

Building Resilience and Opportunity

The World Bank's Social Protection & Labor Strategy 2012-2022

Concept Note

The role of social protection in economic development

*"Although the current crisis has proved to be [hard] to remedy, it has taught us that ... while the policy mix will vary according to each country's particular circumstances, social protection needs to be at its centre."*¹

*"The crisis lends new urgency to measures advocated in the original Growth Report, which argued that [for long-term growth] policy makers should endeavor to protect people, even as they resist calls to protect industries, firms, or jobs... The exact form of these [social protection measures] must vary from country to country."*²

1. These two almost identical quotes were written a dozen years apart – the first in 1998, by Joseph Stiglitz, in the aftermath of the East Asian crisis; the second in September 2010, by the Growth Commission, as a reflection on the global crisis. They signal the importance of social protection and labor in times of crisis, but also the recognition that well-performing social protection systems are indispensable ingredients of sustainable growth.

2. For the World Bank, supporting social protection and labor programs in client countries is central to its mission of poverty reduction through sustainable, inclusive growth. Effective, efficient and equitable social protection programs directly *reduce poverty and inequality*, and *build resilience* by helping individuals and families smooth their consumption and handle shocks. But both social protection and labor policies also *promote opportunity, productivity and growth*, notably through building human capital, assets and access to jobs, and by freeing families to make productive investments because of their greater sense of security.

3. For instance, there is evidence that work-related training and internships enable teenagers from poor families in the Dominican Republic to get higher-paying and better-quality jobs.³ Conditional cash transfers in Turkey helped address nutritional needs of impoverished households, but also helped girls in those families go to school and increase their

future opportunities, thereby helping gender equality in those households.⁴ And providing public work five days a month to food-insecure Ethiopians during the slack season enables them to plant more drought-resistant trees as an investment.⁵ At a macroeconomic level, well-functioning social protection programs have been shown to be central to growth-promoting reforms. Indeed, the Growth Commission has written:

*"...if governments cannot provide much social protection, they may have to tread more carefully with their [growth-promoting] economic reforms."*⁶

The three 'P's for resilience and opportunity – and the role of social protection institutions

4. People across the world are striving to improve their livelihoods while addressing risks – which range from systemic shocks such as economic crises or natural disasters, to more idiosyncratic shocks such as unemployment, disability and illness. For them, it is essential to have institutions that enhance both their resilience and their opportunities – key among which social protection and labor institutions. Institutions promoting resilience and opportunity focus on three inter-connected functions (figure 1):⁷

- **Prevention** against drops in well-being from income and expenditure shocks. In the social protection domain, prevention is usually achieved through social insurance programs – such as

Figure 1: The '3P' framework: Functions of Institutions for Resilience and Opportunity



unemployment and disability insurance, old-age pensions, and scalable public works programs – that lower the impact on individuals and families from shocks and enable them to smooth consumption over their lives. But complementary programs – such as crop and weather insurance and health insurance – are also extremely important for prevention.

- **Protection from destitution and catastrophic losses of human capital.** Social assistance programs (including cash transfers, school feeding, and targeted food assistance and subsidies) protect poor individuals and families from irreversible and catastrophic losses of human capital (education for children, health care for households), which is essential for both individual well-being and broader economic growth. At the same time, such programs reduce the socio-economic harm from acute inequality.⁸

- **Promotion of improved opportunities and livelihoods, notably through ‘connecting’ to better jobs and opportunities.** Institutions that promote opportunity are often integrated with those supporting prevention and protection. Labor market ‘activation’ programs provide unemployment benefits while building skills and promoting employability. Conditional cash transfers incentivize investments in human capital by promoting demand for education and health and help address gender inequalities. And public works programs provide cash payments while increasing human and physical capital investments. As important for promotion are the *indirect* impacts of preventive and protective programs. By lowering households’ vulnerability, they allow them to be more innovative and to take productive risks.⁹

5. These functions – prevention, protection and promotion – are not just the domain of government social ministries. Social protection and labor institutions achieve them through a wide range of arrangements and actors, using instruments from multiple sectors – including health, education, finance, agriculture and industry. Indeed, a central feature of social protection is its multi-sectorality.

6. Moreover, social protection and labor institutions can be informal (family or community-based) or private, and provided by firms and organizations as well as the government. For instance, agricultural crop insurance provides

preventive functions to farmers, as do micro-savings schemes and rotating savings associations. Charitable institutions or worker remittances provide the bulk of poverty-reducing protective transfers in many societies. Private firms invest in building skills of their workers, and informal social networks are often the best way for youth to find jobs that use those skills.

7. Public sector social protection institutions step in and complement these measures when they are insufficient to meet societies’ objectives of equity and socio-economic development. For the World Bank, the key aim of its social protection and labor practice is to help governments provide the relevant prevention, protection and promotion functions to all individuals and households who need them.

8. This concept note outlines the need for a refreshed social protection and labor strategy for the World Bank for the next ten years – in the context of the state of social protection in today’s world, the current state of the World Bank’s social protection and labor practice and the emerging demands to come from the World Bank’s client countries. Based on this diagnosis, it outlines four indicative strategic directions in which the practice could orient itself: (i) expanding from improving individual programs to *building social protection systems*; (ii) strengthening the focus on *low-income and fragile states*; (iii) *emphasizing promotion of opportunities and*

Table 1: The changing world

<i>The world is ...</i>			
Much more risky	Average no. of natural disasters (1994-1998 & 2000-2009)	223	392
With just slightly fewer poor people, except in China	Number of poor below \$1.25/day (1999 & 2005)	1,695 m.	1,400 m.
	Excluding China	1,248 m.	1,192 m.
<i>Low and middle income countries are ...</i>			
Aging	Population share aged 65+	2000	2008
		5.4%	5.9%
Quickly urbanizing	Urban population share	40.8%	45.1%
With less employed youth	Employment to pop. ratio (ages 15-24)	55.2%	52.3%
Much more integrated	Workers’ remittances (inflows)	\$81.2 bn.	\$324.8 bn.
Vastly more connected	Mobile cellular subscriptions	215 m.	2,856 m.

Sources: Centre for Research on the Epidemiology of Disasters (www.cred.be); Shaohua Chen and Martin Ravallion (2008) “The developing world is poorer than we thought, but no less successful in the fight against poverty,” Policy Research Working Paper, World Bank; World Development Indicators; International Telecommunication Union

livelihoods as a core element of the practice; and (iv) continuing to build on core strengths in *knowledge, innovation and results*.

Social protection in today's world

9. Over the next ten years, social protection policies and programs will still confront enduring poverty and inequalities, but will also need to tackle emerging challenges. As the April 2010 paper on post-crisis directions for the World Bank mentioned, the challenges for poverty reduction and meeting the Millennium Development Goals remain, but new challenges include “... *the need to foster multi-polar growth; respond to complex global interactions; and anticipate risks, potential new shocks, and unpredictable crises.*”¹⁰

10. Many of these issues are presented in table 1 above, which also include deepening demographic trends and more economic volatility, transmitted through greater globalization. These will accelerate in the decade to come, as the world becomes increasingly older, more urbanized and more interconnected.

11. These factors make the need for effective social protection and labor programs even more critical. Climate change and international transmission of economic volatility are increasing risks to individuals and families; yet urbanization, migration and modernization are changing individuals' and families' traditional sources of resilience against these risks.¹¹ While a long-term rise in prosperity has welcomed many to the rising middle-class, many others – especially in lower-income and fragile states – remain disconnected from these opportunities for the lack of skills, information or money. And human development challenges remain at the forefront, with persistent shortfalls for many in nutrition, education and health, notably maternal and child health, underscored by lack of progress for many in reaching the Millennium Development Goals. The ongoing global economic crisis has underlined that even those living in more prosperous countries need effective social protection and labor institutions – to mitigate welfare losses from the economic downturn and to capture opportunities from the eventual recovery.

12. How have countries been responding to this situation? Over the past decade, developing countries have increasingly instituted and improved formal, publicly provided social assistance, social insurance and active labor market programs. There are major ongoing programs that augment the coverage and efficacy of social protection programs. These include Mexico's *Oportunidades* and Brazil's *Bolsa Familia* programs of conditional cash transfers, which have inspired other countries around the world to design their own programs to attain similar goals. China's measures to extend protection to migrant workers, and Turkey's merger of its pension systems for public and private workers are significant reforms that, as they unfold, could serve as influential models to others. India's rural employment guarantee program (offering 100 days of public work as a right to poor rural households) and South Africa's social pensions are both being keenly watched by policymakers in countries interested in establishing social protection as a right – and are among the inspirations for "the UN Social Protection Floor Initiative", adopted by the United Nations' Chief Executives Board in April 2009.^{12,13}

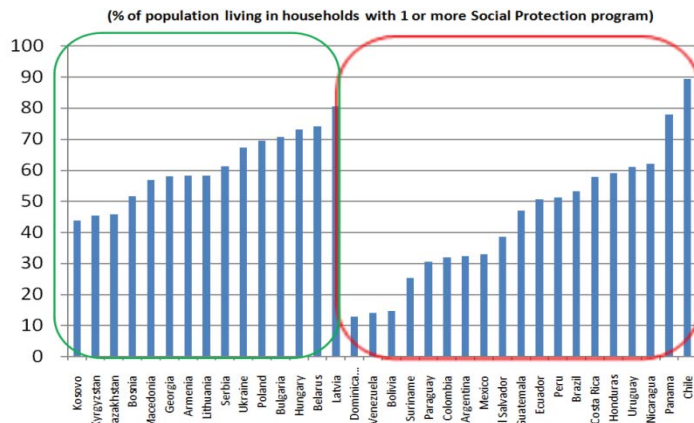
13. Yet most countries are struggling to balance the need for increased coverage of public social protection programs with very real issues around their financing and design. There are active debates on: tradeoffs between fiscal affordability versus coverage and generosity; their flexibility to respond to shocks; their ability to provide appropriate incentives balancing risk mitigation and job promotion; the interplay between formal and informal systems; and the political trade-offs involved in meeting the prevention, protection and promotion needs of various stakeholders, including the middle class vis-à-vis the poor.

Four global gaps in social protection across countries

14. A look across social protection and labor systems across the developing world today reveals four persistent gaps that the World Bank will need to help its clients address in the future:

- ***An integration gap.*** Social protection programs in many countries can have disconnects at two levels: first, *fragmentation*: where different ministries (or donor agencies) operate similar programs that either overlap or target specific sub-

Figure 2: Public Social Protection Program Coverage in Latin America and Caribbean, and Eastern Europe and Central Asia regions



Source: SP Atlas, The World Bank

groups, and are inefficient in terms of available financing; and second, *lack of harmonization*: where various programs aimed at differing social protection functions are unable to reinforce and complement each other.

- **A coverage gap** – both across and within countries. Figure 2 shows the variation in coverage of social protection programs in two regions – Latin America and the Caribbean and Eastern Europe and Central Asia. Lower-income countries (in these regions but also in Africa and Asia) typically have the lowest coverage. These numbers also overlay spending differences within countries, as much of public social protection expenditure is directed towards programs for those in the formal sector, not to the majority of the population who work informally or are outside the labor force.

- **A promotion gap.** As mentioned earlier, well-conceived social protection and labor programs can effectively contribute to productive and inclusive growth. But there are relatively few social insurance and safety nets programs in developing countries – conditional cash transfer programs and a few public works programs being exceptions – that explicitly incorporate activities to increase the productivity of their beneficiaries and link them to the labor market. And active labor market programs often fail to target those most in need of productive opportunities.

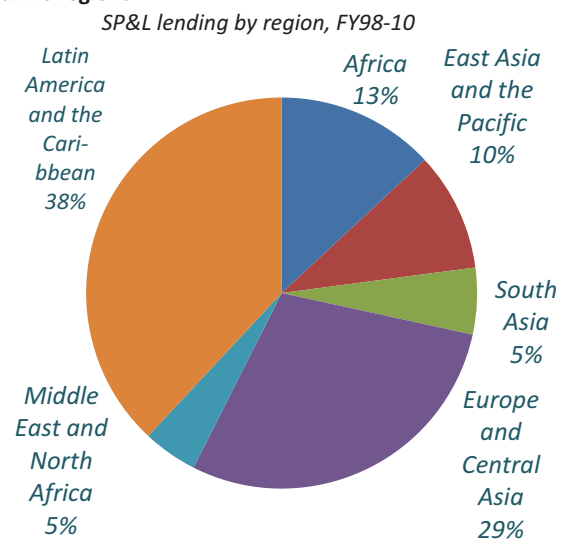
- **A global knowledge and results gap** in four areas: first, *knowing what exists* (the availability of data on existing programs is extremely uneven, being particularly problematic in fragile states and low

income countries, and especially in Sub-Saharan Africa); second, *understanding results* (ongoing programs are seldom carefully evaluated to assess whether they are performing as designed and achieving their intended impacts); third, *understanding contexts* (since social protection and labor programs, to be effective, have to respond to individual countries’ social contracts and societal preferences, as well institutional capacities); and fourth, *transmitting good practices* (given the ongoing search for effective solutions, there is still a gap in countries learning from each other about designing and implementing effective programs).

The World Bank’s social protection and labor practice

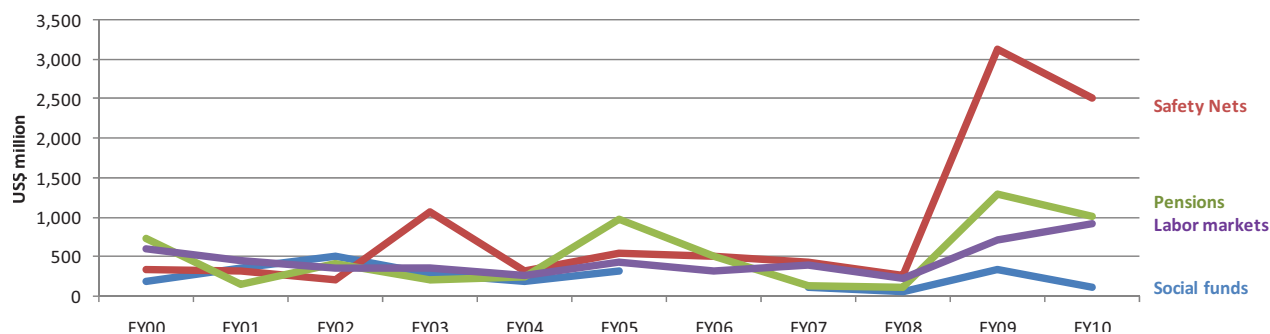
15. Although one of the youngest sectors in the World Bank, the social protection and labor sector is fully established within the World Bank as a global practice. The first strategy, introduced in 2001, gave the sector’s work a solid foundation (see Box 1 later). Over the past ten years, the sector has built a strong record in both project implementation and analytical and advisory work, as noted in the Sector Strategy Implementation Update in 2007.¹⁴ With US\$ 4.6 billion in lending in FY10, partly driven by crisis-related demands, the sector accounted for almost a tenth of World Bank lending, with an active portfolio

Figure 3: Social Protection and Labor lending is spread across the Bank’s regions



Source: Calculations using Business Warehouse

Figure 4: Lending for social protection and labor themes has been especially high in times of crisis



Source: Calculations using Business Warehouse

Note: These figures should not be aggregated to represent the entire SP&L lending portfolio as the method of calculation varies among the themes. For details, please see endnote 15.

of operational, analytical and advisory work in every region.

Lending has spiked in crisis years, but is regionally diverse and well-performing...

16. Over the past decade, the practice has achieved a global presence, played a critical role in crisis response, and established a reputation for quality in its analytical work and knowledge sharing.

17. The Latin American and Caribbean and Eastern Europe and Central Asia regions have anchored lending in the sector for the past decade, while lending in Africa has remained relatively steady and important in the sector over time. Growing country demands have led to a resumption of lending in East Asia and the Pacific, and to the consolidation of regional sector practices in the Middle East and North Africa and in South Asia (see Figure 3, previous page) – where lending volumes have tripled and doubled, respectively, between FY01-05 and FY06-10.

18. Economic crises have prompted large increases in social protection and labor lending. Over the last two fiscal years, lending in the sector grew fivefold, the largest sectoral increase in the World Bank (Figure 4).^{15, 16} The need for rapid response also led to a rise in development policy operations, which peaked at 70% of lending in FY10, almost double the FY01-08 trend (annex 2, figure A2).¹⁷

19. The social protection and labor portfolio has remained one of the best performing among World Bank sectors.¹⁸ Average disbursement rates are 43%, against 26% for the rest of the World Bank. The World Bank’s Independent Evaluation Group (IEG)

evaluations also point to strong portfolio performance, with 82% of projects assessed as satisfactory, well above the World Bank average.¹⁹

... and knowledge is one of the sector’s hallmarks

20. In the decade since the last sector strategy, the social protection and labor practice has strengthened its role as a knowledge provider and broker. The number of advisory and analytical products rose from an annual average of 53 in 2000-05 to 90 in 2006-2010 (annex 2, figure A4). More importantly, this was accompanied by a good record of translating in-depth engagement at the country level into systematic global knowledge-sharing, with a strong focus on innovation and results.

21. This translation has been enabled by investments in a range of tools and practices:

- *Compendiums systemizing global knowledge on the practice and performance of core social protection practice areas*, including conditional cash transfers, social safety nets, pensions and social funds.²⁰
- *Multi-sectoral policy frameworks to help attain the aims of social protection and labor*, notably the multi-pillar framing for pensions systems,²¹ the MILES framework for job creation²² and the STEP (Skills Toward Employment and Productivity) framework for enhancing skills and productivity.²³
- *The use of impact evaluations* – now present in half of all social protection and labor projects. These are part of a coordinated effort to systematize learning on development effectiveness through global thematic clusters of impact evaluations.

- *A commitment to facilitating knowledge sharing among clients*, through South-South learning events, training of clients through highly-regarded global ‘core courses’ in labor markets, pensions, and safety nets, the establishment and support of communities of practice and the global experts’ group on safety nets and the proposed multi-sectoral global knowledge platform on jobs.

... but four challenges remain on the agenda

22. **Systems, not just programs.** The World Bank’s social protection and labor practice has successfully focused on improving the efficiency and effectiveness of individual schemes – in safety nets,

Box 1 : Building from the first Social Protection and Labor Strategy

The Bank’s first social protection and labor sector strategy (2001) put forward a mix of knowledge and lending instruments aimed at: (1) Improving earnings opportunities and the quality of jobs; (2) Enhancing security for households and communities through better management of risk; and (3) Providing better assistance to vulnerable groups, in order to improve equity and reduce extreme poverty.

The Social Risk Management (SRM) framework provided a powerful conceptual linkage between social protection and poverty reduction, while giving flexibility to the sector. Programs were organized around five priority areas: labor market and job creation; pensions and old-age income support; social safety nets; social funds and community driven development; and disability.

The 2007 Sector Strategy Implementation Update (SSIU) acknowledged the good implementation of the strategy and progress in all priority areas: in operations (notably in the coverage and administration of social protection and labor programs), in knowledge production and in partnerships. The widespread use of conditional cash transfers and the strong focus on results were also considered as successes.

The sector has already made significant progress in domains where the SSIU highlighted shortcomings – in particular by strengthening cross-sectoral approaches and investing more deeply in impact evaluation. Other areas to be strengthened – and part of the agenda for the proposed 2012 strategy – include enhancing operationalization and strengthening the role of social assistance and labor programs in both normal times and crises as well as increasing coverage (addressed by the emphasis on systems); and better tailoring instruments to different institutional contexts (especially the emphases on social protection and labor programs in lower income and fragile contexts).

pensions, disability and labor markets. Yet, in most client countries, these core programs seldom add up to a system where all those who are in need of one or more of the “3P”s actually receive them – whether from the government or from families and communities. Nor are existing programs well-articulated vis-à-vis one another, leaving overlaps, coverage gaps and inefficiencies.

23. Building social protection systems is, however, complicated. Each program serving the 3P functions is framed by policies, regulations and societal preferences, and formed by a mix of instruments, financing mechanisms, and institutions. The practice has to deepen its understanding on how the performance of these programs depends on interactions – with other programs, and between providers and beneficiaries.²⁴

24. A particular consideration is the sustainable financing of public social protection programs – and of public social protection systems – in both middle and low income countries. The design and development of these programs and systems have, therefore, to use existing resources (including foreign assistance) effectively and efficiently, and to include sustainable financing plans as a core element of developing social protection systems.

25. Working on systems also means thinking deeply about governance and political economy and the range of challenges this presents for social protection. There has been comparatively little work done in better understanding service delivery and the incentives and accountability mechanisms behind achieving better results in social protection. For example, many served by social assistance programs are often the least likely to have agency and voice while others, such as the unemployed and civil service pensioners, may have strong interests and effective representation in existing programs. On the side of providers, there are a diverse set of actors, public and private, providing a range of services often with little coordination. These issues present important challenges in the years ahead, to unbundle the interactions of these diverse actors in different country contexts.

26. **Lower-income countries and fragile states.** Historically, the social protection and labor practice in the World Bank has been concentrated in middle

income countries, both for the sector's better-known knowledge work (including on pensions, conditional cash transfers and labor markets) and for lending. For instance, the recent rise in the sector's lending in response to the global economic crisis was largely concentrated in middle-income IBRD countries.

27. A clear lesson emerged from the crisis – the countries able to respond effectively to the crisis were those that already had scalable social protection programs in place. In those countries without sufficient systems, there is a clear task ahead in setting these up, not only to address ongoing risk management and poverty, but to also better prepare for future crises. This effort has begun with the setting up of the US\$ 62 million donor-financed Rapid Social Response (RSR) program.²⁵ The RSR's grant finance is helping low-income IDA countries to both meet immediate needs and to build systems capable of responding to future crises. But it is small relative to demand from IDA countries, and thus reveals an ongoing gap in needed grant financing for social protection systems in the poorest countries.

28. **Matching practice to theory, and integrating promotion.** The social risk management (SRM) framework, which formed the basis for the sector's work, has provided intellectual coherence and an important focus on risk and vulnerability that was absent a decade ago. However, in practice, as acknowledged in the 2007 Sector Strategy Implementation Update, it has not always provided sufficient guidance to operations, particularly client demands for the design and implementation of effective social protection systems.

29. In addition, World Bank operations have been typically more likely to focus on the prevention and protection elements underlying SRM, rather than on promotion – how social protection and labor programs could work with other interventions to contribute to the preservation and accumulation of human capital, as well as to productivity and growth. The future strategy for the World Bank, therefore, has to centrally address these operational issues, and also to deepen the emphasis on how better access to labor markets can help promote opportunities. This has to particularly include exploiting synergies with other sectors, given the strong multisectoral orientation of social protection.

30. **Deepening the focus on results.** A clear focus on results is a characteristic of the World Bank's social protection and labor practice – which is grounded in quality operations, leadership in the use of impact evaluations and an innovative practice in results-focused lending. However, there are remaining challenges in focusing on results. The World Bank as well as the global community is still missing consolidated information about social protection and labor programs worldwide against which to benchmark country performance; this mainly concerns the coverage, costs, structure and generosity of publicly provided social insurance, social assistance and active labor market programs. Moreover, monitoring and evaluation in the sector's projects are uneven across types of programs (cash transfers being the best evaluated) and across regions. This impedes the ability of the World Bank to contribute fully to understanding how programs and systems perform in delivering services efficiently and effectively.

31. Despite these remaining challenges, at its best, the sector's work has led to strong results on the ground by combining its lending and analytical work. As the IEG report on middle-income countries remarks:

"A... combination of well-grounded analytical work together with project finance for social assistance programs is also credited with helping reduce poverty in... MICs, including Mexico and Turkey. In Brazil, the Bank's lending for social protection in the late 1990s helped minimize the impact on the poor of fiscal austerity measures. Subsequently the Bank has supported steps to improve the coverage and effectiveness of the social safety net, largely through the Bolsa Familia program [which] explain some of the recent reduction in poverty and inequality in the country."²⁶

Toward a new sector strategy: four emerging areas of operational emphasis

32. The next social protection and labor strategy for the World Bank has to build on the practice's considerable existing strengths, while addressing areas of comparative weakness given future demand. The focus will need to be selective, with the strategy needing to inform current and future trade-offs. From the initial discussions with clients and stakeholders, there is a clear demand to fully avail of

the World Bank’s comparative advantage not just as a financier, but as a convenor, catalyzer and knowledge broker and facilitator for effective operational solutions that are grounded in solid evidence.

33. From these discussions and directions, and the accompanying diagnosis of the World Bank’s own strengths and comparative advantages, four thematic areas are emerging as areas of emphasis. These four emerging areas, together with existing good practice, further strengthens the strong coherence of the sector’s work with the Bank’s five post-crisis strategic priorities: targeting the poor and vulnerable; creating opportunities for growth; providing cooperative models; strengthening governance; and managing risk and preparing for crises.²⁷ Each of these is grounded in recognition that the main challenges in the sector are operational. And each of these corresponds closely to the four global gaps and to the corresponding four internal challenges identified earlier.

Thematic area 1: Building social protection systems appropriate to capacity and context

34. Strengthening social protection systems can provide a broad set of advantages that would allow countries to meet the broad range of future challenges they would face. Such systems would enhance *equity*, by providing individuals with the means to secure their rights and to deliver on their obligations; *efficiency*, through better-designed tax/financing arrangements, economies of scale, and common platforms such as registries; and *effectiveness*, through harmonized incentives and fewer unintended consequence on behaviors. Of course, these systems would have a mix of public and private provision, depending on the extent to which private institutions are providing socially desirable levels of the 3Ps.

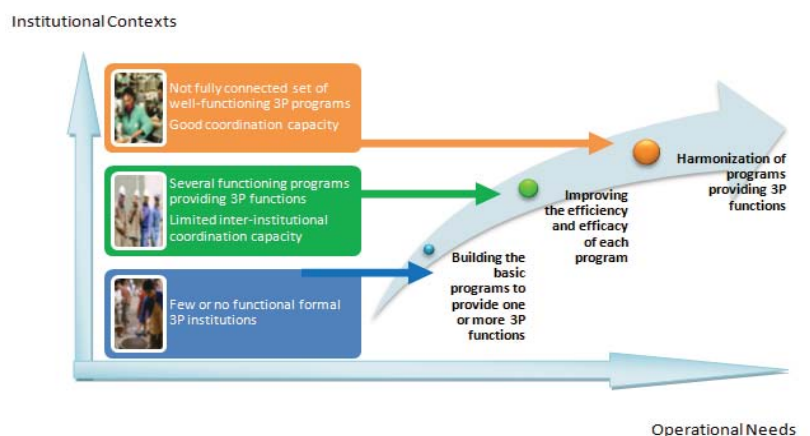
35. For the World Bank, support to clients in building systems would have to be guided by countries’ contexts, institutional capabilities and social compacts (see Figure 5). First, in weak institutional settings, such as in fragile and lowest income countries, the appropriate focus may be on setting up the “nuts and bolts” of appropriate

mechanisms for a particular program – whether it be for social insurance, social assistance or labor market programs. Second, where there are several functioning programs already, the goal would be to improve the efficiency and efficacy of each program in providing prevention, protection and promotion functions – through refining institutional frameworks and improving incentive compatibility with other related programs. Third, in contexts where most individual programs are well-functioning, the added challenge may be to improve their harmonization and coverage.

36. Responses will also need to be tailored to countries’ particular priorities and needs, be they youth unemployment, a rapidly aging population, a high degree of informality, severely constrained financing or other issues. In many cases, the World Bank’s comparative advantage will lie in transmitting its learning from interventions and programs among contexts with similar institutional constraints, regardless of the region in which they are situated.

37. Well-governed service delivery, related to the delivery of cash benefits and services, is an essential element of good social protection systems. There are opportunities here to strengthen the social protection practice by learning from supply-side measures in other sectors that have focused on efficient service delivery, and from existing practice such as the effective use of mechanisms for targeting and fraud and error control. There is learning as well on demand-side governance measures, relating to grievance redress, social accountability and agency. Key to improving both will be the innovative use of

Figure 5: Building social protection (SP) systems appropriate for different institutional contexts



technology for accountability, such as management information systems, biometric identification cards, and using mobile phones.

Thematic area 2: Strengthening the focus on low income countries and fragile states

38. Social protection challenges are especially large in lower-income and fragile states. There is a strong need for effective interventions here – because of dire poverty and acute vulnerability dynamics from a concentration of shocks (including conflict, macroeconomic crises, natural disasters and disease). But supplying effective government interventions is a challenge – because of restricted fiscal space for additional interventions, limited institutional capacity to apply traditional social protection instruments that may have worked well in middle-income contexts, and the challenges involved in targeting limited resources to the neediest populations. From an operational perspective, this is further complicated by institutional fragmentation across public sector institutions, NGOs and donors, and limited public and formal sector presence in many of the most disadvantaged regions.

39. For the World Bank, sustainable and scalable social protection solutions for lower-income countries and fragile states will have to be both innovative and pragmatic, and tailored to different contexts. Part of the work will be on systems – to help countries build the basic elements of social protection programs, and to improve and integrate the ones that exist. But to do this effectively will require deepened investments and coordination among donors and partners in at least four areas:

- Building up *evidence* from operations by the World Bank and others on which programs and approaches work best in low income and fragile environments;
- Prioritizing work on leveraging and strengthening central and local *capacity for service delivery*;
- *Deepening links* with the private sector, social funds and other community based organizations, which are often the institutions with the best capacity and local knowledge; and
- Using *information technology* – mobile phones, GPS identification and cheap data processing

– to leapfrog to flexible and effective governance, service delivery and system integration mechanisms.

Thematic area 3: Emphasizing “promotion” as a goal of social protection when designing programs and systems

40. Well-designed social protection programs can have a major impact on improving opportunities, employability and livelihoods, through reducing risks, improving human capital and providing opportunities to access the labor market. But designs of many social protection programs fail to go beyond prevention and protection and do not explicitly incorporate these objectives – because of inadequate knowledge about the best ways of establishing these linkages, and also because programs may have competing objectives that require tradeoffs in design.

41. Future World Bank-supported social protection programs can build on emerging good practice to strengthen promotion, which often include important gender dimensions (see Box 2). These include how to help families transition from welfare to work, how to access training and to build the skills required to improve labor market productivity, how to strengthen cash transfers’ focus on human capital investments, and how to use public

Box 2: Gender and Social Protection

Gender is a core component of the World Bank’s Social Protection and Labor practice. Gender is mainstreamed in a wide range of social protection and labor programs, contributing to redressing gender imbalances and discrimination and promoting women’s empowerment. These programs provide economic opportunities, build resilience and foster social inclusion for women. Examples of this mainstreaming are present in the main areas of sectoral practice. Gender equity in outcomes is one of the objectives of conditional cash transfer programs, which usually aim to improve school attendance and access to basic preventive health care (for mothers and their children). Gender-based differentials in payments are implemented in many cases to provide an incentive for reversing patterns of low female participation in school. Gender equity in access is established by ensuring a certain percentage of female participation, as in the case of most World Bank financed public works programs. Finally, gender empowerment is achieved not only through transferring cash directly to women in many programs, but also through strengthening their knowledge and agency. The new strategy and ongoing sectoral practice will continue this critical mainstreaming of gender issues.

works programs to enhance not only physical capital but employability. On the knowledge front, it also implies assessing how effectively these programs contribute to building human capital and enhancing productivity and growth, particularly in relatively unexplored areas of applied research such as entrepreneurship activities and unconditional transfers.

Thematic area 4: Continued investment in knowledge, including sharing relevant good practice and results

42. The social protection and labor sector will continue its leading role in institutional efforts to transform the World Bank into the premiere source for knowledge on development effectiveness. This will involve building understanding of what works in middle-income milieus (including the new types of programs being pioneered by some emerging economies), while deepening knowledge of what works best for lower-income and fragile contexts (including costs and benefits of different methods of targeting services to those who need it the most). Particularly important would be the learning from successful reform experiences, including understanding how political economy factors and effective communication play a role. Bringing that global knowledge from different contexts in operationally relevant ways to staff increasingly based in field offices will be an area of emphasis.

43. The accent on systems will also bring about the need to develop benchmarking for social protection systems as a whole, and to address issues of system performance. In concert with the broader human development family in the World Bank, the sector is beginning to benchmark sector performance at the country, program and project levels, both with respect to development outcomes and as a means to monitor critical inputs and outputs. Deriving sectoral performance indicators from established sources of data and aligning key performance measures across monitoring approaches will help ensure relevance and continuity in tracking sector performance – and will be critical to further strengthening the sector’s well-established focus on results-oriented lending.

44. The sector has been at the forefront of World Bank efforts to strengthen the evidence base on

program effectiveness in order to inform policy decisions, mainly through the use of impact evaluations, in close coordination with the World Bank’s development research group. Going forward, a broader look at results would include: understanding how and why certain results are achieved; developing broad-based performance monitoring benchmarks and systems; and a continued drive to strengthen the external validity of evaluation findings, by ensuring the selective and strategic use of impact evaluations to fill identified knowledge gaps²⁸.

Implications for the new strategy

45. Based on this preliminary analysis, and the deeper work proposed to be done through a set of background papers (Annex 3), the next social protection and labor strategy will need to assess the implications for the World Bank, including in lending operations, analytical work, knowledge sharing and the staffing and skills mix within the sector.

46. These directions will be influenced by thinking, practice and consultations around the four areas described above, as a way for the World Bank to contribute to closing the four global gaps described earlier. For World Bank operations, the *integration gap* could be addressed by a shift towards explicitly thinking about social protection systems, benchmarking systems performance and building elements of program design that allow individual projects to be more closely coordinated. The *coverage gap* will be partly addressed by deepening the World Bank’s knowledge and practice of what works best in lower-income countries, and by working to extend the 3Ps to those outside the formal ‘covered’ sectors – such as extending social insurance to informal workers and developing a better understanding on what works for youth entrepreneurship and self-employment. The *promotion gap* will be addressed through adding to the knowledge about the role of social protection and labor in productivity and growth, but also by designing projects that explicitly incorporate pathways to promotion through acquisition of human capital, job-relevant skills, and improved access to labor markets. Finally, the *knowledge gap* will be met through a core focus on results – building deeper partnerships on data with other organizations,

rigorously evaluating programs and their contexts, sharpening the sector's ongoing innovations in lending focused on results, and using the World Bank's convening role to bring together country teams to learn from each other and together help generate the knowledge of what works, and when.

Measuring the new strategy's performance

47. The results framework for the new sector strategy will be aligned with a strong focus on monitoring and evaluation efforts, including the establishment of core sector indicators drawing on strengthened country results systems aimed at improving data availability, reliability and utility. The proposed framework will include 3 tiers aimed at cohesively aligning project (lending and knowledge), sector and country goals:

48. *Tier 1 - Country Performance: Contributions to Results.* These indicators will track results at the country level, usually outcomes consistent with the Millennium Development Goals, common Country Partnership Strategy objectives, and CPIA indicators. They will reflect social protection and labor goals and benchmark country performance in meeting those goals. These are goals to which World Bank-supported social protection and labor work contributes, but will not reflect attribution to World Bank engagement.

49. *Tier 2 – World Bank Social Protection Program: Attribution to Results.* These indicators will track results at the country level directly attributable to World Bank-supported contributions. They will reflect the World Bank's accountability as a development institution in delivering country level investments, (usually outputs) linked to key outcomes which often have multiple determinants. These indicators will be aligned with the core sector indicators and derived primarily from project supervision data.

50. *Tier 3 – World Bank Operational Effectiveness in Social Protection: Portfolio Performance.* These indicators will track the effectiveness of the World Bank's social protection and labor portfolio, including IEG reviews and measures of results-orientation.²⁹

Steps in Preparing the Strategy

51. The development of the World Bank strategy will be guided by the full engagement of sectoral staff and the broader social protection and labor community within and outside the World Bank. It will take stock of the current practice, debate challenges and priorities, and establish work program directions that will allow the World Bank to effectively respond to clients' future social protection needs.

52. The strategy will be prepared by the Social Protection Sector Board, which represents the World Bank's practice managers in the World Bank's six regions, the Development Research Group, World Bank Institute and the central Human Development Network unit.

53. Development of the Concept Note and informal dialogue began with a Social Protection Sector Board retreat to focus on the strategy in April 2010. Formal consultations will begin in January 2011. Review by the World Bank's Board of Executive Directors is anticipated by end-2011.

54. Preparation will follow an iterative 2 track process: *drafting* and *consultation*. The strategy will also include a communications plan and anticipate an implementation phase.

55. *Track 1: Drafting and Publication* will begin with a series of background studies that take stock of current practice, anticipate future demands and inform the strategy regarding World Bank priorities to respond to those demands. These background studies will be based on existing evidence regarding performance in the core social protection areas of labor markets, pensions and social insurance and safety nets – and draw from the sector's extensive operational experience and a wide range of analytical work. The overarching operational themes of building social protection systems and mainstreaming governance and results will frame the work. The background analyses will also consider challenges in designing and implementing the strategy, with a special focus on low income countries and fragile states and crisis response.

56. In addition to making the concept note and main strategy paper available in both electronic and paper formats in the World Bank's main languages,

the core of the strategy and the background papers will be available after the strategy has been approved by the World Bank's Board of Executive Directors (Annex 3).

57. *Track 2: Consultation and Communication.* The strategy provides an opportunity to bring the World Bank's social protection and labor family together to chart the future of sector, as well to engage clients and collaborators inside the World Bank and globally to inform the strategy. The development of the strategy will be supported by a global multi-stakeholder consultation process, in order to produce a strategy that responds effectively to the emerging wide range of needs in developing countries.

58. Informal discussions with relevant stakeholders took place at an early stage to inform the content of this Concept note. To this end, meetings were organized both during international meetings and by country offices with representatives from ILO, UNICEF and other UN agencies, and bilateral donors.

59. As with other recent World Bank Group sector strategies, consultations will be done using a phased approach, starting with a first phase of discussions of the issues and themes emanating from the Concept Note. Stakeholder feedback will be consolidated and fed into a draft strategy, which would be shared for feedback in a second phase. Efforts will be made to elicit input in as broad, inclusive and transparent a manner as possible. Stakeholders to be consulted will include a range of actors involved in social protection, including government ministries, parliamentarians, ILO, UN and

other agencies, multilateral development banks, civil society organizations, private sector, academia, think tanks and other development groups and practitioners. Discussions with World Bank Group staff in regions and networks and some client and donor governments have already taken place during preparation of the concept note; further efforts will be made to elicit input from as many client governments as possible.

60. A consultation team has been established in the Social Protection Unit in the Human Development Network to lead the planning and conduct of consultations, working closely with consultation focal points in the regions, countries and other sector units. Online, face-to-face and videoconference consultations will allow stakeholders to provide input, feedback and perspectives throughout the strategy development process. In the identification of stakeholder groups and events for consultation, the team will take into account access to technology, venues for discussions, as well as stakeholder's relevant experience and technical expertise. Annex 4 contains the road map for consultations.

61. Development of the strategy will include the design of *implementation plans*, including anticipating staffing and resource needs within the sector. Plans will need to reflect not only overall engagement at the global level, but also regional implementation based on consultations with staff and clients. The focus on grouping countries facing similar social protection challenges also calls for looking beyond individual regions so as to facilitate knowledge sharing.

Annex 1: Indicative Outline: The World Bank's Social Protection & Labor Strategy 2012-2022

EXECUTIVE SUMMARY

PART I. RATIONALE

- The role of social protection and labor in development
- Social protection and labor in today's world
- Why a new strategy? Challenges and opportunities

PART II. THE WORLD BANK'S NEW SOCIAL PROTECTION STRATEGY

- Objectives and evolving client demands
- Social protection and labor in the 3P Framework: Prevention, Protection, Promotion
- Focus areas
 - From Programs to Systems
 - Working in Low Income Countries and Fragile States
 - Promoting Opportunities
 - Knowledge and Results
- *Results and influence of consultations*

PART III. LESSONS FROM PREVIOUS WORLD BANK WORK IN SOCIAL PROTECTION AND LABOR

- A review of World Bank social protection and labor lending
- Contributions to the social protection knowledge base
- Results from the previous strategy and lessons learned

PART IV. IMPLEMENTING THE NEW STRATEGY

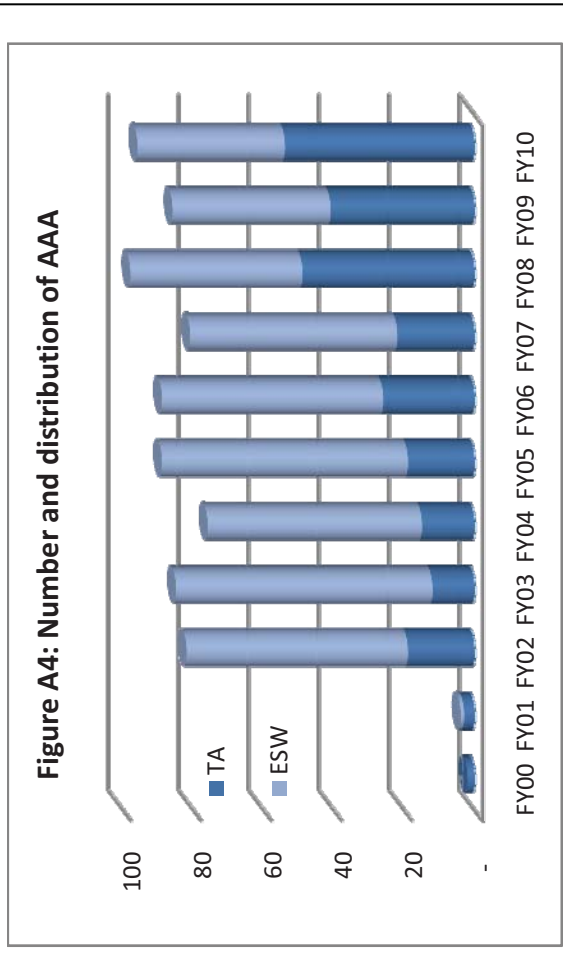
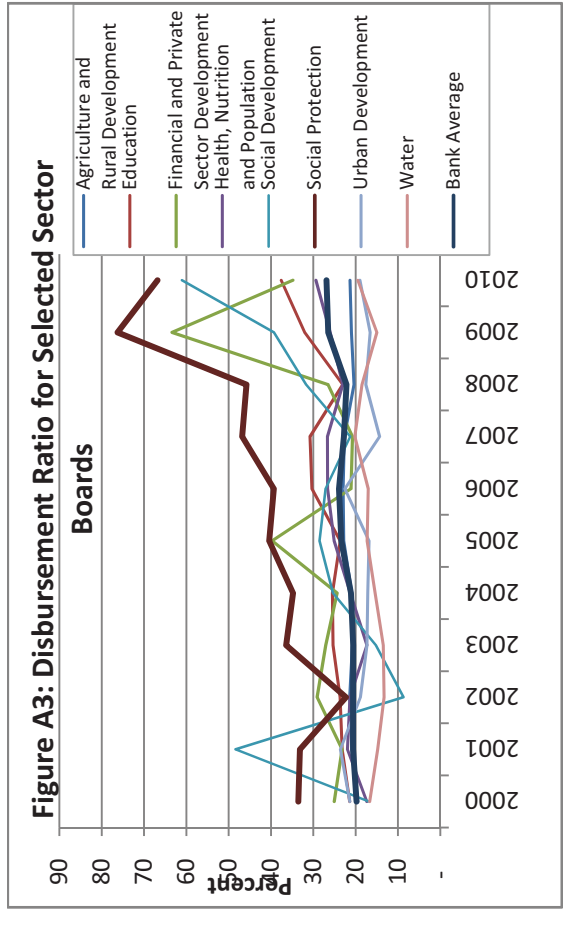
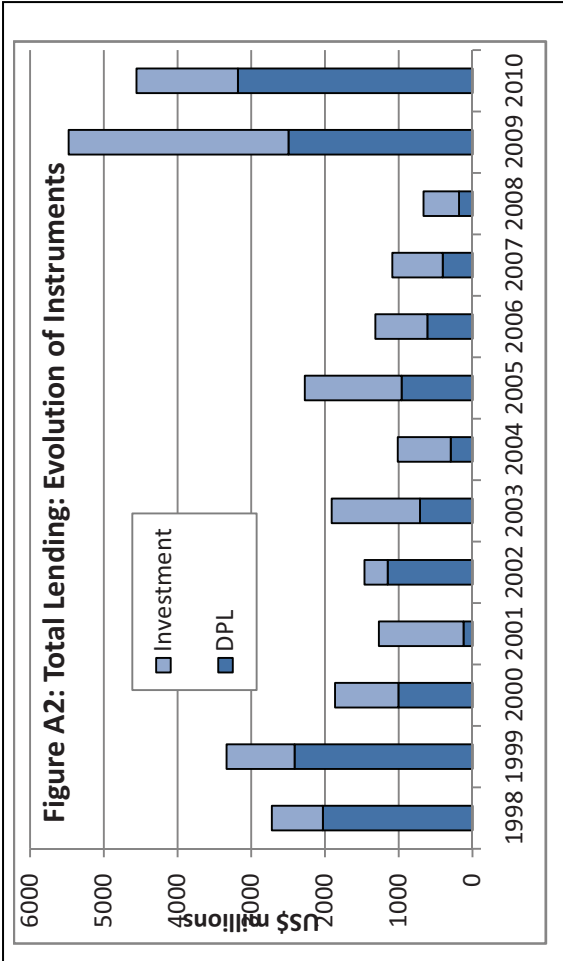
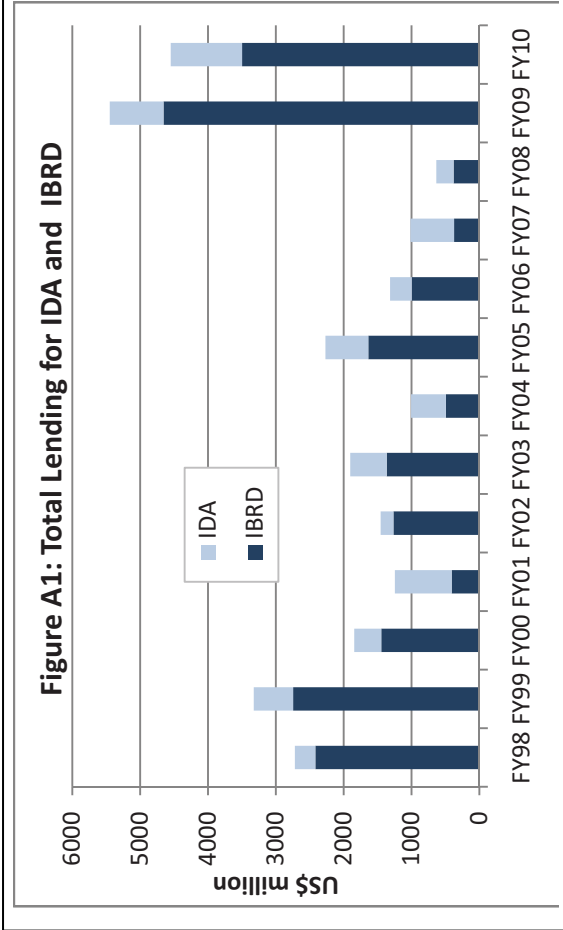
- Priorities and adjustment in strategic direction
 - Knowledge generation and exchange
 - Technical and financial support
- Business plan implications
 - Trade-offs and priorities
 - Staffing and skill mix
 - Synergies within the World Bank Group
 - Partnerships and collaboration
- Ensuring relevance to client needs and corporate goals
- Challenges and constraints

PART V. EXPECTED RESULTS

- Anticipated results of the new strategy
- How to track performance?
 - Results framework and indicators
 - Data availability and use

Annexes: BACKGROUND NOTES (as outlined in Annex 3)

Annex 2: Social Protection and Labor lending in context, FY1998 – FY2010



Annex 3: Abstracts of proposed background papers

The series of background papers listed below includes themes related to the four areas of practice of social protection and labor, as well as cross cutting issues. The papers' objective is to take stock of current evidence and practice and think forward to inform the new strategy on best practices to be strengthened and adapted, lessons learned to be built on, and knowledge gaps to be covered in the coming years.

I Cross-cutting Issues:

1. Building Social Protection Systems:

This background paper will discuss the potential costs and benefits of moving towards more integrated publicly provided social protection systems in middle and low income countries. Although the term *system* is often used to describe the set of social protection arrangements implemented by countries, in most cases what exists is an amalgam of programs or schemes operating with little or no coordination, rather than a system. Reducing fragmentation and building systems can not only enhance the performance of individual schemes or programs, but also the overall performance of social protection system. The paper will focus primarily on publicly provided social protection and will be organized in three parts. The first part of the paper will discuss some of the potential benefits of integration: (i) addressing the risks and market failures that most individuals face; (ii) building efficiencies through financing arrangements; (iii) economies of scale in administration and IT systems for common business processes; (iv) incentive-compatibility across programs; and (v) building in the flexibility and incentives to carry out prevention, protection and promotion functions and to respond effectively in response to crisis. The second part will develop a conceptual framework to guide the design of social protection systems. The conceptual framework will define the objectives of social protection and map these to policy choices about core instruments (instead of programs), financing mechanisms and institutional arrangements. The paper will also discuss how schemes (e.g., pension for civil servants) can be integrated into programs (e.g., pensions); programs into functions (e.g., social insurance); and functions into a system, taking into account the level of development of the country and the maturity of social protection institutions. The third part of the paper will assess the current level of fragmentation of formal, publicly provided social protection systems and discuss the gains that could be made through more integration.

2. Governance in Social Protection - Issues and Strategic Direction

The objective of this paper is to develop an operational definition of governance that can be applied to social protection. Building on this framing, the paper will review what is currently being done across the World Bank in this area, on the one hand, and identify future opportunities for clients and World Bank engagement, on the other. The paper will use the 2004 WDR accountability framework as a starting point. This approach defines accountability in terms of a set of principal-agent relationships between policy-makers, providers and citizens. Applying this framework to social protection, the paper will look at three broad areas where governance is relevant for the World Bank's activities in the domain of social protection: rules of the game, including clear criteria for entry and exit of programs; roles and responsibilities, including defining accountability relationships and incentive frameworks across levels of government and institutions involved in social protection; and controls and accountability measures, including the broad set of implementation mechanisms and procedures for ensuring that "the right benefit gets to the right person at the right time". The paper will be closely coordinated with the systems paper.

3. Productive Role of Social Protection

This background paper will take stock of the recent literature which demonstrates that social insurance and social assistance programs, as well as labor programs, can make a positive contribution to economic growth. To do so, the paper will look at pathways through which social protection programs can better support growth outcomes: (i) building and protecting human capital, which is so critical for breaking the intergenerational transmission of poverty; (ii) empowering poor individuals to invest or to adopt higher risk-higher return strategies; (iii) promoting greater labor market mobility, (iv) acting as stabilizers of aggregate demand or enhancing productive assets and infrastructure (e.g through public works); (v) reducing inequality in society and making growth-enhancing reforms more politically feasible. These pathways are important to understand, particularly since there are often debates and research over the possible disincentive effects of social protection (such as reduced efforts, lower savings, and distortions to resource allocation). Assembling strong empirical evidence on the importance of each channel in promoting higher growth, this study will discuss operational implications for the design and implementation of SP programs to maximize growth enhancing effects while minimizing the disincentives that may reduce effort or efficiency of resource allocation. This research will be a joint effort between HD Anchor, GET, PREM Anchor, regional SP family members, and ARD in partnership with DFID and FAO. The paper will contain a short section on the theoretical framework linking social protection to growth and productivity, an updated review of the literature (including new original work filling in gaps in the available evidence), a summary of key empirical figures

from case studies, and a discussion of operational implications. Case studies will be organized in clusters according to the level of economic development and administrative capacity, with special attention to lower capacity environments.

4. Activation Policies: Taking Stock and Looking Ahead

Throughout the developing world, there is a growing demand for advice on the optimal design of policies and programs that facilitate access to jobs and to reduce dependency of public income support schemes. This background paper will lay out a framework for the promotion/ activation/ graduation agenda, including the mapping of possible interventions to different groups according to their most bidding constraints and barriers to work. The framework will take into account key features for these types of interventions considering the country/ regional context. The paper will draw on existing experiences in LICs/ HICs/ MICs, and also OECD, to discuss potential applicability of these interventions across a wide range of contexts (defined by institutional/ resources constraints and opportunities). Building on various pieces of evidence collected to date, including country case studies, program inventories, meta-studies and impact evaluations, the paper will discuss in depth the role of active labor markets and activation policies in MICs and LICs and key design and implementation issues. The paper will analyze the prevalence of these programs around the world, document the effectiveness of alternative interventions and propose general guidelines to design and implement these programs. It will conclude by identifying key issues for future research and policy analysis.

5. Social Insurance and Labor Regulation: Protecting Workers and Creating Good Jobs

This background paper will take stock of core labor regulations and formal social insurance systems in middle and low income countries and propose options for improving their design and expanding their coverage. While these policies still constitute the two main instruments to protect workers from abuse, discrimination, and various social risks (e.g., health, disability, unemployment, or longevity), they continue to face several problems. Labor laws in most middle and low income countries are not achieving the objectives for which they were designed. The laws protect only a minority of formal sector workers and, even among eligible workers, effective protection is often affected by low institutional and enforcement capacity. At the same time, labor market rules can reduce incentives to create new jobs, when perceived as stringent.

In the majority of countries, coverage is a major challenge for formal social insurance systems. Around the world, only 30 percent of the labor force has access to “social security.” In Africa and Asia, the share falls below 25 percent. Several factors explain low coverage rates, including the large share of workers in self-employment or micro-enterprises that do not have access to Bismarkian-type social insurance systems or cannot afford the required contributions. To complicate the problem, even those who are enrolled in the social security scheme at a given point in time are not covered all the time. The average worker with access to social security contributes less than 50 percent of the time. The paper will start by reviewing workers protection systems and general strategies to have more flexible labor regulations and expand SI coverage. It will then discuss the limits of current initiatives and outline five sets of issues that would need to be addressed if policies are to be successful: (i) rethinking the mandate of the social insurance system (the bundle of social security benefits and the generosity of each of the benefits) ; (ii) narrowing down the scope of labor regulations for better application and effectiveness; (iii) designing redistributive arrangements to expand coverage to individuals with no or limited savings capacity; (ii) designing financing arrangements that are sustainable and incentive compatible; and (iv) designing governance and institutional arrangements for better administration and enforcement.

6. Crisis Response in Social Protection - Lessons Learned from Previous Crises and Future Strategic Direction

This paper will describe the role social protection policies played in past crises and will give strategic directions for the future, based on lessons learnt. More specifically, it will: i) review crisis impacts and responses to identify effective and ineffective SP measures; ii) discuss why and how SP role can be critical in crisis response and preparedness; and iii) identify strategic directions/options for governments and the World Bank for the next 10 years. The primary sources of information are studies and researches on the recent financial, food and fuel (FFF) crisis, the East Asian crisis in the mid-1990, and other historical economic crises and natural disasters. The paper will have two major sections. The first section, SP and Crises, will summarize: i) Impact of on households welfare according to the different types of crises/shocks; ii) Household coping strategies; and iii) government and WB responses (including possible unintended consequences). The second section, Lessons Learnt and Future Directions, will discuss: i) role for SP in crisis management in the future; ii) the role of the WB; and iii) summary of lessons learnt and strategic directions.

7. Portfolio Evolution, Innovations and Results - Stocktaking and Forward Looking Assessment (including Results Framework for the SP Strategy)

This paper will take stock of the implementation of the past SP strategy and propose a results framework and future opportunities for operational and analytical engagements. This work will first serve as factual reference material to other

background papers & SP Strategy paper by taking stock of SP portfolio (loans, TF and AAA) using OPCS classification methods, and summarizing portfolio performance. It will also outline the development of SP Results Agenda and framework, which builds on the SSIU results framework and includes World Bank portfolio and country level indicators linked to core sector indicators. Finally, the paper provides a forward looking perspective on operational and analytical work in the future on the following three dimensions: i) System-wide or non-theme-specific instruments like new technology, managerial/operational techniques and physical/social infrastructure; ii) the World Bank's operational instruments consisting of three categories, financial instruments, knowledge products, reimbursable technical assistance; and iii) Partnership with the private sector, academia, civil society and other donors.

II Core Areas of Practice:

8. Labor Markets in Middle and Low Income Countries: Trends and Implications for Social Protection and Labor Policies

This paper will assesses major developments in labor markets in the developing world during the last twenty years and anticipate future direction for the World Bank's SP+L practice. The paper will examine how population growth and changes in labor market participation rates have affected labor supply; the dynamics of different types of employment and the role of different sectors in creating jobs; the links between education and literacy levels and labor markets outcomes; and the implications for labor productivity growth and access to social protection. A general finding is that labor productivity has increased in most regions in the developing world as workers moved away from low-productivity agricultural activities. However, increases in wage and salaried jobs, reductions in unpaid family work, and increases workers' access to key benefits such as pensions or unemployment insurance have been minor. In addition, there are important skill gaps across countries and although the share of youth graduating from university has increased substantially, there are concerns about their labor market prospects. The paper argues that countries need to move from short-term policies to policies that relax persistent constraints to job creation, productivity growth, and access to social protection, since in most cases the effects of the financial crisis on labor markets are likely to be transitory. Although similar types of interventions will need to be considered in middle and low income countries, priorities will be different. For low income countries with large unorganized sectors and rapid population growth, the focus should be on policies that support productivity growth by promoting investments in human capital and infrastructure. In middle income countries, on the other hand, there is still room to remove distortions that are affecting the growth of small and medium enterprises and inducing informality. These distortions concern various aspects of the business environment, tax policy, labor regulations, the public sector, and the design of redistributive policies. There is also a need to improve the functioning of labor markets by facilitating labor mobility and the matching of skills and jobs. Finally, all developing countries can take two steps to strengthen productivity and protection. The first is to better understand the role of different skills in determining labor market outcomes and enabling economic diversification and innovation, and then align education and training policies accordingly, while the second is to reform traditional Bismakian social insurance systems to expand their coverage to informal sector workers.

9. Pensions Overview, Innovations and Future Directions in Policy and Operations

This paper will propose how to position the World Bank over the next decade in providing support to pension reform. Over the last decade there has been an evolution of the pension reform needs in client countries as well as a revision of the World Bank's thinking and approach towards pension reform. The Pensions background paper will: (i) reflect the latest thinking on the logical framework for pension reform needs diagnosis and policy design formulation and trace the alignment of this framework with the Prevention, Protection and Promotion themes; (ii) elaborate the costs, benefits and risk tradeoffs between pension design configurations which aim to achieve different objectives such as adequacy, sustainability and affordability; (iii) evaluate trends in pension reform and the World Bank lending and knowledge products over the past decade and anticipate future trends; and (iv) propose how the World Bank can focus its strategic strengths in order to be most effective in supporting anticipated priority reform measures over the coming decade.

10. Delivering Social Protection in LICs and Fragile States

This paper will chart recent experiences in the design and implementation of social protection programs in low income countries, including their application in fragile states and propose directions for future work. In recent years, support for social protection in the world's poorest countries has evolved beyond short term emergency responses. The analysis will focus heavily on social safety nets, but will also consider linkages with social pensions, labor markets and other social protection interventions. The paper provides a short mapping on the nature and scale of social protection systems in LICs and fragile states, presenting the diverse objectives and rationale for programs, choice of interventions, as well as trends in their evolution. The analysis focuses on how design and implementation challenges are being overcome, focusing on five issues central to low income and fragile contexts; i.e. understanding the need for social protection, building administrative capacity, establishing institutional frameworks, financing, and measuring results. The paper shows that these challenges are being overcome (and shaped) through a series of factors involving: improved assessment and diagnostics, technological adaptation, institutional reform, international aid, and program monitoring and evaluation. Throughout the paper empirical and case study information from a range of flagship and emerging programs are

explored, including from Ethiopia, Yemen, Timor Leste, Togo, Cote D'Ivoire, India and Nepal. The paper concludes by forecasting the medium to longer term outlook for social protection in LICs and Fragile states with recommendations for how to adapt social protection approaches across different regional and political contexts.

III. Informal Notes

11. Disability in World Bank Projects – Stocktaking

This note will review the social protection and labor projects presented to the Board Between January 1, 2000 and June 30, 2010 to assess whether and in what way disability aspects were included in their design. In particular, missed opportunities will be explored. The potential course of actions for inclusion of disability aspects into the World Bank's social protection and labor work will be proposed.

12. Social Work and Care Services.

This note will take stock of what exists in term of social work and care services MICs and LICs, and will provide directions for the future. The Note will briefly provide a conceptual background of social work and care services placing them within the SRM framework and the roles they play with regards to prevention, protection and promotion. It will then take the stock of World Bank supported activities in this area since 2002, and develop a typology of issues/needs by regions and how they were addressed by the Bank's projects. A potential course of action for the World Bank in the next decade will be proposed, taking into account opportunity cost of the Bank's engagement vis-a-vis the comparative advantage of other international stakeholders.=

13. Social Protection and Labor Strategies Outside the World Bank

This note will provide a brief overview of the content and focus of social protection strategies being pursued by bilateral and multilateral agencies outside of the World Bank. This note will review and summarize the social protection and labor approaches of the World Bank's main multilateral and bilateral partners.

Annex 4: Road map for internal and external consultations and communication

1. Context

A decade has passed since the World Bank introduced its Social Risk Management framework and launched its first Social Protection strategy. During that time, the work of the World Bank's Social Protection sector has grown, innovated and played a critical role in supporting developing countries, most notably in managing the social impacts of the recent global economic crisis. In order to respond more effectively to the emerging, fast-changing and challenging demands expected in the coming decade, the World Bank Group is preparing a new Social Protection Strategy, to be finalized in December 2011. Grounded in lessons learned from the past decade, the new strategy will shape the WBG's work in social protection for the next 10 years (2012-2022).

2. Objectives

The development of the social protection strategy will be supported by a global multi-stakeholder consultation process. This process will seek to elicit stakeholder views and inputs in as broad, inclusive and transparent a manner as possible. Specifically, the consultation process will aim to:

- Create a vibrant space for dialogue with stakeholders to share their views on challenges and new and emerging opportunities for social protection policies and programs;
- Obtain inputs and feedback from stakeholders on improved social protection policies, programs and other mechanisms in developing countries;
- Expand and deepen channels for ongoing engagement with key stakeholders beyond strategy development and toward strategy implementation, so that the WBG's social protection efforts can continue to benefit from different perspectives and experiences.

3. Participants

Stakeholders to be consulted will include a broad range of actors involved in social protection, including government ministries, parliamentarians, UN and other agencies, multilateral development banks, civil society organizations, private sector, academia, think tanks and other development groups and practitioners.

4. Process

The WBG will conduct public consultations through a two-phased approach, to allow stakeholders and interested parties to provide input, feedback and perspectives throughout the strategy development process:

- **Phase 1 – Mid- January – Mid-April 2011.** During Phase 1 consultations, the WBG will seek views and ideas based on a **Presentation and Concept Note** that describes the approach towards a new strategy, and these inputs will be taken into consideration in the drafting of the strategy.
- **Phase 2 – October - November 2011.** During Phase 2 consultations, the WBG will seek feedback on the **Draft Strategy Paper**, and these inputs will help refine the draft before it is sent to the World Bank's Board of Directors.

Channels for consultation will include: (1) Face-to-face meetings at the country, sub-regional and regional, complemented by video conferencing; and (2) face-to-face meetings during or alongside global conferences; and (3) online feedback through a dedicated consultation web platform. To guide the strategy and consultation and discussion process, other background papers and materials will be posted on the website as they become available.

5. Transparency, Notification and Language

The official WBG Social Protection Strategy consultation website [<http://www.worldbank.org/spstrategy>] will include all information related to the consultations, including the strategy Presentation and Concept Note, background information and papers, schedule of consultation events, summary of feedback from consultation meetings, and the Draft Strategy paper.

Public opinions and feedback may also be submitted to the strategy team via this website.

Consultation events will be announced with as much advance notice as possible in order to facilitate participation from a diverse set of stakeholders.

The Concept Note will be available in the official WBG languages of English, Arabic, Chinese, French, Russian, and Spanish. All other consultation materials, including summaries of public consultation meetings and participant lists, will be made available in English and, to the extent possible, in the language of the consultation meetings.

At the end of Phase One of the consultations, the WBG will synthesize the comments received and post them on the website with a summary of how the WBG proposes to address the key issues raised.

6. Revised Draft Strategy

Based on the feedback from Phase Two consultations, the draft strategy will be revised, and posted on the website **simultaneously** with sending the strategy to the WBG Executive Directors for review and discussion. To be posted at the same time will be a summary of the comments received during Phase Two and how the WBG proposes to address the key issues raised.

7. Consultation Timeline

	Period	Consultations Milestones
PHASE I OF FORMAL CONSULTATIONS	Mid- January, 2011	<ul style="list-style-type: none"> • Concept Note, Consultation Plan and Key Documents posted on the website. • Launch of Phase I of Public Consultations and Notification to stakeholders.
	Mid-January –Mid-April, 2011	<ul style="list-style-type: none"> • Combination of face-to-face and web based consultations in all six WB regions and donor countries.
	May 2011	<ul style="list-style-type: none"> • Summary of key issues raised during the first phase of consultations posted online.
PHASE II OF FORMAL CONSULTATIONS	October 2011	<ul style="list-style-type: none"> • World Bank posts the first draft of the strategy paper and a summary of how it addresses the issues raised during Phase I of Consultations
	October - November 2011	<ul style="list-style-type: none"> • Phase II of Public Consultations. Web-based and face-to-face consultations.
	December 2011	<ul style="list-style-type: none"> • World Bank posts a synthesis of comments received during Phase II of consultations.
	December 2011	<ul style="list-style-type: none"> • Revised strategy sent to Board and simultaneously posted on web along with summary of issues and views raised and management response
	2012	<ul style="list-style-type: none"> • Dissemination of the Final Strategy

8. Contacts

Questions about the consultation process should be directed to the Social Protection Strategy team at spstrategy@worldbank.org.

Notes

¹ Joseph Stiglitz (1998): “Lessons of the Asia Crisis”, *Financial Times*, December 4, 1998

² Growth Commission (2010): “Post-Crisis Growth in Developing Countries: A Special Report of the Commission on Growth and Development on the Implications of the 2008 Financial Crisis”, available at www.growthcommission.org

³ “The Program impact on earnings was statistically significant for young males and adult females. This result was not sensitive to the number of nearest neighbors. Furthermore, the estimated Program impact on employment was statistically significant for adult females only. Again the result was not sensitive to the number of nearest neighbors. Finally, impact estimates on earnings and employment for the groups with statistically significant results were not sensitive to the different sources of information used to estimate the propensity scores” from C. Aedo and S. Nuñez. 2001. “The Impact of Training Policies in Latin America and the Caribbean: The Case of Programa Joven.” ILADES/Georgetown University. Washington, DC.

⁴ “The CCT program in Turkey raised secondary school enrolment for girls by 10.7 percentage points (pB0.10). In rural areas the program boosted beneficiary enrolment by 16.7 percentage points (pB0.05) overall, especially for boys (22.8 percentage points, pB0.10) compared to non-beneficiaries”, from Akhter Ahmed and others (2006). “Interim Impact Evaluation of the Conditional Cash Transfer Program in Turkey: A Quantitative Assessment.” International Food Policy Research Institute, Washington, DC.

⁵ Camilla Andersson, Alemu Mekonnen, and Jesper Stage (2009): “Impacts of the Productive Safety Net Program in Ethiopia on Livestock and Tree Holdings of Rural Households,” Environment for Development Discussion Paper Series, EfD DP 09-05, March 2009, available at <http://www.rff.org/RFF/Documents/EfD-DP-09-05.pdf>

⁶ Growth Commission (2008): “The Growth Report: Strategies for Sustained Growth and Inclusive Development,” available at www.growthcommission.org. See also evidence on social protection facilitating the transition in Eastern Europe, where there is evidence that social welfare benefits spending facilitated restructuring in the face of falling real wages. See Tito Boeri and Katherine Terrell (2002). “Institutional Determinants of Labor Reallocation in Transition.” *Journal of Economic Perspectives* 16 (1, Winter): 51–76 and Pietro Garibaldi and Zuzana Brixiova (1998). “Labor Market Institutions and Unemployment Dynamics in Transition Economies.” *IMF Staff Papers* 45(2): 269–308. Washington, DC: IMF.

⁷ This is an operational translation of the “Social Risk Management” Framework that formed the intellectual basis of the first Social Protection and Labor strategy (see Robert Holzmann and Steen Jorgensen: “Social Risk Management: A new conceptual framework for Social Protection, and beyond” Social Protection Discussion Paper No. 0006, February 2000). The prevention-protection-promotion framework has also been used by the ILO: “There are three broad categories (in Social Security): Promotional measures that aim to improve endowments, exchange entitlements, real incomes and social consumption; preventive measures that seek more directly to avert deprivation in specific ways; and protective (or safety-net) measures that are yet more specific in their objective of guaranteeing relief from deprivation” (as in Sanjivi Guhan, “Social security options for developing countries”. *International Labour Review*, 1994; 133(1): 35-53, ILO). In the academic literature, see Rachel Sabates-Wheeler & Stephen Devereux. “Transformative social protection: the currency of social justice”. In: *Social protection for the poor and the poorest: concepts, policies and politics* (Armando Barrientos & David Hulme, eds.). Basingstoke, Palgrave Studies in Development, 2008).

⁸ See World Bank (2006). *World Development Report: Equity and Development*.

⁹ For the last argument, see, for instance, the survey in Harold Alderman and John Hoddinott (2007). “Growth-Promoting Social Safety Nets”. 2020 Focus Brief on the World’s Poor and Hungry People. Washington, DC: IFPRI: “Studies undertaken in south India and Tanzania show that, because poor households deploy their assets more conservatively than wealthy households, their return on assets is 25–50% lower. Further, the threat of shocks can make households reluctant to access credit markets because they fear the consequences of an inability to repay. Others are simply unable to obtain credit because they are perceived to be at risk of default (p. 2)”

¹⁰ “New World, New World Bank Group: (I) Post-Crisis Directions”, submitted to the Development Committee, April 20, 2010, available at [http://siteresources.worldbank.org/DEVCOMMINT/Documentation/22553954/DC2010-0003\(E\)PostCrisis.pdf](http://siteresources.worldbank.org/DEVCOMMINT/Documentation/22553954/DC2010-0003(E)PostCrisis.pdf)

¹¹ See, for example, the data in Centre for Research on the Epidemiology of Disasters (www.cred.be) and Table 1 in Galina Hale, Assaf Razin and Hui Tong (2008). “The Impact of Creditor Protection on Stock Prices in the Presence of Credit Crunches,” NBER Working Papers, September 16, 2008

¹² See, for example *Fact sheet. The UN Social Protection Floor Initiative*. July 2010-08-11 available from <http://www.ilo.org>

¹³ Innovative programs outside social protection include weather-based insurance programs that protect farmers (India) or trigger early and effective disbursements of funds to local governments and communities (Ethiopia).

¹⁴ “Social Protection and labor and the World Bank”, 2000-2008, 2009 and Sector Strategy Implementation Update: third review, 2007.

¹⁵ “IEG Annual Report 2010: Results and Performance of the World Bank Group”, Independent Evaluation Group (2010), page 15.

¹⁶ These figures were calculated using the percentage of the total lending commitment from Business Warehouse assigned to Theme 51 for projects falling under “Improving Labor Markets”, Theme 54 for projects falling under “Social Safety Nets”, and Sectors BE and

FD for projects falling under "Pensions" as there is no thematic code for Pensions. Business Warehouse is a dynamic database and these data are valid as of Nov. 4, 2010. Social Funds does not have a thematic or a sector code, thus figures were derived from staff calculations.

¹⁷ As a recent Independent Evaluation Group (IEG) report noted, "Given high unemployment and a rise in poverty, a positive feature in the current [Bank] response is the greater prevalence of social protection programs." IEG (2009), *The World Bank Group's Response to the Global Crisis: Update on an Ongoing IEG Evaluation*, Evaluation Brief 8, November.

¹⁸ IEG evaluations ratings, from Business Warehouse

¹⁹ Besides IEG's *Annual Reports on Development Effectiveness*, which report on overall sectoral performance, relevant sectoral IEG Reports include: *Pension Reform and the Development of Pension Systems. An Evaluation of World Bank Assistance* (2006); *Social Funds: Assessing effectiveness* (2002); *Earnings Growth and Employment Creation: An Assessment of World Bank Support in Three Middle-Income Countries* (2009) and its analyses on the financial crisis.

²⁰ Ariel Fiszbein and Norbert Schady (2009): *Conditional Cash Transfers: Reducing Present and Future Poverty*. Margaret Grosh et al (2008): *For Protection and Promotion: the Design and Implementation of Effective Safety Nets*; Robert Holzmann and Richard Hinz (2005): *Old Age Income Support in the 21st Century*; and Laura Rawlings, Lynne Sherburne-Benz and Julie Van Domelen (2004): *Evaluating Social Funds: a Cross Country Analysis of Community Investments*, all published by the World Bank.

²¹ Robert Holzmann and Richard Hinz (2005): *Old-Age Income Support in the 21st Century: An International Perspective on Pension Systems and Reform*. The World Bank

²² MILES is an acronym for the five sets of factors affecting employment creation - Macroeconomic conditions, Investment climate and infrastructure, Labor market regulations and institutions, Education and skills, and Social protection. See World Bank (2008): "MILES to go: The quest for an operational labor market paradigm for developing countries", Human Development Network.

²³ See World Bank (2010): *Stepping Up Skills for More Jobs and Higher Productivity*, downloadable at

<http://go.worldbank.org/18Q8BK1720>

²⁴ See Helena Ribe, Ian Walker and David Robalino (2010): *Achieving Effective Social Protection for All in Latin America and the Caribbean: from Right to Reality*. The World Bank.

²⁵ Contributors include the governments of the Russian Republic, Norway and the United Kingdom.

²⁶ IEG (2007), *Development Results in Middle-Income Countries: An Evaluation of the World Bank's Support*, p. 24

²⁷ See "New World, New World Bank Group: (I) Post-Crisis Directions", submitted to the Development Committee, April 20, 2010, available at [http://siteresources.worldbank.org/DEVCOMMINT/Documentation/22553954/DC2010-0003\(E\)PostCrisis.pdf](http://siteresources.worldbank.org/DEVCOMMINT/Documentation/22553954/DC2010-0003(E)PostCrisis.pdf)

²⁸ IEG is preparing a review of Bank supported impact evaluations for 2011 that will complement a 2010 IEG review of social safety net impact evaluations.

²⁹ OPCS has developed four tiers of indicators for measuring performance, with the fourth tier related to results of internal World Bank systems (human resources etc.); these Tier 4 indicators are routinely monitored and have not been highlighted as part of the set of key indicators for the strategy.