

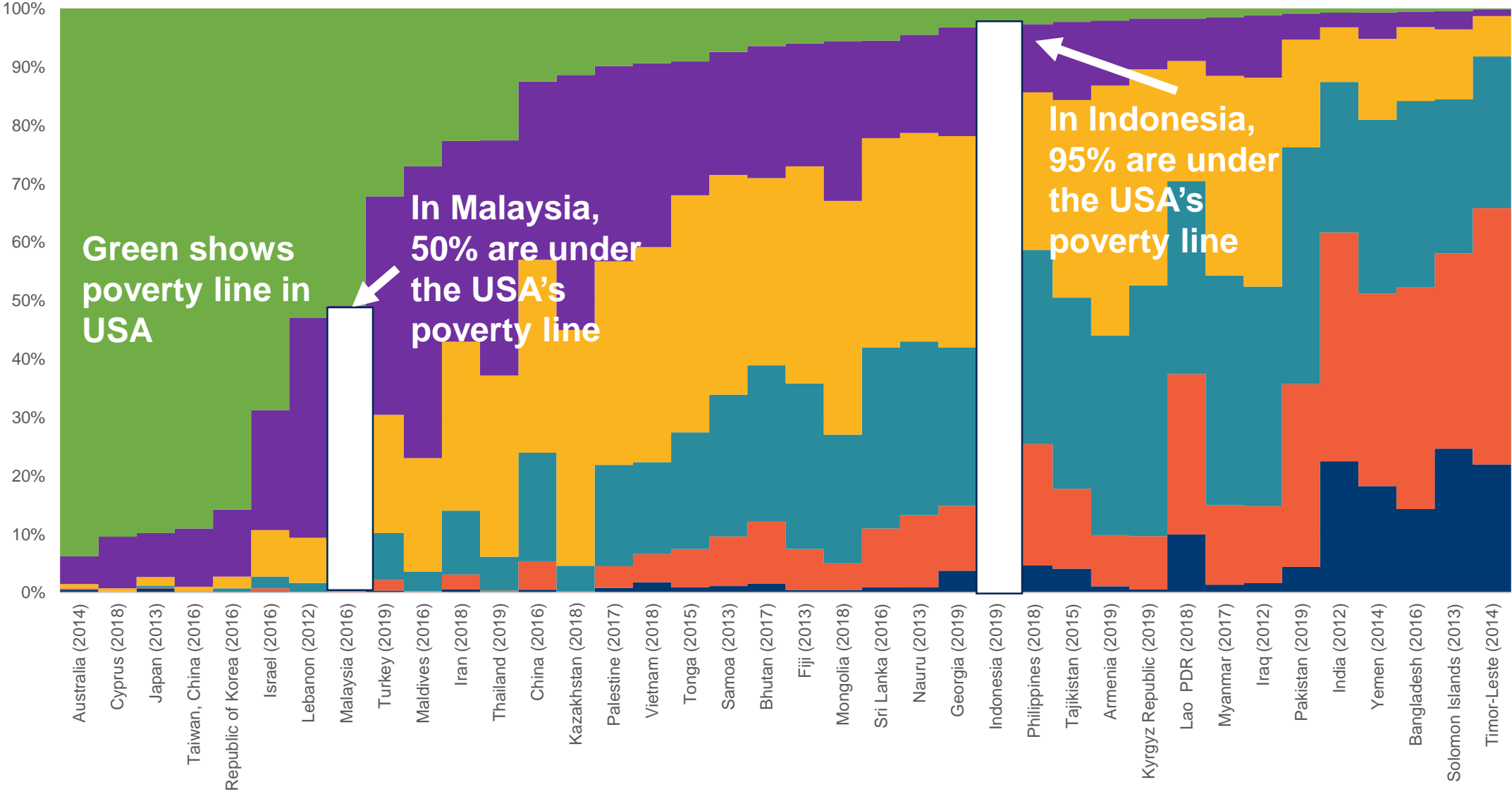


DEVELOPMENT --- **PATHWAYS**

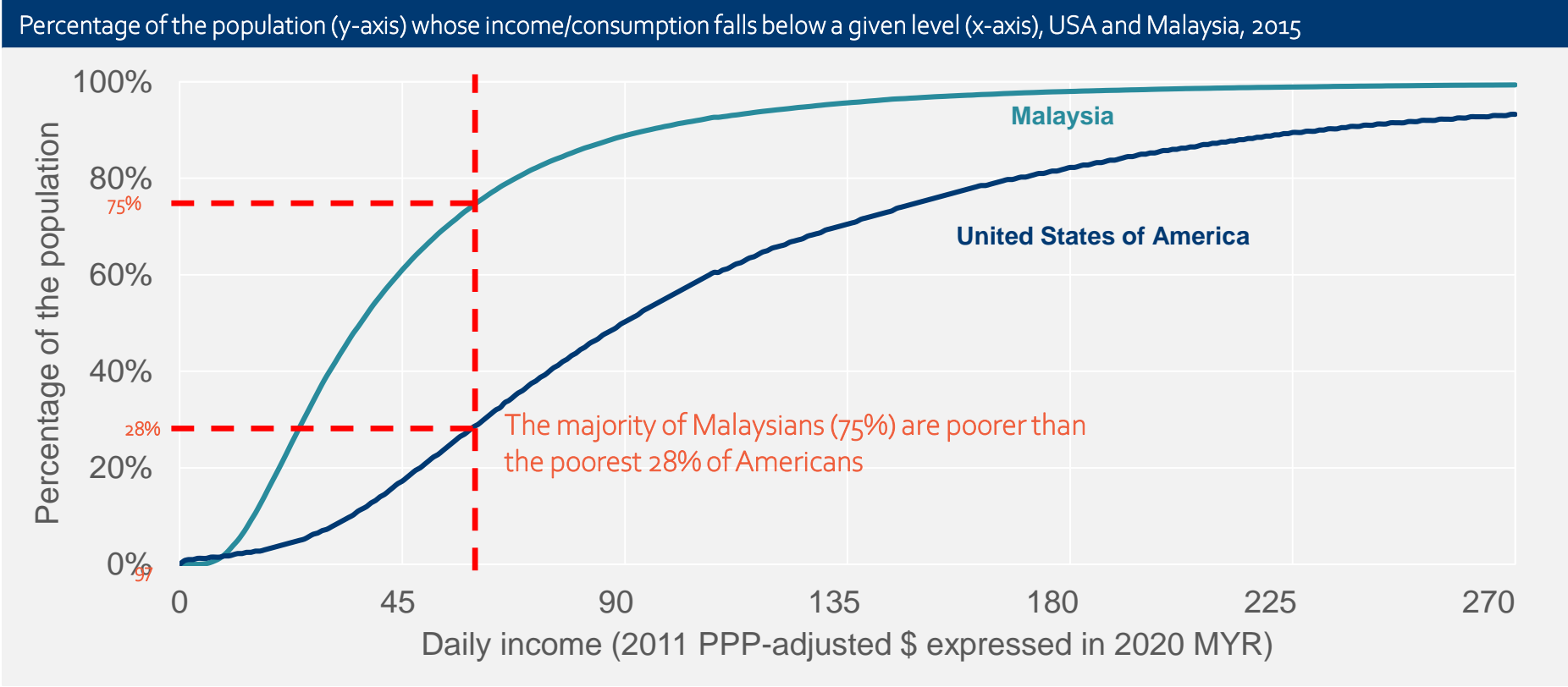
**Tackling high inequality in the Asia-Pacific region
by investing in inclusive, lifecycle social security
systems**

Dr Stephen Kidd

Most people live on low incomes in the Asia-Pacific region



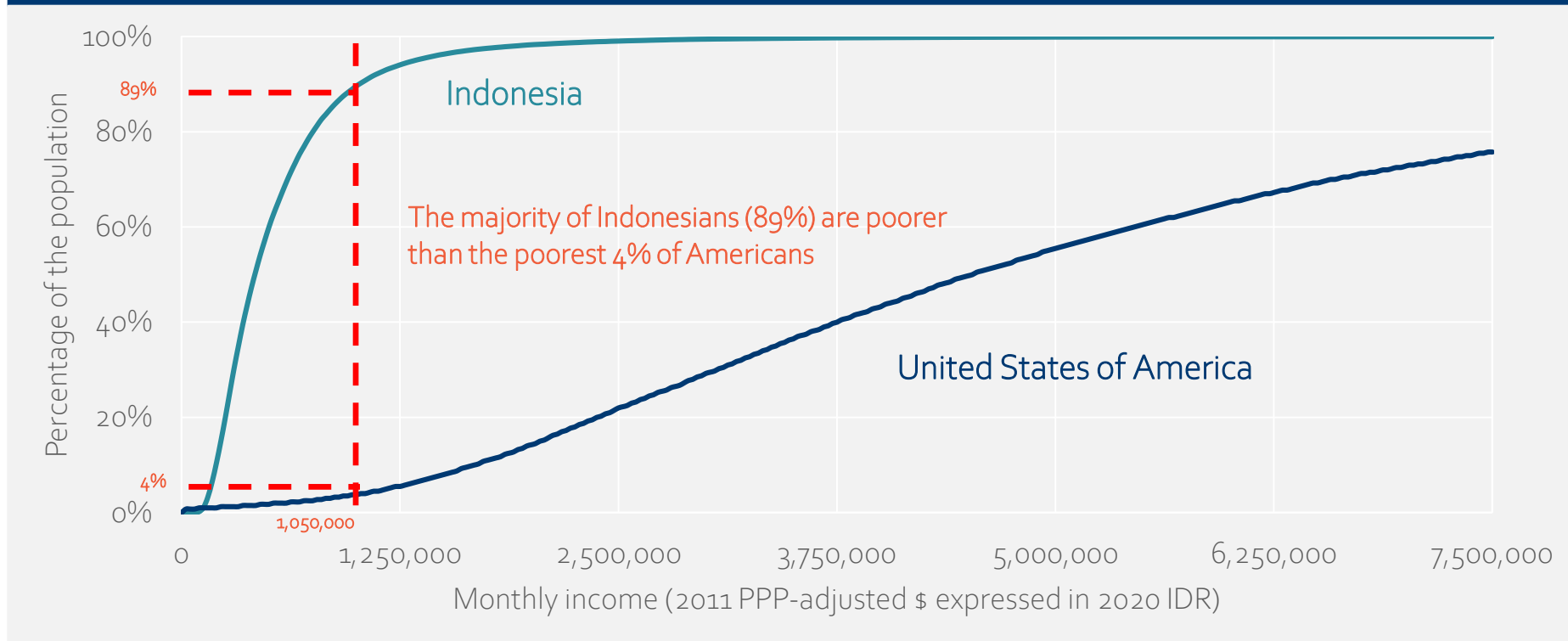
Comparison of income distributions in Malaysia and United States



Source: PovcalNet API (accessed in Oct 2021).

Comparison of income distribution in Indonesia and United States

Percentage of the population (y-axis) whose income/consumption falls below a given level (x-axis), USA and Indonesia, 2018



Source: PovcalNet API (accessed in Oct 2021).

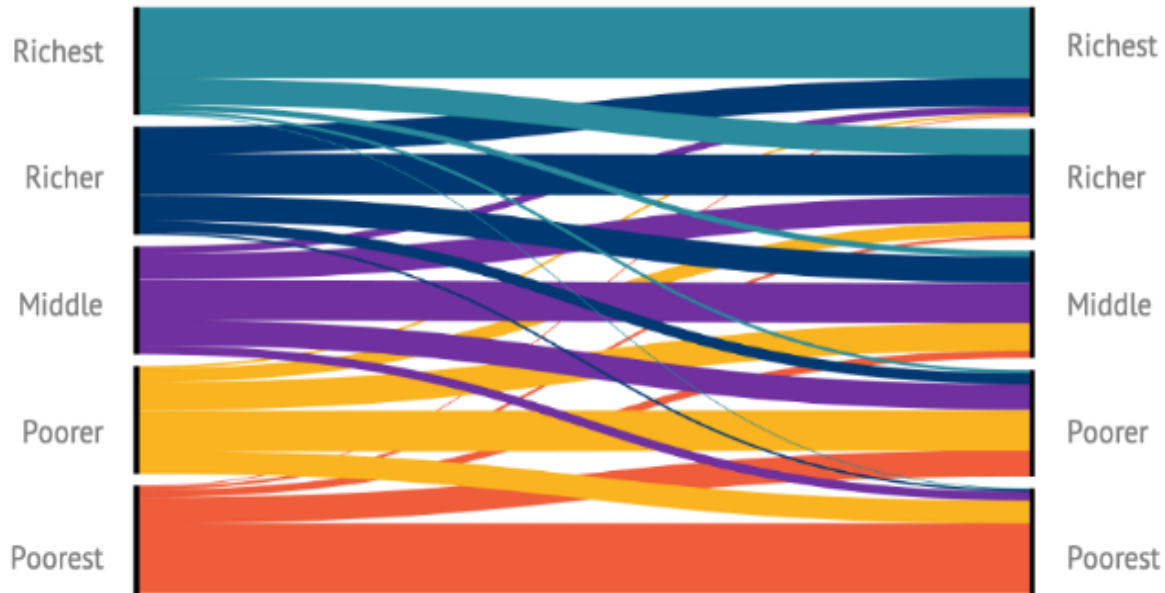
There is no fixed group of 'the poor'

Welfare dynamics in Vietnam

Movement of individuals across consumption quintiles between 2010 and 2012

Welfare ranking in 2010

Welfare ranking in 2012

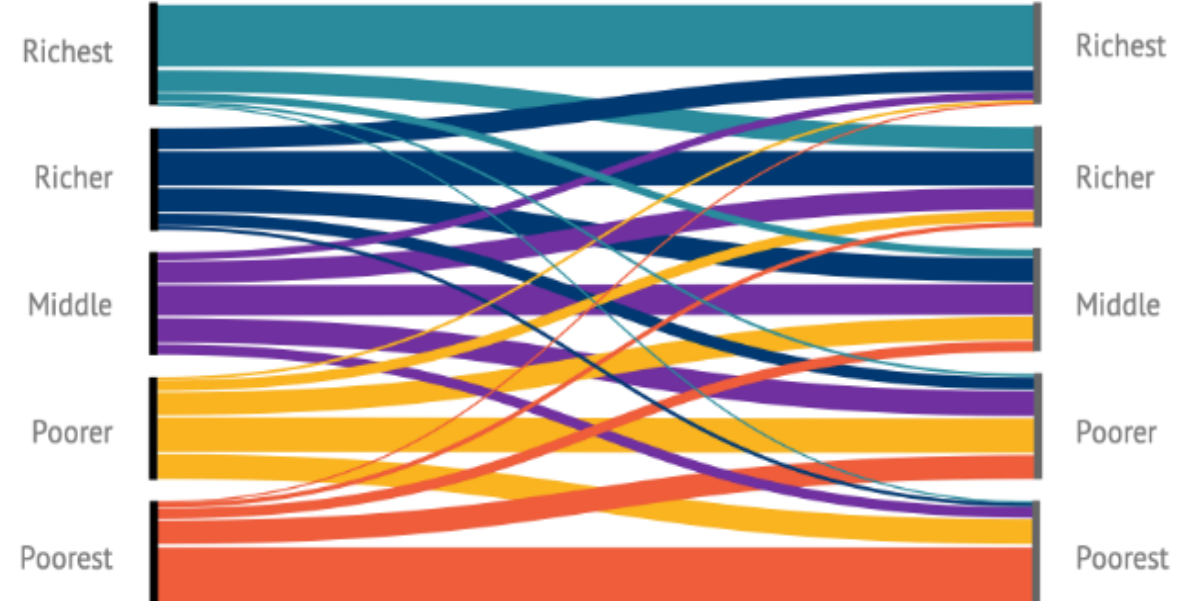


Welfare dynamics in Indonesia

Movement of individuals across consumption quintiles between 2009 and 2010

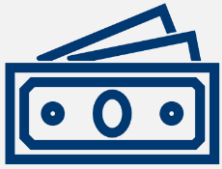
Welfare ranking in 2009

Welfare ranking in 2010



Covid-19 crisis has made an already challenging situation even worse for families (example of Sri Lanka)

Results from a UNICEF telephone survey

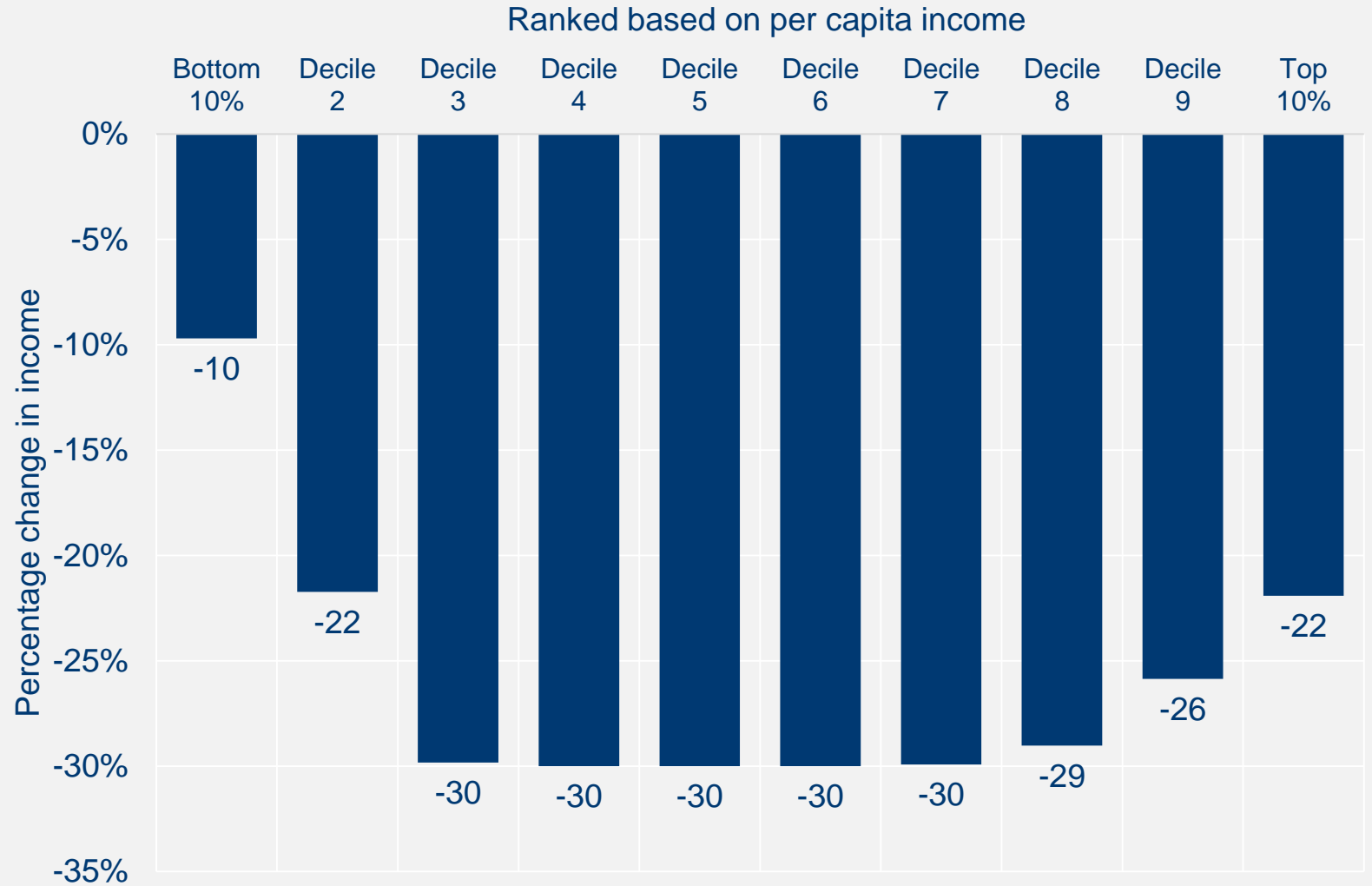


39% lost all of income

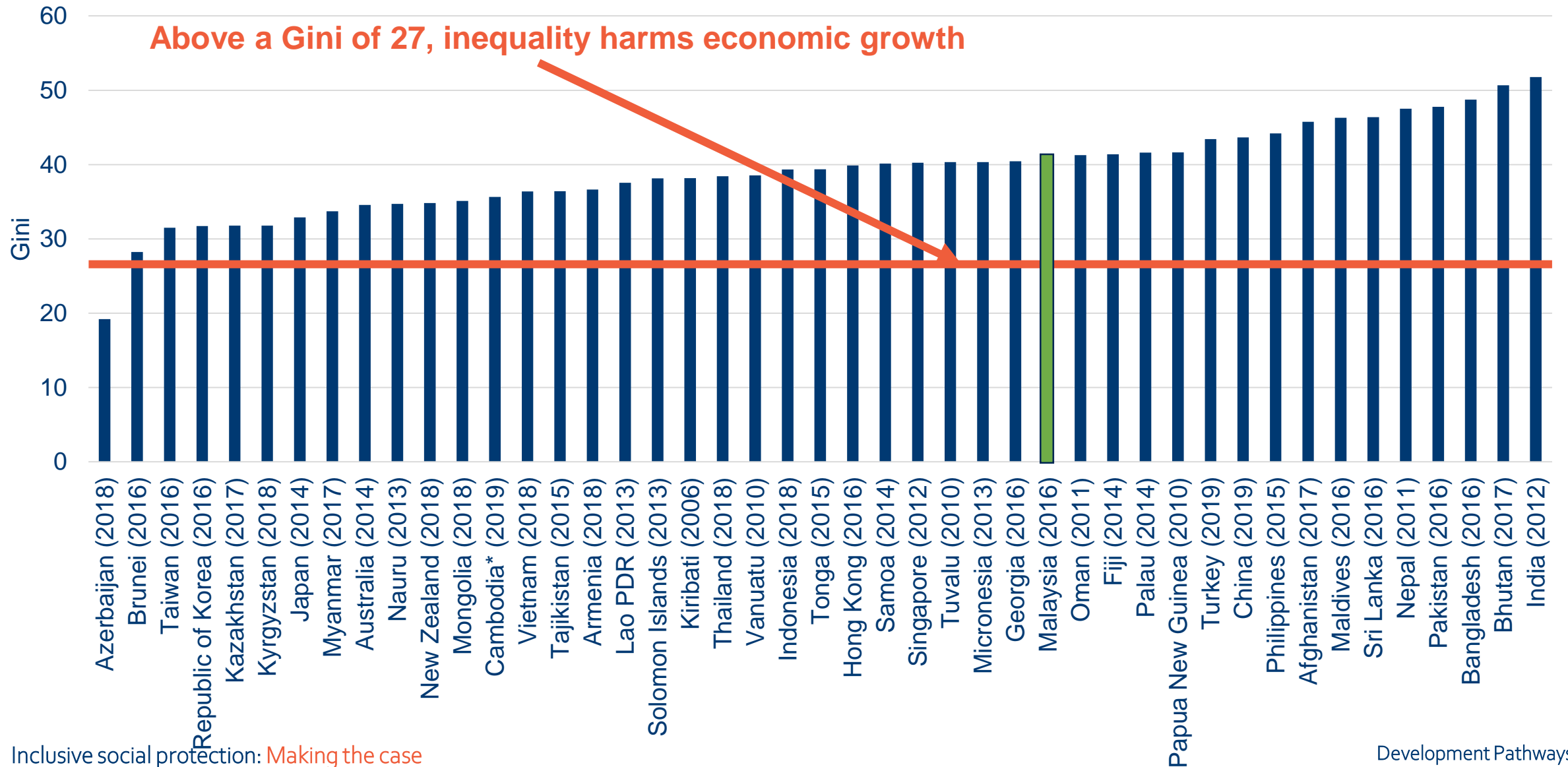


32% lost some of income

71% have been affected



Levels of inequality across Asia



Inequality causes a range of other negative impacts

Greater likelihood of poor health, undernutrition and death with high inequality

Mortality is higher when countries experience high inequality

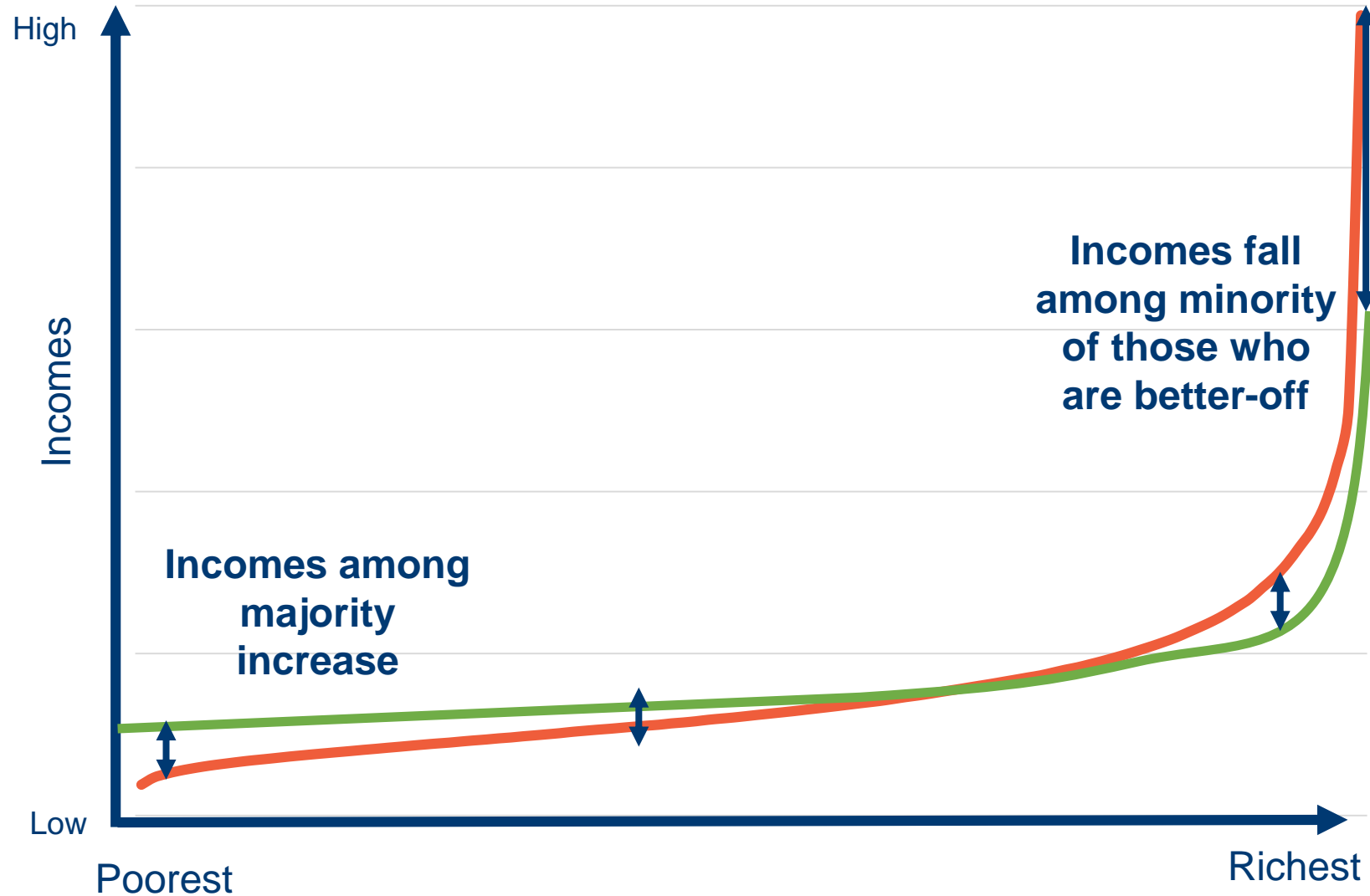
Trust in government is weakened when inequality is high

High inequality is more likely to lead to social unrest

Key question is:

How do we most effectively reduce inequality to build more decent and peaceful societies?

Through the redistribution of wealth, social security brings about reduced inequality



Who should benefit from social security?

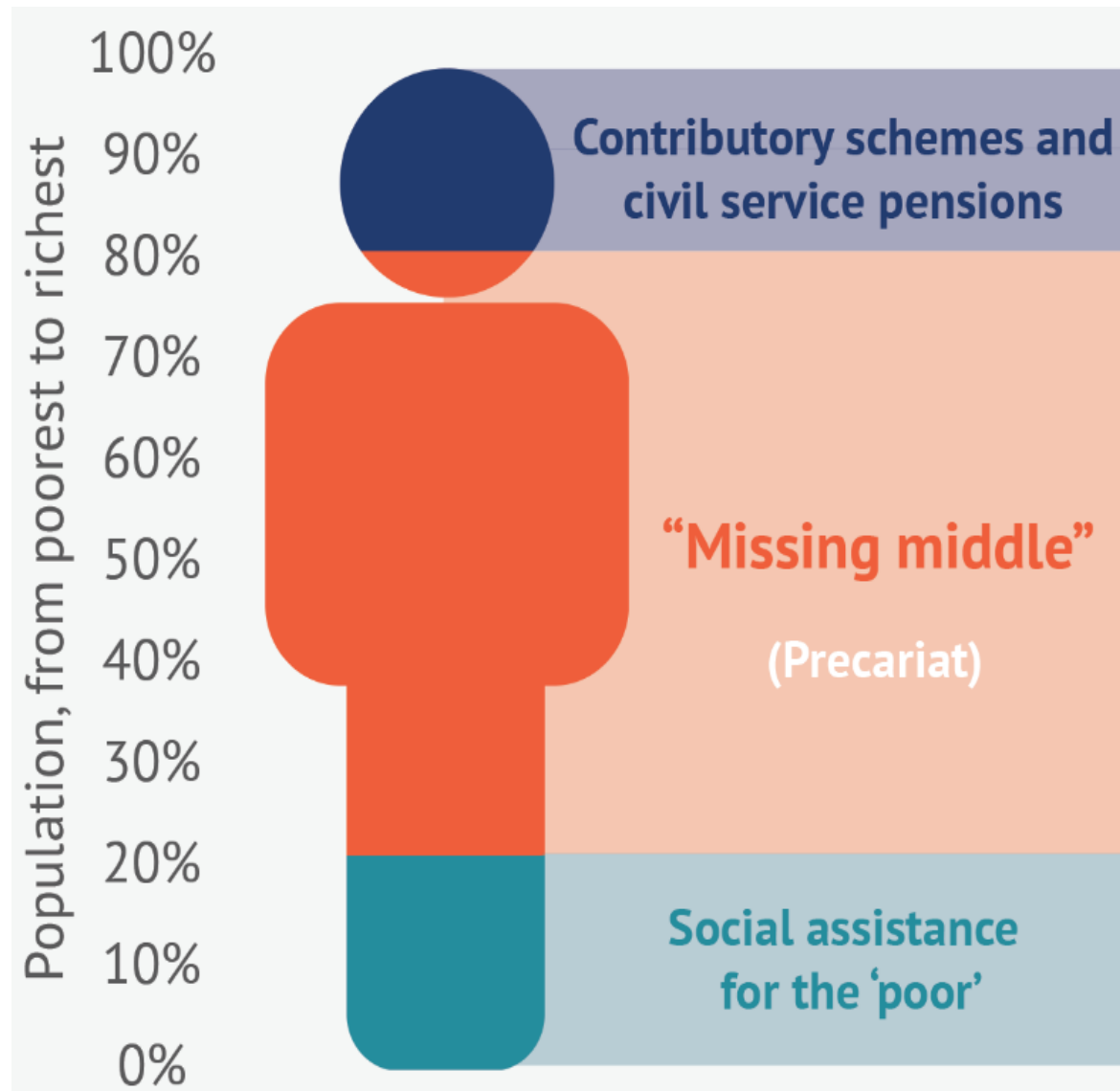


OR



OR

Many low- and middle-income countries in Asia have a social security model that is bifurcated and has a large 'missing middle'

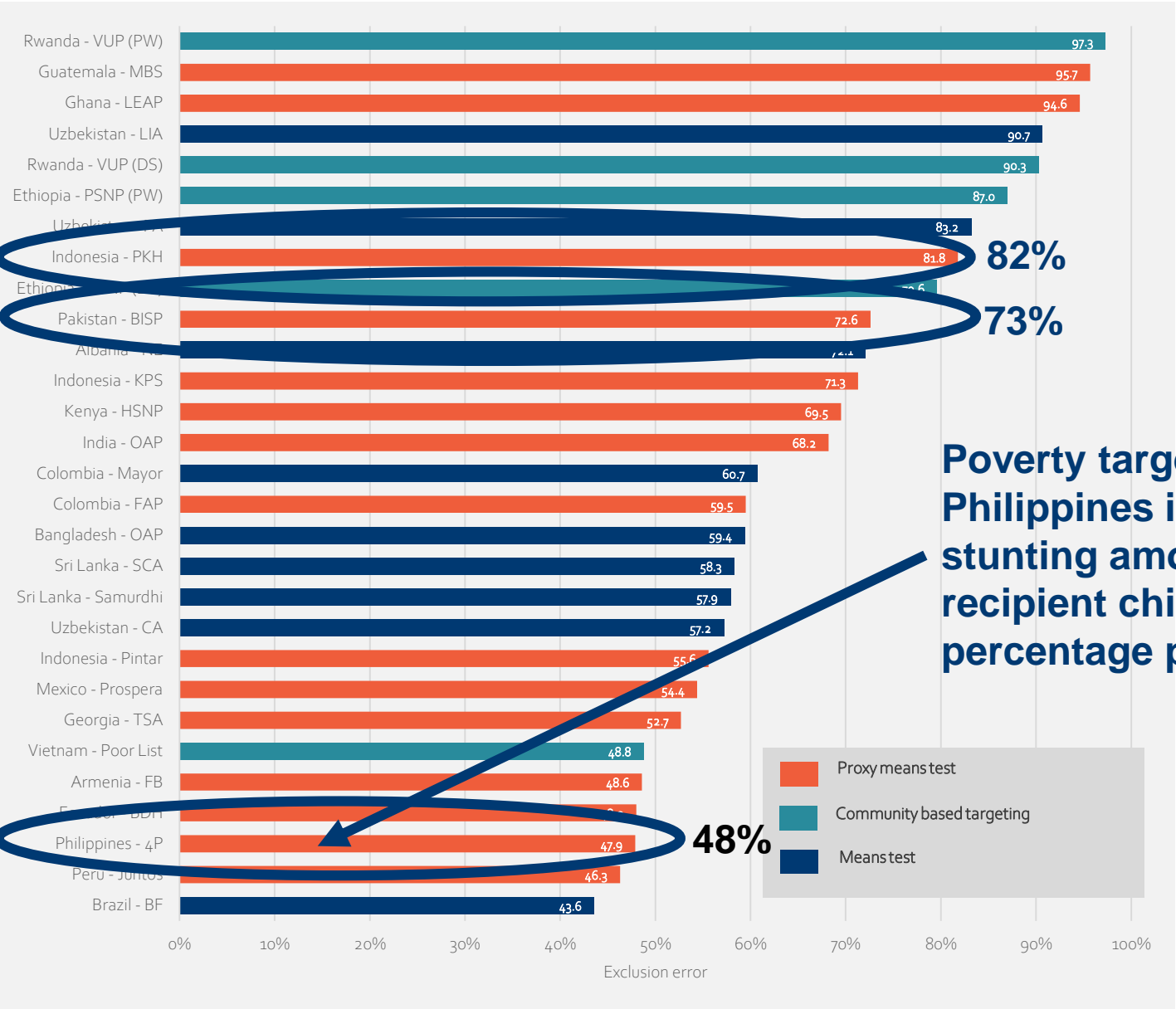


Poverty-targeted schemes always have high exclusion errors across Asia

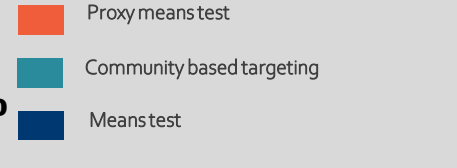
Indonesia

Pakistan

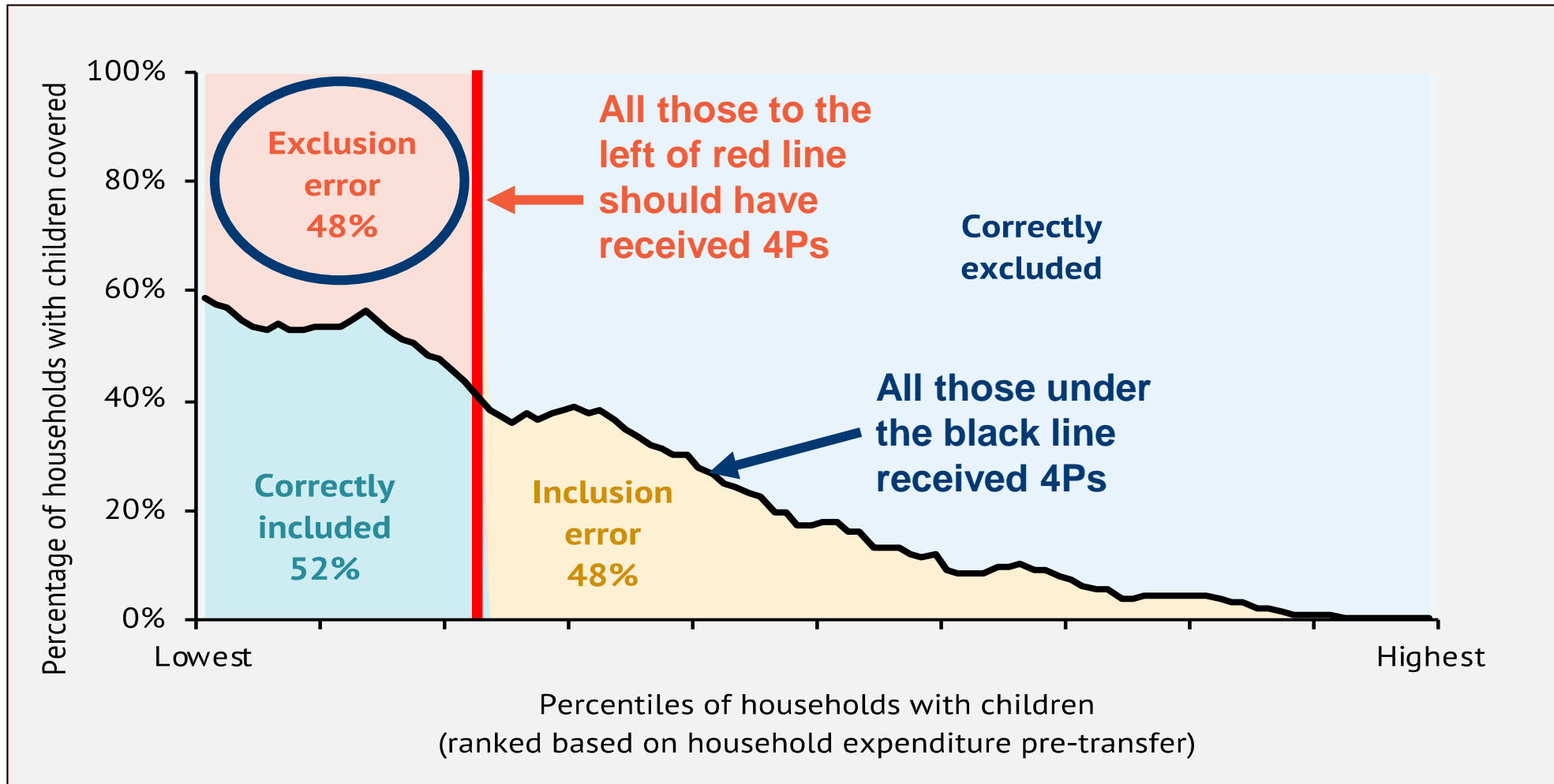
Philippines



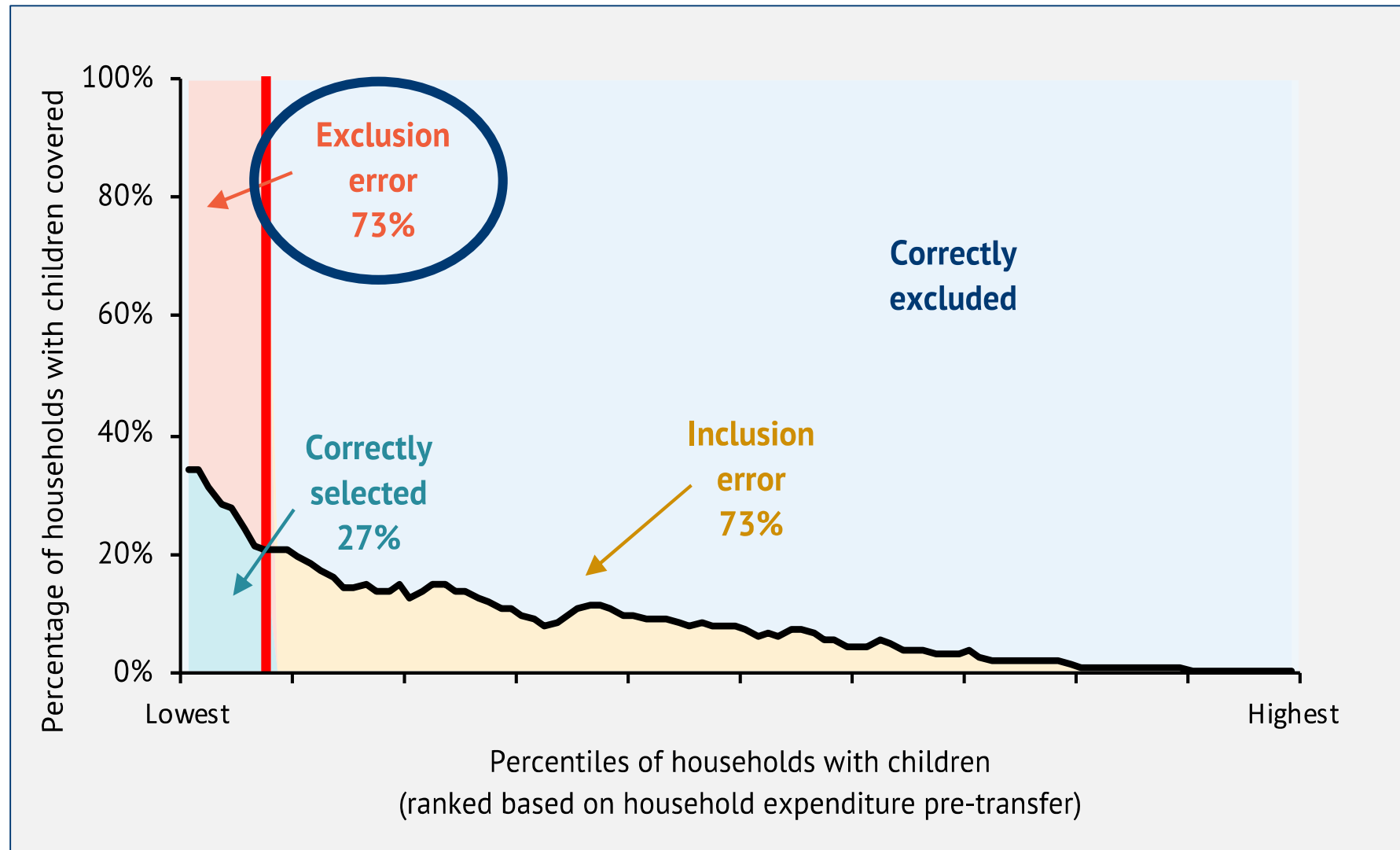
Poverty targeting in the Philippines increased stunting among non-recipient children by 11 percentage points



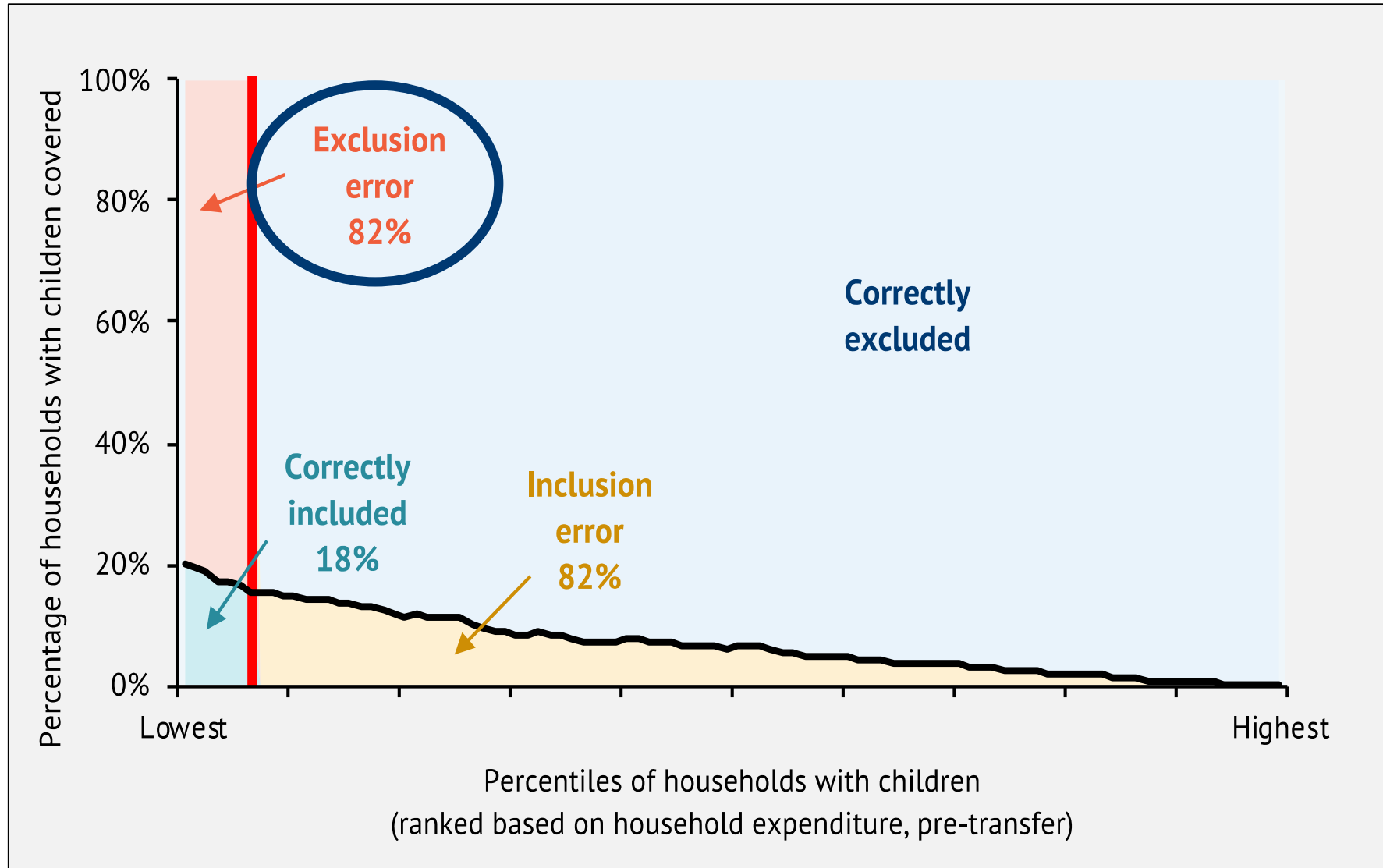
Philippines: Pantawid (4Ps) programme



Pakistan: Benazir Income Support Programme (BISP)

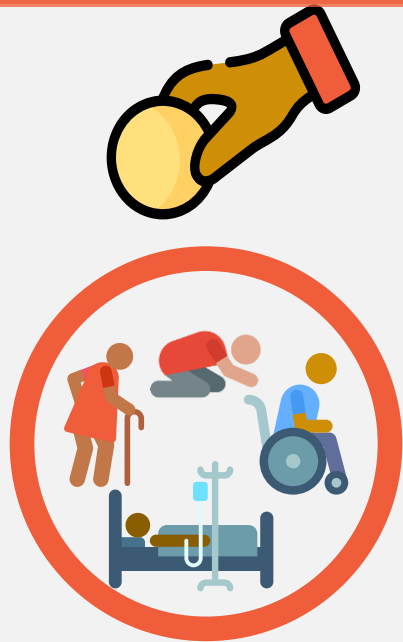


Indonesia: PKH programme



A key choice, therefore, is whether to provide social protection as charity to 'the other' or build inclusive systems for all of us

Similar system to that employed in 19th Century Europe



A modern, lifecycle social security system



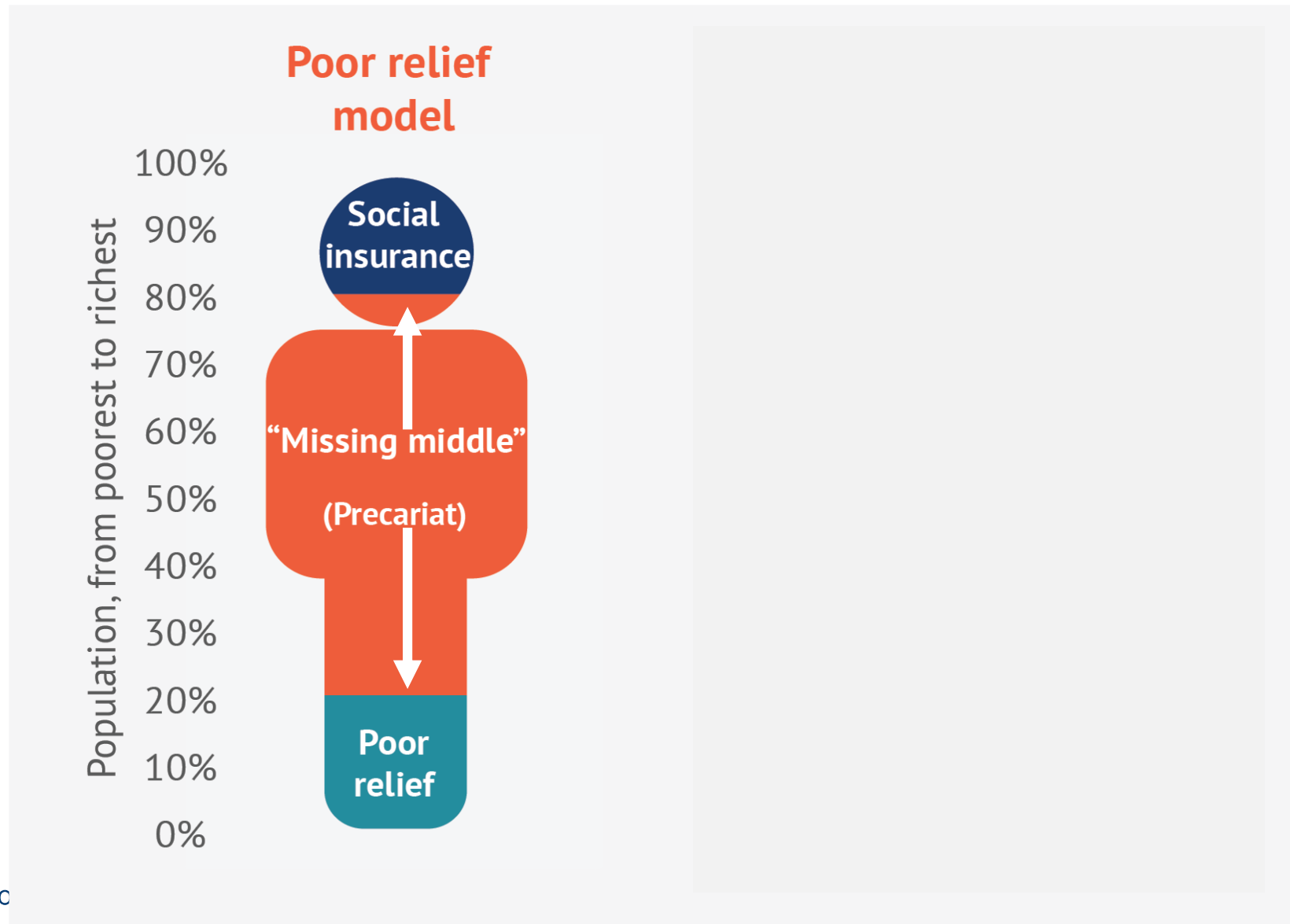
Social security for all was recognized as a basic human right in 1948, with a focus on addressing risks across the lifecycle

Universal Declaration of Human Rights (1948)

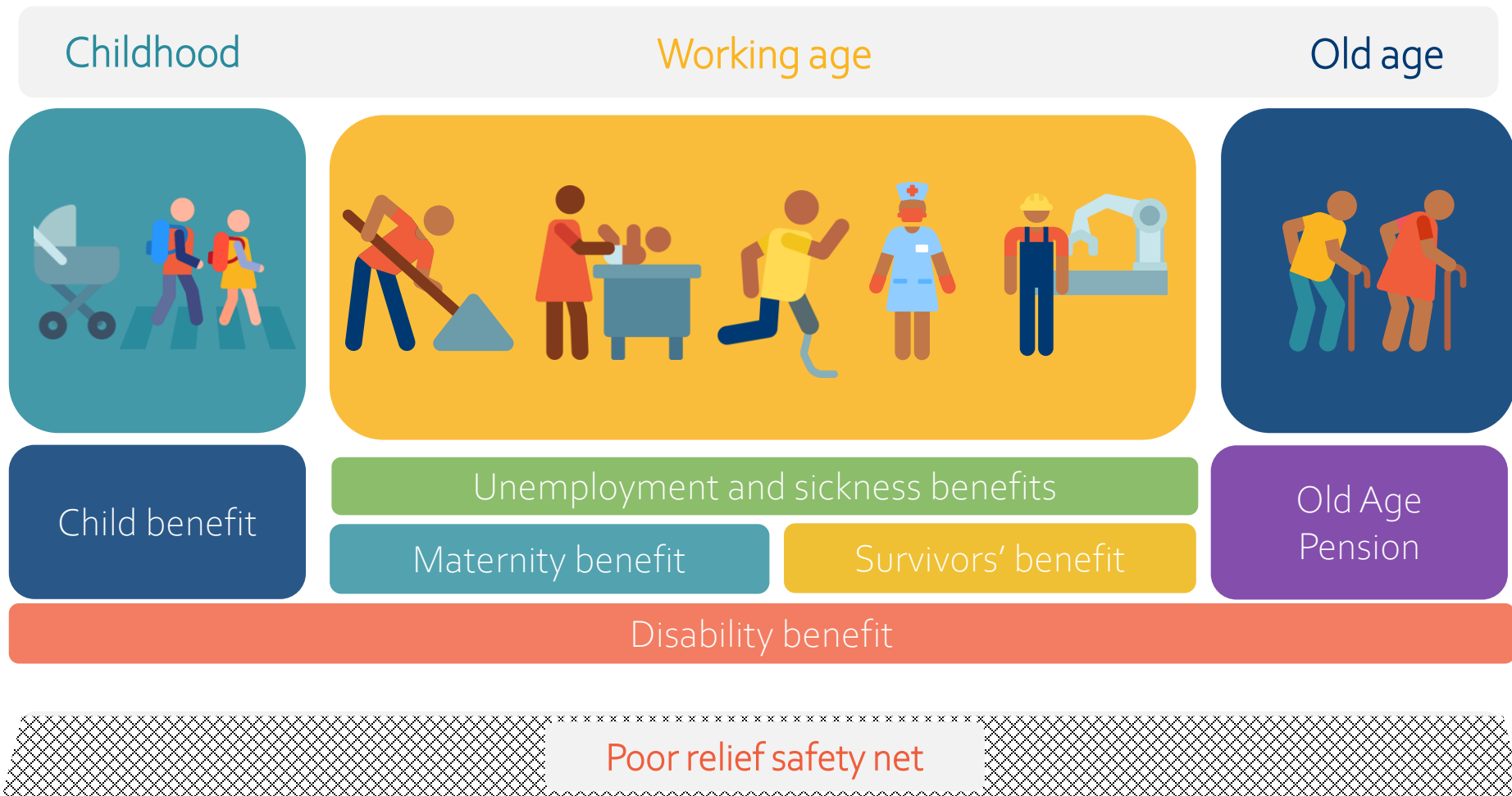
Article 22: "Everyone, as a member of society, has the right to social security"

Article 25: "(1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control. (2) Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection."

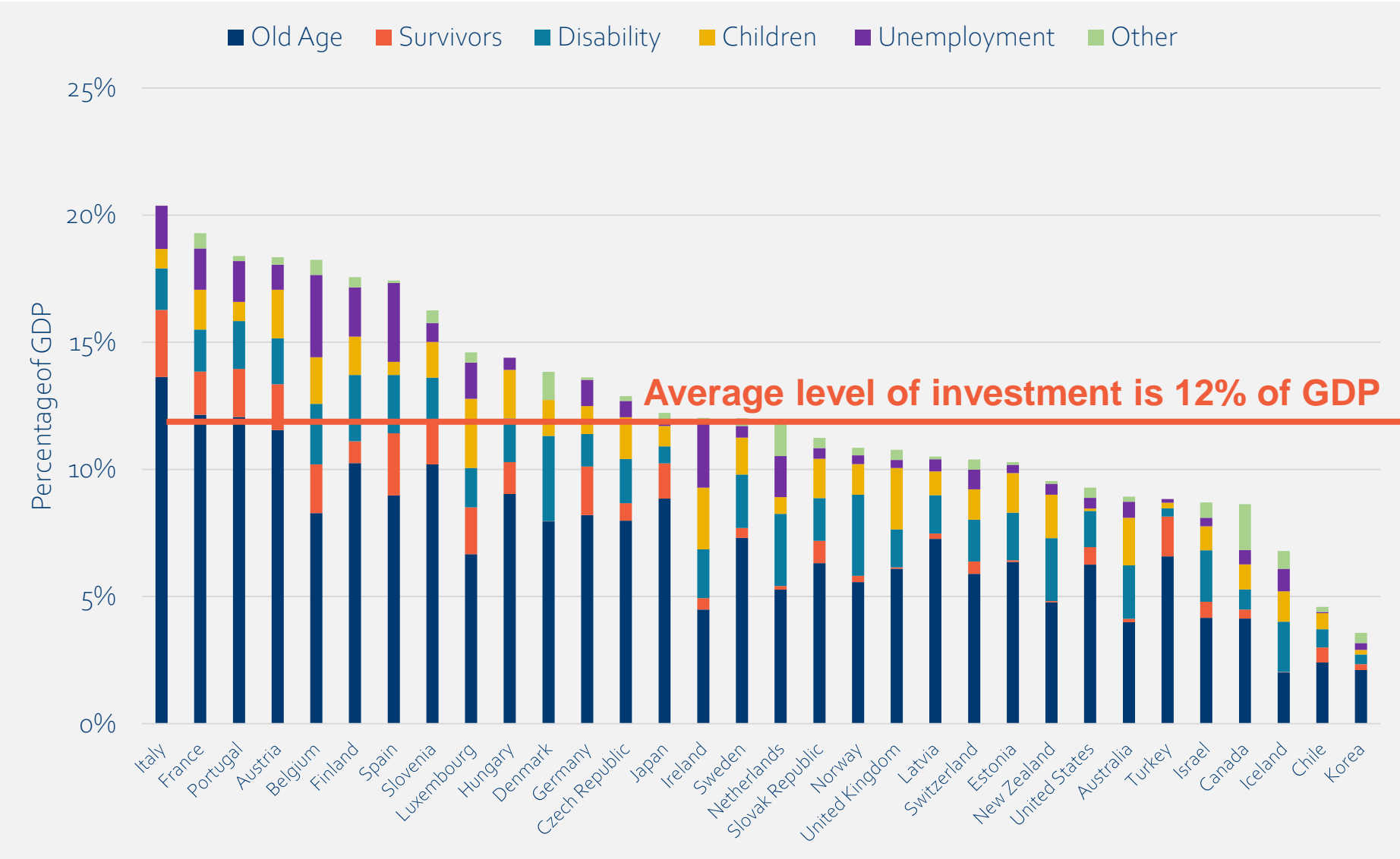
Moving from poor relief to modern, universal social security systems: a necessity in Asia



Inclusive lifecycle social protection system based on a "social protection floor:" the modern form of social security



Investment in social protection across rich countries

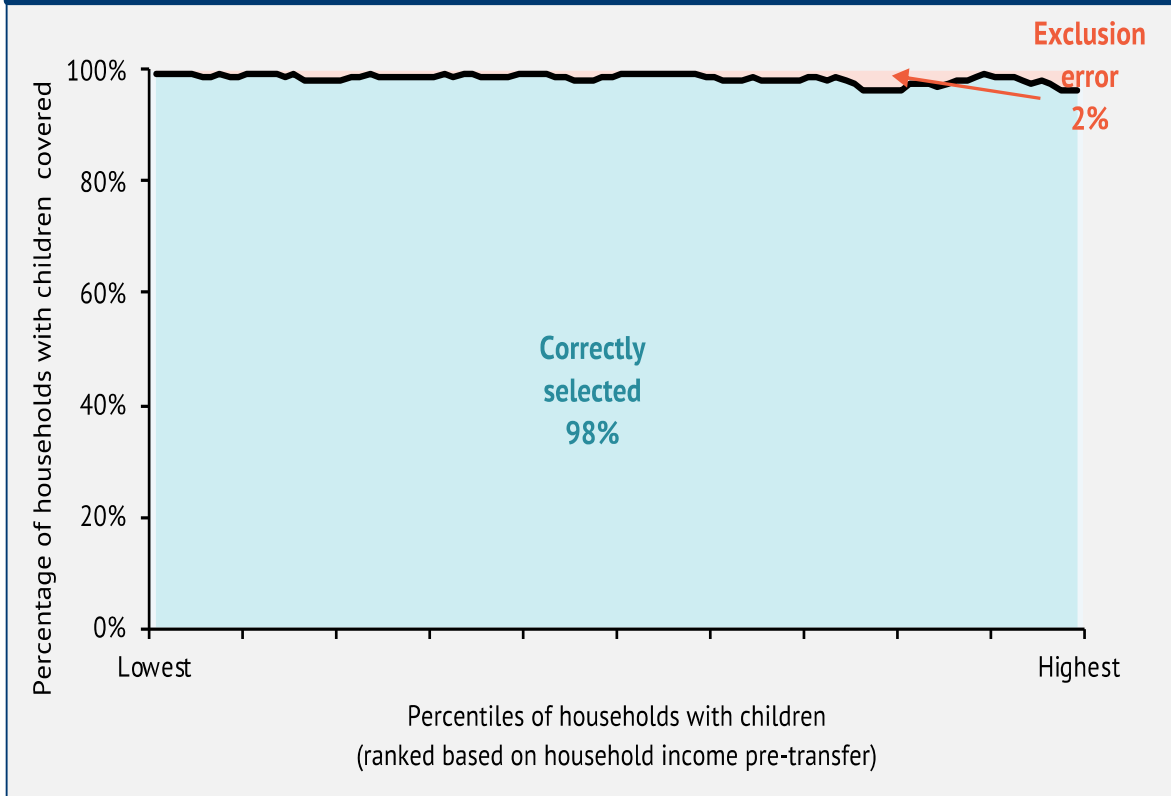


Inclusive social protection. **making the case**

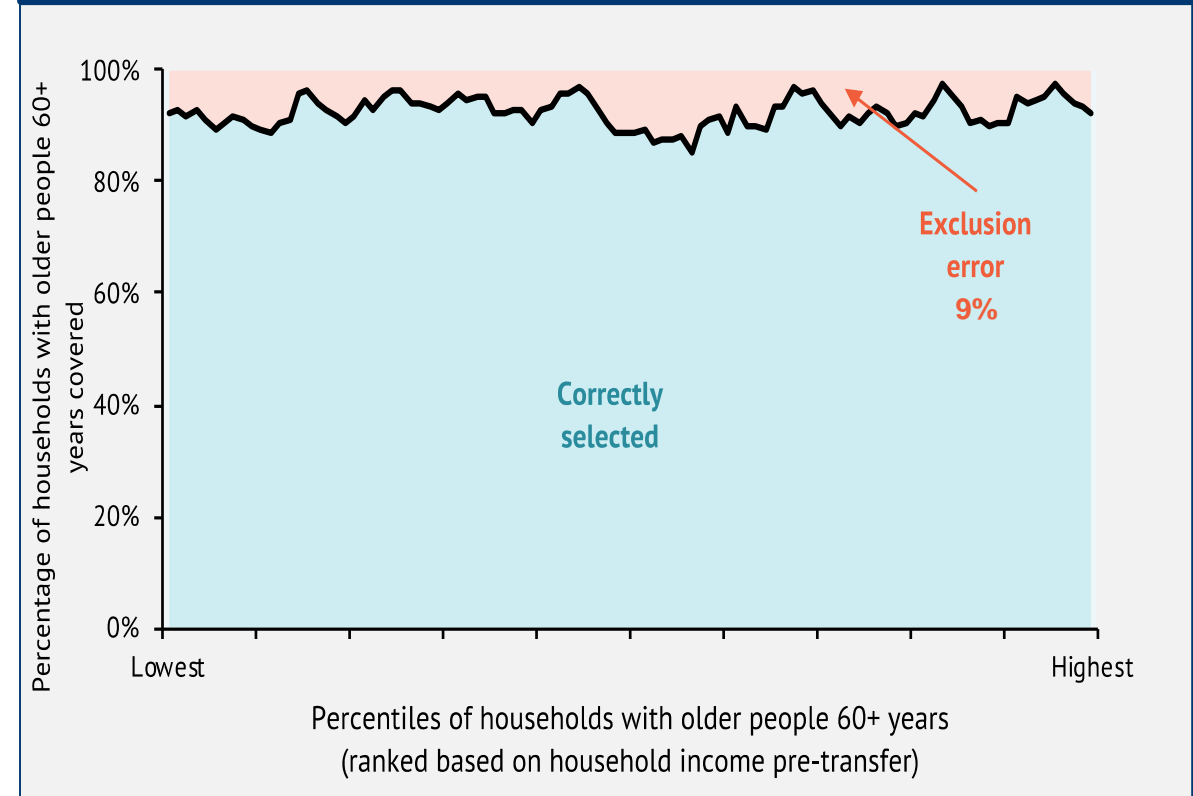
How do the different paradigms of social security compare in terms of their performance?

Universal selection is much more effective in reaching the poorest as well as those on middle – but still low - incomes

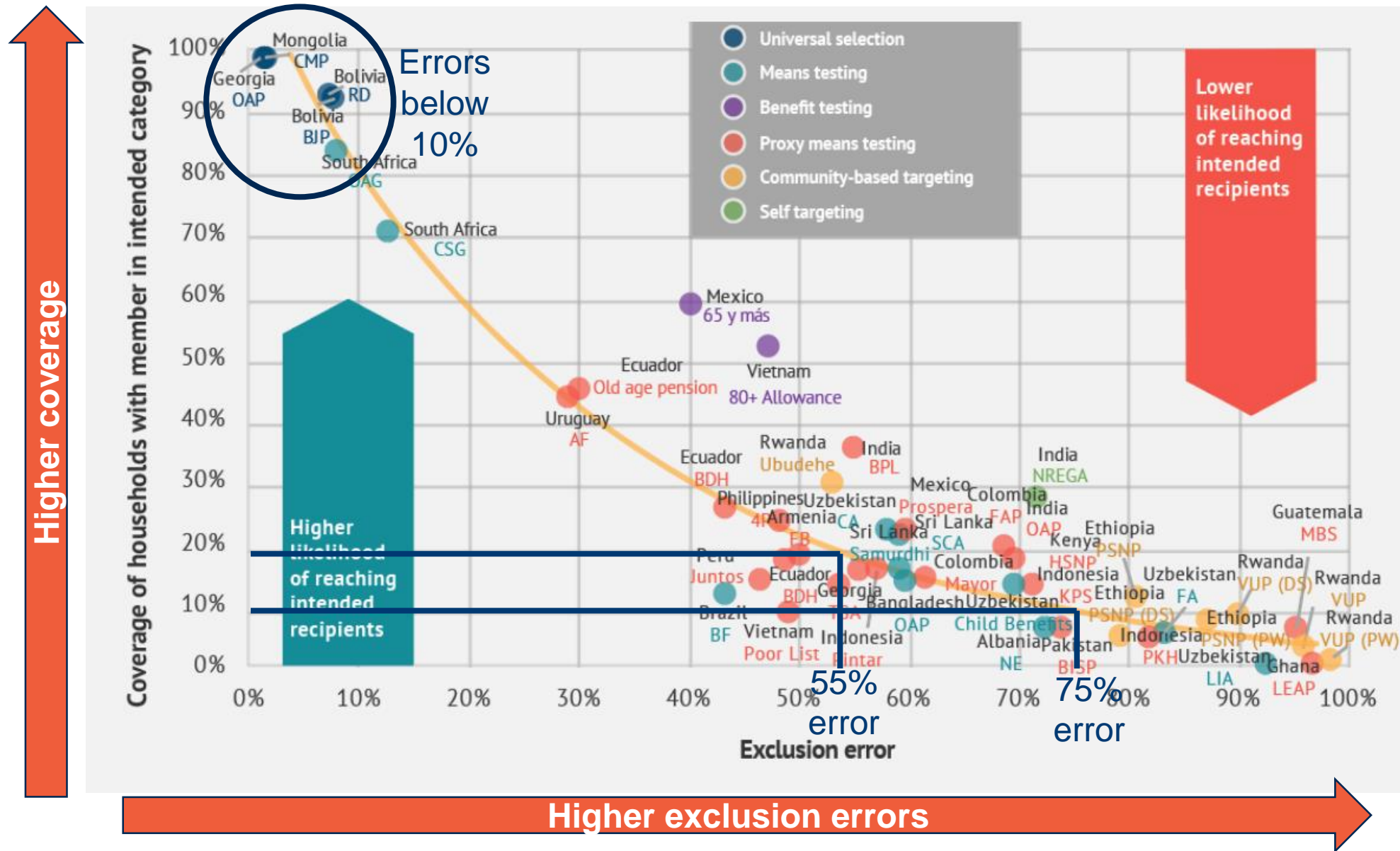
Mongolia's Child Money Scheme



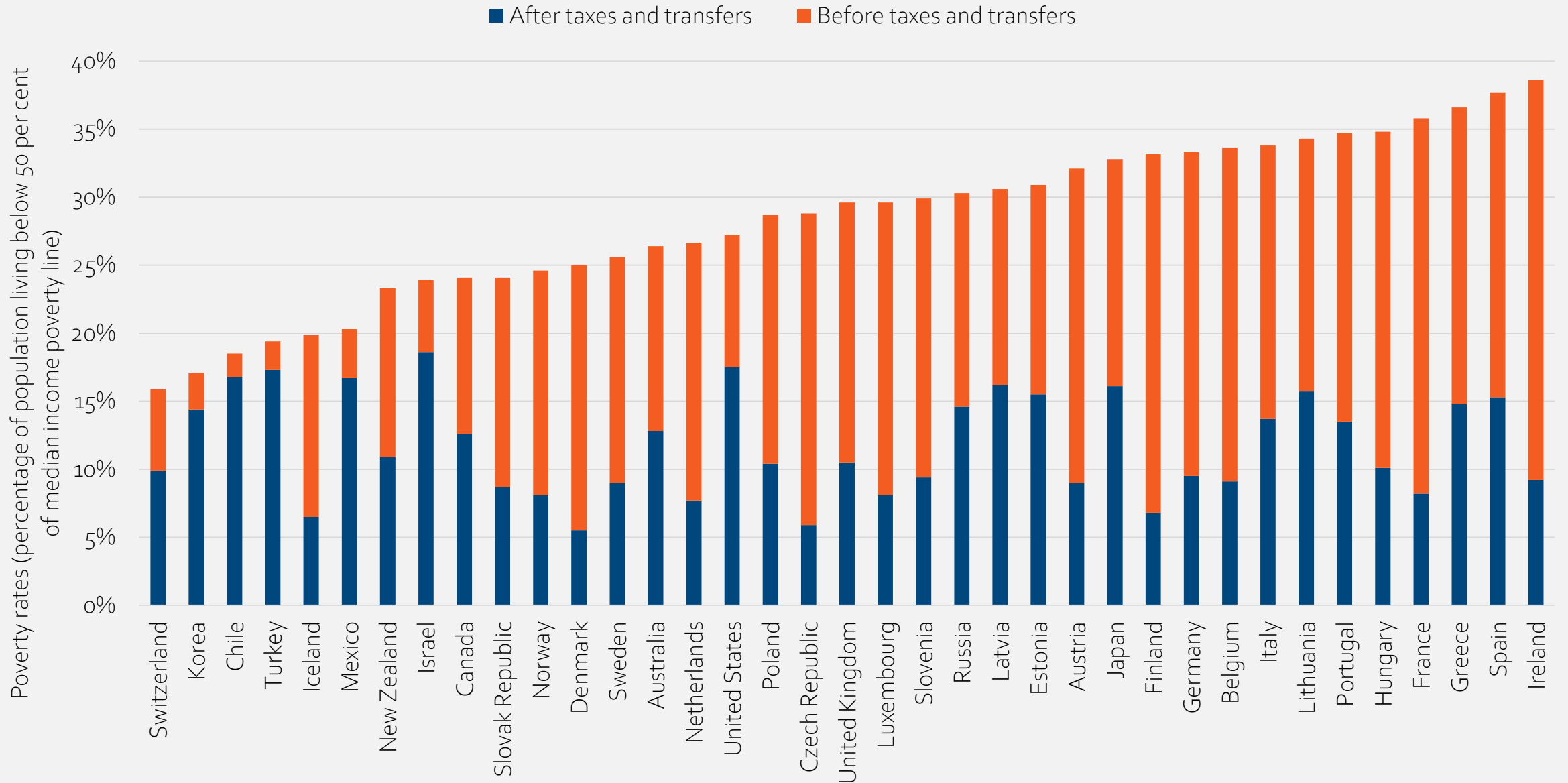
Bolivia's *Renta Dignidad* pension



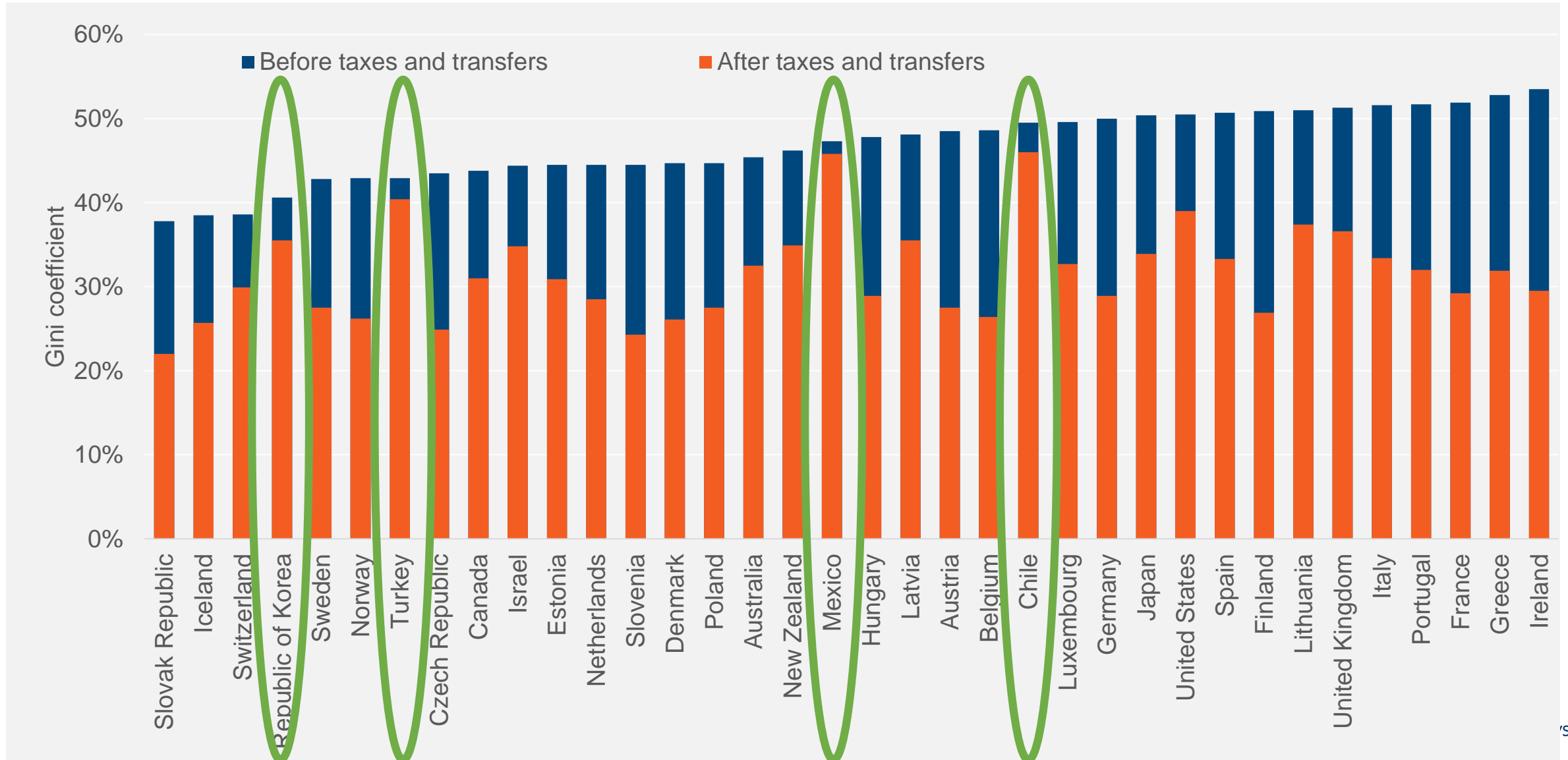
If countries are committed to 'leaving no-one behind,' they need to move towards universal schemes



Impacts on poverty of social security in rich countries

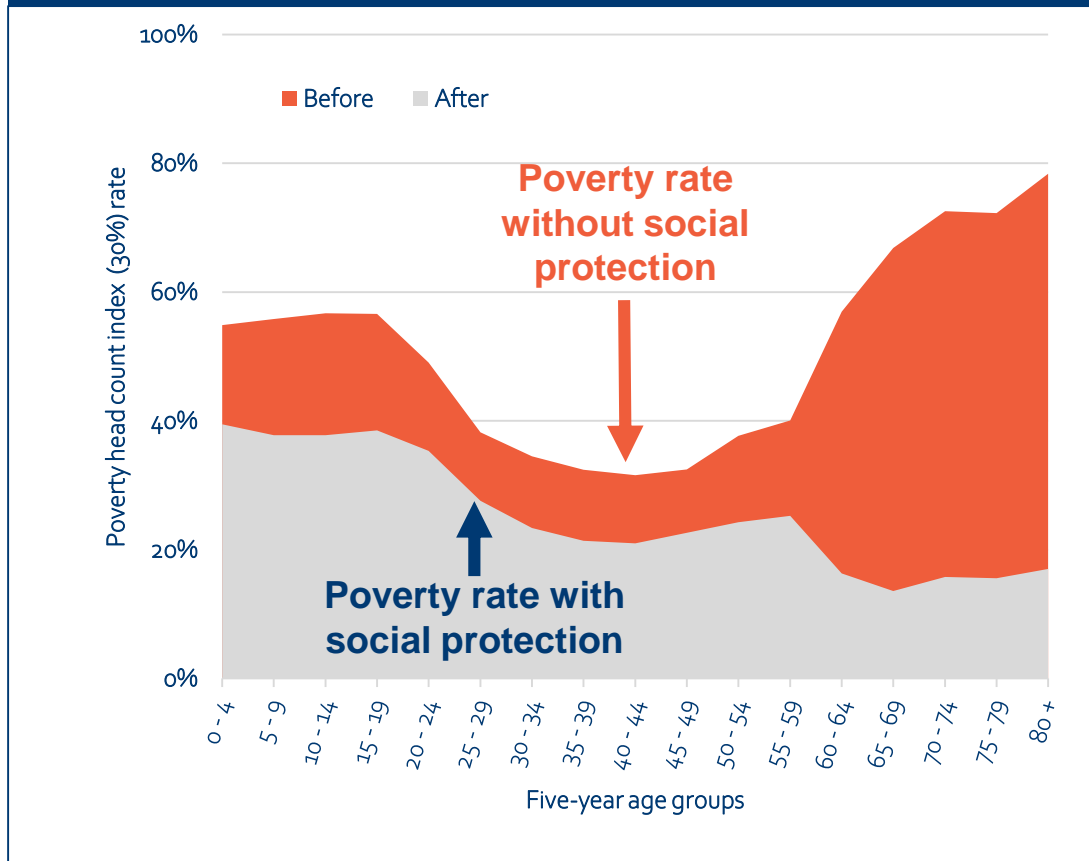


Impacts on inequality of social security in OECD countries

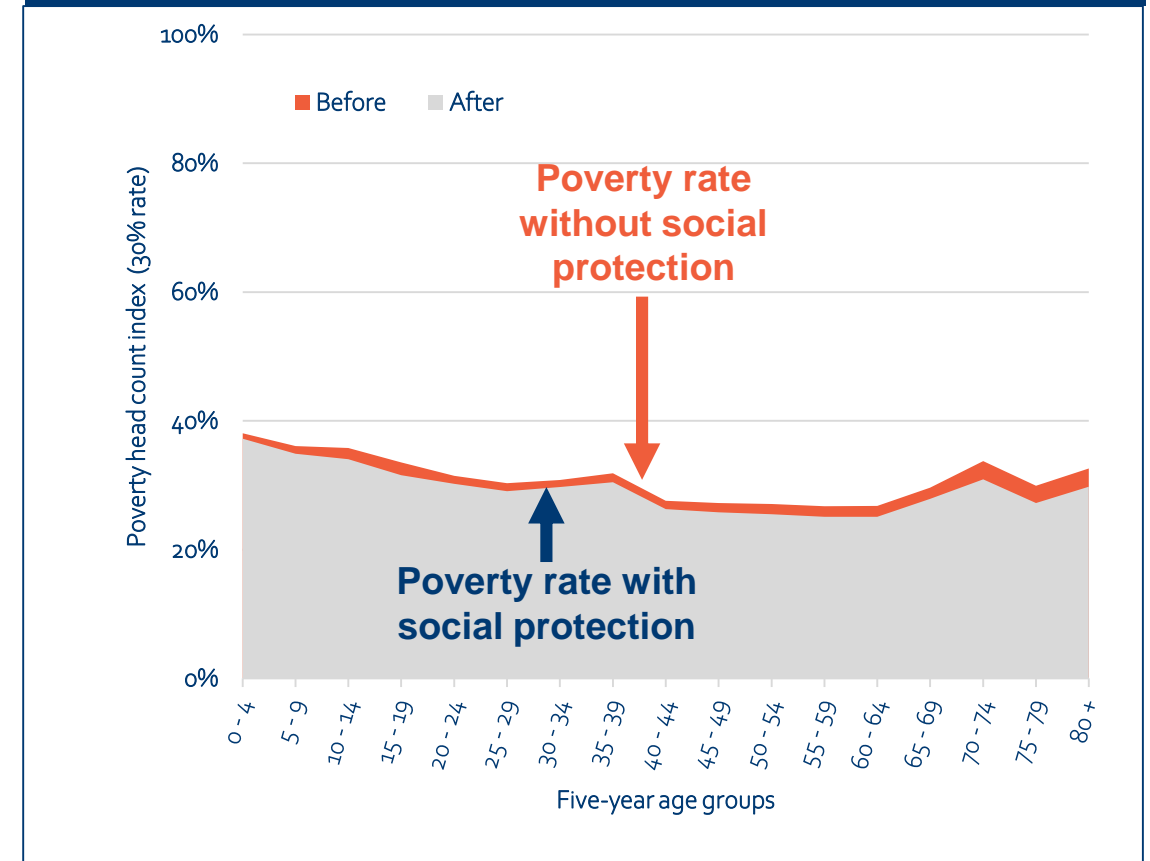


Inclusive lifecycle social security systems are more effective at reducing poverty in low- and middle-income countries

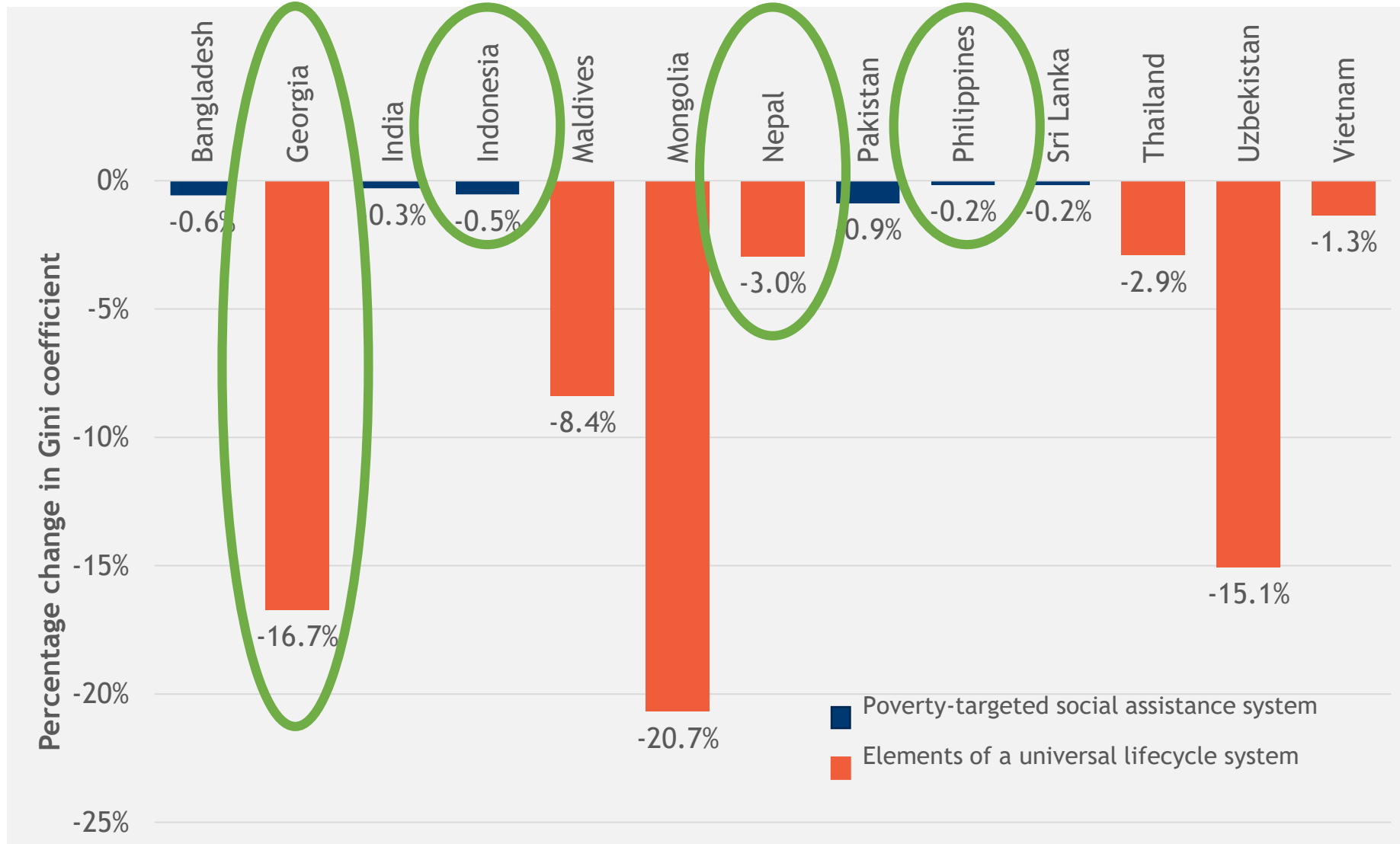
South Africa, 2017, 3.4% of GDP



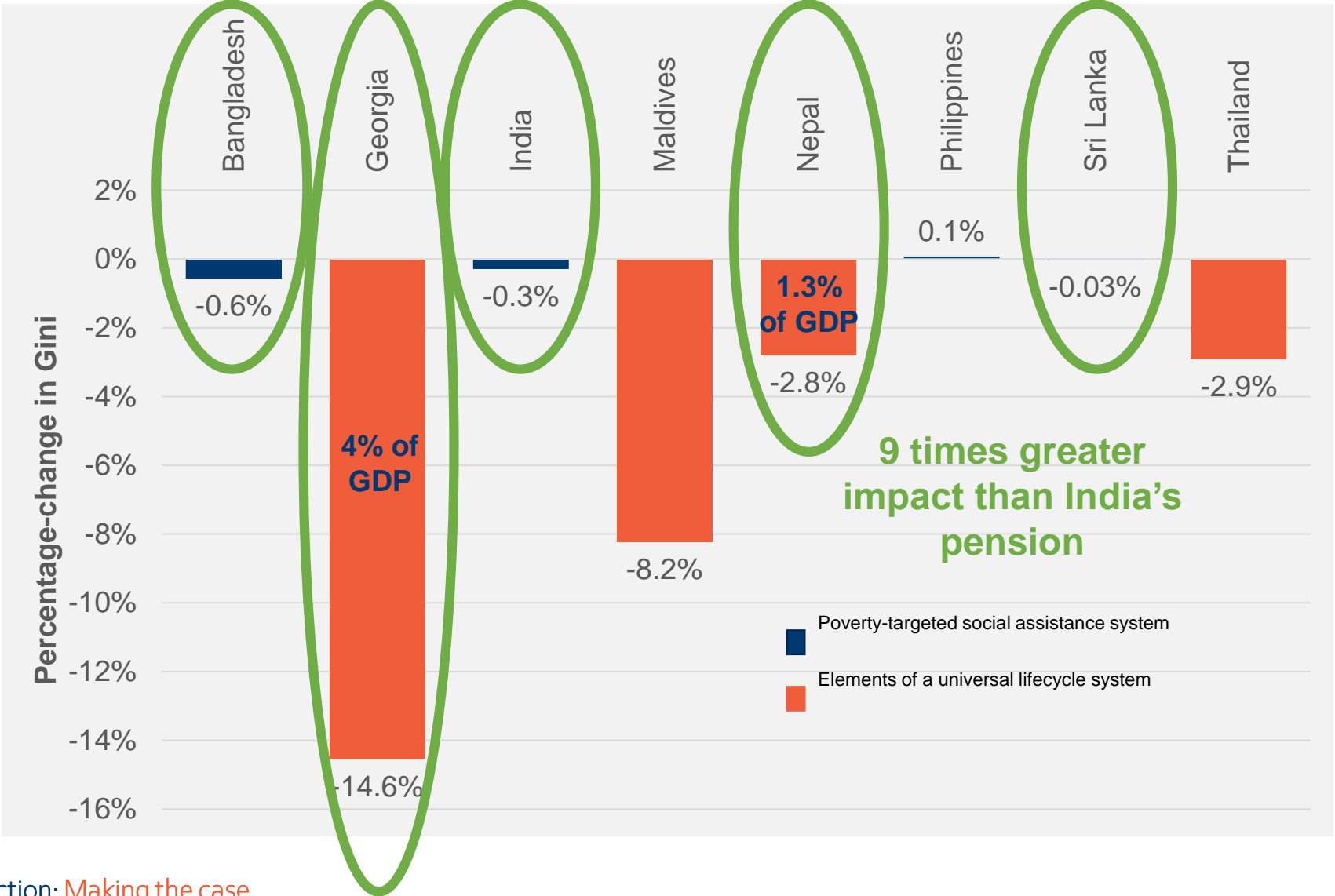
Sri Lanka, 2016, 0.4% of GDP



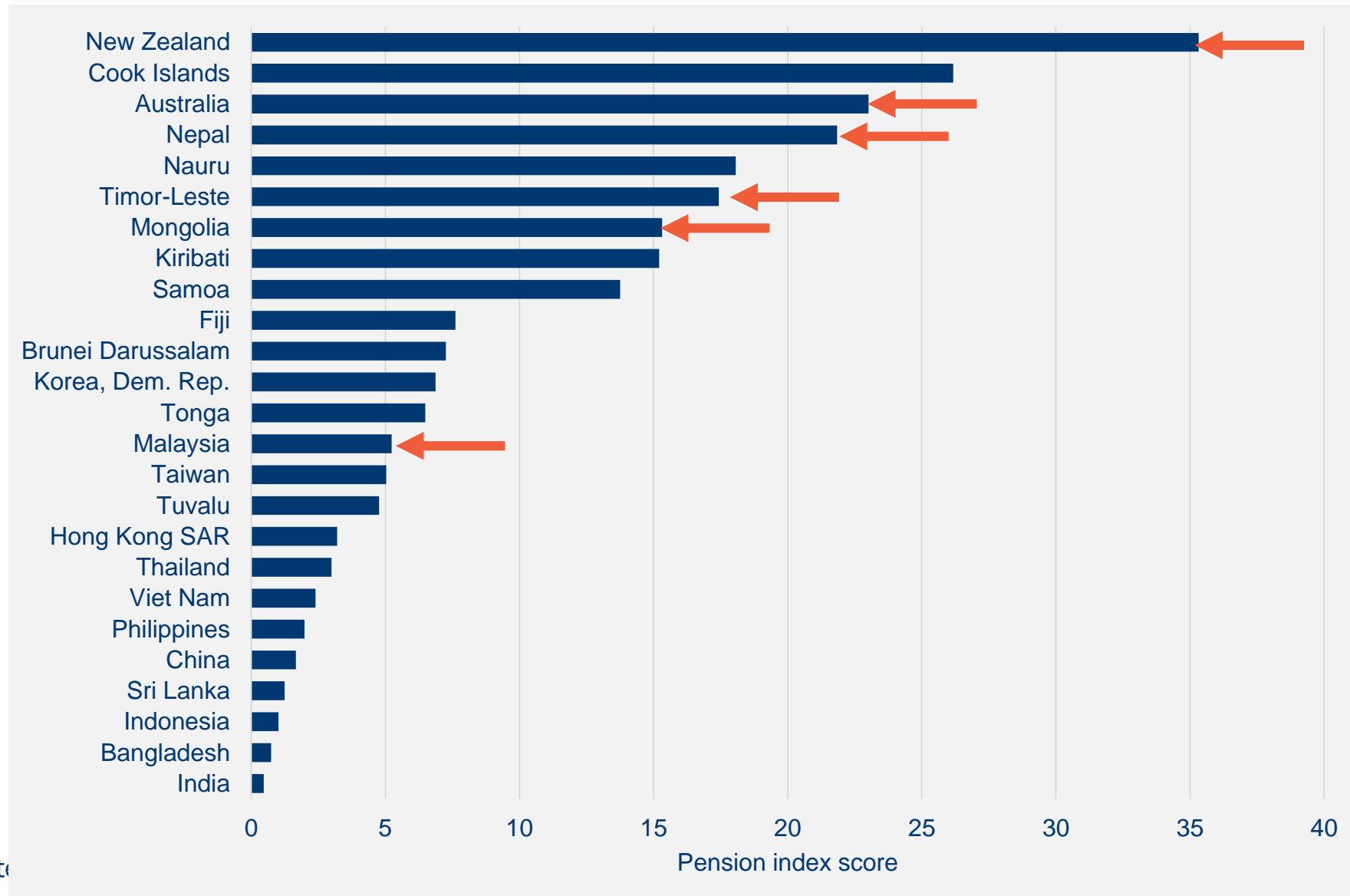
In Asia, more universal systems are much more effective in tackling inequality than poverty-targeted systems



Impacts of universal and poverty-targeted old age pensions in Asia on inequality

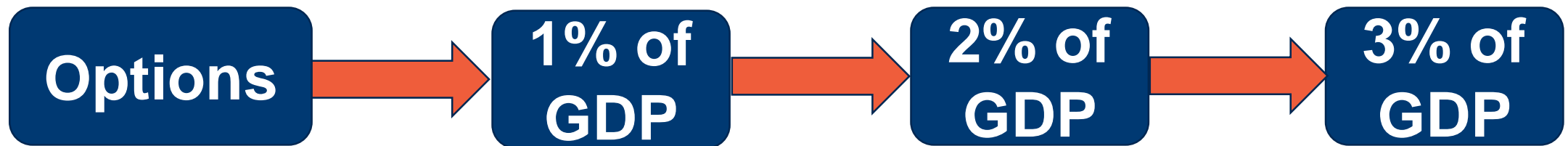


The effectiveness of old age pension systems across the Asia/Pacific region in providing citizens with a minimum income in old age

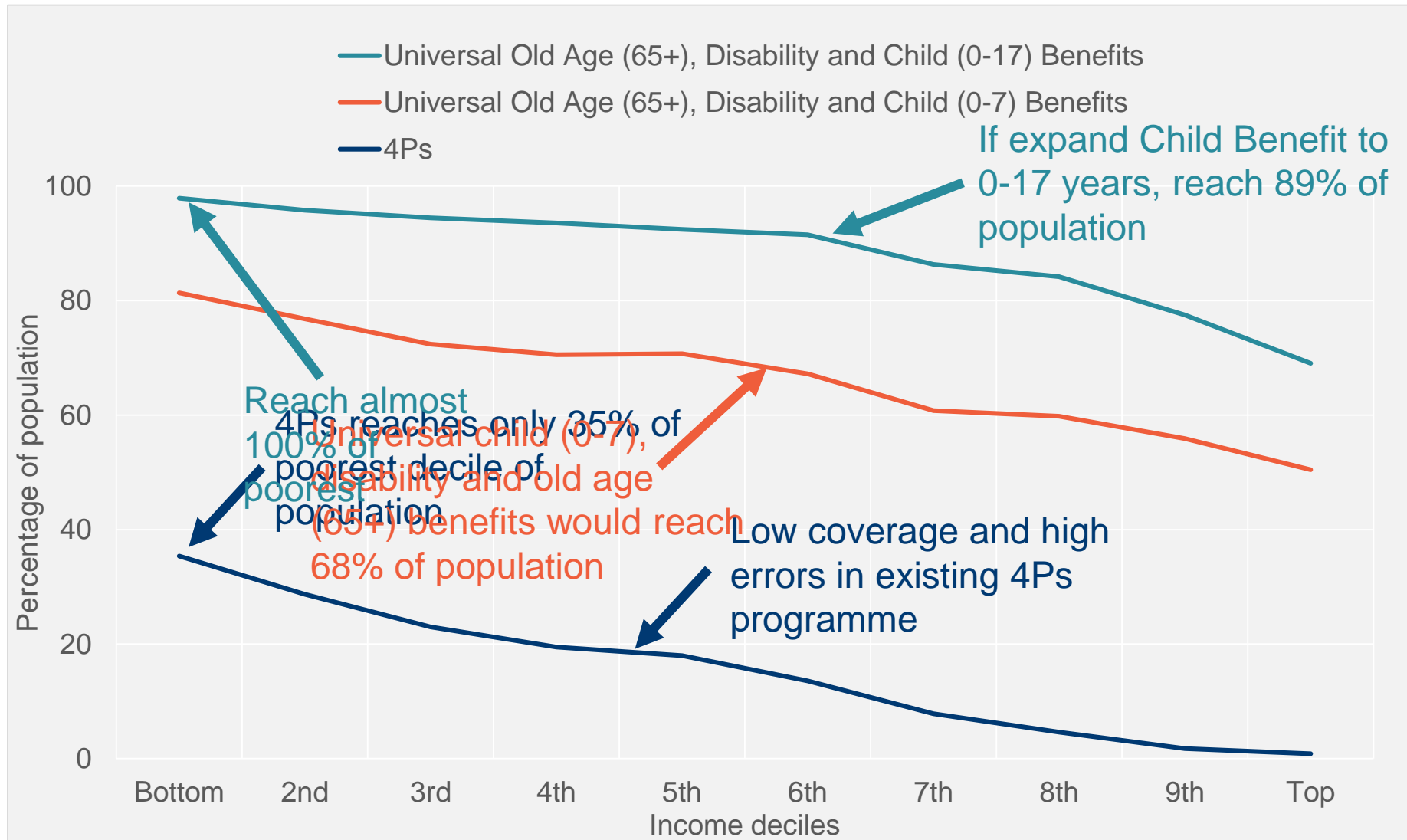


A solution to high inequality in Asia?

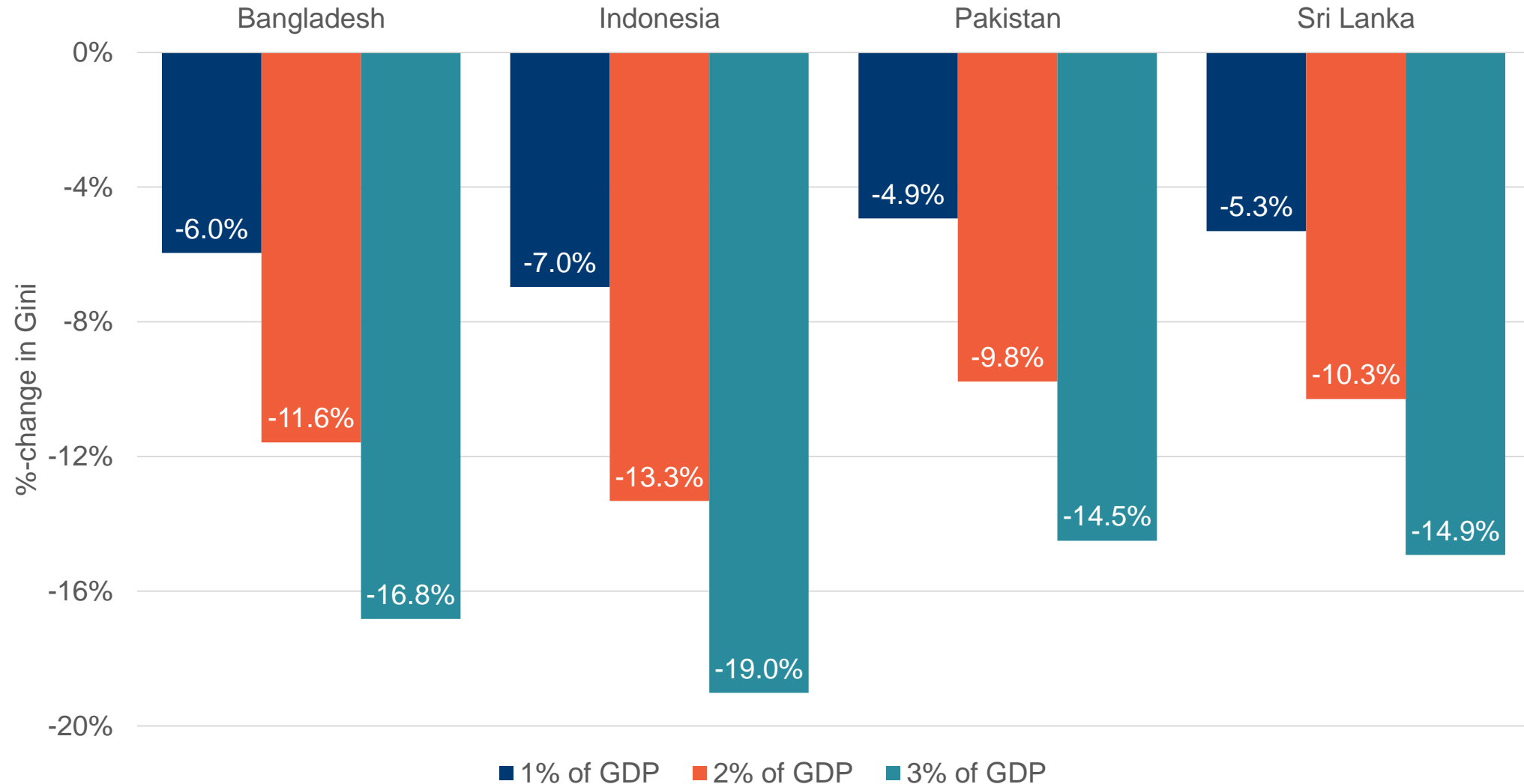
An inclusive lifecycle social security system



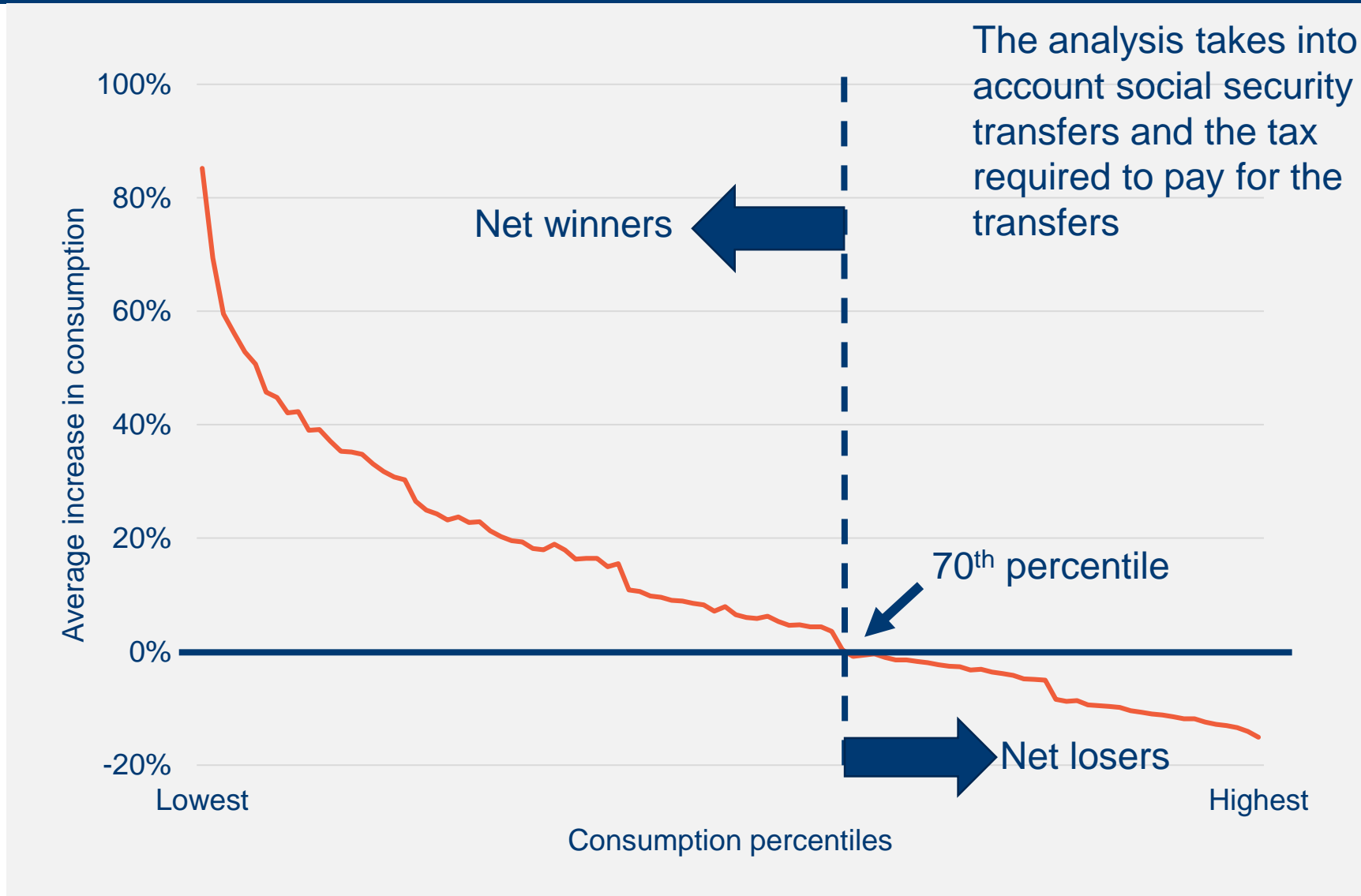
A universal lifecycle system in the Philippines would be more much effective in reaching the poorest – and those on middle incomes – than existing 4Ps programme



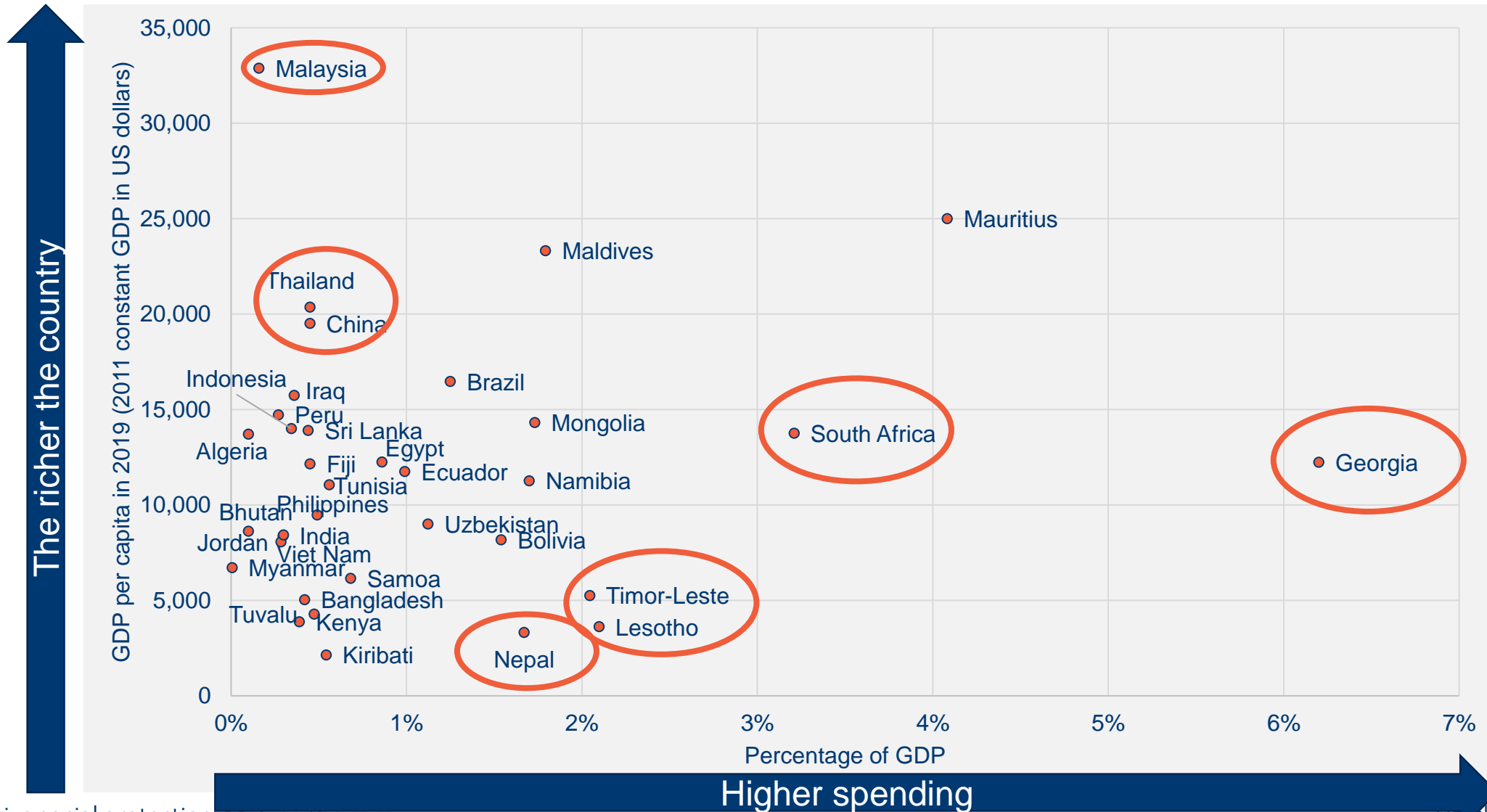
Likely impacts of inclusive lifecycle systems on inequality across Asia



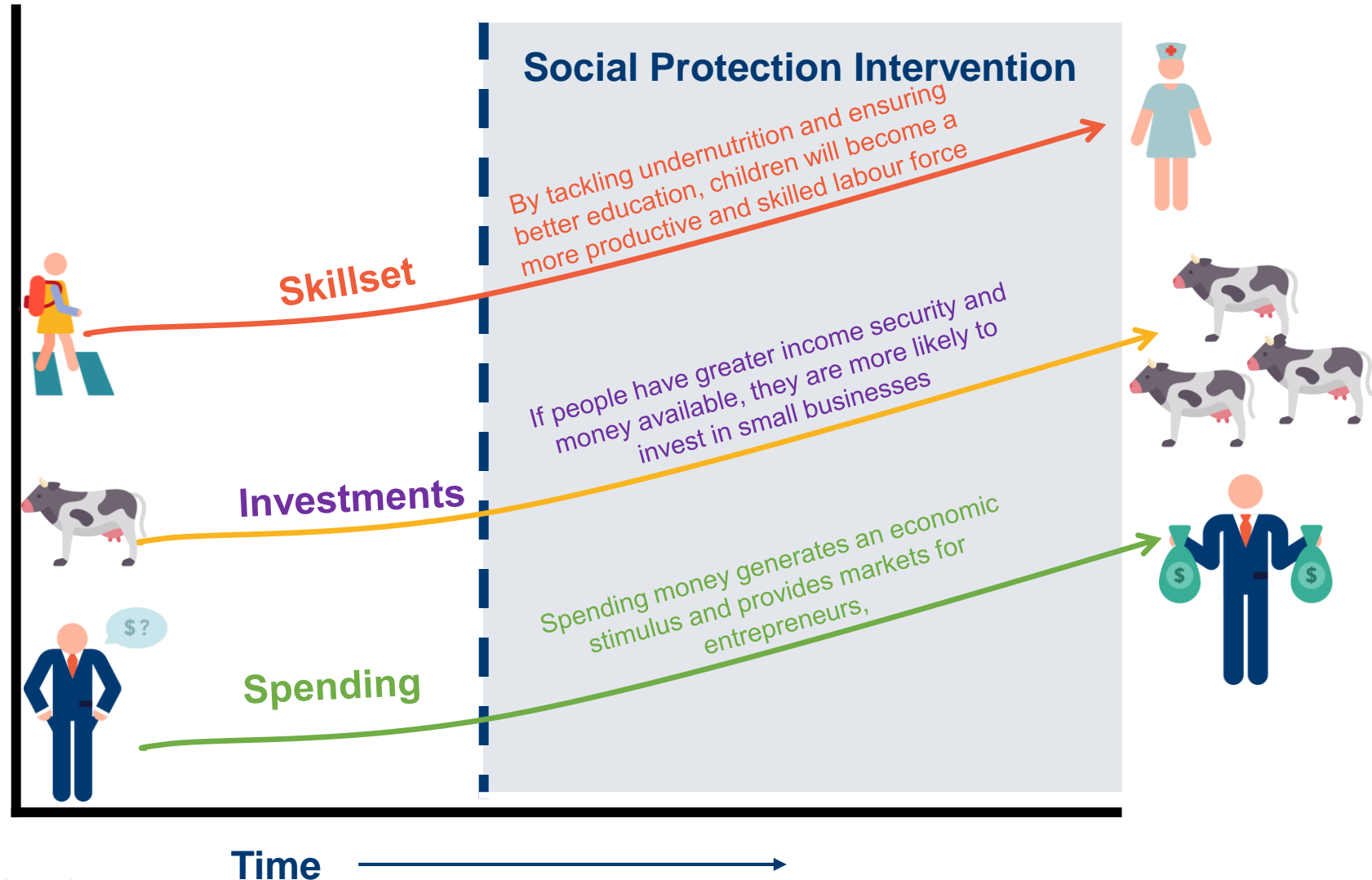
Who would be the winners and losers if Indonesia invested 3% of GDP in universal child, disability and old age benefits?



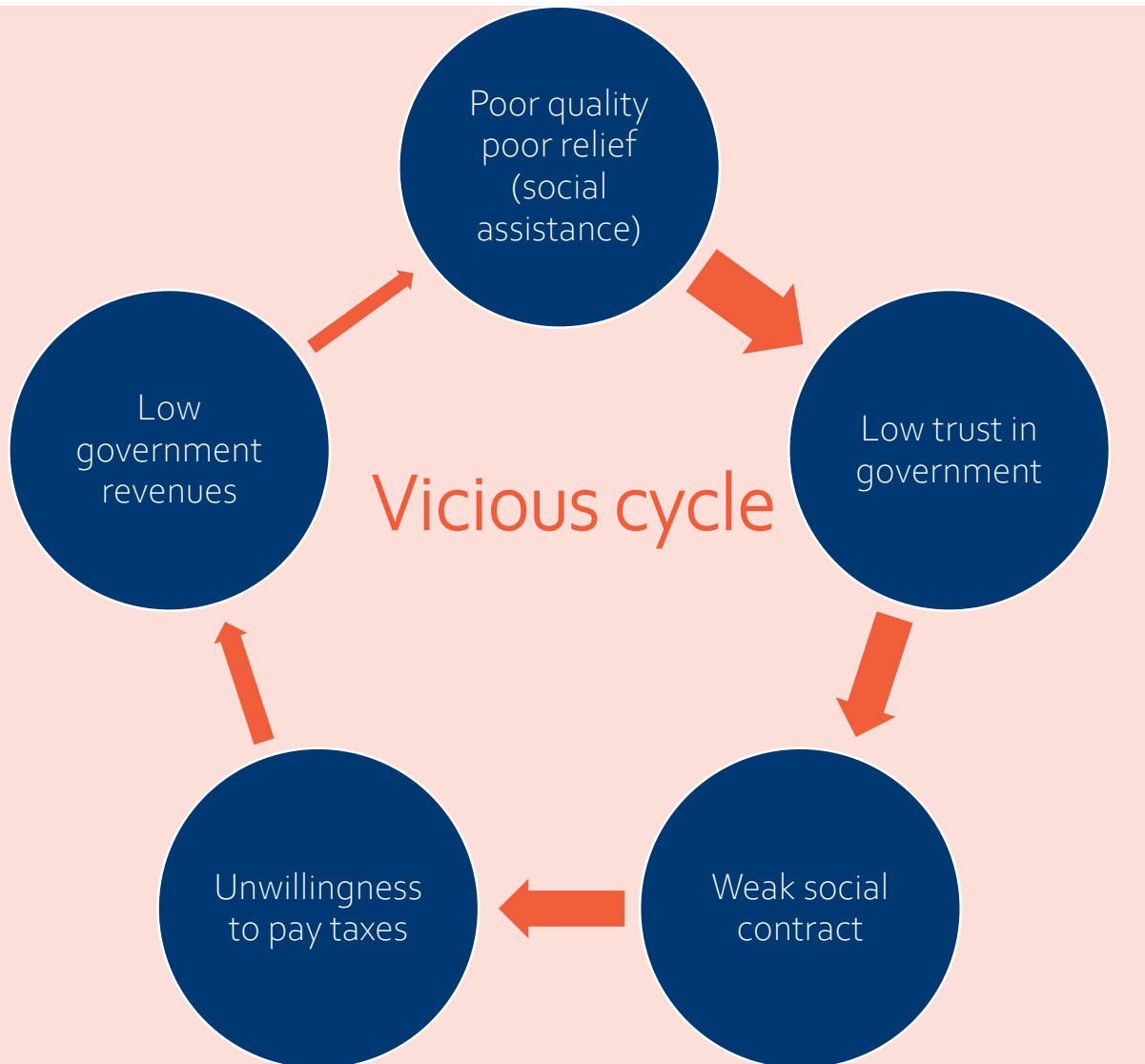
Absence of correlation between wealth of a country and level of investment in tax-financed social security



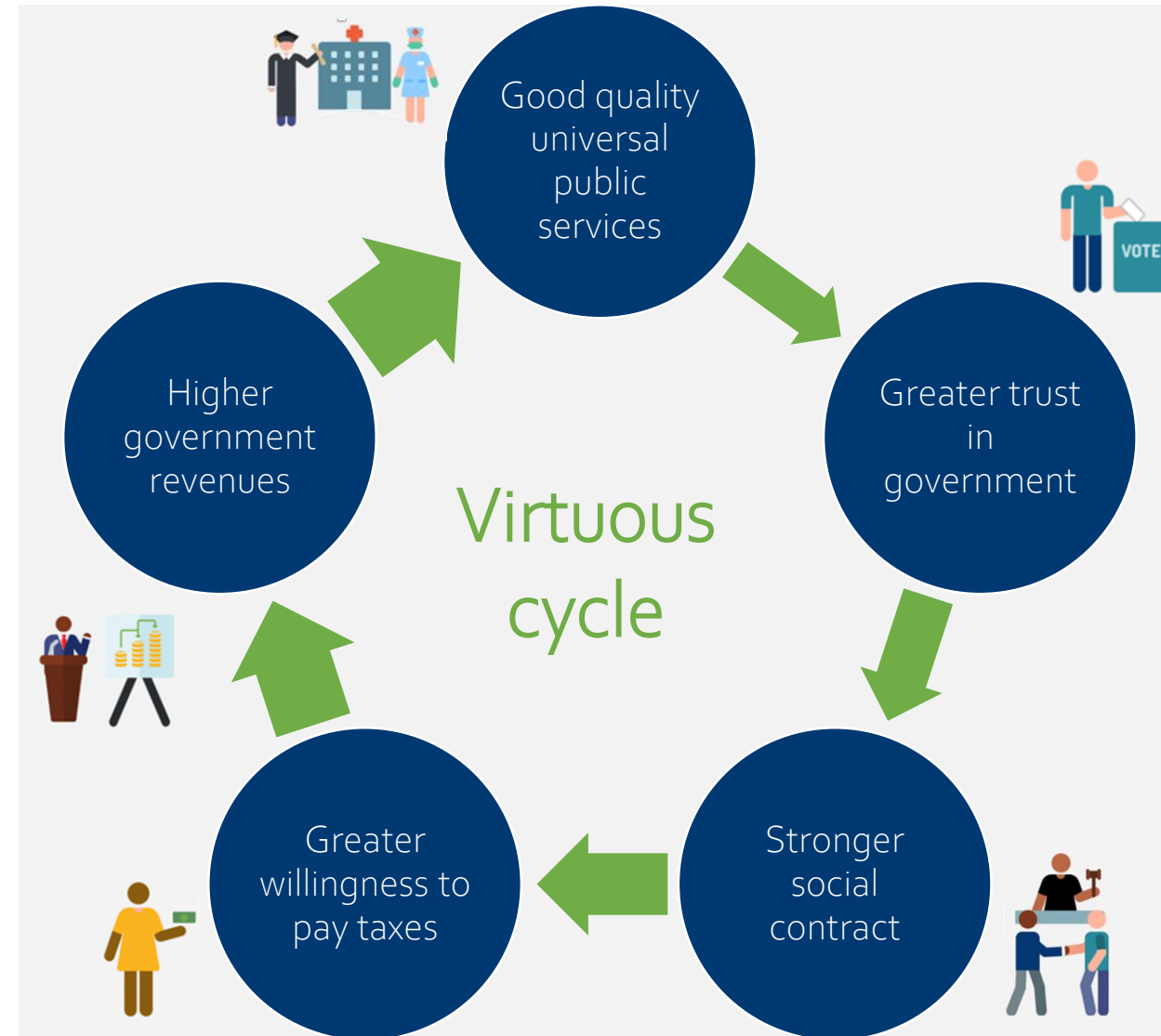
Inclusive social security is not a cost: it is a core component of an effective economic growth strategy



Priority across Asia should be to build a virtuous circle of a stronger social contract and higher investment in universal public services



Inclusive social protection: Making the case



Development Pathways 36

Countries need to choose the type of social security system that they wish to build

CURRENT DEALS!!!

Second-hand Lada poor relief

CLEARANCE



Reaching the poorest



CCT

Coverage



PMT

Administration



Workfare

Transparency



Anti-Social Registry

