

# The World Bank and Social Protection Overview



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# Outline

2

- What is social protection?
- Key concepts of social protection: systems; policies, programs, schemes, and instruments; communities and households; design and implementation; performance of programs
- Types and functions of social protection
- Social Insurance
- World Bank and Social Protection
- Pensions Core Course history and objectives
- Pensions Core Course: Outline



3

# Social Protection

Global revolution

Definitions

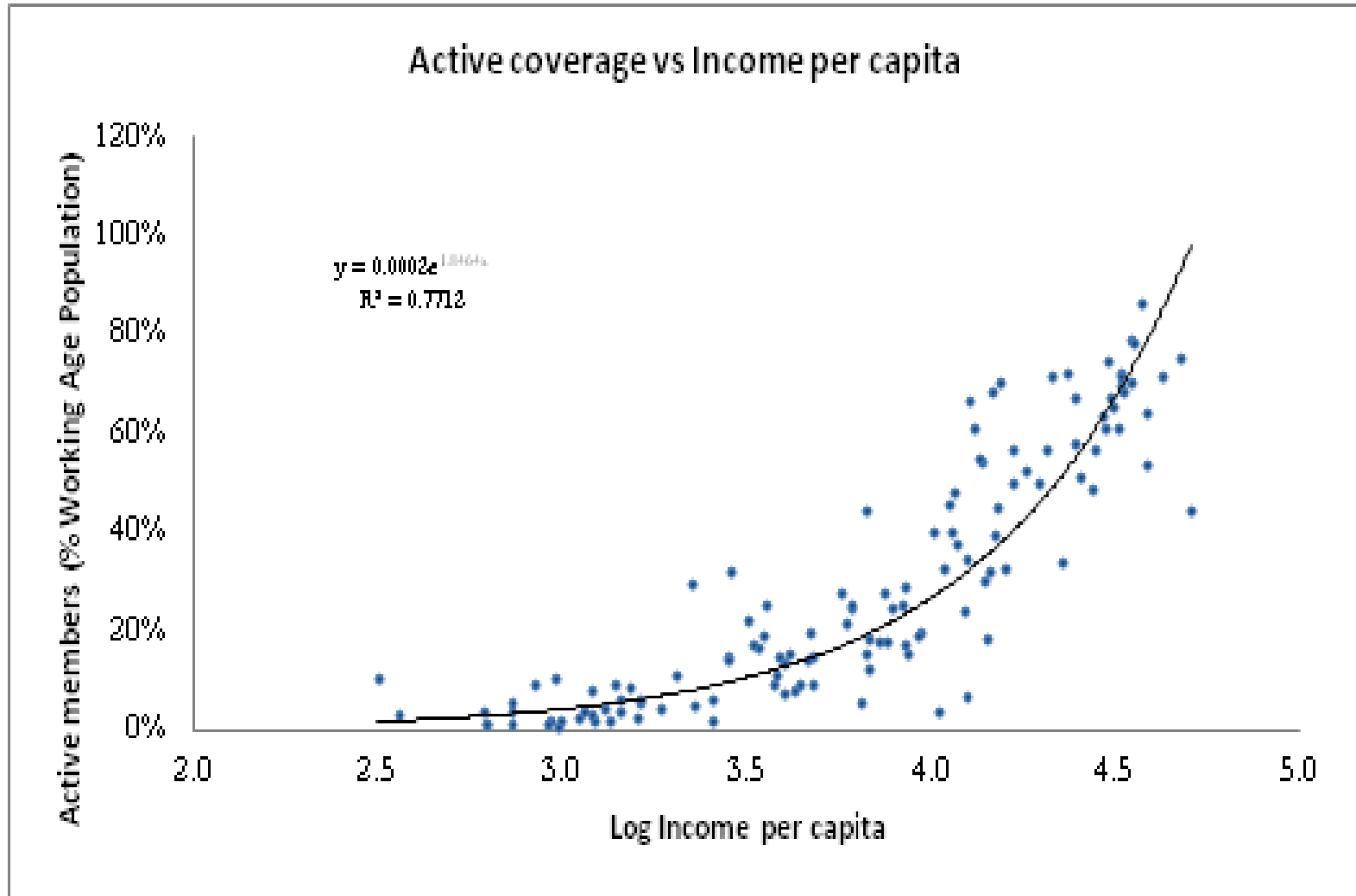
Key concepts

Types and functions



# Pre revolution view: be rich to be protected

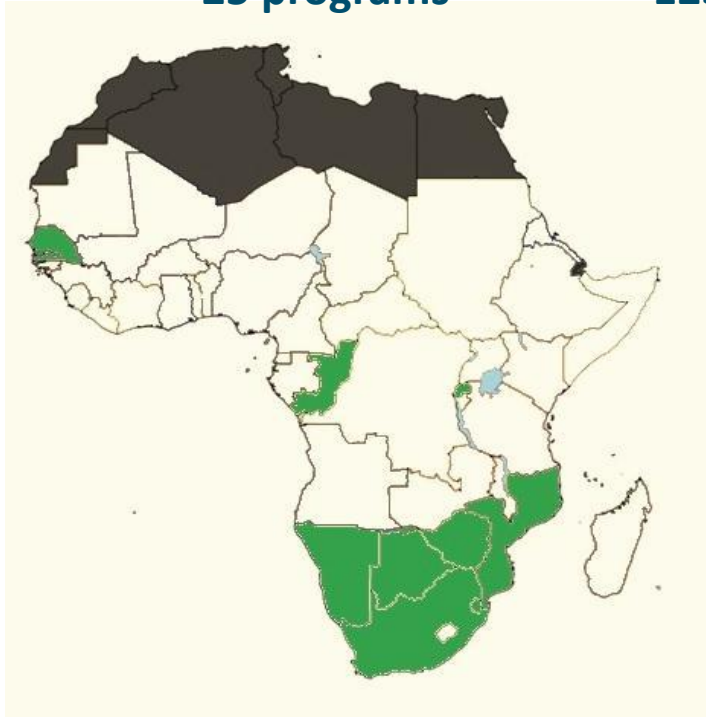
4



# The revolution is happening where needs are greatest Rapidly

**2000**

9 countries,  
25 programs\*



**2010**

35 countries  
123 programs



**2012**

41 countries,  
245 programs



Human Development *Network*

\* Counts CTs with clear start dates only; green countries have had or currently have a CT



# Social protection contributes to gender equality, opportunities and better access to services

## Gender equality

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

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

## Nutrition

Increased resources for poor families reduce hunger and malnutrition

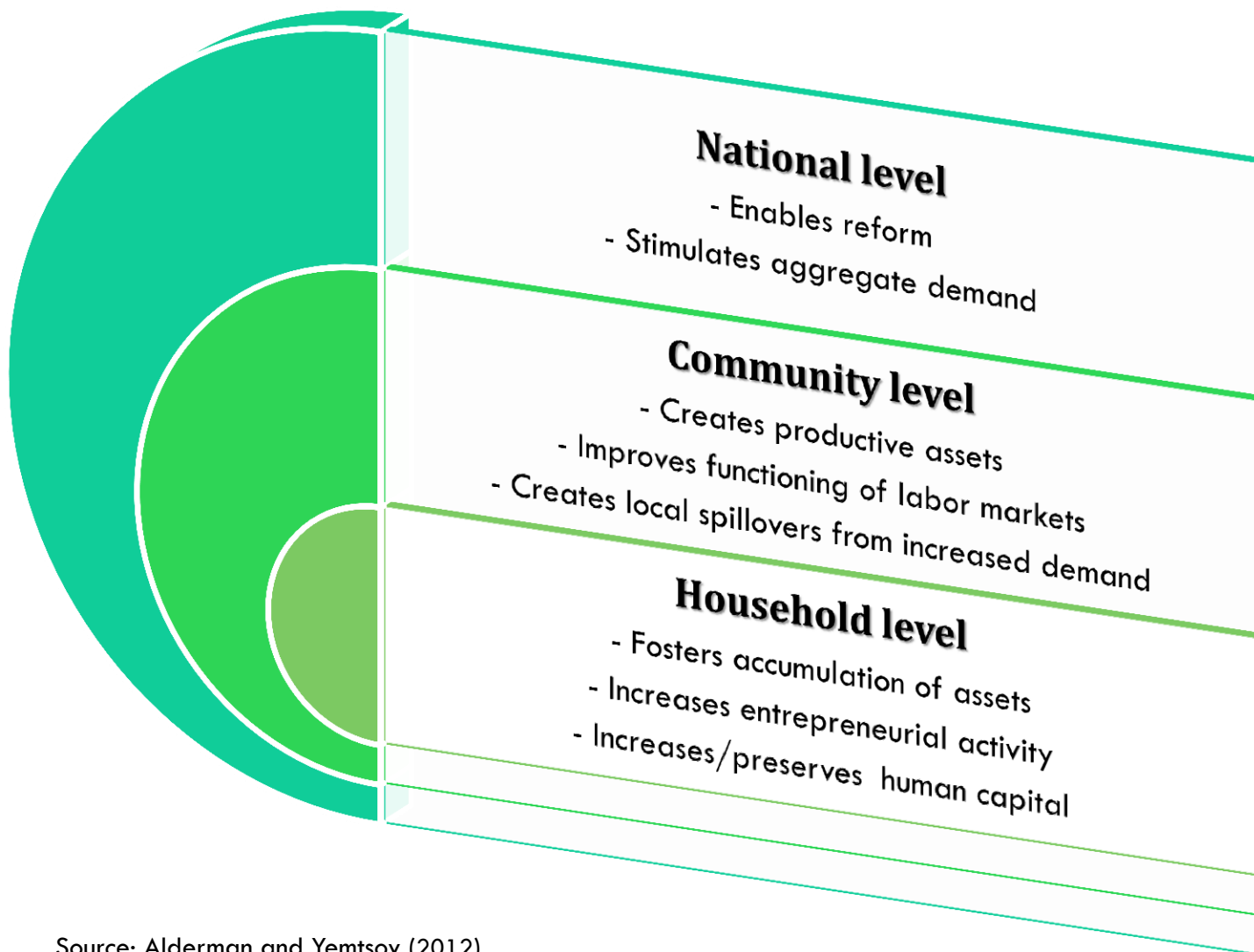
Improved nutrition in first 1000 days of life have huge impact on future incomes/productivity

## Access to education/health

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

Transfers during shocks preserve human capital

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



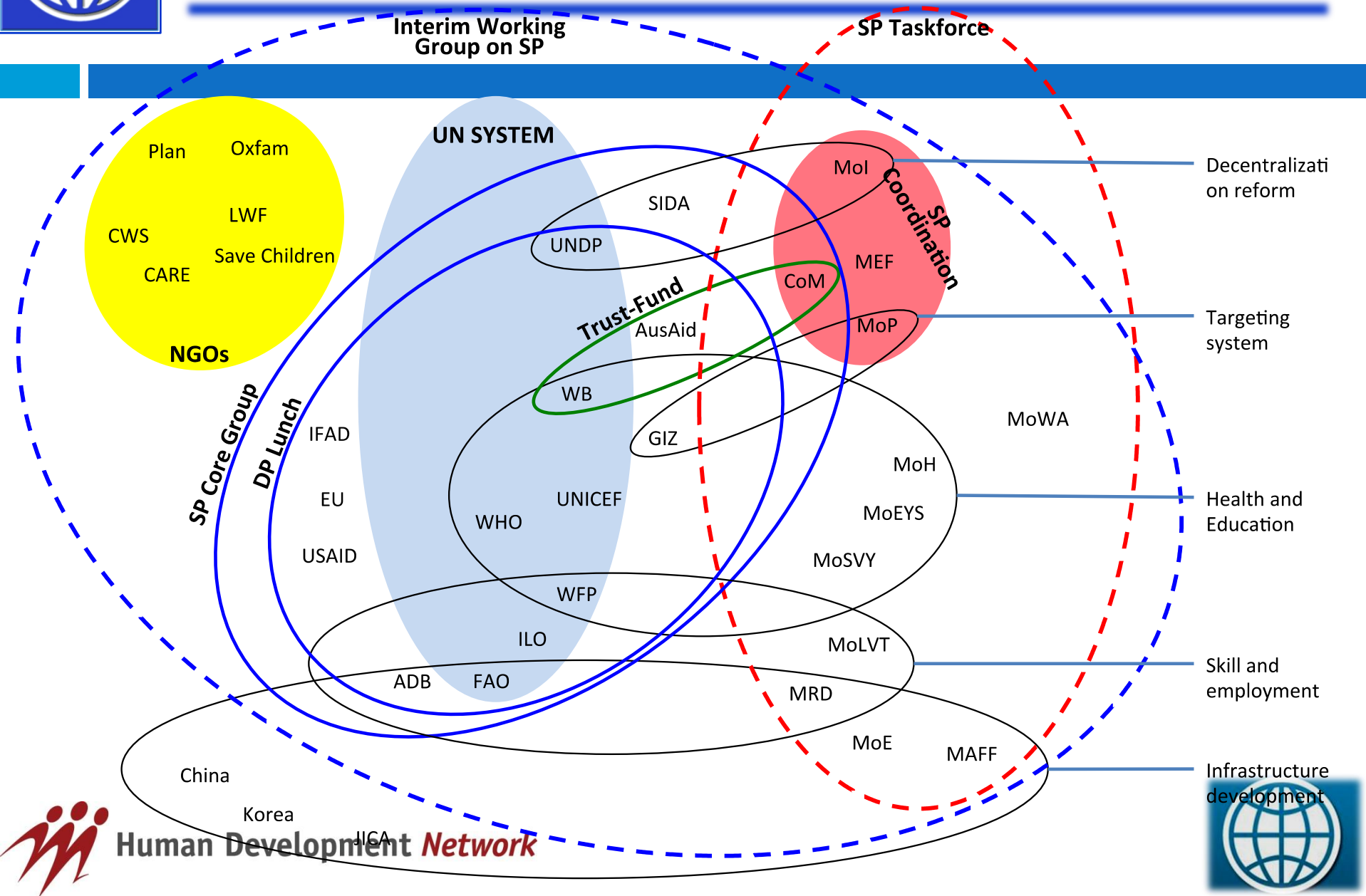
- But what is social protection?
- Still means different things to different actors
- Which leads to fragmentation



Agency	Definition
<b>Multilateral Development Banks</b>	
<b>World Bank</b>	Social Protection is a collection of measures to improve or protect human capital, ranging from labor market interventions and publicly mandated unemployment or old-age insurance to targeted income support. Social Protection interventions assist individual, households, and communities to better manage the risks that leave people vulnerable.
<b>AfDB</b>	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).
<b>ADB</b>	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.
<b>IDB</b>	Prevention and compensation systems to reduce the impacts of shocks on the Latin American poor.
<b>United Nations</b>	
<b>United Nations</b>	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.
<b>ILO</b>	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.
<b>UNDP</b>	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.
<b>UNICEF</b>	A set of public actions which address not only income poverty and economic shocks, but also social vulnerability, thus taking into account the inter-relationship between exclusion and poverty.
<b>WFP</b>	Integrated systems of institutionalized national measures, which may include contributory pensions, insurance schemes and safety nets.
<b>Bilateral Donors, EU and OECD</b>	
<b>DFID</b>	Social protection can be broadly defined as public actions – carried out by the state or privately – that: a) enable people to deal more effectively with risk and their vulnerability to crises and changes in circumstances (such as unemployment or old age); and b) help tackle extreme and chronic poverty.
<b>SIDA</b>	The concept of social security systems is defined as formal systems that create security for human beings in vulnerable situations.
<b>EU</b>	Measures put in place to provide a minimum standard of welfare and to protect citizens against the risks of inadequate income associated with unemployment, illness, disability, old age, the cost of raising a family, or the death of a spouse or parent.
<b>GTZ</b>	A framework that helps people to cope with life's risks and cushion their consequences.
<b>OECD</b>	Social protection refers to policies and actions which enhance the capacity of poor and vulnerable people to escape from poverty and enable them to better manage risks and shocks.

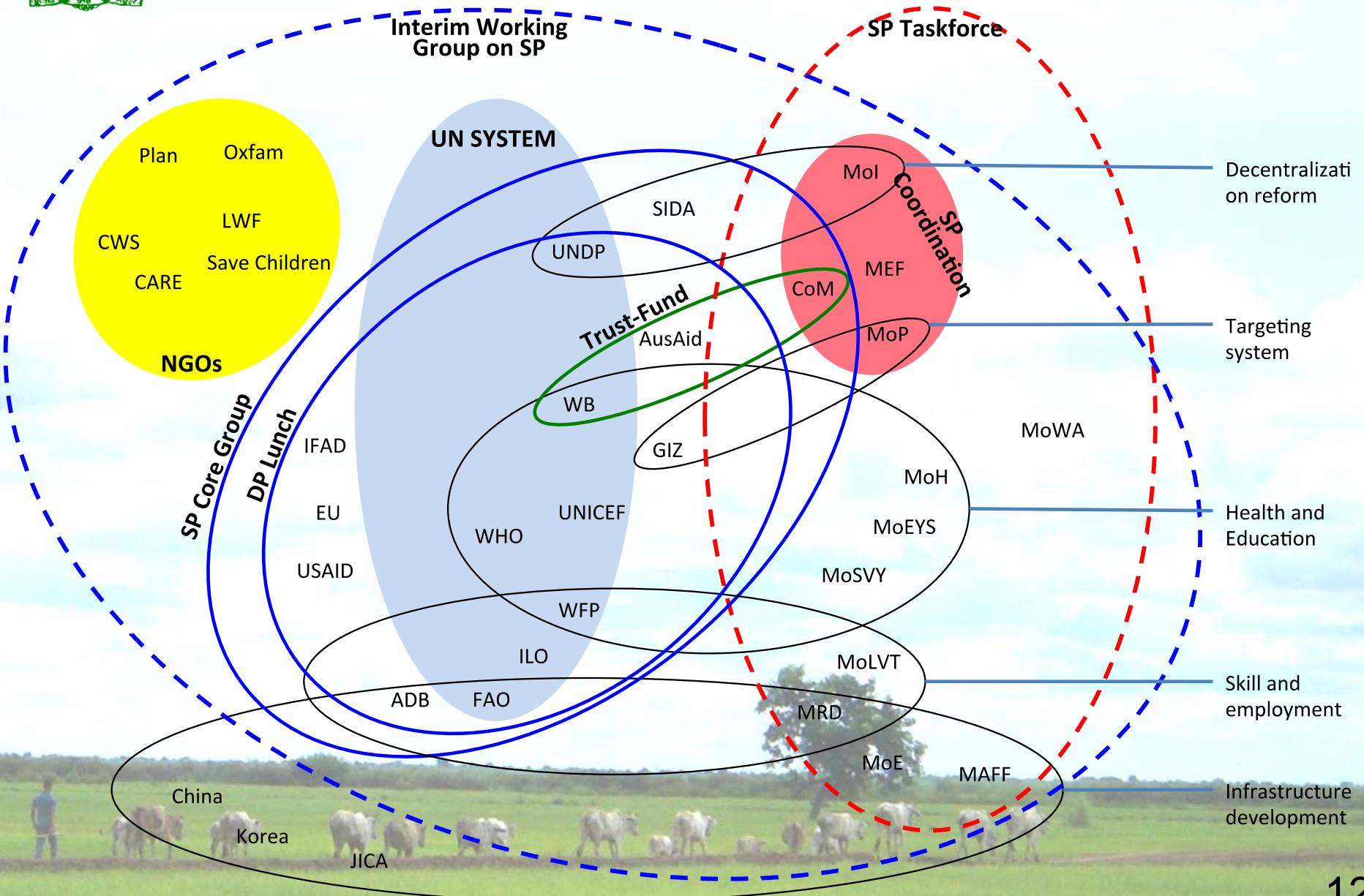


# Institutional arrangement





# Different actors support different programs





# Fragmentation of SPL...

... e.g., Bangladesh: 100+ SPL programs in 2012

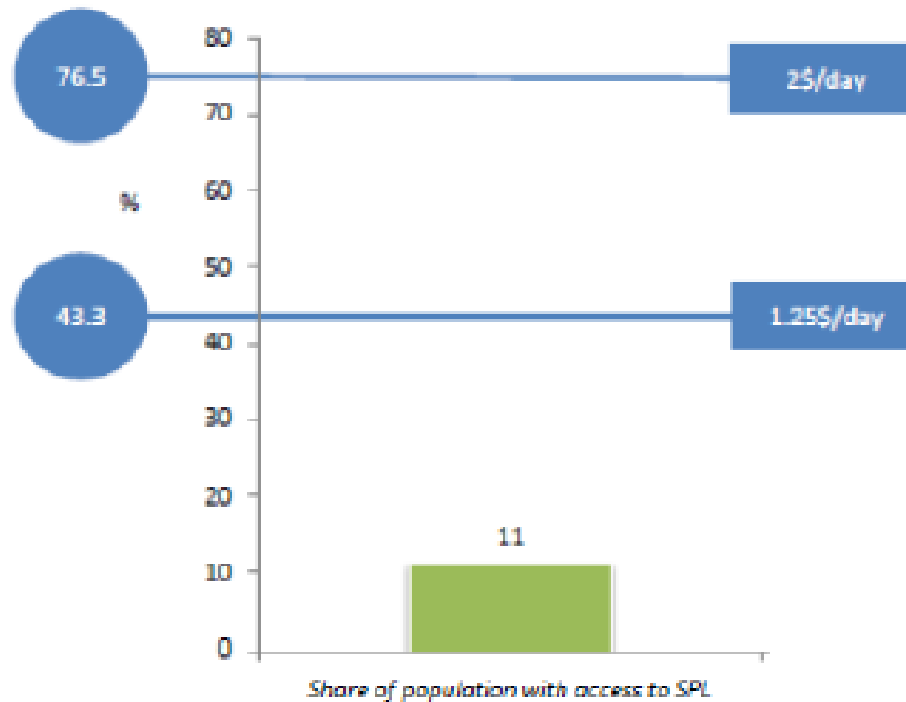


Source: WB/CPIA (2013); Khandker et al. (2011); UNDP (2009); Ahmed (2007)



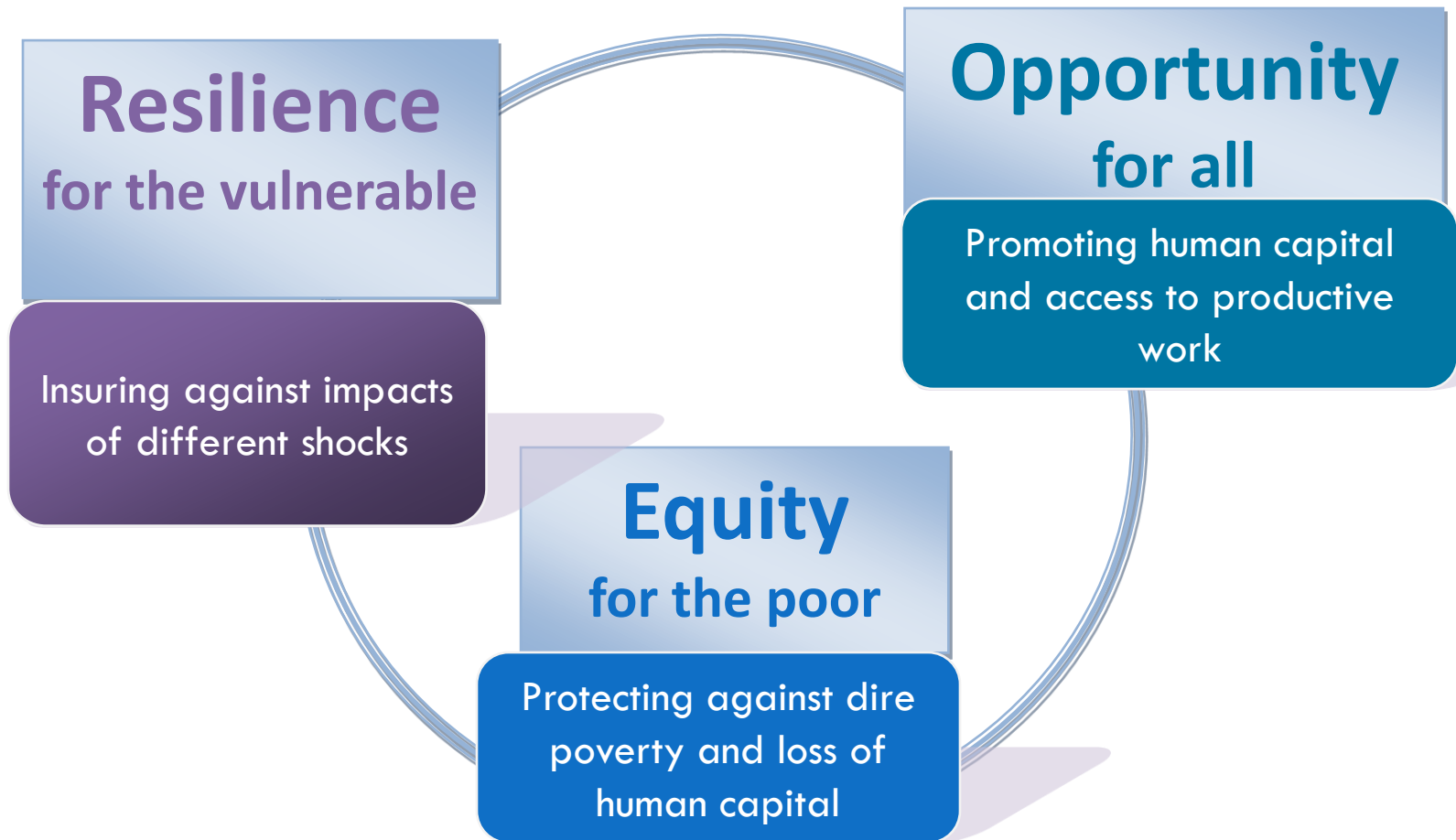
# ...leads to coverage gap

- ... programs in Bangladesh reach *as a whole* an average of one-tenth of the population



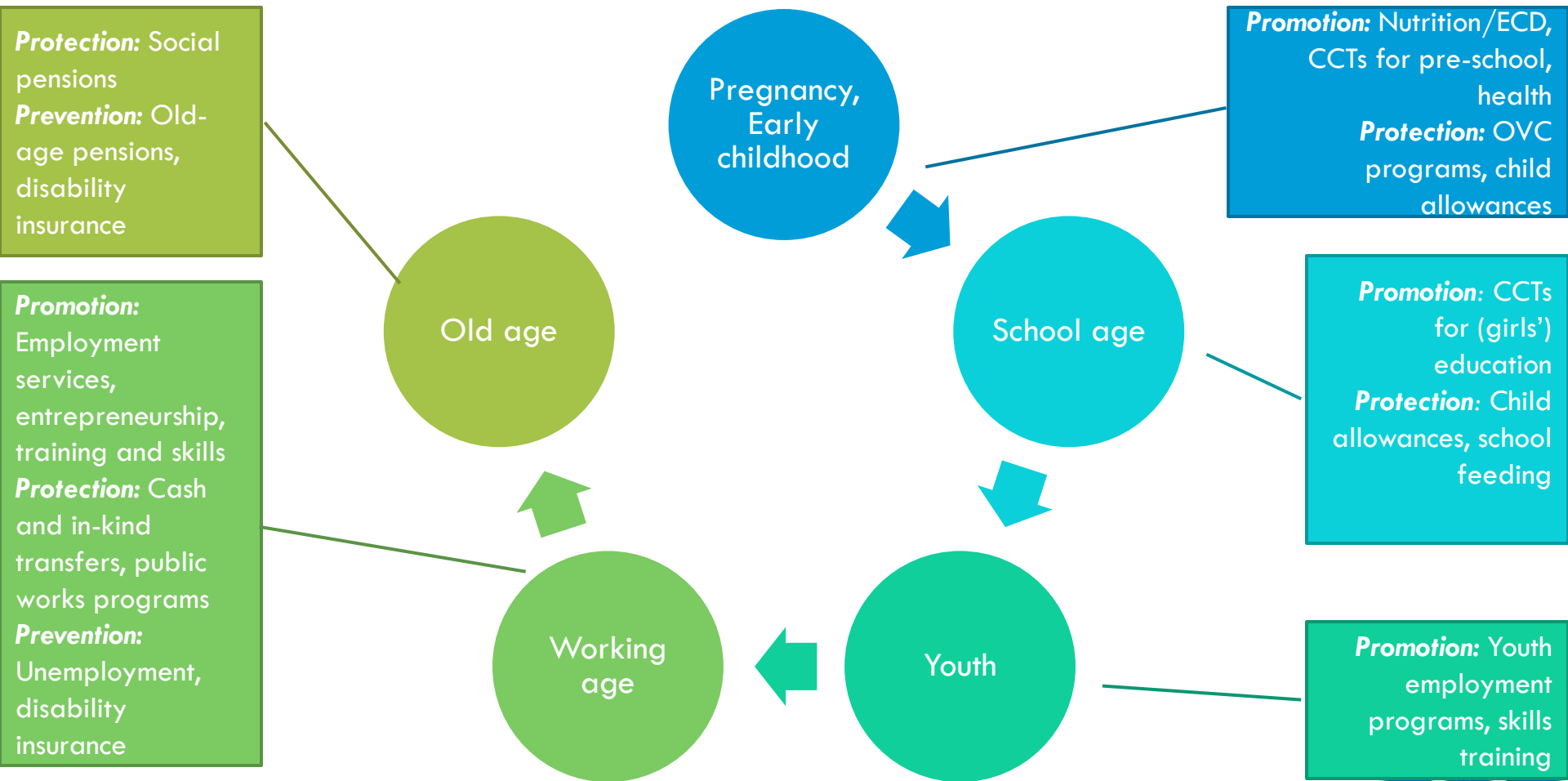
Source: WB/ASPIRE, WDI

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





# A life-cycle approach to building resilience and opportunity: Examples



# Key concepts

17

- Communities, households, individuals;
- Poor and vulnerable;
- Targeted and universal;
- Policies, programs, schemes, and instruments;
- Design and implementation;
- Monitoring and Evaluation;
- Performance of programs

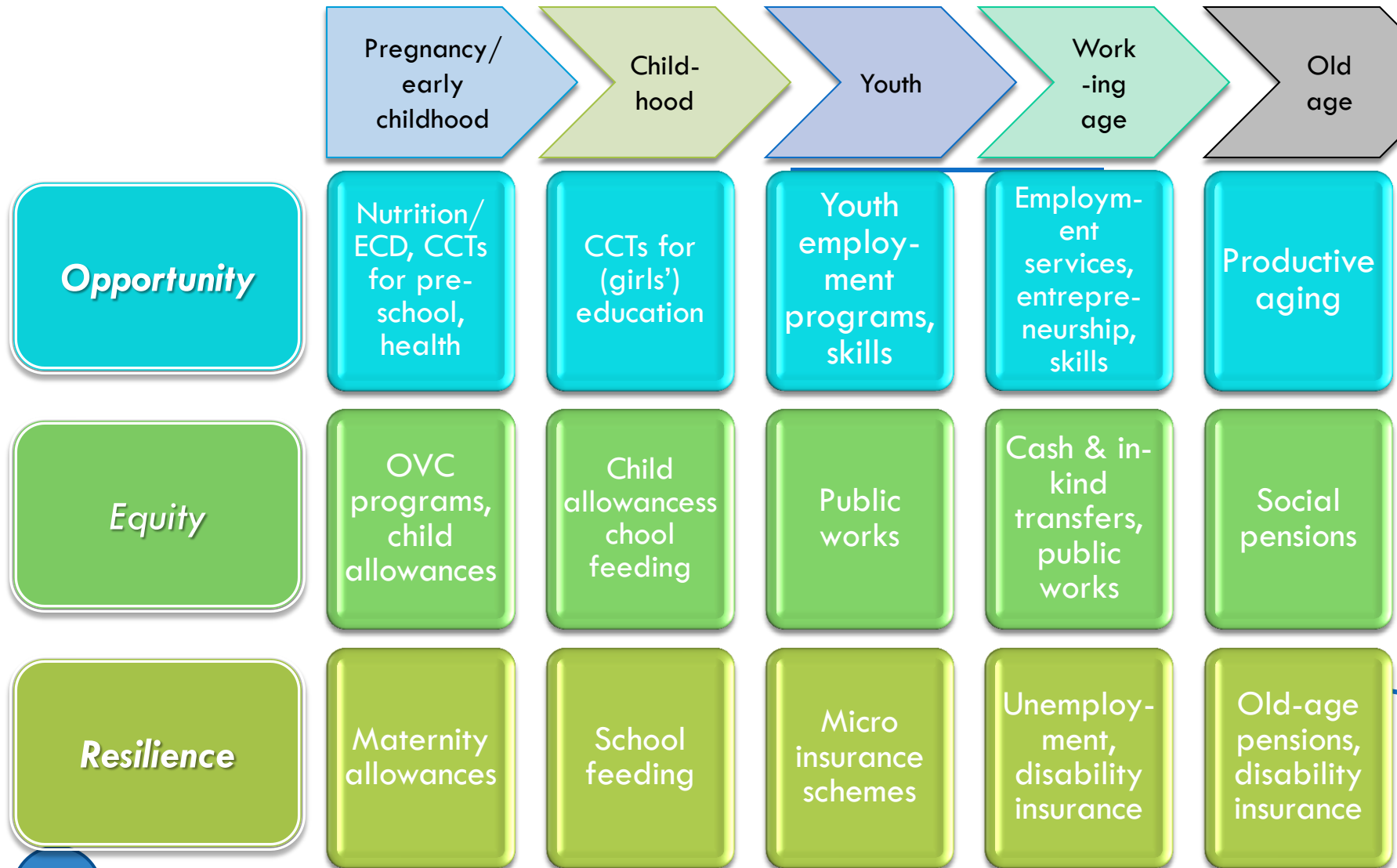




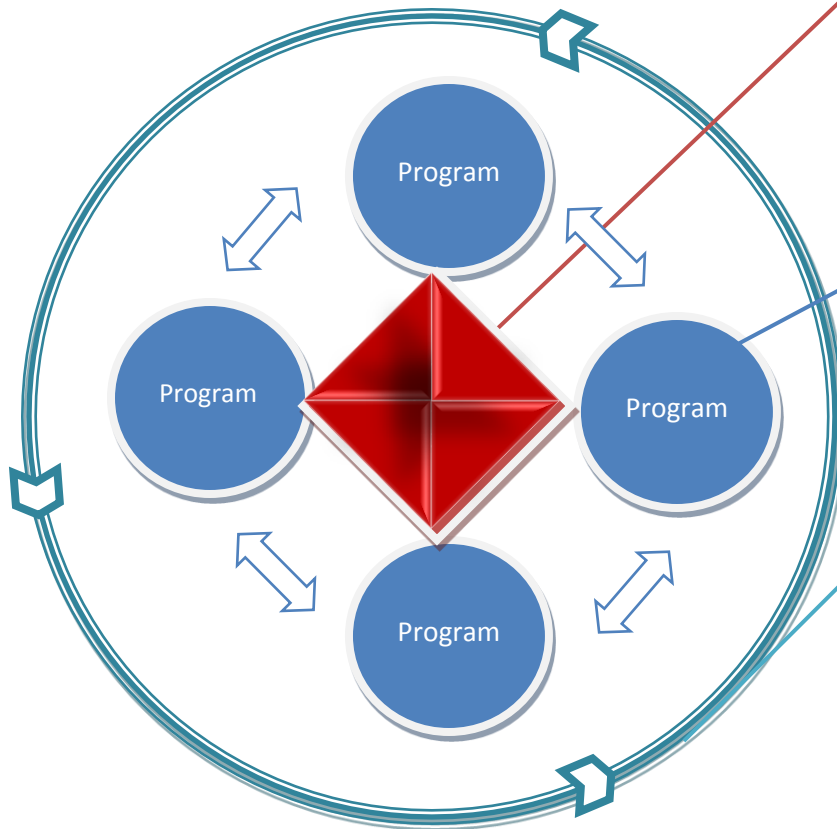
# Types of social protection

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

# Social protection functions and lifecycle



# Social protection systems



## Administration level:

*Aim:* Building basic subsystems to support one or more programs for security, equity or opportunity

## Program level:

*Aim:* Improving design of existing programs and harmonizing across portfolio of programs

## Policy Level:

*Aim:* Ensuring overall policy coherence across programs and levels of government



# Systems: Better social protection for the future

## Low capacity contexts

Few or no functional formal 3P programs

Goal: Building the “nuts and bolts” sub-systems to provide one or more 3P functions

## Emerging capacity contexts

Existing systems often fragmented, with limited capacity to coordinate

Goal: Improving efficiency and efficacy of each program, improving coordination across programs

## Better capacity contexts

Well-functioning programs with aligned incentives and clear institutional roles

Goal: Policy coordination to ensure efficiency, equity and incentive compatibility

# Towards SP&L Systems for Security, Equity and Opportunity

## Features of **SMART** SP&L Systems:

- **S**ynchronized
- **M**easurable
- **A**ffordable
- **R**esponsive
- **T**ransparent and  
accountable

Different SP&L tools and programs are connected, with overall policy coordination

Monitored, evaluated and adapted on basis of results

Affordable, efficient and fiscally sustainable

Program portfolio can respond to crises

Well-governed, with clear rules, roles and controls

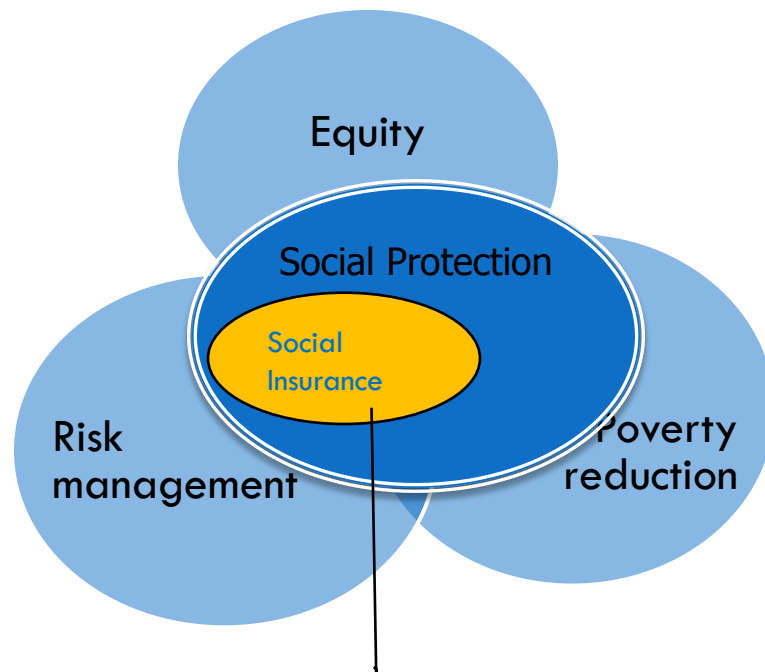
23

# Social Insurance



# Social Insurance

- **Contributory**
  - ▣ Contributions
  - ▣ Taxes & subsidies
  - ▣ Savings arrangements
- **Examples:**
  - ▣ Old Age pensions insurance
  - ▣ Disability insurance
  - ▣ Survivorship insurance
  - ▣ Health insurance
  - ▣ Unemployment insurance



*Minimum pensions are non-contributory social insurance but may involve fiscal transfers. Social pensions may be categorized as social assistance but are part of a wider social protection system for the elderly.*



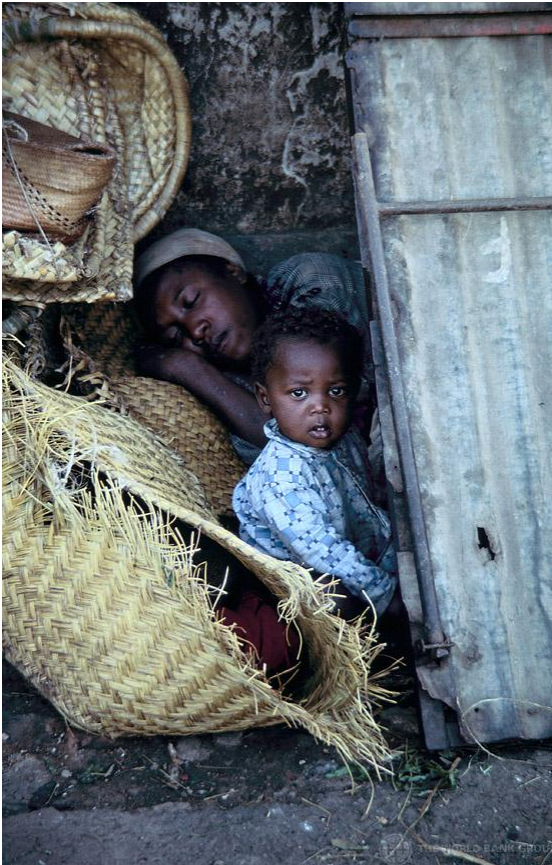
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# World Bank and Social Protection



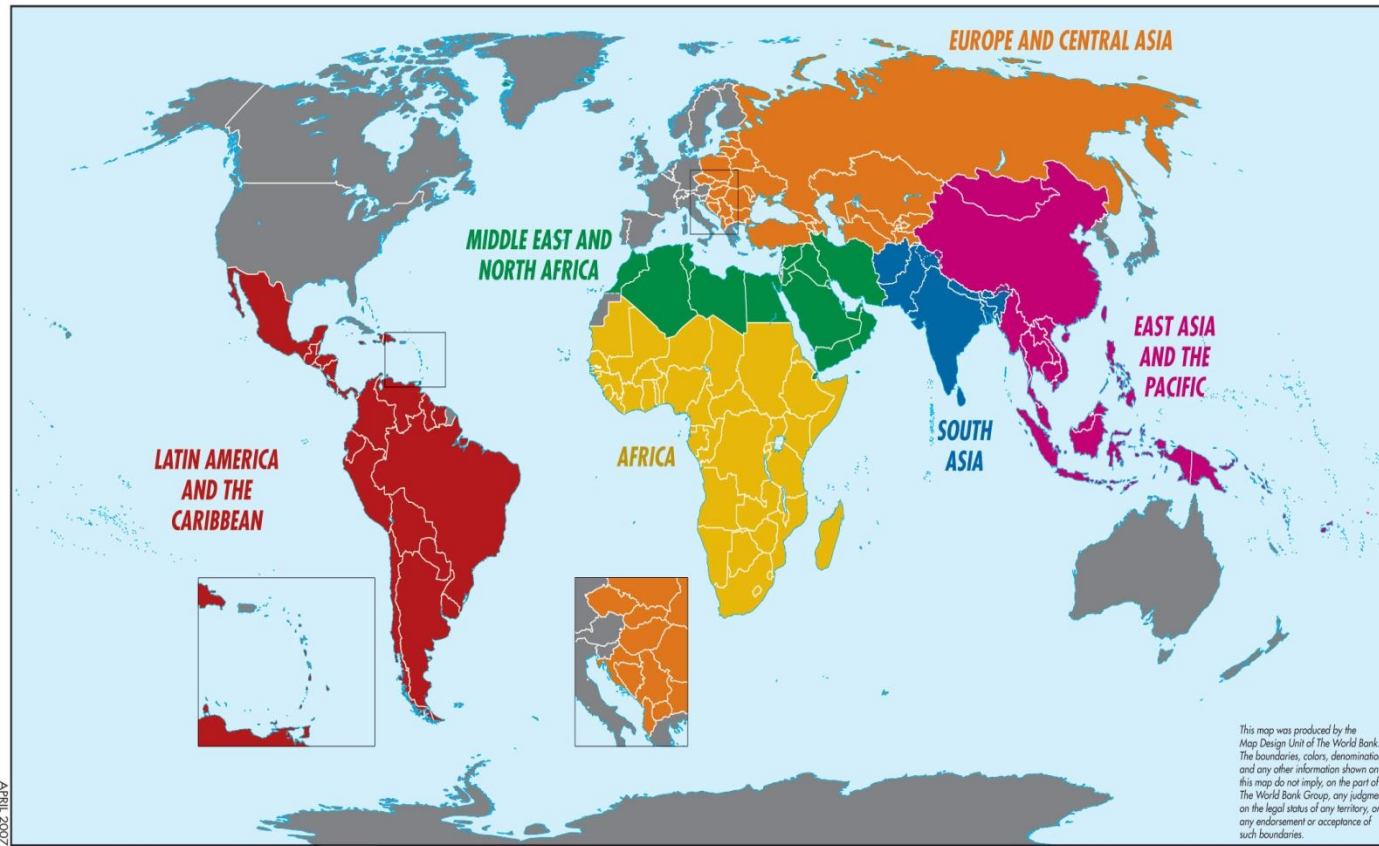


# World Bank Mission



- Eradicate poverty, achieve shared prosperity (reduce social inequity, improve opportunity for all)
- Low- and middle-income countries
- Approach
  - Multi-sectoral
  - Country ownership
  - Inclusive: Govt, CSOs, private sector

# Where We Work



# World Bank Staff

- 10,000 (6,000 in DC and 4,000 in 131 country offices)
- 165 nationalities
- 140 languages
- 55% of total staff from developing countries



# The World Bank's Role in Development

29

- **A Development Finance Institution:**
  - ▣ The largest provider of development assistance(over \$50 bln per year since 2008 crisis; \$30 bln pre-crisis, 2005-7)\*
- **A Global Partner:**
  - ▣ Works with Govts, NGOs, Private Sector, Bilaterals, Multilaterals
- **A Knowledge Bank:**
  - ▣ Provides technical assistance from its global knowledge and diverse pool of skills

\* IBRD, IDA and IFC new commitments; IDA new commitments is about \$15 annually



# International Bank for Reconstruction and Development (IBRD)

- 187 member countries
- Lends to middle income countries
- Repayment over 25 years
- Funds mainly from borrowing on capital markets
- Sells bonds in international capital markets
  
- Flexible loan rate at: LIBOR + 17 basis points

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



# International Development Association (IDA)

- 171 member countries
- Lends to poorest countries (81)
- Funded largely from wealthier government contributions, with additional funds from IBRD profits and repayments of earlier IDA credits
- Repayment over 25-40 years
- Credits carry 0.75% service charge, no interest

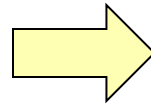
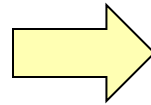
[www.worldbank.org/ida](http://www.worldbank.org/ida)



# Funding and Agencies

## Sources of Funding

- International bond markets
- Donor commitments
- Repayments
- Trust funds



## Agencies

International Bank for Reconstruction and Development

1944



International Development Association

1960



International Finance Corporation

1956



Multilateral Investment Guarantee Agency

1988



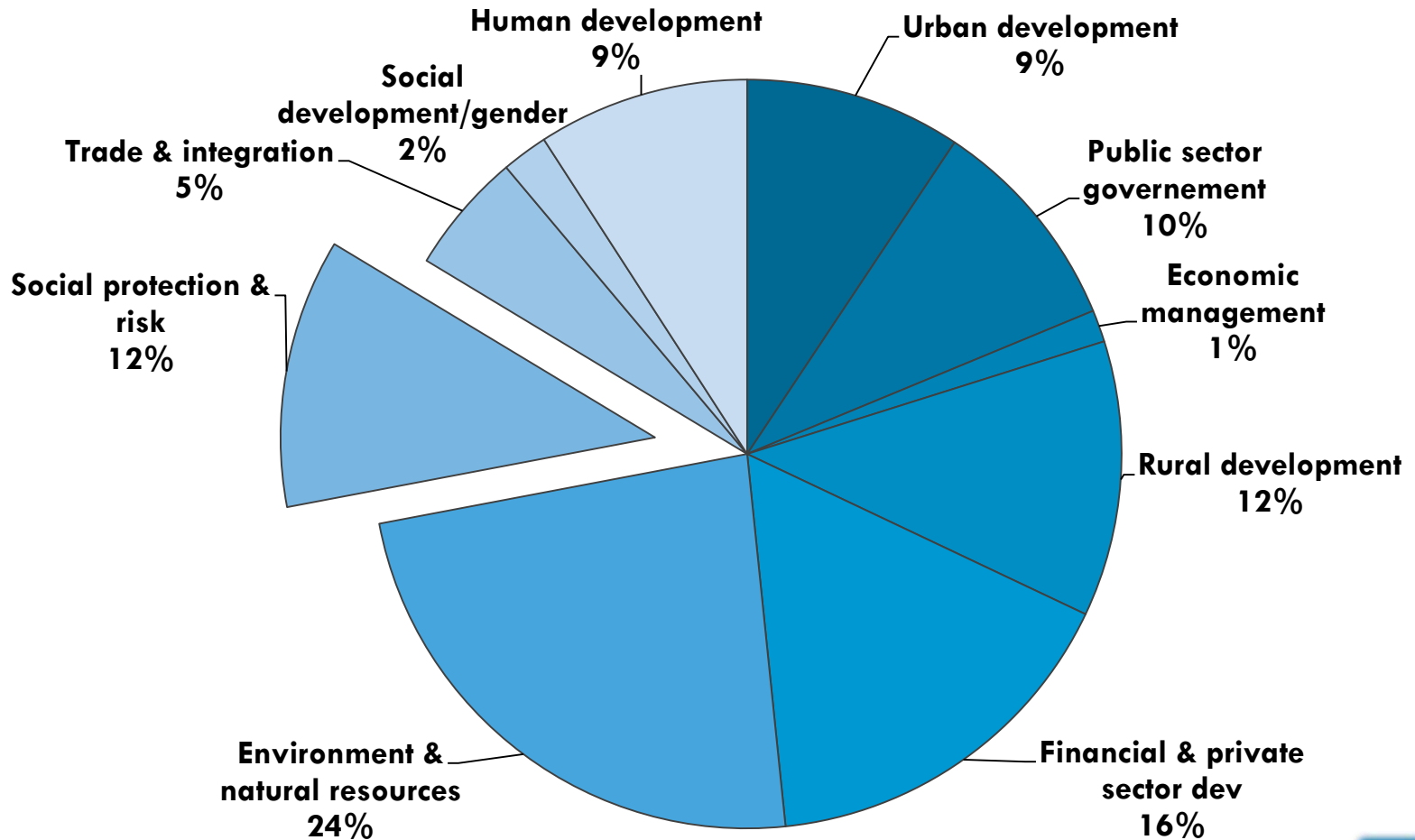
International Center for the Settlement of Investment Disputes

1966





# Bank Lending by Theme







## Social Protection: Results

- On average, in the last 3 years, **114 million poorest**, especially women and young, people benefited from SP
- The World Bank currently works with 88 countries on Social Protection and Labor issues, with investment and policy advice provided to 31 new countries (22 of them IDA) just since 2009.

### Challenges

- Fiscal **pressure** in client countries limits the **ability to expand the coverage**
- Weak record keeping and **M&E capacity**
- Weak **outreach capacity**, particularly in low income and fragile settings

35

# Pensions Core Course



# Objectives

36

- ❑ Conceptual framework to frame policy options
- ❑ Tools for evidence-based decisions
- ❑ Cross-country exposure to challenges and practices



# Outline

37

- ❑ Conceptual framework
- ❑ Diagnostic methodology & tools
  - PROST
  - ADEPT
  - APEX
- ❑ Regional and country examples
- ❑ Special Issues
  - Regulation and supervision
  - Investment management
  - Coverage



# Building Blocks

38

- Lectures
- Exercises
- Group projects
- Exchanges of experience



# Week 1

39

	Day 1 – Monday March 3	Day 2 – Tuesday March 4	Day 3 – Wednesday March 5	Day 4 – Thursday March 6	Day 5 – Friday March 7
8:00-9:00	Registration				
Theme(s)	<b>Introduction, SP&amp;L &amp; Pension Conceptual Framework</b>	<b>Conceptual Framework and Regional Examples</b>	<b>Analytical Tools – Indicators, ASPIRE &amp; Databases</b>	<b>Identification, Administration &amp; Regional Experiences</b>	<b>Analytical Tools – APEX &amp; PROST</b>
9:00-10:30	Introduction - Social Protection and Labor – Conceptual Framework	Non-contributory assistance for the poor – Social pensions and social assistance	Pensions and Social Insurance in Sub-Saharan Africa	The Role of Unique Identification in Pensions and Social Protection	Introduction to PROST
	Arup Banerji, Mark Dorfman, Ruslan Yemstov (World Bank)	Margaret Grosh, Robert Palacios (World Bank)	Mark Dorfman (World Bank)	Alan Gelb (Center for Global Development)	Tatyana Bogomolova, Miglena Abels (World Bank)
10:30-11:00	Coffee	Coffee	Coffee	Coffee	Coffee
11:00-12:30	Pensions Conceptual Framework	Public mandatory contributory schemes – Defined-contribution and Defined-Benefit	Introduction to Pensions Indicators, the ASPIRE & Pensions databases	Administrative Systems and Institutional infrastructure - Identity, data management, payment systems, targeting infrastructure	Introduction to APEX
	Mark Dorfman (World Bank)	Edward Whitehouse (Consultant)	Montserrat Pallares, Maddalena Honorati, (World Bank); Edward Whitehouse (Consultant)	Robert Palacios (World Bank); Eimar Coleman (Consultant)	Sergei Biletsky, (World Bank)
12:30-2:00	Lunch (provided)	Lunch (not provided)	Lunch (not provided)	Lunch (not provided)	Lunch (not provided)
2:00-3:30	International trends: demographic, labor markets, pension design, financing and institutional reform	Supplementary Occupational and Personal Pensions Arrangements	Spot Exercise - Parametric reform options in OECD countries	The Inverted Pyramid: Pension Reform in Eastern Europe and Central Asia	PROST Exercise
	Robert Palacios (World Bank)	Richard Hinz (World Bank, retired)	Edward Whitehouse (Consultant)	Anita Schwarz (World Bank)	Tatyana Bogomolova, Sergei Biletsky, Miglena Abels (World Bank)
3:00-3:30	Coffee	Coffee	Coffee	Coffee	Coffee
4:00-5:30	Members introduction, introduction to group projects	Group Projects	Spot Exercise (continued) Parametric reform options in OECD countries	<ul style="list-style-type: none"> <li>Enabling conditions &amp; adm. requirements for DC &amp; NDC Pension Schemes;</li> <li>Causes and effects of the reversals of Funded DC schemes.</li> </ul>	PROST Exercise (continued)
	Mark Dorfman – Facilitator (World Bank)	Mark Dorfman (World Bank)	Edward Whitehouse (Consultant); Montserrat Pallares, Robert Palacios (World Bank)	Agnieszka Chłoń-Domińczak (Warsaw School of Economics)	Tatyana Bogomolova, Sergei Biletsky (World Bank)



# Week 2

40

	<b>Day 6 – Monday March 10</b>	<b>Day 7 – Tuesday March 11</b>	<b>Day 8 – Wednesday March 12</b>	<b>Day 9 – Thursday March 13</b>	<b>Day 10 – Friday March 14</b>
<b>Theme(s)</b>	<b>Analytical Tools – ADePT</b>	<b>Private Pensions</b>	<b>Identification and Administration; Civil Service Reform</b>	<b>Topical Issues and Summation</b>	<b>Group Project Presentations</b>
9:00-10:30	Introduction to the ADePT analytical tool	Pension Investment Management	Closing the Coverage Gap	New Approaches to Old Age Income Protection	Group Project Presentations and Discussion
	Ruslan Yemstov, Brooks Evans, Claudia Rodriguez (World Bank)	Sudhir Rajkumar (World Bank Treasury)	Robert Palacios (World Bank)	Angel Melguizo (InterAmerican Development Bank), David Robalino (World Bank)	Groups E, F
10:30-11:00	Coffee	Coffee	Coffee	Coffee	Coffee
11:00-12:30	Interpretation of ADePT results	Pension Investment Management (Cont.)	Regional trends in pensions, social insurance and elderly assistance in Latin America	Summing Up – Insights from Country Data, conceptual framework and reform experiences	<ul style="list-style-type: none"> <li>Group Project Presentations and Discussion Groups G, H.</li> <li>Presentation of course certificates</li> </ul>
	Ruslan Yemstov, Brooks Evans, Claudia Rodriguez (World Bank)	Sudhir Rajkumar (World Bank Treasury)	Rafael Rofman (World Bank)	Robert Palacios, Mark Dorfman (World Bank)	
12:30-2:00	Lunch (not provided)	Lunch (not provided)	Lunch (not provided)	Lunch (not provided)	1:00 dismissal
2:00-3:30	ADePT exercise	Pension Regulation and Supervision	Civil service pension schemes	Group Projects – Presentation and Discussion	Groups A, B
	Ruslan Yemstov, Brooks Evans, Claudia Rodriguez (World Bank)	Richard Hinz (World Bank, retired)	Edward Whitehouse (Consultant)		
3:30-4:00	Coffee	Coffee	Coffee	Coffee	
4:00-5:30	Prost Exercise (Conclusions)	Group Projects	Case Example of Civil Service Reform: The US Thrift Savings Plan	Group Projects – Presentations and Discussion	Groups C, D
	Tatyana Bogomolova, Sergei Biletsky (World Bank)		James Petrick (Thrift Savings Plan)		



# Resources for the Course

*Old Age Income Support for the 21<sup>st</sup> Century*

*Closing the Coverage Gap*

*Pension Governance and Investment Management: Practitioner Perspectives*

Supplementary materials

Social Protection Discussion Papers

Data: ASPIRE, WORLD BANK Database

All presentations & materials - on USBs

Contact info for pension community

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

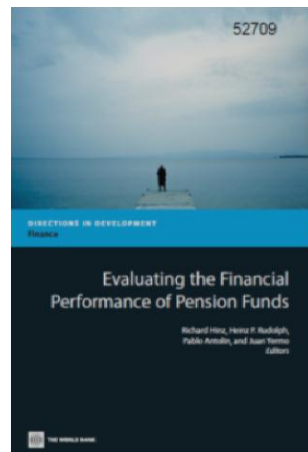
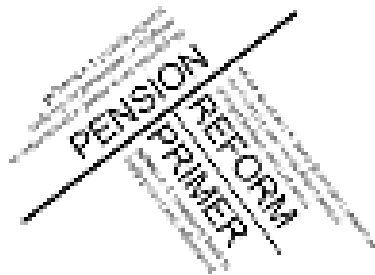
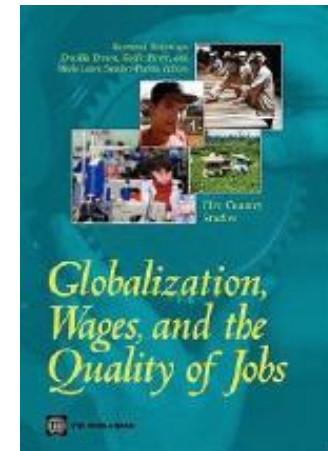
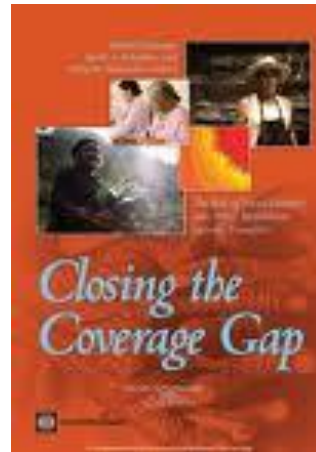




# Recent major analytical publications in SP (FY09-13)



42



# Data: worldbank.org/aspire

43

ASPIRE: THE ATLAS OF SOCIAL PROTECTION - INDICATORS OF RESILIENCE AND EQUITY

## Latin America & Caribbean

### Key Indicators

EXPLORE DATA DASHBOARDS

(%) Program participation - All Social Protection

58.3% 2005-2010

(%) Program participation - All Social Insurance

38.4% 2005-2010

(%) Program beneficiaries in 1st 20% - All Social Safety Nets

36.4% 2005-2010

(%) Program beneficiaries in 1st 20% - All Social Protection

21.7% 2005-2010

(%) Program beneficiaries in 1st 20% - All Social Insurance

13.6% 2005-2010

(%) Generosity of All Social Safety Nets - 1st 20%

23.6% 2005-2010

(%) Generosity of All Social Protection - 1st 20%

30.0% 2005-2010

(%) Generosity of All Social Insurance - 1st 20%

23.6% 2005-2010

Gini inequality reduction (%) - All Social Protection

5.4% 2005-2010

% of 1st 20% population not receiving Social Protection

36.4% 2005-2010

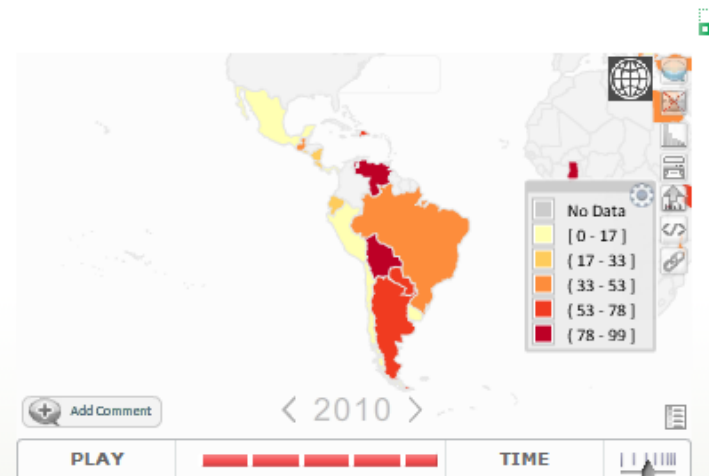
(%) Program participation - All Social Safety Nets

27.8% 2005-2010

Poverty Headcount reduction (%) - All Social Protection

42.2% 2005-2010

Poorest20% population not receiving any type of Social Protection & Labor Programs (per 1,000)



Global Social Protection, World Bank [See more data](#)

