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The Social Protection Indicator: Assessing Results for the Pacific

Asian Development Bank

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Abstract

[Excerpt] This 2016 report is the first report to specifically assess the social protection systems of Pacific island countries. It builds on the 2013 Asian Development Bank (ADB) report, *The Social Protection Index: Assessing Results for Asia and the Pacific*, which included an assessment of nine Pacific island countries within a survey of the wider Asia and Pacific region.

This report focuses on 13 Pacific island countries and is based on data from 2012.1 A companion publication—*The Social Protection Indicator for Asia*—covers 25 countries in Asia. The term used in the 2013 report—"social protection index"—has been changed to "social protection indicator," but retains the SPI abbreviation. The name change was instituted to reflect that the SPI is technically a single indicator, not a composite index.

Keywords

Social Protection Indicator, SPI, social insurance, social assistance, labor market, Pacific

Comments

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THE SOCIAL PROTECTION INDICATOR

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ASIAN DEVELOPMENT BANK

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Foreword

Social protection in Pacific island countries has traditionally been informal and underdeveloped, formed around kinship and community-based systems. As demand to protect the vulnerable from adversity increases due to a range of internal and external factors, including migration and economic volatility, governments seek to create better and more comprehensive social policies including for social protection.

The Asian Development Bank (ADB) recognizes that without adequate social protection, vulnerable families can fall into intergenerational poverty. Thus, social protection is central to ADB's inclusive growth agenda. One of the priority areas of ADB's Social Protection Operational Plan (SPOP) 2014–2020 is monitoring and reporting of social protection programs and trends in Pacific island countries. The SPOP also supports knowledge products such as the social protection indicator (SPI), which helps provide governments with policy-relevant data to help them assess program effectiveness.

This 2016 SPI report is the first comprehensive assessment of social protection in Pacific island countries. It is based on a data collection of coverage, benefit levels, expenditures, and other aspects of social protection in 13 Pacific island countries in 2012. The report includes an analysis of the poverty and gender dimensions of social protection for each country, and compares progress made in nine countries between 2009 and 2012. A companion publication—*The Social Protection Indicator for Asia*—focuses on SPI results for 25 countries in the Asia region.

Countries may use the SPI as a policy tool to assess the strengths and weaknesses of their social protection programs. Using the SPI, countries can identify imbalances in the level of social protection benefits provided to various segments of the population, and adjust expenditures and coverage accordingly. I hope that this report will help Pacific governments develop comprehensive and coordinated social policies, identify appropriate targeting mechanisms, provide fiscal space, and increase awareness of social protection programs to help mitigate risks among vulnerable groups.

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Executive Summary

This 2016 report is the first report to specifically assess the social protection systems of Pacific island countries. It builds on the 2013 Asian Development Bank (ADB) report, *The Social Protection Index: Assessing Results for Asia and the Pacific,* which included an assessment of nine Pacific island countries within a survey of the wider Asia and Pacific region.

This report focuses on 13 Pacific island countries and is based on data from 2012.[1] A companion publication—*The Social Protection Indicator for Asia*—covers 25 countries in Asia. The term used in the 2013 report—"social protection index"—has been changed to "social protection indicator," but retains the SPI abbreviation. The name change was instituted to reflect that the SPI is technically a single indicator, not a composite index.

General Results

In the context of the wider Asia and Pacific region, Pacific island countries tend to have a higher average per capita gross domestic product (GDP) ($5,415) than developing countries in Asia ($3,139).[2] However, on average Pacific island countries tend to have lower SPIs (1.9% of GDP per capita) than the developing countries of Asia (3.2% of GDP per capita).

Analysis of the 2012 data used in this report shows that the SPI varied widely among Pacific island countries. For example, the SPIs for the Federated States of Micronesia (4.8% of GDP per capita) and the Marshall Islands (3.7% of GDP

[1] The Cook Islands, the Federated States of Micronesia (FSM), Fiji, Kiribati, the Marshall Islands, Nauru, Palau, Papua New Guinea (PNG), Samoa, Solomon Islands, Timor-Leste, Tonga, and Vanuatu.

[2] Excluding Japan, the Republic of Korea, and Singapore.

per capita) significantly exceeded the average SPI for the region.[3] On the other hand, the SPIs for Papua New Guinea (0.1%) and Vanuatu (0.7%) were well below the average.

This report finds that on average the higher GDP per capita of countries, the higher the SPI value. (For the six upper middle-income countries,[4] the average SPI was 2.1%; for the seven lower middle-income countries, the average SPI was 1.7%).

Social Protection Components

Social protection consists three components: social insurance, social assistance, and labor market programs.

Social insurance continues to be the dominant component of social protection expenditures in Pacific island countries. The SPI for social insurance in the Pacific region as a whole was 1.2% of GDP per capita. In other words, social insurance accounted for almost two-thirds of the overall SPI of 1.9% for the Pacific region. Looking at the other two main components of social protection, the SPI for social assistance was 0.6% of GDP per capita in Pacific Island countries, while the SPI for labor market programs was 0.1% of GDP per capita.

Comparing social protection expenditures with actual beneficiaries by component, it should be noted that the relatively high level of the expenditures on social insurance does not translate into a comparably high level of actual beneficiaries reached. Social insurance programs accounted for 63.8% of social protection expenditures on average in Pacific island countries, yet these programs accounted for only 36.6% of actual beneficiaries on average.

Overall, social assistance accounted for 32.3% of social protection expenditures on average in Pacific island countries, yet social assistance benefits accounted for more than half (51.2%) of actual social protection beneficiaries. Active labor market programs accounted for just 3.9% of expenditures but about 12.3% of actual beneficiaries.

3 The FSM, the Marshall Islands, and Palau all have close associations with the United States through their Compacts of Free Association. Many of their social protection programs were inherited from their previous status as trust territories and their continued receipt of various US budgetary resources under the three compacts.

4 The country groupings are based on World Bank's country classification using gross national income (GNI) per capita, Atlas method which can be accessed through http://data.worldbank.org/about/country-and-lending-groups

Social Protection Subcomponents

This report examines the relative importance of the main subcomponents of the three major components (social insurance, social assistance, and labor market programs) in Pacific island countries in terms of both expenditures and actual beneficiaries.

Within social insurance, the dominant subcomponent was pensions and retirement benefits, accounting for 55.5% of social protection expenditures and 23.8% of social protection beneficiaries in the 13 Pacific island countries. Health insurance accounted for just 1.8% of social protection expenditures, but reached 8.6% of actual beneficiaries.

The SPI groups other social insurance programs, such as benefits from provident funds, unemployment insurance, and maternity leave, under the broad category of "other social insurance." These programs together accounted for about 6.6% of total social protection expenditures.

Within social assistance, the main subcomponent was assistance for older people, followed by child welfare programs, disability assistance, and health assistance. "Social transfers," which consisted of a wide range of smaller, often country-specific programs, made up the rest of this category. Fiji's social transfers, notably the Poverty Benefit Scheme, accounted for about 70% of total regional expenditures within this subcomponent.

Labor market programs which consist of cash/food-for-work and skills development training programs (Table 1.1) have the smallest expenditures in Pacific island countries, accounting for only 3.9% of all expenditures on social protection. Only three countries— Kiribati, Solomon Islands, and Timor-Leste —had clearly identifiable labor market programs. However, active labor market programs did account for 12.3% of actual beneficiaries in the Pacific region.

Depth and Breadth of Social Protection

The report analyzes the depth and breadth of social protection. Depth of benefits represents the average expenditure per actual beneficiary as a percentage of GDP per capita. Breadth of coverage indicates the proportion of the total potential beneficiaries who actually receive social protection benefits.

The average social protection depth of benefits in the Pacific was 27.7% of GDP per capita. The overall depth indicator was driven by social insurance, which usually offer relatively higher levels of benefits but to a relatively small group of formally employed individuals. The average breadth of social protection coverage was 18.9%, indicating that social protection benefits reached less than 20% of potential beneficiaries.

While a greater depth might imply a more generous overall level of benefits, it can be misleading. For example, many Pacific island countries registered high depth indicators solely because they have national provident funds that provide retirement benefits to individuals who have been in formal employment. Such programs tend to disseminate fairly generous benefits to just a small proportion of the working-age population. Thus, some countries with low levels of GDP per capita and relatively low SPIs, such as Solomon Islands (SPI 1.3% of GDP per capita) and Vanuatu (SPI 0.7% of GDP per capita), nonetheless exhibited relatively high depth indicators of social protection.

High breadth of coverage is more likely to be associated with a higher SPI. The Pacific island countries that exhibited the highest breadth of social protection coverage—Palau, the Cook Islands, and Timor-Leste—also have three of the top-five highest SPIs. Although Timor-Leste ranked last among Pacific island countries in terms of GDP per capita (excluding oil revenues), the country has been successful in expanding its social protection coverage, primarily through its school feeding program, assistance to older people, and pensions to war veterans.

Poverty Impact

This study indicates that the nonpoor have much greater access to all forms of social protection than the poor in Pacific island countries. The overall Pacific SPI for the nonpoor was 1.7% of GDP per capita in 2012, while the SPI for the poor was only 0.2% of GDP per capita.

The SPI for social insurance, which is a contributory scheme, was 1.1% for the nonpoor and 0.1% for the poor. Most social insurance beneficiaries are employed in the formal sector and almost exclusively nonpoor. The few poor who do work in the formal sector tend to be employed at the lowest income levels.

Within the social assistance component, the SPI for the nonpoor was 0.5% of GDP per capita, while the SPI for the poor 0.1% of GDP per capita. Support for labor market programs was very small in general that it was difficult to compare support for the poor with support for the nonpoor under this component.

Gender Impact

The SPI suggests that men benefit slightly more from social protection than women. The disaggregated SPI for men in the Pacific region was 1.1% of GDP per capita in 2012, while that for women was 0.8% of GDP per capita.

Women benefited less from social insurance than from social assistance, largely owing to their lack of access to formal-sector employment, which is usually the prerequisite for being members of contributory insurance schemes. For the social insurance component, the average SPI for Pacific island countries was 0.7% for men and 0.5% for women. In contrast, the women's SPI for social assistance (0.28%) was almost the same as the SPI for men (0.29%). Labor market programs are very small (0.02% for women versus 0.03% for men), this has little effect on overall gender impact across all forms of social protection.

Progress in Social Protection over Time

This report compares progress in the social protection programs of the nine Pacific island countries that were surveyed in both 2009 and 2012. In 2009, the average SPI for these nine comparison countries was 1.9% of GDP per capita; the comparable figure for those nine countries in 2012 was 1.7% of GDP per capita. Thus there was a small decline in the average level of social protection provided by these nine countries during 2009–2012. Only two countries—Solomon Islands and Vanuatu—saw their SPIs increase over this period. The other seven countries all reported declines in their SPIs.

An expansion in the overall breadth of social protection coverage in the Pacific region from 2009 to 2012 was one of the few positives to be seen. The average SPI breadth indicator in the nine comparison countries improved from 11.2% of potential beneficiaries in 2009 to 17.6% of potential beneficiaries in 2012. This broadening of coverage resulted from the introduction of old-age benefit schemes, mainly in Timor-Leste, whose beneficiaries of the Assistance to Elderly program increased by 19% from the 2009 number of beneficiaries. On the other hand, the average depth of social protection benefits in the nine countries declined by about one-third.

Recommendations

This report identifies significant variations in the provision of all types of social protection across Pacific islands countries. There are wide variations in the coverage and level of benefits at both the country and regional levels.

This report finds that social protection coverage levels remain weak, benefits often fail to reach down to the poor and vulnerable population, and discrepancies remain in targeting the poor and nonpoor and women and men. Little progress was made in improving social protection programs in Pacific island countries from 2009 to 2012.

It is recommended that Pacific governments consider developing a comprehensive and coordinated social policy to strengthen social protection systems in the region. This would (i) clearly identify and consider the needs of the most disadvantaged and vulnerable such as the poor, single parents, those living with disabilities, children, older people, and the unemployed; (ii) develop appropriate targeting mechanisms and/or universal benefit schemes and benefit levels to ensure that the standard of living of the disadvantaged and vulnerable groups are improved; and (iii) create more cost-effective and efficient institutional mechanisms for the delivery of social protection programs.

1

Background and Methodology

Background

This social protection indicator (SPI) report analyzes government social protection programs using data from 2012 collected in 13 countries in the Pacific region. It builds on a similar 2013 Asian Development Bank (ADB) report that covered the entire Asia and Pacific region using earlier data.

With many families in Pacific island countries facing an uncertain future, this review of formal social protection programs is timely. By comparing this latest report with the 2013 report it is possible to gauge how much progress, if any, Pacific island countries have made in providing effective social protection programs. This is an important step forward given that many Pacific island countries have been experiencing low rates of economic growth since the 2008 global economic and financial crisis. Recent surveys of household income and expenditures suggest that, in some Pacific island countries, hardship levels and basic-needs poverty rates have been increasing.[1] This suggests that Pacific island countries should do more to improve social protection programs, particularly for the poor and vulnerable.

There are wide variations in population and income levels across the Pacific region, along with socioeconomic and cultural differences. These differences influence the social protection systems being adopted by the various Pacific island countries. For example, the population of Papua New Guinea (PNG), the largest country in the sample, has a population that is about 700 times greater than that of Nauru, the smallest country in the sample. Four countries—PNG, Timor-Leste, Fiji, and Solomon Islands—account for about 92% of the population of the 13 sample countries. In terms of income, the GDP per capita of the wealthiest Pacific island

[1] United Nations Development Programme. 2014. *The State of Human Development in the Pacific: A Report on Vulnerability and Exclusion in a Time of Rapid Change*. UNDP Pacific Centre.

country, the Cook Islands, is more than 15 times that of the least wealthy country, Timor-Leste.[2]

The development status of the 13 countries also varies greatly. Solomon Islands and Timor-Leste are still in postconflict recovery mode. Fiji, Solomon Islands, PNG, and Timor-Leste are relatively resource rich, while the Micronesian[3] and largely atoll states of the north and north-central Pacific tend to be resource poor (at least in terms of land-based resources). Major sociocultural differences also exist between the 13 countries. The Marshall Islands and the Federated States of Micronesia (FSM) have matrilineal hierarchies, while others—notably the Melanesian and Polynesian states—have predominantly male-oriented hierarchies based around traditional chiefs, titles, and "big men."

While many Pacific island people are not well-off in financial or material terms, strong family and community ties have traditionally provided social protection for the most vulnerable. Traditional Pacific societies take care of the disadvantaged and vulnerable through the family and the community—a kinship system known as *veiwekani* in Fiji, *fa'a Samoa* in Samoa, and *wantok* in Melanesian countries. These kinship systems have traditionally provided an informal type of social protection in the islands and fostered a belief among many Pacific cultures that extreme poverty and hardship could not and should not exist.

Recognizing the strength of these traditional social and cultural systems, Pacific governments until recently have not given much policy attention to social protection, other than to establish social insurance and provident funds for those in formal employment—with public sector employees usually the target (support for old-age pensions and benefits are relatively recent additions). As a result, formal social protection systems are generally undeveloped in the Pacific island countries.

Today, however, traditional social protection systems are coming under stress from a wide range of social and economic developments, both internal and external. These include out-migration from rural areas to urban centers and/or overseas, and slow yet volatile economic growth rates. As a result of these factors, large numbers of youth are having trouble finding work as they enter the labor force. An increase in the incidence of noncommunicable diseases—including resurgence of tuberculosis in some countries—is putting additional pressure on both traditional health services and families. Together these challenges are leading to increased aid dependency at a time when many donors are facing their own budgetary constraints.

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2 GDP per capita measured in US dollars in 2012 current prices.

3 Kiribati, the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI), Nauru, and Palau, together with Polynesian Tuvalu.

The loss of an increasing number of young people to out-of-country migration—both as temporary or contract workers and as permanent migrants—is particularly damaging to traditional family structures and social protection systems. The scale of migration may be seen from the example of Samoa described in Box 1.1. Migration has both positive and negative impacts for those remaining in the islands. On the one hand, migration helps boost remittances to families "at home" and reduces domestic unemployment. On the other hand, migration depletes domestic labor resources and raises dependency ratios in the mainly rural regions with high migration rates.

Box 1.1: Migration and the Population of Samoa

Migration has had a very profound impact on the demographic structure of many Pacific island countries, most notably among Polynesian countries and the Micronesian countries of the North Pacific. Samoa is one country seeing a spike in migration, particularly to New Zealand. Many young Samoans go overseas for education, work, or simply to join their families. Others are selected under the Samoan Quota Scheme, which grants up to 1,100 Samoans residence in New Zealand each year.

An analysis of the 1976 and 2011 census data found that up to 50% of each age cohort had migrated by the time they reached their late 30s. Take people born between 1972 and 1976, for example. They would have been 35 to 39 years old at the time of the 2011 census. In 1976, there were 24,646 children aged 0 to 4 living in Samoa. Factoring in expected mortality, it is estimated that there should have been 23,300 people aged 35 to 39 in 2011. In fact, the census found that there were only 10,877 people aged 35 to 39 living in Samoa in 2011. This suggests that about half of the people in this in age cohort had migrated between 1976 and 2011. Similar migration estimates were observed in previous census surveys, suggesting a sustained high pattern of migration over time.

Source: Samoa Bureau of Statistics. 1976 and 2011. *Census of Population and Housing. Analytical Report*. Apia.

The erosion of traditional social protection is increasing the need for Pacific governments to play a greater role in providing social protection for the vulnerable. But this is occurring at a time when governments are facing serious budgetary challenges. As a result, Pacific governments confront difficult choices as they attempt to develop comprehensive social protection policies. Ideally they will be able to draft, implement, and finance social policies that ensure sufficient benefits will go toward meeting the needs of the poor and vulnerable.

The Social Protection Indicator

The social protection indicator (SPI) is a tool for assessing social protection effectiveness within and across countries. The SPI is a ratio based first on dividing total expenditures on social protection by the total potential beneficiaries. This ratio is then expressed as a percentage of GDP per capita. A detailed explanation of the methodology for constructing the SPI is provided in Appendix 1.

The SPI is a *relative* indicator. The ratio of total social protection expenditures to total intended beneficiaries is the numerator of the SPI. The denominator of the SPI is GDP per capita. Thus, if the increase in social protection expenditures over intended beneficiaries does not keep pace with the increase in GDP capita, the SPI would fall. The reverse would be true if social protection expenditures over intended beneficiaries increased faster than GDP per capita.

The SPI is disaggregated into the corresponding SPIs for three major components of social protection: social insurance, social assistance, and labor market programs. The SPI components and corresponding subcomponents are presented in Table 1.1.

While a number of established indicators exist for assessing social protection—including total expenditures, coverage, benefit levels, and targeting effectiveness—the SPI offers additional value by highlighting several aspects of social protection in more detail.

Firstly, the SPI provides a combined benchmark for social protection "magnitude" (in terms of how much money is spent) and "inclusiveness" (in terms of how many potential beneficiaries are reached). Not only does the SPI take into account the magnitude of expenditures, it also compares the distribution of expenditures to the scope and range of potential beneficiaries. In doing this it enables an assessment of whether the beneficiaries are the poor, children, older people, or the unemployed.

The SPI is constructed in such a way that it enables easy comparison between actual social protection expenditures and how effectively these expenditures reach the potential beneficiaries of the various kinds of social protection programs. These disaggregations, and the conclusions to be drawn from them, are important to ensure that social protection programs provide adequate support to intended beneficiaries.

Table 1.1: Components and Subcomponents of Social Protection

Social Protection Components	Corresponding Subcomponents
Social Insurance	These are contributory schemes to help people respond to common risks such as illness, old age, and unemployment. Its major components are health insurance and pensions. This report categorizes passive labor market programs, such as unemployment insurance or severance payments, as forms of social insurance. Social insurance includes • pensions; • health insurance; and • other social insurance (passive labor market programs, e.g., unemployment insurance, disability insurance, and maternity benefits; and provident funds).
Social Assistance	These programs provide unrequited transfers to groups such as the poor who cannot qualify for insurance or would receive inadequate benefits from such a source. The major subcomponents of social assistance are • cash or in-kind social transfers, • child welfare programs, • assistance to the older people, • health assistance, and • disability assistance.
Labor Market Programs (Active)	Active labor market programs help people secure employment. The major subcomponents are • skills development and training programs; and • work programs, such as cash- or food-for-work programs.

Source: ADB. 2011. *The Revised Social Protection Index: Methodology and Handbook*. Manila.

Secondly, the SPI allows assessment of social protection as a "system" by looking at social protection programs as a whole, rather than focusing on distinct programs.[4] The SPI allows a single value to be attached to a country's overall social protection system. Furthermore, it can be used to demonstrate the relative importance of the three major social protection components—social insurance, social assistance, and labor market programs. At the country level, it can therefore be used to assess social protection systems in terms of the relative significance of

4 A "system" view to social protection emphasizes the need to promote coordination among various programs to deliver effective, equitable support to the poor and vulnerable.

their different components, as well as progress over time. At the cross-country level, it enables comparisons to be drawn between social protection components (and their subcomponents) and progress over time. By focusing on broader systems, the SPI can be a useful tool for ensuring that social protection programs are comprehensive, coordinated, and effective at reaching the neediest groups.

Thirdly, the SPI can also be used to assess the depth and breadth of each of the social protection programs and their distributional impact on the poor and the nonpoor, and on women and men. This allows a deeper analysis of the SPI results, including an assessment of the value of average benefits of each actual beneficiary (depth).

Methodology

In assessing social protection systems in Pacific island countries, the study uses a number of indicators. Firstly, the report presents the SPI values in the 13 Pacific island countries and discusses how the SPI is related to each country's GDP per capita. The SPI provides an indication of social protection expenditures for each potential beneficiary; it is disaggregated into the corresponding SPIs for the three major social protection components.

The second set of indicators presented in the report includes total social protection expenditures and total beneficiaries, which are likewise disaggregated according to all the three main social protection components, and their corresponding subcomponents. Third, social protection depth and breadth indicators are presented to complement the discussion on expenditures and coverage. Finally, the study examines the distributional impact of social protection on the poor and nonpoor, and on men and women.

In undertaking this analysis it should be noted that there have been a number of changes in the methodology between this report and the 2013 SPI report.[5] The most important change is that the denominator for the SPI is now simply GDP per capita and is no longer one-quarter of GDP per capita (as in the 2013 report). The previous denominator represented the estimate of the average poverty line across the 35 countries covered in that report. However, this denominator gave rise to some confusion. GDP per capita is more widely understood, and its use makes the SPI results much easier to understand. The SPI is no longer constructed on the basis of indexing (e.g., from 0 to 100) different independent component variables and adding

[5] ADB. 2013. *The Social Protection Index: Assessing Results for Asia and the Pacific.* Manila.

them together with equal weight. Instead, the SPI has become a ratio comparing (i) the numerator of social protection expenditures as a ratio to potential beneficiaries to (ii) the denominator of GDP per capita. For example, previously an SPI of 0.05 can now simply be expressed as 5.0% of GDP per capita.

A second change in methodology is that disaster relief has been excluded from the latest computations. The primary reason for this is that the researchers gathering data at the country level have found it difficult to accurately estimate potential beneficiaries of disaster relief—namely, the people adversely affected by disasters and needing relief—and ascertain whether or not they actually received benefits. Appendix 3 summarizes SPI results with and without disaster relief in the 13 Pacific island countries surveyed in 2012. The small differences recorded in Palau and Samoa were mainly due to expenditures related to disasters from previous years; these expenditures had little impact on the regional average SPI.

Finally, for this report more attention has been given to deriving consistent estimates of "potential beneficiaries" of active labor market programs. In past studies, researchers working at the country level had difficulty defining and identifying the "unemployed and underemployed" that are supposed to be the target beneficiaries of labor market programs. Though statistics are often available on the "unemployed" at the country level, the "underemployed" are not easily identified, partly because they are not clearly defined (Box 1.2). The difficulty of identifying unemployment and underemployment in Pacific island countries, where high levels of subsistence activity exists, is discussed in more detail in Chapter 2.

However, in order to help clarify the basis for "underemployment", and to obtain some consistency across Pacific island countries in the estimated number of workers in such conditions, estimates in the national SPI reports prepared by the researchers have been compared with the estimates of "working poor" provided independently by the International Labour Organization.[6] The two estimates have been reconciled to provide a more credible estimate of the amount of "unemployed and underemployed" in each country, which should in turn lead to more consistent SPI results across countries.

[6] International Labour Organization. Definitions. https://www.ilo.org/ilostat/faces/home/statisticaldata/conceptsdefinitions?_afrLoop=161594964998628#%40%3F_afrLoop%3D161594964998628%26_adf.ctrl-state%3Dw5mxo9nv3_4

Box 1.2: Measuring Unemployment and Underemployment in the Pacific

The issue of what constitutes "unemployment" and "underemployment" or even the general condition of "looking for work" have long been issues for Pacific policy makers. In societies that are based on traditional subsistence lifestyles, and where people tend to move in and out of various economic activities in both the formal and informal sectors, it is particularly difficult to capture these concepts.

People in remote rural or outer island areas, for example, might declare that they are "available for work," thus making them unemployed, even if they know that no work is actually available. Others in the same situation might not bother to indicate their availability, and thus would not be classified as unemployed. Next consider what would happen if a new local road or community construction project were to materialize. Then many people might suddenly come forward and declare themselves available for formal employment, which would cause a sudden increase in the number of unemployed.

One difficulty is that, in official terms, a person active in the subsistence economy is economically active and thus "employed" by the official International Labour Organization definition, yet this person can also claim to be "unemployed" in that he or she is seeking work in the formal economy. In addition, unpaid family workers are deemed to be employed if they work at least one-third of the normal working hours; yet they might also claim to be "unemployed." It is in this category—often young men (or women) working in a subsistence environment—where measuring unemployment gets particularly murky. They are deemed to be "unemployed" in the sense that they do not have formal jobs, but according to official definitions they are actually employed.

For example, in their most recent national censuses, Kiribati, Samoa, and Vanuatu reported relatively low levels of youth unemployment but high rates of youth engaged in unpaid family activities or not economically active. In contrast, the Marshall Islands and the Federated States of Micronesia (FSM) both reported high levels of unemployment—over 60% in the Marshall Islands and over 35% in the FSM.

With increasing urbanization, the number the genuinely unemployed is probably growing, particularly among young people who move to urban centers for education and fail to find work after finishing or quitting school. Traditionally those who cannot find work in the formal sector return to their villages and become economically active in rural agriculture or fishing, either for home consumption or for sale in the local market. They are unemployed in the sense of not having a formal job (though willing to take work if it becomes available), but they are nevertheless actively contributing to national output. This may no longer be the norm, however.

Source: International Labor Organization. 1982. Resolution concerning statistics of the economically active population, employment, unemployment and underemployment, adopted by the Thirteenth International Conference of Labor Statisticians. http://www.ilo.org/public/english/bureau/stat/download/res/ecacpop.pdf

Measuring both the costs and beneficiaries of labor market programs presents challenges, especially with regard to the training component. Governments in many Pacific island countries provide skills training as part of their normal education systems, but these are not included in the SPI monitoring. For example, Solomon Islands and Timor-Leste are among the only countries with targeted programs aimed at the unemployed. In several other countries, including the Marshall Islands, Samoa, and Vanuatu, skills training is provided through civil society organizations and church-based organizations. An example is Waan Aelon, a nongovernment organization, in the Marshall Islands which provides skills training in boat-building and carpentry for out-of-school youth. These programs are also excluded from the SPI, and may lead to understating of the labor market program component.

2 Social Protection Indicator Results

Table 2.1[7] presents the SPI of 38 countries of Asia and the Pacific. The average SPI for Asian countries was 3.7% of GDP per capita, while the average SPI for Pacific island countries was much lower at 1.9%. The highest SPI in the Pacific was the Federated States of Micronesia (FSM) with 4.8% of GDP per capita. The Marshall Islands had the next-highest SPI among Pacific countries at 3.7% of GDP per capita, while PNG had the lowest SPI of any country in Asia and the Pacific region (0.1% of GDP per capita). The analysis shows that many Pacific countries underperformed in terms of SPI and spent less than 1.5% of GDP on social protection expenditures.

Social Protection Indicator Results by Income Group

Table 2.2 examines the broad relationship between SPI and GDP per capita. The table groups the 13 Pacific island countries into two standard income groups: upper middle-income countries and lower middle-income countries.[8]

7 Note: that in Table 2.1 (and all other tables in this report), group averages are unweighted. This methodological choice means that the statistic for each country is treated as equal in weight to that of any other country. This choice helps to avoid giving undue weight to countries that are larger in terms of the variable being assessed, but on the other hand can lead to possible distortions where a small country appears to have an undue influence on the overall average for the region.

8 The country groupings are based on the World Bank's country classification using gross national income (GNI) per capita, Atlas method, which can be accessed through http://data.worldbank.org/about/country-and-lending-groups

Table 2.1: Social Protection Indicator, GDP per Capita, and Share of Social Protection Expenditures to GDP, Asia and the Pacific, 2012

Country	SPI (%)	GDP per Capita ($)	Share of Social Protection Expenditures to GDP (%)
Asia	**3.7**	**7,684**	**5.2**
Armenia	4.9	3,293	6.5
Azerbaijan	6.2	7,500	6.4
Bangladesh	1.1	740	1.3
Bhutan	0.8	2,532	0.9
Cambodia	1.2	971	1.2
China, People's Rep. of	4.3	6,093	6.5
Georgia	4.9	3,523	6.4
India	1.3	1,555	1.6
Indonesia	1.2	3,552	1.2
Japan	11.7	46,549	22.1
Korea, Rep. of	5.1	24,454	7.5
Kyrgyz Republic	5.7	1,234	11.6
Lao People's Democratic Republic	0.6	1,394	0.7
Malaysia	4.2	10,324	3.8
Maldives	4.2	5,032	5.2
Mongolia	4.8	3,617	13.2
Nepal	1.7	664	2.2
Pakistan	1.4	1,150	1.4
Philippines	2.2	2,613	2.6
Singapore	6.3	52,052	4.7
Sri Lanka	2.7	2,930	2.6
Tajikistan	0.7	956	0.8
Thailand	2.9	5,913	4.4
Uzbekistan	9.3	1,710	9.9
Viet Nam	4.0	1,755	5.0
Pacific	**1.9**	**5,415**	**2.3**
Cook Islands	2.8	17,366	3.6
Fiji	1.3	3,668	1.4
Kiribati	1.1	1,680	1.3
Marshall Islands	3.7	3,284	4.0
Micronesia, Fed. States of	4.8	3,142	5.8
Nauru	0.8	11,948	0.8
Palau	2.9	13,345	5.2
Papua New Guinea	0.1	2,152	0.1
Samoa	1.2	3,628	1.3
Solomon Islands	1.3	1,505	1.5

continued on next page

Table 2.1 continued

Country	SPI (%)	GDP per Capita ($)	Share of Social Protection Expenditures to GDP (%)
Timor-Leste	2.8	1,156	3.6
Tonga	0.8	4,500	0.8
Vanuatu	0.7	3,022	0.9
Overall Average	**3.1**	**6,908**	**4.2**

GDP = gross domestic product, SPI = social protection indicator.
Source: ADB staff estimates based on SPI country reports, 2015.

Table 2.2: Social Protection Indicator, GDP per Capita, and Share of Social Protection Expenditures to GDP by Income Group, Pacific, 2012

Country	SPI (%)	GDP per Capita ($)	Share of Social Protection Expenditures to GDP (%)
Upper Middle-Income Countries	**2.1**	**9,019**	**2.6**
Marshall Islands	3.7	3,284	4.0
Palau	2.9	13,345	5.2
Cook Islands	2.8	17,366	3.6
Fiji	1.3	3,668	1.4
Nauru	0.8	11,948	0.8
Tonga	0.8	4,500	0.8
Lower Middle-Income Countries	**1.7**	**2,326**	**2.1**
Micronesia, Fed. States of	4.8	3,142	5.8
Timor-Leste	2.8	1,156	3.6
Solomon Islands	1.3	1,505	1.5
Samoa	1.2	3,628	1.3
Kiribati	1.1	1,680	1.3
Vanuatu	0.7	3,022	0.9
Papua New Guinea	0.1	2,152	0.1
Overall Average	**1.9**	**5,415**	**2.3**

GDP = gross domestic product, SPI = social protection indicator.
Source: ADB staff estimates based on SPI country reports, 2015.

At the aggregate level, a slightly positive relationship between GDP per capita and the SPI tends to hold. For the Pacific region the average SPI for the six upper middle-income countries was 2.1% of GDP per capita, while that for the seven lower middle-income countries was at 1.7% of GDP per capita.

Variations among the countries exist within both income groups. Of the upper middle-income countries, the Marshall Islands and Palau (both North Pacific island countries) and the Cook Islands stand out as having much higher SPIs than the other three upper middle-income countries. Of the lower middle-income countries, the FSM, with the highest SPI of all Pacific island countries, stands out. The SPI of the FSM is more than three times higher than the SPI of the five other countries in this group.

The diversity in social protection programs among Pacific island countries is illustrated by observing the highest and lowest SPI values within each income group. In the upper middle-income group, the Marshall Islands has the highest SPI (3.7% of GDP per capita), while Tonga registered the lowest (0.8%—of which social insurance accounted for 0.6%). Put another way, the Marshall Islands' SPI was 4.6 times higher than Tonga's.

The variation between the two extremes is even wider in the lower middle-income group, where the SPI of the FSM (4.8% of GDP per capita) is 48 times greater than the SPI of PNG (0.1% of GDP per capita).

Regressing the SPI and GDP per Capita

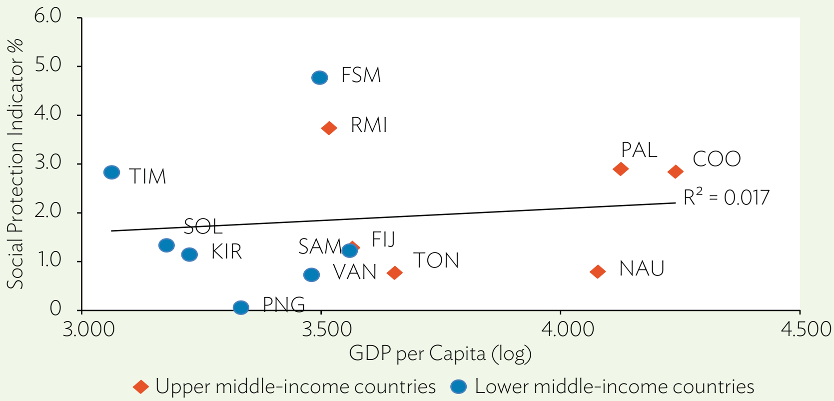
A regression analysis was done to determine the relationship between the SPI and GDP per capita across the Pacific island countries. This is illustrated in Figure 2.1, which plots the SPIs of the 13 Pacific island countries against their corresponding GDP per capita.

The R-squared for this regression is 0.017. This suggests that for Pacific island countries as a whole there is virtually *no correlation* between GDP per capita and the SPI. The figure illustrates that there is in fact a wide dispersion around the regression line.

Social Protection Indicator Results by Component

As discussed earlier, the overall SPI equals the sum of its components: social insurance, social assistance, and labor market programs. This chapter discusses the SPI by component, including an analysis of subcomponents (see Table 1.1).

Figure 2.1: SPI and GDP per Capita, Pacific, 2012



COO = Cook Islands, FIJ = Fiji, FSM = Federated States of Micronesia, GDP = gross domestic product, KIR = Kiribati, NAU = Nauru, PAL = Palau, PNG = Papua New Guinea, RMI = Republic of the Marshall Islands, SAM = Samoa, SPI = social protection indicator, SOL = Solomon Islands, TIM = Timor-Leste, TON = Tonga, VAN = Vanuatu.
Source: ADB staff estimates based on SPI country reports, 2015.

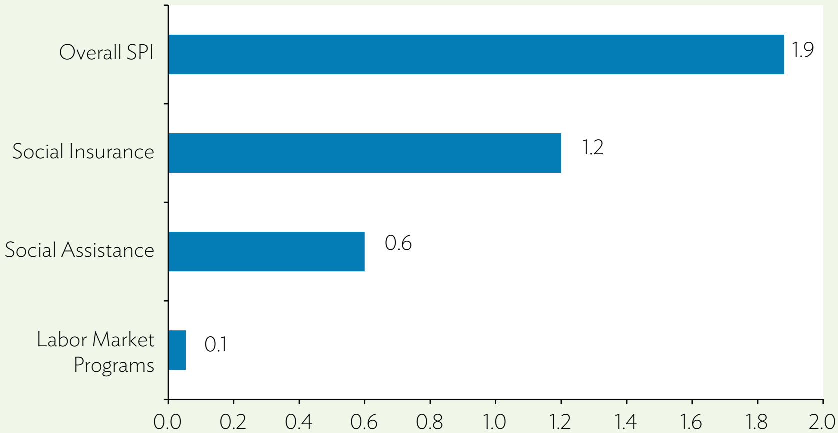
Based on the 2012 data, the average SPI for the 13 Pacific island countries was 1.9% of GDP per capita—about half of the 3.7% figure for Asia. Similar to Asia, social insurance dominated the overall SPI in Pacific island countries (Figure 2.2).

Social insurance continues to be the dominant component of social protection expenditures in Pacific island countries. The SPI for social insurance in the Pacific region as a whole was 1.2% of GDP per capita. In other words, social insurance accounted for almost two-thirds of the overall SPI of 1.9% for the Pacific region. Looking at the other two main components of social protection, the SPI for social assistance was 0.6% of GDP per capita in Pacific island countries, while the SPI for labor market programs was 0.1% of GDP per capita.

SPI by Component and by Income Group

Table 2.3 presents the SPI results by social protection components, e.g. social insurance, social assistance and labor market programs of two income groups (upper middle-income and lower middle-income). The analysis of SPI for each component based on income group is discussed in this section.

Figure 2.2: Average Social Protection Indicator by Component, Pacific, 2012 (% of GDP per capita)



GDP = gross domestic product, SPI = social protection indicator.
Source: ADB staff estimates based on SPI country reports, 2015.

SPI for Social Insurance

Social insurance was the dominant SPI component in both country income groups (Table 2.3). In the six upper middle-income countries, with an overall average SPI of 1.9% of GDP per capita, the SPI for social insurance was 1.2% of GDP per capita. The seven lower middle-income countries registered an average SPI of 1.7% of GDP per capita, with social insurance accounting for 1.2% of GDP per capita.

In the upper middle-income group, social insurance was particularly dominant in the countries with the two highest SPIs, the Marshall Islands and Palau. In the Marshall Islands (overall SPI 3.7% of GDP per capita), the SPI for social insurance was 3.3% of GDP per capita, while in Palau (overall SPI 2.9% of GDP per capita) the SPI for social insurance was 2.7% of GDP per capita. By contrast, the Cook Islands, which had a relatively high overall SPI (2.8% of GDP per capita), had a low SPI for social insurance (just 0.2% of GDP per capita). This was because the Cook Islands has only a small national superannuation fund that provides much more narrow

Table 2.3: Social Protection Indicator by Component and by Income Group, Pacific, 2012

Country	Overall SPI (%)	SPI for Social Insurance (%)	SPI for Social Assistance (%)	SPI for Labor Market Programs (%)	GDP per Capita (%)
Upper Middle-Income Countries	**2.1**	**1.3**	**0.8**	**0.01**	**9,019**
Marshall Islands	3.7	3.3	0.4	...	3,284
Palau	2.9	2.7	0.2	0.004	13,345
Cook Islands	2.8	0.2	2.6	...	17,366
Fiji	1.3	0.7	0.5	0.1	3,668
Nauru	0.8	0.2	0.6	...	11,948
Tonga	0.8	0.6	0.2	...	4,500
Lower Middle-Income Countries	**1.7**	**1.2**	**0.4**	**0.1**	**2,326**
Micronesia, Fed. States of	4.8	4.5	0.3	...	3,142
Timor-Leste	2.8	1.3	1.3	0.2	1,156
Solomon Islands	1.3	1.2	0.001	0.1	1,505
Samoa	1.2	1.0	0.2	0.03	3,628
Kiribati	1.1	...	1.0	0.2	1,680
Vanuatu	0.7	0.7	...	0.1	3,022
Papua New Guinea	0.1	0.1	0.01	0.001	2,152
Overall Average	**1.9**	**1.2**	**0.6**	**0.1**	**5,415**

... - data not available, GDP = gross domestic product, SPI = social protection indicator.
Source: ADB staff estimates based on SPI country reports, 2015.

coverage than most national provident funds in the Pacific region.[9] Social assistance was the dominant SPI component in the Cook Islands.

9 A superannuation is a pension program created by a company for the benefit of its employees (also referred to as company pension plan), while a provident fund is a form of other social insurance into which workers must contribute a portion of their salaries, and employers must contribute on behalf of their workers. The money in the fund is then paid out to retirees, or in some cases to the disabled who cannot work. www.investopedia.com/terms/s/superannuation.asp?layout=infini&v=4B&adtest=4B and www.investopedia.com/terms/p/provident-fund.asp?layout=infini&v=4B&adtest=4B

Social insurance was even more dominant in the lower middle-income group. The SPI for social insurance almost equaled the overall SPI in five of the seven countries in this group (Table 2.3). The exceptions were Kiribati, where social insurance was reported as not available, resulting in an SPI for social insurance of zero;[10] and Timor-Leste, where the SPIs for social insurance and social assistance were about the same (both about 1.3% of GDP per capita).

Regression analysis comparing the SPI for social insurance with GDP per capita suggests that in Pacific island countries there is virtually zero correlation between the two (R^2=0.0001). However, the FSM and the Marshall Islands have considerably more developed social insurance programs than their income levels would suggest, certainly in comparison with other Pacific island countries.[11] These two countries registered much higher SPIs for social insurance than the three countries with the highest GDP per capita (Palau, the Cook Islands, and Nauru).

It should be noted that social insurance schemes, and provident funds in particular, have a long history in Pacific island countries. Most such schemes were established in some form either while the countries were still under colonial rule or trusteeship, or immediately following independence.[12] This long-established history and the comprehensive social insurance coverage that it provided for public servants is central to the dominance of social insurance in most countries of the Pacific region.

SPI for Social Assistance

In the six upper middle-income countries, the average SPI for social assistance was 0.8% of GDP per capita (Table 2.3). The Cook Islands brought the average up with an SPI for social assistance of 2.6% of GDP per capita (accounting for the lion's share of its overall country SPI of 2.8%). The other five countries in the upper middle-income group all registered SPIs for social assistance of 0.2% to 0.6% of GDP per capita. In Palau and the Marshall Islands, the SPIs for social assistance (0.2% and 0.4%, respectively) were proportionally small compared with their relatively high overall SPIs (2.9% and 3.7%). In Tonga, Fiji, and Nauru, the social assistance component accounted for a more significant chunk of the overall SPI.

10 Kiribati has a national provident fund that provides social insurance and retirement benefits but no benefits were paid in 2012.

11 Social insurance or social security systems for Palau, the Marshall Islands, and the FSM were inherited from the United States after they were given Trust Territory status under post-World War II arrangements.

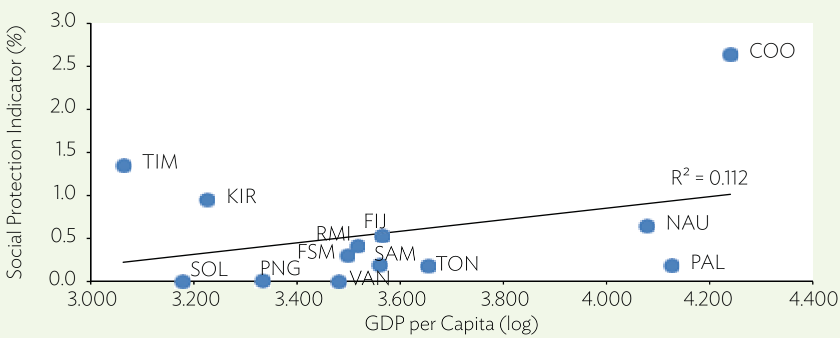
12 Social security schemes in the Marshall Islands, the FSM, and Palau date back to the time of United States Trust Territory status in the 1960s. Other Pacific island countries had government employee pension schemes that converted into provident fund schemes upon or shortly after gaining independence in the late 1960s through the 1970s.

In the seven lower middle-income countries, the average SPI for social assistance contributed just 0.4% to the overall SPI of 1.7% of GDP per capita. In the lower middle-income group, one country stands out—Kiribati, where the SPI for social assistance (mainly in the form of old-age benefits) was 1.0%, accounting for almost all of the overall SPI of 1.1% of GDP per capita. This is primarily because, as mentioned above, Kiribati registered zero social insurance expenditures.

It's worth mentioning that four countries in the Pacific sample (the Cook Islands, Kiribati, Nauru, and Tonga) provided some old-age welfare or social pension. However, the qualifying age and the payment amounts varied widely between these countries (Box 2.1).

Regression analysis comparing the SPI for social assistance with GDP per capita (Figure 2.3) suggests that as a Pacific country's GDP per capita increases, the SPI for social assistance also tends to increase. This relationship, although still very weak, is certainly stronger (R^2 = 0.112) than the relationship between overall SPI and GDP per capita, or the relationship between the SPI for social insurance and GDP per capita. However, the results are skewed by the Cook Islands, an outlier with a very high SPI for social assistance.

Figure 2.3: Social Assistance and GDP per Capita, Pacific, 2012



COO = Cook Islands, FIJ = Fiji, FSM = Federated States of Micronesia, GDP = gross domestic product, KIR = Kiribati, NAU = Nauru, PAL = Palau, PNG = Papua New Guinea, RMI = Republic of the Marshall Islands, SAM = Samoa, SOL = Solomon Islands, SPI = social protection indicator, TIM = Timor-Leste, TON = Tonga, VAN = Vanuatu.

Source: ADB staff estimates based on SPI country reports, 2015.

Box 2.1: Old-Age Social Welfare Programs

Four Pacific island countries included in the study provided benefits to older persons in 2012 (a fifth, Fiji, commenced an older persons-benefits program in 2013). In three of the four countries old-age benefits are universally available to those who reach a qualifying age. In the Cook Islands, those who receive New Zealand superannuation benefits are excluded, while in Nauru those who receive any other social welfare benefits are excluded.

The Cook Islands provides a universal benefit to all population of 60 years or over. Those over 60 receive a benefit of NZ$400 ($325) per month, while those over 70 receive a benefit of NZ$500 ($407) per month, effective fiscal year 2012. The pension and welfare benefit is not available to those who receive a New Zealand government pension. In 2012, an estimated 1,709 older persons received benefits, of whom 50% were female beneficiaries.

Kiribati provides a universal “senior citizens benefit” to all population aged 67 years or older. Those aged 67–69 years receive a direct cash transfer of A$40 ($41); those aged 70 and above receive a benefit of A$50 ($52) per month. The benefit is set at approximately 80% of an adult’s monthly expenditures in the poorest quintile, and is thus considered an “income supplement”—which means the benefit rate is less than the estimated national basic-needs poverty line. In 2012, an estimated 3,079 older persons received benefit payments; approximately 64% were female beneficiaries.

Nauru provides older persons (i.e., those aged 60 years and above) an allowance of A$150 ($155) every 2 weeks. Individuals receiving other income, including other social welfare benefits, are not eligible. The program was introduced in 2005. In 2012, there were 137 beneficiaries; the rate of benefit was equivalent to approximately 25% of GDP per capita.

Tonga in 2012 introduced a program of universal social welfare payments for older persons aged 75 years and above. The Social Welfare Scheme entitles eligible persons to receive T$65 ($38) per month as a welfare payment. An estimated 1,774 persons received these older persons welfare payments in 2012—about 80% of those eligible according to the 2011 census. Older females represented 53% of beneficiaries. The benefits are designed as an income supplement for older people.

Sources: Sources: ADB. 2015. *Cook Islands: Updating and Improving the Social Protection Index*. Technical Assistance Consultant’s Report (TA–REG 7601). Manila; ADB. 2015. *Kiribati: Updating and Improving the Social Protection Index*. Technical Assistance Consultant’s Report (TA–REG 7601). Manila; ADB. 2015. *Nauru: Updating and Improving the Social Protection Index*. Technical Assistance Consultant’s Report (TA–REG 7601). Manila; ADB. 2015. *Tonga: Updating and Improving the Social Protection Index*. Technical Assistance Consultant’s Report (TA–REG 7601). Manila.

SPI for Labor Market Programs

Looking at labor market programs, it is difficult to identify any kind of significant pattern or relationship to GDP per capita (Table 2.3). With two notable exceptions discussed below, this component ranged from nonexistent to extremely small across both income groups. Only two upper middle-income countries recorded any support for labor market programs: Fiji (SPI for labor market programs: 0.1% of GDP per capita) and Palau (SPI for labor market programs: 0.004% of GDP per capita).

Among lower middle-income countries, Kiribati and Timor-Leste had the highest SPIs for labor market programs (both 0.2% of GDP per capita). However, in Kiribati (overall SPI 1.1%), labor market programs represented a more significant component of the overall social protection program than in Timor-Leste (overall SPI 2.8%). Kiribati is the only country in the region that distributes cash benefits to beneficiaries of labor market programs in the form of mobilization costs (primarily airfares) for workers recruited under the New Zealand Recognised Seasonal Employer (RSE) Scheme and the Australian Seasonal Worker Program. In Timor-Leste, spending on labor market programs is primarily focused on skills training for out-of-work youth, mainly through its Rural Employment Program.

In Solomon Islands, the SPI for labor market programs (0.1% of GDP per capita) accounted for a small percentage the overall country SPI of 1.0% of GDP per capita. Solomon Islands introduced the Rapid Employment Program, aimed at providing a form of welfare-for-work for unemployed youth (Box 2.2). This is the primary labor market program, accounting for about 75% of expenditures within this component (Appendix Table A2.3).

Vanuatu did register a small SPI for labor market programs (0.1% of GDP per capita, compared with its overall SPI of 0.7% of GDP per capita); as in Timor-Leste, funding for labor market programs in Vanuatu focuses on training out-of-work youth. The other three countries in the lower middle-income group—Samoa, PNG, and the FSM—provided little or no support for active labor market programs.

Box 2.2: Solomon Islands Rapid Employment Program

The Rapid Employment Program is designed to increase the incomes of the urban poor. The program provides short-term employment to improve their knowledge, experience, and basic skills. It specifically targets urban squatters, especially those in households living below the basic-needs poverty line and aims to reach at least 30% of the poorest households. At least 50% of beneficiaries should be youth (i.e., aged 16–29 years). The program has trained or employed more than 7,000 individuals, including about 2,500 in 2012, when program expenditures amounted to around SI$6.3 million ($0.9 million).

An influx of people migrating from rural areas to Honiara to look for work is putting pressure on program finances and administration. In addition, because no postproject support is offered to beneficiaries, many individuals who have completed the training have been unable to find paid employment.

Source: ADB. 2015. *Solomon Islands: Updating and Improving the Social Protection Index*. Technical Assistance Consultant's Report (TA-REG 7601). Manila.

Social Protection Expenditures and Beneficiaries by Subcomponents

In this section, the three main components of social protection—social insurance, social assistance, and labor market programs—are disaggregated by their subcomponents in terms of both total expenditures and total actual beneficiaries.

Social Insurance Expenditures and Beneficiaries

Social insurance systems in Pacific island countries are dominated by national provident funds aimed primarily at the minority of those in formal employment in the public sector, in central and local governments, and at state enterprises.

As illustrated by Figure 2.4(a), social insurance expenditures are mostly accounted for by pensions and retirement benefits, mainly provided through national provident funds or similar contributory and/or insurance schemes. Pensions and retirement benefits accounted for 55.5% of social protection expenditures in Pacific island countries (Figure 2.4a).

The disaggregation of social insurance beneficiaries by subcomponent is shown in Figure 2.5(a). As this shows, pensions and retirement benefits accounted for just 23.8% of actual beneficiaries on average in Pacific island countries. Most beneficiaries of pensions and other social insurance are working in formal employment.

Health insurance—mainly consisting of insurance provided alongside other provident fund benefits in Pacific island countries—accounted for just 1.8% of social protection expenditures in the 13 countries. On the other hand, it accounted for 8.6% of actual social protection beneficiaries. These numbers suggest that the average benefit per health insurance beneficiary was quite low.[13]

The remaining subcomponent, "other social insurance," on average accounted for 6.6% of total social protection expenditures. This subcomponent consists mainly of "survivor benefits" payable under social security administration schemes found in the three North Pacific island countries (Palau, the Marshall Islands, and the FSM), plus small amounts payable under passive labor market programs (such as unemployment and work injury insurance) and various other provident fund benefits.

The benefit payment structure of the social insurance programs in the three Pacific island countries, namely the Marshall Islands, the FSM, and Palau, differ from those of the provident funds found in the other Pacific island countries. In the standard provident fund model, primary retirement benefits are closely related to member and employer contributions and any interest earned on those contributions. Most also provide some element of health or death benefit insurance to members and their families. The premiums for these insurance components are either directly or indirectly funded by members.

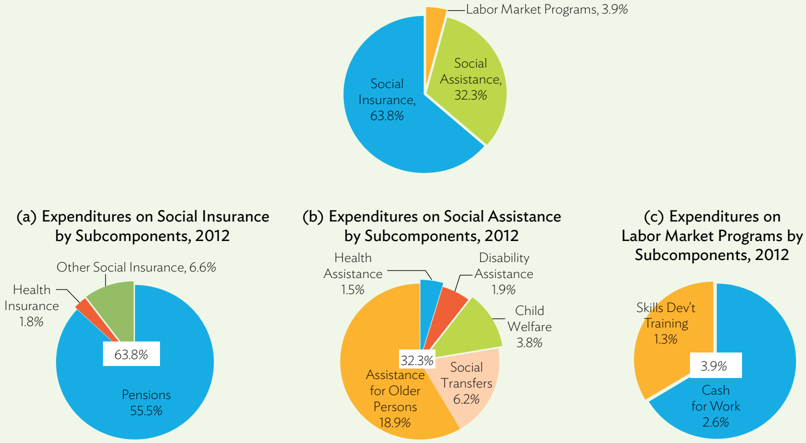
In the Marshall Islands, FSM, and Palau, on the other hand, benefit levels are not necessarily directly related to members' contributions. These programs are based primarily on a "defined benefit" model, rather than on the "contributions" model of standard provident funds.[14]

In the face of slow rates of economic growth—and thus slow growth in the number of contributing members—the social security administrations that manage social insurance, particularly in the FSM and the Marshall Islands, are facing serious

[13] Almost all Pacific Island countries provide basic universal and free health care services.

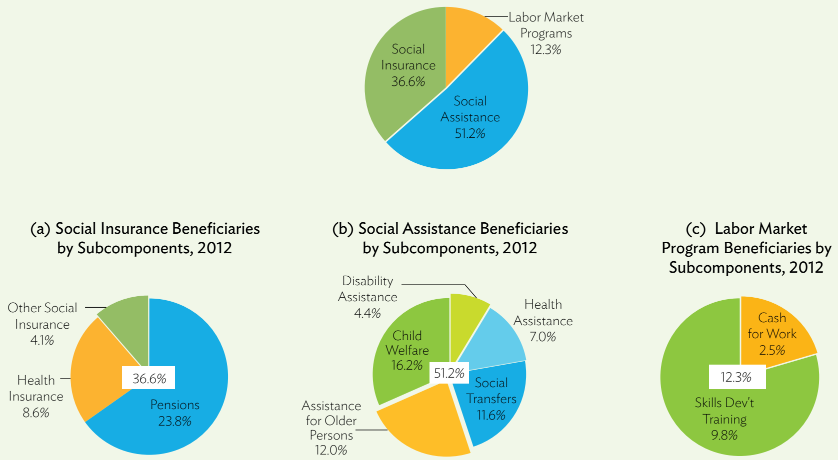
[14] For the definition of defined benefits and define contribution see Edward Whitehouse: 2007. *Pensions Panorama: Retirement Income System in 53 Countries.* Washington, DC: The World Bank. http://siteresources.worldbank.org/INTPENSIONS/Resources/PensionsPanorama.pdf

Figure 2.4: Social Protection Expenditures by Component, Pacific, 2012 (Share of Total Social Protection Expenditures)



Source: ADB staff estimates based on SPI country reports, 2015.

Figure 2.5: Social Protection Beneficiaries by Component, Pacific, 2012 (Share of Total Social Protection Beneficiaries)



Source: ADB staff estimates based on SPI country reports, 2015.

actuarial deficits.[15] The number of beneficiaries is increasing faster than the number of new members. The broad range of social insurance benefits available from the Marshall Islands Social Security Administration is illustrated in Box 2.3. The social insurance benefits in the Marshall Islands are mirrored in similar systems found in both the FSM and Palau.

Importantly, social insurance costs are shared between employers and employees, i.e., those who benefit have contributed, alongside their employers, to their own benefits. Therefore, governments contribute little to national insurance programs beyond what they contribute for those on the government payroll. For social assistance and labor market programs, the costs borne by governments are much more direct, and can be significantly higher if universal benefits are introduced.

Although social insurance programs exist in almost all Pacific island countries, the example of Tonga illustrates that there is still some way to go before all employed persons are entitled to join such schemes (Box 2.4). Until 2012, only public sector workers were covered by social insurance in Tonga. In that year the government established a separate social insurance program for private sector workers. In other countries, social insurance is sometimes only available to those in formal employment, thus excluding the large numbers people who are self-employed and/or employed in the informal sector. While voluntary contributions may be permitted for the self employed, few appear to take advantage of the opportunity to save for their retirement.

Social Assistance Expenditures and Beneficiaries

Comprising about one-third (32.3%) of total social protection expenditures on average in Pacific island countries (Figure 2.4), social assistance includes assistance to older persons, child welfare benefits, health assistance, disability assistance, and “social transfers.” Figure 2.4(b) shows that the largest social assistance subcomponent, assistance to older persons, particularly in the form of direct welfare payment, averaged 18.9% of social protection expenditures in the 13 countries.

Child welfare benefits (such as free school meals) averaged 3.8% of social protection expenditures. Three countries—the Cook Islands, Fiji, and Timor-Leste—accounted for 82% of all child welfare benefits. Health assistance, which provides health care to those with little or no access to health insurance, averaged only 1.5% of social protection expenditures in the 13 countries.

15 Marshall Islands Social Security Administration (MISSA). 2013. *Annual Report 2013*. Majuro.

Box 2.3: Marshall Islands Social Security Administration: Summary of Computation of Benefits

Retirement benefits—Retirement benefits are computed according to a formula in the legislation and are based on the member's earnings, social security taxes (contributions) paid on those earnings, and length of service. To be entitled to retirement benefits, a member of the fund must be "service-insured"—that is, they must have made contributions for at least 80 quarters (10 years); this period does not have to be continuous.

Surviving spouse insurance benefits—The surviving spouse of a fully "service-insured" beneficiary is entitled to a surviving spouse insurance benefit of 100% of the basic benefit, subject to maximum and minimum survivor benefits, and an earnings test (the benefit amount shall be reduced by $1 for every $3 earned in a quarter in excess of $1,500). This benefit is paid until the surviving spouse remarries or dies, whichever occurs first.

Surviving child insurance benefits—Each surviving child of a qualified beneficiary is entitled to a surviving child's insurance benefit equivalent to 25% of the basic benefit, subject to certain conditions.

Disability benefits—To be entitled for disability insurance benefits, the member must be fully and currently service-insured, and be unable to engage in the continued performance of their duties due to a medically determinable physical or mental impairment. In this case, to be fully covered by disability benefits, the member must have made contributions to the fund in at least 6 of the 40 quarters leading up to the member's retirement, disability, or death (whichever first occurs). Currently, the minimum disability insurance benefit is $128.99.

Lump-sum benefit—A lump-sum benefit may be payable in certain circumstances if beneficiaries do qualify for full benefits under the approved criteria. A lump sum could amount to a maximum of 4% of a member's cumulative covered earnings, less any benefits already paid.

Source: Marshall Islands Social Security Administration (MISSA). 2013. *Annual Report 2013*. Majuro.

Box 2.4: The National Social Insurance Program for Private Sector Employees in Tonga

Tonga now operates two separate social insurance (provident fund) schemes: the Retirement Fund Board (RFB) Scheme for central government employees, and the National Retirement Benefits Fund (NRBF) Scheme for both private and public enterprise employees. The funds operate on similarly defined contribution principles, but have separate management and boards.

The RFB Scheme was established in 1999 to replace the previous government employees' noncontributory pension fund. Every government employee becomes a member of the fund and contributes 5% of their gross salary; in addition, the government makes an employer contribution equivalent to 10% of each government employee's gross salary (20% for chief executive officers and ministers).

As the largest single employer in Tonga, the central government, through the RFB Scheme, provides the country's primary source of social insurance, covering an estimated 4,600 central government employees. The retirement fund directly benefits approximately 25% of the total population.

The NRBF was set up to provide retirement benefits, total and permanent disability benefits, and death benefits for private sector employees who previously were not entitled to social insurance benefits. The NRBF also uses a defined-contributions model, whereby employers and employees each contribute 5% of each employee's earnings.

By the end of its first year of operation (2013), the NRBF had enrolled 4,304 members from 308 employers. According to the 2011 census, there were approximately 10,400 employees working in the private sector and quasi-government enterprises in Tonga. The 2011 census also reported 8,740 self-employed persons. According to the NRBF annual report for FY2013, there were more than 300 additional small and medium-sized enterprises that had yet to register in the fund. Those in self-employment will be encouraged to join voluntarily.

While it has been beneficial for private sector employees to have a single social insurance program, the existence of different management structures for the two separate funds could create inefficiencies and adversely impact rates of return.

Source: ADB. 2015. *Tonga: Updating and Improving the Social Protection Index*. Technical Assistance Consultant's Report (TA-REG 7601). Manila.

"Social transfers" averaged 6.2% of social protection expenditures. These consist of a range of social assistance benefits available primarily in the Cook Islands, Fiji, and Timor-Leste. "Social transfers" was dominated by Fiji in terms of expenditures, and Timor-Leste in terms of beneficiaries. Fiji's social transfers, notably the Poverty Benefit Scheme (Box 2.5), accounted for about 70% of expenditures and about a quarter of beneficiaries within this subcomponent for the whole Pacific. Similarly, in Timor-Leste, social transfers such as the Bolsa Mãe conditional cash transfer program (Box 2.6) accounted for about 53.1% of beneficiaries and about 10.0% of expenditures within this subcomponent.

Box 2.5: Fiji: Poverty Benefit Scheme and Care and Protection Allowance

Fiji's Poverty Benefit Scheme replaced the country's Food Assistance Program in 2012. The scheme aims to reach 10% of the population living in poverty. It provides assistance to a maximum of four persons in a household, with a maximum F$150 ($84) monthly allowance, inclusive of a F$30 ($17) food voucher. The scheme is intended to be a form of assistance given temporarily to a family whose livelihood depends on an inadequate source of income. Those eligible include the chronically ill (without support) and the physically disabled (without support). In 2012, 19,272 people received benefits totaling F$22.6 million ($12.6 million). Almost 60% (11,563) of the beneficiaries were female in 2012. The Poverty Benefit Scheme is an important social assistance program in support of vulnerable groups in Fiji.

The Care and Protection Allowance is much smaller than the Poverty Benefit Scheme and targets needy families with children. Children under 17 years of age and deemed to be at risk—including the neglected; abused; orphans; and children in need of care, protection, and supervision—qualify. There are three main criteria for the Care and Protection Allowance: level of commitment to the child; level of support available from natural parents; and the ability of the family or applicant to manage the child given his or her age, income, actual age, and developmental age. Cash grants of F$30–F$60 ($17–$34) per child per month are provided to qualifying children. The number of beneficiaries was estimated at 4,000 in 2012.

Source: ADB. 2015. *Fiji: Updating and Improving the Social Protection Index*. Technical Assistance Consultant's Report (TA-REG 7601). Manila.

Box 2.6: Bolsa Mãe: Conditional Cash Transfer Program in Timor-Leste

Bolsa Mãe is a conditional cash transfer program in Timor-Leste that started as a pilot program in March 2008, managed by the Ministry of Social Solidarity. The cash payments are designed to assist poor households and vulnerable families, particularly single mothers, in feeding and educating their children through the provision of a monthly subsidy, which is $5.00 for one child, $10.00 for two children, and $15.00 for three children or more. In the long term, the program aims to reduce poverty and increase social equity through public employment opportunities, education, and health services for poor families.

The program expanded rapidly from 2011 to 2013. Over this short period, expenditures increased from $1.41 million to $4.92 million, while the number of beneficiaries increased from just under 14,000 to almost 57,000.

Source: ADB. 2015. *Timor-Leste: Updating and Improving the Social Protection Index.* Technical Assistance Consultant's Report (TA-REG 7601). Manila..

Beneficiaries of child welfare programs comprised a large share social assistance beneficiaries, accounting for an average of 16.2% of actual beneficiaries in Pacific island countries (Figure 2.5b). Child welfare recipients were concentrated in three countries: the Cook Islands, which provides a regular cash payment to all children aged 12 years and below; Samoa, which provides subsidized fee-free primary schools; and Timor-Leste, which has by far the largest program, providing a daily food allowance to more than 250,000 children. Together these three countries accounted for nearly all (97.3%) of child welfare beneficiaries in the region, and 56.3% of child welfare expenditures (Appendix Table A2.2).

Health assistance benefits accounted for an average of 7.0% of actual social protection beneficiaries in the 13 countries. PNG accounted for virtually all (99%) of health assistance beneficiaries in the region and about half of health assistance expenditures.

Assistance for the older persons in the 13 Pacific island countries accounted for 12.0% of actual social protection beneficiaries. Five of the countries in the SPI sample operate universal old-age benefit programs. The qualifying ages varied from country to country, ranging from 60 years in the Cook Islands to 75 years in Tonga (although the qualifying age for Tonga was reduced to 70 years in FY2016).

Disability assistance accounted for an average 4.4% of all actual social protection beneficiaries in the region. This figure is in line with the estimated proportion of persons with disability in Pacific island countries (4.1% excluding PNG, for which no data is available).[16] However, expenditures on disability assistance were proportionally lower, representing just 1.9% of social protection expenditures in the region. Thus, the levels of individual benefits received by the persons with disabilities were quite low and are often only available in-kind (Box 2.7). Box 2.8 describes a pilot project in Tonga that targets babies and infants with disabilities and older persons in need of additional care.

Box 2.7: Social Protection Programs for Persons with Disabilities in Selected Pacific Countries

The Cook Islands provides a benefit to those deemed either destitute and/or infirm, including those living with disability, who have no access to or ability to earn a livelihood. In 2012, the benefit payable was NZ$150 ($123) per month to approximately 235 beneficiaries.

The Marshall Islands operates a special education program funded by the Individuals with Disabilities Education Improvement Act to ensure that free and appropriate public education is provided to all children with disabilities from kindergarten to 12th grade and 2 years beyond high school graduation. The program is regulated by the United States Public Law 108-446 and Republic of the Marshall Islands Public Law 1995-125. The program provides for teacher salaries, staff development needs, materials and supplies, and related services to children with disabilities. It also provides free transport to and from school as well as wheelchairs and hearing aids. In 2012, approximately 710 children (36% girls) were served under this program.

Nauru has provided a disability allowance to qualifying individuals since 2008. In 2012, the benefit amounted to A$100 ($97) per beneficiary every 2 weeks. Those who receive this benefit are immediately disqualified from receiving other sources of income, including any other benefit or allowance. Upon obtaining employment, the benefit will cease to be paid. In 2012, there were 28 beneficiaries under this program.

continued on next page

[16] United Nations Economic and Social Commission for Asia and the Pacific. 2012. *Disability at a Glance 2012: Strengthening the Evidence Base in Asia and the Pacific.* Bangkok.

Box 2.7 continued

The Federated States of Micronesia (FSM) provides a special education benefit for children with a disability. The program supports eligible children with disabilities from birth to 21 years. All children with disabilities are entitled to receive a free, appropriate public education. There are no direct cash benefits to beneficiaries. In 2012, there were an estimated 2,029 children benefiting from the program; of these, around 45% were girls.

The Palau Severely Disabled Assistance Fund, established in 2003, is administered by the Ministry of Community and Cultural Affairs. Benefits of $50–$70 per month are payable to beneficiaries depending on the severity of a person's disability. Eligibility criteria include those who are blind, wheelchair-bound, homebound, and/or have psychological challenges and are unable to hold employment. Persons with disabilities resulting from accidents are also eligible to apply. Applicants are screened by a committee headed by the Ministry of Health.

Timor-Leste introduced assistance for persons with disabilities through Decree No. 19/2008, Government Resolution No. 2/2010. The program is noncontributory, and is managed through the National Directorate for Social Security. Benefit eligibility requires a person to be 18 years or above and have a medical certificate of mental and physical incapacity. The benefit is equivalent to about $15 per month. In 2012, there were an estimated 6,560 beneficiaries, of whom about 48% were female.

Tonga in 2012 initiated a pilot program of care for children with disabilities from birth to 3 years of age. This program provided specialist care services for qualifying children and their families; no cash benefits were provided. According to the 2011 population census, there were 230 infants aged 0–4 years living with a disability.

Sources: ADB. 2015. *Cook Islands: Updating and Improving the Social Protection Index*. Technical Assistance Consultant's Report (TA-REG 7601). Manila; ADB. 2015. *The Republic of Marshall Islands: Updating and Improving the Social Protection Index*. Technical Assistance Consultant's Report (TA-REG 7601). Manila; ADB. 2015. *Nauru: Updating and Improving the Social Protection Index*. Technical Assistance Consultant's Report (TA-REG 7601). Manila; ADB. 2015. *The Federated States of Micronesia: Updating and Improving the Social Protection Index*. Technical Assistance Consultant's Report (TA-REG 7601). Manila; ADB. 2015. *Republic of Palau: Updating and Improving the Social Protection Index*. Technical Assistance Consultant's Report (TA-REG 7601). Manila; ADB. 2015. *Timor-Leste: Updating and Improving the Social Protection Index*. Technical Assistance Consultant's Report (TA-REG 7601). Manila; ADB. 2015. *Tonga: Updating and Improving the Social Protection Index*. Technical Assistance Consultant's Report (TA-REG 7601). Manila.

Box 2.8: Pilot Project for Social Protection for the Vulnerable in Tonga

The ADB-supported Social Protection for the Vulnerable pilot project in Tonga, which commenced in 2010, developed an innovative social service scheme to support children with disabilities from birth to age 3 as well as vulnerable older persons who needed care.

In 2014, the pilot scheme supported approximately 152 older persons and 26 babies with disabilities. Ma'a Fafine mo e Famili (MFF), the civil society organization that is the executing agency for the project, had a waiting list of around 100 older persons to be assessed for eligibility for the care services offered. The project generated jobs for 31 workers, all female: 2 case managers, 3 child-development workers, and 26 home-care workers. Each child-development worker is responsible for about 13 to 15 children, while each home-care worker attends to about 6 to 8 older persons. The work program for each caregiver includes at least one visit per week to each person under their care.

The 2011 census indicates that within the two pilot districts, there were approximately 1,550 persons aged over 65. Thus, the 152 older persons who are currently receiving care under the project represent only about 10% of those who would potentially be eligible. If all those on the waiting list were found to be eligible, the proportion of the age-eligible older persons receiving care would rise to 15%–20%.

The scope for extending the service to more infants with disabilities and vulnerable older persons is therefore considerable. According to the 2011 census, there were 230 disability cases among infants aged 0-4, while there were 5,914 disability cases[b] among persons over the age of 65 years. The average annual cost per beneficiary amounted to about $750, equivalent to about $15 per person per week.

To facilitate the national rollout of the program, the government decided to transition the implementation of the program from the Ministry of Finance to the Ministry of Internal Affairs from 1 July 2014. A new social protection division was created in the Ministry of Internal Affairs, with additional staffing. The new division has been given extensive responsibilities for a wide range of social welfare and social protection issues, and the development of related policies, including setting standards and designing a regulatory framework for private sector care givers. One of the first tasks of the new division was to develop a framework for a comprehensive national survey of vulnerable persons, including those living with disabilities. It will also coordinate and oversee the national rollout of the pilot scheme, develop proposals for additional welfare services for the vulnerable, and develop standards and a legal framework for care services.

[a] Kolovai, Nukunuku, Lapaha, and Tatakamotonga.

[b] 2011 Census Table G26; note these do not represent the actual number of individuals as some may have reported more than one type of disability.

Source: ADB. 2015. *Tonga: Updating and Improving the Social Protection Index*. Technical Assistance Consultant's Report (TA–REG 7601). Manila.

Labor Market Programs Expenditures and Beneficiaries

Labor market programs account for a very small share of social projection in terms of both expenditures (3.9% on average in Pacific island countries) and number of beneficiaries (12.3% on average). About three-quarters of all beneficiaries of labor market programs are located in Timor-Leste, where the national Rural Employment Program had about 50,000 beneficiaries (Box 4.2). Labor market programs were nonexistent in five Pacific island countries,[17] while in an additional two countries (Palau and PNG) labor market programs were insignificant in terms of both expenditures and beneficiaries.

One exception to low labor market program expenditures in Pacific island countries is Kiribati, which provides direct cash benefits to those recruited to the New Zealand RSE scheme (Box 2.9).

Box 2.9: Kiribati Support to Workers Recruited for the New Zealand Recognized Seasonal Employer Scheme

The New Zealand Recognized Seasonal Employer Scheme enables qualified New Zealand employers in horticulture to recruit temporary workers from a selection of Pacific island countries, including Kiribati, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

Local government councils recruit workers based on gender equality and quota systems set by the Ministry of Labor and Human Resource Development. Workers must be 18–40 years old and should be both physically and mentally healthy. Support from the government includes assistance with selection and recruitment of unemployed individuals from the outer islands; predeparture and cross-cultural training; and coordination and administrative support to the personnel appointed by the Ministry of Labor and Human Resource Development, the lead implementing agency.

The ministry provides support to these workers through a specific fund that covers the expenses of mobilizing these workers from their home islands to Tarawa, on to New Zealand, and back again. In 2012, there were 126 workers sent to New Zealand. The average cost per worker was about A$3,000 ($2,897).

Source: ADB. 2015. *Kiribati: Updating and Improving the Social Protection Index*. Technical Assistance Consultant's Report (TA-REG 7601). Manila.

[17] The Cook Islands, the Marshall Islands, the FSM, Nauru, and Tonga

3

Depth and Breadth of Social Protection

This chapter presents the results from disaggregating the SPI into measures of the depth and breadth of social protection benefits. Breadth indicates the proportion of potential beneficiaries who actually receive social protection benefits, while depth indicates the average size of the benefits that actual beneficiaries receive (relative to GDP per capita).[18] "Potential beneficiaries" are defined as the reference population that could qualify for the benefits available for each particular social protection benefit program.[19]

The breadth of coverage and depth of benefits can be disaggregated into the three main components of social protection: social insurance, social assistance, and labor market programs.

By analyzing the depth of social protection benefits for each country, this report measures the "generosity" of each type of benefit across all Pacific island countries; while breadth provides indication of the extent of the social protection coverage.

Depth of Benefits

This initial section focuses on the depth of benefits of social protection (the average benefits received by actual beneficiaries). In most cases, the depth of benefits will be less than GDP per capita. But it is possible for the depth to be greater than GDP per capita where benefit levels are particularly high and the number of beneficiaries is relatively low—such as with the social insurance benefits paid out under the social security and provident fund programs of the FSM, Solomon Islands, and Vanuatu. Benefits per actual beneficiary exceed GDP per capita in these three countries.

18 Appendix 1 provides a more precise mathematical representation of depth and breadth of coverage.

19 ADB. 2011. *The Revised Social Protection Index: Methodology and Handbook*. Manila.

For the Pacific region as a whole, the unweighted average depth of social protection benefits was 27.7% of GDP per capita (Table 3.1). The average depth of benefits for social insurance was 68.6% of GDP per capita; for social assistance the average depth was 9.0% of GDP per capita; and for labor market programs the average depth was 22.7% of GDP per capita (however, the seemingly high depth for labor market programs was due almost entirely to the Kiribati support to workers recruited for the New Zealand RSE Program—see Box 2.9 in Chapter 2).

As Table 3.1 shows, high overall depth indicators tend to be driven by social insurance. Such schemes usually offer relatively high levels of benefits to the relatively small group of individuals currently or formerly employed in the formal sector. Those who rely on non-contributory social assistance benefits—usually less well-off individuals and families—receive lower levels of benefits, as indicated by the low average depth of social assistance in the region (9% of GDP per capita).

Table 3.1: Depth of Social Protection Indicator by Component and by Income Group, Pacific, 2012 (% of GDP per capita)

	Overall Depth	Social Insurance	Social Assistance	Labor Market Programs
Upper Middle-Income Countries	**13.1**	**29.3**	**8.7**	**4.1**
Marshall Islands	35.1	47.1	11.5	...
Fiji	19.0	100.1	9.4	15.4
Nauru	11.0	19.4	9.9	...
Cook Islands	4.6	0.6	9.0	...
Tonga	4.6	3.9	10.2	...
Palau	4.1	4.4	2.1	9.0
Lower Middle-Income Countries	**40.3**	**102.4**	**9.2**	**38.7**
Vanuatu	84.8	223.0	...	9.7
Micronesia, Fed. States of	83.7	109.5	18.7	...
Solomon Islands	53.6	243.7	2.6	6.4
Kiribati	43.1	...	37.2	187.3
Timor-Leste	8.2	57.4	4.7	6.3
Samoa	5.3	21.2	1.1	55.1
Papua New Guinea	3.0	62.0	0.4	6.4
Overall Average	**27.7**	**68.6**	**9.0**	**22.7**

... - data not available, GDP = gross domestic product.
Source: ADB staff estimates based on SPI country reports, 2015.

Comparing the two income groups, lower middle-income countries enjoyed proportionately higher depth of benefits (40.3% of GDP per capita on average) than upper middle-income countries (13.1% of GDP per capita on average).

The difference between the lower and upper middle-income groups is even more striking in the case of depth of social insurance. In the lower middle-income group, the average depth of social insurance was 102.4% of GDP per capita; for the upper middle-income group, the average depth of social insurance was 29.3% of GDP per capita. This variation is due entirely to the exceptionally high depths of social insurance in Solomon Islands, Vanuatu, and the FSM. Translating these into nominal values, however, changes the perspective. In the lower middle-income group, nominal social insurance expenditures amounted to $2,381 per actual beneficiary per annum; for the upper middle-income group, nominal social insurance expenditures were actually higher at $2,643 per beneficiary per annum.

The depth of social assistance was similar between the two income groups, although once again beneficiaries in the upper middle-income group enjoyed significantly larger average nominal benefits per beneficiary. The average depth of social assistance in the upper income middle-income group was 8.7% of GDP per capita, equivalent to $785 per beneficiary per annum. In the lower middle-income group, the average depth of social assistance was 9.2% of GDP per capita, or about $214 per beneficiary per annum. Kiribati stands out in the lower middle-income group with the highest depth of social assistance benefits of any Pacific country (37.2%). This is attributable to the relative generosity of its senior citizens benefit program, which covers approximately 3,100 beneficiaries (55% of the older population).

There was a wide variation between the two income groups in the depth of labor market programs: 38.7% of GDP per capita on average for the lower middle-income group, and 4.1% on average for the upper middle-income group. The high average depth of labor market programs in the former group is attributable to the high benefit levels in just two countries, Kiribati and Samoa, both of which provide relatively high levels of benefits for programs related to the New Zealand RSE scheme.

Looking at depth of benefits by country (Table 3.1), Vanuatu had the highest overall depth of social protection, at 84.8% of GDP per capita, followed by the FSM at 83.7% of GDP per capita. Two other Pacific island countries, Solomon Islands (53.6%) and Kiribati (43.1%), also registered higher depths of social protection than any of their Asian countries.[20]

[20] See ADB. 2016. *The Social Protection Indicator: Assessing Results for Asia*. Manila.

The high depth of social protection indicators in Vanuatu, the FSM, and Solomon Islands were driven by extremely high depth of social insurance indicators. All social insurance benefits in these two countries derive from their respective national provident fund schemes. In Vanuatu, about three-quarters (75%) of Vanuatu Provident Fund expenditures went to retirement pensions, with the balance accounted for by death benefits and payments to members on permanent emigration.[21] In Solomon Islands, 99.5% of social insurance benefits paid out of the Solomon Islands Provident Fund took the form of pensions (the remaining 0.5% took the form of workers compensation). Notably, both Solomon Islands and Vanuatu registered low breadth of social protection coverage (to be addressed later in this chapter).

Similar circumstances pertain to the high depth of social insurance (109.5%) achieved by the FSM, where all social insurance benefits flow from the Social Security Administration. About 62% of these benefits take the form of pensions, while 38% are "other" benefits (primarily survivor and death benefits). Similarly, PNG, the country with the lowest overall SPI (0.1%) of any other country in Asia and the Pacific, exhibits a relatively high depth of social insurance indicator: 62.0% (the average social insurance benefit in PNG is $1,334 per beneficiary per annum, while GDP per capita is $2,152). This could only mean that PNG's breadth of social insurance is miniscule. And indeed it is: social insurance benefits in PNG reach only about 7,100 beneficiaries—or 0.1% of the population.

In the Marshall Islands, relatively high depth indicators for social insurance (47.1%) and social assistance (11.5%) led to the country achieving a relatively high overall depth of social protection (35.1%). The high depth of social assistance indicator was due to a special education program that targeted a small number of beneficiaries.

Breadth of Coverage

Table 3.2 presents the 13 Pacific island countries in terms of breadth of social protection coverage (the proportion of potential beneficiaries who actually receive benefits). The unweighted average breadth of social protection coverage in the 13 Pacific island countries was 18.9% , indicating that social protection benefits reached less than 20% of intended beneficiaries. The overall breadth of coverage for the upper middle-income group, at 29.1%, was almost triple the breadth of the lower middle-income group at 10.2%.

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21 Members who leave Vanuatu with no intention of returning. Source: Vanuatu National Provident Fund website: www.vnpf.com.vu/p/vnpf-ee-g-withdrawal-of-contributions.html

With regard to disaggregation of breadth by social protection component, the average breadth of social insurance coverage for the upper middle-income group was 19.7%; for the lower middle-income group it was 1.7%. The average breadth of social assistance for upper middle-income countries was 9.3%, while for the lower middle-income group it was 7.6%. The breadth of labor market programs, while miniscule in the region as a whole, nonetheless showed a difference between lower middle-income countries (0.9%) and the upper middle-income group (0.1%).

Only two countries, Palau and the Cook Islands, have the highest coverage of social protection programs (more than 60%). Breadth of coverage in Timor-Leste was 34.7%. The remaining 10 countries all registered coverage of less than 25%. The lowest breadth figures were seen in PNG (1.9%) and Vanuatu (0.9%).

Table 3.2: Breadth of Social Protection Indicator by Component and by Income Group, Pacific, 2012 (%)

	Overall Breadth	Social Insurance	Social Assistance	Labor Market Programs
Upper Middle-Income Countries	**29.1**	**19.7**	**9.3**	**0.1**
Palau	70.6	61.6	9.0	0.04
Cook Islands	62.3	33.0	29.3	...
Tonga	17.0	15.2	1.8	...
Marshall Islands	10.7	7.1	3.6	...
Nauru	7.3	0.8	6.5	...
Fiji	6.8	0.7	5.6	0.4
Lower Middle-Income Countries	**10.2**	**1.7**	**7.6**	**0.9**
Timor-Leste	34.7	2.2	29.0	3.5
Samoa	23.1	4.7	18.3	0.1
Micronesia, Fed. States of	5.7	4.1	1.6	...
Kiribati	2.7	...	2.6	0.1
Solomon Islands	2.5	0.5	0.03	2.0
Papua New Guinea	1.9	0.1	1.8	0.01
Vanuatu	0.9	0.3	...	0.6
Overall Average	**18.9**	**10.0**	**8.4**	**0.5**

... - data not available.
Source: ADB staff estimates based on SPI country reports, 2015.

Palau's high overall breadth of coverage was mainly due to its 61.6% breadth of social insurance indicator. In the Cook Islands, which had the second-highest breadth of overall social protection coverage at 62.3%, the breadth of coverage was split fairly evenly between social insurance (33.0%) and social assistance (29.3%).

Breadth of social protection overall was very low in most of the lower-income group countries. The lower middle-income group also saw wide gaps in breadth of coverage between the top two countries, Timor-Leste (34.7%) and Samoa (23.1%), and the other five countries, all of which had breadth indicators of less than 6%. Notably, in contrast with the upper middle-income group, social assistance (7.6% breadth on average), not social insurance (just 1.7% average breadth), was the dominant component of the breadth indicator. That was mainly due to relatively high breadth indicators in Samoa and Timor-Leste. Social insurance dominated in the FSM, while labor market programs were the dominant component in Vanuatu and Solomon Islands. Timor-Leste (3.5%) and Solomon Islands (2.0%) were the only lower middle-income countries that registered more than 1% breadth of coverage for labor market programs.

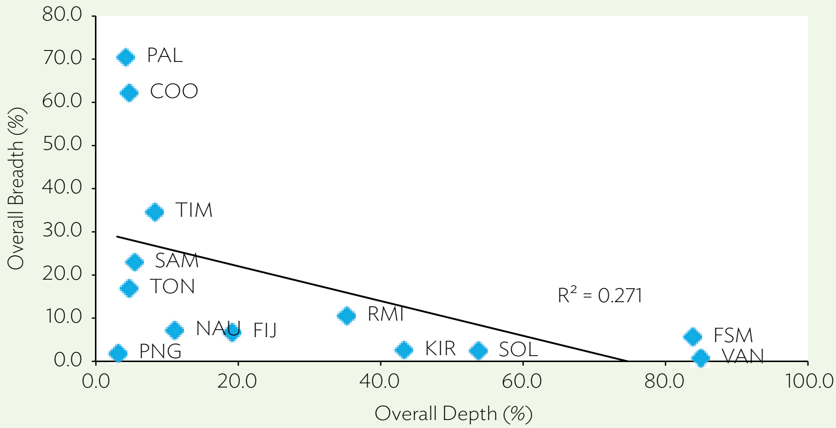
Assessing Depth and Breadth

Depth of benefits and breadth of coverage tend to be inversely related. Figure 3.1 clearly illustrates this inverse relationship (R^2 of 0.271) in Pacific island countries.

If, for example, a social protection program has $100 to disburse among 200 potential beneficiaries, it could give 20 beneficiaries $5 apiece, or decide to provide $2 apiece to 50 beneficiaries. If a switch were made from the first to the second option, the absolute depth of benefits would fall from $5 to $2 per actual beneficiary while the breadth of coverage would rise from 10% (20/200) to 25% (50/200)—the depth decreases while the breadth increases correspondingly. The only way to increase both the depth and breadth is to increase the total expenditures, from $100 to $200, for example. This simple illustration helps explain why the mathematical relationship between the depth and breadth of social protection is multiplicative and inverse. It is this relationship that enables us to disaggregate the SPI into these two components (unlike the arithmetic disaggregation of the SPI into the SPIs for each of its three major programs).

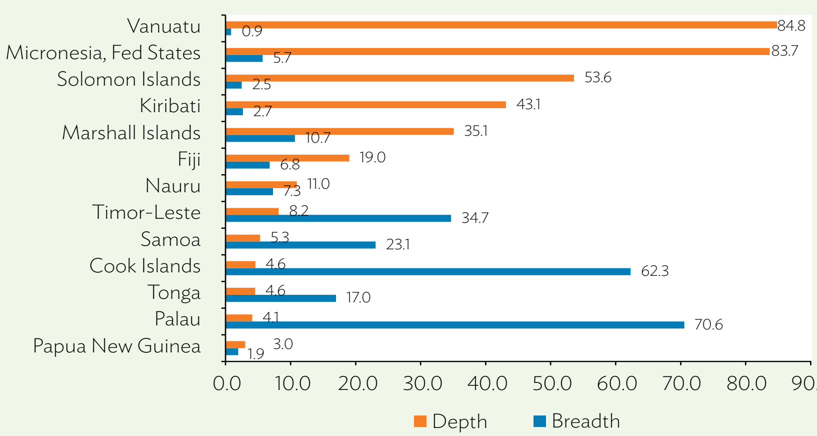
Figure 3.2 shows that countries with high depth of benefits, such as Vanuatu, FSM, Solomon Islands, and Kiribati, had proportionally lower breadth of coverage indicators. Of this group the FSM achieved by far the highest overall SPI (4.8% of GDP per capita), mainly because its breadth indicator was a respectable 5.7%. Vanuatu, Solomon Islands, and Kiribati, on the other hand, had very low breadth indicators (0.9%, 2.5%, and 2.7%, respectively), and consequently had low overall

Figure 3.1: Relationship of Depth and Breadth of the Social Protection Indicator, Pacific, 2012



COO = Cook Islands, FIJ = Fiji, FSM = Federated States of Micronesia, KIR = Kiribati, NAU = Nauru, PAL = Palau, PNG = Papua New Guinea, RMI = Republic of the Marshall Islands, SAM = Samoa, SOL = Solomon Islands, TIM = Timor-Leste, TON = Tonga, VAN = Vanuatu.
Source: ADB staff estimates based on SPI country reports, 2015.

Figure 3.2: Depth and Breadth of the Social Protection Indicator, Pacific, 2012 (%)



Source: ADB staff estimates based on SPI country reports, 2015.

SPIs (0.7%, 1.3%, and 1.1%, respectively). As explained above, multiplying the depth of benefits (as a percentage of GDP per capita) by the breadth indicator will equal the SPI. So high depth of benefits will only translate into high SPI if breadth of coverage is likewise relatively high.

A high depth combined with a low breadth implies that a small number of beneficiaries receive a disproportionate share of the benefits. Where the high depth of benefits is biased toward social insurance—as in Vanuatu, Solomon Islands, and Kiribati—it further suggests that the beneficiaries are unlikely to be the most vulnerable groups. As explained earlier in this report, those participating in social insurance programs tend to be those who are or have been in formal employment. Indeed, in these three countries the small number of employees covered by social insurance in the formal sector are outweighed by those employed in the informal sectors of the economy.

Meanwhile, Timor-Leste, Palau, and the Cook Islands registered high breadth indicators and proportionally lower depth indicators. Where there is high breadth and low depth, the implication is that while there may be a significant number of beneficiaries, benefit levels are low and thus may be of little real assistance in alleviating hardship or poverty. Despite the low depth figures, these three countries registered SPIs in the 2.8% to 2.9% range—among the highest in the Pacific region.

Analyzing the depth and breadth of social protection coverage makes it possible to identify the countries that are making progress in social protection. Clearly most Pacific island countries have a long way to go in attaining a combination of depth and breadth levels that will ensure adequate benefits to the whole population. Even those Pacific island countries that have achieved relatively high SPIs, such as the FSM and the Marshall Islands, have done so without reaching many of those most in need of social protection benefits.

Poverty and Gender Dimensions of the Social Protection Indicator

4

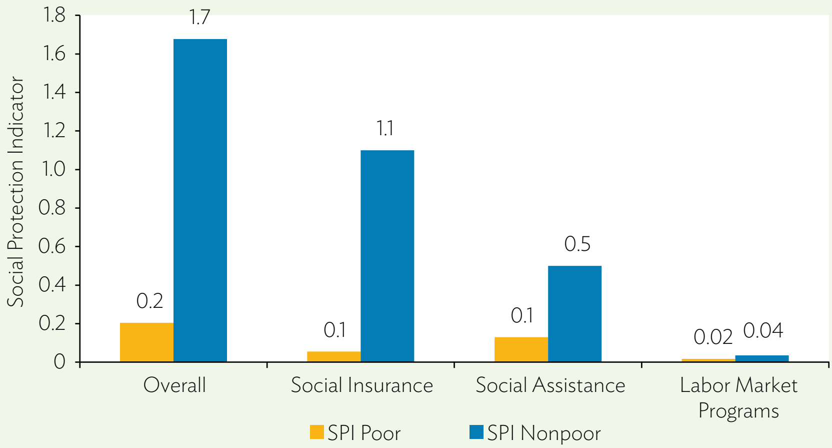
This chapter presents the poverty and gender dimension of the SPI. Firstly, the SPI is disaggregated between the poor and the nonpoor using poverty targeting rates. The poverty targeting rate estimates are based on national poverty lines and other available indicators, including census data and household income and expenditure reports. This analysis provides an indication of the extent to which social protection programs reach the poor and nonpoor. Secondly, the SPI is disaggregated between men and women to assess the gender impact of social protection programs.

The main constraint in the interpretation of these results is that the data for this report often had to rely on *informed estimates* from government officials and program practitioners, rather than on official statistics. Indirect measures were also used, including the census ratio of males to females among the older population and among those reported to be in employment. Hence, the general results should be regarded as indicative rather than definitive.

Poverty Dimension of Social Protection Indicator

When the SPI is disaggregated between the poor and nonpoor (Figure 4.1), it is clear that the nonpoor are the main beneficiaries of social protection. The aggregate SPI for the poor in Pacific island countries is only 0.2% of GDP per capita, while the SPI for the nonpoor is 1.7% of GDP per capita. Therefore, it is fair to say that social protection programs in Pacific island countries are not reaching those most in need of support. And even when programs do reach the poor, the benefits available, as indicated by the depth of social protection (in particular the depth of the social assistance component), are very small.

Figure 4.1: Social Protection Indicator by Poverty Status and by Component, Pacific, 2012 (%)



SPI = social protection indicator.
Source: ADB staff estimates based on SPI country reports, 2015.

This bias toward the nonpoor is primarily due to the dominance of social insurance programs. The nonpoor SPI for social insurance is 1.1% of GDP per capita, while that for the poor is only 0.1%. This is an extremely wide disparity—a ratio of 11-to-1 in favor of the nonpoor.

Social insurance is likely to be biased toward the nonpoor as the poor are less likely to be in formal employment, which is the basis for most social insurance programs. Social insurance schemes are essentially long-term contributory savings schemes. The beneficiary gets back in benefits what has been saved from their earnings, plus matching employer contributions. It is generally only the better-off who are able to contribute to these schemes. Although some "working poor"[22] may benefit from social insurance schemes, the majority are not in a position to contribute to these schemes.

The social insurance programs could be improved if more workers in the informal sectors of Pacific island economies participate in the programs. Most social

[22] These are the people who are in employment but whose average family income is still below the national basic-needs poverty line.

insurance programs in Pacific island countries do provide for voluntary contributions from those in informal employment (and those employed offshore, including those participating in the recently introduced temporary employment schemes in Australia and New Zealand). Fiji, for example, allows voluntary contributions of up to the equivalent of 12% of gross income from existing members and those otherwise not covered by the regular provident fund scheme. But even where this option exists, the poor are often unable to actually contribute to the insurance scheme.

Looking ahead, with the gradual weakening of traditional, family-based social protection systems, there will be increasing pressure on governments to provide more noncontributory social insurance for the large numbers of older persons who lack social insurance.

The distributional impact of social assistance favors the nonpoor by a ratio of five-to-one; however, social assistance component is very small. The SPI for the nonpoor is 0.5% of GDP per capita, while the SPI for the poor is 0.1%. Therefore, social assistance benefits are unlikely to have much impact on the poor.

Labor market programs have the smallest value of SPI. Nonpoor has twice the value of SPI than the poor. As noted in earlier chapters, the only cash-for-work programs of any significance in Pacific island countries are in Solomon Islands and Timor-Leste. Nevertheless, the average SPI for labor market programs in the Pacific region is so small for both the poor (0.02% of GDP per capita) and the nonpoor (0.04%) that it is difficult to draw any clear conclusions.

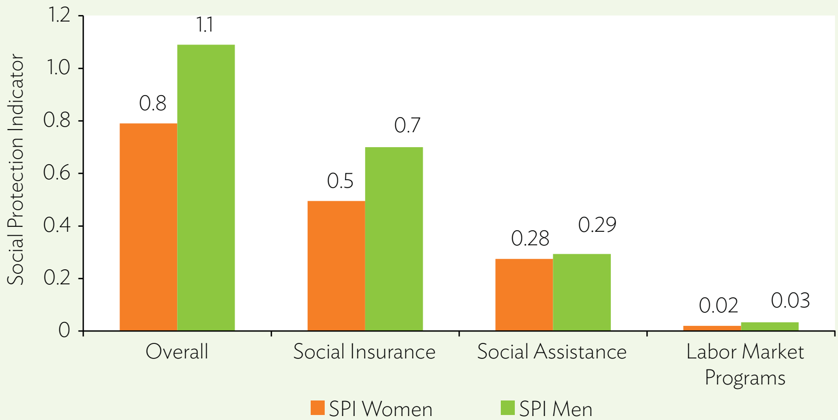
Gender Dimension of Social Protection Indicator

The difference between the SPI for women and the SPI for men was estimated to be much smaller than the difference between the poor SPI and the nonpoor SPI (see Figure 4.2). The SPI for women was 0.8% of GDP per capita while the SPI for men was 1.1% of GDP per capita. This is a gap of 0.3%, which is almost entirely accounted for by the differential (0.2%) in the access of women (0.5%) and men (0.7%) to social insurance.

This differential in social insurance can be largely explained by the lower labor force participation rates of women in Pacific island countries. According to World Development Indicators online[23] (accessed 7 September 2015), males were more likely to be employed than females in all Pacific countries. Only in PNG was the gap

23 http://data.worldbank.org/data-catalog/world-development-indicators

Figure 4.2: Social Protection Indicator by Gender and by Component, Pacific, 2012 (%)



SPI = social protection indicator.
Source: ADB staff estimates based on SPI country reports, 2015.

narrow, with the male participation rate at about 63% and the female rate at 60%. This was primarily due to the fact that women play a more significant role in rural agriculture than in other countries of the region.

Looking at the SPI for social assistance in Figure 4.2 shows that universally available social assistance benefits tend to reach men and women about equally, with a very slight bias toward men. The Cook Islands (Box 4.1) is the only country that offers specific social protection benefits for women, although most countries do provide free maternal care through their national medical services.

The SPI for labor market programs also exhibits a slight bias toward males; however, as the SPI numbers indicate, the benefits of labor market programs are very small for both men and women. As discussed in Chapter 2, only in Kiribati do beneficiaries of labor market programs actually receive cash benefits. All other labor market programs in the Pacific region support training and skills development or recruitment processes. The biggest of these is Timor-Leste's Rural Employment Program, which reached about 50,000 beneficiaries in 2012, of which 29% were female (Box 4.2).

Box 4.1: Maternity Benefits in the Cook Islands

Maternity benefits, in terms of direct payments to mothers or families, are rare in Pacific island countries. While many Pacific island countries provide for maternity leave, especially in public services, only one, the Cook Islands, actually makes a direct cash payment to new mothers. This maternity benefit is a one-off cash payment of NZ$1,000 ($813) for each newborn child. In addition, the government provides a subsidy to every employer of NZ$1,440 ($1,171) toward the underlying cost of a 6-week maternity leave for new mothers. The subsidy is equivalent to 6 weeks' pay at the basic minimum wage.

Source: ADB. 2015. *Cook Islands: Updating and Improving the Social Protection Index*. Technical Assistance Consultant's Report (TA-REG 7601). Manila.

Box 4.2: Timor-Leste: Rural Employment Program

Timor-Leste's Rural Employment Program was launched in 2008 and now covers approximately 50,000 beneficiaries. The program seeks to provide employment to rural communities, decrease the isolation of the rural population, and encourage local money circulation among people in rural areas.

The main program activities are maintenance of rural roads, and opening of new rural roads to isolated hamlets or villages. The program is offered to each *suco* (village or community), with each entitled to only one project. One person from each family in the *suco* is entitled to participate in the project. Any family member who has permanent employment or is receiving cash transfers is no longer eligible for participation. Priority is given to unemployed members of *sucos*, with a strong focus on women. Target ages for participants are 17–59 years. In 2012 approximately 14,500 females (29%) were engaged in activities under the Rural Employment Program.

Source: ADB. 2015. *Timor-Leste: Updating and Improving the Social Protection Index*. Technical Assistance Consultant's Report (TA-REG 7601). Manila.

The few labor market programs that exist in other countries generally revolve around recruiting people for temporary employment abroad. Although these programs are open to both males and females, there has been a bias toward males in recruitment. This bias stems from the perception that males are more suited to the work involved—often picking fruit and other horticultural activities—and as well as from cultural concerns about sending young women away unsupervised.

5 Progress in Social Protection over Time

This chapter compares the SPI over time for the nine Pacific island countries for which SPI data are available for both 2009 and 2012.[24] The data for 2009 were gathered by an earlier ADB project.[25] While the construction of the SPI in the earlier project differed from that used for this report, the former's basic data on expenditures, beneficiaries, and intended beneficiaries remain comparable.[26]

Country Progress of Social Protection Programs

This report finds that from 2009 to 2012 the nine Pacific island countries as a group made no progress in improving social protection programs in their respective countries. The average unweighted SPI for the nine countries declined from 1.9% of GDP per capita in 2009 to about 1.7% of GDP per capita in 2012. The average SPI for social insurance increased from 1.0% to 1.2%, the average SPI for social assistance fell from 0.8% to 0.4%, and the average SPI for labor market programs fell very slightly from 0.059% of GDP per capita to 0.056% (the total amounts of funding to these labor market programs were extremely small at the aggregate level).

Of the nine Pacific island countries, only two countries, Vanuatu and Solomon Islands, made progress on social protection as a whole from 2009 to 2012 (Table 5.1 and Figure 5.1). And of these two, only Solomon Islands recorded a significant improvement in its SPI (from 1.0% of GDP per capita to 1.3% of GDP per capita). Vanuatu's improvement was a small jump from a very low level (0.6% to 0.7%).

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24 The nine countries are Fiji, the Marshall Islands, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, and Vanuatu.

25 ADB. 2012. *Social Protection Index for Asia and the Pacific.* Manila.

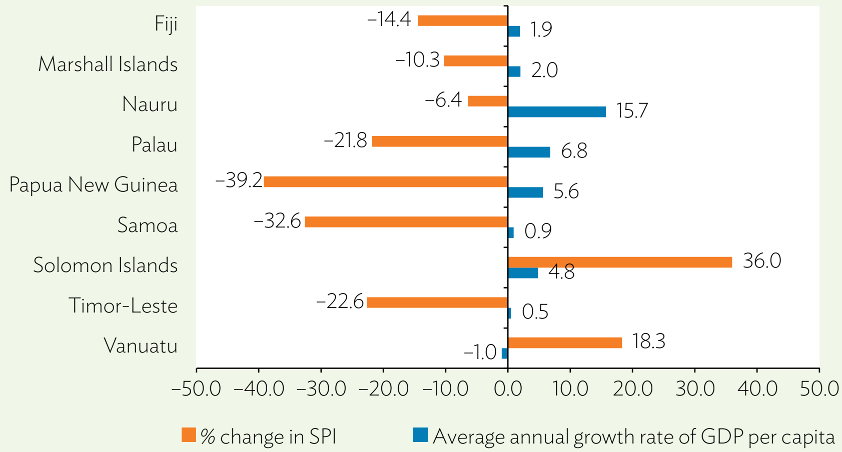
26 The SPI for 2009 was recomputed to follow the methodological changes in computing the 2012 SPI.

Table 5.1: Social Protection Indicator, Pacific, 2009 and 2012 (% of GDP per capita)

Country	2009	2012	Percentage Points Increase/(Decrease)
Fiji	1.5	1.3	(0.2)
Marshall Islands	4.2	3.7	(0.5)
Nauru	0.9	0.8	(0.1)
Palau	3.7	2.9	(0.8)
Papua New Guinea	0.10	0.06	(0.04)
Samoa	1.8	1.2	(0.6)
Solomon Islands	1.0	1.3	0.3
Timor-Leste	3.7	2.8	(0.9)
Vanuatu	0.6	0.7	0.1
Average	**1.9**	**1.7**	**(0.2)**

... - data not available, GDP = gross domestic product.
Source: ADB staff estimates based on SPI country reports, 2012 and 2015.

Figure 5.1: Comparison of GDP Growth and Change in the Social Protection Indicator, Pacific, 2009–2012 (%)



GDP = gross domestic product, SPI = social protection indicator.
Source: ADB staff estimates based on SPI country reports, 2012 and 2015.

The other seven countries all recorded overall declines in their SPIs. These declines were most noticeable in Palau, the Marshall Islands, Timor-Leste, and Samoa. The remaining three countries showed only slight declines, including PNG, where the SPI declined by 0.04 percentage points (0.10% to 0.06%).

During 2009–2012, many Pacific island countries experienced low rates of economic growth as the global economic crisis in 2008 continued to impact their economies. The relationship between average GDP growth rates and the change in SPI during 2009–2012 is illustrated in Figure 5.1. Vanuatu had a small negative rate of growth in GDP per capita over the period, but achieved an increase in its SPI. All remaining countries had positive, albeit generally low, rates of increase in GDP per capita, while all remaining countries except Solomon Islands saw their SPI decline or experience no change.

As a consequence of slow economic growth rates, national budgets of some countries were coming under pressure during 2009–2012 as revenues stagnated or in some cases declined. This in turn led to more reliance on budgetary support from development partners and increased the need to streamline budget expenditures.[27]

Progress or Trends in the Social Protection Indicator by Component

Following on from the previous discussion of the overall SPI, this section focuses on trends in the three major social protection components (social insurance, social assistance, and labor market programs) from 2009 to 2012 in the nine countries.

As discussed in the previous section, only two countries managed to improve their overall SPI over this period. However, this hides the fact that some countries did manage to improve their SPIs for one or more of the main components.

Social Insurance

Across the nine countries, the average SPI for social insurance improved from 1.0% of GDP per capita in 2009 to 1.2% of GDP per capita in 2012. The Marshall Islands, Samoa, Solomon Islands, Timor-Leste, and Vanuatu managed to improve their SPIs for social insurance, as shown in Table 5.2

[27] ADB Pacific Department, *Pacific Economic Monitor*, country updates in various issues.

Table 5.2: Social Protection Indicator for Social Insurance, Pacific, 2009 and 2012 (%)

Country	2009	2012	Percentage Points Increase/ (Decrease)
Fiji	0.8	0.7	(0.1)
Marshall Islands	3.2	3.3	0.1
Nauru	0.3	0.2	(0.1)
Palau	2.7	2.7	0.0
Papua New Guinea	0.1	0.1	0.0
Samoa	0.9	1.0	0.1
Solomon Islands	1.0	1.2	0.2
Timor-Leste	...	1.3	1.3
Vanuatu	0.4	0.7	0.3
Average	**1.0**	**1.2**	**0.2**

... - data not available.
Source: ADB staff estimates based on SPI country reports, 2012 and 2015.

The increase in Vanuatu's SPI for social insurance from 0.4% to 0.7% was primarily attributable to an increase in the number of beneficiaries reached over the period. Timor-Leste did not have any social insurance recorded for 2009, but its SPI for social insurance came in at 1.3% in 2012, due to the introduction of a national social insurance scheme in that same year.

As discussed in earlier chapters, while social insurance accounted for almost two-thirds of total social protection expenditures in Pacific island countries in 2012, it accounted for only about 37% of beneficiaries. So while the SPI for social insurance improved from 2009 to 2012, it is unlikely that social insurance benefits reached those most in need. As previously illustrated in Figure 4.1, the SPI for social insurance for the poor was only 0.1% of GDP per capita, compared with 1.1% of GDP per capita for the nonpoor. Those who benefit most from social insurance are those in formal employment, who contribute to their pension and health insurance schemes.

Social Assistance

As discussed in Chapter 4, social assistance programs tend to have a much wider and more diverse reach than social insurance programs. However, from 2009 to

2012, the overall SPI for social assistance in the nine countries declined from 0.8% of GDP per capita to 0.4% of GDP per capita.

Of the nine countries, only Nauru and PNG recorded an increase in their SPIs for social assistance (Table 5.3). Nauru recorded an increase from 0.59% to 0.64% of GDP per capita, while PNG achieved a very small improvement in absolute terms, from 0.001% to 0.010% of GDP per capita.

The country showing by far the sharpest decline in its SPI for social assistance was Timor-Leste, followed by Palau, the Marshall Islands, Samoa, Vanuatu, and Fiji. Although these declines appear small in absolute terms, they are actually quite significant in relative terms.

In Timor-Leste, the decrease was due to GDP per capita rising (from $710 in 2009 to $1,156 in 2012) without a concurrent change in social protection expenditure or beneficiary levels, or in the reference population (Mouzinho 2015). The decrease in the Marshall Islands, though relatively high (0.5 percentage points), did not significantly influence the decrease in the regional average SPI for social assistance from 2009 to 2012.

Table 5.3: Social Protection Indicator for Social Assistance, Pacific, 2009 and 2012 (%)

Country	2009	2012	Percentage Points Increase/(Decrease)
Fiji	0.7	0.5	(0.2)
Marshall Islands	0.9	0.4	(0.5)
Nauru	0.59	0.64	0.05
Palau	1.0	0.2	(0.8)
Papua New Guinea	0.001	0.010	0.009
Samoa	0.6	0.2	(0.4)
Solomon Islands	0.004	0.001	(0.003)
Timor-Leste	3.6	1.3	(2.3)
Vanuatu	0.3	...	(0.3)
Average	**0.8**	**0.4**	**(0.4)**

... - data not available.
Note: The 2009 SPI for social assistance excludes the disaster program, similar to 2012 as part of the changes in methodology.
Source: ADB staff estimates based on SPI country reports, 2012 and 2015.

Labor Market Programs

Labor market programs accounted for only 4.4% of social protection expenditures and 7.7% of beneficiaries in the nine review countries in 2012. The average SPI for labor market programs for the nine countries declined by 0.003 percentage points, from 0.059% of GDP per capita in 2009 to 0.056% of GDP per capita in 2012 (Table 5.4).

Four countries registered very small increases of about 0.1 percentage points: Fiji, Solomon Islands, Timor-Leste, and Vanuatu. Two countries, Palau and PNG, showed effectively no change, while Samoa showed a decline in its SPI for labor market programs, from 0.4% to less than 0.1%.

As discussed in previous chapters, measuring labor market programs can be problematic as definitions of unemployment and underemployment tend to be quite flexible in a subsistence context. However, with Pacific island governments giving increasing attention to overseas employment opportunities, and given the desire of many countries to ensure that those in rural areas have an equal opportunity to participate in employment, there is hope that support for labor market programs will increase in the coming years.

Table 5.4: Social Protection Indicator for Labor Market Programs, Pacific, 2009 and 2012 (%)

Country	2009	2012	Percentage Points Increase/ (Decrease)
Fiji	0.01	0.10	0.09
Marshall Islands	0.02	...	...
Nauru	...	...	...
Palau	0.002	0.004	0.002
Papua New Guinea	0.001	0.001	0.000
Samoa	0.40	0.03	(0.37)
Solomon Islands	0.02	0.10	0.08
Timor-Leste	0.1	0.2	0.1
Vanuatu	0.001	0.100	0.099
Average	**0.059**	**0.056**	**(0.003)**

... - data not available.
Source: ADB staff estimates based on SPI country reports, 2012 and 2015.

Progress on Depth and Breadth in Pacific Island Countries

Reviewing trends in the depth and breadth of social protection coverage between 2009 and 2012 provides an indicator to assess the degree of progress in social protection coverage and size of benefits across the nine Pacific island countries for which data is available over this time period.

The changes in the depth and breadth of coverage offer some interesting insights into how social protection is developing in Pacific island countries. What stands out is that aggregate depth of benefits appears to have declined by almost 13.7 percentage points, while at the same time aggregate breadth of coverage increased by almost 6.4 percentage points. Six (Fiji, Nauru, Palau, PNG, Samoa, and Solomon Islands) of the nine countries experienced reduced depth of benefits combined with an increase in breadth of coverage. In two countries, the Marshall Islands and Timor-Leste, both the depth and breadth of coverage declined; and in one country, Vanuatu, the depth of benefits increased while the breadth of coverage declined (Table 5.5).

Table 5.5: Social Protection Depth and Breadth, Pacific, 2009 and 2012 (%)

	Depth			Breadth		
	2009	2012	Percentage Points Increase/ (Decrease)	2009	2012	Percentage Points Increase/ (Decrease)
Fiji	27.7	19.0	(8.7)	5.4	6.8	1.4
Marshall Islands	36.6	35.1	(1.5)	11.4	10.7	(0.7)
Nauru	14.8	11.0	(3.8)	5.8	7.3	1.5
Palau	14.7	4.1	(10.6)	25.2	70.6	45.4
Papua New Guinea	141.3	3.0	(138.3)	0.1	1.9	1.8
Samoa	19.7	5.3	(14.4)	9.3	23.1	13.8
Solomon Islands	68.0	53.6	(14.4)	1.4	2.5	1.1
Timor-Leste	9.5	8.2	(1.3)	38.4	34.7	(3.7)
Vanuatu	15.3	84.8	69.5	4.0	0.9	(3.1)
Average	**38.6**	**24.9**	**(13.7)**	**11.2**	**17.6**	**6.4**

... - data not available.
Source: ADB staff estimates based on SPI country reports, 2012 and 2015.

Taken together, what this means is that the value of social protection expenditures per beneficiary has declined, while the number of beneficiaries has increased. Figures 5.2 and 5.3 present changes in depth and breadth in the nine countries.

Vanuatu provides a particularly interesting result in that the depth of benefits increased from 15.3% of GDP per capita in 2009 to 84.8% of GDP per capita in 2012. This increase appears to be the result of an increase in social insurance benefits. On the other hand, the breadth of coverage in Vanuatu fell from 4.0% of potential beneficiaries to only 0.9%. This was primarily due to a decrease in the breadth of social assistance coverage, as the country recorded zero social assistance in 2012.[28]

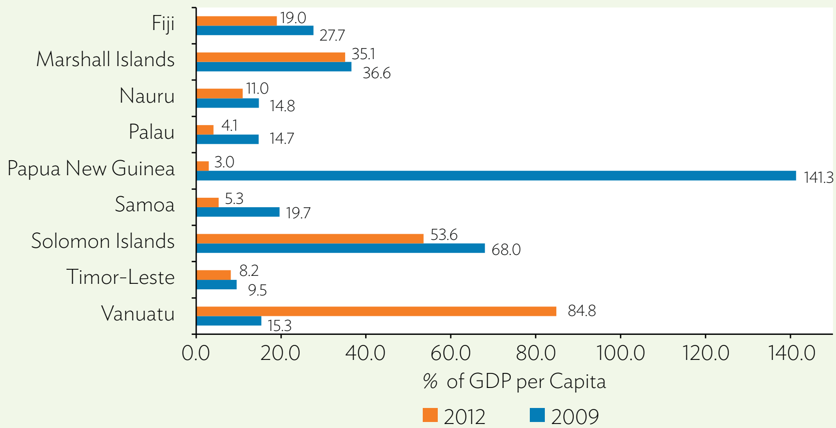
The Marshall Islands was one of two countries that saw declines in both depth (36.6% to 35.1% of GDP per capita) and breadth (11.4% of all potential beneficiaries to 10.7%). The depth indicator declined for all three social protection programs, but the only significant change was in the depth of benefits for social assistance. This was largely the result of the termination of a universal school feeding program and its replacement with a much narrower program focused on preschool-aged children in the urban centers.

The significant decrease in PNG's depth of social protection benefits, from 141.3% of GDP per capita in 2009 to only 3.0% in 2012, was primarily due to the introduction of the Free Public Healthcare program, which has 150,000 beneficiaries. This increase in the number of beneficiaries, while the total expenditures of social protection in terms of GDP per capita was almost the same, resulted to the smaller size of depth.

Of the six countries that showed reduced depth and increased breadth, PNG, Palau, and Samoa all showed declines in depth of more than 70%. On the other side, these three countries all showed increases in breadth of coverage of more than 100%; PNG had the most significant increase, from 0.1% breadth of coverage in 2009 to 1.9% breadth of coverage in 2012. This relates almost entirely to the country introducing a free public health care program in 2012. In PNG the level of social protection coverage is still extremely low by the standards of Asian and Pacific island countries, but it is at least moving in the right direction.

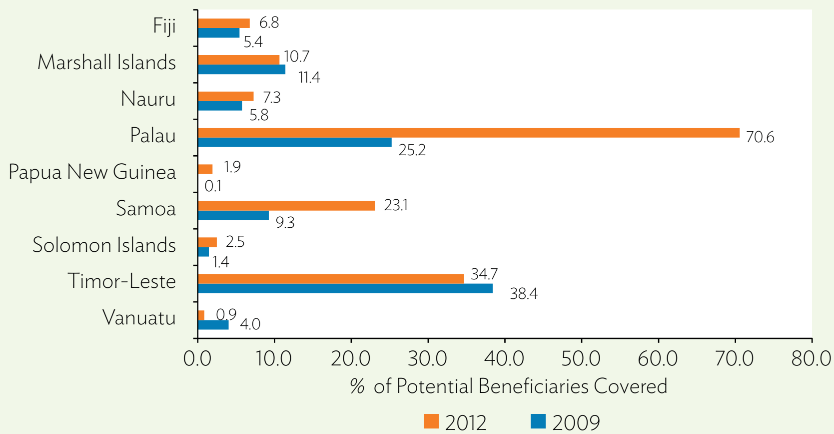
[28] During 2011–2013 SPI compilation, there was no program that met the criteria of the social assistance category. See ADB. 2015m. *Republic of Vanuatu: Updating and Improving the Social Protection Index*. Technical Assistance Consultant's Report (TA-REG 7601). Manila.

Figure 5.2: Social Protection Indicator: Depth of Social Protection, Pacific, 2009–2012



GDP = gross domestic product, SPI = social protection indicator.
Source: ADB staff estimates based on SPI country reports, 2012 and 2015.

Figure 5.3: Social Protection Indicator: Breadth of Social Protection, Pacific, 2009–2012



SPI = social protection indicator.
Source: ADB staff estimates based on SPI country reports, 2012 and 2015.

Palau increased its breadth of coverage from 25.2% of beneficiaries in 2009 to 70.6% in 2012—the highest breadth indicator in the Pacific region for that year. Samoa's breadth of coverage increased from 9.3% to 23.1%.

The other three countries that showed increased breadth and reduced depth were Fiji, Solomon Islands, and Nauru. The broader coverage in Solomon Islands was primarily due to an expansion in its skills development and training activities under labor market programs.

Looking at trends in breadth and depth of coverage during 2009–2012, that six of the nine countries covered in both 2009 and 2012 showed improved breadth of coverage during this period is encouraging from a policy perspective. Overall, the average breadth of coverage for the nine countries increased from 11.2% of intended beneficiaries in 2009 to 17.6% of intended beneficiaries in 2012.

6 Summing Up Results and Policy Implications

This report shows that social protection programs in Pacific island countries are generally underdeveloped. Coverage is narrow, benefits often fail to reach the poor and vulnerable. In almost all countries, social protection is centered on social insurance programs provided through contributory insurance scheme that primarily target and benefit those in formal employment. Broader social assistance programs that specifically target the poor and vulnerable are underdeveloped. Little progress was made in improving social protection in Pacific island countries from 2009 to 2012—a conclusion backed up by declining SPI and depth indicators, and continued weak breadth indicators in Pacific island countries during that period.

These findings come at a time when the poor need more and better social protection programs. Statistics indicate that hardship and basic-needs poverty currently affect about 25% of the population in each of the smaller Pacific economies, and between 40% and 50% of the population in the larger economies of PNG, Timor-Leste, and Fiji. Social protection for the most needy—especially social assistance—is historically provided by traditional social and community structures. Yet these traditional systems are eroding as Pacific economies have become more monetized and out-migration has altered the demographics.

Social Protection Indicator and GDP per Capita

Pacific island countries with higher GDP per capita, such as Palau and the Cook Islands, showed higher SPIs in 2012. Both Palau and the Cook Islands have a close link to a developed country—Palau through the Compact of Free Association

(COFA)[29] with the United States, and the Cook Islands through its dual citizenship arrangement with New Zealand. These relationships have a "demonstration" effect, with the people in each country expecting similar benefits to those in developed countries.

For the Pacific region as a whole, there appeared to be only a slight correlation between GDP per capita and SPI. For the 13 countries covered in this report, the average SPI was 1.9% of GDP per capita. The average SPI for upper middle-income countries was 2.1% of GDP per capita, compared with 1.7% of GDP per capita for the lower middle-income group.

There were significant divergences from the trend line. For example, the Marshall Islands and the FSM—which, like Palau, have COFA relationships with the United States—registered relatively high SPIs even though their per capita incomes were close to the average for all Pacific island countries. All three COFA countries have strong social insurance programs whose basic structure was inherited from their previous status as United Nations Trust Territories and continued under their respective compacts.[30]

Main Social Protection Indicator Components

Social insurance, which through national provident funds is mandatory for almost all employees in the formal sectors of Pacific economies, was by far the largest social protection program across the 13 countries covered in this report. The average SPI for social insurance across the Pacific region was 1.2% of GDP per capita, accounting for almost two-thirds of the overall SPI in the region of 1.9%. There is also scope to expand social insurance to the informal sectors of Pacific economies, which would allow even those employed outside the formal sector to provide for their own old age.

On the other hand, many Pacific island countries are just beginning to develop social assistance programs, leaving considerable scope for governments to expand such programs, as well as labor market programs. The SPI for social assistance was 0.6% of GDP per capita on average among the 13 Pacific island countries. Only three

29 Under the COFA relationship, the United States provides guaranteed financial assistance over an agreed period administered through the Office of Insular Affairs in exchange for full international defense authority and responsibilities.

30 The Trust Territory of the Pacific Islands (TTPI) was a United Nations Trust Territory in Micronesia (western Pacific) administered by the United States from 1947 to 1986. On cessation of trust territory status, the FSM, the Marshall Islands, and Palau became independent states under the COFA arrangements.

countries, the Cook Islands, Kiribati, and Nauru, registered higher SPIs for social assistance than for social insurance.

Social assistance usually takes the form of publicly funded cash or in-kind transfers provided to specific target groups. The average transfer per actual beneficiary—or depth of benefits—tends to be relatively low. For example, in recent years many governments have introduced social assistance benefit payments to the older persons. These payments are often small in relation to GDP per capita, and frequently fall short of basic-needs poverty lines. As economic growth returns to the Pacific region, it is hoped that governments will have more budgetary resources available to fund social assistance programs.

The SPI for labor market programs was just 0.1% of GDP per capita. Labor market programs in the region are centered on just a handful of countries—mainly Timor-Leste, Kiribati, and Fiji.

Expenditures and Beneficiaries

As stated earlier, these programs limit benefits to the relatively small number of people who are employed in the formal sector. Pensions and retirement benefits accounted for a very large proportion of average social protection expenditures in the region. But they accounted for only 23.8% of actual social protection beneficiaries on average in the 13 countries.

By contrast, health insurance had broader reach in relative terms: It averaged 1.8% of social protection expenditures in the 13 countries, but reached 8.6% of actual social protection beneficiaries on average. As noted in the previous section, most Pacific island countries provide universal and free health care, which is not included in the SPI calculations. Health insurance that is included in SPI calculations consists primarily of insurance provided as a component of provident fund contributions.

Although most social insurance schemes are nominally available to self-employed workers or those who wish to make voluntary contributions, in practice very few take advantage of these opportunities. It would be in the interest of such individuals to join social insurance schemes and thus save something for their retirement. And it would be in the interest of Pacific island country governments to encourage such individuals to join such schemes.

Within the social assistance component, child welfare programs accounted for the most beneficiaries, reaching an average of 16.2% of actual social protection beneficiaries in the 13 countries. This is a notable finding since up to one-third of children come from the poorest households in Pacific island countries.[31]

However, it should be noted that 85% of all child welfare beneficiaries are located in Timor-Leste, with another 11% located in Samoa. This represents 56% and 50% of target children in each country, respectively. Although the absolute numbers are small, other countries that register relatively high levels of child welfare beneficiaries are the Marshall Islands (10% of potential beneficiaries), the Cook Islands (79%), Palau (69%), and Fiji (2%).

Expenditures on child welfare, by contrast, averaged 3.8% of social protection expenditures in the 13 countries. These skewed figures indicate that the average benefit received by children (or their families on their behalf) tends to be small. Health assistance also stood out by accounting for a disproportionate share of actual social protection beneficiaries (7.0% on average), but averaged just 1.5% of social protection expenditures in the 13 countries.

Assistance to persons with disabilities was quite small even if they account for about 7% of the total population across the Pacific region. However, such assistance does reach a disproportionate share of actual social protection beneficiaries (4.4% on average) relative to its average share of social protection expenditures (1.9%). Hence, governments should strive to increase expenditures on social assistance programs for persons with disabilities.

Depth and Breadth

Having a high SPI does not guarantee that a country's social protection programs are effective and reach the most poor and vulnerable. That is where depth and breadth of social protection coverage come into play.

As discussed in this report, social protection in Pacific island countries is dominated by social insurance, in particular pensions. Because the breadth of social insurance was low (just 10.0% of potential beneficiaries reached on average in the 13 countries), overall breadth of social protection in the Pacific region was also relatively low (18.9% of potential beneficiaries reached on average).

Comparing the depth and breadth figures of 2009 and 2012, average breadth of social protection coverage improved in the nine review countries from 11.2% of

31 National poverty reports for Pacific island countries; available on national statistics office websites through www.spc.int/PRISM

potential beneficiaries in 2009 to 17.6% of potential beneficiaries in 2012. However, the average depth of social protection benefits in the nine countries declined significantly from 38.6% of GDP per capita in 2009 to 24.9% of GDP per capita in 2012. The regional averages hide significant variations among individual countries, although every country besides Vanuatu did indeed show a decline in its depth indicator. Vanuatu's depth increased from 15.3% in 2009 to 84.8% in 2012, mainly because of a very large increase in its depth of social insurance indicator.

Poverty and Gender Dimensions of the Social Protection Indicator

The SPI provides insight into the poverty and gender dimensions of social protection programs. Looking first at the poverty dimension, the data clearly indicate that the nonpoor are the main beneficiaries of social protection. The SPI for the nonpoor was 1.5% of GDP per capita, while that for the poor was only 0.2%. This means that social protection expenditures in the Pacific region favored the nonpoor over the poor by a ratio of about eight to one.

Social insurance was the main area of imbalance. The nonpoor SPI for social insurance was 1.1% of GDP per capita, whereas the corresponding SPI for the poor was only 0.1% of GDP per capita. Generally, social assistance programs are targeted to the poor. However, the findings show that the SPI for nonpoor (0.5% of GDP per capita) is higher than the SPI for the poor (0.1% of GDP per capita). This might be due to mis-targeted and weak capacity to implement the social assistance programs.

The average SPIs for the poor and nonpoor for labor market programs in Pacific island countries were very small that it is not possible to draw any meaningful conclusions based on them. However, where labor market programs did feature prominently in a country's social protection portfolio, such as in Kiribati and Solomon Islands, they appeared to primarily benefit the nonpoor.

The SPI results suggest that men benefit more from social protection particularly social insurance than women in Pacific island countries. The SPI for social insurance was 0.5% for women and 0.7% for men. The difference reflects lower labor force participation rates among women, particularly in the formal sector. Men also appear to receive slightly more social assistance than women, although the difference was small.

As with the poor versus nonpoor disaggregation, the small size of labor market programs made it impossible to reach any meaningful regional conclusions regarding the gender discrepancy of labor market programs for men and women.

Progress in Social Protection over Time

Comparing data for the nine Pacific island countries surveyed in both 2009 and 2012 suggests that, as a group, the countries made little progress in improving social protection over this period. The aggregate SPI fell from 1.9% of GDP per capita in 2009 to 1.7% of GDP per capita in 2012.

Of the nine Pacific island countries, only two countries, Vanuatu and Solomon Islands, improved their SPIs during 2009–2012. The other seven countries all saw their SPIs decline, albeit in some cases (namely PNG and Nauru) the declines were extremely small. Samoa showed a decline of SPI, from 1.8% in 2009 to 1.2% in 2012, mainly because of a significant decline in its SPI for social assistance. Only Nauru showed improvement in its SPI for social assistance from 2009 to 2012. The other eight Pacific island countries showed small declines or maintained the same level.

Policy Implications

This report has identified significant variations in the provision of all types of social protection across Pacific island countries. There are wide variations in the scope and level of benefits at both the country and regional levels.

The relatively slow economic growth rates in smaller, less resource-rich countries such as those in the Pacific are increasingly have negative impact on the poor. When traditional social protection systems such as family and community support are gradually weakening, there is a growing need for governments to pay more attention to expand social protection programs.

Governments have tried to fill the social protection gap with a range of programs, but they have largely taken a piecemeal approach, with weak links between the three main components of social protection (social insurance, social assistance, and labor market programs), and little consistency in the types of benefits offered. Thus far, few Pacific island countries have had success in developing pro-poor social protection policies (Fiji being the main exception), although some countries, including the Cook Islands, the Marshall Islands, and Tonga, are currently developing such policies.

Under such circumstances, Pacific governments urgently need to increase attention on social protection policies and programs. This will mean increasing budgets for social protection programs targeted at the poor and disadvantaged. The various SPI disaggregations discussed in this report provide a basis for Pacific island countries to design effective social protection programs tailored to their own specific needs. Such programs should also take into account the basic policy framework and recommendations on expanding social protection agreed to at the ILO General Conference in 2012.[32]

There is also a call for heightened policy dialogue and the development of more comprehensive social protection systems for Pacific island countries. The social protection indicator at the country level can be used by policy makers as an advocacy tool to raise social protection awareness and highlight specific gaps and weaknesses in national social protection systems.

It is further recommended that Pacific governments consider developing a comprehensive and coordinated social policy to strengthen social protection systems in the region. This would (i) clearly identify and consider the needs of the most disadvantaged and vulnerable, such as the poor, single parents, those living with disabilities, children, older persons, and the unemployed; (ii) develop appropriate targeting mechanisms and/or universal benefit schemes and benefit levels to ensure that the standard of living of the disadvantaged and vulnerable groups are improved; and (iii) create the most cost-effective and efficient institutional mechanism for the delivery of social protection programs.

[32] R202 - Social Protection Floors Recommendation, 2012 (No. 202): Recommendation concerning National Floors of Social Protection. Adoption: Geneva, 101st ILC session (14 Jun 2012). Status: Up to date; instrument. www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:3065524

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Basic Methodology for Constructing Social Protection Indicator

APPENDIX 1

The social protection indicator (SPI) is composed of two ratios. The first is the ratio of all expenditures on social protection divided by all intended or potential beneficiaries for each country. The second ratio is derived by dividing the first ratio by gross domestic product (GDP) per capita of each country.

Mathematically, the SPI can be expressed as follows:

$$SPI = \frac{\left[\dfrac{\sum E}{\sum PB}\right]}{Z}$$

where

E represents social protection expenditures,
PB represents potential beneficiaries, and
Z represents GDP per capita.

1. Disaggregation of the SPI into Depth and Breadth

The SPI can be disaggregated into the depth and breadth of coverage of social protection in each country.

(i) Depth

The depth is represented by the average benefits received by each beneficiary of social protection. Since this aspect of the SPI is the monetary term, it is divided by GDP per capita.

This dimension is measured as follows:

(Total expenditures divided by total actual beneficiaries) divided by Z, or GDP per capita.

Depth can be represented by the following equation:

$$D = \frac{\left[\dfrac{\sum E}{\sum AB}\right]}{Z}$$

where

D represents depth,
E represents SP expenditures, and
Z represents the GDP per capita.

(ii) Breadth

The breadth of coverage is simply the proportion of the total potential beneficiaries who are actual beneficiaries (i.e., those who receive social protection benefits). This is computed as:

Total actual beneficiaries divided by total potential beneficiaries. Breadth can be represented by the following equation:

$$B = \frac{\sum AB}{\sum PB}$$

where

B denotes breadth,
AB represents actual SP beneficiaries, and
PB represents potential SP beneficiaries.

2. Disaggregation of the SPI by Component

The second major disaggregation of the SPI involves a three-way disaggregation of the major components of social protection:

- the SPI for social insurance (includes such programs as pensions, health insurance, and unemployment benefits);
- the SPI for social assistance (includes such programs as assistance to the older people, health assistance, poverty programs, and child welfare); and
- the SPI for labor market programs (includes such programs as training and skills development and public works schemes).

Each of the three components is expressed as a ratio of total expenditures on that component divided by the corresponding total of potential beneficiaries of that component. But each of these three ratios has to be multiplied by its corresponding "population weight" in order for the SPIs for the three components to add up to the overall SPI for all social protection. The "population weight" is the ratio of potential beneficiaries for that component to all potential beneficiaries of all social protection.

The formula for the SPI of each of the three components can be illustrated by the formula for the SPI for social insurance (SI). Deriving the SPI for social insurance proceeds as follows:

(Total SI expenditures divided by total SI potential beneficiaries)

multiplied by

(Total SI potential beneficiaries divided by total potential beneficiaries from all social protection)

multiplied by 1/GDP per capita.

Thus, the SPI for SI is expressed by the following equation:

$$SPI_{si} = \frac{\left[\frac{\sum E_{si}}{\sum PB_{si}}\right] \times \left[\frac{PB_{si}}{PB}\right]}{Z}$$

The last expression in the numerator represents the proportion of the total SI potential beneficiaries divided by the total potential beneficiaries for all social protection. Z represents GDP per capita.

Based on such "population weighting," the SPIs of the three components [social insurance (SI), social assistance (SA), and labor market programs (LMP)] should add up to the overall SPI:

SPI = SPI (SI) + SPI (SA) + SPI (LMP)

3. Disaggregation of the SPI by Poor and Nonpoor

The SPI can also be disaggregated by total expenditures on poor and nonpoor potential beneficiaries. For example,

(i) *SPI (poor)* or SPI_p can be derived as follows:

SPI_p is based on the sum of all expenditures on the poor divided by all the poor (since the poor in their entirety are regarded as the potential beneficiaries). But it is weighted by the ratio of all the poor to all potential beneficiaries of social protection.

This relationship can be represented mathematically by the following equation:

$$SPI_p = \left[\frac{\sum E_p}{\sum PB_p} \right] \times \left[\frac{\sum PB_p}{\sum PB} \right]$$

This weighted ratio has to be divided by GDP per capita in order to assume the final SPI form.

(ii) *SPI (nonpoor)*

The same mathematical logic applies to the SPI for the nonpoor. SPI_{np} is the sum of all expenditures on total nonpoor potential beneficiaries multiplied by the weight of the ratio of all nonpoor potential beneficiaries divided by all potential beneficiaries of social protection.

This relationship can be represented mathematically by the following equation:

$$SPI_{np} = \left[\frac{\sum E_{np}}{\sum PB_{np}} \right] \times \left[\frac{\sum PB_{np}}{\sum PB} \right]$$

Similarly, this second weighted ratio has to be divided by GDP per capita in order to assume the final SPI form.

Thus, when the SPI (poor) is added to the SPI (nonpoor), the “population weights” ensure that the result will be the overall SPI.

The decomposition of the SPI (women) and the SPI (men) is not described in this appendix since the same mathematical logic that is used for the SPI (poor) and the SPI (nonpoor) is used for the gender disaggregation. The population weights will, in general, be similar in the gender disaggregation.

APPENDIX 2

Detailed Tables on Social Protection Expenditures and Beneficiaries

Table A2.1: Social Insurance Expenditures by Subcomponent, Pacific, 2012 ($ million)

Country	Social Insurance	Pensions	Health Insurance	Unemployment Benefits	Other Social Insurance
Cook Islands	0.8	0.81	...	...	...
Fiji	24.1	24.14	...	...	...
Kiribati	...	...	...	...	...
Marshall Islands	6.5	6.10	...	...	0.45
Micronesia, Fed. States of	17.7	11.04	...	...	6.71
Nauru	0.2	0.12	...	0.03	0.03
Palau	11.4	10.01	1.37	...	...
Papua New Guinea	9.5	8.12	...	0.13	1.22
Samoa	7.4	7.38	...	...	...
Solomon Islands	11.2	11.11	...	0.04	...
Timor-Leste	20.5	20.50	...	...	...
Tonga	2.9	2.47	0.44	...	...
Vanuatu	6.3	4.67	...	...	1.64
Overall Total	**118.5**	**106.47**	**1.81**	**0.21**	**10.05**

... - data not available, SPI = social protection indicator.
Source: ADB staff estimates based on SPI country reports, 2015.

Table A2.2: Social Assistance Expenditures by Subcomponent, Pacific, 2012 ($ million)

Country	Social Assistance	Assistance for Older People	Health Assistance	Child Welfare	Disability Assistance	Social Transfers
Cook Islands	10.2	6.98	...	2.10	...	1.12
Fiji	18.7	...	...	2.46	0.08	16.17
Kiribati	1.9	1.93	...	...	...	...
Marshall Islands	0.8	...	...	0.82	...	...
Micronesia, Fed. States of	1.2	...	...	...	...	1.20
Nauru	0.8	0.41	...	...	0.15	0.19
Palau	0.8	0.06	...	0.70	0.01	...
Papua New Guinea	1.2	...	0.96	...	...	0.28
Samoa	1.4	...	0.82	0.12	0.48	...
Solomon Islands	0.01	...	...	...	...	0.01
Timor-Leste	21.9	15.46	0.03	2.94	1.14	2.33
Tonga	0.9	0.80	0.06	0.03	...	...
Vanuatu	...	...	...	...	...	...
Overall Total	**59.9**	**25.65**	**1.87**	**9.17**	**1.87**	**21.30**

... - data not available, SPI = social protection indicator.
Source: ADB staff estimates based on SPI country reports, 2015.

Table A2.3: Labor Market Programs Expenditures by Subcomponent, Pacific, 2012 ($ million)

Country	Labor Market Programs	Cash for Work	Skills Development Training
Cook Islands	...	...	...
Fiji	2.0	...	2.04
Kiribati	0.4	0.40	...
Marshall Islands	...	...	...
Micronesia, Fed. States of	...	...	...
Nauru	...	...	...
Palau	0.02	...	0.02
Papua New Guinea	0.2	0.18	0.003
Samoa	0.2	...	0.22
Solomon Islands	1.2	0.86	0.31
Timor-Leste	3.6	3.61	...
Tonga	...	...	...
Vanuatu	0.5	...	1.00
Overall Total	**8.1**	**5.04**	**3.09**

... - data not available, SPI = social protection indicator.
Source: ADB staff estimates based on SPI country reports, 2015.

Table A2.4: Beneficiaries of Social Insurance by Subcomponent, Pacific, 2012 (in 000s)

Country	Social Insurance	Pensions	Health Insurance	Unemployment Benefits	Other Social Insurance
Cook Islands	7.4	7.35	...	...	...
Fiji	6.6	6.58	...	...	...
Kiribati	...	...	...	...	...
Marshall Islands	4.2	3.94	...	...	0.29
Micronesia, Fed. States of	5.2	2.72	...	...	2.43
Nauru	0.1	0.03	...	0.02	0.03
Palau	19.3	4.45	14.90	...	...
Papua New Guinea	7.1	5.29	...	1.40	0.41
Samoa	9.6	9.59	...	...	...
Solomon Islands	3.0	3.03	...	0.02	...
Timor-Leste	30.9	30.89	...	...	...
Tonga	16.6	8.30	8.30	...	...
Vanuatu	0.9	0.73	...	...	0.21
Overall Total	**110.9**	**82.90**	**23.20**	**1.43**	**3.38**

... - data not available, SPI = social protection indicator.
Source: ADB staff estimates based on SPI country reports, 2015.

Table A2.5: Beneficiaries of Social Assistance by Subcomponent, Pacific, 2012 (in 000s)

Country	Social Assistance	Assistance for Older People	Health Assistance	Child Welfare	Disability Assistance	Social Transfers
Cook Islands	6.5	1.71	...	3.61	...	1.21
Fiji	54.1	...	...	4.00	30.24	19.82
Kiribati	3.1	3.08	...	...	...	...
Marshall Islands	2.2	...	...	2.16	...	...
Micronesia, Fed. States of	2.0	...	...	...	...	2.05
Nauru	0.6	0.14	...	...	0.03	0.47
Palau	2.8	0.17	...	2.40	0.25	...
Papua New Guinea	160.0	...	150.00	...	...	10.00
Samoa	37.1	...	0.29	36.16	0.63	...
Solomon Islands	0.2	...	...	...	...	0.16
Timor-Leste	406.9	86.48	0.12	272.09	6.56	41.65
Tonga	1.9	1.77	0.14	0.03	...	...
Vanuatu	...	...	...	...	...	...
Overall Total	**677.4**	**93.34**	**150.55**	**320.45**	**37.70**	**75.37**

... - data not available, SPI = social protection indicator.
Source: ADB staff estimates based on SPI country reports, 2015.

Table A2.6: Beneficiaries of Labor Market Programs by Subcomponent, Pacific, 2012 (in 000s)

Country	Labor Market Programs	Cash for Work	Skills Development Training
Cook Islands	...	...	...
Fiji	4.1	...	4.12
Kiribati	0.1	0.13	...
Marshall Islands	...	...	...
Micronesia, Fed. States of	...	...	...
Nauru	...	...	...
Palau	0.01	...	0.01
Papua New Guinea	1.3	0.65	0.65
Samoa	0.1	...	0.11
Solomon Islands	12.1	2.77	9.31
Timor-Leste	49.8	49.75	...
Tonga	...	...	...
Vanuatu	1.7	...	1.72
Overall Total	**69.2**	**53.30**	**15.93**

... - data not available, SPI = social protection indicator.
Source: ADB staff estimates based on SPI country reports, 2015.

Table A2.7: Social Protection Potential Beneficiaries by Component, Pacific, 2012 (in 000s)

Country	TOTAL	Social Insurance	Social Assistance	Labor Market Programs
Cook Islands	**22.3**	11.4	10.2	0.7
Fiji	**956.9**	371.8	545.7	39.4
Kiribati	**120.6**	47.9	62.2	10.6
Marshall Islands	**59.9**	18.9	39.4	1.7
Micronesia, Fed. States of	**126.4**	41.2	79.2	6.0
Nauru	**9.8**	3.2	6.5	0.2
Palau	**31.4**	21.9	9.0	0.6
Papua New Guinea	**8,713.9**	2,289.6	5,912.8	511.5
Samoa	**202.8**	71.9	123.3	7.6
Solomon Islands	**614.1**	215.7	351.2	47.2
Timor-Leste	**1,405.4**	333.4	1,006.5	65.5
Tonga	**109.2**	41.9	65.0	2.3
Vanuatu	**308.6**	120.8	174.0	13.7

... - data not available, SPI = social protection indicator.
Source: ADB staff estimates based on SPI country reports, 2015.

Social Protection Indicator with and without Disaster Relief, 2012

APPENDIX
3

	Without Disaster Relief	With Disaster Relief	Difference (% points)
Cook Islands	2.8	2.8	0.0
Fiji	1.3	1.3	0.0
Kiribati	1.1	1.1	0.0
Marshall Islands	3.7	3.7	0.0
Micronesia, Fed. States of	4.8	4.8	0.0
Nauru	0.8	0.8	0.0
Palau	2.9	3.4	(0.5)
Papua New Guinea	0.1	0.1	0.0
Samoa	1.2	1.6	(0.4)
Solomon Islands	1.3	1.3	0.0
Timor-Leste	2.8	2.9	(0.1)
Tonga	0.8	0.8	0.0
Vanuatu	0.7	0.7	0.0
Average	**1.9**	**1.9**	**0.0**

Source: ADB staff estimates based on SPI country reports, 2015.

The Social Protection Indicator
Assessing Results for the Pacific

The Asian Development Bank (ADB) is committed to developing and updating a comprehensive set of comparable and accessible data to help measure performance of social protection programs in Asia and the Pacific. This 2016 report is the first comprehensive assessment of government social protection programs in 13 Pacific island countries, while a similar report presents data collected for 25 countries in Asia. This publication is an update of the 2013 report, *The Social Protection Index: Assessing Results for Asia and the Pacific.* It is intended to help monitor and assess the nature of government social insurance, social assistance, and labor market programs in the Pacific.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to half of the world's extreme poor. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

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