Social Protection Floor Index
Monitoring National Social Protection Policy Implementation

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Exploring innovative ways to finance social protection on the national and international level

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Motivation and Objective

• Social Protection Floor Index (SPFI) as monitoring tool for Recommendation No. 202 (Bierbaum, Oppel, Tromp, & Cichon, 2016)
  – Assessment of protection gaps in income and health dimensions
  – Indication of financial resources needed to close gaps (as percent of a country’s Gross Domestic Product (GDP))

• Target audience: Member countries, trade unions, civil society, etc.

• Results available for 2012 and 2013, next update beginning of next year for 2015

• Uses of the SPFI
  – At the international level
  – At the country level
From the Social Protection Floor Concept to a Social Protection Floor Index

**Recommendation No. 202 – 4 basic social security guarantees**

- Basic income security for children
- Basic income security for persons in active age unable to earn sufficient income
- Basic income for older persons
- Access to essential health care

**SPFI – 2 dimensions of composite indicator**

- Shortfalls in income security over the life cycle
- Shortfalls in health security
Measuring Shortfalls in Income Security

Poverty gap:

Income per person

Poverty line
Measuring Shortfalls in Income Security

Poverty gap:

Income gap:
The minimum cost of eliminating poverty using targeted transfers (in percent of GDP).

Aggregated poverty gap:
Poverty gap:

Aggregated poverty gap:

Income gap:
The minimum cost of eliminating poverty using targeted transfers (in percent of GDP).

Poverty lines: $1.9 and $3.1 (now $3.2) per day in 2011 PPP; relative poverty line set at 50 percent of median income (with income floor).
Measuring Shortfalls in Health Security

Health gap

Expenditure adequacy
- Resources (percent of GDP) needed to close public health expenditure gap
- Benchmark (2013): 4.3% of GDP

Allocation adequacy
- Resources (percent of GDP) needed to close gap in births attended by professionals
- Benchmark: 95.0% of births attended by professionals
Aggregation and Interpretation

Income gap + Health gap = SPFI

Minimum share of GDP that a country needs to invest or reallocate to national SPF policies to close existing income and/or health gaps.
Overview of Results, 2013 (I): $1.9 per Day (2011 PPP)

Income gap at $1.90 per day at 2011 PPP

Health gap
Overview of Results, 2013 (II): $3.1 per Day (2011 PPP)

Income gap at $3.10 per day at 2011 PPP

Health gap
Overview of Results, 2013 (III): Relative Minimum Income Criterion

Percent of GDP

Income gap based on minimum income criterion and income floor
Health gap
Selected Latin American Countries, 2015: $3.2 per Day (2011 PPP) and Relative Minimum Income Criterion

- Bolivia
- Chile
- Colombia
- Costa Rica
- Dominican Republic
- Ecuador
- El Salvador
- Honduras
- Panama
- Paraguay
- Peru
- Uruguay

Graph showing GDP per capita and income gap/health gap relative to $3.2 (2011 PPP) for each country.
Uses of SPFI at International Level

• Focus measure for advocacy (cf. Jahan, 2017)
• “Towards a 2030 Agenda Dashboard” (Bissio, 2016)
• “Global space of deliberation on social reform by states, social movements and global publics” (Berten & Leisering, 2017)
  – Observation
  – Comparison
  – Communication
• Metaphor: Composite indicator as door to a house (Jahan, 2017)
Uses of SPFI at Country Level

• Comparisons of progress in one country over time
  – So far, only two years available (next update beginning 2019)
  – Challenge of data availability (particular regarding income gap)

• Comparison of different countries at one point in time
  – Countries with same level of economic development or other comparable characteristics
  – Some questions to be asked:
    ▪ Comparison of existing social protection schemes (achievements, not only gaps)
    ▪ Differences in national policy choices/fiscal space/priorities
    ▪ Good practices, policy transfers
## Further Topic in the Future: SPF-related Fiscal Challenges

<table>
<thead>
<tr>
<th>Country</th>
<th>SPF gap at the relative poverty line in 2013 as per cent of GDP</th>
<th>Government revenue as per cent of GDP*</th>
<th>SPF gap as per cent of government revenue*</th>
<th>SPF gap as per cent of average revenue (in per cent) of lower-middle-income countries*</th>
</tr>
</thead>
<tbody>
<tr>
<td>El Salvador</td>
<td>0.8</td>
<td>18.7</td>
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<td>Mongolia</td>
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<td>13.6</td>
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<tr>
<td>Morocco</td>
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<td>32.7</td>
<td>8.6</td>
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<td>Zambia</td>
<td>7.0</td>
<td>17.5</td>
<td>40.0</td>
<td>45.5</td>
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</tbody>
</table>

*Source: World Bank (2017) and own calculations.*

*Notes: *The latest country data available in the World Development Indicators (World Bank, 2017) were used for this preliminary fiscal challenge indicator.*
References


Limitations and Strengths

• Limitations and caveats
  – Focus on shortfalls
  – Average measure that masks disparities within a country
  – Huge complexity of health care systems
  – GDP as denominator
  – Data availability

• Strengths
  – Inclusion of high-income countries
  – Accessibility, replicability, transparency
  – Interpretability