

## *Executive summary*

The proliferation of social protection schemes has prompted a number of countries to attempt to weave individual schemes into comprehensive and coherent social protection systems. This approach is in line with Target 1.3 of the Sustainable Development Goals: ‘To implement nationally appropriate social protection systems and measures for all’. The systems-building process usually begins with the formulation of a social protection policy, which lays out a vision for integrating different schemes and achieving better coverage. While there is variation across countries, the term social protection system usually refers to a framework whereby the three pillars of social protection – *social assistance*, *social insurance* and *labour market programmes* – are integrated or (at a minimum) co-ordinated. Integration usually involves creating linkages between different programmes under each pillar of the social protection system, for example, combining different food security transfers within the social assistance pillar.

The benefits of a social protection system are manifold. Establishing an integrated system facilitates provision of a social protection floor, whereby individuals are appropriately protected throughout the life cycle. This is achieved not only by making sure there is a sufficient range of programmes to cover a population’s risk profile but also by sharing information on different individuals to ensure they are linked to an appropriate programme. Systems also minimise costs, both from the government’s side (by sharing infrastructure and achieving economies of scale) and at an individual level, by reducing the transaction costs associated with applying for different social protection programmes.

The *Social Protection System Review* (SPSR) is an analytical tool intended to inform developing countries’ efforts to extend and reform their social protection systems. The SPSR views a country’s social protection system holistically and within a country’s broader policy context. The SPSR takes a forward-looking approach, providing not only a diagnostic of the current state of the social protection system but also highlighting future challenges and options for addressing them. This will include an analysis of the country’s demographics, poverty dynamics, labour market trends and revenue base in so far as these have implications for the social protection system. The analysis will also examine how social protection expenditure is currently financed and its sustainability over the long term.

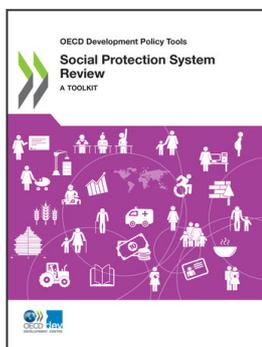
The SPSR places a strong emphasis on the extent to which a social protection system provides effective and equitable coverage for the poor and those who are vulnerable to poverty. It analyses whether the system has contributed to reducing poverty, vulnerability and inequality as well as examining the extent to which it has fostered more inclusive growth, defined as an improvement of living standards and the sharing of the benefits of increased prosperity more evenly across social groups. The analysis will include non-monetary dimensions that matter for well-being, such as employment prospects, health outcomes, educational opportunities or vulnerability to adverse environmental factors.

The SPSR will examine five dimensions of a country's social protection system:

1. **Need:** Forward-looking analysis of risks and vulnerabilities across the life-cycle to determine the need for social protection.
2. **Coverage:** Identification of existing social protection schemes and gaps in coverage.
3. **Effectiveness:** Assessment of the adequacy, equity and efficiency of social protection provision.
4. **Sustainability:** Assessment of fiscal policy and the financing of social protection.
5. **Coherence:** Assessment of the institutions and political processes for social protection and their alignment with other policies.

Taken together, these five dimensions provide a diagnostic of the main challenges for a country's social protection system and identify potential avenues for its extension and reform over the long term. The toolkit therefore consists of five modules to analyse these dimensions:

- Module 1 focuses on a country's current social protection needs now and into the future. It identifies and analyses the risks and vulnerabilities that confront individuals at various points in their lives and assesses how these might evolve over time. It also highlights broader risks and vulnerabilities confronting particular groups, regions or the country as a whole.
- Module 2 catalogues existing social protection provision and assesses the extent to which it responds to a country's present and future needs. It uses a three-stage methodology: analysing the institutional, political and legislative context for social protection; mapping existing programmes; and identifying gaps in the system relative to the drivers of demand for social protection identified in Module 1.
- Module 3 analyses the effectiveness of a country's social protection system, based on the adequacy, efficiency and equity of the key programmes identified in Module 2. These dimensions determine the extent to which existing social protection instruments alleviate poverty, reduce inequality and address risk and vulnerability, given the resources currently allocated to the sector.
- Module 4 assesses how social protection is financed, answering four critical questions: Are resources allocated appropriately across the sector? Are social protection programmes sustainable over the long term? Does potential exist to expand existing schemes or introduce new ones? Are the mechanisms used to finance social protection spending consistent with the objectives of the programmes they are financing?
- Module 5 builds upon the evidence presented in the first four modules to identify key policy responses and explores their potential implementation to create a foundation for a robust social protection system. The objective is to enhance the extent to which social protection is comprehensive in terms of its various instruments, institutions and information-sharing platforms. This module also presents a political economy analysis, exploring the relationship between the government ministry tasked with implementing social protection and other relevant actors.



**From:**  
**Social Protection System Review**  
A Toolkit

**Access the complete publication at:**  
<https://doi.org/10.1787/9789264310070-en>

**Please cite this chapter as:**

OECD (2018), "Executive summary", in *Social Protection System Review: A Toolkit*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264310070-3-en>

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