Core Messages

Social Protection and Labor policies and programs...

1. Are necessary

2. Are effective when
   - Systemic
   - Inclusive
   - Responsive
   - Productive

3. Need to be
   - Tailored to countries and evidence
   - Knowledge-driven
   - Developed and applied collaboratively
Background: The World Bank’s Social Protection and Labor practice

• Operates in all regions of the world, in both middle-income and lower-income countries, and fragile contexts
• Provides:
  – Loans and grants
  – Knowledge and analysis
  – Policy advice
  – Technical assistance
  – Capacity-building
• Works on 4 main domains:
  – Social assistance (safety nets)
  – Pensions and social insurance
  – Labor market reforms (including youth employment)
  – Disability and development
Background: *The World Bank’s lending in Social Protection and Labor has been counter-cyclical*

Social Protection and Labor’s Share in World Bank New Lending Commitments

- **Middle-income**
  - 12% in FY97
  - 10% in FY99
  - 7% in FY05
- **Lower-income**
  - 8% in FY94
  - 7% in FY09
  - 5% in FY11

**Crisis Points**
- **Asian Crisis**
  - 10% in FY98
  - 0% in FY95
- **LAC/ECA Crisis**
  - 4% in FY01
  - 3% in FY04
- **FFFF Crisis**
  - 13% in FY10

Years: FY92, FY93, FY94, FY95, FY96, FY97, FY98, FY99, FY00, FY01, FY02, FY03, FY04, FY05, FY06, FY07, FY08, FY09, FY10, FY11
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912 m. People in poverty below $2/day (2010)

674 Average number of disasters 2006-10

Social protection and labor programs are necessary in a risky, changing world

75 m. Unemployed youth (2011)

2 x Number of elderly (over 60) in 2050 compared to 2010
Well-functioning social protection and labor policies let countries help their people achieve:

- **Resilience for the vulnerable**: Insuring against impacts of different shocks
- **Opportunity for all**: Promoting human capital and access to productive work
- **Equity for the poor**: Protecting against dire poverty and loss of human capital
Evidence shows social protection and labor policies contribute to gender equality, opportunities and better access to services.

**Gender equality**
- Transfers/public work for poor women empowers them and improves capabilities.
- Programs provide improved access to education for girls/maternal care for women.

**Nutrition**
- Increased resources for poor families reduce hunger and malnutrition.
- Improved nutrition in first 1000 days of life have huge impact on future incomes/productivity.

**Access to education/health**
- Transfers and school feeding helps meet implicit and opportunity costs of education, boosting enrollment and attendance.
- Transfers during shocks preserve human capital.
Evidence shows that social protection and labor policies contribute to sustainable, inclusive growth

**National level**
- Promotes social cohesion, enables reform
- Stimulates aggregate demand

**Community level**
- Creates productive assets
- Improves functioning of labor markets
- Creates local spillovers from increased demand

**Household level**
- Fosters accumulation of assets
- Increases entrepreneurial activity
- Increases/preserves human capital

Source: Alderman and Yemtsov (2012)
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Core idea: Social protection and Labor Systems

Systems are portfolios of coherent programs that can ...

• communicate with each other,
• often share administrative sub-systems,
• work together to deliver resilience, equity and opportunity
Example: Social protection and labor programs across the life cycle

**Opportunity**
- Nutrition/Early Childhood Development (ECD), CCTs for preschool, health
- CCTs for (girls') education
- Youth employment programs, skills
- Employment services, entrepreneurship, skills

**Equity**
- OVC programs, child allowances
- Child allowances school feeding
- Public works
- Cash & in-kind transfers, public works
- Social pensions

**Resilience**
- Unemployment, disability insurance
- Old-age pensions, disability insurance
Social protection and labor systems operate at different levels

**Administration level:**
*Aim:* Building basic subsystems to support one or more programs for security, equity or opportunity

**Program level:**
*Aim:* Improving design of existing programs and harmonizing across portfolio of programs

**Policy Level:**
*Aim:* Ensuring overall policy coherence across programs and levels of government

Source: Robalino, Rawlings and Walker (2012)
From fragmented approaches to harmonized systems

Cash transfers in Sub-Saharan Africa are fragmented across ministries and donors.

Fragmentation:
- Different ministries/donors implement similar programs
- Some beneficiaries have access to multiple programs, others excluded

Few Integrated Systems imply:
- Incentive incompatibility
- Financing inadequate and non-transparent
- Unclear institutional roles

Source: Garcia and Moore (2012)
Fragmentation: The challenge in social protection and labor programs

- **Pensions**
- **Social Assistance**

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**Generosity**

- **LOW INCOME**
  - Public works
  - Cash transfers
  - Social Assistance
- **HIGH INCOME**
  - Fuel subsidies
  - Food subsidies
  - Universal child benefits

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- **Security Forces**
- **Civil Servants**
- **Private Sector**
- **SOEs**
From exclusion to inclusion

Low-coverage concentrated among:
- low-income countries and fragile contexts
- poor populations and vulnerable groups, including women
- informal sector

Meeting the challenge
- Fiscally sustainable inclusion
- Innovation in reaching the excluded
- Institutional capacity building, performance management

Source: World Bank ASPIRE database
From less productive to more productive

Low-productivity concentrated
- Low-income countries and fragile contexts
- Poor populations and vulnerable groups
- Informal, rural sectors

Meeting the challenge
- Investment in human capital, especially among children
  - Improve access to basic services in education, health and nutrition
- Improving productivity and access to jobs
  - Improve labor market functioning to enable access to higher productivity work
  - Foster activation programs, skills, capacity building

The world of work is not a world of wage earners

Source: WDR 2013 Calculations
From inflexibility 

to responsiveness

The need for effective risk management
- Against both individual shocks and systemic crises
- Crises are increasingly frequent, widespread, severe and concentrated in poor regions among poor people

Meeting the challenge
- Ensure that appropriate programs are in place before shocks hit
- Enhance existing programs to capture the newly vulnerable
- Add programs to the social protection and labor portfolio that can be scaled up during crises
- Strengthen programs to help the most vulnerable in times of crisis

674 Average number of disasters 2006-10
446 Average number of disasters 1991-95
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To succeed, work on social protection and labor issues need to be ...

Tailoring operations to country context, and to evidence of “what works”; *No one size fits all*

Knowledge focused on results and learning from South-South sharing of practice

Knowledge-Driven

Collaborative

Broad, synergistic partnerships across sectors and actors
For more information

www.worldbank.org/spstrategy

- Strategy and Executive Summary
- Background papers and Policy notes
- Video
- Consultations reports
- Translations into Arabic, Chinese, French, Portuguese, Russian, and Spanish
ANNEXES
### From strategy to results: Measuring success

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

- Help finance and build “nuts and bolts” of systems in poorer countries
- One good example is the Rapid Social Response program
- Has very successfully catalyzed development of analytical and operational building blocks of social protection programs in low-income countries