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Poverty, Inequality and Social Protection in Southeast Asia

An Introduction

Sarah Cook and Jonathan Pincus

Social protection programmes have expanded rapidly in the developing world in recent years. In Southeast Asia, the experience of the Asian Financial Crisis of the 1990s heightened awareness of vulnerability to poverty and the role of government in protecting households from a sudden loss of employment and income, or from contingencies such as ill-health and ageing. Most governments have expanded targeted social assistance programmes, although the quality and coverage of these programmes vary from place to place. Public support for basic health and education services is also uneven. Common challenges in the region include economic risks associated with financial globalization, rapid urbanization, high levels of informal employment, rising dependency ratios and a highly unequal gender division of labour.

Keywords: Southeast Asia, social protection, poverty, economic inequality, globalization.

This policy focus issue presents selected papers from the Asia Policy Forum on Poverty, Inequality and Social Protection held in Jakarta in May 2013. The Asia Policy Forum, an event organized by the Harvard Kennedy School's Ash Centre for Democratic Governance and Innovation, brings together policy-makers and scholars each year to discuss an issue of critical importance to the region. This year's Forum was co-sponsored by the Indonesian government's Team for the Acceleration of Poverty Reduction (TNP2K), the Rajawali Foundation and Australian Aid.

Social protection is now widely accepted as encompassing a set of programmes designed to assist individuals and households in maintaining basic consumption and living standards when confronted by a range of contingencies across the life course (including ill-health, unemployment and old age). While often considered a luxury available only to rich countries, or confined to a small elite in the developing world formally employed in the public sector or in large private enterprises, this perception is now changing as access to social protection expands in middle and lower income countries. Contemporary definitions relevant to developing countries generally include three main categories of programme. First, non-contributory social assistance programmes aim to raise the living standards of poor or vulnerable people through transfers in cash or in kind. Second, social insurance, generally linked to employment and often contributory (although also financed from general tax revenues), provides protection against the risk of income loss due to life's normal contingencies. The third domain of social protection consists of various labour market policies, for example, to regulate working conditions including safety and hygiene, collective bargaining, minimum wage policies and the prohibition of child labour. Although the provision of social services is generally considered to be a separate domain of social policy, the conceptual distinction between the supply of essential services — such as healthcare, education and child protection — and demand side interventions introduced in part to enable households to access such services, is far from clear. Both are critical components of any system designed to provide minimal social protection to a population.

Since the turn of the millennium, social protection programmes have been enlisted as a key instrument to reduce the incidence and depth of poverty in the developing world. The objectives of these programmes have expanded beyond the limited aims of reducing vulnerability to poverty through the management of risk[1] to encompass the reduction of poverty more broadly, including among people who are underemployed or employed informally in low productivity occupations, and in particular to tackle its intergenerational transmission through investments in health and education. As the aims of social protection in the development context have broadened, so has the reach of these programmes. Some estimates claim that close to 1 billion people in the developing world are covered by social assistance in the form of cash transfers, with such programmes operating in at least fifty-two countries (Bender et al. 2013; DFID 2011). These transfers take a range of forms — targeted or universal, conditional or unconditional, categorically targeted transfers such as social pensions and child support grants, as well as public works or employment guarantee schemes.

For Barrientos and Hulme, the rapid expansion of social protection in the developing world amounts to a "quiet revolution" in which new social assistance programmes, largely taking the form of income transfers, have overturned widely held assumptions concerning the disincentivizing effects of transfer payments and the incapacity of governments to deliver benefits to eligible citizens without serious leakage through corruption or political manipulation (Barrientos and Hulme 2008, p. 3). Programmes such as Mexico's Oportunidades, Brazil's Bolsa Familia, South Africa's Child Support Grant, the National Rural Employment Guarantee scheme in India, China's Minimum Living Standard Guarantee programme and Indonesia's Safety Net Scheme have not only sharply expanded the coverage of social protection but are also starting to dissolve the conceptual distinction between interventions designed to manage life risks and reduce extreme poverty on the one hand, and those policies designed to promote broader development goals through improved access to education, better health outcomes, increased productivity and even small-scale capital accumulation on the other.

Part of the impetus for the revolution in social protection policy in developing countries can be traced to the renewed urgency of tackling the problem of global poverty signalled by the Millennium Development Goals. Measurable targets and deadlines focused the attention of policy-makers and development agencies on a critical set of social issues, challenging the view that problems of poverty, ill-health and lack of education would be resolved automatically through growth itself, or could be addressed only once the "right" economic policies were in place. Implicit in the embrace of new social protection mechanisms was a recognition that the development policies advocated in the 1980s and 1990s had failed to make headway in reducing poverty. These so-called "Washington Consensus" policies — trade, investment and financial liberalization, privatization of state owned enterprises, balanced budgets with user fees charged for basic services, reduction of marginal corporate and personal tax rates and enforcement of individual property rights — had variegated effects at the national and regional level. In some cases (including in Southeast Asia) they were credited with accelerating economic growth at least by the 1990s, but accompanied by increasing inequality and vulnerability; in others, notably in Latin America, they led to the "lost decade" of the 1980s and the anaemic recovery of the 1990s. Indeed, despite the return to growth in many regions by the turn of the millennium, poverty rates remained persistently and distressingly high, while the associated rise in measured inequality weakened the link between economic growth and poverty reduction (UNRISD 2010). Dissatisfaction with Washington Consensus policies and the "trickle down" approach to poverty reduction opened the way for a reassessment of direct income transfers and other forms of support for the poor. Simone Cecchini, in this issue, describes the "truly epochal change" in Latin American approaches to social protection since the turn of the millennium, in particular the growing role of non-contributory programmes and their significant impact on the incomes of poor households and measured inequality.

A critical factor driving this reassessment was the impact of the Asian Financial Crisis (AFC) of the late 1990s: even in a region that was growing rapidly, existing forms of social protection proved entirely inadequate at a moment of extreme economic stress (Cook, Kabeer and Suwannarat 2003). Governments discovered that they lacked the instruments needed to respond rapidly and in meaningful ways to a sudden fall in domestic demand occasioned by the large, exogenous shifts in international capital flows. In Indonesia, for example, more than half of the population was vulnerable to poverty and hunger as food prices and unemployment skyrocketed in the wake of the collapse of the banking and corporate sectors. Politicians and policy-makers also recognized that, while globalization had created opportunities for trade and investment, it also exposed emerging and developing economies to financial instability as revealed by successive crises in Mexico, East Asia, Russia, Turkey and Argentina, and culminating in the Global Financial Crisis (GFC) of 2008. Policies were needed to reduce the risk of future crises, but also to strengthen the capacity of the public sector to minimize the impact of economic shocks on vulnerable households and individuals.

Policy research has subsequently played an important role in the quiet revolution, contributing careful assessments of the impact of programmes on specific groups of the population. The majority of these studies have focused at the micro level, concerned with the direct and measurable impact on beneficiaries or communities of specific interventions.[2] Less attention has been paid to the systemic effects of social protection programmes and their interaction with other social and economic development policies (related for example to employment and labour markets, fiscal and monetary policy) at the national level. The slow accumulation of evidence has nonetheless provided support for a rethink of the effects of various forms of social protection programmes on consumption and living standards, health and education outcomes and fiscal and environmental sustainability in a wide range of situations.

The experience of the last decade of rapid growth of social protection programmes in the developing world provides some grounds for optimism, but also for caution. Until recently the preserve of formal (largely public) sector workers, social protection in some form has now been extended to hundreds of millions of individuals in the developing world. While most of these schemes are far from comprehensive, many have been shown to provide some protection for certain forms of risk, or deliver other benefits, such as improved child nutrition, or easier access to health and education services. Although these early results are encouraging, there are still massive gaps in coverage and major implementation challenges. The International Labour Organisation (ILO) estimated in 2011 that only 20 per cent of working age individuals and their families worldwide have access to comprehensive social security; 20 to 60 per cent have only basic coverage and 50 per cent remain in a situation of extreme vulnerability (ILO 2011). There is also huge variation among countries and regions.

The proliferation of conditional and non-conditional cash transfers, while effective in specific situations, is not a "silver bullet" that can guarantee sustainable incomes or access to healthcare and education. Dynamic poverty studies also emphasize that people fall back into poverty for a wide range of reasons, many of which are not addressed by targeted social assistance programmes (Baulch 2012, p. 260). Keetie Roelen argues in this issue that cash transfer programmes are generally designed to lessen barriers faced by poor individuals or to create behaviour-changing incentives for them. This suggests a theory of the causes of poverty that emphasizes the characteristics of poor people rather than structural barriers such as a shortage of decent jobs, or persistent gender, racial and ethnic discrimination in access to education and employment. According to Roelen, failure to acknowledge the structural roots of poverty in the design of these programmes can have the perverse effect of reducing the inclusiveness of social protection and reinforcing patterns of poverty and vulnerability.

Social Protection in Southeast Asia[3]

The objective of the Asia Policy Forum on Poverty, Inequality and Social Protection was to revisit trends in social protection policy in Asia in the light of international developments, and to see if experiences elsewhere hold interesting lessons for the region's developing countries, particularly in Southeast Asia. Policy-makers from Southeast Asian countries made up the largest group of participants at the conference, with large delegations from Indonesia, Vietnam, Cambodia, Laos, the Philippines and Timor-Leste.

Southeast Asia is a region of remarkable economic, political and cultural diversity. It includes: Singapore, the world's third richest country (according to the International Monetary Fund), and Myanmar, ranked 165th; Muslim, Buddhist and Catholic majority countries; two of the world's five remaining Communist-ruled countries; a military government; and parliamentary and presidential democracies that vary widely in their acceptance of rule of law, freedom of expression and tolerance of ethnic, religious and political minorities. As one would expect, approaches to social policy and social protection vary enormously from country to country, and even within countries (Cook 2009). Yet within this overall context of diversity, some common trends towards the expansion of basic social protection can be identified.

Southeast Asian countries are sometimes grouped with East Asian "developmental states" (Japan, South Korea, Taiwan) which maintained a low level of spending on welfare but with social policies being used in the overall pursuit of economic development (Kwon 2005, p. 2). The result was an initial focus on contributory social insurance programmes, household savings and universal access to education. The policies of these countries have also been described as "productivist" in emphasizing investment in education and public health as underpinnings of economic development (Wood and Gough 2006, p. 1706). However, these generalizations are often misleading, as policy has varied as a result of differences in political ideology and structures, political mobilization and institutional capacity.

Southeast Asian countries have also been held up as an example of the poverty-reducing effects of economic growth and market-friendly economic reforms. Indonesia, one of the poorest countries in the world in the 1960s, was applauded by the World Bank for achieving real growth rates in excess of 6 per cent per annum over a period of three decades, and on this basis reducing the official poverty rate from 60 per cent in 1970 to 17 per cent in 1987 (World Bank 1990, p. 1). After Indonesia's fall from grace with the AFC, it was Vietnam's turn to assume the mantle of "poster child" for rapid growth and poverty reduction ("Half-Way from Rags to Riches", 2008). According to the government, the official headcount poverty rate fell from 58 per cent in 1993 to 14.5 per cent in 2008 (Vietnam Academy of Social Sciences 2011, p. 1). The pace of poverty reduction has stalled in Vietnam as well, however, following a domestic banking crisis, brought on in part by premature financial deregulation (World Bank 2012). While the achievements of these countries were indeed impressive, sharp reductions in headcount poverty rates in both cases were produced on the basis of extremely low official poverty lines. Moreover, both examples demonstrate the risks to living standards associated with financial liberalization policies that were a core component of the Washington Consensus policies of the era.

As noted above, the AFC was an important milestone in the evolution of social protection policies in the region. Affected countries found that their badly frayed social safety nets were inadequate to cope with the sudden fall in employment and price rises that followed currency devaluation and financial collapse. Emergency subsidy and transfer programmes were quickly put in place in an attempt to moderate the impact of the crisis on living standards. There was renewed interest in social assistance programmes, and this momentum was sustained through the subsequent recovery and into the recent GFC. The Asian Development Bank's Social Protection Index (SPI), introduced in 2005, reflects the growing recognition in official circles that economic growth is a necessary but not sufficient condition for poverty reduction.

As one would expect, the countries of the region have sought to institutionalize social assistance programmes in different ways. The past decade has seen an expansion of targeted social assistance in most countries: Indonesia for example has formalized and extended the ad hoc safety net programmes put in place at the time of the crisis. Elsewhere we have seen the further development of social insurance at the core of the system (as in China), and trends towards universalism, particularly in Thailand through its non-contributory health and pension programmes (see, for example, Hardjono and Sumarto 2010; Chongsuvivatwong et al. 2011; Kwon 2009).

Table 1 summarizes the main features of social protection programmes in eight countries in the region with regard to poverty reduction, healthcare financing, pensions, education and unemployment insurance. In the interests of brevity, the table includes only the largest programmes in each country, and in so doing does not capture the tremendous multiplicity of approaches to social assistance and protection pursued in each country as governments have attempted to respond to the needs of diverse populations. Nevertheless, as a first approximation of the structure of social protection policies, the table does reveal some similarities across the developing countries of the region. Social insurance programmes are still concentrated on the formal — and largely public — sector, supplemented in middle-income countries with voluntary, contributory programmes for small enterprises, farmers and the informal sector. Healthcare financing remains heavily dependent on user fees with means-tested support for the poor. Social assistance is largely delivered through safety net programmes that are either means-tested, geographically targeted or both. Few countries provide any form of unemployment insurance.

Thailand is the most notable exception to this general pattern of targeting and user fees. The introduction of two universal, non-contributory programmes has greatly expanded social protection coverage. The Universal Coverage Scheme (UCS) has since 2001 provided universal access to healthcare including general medical care, in-patient care and rehabilitation services. The Non-contributory Allowance for Older People (initially known as the universal 500 baht scheme) introduced in 2008 provides cash payments to all citizens sixty years of age and older who do not receive other public pensions. Monthly payments have since been increased over the initial 500 baht level and a graduated schedule has been adopted that increases benefits for older recipients. A separate non-contributory scheme has also been implemented for people with disabilities.

Indonesia's National Social Security Law enacted in 2004 calls for universal health, workplace accident and injury, death benefits for survivors and pension coverage implemented through separate programmes for the poor, self-employed, formal sector workers and civil servants. As M Ramesh shows in his contribution to this issue, another important milestone in Indonesia was the dramatic expansion of social assistance in 2005 in the wake of a reduction in national fuel subsidies. Universal health coverage was launched in January 2014, with other programmes to come on stream in 2015. In a departure from past practice, the various institutions responsible for administering social protection programmes have been brought

TABLE 1
Outline of Social Protection Programmes in Southeast Asia

Country	*Social Assistance*	*Health*	*Education*	*Pension*	*Unemployment*
Singapore	Workfare supplement for low income workers	Subsidized public provision Medisave (compulsory medical savings account) Medifund (means-tested benefits)	Edusave (student accounts to reward performance)	Central Provident Fund (compulsory savings account)	None
Malaysia	Various small Department of Social Welfare assistance programmes for the poor and disabled	Universal public provision, user fees Employees' Provident Fund	Free primary and junior secondary education	Civil Service Pension Employees' Provident Fund	None
Thailand	One million baht village fund Free school meals	Civil Service Medical Benefits Scheme Universal Coverage	Free education through secondary school	Government Pension Fund Social Security Scheme (formal private sector) Social Security Fund (informal sector) Universal Non-Contributory Allowance for Older People	Social Security Scheme (private sector)
Indonesia	*Program Keluarga Harapan* (conditional cash transfers) Subsidized rice sales National Programme for Community Empowerment (local development grants)	JAMKESMAS health fee waiver for poor and near poor JAMSOSTEK (formal sector workers) ASKES (civil servants)	School Block Grants Scholarships for the Poor	JAMSOSTEK (formal sector workers) TASPEN (civil servants) Cash Assistance for the Vulnerable Elderly	None

Laos	Poverty Reduction Fund (donor funded)	Social Security Fund (civil servants and formal private sector) Community Based Health Insurance (informal sector) Health Equity Fund (donor funded)	Basic Education project (donor funded)	Social Security Fund (civil servants and formal private sector)	None
Philippines	4Ps conditional cash transfer programme (geographically targeted and means-tested) Kalahi poor village fund	PhilHealth (compulsory for formal sector, voluntary for others) PhilHealth Sponsored Programme for the poor	Food for school programme (rice ration for poor children in school)	Social Security System (formal sector) Government Service Insurance (civil servants)	Government Service Insurance (civil service)
Vietnam	National Targeted Programmes (credit for production and housing) Programme 135 (infrastructure for remote villages)	Health Care Fund for the Poor Vietnam Social Insurance (compulsory for formal sector, voluntary for others)	National Targeted Programmes (scholarships)	Vietnam Social Insurance (compulsory for formal sector, voluntary for others) Civil Service Scheme	None
Cambodia	National Poverty Reduction Fund	Social Health Insurance (civil servants) Health equity fund (donor funded) Community Based Health Insurance Fee waivers for the poor	Priority action programme for poor children	National Social Security Fund (formal sector) National Social Security Fund for Civil Servants	Emergency Food Assistance Project (donor funded)

under a single agency, the Coordinating Body for Social Protection. Existing health insurance providers for formal sector workers, the poor, civil servants and the military will be rolled into a single agency, Asuransi Kesehatan (ASKES), which has been given responsibility for expanding coverage to half of the population that currently does not have access to any form of health insurance. The size of the task facing the government is compounded by the absence of healthcare facilities in many poor and remote locations, the low density of healthcare providers by international standards and the low standards of provision in public clinics and hospitals (Heywood and Harahap 2009; Niimi and Chatani 2013). Per capita expenditure on social protection remains low by regional standards as shown by the results of ADB's Social Protection Index as reported by Ramesh in this issue. For example, only 12 per cent of the workforce has access to pensions, and most of these participations are only eligible for a single, lump-sum payment.

Ramesh compares the systems in Indonesia and the Philippines and finds many similarities and some important differences. Chief among the differences are the higher levels of government expenditure in the Philippines, but also greater inequality in both social insurance and social assistance programmes. While financing of social protection remains highly centralized in Indonesia, local government in the Philippines has been given responsibility for the programmes but not the financial or administrative resources to implement them.

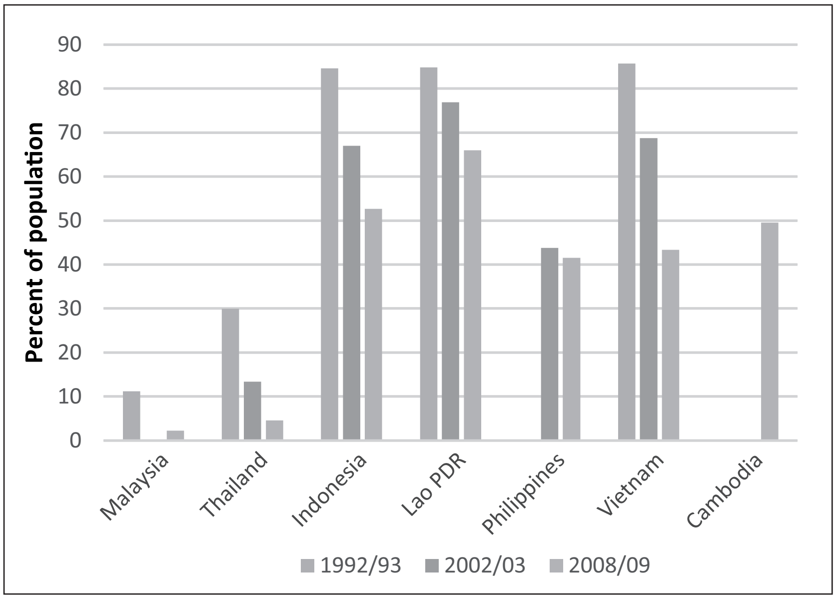
While official poverty lines are low throughout the region, which has the politically useful effect of generating low headcount poverty rates, the World Bank's US$2 a day poverty line (at prices adjusted for purchasing power) reveals that the incidence of poverty is still in excess of 40 per cent of the population in the region's largest countries (Figure 1). The extent of informality in the labour force means that social protection in these countries still depends heavily on social assistance and that social insurance remains confined to a small minority of workers. Poverty is prevalent in the region's low-income countries, Myanmar, Laos, Cambodia and Timor-Leste, which rely primarily on donor-assisted programmes.

In Singapore and Malaysia, the countries at the top end of the income ladder, social protection relies primarily on personal savings and family support networks, while government support is channelled towards public provision of health and education services, consistent with a productivist characterization. Both countries operate provident funds that trace their roots back to the British colonial period. Social assistance programmes are small and reserved largely for people with disabilities and the elderly.

Public support for health and education, however, is uneven in the rest of the region. As a share of GDP, the Indonesian government spends less on healthcare than aid-dependent Cambodia and Laos (Figure 2). Outcomes broadly reflect the level of public contribution. To take a telling example, Indonesia's maternal mortality rate in 2010 was 220 per 100,000 live births, or about four times as large as the rate in Vietnam despite the fact that Indonesia's income per capita (in purchasing power parity terms) was about one-third higher (Figure 3). Worryingly, the results of the Indonesia's 2012 Demographic and Health Survey (DHS) indicate a sharp rise in the maternal mortality rate to 359, or six times the level in Vietnam (*Kompas* 2013). While it is too early to know with certainty whether this increase represents a statistical anomaly or a genuine deterioration in conditions, the fact remains that for a range of basic health and education indicators, Indonesia continues to underperform countries at similar and lower levels of income per capita. Public spending on health remains the lowest in the region despite a significant rise since the turn of the millennium.

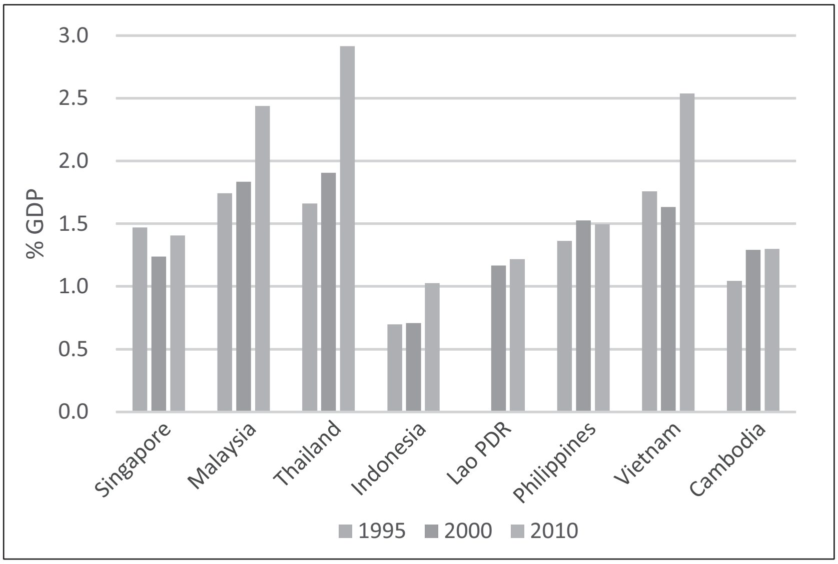
Thailand, despite being the third richest country in the region, has made relatively slow progress in extending universal access to education beyond the primary level. The share of women in the labour force who have completed secondary education was only 11.5 per cent in 2010, a small fraction of the level recorded in neighbouring Malaysia, and much lower than the Philippines despite an average per capita income of roughly half that of Thailand (Figure 4). However, Thailand's efforts

FIGURE 1
Poverty Headcount Ratio at US$2 per day in Purchasing Power Parity Terms (2010)



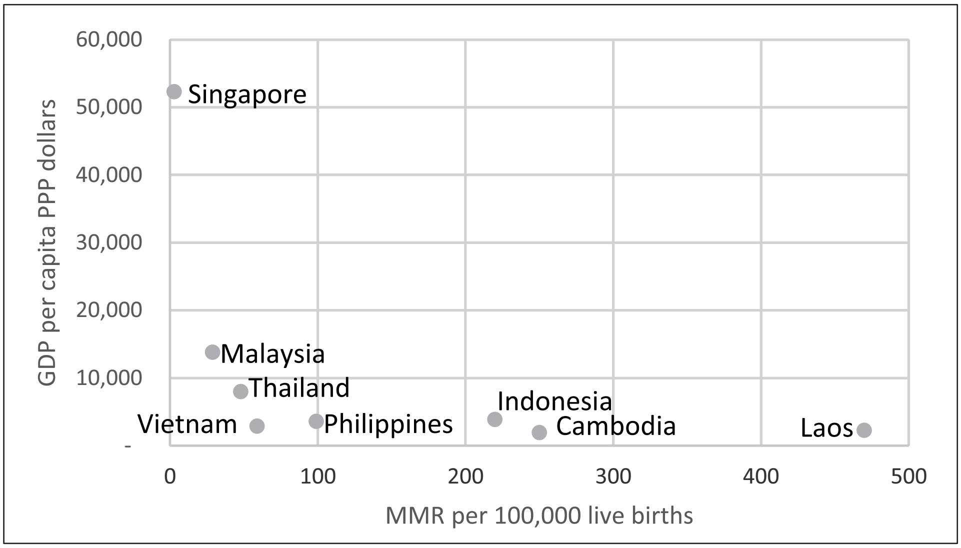
SOURCE: World Development Indicators.

FIGURE 2
Public Spending on Health as Share of GDP



SOURCE: World Development Indicators.

FIGURE 3
Income Per Capita in Purchasing Power Parity Terms and Maternal Mortality Rate (2010)



SOURCE: World Development Indicators.

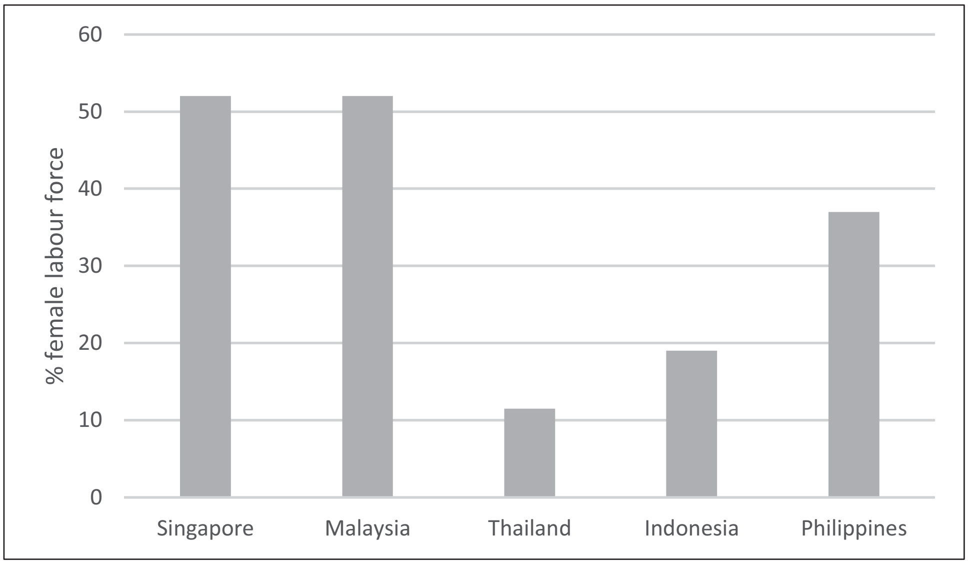
to increase access over the past two decades have begun to pay off. The female secondary school enrolment rate is now about 80 per cent, on par with the Philippines and Indonesia, and higher than Malaysia, where the rate was 72 per cent in 2010.[4]

Vietnam has sharply increased public spending on health and education in recent years. The country emerged from central planning in the early 1990s with an economy hobbled by years of war, isolation and failed experiments in collectivized agriculture and industry, but also with a deeply ingrained political tradition emphasizing the government's responsibility to improve the living standards of the poor, particularly in rural areas. Access to health, education and basic infrastructure (electrification and roads) is superior in Vietnam compared to many richer countries in the region. Vietnam has enjoyed considerable success in a range of basic indicators of well-being, including a reduction in the headcount rate of poverty. Nevertheless, like other countries in the region, Vietnam remains heavily dependent on user fees for access to health and education services and, unlike Thailand, favours targeting over universalism in the delivery of social assistance. Sharply rising out-of-pocket costs despite relatively high levels of public health spending are an indication of mounting inefficiencies in health financing (UNDP 2011).

Common Challenges

Globalization has delivered substantial benefits to Southeast Asia's export-oriented economies. The region doubled its share of world exports from 3.3 per cent in 1986 to 6.7 per cent in 2012, and nearly tripled its share of world manufacturing value after 1990. Southeast Asia has also had a direct and traumatic experience of the risks associated with international economic integration, particularly of financial markets. The AFC was a stark reminder that capital can exit in volumes and with a rapidity that can destabilize even healthy economies, and that emerging economies are particularly

FIGURE 4
Share of Women in the Labour Force Who have Completed Secondary Education (2010)



SOURCE: World Development Indicators.

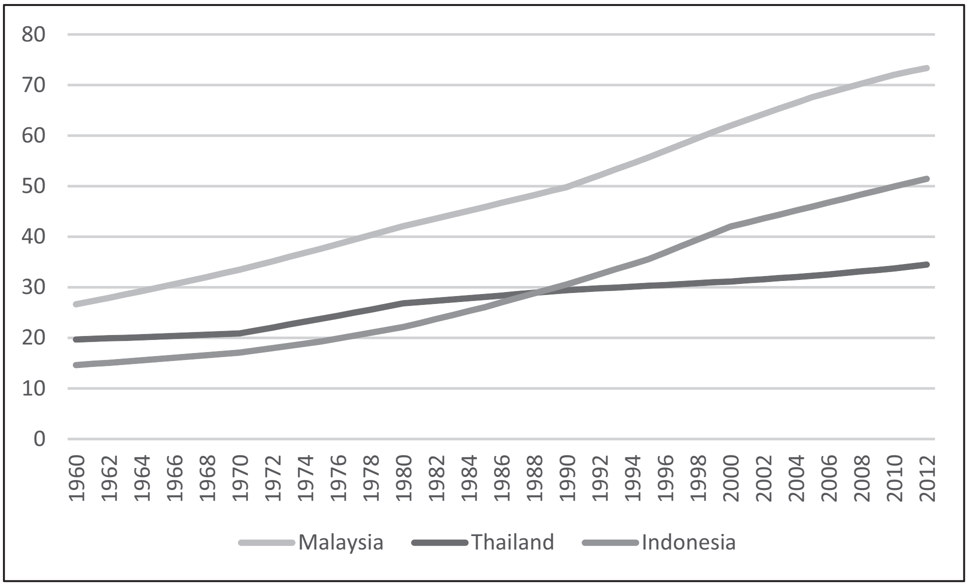
vulnerable to large swings in sentiment on global financial markets. The GFC showed that even when emerging countries keep their own financial houses in order they are susceptible to contagion effects arising from financial fragility elsewhere: Southeast Asia's export markets shrank suddenly and ominously as demand collapsed in the United States and Europe. Economists have been aware of a positive correlation between trade openness and social protection coverage for some time, a relationship that suggests that demand for social protection increases with the share of the labour force engaged in trade-related activities (Rodrik 1997, p. 26). At the same time, pressures from global financial markets — at times reinforced by policy advice and conditionality from aid donors — can work to narrow the space for autonomous national policy-making.

The rich countries have not made it easier for regions like Southeast Asia to balance the benefits and risks of globalization. The Millennium Development Goals have increased awareness that poverty in the developing world is a global problem that requires global solutions. Official development assistance rose from US$84 billion in 2000 to a peak of US$137 billion in 2010, both in constant 2011 U.S. dollars, although even at these levels donor nations are still far from achieving the United Nations Official Development Assistance (ODA) target of 0.7 per cent of GNI. However in other spheres the rich nations have shown less appetite for risk sharing. The gap between rhetoric and policy change is most glaring in attitudes towards migrant workers. Only 47 out of 193 UN member states have ratified the International Convention on the Rights of Migrant Workers and Their Families in the ten years since the convention was promulgated. None of the main destination countries — member countries of the European Union, the United States and the Gulf countries — have ratified the convention. Overseas employment is the most direct experience of globalization for millions of Filipino, Vietnamese and Indonesian workers, and the failure to make progress in endorsing basic protections for these people and their families is deeply revealing of the international community's priorities.

An important common challenge in Southeast Asia is rapid urbanization and protecting rural to urban migrants from risks to their health, safety and economic well-being. The share of the population living in urban areas has increased sharply, most strikingly in Indonesia since 1990 (Figure 5). Despite the sharp acceleration in migration, and its close relationship to growth and poverty reduction, most governments have not made migration a central concern of economic policy and planning (de Haan 2006). One recent overview of the relevant Asian literature concludes that "migration within countries, particularly that linked to search for livelihood, has failed to motivate researchers and policy-makers to generate robust data sets and undertake rigorous empirical studies, which may be held responsible for the lack of integration of spatial mobility of labour with … development economics" (Kundu 2009, p. 53). One result is that official statistics grossly underestimate the extent of urban poverty in the region. According to the Indonesian authorities the headcount poverty rate in Jakarta was 3.5 per cent of the population in 2011. The corresponding figures for Manila (2009) and Bangkok (2007) were 2.6 and 1.5 per cent.[5] The urban poverty rate for Vietnam as a whole was 3.3 per cent in 2008, according to the General Statistics Office. Figures such as these, which any casual visitor to these cities would immediately recognize as a serious underestimation of the incidence of poverty, can only be obtained by excluding large numbers of poor people from official surveys. Yet the statistics themselves serve to reinforce the perception among policy-makers that poverty is a predominantly rural phenomenon and that migrants are a relatively well-off segment of the population.

Low estimates of urban poverty reflect a perception, at least in part imported from economic theory, that migration is a voluntary act in which individuals maximize returns to labour based on

FIGURE 5
Urban Population as Percent of Total



a rational calculation of risks and rewards. The real experience of migration rarely conforms to the simple assumption of these models. Well-paid formal sector jobs are scarce, and generally are not open to migrants lacking qualifications or personal connections. Most formal sector jobs do not differ much from informal sector employment in terms of characteristics that matter to working people, such as the duration of employment, hours of work, wages, safety and other benefits. For workers entering regional and national casual wage labour markets, the decision to move reflects an *absence* of viable choices rather than a rational weighing of alternatives. Poor people move when they have exhausted their local options and are compelled to find new sources of income to meet their own or their family's subsistence requirements, to pay off debts or to finance essential spending on health, education or other necessities. Their desperation makes them vulnerable to traffickers and other fraudsters who promise high-wage employment in exchange for an upfront payment. Enforcement of labour market regulations, conditions of work and minimum wage regulations are vital components of social protection policies for migrant workers (UNDP 2009).

Asher and Bali point out that in some Southeast Asian countries, notably Singapore, Thailand and Vietnam, the speed of the demographic transition implies that dependency ratios will rise sharply over the next three decades as the population ages. The fall in fertility rates below replacement level in Thailand and Vietnam at relatively early stages of development raises the urgency of expanding coverage of social insurance programmes and creating incentives for private saving (Figure 6). According to World Bank projections, in 2050 about 25 per cent of the population will be sixty-five years of age or older in Singapore and Thailand, and over 20 per cent in Vietnam (Figure 7). ILO statistics indicate that only 22 and 21 per cent of the labour force is currently contributing to a pension in Thailand and Vietnam, respectively.[6] Both countries must assign a high priority to

FIGURE 6
Fertility Rate (Births Per Woman)

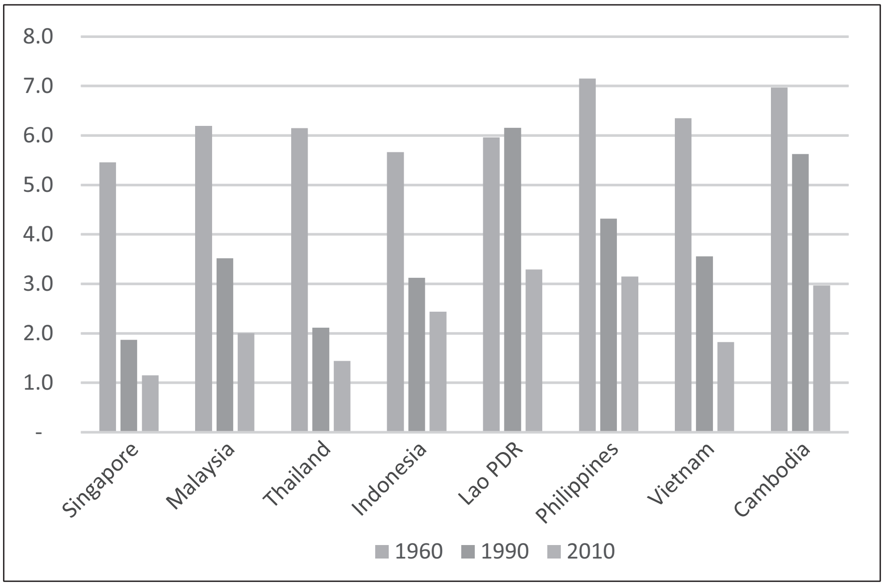
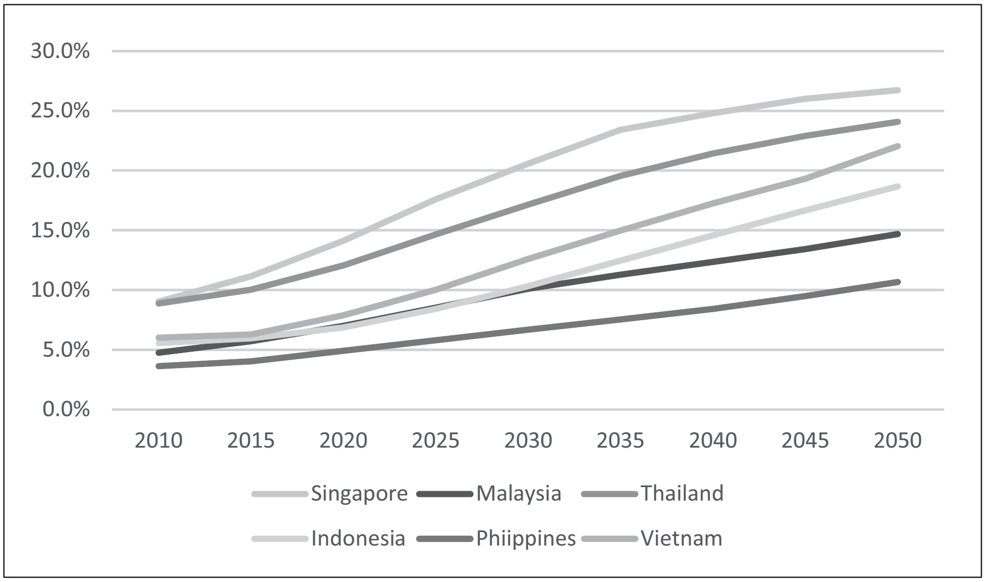


FIGURE 7
Projected Share of the Population 65 Years of Age and Above



SOURCE: Authors' calculations from World Bank HNP Statistics.

increasing this ratio over the next decade. In addition, widening access to health insurance in Vietnam and investment in long-term care facilities in both countries will be needed.

Asher and Bali discuss various options that governments in the region have to increase fiscal space to cope with demographic change and rising demand for social protection. The authors identify possible efficiency gains from improved administration, coordination between pension and healthcare systems and investment in preventive healthcare measures to encourage "healthy ageing". Labour force participation, for example female participation rates, average age of retirement and the inclusion of migrants in national social protection systems, are also important factors.

Women in most countries in the region face economic challenges from a combination of high labour force participation rates, the gendered division of labour and cultural expectations that women take primary responsibility for care giving and domestic work. This "double burden" often limits women's employment outside of the home where they are founded predominantly in low-paying, informal or part-time jobs in order to combine other care roles (within the household, for children and the elderly, and the sick). ADB's Social Protection Index reveals that women in ASEAN are less likely to take part in social insurance programmes because of lower participation rates in formal sector employment. Social protection programmes often reinforce traditional gender roles and can disadvantage women by imposing additional time burdens on them, thus further reducing their labour market access (Holmes and Jones 2010). Social protection programmes in general have paid insufficient attention to the provision of services and other measures that could reduce the care burden on women. Other labour market policies, to reduce discrimination in the labour market, promote female employment in the public sector, and improve work conditions in the care economy, could contribute to challenging persistent forms of gender inequality as well as reduce poverty by enabling women in poor households to access more stable employment.

At a more general level, Southeast Asian countries have yet to integrate social protection policies into broader strategies of social policy and economic development. Social protection has remained largely a separate sphere as an instrument to manage the risk of falling into poverty due to shocks. In most of the region, social protection is limited to crisis response through minimal safety nets. By contrast, the experience of successful developmental states (from northern Europe to East Asia) has shown that countries that achieved sustained reductions in poverty used a broader range of social policy instruments to support processes of accumulation, production, social reproduction and distribution (UNRISD 2010). As Cecchini reminds us in his contribution to this issue, the most important factor in Latin America's recent success in reducing poverty and measured inequality is the growth of formal sector employment and rising wages among the employed. Non-contributory social protection programmes have expanded the reach of welfare systems in the region, and in doing so have played an important role. However, sustainable reduction of poverty and inequality depends on the implementation of policies to promote the creation of steady, high productivity jobs that pay workers a living wage in a safe and secure work environment.

Several authors in this issue, notably Roelen and Cecchini, reflect on the relationship between social protection and the enunciation of social rights based on citizenship. Social protection in the developing world — in Asia as in Latin America — has evolved from disparate, often narrowly defined programmes introduced to serve different social groups ranging from relatively privileged public sector workers to rural people living in remote areas. The resulting systems are often fragmented and exclusionary, reinforcing divisions based on class, gender, ethnicity and geography. Rights-based approaches to social protection have the potential to promote social cohesiveness through the articulation of an ethos of interdependence that extends beyond ethnicity, religious community and class. Thus, the implications of a rights-based approach to social protection extend beyond the immediate economic aims of reducing poverty and inequality, a point that is not lost on Southeast Asian political leaders seeking to build stable governing coalitions in culturally diverse and rapidly changing societies. The recognition of social rights also provides a basis on which individuals and communities can articulate political demands for redistributive policies and, of equal importance, accountability and transparency in the use of public resources. However, rights are not granted; they are demanded and protected through political action. Important questions, not addressed directly in this issue, pertain to the representation of labour and other social groups in Southeast Asia's young democracies, and the extent to which social rights can inspire collective action among groups with shared economic interests but competing ethnic, religious and geographic loyalties.

Conclusion

This policy focus issue includes four original articles originally presented at the Harvard Kennedy School Asia Policy Forum on Poverty, Inequality and Social Protection held in Jakarta in May 2012. The main aim of the Forum was to bring together scholars and policy-makers from the region to discuss recent trends in social protection policy, compare the experiences of Asia and other regions, and identify fruitful directions for further research and dialogue.

A confluence of global, regional and national-level factors discussed in this introductory essay has combined to stimulate interest in social protection policy in Southeast Asia. Political leaders and the wider public were deeply scarred by the experience of the 1997–98 Asian Financial Crisis, which tragically revealed the gaps in region's previously untested social safety nets. Growing recognition of the need to strengthen social protection in the region coincided with a global reassessment of the role of social assistance in reducing poverty, reversing prevailing assumptions about the disincentive effects of income transfers and the capacity of government agencies to deliver cash benefits without leakage or political manipulation. The result has been a blurring of the conceptual distinction between social insurance and anti-poverty programmes. New initiatives have proliferated across the region, many of which endeavour to expand access to social insurance and essential services beyond formal sector workers who still comprise a minority of the labour force in most ASEAN countries.

In view of the region's tremendous diversity it is not surprising that the programmatic innovations responding to these regional and global influences have taken highly variegated forms. Singapore and Malaysia have maintained their traditional emphasis on household savings and provident funds, while Indonesia and the Philippines have displayed a willingness to experiment with new models, although limited funding of these initiatives have limited their coverage and impact. Thailand's embrace of universalism is the most far-reaching policy reorientation in the region, although the distributional impact of these reforms is politically contested. Vietnam has sharply increased spending on social protection and basic services but questions remain as to how much of these resources reach the intended beneficiaries.

As several contributions to this issue have stressed, social protection is still largely viewed as a separate policy sphere that has yet to be integrated into national economic and social development strategies. This in part reflects short-term fiscal constraints, but also deeper questions about political representation in post-authoritarian Southeast Asia and, more broadly, the nature of citizenship in socially and ethnically diverse societies and in an increasingly globalized world. These important political and sociological questions were not directly addressed at the Asia Policy Forum but they point to productive avenues for new research and opportunities for policy dialogue in the region.

NOTES

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1. The World Bank promoted its "social risk management" (SRM) approach at the turn of the millennium aiming to enhance the capacity to manage shocks and promote entry into riskier but higher return economic activities (Holzmann and Jorgenson 2008); see Guenther, Huda and Macauslan (2007) for a critique of SRM.
2. An extensive set of evaluation studies of programmes now exist. Fewer studies have examined economy wide or systems effects or the processes of establishing and institutionalizing social protection programmes.
3. The Southeast Asian region encompasses the ten member states of the Association of Southeast Asian Nations (ASEAN-10). Data for Myanmar and Timor-Leste are not available.
4. All enrolment data obtained from the World Bank's World Development Indicators.
5. Urban poverty estimates are available from the websites of the relevant statistical authorities: <http://www.bps.go.id/> for Indonesia; <http://web.nso.go.th/> for Thailand; and, <http://www.census.gov.ph/> for the Philippines. In addition to under-sampling of the poor, poverty estimates in urban areas are distorted by under-estimation of essential non-food expenditures, most notably water, sanitation, housing, transport, health and education (Satterthwaite 2004).
6. See the Global Extension of Social Security (GESS) website <www.ilo.org/gimi/gess>.

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Sarah Cook is the Director of the United Nations Research Institute for Social Development (UNRISD), Geneva.

Jonathan Pincus is the Director of the Center for Public Policy Transformation in Jakarta, Indonesia.