

SOCIAL PROTECTION AND JOBS

# 2019 CORE COURSES

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## Framing: Social Protection and Jobs

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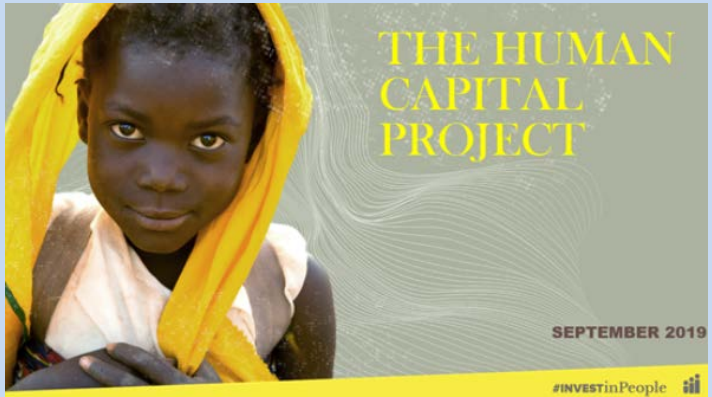
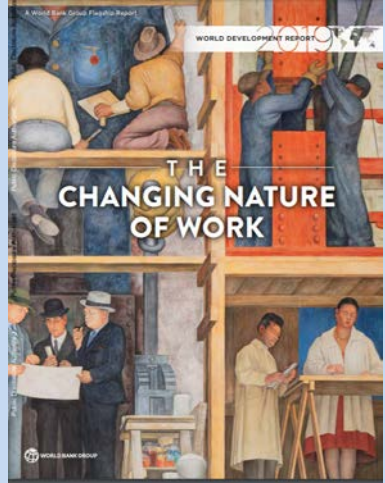
# Outline

1. Why do we have SPJ?
2. SPJ in practice
3. World Bank and SPJ



# WHY DO WE HAVE SPJ?

# SPJ contributes to many deep societal goals



# SPJ is Part of the Formula for Reducing Poverty and Inequality

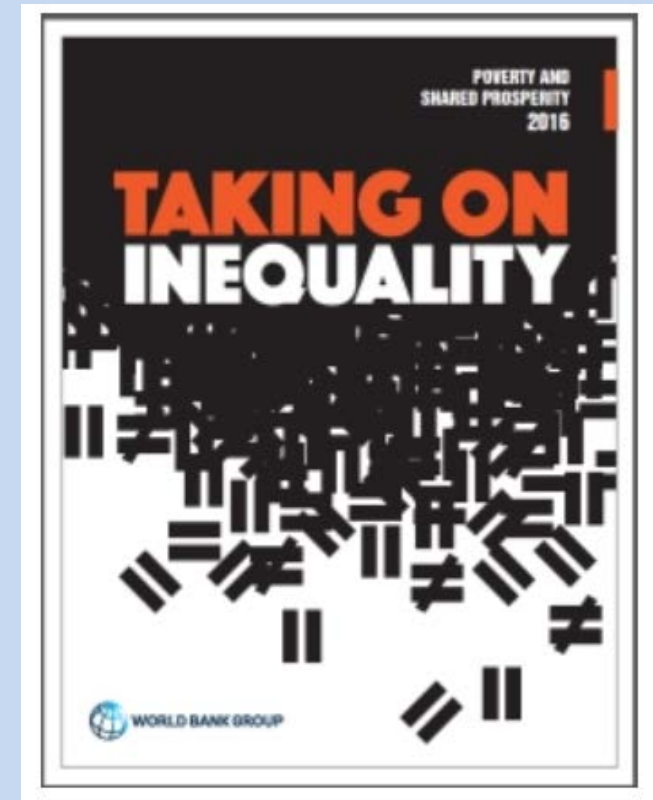


10 REDUCED INEQUALITIES



## WHAT WORKS:

- **Strong growth** and good **macroeconomic management**
- **Labor markets** that work to translate growth into increasing job opportunities for the less well-off, reducing income gaps
- **Policies that raise productivity of the poor:**
  - Invest in **children** (*ECD and quality education*)
  - Invest in **skills** through the life cycle
  - Invest in **infrastructure** (*rural roads, electrification*)
- **Social programs to protect the poor and vulnerable:** *targeted cash transfers; social insurance.*
- **Progressive taxation** *to pay for all of this*

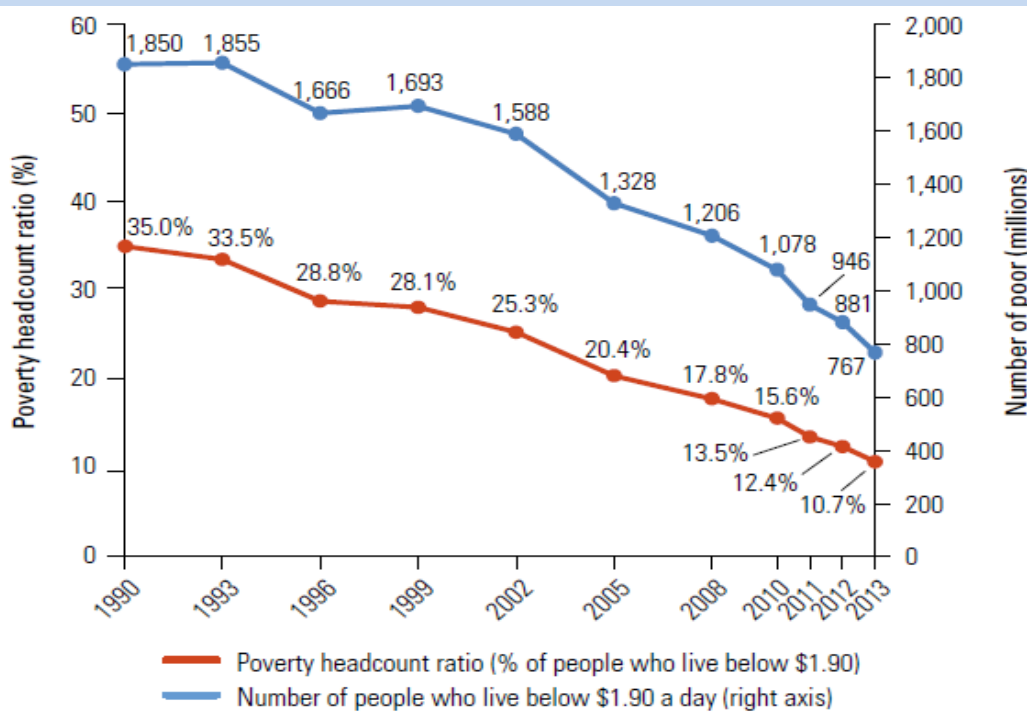


Source: Taking on Inequality (World Bank, Joint EFI POV–DEC Flagship 2016).

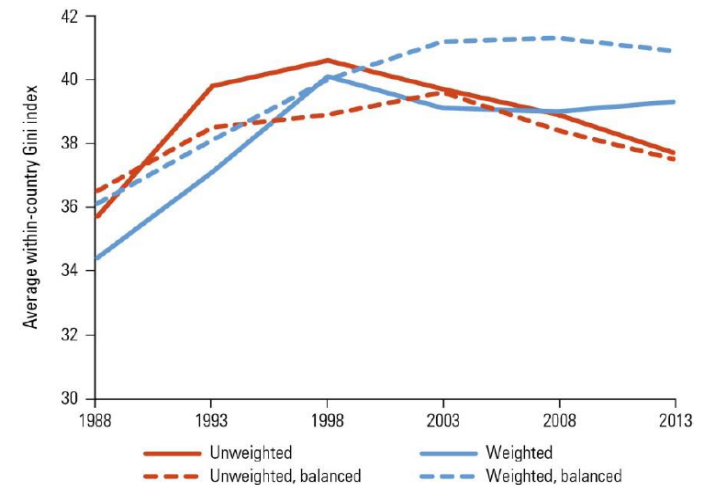
# Poverty is declining rapidly, inequality declining globally, increasing in half of countries



## Number and Share of people living below USD1.90/day, 1990-2013



**FIGURE 4.6 Average Within-Country Inequality, 1988–2013**



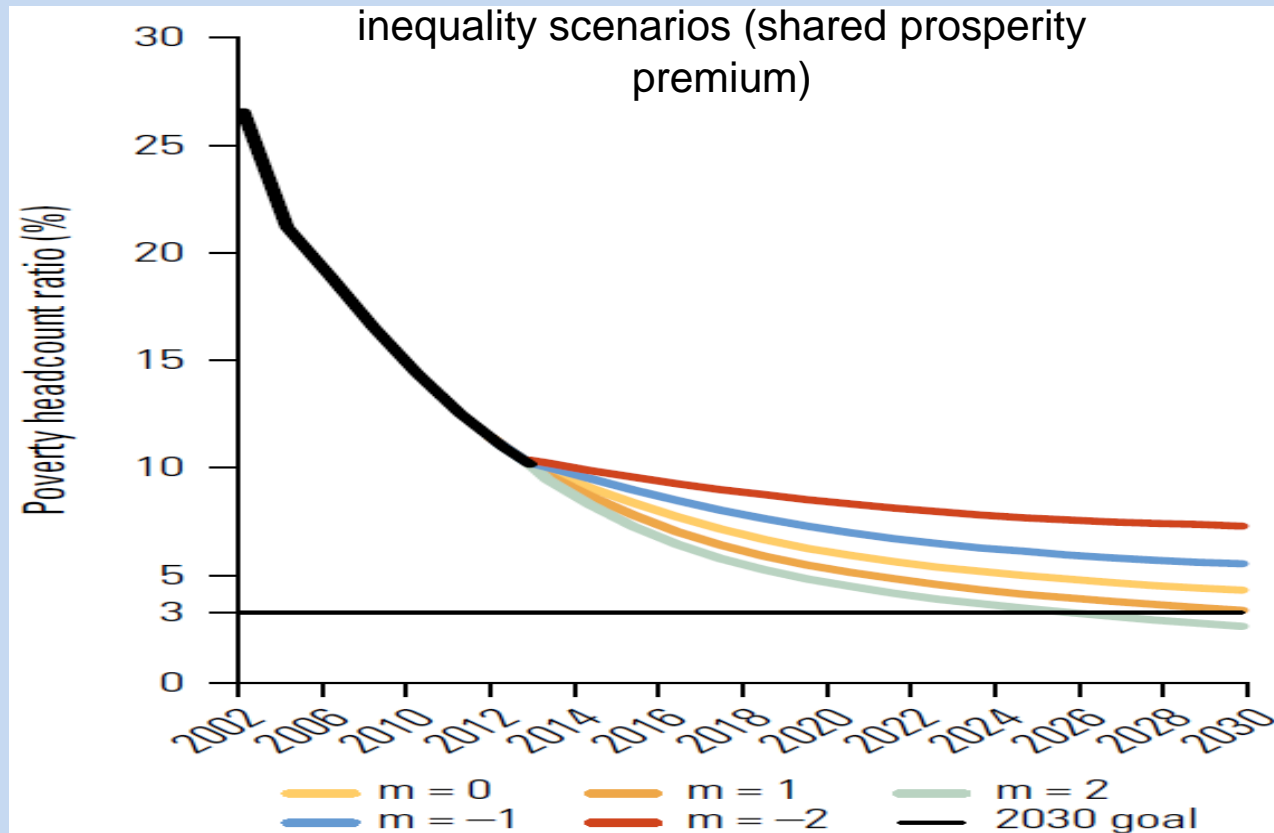
Source: World Bank calculations based on data in Milanović 2014; PovcalNet (online analysis tool), World Bank, Washington, DC, <http://firesearch.worldbank.org/PovcalNet/>; WDI (World Development Indicators) (database), World Bank, Washington, DC, <http://data.worldbank.org/data-catalog/world-development-indicators> (see annex 4A).  
 Note: The solid lines show the trend in the average within-country Gini index with and without population weights in the full sample (an average 109 countries per benchmark year). The dashed lines refer to the balanced sample, that is, using only the set of 41 countries on which data are available in every benchmark year.

# But to end extreme poverty by 2030 we need to reduce income inequality at a faster pace

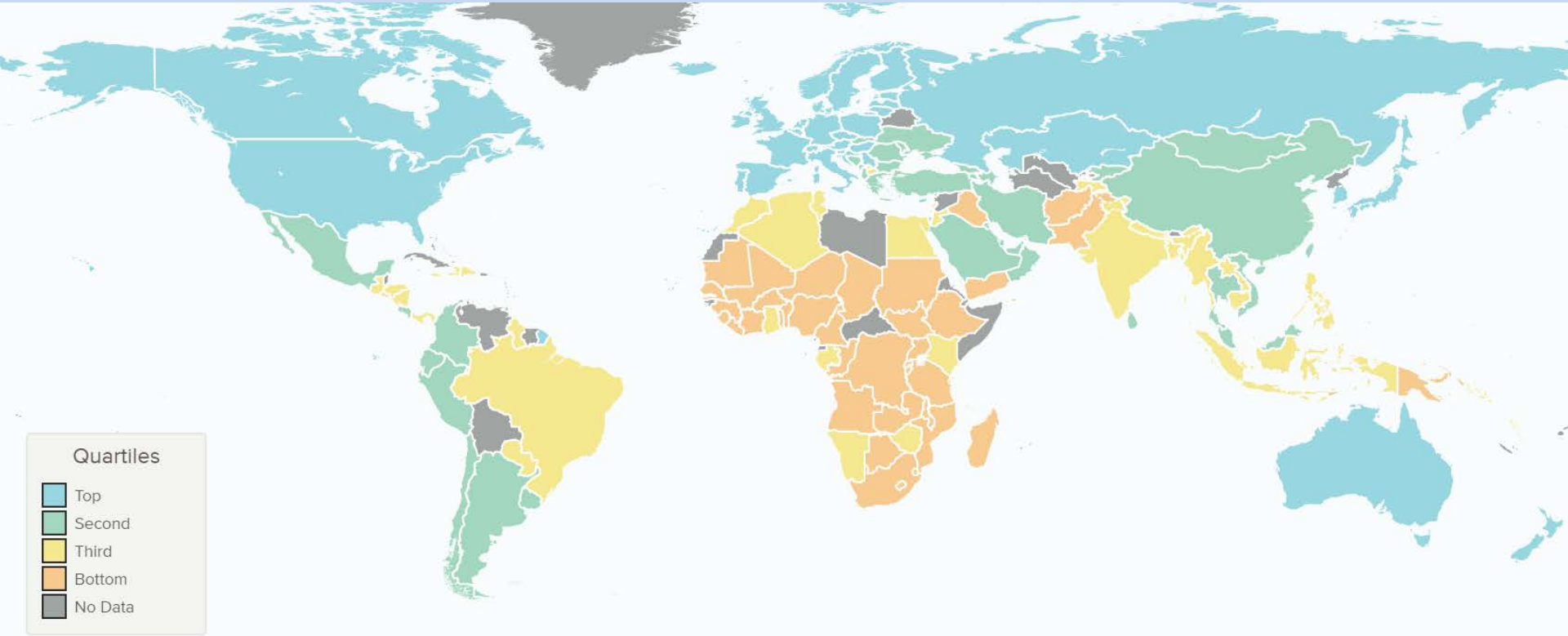


Simulations of poverty by 2030 under current global growth but different inequality scenarios indicate that reaching the 3% goal is only possible by boosting shared prosperity and reducing inequality...

Poverty simulations (2030) under different inequality scenarios (shared prosperity premium)



# Children's low human capital will impair their productivity and earnings



Worldwide Average **0.57**







# Social Protection Contributes to Human Development and Opportunity

## Theory of Change



### INCOME SUPPORT



(cash, in-kind, vouchers)

**Goods:** more/better food, water, soap, medicines, books or toys

**Services:** more health care, education

**Time Use:** reduce child labor, allow for more and higher quality caring hours

**Socio-emotional functioning:** reduced stress and depression, greater bandwidth for parenting

**Prevention of risks:** diversification of income generation sources, better employment opportunities

### “PLUS”



(information, services directly provided, nudges or conditions to use other services)














**Parenting:** breastfeeding, nutrition education, early childhood stimulation

**Health care:** pre-natal, attended deliveries, vaccines, weight checks, growth monitoring

**Education:** preschool, primary, secondary

**Training:** job skills, adult literacy, socio-emotional skills, entrepreneurship skills

## DESIRED OUTCOMES:

-  Reduced poverty and vulnerability
-  Increased savings
-  Reduced inequality
-  Higher birthweights
-  Lower morbidity
-  Better nutrition
-  Higher enrollment
-  Higher attendance
-  Better grade progression
-  Higher completion rates
-  Better test scores
-  Better cognitive/non-cognitive skills
-  Better labor market outcomes
-  Reduced stress and depression

# Social Protection Contributes to Human Development and Opportunity



*Increase uptake of health services for pregnant women*

*Reduce infant mortality*

*Increase vaccination and growth monitoring to improve child health, nutrition, and development*

*Reduce child labor*

*Increase school enrollment and attendance*

*Reduce teenager pregnancy*

*Empower women*

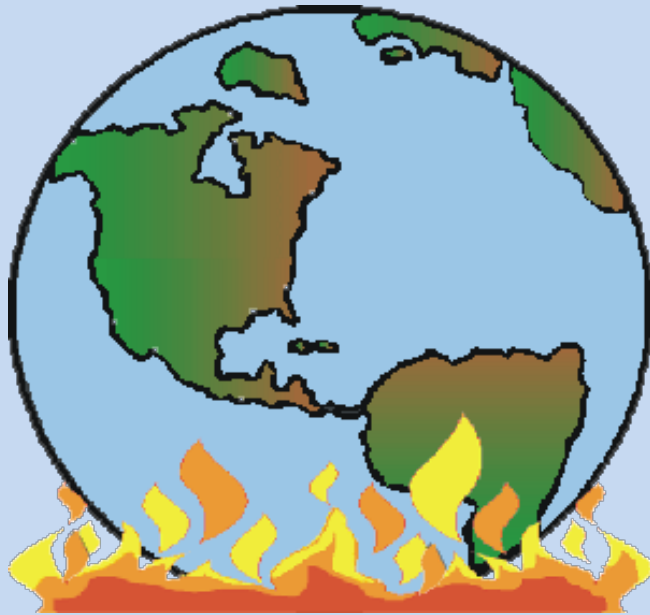
*Enhance female labor force participation*

*Help to build skills for work and life*

*Increase life satisfaction and reduce stress*

*Improve health for elderly*

# SPJ has several touchpoints with climate change



Just Transition for Powering Past Coal

Changing livelihoods more broadly,  
especially in agriculture

Compensation in Energy Subsidy Reform

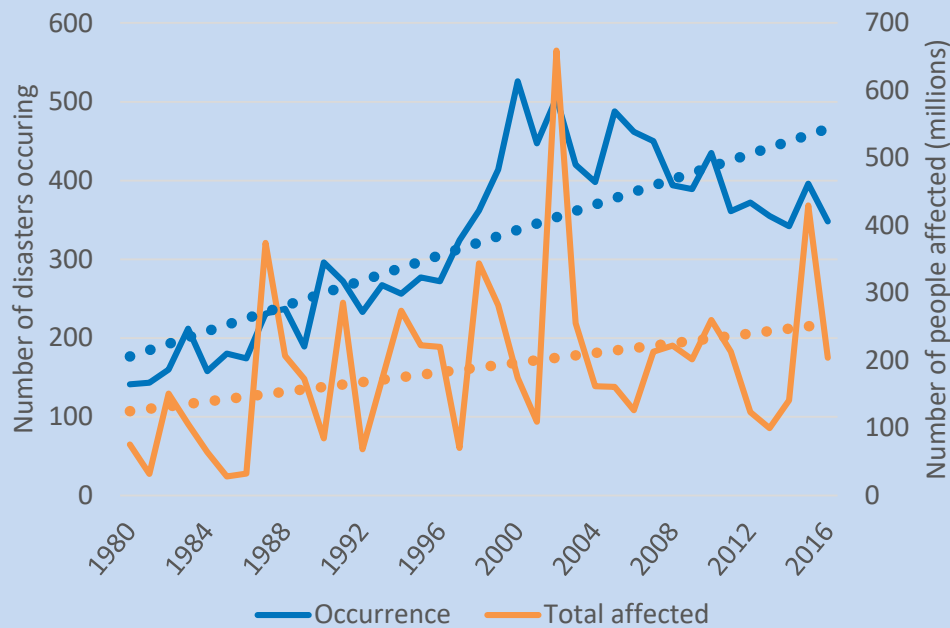
Maybe Redistributing Revenues from  
Carbon Taxes

Addressing challenges of 100 million  
people pushed into poverty, 150 million  
climate migrants

Increasing natural disasters

# Coping with disaster requires more Adaptive SP systems

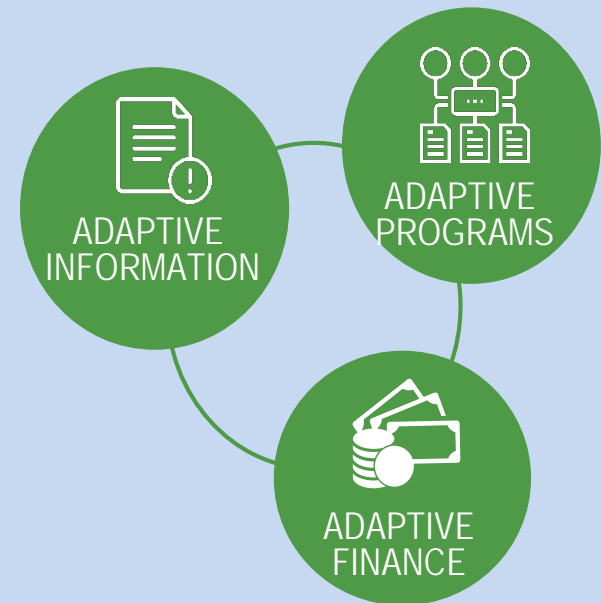
## NUMBER OF DISASTERS OCCURRING AND PEOPLE AFFECTED, 1980-2016



Source: EM-DAT

## INVESTING IN A MORE ADAPTIVE SOCIAL PROTECTION SYSTEM

Three building blocks

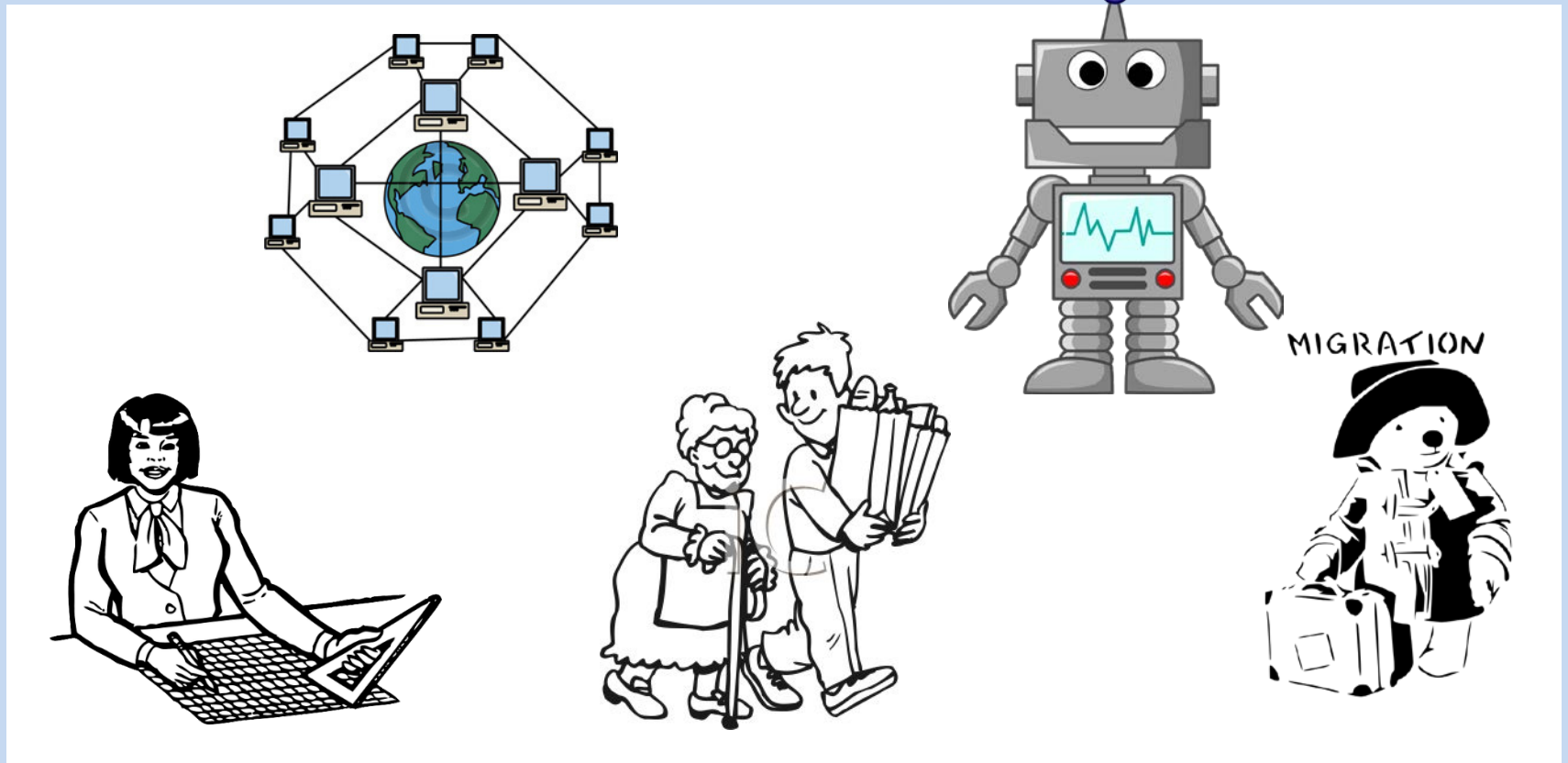


# Adaptive SPJ systems help countries and governments become resilient



Common and increasing shocks

# SPJ systems must respond to changes in the world of work



# ...and to perennial challenges in the world of work

informality

low productivity

Instability of income

youth inactivity

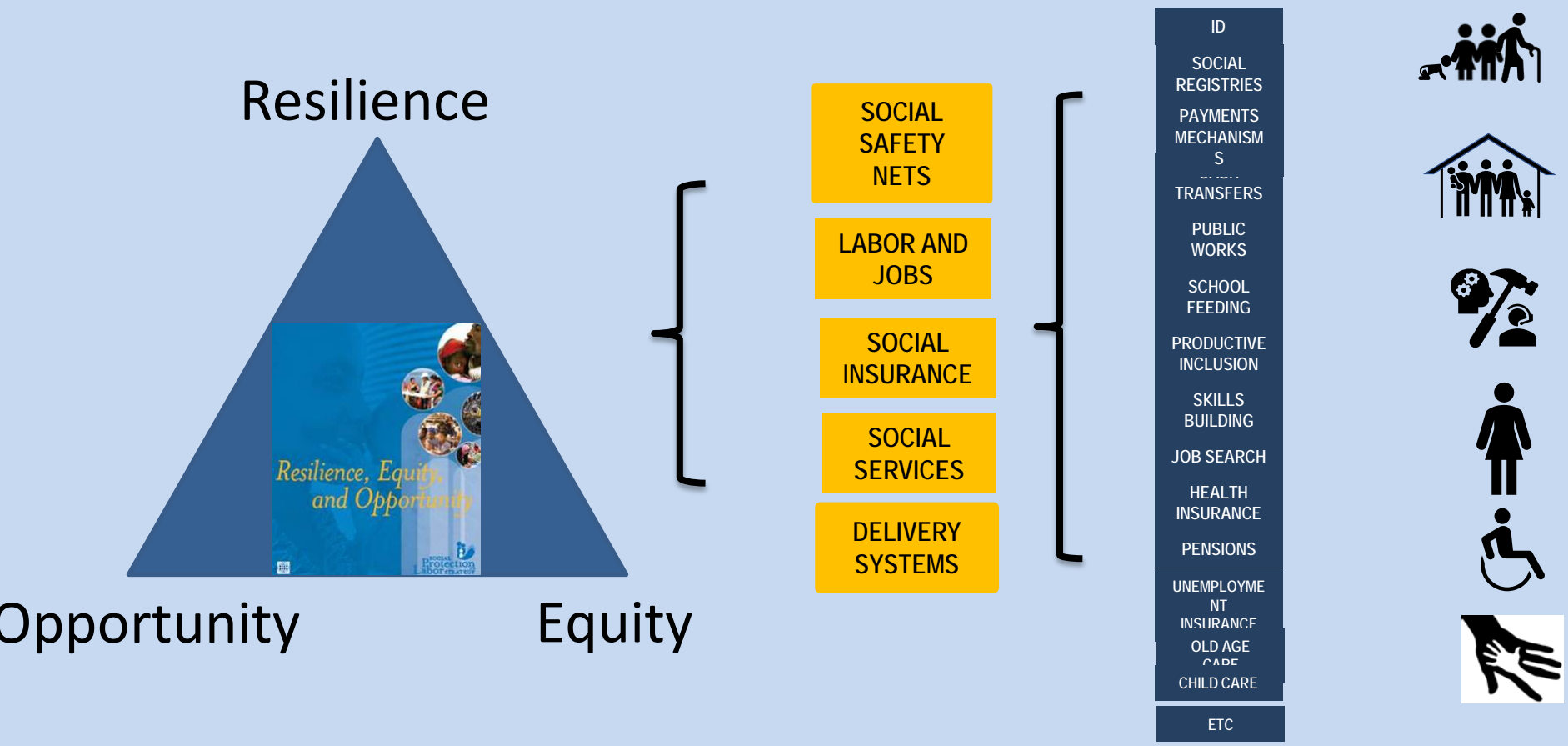






# WHAT IS SPJ IN PRACTICE?

**World Bank definition** “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.....



# Universal Social Protection for all in Need

## To build opportunity, equity and resilience

Individual programs and systems

have several desirable attributes:

... appropriate, inclusive, adequate, equitable,  
cost-effective, sustainable, incentive-compatible,  
dynamic...

(some of which are in tension with each other)

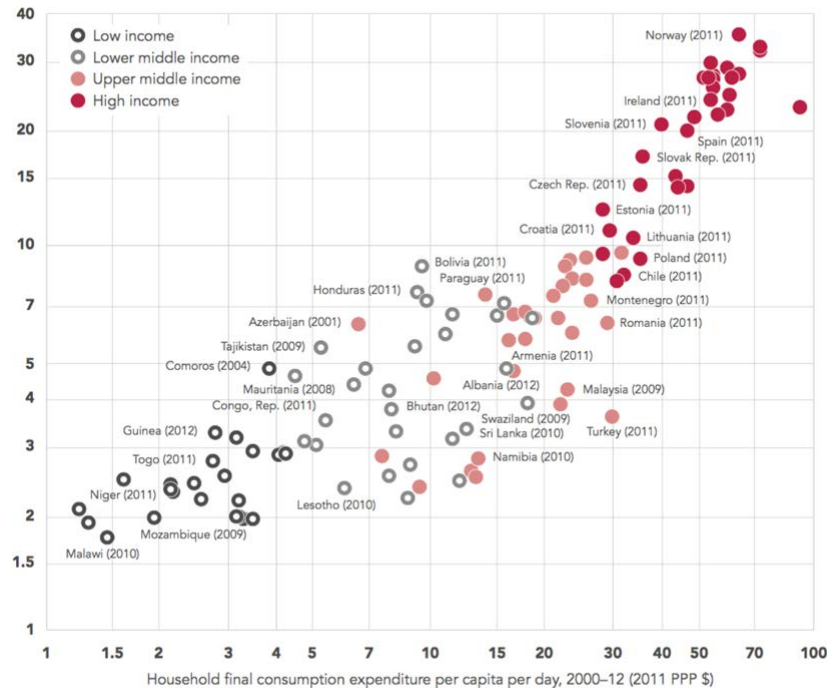
# SPJ systems must respond to many different contexts, different needs

## Different notions of poverty

## And needs of different groups

**1c Richer countries tend to have higher national poverty lines**

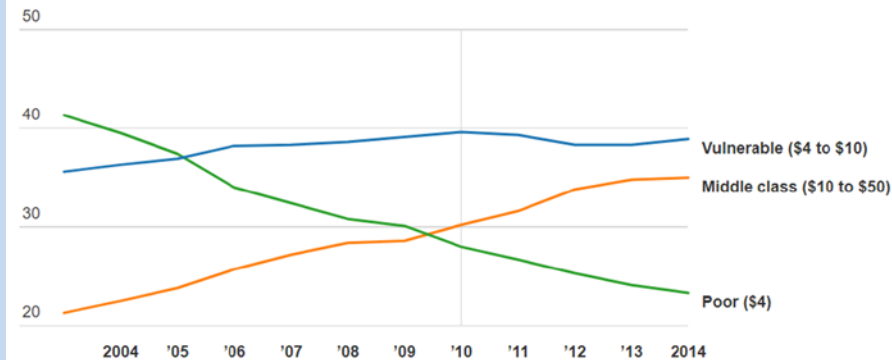
National per capita per day poverty line, 2000–12 (2011 PPP \$)



Source: Jolliffe, D. M., and E. B. Prydz. 2016, *Estimating International Poverty Lines from Comparable National Thresholds*, Policy Research Working Paper WPS 7606, Washington, DC: World Bank Group.

## Economic slowdown stalls middle class growth in Latin America and the Caribbean

Percentage of the population (%)



Source: [LAC Equity Lab](http://LAC.Equity.Lab)

# Core social protection domains interact

Labor and  
Jobs

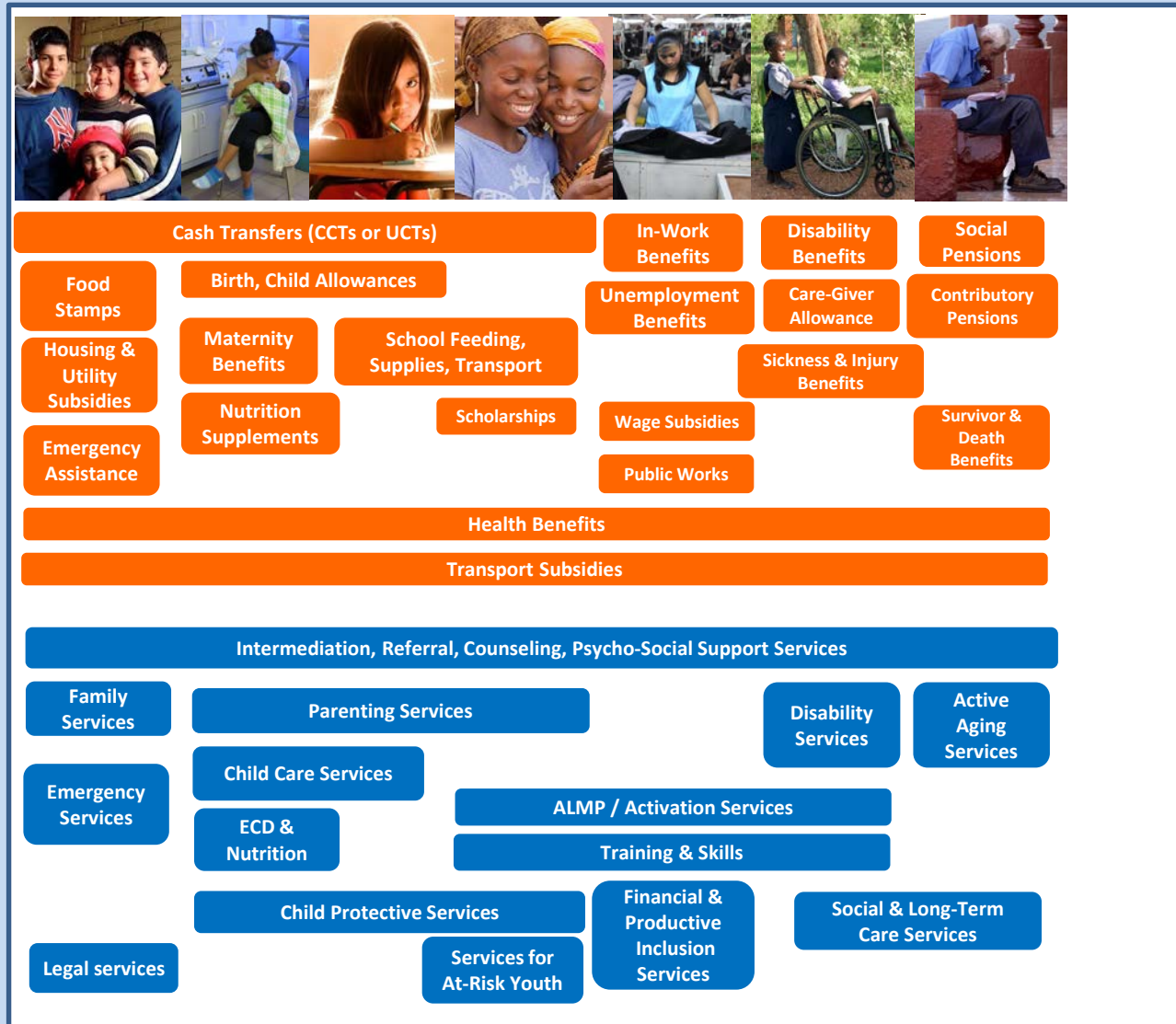
Social  
Insurance

Social  
Assistance

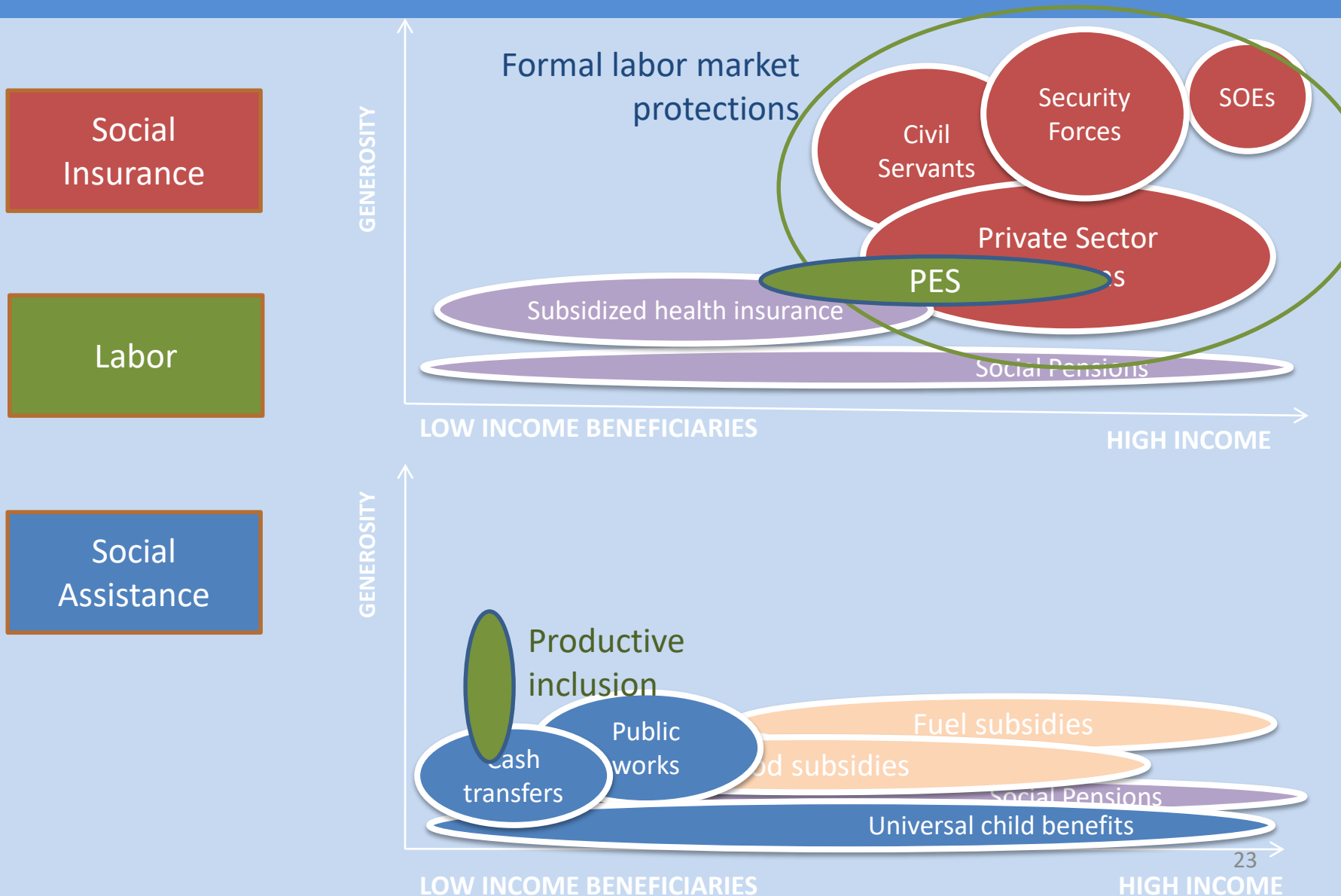
Individual interventions can affect opportunity, equity, resilience

Weakness in one dimension demands strength in others

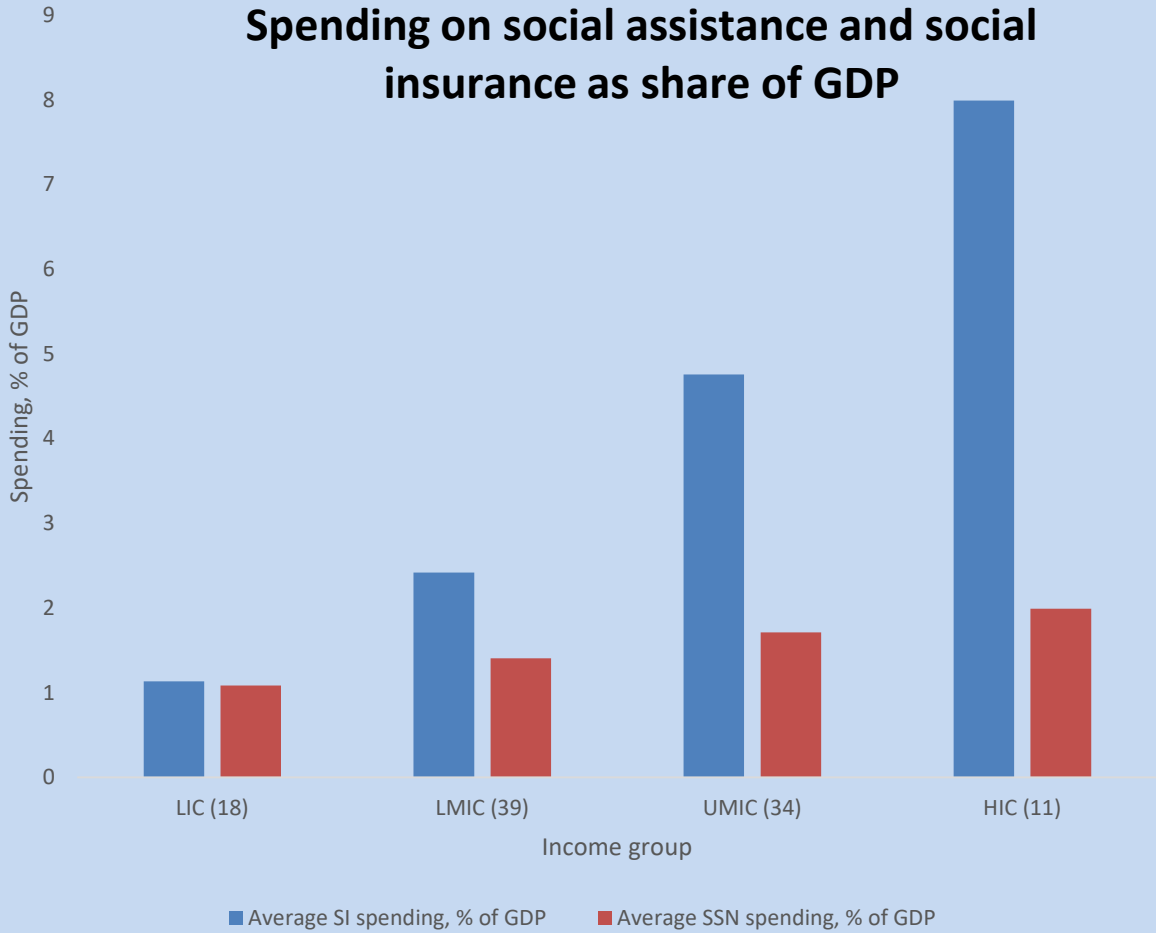
# Given the diverse needs, countries offer a myriad of social benefits & services



# A "typical" social protection landscape....



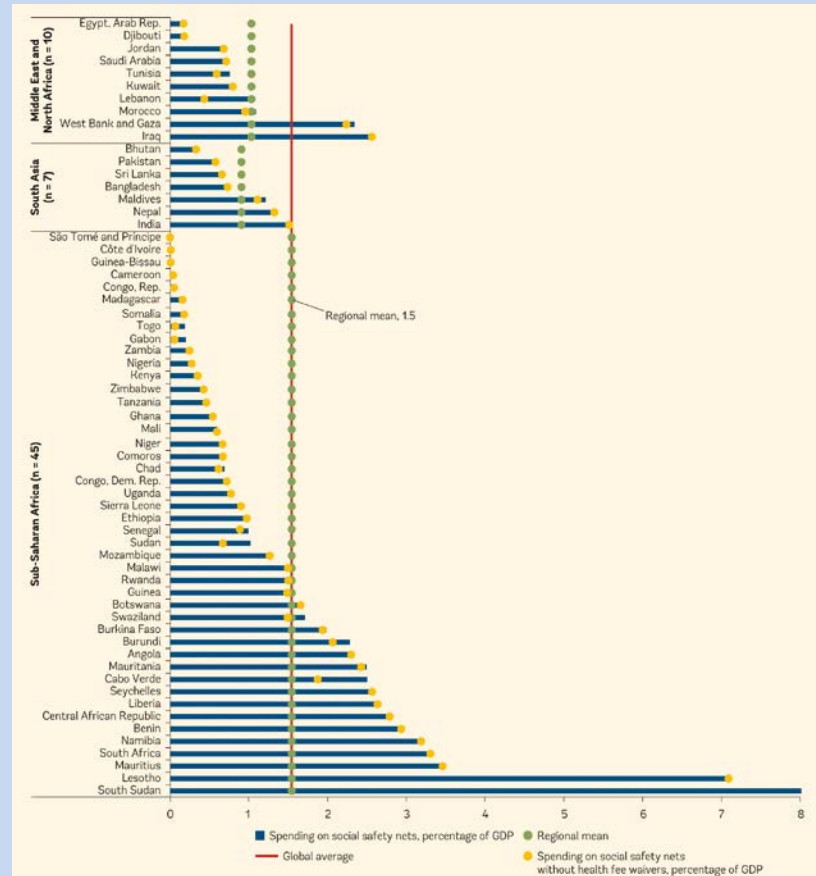
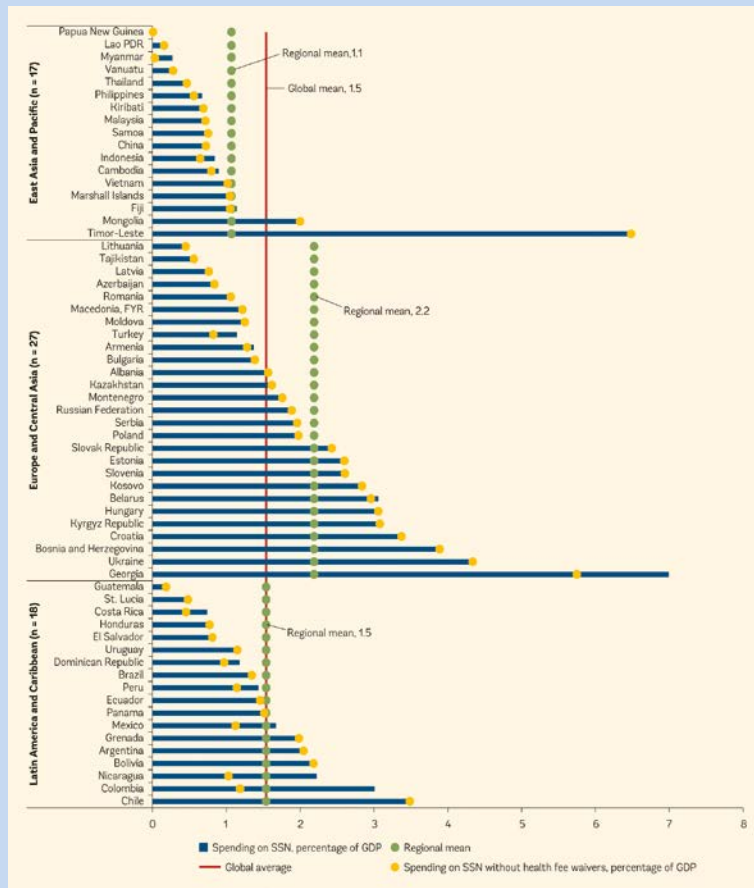
# Greater spending on social insurance than social assistance





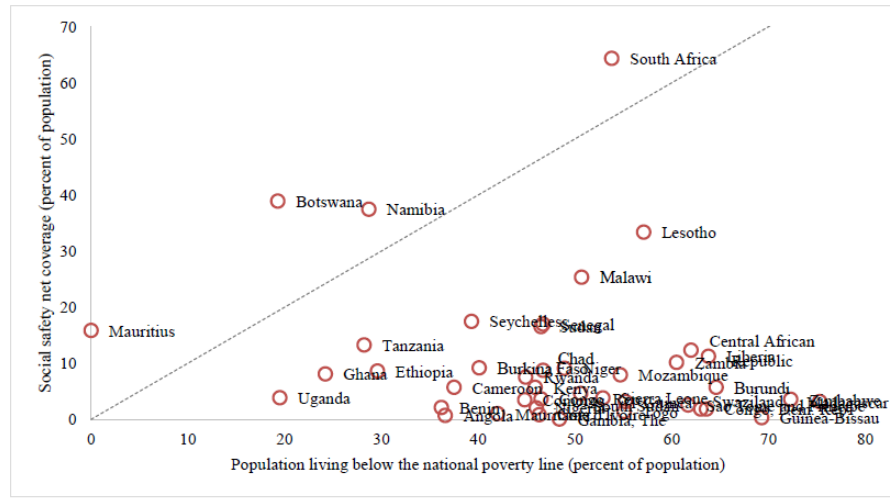
# Significant country variations are hidden behind the averages

## Share of GDP spent on Social Assistance



# Resources are scarce and unstable, especially in low income countries

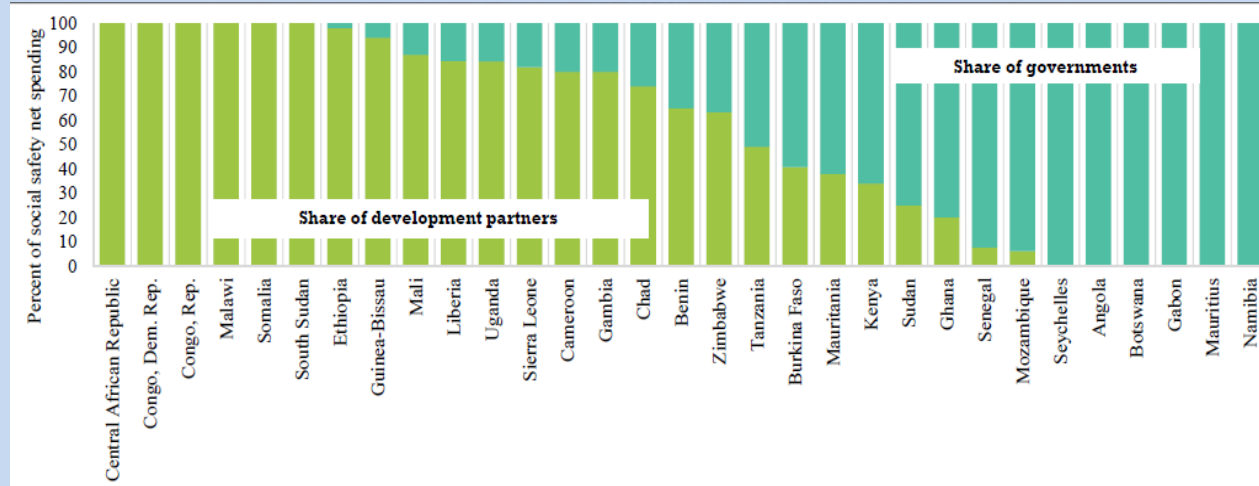
Figure O.5. Social Safety Net Coverage Is Not Proportionate to the Extent of Poverty



Resources too few to cover all of poor

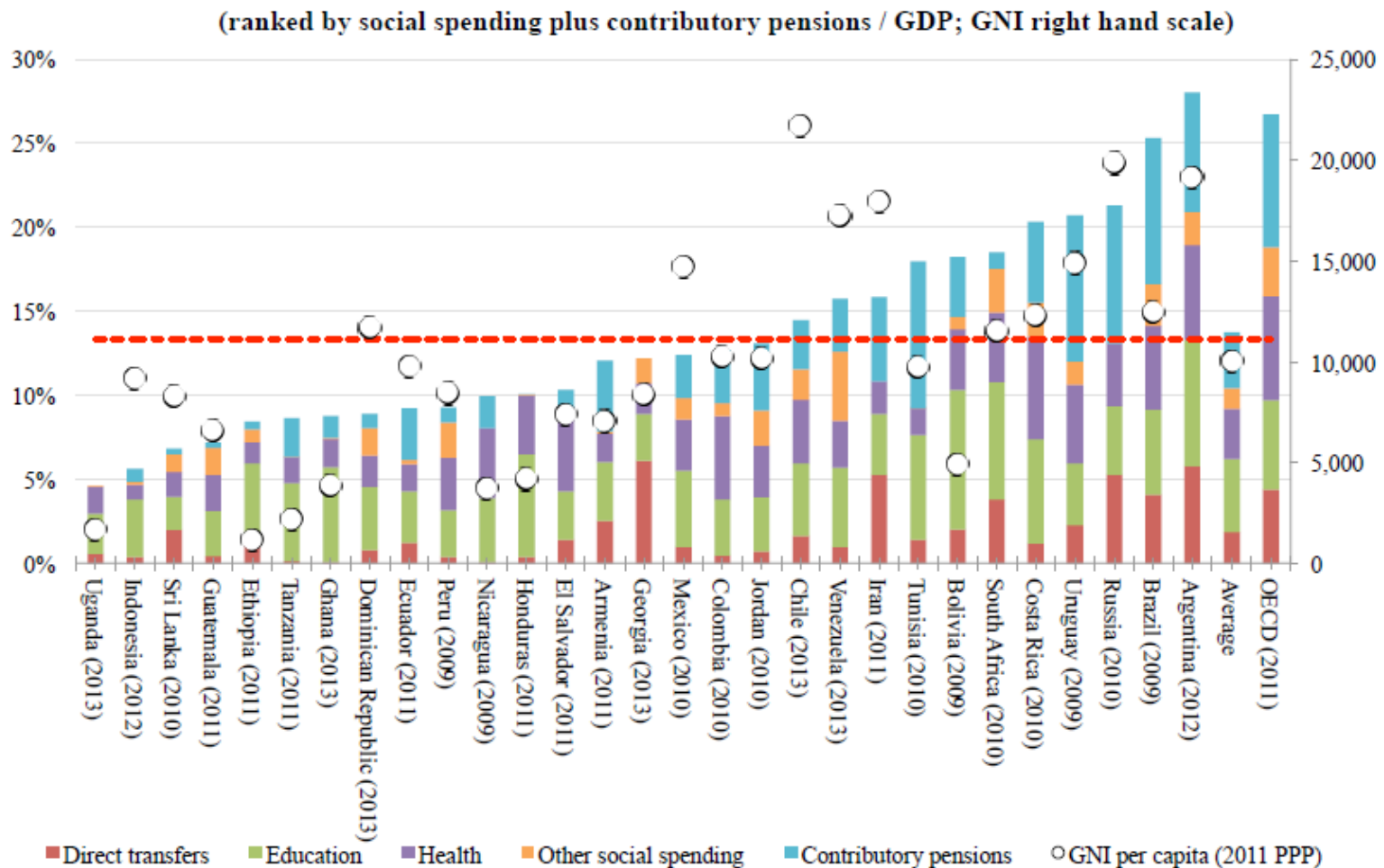
Beegle, Couduel, and Monsalve 2018

And often from donors, not govt



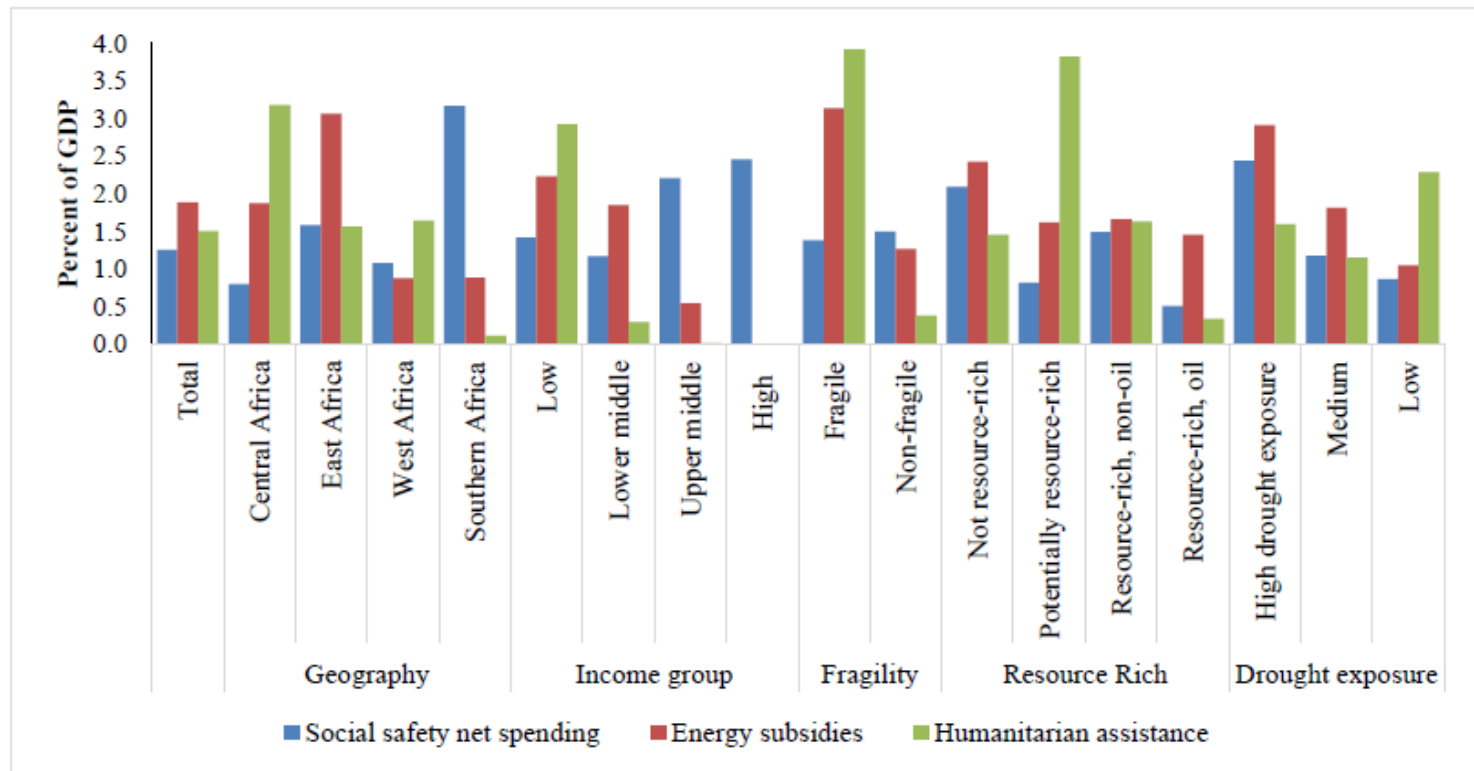
# Social protection often small compared to health and education spending

Panel B: Composition of social spending plus contributory pensions as a % of GDP.



# Spending on Energy Subsidies Is Often Greater Than Spending on Social Assistance

## Evidence for Africa

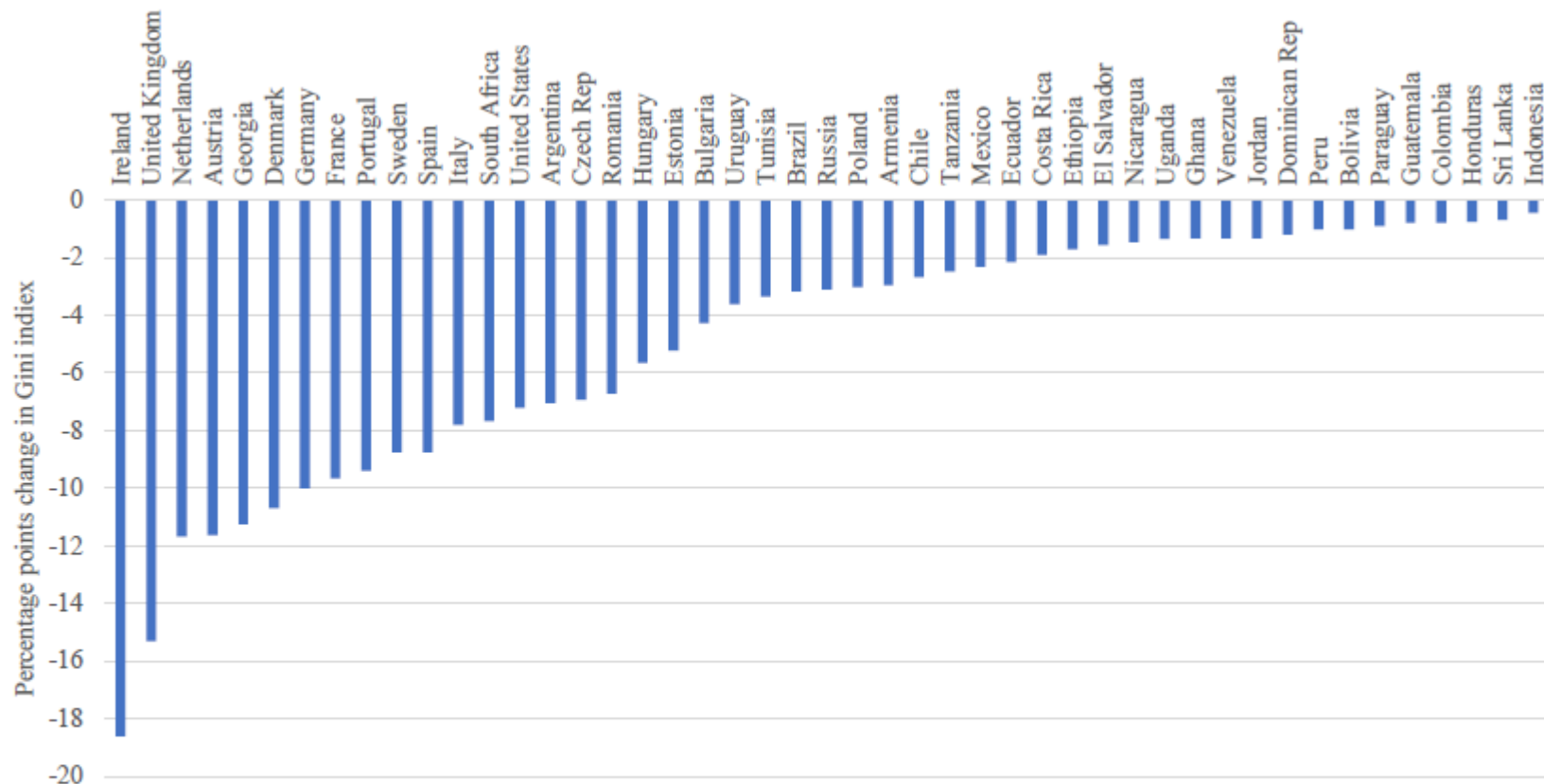


Sources: Spending on social safety nets: ASPIRE (Atlas of Social Protection Indicators of Resilience and Equity) (database), Administrative data, World Bank, Washington, DC, <http://datatopics.worldbank.org/aspire/>. Spending on subsidies: Coady et al. 2015. Humanitarian aid: Development Initiatives 2017.

Note: See methodology in appendix B.4.

● Rectangular Snip

# Tax and transfer systems in client countries have limited impact on inequality



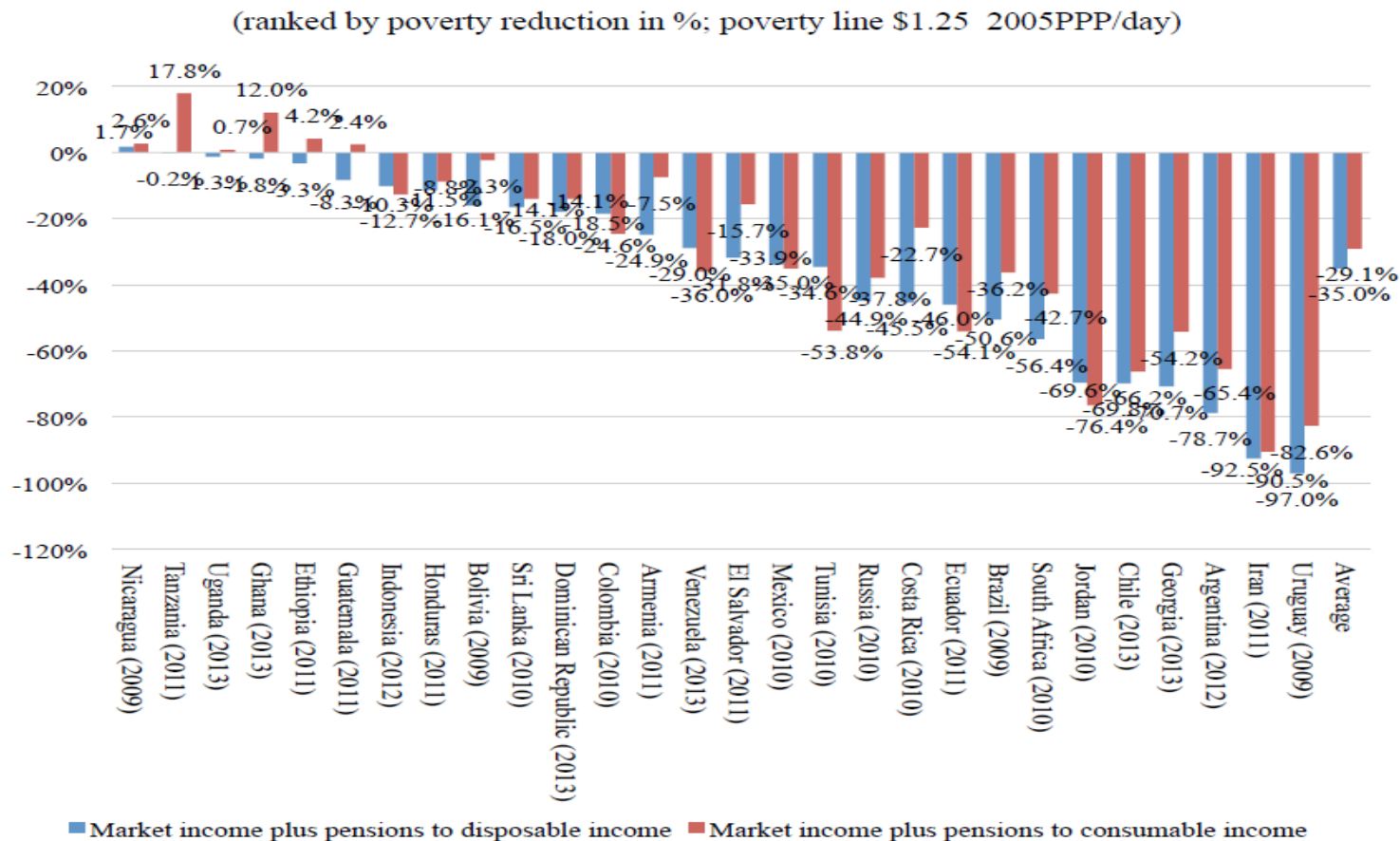
Source: Euromod and Commitment to Equity database, and references therein.

Note: Difference in market income plus pensions and disposable income. Gini index ranges from 0 (perfect equality) to 1 (highest inequality).

# And often are too small to conquer poverty either

**Figure 9: (Panels A and B): Fiscal Policy and Poverty Reduction (circa 2010): Change in Headcount Ratio from Market to Disposable and Consumable Income; in Percent (Contributory Pensions as Deferred Income)**

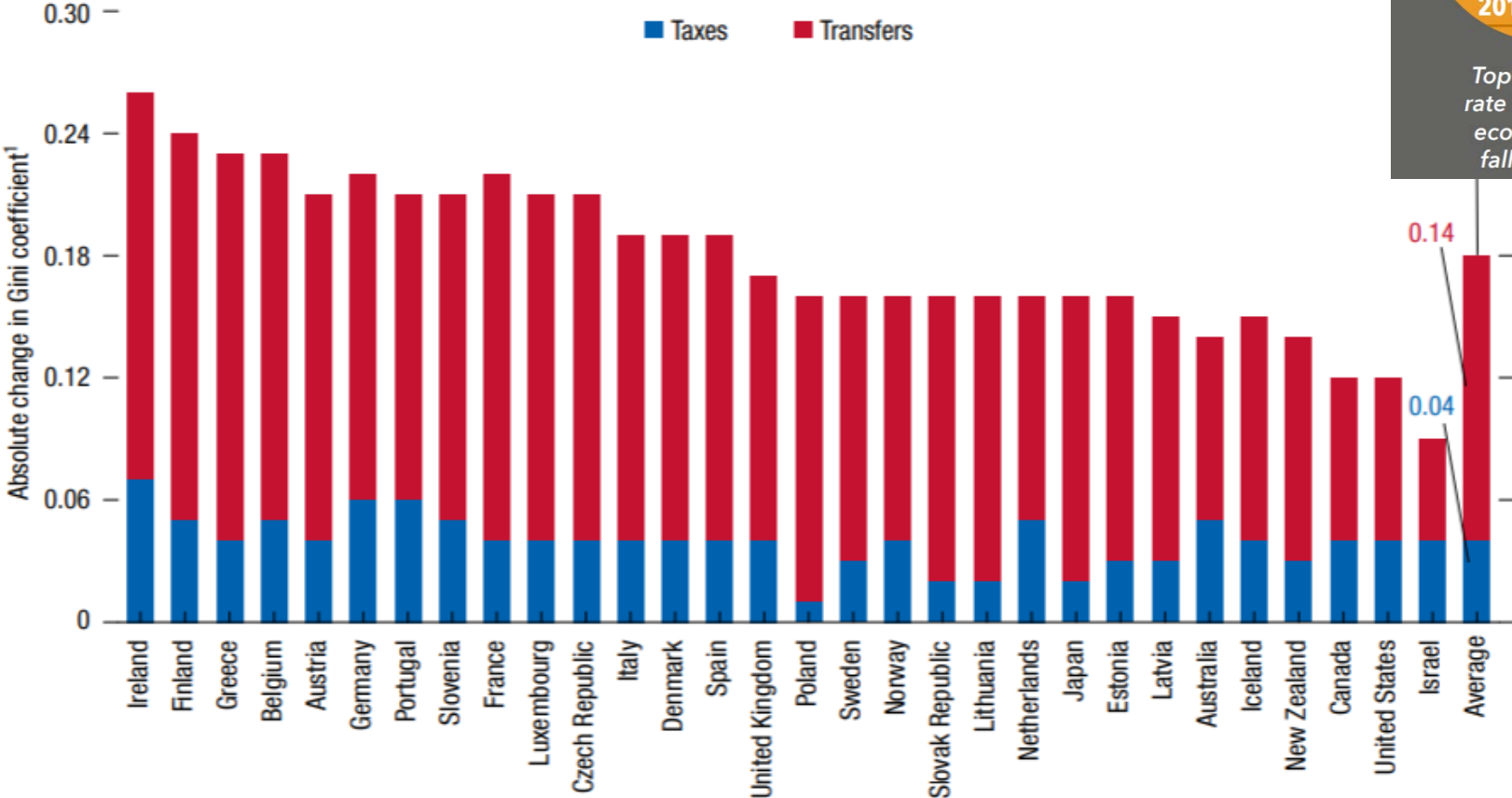
Panel A: Poverty Line \$1.25 (2005 PPP/day).



# There is more redistribution in advanced economies, but it mostly comes from transfers, not taxes

IMF Fiscal Monitor October 2017

**Figure 1.9. Redistributive Impact of Taxes and Transfers in Advanced Economies, 2015 or Latest Year**



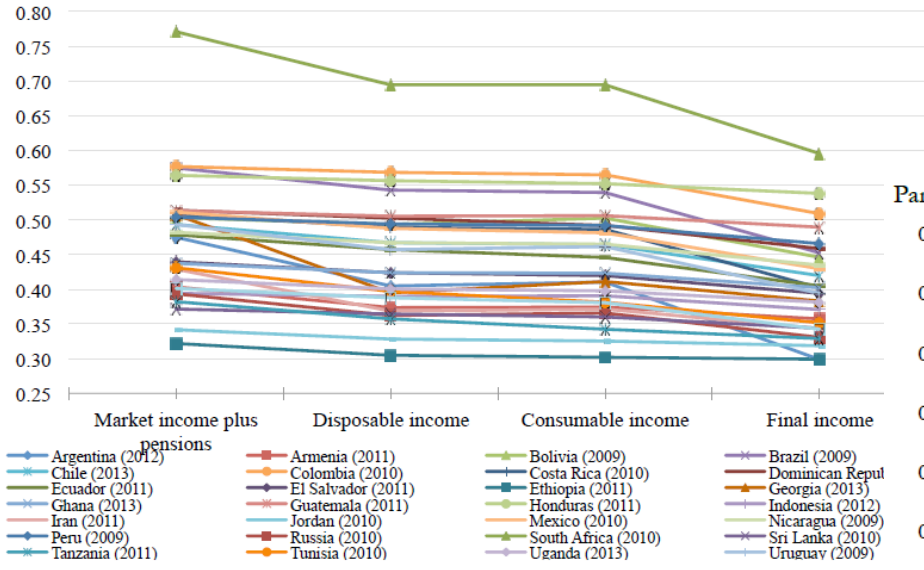
**1981**  
**40%**  
DROP  
PERSONAL  
INCOME  
TAX RATE  
**2017**

*Top income tax rate in advanced economies has fallen by 40%*

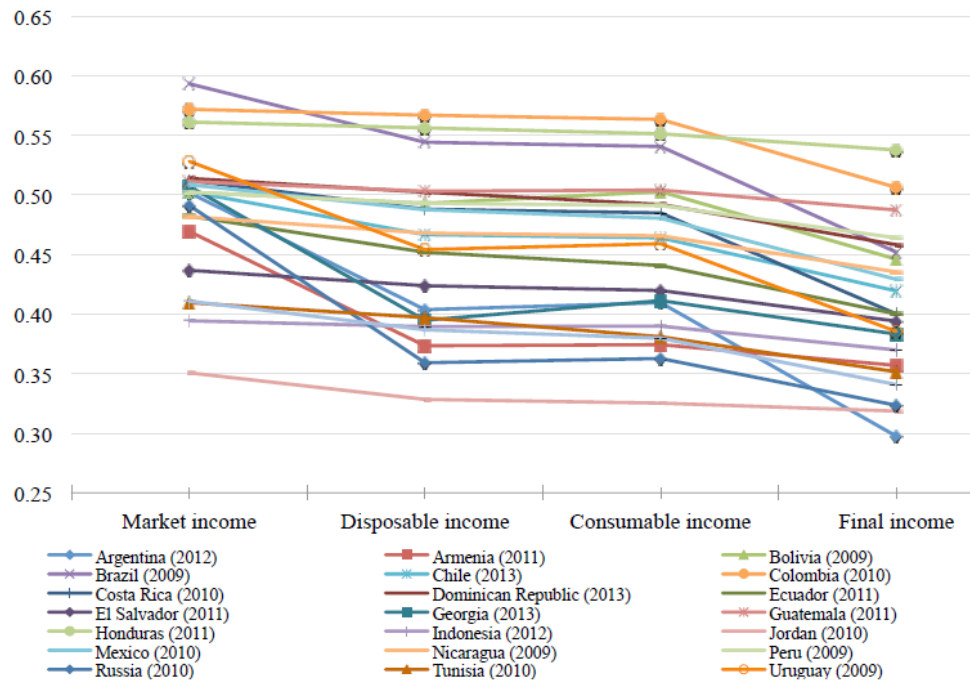
# The distributional take away on pensions depends in part on whether you think of them as deferred wages or as transfers

Figure 3: (Panel A and B): Fiscal Policy and Inequality (circa 2010): Gini Coefficient for Market, Disposable, Consumable, and Final Income

Panel A: Contributory pensions as deferred income.



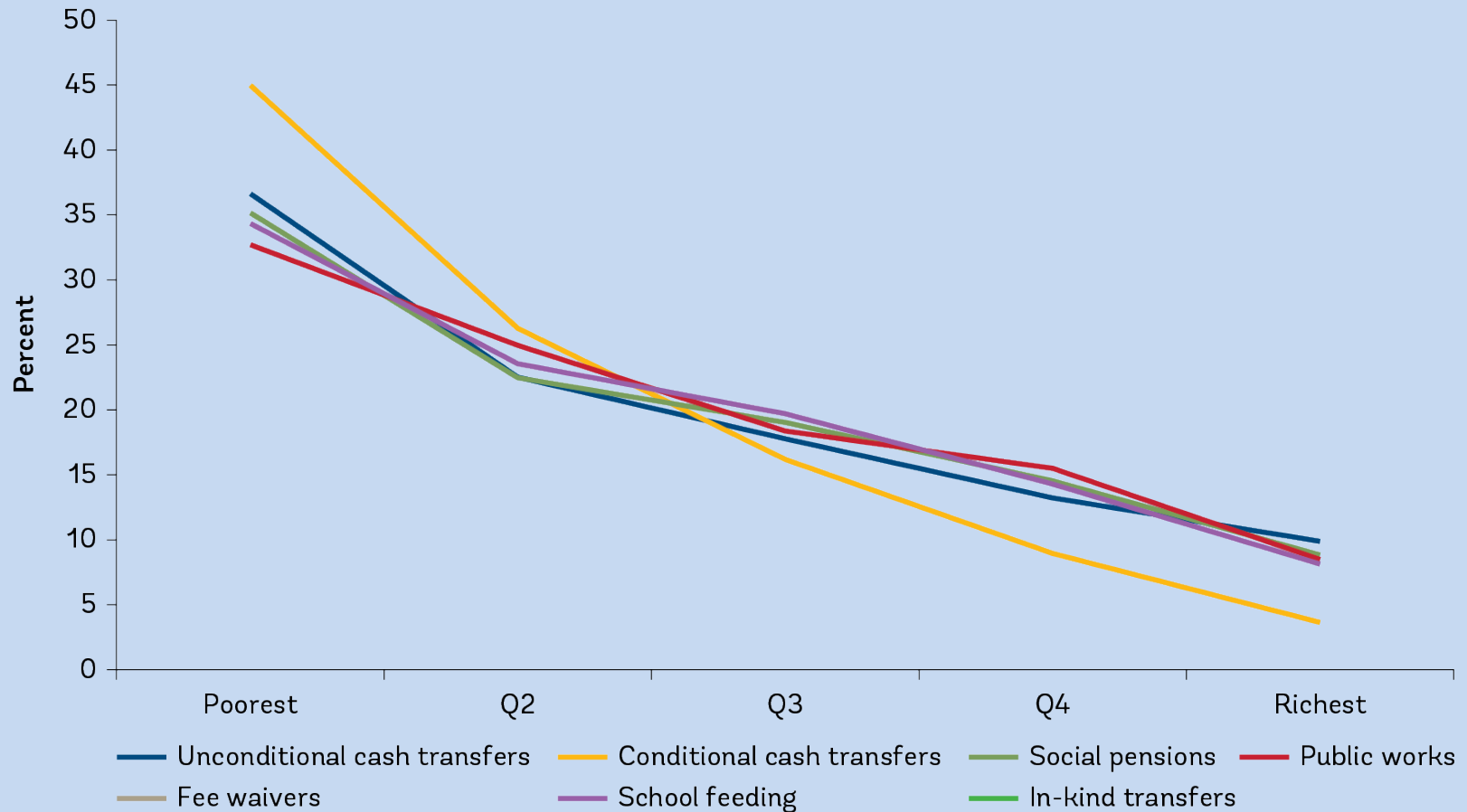
Panel B: Contributory Pensions as Transfers



CEQ; Lustig 2017

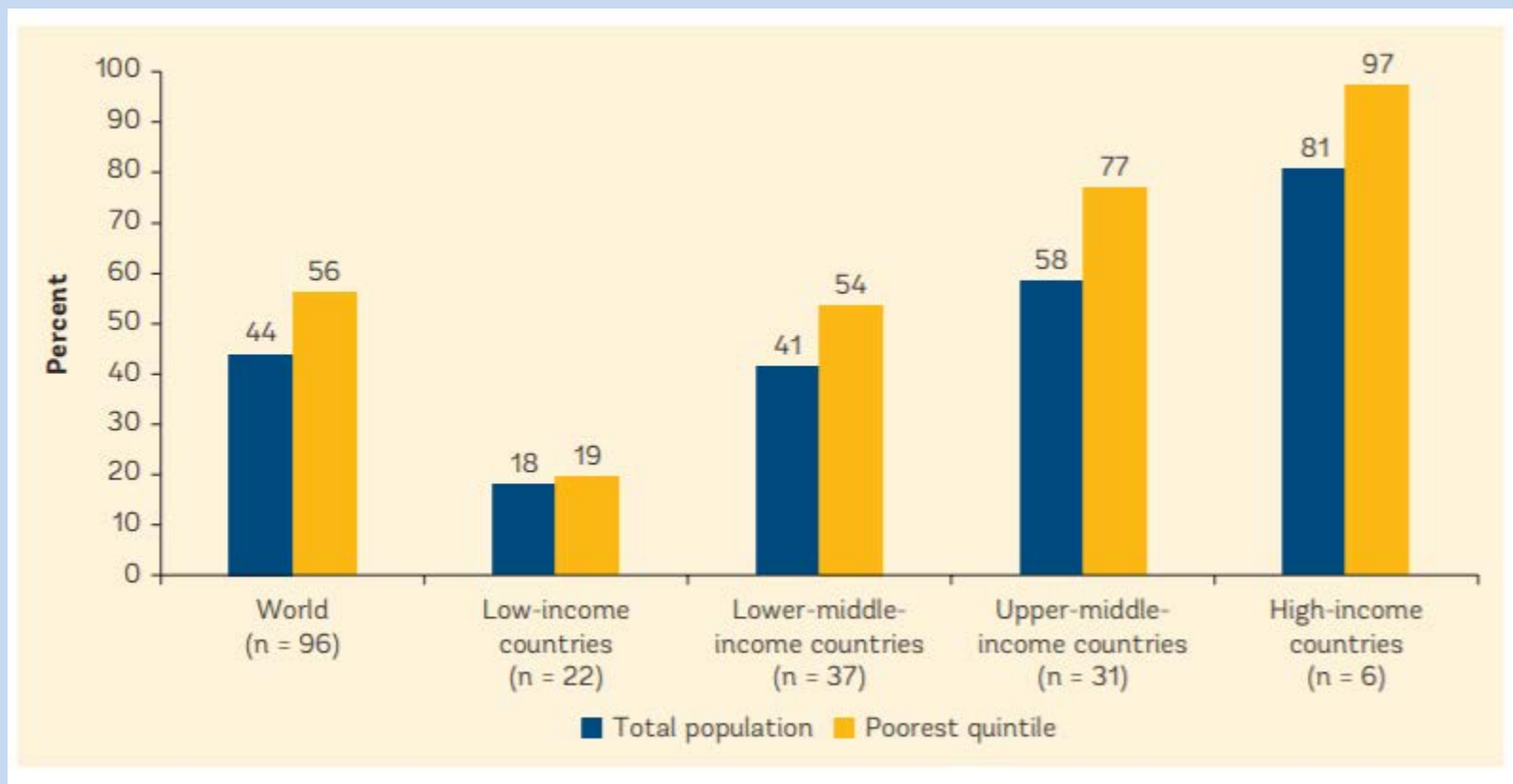


# Globally, incidence is progressive for all social assistance instruments



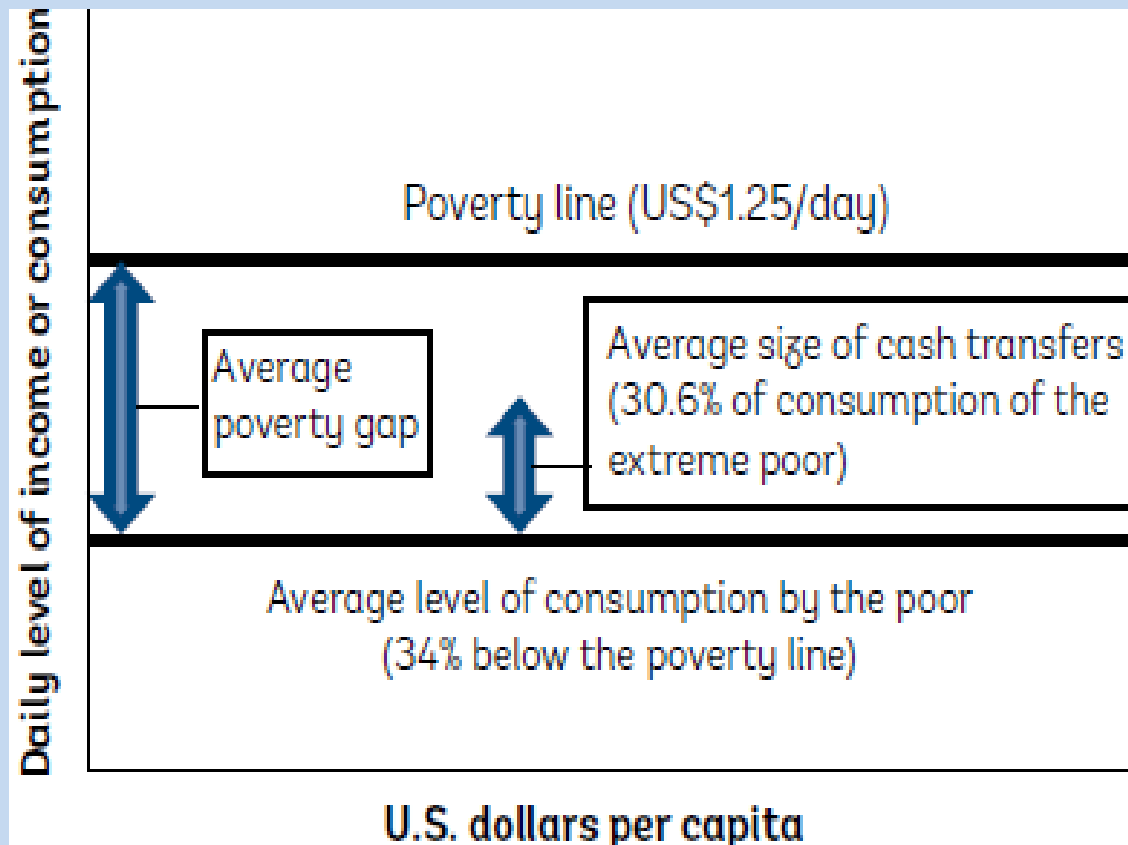
# Coverage is inadequate, especially in low income countries

**Coverage of Social Protection and Labor Programs, Poorest Quintile, programs in household surveys**



# ...and benefits can be low

## LEVELS OF ASSISTANCE TO THOSE IN NEED



# SPJ systems are complex

## Bangladesh:

**26** SSN programs  
**41** SPJ programs  
**0.73%** of GDP on  
SSN  
**161** mn  
population  
**\$1359** GDP/cap  
LIC

## Philippines:

**16** SSN programs  
**40** SPJ programs  
**0.67%** of GDP on  
SSN  
**102** mn  
population  
**\$2952** GDP/cap  
MIC

## Brazil:

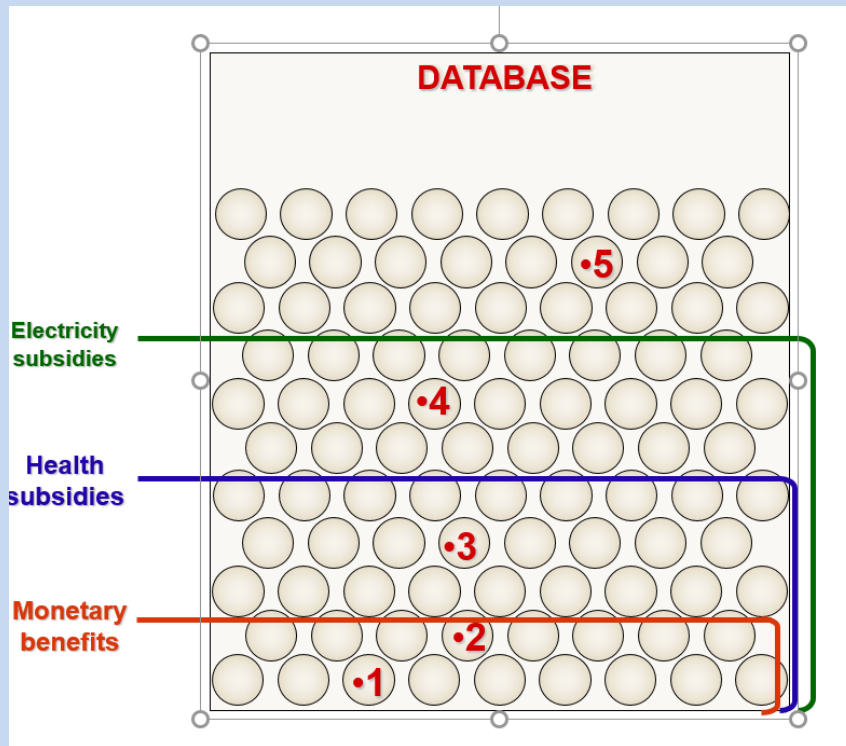
**24** SSN programs  
**71** SPJ programs  
**1.35%** of GDP on  
SSN  
**206** mn  
population  
**\$8650** GDP/cap  
MIC

## Chile:

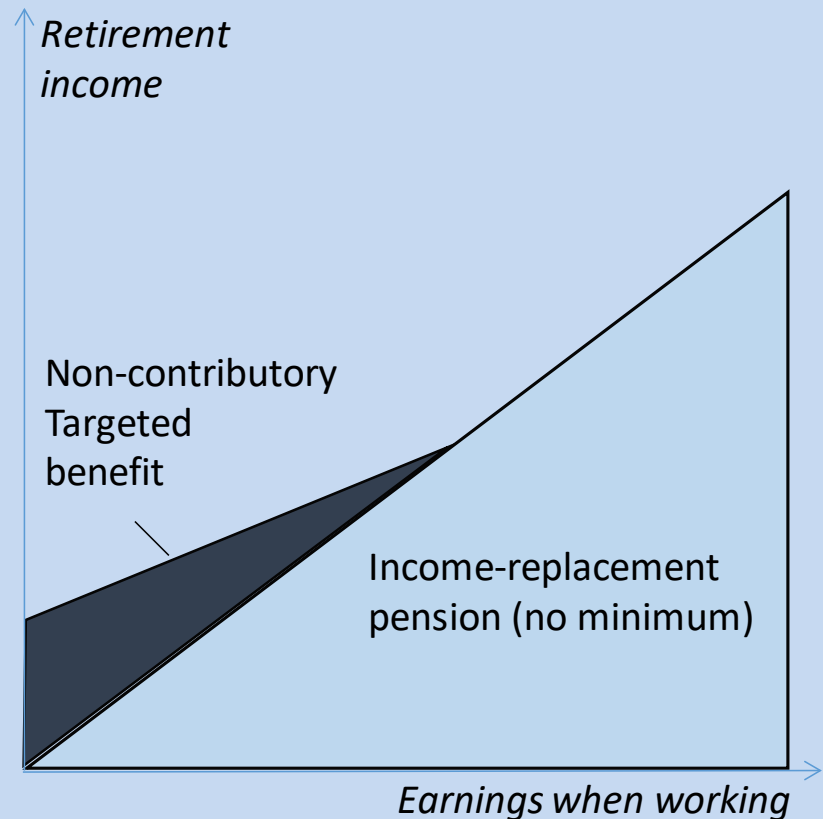
**80** SSN programs  
**179** SPJ programs  
**3.49%** of GDP on  
SSN  
**18** mn population  
**\$13,793** GDP/cap  
U-MIC

# But should fit together in sensible ways

**Georgia: shared social registry, calibrated thresholds**

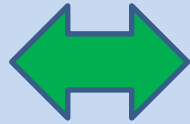


**Chile: coordinating contributory and non-contributory pensions**

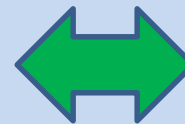


# Delivery Systems: the conduit from funding to client

## Institutions & Governance



## Information Systems



## Citizen Interface



# A recurrent challenge is dynamism in who is served

Program entry can look like this:



When it should look like this:





# SPJ IN THE WORLD BANK



# Gradual articulations of SPJ



**WDR 1980**

**WDR 1990**

**WDR 1995**

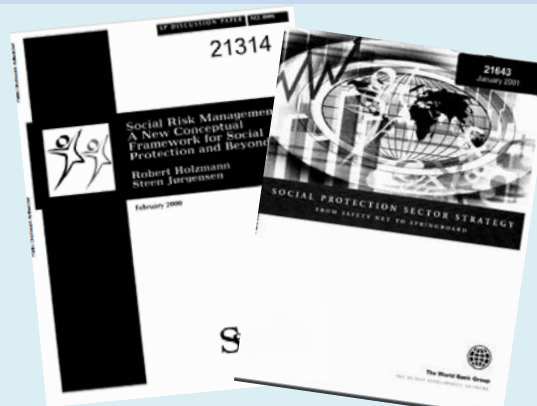
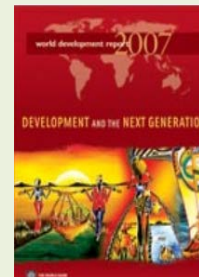
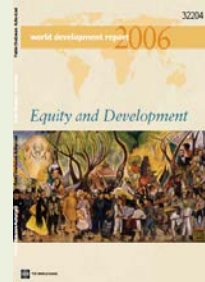
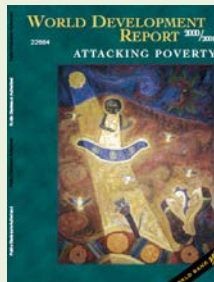
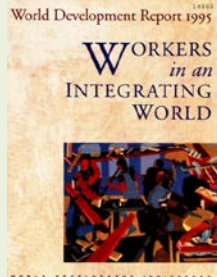
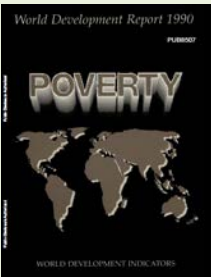
**WDR 2000**

**WDR 2006**

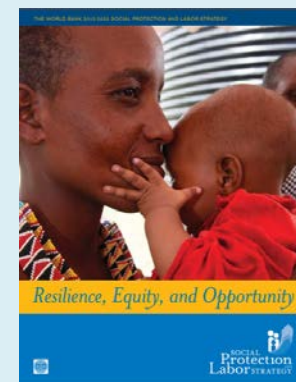
**WDR 2009**

**WDR 2013**

**WDR 2018**

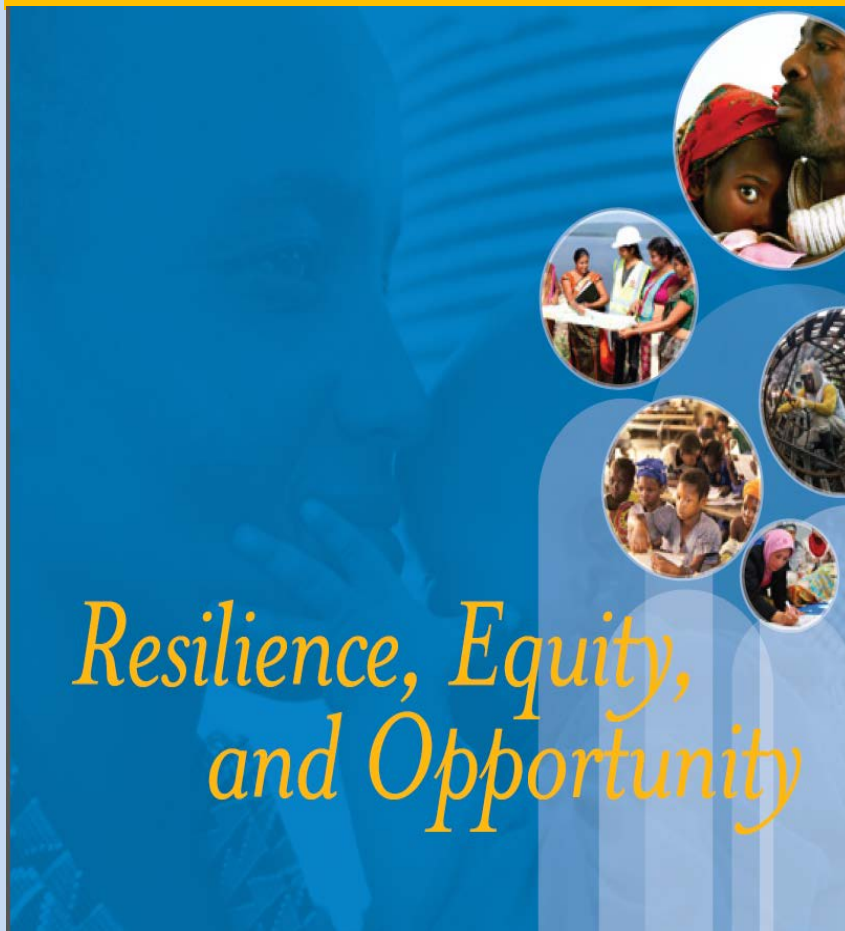


**SRM1.0 & SP Strategy 2000/1**



**SPL Strategy 2012**

THE WORLD BANK'S  
SOCIAL PROTECTION AND  
LABOR STRATEGY  
2012-2022



*Resilience, Equity,  
and Opportunity*

**Inclusion**



**Productivity**



**Responsivity**

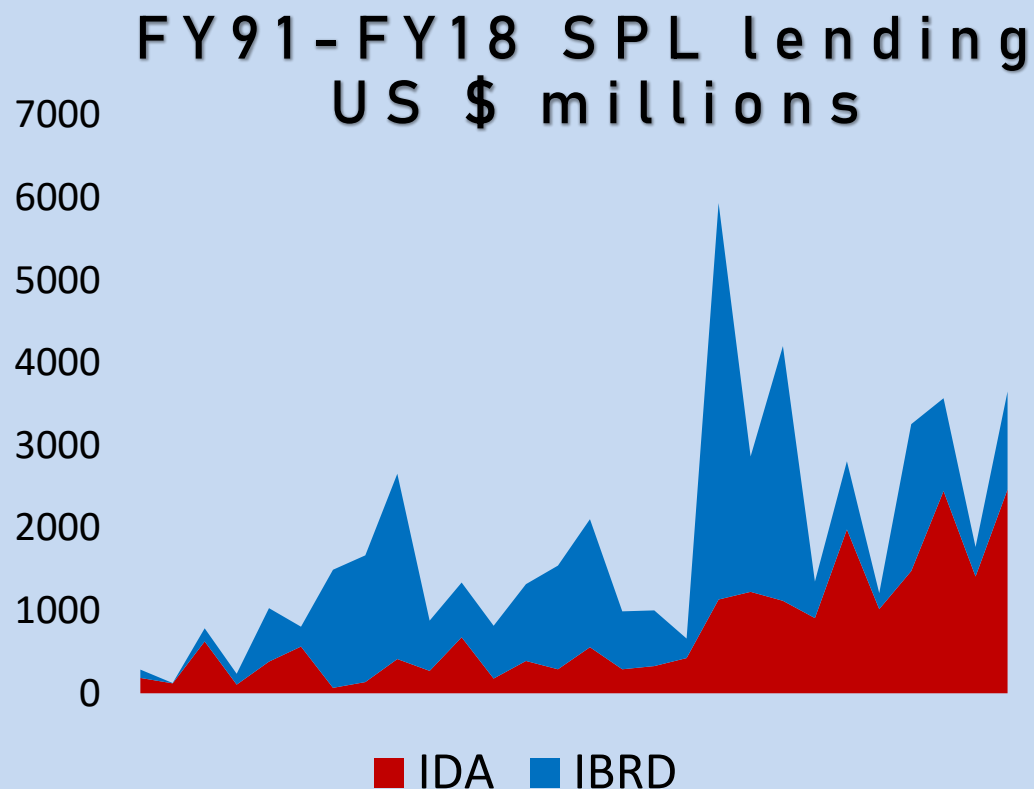


**Coordination**



# World Bank SP Engagements: numbers

- Lending in 69 countries
- Analytic work in 82 countries
- From:
  - Afghanistan to Zimbabwe,
  - Saint Martin to China,
  - fragile states to EU
- From a practice dominated by IBRD to one majority IDA and with engagement in most fragile states



# World Bank SP engagements: content

parametric pension reform, systemic pension reform, informal sector pensions

Jobs Diagnostics, labor market reforms, youth employment, training, public employment services, migration support services

Cash transfers, public works, social pensions, disability benefits, school feeding, food programs, fee waivers for housing or energy, etc.

MT, HMT, PMTs, CBT, geographic, demo, mixed methods

ID, social registries, information systems, payment mechanisms, citizen interface

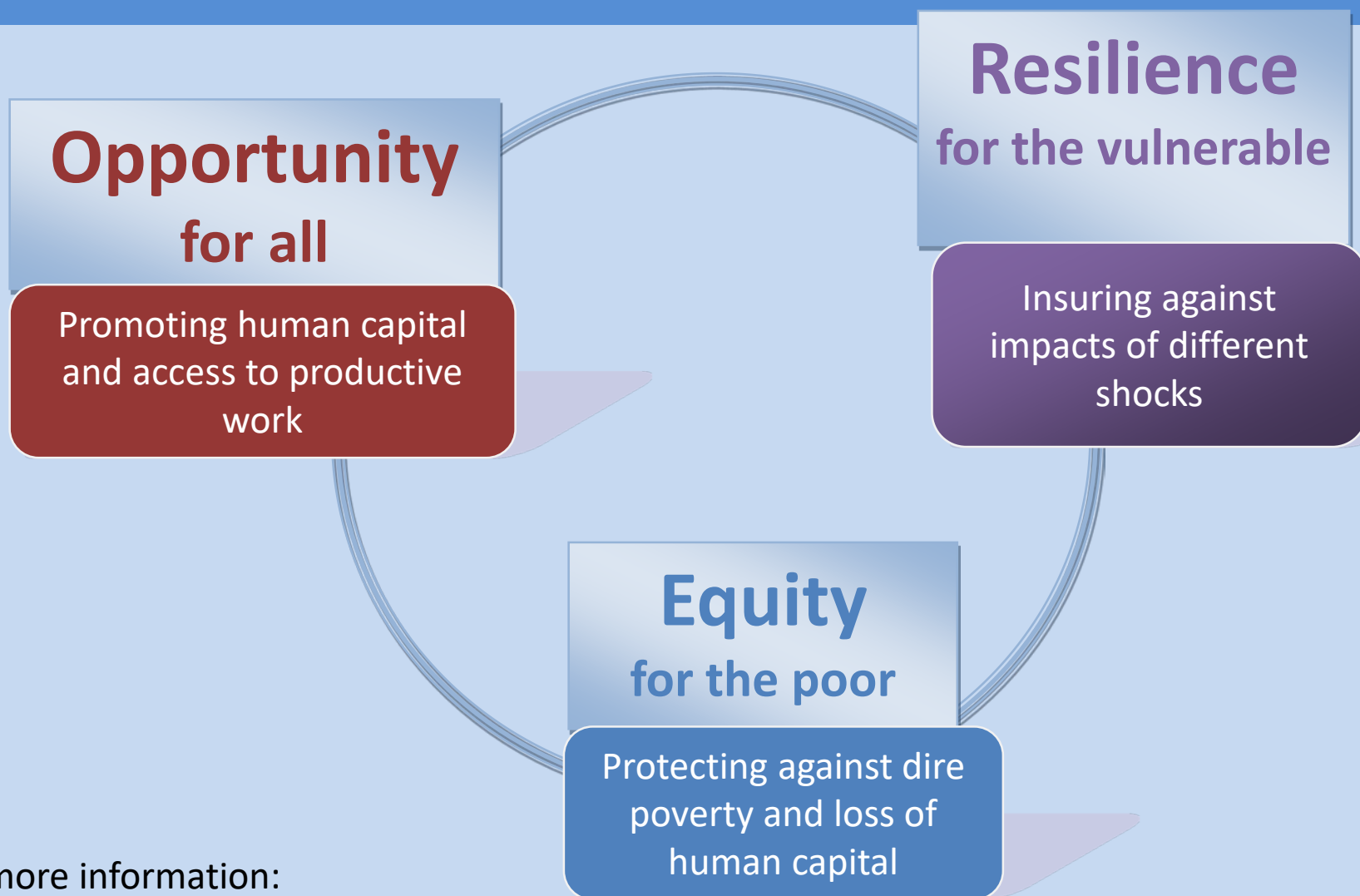
Social intermediation, social care services

RCTs, PSM, RDD, process evaluations, qualitative assessments

# Joining in Ongoing Vibrant Debates in the Sector

- Framing: Human Rights – Human Capital
- Universalism: Of what? of promise of protection when needed? Or a payout? How to get there?
- Consensus building: role and shape of SP in fiscal space and social contract, new emphasis on tax side
- SP's place: the humanitarian – development nexus
- Jobs Externalities: how big? how to handle?

# Universal Social Protection Systems



For more information:

<http://www.worldbank.org/en/topic/socialprotectionlabor>