

**Economic and Social Commission for Asia and the Pacific**  
Committee on Social Development**Fifth session**

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**Strategies for strengthening social protection in the  
implementation of the 2030 Agenda for Sustainable  
Development in Asia and the Pacific****Social protection as a means for achieving the 2030  
Agenda for Sustainable Development****Note by the secretariat***Summary*

Despite high and enduring economic growth, both poverty and inequality persist in the Asia-Pacific region. Increasing vulnerability also means that recent gains in poverty reduction and increased prosperity could prove short-lived.

Governments in the region have an opportunity to invest more in people, particularly in social protection, to lock in the important gains, while protecting people against increasing vulnerability and uncertainty.

Social protection is an effective mechanism for breaking the cycle of poverty for those furthest behind but also for protecting the vulnerable from falling into poverty. Social protection also reduces inequalities of outcomes and opportunities. It is thus critical for inclusive and sustainable development, an essential element for promoting national development and an integral strategy for achieving the 2030 Agenda for Sustainable Development. By increasing public expenditure on social protection to reach the global average, at least 51 million additional people could be lifted out of extreme poverty, and at least 233 million more people could be lifted out of moderate poverty in the Asia-Pacific countries. The effective design of social protection systems is, however, crucial for these benefits to be realized.

The Committee on Social Development is invited to review the present document and provide guidance for the secretariat's future work in the area of social protection, including possible stronger regional cooperation.

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\* ESCAP/CSD/2018/L.1/Rev.1.

## I. Introduction

1. Economic growth in the Asia-Pacific region has lifted hundreds of millions of people out of poverty in just a couple of decades and has been hailed as a boon for the region's development and prosperity. However, some 1.2 billion people in the region still live on less than \$3.20 a day and inequality is on the rise.

2. Vulnerability is increasing on several fronts. In economic terms, developments in global labour markets do not bode well for less skilled workers, while the world and the region are entering an era of economic uncertainty.

3. Environmental vulnerability is also on the rise, demonstrated by an increase in the severity of natural disasters. This vulnerability poses a constant risk to the poorest and most vulnerable in the region and may mean that any progress is short lived.

4. Against this backdrop, and guided by the ambitious Sustainable Development Goals, Governments in the region have an opportunity to invest more of the recent economic gains in people, particularly in social protection. Such investments would not only help people escape poverty but also build a less volatile future for all, not least the emerging middle class.

5. Social protection refers to a set of policies and programmes designed to reduce and prevent poverty, vulnerability and social exclusion across the life cycle, thereby empowering women, men and children to reach or maintain an adequate standard of living and good health throughout their lives.<sup>1</sup>

6. The right to social protection is enshrined in the Universal Declaration of Human Rights of 1948 and is inalienable to everyone everywhere. This basic right is also explicitly highlighted in target 1.3 of Sustainable Development Goal 1, in which Governments are called upon to implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable in order to end poverty in all its forms everywhere.

7. The importance of social protection to other Sustainable Development Goals is recognized in target 5.4, on social protection policies as a means of achieving gender equality and women's empowerment, and target 10.4, on reducing inequalities within and among countries. Universal health coverage, one of the four guarantees of social protection floors, is also at the core of target 3.8, on ensuring healthy lives and promoting well-being for all at all ages.

## II. Development gains and persisting challenges

8. Economic growth has benefited millions of people by creating new job opportunities; increasing globalization, trade and research; spurring technological and infrastructural improvements; generating government revenues; and stimulating public investments in people. Over the past two decades, life expectancy at birth in the Asia-Pacific region increased, reductions in fertility rates were recorded, maternal mortality dropped significantly and enrolment rates in primary and secondary school improved.

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<sup>1</sup> International Labour Organization (ILO), *World Social Protection Report 2017-19: Universal Social Protection to Achieve the Sustainable Development Goals* (Geneva, 2017).

Overall, these improvements have helped to raise the living standards for many people in the region.

## A. Persisting poverty

9. Still, economic growth has not solved all ills. Approximately 400 million people continue to live in extreme poverty, living on less than \$1.90 per day, although they are somewhat less poor than they were before. Currently, 11 countries in the region have extreme poverty rates above the global average. In Papua New Guinea and Timor-Leste, more than one out of three people remain in extreme poverty. In Solomon Islands, the corresponding share is one quarter of the population.<sup>2</sup>

10. Eliminating monetary poverty is also not enough. In target 1.2 of Sustainable Development Goal 1, countries are called upon, by 2030, to reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions. This commitment reflected the discussions in the 1990s in the Economic and Social Council on the multifaceted dimensions of poverty.<sup>3</sup>

11. While measures of monetary poverty assesses whether a household can afford enough basic food and non-food items to meet minimum requirements, other dimensions of poverty can be defined as the exclusion or deprivation from access to basic services and opportunities.

12. In countries without universal access to health care, most people use personal savings to cover health expenditures. In a majority of Asia-Pacific countries, people typically spend at least one third of their total income on health-care costs. In some countries, including Afghanistan, Azerbaijan, Bangladesh, Cambodia, India and Tajikistan, more than 60 per cent of all health-care expenditures is from private financing.<sup>4</sup> High out-of-pocket expenditures increase the financial burden on individuals. As a result, poorer families may postpone seeking health care or simply not seek it at all.

13. Similarly, the lack of access to clean energy creates barriers to extending studying hours, cooling and heating homes and pumping water, as well as the refrigeration of food and medicine. Subsequently, poor families with limited access to clean energy are more likely to remain poor.<sup>5</sup> Lack of access to clean water and safe sanitation often results in poor health, which can force individuals out of the labour market, increase household health-care expenditure and push a family into poverty.<sup>6</sup>

14. Framing poverty within this approach incorporates the social, economic and environmental dimensions of development. For example, Sustainable

<sup>2</sup> World Bank, PovcalNet database. Available at <http://iresearch.worldbank.org/PovcalNet/povOnDemand.aspx> (accessed on 1 April 2018).

<sup>3</sup> See TD/B/EX(18)/INF.1.

<sup>4</sup> *Sustainable Social Development in Asia and the Pacific: Towards a People-Centred Transformation* (United Nations publication, Sales No. E.17.II.F.15).

<sup>5</sup> ESCAP, *Inequality of Opportunity in Asia and the Pacific: Clean Energy* (ST/ESCAP/2818).

<sup>6</sup> ESCAP, *Inequality of Opportunity in Asia and the Pacific: Water and Sanitation* (forthcoming).

Development Goals 2–8 and 10 all address dimensions of poverty, often referred to as multidimensional poverty.

15. Countries have different non-monetary poverty profiles. For example, in the Lao People’s Democratic Republic and Timor-Leste, fewer than 1 in 20 households have access to clean fuels; in Afghanistan and Mongolia, three out of four households do not have access to improved sanitation. Even countries that have eliminated monetary poverty can have portions of their population lagging behind in other important dimensions of well-being. This lack of access to basic opportunities makes them vulnerable to falling back into poverty.

## **B. The barriers to escaping poverty**

16. Understanding the causes of poverty is a challenging task. Even when discussing the situation of one individual, or one family, it is difficult to authoritatively describe what keeps them in poverty. Millions of personal stories are hidden behind the numbers, often complex life stories of the lack of choices, missed opportunities, loss, effort and struggle. New research by the Economic and Social Commission for Asia and the Pacific (ESCAP) pinpoints common barriers that hamper people’s effort to escape poverty.<sup>7</sup>

17. The study looked at people living on less than \$3.20 per day in three country income groupings defined by ESCAP: upper middle-income countries; lower middle-income countries; and low-income countries. Overall the most commonly shared barrier is not having a full-time job (figure I).

18. In low-income countries, the most common shared barrier to escaping poverty is living in a rural area and lacking adequate and relevant skills. Among those living below the \$3.20 per day threshold, almost no one has completed tertiary education and only one third have completed a secondary education. Almost 8 out of 10 people living in poverty also have young children and two out of three are below the age of 50.

19. In lower middle-income countries, half of the poor are over 50 years of age, with one fifth over 65. About one quarter are from minority religions (compared with one in eight in low-income countries) and two thirds face substantial health limitations. Poor people in this income grouping are also slightly more educated than those in low-income countries; half have finished a secondary education. They are also more equally spread between rural and urban areas, with almost 40 per cent living in urban centres.

20. In upper middle-income countries, almost 90 per cent are not in full-time employment and approximately 80 per cent live in rural areas with only a primary education. Two thirds of the poor are also above the age of 50.

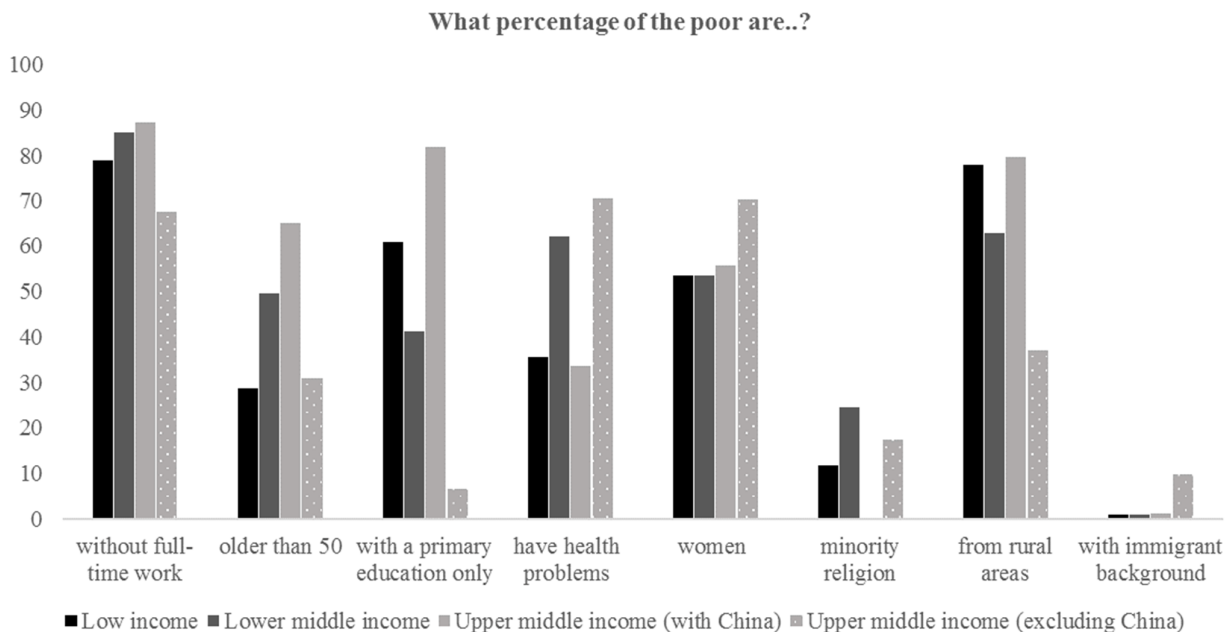
21. Excluding China from the analysis of upper middle-income countries significantly alters the group characteristics of the poor. Without China, the group consists mostly of former Soviet Union countries, which have more developed labour markets and a history of high educational attainment. As a result, the poor are more likely to be in full-time employment and almost all have secondary and even tertiary education. The group also becomes more strongly dominated by women (70 per cent), while two thirds live in urban areas. More than 70 per cent report a health limitation that prevents them from carrying out activities in the same way as other people in their age group, suggesting some form of disability, despite being younger. Also,

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<sup>7</sup> ESCAP, *Social Outlook for Asia and the Pacific* (forthcoming).

approximately one in five belongs to a minority religion and, compared to other income groupings, they are more likely to be immigrants.

Figure I  
**Differences in the faces of the poor across income groupings**  
 (Percentage)



### III. Emerging challenges

22. In addition to these entrenched poverty profiles and characteristics, a multitude of emerging risks may keep people in poverty for longer or even threaten to undo the gains made over the past two decades.

#### A. Rising inequality

23. Inequality threatens to derail poverty reduction efforts. It stifles economic growth by lowering growth rates and shortens the duration of growth spells. It also hampers the effectiveness of poverty reduction by excluding large segments of the population from development gains. It further undermines social cohesion and stability by weakening social bonds and public trust in institutions, which can raise social and political tensions and even lead to radicalization and crime.

24. In many countries of the region, inequalities are high and increasing.<sup>8</sup> Target 10.1 of Sustainable Development Goal 10 is to progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average. In 12 out of 17 countries for which data are available, the mean income of the bottom 40 per cent indeed grew faster than the national average for the period 2010–2015. While this is good news in relative terms, it does not automatically reduce the gap in income between the bottom 40 per cent and the average person. The reason is that, in absolute terms,

<sup>8</sup> *Inequality in Asia and the Pacific in the Era of the 2030 Agenda for Sustainable Development* (United Nations publication, Sales No. E.18.II.F.13).

a 10 per cent increase on an income of \$2 is far less than a 5 per cent increase on an income of \$10.

25. Income inequalities are largely a result of inequalities in opportunities. Using the dissimilarity index (D-index), a measure of the distribution of access to a certain opportunity across population groups, the 2018 ESCAP theme study entitled *Inequality in Asia and the Pacific in the Era of the 2030 Agenda for Sustainable Development* revealed large inequalities in opportunities, particularly in educational attainment, ownership of a bank account, and access to clean fuels and basic sanitation.<sup>9</sup>

26. In the theme study, the authors also argued that social protection policies, including access to health-care services, were central to reducing inequality and closing the gaps in access to most opportunities.

27. In a region where some countries face unprecedented population ageing, others struggle with high youth unemployment, and for all gender inequalities remain a key obstacle to sustainable development, strong gender-sensitive social protection can also prove a powerful tool to address inequality across population groups and generations.

## **B. Labour market inequalities and the future of work**

28. Unequal opportunities are related to labour market outcomes and are both a cause and a consequence of labour market inequalities. Vulnerable employment often implies inadequate earnings, low productivity and working conditions that undermine workers' fundamental rights. Between 2000 and 2015, vulnerable employment in the region increased faster in relation to overall employment growth.<sup>10</sup>

29. In most countries, women are overrepresented in vulnerable jobs.<sup>11</sup> Migrants' access to decent work and upskilling opportunities are also limited, as many are trapped in informal and low-status occupations.<sup>12</sup> Persons with disabilities, meanwhile, have employment rates as low as one fifth of those without disabilities.<sup>13</sup>

30. With new technologies taking over routine tasks, for example manufacturing assembly and back-office work, automation can further threaten job security for millions in the region. In Asia-Pacific economies, the share of middle-skilled jobs in overall employment has already been shrinking. Most of the economies that experienced a fall in middle-skilled jobs saw the share of high-skilled jobs increasing but not fast enough to compensate for the loss.<sup>14</sup> Furthermore, the most vulnerable populations in the region are least likely to receive relevant education that will make them competitive in seeking high-skilled jobs.

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<sup>9</sup> Ibid.

<sup>10</sup> ESCAP, *Inequality of Opportunity in Asia and the Pacific: Decent Work* (ST/ESCAP/2817).

<sup>11</sup> *Sustainable Social Development in Asia and the Pacific*.

<sup>12</sup> ESCAP, *Asia-Pacific Migration Report 2015: Migrants' Contributions to Development* (ST/ESCAP/2738).

<sup>13</sup> *Disability at a Glance 2015: Strengthening Employment Prospects for Persons with Disabilities in Asia and the Pacific* (United Nations publication, Sales No. E.16.II.F.4).

<sup>14</sup> *Inequality in Asia and the Pacific in the Era of the 2030 Agenda for Sustainable Development*.

31. Without unemployment benefits and training, core elements of a social protection floor, many workers are projected to fall further into poverty.

### C. Climate-induced disasters

32. Climate risks are increasing all over the world and Asia and the Pacific remains the most disaster-prone region in the world. A person living in the region is almost twice as likely to be affected by a disaster as a person living in Africa; almost 6 times as likely compared with Latin America and the Caribbean; and 30 times more likely than a person living in North America or Europe. According to ESCAP calculations, there were a total of 120 occurrences of natural disasters in Asia and the Pacific in 2014, which affected approximately 79 million people, caused more than 5,000 deaths and incurred economic losses of more than \$60 billion.<sup>15</sup>

33. Rapid urbanization and population expansion in the coming decades, together with the impacts of climate change, will increase the exposure and vulnerability of the region to disasters. The poor are often the least protected, as they often live in precarious housing, often in flood-prone areas with few protective mechanisms. The increasing propensity to natural disasters implies that greater social protection investments are needed to secure a steady income stream even in times of disaster and distress.

## IV. Investment in social protection: a strategy to tackle poverty and vulnerability

34. Investing in people is instrumental to efforts to shield against these challenges and to help people to cope with uncertainty. Social protection aims to strengthen people's health, skills and capacities, so they can fully participate in economic and social life. By strengthening human capacities, social protection increases productivity and promotes innovation, both of which boost economic growth.<sup>16</sup> It also empowers the poor to contribute to and benefit from the growth process, thus creating societies with greater cohesion.

35. When social protection is coherent, well designed and implemented well, it is effective in breaking the cycle of poverty for those furthest behind, protecting the vulnerable from falling into poverty, and levelling out inequalities of outcomes and opportunities. Social protection is thus critical for inclusive and sustainable development and is a core policy to promote national development and an integral strategy for the achievement of the 2030 Agenda for Sustainable Development (table 1).

<sup>15</sup> ESCAP, *Time for Equality: The Role of Social Protection in Reducing Inequalities in Asia and the Pacific* (ST/ESCAP/2735).

<sup>16</sup> Sergio Beraldo, Daniel Montolio and Gilberto Turati, "Healthy, educated and wealthy: a primer on the impact of public and private welfare expenditures on economic growth", *Journal of Socio-Economics*, vol. 38, No. 6 (December 2009); and F. Ozlam Alper and Mehmet Demiral, "Public social expenditures and economic growth: evidence from selected OECD countries", *Research in World Economy*, vol. 7, No. 2 (December 2016).

Table 1  
**How social protection contributes to achieving the Sustainable Development Goals**

<i>Goal 1</i>	Social protection is a core policy intervention to alleviate poverty – with cash transfers directly increasing household income and providing individuals with resources to expand human capabilities and improve livelihoods.	<i>Goals 8 and 9</i>	Social protection, as one of the four pillars of decent work, promotes employment, investments in human capital and greater labour productivity. Through the injection of cash into communities, it also stabilizes aggregate demand during major economic crises.
<i>Goal 2</i>	Social protection, through regular and reliable cash transfers, allows people to buy more nutritious food that increases their daily caloric intake.		
<i>Goal 3</i>	Social protection increases access to affordable health care. Target 3.8, in which all countries are called upon to achieve universal health coverage, is an integral pillar of social protection floors.	<i>Goal 10</i>	Social protection, when coupled with tax and other social policies, redistributes income and reduces income inequality and unequal access to opportunities.
<i>Goal 4</i>	Social protection, through cash transfers and school feeding programmes, enables families to offset the costs of sending children to school.	<i>Goals 12 to 15</i>	Social protection, through the provision of income support, builds resilience to environmental shocks and promotes environmental conservation, allowing people to avoid environmentally harmful employment and behaviour, and facilitating a just transition towards greener economies and societies.
<i>Goal 5</i>	Social protection empowers women and increases their participation in decent work. In target 5.4 countries are specifically called upon to recognize and value unpaid domestic work through the provision of public services and social protection.	<i>Goal 16</i>	Social protection promotes peaceful and inclusive societies by strengthening social cohesion and the social contract between the State and its people.
<i>Goals 6, 7 and 11</i>	Social protection empowers households to realize their right to an adequate standard of living – thereby increasing the access of marginalized populations to safe and adequate housing, clean water, sanitation and energy.	<i>Goal 17</i>	Joint efforts by members of the international community in providing technical and financial support for the development of social protection floors have strengthened global partnerships.

Sources: ESCAP, *Why is Social Protection Key to the Sustainable Development Goals (SDGs)?* (forthcoming); and ILO, *World Social Protection Report 2017–19: Universal Social Protection to Achieve the Sustainable Development Goals* (Geneva, 2017).



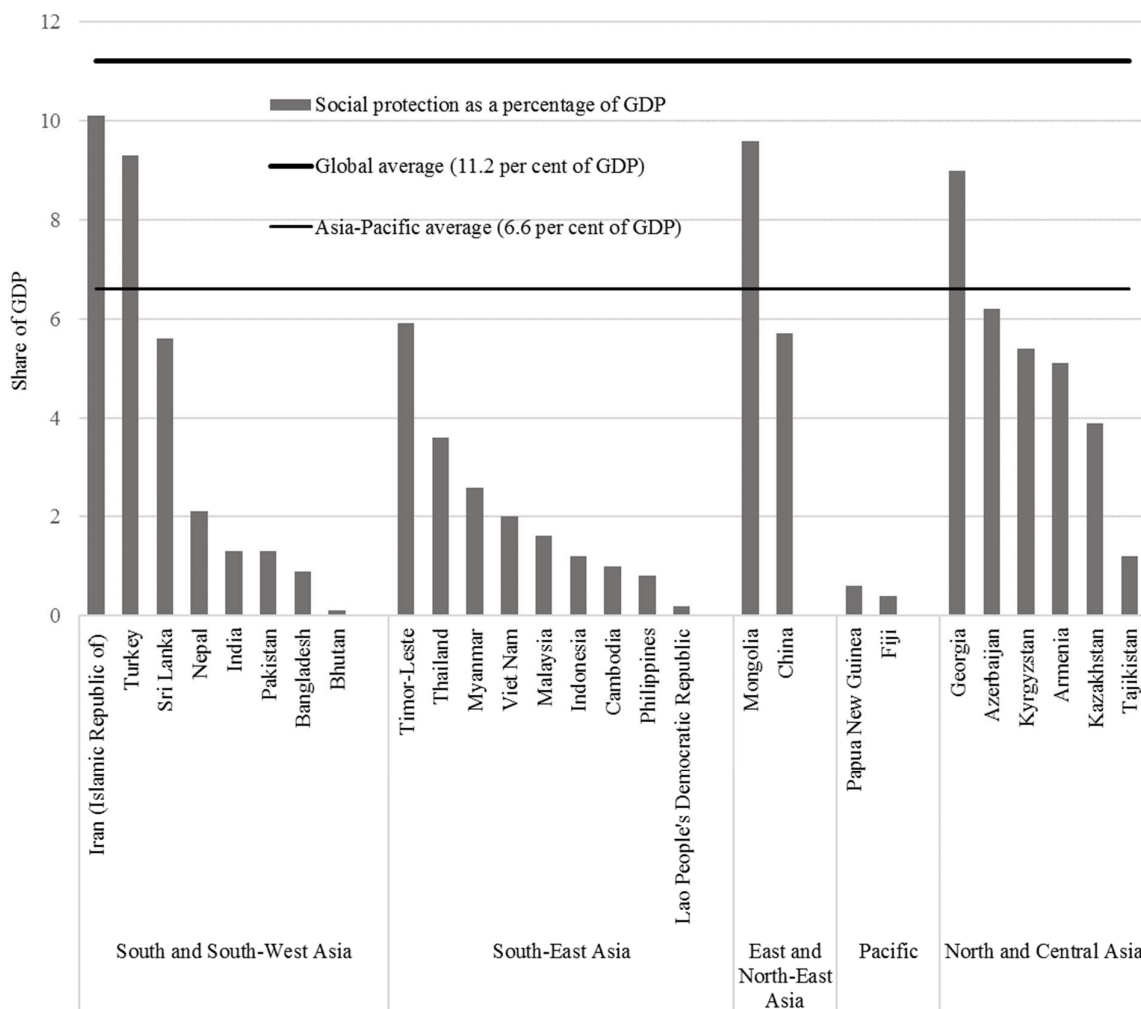
36. Over the past few years, social protection programmes have expanded in the region, but progress has not been fast enough to allow countries to catch up with the rest of the world.<sup>17</sup> With an average regional public expenditure on social protection at 6.6 per cent of gross domestic product (GDP), most Asia-Pacific countries are far below the global average of 11.2 per cent (figure II). Compared to the average expenditures of Organization for Economic Cooperation and Development (OECD) countries, at 21 per cent, the region spends less than a third.

37. These important gaps leave some 60 per cent of all women, men and children in the region without adequate social protection. Currently, only 21 of 49 countries offer benefits to children and families, contributing to high levels of stunting, malnutrition and child mortality. At the same time, as few as 3 out of 10 mothers with newborns receive maternity benefits, while fewer than 4 out of 10 people in the region have access to any kind of health care. Just over half of all older persons in the region receive an old-age pension and less than one third of the labour force is actively contributing to a pension scheme. Less than half of all persons with disabilities in the region are covered by a disability benefit or allowance.

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<sup>17</sup> ESCAP, Social Protection Guides: Financing Inclusive Social Protection (forthcoming).

Figure II  
**Investment in social protection as share of gross domestic product, latest available year**  
 (Percentage)



Source: ILO, World Social Protection Report Data 2017–2019. Available at [www.social-protection.org/gimi/AggregateIndicator.action](http://www.social-protection.org/gimi/AggregateIndicator.action) (accessed on 24 August 2018).

Abbreviation: GDP, gross domestic product.

Notes: Public social protection expenditure, excluding health, latest available year (percentage of GDP). The definition includes (1) public social protection expenditure for older persons (percentage of GDP, without health); (2) public social protection expenditure for persons of active age (percentage of GDP, without health), including social benefits for persons of active age, unemployment benefits, labour market programmes, sickness, maternity, employment injury, disability, and general social assistance; and (3) public social protection expenditure for children (percentage of GDP, without health).

**A. The prospects for increasing investment in social protection**

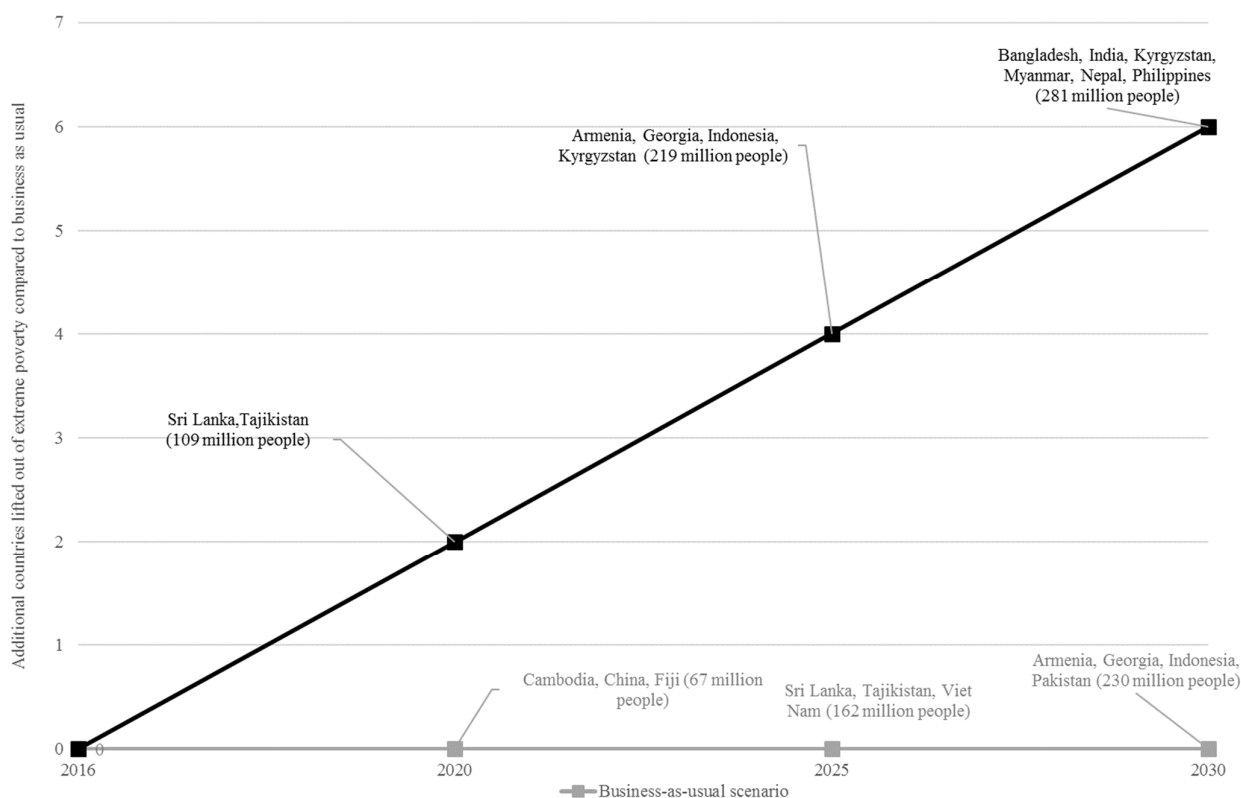
38. If these low spending patterns continue, given current demographic trends, prosperity will be affected. ESCAP calculations using economic modelling show that simply relying on economic growth, together with current spending levels (business-as-usual scenario), would not be sufficient for half of the studied countries in the Asia-Pacific region to eradicate poverty by

2030.<sup>18</sup> Among those that would miss the target are Bangladesh, India, Nepal and the Philippines.

39. If, on the other hand, Governments boost their investment in social protection for children, working-age adults and older persons to reach the global average of 11.2 per cent of GDP, the added impact on extreme poverty reduction would be a game changer. While by 2020, five countries would eradicate poverty, five more would be added by 2025 and a total of 16 of 19 would successfully eradicate poverty by 2030, including Bangladesh, India, Nepal and the Philippines (figure III).

40. Overall, an additional 51 million women, men and children would be lifted out of poverty by 2030 if countries reached the global average of investment in social protection. The rate at which people are being lifted out of poverty would accelerate almost immediately. By 2020, 109 million extremely poor people would be lifted out poverty. By 2025, that number would almost double to 219 million people, to reach 281 million in 2030, corresponding to 51 million people more than in the business-as-usual scenario.

**Figure III**  
**Additional countries and people lifted out of extreme poverty because of public investment in social protection**



*Abbreviation:* GDP, gross domestic product.

*Note:* The increase in social protection (social protection boost) is set to match the global average expenditure on social protection (11.2 per cent of GDP) by 2030, using data from ILO, World Social Protection Report Data 2017–2019. Available at [www.social-protection.org/gimi/AggregateIndicator.action](http://www.social-protection.org/gimi/AggregateIndicator.action) (accessed on 24 August 2018).

<sup>18</sup> Findings based on a computable general equilibrium model. Results and further analysis available in ESCAP, *Social Outlook for Asia and the Pacific* (forthcoming).

41. While countries in the region could succeed in eradicating extreme poverty, at the \$1.90 per day level, many people would still live below the moderate poverty line of \$3.20 per day.<sup>19</sup> Overcoming moderate poverty is a tougher task for all developing countries in the region.

42. In a growth-led, business-as-usual scenario, only 7 out of 25 countries would eradicate poverty at the \$3.20 per day level (figure IV). Among them, only China would be starting from a relatively higher poverty rate of 8.7 per cent. The rest of the successful countries would start from an initial moderate poverty rate of less than 2.5 per cent of their population. For the remaining 18 countries to make such an achievement, significant additional investments in people would be needed.

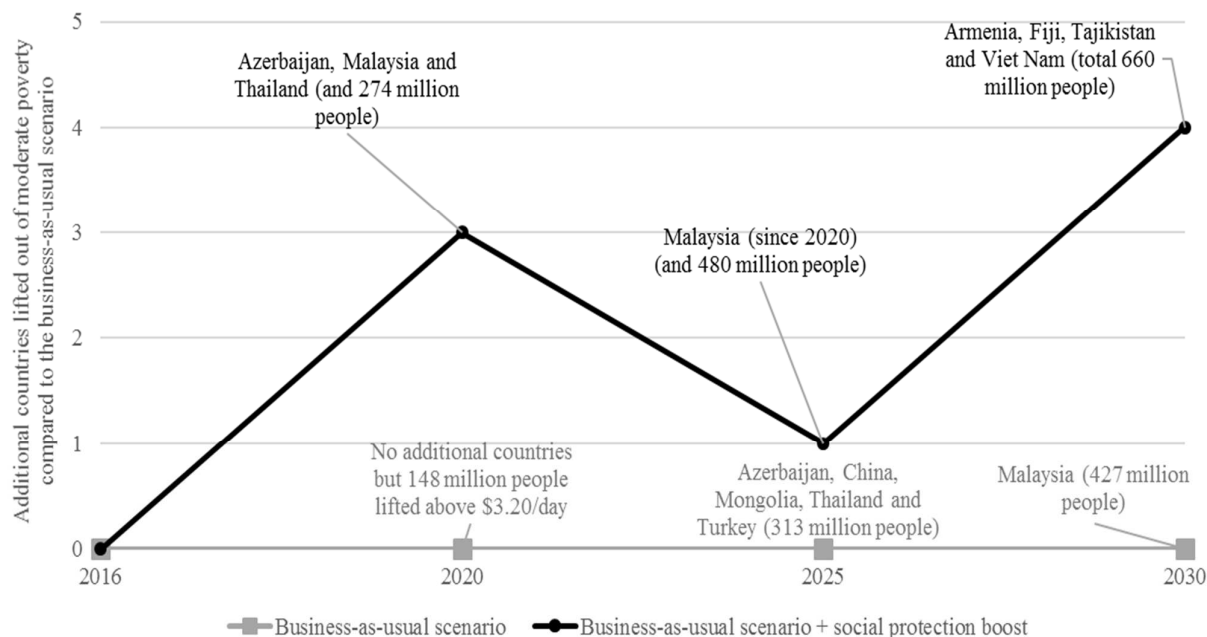
43. Supplementing the growth-led, business-as-usual scenario with increased public spending on social protection would have significant impact with regard to lifting people above the \$3.20 a day line, in both the short term (within the first five years) and the long term (by 2030). By 2020, three additional countries would eliminate poverty at the \$3.20 per day level: Azerbaijan; Malaysia; and Thailand. By 2030, Armenia, Fiji, Tajikistan and Viet Nam would also succeed in lifting all of their population above the threshold.

44. Altogether, the lives of at least an additional 233 million in the region would improve by 2030, as they would be lifted above the \$3.20 per day level. Given the higher number of total people living below that threshold today, the gains are more impressive than those recorded at the extreme poverty line of \$1.90 per day. These gains also would be made in all countries, whether they succeeded in fully eliminating moderate poverty or not. By 2020, a total of 274 million people in Asia and the Pacific would escape moderate poverty. By 2025, the number would reach 480 million and, by 2030, a total of 660 million people. In a business-as-usual scenario, 427 million (233 million fewer) people would be lifted above the \$3.20 per day level by 2030 (figure IV).

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<sup>19</sup> In addition to the international poverty line at \$1.90 per day, the World Bank also reports a lower middle-income international poverty line, set at \$3.20 per day and an upper middle-income international poverty line, set at \$5.50 per day.

Figure IV  
**Additional countries and people lifted out of moderate poverty because of public investment in social protection**



*Note:* The increase in social protection (social protection boost) is set to match the global average expenditure on social protection (11.2 per cent of gross domestic product) by 2030, using data from ILO, World Social Protection Report Data 2017–2019 (see figure III).

45. These results are impressive on their own but could be complemented by increased spending on health and education. Increasing public expenditures to not only reach the global average on social protection (11.2 per cent of GDP) but also on education (4.7 per cent of GDP) and health care (4.2 per cent of GDP) would result in an additional 52 million more people lifted above the \$1.90 per day poverty rate and an additional 417 million people lifted above the \$3.20 per day compared to a business-as-usual scenario. Most of these gains, however, would be brought about by the investment in social protection, as that is where countries lag most behind the global averages.

46. To reach the global average in social protection, expenditure on social protection would need to more than triple in the region. An additional \$2.8 trillion would need to be invested over the next 15 years, translating into approximately \$187 billion per year. The bulk of this additional expenditure would be needed in China, which would need to invest 2.8 times more than it currently is (additional \$95 billion per year) and in India, which would need to increase investment 14 times (additional \$43 billion per year).

47. Higher public spending, however, does not guarantee better outcomes. Institutional and governance arrangements, as well as policy design and implementation, also determine the extent to which these investments contribute to effective poverty reduction.<sup>20</sup> There are several important considerations in the design of social protection systems, starting with the establishment of social protection floors, as outlined in target 1.3 of Sustainable Development Goal 3.

**B. Core guarantees of the social protection floor**

48. Building an effective social protection system begins with the establishment of the social protection floor, which is a nationally defined set of essential social security guarantees that ensure, at a minimum, that everyone has access to essential health care and to basic income security throughout the life cycle (table 2).<sup>21</sup>

Table 2  
**Core guarantees of the social protection floor**

<i>Social protection floor</i>			
Access to essential health care for all, including maternity care, that meets the criteria of availability, accessibility, acceptability, and quality.	Income security for children, including access to nutrition, education, care and any other necessary goods and services.	Income security for working-age people who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability.	Income security for older persons.

Source: ILO Social Protection Floors Recommendation, 2012 (No. 202).

49. Building a comprehensive social protection floor requires substantial time and commitment. Countries that have successfully built up their social protection floors often begin by guaranteeing all people access to an old-age pension and progressively offer other schemes, including disability benefits, child benefits and unemployment benefits. Many high-income countries have taken this path, but so have some low- and middle-income countries in the region, including Georgia, Kyrgyzstan, Mongolia, Nepal and Uzbekistan.<sup>22</sup> Access to universal health coverage is also important for reducing the

<sup>20</sup> George T. Abed and Sanjeev Gupta, eds., *Governance, Corruption, and Economic Performance* (Washington, D.C., International Monetary Fund, 2002), p. 564; Deon Filmer, Jeffrey S. Hammer and Lant H. Pritchett, “Weak links in the chain: a diagnosis of health policy in poor countries”, *World Bank Research Observer*, vol. 15, no. 2 (August 2000); and Sanjeev Gupta, Marjin Verhoeven and Erwin R. Tiongson, “The effectiveness of government spending on education and health care in developing and transition economies”, *European Journal of Political Economy*, vol. 18, no. 4 (November 2002).

<sup>21</sup> ILO, “Social protection floor”. Available at [www.ilo.org/secsoc/areas-of-work/policy-development-and-applied-research/social-protection-floor/lang-en/index.htm](http://www.ilo.org/secsoc/areas-of-work/policy-development-and-applied-research/social-protection-floor/lang-en/index.htm) (accessed on 24 August 2018).

<sup>22</sup> ESCAP, *Why We Need Social Protection* (ST/ESCAP/2819).

incidence of catastrophic health expenditures and for increasing utilization, which translates into a less poor, healthier and more productive population.

50. While the setting of benefit levels is the prerogative of national Governments, the core principle with regard to adequacy, as contained in international conventions guiding the discussion on social protection and the spirit of the 2030 Agenda, holds that benefits must be adequate in both amount and duration so that everyone may gain effective access and realize their rights to essential health care and basic income security.<sup>23</sup>

### C. Design options for social protection policies

51. A fundamental decision for building inclusive social protection systems is whether to target benefits at those living in poverty or to extend benefits to everyone within a specified age group, following a universal approach. With the well-intentioned aim to direct limited resources to those furthest behind, the majority of Governments in the region target benefits at people in specific income groups, usually through means testing.

52. However, targeted programmes may be less effective in moving and keeping people out of poverty than universal schemes, revealing a contradiction at the core of the poverty targeting approach. The key factor contributing to this contradiction is that the most common method for identifying the poor, proxy means testing, often fails. Moreover, the incomes of people change over time, meaning that whether an individual qualifies for a scheme could fluctuate greatly even over short time periods, leading to inclusion or exclusion errors.

53. Evidence from a sample of social protection schemes around the world illustrates how poverty targeting often results in higher exclusion errors.<sup>24</sup> Analysis also shows that exclusion errors increase the more narrowly targeted a scheme is. Thus, if a scheme is designed to reach the poorest 10 per cent of the population, the chances of excluding intended beneficiaries is generally higher than a scheme designed to reach the poorest 30 per cent.

54. Moreover, targeted schemes tend to provide lower benefit levels than universal schemes.<sup>25</sup> Beyond budget constraints, that trend also relates to the political economy of social protection, where wealthier segments of the population, who do not benefit from poverty targeted programmes, set or influence the benefit levels. In the words of Amartya Sen, benefits meant exclusively for the poor often end up being poor benefits.<sup>26</sup>

55. A universal approach to social protection, on the other hand, reduces the risks of excluding the poor and the vulnerable groups most at risk of falling into poverty. Other advantages of universal programmes include simpler administration, fewer opportunities for manipulation in the implementation of

<sup>23</sup> Committee on Economic, Social and Cultural Rights, general comment No. 19, para. 22; and ILO Social Protection Floors Recommendation, 2012 (No. 202), para. 4.

<sup>24</sup> ESCAP, *Social Outlook 2019: Ending Poverty in Asia-Pacific by 2030* (forthcoming).

<sup>25</sup> Stephen Kidd and Verena Damerau, “The political economy of social protection for informal economy workers in Asia”, in *Social Protection for Informal Workers in Asia*, Sri Wening Hendayani, ed. (Manila, Asian Development Bank, 2016).

<sup>26</sup> See Amartya Sen, “The political economy of targeting”, in *Public Spending and the Poor: Theory and Evidence*, Dominique van de Walle and Kimberly Nead, (Washington, D.C., World Bank, 1995).

schemes and the broad political support that such programmes generally enjoy, which also contributes to social cohesion.

56. Some schemes, usually pensions and unemployment benefits, may require individuals to contribute towards future benefits, while others are non-contributory. Within the context of Asia and the Pacific, where up to 60 per cent of the labour force is engaged in informal employment, reaching those furthest behind requires that contributory schemes be complemented by schemes that are inclusive and non-contributory.<sup>27</sup> Sustainable social protection systems should combine a mix of contributory and tax-financed (non-contributory) schemes to ensure everyone is adequately covered by social protection.

57. Another design concern is the imposition of obligations on the beneficiary, whereby access to benefits is made conditional upon compliance with behavioural changes set out by Governments. Such conditions are often linked to school attendance or health check-ups, and non-compliance can result in a sanction, such as the withdrawal of benefits.

58. The value of conditions is contested and there is little evidence that they have an impact on the behaviour of the beneficiaries. In fact, behavioural change is often generated simply by the provision of a minimum level of income security to families, which enables them to invest in the well-being of their family members.

59. While conditions may be well intentioned, those who fail to comply are often the most vulnerable and those who need the benefits most. The use of conditions in social protection is also problematic from a human rights perspective and often has negative gender implications, burdening mothers and perpetuating traditional gender stereotypes. Conditional schemes are also more complex to design, implement and monitor. Alternative strategies, such as raising awareness or making childcare services accessible, serve as more effective nudges towards behaviour shaping.

#### **D. Effective data management for social protection**

60. The development of effective social protection systems calls for timely, accurate and relevant data to facilitate policy design, implementation and monitoring at all levels of government. To this end, an integrated social protection information system, when tailor-made to meet the needs and priorities of the social protection sector, can be an important tool.<sup>28</sup>

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<sup>27</sup> Stephen Kidd and Verena Damerau, “The political economy of social protection for informal economy workers in Asia”.

<sup>28</sup> An integrated social protection information system links social registries and integrated beneficiary registries together through software applications. An integrated social registry serves as a gateway for people to register and be considered for potential inclusion in social protection programmes, while an integrated beneficiary registry, also known as a single registry, integrates beneficiary information from existing management information systems of respective social protection schemes, both contributory and non-contributory. Integrated social protection systems can also link with external government databases such as the civil registration database, tax registry, disability database and management information systems of other sectors, including education, health and labour.



61. Integrated information systems strengthen the sector-wide approach to social protection by facilitating the coordination of schemes. Where information systems are linked across sectors, policy coherence is strengthened, with increased complementarities across social protection, food security, education, health and labour programmes.<sup>29</sup> Integrated systems also facilitate oversight of multiple schemes, prevent fraud and duplication, especially when linked with other government information systems, and decrease the burden on both potential applicants as well as government officials responsible for service delivery, while saving costs.

## **E. Legislation, strategies and budgets for social protection**

62. Finally, a strong institutional underpinning is paramount to ensuring that the right to social protection is safeguarded and realized. Three instruments are particularly crucial to fostering institutional commitment to developing effective social protection systems and building social protection floors: comprehensive legal frameworks, sector-wide approaches and nationally owned budgets.

63. A comprehensive legislative framework covering all four guarantees of the social protection floor grounds social protection schemes in human rights. Legislative frameworks can promote the sustainability of social protection systems, improve institutional capacities, foster accountability and facilitate resource mobilization for social protection programmes.<sup>30</sup> In 2018, only 15 countries in the region currently had comprehensive legislative frameworks for social protection.

64. A nationally owned sector-wide social protection framework can serve as a primary road map for developing schemes along the social protection floor and for fostering policy coherence. A participatory process for developing a sector-wide approach can galvanize key stakeholders to agree on priorities and thereby reduce fragmentation of social protection schemes caused by a lack of a common vision, coordination and cooperation.

65. When it comes to financing social protection, it is imperative that social protection budgets come from domestic funding so as to ensure national ownership and long-term sustainability. While a majority of countries in the region have increased investment in social protection, the existing gaps in social protection coverage point to the great potential to strengthen social protection in the region.

## **F. The case for regional cooperation on social protection**

66. In the present document, information on how the Asia-Pacific region has a long way to go and much to gain from boosting investment in social protection has been presented. The time is opportune for Governments to increase investment in social protection and reap the benefits of higher human capacity in the years to come. Social protection would not only protect people from falling into extreme poverty – it would also solidify the region’s strengths, boosting countries’ individual and collective resilience against emerging risks and threats. Increasing regional cooperation on social protection could help to accelerate action towards addressing these challenges.

<sup>29</sup> Valentina Barca, *Integrating Data and Information Management for Social Protection: Social Registries and Integrated Beneficiary Registries* (Canberra, Department of Foreign Affairs and Trade, Australia, 2017).

<sup>30</sup> ILO, *World Social Protection Report 2017–19*.

67. Coordinated action between Governments would enable the Asia-Pacific region to track progress towards achieving target 1.3 of Sustainable Development Goal 1. The region is lagging behind in the development of broad and inclusive social protection systems and comparable data between countries are lacking. Developing a regional framework on social protection could help to establish a comparable monitoring benchmark, while also reconfirm commitment to reaching the furthest behind and meeting relevant commitments set out in the 2030 Agenda.

68. In a context marked by existing vulnerabilities, social protection can play an important role as part of a new inclusive social and economic model. Although they are at different levels of development, countries of the region nevertheless face common emerging challenges. The profiles of the poor may vary, but shared stories repeat throughout the region: vulnerable employment; lack of access to health care; and inadequate care for children and older persons, all aggravated by climate disasters and an even more uncertain future of work, as well as the prospects of economic downturns.

69. Strengthening regional cooperation on social protection would help to shield the region's population against many of these risks and set the stage for a more sustainable and solidary future. A regional framework on social protection could be built around the goal of reaching comprehensive social protection systems by 2030 as defined in target 1.3.

70. A global leader on many fronts, the Asia-Pacific region could also be a global leader in committing to the development of inclusive social protection systems that are adaptable to the challenges of the future.

## **V. Issues for consideration by the Committee**

71. The Committee on Social Development is invited to review the present document and provide the secretariat with guidance on its future work on poverty and social protection. Particularly, the secretariat would welcome the following:

- (a) Views on strengthening regional commitment to social protection, by considering a regional framework for social protection;
  - (b) Suggestions for future research, policy support and capacity-building needs on social protection.
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