Bouncing back from COVID-19: social protection interventions as medium- and long-term responses to the pandemic

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Purpose and context

The critical role of social protection is widely recognised across Southeast Asia, underscored by regional and national commitments to strengthen social protection systems. The economic and social effects of the coronavirus disease (COVID-19) in Southeast Asia will fall heavily on the most marginalised – including the urban poor, rural inhabitants, people with disabilities, indigenous people, migrant workers, and the region's 218 million informal economy workers (who are estimated to represent between 51 and 90 percent of national non-agricultural workforces).[1] A number of recent international commitments have emphasized the role of social protection in strengthening household resilience and reducing vulnerability, particularly in the face of shocks. These include the Declaration of the Special ASEAN Summit on COVID-19[2] and the Joint Statement of the Special ASEAN Ministerial Meeting on Social Welfare and Development on Mitigating Impacts of COVID-19 on Vulnerable Groups in ASEAN.[3]

This background note sheds light on *how* **to operationalise national and international commitments to invest in people through strengthened social protection systems.** The note was prepared for the 11th Policy Actions for COVID-19 Economic Recovery (PACER) Dialogue, held on 26 August 2020. It provides a framework which canvasses the range of social protection measures available to countries in Southeast Asia based on global and regional best practices and lessons on how governments could "bounce back better" from the COVID-19 pandemic.

Looking back: social protection measures adopted in response to COVID-19

The arrival of COVID-19 presented governments around the world with a unique set of challenges. The pandemic is a covariate shock unlike anything that has previously been experienced in recent decades: the speed of impact has been extremely swift; there have been rapid declines in both supply *and* demand, affecting extremely high percentages of countries' populations; and it has created significant disruptions in service delivery systems through mechanisms to reduce both physical contact and contagion. The dimensions of the impacts of the pandemic include health (e.g. increased mortality and morbidity), economic (e.g. job/livelihood loss or reduced earnings, and some supply shortages), and social (e.g. negative coping mechanisms, disruptions to services such as immunisation, education, and other healthcare).

Social protection measures have been widely adopted by governments to help address these impacts. As of July 2020, a total of 200 countries/territories have planned or put in place over 1,000 social protection measures in response to COVID-19.[4] Social protection responses by governments have included social assistance (non-contributory measures such as cash transfers), social insurance (such as unemployment benefits or paid sick leave) and labour market programs (including wage subsidies). Most, but not all, countries in Southeast Asia and the People's Republic of China have introduced social protection measures across each of these three categories, as shown in Table 1.

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[1] United Nations. 2020. *Policy brief: the impact of COVID-19 on South East Asia*. July 2020. New York.
[2] ASEAN. 2020. *Declaration of the Special ASEAN Summit on COVID-19*.
[3] ASEAN. 2020. *Joint Statement of the Special ASEAN Ministerial Meeting on Social Welfare and Development on Mitigating Impacts of COVID-19 on Vulnerable Groups in ASEAN*. 11 June 2020.
[4] Gentilini et al. 2020. *Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures*. "Living paper" version 12 (July 10, 2020). World Bank, Washington DC, USA.

Table 1: Social protection responses to COVID-19 in Southeast Asia

Country	Social assistance	Social insurance	Labour market
Brunei Darussalam	✖	✓	✖
Cambodia	✓	✓	✓
Indonesia	✓	✓	✓
Lao People's Democratic Republic	✓	✖	✖
Malaysia	✓	✓	✓
Myanmar	✓	✓	✖
Philippines	✓	✓	✓
People's Republic of China	✓	✓	✓
Singapore	✓	✖	✓
Thailand	✓	✓	✓
Timor-Leste	✓	✖	✓
Viet Nam	✓	✓	✖

Source: Based on data in Gentilini et al, 2020.

The majority of social protection responses by governments have consisted of (non-contributory) social assistance measures, particularly distribution of cash or in-kind transfers.[5] Social assistance alone is estimated to represent around 60 percent of global social protection responses, and 57 percent in the East Asia and Pacific (EAP) region. The use of social protection measures in EAP is on par with global averages, although there is significant variation across other regions, as shown by Figure 1.

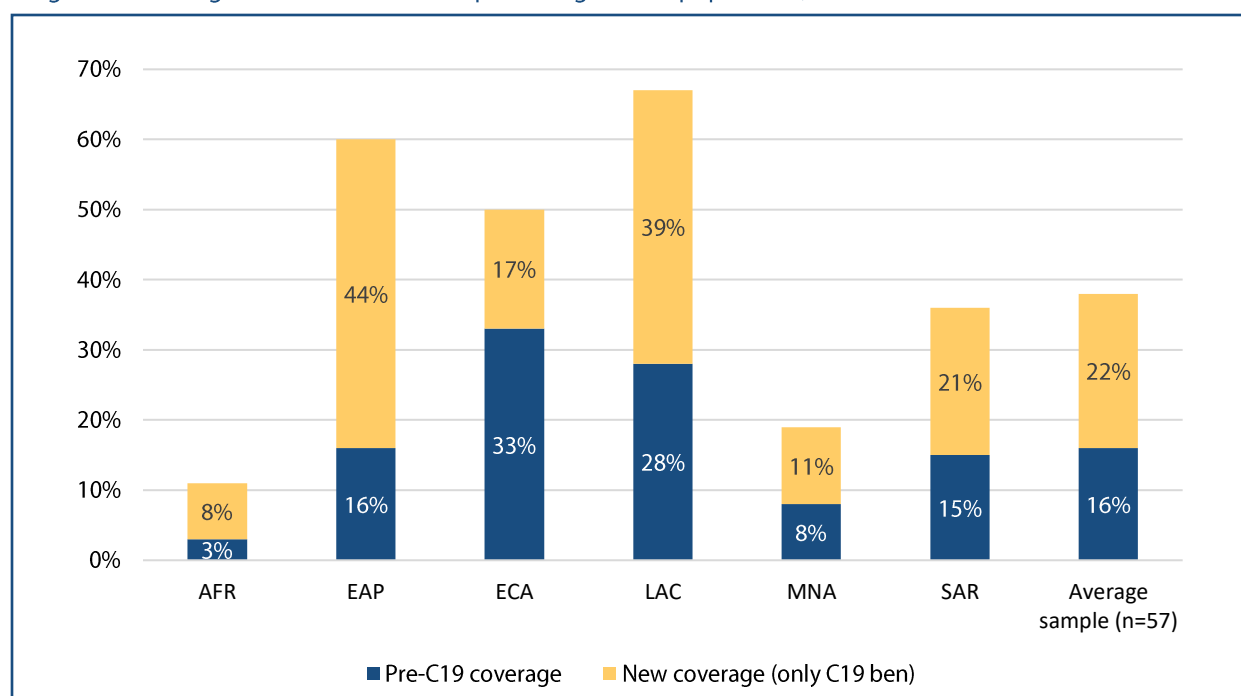Figure 1: Composition of social protection responses to COVID-19 by region
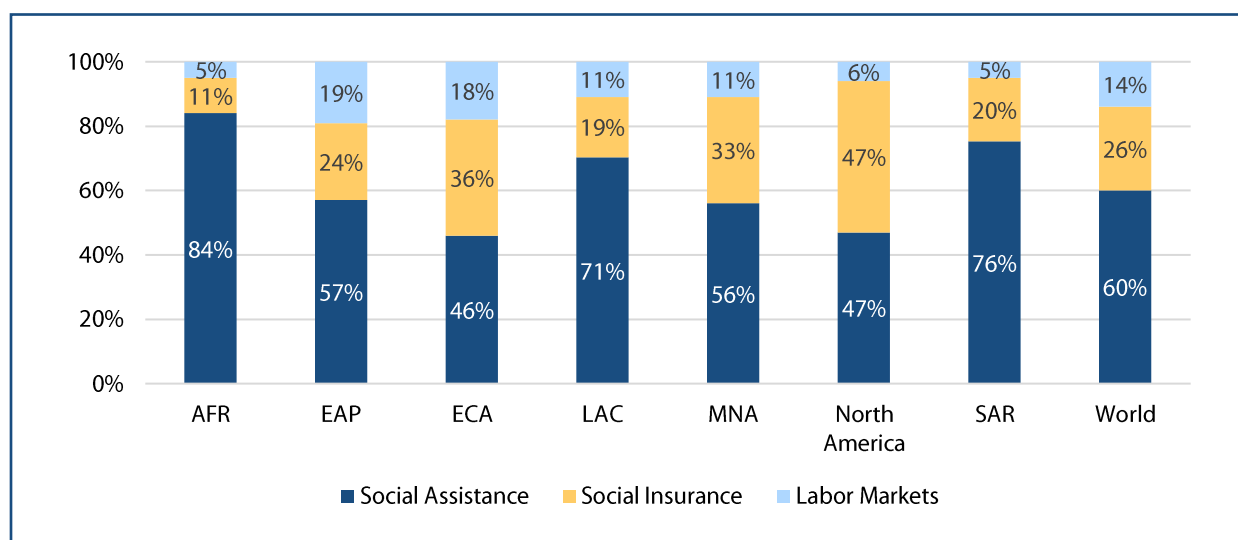
Source: Gentilini et al, 2020.
Notes: AFR = sub-Saharan Africa; EAP = East Asia Pacific; ECA = Europe and Central Asia; LAC = Latin America and Caribbean; MNA = Middle East and North Africa; SAR = South Asia.

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[5] Social assistance is generally defined to include a broad range of non-contributory instruments such as poverty targeted cash transfers; old age/disability social pensions or grants; family and child allowances; public works/workfare; in-kind transfers/stamps/vouchers; and school feeding.

COVID-19 has triggered a dramatic scale up in the proportion of the population covered by social protection, both globally and in Southeast Asia. For East Asia and the Pacific, COVID-19 has led to an increase in social protection coverage from 16 percent (pre-existing beneficiaries) to 60 percent (all beneficiaries), the highest regional increase in the world (see Figure 2). Figure 3 shows the substantial and rapid expansion of social protection in five Southeast Asian countries for which comparative data is available, with Cambodia, Lao People's Democratic Republic and Myanmar all making important increases in their coverage from rates that were previously close to zero percent of the population. That said, while coverage is an important dimension of social protection, other issues such as adequacy and comprehensiveness, among others, are also critical. This is explored below.

Figure 2: Coverage of cash transfers as a percentage of the population, before and after the onset of COVID-19

Source: Gentilini et al, 2020.
Notes: AFR = sub-Saharan Africa; EAP = East Asia Pacific; ECA = Europe and Central Asia; LAC = Latin America and Caribbean; MNA = Middle East and North Africa; SAR = South Asia.

Figure 3: Coverage of cash transfers as a percentage of the population,
before and after the onset of COVID-19 in selected Southeast Asian countries
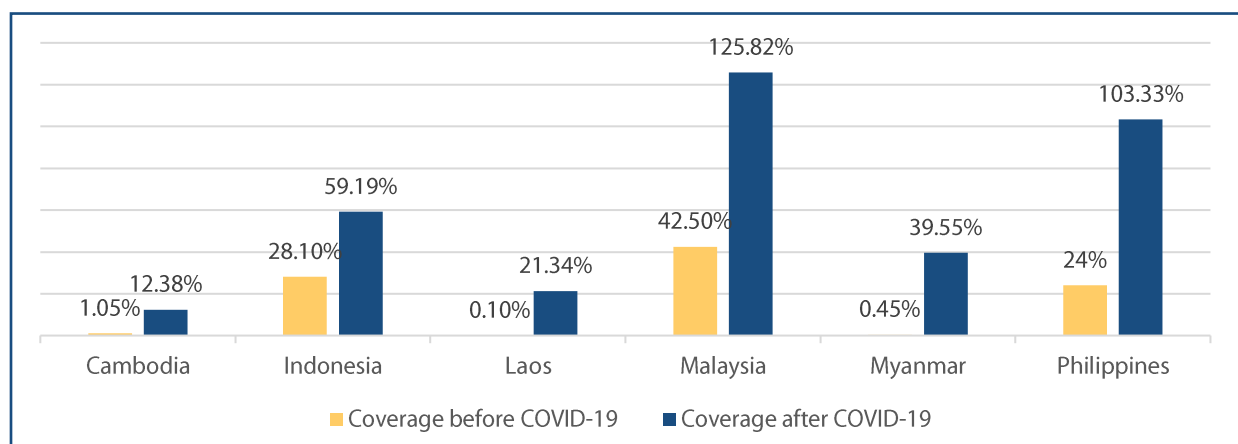

Source: Based on data in Gentilini et al, 2020.

Both the resilience and adaptiveness of social protection systems are important in a crisis

Some governments have taken steps to ensure the *resilience* of their social protection systems or programmes, aiming to maintain routine social protection delivery and prevent the collapse of existing measures in the face of the shock. For example, public works programmes in India and Ethiopia have waived the condition that beneficiaries must participate in work activities to receive transfers during the pandemic. Such measures can help to reduce the risk that existing systems or programmes, which have seen substantial domestic and/or foreign investment over many years, are unable to function effectively during the pandemic.

Figure 4: Framing the policy dimensions of shock-responsive social protection.
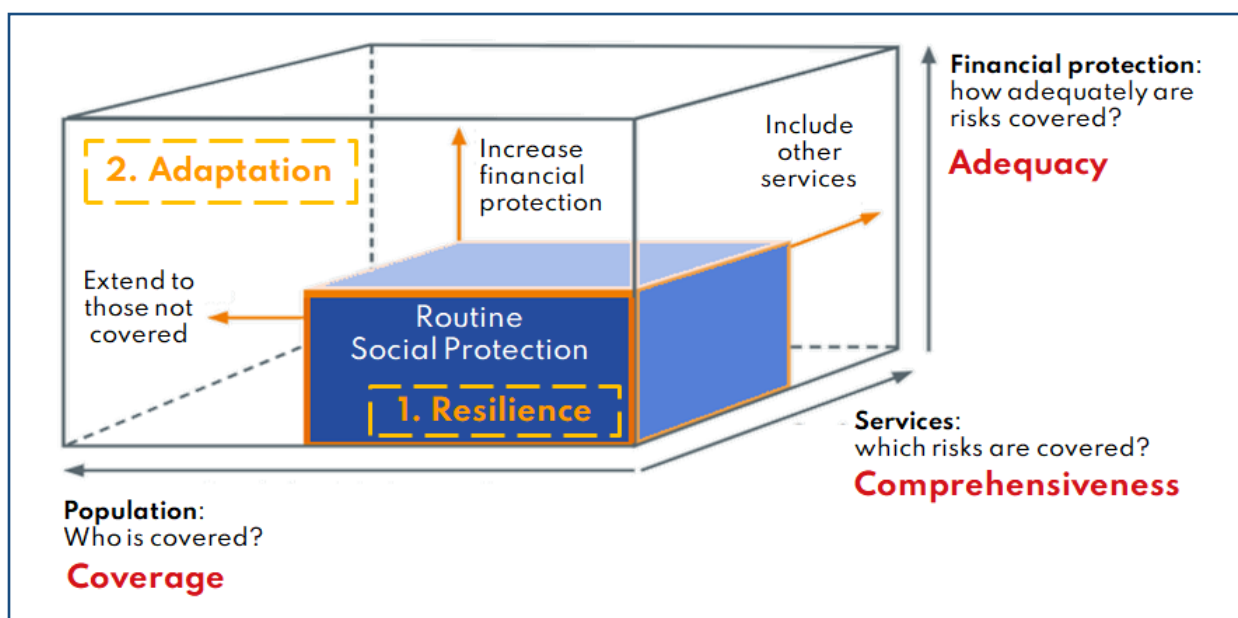
Source: Barca et al, 2020.

Governments have also innovatively *adapted* their social protection measures to cover the changes in context and needs presented by COVID-19. These adaptations have occurred through both existing programmes and the introduction of new programmes that have built on current systems. In particular, the adaptations undertaken to existing social programmes or systems can be conceptualised as addressing one or more of the following three key dimensions (see also Figure 4):

- *Adequacy – the extent to which financial protection adequately addresses risks faced by vulnerable populations.* Many governments have tailored their support to address the new needs presented by COVID-19, in particular – that a large number of people in need have no complementary source of income or informal support from others (who are also in similar conditions), and therefore require more support than is usually the case (i.e. prior to COVID-19). To help mitigate the new risks facing these people, governments have: (i) provided a higher level of transfer than exists in their routine social assistance programs; (ii) brought forward future payments; or (iii) waived waiting periods. Examples include Australia, Albania, Argentina, Malaysia, India, Indonesia, and New Zealand, among many others.

- *Coverage – the extent to which social protection measures cover the affected population.* Several governments have sought to reach all those at risk of or affected by COVID-19. Unlike many other shocks (e.g. localised natural disasters), this target group represents a very high percentage of the national population. Moreover, a large proportion of them may live in different geographic areas (e.g. urban centres) and have different characteristics (e.g. informal workers) to "usual" social protection beneficiaries. **Existing** programs have been adapted by governments to facilitate easier access – such as through relaxed eligibility requirements or on-demand enrolment. **New** programs have also been introduced, leveraging existing systems where possible, to cover populations previously not supported by social protection measures. Examples include Peru, Bolivia, USA and Thailand, among others.

- *Comprehensiveness – the extent to which all risks are addressed.* Given the types of needs arising from COVID-19, some actors have sought to support different multidimensional needs by layering or linking additional measures (e.g. to meet health needs, behavioral change objectives, psychosocial support needs, or protection needs).

But the extent to which social protection systems were prepared for the scope and scale of COVID-19 is highly variable

While the sheer number of social protection responses by governments appears impressive, these macro-level figures mask an array of challenges on the ground in many countries. There is significant heterogeneity in the extent of achievement by governments against the principles of adequacy, coverage, and comprehensiveness:

- The **coverage** of COVID-19 responses is commonly a small percentage of the overall population (global average of 14 percent) and of those impacted, with systems more readily able to respond to existing or former social protection beneficiaries, and not the newly vulnerable (such as informal workers or urban residents). Some countries have set impressive and ambitious coverage targets, including the Philippines (78 percent of the national population) and Peru (75 percent). But

countries with both low and high coverage goals have faced challenges with registration approaches and eligibility criteria in reaching newly vulnerable populations.

- The **adequacy** of some responses has been constrained by the available budget and an insufficient or non-existent contingency fund for emergencies. Many countries have proposed overall transfer sizes which appear to have been based on the amount of funding available given a desired coverage, rather than on a specific assessment of needs facing households.

- The dimension of **comprehensiveness** has often been limited in COVID-19 responses, perhaps due to a primary emphasis on scaling existing programmes and instruments, without a strong focus on important other needs, including differentiating responses according to individual or household characteristics, and medium term priorities such as supporting livelihoods and laying the foundations for recovery.

Where performance against these dimensions has been poor, it is usually in circumstances where existing social protection systems were not adequately prepared to respond to such a shock. If we assess – again in general terms – the social protection responses to COVID-19 against a broader range of dimensions, we again see that the degree of preparedness for shocks is a crucial ingredient for success:

- The **timeliness** of responses has ranged from rapid to lethargic. While some countries have performed strongly and made payments within several weeks of announcing a measure, others are still yet to commence payments – many months after the onset of the pandemic. Some proposed responses have been hamstrung by overly ambitious plans and appear not to have included thorough reflection on the capacity of government and development partners, or the necessary steps for fundamental processes such as targeting/registration.

- Strong and pre-existing **coordination** mechanisms (including between social protection and humanitarian action) have been leveraged to create a more holistic approach to addressing needs across sectors. Countries which have previously experienced substantial shocks (pre-COVID-19) have sometimes then invested in such mechanisms, which have subsequently been leveraged in response to COVID-19. Many other countries, however, have had limited success in coordinating effectively, both within government and with development partners.

- Efforts to address **gender and social inclusion** appear to have worked well where existing programmes have been incorporated into COVID-19 responses (e.g. Nepal). But although women are disproportionally affected by the pandemic, there has been little evidence to date of programming which specifically takes this into account in terms of targeting.

- The role of **accountability to affected populations** has been limited across many countries and regions, with less emphasis paid to grievance redress mechanisms, monitoring and evaluation, and safeguarding in general. Again, many social protection systems have lacked the preparedness to address such issues on a rapid and wide scale, although it is important to acknowledge there is commonly a wealth of local skills and capacity (e.g. in civil society) which can be drawn on to support these functions.

- A range of **delivery systems** have been used successfully by some countries to respond to COVID-19, including efforts to leverage the capacity, resources and systems that exist beyond an

individual social protection programme. Some innovative approaches to **registration** have been working well, including online registration in Thailand, Namibia (see Box 1) and South Africa, and the use of non-enrolled households on existing beneficiary databases (e.g. Jordan and Zambia). Similarly, there have been many advances in **payments**, with digital government-to-person (G2P) taking great strides forwards in several countries. That said, there have also been a raft of constraints in a number of countries, including lack of interoperability across registries/databases, data protection concerns, and the politicisation of registration/targeting.

Box 1: Namibia's innovative approach to registration and payment of COVID-19 social protection responses

The government of Namibia announced a one-off Emergency Income Grant of R750 (about US$44) for people aged 18-59 who had lost informal livelihoods or were already unemployed. No means test was applicable, but two categories of people were deemed ineligible: people who were employed in the formal sector and those who were already beneficiaries of a social protection program. The government used existing and relatively up-to-date data on these two categories of people to ensure they were "targeted out".

Potential beneficiaries were encouraged to enrol/register for the Emergency Income Grant through an on-demand mechanism, which was established within one week of the measure being announced. The registration process involved people sending an SMS to a toll-free number, accompanied by information from their national identification card. It was estimated by government that 739,000 people would be eligible for the scheme, and within one week there had been 579,000 applicants. The first 147,000 grants were reportedly paid within one week of registration, using SMS notification and paid via mobile phones and digital wallets organised by various banks.

Looking ahead: the recovery from crisis is likely to be prolonged and incremental

The global economic slowdown and a series of knock-on effects from COVID-19 will compound ongoing mega trends and undermine long term development goals. There are, or will be in future, income losses for households, disrupted supply chains, depreciated exchange rates, and fiscal constraints for many governments due to substantial declines in tax revenues. It is likely that many countries will see fiscal contraction and financial sector tightening and reduced bilateral aid. Food insecurity from loss of income and restrictions to markets and movements will increase, and there may be increased prospect of fragility, conflict and violence associated with poorer economic conditions – in turn compromising access to services and income. Alongside these and other knock-on effects of COVID-19, many countries and regions will continue to experience increasing intensity and frequency of natural shocks, together with ongoing mega trends such as climate change and migration. Such future scenarios suggest a large proportion of households suffering long-term vulnerability, posing a severe risk to international and national development goals.

Bold actions in the present will lay strong foundations for the medium- and long-term

The crisis is an opportunity to advance policy debates on social protection, in turn creating fiscal space. Several countries have experienced limited policy or fiscal space on the topic of social protection. But the crisis creates a chance to re-ignite the debate on social protection and look to the experiences of governments that have recognised social protection is an investment and not a cost. There is substantial international evidence demonstrating that social assistance has positive impacts on productivity and incomes, alongside social benefits in health, education, and nutrition. Broadening the proportion of citizens who benefit from social protection can also increase the acceptability (strengthened social contract) and willingness for governments to increase their spending levels accordingly. There is also a wealth of international evidence accruing on national social protection responses to COVID-19 and the cost-effectiveness of early action, and governments should take the opportunity to document domestic lessons and leverage all emerging evidence – these should be viewed as an opportunity to learn and re-calibrate.

Policy and fiscal space should aim to establish more coherent and agile social protection systems. The pandemic has visibly demonstrated the gaps within countries' social protection systems: their inability to cater to expanding needs beyond the 'currently poor'. There is now a clear rationale for governments to address those weaknesses and build a more comprehensive and joined-up approach across social assistance, social insurance, and labour markets, supported by robust delivery mechanisms. For instance, many aspects of the informal sector should be formalised as rapidly as possible, potentially drawing on innovative approaches being put forward by international actors such as the ILO and WIEGO. In the formal sector, extending unemployment benefits and other measures such as sick pay and furlough entitlements can be considered. In social assistance, the base of potential beneficiaries should be expanded (allowing the system to expand in the event of a crisis, and then contract thereafter). There should be a focus across the sector on those facing the highest barriers, and gender disparities should be addressed in wages and benefits, access to economic opportunities, and unpaid care work.

Investing in preparedness is a non-negotiable and should be prioritised with appropriate resources. Those countries which have prepared their social protection systems to respond to shocks have navigated the turbulent seas more smoothly over recent months. There will be more shocks in future, whether economic, health, natural or otherwise, and those countries with prepared systems will be able to support their citizens more efficiently and effectively throughout the distinct – but frequently overlapping – phases of shock cycles (see Figure 5).[6] Particular attention should be paid to investing in delivery systems (such as information systems and mechanisms for targeting, enrolment, registration, and payment), alongside other core elements such as multi-sectoral coordination, policies and

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[6] The key stages of a shock are stylised in Figure 5, illustrating that the beginning of a new stage does not necessarily mean the end of the previous. Clearly, this stylisation will differ according to the type of shock (e.g. a protracted crisis). Figure 5 also illustrates how different shocks often overlap within a country and follow distinct patterns (e.g. recurrences) over time – meaning any strategy to address these needs to look across different shocks and their cycles in the short, medium and long term.

financing. An excellent source for practical step-by-step guidance and learning materials will shortly be published by the TRANSFORM platform.

Figure 5: A stylised illustration of the patterns of shock cycles
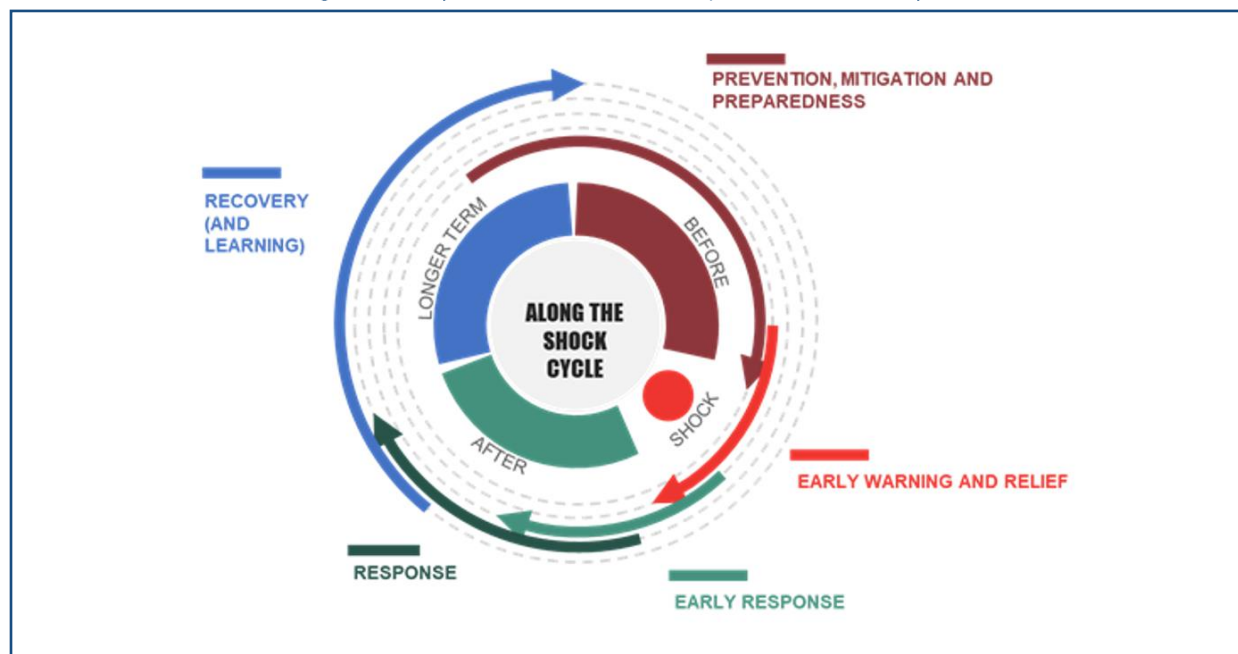
Source: Beazley et al, 2019.

Overall, while the challenges may loom large, the current crisis presents an opportunity to make sound investments that will reap strong dividends in future. Social protection should be viewed as an integral component of a long-term, sustainable development strategy. Public expenditure on social protection averages 20 percent of GDP in OECD countries (OECD, 2020). It is recognised that the decisions recommended above will require trade-offs, and that governments should be realistic in their plans and adapt their approaches to specific contexts. Despite the enormity and gravity of the COVID-19 pandemic, it presents a small opening for bold decision-making that can lay a foundation for future generations to prosper, thrive, and weather whatever storms they confront.

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B-I-G PROGRAM

The Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA), the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) and the Greater Mekong Subregion (GMS)- B-I-G Capacity Building Program- is a regional capacity development initiative for government officials to enhance capacities in developing policies, programs, and projects that support physical, institutional and people-to-people connectivity in Southeast Asia and the People's Republic of China (PRC). The B-I-G Program provides opportunities for knowledge and experience sharing, and networking between and among the three subregional programs given their unique roles as building blocks for Asian integration. It is funded by the Asian Development Bank (ADB) and the governments of the Republic of Korea and the PRC.

PACER DIALOGUES

Bouncing Back Policy Actions for COVID-19 Economic Recovery (PACER) Dialogues, supported by the ADB under B-I-G Capacity Building Program, are organized to share cutting-edge knowledge and best practices that can help "B-I-G" member countries, Singapore and Timor-Leste "bounce back" from the COVID-19 pandemic and accelerate economic recovery.