Measuring Social Protection Expenditures in Southeast Asia
Estimates Using the Social Protection Index

This paper provides a cross-country analysis of social protection programs in Southeast Asia. ADB’s Social Protection Index is used to assess program coverage, benefit-level and impact on poverty and gender equity. While social protection expenditures differ across country income classifications, results show that total spending has remained low. Social insurance dominates total spending but only primarily benefits formal sector workers. Social assistance programs directly targeted to the poor remain underdeveloped. Labor market programs are inadequate. Evidences suggest that social protection expenditures need to be scaled up to increase benefits for the poorest and most vulnerable groups and cover moderately poor population.

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Measuring Social Protection Expenditures in Southeast Asia: Estimates Using the Social Protection Index

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ABSTRACT

This paper presents cross-country data on social protection programs in eight countries in Southeast Asia. It uses the Social Protection Index (SPI) developed by the Asian Development Bank to help assess the nature and effectiveness of social protection programs and to facilitate cross-country comparisons. While Southeast Asia has a high per capita gross domestic product (GDP) compared to other regions in Asia and the Pacific, the estimates reveal that the countries are spending only 2.6% of GDP on average for social protection programs. Social insurance, which benefits salaried employees in public and well-established private firms, is the dominant form of social protection. Social assistance systems are underdeveloped and are usually dwarfed by social insurance on spending. Moderately poor people—and people living just above the poverty line—do not benefit from existing social protection schemes. Active labor market programs receive little attention as a form of social protection. Women, who tend to work in the informal labor market, enjoy less access to social insurance, social assistance, and labor market programs. Evidence suggests that there is ample room to scale up social protection expenditures in Southeast Asia.

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1. INTRODUCTION

1. Southeast Asia has witnessed remarkable economic growth over the past decade. The average gross domestic product (GDP) growth of the 10 member states of the Association of Southeast Asian Nations (ASEAN) in the last 5 years ranged from 2.9% for Thailand to 5.9% for Viet Nam and Indonesia (Groff 2013). In 2010, the ASEAN-10’s combined nominal GDP was $1.8 trillion. Further, most countries in Southeast Asia have reached middle-income status since 2000: Malaysia and Thailand are upper-middle-income countries; Indonesia, the Lao People’s Democratic Republic (Lao PDR), the Philippines, and Viet Nam are lower-middle-income countries, while Cambodia and Singapore are classified respectively as low-income and high-income countries (World Bank 2009).

2. Southeast Asia also achieved significant progress in reducing poverty: the overall poverty rate has declined from 37% in the 1990s to about 17% in 2012 (ESCAP, ADB, and UNDP 2012). Even so, the number of people living on less than $1.25 a day was estimated to be 76 million in 2010 or about 12% of the total poor population in Asia and Pacific (Wan and Sebastian 2011). This number is of significant concern particularly if taken together with the share of the population that is classified as near poor (those living on approximately $2 per day). Against this backdrop, social protection has received increasing attention in development policy as an instrument for reducing poverty, inequality, and vulnerability, and for enhancing opportunities and human capabilities (Cook 2009, 32–45).

3. Evidence shows that highly inequitable societies tend to grow more slowly than those with lower inequality. These economies are less successful in sustaining growth over long periods of time and take a longer time to recover from an economic downturn (Easterly 2007). High inequality can intensify the risk of financial crises, generate social and political instability, discourage investment, and impair growth (Berg and Ostry 2011, 4). Without appropriate institutions and policies, inequality leads to the breakdown of social cohesion, placing the poor in an even more vulnerable position.

4. On average, the annual GDP growth rate for developing Asia (from 1990 to 2010) reached 7% in 2005 in purchasing power parity (PPP) terms (ADB 2012a, 38). This has led to poverty reduction but also to rising inequality. This paradox of growth has a detrimental effect on developing countries; income inequality impedes poverty reduction efforts, affecting growth and human capital. This leads to an individual’s lack of capacity to build assets and invest in financial, social, and human capital, and hampers his or her access to resources.

5. Comprehensive social protection frameworks have proven effective in ensuring that the benefits of growth are shared more equitably. The redistributive nature of social protection programs makes them important pillars of inclusive growth. In addition, expenditures on social protection contribute to economic growth via economic, social, and human capital development (Aguzzoni 2011, 3). Hence, social protection policies and programs are also seen as productive investments (Barrientos 2010, 4) that yield economic returns (Bonilla-Garcia and Gruat 2003, 11). Social protection expenditures could also act as an automatic stabilizer to support incomes, mitigate risks, and bolster demand during economic downturns, since public assistance and unemployment benefits typically increase during such periods.

6. However, there is limited literature on public investment in social protection programs and their impact on promoting inclusive growth, and reducing poverty and inequality. This paper intends to plug this knowledge gap by providing a cross-country analysis of social protection programs in
Southeast Asia. The data used in the analysis combine both primary and secondary sources to present a comprehensive picture of public expenditures on social protection. The analysis focuses on the current state of social protection programs in Cambodia, Indonesia, the Lao PDR, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam. Estimates are derived from the revised methodology of the Social Protection Index, developed by the Asian Development Bank (ADB 2012b) to show the depth and breadth of benefits and their impact on poverty and gender equity.

2. DATA AND METHODOLOGY

2.1 Data Collection

7. In order to estimate the reach (or coverage) of social protection programs in Southeast Asia, a selection of 2009 data on publicly funded social protection programs in the eight Southeast Asian countries was collected. The data collected include statistical information and macroeconomic indicators such as expenditures on social sectors, GDP per capita, the size of benefits, distribution patterns to the poor and non-poor, and gender dimensions.

8. One of the major difficulties of conducting this study has been the need to liaise with several different ministries and government agencies. Unlike education or health, information on social protection programs is not centralized under a single ministry or governmental department. This is an indication of the general lack of strategic focus for social protection. Invariably, no one government agency is given the central authority to coordinate social protection efforts. Hopefully, as the importance of social protection rises in governments’ agendas, this lack of coordination will be rectified (Asher and Bali, 2014).

9. Some programs that were not, strictly speaking, forms of social protection were eliminated during the data collection process. Moreover, some of the estimates on various groups of intended beneficiaries, such as the potential beneficiaries of disaster relief or active labor market programs, had to be corrected. Relevant data were frequently sourced from government officials, program directors, and other knowledgeable practitioners. Additionally, in some cases, estimates were derived from indirect sources such as surveys (i.e., censuses, and labor force, household income, and expenditure surveys).

10. ADB developed the Social Protection Index (SPI) in 2005 to address the growing recognition that economic growth alone cannot sufficiently address the needs of the poor and vulnerable. In 2010, ADB revised the SPI to highlight the impact of social protection expenditures on the beneficiaries of the following types of social protection programs: social insurance (SI), social assistance (SA), and labor market programs (LMP).¹ The SPI compares the total social protection expenditures across all potential beneficiaries, relative to the poverty line in each country.

¹ These three types of programs are discussed in greater detail in the sections that follow.
11. The construction of the SPI is relatively simple. It is based on a comparison of two ratios. The first is the ratio of total social protection expenditures to total intended beneficiaries. Total social protection expenditures are the sum of expenditures on social insurance, social assistance, and labor market programs. Similarly, total intended beneficiaries are the sum of the intended beneficiaries of each of the three types of social protection programs. The SPI is a unitary approach that highlights the impact of expenditures on all beneficiaries. It is not a composite index, although it can be disaggregated in various ways for analytical purposes. In simple terms, the ratio of total social protection expenditures to total intended beneficiaries can be constructed as follows:

\[
\frac{(E_{SI} + E_{SA} + E_{LMP})}{(B_{SI} + B_{SA} + B_{LMP})},
\]

where, E stands for expenditures and B stands for intended beneficiaries.

12. It is important to note that the result of the above equation is a weighted sum. The implicit weight for each of the three social protection programs is represented by the number of its intended beneficiaries as a ratio of the total intended beneficiaries of all three programs. In essence, this is a “population weight.” The value of the national poverty line of each of the eight Southeast Asian countries sampled in this study has been compared to their respective GDP per capita (expressed in national currency). On average, these national poverty lines approximate a quarter of GDP per capita. Hence, the second essential ratio for the SPI is GDP per capita multiplied by one-quarter, or:

\[
0.25 \times \frac{\text{GDP}}{\text{Total Population}}.
\]

Therefore, in its simplest form, the SPI of each country can be expressed as:

\[
\text{Total Social Protection Expenditures} / \text{Total Intended Beneficiaries} \\
0.25 \times \frac{\text{GDP}}{\text{Total Population}}
\]

13. Dividing the first ratio by 0.25 of GDP per capita serves several purposes. First, it gets around the problem of expenditures expressed in national currencies, since national currencies are dropped from the two combined ratios. Second, this approach also avoids the problems associated with expressing values in US dollars based on international PPP estimates. While such estimates may be useful for assessing trends for a grouping of countries, they are less effective for assessing national trends. The third and last major justification for “normalizing” the SPI by GDP per capita is that such an approach ties the value of the SPI to the income level of each country. Thus, the SPI is essentially a relative indicator. Its value is relative to the average income per capita in a country and each country is being judged on the basis of its own capacity to finance social protection according to its own income levels.

14. However, the results generated by the SPI are not completely relative. This would be the case if the SPI results were based, instead, on each country’s national poverty line. For example, the performance of some countries could be artificially boosted simply because their national poverty lines are well below their levels of GDP per capita. If the national poverty line is used as the denominator of the SPI, the lower the national poverty line, the higher the SPI will be. Conversely, the performance of some other countries could be artificially depressed simply because their national poverty lines are close to their levels of GDP per capita.
15. Employing a common “region-wide” poverty threshold/line for the SPI (i.e., 0.25 x GDP per capita) reduces the scope for such arbitrary results. This approach also makes the results generated by the SPI more easily understandable. For example, when total social protection expenditures are divided by total intended beneficiaries and the resultant ratio is subsequently “normalized” by a “regionally averaged” poverty threshold/line, the final outcome can be placed within a more easily interpretable context.

16. Take, for example, the SPI for country X is 0.053. What does this result signify? It means that the total social protection expenditures per intended beneficiary represent 5.3% of expenditures relative to the poverty threshold. In another example, if the Revised SPI for country Y is 0.200, then this country’s total social protection expenditures per intended beneficiary represents 20% of expenditures relative to the poverty threshold.

17. Alternatively, total social protection expenditures per intended beneficiary could be compared directly to GDP per capita. In the latter example, 20% of 0.25 x (GDP/Total Population) would be equivalent to 5% of GDP per capita. SPI results are occasionally presented in this quick and easily understandable manner.

3. FINDINGS

18. While the definition of social protection varies across development agencies, this paper employs the definition set out by ADB (2012b), which states that social protection enables vulnerable groups to prevent, reduce, and/or cope with risks. Therefore, in this context, social protection covers vulnerable non-poor groups as well as the poor.

19. This paper further defines social protection as encompassing three policy/program subsets: (i) social assistance (e.g., noncontributory cash or in-kind transfers and welfare services); (ii) social insurance (e.g., contributory schemes that reduce risks associated with old age, disability, unemployment, sickness, etc.); and (iii) labor market programs that actively help people secure employment through employment services, skills development and training or special work programs, and passive labor market programs such as unemployment insurance. Within each of these three major components of social protection, several subcomponents have been identified (Table 1).

3.1 Social Protection Index by Income Group

20. GDP per capita levels in this sample group of eight Southeast Asian countries vary widely, from $731 (Cambodia, lowest) to $35,514 (Singapore, highest) (see Table 2). The other six countries fall within the lower- to upper-middle-income categories. The SPI in Southeast Asia ranges equally widely from 0.02 (Cambodia) to 0.169 (Singapore). These results suggest that when Singapore’s total social protection expenditures are averaged across all potential beneficiaries, the country allocates about 16.9% of per capita expenditures, relative to the poverty line, or 4.2% of GDP per capita to social protection. In contrast, Cambodia allocates only 0.02% of per capita expenditures, relative to the poverty line, or 0.005% of GDP per capita to social protection.
Table 1: Social Protection Programs and Their Subcomponents

<table>
<thead>
<tr>
<th>Social Assistance</th>
<th>Social Insurance</th>
<th>Labor Market Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commonly provided as transfers to groups, such as the poor, who cannot qualify for insurance or would otherwise receive inadequate benefits.</td>
<td>Mitigates problems for population groups that are vulnerable to common risks, such as illness, unemployment, work injury, maternity, or old age. These groups are often not poor, at least not before experiencing a shock of some sort.</td>
<td>Actively help people to secure employment, through employment services, skills development and training, or special work programs. The Social Protection Index project includes passive labor market programs, such as income support for the unemployed under social insurance, e.g., employment guarantee programs, skills development, and training.</td>
</tr>
</tbody>
</table>

- Assistance to the elderly
- Health assistance
- Child protection (school feedings, scholarships, etc.)
- Family allowances (e.g., cash or in-kind transfers to assist families with children to meet part of their basic needs)
- Welfare and social services targeted the sick, poor, disabled, and other vulnerable groups
- Disaster relief and assistance
- Cash or in-kind transfers (e.g., food stamps, food aid)
- Temporary subsidies for utilities and staple foods (only if imposed in times of crisis and targeted at a particular vulnerable group)

- Pensions
- Unemployment benefits
- Health insurance

- Direct employment generation through public works programs
- Labor exchanges and other employment services
- Skills development training


Table 2: Social Protection Index and Gross Domestic Product per Capita, 2009

<table>
<thead>
<tr>
<th>Country</th>
<th>Gross Domestic Product Per Capita ($)</th>
<th>Social Protection Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>High income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>35,514</td>
<td>0.169</td>
</tr>
<tr>
<td>Upper-middle income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>6,915</td>
<td>0.155</td>
</tr>
<tr>
<td>Thailand</td>
<td>4,151</td>
<td>0.119</td>
</tr>
<tr>
<td>Lower-middle income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>2,335</td>
<td>0.044</td>
</tr>
<tr>
<td>Lao People’s Democratic Republic</td>
<td>904</td>
<td>0.026</td>
</tr>
<tr>
<td>Philippines</td>
<td>1,746</td>
<td>0.085</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>1,130</td>
<td>0.137</td>
</tr>
<tr>
<td>Low income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cambodia</td>
<td>731</td>
<td>0.020</td>
</tr>
</tbody>
</table>

21. While the SPI estimates for Cambodia and Singapore seem to be directly related to GDP per capita, supporting the notion that richer economies tend to spend more on social protection, the results for the lower-middle-income countries do not support this claim. Indonesia has a higher GDP per capita than the rest of the lower-middle-income countries, but has relatively low spending on social protection. The SPI indicates that Indonesia spent about 4.4% of per capita expenditures, relative to the poverty line, on social protection, or 1.1% of GDP per capita. On the other hand, Viet Nam, with a GDP per capita of $1,130, has a higher SPI (0.137) than Thailand (0.119), which has a GDP per capita of $4,151. As a share of GDP, Viet Nam allocates around 3.4% to social protection, while Thailand allocates only about 2.8% of GDP per capita. Finally, Malaysia has a higher SPI (0.155) than its upper-middle-income counterpart, Thailand. Despite these variations in SPI across the sample countries, the overall results reveal that they are underperforming, and that the middle-income countries, in particular, do not spend much on social protection.

22. There is a positive relationship between a country’s GDP per capita and SPI, although it is nonlinear and the line of best fit is logarithmic. Many countries are not clustered around the regression line (Figure 1). Thus, for the same general level of GDP per capita, some countries quite considerably exceed expectations, while others fall short of them. Singapore, as a high-income country, has its own mode of social protection and a relatively high average SPI, and spends a substantial average share of GDP on social protection.

![Figure 1: Social Protection Index vs. Log of Gross Domestic Product per Capita, 2009](image)

- GDP = gross domestic product, Lao PDR = Lao People’s Democratic Republic.

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2 The Indonesian data were analyzed using the central government budget only and do not capture provincial social protection programs.
23. The countries evaluated in this study have an average SPI of 0.095 but their average GDP per capita is $6,678. While this income level would suggest that the region spends a significant portion of GDP on social protection, the average expenditures are in fact only 2.6%. Viet Nam has the highest spending ratio at 4.7% of GDP, while Singapore and Thailand have a spending ratio below 4%. However, Singapore, as the sole high-income country, exceeds the overall SPI average of 0.110, along with upper-middle-income Malaysia and Thailand. Among the Southeast Asian lower-middle-income countries, only Viet Nam exceeds the overall SPI average in terms of social protection spending. The extent of Viet Nam’s expenditures on social protection, which are dominated by social insurance, largely reflects the dominance of the economy by state-owned enterprises.

3.2 Social Protection Index by Component

24. Social insurance dominates social protection across Southeast Asia, except in the cases of Cambodia and Indonesia, which have higher government expenditures on social assistance programs. Government expenditures on labor market programs are the lowest among these three categories of social protection programs.

25. Social insurance. In Malaysia, social insurance accounts for over 93% of all social protection expenditures. Retirement benefits dominate, either through the government pension scheme or the Employees Provident Fund (EPF). Overall, Malaysia’s social insurance reaches only about 1 million beneficiaries out of its total population of 27.9 million. This imbalance appears to be a common phenomenon throughout Asia. The challenge lies in how countries can move away from such narrow coverage.

26. Pension reform is also mostly focused on the formal sector, leaving out the vulnerable informal sector from structured pension systems. Since most informal sector workers in Southeast Asia are from the poorer segments of society, there is a need to expand social insurance coverage to the informal sector wherein most household safety nets remain inadequate.

27. Similarly, in high-income countries such as Singapore, the highest registered SPI is for social insurance. In Singapore, social insurance also accounts for 93% of all social protection expenditures (Figure 2). Health insurance accounts for 17% of all social protection expenditures, while a Central Provident Fund (CPF) accounts for the vast majority of spending on social protection (76%).

28. Singapore’s social insurance reaches about 1.8 million beneficiaries, out of a total population of 3.8 million. Thus, in terms of the outreach of its social insurance, the country’s system is doing relatively well by commonly held standards in Asia.

29. Singapore’s low overall social protection expenditures relative to GDP per capita might be due to the CPF, which is a form of social insurance. It is a mandatory savings scheme in which both employers’ and employees’ contributions are supplemented by a government subsidy. The savings from the monthly contributions to the CPF help finance housing, retirement, and medical services. It is often used to finance pensions, particularly in the private sector. Social insurance has turned out to be the most important component of social protection, particularly among the richer countries.

30. Social assistance. Social assistance can be disaggregated into six subcomponents. Social transfers (cash or in kind) and child protection comprise two of the most important components. Two other important forms of social assistance are disability benefits and disaster relief. Finally, social assistance for the elderly (such as old-age allowances) and health assistance for the poor or
vulnerable (such as reduced medical fees) can be classified as social transfers but are treated separately in this paper.

![Figure 2: Share of Social Protection Expenditures, 2009 (%)](image)

Lao PDR = Lao People’s Democratic Republic.


31. In middle-income countries such as Indonesia, the Philippines, and Viet Nam, and low-income countries such as Cambodia, social assistance can increase income or the purchasing power of households. Low- and middle-income countries need to reduce chronic poverty and build human capital, and social assistance helps achieve these. In Indonesia, for instance, social assistance expenditures account for two-thirds of all social protection expenditures. Major social assistance programs support elderly assistance, child protection, health assistance, and disaster relief. However, the SPI depth for social assistance in Indonesia is only slightly above that for social insurance. This suggests a need to increase social assistance expenditures for the large number of people who require basic assistance.

32. In the Philippines, the Pantawid Pamilyang Pilipino Program provides cash grants to extremely poor households to improve the health, nutrition, and education levels of children aged 0–14. This poverty reduction and social development program by the government aims to break the intergenerational cycle of poverty through investments in human capital. Approximately $3 billion has been allocated to the program to date (Reyes et al. 2013, 1).

33. Viet Nam has also implemented a number of social assistance programs to support the poor, the elderly, children, and those who are prone to hunger and disaster risks. In 2009, its total social assistance expenditures were 12.7% of the total amount spent on social protection. For a lower-middle-income country like Viet Nam, a basic social assistance package can spell the difference between either meeting the Millennium Development Goals (MDGs) of halving poverty by 2015 or not meeting them. This is because social protection transfers serve as cash injections to local economies and positively impact development. An International Labour Organization (ILO 2008) study has found
evidence to suggest that low-income countries can afford basic social protection for the elderly, families with children, and a portion of the population that is unemployed.

34. In Cambodia, social assistance has the highest SPI (1.2% of expenditures, relative to the poverty line), above social insurance (0.5%) and labor market programs (0.3%). Social assistance programs account for almost 58% of government expenditures while social insurance programs account for 26%.

35. **Labor market programs.** Labor market programs consist of two major subcomponents: (i) skills development and training, and (ii) cash- or food-for-work programs. These two subcomponents are usually regarded as active labor market programs. As far as active labor market programs are concerned, there appears to be no discernible pattern across Southeast Asian countries by income classification. For example, the lowest average SPI for these programs, 0.013, is found among the upper-middle-income countries. Moreover, the average SPI for both high- and low-income countries is virtually the same (0.052 and 0.054, or 1.3% and 1.4% of GDP per capita, respectively). It is important to note that passive labor market programs (categorized under social insurance in the SPI) are prominent features of social protection in high-income countries.

36. There appears to be some important strategic decisions facing middle-income countries in Southeast Asia with reference to labor market programs. It will remain difficult for them to implement effective programs if a substantial proportion of their workforce participates in the informal sector. Unemployment benefits are not a relevant form of social protection, for instance, in economies where “underemployment” is significant. But would active labor market programs, such as India’s National Rural Employment Guarantee Scheme, be more beneficial in middle-income countries? Such programs have had some success in poorer countries with a large rural labor force. It is fitting to ask whether these programs can be expanded to reach informal sector workers at large and how they can be sustainably financed.

37. Cash- or food-for-work programs account for a higher share of total expenditures on active labor market programs than skills development and training. However, in some countries, such as the Philippines, there are only programs for skills development and training. In general, where labor market programs have become more significant, such as in Cambodia, cash or food-for-work programs have been expanded.

### 3.3 Depth and Breadth of Social Protection Programs

38. This subsection focuses on the depth (the average benefits received by actual beneficiaries) and breadth of coverage (the proportion of intended beneficiaries who receive benefits) of social protection, as a whole and of each of the three major types of programs.

39. The depth of social insurance tends to be significantly greater than the depth of social assistance or labor market programs, implying that social insurance reaches a fairly small group of beneficiaries (Figure 3). The breadth of social insurance in Southeast Asia stands at about 47%, meaning that just under half of all intended beneficiaries receive benefits. However, governments should strive to boost coverage rates substantially, perhaps by moving toward universal social insurance.

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Skills development and training programs in the Philippines account for almost 3% of all social protection expenditures and about 6% of all beneficiaries.
40. There is also a statistically significant relationship between the breadth of SPI and GDP per capita. Indeed, one distinctive characteristic of richer countries is their broad coverage of social protection programs. On the other hand, regression analyses suggest that there is no statistically significant relationship between the depth of social protection and a country’s GDP per capita. Poorer countries can record significant depth with a relatively high “benefits” average, if they succeed in reaching only a small number of beneficiaries. This is the case for social insurance programs, where only a small share of the total population of formal sector workers receives decent pensions, while the rest receive rather meager benefits.

3.4 **Poverty Dimension of the Social Protection Index**

41. The SPI can also be used to assess the relative impact of social protection expenditures on the poor and the non-poor by disaggregating it into two subtypes: one for the poor (SPI_p) and one for the non-poor (SPI_np). These two SPI subtypes are also population weights and therefore can be added together to produce an overall SPI. With regard to the SPI_p, the population weight is represented by the total number of poor as a ratio of all the potential beneficiaries of social protection (and not the total population). It is assumed that the poor are, by definition, the intended beneficiaries of social protection. Similarly, with regard to the SPI_np, the population weight is represented by the total number of potential non-poor beneficiaries as a ratio of all potential beneficiaries of social protection (whether poor or non-poor).
42. To understand the distributional impact of social protection on the poor and non-poor, the SPI is unpacked into the ratio of total benefits received by the poor and the potential non-poor beneficiaries (normalized by expenditures relative to the poverty line). In all of the Southeast Asian countries in the SPI sample, the poor receive more benefits than the non-poor. This distribution pattern appears in all the sample countries despite their varying income levels (Table 3).

Table 3: Unweighted Ratios of Poor Relative to 25% of Gross Domestic Product per Capita, 2009

<table>
<thead>
<tr>
<th>Country</th>
<th>Unweighted Ratios Relative to 25% of Gross Domestic Product Per Capita</th>
<th>Ratio to Total Potential Beneficiaries (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Poor</td>
<td>Non-Poor</td>
</tr>
<tr>
<td>High income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>0.267</td>
<td>0.153</td>
</tr>
<tr>
<td>Upper-middle income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>0.374</td>
<td>0.146</td>
</tr>
<tr>
<td>Thailand</td>
<td>0.438</td>
<td>0.096</td>
</tr>
<tr>
<td>Lower-middle income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>0.047</td>
<td>0.044</td>
</tr>
<tr>
<td>Lao People’s Democratic Republic</td>
<td>0.033</td>
<td>0.025</td>
</tr>
<tr>
<td>Philippines</td>
<td>0.087</td>
<td>0.084</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>0.230</td>
<td>0.129</td>
</tr>
<tr>
<td>Low income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cambodia</td>
<td>0.040</td>
<td>0.015</td>
</tr>
<tr>
<td>Average</td>
<td>0.190</td>
<td>0.087</td>
</tr>
</tbody>
</table>


43. In terms of relative benefits in Thailand, for instance, the poor received about 44% of expenditures relative to the poverty line whereas the non-poor received about 10%. Thailand’s poverty-focused cash transfer program provided one-off transfers to about 15% of the population to counteract the effects of the 2009 global financial crisis. The scheme provided a single cash transfer of 2,000 baht (approximately $60) to each individual with an annual income of less than 15,000 baht ($440).

44. In Cambodia, the respective percentages are 4% (poor) and 1.5% (non-poor). Notably, the relative benefits received by the poor in richer countries are higher than those received by the poor in lower income countries.

45. The above results should be viewed as indicative. The distribution pattern of relative benefits is interesting as it suggests that many non-poor households receive minimal benefits from social protection. This outcome is consistent with the working assumption of this paper—that many non-poor households, i.e., the “missing middle” of social protection systems, have little or no access to social protection. These are households that are neither in a position to benefit from social insurance (because they might not be employed in the public sector or in large private sector firms) nor from social assistance (because they are not identified as poor).

46. It is not clear, a priori, what the likely distributional impact of active labor market programs is. In some countries, such as Cambodia, they are clearly targeted at poorer workers. In Viet Nam, however, and with reference to labor market programs, the non-poor receive more as a share of total social protection expenditure than the poor (Figures 4 and 5).
Figure 4: Per Capita Social Protection Expenditures by Poverty (Poor), 2009

Lao PDR = Lao People’s Democratic Republic.

Figure 5: Per Capita Social Protection Expenditures by Poverty (Non-Poor), 2009

Lao PDR = Lao People’s Democratic Republic.
3.5 Social Protection Index by Gender Dimension

47. The disaggregation of the overall SPI into an SPI for women (SPI_w) and an SPI for men (SPI_m) follows the same logic as the poverty-determined disaggregation of the SPI. The SPI_w is based on the ratio of total social protection expenditures to potential female beneficiaries and the SPI_m is based on the corresponding ratio of total social protection expenditures to potential male beneficiaries. Like the poverty-determined SPIs, each gender-determined SPI is weighted to its corresponding share of total potential beneficiaries. Therefore, adding the SPI_w to the SPI_m results in an overall SPI.

48. This subsection compares SPI_w to the overall SPI for a preliminary assessment of gender inequality. In Singapore, the SPI value for women is 0.074 compared to 0.095 for men. This indicates that the benefit for each female beneficiary is 7.4% of per capita expenditures, relative to the poverty line, compared to 9.5% for each male beneficiary. In Malaysia, the corresponding figures are 6.5% and 9.0%. Across Southeast Asia, where gender inequality appears to be less severe, women are only slightly more disadvantaged than men in terms of social protection expenditures: the SPI_w for social insurance is about 79% of the SPI_m and the SPI_w for social assistance is only slightly below the SPI_m (0.007 versus 0.008) (see Figures 6 and 7).

49. The difference between the two gender-defined SPIs is determined by the degree to which women and men are able to benefit from various types of social protection programs. For example, because women are usually more poorly represented in formal private sector employment, they are likely to receive fewer social insurance benefits than men. This would be the case for pensions and, to a certain degree, for contributory health insurance. If, however, health insurance were universal, there is likely to be much greater gender equality. In the case of some forms of social insurance, such as maternity benefits, women are the target beneficiaries. Nevertheless, the data from the SPI findings suggest that maternity benefits are not widespread throughout Southeast Asia.

50. In general, these results suggest that women have discernibly less equitable access to social insurance than men. Viet Nam, however, has a larger share of female beneficiaries (31%) compared to male beneficiaries (24%) for social insurance programs. Women’s access to social assistance programs tends to be close to that of men, even though women are still often moderately disadvantaged. For example, although Viet Nam has twice the share of social assistance expenditures for males (6%) than for females (3%), the opposite holds true in Cambodia with 14% set aside for females and 7% for males.

51. Finally, it is likely that women might not benefit as much as men from labor market programs if such programs are tied to the loss of a formal sector job. Moreover, if job-creating infrastructure or public works programs (such as cash-for-work programs) require hard, physical labor, then men might be in a more advantageous position than women, as is the case in Indonesia. Singapore, too, has a larger share of male beneficiaries of labor market programs. In contrast, Cambodia has a larger share of expenditures on labor market programs for female beneficiaries (58%) than male beneficiaries (31%).

52. Overall, the gender-defined SPIs for labor market programs are quite minimal. Hence, any gender disparity in these programs has little difference to overall inequality. Even so, national governments should consider creating labor market programs that have less of a gender bias and can equally protect vulnerable males and females. In almost all cases, however, the SPI_m exceeds the SPI_w. In summary, gender inequality appears to be most pronounced in reference to social insurance programs.
Figure 6: Per Capita Social Protection Expenditures by Gender (Women), 2009

Lao PDR = Lao People’s Democratic Republic.

Figure 7: Per Capita Social Protection Expenditures by Gender (Men), 2009

Lao PDR = Lao People’s Democratic Republic.
4. CONCLUSIONS AND RECOMMENDATIONS

53. Given their levels of per capita income, the social protection resources available in the eight sample countries, particularly the middle-income ones, appear inadequate. Most of these countries could significantly boost their social protection expenditures and strive to attain an SPI of 0.200 over time—the value currently registered by some other Asian countries, such as the Republic of Korea.

54. As was discussed, social insurance tends to dominate most of the social protection programs in the sample countries. Since social insurance usually serves the interests of the formal workforce, it can pose a problem in countries with a huge informal labor force. Moreover, most forms of social insurance, regardless of whether they are related to pensions, health insurance, or other forms of benefits do not succeed in covering a large segment of the non-poor population. While the poor might be able to access social assistance, particularly those schemes framed as poverty reduction programs, many vulnerable non-poor and low-income families receive very little, if any, benefits from either social insurance or social assistance. There have been some advances in providing universal health insurance in Indonesia, Thailand, and Viet Nam; however, extending overall social protection to this “missing middle” represents a major challenge for policy makers in Southeast Asia more broadly.

55. The SPI highlights that social protection expenditures differ considerably across high-, low-, and middle-income countries in Southeast Asia. Therefore, the various resources allocated to social protection cannot solely be determined by financial considerations. Besides fiscal space, new social protection programs also require domestic political support (UNICEF and ODI 2009, 2–3). Finally, the results illustrate that there is a need for Southeast Asian countries to make their social protection systems more equitable along various poverty and gender dimensions.
REFERENCES


Measuring Social Protection Expenditures in Southeast Asia
Estimates Using the Social Protection Index

This paper provides a cross-country analysis of social protection programs in Southeast Asia. ADB’s Social Protection Index is used to assess program coverage, benefit-level and impact on poverty and gender equity. While social protection expenditures differ across country income classifications, results show that total spending has remained low. Social insurance dominates total spending but only primarily benefits formal sector workers. Social assistance programs directly targeted to the poor remain underdeveloped. Labor market programs are inadequate. Evidences suggest that social protection expenditures need to be scaled up to increase benefits for the poorest and most vulnerable groups and cover moderately poor population.

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