Policy Brief: DEVELOPING SHOCK RESPONSIVE SOCIAL PROTECTION SYSTEMS to mitigate the impact of COVID-19, enable speedy recovery and strengthen the resilience of vulnerable people in ASEAN.
Policy Brief: Developing shock responsive social protection systems to mitigate the impact of COVID-19, enable speedy recovery and strengthen the resilience of vulnerable people in ASEAN

The economic and social impact of COVID-19 in the Association of Southeast Asian Nations (ASEAN) so far

Early responses to the health pandemic, including containment measures carried out by ASEAN Member States (AMS), have limited the spread of COVID-19. As the number of new cases declines, several AMS are now progressively relaxing some measures, such as community quarantine and travel restriction. The full socio-economic impact of the pandemic is yet to be determined, given the dual nature of the shock, the health crisis and the economic disruption, in the context of the global trends which might have further direct implication in the region.

The economic growth for AMS is estimated to experience a decline between 3.5 and 4.7 per cent for 2020, as forecasted by the World Bank. Small and medium enterprises, services and tourism sectors are among the most affected by lockdown and containment policies. In response, AMS governments have introduced stimulus packages, mobilizing both fiscal and monetary measures to help the poor, the vulnerable and all those affected cope with the pandemic and mitigate the economic impact.

Vulnerable groups in society are being especially hard hit by the ensuing economic shock. Addressing the needs of the extreme poor, children, older persons, persons with disabilities, women and girls, marginalized and socially excluded communities and those particularly affected by COVID-19, such as informal and migrant workers, is a matter of priority and urgency for AMS. Economic slowdown and disruption exacerbate underlying vulnerabilities, pose further challenges to the poor and risk pushing many others into poverty.

For children, containment policies can lead to catastrophic short-term deprivations and substantial long-term losses. Children in ASEAN are more likely to live in monetary and multidimensional poverty than adults. The current loss of livelihoods can sink families deeper into poverty and place children and youth, particularly those from marginalized and socially excluded families, at the epicentre of multidimensional deprivations that have long-term consequences for productivity and human capacity development. These deprivations can, in turn, affect their ability to overcome poverty and build a better life. The lockdown and the impending frustration of loss of household livelihoods can perpetuate abuse and increase the risk of violence to children. This can endanger the lives of children and their mental health and wellbeing, even when the pandemic is over. The inability to attend school has also affected children's ability to access school meal programmes.
**Older persons** are at a significantly higher risk of mortality and severe disease following infection, with over 95 percent of COVID-19 deaths occurring in those older than 60 years. ASEAN is facing rapid population ageing: the proportion of older people (aged 65 and over) increased from 5.3 to 7.5 percent between 2000 and 2018. As the region is characterized by high shares of informal employment (in 2016, more than two in three workers in Asia and the Pacific were in informal employment, which is closely linked to vulnerable employment), pensions are accessible only to a minority, and many older persons can rely only on kinship and family support networks. Older women, who noticeably outnumber men in ASEAN (8.3 compared to 6.8 percent), will be particularly affected as they generally outlive men and often require long-term care.

**Persons with disabilities** have more healthcare needs than others – both standard needs and needs linked to impairments – and are therefore more vulnerable to the impact of low quality or inaccessible healthcare services. Certain containment measures, including social distancing and self-isolation, may be difficult for persons with disabilities, as some require support to meet daily needs. The link between poverty and disability is one of the factors underlying the persistent exclusion of persons with disabilities. With a high unemployment rate (e.g. of 71.4 percent in Thailand), which is even higher among women (the difference in male-female employment rates for persons with disabilities in Cambodia was 19.4 percent), many were already financially insecure or living on the margins before the pandemic. COVID-19 has further diminished their livelihood prospects. Although disability transfers exist in many countries, the amount of these pensions or transfers tends to be low, difficulties arise in the selection of recipients and records, and the processes for certifying disability are cumbersome.

**Women and girls** have been hit harder by the disruptions of COVID-19, as it is not only a health crisis but a crisis with detrimental effects on employment, income, access to services, access to justice and freedom from harassment and violence. Women shoulder a greater burden of caring for children and sick family members, amidst greater job lay-offs and interrupted access to education. They also represent a large share of informal workers in ASEAN, being more likely to be in low-paid and vulnerable employment. In the Philippines, 68 percent of women reported mental and emotional health impacts related to COVID-19.

The COVID-19 pandemic has exacerbated existing social, cultural and gender inequalities and economic and social stresses. Coupled with restricted movement and social isolation measures, this has led to an increase in Gender Based Violence. Hotlines reporting incidences of violence in some AMS have recorded an up to 57 percent increase in calls.

**Migrant workers** in ASEAN, including an estimated 10 million international migrants (50 percent of whom were women before COVID-19), often work in the informal economy with limited job security. Women, who often migrate to work in services, tourism and garment sectors, are more likely to lose their job and income. Further, many migrant workers are not legal. Of the 2.8 million ASEAN workers in Thailand, 1.3 million are recorded as illegal. As such, migrant workers are likely to be ineligible for any social protection system. With the downturn in the global and regional economy, a large number of these workers are unable to find work and many have returned to their countries of origin. There, they face challenges in reintegrating, including registering to access social protection. Between March and June 2020, an estimated 310,000 migrant workers have returned to Cambodia, Lao People’s Democratic Republic and Myanmar, mainly from Thailand. About 300,000 overseas Philippines migrant workers are expected to repatriate by the end of 2020. This is expected to have a major impact not only on the migrant workers themselves, but on the families they support through their remittances (the World Bank estimates that money sent home as remittances to East Asia and the Pacific countries will decrease by 13 per cent). Migrant workers who return home are hosted by their families, so in addition to no longer providing the remittances, they represent an extra economic burden. The returnees’ demand for food and income is anticipated to place additional pressure on the already fragile ecosystems. Isolation and reduced mobility have increased the risk of abuse, exploitation and trafficking, particularly for women migrant workers (including by employers and partners) and children.

**Informal workers and rural poor** are at greater risk, as they have limited coping strategies at their disposal and inadequate access to social protection. Urban informal workers have been affected by the lockdown and quarantine measures, however, medium- and long-term impacts on urban jobs and earning will depend on the policies to follow. In AMS 70 percent of poor people live in rural areas and most work in agriculture. The large majority is either self-employed (small-scale farmers) or employed through informal arrangements. This often prevents access to contributory social protection mechanisms including health insurance and unemployment benefits. The disruption of agri-food supply chains and markets and the inflation of key agriculture inputs have had severe impacts on smallholders and labourers. In the long term, with the consumption shift toward cheaper staples, food producers will face large losses on perishable

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1 According to the definition by the Social Protection Interagency Cooperation Board (SPIAC-B), social protection is ‘a set of policies and programs aimed at preventing or protecting all people against poverty, vulnerability and social exclusion throughout their lifecycle, with a particular emphasis towards vulnerable groups’. ‘Shock responsive’ refers implicitly to covariate shocks, those that affect large numbers of people and/or communities at once, rather than the idiosyncratic shocks such as the death of a breadwinner that may affect individual households or household members’ (IPCC, 2017). Risk informed SRSP refers to the incorporation of risk analysis to further risk reduction and resilience.
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and nutritious food. If rural informal workers, who are characterised by low incomes, poor income security and working conditions and limited access to social protection, lose their livelihood, get sick or are in self-quarantine, they may find themselves in an extremely difficult situation.

Convergence of the impacts of compounded shocks from multiple hazards, including any combination of climate-induced, health, pests and diseases, economic shocks and others, can push vulnerable households into deeper or prolonged deprivation and poverty. AMS are highly exposed to natural hazards (seven out of ten AMS fall into the “high risk” or “very high risk” categories according the 2019 world risk index). In 2019, disasters affected over 13 million people and killed 6,681 people. In 2020, alongside COVID-19, floods, landslides and storms hit different parts of the region, while the impacts of drought, African Swine Fever and Army Fall Warner continue. Another shock would be detrimental to vulnerable households still dealing with their losses caused by the pandemic, pushing them into food and income insecurity. This was observed in the Asian economic crisis of 1997–1998, when similar compounded disruptions increased food insecurity and malnutrition.

Social protection is essential in responding to and recovering from the Covid-19 crisis

Social protection is a core part of the efforts to mitigate the impact of COVID-19, facilitate speedy recovery and strengthen the resilience of poor and vulnerable people. Countries across the globe, and particularly AMS, are already mobilising significant resources for social protection responses. Well-established social protection systems are an important part of any adequate crisis response, but are particularly key to addressing four central dimensions of the pandemic and its economic and social implications:

- **Containing the pandemic and reducing mortality:** Schemes such as health insurance/sickness benefits, employment protection and non-contributory cash transfers ensure income security in cases of sickness or job loss resulting from the crisis. This protects individuals from the risk of infection by allowing them to self-isolate and quarantine, thus playing a crucial role in curbing the spread of the virus. Meanwhile, effective access to affordable health care is central to responding to the pandemic, contributing to an improved government capacity to monitor and contain the pandemic and ensuring that infected people can receive due treatment.

- **Preventing income insecurity and poverty:** Sickness benefits, employment protection and non-contributory cash transfers cushion the adverse economic impacts of the crisis and provide job and income security for those most affected, thereby contributing to increasing their resilience, and preventing poverty, food and nutrition insecurity, unemployment and informality. Effective social health protection also ensures that those infected do not face catastrophic health expenses which may push them into financial hardship and poverty.

- **Stabilizing the wider economy and society:** The sizeable economic shocks precipitated by the pandemic across the globe (and especially in ASEAN’s main export markets) are the important drivers of impacts being seen in the region, and could have serious long-term implications. Swift action and strong, inclusive economic and social policies can mitigate these impacts. Both theory and empirical evidence from previous crises shows that social protection transfers have a large positive multiplier effect on the economy, acting as a powerful macroeconomic (and social) stabilizer. These transfers, made to low- and middle-income households who spend a high proportion of their incomes on domestic consumption, boost aggregate demand and chart a solid path to recovery. Macroeconomic modelling undertaken in some AMS (e.g., Cambodia) underlines that is also true of the current crisis — with a social protection-focused stimulus strongly supporting inclusive economic growth while also protecting vulnerable households.

- **Building resilience:** This is especially important in a region that is vulnerable to multiple disasters and climate change like ASEAN. Social transfers can be combined with support for the most vulnerable households to maintain their productive capacity and generate income through participating in economic stimulus packages that build green infrastructure or restore ecosystems. This can reduce the vulnerabilities of these households and improve their overall resilience, preventing them from falling deeper into poverty while strengthening their livelihoods and future prospects.
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**FIGURE 1**

Phases of the evolving COVID-19 response and social protection

- **Phase 1 – Since the first case of infection being identified and the rise of cases.** The primary concern from a social protection perspective is to ensure that all have access to health care and protection from loss of income resulting from sick leave or self-quarantine due to close contact with a COVID-19 infected person. This entails both expanding existing health care coverage to groups that are not yet covered and ensuring that people who have health care coverage but lose income can survive when unwell. New programmes may also be needed, especially to provide income support for informal workers affected by COVID-19.

- **Phase 2 – During which governments implement containment measures, including community quarantine, to prevent COVID-19 outbreaks.** As containment measures, movement restrictions and social distancing are implemented, the wider impact is felt across society. Social protection measures are needed to support households whose income generation is disrupted. This can be done by: topping up existing social transfers; increasing the transfer value for those already included in existing programmes (vertical expansion) and/or temporarily expanding coverage to those in need who were not covered (horizontal expansion); or introducing new temporary income support programmes during lockdowns (i.e. for workers without access to any social protection measures).

**Flexing social protection responses to the evolving needs of the most vulnerable during COVID-19**

The impact of the pandemic is continuously evolving and will be more heterogeneous in the protracted crisis than the initial phase. As lockdown measures ease, the situation – and response – may be less clear. The COVID-19 pandemic is changing rapidly, while having immediate as well as medium- and long-term cumulative impacts on economies. Recognising the different phases and anticipating their impacts (Figure 1) will help governments identify the most vulnerable and affected households and the social protection measures that can best support them. The phases are not linear and often overlap, especially with the resurgence of cases in certain areas and second waves of virus spread.

**Source:** authors.
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Phase 3 – Economic slowdown is felt across society, governments make dual efforts for economic growth stimulus and pandemic control. During this phase, wider sections of society are affected by the drop in global demand and disruption of trade, while the pandemic is still evolving. It is essential that economic stimulus packages and measures implemented by governments include social protection, to ensure continued support for the most vulnerable groups and include newly vulnerable people. It is vital that the economic stimulus packages do not encroach on finances dedicated to existing social protection schemes to avoid rolling back existing coverage during an economic crisis. Building upon existing social protection systems and expanding their reach can prevent the loss of hard-won social development gains, avoid widening inequality and build resilience, including to the risks and uncertainty of the pandemic progression.

Phase 4 – Build back better in transformative recovery, leaving no one behind. The Build Back Better principles can begin in, and underpin, earlier phases. Past large-scale crises have revealed that opportunities exist for this phase to transform sectors towards inclusive, resilient and sustainable national and global economies. Tackling inequality, bridging the digital divide, greening the economies and upholding human rights and good governance practices are critical measures for AMS, for both COVID-19 recovery and accelerating the Sustainable Development Goals. Social protection, proven to be the most effective investment to lift people out of extreme poverty in the context of increasing multiple disaster risks in Asia and the Pacific, will have a key role in this process. When combined with other measures such as enhancing production capacity, social protection will facilitate transitioning, re-skilling, social cohesion and stability at the national level, while supporting households to take on new risks and make the transitions to new opportunities. Green, nature-based public work programmes will restore the degraded ecosystems and natural resources while providing income, new skills and reinforcing participation.

Social protection has shown its relevance and positive impact in the initial phases of the crisis. The next phases, particularly during recovery to build back better, provide an opportunity to expand the role of social protection in a transition toward equitable, green and sustainable economies, while building more risk-informed, shock responsive and resilient social protection systems in ASEAN.
Leveraging temporary measures to build comprehensive, risk-informed, shock- and gender-responsive social protection systems in ASEAN

As called for by Leaders at the Special ASEAN Summit on COVID-19 on April 14, social protection must be part of a post-pandemic recovery plan to ensure no-one is left behind. Short-term measures should be designed to build towards comprehensive, risk-informed and shock-responsive social protection systems that are also gender-sensitive. Such systems can help tackle underlying issues of poverty and inequality that persist across the region, support ongoing labour market transitions, such as those towards greener and inclusive economies, and ensure better preparedness for the next crisis, including those related to climate change.

Short-term measures, such as those put in place by many AMS, can transition into longer-term and comprehensive programmes that will have significant impacts on several Sustainable Development Goals. The ASEAN Guidelines for Disaster Responsive Social Protection to Increase Resilience and Country Roadmaps, developed for some AMS, provide guidance for actions. Some examples are:

- Expanding social assistance programmes, including non-contributory, poverty-related, child, disability and old age benefits, to reach the most vulnerable groups, including women. Social assistance can prevent increases in poverty and inequality that would otherwise ensue from the economic downturn. Evidence from past crises shows that social assistance programmes have wide-reaching positive impacts on child and household outcomes, such as poverty reduction, food security, emotional well-being and family livelihoods.

- Developing active labour market and public works programmes for adults who have lost their jobs due to the economic crisis, to reduce negative impacts on employment, income, and mental health among adults and caregivers, and interrupt the vicious cycle of poverty.

- Nutritious school meals can ensure a healthy diet for children in normal times and support consumption smoothing in times of shock, avoiding a decline in the consumption of healthy foods.

AMS should aim to increase their capacity to respond to and build long-term resilience to multiple risks through strengthening the operational systems of the existing social protection programmes. These could include:

- Investing in improving the digitization of the social protection delivery chain with specific attention to digital payments;

- Strengthening social registries and their interoperability with other sectorial registries and databases (i.e. farm registries, vulnerability mappings);

- Identifying and integrating broader vulnerabilities, such as the risk of climate related shocks, which are prevalent in the region;

- Defining pre-agreed funding mechanisms to strengthen the response capacity of social protection systems facing a broad range of shocks. Emerging Disaster Fund in AMS or Regional disaster risk finance mechanisms such as the South East Asia Disaster Risk Insurance Facility (SEADRIF) could be explored;

- Strengthen coordination among social protection, health, disaster management, livelihoods, and climate change sectors to increase efficiency.

Maintaining and protecting the investment in social protection is particularly important, even in periods of fiscal contraction. Austerity measures have detrimental impacts on childcare, parental caregiving, adult mental health, home ownership, crime, and the prevalence of infectious diseases.

The fact that many governments in ASEAN are – for the first time – considering social protection as a “whole system”, provides a rare opportunity for reform. If managed well, this can reduce fragmentation and improve coherence of the social protection system, thus creating a clearer landscape for workers, employers and the population as a whole to navigate in the face of future shocks, with clear benefits and positive incentives.
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Bibliography


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