

A WHITE PAPER OF THE SOCIAL PROTECTION AND JOBS GLOBAL PRACTICE, ILO

Protecting All

Risk Sharing for a Diverse and Diversifying World of Work

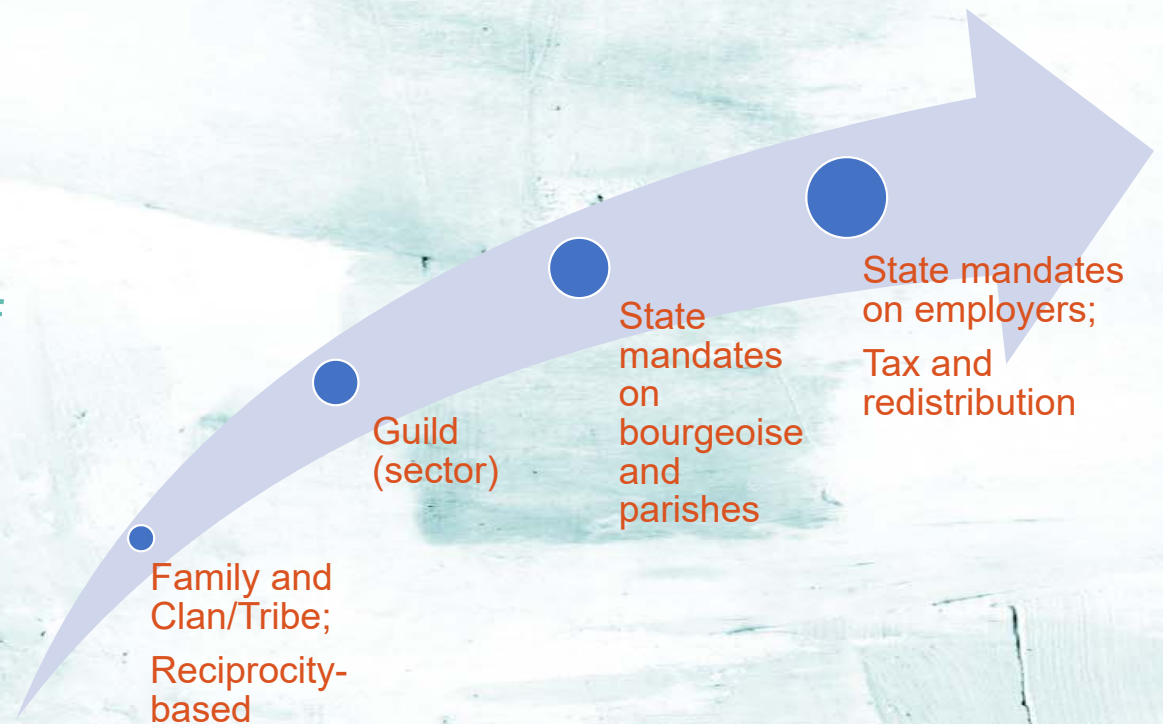
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Under supervision of Michal Rutkowski

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Risk sharing policies build resilience.

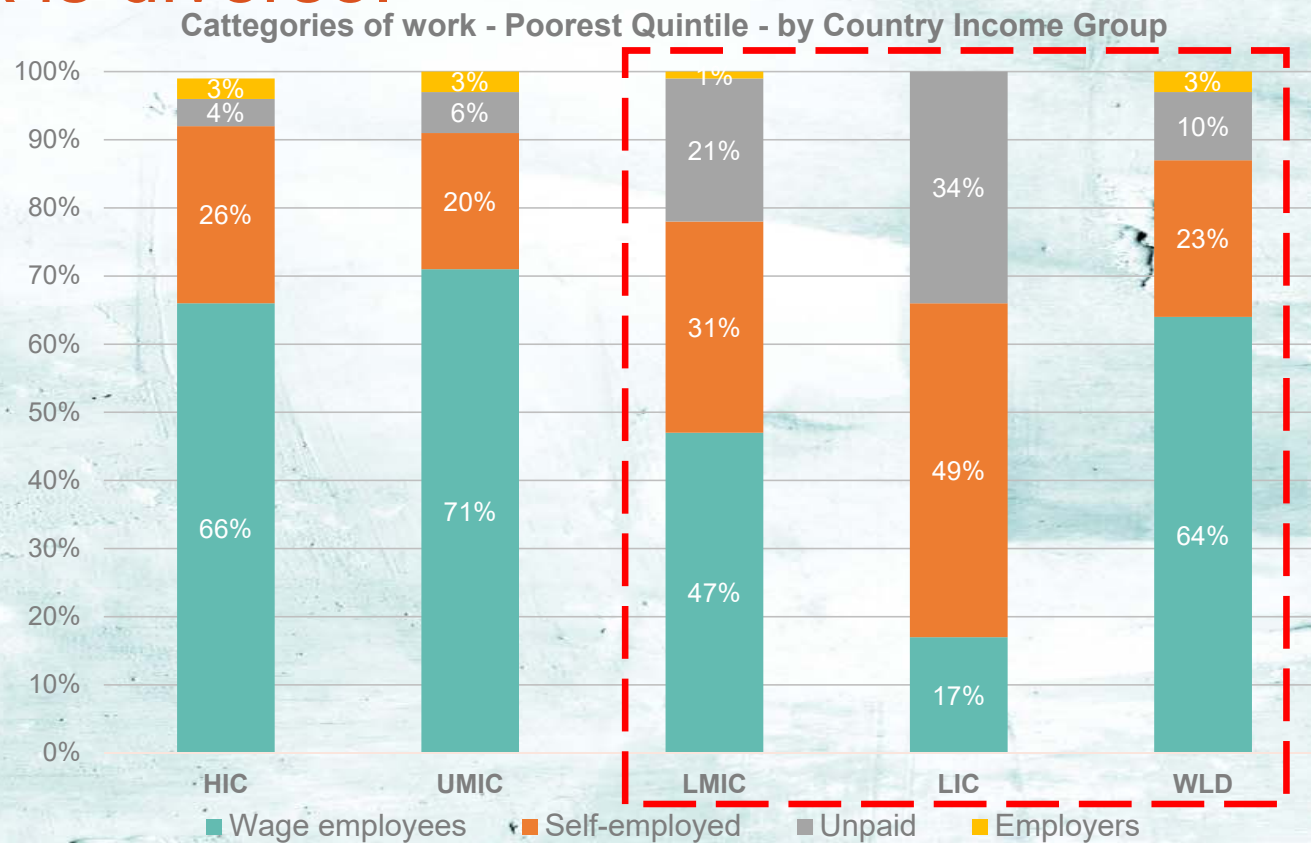
- A vital clause in the social contract
- Supports inclusion and social justice objectives of the Welfare State
- Current institutions reflect norms and *limitations* of the 2nd Industrial Revolution



A period of change and disruption felt globally.

Labor market	Technological change	Economic integration	Social change	Demographic change	Climate change
Demand	<ul style="list-style-type: none"> Automation & artificial intelligence Declining market transactions costs 	<ul style="list-style-type: none"> Larger, deeper & more contestable markets Global value chains “Premature” deindustrialization 	<ul style="list-style-type: none"> Rising value of diversity 	<ul style="list-style-type: none"> Health-care and... ... longevity-support 	<ul style="list-style-type: none"> Disruption to place-based and seasonal industries
Supply	<ul style="list-style-type: none"> Declining travel costs (migration) Connectivity Telepresence & remote work 	<ul style="list-style-type: none"> Cross border migration 	<ul style="list-style-type: none"> Women in market work Population flight or influx from conflict 	<ul style="list-style-type: none"> Youth bulge Later entry into work Longer healthy life 	<ul style="list-style-type: none"> Population flight or influx from natural disaster
Market wide	<ul style="list-style-type: none"> Innovation Agglomeration 	<ul style="list-style-type: none"> Fading distinction between “tradables” and “non-tradables” 	<ul style="list-style-type: none"> From “Plan” to “Market” Changing norms and aspirations 	<ul style="list-style-type: none"> Rise of the “active elderly” (ages 60-80) 	<ul style="list-style-type: none"> Drought and soil erosion Rising sea levels Severe climate events

Prevailing policies assume most people are in standard stable wage & salary employment, yet work is diverse.



To remain relevant, foundational assumptions have to shift.

2nd and 3rd Industrial-era assumptions about work

Homogeneity (sole bread-winner, men ages 18-55, in full-time wage or salary employment)

Stability

Intermediation between State and Citizen

Payroll is most observable



4th Industrial challenge to those assumptions

Diversity

Fluidity

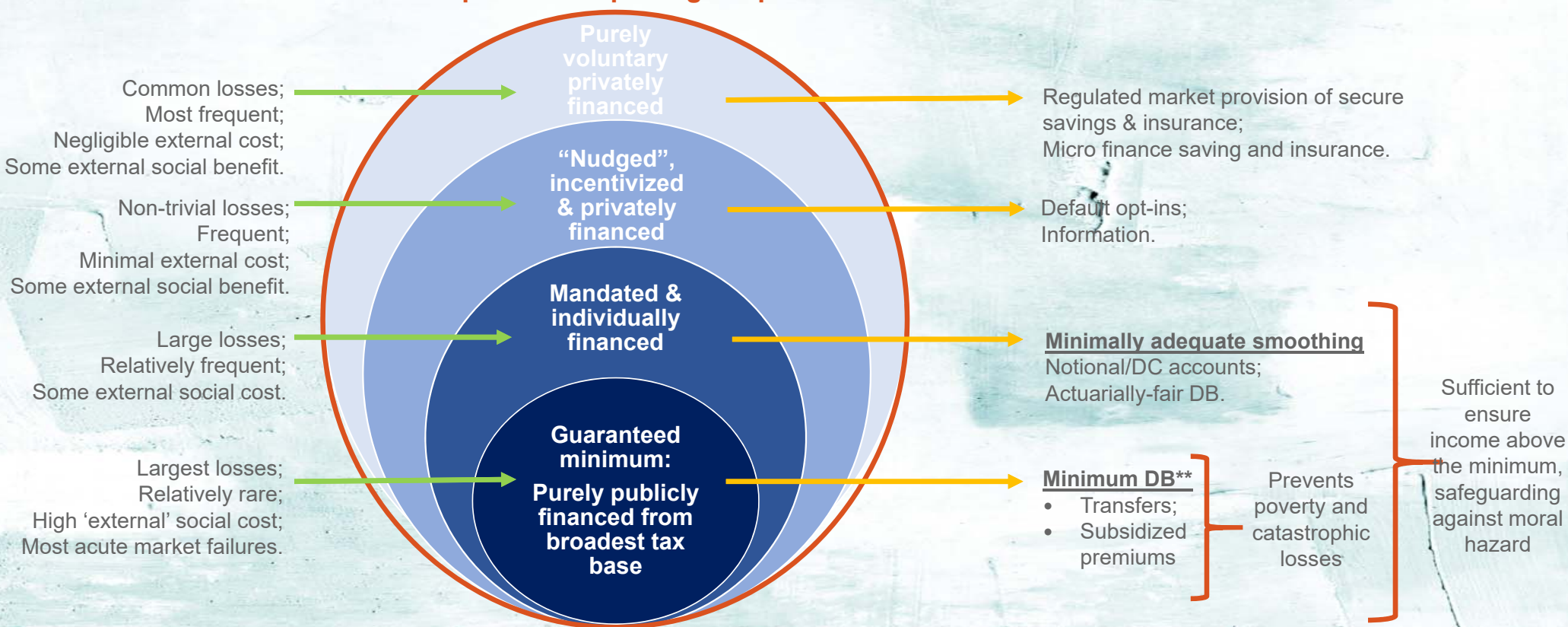
“G2P” relationship between State and Citizen

Consumption is most observable

The world of work is evolving, yet institutions, regulations and interventions remain rigid.

More accessible, robust protection: Insurance assistance

Comprehensive package of protection

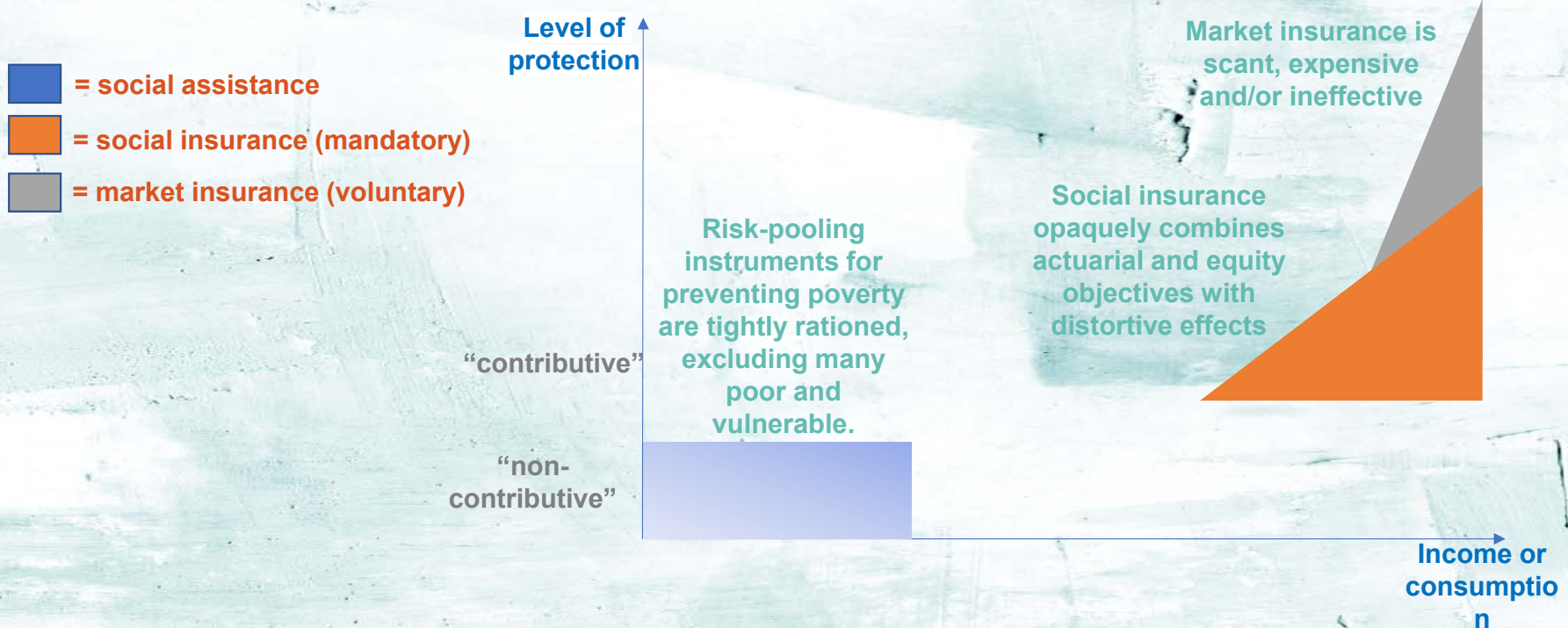


Based on Ehrlich and Becker (1972); Gill and Ilahi (2000)

** Replaces contributory guarantees and tax incentives

Current segmentation and exclusion.

a. Stylized state of social protection in a developing country



Policy actions that close gaps and extend coverage.

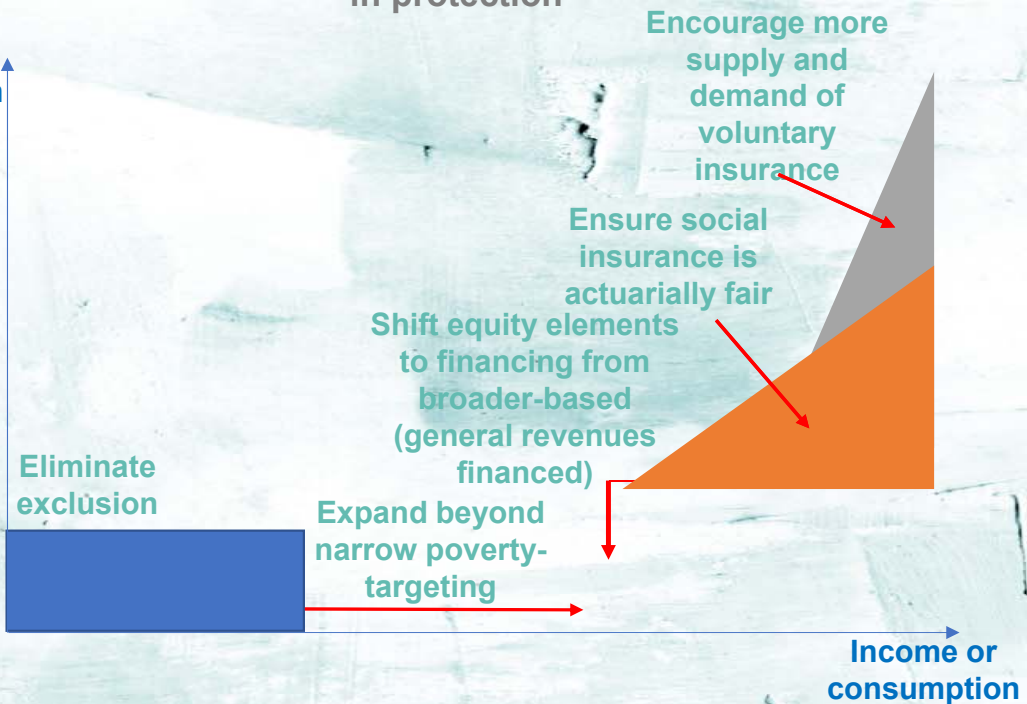
b. Policy actions to fill the current gaps in protection

 = social assistance

 = social insurance (mandatory)

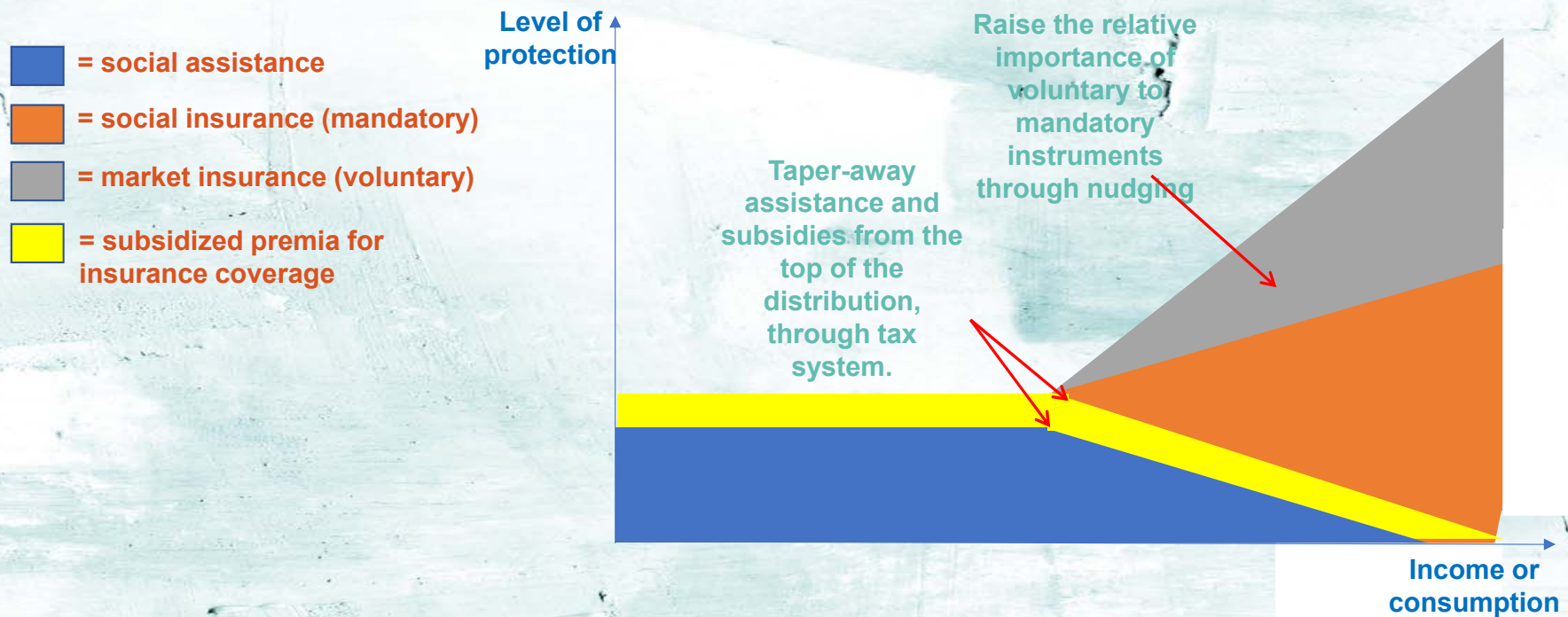
 = market insurance (voluntary)

Level of protection



Accessible, comprehensive protection, no matter where or how people earn their living.

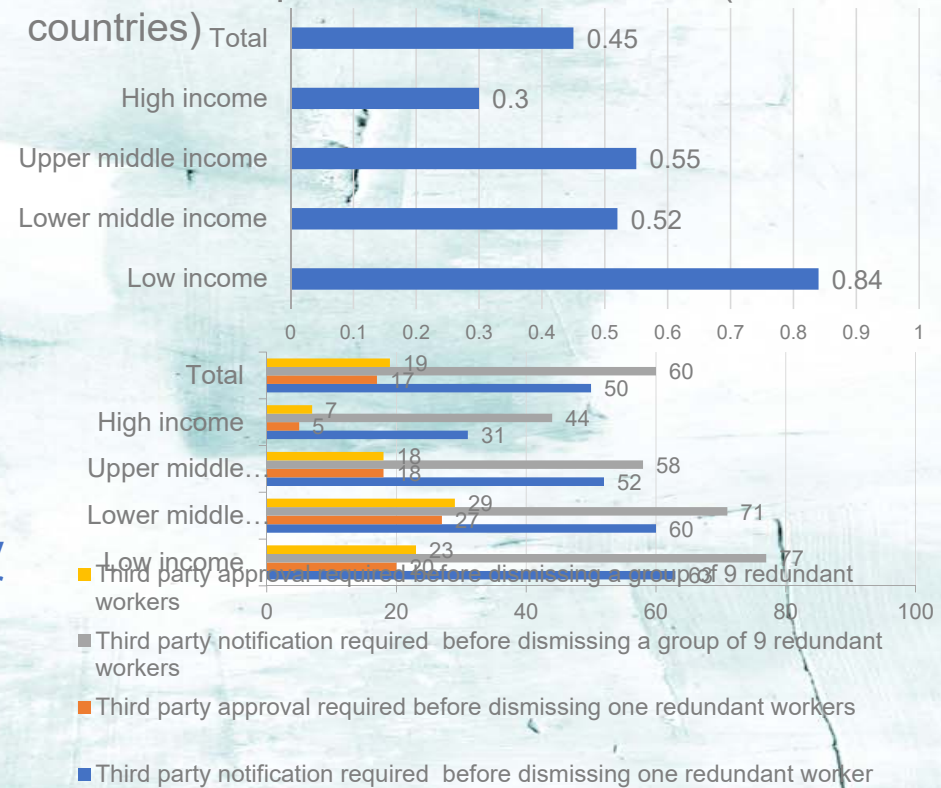
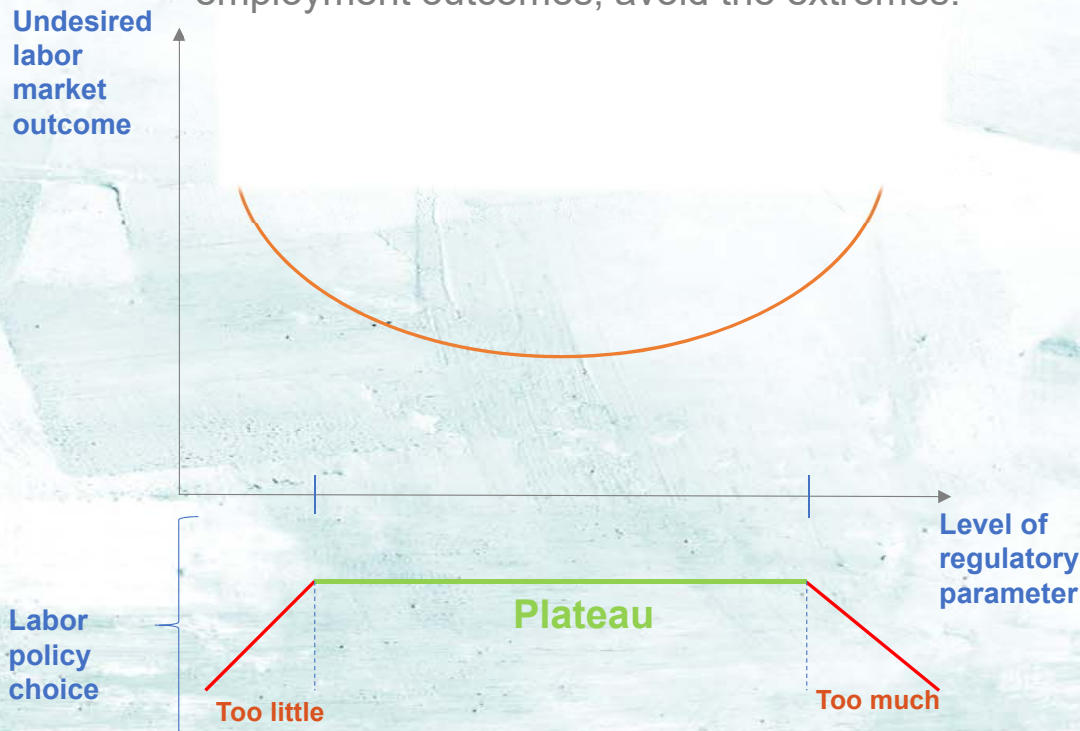
c. Comprehensive insurance assistance



With accessible risk-pooling and saving in place, labor regulation could be less restrictive.

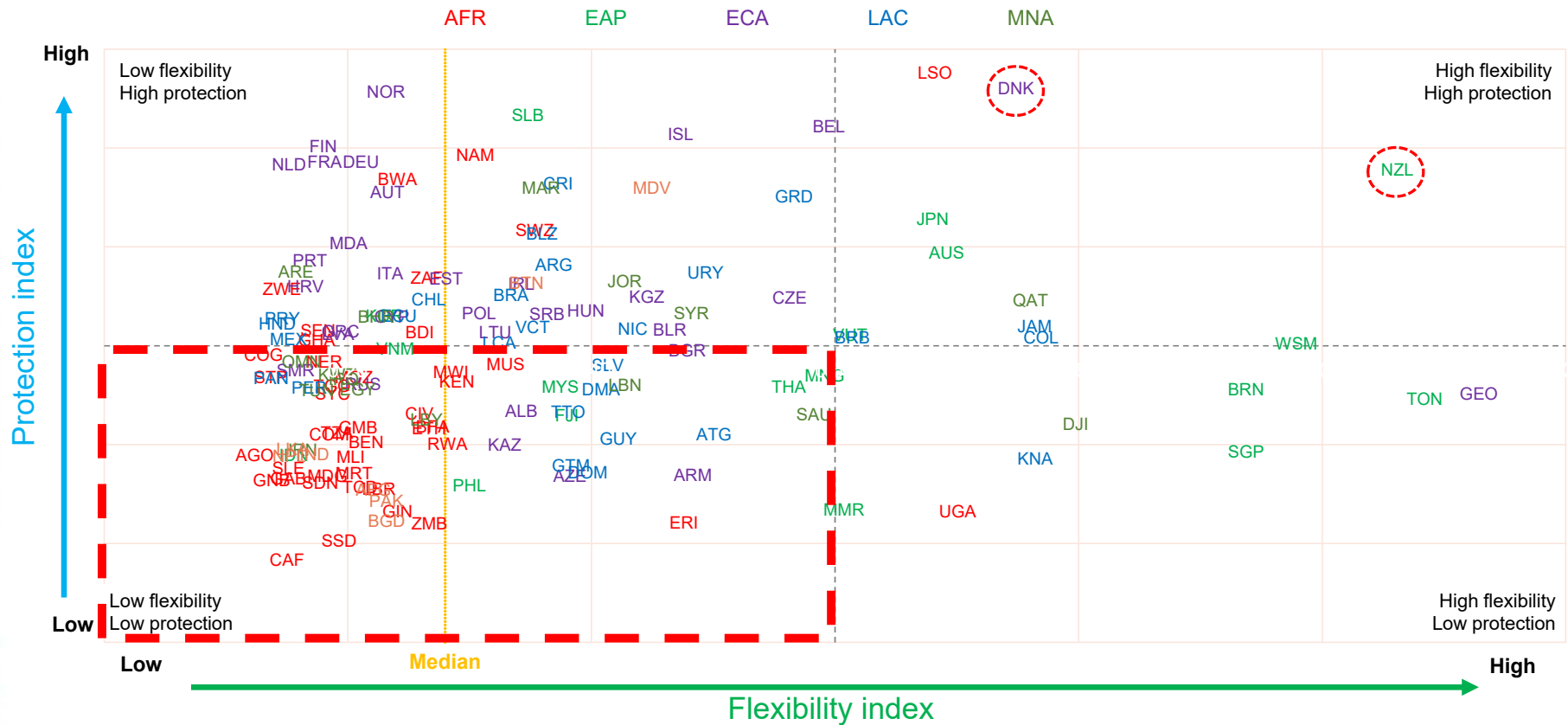
The Labor Regulation “Plateau”: To lower adverse employment outcomes, avoid the extremes.

Off the “plateau”: Minimum wages/mean & notification requirements for dismissals (number of countries)



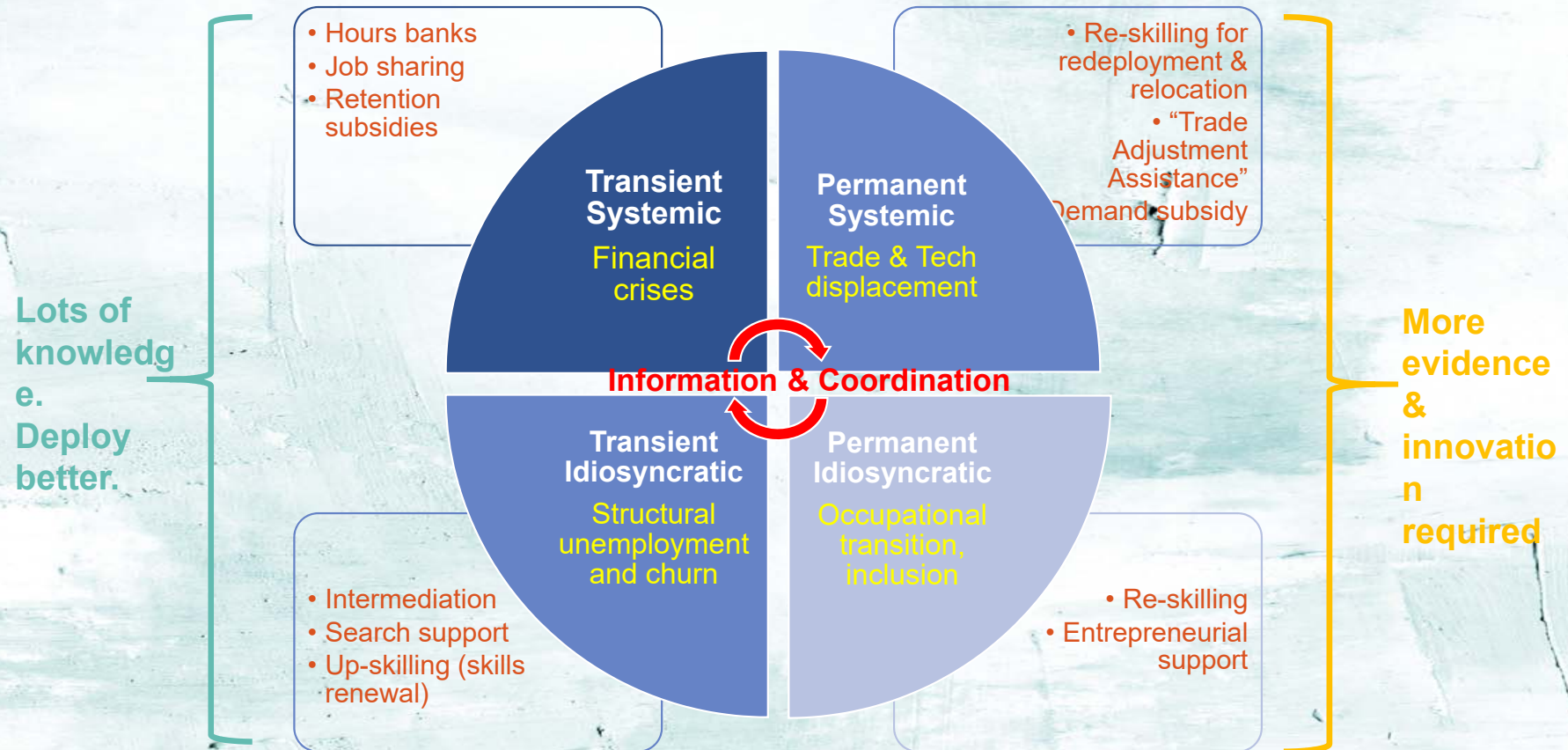
Source: Adaptation from WDR 2013: Jobs

Shift efforts to protect people *for* change.



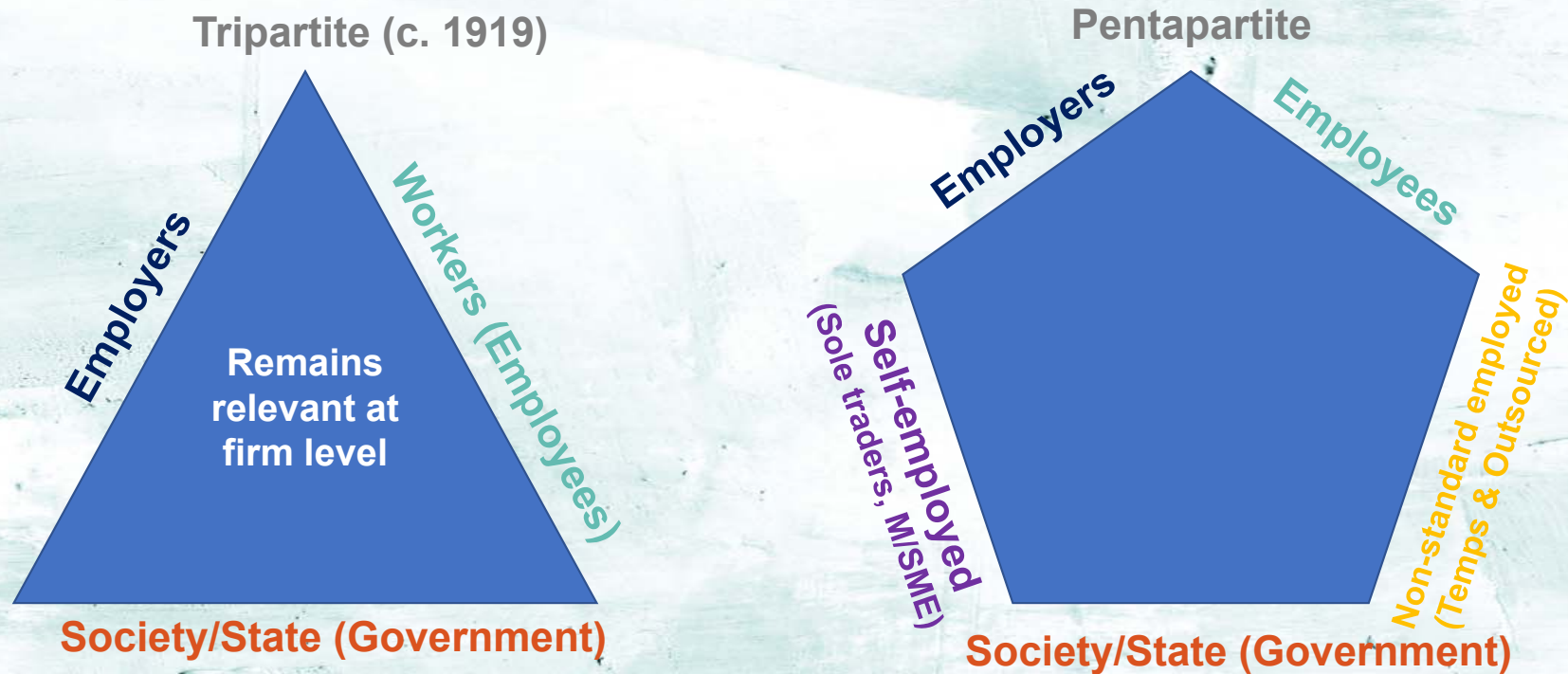
Source: Indices by Packard and Montenegro (2017) using Doing Business 'Employing Workers' indicators 2010-2015 and PCA methodology, World Development Indicators (WDI), The Atlas of Social Protection Indicators of Resilience and Equity (ASPIRE)

Greater effort is required to support reemployment, and deployed according to shocks.

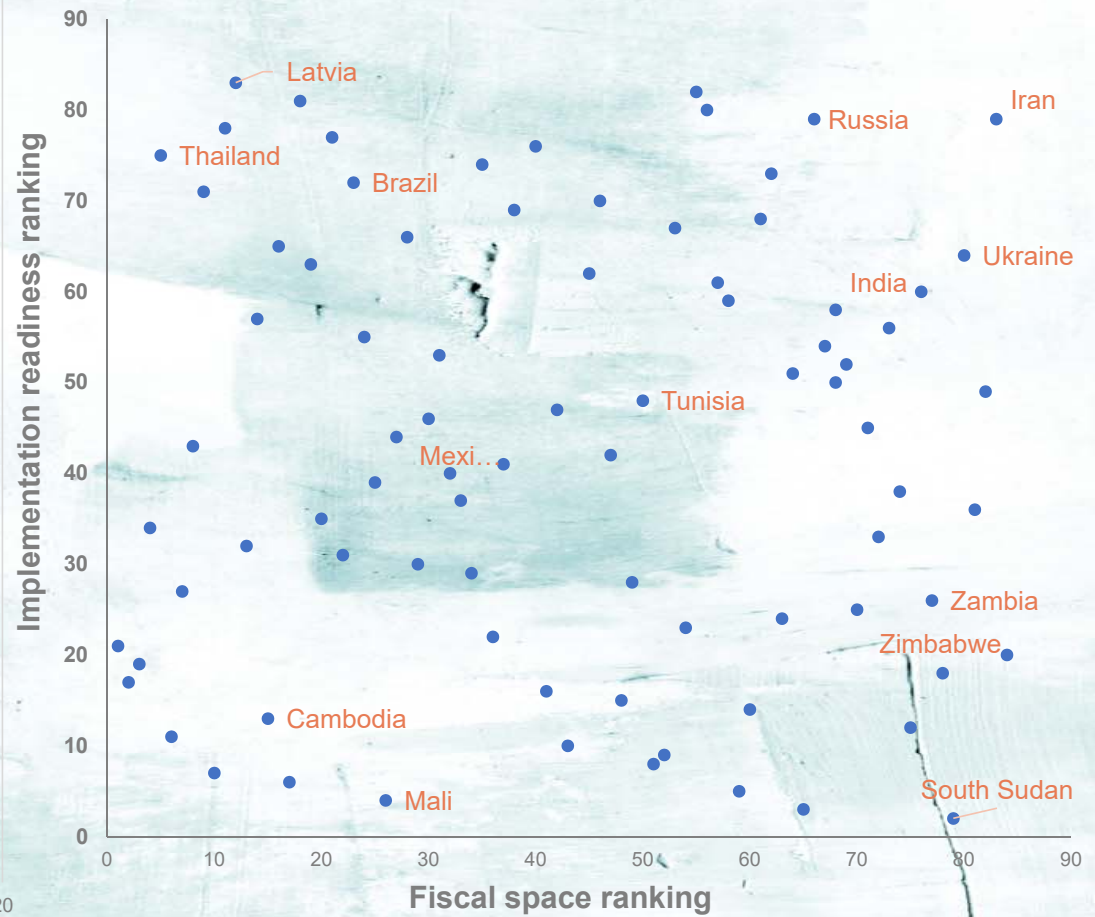
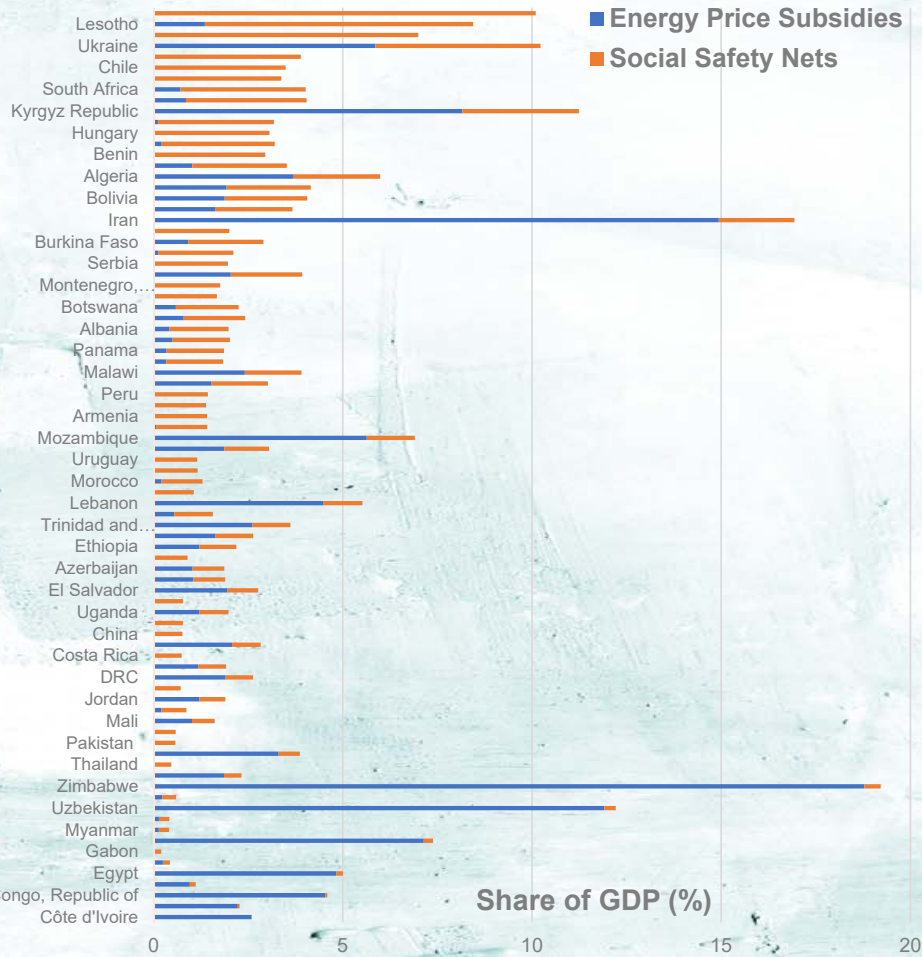


More inclusive structures for dialogue, accountability and governance.

From “Tripartite” to “Pentapartite”? A diverse and diversifying world of work requires a more representative negotiating table.



How ready are countries? Fiscal & delivery capacity



Concluding messages for policy makers

1. The foundation of effective risk-sharing is poverty-prevention and subsidized protection from catastrophic losses, financed from broad-based taxes.
2. With robust protections from impoverishment in place, available to all people wherever and however they work, government mandates can be less distortive.
3. Rather than protect workers *from* change, governments can shift efforts to protecting them *for* change: supporting job transitions and re-employment.
4. Given daunting resource and capacity limitations in most countries, governments should prioritize the needs of the least-well-off first, before expanding coverage to other households (*progressive universalism*).
5. Digital technology can be harnessed to mobilize tax resources and to deliver protection more effectively, efficiently and equitably.

HUMAN DEVELOPMENT
PERSPECTIVES

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Thank you.

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