The 2015 Social Protection Indicator Results for Asia

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Outline of Presentation

- Introduction
  - What is Social Protection Indicators?
  - Why and How SPI are constructed?
- The SPI Methodology
  - The SPI formulation
  - Data requirements
- Results
- Questions and Recommendations
ADB Definition of Social Protection =

Set of policies and programs to reduce poverty and vulnerability by:

- Promoting efficient labor markets,
- Reducing people’s exposure to risks,
- Enhancing their capacity to protect themselves against hazards and interruption/income loss
## Components of Social Protection

<table>
<thead>
<tr>
<th>Social Protection Programs</th>
<th>Subprograms</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social Insurance</strong></td>
<td>Pensions</td>
</tr>
<tr>
<td></td>
<td>Health Insurance</td>
</tr>
<tr>
<td></td>
<td>Other Social Insurance (passive labor market programs, e.g., unemployment insurance and disability insurance, maternity benefits; and provident funds)</td>
</tr>
<tr>
<td><strong>Social Assistance</strong></td>
<td>Social Transfers</td>
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<tr>
<td></td>
<td>Child Welfare Programs</td>
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<tr>
<td></td>
<td>Health Assistance</td>
</tr>
<tr>
<td></td>
<td>Assistance to Older People</td>
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<tr>
<td></td>
<td>Disability Assistance</td>
</tr>
<tr>
<td><strong>Active Labor Market Programs</strong></td>
<td>Cash- or Food-for-Work Programs</td>
</tr>
<tr>
<td></td>
<td>Skills Development and Training (targeted at the unemployed and underemployed)</td>
</tr>
</tbody>
</table>

SPI Defined

• SPI is a unitary indicator used to assess the effectiveness of SP programs

• The SPI can be disaggregated into
  ✓ By Component
  ✓ By size of benefits and by breadth of coverage
  ✓ By poverty and gender

• The SPI can be used to
  ✓ Monitor the extent of social protection activities
  ✓ Evaluate the effectiveness of social protection
  ✓ Contribute in formulation of new policies and programs
The Evolution of SPI

SPI started in 2005 with a composite index of four indicators:

1. SP Expenditures as share to GDP;
2. SP Coverage;
3. SP Distribution and
4. SP Impact

In 2009, was SPI became a combined indicator, which can be disaggregated to several dimensions:

- Expenditures as ratio to GDP per capita
- SP coverage
- SP benefits
- Distributional impact (poverty and gender)
The Evolution of SPI

In 2012, revision to improve the SPI formula was introduced

- **The Change in denominator**
  - in 2009 SPI the per capita SP expenditures were compared to 25% of GDP per capita
  - The 2012 SPI compilation used the GDP per capita

- **Indicator versus Index**
  - The SPI was no longer constructed on the basis of indexing (e.g., from 0 to 100)
  - Instead, as one simple indicator expressed as % of GDP per capita
The SPI Methodology

• The 2015 SPI draws on the methodology set out in the 2012 compilation

• The information required to compile the SPI are:
  (i) The basic statistics (economic, demographic and social statistics)
  (ii) Data on actual expenditures and beneficiaries of social protection

• The programs included were only those implemented by central governments
The SPI Formula

General Formula:
\[
\frac{\text{Total SP Expenditures}}{\text{Total Intended Beneficiaries}} \div \text{per capita GDP}
\]

- Disaggregating SPI by Categories

- \( \text{SPI} = \text{SPI}_{SI} + \text{SPI}_{SA} + \text{SPI}_{LMP} \)

Where:
\( \text{SPI}_{SI, SA, LMP} = \frac{\text{Total SI expenditures}}{(\text{total reference population} \times \text{per capita GDP})} \)
The SPI Formula

- Disaggregating by **SPI Depth of benefits** and **Breadth of coverage**

 ✓ SPI = SPI\textsubscript{Depth} \times SPI\textsubscript{Breadth}

\[
\frac{\text{Total SP Expenditures}}{\text{Total Intended Beneficiaries}} \div \text{per capita GDP} = \begin{cases} \text{Depth} \\ \times \frac{\text{Total Actual Beneficiaries}}{\text{Total Intended Beneficiaries}} \end{cases}
\]
The SPI Formula

- **Disaggregating SPI by Poverty**
  - \( \text{SPI} = \text{SPI}_{\text{poor}} + \text{SPI}_{\text{Non-poor}} \)

- **Disaggregating SPI by Gender**
  - \( \text{SPI} = \text{SPI}_{\text{female}} + \text{SPI}_{\text{male}} \)
The 2015 Results – SP Expenditures as Share to GDP and as Share to GDP per Capita (SPI)

- Overall SPI (Average = 4.0% of GDP per Capita)
- Expenditures as share to GDP (average = 5.3%)
The 2015 Results – SP Expenditures as Share to GDP and as Share to GDP per Capita (SPI) by Income Group and by Region

<table>
<thead>
<tr>
<th>By Income Group</th>
<th>Share of SP Expenditures to GDP (Average = 5.3%)</th>
<th>SPI (Average = 4.0%)</th>
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<tbody>
<tr>
<td>High-Income</td>
<td>7.9</td>
<td>11.6</td>
</tr>
<tr>
<td>Upper-Middle-Income</td>
<td>5.2</td>
<td>6.0</td>
</tr>
<tr>
<td>Lower-Middle-Income</td>
<td>2.8</td>
<td>3.9</td>
</tr>
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<td>East Asia</td>
<td>6.4</td>
<td>11.5</td>
</tr>
<tr>
<td>Central and West Asia</td>
<td>5.6</td>
<td>6.8</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>2.6</td>
<td>3.0</td>
</tr>
<tr>
<td>South Asia</td>
<td>2.5</td>
<td>2.7</td>
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By Region

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</table>
The 2015 Results – The SPI by Program and by Country

- Social Insurance (Average = 3.1%)
- Social Assistance (Average = 0.8%)
- Labor Market Programs (Average = 0.05%)
The 2015 Results – The SPI by Program, by Income Group and by Region

By Income Group

- High-Income: 6.6%
- Upper-Middle-Income: 3.9%
- Lower-Middle-Income: 2.2%

By Region

- East Asia: 5.5%
- Central and West Asia: 4.2%
- Southeast Asia: 2.0%
- South Asia: 1.6%

Legend:

- Green: Social Insurance (Average = 3.0%)
- Orange: Social Assistance (Average = 0.8%)
- Yellow: Labor Market Program (Average = 0.05%)
The 2015 Results – The Coverage of Social Protection

- Social Insurance (Average = 35.2%)
- Social Assistance (Average = 18.4%)
- Labor Market Programs (Average 1.5%)

% to Intended Beneficiaries
The 2015 Results – The Size of Social Protection Benefits

- Social Insurance (Average = 21.4%)
- Social Assistance (Average = 5.7%)
- Labor Market Programs (Average = 5.4%)
The 2015 Results – The Distributional Dimension of SPI

### Poverty

- **Japan**
- **Uzbekistan**
- **Azerbaijan**
- **Singapore**
- **Georgia**
- **Maldives**
- **Armenia**
- **Kyrgyz Republic**
- **Korea, Rep. of**
- **China, People's Rep. of**
- **Malaysia**
- **Viet Nam**
- **Mongolia**
- **Sri Lanka**
- **Tajikistan**
- **Philippines**
- **Thailand**
- **Indonesia**
- **Nepal**
- **Pakistan**
- **Bangladesh**
- **Lao PDR**
- **Bhutan**
- **Cambodia**
- **Myanmar**

- **Poorness (Average = 1.0%)**
- **Nonpoorness (Average = 3.0%)**

### Gender

- **Japan**
- **Uzbekistan**
- **Azerbaijan**
- **Singapore**
- **Georgia**
- **Maldives**
- **Kyrgyz Republic**
- **Armenia**
- **Korea, Rep. of**
- **China, People's Rep. of**
- **Malaysia**
- **Viet Nam**
- **Mongolia**
- **Sri Lanka**
- **Tajikistan**
- **Philippines**
- **Thailand**
- **Indonesia**
- **Nepal**
- **Pakistan**
- **Bangladesh**
- **Lao People's...**
- **Bhutan**
- **Cambodia**
- **Myanmar**

- **Women (Average = 1.9%)**
- **Men (Average = 2.1%)**
Trends in Social Protection: Expenditures as % to GDP and % to GDP per Capita

Expenditures as share to GDP

Expenditures as share to GDP per capita

In Percent

2009  2012  2015
Trends in Social Protection by SP Program

- Overall SPI
- Social Insurance
- Social Assistance
- Labor Market Programs

% to GDP per Capita
Conclusions

▪ Social insurance spending prevails over other programs;

▪ Health insurance lags behind pensions;

▪ Many countries have achieved progress in extending social insurance;

▪ The expenditures on social assistance was especially high in countries with broad-based entitlements;

▪ Social Assistance, cash transfers and social pensions coverage are expanding in many countries;

▪ Active labor market program remain underfunded across the whole of Asia; and

▪ A key policy goal is to balance coverage and benefits levels.
QUESTIONS?
Thank you...

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