

# CLOSING THE SOCIAL PROTECTION GAP —THE POTENTIAL CONTRIBUTION OF SOCIAL ASSISTANCE

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# Social Protection and SDGs

***“End poverty in all forms everywhere”***

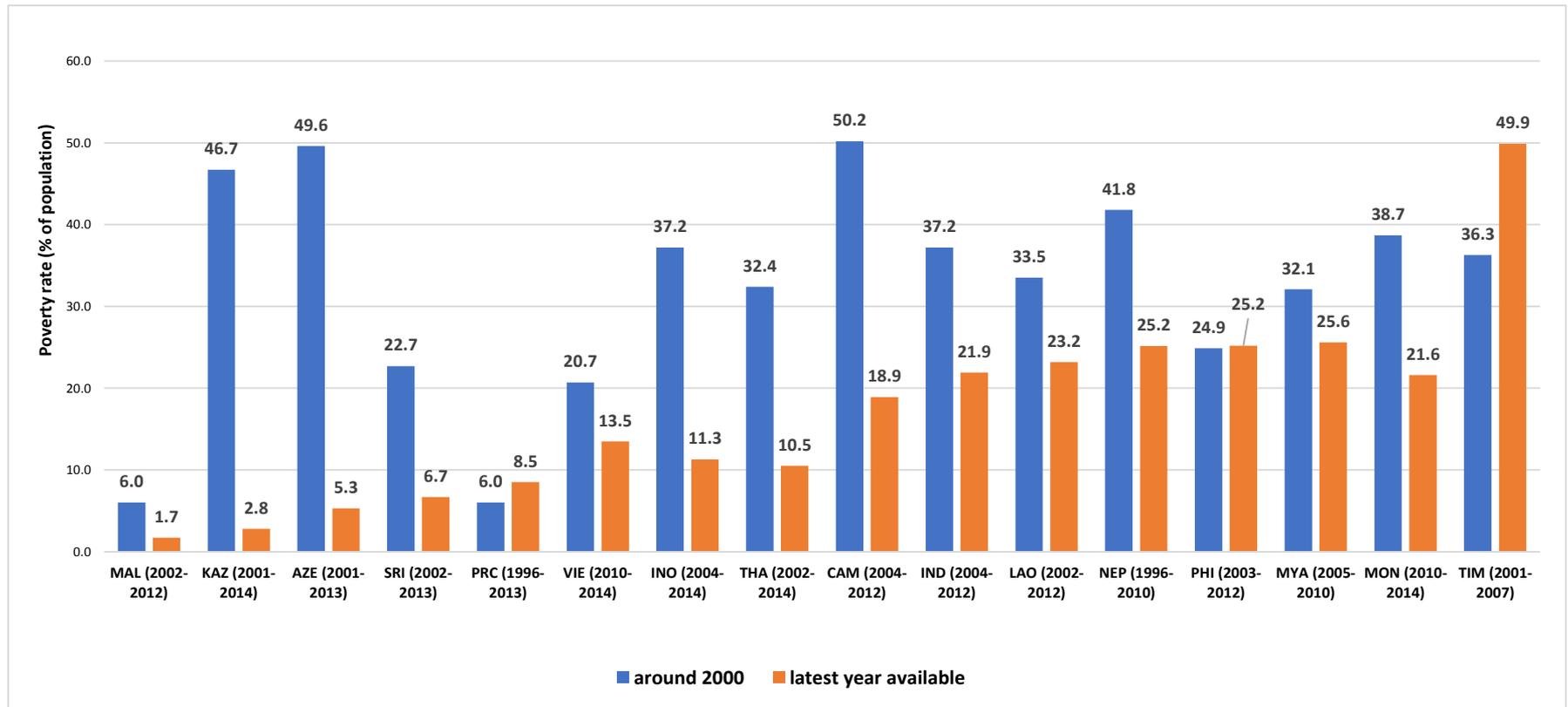
- ❑ SDG Target 1.3 -(Implement social protection, including floors) explicitly recognizes the potential of social protection systems for eradicating poverty.
- ❑ Evidence of the positive impacts of social assistance, particularly of cash transfers, on the lives of the poor and vulnerable has accumulated over the past decade.
- ❑ The study covers 16 countries in Asia that represent 86% of total population.

# Poverty and Deprivation

- ❑ Income poverty has significantly reduced in the region - 707 million people have moved out from extreme poverty;
- ❑ Roughly 9% of the population in Asia and the Pacific (330 million) still live in extreme poverty;
- ❑ On multidimensional poverty based on 10 non-monetary indicators, poverty rate range less than 1% in Kazakhstan to 68% in Timor-Leste.

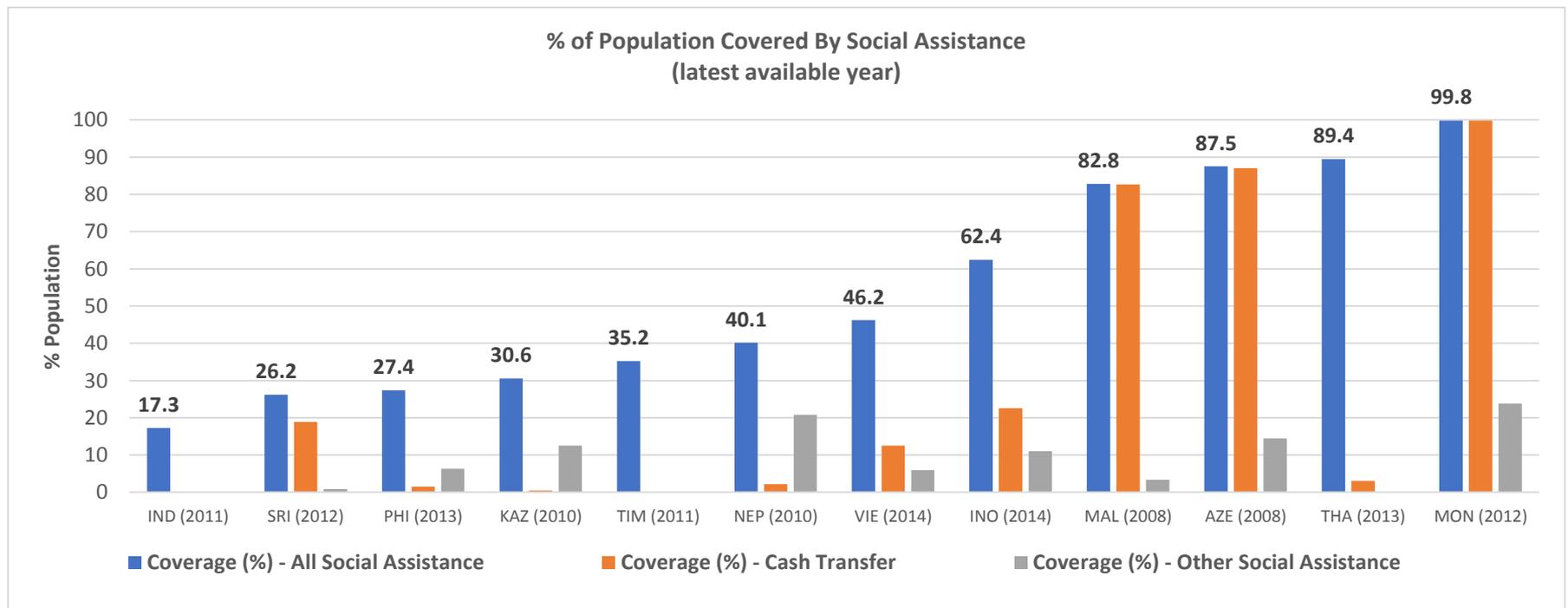
# Poverty Trends

## Poverty trends based on national poverty lines

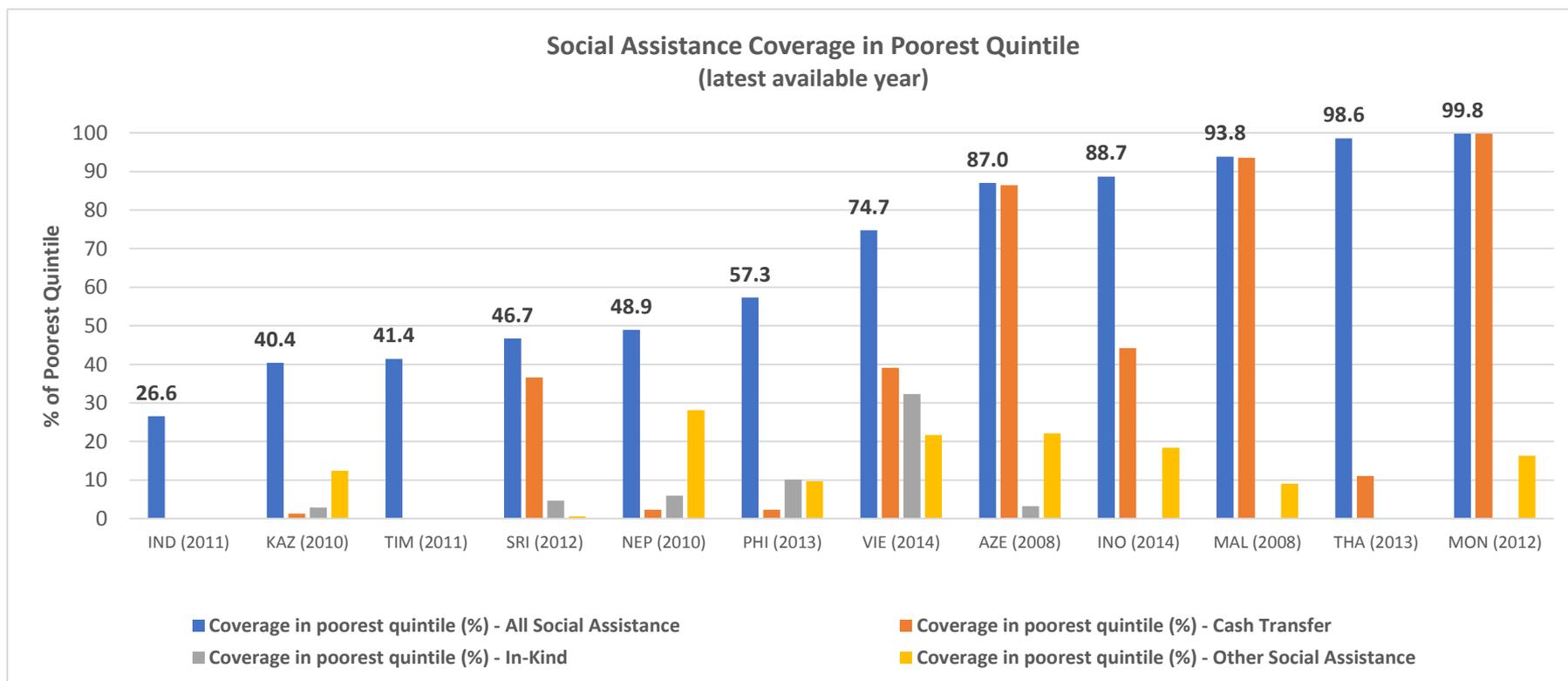


# Effectiveness of Existing Social Assistance Programs

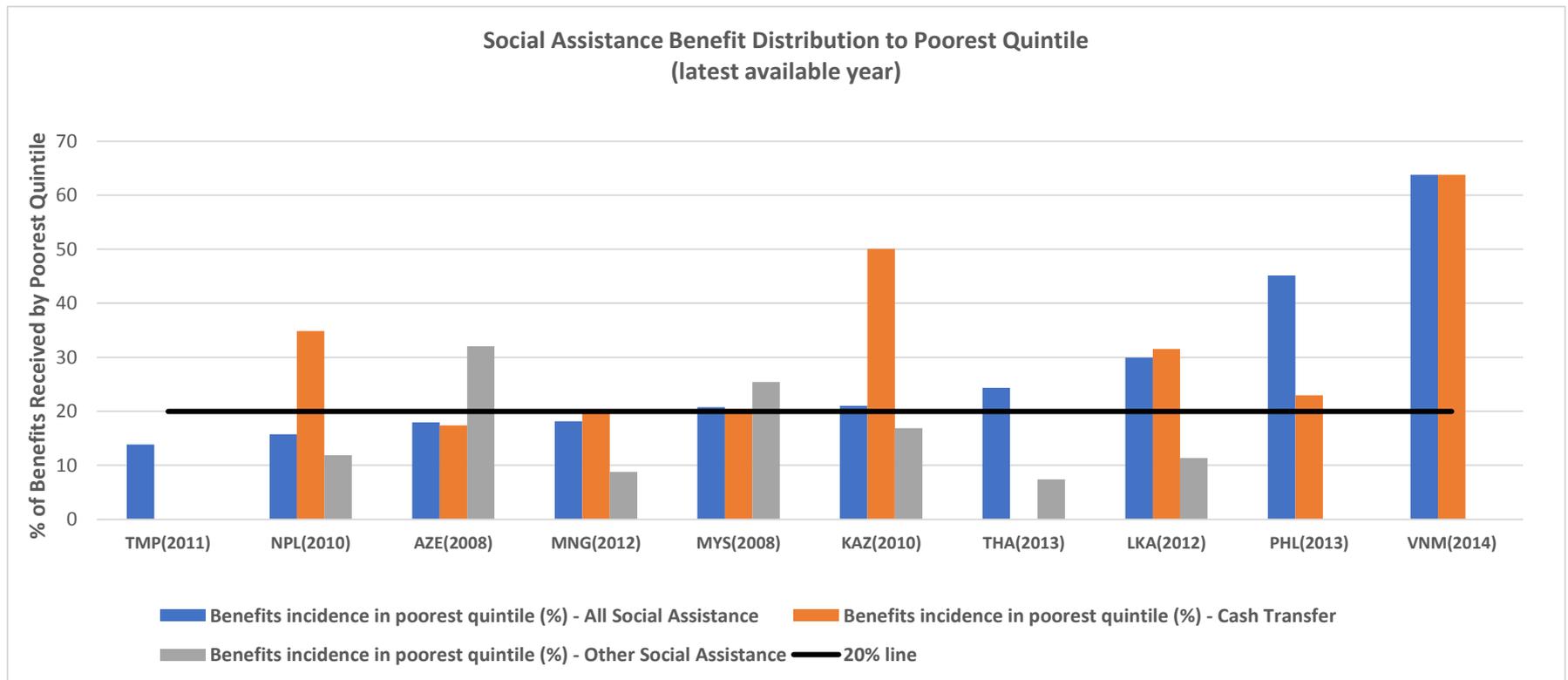
*“Coverage, distribution, and adequacy are core outcome indicators for assessing programs’ effectiveness”*



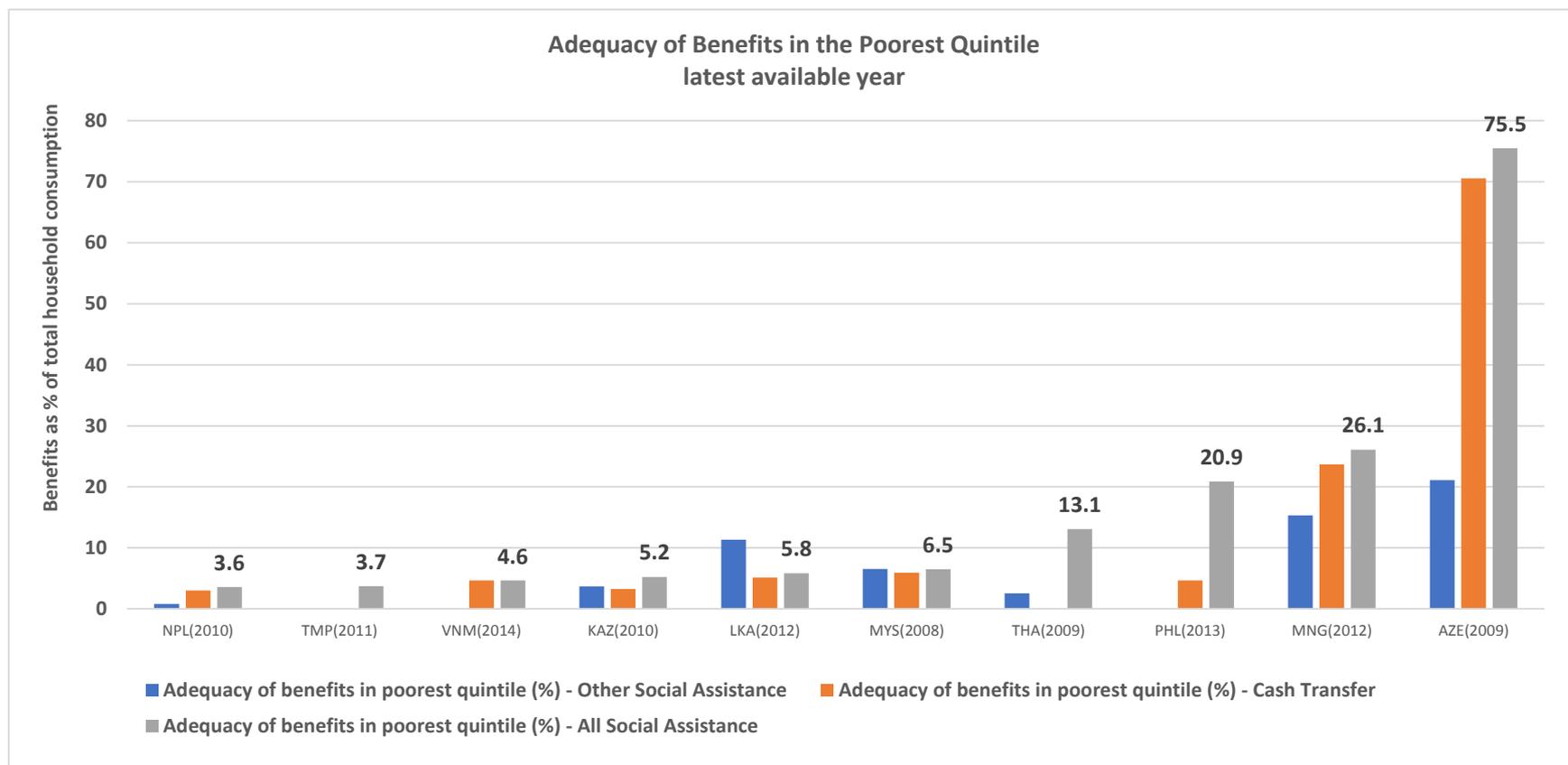
# Effectiveness of Existing Social Assistance Programs



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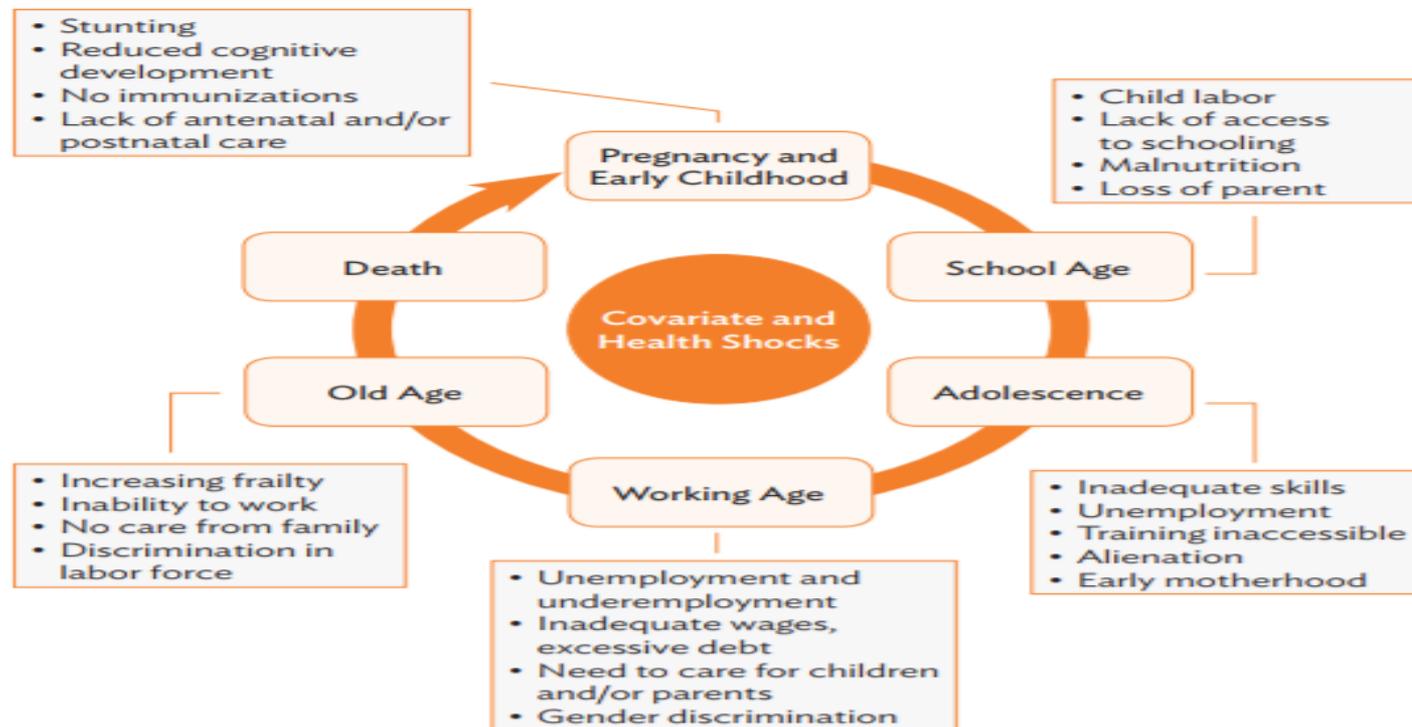


# Effectiveness of Existing Social Assistance Programs



# Life Cycle Approach of Social Assistance Programs

Figure 1.2: Contingencies and Risks at Various Stages of a Life Cycle



Source: S. Kidd and C. de Paz. 2014. *Report on Visit to Viet Nam to Support the Development of the Master Plan for Social Assistance Reform*. New York: United Nations Development Programme.

# 1. Basic income security for children

- Arguments against the introduction of universal child grants: budget constraints and sometimes to the fear of increasing fertility rates

## *Options for a sequenced introduction of universal child grants*

- start with the very young children, as they are often the most vulnerable, and deprivations at a young age have detrimental consequences for later in life - Over time, the eligible age can be increased **OR**
- combine universal and targeted child grants - During the first years of life, for example, all children are eligible, while from a certain age transfers are targeted to poor children.

## 2. Basic Income Security for the Elderly

- *“The elderly are more likely considered to be deserving of government support”.*
- Most countries rely on a mix of contributory and non-contributory pensions;
- Universal coverage of the population above pension age has already achieved in Mongolia and Timor Leste; Kazakhstan has close to 100% coverage, while in AZE, PRC, and THA cover more than 70% of the population above national pension age.
- Countries where the majority of the population works in the informal economy tend to have low contribution rates and thus low coverage.
- The question for financing is whether social pensions should be provided universal (upper scenario) or targeted (lower scenario).

# 3. Basic income security for working-age adults

*“Protecting working-age adults from poverty by providing them with basic income security is perhaps the hardest and most controversial policy discussion, unless it concerns a (severely) disabled or (chronically) ill person.”*

- Most countries have categorical social assistance programs, similar to social pensions, for adults incapable to work
- Public works programs are also effective when combined with other types of social assistance programs

# The Way Forward

## Estimated costs of closing the income and SDG-related gaps (% of GDP)

	Income gap <sup>a</sup>		SDG-related gap in 2030 <sup>b</sup>	
	At \$1.90	At \$3.10	Lower	Upper
Azerbaijan	0.0	0.0	0.7	6.8
Cambodia	0.2	3.6	0.6	7.6
PRC	0.1	0.6	0.0	1.5
India	0.5	3.9	1.5	6.1
Indonesia	0.1	1.4	0.1	3.4
Kazakhstan	0.0	0.0	0.2	3.1
Lao People's Dem. Rep.	1.2	6.0	0.8	4.6
Malaysia	0.0	0.0	0.1	6.0
Mongolia	0.0	0.1	0.2	5.4
Myanmar	n.a.	n.a.	2.1	8.4
Nepal	0.6	5.7	1.5	11.2
Philippines	0.3	2.2	0.2	3.9
Sri Lanka	0.0	0.5	0.0	2.2
Thailand	0.0	0.0	0.4	4.9
Timor-Leste	2.0	12.7	5.2	12.7
Viet Nam	0.1	0.8	0.6	6.6

<sup>a</sup> Based on international poverty lines in 2011 PPP.

<sup>b</sup> Only the social protection gap; indicates necessary expenditures in 2030 (see Chapter 2 for details).

n.a. = data not available.

Source: Income gap: Bierbaum et al. (2016); SDG-related gap: Chapter 2 of this book.

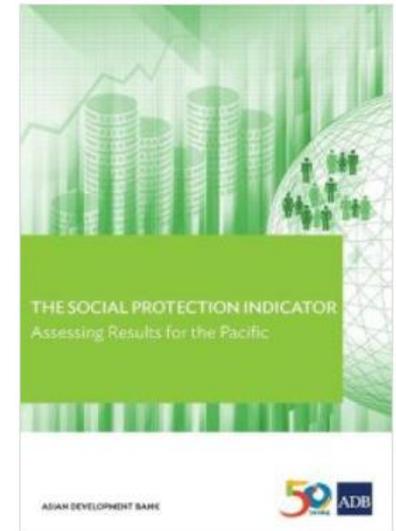
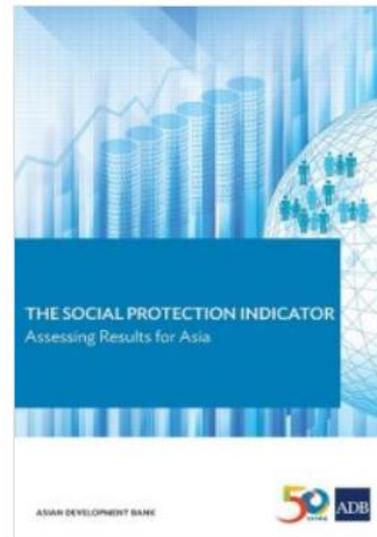
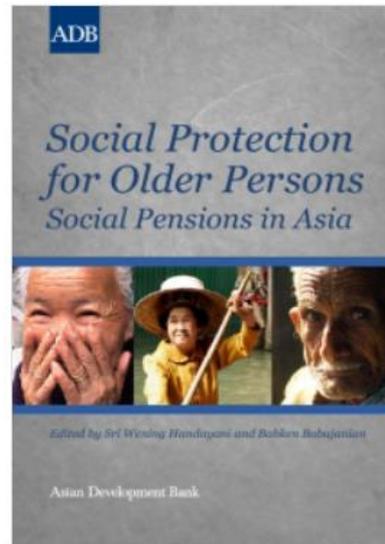
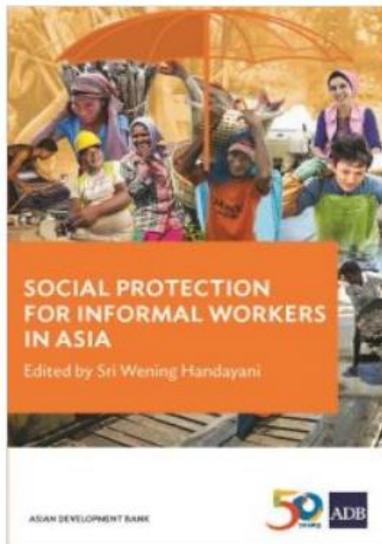
# The Way Forward

- ❑ Recent estimates indicate that the eradication of extreme poverty—lifting everybody to the international poverty line of \$1.90 per day in 2011 PPP—would require less than 1% of GDP in most of our 16 countries
- ❑ Closing the poverty gap up to \$3.10 per day in 2011 PPP requires considerably more funds and exceeds the threshold of 3% of GDP
- ❑ The additional financial resources required to achieve the lower scenario seem moderate for most of our 16 focus countries
- ❑ Even the most effective poverty-targeted social assistance programs have substantial exclusion errors
- ❑ Having a strategy is no guarantee of implementation as strategies are often guided by wishful thinking or—to put it more positively—embody a vision that will take many years to realize.

# Conclusions

- ❑ Social assistance programs play an important role in comprehensive social protection systems
- ❑ Cash-based programs especially are effective for ensuring basic income security for children, adults, and the elderly in need
- ❑ Most countries in the region are lagging behind on both coverage *and* adequacy
  - Coverage gaps : lack of government-based national social assistance programs are still absent
  - Shortcomings in adequacy stem from insufficient budget allocations
  - Cash transfers are rarely adjusted for increases in living costs
- ❑ Given administrative capacity requirements, universal or categorical allocations of cash transfers are the preferred policy solution to close the social assistance gaps

# Thank You!



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