Outline

1. Why do we have SPJ?
2. SPJ in practice
3. World Bank and SPJ
WHY DO WE HAVE SPJ?
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.....
Social Protection Contributes to Human Development and Opportunity

- Increase uptake of health services for pregnant women
- Increase vaccination and growth monitoring
- Reduce child labor
- Reduce teenager pregnancy
- Enhance female labor force participation
- Increase life satisfaction and reduce stress
- Reduce infant mortality
- Improve child health, nutrition, and development
- Increase school enrollment and attendance
- Empower women
- Help to build skills for work and life
- Improve health for elderly
SPJ is Part of the Formula for Reducing Poverty, Sharing Prosperity and Reducing 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 some as well

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

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...

Source: Taking on Inequality (World Bank, Joint EFI POV–DEC Flagship 2016), based on 2013 data from PovCalNet.
SPJ systems help countries and governments become resilient

Common and increasing shocks

FORCED DISPLACEMENT
NATURAL DISASTERS
ECONOMIC AND FINANCIAL
CONFLICT

PANDEMICS
SPJ systems must respond to changes in the world of work.
WHAT IS SPJ IN PRACTICE?
Social protection systems

Policy Level:
Aim: Ensuring overall policy, fiscal coherence across programs and levels of government relative to needs

Program Level:
Aim: Improving design of existing programs and harmonizing across portfolio of programs

Delivery system level:
Aim: Building basic subsystems to support one or more programs

Source: Robalino, Rawlings and Walker (2012)
Universal Social Protection for all in Need
To build opportunity, equity and resilience

Requires a comprehensive, coordinated set of instruments working

- Along the life-cycle
- Along the spectrum of welfare

With the 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

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


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

*Source: LAC, Equity Lab*
Core social protection domains

- 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 of the poor and vulnerable, countries offer a myriad of social benefits & services.
A “typical” social protection landscape...
A “typical” social protection landscape.

- **Social Insurance**
- **Social Assistance**

**Generosity**

- **Low Income Beneficiaries**
- **High Income**

**Formal labor market protections**
- Civil Servants
- Security Forces
- SOEs

**Social Pensions**

**Subsidized health insurance**

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

**LOW INCOME BENEFICIARIES**

**HIGH INCOME**
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)

Average SI spending, % of GDP
Average SSN spending, % of GDP
Significant country variations are hidden behind the averages.

Share of GDP spent on Social Assistance

State of Safety Nets 2018
But social protection often small compared to health and education spending.
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
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

- HIC: 3% No Transfer, 20% Only Social Insurance, 44% Only Social Assistance, 3% Only Labor Market, 32% More than one SPL program
- UMIC: 3% No Transfer, 14% Only Social Insurance, 48% Only Social Assistance, 23% Only Labor Market, 15% More than one SPL program
- LMIC: 3% No Transfer, 8% Only Social Insurance, 35% Only Social Assistance, 47% Only Labor Market, 9% More than one SPL program
- LIC: 3% No Transfer, 17% Only Social Insurance, 81% Only Social Assistance, 1% Only Labor Market, 1% More than one SPL program
SPJ systems are complex

(Approximate) Numbers of Active SPL Programs, by Type - Select Countries
Source: World Bank ASPIRE database

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
Georgia: shared social registry, calibrated thresholds

Chile: coordinating contributory and non-contributory pensions

But should fit together in sensible ways

Non-contributory
Targeted benefit
Income-replacement pension (no minimum)
Retirement income

Income-replacement pension (no minimum)
Earnings when working

Non-contributory
Targeted benefit

Earnings when working

Retirement income
Although these programs seem quite different, most pass through similar implementation phases along the Delivery Chain.
Delivery Systems: the conduit from funding to client

Institutions & Governance — Information Systems — Citizen Interface
SPJ IN THE WORLD BANK
Resilience, Equity, and Opportunity
From exclusion to inclusion

Low coverage concentrated among:

- low-income countries and fragile contexts
- poor populations and vulnerable groups, including women
- informal sector

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

Beegle, Couduel, and Monsalve 2018
From fragmented approaches to harmonized systems

**Fragmentation:**
- Different ministries/donors implement similar programs
- Some beneficiaries have access to multiple programs, others excluded
- Limited coordination between social insurance, assistance and labor

**Meeting the harmonization challenge:**
- Address incentive incompatibility
- Adequate, appropriate financing
- Clarify institutional roles
- Use delivery sub-systems as entry points

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

- Outside government: 45%
- Social welfare: 35%
- Other: 11%
- Social security/labor: 9%

Source: Garcia and Moore (2012)
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 productivity challenge**
- Investment in **human capital**, especially among children
- Improving **productivity** and **access to jobs**
  - Improve labor market functioning to enable access to higher productivity work
  - Foster activation programs, skills, capacity building
  - Demand side measures

Moving *beyond the formal sector* the world of work is not a world of wage earners

- **Middle East and North Africa**
  - Wage: 47%
  - Self-employed: 27%
  - Farmers: 26%
- **East Asia and the Pacific**
  - Wage: 43%
  - Self-employed: 23%
  - Farmers: 34%
- **South Asia**
  - Wage: 33%
  - Self-employed: 21%
  - Farmers: 29%
- **Sub-Saharan Africa**
  - Wage: 19%
  - Self-employed: 33%
  - Farmers: 48%

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 responsiveness 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

Number of disasters occurring and people affected, 1980-2016

Source: EM-DAT
SPJ works in a total of 125 countries:
• 65 countries have both advisory and lending services
• 47 countries have advisory only
• 13 countries lending only
World Bank 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
- CCTs, UCTs, PW, 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
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: