Building Resilience and Opportunity: Better livelihoods for the 21st century


For Consultation
Introduction and messages
“Although the current crisis has proved to be [hard] to remedy, it has taught us that ... while the policy mix will vary according to each country's particular circumstances, social protection needs to be at its centre.”

“The crisis lends new urgency to measures advocated in the original Growth Report, which argued that [for long-term growth] policy makers should endeavor to protect people, even as they resist calls to protect industries, firms, or jobs... The exact form of these [social protection measures] must vary from country to country.”
Main messages

• Social protection and labor policies and programs are critical to **build resilience and opportunity**
  – Crisis response
  – Risk reduction and mitigation
  – Poverty alleviation
  – **Economic growth**

• Today, there are **four global gaps** in social protection and labor:
  – Integration: *fragmented and unharmonized programs*
  – Coverage: *major programs are mostly in middle-income countries*
  – Weak connection to productivity: *insufficient links to human capital accumulation, skills formation and labor market insertion*
  – Global knowledge: *inadequate data, results-focus and transmission of good practice*

• To address these gaps, the World Bank needs to **deepen work in four areas**:
  1. Build appropriate, context-specific social protection & labor systems
  2. Expand coverage, especially in lower-income and fragile states
  3. Promote links to human capital, skills and labor market insertion
  4. Expand investment in results and knowledge
Global challenges
Challenge: Increasing Risk: Need for mitigation

Increasing frequency of disasters ...

... that will hurt the poorest disproportionately

**BRAZIL Projection for 2050**

| Effects of climate change on poverty (percentage points) |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| -4–0            | 0–1             | 1–2             | 2–3             | No data         |
| 3–4             | 4–5             | >5              |                 |                 |

Challenge: Aging populations: Need for old-age protection

The worldwide share of population age 65 and older is projected to more than double to over 16% by 2050.

Source: Hayashi and others (2009)
Challenge: Youth Bulge: Need for productive youth employment

Share of youth in the total population, by region, 1991 to 2015

Challenge: Urbanization: New stresses

For the first time in history, more than half the world’s population lives in urban areas. Over 90 percent of urbanization is taking place in the developing world.
The “3P” framework

Draft
The “3P” framework: A multi-dimensional approach

- **Prevention**
  - against impact of income & expenditure shocks

- **Protection**
  - from destitution and human capital loss

- **Promotion**
  - of improved opportunities, livelihoods and better jobs

Derived from the Social Risk Management Framework (World Bank 2001), Bonilla Garcia and Druat (ILO 2003), Devereux and Sabates-Wheeler (2004) and others
The “3P” framework: Typical tools to address the “3P”s

**Risk management**
- Crop and weather insurance
- Health insurance
- Remittances
- Pensions
- Unemployment and disability insurance

**Prevention**

**Promotion of opportunities**
- Education, health and nutrition services
- Agricultural extension
- Microcredit
- Conditional cash transfers
- Skills training
- Labor facilitation and regulatory reform

**Promotion**

**Poverty alleviation**
- Charitable, family and community transfers
- Conditional and unconditional cash transfers
- Public works
- In-kind transfers
Global Gaps
Global Gap 1: Integration

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

Lack of Harmonized Across Systems:
• Can lead to “gaming” of the system
• Makes financing inadequate and non-transparent
• Makes institutional roles unclear

Example: (Ministries) where cash transfer programs in Africa are based

- Outside government, 45%
- Social security/labor, 9%
- Health, 4%
- Education, 2%
- Social Fund, 1%
- Other, 4%
- Social welfare or related, 35%
Global Gap 2: Coverage

Low coverage particularly in low income countries
Large variance across and within regions

(% of households that receive:)

<table>
<thead>
<tr>
<th>Region</th>
<th>No transfer</th>
<th>Only social insurance</th>
<th>Only social assistance</th>
<th>Social assistance and other</th>
</tr>
</thead>
<tbody>
<tr>
<td>SS Africa</td>
<td>80</td>
<td>7</td>
<td>22</td>
<td>9</td>
</tr>
<tr>
<td>MENA</td>
<td>69</td>
<td>7</td>
<td>23</td>
<td>1</td>
</tr>
<tr>
<td>S Asia</td>
<td>67</td>
<td>7</td>
<td>7</td>
<td>20</td>
</tr>
<tr>
<td>LAC</td>
<td>47</td>
<td>8</td>
<td>35</td>
<td>20</td>
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<tr>
<td>E Asia</td>
<td>43</td>
<td>29</td>
<td>20</td>
<td>20</td>
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<tr>
<td>ECA</td>
<td>37</td>
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</tbody>
</table>

Source: SP Atlas, World Bank (excludes remittances)
Still insufficient links of social protection with access to human capital, skills formation and labor market insertion
Global Gap 4: Knowledge and Results

Gaps in four areas:

• **Knowing what exists**
  – Data availability on programs is uneven

• **Understanding results**
  – Ongoing programs are seldom carefully evaluated

• **Understanding contexts**
  – Social contract and preferences, political economy and administrative capacities are not always understood

• **Transmitting good practices**
  – Global transfers of knowledge – North-South and South-South need to be increased
Social Protection and Labor at the World Bank
World Bank and Social Protection: Growing demand, demonstrated results

Strong counter-cyclical lending...

Total Social Protection Lending by Practice

...and increasing global experience

Source: Business Warehouse
World Bank and Social Protection: Engagement across multiple sectors

Figure 1. The STEP framework shows that skills needed for greatest productivity and economic growth require a sequenced combination of education, training, and labor market activities.

1. CCTs and nutrition
2. Ensuring that all students learn
3. Building job-relevant skills
4. Encouraging entrepreneurship and innovation
5. Facilitating labor mobility and job matching

Productivity & growth
ALMPs, labor regulations & social insurance

Risk mitigation
CCTs and education
Active labor market programs (ALMPs)
World Bank and Social Protection: Creating knowledge on what works

- Review of evidence and practices
- Review of rigorous evidence (incl. impact evaluations)
- Summary of emerging practice
- South-south learning
- “How to” primer
- Conceptual framework
Emerging directions of the new strategy
<table>
<thead>
<tr>
<th>Global Gaps</th>
<th>Areas of focus</th>
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<tr>
<td><strong>Fragmentation</strong></td>
<td>Helping countries build <strong>systems for social protection</strong> appropriate to capacity and context</td>
</tr>
<tr>
<td><strong>Coverage</strong></td>
<td>Strengthen focus on <strong>low income and fragile states</strong></td>
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<td><strong>Weak link to productivity</strong></td>
<td>Emphasizing “promotion” as a goal of social protection when designing programs and systems</td>
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<td><strong>Knowledge gaps</strong></td>
<td>A continued investment in <strong>knowledge</strong>, including sharing relevant good practice and <strong>results</strong></td>
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Systems: Better social protection for the future

Goal: Building the basic programs to provide one or more 3P functions

Low capacity contexts
Few or no functional formal 3P programs

Goal: Improving efficiency and efficacy of each program

Developing capacity contexts
Existing systems often fragmented, with limited capacity to coordinate

Goal: Harmonization of programs providing 3P functions

Better capacity contexts
Well-functioning programs with aligned incentives and clear institutional roles
Moving to systems yields multiple benefits

- Equity
- Diversification and adaptation
- Smarter financing arrangements
- Economies of scale
- Incentives
- Broader coverage of population and services
Timeline and consultations

Draft
Timeline for strategy development

- **January 2011:** Concept Note reviewed by World Bank Board
- **January-May 2011:** Global consultations on Concept Note; Background papers drafted
- **October-November 2011:** Global consultations on draft Strategy paper
- **January 2012:** World Bank Board reviews draft strategy
- **February-June 2012:** Launch strategy and begin implementation
Questions for discussion

• What do you think are the most important challenges in SP&L in the coming 10 years?
• Are there examples of good practice or innovation on SP&L programs that should inform the World Bank Strategy?
• What should the World Bank's role be in your country or region with regard to SP&L?
• What is your opinion regarding the proposed areas of focus in the Concept Note?
  – Helping countries build social protection systems appropriate to capacity and context.
  – Expanding coverage, especially in low income countries and fragile states.
  – Emphasizing “promotion” of opportunities a goal of social protection
  – Expanding investment in knowledge and results
• What are your additional suggestions or comments about a new World Bank Social Protection & Labor Strategy?
We want to hear from you!

JOIN IN ON THE ONGOING ONLINE CONSULTATIONS,
AND
FOR INFORMATION AND FEEDBACK, GO TO:
www.worldbank.org/spstrategy
Annex:
Building Systems
Each program has different sub-systems around it.

- Institutional and governance arrangements (roles, rules and controls)
- Eligibility and Targeting mechanisms
- Cash transfer mechanisms
- Databases and registries
- Financing arrangements

Safety Nets

LOW INCOME

- Fuel subsidies
- Food subsidies

HIGH INCOME

- Universal child benefits

GENEROSITY

Public works

Cash transfers

Universal child benefits
Building systems for Social Protection and Labor

Building sub-systems (“nuts and bolts”)

- Improving the efficacy and coverage of different systems
- Coordinating sub-systems across similar programs
- Stretch goal: Coordinating systems across different 3P functions

Institutional and governance arrangements (roles, rules and controls)

Eligibility and Targeting mechanisms

Cash transfer mechanisms

Databases and registries

Financing arrangements

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Food subsidies

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Building sub-systems ("nuts and bolts")

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**Stretch goal:** Coordinating systems across different 3P functions

**Prevention**
against the impact of income shocks and drops in well-being

**Promotion**
of opportunities and livelihoods

**Protection**
from destitution and catastrophic human capital loss