CONCERN WORLDWIDE’S RESPONSE TO THE WORLD BANK
SOCIAL PROTECTION AND LABOUR STRATEGY 2012-2020 CONCEPT NOTE

Introduction

Concern Worldwide is a non-governmental, international, humanitarian organisation dedicated to the reduction of suffering and working towards the ultimate elimination of extreme poverty in the world’s poorest countries. We are widely regarded as one of the leading humanitarian organisations, a reputation earned since our foundation in 1968 in many of the world’s low income and fragile states. In 2010 we had programmes in 29 countries, worth €148 million.

We respond to disasters and work in long term development in four specific areas, Food, Incomes and Markets (FIM), Education, Health and HIV/AIDS. Within this, we strive to deepen expertise in our holistic approach to hunger and health. We underpin this work with our understanding of the nature of extreme poverty – we have always worked with the poorest people in the poorest countries, and we are committed to concentrating even more of our efforts on extremely poor people living in poor, vulnerable contexts in both urban and rural areas in the period 2011 to 2015. We recognise that to fulfil their human rights and to escape from extreme poverty, poor people must be assisted to improve their assets, reduce their risks and vulnerabilities, improve on the rates of return to their basic assets. We recognise that reducing inequality, particularly gender inequality, is central to our work in reducing poverty. Concern Worldwide sees Social Protection as critical for fulfilling these objectives.

We design and implement short term safety net responses - unconditional and conditional cash transfers including cash for work - to effectively support vulnerable groups at times of crisis. This provides valuable evidence on the positive impacts of regular, predictable cash disbursements not only to prevent a slide further into poverty but also as a means for people to invest in their livelihoods and move out of poverty. We support development of inclusive social protection systems through direct interventions and policy engagement. In Kenya and Rwanda we are supporting the economically active extreme poor though programmes linking provision of cash transfers to a combination of essential support: skill development, access to savings/loans and social support to unleash their productive capacity. We engage with governments to ensure programme findings are taken into account in social protection policy and practices. In India we supported citizen tracking of social protection entitlements for the poorest in Orissa which has helped the poor to successfully demand livelihood entitlements. In Sierra Leone we developed an inclusive National SP Policy approved by parliament in March 2011.

We welcome the World Bank’s renewed focus on social protection for 2012-2020, as a critical element in the Bank’s approach to extreme poverty and vulnerability reduction and promotion of equitable economic growth. We welcome the opportunity to be included in this consultation and hope the World Bank will take account of our feedback in development of the final strategy.

Response to the strategy concept note

The strategy concept has a number of strengths. In particular we welcome

- The acknowledgement of the multi-sectoral nature of social protection and of the need to link social protection policy and labour policies for social protection interventions to fully benefit the poor. The strategy document should identify ways to link social protection policy with other key areas such as service provision.
- The focus on building social protection systems to provide cohesion to the varied social protection initiatives within a country and ensure a more inclusive approach.
- The priority for supporting social protection in low income and fragile states and recognition that systems need to be both affordable and appropriate to the context.
- The focus on developing the promotive potential of social protection for the economically active poor, to move beyond a ‘safety net’ mentality towards mechanisms that enable households to invest in livelihoods and reduce vulnerability to future shocks.
- Acknowledgement of the increasing frequency and severity of shocks as a result of factors including increasing market volatility and climate change and the need for social protection systems to address this. It would be good for the strategy to propose how the Bank intends to do this.
- The commitment to develop technological solutions to support the extension, efficiency and effectiveness of social protection systems.
- The recognition that such systems need to respond to demographic transitions – both ageing and youth bulge populations.
- The acknowledgment that the World Bank should deepen knowledge of what works, in what context, through a focus on results and identifying effective programmes

We have the following comments and suggestions for how the strategy could be improved in order to fully ensure the World Bank’s approach to SP going forward is effective at responding to the needs of low income countries and to the poorest and most vulnerable.

Thematic Area 1: Building social protection systems appropriate to capacity and context

**National ownership:** We agree that it is vital that responses are tailored to countries’ particular needs and for the Bank’s role in providing evidence of what has worked elsewhere – however the strategy needs to go beyond this to recognize that the systems developed need to be led by government. For sustainability these systems need to be institutionalized, guaranteed by law, and based on entitlements. The social protection initiatives which have had greatest government support and widest coverage in many low income countries in Africa have been those that have been owned by governments from conception, rather than those ‘imposed’ by donors.

**Financing:** The strategy identifies that one of the needs of low income country governments is likely to be constrained financing and also identifies the financing gap that still exists - but makes little further reference to how the strategy proposes to solve this. Research conducted by the ILO estimates the cost of the cash transfer and public works component of the Social Protection Floor Initiative in sub-Saharan Africa in the medium term is domestically affordable at around
4.4 per cent of GDP, providing there is initial donor support. Establishing permanent, inclusive government owned social protection systems in low income countries requires long-term financial commitments from donors while national governments put fiscal measures in place to cover the costs of these schemes. The strategy rightly identifies that systems need a mix of public and private provisions – we would expect to see a role for the World Bank in leveraging the private provision. The recent EC Green Paper on Inclusive Growth called for “special attention to be paid to domestic fiscal sustainability in the longer term, and an exit strategy devised and agreed on from the onset”, along with the support for African governments on tax reform and improved revenue collection as a way of domestically financing a minimum social protection floor. It also proposed exploration of “innovative financing options for social protection” such as possible establishment of a Social Protection Fund for Africa that ring-fences aid and other donor support for specific high-priority social programmes. The World Bank should consider these approaches.

Equity and accountability: We welcome recognition of the need for more analysis of governance and political economy and for systems to provide mechanisms to improve the ‘lack of voice’ of those targeted to enable them to access their rights and entitlements. The strategy should acknowledge the important role here for civil society organizations in building a civil society constituency for social protection and show how the strategic approach will support and engage them in their role of monitoring social protection schemes and holding governments to account.

Food security and rising food prices: the strategy acknowledges the volatility of commodity markets and climatic shocks as being key risks facing the poor and vulnerable.Whilst development of nationally owned permanent social protection programmes are the core of an inclusive social protection system, for low income countries these systems must also focus on inclusion of predictable ‘safety net’ support at times of crisis, to protect both the poorest and those in danger of becoming poor against the loss of household assets. Evidence exists of productive multiplier effects even with the provision of short-term cash transfers. The strategy should highlight the need to explore further the design and implementation of cash transfer social protection programmes for reducing food insecurity and malnutrition. Flexibility to respond to rising basic commodity prices will be key to maintaining effectiveness of cash transfer social protection programmes generally.

Thematic area 2: Strengthening the focus on low income countries and fragile states

Coordination: Concern Worldwide agree for the need for further coordination among donors and partners. In several countries at present there are parallel, seemingly competing, agendas of different donors designing different social protection programmes with different ministries.

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7 For example, in Kenya there are 3 large scale social protection programmes only one of which is government owned. In Tanzania the World Bank is presently focusing on promoting proxy means testing for poverty-targeted social protection with the government whilst UNICEF and DFID have been discussing the concept of a social pension. It is very unlikely multiple programmes would be scaled up.
Evidence case: We welcome the strategy’s commitment to generating evidence of what works and of learning from international best practices. In doing so, the strategy should highlight the need to focus on filling the evidence gaps and also the need to make use of this evidence, through a process which is still nationally owned. A case in point would be lessons on targeting: Evidence shows narrowly targeted social assistance programmes (those targeting on ‘poverty’) tend to attract and maintain poor budget share, whereas as broader based programmes based on social demographic criteria (and therefore accessible to tax-paying middle classes) attach a larger budget share. The long-established universal social pensions in Bolivia, Lesotho, Samoa, Mauritius consistently attract funding of +1% of GDP whilst means-tested pensions in India, Bangladesh, Costa Rica, less than 0.3% GDP. Beside the political support another issue is the difficulty of implementing such targeting especially in low income countries where data and administrative capacity are weak. However there remains a bias towards poverty targeted schemes within donor-developed programmes. The European Union’s European Report on Development recognises that highly targeted safety net programmes have experienced significant problems in terms of targeting costs and political leverage compared to the wider political support of universal schemes. We recommend the Bank look closely at the merits of categorical targeting approaches in the context of both widespread absolute poverty and low administrative capacity.

Conditionality: The strategy makes references to ‘conditional cash transfers’ – however all the examples highlighted are in countries which cannot be said to be “low income fragile” and are not necessarily the best models for social protection systems in this context. Conditions linked to permanent social protection programmes have had success at supporting human development objectives in Latin America. However there are doubts regarding the effectiveness of introducing conditions to CT in countries where services are less developed. There are numerous obstacles to accessing services which will not be addressed with an injection of cash. Neglecting to take this into account risks increasing the burden of duty to poor households (especially women) at a time when they are at their most vulnerable. On the supply-side, government-administered services will not be able to meet the increased demand. Without complementary investment in the service capacity this will reduce the benefit of the conditionality to the recipient and risks deterioration of the quality of services for exiting users. Doubts also remain regarding the long term impacts of attempts to engineer ‘good practices’ through conditional aid; any conditions which are attached should be suitable to the context and require buy in from the community. Potential benefits of linking social protection to conditions also need to be weighed against the additional administrative costs required to monitor and enforce the conditions. Complementary policies that strengthen social services may be more appropriate than conditionality.

Linkages with the private sector and use of technology: In fragile environments partnerships with the private sector and other service providers will be important. Concern Worldwide has had considerable success in delivering cash payments using mobile phones and innovative approaches to banking as part of cash transfer schemes in a number of countries, (Kenya, Niger and Malawi). The lessons from this have underlined to us the potential ICT offers in terms of improving delivery of services to poor people and the opportunity for enhanced feedback from beneficiaries. Initial investments to set up decent management information and technology-based systems should not be an obstacle to using ICT; it will greatly enhance efficiency and effectiveness and cut costs in the longer term. The additional ‘transformative’ benefits to cash transfer recipients of such things as mobile phones when these are used to deliver cash are only
just being discovered and need more research. We therefore welcome the inclusion of technology in the strategy. Something the Bank could add value to would be to support lobbying efforts to improve the regulatory environment for such things as mobile banking so that these things can be adopted more widely.

**Urbanization**: Social Protection systems especially need to take into account the needs of the urban poor given the impact that over the next 10 years an increasing number of the poor will be found in informal urban settlements rather than rural areas. A review of the Government of Kenya’s SP programmes undertaken by a Government Taskforce on Food Subsidy following the 2008-2009 food security crisis revealed that Arid and Semi-Arid Lands communities account for about 70% of total expenditure on food and income support schemes and very limited support for those living in informal settlements in urban areas.

**Equality and gender**: we welcome that the strategy shows commitment to build on the good practices emerging around gender in social protection and cash transfer programmes. We would like the strategy to provide detail of what this is likely to mean in the context of low income countries and unconditional programmes. Research shows that the term ‘women’s empowerment’ is used rather loosely in relation to social protection given the bias towards targeting women, with very little analysis of what this means in practice or what impacts programmes have actually had in this regard. Future programmes should define what, set objectives for change and monitor these.

The strategy should also acknowledge the need for social protection systems in addressing increasing inequality seen in middle income countries – particularly since 75% of the world’s poorest people (around one billion) now live in middle-income countries – and how the Bank proposes that their needs should be addressed.

**Thematic area 3: Emphasizing “promotion” as a goal of social protection when designing programs and systems**

**Pathways to promotion**: We welcome the commitment to extend the coverage of social protection to those outside the formal ‘covered’ sectors and to address the promotion gap through designing projects that explicitly incorporate pathways to promotion through acquisition of human capital, job-relevant skills and improved access to labour markets. Lessons from the graduation approach to reducing extreme poverty developed by BRAC in Bangladesh and subsequently adopted in 7 country contexts (funded by CGAP) show that social protection can support poor households to realize their productive potential but that access to cash is just one of several components that need to be in place to reduce the many vulnerabilities facing the poorest and enabling them to ‘graduate’ out of dependence on external support.

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8 This is the constraint preventing adoption of technology solutions for cash transfer programming in Bangladesh
10 Global Poverty and the New Bottom Billion: what if three quarters of the world’s poor live in middle income countries? IDS, September 2010
However it is important to emphasise what this means in practice for low income and fragile states.

The ultra poor in low income countries face many simultaneous problems impacting on their vulnerability. Lessons from the graduation approach, and from our own work promoting ‘transformative SP’ in the Kenya urban slums show that for the very poorest, protective social protection needs to be provided at the same time as promotive SP, to protect assets for a period until promotive benefits can be realised. The cash element of any SP programme also needs to be predictable and of sufficient duration and value to have a promotive effect. We found that a protective stipend of 8 months duration was not sufficient to support some of the poorest households in Nairobi and needed to be provided for longer. The BRAC system likewise has a ‘2nd cycle’ for those unable to graduate within the first 18 months. The graduation approach has proven to be effective but the approach invests considerable resources and requires comparable investments in services.

Most of the poorest in low income countries are concentrated in the agricultural or the informal sector and ‘promotion pathways’ will need also to focus on livelihood interventions besides employment services and labour markets. In low income and fragile states, especially in rural areas, it needs to be recognised that markets are limited and constraints in the value chain could block the potential of promotive social protection. Complementary support to develop the value chain is required. Policies that recognise and improve working conditions in the informal economy are critical.

The strategy identifies public works schemes as a form of employment promotion. Whilst this is true and whilst public works schemes often provide safety net for the poor with labour capacity they cannot generally be claimed to be ‘promotive’ in the context that the strategy uses the term. Wages are generally too low and schemes of too short duration to be of promotive use.

Support for the labour constrained: Finally, promotive SP programmes cannot remove focus from the need for universal, permanent protective systems at particular times of the lifecycle. Social protection schemes in Africa targeting the chronically poor with limited labour capacity, for example old age pensions, are also proven to contribute to economic growth directly - through multiplier effects of the cash injection into the local economy - and indirectly through the positive impacts this injection of income into the household has on food intake, purchase of productive assets, health seeking behaviour and school enrollment-attendance of household members. These factors build the capacity of household members to enter the labour market, thus contributing to the economy.

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Suggested Additions - General

- This strategy mentions the ILO Social Protection Floor initiative, however there is no mention of if or how WB seeks to align their strategy with these are lacking from the document. The World Bank’s future strategy should actively support the Social Protection Floor Initiative which aims at building a basic set of social protection guarantees for all citizens, including a basic set of essential social transfers to enhance food security and nutrition, and provide minimum income security and access to essential services, including education and health care.

- Additional challenges in the social protection and labour sector which should be identified and taken account of in the strategy include: ongoing challenges of food security, worsened by increases in food prices; intergenerational transmission of poverty; promoting livelihoods in the agricultural and informal sector; the impact of HIV and AIDS.

- Since building social protection systems should be complemented by a multisectoral approach it would be useful to see how the World Bank proposes to link the strategy with other key work areas such as the Global Agriculture and Food Security Programme.