REDISTRIBUTION & TRANSFERS IN EUROPE & CENTRAL ASIA (ECA):
“BROAD BRUSH IMPRESSIONS FROM A FULL-COLOR PALETTE”
ECA – SPEED
“A very rich palette indeed!”

SOCIAL PROTECTION EXPENDITURE & EVALUATION DATABASE

Credits & Contact: Victoria Strokova (Vstrokova@worldbank.org) & Tomas Damerau (Tdamerau@worldbank.org)
With contributions of entire ECA SP team!
The ECA-SPEED "Palette"

- Expenditure Module
- Performance Module
- Perceptions 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 Consumption Aggregate

Standardized Software for Indicators (SP ADEPT)

Household Surveys

Comparable Performance Indicators For 24 countries Over time
ECA-SPEED: PERFORMANCE MODULE

(OUTPUTS: PAINTING THE PICTURE)

- Coverage
- Distribution (Targeting Accuracy)
- Generosity of Benefits
- Impacts on poverty & Inequality
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
MANY COUNTRIES SPEND A LOT ON SOCIAL PROTECTION IN ECA

Social Protection Spending, percentage of GDP, latest year available

<table>
<thead>
<tr>
<th>Country</th>
<th>Social Assistance (%)</th>
<th>Labor Market (%)</th>
<th>Social Insurance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tajikistan</td>
<td>11</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>Kosovo</td>
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<tr>
<td>Kazakhstan</td>
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<tr>
<td>Azerbaijan</td>
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<td>Armenia</td>
<td>12</td>
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<tr>
<td>BIH</td>
<td>10</td>
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<tr>
<td>Belarus</td>
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<td>12</td>
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<tr>
<td>Albania</td>
<td>11</td>
<td>12</td>
<td>11</td>
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<tr>
<td>Turkey</td>
<td>10</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>FYR.</td>
<td>10</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>ECA average</td>
<td>10</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Latvia</td>
<td>11</td>
<td>12</td>
<td>11</td>
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<tr>
<td>Moldova</td>
<td>10</td>
<td>12</td>
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<td>Bulgaria</td>
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<td>Romania</td>
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<td>Montenegro</td>
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<td>Croatia</td>
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<td>12</td>
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<tr>
<td>Estonia</td>
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<tr>
<td>Serbia</td>
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<tr>
<td>Ukraine</td>
<td>11</td>
<td>12</td>
<td>11</td>
</tr>
</tbody>
</table>

ECA Average = around 10% of GDP

Source: ECA SPEED: Expenditures Module
While much of this goes to pensions, spending on social assistance transfers is still quite high.

<table>
<thead>
<tr>
<th>Country</th>
<th>Social Assistance Spending, % of GDP</th>
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</thead>
<tbody>
<tr>
<td>Tajikistan 11</td>
<td>0.58</td>
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<tr>
<td>Latvia 11</td>
<td>0.94</td>
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<tr>
<td>Azerbaijan 11</td>
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<tr>
<td>Kazakhstan 12</td>
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<tr>
<td>Bulgaria 10</td>
<td>1.07</td>
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<tr>
<td>FYR</td>
<td>1.08</td>
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<td>Belarus 11</td>
<td>1.28</td>
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<tr>
<td>Turkey 10</td>
<td>1.33</td>
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<tr>
<td>Armenia 12</td>
<td>1.43</td>
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<tr>
<td>Montenegro 10</td>
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<td>Kosovo 12</td>
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<td>ECA-Average</td>
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<td>Serbia 10</td>
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<td>Moldova 10</td>
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<td>Ukraine 11</td>
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<td>3.16</td>
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<td>BIH 10</td>
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<td>Romania 10</td>
<td>3.38</td>
</tr>
<tr>
<td>Croatia 11</td>
<td>3.79</td>
</tr>
</tbody>
</table>

ECA Average = about 2% of GDP (comparable to OECD countries)

Source: ECA SPEED: Expenditures Module
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

Only a few countries increasing allocations to targeted programs

Source: ECA SPEED: Expenditures Module
Coverage of overall social assistance is high in many countries.

Coverage of the poor is high.

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

Source: ECA SPEED: Performance Module
LAST-RESORT PROGRAMS IN ECA ARE VERY WELL TARGETED TO THE POOR... BUT WITH LOW COVERAGE

Source: ECA SPEED: Performance Module
FAMILY & CHILD ALLOWANCES ARE SOMETIMES TARGETED TO THE POOR...

Distributional Incidence - Family & Child Allowances

- Means-tested
- Not Means-tested

Mixed redistributive performance

But with much higher coverage of the poor in some countries

Source: ECA SPEED: Performance Module
HOUSING & UTILITY BENEFITS ARE OFTEN NEUTRAL OR REGRESSIVE AND WITH LOW COVERAGE OF POOR…

Many are neutral or regressive

And with very low coverage of the poor

Source: ECA SPEED: Performance Module
PERCEPTIONS OF REDISTRIBUTION: ATTITUDES TOWARDS INEQUALITY ARE MIXED

Preference for more income EQUALITY

ECA COUNTRIES IN BROWN

Preference for more incentives for individual effort

ECA COUNTRIES IN BROWN

Source: ECA SPEED: Perceptions Module – 2008 EVS
ATTITUDES TOWARDS THE POOR ARE ALSO MIXED

Source: ECA SPEED: Perceptions Module – 2008 EVS
SOCIAL BENEFITS AS TOOL FOR REDISTRIBUTION?
LESS SUPPORT IN ECA

Source: ECA SPEED: Perceptions Module – 2008 EVS
GOVERNMENT RESPONSIBILITY TO PROVIDE FOR EVERYONE IN ECA?

EXPECTATIONS IN ECA

Government vs. Individual Responsibility to Provide for Everyone

Source: ECA SPEED: Perceptions Module – 2008 EVS
EXPECATIONS TO PROVIDE FOR EVERYONE?
CAN ECA’S SP SYSTEM WITHSTAND INCREASING PRESSURES?

Aging Population
Fiscal Strain
Shrinking labor force

Time to consider targeting the needy & promoting activation?
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?
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 Damerau.

Next Steps:
Expanding the ECA-SPEED "Palette"

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...