

PRESS RELEASE

Rethinking Social Protection Reforms in the Post-Pandemic Recovery

Jakarta, 21 April 2022 — The design and implementation of social protection systems and emergency safety nets must be refined and tailored to a community or a country based on different socioeconomic characteristics and other intersecting factors that shape the community's or country's needs, opportunities, and outcomes.

As countries develop post-pandemic recovery strategies, social protection programs that help the poorest and most vulnerable groups will become increasingly important. Continuous innovation, learning, and sharing of experiences in the design and implementation of social protection measures are essential in shaping the reforms of social protection systems for the post-pandemic recovery.

Cohosted by The SMERU Research Institute and The Asian Development Bank Institute (ADBI), this Think20-associated webinar scheduled on 21 April 2022 will identify important and necessary measures that must be taken into account for comprehensive reforms of social protection systems and policy solutions that address the key challenges facing developed and developing countries. This webinar is expected to develop recommendations for G20 on designing social protection reforms in the post-pandemic recovery.

Social safety nets in the post-pandemic recovery – Japan's experience

The hospitality industry (accommodations, and food and beverage services) is the most affected by the coronavirus disease 2019 (COVID-19) pandemic. More than 60% of employees in this industry are women. Many of them are in nonregular employment and many lost their jobs. Meanwhile, in the digital industry, there has been an increase in employment, but such an increase is higher for men than women. To improve women's economic empowerment, it is important to create opportunities for their employment in the digital industry while considering the impact of COVID-19 and economic and industrial structural changes that have come with digitalization. "We are now planning to support women to improve their digital skills, to provide training of digital skills for women, and to promote women's re-employment and career change in the digital industry by offering a subsidy to local governments as a kind of active labor market policy," said Tomoko Hayashi (Director General of Gender Equality Bureau, Cabinet Office, Government of Japan).

Social protection is a critical pillar of support in Southeast Asia during the COVID-19 pandemic.

COVID-19 has increased awareness of and demand for a shock-responsive social protection. Between March 2020 and May 2021, Southeast Asian economies planned or put in place 146 social protection measures. Social assistance accounted for over 70% of the social protection responses in Southeast Asia with 105 measures launched by eight developing member countries, reaching over 113 million individuals. "Nearly 50% of social assistance measures were in the form of unconditional cash transfers (UCTs), while food/in-

kind transfers represented 17% of social assistance. Meanwhile, UCTs averaged 3.3 months in duration and doubled in size in some countries,” said Amir H. Jilani (Social Sector Specialist, Southeast Asia Department (SERD), Asian Development Bank (ADB)).

Indonesia's adaptive social protection system and social programs remain ad hoc with little legal basis that is needed to respond to future crises.

The social protection efforts in Indonesia, however, remain ad hoc with little legal basis that is needed to respond to future crises. The COVID-19 pandemic had a significant impact on the Indonesian citizens and worries arose over its impact on poverty. Despite the projections made by many early in the pandemic, the Indonesian Government managed to limit poverty rate increases. Many attributed this to the Indonesian social protection system’s mobilization to disburse social assistance. However, COVID-19’s impact still lingers, especially for the middle and working classes.

The Government of Indonesia is urged to improve Indonesia’s social protection system by establishing a reliable social registry and setting up a dynamic updating mechanism to include more vulnerable people, such as women, the elderly, and people with disabilities.

There is also a need to expand the social protection coverage to include those who are at risk of falling back into poverty. “The government needs to broaden the citizen enrollment and contribution of the social protection scheme. This is what I call the ‘safety ropes’ to protect people from falling into poverty, not only those in the bottom 40%, but even more when the shock comes,” said Sudarno Sumarto (Senior Research Fellow at The SMERU Research Institute and Policy Advisor at the National Team for the Acceleration of Poverty Reduction (TNP2K)).

Other things to be done are to streamline regulations, integrate programs across the government, and clarify the government’s funding structure.

Policymakers should focus on a social pension scheme to build up a sustainable and inclusive social welfare system in the aged/ageing society.

“Basic pensions are more important than ever both now and into the future [...] and broader coverage becomes more important than ever,” said John Piggott (Scientia Professor of Economics, Director of the Australian Research Council (ARC) Centre of Excellence in Population Ageing Research (CEPAR), University of New South Wales). In addition, the benefit levels of social pensions will need to be increased as well because even if the contributory pensions continue to be available to people, their values are likely to fall. Furthermore, the inflation protection at the level of first benefit and through the payout period is vital.

In response to the challenges in pensions and retirement income, John mentioned that communication of likely reduced retirement accumulation or benefit, facilitation of working longer, and more emphasis on pre-paid pensions in order to reduce the debt burden on future generations might be a way forward in recasting social protection policy in the retirement income space.

"You should never waste a good crisis, and I think the opportunity to extend social pensions to the extent that they can be afforded should be grasped fully," said John.

Flexibility of the fiscal spending structure is necessary in response to mid- to long-term changes in circumstances.

When regulation is required due to the re-spread of COVID-19, the cost of regulation can be predicted through the compensation amount calculation method. "Our policy and rule-based support measures are to review flexible quarantine policies considering the benefits and costs of quarantine based on an understanding of the characteristics of COVID-19 and maintain the targeted supports due to uneven recovery of COVID-19," said Taesuk Lee (Head of Unit of Policy Responses to Demographic Changes at the Korea Development Institute (KDI)). Comprehensive structural reforms are required to respond to environmental changes. Changes in welfare, education, military, pension, and labor policies are required rapidly.

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Speakers' presentation slides can be downloaded on <https://smeru.or.id/en/event/rethinking-social-protection-reform-post-pandemic-recovery>

About The SMERU Research Institute

The SMERU Research Institute is an independent institution for research and public policy studies. Since its establishment in 2001, SMERU has been a leader in poverty and inequality research in Indonesia. For further information about SMERU, please go to <https://smeru.or.id/>

About Task Force 5-T20

The SMERU Research Institute is the host of Task Force 5 T20 with the focus on topics of inequality, human resources, and well-being. With Asep Suryahadi as the lead co-chair, together with other co-chairs, SMERU leads the development of 17 policy briefs written by global authors; formulates an integrated policy brief on inequality, human resources, and well-being for T20 and G20; and organizes side events in the near future. Please refer to <https://www.t20indonesia.org/tf5/> for more information about TF5 T20.