

Social protection for improved employability: policy routes

Improving employability involves working with a range of institutions and capital. It involves looking at the skills, knowledge, financial assets, and physical and psychosocial conditions of the individual, as well as the socio-economic and socio-cultural contexts they operate in - all of which influence their chances of being employed. Social protection can improve employability at the individual level through its relationship with poverty alleviation and human development, including by providing food security, healthcare, education and skills training. It can also stimulate labour markets, thereby increasing the demand for workers increasing wages and improving labour conditions.

Social protection for improved employability can help people to: [‘hang in’](#), [‘step up’](#) or [‘step out’](#). First, social protection can maintain livelihoods at a survival level, helping people to ‘hang in’, by ensuring the health levels required to maintain a subsistence livelihood. Second, social protection allows people to invest and upscale their activities, such as by purchasing cattle or ploughs, which allows households to ‘step up’ and possibly graduate out of poverty. Finally, social protection can help a household to diversify or ‘step out’ of subsistence farming by setting up a non-agricultural business. Social protection achieves these aims through a wide range of social instruments, which have different impacts, depending on the context. The options presented in this handout relate to improving employability in both the informal and formal sectors and to employees, employers and those who are self-employed.

Impacts

‘Stepping up’ and ‘hanging in’ are not distinct and separable objectives; they both rely on skills, health and financial means amongst others. Hence, they are discussed together here in terms of the impact of social protection. The largest impact of social protection on employability is through the additional income it provides to households. This income is often invested in meeting basic needs, such as for food, education and healthcare. The impact of social protection on food security is outlined in the handout [‘Social protection for improved food security’](#). Regarding education and healthcare, the INCLUDE research group [‘Social protection in Uganda’](#), which investigates the Social Assistance Grants for Empowerment (SAGE) programme in Uganda, found that a 1% increase in income is associated with an 11% increase in the likelihood of enrolment of school-age individuals (6-24 years old). Similarly, a 10% increase in income is associated with a 12% reduction in the average number of sick days taken in households. This effect is twice as large for poor households. Therefore, social protection programmes attempting to improve employability should aim to do so by increasing income.

The World Bank review [‘The State of Social Safety Nets 2015’](#) confirms these impacts on both enrolment and attendance in schools. Apart from enrolment and attendance, education is also improved by [increased levels of private expenditure on schooling](#), including for clothing and footwear for children. This impact is present for both conditional cash transfers (cash transfers provided based on the actions of recipients, such as enrolment of children in school) and unconditional cash transfers. The World Bank review also concludes that, in several African countries, household ownership of livestock - including of more expensive and more productive livestock such as cattle and pigs - increased by more than 10% as a result of various forms of social assistance. The impacts of cash transfers [are largest](#) where they represent a large percentage of per capita consumption.

‘Stepping up’ scenarios are further positively impacted by the spillover effects of cash transfers on local economies. Income multipliers, [ranging from 1.08 to 2.52 dollars](#) return on each dollar invested in social protection, show how employability is also improved by increased demand for labour. The increased expenditure on goods and services inside the local economy also stimulates this demand. The State of Social Safety Nets also concludes that, based on evaluations in Brazil, Chile, Honduras, Mexico, Nicaragua and the Philippines, there is no evidence that social protection creates disincentives for labour market participation. These disincentives only occur when credit, capital and other market constraints limit the local supply response to increased demand. Most notably, the impacts outlined above are long-term impacts: school

attendance, school results, consumption levels and hourly wages are all reported to remain higher [after 5 years or later](#).

Regarding the ‘stepping out’ scenario, studies in Nicaragua, Mexico and Zambia conclude that cash transfers increase the likelihood of households setting up non-agricultural businesses by [3, 4, and 17%, respectively](#). Additionally, cash transfer programmes have positive gender impacts. [Research by FAO and OPM](#) in Sub-Saharan Africa shows how cash transfer programmes have led to increased investment in household economic activities, particularly for female-headed households. [Improving the knowledge](#) of women of social protection systems, particularly voucher programmes, is key to improving their participation in such programmes. Moreover, it is important to take into account [the aspirations, capacities and needs of women](#) within their socio-cultural and socio-economic context to maximize the impact of social protection interventions.

Types of programmes

Although there are many types of social protection, the four most notable types will be discussed here.

- **Conditional cash transfers:** The impacts outlined above differ based on the type of social protection programme used. For instance, [in terms of educational results](#) (such as in math and language tests), the long-term impact on employability is highest when investments are made in children during the early stages of their lives. This means that providing conditional cash transfers (CCTS) on the condition that children are enrolled in school is most effective in the long term. Linking income support to certain conditions that directly improve employability (such as registering in an employment service centre, seeking and accepting jobs, or enrolling in training) can, therefore, yield a double dividend. The [Cash for Work programme in Somalia](#) shows that CCTs can also be an effective tool for household recovery in emergency situations. Yet, CCTs are often associated with high transaction costs. Therefore, large-scale implementation may not be effective. CCTs are most successful when targeting specific groups.
- **Unconditional cash transfers:** Unconditional cash transfers (UCTs) also have the potential to stimulate investment in the early stages of a child’s life, as they are often used to meet basic needs such as for food and sanitation. The diversity of impacts is largest with UCTs, as recipients are free to spend the cash according to their individual needs. Apart from earlier mentioned investments in food security, education and healthcare, impacts include: i) higher use of agricultural inputs (such as [in Lesotho](#)), ii) improved market linkages (resulting in a ‘real income’ multipliers of [1.84, 1.79 and 1.40](#) in Ethiopia, Zambia and Zimbabwe, respectively), iii) increased on-farm activity (such as in [Ghana, Kenya and Zimbabwe](#)) and iv) avoidance of [credit constraints and improved risk management](#). The latter, in turn, increases access to markets and productive investment in general.
- **Public works programmes:** On the other hand, public works programmes appear to have high short-term impact. For example, the jobs provided through a public works project in Sierra Leone resulted in a [26%](#) increase in the monthly incomes of participating households. The Livelihood Empowerment Against Poverty (LEAP) programme in Ghana had similar results, [but also had](#) an indirect effect on employability through increased savings, debt reduction, improved social networks and positive spillover effects on the local economy.
- **Social insurance:** Finally, employability can be improved by social insurances, such as health insurance, unemployment benefits or disability insurance. These can eliminate the risks for employers in hiring employees, as well as reduce the risks for entrepreneurs looking to set up their own businesses. Investments in agriculture (which can be perceived as high risk) can use [social protection schemes](#) to lower the burden for entrepreneurs, particularly young entrepreneurs. Resilience against shocks, such as drought, can also be improved by insurance, such as [weather-index agricultural insurance](#), which has been used as part of the Productive Safety Net Programme in Ethiopia.

Recommendations

To improve employability through social protection instruments, policymakers should consider the following:

- **Focus on the indirect impacts of social protection programmes:** These impacts are large and diverse and have snowball effects on human development. For instance, as a result of improved personal development and increased demand for labour, social protection [enables rural labourers](#) to negotiate higher wages and better working conditions.
- **Do not implement social protection programmes within a vacuum:** Many social protection programmes need complementary investments, mainly in infrastructure for public education, healthcare and transport, to be effective.
- **When focusing on employability impacts, take long-term results into account:** Social protection interventions have impacts far beyond the period of their implementation. When assessing the costs and benefits of social protection, these should be taken into account.
- **Link social protection to existing employment policies:** It is important to link social assistance programmes to asset transfers, access to credit and job search assistance. This includes job matching, technical and financial support for business creation, skills development, and subsidies and incentives for enterprises to hire workers. This can make existing and new programmes more efficient and effective, as well as cost effective.
- **Combine employment policies with (social) protection responses:** Employment policies can be combined with social protection, based on the kind of labour underutilization in a certain local or regional context.
- **Take into account the fact that improved employability can go beyond formal labour markets:** Self-employment, both inside and outside agriculture, as a result of social protection can also be a means to move out of poverty.
- **Take the interference between different programmes into account:** The INCLUDE research group '[Maternity fee waiver in Kenya](#)' concluded, for instance, that free maternal healthcare can lead to reduced willingness to pay for insurance in other programmes.
- **Take into account the fact that vulnerable groups require targeted programmes:** Maternal healthcare vouchers targeted to poor households can be an effective tool for including the poorest of the poor. Similarly, youth may need additional training and job search assistance to optimize the impact of social protection schemes aimed at improving their employability.

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Weblink: <http://includeplatform.net/downloads/social-protection-improved-employability-policy-routes/>