Overview of social protection

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Pensions Core Course

April 2015
Outline

- What is social protection?
- Types and functions of social protection
- Social protection today
- Common questions and concerns
- World Bank and Social Protection
Outline

1. *What is social protection?*
2. Types and functions of social protection
3. Social protection today
4. Common questions and concerns
5. World Bank and Social Protection
Social protection is about how we take care of ourselves and each other to manage risk.
Which definition best fits your understanding of social protection?

A. "The set of public measures that a society provides for its members to protect them against economic and social distress that would be caused by the absence or a substantial reduction of income from work as a result of various contingencies (sickness, maternity, employment injury, unemployment, invalidity, old age, and death of the breadwinner); the provision of health care; and, the provision of benefits for families with children."

B. "A set of public actions which address not only income poverty and economic shocks, but also social vulnerability, thus taking into account the inter-relationship between exclusion and poverty."

C. "Social protection and labor market regulation that reduce the risk of becoming poor, assist those who are poor to better manage further risks, and ensure a minimal level of welfare to all people."

D. "Public actions – carried out by the state or privately – that: a) enable people to deal more effectively with risk and their vulnerability to crises and changes in circumstances (such as unemployment or old age); and b) help tackle extreme and chronic poverty."
A. “The set of public measures that a society provides for its members to protect them against economic and social distress …”

B. “A set of public actions which address not only income poverty and economic shocks, but also social vulnerability …”

C. “Social protection and labor market regulation that reduce the risk of becoming poor …”

D. “Public actions – carried out by the state or privately …”

Which definition best fits your understanding of social protection?
World Bank definition: Social protection and labor policies let countries help their people achieve:

- **Resilience for the vulnerable**: Insuring against impacts of different shocks
- **Equity for the poor**: Protecting against dire poverty and loss of human capital
- **Opportunity for all**: Promoting human capital and access to productive work
Outline

• What is social protection?
• *Types and functions of social protection*
• Social protection today
• Common questions and concerns
• World Bank and Social Protection
Core social protection CONCEPTS

Rights and dignity
Access to Basic Services

Social Insurance: RISK POOLING
Social Assistance: TRANSFERS

Labor Market regulations
Labor Market Programs
Core social protection INSTRUMENTS

Social Insurance
- Old Age Pensions
- Disability
- Unemployment
- Maternity
- Health
- Informal savings pooling

Social Assistance
- Cash Transfers (conditional, public works, unconditional)
- In-kind Transfers (school feeding, fertilizer, seeds)
- Fee waivers, tax incentives
- Subsidies

Labor
- Active Labor Market Programs
- Regulations
Universe of social protection programs

Social protection

Social insurance and labor market policy
Contributory schemes (pensions, work incidence protection etc.), labor market policy

Social services
Access to social services for education, health, nutrition

Outside social protection
e.g., teacher training

Social safety nets (social assistance, social transfers)
Predictable, non-contributory transfers

Social pensions, public works

Unconditional transfers

Conditional cash transfers, school feeding

Health insurance

Outside social protection
e.g., microcredit
Social protection over the lifecycle

**Opportunity/Promotion**
- Nutrition/ECD, CCTs for preschool, health
- CCTs for (girls’) education
- Youth employment programs, skills
- Employment services, entrepreneurship, skills
- Productive aging

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

**Resilience/Prevention**
- Maternity allowances
- School feeding
- Micro insurance schemes
- Unemployment, disability insurance
- Old-age pensions, disability insurance

**Pregnancy/early childhood**
- Childcare
- Child allowances
- Maternity allowances

**Childhood**
- Nutrition/ECD, CCTs for preschool, health
- CCTs for (girls’) education
- School feeding
- Micro insurance schemes

**Youth**
- Youth employment programs, skills
- Unemployment, disability insurance

**Work-able age**
- Employment services, entrepreneurship, skills
- Cash & in-kind transfers, public works

**Old age**
- Social pensions
- Productive aging
- Old-age pensions, disability insurance
CLICKER QUESTION

At what stage of the lifecycle are needs concentrated in your country?

A. Early childhood
B. Childhood
C. Youth
D. Working age
E. Old age
At what stage of the lifecycle are needs concentrated in your country?

A. Early Childhood  
B. Childhood  
C. Youth  
D. Working age  
E. Old age

Bar chart showing percentages:
- A. 10%  
- B. 7%  
- C. 10%  
- D. 30%  
- E. 43%
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The revolution is happening where needs are greatest Rapidly

2000
9 countries, 25 programs*

2010
35 countries, 123 programs

2012
41 countries, 245 programs

* Counts CTs with clear start dates only; green countries have had or currently have a CT
# Types of social protection across countries

<table>
<thead>
<tr>
<th>Social Assistance</th>
<th>Pensions</th>
<th>Other Insurance</th>
<th>Labor Programs</th>
<th>Targeted service delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Middle income countries</strong></td>
<td>National, proxy-means tested social transfer systems</td>
<td>Expand multi-pillar pension system</td>
<td>Expand formal disability &amp; accident insurance</td>
<td>Employment services; job search assistance; labor regulation</td>
</tr>
<tr>
<td><strong>Low income countries</strong></td>
<td>Regular seasonal public works; cash transfers to select groups</td>
<td>Reform contributory schemes; Promote savings for informal sector</td>
<td>Index-based agricultural insurance; Targeted support to extend health insurance poor</td>
<td>Skills development, especially for informal sector</td>
</tr>
<tr>
<td><strong>Fragile states</strong></td>
<td>Cash &amp; In-kind safety nets through NGOs or community-based organizations</td>
<td>Social pensions through community-based initiatives</td>
<td>Community-Based Health Insurance</td>
<td>Temporary job (public works), demobilization &amp; reintegration</td>
</tr>
</tbody>
</table>
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

*Social protection contributes to gender equality, opportunities and better access to services*
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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“For Protection and Promotion” book on Social Assistance addresses:

- Affordability
- Administrative feasibility
- Various disincentives
Affordability: How much is spent on social safety nets?

% of GDP

1.6%
CLICKER QUESTION

What is the mean cost of safety nets in developing countries?

A. 0.1% GDP
B. 1.6% GDP
C. 3% GDP
D. 7% GDP
E. 12% GDP
What is the mean cost of safety nets in developing countries?

A. 0.1% GDP  
B. 1.6% GDP  
C. 3% GDP  
D. 7% GDP  
E. 12% GDP
Program generosity: ... is lower in developing than developed countries, with median program adding 10% to 20% to pre-transfer consumption of their beneficiaries.
Administrative costs ... are moderate and in line with their OECD counterparts even for finely targeted means- or proxy-means tested programs
But there are remaining challenges....

- **Social Insurance (SI) coverage** is low and reaches mostly formal sector workers.
- **SI systems** are fragmented and inequitable.
- **Subsidy systems** are non-transparent, often regressive and distort incentives to work and save.
- **Social assistance** tends to have low impact due to small benefits and weak links to human capital development.
- **Active labor market programs** are underdeveloped, especially for the most vulnerable workers.

(Ribe, Robalino and Walker)
The typical social protection landscape....

- Social Insurance
- Social Assistance

- Generosity
- Low Income
- High Income

- Social Pensions
- Security Forces
- SOEs
- Private Sector
- Universal child benefits
- Food subsidies
- Fuel subsidies
- Cash transfers
- Universal child benefits
CLICKER QUESTION

Is the ‘typical social protection landscape’ true of your country?

A. Yes
B. Similar, but not exactly
C. Some key differences
D. Not at all
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57% 43%
Bangladesh: Fragmentation.....

... e.g., Bangladesh: 100+ SPL programs in 2012

- Female Secondary School Assistance Programme (FSSAP)
- Vulnerable Group Development Programme (VGD)
- Orphans program
- Vulnerable Group Feeding (VGF)
- 100-day Employment Guarantee Programme
- Program for non-tribal, refugees from India and Jonosanghati Shamity members
- Food Support for Chittagong Hill Tracts
- Maternity allowance programme for Poor Lactating Mothers
- Food for work (FFW)
- Stipend for Dropout students
- Community Nutrition Program
- Allowance for poor elderly individuals
- Program for stranded Pakistani refugees
- Cash for Work
- Emergency program
- Primary Education Stipend Program (PESP) (formerly FFE)
- Rural Employment Opportunities for Public Assets (REOPA)
- Subsidy for Marginal Farmers to cope with the Fuel Price Hike
- Rural Social Services
- Employment Generation Program for the Poorest (EGPP)
- Capacity Building, Poverty Alleviation and Sustainable Livelihood of the Socially Disadvantaged Women and their Children
- Distressed cultural personalities program
- Allowances for the widowed, deserted, and destitute women
- Food Subsidy
- Housing support
- Urban Community Development Program
- Vocational Training and Self-employment Program for Injured Freedom Fighters and their Dependents
- Disability allowance
- Housing Loan for Homeless
- REOPA
- Rural Mothers Center
- Maternal health voucher scheme
- Allowance for Retarded and Disabled Persons
- Senior citizens education
- Urban Employment Opportunities (UEO)
- Protection for the Children at Risk (PCAR)
- Educational stipend for students with disabilities
- Fund for Rehabilitation of Acid Burnt Women and the Physically Handicapped
- Income Generation for Vulnerable Group Development (IGVGD) Programme
- Source: WB/CPIA (2013); Khandker et al. (2011); UNDP (2009); Ahmed (2007)
leads to coverage gap

- programs in Bangladesh reach *as a whole* an average of one-tenth of the population

![Graph showing percentage of population with and without access to SPL.](source: WB/ASPIRE, WDI)
are there solutions?
Resilience, Equity, and Opportunity
From fragmented approaches to harmonized systems

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

**Source:** Garcia and Moore (2012)

**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
Social protection systems

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)
Administrative systems

Information providers and consumers

- Potential beneficiaries
- Government institutions (ministries)
- Service providers
- Financial institutions
- Civil society

Program process

- Beneficiary identification
  - Targeting
  - Registration
  - Graduation

- Registry
  - Database
  - Validation
  - Updates

- Conditions
  - Data collection
  - Verification
  - Penalization

- Payment
  - Eligibility
  - Payment
  - Reconciliation

- Control
  - Grievances
  - Processes
  - Impact

Source: For Protection and Promotion
**Systems: Better social protection for the future**

**Low capacity contexts**
Few or no functional formal SP programs

Goal: Building the “nuts and bolts” sub-systems to provide one or more 3P functions

**Emerging capacity contexts**
Existing systems often fragmented, with limited capacity to coordinate

Goal: Improving efficiency and efficacy of each program, improving coordination across programs

**Better capacity contexts**
Well-functioning programs with aligned incentives and clear institutional roles

Goal: Policy coordination to ensure efficiency, equity and incentive compatibility
CLICKER QUESTION

What are the 3 levels in a social protection systems?

A. Policy, Program and Administration
B. Prevention, Protection and Promotion
C. Vulnerability, Equity and Productivity
D. Childhood, working age, old age
What are the 3 levels in a social protection systems?

A. **Policy, Program and Administration**

B. **Prevention, Protection and Promotion**

C. **Vulnerability, Equity and Productivity**

D. **Childhood, working age, old age**

58% 32% 10% 0%
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

Moving beyond the formal sector
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**
What is the main challenge that you see in SP?

A. Fragmentation across programs
B. Coverage of poor, vulnerable
C. Productivity and links to labor markets, human capital investments
D. Responsiveness to crises
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World Bank Mission

- Eradicate extreme poverty, achieve shared prosperity
- Low- and middle-income countries
- Approach
  - Multi-sectoral
  - Country ownership
  - Inclusive: Govt, CSOs, private sector
World Bank Twin Goals

Ending extreme poverty by 2030

< 3% of global pop. below $1.25 a day

Boosting shared prosperity

Growth of incomes of bottom 40% of population in every country
World Bank Twin Goals: what will it take?

Ending extreme poverty by 2030

The pace of poverty reduction in Sub-Saharan Africa and South Asia will need to pick up

Boosting shared prosperity

Any type of growth will not suffice – growth needs to be broad based, generating jobs and opportunities for all segments of the population
Where We Work
CLICKER QUESTION

Where are you from?

A. Latin America
B. Africa
C. Middle East
D. Europe – Central Asia
E. East Asia - South Asia
Where are you from?

A. Latin America
B. Africa
C. Middle East
D. Europe – Central Asia
E. East Asia - South Asia
World Bank Staff

- 10,000 (6,000 in DC and 4,000 in 131 country offices)
- 165 nationalities
- 140 languages
- 55% of total staff from developing countries
CLICKER QUESTION

How many languages do you speak?

A. 1
B. 2
C. 3
D. 4
E. 5 or more
How many languages do you speak?

A. 1
B. 2
C. 3
D. 4
E. 5 or more
The World Bank’s Role in Development

- **A Development Finance Institution:**
  - The largest provider of development assistance (over $50 bln per year since 2008 crisis; $30 bln pre-crisis, 2005-7)*

- **A Global Partner:**
  - Works with Govts, NGOs, Private Sector, Bilaterals, Multilaterals

- **A Knowledge Bank:**
  - Provides technical assistance from its global knowledge and diverse pool of skills

* IBRD, IDA and IFC new commitments; IDA new commitments is about $15 annually
Funding and Agencies

Sources of Funding

- International bond markets
- Donor commitments
- Loan repayments
- Trust funds

Agencies

<table>
<thead>
<tr>
<th>Agency</th>
<th>Year</th>
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<tbody>
<tr>
<td>International Bank for Reconstruction and Development</td>
<td>1944</td>
</tr>
<tr>
<td>International Development Association</td>
<td>1960</td>
</tr>
<tr>
<td>International Finance Corporation</td>
<td>1956</td>
</tr>
<tr>
<td>Multilateral Investment Guarantee Agency</td>
<td>1988</td>
</tr>
<tr>
<td>International Center for the Settlement of Investment Disputes</td>
<td>1966</td>
</tr>
</tbody>
</table>
International Bank for Reconstruction and Development (IBRD)

- 187 member countries
- Lends to middle income countries
- Repayment over 25 years
- Funds mainly from borrowing on capital markets
- Sells bonds in international capital markets
- Flexible loan rate at: LIBOR + 17 basis points

www.worldbank.org/ibrd
International Development Association (IDA)

- 171 member countries
- Lends to poorest countries (81)
- Funded largely from wealthier government contributions, with additional funds from IBRD profits and repayments of earlier IDA credits
- Repayment over 25-40 years
- Credits carry 0.75% service charge, no interest

www.worldbank.org/ida
Social Protection in the World Bank

Results

- On average, in the last 3 years, **114 million poorest**, especially women and young people benefited from SP
- The World Bank currently works with 88 countries on Social Protection and Labor issues, with investment and policy advice provided to 31 new countries (22 of them IDA) just since 2009.

Focus on challenges

- Fiscal **pressure** in client countries limits the **ability to expand the coverage**
- Weak record keeping and **M&E capacity**
- Weak **outreach capacity**, particularly in low income and fragile settings
What are the World Bank's twin goals?

A. GDP growth and reduced income inequality in developing countries
B. Knowledge and results
C. Economic growth and human capital development
D. Eliminate extreme poverty, boost shared prosperity
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Recent major World Bank analytical publications in Social Protection