

UNICEF-ILO Social Protection Floor Costing Tool

Social Security in Western Asia: Accessibility and Sustainability

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PRESENTATION OUTLINE

- Background
- Costing Tool Overview
- Tool Illustration
- Application of the tool
- Country Examples

BACKGROUND

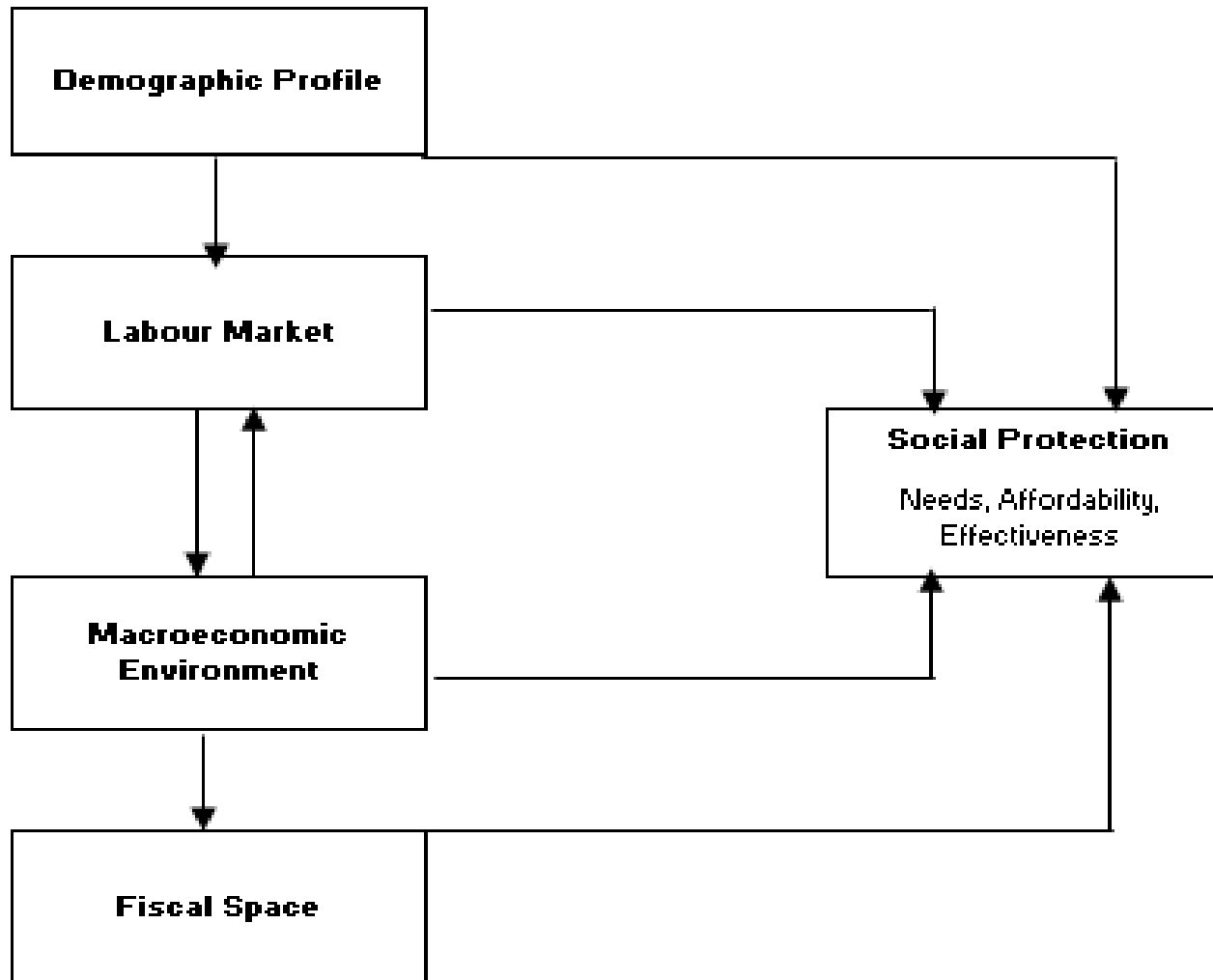
- UNICEF and ILO joint initiative
- Part of overall work on SP Floor - strengthening and expanding social protection systems
- Debates on affordability often held in abstract – not useful in looking at concrete options and cost/fiscal implications
- Tool developed to support governments in assessing costs of different SP options
- Also for those advocating for particular programs to estimate costs
- Intended as one input into prioritization and budgeting process

TOOL OVERVIEW

- Very User-friendly: no modeling experience needed, widely available data
- Tool manual to help users step-by-step
- Support cost estimates of different types of benefits (planned or existing) over 20 year period:
 - Pensions
 - Child Benefit
 - Disability Benefit
 - Orphan Benefit
 - Education Stipend
 - New Birth Registration
 - Youth Labor Market Program
 - Unemployment Benefit
- Tool can be easily extended to cover other benefits (e.g. maternity benefit etc.)

TOOL OVERVIEW

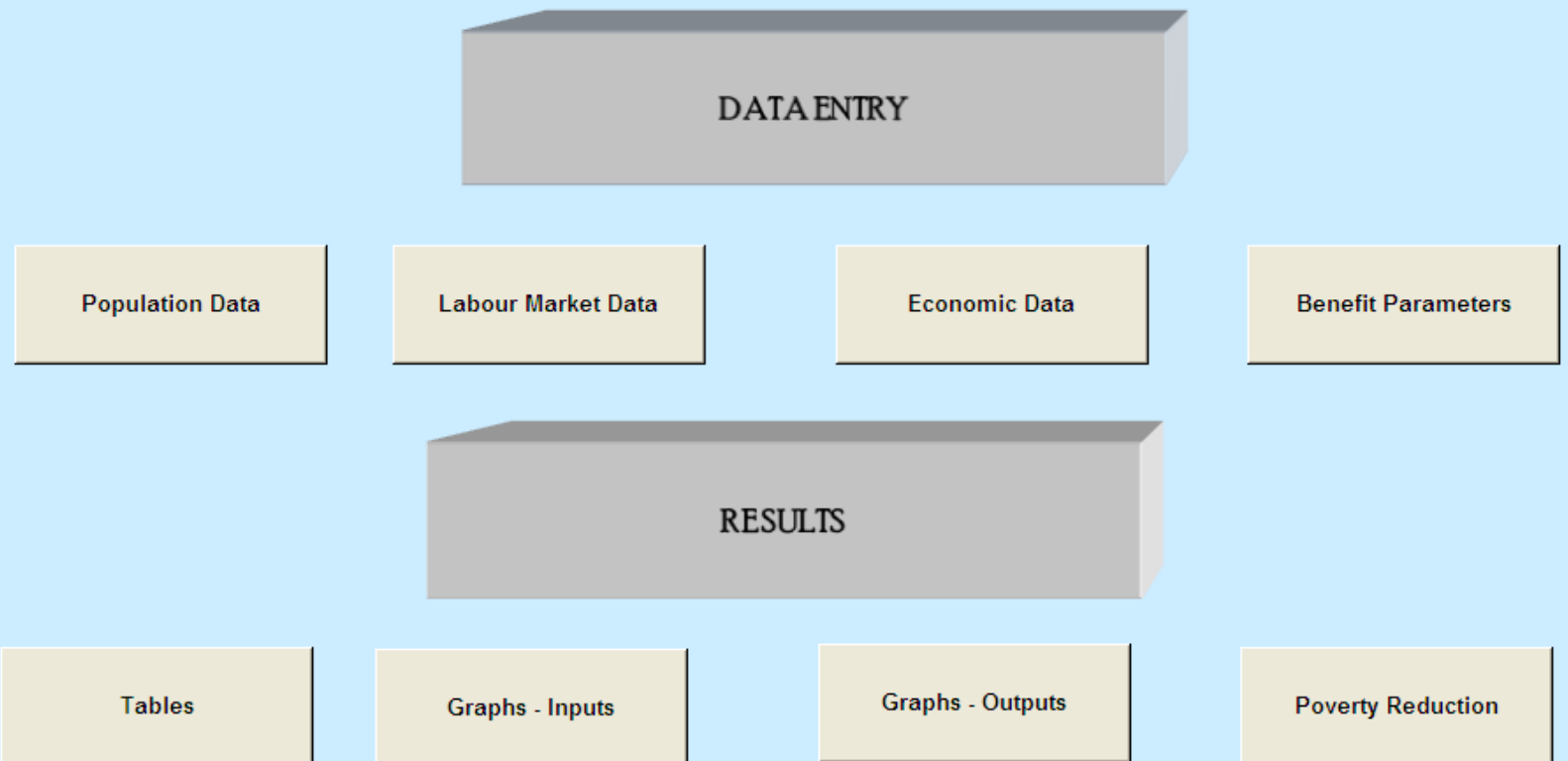
Model Components



TOOL OVERVIEW



Social Protection Floor Costing Tool



TOOL OVERVIEW

Data Entry

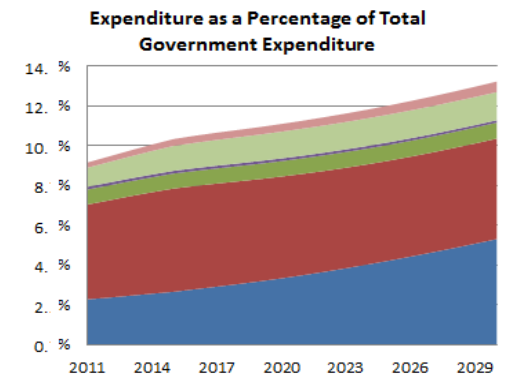
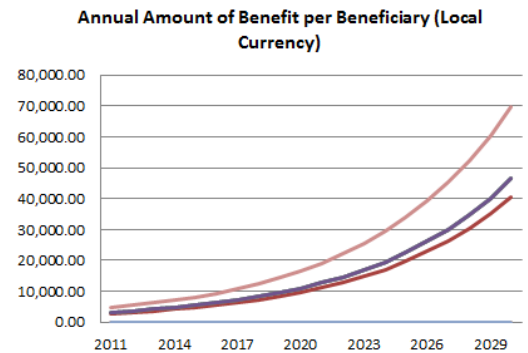
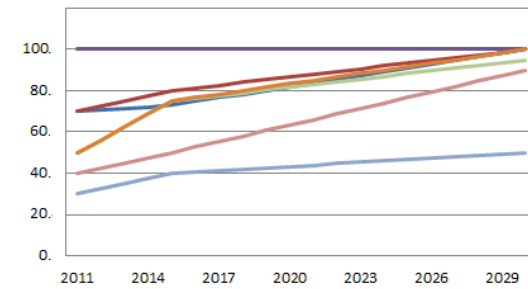
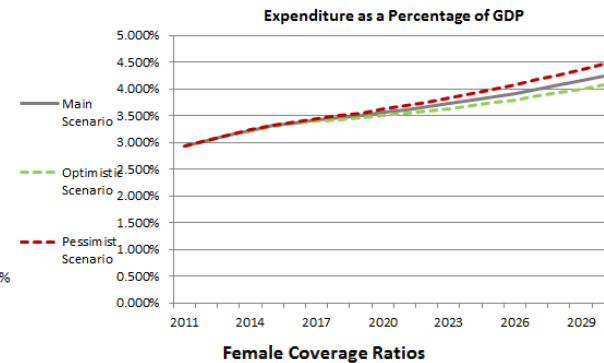
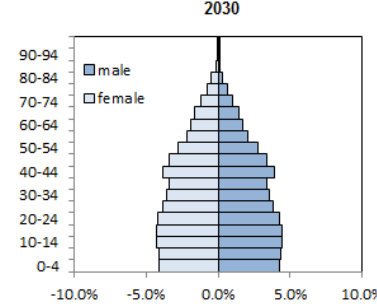
- Historical data: users can use internationally available data
 - Population: DESA Population Projection
 - Labour Market Data: ILO
 - Economic Data: World Bank
- Assumptions: automatic illustration on impact of assumption selection
- Benefit parameters: allows users to modify parameters, e.g. amount of benefit, target population (gender, age), admin costs, coverage expansion over time



TOOL OVERVIEW

Results

- Automatically produces tens of graphs/tables on inputs and results
- Results include:
 - Expenditure, expressed in absolute cost, GDP, government expenditure and revenue
 - Amount of benefit in local currency, per capita GDP
 - Male and female coverage
 - Impact on poverty gap



<=Back	Main Scenario		Optimistic Scenario		Pessimistic Scenario				
	2011	2012	2013	2014	2015	2016	2017	2018	
Main Scenario									
Overall Expenditure Results									
Expenditure (Local Currency, 000)	40,660,371	48,607,604	58,159,316	69,586,154	83,208,987	98,508,561	116,518,397	137,799,474	163,1
Universal Pension	10,074,274	12,105,646	14,609,998	17,654,341	21,321,555	26,060,524	31,800,903	38,790,448	47,372
Universal Child Benefit	21,193,478	25,152,764	29,827,147	35,341,408	41,844,935	48,744,198	56,715,705	65,953,607	76,713
Universal Disability Benefit	3,341,087	3,867,706	4,477,381	5,107,113	6,050,056	7,087,071	8,314,166	9,773,357	11,408

TOOL ILLUSTRATION

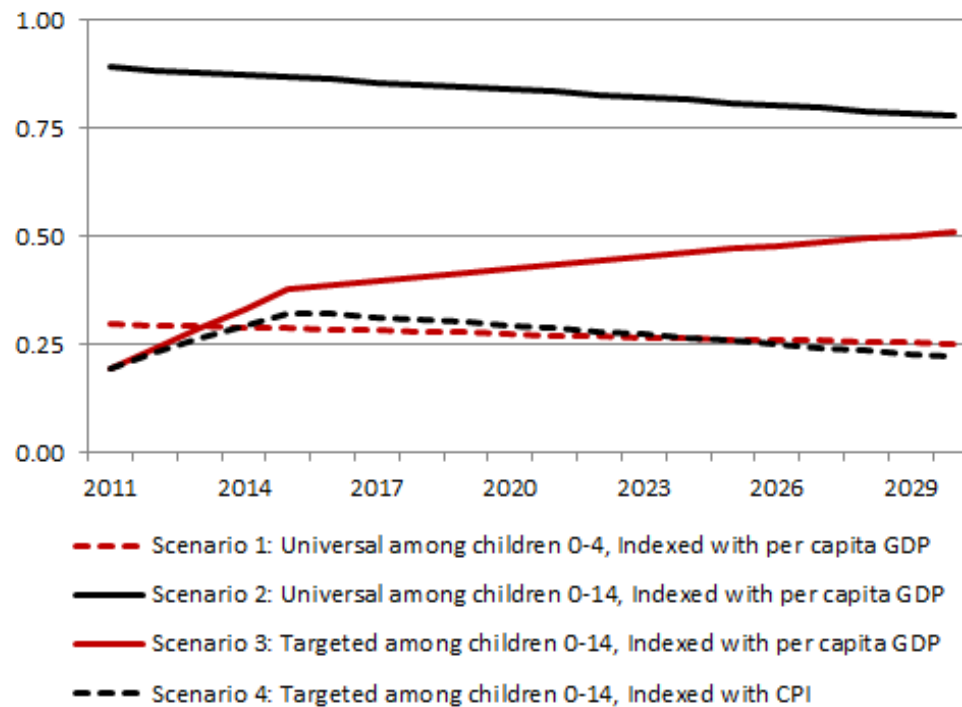
HOW THE TOOL IS BEING USED?

- Country offices using primarily in dialogue with government partners where already engaged in social protection
- Different levels of depth – ranging from quick estimates to ongoing exercise with multiple partners
- Costing existing benefits: Sustainability of the current system
- Pairing with other tools – e.g. ADePT

EXAMPLE

Simulating Child Benefit: Thailand

Cost as a Percentage of GDP



EXAMPLE

Simulating Child Benefit: Senegal

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Program Costs				
Cost-Benefit ²	0.93	0.91	0.86	0.78
Total Cost first year of program (local currency, 000) ³	21,625,996	37,126,883	55,697,850	98,046,877
Total Cost in USD (000) ⁴	45,593	78,273	117,425	206,707
Total Cost as a % of GDP	0.32	0.55	0.83	1.46
Total Cost as a % of government expenditure	1.26	2.17	3.25	5.73
Total Cost as a % of government revenue	1.55	2.66	3.99	7.02

² Cost-Benefit is the poverty gap reduction in \$ for each unity (\$1) spent in the program (without including administration costs)

³ It includes administrative costs of programs (estimated to be 10% of costs).

⁴ Exchange rate used: 474.327 (as of March 1 2011)

EXAMPLE

Simulating Child Benefit: Senegal

Results can be enhanced when the tool is paired with ADePT

Selected simulation results for a cash transfer program (FCFA 5,300 monthly)

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Beneficiaries				
% of children under 5 receiving benefits	14.4	24.7	37.0	65.2
Number of children receiving benefit (000) ¹	311	534	802	1,411
% of households with children under 5 receiving benefits	12.1	23.2	22.9	59.8
% of individuals being direct or indirect beneficiaries ²	10.2	18.0	27.3	47.6
Coverage of poor children under 5 (as %)	23.3	36.8	50.4	76.2
Coverage of extreme poor children under 5 (as%)	41.2	56.0	67.6	92.5
Leakage (% of non-poor children under 5 benefiting)	4.3	11.1	22.0	52.7

¹ Takes into account population changes in order to reflect the 2011 population of children under 5

² Indirect beneficiaries are any family members living in a household that receives a transfer.

EXAMPLE

Costing a Minimum SP Package: Egypt

Benefit	Eligibility	Benefit type	Benefit amount	Cost as % of GDP
Universal Pension	age 65+	Monthly	266.67 EP	1.04%
Universal Child Benefit	age 0-5	Monthly	66.67 EP	0.68%
Universal Disability Benefit	all ages	Monthly	133.33 EP	0.48%
Orphan Benefit	age 0-15	Monthly	133.33 EP	0.11%
Education stipend	all ages	at beginning of school	500 EP	0.37%
Pre-natal help	all pregnant women	one time	1000 EP	0.16%
Total cost				2.84%

EXAMPLE

Costing Existing Benefits: Argentina

	Million pesos				Percentage of GDP			
	2010	2015	2020	2030	2010	2015	2020	2030
Pre-Working Age	14,177	43,617	94,464	322,176	0.955	0.976	0.955	0.897
SIPA's child benefit	5,803	17,807	39,330	138,091	0.391	0.399	0.397	0.384
SIPA's child disability benefit	902	2,632	5,639	19,013	0.061	0.059	0.057	0.053
SIPA's lump-sums (birth, adoption, school help)	676	2,093	4,661	16,658	0.046	0.047	0.047	0.046
AUH	6,795	21,085	44,834	148,414	0.458	0.472	0.453	0.413
Working Age	35,829	101,198	234,283	959,468	2.414	2.265	2.367	2.670
SIPA's disability pensions	22,300	61,814	148,869	658,673	1.502	1.384	1.504	1.833
SIPA's unemployment benefit	817	2,161	5,251	23,632	0.055	0.048	0.053	0.066
SIPA's maternity benefit	309	865	2,102	9,458	0.021	0.019	0.021	0.026
SIPA's prenatal benefit	109	359	855	3,540	0.007	0.008	0.009	0.010
SIPA's mothers of 7+ pension	3,023	8,088	15,587	40,045	0.204	0.181	0.158	0.111
SIPA's other pensions(veterans, graciabels)	1,719	4,669	9,347	27,825	0.116	0.105	0.094	0.077
SIPA's spouse allowance	543	1,605	3,528	12,767	0.037	0.036	0.036	0.036
SIPA's lump-sum (marriage grant)	55	183	436	1,807	0.004	0.004	0.004	0.005
PJJD	1,242	2,678	3,799	0	0.084	0.060	0.038	0.000
Training and Employment Insurance	315	1,037	2,458	10,037	0.021	0.023	0.025	0.028
Temporary Employment Actions	993	3,265	7,740	31,603	0.067	0.073	0.078	0.088
Maintenance of Private Employment	704	2,314	5,485	22,394	0.047	0.052	0.055	0.062
Families Plan for Social Inclusion	2,290	7,529	17,846	72,864	0.154	0.169	0.180	0.203
Income Program Social Work "Argentina Works "	1,334	4,385	10,394	42,439	0.090	0.098	0.105	0.118
Program for More and Better Youth Employment	75	246	584	2,384	0.005	0.006	0.006	0.007
Post-Working Age	53,782	144,986	350,428	1,572,488	3.623	3.246	3.541	4.376
Old-age Pension	53,742	144,878	350,166	1,571,310	3.621	3.243	3.538	4.373
lump-sum	40	109	262	1,178	0.003	0.002	0.003	0.003
Total Expenditure	103,788	289,802	679,175	2,854,132	6.992	6.487	6.863	7.943
Financing								
Contribution Received (Excluding Health Insurance)	61,140	167,776	404,311	1,790,582	4.119	3.756	4.086	4.983
Tax	42,648	122,026	274,865	1,063,550	2.873	2.732	2.778	2.960