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Task Force 01

FIGHTING INEQUALITIES, POVERTY, AND HUNGER

Integrating the Concept of Adaptive Social Protection into Poverty Alleviation Policies

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Abstract

The combined effects of pandemics, disasters, and climate change disproportionately affect low-income households. Many in low- and middle-income countries resort to negative coping mechanisms, such as selling assets to survive. Countries with robust safety nets can prevent widespread poverty and reduce inequality compared to other countries. Expanding the scope and reach of social protection policies is therefore essential. The Adaptive Social Protection (ASP) framework plays a role in enhancing regular social protection by expanding benefits and coverage for vulnerable populations, especially in the context of disaster risk reduction (DRR) and climate change adaptation (CCA). Empowering disadvantaged groups through ASP increases resilience. Responsive programs are essential to help marginalised communities adapt better. This policy brief advocates for integrating the ASP concept into poverty alleviation policies, aligning initiatives for shocks-affected communities. Given ASP's prominence on the previous G20 agenda, this brief offers concrete strategies, including one based on Indonesia's approach of integrating ASP into the national development plan to drive social transformation. Our strategies emphasise evidence-based approaches, knowledge dissemination, and data utilisation. By championing ASP, comprehensive protection can be ensured for impoverished and vulnerable households, enabling them to prepare for, cope with, and adapt to various shocks. The policy brief outlines recommendations for the G20 to promote ASP through four pillars: institutional arrangement and partnerships, program design and delivery systems, data and information systems, and financing. We also provide a scenario of how ASP can be implemented up to the national level through G20 initiatives.

Keywords: Adaptive Social Protection, Poverty Alleviation, Climate Change,

Diagnosis of the Issue

According to the Global Multidimensional Poverty Index 2023, 1.1 billion people, or 18% of the global population, live in acute multidimensional poverty. Sub-Saharan Africa (534 million) and South Asia (389 million) are home to approximately five out of every six poor people. Furthermore, nearly two-thirds of people experiencing poverty (730 million) live in middle-income countries, making action in these countries vital to eliminating global poverty (UNDP & Oxford University 2023). The world faces a present and growing threat from devastating covariate shocks. These include environmental and man-made disasters, economic crises, pandemics, conflicts, and forced displacement. The frequency and human devastation caused by these shocks have increased significantly in the last 50 years. Climate change is predicted to exacerbate extreme poverty, pushing 100 million people into extreme poverty by 2030, together with the COVID-19 pandemic demonstrating the catastrophic impact of external shocks on lives and livelihoods (Bowen et al. 2020).

In 2021, the Global Natural Disaster Assessment Report revealed 367 major disasters (excluding epidemic diseases) occurred globally, impacting 127 countries and regions, resulting in 10,492 deaths, 104.1676 million affected, and USD 252 billion in direct economic losses. Floods were the most frequently reported disaster, accounting for 56.13% of the total. Other major disasters included storms, earthquakes, wildfires, droughts, landslides, volcanic eruptions, and extreme temperatures. Asia had the highest number of disasters, with 40.87% of the total events occurring in the region, followed by North America, Africa, South America, and Europe (Government of China, IFRC, & NDRC 2022). More than 90% of the deaths caused by disasters occur in low-income countries and even more in developed countries. The outcomes of disasters vary between

high-income and low-income countries, influenced by factors such as geographical location, personal assets, community infrastructure, and political stability, which often result in social instability (CSTS 2024).

Populations experiencing poverty bear a disproportionate burden of natural hazards due to higher exposure to events such as floods and droughts, coupled with greater vulnerability stemming from insecure housing and livelihood assets. They also face challenges in adequately coping with and recovering from disasters. These populations tend to have access to post-disaster support, resulting in often permanent impacts on education and health, and affecting their savings and investment behaviour, thus perpetuating the cycle of poverty over generations (Hallegatte et al. 2016). Climate change and disasters also exacerbate existing gender inequalities by increasing the risk of sexual and gender-based violence (SGBV) against women during and after disasters, undermining their health, decision-making power, and economic productivity.

To protect short-term well-being and consumption after a shock, poorer households may often resort to negative coping mechanisms such as cutting back on daily necessities, selling assets, pulling children out of school to work, child marriages, and deferring healthcare, or engaging in risky behaviours (Bowen et al. 2020). In cases where governments fail to implement responsive social protection policies, these circumstances can spiral into a cycle of hardship, especially when disasters become recurrent. Therefore, there is an urgent need for comprehensive social protection strategies. Poor households require easily expandable social safety nets to mitigate significant shocks. While social safety nets generally promote resilience, recent evidence suggests that their effectiveness is further enhanced when they are characterised by flexible targeting and delivery mechanisms, which allow for prompt resource transfers to disaster-stricken households and individuals (Hallegatte et al. 2016).

Adaptive Social Protection (ASP) advocates for the evolution of standard social protection measures to become more flexible in response to the needs of households and the nature of shocks and to reduce household vulnerability and strengthen resilience to various shocks, particularly those resulting from disasters and climate-related events. Social protection strategies, particularly in low- and middle-income countries vulnerable to such risks, complement existing poverty reduction initiatives. Together, these measures advocate for expanding current social protection systems to protect impoverished and vulnerable communities from various future hazards (Bowen et al. 2020; Davies et al. 2009).

Recognising its role as an economic powerhouse and as a forum for strengthening global economic power, the G20 can play an important role in strengthening the economic resilience of its member countries to various risks, especially those posed by disasters and climate change. The G20 can encourage its member countries to adopt the concept of ASP as an adaptive poverty reduction strategy to enhance resilience. In this way, the G20 can catalyse global economic stability.

Recommendations

The G20, a forum representing the world's largest economies, is urged to prioritise investments in ASP to strengthen economies, particularly in low- and middle-income countries vulnerable to disasters and climate change. The urgency of promoting ASP is underscored by projected global shocks exacerbated by increased interconnectedness. The World Economic Forum predicts escalating risks such as the cost-of-living crisis, environmental degradation, and social challenges (World Economic Forum 2023). The COVID-19 pandemic underscored global economic vulnerabilities, with varying impacts across G20 countries. While some countries remained stable, others, such as Argentina and the United Kingdom, experienced significant contractions (see **Table 1**). The pandemic exacerbated poverty and inequality, disproportionately affecting vulnerable groups and crippling long-term recovery.

TABLE 1. Economic Growth of G20 Member Countries in 2018-2022

Country	Economic Growth (%) per Year					
	2018	2019	2020	2021	2022	2023
Australia	1.4	0.7	-1.6	2.0	3.0	0.2
Canada	2.1	1.5	-4.0	5.3	2.3	1.2
France	1.5	1.5	-7.8	6.1	2.1	0.9
Germany	0.7	0.8	-3.9	3.1	1.1	0.3
Italy	1.1	1.6	-8.5	8.9	4.1	0.9
Japan	0.8	-0.3	-3.9	3.0	1.4	1.9
Korea	2.5	1.9	-0.8	4.5	2.8	1.4
Mexico	1.0	-1.1	-9.3	5.2	3.2	3.1
Türkiye	1.6	-0.6	0.9	10.4	4.5	4.5
United Kingdom	0.8	1.1	-10.7	8.8	4.4	0.1
United States	2.4	1.8	-3.7	5.8	1.6	2.5
European Union	1.9	1.7	-5.7	6.1	3.4	0.7
Argentina	-3.6	-3.0	-10.8	9.7	4.0	1.6
Brazil	1.0	0.4	-3.9	4.4	2.4	2.9
China	6.3	5.6	2.0	8.4	3.0	5.2
India	5.3	2.8	-6.7	8.2	6.5	7.6
Indonesia	4.2	4.0	-2.9	3.0	4.6	5.0
Russia	2.8	2.2	-2.5	5.5	-2.2	3.6
Saudi Arabia	0.3	-1.4	-4.8	4.5	7.3	-0.7
South Africa	0.3	-1.0	-7.1	3.7	1.1	0.6

Source: World Bank, 2023

Government Finance Statistics (GFS) data from 13 G20 members show that government spending on social protection increased during the pandemic, indicating a recognition of the importance of social protection in cushioning the impact on households and promoting swifter economic recovery (see **Figure 1**). However, despite their vulnerability to disasters, countries such as Indonesia allocate insufficient resources to social protection. Indonesia's adoption of ASP in its development plans reflects a proactive response to the socio-economic impact of the pandemic (Bappenas 2024). Focusing on anticipatory, absorptive, adaptive, and transformative capacities, ASP provides a comprehensive approach to managing shocks. It emphasises institutional arrangements, program optimisation, data management, and sustainable financing

(Bowen et al. 2020; Davies et al. 2009). Integrating ASP into poverty reduction policies can mitigate the impact of shocks on vulnerable populations.

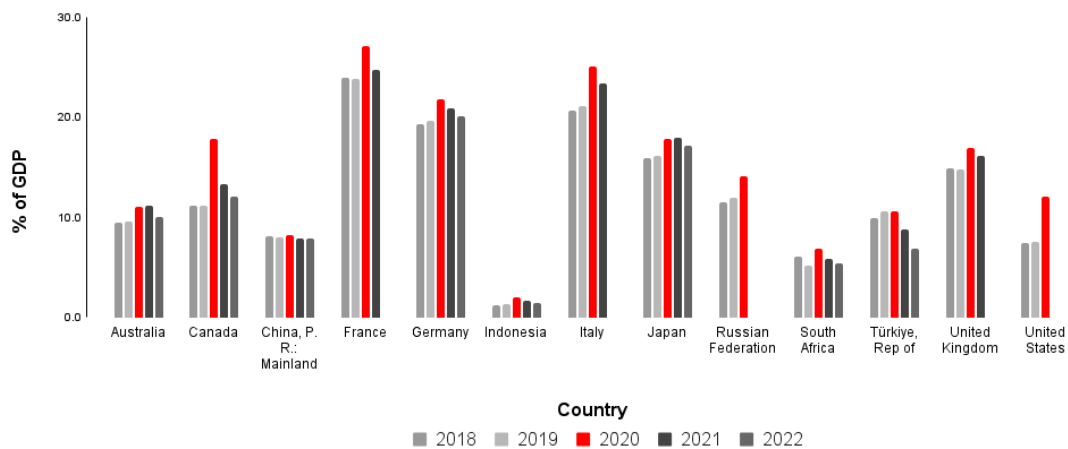


FIGURE 1. Graph of Percentage of Countries' Expenditure on Social Protection 2018-2022. Source: Author analysis from Government Finance Statistics data, 2024

As leading economic powers, the G20 countries can use their influence to promote the implementation of ASPs globally. By prioritising ASP investments and fostering cooperation, the G20 can strengthen economic resilience and mitigate the adverse effects of future shocks. In addition, integrating ASP into poverty alleviation strategies can effectively address emerging challenges, making the G20 a key forum for advancing ASP initiatives.

Specifically, the integration of ASP with poverty reduction policies can be promoted by the G20 by strengthening the following strategies:

Recommendation 1: Promoting robust coordination and collaboration among G20 countries in implementing and formulating ASP policies

- G20 is a forum for ASP collaboration and coordination among its member countries, especially in advancing ASP initiatives. Member countries can strengthen

global social protection efforts by sharing successful ASP strategies. Lessons learned and best practices shared across borders strengthen collective impact. Active partnerships are critical for non-financial international cooperation and knowledge sharing on ASP initiatives, including improving social registration and adopting digital technologies (UNDP 2022). The multisectoral nature of ASP requires cross-sectoral collaboration to build the resilience of vulnerable populations. Resources and expertise from different sectors are critical to the success of ASP in any country, underscoring the importance of collaboration and commitment to ASP development (Bowen et al. 2020).

- **Encourage G20 countries to establish ASP implementation policies as a guideline.** The concept of ASP requires coherence between policies in different sectors for effective coordination. Social protection strategies can provide a strong foundation for ASP objectives. Clear policy commitments that align sectoral objectives and delineate roles enhance coordination (Bowen et al. 2020). Indonesia's initiation of ASP implementation strategies, including national roadmaps and inter-ministerial discussions, sets a precedent. Plans to integrate ASP into the National Medium and Long-Term Development Plan demonstrate a proactive approach and provide a model for other G20 countries to formalise ASP implementation strategies (Bappenas 2021).

Recommendation 2: Enhance the adaptability of existing social protection programs by expanding their design and delivery systems

Bowen et al. (2020) mentions the two main strategies for integrating and expanding the ASP program to make it more responsive to shocks are **vertical** (increasing the value of transfers, expanding the range of services, type of benefits, and duration) and **horizontal** (adding new beneficiaries or expanding the coverage) (see **Figure 2**).

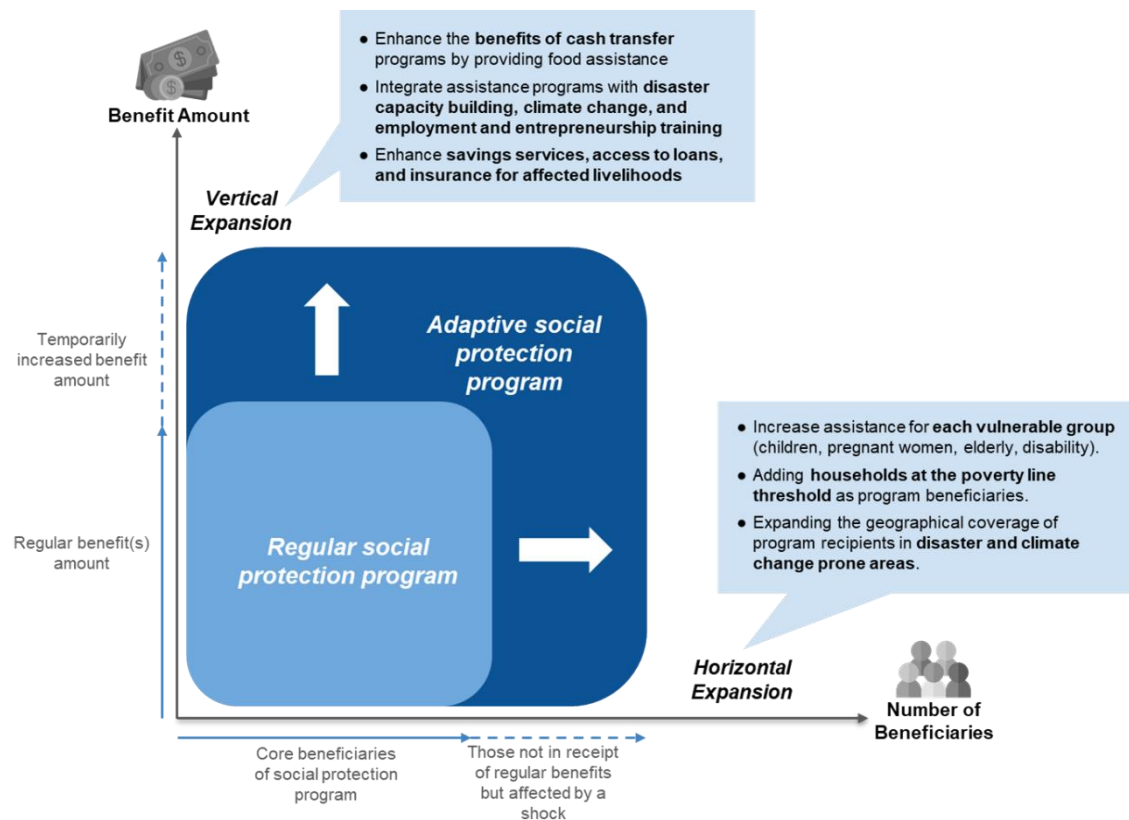


FIGURE 2. Vertical and Horizontal Expansion for ASP Programs

Source: authors, 2024 (adaptation from Bowen et al. 2020)

- **Vertical expansion through increasing the value of benefits**

Social protection programs can be strengthened to increase the resilience of impoverished communities to disasters. This includes expanding benefits with cash transfers and food aid to ensure that nutritional needs are met during crises. Integrating these programs with disaster risk education improves community coping skills. Employment and entrepreneurship training empower communities and reduce dependency on social assistance programs. Vertical expansion includes broader access to savings, credit, and insurance. Indonesia's integration of Family Hope (PKH) and food assistance (*Sembako*) programs helps the extremely poor (Indonesia Cabinet Secretariat 2020). Brazil's New Bolsa Familia adjusts benefits annually to increase productivity and

alleviate poverty (Brazil MRE 2024). These integrated approaches strengthen vulnerable communities against disasters and economic shocks.

- **Horizontal expansion through increasing the number of beneficiaries**

Expanding ASP includes a crucial aspect of targeting vulnerable groups, such as children, pregnant women, people aged 65 or older, and people with disabilities, by tailoring assistance to their specific needs. This comprehensive approach is exemplified by Indonesia's ATENSI program, which empowers disabled persons for employment, and Brazil's BPC, which provides cash transfers to the extremely poor aged 65 or older or people with disabilities (Indonesia MoSA 2023). Mexico's *Oportunidades* offered cash to impoverished households, contingent on children's education and health (Grispun 2011). In crises like COVID-19, programs such as Indonesia's adaptive PKH prevent further poverty (Indonesia MoSA 2021). Expanding adaptive programs to disaster-prone areas, such as Indonesia's response to tropical cyclone Seroja, ensures that community needs are met to prevent poverty from worsening (BNPB 2022).

Recommendation 3: Promote the integration of socio-economic data and information systems with disaster risk and climate change projections

- **Promote the integration of socio-economic, disaster risk, and climate change projection data at the individual level to comprehensively identify potential shocks and vulnerable communities.** ASP relies on data to monitor, manage, and deliver benefits to vulnerable populations, aiding in risk identification and resilience building. This data includes individual identification, socio-economic, and vulnerability indicators, crucial for effective policymaking for disaster (Bowen et al. 2020). Multisectoral data approaches are essential for data collection, sharing, and analysis, improving understanding of spatial probabilities of shocks and household vulnerability (Bowen et

al. 2020). Integrating socio-economic data enhances risk quantification, resilience estimation, and assistance eligibility determination. Initiatives like Indonesia's Socio-Economic Registration System (Regsosek) integrate various welfare data, enabling more effective implementation of social protection programs. *Regsosek* supports Indonesia's vision of comprehensive population welfare databases, facilitating targeted interventions across sectors (Bappenas 2023).

- **Develop a participative feedback mechanism and self-register process for program beneficiaries to enhance targeting precision.** Given the challenge of recording and assessing the eligibility of program recipients individually, particularly in big countries like G20, it is essential to implement a system for beneficiaries to provide feedback and register themselves. The system or a trusted verifier team can then conduct verification and validation processes. Where social registration is limited, digital technology may be utilised to identify new beneficiaries and deliver benefits more efficiently. This can be accomplished by providing digital platforms for individuals to self-register, such as low-income citizens or informal workers who are not covered by traditional contributory social protection programs (UNDP 2022).

Recommendation 4: Promote financing innovation through Disaster Risk Financing and Insurance (DRFI) mechanisms

Effective implementation of the ASP requires an innovative financing mechanism tailored to its needs. Using a risk classification methodology within disaster risk financing offers a promising solution. This approach, successfully used by the Indonesian government, assesses financing needs under different risk scenarios. The framework distinguishes between risk retention and transfer strategies and aligns financing instruments with the severity and frequency of potential disasters. Integrating this model

improves DRR decision-making and ensures efficient allocation of resources. While the DRFI strategy emphasises social protection, it lacks integration with the DRR and CCA sectors (Fiscal Policy Agency Indonesia 2018). It also promotes innovative, adaptive financing of social protection through sustainable national schemes for developing countries, reducing reliance on donor funding. Incorporating the principles of risk classification can strengthen the ASP approach, thereby strengthening resilience efforts.

Figure 3 below illustrates the DRFI strategy.

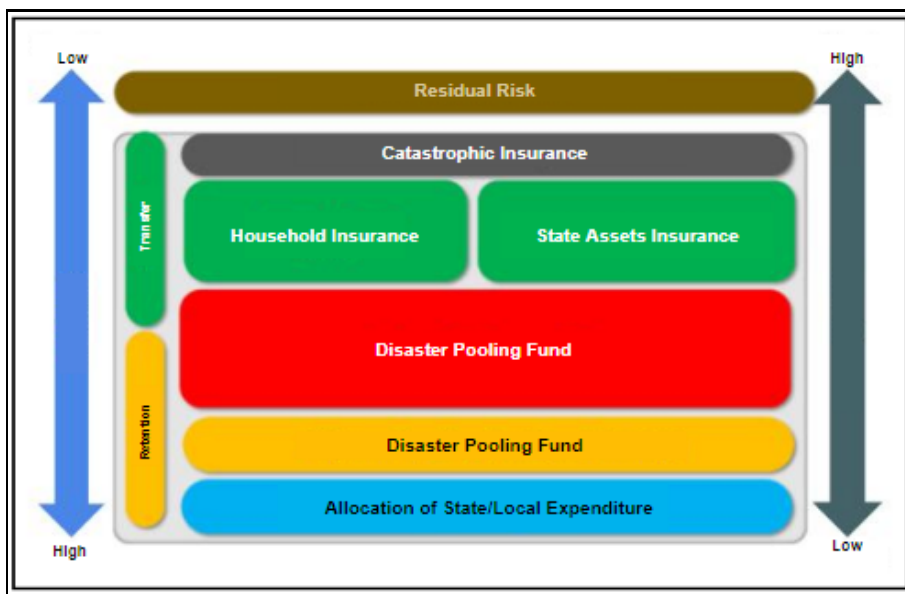


FIGURE 3. Illustration of DRFI Strategy as Innovative Financing Mechanism for ASP

Source: Indonesia MoF, 2018

Scenario of the Outcomes

At the national level, ASP initiatives must be followed by developing ASP implementation strategies tailored to the specific policy trajectories of each G20 member country. Ensuring policy coherence requires collaboration across multiple ministries, civil society organisations, or both, each governed by different management and accountability frameworks. National standards or frameworks can promote coherence and consistency across ASP programs while leveraging the various strengths of participating entities. Next, strengthening institutional capacity involves identifying additional capacity from different departments/ministries or non-state actors to support disaster response processes. Finally, strong government leadership is essential to orchestrate coordination among the various stakeholders, with clear roles and responsibilities for each. Effective government leadership requires establishing standards and protocols to guide the integration of NGOs and humanitarian actors into ASP implementation efforts. Once these foundational elements are in place, the four primary recommendations for ASP implementation within the G20 and its member countries can be further strengthened. These recommendations delineate the ASP implementation process through four core pillars: institutional arrangements and partnerships, program design and delivery systems, data and information systems, and financing.

The main objective is to significantly strengthen the resilience of households across the G20 countries, ultimately accelerating poverty reduction efforts, particularly in the face of potential future shocks. Achieving this goal begins with the G20 Forum's initiatives to promote the ASP concept, ensuring that member states understand the importance of investing in ASP as a key strategy for poverty reduction in the face of evolving disaster and climate risks. Under the leadership of the G20 Forum, Member States can identify poverty and vulnerability issues within their jurisdictions and develop

comprehensive social protection solutions through ASP. This advocacy must be accompanied by support for the G20 as a platform for coordinated efforts to implement ASP. The G20 can serve as a conduit for sharing and assimilating best practices in mitigating shocks' economic and livelihood impacts, showcasing examples from each country for replication elsewhere. In addition, the G20 can serve as resource assistance for member countries in crisis, offering various forms of support such as research resources, investments, financial aid, joint program implementation, shared socio-economic registration, disaster and climate change information systems, and targeted emergency aid distribution.

The scenario for ASP implementation through the G20 forum initiative is shown in **Figure 4** below.

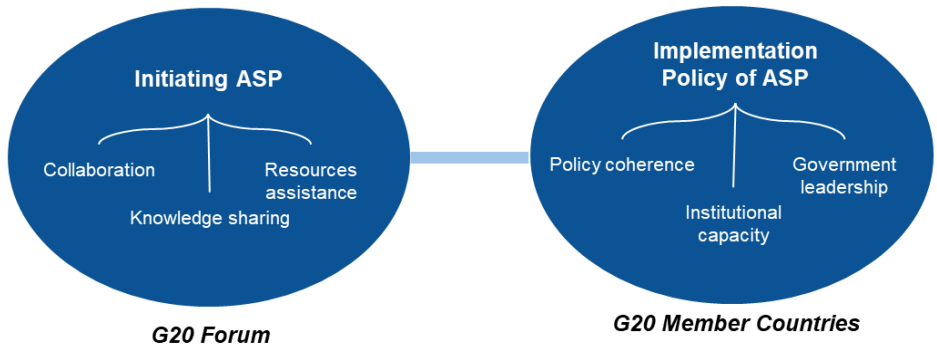


FIGURE 4. ASP Implementation Scenario through G20 Initiatives

Source: authors, 2024



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