EXECUTIVE SUMMARY

Resilience, Equity, and Opportunity
Resilience, Equity, and Opportunity
Foreword

Effective social protection and labor (SPL) policies occupy center stage, as never before. As our globalized world continues to be gripped by an economic downturn, few countries are spared from having to wrestle with the consequences for their people of unanticipated economic shocks and unmet expectations for good jobs.

The decade ahead is fraught with risk. Yet it is also filled with promise for those who can manage these risks and access opportunities. To assist countries in delivering on this promise for all their citizens, the World Bank has developed a new SPL strategy. The strategy is built on a platform that helps overcome four elemental gaps in SPL today: in integration across programs and functions, in access to SPL instruments, in promotion to ensure access to jobs and opportunities, and in global knowledge of effective SPL approaches.

After extensive consultation and dialogue with clients, stakeholders and practitioners about needs in this fast-changing world, we have designed the strategy with a core focus: to move SPL from isolated interventions to a coherent, connected portfolio of programs. This systemic approach helps countries to address the fragmentation and duplication across programs, and to create financing, governance and solutions tailored to their own contexts.

A focus on systems is not an end in itself. It is a gateway to deliver outcomes. Effective SPL systems build resilience by ensuring that individuals and families are well-protected against the sudden shocks that are likely to overwhelm them. They improve equity at both national and global levels by reducing poverty and destitution — with strong support to people in low income countries, and those in the informal sector. And they promote opportunity to improve people’s productivity and incomes, through preserving and building their human capital, and through access to better jobs and income which can propel them out of poverty.

To that end, the strategy takes into account the importance of having well-functioning social safety nets, proven to reduce poverty and inequality, promote access to health and education among poor children, and empower women; and sustainable social insurance programs that help cushion the impact of crises on households. And the strategy promotes effective policies for productive employment which help people gain access to labor markets and accumulate skills, both during recovery from economic crisis and in normal times.
The strategy is designed to help harness knowledge management in key ways: by generating evidence and lessons to inform effective policies; promoting South-South knowledge sharing and open access to data and information; and providing global leadership in research, analysis and data management.

Today, SPL at the World Bank is a young, strong sector, accounting for a significant share of Bank lending and knowledge – and serving as a global leader in its work on evidence-based policy-making. The strategy builds on the foundation of this work.

This publication sets out a snapshot of the strategy’s goals, direction, and commitments. We believe that the strategy provides a fundamental underpinning to the work of the Bank and its development partners and hope that it responds to the needs of countries engaged in the move toward effective SPL – and ultimately more effective and inclusive growth and development.

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Executive Summary

Risk and the quest for opportunity feature heavily in economic life in the 21st century. Sustained growth in many developing countries has pulled billions out of poverty and into the middle class; but this economic upturn has yet to reach billions more, who face unemployment, disability, or illness, and struggle to protect themselves and their families against shocks. The poor are particularly vulnerable, being typically more exposed to risk and less able to access opportunities.

In a world filled with risk and potential, social protection and labor systems are being built, refined or reformed in almost every country to help people and families find jobs, improve their productivity, cope with shocks, and invest in the health, education, and well-being of their children.

Social protection and labor systems, programs and policies buffer individuals from shocks and equip them to improve their livelihoods and create opportunities to build a better life for themselves and their families. Consider this: A baby in a poor family does not starve during the 2011 drought in the Horn of Africa, because Ethiopia’s national public works program provides his parents with a minimum income. An old man in Ukraine is able to deal with his unexpected disability by going to the “one-stop shop” in his local welfare office, where the staff can quickly direct him to the right program he needs. And a young unemployed woman in the Dominican Republic is able to find a job that pays her a good wage – because she could access a job-training program focused on her needs.1

While social protection and labor policies and programs are designed for individuals and families, they can also be broadly transformative – by providing a foundation for inclusive growth and social stability. These policies and programs help create opportunities essential to save lives, reduce poverty, and promote inclusive growth.

Social protection and labor programs directly improve resilience by helping people insure against drops in well being from different types of shocks and equity by reducing poverty and destitution and...
promoting equality of opportunity. But these policies also promote opportunity by building human capital, assets, and access to jobs and by freeing families to make productive investments because of their greater sense of security. At a macroeconomic level, well-functioning social protection programs are central to growth-promoting reforms. Indeed, according to the Growth Commission: “...if governments cannot provide much social protection, they may have to tread more carefully with their [growth-promoting] economic reforms.”

The World Bank supports social protection and labor in client countries as a central part of its mission to reduce poverty through sustainable, inclusive growth. The World Bank’s new social protection and labor strategy (2012-22) lays out ways to deepen World Bank involvement, capacity, knowledge, and impact in social protection and labor. The strategy is not a “one size fits all” approach. Instead, it calls for improving evidence, building capacity, and sharing knowledge across countries to facilitate informed, country-specific, fiscally sustainable SPL programs and systems. The World Bank will support this agenda not only through lending, but critically by improving evidence, building capacity, and supporting knowledge sharing and collaboration across countries.

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Three overarching goals, a clear strategic direction, and engagement principles guide this new strategy:

- The overarching goals of the strategy are to help improve resilience, equity, and opportunity for people in both low- and middle-income countries.
- The strategic direction is to help developing countries move from fragmented approaches to more harmonized systems for social protection and labor. This new strategy addresses gaps in the current practice by helping make social protection and labor more responsive, more productive, and more inclusive of excluded regions and groups – notably low-income countries and the very poor, the disabled, those in the informal sector and, in many cases, women.

- The engagement principles for working with clients are to be country-tailored and evidence-based in operations and knowledge work, and collaborative across a range of sectors and actors.

The strategy not a “one size fits all” approach. Instead, it calls for improving evidence, building capacity, and sharing knowledge across countries to facilitate informed, country-specific, fiscally sustainable SPL programs and systems. The World Bank will support this agenda not only through lending, but critically by improving evidence, building capacity, and supporting knowledge sharing and collaboration across countries.

But the strategy also stakes out new ground to meet new challenges. First, it brings a stronger focus on solutions, underscoring the need to build a coherent portfolio of
Motivating the New Strategy: The Decade Ahead

The next decade presents fast-moving social and economic changes. The World Bank developed the new social protection and labor strategy to help countries cope with the rapidly shifting socioeconomic landscape ahead.

The world is increasingly becoming interconnected and risky, with economic shocks and epidemics flowing across national borders. While young people seek jobs in record numbers in some places, aging is shrinking the productive population and ushering in new fiscal challenges in others. Poverty, inequality, and exclusion still persist in every country, and the lack of “equality of opportunity” to access quality education, health, and nutrition makes economic mobility unattainable for many poor people. Moreover, the future for productive jobs looks uncertain for a large swath of the world’s workers, who face unemployment or underemployment.

Yet, people across the world are facing a future offering extraordinary potential. Over the last decade, billions in the developing world have emerged out of poverty. Steady economic growth will pull up many more. By one measure, 1.2 billion people have joined the “middle class” in developing countries since 1990 and are able to invest in themselves, their children, and the economy. Dramatic improvements in education and health mean that parents in developing and emerging countries can look forward to a much longer, more productive life for their children.

Against this backdrop, a growing body of evidence is emerging on the importance of effective social protection and labor programs and policies. Extensive analysis shows that well-designed, well-targeted social protection and labor programs can affordably help households manage risk in the face of shocks. Moreover, these programs can improve nutrition, health, and education outcomes for children, create access to better jobs, empower girls and women, and promote greater equity.

The One-UN Social Protection Floor initiative currently led by the International Labour Organization and the World Health Organization has been endorsed by the United Nations, the G-20, and numerous governments and non-governmental organizations. It promotes the importance of effective social protection and labor programs and policies. In addition, multilateral banks, United Nations agencies, the European Commission, and bilateral partners are increasingly helping countries to improve their social protection and labor efforts.

Most important, both middle- and low-income countries are building successful social protection and labor programs and experimenting with reforms, including:

- **Asignación Universal por Hijo para Protección Social** in Argentina
- **Bolsa Família** (and the new Brasil Sem Miséria) program in Brazil
- Productive Safety Nets program in Ethiopia
- Mahatma Gandhi National Rural Employment Guarantee program in India
- **Di bao** reforms in China
- **Progresa** and **Oportunidades** programs in Mexico.
social protection and labor programs—or a social protection and labor system—that together help people deal with multiple risks. This recognizes that the focus until the mid-2000s had been more on improving programs than on building systems.

Second, the strategy strongly commits to extending social protection and labor programs to the poorest countries and the poorest people, who are the least integrated, yet have the largest needs. This includes those in the informal sector. It does not imply lessening engagement in middle-income countries.

Third, the strategy stresses the central role of jobs and opportunity. It lays out an agenda for both operations and partnership—a multisectoral approach to both improve human capital—with a strong focus on children and workers’ skills and productivity—and to improving people’s ability to access those jobs and opportunities.

Fourth, the strategy highlights the importance of appropriate knowledge in social protection and labor practice, building on past experience. It especially stresses the importance of evidence and of global South-South flows of knowledge about what works in social protection and labor.

This is an ambitious agenda. To realize this, the World Bank will need to collaborate across sectors and development partners.

It will especially address the limited global knowledge and experience in some central areas (such as effective solutions in weaker institutional capacity settings) and promote approaches that are both cost-effective and fiscally sustainable. It will help to generate access to productive jobs for those who can work. And it will engage in policy dialogue that help countries tackle complex trade-offs across programs and objectives, while keeping a focus on affordability and future fiscal sustainability.

Goals of Social Protection and Labor: Resilience, Equity, and Opportunity

Social protection and labor systems, policies, and programs help individuals and societies manage risk and volatility and protect them from poverty and destitution—through instruments that improve resilience, equity, and opportunity.4

Resilience through insuring against drops in well being from a range of shocks. Key sources of resilience are social insurance programs that minimize the negative impact of economic shocks on individuals and families—such as unemployment and disability insurance, old-age pensions, and scalable public works programs. Complementary programs in other sectors are also extremely important for resilience—such as crop and weather insurance and health insurance. Private and informal
Equity through protecting against destitution and promoting equality of opportunity. Social assistance programs (also known as safety net programs—including cash transfers and in-kind transfers, such as school feeding and targeted food assistance) address chronic poverty. They also protect poor individuals and families from irreversible and catastrophic losses of human capital (nutrition, health, and education), thereby contributing to equality of opportunity.

Opportunity for people through promoting better health, nutrition, education, and skills development, along with helping men and women access productive work. Institutions that promote opportunity are often integrated with those supporting resilience and equity. For example, labor market programs provide unemployment benefits, build skills, and enhance workers’ productivity and employability. Cash transfers incentivize investments in human capital by promoting demand for education and health and help address gender inequalities. And public works programs provide cash payments to the poor, while increasing physical capital investments.

The goals of resilience, equity, and opportunity cannot be achieved with isolated programs, within a single sector, or through public mandates alone. Attaining them requires an appropriate policy, legal and institutional frameworks, as well as a portfolio of instruments and collaboration across economic sectors.

For instance, agricultural crop insurance provides resilience to farmers, as do savings from micro-savings schemes and rotating savings associations. Charitable institutions and worker remittances provide equity-promoting transfers in many societies. The availability of good schools and clinics is critical for the poor looking to improve their children’s human capital.
Private firms are the most important vehicles for good jobs and opportunity, and often invest in building workers’ skills. Informal social networks are often best for youth seeking better opportunities to use those skills.

The government plays a role in setting the agenda for social protection in line with societal goals and in overseeing the efficacy of social protection and labor measures, be they public, private or informal. The state has a particular role to play when there are the inevitable gaps in access—and when private measures fail to meet societies’ objectives resulting from, for instance, failures in the markets for credit or insurance.

Social protection and labor policies and programs can provide a broad-based foundation for inclusive growth and social stability, and, when properly designed, are also affordable. Although there remains considerable debate on the role and contributions of social protection, there is growing evidence that it contributes to growth by:\(^6\)

- Building and protecting human capital
- Providing the security to invest in higher-risk–higher-return activities
- Promoting greater labor market mobility
- Stabilizing aggregate demand, notably during recessions
- Enhancing productive assets and infrastructure (for example, through public works)
- Reducing inequality in society
- Making growth-enhancing reforms more politically feasible

Beyond risk management and poverty reduction, social protection and labor policies and programs are increasingly recognized as a vehicle for implementing social contracts, securing people’s rights, and fulfilling their obligations.

**Strategic Direction: From Fragmented Approaches to More Coherent Systems**

Many social protection and labor programs are fragmented and lack harmonization, hampering their effectiveness. The World Bank’s new social protection and labor strategy’s main objective is to help countries move from fragmented approaches to harmonized systems. It focuses on making these systems more inclusive of the vulnerable and more attuned to building people’s capacities and improving the productivity of their work. It seeks to make people better able to respond to crises and shocks.

*Social protection and labor systems are portfolios of coherent programs that can communicate with each other, often share administrative sub-systems, and work together to deliver resilience, equity, and opportunity.*
Reducing fragmentation across programs, actors, and levels of government can decrease inefficiencies, enhance coverage, and improve responsiveness to risks. The strategy also focuses on three critical global gaps in social protection and labor today: exclusion, where existing programs fail to reach key vulnerable groups; poor links to opportunities, where programs and systems do not always connect people to productive potential; and inflexibility, where programs are unable to accommodate those made newly vulnerable because of systemic shocks.

**FROM FRAGMENTATION TO SYSTEMS**

In many countries, social protection and labor programs simply do not exist at scale. Instead, smaller unconnected efforts focus on distinct regions, discrete groups, or specific objectives without complementing each other. In other contexts, larger-scale

**Source:** Robalino, Rawlings, and Walker (2012).
programs may exist, but may not be cost-effective, coherent in terms of the incentives they provide, or responsive to economic downturns. A systems-oriented approach to social protection and labor programs strengthens coordination and integration at the policy, program, and administrative subsystems levels; adapted to different country contexts (see Figure 1).

In many low-income countries, especially in fragile contexts, taking a systems approach could involve first investing in a single program and developing basic administrative systems—for example, beneficiary registries, cash delivery mechanisms, and targeting approaches. Once these subsystems are functional, they could then be expanded incrementally to other programs. But countries face the larger challenges of improving and coordinating different programs that serve complementary functions, and of ensuring their fit with the broader policy environment.

Although the exact form of social protection and labor systems will necessarily vary across countries, many basic functions are similar. At the policy, program and administrative levels, there are common challenges and the need for capacity building and knowledge sharing is widespread. For example, at the policy level, there is a need for affordable, fiscally sustainable approaches that can serve as a basis for meeting coverage gaps. At the program level, countries need ways to cost-effectively deliver appropriate benefits to the most vulnerable. At the administrative level, many countries are making important advances in developing citizen registries by household, age, and income, and using them to coordinate service delivery across relevant social protection and labor programs.

The aim is to help countries move toward systematic approaches that have five “SMART” characteristics:

- Synchronized across programs
- Monitored, evaluated, and adapted
- Affordable, fiscally and in terms of cost-effectiveness
- Responsive to crises and shock
- Transparent and accountable

**FROM EXCLUSION TO INCLUSION**

Today, many who most need good social protection and labor programs and systems are often the least likely to have access to them. Poor populations, marginalized groups, and those working in the informal sector are particularly excluded. Countries with fewer fiscal resources and a larger share of poor people, especially in Sub-Saharan Africa, typically have fewer beneficiaries of social protection and labor transfers and face difficult choices about extending social protection and labor systems to low-income and fragile contexts will require investing in basic administrative subsystems, and creatively addressing institutional weaknesses.
how to expand coverage, while ensuring fiscal sustainability.

Within many countries, social insurance programs (such as old-age pensions and disability and unemployment benefits, as well as many active labor market programs, such as skills training) benefit only formal sector workers, excluding the informal and agricultural workers who are often a large share of the population. Many programs are not available to those who are most in need—the poorest of the poor, disabled and illiterate people, the urban homeless, those who are socially excluded, and those who live in remote areas. The 2012 World Development Report on gender and development notes that poor women are often among the most disadvantaged, especially in their access to services.7

But the challenges of inclusion are substantial. It can be difficult to have the excluded participate in social protection and labor programs, as they are often the hardest to reach, being cut off from information and education. Aligning coverage goals with cost-effective solutions often requires difficult choices about trade-offs. Implementing programs effectively is usually a greater challenge than developing good designs, calling for attention to program detail, capacity building, and performance management. And sometimes strong vested interests or engrained perspectives block more inclusive policies—necessitating courageous political choices and changing societal attitudes.

Making social protection and labor systems more inclusive will require investment and innovation, with particular challenges in low-income and fragile contexts. This will require three major sets of actions:

- First, providing catalytic investments to build the basic administrative subsystems that can serve as the backbone of social protection and labor programs, such as through the Rapid Social Response Program (see Box).
- Second, creatively addressing the institutional weaknesses by, for example, engaging civil society and communities (for example, through social funds) and using information and communication technology.
- Third, focusing on building country administrative and financial capacity to develop, integrate, and expand social protection and labor systems.

In all cases, decision makers will need to use creativity, innovation, and adaptation—relying on greater evidence and knowledge sharing. This evidence and knowledge is important for raising governments’ awareness of the social and economic benefits of social protection and labor, as well as for guiding reforms. It can also inform difficult decisions about how to allocate scarce resources, and help policymakers address pressures to invest in more visible, immediate projects or respond to more vocal and empowered constituents.
Many existing programs provide models of inclusion that can be studied and adapted. Indonesia’s Direct Cash Assistance program used gender-balanced community-based groups to identify the neediest. The National Health Insurance Program (RSBY) in India enrolls informal sector workers (including self-employed women) in social insurance. The Brasil Sem Miséria and Chile Solidario cash transfer programs use targeted communications and outreach by intermediaries to reach the very poorest. The successful Jóvenes skills programs in Latin America, aimed at disadvantaged young men and women, integrate programs with the private sector.

FROM LESS TO MORE PRODUCTIVE
Enhancing productivity calls for focusing both on young children and on those of working age. Studies show that investing in early childhood nutrition and preschool stimulation can be predictors of productivity later in life. And a continuing agenda can link beneficiaries of social protection programs to other programs that can activate them into the labor market or equip them with relevant and marketable skills—these effective “graduation” strategies can provide pathways to move people from welfare to work.

This work on enhancing people’s productivity will require World Bank social protection and labor teams to collaborate across sectors and with partners to support client countries. It is critical to build on the resilience and equity dimensions central to many social protection and labor programs and to use them to connect to complementary programs in other sectors. For instance, a country will need collaboration among the education, health, nutrition, and agriculture sectors to build human capital for children, through cash transfers, school feeding, and other programs. To help workers develop skills and enhance their own productivity, partnerships are essential with sectors that focus on developing private firms, ensuring access to credit and finance, and providing training and vocational education. Together, these partnerships can build skills programs, help workers connect to productive jobs, and facilitate access to inputs and credits.

Upholding core labor standards is central to protecting workers and improving their productivity. In this area, it is vital to look at the determinants of child labor and unequal opportunity at work and explore the social protection and labor instruments that have been successful, such as cash transfers that reduce children’s work and women-focused labor market programs.

Enhancing productivity also calls for striking the right balance between protection and competitiveness. While recognizing the need for protection and equity, social protection and labor policies need to be crafted so as to avoid disincentives, particularly with respect to employment.
FROM INFLEXIBILITY TO RESPONSIVENESS

The recent food, fuel and financial crises vividly demonstrated the need for social protection and labor systems that can quickly and effectively respond to those affected by systemic shocks and crises. Countries without adequate systems in place were less able to respond effectively to protect the poor and support recovery from shocks.

A fundamental lesson is that social protection and labor systems are needed both in good times to manage shocks to people and to address long-term poverty and lack of opportunity, as well as being critical in response to crisis. This requires investment by countries at three levels: first, to ensure that there are longer-term programs and broader social protection and labor systems in place before crises hit; second, to enhance existing programs so that they can more easily capture the newly vulnerable (such as more flexible and frequent mechanisms for identifying beneficiaries); and third, to add programs to the portfolio—such as public works and unemployment insurance—that can be easily scaled up to protect the newly poor and vulnerable.

South-South knowledge flows are critical in finding solutions in the area of social protection and labor. Fostering these exchanges among practitioners is going to be a central agenda for the World Bank.

EVIDENCE-BASED KNOWLEDGE OF WHAT WORKS

Implementing this strategy will involve continuing the sector’s strong and sustained focus on knowledge generation and sharing. This strategy responds to three significant knowledge gaps. First, knowing what exists—the availability of data on existing social protection and labor programs and systems is extremely uneven, being particularly problematic in fragile states and low-income contexts, and especially in Sub-Saharan Africa. This undermines performance management in client countries and among partners. Second, understanding results—ongoing programs and systems are seldom carefully evaluated to assess whether they are performing as designed and achieving their intended impacts. Third, transmitting good practices about development effectiveness—there is still a gap in countries learning from each other about designing and implementing effective programs.

Engagement Principles: Evidence-Based, Country-Tailored, and Collaborative

To realize the strategy’s goals and priority, World Bank engagement with developing countries will need to be: evidence-based to generate knowledge of what works, tailored to country contexts, and collaborative across a range of sectors and actors.
Under the new strategy, the World Bank’s social protection and labor teams will work collaboratively with partners to address these knowledge gaps by:

- Strengthening client capacity for performance monitoring within and across social protection and labor programs
- Maximizing the availability and use of existing data (such as the World Bank’s International Income Distribution Database)
- Generating comparable, and accessible data on social protection and labor programs (and, over time, social protection and labor systems) notably by strengthening in-country statistical systems
- Making information on social protection and labor widely available, consistent with the World Bank’s Open Data initiative
- Scaling up support for impact evaluations to understand what works and what doesn’t in social protection and labor, with an initial focus on cash transfers, public works programs, and youth employment

Monitoring and evaluation will be complemented by efforts to ensure that results flow back into improved policies and programs.

Developing countries themselves are generating much of the most important knowledge about successes and failures in

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Preparing for the Next Crisis:
The Rapid Social Response Program

The Rapid Social Response (RSR) Program provides catalytic resources in relatively small amounts to help low-income countries (LICs) build social protection and labor systems, so that they are ready for future crises. RSR is based on the $61.7 million trust fund resources donated by the Russian Federation, Norway, and the UK. This relatively small level of funding can effectively support system building efforts. In the medium to long run, it can also help to catalyze more resources as beneficiary countries’ implementation capacity is upgraded. As of 2011, all initial funds have been fully committed, with Sub-Saharan Africa alone absorbing almost 50 percent of RSR trust fund resources.

RSR is making a difference. The recently completed evaluation of Social Safety Nets (SSNs) by the Independent Evaluation Group (IEG) of the World Bank made the following observations, “…resources to support SSNs and institution building and to stimulate country demand were lacking in LICs. As additional funds were provided through the RSR … engagement in LICs increased, and the Bank and countries focused more on institutional strengthening.” For the World Bank’s social protection and labor strategy, RSR is the central pillar for implementing the strategy; it calls on donors’ efforts to invest in social protection and labor in low-income countries, and to help them prepare for the inevitable shocks to come.


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social protection and labor. A major theme of this strategy is to ensure that this knowledge is broadly available and used. The World Bank will use its comparative advantage as a global distiller, facilitator, and customizer of knowledge to invest strongly in South-South knowledge exchanges, notably in fostering country-to-country knowledge exchanges among practitioners about effective design and implementation.

OPERATIONS TAILORED TO COUNTRY CONTEXTS
Social protection and labor programs and systems that the World Bank will help countries build cannot be “one size fits all.” Past experience shows that the best programs are led by the countries themselves and tailored to their contexts, while drawing from global evidence of what works.

Social protection and labor programs are centrally aimed at family and individual behavior. Thus, social and cultural contexts affect their outcomes, as well as the interaction of formal public and private programs with informal institutions. The implicit social contract in a country will shape a social protection and labor system and its programs.

Progressively building social protection programs and systems that fit within a country’s fiscal and administrative capacity is vital. There is much to learn, notably in tailoring approaches to low-income and fragile contexts, where social protection and labor systems will need to be developed within capacity constraints and where trade-offs are often most acutely felt in the face of pressing needs.

BROADLY COLLABORATIVE PARTNERSHIPS
Social protection and labor systems are inherently multisectoral—their instruments serve the development objectives of other sectors, and social protection and labor objectives need other sectors’ instruments to be realized. For example, conditional cash transfer programs, have been especially successful at reducing poverty, along with improving both school attendance (especially for girls) and infants’ and children’s access to health services. Skills and training programs facilitate private sector activity by allowing firms to expand with appropriately trained workers. Resilience for rural farmers can be ensured not only with cash transfers, but with instruments outside the social protection and labor sector, such as healthcare, crop insurance, and access to alternative markets (via roads and such technology as mobile phones). Creating opportunities for persons with disabilities requires a multisectoral approach to mainstreaming disability. More broadly, social protection and labor instruments need an economy and a private sector that thrives and employs workers.
productively and provides opportunities for moving out of poverty.

The work described above will require close collaboration with key partners and stakeholders at global and country levels. In lower-income contexts, coordination among bilateral and multilateral agencies is essential to realize effective social protection and labor systems and make the best use of IDA funds and other available financing. Agencies, including the World Bank, need to coordinate their resources and advice to avoid contributing to fragmentation, and to help develop social protection and labor programs to scale, rather than isolated pilots. They also need to generate catalytic funding for lower-income countries to build social protection and labor systems (as with the Rapid Social Response Program, see Box 2) and encourage their long-term fiscal sustainability.

Private sector actors are critical partners, not only to generate employment and growth, but often as direct providers of social protection services or developers of innovative solutions including information and communications technology. At the country level, civil society organizations, trade unions, and faith-based organizations are key actors in knowing the challenges, shaping opinion, and representing excluded groups. Effective social protection and labor policies will need open and mutual collaboration with all these stakeholders.

**Implementing the Strategy and Measuring Success**

To achieve the goals of this strategy, the World Bank, developing countries, and partners will need to recognize and mitigate political and institutional risks. First, despite the recent attention paid to social protection and labor during crises, governments may find it difficult to prioritize social protection and labor expenditures in better times, especially in the face of more visible investment needs and vocal constituencies. The strategy addresses this by assessing and building on what works in social protection and labor programs and systems, and combining this with knowledge access, including intensified South-South exchanges.

Second, political economy considerations may deter governments and development partners from investing in coordinated, systemic approaches and may instead favor continued fragmentation or duplication of programs. Going forward, the World Bank’s policy advice to client countries, and dialogue with partners, will thus emphasize both the value of inclusive and productive systems and good technical solutions to achieve them. The World Bank will work with partners to coordinate efforts and resources, with a special focus on helping poorer countries build social protection and labor systems.

Third, moving to a systems approach depends on countries’ abilities to develop
their institutional capacities, especially across sometimes weak social protection and labor agencies. Therefore, capacity building is a key component of the strategy, especially in low-income and fragile contexts. This capacity building includes the generation of accurate, useful, and timely data to improve results.

Finally, social protection and labor efforts need to be sustainable, with cost-effective use of resources to meet country goals—given that resources are often wasted on ineffective programs. Accordingly, the World Bank aims to continue to build the evidence that effective, inclusive social protection and labor systems do not have to be expensive or complex, and to help countries select the most cost-effective approaches to meet their specific needs.

Affordability in terms of pursuing cost-effective approaches and ensuring fiscal sustainability is a perennial challenge. Good systems are affordable: The Brazil Bolsa Familia program has demonstrated significant results at a cost of around 0.5 percent of GDP. The challenge of affordability often rests with making difficult policy choices about how to invest scarce public resources. However, a number of countries have successfully reoriented and organized available resources in support of stronger, more effective systems. Ethiopia’s systems approach, for instance, channels national and global partner funding into a closely orchestrated set of programs that have allowed it to mount an effective response to the current drought in the Horn of Africa, in stark contrast to past experience and its neighbors’ struggle with famine.13

In terms of affordability, the World Bank and its partners will need to support governments in prioritizing cost-effective, scalable solutions that can be easily implemented by existing institutions, including nongovernment partners. This needs to be applied to making better use of existing resources, informed by detailed analysis of social protection and labor program financing (existing and projected), coupled with commitments to increasingly move financing for social protection on-budget to strengthen the government’s oversight and accountability.14

The new strategy will build on the World Bank’s demonstrated strengths in social protection and labor. The World Bank’s comparative advantage lies in its ability to combine in-depth country engagement with global knowledge exchange about effective social protection and labor approaches, as well as the full portfolio of World Bank financing instruments.

The success of the new strategy will be measured through a set of performance indicators reflective of the goals of social protection and labor and the strategy’s priority and principles (Table 1).

The core strategic objective of moving from fragmented programs to systems will be
assessed using a new index of country social protection system development, a measure of World Bank support to systems in lending operations and by the percentage of co-financed IDA lending operations.

Each column in the results framework corresponds to a specific area in the strategy.

- Medium to long-term country progress on sector development outcomes directly related to resilience, equity and opportunity are the strategy’s ultimate objectives. Though these are difficult to measure given data constraints, the strategy will make use of available indicators. For example, the first two measures on pension coverage are indicative of resilience. The other measures relate to equity and opportunity.

- Changes in country outputs and outcomes directly attributable to World Bank engagement will be assessed looking at a simple measure of the number of countries with which the World Bank is engaged, as well as more challenging and ambitious measures of systems development and investment loans’ contributions to expanding coverage of labor market and safety net programs.

- World Bank activities supporting core elements of the strategy will also be assessed, including, project monitoring and evaluation given the strong focus on results, partnerships and knowledge sharing through products as well as South-South learning and mobilizing staff across regions.

The performance indicators chosen for the strategy reflect a pragmatic approach which recognizes the challenges inherent in tracking results well. Many indicators on important aspects of performance, such as the impact of World Bank knowledge work or countries’ resilience, cannot be measured reliably today. Others, such as those on systems performance and partnerships, will need to be improved over time. The indicators selected reflect an emphasis on data quality and availability, as well as coherence with World Bank and global approaches to tracking results.

Indicators will be regularly updated to track progress on strategy results and to highlight areas that need attention, decision, and action. A mid-term update on the strategy is planned for 2017, which will include a full review of the performance indicators.

Greater resilience, equity, and opportunity are essential for individuals and societies to prosper in the 21st century. The road ahead will be challenging, but this is a challenge that the world’s nations need to take up. With this strategy, the World Bank aims to chart a course that makes it an even more effective partner in this endeavor.
### Table 1

#### Social Protection and Labor Strategy Results Framework at a Glance

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<th>World Bank activities to support partner countries</th>
<th>Outcomes and outputs of countries receiving World Bank support</th>
<th>Country progress on sector development outcomes</th>
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</thead>
<tbody>
<tr>
<td>• Percentage of satisfactory projects (IEG Ratings)</td>
<td>• Percentage of social protection and labor lending operations supporting social protection and labor systems</td>
<td>• Share of working-age population accruing pension rights</td>
</tr>
<tr>
<td>• Percentage of projects with satisfactory M&amp;E (ICRs)</td>
<td>• Number of countries with social protection and labor engagement</td>
<td>• Pension beneficiaries to elderly (&gt;65) population ratio (old-age, survivor, disability, and social pensions)</td>
</tr>
<tr>
<td>• Number of downloads of social protection and labor knowledge products</td>
<td>• Number of beneficiaries of social safety net programs+</td>
<td>• Percentage of population in the poorest quintile covered by social protection and labor programs+</td>
</tr>
<tr>
<td>• Number of countries involved in World Bank sponsored South-South learning events</td>
<td>• Number of beneficiaries of labor market programs+</td>
<td>• Poverty gap at $1.25 per day (PPP)</td>
</tr>
<tr>
<td>• Percentage of social protection and labor staff time spent on cross-support to other regions</td>
<td></td>
<td>• Percentage of children (7-14) employed+</td>
</tr>
<tr>
<td>• Percentage of IDA lending operations having co-financing partners</td>
<td></td>
<td>• GDP per person employed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Youth/adult unemployment rate+</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Index of social protection and labor system development</td>
</tr>
</tbody>
</table>

*Note: +Disaggregated by gender; this matrix will be updated as appropriate to capture improved indicators as they become available, including on measuring the impact of knowledge services.*
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Nations.


Notes

1 Ethiopia’s transfers, through the Productive Safety Nets Program (PSNP), have also helped boost tree-planting and thus helped environmental sustainability. (Andersson, Mekonnen, and Stage 2009). In the Dominican Republic, “The Program impact on earnings was statistically significant for young males and adult females... the estimated Program impact on employment was statistically significant for adult females only” (Aedo and Nuñez 2001).

2 Growth Commission 2008. See also evidence on social protection facilitating the transition in Eastern Europe, where there is evidence that social welfare benefits spending facilitated restructuring in the face of falling real wages. See Boeri and Terrell 2002 and Garibaldi and Brixiova 1998.

3 The strategy builds on the World Bank’s first social protection and labor strategy (World Bank 2001) and a decade of successful operational and analytical engagement. It maintains the first strategy’s fundamental development objectives—greater security, greater equity and good jobs—and builds on experience and evidence to reframe these objectives to a more explicit operational context consistent with new global priorities and contexts, and reflective of the World Bank’s global social protection and labor practice.

4 This definition corresponds to that in the original social protection and labor strategy (World Bank 2001), which was that social protection consists of public interventions (i) to assist individuals, households, and communities in better managing risk, and (ii) to provide support to the critically poor. The three goals of resilience, equity, and opportunity equate to what is more widely known among social protection and labor practitioners as the “3P” framework: prevention, protection, and promotion; see World Bank 2011a, the concept note for this strategy, and Deveraux and Sabates-Wheeler 2004.


6 Alderman and Yemstov, 2012.

7 World Bank 2011b.

8 Alatas et al. 2010.

9 For Colombia, Attanasio and others 2008 show that the program raised earnings and employment for both men but especially women. Also see Aedo and Nuñez 2001 for the Dominican Republic.

10 See, for example, World Bank 2010.

11 The World Bank works on child labor issues jointly with the ILO and UNICEF in the Understanding Children’s Work project. See http://www.ucw-project.org/. More details on gender-focused social protection and labor interventions are in Chapter 4 of this strategy.

12 The World Bank is undertaking a process for updating and consolidation of the environmental and social safeguard policies, and the issue of how the World Bank may address labor standards within the safeguard policies is currently part of listening and consultations around this process.

13 For a compelling review of how Ethiopia’s new approach has saved lives, see the One Campaign video documentary by Mohamed Amin at http://www.youtube.com/watch?v=1ri9Y4A5Yfl.

14 “On-budget” refers to funding that is part of the national budget process and includes both government resources and those from development partners.