

BALI DECLARATION POLICY BRIEF NO. 5 | 2018 UPDATE

EXTENDING SOCIAL PROTECTION

BALI DECLARATION PRIORITY:

Extending social protection, including by establishing sustainable social security systems and by establishing, maintaining and upgrading social protection floors comprising basic social security guarantees based on the Social Protection Floors Recommendation, 2012 (No. 202).

Despite a high rate of vulnerable employment and an ageing population in many countries across the region, in 2015 only 38.9 per cent of the total population in Asia and the Pacific were covered by at least one social protection cash benefit—lower than the global average of 45.2 per cent.

Social protection is not only a human right and an essential element of social justice, but also a development tool. It helps to redistribute growth, lifts people out of poverty, sustains consumption and demand, reduces income inequalities and is an investment in productive capacity of the population. The key role played by social protection systems in creating enabling environment for achieving developmental objectives is highlighted in Sustainable Development Goal (SDG) 1, target 1.3 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”. The Social Protection Floors Recommendation (No. 202), adopted by the International Labour Conference in 2012, acts as a mechanism to support countries in the extension of social protection coverage and will serve as a key instrument in achieving this SDG target.

The Bali Declaration was adopted at the 16th Asia and Pacific Regional Meeting of the ILO on 9 December 2016. The Declaration serves as a call to action for governments, workers’ and employers’ organizations in the region to do more to promote inclusive growth, social justice and decent work. This series of Policy Briefs aim to focus attention on the priorities for policies and actions at national level and by the ILO as defined in the Declaration.



Universal social protection is a human right and a State responsibility. As countries begin this pursuit of the Sustainable Development Goals, there is increased recognition that social protection is fundamental in reducing poverty and inequality, in improving human capital and productivity and in supporting growth and jobs.

– Guy Ryder, ILO Director-General

DEFINING THE CHALLENGE

Despite rapid economic growth and reduced overall poverty in Asia and the Pacific, levels of public social spending remain relatively low in the region as a whole while rates of vulnerable employment remain high. This adversely affects the levels of social protection coverage and benefits, thereby posing significant challenges to achieving sustainable economic growth and overcoming inequalities.

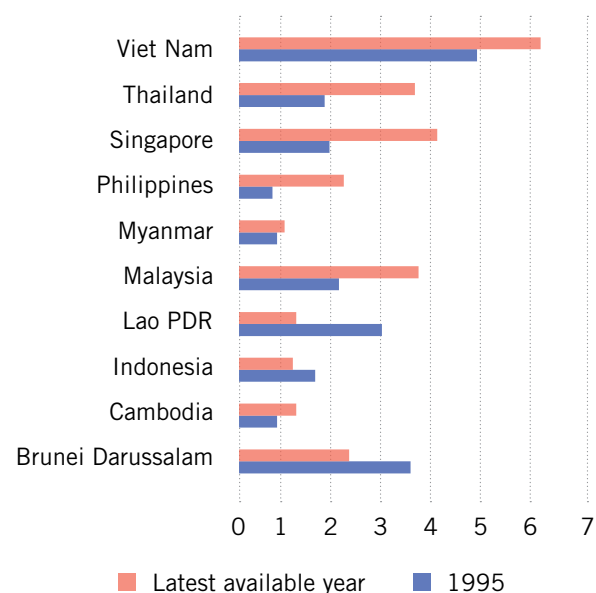
The state of social protection in the region is diverse. A number of countries in the region remain in the early stages of building their social protection systems, whereas some developed countries already have comprehensive systems in place. Among the ASEAN countries, five have statutory schemes covering at least six social protection areas while several are still in the process of developing their social protection systems.

The ILO *World Social Protection Report 2017-2019* (ILO, 2017a) shows that Southern Asia and South-Eastern Asia are among the regions with the lowest levels of public social protection expenditure in the world—just 2.7 and 1.4 per cent of GDP (excluding health), respectively. Higher income countries in Asia and the Pacific show a higher capacity to invest in social security and welfare in comparison to developing countries, although social protection expenditures are increasing in recent years in almost all countries in the region. In China, for example, the share of GDP spent on social protection doubled from 3.2 to 6.3 per cent over the period 1995 to 2015. Social protection expenditure in Thailand grew threefold between 2000 and 2015 from below 1 per cent of GDP to 3.7 per cent.

Changing demographics and ageing population are major trends shaping the world of work in Asia, as elsewhere, and will have important implications for social protection (ILO, 2017b). Efforts by governments in the region have brought positive results in the area of old-age pensions: 55.2 per cent of older persons in the region now receive a pension, and in China, Japan, Maldives, Mongolia, New Zealand and Timor-Leste, coverage is now universal. Nonetheless, coverage gaps persist in the region. Effective coverage for older persons in Eastern Asia, South-Eastern Asia and Southern Asia remains low with only 34.1, 20.4 and 13.7 per cent of the labour force, respectively, being active contributors to old-age pension schemes, according to the most recent available data (ILO, 2018). This comparatively low coverage in global comparison puts older populations and their families at risk of poverty.

In terms of effective coverage for unemployed persons, although the regional average of 22.5 per cent of unemployed persons receiving unemployment cash benefits slightly exceeds the global average (21.8 per cent), additional efforts to increase coverage will be crucial to ensuring income security and providing safeguards to the regional labour force. Likewise, significant challenges remain in extending social protection to workers in the informal economy as a way of formalizing and improving their working conditions. The presence of a large informal economy—representing 54 per cent of the workforce in South-Eastern Asia and up to 74 per cent in South Asia—compounds the problem of low coverage.

PUBLIC SOCIAL PROTECTION EXPENDITURE IN ASEAN COUNTRIES, 1995 AND 2015 (PERCENTAGE OF GDP)



Source: ILO (2017a) and accompanying database available at www.social-protection.org.

AREAS OF ACTION AND LESSONS LEARNED

Overcoming the prevailing social protection deficits in the region requires a clear and ambitious vision. This vision must focus on the development of comprehensive social protection systems which are inclusive of social protection floors for all and based on a rights-based approach. Comprehensiveness includes the extension of personal coverage while widening the range of benefits. This vision should follow a universal but progressive approach, and must be accepted by societies – an outcome best achieved through social dialogue. In moving forward, the region can learn from worldwide social protection reform experiences within the framework of South-South collaboration as a platform for exchange.

Political will and government commitment is key

Setting and extending coverage of social protection floors depend crucially upon political will and the level of government commitment, as can be seen in recent examples from the region. For example, with a strong political push, China saw the number of people covered by the health insurance system between 2003 and 2013 increase by ten times to near universal 96.9 per cent of the population. Numerous other countries in the region are increasingly turning their attention to social protection.

In November 2018, Nepal launched its contribution-based social security scheme, including medical, health and maternity benefits, accidental and disability benefits, benefits for dependent family members, and old-age benefits. The contribution-based social security scheme is funded through the contributions made by the workers and the employers. The ILO has been continuously providing technical assistance to the Government of Nepal, and its social partners. The newly launched Social Security Scheme is an outcome of the combined efforts of the ILO constituents, and can be considered as a historical step for Nepal.

In October 2013, ASEAN Heads of State adopted a Declaration on Strengthening Social Protection, pledging for the completion of social protection floors as a priority to achieve growth with equity. The Regional Framework for Strengthening Social Protection and its Plan of Action, adopted by the ASEAN Heads of State in November 2015, includes among its priorities the extension of social security coverage to informal economy workers, self-employed and micro, small and medium enterprises' workers. Positive results and innovative practices are highlighted in ILO (2014). Numerous activities have taken place in 2018 as ILO support to the ASEAN Declaration, including a workshop on social security portability agreements and on the extension of social protection to workers in the informal economy.

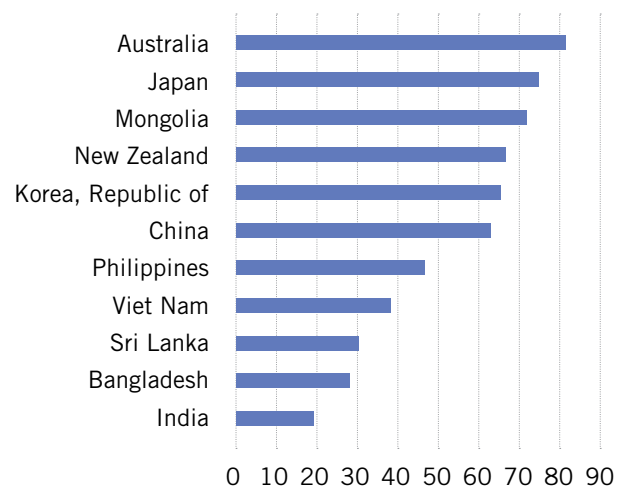
Need for comprehensive social protection

A comprehensive social protection programme can go a long way in boosting domestic demand, supporting structural transformation of national economies, promoting decent work and fostering inclusive and sustainable growth. The Mongolian social protection system serves as a good example with its five components: (a) Universal social health insurance scheme; (b) Compulsory and voluntary social insurance securing compensation and benefits in case of maternity, sickness, unemployment (only compulsory scheme), employment injury, old-age, disability and survivorship; (c) Social assistance/welfare programmes financed from general tax revenues; (d) Child Money Programme and other rights-based social protection allowances; and (e) active labour market policies, employment programmes and local development programmes (financed from State's budget). Despite the increased attention to comprehensive coverage in the region, to date only Japan has ratified the Social Security (Minimum Standards) Convention, 1952 (No. 102), which sets the minimum standards for all nine branches of social security.

Universal coverage can have far-reaching positive implications

While universal coverage does inevitably mean increased government expenditures, it can contribute significantly to reducing poverty among vulnerable groups, enhancing the purchasing power of households, improving productivity of workers, acting as a social stabilizer in fragile or post-conflict situations, and creating employment in the health and care sector and beyond. In Thailand, poverty among the elderly fell significantly following the universalization of the old-age pension scheme that added over 5.5 million new beneficiaries between 2009 and 2013.

PERCENTAGE OF THE TOTAL POPULATION COVERED BY AT LEAST ONE SOCIAL PROTECTION BENEFIT (SDG INDICATOR 1.3.1), 2015



Source: ILO (2017a) and accompanying database available at www.social-protection.org.

WHERE DO WE GO FROM HERE?

The ILO will continue to actively promote policies and provide technical assistance to countries in the region to help extend adequate levels of social protection to all members of society and to collaborate with regional bodies to that end. Specifically, the ILO will continue to work with constituents to:

- **Promote social protection as a key pillar of socio-economic development** using applied research and policy development;
- **Create, enhance, and develop constituents' capacity at country level** to design, implement, and supervise social protection and social security schemes;
- **Facilitate national dialogues on social protection systems, including floors**, in order to ensure greater public ownership of the schemes; and
- **Provide guidance on monitoring** to help countries assess their progress in moving towards enhanced protection.

Projects and events:

- **ILO Flagship Programme on Social Protection Floors for All:** Launched in 2016, the ILO's global Flagship Programme aims to change 130 million lives by 2020 through establishing comprehensive social protection systems in 21 countries and conducting a global knowledge development and education campaign. The focus countries in the region include Cambodia, India, Indonesia, Lao People's Democratic Republic, Myanmar, Pakistan, Timor-Leste, and Viet Nam.
- **Extending Social Security Coverage in ASEAN (ESSA) (April 2016 – March 2019):** Building on the achievements of the past two phases of ILO/Japan Project on Promoting and Building Social Protection in Asia, and in partnership with ASEAN member states, a third phase of the project is currently underway. It aims specifically at fostering knowledge, capacity and expertise, and facilitating South-South cooperation across member states, for extending social insurance coverage in ASEAN.
- **Supporting the extension of Social Health Protection in South East Asia (November 2017 – April 2021):** Initiated in partnership with Luxembourg Development Cooperation, this ILO project aims at increasing health protection in three target countries of South-East Asia – Lao PDR, Myanmar and Viet Nam – building national strategies towards Universal Health Care.
- **Supporting the Implementation of Sustainable Social Protection Floors for Workers and Their Families in ASEAN (April 2018 – December 2020).** Building upon its successful first phase, a second phase of this project is currently underway, aiming at strengthening regional exchanges on best practices. The programme has provided financial and technical support for ASEAN countries to assist their efforts in building better social protection systems.
- In March 2017, a national high-level workshop on the **Extension of Social Security Coverage in Vietnam** took place. The objective of the workshop was to facilitate national dialogue and to provide an overview of policy gaps and shortcomings of the social security system in Viet Nam, including social insurance and social assistance provisions.
- **ILO-ASEAN tripartite meeting:** In November 2018, ILO constituents from ASEAN member States met to discuss the theme of extending social security coverage to workers in informal employment. The meeting is also expected to validate the undertaking of a joint ILO-ASEAN report on the topic with expected publication date in March 2019.



While many countries have come a long way in strengthening their social protection systems, major efforts are still necessary to ensure that the right to social protection becomes a reality for all.

– Guy Ryder, ILO Director-General

Useful references:

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