

Social Protection Systems – Lessons learnt from Asia, the Role of Basic Income Type Measures, Policy Considerations

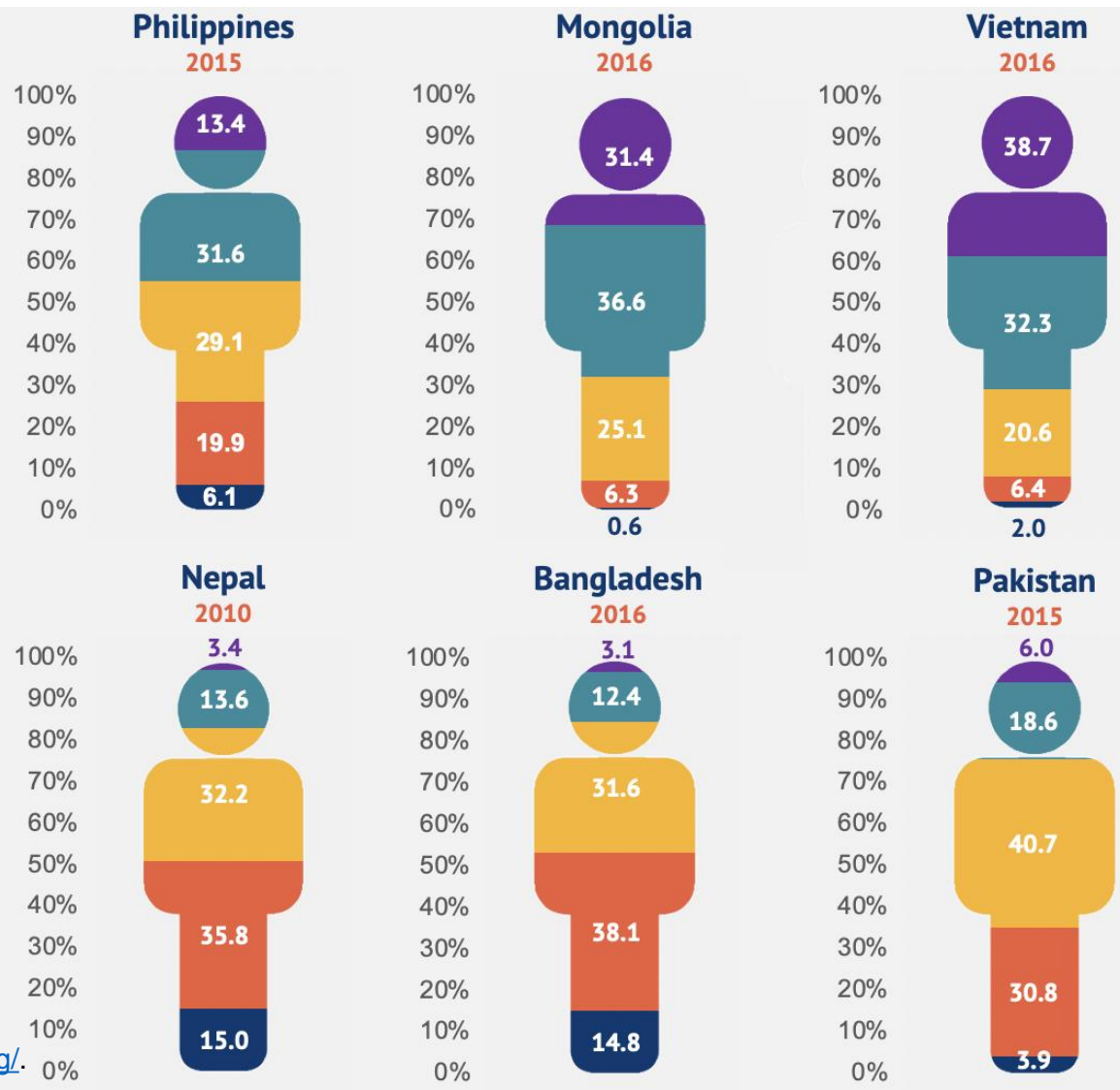
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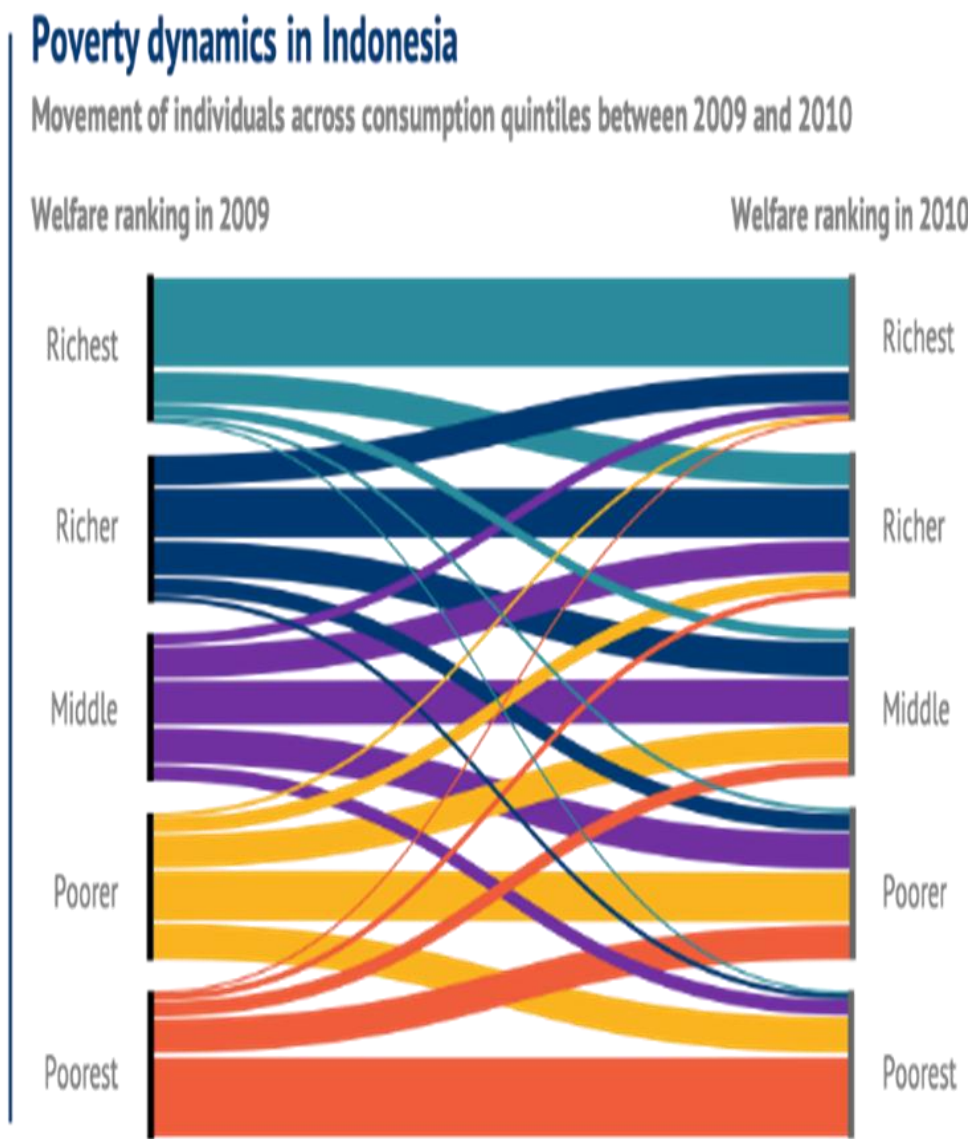
Poverty has declined through 2019, but remains endemic in developing Asia (% of population under thresholds; PPP \$)



Source: Created using internationally comparable PovcalNet data, from <http://iresearch.worldbank.org/>.



Rapid Churning across Quintiles → Numbers Changing Slowly; but not Same Individuals



Pre-COVID development path: unsustainable → build back to sustainability

Developing Asia's social protection systems fail to reach many of the most vulnerable and those falling into poverty.

Key gaps: informal sector; limited role for automatic stabilizers (e.g. UE insurance).

COVID-19 response tops up tax-financed schemes or brings new measures:

- **Vertical expansion:** transfer values increased for existing schemes;
- **Horizontal expansion:** new recipients incorporated into existing schemes;
- **3 types of new Social Protection measures:** universal lifecycle; TBI/UBI; insurance

Temporary Basic Income: Cash transfer to bring all incomes to minimum level in the wake of the pandemic — UNDP GPN Paper

Millions remain in/fall into poverty—temporarily mitigate this via cash transfer

3 scenarios using World Bank's PovCalNet (132 developing countries) establish: it is feasible as a temporary measure (cost is 1-2% of annual GDP/quarter)

But issues remain:

- How to fund this?
- How to reach excluded populations?
- Finding level of support that does not erode incentives to work, save, and invest.

Policies:

Key: effectiveness of overall social protection system in attaining social goals, *reaching the majority* of those in need with *adequate support*. Various *constellations of social programs* can work; a form of UBI/TBI can be a useful component.

Social protection system needs **adequate fiscal space** in post-acute phase of pandemic

- **Review revenue, expenditure policy:** what's optimal post-COVID, what isn't
- **Address fiscal termites** that undermine the budget: transfer pricing, tax havens, tax evasion/avoidance by MNCs, the untaxed digital economy; white elephant investment projects & fossil fuel subsidies (environmental impact). This requires international coordination of COVID-19 policy packages.
- **Work with private sector, civil sector** to reduce informal economy—expand social insurance, pension savings matching; enhance education, health system, employability.

Policies, continued:

Budgetary spending should not be the sole center of gravity of policies.

Aim to *crowd in* the private sector & civil society, *regulate* to address *market failures*, *abandon wasteful policies*; and *prevent conflict*.

Affordable internet access & skills to participate in the digital, sharing & circular economies is emerging as a new public good—best provided by government.

- People with such access and the requisite skills to work digitally were able to keep their work & incomes and fared far better than others.
- A similar divide opened up between students who could continue learning and those who could not do so.

Thank You.

Comments Most Welcome.

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