

**ASIAN DEVELOPMENT BANK**

**SOCIAL PROTECTION STRATEGY  
PROGRESS REPORT TO THE BOARD OF DIRECTORS**

**September 2002**

## ABBREVIATIONS

ADB	–	Asian Development Bank
DFID	–	Department for International Development (United Kingdom)
DMC	–	developing member country
HIV/AIDS	–	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
ICFTU-APRO	–	International Confederation of Free Trade Unions-Asia Pacific Regional Organization
IDB	–	Inter-American Development Bank
IFI	–	international financial institution
ILO	–	International Labour Organization
IMF	–	International Monetary Fund
NGO	–	nongovernment organization
TA	–	technical assistance
SPS	–	Social Protection Strategy
UN	–	United Nations
UNDP	–	United Nations Development Programme

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## I. INTRODUCTION

1. The Social Protection Strategy<sup>1</sup> (SPS) of the Asian Development Bank (ADB) was adopted on 13 September 2001 to enhance ADB's poverty reduction efforts. The SPS spelled out the scope of social protection and committed the ADB to develop priority quality interventions in the five social protection topics: labor markets, social insurance, social assistance, schemes to protect communities, and child protection. For this, six main operational areas were identified, described in the body of this report, and summarized in an action plan (Appendix 1). Responsibilities to implement the SPS, by operational area, were assigned as follows:

- (i) determination of country priorities: regional departments (East and Central Asia Department [ECDR], Mekong Department [MKRD], Pacific Department [PARD], South Asia Department [SARD], and Southeast Asia Department [SERD]), resident missions, social sector divisions (Social Sectors Division, ECRD [ECSS], Social Sectors Division, MKRD [MKSS], Social Sectors Division, SARD [SASS], and Social Sectors Division, SERD [SEES]) assisted by the Poverty Reduction and Social Development Division (RSPR);
- (ii) design of social protection interventions: social sector divisions (ECSS, MKSS, SASS, and SESS), and other sector divisions in the regional departments (ECDR, MKRD, PARD, SARD, and SERD);
- (iii) safeguards: regional departments (ECDR, MKRD, PARD, SARD, SERD), Office of the General Counsel (OGC), resident missions, Central Operation Service Office (COSO), and RSPR;
- (iv) institutional issues: Recruitment of staff: Human Resources Division (BPHR); Training: ADB Institute, BPHR, assisted by the RSPR;
- (v) strategic partnerships with organizations that work on social protection issues, including labor unions: Strategy and Policy Department (SPD), RSPR, Nongovernment organization (NGO) Center;
- (vi) dissemination, coordination, and monitoring the implementation of the SPS, including issuing of manuals and guidelines: RSPR.

2. The objective of this information paper is to report progress achieved in implementing the SPS. The paper is structured following the areas described in the Operational Implications section of the SPS and its Action Plan. Each section includes (i) an introduction, summarizing SPS's commitments in the area; (ii) a description of progress; and (iii) future steps.

3. Overall, good progress has been made in implementing the SPS in the initial year. The first year of implementation has focused on the inputs of the SPS, consolidating the institutional arrangements, disseminating the strategy, building partnerships, and strengthening ADB's expertise. The intensive consultations developed inside and outside ADB<sup>2</sup> at the time of the SPS helped ensure adequate implementation. The Social Protection Network has been created in ADB, social protection specialists recruited/redeployed, training prepared, guidelines issued, a memorandum of understanding with the International Labour Organization (ILO) has been signed, and dialogue with other relevant partners from NGOs to labor unions is well established. The

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<sup>1</sup> ADB. 2001 *Social Protection Strategy* (R121-01 approved on 13 September 2001). Manila.

<sup>2</sup> The consultation process is presented in Supplementary Appendix A of the *Social Protection Strategy*

social protection portfolio has stabilized at approximately 10% of ADB lending by volume during 2001–2002. Next year onwards, implementation of the SPS should focus on quality.

## II. DETERMINATION OF COUNTRY PRIORITIES: SOCIAL PROTECTION IN ADB COUNTRY PROGRAMMING

### A. SPS Commitments

4. The SPS determined that ADB should develop a social protection portfolio, and provided the criteria by which interventions should be prioritized. The decision on whether ADB should assist a specific developing member country (DMC) in addressing social protection priorities requires a series of assessments of social protection issues and priorities in the context of the country poverty analysis and country strategy and program (CSP), as follows:<sup>3</sup>

- (i) **Country Needs.** The SPS committed ADB to have a country needs assessment, including a vulnerability profile and labor market analysis, to have a rational prioritization of the country's top social protection needs, based on quantitative evidence. The summary Vulnerability and Risk Profile identifies the main causes of vulnerability and social risks, and quantifies affected populations by age group, geographical area, and other relevant criteria. A summary Labor Market Analysis reviews critically the capacity of the labor market to absorb new entrants and recommends ways to ensure efficient and inclusive development patterns, given that employment is a key element in the poverty assessment's strategic link to economic growth.
- (ii) **Available Resources.** The resources available for social protection programs are assessed in a social expenditure review as part of the country governance assessment,<sup>4</sup> in coordination with the ILO, International Monetary Fund (IMF), World Bank, and aid organizations. Social Expenditure Reviews evaluate the capacity of current support programs in assessing the effectivity of current allocations to reduce poverty and vulnerability; the level of resources available for social protection will influence a country's social protection choices.
- (iii) **Existing Institutions.** The efficiency and coverage of existing social protection programs, and the possible roles and risks involved, in using public and market-based and civil society/NGO mechanisms should also be evaluated to assess the feasibility of new social protection programs.<sup>5</sup>
- (iv) **Understanding the Political Economy of Reform** Social protection strategies are complex undertakings in which some groups may benefit more than others—reforms should be articulated in an integrated manner and discussed with all relevant stakeholders.

<sup>3</sup> See "Priorities for Social Protection: Identifying Country Priorities" section of the ADB *Social Protection Strategy*.

<sup>4</sup> ADB. 2000. *ADB Governance Strategy* (R2299-00). Manila. This was endorsed by the ADB Board on 1 December 2000, and included in the Medium-Term Agenda and Governance Action Plan 2000-2004.

## B. Progress

5. Given that the SPS was approved in 13 September 2001, and the first batch of ADB Country Poverty Analysis (started in 1999) was almost completed at that time, the inclusion of social protection issues at the Country Poverty Analyses is very limited and is yet to be developed in a methodical manner. Systematic incorporation of summary Labor Market Analyses and Vulnerability Profiles will occur in the new/revised Country Poverty Analyses and CSPs. Nevertheless, in an effort to mainstream social protection, almost all CSPs have incorporated basic labor and vulnerability issues, mostly dealing with employment and nonquantified descriptions of selected vulnerabilities (Appendix 2), to try to watch the general priorities described in the SPS (Box 1).

## C. Future Steps

6. The next step will consist of improving the quality of Country Poverty Analysis and CSPs by having summary Labor Market Analyses and Vulnerability Profiles developed, and ensuring that CSP portfolios are built to reflect these aspects. Guidelines are available in the ADB *Handbook of Poverty and Social Analysis*.<sup>5</sup> ILO has also offered assistance to ADB country teams,<sup>6</sup> and further options are being studied with the World Bank,<sup>7</sup> to ensure that all three organizations cooperate effectively in Labor Market Assessments, Vulnerability Profiles, and Social Expenditure Reviews, to avoid duplication of work, guarantee optimal use of scarce resources, and ensure homogeneous determination of social protection priorities.

7. Advocacy for expanding and/or introducing social protection schemes and good practices will be vital to demonstrate to governments the socioeconomic benefits of social protection interventions. It will be key to show that right investments in the five social protection areas will reduce financial risks for the poor and non-poor and lead to higher productivity gains. While some of this has been addressed throughout the SPS, publications and website, additional work will have to develop in this area, coordinating with other funding agencies, to ensure governments understand the opportunity costs of social protection interventions.

### III. DESIGN OF SOCIAL PROTECTION INTERVENTIONS: SOCIAL PROTECTION IN ADB LENDING AND NONLENDING ACTIVITIES

#### A. SPS Commitments

8. The SPS committed ADB to a selective portfolio in social protection ensuring the following:<sup>8</sup>

<sup>5</sup> ADB. 2001. *Handbook on Poverty and Social Analysis: A Working Document*. Manila. Section II: Poverty and Social Analysis in Country Programming and Appendixes 8.1 and 9.1. Available: [http://adb.org/Documents/Handbooks/Poverty\\_Social/default.asp](http://adb.org/Documents/Handbooks/Poverty_Social/default.asp).

<sup>6</sup> See Article 1, clauses (b), (c) and (e), of the *ADB-ILO Memorandum of Understanding*, signed on 9 May 2002.

<sup>7</sup> The World Bank has so far initiated their *Risk and Vulnerability Assessments* in Bangladesh and Thailand, and *Social Sector Expenditure Reviews* in Kyrgyz Republic and Nepal; the World Bank is also strengthening the *Labor Market Assessments* within the Poverty Reduction Strategy Papers, including evaluation of the country's performance on Core Labor Standards (see the World Bank's *Core Labor Standards Toolkit*); given that the World Bank and the ILO suffer budgetary constraints like ADB, cooperation for future assessments in the Asia and Pacific Region is being explored through the recently created Department for International Development (DFID) and Dutch Funds for Poverty Reduction ("*Building National Protection Strategies*" proposal, for \$600,000, under consideration for 2003).

<sup>8</sup> The principles described are also applicable to social protection components in loans where social protection is not the direct objective of the loan, as approved by the SPS.

### Box 1: ADB Social Protection Priorities by Subregion

Subregion	Vulnerability Issues	ADB Social Protection Priorities
<b>Central Asia and Mongolia</b>	<p>Since the transition in the early 1990s, populations have experienced a steep decline in living standards and greater vulnerability. Unemployment rose due to SOE reform and insufficient economic activity. Coverage of social services is good but benefits are inadequate due to lack of funds. Human development remains high due to earlier achievements—high levels of education and women development. However, the next generation will show much lower standards unless immediate action is taken.</p>	<ul style="list-style-type: none"> <li>▪ Given the large increase on poverty, SP should target interventions to priority areas (i.e., children and rural communities) and generally adjust earlier SP systems to reduced budgets and decentralized management.</li> <li>▪ Labor markets: low demand for labor will persist unless economic activity is created—microenterprise development and other employment generation programs are feasible due to high education levels; on the other hand, labor markets need to be more flexible.</li> <li>▪ Due to poverty incidence, social insurance reforms based on linking contribution to benefits are not priority at this stage.</li> </ul>
<b>East and South East Asia and Mekong Region</b>	<p>Generally, growth has led to important reductions in poverty; however, growth alone does not ensure sustainable poverty reduction. New vulnerable groups emerge—unemployed because of economic shift/downturns, migrants, the new urban poor, youth, etc. Limited investments in SP have resulted in precarious conditions for the population—children and rural areas still need support. Major vulnerabilities by sub area include:</p> <ul style="list-style-type: none"> <li>▪ Informal safety nets, once the major support of populations in Southeast Asia, are disappearing due to modernization and migration patterns. Children and youth comprise 40% of the population. Child labor is prevalent and the informal sector remains large. Investments in all SP areas are much needed; programs exist nominally but are underbudgeted and coverage is low. Short-term social safety nets were prominent during the crisis and generated a public debate on SP.</li> <li>▪ In the PRC, SOE reform is a pressing issue that will require significant investments in labor markets and social protection; most welfare provision comes through SOEs and public service. In the Mekong and inner rural PRC, poverty is prevalent. Labor laws are generally rigid and need to be made flexible.</li> </ul>	<p>Different investments in SP are needed in the variety of countries of the large East Asia region. Common to all are</p> <ul style="list-style-type: none"> <li>▪ labor market interventions to increase productivity in this growth-oriented area while raising working standards; deal with redundant workers in SOEs;</li> <li>▪ child protection;</li> <li>▪ micro and area approaches to protect communities; and</li> <li>▪ developing comprehensive and effective SP systems.</li> </ul> <p>Specific priorities by sub area are:</p> <ul style="list-style-type: none"> <li>▪ Southeast Asia has developed labor training and initiated some labor services given demographic trends, they should be continued.</li> <li>▪ Child protection and micro and area based approaches are also critical investments to deal with a large informal sector, particularly in countries where poverty is a major priority such as Philippines.</li> <li>▪ Safety nets developed during the crisis should be converted into longer term formal comprehensive SP systems.</li> <li>▪ Projects targeted at women and girls remain priority.</li> </ul> <p>The transition economies need labor market interventions.</p> <ul style="list-style-type: none"> <li>▪ Comprehensive and effective social protection systems should be built in parallel with SOE reforms and rural development to ensure enhanced welfare provision.</li> <li>▪ In the Mekong transition economies and inner rural PRC, where poverty is prevalent, micro and area-based approaches and child protection are needed.</li> </ul>
<b>Pacific</b>	<p>Generally, the Pacific has done little to develop comprehensive SP systems. As much as 50% of the population is below 19—a challenge is to deal with youth unemployment.</p>	<ul style="list-style-type: none"> <li>▪ Labor market policies to reduce labor rigidities while ensuring fair working conditions, employment generating activities, and child protection are general priorities in the region.</li> </ul>
<b>South Asia</b>	<p>The area suffers from very high levels of poverty and populations are highly vulnerable to all types of risks, from lifecycle to natural disasters. Poverty reduction should be the first priority; about 70% of the population live in rural areas, 45% of the population are children and youth below 19. Child labor is prevalent. Life expectancy and women development is low. The formal sector is very limited; formal SP systems reach a small portion of the population.</p>	<ul style="list-style-type: none"> <li>▪ Child protection interventions.</li> <li>▪ Projects targeted at women and girls are needed.</li> <li>▪ Micro and area-based approaches are needed to protect communities (urban and rural); financial intermediation (microfinance) has been generally successful and should be expanded to areas such as microinsurance.</li> <li>▪ Labor markets: public works have been popular and labor market interventions should be expanded.</li> <li>▪ Formal SP policies such as insurance programs (e.g., pensions) are not priority at this stage.</li> </ul>

PRC = People's Republic of China, Lao PDR = Lao People's Democratic Republic, SOE = state-owned enterprises, SP = Social protection.  
 Source: ADB. 2001. *Social Protection Strategy*. Manila (p. 26).

- (i) **Adequate Coverage.** Social protection systems should be built with the ultimate objective of ensuring effective protection for most of the population so poverty and vulnerability are effectively reduced; this is a top priority in Asia and the Pacific as most citizens are excluded from any formal social protection system.
- (ii) **Targeting Vulnerable Population Groups and Gender Issues.** Where allocated public funds are limited and country needs are large, ADB should ensure that resources are targeted to those most in need—those priority vulnerable groups identified in the country's vulnerability profile. Given the status of women in the region, gender and development,<sup>9</sup> including positive discrimination policies, deserves particular attention to ensure inclusive societies.
- (iii) **Sustainability and Good Governance.** Sound financial management, good governance, and adequate institutional arrangements are essential to secure effective administration and minimize charges and impacts on the budget. Evaluating the distribution impacts and cost-effectiveness of interventions helps determine priorities and economic and social benefits.
- (iv) **Integrated Approach.** Establishing or consulting existing national commissions for social protection is the best institutional mechanism to ensure consistency across programs, appropriate prioritization of in-country social protection needs, and adequate sequencing of reforms.

## B. Progress

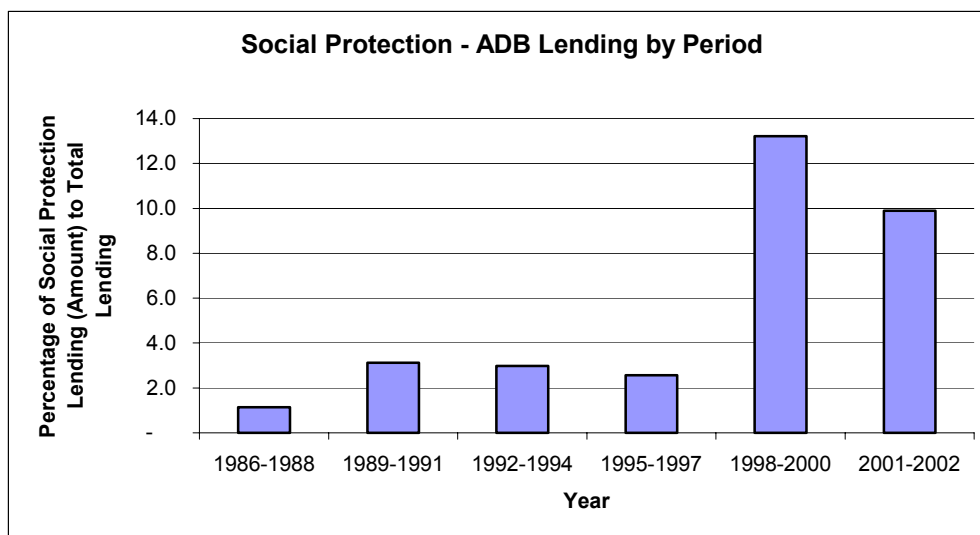
9. The pipeline of proposed social protection activities, either as stand alone projects or subcomponents of projects, is presented in Tables A3.1–3.5 Appendix 3. These interventions were selected and designed prior to the approval of the SPS, and their rationale, scope, and objectives do not follow yet the principles determined by the SPS. This is also because the six social protection specialists were not recruited/redeployed until after the second quarter of 2002. Project teams should pay attention to the criteria presented in paras. 4 and 8 when designing projects.

10. The SPS noted the significant increase in social protection projects after the East Asian Crisis, from about 1% to 13% of total ADB lending by volume, due to the urgent need to support safety nets to cushion the adverse social impacts of the East Asia financial crisis. Social protection lending levels also received a boost from disaster mitigation emergency lending, i.e., Gujarat. However, these interventions are not central to ADB's SPS. The demand for rapid social support projects is expected to decline and the SPS envisaged the development of more comprehensive and effective social protection systems to help DMCs reduce poverty and vulnerability. The emphasis should be on quality, and not quantity. In other words, despite increased lending during 1998–2002, ADB's portfolio is still being formed and is not yet consolidated.

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<sup>9</sup> This criterion provides cross-support to ADB's Gender Policy and Action Plan.

11. In 2001–2002, ADB’s social protection portfolio is still high, at around 10% of the lending by volume as shown in the figure below.<sup>10</sup> An analysis of the areas served during this last year, by volume, shows that ADB has developed investments in social assistance, social insurance, schemes to protect communities, and labor market interventions. The larger number of loans is for schemes to protect communities, followed by social insurance, labor markets, and social



assistance (Appendix 3). The forthcoming pipeline should be improved to better reflect local needs, as reflected in Box 1. ADB’s commitment was to develop a high quality, selective portfolio, targeting country-based specific needs. A good example is presented in Box 2.

### **Box 2: Mongolia Social Security Development Program—A Good Practice**

The Social Security Development Program for Mongolia, approved on 28 August 2001 for \$12 million, is an excellent example of an integrated, comprehensive social protection intervention. Since the transition toward a market democracy in 1990, Mongolia had to reform its formal social security system, which was increasingly ineffective and rooted in Soviet procedures. In particular, its emphasis on universal benefits to both the poor and non-poor has proven unsustainable due to severe budgetary constraints. There was an urgent need to focus public resources on the poorest people to allow for increased levels of assistance per beneficiary. In addition, the Government needed to mobilize communities and work with the private sector to mobilize increased resources and improve efficiency for provision of social services for the most vulnerable people, such as the elderly, disabled, children, and single-parent families. Combating unemployment was hindered by the low coverage of employment services—including retraining and job counseling—which reached only a small proportion of the unemployed. The ability of social insurance systems to prevent people from falling into poverty had also been curtailed by the falling numbers of persons contributing to the schemes as well as low levels of employees’ compliance with compulsory contributions. The program is assisting the Government to make its social security system relevant to today’s Mongolia by providing support for (i) improving the quality and coverage of social welfare services and benefits, (ii) developing pro-poor labor market policies, (iii) strengthening participation in social insurance, and (iv) developing a social security master plan.

12. In 2002, countries that are recovering only slowly from the crisis, like Indonesia, are concerned about the decline in social indicators but are reluctant to borrow large loans for social protection given that their access to Asian Development Fund (ADF) funds is limited and priority is given to the provision of minimum basic social services. Reluctance to borrow for social purposes

<sup>10</sup> Social protection is not an official ADB loan classification category; during the elaboration of the SPS, ADB’s Board requested an estimate based on the scope of the loan.

has also been noticed in other DMCs (particularly under Ordinary capital resources [OCR]). This is not a new situation; as observed in the SPS, ministries of labor, social security, or welfare in the region are often among the weakest in terms of institutional development, available budget, and government support. Additionally, social protection is often seen as something expensive that has no or little return on investments. As a short-term effort, ADB's social protection specialists (RSDD, ECRD, MKRD, PARD, SARD, and SERD) are developing a Social Protection folder,<sup>11</sup> which includes briefing materials such as frequent questions and answers, description of ADB's financial products, advantages in working with ADB, a menu of possible investments, and the SPS. However, advocacy for social protection will need a stronger and far reaching effort, in coordination with other funding agencies (para. 7). Liaising with other donors will not only be positive to avoid duplication of efforts, but also to mobilize cofinancing resources for social protection.

13. Non-lending activities: Significant contributions to social protection are being explored through regional technical assistance, advisory technical assistance, and trust funds such as the Japan Fund for Poverty Reduction. Appendix Table A3.6 shows nonlending activities piloting new approaches in the following social protection areas:

- assisting governments to improve labor conditions and productivity; and improving the role of labor standards to promote worker's security, avoid exploitation and human trafficking, address gender inequalities, reduce child labor, encourage occupational health and safety, including the elimination of violations of the core labor standards;<sup>12</sup>
- promoting the development of social funds and expanding the role of microfinance to include new objectives such as microinsurance and social reinsurance;<sup>13</sup>
- empowering communities and civil society to better deal with natural disasters, civil conflict, HIV/AIDS, improve their livelihoods; and secure less vulnerable and more self-reliant communities;<sup>14</sup> and
- dealing with special vulnerable groups such as the disabled, streetchildren, and refugees.<sup>15</sup>

### C. Future Steps

14. Enhancing portfolio quality by addressing ADB's strategic priorities in both lending and nonlending activities as described in paras. 4, 6 and 8 of this report, and Box 1, is an important requisite to make the SPS effective. The recruitment of the social protection specialists will help ensure that sector priorities are addressed. To assist staff, awareness about the SPS is being enhanced in several ways, in different manners, from training to creation of a Social Protection Network.

<sup>11</sup> ADB. 2002. *Investing in Social Protection*. Manila

<sup>12</sup> TA 5887 (ADB. 1999. *Improving the Role of Labor Standards in Selected DMCs* [for \$700,000]. Manila), and TA 5948 (ADB. 2000. *Combating Trafficking of Women and Children in South Asia* [for \$440,000]. Manila) are providing a significant regional findings to be reflected on more than 16 papers on child labor, gender discrimination, occupational health and safety and trafficking issues.

<sup>13</sup> ADB. 1999. *Strategies for Improved Social Protection in Asia* (TA 5897, for \$700,000). Manila.

<sup>14</sup> JFPR 9006 (ADB. 2001. *Community Action for Preventing HIV/AIDS in Greater Mekong Subregion* [for \$8 million]. Manila); JFPR 9007 (ADB. 2001. *Supporting Poor and Disadvantaged Farmers through Civil Society Organizations in Nepal*. Manila); and JFPR 9017 (ADB. 2002. *Community-Based Livelihood Enhancement of the Rural Poor in Northwestern Cambodia* [for \$1.8 million]. Manila).

<sup>15</sup> JFPR 9000 (ADB. 2001. *Assisting Girl Streetchildren at Risk of Sexual Abuse in Indonesia* [for \$1.1 million]. Manila), and JFPR 9014 (ADB. 2002. *Expanding Employment Opportunities for Poor Disabled Persons in Mongolia* [for \$1 million]. Manila).

15. Expanded use of cofinancing and trust funds is a feasible option to make social protection interventions more attractive to DMC governments. Social protection pilot schemes, such as microinsurance schemes, should be further developed through trust funds such as Japan Fund for Poverty Reduction (JFPR), Department for International Development United Kingdom (DFID), or Dutch funds for poverty reduction.

#### IV. SOCIAL PROTECTION SAFEGUARDS

##### A. SPS Commitments

16. The SPS highlighted the importance of social protection collateral issues in projects where social protection is not the direct objective of the loan, in two areas: (i) mitigating unintended adverse effects of loans on workers and vulnerable groups, and (ii) assessing compliance with labor standards.

- (i) **Mitigating Unintended Adverse Effects of Loans on Workers and Vulnerable Groups.** As indicated in section 47 of ADB's *Operations Manual*, vulnerable groups that may be negatively affected by an ADB intervention should adequately be compensated and mitigation measures put in place to avoid creating further poverty. In case of public or private sector restructuring, workers, particularly low income workers, should not be unfairly disadvantaged, regardless of ethnicity, skills, gender, age, or religious and political beliefs. Other typical examples are loans dealing with shifts toward market-determined pricing of energy, water, telecommunications, and housing; ideally such development interventions should take place after appropriate regulatory institutions have been created and safety nets established. Often, however, interim measures may have to be adopted to ease the effects on households (e.g., tiered pricing of utilities, "life-line blocks", or exemptions from user charges).
- (ii) **Compliance with Labor Standards.** All ADB interventions should be designed in accordance with the core labor standards and other labor standards as follows:
  - (a) In the design and formulation of its loans, ADB will comply with the internationally recognized core labor standards.
  - (b) ADB will take all necessary and appropriate steps to ensure that, for ADB-financed procurement of goods and services, contractors, subcontractors, and consultants will comply with the country's labor legislation (e.g., minimum wages, safe working conditions, and social security contributions) as well as with the core labor standards.
  - (c) As part of its regular loan reviews, ADB will monitor that (a) and (b) are complied with.

##### B. Progress

17. Social protection safeguards are identified at the early stages of loan design. An Initial Poverty and Social Analysis (IPSA) is mandatory for all ADB projects, as early as possible in project preparation, to identify the key social development and poverty reduction issues for in-depth analysis during the design phase. The IPSA includes labor and vulnerability issues. Based on the issues identified and processes initiated during the IPSA, a focused poverty and social analysis is carried out during the loan design phase, to assess and highlight ways in which the

eventual project can best address poverty reduction and social development issues, consistent with its overall economic viability. This is summarized in a core appendix of the Report and Recommendation of the President (RRP), the Summary Poverty Reduction and Social Strategy.<sup>16</sup>

18. Safeguards are applied to public and private sector projects, though private sector operations do not have the same procedures. Documents pertaining to private sector equity investments include restriction clauses for compliance with the applicable national laws and regulations, as well as all applicable ADB environmental and social guidelines, and prohibit investments in any illegal or immoral businesses, including those involved in prostitution and forced labor, or any other business primarily involved in alcoholic beverages, firearms and armaments, gambling, or tobacco. Recently, ADB private sector funds added special restrictions quoting ILO labor standards not to invest in businesses that employ children in hazardous occupations or that expose workers to hazardous working conditions.<sup>17</sup>

19. **Progress in Labor Retrenchments.** Guidance on how to craft a retrenchment plan has been developed in the *ADB Handbook for Poverty and Social Analysis* (Appendixes 9.2 and 9.3). Table A4.2 in Appendix 4 of this document presents ADB loans that have dealt with the unintended effects of unemployment.

20. **Progress in Safety Nets and Plans to Deal with Vulnerabilities caused by ADB Interventions.** Generic guidelines and formats have been developed Section III of the *ADB Handbook for Poverty and Social Analysis*. Table A4.2 in Appendix 4 of this document lists ADB loans that developed safety nets to mitigate adverse social effects of the loans on vulnerable populations.

21. **Progress in Compliance with Labor Standards.** No ADB intervention has been reported to violate compliance to the core labor standards. On the contrary, a significant number of ADB loans are contributing to eliminate violations of labor standards (Table A4.3, Appendix 4), by improving the living conditions of former bonded laborers, reducing child labor by retaining children in schools, and promoting occupational health and safety in the workplace. A few reported at risk interventions have taken adequate measures for redressing risks either by modifying the design of project components or by developing adequate covenants (presented in the right column of Table A4, Appendix 4). For instance, in the East West Economic Corridor Project to Viet Nam and Lao PDR,<sup>18</sup> the loan agreement schedules requested borrowers to ensure that (i) appropriate border controls are in place to detect the illegal movement of women and children; and (ii) the civil works contractors financed under the loan do not employ child labor construction work. The proposed Second Secondary Education Project to Pakistan<sup>19</sup> has also included provisions and covenants related to access for girls and other disadvantaged groups to secondary education. Good practices are elaborated in Box 3.

## C. Future Steps

22. As part of the poverty reduction and social development mandates, ADB has been pursuing some of these issues even before the SPS was approved. Project officers have been working together with OGC and social development specialists on safeguarding socially

<sup>16</sup> *ADB New Business Processes* effective 1 January 2002, and *ADB Handbook on Poverty and Social Analysis*, December 2001 (section III and related appendixes).

<sup>17</sup> ADB. 2000. *Small and Medium Enterprise (SME) Fund in Thailand* (THA 33971, for \$25 million [equity]). Manila; and ADB. 2001. *Lombard Thailand Growth Intermediate Fund, LLC in Thailand* [THA 7171, for \$25 million [equity]]. Manila.

<sup>18</sup> ADB. 1999. *GMS: East West Economic Corridor in Lao PDR and Viet Nam* (Loans 1727 and 1728, for \$57 million [ADF]). Manila.

<sup>19</sup> Proposed for 2002 approval.

responsible practices. The two normal practices, covenants in loans and development of safety nets, are not mutually exclusive and ideally should be developed together. Strengthening

### **Box 3. ADB Compliance to the Core Labor Standards: Some Good Practices**

All Asian developing member countries (DMCs) of the Asian Development Bank (ADB), with the only exception of Bhutan, by virtue of being member of the International Labour Organization (ILO), are required to respect, promote, and realize the four fundamental core labor standards: (i) the abolition of forced labor, (ii) the elimination of discrimination in respect of employment and occupation, (iii) freedom of association, and (iv) the elimination of child labor. Progress in ensuring compliance with labor standards is poor in Asia. Child labor is prevalent in the whole region and bonded labor is reported in several Asian countries. Discrimination at the workplace for reasons such as gender, ethnicity, caste, age, and religious and political beliefs, is widely reported. However, there is overwhelming evidence that promoting decent working conditions reduces poverty, raises living standards, and enhances the quality of growth by increasing productivity. Since the approval of ADB's Social Protection Strategy, labor standards are an integral part of ADB's development mission. As a safeguard, projects are to comply with labor standards. Additionally, ADB has encouraged investments in projects that contribute directly or indirectly to eliminating violations of the core labor standards. For instance, most primary education loans have significant impacts on reducing child labor; children engage in labor due to lack of physical access to school, economic deprivation, low perceived value of education, and social discrimination in access to education. Projects such as the Education Sector Development Program to Cambodia (for \$20 million, approved on 4 December 2001), and its parallel JFPR activity, Targeted Assistance for Education of Poor Girls and Indigenous Children (for \$3 million), are expected to have a significant impact incidence on reducing child labor. Other examples can be found in projects contributing to eliminate bonded labor; e.g., the Crop Diversification Project in Nepal (for \$100 million, approved 9 November 2000). ADB engaged in policy dialogue in Nepal on the issue of bonded labor, which was officially abolished on 17 July 2000. The project adopted a farmer group approach to agricultural extension. During the selection of poor farmers for inclusion in a farmer group, priority was given to the landless poor and agricultural laborers who work under debt bondage. The bondage labor system was practiced in the lowland region, and involved over 18,000 households with a population of 83,000. While the issue of bonded labor is not directly linked to crop diversification, this is important to reducing poverty. ADB will continue to discuss and monitor the issue of bonded labor, with the assistance of ILO, during project implementation in light of the country's need to quickly reduce poverty. In conjunction with the loan, the JFPR project, Supporting Poor and Disadvantaged Farmers through Civil Society Organizations for Nepal, is assisting the formerly bonded agricultural laborers in a changed environment.

supervision during project implementation will further enhance quality and good corporate social responsibility practices at ADB. Appropriate standard provisions should also be included in ADB's contracts and bidding documents.

23. To assist staff, based on the findings of RETA 5887, developed in collaboration with the ILO, an ADB *Handbook on Labor Standards* has been drafted and will soon be completed to provide advice and best practices on core labor standards and other labor standards.<sup>20</sup>

## **V. INSTITUTIONAL ISSUES**

### **A. SPS Commitments**

24. The SPS committed ADB to recruit/redeploy at least six social protection specialists,<sup>21</sup> and provide internal and external social protection training, to ensure that ADB staff acquires knowledge and skills on the five areas of social protection.

<sup>20</sup> ADB. 1999. *Improving the Role of Labor Standards in Selected DMCs* (TA 5887, for \$400,000). Manila.

<sup>21</sup> At least one social protection specialist each in ECSS, MKSS, SASS, SEES, RSPR, and PARD. The skills mix required for a social protection specialist requires exposure in all or most of the social protection fields: labor markets, social insurance, social assistance, micro and area-based schemes, and child protection.

## B. Progress

25. **Staff.** Given that the SPS was approved when ADB's reorganization was well advanced, the SPS was built taking account of the new ADB structure and has not been affected by the Bank's reorganization. During the first half of 2002, BPHR has recruited/redeployed five social protection specialists for the Social Sector Divisions. Two were newly recruited in PARD and SARD, and three have been redeployed (two former Poverty Reduction/Social Specialists and one former Economist) in ECRD, MKRD, and SERD. As approved by the ADB SPS and the 2002 budget, one position in RSDD is in the process to be filled. In sum, the recruitment of all budgeted positions will be completed within this year, timely to support the current and future implementation of the SPS.

26. **Training.** Training on Social Protection has been tailored to ADB staff needs and DMC clients, focusing systematically in all the relevant areas of social protection (Box 4). Events include

- (i) Training on Emerging Issues in Social Protection (Manila, November 2000; BPHR with SPD's collaboration);
- (ii) Risks and Vulnerabilities (Asia-Pacific Poverty Forum, Manila, 5-9 February 2001);
- (iii) Training on Social Safety Nets (Tokyo, 18-28 March 2001; Asian Development Bank Institute (ADBI)-Organization for Economic Co-operation and Development (OECD), with the collaboration of SPD);
- (iv) Training on Social Protection (Phnom Penh, 10-14 December 2001; ADBI-OECD, with SPD's and OGC's collaboration); and
- (v) Proposed Training on Social Protection for the Poor (Manila, 21-25 October 2002; (a collaboration effort between the Inter-American Development Bank (IDB), ADBI, BPHR, with the collaboration of RSDD).

27. Additionally, the following training programs and/or workshops on social protection specialized topics are being prepared or have been held for ADB staff and participants from DMCs:

- (i) Reforming Pension Systems in the Asian Transition Economies (Beijing and Tokyo, 9–13 July 2001, ADB Institute in collaboration with the World Bank);
- (ii) Philippine National Workshop on Labor Standards (Manila, 25–26 February 2002; RSPR in collaboration with ILO);
- (iii) Thailand National Workshop on Labor Standards (Bangkok, 28 February–1 March 2002, RSPR in collaboration with ILO);
- (iv) Bangladesh National Workshop on Labor Standards (Dhaka, 4–5 March 2002, RSPR in collaboration with ILO);
- (v) Nepal National Workshop on Labor Standards (Katmandu, 7–8 March 2002; RSPR in collaboration with ILO);
- (vi) Regional Workshop on Combating Trafficking of Women and Children in South Asia (Manila, 27–29 May 2002, RSPR);

#### **Box 4: Typical Training in Social Protection—Disseminating Definitions and Social Protection Interventions**

Social protection training has been carefully designed by ADBI and ADB (BPHR, OGC, RSPR, and SPD) to ensure dissemination of the SPS among ADB staff and DMC officials, and provide trainees with a practical set of policies to design social protection projects. Speakers included top international figures from the World Bank, ILO, OECD, NGOs, ADB, and independent consultants. Typically, the structure is as follows:

- (i) **Definitions** of social protection, risks and vulnerabilities, social expenditure reviews;
- (ii) **Labor Market Policies and Programs**, designed to facilitate employment and promote the efficient operation of labor markets, including:
  - (a) direct employment generation (microenterprise development, public works);
  - (b) labor exchanges or employment services linking supply and demand of labor (job brokerage);
  - (c) skills development and training programs;
  - (d) labor legislation, including provisions such as minimum age, labor standards, occupational health and safety;
- (iii) **Social Insurance Programs**, to cushion the risks associated with unemployment, health, disability, maternity, work injury, and old age;
- (iv) **Social Assistance and Welfare Service Programs**, to assist the most vulnerable groups with no other means of adequate support, including
  - (a) welfare and social services, institutionalized or community-based, for orphans, the physically or mentally disabled, and other vulnerable groups;
  - (b) cash or in-kind transfers (e.g., food stamps);
  - (c) temporary subsidies (e.g., energy life-line tariffs, lower prices of staple food in times of crisis);
- (v) **Micro and Area-Based Schemes**, to address risk and vulnerability at the community level, including microinsurance, agricultural insurance and reinsurance, social funds, disaster preparedness and management; and
- (vi) **Child Protection Programs** to secure healthy and productive development of the future Asian workforce, such as
  - (a) early child development interventions;
  - (b) school feeding programs, scholarships, waiving of health fees, family allowances;
  - (c) street children initiatives;
  - (d) child rights advocacy/awareness programs, including for child labor, trafficking, and sexual exploitation; and
  - (e) youth programs to avoid social anomia in teenagers, drug addiction, early pregnancies, HIV/AIDS, and other transmittable diseases.

ADBI = Asian Development Bank Institute; ADB = Asian Development Bank, BPHR = Human Resources Division, DMC = developing member country, ILO = International Labour Organization, NGO = nongovernment organization, OECD = Organization for Economic Co-operation and Development, OGC = Office of the General Counsel, RSPR = Poverty Reduction and Social Development Division, SPD = Strategy and Policy Department, SPS = Social Protection Strategy.

- (vii) Seminar Series for Parliamentarians on Development Policy Issues (Bishkek, 19–20 June 2002, ADB-ADB Institute);
- (viii) Proposed Regional Workshop on Labor Standards (Manila, 18–20 September 2002, RSPR in collaboration with ILO; and
- (ix) Proposed Regional Conference on Disability and Development (Manila, 2–4 October 2002, RSPR).

28. **ADB Social Protection Network.** RSPR/Regional and Sustainable Development Department (RSDD) launched the ADB Social Protection Network on 17 April 2002. The main goal of the Network is to continue the exchange of information on experience and good practices, cutting-edge theoretical approaches, information on international events, conferences, training,

and professional opportunities.<sup>22</sup> The Network also has as a primary objective to assist on the adequate implementation of ADB's SPS in DMCs, including assistance on how to prepare country strategies, design projects, and monitor implementation and progress. Additionally, the Network is intended to serve as a link to outside organizations working on social protection, ensuring that a social protection knowledge management system is established within ADB.

### **C. Future Steps**

29. During 2002, at least one social protection specialist still has to be recruited. During 2003, the Social Protection Network should actively ensure that operationally relevant knowledge needs are met.

30. Training should be continued, building on existing success. To strengthen the implementation of the SPS among DMCs, efforts should be devoted to strengthen capacity building initiatives at the country level. This is the proposed ADB, ADB Institute, ILO, and World Bank initiative, Building National Social Protection Strategies in DMCs,<sup>23</sup> to elaborate methodologically correct plans to reduce poverty and vulnerability, in consultation with government, private sector and civil society organizations. Intermittent training to high ranking officials, those nominated to be in charge of National Social Protection Strategies, will be necessary over 1.5 years to ensure accurate and methodologically correct strategies. Proper Vulnerability and Risk Analysis and Labor Market Assessments should be developed to assess country needs, in parallel with Social Expenditure Reviews to assess the available resources; and the results and final policy prioritization debated in a transparent, participatory manner. This will assist ADB to improve its social protection portfolio, build DMCs' policy-making capacities, and harmonize advice and assistance from external agencies.

## **VI. STRATEGIC PARTNERSHIPS WITH AID AGENCIES AND LABOR UNIONS**

### **A. SPS Commitments**

31. The SPS built on an intense and fruitful consultative process, and proposed to strengthen collaborative efforts and dialogue with (i) development agencies, to avoid duplication of efforts and ensure optimal use of development resources; and (ii) NGOs and labor unions, to ensure accountability and civil society participation.

### **B. Progress**

32. Consultations with development agencies and unions are frequent and productive. Consultations with the World Bank have been intense and numerous since ADB embarked on elaborating the SPS, including regular E-mail exchange and frequent visits to Manila by the World Bank social protection director and senior staff,<sup>24</sup> consultations through ADB's North American Representative Office (NARO), and visits of ADB staff to Washington D.C.<sup>25</sup> Consultations with

<sup>22</sup> Anchored in RSPR, the Network is promoting this exchange of ideas, good practices and technical approaches by E-mail, brown bag seminars, workshops, reports, training, and informal lunches.

<sup>23</sup> Proposed for 2003-2004, for \$600,000 (Poverty Reduction Cooperation Fund).

<sup>24</sup> Including, most significantly, repeated visits, communication and presentations to ADB senior staff by R. Holzmann (Director, Social Protection, Human Development Network); D. Lindeman, Senior Pension Specialist; J. Blomquist, Senior Social Safety Net Specialist, Social Protection.

<sup>25</sup> Coinciding with other events—Human Development Weeks (March 1999, March 1999), and World Bank Institute (WBI) Training on Labor Markets (April 2002); North American Representative Office (NARO) was ADB's focal point for the Asia-Pacific Economic Cooperation (APEC) Working Group on *Social Safety Nets*, in collaboration with the World Bank, Inter-American Development Bank (IDB), and IMF (2001).

other agencies have also been significant, including joint publications with the DFID.<sup>26</sup> Collaboration with Asia-Pacific Economic Cooperation (APEC) has also been important in the areas of pension reform and social safety nets.

33. Memorandums of Understanding with development agencies: During 2001–2002, ADB signed several strategic partnerships to ensure collaboration with other development institutions. These included, by chronological order, memorandums of understanding with United Nations Development Programme (UNDP), IDB, ILO, and World Bank. For social protection, an important partnership is with ILO, signed on 9 May 2002 during the ADB Annual Meeting. The scope of activities includes

- (i) exchange of relevant information documentation, studies, research, and best practices to promote cooperation and complementarity in operational work;
- (ii) consultations between ADB and ILO on ADB's country strategies and assistance plans, and, where appropriate and feasible, participation by ILO technical staff in ADB country poverty analysis or country strategy and program preparatory missions, contributing with advice and a brief summary labor market assessment to ensure that ADB's portfolio supports inclusive, employment generating development patterns, enhances welfare, and helps to allocate human resources to their most productive uses;
- (iii) in countries where ADB is planning a social protection intervention in line with its SPS, ILO, within the framework of its mandate, will contribute to the development of a cooperative framework and networking among counterpart ministries, employers' and workers' organizations, and other civil society partners;
- (iv) implementation, as appropriate, by ILO of ADB-funded activities in areas that relate to its competence and capacity, such as regional, advisory, and project preparatory technical assistance;
- (v) assistance from ILO to ADB project design and review missions through interagency consultations and engagement of ILO experts by ADB, as appropriate;
- (vi) assistance from ADB to ILO in the development of Decent Work country programs through interagency consultations;
- (vii) research studies on matters of mutual interest; and
- (viii) exchange of staff where appropriate and feasible.

34. To ensure proper implementation, a high level mission from ILO visited ADB on 1–5 July 2002;<sup>27</sup> the ILO mission met ADB's President, delivered presentations to ADB directors and staff, and followed up next steps with relevant ADB departments.

<sup>26</sup> See Conway, T.; A. De Haan, S. Jorgensen, R. Holzmann, A. Norton, I. Ortiz, and W. Van Ginneken. 2000. *Social Protection: New Directions of Donor Agencies*. DFID. London; and DFID-Overseas Development Institute (ODI). 2000. *Social Protection Concepts and Approaches: Implications for Policy and Practice in International Development*. London.

<sup>27</sup> The mission comprised K. Tapiola, Executive Director, Standards and Fundamental Principles and Rights at Work, S. Taylor, Officer in Charge of Relations with International Financial Institutions, W. Blenk, Director ILO Manila Office, and C. Torres, Deputy Director of the ILO Manila Office.

35. Better dialogue with labor unions is an important element of the ADB SPS. Labor unions have an essential role in employment and good working conditions for development; on the other hand, it is important that unions understand development dilemmas. A good dialogue and common understanding can bring significant benefits to all parties. Thus, ADB staff have been participating in dialogue between labor unions and international financial institutions (IFIs) (Box 5).<sup>28</sup> Additionally, the President has approved that the next International Confederation of Free Trade Unions–Asian Pacific Regional Organization (ICFTU-APRO) Regional Dialogue with International Financial Institutions will be held at ADB headquarters on 10–11 October 2002, to debate labor issues in development policies among ADB, IMF, and World Bank and trade union representatives from the entire Asia and Pacific region. Proposed discussion topics include the social costs of adjustment, privatization policies, and how to ensure employment generating development patterns in the region.

#### **Box 5: Consultations with Labor Unions**

There have been a variety of exchanges between labor unions and international financial institutions (IFIs). The Asian Labor Network on International Finance Institutions (ALNI), and International Confederation of Free Trade Unions–Asian and Pacific Regional Organization (ICFTU-APRO) have hosted meetings to encourage better dialogue on issues of privatization and structural adjustment, in which Asian Development Bank (ADB) has participated. Labor unions argue that IFIs have not ensured that the social costs of privatization and structural adjustment are addressed through adequate retrenchment programs and social safety nets, have adverse impacts on employment, and thus do not contribute to reducing poverty. However, since the Asian Crisis, ADB has invested a significant amount of resources on safety nets and labor projects; supported social expenditures in affected countries; called the attention of policy-makers at the national and international level (e.g., Asia-Pacific Economic Cooperation); and adopted in September 2001 the Social Protection Strategy focused on employment and vulnerabilities that underscores, among other issues, the importance of country–level dialogue with workers’ organizations when preparing labor related interventions. The World Bank has advanced dialogue by opening a Labor Markets Group within the Social Protection Unit, working closely with trade unions in each client country, and designing labor projects. To ensure continued dialogue, the ICFTU-APRO hosted a first consultation of their workers’ representatives of the Asian and Pacific region with IFIs (World Bank, International Monetary Fund (IMF), ADB) on 25–26 October 2001 in Singapore. The meeting was very useful for exchanging information; raising labor union concerns; and forging partnerships in IFIs efforts to combat poverty, promote employment, and involve stakeholders in policy design, monitoring, and implementation. The second dialogue is being hosted by ADB on 10–11 October 2002, Manila.

36. ADB has been working with NGOs related to social protection in numerous projects and regional studies. NGOs are normally consulted at different stages of the ADB project cycle, from the Country Poverty Analysis (high and lower level forums) to project design. Additionally, ADB is working with NGOs at the regional level, in areas such as child protection,<sup>29</sup> disability,<sup>30</sup> or care for the elderly,<sup>31</sup> among other social protection topics.

37. To facilitate this dialogue, the NGO Center has become the official ADB interface with unions and social protection related NGOs, directing them to the relevant ADB divisions.

<sup>28</sup> Asian Regional High-Level Meeting on Child Labor (8-10 March 2000, Jakarta, Indonesia); ICFTU-APRO Regional Conference on Industrial Relations and Increasing Globalization (29 August-2 September 2000, Manila); ICFTU-APRO Regional Dialogue with International Financial Institutions (25-26 October 2001, Singapore); and Asian Labor Network on International Finance Institutions (ALNI) Regional Meeting on 13 November 2001.

<sup>29</sup> Save the Children Fund participated very actively in formulating the SPS and several projects, and is proposed to collaborate with ADB NGO Center in the exploratory paper “Streetchildren in Asia: An Enhanced Role for ADB?”.

<sup>30</sup> Center for Disability Studies/Foundation for International Training (FIT)/Disabled Peoples International is implementing ADB’s *Technical Assistance for Identifying Disability Issues Related to Poverty Reduction*. Manila. (TA 5956 for \$600,000, approved on 28 November 2000).

<sup>31</sup> HelpAge Asia participated actively in the SPS and ADB Poverty Forum (February 2001).

### C. Future Steps

38. Like the rest of the institutional issues, donor coordination and the formation of strategic partnerships are in an advanced stage. Future immediate steps include maintaining dialogue with NGOs and labor unions, and ensuring adequate implementation of the ADB-ILO memorandum of understanding.

39. In the medium term, implementation of the SPS will require strengthening partnerships with other organizations of the United Nations system (e.g., United Nations Children Fund), and main international NGOs (HelpAge, the International Save the Children Alliance, Disabled Peoples International, etc.) and bilateral agencies, to ensure homogeneous approaches, learn from their pilot experiences, and share scarce resources for development through the use of ADB-based trust funds.

## VII. COORDINATION IN THE IMPLEMENTATION OF SPS

### A. SPS Commitments

40. The SPS should be disseminated among ADB staff and DMCs to ensure proper implementation and ultimately effective reduction of poverty and vulnerability in the Asia Pacific region. This will include detailed guidelines, manuals, best practices and databases on social protection topics. Coordination of the SPS is anchored in RSDD.

### B. Progress

41. **Publication and Dissemination of the SPS.** During 2001–2002, OER, with the assistance of SPD and RSDD, organized international press conferences, press releases, and articles to disseminate ADB's SPS. This has been complemented by presentation of the SPS at numerous international events.<sup>32</sup> *ADB's Social Protection Strategy* was first printed in December 2001, and was so well received that it had to be reprinted on June 2002. The SPS has been widely distributed among funding agencies and DMCs.

42. **The ADB Social Protection Web Site** was launched in September 2002,<sup>33</sup> also with the assistance of OER. The website includes a dedicated E-mail account for consultations (socialprotection@adb.org) managed by RSDD, to further assist external dissemination efforts. The web site is organized following the five topics of ADB's SPS: labor markets, social insurance, social assistance, micro and area based schemes to protect communities and child protection.

43. Internally, the Social Protection Network has been distributing information materials electronically to all members.

44. **Guidelines, Checklists, and Best Practice.** To assist staff, two major publications have been issued, *Social Protection in Asia and the Pacific*, and *ADB's Handbook on Poverty and Social Analysis*. Additionally, consultant databases have been created and reading materials acquired by ADB's general library.

<sup>32</sup> Newspaper articles are recorded in an important number of DMCs; two focus articles were published at the ADB Review; presentations included the ADB Annual Meeting (Shanghai, 9 May 2002), World Bank (Washington, 23 April 2002), ASEAN (Kuala Lumpur, 21 March 2002), ASEM (Manila, 5-7 November 2001), OECD (Paris, 9-10 April 2001), Asia Pacific Forum on Poverty (Manila, 5-9 February 2001), DFID (London, 22-23 March 2000).

<sup>33</sup> See Topics under ADB website or <http://www.adb.org/socialprotection.asp>

45. *Social Protection in Asia and the Pacific*<sup>34</sup> is a practical and comprehensive manual for ADB staff, policy makers, and professionals. The volume presents a menu of social protection interventions and the way to prioritize them, including theoretical approaches and project design issues in the five areas of social protection - labor markets, social insurance, social assistance, micro and area-based schemes to protect communities, and child protection. Additional papers were developed for areas of special interest, such as community-based social funds and disaster management. The appendixes provide a matrix summarizing social protection policies, and detailed statistical tables.

46. The *ADB Handbook for Poverty and Social Analysis*<sup>35</sup> is intended to provide an integrated approach to all ADB poverty reduction and social development policies, including the SPS, under ADB's new business processes initiated after ADB's reorganization on 1 January 2002. The *Handbook* provides indicative guidelines on how to develop summary Labor Market Assessments and Vulnerability and Risk Profiles, and how to incorporate the findings in the Country Poverty Analysis and CSP. The *Handbook for Poverty and Social Analysis* also devotes main sections to addressing vulnerability and labor issues during project design. Currently, every ADB project undergoes an Initial Poverty and Social Assessment (IPSA) at the pre-design stage that reveals, among the others, vulnerability and labor issues that impinge on the design of a sustainable intervention. These determine the scope of the in-depth poverty and social analysis to be developed during loan design to ensure that social protection and other social development priorities are systematically mainstreamed in ADB loans.

47. **Social Protection Data Bases and Materials.** A roster of social protection consultants has been created in RSDD to assist ADB staff in operations, expanding the Consulting Services Division's (COCS) database of individual consultants (DICON) system. With respect to ADB's statistical databases, Economics and Research Department (ERD) has created the Statistical Data Base System (SDBS),<sup>36</sup> which includes population, labor, and social indicators by DMC, and is completing a Poverty Database that will be soon available on ADB's web site, assisted by OER.<sup>37</sup> The recently released *ADB Key Indicators 2002*<sup>38</sup> theme chapter has focused on demographic trends in Asia and the Pacific and their long-term socioeconomic implications, including implications on social protection policies.

48. ADB's library (OAFM-LI) has been collecting significant materials on social protection—more than one hundred titles during 2002. Of these, some have been acquired and some have been donated by ILO and the World Bank.

### C. Future Steps

49. The SPS has been well disseminated, ADB social protection web site launched, guidelines and best practices published, training prepared, a social protection specialists data base created, statistical data bases set, and materials procured for the ADB Library. Activities in 2003 should focus on disseminating and, if necessary, improving, social protection guidelines.

<sup>34</sup> Ortiz, I. (ed) 2001: *Social Protection in Asia and the Pacific*, Manila, ADB. Available: [http://www.adb.org/Documents/Books/Social\\_Protection/default.asp](http://www.adb.org/Documents/Books/Social_Protection/default.asp)

<sup>35</sup> ADB. 2001. *ADB Handbook on Poverty and Social Analysis: A Working Document*. Manila. Available: [http://www.adb.org/Documents/Handbooks/Poverty\\_Social/default.asp](http://www.adb.org/Documents/Handbooks/Poverty_Social/default.asp)

<sup>36</sup> Available in ADB's Application Security Access Control.

<sup>37</sup> ADB. 2000. *Technical Assistance for Building a Poverty Database* (TA 5917, for \$600,000). Manila.

<sup>38</sup> ADB. 2002. *Key Indicators: Population and Human Resource Trends and Challenges*. Manila.

## VIII. CONCLUSION

50. Implementation of the SPS has achieved significant progress during its first year 2001–2002. Appendix 1 summarizes the main points of this report, as agreed in the SPS Action Plan. The focus of this first year has been in securing the inputs of the SPS—recruiting/redeploying staff, organizing training and learning materials, launching the ADB Social Protection Network and web site, preparing guidelines and data bases, establishing the foundations for cooperation with other partners, disseminating the SPS among DMCs, and maintaining an active portfolio.

51. From 2003 onwards, ADB should focus on consolidating achievements and ensuring quality by

- (i) better incorporating labor and vulnerability issues into country programming, including quantifiable summary analysis, to ensure that ADB addresses country needs;
- (ii) ensuring that the ADB social protection pipeline addresses the following priorities, by order of importance: coverage, targeting of vulnerable groups and gender issues, sustainability and good governance, and an integrated approach to social protection;
- (iii) strengthening compliance with safeguards and monitoring at project implementation;
- (iv) maintaining capacity building activities for ADB staff and DMC officials—a priority area for social protection is to build National Social Protection Strategies, in collaboration with ILO and the World Bank;
- (v) making strategic partnerships with ILO and the World Bank work;
- (vi) maintaining dialogue with labor unions and social protection related NGOs; and
- (vii) disseminating social protection guidelines.

## PROGRESS IN IMPLEMENTING THE SOCIAL PROTECTION STRATEGY ACTION PLAN

Issue	Action	Timing	Responsible ADB Division	Status on August 2002	Areas to Strengthen
<b>Determination of Social Protection Country Priorities</b>					
<p>Asian Development Bank (ADB) to selectively develop social protection interventions in developing member countries (DMCs). Priorities determined by</p> <ul style="list-style-type: none"> <li>▪ country needs,</li> <li>▪ available resources,</li> <li>▪ feasible institutional arrangements, and</li> <li>▪ ensuring success by taking into account the political economy of reform.</li> </ul>	<p>Country poverty analysis will determine if social protection interventions are necessary/adequate in a DMC, and if so, prioritize needs through a vulnerability profile, a summary labor market analysis, a social expenditure review (part of the governance assessment), and evaluation of institutional and political capacity for reforms. The selected interventions and their justification will be reflected in the country strategy and program (CSP).</p>	<p>Starting in 2002</p>	<ul style="list-style-type: none"> <li>▪ Regional departments</li> <li>▪ Resident missions</li> <li>▪ Social sector divisions</li> <li>▪ Regional and Sustainable Development Department (RSDD)</li> </ul>	<p>Limited progress – First batch of country poverty analyses (started in 1999) was almost completed by end 2001. CSPs incorporate basic employment data and unquantified vulnerability issues.</p>	<p>Summary assessments will be developed in Country Poverty Analyses and sections strengthened CSPs. Collaboration with International Labour Organization (ILO) and World Bank will avoid duplication of efforts, guarantee optimal use of scarce resources and ensure coherent advice to DMCs.</p>
<b>Lending and Nonlending Project Activities</b>					
<p>Selected ADB interventions in social protection (either in labor markets, social insurance, social assistance, micro and area-based schemes or child protection) to ensure that vulnerable populations, particularly the poor, effectively reduce their exposure to risks and improve their prospects for human capital development.</p>	<p>Selected social protection interventions (loans/technical assistance) to address the following priorities:</p> <ul style="list-style-type: none"> <li>▪ adequate coverage,</li> <li>▪ targeting vulnerable population groups and gender issues,</li> <li>▪ sustainability and good governance, and</li> <li>▪ integrated approach to social protection.</li> </ul>	<p>Starting in 2002</p>	<ul style="list-style-type: none"> <li>▪ Social sector divisions</li> <li>▪ Other sector divisions in Regional departments</li> </ul>	<p>Ongoing</p>	<p>More emphasis on quality; targeting better country specific needs.</p>
<b>Collateral Issues and Safeguards</b>					
<p>Ensure that vulnerable groups are not negatively affected as a result of an ADB intervention.</p>	<ul style="list-style-type: none"> <li>▪ Vulnerability and labor issues identified in the projects' social impact assessments, ADB's Operations Manual (OM) 47</li> <li>▪ If needed, and as mandated by OM 47, mitigation plans developed to compensate affected populations and avoid creating poverty, such as <ul style="list-style-type: none"> <li>▪ labor retrenchments, and</li> <li>▪ temporary safety nets for adversely affected vulnerable populations (e.g., tiered pricing of utilities, exemption from user charges, allowances).</li> </ul> </li> </ul>	<p>Starting in 2002</p>	<ul style="list-style-type: none"> <li>▪ Regional departments</li> <li>▪ Office of the General Counsel (OGC)</li> <li>▪ Consulting Services Division (COSO)</li> <li>▪ RSDD</li> </ul>	<p>Effective</p>	<p>Better monitoring of project implementation</p>

Issue	Action	Timing	Responsible ADB Division	Status on August 2002	Areas to Strengthen
ADB to promote good social protection practices.	<ul style="list-style-type: none"> <li>▪ ADB to design and formulate interventions ensuring they comply with the international core labor standards.</li> <li>▪ ADB to take all necessary and appropriate steps to ensure and monitor that ADB-financed procurement of goods and services, contractors, subcontractors, and consultants will comply with the country's labor legislation (e.g., minimum wages, safe working conditions, and social security contributions, etc.) as well as with the core labor standards.</li> </ul>		<ul style="list-style-type: none"> <li>▪ Regional Departments</li> <li>▪ OGC</li> <li>▪ COSO</li> <li>▪ RSDD</li> </ul>	Effective	Better monitoring of project implementation.
<b>Institutional Issues</b>					
Social protection demands new skills and staff.	<ul style="list-style-type: none"> <li>▪ At least one new staff as social protection specialist in each subregional social sector division, including the Office of Pacific Operations (OPO).</li> <li>▪ At least one staff person in Poverty Reduction and Social Development Division (RSPR).</li> <li>▪ Staff to be recruited and retrained.</li> </ul>	Starting in 2002	<ul style="list-style-type: none"> <li>▪ Human Resources Division (BPHR)</li> </ul>	2 staff recruited, 2 staff redeployed (4 of a total of 6).	2 more staff to be recruited/redeployed within FY2002.
Training.	<ul style="list-style-type: none"> <li>▪ External training.</li> <li>▪ Internal training.</li> </ul>	Starting In 2002	<ul style="list-style-type: none"> <li>▪ BPHR</li> <li>▪ ADB Institute</li> <li>▪ RSDD</li> </ul>	Done; further training being developed on Social Protection (21–25 October 2002) and other social protection related topics.	Continue regular training to ADB staff and DMCs.
Formalizing ADB strategic partnerships.	<ul style="list-style-type: none"> <li>▪ Memorandum of Understanding (MOUs) with ILO, World Bank (WB), United Nations (UN).</li> </ul>	2001–2002	<ul style="list-style-type: none"> <li>▪ Strategy and Policy Department (SPD)</li> </ul>	MOUs signed; implementation activities ongoing.	Ensure adequate implementation of MOU with ILO.
Labor unions to have an official interlocutor at ADB.	<ul style="list-style-type: none"> <li>▪ Nongovernment (NGO) Center attending to labor unions.</li> </ul>	2001	<ul style="list-style-type: none"> <li>▪ NGO Center, assisted by RSPR/ RSDD</li> </ul>	Done; ADB also actively interacting with unions in many other events, including hosting the international dialogue of ICFTU-APRO) in October– see section 6 of the main report.	<p>Maintain continuous dialogue</p> <p>Strengthen work with social protection related NGOs</p>
Coordination implementation social protection strategy.	<ul style="list-style-type: none"> <li>▪ Issuing manuals and guidelines.</li> <li>▪ Monitoring implementation of SPS.</li> </ul>	Starting 2002	<ul style="list-style-type: none"> <li>▪ RSDD</li> </ul>	Done/ongoing	Ensure quality

## SOCIAL PROTECTION AND COUNTRY PROGRAMMING

Table 1: ADB Social Protection Requirements at Country Programming

Countries	Year	Poverty Analysis			CSP	
		Summary Labor Market Analysis	Vulnerability Profile	Social Expenditure Review	Mainstreaming Labor Issues	Mainstreaming Vulnerability Issues
Afghanistan					√	√
Azerbaijan					√	-
Bangladesh	2002 <sup>a</sup>	-	-	-	√	√
Bhutan	2000	-	-	-	√	√
Cambodia	2001	-	-	-	√	-
PRC					√	√
Cook Islands	2001	-	-	-	√	-
Fiji Islands	2001	-	-	-		
India	2001	-	-	-	√	√
Indonesia	2000	-	-	-	√	√
Kazakhstan					√	√
Kiribati	2001	-	-		√	-
Kyrgyz Republic	2000	√	-	√	√	-
Lao PDR	2001	-	-	-	√	-
Malaysia						
Maldives	2001	-	-	-	√	√
Marshall Islands	2001	-	-	-		
Micronesia	2001	-	-	-		
Mongolia					-	-
Myanmar						
Nauru	2001	-	-	-		
Nepal	2002	-	-	-	√	-
Pakistan	2001	-	-	-	√	-
PNG	2001	-	-	-	√	-
Philippines <sup>b</sup>	2001	-	-	-	√	√
Samoa	2001	-	-	-	√	-
Solomon Islands	2001	-	-	-		
Sri Lanka	2001	-	-	-	√	-
Tajikistan					√	√
Thailand					√	-
Tonga	2001	-	-	-		
Turkmenistan						
Tuvalu	2001	-	-	-	√	-
Uzbekistan					-	√
Vanuatu	2001	-	-	-	√	-
Viet Nam	2001	-	-	-	√	√

ADB = Asian Development Bank, CSP = Country Strategy and Program, Lao PDR = The Lao People's Democratic Republic, PNG = Papua New Guinea, PRC = The People's Republic of China.

<sup>a</sup> Background paper

<sup>b</sup> Initiating draft

## SOCIAL PROTECTION LENDING AND NONLENDING PROJECTS, 1997–2002

Table 1: Social Protection Loans—Labor Markets

Year	Country	Name	Amount (\$ million)	Source	Department
1997	MAL	Technical Education Project	40.0	OCR	SERD
1998	THA	Social Sector Program	500.0	OCR	AWD
1998	VIE	Vocational and Technical Education	54.0	ADF	AWD
1999	PNG	Employment-Oriented Skills Development	20.0	ADF	OPO
1999	SRI	Skills Development	18.8	ADF	AWD
2000	PHI	Technical Education and Skills Development	25.0	OCR	AED
2000	PHI	Fund for Technical Education and Skills	19.9	OCR	AED
2000	PNG	Microfinance and Employment	9.6	ADF	OPO
2000	RMI	Skills Training and Vocational Education	6.8	ADF	OPO
2000	THA	SME Investment and Restructuring Fund	25.0	Equity	PSG
2000	SAM	Education Sector Project	7.0	ADF	OPO
2001	BHU	Basic Skills Development	7.0	ADF	AWD
2002-Firm	KAZ	Urban Small Business Development	25.0	OCR	ECRD
2002-Firm	PAK	Sindh Rural Development	50.0	ADF	SARD
<b>Total</b>			<b>808.1</b>		

ADF = Asian Development Fund, AED = Agriculture and Social Sectors Department (East), AWD = Agriculture and Social Sectors Department (West), BHU = Bhutan, ECRD = East and Central Asia Department, KAZ = Kazakhstan, MAL = Malaysia, OCR = Ordinary capital resources, OPO = Office of Pacific Operations, PAK = Pakistan, PHI = Philippines, PNG = Papua New Guinea, PSG = Private Sector Group, RMI = The Republic of Marshall Islands, SAM = Samoa, SARD = South Asia Department, SERD = Southeast Asia Department, SRI = Sri Lanka, THA = Thailand, VIE = Viet Nam.

Note: Labor markets include (i) active labor markets programs; (i) direct employment generation (promoting small and medium enterprises, public works); (ii) labor exchanges or employment services (job brokerage, counseling) linking supply with demand of labor; and (iii) skills development programs (vocational and technical training). Passive labor market policies include (i) unemployment insurance, (ii) income support, and (iii) an appropriate legislative framework that strikes a balance between economic efficiency and labor protection.

Table 2: Social Protection Loans—Social Insurance

Year	Country	Name	Amount (\$ million)	Source	Department
1997	MON	Health Sector Development Program	15.9	ADF/ADF	AED
1997	KAZ	Pension Reform Program	100.0	OCR	IED
1999	KGZ	Financial Intermediation and Resource Mobilization Program	35.0	ADF	IED
2000	FSM	Basic Social Services	8.0	ADF	OPO
2000	VIE	Rural Health	68.3	ADF	AWD
2001	MON	Social Security Sector Development Program (Program and Project)	12.0	ADF	AED
2002-Firm	PAK	Capital Market Development Program	200.0	OCR	SARD
2002-Firm	INO	Financial Governance and Social Security Reform Program	30.0	ADF	SERD
<b>Total</b>			<b>469.2</b>		

ADF = Asian Development Fund, AED = Agriculture and Social Sectors Department (East), AWD = Agriculture and Social Sectors Department (West), FSM = The Federated States of Micronesia, IED = Infrastructure, Energy and Financial Sectors Department (IED), INO = Indonesia, KAZ = Kazakhstan, KYZ = Kryrgyz Republic, MON = Mongolia, OCR = Ordinary capital resources, OPO = Office of Pacific Operations, PAK = Pakistan, SARD = South Asia Department, SERD = Southeast Asia Department, VIE = Viet Nam.

Note: Social insurance includes unemployment insurance, work injury insurance, disability and invalidity insurance, sickness and health insurance, maternity insurance, old-age insurance and life and survivors insurance.

Table 3: Social Protection Loans—Social Assistance

Year	Country	Name	Amount (\$ million)	Source	Department
1997	COO	Cyclone Emergency Rehabilitation	0.8	ADF	OPO
2000	BAN	Southwest Flood Damage Rehabilitation	54.8	ADF	IED
2001	IND	Gujarat Earthquake Rehabilitation and Reconstruction	500.0	OCR	SARD
<b>Total</b>			<b>555.6</b>		

ADF = Asian Development Fund, BAN = Bangladesh, COO = The Cook Islands, IED = Infrastructure, Energy and Financial Sectors Department (IED), IND = India, OCR = Ordinary capital resources, OPO = Office of Pacific Operations, SARD = South Asia Department.

Note: Social Assistance consists of programs for the most vulnerable, not eligible for any other social protection scheme. Beneficiaries may include orphans, single-parent households, refugees, victims of natural disasters or civil conflicts, the destitute poor; etc. Social assistance interventions may include (i) welfare and social services, institutionalized or community-based, to highly vulnerable sections of the population, such as the physically or mentally disabled, or substance abusers; (ii) cash or in-kind transfers such as, food stamps and family allowances to vulnerable groups; and (iii) temporary subsidies, such as energy life-line tariffs, housing subsidies, or support of lower prices of staple food in times of crisis. Emergency projects have been considered only if based employment-generating public works or other social protection policies.

**Table 4: Social Protection Loans—Micro and Area-Based Approaches to Protect Communities**

Year	Country	B. Name	Amount (\$ million)	Source	Department
1997	PHI	Fisheries Resource Management	35.2	OCR/ADF	AED
1997	INO	Coastal Community Development and Fisheries	41.0	OCR/ADF	AED
1997	INO	Rural Income Generation	78.6	OCR	AED
1998	BAN	Rural Livelihood	42.6	ADF	AWD
1998	KGZ	Social Services Delivery and Finance	10.0	ADF	AED
1998	PHI	Agrarian Reform Communities	93.2	OCR	AED
1999	INO	Community and Local Government Support	320.0	OCR	AED
1999	TAJ	Social Sector Rehabilitation Project	20.0	ADF	AED
2000	INO	Community Empowerment for Rural Development	115.0	OCR/ADF	AED
2000	INO	Marine and Coastal Resources Management	50.0	ADF	AED
2000	MON	Agriculture Sector Development Program	17.0	OCR/ADF	AED
2002-Firm	INO	Poor Farmer Income Improvement	50.0	ADF	SERD
2002-Firm	TAJ	Rural Financial Systems Development	5.0	ADF	ECRD
2002-Firm	UZB	Rural Savings and Credit Union Development	10.0	OCR	ECRD
2002-Firm	PHI	Development of Poor Urban Communities	50.0	OCR	SERD
2002-Firm	INO	Local Gov't Capacity Building for Decentralization	30.0	ADF	SERD
2002-Firm	CAM	Decentralization Support Project	10.0	ADF	MKRD
2002-Firm	PHI	Enhancement of Rural Livelihoods in Mindanao Forestlands	40.0	OCR	SERD
<b>Total</b>			<b>1017.6</b>		

ADF = Asian Development Fund, AED = Agriculture and Social Sectors Department (East), AWD = Agriculture and Social Sectors Department (West), BAN = Bangladesh, CAM = Cambodia, ECRD = East and Central Asia Department, INO = Indonesia, KGZ = The Kyrgyz Republic, MON = Mongolia, OCR = Ordinary capital resources, PHI = Philippines, SERD = Southeast Asia Department, TAJ = Tajikistan, UZB = Uzbekistan.

Note: Micro and area-based schemes for the informal sector (urban or rural) include schemes such as microinsurance, agricultural insurance, community-based social funds, and disaster preparedness. Disaster relief is excluded. Microfinance projects are also excluded, except when they include microinsurance, promote community self-help or other social protection policies.

**Table 5: Social Protection Loans—Child Protection**

Year	Country	Name	Amount (\$ million)	Source	Department
1998	PHI	Early Child Development Project	24.5	OCR	AED
1998	LAO	Basic Education (Girls)	20.0	ADF	AWD
1998	INO	Social Protection Sector Development	300.0	OCR	AED
1999	INO	Health and Nutrition Sector Development Program	300.0	OCR	AED
<b>Total</b>			<b>644.5</b>		

ADF = Asian Development Fund, AED = Agriculture and Social Sectors Department (East), AWD = Agriculture and Social Sectors Department (West), INO = Indonesia, LAO = The Lao People's Democratic Republic, PHI = Philippines, OCR = Ordinary capital resources.

Note: Child protection activities may include matters pertaining to early child development, school feeding programs, scholarships or school fee waivers, mother and child fee waiving in health services, street children initiatives, child rights advocacy and awareness programs against child abuse, child labor, and family allowances to meet children's basic needs. Basic education and health projects are generally excluded, unless they have a significant amount of child protection activities.

**Table 6: Social Protection Project Non-Lending Activities (excluding PPTAs), 1999-2002**

Year	Country	Name	Amount (\$ million)	Type (JFPR/ AOTA)	Dept.
1999	Regional	Improving the Role of Labor Standards in Selected DMCs	0.40	RETA-Study	RSDD
1999	Regional	Strategies for Improved Social Protection in Asia	0.70	RETA-Study	RSDD
2000	Regional	Combating Trafficking of Women and children in South Asia	0.44	RETA-Others	RSDD
2000	Regional	Improving Disability Issues Related to Poverty Reduction	0.30	RETA-Study	RSDD
2000	PRC	Policy Support for Social Security Reform Under Tenth Five-Year Plan	0.15	ADTA	ECRD
2001	PRC	Policy and Institutional Support for the Social Security Reform Pilot Program	1.0	ADTA	ECRD
2001	Bhutan	Institutional Development of Department of Employment and Labor	0.2	ADTA	PARD
2001	Central Asian Republics	Asian Countries in Transition for Improving Nutrition for Poor Mothers and Children	6.85	JFPR	ECRD
2001	Greater Mekong Region	Community Action for Preventing HIV/AIDS	8.0	JFPR	MKRD
2001	Indonesia	Assisting Girl Street Children at Risk of Sexual Abuse Project	1.0	JFPR	SERD
2001	Lao PDR	Supporting the Community Managed Livelihood Improvement Project	1.0	JFPR	MKRD
2001	Nepal	Supporting Poor and Disadvantaged Farmers through Civil Society Organizations	0.8	JFPR	SARD
2001	Philippines	On-Site Integrated Urban Upgrading for Vulnerable Slum Communities of Payatas Project	1.0	JFPR	SERD
2001	Philippines	Off-Site and Off-City relocation of Vulnerable Slum Communities of Muntinlupa City Project	1.0	JFPR	SERD
2001	Philippines	Social Safety Nets for Poor Women Vendors in Mindanao Cities	1.0	JFPR	SERD
2001	Uzbekistan	Supporting Innovative Poverty Reduction in Karakalpakstan Project	2.54	JFPR	ECRD
2002	Azerbaijan	Integration of Internally Displaced Persons in Mingechevir Rayon Project	2.5	JFPR	ECRD
2002	Cambodia	Community-Based Livelihood Enhancement of the Rural Poor in Northwestern Cambodia	1.8	JFPR	MKRD
2002	Mongolia	Expanding Employment Opportunities for Poor Disabled Persons	1.0	JFPR	ECRD
2002	Mongolia	Improving Living Environment of the Poor in Ger Areas	2.2	JFPR	ECRD
2002	Tajikistan	Social Safety Net Restructuring	0.9	ADTA	ECRD
2002	Viet Nam	Social Safety Nets and Financial Markets Development	0.5	ADTA	MKRD
<b>Total</b>			<b>35.28</b>		

ADTA = Advisory technical assistance, JFPR = Japan Fund for Poverty Reduction, ECRD = East and Central Asia Department; Lao PDR = Lao People's Democratic Republic, MKRD = Mekong Department, PARD = Pacific Department, PPTA = Project/program preparatory technical assistance, RETA = Regional technical assistance, RSDD = Regional and Sustainable Development Department, SARD = South Asian Department, SERD = Southeast Asia Department.

## SOCIAL PROTECTION SAFEGUARDS IN ADB LOANS

**Table 1: Ensuring Compliance with Core Labor Standards**

Year	Country	Name of Project	Amount (\$ million)	Type (Loan/TA/ JFPR)	Dept.	Project contributing to eliminate violations on CLS	Project at risk, measures adopted to avoid violation on CLS
1999	LAO	Shifting Cultivation Stabilization Project	5.6	Loan-ADF	MKRD	√	
1999	PNG	Employment Oriented Skills Development	20.0	Loan-ADF	PARD	√	
1999	TAJ	Social Sector Rehabilitation	20.0	Loan-ADF	ECRD	√	
1999	VIE/LAO	East West Economic Corridor	57.0	Loan-ADF	MKRD		√
2000	CAM	Stung Chinit Irrigation and Rural Infrastructure	16.0	Loan-ADF	MKRD	√	
2000	INO	Supporting Girl Streetchildren at risk of Sexual Abuse	1.0	JFPR	SERD	√	
2000	NEP	Crop Diversification Project	100.0	Loan-ADF	SARD	√	√
2000	SAM	Education Sector Project	7.0	Loan-ADF	PARD	√	
2001	CAM	North Western Rural Development	27.0	Loan-ADF	MKRD	√	
2001	CAM	Education Sector Dev't. Program	20.0		MKRD	√	
2001	INO	Decentralized Basic Education and the parallel projects	100.0	Loan-ADF	SERD	√	
2001	INO	Community Based- Education for the Excluded Poor	3.2	JFPR	SERD	√	
2001	MON	MON: Social Security Sector Development Program	12.0	Loan-ADF	ECRD	√	
2001	NEP	Supporting Poor and Disadvantaged Farmers through Civil Society Organizations	0.8	JFPR	SARD	√	
2002	CAM	Targeted Assistance for Education of Poor Girls and Indigenous Children	3.0	Loan-ADF	MKRD	√	
2002	MON	Expanding Employment Opportunities for Persons with Disabilities	1.0	JFPR	ECRD	√	
2002	PAK	Sindh Rural Development Project (proposed for approval)	50.0	Loan-ADF	SARD	√	√
2002	PAK	Decentralized School Improvement Project (proposed)	100.0	Loan- OCR/ADF	SARD	√	√
<b>Total</b>			<b>921.6</b>				

ADB = Asian Development Bank, ADF = Asian Development Fund, CAM = Cambodia, CLS = Core labor standard, ECRD = East and Central Asia Department, INO = Indonesia, JFPR = Japan Fund for Poverty Reduction, LAO = The Lao People's Democratic Republic, MKRD = Mekong Department, MON = Mongolia, NEP = Nepal, OCR = Ordinary capital resources, PAK = Pakistan, PARD = Pacific Department, PNG = Papua New Guinea, SAM = Samoa, SARD = South Asia Department, SERD = Southeast Asia Department, TAJ = Tajikistan, VIE = Viet Nam.

**Table 2: Mitigating Adverse Effects on Vulnerable Populations–Labor Retrenchments**

Year	Country	Name of Project	Amount (\$ million)	Type (Loan/TA/ JFPR)	Dept.	Labor retrenchments/ redundancies
1997	FSM	Public Sector Reform Program	18.00	Loan-ADF	F. OPO	√
2000	SRI	Private Sector Development Program	11.00	Loan	SARD	√
2000	PAK	Microfinance SDP for Pakistan	150.00	Loan	SARD	√
2000	PAK	Energy Sector Restructuring Project	300.00	Loan-OCR	SARD	√
2001	INO	State Owned Enterprise Governance and Privatization Program	400.00		SERD	√
2001	KGZ	Corporate Governance and Enterprises Reform Program	0.70	Loan-JSF	ECRD	√
2002	IND	Public Resource Management Program (Kerala)	200.00	Loan	SERD	√
2002	TON	Economic and Public Sector Reform Program	10.00	Loan-ADF	OPO	√
2002	LAO	Banking Sector Reform Program	15.00	Loan	MKRD	√
<b>Total</b>			<b>1,104.07</b>			

ADF = Asian Development Fund, ECRD = East and Central Asia Department, FSM = The Federated States of Micronesia, IND = India, INO = Indonesia, JSF = Japan Special Fund, JFPR = Japan Fund for Poverty Reduction, KGZ = Kyrgyz Republic, LAO = The Lao People's Democratic Republic, MKRD = Mekong Department, OCR = Ordinary capital resources, OPO = Office of Pacific Operations, PAK = Pakistan, SARD = South Asia Department, SDP = Sector development program, SERD = Southeast Asia Department, SRI = Sri Lanka, TA = technical assistance, TON = Tonga.

**Table 3: Mitigating Adverse Effects on Vulnerable Populations–Risks and Vulnerabilities**

Year	Country	Name of Project	Amount (\$ million)	Type (Loan/TA/ JFPR)	Dept.	Risks/ Vulnerabilities	Social safety nets developed
1998	TAJ	Post-Conflict Infrastructure Program	20	Loan	IED	Unaffordable energy prices	Life-line tariffs
<b>Total</b>			<b>20</b>				

IED = Infrastructure, Energy and Financial Sectors Department (East), JFPR = Japan Funds for Poverty Reduction, TA = technical assistance, TAJ = Tajikistan.