

PROTECTING MARGINALIZED GROUPS DURING ECONOMIC DOWNTURNS: LESSONS FROM THE ASIAN EXPERIENCE

by

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pp. i and 138

Following the 1997 economic crisis, Governments in East and South-East Asia expanded several existing employment/income-generating/protecting programmes. This strategy was adopted as the affected countries lacked the automatic stabilizers or universal social insurance programmes which could be used to benefit those who had lost their jobs or other sources of income during the crisis. This timely ESCAP publication attempts to evaluate the effectiveness of these programmes in benefiting the target groups. Lessons learned during the evaluation are used to outline an Asian Social Protection Framework which can be used, among other things, to reassure society that the needs of ordinary men and women will not be forgotten during any future economic downturns.

The genre of the programmes evaluated essentially revolves around the public works and microcredit programmes in Indonesia and Thailand and the Unemployment Insurance and the Small and Medium Enterprise credit programme in the Republic of Korea. Beneficiaries of the programmes, as well as relevant implementing agencies, were approached to provide information on the impact of the programmes on income and employment generation. Focus group interviews with the non-beneficiaries who were eligible, but did not join the programmes, were conducted to identify the reasons for their non-participation. The data collected and other relevant information have been analysed and the results obtained were then put before a group of senior policy makers from selected Asian countries to ascertain their views. The group recommended that the lessons learned from the study could be used to identify the elements of an Asia Social Protection Framework package capable of protecting persons associated with the formal, informal and self-employed sectors against income/employment shocks arising out of economic restructuring, downsizing or downturn.

In the light of their recommendations an Asian Social Protection Framework could encompass the following elements:

- (1) Implementation of macroeconomic and other policies that promote broad-based economic growth

- (2) Recognition of the Government's responsibility and leadership as the 'social protection provider' of last resort; hence the need to create a comprehensive social safety system with the active cooperation and participation of the local community
- (3) Recognition of the existence of a large self-employed and informal sector and thus the inherent limitations of contributory social insurance schemes and the need for targeted schemes such as rural public works programmes, and strengthening of the informal sector consistent with the commitments enshrined in the Copenhagen Declaration and Programme of Action
- (4) In the formal sector, recognition of the need to develop a comprehensive contributory scheme (funded by employers and workers) to provide for social insurance as well as unemployment insurance
- (5) Explicit provision of expenditure on social protection in the budgetary/fiscal framework of the Governments
- (6) Effective collaboration between the Government, civil society and the private sector in designing social safety nets
- (7) Harnessing of family ties, human contacts, community self-help and 'other' philanthropic activities to build "private safety nets"

Such a framework, while undoubtedly ambitious, does provide a basis to enable Governments in the region to look at the full gamut of social protection issues. It also highlights the policy trade-offs involved in their resolution, the opportunity costs of overemphasizing one or other objective and the clear need to bring these issues to the forefront of public debate. Without appropriate pressure from public opinion, social protection issues are unlikely to attract the needed attention of Governments in the region. This publication performs a useful service in bringing the complex issues of social protection to the attention of a wider audience.