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Chapter 4

The need for social protection

More and better jobs and access to universal social protection including health care are fundamental to unleash the full potential of the workforce in Asia and the Pacific. A lack of access to a stable, regular and predictable income security mires workers in poverty and vulnerability and compromises their potential. Access to social protection is a human right and, when carefully designed, a precondition for labour markets to generate productive and decent employment.¹³⁶ Social protection can help ease disruptions from life contingencies that interrupt earning trajectories, such as having a child, losing a job, or becoming old. It can also help mitigate economic downturns and megatrends such as climate change-related disasters, population ageing, digitalization and the changing world of work.

Fallout from the COVID-19 pandemic exposed structural challenges and gaps that undermine development efforts, particularly in ensuring access to social protection for all. The unprecedented decline in working hours disproportionately impacted workers in the informal sector, many of whom lack access to social protection. Women were also overrepresented in hard-hit sectors within services, while constituting the vast majority of unpaid family workers and other undervalued jobs, again without access to income guarantees to buffer the impact of the crisis.

In the wake of the COVID-19 pandemic, governments recognized social protection as a critical buffer against economic shocks for households, yet coverage levels remain very low. This chapter will highlight the need to ensure access to social protection for the workforce, lay out the key challenges in their access to social protection and illustrate the impact of a protected workforce on inclusive and sustainable development in Asia and the Pacific.

4.1 The state of social protection in Asia and the Pacific

More than half of the region's population has no access to social protection. They are therefore left completely unprotected against any form of contingency throughout their life. Excluding China, two thirds of the region's population is left uncovered. Access for women is often lower than for men. The pandemic's impact on job losses has brought these gaps to the fore.

There is a significant variation in coverage, depending on the life cycle contingency. Coverage of children, unemployment, employment injury and severe disability are all below one third, with slightly higher coverage of maternity benefits. Though coverage of old-age pensions fares better, there are consistently more women with no access to old-age income security than men. For the fortunate ones that have access to a benefit, the levels are often insufficient to cover their basic needs.

COVID-19 has exposed the social and economic costs of inaction. It has demonstrated how comprehensive, well-resourced and inclusive social protection systems are better able to respond to crises. Countries that have continued to invest in and build inclusive social protection systems have been better equipped to respond to the current pandemic thanks to their broader coverage. Universal child benefits could reduce poverty by over one third including those who have been pushed into poverty by the pandemic.¹³⁷

4.2 A majority of the region's workers are unprotected

In most countries, only a minority of workers contribute to a social protection scheme, leaving most unprotected and vulnerable to disruptions and shocks. Access to contributory schemes ensures that workers are protected in case of work-related contingencies such as falling sick, getting injured or becoming unemployed, as well as in accessing a secure and regular income after retirement. Employment-related contributory social protection schemes generally provide much higher benefits and thus a more adequate protection against a range of contingencies. If extended to all forms of employment, contributory social protection could also reduce the destabilizing risks of taking on part-time work or platform jobs, thereby enabling workers to respond more flexibly and smoothly to changes in the labour market.

The low share of workers contributing to a social protection scheme leaves a majority of workers exposed to negative impacts from disruptions and shocks to their livelihoods. There is variation among subregions, with the highest share achieved in East and North-East Asia (figure 4.1). When looking at specific work-related social protection benefits, only

¹³⁶ International Labour Office (ILO) (2021). *World Social Protection Report 2020–22: Social protection at the crossroads — in pursuit of a better future*. ILO, Geneva.

¹³⁷ Ludovico Carraro and Marta Marzi (2021). Better responding to shocks through social protection: COVID-19 insights on identifying and responding to dynamic poverty. Social Protection Approaches to COVID-19 Expert Advice Service (SPACE). DAI Global UK Ltd. United Kingdom.

around one fifth of workers are covered against unemployment and just about one quarter against work-related injuries.¹³⁸

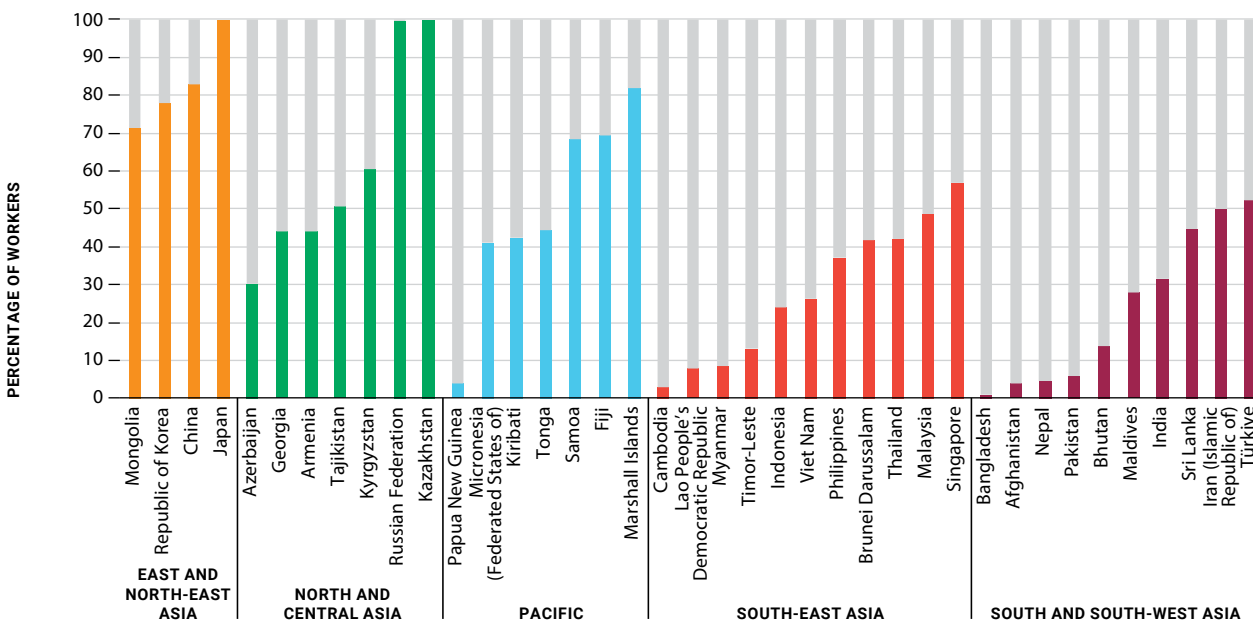
The lack of widespread contributory-based schemes is due to a variety of factors such as weak administrative capacity and high levels of job insecurity and informality. The dominance of informal employment means that some 1.3 billion people are more or less left unprotected.¹³⁹ Women’s overrepresentation in informal jobs means that they are also less likely to be covered by social protection. This is of particular concern as non-standard forms of work are on the rise through online platform jobs and the changing world of work.¹⁴⁰

Being a woman matters when it comes to accessing a social protection benefit. Social protection schemes are usually designed around full-time formally employed persons. With lower levels of labour force participation, lower average earnings, more interrupted careers and longer periods spent in unpaid care and domestic work, women tread a very different employment path to men. Due to

these gendered job trajectories, too often women cannot pay regularly or enough into contributory schemes and are limited in their ability to access higher levels of income security when needed. Without adequate maternity protection, women are penalized for taking time out of work due to pregnancy or to care for infants. In old age, women outnumber men and live longer. They are all too often left living more years alone without adequate income security. Gender-sensitive social protection systems can help adjust entitlements, conditions and eligibility and ensure income security for women throughout their life cycle.¹⁴¹

For informal workers, losing a job or getting sick or injured is a risk they cannot afford. Often living on significantly lower wages, many do not have the luxury to make savings or contributions. Left unprotected, they have little or no resources to draw on when confronted by even a common life cycle contingency. Access to contributory schemes for informal workers is often hampered by legal barriers, their limited financial capacity to contribute, as well as poor compliance with labour

FIGURE 4.1 Only a small share of workers is actively contributing to a social protection scheme, by country, latest year



Source: ILO (2022), World Social Protection Database. Available at <https://www.social-protection.org/gimi/ShowTheme.action?id=10>. (accessed on 6 April 2022).

138 United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and International Labour Office (ILO) (2021). *The Protection We Want: Social Outlook for Asia and the Pacific*. ESCAP, Bangkok.

139 International Labour Office (ILO) (2020). *Asia-Pacific Employment and Social Outlook: Navigating the crisis towards a human-centred future of workforce*. ILO, Geneva.

140 Christina Behrendt and Quynh Anh Nguyen (2018). *Innovative approaches for ensuring universal social protection for the future of work*. International Labour Office (ILO). ILO, Geneva.

141 United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) (2021). *How to Design Gender-Sensitive Social Protection Systems*. ESCAP, Bangkok. United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) (forthcoming). *How to Design Paid Maternity and Paternity Leave Policies*. ESCAP, Bangkok.

standards and regulations among employers and workers. Not only do informal workers lack access to social protection schemes, but they are often not poor enough to qualify for household poverty reduction schemes. Many poverty targeted schemes suffer from high exclusion and inclusion errors due to design and implementation flaws. A study by Development Pathways of 38 poverty targeted schemes found that exclusion errors across all schemes ranged between 44 and 97 per cent of intended recipients. By contrast, universal schemes had exclusion errors below 10 per cent, though these are still relatively rare in the region.¹⁴² As a result, the majority of workers across Asia and the Pacific are excluded from income guarantees and remain vulnerable to even minimal disruptions in their livelihood.¹⁴³

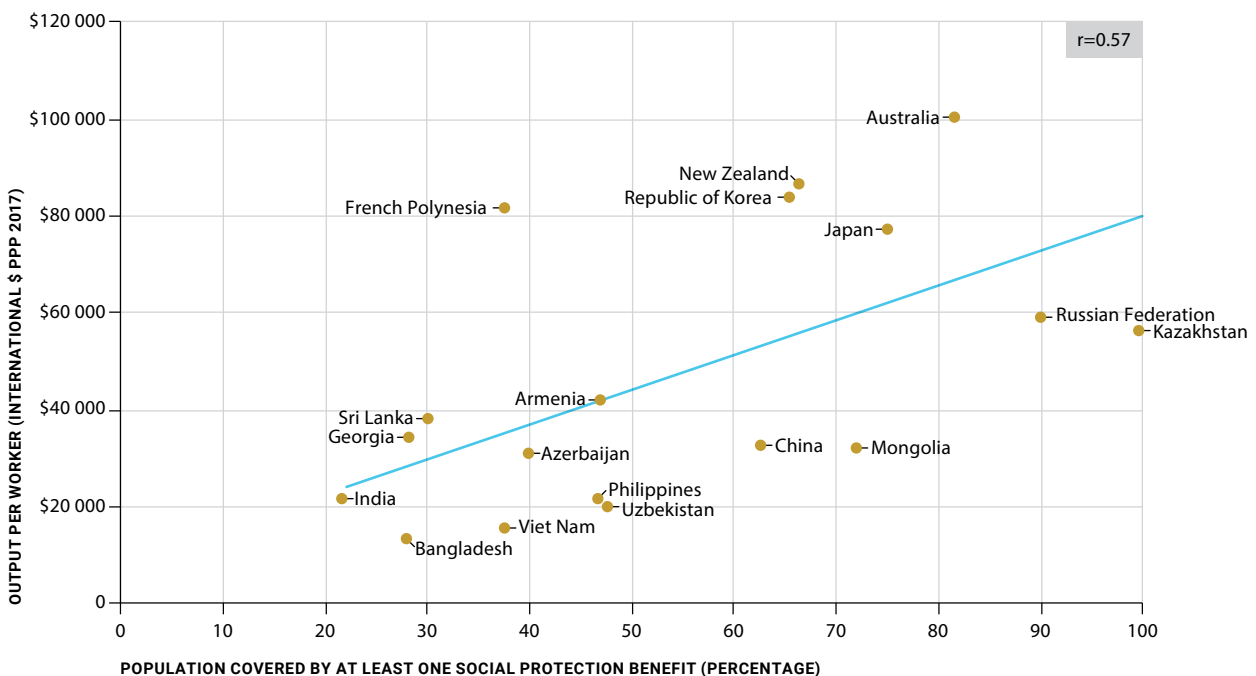
Low levels of social insurance contributions compromise the financial base for social protection systems and their capacity to provide adequate income security to those in need. Without sufficient social protection contributions and tax revenues from the working population, the capacity of the

State to provide comprehensive and adequate benefits is constrained. This in turn undermines public confidence in the State to deliver on its obligations and discourages workers and employers to pay taxes.¹⁴⁴ Moving forward, it will be vital to identify ways to extend contributory schemes to all workers and adapt their design to incorporate and respond to different types of work arrangements.

4.3 The impact of social protection

By providing a regular and predictable income guarantee, social protection can help elevate worker productivity and boost economic growth. Greater social protection coverage is positively correlated with output per worker (see figure 4.2). Social protection can also have additional multiplier effects for economic growth through different channels. In some countries, one dollar spent on social benefits generates more than one dollar in additional gross domestic product.¹⁴⁵ For instance, one dollar invested in child nutrition

FIGURE 4.2 A higher social protection coverage is associated with higher labour productivity



Source: ILO (2022). ILOSTAT database. Available at www.ilo.org. (accessed on 6 April 2022).

Note: Figure 4.2 juxtaposes social protection coverage by at least one scheme in 2016 with labour productivity measured by output per worker in 2021 for 18 countries with available data in Asia and the Pacific.

142 Stephen Kidd and Diloá Athias (2019) Hit and Miss: An Assessment of Targeting Effectiveness in Social Protection. Working Paper. Development Pathways.

143 United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and International Labour Office (ILO) (2021). *The Protection We Want: Social Outlook for Asia and the Pacific*. ESCAP, Bangkok.

144 Ibid.

145 Marina Da Silva Sanches and Laura Barbosa de Carvalho (2021). Multiplier effects of social protection: a SVAR approach for Brazil. Unpublished manuscript.

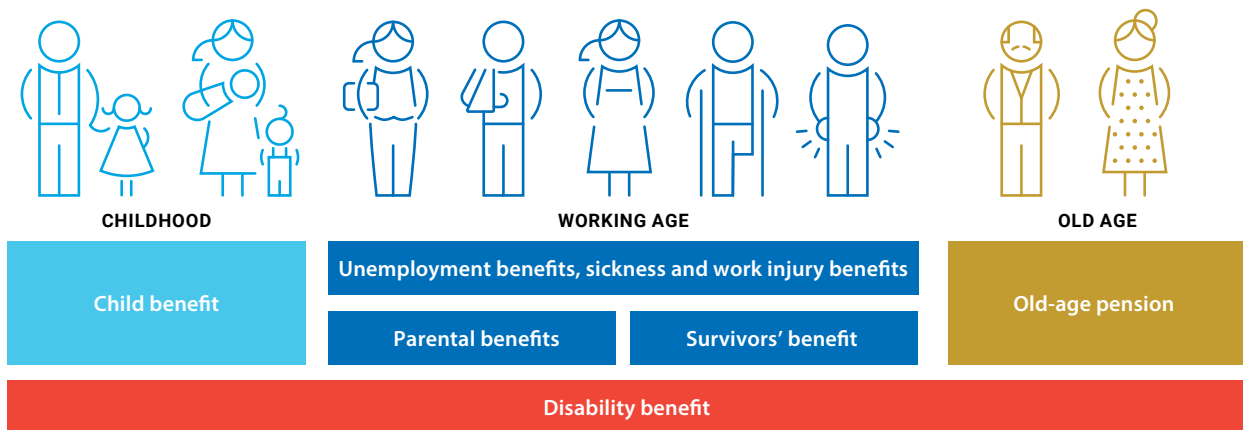
through child benefits can bring a 16 dollar return on investment.¹⁴⁶ Another recent study highlighted that positive multiplier effects are particularly high in low and lower-middle-income countries like Bangladesh and India and found that investments in social protection can contribute to rising labour supply and demand, particularly in economies where agriculture is dominant.¹⁴⁷ When contributory social protection schemes are in place, they act as an automatic stabilizer for the formal economy and enable workers to move in and out of jobs more flexibly. Together with Active Labour Market Policies, such schemes help workers acquire new skills and support the restructuring of labour markets.

Ensuring that working-age populations have access to income security in the face of life cycle or labour market contingencies is instrumental for the well-being of all members of the household. When a worker is protected through a contributory scheme, a potential loss of earned income (i.e. unemployment, maternity, disability, sickness or old age) should not upend their standard of living and result in negative coping strategies. The ILO Social Protection Floors Recommendation No. 202 (2012) outlines key life cycle and labour

market contingencies during which it is critical to provide income security to ensure a minimum level of protection to all, often through non-contributory benefits (figure 4.3). Often, however, these non-contributory benefits in the region are poverty-targeted, resulting in large inclusion and exclusion errors.¹⁴⁸ The provision of universal non-contributory benefits can ensure that all households receive a benefit when needed, especially those otherwise excluded such as informal workers. For instance, Georgia, Nepal, Mongolia and Thailand all provide some form of universal old age benefit.¹⁴⁹

Investing in a package of universal child, disability and old-age pension schemes, at global average benefit levels can reduce national poverty. Simulations conducted by ESCAP quantify the impact of introducing a universal non-contributory benefit package on poverty rates of the total population at the national and international poverty lines. The universal non-contributory package comprises child benefits, disability benefits and old-age pensions set at the global average benefit levels for each benefit. Across the 19 countries for which Household Income and Expenditure Surveys are available, the simulation demonstrates

FIGURE 4.3 A life cycle approach to social protection



Note: In childhood, consequences of poverty and deprivation can lead to nutritional and health deficiencies that impact educational outcomes and longer-term cognitive and physical development. This undermines employment prospects in adulthood. During working age, unemployment often pushes families into poverty. Falling sick often means working while being ill and contagious. Without affordable health care, people do not seek treatment or wait until it may be too late. Lack of protection during pregnancy and childbirth risks lives, but also women's livelihoods and chances to work. A work injury can further lead to disability or loss of a breadwinner and thus cause a quick descent into poverty for an entire family. In the absence of an enabling and accessible environment, a disability can all too often mean exclusion from the labour market and less resilience to poverty. Without a pension, older persons are forced to continue working or depend on other family members for their survival. Leaving old-age support to families alone is becoming increasingly unsustainable given the region's unprecedented trends of population ageing.

146 International Food Policy Research Institute (IFPRI) (2014). *Global Nutrition Report 2014: Actions and Accountability to Accelerate the World's Progress on Nutrition*. IFPRI, Washington, DC. <http://dx.doi.org/10.2499/9780896295643>.

147 International Trade Union Confederation (ITUC) (2021). *Investments in Social Protection and their Impacts on Economic Growth*.

148 Stephen Kiddm Bjorn Gelders and Diloá Bailey-Athias. Social Protection Department (SOCPRO) (2017). *Exclusion by design: An assessment of the effectiveness of the proxy means test poverty targeting mechanism*. International Labour Office (ILO). ILO, Geneva.

149 United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and International Labour Office (ILO) (2021). *The Protection We Want: Social Outlook for Asia and the Pacific*. ESCAP, Bangkok.

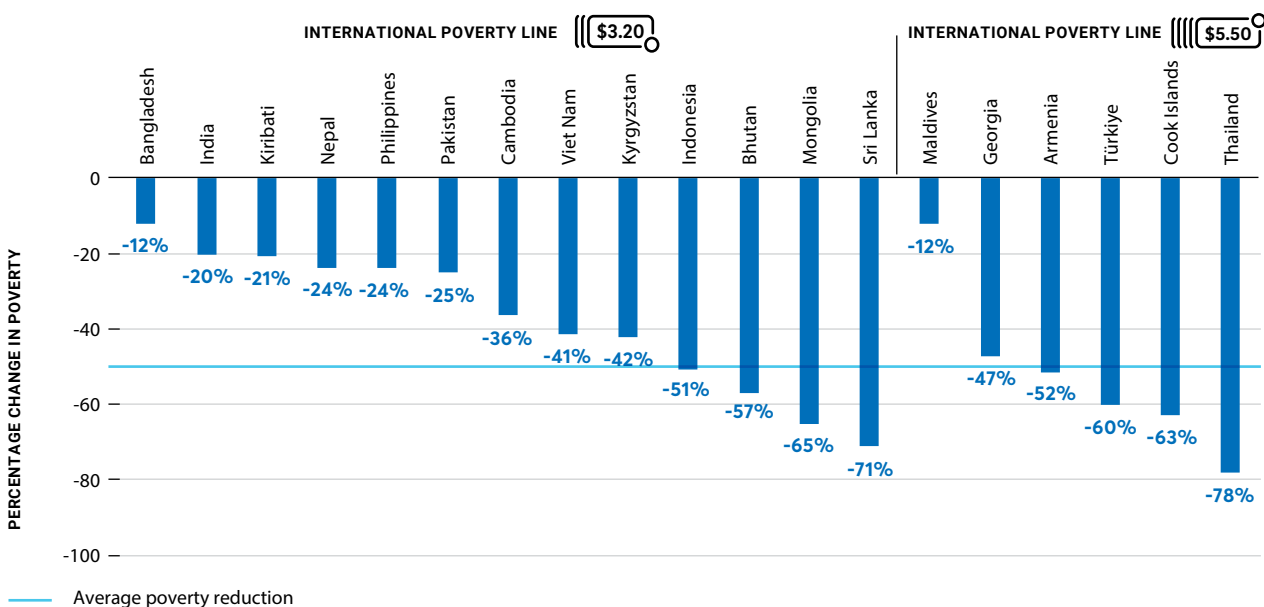
how, when set at the international poverty line of \$5.5 a day used for upper-middle-income countries, poverty would fall from 12 per cent in the Maldives to 78 per cent in Thailand (figure 4.4). Benefits for children below the age of 18 is a key driver of this result due to the higher proportion of children in lower-income households. For many countries in the region, a substantial poverty reduction impact could be gained at a relatively modest benefit level of 4 per cent of GDP per capita.

Social protection can safeguard access to productivity-boosting opportunities. More than reducing monetary poverty and income inequality, social protection safeguards access to basic opportunities across the life cycle, particularly in times of need. Drawing on ESCAP’s “Leaving No One Behind” analysis based on Demographic Health Surveys (DHS) and Multiple Indicator Cluster Surveys (MICS) for 28 countries in the region, households and individuals in the bottom 40 per cent of the wealth distribution, a proxy for being poorer and often related to holding informal and vulnerable jobs, have consistently lower access to basic opportunities (figure 4.5).¹⁵⁰ This analysis shows household wealth to be the

most important variable associated with having access to an opportunity in majority of cases. By providing a boost in income, social protection can help households overcome this prime factor that hampers their access and thereby contribute to narrowing inequalities.

ESCAP simulations, using data on Income and Living Conditions (ILC) and Household Income and Expenditure Surveys (HIES) from five countries across the ESCAP subregions, demonstrate that a modest increase in income level of the furthest behind households can improve access to opportunities. The simulation was conducted to estimate the improved level of access to opportunities for those left furthest behind by simulating an income increase equal to 4 per cent of GDP per Capita (see boxes A2 and A3 in the Appendix for technical details). In the estimation, all households with children were given a universal child benefit of 4 per cent of GDP per capita in their respective countries, a level that matches the global average benefit of a monthly child benefit. This is a relatively modest benefit and amounts to a quarter of the average global non-contributory old age benefit.¹⁵¹

FIGURE 4.4 Impact of comprehensive and universal social protection on poverty



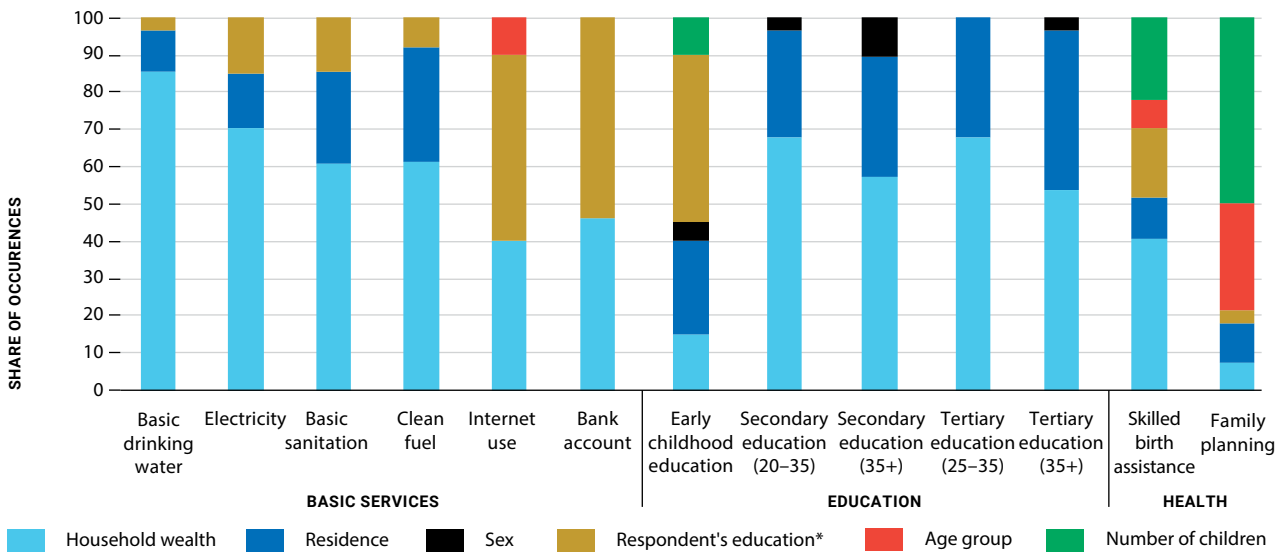
Source: ESCAP elaboration using Social Protection Simulator available online at <http://spot.unescap.org>.

Note: The percentage reduction in poverty is shown using the international poverty lines for income grouping of each country, as defined by the World Bank. The benefit levels are set to the global average benefit levels for each respective benefit of 4 per cent of GDP per capita for child benefits, 14 per cent of GDP per capita for disability benefits and 16 per cent of GDP per capita for old age benefits. One key assumption for the microsimulation model is that all household income is used for consumption.

150 Focusing on the groups that are furthest behind across 16 indicators in 28 countries, the wealth of the household is the most important variable shaping gaps between groups. Other circumstances considered included sex, residence, age group, number of children and education level. See Box A2 and A3 in the Appendix for details.

151 The analysis is limited to households with children (ages 0–17), as only these would be eligible for the benefit.

FIGURE 4.5 The most important circumstances in forming gaps in access to basic opportunities



Source: ESCAP calculations based on LNOB analysis and using data from the latest DHS and MICS surveys for 28 countries in the Asia-Pacific region. For more information, visit <https://lnob.unescap.org>.

Note: Figure 4.5 shows the share of occurrences where a specific circumstance such as household wealth contributed the most to inequality, based on a calculated measure of variable importance of the model. The higher the share, the more times this specific circumstance is responsible for the gaps in access to an opportunity. For the majority of indicators, results pertain to 26–28 countries. In early childhood education and internet use, the bars reflect data from 20 countries.

*Education is both a desired outcome or opportunity, depicted here as *Secondary education (ages 20–35)* and *Higher education (ages 25–35)*, and a circumstance, shaping groups' access to other opportunities or experience of barriers. *Respondent's education* as a circumstance is not used in analysing gaps in education as an opportunity.

The results indicate that the furthest behind households benefit significantly more than the average household from this modest transfer. The largest impact is seen in Cambodia, where the transfer would help the furthest behind households avoid a range of negative coping strategies, including reducing food consumption and being forced to sell off assets. In Mongolia, households with children would see a doubling of households with a savings account. In Türkiye, the transfer would significantly improve the ability of the furthest behind groups to warm their homes and make ends meet. The impact across all five countries is multiplied if the benefit levels are increased from 4 to 10 per cent of GDP per capita, an income boost expected from having a decent job.

By redistributing resources and enabling households to better manage their risks and enhance their access to opportunities, social protection can promote trust and solidarity across population groups, generations and between citizens and the State.

4.4 Social protection mechanisms: building resilience amidst megatrends

Countries across the region are transitioning to an ageing society at an unprecedented rate, with the proportion of older persons 65 years and over set to double from 10 per cent to 20 per cent of the population by 2050.¹⁵² While this process took place over a span of half a century to a century for many OECD countries, in Asia and the Pacific, countries will have less than a quarter of a century to adapt to an ageing society (see figure 4.6). There remains a short time frame for countries to harness the demographic dividend¹⁵³ and prepare for an ageing society. This adds urgency to the need for strengthened social protection systems that respond to the increasing demand for old age income security.

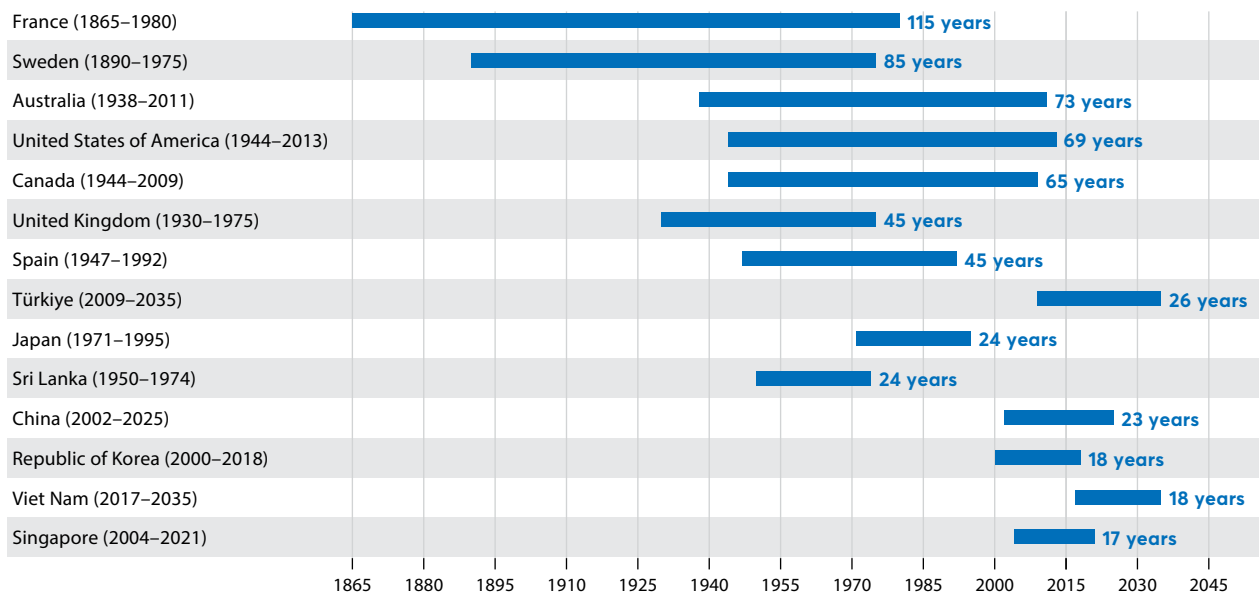
At present, coverage and adequacy of old-age pensions remain woefully low across the region. Many workers do not have access to any form of income security in old age, particularly women.

152 United Nations, Department of Economic and Social Affairs, Population Division (UNDESA) (2022). World Population Prospects 2022 Special Aggregates. Available at <https://population.un.org/dataportal/home>. (accessed 14 July 2022).

153 For a good practice on harnessing demographic dividend by the Republic of Korea, see United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) (2021). Demographic Dividend with a Gender Dimension in the Republic of Korea, *Social Development Division Policy Brief No. 2021/02*. ESCAP, Bangkok.

FIGURE 4.6 Transition to an ageing society is taking place at a rapid pace in Asia and the Pacific

Number of years to transition to an ageing society



Source: United Nations, Department of Economic and Social Affairs, Population Division (2019). *World Population Prospects 2019*, Online Edition. U.S. Census Bureau, International Population Reports (2009), *An Aging World: 2008*.

Note: The transition is measured by the number of years required or expected for the per cent of the population aged 65 or over to increase from 7 to 14 per cent.

With the exception of China, the proportion of the working population with legal access to an old-age mandatory contributory pension ranges from 1.6 to 76.1 per cent in countries with available data, and around two thirds of countries provide legal access to less than half of their workforce. Excluding the Marshall Islands and Palau, the rate of access for women is consistently lower than for men (see figure 4.7).

This low coverage is driving older persons to continue to work beyond retirement age, with the labour force participation rates of older persons increasing in a majority of Asian and Pacific countries, particularly in the informal sector.¹⁵⁴ Overall, however labour force participation rates and earnings decrease with old age, often due to higher levels of disability and ill health, as well as age and gender discrimination, legal restrictions and mandatory retirement ages. Disability and ill health also increase living costs for older persons,

such as in access to health care and other care services.¹⁵⁵ In many countries in Asia and the Pacific, mandatory retirement ages are relatively low, restricting older persons to extend their careers and relieve financial pressure on pension systems.¹⁵⁶ To allow older persons to work longer and ensure decent pay and working conditions, it will be important to create workplaces that are more attractive, inclusive and accessible.

In the absence of social protection schemes, older persons rely primarily on work or other family members for their income security. In Thailand, the main income source for older persons is their children and work, accounting for 38 and 30 per cent of their total income, respectively.¹⁵⁷ Reliance on families also adds to the care burden, primarily shouldered by women, further interrupting their access to employment opportunities and denying them access to contributory pensions. Increasing urbanization, migration and changing family

154 United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) (2021). ESCAP Population Data Sheet. ESCAP, Bangkok.

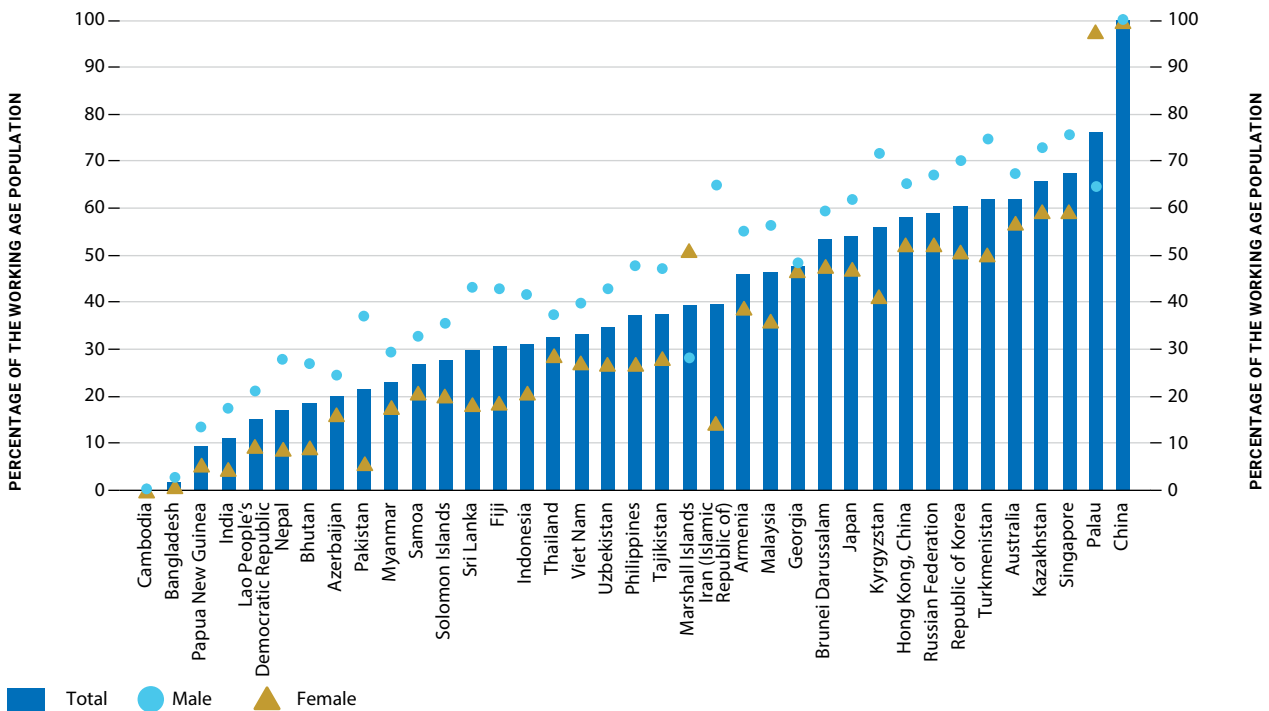
155 Disability in particular can entail direct costs such as disability-related expenses such as assistive devices, personal assistants, vocational rehabilitation, workplace modifications, transportation and health services, as well as indirect costs such as employment opportunities, lower earnings, or loss of learning or educational opportunities for family members who are caregivers.

156 In 2016, the average normal pension age across the Asian economies was equal to 59.4 years for men and 57.5 years for women across all schemes and economies. Organization for Economic Cooperation and Development (OECD) (2018). *Pensions at a Glance: Asia/Pacific Edition*. OECD, Paris. https://doi.org/10.1787/pension_asia-2018-en.

157 Though this reliance had decreased from 55.6 per cent and 31 per cent in 1994 through the provision of the old-age allowance, reliance on these two forms of income nevertheless remained high, probably due to the low level of benefits provided by the allowance. Expansion of Thailand's social pension policy and its implications for family support for older persons, Bussarawan Teerawichitchainan, Wiraporn Pothisiri, *International Journal of Social Welfare*. 2021; 00:1–15.

FIGURE 4.7 For most countries, less than half the workforce has legal access to a mandatory contributory old-age pension

Legal coverage of old-age mandatory contributory pension of working-age population, selected countries, latest year



Source: ILO (2022), World Social Protection Database. Available at <https://www.social-protection.org/gimi/ShowTheme.action?id=10> (accessed on 6 April 2022).

structures makes it increasingly unlikely that older persons live with their immediate family and access these informal support networks. Access to social protection can give older persons the choice to retire.

To help ensure income security in old age and enable older persons to live independently and in dignity, the expansion of old-age pensions through a blend of contributory and non-contributory schemes is essential. Contributory schemes can be adjusted to increase coverage through changes to their legal framework, administrative procedures and communication, as well as their financial incentives. Adjustments in the parameters of pension design, such as retirement ages, contribution rates and benefit formulas could help increase coverage as well as ensure the longer-term sustainability of pension systems.¹⁵⁸ These design features are key to give access to previously ineligible populations, especially women. They are needed to take account

gender-specific work patterns, including paid work interruptions and time dedicated to unpaid work and care.¹⁵⁹ Women comprised 54 per cent of the population over 65 in 2021 and will continue to represent the majority of older persons in 2050. The need to extend coverage of old-age pensions to all women is becoming ever more urgent.¹⁶⁰ Recognizing the years women spend in unpaid care work as contributory years would make a substantial difference.

Tweaks in the design of pension schemes can improve coverage and adequacy of contributory pensions, but non-contributory schemes are required to ensure income security is extended to all. Most non-contributory pensions in the region are targeted at the poorest populations, leaving many without access to any form of old-age pension. These poverty targeted schemes can create perverse incentives not to join the formal labour market, as doing so can lead to the loss of

158 United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) (2022). *How to Design Inclusive Old Age Pension Systems in Asia and the Pacific*. ESCAP, Bangkok.

159 Pension benefits are linked to employment and earnings and reflect the different labour market trajectories and disadvantages that women face. Women tend to have more disrupted careers to take time out for care responsibilities and often fail to meet eligibility requirements for old age pensions. When women do meet the requirements, their benefits tend to be lower than for men due to their shorter careers and lower wages. United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) (2021). *How to Design Gender-Sensitive Social Protection Systems*. ESCAP, Bangkok.

160 United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) (2021). ESCAP Population Data Sheet. ESCAP, Bangkok.

benefits. As the region moves forward to prepare for an ageing society, it will be vital to build a multi-tier pillar system of old-age pensions that carefully blend contributory and non-contributory schemes to ensure a minimum level of income security for all. The Maldives, for example, provides a contributory pension that is complemented by a near universal basic non-contributory pension to ensure a minimum monthly income for all older persons.¹⁶¹ Maintaining incentives to join the formal labour market and enrolling in contributory schemes will be equally critical. As will be demonstrated in chapter 5, universal non-contributory pensions are a sustainable and effective solution.

Investing in old-age income security is investing in the well-being of older persons as well as future jobs and a burgeoning silver economy. The growing share of older persons carries with it the potential to drive economic growth and employment. It has been estimated that the silver economy, the sum of economic activity generated by older persons, in Asia and the Pacific amounted to USD 26 trillion in 2018 and that this would expand to contribute up to 52 per cent of total consumer expenditure by 2030.¹⁶² Demand will surge for new goods and services tailored to the needs of older persons and a significant part of this is expected to be in the health and care sectors. Old age income security can help sustain this demand, which in turn will generate new demand for jobs in these sectors.¹⁶³ Nevertheless, without a substantial improvement in working conditions, pay and social protection, it will be difficult to fill the shortfall in jobs required, particularly where the workforce is predominantly female.¹⁶⁴

Innovative solutions will further be required to build the resilience of workers in informal employment. With over two thirds of the region's workers in informal jobs, it is a challenge to achieve universal coverage for them and their families at

adequate benefit levels. Informality covers a wide range of employment types and arrangements, ranging from the self-employed, domestic workers or migrant workers in formal or informal enterprises or households, and often includes non-standard forms of employment such as temporary work, part-time work, home-based work or platform work.¹⁶⁵ Each type of informal or non-standard employment arrangement and employment sector carries different conditions and vulnerabilities that intersect to exclude workers from benefits.

Social protection schemes will need to innovate ways to adapt contributory social protection schemes to informal and non-standard forms of work. Only 12 countries in Asia and the Pacific offer legal coverage of at least one social protection scheme for domestic workers.¹⁶⁶ For Home Based Workers such as Beedi workers in India, despite being legally entitled to social protection since the 1960s, implementation has been ineffective due the low rate of registration. In Thailand, many home based workers protected under the Home Worker Protection Act (2010) are not eligible for social protection as they are classified as self-employed or as a contributing family worker.¹⁶⁷ Migrant workers face additional barriers due to the lack of portability arrangements, the duration of their stay in the country of destination, immigration rules or their irregular status.¹⁶⁸ In terms of non-standard forms of employment, part-time workers can be denied social protection if they do not work the minimum number of hours or earn too little and temporary workers may not qualify for benefits if their contract duration is too short.

Tweaks in the design and parameters of schemes can enable workers to access benefits but concerted efforts are needed to reach excluded populations. Relaxing requirements or minimum thresholds for contributory schemes, simplifying contribution collection and payment and introducing flexible

161 United Nations Economic and Social Commission for Asia and the Pacific (ESCAP). *Stocktaking of Readiness of Maldives to Implement Action Plan to Strengthen Regional Cooperation on Social Protection*. ESCAP, Bangkok.

162 Monitor Deloitte (2019). *The Silver Avalanche: Are you Prepared?*, Independent Paper Published for the Singapore Summit 2019. <https://www2.deloitte.com/ph/en/pages/strategy-operations/monitor-deloitte/articles/the-silver-avalanche.html>.

163 International Labour Office (ILO) (2017), *Social and Solidarity Economy and the Future of Work* Euricse Working Paper for the ILO. ILO, Geneva, World Economic Forum White Paper (2015), *How 21st-Century Longevity Can Create Markets and Drive Economic Growth*.

164 International Labour Office (ILO) (2021). *World Social Protection Report 2020–22: Social Protection at the Crossroads – in Pursuit of a Better Future*. ILO, Geneva.

165 For further information on the definition of informal employment, see Chapter 2 and its reference to International Labour Office (ILO) (2004). *Statistical definition of informal employment: Guidelines endorsed by the Seventeenth International Conference of Labour Statisticians* (2003). 7th Meeting of the Expert Group on Informal Sector Statistics (Delhi Group) New Delhi, 2–4 February 2004.

166 International Labour Office (ILO) (2022). *Making the Right to Social Security a Reality for Domestic Workers: A global review of policy trends, statistics and extension strategies*. ILO, Geneva.

167 International Labour Office (ILO) (2021). *Working from home: From invisibility to decent work*. ILO, Geneva.

168 United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) (2020). *Asia-Pacific Migration Report 2020: Assessing Implementation of the Global Compact for Migration* (ST/ESCAP/2801). ESCAP, Bangkok. International Labour Office (ILO) (2022). *Making the Right to Social Security a Reality for Domestic Workers: A global review of policy trends, statistics and extension strategies*. ILO, Geneva.

payment schedules have been instrumental in the region.¹⁶⁹ Viet Nam reduced the qualifying period for contributory schemes from three months to one month to extend access of contributory schemes to informal workers.¹⁷⁰ The extension of maternity benefits for women can incentivize their continued engagement in the workforce and potential contributions into social insurance schemes. Pension credits can compensate for the time taken for unpaid care responsibilities to ensure women do not have to sacrifice their old age income security.¹⁷¹ When extending social protection to vulnerable and marginalized groups, concerted efforts are needed to reach these populations such as clearly communicating information on eligibility and entitlements, or adjusting registration and payment processes to reach eligible people in a fair and transparent manner.¹⁷² In so doing it is important to recognize intersecting circumstances and identities that create patterns of discrimination and inequality, in order to design schemes that can best reach the excluded. Social dialogue and the engagement of civil society, stakeholders and representatives of these groups are central to identifying and negotiating a more effective and inclusive design and implementation of schemes.

Adaptive social protection schemes will be needed to build resilience among populations vulnerable to disasters and enable access to basic goods and services in the immediate aftermath of disasters. Non-contributory cash transfers help people avoid coping strategies that are detrimental to the environment.¹⁷³ They ensure food security, facilitate savings, and help households diversify their sources of livelihood.¹⁷⁴ In Bangladesh, anticipatory cash transfers to affected populations have proved to be highly effective in ensuring food security and preserving of assets.¹⁷⁵ Investing in inclusive social protection systems with universal benefits can help

as they are anticipatory in nature and designed to protect those most vulnerable to shocks in the first place while supporting aggregate demand, cushioning people and the economy from shocks.

Beyond disaster risk reduction, social protection can help households cope with energy subsidy reforms. Universal cash transfers can be effective in ensuring a smoother transition of energy subsidy reforms. The Government of Indonesia embarked on efforts to phase out energy subsidies in 2014, which improved the country's fiscal situation and allowed for more investment in social protection. To counter the public backlash, the Government emphasized that the reduction of subsidies would enable more direct investment through cash transfers to households.¹⁷⁶ The Government of the Islamic Republic of Iran redirected around 80 per cent of the fiscal savings from the reduction in energy subsidies to social protection spending, launching a universal cash benefit and extending health care coverage. This helped secure buy-in for the policy, reduce poverty and inequality, boost investment in education and increase working hours.¹⁷⁷ Replacing energy subsidies with a universal benefit can also help to retain the trust and solidarity of those previously enjoying the subsidy. Unfortunately, the most vulnerable countries in Asia and the Pacific, where the highest proportion of their poorest population is exposed to multi-hazard cascading risk due to climate change, offer the least social protection.¹⁷⁸

Social protection can encourage a transition to greener and just societies as well as healthier lifestyles. An income boost of 10 per cent of GDP per capita would enable households to access clean fuels, improve the health of household members and ensure their contribution to a green transition.

169 Nguyen Quynh Anh, Andi Sanusi, Ippei Tsuruga and Nuno Meira Simoes de Cunha (2019). How to extend social protection to workers in informal employment in the ASEAN region. ILO Policy Brief. International Labour Office (ILO). ILO, Geneva.

170 Christina Behrendt and Quynh Anh Nguyen (2018). *Innovative Approaches For Ensuring Universal Social Protection For The Future Of Work*. International Labour Office (ILO). ILO, Geneva.

171 United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) (2021). *How to Design Gender Sensitive Social Protection*. Bangkok.

172 United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and Development Pathways. *Step-by-Step Guide to Inclusive Social Protection Systems*. ESCAP, Bangkok.

173 Paul J. Ferraro and Rhita Simorangkir (2020). Conditional Cash Transfers to Alleviate Poverty Also Reduced Deforestation in Indonesia. *Science Advances* 6 (24).

174 Jamele Rigolini (2021). Social Protection and Labor: A Key Enabler for Climate Change Adaptation and Mitigation. Discussion Paper No. 2108. World Bank. World Bank, Washington, DC.

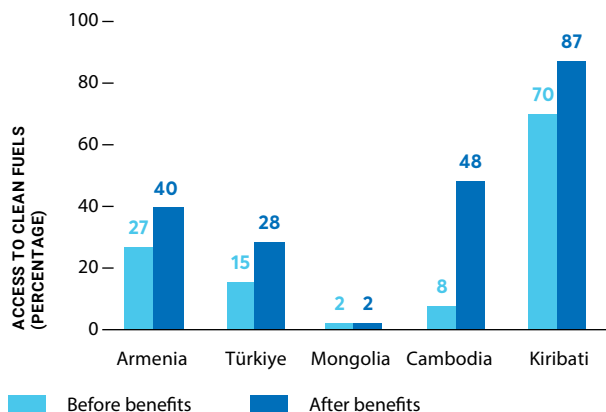
175 Ashley Pople, Ruth Hill, Stefan Dercon and Ben Brunchors (2021). Anticipatory Cash Transfers in Climate Disaster Response. Centre for Disaster Protection Working Papers, London.

176 Ministry of Energy and Mineral Resources of Government of Indonesia and Ministry of Finance of Government of Indonesia (2019). Indonesia's Effort to Phase out and Rationalize its Fossil-Fuel Subsidies: A Self Report on the G-20 Peer Review of Inefficient Fossil Fuel Subsidies that Encourage Wasteful Consumption in Indonesia. Rimawan Pradipto, Akbar Susanto, Abraham Wirotomo, Alvin Adisasmita and Christopher Beaton (2016). Financing Development with Fossil Fuel Subsidies: The reallocation of Indonesia's gasoline and diesel subsidies in 2015. International Institute for Sustainable Development (IISD).

177 International Labour Office (ILO) (2019). *Creating fiscal space for social protection through energy subsidy reform: Islamic Republic of Iran*. ILO, Geneva.

178 United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) (2021). *Asia-Pacific Disaster Report 2021: Resilience in a Riskier World*. ESCAP, Bangkok.

FIGURE 4.8 How child benefits improve access to clean fuels among furthest behind



Source: ESCAP elaborations based on selected HIES (2018–2020). See Box A2 and A3 for more details.
 Note: The simulation takes household expenditures as a more reliable measure of household welfare. All additional income in this case accruing from decent employment is assumed to be consumed.

In Cambodia, an income boost of 10 per cent of GDP per capita (figure 4.8) would increase access to clean fuels for cooking among the furthest behind households sixfold, from 8 to 48 per cent. Access to clean fuels for multiple purposes would double in Türkiye from 15 to 28 per cent among the furthest behind households outperforming the

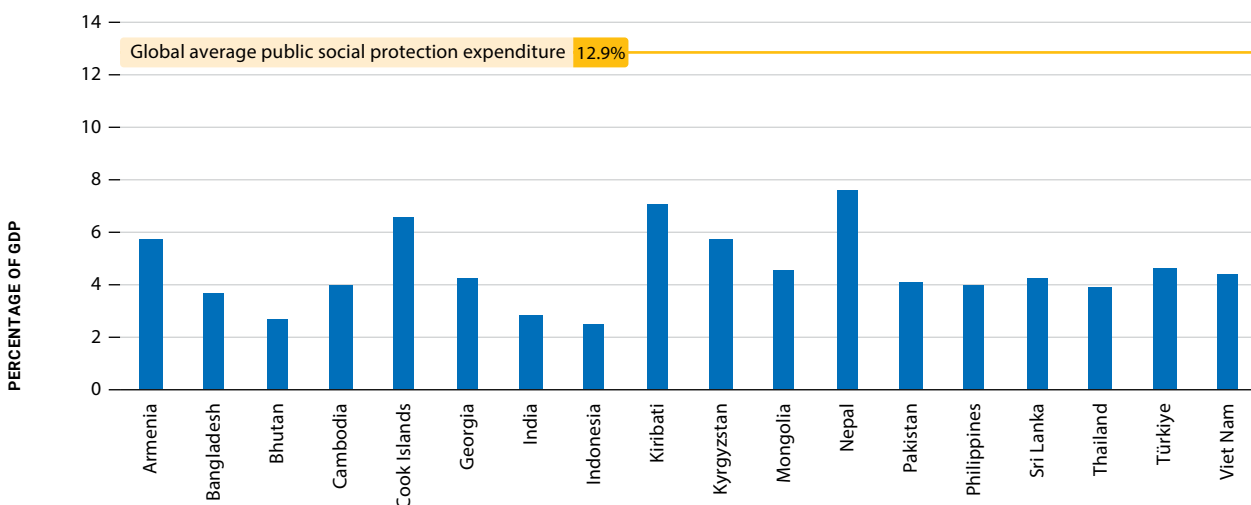
improvement within average households. It would also increase from 27 to 40 per cent in Armenia and from 70 per cent to 87 per cent in Kiribati. This impact holds true for countries where income is a significant factor in access to an opportunity. In the case of Mongolia, income is not a significant factor in access to clean fuels. It is rather the lack of infrastructure in rural areas, hence an increase in income would be ineffectual in improving access.

In the face of the COVID-19 pandemic, social protection has finally gained the policy attention it deserves. Governments need to build on this momentum and move towards universal social protection through a blend of contributory and non-contributory schemes. A renewed social contract reinforced by solidarity and trust throughout the society would enable governments to galvanize more support as well as mobilize additional resources to strengthen social protection systems.

Contrary to common assumptions, the cost of such a system is affordable. Independent cost estimations by ADB, ESCAP and ILO are all within the annual range of 2 to 6.1 per cent of GDP, depending on the size of the benefits, the country’s ambition, demographic situation and other variables.¹⁷⁹ In this context, the ESCAP Social Protection Simulation Tool

FIGURE 4.9 Halving poverty is within reach for many countries with a combination of social protection schemes

Cost of basic social protection package to halve poverty at national poverty line (percentage of GDP)



Source: ESCAP elaboration using Social Protection Simulator available online at <https://spot.unescap.org>. Global average public social protection expenditure is from ILO (2022) World Social Protection Database.

179 United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and International Labour Office (ILO) (2021). *The Protection We Want: Social Outlook for Asia and the Pacific*. ESCAP, Bangkok. Asian Development Bank (ADB) (2021). *COVID-19 and Social Protection in Asia and the Pacific: Projected Costs for 2020–2030*. ADB, Manila. <http://dx.doi.org/10.22617/WPS210480-2>.

is used to estimate the cost of reducing, at least by half, the proportion of population living in poverty according to national definitions (SDG 1.2) by 2030 (figure 4.9). The annual cost of universal child benefits, disability benefits and old age benefits ranges from 2.5 per cent of GDP in Indonesia to less than 8 per cent in Nepal. These costs would fall far below the global average of public expenditure on social protection which stand at 12.9 per cent of GDP per annum.¹⁸⁰ Adopting digital technologies can help member States to gain from efficiency and spend smarter as they progress toward universal social protection despite diminishing fiscal space. The adoption of Integrated Social Assistance Service Information System in Türkiye, Integrated Household Information Database in Mongolia,

integrated Single Window social registry in Georgia or India's biometrically-enabled digital ID system "Aadhar" are a few examples of countries leveraging technologies to enhance coordination and delivery of schemes.¹⁸¹

Adaptations in the design and implementation of social protection schemes will be required to ensure that no one falls behind as these transitions occur. Nevertheless, while social protection enables a more resilient workforce, income guarantees alone cannot ensure access to decent work and better health. Increases in labour productivity can only be achieved in the medium-to-long term through integrated and multiple policies that cut across education, health, trade and industrial policies.

180 International Labour Office (ILO) (2021). *World Social Protection Report 2020–22: Social Protection at the crossroads – in pursuit of a better future*. ILO, Geneva.

181 Compendium of digitalized implementation and coordination mechanisms on social protection in Asia and the Pacific, United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), unpublished. United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) (March 2022). *Economic and Social Survey of Asia and the Pacific (2022): Towards post-COVID-19 resilient economies*. ESCAP, Bangkok.