

Overview of social protection

*Laura Rawlings,
World Bank*

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

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

What is social protection?

1.2bn

People in extreme
poverty below
\$1.25/day

75 m.

Unemployed
youth

Social protection is
about how we take
care of ourselves
and each other to
manage *risk*

2 x

Number of
elderly
(over 60)
in 2050
(compared to
2010)

674

Average
number of
natural
disasters

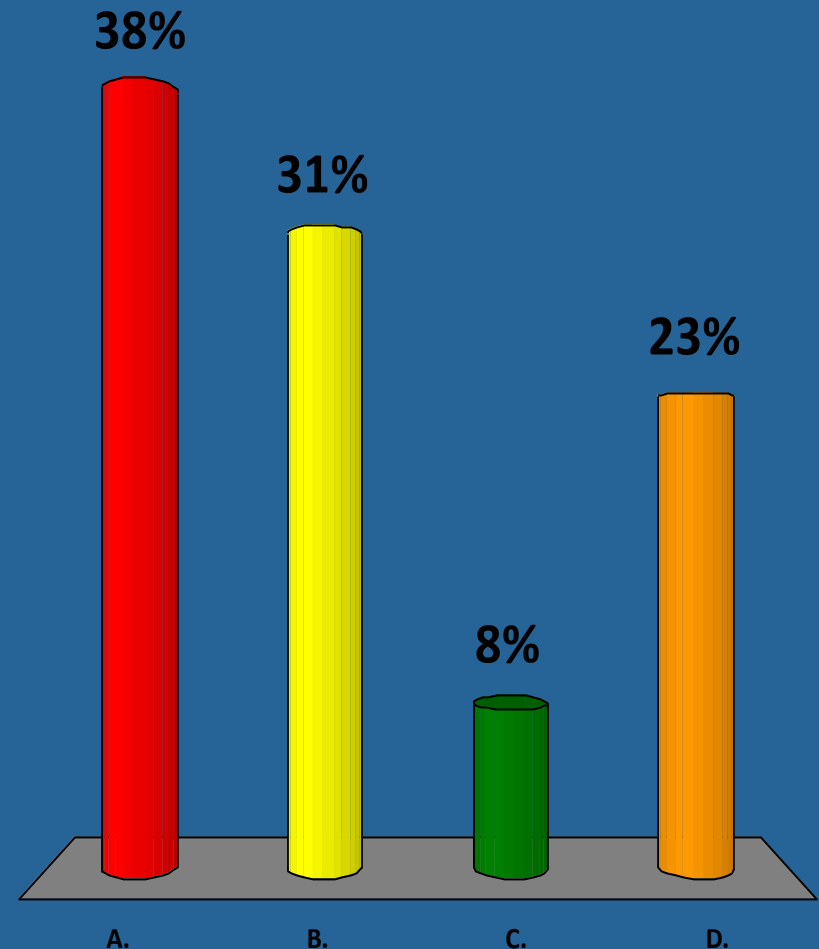


Which definition best fits your understanding of social protection?

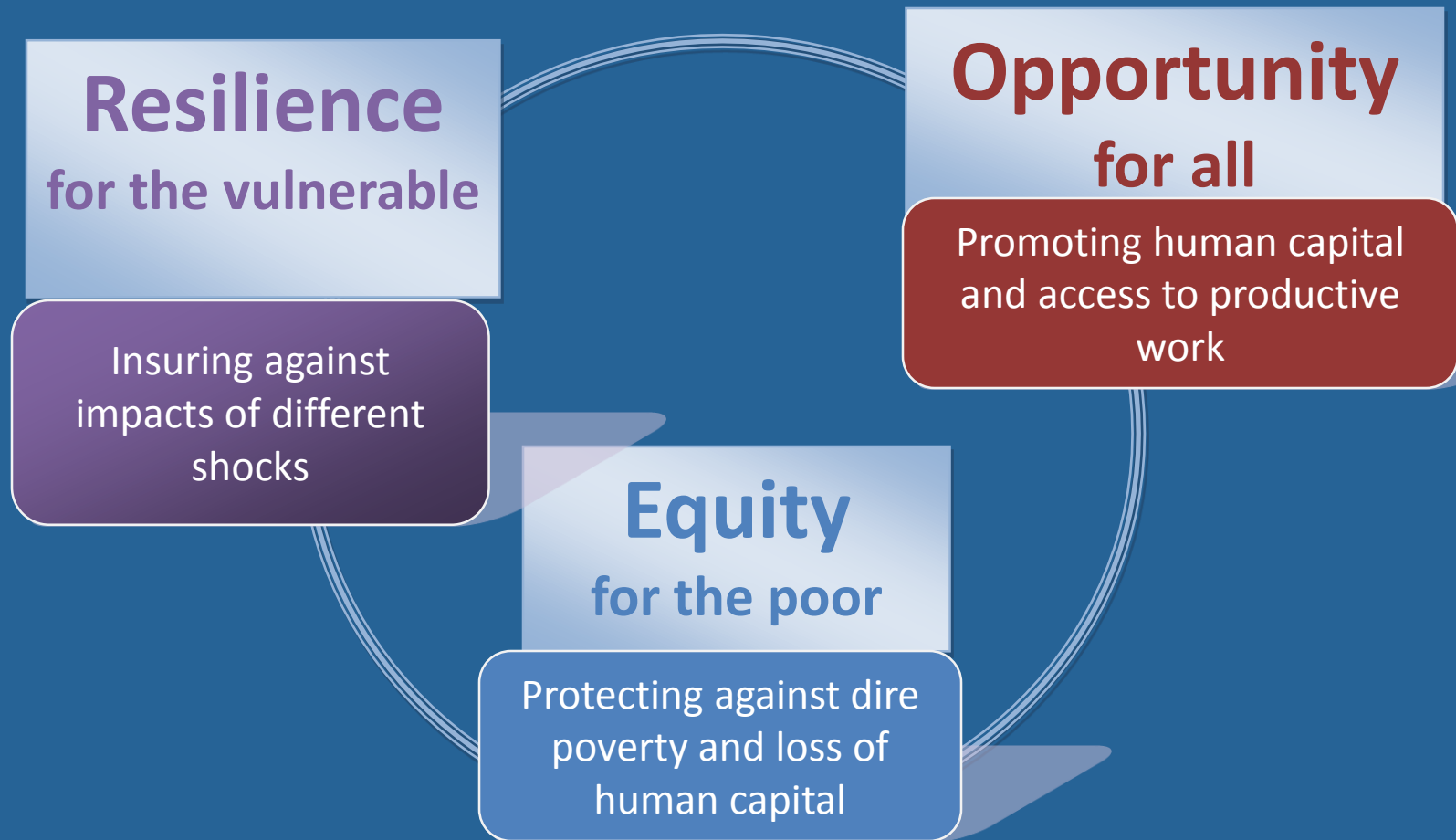
- A. *“The set of public measures that a society provides for its members to protect them against economic and social distress that would be caused by the absence or a substantial reduction of income from work as a result of various contingencies (sickness, maternity, employment injury, unemployment, 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.”*

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 ...”*
- 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 ...”*



World Bank definition: Social protection and labor policies let countries help their people achieve:

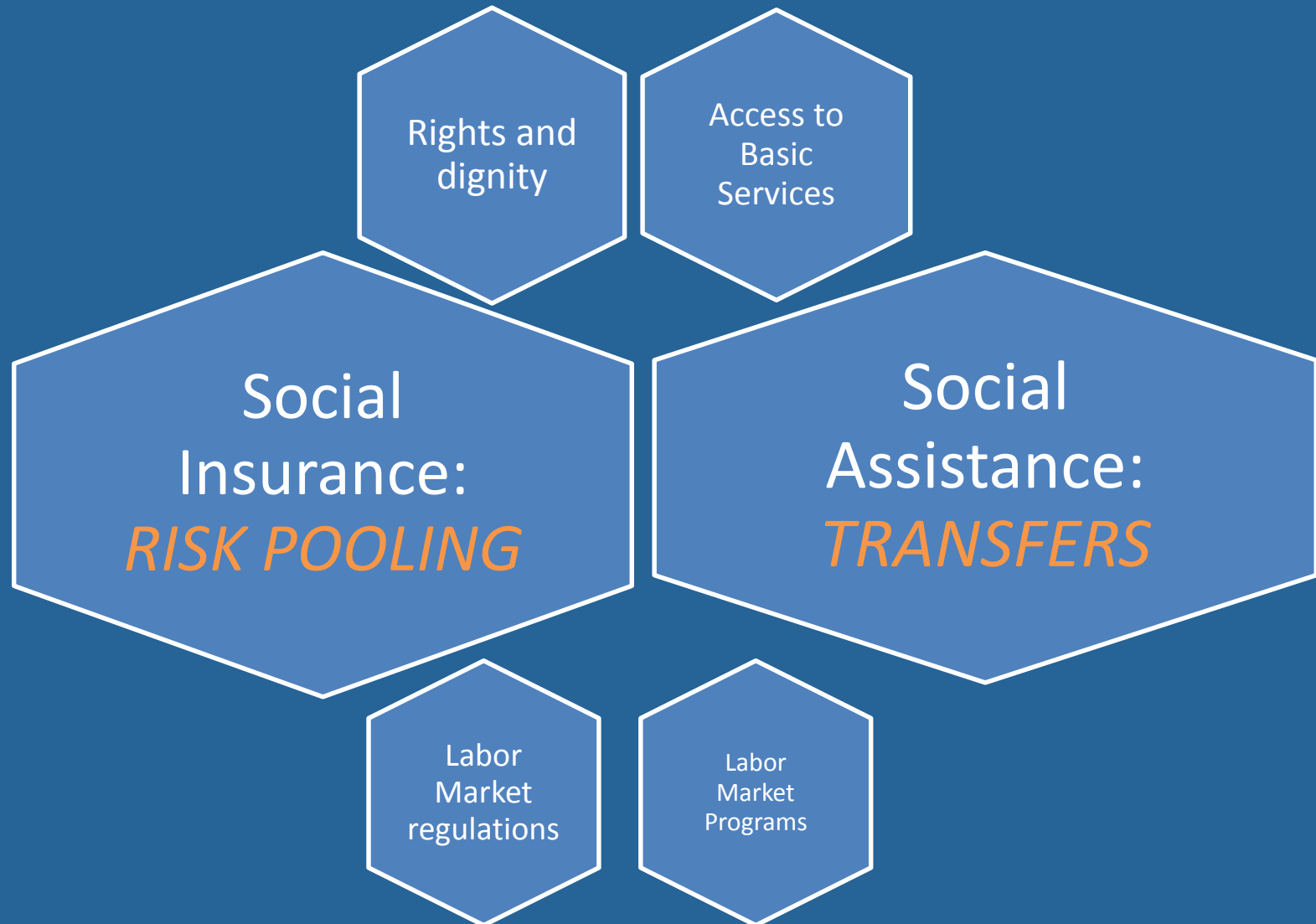


Outline

8

- 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



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

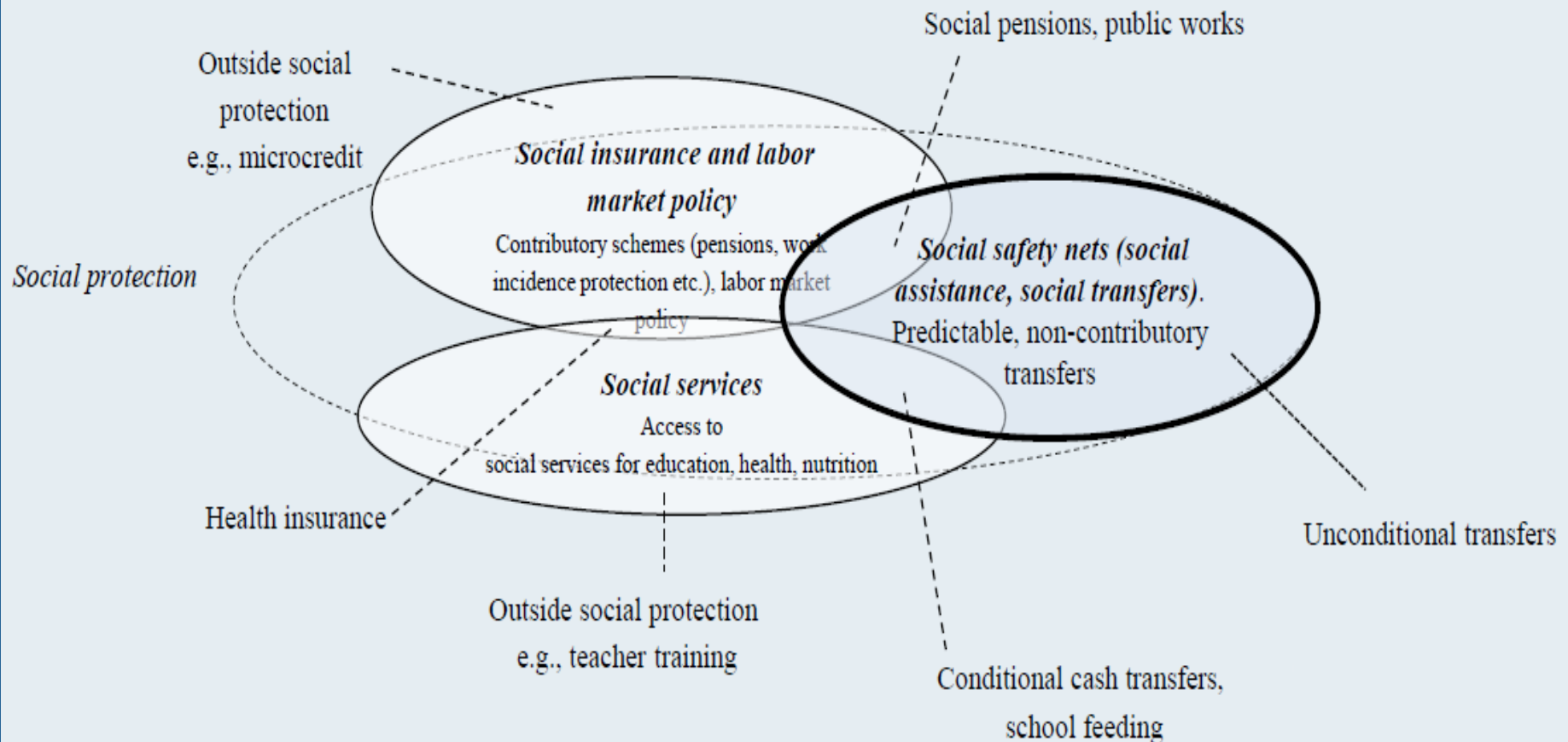
Subsidies

Labor

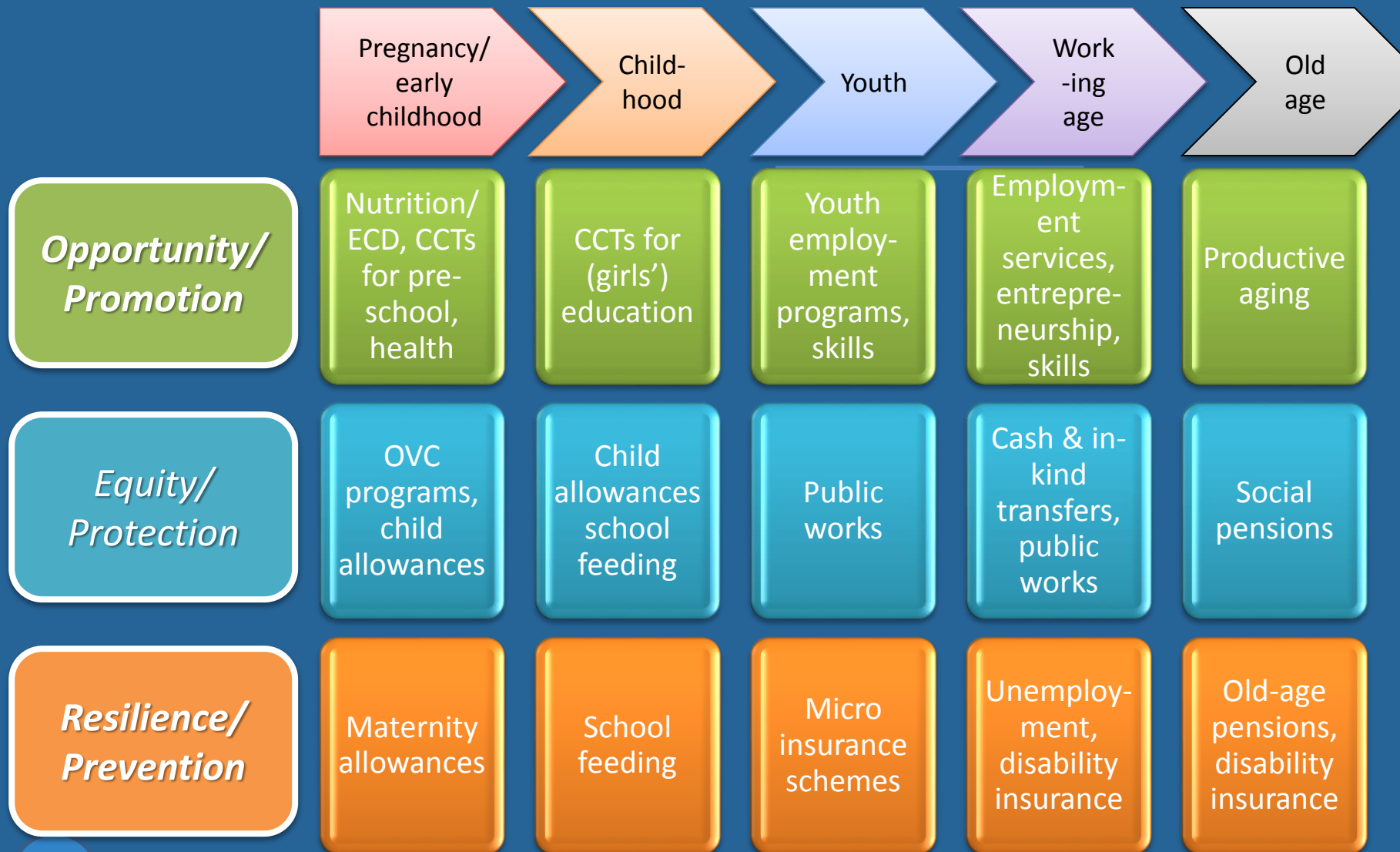
Active Labor Market
Programs

Regulations

Universe of social protection programs



Social protection over the lifecycle



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?

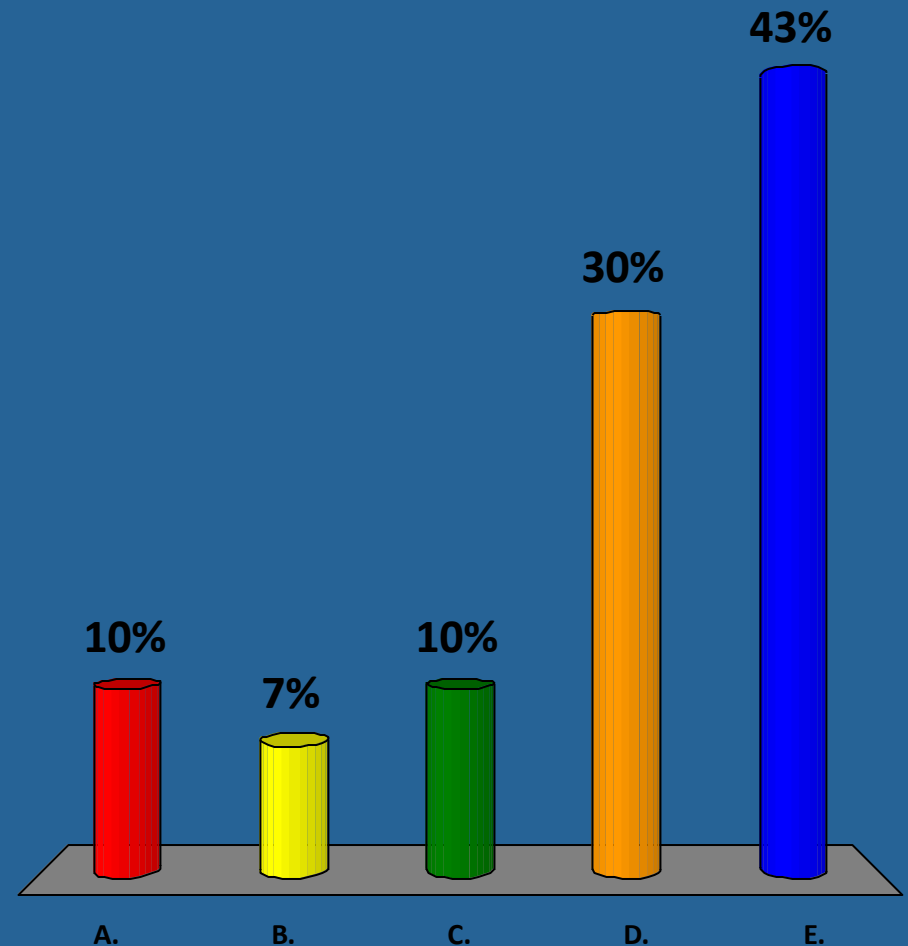
A. Early Childhood

B. Childhood

C. Youth

D. Working age

E. Old age



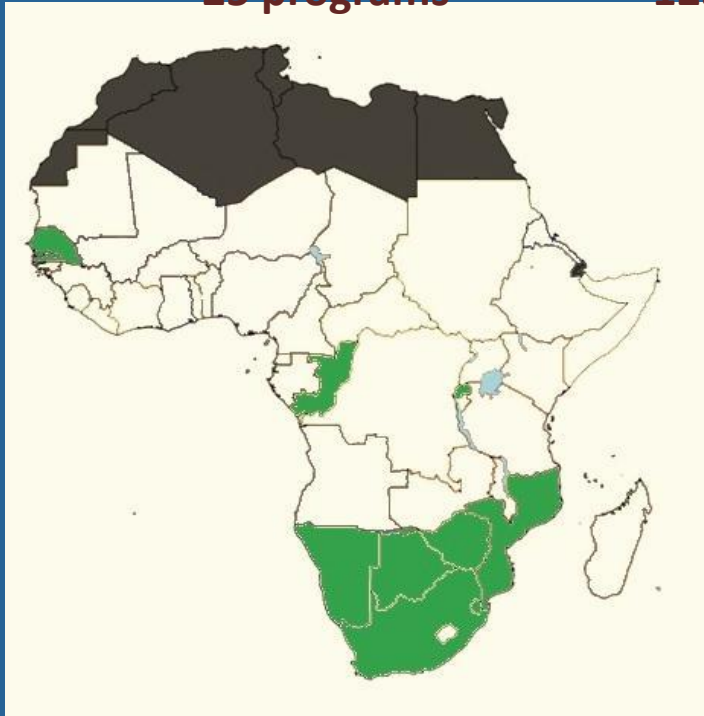
Outline

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

The revolution is happening where needs are greatest Rapidly

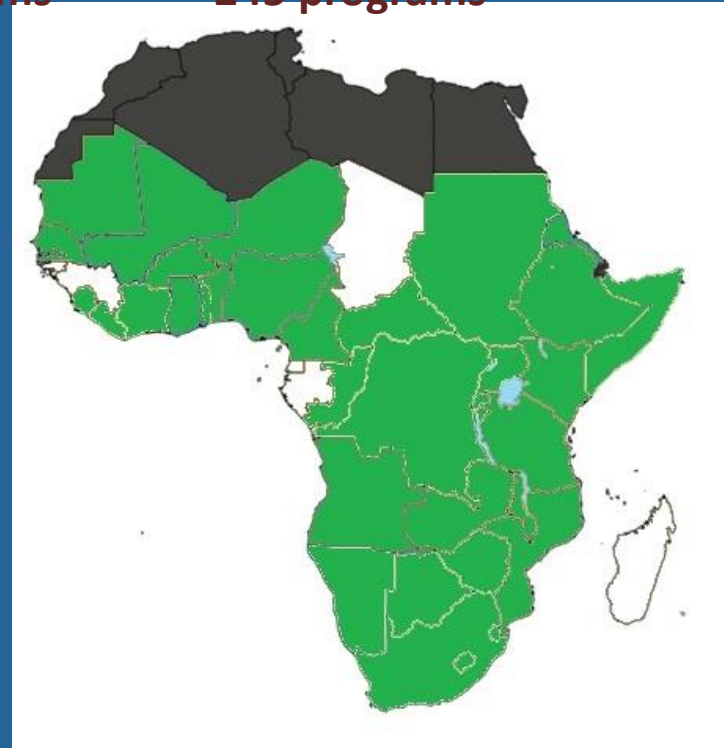
2000

**9 countries,
25 programs***



2010

**35 countries
123 programs**



2012

**41 countries,
245 programs**



Types of social protection across countries

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

Social protection contributes 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

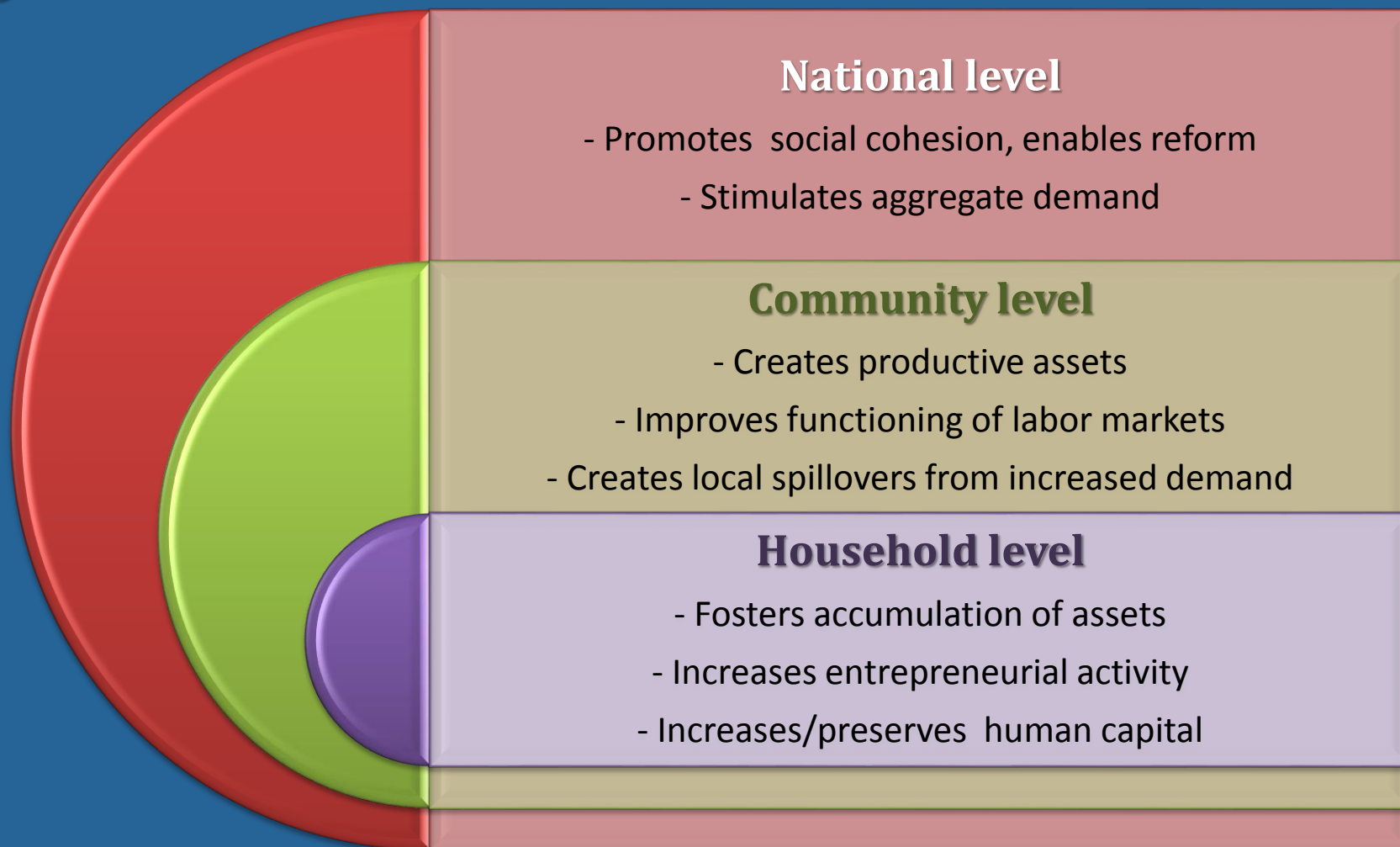
Improved nutrition in first 1000 days of life have huge impact on future incomes/productivity

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



Outline

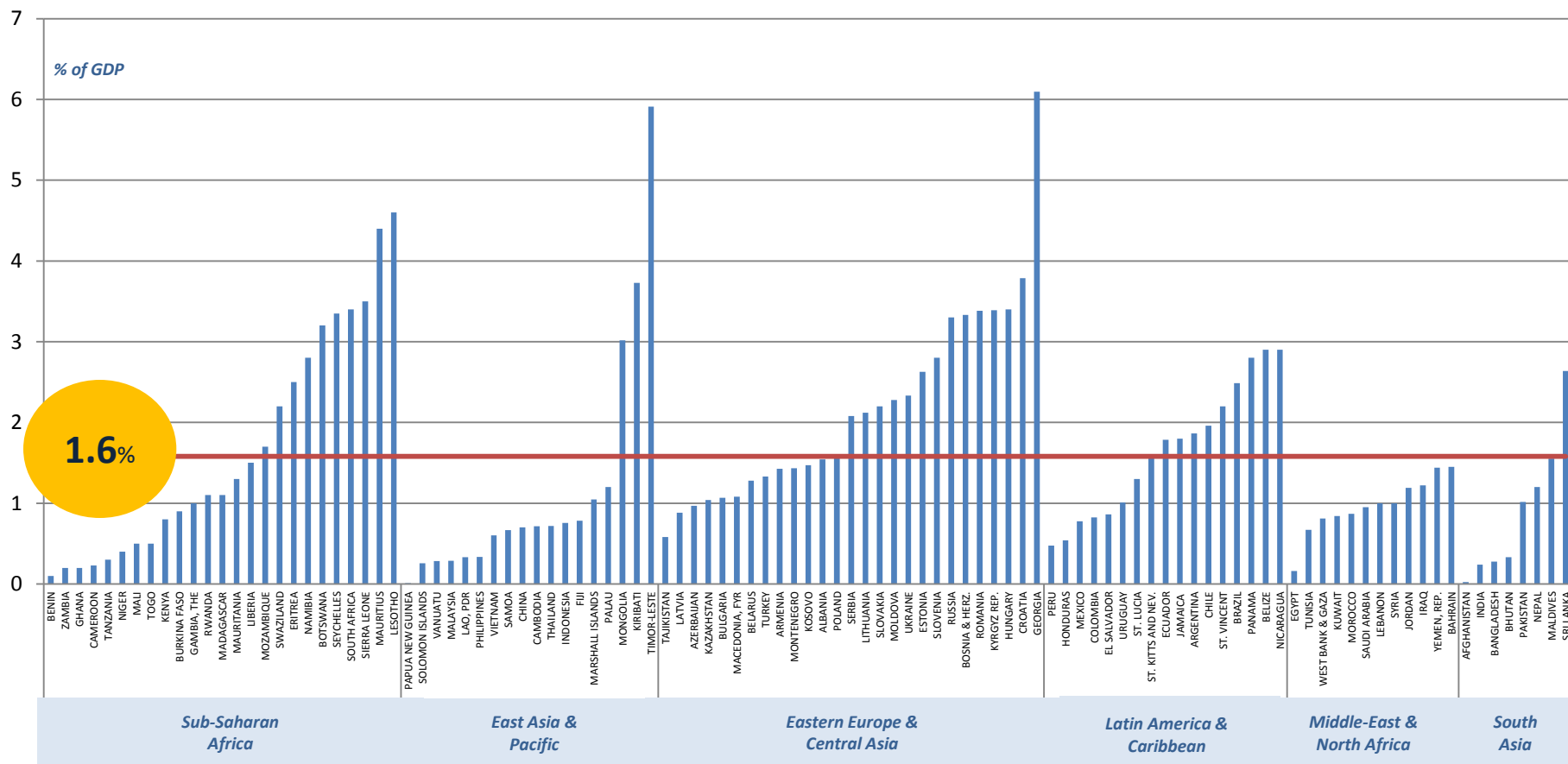
21

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

“For Protection and Promotion” book on Social Assistance addresses:

- Affordability
- Administrative feasibility
- Various disincentives

Affordability: How much is spent on social safety nets?



CLICKER QUESTION

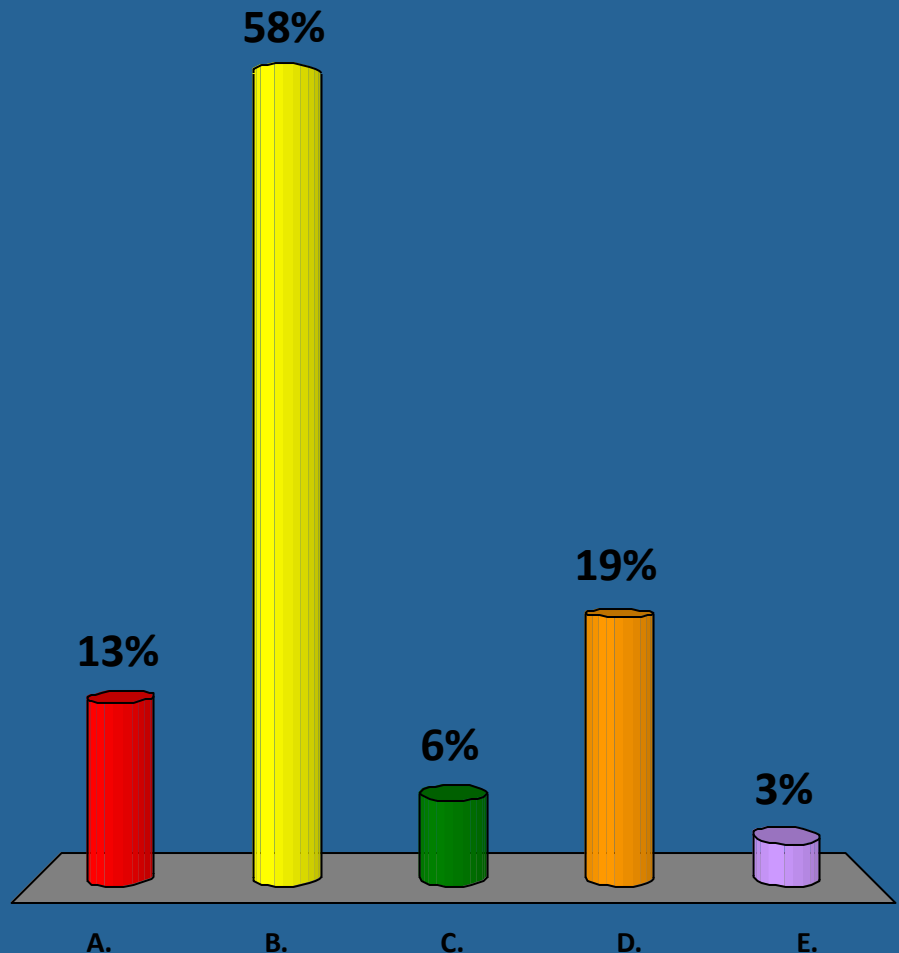


What is the mean cost of safety nets in developing countries?

- A. 0.1% GDP*
- B. 1.6% GDP*
- C. 3% GDP*
- D. 7% GDP*
- E. 12% GDP*

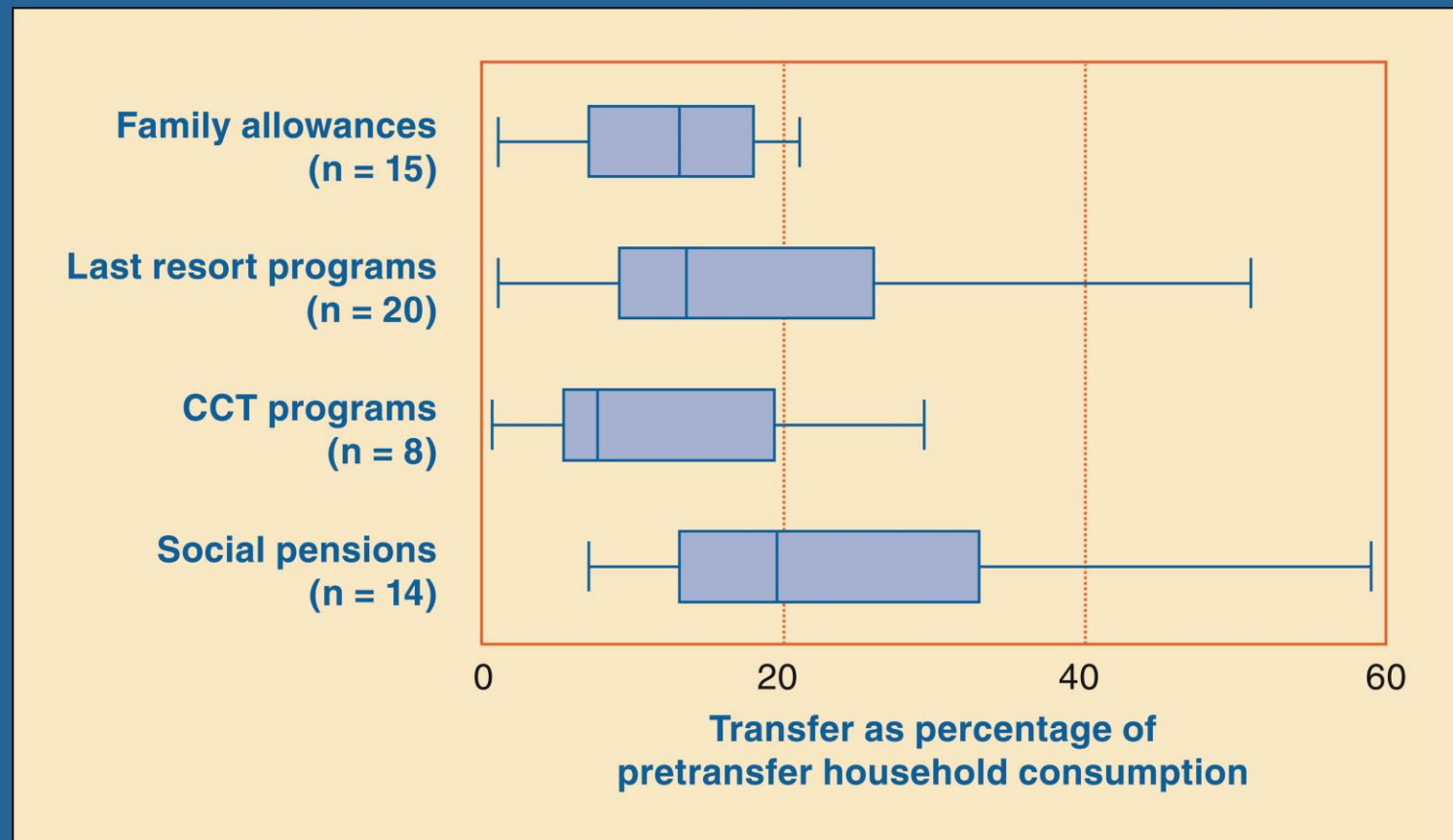
What is the mean cost of safety nets in developing countries?

- A. 0.1% GDP*
- B. 1.6% GDP*
- C. 3% GDP*
- D. 7% GDP*
- E. 12% GDP*



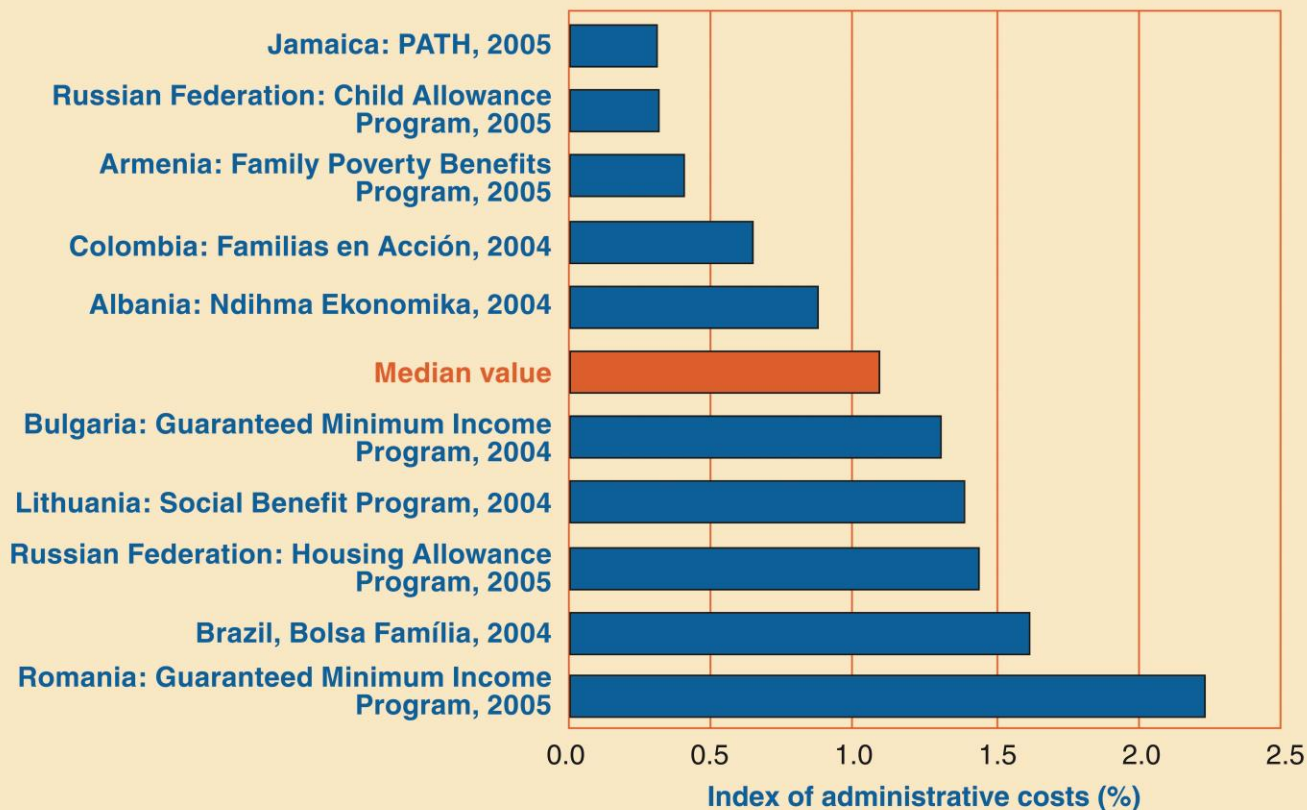
For Protection and Promotion benchmarks Social Assistance programs on

Program generosity: ... is lower in developing than developed countries, with median program adding 10% to 20% to pre-transfer consumption of their beneficiaries



For Protection and Promotion benchmarks Social Assistance programs on

Administrative costs ... are moderate and in line with their
OECD counterparts even for finely targeted means- or
proxy-means tested programs



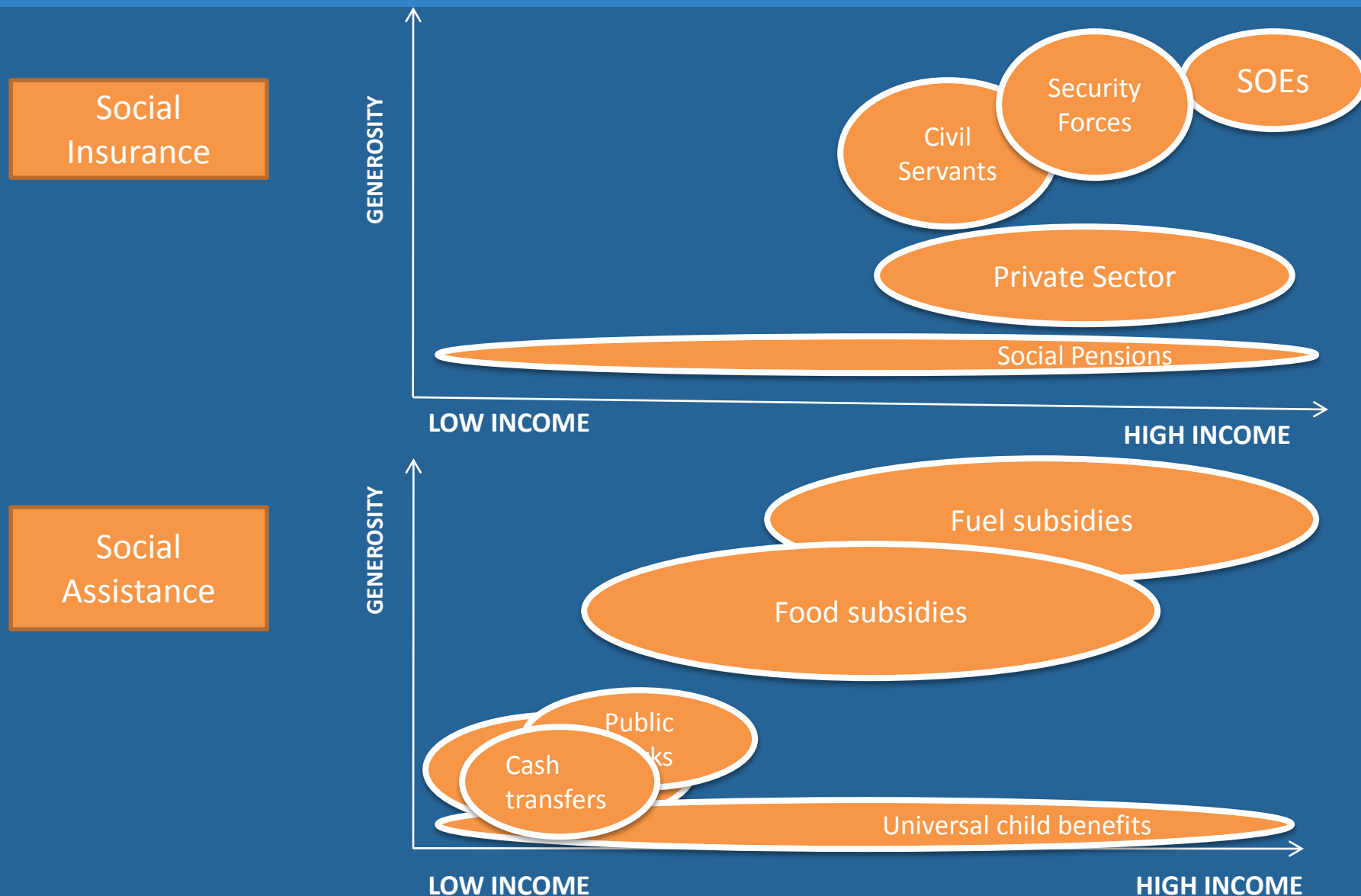
Index of admin
cost =
generosity *
share of admin
cost in program
budget

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....



CLICKER QUESTION

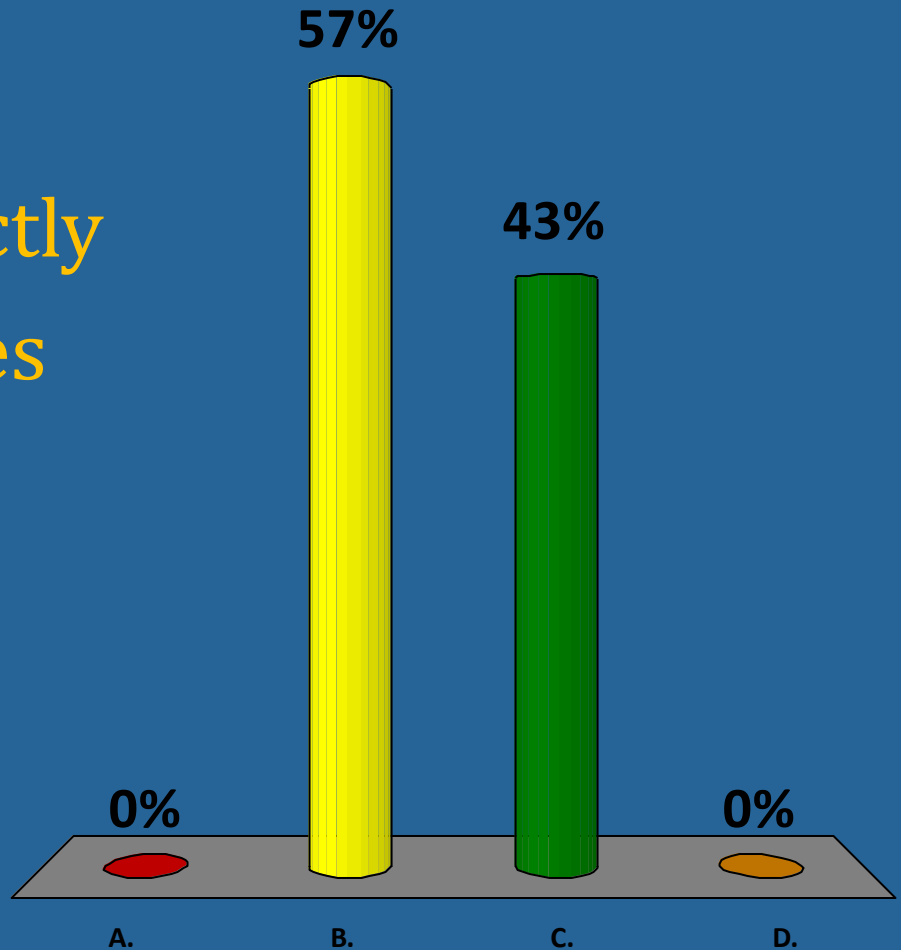


Is the 'typical social protection landscape' true of your country?

- A. Yes
- B. Similar, but not exactly
- C. Some key differences
- D. Not at all

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



Bangladesh: Fragmentation.....

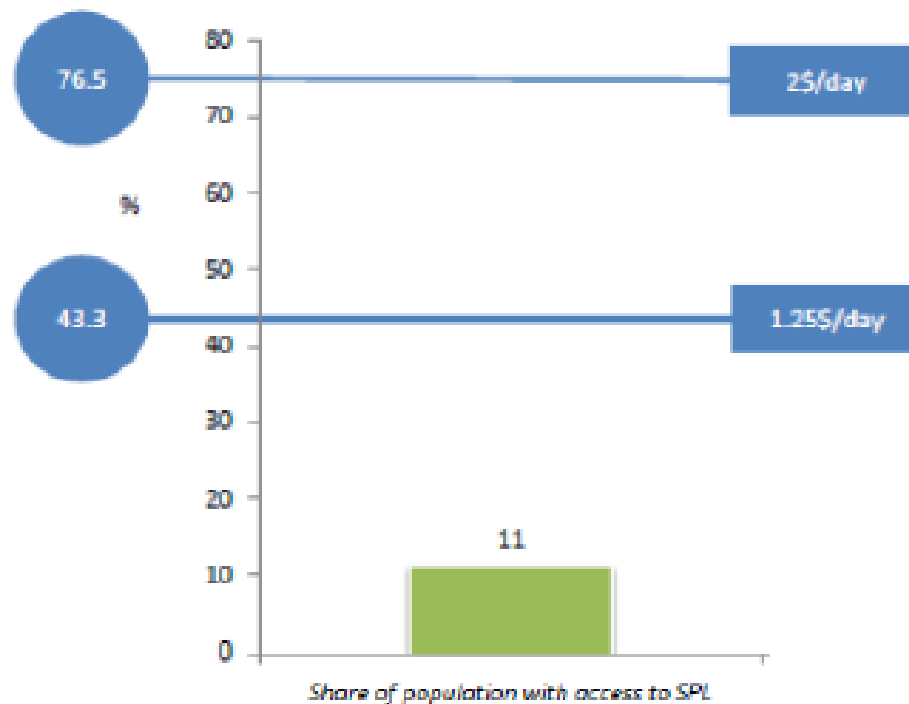
... e.g., Bangladesh: 100+ SPL programs in 2012



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



Source: WB/ASPIRE, WDI

....are there solutions?

THE WORLD BANK'S

SOCIAL PROTECTION AND LABOR STRATEGY

2012-2022

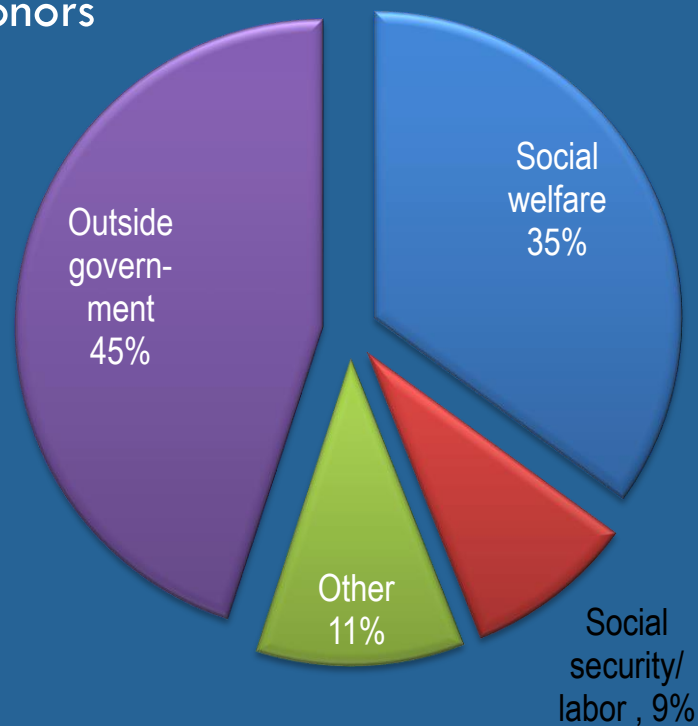


Resilience, Equity, and Opportunity



From fragmented approaches to harmonized systems

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



Source: Garcia and Moore (2012)

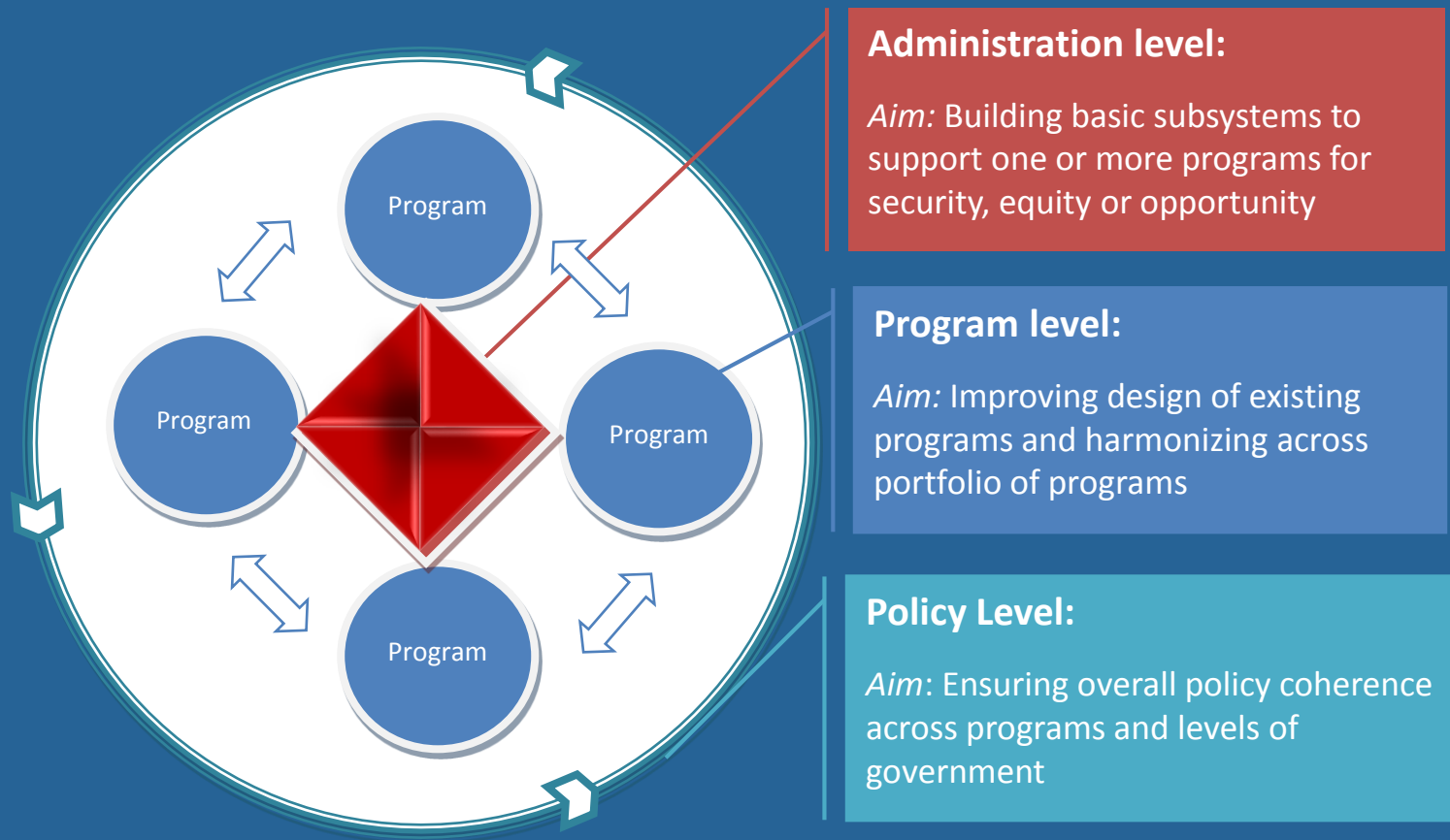
Fragmentation:

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

Few Integrated Systems imply:

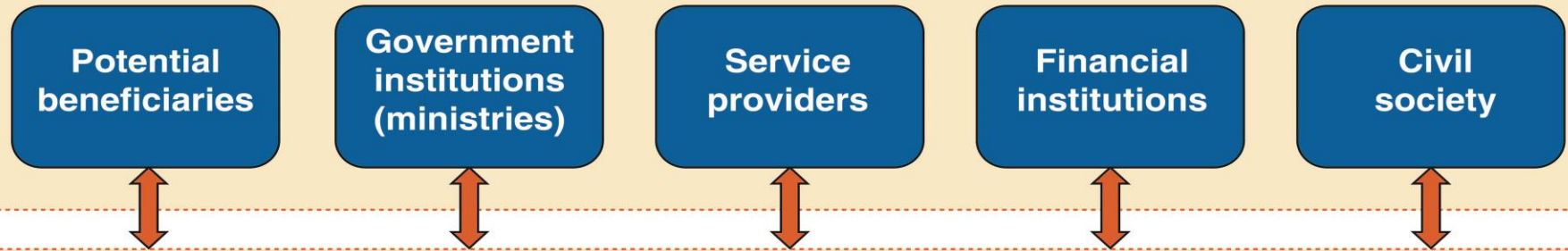
- ❑ Incentive incompatibility
- ❑ Financing inadequate and non-transparent
- ❑ Unclear institutional roles

Social protection systems

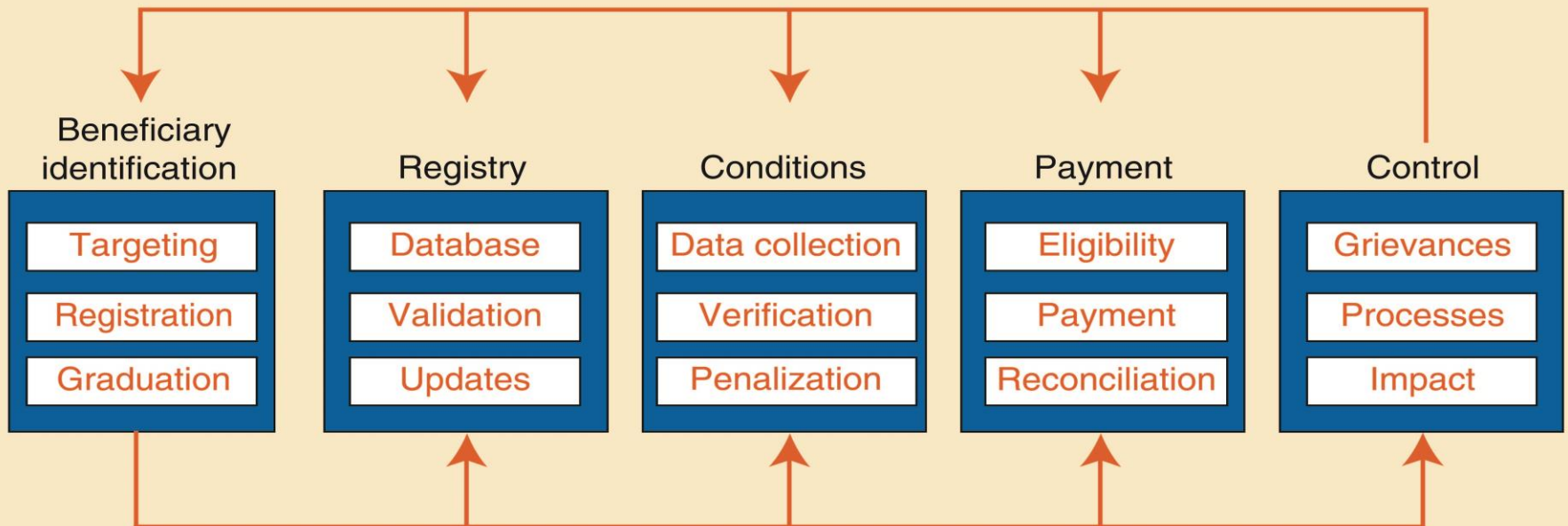


Administrative systems

Information providers and consumers



Program process



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*

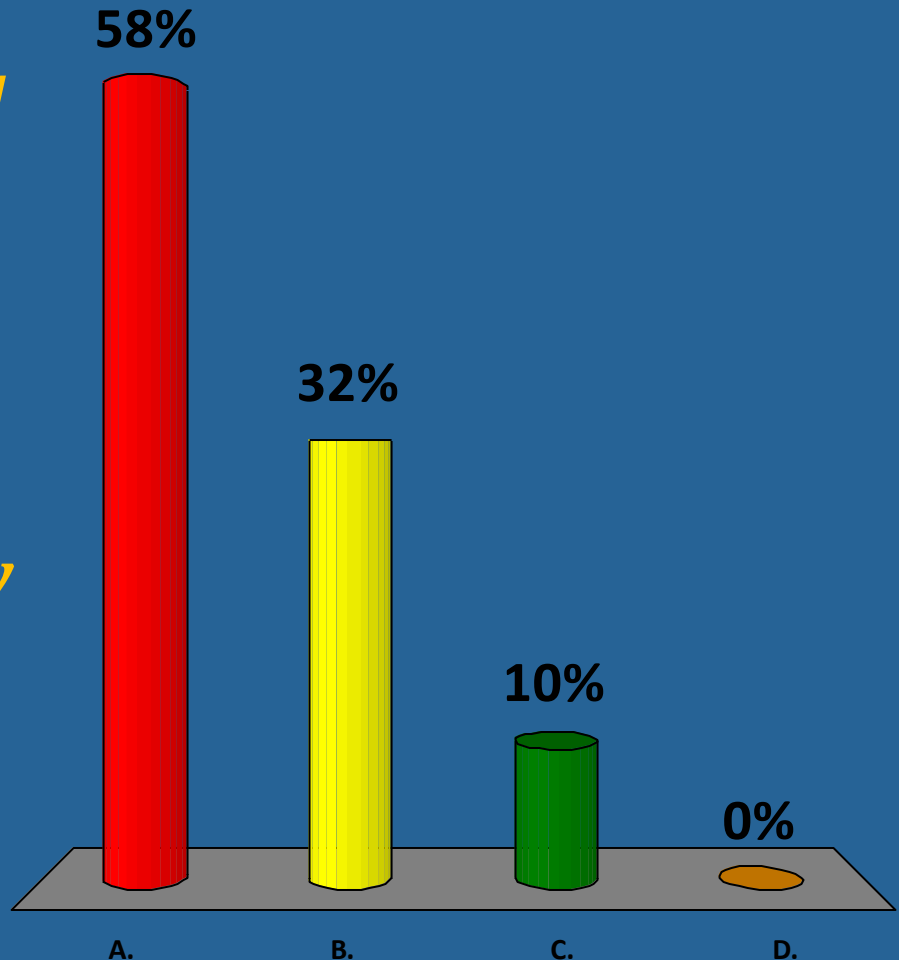
What are the 3 levels in a social protection systems?

A. Policy, Program and Administration

B. Prevention, Protection and Promotion

C. Vulnerability, Equity and Productivity

D. Childhood, working age, old age



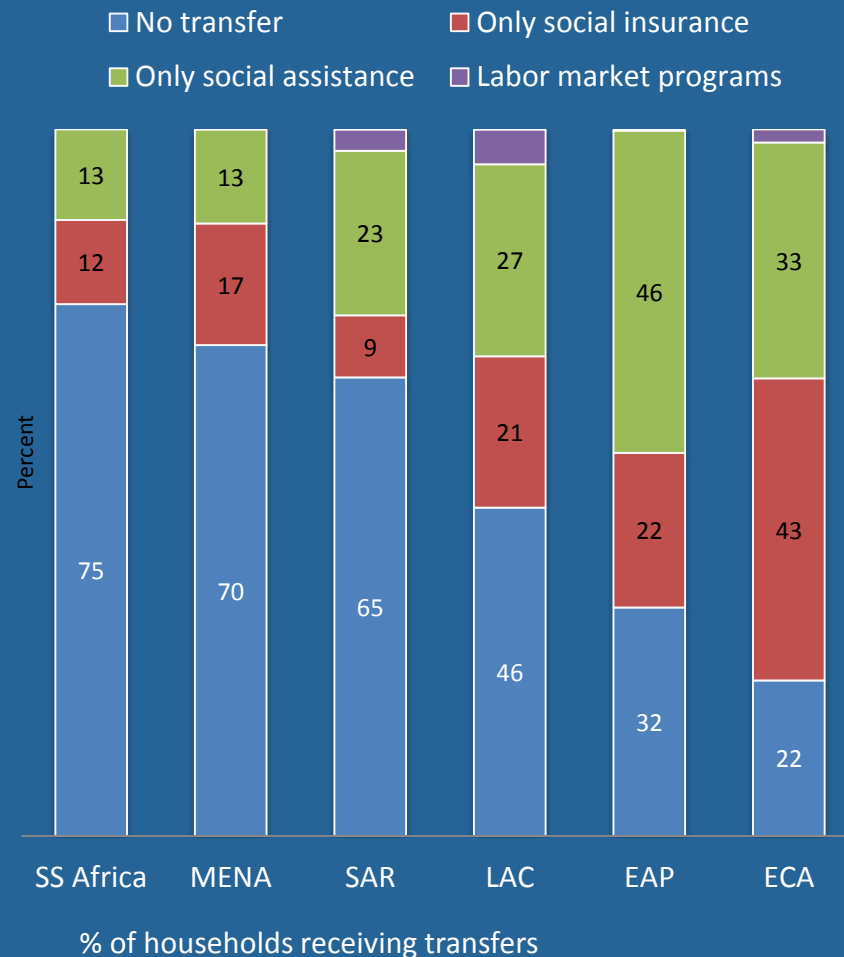
From exclusion to inclusion

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

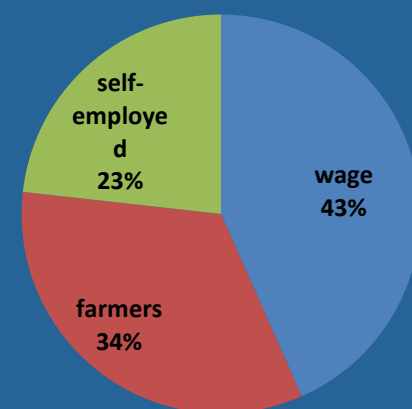
□ Moving beyond the formal sector

the world of work is not a world of wage earners

Middle East and North Africa



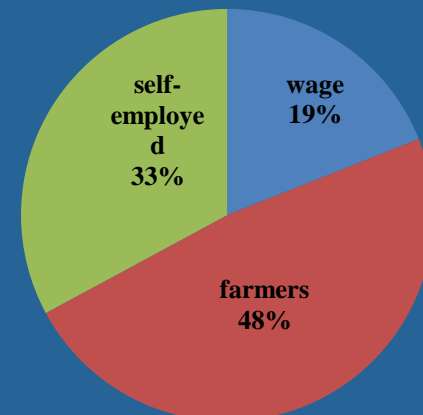
East Asia and the Pacific



South Asia



Sub-Saharan Africa



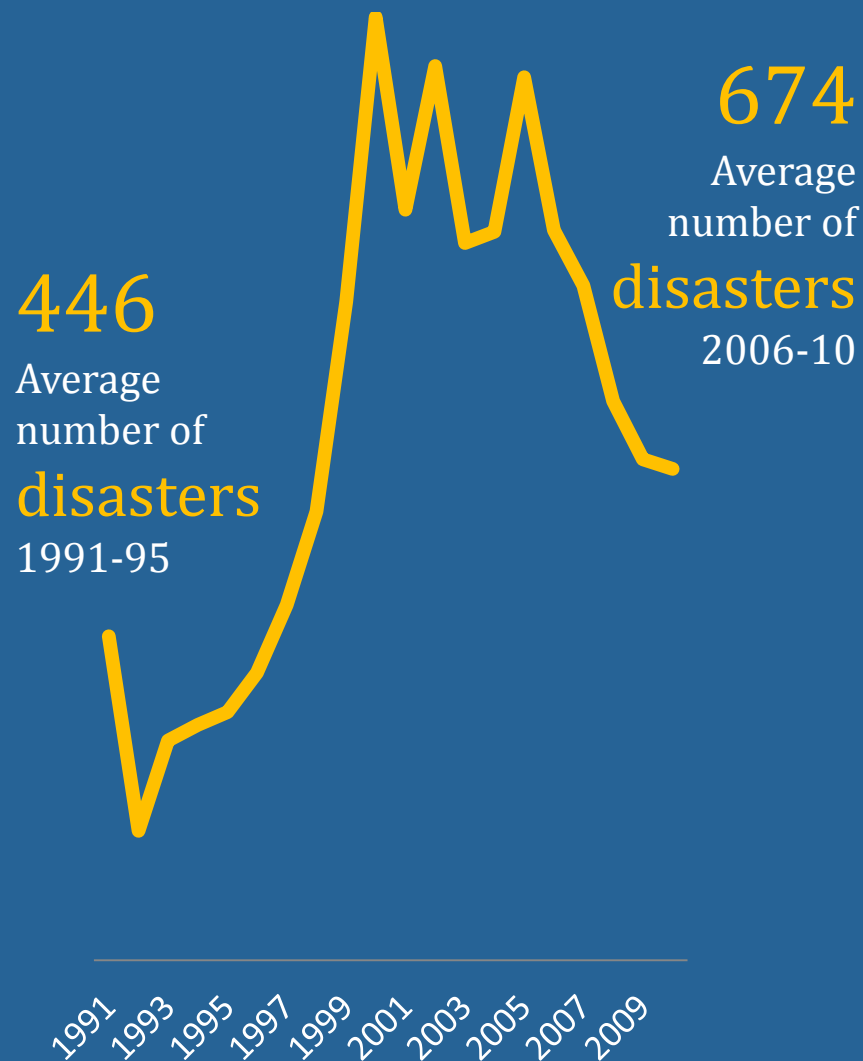
From inflexibility to responsiveness

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



CLICKER QUESTION

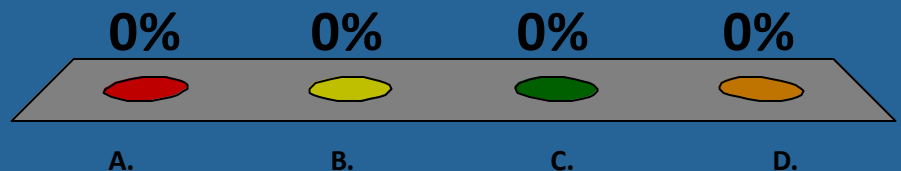


What is the main challenge that you see in SP?

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

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



Outline

49

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

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?

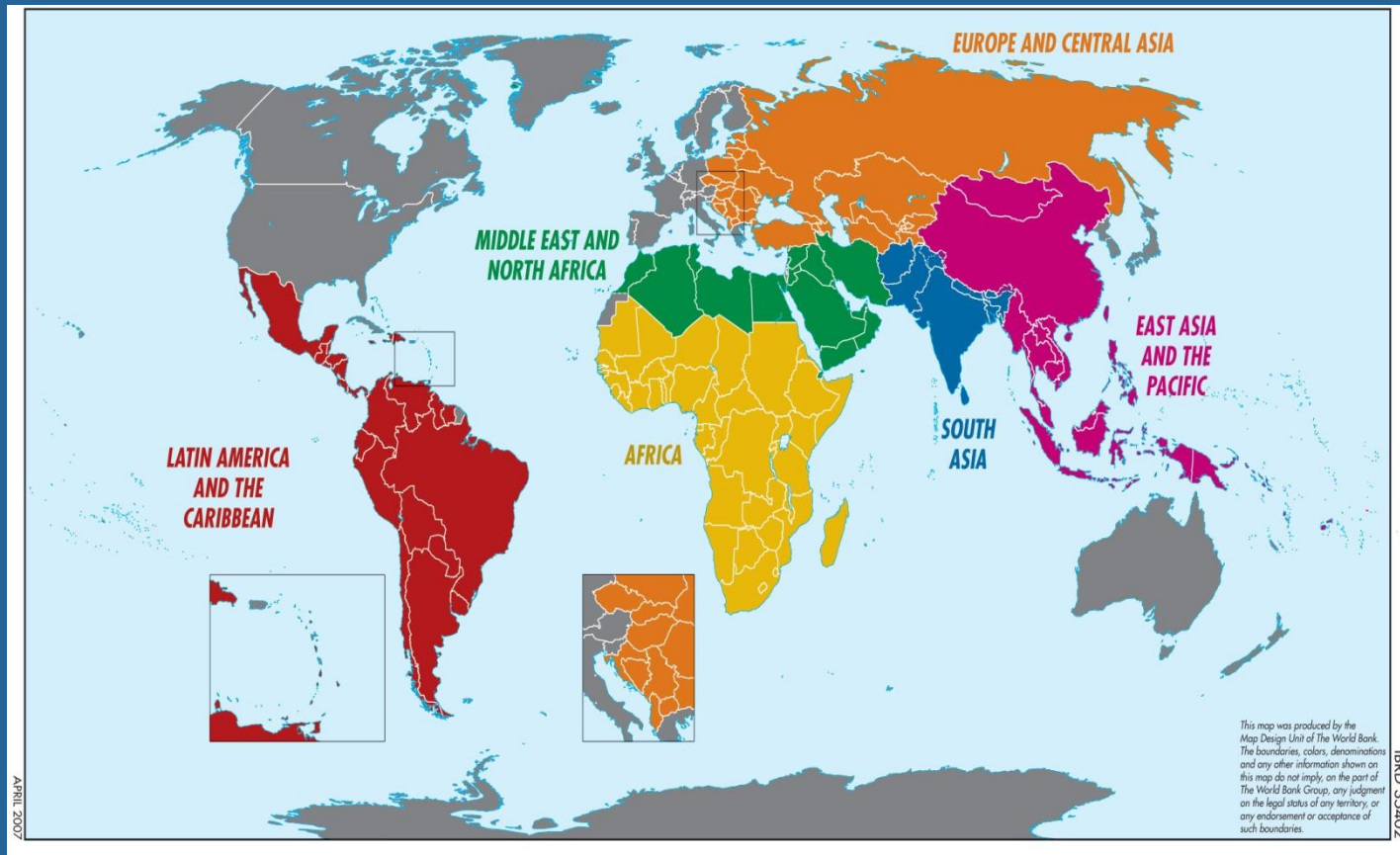
**Ending extreme
poverty by 2030**

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

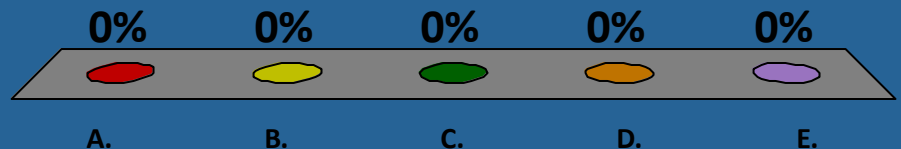


Where are you from?

- 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?*

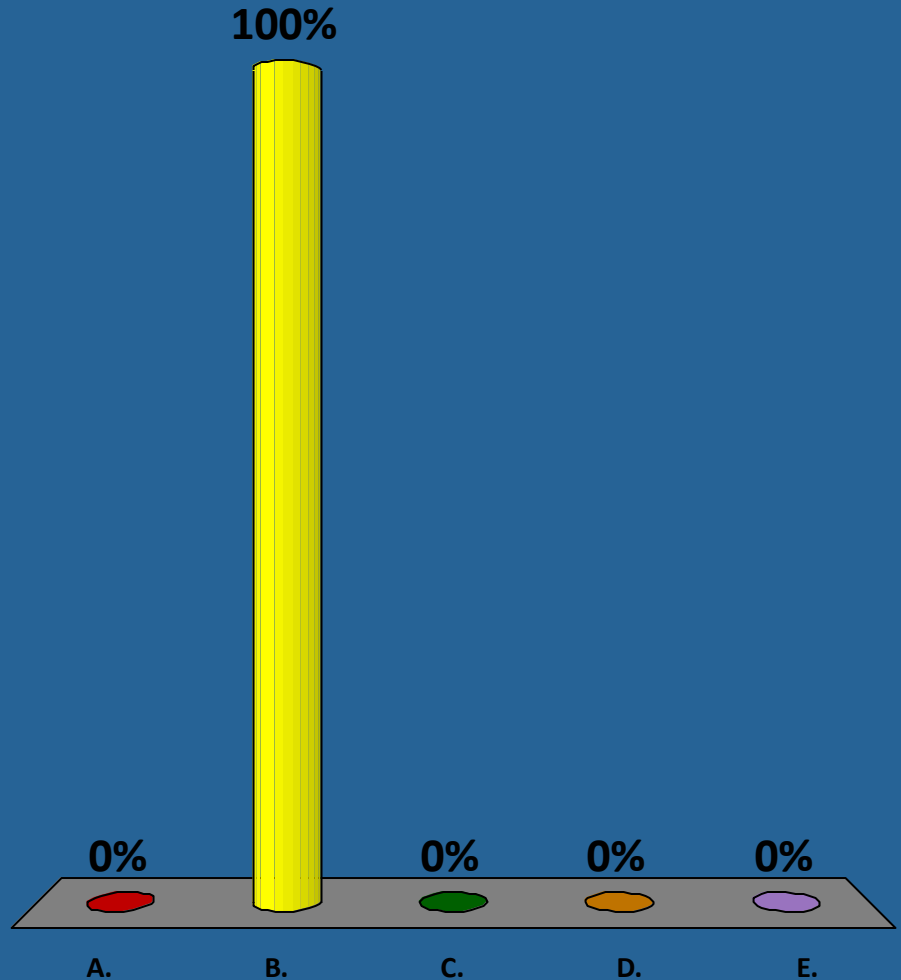
A. 1

B. 2

C. 3

D. 4

E. 5 or more



The World Bank's Role in Development

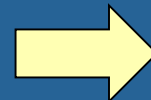
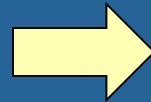
- **A Development Finance Institution:**
 - The largest provider of development assistance(over\$50 bln per year since 2008 crisis; \$30 bln pre-crisis, 2005-7)*
- **A Global Partner:**
 - Works with Govts, NGOs, Private Sector, Bilaterals, Multilaterals
- **A Knowledge Bank:**
 - Provides technical 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

International Bank for Reconstruction and Development	1944	
International Development Association	1960	
International Finance Corporation	1956	
Multilateral Investment Guarantee Agency	1988	
International Center for the Settlement of Investment Disputes	1966	

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

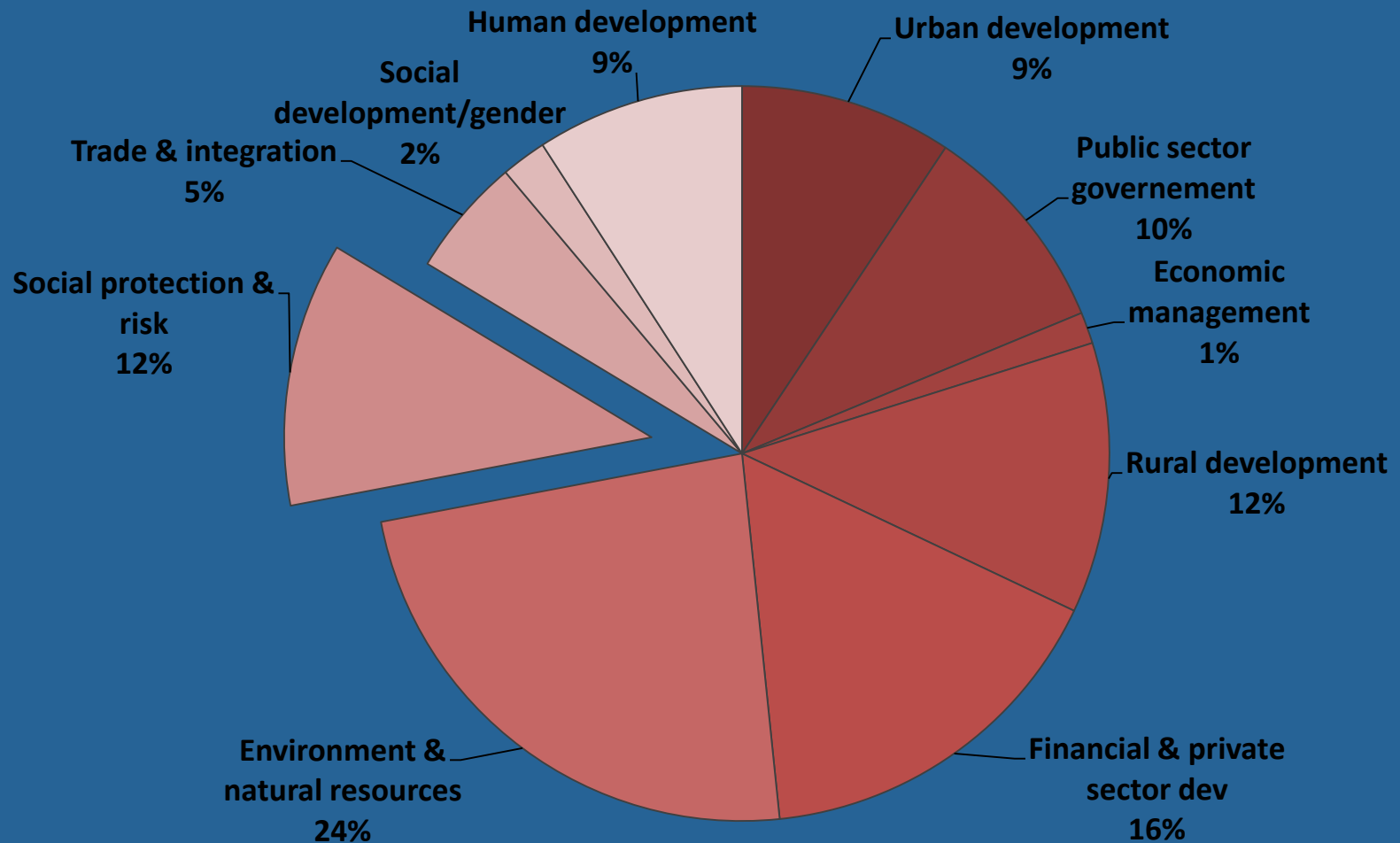
www.worldbank.org/ibrd

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

Bank Lending by Theme



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

CLICKER QUESTION

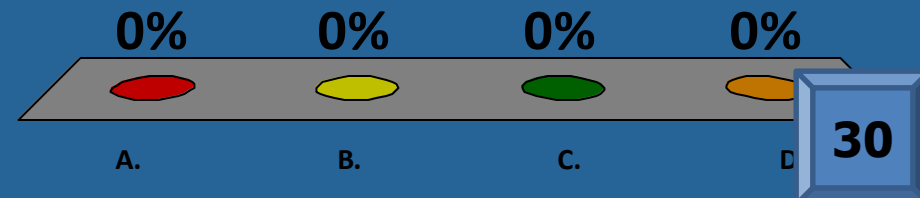


What are the World Bank's twin goals?

- 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*

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*



Recent major World Bank analytical publications in Social Protection

67

