

Chapter 1. Introduction

What is a social protection system?

Amid a global proliferation of social protection schemes in the 21st century, a number of countries are attempting to weave individual schemes into comprehensive and coherent systems. This approach is in line with Sustainable Development Goals Target 1.3 to “implement nationally appropriate social protection systems and measures for all”. The systems-building process usually begins with formulating a social protection policy, which lays out a vision for integrating various schemes and achieving better coverage. As of 2015, 77 developing countries had a social protection policy or strategy in place, while 31 countries were planning or formulating one (Honorati, Gentilini and Yemtsov, 2015^[1]).

While there is variation across countries, the term social protection system usually refers to a framework whereby the three pillars of social protection – social assistance, social insurance and labour market programmes – are integrated or, at a minimum, co-ordinated. Integration usually involves creating links among various programmes within each pillar of the social protection system, for example, combining various food security transfers within social assistance.

Integration can also occur across pillars. For example, at an administrative level, various social protection schemes can share data and monitoring systems, which will ideally be linked to other civilian registries. At an operational level, social protection schemes often share enrolment and delivery systems, while at an institutional level, a single institution might be empowered to co-ordinate social protection activities across sectors and ministries.

Health system policies and mechanisms designed to support universal health coverage can be considered both to cut across the three pillars of social protection and to represent a fourth pillar of a social protection system. Conceptually, universal health coverage is convergent with the objectives of poverty and vulnerability reduction, since it ensures access to health services and that no one suffers undue financial burden from health payments. Operationally, however, universal health coverage and other social protection policies are often implemented under separate governance and administrative set-ups. However, linkages are being developed, for example, in the use of social assistance targeting mechanisms for social health insurance schemes or, as in the case of Cambodia, integration of universal health coverage within a national social protection policy.

The benefits of an integrated social protection system are manifold. It facilitates provision of a social protection floor, whereby individuals are appropriately protected throughout the lifecycle. This is achieved not only by ensuring a sufficient range of programmes to cover a population’s risk profile but also by sharing information on individuals to ensure they are linked to appropriate programmes. Systems also minimise costs, both from the government side (by sharing infrastructure and achieving economies of scale) and at an

individual level (by reducing the transaction costs associated with applying for various social protection programmes).

What is an SPSR?

A Social Protection System Review (SPSR) is an analytical tool intended to inform countries' efforts to introduce, extend and reform their social protection systems. The SPSR views a country's social protection system holistically and within a country's broader policy context. It also takes a forward-looking approach, providing not only a diagnostic of the current state of the system but also highlighting future challenges and options for addressing them. This includes an analysis of the country's demographics, poverty dynamics, labour market trends and revenue base in so far as these have implications for social protection. It also examines how social protection expenditure is financed and its sustainability over the long term.

The SPSR puts also great importance on the process of the review. The review team ensures involvement of policy makers, national researchers and international development partners during all phases of the review. The final output is therefore a holistic diagnostic and policy recommendations generated through a collaborative process that serve as a basis for reforms.

What is the definition of social protection in the SPSR?

Social protection is subject to numerous definitions that vary not only among countries but also among international organisations. As the International Labour Organization (ILO) acknowledges, “[differing] cultures, values, traditions and institutional and political structures affect definitions of social protection as well as the choice of how protection should be provided” (Bonilla García and Gruat, 2003^[2]). The SPSR therefore uses the country definitions of social protection to guide the scope of the analysis.

Nonetheless, the ILO definition of social protection provides a useful reference:

The set of public measures that a society provides for its members to protect them against economic and social distress that would be caused by the absence or a substantial reduction of income from work as a result of various contingencies (sickness, maternity, employment injury, unemployment, invalidity, old age, and death of the breadwinner); the provision of health care; and, the provision of benefits for families with children.

What are the objectives of the SPSR?

The SPSR places a strong emphasis on the extent to which a social protection system provides effective and equitable coverage for the poor and those vulnerable to poverty. It analyses whether the system has contributed to reducing poverty, vulnerability and inequality, and the extent to which it has fostered more inclusive growth (defined as improved living standards and more even sharing of benefits of increased prosperity across social groups). The analysis includes a number of non-monetary dimensions that matter for well-being, such as employment prospects, health outcomes, educational opportunities and vulnerability to adverse environmental factors. Additionally, benchmarking with a set of countries chosen by the government allows for international comparisons.

The SPSR examines five dimensions of a country's social protection system:

1. Needs: forward-looking analysis of risks and vulnerabilities across the lifecycle to determine the need for social protection.
2. Coverage: identification of existing social protection schemes and gaps in coverage.
3. Effectiveness: assessment of the adequacy, equity and efficiency of social protection provision.
4. Sustainability: assessment of the financing of social protection and fiscal policy more broadly.
5. Coherence: assessment of the institutions and political processes for social protection and their alignment with other policies.

Together, the five dimensions provide a diagnostic of the main challenges for a country's social protection system and identify potential avenues for its extension and reform over the long term.

How is the SPSR implemented?

The SPSR implementation, while varying by country context, is envisaged as a four-step process:

1. The inception phase involves interviews with social protection stakeholders, including officials in ministries which have either direct impact on social protection policy (Ministry of Social Affairs, Ministry of Health, Ministry of Finance, Ministry of Labour) or indirect impact (Ministry of Education, Ministry of Agriculture); experts from academia or think tanks; labour unions; civil society representatives; and statistical institutes. The aim is to collect information – both data, and legal framework and programme implementation information – as well as qualitative inputs on challenges and opportunities in the current social protection system.
2. The analytical phase involves desk work to conduct relevant empirical analyses and write the assessment. Stakeholders are consulted throughout to verify and fill any information gaps.
3. The consultation phase involves gathering stakeholders' feedback on the draft assessment, through a workshop including a presentation of the findings. This phase identifies and addresses any inaccuracies or gaps in the analysis.
4. The recommendation phase includes online exchanges of the complete draft SPSR for final comments followed by a workshop with stakeholders to discuss the draft policy recommendations. Stakeholders' inputs are integrated into the final report for publication.

The Cambodia, Indonesia and Kyrgyzstan SPSRs provide examples throughout this toolkit.

The Kyrgyzstan SPSR, for example, coincided with the development of a new national social protection strategy and the initiation of a major social assistance programme reform, both of which the SPSR was able to support. Three team missions between March and November 2016 combined interviews with a diverse range of social protection

stakeholders and workshops supporting the development of the SPSR. Initial SPSR findings were discussed at a November 2016 policy workshop in Bishkek; various stakeholders within and outside government identified possible policy responses to challenges identified in the review and brainstormed mechanisms for promoting the systematisation of social protection. These discussions were instrumental in identifying the focus once drafting of the report began. The SPSR team maintained close links with stakeholders and, as a result, could provide analysis of the major social assistance reform in 2017 and 2018. A recommendations workshop was held in March 2018 and the report was launched in English and Russian in June 2018.

Which countries can benefit from an SPSR?

The SPSR is a flexible tool, both in method of application and focus of assessment, and can be applied in any country. It is tailored to each country context, following discussions with key stakeholders and the analytical focus varies according to the social protection system's level of development, government priorities and data availability. Countries with limited systems may focus on building them, while countries with more advanced systems may focus on improving the integration of multiple programmes. Countries may have a specific interest in financing or modelling new programmes. While this toolkit provides a broad analytical framework, specific methodologies can be adapted to the country context. Similarly, its application is flexible, with additional workshops or interim reports providing evidence for ongoing policy processes when needed. As a general rule, the review team is in close contact with the government staff and national researchers to ensure relevance of the analytical scope as well as learning about the SPSR methodology.

What information is necessary to conduct an SPSR?

Household survey data are crucial to study the vulnerability and the needs profile of the population. Administrative data are needed to analyse programme efficiency and financing, which also relies on macroeconomic indicators. This toolkit provides an overview of indicators needed for an SPSR and potential data sources for each module of the analysis.

Who is the audience for the SPSR?

The primary audience for the SPSR is national policy makers. Given its multi-dimensional and forward-looking approach, the report can also interest the broader social and economic policy community in partner countries, such as local researchers, social partners and non-governmental organisations (NGOs), and international stakeholders active in the field of social protection, such as the United Nations, the European Union, international and regional development banks, bilateral donors and international NGOs.

How is this toolkit to be used?

The SPSR toolkit allows analysts to conduct an SPSR by guiding both the implementation process and content of the review. In particular, it focuses on the five dimensions of the SPSR: needs, coverage, effectiveness, sustainability and coherence. Each dimension is analysed using a specific methodology or module. The

modules are illustrated with concrete examples from the Cambodia, Indonesia and Kyrgyzstan SPSRs.

How does the SPSR link with other tools?

The SPSR serves as a stand-alone tool for analysis of a country's social protection system but will draw on existing social protection assessment methodologies. These have, for the most part, been developed by agencies of the Social Protection Inter-Agency Cooperation Board and its work stream, the Inter-Agency Social Protection Assessments (ISPA) Tools. These assessment methodologies focus either on a social protection system as a whole, particular types of social protection programmes or aspects of the system.

Two ISPA tools are especially pertinent as a result of their systems focus: the Core Diagnostic Instrument and the Social Protection Policy Options Tool. The SPSR differs by providing in-depth assessment of needs for social protection and forward-looking scenarios of future challenges, as well as benchmarking exercises and extensive social protection financing analyses.

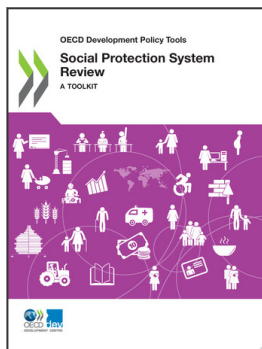
Specialised tools, such as the Social Protection Expenditure and Performance Review, the Assessment-Based National Dialogue and the Rapid Assessment Tool, can also support the SPSR. The report also draws on work conducted by the Organisation for Economic Co-operation and Development (OECD), including the frameworks of *Society at a Glance* (OECD, 2014^[3]), *OECD Pensions at a Glance* (OECD, 2015^[4]), *OECD Pensions Outlook* (OECD, 2014^[5]), *OECD Reviews of Labour Market and Social Policies* (OECD, 2011^[6]) and *Ageing and Employment Policies* (OECD, 2015^[7]), as well as the Social Protection Index developed by the Asian Development Bank (2013^[8]).

The SPSR thus not only expands the knowledge base on social protection, but also integrates and builds on existing tools to provide a framework for a holistic systems-level diagnostic.

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From:
Social Protection System Review
A Toolkit

Access the complete publication at:
<https://doi.org/10.1787/9789264310070-en>

Please cite this chapter as:

OECD (2018), "Introduction", in *Social Protection System Review: A Toolkit*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264310070-4-en>

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