

I. Overview of Social Development and Social Analysis in ADB Operations

A. Introduction

1. Purpose of the Handbook

The handbook aims to provide an integrated set of guidelines to professionals involved in programming, preparing, and implementing activities financed by the Asian Development Bank (ADB), and to effectively address the social dimensions of ADB's operations, thereby enhancing ADB's efforts to reduce poverty and achieve the Millennium Development Goals (MDGs) in Asia and the Pacific.

The handbook does not introduce any new or additional policy or procedural requirements. Rather, it provides a road map to specific ADB policies, strategies, and procedures related to social development and social analysis that are relevant to country analysis and programming, and to project preparation and management. The handbook identifies practical tools for incorporating social analysis into program planning and project preparation.¹

This handbook should be read together with ADB's *Poverty Handbook* (2006),² which provides guidance for incorporating poverty considerations in country partnership strategies (CPSs) and in projects in line with ADB's enhanced poverty reduction strategy (2004).³ Because poverty reduction and social development are closely interlinked, this handbook includes numerous cross-references to relevant sections of the *Poverty Handbook*. Together, the two handbooks update and replace ADB's *Handbook on Poverty and Social Analysis* (2001).⁴

2. Structure of the Handbook

Section I of this handbook provides an overview of pertinent ADB policies, strategies, and procedures related to social development, together with a general framework for analyzing social issues in country

¹ Unless otherwise indicated, the term "projects" refers to investment loans and grants, policy-based loans, and grants (which are also referred to as "programs"), and technical assistance.

² Asian Development Bank (ADB). 2006. *Poverty Handbook: Analysis and Processes to Support ADB Operations – A Working Document*. Manila.

³ ADB. 2004. *Enhancing the Fight Against Poverty in Asia and the Pacific: The Poverty Reduction Strategy of the Asian Development Bank*. Manila.

⁴ ADB. 2001. *Handbook on Poverty and Social Analysis: A Working Document*. Manila. This handbook, as well as the *Poverty Handbook*, reflects changes in ADB's approach to poverty reduction under its enhanced poverty reduction strategy, medium-term strategy II (2006–2008), and related changes in business processes. These changes include (i) closer alignment of ADB operations with developing member countries' (DMCs) poverty reduction strategies and development plans, (ii) greater emphasis on addressing poverty and analyzing sector issues at the country rather than project level, (iii) greater emphasis on managing for results, (iv) greater selectivity in sector interventions, (v) the introduction of new financing modalities for ADB assistance, and (vi) further streamlining of procedures for processing projects.

programs and projects. The subsequent sections of the handbook are structured to reflect ADB's operational cycle and business practices, providing guidelines to identify and address social development issues in country programming (Section II), project preparation (Section III), and project implementation (Section IV). Supporting documentation and related tools and templates are presented in appendixes at the back of the handbook.

B. Relevant Policies and Strategies

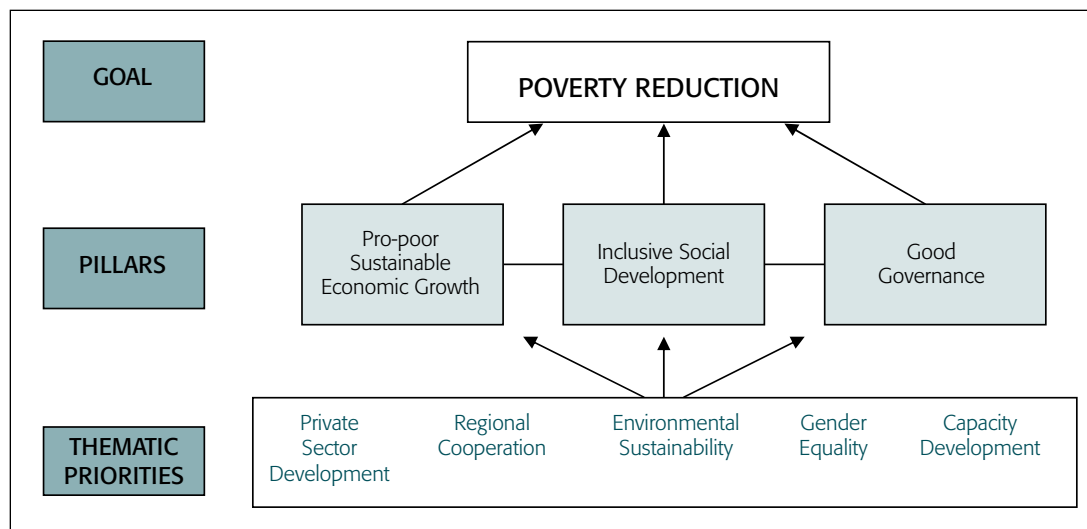
1. Overview

ADB recognizes that social issues and institutional factors critically affect project success and sustainability. Project benefits might fail to reach the people for whom they were intended, be captured by those with money and power, or produce unexpected negative effects for others. With the growing complexity of the development agenda, ADB also recognizes that efforts to reduce poverty and promote sustainable growth must address social development and governance issues, together with issues affecting macroeconomic stability, in both country programming and project design.

2. ADB's Enhanced Poverty Reduction Strategy

In 1999, ADB formally declared poverty reduction as its overarching goal. The resultant poverty reduction strategy⁵ described poverty as an unacceptable human condition with multiple dimensions that can be eliminated through public policy and action. A review of the strategy completed in 2004 reaffirmed that poverty reduction is ADB's core business, and is consistent with ADB's support for MDGs that the international community adopted in 2000. The enhanced poverty reduction strategy (EPRS), adopted in 2004, retains the same basic conditions for poverty reduction: (i) pro-poor, sustainable economic growth; (ii) inclusive social development; and (iii) good governance. It identifies five thematic priorities that support

Figure 1: ADB-Enhanced Poverty Reduction Strategy



⁵ ADB. 1999. *Fighting Poverty in Asia and the Pacific: The Poverty Reduction Strategy of the Asian Development Bank*. Manila.

these three pillars: (a) gender equality, (b) environmental sustainability, (c) private sector development, (d) regional cooperation, and (e) capacity development (figure 1). To achieve greater effectiveness, the EPRS also promotes greater country focus, including alignment of ADB's operations with countries' own national poverty reduction strategies; greater attention to results, monitoring, and evaluation; and greater emphasis on capacity development. Further information on EPRS implementation can be found in the *Poverty Handbook* (2006).

3. ADB's Social Development Policies, Strategies, and Procedures

Social analysis and poverty analysis are critical tools in efforts to reduce poverty because they address the processes and structures that exclude some groups from participating in and benefiting from economic development. Since the mid-1990s, ADB has adopted social development policies and strategies covering such issues as gender and development, social protection, and cooperation with nongovernment organizations (NGOs); social safeguard policies on involuntary resettlement and indigenous peoples; and general procedures for addressing social dimensions in project design. These policies, strategies, and procedures are reflected in sections of ADB's Operations Manual. Collectively, they recognize that people and their communities, organizations, institutions, and societies are crucial to development outcomes. They also recognize that certain social groups need special attention to ensure that they are included in the development process. Guidelines, checklists, and manuals have been prepared to address these policy objectives, and to set out specific operational approaches to social analysis. Appendix 1.1 provides a list of key ADB policies and strategies relating to social development, corresponding sections of ADB's Operations Manual, and supporting documents available to help in addressing these policy objectives.

C. Social Development and Social Analysis in ADB Operations

1. Overview

"Inclusive social development" is one of the three pillars of EPRS, and is considered essential to the reduction of poverty and achievement of MDGs in Asia and the Pacific. Similarly, it is a core operational area under ADB's long-term strategic framework (2001),⁶ and is reflected in the emphasis on inclusive growth and social development under ADB's medium-term strategy II (2006).⁷

In this handbook, "social development" refers to equitable and sustainable improvements in the physical, social, and economic well-being of individuals and social groups, especially those that are socially or economically disadvantaged. While social development is most closely associated with the "inclusive social development" pillar of the EPRS, it is relevant to all three pillars. Social development also has an institutional dimension, in that social variables such as gender, ethnicity, race, caste, and age often shape the formal and informal rules and norms that influence people's access to services, resources, opportunities, and decision making.⁸

⁶ ADB. 2001. *Moving the Poverty Reduction Agenda Forward in Asia and the Pacific: The Long-Term Strategic Framework of the Asian Development Bank (2001–2015)*. Manila.

⁷ ADB. 2006. *Medium-Term Strategy II (2006–2008)*. Manila.

⁸ See Operations Manual Section C3/BP (Incorporation of Social Dimensions into ADB Operations).

The use of terms such as “social development,” “social sectors,” “social safeguards,” and “social protection” is sometimes confused. These concepts are interrelated and mutually reinforcing. For example, social analysis is an important tool to maximize the positive social development impacts of country programs and specific projects. Social sector projects and social protection measures contribute to the broader goal of social development by strengthening people’s capabilities and reducing their vulnerability to various risks and shocks.

Box 1 shows the main social development terms and their working definitions, as used in this handbook.

Box 1: Key Social Development Terms

Social development: equitable and sustainable improvements in the physical, social, and economic well-being of individuals and social groups, especially those socially or economically disadvantaged.^a

Social sectors: sectors that support the improvement of people’s basic capabilities (e.g., basic services sectors or subsectors, such as education, health care, nutrition, family planning, water supply, and sanitation).

Social safeguards: policies introduced to protect individuals and groups from the negative impacts of certain development activities (such as involuntary resettlement or disruption of indigenous peoples’ traditional land use and livelihoods).^b

Social protection: policies and programs to reduce people’s vulnerabilities by promoting efficient labor markets, reducing people’s exposure to risks, and enhancing their capacity to protect themselves from hazards and interruption or loss of income.^c

Social inclusion/exclusion: attention to the social processes, institutions, and mechanisms that can enhance or restrict the equitable access of individuals and groups to services, markets, public decision making, and community activities and support.

Social capital: trust-based networks among people reinforced by norms of behavior (like other forms of capital, social capital is an asset that can help individuals and groups cope with risks and uncertainty).

Social dimensions: participation, gender and development, social safeguards, and management of social risks and vulnerabilities.

Social analysis: analysis, usually conducted as part of the preparation of a country program or development project, to (i) understand the social context for the program or project, including the status of and relationships between social groups and institutions; (ii) consider the appropriateness and feasibility of the program or project, given the social context; (iii) assess the potential social impacts—positive and negative—of the program or project; and (iv) identify possible actions (including law or policy changes, or specific project activities) to maximize the positive social impacts of the program or project, and minimize or mitigate any negative impacts.^d

^a This definition is based on the “inclusive social development” theme in ADB’s loan/grant classification system. However, social development is a broad concept subject to different interpretations. The World Bank, for example, defines social development as “a process of transforming institutions for greater inclusion, cohesion, and accountability...with the goal of empowering poor and marginalized women and men.” World Bank. 2005. *Empowering People by Transforming Institutions: Social Development in World Bank Operations*. Washington, DC. (p. vii). In contrast, the Inter-American Development Bank (IDB) defines social development as “investments in human and social capital for advancing people’s well-being.” IDB. 2003. *Social Development Strategy Document*. Washington, DC. (p. 1).

^b ADB’s social safeguard policies include the policy on involuntary resettlement (1995) and the policy on indigenous peoples (1998).

^c This definition is based on ADB’s social protection strategy (2001).

^d As discussed further in this handbook, the scope of a social analysis and the methods used to conduct the analysis can vary widely, depending on the nature of the proposed program or project, the complexity of social issues presented, the availability of data, and the time and resources available to conduct the analysis. The output of a comprehensive social analysis is often referred to as a “social assessment.”

2. Social Development Goal and Outcomes

ADB's goal in promoting inclusive social development through its operations is to help its developing member countries (DMCs) achieve development outcomes that are equitable and sustainable, thereby contributing to poverty reduction and achievement of MDGs.

The social development outcomes to which ADB seeks to contribute through its operations include:

- (i) greater inclusiveness and equity in access to services, resources, and opportunities;
- (ii) greater empowerment of poor and marginalized groups to participate in social, economic, and political life; and
- (iii) greater security to cope with chronic or sudden risks, especially for poor and marginalized groups.

These desired outcomes are closely linked, and are all mediated through institutions. For example, changes in laws, policies, and incentives are often needed to ensure that poor and marginalized groups have access to basic services and productive resources. More inclusive and equitable laws, policies, and governance mechanisms in turn create a more positive environment in which poor and marginalized groups can make choices and pursue their interests. Participatory processes in which poor and excluded people can find a voice are especially important. Effective social safety net programs and other mechanisms are also needed to cushion poor and vulnerable households from economic or other shocks so that they can make more steady progress in improving their quality of life.

3. Key Social Dimensions

The social development outcomes identified above (inclusiveness and equity, empowerment, and security) are supported by ADB's attention to the social dimensions of its work. These dimensions, which are reflected in specific ADB policies and strategies, are:

- (i) participation,
- (ii) gender and development,
- (iii) social safeguards, and
- (iv) management of other social risks and vulnerabilities.

Each social dimension supports one or more of ADB's broad social development outcomes. For example, participatory approaches are essential for poor and marginalized groups to express their interests and contribute to development planning and activities. Social norms and practices often disadvantage women and girls in terms of their access to services, resources, opportunities, and decision making; therefore, gender analysis is a fundamental tool to ensure that development interventions are inclusive, equitable, and empowering for both women and men. Adherence to social safeguards and attention to social risks and vulnerabilities are both intended to bolster the security of poor and vulnerable individuals, households, and communities against various shocks.

These social dimensions are interrelated and crosscutting. While they capture the main types of social issues that arise in ADB operations, they are not exclusive. They can also take on different attributes and significance depending on the country and local context.

Participation. ADB recognizes the importance of disseminating information and involving a wide range of stakeholders in the development of its country programs and the preparation and implementation of specific projects. These factors can improve the effectiveness, relevance, and sustainability of development activities, and can contribute to good governance and the inclusion and empowerment of disadvantaged groups.⁹ The participation theme is reflected in ADB's *Staff Guide to Consultation and Participation*,¹⁰ and is supported by the public communications policy (2005) and policy on cooperation with NGOs (1998). Consultation and participation (C&P) is also highlighted in staff guidelines on preparing CPSs and designing projects (including procedures related to social safeguards).¹¹

Gender and Development. Reducing inequalities based on gender and empowering women and girls to participate more fully in social, economic, and political life are recognized as essential to reducing poverty and achieving MDGs and other development goals. Gender equality is, therefore, one of the thematic priorities in ADB's EPRS. Under its policy on gender and development (1998), ADB has committed to mainstream gender considerations in all its operations and support gender-specific activities, especially in DMCs where gender disparities are most severe. Because at least 50% of poor and marginalized communities are female, and women and girls in these communities often experience more severe forms of deprivation and exclusion, ADB's gender-related work contributes directly to the broader goals of poverty reduction and inclusive social development.

Social Safeguards. ADB's social safeguard policies seek to avoid, minimize, or mitigate the social costs and marginalization of vulnerable groups that may result from development projects that it finances. These policies include the policy on involuntary resettlement (1995) and the policy on indigenous peoples (1998). Because these policies aim to prevent harm directly related to a development project, they have come to be treated separately from policies and strategies that promote broad social development goals, such as those related to poverty reduction, gender and development, and social protection. The social safeguard policies are included in this handbook because social safeguard issues are identified through the same initial social analysis as other social issues, and because social safeguard issues often intersect with other social concerns. (For example, the social development indicators for indigenous communities tend to be much lower than the national average, and the social development indicators for indigenous women and girls are often lower than for males in their communities).

Management of Other Social Risks and Vulnerabilities. To reduce poverty and ensure that the benefits of economic development are widely shared, it is important to identify and address the variety of shocks and other risks that can push people into poverty, and the social characteristics that can increase people's vulnerability to these risks. ADB's social protection strategy (2001) provides a general framework for analyzing social risks and vulnerabilities, and supporting appropriate policy responses and project-level interventions to help governments, communities, and households minimize and manage these risks and vulnerabilities. Some risk/vulnerability issues that are particularly relevant to ADB's operations include (i) labor conditions and retrenchment issues; (ii) affordability issues, especially related to the provision of basic services; (iii) risks of HIV/AIDS transmission and/or human trafficking in large infrastructure projects; (iv) social impacts of natural disasters and conflicts; (v) caste-based vulnerabilities; and (vi) vulnerabilities related to disability.

⁹ ADB. 2006. *Strengthening Participation for Development Results: A Staff Guide to Consultation and Participation*. Manila, p. 2.

¹⁰ Footnote 9.

¹¹ ADB. 2007. *Country Partnership Strategy Guidelines*. Manila; ADB. 2006. *Guidelines for Preparing a Design and Monitoring Framework*. Manila; Operations Manual sections F2 (Involuntary Resettlement) and F3 (Indigenous Peoples).

4. Main Entry Points for Social Analysis

ADB operations consist of three major processes: country programming, project design, and project implementation. Figure 2 provides an overview of the processing cycle. ADB's emphasis on managing for development results underscores the importance of using *ex ante* analysis in country programs and development projects to identify the main obstacles to inclusive and equitable development, and the types of interventions that can address the structural causes of social exclusion, disempowerment, and insecurity. Social analysis employs a range of qualitative and quantitative social research tools to help in this identification of issues and approaches. These tools may be brought to bear throughout program planning and project design (table 1). Social analysis is closely linked to the poverty analysis undertaken at each stage.¹² Any social analysis also needs to be focused and adapted to the country and local context, the outcome and outputs of the relevant country program or project, and the time and resources available.

Country Partnership Strategies. ADB's CPS for each DMC is based on a detailed country poverty analysis, presenting a diagnostic for poverty in the country, the causes and manifestations of poverty, any measures in place to reduce poverty, and a set of future strategic development options linked to the DMC's national poverty reduction strategy (NPRS). As discussed further in Section II, the main entry points for identifying and addressing social development issues in the CPS process are (i) the country poverty analysis; (ii) thematic assessments, such as the country gender assessment (CGA); (iii) sector analyses and road maps (including appropriate social development targets and indicators); (iv) consultations with representatives of key social groups; and (v) the CPS document itself (including summary analysis of social development issues, social development components of the country strategy, and social development targets and indicators in the results framework).

Project Pre-design. Project preparation consists of two subphases: pre-design and design, which are discussed further in Section III. The pre-design phase generally begins with a brief project concept paper and concludes in a project preparatory technical assistance (PPTA) paper or in a project preparatory note (PPN). The pre-design phase is essential to conceptualize a good project, including the identification of key social groups, institutions, and social issues requiring further study, and consideration of alternative design options. The pre-design phase sets the basis for the detailed project design, and identifies the resources required for social development and/or social safeguard specialists (e.g., gender or resettlement specialists) to conduct further social analysis and participate in the project design. The initial poverty and social analysis (IPSA) is a brief but meaningful scoping tool to flag social issues that need to be addressed in more detail during project processing, and to prepare and cost the PPTA or other due diligence.¹³

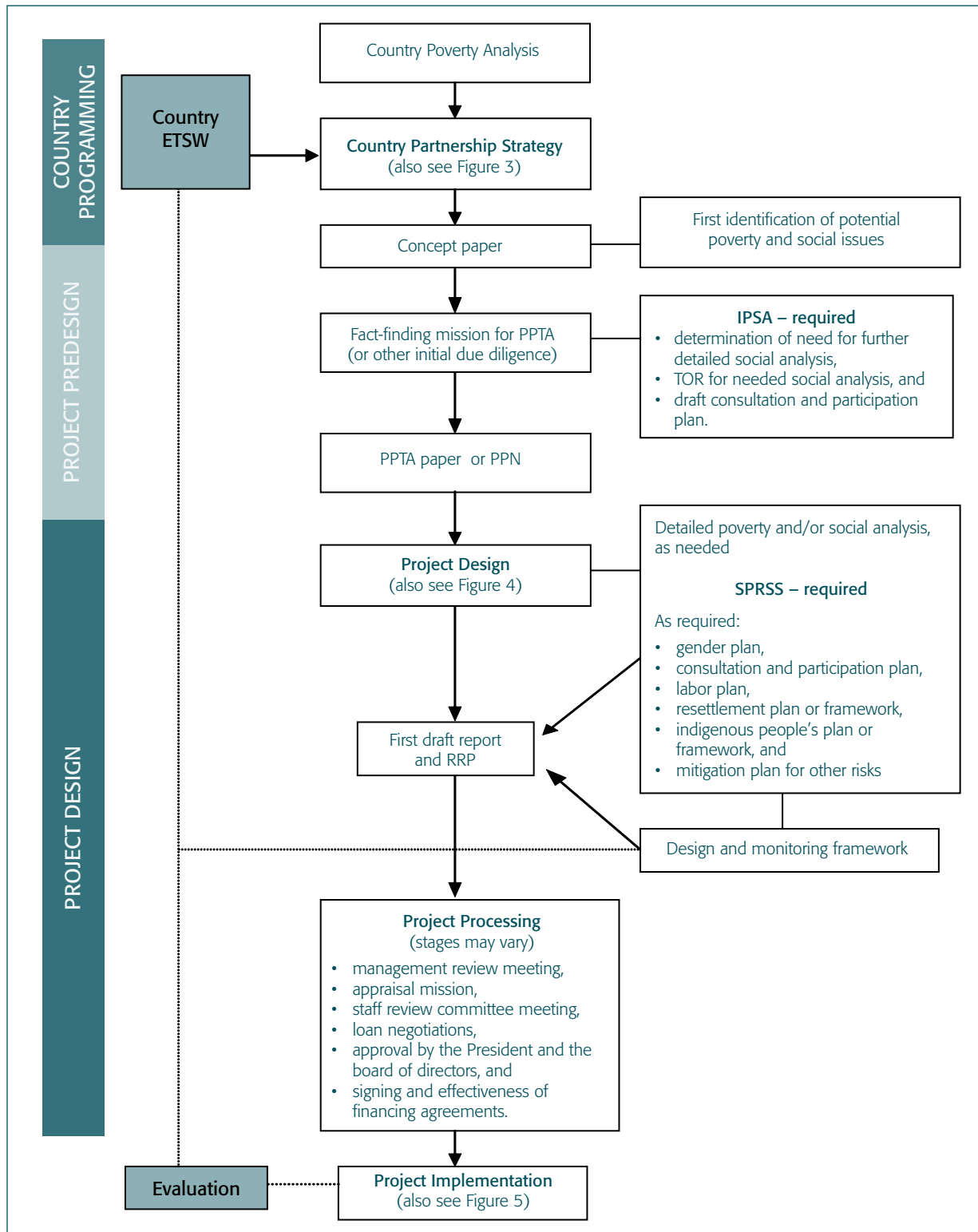
Project Design. The design of projects involving individual or household targeting must include in-depth poverty and social analysis, while policy-based projects require in-depth poverty impact analysis.¹⁴ The design of socially sensitive projects necessarily involves in-depth social analysis. Both poverty and social analyses build on the issues identified in the IPSA. The social analysis provides a basis to confirm the project's rationale and assess the project's potential to contribute directly or indirectly to inclusive social development. It examines alternative project components or activities to enhance social development

¹² Further detail on the poverty analysis required in country programming and project preparation is included in ADB's *Poverty Handbook* (2006).

¹³ Sample terms of reference (TOR) for the initial poverty and social analysis (IPSA) are provided in appendix 2.1. The IPSA form is in appendix 4.1.

¹⁴ Footnote 2.

Figure 2: ADB Operational Cycle



ADB = Asian Development Bank; ETSW = economic, thematic, and sector work; IPSA = initial poverty and social analysis; PPN = project preparatory note; PPTA = project preparatory technical assistance; RRP = report and recommendation of the President; SPRSS = summary poverty reduction and social strategy; TOR = terms of reference.

Table 1: Social Analysis in ADB Operations

Operational Stage	Social Analysis Outputs	Purpose of Social Analysis
Country partnership strategy	<p>Country poverty analysis (including social analysis);</p> <p>Country gender assessment (and social analysis in other thematic assessments and sector analyses);</p> <p>Sector road maps (including social targets/indicators); and</p> <p>Results framework (including social targets/indicators).</p>	<ul style="list-style-type: none"> Identify the structural causes of gender inequality, social exclusion, disempowerment and insecurity, and other obstacles to inclusive social development; Determine the effectiveness of existing laws, policies, and institutional mechanisms to promote inclusive social development; Identify social development outcomes linked to the developing member country's own social development goals and relevant to the priority sectors supported by ADB; and Identify appropriate targets and indicators to monitor the effectiveness of ADB's assistance in contributing to these outcomes.
Project predesign	<p>Initial poverty and social analysis (IPSA)</p>	<ul style="list-style-type: none"> Identify specific social constraints and social development opportunities, including gender-related opportunities; Identify social risks related to the project; Identify the need for detailed social analysis of selected issues during the design phase, as well as related methodologies and resource requirements; and Establish prospects for a consultation and participation (C&P) plan to enhance local ownership.
Project design	<p>Social analysis, as required;</p> <p>Social action and/or social mitigation plans (or frameworks), as required;</p> <p>Summary poverty reduction and social strategy (SPRSS); and</p> <p>Design and monitoring framework (including social targets and indicators).</p>	<ul style="list-style-type: none"> Collect detailed social information necessary for project design; Identify explicit social development objectives, outcomes, and indicators; Cost out and schedule social design measures; Prepare time-bound and costed social action measures and mitigation plans; Confirm and consolidate the C&P plan to review and decide on options and enhance local ownership; Define social and institutional arrangements; Arrange the monitoring/evaluation of social development objectives and social impacts; and Confirm and validate the design measures and any social action/mitigation plans that may have been prepared (such as plans for resettlement, labor retrenchment, or indigenous peoples' development), as well as related targets and indicators.
Project implementation	<p>Project performance management system:</p> <ul style="list-style-type: none"> Project administration memorandum (including social development indicators and provisions for collection/analysis of disaggregated data) <p>Monitoring of social development outcomes and impacts through:</p> <ul style="list-style-type: none"> project progress reports, project performance reports, midterm review report, and project completion report. 	<ul style="list-style-type: none"> Monitor achievement and distribution of project benefits; Identify issues and opportunities for improvement during implementation; Monitor implementation of any social action or mitigation plans, and social impacts of project implementation; and Review achievements and failures as well as learn lessons for future application.

ADB = Asian Development Bank.

opportunities and develops measures to overcome social barriers, constraints, and risks, and to address institutional weaknesses. The social analysis also forms the basis for preparing any necessary mitigation measures or plans, which should be reflected in the outputs, activities, inputs, budget, time frame, DMF, and assurances in the final report and recommendation of the President (RRP). The findings of the social (and any poverty) analysis are synthesized in the summary poverty reduction and social strategy (SPRSS), which is a core appendix to the RRP.¹⁵

Project Implementation. DMF, which is a core appendix to RRP, forms the basis for the project performance management system (PPMS) for the project. The road map for implementing the project, including PPMS, is the project administration memorandum (PAM). As discussed further in Section IV, the main entry points for monitoring the social development outcomes and social impacts of a project are (i) the social development targets and indicators included in DMF and PAM; and (ii) the ongoing analysis of data collected for these targets and indicators, as well as other socially disaggregated data. Summary findings from this analysis should be included in (a) project progress reports by the executing/implementing agencies, (b) project performance reports by ADB staff, (c) reports by any independent monitors, (d) the midterm review report on the project, and (e) the project completion report.

¹⁵ Sample TOR for social analysis are provided in appendix 2.2. The SPRSS form is in appendix 4.2.