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Why social protection should top the Asian agenda

By Social Protection Team on Fri, 19 April 2013

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As 2013 brings more sluggish growth for Organisation for Economic Co-operation and Development (OECD) countries, the developing nations of Asia remain the stellar performers of the global economy. And yet on one key indicator the region is lagging behind: investment in social protection in Asia and the Pacific region is lower than in any part of the developing world except sub-Saharan Africa.

Why does this matter? Will continued growth not narrow the gaps and provide a decent standard of living for all? The evidence suggests not. In Asia's fastest-growing economies millions have been lifted out of poverty, but the benefits have accrued to certain regions and cities, particular sectors and population groups, leaving many mired in poverty and dangerously disconnected from the new motors of growth. In People’s Republic of China (PRC), for example, rural dwellers are now up to six times poorer than urban populations.

Hunger and poverty have not been banished by economic growth. In low-income countries - and particularly those where imports account for a large share of the food supply –a small spike in food prices means that the poorest can no longer afford to put food on the table. Worse, they cannot turn to the State for help. This is the reality for nearly 80% of the world's poorest, to whom basic social protection is unavailable.

Some Asian countries are starting to turn the tables and invest in social protection. The Philippines' conditional cash transfer programme, supported by the ADB and other development partners, reached more than 3 million households in 2012, and is yielding positive results on multiple fronts: beneficiary families spend more on health and education, attend prenatal and postnatal care more frequently, take their children for regular health monitoring and feed them a more nutritious diet.

In India, the National Rural Employment Guarantee Act provides a legal guarantee of one hundred days of paid employment per year for all adult members of rural households, and reached 52.5 million households in 2009-2010. While corruption allegedly dogs the scheme, it has nonetheless proven to be a valuable tool in supporting rural incomes, while stimulating other positive outcomes for longer-term economic engagement: the scheme earmarks one third of work for rural women, thus encouraging women to work outside the home and improving their bargaining position on the labour market.

For large developing countries such as India and the Philippines, the challenge is thus to build on the successes of existing schemes and put comprehensive social protection systems in place in a way that secures basic rights for all.

But for others, economic and fiscal constraints prevent even the first steps being taken. Many smaller economies, including some of Asia's poorest States, may not have the capacity to afford
the surging expenditure on social protection that is required especially in the wake of shocks such as droughts, floods, disease epidemics or sudden food price spikes that afflict large population groups, while simultaneously slashing a State's tax and export earnings.

Countries must assist each other when the risks are too big for a single State to absorb, stepping in to complement national efforts. In order to make such support available in a concrete and reliable form, a global funding mechanism is urgently needed. The Global Fund for Social Protection that I have proposed, alongside Magdalena Sepúlveda, the UN Special Rapporteur on Extreme Poverty and Human Rights, would allow least developed countries to draw on international funding to meet the basic costs of putting social protection in place. The Fund could also be called upon to underwrite these schemes against the risks of excess demand triggered by major shocks. The total costs of introducing a basic social protection floor worldwide are estimated to amount to 2 per cent to 6 per cent of global GDP.

Social protection for all must become an Asian goal and a global goal. A global fund could encourage and embolden States to build on existing social protection schemes, establish new ones, and ultimately create comprehensive social protection systems that would deliver dignity and basic rights to those yet to benefit from Asian economic development, while putting that development on a secure and inclusive footing for the future. The idea could be spearheaded by a group of pioneering donor countries and agencies. The Asian Development Bank could lead by example, by supporting the establishment of social protection floors in the countries in which it works, sending a clear message that this should now be seen as a priority of development strategies.

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