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**Theme topic for the sixty-seventh session: “Beyond the crises: long-term perspectives on social protection and development in Asia and the Pacific”**

## **Beyond the crises: Long-term perspectives on social protection and development in Asia and the Pacific**

**Note by the secretariat**

### *Summary*

Over the past two decades, the Asia-Pacific region has witnessed a number of economic crises that have threatened progress towards reducing poverty and achieving the Millennium Development Goals. These crises reflect the increased risks associated with globalization, especially for the poor and those without a voice. In addition, several countries in Asia and the Pacific have been profoundly affected by high-impact natural disasters which have exposed vulnerabilities and amplified the insecurity of many people's livelihoods. This has especially been the case for poor households located in rural areas.

Such crises and development challenges have generated renewed interest in social protection as a tool to mitigate not only the impact of shocks but also to help accelerate the recovery of people most affected by such events. Much of this interest has focused on the risks and vulnerabilities that have emerged as a result of specific events and, consequently, social protection initiatives have tended to be reactive rather than proactive.

Yet, it is also known that poverty and exclusion magnify the effects of crises, and so, to be truly effective and transformative, social protection must be linked to efforts to reduce poverty and exclusion and, in so doing, eliminate the structures that place people in situations of vulnerability in the first place.

The Commission may wish to review the analysis, as contained in the document, and consider national experiences and good practices in the region as a basis for regional cooperation to promote more effective and inclusive social protection systems in the Asia-Pacific region.

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## I. Setting the context

1. The present report aims to contribute to the policy discourse on the direction and impact of social protection in Asia and the Pacific. While many countries of the region have some form of social protection in place, only a fraction of those who need assistance actually benefit. Still, these programmes can act as the building blocks for more comprehensive social protection systems which can meet the needs of so many more. It then promotes universal coverage as a way to most effectively and proactively impact on people's lives, and especially the most vulnerable groups in society. Finally, the report presents the political and economic case for social protection and the need to bring social protection into the mainstream of development policy formulation.

2. At its High-level Plenary Meeting on the Millennium Development Goals, the General Assembly adopted an outcome document entitled “Keeping the promise: united to achieve the Millennium Development Goals”.<sup>1</sup> World leaders committed to making every effort to achieve the Goals by 2015 through, among other things, promoting comprehensive systems of social protection that provide universal access to social services and a minimum level of social security and health for all. The Asia-Pacific region has the opportunity to transform that promise of protection into reality. Social protection programmes can play a key role in regional development strategies, acting as an investment in inclusive growth and social transformation. Social protection interventions can provide both a firm social protection floor and a pathway towards universal access to and provision of services.

3. Asia and the Pacific has been the world’s fastest-growing region for much of the past four decades. The benefits have not always been evenly distributed, however, and economic growth has often paralleled income inequality. Nevertheless, millions of people have been able to escape from poverty: between 1990 and 2008, Asia and the Pacific reduced the number of people living on less than \$1.25 a day from 1.5 billion to 947 million.<sup>2</sup> Even if varied at the country level, the Asia-Pacific region has made significant progress in a number of indicators for the Millennium Development Goals, though much more needs to be achieved. The region must set its sights higher, looking beyond the Goals and aiming to shield its people better from many of the risks of daily life—of ill-health and disability, of unemployment and of falling into poverty in old age—by building comprehensive systems of social protection.

4. A robust system of social protection not only fulfils people’s basic rights, it also establishes a firm platform for both social and economic development. With a more secure foundation, and with greater security against the risk of failure, individuals and families can invest in their own futures and have greater confidence to engage in economic activity beyond ensuring basic economic survival in order to meet their own basic needs and the needs of those that are dependent upon them.

5. There is already much to build on for social protection programmes in the region and that the realization of social protection based on universal principles and access should form the basis of future policy. It further argues that such interventions are affordable and represent a significant opportunity for governments to invest in both social and economic development for the benefit of all.

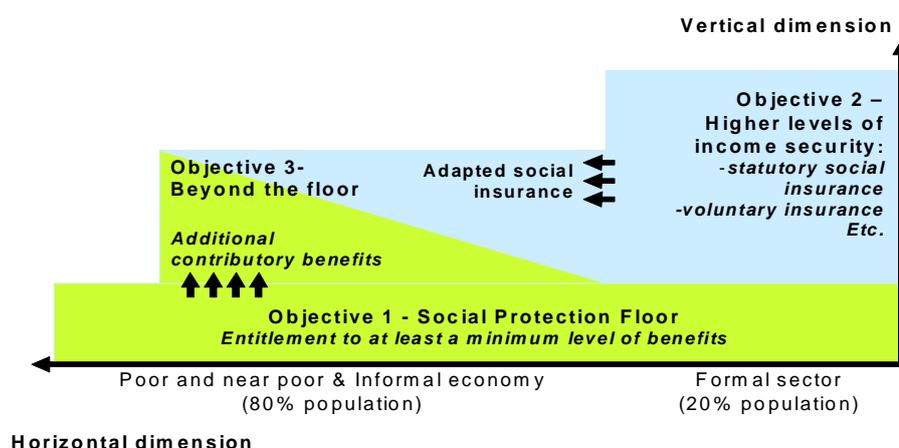
## II. The social protection floor and staircase

6. Social protection systems can be built incrementally over time. This means first ensuring that everyone benefits from those universal, non-contributory measures that might form the basis of a “social protection floor”. This should offer a minimum level of access to essential services and income security for all—but then be capable of extension, according to national aspirations and circumstances, in the form of a “social protection staircase” (see figure 1).

<sup>1</sup> See General Assembly resolution 65/1 of 22 September 2010.

<sup>2</sup> ESCAP, United Nations Development Programme and Asian Development Bank. *Paths to 2015: MDG Priorities in Asia and the Pacific* (United Nations publication, Sales No. E.10.II.F.20).

**Figure 1**  
**Social protection: the floor and the staircase**



7. The principle of the social protection floor was adopted in April 2009 by the United Nations System Chief Executives Board for Coordination (see CEB/2009/1, para. 10 (f)). Subsequently, it was supported by the Economic and Social Council.<sup>3</sup>

8. The social protection floor<sup>4</sup> has two components:

(a) *Availability of services*: Ensuring the availability of, and financial access to, essential services, such as water and sanitation, food and adequate nutrition, health care, education, housing and other social services;

(b) *Accessibility through transfers*: Realizing access to services and providing minimum income and livelihood security through essential social transfers in cash and in kind.

9. The social protection floor is based on solidarity—on the principle that society as a whole accepts the responsibility to provide basic levels of benefits and services to those in greatest need. It emphasizes the importance of guaranteeing services and transfers across the life cycle, from childhood to old age, paying particular attention to vulnerable groups based on key characteristics—such as socio-economic status, gender, maternity, ethnicity, disability and living with HIV/AIDS. Other beneficiaries include migrants, or people exposed to natural hazards and disasters.

10. The social protection floor does not simply represent handouts, however. It promotes individual responsibility and opportunity with social protection programmes offering a “staircase” for the most vulnerable to “graduate” out of poverty and exclusion. For example, recipients should be able to take advantage of active labour market policies that help informal

<sup>3</sup> See Council resolutions 2010/12 of 22 July 2010 on promoting social integration, para. 26, and 2010/24 of 23 July 2010 on the role of the United Nations system in implementing the ministerial declaration on the internationally agreed goals and commitments in regard to global public health adopted at the high-level segment of the 2009 substantive session of the Economic and Social Council, para. 4.

<sup>4</sup> International Labour Office and World Health Organization, “Social Protection Floor Initiative: Manual and strategic framework for joint UN country operations”. Geneva, 2009. Available online at <http://www.ilo.org/public/english/protection/spfag/download/background/spfframework.pdf>.

economy workers, often women, to gain access to more productive and secure employment.

11. Although the social protection floor concept is intended to be applied universally, it is flexible and adaptable. Governments can design their floors according to national economic constraints, political dynamics and social aspirations. Rather than being based on a specified list of benefits, it thus focuses on outcomes in terms of standards set in internationally agreed conventions, including the Universal Declaration of Human Rights,<sup>5</sup> the International Labour Organization (ILO) conventions on social security, the Convention on the Rights of the Child,<sup>6</sup> the Convention on the Elimination of All Forms of Discrimination against Women,<sup>7</sup> and other rights-based instruments.

12. Each country can design and implement its strategy to move progressively towards a system that fulfils these rights. This can happen along two dimensions: horizontal and vertical. Along the horizontal dimension, this will involve increasing the number of persons covered by existing schemes across the social protection floor, while also developing new schemes for those currently missing out. For the vertical extension, this will involve moving up from the floor—building a “social protection staircase”—either by increasing the levels of benefits in existing schemes or by designing new schemes.

### **Gender and social protection**

13. Social protection policies for both the floor and staircase need to take into account the unique circumstances and realities faced by women. Crucial to ensuring the effectiveness of social protection measures is the consideration of the circumstances and realities faced by women. How social protection is formulated and delivered impacts on the aims of gender equality and the empowerment of women.

14. To be comprehensive, social protection policies for both the floor and staircase must support the aims of gender equality and the empowerment of women. This will mean, for example, acknowledging women’s household management and caring responsibilities by providing state-supported child and elderly care. At the same time, social protection measures also need to take into account the situation of women in the paid workforce, especially those in the informal sector—for example by providing non-contributory universal pension schemes.

15. The consideration of these aspects can help ensure that social protection in the region is gender-sensitive and contributes positively to gender equality. However, it is important to note that while integrating gender concerns into social protection measures is important, this integration in itself does not serve as a substitute for addressing structural inequalities in the economy and society at the macro and micro levels which place women in a position of disadvantage.

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<sup>5</sup> General Assembly resolution 217 A (III).

<sup>6</sup> United Nations, *Treaty Series*, vol. 1577, No. 27531.

<sup>7</sup> United Nations, *Treaty Series*, vol. 1249, No. 20378.

### III. Realizing the dividends of social protection

16. In the past, most governments have considered social protection primarily as a cost. More recently, however, many have been adopting a longer-term perspective seeing such expenditure more as an investment—and one which ultimately can bring rich dividends; social, economic and political.

17. Robust systems of social protection have multiple benefits. They can help reduce poverty, and ensure healthy, capable and engaged citizens who can help deepen and accelerate economic growth and opportunity. They also build more stable societies and foster trust between governments and their citizens. Seen in this way, social protection becomes a core component of national development policy and governance.

#### A. Building human capacities

18. One of the most valuable functions of social protection is to build human capacity. Experiences in Africa and Latin America demonstrate that conditional and unconditional cash transfer programmes bring significant improvements in health and education—with particular benefits for marginalized groups such as women and girls. These include:

(a) *Nutrition*—Providing cash transfers directly to mothers and grandmothers improves child nutrition;

(b) *Health*—Cash transfers interact with direct health interventions to bring a number of benefits—extending immunization, increasing consumption of micronutrients and boosting attendance for ante- and post-natal care;

(c) *Education*—Child benefits and school assistance packages improve school attendance. Family allowances, social pensions, and other cash transfers not only increase school attendance and reduce child labour but also have positive gender effects.

#### B. Offering an escape from poverty

19. Social protection is an investment which helps people escape from poverty. Poverty is closely related to vulnerability. On the one hand, the most vulnerable are typically those living in conditions of poverty, who have little to fall back on when disaster strikes. On the other hand, the reason that many people stay poor is that they constantly feel exposed: working hard just to survive, they have little time or opportunity to make the small investments or take the risks that might improve their lives.

20. Under stress, some poor households adopt strategies which diminish opportunities in the long run—reducing the number or quality of meals, withdrawing children, especially girls, from school, having children engage in child labour, and generally carrying out activities that are less productive but appear to be safer. For the poorest, even a small risk will make them vulnerable. While richer households can face substantial risks without significant implications, poorer households can be highly exposed to even moderate risks and shocks.

21. If instead the poor can rely on a basic social protection floor that provides some stability, their situation and behaviour change. If they do not need the fragile insurance provided by child labour, they are more likely to

ensure that their children, regardless of sex, attend school regularly. If they have ready access to free or inexpensive medical care, they can take better care of family health. Social protection transfers in this context have also served as direct or indirect wage subsidies, thus reducing the spectre of the “working poor”. They have also had other important benefits. Grants for child support, for example, have discouraged child labour, and grants for older people have enabled them to stay at home to look after children, enabling mothers to go out to work.<sup>8</sup>

22. Similarly, farmers are less likely to sell the livestock on which their future prosperity depends if adequate cash transfers protect their immediate subsistence. It was found, for example, in Maharashtra, India, that farmers protected by the original employment guarantee scheme invested in higher-yielding varieties of crops than farmers in neighbouring states. A social protection floor thus serves as a firm platform from which people can advance and develop their assets.<sup>9</sup>

23. To date, many countries have relied for poverty reduction primarily on the trickle-down effects of economic growth. However, if they introduced more comprehensive social protection with appropriate supporting policies, they would reduce poverty much faster.<sup>10</sup> Thus, rather than seeing social protection as costly measures, effective social protection should be seen as an investment that will increase productivity and reduce the need for future spending.

24. Social protection can achieve this by improving health outcomes, increasing school attendance, promoting equality between men and women, reducing hunger, improving dietary diversity and promoting livelihoods and asset accumulation. Indeed, in many developing countries, social protection has become a primary—sometimes the only—instrument for addressing poverty and vulnerability effectively.<sup>11</sup>

### C. Reducing income inequality

25. While reducing poverty, stronger systems of social protection also tend to reduce overall inequality and thus increase economic efficiency. Well-designed social protection schemes can help redistribute income vertically—towards low-income groups—and horizontally—towards vulnerable groups, such as persons with disabilities and those suffering from poor health. They should also bring particular benefits for women who have multiple care responsibilities.

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<sup>8</sup> Michael Samson and Martin Williams, “Social grants and labour market behaviour: Evidence from South Africa’s household surveys” Research Paper No. 43 (Cape Town: Economic Policy Research Institute (EPRI), 2007).

<sup>9</sup> Armando Barrientos, *Social Protection and Poverty*, Social Policy and Development Programme Paper No. 42 (UNRISD/PPSPDe42/10) (Geneva, United Nations Research Institute for Social Development, 2010).

<sup>10</sup> Isabel Ortiz et al., *Social Protection: Accelerating the MDGs with Equity*, Social and Economic Policy Working Briefs, United Nations Children’s Fund (August 2010) (available from [www.unicef.org/socialpolicy/files/Social\\_Protection\\_Accelerating\\_the\\_MDGs\\_with\\_Equity%281%29.pdf](http://www.unicef.org/socialpolicy/files/Social_Protection_Accelerating_the_MDGs_with_Equity%281%29.pdf)).

<sup>11</sup> Timo Voipio, “Social protection for poverty reduction: The OECD/DAC/POVNET view”, *IDS Bulletin*, vol. 38, No. 3, pp. 45-50 (May 2007).

## **D. Boosting economic growth**

26. While reducing poverty and inequality, stronger social protection also stimulates economic growth. The most immediate stimulus is likely to be from income transfers to poor households, which can have a higher propensity to consume than richer ones. At the same time, by giving people the necessary confidence to take measures that enable them to escape from poverty, social protection also takes better advantage of their skills and potential—encouraging them to participate more fully in national economic growth.

27. There are also economic benefits from improved health standards. This is not only because healthier workers are more productive, but also because they live longer: countries with higher life expectancies also tend to have faster economic growth. There are particular benefits for women, who often have multiple care responsibilities.

## **E. Achieving social cohesion through inclusion**

28. Stronger systems of social protection also bring wider social and political benefits. Well-designed, rights-based schemes that are accepted by the whole of society help build social cohesion and reduce conflict—and therefore contribute to an effective and secure State. Universal social protection thus promotes social citizenship, emphasizing collective responsibility for individual well-being.

29. Governments across the region have the opportunity to develop more substantial social protection systems by addressing inequality and exclusion as part of development policy.<sup>12</sup> An approach that acknowledges the links between institutions and poverty reduction, and places social protection within the process of redistribution will underpin a sustained challenge to chronic poverty and exclusion. Harmonizing social protection with employment, economic and social policy, for example, also offers a potential for greater impact. This has already been demonstrated in a number of countries in the Asia-Pacific region.

## **IV. Building Asia-Pacific floors and staircases**

30. Developing countries across the Asia-Pacific region already offer many forms of social protection—from educational scholarships to cash transfers, to support for particularly disadvantaged and marginalized groups. Some countries also have limited forms of social insurance for health or unemployment. In graduating social protection programmes from targeted to universal approaches embedded in development policy, countries in the region have a number of experiences to share, and draw upon.

31. Yet, even the poorest countries can build systems that are more coherent and complete. Some have already been moving in this direction. During the early 1990s, many Asia-Pacific countries focused on pro-poor growth and building the productive assets of the poor by extending health and education services and by offering greater access to credit. Then, in the aftermath of the Asian financial crisis in the late 1990s, and also in response to several natural disasters, Governments sought to address the effects of multiple shocks on the poorest and to offset the impact through various systems of

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<sup>12</sup> Naila Kabeer and Sarah Cook, “Introduction: Overcoming barriers to the extension of social protection: Lessons from the Asia region”, *IDS Bulletin*, vol. 41, No. 4, pp. 1-11 (July 2010).

social transfer. More recently, countries have also been looking beyond these measures and planning elements of the social protection staircase by considering contributory pensions or unemployment benefits.

### A. From targeted to universal

32. There is an increasing acceptance that social protection measures should eventually provide universal access and coverage. While there may initially be some targeting, social protection interventions ultimately need to be “scaled up” into universal programmes in order to sustain their effectiveness over time. Social protection should not only be responsive to crisis, it should ideally strengthen the ability and capacity of all communities to meet their own needs over time. Universal programmes assume that all citizens have the right to benefits and that the State has a vital role in ensuring access, if not in the actual delivery of programmes. Japan provides a very good example of a comprehensive and universal social protection system in the region (see table 1).

**Table 1**  
**Social protection in a developed economy—the case of Japan**

<b>Risks covered</b>	<b>Implementation by the government</b>
Old Age	Basic National Pension Scheme, Employees’ Pension Insurance National Public Service Personnel Mutual Aid, Long-term Care Insurance System
Death	Basic National Pension Scheme, Employees’ Pension Insurance National Public Service Personnel Mutual Aid,
Disability	Basic National Pension Plan, Employee Pension Plan Pension Plan for Government Officer, Allowance for Disability, Social Services
Work Injury	Industrial Accident Compensation Insurance
Sickness	National Health Insurance , Health Insurance, Vaccination Program, Public Health Services
Maternity and Family	Child Allowance, Child Rearing Allowance, Child Care Services
Unemployment	Employment Insurance System
Social Assistance	Public House Services, Public Assistance System

*Source:* Government of Japan.

33. Targeted programmes, on the other hand, are based on defined needs of specific groups. They require decisions about who should be supported and for how long, and also demand significant institutional capacity. This is difficult to achieve, particularly in societies that are socially, economically and ethnically diverse. As a result, many deserving people are likely to be excluded. In aid-dependent economies, targeting may also involve shifting funds to “projects” managed by non-State actors and lead to unsustainable activities.

34. Targeting can also give rise to segmented regimes—with one education or health-care system for the poor and another for the non-poor. This can be particularly divisive in low-income countries, where the incomes of the poor and the non-poor may not be that different. Targeted interventions can suddenly make the nominally poor richer than their non-poor neighbours.

35. Some of these concerns apply to conditional cash transfers. Schemes that have proved effective in middle-income countries may not be appropriate in low-income or least developed countries, where the vast majority of the population suffers from poverty and exclusion—and where monitoring conditionality may be neither practical nor feasible. By focusing on families with young children, conditional cash transfers can also exclude other potential beneficiaries, such as persons with disabilities or older persons. Much will depend, therefore, on each country's social and political circumstances.

## **B. Access to health services**

36. The social protection floor has two main components: availability of services and social transfers. For most households, the service with the heaviest financial implications is health. Health expenditure can quickly push many families into poverty. A basic social protection floor should therefore offer a buffer against such risk and provide security against the significant threats to well-being and livelihood posed by ill-health. Some examples are the following:

(a) *India*. To extend health protection to the unemployed and informal sector, the Government in 2007 launched the Rashtriya Swasthya Bima Yojana scheme, which targets families living below the poverty line. The total sum assured is 30,000 rupees per family per annum. Beneficiaries need to pay only 30 rupees as a registration fee. The scheme is operated through private insurance companies, and households can choose between private and Government hospitals;

(b) *Iran (Islamic Republic of)*. The Social Security Organization runs a comprehensive health-care network and has service contracts with private medical institutions. Network services are provided free of charge; for services provided by private medical institutions, health insurance covers 90 per cent of in-patient and 70 per cent of out-patient expenses;

(c) *Mongolia*. Under the universal medical scheme, care for pregnancy, childbirth and post-natal needs is provided free of charge by the State without any conditionality or requirement to contribute to the Health Insurance Fund;

(d) *Thailand*. A good recent example of a comprehensive approach to health provision is Thailand's Universal Health Coverage Scheme. Everyone is entitled to free in-patient and out-patient treatment, maternity care, dental care and emergency care. A significant component of the scheme is Thailand's increasingly comprehensive response to HIV prevention, treatment, care and support, including its commitment to provide full coverage of care and treatment for people living with HIV and AIDS (PLHIV). By 2009, an estimated 76 per cent of the population were registered in the scheme. The scheme is fully financed by the Government and accounts for 5.9 per cent of the national budget.

## **C. Educational services**

37. One of the most important measures for lifting people out of poverty and reducing vulnerability is to improve standards of education so as to open up opportunities to enhance capabilities, especially for girls. Some examples are the following:

(a) *India*. In 2001, the Government launched the Sarva Shiksha Abhiyan programme, which is aimed at universal elementary education for children aged 6-14 years. The scheme involved building more schools and improving many others, providing almost all rural inhabitants with elementary schools within three kilometres;

(b) *Russian Federation*. In many regions of the Russian Federation, senior citizen universities are very popular among the elderly. Offering courses in such areas as health, law and gardening, creative workshops in theatre, applied art and other activities, and chess and book clubs, they are founded as social services centres to facilitate socialization and to assist the elderly in acquiring new knowledge and leading active lives.

#### **D. Financial services**

38. Social protection has now also become identified with poverty reduction, so the social protection floor should also involve services, including financial, that help people work their way out of poverty by offering credit, and particularly microcredit, initially through non-governmental organizations but now increasingly through commercial banks.

39. Nevertheless, there has been some concern that microfinance schemes have not necessarily helped the very poorest people—the “ultra-poor”—escape from poverty or achieved some of the gender equality results that might be expected from directing schemes to women.

40. In Bangladesh, a microfinance pioneer, Building Resources Across Communities (BRAC)<sup>13</sup> has developed a “graduation” programme that includes investments in training, financial services, and business development so that, within two years, the ultra-poor people might themselves “graduate” out of extreme poverty.

41. In Pakistan, access to credit has been used in response to natural disasters. In 2010, Pakistan was confronted by devastating floods which disrupted the livelihoods and assets of over 20 million people. The disaster particularly affected the country’s poorest rural communities. In many post-disaster responses, the vulnerability of the poor is exacerbated by the response—the slow and uneven distribution of food and clothes, the removal of people from their homes and the creation of dependency on handouts, but the Government of Pakistan trialled the distribution of “Watan” or “homeland” cards to more than 100,000 families. These prepaid debit cards were each loaded with the equivalent of \$230 and gave families flexibility and choice in meeting their immediate needs. The Watan card was credited with minimizing political preferences in the distribution of resources as well as giving individuals and families greater capacity to meet their needs. The cards enabled families to smooth out their post-disaster expenditure in ways that better protected their assets and rebuilt their livelihoods.

#### **E. Employment guarantees**

42. One way to sidestep targeting problems is via public works programmes. This involves “self-targeting”, in that the benefits are set at a fairly low level so that the beneficiaries enrol when in need but then drop out when they see better opportunities elsewhere. Some examples are the following:

<sup>13</sup> Originally known as the Bangladesh Rehabilitation Assistance Committee. See [www.brac.net](http://www.brac.net).

(a) *India*. One of the most impressive large-scale programmes is India's National Rural Employment Guarantee Scheme (NREGS), which offers 100 days of work per family in rural areas at the minimum wage for agriculture. In 2007-2008, the scheme provided jobs for almost 34 million households at a cost of only 0.3 per cent of gross domestic product (GDP). In 2011, the Government of India announced plans to further extend this important public-works and employment programme from 200 to 330 districts;

(b) *Bangladesh*. Bangladesh also provides a similar programme of employment generation for the rural poor under the Employment Generation Programme, which provides 100 days of employment for the rural poor and is aimed at alleviating "seasonal hardcore poverty" and offsetting increasing food and other costs through non-productive agricultural periods;

(c) *Solomon Islands*. The Rapid Employment Project, launched in 2010, seeks to provide employment to the urban poor, especially youth and women. This not only generates income but also offers life-skill development training and improves longer-term employment prospects. It is also an important response to social and political tensions arising from high youth unemployment and the disaffection felt by young people over a lack of opportunity to participate in development.

## **F. Social pensions**

43. More substantial old-age or disability pension schemes generally rely on contributions. In lower income countries, however, it is simpler to offer everyone a basic low-level pension financed entirely from the Government budget. This has advantages for women in particular, who often have not engaged in paid economic activity. Some examples are the following:

(a) *Nepal*. Nepal is one country in the region that has implemented a universal flat pension scheme. Established in 1995, this now pays 100 rupees (\$7) monthly to citizens over 70 years. This costs 0.23 per cent of GDP. There is also an allowance for widows over 60 years of age and a disability pension, each paying 100 rupees per month;

(b) *Samoa*. Samoa pays a universal pension equivalent to \$40 per month to residents over the age of 65—about 5 per cent of the population. The total cost is 1.5 per cent of GDP and comes from general taxation.

## **G. Conditional cash transfers**

44. Following a number of success stories from Latin America, conditional cash transfer programmes have become increasingly popular in Asia and the Pacific. Not only are these transfers targeted—at poor households—they also require the beneficiaries to fulfil certain conditions, such as sending their children to school, joining nutrition programmes, or making use of health services. Some examples are the following:

(a) *Indonesia*. A recent example is Indonesia's Program Keluarga Harapan or "family hope programme". Conditions include, for example, that pregnant women should make four prenatal visits to health centres and have their deliveries assisted by trained health professionals. For children, one of the health conditions is that they should be fully immunized and have their growth monitored. Children must also attend classes on at least 85 per cent of school days;

(b) *Kazakhstan*. In 2002, the Government started the Targeted Social Assistance scheme. If the total income of a family unit falls below the regional poverty line, the family is entitled to receive the subsistence minimum—paid monthly as a cash transfer;

(c) *Philippines*. The “4 Ps” programme (Pantawid Pamilyang Pilipino Program: <http://pantawid.dswd.gov.ph>) is a national social development strategy aimed at reducing poverty. It provides conditional cash grants to extremely poor households to improve their health, nutrition and education, particularly for children up to the age of 14. Only families that keep their children in school and ensure that children and pregnant women receive regular health checkups can obtain the cash grants, which offset the costs of both health care and education. The programme operates in 80 provinces covering 734 municipalities and 62 key cities and, at the end of 2010, targeted an estimated 1 million households;

(d) *Russian Federation*. The Russian Federation provides the poorest households with a subsistence minimum based on the price of a basket of consumer goods, as well as mandatory payments and contributions;

(e) *Singapore*. As a safety net to supplement other forms of social protection, in 2005 the Government endowed the ComCare Fund to provide assistance to the bottom 20 per cent of the population. While for many people assistance is unconditional, the work-capable have to follow an action plan towards self-reliance.

## **H. Active labour market policies**

45. One of the best ways of achieving income security is through regular and remunerative employment. For this purpose, Governments can pursue “active labour market” policies. While these might include income guarantee schemes, such as public works programmes, most have a broader strategy. To date, social protection through employment has come via contributory schemes, which work best in countries where people have reasonably stable cash incomes and can make regular payments.

46. One example of this is Viet Nam, where active labour market policies are a pillar of the social protection scheme. They provide a minimum income guarantee to the unemployed and underemployed while increasing the employability of workers through training, job placement and the creation of micro-enterprises.

## **I. Ensuring coherence**

47. A consistent concern across many countries is that their systems of social protection, even if significant, are typically fragmented and administratively burdensome. Governments often consider such schemes as discrete, almost self-contained exercises each with their own objectives, functions, structures and budgets. The situation is particularly difficult in the least developed countries. Many of the larger programmes are donor funded and respond to different donor priorities. At the same time, there may be a large number of small-scale schemes operated by a wide range of non-governmental organizations.

48. Social protection is far less likely to address poverty effectively and meet broader goals when it lies outside the formulation and implementation of mainstream development policy. Indeed, there is considerable evidence that

tension can arise when the needs of targeted communities (for example, in employment, health, education or business) are addressed externally vis-à-vis core development planning and financing. Whether in the form of “safety nets” or in “managing risk”, programmes that do not change forms of exclusion and discrimination in relation to access to health care, the funding of education, adequately paid and secure employment (especially for women and youth) or the difficulty many people face in accessing finance are unlikely to help those most in need. There are also examples where such targeted approaches directly or indirectly exacerbate the vulnerability and relative marginalization of particularly vulnerable groups.

49. In Sri Lanka, the national Samurdhi programme for poverty alleviation was launched in 1994. The programme has many components, but the Government has given overall responsibility to one agency. The Programme is now administered by the Samurdhi Authority under the Ministry of Economic Development.

## **J. Extending protection to all**

50. The Asia-Pacific region has many examples of schemes that rise above the floor to build elements of the social protection staircase:

(a) *Cambodia*. The Government is developing a unified social health protection system so as to eventually attain universal coverage while also expanding coverage vertically through schemes involving contributions. Firms with more than eight formal employees have to provide them with employment injury insurance, health insurance and old-age pensions;

(b) *China*. There are two new voluntary health insurance programmes for which the Government subsidizes at least half of the revenue. At the end of 2009, a total of 1 billion people were covered under these two new schemes despite participation remaining voluntary;

(c) *Iran (Islamic Republic of)*. Self-employed, informal-sector workers, the rural population and nomadic populations have access to all State-run social security services through voluntary contributions;

(d) *Japan*. Over a number of decades, Japan has developed a significant social protection framework. Still, even in a developed country, some particularly vulnerable groups, such as persons with disabilities, can be excluded from a number of opportunities to live in dignity and security. In recent years, the Government has sought to address this through a number of programmes. The reform includes (i) amending the current Basic Law for Persons with Disabilities with a view to revising the definition of persons with disabilities and of discrimination as well as revising provisions in respective policy areas; (ii) developing and enacting an anti-discrimination law on disability; and (iii) developing and enacting a comprehensive social welfare services law for persons with disabilities;

(e) *Republic of Korea*. Following the 1997/98 financial crisis, the Government initiated a series of measures to address high unemployment by extending health care and unemployment benefits. These have evolved into more inclusive and permanent forms of social protection based on universal provision and rights-based access;

(f) *Thailand*. With the success of its universal health-care scheme, Thailand is extending its Social Security Scheme to make it more attractive for

informal-sector workers—with people contributing at varying rates to receive different levels of benefits;

(g) *Viet Nam*. In 2006, the Government introduced a social insurance law that stipulated the step-wise introduction of a compulsory social insurance scheme, a voluntary scheme, and an unemployment insurance scheme from 2007 to 2009. The voluntary social insurance scheme targets workers in the informal economy, especially farmers, and consists of an old-age pension and survivor's insurance.

## K. Lessons learned

51. Targeted cash transfers do have an impact. Recent studies have shown that they are affordable and that most recipients use the funds well. However, cash transfers are targeted, with all the shortcomings that this implies. In addition, though data from specific examples offers positive evidence of the impact of many social protection programmes, these benefits have generally been confined to the micro-level of recipient communities.

52. The “ultra poor”, in particular, are unlikely to be supported from targeted programmes, especially those who use traditional notions of the workplace or the household as the basis of access and support. The experience of the ultra-poor in some countries of the region highlights the limitations of approaches which fail to target effectively and meet the specific needs of those whose livelihoods and lives are in a constant state of flux and risk, who lie largely outside the scope of bureaucratic responses based upon particular criteria and formalized delivery mechanisms, and who are otherwise “invisible” to policymakers and delivery systems (such as migrants). The heterogeneity of both poverty and vulnerability, and indeed “the poor” and “the vulnerable”, therefore render time-bound and community-specific policy responses highly problematic in terms of sustained poverty reduction.<sup>14</sup>

53. The majority of social protection programmes provide elements, or building blocks, of comprehensive and universal systems. In fact, most Governments tend to have a mixture of both universal and targeted social policies.<sup>15</sup> It is important that lessons are learned from existing successful schemes. For social protection policies, choices between universal and targeted schemes need to be context specific, and depend on a range of political, fiscal and administrative considerations. For example, although it was designed as a universal scheme in the 1970s, health insurance in the Republic of Korea did not cover the entire population from the outset. Rather, it scaled up over time. The final aim, though, should be access for the entire population, as a matter of right.

<sup>14</sup> Imran Matin, Munshi Sulaiman and Mehnaz Rabbani, “Crafting a graduation pathway for the ultra poor: Lessons and evidence from a BRAC programme in Bangladesh”, in Sarah Cook and Naila Kabeer (eds), *Social Protection as Development Policy* (Routledge: New Delhi, 2010).

<sup>15</sup> Thandika Mkandawire, “Targeting and universalism in poverty reduction”, Social Policy and Development Programme Paper Number 23, United Nations Research Institute for Social Development (Geneva, December 2005).

## V. Delivering on the promise

54. Although many countries in Asia and the Pacific already have many elements of a social protection system, they may wish to extend and integrate them so as to form a coherent whole. In order to tap the full potential of all these programmes, Governments may also move towards social protection—and particularly the social protection floor—not as a collection of individual programmes but rather as a coherent and integrated policy framework.

55. Social protection should also be viewed as a universal goal integral to national development and one which addresses the multi-dimensional aspects of poverty and vulnerability on the basis of entitlements and rights. Two critical areas in this regard are the legislative and governance framework present, and ensuring that adequate financial resources are mobilized. This will require investment, but all countries should be able to afford a social protection floor that matches their needs and aspirations.

### A. Making political choices

56. Ultimately, support for social protection is a political decision. New social protection programmes therefore require not only fiscal space but also political space and a commitment at the executive level of government to redistribute resources for developmental ends. For many governments across the region, this political commitment will derive from a determination to address the needs and uphold the rights of their citizens.

57. A basic social protection floor is likely to be popular, but it can also be demonstrated to be practical and affordable. This was the case, for example, with India's National Rural Employment Guarantee Act of 2005, the impetus for which had its origins in the 1990s, when reforms and restructuring had had an impact on equality. In response, academics and civil society groups campaigned around certain basic rights which they believed should underpin public policy. The Government's response was to ensure a minimum level of employment for the rural poor—a programme which has increased in scale significantly over the past decade.

### B. Establishing legislative and governance frameworks

58. Advocates for stronger protection also need to pay close attention to the ways in which social protection is to be provided and institutionalized; otherwise, many worthwhile gains may be reduced or reversed. A number of potential tensions need to be addressed and decisions made on responsibilities across government institutions and between central and subnational government. Universal programmes need an overall institutional framework. This generally requires legislation, as illustrated by measures taken in a number of countries:

(a) *India*. The National Commission for Enterprises in the Unorganized Sector has drafted two bills on the conditions of work and on social security for workers in the unorganized sector: one for agricultural workers, the other for non-agricultural workers;

(b) *Indonesia*. The 2004 Law on the National Social Security System stipulates that the existing social security programmes must be expanded to cover all Indonesian citizens, including those working in the informal sector, the unemployed and the poor. The implementation of this law has resulted in comprehensive reform;

(c) *Viet Nam*. The vision of social protection is backed by an enabling legal framework that provides for a universal package and a differentiated approach for reaching the poor, near poor and the well off. For the formal sector, insurance has been made compulsory through a contributory mechanism.

### C. Mobilizing financial resources

59. In the past, many countries doubted that they could afford social protection, even if they recognized its development value. However, there is now evidence that even low-income countries can pay for basic social protection. By making these investments, countries in Asia and the Pacific can also look forward to many long-term benefits. Beyond the conceptualization of poverty and vulnerability as static and isolated from broader policy, social protection programmes can reflect and contribute to integrated and universal development goals. In addition to fulfilling the rights of all their citizens, they can anticipate faster economic growth through greater domestic consumption, higher levels of human development and greater harmony in society.

60. While the costs will necessarily vary from country to country, ILO has offered a methodology for estimating the cost of a package of measures that could form the basis of a social protection floor. These are:

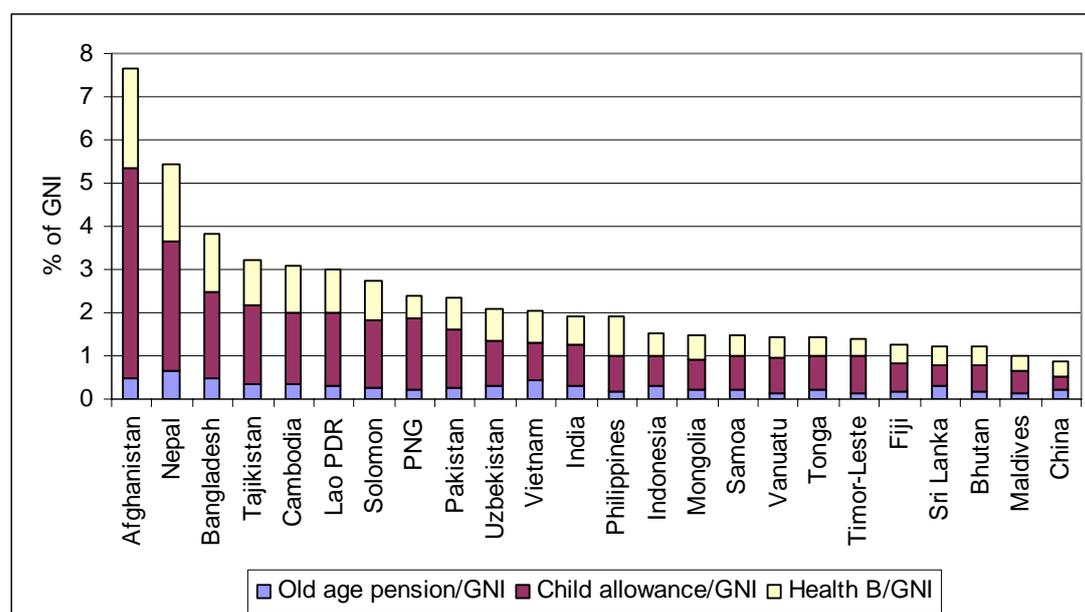
- (a) Universal basic old-age and disability pensions;
- (b) Basic child benefits;
- (c) Universal access to essential health care.

61. In 2005, ILO considered the costs of this package for five Asian countries. ESCAP has extended this methodology, using more recent data, to establish the cost of a similar universal social protection package in 24 developing countries across the Asia-Pacific region. For most countries, the total cost falls within the range of 1 per cent to 3 per cent of gross national income (GNI) (see figure 2). Intercountry differences arise from a combination of factors. The most significant is the GNI per capita, for while the actual costs may be similar across countries, the GNIs per capita can be very different—that of China, for example, is about seven times greater than that of Afghanistan.

62. A second, though smaller, factor will be the demographic makeup, since costs will be greatest in countries with the highest proportion of their populations who are children or older persons. The implications of this are explored in table 2, which presents three scenarios corresponding to three stages of a demographic transition as countries move from younger to older populations. Here, the costs are expressed in terms of per capita for the whole population, varying from \$51 to \$62. Costs come down as countries progress along the demographic transition. This is because, at earlier stages of the transition, the number of older persons is significantly lower than the number of children even though pensions are twice as high as child allowances.

63. In general terms, the costs of social protection programmes are relatively small compared with the benefits. Moreover, programmes can be built incrementally. Not all countries may be able to afford full protection for all immediately, but starting from a basic system would make a huge difference. Calculations by various United Nations agencies show that a basic floor of social transfers is globally affordable at virtually any stage of economic development.

**Figure 2**  
Annual cost of a basic social protection package, selected Asia-Pacific countries, as a percentage of gross national income



Source: ESCAP computations based on data from World Bank, *World Development Indicators 2010* (Washington, D.C., World Bank, 2010). Available at: <http://data.worldbank.org/data-catalog/world-development-indicators/wdi-2010>.

**Table 2**  
Annual cost of a basic social protection package  
(Per capita, total population, United States dollars)

	Cost of pension	Cost of child allowance	Cost of health care	Total cost
<b>Scenario 1</b> (40% aged 0-14, 3% aged >65)	5.5	36.5	20.0	62.0
<b>Scenario 2</b> (30% aged 0-14, 5% aged >65)	9.1	27.4	20.0	56.5
<b>Scenario 3</b> (20% aged 0-14, 7% aged >65)	12.8	18.3	20.0	51.1

64. This underlines the importance of integrating social protection with economic development so as to arrive at balanced decisions that support social protection while achieving acceptable levels of fiscal consolidation. Social protection must therefore be considered not as a separate budgetary exercise but as part of the overall investment in development. Ultimately, affordability depends on a society's willingness to finance social transfers through taxes and contributions.

## VI. A compelling case for action

65. The challenge across Asia and the Pacific is now to move beyond smaller, targeted schemes to universal programmes based on a strong social protection floor that guarantees certain basic rights for everyone and fulfils the true promise of social protection. While all countries will need to build their own systems according to national circumstances, there are opportunities for every country across Asia and the Pacific:

(a) *Social protection is an essential basis for inclusive social and economic development.* It is the foundation for achieving equality and poverty reduction as well as the Millennium Development Goals and should therefore be at the core of development policy and planning;

(b) *Universal social protection is achievable.* A social protection floor offers the best basis for progression towards universal coverage. Governments may wish to commit themselves to establishing this floor as the basis for universal access and provision. A key challenge for Governments is then to provide an overall coordinated framework within which social protection programmes can be harmonized and provide the best possible and most affordable outcomes. The State has a key role to play in the development of integrated approaches to social protection rooted in universalism and a rights-based framework;

(c) *Universal social protection is affordable and represents an economic as well as a social investment.* Social protection based on both a secure floor and principles of universalism is affordable and socially, economically and politically progressive. Enhancing the capacity of poorer and marginalized groups is essential for equitable, inclusive and robust economic development. Social protection, rather than being seen as a cost, must be seen as an investment in human capacity and the capabilities of each member of society. The revitalization of governance frameworks and State-society contracts also promises to strengthen political systems across the region;

(d) *The needs of the most excluded should be the primary targets of social protection programmes.* These may include older persons, persons with disabilities, economically dependent women and those engaged in precarious employment, vulnerable children and unemployed youth, and those suffering from poor health, including populations affected by HIV and AIDS. In order to meet such needs most effectively, much more information is needed on such groups. Specific interventions should both meet their immediate needs and end dependence. Addressing the needs of the most vulnerable in society requires the elimination of the structures and processes of discrimination and exclusion and the development of social protection frameworks which address both the multidimensional and interdependent nature of poverty;

(e) *Social protection requires advocates and coalitions encompassing international, regional, national and local actors.* Effective social protection policies are the sum effort of multiple actors, including beneficiaries themselves. There is a wealth of experience in the region that can provide a strong basis for regional cooperation, including South-South cooperation. ESCAP can play a vital role in providing a regional platform for the sharing and dissemination of this knowledge, including the documentation of good practices and knowledge-sharing and regional cooperation for further country-level initiatives. Such programmes have the capacity to transform the lives of the poorest and most vulnerable and ensure a better and more inclusive future for all.