



International
Labour
Organization

► **World
Social
Protection
Report
2020-22**



Regional
companion
report for Asia
and the Pacific

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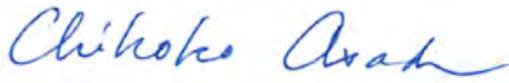
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foreword

This Asia and the Pacific regional Companion Report is intended to complement the ILO's [World Social Protection Report 2021-22: Social Protection at the Crossroads – in Pursuit of a Better Future](#). The regional companion report comprises two parts. It first gives a 'Global Perspective' that is taken from the main World Social Protection Report and outlines the status of social protection systems worldwide. It then provides a regional overview that highlights key developments, challenges and priorities for social protection in the Asia and Pacific region from a lifecycle perspective.

Echoing the message of the *World Social Protection Report 2020-22*, this region stands at a crossroads. Assessments of the pre-COVID-19 social protection situation showed worrying coverage gaps and challenges in terms of both adequacy of benefits and system sustainability coupled with low public expenditure and the persistence of non-standard forms of work. The COVID-19 crisis has made clear that, for most countries in the region, an urgent paradigm shift is required. The need for social protection has never been so evident. The report urges countries in this region to pursue a 'high-road' development path, with social protection playing a primary role. The goal is to leave no one behind, while supporting greater growth, driven by domestic demand, and contributing to further development of human capabilities.



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list of abbreviations

GDP	gross domestic product
ILO	International Labour Organization
IMF	International Monetary Fund
qUCB	quasi-universal child benefit
SDG(s)	Sustainable Development Goal(s)
SSI	Social Security Inquiry
SSO	Social Security Office (Thailand)
UCB	universal child benefit
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific

1 Global perspective

Despite progress in recent years in extending social protection in many parts of the world, when the coronavirus disease (COVID-19) pandemic hit many countries were still facing significant challenges in making the human right to social security a reality for all. The ILO *World Social Protection Report 2020-22: Social protection at the crossroads - in pursuit of a better future* provides a global overview of progress made around the world over the past decade in extending social protection and building rights-based social protection systems, including floors, and covers the impact of the COVID-19 pandemic. In doing so, it provides an essential contribution to the monitoring framework of the 2030 Agenda for Sustainable Development.

Five messages emerge from the main report:

The pandemic has exposed deep-seated inequalities and significant gaps in social protection coverage, comprehensiveness and adequacy across all countries. Pervasive challenges such as high levels of economic insecurity, persistent poverty, rising inequality, extensive informality and a fragile social contract have been exacerbated by COVID-19. The crisis also exposed the vulnerability of billions of people who seemed to be getting by relatively well but were not adequately protected from the socio-economic shock waves it has emitted. The pandemic's socio-economic impacts have made it difficult for policymakers to ignore a number of population groups – including children, older persons, unpaid carers, and women and men working in diverse forms of employment and in the informal economy – who were covered either inadequately or not at all by existing social protection measures. In revealing these gaps, this report shows that the pandemic has propelled countries into unprecedented policy action, with social protection at the forefront.

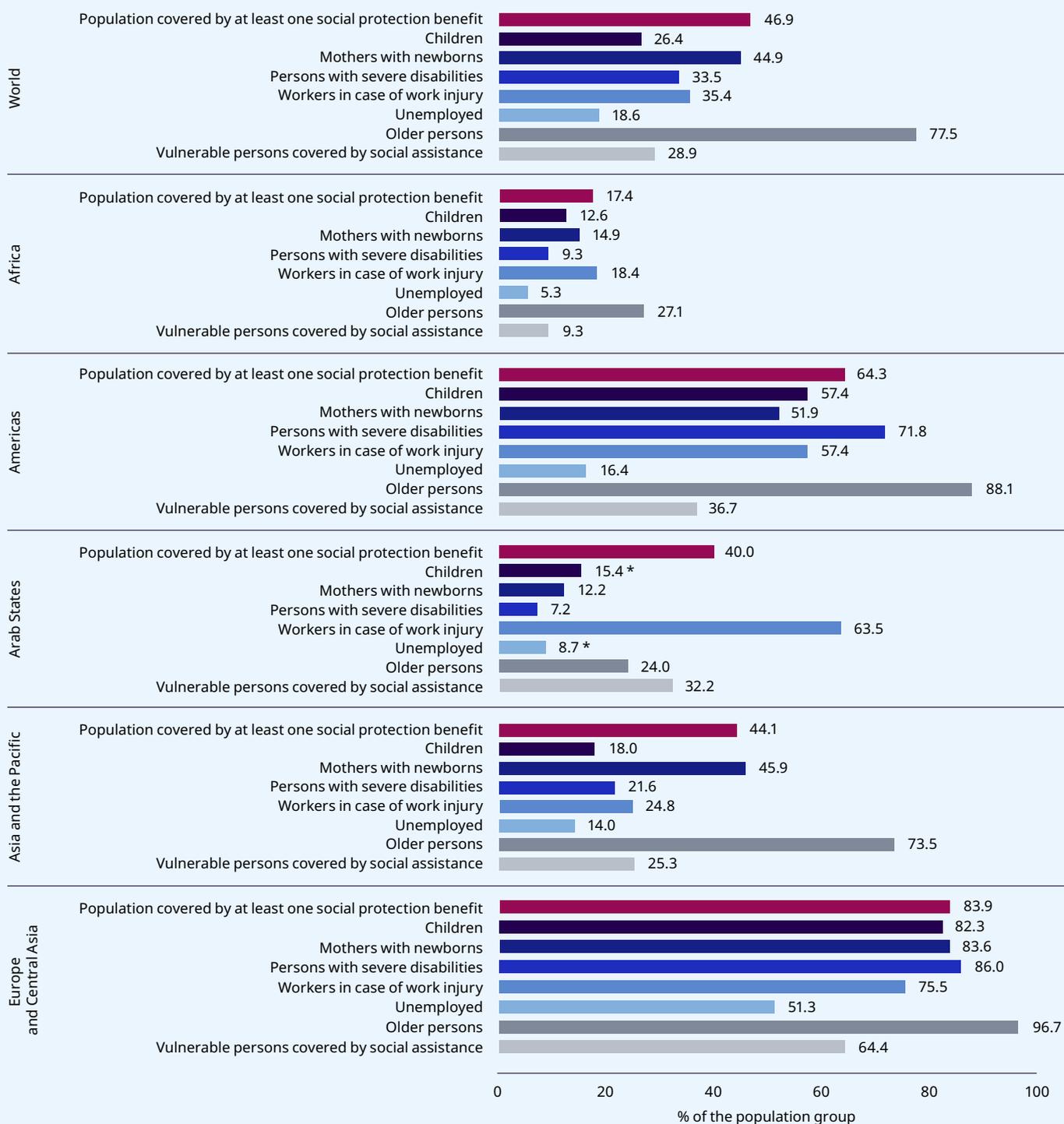
COVID-19 provoked an unparalleled social protection policy response. Governments marshalled social protection as a front-line response to protect people's health, jobs and incomes, and to ensure social stability. Where necessary, governments extended coverage to hitherto unprotected groups, increased benefit levels or introduced new benefits, adapted administrative and delivery mechanisms, and mobilized additional financial resources. However, despite some international support,

many low- and middle-income countries have struggled to mount a proportionate social protection and stimulus response to contain the pandemic's adverse impacts in the way that high-income countries have been able to do, leading to a "stimulus gap" arising largely from significant coverage and financing gaps.

Socio-economic recovery remains uncertain and enhanced social protection spending will continue to be crucial. The most recent International Monetary Fund (IMF) forecasts warn of a divergent recovery, whereby richer countries enjoy a swift economic rebound while lower-income nations see a reversal of their recent development gains. Ensuring a human-centred recovery everywhere is contingent on equitable access to vaccines. This is not only a moral imperative, but also a public health necessity: a deep chasm in vaccine availability will unleash new viral mutations that undermine the public health benefits of vaccines everywhere. Already, however, inequitable vaccine access, yawning stimulus gaps visible in the crisis response, unfulfilled calls for global solidarity, increasing poverty and inequalities, and recourse to austerity cuts all indicate the prospect of uneven recovery. Such a scenario will leave many people to fend for themselves and derail the progress made towards the achievement of the 2030 Agenda and the realization of social justice.

Countries are at a crossroads with regard to the trajectory of their social protection systems. If there is a silver lining to this crisis, it is the potent reminder it has provided of the critical importance of investing in social protection; yet many countries also face significant fiscal constraints. This report shows that nearly all countries, irrespective of their level of development, have a choice: whether to pursue a "high-road" strategy of investing in reinforcing their social protection systems or a "low-road" strategy of minimalist provision, succumbing to fiscal or political pressures. Countries can use the policy window prised open by the pandemic and build on their crisis-response measures to strengthen their social protection systems and progressively close protection gaps in order to ensure that everyone is protected against both systemic shocks and ordinary life-cycle risks. This would involve increased efforts to build universal, comprehensive, adequate and sustainable social protection systems, including a solid social protection floor that guarantees at

► **Figure 1. SDG indicator 1.3.1: Effective social protection coverage, global and regional estimates, by population group, 2020 or latest available year**



*To be interpreted with caution: estimates based on reported data coverage below 40% of the population.

Notes: See Annex 2 of the [World Social Protection Report 2021-22](#) for methodological explanation. Global and regional aggregates are weighted by relevant population groups.

Sources: ILO, [World Social Protection Database](#), based on the Social Security Inquiry (SSI); ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

least a basic level of social security for all over the course of their lives. The alternative would be to acquiesce in a low-road approach that fails to invest in social protection, thereby trapping countries in a “low cost–low human development” trajectory. This would represent a lost possibility for strengthening social protection systems and reconfiguring societies for a better future.

Establishing universal social protection and realizing the human right to social security for all is the cornerstone of a human-centred approach to obtaining social justice. Doing so contributes to preventing poverty and containing inequality, enhancing human capabilities and productivity, fostering dignity, solidarity and fairness, and reinvigorating the social contract.

► The state of social protection: Progress made, but not enough

Highlights

As of 2020, only 46.9 per cent of the global population were effectively covered by at least one social protection benefit¹ (Sustainable Development Goal (SDG) indicator 1.3.1; see figure 1), while the remaining 53.1 per cent – as many as 4.1 billion people – were left wholly unprotected. Behind this global average, there are significant inequalities across and within regions, with coverage rates in Europe and Central Asia (83.9 per cent) and the Americas (64.3 per cent) above the global average, while Asia and the Pacific (44.1 per cent), the Arab States (40.0 per cent) and Africa (17.4 per cent) have far more marked coverage gaps.

Only 30.6 per cent of the working-age population are legally covered by comprehensive social security systems that include a full range of benefits, from child and family benefits to old-age pensions, with women’s coverage lagging behind men’s by a substantial 8 percentage points. This implies that the large majority of the working-age population – 69.4 per cent, or 4 billion people – are only partially protected or not protected at all.

Access to healthcare, sickness and unemployment benefits has taken on particular relevance during the pandemic. While almost two thirds of the global population are protected by a health scheme of some kind, significant coverage and adequacy gaps remain. When it comes to income protection during sickness and unemployment, the coverage and adequacy gaps are even more pronounced. Approximately a third of working-age people have their income security protected by law in case of sickness, and less than

a fifth of unemployed workers worldwide actually receive unemployment benefits.

Gaps in the coverage, comprehensiveness and adequacy of social protection systems are associated with significant underinvestment in social protection, particularly in Africa, the Arab States and Asia. Countries spend on average 12.9 per cent of their gross domestic product (GDP) on social protection (excluding health), but this figure masks staggering variations. High-income countries spend on average 16.4 per cent, or twice as much as upper-middle-income countries (which spend 8 per cent), six times as much as lower-middle-income countries (2.5 per cent), and 15 times as much as low-income countries (1.1 per cent).

This financing gap for building social protection floors has widened by approximately 30 per cent since the onset of the coronavirus disease (COVID-19) crisis, owing to the increased need for healthcare services, income security measures, and reductions in GDP caused by the crisis. To guarantee at least a basic level of social security through a nationally defined social protection floor, lower-middle-income countries would need to invest an additional US\$362.9 billion and upper-middle-income countries a further US\$750.8 billion per year, equivalent to 5.1 and 3.1 per cent of GDP respectively for the two groups. Low-income countries would need to invest an additional US\$77.9 billion, equivalent to 15.9 per cent of their GDP.

COVID-19 threatens to imperil years of progress towards achieving the Sustainable Development Goals (SDGs), reversing gains in poverty reduction. It has also revealed the pre-existing stark protection gaps across all countries and made

¹ Excluding healthcare and sickness benefits.

it impossible for policymakers to ignore the persistent social protection deficits experienced in particular by certain groups, such as informal workers, migrants and unpaid carers.

This crisis has resulted in an unprecedented yet uneven global social protection response. Higher-income countries were better placed to

mobilize their existing systems or introduce new emergency measures to contain the impact of the crisis on health, jobs and incomes. Mounting a response was more challenging in lower-income contexts, which were woefully ill prepared and had less room for policy manoeuvre, especially in macroeconomic policy.

► Social protection for children remains limited, yet is critical for unlocking their potential

Highlights

- The vast majority of children still have no effective social protection coverage, and only 26.4 per cent of children globally receive social protection benefits. Effective coverage is particularly low in some regions: 18 per cent in Asia and the Pacific, 15.4 per cent in the Arab States and 12.6 per cent in Africa.
- Positive recent developments include the adoption of universal or quasi-universal child benefits (UCBs/qUCBs) in several countries, and renewed awareness in the context of COVID-19 of the critical importance of inclusive social protection systems, quality childcare services and the need for social protection for caregivers.
- On average, national expenditure on social protection for children is too low, equating to only 1.1 per cent of GDP, compared to 7 per cent of GDP spent on pensions. The regions of the world with the largest share of children in the population, and the greatest need for social protection, have some of the lowest coverage and expenditure rates, especially sub-Saharan Africa (0.4 per cent of GDP).
- To address the dramatic increase in child poverty caused by COVID-19, close social protection coverage gaps and deliver the best results for children and society, policymakers must implement an integrated systems approach including child benefits and childcare services, provision of parental leave and access to healthcare.

► Social protection for women and men of working age provides insufficient protection against key risks

Highlights

- *Maternity*: Some countries have made decisive progress towards universal or near-universal effective maternity coverage. Despite the positive developmental impacts of supporting childbearing women, only 44.9 per cent of women with newborns worldwide receive a cash maternity benefit.
- *Sickness*: The crisis has demonstrated the importance of ensuring income security during ill health, including quarantine. However, only a third of the world's working-age population have their income security protected by law in the event of sickness.
- *Disability*: The share of people with severe disabilities worldwide who receive a disability benefit remains low at 33.5 per cent. Importantly, several countries now have universal disability benefit programmes in place.

- ▶ *Employment injury*: Only 35.4 per cent of the global labour force have effective access to employment injury protection. Many countries have recognized COVID-19 as an occupational injury in order to ensure easier and faster access to associated benefits under the work injury insurance system, in particular for workers in the most exposed sectors.
- ▶ *Unemployment protection*: A mere 18.6 per cent of unemployed workers worldwide have effective coverage for unemployment and thus actually receive unemployment benefits. This remains the least developed branch of social protection. However, the pandemic has highlighted the crucial role of unemployment protection schemes to protect jobs and incomes, through job retention schemes and unemployment benefits.
- ▶ *Expenditure estimates* show that worldwide only 3.6 per cent of GDP is spent on public social protection to ensure income security for people of working age.

▶ Social protection for older women and men still faces coverage and adequacy challenges

Highlights

- ▶ Pensions for older women and men are the most widespread form of social protection in the world, and a key element in achieving SDG target 1.3. Globally, 77.5 per cent of people above retirement age receive some form of old-age pension. However, major disparities remain across regions, between rural and urban areas, and between women and men. Expenditure on pensions and other benefits for older people accounts for 7.0 per cent of GDP on average, again with large variations across regions.
- ▶ Significant progress has been made with respect to extending the coverage of pension systems in developing countries. Even more encouraging, in a wide range of countries, including lower-middle-income countries, universal pensions have been developed as part of national social protection floors.
- ▶ The COVID-19 crisis has brought additional pressures to bear on the costs and financing of pension systems, but the impact over the long term will be moderate to low. The massive response of countries to the crisis has highlighted the critical role that old-age protection systems, including long-term care, play in ensuring the protection of older adults, particularly in times of crisis, and the urgency of strengthening long-term care systems to protect the rights of care recipients and care workers alike.
- ▶ Pension reforms have been dominated by an emphasis on fiscal sustainability, at the expense of other principles established by international social security standards, such as the universality, adequacy and predictability of benefits, solidarity and collective financing. These are critical for guaranteeing the income security of older people, which is and should remain the primary objective of any pension system. Ensuring the adequacy of benefits is especially pertinent for women, people in low-paid jobs and those in precarious forms of employment. Moreover, many countries around the world are still struggling to extend and finance their pension systems; these countries face structural barriers linked to low levels of economic development, high levels of informality, low contributory capacity, poverty and insufficient fiscal space, among others.

► Social health protection: An essential contribution to universal health coverage

Highlights

- Significant progress has been made in increasing population coverage, with almost two thirds of the global population protected by a scheme. However, barriers to accessing healthcare remain in the form of out-of-pocket payments on health services, physical distance, limitations in the range, quality and acceptability of health services, and long waiting times, as well as opportunity costs such as lost working time. The COVID-19 crisis has highlighted the limitations of benefit adequacy and the need to reduce out-of-pocket payments.
- Collective financing, broad risk-pooling and rights-based entitlements are key conditions for supporting effective access to healthcare for all in a shock-responsive manner. The principles provided by international social security standards are more relevant than ever on the road to universal health coverage, and in particular within the current public health context. More and better data on legal coverage need to be collected as a matter of priority to monitor progress on coverage and equity.
- Investing in the availability of quality healthcare services is crucial. The COVID-19 pandemic has further revealed the need to invest in healthcare services and to improve coordination within the health system. The pandemic is drawing attention to the challenges faced in recruiting, deploying, retaining and protecting well-trained, supported and motivated health workers to ensure the delivery of quality healthcare services.
- Stronger linkages and better coordination between mechanisms for accessing medical care and income security are needed to address key determinants of health more effectively. The COVID-19 crisis has further highlighted the role of the social protection system in shaping behaviours to foster prevention and the complementarity of healthcare and sickness benefit schemes. Coordinated approaches are particularly needed in respect of special and emerging needs, including human mobility, the increasing burden of long and chronic diseases, and population ageing. The impact of COVID-19 on older people has shed additional light on the need for coordination between health and social care.

► Taking the high road towards universal social protection for a socially just future

Highlights

COVID-19 has further underscored the critical importance of achieving universal social protection. It is essential that countries – governments, social partners and other stakeholders – now resist the pressures to fall back on a low-road trajectory and that they pursue a high-road social protection strategy to contend with the ongoing pandemic, and to secure a human-centred recovery and an inclusive future. To this end, several priorities can be identified.

- COVID-19 social protection measures must be maintained until the crisis has subsided and recovery is well under way. This will require continued investment in social protection systems to maintain living standards, ensure equitable vaccine access and healthcare, and prevent further economic contraction. Ensuring equitable and timely access to vaccines is crucial for the health and prosperity of all countries and peoples. In an interconnected world, a truly inclusive recovery hinges on this.
- The temptation to revert to fiscal consolidation to pay for the massive public expenditure outlays necessitated by COVID-19 must be avoided. Previous crises have shown that austerity leaves deep social scarring, hurting the most vulnerable in society. Conversely, striving for a jobs-rich, human-centred recovery, aligned with health, social, environmental and climate change goals, can contribute to income security, job creation and social cohesion objectives, expand the tax base and help finance universal social protection.

- ▶ Amid the devastation wrought by the pandemic, there are glimmers of hope that mindsets have shifted. By exposing the inherent vulnerability of everyone – making it explicit that our individual well-being is intimately bound up with the collective well-being and security of others – the pandemic has demonstrated the indispensability of social protection. Moreover, the crisis has shown that there is significant scope for countries to adopt a “whatever it takes” mindset to accomplish priority goals if they so choose. If the same policy approach is applied as the worst of the pandemic abates, this holds promise for taking the high road to achieve the SDGs and universal social protection.
- ▶ Taking that high road requires building permanent universal social protection systems that provide adequate and comprehensive coverage to all, guided by effective tripartite social dialogue. These systems are essential for preventing poverty and inequality, and for addressing today’s and tomorrow’s challenges, in particular by promoting decent work, supporting women and men in better navigating their life and work transitions, facilitating the transition of workers and enterprises from the informal to the formal economy, bolstering the structural transformation of economies, and supporting the transition to more environmentally sustainable economies and societies.
- ▶ Further investment in social protection is required now to fill financing gaps. In particular, prioritizing investments in nationally defined social protection floors is vital for delivering on the promise of the 2030 Agenda. Fiscal space exists even in the poorest countries and domestic resource mobilization is key, but concerted international support is also critical for fast-tracking progress in those countries lacking fiscal and economic capacities, especially in low-income countries with marked underinvestment in social protection.
- ▶ Universal social protection is supported through the joint efforts of the United Nations agencies “working as one”, and through concerted efforts with relevant international, regional, subregional and national institutions and social partners, civil society and other stakeholders, including through the Global Partnership for Universal Social Protection.
- ▶ The unique policy window prised open by COVID-19 should embolden countries to take decisive action now about the future of social protection and pursue a high-road policy approach with vigour. Doing so will empower societies to deal with future crises and the challenges posed by demographic change, the evolving world of work, migration, environmental challenges and the existential threat of climate change. Ultimately, a robust social protection system will shore up and repair a fragile social contract and enable countries to enjoy a socially just future.

2 Setting the regional context: Social protection in Asia and the Pacific

Following two decades of strong economic growth in Asia and the Pacific, which resulted in a two-thirds reduction in the percentage of working poor (ILO 2018), the pandemic of coronavirus disease (COVID-19) struck, paralysing further progress and sending a powerful reminder of the persistent and structural challenges faced by the region.

With many countries not always able to convert economic growth into quality jobs and generate stable incomes, even before the crisis 930 million workers in the region were working in various forms of vulnerable employment, for example as own-account or unpaid contributing family workers (ILO 2018). The region is home to 1.3 billion informal workers (representing 68 per cent of the total workforce), most of whom work in poor conditions with no or very limited access to social protection (ILO 2020). Gender inequality remains a central characteristic of labour markets, with women receiving lower pay than men and spending more time in unpaid care work.

With development models favouring economic growth over redistributive policies in many countries, social protection is one of the missing elements required to create more inclusive and resilient societies. Despite progress in recent years

and the increased attention devoted to social protection in the region, the stark reality is that 55.9 per cent of the population still do not have access to any form of social protection, and only 54.7 per cent of people in the workforce make payments to a contributory scheme. If China is excluded, these percentages are 69.1 per cent and 54.6 per cent, respectively.¹

Social protection in the region needs to respond not only to the pandemic, but to other major trends, including population ageing, migration, urbanization, technological progress, disasters and climate change (UNESCAP and ILO 2020a). Among these, demographic transformations such as population ageing, changing family structures – including a shift from extended to nuclear families – and migratory flows place pressure on families and pension systems. The region's vulnerability to climate change and natural disasters calls for social protection measures to improve its resilience. These developments also affect the traditional role of families and communities in social protection provision, adding urgency to the imperative for the establishment of public social protection systems and thereby modifying the debate on the region's future.

¹ Data on effective coverage presented throughout this report come from the following sources: ILO, [World Social Protection Database](#), based on the Social Security Inquiry; ILOSTAT; national sources.

3 Glass half-empty or half-full?

Despite its role as the engine of the global economy and significant progress in parts of the region, in much of Asia and the Pacific social protection policies still lag behind other areas of the world. Only 44.1 per cent of the region's population have access to at least one social protection benefit. In the Americas, which overall are at a comparable level of economic development, 64.3 per cent of the population are covered. This illustrates how much more still needs to be done and the urgency of the action required.

To some extent, low coverage reflects the fact that social protection was not until very recently a priority for some governments in the region. Instead, this responsibility was mainly delegated to families and communities, including religious institutions or organizations. While this perception is slowly changing, it still affects approaches to social protection policies. Indeed, many countries in the region could be classified as latecomers when it comes to developing social protection systems.

Consequently, the region has a relatively low level of public expenditure on social protection, amounting to, on average, 7.5 per cent of GDP annually, with half of countries spending 2.6 per cent or less on social protection. This is significantly below the global average (12.9 per cent) and significantly lower than the Americas (16.6 per cent). The “small size” of governments, measured by low ratios of government revenue to GDP (OECD 2020), and the fact that social protection is not yet among the top government priorities, both of which limit income redistribution through the State, may account for these relatively low expenditure levels.

Simultaneously, the pervasiveness of vulnerable forms of work (own-account, seasonal, casual and contributing family work) creates barriers to the expansion of contributory schemes, which were not originally designed to deal with those forms of work. In addition, in many countries, a large percentage of enterprises, particularly micro and small enterprises, operate in the informal economy, adding to the challenges of extending coverage. Indeed, out of the 68.2 per cent of workers in informal employment, 58.8 per cent work in the informal sector.¹ These two elements (labour market and enterprise characteristics), combined with weak enforcement of/compliance with social security regulations, and the limited success of voluntary schemes for specific groups, explain the low percentage of workers covered by contributory social protection.

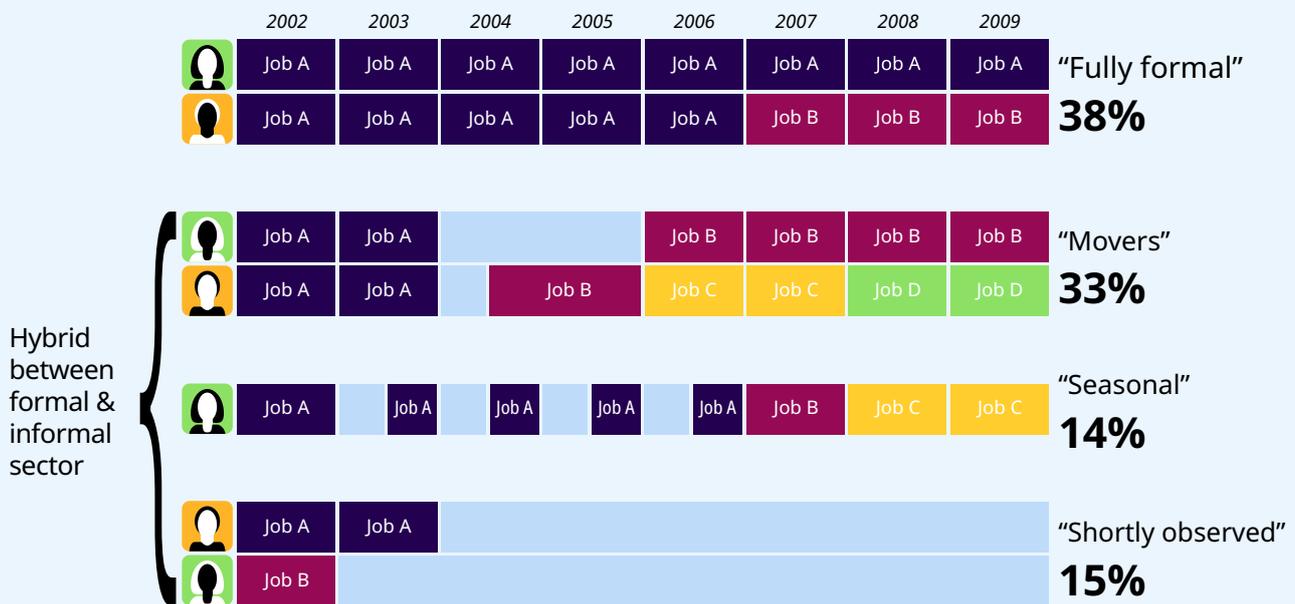
In all but a few countries in the region, the low coverage of contributory schemes is compounded by a limited role for non-contributory schemes. In many countries, non-contributory programmes target by design only a small proportion of the population, usually the poorest and sometimes the poorest among only specific age groups (UNESCAP and ILO 2020a). Cash transfers to households are still perceived as an unproductive expenditure, rather than an investment. The assumption that families should be responsible for their income security, including that of older family members, accounts for the limited budgets allocated to non-contributory programmes. Moreover, administrative hurdles in social protection systems, along with weak civil registration and financial services, also contribute to the low coverage (UNESCAP and ILO 2020a).

¹ The 15th International Conference of Labour Statisticians (ICLS) defined the “informal sector” as consisting of unregistered and/or small unincorporated household enterprises engaged in the production of goods or services for sale or barter. The 17th ICLS defined informal employment as the “total number of informal jobs, whether carried out in formal sector enterprises, informal sector enterprises, or households, including: employees holding informal jobs; employers and own-account workers employed in their own informal sector enterprises; members of informal producers’ cooperatives; contributing family workers in formal or informal sector enterprises; and own-account workers engaged in the production of goods for own end use by their household”.

► **Box 1. Labour market transitions in Thailand**

A recent study (Wasi et al. 2020) exploring labour market transitions over an eight-year period (2002–09), using Social Security Office (SSO) administrative data, found that the majority of workers who made contributions to the SSO moved in and out of formal employment. Fewer than half (38 per cent) were classified as “fully formal”, meaning that they did not move between sectors. Also, a significant number of contributors were seasonal (see figure 2).

► **Figure 2. The distribution of contributing workers across different employment typologies in Thailand, 2002–09**



Source: Wasi et al. 2020.

With contributory schemes typically limited to those working in the formal sector and non-contributory schemes still mostly targeted on the poorest, an important group of workers is left behind without protection. This “missing middle” includes many women, migrant workers, self-employed workers, workers in micro and small enterprises, domestic workers, home-based workers and contributing family workers.

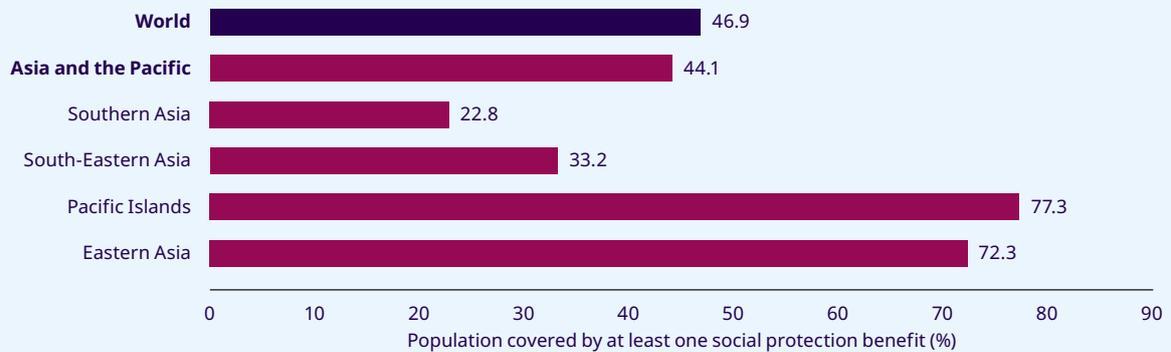
In a fast-changing labour market, the ranks of informal workers have been further swollen by growing numbers of workers in “new” forms of work (such as platform workers) without effective coverage (ILO 2021c), while contributory schemes are often not adapted to workers’ high mobility between different jobs and even different kinds of employment relationships.

In addition to these significant coverage gaps, benefit adequacy also remains a challenge. Owing

to the relatively low investment in social protection, the amounts transferred under non-contributory benefits are usually too low to provide adequate protection. For instance, India’s and Bangladesh’s disability benefits are equivalent to only about 5 per cent of GDP per capita, and non-contributory old-age pensions in India, Thailand and Sri Lanka are even lower (UNESCAP and ILO 2020a). In addition, many people have not yet built up sufficient entitlements in contributory schemes, related to low earnings and short and interrupted contribution histories in a context of high labour mobility and informality (see box 1), leading to inadequate replacement rates.

As figure 3 shows, the averages of social protection coverage hide significant geographical disparities within the region: the Pacific Islands (including Australia and New Zealand) and East Asia (including Japan, Mongolia and the

► **Figure 3. SDG indicator 1.3.1: Percentage of population covered by at least one social protection benefit (effective coverage), 2020 or latest available year**



Note: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Global and regional aggregates are weighted by population.

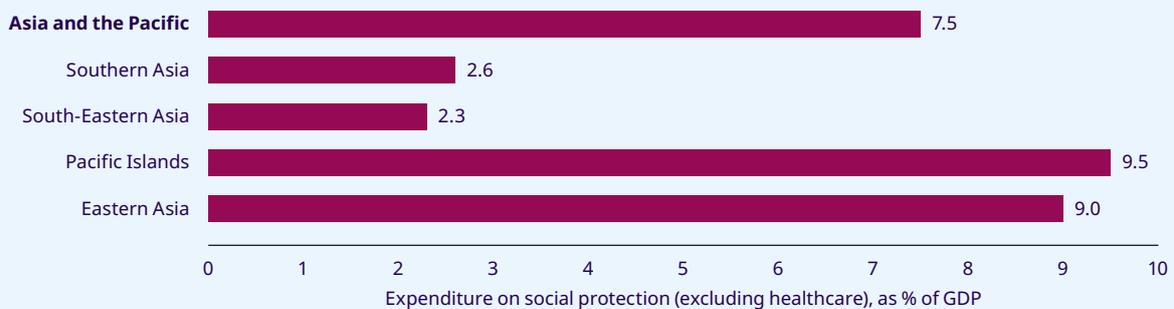
Source: ILO, [World Social Protection Database](#), based on the Social Security Inquiry (SSI); ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

Republic of Korea) perform much better than other areas, with 77.3 per cent and 72.3 per cent, respectively, of the population having access to at least one social protection measure, as against 33.2 per cent in South-Eastern Asia and 22.8 per cent in Southern Asia. The latter's most populous countries – India, Bangladesh and Pakistan – cover only 24.4 per cent, 28.4 per cent and 9.2 per cent of their populations, respectively.

Significant differences in terms of expenditure also persist, with the Pacific Islands and East Asian countries spending on average 9.5 and 9 per cent of their GDP respectively on social protection, while the figures for Southern Asia and South-Eastern Asia are a mere 2.6 per cent and 2.3 per cent respectively (figure 4). The averages hide also the impact of some outliers, with the majority of countries spending less than 3.5 per cent of GDP on social protection (UNESCAP and ILO 2020a).

► **Figure 4. Expenditure on social protection, percentage of GDP (excluding healthcare), 2020 or latest available year**

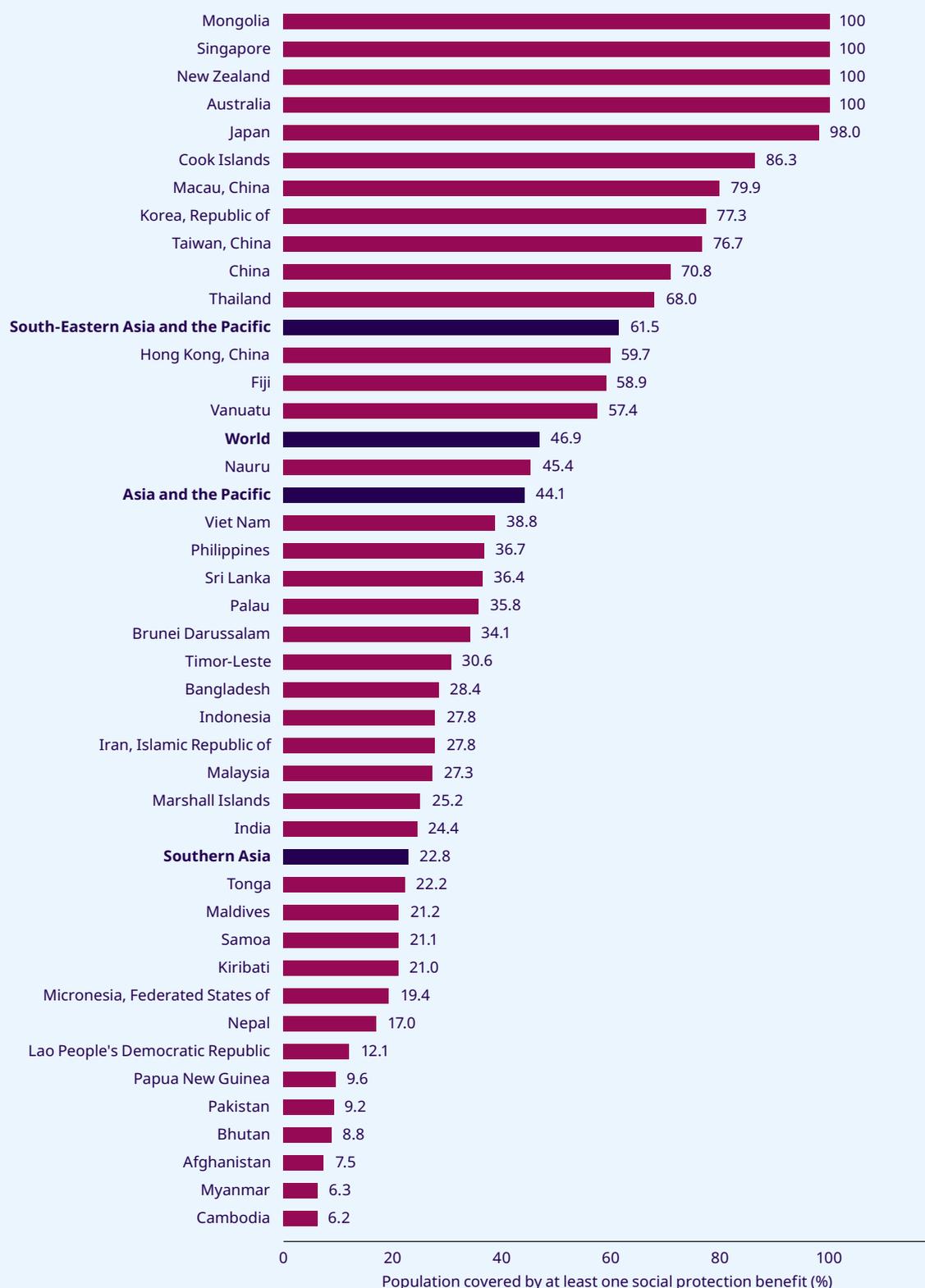


Note: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Global and regional aggregates are weighted by GDP.

Source: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

► **Figure 5. SDG indicator 1.3.1: Percentage of total population effectively covered by at least one area of social protection, latest available year**



Source: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

Despite this somewhat gloomy assessment, there are reasons for optimism too: recent years have witnessed growing regional interest in social protection, with many new programmes launched, some expanded, more branches (such as employment insurance and maternity) covered, and both contributory and non-contributory schemes extended.

Currently, 73.5 per cent of individuals above retirement age in the region enjoy access to old-age income security (see figure 13 in section 4.3 below), while 65.1 per cent have access to health protection (see figure 14 in section 4.3 below). Despite the challenges, protection for mothers with newborns is also expanding, and is now above the global average.

In general, higher coverage rates are being achieved through a combination of contributory and non-contributory schemes, as exemplified by China and India through their progressive extension of coverage by combining different tiers of social protection.

Countries are using different strategies to make progress. Many, including Cambodia, Fiji, the Philippines, Sri Lanka and Thailand, have launched or expanded non-contributory schemes (UNESCAP and ILO 2020a). Non-contributory family benefits and old-age pensions have been essential to cover those with no contributory capacity, close coverage gaps and ensure that people benefit from at least a minimum level of protection.

Some countries have extended the coverage of contributory schemes. For instance, in Thailand, social insurance coverage has increased from 17 per cent to 42 per cent of the labour force since 2001. In Viet Nam, the number of contributors has increased from 13 million workers in 2016 to 15.7 million in 2019. Nepal started its first insurance-based measures in 2019, aiming to increase the coverage of its contributory schemes.

As noted above, there are stark disparities across countries in the progress that has been made. A few countries, such as Australia, New Zealand and Singapore, have achieved universal coverage (see figure 5). In other countries, fewer than one in ten individuals has access to any social protection provision at all.

Nonetheless, there is progress in countries with varying levels of coverage. Mongolia, for example, has achieved universal coverage, while China has increased the overall coverage of its system significantly – both countries using a combination of contributory and non-contributory schemes. Sri Lanka has also made significant progress, despite starting from a low base.

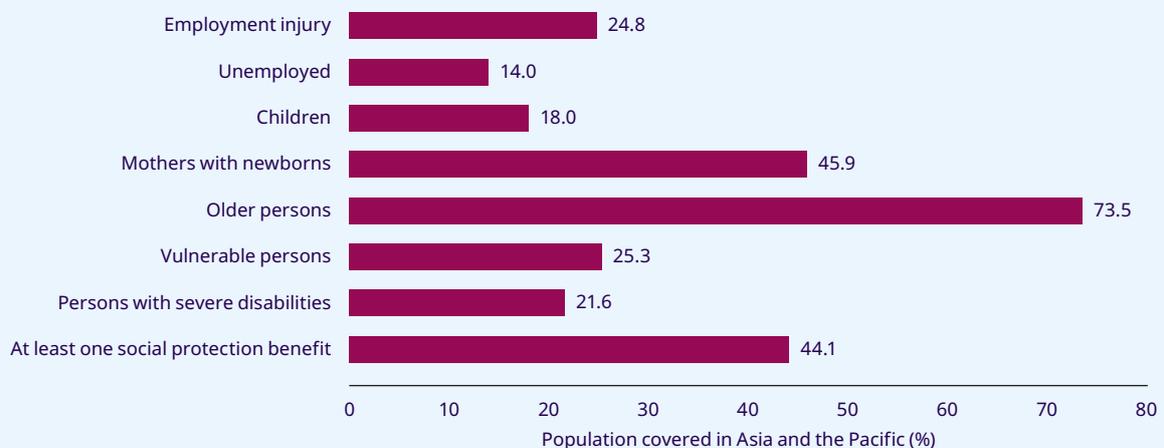
Some groups remain particularly disadvantaged in terms of social protection coverage. Migrant workers are disproportionately represented in informal employment, and are often not covered at all by social protection systems (UNESCAP and ILO 2020a). Specific efforts are needed to ensure that migrant workers, as well as other disadvantaged groups, are adequately covered and protected, leaving no one behind.

4 Strengthening social protection for all throughout the life course¹

While the gains in overall coverage rates in the region reflect progress in most branches of social protection, the developments are not equally distributed across the life cycle. Data show better performance in areas such as old-age pensions and access to social health protection, while levels of coverage remain lower in social protection for children and families, and benefits for women and men of working age (see figure 6).

The following subsections consider in turn the key areas of provision required to provide a social protection floor across the life cycle.

► **Figure 6. SDG indicator 1.3.1: Effective social protection coverage, Asia and the Pacific; estimates, by population group, 2020 or latest available year**



Note: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Global and regional aggregates are weighted by relevant population groups.

Source: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

¹ Section 3 is based largely on UNESCAP and ILO (2020a).

► 4.1 Social protection for children and families

Social protection for children and families remains limited, despite the fact that the region is home to more than two thirds of all the world's children living in poverty (UNESCAP and ILO 2020a). Closing the protection gap for children is critical to reducing poverty and child mortality, improving children's nutritional and education outcomes, and enabling all children to realize their full potential.

Figure 7 shows that only 18 per cent of children in the region are effectively covered, as against a relatively low global average of 26.4 per cent. Within the region, the Pacific Islands have by far the highest coverage (57.6 per cent), while Southern Asia and South-Eastern Asia have coverage rates of only 20.9 per cent and 22.2 per cent, respectively. Finally, in contrast to other areas of coverage, Eastern Asia underperforms in respect of children, in comparison with both the other subregions and the global and regional averages.

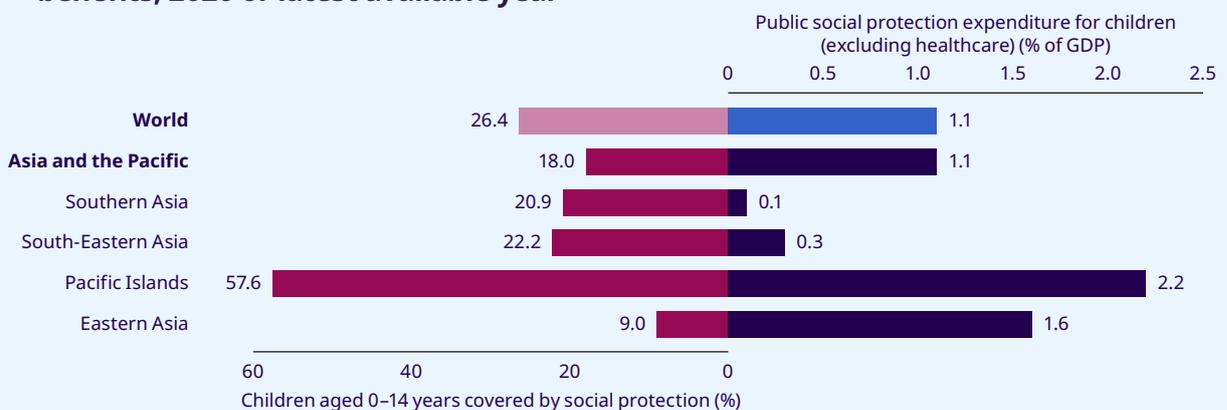
Regional expenditure levels are mostly level with or above the global average, despite the lower coverage – the exceptions being Southern Asia and South-Eastern Asia, where social protection investments in social protection for children are much lower than the regional average, suggesting low benefit levels for those covered.

► Effective coverage for children varies greatly within the region. Australia and the Cook Islands have reached universal coverage, and more than 85 per cent of children in Japan and Mongolia have access to social protection benefits. However, in most countries more than half of children remain unprotected. Countries that have opted for more inclusive programmes, such as Mongolia, demonstrate that universal and near-universal programmes are more effective in ensuring that the most vulnerable children are covered (UNESCAP and ILO 2020a).

► The budget allocations for the social protection of children also vary significantly. While some countries, such as Australia and New Zealand, invest more than double the regional average share of GDP, others, such as Myanmar, invest less than 0.1 per cent of GDP.

► While the provision of child-focused cash transfers is becoming more common, coverage and benefit levels remain insufficient in many countries, and the prevalent focus on poverty-targeted programmes is leaving many children unprotected. The lack of civil registration for 135 million children under the age of five in Asia and the Pacific creates a significant barrier to their inclusion in social protection programmes (UNESCAP and ILO 2020a).

► **Figure 7. Social protection expenditure on children (percentage of GDP) and SDG indicator 1.3.1 on effective coverage for children and families: Percentage of children aged 0–14 years receiving child and family cash benefits, 2020 or latest available year**



Note: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Global and regional estimates on coverage are weighted by relevant population group. Global and regional estimates on expenditure are weighted by GDP.

Source: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

► 4.2 Social protection for women and men of working age

4.2.1 Introduction: The quest for income security

Social protection remains a central element of ensuring income security for women and men of working age. Although progress has been made in several branches, significant gaps remain.

Coverage for women and men of working age is mostly related to work-related contingencies, such as the loss of a job, or temporary or permanent incapacity to work as a result of sickness, maternity or disability, including incapacity related to sickness or injury sustained at work. While employer liability prevails in many countries, a stronger role for social insurance allows for greater coverage and more effective provision. Non-contributory benefits still play only a limited role.

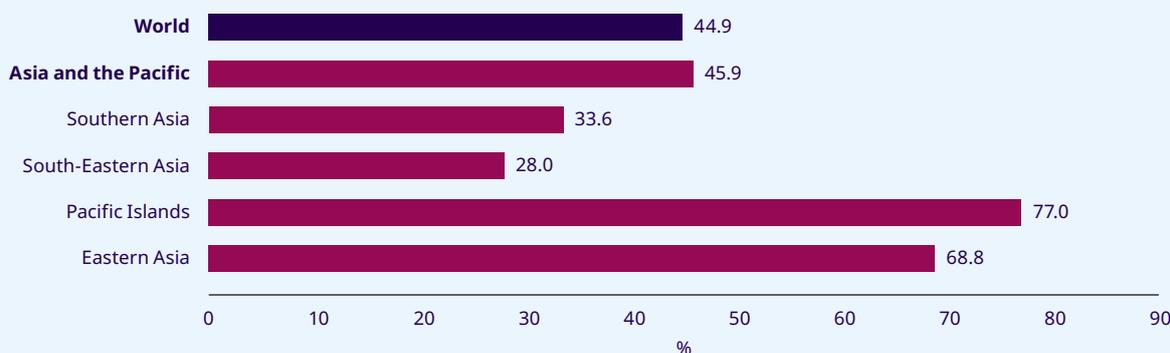
The characteristics of the labour markets in Asia and the Pacific – marked by high levels of informality in both enterprises and employment – inhibit the success of contributory schemes. However, where social security schemes are designed and operate in a way that takes these challenges into account, they can successfully extend coverage and contribute to reducing informal employment (ILO 2021a).

4.2.2 Maternity protection, and paternity and parental leave benefits

Ensuring adequate maternity and paternity protection is of critical importance in working towards gender equality. There has been progress in the coverage of maternity benefits in the region, which now stands at 45.9 per cent, slightly above the global average (see figure 8). However, most maternity benefits are limited to women in formal employment, leaving the majority of women in the region unprotected.

- Levels of maternity protection coverage vary widely between countries. Mongolia and New Zealand have achieved universal maternity protection, while Afghanistan and Myanmar cover fewer than 2 per cent of women giving birth.
- Non-contributory schemes are scarce, but essential to ensure protection to all women giving birth, particularly those in informal employment or outside the labour force.
- The continued reliance of many countries on employer liability schemes may motivate discrimination in hiring and thereby hinder women's labour market participation.

► **Figure 8. SDG indicator 1.3.1 on effective coverage for maternity protection: Percentage of women giving birth receiving maternity cash benefits, 2020 or latest available year**



Note: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Global and regional aggregates are weighted by number of mothers with newborns.

Source: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

Contributory and non-contributory schemes can address this issue and effectively contribute to labour market gender equality.

- ▶ In most countries the duration of maternity benefits is shorter than internationally prescribed norms.
- ▶ Paternity and parental cash benefits are still in the early stages of development.

4.2.3 Sickness benefits

Despite the importance of sickness benefits, especially in the context of COVID-19, only just over two fifths of the workers in the region (42.8 per cent) are legally covered for sickness benefits (see figure 9).

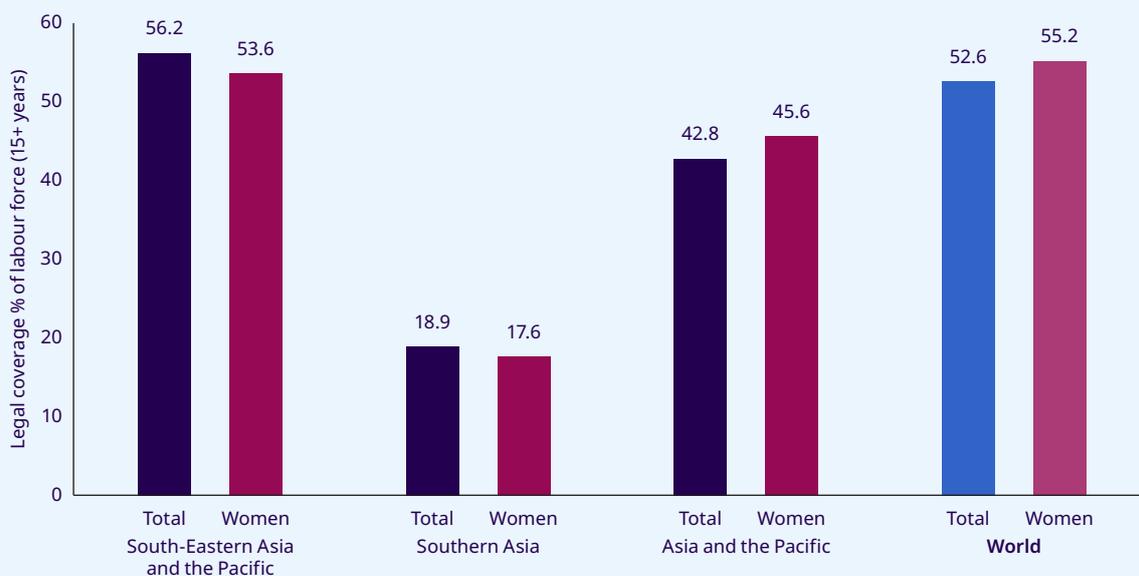
Income support in case of sickness is provided through social insurance or employer liability schemes; the latter often provide less effective coverage. A relatively small number of countries – Australia, Hong Kong (China) and New Zealand – also provide non-contributory sickness benefits (UNESCAP and ILO 2020a).

4.2.4 Employment injury protection

The large majority of workers in the region are not protected in the event of illness or injury sustained at work; only about one in four workers is covered (see figure 10). The situation is particularly problematic in Southern Asia, where only 6.7 per cent of workers enjoy any protection in case of employment injury, highlighting the massive decent work deficit in this subregion.

- ▶ Countries with lower GDP per capita tend to have low levels of work injury coverage – for example, Afghanistan, India, Nepal and Pakistan cover fewer than 5 per cent of their workers.
- ▶ Contrastingly, countries with higher GDP per capita (such as Japan, the Republic of Korea and Singapore) offer protection for most of their workers. A marked exception is Brunei Darussalam, which covers 91.2 per cent of employed persons, albeit through an employer liability scheme, which has significant implications for the effectiveness of the protection provided.

▶ **Figure 9. Legal coverage for sickness protection: Percentage of labour force aged 15+ years covered by sickness cash benefits, in Asia and the Pacific and by sex, 2020 or latest available year**

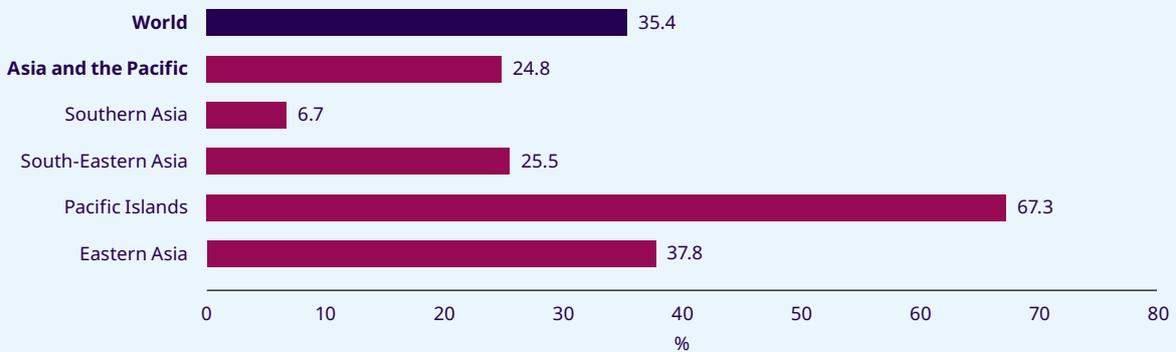


Note: Global and regional aggregates are weighted by labour force aged 15+ years.

Source: ILO, [World Social Protection Database](#) World Social Protection Database, based on the SSI; ISSA/SSA, Social Security Programs Throughout the World; ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

► **Figure 10. SDG indicator 1.3.1 on effective coverage for employment injury protection: Percentage of labour force aged 15+ years covered by cash benefits in case of employment injury (active contributors), 2020 or latest available year**



Note: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Global and regional aggregates are weighted by labour force.

Source: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

► **Figure 11. SDG indicator 1.3.1 on effective coverage for disability protection: Percentage of persons with severe disabilities receiving cash benefits, 2020 or latest available year**



Note: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Global and regional aggregates are weighted by number of persons with severe disabilities.

Source: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

4.2.5 Disability benefits

Although considerable progress has been made, still only 21.6 per cent of people with severe disabilities have access to disability benefits, with significant disparities across the region. While coverage levels in South-Eastern Asia and the Pacific are similar to the global average, and the Pacific Islands are far ahead of it, only 6.8 per cent of persons with disabilities are effectively covered in Southern Asia (see figure 11).

- Near-universal coverage is possible even for some middle- and low-income countries, such as Mongolia, Thailand and Viet Nam, which protect all or nearly all people living with severe disabilities. Australia and Macau (China) have also reached universal coverage.
- However, in most countries, coverage is very limited, leaving most people with disabilities unprotected. The Lao People's Democratic Republic covers only 0.3 per cent of this group, and Pakistan 1.7 per cent.

► Identification and registration of people living with severe disabilities remain a challenge. Procedures are often cumbersome, posing both an obstacle and a burden to this group. Even countries with more robust social protection systems, such as Indonesia and the Philippines, have difficulty in covering a significant share of these people.

4.2.6 Unemployment protection

Unemployment protection is limited to a small proportion of the region's workers, with only 14 per cent of those who are unemployed receiving unemployment support (see figure 10). Most countries that offer unemployment protection do so via contributory schemes or severance payments. Subregional disparities are stark, with less than 1 per cent of workers in Southern Asia being protected during times of unemployment, while in Eastern Asia just a quarter of unemployed workers receive support.

► While unemployment protection is more common among high-income countries, such as Australia with 52.7 per cent coverage, some middle-income countries, such as Thailand and Viet Nam, have also achieved similar levels of protection (61 per cent and 66.6 per cent,

respectively), and new schemes have recently been launched in others, such as Indonesia, Malaysia and the Philippines.

- Public employment programmes (such as the Mahatma Gandhi National Rural Employment Guarantee Programme in India) can sometimes complement contributory measures to offer a degree of protection for informal sector workers, but coverage is usually limited and workers can only rely on benefits for up to 100 days.
- Social assistance programmes, often targeted at poor or vulnerable individuals, can also provide some relief in case of loss of employment. However, benefit levels are usually too low to ensure even minimally adequate living conditions for beneficiaries. Moreover, registration and qualification for these programmes can be slow or only available at specific times, leaving many workers unprotected in the event of unemployment, with adverse economic consequences.
- The COVID-19 crisis has highlighted the need for well-designed unemployment protection schemes adapted to national labour market characteristics, and preferably with strong linkages to active labour market policies. The experience and impacts resulting from the pandemic provide an opportunity to expand and strengthen unemployment protection in the region.

► **Figure 12. SDG indicator 1.3.1 on effective coverage for unemployment protection: Percentage of unemployed persons receiving cash benefits, 2020 or latest available year**

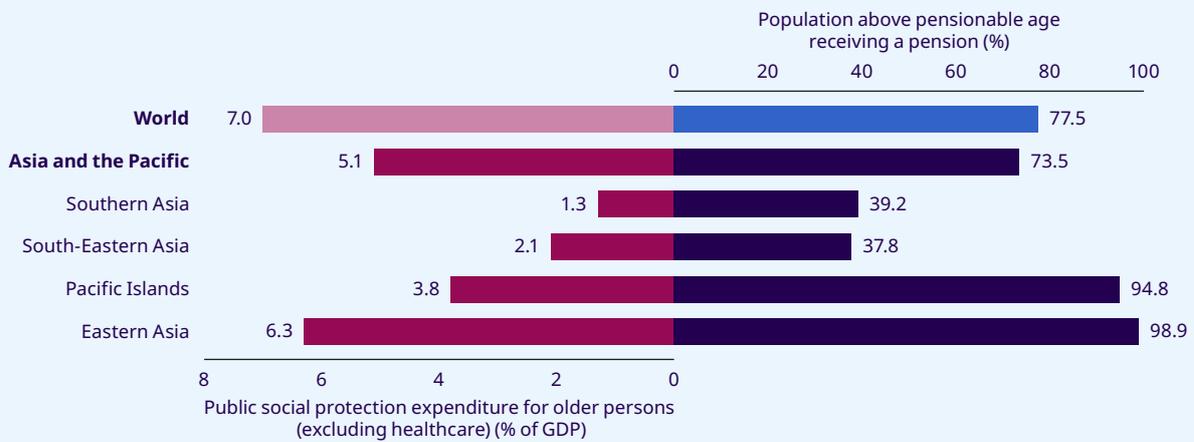


Note: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Global and regional aggregates are weighted by number of unemployed.

Source: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

► **Figure 13. Public social protection expenditure on older persons (percentage of GDP) and SDG indicator 1.3.1 on effective coverage for old-age protection: Percentage of persons above statutory retirement age receiving an old-age pension, in Asia and the Pacific, 2020 or latest available year**



Note: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Global and regional aggregates are weighted by number of persons above statutory pensionable age. Global and regional estimates on expenditure are weighted by GDP.

Source: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

► 4.3 Social protection for older women and men: Pensions and other non-health benefits

Access to old-age pensions is the most prevalent form of social protection in the region. The majority of women and men (73.5 per cent) have access to pensions or other provisions for old age, not far behind the global average. However, expenditure levels on such provision lag somewhat behind the global average.

Consequently, benefit levels in most countries are inadequate, in both contributory and non-contributory schemes. For pension systems to become an effective instrument in reducing old-age poverty, it will be essential that countries tackle adequacy issues.

In addition, there is significant disparity between coverage in South-Eastern Asia and Southern Asia (37.8 per cent and 39.2 per cent respectively) and the Pacific Islands and Eastern Asia (94.8 per cent and 98.9 per cent, respectively), the latter two being very close to universal coverage (see figure 13). The difference between the two subregions is rooted in budgetary allocations for old-age benefits. While countries in South-Eastern and Southern Asia allocate an average of 2.1 per cent and 1.3 per cent of GDP to the social protection of older people, the Pacific Islands and Eastern Asia allocate on average 3.8 per cent and 6.3 per cent, respectively. This goes

a long way towards explaining why, particularly in Southern Asia, benefit levels are low.

- Progress varies across countries. Several have achieved universal coverage, including a number of developing countries such as China, the Cook Islands, the Maldives, Micronesia, Mongolia, Palau and Timor-Leste. Others, such as India, Papua New Guinea, Sri Lanka and Tonga, have made great strides towards extending social protection to all older people.
- Some countries need to do more to close the coverage gap for older people. Countries such as Cambodia, the Lao People's Democratic Republic and Pakistan offer protection to less than 10 per cent of their population, and countries relying on poverty-targeted schemes are leaving most of their elderly unprotected.
- Despite the prevalence of informality in the region's labour force, the share of contributors to pension systems stands in line with the global average. The progress made by China and India accounts for much of the positive regional trend. However, the situation in Southern Asia demonstrates that there is a long way to go in extending contributory schemes to substantial numbers of workers.

► 4.4 Towards universal health coverage

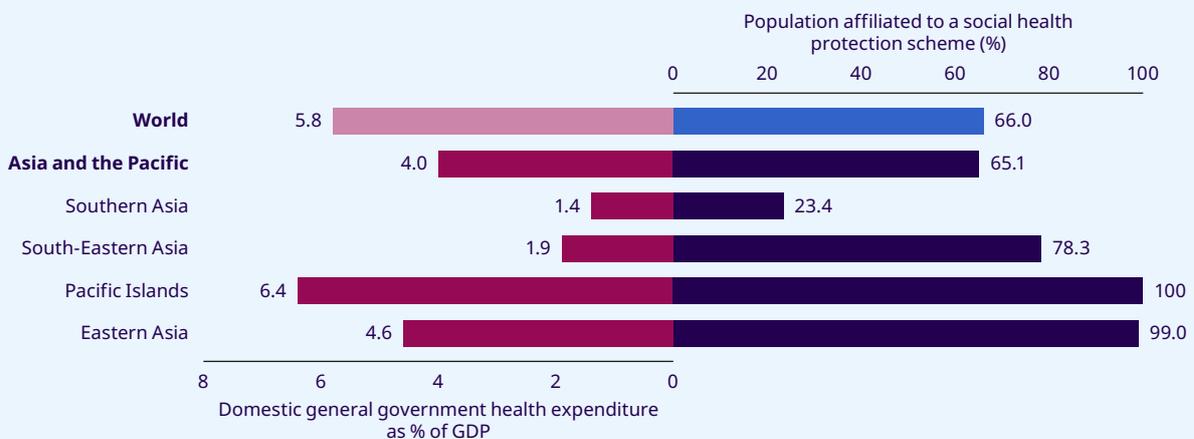
Access to adequate healthcare is a human right and an essential element of well-being. The region is progressing towards universal health coverage, with a regional coverage rate (65.1 per cent) that is similar to the global average (66.0 per cent). This has been achieved using a variety of approaches, with many countries instituting universal health insurance schemes while others have opted for direct healthcare provision. However, intraregional inequalities remain, with Southern Asia's coverage ratio of 23.4 per cent standing at less than one third that of South-Eastern Asia (78.3 per cent), while Eastern Asia and the Pacific Islands are at, or very close to, universal coverage, as shown in figure 14. The lower coverage in Southern Asia reflects the very low expenditure level (1.4 per cent of GDP). South-Eastern Asia also has very low levels of expenditure (1.9 per cent) compared with the regional average (4 per cent).

- Several countries have achieved universal or near-universal health coverage, irrespective of their income levels. Examples include high-income countries such as Australia, Japan and Singapore, but also countries with lower incomes, such as Mongolia and Sri Lanka.
- Countries ensuring the inclusiveness of social health insurance by subsidizing the

contributions of vulnerable workers and their families, such as China, Viet Nam and Indonesia, have also made remarkable progress in coverage in recent years.

- Nevertheless, health expenditure in the region is significantly lower than the global average, indicating that services may be limited, and that funding gaps remain. The latter is indicated by the high level of out-of-pocket spending on healthcare, which represents the largest share of health expenditure in many countries, such as Bangladesh, Cambodia and Myanmar (UNESCAP and ILO 2020a).
- The COVID-19 pandemic pushed countries into making rapid increases in the level of investment in healthcare provision for residents. Much of this investment was directed to meeting the immediate needs arising from the crisis (testing and treatment), but some of it was directed to strengthening national healthcare infrastructures. The pandemic has highlighted the need for robust healthcare systems, and lessons learned from the response need to be applied further to improve coverage of and access to health services in the future – ensuring better preparedness for the next health crisis.

► **Figure 14. Health expenditure (percentage of GDP) and effective coverage for health protection: Percentage of the population covered by a social health scheme (protected persons) in Asia and the Pacific, 2020 or latest available year**



Note: Global and regional estimates on coverage are weighted by population. Global and regional estimates on expenditure are weighted by GDP.

Source: Based on data from ILO Social Security Inquiry and OECD Health Statistics 2020; national administrative data published in official reports; information from regular national surveys of target populations on awareness on rights.

Link: <https://wspr.social-protection.org>.

5 Social protection in crisis and recovery: The regional COVID-19 response and the trajectory towards recovery¹

The region was one of the first to be hit by the COVID-19 crisis and one of the quickest to respond. Growth fell in 2020, for the first time in decades, to 7 percentage points lower than in 2019, resulting in a contraction of GDP by 2.2 per cent in 2020 (ILO 2020). ILO estimates point to a jobs gap of 73 million at the regional level in 2020 in comparison with the no-pandemic scenario, a particularly high proportion of which (47 million) occurred in Southern Asia. The lost working hours and jobs resulted in an estimated decline in labour income in 2020 of 6.6 per cent at the regional level, with Southern Asia once again heading the list with losses of 13.4 per cent (ILO 2021a).

This crisis exposed once again the fragilities characteristic of the region. Many countries remain extremely vulnerable to shocks and crises, in part owing to the lack of comprehensive social protection systems. The World Bank estimated that, in 2020, the COVID-19 pandemic would push between 119 million and 124 million people worldwide into poverty (measured as individuals living on less than US\$1.9 a day), more than half of whom are living in South Asia (Lakner et al. 2021).

Inequality has been another key feature of the crisis. This includes both inequalities among countries and inequality within countries, leaving certain groups particularly vulnerable. Some groups experienced particularly severe impacts: these included women, who suffered disproportionately in terms of both working hours and employment losses, first, because they were over-represented in the sectors most affected by the crisis; and second, because they were more likely than men to leave the labour force. Young people and migrant workers were the other groups most severely affected by the crisis (ILO 2021). Furthermore, the inflow of remittances

dropped significantly, strongly affecting vulnerable households depending on income from family members working in other countries.

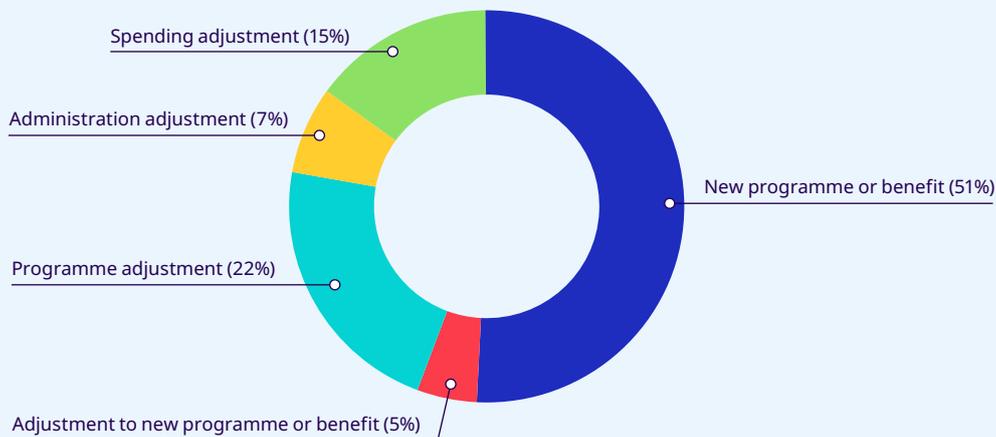
While high-income countries in the region were able to put in place significant expansionary fiscal policies, the capacity of developing countries to respond in this way was much more limited – not only because of challenges related to their fiscal capacity, but in many cases also because of the weakness of their social protection systems. Countries with more advanced social protection systems were much quicker and more effective in reacting, given the automatic stabilizer effect of existing mechanisms such as unemployment insurance or sickness benefits and/or non-contributory programmes.

Malaysia and Thailand saw spikes in unemployment claims at the onset of the crisis, while China and Viet Nam relaxed some conditions for access to benefits and adapted provisions to facilitate support for workers in need. In Southern Asia, remedies providing income support for unemployed workers were rather limited, relying mainly on non-contributory programmes owing to high levels of informality and the absence of unemployment insurance schemes. Strengthening sickness provisions was also an important measure to secure the income of those not able to work because of COVID-19 infection. Several countries also deferred, reduced or subsidized contributions to social security schemes to ease the financial burden on businesses and workers during the economic downturn resulting from the pandemic.

Overall, 73.9 per cent of all social protection response measures were of a non-contributory nature, either building on existing schemes or introducing new provisions. Responses included

¹ This section is based on UNESCAP and ILO (2020b).

► **Figure 15. Distribution of measures introduced in response to the COVID-19 pandemic in Asia and the Pacific, by type of adjustment**



Note: See Annex 2 of the [World Social Protection Report](#) for methodological explanation.

ILO, [Social Protection Monitor: Social Protection Responses to the COVID-19 Crisis around the World, 2021](#).

Link: <https://wspr.social-protection.org>.

increases in benefit levels to address the economic hardships caused by the pandemic, extension of coverage of existing programmes, introduction of temporary schemes and distribution of in-kind benefits such as food, vouchers and subsidies (see figure 15). For example, Indonesia both provided a top-up for existing beneficiaries and expanded the coverage of its cash transfer schemes, taking advantage of existing social registries. Mongolia increased child benefits by 500 per cent for six months in 2020, providing additional support for about 1.1 million children. In Pakistan, the Government quickly allocated funds for a cash transfer programme, primarily aimed at supporting laid-off workers and informal workers who had lost their incomes because of COVID-19.

Even countries with significant coverage gaps in their systems made unprecedented efforts to close those gaps. One example is Cambodia, which for the first time introduced a large-scale non-contributory social protection programme, making use of its “ID-poor” household targeting system. Sri Lanka has provided a top-up to its older people and those receiving disability allowances, including those on the waiting list, while India has also provided additional benefits for beneficiaries of schemes under the National Social Assistance programme.

To ensure access to affordable healthcare, many countries directed significant resources into the health sector in response to COVID-19.

Measures were also taken to increase coverage and reduce barriers to accessing healthcare. For instance, India instituted the reimbursement of COVID-19 test costs for members of its social insurance scheme, while Thailand extended financial protection for health expenses to both nationals and foreign residents, and Indonesia provided free medical treatment for all.

At the time of writing, the ILO Social Protection Monitor listed 372 social protection measures across 40 countries/territories in the region (ILO 2021b).

Reflecting the situation existing in the region before the pandemic, responses were in most cases effective in reaching those in formal jobs and covered by contributory schemes, in some cases in combination with social assistance mechanisms. Once again, those who were left behind were mostly people who were neither affiliated to social insurance nor poor enough to qualify for means-tested social assistance.

The fact that coverage gaps became more visible during the COVID-19 crisis triggered debates on the challenges faced by those working in the

informal economy. In recognition of this deficiency in provision, some countries created ad hoc mechanisms. For instance, Thailand introduced a temporary scheme to provide informal sector workers with monthly benefits of 5,000 baht (US\$ 150) for three months – enrolling 16 million individuals – while Sri Lanka and Uttar Pradesh province in India introduced short-term schemes to support daily wage workers and vulnerable workers (ILO 2020).

In the aftermath of the crisis, it is essential that governments review the measures introduced, and ensure that the short-term benefits provided

are balanced with the long-term effectiveness of social protection systems. This includes ensuring that countries that relaxed contributory obligations maintain the actuarial balance of their social security funds.

If the region wants to move ahead and build back better, this is the time to rethink its development model. There is a broad consensus that the socio-economic fallout of the pandemic would have been much worse without social protection, and nobody would deny that the recovery can be much faster and more sustainable with stronger investment in social protection.

6 Regional priorities and policy options for further progress

As in past crises, the key lesson for the region as it emerges from the pandemic is that economic growth without adequate investment in social protection generates unsustainable gains, mostly concentrated in a limited proportion of the population, leaving others extremely vulnerable to shocks. The current crisis has once more exposed the costs of having so large a percentage of the population uncovered, particularly those working in the informal economy.

Once again the region stands at a crossroads. Assessments of the situation before the COVID-19 pandemic struck showed worrying coverage gaps and challenges in terms of both adequacy of benefits and system sustainability, particularly related to rapidly ageing societies. Low public expenditure and challenges in expanding contributory coverage in a labour market dominated by vulnerable, including non-standard, forms of work require substantial reforms.

The COVID-19 crisis has made clear that, for most countries in the region, an urgent paradigm shift is required. The need for social protection has never been so evident. From top-level decision-makers to the average citizen, the importance of income security and access to adequate health services has never been so clear or so widely accepted.

It is time for countries in this region to make their choice between different development paths. One is the “high-road” approach, with a significant new role for social protection, setting out to be more inclusive and leaving no one behind, while supporting greater growth, driven by domestic demand, and contributing to further development of human capabilities. The other option is to focus on fiscal consolidation and pursue a “low-road” approach that keeps countries trapped in a “low cost – low human development” growth pattern.

Considering the nature of the reforms required, social dialogue needs to be at the core of the process, with strong participation by social partners ensuring the involvement of both those contributing to and those benefiting from the system. Meaningful and effective participation by workers, employers and other stakeholders not

only helps ensure that social protection policies respond to people’s needs; it is also key to building trust, public support and a sense of ownership, thereby facilitating the implementation of policies. The remainder of this section sets out some ideas with the common aim of promoting a more central role for social protection in national social and economic development models.

Up to now, social protection has been, for many countries, a residual element of public policy, mostly limited to supporting the most vulnerable, rather than a developmental tool to enhance both economic development and resilience. Only if it is recognized as an integral part of a renewed socio-economic model can social protection achieve the policy and fiscal space it needs to have a transformational impact in societies.

Equally, by occupying a more central space in public policy, enhanced social protection can support the social contract and generate public trust in the State, with a positive impact on social cohesion. The provision of more inclusive and adequate social protection can also contribute to building human capabilities and enhance productivity, thereby generating conditions for the generation of increased government resources, through both taxation and social security contributions, and thereby enlarging the fiscal space for redistribution.

Without this positive transformation and an overall increase in the fiscal resources allocated to social protection, the objective of universal social protection will remain a mirage for most of the countries in the region. Today’s transformations require new adaptations of social protection systems, to ensure that they can continue to play their protective role for workers already covered and expand to cover additional workers, while facilitating the transformation of economies and societies and creating a bridge towards a future that works for all.

High levels of informality and the prevalence of new forms of non-standard employment require a context-specific mix of traditional and novel approaches to ensure that all workers have access to social protection.

Hybrid solutions that integrate different social protection pillars and different funding sources (social insurance contributions and taxes) are required to overcome fragmentation and a lack of coordination. Indeed, some of the positive examples of extension that have been seen in the region are based on such a mix of funding sources: examples include pensions in China, Japan and Mongolia and social health protection in Indonesia, the Philippines and Viet Nam.

Integration between different areas of public policy and administration is required to promote formalization. The dominance of the informal economy has a major impact on countries' capacity to protect workers adequately, in terms of both registration for social insurance and government capacity to collect taxes. Linking different policy areas, and strengthening synergies between them, can generate multiple positive spin-offs. For example, linking social security institutions with tax authorities would have the potential to generate new ways to extend coverage. At the same time, linking training and skills-upgrading programmes with social protection can help develop the productivity of workers and enhance their employability.

Enterprise formalization is another important step towards extension of contributory coverage. The costs of formalization can represent, particularly for micro and small enterprises, a disincentive to move towards formal arrangements. A successful strategy for formalization should take into account these considerations, and develop a full package of incentives as part of a comprehensive strategy that could include support to increase productivity, access to credit and simplified tax and contributions assessments, as well as access to social security coverage, potentially facilitated by digital technologies.

Notwithstanding all the challenges facing Asia and the Pacific, and the still striking coverage gaps observed in many countries, recent progress creates hope that the region is moving in the right direction. The responses implemented by many countries to deal with the impact of COVID-19 were an additional sign that times are changing. Decisions taken in the near future will influence whether, as in other areas, Asia and the Pacific will become a good practice reference in the extension of social protection or remain a laggard.

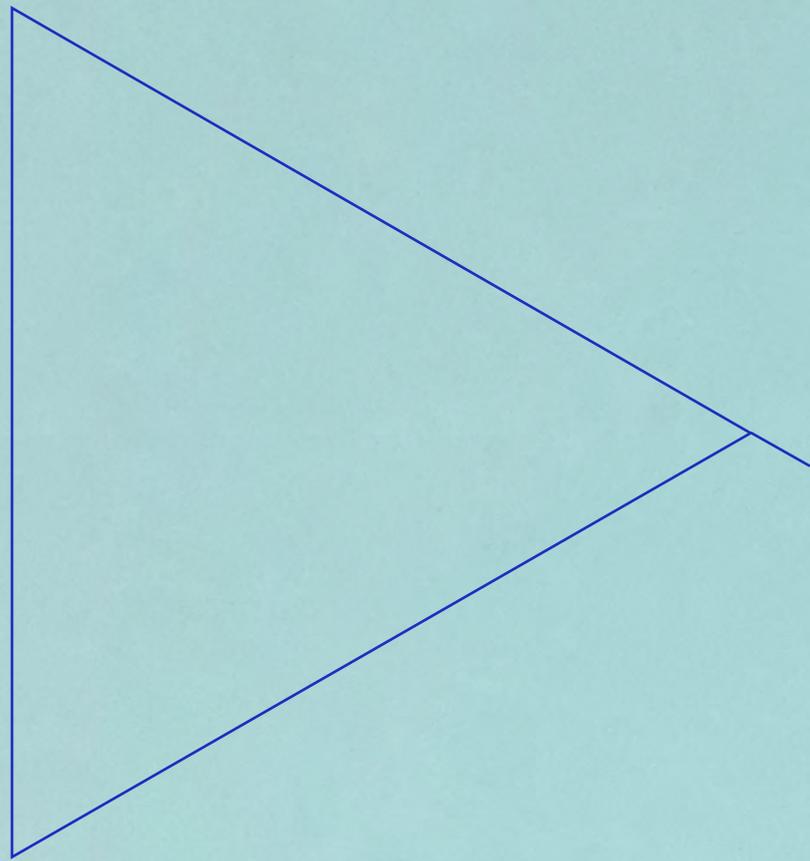
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Advancing social justice, promoting decent work

The International Labour Organization is the United Nations agency for the world of work. We bring together governments, employers and workers to drive a human-centred approach to the future of work through employment creation, rights at work, social protection and social dialogue.

This regional companion report is intended to complement the ILO's *World Social Protection Report 2020–22*. It includes a section summarizing the status of social protection worldwide, followed by a section highlighting key social protection developments, challenges and priorities for this region from a life-cycle perspective.



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