ESSPROS user presentation: DG EMPL

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1. Introduction

- DG EMPL – Dir A (Analysis, Evaluation and External Relations) – A2 (Social analysis)

- Horizontal analysis of employment and social issues

- Use of ESSPROS data:
  - Monitoring Europe 2020 and the social OMC
  - Commission reporting
2. Use of ESSPROS data

Monitoring Europe 2020

• Joint Assessment Framework (JAF)
  - Diagnosis tool based on key indicators
  - Shared by MSs and Commission
  - Supports the work on Country Specific Recommendations
    - ESSPROS data (used as contextual indicators: spending as % of GDP, also by function)

• Social Protection Committee
  - Report on effectiveness and efficiency of social protection expenditure
Commission reporting

- **Employment and Social Developments in Europe (annual review)**
  - 2012: Effectiveness and efficiency of welfare systems
  - 2013: Effectiveness and efficiency of social expenditure in the crisis
  - 2014: The legacy of the crisis: resilience and challenges

- **Quarterly reviews**
  - Social spending in Special focus sections
Commission reporting – examples

- Expenditure as % of GDP, in PPS, in constant prices
- Expenditure gross/net, cash/in kind, means-tested/non-means-tested
- Expenditure by function, per beneficiary (esp. pension beneficiaries)
- Details of spending functions (e.g. child day care within childcare expenditure, active/passive measures within unemployment benefits)
- Sources of financing of social protection expenditure
- Links of ESSPROS data with gross household disposable income, debt, poverty, employment and other spending function specific indicators
Social expenditure in 2010...

EU27: 28% of GDP

40% pensions

Mainly differences in expenditure levels per potential beneficiary
Increases in 2009, declines in 2011...

Change in real expenditure by year:

- 92% accounted for by the increase in average family expenditure per child
- 99% accounted for by the increase in the number of unemployed
- 87% accounted for by the increase in the number of over 65 year-olds
- 61% (in 2008) and 66% (in 2009) accounted for by the increase in average expenditure for over 65 year-olds
- 94% accounted for by a decrease in average expenditure per unemployed

Legend:
- Old age and survivors
- Sickness and disability
- Unemployment benefits
- Family
- Social exclusion and housing
Contributions to growth by function (2007 – 2010)

Change in real social expenditure (2007–10) — contributions of expenditure levels per potential beneficiary population and of socio-economic developments

Source: ESSPROS, DG EMPL calculations. Note: Impact on overall expenditure growth in volumes of changes in average expenditure per potential beneficiaries and socio-economic trends (changes in population aged 65 and older, in population under 18, and in population unemployed).
... and in 2012

Breakdown of annual change in real public social expenditure between contributions from in-cash and in-kind benefits, EU27 and EA17, 2001–13

Source: National Accounts, DG EMPL calculations
Digging deeper into spending functions...

Real growth of family expenditure by type (child day care vs all other, 2007-2011)

Note: countries ranked according to child day care expenditure per child in terms of GDP per capita in 2007
Larger deviation of public social expenditure from its trend than in previous recessions

Source: National Accounts, AMECO, DG EMPL calculations
A stylised framework: effectiveness and efficiency

How much does performance of MSs differ?

- Not overall performance, but across main functions: pensions, family, unemployment, exclusion and housing
- Focus on a few key outcomes (adequacy and employment related)
- Choice of key indicators supported by more (factor) analysis

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Efficiency – link between performance and expenditure

- Is MSs relative performance in line with their relative expenditure levels? Do high (low) spenders perform better (worse)? Or not?

- Is the orientation of expenditure along various risks in line with their relative performance levels?
Family expenditure – Child poverty

- Average cash spending, **high in-kind**
- Similar poverty reduction
- Different child poverty outcomes and relative incomes of families
- Very different employment rates of mothers and **childcare use**
Trends in financing: Shift from social contributions to taxation

- **Pre-crisis**: social contributions ↓; government contributions ↑
- **2007-2010**: General increase in social spending relative to GDP
Economic stabilisation through resources during the crisis

Total resources

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Financing structures by function in 2010

Pensions (without survivors)

Health (without disability)
3. Improvements and developments

- **Improvements to existing ESSPROS data**
  - Timeliness
  - Scheme-level information

- **Links with other data**
  - with National accounts, micro-data (EU-SILC), SHA, ALMP database

- **New data related to social protection**
  - Number of beneficiaries (other than pensions)
  - Net benefits - extended