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

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**

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


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 of 100 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.

Source: Taking on Inequality (World Bank, Joint EFI POV–DEC Flagship 2016), based on 2013 data from PovCalnet.
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)

Source: Taking on Inequality (World Bank, Joint EFI POV–DEC Flagship 2016), based on 2013 data from PovCalnet.
Children’s low human capital will impair their productivity and earnings
Human capital is low and lowest among the poorer

Disaggregation of World Bank Human Capital Index by Quintile


Notes: This graph plots the HCI disaggregated by quintiles of socioeconomic status (on the vertical axis) against log real GDP per capita (on the horizontal axis) for the most recent cross-section of 50 countries in the SES-HCI dataset. The solid dot indicates the average across quintiles, and the top (bottom) end of the vertical bar indicates the value for the top (bottom) quintile. The light grey data points show the global HCI for countries for which the SES-HCI is not available.
Social Protection Contributes to Human Development and Opportunity

Theory of Change

**INCOME SUPPORT**
- **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”**
- **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
- Improve child health, nutrition, and development
- Reduce child labor
- Reduce teenager pregnancy
- Increase school enrollment and attendance
- 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 INFORMATION
- ADAPTIVE PROGRAMS
- ADAPTIVE FINANCE
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....
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
Core social protection domains interact

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....

- Social Insurance
- Labor
- Social Assistance

Formal labor market protections:
- Civil Servants
- Security Forces
- SOEs
- Private Sector

Low income beneficiaries vs. high income beneficiaries:
- Generosity

Productive inclusion:
- Cash transfers
- Public works
- Universal child benefits
- Fuel subsidies
- Food subsidies
- Social Pensions

Low income beneficiaries vs. high income beneficiaries:
- Generosity
Greater spending on social insurance than social assistance

Spending on social assistance and social insurance as share of GDP

LIC (18)  LMIC (39)  UMIC (34)  HIC (11)

ASPIRE 2018
Significant country variations are hidden behind the averages.

Share of GDP spent on Social Assistance

State of Safety Nets 2018
Resources are scarce and unstable, especially in low income countries. Resources too few to cover all of poor. 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.

(ranked by social spending plus contributory pensions / GDP; GNI right hand scale)

CEQ; Lustig 2017
Spending on Energy Subsidies Is Often Greater Than Spending on Social Assistance

Evidence for Africa


Note: See methodology in appendix B.4.

Beegle, Coudouel, and Monsalve 2018
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
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
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

Source: ASPIRE
SPJ systems are complex

**Bangladesh:**
- 26 SSN programs
- 41 SPJ programs
- 0.73% of GDP on SSN
- 161 mn population
- $1359 GDP/cap

**Philippines:**
- 16 SSN programs
- 40 SPJ programs
- 0.67% of GDP on SSN
- 102 mn population
- $2952 GDP/cap

**Brazil:**
- 24 SSN programs
- 71 SPJ programs
- 1.35% of GDP on SSN
- 206 mn population
- $8650 GDP/cap

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

LIC

MIC

U-MIC

ASPIRE 2018
But should fit together in sensible ways

Georgia: shared social registry, calibrated thresholds

Chile: coordinating contributory and non-contributory pensions

**Income-replacement pension**

- **Non-contributory**
  - Targeted benefit
- **Retirement income**

Earnings when working

But should fit together in sensible ways
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

Inclusion

Productivity

Responsivity

Coordination
• 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

Opportunity for all
Promoting human capital and access to productive work

Resilience for the vulnerable
Insuring against impacts of different shocks

Equity for the poor
Protecting against dire poverty and loss of human capital

For more information: