

ESSPROS Manual

**The European System of integrated Social PROtection Statistics
(ESSPROS)**

2008 edition

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Luxembourg: Office for Official Publications of the European Communities, 2008

ISBN 978-92-79-04777-0

ISSN 1977-0375

Cat. No. KS-RA-07-027-EN-N

Theme: Population and social conditions

Collection: Methodologies and working papers

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ESSPROS MANUAL

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PART 1

ESSPROS: GENERAL PRINCIPLES AND CORE SYSTEM

1. INTRODUCTION TO THE ESSPROS SYSTEM

- 1 Article 2 of the EU Treaty identifies the promotion of a high level of social protection and the development of the economic and social cohesion of the Member States as tasks of the Community. In order to monitor the progress of these tasks, the European Commission needs access to detailed and up-to-date information on the organisation, current standing and developments of social protection in the Member States and beyond
- 2 The European System of integrated Social PROtection Statistics (ESSPROS) was developed in the late '70s by Eurostat jointly with representative of the Member States of the European Union in response to the need for a specific instrument of statistical observation of social protection in the EC Member States.
- 3 The first ESSPROS methodology was published in 1981. In 1993, Eurostat undertook a general revision of the ESSPROS, in close co-operation with the Members States. The ESSPROS Manual 1996 was the outcome of this revision process.
- 4 In April 2005, Eurostat proposed to introduce a legal basis for the ESSPROS project. The legal basis was proposed as a Regulation of the European Parliament and the Council¹ (frame Regulation) supplemented by Commission Regulations² implementing in particular: ESSPROS core system (including qualitative information by schemes and detailed benefits), the module on pension beneficiaries and the pilot data collection on Net social protection benefits.
- 5 Concurrently, an update of the ESSPROS Manual 1996 was undertaken because there was a need for adjusting the structure of the Manual and incorporating methodological clarifications. The present Manual is the outcome of this revision process. The revision has been possible thanks to the kind co-operation of the members of the Working Group for social protection statistics.
- 6 The new Manual does not contain significant changes, but mainly adjustments in the definitions and classifications. The first two parts of the Manual deal with the Core system of the ESSPROS. The Core consists of a stable, annually collected set of data on the receipts and expenditures of social protection schemes in the European Union. Methodologies for supplementary sets of statistical information (modules) will be added to the updated ESSPROS Manual. The subjects covered by the modules were determined on the basis of the needs expressed. The list of the modules is given in the EP and Council ESSPROS Regulation. A module on pension beneficiaries was already planned and the methodology has been included in the Manual. On the other hand for the purposes of a module on net social protection benefits, depending on the results of a pilot data collection in all Member States, a Commission Regulation could be added on this subject

The ESSPROS Manual is the reference document in the two Commission Regulations implementing the EP and Council ESSPROS Regulation. It contains all detailed definitions and classifications.

¹ Regulation (EC) No 458/2007 of the European Parliament and of the Council of 25 April 2007 on the European system of integrated social protection statistics (ESSPROS) published in OJ L113, 30.04.2007, p.3.

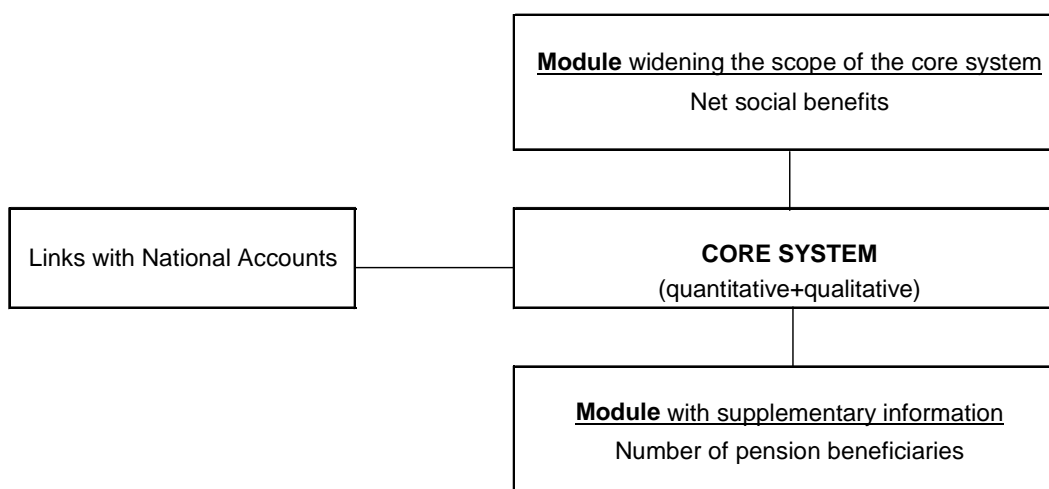
² Commission Regulation (EC) No 1322/2007 of 12 November 2007 implementing Regulation (EC) No 485/2007 of the European Parliament and of the Council on the European system of integrated social protection statistics (ESSPROS) as regards the appropriate formats for transmission, results to be transmitted and criteria for measuring quality for the ESSPROS core system and the module on pension beneficiaries published in OJ L294, 13.11.2007, p.5.

Commission Regulation (EC) No 10/2008 of 8 January 2008 implementing Regulation (EC) No 485/2007 of the European Parliament and of the Council on the European system of integrated social protection statistics (ESSPROS) as regards the definitions, detailed classifications and updating of the rules for dissemination for the ESSPROS core system and the module on pension beneficiaries published in OJ L5, 09.01.2008, p.3.

Concurrently, an extended Manual (or the "ESSPROS Manual and user guidelines") was produced. Its nature is serving as a User's Guide for compiling and using ESSPROS. The "ESSPROS Manual and user guidelines" contains in addition examples, further explanations and a complete list of schemes for each country. These specific items will be updated if necessary.

- 7 The objectives of ESSPROS are to provide a comprehensive and coherent description of social protection in the Member States:
 - covering social benefits and their financing;
 - geared to international comparability;
 - harmonising with other statistics, particularly the national accounts, in its main concepts.
- 8 ESSPROS, the integrated system of social protection statistics, provides a coherent comparison between European countries of social benefits to households and their financing. Social benefits are transfers to households, in cash or in kind intended to relieve them from the financial burden of a number of risks or needs.
- 9 The risks or needs of social protection refer to the ESSPROS functions that are comprehensive, but do not include education unless it is a support to indigent families with children. The functions are disability, sickness/health care, old age, survivors, family/children, unemployment, housing and social exclusion.
- 10 Social benefits are made through collectively organised schemes by government and/or collective agreements. The schemes do not necessarily refer to institutions, although they are in many cases. These schemes can be defined solely for ESSPROS as a classification of schemes exists, where schemes are grouped by criteria. All schemes that are solely based on individual arrangements or where simultaneous reciprocal agreements exist are not regarded as social protection.
- 11 The scheme concept of social protection is straightforward as it starts from the point of view of the beneficiaries and therefore differs from other concepts that concentrate on institutional units spending or budgetary costs. The schemes are defined nationally according to the ESSPROS framework.
- 12 There are links with National Accounts, although there is not a complete conceptual match between the ESSPROS system and National Accounts. Particularly, the achievement of ESSPROS is its accounting structure similar to the National Accounts (benefits and their financing) at the level of the statistical unit of ESSPROS system (the scheme). There is also a link to the risks or needs to social benefits in the National Accounts.
- 13 Whereas the Core system corresponds to the standard information on social protection receipts and expenditures, the modules contain supplementary statistical information on particular aspects of social protection. Each module has its own methodology and is based on a particular Commission regulation. The introduction of any additional modules shall require extensive preliminary consultations with the Eurostat Working Party for social protection statistics and shall require a specific EP and Council Regulation.
- 14 The subjects covered by the modules were determined on the basis of the needs expressed by the Commission and the Member States. Currently included in ESSPROS are modules that cover:
 - the number of pension beneficiaries;
 - net social protection benefits (depending on the results of a pilot data collection in all Member States), i.e. the influence of fiscal systems on social protection by the taxes and social contributions paid on benefits by beneficiaries and the extent to which social benefits are provided in the form of tax rebates or tax reductions.

- SCHEMATIC REPRESENTATION OF THE FULL ESSPROS



2. THE CONVENTIONAL DEFINITION OF SOCIAL PROTECTION

2.1 Introduction

15 There is no universally accepted definition of the scope of social protection, nor does there exist one that suits all purposes (including the compilation of statistics). It is therefore necessary to formulate a conventional definition of the scope of social protection which meets as well as possible the needs of social policy analysis and data collection on an international level. This chapter begins with a general definition, relevant to both the Core system of the ESSPROS and its modules, that is further explained and specified for use in the Core system in the following paragraphs.

2.2 General definition

16 Social protection encompasses all interventions from public or private bodies intended to relieve households and individuals of the burden of a defined set of risks or needs, provided that there is neither a simultaneous reciprocal nor an individual arrangement involved.

The list of risks or needs that may give rise to social protection is, by convention, as follows³:

1. Sickness/Health care
2. Disability
3. Old age
4. Survivors
5. Family/children
6. Unemployment
7. Housing
8. Social exclusion not elsewhere classified.

³ There are a number of differences between the ESSPROS and the national accounts in the list of risks or needs giving rise to social benefits. The most important one is that the national accounts include the need "Education". See Appendix 1.

2.3 Further explanation

2.3.1 Types of intervention

- 17 The word *intervention* in the definition should be understood in its broadest sense to cover the financing of benefits and related administration costs, as well as the actual provision of benefits.
- 18 Benefits granted within the framework of social protection can take many forms; however, in the *Core system*, they are limited to:
- (i) cash payments to protected people
 - (ii) reimbursements of expenditure made by protected people
 - (iii) goods and services directly provided to protected people.

2.3.2 Provision by public and private bodies

- 19 The condition that the intervention must come from public or private bodies excludes from the definition of social protection all direct transfers of resources between private households or individuals in the form of gifts, help to relatives and so on, even if their purpose is to protect the recipient from the risks or needs listed in paragraph 16.

For practical reasons, small-scale, informal and incidental types of support such as whip-rounds, Christmas collections, ad-hoc humanitarian aid and emergency relief in the event of natural disasters, which do not require regular management and accounting, are also excluded from the definition.

2.3.3 The risks or needs

- 20 The list of risks or needs given in paragraph 16 has two purposes. On the one hand it restricts the scope of social protection to the areas which are felt to be most relevant in the European context. On the other hand, it is a tool for producing comparable statistics where the institutions, regulations and social traditions of the Member States diverge widely. The various risks and needs define the primary purposes for which resources and benefits are provided, irrespective of legislative or institutional structures behind them. In this context, it is customary to use the term *functions of social protection*.
- 21 Functions are defined in terms of their end-purpose, not in terms of given branches of social protection or pieces of legislation. For instance, the benefits granted by a pension fund cannot simply be classified in their entirety under the Old age function, as some benefits may have the purpose to relieve the beneficiary from needs related to the death of a breadwinner (which belong to the Survivors function) or to the loss of the physical ability to engage in economic and social activities (which are to be classified under the Disability function).

The ESSPROS applies the functional breakdown exclusively to social protection benefits, and not to receipts. It is recognised, in fact, that a single type of receipts can be used to finance benefits under several different functions.

22 Paragraph 110 briefly describes the functions distinguished in the ESSPROS. Part 2 of the Manual contains a detailed specification of the types of benefits covered by each function and gives further guidance to their interpretation.

2.3.4 Absence of a simultaneous reciprocal arrangement

23 The conventional definition of social protection stipulates that the intervention does not involve a simultaneous reciprocal arrangement. This should be conceived as excluding from the scope of social protection any intervention where the recipient is obliged to provide simultaneously something of equivalent value in exchange. For instance, interest-bearing loans granted to households are not social protection because the borrower commits himself to paying interest and to refund the capital sum⁴. Likewise, the portion of the full cost of health care and other provisions that beneficiaries are required to meet personally falls outside the field of social protection.

This does not preclude that social protection benefits may be conditional on some action to be undertaken by the beneficiary (such as taking part in a vocational training programme), provided that this action does not have the character of salaried work or sale of services.

24 The principle that the intervention should not involve a simultaneous reciprocal arrangement is particularly important for distinguishing social protection provided directly by employers to employees from the flows which make up gross wages and salaries.

25 However, where the reciprocal arrangement from the employee is *not* simultaneous, the expenditure is classified as social protection. For example, retirement and survivors' pensions paid by an employer, free housing to retired employees and so on are social benefits (even if the right to the benefit arises from the previous period of service with the employer, that is, work during active life being the reciprocal arrangement). Following the same reasoning, the continued payment of wages and salaries while an employee is unable to work during sickness, maternity, disability, redundancy and so on is classified as social protection provided by the employer.

26 Furthermore, in line with national accounts' definitions, social protection does not include expenditure by employers which is to their own benefit as well as to that of their employees because it is necessary for the employers' production process.

27 In practice, therefore, social protection provided directly by employers to their employees is limited to:

- (i) the continued payment of normal, or reduced, wages and salaries during periods of absence from work as a result of sickness, accident, maternity etc.;
- (ii) the payment of statutory special allowances for dependent children and other family members;
- (iii) health care which is not related to the nature of the work.

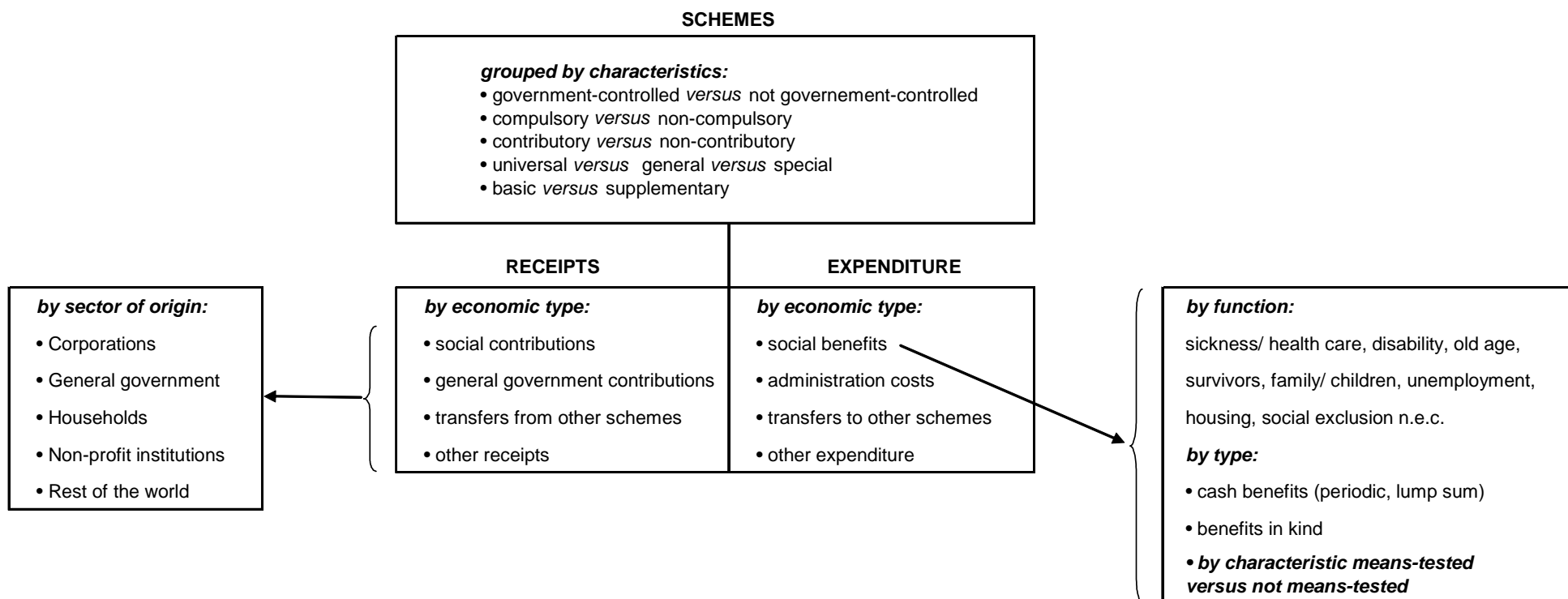
⁴ Still, if the loan is interest-free or granted at an interest rate well below the current market rate for social protection reasons, the amount of interest waived qualifies as a social benefit.

2.3.5 The exclusion of individual arrangements

- 28 Social protection excludes all insurance policies taken out on the private initiative of individuals or households solely in their own interest. For instance, the payment of a capital sum or an annuity to the holder of a private life insurance policy is not considered to be social protection.
- 29 This rule should not be interpreted as meaning that all individual policies are excluded from social protection. When social protection is provided by the employer in the form of insurance, it is sometimes allowed, or even required, that the policies be taken out in the names of the individual participants.
- 30 Nor does this rule imply that all collective contracts must be classified as social protection. Insurance policies that are taken out collectively with the sole purpose of obtaining a discount, as for example, a joint sickness policy covering a group of people travelling together, are not classified as social protection.
- 31 An insurance policy is included in the scope of the ESSPROS if it is based on social solidarity, whether or not it is taken out on the initiative of the person insured. An insurance policy is based on the principle of *social solidarity* if, as a matter of policy, the contributions charged are not proportional to the individual exposure to risk of the people protected⁵.
- 32 It is noted that social solidarity is a sufficient, but not necessary, condition for an insurance scheme to be classified as a scheme of social protection. Specifically,
- (i) where by law or by regulation certain groups of the population are obliged to participate in a designated insurance scheme, or;
 - (ii) where employees and their dependants are insured as a consequence of collective wage agreements, the insurance is included in the scope of the ESSPROS even if it is not based on the principle of social solidarity.

⁵ This definition pertains exclusively to insurance schemes. The principle of social solidarity is also applied elsewhere and is, for instance, a feature of all non-contributory schemes.

OVERVIEW OF THE CORE SYSTEM



3. ACCOUNTING STRUCTURE AND CLASSIFICATIONS IN THE CORE SYSTEM

3.1 Introduction

33 This chapter provides an overview of the Core system of the ESSPROS. It introduces a number of concepts and classifications which will be discussed further in the following chapters, and in Part 2 of the Manual.

3.2 Delimitations of the Core System

34 There are three essential differences between the Core system and the full ESSPROS. Firstly, as stated in paragraph 18, the Core system deals only with social protection given in the form of cash payments, reimbursements and directly provided goods and services to households and individuals. Secondly, the statistical description is confined to receipts and expenditures of social protection schemes. Finally, the Core takes only distributive transactions into account.

35 The *social protection scheme* is a unit specially defined for the ESSPROS, and must be clearly distinguished from legal entities or other types of statistical units in common use. Chapter 4 will define a scheme as a distinct body of rules, supported by one or more institutional units, governing the provision of social benefits and their financing. The scheme should be as specific as possible as to the risk or need for which protection is provided and the categories of people protected, without being so small that it becomes impossible to draw up an account of receipts and expenditures.

The schemes are characterised according to the following five criteria:

- (i) Which unit takes the main decisions?
- (ii) Is membership of the scheme enforced by government?
- (iii) Are entitlements to benefits conditional on the payment of contributions?
- (iv) Is the scheme protecting the full population or only particular sections of it?
- (v) What is the level of protection provided by the scheme?

All relevant definitions are contained in chapter 4.

36 The Core system records receipts and expenditures of social protection schemes, but only in the form of:

- (i) distributive transactions, whether current or capital;
- (ii) administration costs charged to the scheme.

Any receipts or expenditures relating to production activities (for instance, the production of administration services or of goods and services for direct provision to beneficiaries) are excluded. Likewise, no financial transactions by the scheme (such as the issue of a loan or bonds) are recorded.

3.3 The accounting structure

- 37 There are various ways of presenting the main categories of receipts and expenditures of social protection schemes. The most straightforward method is by listing them one under the other, beginning with receipts, as in Table A below.

Table A: Transaction categories of social protection schemes in the Core system

Receipts

- | | |
|---|----------------------------------|
| 1 | Social contributions |
| 2 | General government contributions |
| 3 | Transfers from other schemes |
| 4 | Other receipts |

Expenditure

- | | |
|---|----------------------------|
| 1 | Social benefits |
| 2 | Administration costs |
| 3 | Transfers to other schemes |
| 4 | Other expenditure |

- 38 The description of receipts and expenditures of social protection schemes is the subject of chapters 5 and 6 respectively.
- 39 Social benefits are a main focus of the ESSPROS. They are broken down by function (see paragraphs 20 to 22) and by type (the form in which the protection is given). The classification of social benefits by type contains two levels: an aggregate level which allows cross-functional analysis (e.g., benefits in cash and in kind, see section 7.2) and a detailed level which defines categories usually only relevant to one function (i.e., old age pensions, unemployment benefits). Part 2 of the Manual contains a detailed description of the various benefit categories.
- 40 The ESSPROS contains extensive classifications of both schemes and transactions of schemes, covering the many ways in which social protection is organised within the European Union.

4. DEFINITION AND GROUPING OF SOCIAL PROTECTION SCHEMES

4.1 The statistical unit

- 41 The Core system presents data on benefits provided, and their financing, as expenditures and receipts of the units that are responsible for providing social protection.

This method has a number of advantages. Firstly, the statistical information can be structured in a single accounting framework covering both the provision of social protection and its financing. Secondly, the data can easily be grouped according to the main characteristics of the providing units, making it easier to compare and analyse the ways in which the Member States organise their systems of social protection. Thirdly, the method allows to exploit in a coherent way the administrative files of the Member States, which are reliable and low-cost sources of statistical data⁶.

- 42 The statistical unit in the ESSPROS is called *social protection scheme*. It is defined as follows:

A social protection scheme is a distinct body of rules, supported by one or more institutional units, governing the provision of social protection benefits and their financing.

This definition calls for further clarification:

- (i) Social protection schemes should at all times meet the condition that it must be possible to draw up a separate account of receipts and expenditures.
 - (ii) Preferably, social protection schemes are chosen in such a way that they provide protection against a single risk or need and cover a single specific group of beneficiaries.
- 43 Social protection schemes are concerned exclusively with redistribution and not with production. They are supported by institutional units and are not themselves institutional units.

Some institutional units support social protection schemes as their main activity; for example, social security funds, pension funds, welfare funds or mutual benefit societies. Others run social protection schemes only as a subsidiary activity; for example, employers, insurance companies or trade unions.

Goods and services provided in kind to beneficiaries are considered to be produced by the institutional unit (or units) which support the scheme in question, or else to be purchased from other institutional units.

Institutional units can support more than one social protection scheme, when they administer and provide very diverse types of social benefits. On the other hand, a single social protection scheme can be supported by several institutional units, where each is responsible for, say, a specific geographic region, group of enterprises or category of workers.

⁶ A full understanding of social protection, however, requires information that cannot be exclusively obtained from the administrative files of the providing units. For example, when no administrative data are available on benefits provided by employers in the form of continued payment of wages in case of sickness, information can be gathered from labour cost surveys.

- 44 The *body of rules* referred to in this definition may be established *de jure*, by virtue of laws, regulations or contracts, or *de facto*, by virtue of administrative practice. *De facto* schemes are, for example, set up by employers to provide their employees with extra-legal benefits, often topping up benefits provided by existing basic schemes.
- 45 A *separate account of receipts and expenditures* means the availability of a full and itemised set of records on resources and uses during the accounting period. Such account of receipts and expenditures may be derived directly from administrative sources or else be constructed by means of estimation.

It should be noted that the resources of some schemes include imputed receipts. This is particularly the case with government social assistance schemes (which are financed implicitly through imputed government contributions) and non-autonomous schemes run by employers (which draw on imputed employers' contributions).

- 46 The conventionally agreed list of risks or needs - the social protection functions - is given in paragraph 11 above.

The wish to define schemes in such a way that they provide protection against a single risk or need for a single specific group of beneficiaries could produce a multitude of units. The tendency to fragmentation, however, is kept within boundaries by the need to be able to compile information on both receipts and expenditures for each scheme. In practice, therefore, many schemes provide benefits which come under several functions.

- 47 In several Member States, a specialised agency is set up for the financing of public social protection and the distribution of resources among the institutional units which are responsible for the granting of benefits. In such cases, a fundamental choice has to be made whether to:

- (i) combine the financing and provision of benefits in a single social protection scheme, or:
- (ii) distinguish several schemes of social protection, among which one that finances the others through *transfers between schemes*.

It is recommended to choose the second option, as this provides more opportunities for analysing the structure of social protection.

4.2 Grouping of Social protection schemes

4.2.1 No single classification

- 48 The ESSPROS does not contain a single classification of schemes, but instead defines a number of characteristics which can be freely combined to produce different groupings of schemes as required by analysis.

For instance, schemes managed by social security funds are usually both government -controlled (ref. 11) and contributory (ref. 31). The categories are defined on the basis of (i) the type of unit which takes the essential decisions, (ii) the existence or absence of a legal obligation, (iii) the way entitlements are established, (iv) the scope of the scheme, (v) the level of protection provided. For

each of these criteria, the schemes are allocated to the group which agrees with their predominant character. This implies that each scheme is classified into one single category per criterion.

Table B: Overview of categories of social protection schemes

Criterion	Categories of schemes	
1. Decision-making	11	Government-controlled schemes
		111 Central government schemes and social security funds
	12	112 State and local government schemes
		Not Government-controlled schemes
		121 Schemes for employees
		1211 Contractual
1212 Non-contractual		
122 Other not Government-controlled schemes		
2. Legal enforcement	21	Compulsory schemes
	22	Non-compulsory schemes
	221	Schemes available by law
	222	Other non-compulsory schemes
3. Establishment of entitlements	31	Contributory schemes
	32	Non-contributory schemes
4. Scope	41	Universal schemes
	42	General schemes
	43	Special schemes
	431	Schemes for public servants
	432	Schemes for the self-employed
	433	Other occupational schemes
5. Level of protection	51	Basic schemes
	52	Supplementary schemes

4.2.2 Decision-making

49 Decision making refers to the unit that takes the most important decisions: the level of benefits, the terms on which they are paid and the ways in which the scheme is financed. Schemes may be government-controlled or not government-controlled.

50 Government-controlled schemes (ref. 11) consist of social protection schemes which are controlled by government.

The definition of general government is given in paragraph 92. *Controlled* implies that the government takes all the principal decisions about the level of benefits, the terms on which they are paid and the ways in which the scheme is financed. It is not sufficient to classify a scheme as

government-controlled simply because the government has a formal (but unexercised) right to determine the policy of a given scheme or the scheme's managers have an obligation to submit certain decisions for broad approval to the public authorities.

Government-controlled social protection is usually established by law or regulation. It includes all schemes that provide protection to public servants on the same lines as that provided to the general population by government-controlled schemes, but excludes schemes that government may set up in its role of employer and which have no government-controlled counterparts in the private sector. These schemes are classified as not government-controlled schemes for employees.

- 51 Government-controlled social protection may be further subdivided by level of government into:
- (i) Central government schemes and social security funds (ref. 111),
 - (ii) State or local government schemes (ref. 112).
- 52 Not government-controlled schemes (ref. 12) are all social protection schemes which are not controlled by government in its role of public authority.
- 53 The ESSPROS sub-classifies not government-controlled schemes into not government-controlled schemes for employees and other not government-controlled schemes.

Not government-controlled schemes for employees (ref. 121) are social protection schemes organised (but not necessarily run) by employers for their employees, former employees and their dependants. Two groups are distinguished:

- (i) Contractual not government-controlled schemes for employees (ref. 1211) provide social protection decided via bargaining between the social partners (employers and employees). The terms of such schemes are fixed by collective agreement and cannot be unilaterally changed by employers;
- (ii) Non-contractual not government-controlled schemes for employees (ref. 1212) provide social protection to employees at the discretion of the employer.

Other not government-controlled schemes (ref. 122) are all not government-controlled schemes other than those organised by employers for their employees, former employees and their dependants. They may be organised, for instance, for the general public or specific groups such as the self-employed.

4.2.3 Legal enforcement

- 54 Legal enforcement refers to the rules laid down by legislation concerning the membership of the protected people. Membership of a social protection scheme may be compulsory or non-compulsory.

In the framework of the ESSPROS the concepts *compulsory* and *voluntary* are interpreted from the point of view of the people protected.

- 55 Compulsory schemes (ref. 21) are social protection schemes where membership is made compulsory by the government.

56 non-compulsory schemes (ref. 22) are all social protection schemes where membership is not made compulsory by government.

Two subgroups of non-compulsory schemes are distinguished separately:

(i) Schemes available by law (ref. 221) consists of schemes established by law or regulation and available for voluntary membership to specific groups such as low-income self-employed workers, or people who choose to remain protected after a period of compulsory cover comes to an end);

(ii) The other subgroup consists in the other non-compulsory schemes (ref. 222).

4.2.4 Establishment of entitlements

57 Establishment of entitlements refers to the basis on which the protected person is eligible for benefits: conditional or not conditional on payment of contributions.

58 Contributory schemes (ref. 31) are social protection schemes that require the payment of contributions, by the protected persons or by other parties on their behalf, in order to secure individual entitlement to benefits.

59 Non-contributory schemes (ref. 32) are social protection schemes in which eligibility to benefits is not conditional on the payment of contributions by the protected persons or by other parties on their behalf.

4.2.5 Scope of the scheme

60 Scope of the scheme refers to the part of the population which is protected (the whole population, all or the majority of workers or specific sections of the population).

61 Universal schemes (ref. 41) are schemes which apply to the whole population, implying that all residents or nationals, irrespective of their socio-professional status, are eligible to receive social benefits upon materialisation of specific risks or needs.

62 General schemes (ref. 42) are those which apply to the totality or the preponderance of the economically active population.

63 Special schemes (ref. 43) are schemes designed to protect a specific, restricted section of the population.

64 The ESSPROS defines four separate sub-groups of special schemes.

Schemes for public servants (ref. 431) are those reserved for established and acting public servants, other members of general government staff and officials of public corporations insofar as they have official status under public law.

Schemes for the self-employed (ref. 432) are schemes set up to provide protection for the self-employed and their dependants.

Other occupational schemes (ref. 433) are schemes created for certain categories of workers on the basis of occupation or profession, other than special schemes for public servants and the self-employed.

Other schemes (ref. 434) groups all remaining special schemes.

4.2.6 Level of protection

65 Level of protection refers to whether social protection schemes offer a basic or a supplementary level of protection.

Various criteria are used for classifying, including some of the distinctions defined earlier in this chapter, so that interpretations may vary slightly from country to country. The following paragraphs explain the concepts in current use rather than try to provide standard definitions for international comparison.

66 Basic schemes (ref. 51) are social protection schemes that guarantee a basic level of protection.

A *basic level of protection* means the lower level of protection (based on the number of years of contributions/work and/or residency), without it being strictly understood as the level of resources allowing only the minimum socially acceptable standard of living. Basic old age schemes, for instance, typically guarantee either a flat-rate pension and/or a limited percentage of former earnings which may or may not be, supplemented by other provisions. In respect of medical care, basic schemes can either take charge of the lowest class of health care or compensate for only a specific fraction of its cost.

67 Supplementary schemes (ref. 52) are social protection schemes that:

- top up cash benefits granted by the basic scheme, or;
- extend the coverage of the basic scheme, or;
- replace the basic scheme where conditions for entitlement to the basic scheme are not fulfilled.

5. RECEIPTS OF SOCIAL PROTECTION SCHEMES

5.1 Introduction

- 68 The ESSPROS Core system classifies receipts of social protection schemes by type and origin. The *type* indicates the nature of, or reason for, a payment; the *origin* specifies the institutional sector from which the payment is received.
- 69 When a single type of receipts finances benefits in different functions, it is difficult to tell what fraction of the receipts pays for which benefit and, therefore, for which function. This is the main reason why social protection schemes cannot always meet the requirement to provide protection against a single risk or need (see paragraph 46 above).

5.2 Types of receipts

Table C: Classification of receipts of social protection schemes by type

1	Social contributions
11	Employers' social contributions
111	Actual employers' social contributions
112	Imputed employers' social contributions
12	Social contributions by the protected persons
121	Employees
122	Self-employed persons
123	Pensioners and other
2	General government contributions
21	Earmarked taxes
22	General revenue
3	Transfers from other schemes
31	Social contributions re-routed from other schemes
32	Other transfers from other schemes
4	Other receipts
41	Property income
42	Other

- 70 Social contributions (ref. 1) means the costs incurred by employers on behalf of their employees or by protected persons to secure entitlement to social benefits.
- 71 Employers' social contributions (ref. 11) are the costs incurred by employers to secure entitlement to social benefits for their employees, former employees and their dependants.

- 72 Employers' actual social contributions (ref. 111) are payments made by employers to insurers to secure entitlement to social benefits for their employees, former employees and their dependants. The term *insurers* includes:
- (i) social security funds;
 - (ii) non-profit institutions running contributory schemes (such as autonomous pension funds);
 - (iii) commercial insurance companies;
 - (iv) employers running non-autonomous schemes and maintaining segregated reserves in their balance sheets for that purpose.
- 73 Employers' imputed social contributions (ref. 112) are the costs incurred by employers by granting social benefits or by promising social benefits payable in future, to their employees, former employees and their dependants, (i) without involving an autonomous insurer, and; (ii) without maintaining segregated reserves for that purpose in their balance sheets.
- 74 The valuation of employers' imputed social contributions may pose problems if the associated benefits are due in future (old age pensions, for example). In principle, the net current value of such promised future benefits must be determined.
- 75 Social contributions paid by protected persons (ref. 12) are payments made by individuals and households to social protection schemes in order to obtain or keep the right to receive social benefits.
- 76 Social contributions paid by protected persons are broken down by category into:
- (i) Social contributions paid by Employees (ref. 121);
 - (ii) Social contributions paid by Self-employed persons (ref. 122);
 - (iii) Social contributions paid by Pensioners and other persons (ref. 123).
- 77 General government contributions (ref. 2) consists of:
- (i) the cost to general government of running government-controlled non-contributory schemes, and;
 - (ii) financial support provided by general government to other resident social protection schemes.
- 78 The category of General government contributions is broken down into *Earmarked taxes* and *General revenue*.
- 79 Earmarked taxes (ref. 21) are the proceeds from taxes and levies which, by law, can be used only to finance social protection.
- 80 General revenue (ref. 22) are general government contributions from sources other than earmarked taxes.

81 Transfers from other schemes (ref. 3) means unrequited payments received from other social protection schemes. These are broken down in two categories.

82 Re-routed social contributions are payments that a social protection scheme makes to another scheme in order to maintain or accrue the rights of its protected people to social protection from the recipient scheme. Even if such payments only involve one transaction from one scheme to another, the ESSPROS records the following two flows of equal value:

(i) in the expenditure of the paying scheme, the amount of transfers to other schemes on behalf of protected people (*Social contributions re-routed to other schemes*; see paragraph 104);

(ii) in the receipts of the recipient scheme, social contributions paid by the paying schemes on behalf of protected people (*Social contributions re-routed from other schemes*-ref. 31).

83 Other transfers from other schemes (ref. 32)

An example of other transfers from other schemes is contributions made by one scheme to reduce the deficit of another.

84 Other receipts (ref. 4) means miscellaneous current receipts of social protection schemes. They are broken down into receipts of property income and other.

85 Property income (ref. 41) is the income receivable by the owner of a financial asset or a tangible non-produced asset in turn for providing funds to, or putting the tangible non-produced asset at the disposal of, another institutional unit.

In practice, it refers mainly to actual interest and dividends. Receipts from property income also include any entrepreneurial income, such as the proceeds from the exploitation of dwellings, credited to the scheme by the institutional unit that runs it. Note that, as social protection schemes by definition do not undertake production activities, they cannot themselves generate entrepreneurial income.

86 The category Other (ref. 42) groups miscellaneous receipts not otherwise attributable, such as proceeds of collections (mainly gifts from households), net proceeds from private lotteries, claims on insurance companies and large gifts such as legacies from the private sector.

This category does not include any direct payments made by beneficiaries towards the cost of social benefits in kind by way of cost-sharing. Such payments are receipts of the institutional units that sell these goods and services and not of social protection schemes.

5.3 Classification of institutional sectors from which receipts originate

Table D: Classification of institutional sectors from which receipts of social protection schemes originate

- | | |
|-----|--|
| 1 | All resident institutional units |
| 11 | Corporations (non-financial and financial) |
| 12 | General government |
| 121 | Central government |
| 122 | State and local government |
| 123 | Social security funds |
| 13 | Households |
| 14 | Non-profit institutions serving households |
| 2 | Rest of the world |

- 87 The definitions of the institutional sectors from which the receipts of social protection schemes originate are the same as those for the national accounts.
- 88 The institutional unit is defined as an elementary economic decision-making centre characterised by uniformity of behaviour and decision-making autonomy in the exercise of its principal function. A resident unit is regarded to constitute an institutional unit if it has decision-making autonomy in the exercise of its principal function and either keeps a complete set of accounts or is such that it would be possible and meaningful, from both an economic and legal viewpoint, to compile a complete set of accounts if required.

In order to be said to have autonomy of decision in the exercise of its principal function, a unit must:

- be entitled to own goods or assets in its own right, and therefore be able to exchange the ownership of goods or assets in transactions with other institutional units;
- be able to take economic decisions and engage in economic activities for which it is held to be directly responsible and accountable at law;
- be able to incur liabilities on its own behalf, to take on further obligations or commitments and to enter into contracts.

A *complete set of accounts* means accounting records covering all economic and financial transactions carried out during the accounting period, as well as a balance sheet of assets and liabilities.

Households are held to always enjoy autonomy of decision in respect of their principal function and must therefore be regarded as institutional units, even though they do not keep a complete set of accounts.

- 89 Institutional sectors are aggregations of institutional units on the basis of similar economic behaviour.
- 90 The category All resident institutional units (ref. 1) groups all institutional units that are resident in the country. The principles of residence are set out in Chapter 9.
- 91 The sector Corporations (ref. 11) consists of institutional units whose distributive and financial transactions are distinct from those of their owners, whose principal activity is the production of goods and services and which are market producers.

Included in this sector are co-operatives, limited liability partnerships and quasi-corporations (that is, market producers without independent legal status that have an economic and financial behaviour different from that of their owners, implying that the *de facto* relationship with their owners is one of a corporation to its shareholder).

Corporations may run social protection schemes in their role as insurance companies or by operating non-autonomous schemes for the benefit of their employees. They secure benefits for their employees by paying actual or imputed employers' social contributions.

- 92 The sector General government (ref. 12) consists of:
- (i) all the resident distinct types of legal entities established by political processes which have legislative, judicial or executive authority over other institutional units within a given area, to the extent that their main output consists of collective services or individual goods and services which are provided free or at prices which cover less than 50% of production costs;
 - (ii) resident non-profit institutions that provide most of their output to other institutional units free or at prices which cover less than 50% of their production costs and that are controlled and financed by the type of units mentioned in (i);
 - (iii) all resident social security funds, that is, institutional units whose principal activity is to provide social benefits and which fulfil each of the following criteria:
 - by law or by regulation certain groups of the population are obliged to participate in the scheme or to pay contributions;
 - government is responsible for the management of the institution in respect of the settlement or approval of the contributions and benefits independently from its role as supervisory body or employer.

- 93 The sub-sector Central government (ref. 121) covers all general government institutional units of type (i) above whose authority extends over a whole national territory and all units of type (ii) they control and finance.

The sub-sector State and local government (ref. 122) covers all general government institutional units of type (i) mentioned above whose authority is restricted to a part of the national territory and all units of type (ii) they control and finance. State (regional) governments occur in countries with federal constitutions such as Belgium, Germany, and Austria.

The sub-sector Social security funds (ref. 123) combines all general government units of type (iii) irrespective of the geographical area in which they are active⁷.

Within the framework of social policy, general government usually runs a variety of contributory and non-contributory schemes. It may also grant current and capital transfers to other institutional units, in particular non-profit institutions, to finance and support the social protection schemes they administer. Government secures benefits for public servants and its other employees by paying actual employers' social contributions.

Normally, it will also provide certain social benefits directly to its employees.

Finally, government may provide social protection through other channels (such as by granting fiscal benefits and paying subsidies to market producers), but these are not recorded in the Core system of the ESSPROS.

- 94 The sector Households (ref. 13) covers individuals or groups of individuals as consumers and possibly also as entrepreneurs producing market goods and non-financial and financial services provided that, in the latter case, the corresponding activities are not those of separate entities treated as quasi-corporations⁸. It also includes individuals or groups of individuals as producers of goods and non-financial services for exclusively own final use.

Households as consumers are defined as all resident small groups of persons, not necessarily related, who share the same living accommodation, who pool some, or all, of their income and wealth and who consume certain types of goods and services collectively, mainly housing and food.

Domestic employees living on the employer's premises do not belong to the employer's institutional household. Persons living permanently or for a very long time in an institution and having no or little autonomy of action or decision in economic matters are treated as belonging, together, to a single institutional household, that is, a single household. Examples are members of religious orders living in monasteries, long-term patients in mental hospitals, prisoners serving long sentences and old people living permanently in retirement homes.

In modules based on micro data, the sector Households may be sub-sectored according to criteria such as the composition of the household, the level and largest source of its income and the type of area in which the household has its accommodation.

Households appear in the system as recipients of social benefits and contributors to social protection schemes by paying employers' contributions (if they are market producers or employers of paid domestic staff) and social contributions paid by the protected person.

- 95 The sector Non-profit institutions serving households (ref. 14) consists of all resident non-profit institutions that provide most of their output to households free or at prices which cover less than 50% of their production costs, except those which are controlled and mainly financed by government authorities. Their principal resources, apart from those derived from occasional sales, are derived from voluntary contributions in cash or in kind from households in their capacity as

⁷ The ESSPROS does not define the concept of "social security scheme". Social security funds are institutional units that may run schemes with widely diverging characteristics.

⁸ The transactions of quasi-corporations are recorded in the sector Corporations.

consumers, from payments made by General government and from property income. (Compare the definition of *General government* in paragraph 92 (ii)).

Many social protection schemes are run by *Non-profit institutions* serving households. In their role as employers, they may pay actual employers' social contributions or provide social benefits directly to the employees working in these institutions.

96 The category Rest of the World (ref. 2) consists of all non-resident institutional units.

The ESSPROS covers the transactions of the *Rest of the World* only insofar as they relate to resident social protection schemes. Examples are social contributions paid by non-resident households into resident social protection schemes. The definition of *residence* is given in Chapter 9.

6. EXPENDITURE OF SOCIAL PROTECTION SCHEMES

6.1 Introduction

- 97 The expenditure of social protection schemes is classified by type, which indicates the nature of, or reason for, the expenditure.
- 98 The ESSPROS distinguishes four main categories of expenditure. The first is expenditure on social benefits, that is, resources which are transferred to beneficiaries in the form of cash or goods and services. The description of this type of expenditure is one of the main aims of the ESSPROS; Part 2 of the Manual is entirely devoted to the description of the various types of social benefits. The second category of expenditure relates to administration costs charged to the scheme. The third and fourth categories deal with transfers to other schemes and miscellaneous expenditure.

6.2 Types of Expenditure

Table E: Classification of expenditure of social protection schemes by type

1	Social benefits
2	Administration costs
3	Transfers to other schemes
31	Social contributions re-routed to other schemes
32	Other transfers to other schemes
4	Other expenditure
41	Property income
42	Other

- 99 Social benefits (ref. 1) consists of transfers, in cash or in kind, by social protection schemes to households and individuals to relieve them of the burden of a defined set of risks or needs.

The conventionally agreed list of risks or needs - functions - is given in paragraph 16 above.

- 100 In the Core system, social benefits refer exclusively to cash payments, reimbursements and directly provided goods and services. These are all direct benefits in the sense that they are advantages that imply an equivalent rise in the (adjusted) disposable income of the beneficiaries.
- 101 Resident social protection schemes may provide social benefits to both resident and non-resident protected people. Conversely, resident households and individuals may receive social benefits from non-resident schemes.
- These latter benefits are not recorded in the accounts, as they do not relate to resident social protection schemes (see chapter 9).

102 Administration costs (ref. 2) means the costs charged to the scheme for management and administration thereof.

103 Transfers to other schemes (ref. 3) means unrequited payments made to other social protection schemes. These are broken down in two categories

104 Re-routed social contributions are payments that a social protection scheme makes to another scheme in order to maintain or accrue the rights of its protected people to social protection from the recipient scheme. For a more detailed explanation, see paragraph 82.

105 Other transfers to other schemes

Examples of other transfers payable to other schemes are the transfer of funds made by one scheme to reduce the deficit of another.

106 Other expenditure (ref. 4) means miscellaneous expenditure by social protection schemes. These are broken down into payment of property income and other expenditure.

107 Property income (ref. 41) is the income payable by the owner of a financial asset or a tangible non-produced asset in turn for providing funds to, or putting the tangible non-produced asset at the disposal of the scheme via the institutional unit supporting it.

108 The category Other (ref. 42) includes all miscellaneous payments not attributable elsewhere such as the payment of taxes on income or wealth. Capital repayments on loans are not included here; these are financial transactions which fall outside the scope of the Core system.

7. SOCIAL BENEFITS, MAIN CLASSIFICATIONS

109 In the Core system, social benefits are classified by function and by type. The function of a social benefit refers to the primary purpose for which social protection is provided, irrespective of legislative or institutional provisions (see paragraphs 16 and 17). The type of benefit refers to the form in which the protection is provided.

7.1 Classification by Function

110 Eight functions of social protection are distinguished in the ESSPROS (see Table F).

Table F: Definitions of the functions of social protection

Function	Brief description
1. Sickness/Health care	Income maintenance and support in cash in connection with physical or mental illness, excluding disability. Health care intended to maintain, restore or improve the health of the people protected irrespective of the origin of the disorder.
2. Disability	Income maintenance and support in cash or kind (except health care) in connection with the inability of physically or mentally disabled people to engage in economic and social activities.
3. Old age	Income maintenance and support in cash or kind (except health care) in connection with old age.
4. Survivors	Income maintenance and support in cash or kind in connection with the death of a family member.
5. Family/children	Support in cash or kind (except health care) in connection with the costs of pregnancy, childbirth and adoption, bringing up children and caring for other family members.
6. Unemployment	Income maintenance and support in cash or kind in connection with unemployment.
7. Housing	Help towards the cost of housing.
8. Social exclusion not elsewhere classified	Benefits in cash or kind (except health care) specifically intended to combat social exclusion where they are not covered by one of the other functions.

7.2 Classification by Type

111 The classification of social benefits by type is on two levels: firstly a concise general classification which in principle applies to all functions, and secondly a more detailed classification where the items are only relevant to one or a limited number of functions. This chapter presents the general classification; the definitions of the categories on the detailed level are contained in Part 2 of this Manual.

Table G: General classification of social benefits by type

1	Social benefits
11	Cash benefits
111	Periodic
112	Lump sum
12	Benefits in kind

The general definition of Social benefits is given in paragraph 99 above.

112 A cash benefit (ref. 11) is a benefit:

- (i) paid in cash, and;
- (ii) that does not require evidence of actual expenditure by the recipients.

Benefits that require evidence of actual expenditure by the beneficiaries are reimbursements that the System classifies as Benefits in kind (ref. 12).

113 Periodic cash benefits (ref. 111) are cash benefits paid at regular intervals, such as each week, month or quarter.

114 Lump sum benefits (ref. 112) are cash benefits paid on a single occasion or in the form of a lump-sum.

115 Benefits in kind (ref. 12) are benefits granted in the form of goods and services.

7.3. Means-testing

116 Social benefits are broken down between means-tested and non means-tested benefits.

117 Means-tested social benefits are social benefits which are explicitly or implicitly conditional on the beneficiary's income and/or wealth falling below a specified level.

8. Accounting Conventions

8.1 Introduction

118 This chapter discusses a number of general accounting conventions. It deals with the principles of exhaustiveness and consistency, valuation, time of recording and the accounting period, netting and consolidation and the recognition of the principal party to transactions.

8.2 The principles of Exhaustiveness and Consistency

119 All transactions that fall within the scope of the ESSPROS must be recorded in the accounts. The *principle of exhaustiveness* is of primary importance for the international comparability of social protection data.

120 Special attention should be given to schemes that provide considerable benefits in terms of aggregate value, but for which there are little administrative data (such as unfunded company early retirement schemes and continued payment of wages and salaries by employers during sickness).

If available sources do not provide clear data, appropriate estimates must be made. This could be done by comparison with similar schemes for which sufficient information is available.

121 At all times, *consistency* must be ensured in the accounts. For example, if a certain type of benefit is entered in the accounts, the relevant financing transactions must be included under the receipts of social protection schemes. Another example is expenditure on Transfers to other schemes which must have, somewhere in the system, the same value as the receipts from Transfers from other schemes.

Finally, the recorded transactions of all the individual social protection schemes should add up exactly to the national totals.

8.3 Valuation

122 The ESSPROS values transactions at *current exchange value*, that is, the value at which flows and stocks are, or could be, exchanged for cash. In certain cases, when it is not possible to establish current exchange value, goods and services are valued at their *production cost*.

Normally, most social protection transactions are cash flows whose valuation does not pose any difficulties. The valuation of social benefits in kind directly provided to households is more difficult.

123 If a scheme buys goods and services for provision to its beneficiaries from producer units, the social benefit is valued at the actual price agreed by the two parties. There should be no, or only a relatively small, time lag between the time of purchase by the scheme and the time of supply to the beneficiaries.

When this is not the case, the prices originally paid may no longer represent the real value of the benefits in kind provided. Under these circumstances, the benefits should, in principle, be valued at the price that the same or similar goods and services would fetch on the market at the time they are supplied to the beneficiaries.

124 If the institutional unit that manages the scheme produces the goods and services itself, there are two possibilities. If the institutional unit is a market producer⁹, the benefits in kind are valued at the current market price for the same type of goods or services.

If the providing unit is a non-market producer¹⁰, the benefits in kind are valued as the sum of the costs incurred in their production and supply to the beneficiaries, that is, the sum of:

- (i) Intermediate consumption¹¹
- (ii) Compensation of employees¹²
- (iii) Consumption of fixed capital¹³
- (iv) Taxes on production and imports less subsidies¹⁴.

Other categories of costs, such as interest costs, are not taken into account. The element Compensation of employees refers exclusively to personnel involved in the provision of social benefits. So, for example, the salaries of doctors and nurses of State hospitals are included, but the salaries of personnel in the Ministry of Health are excluded because they produce collective rather than individual services.

125 Any portion of the full cost of goods and services which is met personally by the beneficiary is excluded from the value of social benefits in kind. The share paid by the beneficiary is household consumption expenditure - not social expenditure. It is a receipt for the producer of the goods and services in question, not a receipt for the scheme.

126 To summarise:

- social benefits produced by market producers are valued at the price that the same goods and services fetch on the market minus the share paid by the beneficiaries themselves to the scheme;
- social benefits produced by non-market producers are valued at the cost of production and supply minus the share paid by the beneficiaries themselves to the scheme.

127 If retirement homes, social housing corporations and similar are financed solely by the government, it would be more convenient to value their services on the basis to the actual government transfers, rather than according to the principles above. In this case, the following two conditions must be observed:

⁹ A "market producer" is unit that produces goods and services and whose production costs are for 50% or more covered by income from sales. Private non-profit institutions and government units may be market producers. All private producers other than non-profit institutions are classified as market producers by convention.

¹⁰ I.e., a private non-profit institution or a public unit whose production costs are for 50% or less covered by income from sales.

¹¹ Intermediate consumption is the value of goods and services consumed as inputs in the production process, excluding fixed assets whose consumption is recorded as consumption of fixed capital.

¹² Compensation of employees is the total remuneration, in cash or in kind, payable by an employer to his or her employees in return for work done. Compensation of employees can be broken down into Wages and salaries and Employers' social contributions.

¹³ Consumption of fixed capital represents the amount of fixed assets used up during the period under consideration as a result of foreseeable economic obsolescence and normal wear and tear, including a provision for losses of fixed assets as a result of normal accidental damage. Its value may deviate considerably from the values calculated via normal business depreciation methods or as allowed for taxation purposes, especially when there is inflation.

¹⁴ Taxes on production and imports consist of compulsory, unrequited payments, in cash or in kind, which are levied by general government or by the Institutions of the European Union in respect of the production and import of goods and services, the employment of labour, the ownership or use of land, buildings or other assets used in production. Subsidies are defined as current unrequited payments which general government or the Institutions of the European Union make to producers with the objective of influencing their levels of production, their prices or the remuneration of the factors of production.

- (i) only that part of the government transfer that applies to the actual social benefits should be taken into account, excluding any contributions towards administration costs or other expenditure;
- (ii) the time span during which the benefits are provided must be taken into account. For example, if the government makes contributions in the shape of a substantial lump-sum (capital transfer), its amount should be allotted to the number of individual accounting periods during which benefits are provided.¹⁵

128 Social benefits in the form of interest-free or low-interest loans are valued at the amount of interest waived by the scheme in comparison with the current market value.

129 The Core system records social benefits without any deduction of taxes and other obligatory levies payable on benefits by beneficiaries.

130 With regard to the valuation of administration costs (see paragraphs 102 through 104), it is important to distinguish between the types of units which administer the schemes. If the scheme is run by a commercial insurer, for instance a life insurance company, administration costs are valued by the actual fees that the commercial insurer charges (plus any other management costs incurred by the scheme, such as attendance fees for the board of governors). If the scheme is managed by government units or non-profit institutions, administration costs are valued at the sum of the costs incurred in administering the scheme (that is, intermediate consumption, compensation of employees, consumption of fixed capital and taxes on production and imports less subsidies; see paragraph 124).

For reasons of simplicity, the value of administration costs is not imputed when such costs form an inseparable part of intermediate consumption of the institutional unit that runs the scheme. This is the case for all unfunded employer's schemes and possibly for certain government-controlled non-contributory schemes and funded employers' schemes.

131 Transactions denoted in *foreign currency* are converted into their value in local currency at the rate prevailing when they are entered in the accounts. The midpoint between the buying and selling rate should be used, and any service charge must be excluded.

8.4 Time of Recording and the Accounting Period

132 In principle, all transactions are recorded on an *accrual basis*, that is, at the time the events which create the related claims and liabilities occur.

For instance, employer's contributions are recorded at the time the work that gives rise to the liability to pay the contributions is done. Social benefits in cash are recorded at the time the beneficiaries obtain the right to receive them. Reimbursements are recorded at the time the household makes the relevant purchase. Other types of benefits in kind should normally be recorded at the times the goods are transferred or the services provided.

133 In theory the *accounting period* can refer to any period of time. For their own purposes, the countries may prefer periods that coincide with administrative years or intervals during which the

¹⁵ For example, a social housing corporation annually receives 210 units from government, of which 10 units are a contribution to administration costs, and also received, a few years previously, a single capital transfer of 1000 units, allowing rents charged to be reduced over a period of 10 years. In this case, the benefits in kind provided by the social housing corporation over a single year can be approximated as $(210 - 10) + 1000/10 = 200 + 100 = 300$ units.

scales for social benefits and contributions remain unchanged. However, for the purpose of international comparisons, the calendar year seems the most appropriate accounting period. The transactions recorded in the ESSPROS must therefore refer to the calendar year¹⁶.

8.5 Netting and Consolidation

134 *Netting* occurs when the values of certain transactions arising in both receipts and expenditure are cancelled out against each other, leaving only a net balance shown either under receipts or expenditure. Otherwise, the recording is said to be gross.

135 The ESSPROS recommends gross recording; for instance, interest received and interest paid by a scheme must not be offset against each other.

However, the ESSPROS does not record separately any transaction which corrects an earlier erroneous or unauthorised one. In that case, the value of the rectifying transaction is netted against the value of the previous transaction, as if neither had taken place. Examples of rectifying transactions are the refund of overpaid social contributions and the repayment of benefits granted in error.

If the government claims excess reserves of government-controlled social protection schemes, this is recorded under (negative) General government contributions for those schemes.

136 *Consolidation* refers to the mutual cancellation of transactions among schemes in the same group, for example, among resident government-controlled schemes or among the whole of schemes operating in the country. The ESSPROS recommends not to use consolidation in its accounts.

8.6 Recognising the Principal Party

137 When a unit carries out a transaction on behalf of another unit, the transaction is recorded only in the accounts of the unit on whose behalf the transaction is made. Some service charge may appear in the accounts of the unit serving as intermediary.

138 In some cases it is not clear on whose behalf a transaction is carried out. For instance, in case the central government makes payments to a lower government in order to enable the provision of social benefits at a local level, who is running the social protection scheme, the central government or the local one? The answer is important, both in order to avoid double counting in the System and for classifying all transactions correctly.

The general rule in such circumstances is that the unit which is dealing directly with the households must be held to be running the scheme. In the example given above, this implies that local government is running the scheme, which is (partially) financed by contributions from central government.

The only exception to this rule is when the unit dealing directly with the households has no authority whatsoever over the terms of the benefits (for example, level of benefit or eligibility). In this case, that unit is held to be acting on behalf of another unit. In the example above, the central

¹⁶ If it proves impossible to make the required adjustments, the data for a financial year should be presented for the calendar year in which the greater part of the financial year falls.

government payment would then be recorded as a social benefit, and no transactions would be recorded for the local government unit.

- 139 If the local government receives social contributions that it passes on to central government, the general rule is again that the unit directly dealing with the contributors is held to receive the social contributions on its own behalf, except when it has no authority whatsoever over the terms under which the contributions must be made).

9. THE REST OF THE WORLD

9.1 Transactions with the Rest of the World

140 The completion of the European Union internal market means that in many areas, including social protection, transactions with the Rest of the World are gaining in importance.

The Rest of the World is a grouping of units without any characteristic functions and resources; it consists of non-resident units insofar as they are engaged in transactions with resident institutional units, or have other economic links with resident units.

141 The ESSPROS records transactions with the Rest of the World only insofar as they are carried out between resident social protection schemes and non-resident units.

In the receipts of a social protection scheme, transactions with the Rest of the World can concern the categories Social contributions and Other receipts. Examples of the former are social contributions paid by non-resident households or by non-profit institutions serving households. However, no breakdown by sector of origin is required in respect of receipts of social protection schemes from the Rest of the World. In the expenditure, transactions with the Rest of the World can concern the categories "Social benefits" and "Other expenditure".

9.2 The definition of Residence

142 The concept of residence in the ESSPROS is the same as used in the fifth edition of the Balance of Payments Manual of the International Monetary Fund (IMF) and the national accounts. The main definitions are summarised here.

143 An institutional unit is considered to be resident in a country when there exists some location - dwelling, place of production or other premises - within the territory of that country on, or from, which the institutional unit engages and intends to continue to engage for at least one year in activities and transactions on a significant scale. The territory of a country consists of the geographic space administered by a national government within which persons, goods and capital circulate freely. It includes the airspace, territorial waters and so on under the jurisdiction of the country and also clearly demarcated areas of land located in other countries which are used by government with the formal political agreement of the host country. Examples are embassies, consulates, military bases and scientific stations. Similar areas within its own borders used by foreign governments and international organisations whose members are national states are excluded.

Social protection schemes

144 Social protection schemes have the same residence as the institutional units that manage them.

This rule implies that Member States should report on social protection schemes which are run by local offices of foreign insurance companies. By the same token, the Member State's reports should exclude any social insurance schemes run by foreign branches or subsidiaries of that Member State's insurance companies.

Social protection schemes which are financed by means of development aid are considered to be resident of the developing countries in which they operate.

Corporations

145 Corporations are resident in the country where they are engaged in the production of goods and services on a significant scale, or where they own land or buildings located there.

When a corporation maintains a branch, office or production site in another country in order to engage in a significant level of production over a long period of time but without creating a subsidiary corporation for that purpose, the branch, office or site is considered to be a resident institutional unit of the country in which it is located.

General government

146 The legal entities established by political processes as having legislative, judicial or executive authority over other institutional units are resident in the country in which they have jurisdiction. Social security funds and government non-profit institutions are resident in the country where they are located.

International organisations whose members are national states, such as the European Union or the North Atlantic Treaty Organisation, are not considered resident in any country, including those in which they are located or conduct their affairs.

Households and individuals

147 Households are resident in the country where their principal common accommodation is located. All individual members of a household have the same residence. If the members of a household live in different countries for more than one year, that particular institutional household is split into two or more households resident in different countries. The residence of households and individuals is therefore not determined by nationality or legal status, but by normal location.

Some specific rules are:

- cross-border workers are resident in the country in which their households have their principal accommodation;
- travellers, visitors and seasonal workers remain residents of their home country, provided they return to that country within one year;
- students remain residents of their country of origin however long they study abroad, provided they do not start a family in the host country;
- employees of international organisations are residents of the country in which they are expected to have their abode for one year or more;
- on the other hand, military personnel, diplomats and other public servants whom a government posts abroad have the same residence as the employing government however long they stay abroad in this capacity;
- locally recruited staff of overseas military bases, embassies, consulates and so on are residents of the country in which they live.

Non-profit institutions serving households

148 Non-profit institutions serving households are resident in the country under whose laws and regulations they were created and where their existence as a legal or social entity is officially

recognised and recorded. If a non-profit institution is engaged in charity or relief work on an international scale and maintains a branch for one year or more in a foreign country, that branch should be considered as a resident of the foreign country.

PART 2

CLASSIFICATION OF BENEFITS IN THE CORE SYSTEM

1. INTRODUCTION

- 1 Part 2 of the ESSPROS Manual¹⁷ defines the various types of benefits classified by function of social protection.
- 2 The great detail of types of benefits introduced with the present Part allows a better understanding of the social protection systems in the Member States and permits the users of the statistics to form groupings of benefits according to their analysis needs. Data can be analysed by function of social protection, but also according to other criteria, for example by grouping all the benefits paid in the transition from work to retirement. It can be said therefore that, although this Manual groups benefits by function (that is, by their finality), the types of benefits have been defined in such a way that they can be easily regrouped according to other criteria.

This introduces a great level of flexibility in the system. The user of the statistics, however, must be warned against carrying out cross-country comparisons at the level of single types of benefits. Such comparisons in fact can be very misleading, as the Member States may use different types of benefits to fulfil the same objectives.

For this reason, it appears advisable to carry out cross-country comparisons at more aggregated levels. The general classification of benefits presented in Part 1, chapter 7, which distinguishes benefits in cash and benefits in kind, periodic benefits and benefits paid once only (lump sums), as well as means-tested and non means-tested benefits, can be very valuable. The tables presented in this part do not repeat these general classification categories (except the distinction cash benefits - benefits in kind). The cross-classification of all the benefit types presented in the Core of the ESSPROS is presented in the attached ESSPROS questionnaire (Appendix 1).

- 3 Another aspect of flexibility introduced with the revised ESSPROS is the fact that the content of this Part can be modified without affecting the general principles of the ESSPROS Core system set down in Part 1 if new types of benefits or new modes of social protection provision emerge in the national systems.
- 4 Social benefits either emerge from a purpose (wherefore?) or a reason (why?). Each function has a definition of contents and there surely is an overlap between different functions for certain benefits, e.g. a family or child component often exists, while benefits are granted for a specific purpose either as a risk (unemployment) or need (old age). In these cases the more specific function is generally preferred, e.g. unemployment instead of family/children.
- 5 In terms of the functional classification of benefits, the following general principles apply:
 - all medical care is included in the Sickness/health care function, benefits in kind, irrespective of the reason why medical care is provided;
 - no minimum or maximum age are used to define the concepts of old age in the Old age function and of children in the Family/children functions. Therefore, data will reflect, to a certain extent, national practices.
- 6 An important concept to distinguish clearly between the old-age function and others is the concept of a standard/legal retirement age. Old age benefits are generally granted to beneficiaries above the standard/legal retirement age. Disability is then limited to the integration into the workforce and early retirement benefits are only benefits paid to recipients below the standard/legal retirement

¹⁷ For a general description of the ESSPROS, see the introduction to Part 1 of the present Manual.

age. The specific age is mostly defined for each scheme separately or in a few cases determined by a reference scheme.

- 7 The present Manual does not define a function for the event of occupational accidents and diseases. Statistical data on this type of expenditure are not comparable, as they reflect the definition of occupational hazard adopted by each Member State in its own legislation and practice. Furthermore, benefits provided in the event of occupational accidents or diseases may range from sickness cash benefits to health care provision, from rehabilitation benefits to disability pensions. These benefits are covered by the functions in the Core system, where no distinction is made as for the causes of sickness or disability.

However, where the risk of occupational accidents and diseases is covered by specific regulations, it is recommended to identify one or more separate schemes providing the relevant benefits. This ensures that information on the value of benefits as well as on their financing will be available for those countries where specific regulations on protection against occupational accidents and diseases exist.

2. SOCIAL BENEFITS IN THE SICKNESS/HEALTH CARE FUNCTION

2.1 Introduction

8 The Sickness/health care function covers:

- cash benefits that replace in whole or in part loss of earnings during temporary inability to work due to sickness or injury;
- medical care provided in the framework of social protection to maintain, restore or improve the health of the people protected.

9 The scope of cash benefits in this function is rather limited. Cash benefits that replace loss of earnings during temporary inability to work in case of pregnancy or disability are recorded under the Family/children or Disability functions respectively.

Benefits provided by employers in the form of continued payment of wages and salaries during sickness are taken into account.

10 All medical care falls under this function irrespective of the need or risk against which it is provided. For example, specific medical care provided to expectant mothers and disabled persons is included here and not under the Family/children and Disability functions.

In particular, medical care covers the following goods and services used in prevention, cure or rehabilitation:

- *Services*: medical and paramedical services provided by general practitioners, specialists and other health care personnel; laboratory tests and other examinations; dental care; physiotherapy; thermal cures; transport of sick people; preventive treatment such as vaccinations; accommodation in the case of a stay in hospital or other medical institution. Medical services as defined here cover those provided outside medical institutions as well as within.
- *Goods*: pharmaceutical products; medical prosthesis (optical and acoustical aids; orthopaedic; dental and other prosthesis); dressings and medical supplies.

11 Only preventive measures through which an individual benefit (for example, a medical check-up) is provided to a protected person or household fall under the Sickness function and in general within the scope of ESSPROS. Preventive campaigns to alert the general public to health hazards (for example, smoking, alcohol or drug abuse) are not recorded by the ESSPROS.

12 Health care provided within the frame of the work environment by the employer aimed at guaranteeing safety at work or necessary for the production process of the enterprise is not included in the ESSPROS (see paragraph 26 of Part 1 of the Manual).

13 The way in which health care systems are organised varies considerably from one Member State to another. Data relating to in-patient and out-patient health care are broken down into directly provided benefits and reimbursements. A definition of the concepts of reimbursement and directly provided appears in paragraph 115, Part 1 of the Manual. Here below are described more in detail the circumstances under which health care benefits should be considered as directly provided or as reimbursements.

There are three main patterns of health care provision:

- under the indirect system, the social protection scheme provides medical care benefits for protected people by paying all or part of the cost of the medical care supplied by the providers. The patient pays the medical bill, all or part of which is then reimbursed by the social protection scheme. The benefits therefore take the form of reimbursements.
- under the direct system, the institutional unit running the social protection scheme owns, operates and controls the necessary medical facilities and employs the medical, para-medical and administrative staff. In this system benefits are directly provided to the protected people.
- in an alternative pattern of provision, intermediate between the two above - known as *direct settlement system*, the social protection scheme enters into a variety of contracts or agreements with health care providers. The medical care is provided to the beneficiary free or at the contractual rate (below its cost) by the providing unit (which is not a social protection scheme). The providing unit is then reimbursed by the social protection scheme. This type of benefit is also recorded as directly provided.

14 *Cost sharing* is an important aspect of health care provision. In these cases, the patient is required to meet part of the cost of medical treatment received. Various methods of cost-sharing exist in the Member States, for example:

- the beneficiary pays either a fixed percentage of the cost of services and goods received, or a flat rate contribution towards those goods and services;
- there is a cost threshold below which medical costs must be borne by the protected people (franchise levels);
- there is a cost threshold above which medical costs must be borne by the protected people;
- the patient must pay a fixed fee if he or she goes directly to a provider on a higher level of care than the designated entry level, for example by consulting a specialist without seeing a general practitioner first;
- a defined range of goods or services is excluded from the social protection scheme. The cost of these goods and services must be borne in full by the patient.

As the ESSPROS is intended to record the cost of social protection, and not the cost of total medical care, any part of the full cost of medical care which is met by the beneficiary himself under cost-sharing arrangements must be deducted from the value of the social benefit.

Table A: Classification of benefits in the Sickness/health care Function

Cash benefits

Paid sick leave

Other cash benefits

Benefits in kind

In-patient health care

- Direct provision

- Reimbursement

Out-patient health care

of which: pharmaceutical products

- Direct provision

- Reimbursement

Other benefits in kind

2.2 Description of the types of benefit

2.2.1 Cash benefits

- 15 Paid sick leave: flat-rate or earnings-related payments intended to compensate the protected person in full or in part for the loss of earnings caused by temporary inability to work due to sickness or injury. These benefits may be paid by autonomous social protection schemes, but they may also be provided by the employer in the form of continued payment of wages and salaries during the period of sickness. For reasons of convenience, paid leave in case of sickness or injury of a dependent family member (in most case a child) is also reported under this heading.
- 16 Other cash benefits: miscellaneous payments made to the protected people in connection with sickness or injury. Examples are allowances for intensive care, special bonuses or allowances for tuberculosis patients.

2.2.2 Benefits in kind

- 17 In-patient health care: medical care provided to protected people during a stay in hospital, clinic, sanatorium, approved thermal therapy establishment or similar medical establishment, including the cost of board and lodging. Normally, the patient must spend at least one night in the establishment.
- 18 Out-patient health care: medical care provided to protected people in their homes (including old peoples' homes), at the doctor's premises, or at the out-patient department of a hospital or a clinic.
- 19 Pharmaceutical products: a sub-category of out-patient care, consisting of all pharmaceutical products prescribed, purchased or directly supplied for medical care; blood and plasma are also reported under this heading.
- 20 Other benefits in kind: help provided to sick or injured people, other than medical care, to assist them with daily tasks, such as home help or transport facilities.

3. SOCIAL BENEFITS IN THE DISABILITY FUNCTION

3.1 Introduction

21 The Disability function covers benefits that:

- provide an income to persons below standard retirement age as established in the reference scheme whose ability to work and earn is impaired beyond a minimum level laid down by legislation by a physical or mental disability;
- provide rehabilitation services specifically required by disabilities;
- provide goods and services other than medical care to disabled people.

22 Disability is the full or partial inability to engage in economic activity or to lead a normal life due to a physical or mental impairment that is likely to be either permanent or to persist beyond a minimum prescribed period.

23 Benefits excluded from the Disability Function are:

- all medical care specific to disability, reported under the Sickness/health care function;.
- benefits provided to replace in whole or in part earnings during temporary incapacity to work due to sickness or injury, which is reported under the Sickness/health care function;
- family allowances paid to recipients of disability benefits, which are reported under the Family/children function;
- benefits paid to the surviving dependants of disabled people, such as pensions and funeral expenses, which are reported under the Survivors' function.

Table B: Classification of benefits in the Disability Function

Cash benefits

Disability pension
Early retirement benefit due to reduced capacity to work
Care allowance
Economic integration of the handicapped
Other cash benefits

Benefits in kind

Accommodation
Assistance in carrying out daily tasks
Rehabilitation
Other benefits in kind

3.2 Description of the types of benefit

3.2.1 Cash benefits

- 24 Disability Pension: periodic payments intended to maintain or support the income of someone below the legal/standard retirement age as established in the reference scheme who suffers from a disability which impairs his or her ability to work or earn beyond a minimum level laid down by legislation.
- 25 Early retirement in case of reduced ability to work: periodic payments to older workers who retire before reaching the legal/standard retirement age as established in the reference scheme as a result of reduced ability to work. These payments normally cease when the beneficiary becomes entitled to an old age pension.
- 26 Care allowance: benefit paid to disabled people who need frequent or constant assistance to help them meet the extra costs of attendance (other than medical care). The benefit must not be a reimbursement of certified expenditure, which would be classified as benefit in kind.
- 27 Economic integration of the handicapped: allowances paid to disabled people when they undertake work adapted to their condition, normally in a sheltered workshop, or when they undergo vocational training.
- 28 Other cash benefits: periodic and lump-sum payments not falling under the above headings, such as occasional income support and so on. If it concerns a lump-sum, the benefit is normally granted instead of a periodical disability pension, the beneficiaries usually only having a low level of disability.

3.2.2 Benefits in kind

- 29 Accommodation: provision of lodging and possibly board to disabled people in appropriate establishments.
- 30 Assistance in carrying out daily tasks: practical help provided to disabled people to assist them with daily tasks. Home help is included in this category, as well as the payment of an allowance to the person who looks after the disabled person.
- 31 Rehabilitation: provision of specific goods and services (other than medical care) and vocational training to further the occupational and social rehabilitation of disabled people. These services may be provided in specialised institutions. Goods and services may be provided by an employer, but if they are mainly to service the production process of the enterprise, they should not be included (see also paragraph 26, Part 1). Medical rehabilitation - such as physiotherapy - is included in the Sickness/health care function.
- 32 Other benefits in kind: miscellaneous services and goods provided to disabled people to enable them to participate in leisure and cultural activities, or to travel and/or to participate in community life, including reduced prices, tariffs, fares, and so on granted to disabled people expressly for social protection reasons.

4. SOCIAL BENEFITS IN THE OLD AGE FUNCTION

4.1 Introduction

33 The Old age function covers the provision of social protection against the risks linked to old age: loss of income, inadequate income, lack of independence in carrying out daily tasks, reduced participation in social life, and so on. Medical care of the elderly is not taken into account, as all health care expenditure is reported under the Sickness/health care function.

The Old age function covers benefits that:

- provide a replacement income when the aged person retires from the labour market;
- guarantee a certain income when a person has reached a prescribed age;
- provide goods or services specifically required by the personal or social circumstances of the elderly.

34 Benefits excluded from the Old age function are:

- medical care specific to old age, which is reported under the Sickness/health care function;
- family allowances for dependent children where the beneficiary is also in receipt of an old age benefit; this is reported under the Family/children function.
- early retirement benefits paid for labour market reasons or in case of reduced capacity to work, which are reported under the functions Unemployment and Disability respectively.

Table C: Classification of benefits in the Old Age Function

Cash benefits

Old age pension
Anticipated old age pension
Partial pension
Care allowance
Other cash benefits

Benefits in kind

Accommodation
Assistance in carrying out daily tasks
Other benefits in kind

4.2 Description of the types of benefit

4.2.1 Cash benefits

35 Old age pension: periodic payments intended to i) maintain the income of the beneficiary after retirement from gainful employment at the legal/standard age or ii) support the income of elderly persons (excluding support of limited duration).

- 36 Anticipated old age pension: periodic payments intended to maintain the income of beneficiaries who retire before the legal/standard age as established in the relevant scheme. This may occur with or without a reduction of the normal pension.
- 37 Partial retirement pension: periodic payment of a portion of the full retirement pension to older workers who continue to work but reduce their working hours or whose income from a professional activity is below a set ceiling. The partial pension is converted into a full pension and recorded under the item *old age pension* when the beneficiary retires completely or when he or she ceases to earn professional income above the defined level.
- 38 Care allowance: benefit paid to old people who need frequent or constant assistance to help them meet the extra costs of attendance (other than medical care). The benefit must not be a reimbursement of certified expenditure, which would be classified as benefit in kind.
- 39 Other cash benefits: periodic or lump-sum benefits paid upon retirement or on account of old age that do not fall under the above headings, such as capital sums paid to people who do not fully meet the requirements for a periodic retirement pension, or who were members of a scheme designed to provide only capital sums at retirement.

4.2.2 Benefits in kind

- 40 Accommodation: provision of lodging and sometimes board to retired people either in specialised institutions (old people's homes, nursing homes) or staying with families. The provision can be of temporary or indefinite duration.
- 41 Assistance in carrying out daily tasks: practical help provided to old people to assist them with daily tasks. Home help is included in this category, as well as the payment of an allowance to the person who looks after an elderly person.
- 42 Other benefits in kind: miscellaneous goods and services for retired people to enable them to take part in leisure and cultural activities, to travel and/or participate in community life. These include reductions in prices, tariffs and fares for old age pensioners where they are expressly granted for social protection.

4.2.3 Legal/standard age of retirement for old age benefits

- 43 The legal retirement age for old age benefits means the age at which old age benefits become payable, if laid down legislation or by contract. This age can vary both between countries and within Member States, depending on the sector of activity, occupation, gender and so on.

When no legal retirement age exists, a standard retirement age is to be used, which means the retirement age offered by the scheme that paid the pension to the beneficiary.

5. SOCIAL BENEFITS IN THE SURVIVORS' FUNCTION

5.1 Introduction

44 The Survivors' function includes benefits that:

- provide a temporary or permanent income to people who have suffered from the loss of the spouse or a next-of-kin, usually when the latter represented the main breadwinner for the beneficiary;
- compensate survivors for funeral costs for any hardship caused by the death of a family member;
- provide goods and services to eligible survivors.

Survivors eligible for benefit may be the spouse or ex-spouse of the deceased person, his or her children, grandchildren, parents or other relatives. In some cases, the benefit may also be paid to someone outside the family.

45 Benefits excluded from the Survivors function are:

- family allowances for dependent children where the beneficiary is receiving a survivor's benefit; these are reported under the Family/children function.

46 A survivor's benefit is normally granted on the basis of a derived right, that is, a right originally belonging to another person whose death is a condition for granting the benefit. However, some social protection schemes treat this right as a direct one, that is, there is no connection between the survivor's benefit received and any benefit that the deceased would have been able to claim.

Table D: Classification of benefits in the Survivors Function

Cash benefits

Survivors' pension

Death grant

Other cash benefits

Benefits in kind

Funeral expenses

Other benefits in kind

5.2 Description of the types of benefit

5.2.1 Cash benefits

47 Survivors' pension: periodic payments to people whose entitlement derives from their relationship with a deceased person protected by the scheme (widows, widowers, orphans and similar).

- 48 Death grant: single payment to someone whose entitlement derives from their relationship with a deceased person (widows, widowers, orphans and similar).
- 49 Other cash benefits: other periodic or lump-sum payments made by virtue of a derived right of a survivor.

5.2.2 Benefits in kind

- 50 Funeral expenses: sums paid towards the cost of the funeral, burial (or other arrangement) of a deceased person protected by the scheme. This benefit is granted, as a rule, to the persons who bear those costs.
- 51 Other benefits in kind: miscellaneous goods and services provided to survivors to enable them to take part in community life; these include reductions in prices, tariffs, fares and so on for widows, widowers, and orphans if expressly granted for social protection.

6. SOCIAL BENEFITS IN THE FAMILY/CHILDREN FUNCTION

6.1 Introduction

52 The Family/children Function includes benefits that:

- provide financial support to households for bringing up children;
- provide financial assistance to people who support relatives other than children;
- provide social services specifically designed to assist and protect the family, particularly children.

Table E: Classification of benefits in the Family/children Function

Cash benefits

Income maintenance benefit in the event of childbirth

Birth grant

Parental leave benefit

Family or child allowance

Other cash benefits

Benefits in kind

Child day care

Accommodation

Home help

Other benefits in kind

6.2 Description of the types of benefit

6.2.1 Cash benefits

53 Income maintenance benefit in the event of childbirth: flat-rate or earnings-related payments intended to compensate the protected person for the loss of earnings due to absence from work in connection with childbirth for the period before and/or after confinement or in connection with adoption. The benefit may also be paid to the father.

These benefits may be paid by autonomous social protection schemes, but they are also provided by employers in the form of continued payment of wages and salaries during absence from work. When there are no administrative data on the value of these payments, estimates must be based on other sources, such as labour cost surveys.

54 Birth grant: benefits normally paid as a lump sum or by instalments in case of childbirth or adoption.

- 55 Parental leave benefit: benefit paid to either mother or father in case of interruption of work or reduction of working time in order to bring up a child, normally of young age.
- 56 Family or child allowance: periodical payments to a member of a household with dependent children to help with the costs of raising children.
- 57 Other cash benefits: benefits paid independently of family allowances to support households and help them meet specific costs, such as costs arising from the specific needs of lone parent families or families with handicapped children. These benefits may be paid periodically or as a lump-sum.

6.2.2 Benefits in kind

- 58 Child day care: shelter and board provided to pre-school children during the day or part of the day. The age limit for pre-school is defined by national legislation. Financial assistance towards the payment of a nurse to look after children during the day is also included here. Child day care services provided by the employer should not be taken into account, according to paragraphs 24 to 27 of Part 1.
- 59 Accommodation: shelter and board provided to children and families on a permanent basis (such as in nursing homes and foster families).
- 60 Home help: goods and services provided at home to children and/or to those who care for them.
- 61 Other benefits in kind: miscellaneous goods and services provided to families, young people or children (holiday and leisure centres), including reductions in prices, tariffs, fares and so on for children or large families, where expressly granted for social protection. This category also includes family planning services.

7. SOCIAL BENEFITS IN THE UNEMPLOYMENT FUNCTION

7.1 Introduction

- 62 The Unemployment Function includes benefits that:
- replace in whole or in part income lost by a worker due to the loss of gainful employment;
 - provide a subsistence (or better) income to persons entering or re-entering the labour market;
 - compensate for the loss of earnings due to partial unemployment;
 - replace in whole or in part income lost by an older worker who retires from gainful employment before the legal retirement age because of job reductions for economic reasons;
 - contribute to the cost of training or re-training people looking for employment;
 - help unemployed persons meet the cost of travelling or relocating to obtain employment;
 - provide help and relief by providing appropriate goods and services.
- 63 Family allowances paid for dependent children to recipients of unemployment benefits are reported under the Family/children function, not under Unemployment.
- 64 A distinction currently applied to employment policies is between *passive* and *active measures*. The former simply try to mitigate the disadvantages of unemployment, while the latter aim to prevent unemployment or achieve shorter periods of unemployment.

The Unemployment function contains mainly passive measures (especially unemployment pay and early retirement benefits), but also some active measures, such as benefits related to training programmes.

In practice, the distinction between passive and active spending is not very practical from a statistical point of view. There are a number of measures which are hard to classify under one category or the other. For example, vocational training may be provided to recipients of unemployment benefits. Some partial early retirement benefits are conditional on the recruitment of young unemployed people, combining the effects of active and passive expenditure or making passive expenditure active.

Some active employment measures in Member States are not within the scope of social protection in the Core system of ESSPROS, particularly expenditure that is not a direct advantage to households, in the sense that it does not raise their disposable income by cash transfers or the provision of goods and services (see paragraph 100, Part 1 of the Manual). The main examples are wage subsidies, exemptions from paying employers' social contributions and similar measures aimed at business with the purpose of combating unemployment. A common characteristic of these measures is that they help both business and the unemployed.

Table F: Classification of benefits in the Unemployment Function

Cash benefits

Full unemployment benefit
Partial unemployment benefit
Early retirement benefit for labour market reasons
Vocational training allowance
Redundancy compensation
Other cash benefits

Benefits in kind

Mobility and resettlement
Vocational training
Placement services and job-search assistance
Other benefits in kind

7.2 Description of the types of benefit

7.2.1 Cash benefits

- 65 Full unemployment benefits: benefits compensating for loss of earnings where a person is capable of working and available for work but is unable to find suitable employment, including persons who had not previously been employed.
- 66 Partial unemployment benefits: benefits compensating for the loss of wage or salary due to formal short-time working arrangements, and/or intermittent work schedules, irrespective of their cause (business recession or slow-down, breakdown of equipment, climatic conditions, accidents and so on), and where the employer/employee relationship continues.
- 67 Early retirement for labour market reasons: periodic payments to older workers who retire before reaching the legal/standard retirement age due to unemployment or to job reduction caused by economic measures such as the restructuring of an industrial sector or of a business. These payments normally cease when the beneficiary becomes entitled to an old age pension.
- 68 Vocational training allowance: payments by social security funds or public agencies to targeted groups of persons in the labour force who take part in training schemes intended to develop their potential for employment.
- 69 Redundancy compensation: capital sums paid to employees who have been dismissed through no fault of their own by an enterprise that is ceasing or cutting down its activities. This benefit may be paid either directly by the employer or by a fund set up for the purpose.
- 70 Other cash benefits: other financial assistance, particularly payments to the long-term unemployed, such as start-up incentives in the form of payment of unemployment benefit.

7.2.2 Benefits in kind

- 71 Mobility and resettlement: payments by social security funds or public agencies to unemployed persons to encouraging them change to another locality or their occupation in order to seek or to obtain work.
- 72 Vocational training: payments made by social security funds or public agencies to institutions which provide professional training to people without a job or at risk of losing their job shortly to develop their potential for further employment.
- 73 Placement services and job-search assistance covers intermediation, information and career guidance services provided by job-placement/employment agencies.
- 74 Other benefits in kind: benefits in kind not classified elsewhere, such as the provision of accommodation, food or clothes or similar assistance to unemployed persons and their families, including reduced prices, tariffs, fares and so on for unemployed persons where they are expressly granted for social protection.

8. SOCIAL BENEFITS IN THE HOUSING FUNCTION

8.1 Introduction

75 The Housing Function is made up of interventions by public authorities to help households meet the cost of housing. Housing policies are widespread in the Member States and their purpose often goes beyond that of social protection: they may be aimed at encouraging the building industry, ownership of dwellings, saving and so on. These wider measures are not within the scope of ESSPROS.

An essential criterion for defining the scope of the Housing function is the existence of a qualifying means-test for the benefit.

76 Even when housing benefits are paid in cash as a supplement to old age pensions or minimum guaranteed income benefits, they are classified in the Housing function as benefits in kind. The object of the benefits in this function is to help households meet the cost of housing: by definition, housing is considered certified expenditure (see paragraph 115 of Part 1 of the Manual).

Table G: Classification of benefits in the Housing Function

Benefits in kind

Rent benefit

of which: Social Housing

Benefit to owner-occupiers

8.2 Description of the types of benefit

8.2.1 Benefits in kind

77 Rent benefit: a current means-tested transfer granted by a public authority to tenants, temporarily or on a long-term basis, to help with rent costs.

78 Social housing: sub-category of rent benefit. Loss of rental income due to the current imposition of non-commercial rents (that is, rents below the normal market price) by public bodies or private non-profit institutions that own low-cost or social housing. The assignment of housing at non-commercial rents must be determined by a test on the households' income and/or wealth.

79 Benefit to owner-occupiers: a means-tested transfer by a public authority to owner-occupiers to alleviate their current housing costs: in practice often help with paying mortgages and/or interest. All capital transfers (in particular investment grants) are excluded.

9. SOCIAL BENEFITS IN THE FUNCTION SOCIAL EXCLUSION NOT ELSEWHERE CLASSIFIED

9.1 Introduction

80 The need or risk against which social protection benefits are provided in this area is not easily defined. The concept of social exclusion is multidimensional: it refers firstly to an insufficient level of income (poverty), but also to precarious situations in the field of health, education and employment.

It follows that the content of this function, or rather group of benefits, is fairly heterogeneous. However, the borderlines of this function are traced by the definition of social protection itself in chapter 2 of Part 1, and by the following principles:

- small-scale, informal and incidental types of support that do not require regular management and accounting are conventionally excluded from the scope of ESSPROS. This is the case, for example, of whip-rounds, Christmas collections, ad-hoc humanitarian aid and emergency relief in the event of natural disasters;
- all social benefits related to a risk or need for which ESSPROS defines a specific function are reported under that function. For example, all non-contributory and means-tested public schemes providing a minimum entitlement in the case of old age, disability or unemployment must be incorporated in the corresponding functions and not under the present function. The residual character of this function may lead to differences in cover among Member States depending on the main system of social protection they apply;
- while the other functions refer to people subject to clearly identifiable risks or needs (the elderly, the disabled, the unemployed and so on), this function refers to the "socially excluded" or to "those at risk of social exclusion". General as this is, target groups may be identified (among others) as destitute people, migrants, refugees, drug or alcohol addicts, victims of criminal violence.

Table H: Classification of benefits in the function Social exclusion n.e.c.

Cash benefits

Income support
Other cash benefits

Benefits in kind

Accommodation
Rehabilitation of alcohol and drug abusers
Other benefits in kind

9.2 Description of the types of benefit

9.2.1 Cash benefits

- 81 Income support: periodic payments to people with insufficient resources. Conditions for entitlement may be related not only to the personal resources but also to nationality, residence, age, availability for work and family status. The benefit may have a limited or an unlimited duration; it may be paid to the individual or to the family, and provided by central or local government.
- 82 Other cash benefit: support for destitute and vulnerable persons to help alleviate poverty or assist in difficult situations. These benefits may be paid by private non-profit organisations.

9.2.2 Benefits in kind

- 83 Accommodation: shelter and board provided to destitute or vulnerable people, where these services cannot be classified under another function. This may be short term in reception centres, shelters and so on or on a more regular basis in special institutions, boarding houses, reception families and so on.
- 84 Rehabilitation of alcohol and drug abusers: treatment of alcohol and drug dependency aimed at reconstructing the social life of the abusers, making them able to live an independent life. The treatment is usually provided in reception centres or special institutions.
- 85 Other benefits in kind: basic services and goods to help vulnerable people, such as counselling, day shelter, help with carrying out daily tasks, food, clothing, fuel, etc... Legal aid provided with a means-test is also included.

APPENDICES

APPENDIX 1: The ESSPROS questionnaire detailed classification

1 RECEIPTS (COMPULSORY DATA)

1.1 SOCIAL CONTRIBUTION

2000000	Total receipts
2100000	Social contributions
2110000	Employers' social contributions
2110100	Actual employers' social contributions
2110101	Sector of origin: Corporations
2110102	Sector of origin: Central government
2110103	Sector of origin: State and local government
2110104	Sector of origin: Social security funds
2110105	Sector of origin: Households
2110106	Sector of origin: Non-profit institutions serving households
2110107	Sector of origin: Rest of the World
2110200	Imputed social contributions
2110201	Sector of origin: Corporations
2110202	Sector of origin: Central government
2110203	Sector of origin: State and local government
2110204	Sector of origin: Social security funds
2110205	Sector of origin: Households
2110206	Sector of origin: Non-profit institutions serving households
2110207	Sector of origin: Rest of the World
2120000	Social contributions by the protected persons
2121000	Employees
2121005	Sector of origin: Households
2121007	Sector of origin: Rest of the World
2122000	Self-employed
2122005	Sector of origin: Households
2122007	Sector of origin: Rest of the World
2123000	Pensioners and other
2123005	Sector of origin: Households
2123007	Sector of origin: Rest of the World

1.2 GENERAL GOVERNMENT CONTRIBUTIONS AND OTHER RECEIPTS

2200000	General government contributions
2210000	Earmarked taxes
2210002	Sector of origin: Central government
2210003	Sector of origin: State and local government
2210004	Sector of origin: Social security funds
2220000	General revenue
2220002	Sector of origin: Central government
2220003	Sector of origin: State and local government
2220004	Sector of origin: Social security funds
2300000	Transfers from other schemes
2310000	Social contributions rerouted from other schemes
2310005	Sector of origin: Households
2310007	Sector of origin: Rest of the World
2320000	Other transfers from other resident schemes
2400000	Other receipts
2410000	Property income
2410001	Sector of origin: Corporations
2410002	Sector of origin: Central government
2410003	Sector of origin: State and local government
2410004	Sector of origin: Social security funds
2410005	Sector of origin: Households
2410006	Sector of origin: Non-profit institutions serving households
2410007	Sector of origin: Rest of the World
2420000	Other
2420001	Sector of origin: Corporations
2420002	Sector of origin: Central government
2420003	Sector of origin: State and local government
2420004	Sector of origin: Social security funds
2420005	Sector of origin: Households
2420006	Sector of origin: Non-profit institutions serving households
2420007	Sector of origin: Rest of the World

2 EXPENDITURE

2.1 COMPULSORY DATA

1000000	Total expenditures
1100000	Social protection benefits
1101000	Social protection benefits non means-tested
1101100	Cash benefits non means-tested
1101110	Periodic cash benefits non means-tested
1101120	Lump sum cash benefits non means-tested
1101200	Benefits in kind non means-tested
1102000	Social protection benefits means-tested
1102100	Cash benefits means-tested
1102110	Periodic cash benefits means-tested
1102120	Lump sum cash benefits means-tested
1102200	Benefits in kind means-tested
1200000	Administration costs
1300000	Transfers to other schemes
1310000	Social contributions rerouted to other schemes
1310001	Social contributions rerouted paid on sickness/health care benefits
1310002	Social contributions rerouted paid on disability benefits
1310003	Social contributions rerouted paid on old age benefits
1310004	Social contributions rerouted paid on survivors benefits
1310005	Social contributions rerouted paid on family/children benefits
1310006	Social contributions rerouted paid on unemployment benefits
1310007	Social contributions rerouted paid on housing benefits
1310008	Social contributions rerouted paid on social exclusion n.e.c. benefits
1320000	Other transfers to other resident schemes
1400000	Other expenditure
1410000	Property income
1420000	Other

2.2 OPTIONAL DATA: BREAKDOW BETWEEN RESIDENTS AND NON-RESIDENTS

1100000	Social protection benefits
1100010	Social protection benefits granted to resident households
1100020	Social protection benefits granted to non-resident households
1100021	Social protection benefits granted to residents of the EU
1100022	Social protection benefits granted to residents of other countries
1400000	Other expenditure
1400001	Other expenditure to resident units
1400002	Other expenditure to non-resident units

3 DETAILED BENEFITS BY FUNCTION

3.1 COMPULSORY DATA

3.1.1 SICKNESS/HEALTH CARE FUNCTION

1110000	Social protection benefits
1111000	Social protection benefits non means-tested
1111100	Cash benefits non means-tested
1111110	Periodic cash benefits non means-tested
1111111	Paid sick leave non means-tested
1111112	Other cash periodic benefits non means-tested
1111120	Lump sum cash benefits non means-tested
1111121	Other cash lump sum benefits non means-tested
1111200	Benefits in kind non means-tested
1111210	In-patient care non means-tested
1111211	Direct provision non means-tested
1111212	Reimbursement non means-tested
1111220	Out-patient care non means-tested
1111221	Direct provision of pharmaceutical products non means-tested
1111222	Other direct provision non means-tested
1111223	Reimbursement of pharmaceutical products non means-tested
1111224	Other reimbursement non means-tested
1111230	Other benefits in kind non means-tested
1112000	Social protection benefits means-tested
1112100	Cash benefits means-tested
1112110	Periodic cash benefits means-tested
1112111	Paid sick leave means-tested
1112112	Other cash periodic benefits means-tested
1112120	Lump sum cash benefits means-tested
1112121	Other cash lump sum benefits means-tested
1112200	Benefits in kind means-tested
1112210	In-patient care means-tested
1112211	Direct provision means-tested
1112212	Reimbursement means-tested
1112220	Out-patient care means-tested
1112221	Direct provision of pharmaceutical products means-tested
1112222	Other direct provision means-tested
1112223	Reimbursement of pharmaceutical products means-tested
1112224	Other reimbursement means-tested
1112230	Other benefits in kind means-tested

3.1.2 DISABILITY FUNCTION

1120000	Social protection benefits
1121000	Social protection benefits non means-tested
1121100	Cash benefits non means-tested
1121110	Periodic cash benefits non means-tested
1121111	Disability pension non means-tested
1121112	Early retirement benefit due to reduced capacity to work non means-tested
1121113	Care allowance non means-tested
1121114	Economic integration of the handicapped non means-tested
1121115	Other cash periodic benefits non means-tested
1121120	Lump sum cash benefits non means-tested
1121121	Care allowance non means-tested
1121122	Economic integration of the handicapped non means-tested
1121123	Other cash periodic benefits non means-tested
1121200	Benefits in kind non means-tested
1121201	Accommodation non means-tested
1121202	Assistance in carrying out daily tasks non means-tested
1121203	Rehabilitation non means-tested
1121204	Other benefits in kind non means-tested
1122000	Social protection benefits means-tested
1122100	Cash benefits means-tested
1122110	Periodic cash benefits means-tested
1122111	Disability pension means-tested
1122112	Early retirement benefit due to reduced capacity to work means-tested
1122113	Care allowance means-tested
1122114	Economic integration of the handicapped means-tested
1122115	Other cash periodic benefits means-tested
1122120	Lump sum cash benefits means-tested
1122121	Care allowance means-tested
1122122	Economic integration of the handicapped means-tested
1122123	Other cash periodic benefits means-tested
1122200	Benefits in kind means-tested
1122201	Accommodation means-tested
1122202	Assistance in carrying out daily tasks means-tested
1122203	Rehabilitation means-tested
1122204	Other benefits in kind means-tested

3.1.3 OLD AGE FUNCTION

1130000	Social protection benefits
1131000	Social protection benefits non means-tested
1131100	Cash benefits non means-tested
1131110	Periodic cash benefits non means-tested
1131111	Old-age pension non means-tested
1131112	Anticipated old age pension non means-tested
1131113	Partial pension non means-tested
1131114	Care allowance non means-tested
1131115	Other cash periodic benefits non means-tested
1131120	Lump sum cash benefits non means-tested
1131121	Other cash lump sum benefits non means-tested
1131200	Benefits in kind non means-tested
1131201	Accommodation non means -tested
1131202	Assistance in carrying out daily tasks non means-tested
1131203	Other benefits in kind non means-tested
1132000	Social protection benefits means-tested
1132100	Cash benefits means-tested
1132110	Periodic cash benefits means-tested
1132111	Old-age pension means-tested
1132112	Anticipated old age pension means-tested
1132113	Partial pension means-tested
1132114	Care allowance means-tested
1132115	Other cash periodic benefits means-tested
1132120	Lump sum cash benefits means-tested
1132121	Other cash lump sum benefits means-tested
1132200	Benefits in kind means-tested
1132201	Accommodation means-tested
1132202	Assistance in carrying out daily tasks means-tested
1132203	Other benefits in kind means-tested

3.1.4 SURVIVORS' FUNCTION

1140000	Social protection benefits
1141000	Social protection benefits non means-tested
1141100	Cash benefits non means-tested
1141110	Periodic cash benefits non means-tested
1141111	Survivors' pension non means-tested
1141112	Other cash periodic benefits non means-tested
1141120	Lump sum cash benefits non means-tested
1141121	Death grant non means-tested
1141122	Other cash lump sum benefits non means-tested
1141200	Benefits in kind non means-tested
1141201	Funeral expenses non means-tested
1141202	Other benefits in kind non means-tested
1142000	Social protection benefits means-tested
1142100	Cash benefits means-tested
1142110	Periodic cash benefits means-tested
1142111	Survivors' pension means-tested
1142112	Other cash periodic benefits means-tested
1142120	Lump sum cash benefits means-tested
1142121	Death grant means-tested
1142122	Other cash lump sum benefits means-tested
1142200	Benefits in kind means-tested
1142201	Funeral expenses means-tested
1142202	Other benefits in kind means-tested

3.1.5 FAMILY/CHILDREN FUNCTION

1150000	Social protection benefits
1151000	Social protection benefits non means-tested
1151100	Cash benefits non means-tested
1151110	Periodic cash benefits non means-tested
1151111	Income maintenance in the event of childbirth non means-tested
1151112	Parental leave benefit non means-tested
1151113	Family or child allowance non means-tested
1151114	Other cash periodic benefits non means-tested
1151120	Lump sum cash benefits non means-tested
1151121	Birth grant non means-tested
1151122	Parental leave benefit non means-tested
1151123	Other cash lump sum benefits non means-tested
1151200	Benefits in kind non means-tested
1151201	Child day care non means-tested
1151202	Accommodation non means-tested
1151203	Home help non means-tested
1151204	Other benefits in kind non means-tested
1152000	Social protection benefits means-tested
1152100	Cash benefits means-tested
1152110	Periodic cash benefits means-tested
1152111	Income maintenance in the event of childbirth means-tested
1152112	Parental leave benefit means-tested
1152113	Family or child allowance means-tested
1152114	Other cash periodic benefits means-tested
1152120	Lump sum cash benefits means-tested
1152121	Birth grant means-tested
1152122	Parental leave benefit means-tested
1152123	Other cash lump sum benefits means-tested
1152200	Benefits in kind means-tested
1152201	Child day care means-tested
1152202	Accommodation means-tested
1152203	Home help means-tested
1152204	Other benefits in kind means-tested

3.1.6 UNEMPLOYMENT FUNCTION

1160000	Social protection benefits
1161000	Social protection benefits non means-tested
1161100	Cash benefits non means-tested
1161110	Periodic cash benefits non means-tested
1161111	Full unemployment benefit non means-tested
1161112	Partial unemployment benefit non means-tested
1161113	Early retirement benefit for labour market reasons non means-tested
1161114	Vocational training allowance non means-tested
1161115	Other cash periodic benefits non means-tested
1161120	Lump sum cash benefits non means-tested
1161121	Vocational training allowance non means-tested
1161122	Redundancy compensation non means-tested
1161123	Other cash lump sum benefits non means-tested
1161200	Benefits in kind non means-tested
1161201	Mobility and resettlement non means-tested
1161202	Vocational training non means-tested
1161203	Placement services and job-search assistance non means-tested
1161204	Other benefits in kind non means-tested
1162000	Social protection benefits means-tested
1162100	Cash benefits means-tested
1162110	Periodic cash benefits means-tested
1162111	Full unemployment benefit means-tested
1162112	Partial unemployment benefit means-tested
1162113	Early retirement benefit for labour market reasons means-tested
1162114	Vocational training allowance means-tested
1162115	Other cash periodic benefits means-tested
1162120	Lump sum cash benefits means-tested
1162121	Vocational training allowance means-tested
1162122	Redundancy compensation means-tested
1162123	Other cash lump sum benefits means-tested
1162200	Benefits in kind means-tested
1162201	Mobility and resettlement means-tested
1162202	Vocational training means-tested
1162203	Placement services and job-search assistance means-tested
1162204	Other benefits in kind means-tested

3.1.7 HOUSING FUNCTION

1170000	Social protection benefits
1172000	Social protection benefits means-tested
1172200	Benefits in kind means-tested
1172210	Rent benefits means-tested
1172211	Social housing means-tested
1172212	Other rent benefits means-tested
1172220	Benefit to owner-occupiers means-tested

3.1.8 SOCIAL EXCLUSION (N.E.C.) FUNCTION

1180000	Social protection benefits
1181000	Social protection benefits non means-tested
1181100	Cash benefits non means-tested
1181110	Periodic cash benefits non means-tested
1181111	Income support non means-tested
1181112	Other cash periodic benefits non means-tested
1181120	Lump sum cash benefits non means-tested
1181121	Other cash lump sum benefits non means-tested
1181200	Benefits in kind non means-tested
1181201	Accommodation non means-tested
1181202	Rehabilitation of alcohol and drugs abusers non means-tested
1181203	Other benefits in kind non means-tested
1182000	Social protection benefits means-tested
1182100	Cash benefits means-tested
1182110	Periodic cash benefits means-tested
1182111	Income support means-tested
1182112	Other cash periodic benefits means-tested
1182120	Lump sum cash benefits means-tested
1182121	Other cash lump sum benefits means-tested
1182200	Benefits in kind means-tested
1182201	Accommodation means-tested
1182202	Rehabilitation of alcohol and drugs abusers means-tested
1182203	Other benefits in kind means-tested

3.2 OPTIONAL DATA

SICKNESS/HEALTH CARE FUNCTION

3.2.1 Pay leave in the event of sickness or injury of a dependent family member (included in the items "Paid sick leave" -1111111 and 1112111)

1111111	<i>Paid sick leave non means-tested</i>
1111119	Pay leave in the event of sickness or injury of a dependent family member non means-tested
1112111	<i>Paid sick leave means-tested</i>
1112119	Pay leave in the event of sickness or injury of a dependent family member means-tested

DISABILITY, OLD AGE AND UNEMPLOYMENT FUNCTIONS

3.2.2 Supplement for dependent children

	DISABILITY FUNCTION
1121111	<i>Disability pension non means-tested</i>
1121119	Supplement for dependent children
1122111	<i>Disability pension means-tested</i>
1122119	Supplement for dependent children
	OLD AGE FUNCTION
1131111	<i>Old-age pension non means-tested</i>
1131119	Supplement for dependent children
1131112	<i>Anticipated old age pension non means-tested</i>
11311129	Supplement for dependent children
1131113	<i>Partial pension non means-tested</i>
11311139	Supplement for dependent children
1132111	<i>Old-age pension means-tested</i>
1132119	Supplement for dependent children
1132112	<i>Anticipated old age pension means-tested</i>
11321129	Supplement for dependent children
1132113	<i>Partial pension means-tested</i>
11321139	Supplement for dependent children
	UNEMPLOYMENT FUNCTION
1161111	<i>Full unemployment benefit non means-tested</i>
1161119	Supplement for dependent children
1161112	<i>Partial unemployment benefit non means-tested</i>
11611129	Supplement for dependent children
1162111	<i>Full unemployment benefit means-tested</i>
1162119	Supplement for dependent children
1162112	<i>Partial unemployment benefit means-tested</i>
11621129	Supplement for dependent children

SURVIVORS' FUNCTION

3.2.3 For the items 1141111 and 1142111 “Survivors’ pensions over the standard retirement age”

<i>1141111</i>	<i>Survivors’ pension non means-tested</i>
1141119	Survivors’ pensions over the standard retirement age
<i>1142111</i>	<i>Survivors’ pension means-tested</i>
1142119	Survivors’ pensions over the standard retirement age

APPENDIX 2: Qualitative information by scheme and detailed benefit

1 Qualitative information by scheme and detailed benefit provides:

- a more in-depth knowledge of social protection schemes;
- better information to evaluate scheme and benefit classifications;
- a clearer basis for footnotes in publications and for ESSPROS database in New Cronos;
- an improved response to questions from users of data by scheme;
- a support during the validation process of quantitative data and data on pension beneficiaries.

2 The following information sets (Table A) in English should be available and annually updated (Table B):

Table A: ESSPROS qualitative information sets

1.1 General information includes:

1. Period covered
2. Date of updating qualitative information
3. Responsible organisation, person and E-mail contact

1.2 General description of the scheme includes:

1. English and original (in national language) name of the scheme
2. Scheme movement (year of introducing/abolishing/merging/splitting of the scheme)
3. classifications of the scheme
4. reference legislation and/or regulation
5. organisation(s) responsible for running the scheme
6. financing of the scheme
7. scope (protected people under scheme)
8. bibliography and web bibliography (optional)
9. history of the scheme
10. notes (other important information)

1.3 Description of the benefit includes:

1. English and original name of benefit
2. Year of introducing or abolishing the benefit
3. General conditions for granting the benefit
4. The categories of beneficiaries
5. Taxation of benefit

3 Period covered (yearT1 to yearT2)

Current qualitative information should refer to the calendar yearT2, where yearT2 is the year to which last collected quantitative data refers to.

Information on period covered (starting from year 2006 compulsorily or from the first year of the availability of data when it is possible) should supply general information on the social protection

system main evolutions (at least in items: scheme movement, history of scheme, notes, etc.) affecting the scheme.

- 4 Date of updating qualitative information should be refer to month and year of the last updating by country.
- 5 English and original (in national language) name of scheme
- 6 Scheme movement: information on year of introducing or abolishing or merging or splitting of the scheme
- 7 Classifications of the scheme: the classification of the schemes under the five criteria set in the Commission Regulation (EC) No 10/2008, (Section 1 of Annexes I and II) and following the detailed classification in the ESSPROS Manual.
- 8 Reference legislation and/or regulation: List of valid legislation (name, number and years)
- 9 Organisation(s) responsible for running the scheme: Name of organisation(s) [abbreviation optional]
- 10 Financing of the scheme: Short description and list of payers.
- 11 Scope (protected people under scheme): Short description of list of risks and covered people.
- 12 Bibliography and web bibliography: (optional information):
- 13 History of the scheme ¹⁸ a brief description of the main reforms of the scheme for the whole period covered.
- 14 Notes: links between schemes and other important information not elsewhere included.
- 15 Description of benefit(s) recorded under the reference heading comprising information for every benefit as follows:
 - a) English and original name of benefit [in bracket]
 - b) Year of introducing or abolishing of benefit (during covered period)
 - c) General conditions for granting the benefit

¹⁸ *If relevant*

- d) The categories of beneficiaries
- e) Taxation of benefit

16 Annual updating of a complete set of previous qualitative information should refer to current transmission quantitative data and will be limited to changes in the social protection system and will apply for following items (Table B):

Table B Annual updating qualitative information

on the qualitative database level⁽¹⁾ for all items:

on the scheme level⁽²⁾

- a) complete description of introduced schemes
- b) information about abolished schemes
- c) name of new legal act or regulation
- d) brief description of the main reform⁽²⁾
- e) new reference publications or web sites (optional)

on the benefit level⁽³⁾

- a) complete description of introduced benefit
- b) information about abolished benefit
- c) updating description of benefit

(1) In accordance with the previous paragraph 3-4

(2) In accordance with the previous paragraphs 5-14

(3) In accordance with the previous paragraph 15

APPENDIX 3: METHODOLOGY OF THE MODULE ON PENSION BENEFICIARIES

1. Scope of the pension beneficiaries module

- 1 According to the EP and Council Regulation 458/2007 (Annex II), pension beneficiaries are defined as recipients of one or more of the periodic cash benefits of a social protection scheme falling within seven pension categories (disability pension; early retirement benefit due to reduced capacity to work; old-age pension; anticipated old-age pension; partial pension; survivors' pension; early retirement benefit due to labour market reasons).

A social protection scheme is defined in the same Regulation as: "a distinct body of rules, supported by one or more institutional units, governing the provision of social protection benefits and their financing".

- 2 The aim of the module on pension beneficiaries is to calculate the total number of beneficiaries within:
 - Each of the previously mentioned seven categories of pensions;
 - Each of the four functions grouping these categories (disability, old-age, survivors' and unemployment);
 - and, at total level, for the aggregation of the four functions.

2. Statistical units and data collection requirements

- 3 Data, i.e. the number of beneficiaries, expressed exclusively in units (not thousands, millions...of pensioners), must be provided by social protection scheme ("scheme" level) and for the total of schemes ("all schemes" level).

Each of the 7 pension categories in the definition is further split into two subcategories, non means-tested and means-tested pensions, so that the total number of elementary (they are not obtained by aggregation of other items in the questionnaire but rather directly from data sources) items for which figures are to be provided is 14.
- 4 At "all schemes" level (see paragraph 3.1), the information must be broken down by gender while this breakdown is optional at "scheme" level (see paragraph 3.2.). At both levels, figures on pension beneficiaries (standard table Benefits/Schemes of the questionnaire), are integrated by information concerning legal aspects with direct impact on data (qualitative information) and complementing statistics (quantitative data), from here on defined "Supplementary information". For both the kinds of information (standard table and supplementary information) compulsory and optional elements are distinguished.
- 5 In general, the number of pensions received by pensioners differs from the number of pensioners as many pensioners might receive more than one pension. The total number of beneficiaries is, so, defined as the number of persons receiving at least one pension (i.e. a person who receives more than one pension is counted only once). Double counting is to be avoided. Calculating the number of beneficiaries entails gradual aggregation in shifting from a unit (scheme) level to an overall (all schemes) one. Double counting must be spotted and treated at all stages of this gradual process of aggregation. Some guidance for detecting, estimating and eliminating double counting is given in paragraph 4.2.

3. Definitions and classifications

- 6 General definitions of categories and classification of the beneficiaries included as mandatory in the module are laid down in the Commission Regulation (EC) No 10/2008, Section 2 of Annexes I and II, respectively. For optional information this appendix has to be referred.
- 7 Detailed definitions of the benefits included under the seven categories of pension (disability, early retirement benefit due to reduced capacity to work, old-age, anticipated old-age, partial, survivors' and early retirement due to labour market reason) and subcategories (breakdown according to mean-testing), and here mentioned by item-codes, are defined in the ESSPROS Manual, Part 2 (where categories are grouped by function).

3.1. All schemes (total) level

3.1.1 Compulsory data

- 8 Special items and codes have been created for the pension beneficiaries' module in order to report, compulsorily at all schemes level, on the total number of beneficiaries without double counting for the seven categories and the four functions involved (see their nested classification in Table A).

Table A: Classification of pension beneficiaries without double counting at all schemes (total) level

Total pension beneficiaries

Total pension beneficiaries in disability function

Disability pension beneficiaries
Beneficiaries receiving early retirement benefits due to reduced capacity to work

Total pension beneficiaries in old-age function

Old-age pension beneficiaries
Anticipated old-age pension beneficiaries
Partial pension beneficiaries

Total pension beneficiaries in survivors' function

Survivors' pension beneficiaries

Total pension beneficiaries in unemployment function

Beneficiaries receiving early retirement benefits for labour market reasons

Total pension beneficiaries in old-age and survivors' functions

Ranging from a pension category level, through the function level up to the total number of beneficiaries, these special items and corresponding codes, as listed in the questionnaire are so defined:

9 Total pension beneficiaries (1000000). It is the number of persons in the country receiving at least one pension. It is obtained as aggregation of the totals for the four functions (1120110, 1130110, 1140111, 1160113), treating for *type 6* double counting.

10 Total pension beneficiaries in disability function (1120110). It is the number of beneficiaries obtained as aggregation of the 2 following categories classified under the Disability function, treating for *type 4.1* double counting:

Disability pension beneficiaries (1120111). It is the number of pension beneficiaries obtained as aggregation of the elementary items 1121111 and 1122111, treating for *type 3* double counting;

Beneficiaries receiving early retirement benefits due to reduced capacity to work (1120112). It is the number of pension beneficiaries obtained as aggregation of the elementary items 1121112 and 1122112, treating for *type 3* double counting.

11 Total pension beneficiaries in old-age function (1130110). It is the number of pension beneficiaries obtained as aggregation of the 3 following categories classified under the Old age function treating for *type 4.2* double counting:

Old-age pension beneficiaries (1130111). It is the number of pension beneficiaries obtained as aggregation of the elementary items 1131111 and 1132111, treating for *type 3* double counting;

Anticipated old-age pension beneficiaries (1130112). It is the number of pension beneficiaries obtained as aggregation of the elementary items 1131112 and 1132112, treating for *type 3* double counting;

Partial pension beneficiaries (1130113). It is the number of pension beneficiaries obtained as aggregation of the elementary items 1131113 and 1132113, treating for *type 3* double counting.

12 Total pension beneficiaries in survivors' function (1140111). It is the number of pension beneficiaries classified under the Survivors' function obtained as aggregation of the elementary items 1141111 and 1142111, treating for *type 3* double counting.

13 Total pension beneficiaries in unemployment function (1160113). It is the number of pension beneficiaries classified under the Unemployment function obtained as aggregation of the elementary items 1161113 and 1162113, treating for *type 3* double counting.

14 Total pension beneficiaries in old-age and survivors' function (1190110). It is the number of pension beneficiaries obtained as aggregation of the total old-age and total survivors' beneficiaries (1130110 and 1140111) treating for *type 5* double counting.

Such information on the relation between the two largest pension categories should help to explain differences between the total number of pensioners in a country and the figure obtained through aggregation of functions' totals.

3.1.2 Optional data

15 Supplementary information is included at "all schemes" level as optional:

(e) Rest of the world: number of beneficiaries living outside the country.
Information about the pensions paid to non-residents.

3.2 Scheme level

3.2.1 Compulsory data

16 At "scheme" level, figures for the "Total" (Men and Women) column are compulsory just for those items, out of the 14 (categories and subcategories), treated by that particular scheme.

For any scheme qualitative information has to be provided with respect to:

(a) Legal or standard retirement age by gender.

A legal/standard retirement age by gender must be indicated for each scheme providing old-age benefits according to the definitions given in the Commission Regulation (EC) No 10/2008. Further on this in paragraph 4.1;

(b) Reference date / mode of calculation.

Under Annex II, point 2 of the EP and Council Regulation 458/2007 data provision is established with reference to the end of the calendar year. This figure refers to the number of beneficiaries on 31 December/1 January. Further on this in paragraph 4.

3.2.2 Optional data

17 The information by scheme could be further integrated by the gender breakdown of data (the questionnaire is structured so to include these figures) and by the following supplementary information:

(c) Total number of pension beneficiaries by scheme (and by gender).

It may be defined as the number of persons receiving at least one pension provided by the scheme, i.e. a person who receives more than one pension is counted only once.

(d) Total number of pension benefits by scheme (and by gender).

Linked to the value under c), this information, basic for a better assessment of the importance of double counting, may be defined as the total number of benefits provided by the scheme, (i.e. a person who receives more than one pension is counted several times).

4. Guidelines and issues

18 The layout of the questionnaire to be used for the pension beneficiaries' module is as the one in annex 3.1 in ESSPROS Manual and user guidelines. Its format is developed in compliance with the rules on transmission set by the Commission Regulation (EC) No 1322/2007, implementing ESSPROS (Annex I, Section 2).

19 The ESSPROS Manual to the Core system has to be referred for general principles in filling in the questionnaire. Though, the two main aspects defining recording in the pension beneficiaries' module are:

- 1) Recording of benefits paid to beneficiaries over the legal/standard retirement age, as established in the reference scheme, has to be dealt differently on the basis of the category of benefit formerly participated. More details are given in paragraph 4.1;
 - 2) Calculating the number of pension beneficiaries necessitates the identification of double counting and if double counting exists, its elimination at all stages of aggregation. Guidelines are given in detail in paragraph 4.2.
- 20 Alternative practices follow for issues that are likely to be met by countries when filling in the questionnaire:
 - 21 The data required concern the number of beneficiaries. In the impossibility to supply this information at scheme level, the number of benefits should be supplied, by explicitly indicating the value concerns the benefits and not the beneficiaries. In this case, calculating the number of beneficiaries, at "all schemes" level, would require estimates for the sum of double counting (*Number of beneficiaries = Number of benefits – Sum of double counting*).
 - 22 The values at "all scheme" level have to be supplied broken down by gender. If this breakdown is not known, or supplying it would represent a very hard work or would involve a worsening on the data, an estimation of the figures concerning the two genders has to be provided.
 - 23 The questionnaire sent to any Member State would contain white cells for those benefits for which expenditures (quantitative data in ESSPROS Core system) were recorded the year before the one pension beneficiaries' collection refers to. The values should be inserted only in these "white cells". In case some schemes are missing (for instance, a new scheme has started up), it is possible to add them, maintaining the same format in the questionnaire.
 - 24 In case of discovering inconsistencies between expenditure figures and data on pension beneficiaries due to an imperfect classification of expenditure data (e.g. expenditures on disability pensions above the legal/standard retirement age not recorded under old age), it is recommended to revise and improve the classification of expenditure data rather than classifying data on the number of beneficiaries in the wrong way. So again, there might be the need to revise the questionnaire (including a short comment indicating these revisions would be very helpful).

4.1 Legal/standard age of retirement

- 25 The concepts of legal and standard retirement age, defined in the Commission Regulation (EC) No 10/2008, Annex I, are necessary, as stated in the Part 2 of Manual, to distinguish clearly between the old-age functions and other functions.
- 26 Regardless the country-specific practice, in order to respect the principle of the functional classification of the ESSPROS, pensions paid to beneficiaries over the legal/standard retirement age, as established in the reference scheme, must be recorded under the item old-age pension in case the benefit provided was formerly classified as disability pension; not the same applies to survivors' pensions keeping their classification regardless the age of the pensioner.
- 27 The concepts are better explained in the user guidelines integrating the ESSPROS Manual where further guidance to practical issues is given.

Countries specifying a standard retirement age should indicate the methods or the reasons for selecting a specific age.

4.2 Treatment of double counting

28 Stages of the gradual aggregation process where double counting could arise have been individuated (Table B).

Table B: Ordered steps in elimination of double counting in number of pension beneficiaries

1. At cell level inside a scheme
2. At one pension category level between schemes
3. At item level between Non Means and Means-tested subcategories
4. At intra-function level
5. At inter-function level (Old-age plus Survivors)
6. At total pension beneficiaries level

Different double counting types are numbered according to the implicit ordered steps followed in the data aggregation process leading to the total number of pension beneficiaries. Double counting when aggregating at scheme level is not included in the methodology as its treatment is not finalized to obtain data as in the aim of the module.

A. Double counting for a pension category inside a scheme (cell level): type 1

- 29 The first step in filling in the questionnaire is the aggregation of all benefits included under the same heading; a cell can include either different types of benefits (case 1.1) or beneficiaries from two or more schemes (case 1.2).
- 30 case 1.1) If the cell refers to a category including different types of benefits, in most cases the number of beneficiaries cannot be obtained by a simple aggregation of the beneficiaries of the benefits included in the cell because a person can be beneficiary of different benefits at the same time.
- 31 case 1.2) Sometimes, because of the lack of information, it is impossible to know how many beneficiaries receive one specific type of benefits from a scheme, and how many from another one. In this case an estimate/imputation of the breakdown between the schemes should be made.

B. Double counting between schemes (pension category level): type 2

- 32 The second step is horizontal aggregation: the same pension category is aggregated through schemes.
Double counting between schemes has to be eliminated since, in general, the number of beneficiaries given under a social benefit (pension), cannot be obtained by a simple aggregation of the beneficiaries for all the schemes.

For a given benefit, pensioners might be beneficiaries of:

- 33 case 2.1) several basic schemes (e.g., public and private).
If this the case and each person has an own personal identification number (that is, for instance, given to everyone soon after birth), the double counting can be easily avoided. Otherwise, a correction coefficient, showing the relationship between pensions and pensioners, could be used.
- 34 case 2.2) several supplementary schemes.
The same methods mentioned for case 2.1 could be used.
- 35 case 2.3) one basic and one supplementary scheme.
Each pensioner gets benefits from a basic scheme and from a supplementary scheme: the beneficiaries of the supplementary scheme should not be aggregated.
- 36 case 2.4) several basic schemes and one supplementary scheme.
One should first deal with double counting between supplementary and basic (see case 2.3) and then with double counting between the basic schemes (case 2.1).
- 37 case 2.5) one basic scheme and several supplementary schemes.
It is necessary first to treat double counting between supplementary schemes (see case 2.2) and then proceed as indicated in case 2.3.
- 38 case 2.6) several basic schemes and several supplementary schemes.
It is necessary first to treat double counting between supplementary schemes (see case 2.2) and then proceed as indicated in case 2.4.

C. Double counting between non-means-tested and means-tested pension categories (item level): type 3

- 39 Third step, set at all-schemes level, is the aggregation of non means-tested and means-tested subcategories of any benefit.
At this step, generally it is the case where no double counting arises, but in some countries different situations may deserve attention:
- 40 case 3.1), all the beneficiaries of means-tested benefit also get a non means-tested benefit. In this case, the number of beneficiaries without double counting is the number of beneficiaries of the non means-tested benefit.
- 41 case 3.2) if a beneficiary of a means-tested benefit does not get necessarily a non means-tested benefit as well, the methods to estimate the total number of beneficiaries (non means-tested + means-tested) for that benefit should be indicated.

D. Double counting between categories in aggregation

- 42 In the last step, namely vertical aggregation at all-schemes level, double counting treatment has to be dealt with differently according to degrees of aggregation (intra-function aggregation, inter-function aggregation, total aggregation).

D.1 Double counting in intra-function aggregation:

With respect to the two functions involved:

Double counting in Disability function: type 4.1

- 43 There should be no double counting between the pensions categories falling under the disability function, because the conditions for granting these pensions are different (see § 24 and 25 in ESSPROS Manual – Part 2). Hence, if it is the case, the number of beneficiaries can be easily calculated by adding the beneficiaries of these two pension categories. For countries meeting problems in distinguishing between "disability pensions" and "early retirement benefits due to reduced capacity to work" references and clarifying examples could be found in the ESSPROS Manual and user guidelines.

Double counting in Old-age function: type 4.2

- 44 In theory, the number of beneficiaries for old-age can easily be calculated by adding up the beneficiaries of the three pension categories. Following the ESSPROS methodology, there should be no double counting between the three pension categories falling under the old-age function, because, as specified in the ESSPROS Manual, the anticipated and partial pensions are converted into old age-pensions when the beneficiary reaches the retirement age or when he/she retires completely. Still exceptions to this general principle could be met by countries: in this case references and clarifying examples could be found in the ESSPROS Manual and user guidelines.

D.2 Double counting in inter-function aggregation

Double counting between total old age and survivors' pension beneficiaries: type 5

- 45 Whether the case of a country without a national pension system integrating old age, disability and survivors' functions and without a conversion system transforming disability and survivors' pensions into old age pensions at the legal retirement age, double counting might be present when aggregating pensioners under "old-age pension" and those under "survivors' pension".

Double counting in total number of pensioners: type 6

- 46 The total number of pensioners, previously indicated by the code 1000000, is defined as in § 9 of this Appendix. Generally speaking, the number of the total of pension beneficiaries is not assumed to be equal to the sum of the beneficiaries of each pension category even though it is obtained as aggregation of them.
Further difficulties are expected to appear for some countries, when double counting has to be eliminated at this final stage. In these cases, the value for total pensioners might be obtained from other sources (e.g. administrative data).
- 47 Double counting between beneficiaries in disability and old-age functions does not need to be eliminated, if disability cash benefits paid after retirement age are recorded in the old-age function under the old-age pensions as required in the methodology.
Still, double counting might arise between survivors' and disability pensions and between the category partial pensions and other pension categories.

European Commission

ESSPROS Manual – The European System of integrated Social PROtection Statistics (ESSPROS)

Luxembourg: Office for Official Publications of the European Communities

2008 – 87 pp. – 21 x 29.7 cm

ISBN 978-92-79-04777-0

ISSN 1977-0375

