

1 Introduction

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The publication and adoption of Asian Development Bank's (ADB's) Social Protection Strategy in 2001, along with the Social Protection (SP) strategies adopted by other international organizations and bilateral donors, heralded a growing recognition that the Millennium Development Goals for poverty reduction cannot be achieved purely through the promotion of economic growth and the development of physical and social infrastructure. Interventions are also necessary to directly address the needs of the poorest and to prevent members of vulnerable groups falling into poverty following community-wide or household-specific shocks.

As a result, ADB and other development agencies have developed SP strategies, projects, and programs, and produced a number of publications and reviews of SP activities in different countries. To date, however, there have been relatively few attempts to assess SP programs in developing countries on a comprehensive basis and quantify the impact of SP activities in terms of expenditure, beneficiaries or the impact of the programs. The International Social Security Association (ISSA) is maintaining a database with basic information on formal social security schemes.¹ But no information source is available showing, analyzing, and comparing the wide range of formal and informal protection schemes in developing countries.

Nearly all countries (developing and developed) have SP schemes. A large part of the funds dedicated to SP is used for formal sector social insurance schemes. SP measures are also targeted to the poor, e.g. programs for the elderly, the disabled, orphans, disaster relief, food for work, social funds, public health care provider networks, and microinsurance schemes. SP schemes include formal and informal sector SP, financed through government budget, and contributions from individuals, the private sector, nongovernment

¹ Social Security Worldwide. 1998. International Social Security Association 1998-2006. Available: <http://www-ssw.issa.int/sswlp2/engl/page2.htm>

organizations, and development partners. Also, SP concepts vary greatly among countries.

So far, little has been done to measure quantitative dimensions of all the areas of SP. Reliable data are generally unavailable, but are a prerequisite for effective planning and monitoring of SP measures. Most available data pertain to public budget items (though not always in a disaggregated and target-oriented format) and to formal SP schemes like pension schemes for public servants and large, private sector enterprises. The International Labour Organization (ILO) has done important work in compiling and analyzing formal social protection data in various countries through their social budgeting model and Social Protection Expenditure and Performance Reviews,² for example. Hardly any aggregate quantitative information is available on other private sector activities, NGO activities, development partner contributions, and the large informal sector, which has an important role in SP in all developing countries.

Thus, in order to implement any SP Strategy, various questions arise:

- (i) How should SP be defined in each country? SP policies, mechanisms, and instruments vary from one country to another owing to differences in needs, available resources, and priorities;
- (ii) What is the situation concerning SP in developing countries? Which tools are applied? What are the resources dedicated to SP? Who is covered? What is the experience in poverty reduction and prevention; and
- (iii) How can the implementation of SP programs be monitored?

There are different ways to address these questions. One basic requirement is to improve the data situation. Information has to be collected, compiled, adapted, and analyzed with view to SP needs. Data that are not in the required format have to be estimated based on related sources, e.g. surveys.

A Social Protection Index (SPI)³ could be used to (i) measure the situation and progress made in terms of SP, (ii) measure developments, and (iii) compare countries' efforts to reduce poverty through SP. One of the best known indexes in the field of social development is the Human Development

² Social Protection Expenditure and Performance Reviews. 2003. International Labour Organization 1996-2006. Available: <http://www.ilo.org/public/english/protection/socfas/research/intros.htm>

³ A first attempt to elaborate an index for 17 countries and a limited number of benefits (3) has been made by the National Insurance Institute of Israel. See Cohen, Rafaela and Yaacov, Shaul: Social Protection in Israel and 16 European Countries. Research paper, Jerusalem 1998.

Index (HDI) computed by the United Nations Development Programme (UNDP). The HDI is based on three indicators: (i) life expectancy at birth; (ii) knowledge measured by adult literacy rate and gross primary, secondary, and tertiary enrolment; and (iii) standard of living measured by gross domestic product (GDP) per capita. The HDI is calculated for every country based on the same methodology, thus, making cross-country comparisons and comparisons in time possible. An index can also be useful for analyzing and improving data, which in itself is an important step toward transparency and monitoring.

In the field of SP, a few indicators are used in some countries (e.g., social expenditure as a share of GDP based on a social budget, coverage rate for formal social insurance schemes, and poverty indicators), but no composite index is broadly accepted.

An SPI could be used to compare countries and for benchmarking, taking into account a whole set of circumstances like economic possibilities and achievements. Countries with low incomes could be compared in their efforts with countries with higher incomes. This might show no direct correlation between the level of SP efforts and the economic performance of a country; but might show that some countries with low incomes make relatively greater efforts in SP than other countries with higher incomes.

Developing an SPI will also help to define SP (including instruments like subsidies for the poor, informal sector schemes, traditional and community-based mechanisms, and social welfare), taking into account the different concepts of SP in each country. Country preferences are also influenced by the political support and social consensus needed to implement reforms.

The SPI will be based on quantitative data and will be accompanied by a qualitative assessment of SP instruments and policies through SP studies (reports). The reports will link the quantitative and qualitative work by interpreting results of both and giving background information on the situation of SP in each country. The SPI should be simple and transparent so that regular compilation is easy for the statistical offices of the respective countries and to make it readily understandable.

In 2004, ADB launched a Regional Technical Assistance⁴ (RETA) in six Asian countries, which had the following primary objectives:

- (i) To describe SP activities in six Asian pilot countries: Bangladesh, Indonesia, Mongolia, Nepal, Pakistan, and Viet Nam;

⁴ This research was financed by the Cooperation Fund in Support of the Formulation and Implementation of National Poverty Reduction Strategies (Government of the Netherlands) and the Poverty Reduction Cooperation Fund (Department for International Development of the Government of the United Kingdom of Great Britain and Northern Ireland)

- (ii) To compile statistical information on SP activities in these countries; and
- (iii) To develop an SPI that summarizes a country's SP activities and, hence, can enable assessments on a country's SP activities over time as well as cross-country comparisons.

Meanwhile, the study was completed and the consultants presented their reports on and proposals for the SPI. The present publication summarizes the results of the study and wishes to initiate a discussion about the proposed methodology.

The publication has seven sections: one section for each of the pilot countries, describing the respective SP activities; and one analytical multicountry section comparing the results of the country studies and deriving the SPI.

The general approach to this study involved four main steps:

- (i) Step 1: Reviewing ADB's definition of SP and formulating a study methodology and technical approach;
- (ii) Step 2: Conducting a review of SP policies and programs in countries and compiling statistical data on their SP activities;
- (iii) Step 3: Deriving summary indicators of SP for each country; and
- (iv) Step 4: Combining the summary SP indicators into an SPI.

In carrying out this study, these four steps were implemented and the members of the team have been guided by the Terms of Reference, which stress that the SPI "should be simple and transparent so that regular compilation is easy...and to make it readily understandable." They have also concentrated on ensuring that a common definition of SP has been applied in each country so as to enable consistency and comparability among the summary SP indicators. It should also be noted that the execution of the study has involved constant iteration between the above-mentioned steps. This iterative process has led to various modifications and refinements being made to the specification of programs, the methodology, and activities that are considered to be part of SP; the guidelines for data collection; the definition and calculation of the summary SP indicators; and the formulation, scaling, and weighting of the SPI.