Social Protection (SP) Programs - an assessment through SP Indicator: Singapore Case

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Singapore Economic Review Conference 2019

5 – 7 August 2019, Singapore
Social Protection (SP) Programs - an assessment through SP Indicator

Presentation Outline

• Formulating SP Indicator - criteria for SP programs: methodological note

• Social Protection Programs: definition
  - social insurance, social assistance, labor market
  - social protection indicator- spi depth / breath
  - SPI formulation – data requirements

• Singapore case: Asset-based Social Security System

• Social Assistance Schemes and Labor Market Prgm

• SPI Interpretations / Observations / Remarks
Definition of Social Protection (SP) Programs:
- set of policies/programs that enable vulnerable groups to prevent, reduce and/or cope with risks; and
- are targeted at vulnerable groups & involve cash or transfers in kind

Corresponding SP subprograms are:
- **Social Insurance (SI) Programs**: contributory schemes to help people respond to common risks like illness, old age, and unemployment (eg, health insurance, pensions, provident funds)
- **Social Assistance (SA) Programs** (non-contributory): provide unrequited transfers to groups like low-income earners, who either don’t qualify for insurance or receive inadequate benefits (cash or in-kind transfers, child welfare, elderly assistance & disability benefits)
- **Labor Market Programs (LMP)**: actively help people to secure employment (subprograms include skills development/training programs and Workfare type programs)
Building a Social Protection Indicator:
Methodological Note – Key Criteria for identifying SP Progms (2)

- must be clearly targeted at groups in need of SP (e.g., the poor, the unemployed, the old, the sick, the disabled, and children)
- Involve direct transfers in cash or in kind to beneficiaries
- Social protection activities not amenable to quantification are excluded, such as legislation on labor standards, women and children’s rights, as well as empowerment and consciousness-raising initiatives.
- Programs that’re generally seen as falling within the health or education sectors, such as health care (reproductive health), immunization, nutrition, preschool education, and general vocational and technical education are excluded
- Programs that fall within the general category of rural and/or community development are excluded along with those that concentrate on the construction of physical assets or social infrastructure, e.g., roads, water supply and irrigation networks, schools, or clinics
Building a Social Protection Indicator: Data Requirements (3)

A) Basic Statistics:
Gross Domestic Product; Population; GDP per capita, Gross national income, Number of employed; No. of underemployed (proxy measure), No. of elderly popn (60 and over), No of disabled persons, No of child population (0-14 yr); a proxy measure of Per capita poverty line income (estimated as 25% of per capita GDP), Average household size and Exchange rate.

B) Social protection programs data (annual, for 2017):
  i) key data for each of the relevant social protection programs: annual Expenditure on SP programs (SI, SA and LMP); and
  ii) Number of (program) Beneficiaries for each of the identified SP programs.
Formulation of Social Protection Indicator (SPI): simple/unitary indicator (4)

i) provides a “normative” Reference- (magnitude of impact of SP programs on peoples)

ii) divides Total EXP on SP by total number of intended beneficiaries of ALL SP prgms

iii) For assessment purposes, this Ratio of EXP on SP Programs to SP Beneficiaries is normalized by GDP per capita (to ensure proper cross-country comparison across 35 countries for which SPI methodology has been applied)

iv) SPI disaggregated into Depth and Breadth of coverage:

   a) **Depth**: Average size of benefits received by actual beneficiaries - measured as total expenditures divided by total beneficiaries (normalized by GDP per-capita; so a monetary variable) - interpreted as Average expenditures per actual beneficiary

   b) **Breadth**: % of intended Beneficiaries who actually receive benefits (measured as Total Beneficiaries divided by Total Refn Popn; nonmonetary)
Singapore (MOF definition): Social Development Expenditure (2000-17)

Social Development Expenditure

Social Dev. Expenditure

Social Dev Exp (% of GDP)

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Asset-based Social Security System
(CPF model-mandatory contributory scheme)

a) First **3 pillars** managed under **CPF model**
mandatory saving-used for housing, healthcare, retirement
- **Housing** (to achieve high home ownership)
- **Integrated Healthcare system**: Medisave, Medishield insurance; means-tested Medifund & Subsidies!
- **Retirement** (defined contribution scheme)

b) **4th pillar**: Workfare/Workfre income supplement
income equity principle: supplement income of low-wage
key strategy: *work is the best form of SA!* - Upgrade skills; help them advance skills & get re-employed!
Social Assistance Programs / Interventions (means-tested)

**ComCare:** a key component of social safety net - targeted at those w/ urgent needs, elderly, etc. (integrated care system w/ various components)

**Healthcare:** multi-tier approach to healthcare financing – means-tested subsidies across all care setting- primary, intermediate, long-term

*Medifund / Medifund Silver* -last resort for those can’t pay medical expenses despite Medisave/ MediShield

**Subsidies for intermediate and long-term services**
- up to 75%-80% for lowest income groups!

- Additional subsidies for long-term care, eg, Foreign Domestic Work Grant & Senior’s Mobility Fund

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Social Assistance and Labor Market Programs

Past approach: no welfare handout
More recent: Workfare & targeted schemes:

**Workfare/Workfare Income Supplement:**
- institutionalized in ‘07 as a permanent feature (460k)

**Workfare Training Support Scheme** (2010):
- Helps them train/upgrade skills & earn more

**Temporary Employment Credit** (2011): raise
- employability of older workers (55+); employers who
  hire them receive 8% credit through WIS supplements
  equivalent to 30% of wages;  
  designed to boost their retirement adequacy & also raise take-home pay

**Enhanced SEC:** those who hire persons with disabilities receive 16% SEC of wages
Social Assistance / Labor Market Programs for elderly low-wage workers (cont’d)

Wage Credit Scheme (2013): helps low-wage workers through co-funding of increased wages of employees – govt co-fund 40% of wage increases - (benefits about 70,000 elderly low-wage workers annually) (2017 payouts of Temp Emp credit + wage credit scheme: $1,240 million)

GST Voucher Special Payment to elderly (2013)- (2017 payouts senior citizen bonus+GST voucher:$280 mil)

Silver Support Scheme: (2016) quarterly cash payouts - Targets low-income elderly (bottom 20%) - Low income & little or no family support - since 2016, about $1 bil given to 170,000 seniors (65+ yrs)
SP and Informal Workers: How to qualify in Singapore context? (1)

Informal Workers: “salaried workers not affiliated to social security systems (don’t pay contributions) & those own-account (self-employed) workers whose business is not registered” (OECD Employment Outlook 2015)

Informal workers classified into two categories:

Category A: own account (self-employed) workers (citizens/residents) who (i) engage in activities not included in business surveys; & (ii) operate their own trades w/o employing any paid workers; and

Category B: (most) non-resident workers (about 1mil)–not affiliated to formal social security systems (don’t contribute), exhibit characteristics of informal workers

Questions is: How well are Informal Workers covered?
Category A: Own Account (Self-employed) Workers (citizens/residents) (2)

Category A: own account (self-employed) workers

Ministry of Manpower estimate: 300,000 of which, 170,000 are own-account workers – self-employed who operate own trades w/o paid workers (hawkers, taxi drivers, freelance tutors, babysitters)

MOM (2018): Self-employed workers
- do not receive any protection or benefits from the payer
- not covered under the Work Injury Compensation Act (WICA), which requires employers to compensate their employees who’ve work-related injuries (consequently, govt encourages to purchase adequate insurance to protect themselves in the event of a work injury)

- required to provide their own medical insurance coverage/CPF MediSave coverage (as do those in CPF contribution scheme).
Category (B): (part of) Non-resident workers represent informal workers? (3)

Category B: Non-resident (foreign workforce) who Don’t contribute to Social Security System

Along this line, defined as part of Total 1.4 mil Non-Resident workers, say, about 1 million work-permit holders (construction workers+domestic servants) who Don’t contribute to SS system can be viewed as informal

Using this definition, Category B Informal Workers are those who reside in Singapore as low-wage workers under work-permit and Do Not contribute to SS system

Estimated #Category B Informal Workers: about one mil
**Foreign Workforce (MOM 2019)**

*total: 1.386mil (EP: 0.186; FDW: 0.254; CW: 0.281)*

<table>
<thead>
<tr>
<th>Pass Type</th>
<th>Dec 2016</th>
<th>Dec 2017</th>
<th>Dec 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Pass (EP)</td>
<td>192,300</td>
<td>187,700</td>
<td>185,800</td>
</tr>
<tr>
<td>S Pass</td>
<td>179,700</td>
<td>184,400</td>
<td>195,500</td>
</tr>
<tr>
<td>Work Permit (Total)</td>
<td>992,700</td>
<td>965,200</td>
<td>972,600</td>
</tr>
<tr>
<td>- Work Permit (Foreign Domestic Worker)</td>
<td>239,700</td>
<td>246,800</td>
<td>253,800</td>
</tr>
<tr>
<td>- Work Permit (Construction)</td>
<td>315,500</td>
<td>284,900</td>
<td>280,500</td>
</tr>
<tr>
<td>Other Work Passes²</td>
<td>28,300</td>
<td>30,700</td>
<td>32,100</td>
</tr>
<tr>
<td>Total Foreign Workforce</td>
<td><strong>1,393,000</strong></td>
<td><strong>1,368,000</strong></td>
<td><strong>1,386,000</strong></td>
</tr>
</tbody>
</table>
Legislation to protect Category (B) informal workers (non-residents) (4)

**Work Injury Compensation Act:** Employees (except FDWs) can claim for work injuries/diseases; compensaton payable on 'no-fault basis' injury arise in course of empl

(i) must’ve ‘Letter of Guarantee’ (ii) WICA cap ($36k)

**Foreign Domestic Workers** (all females) (253,800)

(i) Not covered by WICA (one major deficiency!); (live-in) domestic servants to their Singaporean employers

(ii) Not covered under Employment Act; thus excluded from legislation w/ minimum rest days, work hours, overtime entitlement and medical leave

(iii) Dependence on employer’s letter for treatment

(iv) In an event of accident, compulsory medical insurance needs for coverage likely lead to increased vulnerability
## Singapore: Basic Statistics

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (current prices) (billions)</td>
<td>447.3</td>
</tr>
<tr>
<td>GDP per capita (current prices) (unit)</td>
<td>76,863</td>
</tr>
<tr>
<td>GNI (current prices) (billions)</td>
<td>431.377</td>
</tr>
<tr>
<td>Total (Resident) Population (million)</td>
<td>4.0</td>
</tr>
<tr>
<td>Number of unemployed / under-employed (million)</td>
<td>0.126</td>
</tr>
<tr>
<td>Population aged 60 years and over plus retirees</td>
<td>0.779</td>
</tr>
<tr>
<td>Employed Population (million)</td>
<td>2.175</td>
</tr>
<tr>
<td>Popn living below 25% GDP per capita (SPI benchmark used as a proxy for poverty line income)</td>
<td>0.450</td>
</tr>
<tr>
<td>Disabled population (million)</td>
<td>0.120</td>
</tr>
<tr>
<td>Children aged 0 to 14 years (among resident population) (million)</td>
<td>0.594</td>
</tr>
<tr>
<td>Average household size</td>
<td>3.25</td>
</tr>
<tr>
<td>Exchange rate (per US Dollar)</td>
<td>1.4</td>
</tr>
</tbody>
</table>
### SP Expenditure by SP Category (2017)

<table>
<thead>
<tr>
<th>SP Category</th>
<th>Expenditure (mil SGD)</th>
<th>% share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Insurance</td>
<td>3,201</td>
<td></td>
</tr>
<tr>
<td>Other Social Insurance</td>
<td>14,288</td>
<td></td>
</tr>
<tr>
<td><strong>ALL Social Insurance</strong></td>
<td><strong>17,489</strong></td>
<td>83%</td>
</tr>
<tr>
<td>Elderly Assistance</td>
<td>280</td>
<td></td>
</tr>
<tr>
<td>Health Assistance</td>
<td>150</td>
<td></td>
</tr>
<tr>
<td>Welfare Assistance</td>
<td>1523</td>
<td></td>
</tr>
<tr>
<td><strong>ALL Social Assistance</strong></td>
<td><strong>2,409</strong></td>
<td>11%</td>
</tr>
<tr>
<td>Labour Market Programs</td>
<td>1,273</td>
<td>6%</td>
</tr>
<tr>
<td><strong>TOTAL SP EXPENDITURE</strong></td>
<td><strong>21,171</strong></td>
<td>100%</td>
</tr>
<tr>
<td>GDP</td>
<td>447,300</td>
<td></td>
</tr>
<tr>
<td><strong>SP Expenditure Indicator</strong></td>
<td></td>
<td>4.73%</td>
</tr>
</tbody>
</table>
Singapore SP Expenditure:
Distribution by SP category (2017)

All Social Insurance: 83%
All Social Assistance: 11%
Labor Market Programs: 6%
SP Program Beneficiary (2017): Distribution by SP category

- Social Insurance: 34%
- Labor Market Programs: 12%
- Social Assistance: 54%
Singapore Social Protection Indicator
(normative reference - provides magnitude of impact of SP programs on peoples)

SPI = Total EXP on All SP Prgms divided by total number of intended beneficiaries (defined as reference population)
= [21.2 bil/4.12 mil (normalized by gdp per-capita of 76.9k, for cross-country comparison)], gives

Singapore SPI (2017) = 6.7% (eg, 6.7% of pc GDP)

SPI Depth: 7.1%
Average size of benefits received by actual beneficiaries- measured as total expenditures divided by total beneficiaries (avg expenditures per actual beneficiary normalized by gdp per-capita) (monetary measure)

Breadth (of coverage): 94.3%
% of intended Beneficiaries who actually receive benefits (measured as #Total Beneficiares divided by Total Refn Popn=94.3% (nonmonetary)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPI Value</td>
<td>5.4%</td>
<td>6.4%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Depth</td>
<td>6.3%</td>
<td>7.1%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Breadth of Coverage</td>
<td>85.5%</td>
<td>89.7%</td>
<td>94.3%</td>
</tr>
</tbody>
</table>
1) **Definition of Social Protection**: NO Formal defn! Limited information on SP programs in household survey!

2) **Defn/Classification of SP prgm by SP category**
   a) **NO Unemployment Insurance exists**: dedicated to unemployed groups..except temporary benefits
   b) **Underemployed populatin**: not defined officially
   c) **Poverty Line (PL)**: No official poverty line!
   d) **Elderly employment** (60+) significant -but not always clear (due to part-time working arrangements)

(iv) **Coverage/Beneficiary data are largely lumped**: disaggregated # Program Beneficiary NOT obvious/lot of overlapping. (eg. some one targets all vuln groups)
3) **Data Collection**: multiple agencies handle SP programs & data used available on respective publications/websites

No single data collection body for all SP programs!

(i) **Dept of Statistics (DOS)**: publishes data on Basic Statistics, Macroeconomy, Census data, Budget Highlights of major Programs

(ii) **CPF Board**: collects data on social security systems (CPF related)

(iii) **Data on Social Assistance**: various ministries/depts,

- Ministry of Social and Family Development (MSF)- publishes EXP & Coverage data on various Social Assistance programs
- Min of Health on health related data on social assistance programs
- Ministry of Manpower – Workfare & Work Injury Compensation
- Ministry of Home Affairs- Disability / Treatment of Offenders program
Singapore SPI
(observation) Not ALL Programs qualify as SP (3)

4) (i) Social Insurance (SI) Data: involves multiple Social Insurance components (retirement, health); & not all programs qualify as SP

(ii) Social Assistance Data: Most programs highly integrated, eg, a single program Comcare targets children, elderly, poor, women
-difficult to identify budget allocation to individual target groups
-leading to gaps/overlaps in expenditure as well as coverage
-also, published SP expenditure figures largely aggregated

(iii) Data on Labor Mkt Prgm- Workfare covers only those who’re working thus contribute to CPF – (overlapping possible in identifying coverage)

at times, leading to difficulties in identifying disaggregated figures in terms of SP Expenditure, Coverage & also re the inclusion/exclusion of SP programs!
Singapore Social Protection: Adequate for ALL at-risk people?

No formal welfare/No formal unemp benefit/high inequality

i) Vulnerable Groups: persistently unemployed, elderly, disabled, homemakers, elderly female not in labor force, single parent HH

ii) Informal workers: (170k) self-employed- Singaporeans

iii) Non-Resident Workforce: (1 mil) (construction workers + Foreign Domestic Workers: limited coverage only)

iv) Asset-based component (of SP) remarkable success ! But

• Inadequacy issues (Gini=0.49) - for retirement, healthcare needs (as increased longevity & rising medical costs; female healthcosts)
• “an older person above 65 years old needs S$1,379 a month to meet his/her basic needs” (LKY School of Public Policy, NUS 2019)
• Targeted programs: short-term; Workfare (targets only if working)

Despite All efforts could still leave certain segment of popn out of support system: females not in labor force, homemakers, unskilled workers, elderly, unemployed for various reasons? Data not clear...
Singapore SP coverage & Protection to ALL Vulnerable Groups? : Way Forward

i) Data are aggregated for most part / Data published at various levels exhibit varying implications depending on who’re represented (citizens/pr)

ii) SP Programs & data availability: - Need Disaggregated Data
   - (by specific SP schemes, gender/income group, elderly workers) not always available
   - Disaggregated data should be made public to comprehend SP program implication & ensure precise estimate of informal economy, among others

iii) Definitions: How many are underemployed? No official version
   - clear definition on ‘Underemployed’ needed to understand labor market situation & precise nature of ‘Informal Workers’ (role of females/elderly)
   - Data on Elderly Employment is crucial and needs to be publicly available
   - Poverty Line: how many people are poor? No official definition!

iv) Social Assistance Programs: disaggregated figures needed; eg, in view of women/elderly role in economy given higher long-term needs; more disaggregated data essential to comprehend true nature of SP coverage!

v) Lesson for other countries: effective monitoring system w/ strict enforcement of eligibility criteria largely resolving issue of mistargeting..
Thank you!

Terima Kasih