



Program Information Document (PID)

Concept Stage | Date Prepared/Updated: 13-Feb-2020 | Report No: PIDC28595



BASIC INFORMATION

A. Basic Project Data

Country India	Project ID P172144	Project Name WEST BENGAL BUILDING STATE CAPABILITY FOR INCLUSIVE SOCIAL PROTECTION PROGRAM (P172144)	Parent Project ID (if any)
Region SOUTH ASIA	Estimated Board Date Aug 25, 2020	Practice Area (Lead) Social Protection & Jobs	Financing Instrument Development Policy Financing
Borrower(s) State of West Bengal with the counter-guarantee of the Republic of India	Implementing Agency Department of Finance, Department of Women and Child Development and Social Welfare		

Proposed Development Objective(s)

The proposed operation aims to strengthen the capability of the state of West Bengal to build an inclusive and efficient social protection system which empowers vulnerable groups.

Financing (in US\$, Millions)

SUMMARY

Total Financing	125.00
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DETAILS

Total World Bank Group Financing	125.00
World Bank Lending	125.00

Decision

The review did authorize the preparation to continue

B. Introduction and Context

Country Context

While real GDP growth has slowed in recent years, India remains one of the fastest growing major emerging market economies. Real GDP growth has moderated from 8.3 percent in FY16/17 to 7.0 percent in FY17/18 and further to 6.1 percent in FY18/19. It stood at 4.8 percent in the first half (H1) of FY19/20. The current slowdown can be traced back to



unresolved balance sheet issues in the banking and corporate sectors, with the issue compounded more recently by stress in the non-banking segment of the financial sector. These factors have prevented a sustainable revival in private investment. Moreover, private consumption growth has also slowed in FY19/20. On the supply side, both industry (especially manufacturing and construction) and services sectors have also expanded at a slower rate. As a result, growth is expected to decline further to 5 percent in FY19/20.

Since the 2000s, India has made remarkable progress in reducing absolute poverty. Between FY11/12 and 2015, poverty declined from 21.6 to an estimated 13.4 percent at the international poverty line (2011 PPP US\$ 1.90 per person per day), continuing the earlier trend of fast poverty reduction. Thanks to robust economic growth, more than 90 million people escaped extreme poverty and improved their living standards during this period. Despite this success, poverty remains widespread. In 2015, 176 million Indians were living in extreme poverty, while 659 million - half the population- were below the higher poverty line commonly used for lower middle-income countries (2011 PPP US\$ 3.20 per person per day). Implementation challenges of indirect tax reforms, stress in the rural economy and a high youth unemployment rate in urban areas, may have moderated the pace of poverty reduction since 2015.

West Bengal State Context

While the state's economic scenario has improved significantly in the past five years, further reforms are needed to sustain the growth momentum. Following a long period of stagnation up to 2014-15, where growth fell behind other states, West Bengal's economy has picked up and is now doing better than the rest of the country. With a population of 97.6 million, West Bengal is fourth behind Uttar Pradesh, Maharashtra and Bihar among India's 33 States and Territories. It's state GDP (GSDP) ranks 6th but per capita GSDP ranks 25th among 33. Recently, West Bengal's economy has been growing faster than the national average but past lackluster economic growth up to 2014-2015 has held the state back in per capita rankings. West Bengal growth has accelerated in recent years and the state grew at 8.9% in 2017-18 and 12.6% in 2018-19 compared to 7.2% and 6.8% for India during those respective years. The rate of natural increase in the state is below replacement though the state does attract migrants from other states due its relatively better economic performance in recent years. The elderly population is growing at about 5% year which means that the state is rapidly aging, thereby increasing the household dependency burden which can impact state expenditures and future fiscal consolidation adversely.

There is urgent need to create the fiscal space to cover increasing old age care, pension and health costs driven by the aging of the population. The state's dependency burden is going up with aging. The proportion of the state's elderly population became higher than the rest of India in 2011 when it was about 8.5% and was about 11.1% (India 9.6%) for 2019. By 2041 a fifth of state population is expected to be elderly compared to a sixth for the whole of India. This rapid aging of the state is driven primarily by below replacement fertility rate of 1.8 live births per woman (replacement would be 2.1). There is some mitigation of the dependency burden by in-migration from neighboring states but data suggests that this is not large enough to offset this major challenge.

The low levels of female labor force participation (LFP) in West Bengal serve as a further barrier to reducing dependency ratios and promoting economic growth. With a rate of 16%, West Bengal's female LFP stands below the national average of 23% and well below the male LFP rate of 84% (Figure 1). Female LFP has been mostly stagnant in the past ten years in both urban and rural areas. As the economy has transitioned away from small-scale agriculture, traditional sources of female employment have dried up and new sources have not emerged (Chatterjee 2015¹). Recent research (Kabeer and

¹ Chatterjee, U, R Murgai and M Rama (2015), '[Job Opportunities along the Rural-Urban Gradation and Female Labor Force Participation in India](#)', Policy Research Working Paper 7412, World Bank.



Das 2019²) confirms that improving female LFP in West Bengal will require multi-pronged efforts to facilitate access to employment in new sectors and upend traditional norms that saddle women with a disproportionate share of household duties. These gender differences manifest early on and contribute to low female labor force participation (Figure 2). While both males and females start to drop out of school after age 13, for example, boys are much more likely to go to work after leaving school while girls tend to get married (Figure 3). When asked in surveys, women in West Bengal indicate strong interest in paid work but cannot find jobs that conform to the prevailing norms of suitability for women’s work.

Relationship to CPF

The West Bengal operation is fully aligned with the India CPF focus on gender, human capital and engaging the federal nature of India through state governments. The DPO directly supports two of the three CPF “Whats” and two of the four Hows of the India CPF. The CPF supports the development agenda of India through a balanced focus on what areas of intervention are critical, while also identifying pathways which outline how to engage India to deliver results. This operation supports two of the priority areas (whats) of the CPF, namely the second: enabling job creation with a focus on women and the third: investment in human capital. It also supports directly the second - strengthening public sector institutions- and third -engaging a Federal India - hows. Finally, it supports two of the three cross-cutting themes of the CPF on reducing gender-based inclusion gaps.

A key goal of the CPF is to promote human capital investments by strengthening the coverage and coordination of state level social protection delivery systems. The proposed West Bengal Social Protection DPO will help develop the policy framework and tools for a unified delivery system at the state level. This will allow for greater expenditure benchmarking for state schemes and improving citizen access by combining IT with front-line case management. This will not only help reduce delivery costs for current programs but will also develop readiness for future scheme-planning and fiscal consolidation in states. Further, such delivery systems approach will result in long term costs savings with regard to impact of aging and enable quick responses following disasters, which can also contribute to reduced losses and cost efficiencies. Front line case management capacity allows for better quality cost-effective home-based care for the elderly and disabled which is a growing challenge specially with the aging of the state population.

C. Proposed Development Objective(s)

The proposed operation aims to strengthen the capability of the state of West Bengal to build an inclusive and efficient social protection system which empowers vulnerable groups.

Key Results

Indicator Name	Baseline in 2019	Target in 2021
Percentage of Widows receiving pensions	10%	33%
Percentage of Disabled Receiving Pensions	15%	45%
Percentage coverage of Old Age Pension	27%	45%
Percentage of Districts with new front-line case management to support home and community-based care	None	25%

² Deshpande, Ashwini and Kabeer, Naila (2019) (In)visibility, care and cultural barriers: the size and shape of women’s work in India. Discussion papers series in economics (DP No.04/19). Ashoka University, Department of Economics, Haryana, India.



Percentage of districts where platform to encourage women’s employment is active	0	25%
Percentage Share of State beneficiaries in schemes who have signed agreements to use the new Social Protection Delivery Platform	0	40%
Percentage Share of State Social Protection Programs using protocols to ensure consent and data protection of clients	0	60%

D. Concept Description

The Government of West Bengal is developing a long-term strategy to increase inclusiveness of its various social protection schemes and tailor them to the needs of the evolving economy and eventually address the growing challenge of aging. The inclusiveness pillar starts with a focus on widows who have a particularly difficult status in society with no traditional inheritance rights and dependent on their male children for support which may or may not materialize even when they have male children. Historically, women have married men who are significantly older than them and end up being widowed well below the age for receiving old age pensions. The government strategy is to introduce a comprehensive widow pension which would expand the current schemes which are means tested at a very low-income ceiling.

The second element of inclusiveness is to expand disability pensions. The disability pensions will be used to enable cost effective household-community based care avoiding expensive institutional care. The pensions will be supplemented by a household case management system to provide technical inputs to households.

Effective case management with a package of incentives can also help increase women’s labor force participation. Despite high education and low fertility, West Bengal’s women’s labor force participation is 16% compared to the India average of 23% and 31% in culturally similar neighboring Bangladesh. Front line workers can help women connect to employment services which can guide them to find and remain in employment specifically if combined with incentives to workers and employers.

The challenge of aging will be addressed in a two-pronged manner – first providing pensions and other services to encourage households to keep their elderly members in the household and community reducing the need for more expensive approach of old age homes. The pension eligibility will be expanded to provide households additional financial resources to support their elderly. This will be complemented by a cadre of case management workers who can help households with advice on elderly care and links to health services and facilities.

Aging also increases the dependency burden and the problem in West Bengal is further exacerbated by the low labor force participation of women which will be addressed by creating a platform to promote women’s labor force participation. The state government has been promoting efforts to empower women through programs such as Kanyashree and Rupashree to keep girls in school and delay marriage till 18. The state would like to move further on this agenda by searching for pro-active solutions to encourage women to join the active labor force. This is not just important for the sake of empowerment but given the aging of the population, it will also be economically necessary to reduce the dependency burden.

Proliferation of multiple social protection schemes and other schemes to help citizens are not only costing increasing overheads costs but they are also confusing to citizen-beneficiaries. The state proposes to address this challenge by developing the policy framework and tools for a unified delivery system at the state level. These systems shall allow for



greater expenditure benchmarking for state schemes and improving citizen access by combining IT with front-line case management. This will not only help reduce delivery costs for current programs but will also develop readiness for future scheme-planning and fiscal consolidation in states. Further, such delivery systems approach will result in long term costs savings regarding impact of aging and enable quick responses following disasters, which can also contribute to reduced losses and cost efficiencies. Front line case management capacity allows for better quality cost-effective home-based care for the elderly and disabled.

E. Poverty and Social Impacts, and Environmental, Forests, and Other Natural Resource Aspects

Poverty and Social Impacts

Despite the increase in consumption and incomes, the challenge of chronic poverty remains in high poverty districts. West Bengal is India's 4th most populous state with 91 million people, a fifth of whom are poor. Although poverty reduction in the state was faster after 2005, pockets of high poverty still persist within the state. Despite a decline in poverty levels, the state shelters pockets of deep poverty and these households are geographically clustered. These high-poverty districts will continue to need strong traditional safety nets programs to protect them.

This is a gender and poverty focused DPO with prior actions and triggers which are expected to have positive poverty and social impacts. Pension coverage of widows, scheduled tribes and disabled will increase. The new platform for women's employment will help women find employment by supporting demand and supply side measures. The system of front-line workers for household/ community-based care of the aging and disabled will enable them to receive critical support at their doorstep including access to specialist advice through teleconsultations. The creation of a dynamic social protection delivery platform will speed up delivery of benefits, prevent double dipping. Improved data protection for beneficiaries of various social protection schemes reducing chances of identity theft and willful misuse of scheme.

Environmental, Forests, and Other Natural Resource Aspects

This program will not have any negative impact on the environment, forests and natural resources. Provision of cash pensions for STs would provide these families with income and reduce the need for illegal forestry activities. The implementation of telemedicine consultations for disabled and elderly care could also reduce the carbon footprint.

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APPROVAL

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