



Chapter 5

Policy recommendations for a healthy, protected and productive workforce

5.1 Renewing the social contract

Building a healthy, protected and productive workforce requires a strong social contract, based on social and political dialogue between the State and its citizens on their mutual roles and responsibilities.¹⁸² All segments of society, from individuals and business leaders to policymakers, must be part of this dialogue and commit to a shared vision that can help build the workforce that is needed.¹⁸³ The social contract influences how public resources are generated and allocated and how policies are shaped to further the pursuit of common societal objectives. This requires strengthening trust between people and the State and for the State to demonstrate that it supports the creation of decent work and the has the ambition to implement universal social protection and achieve universal health coverage. Taxation reform to increase revenues and reduce inequality in a fair and transparent way will also be central.

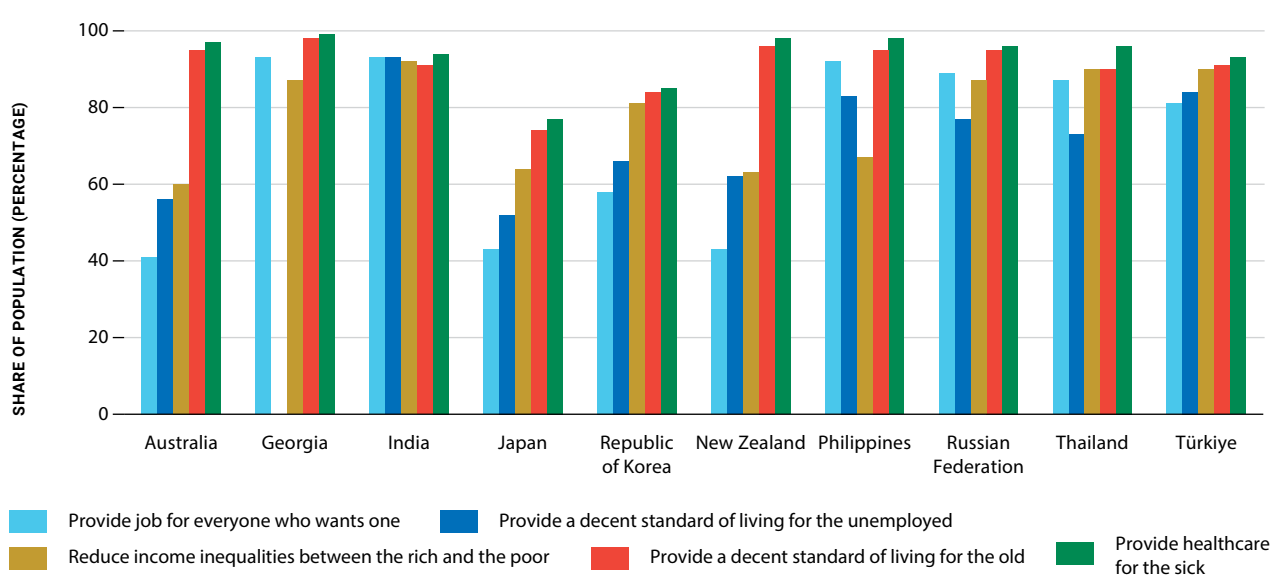
The COVID-19 pandemic has created momentum for change and expectations are high. The pandemic has underscored the need to build the resilience and strengthen capacity to overcome challenges such as climate change, population ageing and digitalization. It has sharpened the focus on what people expect of their governments. In several

countries surveyed, two thirds of people expect their governments to provide a job for everyone who wants to work, ensure an adequate standard of living for the unemployed and older persons and to reduce income inequalities (figure 5.1). In almost all countries, over 90 per cent of the population expect their governments to provide access to health care. When asked where governments should spend more money, health care and social protection were key demands.

Meeting social development expectations requires boosting inclusion, which can in turn rebuild trust. Over past decades, trust in other people has declined in 15 out of 22 countries in the region for which data are available.¹⁸⁴ This is concerning as trust is fundamental to financing, implementing and enforcing policies for inclusive and sustainable development. In this respect, universal health coverage is positively and strongly correlated with trust (figure 5.2).

There is also a positive association between higher social protection coverage and trust (figure 5.3). The variation in social protection coverage in the Asia-Pacific region, irrespective of how it is financed, explains over one fourth of the variation in trust. Importantly, extending coverage, even at the expense of lower benefits, is valuable to building trust across a society. When contributory schemes

FIGURE 5.1 High expectations on governments in the Asia-Pacific region

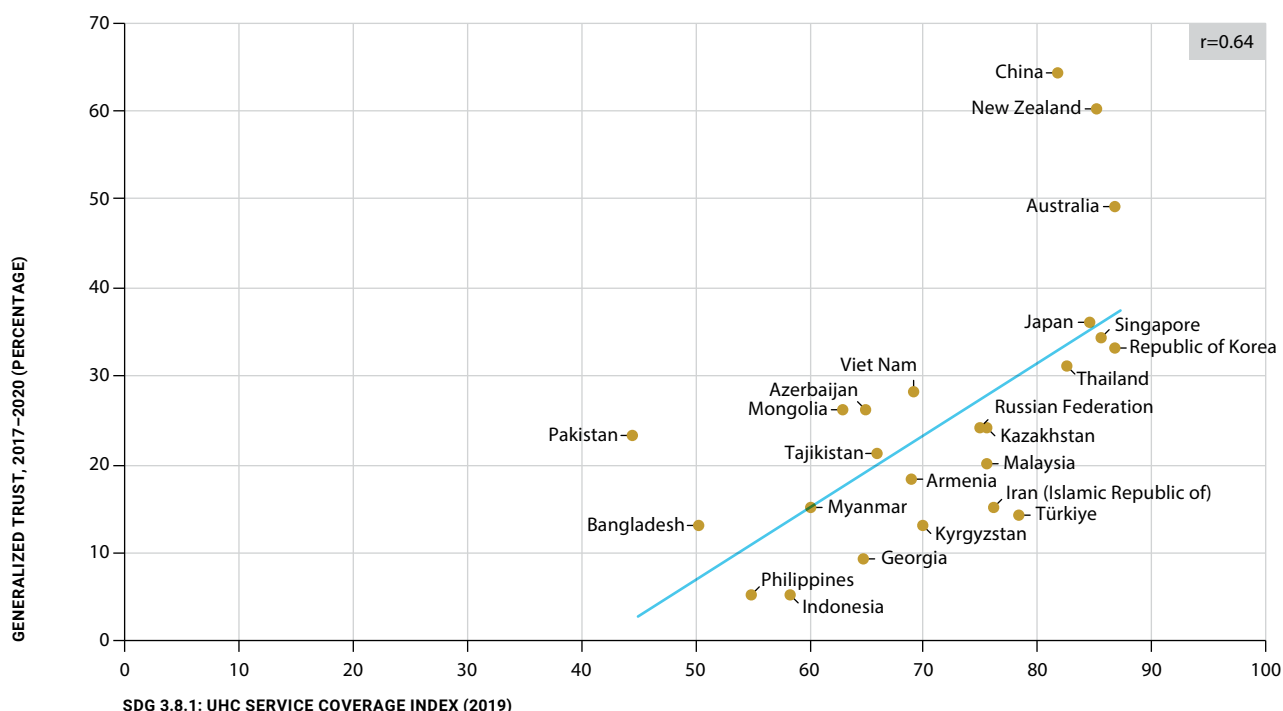


Source: ISSP Research Group (2016): International Social Survey Programme: Role of the Government Survey.

182 Organization for Economic Cooperation and Development (OECD) 2009. Concepts and Dilemmas of State-Building in Fragile Situations: From Fragility to Resilience. *OECD Journal on Development* 9 (3): 61–148.

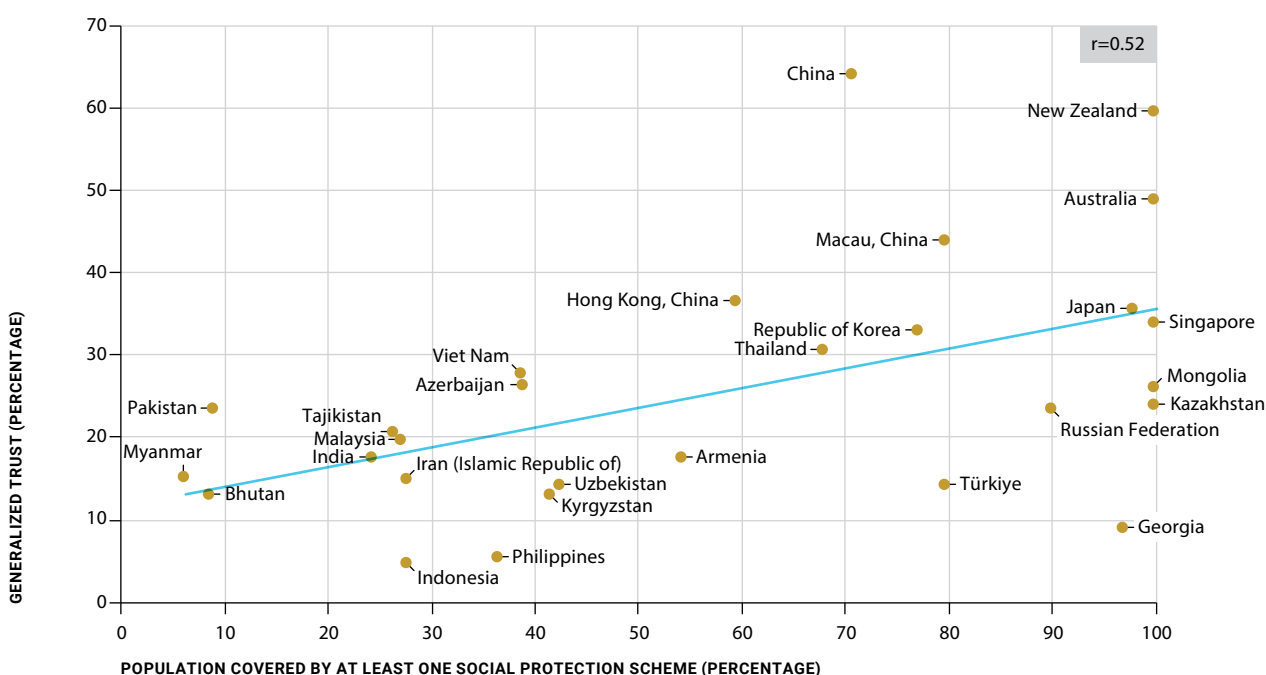
183 Center for International Private Enterprise (CIPE) Insight. 2021. "Defining a New Social Contract: The Role of Business in Democracy" Andrew Wilson, 2021.

184 ESCAP elaborations based on World Values Survey from early 1990s to 2020.

FIGURE 5.2 Higher trust is associated with higher health coverage

Source: WVSA (2022). World Values Survey, Wave 7. Available at <https://www.worldvaluessurvey.org/> (accessed in January 2022). and WHO (2019), The Global Health Observatory. Available at <https://www.who.int/data/gho> (accessed on 29 March 2022).

Note: The Universal Health Coverage (UHC) service coverage index on the x-axis is a composite index covering 14 tracer indicators of health service coverage including reproductive, maternal, newborn and child health, infectious diseases, non-communicable diseases. As a unitless index, it ranges between 0 and 100 with higher values representing higher service coverage. Generalized trust, on the y-axis measures the share of people agreeing with the following statement “Most people can be trusted?” in 27 countries in the 2017–2020 period.

FIGURE 5.3 Higher social protection coverage is associated with higher levels of trust

Source: WVSA (2022). World Values Survey, Wave 7. Available at <https://www.worldvaluessurvey.org/> (accessed in January 2022) and ILO (2022), World Social Protection Database. Available at <https://www.social-protection.org/gimi/ShowTheme.action?id=10> (accessed on 6 April 2022).

Note: Generalized trust, on the y-axis measures the share of people agreeing with the following statement “Most people can be trusted?” in 27 countries in 2017–2020 period. On the x-axis the share of total population covered by at least one social protection scheme is presented for the same set of countries and for the latest year with available data.

exist, workers make regular financial contributions and the risk is pooled among contributors and their dependents based on the principle of solidarity and trust within and between generations. This lays the foundation for strengthening the social contract. Non-contributory social protection schemes deepen solidarity and further increase trust.

Progressive taxation lies at the heart of the relationship between the State and members of society. While indirect taxes, such as excise taxes, have a role to play by mitigating negative externalities, progressive taxation serves an essential function of redistribution. Intelligently designed, taxation can reduce extreme inequalities in wealth and income and raise sufficient revenue to support a sustainable transition to a greener economy. This requires broadening the tax base and taxing incomes, wealth and profit, and moving away from taxing consumption, which often hits the poorest disproportionately. In many countries throughout the region, the main share of taxes collected still comes from value-added taxes and other consumption taxes.

In Asia and the Pacific, tax revenue has been relatively low. It stands at 21 per cent as a share of GDP on average but falls below 17 per cent in many countries in South-East Asia and South Asia,¹⁸⁵ which is insufficient to tackle inequalities or provide a basic level of protection to all. Progressive taxation is a product of a strong social contract. For increasing compliance and amassing political support for such tax reform, the importance of trust cannot be overstated.¹⁸⁶

Policy interventions to renew the social contract and deliver universal social protection, universal health coverage and decent jobs must be shaped by four broad principles.

- 1 **Apply a rights-based approach to pro-equality policies.** This means basing policies on principles of non-discrimination and equality, participation, empowerment, accountability and transparency. The rights-based approach lies at the core of the 2030 Agenda for Sustainable Development and remains key to leaving no one behind in the workforce, rebuilding trust and deepening solidarity.

- 2 **Strengthen cross-sectoral and inter-ministerial collaboration.** Building a healthy, protected and productive workforce entails policy action in three different policy domains. An iterative and integrated approach across government is therefore key, particularly to reach population groups at the highest risk of being left behind. Multisectoral and multi-stakeholder involvement is essential at all stages, from the development and design of new policies to implementation and monitoring.
- 3 **Build stronger institutions and promote meaningful participation.** Strong political commitment, active participation by communities and stakeholders, broad public support as well as capable and accountable institutions governed by transparent regulatory frameworks are prerequisites for inclusive and effective service delivery. For this to become a reality, meaningful participation of groups that are left behind in public life and in policymaking is necessary.
- 4 **Improve data collection and analysis to identify the impact of policies and change course when needed.** To identify those at risk of being left behind and to target policymaking, national data collection needs to allow for more granular disaggregation. Data collection and dissemination are also critical for monitoring and evaluating existing policies and programmes and improve their impact. Disaggregated data, better techniques and analytical rigor are needed to identify the shared characteristics that shape individuals' and households' access to opportunities.

5.2 Extending social protection to all

Protecting the workforce begins by establishing a minimum level of universal social protection: a universal social protection floor. The adoption of the *Action Plan to Strengthen Regional Cooperation on Social Protection in Asia and the Pacific*¹⁸⁷ demonstrates political commitment to this ambition. While most countries in the region host a mixture of contributory and non-contributory schemes, these are often scattered across different ministries with

185 ESCAP elaborations based on OECD and World Bank estimates.

186 Roel Dom, Anna Custers, Stephen R. Davenport and Wilson Prichard. 2022. *Innovations in Tax Compliance : Building Trust, Navigating Politics, and Tailoring Reform*. Washington, DC: World Bank.

187 United Nations Economic and Social Commission for Asia and the Pacific (ESCAP). *Action Plan to Strengthen Regional Cooperation on Social Protection in Asia and the Pacific*. UN ESCAP, Bangkok.

limited coordination. Stronger institutional policy coordination and data management, administrative arrangements and financing mechanisms are needed.

Universal social protection can be achieved through a blend of contributory and non-contributory schemes. Most modern comprehensive systems are comprised of a two-pronged design in both high and middle-income countries, whereby non-contributory schemes ensure coverage across the key life contingencies and should then be complemented by a range of working age-related contributory schemes to achieve universal coverage across the life cycle. Such a multi-tiered pillar system can be developed incrementally to achieve full coverage and adequate benefit levels.

Countries can move towards universal social protection systems by introducing key life cycle social protection schemes. Many countries in the region have introduced key life cycle social protection schemes, starting with an old-age pension. Old-age pension systems can ensure that those who were unable to work, or worked in the informal sector, have access to a minimum non-contributory pension in old age, while workers in the formal sector who contribute a portion of their income to a social insurance pension scheme can receive a higher old-age pension benefit based on their contribution. The Maldives and Mongolia both provide a mixture of contributory and non-contributory old-age pension schemes to ensure a minimum level of income security for those who do not qualify for contributory schemes. To maintain incentives for enrolment in a contributory scheme, and thereby move towards formalization, the level of benefit should exceed those from the non-contributory pension.¹⁸⁸

Existing schemes can also be extended over time and supplemented by additional schemes. A child benefit, usually eligible to all households with children aged 0–18 years, could, as a start, be provided to all households with children aged

0–4 years, covering the period when nutrition is of utmost importance.¹⁸⁹ Child benefits can provide relatively immediate benefits to children and families, increasing incentives to join the formal labour market and enroll in contributory schemes. The design of such schemes should be done carefully to avoid any disincentives associated with enrolling in the scheme, such as forfeiting eligibility in other enrolled schemes, and to ensure that benefits for those who contribute are set at a higher level than non-contributory schemes. Such a multi-tiered approach to child benefits has been taken in other regions and has recently been proposed in Viet Nam.¹⁹⁰ Increasing the age of eligibility or benefit levels is a simple design tweak that does not require any changes to targeting methodology or other implementation processes.¹⁹¹ Well-designed, multi-pillar tiered systems can incentivize workers to join contributory schemes and become eligible for higher levels of benefits. They can support the formalization of work arrangements.

The following recommendations are put forward for the consideration of governments in the region:

- A Embed universal social protection in national development agendas and allocate more resources.** Strong political commitment is needed for social protection to be recognized as a multifaceted policy tool. Creating a shared vision for social protection and embedding it in national development strategies and legal frameworks can help nurture crucial political support. Social dialogue and the engagement of civil society and stakeholders will be central to ensure that effective solutions are found. For sufficient resources to be made available, political will is needed to reprioritize existing public expenditures and reform taxation systems.¹⁹²
- B Design inclusive social protection schemes that uphold human rights.** Everyone has a right to social protection. A universal social protection floor ensures the coverage of children, working-age adults and older persons.

188 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.

189 In Cambodia, the scholarship programme for secondary children was extended to primary school children in 2019 due to its success. United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) (forthcoming), Cambodia Country Report on Stocktaking Implementation of Action Plan to Strengthen Regional Cooperation in Asia and the Pacific. ESCAP, Bangkok. Nepal has also introduced a non-contributory Child Grant programme, intended to be universal, but initially with a coverage of all children under age 5 from Dalit communities and the Karnali zone <https://blogs.unicef.org/blog/paying-forward-expanding-universal-child-grants-nepal/>.

190 International Labour Office (ILO) (2019). *Assessing the potential for multi-tiered child benefits in Viet Nam*. ILO, Geneva; Viet Nam Social Security. Female employees participating in voluntary social insurance to enjoy benefits when giving birth. Viet Nam Social Security, Viet Nam.

191 United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and Development Pathways, *A Paradigm Shift: Moving Towards Universal Social Protection*. ESCAP, Bangkok.

192 United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) (2022). *Economic and Social Survey of Asia and the Pacific (2022): Towards post-COVID-19 resilient economies*. ESCAP, Bangkok.

Within the workforce, informal workers are often disqualified from contributory schemes by the nature of their work. They are often also excluded from non-contributory benefits because these are generally targeted at the poorest. To include this large group of workers, governments need to ensure that coverage is universal and that benefits are provided as individual entitlements throughout a person's life. To achieve this, contributory and non-contributory schemes need to be integrated in a coherent and complementary manner. Schemes should also be adjusted to recognize and reward unpaid care and concerted efforts made to reach population groups in vulnerable situations.

C Adapt social protection to an ageing population.

In many countries, coverage and adequacy of old-age pensions are low, with women at a particular disadvantage. The demographic transitions underway will increase demand for old-age pensions and put upward pressure on pension costs. This will require a substantial extension of both non-contributory and contributory pension schemes. Along with pensions, incentives and training are needed so that older persons who want to work can remain in employment. The legal frameworks, administration, communication and financial incentives of all schemes related to an ageing population need to be reviewed to ensure they are sustainable and promote gender equality.

D Build digital solutions to support delivery and adaptation.

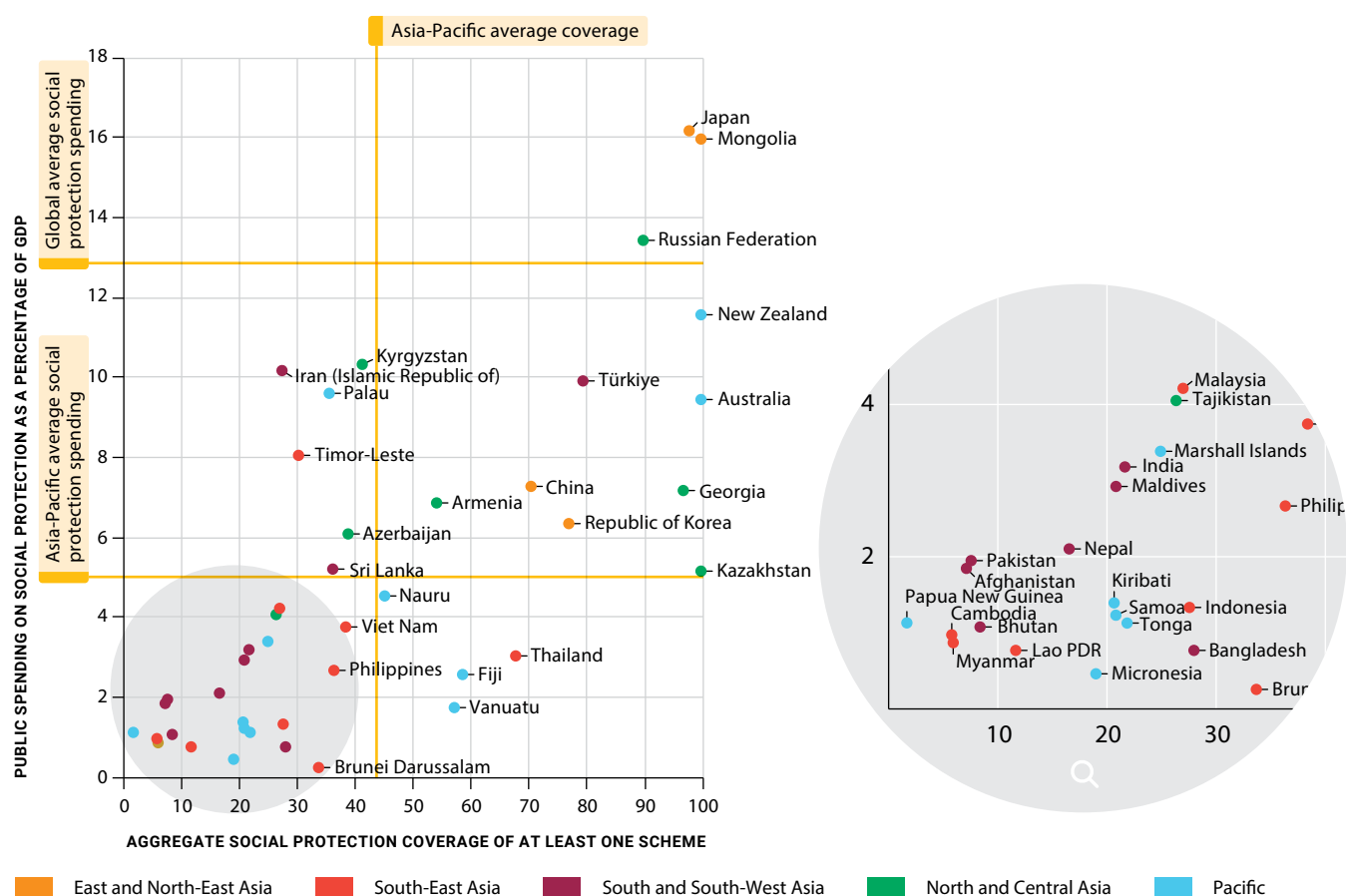
Technological change offers opportunities to enhance the design and delivery of social protection. New technologies can facilitate the identification and registration of individuals and linking social protection databases to national identification systems and civil registries can reduce the risks of fraud and duplication. This can also help gain efficiency and minimize waste. Adaptive social protection schemes can build the resilience of populations in vulnerable situations by ensuring people have access to basic goods and services in the immediate aftermath of a disaster. Regular, predictable and reliable non-contributory cash transfers that are inclusive cushion society and the economy through income smoothing. They facilitate savings, ensure food security and help households diversify their sources of livelihoods. These systems must be bolstered to anticipate future needs.

E Capitalize on regional cooperation. ESCAP members and associate members adopted the *Action Plan to Strengthen Regional Cooperation on Social Protection in Asia and the Pacific* in October 2020. The Action Plan is a shared strategy for broadening social protection coverage. It calls on countries to establish an intermediate target of social protection coverage by 2025, and then measure progress towards achieving universal coverage by 2030. To achieve this objective, the Action Plan sets out a number of measures to be taken at the national level, ranging from legislation to the design and implementation of social protection systems, as well as their delivery and grievance systems. It emphasizes the need to allocate sufficient public funds and to engage civil society and private sector to build stronger social protection systems for all.

Considering the heterogeneity of social protection systems in the region, actions tailored at the national level are needed. Recommendations are therefore provided to country groupings based on the overall level of interaction between social protection coverage and public spending (figure 5.4). This assessment produces six broad categories of which only five groups include countries in the region. Each of the five groupings contains countries that display notable similarities.

- **Countries on track:** Japan, Mongolia and the Russian Federation are the region's high performing social protection countries (upper-right box of figure 5.4). These countries already cover more than 90 per cent of their population and spending levels are above the global average. This indicates that while almost all people are covered by a scheme, they are also receiving adequate benefit levels. These countries are well on track but need to focus on closing the remaining coverage gaps and ensuring that benefit levels are adequate so that no one is left behind. They also need to assess their systems from the perspectives of efficiency, governance and financial sustainability and adjust to cope better with challenges such as population ageing.
- **Countries partly on track:** Armenia, China, Kazakhstan, the Republic of Korea and Türkiye (middle-right box of figure 5.4) all have coverage rates that are above the regional average as well as above the 50 per cent mark. This means the majority of their populations are covered by

FIGURE 5.4 A majority of countries in the Asia-Pacific region need to expand coverage and increase spending on social protection



Source: ILO (2022), World Social Protection Database. Available at <https://www.social-protection.org/gimi/ShowTheme.action?id=10> and <https://www.social-protection.org/gimi/WSPDB.action?id=32>

social protection. These countries spend more than the regional average, but less than the global average. They are moving in the right direction but need to identify the population groups that are currently not covered. Covering children left furthest behind through universal schemes can help. Some also need to expand their systems by introducing new social protection schemes to address those contingencies that are currently not protected. These countries should assess eligibility requirements and the adequacy of benefit levels in each of the existing schemes and improve them as necessary. This will most certainly require an increase in budgets devoted to social protection.

- **Countries on the right trajectory in terms of coverage:** Fiji, Nauru, Thailand and Vanuatu (lower-right box in figure 5.4) are moving in the right direction in terms of their relatively broad coverage, but the level of overall spending on social protection is low. Spending stands at one quarter of the global average and indicates that

benefit levels for many of the schemes may be too low to have the desired impact. Higher levels of investment are needed. These countries also need to identify the one third of their populations that are currently left unprotected and make sure schemes are extended and eligibility criteria adjusted. The coverage of contributory schemes should be extended gradually across the working-age population, including informal workers. Existing jobs must be formalized and new jobs must have access to life cycle social protection schemes. In this way, social protection offers an incentive to join the formal sector and enroll in contributory schemes.

- **Countries on the right trajectory in terms of investing in social protection:** Azerbaijan, Iran (Islamic Republic of), Kyrgyzstan, Palau, Sri Lanka and Timor-Leste (middle-left box in figure 5.4) all spend more than the regional average on social protection. However, coverage levels are low even compared to the relatively low regional average of 46 per cent. These countries need

to extend coverage by expanding existing schemes as well as introducing new schemes for contingencies currently not covered. A mix of contributory and non-contributory schemes is needed. Measures to identify those excluded and enhance the integration and coherence of schemes are also important. Countries with relatively high spending but low coverage levels indicate that some resources are currently directed at narrowly defined population groups that are difficult to identify, such as the poor. Actions should ensure that new jobs result in more formal employment with access to a full range of social protection schemes.

- **Countries off track:** The remaining 21 countries (lower left box in figure 5.4) are those with below-average spending and below average coverage. Many of these countries are low-income economies with a large informal workforce and significant gaps in access to basic opportunities. Several have seen their resources depleted by conflicts and natural disasters. The main task for these countries is to gather political will and public support while rapidly extending non-contributory schemes to close existing gaps. Priority should be given to universal schemes covering health care, maternity, children, disability and old age. In most cases, this will require actions to formalize jobs and increases in tax revenue through legal, policy and administrative reforms. These countries should also begin to gradually extend coverage of contributory schemes to the working-age population and build efficient, reliable and competent social protection institutions.

5.3 Achieving Universal Health Coverage

Providing affordable and quality health care for all without financial hardship is a prerequisite for the well-being and productivity of the workforce. It shields the workforce from financial hardship caused by health emergencies, contributes to economic growth and helps build trust. Among the

lessons learned during the COVID-19 pandemic, the importance of universal health coverage stands out. Universal Health Coverage is characterized by high population coverage, affordability for all and competitive quality of care.

The following recommendations are put forward for the consideration of governments in the region:¹⁹³

A Expand social health protection. Even though the right to health is recognized in constitutions across the region, less than two thirds of the population is actually protected by a health care scheme. Gaps in coverage disproportionately affect women and men who have unstable or irregular employment, under-employed and part-time workers, the self-employed or those in the informal economy, especially migrant workers and their families. To cover everyone and ensure accessibility and availability of health care services, governments need to extend social health protection to workers in all forms of employment. While expanding coverage, they should prioritize the poor. Countries that have achieved the greatest increase in health coverage overall are those that delivered the greatest increase in coverage to the poor.¹⁹⁴

B Focus on preventive care, particularly at primary level and not just curative health protection. Adopting a primary health care approach and addressing the social determinants of health and well-being is a cross-sectoral goal. This has been the starting point for many countries that have made the greatest strides towards achieving universal health coverage such as Türkiye, Thailand and Viet Nam but requires an increase in health facilities and human resources.¹⁹⁵ Mobile outreach from fixed health care sites as well as national campaigns can help rapidly deliver these health services and expand coverage. Engaging non-state actors through performance-based contracting can help expand coverage while ensuring quality.¹⁹⁶ Digital technologies offer many opportunities to improve coverage of health care services while maintaining quality standards.¹⁹⁷

193 Laying out detailed implementation recommendations is not the focus of this section. While it is important to acknowledge that policymakers are facing many implementation problems, the report is concerned with a first order problem of taking action on the need for quality health care for all.

194 Cesar G. Victoria, Aluisio JD Barros, Henrik Axelson, Zulfiqar A. Bhutta, Mickey Chopra, Giovanni VA França, Kate Kerber et al. 2012. "How changes in coverage affect equity in maternal and child health interventions in 35 Countdown to 2015 countries: an analysis of national surveys." *The Lancet* 380 (9848): 1149–1156.

195 Hoang Van Minh, Le Minh Giang, Cheryl Cashin and Nguyen Duc Hinh (2015). Health system research in Vietnam : Generating policy-relevant knowledge. *General Public Health*, 101 :S1–S4 ; Towse, Adrian, Anne Mills and Viroj Tangcharoensathien. 2004. "Learning from Thailand's health reforms." *BMJ* 328 (7431): 103–105.

196 World Bank. 2018. *Business Unusual: Accelerating Progress Towards Universal Health Coverage*. World Bank, Washington, DC.

197 Marina Karanikolos, Bernd Rechel, and Martin McKee (2012). Kazakhstan: Health System Review. Health Systems in Transition Series. London, UK: European Observatory on Health Systems and Policies; Meng, Qingyue, Hongwei Yang, Wen Chen, Qiang Sun, and Xiaoyun Liu. 2015. People's Republic of China: Health System Review. Health Systems in Transition Series. Manila, Philippines: Asia Pacific Observatory on Health Systems and Policies.

C Ensure health care protection is extended to the household, not the individual. Enrolment at the household level facilitates broader coverage as it automatically includes children, women and older persons. Schemes automatically covering the family, dependents or household are the norm in a few countries, such as Japan, Nepal and the Philippines. In some countries, coverage is on an individual basis. In Cambodia and Myanmar, formally-employed workers are mandatorily covered but not their families, deepening coverage gaps.¹⁹⁸

D Cover the poor under the same system used for the entire population and subsidize them. The most efficient way to cover the poor is to include them in a common system for the entire population. This provides opportunities for risk pooling but also limits discrimination against the poor at the point of care.¹⁹⁹ This approach has been followed in Indonesia, Lao People's Democratic Republic, the Philippines, Republic of Korea and Viet Nam. In some cases, like in Thailand, dedicated schemes are established for those who are not covered by another scheme. If so, they should not be means- or income-tested. No matter what approach is followed, covering the poorest populations will require partial or full subsidies of their contributions.

E Anticipate people's evolving needs and promote healthy ageing. Beyond primary care, health care needs get more complex in older ages. Managing the health needs of older persons entails specialized care. Providing public institutional care arrangements for long-term care of older persons and chronically ill persons must be included in universal health coverage expansion strategies.

F Expand the pool of qualified health care sector workers. The pandemic has already pushed many health workers to their limits and signaled the need to strengthen the quantity and quality of this specific workforce with sufficient protection. Ensuring accessible, available, acceptable health services under expanding social health protection requires more than 40 million jobs in the region be created by 2030. This implies strengthening training systems in addition to increasing investment in the sector.

Most of the recommendations above require an expansion of public spending on health care. In most countries in the region, public spending constitutes less than half of the total health care spending and less than 5 per cent of GDP. Yet it is essential that public resources undergird countries' social health protection systems in line with ILO Recommendations No. 69 and 202.²⁰⁰ Strategies to finance health care spending include expanding the tax base through formalization, raising earmarked revenues from social security contributions and health taxes, increasing the efficiency of health spending and tackling corruption, tax evasion and illicit financial flows.²⁰¹

Given the different levels of coverage and spending on health care in the region, priority recommendations vary. Four broad groupings of countries emerge, with strong similarities (figure 5.5).

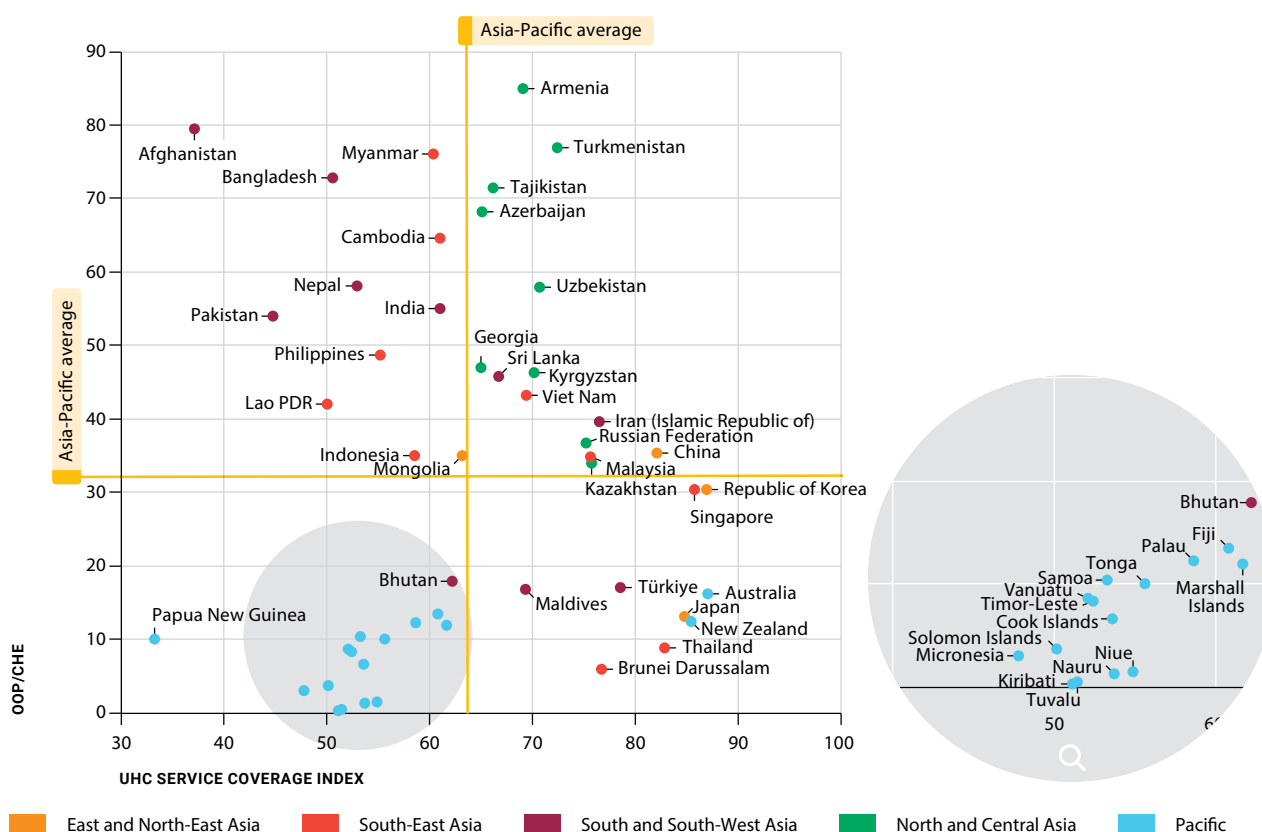
- **Countries on track:** Countries with relatively low out of pocket spending as a share of total health expenditure and higher coverage, such as Australia, Japan, Maldives, New Zealand and Türkiye, are represented in the (lower right quadrant figure 5.5). This group of countries has come close to achieving UHC, with adequate quality and regulation of services, resulting in modest out of pocket expenditures. While most countries in this group are high-income countries, the Maldives, Thailand and Türkiye stand out as upper-middle income countries that have allocated adequate resources, with positive results for health outcomes and the financial protection of individuals. Going forward, these countries need to focus on adapting to future health care needs, including healthy ageing.
- **Countries on the right trajectory in terms of coverage:** Countries with relatively higher out of pocket spending, but also higher coverage, including most of North and Central Asian countries, as well as the Islamic Republic of Iran, Malaysia and Viet Nam, are represented in the upper right quadrant (figure 5.5). While they provide affordable services to most of the population, these countries often have dual health care systems: a functioning publicly-funded one, which covers most of the

198 International Labour Office (ILO) (2021). Extending social health protection: Accelerating progress toward universal social health protection in Asia and the Pacific. 7 December 2021. ILO, Bangkok.

199 Ibid.

200 Ibid.

201 Ibid.

FIGURE 5.5 Out-of-pocket expenditures must decrease en route to UHC

Source: WHO (2022), The Global Health Observatory. Available at <https://www.who.int/data/gho> (accessed on 5 May 2022).

Note: The y-axis represents the share of out-of-pocket expenditures (OOP) in total current health expenditures (CHE) in 2019 while the x-axis represents the latest available data on SDG 3.8.1 indicator on UHC.

population, as well as a private one that offers higher quality services. Countries in this group should ensure that publicly provided services are of adequate quality to meet the evolving needs of their population. Access to specialized and secondary care should be easy, protecting people from expensive private alternatives. The income characteristics of households that spend out of pocket should also be monitored: in most of these countries, it is richer households that spend out of pocket, so the impact on households' welfare is not catastrophic.

- **Countries with coverage challenges:** Countries with low out of pocket expenditures and low coverage, including most Pacific Island countries and Timor-Leste, are represented in the lower left quadrant (figure 5.5). These countries face geographical challenges that make it difficult for people to access health care, because they live away from health care providers, networks are not adequately developed or there are not sufficient health care providers. The health care systems

may also be vulnerable to medicine shortages. In some Pacific countries, special overseas referral programmes (for example in Australia or New Zealand) may mitigate some of the service gaps. Nevertheless, governments need to boost the utilization of services and improve access to health care for all.

- **Countries off-track:** Countries with high out of pocket expenditures and low coverage, including most lower-middle income countries in the region are represented in the upper left quadrant (figure 5.5). The public health care systems in these countries are not adequately resourced and do not effectively reach their entire population. The result is high out of pocket spending on health care, often leading to high rates of catastrophic spending such as in Afghanistan, Bangladesh, Cambodia, India, Myanmar and Pakistan. These countries should progressively increase allocation of public finances to cover a higher share of their population with affordable care, particularly the poor and those in the informal economy.

5.4 Improving access to decent employment

Decent jobs are necessary to raise living standards, reduce poverty and inequality, protect people from life contingencies and promote inclusive growth. It is through well-functioning labour markets that the benefits of economic growth can spread to the whole population. Despite this knowledge, the vast majority of workers in the region are in informal jobs. This leaves the workforce exposed to life cycle contingencies as well as systemic shocks. Megatrends are also increasing the demand for green and digital jobs. This demand is likely to constitute a considerable share of decent job creation in the future. Increasing the share of the workforce in decent employment strengthens social insurance contributions, increases tax revenue, and reduces the pressure on non-contributory or tax-financed social protection schemes. It also responds to the demands of the private sector and enables it to grow and take advantage of technological change.

Active Labour Market Policies (ALMPs) can help build a resilient and adequately skilled workforce that can adapt to the future challenges while meeting the evolving demands of the private sector. These policies therefore complement the Global Accelerator on Jobs and Social Protection for a Just Transition launched by the United Nations Secretary General in 2021. This aims to create 400 million decent jobs including in the green, digital and care economies, while extending social protection coverage to the 4 billion people currently excluded globally.

ALMPs have the primary function of matching labour demand and supply. By doing so, they support the working-age population in finding decent and productive work. ALMPs are specific interventions that target those seeking work as well as those at risk of losing their jobs. Demand-side measures within ALMPs often include wage subsidies and public works, while supply-side measures contain training, re-skilling and job-matching. These interventions are widely used in developed countries and are highly relevant for developing countries in the region where informality and underemployment characterize the employment situation. ALMPs enable the transition of workers to the formal economy, especially by facilitating the adoption of new skills. New skills are even more relevant in the

context of demographic transitions, technological change and climate-related contingencies.²⁰² Dialogue among social partners can help with the design and implementation of ALMPs.²⁰³

The following policy recommendations, with a focus on ALMPs, are put forward for the consideration of governments in the region:

- A Formalize jobs and advance the decent work agenda.** The majority of workers are in informal work and do not benefit from international labour standards, including social protection. In line with ILO Convention 204, governments in the region need to use all policy instruments to progressively support the transition of the large share of informal workers into formal, green and decent jobs with the principle of equality and non-discrimination. Decent jobs provide a safe work environment and entail contracts and salaries on which employees pay income taxes. Workers with decent jobs also contribute to social protection and health care benefits for themselves and their families. Increasing the share of the population in decent employment strengthens social insurance contributions and reduces the pressure on non-contributory social protection schemes. Across all economic sectors, women are overrepresented in the informal economy. Achieving decent employment for all requires supporting women's transition to formal work.
- B Reduce the skill deficits by expanding and improving the quantity and quality of training schemes.** This includes trainings that provide vocational, life, technical, business and entrepreneurial skills to ensure that population groups in vulnerable situations are able to participate and complete the trainings.
- C Understand the needs and skill levels of participants.** It is critical to understand participants' needs and constraints, as well as education and skill levels. Equipping the programmes with well-designed features and incentives that can tackle such differences and constraints can make a significant difference in employment outcomes. This implies customizing programmes for well-defined target groups based on experience, but also for women, older persons and persons with disabilities. In addition, reasonable accommodation should be provided for universal accessibility.

202 See ILO (2015, 2018, 2019, 2020a, 2021b).

203 International Labour Office (ILO) (2022). *Social Dialogue Report: Collective Bargaining for an inclusive, sustainable and resilient recovery*. ILO, Geneva.

D Match trainings to local labour market situations through collaboration with the private sector.

Training schemes can have wildly different outcomes depending on their content and type of provider. The evidence suggests that private training centres perform better than public entities.²⁰⁴ Private entities are often better connected to private sector firms, which enables them to offer a wider variety of trainings, including on-the-job trainings. For beneficiaries to increasingly benefit from private training entities, it is important that budgets are sufficient to ensure the procurement of competitive and quality services, particularly for population groups in vulnerable situations.

E Complement skills trainings with information campaigns.

Skills trainings should increasingly focus on digital and green skills to help and incentivize workforce transition into more lucrative, green and productive sectors. The care economy is expected to generate 278 million jobs in the region by 2030, which could support women's access to decent employment in this sector.²⁰⁵ Positive returns to skills trainings can also help beneficiaries break old stereotypes and self-select into more profitable occupations.

F Invest in public employment programmes (PEPs).

PEPs are often considered complementary to other types of social protection schemes that seek to smooth consumption and foster investment in human capital. Direct job creation policies through public works programmes can be effective especially during slow recovery periods as they focus on building infrastructure, helping firms to overcome obstacles for innovating, growing and creating more jobs.

G Ensure that labour market services programmes complement trainings and subsidies to ensure a positive impact.

Labour market services contribute directly to the matching of labour demand and supply by building institutions that form bridges in between. These include job search assistance, prospecting and registering vacancies, profiling,

providing labour market information and intermediation through PEPs. Despite being considered crucial for effective provision of ALMPs, they have not yet been widely used in the region. Evidence from Latin America and the Caribbean suggests that labour market services often yield positive results in terms of formal employment and earnings. They can work particularly well in contexts with high informality.²⁰⁶ Labour market services can benefit from income support such as transport subsidies which lower job search costs and increase job search intensity among low-skilled workers.²⁰⁷

H Combine training schemes with other activation measures.

No one size fits all when it comes to designing an optimal bundle of activation measures. In some contexts, cash grants and access to subsidized loans work well with entrepreneurial skills trainings. In others, job search assistance complements vocational training. In Papua New Guinea for instance, young people that completed the more comprehensive ALMP package (public works, vocational training, job-matching, and an employment subsidy) were about twice as likely to be formally employed 9 to 12 months after completion, compared to those who only participated in public works.²⁰⁸ Activation measures that are isolated and that do not cater to the needs of the beneficiaries are unlikely to improve the chances for decent employment.

I Monitor and evaluate ALMPs regularly before scaling up.

The impact of ALMPs varies by the socioeconomic and demographic characteristics of intended beneficiaries. Quantitative impact evaluations should be undertaken at regular intervals to understand their impact. The results should inform changes to ALMPs as well as the scaling up of pilot programmes. The channels through which ALMPs operate in conjunction with social protection scheme are promising. They can help harness the opportunities of megatrends and overcome their challenges.

204 Sarojini Hirschleifer, David McKenzie, Rita Almeida and Cristobal Ridao-Cano (2016). The Impact of Vocational Training for the Unemployed: Experimental Evidence from Turkey. *The Economic Journal*, 126(597), 2115–2146. <https://doi.org/10.1111/eoj.12211>.

205 United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP) (2021). *COVID-19 and the Unpaid Care Economy in Asia and the Pacific*. ESCAP, Bangkok.

206 See Novella and Valencia (2019) and Mourelo and Escudero (2017).

207 Simon Franklin (2018). Location, Search Costs and Youth Unemployment., Experimental Evidence from Transport Subsidies. *The Economic Journal*, 128 (614), 2353–2379.

208 Christopher Hoy and Darian Naidoo (2019). The marginal benefit of an active labor market program relative to a public works program: Evidence from Papua New Guinea. *IZA Journal of Development and Migration*, 10 (1), 1839–1859. <https://doi.org/10.2478/izajodm-2019-0003>.

5.5 Conclusion

Each country in the Asian and Pacific region has its own specificities that will determine the mix of necessary ingredients to create a healthy, protected and productive workforce. The policy recommendations put forward in this report provide a basis to identify appropriate policies and support their implementation. Extending social protection, delivering universal health coverage and offering tailored ALMPs, including lifelong learning and upskilling, to access decent jobs are long-term investments in people with demonstrable positive returns. Sharing the cost of such investment is necessary and calls for solidarity between and within generations. This is why renewing the social contract with equal participation of all key actors is vital to generate the public support needed for policies that can shape a better future for people and the planet.

This report is dedicated to the workforce we need in the Asia-Pacific region. It envisions a resilient workforce that is healthy, protected and productive. A workforce that is given the means to fulfil its potential and invest in future generations. A workforce that is free of discrimination and inequality.

To accelerate progress and achieve the 2030 Agenda for Sustainable Development in less than eight years, an extraordinary level collaboration is required. The evidence contained in this report builds on a large body of academic and policy research to take this collaboration forward. It provides the knowledge base to accelerate policy dialogue within and between countries in search of innovative and sustainable policies, good practices and lessons learned. To build the workforce we need, our region needs all hands-on deck. In solidarity and with trust, together we can shape a better future for Asia and the Pacific.