

SOCIAL PROTECTION THROUGH LABOR MARKET PROGRAMS IN ASIA

Michelle Domingo

Asian Development Bank

Disclaimer: The views expressed in this document are the views of the author(s) and do not necessarily reflect the views or policies of the Asian Development Bank (ADB), or its Board of Directors or the governments they represent. ADB does not guarantee the source, originality, accuracy, completeness or reliability of any statement, information, data, finding, interpretation, advice, opinion, or view presented, nor does it make any representation concerning the same.

CONTENT

- Contextual Background of Social Protection
- Social Protection Indicator and Labor Market Programs in Asia
- Conclusions
- Opportunities and Way Forward



What is Social Protection?

A set of policies and programs designed to reduce poverty and vulnerability by:

- promoting decent employment
(Labor Market Programs)
- diminishing people's exposure to risks and supporting them through the life cycle
(Social Insurance), and
- enhancing their capacity to protect themselves against hazards, loss of income (Social Assistance)

-2001 ADB Social Protection Strategy



Why is Social Protection Important?

National, Regional and Global Context

- Advances Inclusive Economic Growth
- Addresses chronic poverty, curbs inequality
- Puts people to work
- Mitigates impact of economic crises, illness, and natural disasters
- Promotes human capital development

====

- Country initiatives
- Regional and international agreements, Sustainable Development Goals



Major Categories of Social Protection

Social Assistance

- Cash allowances
- Food subsidies/ coupons/ stamps
- Domestic shelters
- Public housing, slum upgrading
- Other in-kind transfers: asset transfers; free medicines; health assistance
- Scholarships/ school fee vouchers

Social Insurance

- Pensions
- Provident funds
- Survivors pensions
- Unemployment benefits
- Sickness and disability
- Health insurance

Labor Market Programs

- **Active LMP**
- Pre-employment training
- Skills upgrading; retraining
- Public works
- OJT apprenticeship programs
- Job brokerage
- **Passive LMP**
- Policies on Labor standards/job security/ improving working conditions



Active Labor Market Programs

1

Pre-employment training

Most suited to: Youth

Typical institutional structure: Schools

Targeting mechanism: Self-targeting

Government anchor: Education ministry

2

Employment retraining, skills upgrading

Most suited to: Employees, unemployed, economically active

Typical institutional structure: Training institutions

Targeting mechanism: Public employment services, enterprises, Self-targeting

Government anchors: education and labor ministries



3

On-the-job Apprenticeship Programs

Most suited to: new Labor market entrants; youth

Typical institutional structure: employer services, enterprises, organizations

Targeting mechanism: Guidance schemes for school leavers

Government anchors: industry and trade, labor ministries

4

Public works

Most suited to: poor job seekers; short-term solution

Typical institutional structure: ministries

Targeting mechanism: self-targeting

Government anchors: various line ministries including labor

5

Job brokerage

Most suited to: Job seekers

Typical institutional structure: public employer services/ agencies

Targeting mechanism: Self-targeting

Government anchor: labor ministry



Labor Market Programs in Asia

Vocational Education and Training for Unemployed
Skills Development Program

Apprentice Training Program
Direct Employment Program

Employment Generation for Elderly
Employment Program for Single Mothers
LMP for Disaster-Affected

Vocational Training for Out-of-School Youth
Training and Education for Retired/Retiring Servicemen
Training Programs for Rural Migrants
Short-term vocational training for rural workers

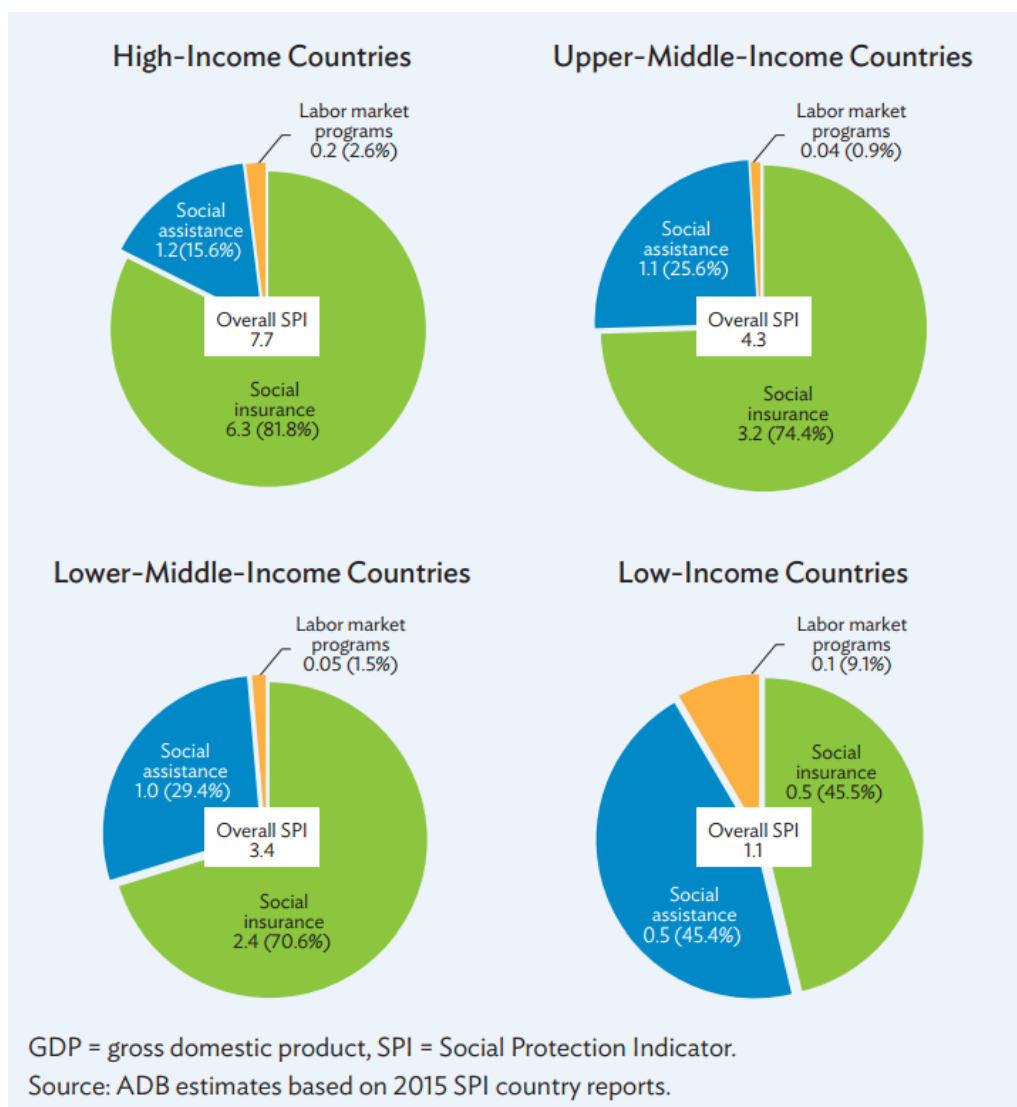
Vocational trainings for unemployed persons with disabilities and jobseeking persons with disabilities

Employment Generation Programs for Ultra-Poor
Rural Employment and Rural Maintenance Programs
Jatka (Fish) Protection and Alternative Employment for Fishermen
MGNREGA; Rural Community Infrastructure Works Programs
Karnali Employment Program

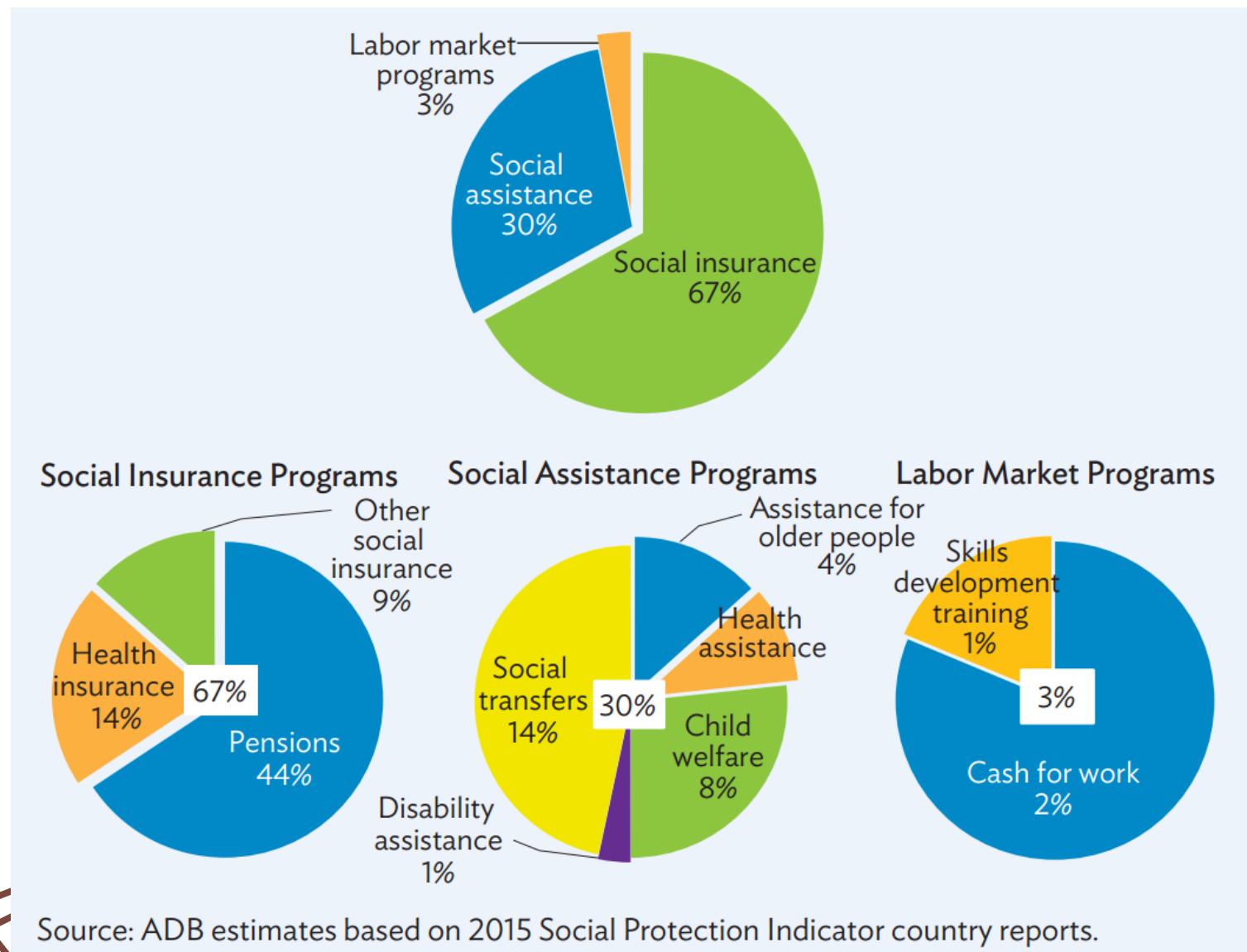
Social Protection Indicator for Asia

Using SPI:

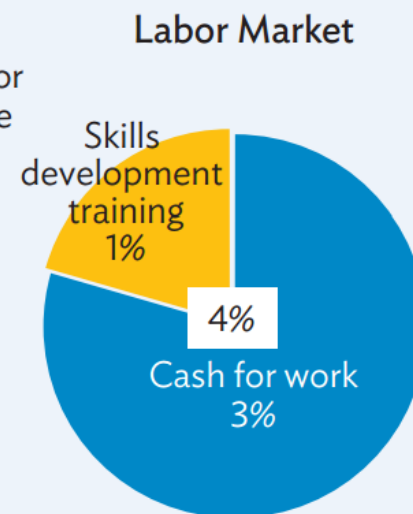
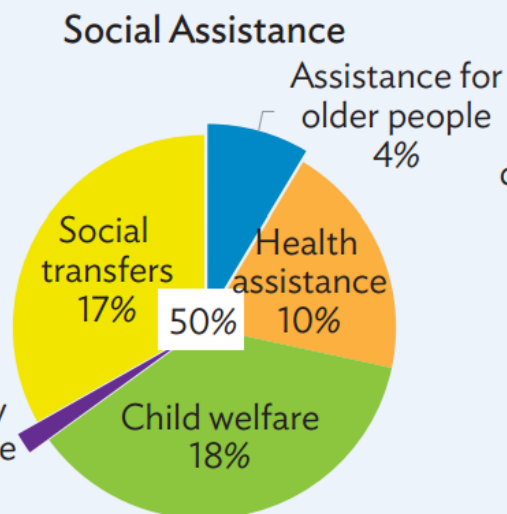
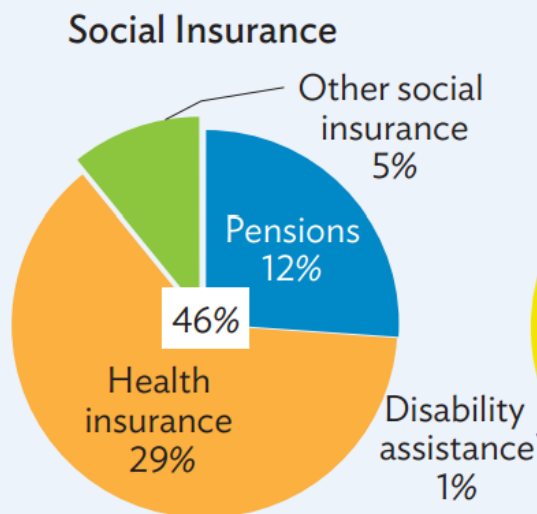
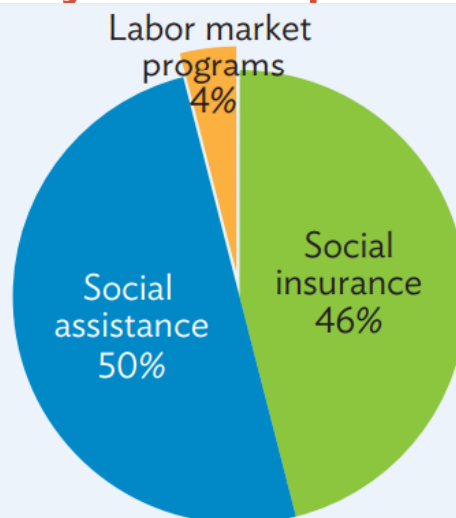
- Across all income groups, spending on **labor market programs** remain relatively low.
- The ADB **Social Protection Indicator (SPI)** is a simple ratio of spending over beneficiaries gauged by GDP per capita of the country



Allocation of social protection expenditures

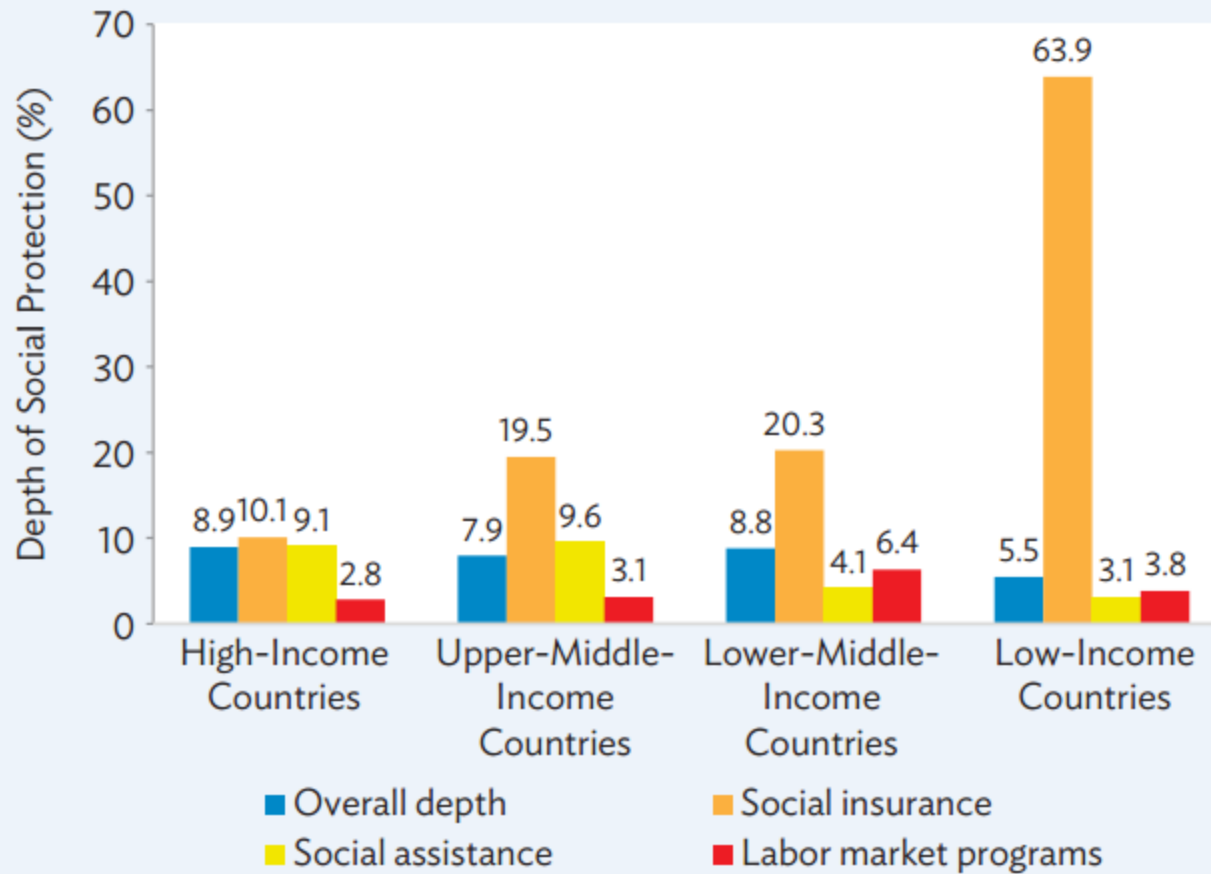


Beneficiaries by social protection categories



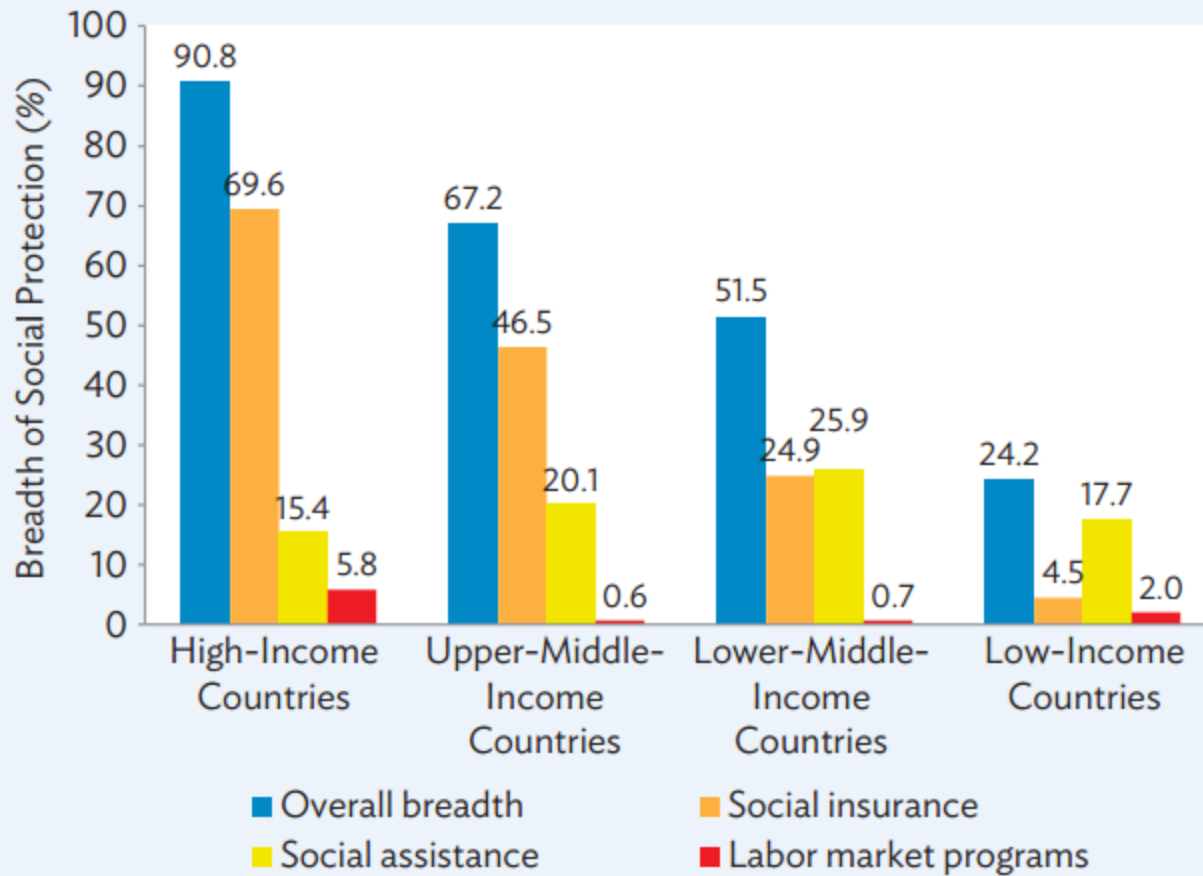
Source: ADB estimates based on 2015 Social Protection Indicator country reports.

Depth of the Social Protection Indicator by Program and Income Group, 2012



Source: ADB estimates based on 2015 Social Protection Indicator country reports.

Depth of the Social Protection Indicator by Program and Income Group, 2012



Source: ADB estimates based on 2015 Social Protection Indicator country reports.

Country Progress: Social Protection Indicator by Program, 2004-05 and 2012

	Social Insurance		Percentage Points Increase (Decrease)	Social Assistance		Percentage Points Increase (Decrease)	Labor Market Programs		Percentage Points Increase (Decrease)
	2004-2005	2012		2004-2005	2012		2004-2005	2012	
Bangladesh**	0.2	0.4	0.2	0.6	0.3	(0.3)	0.2	0.3	0.1
Cambodia	0.2	0.3	0.1	0.2	0.8	0.6	0.03	0.03	0.0
China, People's Rep. of	2.4	3.7	1.3	0.2	0.5	0.3	0.2	0.1	(0.1)
India*	0.5	0.5	0.0	0.7	0.6	(0.1)	0.3	0.3	0.0
Indonesia**	0.7	0.4	(0.3)	0.4	0.8	0.4	0.003	0.03	0.0
Korea, Rep. of*	4.3	4.0	(0.3)	0.4	0.9	0.5	0.1	0.1	0.0
Malaysia*	3.8	3.7	(0.1)	0.3	0.4	0.1	0.03	0.03	0.0
Mongolia*	2.3	2.3	0.0	0.8	2.4	1.6	0.03	0.02	(0.01)
Nepal	0.9	0.9	0.0	0.2	0.7	0.5	0.1	0.02	(0.08)
Pakistan	1.4	1.1	(0.3)	0.1	0.2	0.1	0.03	0.02	(0.01)
Philippines	1.3	1.8	0.5	0.1	0.4	0.3	0.01	0.01	0.0
Sri Lanka	2.4	2.3	(0.1)	0.6	0.4	(0.2)	0.1	0.02	(0.08)
Uzbekistan	6.8	7.5	0.7	2.5	1.8	(0.7)	0.005	0.001	(0.004)
Viet Nam***	1.6	3.3	1.7	0.7	0.6	(0.1)	0.02	0.1	0.08
Average	2.1	2.3	0.2	0.6	0.8	0.2	0.07	0.08	0.01

Notes:

* Figures refer to 2004.

** Figures refer to 2003.

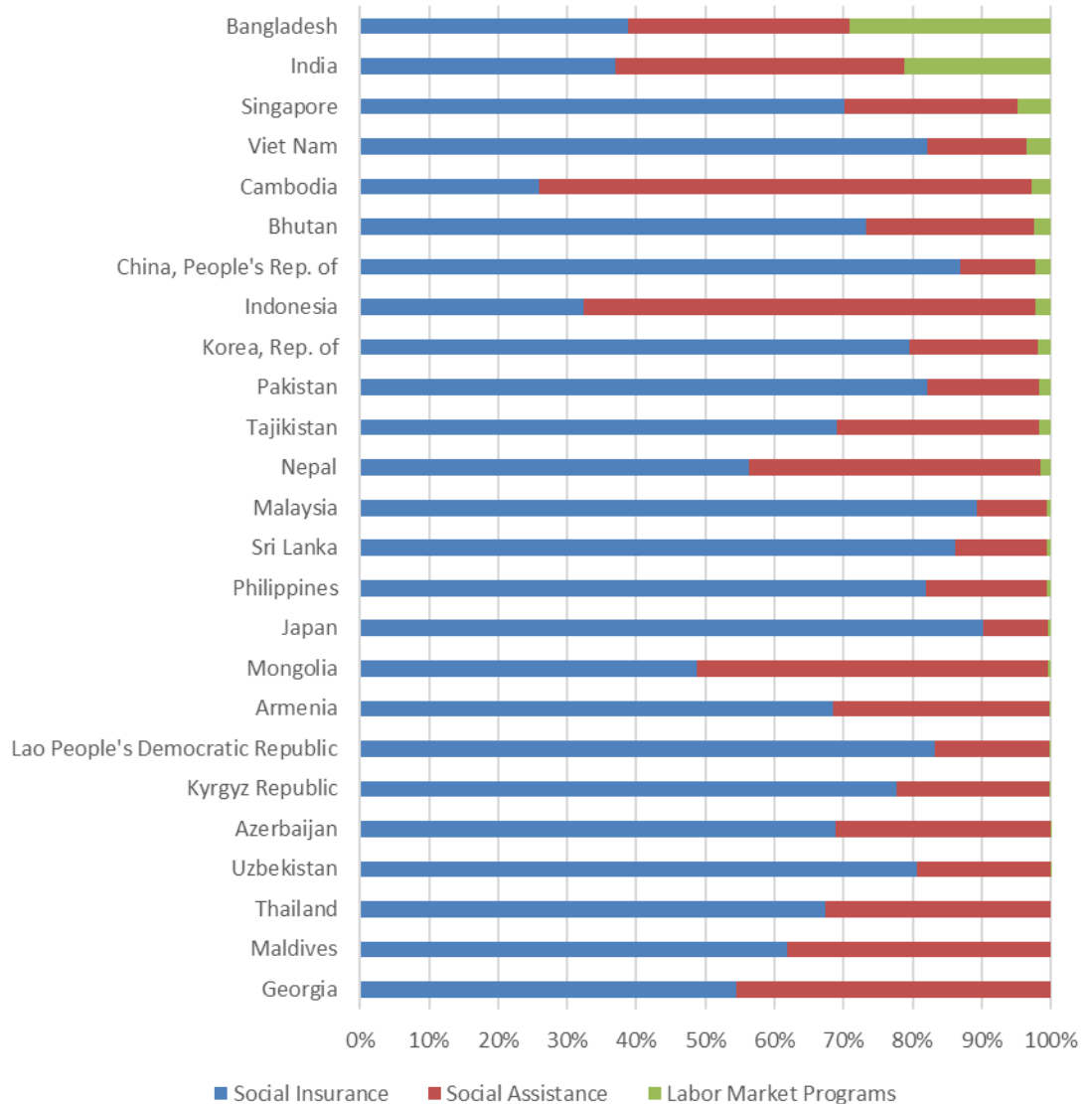
*** Figures refer to 2002.

Source: ADB estimates based on 2012 Social Protection Indicator country reports.

- Range of spending on labor market programs for most countries in Asia range from 0.1%-5% of total social protection spending
- Bangladesh(29%) and India (21%) have relatively larger share of spending on labor market programs vs. social assistance and social insurance



Percentage Share of Social Protection Programs in Total Spending, 2012



Source: ADB. 2016. *The Social Protection Indicator: Assessing Results for Asia*

Conclusions

- Labor market programs feature little in social protection programs in Asia
- Investments in active labor market programs in most countries in Asia are mostly under food/cash-for-work schemes and skills development and training programs
- South Asia is doing more on labor market programs when compared to other parts of Asia, but expenditures remain relatively modest
- Coverage of labor market programs remains low at <2% of potential beneficiaries
- Market-oriented LMPs (such as jobs matching/brokerage) has not been prioritized



Opportunities and Way Forward

- Enhancing quality and effectiveness of public employment services in rural and urban areas through capacity strengthening and innovative programs
- Increasing government spending on active labor market programs – can be focused on public works or market-oriented skills development/training or combination of both depending on country priorities and resources
- Improving access of vulnerable groups to public employment programs (including training) – older persons, persons with disabilities, and other more disadvantaged groups
- Facilitating partnerships between public and private organizations to improve targeting and relevance of labor market programs and improve success rates in job placements
- Supporting policy reform initiatives that promote labor market programs targeting vulnerable groups



References:

- ADB. 2016. The Social Protection Indicator: Assessing Results for Asia.
- Handayani, S.W. and T. McKinley. 2013. Social Protection Brief: Labor Market Programs in Asia and the Pacific
- ADB 2012 Social Protection Indicator Country Consultant Reports (unpublished)

Thank you