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Resilience, Equity, and Opportunity

SOC. Protection

SOCIAL Protection Labo STRATEGY

Contents

FOREWORD V

ACKNOWLEDGMENTS VII

EXECUTIVE SUMMARY xi

1. RESILIENCE, EQUITY, AND OPPORTUNITY: THE ROLE OF SOCIAL PROTECTION AND LABOR 1
- WHAT IS SOCIAL PROTECTION AND LABOR? 1
- ROLES OF DIFFERENT ACTORS IN SOCIAL PROTECTION AND LABOR 2
- A PORTFOLIO APPROACH TO SOCIAL PROTECTION AND LABOR 5

2. LESSONS FROM THE FIRST DECADE OF WORLD BANK ENGAGEMENT IN SOCIAL PROTECTION AND LABOR 8
- THE FIRST SOCIAL PROTECTION AND LABOR STRATEGY 8
- A DECADE OF ENGAGEMENT IN SOCIAL PROTECTION AND LABOR 8
- LEARNING FROM THE PAST DECADE: WHAT IS NEW ABOUT THIS STRATEGY? 9

3. SOCIAL PROTECTION AND LABOR IN TODAY'S WORLD 14
- A GLOBAL CHALLENGE, AN EMERGING CONSENSUS 14
- THE GLOBAL STATE OF SOCIAL PROTECTION AND LABOR: PROGRESS, BUT FRAGMENTED APPROACHES 14
- ADDRESSING FRAGMENTATION: MOVING TO A SYSTEMS APPROACH 18
- LEVERAGING SYSTEMS TO ADDRESS THE COVERAGE GAP: FROM EXCLUSION TO INCLUSION 22
- LEVERAGING SYSTEMS TO ADDRESS THE FLEXIBILITY GAP: FROM INFLEXIBILITY TO RESPONSIVENESS 24
- LEVERAGING SYSTEMS TO ADDRESS THE OPPORTUNITYGAP: TOWARDS MORE PRODUCTIVE PROGRAMS 25

4. STRATEGIC DIRECTION FOR SOCIAL PROTECTION AND LABOR AT THE WORLD BANK 29
- STRENGTHENING SYSTEMIC APPROACHES 29
- ENSURING INCLUSION 31
- RESPONDING TO CRISES 35
- ENHANCING PRODUCTIVITY 38

5. PRINCIPLES OF ENGAGEMENT FOR THE WORLD BANK 44
- FOCUS ON EVIDENCE-BASED KNOWLEDGE 44
- TAILOR OPERATIONS TO COUNTRY CONTEXT AND EVIDENCE 45
- COLLABORATE ACROSS SECTORS AND ACTORS 47

6. MEASURING AND ACHIEVING SUCCESS: EXPECTED RESULTS AND BUSINESS PLAN IMPLICATIONS 55
- MEASURING RESULTS 55
- BUSINESS IMPLICATIONS 57

REFERENCES 61

ANNEX 1: REGIONAL AND ANCHOR APPLICATIONS OF THE SOCIAL PROTECTION AND LABOR STRATEGY 67

ANNEX 2: BACKGROUND PAPERS TO THE SOCIAL PROTECTION AND LABOR STRATEGY 2012–22 80

ANNEX 3: WORLD BANK SOCIAL PROTECTION AND LABOR PORTFOLIO 84

ANNEX 4. RESULTS OF THE SPL STRATEGY CONSULTATIONS 88

ANNEX 5: MULTISECTORAL APPROACHES: LINKAGES BETWEEN THE SPL STRATEGY 2012–22 AND OTHER WORLD BANK GROUP STRATEGIES 92

ANNEX 6. SOCIAL PROTECTION STRATEGIES OUTSIDE OF THE WORLD BANK 96

ANNEX 7: RESULTS FRAMEWORK 102

NOTES 106

Foreword

Effective social protection and labor (SPL) policies occupy center stage, as never before. As our globalized world continues to be gripped by an economic downturn, few countries are spared from having to wrestle with the consequences for their people of unanticipated economic shocks and unmet expectations for good jobs.

The decade ahead is fraught with risk. Yet it is also filled with promise for those who can manage these risks and access opportunities. To assist countries in delivering on this promise for all their citizens, the World Bank has developed a new SPL strategy. The strategy is built on a platform that helps overcome four elemental gaps in SPL today: in integration across programs and functions, in access to SPL instruments, in promotion to ensure access to jobs and opportunities, and in global knowledge of effective SPL approaches.

After extensive consultation and dialogue with clients, stakeholders and practitioners about needs in this fast-changing world, we have designed the strategy with a core focus: to move SPL from isolated interventions to a coherent, connected portfolio of programs. This systemic approach helps countries to address the fragmentation and duplication across programs, and to create financing, governance and solutions tailored to their own contexts.

A focus on systems is not an end in itself. It is a gateway to deliver outcomes. Effective SPL systems build resilience by ensuring that individuals and families are well-protected against the sudden shocks that are likely to overwhelm them. They improve equity at both national and global levels by reducing poverty and destitution – with strong support to people in low income countries, and those in the informal sector. And they promote opportunity to improve people's productivity and incomes, through preserving and building their human capital, and through access to better jobs and income which can propel them out of poverty.

To that end, the strategy takes into account the importance of having well-functioning social safety nets, proven to reduce poverty and inequality, promote access to health and education among poor children, and empower women; and sustainable social insurance programs that help cushion the impact of crises on households. And the strategy promotes effective policies for productive employment which help people gain access to labor markets and accumulate skills, both during recovery from economic crisis and in normal times.

The strategy is designed to help harness knowledge management in key ways: by generating evidence and lessons to inform effective policies; promoting South-South knowledge sharing and open access to data and information; and providing global leadership in research, analysis and data management.

Today, SPL at the World Bank is a young, strong sector, accounting for a significant share of Bank lending and knowledge – and serving as a global leader in its work on evidence-based policy-making. The strategy builds on the foundation of this work.

This publication sets out a snapshot of the strategy's goals, direction, and commitments. We believe that the strategy provides a fundamental underpinning to the work of the Bank and its development partners and hope that it responds to the needs of countries engaged in the move toward effective SPL – and ultimately more effective and inclusive growth and development.

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Abbreviations and Acronyms

AAA	Analytical and Advisory Activity
ADB	Asian Development Bank
AfDB	African Development Bank
ALMP	Active Labor Market Program
AU	African Union
3P	Prevention, Protection, Promotion [framework]
BLT	Bantuan Langsung Tunai (Direct Cash Assistance Program, Indonesia)
CCT	Conditional Cash Transfer
CODE	Committee on Development Effectiveness
CPIA	Country Policy and Institutional Assessment
CRED	Center for Research in the Epidemiology of Crisis
CSO	Civil Society Organization
DDR	Disarmament, Demobilization, and Reintegration
DEC	Development Economics Vice Presidency
DFID	Department for International Development (United Kingdom)
EAP	East Asia and the Pacific
ECA	Europe and Central Asia
ESW	Economic and Sector Work
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FBS	Fee-Based Service
FPD	Financial and Private Sector Development
HDN	Human Development Network
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion Report
ICT	Information and Communication Technology
IDA	International Development Association
IDB	Inter-American Development Bank
IEG	Independent Evaluation Group
IFPRI	International Food Policy Research Institute
ILO	International Labour Organization/ International Labor Office
IPCC	Inter-Governmental Panel on Climate Change
ISSA	International Social Security Association
IZA	Institut zur der Zukunft der Arbeit/ Institute for the Study of Labor
LAC	Latin America and the Caribbean
LIC	Low-income Country
MDG	Millennium Development Goal
MDTF	Multi-Donor Trust Fund
MIC	Middle-income Country
MILES	Macroeconomic Stability, Investment Climate and Infrastructure, Labor Regulations, Education and Skills, Social Protection [framework]
MIS	Management Information System
MENA	Middle East and North Africa
M&E	Monitoring and Evaluation
NGO	Nongovernmental Organization
OECS	Organization of Eastern Caribbean States
OPCS	Operations Policy and Country Services
PMT	Proxy Means Targeting
PREM	Poverty Reduction and Economic Management
PSNP	Productive Safety Nets Program (Ethiopia)
RSBY	Rashtriya Swasthya Bima Yojna (National Health Insurance Program, India)
RSR	Rapid Social Response
SAR	South Asia Region
SDN	Social Development Network
SIF	Social Investment Fund
SIEF	Spanish Strategic Impact Evaluation Fund
SMART	Synchronized, Measurable, Affordable, Responsive, Transparent and Accountable [framework]
SPF-I	One-UN Social Protection Floor Initiative
SPL	Social Protection and Labor
SRM	Social Risk Management
SSIU	Social Protection Sector Strategy Implementation Update
SSN	Social Safety Net
STEP	Skills Towards Employability and Productivity [framework]
TA	Technical Assistance
TF	Trust Fund
UBsim	Unemployment Benefits Simulation Tool
UCT	Unconditional Cash Transfer
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
US	United States
VUP	Vision 2020 Umurenge Program (Rwanda)
WDI	World Development Indicator
WFP	United Nations World Food Programme
WHO	World Health Organization





Executive Summary

Risk and the quest for opportunity feature heavily in economic life in the 21st century. Sustained growth in many developing countries has pulled billions out of poverty and into the middle class; but this economic upturn has yet to reach billions more, who face unemployment, disability, or illness, and struggle to protect themselves and their families against shocks. The poor are particularly vulnerable, being typically more exposed to risk and less able to access opportunities.

In a world filled with risk and potential, social protection and labor systems are being built, refined or reformed in almost every country to help people and families find jobs, improve their productivity, cope with shocks, and invest in the health, education, and well-being of their children.

Social protection and labor systems, programs and policies buffer individuals from shocks and equip them to improve their livelihoods and create opportunities to build a better life for themselves and their families. Consider this: A baby in a poor family does not starve during the 2011 drought in the Horn of Africa, because Ethiopia's national public works program provides his parents with a minimum income. An old man in Ukraine is able to deal with his unexpected disability by going to the "one-stop shop" in his local welfare office, where the staff can quickly direct him to the right program he needs. And a young unemployed woman in the Dominican Republic is able to find a job that pays her a good wage—because she could access a job-training program focused on her needs.[1]

While social protection and labor policies and programs are designed for individuals and families, they can also be broadly transformative—by providing a foundation for inclusive growth and social stability. These policies and programs help create opportunities essential to save lives, reduce poverty, and promote inclusive growth.

Social protection and labor programs directly improve ***resilience*** by helping people insure against drops in well being from different types of shocks and ***equity*** by reducing poverty and destitution and promoting equality of opportunity. But these policies also promote ***opportunity*** by building human capital, assets, and access to jobs and by freeing families to make productive investments because of their greater sense of security. At a macroeconomic level, well-functioning social protection programs are central to growth-promoting reforms. Indeed, according to the Growth Commission: *"…if governments cannot provide much social protection, they may have to tread more carefully with their [growth-promoting] economic reforms."* [2]

The World Bank's social protection and labor practice will help countries move from fragmented approaches toward more coherent systems for social protection and labor, and help to make these more responsive, productive and inclusive.

The World Bank supports social protection and labor in client countries as a central part of its mission to reduce poverty through sustainable, inclusive growth. The World Bank's new social protection and labor strategy (2012-22) lays out ways to deepen World Bank involvement, capacity, knowledge, and impact in social protection and labor.[3]

Three overarching goals, a clear strategic direction, and engagement principles guide this new strategy:

- The ***overarching goals*** of the strategy are to help improve resilience, equity, and opportunity for people in both low- and middle-income countries.
- The ***strategic direction*** is to help developing countries move from fragmented approaches to more harmonized systems for social protection and labor. This new strategy addresses gaps in the current practice by helping make social protection and labor more responsive, more productive, and more inclusive of excluded regions and groups—notably low-income countries and the very poor, the disabled, those in the informal sector and, in many cases, women.

Motivating the New Strategy: The Decade Ahead

The next decade presents fast-moving social and economic changes. The World Bank developed the new social protection and labor strategy to help countries cope with the rapidly shifting socioeconomic landscape ahead.

The world is increasingly becoming interconnected and risky, with economic shocks and epidemics flowing across national borders. While young people seek jobs in record numbers in some places, aging is shrinking the productive population and ushering in new fiscal challenges in others. Poverty, inequality, and exclusion still persist in every country, and the lack of "equality of opportunity" to access quality education, health, and

- The ***engagement principles*** for working with clients are to be country-tailored and evidence-based in operations and knowledge work, and collaborative across a range of sectors and actors.

The strategy is not a "one size fits all" approach. Instead, it calls for improving evidence, building capacity, and sharing knowledge across countries to facilitate informed, country-specific, fiscally sustainable social protection and labor programs and systems. The World Bank will support this agenda not only through lending, but critically by improving evidence, building capacity, and supporting knowledge sharing and collaboration across countries.

This social protection and labor strategy builds on the achievements—as well as the lessons—from practice over the last decade and more. Moreover, it builds on the basic analytical foundation of the first World Bank social protection and labor strategy.

But the strategy also stakes out new ground to meet new challenges. First, it brings a stronger ***focus on solutions***, underscoring the need to build a coherent

portfolio of social protection and labor programs—or a social protection and labor system—that together help people deal with multiple risks. This recognizes that the focus until the mid-2000s had been more on improving programs than on building systems.

Second, the strategy strongly commits *to* ***extending social protection and labor programs to the poorest countries and the poorest people***, who are the least integrated, yet have the largest needs. This includes those in the informal sector. It does not imply lessening engagement in middle-income countries.

Third, the strategy stresses the ***central role of jobs and opportunity***. It lays out an agenda for both operations and partnership—a multisectoral approach to both improve human capital—with a strong focus on children and workers' skills and productivity and to improving people's ability to access those jobs and opportunities.

Fourth, the strategy highlights the importance of ***appropriate knowledge*** in social protection and labor practice, building on past experience. It especially stresses the importance of evidence and of global South-South flows of knowledge about what works in social protection and labor.

This is an ambitious agenda. To realize it, the World Bank will need to collaborate across sectors and development partners. It will especially address the limited global knowledge and experience in some central areas (such as effective solutions in weaker institutional capacity settings) and promote approaches that are both cost-effective and fiscally sustainable. It will help to generate access to productive jobs for those who can work. And it will engage in policy dialogue that help countries tackle complex trade-offs across programs and objectives, while keeping a focus on affordability and future fiscal sustainability.

Goals of Social Protection and Labor: Resilience, Equity, and Opportunity

Social protection and labor systems, policies, and programs help individuals and societies manage risk and volatility and protect them from poverty and destitution—through instruments that improve resilience, equity, and opportunity.[4]

In a world filled with risks and potential, people use social protection and labor programs to manage risk and volatility, protect them from destitution, and connect to opportunities.

Resilience through insuring against drops in well being from a range of shocks. Key sources of resilience are social insurance programs that minimize the negative impact of economic shocks on individuals and families—such as unemployment and disability insurance, old-age pensions, and scalable public works programs. Complementary programs in other sectors are also extremely important for resilience—such as crop and weather insurance and health insurance. Private and informal arrangements (such as savings, assets, and family- or community-based support) are vital, too.

Equity through protecting against destitution and promoting equality of opportunity.[5] Social assistance programs (also known as safety net programs—including cash transfers and in-kind transfers, such as school feeding and targeted food assistance) alleviate chronic poverty and protect against destitution. They also protect poor individuals and families from irreversible and catastrophic losses of human capital (nutrition, health, and education), thereby contributing to equality of opportunity.

Opportunity for people through promoting better health, nutrition, education, and skills development, along with helping men and women access

What are Social Protection and Labor Programs?

Social assistance (social safety nets): Such as cash transfers, school feeding and targeted food assistance

Social insurance: Such as old-age and disability pensions, and unemployment insurance

Labor market programs: Such as skills-building programs, job-search and matching programs, and improved labor regulations

productive work. Institutions that promote opportunity are often integrated with those supporting resilience and equity. For example, labor market programs provide unemployment benefits, build skills, and enhance workers' productivity and employability. 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 to the poor, while increasing physical capital investments.

The goals of resilience, equity, and opportunity cannot be achieved with isolated programs, within a single sector, or through public mandates alone. Attaining them requires an appropriate policy, legal and institutional frameworks, as well as a portfolio of instruments and collaboration across economic sectors.

For instance, agricultural crop insurance provides resilience to farmers, as do savings from micro-savings schemes and rotating savings associations. Charitable institutions and worker remittances provide equity-promoting transfers in many societies. The availability of good schools and clinics is critical for the poor looking to improve their children's human capital. Private firms are the most important vehicles for good jobs and opportunity, and often invest in building workers' skills. Informal social networks are often best for youth seeking better opportunities to use those skills.

The government plays a role in setting the agenda for social protection in line with societal goals and in overseeing the efficacy of social protection and labor measures, be they public, private or informal. The state has a particular role to play when there are the inevitable gaps in access—and when private measures fail to meet societies' objectives resulting from, for instance, failures in the markets for credit or insurance.

Social protection and labor policies and programs can provide a broad-based foundation for inclusive growth and social stability, and, when properly designed, are also affordable. Although there remains considerable debate on the role and contributions of social protection, there is growing evidence that it contributes to growth by:[6]

- Building and protecting human capital
- Providing the security to invest in higher-risk–higher-return activities
- Promoting greater labor market mobility
- Stabilizing aggregate demand, notably during recessions
- Enhancing productive assets and infrastructure (for example, through public works)
- Reducing inequality in society
- Making growth-enhancing reforms more politically feasible
- Beyond risk management and poverty reduction, social protection and labor policies and programs are increasingly recognized as a vehicle for implementing social contracts, securing people's rights, and fulfilling their obligations.

Strategic Direction: From Fragmented Approaches to More Coherent Systems

Many social protection and labor programs are fragmented and lack harmonization, hampering their effectiveness. The World Bank's new social protection and labor strategy's main objective is to help countries move from fragmented approaches to harmonized systems. It focuses on making these systems more inclusive of the vulnerable and more attuned to building people's capacities and improving the productivity of their work. It seeks to make people better able to respond to crises and shocks.

Reducing fragmentation across programs, actors, and levels of government can decrease inefficiencies, enhance coverage, and improve responsiveness to risks. The strategy also focuses on three critical global gaps in social protection and labor today: exclusion, where existing programs fail to reach key vulnerable groups; poor links to opportunities, where programs and systems do not always connect people to productive potential; and inflexibility, where programs are unable to accommodate those made newly vulnerable because of systemic shocks.

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

FROM FRAGMENTATION TO SYSTEMS

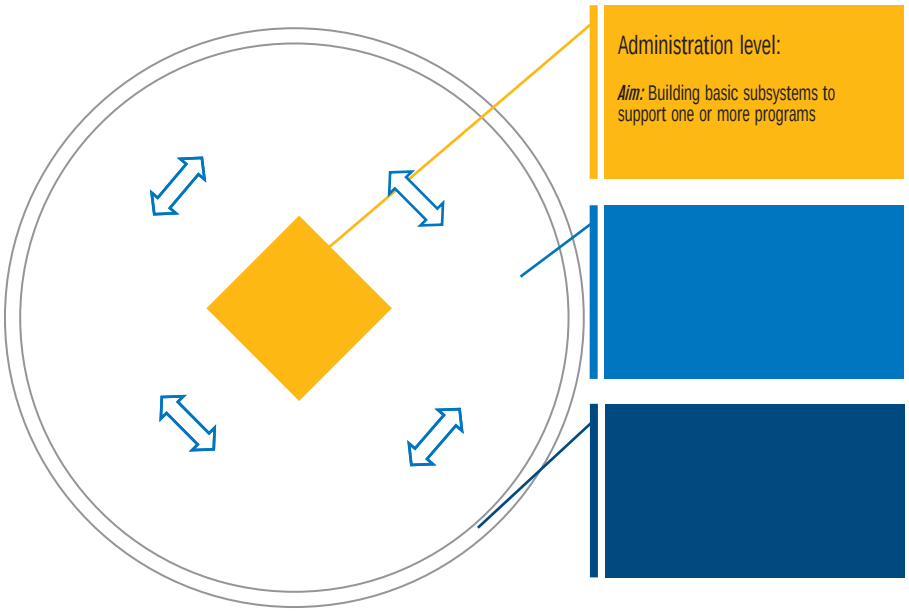
In many countries, social protection and labor programs simply do not exist at scale. Instead, smaller unconnected efforts focus on distinct regions, discrete groups, or specific objectives without complementing each other. In other contexts, larger-scale programs may exist, but may not be cost-effective, coherent in terms of the incentives they provide, or responsive to economic downturns. A systems-oriented approach to social protection and labor programs strengthens coordination and integration at the policy, program, and administrative subsystems levels; adapted to different country contexts (see Figure 1).

In many low-income countries, especially in fragile contexts, taking a systems approach could involve first investing in a single program and developing basic administrative systems–for example, beneficiary registries, cash delivery mechanisms, and targeting approaches. Once these subsystems are functional, they could then be expanded incrementally to other programs. But countries face the larger challenges of improving and coordinating different programs that serve complementary functions, and of ensuring their fit with the broader policy environment.

Although the exact form of social protection and labor systems will necessarily vary across countries, many basic functions are similar. At the policy, program and administrative levels, there are common challenges and the need for capacity building and knowledge sharing is widespread. For example, at the policy level, there is a need for affordable, fiscally sustainable approaches that can serve as a basis for meeting coverage gaps. At the program level, countries need ways to cost-effectively deliver appropriate benefits to the most vulnerable. At the administrative level, many countries are making important advances in developing citizen registries by household, age, and income, and using them to coordinate service delivery across relevant social protection and labor programs.

The aim is to help countries move toward systematic approaches that have five “SMART” characteristics:

- Synchronized across programs
- Monitored, evaluated, and adapted
- Affordable, fiscally and in terms of cost-effectiveness
- Responsive to crises and shocks
- Transparent and accountable



FROM EXCLUSION TO INCLUSION

Today, many who most need good social protection and labor programs and systems are often the least likely to have access to them. Poor populations, marginalized groups, and those working in the informal sector are particularly excluded. Countries with fewer fiscal resources and a larger share of poor people, especially in Sub-Saharan Africa, typically have fewer beneficiaries of social protection and labor transfers and face difficult choices about how to expand coverage, while ensuring fiscal sustainability.

Within many countries, social insurance programs (such as old-age pensions and disability and unemployment benefits, as well as many active labor market programs, such as skills training) benefit only formal sector workers, excluding the informal and agricultural workers who are often a large share of the population. And many programs are not available to those who are most in need—the poorest of the poor, disabled and illiterate people, the urban homeless, those who are socially excluded, and those who live in remote areas. The 2012 World Development Report on gender and development notes that poor women are often among the most disadvantaged, especially in their access to services.[7]

But the challenges of inclusion are substantial. It can be difficult to have the excluded participate in social protection and labor programs, as they are often the hardest to reach, being cut off from information and education. Aligning coverage goals with cost-effective solutions often requires difficult choices about trade-offs. Implementing programs effectively is usually a greater challenge than developing good designs, calling for attention to program detail, capacity building, and performance management. And sometimes strong vested interests or engrained perspectives block more inclusive policies—necessitating courageous political choices and changing societal attitudes.

Making social protection and labor systems more inclusive will require investment and innovation, with particular challenges in low-income and fragile contexts. This will require three major sets of actions:

- First, providing catalytic investments to build the basic administrative subsystems that can serve as the backbone of social protection and labor programs, such as through the Rapid Social Response Program (see Box).
- Second, creatively addressing the institutional weaknesses by, for example, engaging civil society and communities (for example, through social funds) and using information and communication technology.
- Third, focusing on building country administrative and financial capacity to develop, integrate, and expand social protection and labor systems.

In all cases, decision makers will need to use creativity, innovation, and adaptation—relying on greater evidence and knowledge sharing. This evidence and knowledge is important for raising governments' awareness of the social and economic benefits of social protection and labor, as well as for guiding reforms. It can also inform difficult decisions about how to allocate scarce resources, and help policymakers address pressures to invest in more visible, immediate projects or respond to more vocal and empowered constituents.

Many existing programs provide models of inclusion that can be studied and adapted. Indonesia's Direct Cash Assistance program used gender-balanced community-based groups to identify the neediest.[8] The National Health Insurance Program (RSBY) in India enrolls informal sector workers (including self-employed women) in social insurance. The *Brasil Sem Miséria* and Chile *Solidario* cash transfer programs use targeted communications and outreach by intermediaries to reach the very poorest. The successful *Jóvenes* skills programs in Latin America, aimed at disadvantaged young men and women, integrate programs with the private sector.[9]

FROM LESS TO MORE PRODUCTIVE

Enhancing productivity calls for focusing both on young children and on those of working age. Studies show that investing in early childhood nutrition and preschool stimulation can be predictors of productivity later in life.[10] And a continuing agenda can link beneficiaries of social protection programs to other programs that can activate them into the labor market

South–South knowledge flows are critical in finding solutions in the area of social protection and labor. Fostering these exchanges among practitioners is going to be a central agenda for the World Bank.

or equip them with relevant and marketable skills—these effective "graduation" strategies can provide pathways to move people from welfare to work.

This work on enhancing people's productivity will require World Bank social protection and labor teams to collaborate across sectors and with partners to support client countries. It is critical to build on the resilience and equity dimensions central to many social protection and labor programs and to use them to connect to complementary programs in other sectors. For instance, a country will need collaboration among the education, health, nutrition, and agriculture sectors to build human capital for children, through cash transfers, school feeding, and other programs. To help workers develop skills and enhance their own productivity, partnerships are essential with sectors that focus on developing private firms, ensuring access to credit and finance, and providing training and vocational education. Together, these partnerships can build skills programs, help workers connect to productive jobs, and facilitate access to inputs and credits.

Upholding core labor standards is central to protecting workers and improving their productivity. In this area, it is vital to look at the determinants of child labor and unequal opportunity at work and explore the social protection and labor instruments that have been successful, such as cash transfers that reduce children's work and women-focused labor market programs.[11,12]

Enhancing productivity also calls for striking the right balance between protection and competitiveness. While recognizing the need for protection and equity, social protection and labor policies need to be crafted so as to avoid disincentives, particularly with respect to employment.

FROM INFLEXIBILITY TO RESPONSIVENESS

The recent food, fuel and financial crises vividly demonstrated the need for social protection and labor systems that can quickly and effectively respond to those affected by systemic shocks and crises. Countries without adequate systems in place were less able to respond effectively to protect the poor and support recovery from shocks.

A fundamental lesson is that social protection and labor systems are needed both in good times to manage shocks to people and to address long-term poverty and lack of opportunity, as well as being critical in response to crisis. This requires investment by countries at three levels: first, to ensure that there are longer-term programs and broader social protection and labor systems in place before crises hit; second, to enhance existing programs so that they can more easily capture the newly vulnerable (such as more flexible and frequent mechanisms for identifying beneficiaries); and third, to add programs to the portfolio—such as public works and unemployment insurance—that can be easily scaled up to protect the newly poor and vulnerable.

Engagement Principles: Evidence-Based, Country-Tailored, and Collaborative

To realize the strategy's goals and priority, World Bank engagement with developing countries will need to be: evidence-based to generate knowledge of what works, tailored to country contexts, and collaborative across a range of sectors and actors.

EVIDENCE-BASED KNOWLEDGE OF WHAT WORKS

Implementing this strategy will involve continuing the sector's strong and sustained focus on knowledge generation and sharing. This strategy responds to three significant knowledge gaps. First, ***knowing what exists***—the availability of data on existing social protection and labor programs and systems is extremely uneven, being particularly problematic in fragile states and low-income contexts, and especially in Sub-Saharan Africa. This undermines performance management in client countries and among partners. Second, ***understanding results***—ongoing programs and systems are seldom carefully evaluated to assess whether they are performing as designed and achieving their intended impacts. Third, ***transmitting good practices about development effectiveness***—there is still a gap in countries learning from each other about designing and implementing effective programs.

Under the new strategy, the World Bank's social protection and labor teams will work collaboratively with partners to address these knowledge gaps by:

- Strengthening client capacity for performance monitoring within and across social protection and labor programs
- Maximizing the availability and use of existing data (such as the World Bank's International Income Distribution Database)
- Generating comparable, and accessible data on social protection and labor programs (and, over time, social protection and labor systems) notably by strengthening in-country statistical systems
- Making information on social protection and labor widely available, consistent with the World Bank's Open Data initiative
- Scaling up support for impact evaluations to understand what works and what doesn't in social protection and labor, with an initial focus on cash transfers, public works programs, and youth employment
- Monitoring and evaluation will be complemented by efforts to ensure that results flow back into improved policies and programs.

Developing countries themselves are generating much of the most important knowledge about successes and failures in social protection and labor. A major theme of this strategy is to ensure that this knowledge is broadly available and used. The World Bank will use its comparative advantage as a global distiller, facilitator, and customizer of knowledge to invest strongly in South-South knowledge exchanges, notably in fostering country-to-country knowledge exchanges among practitioners about effective design and implementation.

OPERATIONS TAILORED TO COUNTRY CONTEXTS

Social protection and labor programs and systems that the World Bank will help countries build cannot be "one size fits all." Past experience shows that the best programs are led by the countries themselves and tailored to their contexts, while drawing from global evidence of what works.

Social protection and labor programs are centrally aimed at family and individual behavior. Thus, social and cultural contexts affect their outcomes, as well as the interaction of formal public and private programs with informal institutions. The implicit social contract in a country will shape a social protection and labor system and its programs.

Progressively building social protection programs and systems that fit within a country's fiscal and administrative capacity is vital. There is much to learn, notably in tailoring approaches to low-income and fragile contexts, where social protection and labor systems will need to be developed within capacity constraints and where trade-offs are often most acutely felt in the face of pressing needs.

BROADLY COLLABORATIVE PARTNERSHIPS

Social protection and labor systems are inherently multisectoral—their instruments serve the development objectives of other sectors, and social protection and labor objectives need other sectors' instruments to be realized. For example, conditional cash transfer programs have been especially successful at reducing poverty, along with improving both school attendance (especially for girls) and infants' and children's access to health services. Skills and training programs facilitate private sector activity by allowing firms to expand with appropriately trained workers. Resilience for rural farmers can be ensured not only with cash transfers, but with instruments outside the social protection and labor sector, such as healthcare, crop insurance, and access to alternative markets (via roads and such technology as mobile phones). Creating opportunities for persons with disabilities requires a multisectoral approach to mainstreaming disability. More broadly, social protection and labor instruments need an economy and a private sector that thrives and employs workers productively and provides opportunities for moving out of poverty.

The work described above will require close collaboration with key partners and stakeholders at global and country levels. In lower-income contexts, coordination among bilateral and multilateral agencies is essential to realize effective social protection and labor systems and make the best use of IDA funds and other available financing. Agencies, including the World Bank, need to coordinate their resources and advice to avoid contributing to fragmentation, and to help develop social protection and labor programs to scale, rather than isolated pilots. They also need to generate catalytic funding for lower-income countries to build social protection and labor systems (as with the Rapid Social Response Program, see Box 2) and encourage their long-term fiscal sustainability.

Private sector actors are critical partners, not only to generate employment and growth, but often as direct providers of social protection services or developers of innovative solutions including information and communications technology. At the country level, civil society organizations, trade unions, and faith-based organizations are key actors in knowing the challenges, shaping opinion, and representing excluded groups. Effective social protection and labor policies will need open and mutual collaboration with all these stakeholders.

Implementing the Strategy and Measuring Success

To achieve the goals of this strategy, the World Bank, developing countries, and partners will need to recognize and mitigate political and institutional risks. First, despite the recent attention paid to social protection and labor during crises, governments may find it difficult to prioritize social protection and labor expenditures in better times, especially in the face of more visible investment needs and vocal constituencies. The strategy addresses this by assessing and building on what works in social protection and labor programs and systems, and combining this with knowledge access, including intensified South-South exchanges.

Second, political economy considerations may deter governments and development partners from investing in coordinated, systemic approaches and may instead favor continued fragmentation or duplication of programs. Going forward, the World Bank's policy advice to client countries, and dialogue with partners, will thus emphasize both the value of inclusive and productive systems and good technical solutions to achieve them. The World Bank will work with partners to coordinate efforts and resources, with a special focus on helping poorer countries build social protection and labor systems.

Third, moving to a systems approach depends on countries' abilities to develop their institutional capacities, especially across sometimes weak social protection and labor agencies. Therefore, capacity building is a key component of the strategy, especially in low-income and fragile contexts. This capacity building includes the generation of accurate, useful, and timely data to improve results.

To realize effective social protection systems in lower-income countries, bilateral and multi-lateral agencies will need to coordinate closely to address fragmentation.

Box 2

Preparing for the Next Crisis: The Rapid Social Response Program

The Rapid Social Response (RSR) Program provides catalytic resources in relatively small amounts to help low-income countries (LICs) build social protection and labor systems, so that they are ready for future crises. RSR is based on the $61.7 millon trust fund resources donated by the Russian Federation, Norway, and the UK. This relatively small level of funding can effectively support system building efforts. In the medium to long run, it can also help to catalyze more resources as beneficiary countries' implementation capacity is upgraded. As of 2011, all initial funds have been fully committed, with Sub-Saharan Africa alone absorbing almost 50 percent of RSR trust fund resources.

RSR is making a difference. The recently completed evaluation of Social Safety Nets (SSNs) by the Independent Evaluation Group (IEG) of the World Bank made the following observations, "…*resources to support SSNs and institution building and to stimulate country demand were lacking in LICs. As additional funds were provided through the RSR … engagement in LICs increased, and the Bank and countries focused more on institutional strengthening.*" For the World Bank's social protection and labor strategy, RSR is the central pillar for implementing the strategy; it calls on donors' efforts to invest in social protection and labor in low-income countries, and to help them prepare for the inevitable shocks to come.

Source: www.worldbank.org/rsr.

Finally, social protection and labor efforts need to be sustainable, with cost-effective use of resources to meet country goals—given that resources are often wasted on ineffective programs. Accordingly, the World Bank aims to continue to build the evidence that effective, inclusive social protection and labor systems do not have to be expensive or complex, and to help countries select the most cost-effective approaches to meet their specific needs.

Affordability in terms of pursuing cost-effective approaches and ensuring fiscal sustainability is a perennial challenge. Good systems are affordable: The Brazil *Bolsa Familia* program has demonstrated significant results at a cost of around half a percent of GDP. The challenge of affordability often rests with making difficult policy choices about how to invest scarce public resources. However, a number of countries have successfully reoriented and organized available resources in support of stronger, more effective systems. Ethiopia's systems approach, for instance, channels national and global partner funding into a closely orchestrated set of programs that have allowed it to mount an effective response to the current drought in the Horn of Africa, in stark contrast to past experience and its neighbors' struggle with famine.[13]

In terms of affordability, the World Bank and its partners will need to support governments in prioritizing cost-effective, scalable solutions that can be easily implemented by existing institutions, including non-government partners. This needs to be applied to making better use of existing resources, informed by detailed analysis of social protection and labor program financing (existing and projected), coupled with commitments to increasingly move financing for social protection on-budget to strengthen the government's oversight and accountability.[14]

The new strategy will build on the World Bank's demonstrated strengths in social protection and labor. The World Bank's comparative advantage lies in its ability to combine in-depth country engagement with global knowledge exchange about effective social protection and labor approaches, as well as the full portfolio of World Bank financing instruments.

The success of the new strategy will be measured through a set of performance indicators reflective of the goals of social protection and labor and the strategy's priority and principles (Table 1).

The core strategic objective of moving from fragmented programs to systems will be assessed using a new index of country social protection system development, a measure of World Bank support to systems in lending operations and by the percentage of co-financed IDA lending operations.

Each column in the results framework corresponds to a specific are in the strategy.

- Medium to long-term country progress on sector development outcomes directly related to resilience, equity and opportunity is the strategy's ultimate objective. Though measurability is difficult given data constraints, the strategy will make use of available indicators. For example, the first two measures on pension coverage are indicative of resilience. The other measures relate to equity and opportunity.
- Changes in country outputs and outcomes directly attributable to World Bank engagement will be assessed looking at a simple measure of the number of countries with which the World Bank is engaged, as well as more challenging and ambitious measures of systems development and investment loans' contributions to expanding coverage of labor market and safety net programs.
- World Bank activities supporting core elements of the strategy will also be assessed, including, project monitoring and evaluation given the strong focus on results, partnerships and knowledge sharing through products as well as South-South learning and mobilizing staff across regions.

The performance indicators chosen for the strategy reflect a pragmatic approach which recognizes the challenges inherent in tracking results well. Many indicators on important aspects of performance, such as the impact of World Bank knowledge work or countries' resilience, cannot be measured reliably today. Others, such as those on systems performance and partnerships, will need to be improved over time. The indicators selected reflect an emphasis on data quality and availability, as well as coherence with World Bank and global approaches to tracking results.

Table 1

Social Protection and Labor Strategy Results Framework at a Glance

World Bank activities to support partner countries	Outcomes and outputs of countries receiving World Bank support	Country progress on sector development outcomes
■ Percentage of satisfactory projects (IEG Ratings) ■ Percentage of projects with satisfactory M&E (ICRs) ■ Number of downloads of social protection and labor knowledge products ■ Number of countries involved in World Bank sponsored South-South learning events ■ Percentage of social protection and labor staff time spent on cross-support to other regions ■ Percentage of IDA lending operations having co-financing partners	■ Percentage of social protection and labor lending operations supporting social protection and labor systems ■ Number of countries with social protection and labor engagement ■ Number of safety net beneficiaries in IDA countries ■ Number of beneficiaries of labor market programs+	■ Share of working-age population accruing pension rights ■ Pension beneficiaries to elderly (>60) population ratio (old-age, survivor, disability, and social pensions) ■ Percentage of population in the poorest quintile covered by social protection and labor programs+ ■ Poverty gap at $1.25 per day (PPP) ■ Percentage of children (7-14) employed+ ■ GDP per person employed ■ Youth/adult unemployment rate+ ■ Index of social protection and labor system development

Note: +Disaggregated by gender; this matrix will be updated as appropriate to capture improved indicators as they become available, including on measuring the impact of knowledge services.

Indicators will be regularly updated to capture improved their quality, track progress on strategy results, and highlight areas that need attention, decision, and action. A mid-term update on the strategy is planned for 2017, which will include a full review of the performance indicators.

Greater resilience, equity, and opportunity are essential for individuals and societies to prosper in the 21st century. The road ahead will be challenging, but this is a challenge that the world's nations need to take up. With this strategy, the World Bank aims to chart a course that makes it an even more effective partner in this endeavor.



1. Resilience, Equity, and Opportunity: the Role of Social Protection and Labor

The need for effective risk management is an increasingly pressing concern for both people and societies. Global interdependence and risk—from such systemic shocks as economic crises or natural disasters, to more idiosyncratic shocks, such as unemployment, disability, and illness—are central features of economic life in the 21st century. The poor are particularly vulnerable, because they are typically more exposed to risk, have access to fewer risk management instruments, and are less prepared to find good jobs and engage in productive work. Thus, for men and women across the world who are striving to improve their livelihoods, while addressing risks, social protection and labor (SPL) enables them to manage these risks and have the opportunity to build a better life for themselves and their families.

Consider some evidence. During the 2011 drought in the Horn of Africa, Ethiopia's safety net program prevented many poor, food-insecure families from starving through a combination of programs, including temporary employment and cash assistance.[15] Turkey's conditional cash transfer (CCT) program protected poor girls by allowing them to stay in school, advancing gender equality.[16] And in the Dominican Republic, a targeted job training program provided opportunities for disadvantaged young men and women to secure higher-paying and better-quality jobs.[17]

What is Social Protection and Labor?

Social protection and labor systems, policies, and programs help individuals and societies manage risk and volatility and protect them from poverty and destitution—through instruments that improve resilience, equity, and opportunity.[18] As such, SPL has three intertwined goals:

- ***Resilience* against the impact of drops in well being from a range of shocks**. Key sources of resilience are social insurance programs that minimize the negative impact of economic shocks on individuals and families—such as unemployment and disability insurance, old-age pensions, and scalable public works programs. Complementary programs in other sectors are also extremely important for resilience—such as crop and weather insurance and health insurance. Private and informal arrangements (such as savings, assets, and family- or community-based support) are vital, too.
- ***Equity* for the poor through protecting against destitution and promoting equality of opportunity**.[19] Social assistance programs (also known as safety net programs—including cash transfers and in-kind transfers, such as school feeding and targeted food assistance) address chronic poverty. They also protect poor individuals and families from irreversible and catastrophic losses of human capital (nutrition, health, and education), thereby contributing to equality of opportunity.[20] They also lay the foundation for equality of opportunity, notably by helping families feel secure enough to invest in their future and their children.
- ***Opportunity* for all through promoting human capital in children and adults and "connecting" men and women to more productive employment.** Institutions that promote opportunity are often integrated with those supporting resilience and equity. Cash transfers incentivize investments in human capital by promoting demand for education and health and by helping address gender inequalities. Public works programs provide cash payments to the poor, while increasing physical capital investments. And labor market programs provide unemployment benefits, build skills, and enhance workers' productivity and employability.

These goals are consistent with the first SPL strategy and the "3P" framework of prevention, protection, and promotion used in the SPL literature (Figure 1.1).[21] However, this framework builds on the more traditional SPL engagement in equity and resilience (mainly through social assistance and social insurance programs) to put forward opportunity as a goal of equal importance and one that SPL instruments can help achieve.

This 2012-2022 World Bank Social Protection and Labor Strategy supports these goals and lays out an agenda to help low- and middle- income countries build, improve and harmonize their SPL programs, to increase their capacity to respond to crises and shocks, support poverty reduction and inclusive growth, and build on the best global knowledge of what works.

These goals of resilience, equity, and opportunity cannot be achieved with isolated programs, within a single sector, or through public mandates. Attaining them requires an appropriate policy, legal and institutional frameworks. Operationally, it calls on a portfolio of instruments, collaboration across economic sectors, and the public sector working to stimulate and complement private actors.

The government plays a role in setting the agenda for social protection in line with societal goals and in overseeing the efficacy of SPL measures, be they public, private or informal. The state has a particular role to play when there are the inevitable gaps in access—and when private measures fail to meet societies' objectives resulting from, for instance, failures in the markets for credit or insurance.

A lesser known feature of SPL is that it provides a foundation for inclusive growth, which can have a transformational effect on people's lives (Figure 1.2). There is evidence that SPL programs supports growth outcomes through five pathways: (i) building and protecting human capital; (ii) empowering poor individuals to invest or to adopt higher risk-higher return activities; (iii) promoting greater labor market mobility; (iv) acting as stabilizers of aggregate demand or enhancing productive assets and infrastructure (for example, through public works programs); and (v) reducing inequality in society and making growth-enhancing reforms more politically feasible.[22] 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."*[23]

The strongest evidence on the relationship between SPL and growth is in improving the functioning of the labor markets and thus improving access to productive opportunities, and for allowing families to invest in human capital. SPL programs around the world today are increasingly aware of these effects, and, therefore, are incorporating them into program design, although successful models are not yet well established. Evidence is more limited in other areas—such as the role of SPL in improving savings, and the early evidence on how SPL can increase entrepreneurial activities by reducing downside risk.[24]

SPL is increasingly recognized as a vehicle for ensuring social stability and implementing social contracts to ensure that rights and state obligations are fulfilled and social cohesion strengthened, as recognized in the prominent One-UN Social Protection Floor initiative. [25] SPL can be an important element in ensuring social cohesion during periods of rapid structural change (driven, for example, by demographics or migration) and in the face of crises. SPL can also help transform people's lives and societies' capacity to meet important goals, including achieving resilience, equity, and opportunity.

The strategy is ambitious and central to the World Bank' mission. For the World Bank, helping countries move from fragmented approaches to harmonized SPL systems—the main focus of this strategy—is central to its mission of poverty reduction through sustainable and inclusive growth. This strategy outlines how this can be achieved during the decade ahead, drawing lessons from a decade of global engagement, and taking into account recent experience with global economic crises and the guidance received from extensive external consultations.

Helping countries move from fragmented approaches to harmonized systems will be difficult and calls for deepened engagement across sectors and actors. However, the level of ambition reflects the level of need for these measures, for effective means to allow everyone, especially the vulnerable, to protect themselves against risk and destitution and to seize opportunities.

Roles of Different Actors in Social Protection and Labor

The traditional domain of publically provided SPL programs includes the following: social insurance programs, such as old age and disability pensions; social assistance in-kind or cash transfers that serve as safety nets; and labor market programs,

Figure 1.1

Social Protection and Labor Systems Operate at Different Levels



Source: World Bank 2011b, derived from World Bank 2001, Bonilla Garcia and Druat ; ILO 2003, Devereux and Sabates-Wheeler 2004 and others.

which help people find jobs or help workers enhance their skills or productivity. But traditional SPL instruments are not enough to achieve the goals of resilience, equity, and opportunity by themselves. These goals require collaboration among a mix of public and private actors, working across multiple sectors.

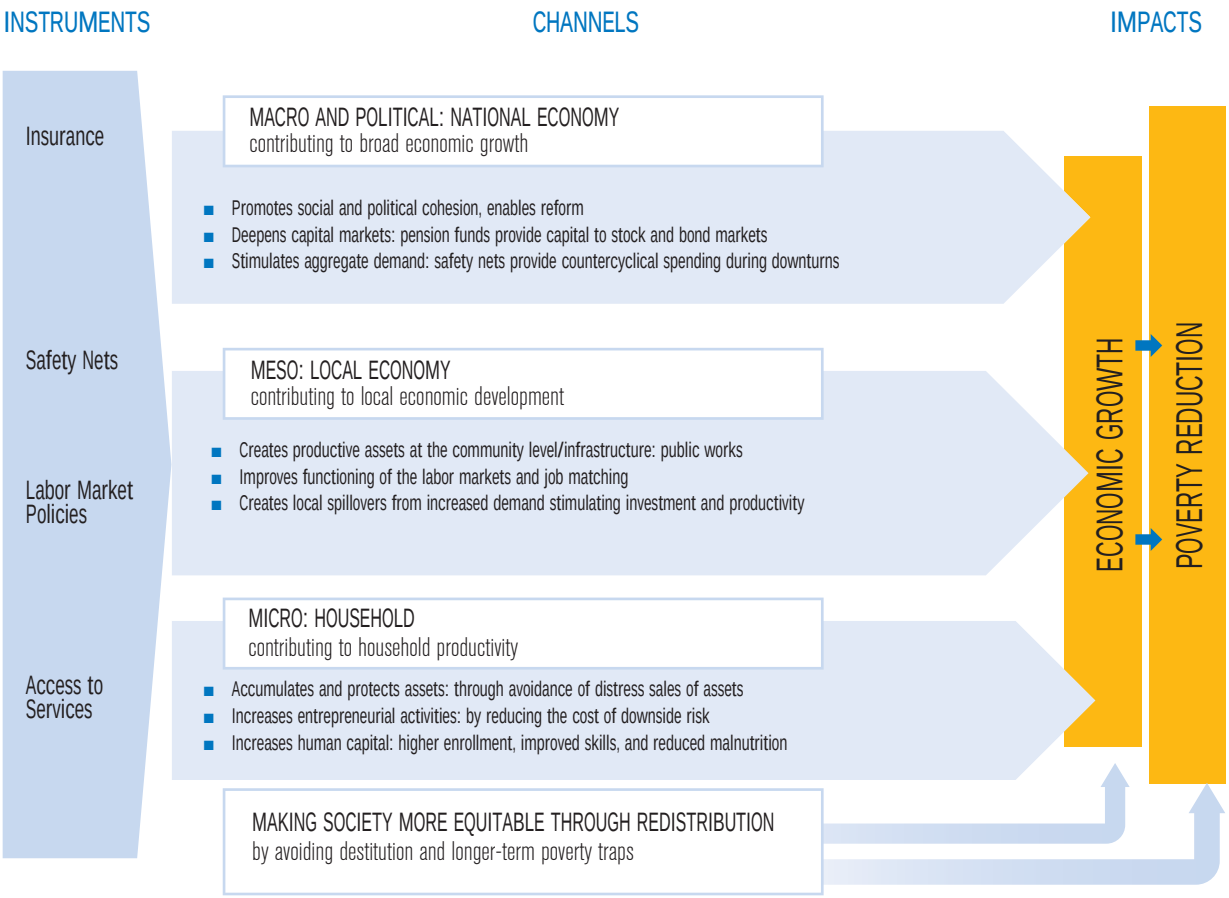
For instance, the provision of SPL is not just the domain of government social ministries. SPL is carried out by a wide range of arrangements and actors, using instruments from multiple sectors—including health, education, finance, agriculture, and industry. Indeed, a central feature of SPL is being multisector. For instance, agricultural crop insurance provides resilience to farmers, as do savings from microsavings schemes and rotating savings associations.

In addition to being government-based, SPL institutions can be informal (family or community-based) or private and provided by firms and organizations. Charitable institutions or worker remittances provide the bulk of poverty-reducing protective transfers in many societies. The availability of good schools and clinics are critical for the poor looking to improve their children's human capital. Private firms are the most important vehicles for good jobs and opportunity, and often invest in building skills of their workers. Informal social networks are often best for youth seeking better opportunities to use those skills.

The case of jobs illustrates the roles of different actors. As the forthcoming World Development Report on jobs underlines, "jobs are the cornerstone of economic and social development."[26] From a SPL perspective, productive jobs are the main

Figure 1.2

SPL Contributes to Productivity, Growth, and Poverty Reduction



Source: Alderman and Yemtsov 2012, adapted from multiple sources.

avenue for opportunity, affording people socioeconomic mobility, while mitigating risks through adequate and secure incomes. But such jobs cannot be sustainably created by SPL programs alone. For that, a thriving private sector that demands labor and skills and fairly rewards workers for their productive contributions is needed. This requires policies and reforms that address market and government failures that inhibit labor demand—often the domain of those working in private and financial sector development, agriculture, and infrastructure.

For SPL, the jobs focus is on enhancing those policy reforms, and facilitating those interventions that improve workers' access to jobs, increasing their capability to reap the best returns from work. Examples of this are labor regulations and institutions that protect workers, while allowing them to make successful labor transitions—from school to work, or between jobs. Other examples are programs that facilitate training to ensure that workers' skills match those demanded by employers—or ease the asymmetry of information that inhibit employers from finding the right workers, or workers to find the right jobs.

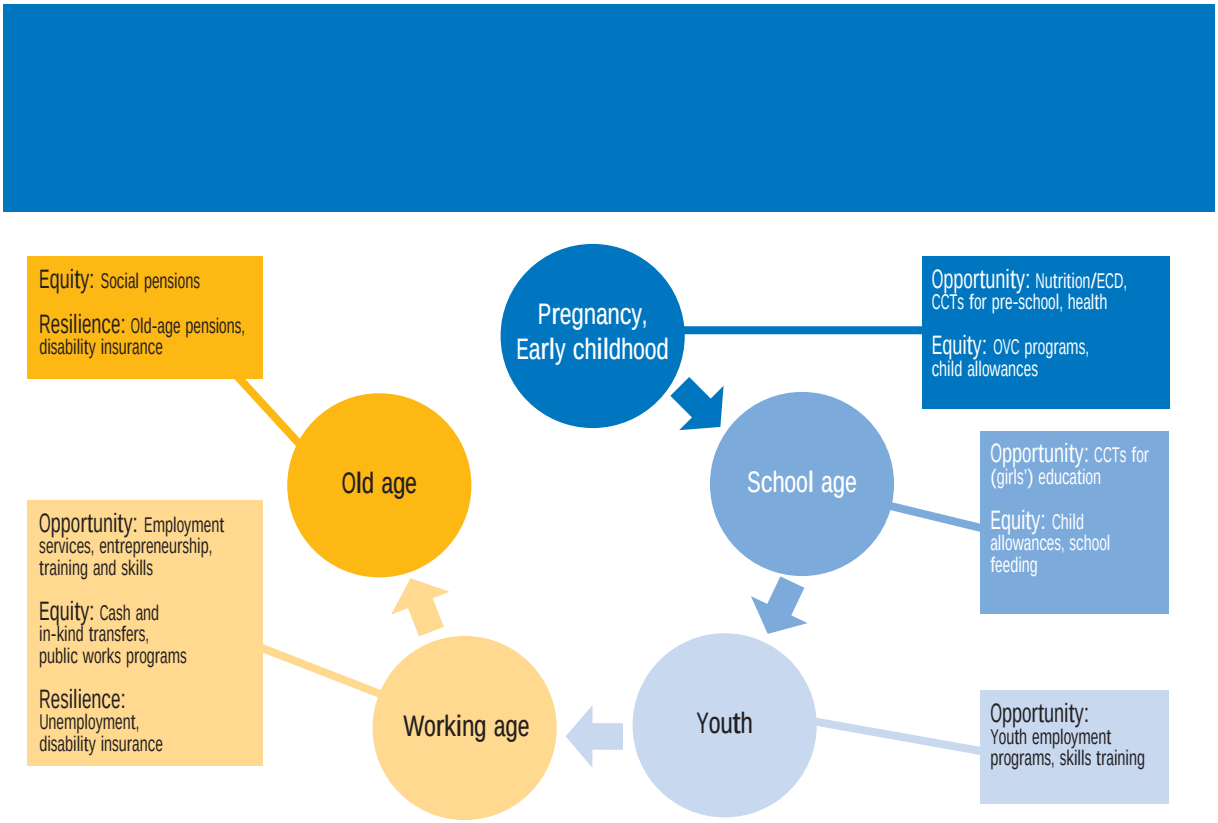
The broader jobs agenda, therefore, requires SPL to work in close collaboration with other sectors: from investment climate and credit policy reforms to

boost labor demand; to agricultural extension services that improve the productivity of farming; to educational programs that provide the right sort of learning for the job market.

A Portfolio Approach to Social Protection and Labor

A major challenge of effective access to SPL is to ensure that programs—and ultimately the whole SPL system in a country—are responsive to the needs of various groups and risks, drawing from a "portfolio" of programs that together provide resilience, equity, and opportunity to all who need them.

One way to structure SPL approaches is by taking a life-cycle approach to map demands to the portfolio of SPL programs (Figure 1.3). This example provides an integrated lens, but there are many other ways to think of a program portfolio, including distinguishing by formal/informal sectors, different types of vulnerabilities, gender, poverty levels or urban-rural distinctions. But the life-cycle approach illustrates well how programs targeted to particular demographic groups can serve one or more of the goals of SPL—for instance, school feeding programs protect school-age children, skills programs help promote opportunity by facilitating the access of youth to productive jobs, and disability insurance provides resilience against the adverse income consequences of an illness or accident.



The SPL challenge for many developing and emerging countries is to progressively develop a well-articulated, fiscally sustainable, and well-performing portfolio of SPL programs, tailored to country circumstances and meeting the needs of different groups. A typical developing country may have several gaps in terms of serving the different groups who need SPL programs—with some having just broad poverty-targeted programs that may protect all age groups but not provide sufficient resilience or opportunity, while others have a patchwork focused on the SPL goals but serving only a small group of the population (usually the formal sector or urban populations), and yet others have programs that do span the needs but are poorly performing in their ability to effectively deliver resilience, equity, and opportunity.

There is no one design for a SPL program portfolio, but dynamic links across programs matter. For example, in the life-cycle approach, links across age groups mean that the effectiveness of programs catering to older populations will depend critically on the success of programs that have helped the young. Early child development is a crucial ingredient for resilience across the life cycle—with adequate nutrition in infancy and early childhood being an important determinant of whether children can escape poverty. Again, preschool stimulation and proper education is a major predictor of being able to avail of skills-building programs and other promotion-oriented SPL programs later in life. And old-age income security is greatly enhanced if employment-oriented SPL programs allow individuals to work productively, save, and contribute to their pension plans during their working life.



2. Lessons from the First Decade of World Bank Engagement in Social Protection and Labor

The First Social Protection and Labor Strategy

The World Bank published its first SPL strategy in January 2001, emphasizing the growing importance of the sector for poverty reduction and reflecting the increased recognition that while growth and macroeconomic policies are fundamental for sustained poverty reduction, they are often insufficient. The first SPL strategy established clear goals for the sector with a focus on (i) improving earnings opportunities and quality of jobs; (ii) increasing security for households and communities through better risk management; and (iii) improving equity and poverty reduction through assistance to vulnerable groups.[27] These broad goals continue to guide the sector today.

A major contribution of the 2001 strategy was establishing Social Risk Management as a solid conceptual framework that identified risk and vulnerability as one of the major drivers of poverty. Using the Social Risk Management framework, the strategy focused on risk as a complement to the sector's more common emphasis on basic needs and equity. This framework led to the introduction of vulnerability analysis as a complement to poverty analysis, and highlighted the importance of public, private, and informal mechanisms.

During its first decade, the SPL practice evolved around five main areas: labor markets and job creation; pensions and old-age income support; social safety nets (SSNs); social funds; and disability.

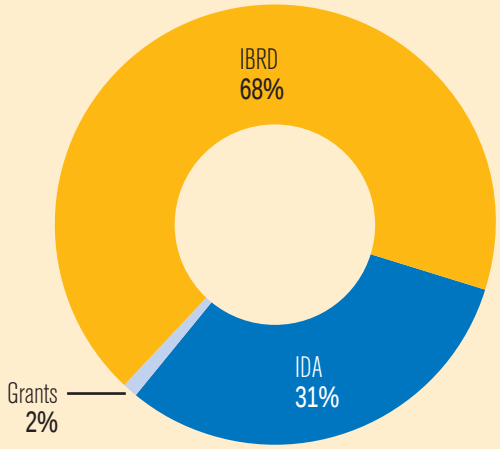
A Decade of Engagement in Social Protection and Labor

The World Bank's SPL portfolio has shown strong growth in quality and quantity. It has evolved over the last decade to reflect three trends:

- A global presence with significant involvement in all regions, although the portfolio for middle-income countries (MICs) has been stronger than for other countries.
- A central role in helping countries in crisis response, although again, with MICs being better able to absorb World Bank SPL resources.
- Strongly performing projects and knowledge portfolios (additional information is available in Annex 4).

Figure 2.1

Share of SPL Lending: IBRD, IDA and Grants (FY98-11)



Source: Honorati et al. 2012, from World Bank business warehouse.

A little more than a decade after its creation, the SPL sector today is well-established with a growing global presence, although with stronger engagement in MICs than in low-income countries (LICs). From 1998 to 2011, the World Bank committed about $30 billion[28] to finance SPL programs in developing and emerging countries, representing about 7 percent of total World Bank-wide lending commitments.[29] In FY11 alone, the sector committed

over $4 billion in lending.[30] Two-thirds of this lending was directed to the International Bank for Reconstruction and Development (IBRD) countries, with a third flowing to the International Development Association (IDA) countries (Figure 2.1). This stronger historical engagement in MICs in SPL has encompassed both lending and analytical work and is consistent with broader World Bank engagement.

Initially concentrated in a few regions, the SPL sector portfolio is now established across regions, although still concentrated in MICs. Lending remains concentrated in the Latin America and Caribbean (LAC) and the Europe and Central Asia (ECA) regions, which account for over 40 percent of the lending today. But over the past decade engagement in Africa has steadily grown, the Middle East and North Africa (MENA) and the South Asia (SAR) regional practices have consolidated and lending in East Asia and the Pacific (EAP) has increased in recent years based on country demand as well as on the establishment of a new sector practice in 2008.

SPL lending has been cyclical, spiking in response to economic crises and price shocks. As reflected in Figure 2.2, lending has tended to peak during crises—such as in FY98 and FY99 when it doubled compared to previous years, mainly because of the East Asia financial crisis.[31] In FY09 through FY11, largely in response to the global economic crisis, SPL lending increased fivefold, representing the largest sectoral increase in World Bank lending over this period. This increase was based on strong client demand for scaled up safety nets, as well as unemployment and pension reforms policies and programs.

But lending in response to crises has been concentrated in a handful of main middle-income countries. The FY09-11 crisis-driven increase in lending was driven by IBRD countries, with many IDA countries unable to absorb resources for SPL in the absence of existing systems. Fifty four percent of the increase in commitment went to five IBRD countries, indicating that countries that had SPL programs in place were more able to rapidly scale up in the face of the crisis.

SPL lending and analytical portfolios have remained some of the best performing among World Bank sectors, as underscored by Independent Evaluation Group (IEG) reviews.[32] SPL projects ranked satisfactory in 82 percent of cases, above the World Bank average of 76 and the average disbursement ratio of SPL projects was 44 percent (against 21 percent for the rest of the World Bank) during FY98-11. It peaked at 67 percent in FY10 because of high disbursement by crisis-related projects. Most recently, the IEG evaluation of the World Bank's work on SSNs over the last decade concluded that "*Bank support evolved in positive directions over the decade . . . Bank support has largely accomplished its stated short-term objectives and helped countries achieve immediate impacts*"[33] (see Box 2.1). Moreover, an IEG review of analytical and advisory activities (AAA) on employment highlights that they have been good quality, addressed the right issues, and been valued by clients,[34] while a separate report underscores the effectiveness of the work in influencing pension policies.[35] Finally, IEG has frequently praised SPL's impact evaluations.[36]

The SPL practice has forged a strong reputation as a knowledge producer, customizer, and connector. As knowledge producer, the SPL sector has developed sound frameworks in each of its main practice areas and has been a leader in developing evidence on development effectiveness, which is shown by the effective and widespread use of impact evaluations.[37] The SPL sector has customized available knowledge, helped connect clients, and translated in-depth engagement at the country level into systematic global knowledge-sharing.

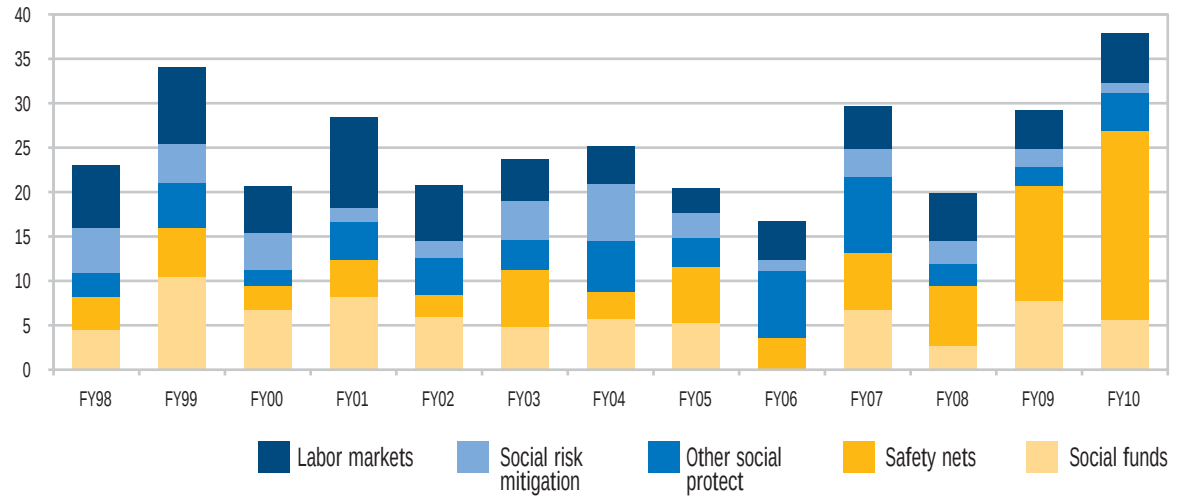
Learning from the Past Decade: What is New about this Strategy?

This SPL strategy builds on the achievements—as well as the lessons—from practice and evidence over the last decade and more. It continues the basic analytical foundation of SPL: programs and policies supporting risk management and protection against destitution.[38] It aims, as discussed, to consolidate and deepen successful practice and addresses areas where there were shortcomings. But it is also stakes out new ground, learning from areas where the strategy was less successful.

The extensive consultations carried out to inform this strategy provided critical guidance to the

Figure 2.2

New World Bank Commitments to SPL, 1998-2011 ($ million)



Source: Honorati et al. 2012, from World Bank business warehouse.

World Bank for shaping the strategy (see Box 2.2 and Annex 4). These consultations were central to confirming the need to address fragmentation and move toward a systems-focused approach to SPL and to providing guidance to the World Bank for its SPL engagement in the years ahead.

Drawing from the IEG report on SSNs (Box 2.1), the Sector Strategy Implementation Update, the consultations, and numerous other sources, four areas emerge as needing strengthening in the new strategy, and thus key new areas of emphasis.

First, the new strategy brings a stronger focus on solutions, underscoring the need to build coherent and country-appropriate portfolios of SPL programs—or SPL systems—that together help people deal with multiple risks. This is built on the realization that there is a need for greater coordination within and across the traditional SPL practice areas of safety nets, pensions, and labor markets, as well as disability and results, in order to reduce fragmented approaches. The systems approach does not mean diluting the World Bank's technical depth and excellence in each one of these practices. But it calls for enhanced engagement across sectors and actors, and ensuring that SPL systems can adequately prepare countries to protect the vulnerable during crises. It also calls for tailoring approaches to different institutional and country contexts.

Second, the strategy underscores the need for increased engagement in LICs, both to help countries better serve their poor populations and to ensure that effective systems are in place to be able to respond to crises. This is an ambitious goal, and will not necessarily be marked by major increases in lending (already at the World Bank average). The focus will be on developing effective solutions specific to country contexts, building both a knowledge base and operational experience, and helping lower-income countries put in the appropriate building blocks that can move them towards their SPL goals. It will not detract from attention to and engagement in MICs.

Third, the strategy stresses the central role of jobs and enhanced productivity as the pathway to opportunity. This is enhanced emphasis on an area that has been a core practice in SPL. But this strategy crystallizes it by laying out the agenda for both operations and partnership—working with other sectors to

Box 2.1

IEG's 2011 Evaluation of World Bank Support for Social Safety Nets

IEG had a predominantly positive view of the World Bank's support for SSNs over the last decade, with the greatest acknowledgment for the way the practice has evolved over the most recent years. In its summary, IEG wrote:

> *Bank support evolved in positive directions over the decade. The Bank began to move from a project-focused approach that emphasized delivery of social assistance benefits toward an approach that focused on helping countries build SSN systems and institutions to respond better to poverty, risk, and vulnerability. Stronger demand for SSN support in MICs led to significantly stronger engagement there than in LICs. However, the recent crisis-related expansion of support included also LICs and permitted initiation of Bank support in 15 new countries. The Bank's support to SSNs throughout the decade has relied strongly on both lending and knowledge sharing to engage clients.*

The evaluation pointed to five areas for the World Bank to strengthen its practice: First, to engage during stable times to help countries develop SSNs. Second, to continue emphasizing building SSN systems and institutional capacity. Third, to engage more strongly in LICs. Fourth, to focus on results frameworks for Bank SSN support. And fifth, to ensure strong cross-network coordination on SSNs.

Each of these areas is underlined in the strategic direction and the engagement principles for this strategy for the SPL sector more generally (Sections 4 and 5).

Source: IEG 2011a.

expand the number and quality of available jobs, improving the ability of people to access these jobs and livelihoods, and strengthening human capital as a foundation for productivity.

Finally, the strategy highlights the central importance of appropriate knowledge in SPL practice, especially through engendering a global South-South conversation about what works and how in SPL.

This diagnostic reflects the evolution of the World Bank's engagement in SPL in the areas of resilience, equity, and opportunity. In resilience, the agenda will need to include crisis responsiveness to meet the needs of the new poor in addition to addressing the needs of the chronic poor. In equity, the World Bank has done well in targeting the poor and establishing core programs, especially in MICs. The new frontier is how to engage more effectively in low-income countries and reform insurance programs to ensure sustainability and access, espe-

Box 2.2

Results of the Strategy Consultations

The consultations around the 2012–22 SPL strategy engaged over 2,000 people worldwide to provide insight and guidance to the strategy formulation. Representatives from government, civil society organizations (CSOs), academics, the private sector, and bilateral and multilateral development agencies met with the World Bank in 64 face-to-face events worldwide, reaching over 1,700 participants from 66 countries. There were focused discussions with country clients and policy makers. Discussions were also held with key development partners—from global trade unions, to CSOs such as Save the Children, Help Age International and the Africa Social Protection Platform, to UN agencies including the International Labour Organization (ILO), the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF), and the United Nations World Food Programme (WFP). Written comments were also received from several organizations. The World Bank also convened an external SPL Advisory Group to marshal advice and insights from top academics, policy makers, and CSO representatives, and used an on-line forum to engage widely and transparently across a range of stakeholders.

There was a clear support for three directions where the World Bank can help countries build better SPL:

- Focusing on SPL systems, especially to address fragmentation and incorporate crisis response, with a particular focus on a fiscally sustainable, country-led approach
- Expanding SPL coverage, especially in low-income countries and fragile states, and to neglected segments of the population, with the caveat that this focus should not imply less attention to vulnerable populations in MICs
- Promoting links to human capital, skills and labor market insertion, while recognizing that risk management, including resilience against the adverse impacts of shocks and protection of the poor remain central elements of SPL, and that there is a need to systematically connect the two areas

The consultations called on the World Bank to play a role in five areas:

- Generating and sharing evidence and knowledge on SPL
- Building capacity
- Financing SPL initiatives, both directly and by mobilizing others' support
- Supporting coordination across global partners, government agencies, and other actors
- Listening and collaborating with others in setting and implementing the SPL agenda

Note: For more detailed information on the consultations, see Annex 4.





3. Social Protection and Labor in Today's World

A Global Challenge, an Emerging Consensus

Increased interdependence, risk, and vulnerability are central features of today's global economy. Together with persistent poverty, relentless demographic trends, and an ongoing economic crisis, they present an unprecedented challenge to SPL (Table 3.1). The recent global economic crisis has encompassed job loss, financial turmoil, and volatility in food and fuel prices. Demographic trends place aging at the top of the agenda in a number of countries, while the growing share of youth entering the labor force presents an economic and social challenge in others, as illustrated dramatically in the Arab Spring of 2011. Climate change is reshaping temperature, precipitation, and epidemiology, while driving up the frequency, intensity, and variability of extreme weather patterns.[39] Acknowledging the heterogeneity of challenges across regions, these overall trends are predicted to have disproportionate effects on poor regions and populations.[40]

These challenges are increasing risks to individuals and families, while urbanization, migration and modernization are changing individuals' and families' traditional sources of resilience against these risks.[41] A long-term increase in prosperity has welcomed many to the rising middle-class, but many others—especially in lower-income and fragile contexts—continue to confront deep poverty and inequality and remain disconnected from opportunity because of a lack of skills, information, or finance. This lack of access to opportunity affects human development outcomes and is a source of inequality. Persistent shortfalls for many remain in nutrition, education and health, notably maternal and child health, underscored by lack of progress for numerous countries in reaching the Millennium Development Goals (MDGs).

This challenge has crystallized into a growing demand for societies to mobilize SPL as a center-

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Table 3.1

A Changing World

Indicator		1990 (1981–90)	2000 (1991–2000)	2010 (2001–10)
Number of natural disasters (annual)1	↗	181	322	438
Energy price index (constant 2005 US$)	↗	58.49	37.77	97.12
Food price index (constant 2005 US$)	↗	114.56	97.13	118.57
Poverty headcount ratio[2]	↘	45.6	35.8	27.9
Workers' remittances (current US$, in millions)[3]	↗	42,249	97,995	222,356
Mobile cellular subscriptions (in millions)	↗	2.8	212.7	2,767.2

Source: Data adapted from the International Disaster Database, Center for Research on the Epidemiology of Disasters (CRED), and World Bank Commodity Markets and World Development Indicators (WDI).

Note: 1. Global average values per decade; 2. Percentage of population in low-income countries (LICs) and middle-income countries (MICs) living under $1.25 a day (PPP); data available for 1981, 1984, 1987, 1990, 1993, 1996, 1999, 2022, 2005; 3. Workers' remittances and compensation of employees, received.

Gandhi National 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 policy makers in countries interested in establishing social protection as a right.

Notably, advances in SPL programs are not limited to large or middle-income countries. Armenia and Georgia, two countries with strong SPL programs, are IDA countries. Among island economies–Dominica, Mauritius and Seychelles–have good SPL programs. In Sub-Saharan Africa, SPL systems are being built in a number of countries, including Ethiopia, Kenya, Tanzania, and Rwanda. The World Bank has been a major partner for most of these efforts–in most cases providing strategic and design advice, technical assistance, or financing, and in others serving to distill and broker knowledge on these programs.

However, across the developing world SPL today faces a major challenge: addressing fragmentation–across programs, policies, actors and levels of government. Fragmentation hampers SPL responsiveness and coverage, limiting its ability to fulfill the goals of resilience, equity, and opportunity.

Fragmentation across programs is common in most countries, in MICs as well as LICs (see Box 3.2 on Vietnam). In MICs, there is typically a surfeit of pro-

Box 3.1

The Social Protection Floor

The One-UN Social Protection Floor initiative (SPF-I), currently co-led by the International Labour Organization (ILO) and the World Health Organization (WHO) and endorsed by the UN Chief Executives Board, calls for an integrated set of social policies to provide income security and access to essential social services for all, paying particular attention to vulnerable groups. The core elements of the SPF-I are the following:[45]

- A basic set of social transfers, in cash and in kind, to provide a minimum income and/or employment and livelihood security for the unemployed and working poor
- Universal access to essential social services in the areas of health, water and sanitation, education, food security, housing, and others defined by national priorities

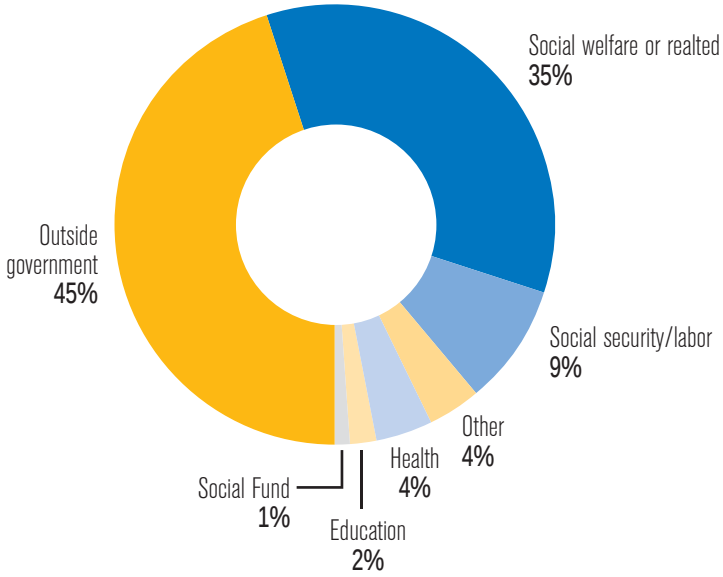
While the design and implementation of national social protection floors will follow country-specific priorities, the Social Protection Floor sets forth a number of principles to be taken into account. These are outlined in the Report of the High Level Advisory Group to the SPF-I:

- "Combining the objectives of preventing poverty and protecting against social risks, thus empowering individuals to seize opportunities for decent employment and entrepreneurship.
- A gradual and progressive phasing-in process, building on already existing schemes, according to national priorities and fiscal constraints.
- Coordination and coherence between social programmes; in particular and within a perspective treating human development on a life cycle basis, the floor should address vulnerabilities affecting people of different ages and socio-economic conditions, and should be regarded as a framework for coordinated interventions at the household level, addressing multidimensional causes of poverty and social exclusion and aiming to unlock productive capacity.
- Combining income transfers with education, nutritional and health objectives, to promote human development.
- Combining income replacement functions with active labour market policies as well as assistance and incentives that promote participation in the formal labour market.
- Minimizing disincentives to labour market participation.
- Ensuring economic affordability and long-term fiscal sustainability, which should be anchored in predictable and sustainable domestic funding sources; while noting that international solidarity in the form of cost-sharing may be needed to help to start the process in some low-income countries.
- Coherence between social, employment, environmental and macroeconomic policies as part of a long-term sustainable development strategy.
- Maintaining an effective legal and normative framework, so as to establish clear rights and responsibilities for all parties involved.
- An adequate institutional framework with sufficient budgetary resources, well trained professionals and effective governance rules with participation of the social partners and other stakeholders.
- Ensuring mechanisms to promote gender equality and support the empowerment of women.
- Effective health financing systems to ensure access to needed health services of good quality"

Source: ILO 2011a; ILO 2012; ILO and WHO 2011.

Figure 3.1

Cash Transfers in Africa are Fragmented Across Ministries and between Government and Nongovernment Actors



Source: Garcia and Moore 2012.

Box 3.2

Vietnam: Addressing Fragmentation and Modernizing SPL

Currently, Vietnam has several cash transfer schemes aimed at alleviating poverty and vulnerability, which were developed largely on an ad-hoc basis and cost around 0.6 percent of GDP. Benefits are primarily targeted to remote and poor regions rather than toward vulnerable individuals and families. While the use of geographic targeting has been associated with reductions in the incidence of rural poverty, it has largely ignored urban poverty. In addition, the delivery of social assistance is hampered by weak institutional capacity at the level of district and commune (*xã*) governments where record-keeping systems are rudimentary, poorly integrated, and often not linked at the national level. As these programs face demands from growing numbers of beneficiaries, Vietnam has found that they are too disjointed to be effective for many poor families.

Vietnam also has many different active labor market programs (ALMPs)—focused on everything from training to counseling, labor export, and credit—which collectively cost about 0.08 percent of GDP. These programs were designed outside of a coherent policy framework and evolved independently in several government institutions. Many of the programs target the same population groups, which creates duplication. Linkages with social assistance and social insurance systems are limited. Institutional and administrative capacity is hampered by inappropriate or poorly designed governance arrangements, inadequate monitoring and evaluation (M&E) tools, and a lack of linkages with the private sector.

The government's draft social security strategy for 2011–20 addresses many of the weaknesses in Vietnam's SPL system. Its reform and agenda, in particular, includes broader coverage, providing access to basic goods and services to a larger share of the chronically poor and vulnerable (particularly to the informal sector) and linking social assistance to measures that help develop human capital.

Source: Bender, Bodewig and Nguyen in Robalino, Rawlings and Walker 2012.

Fragmentation is also present across the different government ministries and other actors engaged in SPL, including between national province-level and community-level programs and across donors. This fragmentation usually results in a lack of inclusion as some vulnerable groups do not get protected, in a failure of coordination and cost-effectiveness, and in incentive traps as beneficiaries have little motivation to move across programs that are poorly harmonized.

Addressing Fragmentation: Moving to a Systems Approach

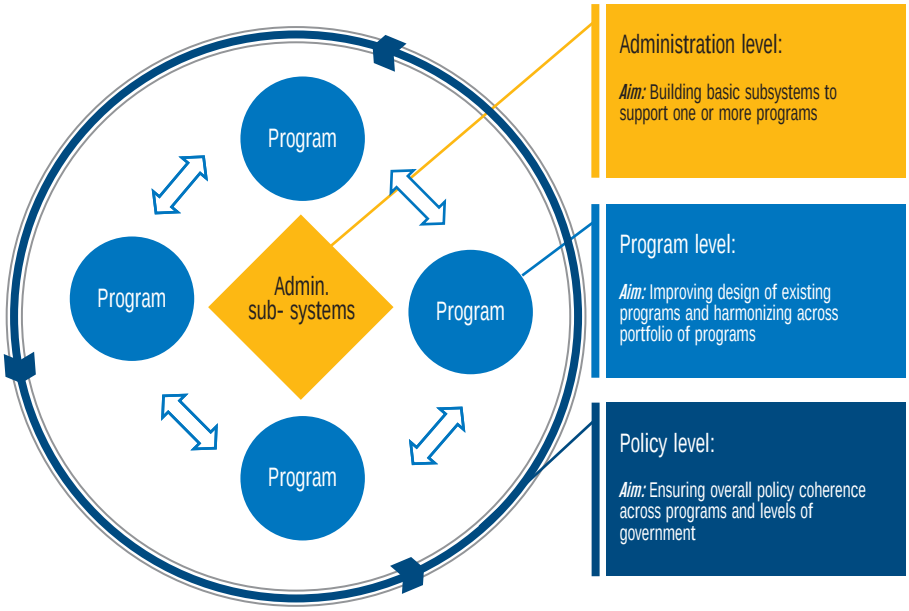
To effectively mitigate risks and foster opportunity, SPL programs need to be able to work together as a portfolio of complementary initiatives, under a systems approach.[46] ***SPL systems are "portfolios" of coherent programs that can communicate with each other, share common administrative subsystems, and work together to respond to risks and to deliver resilience, equity, and opportunity to the population.*** These systems can be a mix of public and private/informal SPL institutions—ranging from national social assistance programs to charitable actions, from informal remittances to private pension funds and financial institutions, and from Active Labor Market Programs (ALMPs) to firm-sponsored skills training. The government plays an important role in providing SPL when private and informal mechanisms are insufficient in providing socially desirable levels of resilience, equity, and opportunity. The government also has a clear role in supporting private provision (and, in the case of some large formal actors, regulating them) to achieve these goals.

Strengthening SPL systems can provide a broad set of advantages. Stronger SPL systems can enhance equity by providing individuals with the means to secure their rights. They offer efficiency, through better-designed tax/financing arrangements, economies of scale, and common platforms such as registries. They impart effectiveness, through harmonized incentives and fewer unintended consequence on behaviors.

A Systems Approach to SPL Involves Three Levels of Engagement (Figure 3.2)

- ***The administration level*** is about building basic management, information, and service delivery tools. The focus in on developing the "nuts and bolts" subsystems that facilitate the core business processes of SPL programs. These include, for instance, beneficiary identification systems and registries, targeting schemes, M&E arrangements, and contracting and payment arrangements for providers.
- ***The program level*** focuses on design and implementation issues, both within a given program (the standard approach) and through synchronization across programs or integration of similar programs. Improving design of individual programs may include the following: better targeting mechanisms for cash transfer programs so that they reach the poorest or women; improved M&E in skills-building program so that their designs can be adapted to changing employer needs; and parametric changes in pensions systems to make them more adequate and affordable. The additional step needed for a systems approach is better synchronization of programs—for example, with beneficiary databases communicating with each other to be able to identify overlaps and gaps in benefits, and coordinated eligibility parameters across different types of programs (see Box 3.3 on the five "SMART" design features of effective SPL systems).
- ***The policy level*** ensures policy coherence attuning the entire portfolio of SPL programs to act coherently in delivering national goals and social contracts. In many cases, the policy level driver is a general strategy for the SPL system, outlining a medium-term vision to improve integration and coordination across programs and functions. This vision could map the existing SPL programs and gauge their effectiveness in delivering resilience, equity and opportunity for the population. It could also examine incentive effects (such as incentives to stay in inactivity or to overinvest in training) along with charting present and future fiscal needs and sources of revenue. This would also make trade-offs explicit, and clarify broader issues—such as how to deal with failures in insurance and credit markets and information asymmetries—that may need government interventions in SPL. The operational implication of this vision, which ensures adequate SPL services to all who need them, would be a set of activities that would build needed programs that do not exist, eliminate overlaps and redundancies among programs, and ensure sustainable overall financing and administrative capability for the entire SPL system.

Three Levels of Engagement for SPL Systems



Source: Robalino, Rawlings and Walker 2012

Box 3.3

"SMART" SPL Systems

Five aspects are central to building well-functioning SPL systems. This is summarized in the acronym **SMART**:

- **Synchronized:** *Connected tools and programs, with overall policy coordination.* This is the key "systemic" feature of a SPL system—to ensure that individual programs that impact different groups and risks can be harmonized. Coordination across actors and functions of resilience, equity and opportunity supports a dynamic system, encouraging movement out of poverty and responding to different needs.
- **Measurable:** *Monitored, evaluated and adapted on basis of results.* Careful M&E is important to see whether the desired results are being obtained—and, as importantly, evaluation results should be used to tweak or change design, as needed, to increase effectiveness.
- **Affordable:** *Cost-effective and fiscally sustainable.* SPL systems should be fiscally sustainable today and tomorrow. Part of the solution is to design them cost-effectively, often targeting specific groups or interventions and then progressively expanding to other groups or risks as resources and capacity increase.
- **Responsive:** *React counter-cyclically to crises.* The system's program portfolio and financial structure needs to be able to scale up in times of shocks— either through new crisis-specific programs, or through designs that allow existing programs to include the newly eligible because of the shock.
- **Transparent and accountable:** *Well-governed, with clear rules, roles and controls.* A systemic approach delineates clear rules of the game, defined roles for the various agencies and individuals delivering services, and tight controls to redress any departures from the rules and roles.

CHALLENGES IN BUILDING SPL SYSTEMS

Building effective SPL systems is a challenging task, particularly with respect to securing political will and ensuring that approaches are affordable, well governed, and results based.

Strong political leadership is often essential for building responsive SPL systems with an appropriate design, high coverage, and effective harmonization. This is particularly true for SPL, where political incentives and populism often argue for either small, fragmented programs aimed at distinct slices of the population, or hastily devised generous programs that may not be financially or politically sustainable. And there remains some skepticism in intellectual and policy-making quarters about the case for these programs, as well as concerns about their affordability and effect on incentives. Development partners, too, can contribute to fragmentation by sponsoring specific SPL programs that speak exclusively to their own priorities. Strong and visionary leadership, often at the highest level, is needed to cut through this set of incentives (Box 3.4). Reforms spurred by crisis can also jumpstart the process. When this political leadership is absent, it is very difficult to craft a mandate and carve out accompanying fiscal resources.

Affordability is a perennial challenge in terms of pursuing cost-effective approaches and ensuring fiscal sustainability. Although good systems are affordable (the iconic case is that of the Brazil *Bolsa Familia* program, which has demonstrated significant results at a cost of around 0.5 percent of GDP), the challenge of affordability often rests with making difficult policy choices about how to invest scare public resources. However, a number of countries have successfully re-oriented and organized available resources in support of stronger, more effective systems. Ethiopia's systems approach, for instance, channels national and global partner funding into a closely orchestrated set of programs, which have allowed it to mount an effective response to the current drought in the Horn of Africa, in stark contrast to past experience and its neighbors' struggle with famine.[47]

A particularly thorny fiscal issue concerns the present and projected fiscal demands of existing SPL programs. In many countries, the basic design parameters of some SPL programs –particularly contributory pensions systems–are leading to actuarial imbalances, absorbing a large share of fiscal resources, and compromising sustainability. For example, in the transition countries of Europe and Central Asia (ECA), addressing the fiscal sustainability of

Box 3.4

Embedding Social Protection within National Priorities in Rwanda

The Vision 2020 Umurenge Program (VUP) in Rwanda is rooted in the national development strategy, which includes a strong central government commitment to prioritize social protection as a tool in post-conflict recovery. VUP funds public works that provide employment to members of poor households with no land but can work, and provides direct cash transfers to poor households that have no land and cannot work. Global partners have aligned their activities with the government's strategy, thus avoiding fragmentation. The government relies on its 2011 social protection strategy to advance its national goals of reducing social, economic, and structural weaknesses. According to this strategy, providing social protection to the whole population strengthens the social contract between the government and its citizens. VUP complements a well-developed set of social programs, including universal health insurance (covering 91 percent of the population), free education, social transfers, such as a pension scheme, a program of support to survivors of genocide, and the "one cow per family" program. The administration of all these benefits and VUP is decentralized under the supervision of the Ministry of Local Government, Good Governance, Community Development, and Social Affairs. Over the next 20 years, the government aims to build a system that includes greater access to public services for the poor and vulnerable, and more participation of informal sector workers in the contributory social security system. Over the medium term, it aims to reinforce existing programs as well as establish a universal old age grant for people over the age of 65. The government currently allocates 5 percent of its budget to social protection.

Source: European Union 2010.

pension schemes is a fiscal and social imperative, given the rising costs of social insurance systems coupled with a shrinking labor force, particularly in the formal sector. Most ECA countries are discussing deep parametric reforms to their pension systems to meet this medium-term threat. However, even with these reforms, it is likely that demographic factors will dictate deep deficits over the next four decades.

Strengthening transparency and governance, both in administration and in oversight and controls, is central to building effective systems. As discussed earlier, in MICs and LICs alike, responsibility for overseeing SPL programs is spread across a diverse mix of ministries, with little horizontal coordination. Complex institutional arrangements, strong vested interests, and weak accountability mechanisms limit the reform of older programs and the establishment of new ones. Thus, instituting well-governed SPL systems involves strengthening the "institutional architecture'" within and across programs, along with using effective "rules, roles, and controls" (Box 3.5). These structures and systems also have to be designed with a clear understanding of political economy issues, such as the political visibility of stand-alone programs, and public perceptions of rights, obligations, and entitlements from SPL programs. Good governance need not involve complex institutional or administrative structures. As illustrated in the India and Malawi examples (Box 3.6), community mobilization can be used to strengthen accountability through participatory governance approaches.

Strong M&E systems are essential for effective management and filling knowledge gaps—with their most powerful use being not accountability, but adaptation. Second-generation impact evaluation methods go beyond a "black box" approach of assessing whether or not a program was successful. Instead, they test the relatively effectiveness of different program design features. This can lead to important changes in programs design to improve effectiveness. The example of *Oportunidades* in Mexico demonstrates this—careful impact assessments have inspired changes in program design that have improved the ability of the CCT program to

Box 3.5

Rules, Roles, Controls—Governance in Social Protection

As outlined in the 2004 World Development Report, governance is also about improving incentives for policy makers and service providers to ensure that they are responding appropriately to their mandate to deliver effective public services, and strengthening citizens' ability to hold policy makers and service providers accountable. Governance in social protection can be defined as the set of incentives and accountability relationships that influence the way in which providers are held accountable for their behaviors and ability to deliver services with quality and efficiency. Efforts to strengthen governance can be categorized into three broad areas:

- **Rules of the game** that define the context for accountability relationships among policy makers, providers, and citizens. At the program level, this refers to the legal framework governing the SPL system, or individual program, including legislation and secondary regulations and operational guidelines, such as clear criteria for eligibility, entry, and exit from programs, and predictable and transparent mechanisms for setting benefit levels.
- **Roles and responsibilities** of actors involved across levels of government and institutions. Mechanisms for strengthening roles and responsibilities include establishing institutional relationships, clarifying job descriptions for providers, and putting in place performance incentives.
- **Controls and accountability** mechanisms that help ensure that "the right benefit gets to the right person at the right time." Most social protection programs—especially cash transfer programs—require measures to ensure appropriate flows of information and of money. Control and accountability mechanisms include both measures on the supply-side, including verification, M&E processes, such as audits, quality control mechanisms, spot checks, policies to ensure access to information, and formal grievance redress mechanisms. Accountability measures also include demand-side elements that involve citizens in oversight. These include engaging citizens in social audits, third-party monitoring, and information provision through report cards.

Source: Bassett et al. 2012.

Box 3.6

Using Communities to Enhance Accountability: India and Malawi

Social audits are an important feature of India's National Rural Employment Guarantee Act (NREGA) and have contributed to increasing the program's accountability and transparency. The Act mandated regular social audits of all aspects of the NREGA scheme to review official records and determine whether the reports made by the states on their expenditures are consistent with the money that was actually spent. An important innovation in this process has been the JanSunwai or public hearing, through which officials are directly accountable to citizens. The government also plans to introduce an Ombudsman program in which the NREGA scheme will be subject to "independent monitoring by eminent citizens."

Malawi's Social Action Fund Project 3 (MASAF) uses a comprehensive community scorecard process to assess whether services are benefitting the poor and to solicit responses from public agencies. The process gives communities a central role in assessing the performance of services and public agencies and in providing citizen feedback to service providers on their performance. Similarly, the service provider or the agency being assessed performs a self-assessment based on the perceptions of staff or people working in the agency. A meeting is then held between the service provider and the community where common concerns are discussed and a joint action plan for reform or improvements in the service are agreed.

Source: Andrews et al. 2012.

improve children's school attendance and learning. Mexico has also been a leader in developing performance management systems through its establishment of the National Council for the Evaluation of Social Policy (CONEVAL), an autonomous agency responsible for monitoring poverty and assessing the performance of social policies and programs.

Taking a more systems oriented approach is a frontier agenda, but one with tremendous potential payoffs, particularly with respect to three persistent gaps: providing adequate **coverage**, both within and across countries, improving **responsiveness** of programs to accommodate those made newly vulnerable because of systemic shocks, and effectively connecting beneficiaries of SPL programs to **productive** opportunities.

Leveraging Systems to Address the Coverage Gap: From Exclusion to Inclusion

SPL programs need to be available to all, but lack of coverage remains a pressing issue across countries and among populations, with the poorest often being the least served. Countries with a larger share of the poor—especially in Sub-Saharan Africa—typically have fewer beneficiaries of SPL transfers (Figure 3.3). This is partly because SPL programs are fewer and less effective, but also because those SPL programs that exist are often available only to urban populations or those with formal sector jobs.

Setting up inclusive, effective SPL systems in low-income countries is particularly challenging. SPL systems are needed to address poverty, acute vulnerability, and crises—each of which are disproportionately concentrated in LICs and often conspire to keep or drive households into destructive coping responses. This is combined with restricted fiscal space and limited institutional capacity. For example, Timor Leste's SPL transfers only reached 27 percent of the poorest fifth of the population in 2007; Afghanistan's reached 15 percent in 2007; and Cambodia's reached only 2 percent of the poorest in 2008 (all latest available data). Contrast this with SPL transfers reaching well over 90 percent of the poorest fifth in Mongolia (latest data from 2007), Thailand (2009), Romania (2008) Latvia (2008) and Chile (2009).[48]

Fragile contexts present both challenges and opportunities in terms of implementing SPL. On the one hand, they face greater challenges, including the existence of additional vulnerable groups, such as displaced populations, ex-combatants, people disabled by

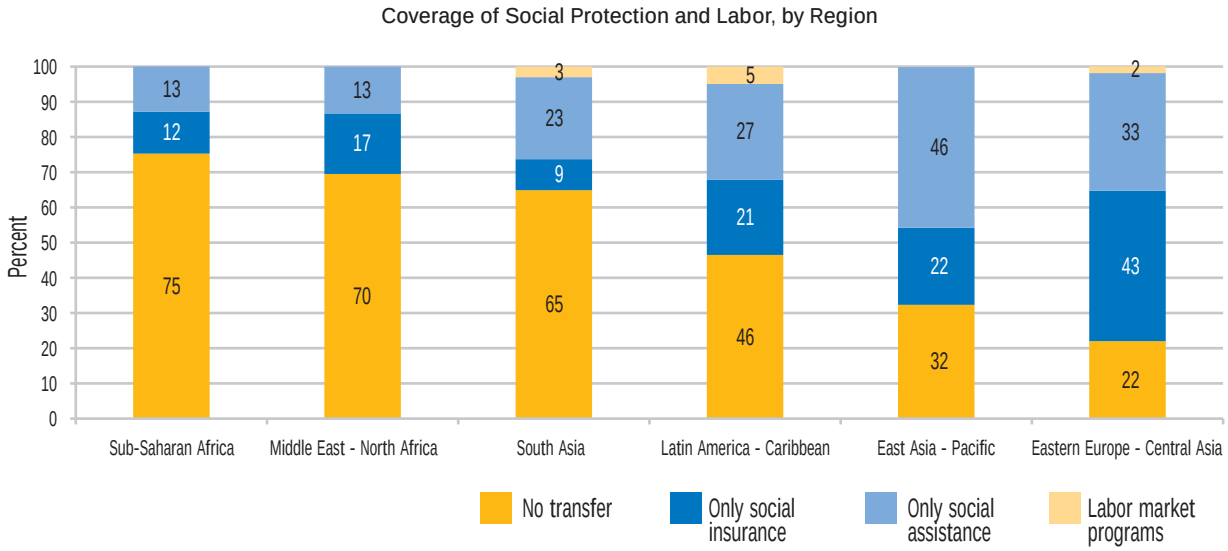
war, and widows and orphans. When this is combined with limited state capacity and an insecure environment, it can affect both the supply of and demand for SPL and other services. On the other hand, SPL programs have the potential to help stabilize fragile situations. The *World Development Report 2011: Conflict, Security, and Development* (World Bank 2011) lists social protection as one of the options that can be successfully introduced and incrementally increased in fragile and postconflict countries.

The informal sector presents another set of challenges to inclusion. Within many countries, traditional contributory social insurance programs, such as old-age pensions and disability, and unemployment benefits, as well as many ALMPs (such as skills training) only benefit formal sector workers. They exclude the informal and agricultural workers who are a large share of the population. Many programs are not available to those who are most in need—women, the disabled, the illiterate, the urban homeless and itinerants, the destitute, older people living alone, those who are socially excluded, and those who live in remote areas.

There are also important gender dimensions to SPL, relating to different access to informal and formal mechanisms to access opportunity or cope with vulnerability and shocks. First, in many developing countries, women still have less access to education, systematically lower earnings, and weaker access to a range of assets and productive resources (such as land or credit) than do men.[49] This means that women often have less capacity to protect themselves in the event of shocks. Second, the impacts of shocks on women and men are almost always different, partly because of the different areas of work typically performed by women vis-à-vis men.[50] During the recent global financial crisis in Cambodia, for example, the external demand shock led to considerable labor market churning, where a high destruction of jobs was followed by an even larger creation of low-quality employment. Women accounted for the greatest share of job losses, but also were the largest share of new workers in agriculture and the informal sector.[51] More generally, female health has been found to be more susceptible to shocks in developing countries than male health.[52] Third, women and men may have different ways of pooling risk, not necessarily with

Figure 3.3

Most of the Population in Africa, MENA, and South Asia Receive Little in the Way of SPL Transfers



Source: World Bank Social Protection Atlas, using household survey data from 64 countries. Data excludes remittances.

other household members. In Ghana, for example, risk pooling appears to be gender specific, rather than household specific. Women pool risk with other women in their villages, while men pool risk with a more geographically diffuse group of men.[53]

Children and the elderly are also often inadequately covered. Traditional, family-based care of the very young or elderly has broken down in many developing countries, without adequate formal mechanisms arising to take its place. Death, disease, and limited productive employment have impacted caregivers' capacity to provide children with adequate stimulation, nutrition, health, and schooling–handicapping them for achieving productive futures (see next section).

For the elderly, inadequate transfers from either formal pension systems or from informal family and community transfers can severely reduce their ability to cope with illness or inadequate nutrition. In LICs, only one in nine workers contribute to a pension program, and this proportion has remained stagnant for decades, affecting their ability to receive adequate pension benefits.[54]

Public spending on pensions tends to be regressive, being concentrated on a very small proportion of workers, especially civil servants. In MICs, there are also large gaps among the lower income, informal sector workers–even for the higher-income MICs. This is compounded by demographic pressures straining the ability of pensions systems to finance adequate benefits. This is particularly true in the transition economies in Eastern Europe and the Former Soviet Union, where pension spending is frequently the largest government expenditure as well as a major source of fiscal deficits, and accelerated aging has reduced the number of younger workers supporting those older workers needing pension coverage.[55]

Leveraging Systems to Address the Flexibility Gap: From Inflexibility to Responsiveness

The recent crisis vividly demonstrated the need for social protection and labor systems that can quickly and effectively respond to those affected by systemic shocks and crises. Countries without adequate systems in place were less able to respond effectively to protect the poor and support recovery from shocks. This is especially true for poorer countries without SPL programs in place. By the end of 2010, the crisis contributed to an estimated 64 million additional people living below $1.25 a day and 76 million more below $2 a day, compared to a scenario where the pre-crisis trend of economic growth (during 2000–07) continued for developing and emerging countries. This is on top of the 130 to 155 million people pushed into poverty in 2008 because of soaring food and fuel prices.[56] Even those living in more prosperous countries need effective SPL institutions–to mitigate welfare losses from economic downturn and to capture opportunities for recovery. This translates into an important operational agenda for building inclusive systems, as discussed below. It also calls for coordination with the IMF and others engaged directly in crisis response.

A central lesson from past SPL engagement is that systems must be built in "good" times in order to able to respond to crises. This was underscored by IEG's 2011 evaluation of safety nets.[57] Given the lack of such systems, particularly in LICs, there is an urgent need to have programs and financing that can respond rapidly and effectively. In particular, the advantage of having instruments already in place resides in their "automation"–that is, their ability to be automatically triggered or adapted (increasing the level of benefits and/or thresholds for eligibility) in period of crisis.[58]

Social protection and labor systems are both needed in times of crisis to protect the vulnerable and poor, and in good times to manage individual shocks to people and families and to address long-term poverty and lack of opportunity. However, practice differs across the world. In some regions, such as Latin America, the emphasis has been on the role of social protection programs to reduce inequality and poverty. But these programs, very successful at targeting the chronic poor, have been less able to identify and serve the newly poor during broad crises. In other regions, such as East Asia, there has been a focus on crisis response, but many countries have yet to put in comprehensive systems that help households and individuals meet their day-to-day risks.

Moving to more crisis-responsive SPL systems requires concerted action by countries during "good times" to build resilience into their broader SPL systems. This requires investment in four areas:

First, investing in SPL programs for the most vulnerable—to ensure that there are longer-term programs and broader social protection and labor systems in place before crises hit, and to immediately be able to address the needs of the most vulnerable in the population. This is particularly needed in many lower-income countries, where large parts of the population could become desitute because of price shocks or natural disasters.

Second, enhancing existing programs so that they can more easily capture the newly vulnerable. This would, for instance, examine the eligibility mechanisms in programs used to identify the vulnerable, and to see if there are mechanisms to identify the newly poor. This can involve recourse and appeal mechanisms (where those who feel that they are unjustly excluded can get a quick resolution) or the use of communities to identify the newly vulnerable.

Third, adding counter-cyclical programs to the SPL portfolio—such as public works and unemployment insurance—that can be easily scaled up to protect the newly poor and vulnerable. For example, the Ethiopia Productive Safety Nets Program has a component that allows it to be scaled up if there is warning of impending drought, which was used to protect additional beneficiaries during the 2011 drought in the Horn of Africa.

Finally, financing for crisis response needs to be a central part of planning ahead. Coordination with partners, including the IMF, is essential. There is also scope for expanding the use of rapid-response lending instruments and establishing insurance mechanisms, including across countries such as the development of insurance against natural disasters in the Organization of Eastern Caribbean States (OECS).

Leveraging Systems to Address the Opportunity Gap: Towards More Productive Programs

A well-functioning portfolio of SPL programs can help improve productivity and longer-term growth in incomes. However, many programs—in social assistance, insurance, or labor—have design problems that either fail to maximize their impact on productivity or create incentive problems that can have a negative effect on productivity. Access to social insurance, for instance, can facilitate labor mobility and provide incentives for engagement in higher risk/higher return activities. By contrast, when programs are not properly designed, they can preclude labor mobility or provide incentives to work in the informal sector.

There are three core elements of addressing the opportunity gap in SPL: first, ensuring investing in the human capital of children; second, activating individuals, especially youth, and improving the functioning of labor markets to include them; and third, improving the earning opportunities of workers, especially through building their skills and productivity.

First, building and preserving children's human capital is a prerequisite for future productivity and for breaking the inter-generational cycle of poverty, but is compromised by poor health, education, and nutrition, which can be exacerbated during crises. SPL has an important role to play across sectors in helping families invest in their children, providing a basis for ensuring equality in opportunities. For example, CCTs combine immediate income support with incentives for families to invest in their children's health and education by requiring school attendance and health visits (see Box 3.7). Programs that are sensitive to specific vulnerabilities and reach orphans, street children, or pregnant women can help ensure that the youngest are not the most at risk.

Developing child-sensitive social protection is also particularly urgent given poor children's vulnerability, the high returns on investing in children, and the consequences of inaction. Investing in children is broadly acknowledged to be one of the best pathways for reducing poverty by reducing the inter-generational transmission of poverty. The evidence on both the cost-effectiveness and consequences of deprivation in early childhood is also clear. These deprivations have lifelong impacts on cognitive development, health, and earnings. Conversely, investing in early childhood is among the most cost-effective use of resources.[59] Forty-eight percent of children in South Asia and 42 percent in Sub-Saharan Africa are malnourished and access to education and health remains elusive for many.

Box 3.7

Conditional Cash Transfers: Protecting the Poor and Providing Opportunity

Conditional Cash Transfer (CCT) programs have rapidly become one of the most widely adopted anti-poverty initiatives in the world, growing from a handful programs in the late 1990s to presence in over 40 countries worldwide today. CCTs are viewed as an effective way to provide basic income support to poor families while strengthening children's health, education, and nutrition—a cornerstone for breaking the intergenerational cycle of poverty.

CCTs provide money to poor families—usually through payments directly to mothers—conditional upon investing in their children. Typical family 'co-responsibilities' include perinatal care for mothers; regular check-ups, vaccinations, growth monitoring for children under five years old, and school enrollment and attendance for school-age children.

Evaluation evidence from a number of countries points to considerable achievements. First, CCTs are effective in reaching the poor and have helped raise their consumption and reduce poverty, with beneficiary households spending a larger share of their income on food and buying more nutritious food. Second, disincentive effects on adults' fertility or labor market participation appear to be small or nonexistent, while having positive effects on child labor in Brazil, Cambodia, Ecuador, Mexico, and Nicaragua. Third, CCTs have substantially increased poor families use of education and health services—school enrollment and attendance has increased and families are more likely to bring children for regular health check-ups, growth monitoring, and vaccines. The impacts are strongest among the poorest and those with lower initial baseline levels. However, evidence on the impact of CCT programs on "final" outcomes is less clear-cut in areas such as child health and nutrition, school completion, and student learning. This suggests that there are important complementarities to be sought with programs that can affect children's education and health, notably through early childhood development and by improving the quality of schools and health care.

There are important remaining knowledge gaps currently being explored in a new generation of programs and related evaluations. One question is whether the cash or the condition matter more to outcomes, and whether similar outcomes could be obtained through unconditional cash transfers (UCTs). There are also design questions, including around transfer sizes, how to best monitor conditionalities, and how to combine CCTs with complementary services to ensure long-term poverty and human development impacts.

CCTs are not the only way to effectively combine poverty-reducing transfers with investments in children. Other approaches—including UCTs—can also be successful. But the unique record of CCTs is built on strong evaluations demonstrating success around the world and in different country contexts—an agenda of evidence-based implementation that other SPL interventions can do well to emulate.

Source: Fiszbein and Schady 2009.

Protecting and promoting human capital can be particularly important—and challenging—in the face of crises.[60] Infant mortality can spike during crisis—by one estimate, a 1 percent shortfall in per capita GDP from expected trends results in an increase in infant mortality of between 10 and 15 percent.[61] The mortality of girls is also significantly more sensitive to aggregate economic shocks than that of boys. A range of studies point to the effects of idiosyncratic and aggregate shocks on mothers' anemia, child birth weight, child stunting, child underweight and wasting, and child anemia. In these cases, SPL and other social services can play a key role. For example, Indonesia implemented a supplementary feeding program aimed at maintaining the nutritional status of children under five years old, with a particular emphasis on children under two, in the face of its 1997 crisis. The program had a significant effect in preventing stunting (low height for age) among infants, with longer exposure to the program resulting in ever greater protective effects.[62] Thailand's expansion of its social insurance program was also instrumental in combating a decline in access to health care in the 1997–98 crisis.[63]

Second, jobs are a critical aspect of the opportunity agenda, and a SPL focus is activating individuals, especially youth, and improving the functioning of labor markets to include them. These are interventions that are particularly relevant for MICs. The goal is to use well-conceived incentives and active ALMPs to increase participation rates, help connect the unemployed to jobs, and facilitate transitions between jobs.

Youth transiting from school to work are an important target group for these policies and programs, which in addition to training can include counseling, job-search assistance, intermediation services, skills certification, and wage subsidies.

Third, SPL interventions also aim to improve the earning opportunities of workers, especially through building their skills and productivity. Interventions are needed to focus on building the skills of those who are already in the labor market—to address the persistent mismatch between the skills individuals have and those that are needed by employers. In Tunisia, more than 50 percent of university graduates are in jobs that do not use the skills they acquired in university.[64] The majority of the world's workers have very low levels of education. Even those with higher degrees might not have acquired the skills necessary to succeed in the labor market– particularly high level analytical and interactive skills.[65] Across countries, only very few graduates attend top schools and get access to good jobs. Compensation for these lucky few has been on the rise—but for others, job opportunities are scarce and labor earnings have remained stagnant. At the same time, employers frequently complain that workers' skills are a binding constraint to their business.

An effective approach to skills will often involve rethinking current training policies often focused on supply-driven technical vocational education and training or on the provision of ad-hoc incentives for on the job training. Countries will need to build on the experiences of countries from Turkey, Tunisia, Jordan, the Dominican Republic, and the suite of Latin American *Jovenes* programs, which engage the private sector to provide training and work experience to youth. A challenge would be to adapt these programs to LICs.

In addition, countries need to consider policies to the self-employed. Self-employed individuals—including those working at poverty or near-poverty levels—are the majority of workers in many LICs. They are often in activities with unrealized economic potential. This is due to constraints not only in terms of skills but also because of lack of know-how, information about markets, and potential clients, and access to credit. Labor market programs that provide comprehensive packages that address these multiple constraints, and connect the self-employed to other opportunities, are important aspects of improving their productivity.

Enhancing productivity is a challenging objective. It calls on multisectoral engagement and on building knowledge in terms of the best way to design and implement programs that can address these constraints. Going forward, this is an important area for research, policy analysis, and operational innovation.



4. Strategic Direction for Social Protection and Labor at the World Bank

The central challenge of fragmentation and the global gaps in coverage, responsiveness, and opportunity identified in the previous section establish a clear strategic direction for the World Bank's SPL practice in the years ahead.

The primary objective of the World Bank's SPL Strategy 2012–22 is to help countries move from fragmented approaches to harmonized systems to cover multiple risks and ensure more effective coordination across SPL programs and objectives. Building on growing empirical evidence and a decade of operational experience, this strategy lays out an approach for increasing World Bank involvement, capacity, and knowledge where there are critical gaps that a more harmonized, systemic approach can help fill. This is central to SPL responsiveness to shocks and to combating chronic poverty and destitution. A more harmonized approach is also needed to reduce coverage gaps in low-income countries or fragile contexts and for vulnerable groups (including the very poor, women, and the disabled) and to promote opportunity through enhanced human capital, better jobs, and higher productivity, especially for young people.[66]

Through policy dialogue, operations and knowledge work over the next decade, the SPL practice will help countries move from fragmentation to a systems approach, treating SPL as a portfolio of programs. A portfolio approach will allow SPL programs to be more responsive to shocks that may be caused by sudden calamities within the family—a loss of job, illness, or the death of a breadwinner—or the effects of more widespread crises. It will also help SPL focus on the core functions of alleviating poverty and protecting against destitution.

Given the state of SPL today, the World Bank's practice will also need to focus on addressing the inclusion, responsiveness, and productivity gaps. SPL systems need to be ***more inclusive,*** reaching excluded groups to ensure their access to SPL, notably among the most vulnerable, the informal, and the disadvantaged (including women and disabled).

Deepening engagement in LICs and fragile contexts will be needed to develop sustainable, effective approaches in these contexts. They will need to be ***more responsive,*** to ensure that people can protect their incomes and the welfare of their families during crises and shocks. And to ensure that people are able to access opportunities, SPL systems will need to be ***more productivity-oriented***, supporting human capital, productivity, and longer-term growth in incomes. Enhancing productivity calls for a particular focus on children, as well as on productive jobs for all workers. Upholding core labor standards, including child labor standards and equal opportunity at work, is a central area of this broader agenda, which relies on working multisectorally to help ease the multiple determinants of child labor and unequal opportunity at work.

Strengthening Systemic Approaches

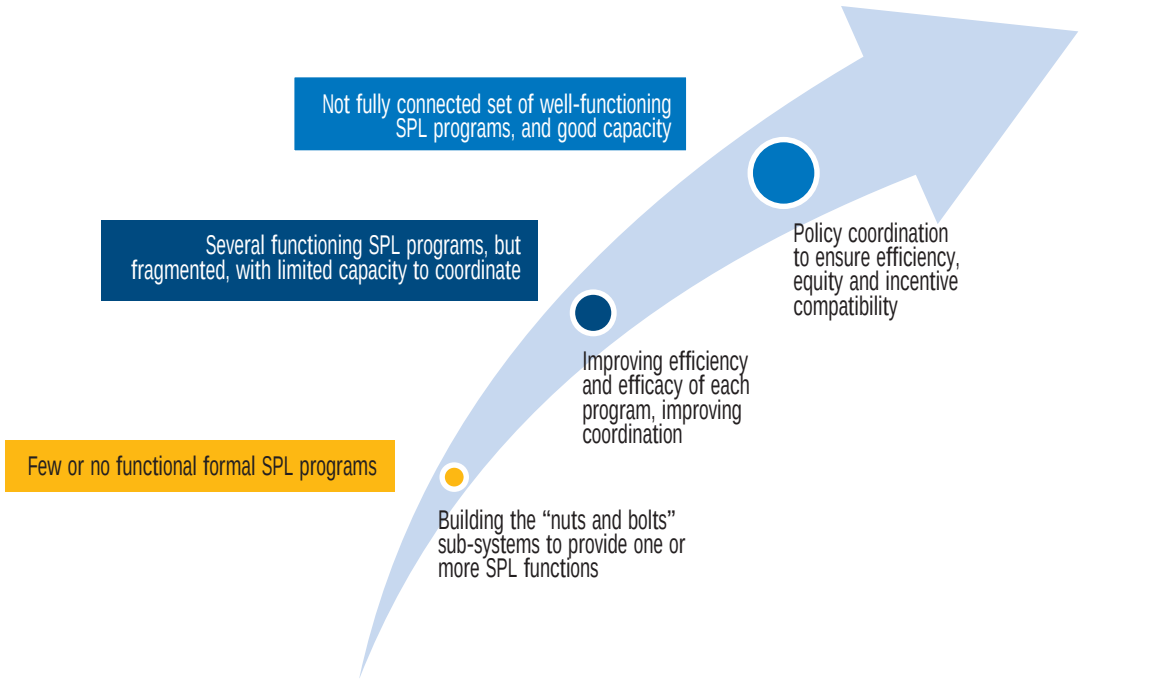
TAILORING TO COUNTRY CONTEXTS

SPL programs need to be able to work together as a ***portfolio of complementary initiatives*** adapted to different contexts, as described in Annex 1 on how different World Bank regional practices will apply the SPL strategy to meet the particular needs and conditions of their client countries. There is no "one size fits all" approach. Instead the strategy calls for improving evidence, capacity building, and knowledge sharing across countries to facilitate building appropriate portfolios of programs, tailored to country contexts (see Figure 4.1).

First, in weak institutional settings, such as in fragile and lowest income countries, the appropriate focus may be on setting up one or more basic programs and ensuring that these are supported by strong, basic administrative subsystem "building blocks" that can be used across SPL programs. This effort could start with establishing and strengthening the basic building blocks of specific SPL programs that cover only the most vulnerable (usually transfer-based safety net programs).

Figure 4.1

Building SPL Systems Appropriate for Different Institutional Contexts



It could then progressively build administrative, institutional, and financial capacity to systematically and systemically extend these to cover more people and to add, as needed, complementary programs to the SPL portfolio (such as old-age pensions, child benefits, and disability benefits).

Second, where there are several functioning programs already, the goal would be to improve the efficiency and efficacy of each program–through refining institutional frameworks and improving incentive compatibility with other related programs. This type of engagement will be at the center of much of the World Bank's SPL engagement in client countries.

Third, in contexts where many individual programs are well-functioning, the added challenge may be to improve their harmonization and coverage. Improving harmonization is an important "second-generation" agenda in many MICs, which the World Bank will continue to support with analytical and financial instruments. A key feature of these reforms is synchronization across existing tools, programs, and policies to build consistent, harmonized national systems. This is important in three dimensions: first, across similar programs (for example, poverty-oriented cash transfers targeting different demographic groups); second, across different types of programs (such as linking unemployment benefits to training programs–the "activation" agenda)[67] to enhance complementarities and avoid incentive problems; and third, coordinating across actors and different levels of government, notably in federated countries (for instance, ensuring coherence and compatibility between federal and state-level unemployment benefit criteria) (see Box 4.1 on Brazil).

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.

Box 4.1

Brazil: *Bolsa Família* and the Impact of Integrated Social Assistance

Social protection policies in Brazil are credited with helping to dramatically reduce poverty and inequality over the past decade. Moderate poverty fell from 26 percent of the population in 2003 to 14 percent in 2009 and extreme poverty was halved from 10 percent to 5 percent (Soares 2010). Inequality also fell from a Gini coefficient of 0.59 (among the highest in the world) to 0.54. A major contributor to this was the government's flagship social assistance program, *Bolsa Família*, launched in 2003 and integrating several existing social assistance programs, including *Bolsa Escola* (which targeted primary and secondary education), *Bolsa Alimentacao* (nutritional needs for women and children), *Cartao Alimentaçao* (food security), and *Auxilio Gas* (subsidies for cooking gas). Collectively, these existing programs had consumed almost a fourth of all spending on social assistance and had similar goals, but suffered from insufficient policy coordination, overlapping target populations, and separate administrative arrangements. This created inefficiencies in service delivery coupled with duplication and gaps in coverage that *Bolsa Família* was designed to address.

Bolsa Família is a CCT program that provides monthly payments to mothers from poor families conditional upon investing in their children. The following are required: school enrollment and attendance; regular health check-ups, vaccines and growth monitoring; and mothers attending seminars on nutrition, health and education. The program has allowed for greater cohesion and continuity in social policies and has expanded coverage to some 13 million families today, more than a quarter of Brazil's population. At a cost of 0.6 percent of GDP today, *Bolsa Família* provides coverage to more poor and extremely poor families than does any other CCT program in the world. Recent analysis points to *Bolsa Família* contributing to roughly one-fifth of the reduction in Brazil's 2003-08 poverty rates and income inequality. The program has also contributed to increased educational enrollment and attendance, as well as the utilization of health service providers.

Much of *Bolsa Família's* success is credited to its effective administrative procedures. A database, the *Cadastro Único*, is used to compile, manage, and analyze data for 22 million families, a large share of Brazil's poor. The ongoing assessment, revision, and adjustment of procedures to identify and register families have helped minimize errors both of inclusion (that is, benefits to those who do not need them) and exclusion (that is, the failure to provide benefits to those who do need them). Benefits are paid through *Caixa Econômica Federal*, a government-owned bank with over 30,000 payment points nationwide where families can collect benefits using electronic cards. This enables administrators to create and publish a payment calendar early in the year, which facilitates budgeting for participating families.

Source: Robalino, Rawlings, and Walker 2012.

Ensuring Inclusion

The World Bank will need to help countries develop innovative, evidence-based approaches to sustainably expand coverage of SPL, notably in low-income countries and among excluded groups. This will build on experience, including current engagement with programs such as Pakistan's Benazir Income Support Program, which covered 2.2 million households within a year of starting up, and Ethiopia's Productive Safety Net Programme, which currently reaches 7.6 million beneficiaries, close to 8 percent of the population. Knowledge sharing around specific country experiences will be coupled with evidence-based advocacy of the contribution of SPL to inclusive growth and with a deeper knowledge of effective SPL in LICs and fragile contexts.

The World Bank will support increased inclusion through fiscally sustainable SPL approaches. A more systems-oriented approach to SPL will also bring efficiencies. Effective targeting systems can help countries prioritize investments to ensure that they reach the poorest and most vulnerable, using diverse approaches from data-driven methods to more reliance on self-targeting or community targeting. The World Bank will also facilitate sustainable approaches through more effective donor coordination, particularly by encouraging countries to

move away from fragmented programs to scaled-up national SPL programs, moving these programs on-budget and getting concerted technical and financial assistance for these programs from development partners, including the World Bank.

The World Bank can help support countries in making sure that their policy and program choices are informed by generating data on SPL programs and beneficiaries, linked to models on reform options, and by facilitating learning across countries.

Within countries, different excluded groups will need different operational approaches, as discussed below. These groups include the ultra-poor, women, the disabled, the elderly, and children.

THE PARTICULAR CHALLENGE OF LOW-INCOME COUNTRIES AND FRAGILE CONTEXTS

Setting up appropriate systems will be especially challenging in lower-income countries and fragile contexts, particularly as the World Bank's SPL practice has historically been more focused on MICs. Restricted fiscal space and limited institutional capacity constrain effective government action and limit the ability to apply traditional social protection instruments that may have worked well in middle-income contexts. 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. Fragile contexts present particular challenges, but SPL has been used successfully to support stabilization (see Box 4.2).

The World Bank and its partners will have to be both innovative and pragmatic in tailoring sustainable and scalable SPL in lower-income countries and fragile states. To help countries build the basic elements of social protection programs, and to improve and integrate the ones that exist, will require deepened investments and coordination in at least five areas:[68]

- Building up *evidence* from operations by the World Bank and others on which programs and approaches work best in LICs and fragile environments
- Strengthening central and local *capacity for delivering SPL programs and services* by building a foundation of *good governance and transparency*
- *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;
- Ensuring *financial sustainability* in order to expand coverage, often through the improved use of existing resources; 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.

Multisectoral approaches will often be needed to promote livelihoods and ensure food security in the largely rural, informal economies characteristic of LICs and fragile contexts. As box 4.3 illustrates, this can be accomplished by following an approach aimed at helping households accumulate productive assets over time and invest in their human capital. This challenge is likely to become increasingly acute given the anticipated effects of climate change and their concentration in low-income regions, again calling on SPL to engage multisectorally to help communities adapt and build resilience.

REACHING THE MOST VULNERABLE

Despite substantial gains in the coverage of SSNs, many poor and vulnerable groups remain uncovered, which often include children, women, ethnic minorities, and the disabled. So the challenge of reaching the most vulnerable has two dimensions—increasing the availability of SPL programs in LICs and fragile contexts, and making sure that the most vulnerable can access the programs that exist.

The World Bank will work with low-income countries, and those with fragile contexts, to help institute, improve and extend SPL programs and systems, with support from catalytic resources, such as the Rapid Social Response (RSR) initiative. As described earlier, this will in many cases take the form of helping institute the "building blocks" of administrative subsystems that can effectively and efficiently support one or more SPL programs. In others, the focus will be on improving and extending the programs that exist. In many situations, a few core programs—such as a cash transfer or seasonal public works program—can be used as a platform for a larger menu of SPL services. For example, beneficiaries

Box 4.2

Social Protection in Fragile Contexts: Three Approaches

SPL programs in fragile situations can build fundamental institutions while at the same time protecting the vulnerable. Three approaches highlight this role:

- **Labor-intensive programs** can be a stabilizing force in fragile situations while at the same time yielding valuable infrastructure investments. Examples include the sporadic employment initiatives in the Gaza Strip since the 1990s and the Liberian Cash for Works Temporary Employment Program that created 17,000 temporary jobs in response to the 2008 Food Crisis, as well as being the basis for a Youth Employment Skills Project that has created an additional 45,000 temporary jobs in three years.
- **Cash transfer programs** can also help communities to re-establish their livelihoods and restore lost assets. These include transitional payments to demobilized ex-combatants in Angola, Mozambique, and Rwanda, along with cash payments to internally displaced people and veterans in Timor-Leste. In Nepal, programs such as social pensions for the elderly, single women, and people disabled during wars have stayed in place and grown throughout protracted conflict and its aftermath.
- **Fee waivers** for government services can also be a form of cash benefits—as was the case with education and health care in Liberia and maternal and child health care in South Africa. Such programs can redress the balance for those groups that were previously excluded from state programs.

Source: Andrews et al. 2012; World Development Report 2011: Conflict, Security, and Development.

could be encouraged to take advantage of micro-insurance initiatives or health insurance, as has been done recently in Ethiopia, Rwanda, and Pakistan. In fragile and post-conflict contexts, SPL programs that provide basic income support, strengthen access to basic services, and rebuild infrastructure can be transformative in helping both provide resources and build social cohesion. In these contexts, the World Bank will be most effective when working closely with NGOs, the UN system, and community-based organizations to ensure access to basic services.

The World Bank will prioritize South-South learning to champion innovative outreach strategies that can be tailored to specific needs of different vulnerable groups. This may, for instance, require broader ways of identifying and targeting the poor, including the involvement of gender-balanced groups, communities and intermediaries (as in the Indonesia Direct Cash Assistance or BLT program).[69] It may also involve using social assistance as an entry point to access a network of services tailored to multidimensional needs, as in the *Chile Solidario* program. Often, this can be combined with the use of intermediaries, such as local social workers and community actors to reach and connect the excluded to existing programs–as is being tried in the *Brasil Sem Miséria* program. For those in the informal sector, new efforts are underway to let them avail of social insurance, as with the National Health Insurance Scheme (called RSBY) in India–a demand-side, voucher-like intervention that aims to provide catastrophic health insurance to a potential population of 60 million poor Indian households.

Finally, the World Bank will increasingly support the use of innovative Information and Communication Technologies (ICT) as a way to reach the most vulnerable. The dramatically lower costs and extensive reach of smart cards, point of sale devices (POS), and cell phones provide opportunities to rapidly expand SPL coverage while cutting fraud, error and corruption. For example, biometric technology is increasingly being used to register beneficiaries and deliver social services, often through strong collaboration with the private sector. It has been used to scan and identify beneficiaries of the Disarmament, Demobilization and Reintegration (DDR) project in the Democratic Republic of Congo. India's unique identification scheme has already enrolled 200 million people and expects to reach 400 million–a third of all Indians–by the end of 2012.[70] In Kenya, cash transfer payments are being made using cell phones (see Box 4.4).

Promoting Livelihoods and Fent (-em citysh iRurciaEo c noesya

Box 4.4

Using Cell Phones to Protect the Poor in Kenya

In Kenya, Safaricom (working with Vodafone) launched an initiative called M-PESA originally co-funded by the UK Department for International Development (DFID) to enable customers with no access to conventional banking to receive benefit payments through a pre-paid phone. All customers need to register at an authorized M-PESA agent— usually petrol stations, supermarkets, and Safaricom stores—by providing a Safaricom mobile number and their identification card. The agent then activates an account on their mobile phone handset that enables customers to load cash in and take cash out at any M-PESA outlet, including their benefit payments. Targeted households are clustered into groups of up to 10 to share the phone, and one literate person is nominated as the cluster leader. Although the equipment is shared by all cluster members, each beneficiary receives his or her own SIM card to register for M-PESA to reduce the risk of fraud among cluster members. This system currently serves 4 million customers, and there are over 360 M-PESA agents nationwide.

Source: Africa Social Protection Strategy, World Bank.

ENSURING GENDER-SENSITIVE SOCIAL PROTECTION AND LABOR[71]

The World Bank will work with countries to ensure that programs adequately address the SPL needs of both women and men (and girls and boys). In ***social assistance*** programs, as relevant to the country context, the World Bank will ensure that women have access to the transfers—building on the evidence that increases in the relative resources controlled by women commonly translate into a larger share of household resources going to family welfare, especially to expenditures on children. In ***workfare programs***, program designs will incorporate social norms about gender-appropriate behavior, as well as gender-specific responsibilities with respect to household and market work (see Box 4.5). The counter-example from the workfare programs in Indonesia during the 1997–98 East Asia crisis was that female participation was hindered because program design emphasized work typically performed by men (for example, repairing roads, rehabilitae-35 scx 4.5ool (pousT* (unitTj eJ T*d b)-Aoustext, the W)62(orld ia crisisadvitheo7

Box 4.5

Designing Gender-Sensitive Public Works Programs: India's Mahatma Gandhi National Rural Employment Guarantee Program

From its inception, India's Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) was designed to encourage women's participation and empowerment. The scheme, which promises 100 days of work per year to all rural households, is equally available to male and female adults willing to do unskilled manual labor. Crucially, the statutory minimum wage set for the scheme is the same for men and women. In a context where market wages are typically much lower for women, the designers' vision was that MGNREGS would raise the bargaining power of poor rural women whether they participate or not.

The legislation also provides for a number of other design features that were deemed vital to ensuring women's participation. These include the following:

- Creche facilities for childcare at the jobsites
- The availability of drinking water and a rest area in the shade at the work sites
- A ban on contractors
- Women's individual bank or post office accounts for direct wage payments.

The scheme is very popular with women. The evidence so far suggests that MGNREGS has succeeded in attracting them into the workforce. Dutta et al. (forthcoming) find that across states, women's participation rates in the scheme are twice that of their participation share in paid casual labor. They are also typically paid much higher wages on the scheme than in other casual work, although still often less than men. And in specific states, studies report positive impacts on women's lives and welfare (Holmes and Jones 2011).

Yet, the reality on the ground differs substantially from the scheme's articulated vision. There is huge variation in how MGNREGS is working across the states of India. But almost everywhere there is evidence of unmet demand for work and with few exceptions, rationing rates tend to be higher for women than for men. Not much is known about the provision of worksite facilities but anecdotal evidence and one study for Bihar find no sign of these facilities being provided on average. Contractors are rife and as expected, are less likely to provide work to women. Women's awareness of their rights, off MGNREGS stipulations, and how to get work is generally very low. Together with the supply side constraints, this severely limits them from acting on their rights.

Good legislation and policy design are key prerequisites and important first steps towards rendering SPL policies more inclusive of women. However they are often not enough. More needs to be done, including repeated awareness and sensitizing campaigns aimed at both men and women. These can help change social norms and attitudes and improve women's status and empowerment.

Source: Dutta et al. forthcoming; Holmes and Jones 2012; Subbarao et al. forthcoming.

poverty and vulnerability to idiosyncratic shocks. This holds for both economic crises and crises resulting from climate change (Box 4.7). Three core elements stand out: financial planning, beneficiary identification, and program design.

Crisis responsiveness of any SPL system will require advanced fiscal planning to ensure that there is a mechanism to release additional resources, and the use of appropriate financial instruments to ensure that this funding can be rapidly mobilized. Moreover, mechanisms to identify potential risks and plan responses adequately will be needed, such as early warning systems, real time monitoring and others.

A second feature of crisis-responsive SPL systems in both MICs and LICs is the ability to identify those who newly need access to SPL programs when faced with individual-level or broader shocks. In certain contexts, particularly MICs, part of work will be on "automatic stabilizers" such as unemployment benefits, which can protect some of the newly vulnerable—such as those working in the formal sector. However, these instruments do not apply to

The World Bank's Conceptual Framework for Pensions

The conceptual framework for the World Bank's analysis of pension systems was presented to the World Bank Board of Directors in 2007 and is summarized in a 2008 report. The now familiar terminology included five "pillars." The zero pillar, sometimes referred to as "social pensions," refers to noncontributory, cash transfers financed by the state. The first pillar is the more traditional social insurance model with mandated contributions typically aimed at insuring against the income risks associated with old age, disability, and death. In some cases, first pillar programs are explicitly redistributive, aiming for higher replacement rates for lower income workers. These programs are publicly administered and are either partially funded or operate on a pay-as-you-go basis. In contrast, the term "second pillar" refers to a mandated, defined contribution plan, in most cases with the fund and data management at least partially handled by private sector entities. The third pillar refers to recognized modes of voluntary retirement savings, usually regulated and encouraged by government and taking varied forms (such as individual retirement accounts, employer sponsored defined benefit, or defined "ped and aravineful(t,vice

many (including the working poor) and may be less relevant for many in economies where formal employment is small. Since many of those who will need protection during a crisis will not be those who are already part of the existing benefits system, World Bank approaches to identify the vulnerable during crises will involve different principles of targeting than those normally used to identify the chronic poor. A particularly effective mechanism is relying on communities or local actors, especially after natural disasters, but it is more broadly applicable.

In MICs and LICs alike, World Bank advice around responsiveness to widespread shocks will emphasize creating provisions for flexible programs within the SPL system portfolio. Planning ahead for such programs has three distinct advantages. First, and most important, they avoid significant lags in implementation caused by new efforts at design and policy consensus, and allow rapid response. Second, they allow the creation of meaningful "sunset clauses" (the triggers for when programs stops or benefits decrease when the crisis and/or its consequences are over). And third, they may lead to a smaller fiscal burden, as opposed to discretionary measures, such as subsidies or programs that are hastily designed during crisis times.

Enhancing Productivity

The World Bank will support greater investments in human capital among children and improved access to better jobs for adult workers. SPL programs that support proper early childhood development—promoting children's cognitive abilities and nutritional foundations—have been shown to have clear consequences for their future productivity.

It is also essential to consider interventions for those individuals who are already in the labor market or close to entering it, often without the necessary technical, cognitive, and noncognitive skills. Facilitating their transitions into productive jobs and building their skills are critical to promoting development and inclusive growth. In this context, the issue of how to think about development through the "jobs lens" will be the central question of the forthcoming *World Development Report 2013* on Jobs (Box 4.8). The SPL practice will be informed by the report's analysis in the years ahead.

PROTECTING AND PROMOTING HUMAN CAPITAL, ESPECIALLY OF CHILDREN

The World Bank will continue to emphasize SPL programs as important investment channels for human capital development—and thus for development and productivity. The World Bank will highlight and build the evidence of SPL programs' role in the accumulation and preservation of human capital, and align practice with evidence as has been done with CCTs and now increasingly with unconditional cash transfers. [72]

The World Bank will work collaboratively with other sectors and actors to ensure that SPL, notably safety nets, is playing its needed role in protecting and promoting human capital among children. SPL programs and systems, while bolstering the ability of and incentives for parents to demand education and nutrition for their children, will partner with the education, agriculture and health, nutrition and population (HNP) practices of the World Bank to ensure that there is effective supply of good schools, adequate food, and health clinics for children. In collaboration with partners (including UNICEF and Save the Children), the World Bank will further develop child-sensitive social protection approaches to help mitigate the effects of poverty on families, strengthen families in their child care role, improve child nutrition and enhance access to basic services for poor families. This is particularly important during crises, given the vulnerabilities faced by children and the consequences of inaction. Overall, this work will build on the important advances made by SPL in recent years in linking equity-oriented approaches with those promoting opportunity.[73]

The World Bank will also undertake efforts to address food price volatility and undernutrition, elements critical to ensuring the preservation and growth of children's human capital. Almost a billion people experience chronic hunger (30 percent of the population in Sub-Saharan Africa) and nearly 2 billion lack the micronutrients they need for good health.[74] The World Bank's safety nets practice will work with other sectors to make social assistance more "nutrition-specific," through efforts to provide nutritionally appropriate food and supplements or by linking beneficiaries to services needed to improve the nutritional status of women and young children. Cross-sectoral collaboration is also needed, particularly with

Box 4.8

World Development Report 2013 on Jobs: Preliminary Messages and Potential Links to the SPL Strategy

The 2013 *World Development Report* (WDR) from the World Bank will focus on Jobs. Its outline, circulated October 2011, proposed three main sets of messages:

First, jobs are transformational. Jobs connect improvements in living standards, productivity gains, and social cohesion. Second, some jobs do more for economic and social development than others, because they reduce poverty and inequality, strengthen value chains and production clusters, or help build trust and shared values. Third, understanding how labor markets interact with government and market imperfections, and how this interaction affects development goals, is the key to identifying and evaluating policies for the creation of good jobs.

While the World Bank will work on the full operational implications of the WDR once the report is finalized, its framing of jobs in terms of living standards, productivity gains and social cohesion are close to this strategy's framing in terms of resilience, equity, and opportunity. High productivity jobs are central to allowing people to protect themselves from poverty and to seize the opportunity to improve their living standards, and SPL mechanisms, including those that facilitate access to jobs, can be transformational in building social cohesion in postconflict contexts and in building agency for men and women alike (themes in the previous two WDRs on Conflict, Security, and Development (World Bank 2010) and Gender Equity and Development (World Bank 2011).

Source: World Development Report 2013: Jobs (Outline, October 2011).

agriculture, private sector development and social development, for example, in developing agricultural insurance mechanisms that can address poverty and agricultural productivity.

IMPROVING ACCESS TO JOBS

The World Bank's SPL practice will work with countries to address systemic and policy reforms that can help access to jobs for their population—including youth. Although the current global crises has focused attention on this issue, the challenge is not merely cyclical and crisis-driven—in any country, it is not easy to ensure that workers can find and maintain suitable jobs.

First, the World Bank will help countries improve the efficiency of job creation. This is an area where SPL will need to partner with other sectors within the World Bank and external partners working directly with the private sector, who would help countries with business environment reforms that promote investments, innovation, and economic diversification, while providing adequate protection to workers (see Box 4.9 on the MILES framework). Within the World Bank, these sectors include the Financial and Private Sector Development (FPD) and Poverty Reduction and Economic Management (PREM) networks. SPL plays a complementary role, especially in the design of labor regulations and income protection programs that can be extended to a majority of workers but without creating distortions in the labor market that reduce the creation of good jobs.[75] Evidence suggests the importance of competition in facilitating firm entry, innovation, and productivity growth.

Second, the World Bank will support SPL policies that improve the productivity of those already at work. For the majority of the world's workers who work in agriculture, as self-employed in low productivity activities, or as nonpaid employees in family business, a stable macro-economy and an efficient business environment are unlikely to be enough. Targeted interventions will be required to either improve the productivity of the activities where they are involved—if economically viable—or to help them transit into higher productivity activities.

In coordination with other sectors, SPL will design, implement, and evaluate interventions to address the constraints facing the self-employed. These

Box 4.9

The MILES Framework

The MILES framework is an operational and policy relevant framework, which helps countries design comprehensive labor market strategies to create more and better jobs. MILES is multisectoral by its very design, focusing on five areas considered critical for employment creation (hence, the acronym MILES): **M**acroeconomic policies; **I**nvestment climate, institutions and infrastructure; **L**abor market regulations and institutions; **E**ducation and skills; and **S**ocial Protection (social insurance and SSN programs). Building on various diagnostic tools in areas central for job growth, the framework aims at identifying key constraints for job creation in an individual country, proposes policy priorities and required reforms, and helps implementing them. The implementation of MILES requires obtaining support from key stakeholders and close cooperation across different ministries, institutions, and social partners. The World Bank is well placed to carry out this task by using its Analytical and Advisory Activity (AAA) and economic and sector work (ESW) to provide analytical content, and various loans and grants to provide necessary funding, and has successful piloted the MILES framework in more than 15 countries.

Source: Banerji et al. (2008).

interventions will address the following: motivation and risk tolerance (via cultural and social norms); technical and noncognitive skills; information about production technologies, best management practices, and prices; access to value chains and markets; and liquidity constraints. Interventions of this sort include business and life skills training, advisory services, networking, improving access to finance, and micro-franchising.

Third, the World Bank will help countries improve the facilitation of labor market transitions—from school-to-work, out of unemployment or inactivity, or between jobs. Indeed, workers' earnings and households' welfare ultimately depend on the incentives and constraints that workers face in these transitions. Similarly, low participation rates can be explained by ineffectively designed transfer programs, the lack of support services (for example, for child care), or prevalent social norms (for example, women not allowed to work outside the household). And the movement of labor from low productivity to high productivity sectors can be constrained by lack of information about alternative opportunities, mobility costs, lack of skills, or lack of credit. Once again, this will necessitate cross-sectoral work aimed at addressing these critical gaps.

A key SPL focus will be the design and implementation of activation policies and ALMPs. The relevant interventions fall into two categories: programs to stimulate labor demand; and programs to support job search and improve employability. The first set of programs mainly include public works and wage subsidies,[79] while the second bring together such interventions as intermediation, counseling, job-search assistance, training, skills certification, and social services that facilitate mobility (for example, child care). For those unable to access formal jobs, programs promoting productive self-employment can also become part of the portfolio of programs, all coupled with policies that create the right incentives for work (Box 4.10).

A particular challenge for this agenda will be facilitating "graduation," or transitions from social assistance to work. This involves improving the incentive structures in program design to ensure that those who are able to move into employment are encouraged and supported to do so. Facilitating this operationally will also involve better coordination between social assistance and ALMPs, so that those receiving social assistance can build the skills and work experience needed to move into productive employment.

BUILDING WORKERS' SKILLS

The World Bank's work on helping workers improve their skills will be founded on two prerequisites to effective policy—understanding how skills are applied, and how to build appropriate

Box 4.10

Active Labor Market Programs and the Youth Employment Challenge

A key focal area of the World Bank is improved designs of ALMPs, including stronger links to the private sector. This is important for adult workers, but has particular urgency for youth, who have unemployment rates in most countries that are two to three times that of adults.

The STEP framework, explained in Box 5.3, provides a long-run and comprehensive framework to address the skills of youth and ensure that they are productive and well integrated into the workforce. But what about the short run? Can ALMPs —such as those focusing on training or addressing lack of information about the job market—help youth find productive jobs?

At first glance, the record seems disappointing. Evaluations of activation and ALMPs have given mixed results. However, these poor results may not say much about the potential efficacy of these programs, but more about design flaws in the programs being evaluated. In fact, there is no evidence to suggest that ALMPs as a whole are not needed or are not useful. And the market failures that these programs try to address are real—such as lack of knowledge about job opportunities or lack of skills demanded by employers.

Successful programs linking individuals to jobs have two defining characteristics: first, they integrate various interventions addressing multiple challenges faced by job seekers, and second, they have a strong involvement of the private sector. For example, "training plus" programs consisting of technical or life skills training followed by work experience through private sector internships and job placement assistance have been found to be quite successful at activating individuals. Interventions, such as the *Jovenes* programs in Latin America (mainly targeted to unskilled youth)[76] and *Probecat* in Mexico[77], fit in this category.[78]

Source: Almeida et al. 2010and Almeida et al. 2012.

skills. This will require a better understanding of how different types of skills (technical, cognitive, and non-cognitive) affect labor market outcomes, and then developing systems that are able to transfer the necessary skills to current and future workers. Skills are acquired through a multiplicity of channels–from parents and families, through informal apprenticing with more experienced workers, or through formal education in schools, universities, vocational centers or on–the-job training.[80] The SPL practice will be working closely with the World Bank's education practice on the skills agenda, focusing on how to build and upgrade job-specific skills. The three types of training programs that will receive attention are the following: pre-employment technical and vocational education and training; on-the-job training; and training-related ALMPs. The last is usually targeted to individuals without access to the first two, often low-skilled unemployed or informal workers.

Finally, the World Bank will focus on improving existing labor market training programs, notably in MICs. In many countries, these programs are neither cost-effective nor responsive to labor market demand. The World Bank will build on promising advances made in programs (such as the Latin American *Jovenes*) in strengthening links with labor market demand through directly engaging the private sector. These operational experiences will be studied, shared, and developed more closely.

A CHALLENGING AGENDA

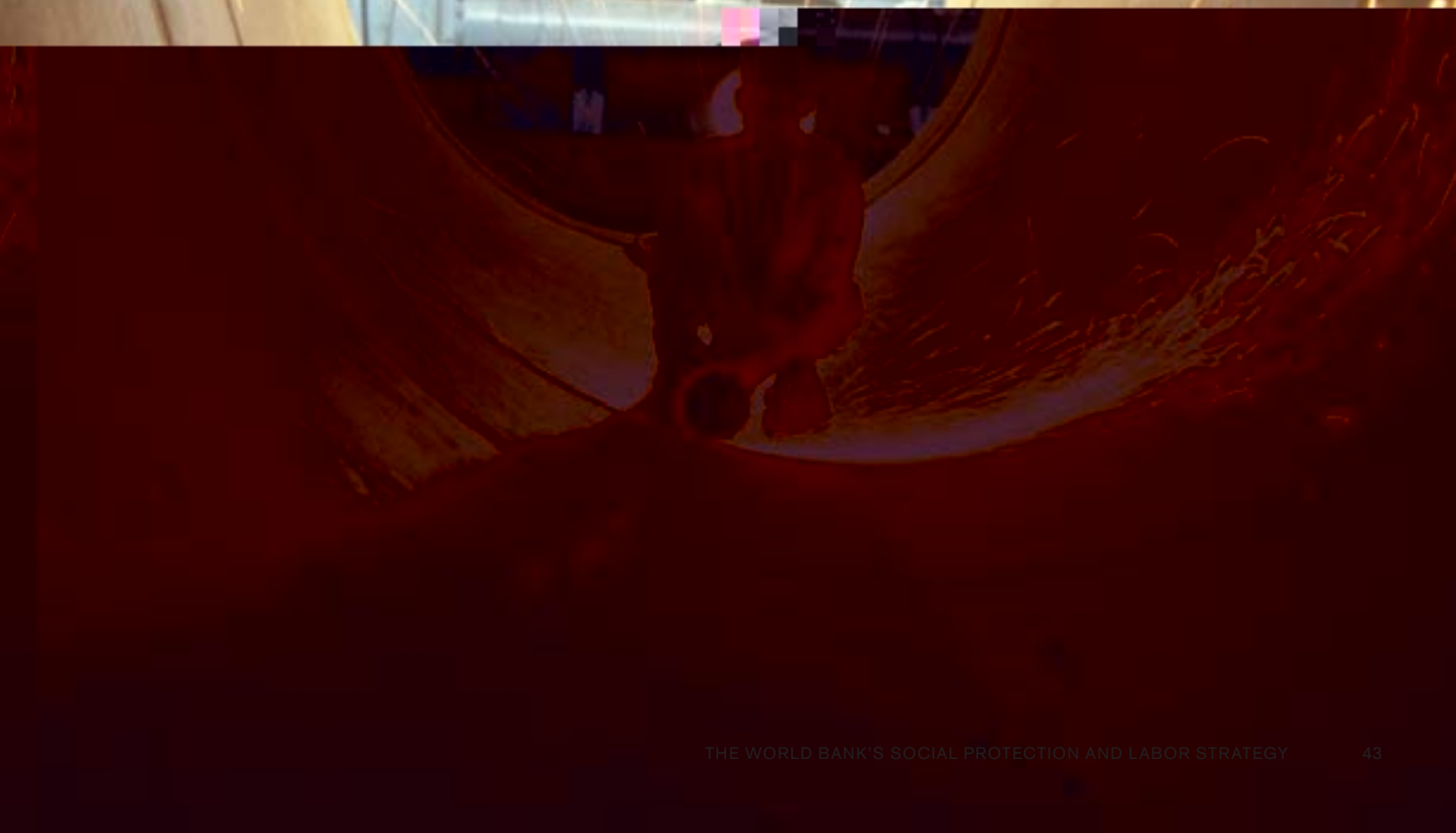
The proposed strategy is highly ambitious—and fully achieving its strategic aims will take time and require concerted efforts by the World Bank, developing countries, and partners. There are four risks. First, despite the recent attention paid to SPL during times of crises, governments may find it difficult to prioritize SPL expenditures in better times–in the face of more visible investment needs and vocal constituencies. Second, political economy considerations may deter governments and development partners from investing in coordinated, systemic approaches, and instead continue to fragment or duplicate programs. Third, moving from a program to a systems approach will also involve developing institutional capacities that

are not always present, especially across the myriad of sometimes weak SPL agencies. Finally, SPL efforts need to be sustainable, with a cost-effective use of appropriate resources to meet country goals.

But the challenges facing developing countries and their people necessitate this level of ambition, and the strategy underlines structured ways in which the World Bank will use its comparative advantage to help address them. First, the World Bank will support clients in building evidence on the performance of SPL programs systems in promoting resilience, equity, and opportunity—and will couple this work with knowledge access, including through intensified work on South-South knowledge exchanges.

Second, the World Bank's policy advice to client countries, and collaboration with partners, will emphasize both the value of inclusive and productive systems and good technical solutions to achieve them. Its work with partners will especially emphasize the value of coordinating work and resources in helping poorer countries build SPL systems. Third, capacity building would be a key component of the work, especially in LICs and fragile contexts, including the generation of accurate, useful, and frequent data to improve results. And fourth, the World Bank will continue to build the evidence that effective, inclusive SPL systems do not have to be expensive or complex —helping countries to select the most cost-effective approaches to meet their specific needs.





5. Principles of Engagement for the World Bank

Experience from a decade of successful SPL engagement and demands from clients confirm that success flows not just from ***what*** the World Bank does, but ***how*** the World Bank engages. This experience points to three principles of engagement as central to success in the World Bank's work in SPL knowledge, operations, and partnerships: evidence-based knowledge; tailored to country contexts and evidence; and collaborative across a range of sectors and actors.

Ensuring evidence-based, tailored, collaborative engagement will allow the SPL practice to derive knowledge from the evidence in operational contexts. It will also allow SPL practice to use that knowledge about results to design context-specific, evidence-based operations. Moreover, it will help mobilize partnerships at the World Bank, country, and global levels to create a virtuous cycle of building inclusive, responsive, and productive SPL systems in all the World Bank's client countries.

Focus on Evidence-based Knowledge

The strategy prioritizes the generation and sharing of evidence-based knowledge to address the three gaps outlined earlier—on what programs and systems exist, how they perform, and how results can be shared. This capitalizes on the World Bank's comparative advantage of combining in-depth local engagement with an ability to leverage global knowledge, as outlined in the World Bank's Post-Crisis Directions paper (2010).

This strategy will be selective in prioritizing certain knowledge gaps, and couple this with capacity-building to ensure that countries can be involved in generating the knowledge they need to inform policy and effectively manage programs and systems. This also has implications for partnerships. Filling these gaps cannot be done by the World Bank alone, but in partnership with other actors in SPL, to collectively prioritize effective knowledge sharing and complementary approaches to knowledge generation.

Currently, three knowledge gaps exist on SPL.

Gap 1—knowledge on existing programs. SPL system design in many contexts is handicapped by the lack of basic information on what programs exist, how they are structured, and who receives benefits. This information gap is particularly problematic in fragile states and LICs, especially in Sub-Saharan Africa, which undermines both global knowledge and local management. This gap can be filled by strengthening and expanding the country coverage of *SPL assessment and benchmarking tools*, using labor force data, household data, and program-level administrative data. Strengthening national statistical systems, ongoing surveys and program level administrative data are needed. Building on efforts to ensure the quality, coverage, and comparability of data within and where needed across countries, analytical tools can be applied (including the World Bank's SP-ADEPT software) to develop comparable and systematic SPL indicators that will allow benchmarking over time and across countries.

The data generated by the World Bank can also be compared with other indices, such as the Asian Development Bank (ADB)'s Social Protection Index and the administrative data on social protection, especially social security, from the ILO and the International Social Security Association. At the country level, *performance monitoring mechanisms* can be strengthened within and across programs (and linked to beneficiary registries), with the World Bank facilitating good practice across countries.

Gap 2—knowledge on program impacts. There are gaps in knowledge across types of program and contexts about whether programs are achieving their intended impacts. *Impact evaluations* can be applied selectively to look at both overall program effectiveness and the relative effectiveness of different programs or program designs (including relative to costs). This will be particularly important in areas where there is relatively little evidence, including the following: fostering entrepreneurship and raising the productivity of small, often family-owned, businesses; designing passive income support schemes that don't discourage people from finding jobs; designing public

works programs that raise incomes, build skills, and create productive assets; and building on the evidence from CCTs to examine the performance of UCTs (including social pensions). As the number of impact evaluations in the SPL area grows, there will be an added challenge of effectively disseminating and managing this knowledge. This, therefore, will require investing not just in knowledge generation, but in knowledge management, especially to ensure that evidence informs policy.

Additionally, the SPL sector will continue to partner with the Development Economics Vice Presidency (DEC) and PREM in developing *modeling tools* to assess the fiscal, behavioral, and welfare impacts of parametric reforms in SPL. This will build on an important foundation that currently includes the SP-ADEPT/ Social Protection Atlas, the Pension Reform Options Simulation Toolkit (PROST), and the new Unemployment Benefit Simulation model (UBsim). Finally, *new approaches will need to be developed to assess SPL systems*, building on the efforts described above.

Gap 3—sharing knowledge. The search for scalable, sustainable solutions in SPL has been particularly influenced by countries in the developing world learning from each other about designing and implementing effective programs. Well-performing programs and designs—such as public works programs, social funds, and CCTs—have influenced authorities setting up their own SPL programs in other developing and emerging countries. The major driver has been the synthesis and effective transmittal of knowledge on good practices on development effectiveness. The SPL practice has been at the forefront of *cross-country and cross-regional knowledge sharing*—especially South-South knowledge sharing. This has included formalized networks of practitioners in the areas of socials funds and CCTs (notably the LAC learning circle), a series of highly-attended annual South-South learning conferences on SPL, learning partnerships with leading think tanks (such as the World Bank-IZA partnership on labor markets and development), and vibrant communities of practice (Box 5.1).

The new strategy will broaden and deepen this global knowledge engagement and sharing, continuing to prioritize engagement both face to face and building on the promising use of ICT to create knowledge platforms. These will be used to ensure that staff members have access to the latest knowledge, regardless of where they sit, and to reach out to clients and a broader community of practice, including civil society, academia, and private actors. Finally, as underscored by the 2011 Knowledge for Development report and 2011 IEG review of safety nets, the impact of analytical work is greatest when *client engagement is prioritized and sustained*. Thus, SPL knowledge products will increasingly have a clear, client-based plan for ensuring, not only quality, but also engagement and results.

Tailor Operations to Country Context and Evidence

Experience shows that successful and sustainable SPL programs and systems are tailored to social contracts and national priorities, as well as reflective of countries' political, social, institutional, and economic contexts. The principle of country tailoring implies that SPL programs and systems need to be country-led, and country-implemented, with a strong focus on country capacity to do so—as established in the Paris and Accra agendas. For most developing and emerging countries, this implies a strong associated need to build capacity in the government ministries responsible for SPL. Country leadership, context, and capacity are particularly important for finding appropriate solutions to difficult questions and trade-offs—such as balancing the need for increased coverage and crisis-readiness of SPL systems with constraints relating to fiscal affordability and administrative capacity. Thus national goals and priorities determine the World Bank's role as a partner, working to deliver these goals together with a range of actors.

The principle of country tailoring has important implications for applying the strategy in different regions, as outlined in the regional SPL strategy applications in Annex 1. The SPL practice will vary across regions and countries according to client demands, priorities, existing challenges and available resources.

While each region faces the whole array of challenges, existing conditions and client demand points to some areas of priority. In Africa and South Asia, where many low-income countries are concentrated, a strategic focus is on building SPL systems that promote

Box 5.1

South-South Learning in Social Protection and Labor

The SPL community, as one of the newest practices in the World Bank, has been very active in promoting and supporting South-South Learning, as demonstrated by the examples collected here. These efforts to facilitate South-South learning at all levels have been helping countries to share the secrets of success—and even failure—and as a result, enabled them to implement effective SPL policies and programs across the developing world.[81]

Social Investment Fund (SIF) networks. The first World Bank-financed SIF was the 1987 Bolivia Emergency Social Fund. By 1994, Latin American SIFs had formed a community of practice called *Red Social* (Social Network) and started exchanging information and experience on how to target communities, what types of subprojects to support, how to carry out social needs assessment, and so on. By 2000, the membership had grown to 33 SIFs, most of which had received World Bank financing in different instances. In 1997, through a World Bank grant of $311,000, *Red Social* created *InterRED Social*, a virtual platform of information and knowledge exchange. Similar developments took place in other regions. In 1998, seven SIFs in the Europe and Central Asia region formed the ECANet, with support provided by the World Bank ($285,000). ECANet membership doubled to 14 countries by 2005.

Growing interest in cash transfers. Approved in March 2001, the Colombia Human Capital Protection Project (*Familias en Acción*) was the first CCT project financed by the World Bank. *Familias en Acción* was quickly followed by Jamaica Social Safety Net Project and Turkey Social Risk Mitigation Project (2001). By then, CCTs had started capturing the interest of client countries as they learned from the initial successes of *Progresa* (today's *Oportunidades*) in Mexico and *Bolsa Escola* (today's *Bolsa Familia*) in Brazil. To facilitate and promote their mutual learning about this emerging instrument, the World Bank supported bi-annual CCT conferences in Puebla, Mexico (2002), Sao Paulo, Brazil (2004), and Istanbul, Turkey (2006) in which hundreds of policy makers, practitioners, and global partner representatives participated. In LAC, this evolved into a CCT Community of Practice, for which the World Bank has been serving as a provider of a virtual meeting platform, using World Bank country offices facilities. A similar community is currently being formed among Anglophone African countries with Rapid Social Response (RSR) support (see below).

SPL core courses. Every year, SPL has offered a two-week long core courses in its key thematic areas: pensions (since 1997), safety nets (since 2000), and labor (since 2003). Disability will be added in 2012. Courses are attended by an average of 75 participants, mainly practitioners and policy makers of World Bank client countries. Because courses use actual case studies as teaching materials, participants naturally share their expertise and perspectives, and build networks of professionals.

RSR-supported South-South learning forums. As part of its support to client countries to build SPL systems, the World Bank has been organizing global South-South learning forums. The first forum was on the FFF (Finance, Food and Fuel) Crisis in Cairo, Egypt in 2009. Since 2010, thanks to support from Russia, Norway, and the United Kingdom, RSR trust funds have been able to fund forums in Arusha, Tanzania (2010: Making Public Works Work) and Addis Ababa, Ethiopia (2011: Building Resilient Social Safety Nets). Over 300 participants from more than 50 countries and global partner organizations have participated in these forums. In 2012, another global forum on jobs and labor market issues and an East-Asia/South-Asia knowledge forum on the use of ICT in SPL are scheduled to take place.

The World Bank has also brokered and organized many country-to-country knowledge exchanges on issues ranging from high-level policy to nuts- and-bolts technical details.

inclusion and ***resilience***—how to sustainably expand SPL coverage to reach vulnerable groups and ensure the capacity to respond to crises. Building ***youth productivity*** is also an issue in Africa and South Asia, which face substantial challenges from a large population of youth who are entering the labor market, often without the requisite skills to engage in productive work. The youth bulge is also an issue for labor markets in MENA, as is low female labor force participation.

For both MENA and East Asia, a major challenge is ensuring ***systematic approaches*** to reduce the fragmentation of programs in its MICs, and setting up basic systems where these are less developed. Eastern Europe and Central Asia is a heterogeneous region, where challenges include ***affordability***, with transition economies struggling with pension reform in the face of an aging population and shrinking labor force, as well as ***inclusion*** of vulnerable groups (for example, the disabled or Roma). In LAC, most countries are facing "second generation" ***systemic*** challenges, calling for better harmonizing social assistance and social insurance approaches and ensuring more effective crisis-responsiveness. The ***inclusion*** challenge in LAC is extending coverage of social insurance to the informal sector.

The World Bank's technical expertise and global knowledge is critical in helping countries design SPL approaches appropriate for their contexts. The World Bank's engagement with countries would, thus, entail helping the government and other country actors in both the "architecture" and "engineering" of country-specific SPL systems (Box 5.2)—from diagnostic analysis, strategy formulation and identifying policy options, to advice on programs and policy designs and financing. But this sort of country-led engagement has to be grounded in a strong consideration of political economy across a range of issues, from awareness of the opportunities for reform presented by crises, to sensitivity to how difficult it is to mobilize scare resources to invest in largely invisible SPL systems. And, as underscored later, it puts a premium on enhancing work across sectors and global partners to ensure alignment between the SPL system and national goals and mandates.

A key aspect of the World Bank's work with countries is the reliance on evidence and tangible results in operations. SPL lending (such as recent operations in Romania and Moldova) increasingly supports operations that explicitly establish a feedback cycle between financing and specific, measurable results agreed upon with countries. This can potentially be developed further with the new program-for-results (P4R) lending instrument. The design of lending operations need to be increasingly informed by more results-oriented economic analysis (notably cost-benefit and cost-effectiveness analysis), coupled with references to available global evidence on development effectiveness (such as impact evaluations or systematic reviews). In carrying out lending, strengthening client M&E systems will play a central role in SPL programs and systems, so as to ensure that data are effectively used to track progress, inform management decisions, and support transparency and accountability.[82]

Central to country-tailoring is building institutional and governance capacity. Identification, payment and monitoring mechanisms, beneficiary registries, and simple measures to support accountability and reduce error and fraud are all critical elements to a results focus and cost-effectiveness. Institutional capacity also needs support, particularly with respect to coordination beyond the purview of individual programs, to expanding coverage (notably among poor and vulnerable populations), and to support effective governance through appropriate "rules, roles and controls" governing public, private and nonformal (family or community) actors. [83]

There is also a need—especially for global partners—to support governments in prioritizing cost-effective, scalable solutions that can be easily implemented by existing institutions, including non-government partners. This needs to be applied to making better use of existing resources, informed by detailed analysis of SPL program financing (existing and projected), coupled with commitments to increasingly move financing for SPL on-budget to strengthen the government's oversight and accountability.[84]

Collaborate across Sectors and Actors

In the inherently cross-sectoral field of SPL, effective results will require prioritizing coordination across sectors and across a range of actors, including global partners, national agents, and CSOs.

Box 5.2

Architecture and Engineering: The World Bank's Operational Services to Countries on SPL Systems

The World Bank's role in supporting countries in developing their SPL systems spans both the "architecture" and "engineering" aspects. Depending on the client needs, the World Bank could work with country authorities on five main areas, with capacity building integrated in every aspects of our assistance.

"Architecture"

1. **Diagnostically analyzing** needs and evaluation of the effectiveness of existing SPL programs.

2. **Formulating strategy** and mapping the pathway from existing conditions to strategic goals.

3. **Identifying policy options** and articulating the structure of various programs to ensure policy consistency within the SPL system (including through South-South learning exchanges).

"Engineering"

4. **Devising detailed policy and implementation measures to deliver results and enhance performance,** including instituting the "nuts and bolts" subprograms (such as databases and beneficiary registries), developing processes and procedures, institutionalizing M&E mechanisms, and examining policy coordination.

5. **Financing programs and technical assistance** to support pilots and scale-up, and packaging investment or program financing with TA and impact evaluation.

COLLABORATION ACROSS SECTORS

SPL systems are inherently multisectoral in nature—sometimes because SPL objectives need other sectors' instruments to be realized, and sometimes because SPL instruments serve the development objectives of other sectors. As a result, to both meet their own goals and those of their clients as a whole, World Bank teams will have to work with those in other sectors to best realize these important synergies.

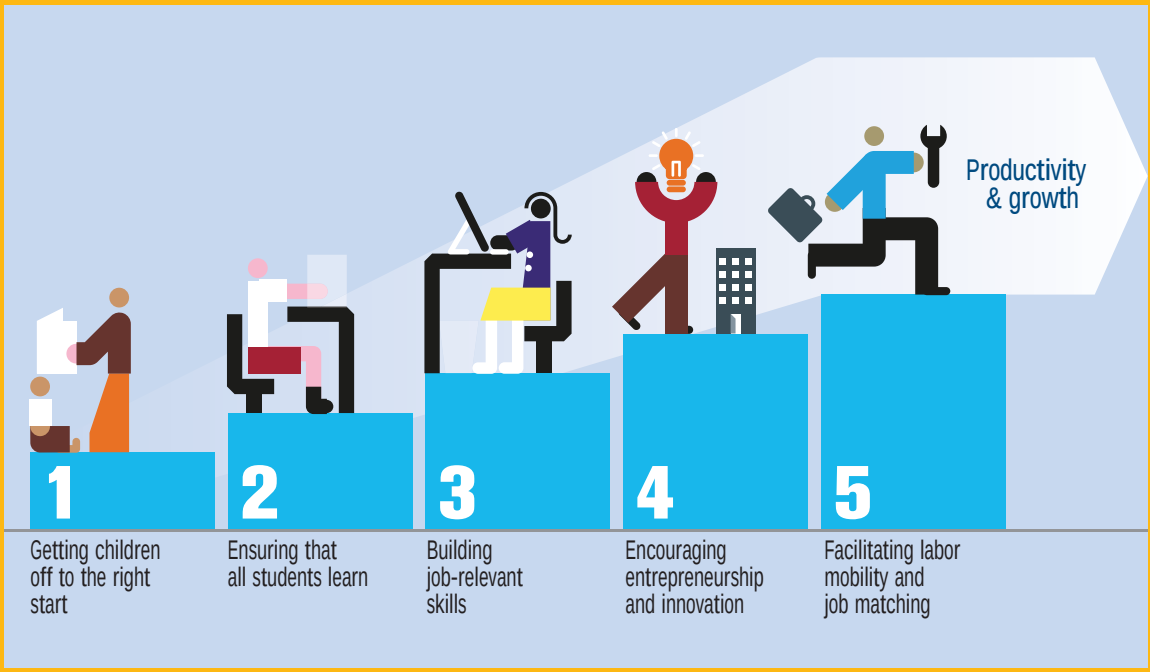
First, instruments outside the traditional purview of SPL are crucial to achieving resilience and opportunity. For example, building skills needed for growth and productivity involves a series of "steps" from early childhood development to education, job training, entrepreneurship and labor market regulation, as illustrated in Box 5.3. Again, resilience for rural farmers can be ensured not only with cash transfers, but with crop insurance and easy access to healthcare, where other sectors within the World Bank have extensive expertise.[85] And opportunity is not ensured just with accumulated human capital and supply-side interventions in the labor market, but an economy and a private sector that thrives and grows and employs those workers productively, where reforms in private sector development are critical.

Second, managing multifaceted challenges—such as jobs, climate change, crisis management and poverty reduction—necessarily calls on multisectoral solutions, often with SPL playing a central role in these efforts. Indeed, social protection is known for its ability to forge effective multisectoral solutions, drawing on experience, such as CCT programs that provide cash transfers linked to demand-side incentives to poor households to invest in the health, education and nutrition of their children. CCT programs have been especially successful at reducing poverty while improving both school attendance, especially for girls, and infants' and children's access to health services. Similarly, skills and training programs facilitate private sector activity by allowing firms to expand with the right workers.

Finally, the effectiveness of poverty reduction or risk management efforts is often enhanced by combining interventions across sectors. For example, while the Household Asset Building

Box 5.3

STEP: A Multisectoral Framework for Building Skills and Enhancing Productivity



A simple conceptual framework—STEP—can help policy makers, analysts, and researchers think through the design of systems to impart skills that enhance productivity and growth. The framework focuses on five interlinked steps:

Step 1. Getting children off to the right start, by developing the technical, cognitive, and behavioral skills conducive to high productivity through early child development, emphasizing nutrition, stimulation, and basic cognitive skills.

Step 2. Ensuring that all students learn, by building stronger systems with clear learning standards, good teachers, adequate resources, and a proper regulatory environment.

Step 3. Building job-relevant skills that employers demand, by developing the right incentive framework for both pre-employment and on-the-job training programs and institutions.

Step 4. Encouraging entrepreneurship and innovation, by creating an environment that encourages investments in knowledge and creativity.

Step 5. Matching the supply of skills with the demand, by moving toward more flexible, efficient, and secure labor markets is the final complementary step transforming skills into actual employment and productivity.

SPL policies can play a critical role in fostering each of the five steps. CCT programs can help improve nutritional outcomes and improve school attendance (Steps 1 and 2). ALMPs and skills programs can address Step 3. Risk management programs and focused training can help promote Step 4. And providing effective SPL mechanisms that ease informational asymmetries and promote mobility are critical for Step 5.

Source: World Bank (2010b).

Program (HABP) in Ethiopia had only a marginal impact on agricultural productivity when implemented alone, when combined with the Productive Safety Net Programme (PSNP) maize yields increased by 38 percent.[86]

Within the World Bank, the SPL sector has strong collaboration with other key sectors that share objectives and instruments. Within the Human Development Network (HDN), SPL works with the education sector on shared agendas in skills development, early child development, child labor, school feeding, and school access. With the health, nutrition and population sector, issues relating to nutrition, aging and demography, social protection, HIV/AIDS, and social insurance are some areas of strong partnerships. With PREM and FPD, SPL has a strong analytical partnership on the broad jobs agenda, where the sectors work closely together on the newly created Jobs Knowledge Platform and on issues relating to self-employment and productivity. SPL has strong links with PREM, as well in the areas of fiscal sustainability, poverty targeting, and governance and service delivery. With the Sustainable Development Network (SDN), there are broad areas of collaboration around community-based development, youth issues, energy subsidies, and emerging collaborations in the areas of livelihoods and adaptation to climate change. And with FPD, there is also strong collaboration around old-age pensions and financial literacy. Annex 5 shows the interaction of the SPL agenda with other sectoral strategies of the World Bank.

COLLABORATION ACROSS ACTORS

Partners working on SPL will need to rise to the challenge of coordination on the design, implementation, and evaluation of SPL programs and systems. Collaboration among partners is essential to strengthen national support and prioritization of social protection and labor systems that are relevant to country-context. The need for partnerships is more evident in LICs and fragile states where catalytic funding and knowledge is urgently needed to improve programs and establish SPL systems to prepare for future crises, address current needs, and lay the foundation for shared growth. This sets an agenda for World Bank partnerships with multilateral and bilateral agencies, regional institutions as well as the private sector and civil society, applied to both operations and knowledge.

Operational partnerships

The World Bank has active engagement with multilateral agencies, including joint missions in client countries and collaboration at the country level on specific SPL topics. These agencies include, among others, regional development banks, the ILO, UNICEF, the United Nations Development Programme (UNDP), and the WFP. There have also been a series of specific meetings and technical workshops on the multiagency Social Protection Floor, which have forged closer collaboration around this key initiative, notably around the goal of mutual learning and information exchange.

Bilateral and regional partners will continue to be important as well, as they have been historically. These actors share a common vision, but often provide differentiated support to meet these goals, responding to specific regional and country-specific challenges or objectives. Among many key partners, the World Bank's SPL practice works closely in countries with the United Kingdom's DFID in Africa and Asia, the Australia's aid agency in the East Asia and the Pacific, the German Ministry for Economic Development and Cooperation (BMZ) and the German Society for International Cooperation (*GIZ)* in Africa and Asia, as well as other bilaterals from Europe, Canada, Japan, and the United States in specific country contexts. Among emerging donors, Brazil is heavily engaged in helping provide technical assistance to African countries building safety net systems, and the Russian Federation has been an important partner, through the RSR fund, in helping build SPL systems in the poorest countries. In the area of disability, a Japanese PHRD grant for Disability and Development provides grants for projects across developing countries, aimed at inclusion of persons with disabilities in development, ranging from inclusive education to accessible public buildings, roads, and transport. Annex 6 presents a summary of select multilateral and bilateral agencies' definitions and applications of social protection.

NGOs are also important World Bank partners in helping implement the SPL agenda. A wide range of partners, from CSOs to academia and the private sector, play different, complementary roles. As a case in point, trade unions' engagement in setting the global labor agenda has contributed to shaping core aspects of the strategy, including an emphasis on the

global crises of poverty and rising inequality, the need to address coverage of informal sector workers and labor market issues in LICs, and recognition of gender dimensions of labor markets. NGOs active in SPL, such as Save the Children, the African Platform for Social Protection, HelpAge International, and the Institute for Development Studies, are also valuable global partners in providing sectoral expertise, advocacy partnerships and analytical depth to help in implementing and realizing the SPL strategy across client countries. Finally, civil society organizations have had a key role in the design, monitoring and implementation of social protection programs around the world and will continue to be an essential partner in moving this agenda forward.

The major partnership challenge is to join forces to build foundational SPL systems in countries where these are lacking, as exemplified by the RSR initiative. This effort builds on the collaboration mobilized as an urgent response to the pressing 2008-09 food, fuel, and financial crises (Box 5.4). The RSR initiative, together with the Global Food Response Program and Japanese Social Development Fund, financed programs in 19 countries (mainly IDA) that had previously received no safety net support. Today, the $61 million RSR fund financed by Russia, Norway, and the United Kingdom stands out as a prominent example of a successful multilateral partnership, which will evolve to become the umbrella trust fund to support the implementation of this strategy. Since December 2009, RSR has approved 70 projects/initiatives, primarily in LICs and fragile states. For example, in Burkina Faso, RSR is supporting a $550,000 program assessing the feasibility of public works and cash transfer modalities, and designing key technical and operational features of a new safety net program, including poverty targeting, beneficiary registry, payments and M&E. In Timor-Leste, $2.07 million supports the design and implementation of a management information system (MIS) for cash transfer programs. And in Bangladesh, $2.8 million is helping design a conditional-cash transfer program to be implemented by local governments.

Knowledge partnerships

Partnerships are increasingly central to ensuring the flow of knowledge, particularly on the effectiveness of various programs in meeting global challenges. Under the strategy, the SPL sector will sustain several key existing partnerships and look for new opportunities for leveraging engagement, building on promising engagements, such as the following in youth employment, skills development, jobs, and disability.

Ongoing knowledge partnerships with the International Labour Organization (ILO) has resulted in joint initiatives to produce an inventory of labor policy responses during the 2008-10 global economic crises. The ILO is also a member of the Global Partnership for Youth Employment, which builds and disseminates evidence on youth employment in Sub-Saharan Africa and the Middle East by fostering new research, policy dialogue, and capacity building of local stakeholders. Members of the partnership include Understanding Children's Work (UCW), the Youth Employment Network (YEN) –both interagency initiatives between the World Bank, ILO and the UN–the Arab Urban Development Institute e on 42(3uth Employmbs, ban Develop42(4ment)Tj /T1_0 1(ency initia v

Box 5.4

Preparing for the Next Crisis: Building SPL Systems with the Rapid Social Response Program

The RSR Program was established as a World Bank response to the food, fuel, and financial crises. While it leverages larger IBRD and IDA resources, the core of RSR operations is the $61.7millon trust fund resources donated by Russia ($50m), Norway ($8.5m) and the UK ($3.2m). After four rounds of competitive selection processes, 100 percent of funds have been committed for 85 projects.

RSR's clients are low-income IDA eligible countries, for which 92 percent of committed funds are allocated in the form of country/region-specific direct technical assistance and pilot projects. The remaining 8 percent are used for knowledge management and transfer. Sub-Saharan Africa alone absorbs almost 50 percent of RSR trust fund resources.

RSR provides catalytic resources in relatively small amounts to help low-income countries build SPL systems, so that they are ready to protect and invest in their populations in future crises. RSR trust fund financing has ranged from $40,000 to $3 million per project. This level of relatively small funding can effectively support system building efforts. In the medium- to long-run, it can then help to catalyze more resources as beneficiary countries' implementation capacity is upgraded. It should be noted that RSR does not support a stream of benefit payments, except for small pilot projects. Instead, it helps construct systems that are capable of supporting a large number of beneficiaries.

RSR is demand-driven and results-oriented. One of the most important criteria for evaluating RSR funding proposals is implementability. This, by definition, requires strong client ownership even for relatively small-scale technical assistance projects. In order to ensure the proposal's consistency with the World Bank's overall strategy to assist the clients, the applicable World Bank Country Director's office is consulted from a very early stage of project concept development. Another key evaluation criterion is solid monitoring and evaluation (M&E) arrangements to ensure that the project, if approved for funding, will generate concrete results.

RSR is flexible and speedy. RSR operational procedures have been designed to enable the World Bank to deploy necessary expertise quickly. The procedures are also designed for speedy-processing of grant proposals. It usually takes only two months or less from a call for proposals to the approval decision. RSR gives more time to its LIC clients by speeding up the processing on the side of the World Bank.

RSR is making a difference. The recently completed evaluation of SSNs by the IEG of the World Bank made the following observations, "…*resources to support SSNs and institution building and to stimulate country demand were lacking in LICs. As additional funds were provided through the RSR trust funds, engagement in LICs increased, and the World Bank and countries focused more on institutional strengthening.*" For the World Bank's SPL strategy, RSR is a central pillar in global partner efforts to make a difference in SPL in the poorer countries in the world, and to help prepare them to address the vulnerability of their populations against the inevitable shocks to come. As of January 31, 2012, $23.5 million in RSR resources was accompanied by $1.06 billion of World Bank loans and grants approved and in the pipeline. These include, for example, $2 million to Tanzania on enhancing crisis response, complementing the $150 million Second Social Action Fund RSR grant; $2 million to DRC to build capacity to provide services to the vulnerable, complementing the $10 million Street Children RSR project; and $300,000 to Papua New Guinea on M&E and social accountability, complementing the $15.8 million Urban Youth Employment Project RST grant.

Source: www.worldbank.org/rsr.

combined resources of several trust funds, notably the MDTF on Job Creation[89], the World Bank-Netherlands Trust Fund (BNPP) and the Russian Education Aid for Development (READ) Trust Fund. The MDTF for Global Partnership for Disability and Development (GPDD) financed by Finland, Norway, and Italy supports activities of the partnership focused on knowledge creation and exchange. Another MDTF on Labor Markets, Job Creation & Economic Growth (financed by Austria, Germany, the Republic of Korea, Norway, and Switzerland) has funded important analytical work on labor markets and helped build client capacity to work on labor market issues. The Russian Federation's Financial Literacy and Education Trust Fund has, similarly, financed new and innovative research on effective programs on financial capability.

Cutting across a range of sectors, the Spanish/Strategic Impact Evaluation Fund (SIEF) has provided support to the results agenda by financing impact evaluations and related capacity building, generating evidence in seven strategic areas, including CCTs, youth employment, ALMPs, and early childhood development.



6. Measuring and Achieving Success: Expected Results and Business Plan Implications

Measuring Results

The success of the new strategy will be measured through a set of performance indicators reflective of SPL goals and the strategy's priority and principles. Progress on results will be regularly monitored using a results framework tracking impacts, outcomes, and outputs in partner countries, and World Bank activities undertaken to advance strategy priorities and principles.[90] The results framework follows a three-tier approach (Table 6.1 provides a snapshot and Annex 7 a full presentation), which reflects the link between the World Bank's programs and activities under the strategy, changes in country outcomes that could be directly attributable to World Bank engagement, and changes in medium- and long-term country development outcomes. Details about indicator measurement, aggregation, data sources, baseline values and selected targets are provided in Annex 7. Indicators will be regularly updated to track progress on strategy results and to highlight areas that need attention, decision, and action.

Indicators will be tracked by gender and IDA-IBRD distinctions to ensure that progress is monitored closely across people and types countries. In addition, to ensure coherence in tracking results across World Bank SPL engagement, the strategy results matrix indicators have been aligned with other measures used within the World Bank, including Country Policy and Institutional Assessment (CPIA) measures on SPL systems performance, SPL core sector indicators, and corporate scorecard indicators, all in close collaboration with the Operations Policy and Country Services (OPCS).

The selection of indicators in the strategy results framework has been guided by four principles:

- **First, an emphasis on the quality and availability of data.** Many indicators on important aspects of performance, such as the impact of World Bank SPL knowledge work, cannot be measured reliably today. Others are not available across countries.
- **Second, coherence in tracking results across World Bank SPL engagement.** The strategy results matrix indicators have been aligned with other measures used within the World Bank, including CPIA measures on SPL systems performance, SPL core sector indicators (which have been developed in parallel with the strategy), IDA16 indicators, and corporate scorecard indicators, all in close collaboration with OPCS.
- **Third, an acknowledgment that coverage indicators linked to World Bank engagement will likely reflect the strongly counter-cyclical nature of World Bank lending.** The indicators on the number of beneficiaries of safety net and labor market programs, which will be measured in the core sector indicators, should be expected to rise during crises when SPL lending has historically gone up, and fall when crises abate.
- **Finally, a commitment to further develop the indicators over time.** Several indicators are still in their infancy. Notably the systems indicators will have to be developed and refined over the next years, as will appropriate measures of World Bank engagement in policy reform, including in social insurance.

This implies that results of the strategy will be more accurately measured by indicators of quality and of engagement, than by coverage and lending volumes, and that measures will be reviewed and updated over time. These measures include the quality of World Bank projects and the World Bank's ability to help countries access knowledge and technical support to set up more effective approaches to SPL that are more responsive to risk, inclusive, and linked to opportunities. The indicators will be reviewed and updated over time, with a thorough review planned for the 2017 five-year strategy update.

Table 6.1

SPL Strategy Results at a Glance

World Bank activities to support partner countries	Outcomes and outputs of countries receiving World Bank support	Country progress on sector development outcomes
■ Percentage of satisfactory projects (IEG Ratings) ■ Percentage of projects with satisfactory M&E (ICRs) ■ Number of downloads of SPL knowledge products ■ Number of countries involved in World Bank sponsored South-South learning events ■ Percentage of SPL staff time spent on cross support ■ Percentage of IDA lending operations having cofinancing partners	■ Percentage of SPL lending operations supporting SPL systems ■ Number of countries with SPL engagement ■ Number of beneficiaries of SSN programs in IDA countries ■ Number of beneficiaries of labor market programs*+	■ Share of working age population accruing pensions rights ■ Pension beneficiaries to elderly (>60) population ratio (old age, survivor, disability, and social pensions) ■ Percentage of population in the poorest quintile covered by SPL programs+ ■ Poverty gap at $1.25 per day (PPP) ■ Percentage of children (7-14) employed+ ■ GDP per person employed ■ Ratio of youth/adult unemployment rate+ ■ Index of SPL system development

Note: +disaggregated by gender; *proposed SPL Core Sector Indicators. Disaggregation by IDA/IBRD will be applied as appropriate. This matrix will be updated as appropriate to capture improved indicators as they become available, including measuring the impact of knowledge services.

COUNTRY PROGRESS ON SECTOR DEVELOPMENT OUTCOMES

Long-term development impacts are defined within the SPL objectives of improving resilience, equity, and opportunity. Indicators in tier I track results at the country level in these areas and provide the context and direction for the World Bank's work in social protection. Although World Bank SPL engagement aims to improve these indicators, changes in these indicators cannot be attributed to World Bank engagement. These impact indicators are consistent with the MDGs and include pensions coverage measures (old age, disability, survivors, and social pensions), the share of poor population covered by safety nets programs, poverty gap, and indicators of labor productivity, child labor, and youth unemployment.

CHANGES IN OUTCOMES AND OUTPUTS OF COUNTRIES RECEIVING WORLD BANK SUPPORT

The results framework will track direct World Bank contributions to countries' movement toward more responsive, inclusive, and productive SPL systems. An initial measure of World Bank support will be to track the number of client countries with World Bank SPL engagement, which is expected to increase, especially among IDA countries. Some of the strategy indicators in this area draw on the new SPL core sector indicators, which will be derived from investment lending projects' ISRs (implementation supervision reports). They will, therefore, not be reflective of World Bank SPL engagement through other lending instruments and knowledge products.

Measuring progress in building SPL systems is a new agenda that will need development in the years ahead. A central element of the World Bank's current and future SPL engagement with countries is to provide support for strengthening country institutions and fostering links across social protection programs. Building social protection systems is complex and requires long-term engagement; therefore, it can be harder to measure how such systems are practically implemented. The composition of the World Bank lending portfolio is expected to move

towards supporting system-oriented operations, but recognizes that entry points are often through engagement on individual projects. To track performance of countries in this area, the volume of lending and nonlending engagements explicitly aimed at supporting SPL system will be used as an indicator. Looking ahead, tools will have to be applied to assess the degree of integration, harmonization, and connectivity among SPL programs to ultimately provide guidance on the type of reforms/policy recommendations that can be considered in specific cases and to allow benchmarking social protection systems.

Coverage is a challenging indicator that will likely continue to be highly countercyclical. It is a World Bank priority to help countries expand their coverage of public social protection programs, notably to reach the poorest and most vulnerable. The number of beneficiaries of safety nets programs supported by the World Bank in IDA countries will be used as a measure of progress to track increased coverage. By contrast, in some IBRD countries—notably in the ECA region—SPL reforms are aimed at re-orienting coverage and could involve some reductions in coverage of certain programs. A relative measure of coverage (such as the coverage rate of the poor) would be more informative but is fraught with measurement and comparability problems at the project level (though this will be tracked at the country level). Moreover, the SPL portfolio is highly counter-cyclical, so World Bank contributions to expanding coverage are expected to rise substantially in response to crises—and contract in normal times. As a consequence, the indicator measuring the number of safety nets beneficiaries of programs supported by the World Bank will reflect the portfolio counter-cyclicality.

Improved access to jobs and earning opportunities will be tracked by looking at the coverage of active labor market programs. The greater demand from clients for the "promotion" function of their social protection systems calls for an expanded World Bank role in helping the most vulnerable access jobs and earnings opportunities. Results in this area will track the expected increased coverage of labor market programs and "productive" safety nets programs experimenting with approaches to link their beneficiaries to activation/graduation services. The number of beneficiaries of labor market programs—including programs fostering entrepreneurship—supported by the World Bank will serve as an output indicator to monitor World Bank contributions to enhancing productivity and improving labor market outcomes.

Business implications

WORLD BANK ACTIVITIES TO SUPPORT PARTNER COUNTRIES

The strategy's focus has implications for how the SPL practice will engage in terms of managing its staff and conducting its business in the areas of knowledge, lending, and partnerships to help client countries achieve their development goals.

Much of the challenge in this area will be to maintain the sector's high performance while taking on more ambitious engagement. Target values are set for indicators in this domain as these indicators track performance in areas that the World Bank most directly controls and actions for which the World Bank will be accountable (see Annex 7). While baseline values show that SPL is performing remarkably well - and above the World Bank average—the challenge in the next years will be to maintain the high quality of the SPL portfolio, M&E ratings and partnership arrangements, and while at the same time meeting the ambitious strategy goals. The formulation of targets in tier 3 reflects the expected increase in the three areas of operating principles identified in the strategy—knowledge (reflected in knowledge production and dissemination and South-South sponsored learning events), collaboration (reflected indicatively at country level through co-financing arrangements in IDA operations and at Bank level through intra-Bank cross-support), and country-tailored operations, where they reflect the ambitious objective of keeping maintaining the high quality performance and results-orientation of the portfolio while expanding our lending engagement to challenging contexts as in such as lower institutional capacity countries and fragile states.

KNOWLEDGE

In the knowledge area, the World Bank will continue to be a leading global provider, disseminator, and customizer of knowledge about effective SPL approaches. As in the past decade, knowledge will be based on generating evidence on performance

and then translating in-depth engagement at the country level into systematic global knowledge-sharing. SPL will need to help address the knowledge gaps on existing programs, program performance, and knowledge sharing, using the approaches discussed in Section 5. The SPL "anchor" (as the global policy unit is called) will need to take a leading role in facilitating a coordinated approach to knowledge, but in close partnership and mutual learning with regions. The anchor will continue to develop, strengthen, and disseminate knowledge tools that can be applied across countries—including impact evaluations, modeling tools, and benchmark assessments to assess what programs exist and how they perform (see Section 5 and the anchor discussion in Annex 1). As the practice moves towards supporting SPL systems, there will be demand for new knowledge regarding how different programs can work together effectively, recognizing that most of the knowledge today focuses on programs working independently.

The World Bank SPL practice will place greater emphasis on knowledge dissemination and exchange. Knowledge exchange across countries and staff will be a priority, especially drawing on face-to-face South-South learning and ensuring access through knowledge platforms using web-based approaches. The SPL practice is committed to continuing to prioritize South-South knowledge exchanges, to share knowledge amongst practitioners, and to promote exchange on design and implementation issues relevant to current and future SPL agenda.

The practice will also improve virtual knowledge sharing. The objective is to have accessible, clear web-based sites for each of the SPL areas of practice, including safety nets, pensions, labor markets, and SPL systems, which would allow information on evidence and good practice to be disseminated and serve as a vehicle for supporting communities of practice. The new Jobs Knowledge Platform has been recently launched as a joint initiative of the HDN, PREM, FPD and DEC to facilitate knowledge sharing and best practice on how to tackle the challenge of expanding job opportunities. World Bank performance in disseminating knowledge will be measured by the number of countries involved in South-South learning events, and the number of downloads of World Bank knowledge products as a proxy for client demand for these products.

The World Bank's highly-regarded "core courses" for clients on safety nets, pensions, and labor markets will continue to evolve, using both more technology (such as web-based introductory courses) and more hands-on experience on program design and administration. Impact evaluation training will also be a priority for HDN through collaboration across SPL, health, and education. Beyond these, the SPL practice will prioritize a deeper investment in making knowledge more accessible, through the development of easily digestible policy and "how-to" guides to equip both staff and clients across the globe to make better policy decisions.

OPERATIONS

In its operational work, the SPL strategy calls on teams to use evidence and be client-focused in order to inform and support their development of tailored, effective, scalable solutions to the pressing demands for SPL. Client tailoring puts a premium on innovation, as well as attention to political economy issues and encourages creative, often multisectoral solutions. It also calls on World Bank SPL staff to use global evidence to inform policy dialogue and program design and to help clients develop programs that will generate their own evidence on performance so as to better inform program design and management in individual countries.

The strategy's focus matches well with the full portfolio of World Bank financing instruments. Countries will be able to use those appropriate to the task at hand to couple catalytic funding with technical engagement in the design of effective operations. Sector investment loans and grants will continue to be needed, including investing in the basic administrative subsystems. Policy-based loans and grants, a major element of World Bank SPL lending, will also continue to support reforms that inform more effective SPL approaches and help countries respond to financing needs during downturns. The new program for results (P4R) instrument is particularly well suited to the system-building agenda, as it takes a results-focused view across programs. Finally, technical assistance and capacity building will continue to serve as important complements.

The strategy calls for a continued focus on quality and results—two areas that have been hallmarks of the SPL practice for the past decade. Quality project

design and quality implementation are critical to ensuring operational impact. Indicators of portfolio quality and performance for operations and AAA will be tracked. Reinforcing the focus on results is key aspect of operational effectiveness. The results focus of SPL operations has been generally strong at appraisal, but needs to be sustained throughout the operation and beyond. SPL has been at the forefront of using results-based lending approaches over the past ten years, mostly in the context of CCT programs.[91] Results-based lending is likely to be in high demand by SPL clients in the next years, especially through such innovative financing instruments as the P4R. The results-orientation of SPL projects will be tracked using IEG ratings and M&E performance ratings.

PARTNERSHIPS

A central element of the strategy is a call for increased collaboration across sectors and global partners to help countries develop more harmonized, responsive approaches to risk. There are particular challenges and demands on partnerships in IDA countries given resource constraints and the need for aid harmonization. The results framework will reflect collaboration by measuring the percentage of projects in IDA countries that are cofinanced with other global partners. The practice is also likely to become more cross-sectoral, building on an existing strong base of cross-sectoral engagement given the complementarities across sectors (see Annex 5).

Partnerships will be central to helping countries build effective SPL programs and systems, particularly to respond to future crises. Further support for the RSR initiative (see earlier Box 5.4) will be a priority to help with this effort in LICs. The global partnership will be supported through a regular annual dialogue with bilateral, multilateral, and civil society partners. As a result of this dialogue, more joint approaches in LICs are expected to increase, and the results matrix tracks this indicator as well.

IMPLICATIONS FOR STAFFING AND BUDGETS

While SPL policy specialists will continue to be recruited to work within and across core areas of pensions, labor, markets and safety nets, staff with a multidisciplinary orientation and diverse skills as well as practitioners with experience in designing and managing SPL programs will also be needed to implement the strategy. SPL staff today are typically well-versed and highly demanded by clients for their core areas of expertise (such as safety nets, pensions, or labor markets). However, as the strategy is implemented, they will need to develop new expertise in three areas: taking a systems approach to engagement; understanding how portfolios of programs can be better coordinated through sharing common administrative subsystems; and harmonizing different types of programs across labor markets, social assistance, and social insurance. Moreover, to better align staff skills with the systems vision, SPL operational and network teams will need to deepen expertise on the "nuts and bolts" of SPL systems drawing on the expertise of experienced practitioners.

SPL will continue to ensure that the staff is well trained in both core competencies and emerging areas, building on the global knowledge-sharing agenda. Staff will continue to access the global core courses, which are primarily aimed at clients, but will also help train sector staff. Staff located in country offices will be a particular focus, and SPL will develop more online training modules, such as the one already pioneered for SSNs.

To be effective, SPL will also need to ensure that expert staff, in whom knowledge is embedded, are mobile enough to serve all clients. This calls for two measures. First, ensuring that the World Bank's global experts in SPL are made available to all clients. This will build on the success of the SSN Global Expert Team (GET), which has allowed the World Bank's practice leaders to provide key advice to clients and develop global knowledge products. In addition, the SPL Sector Board (recently recognized by IEG as the best performing in the World Bank) will continue to ensure high-frequency cross-support—to ensure that needed expert staff (whether in the regional practices or in the SPL anchor)—are effectively mobilized to ensure that clients receive the highest quality support. Cross support is already at 15 percent of staff time—well above the World Bank 3 percent average—and this level will be maintained and tracked as a performance indicator. Second, the SPL practice will ensure that expert staff members also serve as technical and operational mentors to more junior staff or those with less experience in relevant areas.

Additional internal World Bank budget is not requested for implementing the strategy, but a

central catalyst for implementing a key aspect of the strategy would be the RSR umbrella trust fund, supporting systems-building (especially in lower-income countries) and global knowledge-sharing in SPL, especially South-South. This funding is not needed for World Bank operations, but critically for countries to meet their SPL goals, notably in IDA countries where fiscal space is most constrained.

Greater resilience, equity, and opportunity are essential for individuals and societies to prosper in the 21st century. This strategy lays out a roadmap for the World Bank to help client countries to invest in their people through effective SPL systems that reduce fragmentation, bolster responsiveness, ensure inclusion and promote productivity for all. The road ahead will be challenging, but this is a challenge that the world's nations need to take up. With this strategy, the World Bank aims to chart a course that makes it an even more effective partner in this endeavor.

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Annexes

Annex 1: Regional and Anchor Applications of the Social Protection and Labor Strategy

The strategy will need to be adapted to fit demands and priorities across different clients and contexts—reflected in the World Bank's different regional SPL practices. This section presents a summary of the main challenges, objectives, and corresponding areas of focus for the World Bank's SPL practice in the coming years in each of the six regions of World Bank engagement. It also presents an overview for the World Bank's Social Protection and Labor anchor unit, a global policy center which serves the regional teams, providing support on policy, strategy and knowledge services. Given the challenges of being too specific about particular contexts, these approaches take a five- rather than ten-year perspective, which will be updated during the midterm review of this strategy.

The regional approaches reflect the variety and nuance of the World Bank's global SPL practice, but also underscore the common themes stemming from the strategy's main goals, priorities, and principles.

AFRICA REGION (AFR)			
Focus area	Challenges	Objectives	Bank SPL practice
SPL SYSTEMS	■ Limited coverage and little or no coordination between programs, resulting in highly fragmented SPL systems. Very few systems are able to scale in response to crises.	■ Help countries develop programs that can be part of a SPL system. ■ Support country-owned national SPL systems, by scaling up effective SPL programs in coordination with other development partners. ■ Promote institutional development and the move to SPL systems through the use of common 'building blocks,' such as single beneficiary registry, unified MIS, and harmonized targeting systems, among others; and advance the use of ICT.	■ Provide an evidence base for policy and programmatic reforms in support of SPL systems through (i) better understanding appropriate safety nets in Africa, (ii) expanding safety net assessments to SPL assessments where possible; (ii) strengthening poverty assessments to include analyses of chronic and transitory poverty and vulnerability to inform SPL programming; (iii) conducting regional studies, such as the one on targeting; and (iv) continuing to invest in impact evaluations to inform policy and program reform and design. ■ Support country efforts to strengthen the policy environment for SPL through creation and/or revision of national SPL policies and strategies, to establish and expand SPL systems; and to share experience across countries in the region.
SOCIAL SAFETY NETS	■ Safety net instruments, while growing in coverage, tend to be small, fragmented, and largely donor-driven, although there are some notable exceptions in the region. Moreover, humanitarian relief is the most prevalent form of assistance for poor populations in many African countries. Price subsidies continue to be used in many places. ■ Deep inequalities in access to basic social services continue. Targeted demand- and supply-side interventions are, therefore, needed to close the coverage gap. Targeted service delivery has proven to be particularly effective at delivering results in fragile states and post-conflict settings.	■ Consolidate and expand the coverage of existing small programs to create sustainable, predictable safety nets, particularly cash transfers and public works, and to build their long-term scalability and crisis response capacity. ■ Over time, integrate these programs into national SPL policies and systems, including continuing to invest in social funds as an important social protection instrument, particularly in fragile and post-conflict states.	■ Expand the use of SPL assessments as the basis for an informed dialogue on reforms of price subsidies and other ineffective safety nets. ■ Support impact evaluations to generate information on approaches that work in Africa to inform program scale-up and expansion, to assess the relative effectiveness of CCTs and UCTs in this context, and to support South-South learning to promote best practices. ■ Provide financial support and technical assistance to SSN programs in a number of countries across the continent. ■ Support learning among countries, including fragile and post-conflict states, on basic service delivery instruments. The focus is on the evolution of long-established social funds into institutions that can help manage and deliver permanent SPL programs.

AFRICA REGION (AFR)			
Focus area	Challenges	Objectives	Bank SPL practice
PENSIONS/ SOCIAL INSURANCE	■ The majority of countries in Africa spend less than 1 percent of GDP on pensions and fewer than 10 percent of older people receive a contributory pension. Pensions are a significant fiscal concern in many countries. In response to these (and other) considerations, various countries have enacted pension reforms in recent years and some are seeking to expand coverage to the informal sector. ■ Social security coverage in Africa is extremely limited.	■ Provide social protection for older people through a multipillar system approach by reforming mandatory contributory schemes to make them fiscally affordable, expanding pensions to the informal sector, and introducing noncontributory social pensions.	■ Enhance cross-sectoral work within the World Bank to support, in appropriate country contexts, pension programs that can address contributory and non-contributory schemes. If requested by clients, work with them to harness existing evidence and practice to inform policy and develop links between safety nets and insurance.
LABOR MARKETS	■ Unemployment and underemployment rates, particularly among youth that represent a large share of the population, are high in most Africa countries and there is a strong demand to address these issues from client countries. ■ The applicability of ALMP-type programs to African setting is debated because of the characteristics of African labor markets and the limited evidence base on the effectiveness of such approaches in Africa.	■ Promote market-based skills development for the poor, particularly in the informal sector, and to enable household enterprises and entrepreneurship that will strengthen livelihoods and help them rise out of poverty.	■ Advance the analytical agenda on employment in Africa, focusing particularly on youth unemployment, to inform policy and practice. The Bank is supporting a number of youth employment projects that, together with rigorous impact evaluations, will provide much needed information on what works in this area.

EAST ASIA AND THE PACIFIC REGION (EAP)			
Focus area	Challenges	Objectives	Bank SPL practice
SPL SYSTEMS	■ SPL interventions are often disjointed, lack common institutional and policy underpinnings, have limited M&E. ■ Weaknesses in decentralization, public finance management, or social accountability hamper SPL policies and program performance.	■ Assist countries in developing an efficient, equitable, and inclusive SPL system and, in particular, help (i) develop a strong institutional basis, including common targeting, unified beneficiary registries, single payment systems, and harmonized institutional arrangements; and (ii) promote policy coordination, accountability for policy implementation and program performance, and harmonization across programs. ■ Assist countries to connect top-down reforms, such as those in public sector management, governance and public finance, with bottom up approaches on the SPL agenda. In collaboration with other sectors, help clients identify and address external problems impeding progress on SPL, and strengthen accountability for results in SPL.	■ Facilitate sharing of relevant lessons from ongoing engagement in the region and from international experience; and engage in South-South learning on practical approaches toward SPL system development. ■ Develop regional thematic knowledge work in the areas of labor markets, SSN, fiscal/ governance, social insurance, skills, impact evaluation, and gender. ■ Strive to develop complementarity in policy dialogue and operations between SPL and other sectors, especially public sector/ governance, and social accountability.
SOCIAL SAFETY NETS	■ Majority of population are vulnerable to shocks, particularly with respect to rising employment shocks, natural disasters, economic volatility, and other covariate shocks. Policy makers demand strong links between SSN and productivity. ■ The majority of SSN benefits do not reach the lowest income quintile.	■ Support new and strengthen existing programs, such as community-based programs, cash transfers, basic health coverage programs, public works, school feeding, and disaster relief. ■ Provide “how-to” assistance on targeting, benefit structure, program implementation, and evaluation. ■ Improve efficiency and effectiveness of large-scale programs, including strengthening their links to productivity. ■ Promote innovative approaches to increase access of marginalized groups to essential social services, and address the widespread vulnerability to covariate shocks.	■ Tailor “how-to” toolkits on the nuts & bolts of SSNs. ■ Promote learning and innovation on addressing marginalized groups’ access to services. ■ Integrate SSN dialogue into the broader inclusive growth agenda and tailor advice on technical design and institutional development, with possible operational support.

EAST ASIA AND THE PACIFIC REGION (EAP)

Focus area	Challenges	Objectives	Bank SPL practice
PENSIONS/ SOCIAL INSURANCE	■ Social insurance schemes are often fragmented and inefficient, in some countries coverage is still limited, benefits can be regressive and difficult to sustain.	■ Assist countries to consolidate and integrate social insurance in the broader SPL policy dialogue and agenda giving priority to insurance expanding coverage (health, unemployment, and old age), and addressing benefit uniformity and portability, cost and competitiveness, informality, and policy coordination with social assistance. ■ Support reforms to reduce fragmentation and enhance coverage, particularly extending social insurance programs to the informal sector, and build on the existing programs to improve efficacy and develop a cohesive social insurance system.	■ Build and share knowledge on approaches for extending social insurance and old-age support to the informal sector. ■ Integrate social insurance in the broader SPL agenda. ■ Continue to deepen policy dialogue across countries, identifying further opportunities for effective technical and operational support.
LABOR MARKETS	■ Growth of working age population is slowing down in East Asia, but labor productivity has been growing steadily, in part, reflecting moves out of agriculture. ■ The share of wage employment has also been increasing, while the share of unpaid family work has fallen. ■ Unemployment problems, including among youth, are less prevalent than in other regions. ■ The concern is with equality of opportunity and outcomes, and the fact that workers are vulnerable to shocks.	■ Work with multiple stakeholders to promote a better understanding of labor markets at subregional and country level. ■ Assess labor policy and regulations in the context of ASEAN integration. ■ Assist countries to integrate the labor and youth agenda with the skills, migration, and country economic development agendas. ■ Enhance skills development systems and consider the expansion of ALMPs targeted to vulnerable workers.	■ Generate new knowledge and deepen policy dialogue through regional analytical work on jobs. ■ Build on the rich skills policy dialogue, sharing policy lessons and linking the dialogue with the broader SPL agenda.

EUROPE AND CENTRAL ASIA REGION (ECA)			
Focus area	Challenges	Objectives	Bank SPL practice
SPL SYSTEMS	■ While most ECA countries operate extensive and expensive SPL systems, these systems are largely fragmented, with multiple schemes within each area and with few links across the spheres. ■ Inadequate opportunities for inclusion, lack of access to integrated services, and inequitable/ inefficient social benefits.	■ Improve the equity, efficiency, and sustainability of SPL systems, through (i) improved coordination and harmonization of SPL policies and programs across the broad areas of social insurance, social assistance, activation, and labor; and (ii) strengthened governance of SPL systems, including management, implementation, administration, monitoring, evaluation, oversight, and controls. ■ For specific excluded and vulnerable groups, such as the Roma and people with disabilities: opportunities for employment, skills development and productivity, and access to social services (promotion agenda), and effective social benefits (social assistance, protection).	■ At country level: Sustained engagement to support capacity building, institutional strengthening and improvements in benefits administration/ revenue collection, and oversight and controls. ■ At country level: Broader diagnostics of social protection systems (expenditure and financing) to support technical assistance and dialogue on coordination and incentive compatibility across spheres, as well as linkages to broader economy. ■ Knowledge priorities at regional level: (a) social insurance/pension systems regional study; (b) effective approaches for governance, benefits administration systems and oversight/ controls. ■ For specific vulnerable groups: (i) Building evidence-base on effective Roma inclusion policies. (ii) develop and share knowledge on disability benefits administration, disability certification, and active inclusion.
SOCIAL SAFETY NETS	■ Social assistance systems are often fragmented and inefficient, provide inadequate support to key poor and vulnerable groups, including in times of crisis. ■ Many “passive” entitlements that can result in transfer dependency and work-disincentives without effective links to employment and other social services.	■ Consolidate social assistance programs and strengthen governance (administration, oversight and controls, M&E) to improve efficiency and equity in the face of fiscal constraints, political pressures, and competing social demands; ■ Promote inclusion of specific excluded and vulnerable groups (for example, the Roma or people with disabilities).	■ Regional knowledge areas: monitoring expenditures, programs and performance; monitoring response of social benefits to crises; “nuts-and-bolts” of SSNs (MIS, oversight and controls); political economy; and incentive effects of social assistance programs. ■ At country level: sustained engagement to strengthen capacity and improve effectiveness of SSN programs in LICs and MICs through lending instruments and AAA and in MICs through fee-based services (FBS).

(Continued)

EUROPE AND CENTRAL ASIA REGION (ECA)

Focus area	Challenges	Objectives	Bank SPL practice
PENSIONS/ SOCIAL INSURANCE	■ Given demographic pressures and the shrinking labor force, public pension systems in ECA are fiscally unsustainable. ■ Reforms are politically challenging–and frequently subject to reversals–given high social expectations and the political weight of the large number of current pensioners	■ Significant and sustained reforms to pension systems across the region, to address issues of coverage and informality, adequacy (social pensions vs. income replacement; public vs. private savings), and fiscal sustainability (affordability).	■ Regional analytical work on social insurance and pension systems; review of effective governance and administration of services, benefits and revenue systems; and sustained monitoring of core indicators for pensions. ■ Sustain engagement through lending, AAA, and FBS, including functional SPL reviews, as countries refocus their limited pension spending on the most vulnerable to provide basic benefits. ■ Promote knowledge-sharing between reformed and reformer countries, drawing on the regional study on social insurance and pensions with empirical review of reform experience and lessons-learned.
LABOR MARKETS	■ Low labor-force participation, skills, and productivity. ■ Shrinking labor force in face of demographic decline. ■ Expensive "passive benefits systems" create work disincentives, and compromise the opportunity of many citizens to achieve their full social and economic potential.	■ Increase employability, productivity, and skills and labor-force mobility ■ Reduce dependency on social transfers and improve employability by encouraging effective "activation" to support and incentivize people to get jobs and contribute productively to society, with a focus on the "active inclusion" of the unemployed, the "work-able" beneficiaries of social assistance, youth, the elderly (as retirement ages are increased), and specific vulnerable groups.	■ Develop and apply diagnostic tools both regionally and for specific countries on effective interventions to promote activation-benefits links ■ Promote knowledge sharing (with other MICs/LICs and experience from OECD countries) on activation. ■ Conduct a regional "Jobs Study" planned as companion to the global World Development Report. ■ Carry out skills and employment surveys/ AAA. ■ Support crisis/ labor-market monitoring, skills-employment diagnostics, efforts to incentivize labor participation, analysis and reforms of labor markets, and activation approaches.

MIDDLE EAST AND NORTH AFRICA REGION (MENA)			
Focus area	Challenges	Objectives	Bank SPL practice
SPL SYSTEMS	■ Big share of government budgets devoted to subsidies. ■ Programs are fragmented and uncoordinated. ■ Segmentation in the labor market accounts for jobless growth. ■ Weak information systems that hinder effective targeting (beneficiary identification) and M&E. ■ Low capacity of government and nongovernment agencies.	■ Move away from fragmented SPL programs to systems, including (i) effective SSNs (for example, targeting of cash assistance and workfare programs) and (ii) comprehensive ALMPs that promote increased coordination across government agencies.	■ Improve targeting to increase program effectiveness. ■ Support the design and implementation of (i) social funds, to address challenges across sectors in a participatory manner, thus promoting coordination across ministries and laying the ground for the design of a SPL system; and (ii) front office SPL services– one-stop shops, to improve efficiency in labor market processes.
SOCIAL SAFETY NETS	■ Existing SSN programs are highly inefficient; they are based on noncash benefits (food and fuel subsidies), with fragmented coverage, poor targeting, low capacity, and little or no monitoring of results. ■ Any reform of (the currently regressive) subsidies will invariably hurt the middle class and therefore be very difficult.	■ Short-term: scale up existing programs in countries where SSN infrastructure is already in place. ■ Medium-term: build SSN infrastructure in countries where SSNs are inexistent or highly ineffective, and engage in consultations for consensus building on the need and design features of SSNs.	■ Improve understanding of SSN issues and programs through regional analytical work, including user surveys to assess the impact of SSN interventions on beneficiaries. ■ Promote, through dialogue and technical assistance, safety net programs that raise productivity and help create jobs. ■ Support this process through knowledge sharing, technical/financial assistance, and especially dialogue, as it requires comprehensive approaches supported by top political leadership, transparent in their potential effects on all parties, consistent over the long-term and often accompanied by transition supports.

MIDDLE EAST AND NORTH AFRICA REGION (MENA)

Focus area	Challenges	Objectives	Bank SPL practice
PENSIONS/ SOCIAL INSURANCE	■ Low coverage, with around 70 percent of the labor force in MENA not covered by pensions. ■ Absence or weaknesses in other social insurance programs (such as unemployment, disability, or survivorship). ■ Culture of job protection, rather than worker protection. ■ Long term unsustainable schemes that, given the low coverage, result in regressive income distribution.	■ Provide client countries assistance in (i) shifting to consolidated and long term sustainable pension systems, (ii) extending coverage of social security programs, (iii) introducing new social insurance programs, such as unemployment insurance and maternity benefits, (iv) improving the design and implementation of less traditional social insurance programs such as disability and survivorship benefits; (v) promoting financial literacy among disadvantaged groups, and (vi) increasing transparency and governance through regulatory frameworks.	■ Regional dialogue on social insurance portability for improved migration management at the Marseille Centre. ■ Engage in dialogue and provide client countries with financial and technical assistance to promote integrated social security reform.
LABOR MARKETS	■ MENA has the lowest female participation rate in the world and highest unemployment rate among youth. ■ The region also suffers from skills mismatch among workers with tertiary education. ■ Large public sectors, rigid labor regulations, and high tax wedges discourage employment creation in the formal sector. ■ Only 19 percent of the working age population hold a formal sector job (2010). ■ A continued high share of youth, and continuing (in some cases high) population growth can exacerbate problematic labor market outcomes.	■ Short-term: design and implement employment response packages to address the youth unemployment crisis (skilled and unskilled), including a mixture of programs and policies for employment generation, temporary employment and income protection. ■ Medium-term: reform labor regulation, promote private intermediation, and improve public employment services through investment operations in order to assess and monitor ongoing employment programs, reform ALMPs systems, develop/design labor market information systems, and open up dialogue on increase productivity in informal sector.	■ Jobs Flagship Regional Study will shed light on key challenges and provide policy options to improve labor market outcomes in the region. ■ Continue AAA work in migration, focusing on regional solutions to improve labor mobility. ■ Provide technical support in the design/ implementation/ evaluation of activation programs and of workfare programs for both skilled and unskilled workers. ■ Promote policy dialogue and operations to increase access to information and statistics and to increase capacity to conduct impact evaluations to assess program performance, increase transparency, and promote good governance .

SOUTH ASIA REGION (SAR)

Focus area	Challenges	Objectives	Bank SPL practice
SPL SYSTEMS	■ Existing programs and systems are limited in coverage, especially of poor and vulnerable populations, and fragmented, and suffer from weak administrative capacity. ■ The region is home to over 1/2 billion poor people, has the worst nutrition indicators among children across all regions and has the largest number of conflicts, insurgencies and/or civil strife among all regions. ■ The region vulnerable to natural disasters and climatic shocks. ■ Limited fiscal space and close to 90 percent of the labor force working in the informal sector make the sustainable financing of the SPL systems a challenge. ■ There is a need to improve donor coordination in safety net work in some countries in the region.	■ Strengthen country-owned national SPL systems. ■ Promote institutional development and the move to SPL systems through the use of common subsystem 'building blocks,' such as identification campaigns, single beneficiary registry, unified MIS, and harmonized targeting systems. ■ Foster and build on existing innovation, including the use ITC innovations to improve delivery (for example, cash less systems). ■ Strengthen governance and accountability ■ Scale up effective SPL programs in coordination with other development partners. ■ Improve emergency crisis response mechanisms that can be deployed at short notice. ■ Expanding coverage of SPL systems to reach the informal poor. ■ Review the sustainability of safety nets by eliminating poorly targeted interventions, eliminating leakages and prioritizing programs.	■ Strengthen existing SPL program and system design, administration and governance through improving coordination across programs, targeting, fiscal sustainability, and M&E. ■ Promote the evidence base for SPL systems reforms: (i) expand safety net assessments to SPL assessments; (ii) strengthen poverty assessments to include analyses of chronic and transitory poverty and vulnerability to inform SPL programming; (iii) continue to invest in impact evaluations to inform policy and program reform and design; (iv) assist governments in the preparation/ update of their SPL strategies. ■ Support climate change and disaster risk management work led by other units. ■ Mobilize partnerships across sectors (SDN, PREM, and HD) and agencies (ADB, WFP, UNICEF, ILO, GIZ, DFID, Italy, USAID). ■ Build on success of innovative pilots and influential investments, including the recent Pakistan CCT Benazir Income Support Program, the Bangladesh Employment Generation Program for the Poorest, and India's RSBY health and NREGA workfare innovations.
SOCIAL SAFETY NETS	■ Coverage, benefits, and quality of targeting vary across the different countries in South Asia. Bangladesh, India, and Pakistan have moderate capacity in SSNs with one or more progressively targeted programs to build on. The other countries have weaker SSN systems, which require substantial improvement in terms of coverage targeting and M&E. There is weak policy coordination across the region and evidence based policies need to be strengthened. Most countries have a multitude of small programs with overlapping mandates.	■ Expand coverage, improve targeting. ■ Improve capacity to scale-up in the face of crises. ■ Improve M&E geared toward reducing leakages and problems of exclusion. ■ Strengthen linkages with human development outcomes, including better nutrition for women and children, girls' education and overall access to services.	■ Support building effective safety nets through development policy credits, emergency loans, investment lendings, and results based financing. Regularly update vulnerability diagnostics. ■ Gradually initiate CCT programs as an add-on to basic UCTs, to increase poor households' investments in human capital. ■ Continue carrying out innovative impact evaluations to document program effectiveness.

SOUTH ASIA REGION (SAR)

Focus area	Challenges	Objectives	Bank SPL practice
PENSIONS/ SOCIAL INSURANCE	■ Coverage of old age pensions, disability and health insurance is 10 percent or less of the population, leaving the huge informal sector to rely on family resources or limited SSNs to respond to crises. ■ Pensions programs focused on nonpoor (share of GDP low relative to OECD, but implicit pension debt can be very high).	■ Provide social protection for older poor people by introducing noncontributory social pensions in a fiscally sustainable way. ■ Use entry points across programs and administrative subsystems to connect programs and schemes (for example, from pensions to social insurance; or SSNs to social insurance). ■ Expanding coverage to the informal sectors by reforming contributory schemes. ■ Address fiscal sustainability of civil service pensions.	■ Support civil service pension reform. ■ Move to policies that protect workers not jobs. ■ Programs that provide health insurance for the poor will be piloted and rolled-out as appropriate.
LABOR MARKETS	■ Job opportunities are limited: formal sector jobs only cover 10 percent of the labor force. ■ Over 25 percent of the labor force in every country (except Sri Lanka) has no formal education. ■ Low productivity jobs are predominant in the labor market. ■ More than1 million people will enter the labor market each month over the next two decades, mainly unskilled youth facing uncertain employment prospects. ■ Migration from rural to urban areas. ■ Second-lowest female labor force participation in the world, behind MENA.	■ Improving skills and employability is a priority, particularly for the informal sector; this calls for skills development opportunities linked to private sector employment, complementing short term SSN mechanisms. ■ Foster innovative solutions to improving productivity, supporting entrepreneurship.	■ Promote market-based skills development for the poor, making programs accessible to those who work in the informal sector. ■ Utilize technology to reduce the mismatches between labor demand and labor supply by increasing the availability of information. ■ Develop activation/ skills programs for the informal sector.

ANCHOR*			
Focus area	Challenges	Objectives	Bank SPL practice
SPL SYSTEMS	■ Fragmented programs that are not able to work together effectively. ■ Limited understanding of program design and related incentives that affect people's choices and behaviour. ■ Weak M&E across SPL programs. ■ Lack of country and global data/ knowledge on the full set of SPL programs in countries (what exists, costs, beneficiaries, performance). ■ Sustainability and cost-effectiveness across programs. ■ Ensuring responsiveness to crises and shocks. ■ Strengthening transparency and accountability.	■ Develop a better understanding of SPL system design and implementation, notably how SPL programs can work together to be more responsive, inclusive, sustainable, and productive. ■ Develop and share knowledge on SPL systems across countries, partner organizations. ■ Support regions in their engagement with clients on SPL systems policy, programs, and administrative tools. ■ Facilitate global operational and analytical partnerships on SPL systems. ■ Catalyze financial support for the development of SPL systems, especially in IDA countries. ■ Expand the evaluation agenda to a systems-focus.	■ Develop better knowledge/ global data on SPL regarding: (i) what exists (inventories of SPL programs); (ii) how much it costs (with cost-benefit/ effectiveness analysis); (iii) who gets it (targeting, beneficiary ID analysis); and (iv) how it works (including incentives, design). ■ Facilitate and organize global learning, especially South-South. ■ Provide direct support to regional teams through high-level operational support, peer review, advisory services, and high quality analytical products. ■ Manage staff training on SPL systems. ■ Mobilize international financial support for SPL systems development, notably through the RSR initiative.
SOCIAL SAFETY NETS	■ Coverage remains low especially in LICs and fragile states. ■ Fragmentation across poorly coordinated, temporary and not well targeted programs. ■ Crisis responsiveness often missing as many SSNs are focused on reducing chronic poverty. ■ Affordability, notably in LICs where needs are greatest and competition with other expenditures most acute, calling on better cost data and impact evidence. ■ Leveraging knowledge across the global South, the source of much SSN innovation and interest.	■ Support regions in the design and implementation of policies and programs to test ideas and programs and formulate fiscally sustainable SSN strategies. ■ Develop and share knowledge on: (i) expanding coverage and reducing fragmentation through more coherent SSN approaches; (ii) strengthening affordability by building sound basic administrative systems; (iii) focusing on good governance; (iv) including cost-benefit/effectiveness and evidence in analytical work. ■ Focus on the productive role of safety nets for advocacy and greater impact, both in analytical work and design. ■ Promote South-South learning, especially to share innovations.	■ Develop data to inform crisis responsiveness, coordinated with poverty data and impact evaluation work. ■ Inform expanded World Bank SSN focus from MICs to include a tailored focus on LICs-fragile contexts. ■ Support knowledge on how to develop administrative "building blocks", harmonized and coordinated across SPL. ■ Strengthen the results approaches in SSNs: cost-benefit, cost-effectiveness analysis in impact evaluations (including across design options); benchmarking of SSN programs; and modeling. ■ Continue capacity building through South-South learning and core training, incorporating crisis resilience, systems.

* The anchor's work program also includes a focus on disability and on results.

ANCHOR*			
Focus area	Challenges	Objectives	Bank SPL practice
PENSIONS/ SOCIAL INSURANCE	■ Aging populations. Ratio of pensioners to workers rising, dramatically in some regions (ECA, EAP). ■ Low coverage. Less than a third of the world's working age population is covered by contributory pension provisions (1/10 in LICs). ■ Adequacy. In LICs, periods outside of formal labor force reduce pensions while low benefit levels in social pensions can prove inadequate. ■ Sustainability. A key challenge will be to support parametric and structural reform measures which can improve sustainability while ensuring adequacy. ■ Low administrative efficiency/capacity.	■ Support regions in the design and implementation of policies and programs to manage the challenge of developing fiscally sustainable pensions for their aging populations. ■ Develop and share knowledge on: (i) expanding coverage through innovative programs for the informal sector and social pensions; (ii) ensuring the adequacy of contributory and non-contributory benefits together; (iii) ensuring sustainability and resilience to shocks. ■ Strengthen administrative efficiency/ capacity, including MISs and long run financial projections. ■ Build capacity within the World Bank and at the country level on the design, implementation, and evaluation of pension policies and programs.	■ Improve PROST and other models, tools, databases and benchmarks to measure pension performance. ■ Knowledge development, training and sharing, especially in the areas of core challenges–coverage, adequacy and sustainability. ■ Further development of core indicators and M&E methods to measure performance.
LABOR MARKETS AND YOUTH	■ Knowledge gaps regarding the best ways to create jobs and improve workers' labor market opportunities. ■ Low employment/ productivity levels driven by low female participation rates; a high share of the labor force working in agriculture, low productivity self-employment, or informal wage employment; high unemployment rates among youth; a high share of unskilled workers or skilled workers who do not have relevant skills; and large migration flows. ■ Limited labor data and research in developing countries, particularly LICs.	■ Support regions in the design and implementation of policies and programs to improve labor market outcomes. ■ Develop and share knowledge in three areas: (1) promoting the creation of good jobs–wage or self employment; (2) facilitating labor market transitions and managing risks; and (3) building skills. ■ Build capacity within the World Bank and at the country level on the design, implementation, and evaluation of labor policies and programs.	■ Develop a Jobs Knowledge Platform to mobilize the global community of practice. ■ Move to a second generation of impact evaluations focused on cost-benefit/ effectiveness and design options. ■ Develop a data warehouse to monitor labor market outcomes and understand their determinants. ■ Improve modelling tools to support labor policy analysis. ■ Develop partnerships to mobilize human and financial resources to support data collection at the country level, analytical and policy work, and impact evaluations.

Annex 2: Background Papers to the Social Protection and Labor Strategy 2012–22

Nine papers were developed as inputs to the strategy, providing background on the main areas of practice and themes facing the World Bank's social protection and labor practice in the decade ahead. Together with the IEG report on social safety nets, these background papers provided critical inputs to the stategy's development and will be important to guiding its application.

The full papers can be found at http://www.worldbank.org/spstrategy

BUILDING SOCIAL PROTECTION AND LABOR SYSTEMS: CONCEPTS AND OPERATIONAL IMPLICATIONS

David A. Robalino, Laura Rawlings, and Ian Walker. 2012.

The paper presents a framework for designing and implementing SPL systems in MICs and LICs. The main motivation is that although the term "system" is used to describe the set of social protection arrangements that countries implement, the reality is more an amalgam of programs operating with little or no coordination. The paper shows that reducing fragmentation and coordinating and harmonizing programs have the potential to enhance programs' performance, as well as the overall provision of social protection. The first part of the paper discusses the characteristics of well-designed SPL systems and the gains that can be achieved in terms of the following: (i) more effective risk management in crisis and noncrisis periods; (ii) improved financial sustainability; (iii) more equitable redistribution; (iv) economies of scale in administration and IT systems; and (v) better incentives. The second part discusses issues related to design and implementation based on country studies for Brazil, Chile, India, Niger, and Vietnam. It suggests three levels of engagement: (i) defining a long-term vision for the SPL system and ensuring policy coherence; (ii) integrating and coordinating programs; and (iii) setting up basic administrative tools. This includes a discussion of choices about instruments, financing mechanisms, and institutional arrangements. The last part of the paper outlines the operational implications of a systems vision for social protection.

PRODUCTIVE ROLE OF SAFETY NETS

Harold Alderman and Ruslan Yemtsov. 2012.

The paper contains a short theoretical framework for linking SPL with growth and productivity, an updated review of the literature, new original work filling in gaps in the available evidence, and a discussion of operational implications. The paper demonstrates that there was a shift in economists' view on social protection: it is no longer regarded as a drag on resources or a distortion, but recognized as a force that can make a positive contribution towards economic growth and reduce poverty. The paper looks at pathways through which SPL programs (social insurance and social assistance programs, as well as labor programs) can support better growth outcomes: (i) at the individual level (building and protecting human capital, and other productive assets, empowering poor individuals to invest or to adopt higher risk, higher return strategies), (ii) at the local economy level (enhancing community assets and infrastructure, positive spillovers from beneficiaries to nonbeneficiaries, greater labor market mobility), (iii) at the overall economy level (acting as stabilizers of aggregate demand, improving social cohesion and making growth-enhancing reforms more politically feasible). Most SPL programs affect growth through all of these pathways. The paper concludes with a discussion of how to design and implement SPL programs to maximize their growth enhancing effects, while minimizing the disincentives that may reduce effort or efficiency. The paper is a joint effort between the HD Anchor, GET, PREM Anchor, regional SPL family members, and ARD in partnership with DFID and FAO.

IMPROVING ACCESS TO JOBS AND EARNINGS OPPORTUNITIES: THE ROLE OF ACTIVATION AND GRADUATION POLICIES

Rita Almeida, Juliana Arbelaez, Maddalena Honorati, Arvo Kuddo, Tanja Lohmann, Mirey Ovadiya, Lucian Pop, Maria Laura Sanchez Puerta, and Michael Weber. 2012.

Throughout the developing world there is a growing demand for advice on the design of policies to most vulnerable individuals' access to more and better jobs, while reducing their dependency from public income support. Even though these policies are common to both the activation and graduation agendas, a separation is needed as the graduation of beneficiaries out of poverty is a much more ambitious agenda. This paper proposes a simple policy framework highlighting the most common barriers to productive employment. It also reviews the incentive compatibility between income support and employment support programs. The paper finds that, especially in MICs, activation and ALMPs play an important role connecting individuals to jobs and improving earnings opportunities. In LICs, these programs are far from being a panacea to graduate beneficiaries out of poverty. Furthermore, only scant evidence is available on the pathways to graduation and significant knowledge gaps remain. More cross-disciplinary research is needed to strengthen the evidence base and develop recommendations for different contexts and capacity levels.

CRISIS RESPONSE IN SOCIAL PROTECTION

Federica Marzo and Hideki Mori. 2012.

Globalization, demographic trends, urbanization, migration, and climate change compound each other in increasing the frequency of crises. This will require governments to have better, faster, and stronger social protection responses, and the World Bank must be well prepared to provide support. To this end, this paper reviews selected crises (1990–present), their social impact and government responses to evaluate the performance of social protection instruments deployed, developing lessons for the future. While experience suggests that governments and the World Bank are increasingly committed to mainstreaming social protection in crisis prevention and management, important challenges still remain in effectively protecting populations, especially in the case of LICs and fragile states. A key conclusion of this review is that countries need scalable systems in place before crises arise to be able to respond effectively. The World Bank can assist countries with crisis management in four ways: adapting ongoing, established programs to respond to crises; developing programs that can be implemented during crises; supplying countercyclical financing; and sharing know-how and toolkits.

RULES, ROLES AND CONTROLS: GOVERNANCE IN SOCIAL PROTECTION WITH AN APPLICATION TO SOCIAL ASSISTANCE

Lucy Bassett, Sara Giannozzi, Lucian Pop, and Dena Ringold. 2012.

The paper develops an operational definition of governance that can be applied to social protection. The paper uses the 2004 WDR accountability framework as a starting point, defining accountability in terms of a set of principal-agent relationships between policy makers, providers, and citizens. Applying this framework to social protection, the paper looks at three broad areas where the Bank is involved in governance in 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 applies this framework to social assistance policies and programs, reviews what is currently being done across the Bank in this area, and identifies future opportunities for clients and Bank engagement.

LABOR MARKETS IN MIDDLE AND LOW INCOME COUNTRIES: TRENDS AND IMPLICATIONS FOR SOCIAL PROTECTION AND LABOR POLICIES

Yoonyoung Cho, David Margolis, David Newhouse, and David Robalino. 2012.

The paper reviews labor market trends over the last two decades in over 133 MICs and LICs, identifies

specific problems and policy priorities across groups of countries, and derives implications for the Bank's work on labor for the SPL Strategy. The paper shows that over the last two decades the main problem facing developing countries has not been the quantity of jobs but their quality. It argues that while having policies in place that improve the efficiency of businesses and job creation (and destruction), it is also critical to devise interventions that improve the quality of the jobs and occupations that already exist—in part through interventions targeted to the self-employed and small entrepreneurs.

THE WORLD BANK IN PENSIONS: A BACKGROUND PAPER FOR THE SOCIAL PROTECTION STRATEGY

Mark Dorfman and Robert Palacios. 2012.

Pensions and social insurance programs that prevent a substantial loss in consumption resulting from old age, disability, or death are an integral part of any social protection system. In addition, social insurance programs often insure against unemployment, work injury, and illness. The dual objectives of such programs are to allow for the prevention of a sharp decline in income when these life-cycle events take place and protection against poverty in old age. This background paper reviews the World Bank's conceptual framework for the analysis of pension programs, defines the major challenges facing low and middle income countries, and proposes a broad, forward-looking strategy to help address these challenges.

SOCIAL PROTECTION IN LOW INCOME COUNTRIES AND FRAGILE SITUATIONS: CHALLENGES AND FUTURE DIRECTIONS

Colin Andrews, Maitreyi Das, John Elder, Mirey Ovadiya, and Giuseppe Zampaglione. 2012.

Demand for social protection is growing in LICs and fragile situations. In recent years, the success of social protection interventions in middle-income countries (MICs), such as Brazil and Mexico, along with the series of food, fuel, and financial crises, has prompted policy makers in LICs and fragile situations to examine the possibility of introducing such programs in their own countries. Flagship programs in countries as diverse as Ethiopia, India, Pakistan, and Rwanda have shown how social protection interventions can be adapted to the LIC context. Yet despite growing levels of support for these initiatives, many challenges remain. In LICs and fragile states, governments are confronted with a nexus of mutually reinforcing deficits that increase the need for social protection programs and simultaneously reduce the ability of the governments to successfully respond. Governments face hard choices about the type, affordability, and sustainability of social protection interventions. The paper reviews how these factors affect social protection programs in these countries and identifies ways to address these deficits. It supports the establishment of resilient social protection systems to address specific needs and vulnerabilities and to respond flexibly to both slow and sudden onset crises. To achieve this, both innovation and pragmatism are required in three strategic areas: (i) building the basic blocks of social protection systems (such as targeting, payments, and M&E); (ii) ensuring financial sustainability; and (iii) promoting good governance and transparency. These issues suggest the possibility of a different trajectory in the development of social protection in LICs than in MICs. The implications for World Bank support include the need to focus on increasing knowledge on and operational effectiveness of social protection programs, fostering institutional links between multiple social protection programs, and using community capacity and technological innovations to overcome bottlenecks in operations.

CLIMATE-RESPONSIVE SOCIAL PROTECTION

Anne T. Kuriakose, Rasmus Heltberg, William Wiseman, Cecilia Costella, Rachel Cipryk, and Sabine Cornelius. 2012.

Increases in temperature and greater variability in rainfall are already being recorded in various regions, leading to more frequent and severe extreme weather events, rising sea levels, and related hazards of flooding, drought, and vector-borne disease. Climate change and natural disasters will s (ather r wld)-n ine devecaspio mome bm

Annex 3: World Bank Social Protection And Labor Portfolio

A. Lending

Table 1

New World Bank Commitments to SPL, 1998-2011 ($ million)

SP&L practice area	LENDING ($ MILLIONS)													
	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Social funds	111	442	199	352	506	275	187	324	-	108	61	342	117	
Safety nets	551	243	345	318	211	1,069	321	553	509	444	273	3,133	2,517	3,506
Other SPL & risk management	184	327	17	276	80	167	101	113	166	115	26	71	462	228
Social risk mitigation	790	480	450	116	130	275	323	322	233	137	100	148	36	46
Labor markets	796	1,033	596	448	349	360	271	439	318	405	227	720	921	262
Total	2,431	2,525	1,608	1,510	1,276	2,147	1,203	1,752	1,226	1,209	686	4,414	4,053	4,042

Source: Business warehouse and staff calculations for social funds.

Figure 1

IBRD vs. ID–Annual SPL Lending

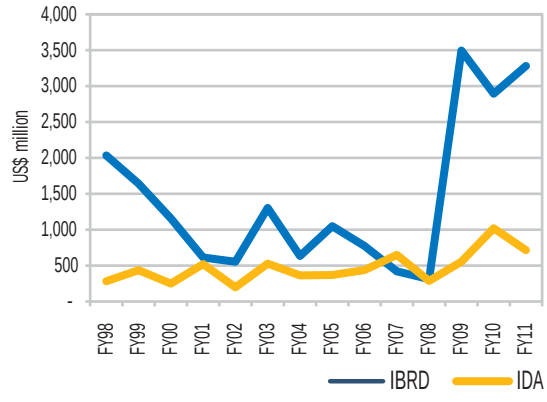


Figure 2

IBRD vs. IDA–Annual SPL Disbursements

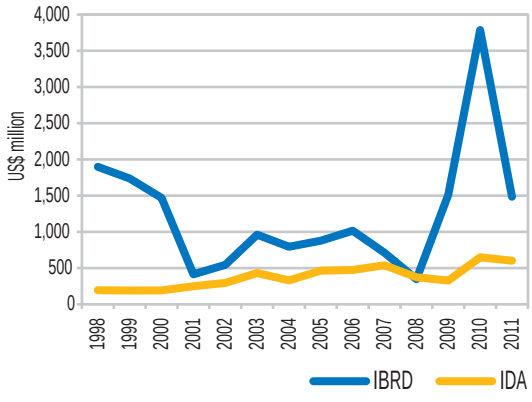


Table 2

Geographic Coverage of SPL Lending

REGION	NUMBER OF COUNTRIES		AS PERCENT OF TOTAL	
	Prior to 1998	As of 2011	Prior to 1998	As of 2010
Africa	29	42	33	33
East Asia and the Pacific	5	14	6	11
South Asia	5	8	6	6
Europe and Central Asia	20	25	23	20
Middle East and North Africa	6	11	7	9
Latin America and the Caribbean	23	26	26	21
Total	88	126	100	100

Figure 3

Top Ten SPL Borrowers, FY1998-2011 ($, millions)

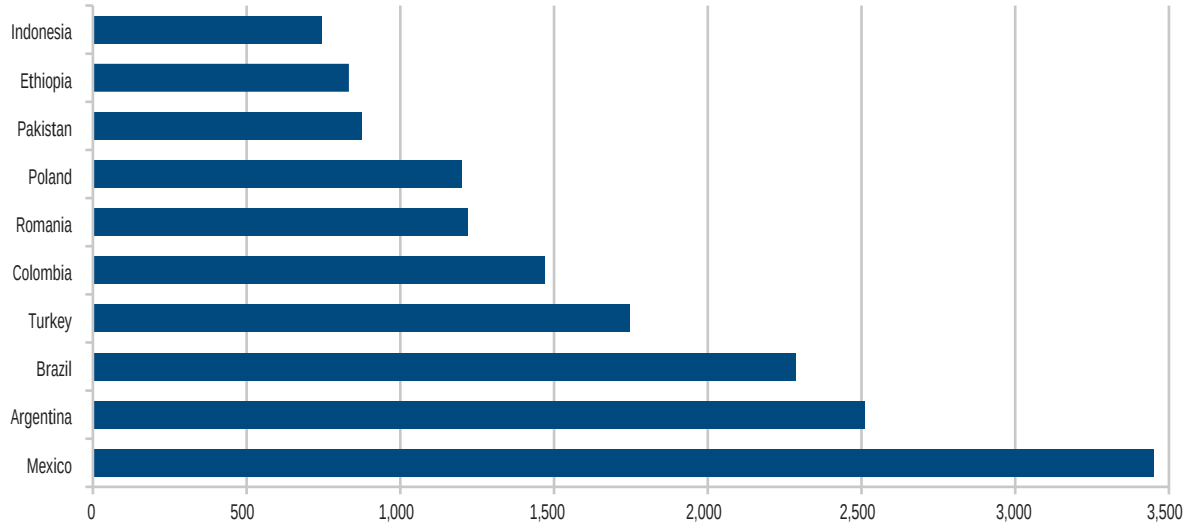


Figure 4

Aggregate Number of SPL Projects by Region, FY1998-2011

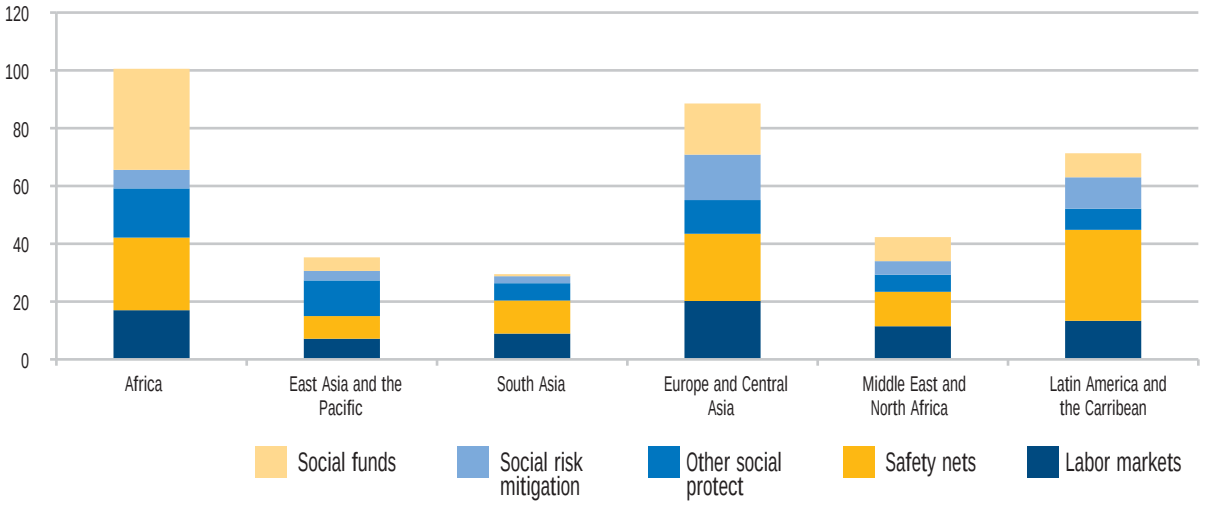
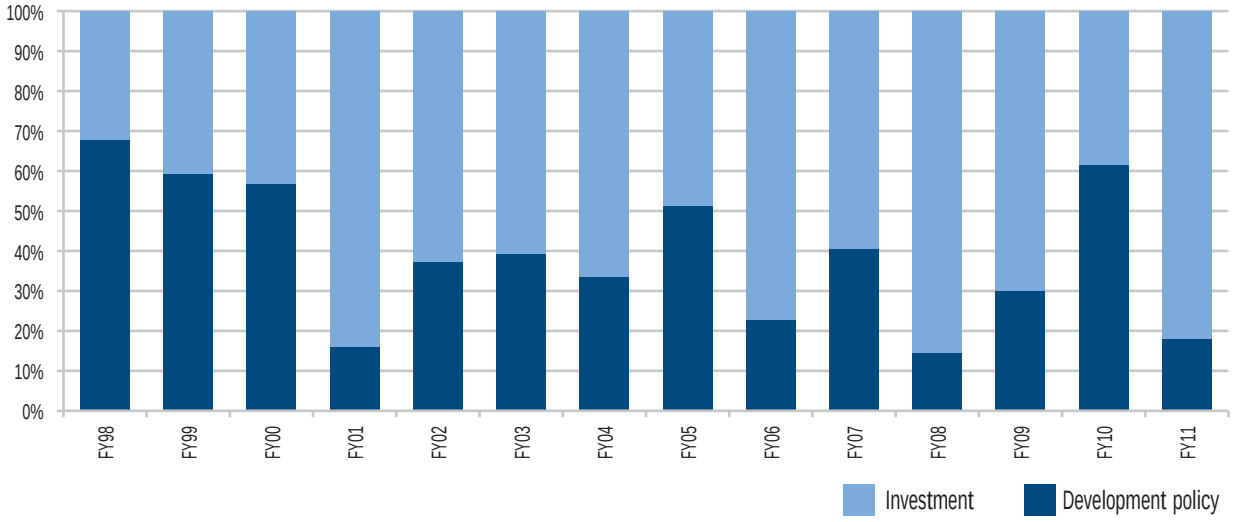


Figure 5

Percentage of Approved SPL Projects by Lending Instrument, FY1998-2011



B. Portfolio Performance

Table 3

Portfolio Indices for Selected Years (Percent)

PORTFOLIO INDICES	FY98	FY00	FY02	FY04	FY06	FY08	FY10	FY11	AVERAGE
Disbursement ratio	41	34	22	35	39	46	67	42	**44**
Bank average	19	*19*	*19*	*20*	*22*	*21*	*26*	*21*	***21***
Projects at risk	14	15	21	14	18	23	24	22	**17**
Bank average	25	*15*	*19*	*16*	*14*	*17*	*21*	*19*	***18***
Commitment at risk	3	5	27	19	11	22	12	9	**13**
Bank average	21	*16*	*17*	*16*	*12*	*17*	*18*	*14*	***16***
Proactivity	91	83	71	100	50	91	78	71	**80**
Bank average	72	*84*	*84*	*83*	*81*	*81*	*70*	*61*	***78***
Unsatisfactory projects	9	14	10	12	16	9	15	8	**11**
Bank average	17	*12*	*11*	*13*	*11*	*11*	*13*	*12*	***12***
Disbursement lag	25	34	33	27	15	14	-47	-7.2	**15**
Bank average	36	*40*	*40*	*36*	*33*	*25*	*15*	*19*	***32***

Annex 4. Results of the SPL Strategy Consultations

Consultations Process

The development of the SPL strategy was supported by a global multistakeholder consultation process that sought to elicit views and inputs in as broad, inclusive, and transparent a manner as possible on challenges and opportunities for SPL policies and programs in the next decade, as well as creating a space for dialogue and expanding channels for ongoing stakeholder engagement.

The consultations process entailed two different phases that allowed stakeholders and interested parties to provide feedback throughout the strategy development process. During Phase I (January – May 2011), the World Bank sought inputs to the strategy based on a concept note that described the approach towards a new strategy and proposed a framework focused on building resilience and opportunity through protection, prevention, and promotion as core SPL functions and an emphasis on building SPL systems. During Phase II of consultations (October 2011- January 2012), the World Bank sought feedback on the strategy itself (based on a slide presentation highlighting key concepts from the draft strategy) that helped finalize the draft version of the strategy submitted to CODE for review in early 2012. During this process, a website has supported the development of the SPL strategy and contains all relevant documents (www.worldbank.org/spstrategy)

Channels for Consultation

- Face-to-face meetings at the country and regional level, complemented by video conferencing
- Face-to-face meetings alongside global and regional conferences
- Online feedback through an online survey, web-based discussion forum and email platform
- An external Social Protection Advisory Group composed of top academics, policy makers, civil society, and others

Stakeholders Consulted

Stakeholders consulted during this process comprised a broad range of actors involved in SPL, amounting to over 2,000 individuals from government, development agencies, CSOs, trade unions, the private sector, academia, think tanks, and others.

- Face to face events: A total of 64 face-to-face and videoconference consultation events and roundtables were held to discuss the SPL strategy, involving over 1,700 participants from governments, CSOs, academics, the private sector, and both bilateral and multilateral development agencies, representing 66 countries in all regions. Seven consultation events were held in the context of ongoing global and regional events.

Consultations Timeline

JANUARY – MAY 2011	JUNE 2011	JULY – SEPTEMBER 2011	OCTOBER 2011– JANUARY 2012	FEBRUARY – MARCH 2012	APRIL 2012
Phase 1 Consultations: Online and face-to-face discussions to gather input on Concept Note	Review of stakeholder input	Preparation of Strategy Presentation	Phase 2 Consultations: online and face-to-face discussion to gather further inputs	Review of draft Strategy Paper	Launch of Strategy at World Bank Spring Meetings

- Online consultations: The Bank set up a website that included a web-based survey, an on-line discussion forum, and a dedicated email contact point. Over 150 people responded to the online survey, providing essential feedback on the main areas of focus for the new strategy as well as on the challenges for SPL in the coming 10 years. A Discussion Forum featured blogs on subjects germane to the SPL Strategy, including social protection systems, crises, disability, rights and accountability, jobs, and the role of social protection in LICs. The forum totaled 204 participants that provided comments to the discussion topics. Finally, comments from around 25 institutions and individuals were received to the strategy email contact point from research institutions, development agencies, CSOs, and the private sector.
- Advisory Group: The World Bank also convened an external SPL Advisory Group to marshal advice and insights from top academics, policy makers, and civil society representatives from client countries. Two workshops were held with the advisors in April and September 2011.[1]

Findings

This section presents a summary of the input collected during the consultations around four general topics: (i) challenges and issues in SPL in the next decade; (ii) the role of the Bank in SPL; (iii) feedback on the strategy framework and focus areas; and, (iv) important elements and challenges for the main SPL practice areas.

A. CHALLENGES AND ISSUES IN SPL IN THE NEXT DECADE

- *Demographic trends,* including the following: (i) *the youth bulge* and the corresponding pressure for jobs and productivity; (ii) *aging populations* with attendant implications for pensions & labor markets; (iii) rapid *urbanization* trends, but also (iv) changes in *rural and agricultural* contexts, and (v) *migration*.
- The need for *coordination* given the multiplicity of stakeholders and actors involved in SPL, and *fragmentation* among numerous programs.
- *Financing and sustainability* of SPL given pressures on limited fiscal space.
- *Coverage and social inclusion,* notably with respect to (i) *informality* and the challenges of extending SPL coverage, and (ii) *vulnerable udinty*

C. FEEDBACK ON THE STRATEGY FRAMEWORK AND FOCUS AREAS

- The *3P Framework,* which highlights the role of SPL in providing prevention, protection, and promotion functions was welcomed, in particular, the newer focus on *promotion*.
- *Broad consensus regarding the need to focus on SPL systems,* with a particular eye toward (i) coordinating across programs serving similar functions; (ii) using complementary programs to foster graduation from social assistance and access to jobs; (iii) having a multisectoral perspective; (iv) aligning resources and promoting fiscal sustainability; (v) ensuring a strong institutional and legal foundation; and (vi) tailoring systems to country contexts.
- *Support for expanding coverage, especially in LICs and fragile states*, with some caveats: (i) the focus on fragile contexts and LICs should not imply less attention to MICs; especially vulnerable populations in MICs, (ii) there is a need to differentiate between fragile states and LICs; and (iii) the World Bank should maintain a country-led process responsive to client demands.
- *Consensus on promoting links to human capital, skills, and labor market insertion*. Links between poverty reduction and productivity should be emphasized. Promising areas of engagement include the following: education and skills development, ALMPs, entrepreneurship development, livelihoods programs (especially in rural areas), and microfinance. However, not all people will be able to graduate from social assistance or enter the labor market, underscoring the continued need to protect the most vulnerable.
- *Unanimous call for emphasizing knowledge and results* given the serious gaps in this area and the World Bank's recognized role in generating evidence on program performance and supporting learning across countries. The World Bank should focus on both in-depth and cross-country analysis to learn from and leverage innovations and knowledge, including an understanding of contexts and lessons on successes and failures.

D. IMPORTANT ELEMENTS AND CHALLENGES FOR THE MAIN SPL PRACTICE AREAS

- Focus on the balance between the *supply and demand sides* of labor markets, as some factors that constrain labor creation lie outside the labor markets area and SPL's primary focus is on labor supply issues, recognizing that cross-sectoral interventions are key.
- Productivity and the returns to labor should be emphasized in the SPL strategy. Increasing the productivity of work in formal, as well as in informal and rural areas, implies an increased ability of poor people to use labor as a risk management instrument.
- The *linkages between labor and safety nets* are key, in particular with regards to the development of human capital, and promoting the transition from social assistance into the labor market.
- Increased *coverage of safety net* interventions, especially in LICs and fragile states, is crucial, given the increasing incidence of economic shocks, weather-related disasters, and political instabilities, and their impact on the vulnerable populations.
- Greater attention to the *life-cycle approach* and the role of categorical transfers to build resilience and opportunity.
- *Sustainable financing for safety net* is key and requires a continued investment in advocacy and highlighting the positivite linkages between safety nets, poverty reduction, and human capital development.
- In LICs, *social pensions* are able to effectively address income security for the elderly. Options for reaching the elderly in a more inclusive way need to be explored in these contexts, when resources are constrained;
- Insurance and pension schemes generally benefit a small segment of employees in the formal sector. It is thus vital to extend the coverage to the informal sector (including youth), while keeping in mind capacity and resources constraints.

The following section presents some conclusions and implications of these findings for the World Bank's work on SPL. A report on the consultations provides further, disaggregated details on the main issues discussed by stakeholders by themes, country context, region, and type of stakeholder.

Implications for the SPL Strategy

While much of the feedback received during the consultations contributed to drafting the strategy paper, the results from this process will also provide a stronger sense of direction to SPL practice in the decade to come. Some of the conclusions and implications that can be extracted for the strategy and its implementation in the next 10 years are as follows:

- Strong endorsement of the main areas proposed by the SPL Strategy concept note, particularly a focus on the need for building SPL systems.
- Broad support to the Bank's role for generating knowledge and serving as a channel for knowledge exchange;.
- A strong call for expanding the coverage of SPL in LICs and fragile states, as well as MICs.
- A call for the Bank to support coordination and play a convener role with other development actors for policy dialogue around SPL issues.
- A strong call to keep in mind the essential role of SPL for risk management and addressing vulnerabilities, which are at the core of the practice's prevention and protection functions.
- A need to tailor SPL systems and programs to country contexts and a role for the Bank in providing options and tools for client countries anchored in best practice and evidence.

Annex 5: Multisectoral Approaches: Linkages between The SPL Strategy 2012–22 and Other World Bank Group Strategies

SECTOR (in alphabetical order)	STRATEGIC PRIORITIES	LINKAGES TO SPL STRATEGY 2012-22
AGRICULTURE ACTION PLAN 2010–20	1. Raise agricultural productivity 2. Link farmers to markets and strengthen value chains 3. Reduce risk and vulnerability 4. Facilitate agricultural entry and exit and raise rural nonfarm incomes 5. Enhance environmental services and sustainability	■ SPL has role in strengthening rural livelihoods and promoting food security by enabling the rural poor to smooth consumption, particularly during slack agricultural seasons when prices are volatile and demand for labor decreases; and, preventing them from having to deplete their productive assets in order to survive. ■ SPL can improve livelihoods by enabling the rural poor to accumulate productive assets over time and giving them more and better human capital and livelihood options. ■ Improved agricultural practices provide opportunities for increased productivity and long term resilience.
CLIMATE CHANGE (STRATEGIC FRAMEWORK)	1. Support country-led climate action 2. Mobilize additional concessional and innovative, market-based finance 3. Leverage private sector resources 4. Accelerate development and deployment of new technologies 5. Step up policy research, knowledge, and capacity building	■ SPL is relevant to protect the poor and vulnerable after climate shocks (through cash transfers, public works, or others). ■ SPL has a role in enhancing adaptive capacity by reducing vulnerability ex-ante (through social and weather-based insurance, transfers, livelihoods diversification, and others) and by encouraging risk diversification, enhancing incomes and assets and building skills.
EDUCATION STRATEGY 2020	1. Strengthen education systems 2. Building a high-quality knowledge base to underpin education reforms	■ SPL contributes to access to education by providing income support to poor households and incentives to send children to school (for example through conditional transfers, school feeding programs). ■ SPL encourages skill development through active labor markets programs. ■ Increased quality of education contributes to SPL by supporting human capital development and increased skills for labor markets development. ■ SPL protects human capital during crises.
ENERGY STRATEGY APPROACH PAPER	1. Improve the operational and financial performance of the energy sector 2. Strengthen governance	■ Energy contributes to SPL by supporting economic development and poverty reduction, fueling commerce, agriculture, and important social services. ■ Adequate and reliable electricity supply increases enterprise productivity, competitiveness, and growth; increasing opportunities for employment and skills development. ■ SPL increases incomes and improves livelihoods of households, thus helping to decrease reliance on harmful use of solid fuels for cooking and heating.

SECTOR (in alphabetical order)	STRATEGIC PRIORITIES	LINKAGES TO SPL STRATEGY 2012-22
ENVIRONMENT STRATEGY 2001 (NEW STRATEGY STILL IN PROGRESS)	1. Improve the quality of life 2. Improve the quality of growth 3. Protect the quality of the regional and global commons	■ SPL contributes by promoting assets to restore environmental degradation, reforestation, and so on (through public works programs). ■ SPL provides support for alternative livelihoods in the face of exploited natural resources. ■ SPL protects agains the effects of natural resource degradation on poor people's health.
GENDER EQUALITY AS SMART ECONOMICS: A WORLD BANK GROUP GENDER ACTION PLAN (FISCAL YEARS 2007–10)	Goal: Advance women's economic empowerment by enhancing women's ability to participate in land, labor, financial, and product markets 1. Engender operations and technical assistance in economic sectors 2. Implement results-based initiatives (RBIs) 3. Improve research and statistics 4. Undertake a targeted communications campaign	■ SPL supports a gender perspective by empoweing women through increased control of resources (transfers), gender-appropriate opportunities for employment in workfare programes, skills development, and so on. ■ A gender approach to the design of SPL can improve program effectiveness, strengthening the protection afforded to families. ■ Taking gender into account in the design of old-age income security ensures that both women and men are well protected, both because women live longer on average and, they are more likely to work in the informal sector.
GOVERNANCE AND ANTI-CORRUPTION STRATEGY 2007	1. Recognize that a capable and accountable state creates opportunities for the poor 2. Support country-driven governance and anticorruption policies and implementation 3. Support even poorly governed countries 4. Engage with a broad array of stakeholders 5. Harmonize and coordinate approach with governments, donors, and other actors at country and global levels	■ SPL addresses exclusion through empowering vulnerable people, promoting community-driven development and supporting skills development and greater labor market participation. ■ Governance is central to improving service delivery and enhancing accountability relationships among citizens, policy makers, and service providers. ■ Appropriate 'rules, roles and controls' is a focus of SPL program and system approaches, including attention to enhanced accountability mechanisms and reducing error, fraud and corruption.
HEALTH, NUTRITION, AND POPULATION (HNP) RESULTS 2007	1. Improve level and distribution of HNP outcomes (for example, MDGs), outputs, and system performance 2. Prevent poverty because of illness (by improving financial protection) 3. Improve financial sustainability of sector and its contribution to macroeconomic and fiscal policy and country competitiveness 4. Improve governance, accountability, and transparency of sector	■ SPL faciliates access for vulnerable and marginalized children to the necessary services for physical growth and well being; cognitive development; and socio-emotional development. ■ SPL helps strengthen health and nutrition access and outcomes for vulnerable groups, particularly children and pregnant mothers and during crises. ■ Multisectoral early childhood development policies serve prevention, protection, and promotion by providing the adequate nutrition to children, which reduces future physical vulnerability (prevention), ensuring basic service delivery to those children and pregnant women who most need it (protection), as well as to generate a better family environment conducive to healthy child development and increasing children learning capacities (promotion).

SECTOR (in alphabetical order)	STRATEGIC PRIORITIES	LINKAGES TO SPL STRATEGY 2012-22
INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) 2011	1. Connect: expand affordable access to ICTs 2. Innovate: across the economy and promote the growth of IT-based service industries 3. Transform: support ICT applications to transform efficiency and accountability of services	■ ICT supports SPL programs and systems in service delivery, from handling a large volume of transactions and data to helping ensure payments and other administrative processes. ■ ICT supports accountability in SPL by allowing for greater transparency and informed communication between citizens and service providers. ■ ICT is used to to control error, fraud, and corruption. ■ ICT helps expand access to SPL through beneficiary registries, mobile payment systems and access to information.
INFRASTRUCTURE ACTION PLAN 2003	1. Respond to country demand 2. Rebuild sector knowledge bases 3. Maximize leverage via new and existing instruments	■ Service delivery infrastructure plays a critical role both for supporting economic growth as well as improving SPL service delivery. ■ Infrastructure services can increase the general welfare of poor households through reductions in the opportunity costs to meet essential needs. ■ SPL supports the development of social and economic infrastructure through workfare programs and social funds.
PRIVATE SECTOR DEVELOPMENT (PSD) 2002	1. Extend the reach of markets: sound investment climate for poor areas to create jobs and entrepreneurial opportunity 2. Basic service delivery: where it makes sense, new entry of private providers, including small- or medium-scale local entrepreneurs 3. PSD and environmental sustainability	■ PSD contributes to extend the reach of markets, promoting a sound investment climate for poor areas to create jobs and entrepreneurial opportunity. ■ PSD supports basic service delivery by promoting, where it makes sense, new entry of private providers, including small- or medium-scale local entrepreneurs. ■ SPL increases consumption capacity of poor households incentivizing the local economy and the development of small business.
SCIENCE, TECHNOLOGY, AND INNOVATION (STI) ACTION PLAN 2009	1. Form partnerships 2. Carry out inclusive innovation assessments and projects 3. Organize workshops and forums for promotion and dissemination 4. Provide policy advice and capacity building 5. Provide information on what other STI actors are doing	■ STI contributes to developing a suite of skills and technical capabilities in developing countries including, among others, training policy makers, developing local institutions, and helping local enterprises become more innovative, all of which have relevance in the implemtation of SPL programs. ■ SPL helps families invest in their human capital, and contributes to skills development and deepening labor markets.
SOCIAL DEVELOPMENT (SD) STRATEGY 2005	1. Improve macro-level analysis that incorporates social development into poverty reduction and/or development strategies 2. Promote efficient mainstreaming of social development into projects 3. Improve research, capacity building, and partnerships	■ SPL promotes social development by promoting individual and community empowerment through social funds, transfers, and other interventions. ■ Social development improves understanding of context and variables for SPL implementation by promoting macro-level social analysis.

SECTOR (in alphabetical order)	STRATEGIC PRIORITIES	LINKAGES TO SPL STRATEGY 2012-22
TRANSPORT BUSINESS STRATEGY 2008–12	1. Create conditions to increase support for transport investment 2. Deepen engagement in the roads and highways and urban subsectors 3. Diversify engagement in transport for trade 4. Transport and climate change: control emissions and mitigate impact	■ Transport contributes to creating economic opportunity and growth in rural areas by increasing poor people's access to markets and servcies and reducing the risks of travelling. ■ Better access to education and health facilities increases enrollment rates in rural schools and leads to more visits to health care services. ■ Workfare programs often contribute to expanding transport networks through small access roads, etc.
URBAN AND LOCAL GOVERNMENT STRATEGY 2009	1. Focus on core elements of the city system: management, finance, and governance 2. Make pro-poor policies a city priority 3. Support city economies 4. Encourage progressive urban land and housing markets 5. Promote a safe and sustainable urban environment	■ Smart urban and local development contributes to rising productivity, fluid labor markets, and greater market access. ■ SPL can contributes to increasing income and opportunities of vulnerable populations through transfers, skills development, and so on.
WATER RESOURCES SECTOR STRATEGY 2004	1. Focus on management, together with connections between resource use and service management 2. Develop and improve management of infrastructure 3. Recognize political economy of management reform	■ Broad-based water resources interventions provide national and regional economic benefits to all, including the poor. ■ Improved water resources management (such as watershed projects in degraded environments) directly benefit poor people. ■ SPL improves availability of water resources and water resource management through workfare activities and increased basic service delivery.
WORLD BANK POST-CRISIS DIRECTIONS PAPER 2010	Goal: Overcome poverty 1. Target the poor and vulnerable 2. Create opportunities for growth 3. Provide cooperative models 4. Strengthen governance 5. Manage risk and prepare for crises	■ A crisis approach emphasizes targeting the poor and vulnerable (in particular, women and children) and creating opportunities for growth. ■ SPL promotes interventions that are essential to protect households in the face of crises. ■ SPL can help countries lay the groundwork for crisis response before it is needed.

Annex 6. Social Protection Strategies Outside of the World Bank

To support the development of its new SPL Strategy, the World Bank commissioned a stocktaking analysis of the international agencies involved in social protection[2] that looked at the following: (a) definitions of social protection; (b) areas of convergence and divergence among international agencies; and (c) key challenges in SPL global dialogue. This annex summarizes the main findings of that analysis.

a. Definitions of social protection

For the effective collaboration among international agencies, there must be a common understanding and shared definition of social protection. However, among international agencies there is no standard definition of social protection or the policy and sectoral areas it covers. Despite this, Social Risk Management (SRM) is the core concept used in definitions of international agencies working in social protection (Table 1).

Under this general umbrella, several common themes emerge. Agency definitions of social protection typically incorporate *vulnerability* in terms of the presence and scale of risks and exogenous shocks acting upon people. Social protection definitions tend to include both the absolute deprivation and vulnerability of the poorest, as well as the needs of the nonpoor for security in the face of shocks. *Deprivation* is often found as part of social protection definitions, most frequently inferring some minimum acceptable level of standard of living. Social protection definitions typically encompass *targeting*, with a focus on the poor or the extreme poor as those most in need of social protection interventions and/or certain vulnerable groups. And *inclusion* is a common theme, with social protection as a means to provide excluded populations with protective interventions and to promote access to basic services.

b. Summary of key agency strategies and program focus

Even though there is relative consistency in the conceptual definition of social protection, donor agencies diverge significantly on how this is operationalized within their overall agency strategies and development assistance. Table 1 identifies general areas of intervention across the broadest range of types of activities that may fall under social protection, and then denotes which of these are considered under each agency's specific definition of the social protection field.

There is near universal agreement on a core set of social protection interventions that comprise social insurance and safety net operations. About half of the agencies that have programs addressing labor market issues consider this part of social protection. Several agencies only consider parts of the labor agenda as social protection (for example, standards or child labor). There is no consensus on the other possible elements of social protection. In some cases, inclusion under social protection may be determined based on a bureaucratic division of the work program, rather than a conceptual one. For example, the WHO only focuses on health insurance and HIV/AIDS and UNICEF on child labor, safety nets, and HIV/AIDS–which is more fitting with the narrower mandate of these agencies.

c. Convergence, divergence and key issues

Moving from individual donor and country social protection strategies to more regional and multi-partner strategies. Over the last few years, there have been efforts to frame social protection strategies by such entities as the African Union (AU) and the EU. These efforts have helped provide coherence to

2 This analysis was carried out by Julie Van Domelen. The main international agencies involved in the social protection area and covered in this review include multilateral development banks (Inter-American Development Bank [IDB], ADB [Asian Development Bank], and African Development Bank [AfDB]), UN agencies (ILO, UNDP, UNICEF, WHO), bilateral donors, and the European Union (EU).

Table 1

Distribution of Potential Social Protection Interventions by Agency, Classification as Social Protection by Agency is Shaded

	Labor market policies and programs					Social Insurance				Safety nets		Other		
Agency	Labor market policies, including standards	Safe work conditions	ALMPs	Child labor	Entrepren-eurship & micro-finance	Pensions	Unemployment	Health insurance	Disability	Public works	Cash and in-kind transfers	Social funds, local development	Post- conflict, natural disaster	Micro-insurance
World Bank	X	X	X	X	X	X	X	X	X	X	X	X	X	X
ILO	X	X	X	X	X	X	X	X	X	X	X		X	X
UNDP	X	X	X	X	X	X	X	X	X	X	X	X Local funds	X	X
UNICEF				X							X			
WHO								X						
WFP										X	X		X	
AfDB			X		X			X		X	X	X	X	
ADB	X	X	X	X	X	X	X	X	X	X	X	X	X	X agriculture
IDB	X	X	X	X	X	X	X	X	X	X	X	X	X	X
DFID	X	X	X	X	X	X	X	X	X	X	X		X	X
GTZ	X	X	X	X	X	X	X	X	X	X	X		X	X
JICA	X	X	X	X	X	X	X	X	X	X	X		X	X
CIDA*				X	X					X	X			X
SIDA					X	X	X	X	X	X	X		X	X
EU/EC	X	X	X	X	X	X	X	X	X	X	X		X	

Note: *CIDA strategies do not use the term “social protection” per se.

donor and government policies and programs, particularly in Sub-Saharan Africa.

Consensus that social protection is a core part of pro-poor economic growth. The international community has come to consensus that social protection programs and policies have a key role to play in poverty reduction. Traditionally, this has been viewed singularly through the lens of equity and redistribution. The innovation in the last ten years is the linking of social protection to the economic growth agenda. The role of risk and vulnerability and the effects of shocks on long-term economic growth potential are now accepted as a key driver of pro-poor growth.

Social protection is viewed as a basic human right by many agencies. Social protection figures prominently in many international conventions, but there is divergence among agencies as to how this right is actually perceived. There is, however, convergence on the need for systematic access to a varied set of social protection instruments. Although there is no consensus on the content of the set of social protection instruments, there is also convergence on the need to expand coverage of both social assistance and social insurance programs, notably among the poorest.

The future of social insurance. Reliance on public sector funding and institutions linked to the limited reach of formal labor employment have resulted in exceedingly low coverage rates of social insurance in the developing world. However, insurance is still a preferred mechanism to mitigate risks. The challenge has been how to expand social insurance coverage in a way that is affordable and fits with the institutional capacities of developing countries. Without such mechanisms, there tends to be an over-reliance on ex-post coping with shocks through safety nets.

The need for 'permanent' social protection instruments. There has been a significant shift in the view of social protection—in particular social assistance as transitory to the consideration of more permanent mechanisms. In part this is due to the realization that vulnerable populations need more support than one-off compensation schemes. In addition, the volatility and frequency of shocks means that countries need to have developed and in place a basic set of programs able to deliver benefits and scale up or down depending on what the situation warrants.

d. Key challenges

Key challenges identified across international agencies include the following:

- Mobilizing the international resources to fulfill the vision of a minimum expanded coverage of basic social protection instruments.
- Developing a common classification and shared approach to labor market policies and interventions. Employment and jobs continue to be at the top of the policy agenda of both developed and developing countries.
- Finding alternative mechanisms to expand social insurance schemes, for example by using micro-insurance or building on traditional social insurance mechanisms at the community level.
- Developing a more robust empirical basis to assess the impacts of different social protection programs on the longer-term transition out of poverty in order to better substantiate social protection as an investment and not just welfare.

The 2010 European Development Report: Social Protection for Inclusive Development

The European social model is characterized by unity in commitment to social protection within a diversity of national experiences in the evolution, functioning and approaches to social protection. In 2010, the EU com-

Box 2

The African Union's Social Protection Agenda

The AU's social protection policy identifies key strategic challenges in social protection as the following:

- **Addressing social exclusion:** by promoting the direct participation of people who are currently outside of social insurance and social assistance programs.
- **The need for conceptual clarity on social protection and policy framework:** A lack of a common understanding of social protection and the absence of a coherent policy framework for social protection in Africa is reflected in the uneven responses to poverty and vulnerability and social inequities in most countries.
- **Asymmetric Information and disjointed approaches:** There is an urgent need to update information on what is currently being implemented by African governments. Government interventions are uneven, piecemeal, and range from short term emergency relief to approaches that target special categories of vulnerable people at risk because of age, disabilities, or gender inequities.
- **Lack of employment opportunities for younger job seekers** (between 18-35 years) leaves millions of households without the expectation of getting out of poverty.
- **Capacity to advance a social protection agenda:** Mainstreaming social protection strategies across government and nongovernmental organizations requires significant institutional and financial capacity.

The AU's 2006 Livingstone Call for Action on Social Protection promotes an approach that links employment policies and poverty alleviation and calls for a sustainable basic package of social transfers that is affordable within current resources of governments with the support of international development partners. The recommendations were adopted by the First Session of the AU Conference of Ministers in charge of Social Development held in Namibia in October 2008 and endorsed by the 14th AU Executive Council and 12th Assembly of Heads of State and Government in January/February 2009.

Among the strategic options for social protection in Africa, the AU finds that implementing a social protection agenda is feasible and practicable even in LICs in Africa. However, institutions, resources, state power, and the capacities of government institutions to implement social protection policies differ across countries. Overall, social protection policies, institutions, and financing arrangements need to be clear and simple and implementation can be phased in ways that build on what works in existing programs and processes.

The main recommendations for moving forward on social protection in Africa are the following:

- Adopt a pro-poor social protection agenda based on developing a collective vision for reform of social protection, including prioritizing the rights of the poor, the vulnerable and those at risk;
- Review existing policies and programs against strategic objectives;
- Integrate policy options and reform process in order to an environment for the introduction of short, medium and long term policy and program changes into a time frame that is realistic;
- Review and mobilize legislation as an important initial step in building a road map towards a social protection framework in Africa;
- Prioritize the most vulnerable and at risk within an inclusive approach as a means to prevent further human devastation and social fragmentation;
- Mobilize resources for social protection and ensure the financial sustainability of programs.

Source: Taylor (2009)

AGENCY	DEFINITION
Multilateral Development Banks	
World Bank	Social protection and labor systems, policies, and programs help individuals and societies manage risk and volatility and protect them from poverty and destitution–through instruments that improve resilience, equity, and opportunity.
AfDB	Social protection and labor market regulation reduce the risk of becoming poor, assist those who are poor to better manage further risks, and ensure a minimal level of welfare to all people (CPIA 2008).
ADB	The set of policies and programs designed to reduce poverty and vulnerability by promoting efficient labor markets, diminishing people's exposure to risks, and enhancing their capacity to protect themselves against hazards and interruption/loss of income. Social protection consists of five major elements: (i) labor markets, (ii) social insurance, (iii) social assistance, (iv) micro and area-based schemes to protect communities, and (v) child protection.
IDB	Prevention and compensation systems to reduce the impacts of shocks on the Latin American poor.
United Nations	
United Nations	A set of public and private policies and programs undertaken by societies in response to various contingencies to offset the absence or substantial reduction of income from work; to provide assistance to families with children as well as provide people with basic health care and housing.
ILO	The set of public measures that a society provides for its members to protect them against economic and social distress that would be caused by the absence or a substantial reduction of income from work as a result of various contingencies (sickness, maternity, employment injury, unemployment, invalidity, old age, and death of the breadwinner), the provision of health care, and the provision of benefits for families with children.
UNDP	Social protection refers to policies designed to reduce people's exposure to risks, enhancing their capacity to protect themselves against hazards and loss of income. Social protection involves interventions from public, private, voluntary organizations, and social networks, to support individuals, households and communities prevent, manage, and overcome the hazards, risks, and stresses threatening their present and future well-being.
UNICEF	A set of public actions that address not only income poverty and economic shocks, but also social vulnerability, thus taking into account the inter-relationship between exclusion and poverty.
WFP	

Annex 7: Results Framework

The strategy results framework outlines a series of outputs and outcomes at the World Bank and country level that will be tracked to assess the strategy's performance over the next 10 years. It demonstrates the link between the World Bank's programs and activities under the strategy, changes in country outcomes that are directly attributable to World Bank engagement, and impacts in client countries.

The results framework follows the three-tier approach consistent with OPCS guidelines[3] reflecting respectively the World Bank contribution to sector development outcomes (Tier 1), country outcomes and outputs attributable to Bank support (Tier 2), and the actions and activities for which the World Bank will be accountable for (Tier 3).[4] Each tier tracks country and World Bank's progress in the strategy main focus areas. Specifically–

Tier I: Country progress on sector development outcomes. Country development outcomes in Tier I are defined within the social protection objectives of improving prevention to achieve security, improving protection to achieve equity, and improving promotion to achieve opportunity. These indicators are often medium- and long-term indicators consistent with the MDGs, common Country Partnership Strategy objectives, and Country Policy and Institutional Assessment (CPIA)[5] indicators and aligned with the Corporate Scorecard and the IDA16 Results Measurement System. They reflect SPL goals and benchmark country performance in meeting those goals. These are goals to which World Bank-supported SPL work contributes, but do not reflect attribution to World Bank engagement as countries and all their development partners contribute to these achievements over the long-term through a combination of multisector interventions and policy decisions. Average values for each indicator are disaggregated by IDA and IBRD countries and by gender when gender disaggregated data is available.

Tier II: Changes in outcomes and outputs of countries receiving World Bank support. These indicators track results at the country level directly attributable to World Bank-supported operations in the three strategy priority areas of strengthening country SPL systems, increasing coverage, and promoting opportunity. They reflect the World Bank's accountability as a development institution in delivering country level investments, (usually outputs) linked to key outcomes that often have multiple determinants. Data for these indicators are aggregated at the country level and collected bottom-up from project-level data[6] through the new core sector indicators, as well as desk reviews of lending and AAA activities. Specifically, the new core sector indicators (outlined in the results matrix below) will apply to investment lending projects only. They will, therefore, not be reflective of World Bank SPL engagement through other lending instruments. Summary statistics are reported and disaggregated by IDA and IBRD countries. Future core sector indicator updates will also be disaggregated by gender.

Tier III: Changes in World Bank activities to support partner countries. These indicators track the activities that the World Bank will undertake to advance strategy in terms of lending engagement, knowledge production and dissemination, and broad-based partnerships, as well as in terms of internal organization of processes and resources. Indicators in Tier III reflect the principles of engagements and

3 "Results Frameworks for New Sector/Thematic Strategies." OPCS Guidance Note, World Bank.

4 Tier 3 in the strategy results framework also includes indicators related to World Bank organizational effectiveness (for example staff time spent on cross support) which are tracked in a separate 4th tier in the OPCS framework developed and used for the Corporate Scorecard and the IDA 16 Results Measurement System.

5 In line with the strategy priorities the World Bank is introducing a new CPIA measure to rate the functioning and performance of SPL systems. This new indicator will become part of the regular internal process of monitoring progress towards system building.

6 The results framework focuses on operations falling under the following SPL thematic codes: Social Protection thematic codes: Improving Labor Markets (51), Social Safety Nets (54), Vulnerability Assessment and Monitoring (55), Other Social Protection and Risk management (56), Social Risk Mitigation (87). Specifically, indicators in Tier II and III are based on the portfolio mapped to SPL sector plus projects mapped to other sectors having an SPL theme code of 20 percent and above.

include measures of effectiveness of the World Bank's SPL portfolio, including IEG reviews, measures of results-orientation, the continued investment in knowledge generation and transmission, staff time spent on cross support, and partnerships with bilateral and multilateral donors, civil society including trade unions. Data for these indicators are aggregated at the sector level.

The identification and selection of indicators in the results framework was based on data availability and reliability, drawing from several sources. Specifically, data sources include the Social Protection Sector Strategy Implementation Update (SSIU),[7] the pension database developed within the SPL anchor, Social Protection Atlas, MDGs, governance indicators, WDI, ILO's key indicators of the labor markets, SPL core sector indicators, the Business Warehouse, IEG reports, and the World Bank Learning Management System.

Baseline values are reported for all indicators in the results framework. The year of the most recent available value is set as the baseline year for indicators in tier I. Generally, fiscal year 2011 is set as the baseline year for indicators in tier II and III, unless specified in the matrix. The indicators will be regularly reviewed and updated over time, with a thorough review planned for the 2017 five year strategy update.

Target values are set for indicators in tier 3 as these indicators track performance in areas that the World Bank most directly controls and actions for which the World Bank will be accountable. While baseline values in tier 3 show that SPL is performing remarkably well - and above the World Bank average– the challenge in the next years will be to maintain the high quality of the SPL portfolio, M&E ratings and partnership arrangements, and while at the same time meeting the ambitious strategy goals. The formulation of targets in tier 3 reflects the expected increase in the three areas of operating principles identified in the strategy–knowledge (reflected in knowledge production and dissemination and South-South sponsored learning events), collaboration (reflected indicatively at country level through co-financing arrangements in IDA operations and at Bank level through intra-Bank cross-support), and country-tailored operations, where they reflect the ambitious objective of keeping maintaining the high quality performance and results-orientation of the portfolio while expanding our lending engagement to challenging contexts as in such as lower institutional capacity countries and fragile states.

7 The SSIU was a key Anchor deliverable to OPCS and was intended to define its strategic priorities in SPL, develop implementation plans for pursuing them, and monitor progress in achieving them.

World Bank Group Results Framework for the SPL Strategy 2012–22

COUNTRY PROGRESS ON SECTOR DEVELOPMENT OUTCOMES (TIER 1)				
Indicators	Data collection instrument/Source	Baseline		
			Value	Year
Share of working age population accruing pensions rights	Patterns of Pension Provision II databas	Total	28.7%	Latest year available [2001–10]
		IDA	20.3%	
		IBRD	38.9%	
Pension beneficiaries to elderly (>60) population ratio*	Patterns of Pension Provision II database	Total	39.1%	Latest year available [2001-2010]
		IDA	26.0%	
		IBRD	54.1%	
Percentage of population in the poorest quintile covered by SPL programs	SP Atlas	Total	51.0%	Latest year available [2004–10]
		IDA	32.5%	
		IBRD	64.0%	
Poverty gap at $1.25 per day (PPP)	WDI	Total	6.2%	Latest year available [2005–09]
		IDA	11.1%	
		IBRD	0.9%	
Percentage of children (7-14) economically active	Understanding Children Work/WDI	Total	21.5%	Latest year available [2001–10]
		IDA	29.5%	
		IBRD	9.7%	
		Male	23.5%	
		Female	19.5%	
GDP per person employed (constant 1990 PPP $)	WDI	Total	12,836	2008
		IDA	8,093	
		IBRD	18,256	
Ratio of youth unemployment rate to adult unemployment rate	International Income Distribution Database (I2D2)	Total	3.0	Latest year available [1998–2008]
		IDA	2.7	
		IBRD	3.4	
		Male	3.3	
		Female	3.0	
Index of SPL system development (scale 1 to 6, 1 the lowest)**	Staff calculation	Total	3.2	2011
		IDA	2.8	
		IBRD	4.0	

Note: The "IDA" category includes both IDA and blend countries. The "Total" category includes IDA and IBRD countries. Baseline values are simple average across countries within each group.

* This coverage indicator refers to the total number of beneficiaries (of all ages, including old-age, survivors, and disabled), divided by the population aged 60 and above. Population data in the denominator are for year 2008. The indicator does not capture elderly SA beneficiaries.

** The SPL system index combines assessment ratings of four main dimensions of SPL system performance. (1) Policy/strategy: the extent to which a country has an overall strategy for social protection and accompanying policies for addressing prevention, protection, and promotion. (2) Coordination: whether there are shared administrative systems that allow for coordination across programs that realize economies of scale and help inform gaps and duplication. (3) Coverage: how well the system as a whole covers the various groups appropriately, providing meaningful benefits to whichever subset of the population they are meant to assist. (4) M&E: whether there is access to information on performance to support management, accountability and knowledge generation on program effectiveness. Each of the four main areas is rate from 1 (lowest) to 6 (highest). Baseline value is based on the assessment of 19 countries.

CHANGES IN COUNTRY OUTCOMES AND OUTPUTS SUPPORTED BY THE WORLD BANK (TIER 2)				
Indicators	Data collection instrument/ Source	Baseline		
			Value	Year
Percentage of SPL lending operations (whose components/pillars are explicitly aimed at) supporting SPL systems	Project Appraisal Documents (PADs)/ Project documents	Total	41.0%	FY11 active lending portfolio
		IDA	33.7%	
		IBRD	56.8%	
Number of countries with lending and nonlending (ESW,TA) SPL engagement	Business warehouse	Total	71.3	Moving average of last 3 years (FY09-FY11)
		IDA	40.3	
		IBRD	29.5	
Number of beneficiaries of safety net programs in IDA countries* (million)	SPL Core Sector Indicator	IDA	13.4	Cumulative FY10-FY11 closed projects*
Number of beneficiaries of LM programs* (million)	SPL Core Sector Indicator	Total	1.8	Cumulative FY10-FY11 closed projects*
		IDA	1.0	
		IBRD	0.9	

Note: The "IDA" category includes both IDA and blend countries. The "Total" category includes IDA and IBRD countries.
* Baseline values based on a review of 41 Implementation Completion Reports (ICRs) of projects that closed during FY10 and FY11 (eight ICRs do not report on the number of beneficiaries covered). Future updates will be based on actual numbers provided in ISRs for the active portfolio.

CHANGES IN WORLD BANK ACTIVITIES TO SUPPORT PARTNER COUNTRIES (TIER 3)					
Indicators	Data collection instrument/ Source	Baseline		Targets	
		Value	Year	2017	2022
Percentage of projects rated moderately satisfactory or better according to IEG Rating *	IEG	75.0%	Moving average of projects approved in the past 3 years (FY08-FY10)	75%	75%
Percentage of projects with M&E performance rated satisfactory or above	ICRs	69.8%	FY10-FY11 closed projects	70%	70%
Number of downloads of SPL knowledge products**	Omniture Site Catalyst	34,115	FY11	40,000	45,000
Number of countries involved in World Bank sponsored South-South learning events	Anchor calculation	94	FY11	Above # of SPL client countries	Above # of SPL client countries
Percentage of SP staff (regions and anchor) time spent on cross support (grades GF+) ***	Quarterly report from Chennai	15%	FY11	15%	15%
Percentage of IDA lending operations having co-financing partners*****	Business Warehouse	27.0%	Moving average of projects approved in the past 3 years (FY08-FY10)	32%	37%

Note: * "Outcome % satisfactory" rating for available projects in FY10 portfolio. The SPL baseline value is greater than the World Bank moving average over the same time interval which is 73 precent.
** The indicator tracks the number of downloads of knowledge products (excluding other AAA products) from internal and external SPL anchor website, IDEAS (REPEC) and World Bank documents and reports.
***The World Bank average indicator of inter-VPU cross support for the same year (FY11) is 3.7 percent, much lower than the SPL baseline. Moreover, the World Bank indicator reported in the Corporate Scorecard is defined more broadly as "time spent by all professional staff (in grades GE to GI, including managers, as well as ETCs in grades EC1 to EC4 in Regions and Networks) on tasks managed outside their VPU as a percentage of total time recorded by such staff" than our indicator which only accounts for professional staff GF and above.
**** The indicator captures co-financing from recipients executed TFs, MDTFs, donor partners, and special financing. It may not capture whether parallel financing is occurring.

Notes

1 Ethiopia's transfers, through the Productive Safety Nets Program (PSNP), have also helped boost tree-planting and thus helped environmental sustainability. (Andersson, Mekonnen, and Stage 2009). In the Dominican Republic, "The Program impact on earnings was statistically significant for young males and adult females... the estimated Program impact on employment was statistically significant for adult females only" (Aedo and Nuñez 2001).

2 Growth Commission 2008. 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 Boeri and Terrell 2002 and Garibaldi and Brixiova 1998.

3 The strategy builds on the World Bank's first social protection and labor strategy (World Bank 2001) and a decade of successful operational and analytical engagement. It maintains the first strategy's fundamental development objectives—greater security, greater equity and good jobs—and builds on experience and evidence to reframe these objectives to a more explicit operational context consistent with new global priorities and contexts, and reflective of the World Bank's global social protection and labor practice.

4 This definition corresponds to that in the original social protection and labor strategy (World Bank 2001), which was that social protection consists of public interventions (i) to assist individuals, households, and communities

18 This definition corresponds to that in the original social protection and labor strategy (World Bank 2001), which was that social protection consists of public interventions (i) to assist individuals, households, and communities in better managing risk, and (ii) to provide support to the critically poor. The three goals of resilience, equity, and opportunity equate to what is more widely known among social protection and labor practitioners as the "3P" framework: prevention, protection, and promotion; see World Bank 2011a, the concept note for this strategy, and Deveraux and Sabates-Wheeler 2004.

19 See the definition of equity in the 2006 *World Development Report* (World Bank 2006).

20 The equity principles of protecting against destitution and providing equality of opportunity are articulated in the 2006 World Development Report: Equity and Development

21 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 Holzmann and Jorgensen 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 Guhan 1994). In the academic literature, see Sabates-Wheeler and Devereux 2008). The 3P frameworks has also been adapated by a number of institutions and countries, for example by the African Union.

22 See Alderman and Yemtsov 2012. Background paper to this strategy.

23 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.

24 *Ibid*

25 For SPF-I, see box 2.1, and ILO 2011a. ILO 2005, OECD 2009, EC 2010 discusses links with pro-poor growth; Yemstov et al. 2012 assesses the productive role of social protection, including a review of impacts at the micro, meso and macro levels.

26 See World Bank (2011e): "World Development Report 2013: Jobs–Outline" October 25, 2011, The World Bank, Washington DC.

27 World Bank, 2001b.

28 All dollar amounts are U.S. dollars unless otherwise indicated.

29 Honorati et al. 2012. Background paper to this strategy.

30 Ibid.

31 Lessons from World Bank Group Responses to past Financial Crises (2008), Evaluation brief n.6 IEG, WBG.

32 IEG evaluations ratings, from Business Warehouse.

33 See IEG. 2011a. Executive Summary, page x.

34 Honorati et al., 2012. Background paper to this strategy.

35 See IEG, 2008.

36 See IEG. 2011a and IEG. 2011b.

37 Results Readiness (2010) shows that 50 percent of SPL projects have a IE component. This is the highest percentage in the World Bank.

38 The social risk management framework identifies SPL as aiming (i) to assist individuals, households, and communities better manage risk, and (ii) to provide support to the critically poor (Holzmann and Jorgensen, 2000).

39 IPCC 2011.

40 Mitchell and van Aalst 2011.

41 See, for example, the data in Centre for Research on the Epidemiology of Disasters (www.cred.be) and Table 1 in Hale, Razin, and Tong 2008.

42 "New World, New World Bank Group: (I) Post-Crisis Directions", submitted to the Development Committee, April 20, 2010.

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

44 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).

45 The June 2011 International Labor Conference called on member countries to adopt a two-dimensional strategy to extend social protection coverage and build coordinated and comprehensive social protection systems, implementing national social protection floors as a first priority within such strategies.

46 This section is based on Robalino, Walker, and Rawlings 2012. Background paper to this strategy.

47 For a compelling review of how Ethiopia's new approach has saved lives, see the One Campaign video documentary by Mohamed Amin at http://www.youtube.com/watch?v=Iri9Y4A5Yfl

48 Data from household surveys, SP Atlas

49 World Bank 2011a.

50 World Bank 2011a.

51 Bruni et al. 2010.

52 Strauss and Thomas 2008.

53 Goldstein 1999.

54 Based on World Bank pension database covering 78 LICs, there were about 100 million contributors from a labor force of almost 900 million or about 11 percent.

55 See Chawla, Betcherman and Banerji 2007.

56 Chen and Ravallion 2010.

57 See IEG (2011).

58 See Marzo and Mori. 2012. Background paper to this strategy.

59 See, for example, Heckman 2008.

60 Friedman and Sturdy in Alderman et al. 2011

61 Baird, Friedman, and Schady 2010.

62 Giles and Satriawan 2010.

63 Waters and Pradhan 2003.

64 See World Bank (2010b)

65 See Almeida, Bernstein,and Robalino (forthcoming)

66 The strategy builds on the World Bank's first SPL strategy from (World Bank 2001) and a decade of successful operational and analytical engagement. It maintains the first strategy's fundamental development objectives–greater security, greater equity and good jobs–and builds on experience and evidence to reframe these objectives to a mnegcient(operationan coo ean cristpmeny wi2s negcal Robst priorients and coo esan, anren fl)839( )3ffective orld Bank'gl Robst SPpr(Faice.fl)]TJ -2.5 -1.682 Td 6(4)41(7)-1104(F)20(oa m)2in(fmeraties, see Almeian et al. 2012. Background pa

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72 See, for example, Duflo 2003; and Baird, McIntosh, and Ozler, 2010.

73 See Grosh et al 2008.

74 See FAO,2010.

75 Research also shows that significant reductions in regulations can increase the number of business and wage employment (see Bruhn 2011 and Klapper and Love 2010). Important questions remain in terms of how different regulations and policy interventions affect competition (for example, competition councils, anti-trust law) and ultimately jobs. (Hallward-Drieimier and Pritchett 2010).

76 *Jovenes* programs have a strong emphasis on demand-driven skills training, ensured by ex ante agreements with the private sector to provide internships to their graduates. Wages during the internship are financed by the program.

77 The program, which is not specifically targeted to a disadvantaged population, provides a stipend equivalent to the minimum wage to beneficiaries while the private sector businesses provide the training and the internship (for a minimum of 3 months) and cover the training costs. Most importantly, private firms have to agree to retain at least 70 percent of the trainees for a year each in order to participate in the program (Ibarraran and Rosas, 2009).

78 For a detailed review of programs and a more in depth discussion of the various issues see Almeida et al 2012, a background paper to this strategy. For a recent discussion about how wage subsidies are used in Tunisia see Robalino et al. 2011.

79 Some of these and other programs (such as work-sharing) have also being used to protect jobs during a recession. Their use, however, is more controversial. More effective interventions to temporarily help firms in distress can include credit and access to public tenders.

80 See the STEP framework as presented in World Bank. 2010b.

81 The material is this box is developed by Hideki Mori

82 Support for monitoring should not be confined to client counterparts directly responsible for SPL. As noted in the 2011 IEG report on social safety nets, support is also needed to strengthen central statistical capacity to collect harmonized annual data on expenditures and coverage for SPL programs, as well as to monitor poverty and living standards, especially over the long term and in LICs and fragile states

83 See Basset et al. 2012.

84 “On-budget” refers to funding that is part of the national budget process and includes both government resources and those from development partners.

85 For example, The World Bank Disaster Risk Financing and Insurance (DRFI) Program in the Financial and Private Sector Development network works with countries to increase their financial response capacity post-disaster and reduce the economic and fiscal burden of natural disasters. The DRFI Program builds on a four pillar approach to increase countries’ financial resilience to natural disasters, including sovereign disaster risk financing, property catastrophe risk insurance, agricultural insurance, and disaster microinsurance.

86 IFPRI/CSA 2009.

87 Detailed information about the partnership as well as products and activities are available at www.gpye.org

88 The JKP has been launched in mid 2011 and will go live in January 2012. The objective of the JKP is to catalyze a multi-sectoral (HDN, PREM, FPD) approach to the jobs agenda. This is done through partnerships bringing together policy makers, researchers, the private sector, unions and the development community to share lessons learned and best practices and to create new ways to tackle the challenge of expanding job opportunities. Partners include IZA, LACEA, IDRC, McKinsey, Fedesarrollo, AERC, and others.

89 Financed by Austria, Germany, Korea, Norway, and Switzerland.

90 Tier 1 and tier 2 indicators are monitored by LICs and MICs and by gender when data are available.

91 See Rawlings et al. 2011 and Honorati et al 2011.



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