



UN POLICY DIALOGUE SERIES
SUMMARY NOTE

SOCIAL PROTECTION AT THE TIME OF COVID-19 AND BEYOND

Building an inclusive and sustainable social protection system

1. Introduction

COVID-19 poses a serious challenge globally to the 2030 Agenda and the Sustainable Development Goals (SDGs), which aim to end poverty, reduce inequality and protect the planet. Early evidence points to COVID-19 reversing significant achievements on several fronts.¹ The human development index that combines health, education and living standards is likely to fall for the first time since its inception in 1990 – the first regression in 30 years.² The pandemic has exposed serious structural imbalances exacerbating and deepening pre-existing inequalities and vulnerabilities in social, political, economic, and biodiversity systems, which are in turn amplifying its impacts. 61% of global employment is informal and thus not covered by any social protection scheme;³ while only 21.8% of those employed globally are actually eligible for unemployment benefits.⁴

China is now among the very few countries where, with enormous efforts, the virus and health crisis have been brought under control, enabling the Chinese economy's recovery. Despite the relatively fast and successful economic turnaround, the pandemic revealed significant gaps in sustainable development. At the same time, it offers a once-in-a-generation opportunity to explore innovative ways to build back better.

Against this background, the UN system in China has initiated a series of policy dialogues around key topics of national importance, to explore opportunities and implications of the “new stage for China's development”⁵ and the Government's target of “common prosperity” for sustainable development and SDG achievement. These dialogues also aim to share relevant experiences and lessons.

First in the series, the Policy Dialogue “Social Protection at the time of COVID-19 and beyond: Building an inclusive and sustainable social protection system”, held on 10 November 2020, aimed to discuss how to seize the opportunity provided by the COVID-19 to accelerate building universal social protection systems based on achievements to date.

This report distils the key findings and insights generated during the eight panel sessions of the dialogue. Participants in China came from the Ministry of Finance (MOF), Ministry of Civil Affairs (MCA), Ministry of Human Resources and Social Security (MOHRSS), civil society organisations, China Enterprise Confederation (CEC)⁶ and academia. Their insights and views were paired with presentations from UN agencies who provided a regional and international perspective. Links to the relevant presentations and documents can be found [here](#).

1. The Sustainable Development Goals Report, 2020. <https://unstats.un.org/sdgs/report/2020/>

2. <http://hdr.undp.org/en/content/covid-19-human-development-course-decline-year-first-time-1990>

3. https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_711798.pdf

4. <https://www.social-protection.org/gimi/RessourcePDFaction?id=54888>

5. President Xi, 4 November 2020, http://en.qstheory.cn/2020-11/05/c_561010.htm

6. The China Enterprise Confederation (CEC) is the officially designated employers' organization to represent all types of employers in China and represents Chinese employers in the ILO.

2. Social protection experiences in China and the Asia Pacific responding to COVID-19

The initial plenary session of the dialogue set the stage and introduced China's social protection experience responding to COVID-19 from the perspective of social assistance and social insurance.

China is at a “key turning point” on its development path – as noted by Mr Liu Xitang, Director-General, Social Assistance Department, Ministry of Civil Affairs (MCA), as it is about to announce the achievement of a moderately prosperous society in all respects and the end of its battle to fight extreme rural poverty.⁷ The 14th Five-Year Plan, the first of “a new era”, is due to commence in 2021. Amid this background, according to Mr Liu Xitang, COVID-19 has brought significant disruptions and challenges. The pandemic led to loss of lives, a deterioration of livelihoods through job losses, income depletion, erosion of savings, as well as difficulties in delivering key social services, particularly at the height of the pandemic.

Social protection was employed on a broad scale – and financial support was strengthened accordingly – to cushion the impact of the crisis and ensure the basic needs of the most impacted and vulnerable. Among the measures implemented, Mr Liu Xitang listed:

- Extending coverage of existing social assistance programmes. For instance, the number of Dibao-eligible individuals increased by 1.4 million versus 2019, due to raising the Dibao poverty line in both urban and rural areas;
- Increasing benefits and cash transfers to people outside of existing safety nets (e.g., temporary assistance in the form of a one-off cash transfer was granted to 7.5 million people not covered by unemployment insurance), along with providing in-kind care-packages (e.g., vegetables and meat);
- Providing COVID-19 protection equipment, as demonstrated in Wuhan;
- Targeting support to retain jobs and stabilise the labour market (e.g., exempting, cutting and deferring employer contributions to old-age, unemployment, medical, maternity and work-injury insurance);
- Significantly simplifying bureaucracy (e.g., easing requirements and application procedures for social protection schemes).

7. President Xi announced major victory in poverty alleviation on 4 December 2020. http://www.xinhuanet.com/english/2020-12/04/c_139561843.htm

Mr Xu Yanjun, Director-General Level Counsel, Social Insurance Administration from the Ministry of Human Resources and Social Security (MOHRSS), expanded from the social insurance point of view. In particular, he noted how among the range of measures adopted, “tax expenditures” (i.e., tax and fee reliefs to reduce cash constraints for businesses), have been “an effective stimulus [for companies] to boost confidence”, support investments and stabilise the labour market during the pandemic. He also highlighted the innovative nature of such measures. It was the first time they were deployed on such a large scale and, leveraging technology, on a contact-less basis, with immediate launch of e-services in many regions/areas.

Overall, Mr Xu Yanjun and Mr Liu Xitang stressed how the exceptionality of the circumstances was met with effectiveness and speed, reaching those most at need of protection and through a rapid disbursement of support. They indicated that strengthened community mobilisation and support, as well as on-line tools and services, proved key to overcoming physical barriers and delivering social protection services.

Additionally, they provided recommendations for the future. Mr Liu Xitang suggested the need to design a contingency plan for public crises, while Mr Xu Yanjun mentioned coordination across the multiple channels of funding should be improved.

Mrs Claire Courteille-Mulder, Director of the ILO Country Office for China and Mongolia, gave an overview of the COVID-19 social protection response in the Asia-Pacific. Across the region, people most at risk of being left behind are low skilled, migrant, flexible, gig-economy and informal workers and small entrepreneurs, relying on highly variable and uncertain incomes. They are the so called “missing middle”, who are not necessarily poor and thus already covered in some social protection scheme but are also not protected by labour and social security regulations available to workers in regular employment.

To build back better, Mrs Courteille-Mulder first stressed that social protection systems must be “agile and support the ones most affected by the crisis or by the transition”. At the same time, it is essential to strengthen existing regulatory frameworks, as well as invest in children’s futures. This is key in China, where the proportion of children covered by social protection is relatively low. Finally, workers in the gig and informal economy, along with the self-employed, characterised by high levels of income insecurity, should be better covered by progressive extensions of social protection through a mix of contributory and non-contributory schemes. Women in such work were particularly at risk throughout the economic crisis generated by COVID-19 in Asia.

To meet these needs, a key question is funding. Asia-Pacific government responses have been relatively strong, with a wide range of tools. However, as Mrs Courteille-Mulder noted, greater social protection spending remains only a small part of overall stimulus packages. In China, the level of social spending as a percentage of GDP was 7.2%, in line with the regional average.

The conference moved next to two sets of three parallel sessions each. These allowed for more in-depth discussions around the social protection response to COVID-19 (Section 3), as well as the gaps and potential innovative measures for more inclusive, resilient social protection systems (Section 4). The final plenary session focused on sustainable financing strategies for effective social protection and faster recoveries (Section 5).

3. *Social protection responses to COVID-19*

The first set of three parallel sessions centred on social protection responses to COVID-19 in China and globally. Mrs Christina Popivanova, Chief of Social Policy at UNICEF China, moderated the session on poverty alleviation and social assistance measures; Mrs Marielle Goursat, ILO Regional Social Health Protection Program Manager, moderated the session on medical insurance; while Mr Dai Xiaochu, Deputy Director of ILO Country Office for China and Mongolia, moderated the one on maintaining incomes and active measures.

3.1 Poverty alleviation: Basic livelihoods and social assistance measures

The poverty alleviation session started with Mr Qi Xiaogang, Director of the Urban and Rural Minimum Living Security Center, Bureau of Civil Affairs, City of Wuhan (Hubei Province), presenting Wuhan's experience. He noted that Wuhan City implemented the COVID-19 responses set out by the central government. From his experience, he highlighted that three actions were vital – and should be retained and improved – for the effectiveness of the response. These also allowed, even in the midst of the crisis, for vulnerability assessments to be carried out, so responses could be prioritised. These included:

- Coordinating implementing agencies by setting-up multi-sector working groups and issuing policy notes;
- Simplifying social protection procedures and enhancing technology to ease application approvals; and
- Mobilising community members, as social organisations (approx. 6,000) and youth volunteers.

On top of this, the city of Wuhan focused on identifying the most vulnerable (approx. 500,000 people); including migrants in social protection (approx. 100,000 people); as well as setting up online applications and a hotline (80,000 applications were processed online). Furthermore, care services (for approx. 80,000 people) and professional counsellors were included as part of social protection, and were offered at places of residence, for a more whole-of-person approach to social protection, beyond income and in-kind support. A key point discussed was that social protection was provided at places of residence, even if the person migrated, an example of innovation with possible longer-term implications.

Following the presentation on Wuhan's experience, Mrs Pamela Dale, Regional Advisor on Social Policy and Economic Analysis, UNICEF for Central and Eastern Europe, expanded on the social assistance response to COVID-19 globally. Mrs Dale outlined challenges and experiences in different countries, pointing to many similarities with China. As of 18 September 2020, USD 790 billion was allocated on 1,179 COVID-19 social protection measures in 212 countries, of which the most common (61%) were cash transfers. There were numerous sub-national responses, at regional and city levels, involving various in-kind and cash measures. There was also a growing role for social services'

implementation, especially as COVID-19 raises diverse needs, although this sector remains limited and neglected in many countries.

Of the different measures taken, she highlighted two points:

a. The challenge of including the “new poor”, especially where programmes were hitherto narrowly targeted and in countries with limited or no social registries. A positive example of innovation on this front is Cambodia, where a cash transfer programme for pregnant women and children was able to link to the national social registry. Overall, the variation in coverage across different countries is wide – from universal cash transfers (e.g., Japan, South Korea, Iceland, Jordan), to countries where as low as 1% of the population was covered by expanded protection measures.

b. Fiscal resources: among the 31 countries that spent the most on expanding social protection, nearly half (48%) spent only domestic resources (virtually no low-income countries did so), 23% spent only external resources and 29% were a mix. The most frequently applied policies were running a higher deficit and raising debt, re-prioritising or cutting spending and tapping state reserves along with contingent funds. She noted that given the short time, some questions remain unanswered, such as the level of transparency of off-budget expenditures, in particular the sustainability and long-term impact of some measures, like cuts of certain expenditures (e.g., education).

She concluded by listing some of the steps needed to build back better, namely the need for shock responsive social protection systems and social protection floors as a stabiliser; enhancing the use of technology; and sustaining social protection beyond the immediate crisis.

3.2 Social health protection: Medical insurance

During the second parallel session Mrs Wang Congcong, Principal Staff Member, Department of Medical Service Administration, National Healthcare Security Administration, described the response to COVID-19 using the medical insurance lens.

To ensure medical assistance to all in need, Mrs Wang Congcong stressed that “two guarantees” were prioritised: ensuring that patients will not be affected by medical cost issues while seeking hospitalisation, and that ensuring that hospitals will not be affected by payment policies. In other words, “treat first and settle later”.

Medical insurance schemes were extended to cover COVID-19 patients and post-COVID-19 treatments, while subsidies and pre-paid special funds for treating COVID-19 patients were deployed. The aim was to further reduce out-of-pocket (OOP) expenses that tend to disproportionately affect the poorest, by deepening the effects of poverty. In China, OOP expenses

as a percentage of total current health expenditures, although still high (about 36% in 2017),⁸ have been declining for some time. This was achieved by an increase in social funding as part of the 2019 medical insurance reform, incentives for primary care at “lower” levels, and collective procurement of medical supplies among different institutions to drive down prices and reduce individual health expenditure.

China’s experience has demonstrated the importance of broadening coverage and using diverse payment systems to ensure financial protection. Mrs Lou Tessier, Health Protection Specialist, ILO Geneva, expanded on global lessons learned from COVID-19. She mentioned the importance of investing in the availability of quality health care services, along with strong social health protection institutions capable of channelling funds towards intended beneficiaries. She also emphasised the need to improve adequacy of benefits and reduce OOP payments, as well as strengthening the complementarity of health care and sickness cash benefit schemes that create links between access to medical care and income security. In future, she noted that broader risk pooling and better integration of funds will prove critical in ensuring greater financial protection and sustainable funding.

3.3 Income maintenance and active measures: Unemployment, employment retention and retraining benefits

The third session focused on unemployment insurance policy measures in response to COVID-19. China’s experience was presented by Mrs Liu Peng, Director, Division of General Affairs and Regulation, Department of Unemployment Insurance (MOHRSS). A key concern for the government has been maintaining incomes and stabilising the job market. Mrs Liu Peng highlighted the following key measures:

- a. Refunding unemployment insurance premiums, in addition to the general refunding scheme that started in 2015 and making it applicable to companies that did not lay off employees or are below the minimum layoff rate in the pandemic. Further, the minimum cut-off line of the general scheme and refund proportion increased for small and medium enterprises (SME) and all enterprises in Hubei Province.
- b. Expanding coverage of the existing unemployment insurance scheme and extending the benefit time for registered unemployed individuals in 2020. Exceptionally, migrant workers who lost their jobs within a year can apply for a temporary unemployment subsidy for a maximum of 3 months.
- c. Increasing the use of technology. Examples include: the unified national portal for unemployment insurance and unemployment subsidy

8. Mrs Marielle Goursat, ILO Regional Social Health Protection Program Manager

applications (launched in mid-September, it already received more than 11 million applications); rapid payment transactions to eligible SMEs without their registration relying on digital technology; and other data cross-checking tools.

From January to September 2020, unemployment insurance refunds amounted to RMB 85 billion, covering 145 million employees in 5.64 million companies.⁹ Forward-looking considerations included: increasing local online access to facilitate delivery; evaluating policy results during COVID-19 and on that basis, improving the design of the unemployment insurance scheme.

Mrs Maya Stern Plaza, Social Protection Legal and Standards Officer from ILO (Geneva), noted that China's unemployment protection scheme "has been developing, taking progressively into account international standards and principles". This includes improvements across the board on social protection, while fiscal policy has been deployed strongly to expand the coverage and adequacy of social insurance benefits.

She also shared the international experience of using unemployment protection to respond to the crisis. International responses to COVID-19 in unemployment support were diverse, including: (1) introducing or expanding employment retention benefits through different means (e.g., Germany, Argentina); (2) extending coverage of unemployment benefits (e.g., Cabo Verde, France, Republic of Korea and Thailand); (3) introducing emergency unemployment benefits to close coverage gaps (e.g., Ireland and Peru); (4) ensuring the speedy and effective delivery of unemployment benefits (e.g., Norway, Switzerland, Brazil, South Africa, Estonia, France, Spain and Barbados); (5) mobilizing additional resources (e.g., Switzerland); (6) securing close coordination between income support and other employment promotion (e.g., Malaysia, Philippines).

Despite being largely temporary so far, many measures create the opportunity to consider more sustainable unemployment compensation systems. Among the lessons learnt are: (1) new ways to reach informal economy workers, by including all those not yet covered by any other social security scheme, in new measures (e.g., in Namibian and Cabo Verde); (2) how to build and strengthen administrative procedures by making better use of technology; and (3) ways to improve coordination between policies on unemployment and employment promotion.

9. http://www.gov.cn/xinwen/2020-10/24/content_5553831.htm

4. Gaps in social protection and the potential of innovative responses to bridge them

Following analysis of responses to COVID-19, the second set of three parallel sessions focused on social protection gaps that the pandemic has highlighted and the possible innovations that were – or could be – introduced. One parallel session focused on the emerging risks and needs and was moderated by Mr Marcoluigi Corsi, Deputy Regional Director of the UNICEF East Asia and Pacific Regional Office. Another parallel session explored measures to extend social protection coverage and was moderated by Mr Nuno Cunha, Senior Social Protection Technical Specialist, ILO Decent Work Team for East and South-East Asia and the Pacific. The third session, moderated by Mr Balazs Horvath, Senior Economic Advisor, UNDP Regional Bureau for Asia and the Pacific, touched upon the key role digital technologies played during the pandemic and how to harness their use for a more inclusive social protection system.

4.1 Emerging social protection risks and needs in China

Mrs Zhang Lin, Chief, Administration Division, Social Assistance Department (MCA), presented on the national agenda for reform of the social assistance system. She started by noting that China is shifting towards a “service-oriented” approach to social protection, based on a “3+1 system”¹⁰ that is now emerging. The reform process started in 2014 with guidance on social assistance provided by the State Council and went through various reforms. COVID-19 catalysed different elements that are now coming together, namely the emphasis on developing a systemic approach; the simplification of access to social protection; tiered services; a one-stop window; and the proactive identification of beneficiaries.

As an example, Mrs Zhang Lin illustrated the needs for reforms of the Dibao, or Minimum Living Standard Guarantee Programme, China’s largest social assistance programme for poor households. Issues that need to be addressed include:

- The challenge of Dibao being the gateway to access other services, creating a potential “cliff effect” that worsens disparities;
- The fact that poverty includes deprivations beyond low income, whereas Dibao focuses mainly on income poverty;
- The need to increase participation by civil society, and not rely only on the government;
- The need to improve the efficiency and administrative management capacity of the system.

10. “3+1” refers to a tiered and classified social assistance system that the Government aims to achieve, based on differentiated assistance levels to meet different categories of needs. It should include basic subsistence assistance, special social assistance, and social assistance for urgent needs – the “3”, complemented by social forces – the “1”.

The government is implementing pilots in 34 counties or districts, with at least one pilot in each province. Important aspects of the reforms include: promoting rural-urban convergence; increasing ease of access to social protection; increasing efficiency of the system; strengthening coordination between sectors; and better engaging social sector actors at the grassroots level.

Mrs Zhang Lin, answering a question from the audience, illustrated the measures in place for monitoring the new poor and vulnerable people as a result of COVID-19, based on collaboration and information sharing between the Leading Group Office of Poverty Alleviation and Development (LGOP) and MCA. Measures include estimating the number of new poor based on income levels, income loss, impact on expenditure, and other factors; as well as mobilising personnel at the community level for their identification and efforts to raise information and awareness through common means, such as apps and digital technology.

More generally, she illustrated measures for monitoring policy implementation on a routine basis. These involve upper-level government, including the MCA and MOF, along with auditing, discipline inspection and supervision departments and the State Council in routine monitoring and inspection of social assistance policies implementation. Performance evaluations are conducted through self-inspection of provincial-level governments, cross-inspections and third-party evaluations.

Mr Andrea Rossi, Regional Social Policy and Economic Analysis Adviser, UNICEF East Asia and Pacific Regional Office, intervened on social protection risks and needs at the global level. In particular, he stressed how COVID-19 has reminded us that poverty is a dynamic concept. The “poor” are a fluid group of people often moving in and out of poverty. Of the 115 million more people expected to fall into extreme poverty because of COVID-19,¹¹ many will be “newly poor”, likely living in urban areas, working outside the agriculture sector, with paid and regular jobs and relatively higher education – the “missing middle”. They will likely not be covered by current social protection systems. Many countries’ systems are not designed to capture them, as they traditionally focused on rural rather than urban poverty, on people in agriculture and formal sectors, and with lower education levels. On top of this, the level of poverty is probably worsening. In many countries the poor or near-poor do not have the capacity to face the economic consequences of a second wave. There is a strong need for a systematic and comprehensive approach, based on greater coordination between rural and urban sectors, and at the different levels of state agencies.

Finally, COVID-19 has increased recognition that governments are not the only actors in social protection, especially at the community level, and that the pandemic has created new political and fiscal space for more inclusive social protection systems, as governments significantly expanded and innovated them to combat the crisis.

4.2 Measures to extend social protection coverage to unprotected groups

Mrs Li Chen, Director, Division of Social Insurance Relation Administration, Social Insurance Administration (MOHRSS), opened this session by highlighting China’s efforts to extend social insurance coverage and describing the Universal Social Insurance Participation Plan launched in 2014. By the end of September 2020, the number of people participating in basic pension,

11. <https://www.worldbank.org/en/news/press-release/2020/10/07/covid-19-to-add-as-many-as-150-million-extreme-poor-by-2021>

unemployment and work-related injury insurance reached 987 million, 212 million, and 263 million respectively, achieving the 13th Five-Year Plan's targets ahead of schedule.

Mrs Li Chen noted that despite these extraordinary achievements, some flexible and informal workers – most notably internal migrant workers – remain uncovered by the current protection system, while others participate, but at their place of origin, which often provides a lower level of benefits. The following challenges to universal coverage have been identified:

- a. The changing nature of work;
- b. Resistance from employers and institutional barriers for flexible workers;
- c. High costs discouraging low-income flexible workers and migrants from participating;
- d. Restrictions stemming from the hukou system; and
- e. The lack of awareness from the workers' side and limits on institutional capacity (e.g., digitalisation) from institutions.

A specific challenge raised and discussed was the portability of benefits. Mrs Li Chen stressed how at the policy level, benefits are transferable between urban and rural resident and employee schemes. The government is encouraging transfers from residence-based to employment-based schemes, which provide a higher level of benefits. Many applications for transfer have already been received.

She also observed that China has made clear plans for its next steps, including:

- a. Improving policies and measures to support local governments, such as gradually breaking household registration restrictions for migrant, informal and flexible workers. She added local governments must also be guided to actively engage in poverty alleviation and manage employment transitions in sectors with overcapacity. Further, social security subsidies should be provided to eligible people with employment difficulties—such as college graduates—and they should be included in the social security system.
- b. Administrative services should be optimized and made accessible to everyone through online and offline channels. Collaboration with platform companies to solve the “last mile” problem of enabling insurance participation for platform workers should also be explored.
- c. Innovative advocacy/communication methods should be adopted, while strengthening cooperation with platform companies and leveraging digital technology to raise awareness among informal economy and flexible workers around social security policies.

From a global perspective, Mrs Christina Behrendt from the Social Policy Unit of the ILO Social Protection Department (Geneva) highlighted that countries that have been investing in social protection and health care prior the crisis have been able to respond relatively faster and more effectively in protecting the lives and livelihoods of citizens and channelling funds towards intended beneficiaries. COVID-19 showed that preparedness, as well as having appropriate institutions and systems, are key in crisis management.

Immediate emergency measures adopted by many countries closed coverage gaps and provided necessary protection, but it is now important to transition to more sustainable solutions. She raised the following points for consideration:

a. Universal does not mean uniform, and a coherent system needs to allow for labour market mobility (across geographies, sectors, etc.), ensuring continued coverage throughout labour market transitions. This is key in China and was highlighted in other sessions too. It is pivotal to avoid fragmentation and ensure portability and transferability of rights and benefits, to ensure adequate coverage and build trust.

b. Guaranteeing social protection for workers in all types of employment, including self-employment, in parallel with policies to ensure the correct classification of employment relationships, ensuring that employers accept their responsibilities. Social protection systems can adapt to more flexible forms of work without giving up key principles of solidarity and risk pooling, through unusual measures, such as adapting insurance and financing modalities to the specificities of the sector (e.g., German artists' social insurance, Künstlersozialversicherung).

c. Innovative approaches to registering uncovered groups and facilitating their transition from informal to formal economies. Lessons learnt in this field are: (1) the need for targeting mechanisms (i.e., identifying all those who were covered and assuming those not identified are essentially not covered) and that flexible contributions (e.g., Namibia and Cabo Verde) can be adopted in registration to reach informal economy workers; (2) it is key to build and strengthen administrative procedures and use of digital technology; and (3) coordination between unemployment and employment promotion policies should be improved.

4.3 Harnessing the use of technologies for social protection

In relation to the use of technology, two experiences were discussed during this session: Shandong's and Pakistan's. Mr Yi Junqiang, Director, Division of Employment Promotion and Unemployment Insurance, Human Resources and Social Security Department of Shandong Province, highlighted Shandong's innovation. Shandong's digitalized and data-driven social security services have played a prominent role in meeting the livelihood and subsistence needs of its people, reducing people's unemployment burden and thus boosting the province's economic and social development.

Since 2016, Shandong has been working to promote the use of technology and e-services in social assistance. On unemployment benefits, for instance, big data is used to pinpoint unemployed individuals with an early warning system and their eligibility for unemployment insurance, as well as to calculate premium refunds, ensuring a quick response. Since 2017, Shandong has built a data system to realize “zero in-person visits” to apply for and receive unemployment insurance. Web portals and mobile apps have been developed to inform and raise awareness and expand coverage of unemployment insurance. Furthermore, to promote employment, all townships and counties in Shandong have a grassroots employment platform to allow everyone to access employment services. Online recruitment campaigns to attract college graduates have also been established.

Meanwhile, Pakistan’s Ehsaas emergency cash solution for social protection during COVID-19 was presented as a particularly successful example of technology adoption. Mr Umer Akhlaq Malik, Policy Analyst from UNDP Pakistan, described how the whole system was set up within a couple of weeks and reached more than 100 million people. Its key feature is a hybrid targeting approach: emergency assistance for the known vulnerable, coupled with demand-based support for the “new” poor.¹² Systems like this, if calibrated carefully to the needs and the fiscal reality in the country, can work in a number of developing countries.

Mr Raúl Julián Ruggia Frick, Head of Centre for Excellence in Social Security Administration, International Social Security Association (ISSA), gave a global perspective of the ways that technology has been harnessed to increase the effectiveness and sustainability of social security systems. He noted the critical importance of several new technologies, particularly blockchain, AI and cloud computing.

He stated that certain conditions must be met for successful inclusive e-services and e-governments, such as:

- Digital inclusion of the population groups to which social protection programs are oriented, a burning issue especially in developing countries.
- Connection to staff for human-based support.
- Effective collection and analysis of big data, to offer insights on how programs can better cover their beneficiaries’ needs.
- Government investments to guarantee the institutional capacity of implementing social policy and managing both technologies and ICT governance, alongside effective coordination among different institutions/agencies, to ensure that no one is left behind.

12. For an overview and independent evaluation of the programme, please see: Delivery Associates, The Ehsaas Programme: Shift from politics of patronage to politics of performance, November 2020, available from: <https://www.deliveryassociates.com/downloads/pakistans-ehsaas-programme-shift-from-politics-of-patronage-to-politics-of-performance>

5. Sustainable financing strategies for effective social protection and fast recovery

The last plenary session of the dialogue, moderated by Mrs Violante di Canossa, Development Economist at UNDP China, focused on the fiscal sustainability of the social protection response to COVID-19 and possible ways to create the much-needed fiscal space and higher investments for an inclusive, resilient social protection system.

Mr Wang Zecai from the China Academy of Fiscal Sciences presented on the fiscal measures taken by China to face the pandemic and the strong demand of funds to implement the emergency measures. He noted that while overall public spending decreased, public health expenditure directly related to epidemic prevention and control increased by 66.1% in 2020. Expenditures on poverty alleviation, housing, social security and employment also increased by 14.3%, 9.4% and 8.2% respectively. The central government allocated RMB 148.9 billion for social assistance (an increase of RMB 1.7 billion over 2019).

COVID-19 measures were financed via a mix of higher borrowing (central government deficit over 3.6%; RMB 1 trillion of special treasury bonds; RMB 3.75 trillion of local government special bonds), re-prioritisation and enhanced effectiveness of expenditures and a “vigorous” reduction in non-essential expenditures by more than 50%. On the revenue side, while significant fiscal support to companies came via tax expenditures, higher non-tax revenues offset the former to some extent. Local non-tax revenues rose 6.6% on a yearly basis in 2020 to just below RMB 2 trillion, thanks to, among others, activation of state-owned resources and assets. On the other hand, companies’ tax burden is expected to be more than RMB 2 trillion lower for the whole year.

Mr Wang Zecai highlighted the great potential from “optimising financial administration by being proactive”. This includes implementing differentiated tax and fee reduction policies and making targeted efforts to ensure employment, as well as adjusting budget priorities under “a tightly balanced” budget. He also emphasised the need to make market-based allocation of factors more efficient; maintain domestic and international economic cycles; unblock the industry chain and the supply chain; as well as enhance local government capacity.

The first speaker at the round table, Mr Bill Bikales, Lead Economist at the Office of the UN Resident Coordinator in China, noted how COVID-19 can be viewed as a stress-test of China’s social protection system, including of the ability of fiscal mechanisms to adjust quickly to shocks. Overall, the social protection system proved effective in handling this stress-test. In discussing the lessons brought by the pandemic as we move forward, he pointed to three elements whereby the fiscal response to COVID-19 could be strengthened.

First, Mr Bikales suggested that the fiscal data reveal a number of ways in which key social protection systems were not structured or funded to meet the needs of households who suffered severe shocks during the first half of the year. As examples, he noted that total unemployment and supplementary unemployment assistance spending in the first half of 2020 was only slightly higher than the same period in 2019, at RMB 25.4 billion. He also quoted a recent household survey

showing that in August and September 2020 among persons who reported being unemployed, only 4% had received unemployment insurance or unemployment benefits. 9.2% received other forms of cash assistance. That left around 86.8% of self-reported unemployed people not receiving any assistance.

Second, according to Mr Bikales, the widely adopted tax expenditures in response to COVID-19 are not optimal in the long-term, due to their impact on the funds' long-term financial sustainability. Also, by design they only cover formal sector workers whose employers have been paying fees and taxes. As such, these measures can reduce the funds available to expand coverage to those who are not currently included.

Finally, the composition of additional spending to face the drop of aggregate demand has not been optimal. Spending on infrastructure was prioritized over spending on social programs and support to households. For example, the Ministry of Transportation announced that investment in transport infrastructure during the first three quarters of 2020 reached RMB 2.51 trillion, up 15.5% year on year.

Mr Horvath, also at the round table, started by stressing the “impressive” efforts and response on social protection made by China and its strong employment of fiscal policy during the past year. That said, he concurred that the composition of additional fiscal spending during the pandemic has not been optimal. Firstly, China, along with many other countries, has also faced challenges in reaching those in the informal sector and the “new” poor. Secondly, estimates show that the level of greenness of the Chinese stimulus package has been relatively low,¹³ i.e., only a small share of COVID-19 fiscal spending has contributed to lowering carbon emissions.

Mr Bikales and Mr Horvath suggested possible ways forward, such as:

- An expanded and more progressive tax system, with greater reliance on a progressive income tax instead of regressive consumption taxes, to raise revenues and contribute to more equitable distribution of post-tax income. Mr Bikales also noted that the issues discussed during the dialogue establish a useful framework for substantial reforms in the coming years, “to create the proper fiscal conditions for realization of the government’s new agenda of high-quality development”, close internal gaps and raise the living standards of all the Chinese people, leaving no one behind.

- Facing such a shock as COVID-19, a comprehensive re-think of both budget revenues and expenditures is key for creating recurrent fiscal space—which in turn can support the necessary social protection measures discussed in various dialogue sessions. According to Mr Horvath, China has done well in this regard, but he added further fiscal space might be found in the untaxed digital economy, in strengthening fund allocation across national and local budget levels, and in eliminating fossil fuel subsidies. He added that evidence-based analysis of investment projects following COVID-19 and the new carbon neutrality pledge can stimulate further policy action in these areas.

13. www.vivideconomics.com/wp-content/uploads/2020/09/GSI_924.pdf

6. Conclusions

The UN country team in China, led by UNICEF and ILO, with UNDP support, together with Chinese government counterparts, explored key issues related to the national social protection response to COVID-19, the pandemic's implications for building and strengthening the overall social protection system, as well as related opportunities and challenges. While the main focus was on recent developments in China, regional and global perspectives were brought in to provide a comparative perspective and inform policy decisions. This is vital as today's policy decisions will have a lasting impact on current and future generations, in China and elsewhere.

Overall, partners from the UN and the Government of China recognized that globally, there has been renewed interest to develop and/or expand existing social protection schemes, leveraging new “political space”. Many countries are using the pandemic to build political good-will and support to expand social protection measures. Furthermore, there was a general agreement that China's experience showed that preparedness, national commitment and coordination among ministries and agencies were pivotal for fast and effective responses. It showed that it is critically important to have human resources and institutions prepared for shocks of this nature.

The dialogue offered an opportunity to learn from successful experiences in China and internationally and also helped identify areas where social security systems can be strengthened to provide more robust and resilient responses. In particular, the dialogue highlighted the following:

The recognition that some emergency measures could be extended and embedded in the system, both because they can be valuable additions to build a more inclusive and resilient social protection, and because the crisis has longer-term effects economically and socially than originally expected.

The need for the design of a contingency plan for public crises was highlighted by government officials. The crisis has underscored the importance of accelerating current national social protection policies. Government officials emphasized:

- The role of a standardised and well-regulated social assistance system, to ensure that no one is left behind;
- The importance of coordinating health services and reducing barriers to access health through adequate financial protection; and
- Innovative ways to protect the uncovered unemployed, through preventive and labour activation measures.

There was a general agreement that “the amplified role of technology”—where China has performed well so far—should be further leveraged and consolidated in the recovery phase, on the back of the key role technologies played. New technology has had an enhanced role in identifying and registering beneficiaries, managing programme information and services, providing referral mechanisms to additional services, addressing grievances and making payments. These areas and their intersections offer a lot more space for further innovation.

China and other countries are reviewing their mix of fiscal policies and the effectiveness of the social protection response. In this context, UN agency representatives suggested, as a point for further discussion, a review of the mix of fiscal policies in China, as well as in other countries. Potentially, and as done in other countries, these could include a more progressive fiscal system, taxing the currently untaxed digital economy, strengthening fund allocations across national and local budgets, as well as curtailing remaining fossil fuel subsidies in light of China's new carbon neutrality pledge.

Finally, effective monitoring and evaluation of social protection response measures would be welcome to assess their efficacy and improve their reach. This is work in progress given the short time elapsed since the beginning of the pandemic. Beyond the immediate crisis, there is a need to strengthen data collection and data sharing, which are key for improved preparedness. Such analysis and a sound, up to date, reliable evidence base informed by internationally comparable data should enable better risk mapping, planning, monitoring and evaluating. It should also contribute to increased knowledge-sharing domestically and internationally. Such measures can support long-term improvements in social protection worldwide and a recovery that includes everyone.

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