

COVID-19 and the Rise of Adaptive Social Protection

Social Protection in the Face of Digitalization and Economic Uncertainties

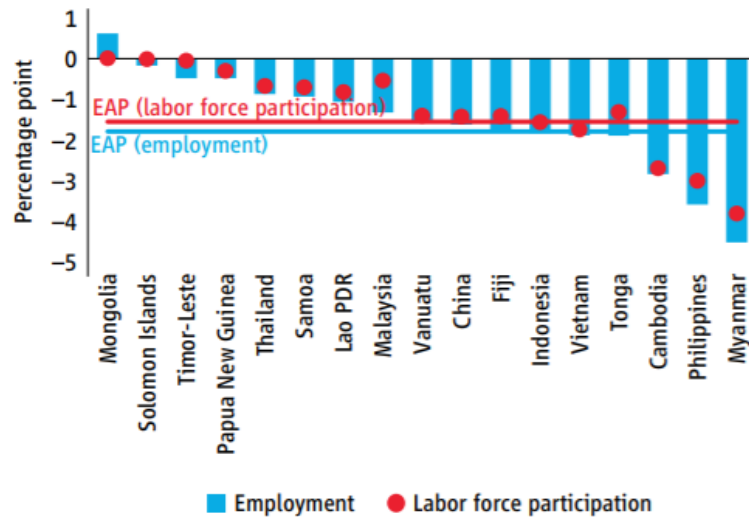
38th ASSA Board Meeting International Webinar

Achim Schmitten

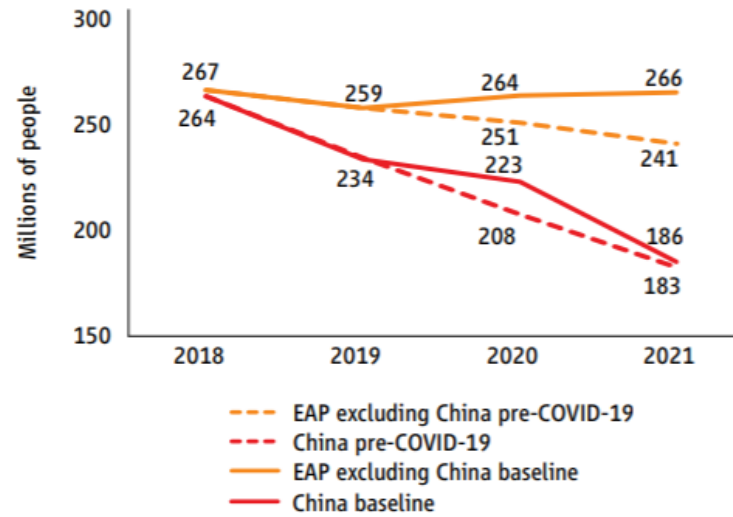
Practice Leader for Human Development, Indonesia and Timor-Leste, The World Bank

November 25, 2021

A. Employment and labor force participation



B. Number of poor

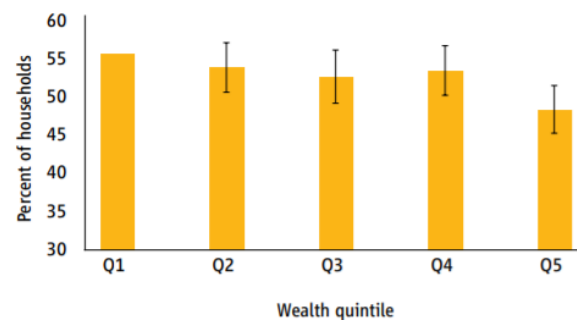


Source: World development Indicators. World Bank Staff estimations.

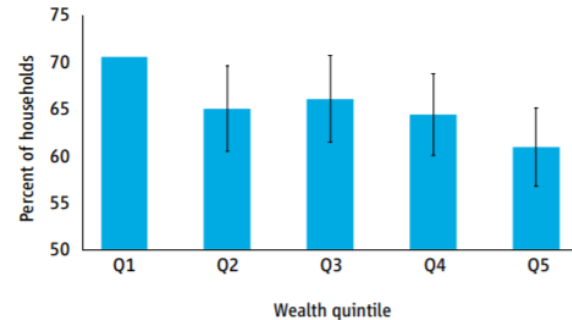
Note: B. The baseline forecasts are as of September 15, 2021. Estimations are for US\$5.50 per-person-per-day poverty line (2011 PPP).

The prolonged COVID-19 crisis threatens to reverse progress in poverty reduction and employment generation in East Asia and the Pacific

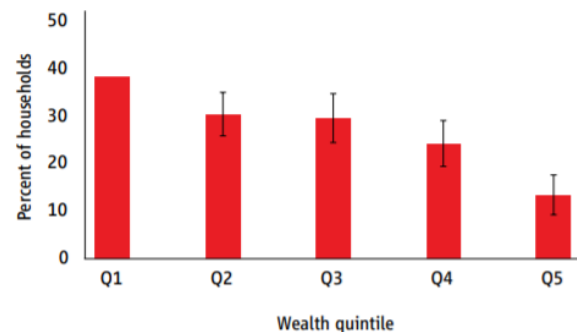
A. Labor income losses



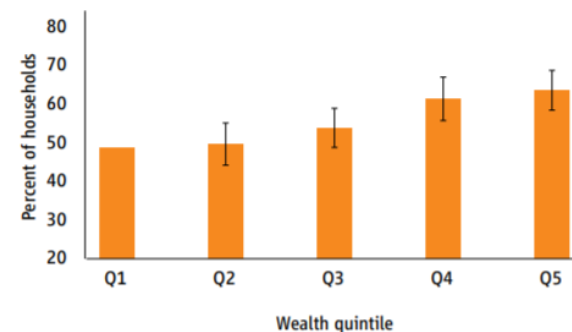
B. Adopting harmful coping mechanisms



C. Food insecurity

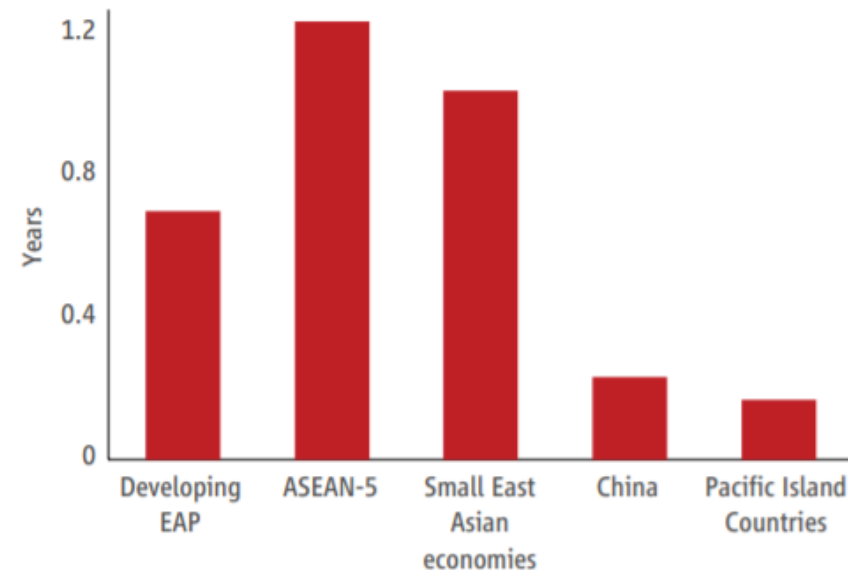


D. Interactive education opportunities



Source: Kim et al. Forthcoming, using high frequency phone survey (HFPS) data. Indicators can be found at <https://www.worldbank.org/en/data/interactive/2020/11/11/covid-19-high-frequency-monitoring-dashboard>.
 Note: Confidence intervals for comparison with Q1. A. Share of households with wage/business income that experienced a reduction since the previous survey round. B. Share of households that engaged in coping mechanisms that increased indebtedness or sold assets since previous round. C. Share of households that are food insecure and experienced labor income losses. Food insecurity is defined as having ran out of food, gone hungry, or was hungry but did not eat due to a lack of money or resources. D. Share of households with school-enrolled children pre-pandemic that engaged in interactive distance learning.

Estimated losses in Learning Adjusted Years of Schooling (LAYS), by EAP subregion

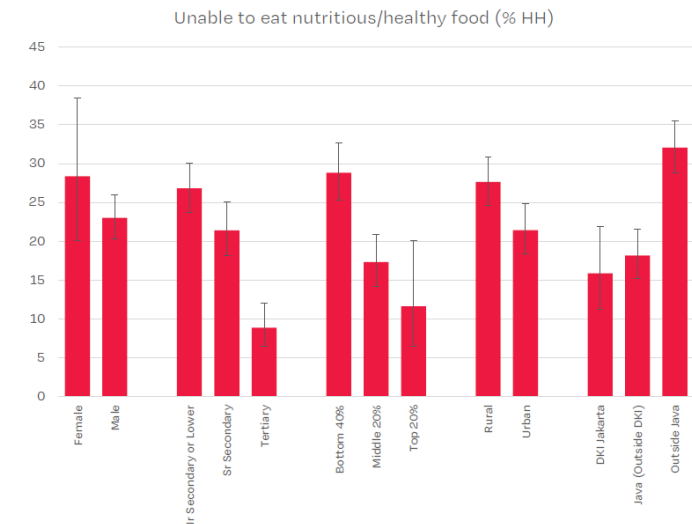
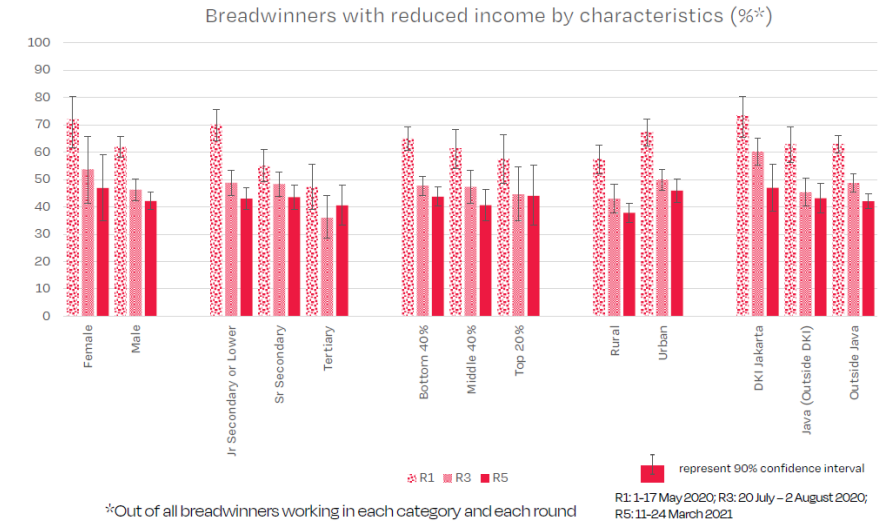


Source: World Bank staff estimates.

Impacts to human capital development have been significant, and disproportionately affected the poor

Households in Indonesia have been severely affected as well

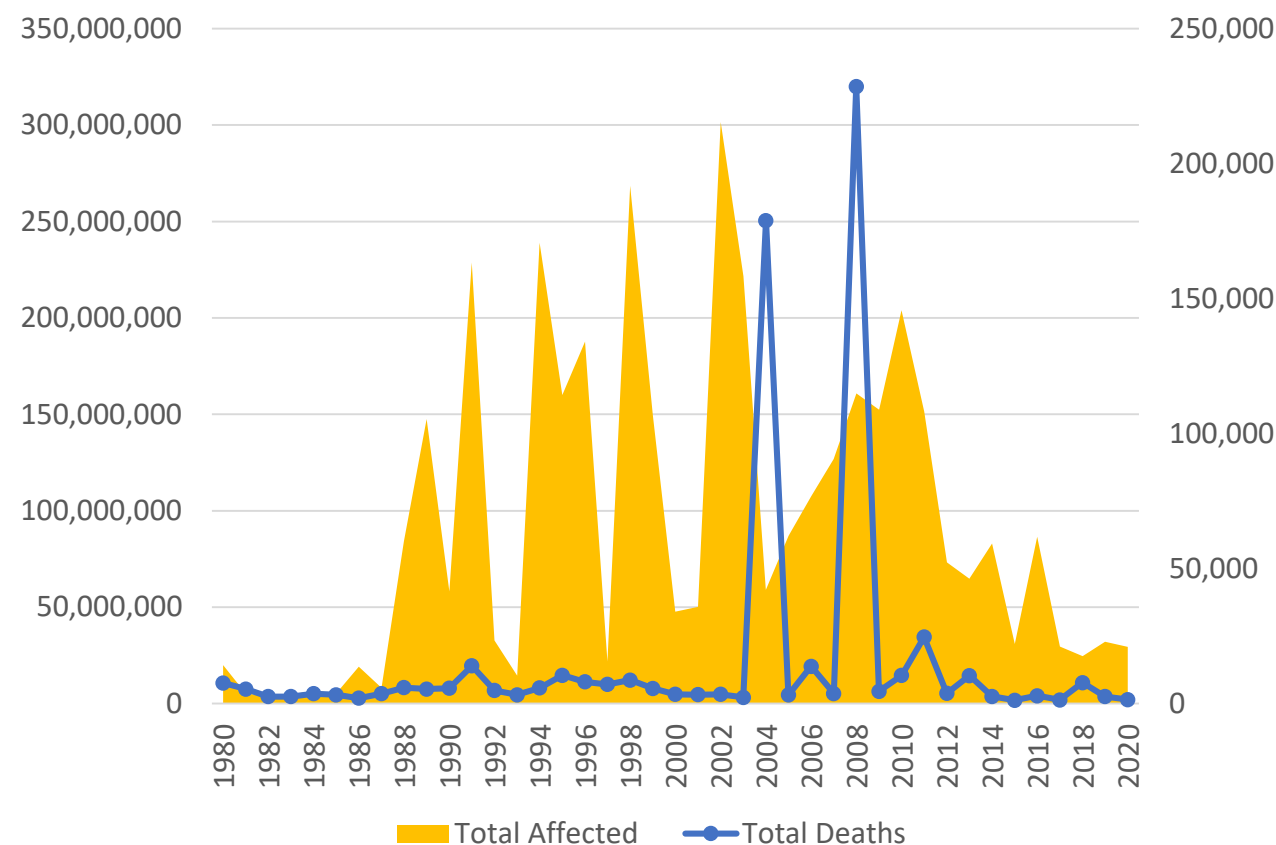
- COVID-19 pushed over 2.8 million Indonesians into poverty by September 2020.
- Although the March 2021 poverty rate of 10.14% was slightly improved from the previous rate of 10.2% in September 2020, that was 1pp higher than the rate for September 2019 of 9.2%. (SUSENAS).
- About 1.8 million Indonesians became unemployed between February 2020 and 2021 and another 3.2 million exited the labor force.
- ¼ of households faced food shortages due to a lack of resources and ate less than they should



Challenges have been compounded by pervasive disaster risk and climate change

- Category 5 Tropical Cyclones Harold (April 2020) and Yasa (December 2020) affected Fiji, Tonga, Vanuatu, and Solomon islands.
- Philippines (November 2020): Typhoons Goni and Vamco. Over 30,000 displaced and close to 100,000 homes destroyed.
- Indonesia (January 2021): West Sulawesi Earthquake: 84 killed, 932 injured, >40,000 displaced or affected; Flood Cirebon District, West Java Province. 7,731 households / 21,199 people affected; 114 people displaced; Volcanic Eruptions: Java

Natural Disasters in East Asia and the Pacific





1. Support people's capacity to prepare, before the shock



2. Support people's capacity to cope after the shock



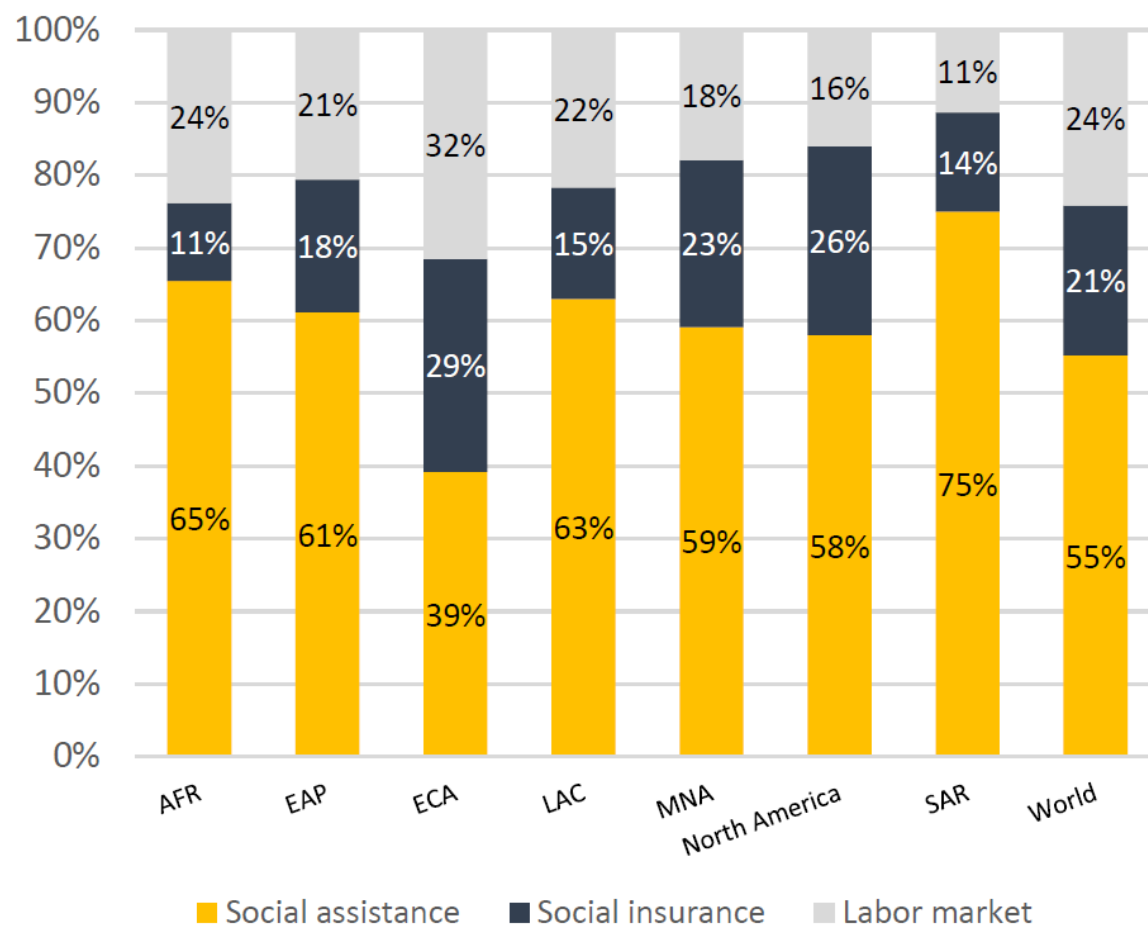
3. Support people's capacity to adapt, investing in ways to reduce exposure

The pandemic has reinforced the importance of adaptive social protection's goals

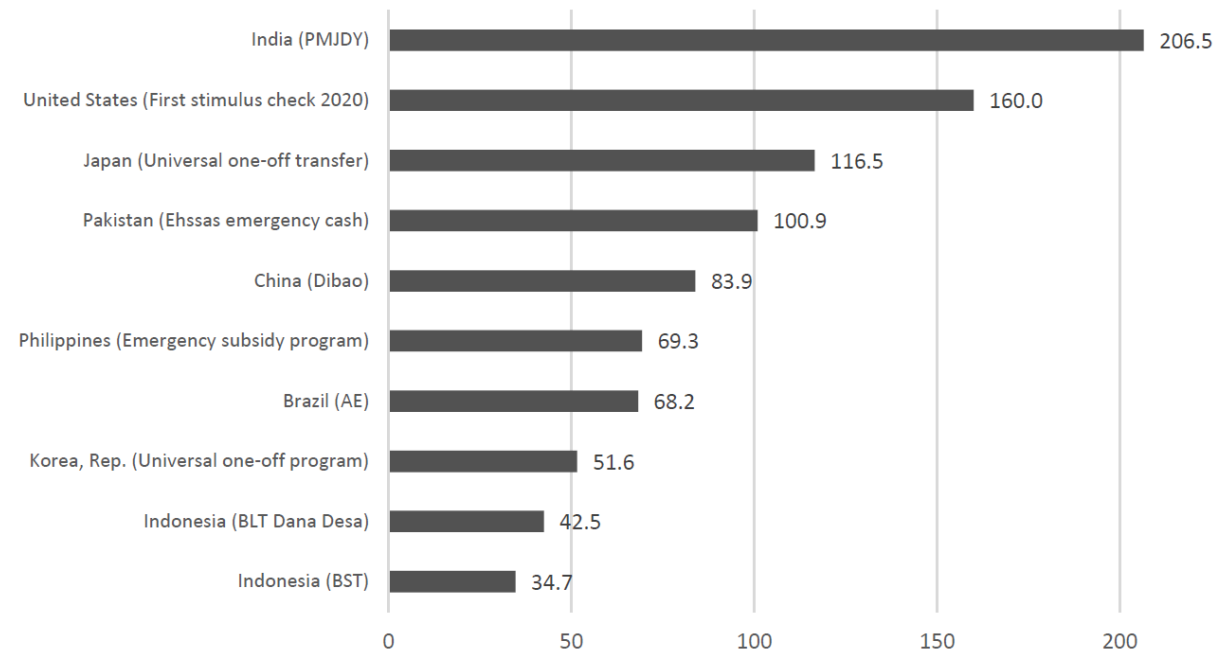


Adaptive social protection has been essential to the COVID-19 response in East Asia and the Pacific

Composition of social protection responses by type across regions

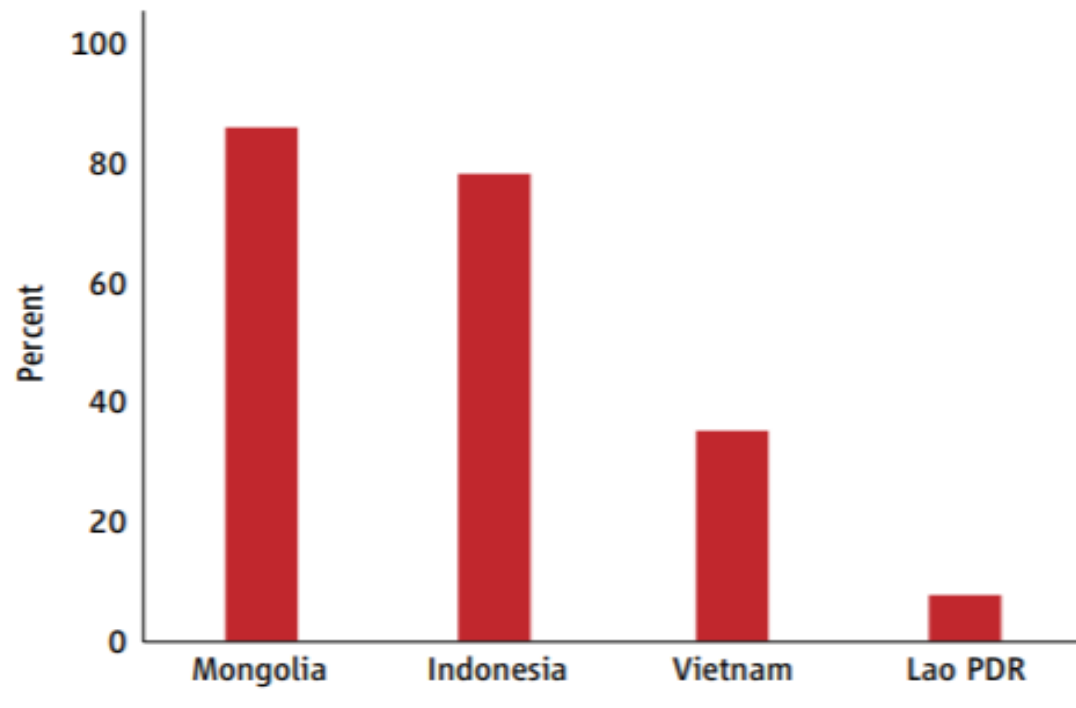


Top 10 cash transfer programs by actual coverage (million people)



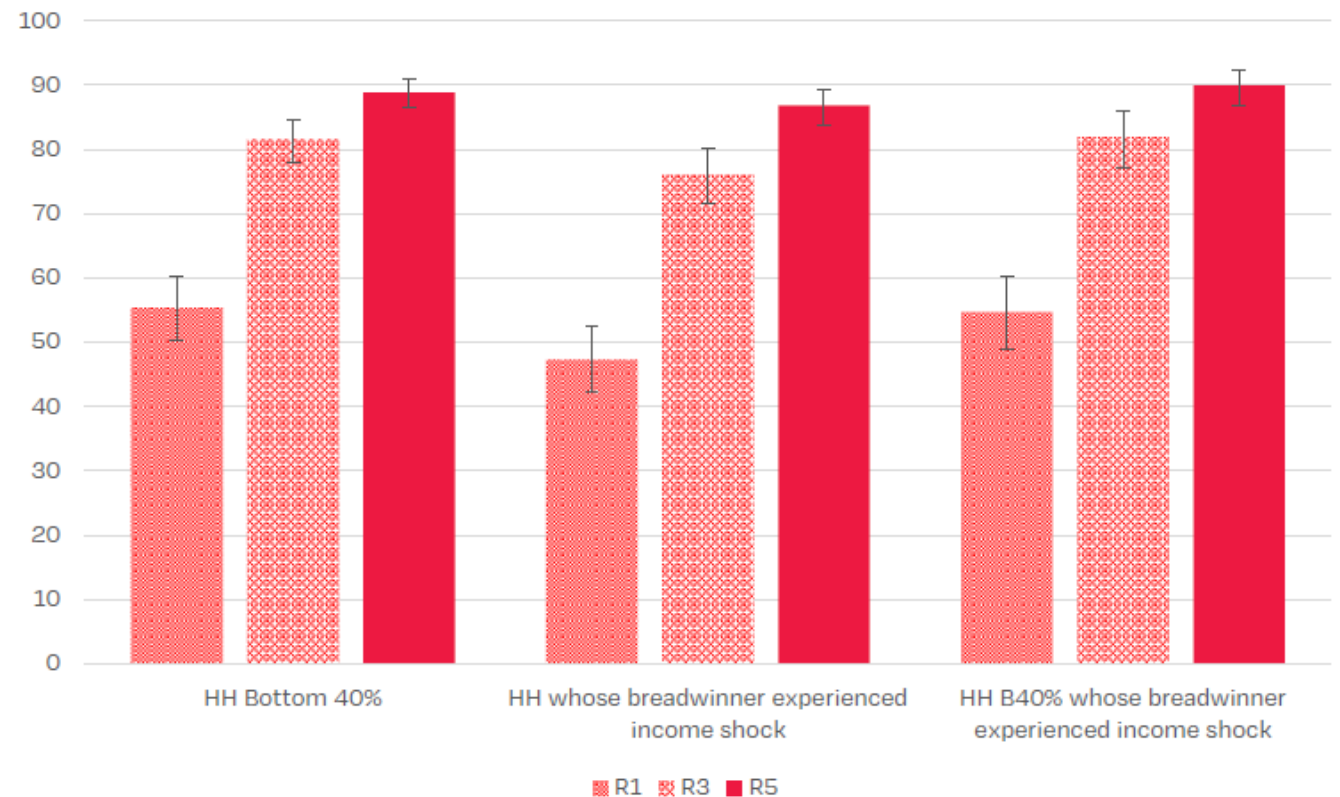
The social protection response has helped mitigate impacts on the poorest and those most affected by the crisis

Share of households in the bottom 40% that received government assistance in select EAP countries



Source: World Bank, 2020.

Share of households receiving any social assistance since the onset of the pandemic – Indonesia (%)



Source: World Bank, March 2021.

BUT important challenges limit the the responsiveness of adaptive social protection

COVERAGE GAPS

LIMITED LINKS TO
RESILIENCE BUILDING

RIGID DELIVERY
SYSTEMS

INFORMATION
CONSTRAINTS –
BEYOND POVERTY

DIFFICULT OPERATING
ENVIRONMENTS

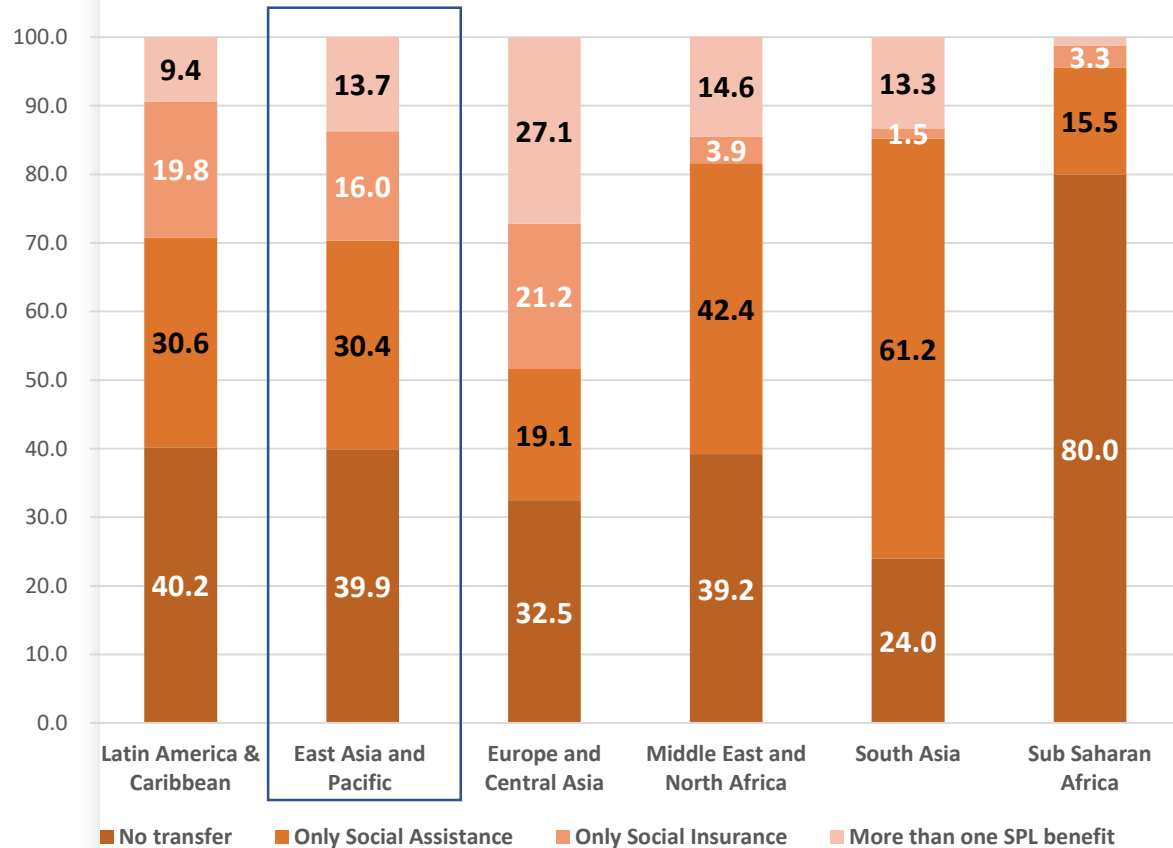
HIGH FISCAL BURDEN

LOW INSTITUTIONAL
CAPACITY

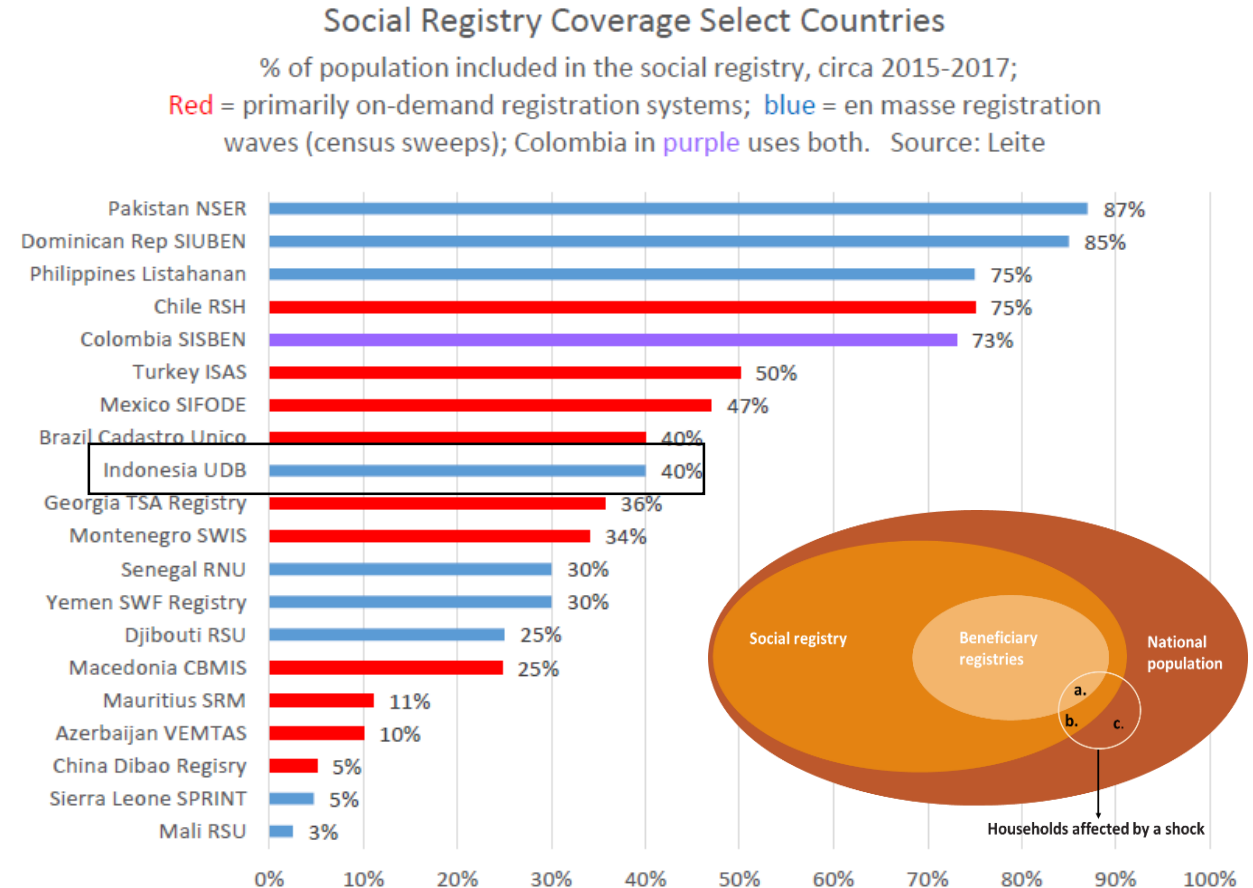
WEAK INTER-SECTOR
COORDINATION



Lessons 1: Coverage Matters



Program coverage gaps: Close to 40% of the population in EAP received no SP benefits before the pandemic



Gaps in registry coverage limit scale-up to non-beneficiaries not included in registry systems

Lesson 2: Delivery Capacity Matters

Worldwide:

- Positive correlation between social registry coverage and scope of databases and coverage of COVID-19 response cash transfers

For Indonesia:

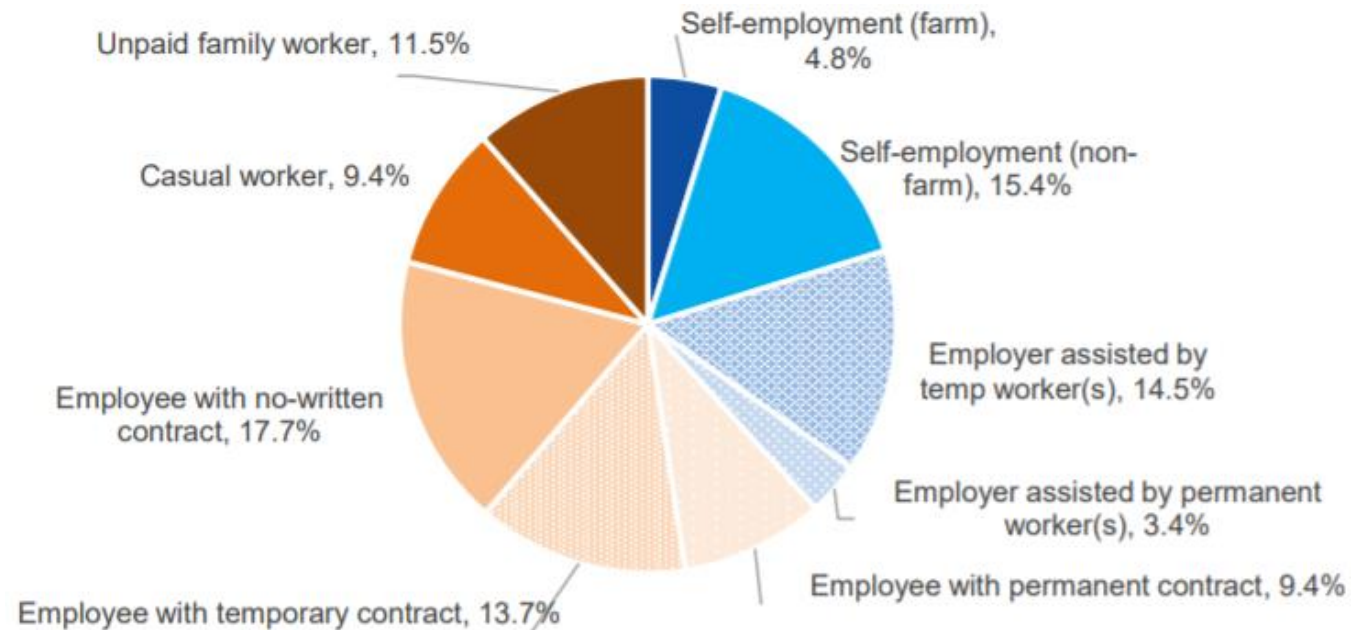
- Use of DTKS to determine eligibility has yielded direct improvements in the allocative efficiency of benefits, but the system needs to be more dynamic
- There have been improvements in payments, but further digitalization/integration of delivery mechanisms is needed
- There is need for faster onboarding and enrollment
- Adequacy is also important; 75% of those in the bottom 40% felt their needs were not or only partially met by social assistance support (World Bank, March 2021)

Cash transfers coverage versus social registry coverage (left) and JAM score (right)



Lesson 3: the importance of reaching the invisible middle

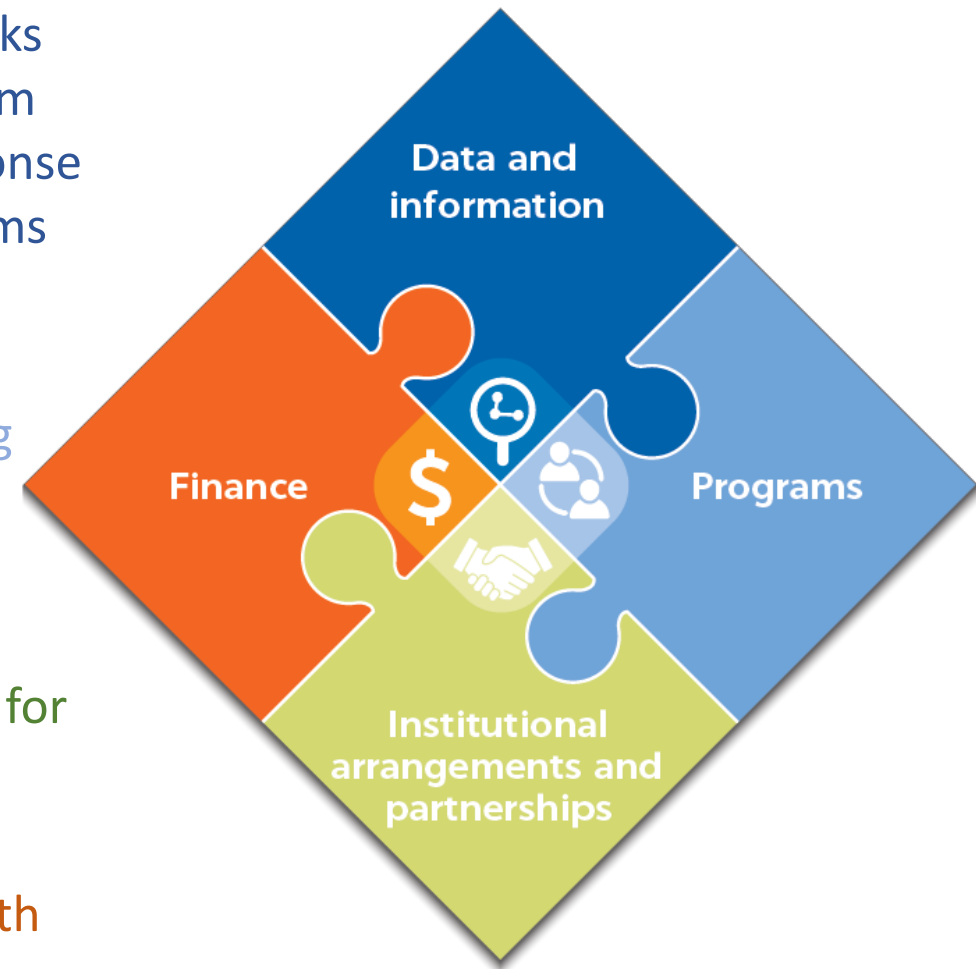
- Three quarters of Indonesia's labor market can be classified as 'informal'
- Less than 10% of jobs are covered by a permanent contract and subject to full worker protection
- Only 28% of the working-age population is actively contributing to the social security system




Source: Sakernas (2019) and WB staff calculation.

Moving forward toward more adaptive social protection

- Integrate poverty and risk data to better understand risks
- Expand registry coverage, interoperability and dynamism
- Standardize post-shock hh assessments to inform response
- Link social protection systems with early warning systems
- Strengthen program adequacy and coverage
- Adjust parameters and intake for shock response
- Ensure design features to support preparedness, coping and adaptation
- Improve policy coherence and strategy
- Improve inter-institutional and regional coordination
- Strengthen HR capacity and contingency arrangements for shock contexts
- Quantify estimated needs ex-ante
- Preplan risk financing and risk layering for response, with links to social protection financing
- Secure long-term financing to support resilience





Thank you!
Terima kasih!

