



# **Social Protection in Fiscal Stimulus Packages: What's in Place and More to Come?**

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\*The views expressed are those of the authors and do not necessarily reflect those of the organization with which they are affiliated. Please send comments to [yanchun.zhang@undp.org](mailto:yanchun.zhang@undp.org) and [nina.thelen@undp.org](mailto:nina.thelen@undp.org)

# Structure of the Presentation

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1. Methodology;
2. The Overall Size of Fiscal Stimulus Packages: Some Facts;
3. The Size of Social Protection Measures in Fiscal Stimulus Packages: Some Facts;
4. Specific Social Protection Measures announced by different Countries;
5. Outlook.

# 1. Methodology

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- Fiscal stimulus data was mainly collected from official sources (mostly government and central bank websites but also IMF Article IV consultations);
- Financial support measures (financial bail-outs etc.) are excluded from our calculations;
- We focus on *announced* stimulus plans;
- Only *discretionary* fiscal measures are included;
- Cut-off date for data and information is June 30<sup>th</sup>, 2009.



# 1. Methodology (cont.)

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- Our definition of social protection measures:  
Policy interventions that are intended to reduce poverty and vulnerability and to improve human welfare;
- Groups that measures are aimed at:  
Poor and vulnerable, e.g. (non-working) young, unemployed, working poor, (non-working) elderly, special groups and minorities;
- Examples of interventions:  
Measures taken in the areas of education, health, housing, labor market policies, social security.

## 2. The Overall Size of Fiscal Stimulus Packages: Some Facts\*

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- Worldwide, 49 countries announced fiscal stimulus packages;
- Total worldwide fiscal stimulus size amounts to USD2.4 trillion (about 3.9% of world GDP in 2008);
- 5 countries have announced a fiscal stimulus accounting for more than 10% of their 2008 GDP;
- Largest fiscal stimulus packages in terms of total size: U.S. (6% of its 2008 GDP) and China (13% of its 2008 GDP).

\* Cut-off date for data and information is June 30<sup>th</sup>, 2009.

### 3. The Size of Social Protection Measures in Fiscal Stimulus Packages: Some Facts\*

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- 35 countries announced social protection measures in their fiscal stimulus plans;
- Total allocated to social protection in fiscal stimulus plans is about USD653 billion (about 1% of world GDP in 2008);
- On average, the 35 countries announced to spend 25% of their fiscal stimulus on social protection measures;
- 29 countries announced to spend more than 10% of their fiscal stimulus on social protection.

\* Cut-off date for data and information is June 30<sup>th</sup>, 2009.

## 4. Specific Social Protection Measures announced by different Countries\*



<b>Area of intervention</b>	<b><u>Public and social housing</u></b>
<b>Announced by</b>	10 of the 35 countries (e.g. Australia, China, France, Honduras, Malaysia, Russia, South Africa, Switzerland, United States and Vietnam)
<b>Examples of specific interventions</b>	<p>China announced to spend 10% of its total stimulus on public housing;</p> <p>Vietnam announced to spend 17% of its total stimulus on building houses for workers and low-income families;</p> <p>Advanced economies like Australia and France announced to dedicate close to 10% of their own total stimulus on public housing.</p>

\* Cut-off date for data and information is June 30<sup>th</sup>, 2009.

## 4. Specific Social Protection Measures announced by different Countries (cont.)\*



<b>Area of intervention</b>	<b><u>Health</u></b>
<b>Announced by</b>	More than 10 countries (e.g. China, Germany, Honduras, Indonesia, Japan, Peru, South Africa, Thailand, Switzerland, United States)
<b>Examples of specific interventions</b>	<p>China, Honduras, Indonesia, Japan, Peru, South Africa, Thailand, United States announced increased spending on public health;</p> <p>Germany announced compensation for the contribution to statutory health insurance;</p> <p>Switzerland and the United States announced the provision of health insurance assistance.</p>

\* Cut-off date for data and information is June 30<sup>th</sup>, 2009.

## 4. Specific Social Protection Measures announced by different Countries (cont.)\*



Area of intervention	<u>Education</u>
<b>Announced by</b>	More than 10 countries (e.g. China, Finland, Honduras, Malaysia, Netherlands, Peru, Russia, South Africa, Switzerland, Taiwan, Thailand, United States).
<b>Examples of specific interventions</b>	Developing countries tend to focus on primary education, including China's CNY150 billion on pro-poor and pro-rural health care and education and Malaysia's MYR0.2 billion for pre-school education;  Developed countries, instead, choose to support professional schools for the unemployed or non-working young (e.g. Netherlands, Switzerland).

\* Cut-off date for data and information is June 30<sup>th</sup>, 2009.

## 4. Specific Social Protection Measures announced by different Countries (cont.)\*



Area of intervention	<u>Labor market</u>
<b>Announced by</b>	20 countries (Austria, Belgium, Canada, Finland, France, Germany, Israel, Japan, Korea, Malaysia, Mexico, Netherlands, Portugal, Russia, Singapore, Slovenia, South Africa, Switzerland, Thailand, United States).
<b>Examples of specific interventions</b>	<p>Thailand announced training and wage subsidies aimed at the unemployed;</p> <p>South Africa announced measures for the expanded public works programme;</p> <p>Portugal announced support to maintain employment, to support young people in access to employment and to support the return to work.</p>

\* Cut-off date for data and information is June 30<sup>th</sup>, 2009.

## 4. Specific Social Protection Measures announced by different Countries (cont.)\*



Area of intervention	<u>Social security</u>
<b>Announced by</b>	Close to 10 countries (e.g. Australia, Bangladesh, Czech Republic, Finland, Philippines, Russia, Turkey).
<b>Examples of specific interventions</b>	Bangladesh announced expenditure on social security;  The Philippines announced additional benefits to members by social security institutions;  Turkey announced a reduction of social security contributions for young and female workers.

\* Cut-off date for data and information is June 30<sup>th</sup>, 2009.

## 5. Outlook

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- Currently, some countries are talking about fiscal stimulus exit strategies while others are ready for new and more stimulus measures;
- Do we need more social protection stimulus in the near future?
- How can we use this crisis as an opportunity for improving existing or building effective social safety nets?



Thank you!