

Social Protection Policies in Developing Asia: Challenges and Solutions

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Outline of the presentation

1. Overview
2. Case studies on social protection policies
3. Overcoming challenges and moving forward
4. Conclusion

1. Overview



1.1 Why is social protection important?

Development factors

- Social protection policies help to “enhance the capacity of poor and vulnerable people to escape from poverty” (OECD).
- They are directly linked to human rights, such as access to health, education and employment and help to reduce poverty and inequalities.
- They stimulate progress towards achieving the UN SDGs

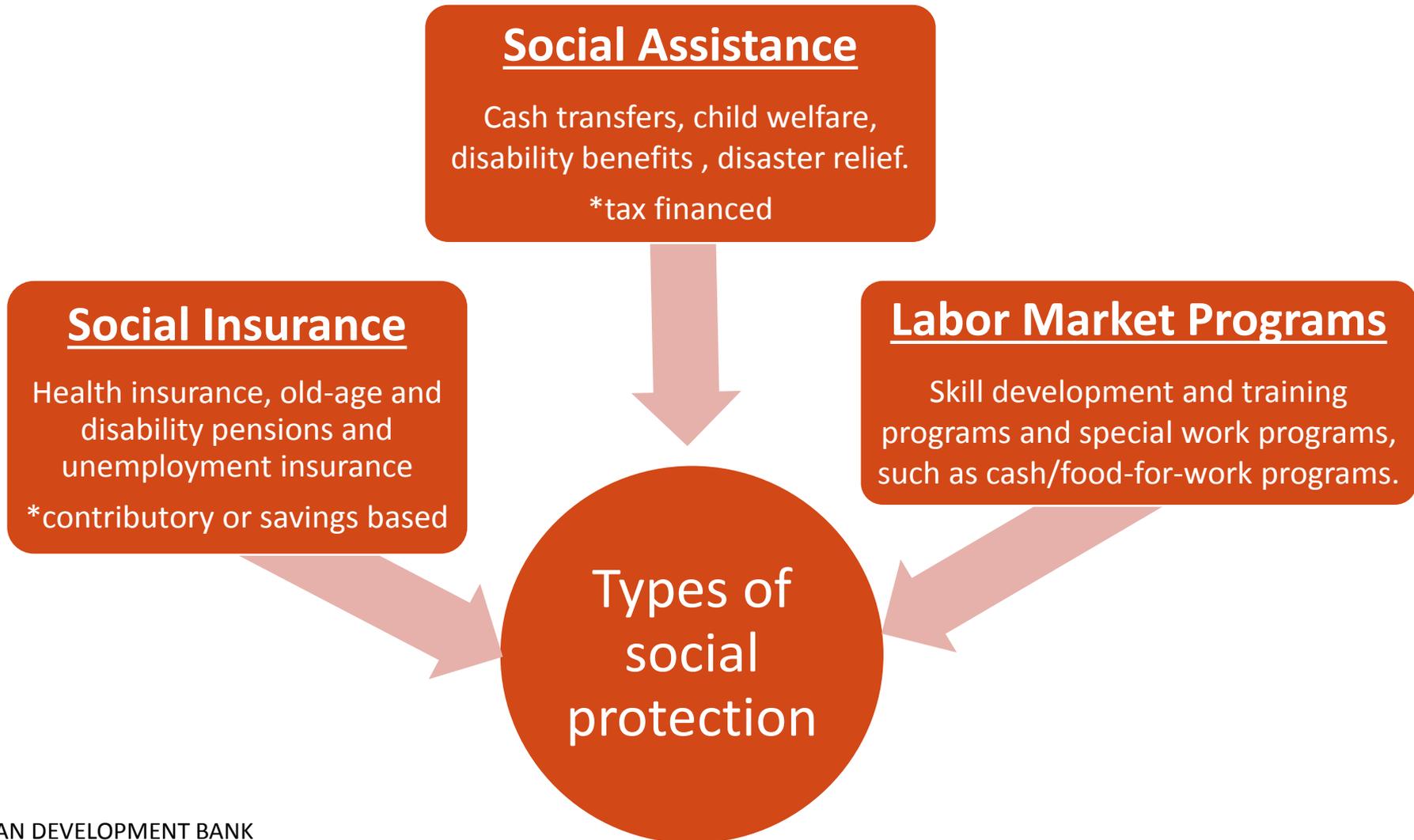
1.2 Why is social protection important?

Economic factors

- Social protection builds human capital and increases access to the formal workforce, resulting in higher economic output
- Social protection helps to raise incomes increases consumption and savings



1.3 Types of social protection



2. Case studies on social protection policies



2.1 Cash transfer programs in East Timor

- After many years of conflict, the government of East Timor launched a series of cash transfer programs that included:
 - Pensions for veterans, elderly & disabled
 - ‘Bolsa de Mae’; a conditional cash transfer program for female-headed households whose children are in rural schools



2.1 Cash transfer programs in East Timor

- Social protection programs have become one of East Timor's largest budgetary expenditure items
- They account for 15 % of non-oil GDP



2.1 Cash transfer programs in East Timor

Total expenditure is high but impact on welfare is low.

Why?

- The majority of the budget is spent on veteran payments that benefit only 1% of the population
- ‘Bolsa de Mae’ program has high potential but reaches only 2.2% of the population.
- Challenges with delivering cash transfers effectively due to poor data on the beneficiaries.

World Bank 2013; 2014

2.1 Cash transfer programs in East Timor

- The World Bank and the Government are working together to improve East Timor's Management Information System (MIS)
- The project aims to merge existing databases into a single system to help make cash transfers more efficient



2.2 Child grant program in Nepal

- Social protection policies are an essential element of realizing children's rights and helping all children realize their full potential.
- On average governments allocate 0.4% of GDP to child and family benefits; 2.2% in Western Europe to 0.2% in Asia and the Pacific (ILO, 2014).
- Underinvestment in children jeopardizes their rights and the development potential of their countries.

2.2 Child grant program in Nepal

- The Nepalese government has run a child grant program since 2010 to reduce malnutrition amongst infants by improving infant and young child feeding
- Due to limited resources however, the program provides a universal grant only in the Karnali Zone of the country
- It also targets poor Dalit households nationwide



2.2 Child grant program in Nepal

- A cash transfer for mothers with children under the age of five.
- Payment of US \$2 per child per month, a cap of 2 children per family.
- In the Karnali Zone, the coverage rate reached almost 80%.
- When children received the full amount of cash transfer, signs of malnutrition decreased (UNICEF, 2014)



2.2 Child grant program in Nepal

- The cash was too small to have any large impact on family food security
- There were also issues with poor implementation
 - Grant payments were often irregular and delayed
 - Households did not always receive the amount they were entitled to (received about 82% of their entitlement)
- Lack of awareness was another big issue
 - Many beneficiaries did not know official registration rules
 - Or when and how much they should receive

(Overseas Development Institute (ODI), 2014; ODI/UNICEF, 2015)

2.3 Rapid Employment Project (REP) in the Solomon Islands

- The Solomon Islands has designed a Rapid Employment Project (REP) to increase the income of the urban poor
- The program provides short-term employment and a week long training to improve knowledge, experience and basic skills



2.3 Rapid Employment Project (REP) in the Solomon Islands

- The program has trained or employed more than 11,000 individuals, half are women and youth.
- However, because there is no post-policy support offered to beneficiaries once they complete the program, they often struggle to find paid employment



2.4 500 baht universal pension scheme in Thailand

- Thailand is a country with upcoming demographic challenges
- The number elderly people is expected to increase significantly over the 10 years
- Around 40% of the workforce do not make financial preparations for retirement



2.4 500 baht universal pension scheme in Thailand

- The Thai government previously ran a means-tested pension.
- A public pension was only available to poorer older people who could demonstrate a low level of wealth

Challenges:

- Means-testing requires good quality data which was lacking
- Local authorities in charge of means-testing were inconsistent
- Issues of favoritism and corruption in selecting beneficiaries.

2.4 500 baht universal pension scheme in Thailand

- As a result, 50% of underprivileged elderly people went without a public pension
- The state decided to implement a 500 baht universal pension (approx. US \$14) per month
- This ensures the whole elderly population can maintain a certain standard of living

(ADB, 2012)



2.4 500 baht universal pension scheme in Thailand

- The process of getting these benefits has been simplified.
- Although the amount of the pension is not high, it is used to meet their basic needs.
- It has reduced income poverty, especially among older people living alone.
- The scheme is financed entirely from the national budget. About 2% of the government's total budget is spent on the pension and it reaches almost 6 million older people

(ADB, 2012)

2.4 500 baht universal pension scheme in Thailand

Current challenges

- Ensuring financial sustainability
- Strengthening administrative capacity, especially personnel issues and ICT issues.
- Linking various databases— especially the database of current recipients and the database of unqualified older people.



2.5 Public Private Partnerships in Health; Kyrgyz Republic

- One of the challenges facing the public health sector is how to improve access to lifesaving medicines, particularly in poor rural areas.
 - Medicines can be expensive
 - There is a lack of drugstores in areas where the pharmacy business is not considered profitable



2.5 Public Private Partnerships in Health; Kyrgyz Republic

- In the Kyrgyz Republic, the government was subsidizing essential drugs however patients in rural areas were benefitting less than urban patients because of the lack of pharmacies in these areas
- An ADB-supported development project established rural pharmacy's through PPPs.



2.5 Public Private Partnerships in Health; Kyrgyz Republic

- The PPP program offered incentives to private drug retailers to open stores in rural villages including free rent, the initial supply of essential drugs, equipment and staff training.
- The government regulated the prices of drugs covered by the public health insurance, but it allowed the pharmacies to sell toiletries to make a profit.
- In 2013, 90% of the population had access to a pharmacy, up from 30% five years earlier.

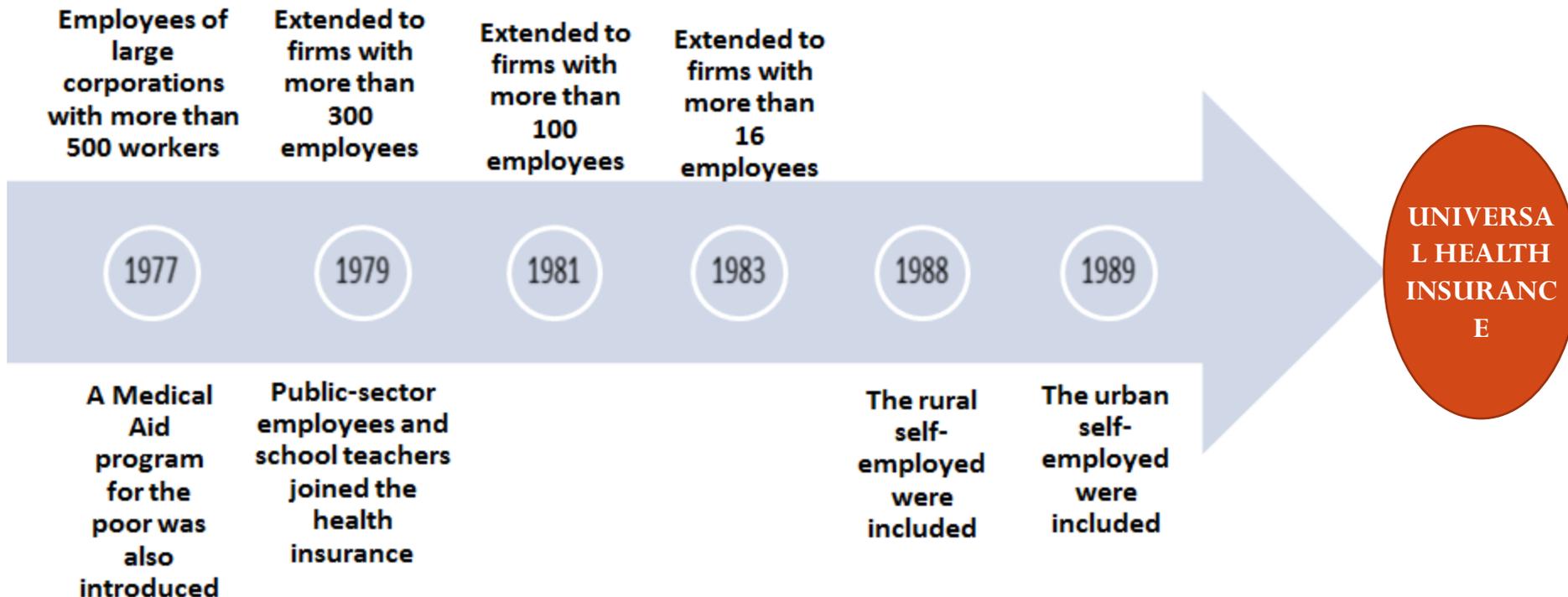
(ADB, 2013)

2.6 South Korea; Universal Health Insurance

- Korea did not implement mandatory enrolment in health insurance until the mid-1970s
- The government led the introduction of health insurance to help stabilize the labor market by keeping skilled workers in the workforce



2.6 South Korea; Universal Health Insurance

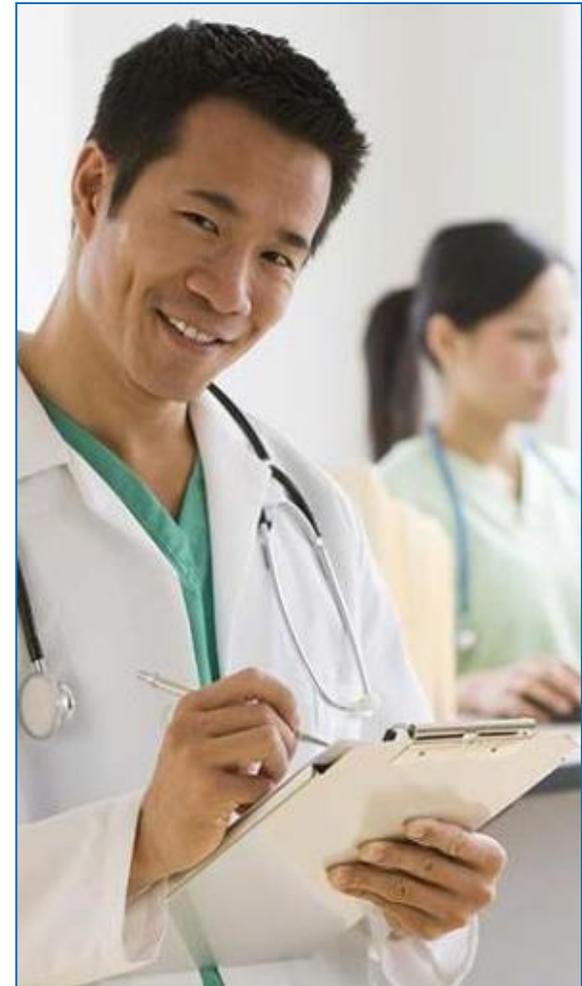


Source: World Bank, 2015

2.6 South Korea; Universal Health Insurance

Key elements

- 1) The government prioritized rapid health insurance coverage which meant everyone was covered but received limited benefit
- 2) Based on family membership
- 3) It was done through multiple decentralized insurance funds instead of one centralized fund.
- 4) Health care provision was dominated by private providers. They were based on a fee-for-service payment.



2.6 South Korea; Universal Health Insurance

Challenges

- The multiple insurance funds led to :
 - High administrative costs
 - Unequal contributions; the insurance contribution was decided by the insurance firm, even though benefits were the same
- Physicians and pharmacists in Korea used to both prescribe and dispense medicines, leading to an excessive financial incentive to prescribe more drugs to increase their income

Source: World Bank, 2015

2.6 South Korea; Universal Health Insurance

Reforms

Insurance funds merged into a single system.

- People with the same income contribute the same amount regardless of where they live/work.

Prescribing & dispensing drugs separated.

- Aimed to reduce the financial incentive for physicians to prescribe more drugs. However, physician and pharmacist lobbies tried to block this reform.



2.6 South Korea; Universal Health Insurance

Fiscal Status of Health Insurance in Korea (Unit: 100 million Korean Won)

	1990	1995	1997	1999	2000	2001	2006	2012
Revenue	24,321	54,354	72,967	86,923	95,294	116,423	223,876	418,192
Expenditure	21,641	50,537	76,823	95,614	105,384	140,511	224,623	388,035
Annual Surplus	2,680	3,817	-3,856	-8,691	-10,090	-24,088	-747	30,157
Accumulated Surplus	7,326	41,200	37,851	22,425	9,189	-18,109	11,798	45,757

Source: NHIC, Health Insurance Statistics, various years.

As a result the government introduced a Special Act

- The increase in the government subsidy
- The introduction of a Health Insurance Policy Review Committee

2.6 South Korea; Universal Health Insurance

Lessons

- Korea chose to prioritize population coverage, which resulted in limited benefits but ensured everyone was included.
- Family based membership helped the rapid expansion of health insurance coverage.
- A country can start with a decentralized health insurance system to minimize government financial burden
- There have been strong opponents to health care reforms.
- Civic groups are included in the policy making process.

2.7 Common challenges for social protection

- Issues with targeting, identifying and reaching eligible recipients results from:
 - Lack of reliable data
 - Limited administrative capacity
 - Beneficiaries lacking information about SP policies
- Inconsistent or short-sighted social protection policies proved to be ineffective
- Financial constraints and a lack of a long term sustainable budgeting greatly hinders the success of programs

3. Overcoming challenges and moving forward



Providing solutions

1. Develop a national social protection policy framework
2. Expand fiscal space for social protection
3. Improve good governance

3.1 Develop a national social protection policy framework

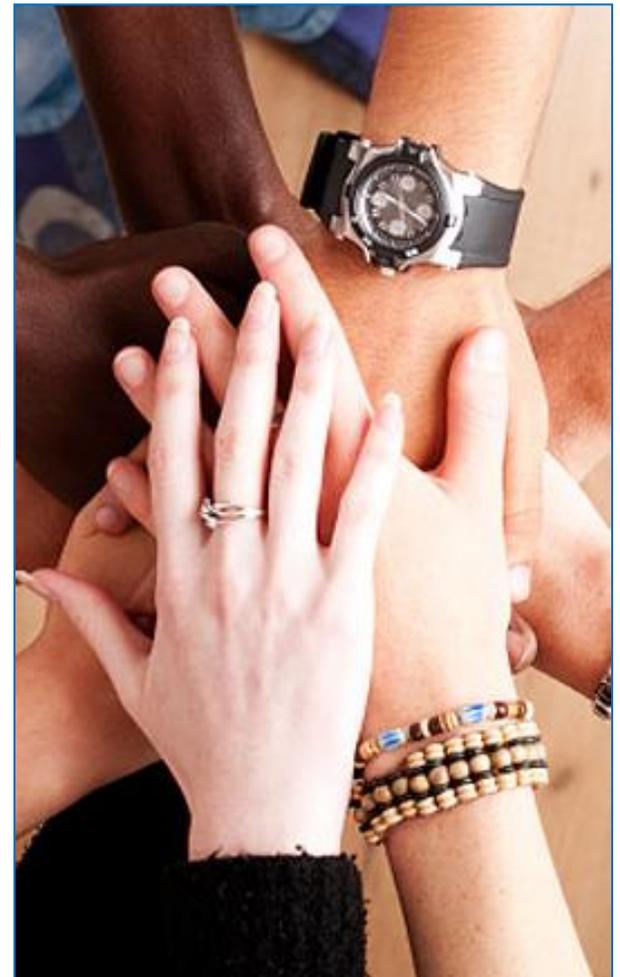
- Recipients of social protection often rely on benefits to survive
- Government failure to deliver on policy promises can threaten livelihoods
- Developing a national policy framework, including appropriate targets and sources of finance, is critical for ensuring success

3.1 Develop a national social protection policy framework

- Establishing a National Coordinating Body that requires answers to the following questions:
 - Who are the recipients, and how many are there?
 - How will recipients apply for and access the policy?
 - How will the policy be funded?
 - What are the long term goals of the policy? Is post-policy support required?
- E.g. Myanmar's National Technical Working Group on Social Protection → to prepare National Social Protection Strategy

3.1 Develop a national social protection policy framework

- Establishing a platform for all stakeholders can increase donor harmonization
- Governments are encouraged to work with MDBs & IOs to utilize the knowledge and capital
- **Nepal;** *Development Partner Social Protection Task Team* - UNICEF, ILO, ADB, DFID, WB, UNCDF, WHO, GTZ and WFP.



3.2 Expand fiscal space

- The need to create and maintain funding for social protection policies has never been greater.
- There is no “one size fits all” approach.
- By utilizing all possible options to expand fiscal space, countries can achieve a virtuous circle of sustained economic growth and social development.



3.2 Expand fiscal space

1. Reallocating public expenditures
 - reallocation may also happen within SP framework
 - public expenditures must remain flexible to increase SP schemes as country develops
2. Increasing tax revenues
3. Extending social security contributions
4. Drawing on increased aid
5. Adopting a more accommodating macroeconomic framework



3.2 Expand fiscal space

- Careful planning and prioritization is required
 - identify SP policies that are immediately feasible and others that can be gradually adopted
 - assess financial implications through cost estimation, return-on-investment models and fiscal space analyses.
- Working in partnership with National Ministries and MDBs can help to conduct these assessments



3.3 Improve good governance

- Poor governance can lead to inefficiencies in resource allocation and operations
- Given the already limited financing resources available to social protection, increasing good governance is very crucial.



3.3 Improve good governance

- Reliable information management is very important.
- Establishing a robust Management Information System (MIS)
- Fully-integrated electronic MIS would increase efficiency



3.3 Improve good governance

- Increasing representation of the SP workers, employers, beneficiaries in the design, operations, monitoring, and evaluation of the programs
- Establishing community-based committees to handle complaints



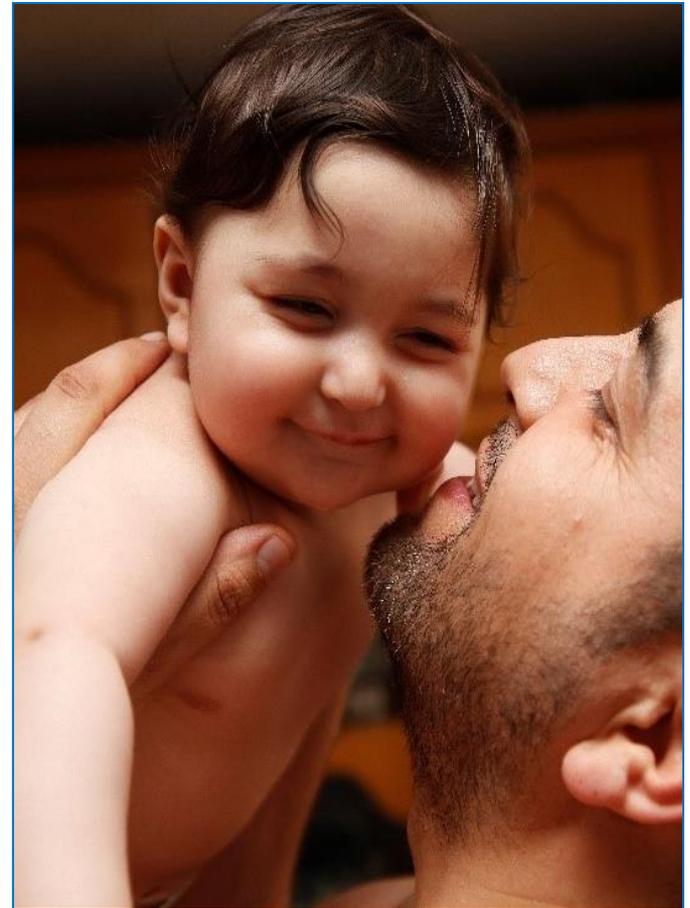
3.3 Improve good governance

- Capacity building activities can help train government officials in designing and implementing effective policies
- Capacity building of frontline workers is also important as they will determine the effectiveness of any social protection policy



Conclusion

- Social protection gives everyone access to certain human rights and a basic standard of living
- Asian countries have achieved varied results for social protection policies so far
- Balancing the needs of those most disadvantaged versus costs and avoiding inefficient provision of benefits is a key challenge



Conclusion

- Social protection must be well-planned and follow a coherent framework to provide long-term benefits
- Although there are financial constraints, innovation and strong partnerships are key
- Investing in the capacity of workers, government officials and information systems are vital for ensuring the impact of social protection policies



THANK YOU!

