

# Social Protection Index

For Committed Poverty Reduction

TA 6120 (pilot)

TA 6308 (up-scaling)

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# Structure of the Presentation

- Background
- Definition of Social Protection
- The SPI – Methodology
- The SPI – Results
- Conclusions
- The way forward

# Background

# Background

## - Why the Index? -

- Countries notice that growth needs equity
- Growing interest world wide in Social Protection (SP).
- Many documents and qualitative assessments
- BUT
  - Little quantified information
  - Hardly any good comparative cross country information
  - Little basis for SP planning and informed debates
- In 2004, ADB commissioned a pilot (TA6120) for 6 Asian countries. In 2005 up-scaling (TA6308).

# Background

## - Objective -

- To support social protection policies in DMCs, which in turn will reduce poverty
- through information and awareness about social protection needs and possibilities

# Background

## - Purpose -

- a definition of social protection as relevant in each country involved in the TA,
- comparisons of achievements between countries and over time to monitor implementation of social protection measures,
- To provide, in most cases for the first time, an inventory of Social Protection (SP) programs in each country. and
- information on social protection schemes and policies in the region

# Background

## - Scope -

- To cover a total of 33 countries in Asia
  - 23 countries in this TA 6308
  - 4 countries covered by an SP TA in Pacific
  - 6 already covered by TA6120 and updated by this TA

The only Asian countries excluded are: American Samoa, Kiribati, North Korea, Singapore, Thailand and Turkmenistan.

- The methodology and approach is the same.

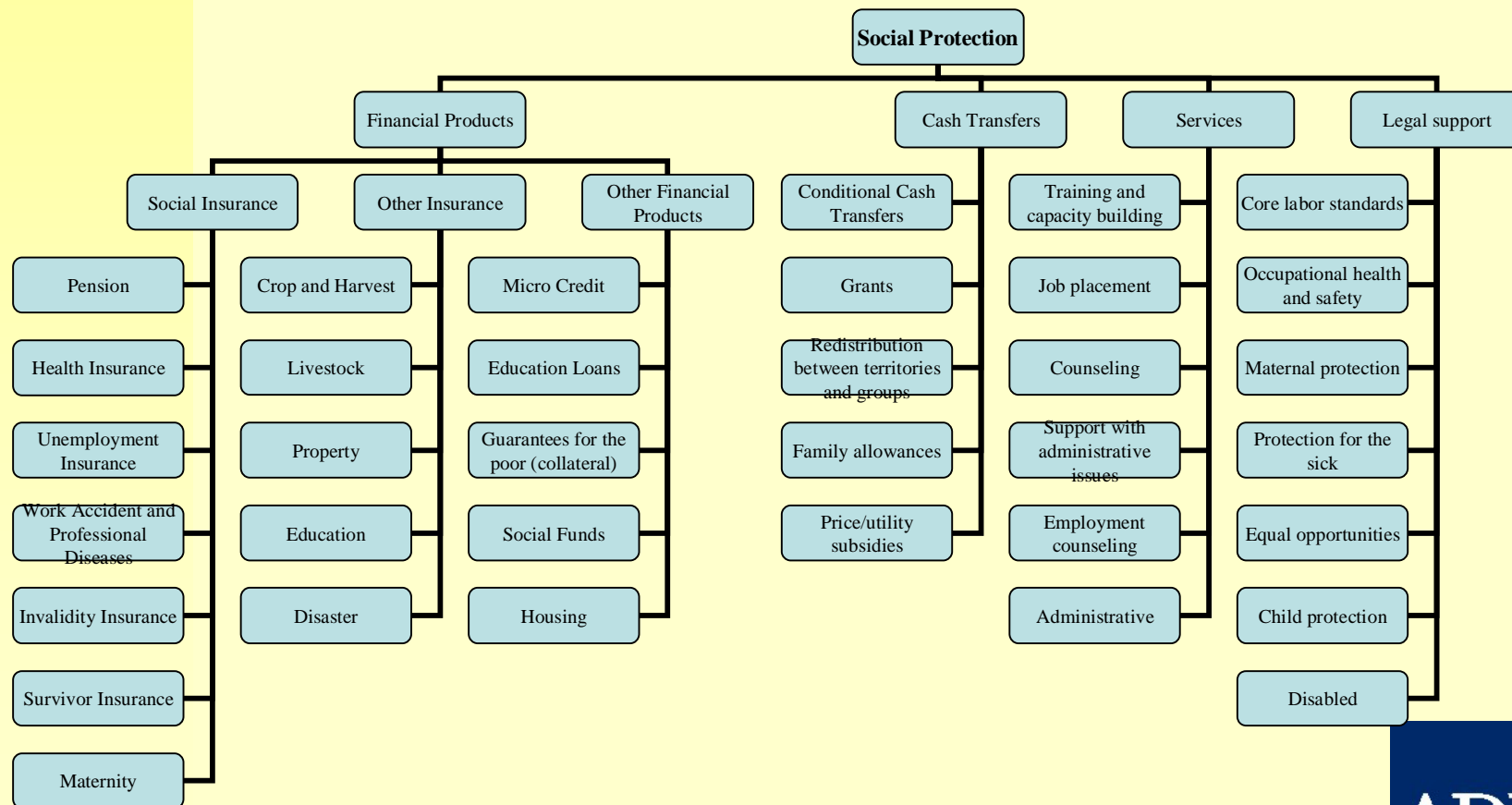
# Definition

# Definition of Social Protection

## - overview -

- There are numerous definitions of social protection in the region
- Each country has its own
- International Organizations have their own
- ADB's definition was particularly wide – there was a need to narrow it down in order to
  - distinguish social protection and social development or poverty reduction in general.
  - clearly define program that should, and should not, be included.
  - achieve an SPI that is understandable and replicable

# Definition of Social Protection - overview -



# Definition of Social Protection - the Project definition -

- *The set of policies and programs that enable vulnerable groups to prevent, reduce and /or cope with risks, AND that:*
  - *are targeted at the vulnerable groups;*
  - *involve cash or in kind transfers; and*
  - *do not fall under activities usually associated with other sectors such as rural development, basic infrastructure, health and education.*

# Definition of Social Protection

## - Programs included -

- Labour market programs
- Social security and insurance
- Social assistance/ welfare.
- Micro-credit/ finance programs.
- Child protection programs including those providing reduced educational costs.

# The Social Protection Index

## Methodology

# The Social Protection Index (SPI)

- Is Calculated for each country following the same methodology
- Is a single summary measure of a country's Social Protection programs.
- It is similar to other commonly used indexes, e.g. the HDI and the CPI
- Provides a summary of a quite complex system.
- Is complemented by explanatory, standardized and comprehensive country reports

# The Social Protection Index (SPI)

## - Basic Principles -

- Simplicity and ease of computation.
- Understandable and interpretable
- Availability of data.
- Use existing and accepted models like HDI

# The Social Protection Index (SPI)

## - Summary Indicators (SPSIs) -

Four components (summary indicators):

- Y SP Expenditure (SPEXP)
- Y SP Coverage (SPCOV)
- Y SP Distribution (SPDIST)
- Y SP Impact (SPIMP)

These are combined into a single, summary –  
the SPI.

# The Social Protection Index (SPI)

## - Definition of Summary Indicators -

- **SP EXP**: *Total SP Exp. / GDP*
- **SPCOV**: *SP beneficiaries / target population*
- **SPDIST** (poverty targeting): *Poor beneficiaries / Poor population*
- **SPIMP**: *Per capita SP expenditure on the poor as % of poverty line income.*

# The Social Protection Index (SPI)

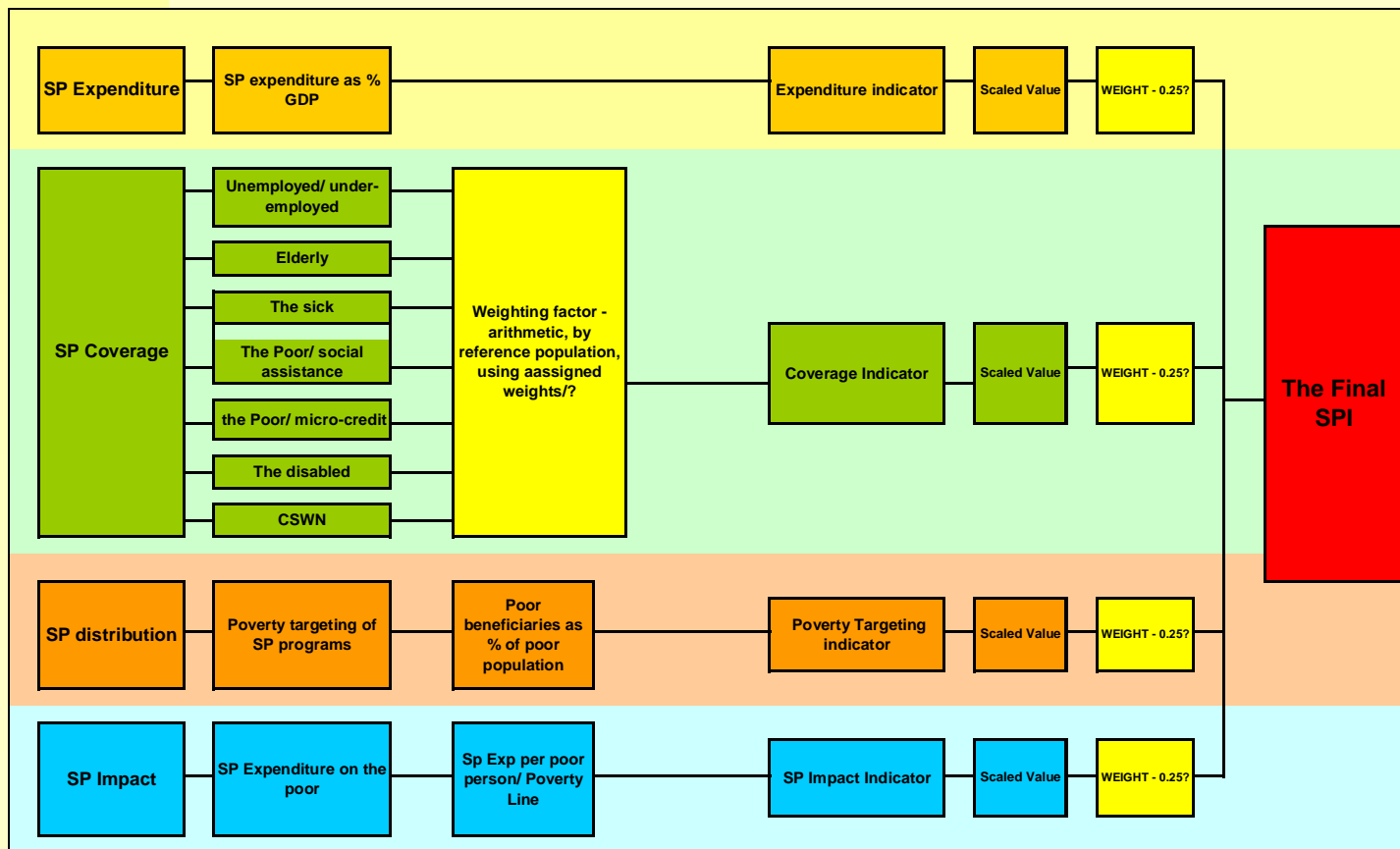
## - Summary Indicators - symmetries -

There is a symmetry about these 4 indicators:

- . two are related to expenditure
- . two to coverage;
- . two involve general targeting and
- . two relate specifically to the poor.

<b>Variable</b>	<b>Expenditure</b>	<b>Coverage</b>
<b>Targeting</b>		
<b>General</b>	<b>SPEXP</b>	<b>SPCOV</b>
<b>Pro-Poor</b>	<b>SPDIST</b>	<b>SPIMP</b>

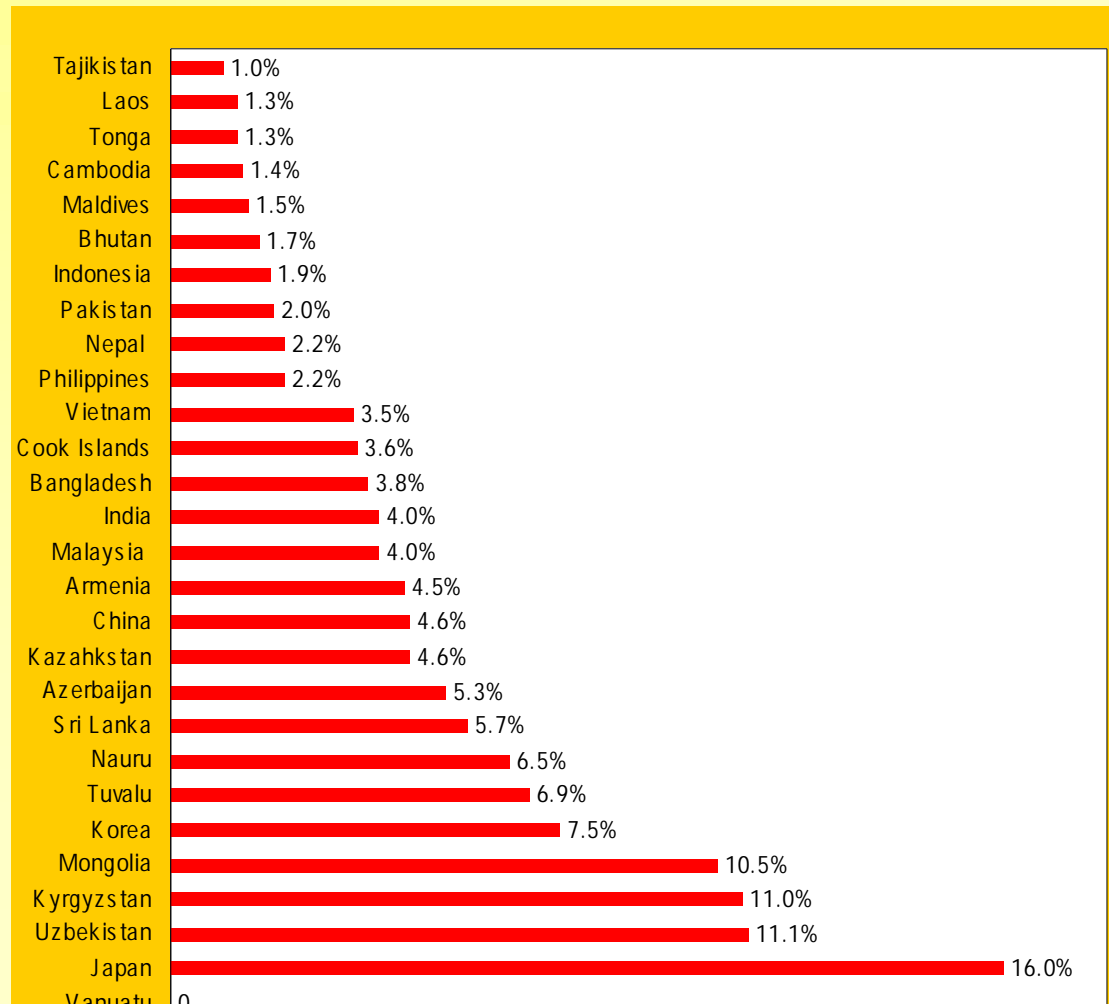
# The Social Protection Index - methodology -



# The Social Protection Index

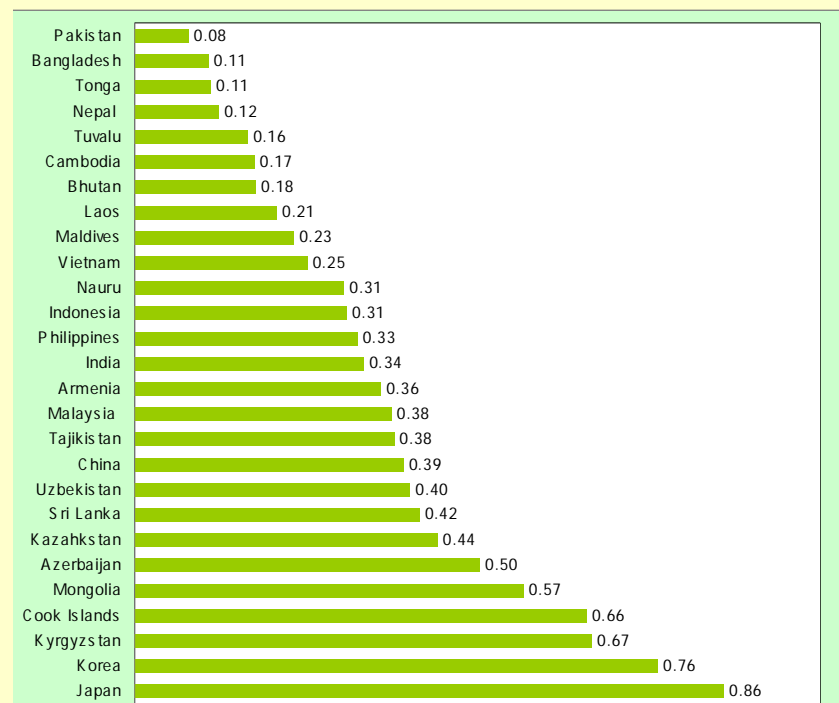
## Results

# The Results - SPEXP -



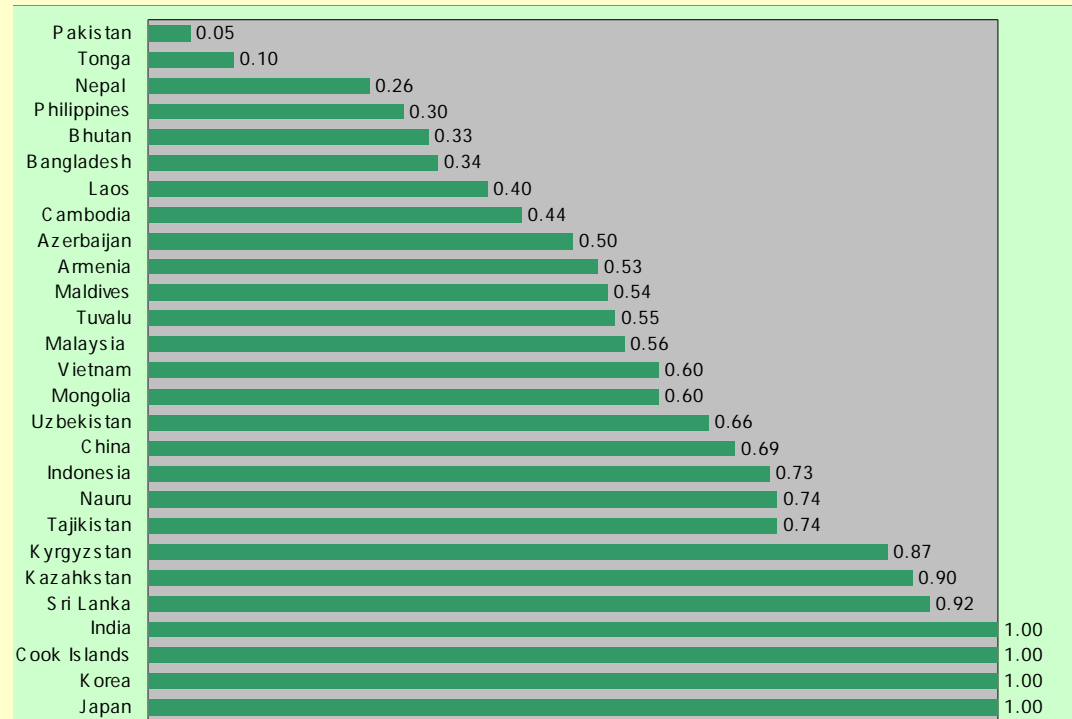
# The Results

## - Social Protection Coverage – SPCOV -



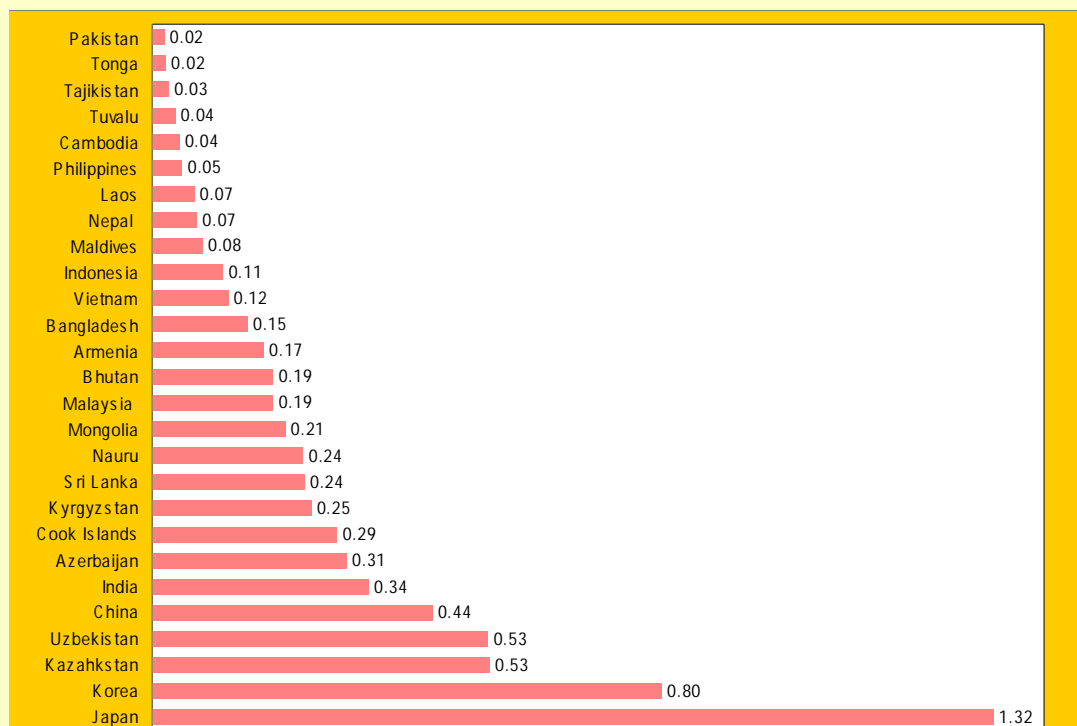
# The Results

## - Social Protection Distribution – SPDIST -



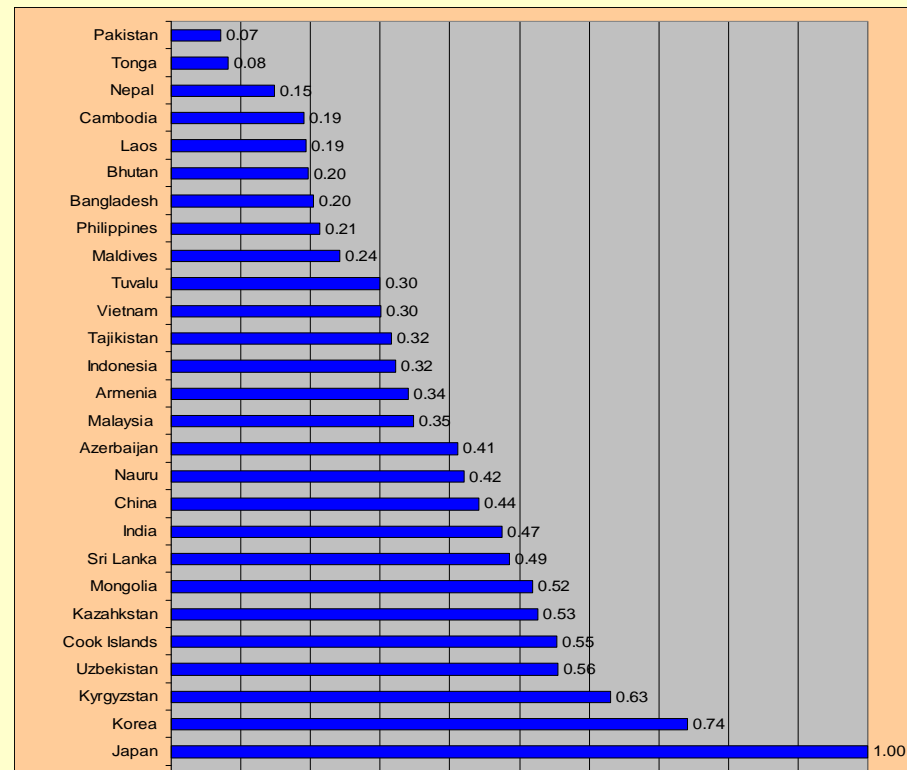
# The Results

## - Social Protection Impact – SPI MP -



# The Results

## - The SPIs for Asian Countries -



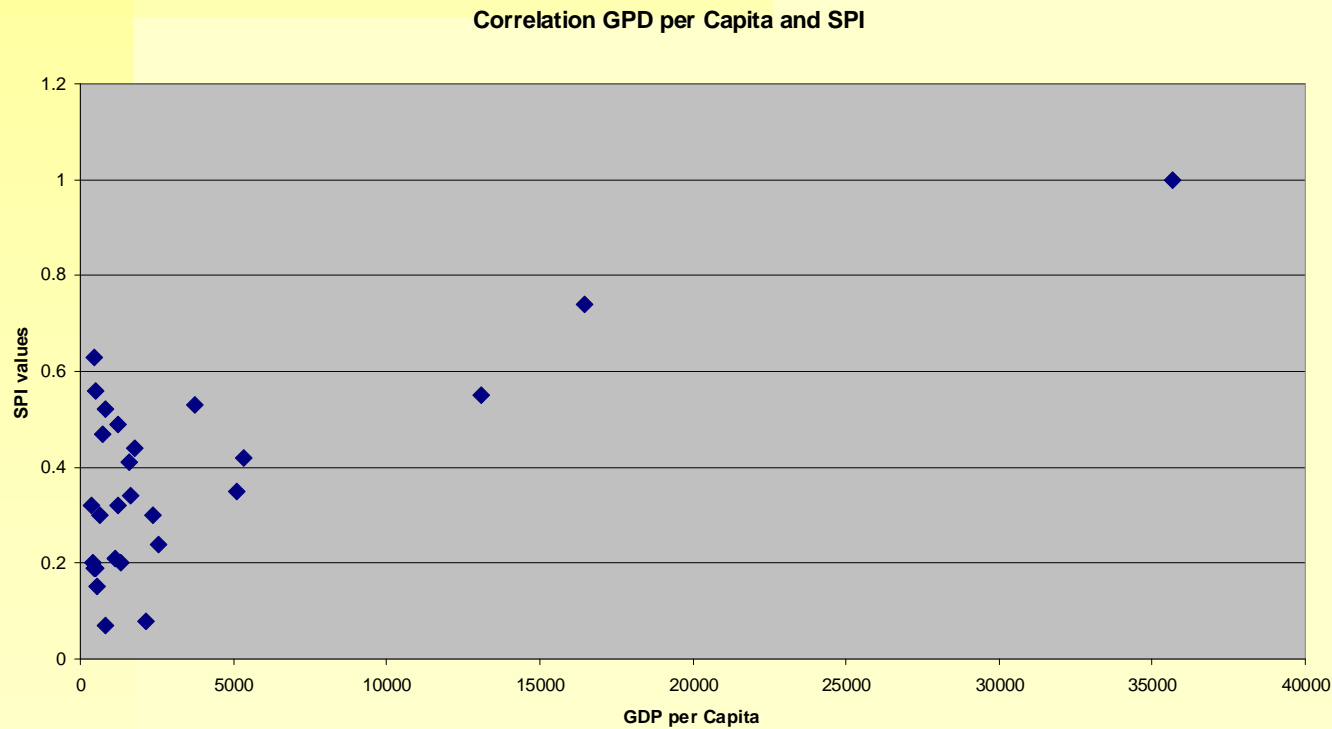
# The Results

## - All Indicators - statistics -

	Social Protection Summary Indicator			
Statistic	SPEXP	SPCOV	SPDIST	SPIMP
Max	0.16	0.86	1.00	1.32
Min	0.01	0.08	0.05	0.02
Mean	0.05	0.36	0.61	0.25
Median	0.04	0.34	0.60	0.19
St Dev	0.04	0.21	0.27	0.28
std/mean	0.77	0.57	0.45	1.12

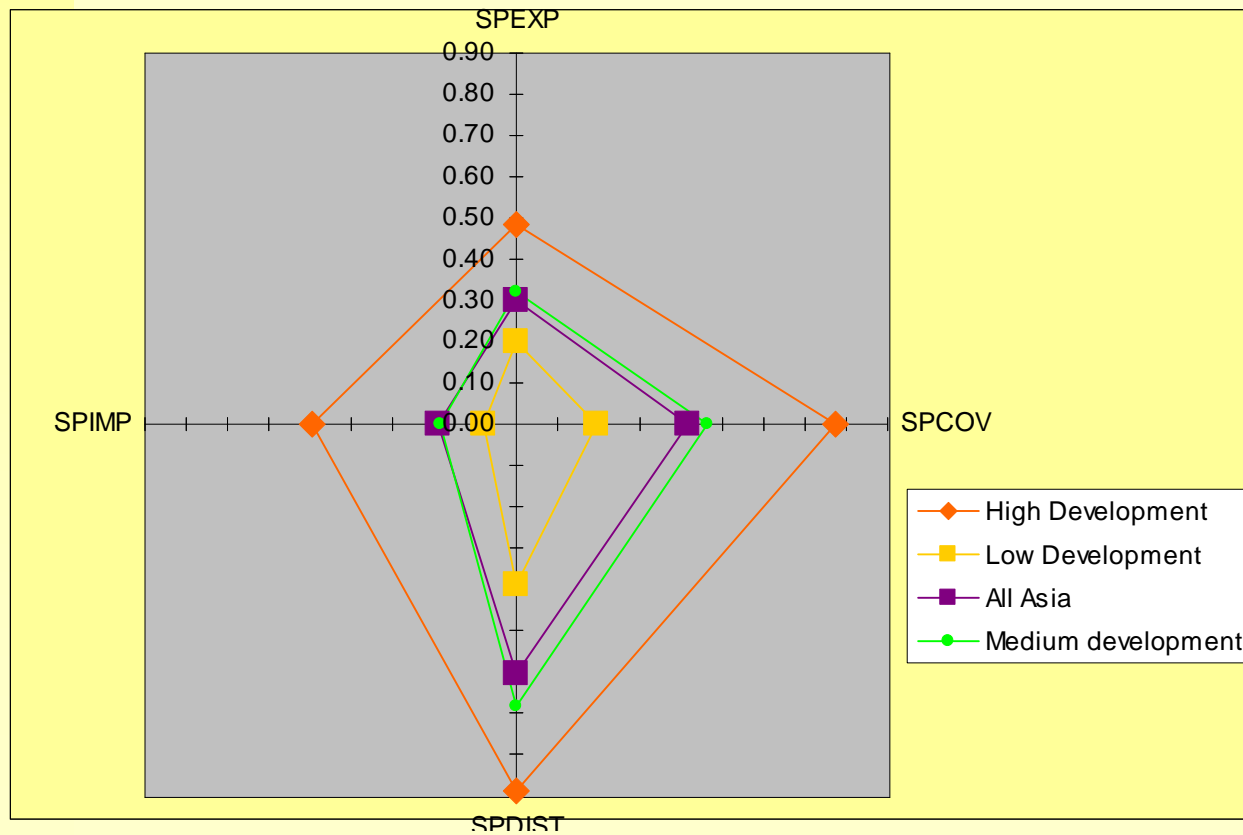
# The Results

## - Correlation GDP and SPI -



# The Results

## - All Indicators in One -



# The Results

## - Country Comparisons -



# The Results

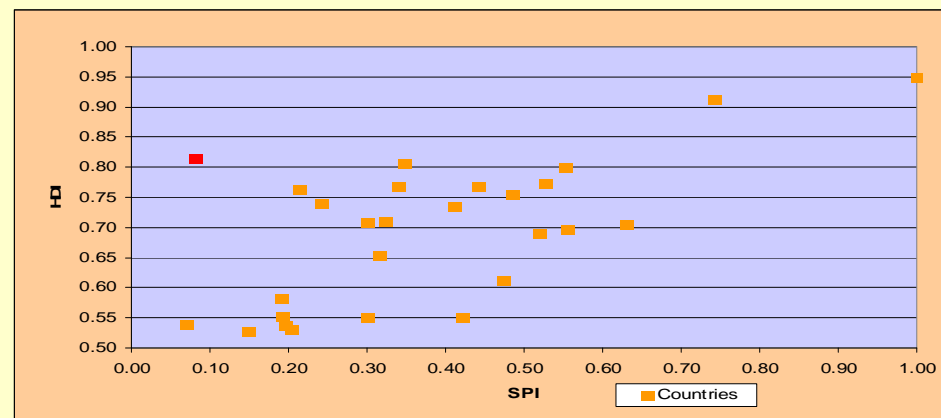
## - Inter-Correlations -

SPSI	SPEXP	SPCOV	SPDIST	SPIMP
SPEXP	1.00			
SPCOV	0.72	1.00		
SPDIST	0.52	0.78	1.00	
SPIMP	0.62	0.67	0.56	1.00

The correlation coefficients are all significant but none are so high as to make any of the indicators redundant. It means that each indicator 'represents' another facet of social protection.

# The Results

## - The SPI and the HDI -



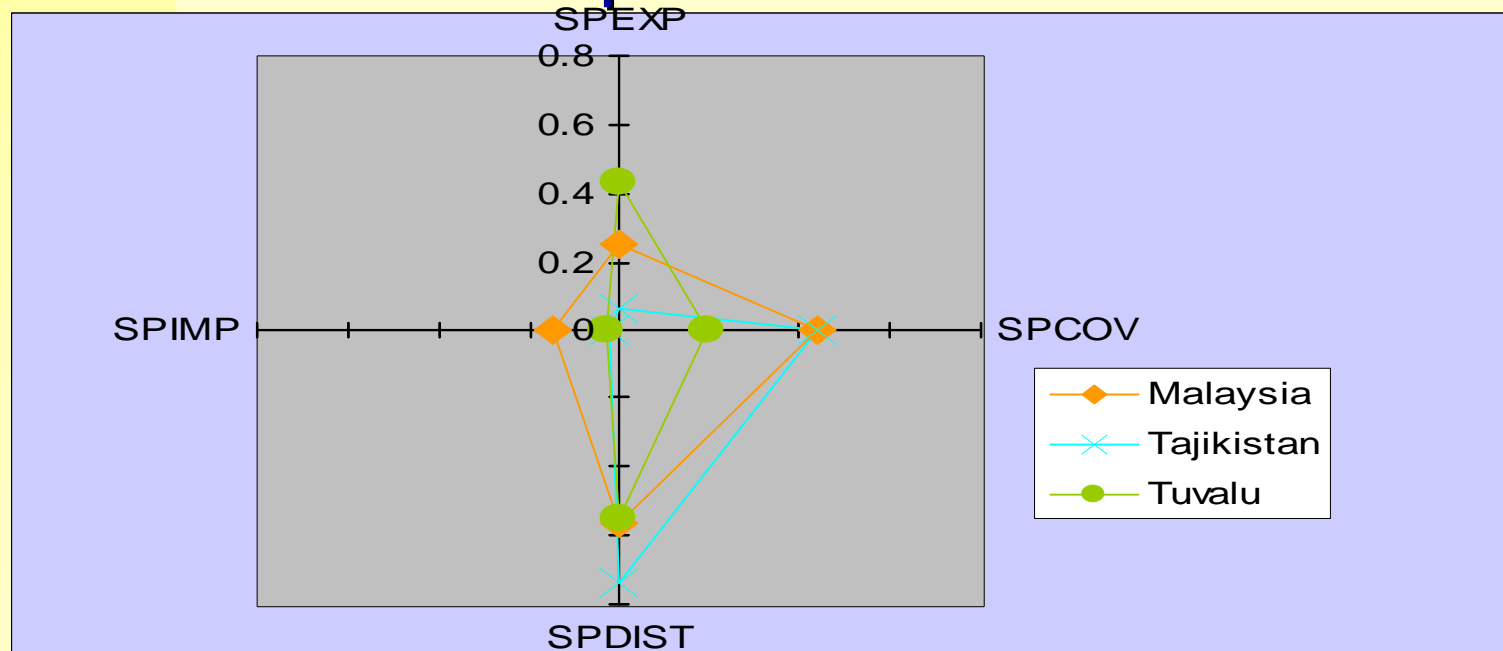
# The Results

## - Interpretation -

- High values do not always mean high level of social protection:
  - Nauru: SPEXP= 6.5% moribund economy dependent on aid.
  - Korea: SPEXP= 7.5% developed economy with high level of SP.
- The level of SP maybe increasing or decreasing:
  - China: SPI = 0.44 (increasing)
  - Kyrgyzstan: SPI = 0.63 (decreasing?)
  - Uzbekistan: SPI = 0.56 (decreasing?)

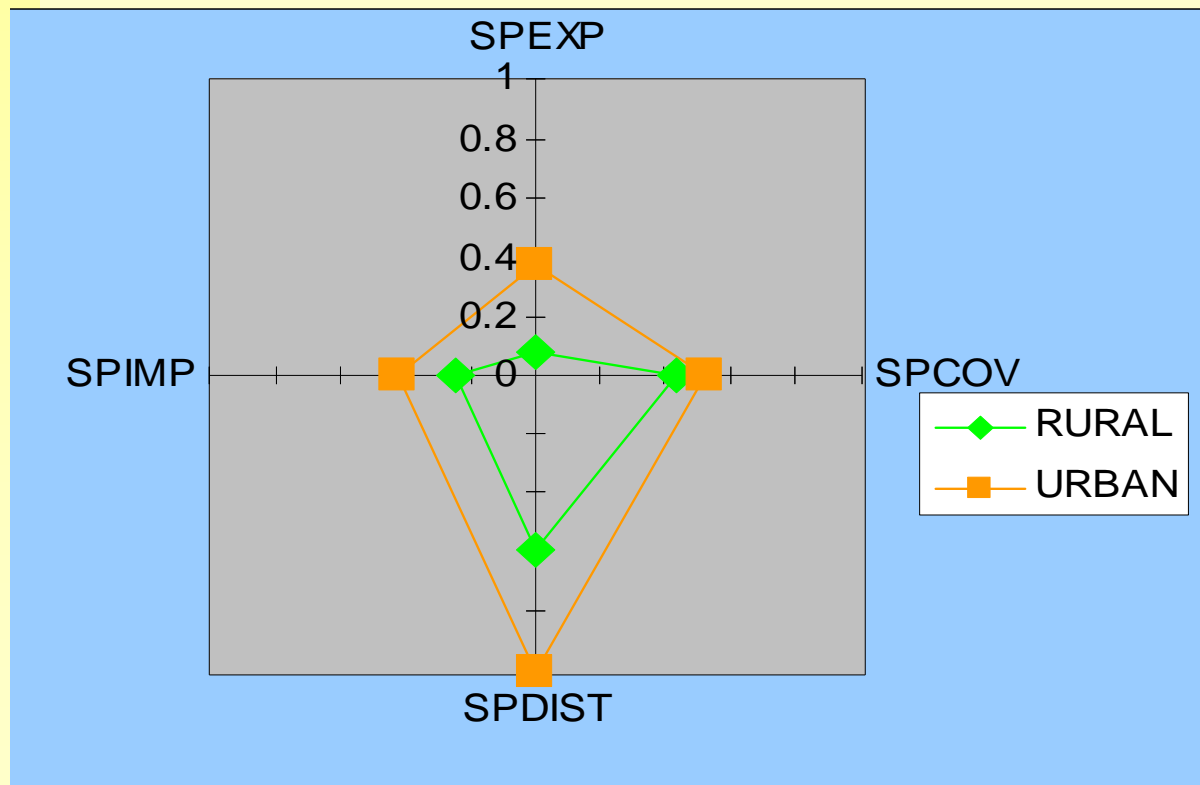
# The Results

- Interpretation - Same SPI - different patterns -



# The Results

## - Urban and Rural Areas – China -



# Conclusions

# Conclusions...

- SP Expenditure is dominated by social insurance but, apart from Japan and Korea:
  - SI generally only benefits the formal and public sectors.
  - Exceptions are mostly countries with extensive MCF programs.
- Greatest coverage of, and greatest benefit to, the poor are the targeted programs, e.g.
  - food aid,
  - educational assistance,
  - targeted subsidised health care (or fee exemptions),
  - food for work/ direct job creation, and
  - MCF schemes.
- Welfare programs involving cash transfers (CCT), which are prevalent in developed countries, are not frequent and usually only target the most vulnerable and the destitute. The exceptions are Central Asian countries and urban China.

## ...Conclusions

- Coverage ratios vary considerably reflecting different approaches and priorities in SP provision across the continent.
- Impact on incomes is relatively small in the majority of countries.
- Apart from Japan and Korea there is no significant correlation between SPI and GDP per capita. This means also poor countries can afford SP.

# Conclusions

## - Why is the SPI Useful? -

- Raises awareness about social protection issues
- Enables monitoring between countries and over time.
- For the first time a full evaluation of the country's SP activities.
- Greatest value is the creation of inventories of SP programs...
- ...which can reviewed in terms of their expenditure, coverage and pro-poor targeting.
- Interpretation of the results is possible with country reports and various data sources.

# What is next?

# What Next?

- Main Publication
- The SPI Indicators Database.  
Cooperation with ILO and OECD.
- The Social Protection Program Database
- The Web Site
- Possible follow-up activities including extension beyond Asia

# Thank You

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