https://www.socialprogressindex.com/
[17] http://ophi.org.uk/multidimensional-poverty-index/
[18] https://www.uneca.org/sites/default/files/PublicationFiles/asdi_report_technical_eng.pdf
[19] One author (Benner) for example, helped develop the Regional Opportunity Index in California, which combines indicators of education, the economy, housing, transportation, health/environment and civic engagements into a comprehensive index. See http://interact.regionalchange.ucdavis.edu/roi/

and in which there is high quality and comparable data to make the calculation of an index meaningful. In the absence of those conditions, producing an index becomes simply a statistical exercise that can be highly and perhaps even dangerously misleading. In the context of the concept of an inclusive economy we're developing, there is still little empirical evidence that can effectively guide the construction of an appropriate index. Furthermore, since we are trying to develop a flexible framework that could be used to facilitate discussion and progress towards inclusive economies in multiple contexts, the quality and comparability of data across these contexts is also of concern.

But there is a second more political reason to be concerned about the use of an index in this context. By definition, indices simplify complex issues and processes into a single number. Promoting inclusive economies, however, is a complex and multifaceted process. There are potential trade-offs that might exist between different dimensions of an inclusive economy, especially at different levels. There is growing evidence, for example, that high levels of inequality are bad for economic growth, but too little inequality might be bad for economic growth if it undermines incentives for hard work and innovation. The specific relationships between different components of this framework might differ substantially across different countries and regions, and we wary of simplistic solutions to complex problems. Thus, we think it is important, at least at this stage, not to create an inclusive economy index.

Applying the framework at a subnational scale

In our efforts to apply this measurement framework at a subnational scale, we had two major goals. The first was to explore the extent to which data is available at a sub-national scale within the different components of the framework. The second was, in actually gathering data and using this to analyze patterns of inclusion at these sub-national scales, to develop a clearer understanding of the potential and challenges of using this framework across multiple scale and contexts, and to modify the framework as appropriate to fit these different contexts.

In selecting possible case studies, we had several key criteria: the countries had to be large enough to allow for substantial comparison of different places within the country: there had to be sufficient data available to allow for meaningful quantitative analysis; and we wanted one case study in each of the three major regions of the global south (Latin American, Africa and Asia) to facilitate engagement with different communities of scholars and inclusive economy stakeholders. We also wanted a range of characteristics of levels of urbanization, strength of rural economy, levels of rural-urban migration and total income. Finally, across the three case studies, we wanted to be able to analyze patterns and processes of inclusion in urban, peri-urban and rural contexts.

In South Africa, our focus was primarily on metropolitan regions, with a particular interest in rural-urban connections. In Colombia, we focused exclusively on cities. In India, we were primarily interested in rural development, but as we'll discuss in more detail below, there are significant empirical and theoretical challenges. In companion reports on each country, we provide detailed analyses of our experiences in applying this inclusive economies measurement framework in each case. In what follows here, we first summarize for each country some of the important data issues that emerged in each country and then lift-up some of the cross-cutting issues that emerged in our work.

Table 1: Selected Characteristics of Case Study Countries

	Colombia	India	South Africa
Demography			
Population, total (millions)	48.2	1,311.1	54.5
Dependency ratio, young age (0-14) (per 100 people ages 15-64)	35.4	43.9	44.5
Dependency ratio, old age (65 and older) (per 100 people ages 15-64)	10.3	8.6	7.7
Urban population (%)	76.4	32.7	64.8
Income, Poverty & Inequality			
GDP per capita (2011 PPP $)	$12,988	$5,730	$12,390
Estimated GNI per capita, female (2011 PPP$)	$10,215	$2,184	$8,795
Estimated GNI per capita, male (2011 PPP$)	$15,389	$8,897	$15,489
Income inequality, Gini coefficient	53.5	35.1	63.4
Population living below income poverty line, PPP $1.90 a day (%)	5.7	21.2	16.6
Population in multidimensional poverty (%)	7.6	55.3	10.3
Health			
Life expectancy at birth, female (years)	77.8	69.9	59.5
Life expectancy at birth, male (years)	70.7	66.9	55.5
Infant Mortality Rate (per 1,000 live births)	13.6	37.9	33.6
Public health expenditure (% of GDP)	5.4	1.4	4.2
Education			
Adult Literacy Rate (% ages 15 and older)	94.7	72.1	94.3
Government expenditure on education (% of GDP)	4.7	3.8	6.1
Mean years of schooling, female (years)	7.6	4.8	10.2
Mean years of schooling, male (years)	7.5	8.2	10.5
Trade, Financial Flows, and Communication			
Exports and imports (% of GDP)	39.0	48.8	62.8
Concentration index (exports)	0.459	0.175	0.119
Remittances, inflows (% of GDP)	1.60	3.32	0.26
Internet users (% of population)	55.9	26.0	51.9
Mobile phone subscriptions (per 100 people)	115.7	78.8	159.3
Source: United Nations Development Program 2016 Human Development Report Country Profiles			
http://hdr.undp.org/en/countries			

South Africa: Metropolitan Regions and Urban-Rural Dynamics

South Africa has a rich repository of readily accessible secondary data that enable indicators in this framework to be populated in most of the sub-categories. The specific indicators used were quite different from the indicators used in our national-scale recommendations, but the conceptual categories fit well, and there were reasonable specific indicators available for most sub-categories. There are some limitations at the city-level because the data is simply unavailable or the degree of accuracy is diminished by the sample sizes. A big gap at the city-level is reliable data related to economic output, value added, trade and investment, including sectoral breakdowns. This is a serious weakness in the current statistical landscape in South Africa, albeit one that the National Treasury and other stakeholders are trying to address in various ways.

One useful feature of the StatsSA surveys is that it is possible to general a variety of spatial and city-level data. Thus, across nearly all categories of the framework, we were able to generate some indicators for the 8 largest metropolitan areas, and then compare these figures to other urban areas, rural areas and to South Africa as a whole. This data was able to show a stark spatial hierarchy, with multiple indicators of inclusion showing significant socio-spatial divides between the largest urban areas and rural areas in particular. One big gap was in finding data for the 'sustainable' dimension, in which many of indicators for 'Greater investments in environmental health and reduced natural resource usage" were not easily available at these sub-national scales.

One particularly useful data source in South Africa that we utilized is the National Income Dynamics Study, a longitudinal/panel survey which interviews the same individuals every two years starting in 2008. This was extremely useful in being able to identify striking improvements in poverty levels of those who moved to metropolitan areas, compared to those who remained rural.

Colombia: City Data

There is a growing and strong network of local initiatives in Colombia working to create accessible data at a subnational level to help generate information and track progress towards greater urban inclusion. This is partly because cities are having to lead much of the inclusion work prioritized in the post-conflict agenda. Central to this work is the availability and accessibility of indicators and indicator frameworks that generate reliable, unbiased, comparable and public data on important urban development issues, and thus help facilitate and identify patterns of equity and inclusion and areas needing further improvement.

The Red de Ciudades Cómo Vamos (RCCCV) initiative has helped champion much of this work. Implemented in 1998 by the Chamber of Commerce of Bogotá, El Tiempo, and Fundación Corona, RCCCV was first established in the city of Bogotá to assess changes in the quality of life of its residents in accordance with the city's development plan. It later expanded into a wider cities-monitoring network starting with the addition of Cali and Cartagena in 2005, Medellin in 2006, and 10 more cities joining from 2007-2017.

The objectives of RCCCV can be summed up within four important activities: (1) To generate more reliable, impartial and comparable information on issues of city development, quality of life and citizen participation; (2) To facilitate the generation and exchange of knowledge to help further development plans and specific programs of interest among local governments; (3) To use available data to enrich and strengthen the initiatives of the network and of each city; and (4) To promote the exchange of good practices and processes.

To help further these objectives, RCCCV established Ciudatos, the first open data platform developed by civil society in Colombia which focuses on building knowledge about and for cities. Technical and perception data are available on a wide array of urban development issues and are collected through objective and subjective surveys. The objective indicators compile quantitative data on quality of life issues in each city, while the subjective indicators bring together information gathered through the Citizen Perception Survey, applied annually in each city, to complement the quantitative data gathered through objective indicators. City-specific data is available for 15 of Colombia's major cities, while comparable indicators are also available for 5 out of the 15 cities.

India: Rural Development

Like South Africa, India also has a robust selection of readily available data from a wide variety of national surveys and periodic censuses. Applying the inclusive economy framework to look at rural development in India, however, was substantially more challenging than in South Africa. India is obviously a much large country and population. Data from national survey and censuses is most easily accessible at a state level, but 10 of the 29 states in the country have more than 50 million people and in many ways are as diverse within each state as the two other country case studies we examined. It is possible to gather many indicators at a sub-state level, but this level of data gathering and analysis was beyond the scope of this project. Thus, we were limited to looking at state-level indicators.

As described above, our initial focus was on five predominantly rural states: Andhra Pradesh, Assam, Bihar, Kerala and Rajasthan. Even though the majority of the population of these states live in rural areas, each state also has large urban areas where 20-40% of the population lives. Some of our key indicators are broken down by rural or urban populations within these states, but many others simply report on the overall conditions across the state. This is also partially why we ultimately focused on just two states: Bihar (total population 103 million, 88% rural) and Rajasthan (68 million, 75% rural). Nonetheless, we emphasize that there are strong rural-urban linkages, not just in the data, but in the nature of social and economic progress in these states.

In addition, since we were focused on rural development in what are predominantly agricultural regions of India, we expanded the inclusive economy measurement framework to look at a number of key indicators related to rural development, as shown in the table below.

Table: Sub-categories and Indicators of rural development

Access to Irrigation	Share of irrigated land for all crops
	Share of irrigated land by water source
Water availability and variability	Variability in annual rainfall
	Source of drinking water
Crop Intensity and Land Quality	Cultivated area as a percentage of total land in operational holdings
	Soil Fertility

Cross-Cutting Issues

Spatial Dynamics

One important spatial dynamic that is clearly evident as much at a national level as it is at a sub-national level is the ways that indicators at one geography can hide significant inequalities within that geography. But determining this within-region inequality is more challenging at a sub-national scale than at a national scale. This is primarily due to the more limited data at a sub-national scale, which makes it more difficult to disaggregate by geography, much less by population sub-group.

A second important spatial dynamic is that, given the greater levels of within-country mobility than cross-border emigration, there are important connections *between* geographies that are critical to understand.

These can be hidden with looking at indicators for a single geography. High levels of displaced persons and urban poverty in Colombian cities are there precisely *because* of high levels of violence and inequalities in land ownership in rural areas. High levels of circular migration in both South Africa and India make rural and urban economies highly connected.

A third spatial dynamic that emerges in sub-national analysis has to do with the importance of fully understanding the reasons for different patterns of inclusion. For example, in our analysis of inclusion in South African cities, the Cape Town metro has better indicators of inclusion across multiple categories. The reason for this, however, is not that it has had a more inclusive economy, but rather that, under apartheid, it was more successful in excluding Africans, the most marginalized racial group in the country.

Local, state and national connections

Another important issue that emerges in sub-national measurement has to do with the importance of understanding connections between local, state and national dynamics. Some indicators are more meaningful at certain levels than at other levels, and this can differ from country to country. For example, our unit of analysis in India was at the state level, but many people felt measures of participation at a state level were much less important than participation at a panchayat (village) level, and even at a district level, which are an important level for setting development priorities and for providing road construction, education and public health. Similarly, many indicators of sustainability, particularly those related to resource use and energy intensity, or more meaningful at a national level than a local level.

This points to the value of explicitly linking indicator development with a theory of change. Indicators are most meaningful at a geographic scale that matches the processes that are most important for shaping outcomes. This can relate to the specific powers and functions of different tiers of government. But the formal boundaries of local governments frequently don't correspond to broader economic processes, which are often more rooted in broader metropolitan dynamics and global flows, or to migration and immigration patterns.

Importance of power and focus on historically marginalized populations.

Inclusion requires particular attention to power relationships and the experience of historically marginalized populations. This perspective is embedded throughout the measurement framework, and there are some indicators that are explicitly designed to measure power relations and the accountability of decision-makers. But it is still far too easy to neglect the importance of the experience of historically marginalized populations, unless this is placed front and center in the analysis. In our work in India, for example, we didn't spend enough time analyzing data on the different experiences and conditions of scheduled castes and scheduled tribes (the various officially designated groups of historically disadvantaged people in India). Similarly in Colombia, there are very distinct racial differences that are not easily distinguished in the data, unless there is deliberate attention to developing those indicators.

Co-creation of data:

In our work, we have found that indicators are at least as valuable in stimulating conversations as documenting trends. In our work in the U.S., we've shown that diverse and dynamic knowledge communities are important for growth and inclusion, and indicators can play a valuable role in stimulating conversation and building shared knowledge (Benner and Pastor 2015). This resonated quite strongly in our case-study work in other countries too, particularly in Colombia and South Africa. In our interactions with our Colombian partners, what seemed to be of most interest was how to generate a "knowledge community" that could actually use the data to make change. There was great interest in how such communities get created, build bridges, and sustain dialogue between unexpected allies.

Our Colombian partners also strongly pointed to the reality that the creation of indicators and gathering of data itself can be a source of conflict and exclusion, or a process for building collaboration and inclusion, depending on how the indicators are developed and the stakes involved in measuring change. In other words, how one develops measures of an inclusive economy is as important as how one measures an inclusive economy.

IV. How to get an Inclusive Economy?

[note: this section will be fleshed out in much more detail after our Bellagio convening.]

This project was not specifically designed to try to analyze the processes that can lead to more inclusive economies in any of the contexts we looked at. Such an effort requires significantly more in-depth research in each place, which was beyond the scope of this project. Furthermore, the five dimensional framework for understanding inclusive economies remains quite new. There is certainly decades of research and development experience that indicates that all five dimensions are critical in some way to promoting more inclusive economies. But at the same time, there is only partial and still incomplete empirical evidence of the relative importance of any of the dimensions for any preferred outcome, or the extent to which there might be trade-offs versus synergies between progress along different dimensions.

Nonetheless, this research, intellectual engagements and discussions that were part of this project did provide some insights into ways of developing more inclusive economies.

Projects, Policies and Power: What is the virtuous (vicious) cycle that this triplet can generate?

An effective lens for understanding processes to promote more inclusive economies is the *project, policies, and power* triplet (Pastor, Benner, and Matsuoka 2009). *Projects* are individual innovations that can help demonstrate that more inclusive economies are possible. [examples of innovative projects will be fleshed out here]

Policies can help turn projects into more widespread practice.

Power is required both to develop and create projects, and to move policies into place. It is also important for ensuring the policies are implemented and that decision-makers (in both the public and private sphere) are held accountable.

Country Specific Insights

South Africa: A focus on cities and regions

Our work in South Africa identified a number of overarching principles or themes. Most important is that changing the country's development path necessitates questioning the status quo and challenging vested interests. Three other key principles stood out: first, the principle of active citizenship or participation, particularly from those populations and communities historically excluded. Second, urbanization has a important transformative power, as cities concentrate opportunities for economic inclusion. Third, it is critically important to strengthen collective action by institutions across different sectors of society and the economy.

Our research also helped identify four more specific policy priorities for inclusive growth. First, there needs to be a greater emphasis placed on the physical foundations of inclusive cities, especially land, infrastructure and public spaces. Second, housing and human settlements policy needs serious attention because it currently tends to undermine both inclusion and growth objectives. Third, greater emphasis is needed to support the start-up and growth of small enterprises. Fourth, human development needs to be pursued with renewed vigor, commitment and imagination, with a particular focus on education and training throughout the life course, starting with early childhood programs and extending through school, tertiary education and vocational training.

Colombia: Local Indicators and Process

Our work in Colombia identified some particularly important challenges to promoting inclusion, including the difficulties of overcoming the legacies of violence in the country, as well as continued challenges in addressing gender and race-based inequalities. But Colombia was also striking for the relative strength and particular structure of their local indicator initiatives and the ways indicators are being used to develop greater consensus about developmental priorities. The local indicator framework developed by RCCCV is particularly striking for being systematic, for being led by the private sector (despite being rooted in cities!), for the clear model of replicability and quality control that makes it relatively easy for new cities to join the Cómo Vamos network, and for the ways their indicators initiatives have evolved over time and place, as different entities have become involved.

What still remains unclear is how these indicator initiatives are being used to engage international organizations, national institutions, local authorities and community leaders to work together to generate change. In our interactions in Colombia, what interested participants most was not the data collection itself, but the notions of "epistemic communities" that underlie the promotion of inclusive economies. There was great interest in how such communities get created, build bridges, and sustain dialogue between unexpected allies. While this work was focused on whether a common framework could be applied across countries to stir measurement at a sub-national level, the next phase of this research should focus more on those processes and mechanisms that forge the will for action to not just measure but actually achieve an inclusive economy.

India

United States

V. Conclusions

References

Ali, Ifzal, and Hyun Hwa Son. 2007. “Measuring Inclusive Growth.” *Asian Development Review* 24 (1): 11–31.

Ali, Ifzal, and Juzhong Zhuang. 2007. “Inclusive Growth toward a Prosperous Asia: Policy Implications.” ERD Working Paper Series 97. Asian Development Bank. http://www.econstor.eu/handle/10419/109299.

Alkire, Sabina, and James Foster. 2011. “Counting and Multidimensional Poverty Measurement.” *Journal of Public Economics* 95 (7): 476–87. https://doi.org/10.1016/j.jpubeco.2010.11.006.

Angulo, Roberto, Yadira Díaz, and Renata Pardo. 2016. “The Colombia Multidimensional Poverty Index: Measuring Poverty in a Public Policy Context.” *Social Indicators Research* 127 (1): 1–38. https://doi.org/10.1007/s11205-015-0964-z.

Aoyagi, Chie, and Giovanni Ganelli. 2015. “Asia’s Quest for Inclusive Growth Revisited.” Working Paper 15. IMF Working Papers. International Monetary Fund, Asia and Pacific Department. https://www.imf.org/external/pubs/cat/longres.aspx?sk=42742.0.

Aoyama, Yuko, and Balaji Parthasarathy. 2016. *The Rise of the Hybrid Domain: Collaborative Governance for Social Innovation*. Cheltenham, UK ; Northampton, MA: Edward Elgar Publishing.

Benner, Chris, and Manuel Pastor. 2012. *Just Growth: Inclusion and Prosperity in America’s Metropolitan Regions*. New York, NY: Routledge.

———. 2015. *Equity, Growth, and Community: What the Nation Can Learn from America’s Metro Areas*. Berkeley, CA: University of California Press.

Berg, Andrew G., and Jonathan D. Ostry. 2011. “Inequality and Unsustainable Growth: Two Sides of the Same Coin?” Washington, D.C.: International Monetary Fund.

Berg, Andrew, Jonathan D. Ostry, and Jeromin Zettelmeyer. 2012. “What Makes Growth Sustained?” *Journal of Development Economics* 98 (2): 149–66. https://doi.org/10.1016/j.jdeveco.2011.08.002.

Bird, Richard M. 2012. “Fiscal Decentralization in Colombia: A Work (Still) in Progress.” International Center for Public Policy Working Paper Series #79. Atlanta: Georgia State University. https://scholarworks.gsu.edu/icepp/79/.

Birdsall, Nancy, Augusto de la Torre, and Rachel Menezes. 2008. *Fair Growth: Economic Policies for Latin America’s Poor and Middle-Income Majority*. Washington, D.C.: Center for Global Development : Inter-American Dialogue.

Blackwell, Angela Glover, and Radhika K. Fox. 2004. “Regional Equity and Smart Growth: Opportunities for Advancing Social and Economic Justice in America.” Oakland, CA: PolicyLink.

Bose, Ashish. 1988. *From Population to People*. Delhi: B R Publishing Corporation.

Bowles, Samuel. 2012. *The New Economics of Inequality and Redistribution*. Cambridge University Press.

Bullard, Robert D. 2007. *Growing Smarter: Achieving Livable Communities, Environmental Justice, and Regional Equity*. Cambridge, Mass.: MIT Press.

Chaudhuri, Bidisha. 2014. *E-Governance in India: Interlocking Politics, Technology and Culture*. London & New York: Routledge.

Colombia National Planning Department. 2010. “National Development Plan 2010-2014.” Bogota, Colombia: Departamento Nacional de Planeacion. https://colaboracion.dnp.gov.co/CDT/PND/Resumen_Ejecutivo_Definitivo_PND%20en%20ingl%C3%A9s06-07-2011.pdf.

Currie, Bob. 2001. “Political Authority, Public Deliberation, and the Politics of Poverty Reduction.” In *Democratic Governance in India: Challenges of Poverty, Development, and Identity*, edited by Niraja Gopal Jayal and Sudha Pai. Thousand Oaks, CA: SAGE Publications.

Eberts, Randall, George Erickcek, and Jack Kleinhenz. 2006. “Dashboard Indicators for the Northeast Ohio Economy: Prepared for the Fund for Our Economic Future.” Cleveland, OH: Federal Reserve Bank of Cleveland.

Frank, Robert H. 2012. *The Darwin Economy: Liberty, Competition, and the Common Good*. Princeton University Press.

Grosse, Melanie, Kenneth Harttgen, and Stephan Klasen. 2008. “Measuring Pro-Poor Growth in Non-Income Dimensions.” *World Development*, Multidimensional Poverty Analysis: Conceptual Issues, Empirical Illustrations, and Policy Implications, 36 (6): 1021–47. https://doi.org/10.1016/j.worlddev.2007.10.009.

Habito, Cielito F. 2009. “Patterns of Inclusive Growth in Developing Asia: Insights from an Enhanced Growth-Poverty Elasticity Analysis.” Working Paper 145. ADBI Working Paper Series. Asian Development Bank. https://openaccess.adb.org/handle/11540/3733.

Hart, Gillian Patricia. 2002. *Disabling Globalization: Places of Power in Post-Apartheid South Africa*. Berkeley, CA: University of California Press.

Irwin, Neil. 2014. “A New Report Argues Inequality Is Causing Slower Growth. Here’s Why It Matters.” *The New York Times*, August 5, 2014. http://www.nytimes.com/2014/08/06/upshot/alarm-on-income-inequality-from-a-mainstream-source.html.

Jayal, Niraja Gopal, and Sudha Pai, eds. 2001. *Democratic Governance in India: Challenges of Poverty, Development, and Identity*. Thousand Oaks, CA: SAGE Publications.

Kakwani, Nanak, and Ernesto M. Pernia. 2000. “What Is Pro-Poor Growth?” *Asian Development Review* 18 (1). https://www.researchgate.net/publication/253876792_What_is_Pro-poor_Growth.

Kanbur, Ravi. 2000. “Income Distribution and Development.” In *Handbook of Income Distribution*, edited by Anthony B. Atkinson and François Bourguignon, 791–841. Handbooks in Economics 16. Amsterdam ; New York: Elvesier.

Katz, Bruce, and Jeremy Nowak. 2018. *The New Localism: How Cities Can Thrive in the Age of Populism*. Washington D. C.: Brookings Institution Press. https://smile.amazon.com/New-Localism-Cities-Thrive-Populism-ebook/dp/B01MYEHI7R/ref=sr_1_1?s=books&ie=UTF8&qid=1520119116&sr=1-1&keywords=the+new+localism.

Klasen, Stephan. 2010. “Measuring and Monitoring Inclusive Growth: Multiple Definitions, Open Questions, and Some Constructive Proposals.” Asian Development Bank. http://www.adb.org/publications/measuring-and-monitoring-inclusive-growth-multiple-definitions-open-questions-and-some.

Kuznets, Simon. 1955. “Economic Growth and Income Inequality.” *American Economic Review* 45 (1): 1–28.

Lanchovichina, Elena, and Susanna Lundstrom. 2009. “Inclusive Growth Analytics: Framework and Application.” Policy Research Working Paper 4851. The World Bank. http://documents.worldbank.org/curated/en/2009/03/10309274/inclusive-growth-analytics-framework-application.

Lozano, Ignacio, and Juan Manuel Julio. 2016. “Fiscal Decentralization and Econoimc Growth in Colombia: Evidence from Regional-Level Panel Data.” *CEPAL Review* 119 (August). http://repository.eclac.org/bitstream/handle/11362/40789/RVI119_Lozano.pdf?sequence=1&isAllowed=y.

Maisonneuve, Christine de la. 2017. “Towards More Inclusive Growth in Colombia.” OECD Economics Department Working Papers No. 1423 1423. Paris: OECD Publishing. http://dx.doi.org/10.1787/334902e0-en.

Mello, Luiz de, and Mark A. Dutz, eds. 2012. *Promoting Inclusive Growth Challenges and Policies*. Paris: OECD. https://books.google.com/books/about/Promoting_Inclusive_Growth_Challenges_an.html?id=rTOEro07W90C.

OECD. 2015. "Colombia: Policy Priorities for Inclusive Development." Better Policies Series. Paris: OECD. https://www.oecd.org/about/publishing/colombia-policy-priorities-for-inclusive-development.pdf.

Okun, Arthur M. 1975. *Equality and Efficiency, the Big Tradeoff*. Brookings Institution.

Parnell, Susan, Edgar Pieterse, Mark Swilling, and Dominique Wooldridge. 2002. *Democratising Local Government: The South African Experiment*. Cape Town: University of Cape Town Press.

Parthasarathy, Balaji. 2010. "The Computer Software Industry as a Vehicle of Late Industrialization: Lessons from the Indian Case." *Journal of the Asia Pacific Economy* 15 (3). https://www.tandfonline.com/doi/abs/10.1080/13547860.2010.494902.

Parthasarathy, Balaji, and Anjali Karol Mohan. 2013. "Approaches to Regional Policies in India." *Regions Magazine* 289 (1): 16–18. https://doi.org/10.1080/13673882.2013.10662632.

Pastor, Manuel, Chris Benner, and Martha Matsuoka. 2009. *This Could Be the Start of Something Big: How Social Movements for Regional Equity Are Reshaping Metropolitan America*. Ithaca, NY: Cornell University Press.

Pastor, Manuel, Jennifer Ito, and Madeline Wander. 2016. "Changing States: A Framework for Progressive Governance." Los Angeles, CA: USC Program for Environmental and Regional Equity. http://dornsife.usc.edu/pere/changing-states/.

Patnaik, Prabhat, and C. P. Chandrasekhar. 1995. "Indian Economy under 'Structural Adjustment.'" *Economic and Political Weekly* 30 (47): 3001–13.

Piketty, Thomas. 2014. *Capital in the Twenty-First Century*. Translated by Arthur Goldhammer. First. Cambridge, MA: Belknap Press.

Ramírez, Juan Mauricio, Yadira Díaz, and Juan Guillermo Bedoya. 2017. "Property Tax Revenues and Multidimensional Poverty Reduction in Colombia: A Spatial Approach." *World Development* 94 (June): 406–21. https://doi.org/10.1016/j.worlddev.2017.02.005.

Ranieri, Rafael, and Raquel Almeida Ramos. 2013. "Inclusive Growth: Building Up a Concept." Working Paper 104. Brasilia, Brazil: International Policy Center for Inclusive Growth. www.ipc-undp.org/pub/IPCWorkingPaper104.pdf.

Ravallion, Martin, and Shaohua Chen. 2001. "Measuring Pro-Poor Growth." Working Paper 2666. Policy Research Working Paper Series. Washingon D.C.: The World Bank. https://ideas.repec.org/p/wbk/wbrwps/2666.html.

Reich, Robert B. 2016. *Saving Capitalism: For the Many, Not the Few*. Knopf Doubleday Publishing Group.

SAIRR. 2017. "South Africa Survey." South Africa Institute of Race Relations.

StatsSA. 2016. "Quarterly Labour Force Survey, Quarter 1." Pretoria: Statistics South AFrica.

Stiglitz, Joseph E. 2012. *The Price of Inequality: How Today's Divided Society Endangers Our Future*. W. W. Norton & Company.

Thorat, Sukhadeo, and Amaresh Dubey. 2013. "How Inclusive Has Growth Been During 1993/94-2009/10? Part II: State-Level Analysis." New Delhi, India: United Nations Development Programme.

Treuhaft, Sarah, Angela Glover Blackwell, and Manuel Pastor. 2011. "America's Tomorrow: Equity Is the Superior Growth Model." Oakland, CA: PolicyLink.

Tseng, David. 2013. "State Transfer, Poverty and Inequality of Income in South Africa: A Fifteen Year Review." https://econrsa.org/system/files/workshops/papers/2013/ersa_fifteen_year_review_-_david.pdf.

UNHCR. 2017. "Colombia Situation Update." UN Refugee Agency. http://www.refworld.org/country,COI,UNHCR,,COL,,58b6d1604,0.html.

USAID. 2017. “Colombia: Property Rights and Resource Governance.” USAID Country Profile. Washingon D.C.: U.S. Agency for International Development. https://usaidlandtenure.net/wp-content/uploads/2017/01/USAID_Land_Tenure_Colombia_Profile_Revised_December-2017.pdf.

Williamson, John, ed. 1990. *Latin American Adjustment: How Much Has Happened?* Institute for International Economics.

———. 2003. “From Reform Agenda to Damaged Brand Name.” *Fianance and Development*, September 2003.

Woolard, Ingrid, Rebecca Metz, Gebriela Inchauste, Nora Lustig, Mashekwa Maboshe, and Catriona Purfield. 2015. “How Much Is Inequality Reduced by Progressive Taxation and Government Spending.” Econ 3x3. http://www.econ3x3.org/sites/default/files/articles/Woolard%20et%20al%20%202015%20Fiscal%20policy%20progressivity%20FINAL4_0.pdf.