



Poverty, Inequality and Recent Development of Social Protection— *The Social Protection Index: Assessing Results for Asia and the Pacific*

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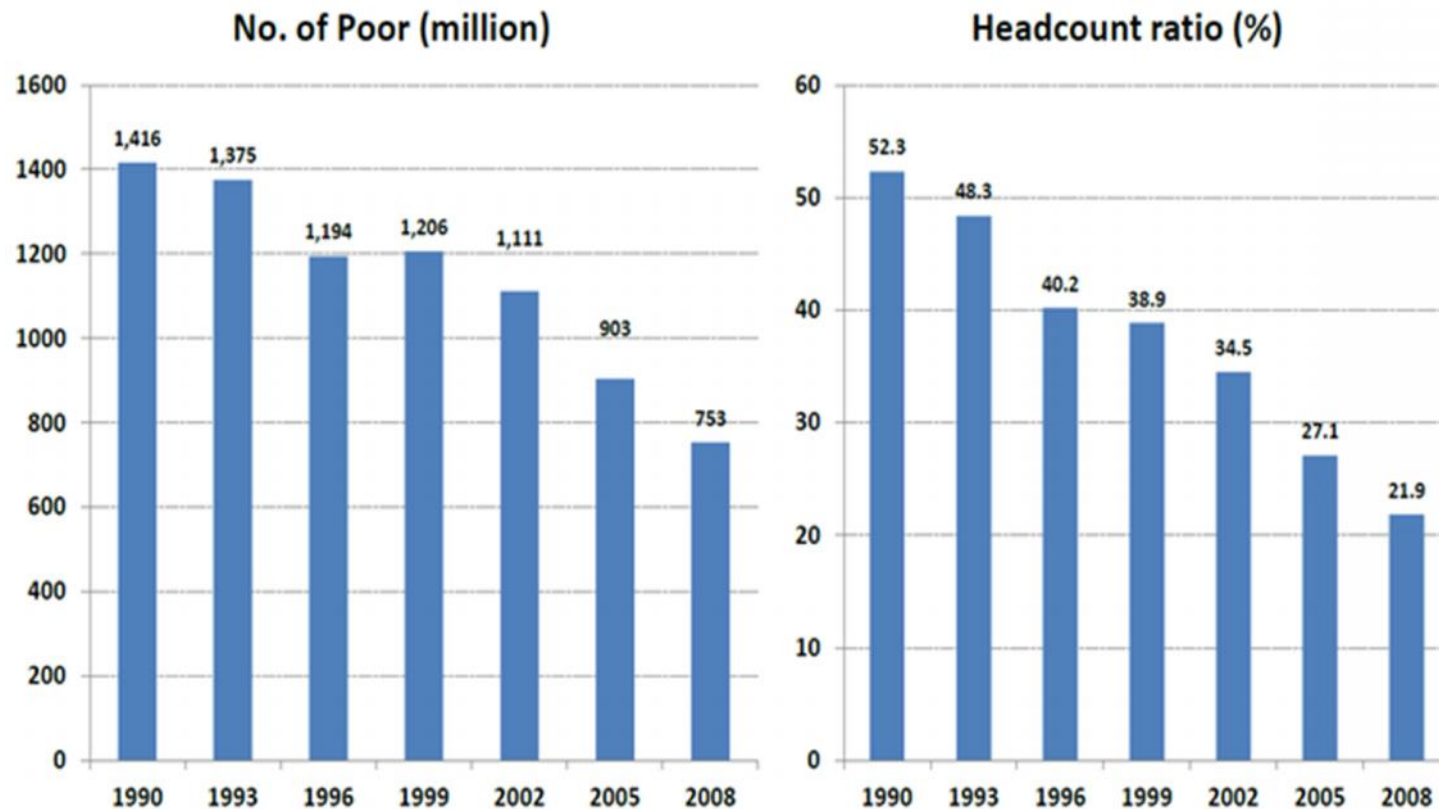
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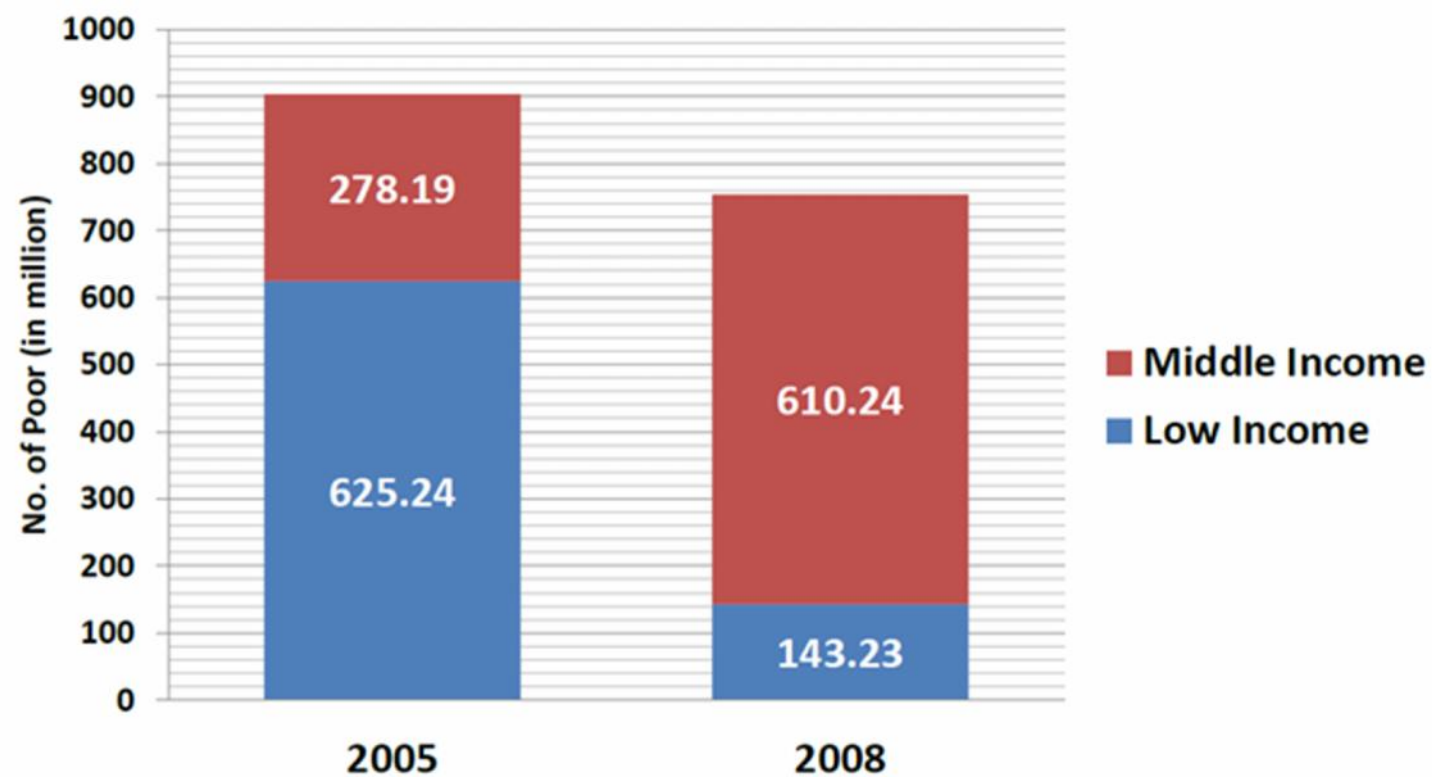
Outline of Presentation

- Poverty and Inequality in Asia
- Why Social Protection is important to address poverty and inequality?
- What is Social Protection Index?
- The SPI Results
- Conclusions and Policy Implications

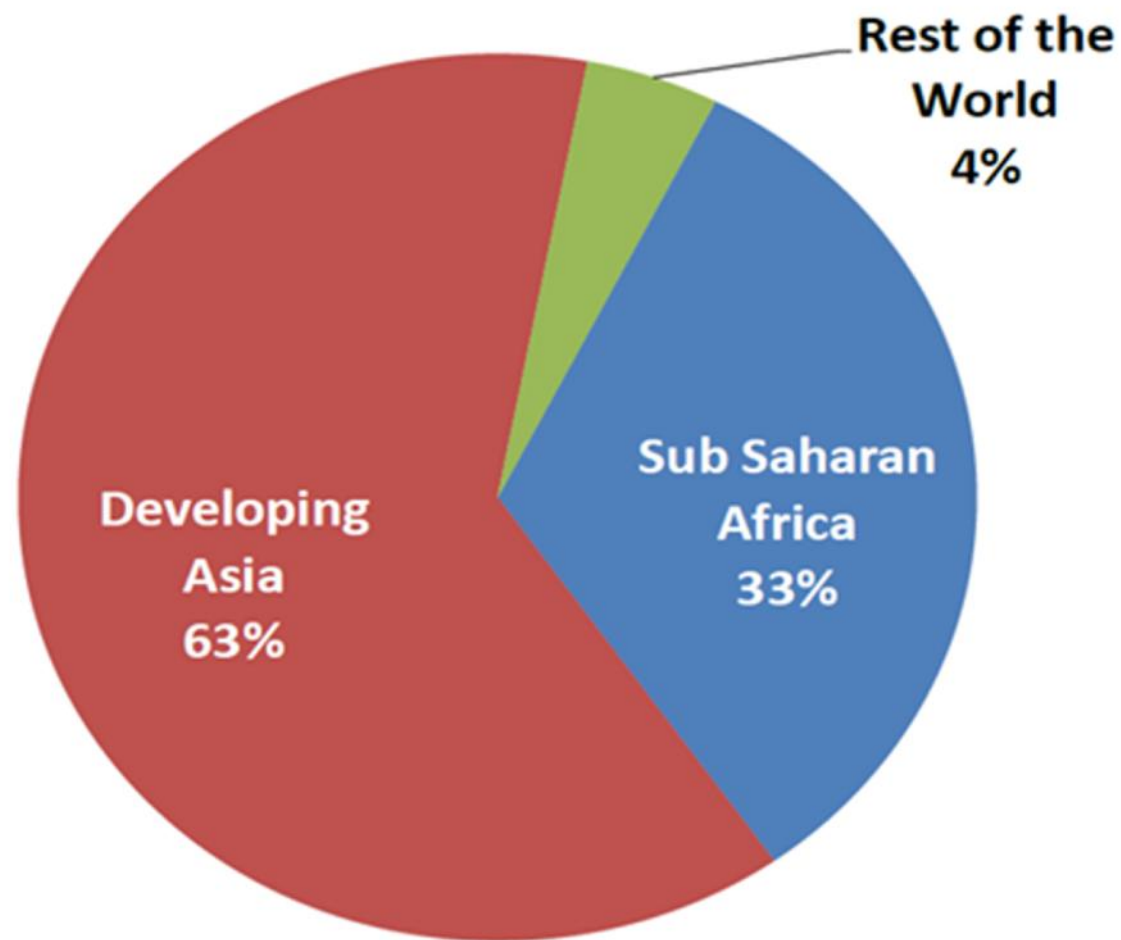
Poverty and Inequality in Asia



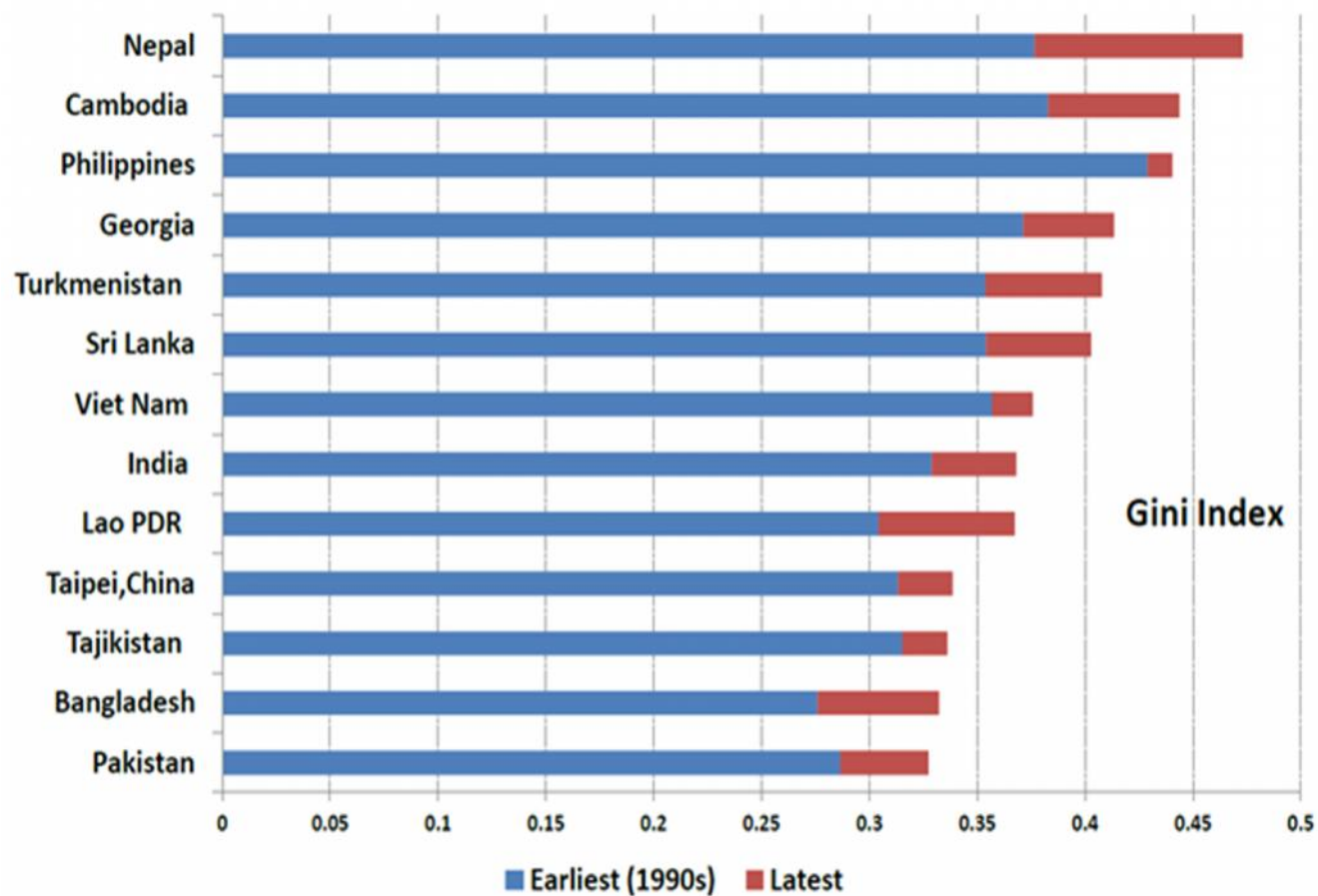
Poverty and Inequality in Asia



Poverty and Inequality in Asia



Poverty and Inequality in Asia



Definition and Concept of Social Protection

- ADB defines social protection as the set of policies and programs designed to reduce poverty and vulnerability by promoting efficient labor markets, diminishing people's exposure to risks, and enhancing their capacity to protect themselves against hazards and interruption/loss of income.
- Social Protection as part of ADB's inclusive growth agenda 2020, aims to assist individuals to break the cycle of poverty and enhance the ADB's developing member countries quality of growth by investing in human capital, increasing productivity, and reducing citizen's vulnerability to risks.



Why Social Protection?

- Essential instrument for poverty reduction
- Promotes empowerment and security
- Supports human capital development
- Provides effective support for broader development objectives
- Promote empowerment and more balanced gender relations
- Contributes to social cohesion
- Investment in pro-poor growth
- Other powerful tool for government and donors to strengthen their responses to emerging global challenges such as disaster risk reduction and climate change adaptation.

What is Social Protection Index?

- SPI is a simple unitary indicator instead of a composite index
- It is constructed to be concrete and readily understandable
- It is not designed for ranking purposes

What are the Components of Social Protection Index?

Social Insurance	Health insurance, pensions and other forms of social insurance (unemployment benefits, severance payments, benefits from provident funds)
Social Assistance	Social transfers, child welfare, health assistance, assistance to the elderly, disability programs, and disaster relief
Labor Market Programs	Cash or Food for Work Programs and Skills Development and Training

Objectives of Developing SPI:

- Assess the nature of SP programs in countries
- Design to assist governments monitor SP progress
- Help evaluate coverage to intended beneficiaries and size of benefits
- Provide useful information on the relative scale of the three components of SP
- Identify SP programs' broad impact on the poor and vulnerable
- Useful analytical assessment tool for countries' SP programs

The indicators of SPI:

- Public expenditure on SP programs
- Coverage of SP programs
 - Size of the benefits (depth of coverage)
 - Extent of the coverage (breadth)
- Number of intended beneficiaries disaggregated by
 - Poor and non-poor beneficiaries
 - Men and women beneficiaries

How is the SPI constructed?

- The SPI is the ratio of total social protection expenditures to total intended beneficiaries.
- For each of the sample of 35 countries in Asia and the Pacific, the value of its national poverty line has been approximately **one-quarter of GDP per capita**.
- GDP per capita is expressed in national currency. The SPI has formulated the second essential ratio for SPI as total GDP divided by total population (GDP per capita) multiplied by one-quarter:

0.25 (GDP/Total Population)

- The Social Protection Index of each country can be expressed as:

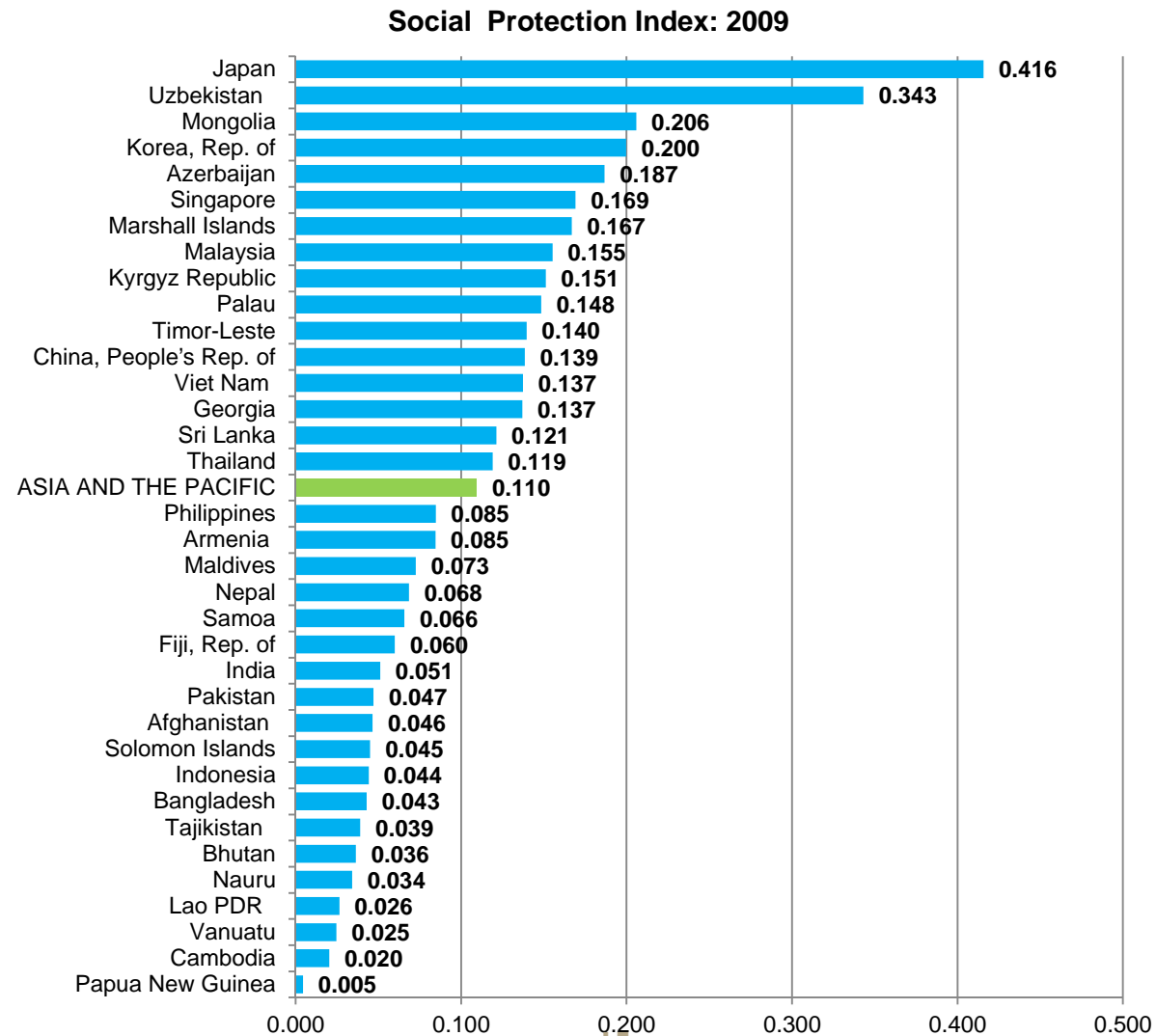
**[Total SP Expenditures/Total Intended Beneficiaries]
divided by [0.25 (GDP/Total Population)]**



Data Collection for SPI:

- Administrative data on SP programs
- Data were collected for 2008, 2009 and 2010 from many line agencies
- Data analysis based on the SPI Formula

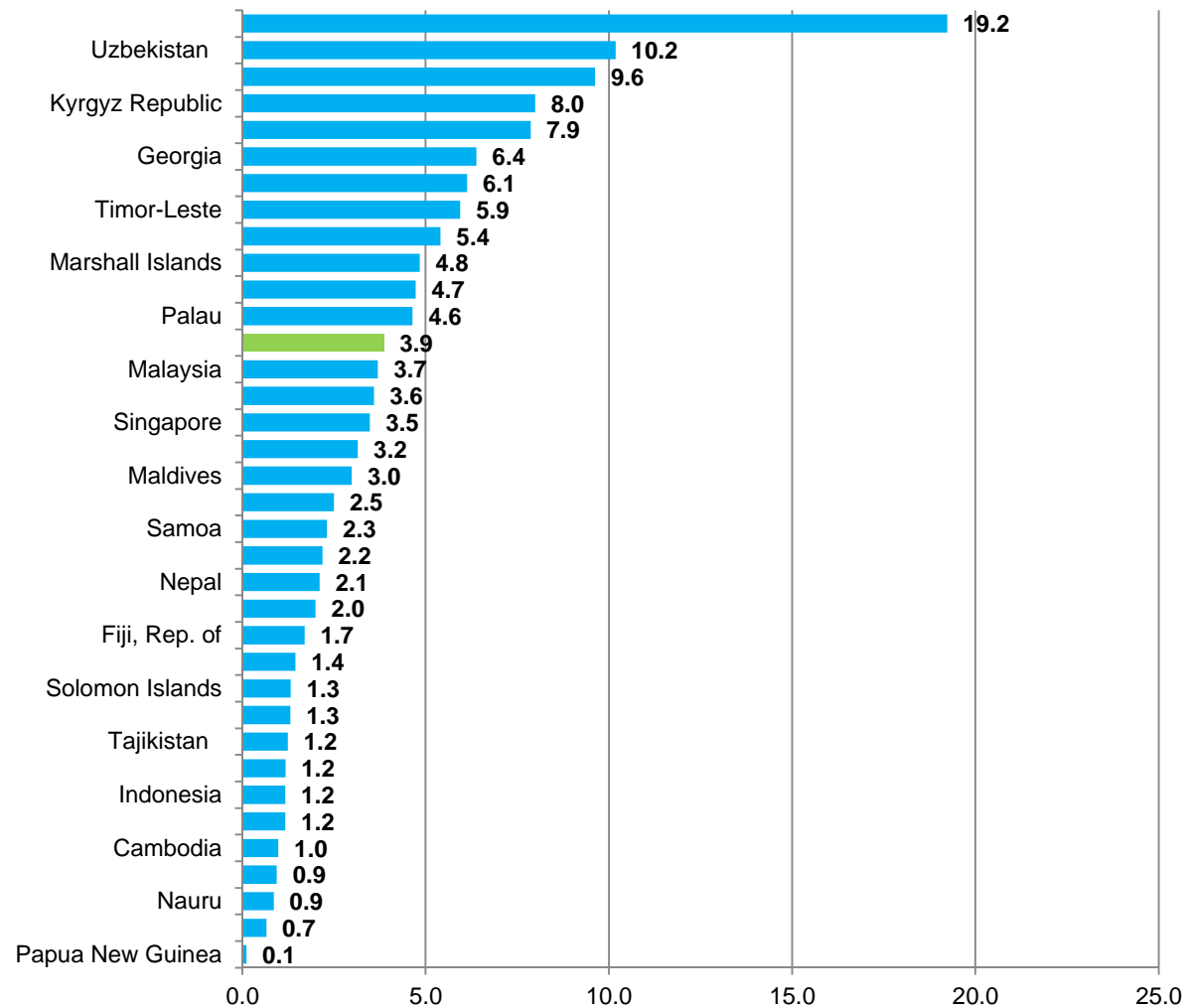
The 2009 SPI in Asia and Pacific



Source: ADB (2012)

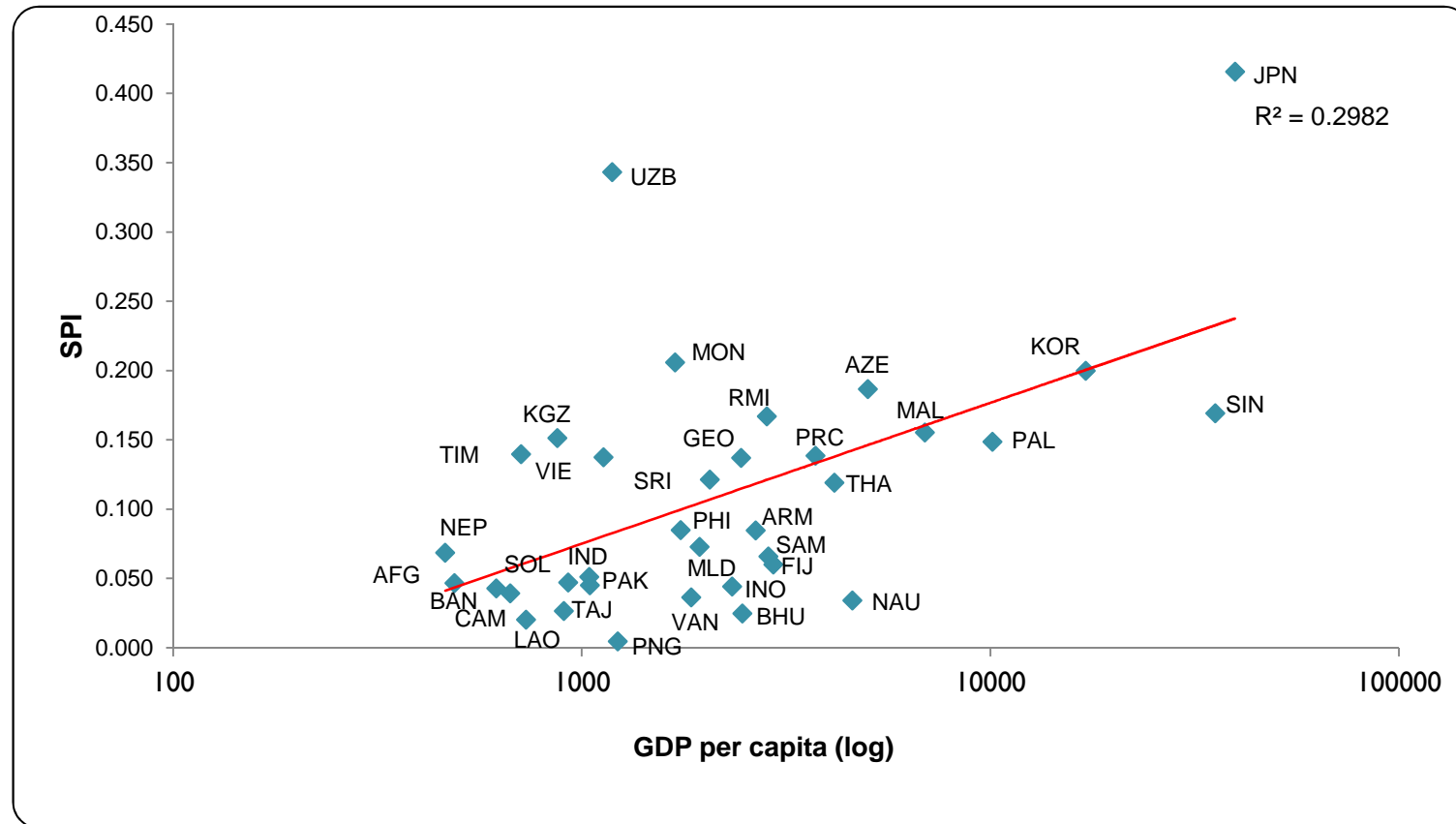


Social Protection Expenditure (% of GDP): 2009



Source: ADB (2012)

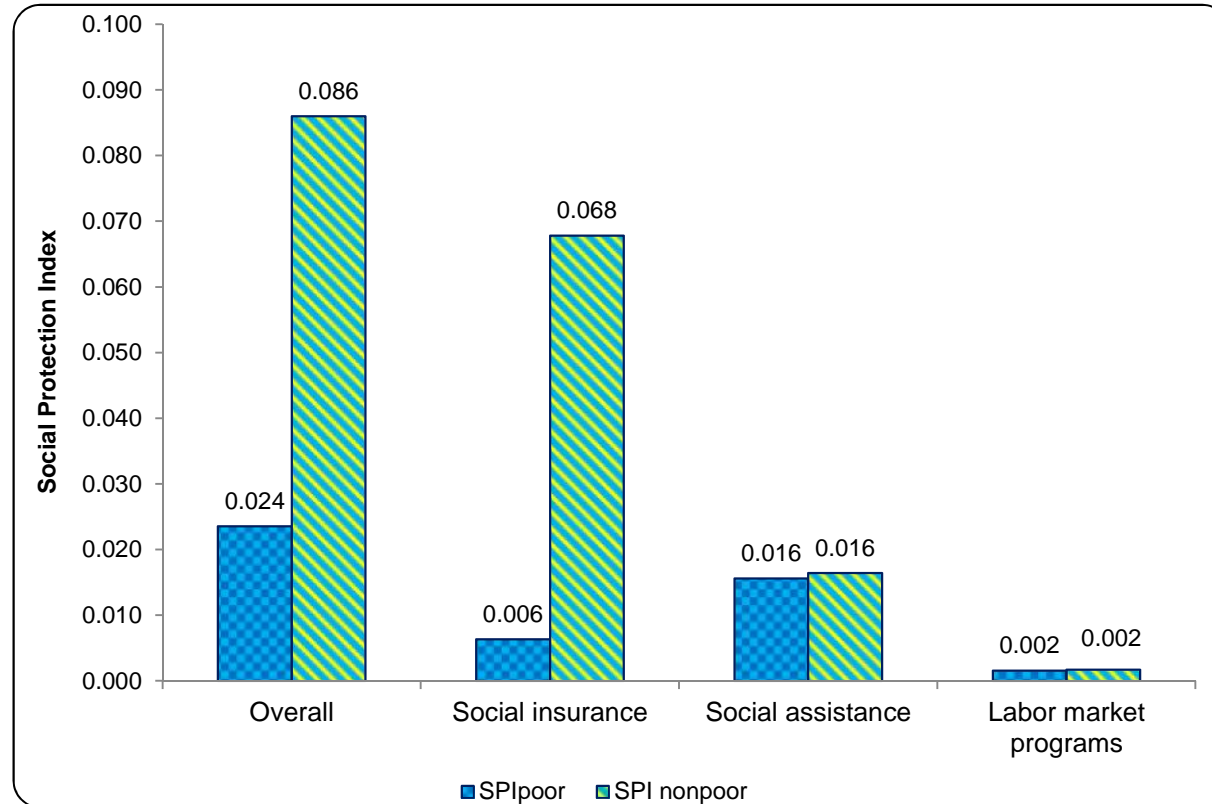
SPI and GDP per capita, 2009



AFG = Afghanistan, ARM = Armenia, AZE = Azerbaijan, BAN = Bangladesh, BHU = Bhutan, CAM = Cambodia, FIJ = Fiji, GEO = Georgia, IND = India, INO = Indonesia, JPN = Japan, KOR = Republic of Korea, KGZ = Kyrgyz Republic, LAO = Lao People's Democratic Republic, MAL = Malaysia, MLD = Maldives, MON = Mongolia, NAU = Nauru, NEP = Nepal, PAK = Pakistan, PAL = Palau, PNG = Papua New Guinea, PHI = Philippines, PRC = People's Republic of China, RMI = Republic of Marshall Islands, SAM = Samoa, SIN = Singapore, SOL = Solomon Islands, SRI = Sri Lanka, TAJ = Tajikistan, THA = Thailand, TIM = Timor-Leste, UZB = Uzbekistan, VIE = Viet Nam.

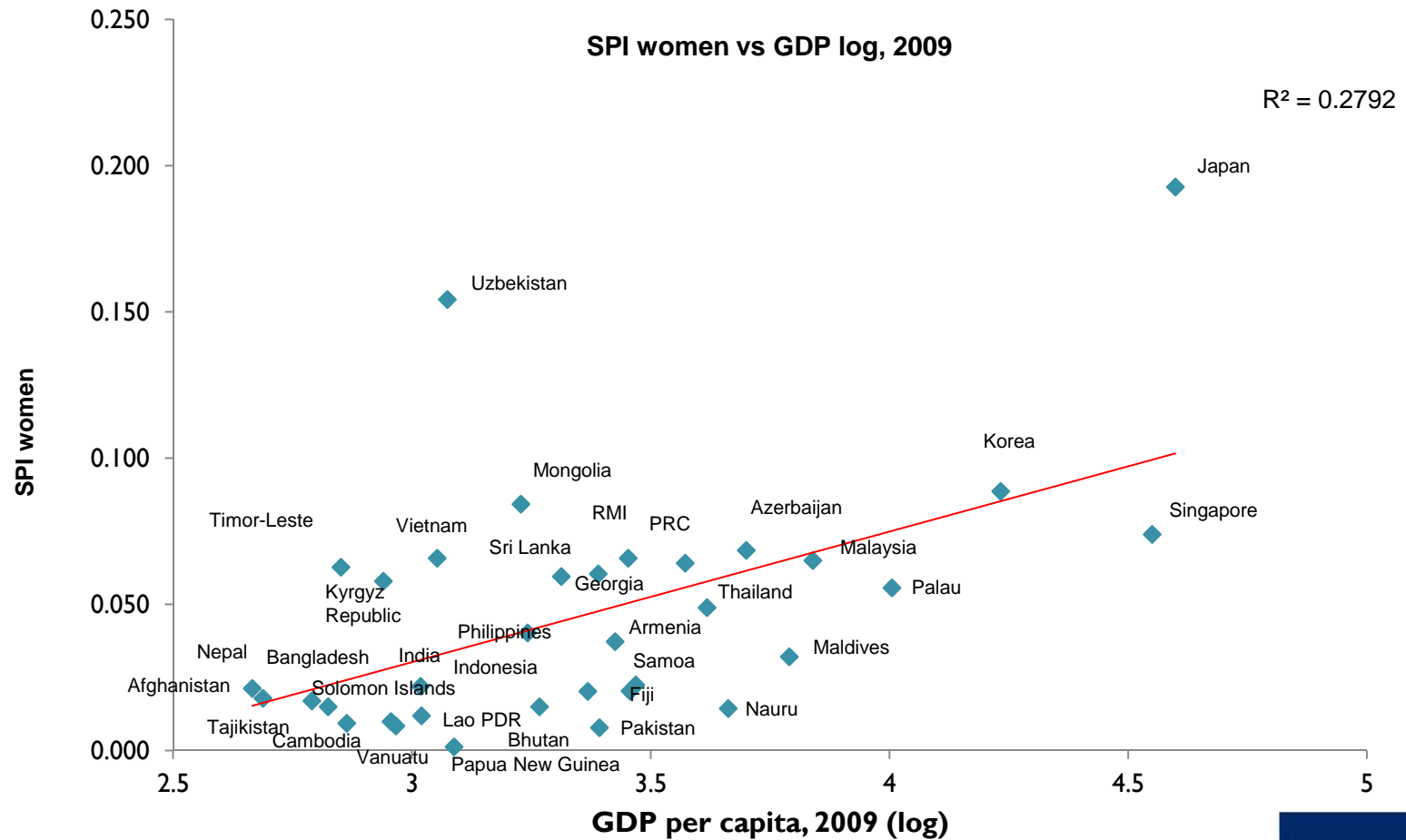
Source: ADB staff estimates based on SPI country reports (Appendix 2).

The SPIs for the Poor and Non-Poor



Source: ADB staff estimates based on SPI country reports (Appendix 2).

Gender Equity Compared to Income per Capita



Source: ADB (2012)

Summary of Results

The SPI

- Majority of countries have SPI expenditures equivalent to less than 5% of average GDP per capita
- Many of them middle-income, have SPIs in the range between 0.1 and 0.2;
- The remaining 19 countries have spending less than 2.5% of GDP

Summary of Results

Social Protection Programs

- Social insurance dominates most SP programs
- The average size of pensions tend to be larger than most other forms of SP programs
- Large segment of the population is considered the 'missing middle' of SP
- Social assistance systems appear to be relatively undeveloped
- Social assistance has a smaller 'depth' but wider 'breadth' of coverage than social insurance
- Labor market programs do not play a major role in SP

Summary of Results

The Poverty Impact

- The poor receive relatively more benefits from social assistance program

The Gender Impact

- Women benefit less from SP programs
- Women benefit less from social insurance than from social assistance due to lack of access to formal-sector employment
- Labor market programs disproportionately benefit men than women.

Policy Implications

- Despite impressive economic growth, the majority of countries in the region have no comprehensive SP systems
- Most countries need to scale up and broaden the SP systems. Spending that corresponds to 5% of GDP—as in the Republic of Korea—is a reasonable strategic target.
- Broadening the coverage of social insurance would be an important contribution to this effort.
- Social assistance benefits the poor and women much more than social insurance, increasing its average benefits should be a priority.
- Policymakers should examine closely how labor market programs could be expanded to strengthen SP systems
- Identifying practical ways of scaling up cash- or food-for-work programs and skills development and training appear promising ways of overcoming shortcoming of LMP.



Thank you

