

*Improving Social Protection
through Better
Social Risk Management*

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



Outline


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 - III. Creating more security II: Health
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



I. Three Broad Policy Objectives

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 To improve earning opportunities and the quality of jobs


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 To improve security through better management of risks


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 To improve equity and reduce extreme poverty through better assistance programs for vulnerable groups

II. Social Risk Management

-  SRM is a framework for thinking through social protection and employment issues
-  Based on concept that people face risks and need efficient and effective instruments to minimize and manage those risks
-  In the labor market, risks include:
 - Unemployment/underemployment
 - Low incomes (“working poor”)
 - Health threats, exploitation, etc.
-  All workers vulnerable to these risks, but some are more vulnerable than others

SRM – two key dimensions

-  Instruments to manage these LM risks can come from various sources:
 - Most obviously, governments through good policies and programs;
 - But also families, communities, unions/NGOs, employers, and markets play important parts.

-  Instruments can be targeted at different moments:
 - Before – to reduce the probability of the risk occurring (*risk reduction*), or to insure against it (*risk mitigation*);
 - After – to help relieve the impact after risk has occurred (*risk coping*).

Managing LM-related risks

	Informal/personal	Market/employer	Public policy
Risk reduction	<ul style="list-style-type: none"> • Invest in human capital • Less risky production • Migration 	<ul style="list-style-type: none"> • Training (private) • Commercial employment services • Bipartite agreements (labor, employers) 	<ul style="list-style-type: none"> • Macro policy • Investment climate • LM regulation, wage-setting • Education/training systems
Risk mitigation	<ul style="list-style-type: none"> • Diversify livelihoods • Family labor supply • Multiple jobs 	<ul style="list-style-type: none"> • Commercial insurance (e.g., disability) 	<ul style="list-style-type: none"> • Unemployment insurance/savings accounts • Disability/workers' compensation
Risk coping	<ul style="list-style-type: none"> • Putting others to work • Migration 	<ul style="list-style-type: none"> • Bipartite agreements 	<ul style="list-style-type: none"> • Active labor market programs • Social assistance






III. Progress and Achievements

I) Creating more and better jobs: MILES

Multi-sectoral policy framework for good job creation





Rationale for MILES approach

- 
 Unemployment/underemployment and low pay are not just a labor market problem
 - Focusing just on supply side measures (institutions, reservation wages, and matching) may be necessary, but seldom sufficient conditions for employment generation
 - On the demand side, essential factors include:
 - firm restructuring
 - firm dynamics
 - firm incentives
- 
 There are almost no ‘one size fits all’ recipes
 - the binding constraints, and thus the priorities, vary from country to country
- 
 This requires a multi-sectoral approach, with emphasis on costs and risks to job creation, and to participation in the formal sector

III. Progress and Achievements

II) Creating More Security: Pensions Policy Framework

- 
 The Bank supports a multi-pillar framework to manage and diversify risks comprised of
 - Social (non-contributory) poverty alleviation pillar
 - Modest earnings based public system
 - Mandatory funded individual accounts
 - Voluntary individual savings
 - Informal family support
- 
 No single model anticipated – Framework flexibly applied in consideration of:
 - Inherited and enabling conditions
 - Capacity of individual countries
 - Balance among core objectives

Evaluation Criteria for Application of the Model

Primary Criteria

- **Adequacy** – Poverty alleviation and consumption smoothing
- **Affordable and Sustainability** – alignment with fiscal conditions
- **Robust** – capacity to withstand shocks

Secondary Criteria

- Contribution to growth
- Development and efficiency of financial and labor markets

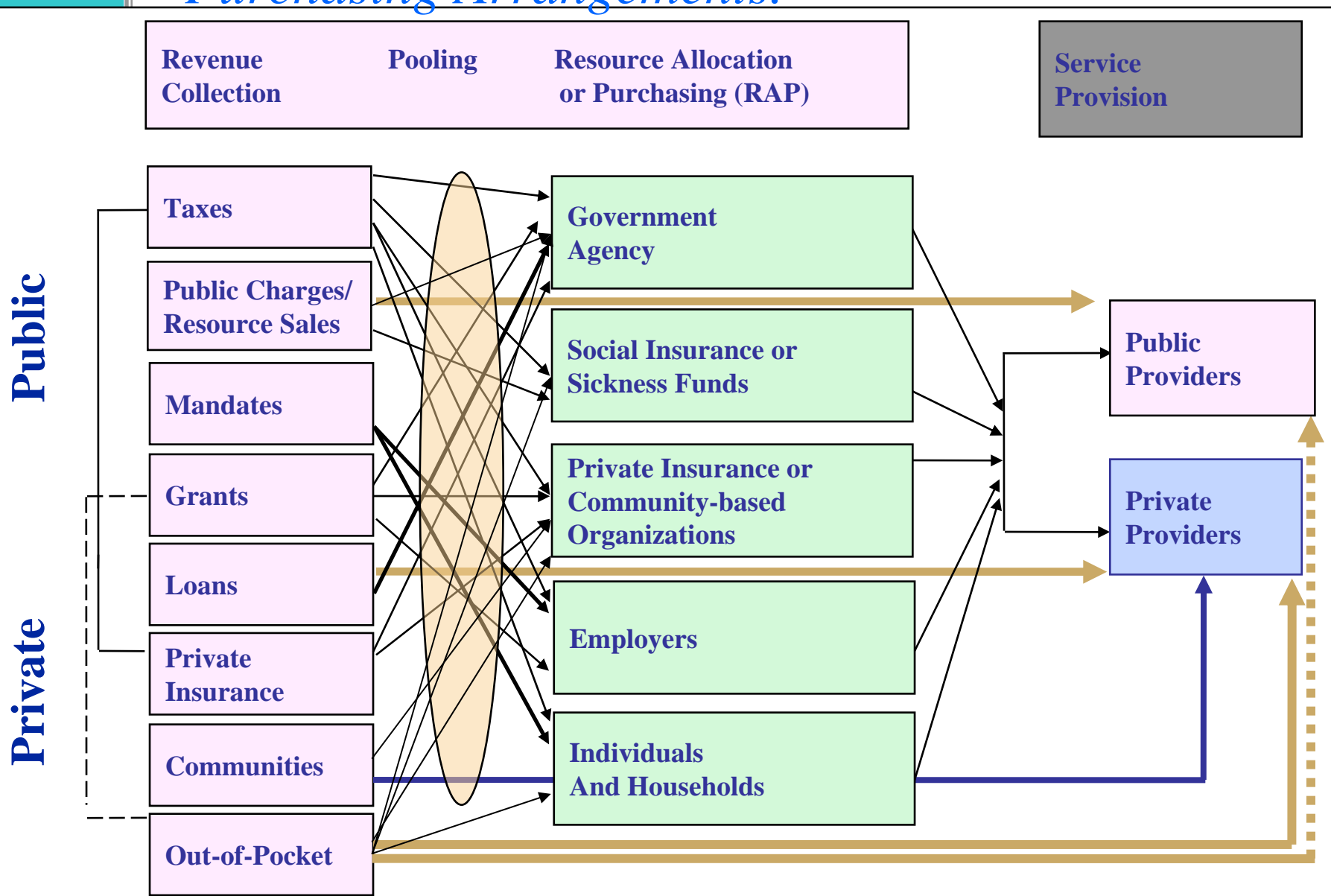
III. Progress and Achievements

III) Creating More Security: Experience with Health Insurance Implementation

- Economic growth most important factor
- Strong political commitment, management and administrative and communications capacity critical
- Voluntary and community-based financing help build public confidence in prepaid schemes
- Pool risk as coverage expands: the critical issue is risk pooling; whether a Social Health Insurance (payroll financed) or a National Health Service (budget financed) model is ultimately chosen is of secondary importance
- Evaluate at each stage



Complexity of Health Financing and Purchasing Arrangements.



III. Progress and Achievements

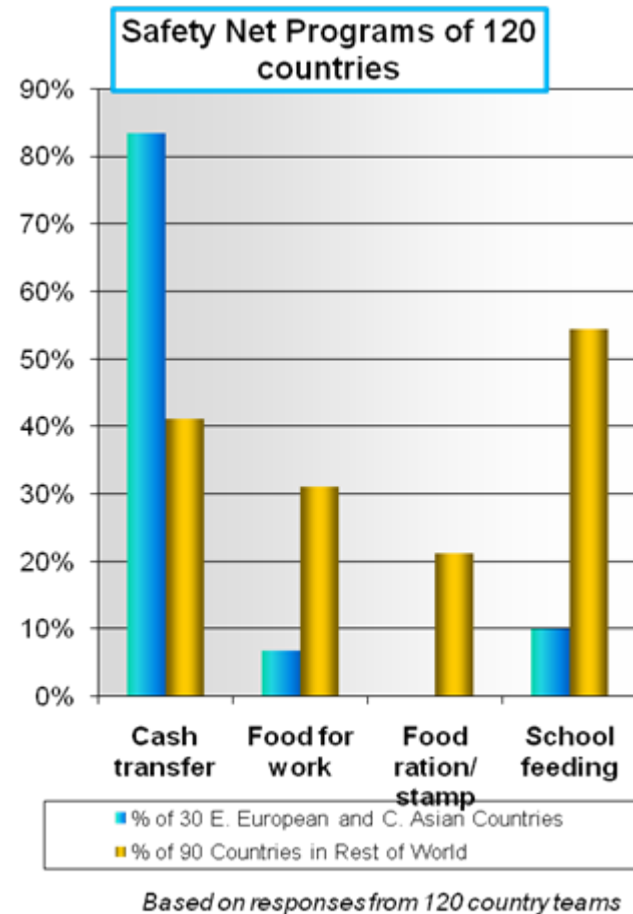
IV) Enhancing Equity: Social Safety Nets

Programs such as:

- Unconditional cash transfers
- Conditional cash transfers
- School feeding, Food Distribution, other in-kind distribution
- Public workfare jobs
- Targeted price subsidies
- Fee waivers for essential services such as health or education

Also known as social assistance or welfare

Does **NOT** include social insurance, health, education, housing.



Safety Nets are not just handouts

Effect	Nature of Benefit		Strength of Evidence	How good is current practice?
	Protect	Promote		
				5 star scale
Reduce poverty and inequality via redistribution	✓		★★★★★	★★★
Enable households to invest –In children’s human capital –In their livelihoods		✓ ✓	★★★★★ ★	★★★ ★
Help households to manage risks –Avoid irreversible losses –Allow higher risk/return activities	✓	✓	★★★★★ ★	★★ ★
Provide governments: -- room to focus on efficiency in trade, industrial policy -- a spending line with high multiplier effect	✓ ✓	✓ ✓	★	★★ ★★



Important points about a SRM approach

- LM risks managed through actions at different times
- Risks managed in many ways – not just through government interventions
- But public policy critical:
 - Establishing overall economic and social framework
 - Specific risk management instruments
- Criteria for successful system for managing LM risks:
 - Broad coverage
 - Real protection, particularly for most vulnerable
 - Financial affordability/sustainability
 - *Above all ...* encouraging job creation (esp. formal) and productivity growth through a multi-sector approach







IV. The Way Forward

- **Evidence-based Policy**
 - Support and improve results frameworks and monitoring and evaluation (World Bank- Lead Agency on this)
- **Capacity Building**
 - Build capacity of developing country policy-makers and researchers (Eg. June Conference in Egypt on “South-South Learning Forum”)
- **Actions on the ground**
 - Catalyze country-level activities to analyze specific labor market conditions and pilot promising approaches
- **Dissemination of lessons learned**



Annex- Achievements and responses to the Crisis

1) Labor markets issues

- 
 Launching the Multi-Donor Trust Fund
 - Analytical work on informality and migration,
 - Country pilots,
 - Capacity building
- 
 Response to the emerging global economic crisis: innovative proposal to introduce UB for crisis affected workers, notes on LM response to crisis, dissemination.
- 
 Successful implementation of the 2009 Flagship Labor Market Core Course
- 
 Publications
 - Book on globalization and working conditions,
 - Primer notes and papers,
 - Outputs of the skills development project

Annex- Achievements and responses to the Crisis

2) Pension issues

- Updated SP Pension Website and Internal Resource Sharing Tool
- Second Phase of HROST model integrating price and utilization
- Pension Indicators Technical Notes and Supporting Data
- Two Part Pensions Core Course
- Publications:
 - Social Pension Book
 - Private Pension Research Partnership volume on measuring Financial Performance
 - Pensions Panorama II
 - Pensions in Asia Conference Proceedings
- Pension Primer Papers including:
 - Survivor Benefits
 - Administrative organization and expenses of Public Systems
 - Poverty of the Elderly
- Methodology for Financial Capability Measurement



Annex- Achievements and responses to the Crisis

3) Social safety nets

Corporate Responses

- **Substantive:**

- guidance papers on HD and food & fuel, school feeding, July workshop HQ, June Cairo workshop

- **Briefings:** annual meetings paper and others

- **Fund raising:**

- Energy for the Poor Initiative -- passed to RSR
- Contingency Fund – obtained admin budget for regions
- Rapid Social Response Facility

- **KM/Global Expert Team**

- Big ideas, constrained capacities, some small beginnings

Own managed work: completion and dissemination:

- P&P, CCT PRR,
- SP ADePT, public works paper, several smaller papers, etc.
- ECA targeting/means testing
- Few new starts

Significant flow of services to regions – 67 weeks x-support, dozens of peer review and advisory services questions, 7+ QERs