

REDISTRIBUTION & TRANSFERS IN
EUROPE & CENTRAL ASIA (ECA):
“BROAD BRUSH IMPRESSIONS
FROM A FULL-COLOR PALETTE”



Kathy Lindert
June 2013

ECA – SPEED

“A very rich
palette indeed!”

SOcial
Protection
Expenditure &
Evaluation
Database



Sustained
6 year
effort
by **ECA's**
SP team
for
Systematic
Data
Collection
& Analysis

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& Tomas Damerau (Tdamerau@worldbank.org)
With contributions of entire ECA SP team!



ECA-SPEED

SOCIAL PROTECTION EXPENDITURE & EVALUATION DATABASE



Expenditure
Module

Performance
Module

Perceptions
Module

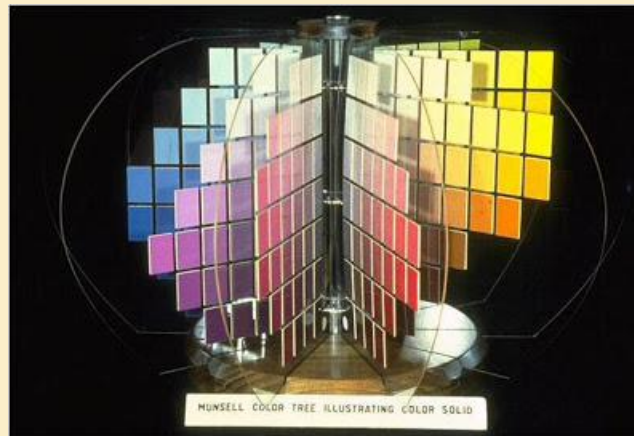
ECA–**SPEED** EXPENDITURES MODULE



- **Large Canvas:** Administrative data on Government Spending on Social Protection Transfers
 - Social Insurance (contributory pensions, disability, maternity, etc.)
 - Labor Programs (unemployment insurance, assistance, ALMPs)
 - Social Assistance Programs (non-contributory cash transfers + in-kind social assistance)

- **Covering the Canvas:**

- 20 countries in ECA
- Multi-year (2005-2011/12, earlier in many cases)
- Regular updating



- **Many Filters:**

- Types of programs
- Targeted vs categorical
- Levels of Government (design, financing, implementation)

ECA-SPEED: PERFORMANCE MODULE (INPUTS = PRIMARY COLORS)



Standardized
Software for
Indicators
(SP ADEPT)

Standardized
Consumption
Aggregate

Household
Surveys

Comparable
Performance
Indicators
For 24 countries
Over time

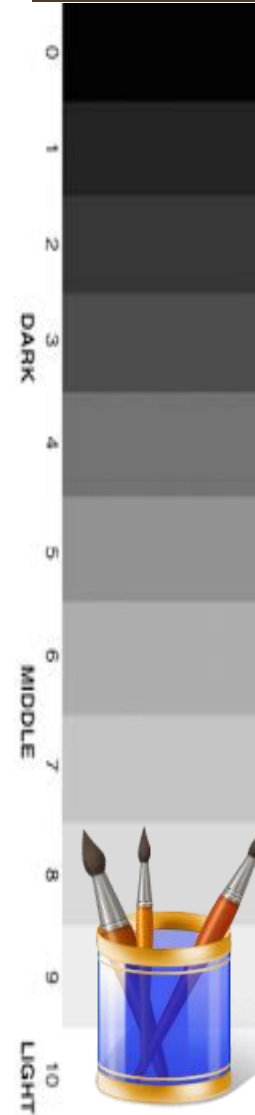
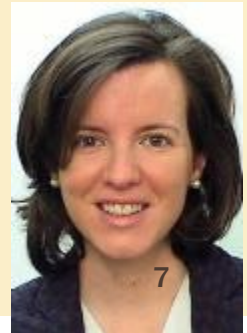
ECA-SPEED: PERFORMANCE MODULE (OUTPUTS: PAINTING THE PICTURE)



ECA-SPEED PERCEPTIONS MODULE: ATTITUDES TOWARDS REDISTRIBUTION



- Analyzing Public Perceptions of Redistribution, Transfers, Poverty, Inequality
 - **European Values Study (2008-10)**
 - Subset of World Values Survey
 - Data for 45 European countries (25 ECA)
 - **European Social Survey (2008)**
 - Academically driven multi country survey
 - Data for 30 European countries (16 ECA)
- Forthcoming paper by Aylin Isik-Dikmelik, Victoria Strokova & Maria Pomés-Jiménez:
 - Attitudes Towards Redistribution
 - Political Economy of Taxes, Transfers & Redistribution in ECA



**BROAD BRUSH
IMPRESSIONS**
FROM THIS EXTENSIVE
ECA-SPEED PALETTE



HIGH
SPENDING
ON SP
TRANSFERS

BROADER
COVERAGE,
LESS
EMPHASIS ON
NARROW
TARGETING
TO POOREST

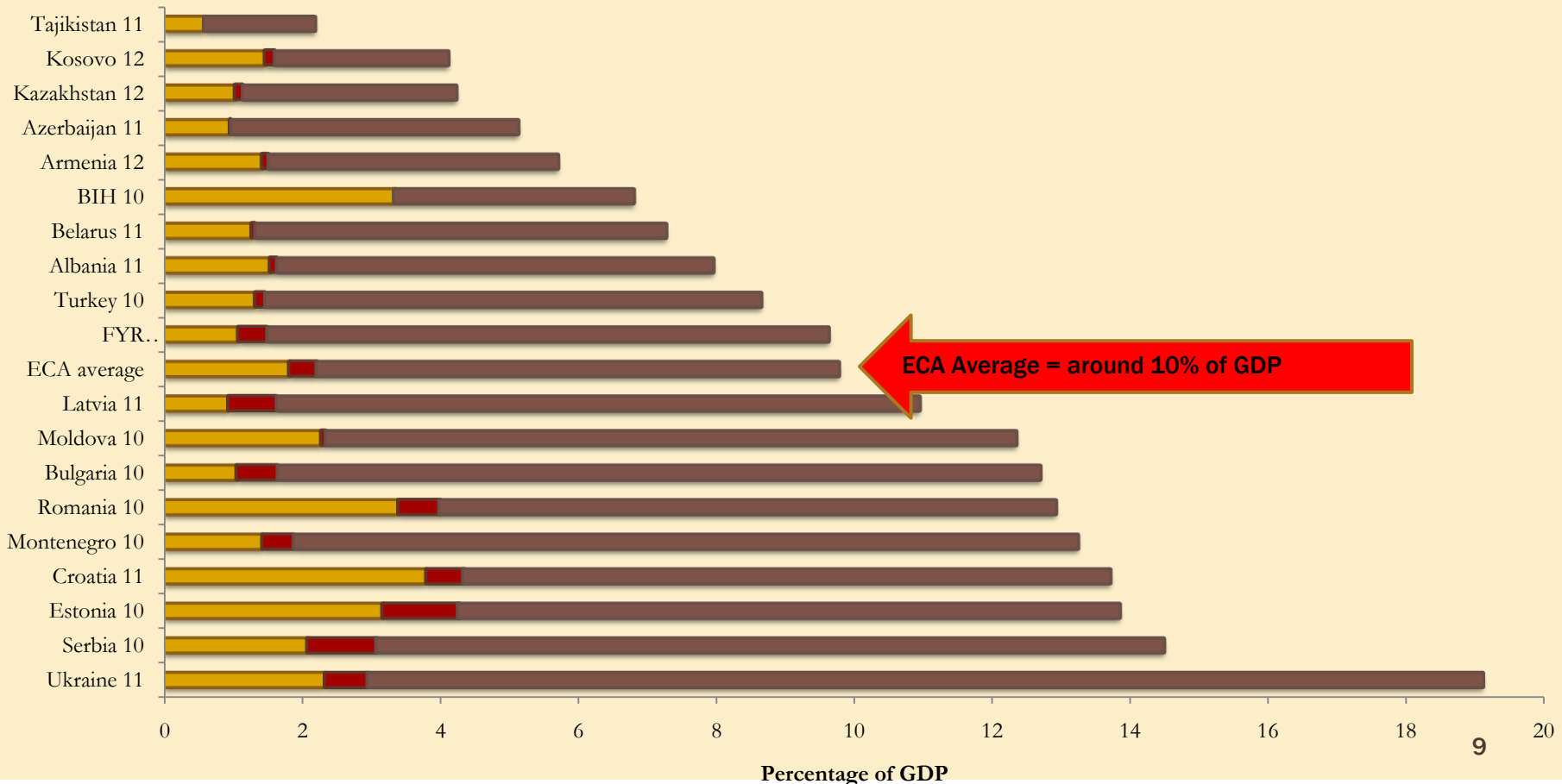
MIXED
ATTITUDES
TOWARDS
REDISTRI-
BUTION

MANY COUNTRIES SPEND **A LOT** ON **SOCIAL PROTECTION** IN ECA



Social Protection Spending, percentage of GDP, latest year available

■ Social Assistance
 ■ Labor Market
 ■ Social Insurance

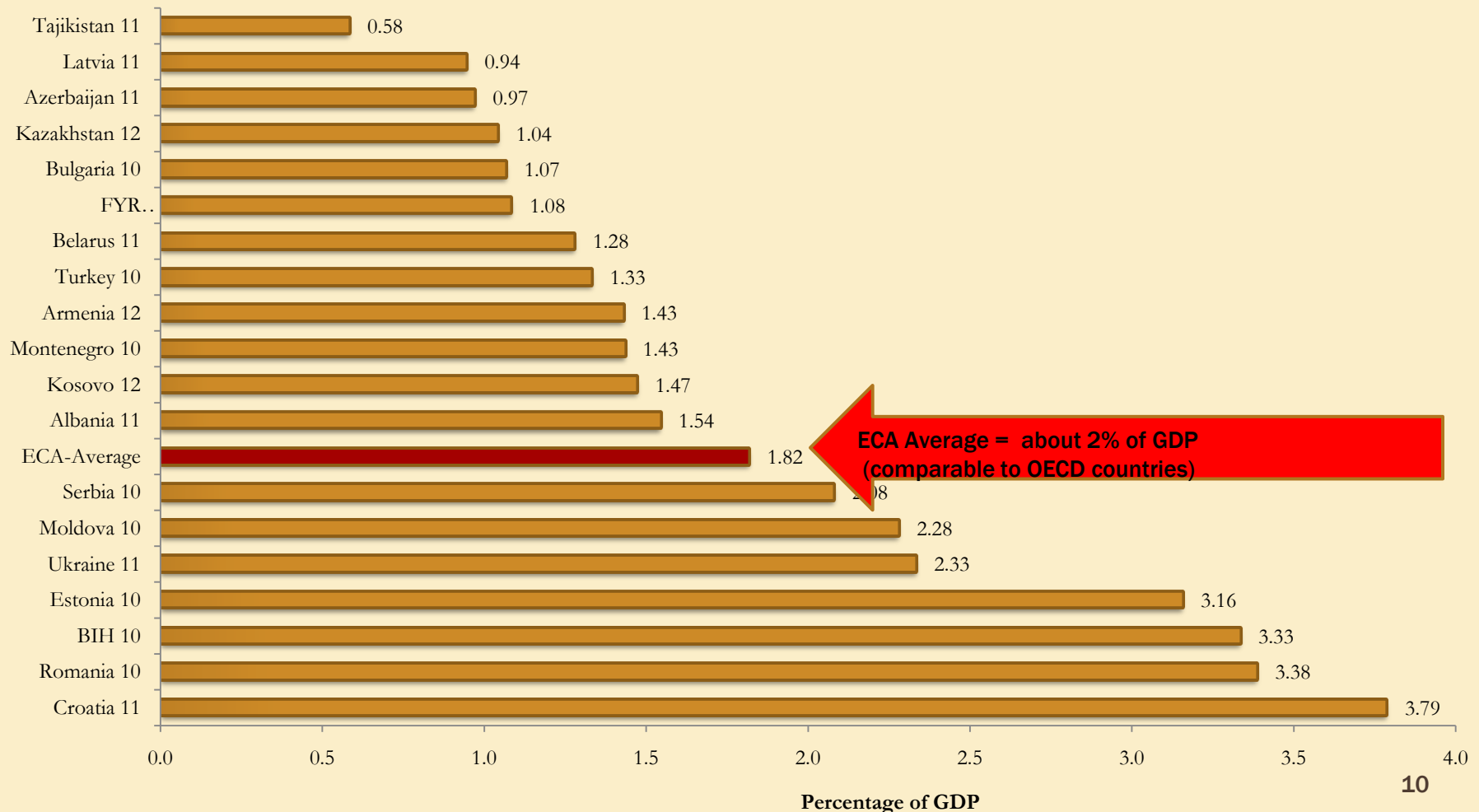


ECA Average = around 10% of GDP

WHILE MUCH OF THIS GOES TO PENSIONS, SPENDING ON **SOCIAL ASSISTANCE** TRANSFERS IS **STILL QUITE HIGH**



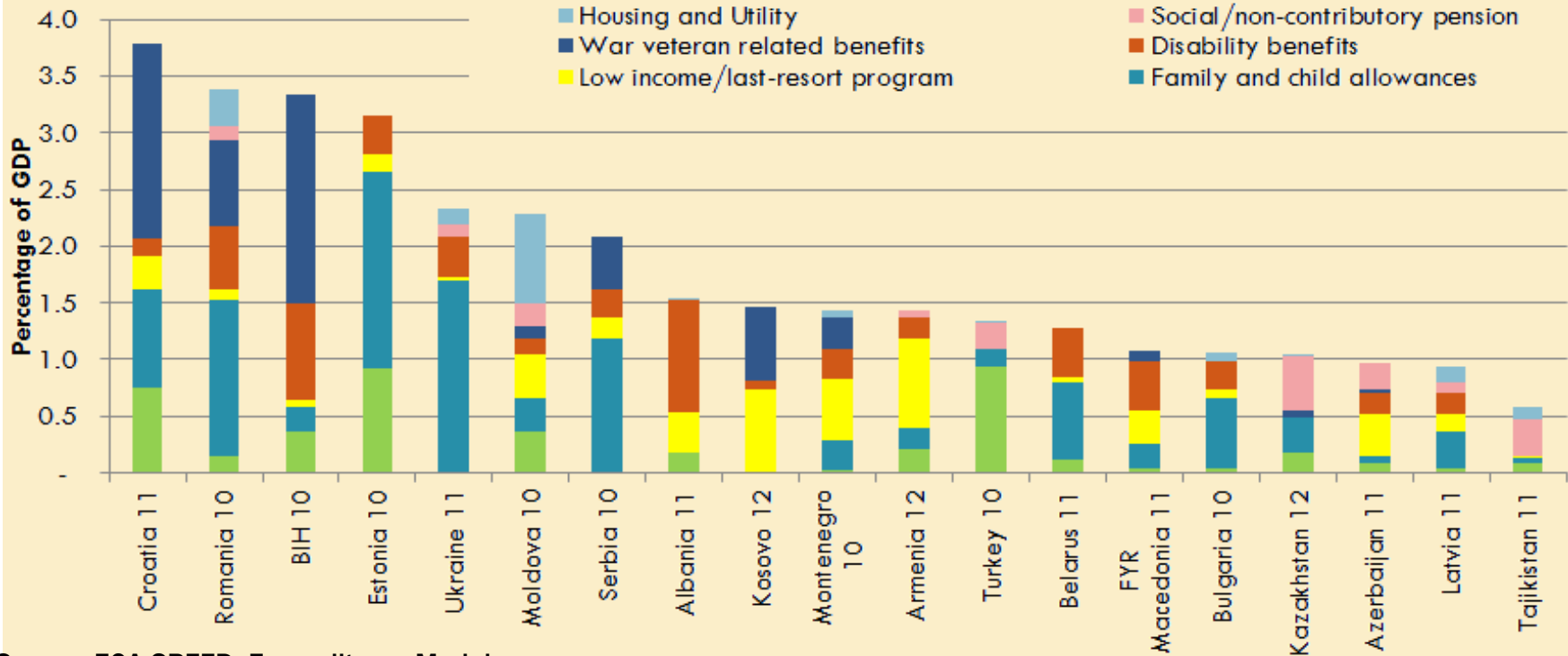
Social Assistance Spending, percentage of GDP, latest year available



SOCIAL ASSISTANCE SPENDING IS **FRAGMENTED**: MANY COUNTRIES WITH 20-40+ BENEFIT SCHEMES



Social Assistance Spending as share of GDP, by main benefit types



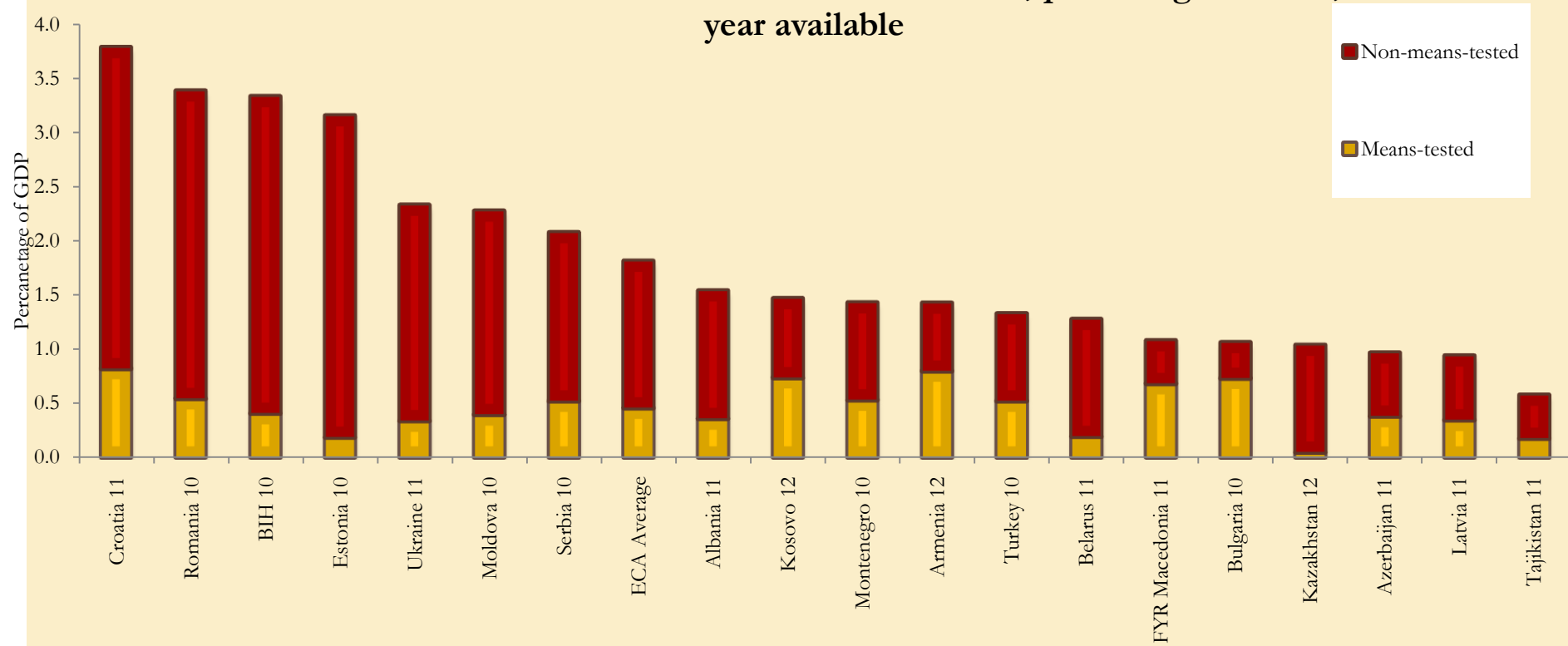
Source: ECA SPEED: Expenditures Module



MUCH SPENDING ON TRANSFERS IS NOT EXPLICITLY TARGETED BY ECONOMIC NEED



Means-tested versus non-means-tested Social Assistance, percentage of GDP, latest year available

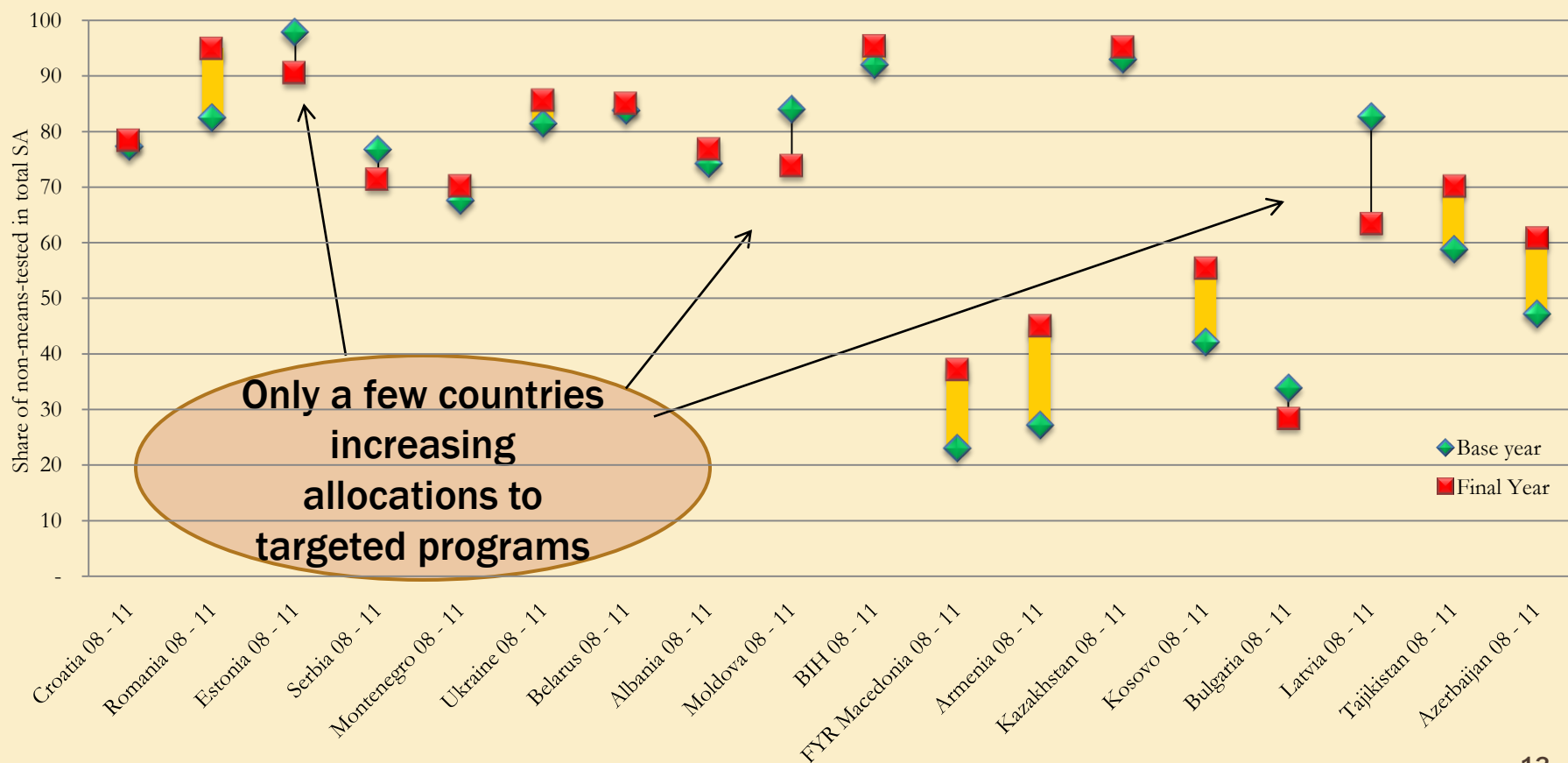


Source: ECA SPEED: Expenditures Module

INCREASING SHARE OF SPENDING ON NON-TARGETED SOCIAL TRANSFERS OVER TIME



Variation in the share of non-means tested Social Assistance, in total Social Assistance spending, years as selected

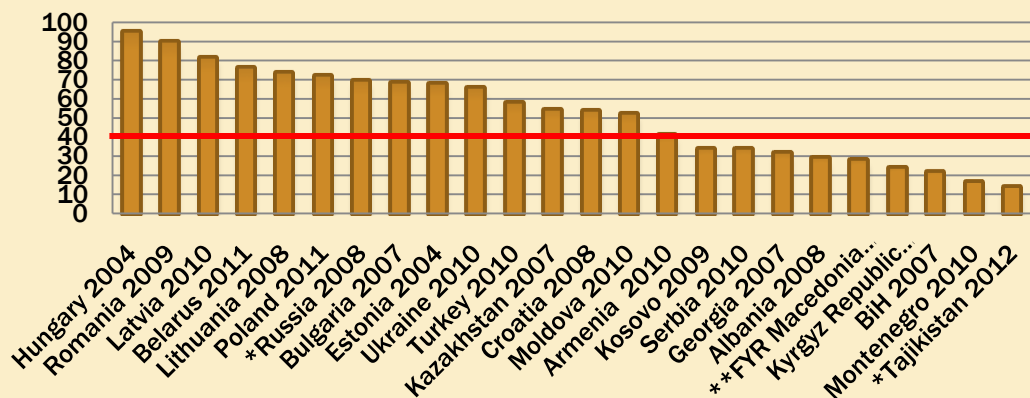


COVERAGE OF OVERALL SOCIAL ASSISTANCE IS HIGH IN MANY COUNTRIES



Social Assistance

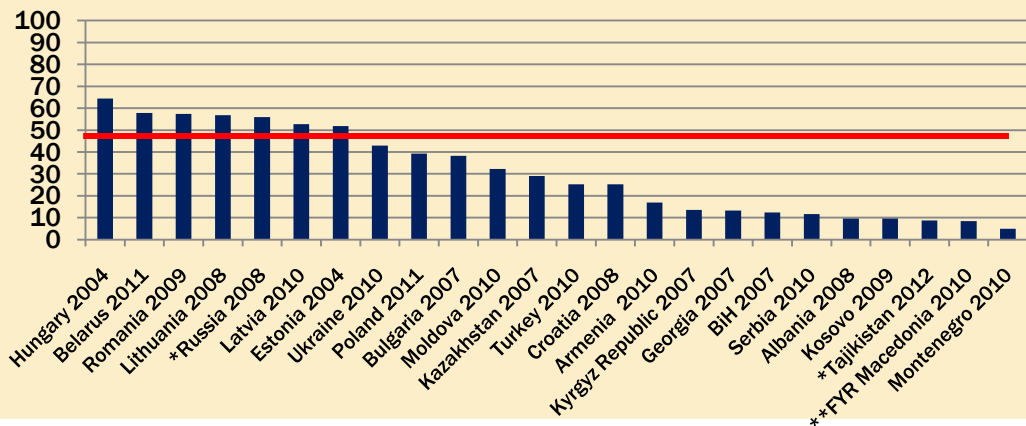
Coverage of the Poorest Quintile (%)



Coverage of the poor is high....

Social Assistance Coverage

% of population receiving benefits

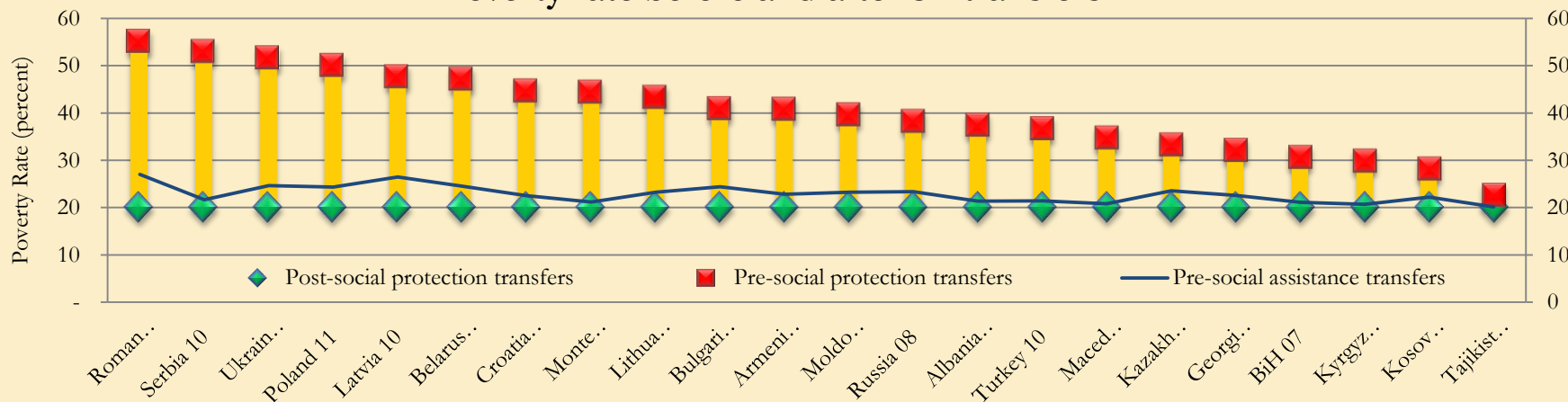


....As is coverage of the general population (non-contributory Transfers)

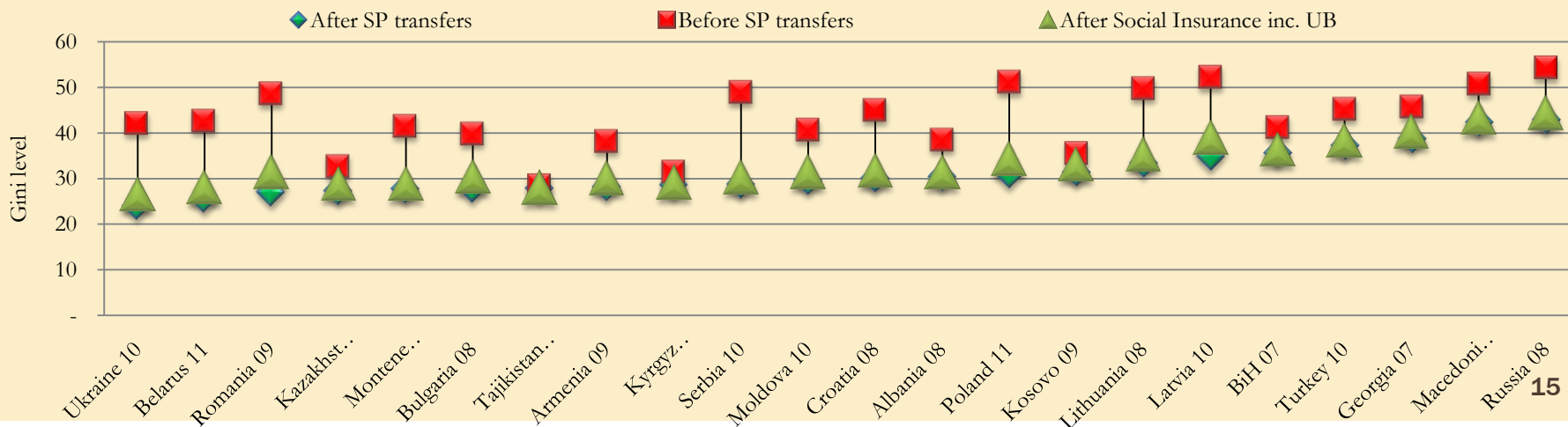
CONTRIBUTING TO REDUCTION IN POVERTY & INEQUALITY



Poverty rate before and after SP transfers



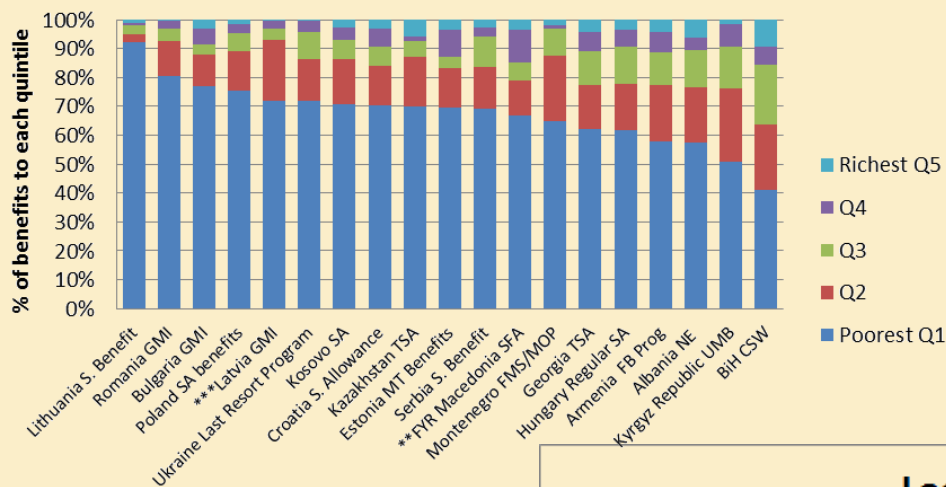
Consumption inequality (Gini coefficient) before and after SP transfers



LAST-RESORT PROGRAMS IN ECA ARE VERY WELL TARGETED TO THE POOR... BUT WITH LOW COVERAGE



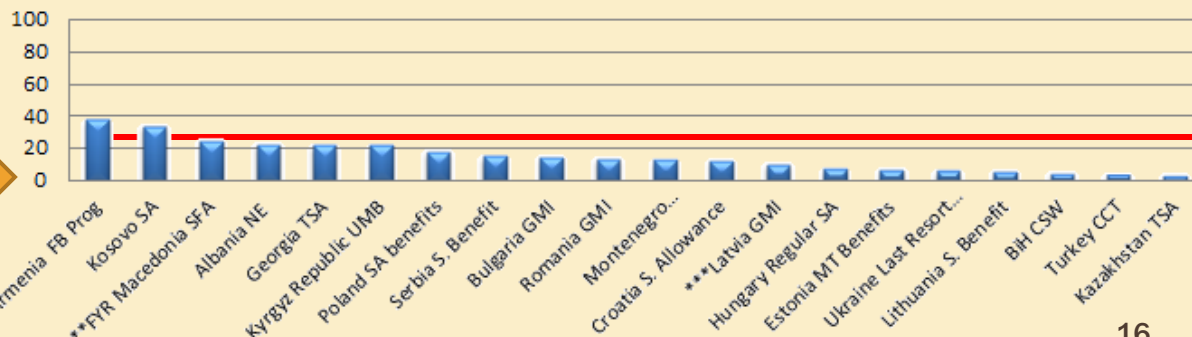
Distributional Incidence - Last Resort Social Assistance Programs (LRSA)



Targeting accuracy very high...

But coverage of poor is very low (often with low political support)

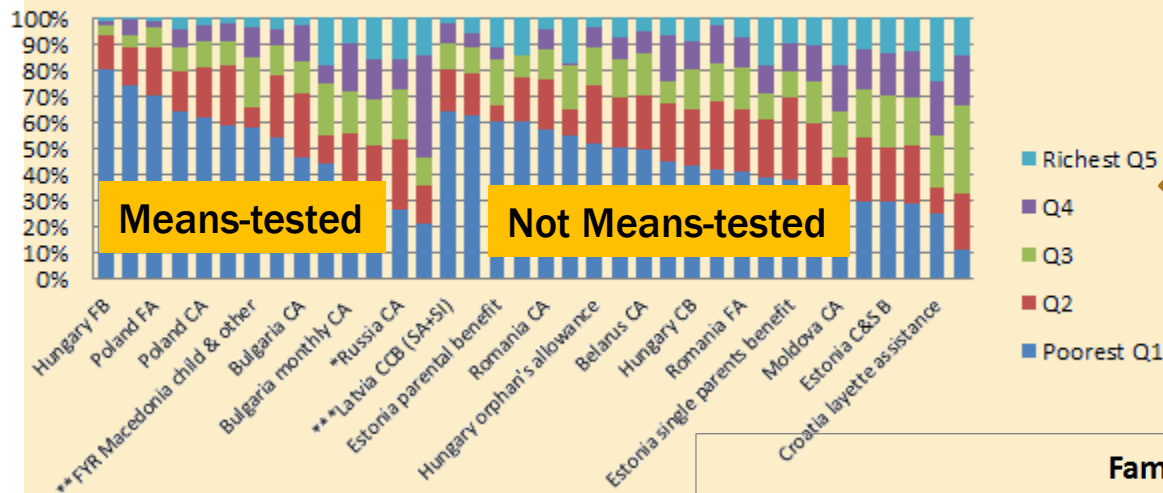
Last-Resort Social Assistance - Coverage of the Poorest Quintile (%)



FAMILY & CHILD ALLOWANCES ARE SOMETIMES TARGETED TO THE POOR...

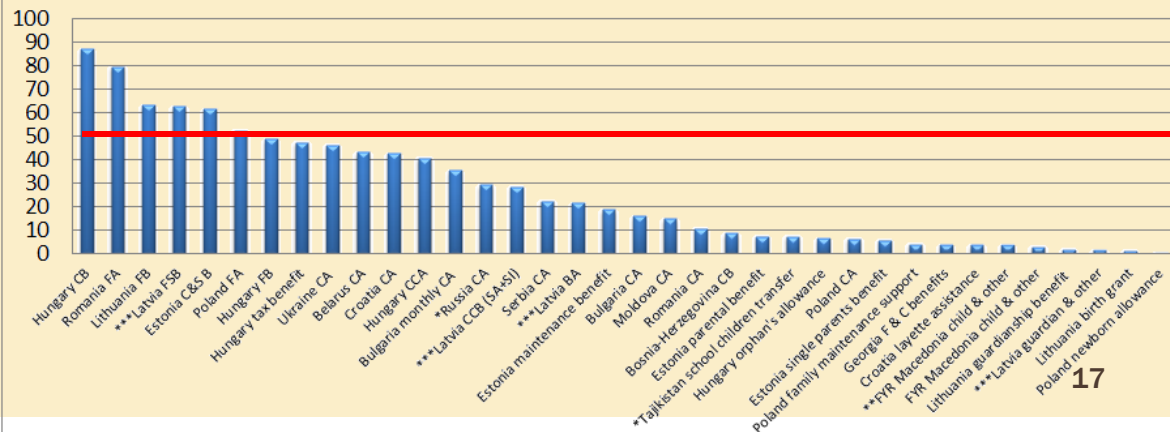


Distributional Incidence - Family & Child Allowances



Mixed redistributive performance

Family and Child Benefits Coverage of the Poorest Quintile (%)

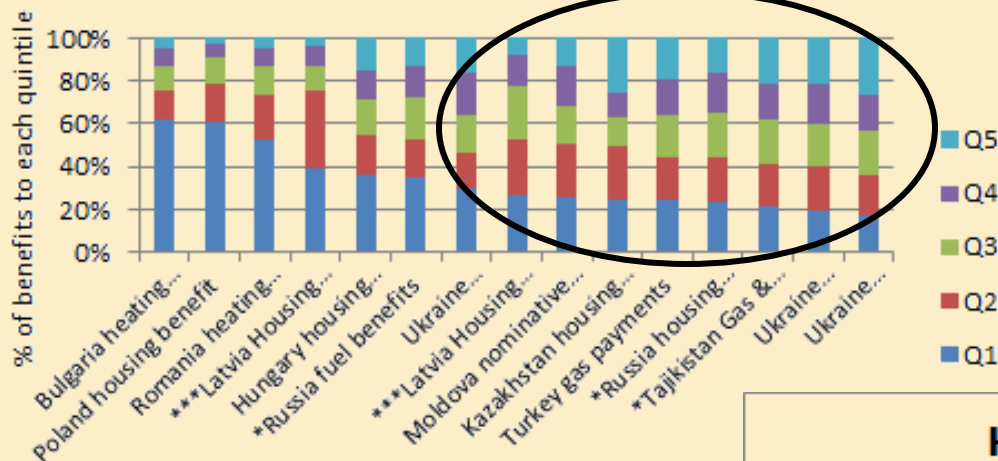


But with much higher coverage of the poor in some countries

HOUSING & UTILITY BENEFITS ARE OFTEN NEUTRAL OR REGRESSIVE AND WITH LOW COVERAGE OF POOR...

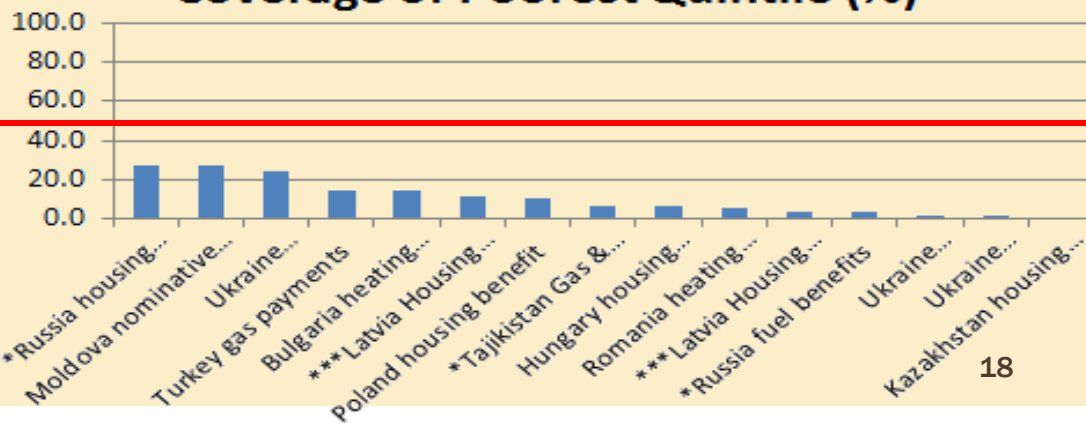


Distributional Incidence - Housing & Utility Benefits



Many are neutral or regressive

Housing & Utility Benefits - Coverage of Poorest Quintile (%)



And with very low coverage of the poor

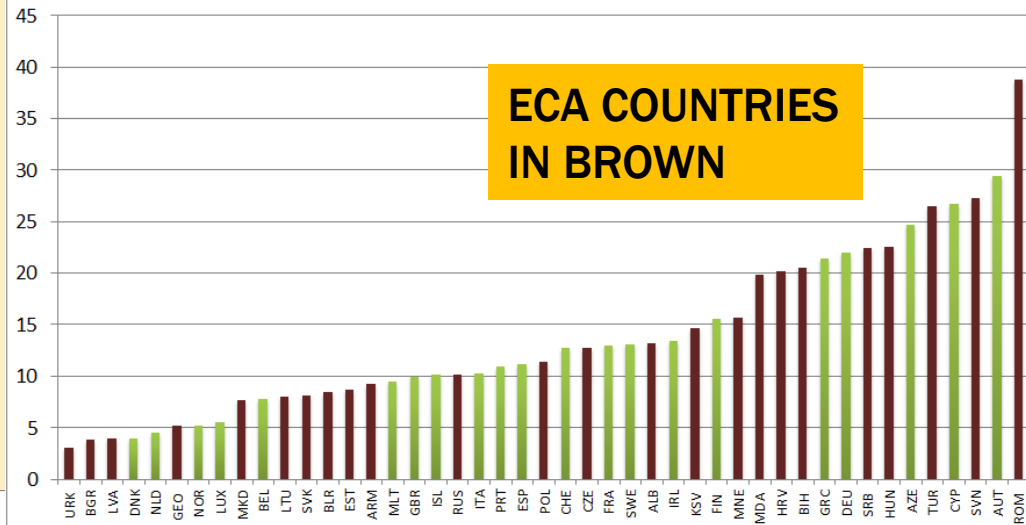
PERCEPTIONS OF REDISTRIBUTION: ATTITUDES TOWARDS INEQUALITY ARE MIXED



Preference for more income EQUALITY

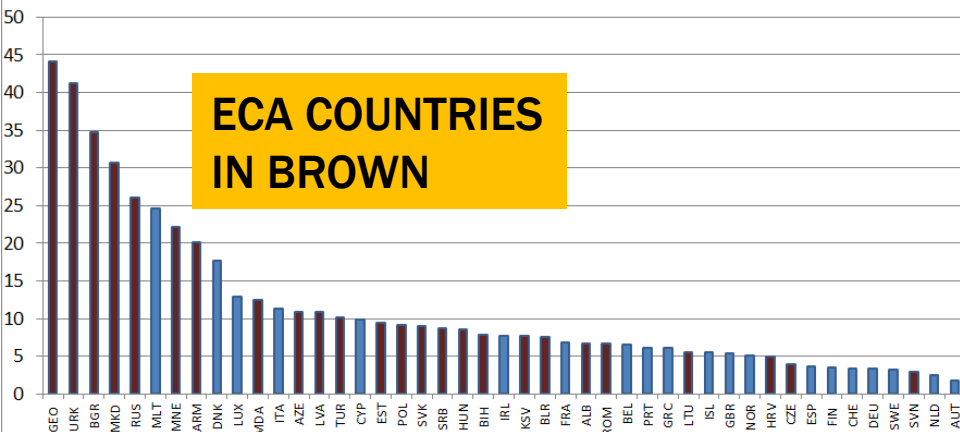
Preference for more income equality

Share of respondents in "incomes should be made more equal" (EVS 2008)



Preference for more incentives for individual effort

Share of respondents in "there should be greater incentives for individual effort" (EVS 2008)



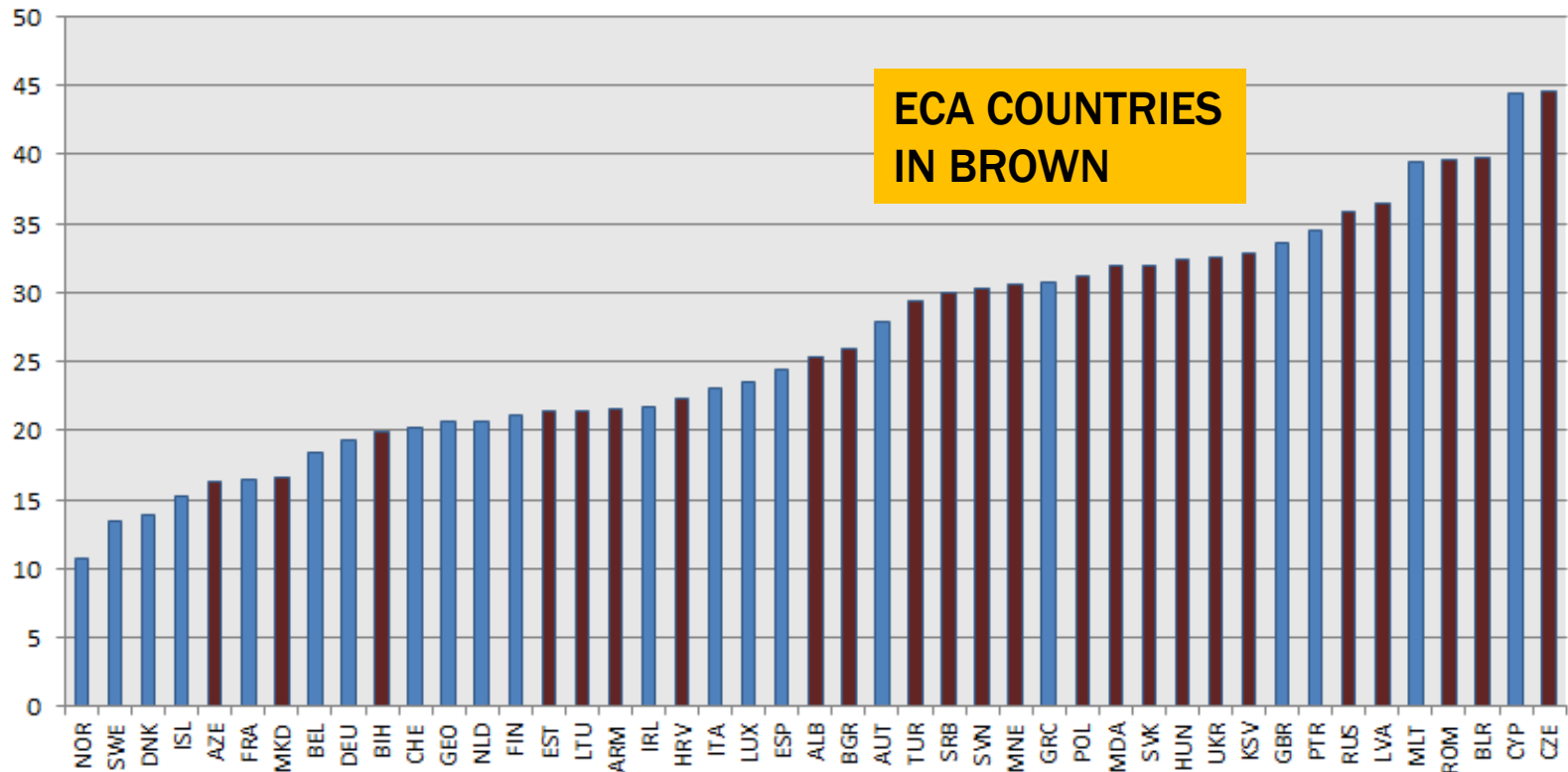
Preference for more incentives for individual effort

ATTITUDES TOWARDS THE POOR ARE ALSO MIXED



Poor are lazy and lack will power

Why are people in this country who live in need? Which one reason do you consider to be the most important?
Other Options: Unlucky, Injustice in Society, Inevitable, None (EVS 2008)



**ECA COUNTRIES
IN BROWN**

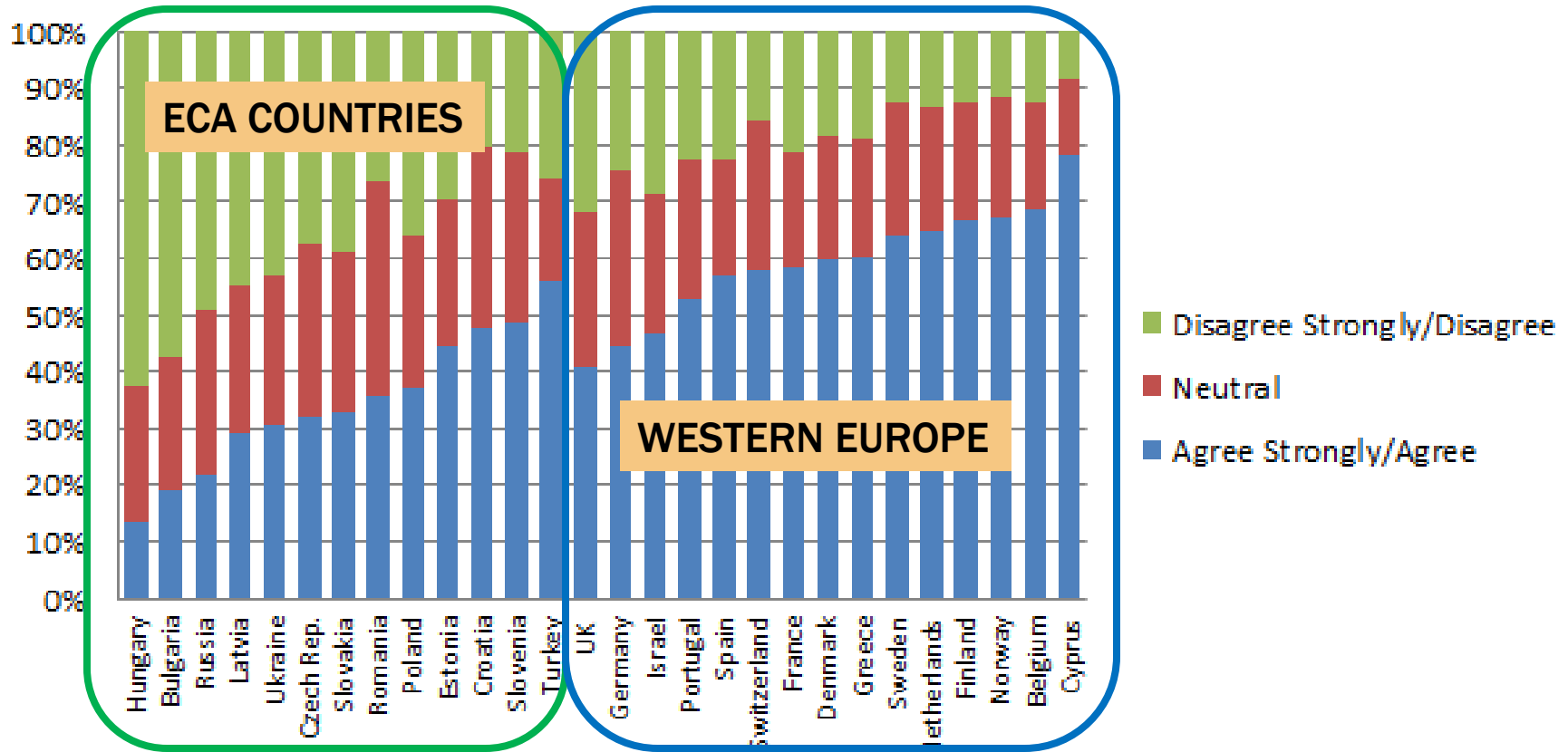
SOCIAL BENEFITS AS TOOL FOR REDISTRIBUTION?

LESS SUPPORT IN ECA



Social Benefits = Role for Reducing Inequality?

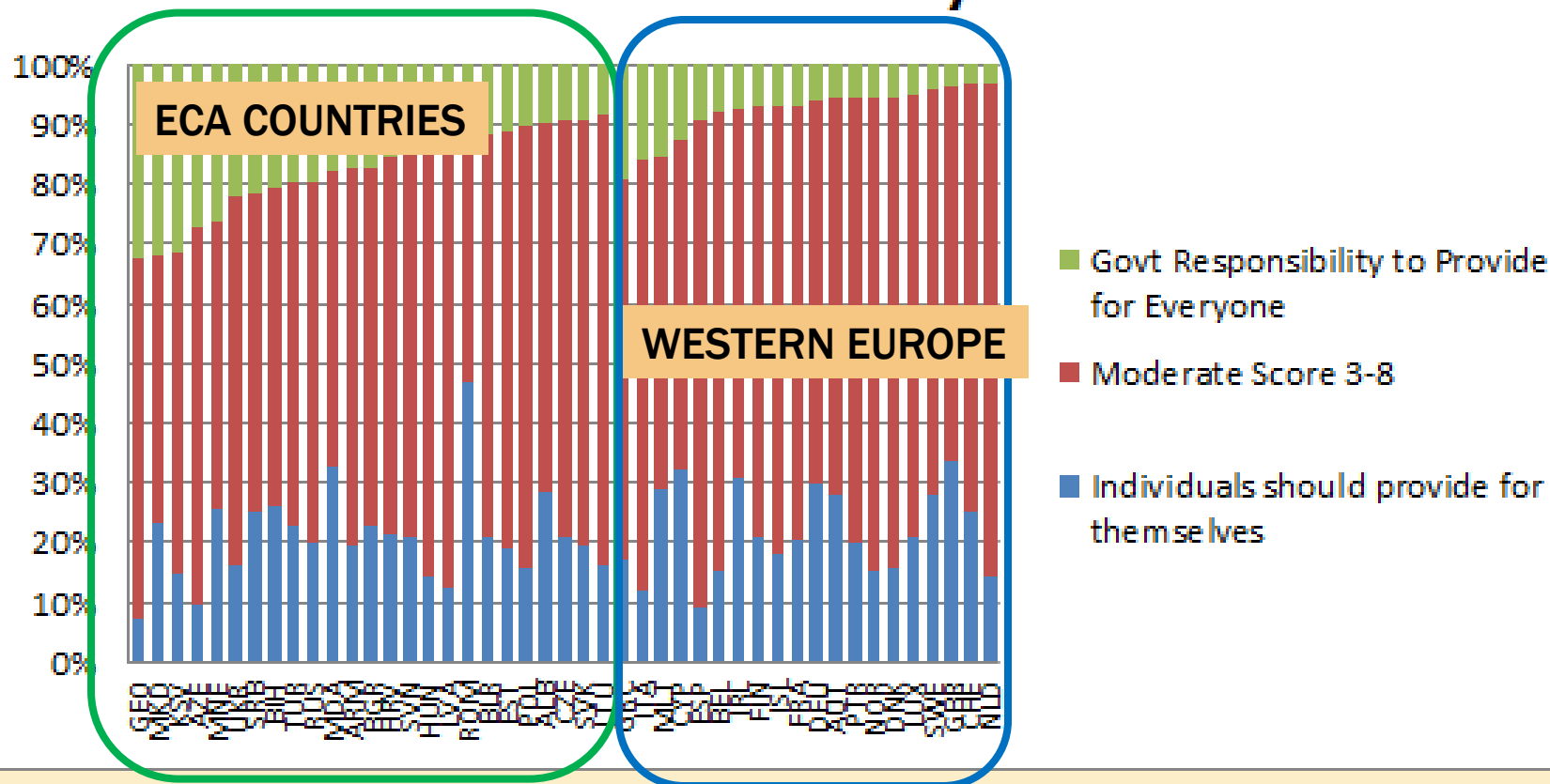
Social benefits/services lead to a more equal society (ESS 2008)



GOVERNMENT RESPONSIBILITY TO PROVIDE FOR EVERYONE IN ECA? EXPECTATIONS IN ECA



Government vs. Individual Responsibility to Provide for Everyone



EXPECTATIONS TO PROVIDE FOR EVERYONE? CAN ECA'S SP SYSTEM WITHSTAND INCREASING PRESSURES?

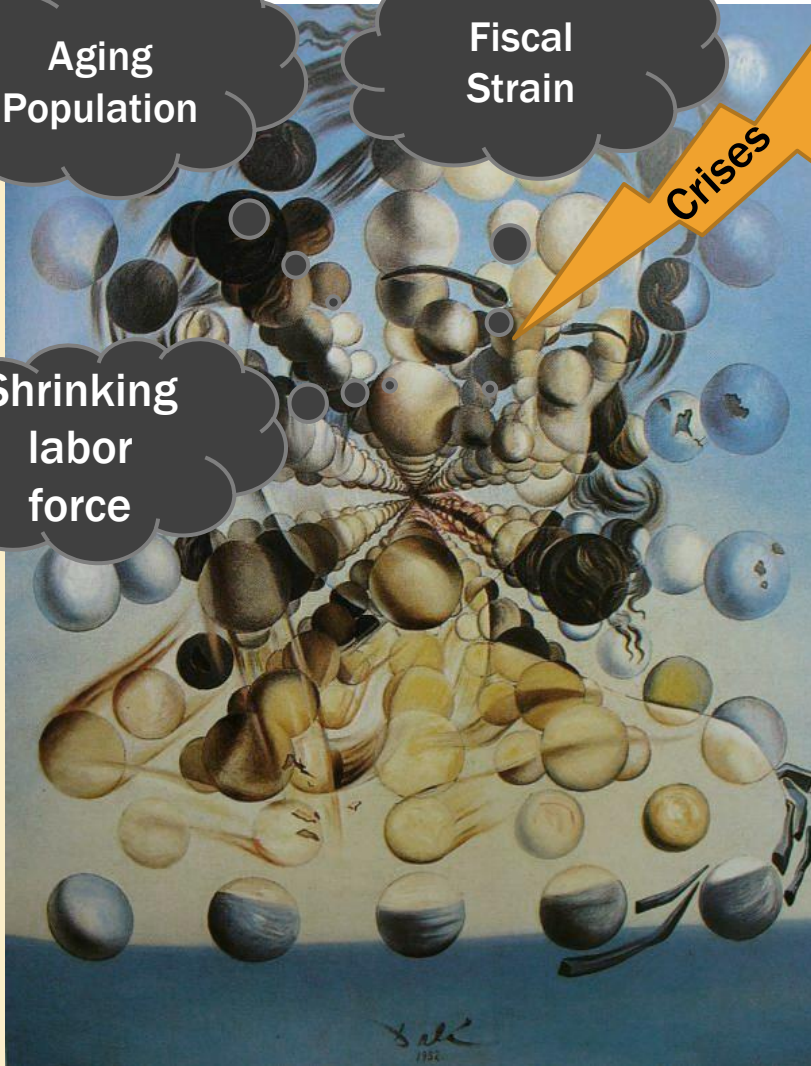
Aging
Population

Fiscal
Strain

Crises

Shrinking
labor
force

Time to consider
targeting the needy &
promoting activation?





BROAD-BRUSH IMPRESSIONS: REDISTRIBUTION AND TRANSFERS IN ECA

**High Spending
on SP
Transfers**

**Broader
Coverage,
Less emphasis
on targeting
the poorest**

**These patterns
seem to mirror
public
perceptions of
redistribution**

**Is the system
sustainable?**

Next Steps:
Expanding
the
ECA-SPEED
“Palette”

**Expenditure
Module**

**Performance
Module**

**Perceptions
Module**

The ECA SP Team is constantly updating ECA-SPEED,
 which is being used for numerous country & regional analyses

For further information on ECA-SPEED, please contact
 Victoria Strokova & Tomas Damerou

**Extending the SPEED
Palette:**



To other regions (LAC, SAR, AFR working on similar SP databases)



Globally via SP Anchor's ASPIRE database



Adding modules (labor & incentives, profiling, activation)

With some challenges:



Ensuring comparability across regions



Enhancing user-friendly interface



Sustaining financing for data...