



THE WORLD BANK'S

SOCIAL PROTECTION AND LABOR STRATEGY 2012-22

MANAGING RISKS, PROMOTING GROWTH:

DEVELOPING SYSTEMS FOR SOCIAL PROTECTION IN AFRICA

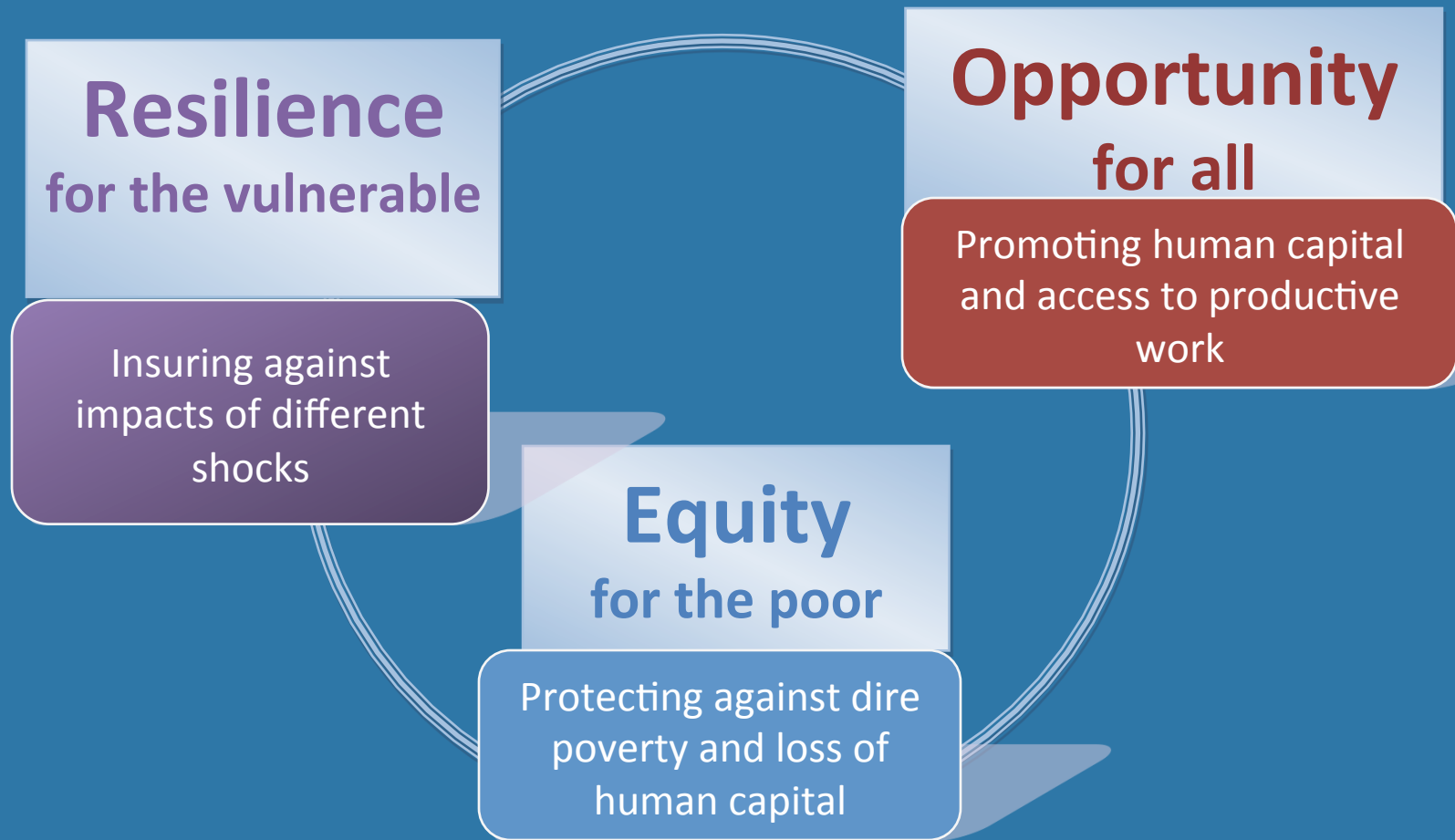
Africa Social Protection Strategy, 2012-2022

# *Resilience, Equity, and Opportunity*

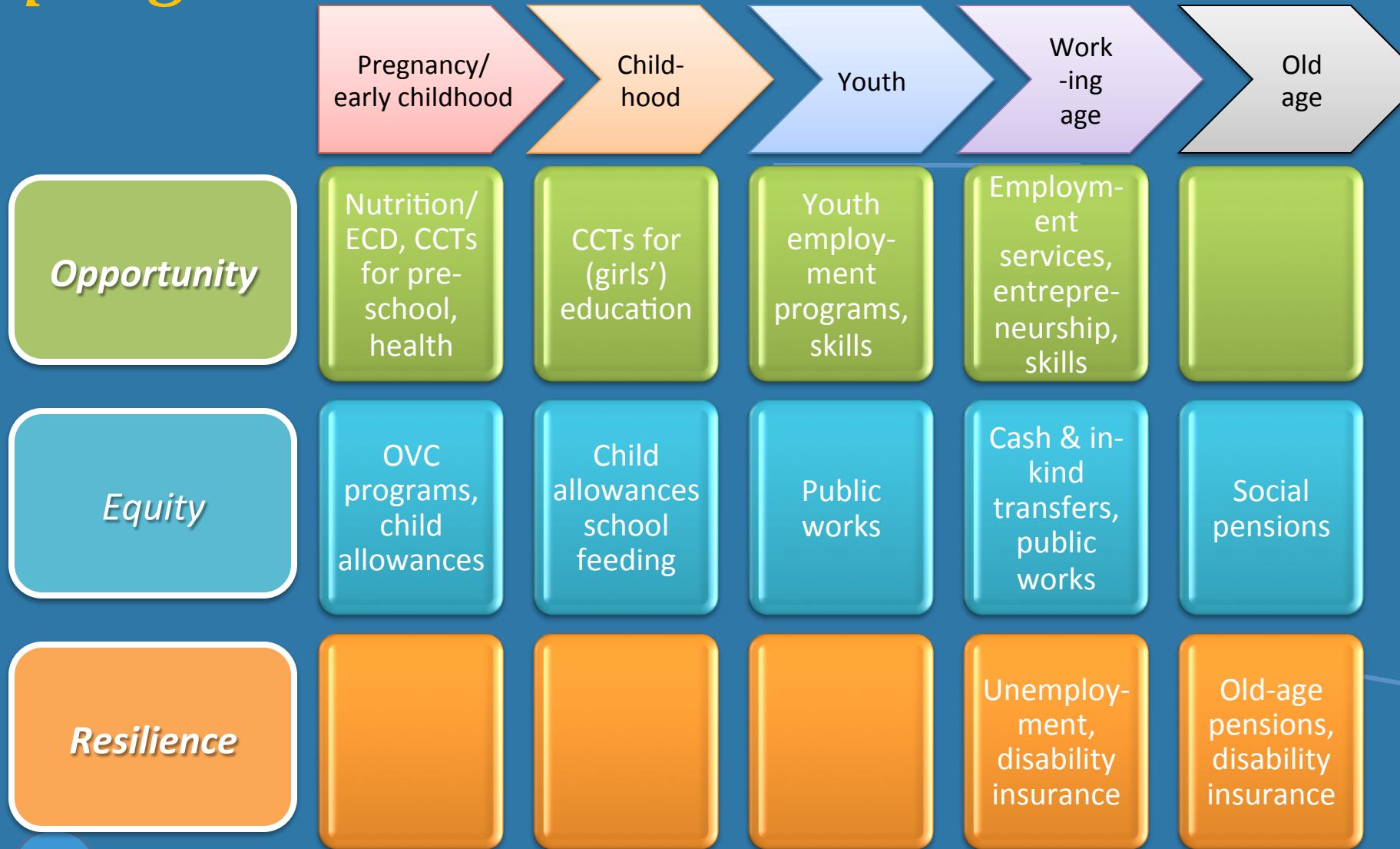
Ruslan Yemtsov -Maputu, June 20, 2012



# *Social protection and labor policies let countries help their people achieve:*



# *What are social protection and labor programs?*



*Evidence shows social protection and labor policies contribute to gender equality, opportunities and better access to services*

## Gender equality

Transfers/public work for poor women empowers them and improves capabilities

Programs provide improved access to education for girls/maternal care for women

## Nutrition

Increased resources for poor families reduce hunger and malnutrition

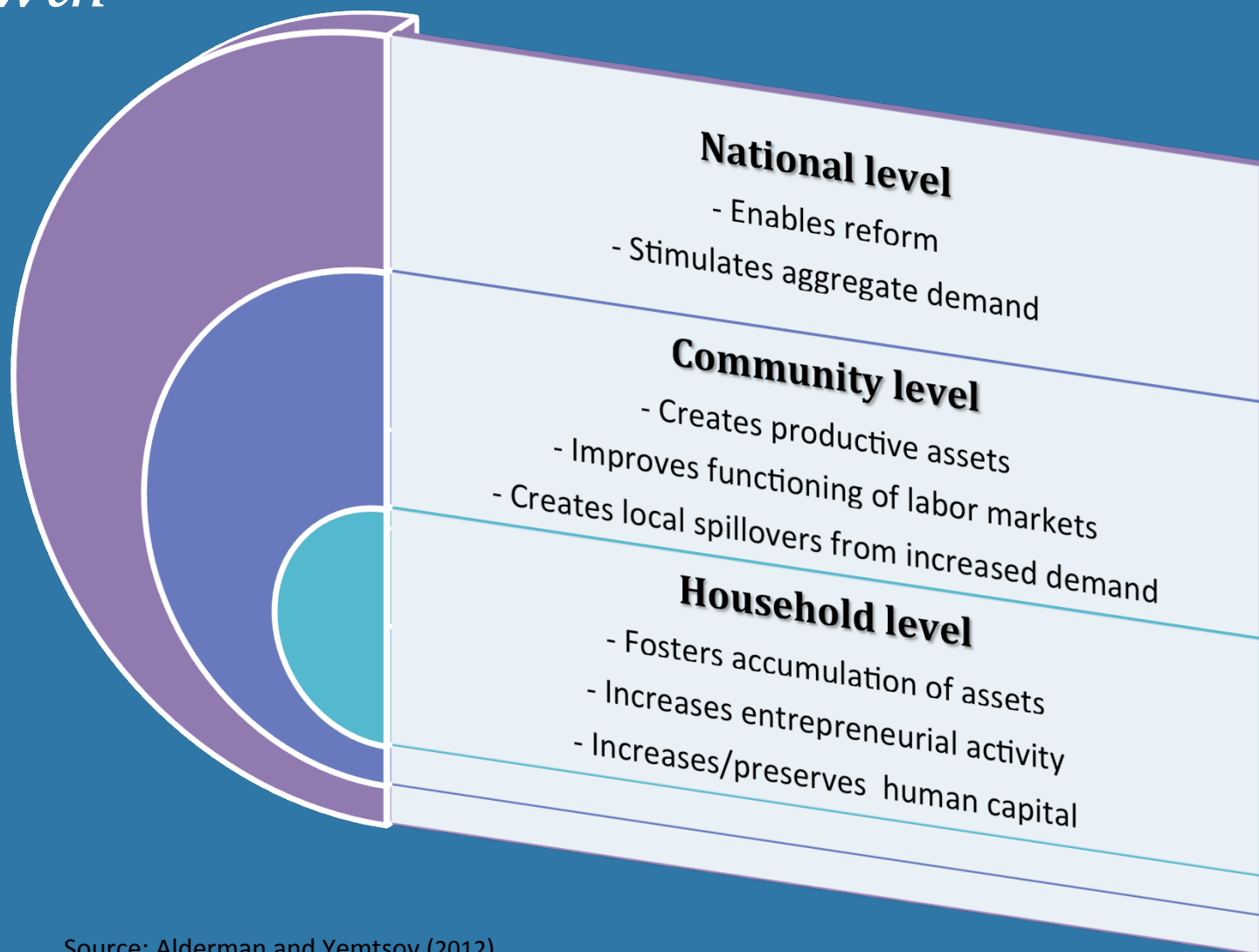
Improved nutrition in first 1000 days of life have huge impact on future incomes/productivity

## Access to education/health

Transfers and school feeding helps meet implicit and opportunity costs of education, boosting enrollment and attendance

Transfers during shocks preserve human capital

# *Evidence shows social protection and labor policies contribute to sustainable, inclusive growth*



# *Social Protection Objectives in Africa: Reduce Vulnerability and Build Resilience*

To enhance the impact of economic growth on poverty reduction

To provide governments with the space for economic reforms

To improve equity and social cohesion

To shield households from the negative effects of shocks

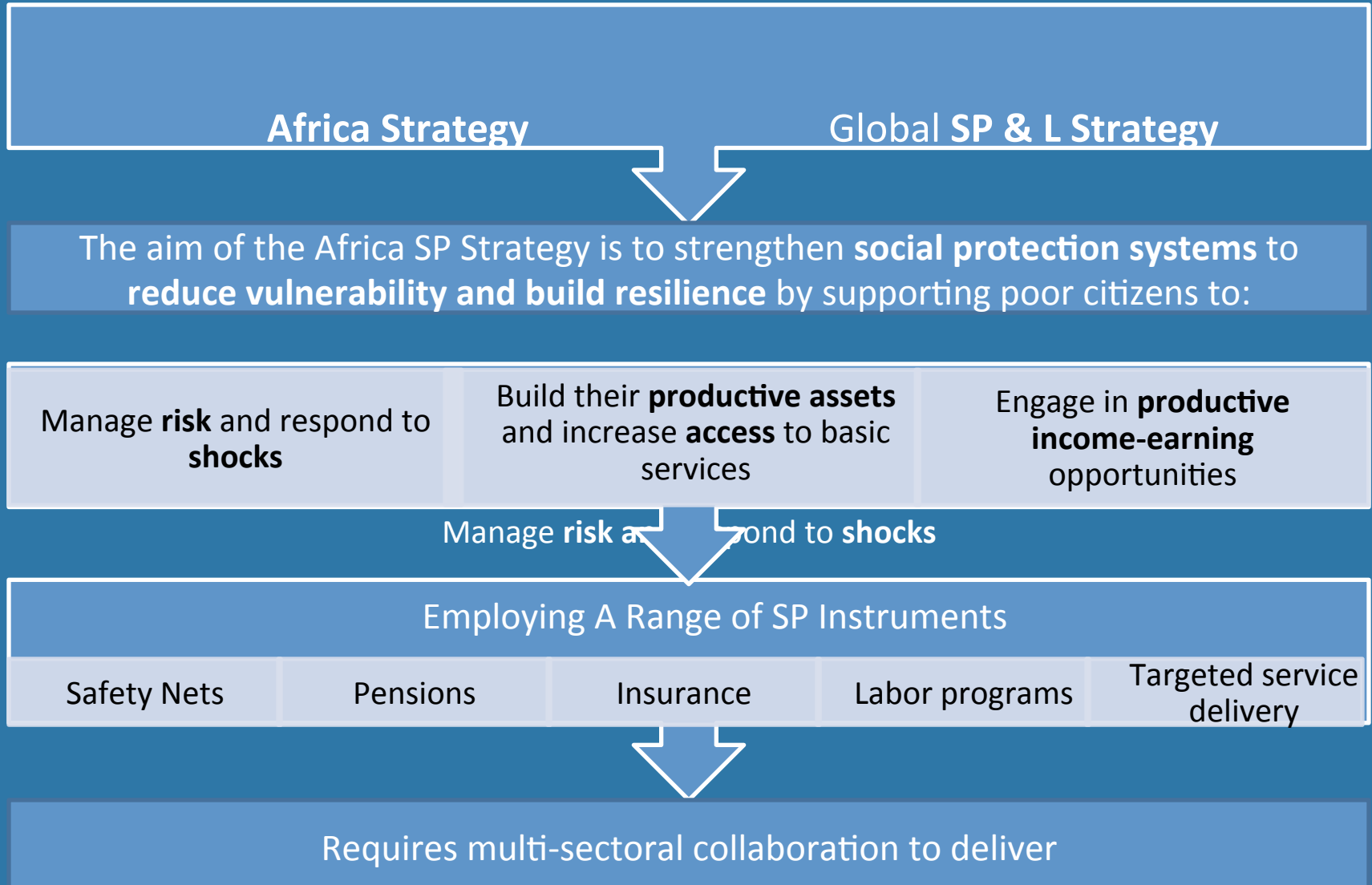
To help households to participate in more productive activities

# *Supports Implementation of Africa Strategy*

Africa Strategy	SP Contribution
<b>Reducing vulnerability and building resilience</b>	<p>The Strategy support efforts to <b>reduce vulnerability and building resilience</b> to supporting poor citizens to better manage risk and respond to shocks by:</p> <p><b>Increasing the income of the very poor and those affected by crises</b> Safety Nets (including pensions)</p> <p><b>Protecting against sudden adverse events and climate change</b> Facilitate consumption smoothing and access to services Provide emergency programs – PW</p>
<b>Competitiveness and employment</b>	<p>The Strategy aims to support poor women and men to engage in productive income earning opportunities by: building <b>household and community productive assets</b> and <b>human capital</b></p>
<b>Governance and public sector capacity</b>	<p>The Strategy is underpinned by a set of principles, including <b>good governance</b>, promotion of <b>social accountability and transparency</b>, and building national <b>institutional capacity</b></p>



# Strategic Direction for SP in Africa





# *Has to Be Tailored to Country Context*

	Safety Nets	Pensions	Insurance	Labor Programs	Targeted service delivery
Middle income countries	National, proxy-means tested social transfer systems	Expand multi-pillar pension system	Expand formal disability & accident insurance	Employment services; job search assistance; labor regulation	Support marginalized groups to access quality services
Low income countries	Regular seasonal public works; cash transfers to select groups	Reform contributory schemes; Promote savings for informal sector	Index-based agricultural insurance; Targeted support to extend health insurance poor	Skills development, especially for informal sector	Targeted support to increase access to quality services for the poor
Fragile states	Cash & In-kind safety nets through NGOs or community-based organizations	Social pensions through community-based initiatives	Community-Based Health Insurance	Temporary job (pubic works), demobilization & reintegration	Rebuilding basic infrastructure and services

# *Developed through Broad Consultation*

## Africa-wide Consultations:

- Consultation on concept note in 13 countries and with: AU, AfDB, APSP

## External Peer Reviewers:

- African Governments, African Civil Society, Development Partners, Academics

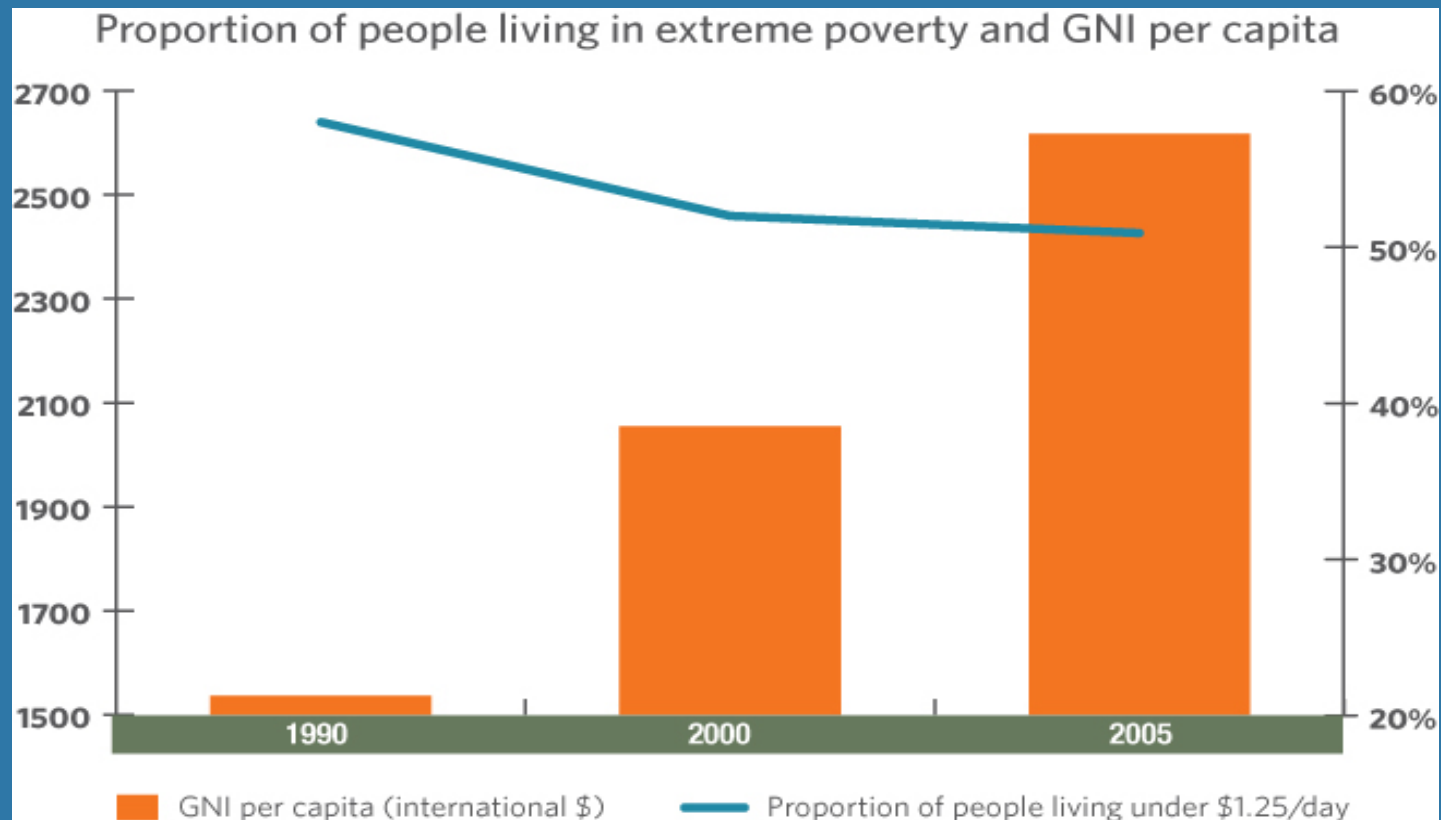
## Internal consultations:

- Background papers on pensions, labor markets, insurance
- Presentations to RVP, Chief Economist and others



**Social Protection is needed more than ever**

# *Despite Growth, High Rates of Chronic Poverty*



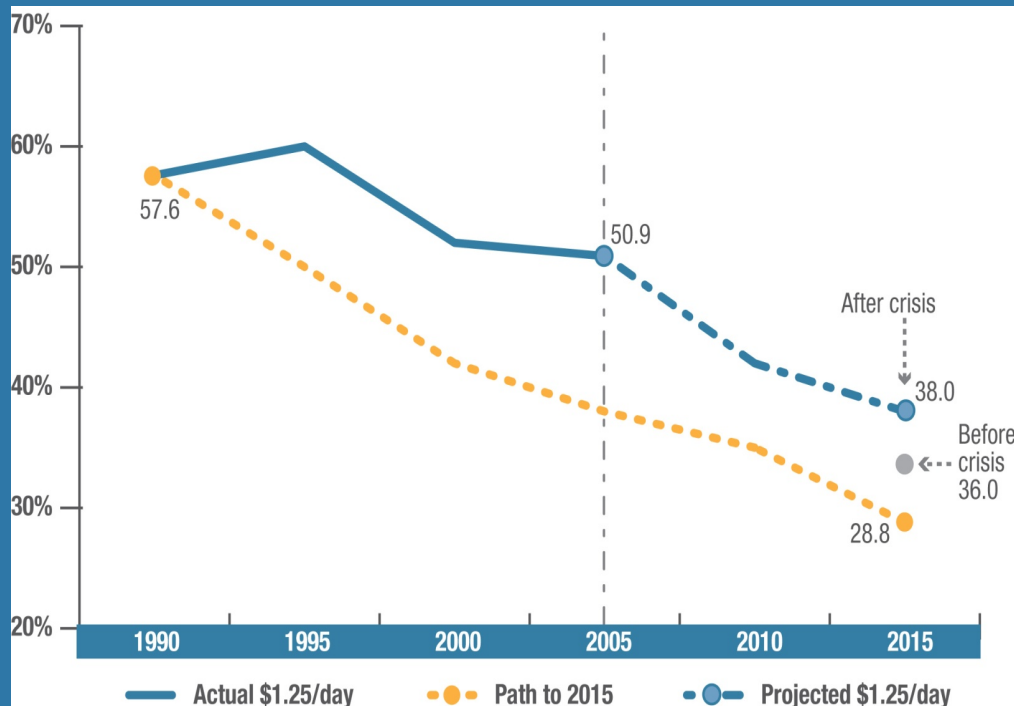
*Source: World Development Indicators, World Bank*

- Poorest 10% in **Tanzania** have not benefited from recent economic growth
- In **Ghana**, the northern savannah area has been left behind in the growth process, with the share of poor increasing from 32.6 to 49.3%

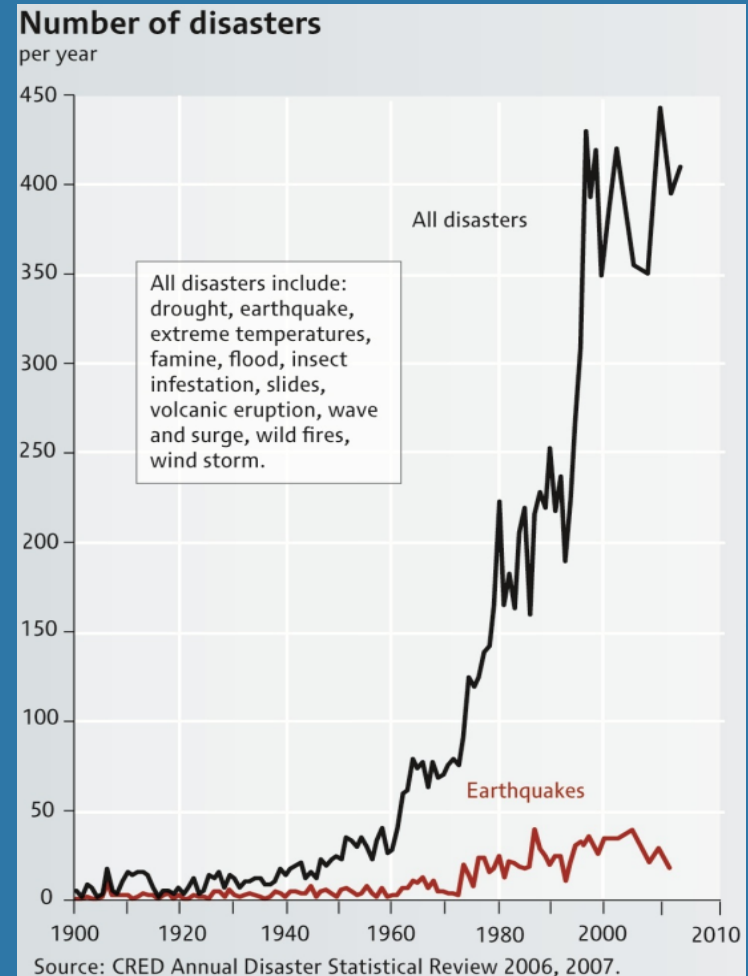


# Increasing Vulnerability & Shocks

Sub-Saharan Africa population (%) living under \$1.25/day



13.3 million people need humanitarian assistance in Eastern Africa



# *Costs of Inaction are High and Long Lasting*

## Undermine gains in poverty reduction

- In West and Central Africa, a 50% increase in **food prices** results in a 2.5-4.4 percentage point increase in poverty rates

## Vulnerable groups suffer disproportionately

- **Children** in households in Burkina Faso that experience a negative income shock are less likely than other children to enroll in school
- Among Zimbabwean households affected by the 1994/95 drought, **women** were more severely affected than men

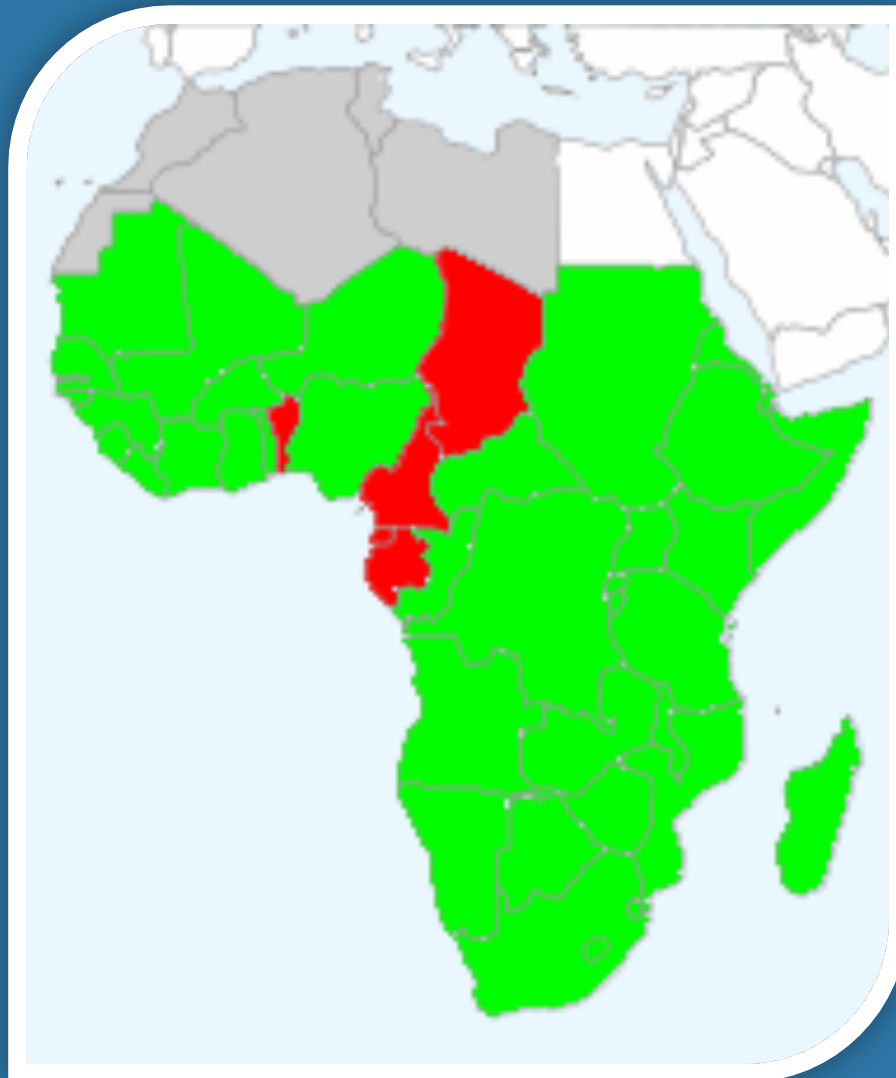
## Negative political implications

- 2011 IMF study found that a 10% increase in food prices was associated with a doubling in the number of **anti-government protests** in low-income countries

## Damaging effects last long into the future

- **Ethiopian** households that suffered during the 1984-5 drought continued to experience 2 to 3 percent **less annual per capita growth** in the 1990s
- Because poor households deploy their assets more conservatively than wealthy households, their **return on assets** is 25-50% lower
- Childhood malnutrition **lowers GDP growth by 2 to 3 percent**

# *Most countries in Africa demanding social protection ...*

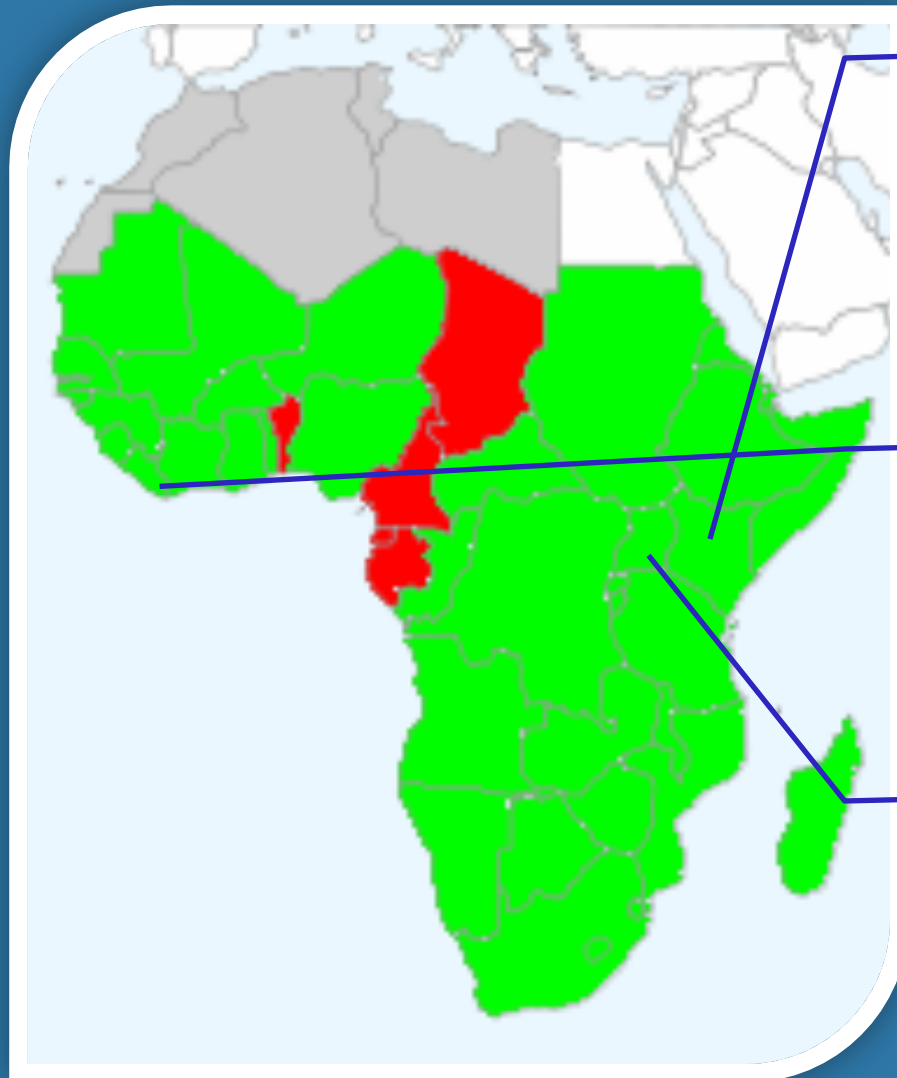


Countries in which cash transfer programs have been discussed, planned or implemented as of 2011

Countries with no known dialogue as of 2011



# *Evidence of significant positive results ...*



**Kenya's Cash Transfer**  
Program for Orphans and  
Vulnerable Children:  
**13 percentage point**  
**reduction** in households  
living below \$1 per day.

**Liberia's Public Works**  
Program:  
**21% reduction**  
in poverty gap among  
participants

**Uganda's Youth**  
**Opportunities** Program:  
**33% increase**  
in likelihood of youth being  
employed in skilled job

# *Direct Benefits for Households*

## Immediate impact on chronic poverty

- The IEG concluded that **safety nets** lead to a net increase in short-term household income and reduce the number of people in poverty.
- **Kenya's Cash Transfer** Program for Orphans and Vulnerable Children resulted in a 13 percentage point reduction in the proportion of households living below \$1 per day.

## Reduce household vulnerability

- Countries with well-designed, operational **safety nets** respond most effectively to crises and robust evidence shows that safety nets protect households against shocks.
- In **Liberia**, a **public works** program that was launched in response to the 2008 food prices crisis resulted in a 21 percent decline in the poverty gap among participants.

## Improve productivity & income earning opportunities

- When implemented alone, **Ethiopia's** Household Asset Building Program had a marginal impact on agricultural productivity, but when combined with the **PSNP public works**, maize yields increased by 38 percent.
- In **Uganda**, the Youth Opportunities Program increased the likelihood of youth being **employed** in a skilled job by 33 percent.

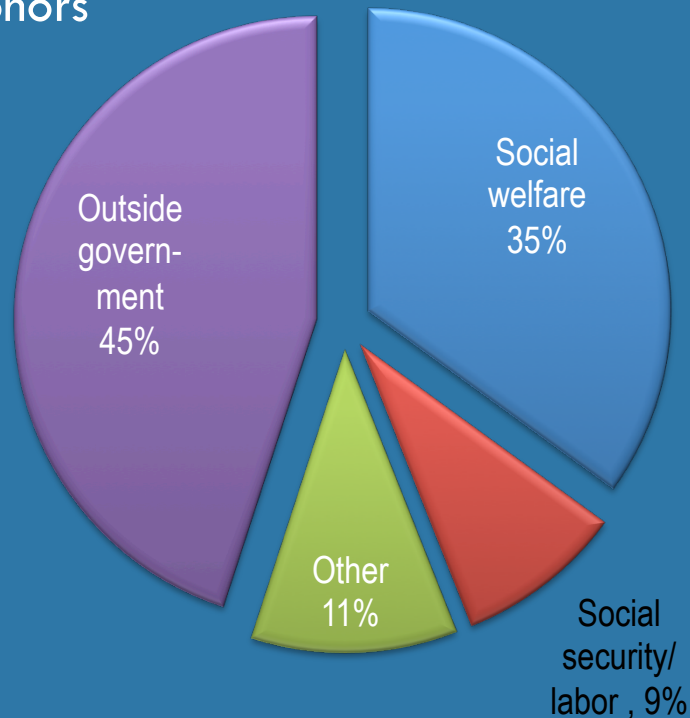
# Main messages from Global SPL: *Social Protection and Labor* *policies and programs...*

1. ... Are necessary
2. ... Are effective and affordable, if made:
  - Systemic
  - Inclusive
  - Responsive
  - Productive
3. ... Need to be
  - Tailored to countries
  - Knowledge-driven
  - Developed collaboratively



# *From fragmented approaches to harmonized systems*

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



Source: Garcia and Moore (2012)

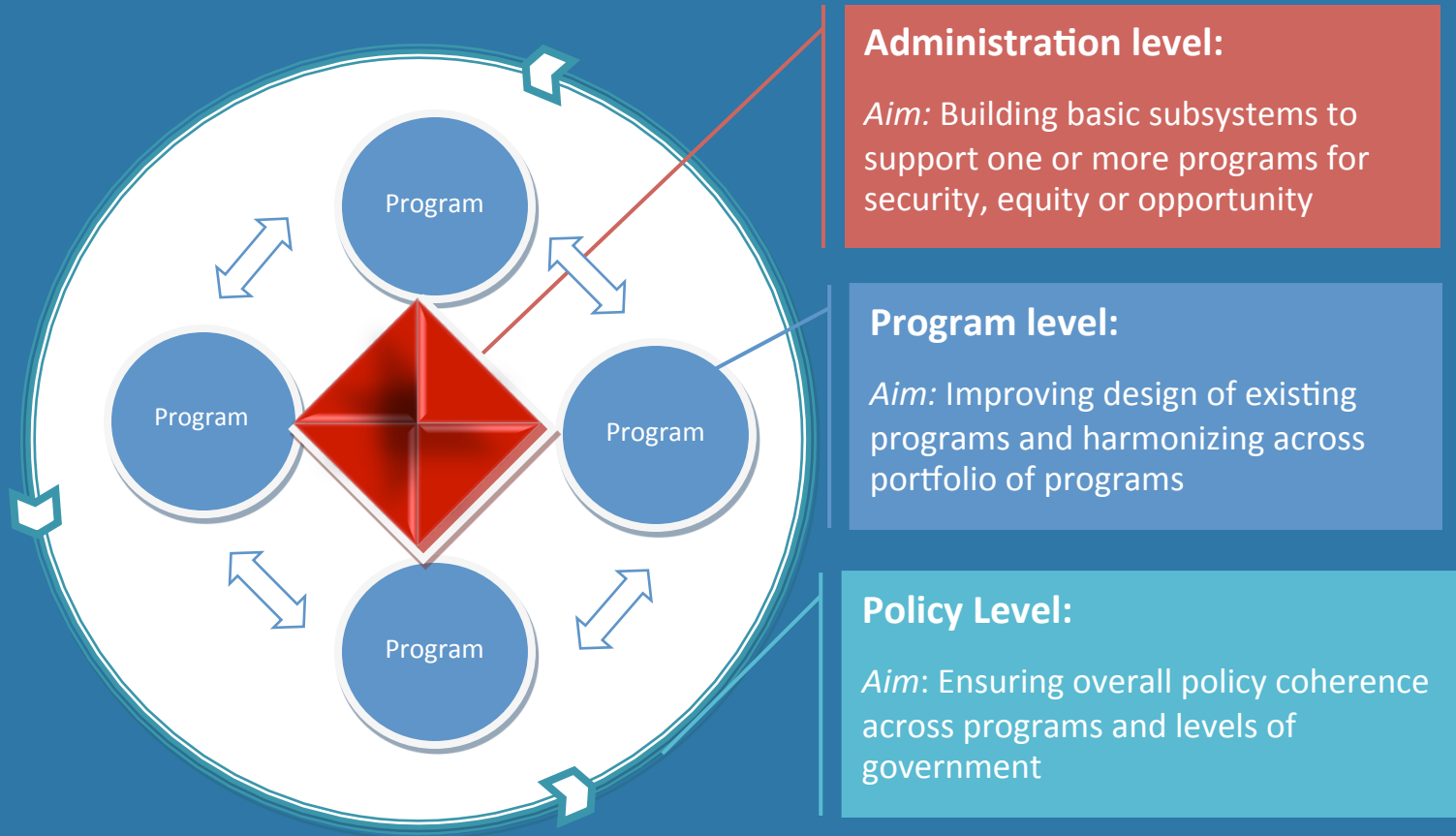
## **Fragmentation:**

- ❑ Different ministries/donors implement similar programs
- ❑ Some beneficiaries have access to multiple programs, others excluded

## **Few Integrated Systems imply:**

- ❑ Incentive incompatibility
- ❑ Financing inadequate and non-transparent
- ❑ Unclear institutional roles

# *Social protection systems operate at different levels*



# *Need better social protection and labor systems because of ...*

## Exclusion

- Low coverage in poorer countries
- Less access for women/ultra-poor

**75%**

of poor households in Sub-Saharan Africa receive no public transfers

## Lower Productivity

- Low levels of education and nutrition  
lower lifetime incomes of poor
- Limited access to productive jobs

**19%**

of workers in Sub-Saharan Africa are in wage employment

## Inflexibility

- Lack of scalable programs when shocks hit
- Inability to identify newly poor

**51%**

Increase in the number of natural disasters since 1991

# *Need better social protection and labor systems to move ...*

## From **Exclusion**

- Low coverage in poorer countries
- Less access for women/ultra-poor

## To **Inclusion**

- Fiscally sustainable programs in LICs/fragile cont.
- Innovation for access of vulnerable

## From **Lower Productivity**

- Low levels of education and nutrition  
lower lifetime incomes of poor
- Limited access to productive jobs

## To **Higher productivity**

- Social protection to increase human capital of children
- Skills and labor market programs

## From **Inflexibility**

- Lack of scalable programs when shocks hit
- Inability to identify newly poor

## To **Responsiveness**

- Ensuring scalable programs (e.g., public works)
- Improve identification/targeting



# *Financially Affordable*

## Increase efficiency of existing SP expenditure

- Reorient existing financing from subsidies, especially on fossil fuels and energy intensive products (e.g. Malawi's fertilizer subsidy program cost 6.6% of GDP in 2008/09; general subsidies in Senegal cost up to 4% of GDP) and humanitarian assistance to safety nets (e.g. Ethiopia's PSNP) and other SP programs
- Consolidate fragmented programs and adopting common systems, such as targeting, single registry, payments (e.g. Ghana, Kenya)
- Explore innovations in leveraging international resources to respond to shocks through macro-level weather indexed insurance (e.g. Ethiopia and Malawi)

## Increase domestic resources for SP

- Economic growth and debt reduction have create some fiscal space for SP
- Increase capacity to generate internal revenue

## Seek external assistance

- Development partner support needs to be consistent with national SP strategies and level of funding predictable

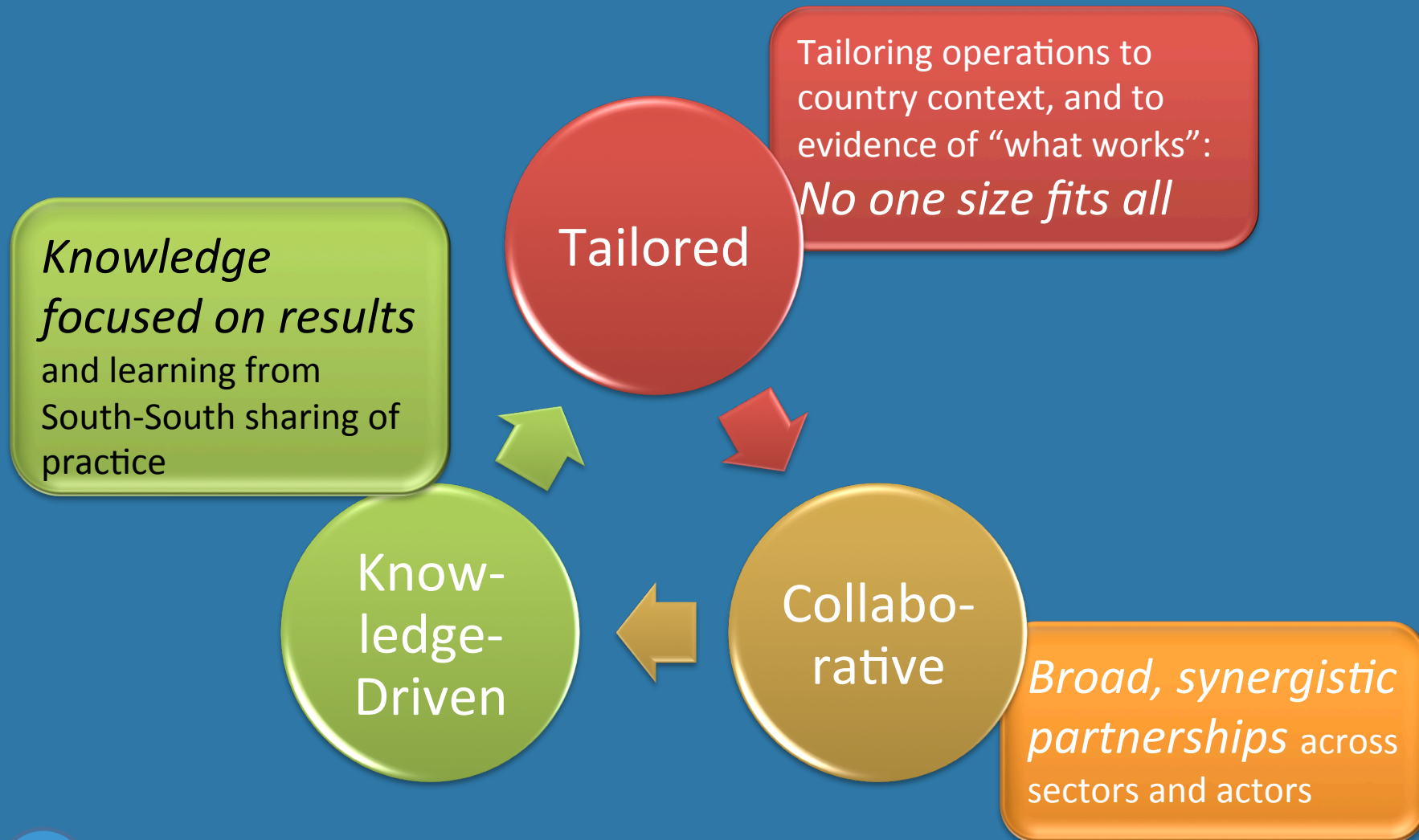
# Main messages:

## *Social Protection and Labor policies and programs...*

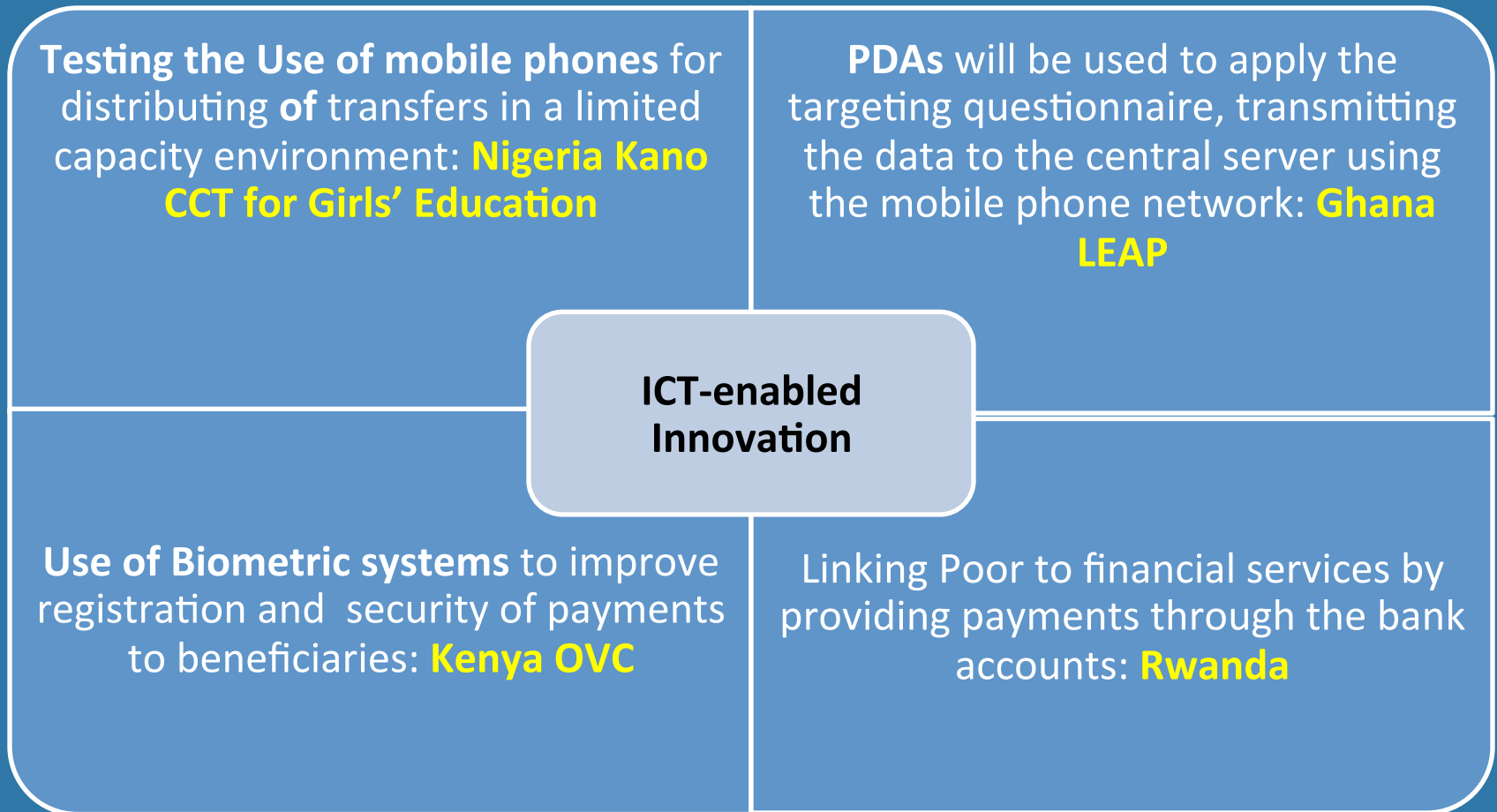
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# *To succeed, work on social protection and labor issues need to be ...*



# *Harnessing Innovation*



# *Towards an agenda for development partners on building social protection and labor systems*

- Help finance and build “nuts and bolts” of systems in poorer countries
- Coordinate explicitly with others so that different donors don’t support different country sub-systems
- Consolidate any new programs with the best sub-systems being used for other programs
- Seek sustainable country systems rather than pilots that have little follow-up plans by governments

# *Towards an agenda for development partners on building social protection and labor systems*

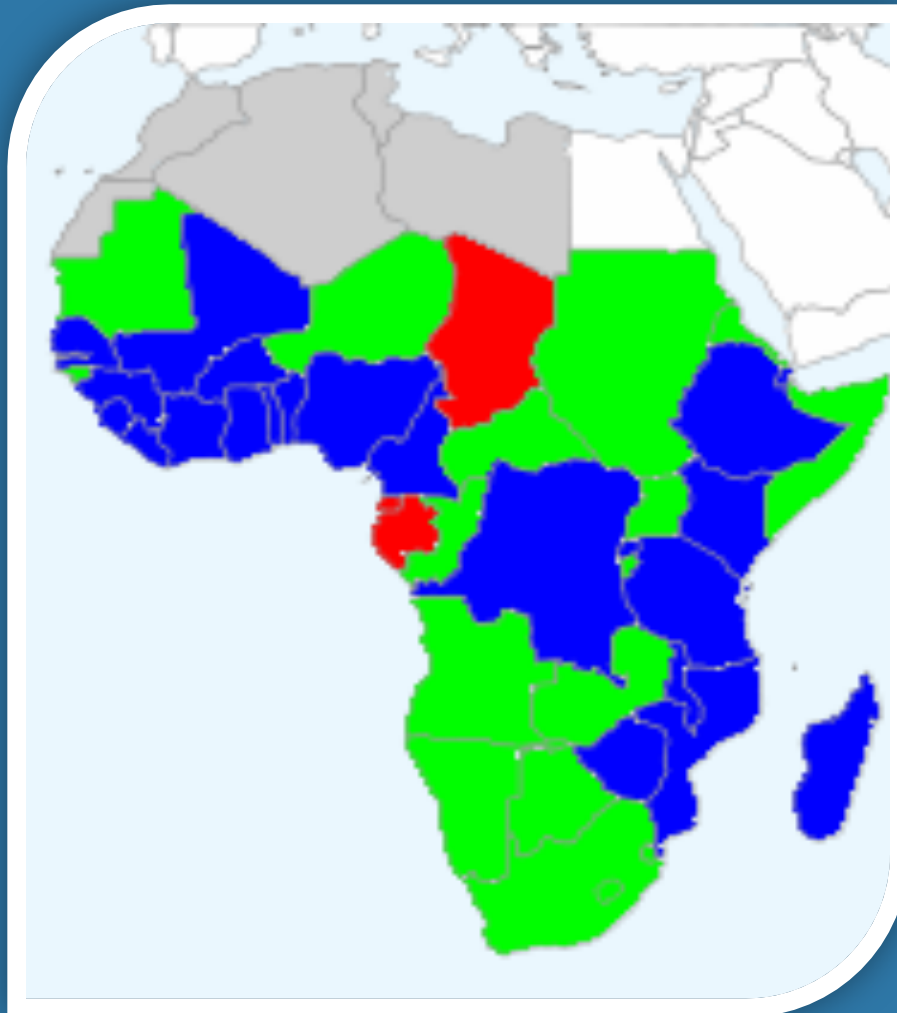
- Help finance and build “nuts and bolts” of systems in poorer countries



- One good example is the Rapid Social Response program.
- Has very successfully catalyzed development of analytical and operational building blocks of social protection programs in low-income countries

# *And the Rapid Social Response (RSR) program as a catalyst*

26 RSR grants with combined funding of \$25.5 mln. helped to mobilize \$1,33 bln. in IDA operations



Countries in which  
cash transfer  
programs have  
been discussed,  
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Countries with no  
known dialogue as  
of 2011

RSR activities as of  
2012



# *Examples in Africa*

RAPID SOCIAL RESPONSE



- **Rwanda**
  - Performance evaluation of Vision 2020 Umurenge (VUP)
  - Creation of VUP administrative & beneficiary databases
  - Paved the way to Support to Social Protection System Project (SSPS-1), a US\$40m IDA Grant approved March 2012.
- **Liberia:**
  - Created inventory of existing (fragmented) safety nets programs
  - Developed options to increase effectiveness as well as efficiency of social protection system as a whole
  - Input to National Social Protection Strategy and Poverty Reduction Strategy II
- **Africa Community of Practice for cash transfers**
  - Spin-off /companion to South-South Learning Forums (Making Public Works in Tanzania in 2010; Resilient Social Safety Nets in Ethiopia 2012)
  - Using Video-conference/distance learning technology
  - Already 4<sup>th</sup> virtual meeting (June 4, 2012)

# Main messages:

## *Social Protection and Labor policies and programs...*

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# *Strategic Direction for the WB SP in Africa*

WB Strategy for SP aims to strengthen **social protection systems** to **reduce vulnerability and build resilience** by supporting poor citizens to:

- (i) manage **risk and respond to shocks**;
- (ii) build their **productive assets** and increase their **access** to basic services; and
- (iii) engage in **productive income-earning opportunities**.

By doing so, this Strategy will:

- Contribute to **inclusive economic growth** and more **equitable development outcomes** in Africa
- Support implementation of the **Africa Strategy**

This requires a **multi-sectoral approach**

# Implementing the Strategy

## Partnerships:

- Supporting **country-owned national social protection systems**, e.g. Ethiopia's PSNP; Kenya's CT-OVC; Tanzania's new national Safety Net
- **Advancing knowledge** e.g. Community of Practices on Cash Transfers with government, donor, civil society partners

## Knowledge:

- Expand **Safety Net Assessments** (most with PERs) to Social Protection Assessments
- Further **knowledge** on pensions, youth unemployment (current impact evaluations), and create **database** on SP programs

## Finance:

- Devote significant attention to **institutional development and capacity building**
- Deploy **lending strategically** to increase coverage of successful SP interventions
- Provide rapid, flexible **support to countries during crises**, i.e. RSR and CRW

# *Knowledge: Building Strong Evidence-Base*

## Investing in Impact Evaluations

Ghana Social Opportunities Project

Ethiopia Productive Safety Net Program

Kenya Cash Transfers for Orphans and Vulnerable Children & Youth Empowerment Project

## To inform policies & program design

**Ethiopia's PSNP 2008 Impact Evaluation concluded:** PSNP is an effective safety net, but results highly dependent on timely delivery of benefits

**PSNP 2009-2014 responded by:** introducing performance management system; strengthening monitoring system; computerizing payroll & issuing client cards

## Investing in Safety Net Assessments

Burkina Faso Social Safety Nets

Tanzania: Options for a National Productive Safety Net Program

Mali Social Safety Nets

## To inform policies & program design

**The Tanzania Safety Net Assessment concluded:** Existing safety nets are too small, with transfer levels too low to affect poverty.

Based on this, the Government is **establishing a national safety net program** as the first stage of the reform agenda.

# *Challenges are Multi-Sectoral*

## Improving Food Security

- SP (i) provides a short-term response to rural poverty; (ii) facilitates household investments in agricultural productivity; (iii) rehabilitates degraded natural environments through public works
- Agricultural investments result in more effective extension services, and availability of inputs, among others, that promotes productivity

## Reducing vulnerability to climate change

- SP creates scalable safety nets that effectively respond to shocks, invests in public works that promote soil and water conservation and enables households to move to alternative livelihoods
- Sustainable land management investments protect and rehabilitate agricultural land

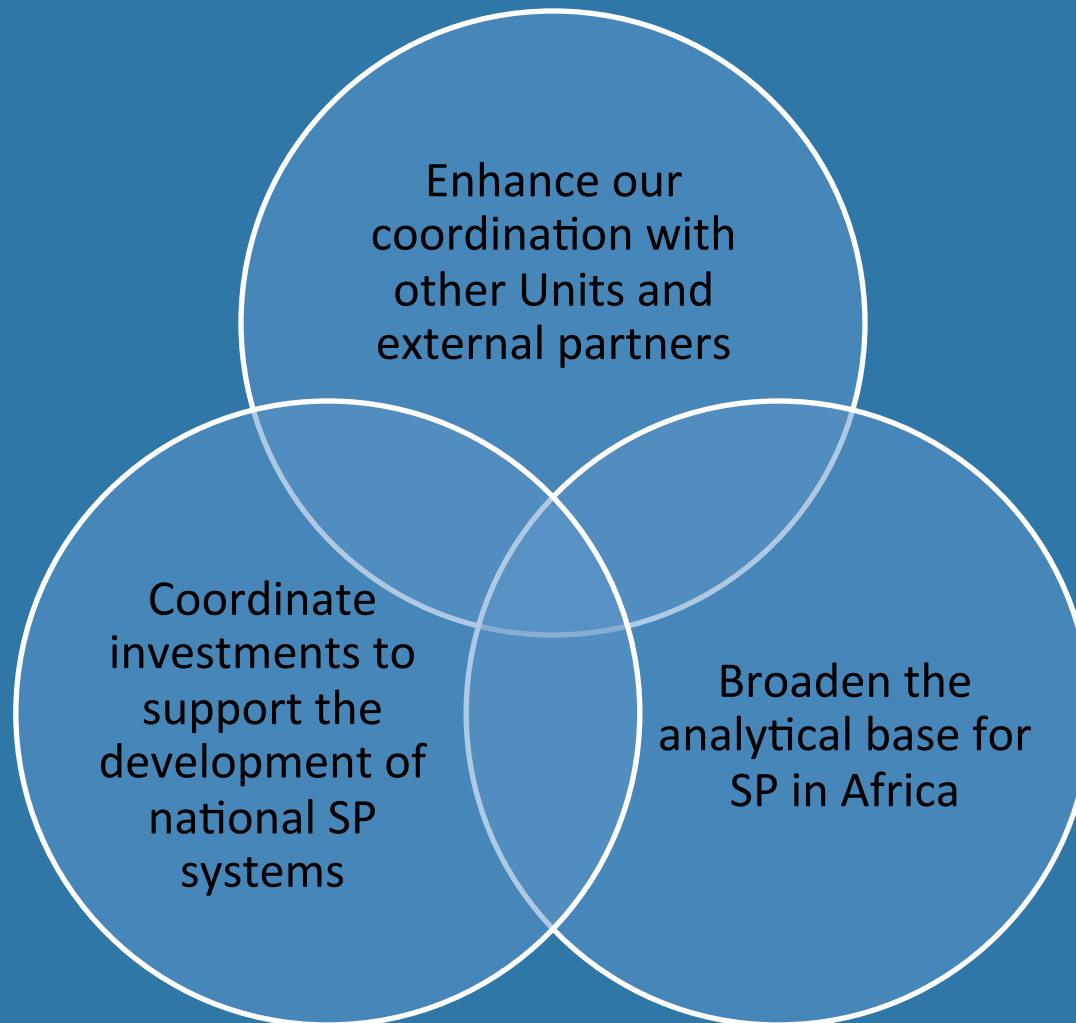
## Enhancing Youth Employment

- SP provides young people with training and work placement experience and assists them to meet basic needs
- Broad macroeconomic reforms promote economic growth and job creation

## Promoting Gender Equality

- SP facilitates the access of girls to education and health services and can improve the position of women in their households and communities.
- Address gender gaps in access to education and disparities in earnings and productivity, by improving women's access to resources

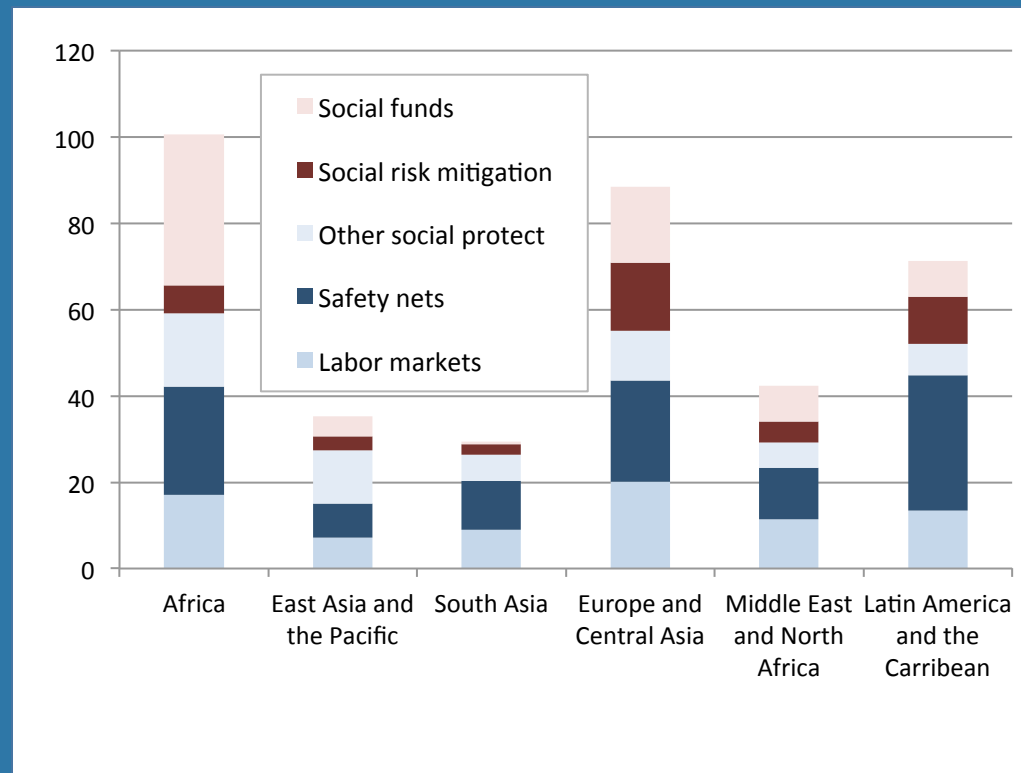
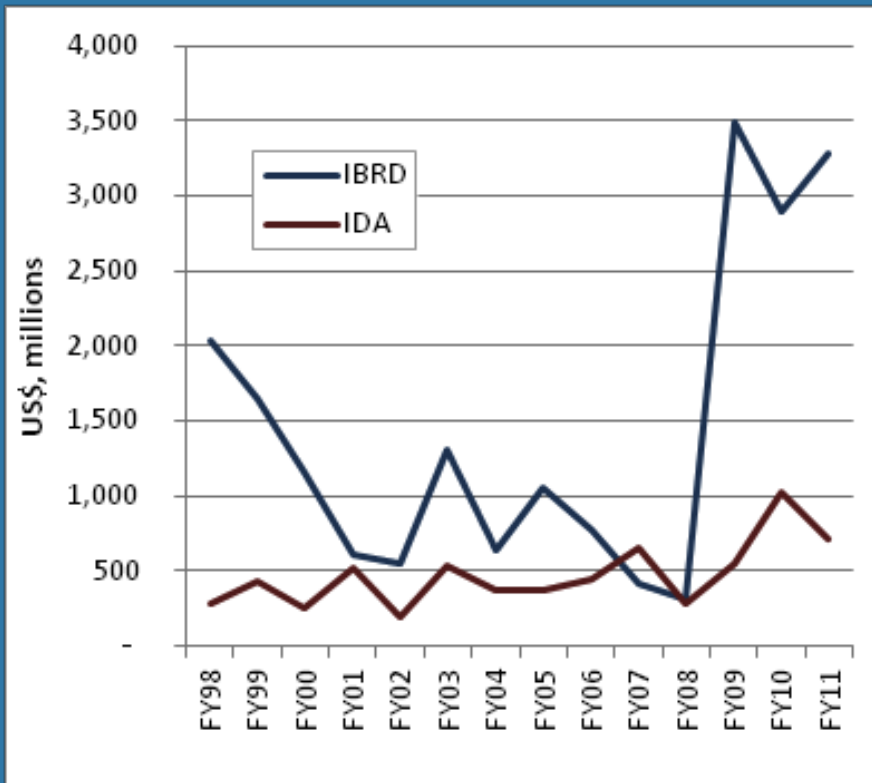
# *Moving the Strategy Forwards*



# Lending: Challenge of Responding to Low Income Countries Needs

IBRD vs. IDA - Annual SPL Lending

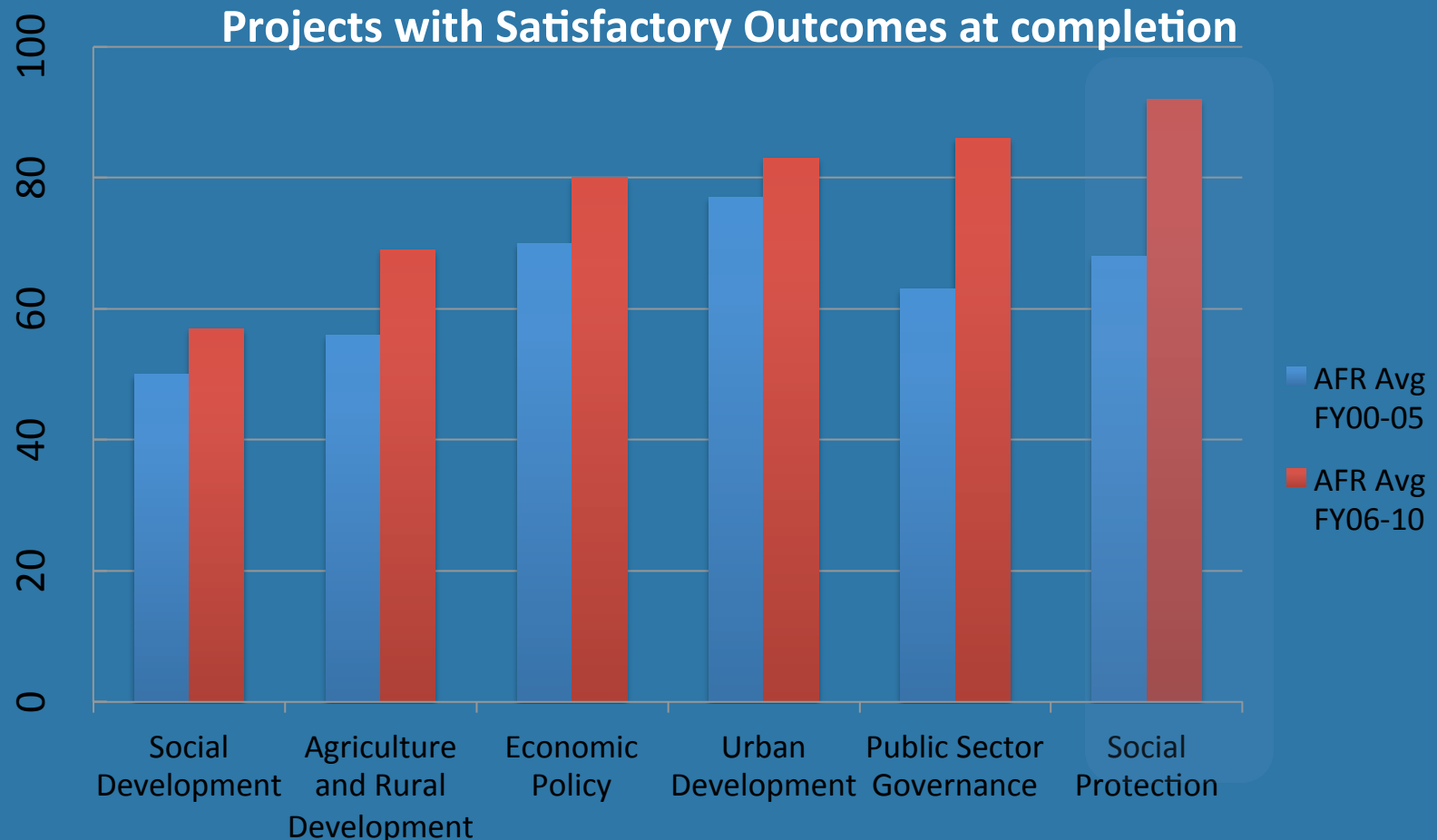
Number of SPL Projects by Region, FY1998-11



Now Africa's portfolio comprises projects in 42 countries, Ethiopia is among WB's largest borrowers in SP. But overall the projects remain small



# *Lending: High Quality Results*



Percentage of projects rated as satisfactory in achievement of development outcomes by the Independent Evaluations Group (IEG)

*For more information*



[www.worldbank.org/spstrategy](http://www.worldbank.org/spstrategy)

[www.worldbank.org/rsr](http://www.worldbank.org/rsr)



**Thank you**