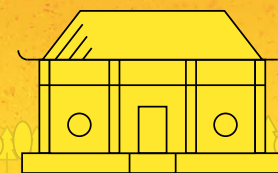


# The future of social protection in Asia and the Pacific



**Social protection systems in Asia and the Pacific need to be strengthened to achieve the United Nations Sustainable Development Goals by 2030.** Existing persistent gaps in coverage are impeding the region's potential.

**Social protection is essential for the region to adapt to economic transformation and become more resilient to crises.** New forms of employment and disruptive technological and demographic change require unemployment benefit schemes that support a dynamic labour market and underpin a shift to new sectors and environmentally sustainable economic activity. Social protection acts as a counter-cyclical fiscal policy by maintaining aggregate demand during economic downturns. During the COVID-19 pandemic, countries with comprehensive systems were able to respond better, faster. This was also the case during the financial crises of 1997 and 2008–2009.

**To tackle ongoing and future challenges, social protection systems need to be universal and delivered through a mix of contributory and non-contributory schemes.** Universal systems which cover people throughout their life, more effectively nurture the national social contract between citizens and the State, which is essential for any sustained social protection expenditure. Non-contributory benefits ensure everyone has a minimum level of protection, which contributory schemes can complement.

**Life-cycle schemes provide a strong foundation to leave no one behind.** Such schemes seek to reach particularly vulnerable groups including children, older persons and persons with disabilities. Nevertheless, they often leave out migrants and forcibly displaced individuals and families, ethnic minorities and those living in remote areas who face legal and physical barriers to access. Concerted effort and legislative changes are needed to reach these groups.

**Social protection systems need to provide adequate protection to women throughout their lives.** Women often interrupt paid employment to take up care duties. Consequently, they have fewer opportunities to contribute to social protection schemes. Non-contributory schemes can address these gaps, but innovations are needed to make contributory schemes gender sensitive. Public or subsidized childcare and long-term care services are equally necessary.

**Successful extension of social protection schemes to the informal economy requires the removal of legal barriers so a broader range of workers can be covered, including self-employed workers.** It is necessary to adjust social protection financing mechanisms to cater for modest and irregular incomes of workers in the informal economy. Simpler administrative and operational frameworks would help remove barriers to participation. In the longer term, the greater the number of workers in the formal sector, the greater the share of workers who finance and are eligible for contributory social protection schemes, easing pressure on non-contributory schemes and increasing tax revenues.

**Greater coherence and integration of social protection schemes is essential to expand coverage to those in the informal sector ineligible for any type of scheme.** Many who are currently in informal employment have sufficient income to contribute a certain amount to social protection, yet would still require some non-contributory support. Coherent and complementary integration of contributory and non-contributory schemes is essential. This requires investing in governance and coordination arrangements, which include feedback from beneficiaries, avoiding the creation of new schemes unless absolutely necessary and expanding collaboration between relevant government and social protection institutions.

**Emerging technologies provide opportunities to improve the efficiency and effectiveness of social protection.** They can enhance the design and delivery of social protection schemes, by facilitating the identification and registration of contributors and beneficiaries, or integrating different schemes through digital registries. Needs can be better understood and identified, and accessibility improved; strengthening trust in the system. Privacy policies and operational guidelines must be in place to ensure the protection of integrity and personal data concerns.

**For the Asia-Pacific region to become more inclusive, resilient and prosperous, the vast majority of countries need to step up their commitments to universal social protection.** Although the interventions required depend on a country's existing level of social protection coverage, the United Nations Economic and Social Commission recommends action in seven areas.

- 1 Social protection must be integrated into development strategies.
- 2 Investment in universal social protection needs to be significantly increased.
- 3 Existing coverage gaps need to be closed to leave no one behind.
- 4 The transition of workers from the informal to the formal economy must be supported.
- 5 The gender-responsiveness of social protection systems should be strengthened.
- 6 Good governance and social dialogue must be embedded at all stages.
- 7 New technology should be used to enhance effectiveness, efficiency and accessibility.

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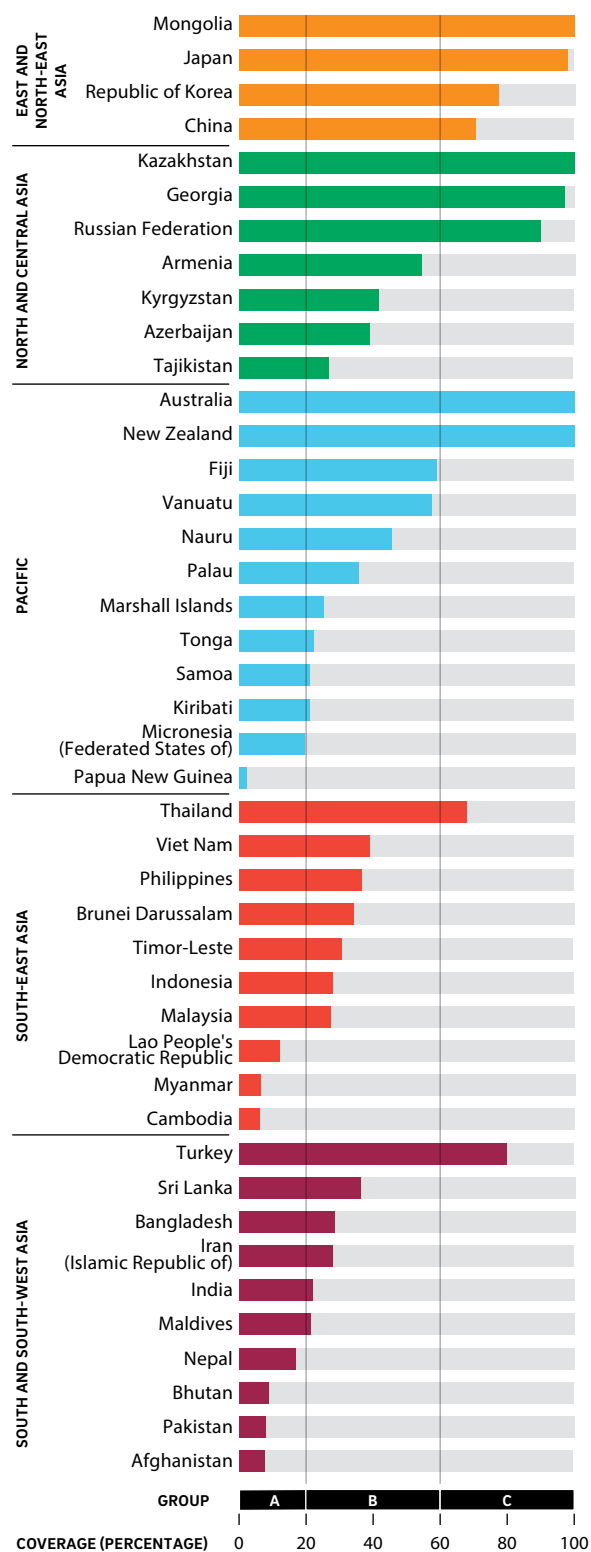
**In countries with low social protection coverage, the focus should be establishing and extending non-contributory schemes to close existing coverage gaps.** Universal schemes covering health care, maternity, children, disability and old age are the priority. Contributory schemes should then be gradually extended to the working-age population, starting with those closest to formal employment. This effort needs to be underpinned by investment in social protection institutions, while also supporting the integration of different schemes and reducing their complexity.

**Countries with a low to medium level of social protection coverage should focus on closing the remaining coverage gap and ensuring benefits are set at an adequate level.** A mix of contributory and non-contributory schemes is needed, combined with methods to identify those excluded from existing schemes. Expanding the formal sector can accelerate this process. Contributory schemes can promote the formalisation of employment opportunities. The integration and coherence of schemes can be enhanced with institutional arrangements that avoid overlapping schemes. The priority should be integrating contributory and non-contributory schemes and developing formal and affordable care services.

**In countries with medium to high coverage, the priority must be identifying and filling remaining coverage gaps.** This means focusing on marginalized population groups such as migrant workers, persons with disabilities and ethnic minorities, and closing existing gender gaps in old-age pension coverage. Long-term care systems need to be strengthened and made financially sustainable to adapt to an ageing society. Benefit levels must remain adequate relative to the cost of living and new forms of work must continue ensure comprehensive social protection.

**Extending basic social protection for children, persons with disabilities and older persons would cost between two and six per cent of GDP.** This is within reach for most countries in the region, but requires political will to reprioritize existing resources. In some countries, taxation systems need reforming and new revenue streams developed. Now is the time to put universal social protection at the heart of our effort to build a sustainable future for Asia and the Pacific.

**FIGURE 1** Aggregate social protection coverage of at least one scheme in the Asia-Pacific region



Source: International Labour Organization, World Social Protection Database (<https://www.social-protection.org/gimi/WSPDB.action?id=32>).

Note: Group A countries: less than 20 per cent of the population is covered by at least one social protection scheme; Group B countries: between 20 and 60 per cent of the population is covered; Group C countries: more than 60 per cent is covered.