ESSPROS

data needs from an ISG/SPC perspective

Eurostat Social Protection working group-April 2014

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Social Protection Committee (SPC)

- EU advisory committee (art. 160 TFEU)
- Monitoring social situation
- Discussion of social policies
- Prepares Council discussions on social policy and on European Semester
- Produces opinions on request of the Council, the Commission or at own initiative
Social expenditure in SPC monitoring

**ESSPROS**
- Total current pension expenditure (% of GDP)
- Total social protection expenditure (% of GDP)

**SHA**
- (Total health expenditure per capita – SHA)
- (Total health care expenditure in % of GDP – SHA)
- (Total long term care expenditure as % of GDP-SHA)
New challenges, new needs

- Efficiency and effectiveness of social spending and financing arrangements
- Pension adequacy report
- Crisis monitoring: benefit recipients
Efficiency and effectiveness of social spending (1)

- Mandate from the Council to SPC
- Need to consolidate public finances requires more attention to efficiency and effectiveness (eg. Council conclusions on AGS 2012)
- European Commission’s ‘Social Investment Package’: need for developing a framework for assessing efficiency and effectiveness
Efficiency and effectiveness of social spending (2): ad hoc group

- Develop a framework for assessing E&E (per ESSPROS function)
- Differentiate between services/in-kind benefits from cash benefits (there is a general policy need to reflect more on the importance of in-kind benefits)
- Apply framework to selected social protection benefits (as a first step per ESSPROS functions pension, social assistance, chile/family and unemployment)
Efficiency and effectiveness of social spending (3): issues for ESSPROS

- ESSPROS expenditure data are starting point for analysis
- Need for specific expenditure categories
- Need for a close match between expenditure and outcome indicators (e.g. social assistance, family benefits, ...)
Pension Adequacy Report (PAR)

- Report on pension adequacy, complementary to EPC-AGE report on sustainability
- Analyse importance of adequacy and examine what makes up an adequate pension
- First PAR in 2012, next PAR published in 2015
- Current challenge: develop and enhance the report on pension adequacy
Pension Adequacy (2): issues for ESSPROS

- Possibility of restricting pension benefits to people 65+
- Include supplementary pension schemes and tax rebates
- How to treat ‘other benefits’ for older people?
- Comparing spending levels, pension scheme designs and social outcomes
- Pension levels
- Gender differences in pension amounts
- Additional pension categories
Crisis monitoring: benefit recipients

- Started as *ad-hoc collection* to have more *timely information* on evolution of social situation during crisis
- MS send data on numbers of: Social assistance, unemployment, early retirement, disability benefit recipients
- Use:
  - More timely information on social situation
  - Better understanding of social outcomes
  - Assessing the performance of social protection systems
Benefit recipients (2): analysis in 2013 SPC report

- Mixed trends in unemployment benefit recipients
- Pressure on social assistance schemes persists
- Few countries show combined pressure on both unemployment benefits and social assistance
- 3 MS undergo a shift towards social assistance schemes
- 4 MS with downward trend in both unemployment and social assistance
- Potential gaps in social benefits’ coverage in some MS
Benefit recipients (3): illustration (Greece)
Benefit recipients (4): illustration (Cyprus)
Benefit recipients (5)

Issues for ESSPROS:
- Lack of consistency in definition of benefit categories between MS
  → e.g. treatment of early retirement, social assistance, etc.
- Can ESSPROS improve ISG exercise?
Challenges for ESSPROS from ISG/SPC perspective

- Additional policy relevant pension benefit categories e.g.:
  1. benefits after retirement age (old-age+partial retirement+survivors’ pension);
  2. early retirement (anticipated old age+early retirement due to reduced capacity to work+early retirement due to LM reasons)

- Age criteria (65+)
Challenges for ESSPROS (2)

- Other beneficiaries than pension beneficiaries
  - Unemployment
  - Disability
  - Social assistance
- Linking expenditure with number of beneficiaries: average pension benefit amounts
- Disentangle non relevant information-add relevant information
  - e.g.: education expenditure in family benefits/‘other benefits’ for elderly
- Other: in-kind benefits, long-term care ...
Increase the potential of ESSPROS as a unique policy relevant data-source

- Total expenditure and expenditure by functions are cornerstones and net expenditure data are important progress, but:
- SPC needs to go further
- Data are very rich, question: can this be better exploited to retain more policy relevant information?
- ESSPROS can for some issues be unique data source (detailed information by benefit category – not possible via SILC)
Priorities

Difficult, but ...

- Other types of benefit recipients (unemployment, disability, social assistance)
- More policy relevant pension categories
- Pension levels (on condition of adequate classification)

... Are certainly important

ISG is ready to support and discuss further refinement and prioritization
Thank you!