For Protection and Promotion:
The Design and Implementation of Effective Social Safety Nets
Ruslan Yemtsov
December 2014 Washington, D.C.

Based on the World Bank SP&L 2012-22 Strategy Background Paper by David Robalino, Laura Rawlings and Ian Walker.
System: simplifying

- Something complex where there are different parts working together to generate outcome / or functions
- Where the whole is bigger than sum of individual parts
- Something that exists long enough / is sustained over time / can adapt to changing environment
- … anything that we like…. 
What do we mean by Social Protection and Labor?

Social Protection

Social Insurance

Schemes that deliver benefits based on contributions of their own members; pensions, unemployment insurance.

Social Safety Nets

Noncontributory transfer programs targeted to the poor; cash transfers, food stamps, in-kind transfers, school feeding programs, etc.

Labor Policy

Regulatory aspects of labor; active labor market policies, income support for the unemployed.
Why systems?

- Global Challenges
- Global Gaps
- Operational efficiency
Global challenges

INCREASING RISK

ACCELERATED AGING

Lack of Knowledge on how to Address these Challenges

BULGING YOUTH POPULATIONS

PERSISTENT POVERTY

Depth of extreme poverty: Poverty gap at $1.25/day (PPP, %, log scale)
The target of 3% by 2030
Sub-Saharan Africa can and should take a leading role

* Preliminary
The target of 3% by 2030

- Is this target feasible given recent history? **Yes**
  - Last 20 years: poverty has fallen about **one percentage point per year**
  - Requires at least keeping the pace of average consumption growth since 1999 (4.3% per year) with no increase in inequality
  - Technological changes increasing effectiveness of poverty reduction efforts
  - Evidence of job creating growth in LICs and MICs and effective social policies

- Is reaching this target certain? **No**
  - Global shocks and natural disasters could lower consumption growth
  - Within country inequality may increase
First — Analyze performance by income growth of the poor

Second — Analyze performance of the poor compared to the average
United States

Income Growth of the Bottom 40%
1967-2011: 0.55% p.a.
2000-2011: -1.41% p.a.

GDP per capita

Mean income of bottom 40%
Growth in incomes of the poor requires overall growth. But the same level of growth might result in different outcomes.
Growth, Jobs, Social Protection and Poverty

Last decade: reductions in poverty mainly due to labor market and transfers

![Chart showing annual poverty reduction in percentage points for selected countries.](chart.png)


Headline 2008

Food & Fuel Price Increases, Financial Crisis Hits

World Bank Index of Commodity Prices

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(June 2008

Energy, Food Grains

Timeline:
- 1985: Bolivia ESF 1987
- 1990
- 1995
- 2000
- 2005
- 2010
- 2015

Crisis

Crises
2/3s developing countries improve SSN during crisis
The revolution is happening where needs are greatest

- **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
An increasing attention to systems: SPL strategies are instituted around the world
Recap

- Social protection is central to poverty reduction
- And to shared prosperity
- To respond to other challenges (shocks, technology…) new ways to protect people are needed
- There is an increasing commitment to social protection, but…
SPL challenges

Low Coverage, particularly in low-income countries

Fragmented Programs

Example: where cash transfer programs in Sub-Saharan Africa are based

Source: Household survey data from 64 countries
Fragmentation of SPL...

... 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

![Diagram showing coverage gap](image-url)
This is how the system should work. Does it?
STEP framework (Source: World Bank 2010)

SPL System for Skills

1. CCTs: Nutrition
   - Getting infants off to the right start

2. CCTs: Education
   - Ensuring that all students learn

3. Active labor market programs: Training
   - Building job-relevant skills

4. Risk mitigation and innovation: Social Insurance
   - Encouraging entrepreneurship and innovation

5. Labor regulations
   - Facilitating labor mobility and job matching

Productivity & growth
Recap:

**Global Gap**

**Fragmentation**

What to do?

Build appropriate, country-specific, social protection systems

**Coverage**

Expand coverage, especially in low-income countries and fragile states

**Weak link to productivity**

Promote links to human capital, skills and labor market insertion

**Knowledge**

Expand investment in results and knowledge
Social Protection and Labor System

- Labor market services
- Training
- Employment incentives
- Supported employment and rehabilitation
- Direct job creation
- Start-up incentives
- Unemployment benefits
- Early-retirement benefits

Social Assistance
- Last-resort social assistance programs (LRSA)
- Family and child benefits
- Social pensions
- Heating and housing allowances
- Disability allowances

Social Insurance
- Old age
- Disability
- Survivor
- Sickness
- Family/children

Labor Market Programs

23
Different way to classify functions of SP system

Promotion

Opportunity

Security

Protection

Equity

ALMPs:
- Training
- Credit
- Intermediation

Social insurance:
- Pensions
- Unemployment
- Health

Social assistance:
- In-kind transfers
- Cash transfers
- Subsidies
Promoting Shared Prosperity through Better Earnings, Employment and Job Quality

Reducing Risk of Slipping into Poverty through Better Insurance against Effects of Shocks

Reducing Extreme Poverty Now and for future generations

Labor Markets  Pensions  Safety Nets

Social Protection and Labor Systems
**SP System with 3 Functions goes beyond SP programs**

**Insuring against the Impact of Risk**
- Health insurance
- Crop and weather insurance
- Remittances
- Old age and disability pensions
- Unemployment and disability insurance

**Poverty alleviation**
- Charitable, family and community transfers
- Conditional and unconditional cash transfers
- Public works
- In-kind transfers

**Promotion of opportunities**
- Education, health & nutrition services
- Agricultural extension
- Microfinance
- CCT
- Skills training
- Labor facilitation and regulation reforms
Virtues of systems: (i) multiple instruments can be mobilized to manage a given risk; (ii) coordination of instruments across risks (iii) ensure incentives compatibility (less confusion) across program

**Protection**: Social pensions
**Prevention**: Old-age pensions, disability insurance

**Promotion**: Employment services, entrepreneurship, training and skills
**Protection**: Cash and in-kind transfers, public works programs
**Prevention**: Unemployment, disability insurance

**Promotion**: CCTs for (girls) education
**Protection**: Child allowances, school feeding

Levels of a SPL System

Portfolios of coherent programs that can communicate with each other, often share administrative sub-systems, and work together to deliver resilience, equity and opportunity.

**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.
Systems: Better social protection for the future

**Low capacity contexts**
Few or no functional formal 3P 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
Policy choices

(i) How various programs will be designed both in terms of their mandate and the choice of instruments?

- Balance between 3Ps;
- Rights vs discretion.
- **Harmonization, coordination or integration?**

(ii) How they will be financed?

- Affordability and sustainability.
- From “given budget” to mandates.
- Donor

(iii) What type of institutional arrangements will be used for implementation?

- Role of beneficiaries: from “recipient” to “principal”
- Common platforms (implementation mechanisms): registries, targeting, payments, outreach/intake staff, audits and control, evaluation.
Transition paths to more integrated SP systems
Challenges in the move beyond programs towards systems

- **Ownership/identity.** How to rally/mobilize support / attract leaders to impersonal “system”.

- **Agility/flexibility.** How to ensure rapid reaction when coordination has to involve many parties? How to avoid building large overly bureaucratized mega institutions?

- **Incentives for innovation.** Sometimes it is easier to make/test changes in isolated programs.

- **Externalities** can be negative: poorly performing scheme can draw resources from other parts;

- **Costs for beneficiaries:** in terms of knowing complex landscape/choices and being able to make decisions;

- **Interaction with private/informal arrangements.** Expanding coverage of increasingly complex public arrangements poses a challenge of crowding out private /informal networks.
What should we expect from more integrated social protection systems?

- Expanded coverage of SP programs.
  - A good SP system identifies coverage gaps and works to ensure the inclusion of the most vulnerable in the SP system and to eliminate overlaps and redundancies
- Greater equity
  - A good SP system will ensure that fiscal resources are equitably distributed, will achieve horizontal equity,
- Sustainability
  - By lowering administrative costs, garnering political support and directing resources to most efficient uses.
- Better labor market and human development outcomes.
  - By minimizing distortions, providing incentives to beneficiaries to graduate, workers to move to more productive employment and service providers to target services to most needy and to focus on results (rather that outputs)
- Ability to respond to crisis/resilience.
- Less poverty.
Thank you