

Strengthening Social Protection Systems in Asia and the Pacific

Social protection is an integral part of ADB's corporate strategy on inclusive growth and therefore needs to feature more prominently in country strategies. Revitalizing social protection support will involve increasing focused lending on social protection in non-crisis years and continuous engagement with governments to generate demand and sustain political support.

A growing body of international evidence shows that well-designed and targeted social protection programs, particularly safety nets for the poor, deliver high returns in poverty reduction and human capital development. National social protection programs—which should be an integral part of a macroeconomic policy mix for inclusive growth—are affordable for poorer countries.

Recent economic crises, food and fuel emergencies, and natural disasters have starkly exposed the inadequacy of national social protection systems in the developing countries of Asia and the Pacific. Indeed, despite the region's impressive economic gains, only governments in sub-Saharan Africa spend less public money on social protection to guarantee a minimum level of subsistence and meet basic needs.

Overall Assessment

ADB approved its Social Protection Strategy in 2001 in the aftermath of the Asian financial crisis to support developing member countries in building comprehensive social protection systems in non-crisis years. The aim was to better prepare them to cope with future shocks. The evaluation study—*Asian Development Bank: Social Protection Strategy 2001*—assesses how ADB responded to the strategy, and its experience with social protection.

The study found the strategy's envisaged pattern of support was not sufficiently realized. ADB lending for social protection rose sharply during the food, fuel, and financial crises of 2008–2010, but then rapidly declined. This suggests that ADB and client countries have given a low priority to social protection once a crisis has passed, thereby missing opportunities for sustaining dialogue on social protection as part of an inclusive growth strategy. In its social protection interventions, ADB still needs to make the transition from addressing the direct effect of a crisis to helping countries strengthen social protection systems after the crisis has passed.

Even so, some developing member countries including Indonesia, the Kyrgyz Republic, Mongolia, and the Philippines did provide sustained support for social protection in non-crisis years. Partnerships between ADB and other agencies to build national safety nets were also positive developments; most notably the 2008-launched conditional cash transfer program in the Philippines.

Key Findings

- **ADB's Social Protection Strategy endorsed an overly broad range of interventions.** Evaluation shows this prevented a sharper focus in these operations; as a result, ADB did not develop depth of expertise in any area of social protection.
- **The strategy's implementation plan did not provide guidance for prioritizing the development of ADB's social protection portfolio.** The plan was heavy on diagnosis and did not build on ADB's experience in social protection. The plan also treated social protection as a new product line, which may have led to opportunities being overlooked.

QUICK LINKS

[Special Evaluation Study on ADB's Social Protection Strategy \(Main Report\)](http://www.adb.org/documents/special-evaluation-study-adb-support-social-protection-2002-2011)

www.adb.org/documents/special-evaluation-study-adb-support-social-protection-2002-2011

[ADB Management Response](http://www.adb.org/documents/management-response-special-evaluation-study-adbs-social-protection-strategy-2001)

www.adb.org/documents/management-response-special-evaluation-study-adbs-social-protection-strategy-2001

[Chair's Summary of the Development Effectiveness Committee \(DEC\)](http://www.adb.org/documents/chairs-summary-committee-discussion-26-november-2012)

www.adb.org/documents/chairs-summary-committee-discussion-26-november-2012

- **The study found a low awareness of the Social Protection Strategy.**
- **During crisis periods, ADB deployed regional and country economists to develop policy-based and other lending that included social protection components.** However, ADB did not capitalize on these crisis-response initiatives by building longer-term engagement in areas of social protection.
- **Sustained social protection policy dialogue and focused lending and nonlending support in non-crisis years is critical for the establishment of effective and efficient national social protection policies and systems.** Sustained policy dialogue is needed to raise awareness of the importance of social protection and prioritize government initiatives towards achieving inclusive growth.
- **ADB's social protection interventions generally lacked adequate monitoring and evaluation.** The lack of impact evaluations made it difficult to demonstrate the effectiveness of social protection support to potential clients. Only one ADB-supported program—in the Philippines—had a rigorous impact evaluation.
- **Developing member countries and other development agencies do not often approach ADB as a partner for social protection support.** ADB did not often participate in government- or partner-led coordination networks for social protection.

Recommendations

- ADB should clarify its intended future role and support for social protection in the region, and set a corporate target to gradually grow its portfolio.
- Country partnerships should make stronger connections between social protection and ADB's core areas of investment to scale up ADB's presence and experience in building social protection systems.
- ADB operational staff should pursue partnerships with other agencies in social protection projects and programs, particularly through cofinancing opportunities.
- Impact evaluations on social protection interventions should be conducted to strengthen the evidence base in the region.
- Encourage regional and country economists and other ADB staff with social protection knowledge and experience to sustain advocacy for social protection development in policy dialogue after ADB crisis support ends.

Feedback

ADB Management welcomed the evaluation, which provides detailed analysis and helpful suggestions on future opportunities for ADB. The evaluation proposes that ADB clarify its role and support for social protection, and set a corporate target to gradually grow its portfolio. To effectively carry out social protection operations, Management believes that rather than fixing a target, ADB should instead assess the demand for social protection operations in developing member countries through country diagnostics and the process for formulating country partnership strategies. ADB's approach to inclusive growth, including its support for social protection, should be tailored to specific country needs, using the country partnership strategy as the primary tool for defining key areas of engagement.

The Development Effectiveness Committee (DEC) broadly agreed with the recommendations, noting that a revised social protection operational plan will be ready in 2013. The DEC noted that demand for social protection has been growing in Asia, and that interventions with social protection as the main objective constituted only 2.5% of ADB's total portfolio over the last decade. Some DEC members considered that ADB needs to do more on demand creation, especially given the strong evidence linking the impact of social protection with keeping people out of poverty, supporting income equality, avoiding the middle-income trap, and improving readiness for future crises.

Looking forward, as part of its commitment to inclusive growth, ADB should progressively scale up its support to social protection, especially in non-crisis periods. Building a more selective and focused social protection portfolio would require a combination of efforts in demand creation, knowledge building, selective financing, and development of ongoing and operational partnerships with other development organizations.

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