



Technical Assistance Report

Project Number: 39261
March 2006

Technical Assistance Scaling Up of the Social Protection Index for Committed Poverty Reduction (Financed by the Poverty Reduction Cooperation Fund)

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
DMC	–	developing member country
ILO	–	International Labour Organization
NGO	–	nongovernment organization
PRF	–	Poverty Reduction Cooperation Fund
SPI	–	social protection index
TA	–	technical assistance

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sector	–	Health, nutrition, and social protection
Subsector	–	Social protection
Themes	–	Inclusive social development, governance
Subtheme	–	Human development

NOTE

In this report, "\$" refers to US dollars.

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I. INTRODUCTION

1. In 2001, the Asian Development Bank (ADB) approved its social protection strategy.¹ Since then, ADB has implemented it by including social protection projects and programs in the country strategy programs of developing member countries (DMCs).

2. In December 2002, a concept to develop a social protection index (SPI) was endorsed for funding by the (i) Poverty Reduction Cooperation Fund (PRF) of the United Kingdom's Department of International Development, and (ii) the Netherlands' Cooperation Fund in Support of the Formulation and Implementation of National Poverty Reduction Strategies. ADB decided to pilot-test the SPI in a regional technical assistance (TA) in six countries (Bangladesh, Indonesia, Mongolia, Nepal, Pakistan, and Viet Nam). In December 2005, TA 6120² was completed successfully.

3. Given the positive feedback on the pilot phase and the proven role of SPI in analyzing information about social protection achievements, policy dialogue, and program design, the concept of a follow-up project to develop the SPI for all Asian member countries of ADB was endorsed for PRF funding by the Department of International Development on 4 October 2005³ and cleared by the vice presidents for operations groups 1 and 2. The TA framework is in Appendix 1. The governments of 31 countries have been asked to concur, and two thirds have agreed to be included. The remaining countries are expected to agree.

II. ISSUES

4. Social protection is defined as a set of policies and programs to reduce poverty and vulnerability by (i) promoting efficient labor markets, (ii) diminishing people's exposure to risks, and (iii) enhancing their capacity to protect themselves against hazards and interruption or loss of income.

5. All DMCs have more or less comprehensive social protection schemes. They include formal and informal sector social protection financed by the government budget and by contributions from individuals, the private sector, nongovernment organizations (NGOs), and development partners. However, social protection concepts vary greatly among DMCs. No comprehensive studies describe, analyze, and compare social protection schemes in Asia. The International Social Security Association maintains a database with basic information on formal social security schemes,⁴ but no information is available showing, analyzing, and comparing the wide range of formal and informal protection schemes in all countries of Asia. The proposed TA will provide this information.

6. Little has been done to measure quantitative dimensions of all the areas of social protection. Reliable data on social protection schemes are scarce or unavailable, but are a prerequisite for effective planning and monitoring of social protection measures and an informed debate on social protection policies and measures. The International Labour Organization (ILO) has compiled and analyzed formal social protection data in various Asian countries using its social budgeting model and in its *Social Protection Expenditure and Performance Reviews*.⁵

¹ ADB. 2001. *Social Protection Strategy*. Manila.

² ADB. 2003. *Technical Assistance for the Social Protection Index for Committed Poverty Reduction*. Manila.

³ The TA first appeared in *ADB Business Opportunities* on 15 October 2005.

⁴ Social Security Worldwide. 1998. *International Social Security Association 1998–2006*. Available: <http://www-ssw.issa.int/sswlp2/engl/page2.htm>

⁵ International Labour Organization. 2003. *Social Protection Expenditure and Performance Reviews 1996–2006*. Available: <http://www.ilo.org/public/english/protection/socfas/research/intros.htm>

Hardly any aggregate quantitative information, however, is available on other private sector activities, NGO activities, development partner contributions, and the large informal sector, which has an important role in social protection in all DMCs.

7. To support ADB's social protection strategy, increase awareness about social protection, and improve the role of social protection in national and international policy discussions, various questions should be answered: (i) How should social protection be defined in each DMC? Social protection policies, mechanisms, and instruments vary from one country to another owing to differences in needs, resources, history, and priorities. (ii) What is the status of social protection in DMCs? Which tools are applied? What resources are dedicated to social protection? Who is covered? What is the experience in poverty reduction and prevention? (iii) How can countries' achievements be measured and compared? In the medium term, how can the implementation and the impact of ADB's social protection strategy be monitored?

8. To address these issues, ADB commissioned TA 6120 (footnote 2), which has resulted in the creation of a robust methodology for (i) defining social protection in each country covered; (ii) gathering qualitative data on target population and benefits of social protection schemes and arrangements, following a uniform structure and methodology for inclusion of programs and schemes; and (iii) gathering basic quantitative data and calculating an SPI that permits intercountry comparisons and monitoring of countries' social protection achievements.

9. The SPI is made up of four component indicators reflecting social protection expenditure, social protection coverage, poverty targeting of social protection programs, and the impact on poverty line incomes. The following table describes the SPI components.

Table 1: Social Protection Index Components

Component	Description
Social Protection Expenditure (SPEXP)	SP expenditure as % of GDP
Social Protection Coverage (SPCOV)	Combination of coverage rates of seven priority target groups ^a
Poverty Targeting (PTR)	Poor SP beneficiaries as % of poor population
Social Protection Impact (SPIMP)	Per capita SP expenditure on the poor as % of current poverty line

^a The seven priority groups are the unemployed and underemployed, elderly, sick, poor, disabled, and children with special needs.

Source: Consultants report for ADB. 2003. *Technical Assistance for the Social Protection Index for Committed Poverty Reduction*. Manila.

10. These indicators are derived from information on the individual social protection programs in each country, which were compiled for the first time by TA 6120 for six pilot countries. The SPI components were combined using a method similar to the human development index, which means they were scaled and equally weighted. Table 2 shows the main indicators derived, the composite SPI, and the ranking for the six countries covered by TA 6120.

Table 2: Main Indicators of Countries Covered by TA 6120

Country	Composite SPI	Social Protection Indicators			
		Expenditure Coverage	Poverty Targeting	SP Impact	
Scaled Values					
Mongolia	0.96	1.00	1.00	0.82	1.00
Indonesia	0.58	0.18	0.62	1.00	0.52
Viet Nam	0.51	0.33	0.47	0.70	0.55
Bangladesh	0.44	0.36	0.21	0.47	0.71
Nepal	0.29	0.21	0.27	0.36	0.33
Pakistan	0.13	0.19	0.17	0.07	0.10

Source: Consultants Report for ADB. 2003. *Technical Assistance for the Social Protection Index for Committed Poverty Reduction*. Manila.

11. TA 6120 involved government institutions, officials, development partners, NGOs, and stakeholders in each participating country, the international consultants, the national consultants in these countries, ADB social protection experts, and external reviewers (e.g., ILO experts). The TA culminated in an international conference in Manila in March 2005, where Government representatives and experts endorsed the SPI and its methodology as a valuable tool for assessing social protection achievements. The conference concluded that, for the SPI to gain broader acceptance, it would need to cover at least all Asian member countries of ADB. The tools⁶ for this and for updates of the SPI were developed by TA 6120.

12. The main challenges encountered in TA 6120 were (i) finding a generally applicable definition of social protection; (ii) defining the components of the index so that they reflect the situation in the countries and, at the same time, are technically feasible; and (iii) getting the necessary data. Governments supported the SPI. Lessons learned from TA 6120 are the following: (i) The index needs analysis and interpretation. This is why the country and consolidated multi-country reports are necessary. (ii) Countries' awareness of their own efforts and their need for and the benefits of social protection are low. The SPI was welcomed as support for policy dialogue. (iii) The tests in the pilot countries were necessary and led to various adjustments and improvements of the methodology and tools. (iv) The methodology has its limitations because data is frequently lacking or poor, which has to be taken into account when interpreting the results.

13. The SPI significantly contributes to operationalizing the social protection strategy because it (i) provides the necessary country information, (ii) helps identify gaps and priorities, and (iii) provides feedback to improve the design and delivery of social protection services. The robustness of the SPI's methodology was extensively discussed, tested, and revised during TA 6120, especially in various technical workshops and the TA conference. The SPI is a useful tool for policy dialogue and for policy makers for identifying strengths and weaknesses of their programs; for comparing countries' achievements of Millennium Development Goals (MDG) 1, 3, and 4,⁷ and for raising awareness of the role and impact of social protection.⁸ The extension to all Asian member countries (including non-borrowing countries like Republic of Korea and Japan) will provide a unique source of information and a solid basis for policy and strategy in

⁶ The tools mainly consist of (i) a handbook with guidelines on how to obtain the necessary data and how to compile the SPI, (ii) a spreadsheet program to calculate the SPI, and (iii) formats for the accompanying country reports.

⁷ MDG1: eradicate extreme poverty and hunger, MDG3: promote gender equality and empower women, MDG4: reduce child mortality.

⁸ An article about the SPI was published, Baulch, Wood, and Weber. 2006. *Developing a Social Protection Index for Asia*. Development Policy Review Volume 24. Issue1, 5–29.

social protection. To include as many countries as possible is justified because the quality of an index depends on its comprehensiveness, as proven by the human development index.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

14. The TA is expected to support the social protection strategy by extending the methodology of TA 6120 to all Asian member countries of ADB. It will support social protection policies in the DMCs, which in turn will reduce poverty.

15. The outcome of the TA will be the following:

- (i) a definition of social protection as relevant in each country involved in the TA,
- (ii) comparisons of achievements between countries and over time to monitor implementation of social protection measures, and
- (iii) information on social protection schemes and policies in the region.

16. As a result, the TA will provide ADB and member country governments with considerably enhanced quantitative and qualitative information on social protection activities, and an internationally comparable database, including SPI values and indicators of social protection expenditure, coverage, distribution, and impact. This information will be used to raise awareness of social protection activities and to examine the provision of assistance to key social protection target groups (especially the poor but also the elderly, sick, disabled, and children with special needs), thereby engendering actions to improve the effectiveness of current activities and to develop new programs. The SPI will contribute to regional integration.

B. Methodology and Key Activities

17. The TA will have four components:

- (i) **Component 1: Preparation.** A network of local consultants in all participating countries and international consultants will be established and be taught to apply the SPI tools developed and tested under TA 6120.
- (ii) **Component 2: Field work and reporting.** Data on each country's major social protection programs will be collected by the local consultants and synthesized into texts and tables as needed. This work will be reviewed by a supervisory team, which will also provide long-distance guidance during data collection. The results will be presented in a series of standardized country reports and spreadsheets. Models for these reports and tables were elaborated under TA 6120. This component will include (a) a new evaluation of the methodology; (b) the review of the formulation of the SPI, the assessment of the user friendliness and comprehensibility of the handbook; and (c) issues related to data collection and compilation. Needs for changes in methodology and presentation will be explored (leading to amendments of the TA 6120 results).
- (iii) **Component 3: Synthesis.** The results from component 2 will be combined into a multi-country report by the international supervisory team. The report, which will include an SPI database, will present (a) cross-country comparisons of SPIs and component indicators, (b) an evaluation of the results, (c) implications for social protection activities by the member countries and international financial institutions, and (d) additional options and guidelines for updating and sustainability of the SPI.

- (iv) **Component 4: Dissemination and awareness raising.** The results of the TA will be widely publicized through a book and articles, an interactive website, and media events. Discussions are ongoing with ILO to share the methodology to extend the SPI beyond Asia.

C. Cost and Financing

18. The total cost of the TA is estimated at \$900,000 equivalent. ADB will finance the total amount of \$900,000 equivalent. The TA will be funded on a grant basis from the PRF and administered by ADB. The detailed cost estimates and the financing plan are in Appendix 2.

D. Implementation Arrangements

19. The TA will be carried out over 18 months, from May 2006 to November 2007. Consultants' inputs will amount to 70 person-months: 60 domestic and 10 international. The international consultants will include a statistician (6 person-months) and a social protection specialist (4 person-months). The domestic consultants will consist of 30 social protection specialists (1–2 person-months each depending on the size of the country). All consultants will be recruited through a firm in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for engaging domestic consultants. It is recommended to use the same firm that worked under TA 6120 because (i) the methodology is the same as TA 6120's and (ii) its performance was highly satisfactory. Outline terms of reference for consultants is in Appendix 3.

20. The Executing Agency for the TA will be ADB, acting through Social Sectors Division, South Asia Department, in close coordination with the regional departments, the Economics and Research Department, and the Regional and Sustainable Development Department.

21. **Component 1:** The instruction and coordination of the local consultants will be done by the international consultants in consultation with ADB. **Component 2:** The statistical preparation and computation of the index for the TA DMCs will be done by local consultants hired by the consulting firm. **Component 3:** The final reports will be prepared by the international consultants. ADB will give guidance and comments (an outline of the final report is in Appendix 4). **Component 4:** The publication of the results, including on the interactive website, will be done by ADB.

22. The consulting firm will submit short progress reports every 6 months, summarizing project activities, issues, and constraints. Four major reports will also be submitted: (i) an inception report, including a work plan for the TA, within 3 weeks after the TA starts; (ii) individual country reports, discussed with ADB 10 months after inception; (iii) a draft final report comprising the multi-country report, 17 months after inception; and (iv) a final report, 4 weeks after ADB comments are received.

IV. THE PRESIDENT'S DECISION

23. The President, acting under the authority delegated by the Board, has approved ADB administering technical assistance not exceeding the equivalent of \$900,000 to be financed on a grant basis by the Poverty Reduction Cooperation Fund, for Scaling Up of the Social Protection Index for Committed Poverty Reduction, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Indicators/Targets	Data Sources/Monitoring Mechanisms	Assumptions and Risks
<p>Impact</p> <p>Reduce poverty by supporting social protection in the DMCs</p>	<p>The SPI has broadened recognition of the importance of social protection in Asia.</p>	<p>Reports, reaction of stakeholders and media, acceptance of the index in DMCs participating in the regional TA</p>	<p>Risk Some DMCs have other priorities and will not be convinced by the index and its objectives.</p>
<p>Outcome</p> <p>A definition of social protection as relevant in each country involved in the TA</p> <p>Comparisons between countries to implement social protection</p> <p>Information on social protection schemes and policies in the region</p>	<p>Social protection sector has been clearly defined in all TA countries.</p> <p>All Asian member countries of ADB have been compared applying the SPI.</p> <p>Qualitative descriptions of social protection schemes are available.</p>	<p>Individual country reports</p> <p>Multi-country reports</p> <p>Individual country reports</p>	<p>Assumption Availability of data</p> <p>Risk Difficulties in defining which activities and projects are social protection</p>
<p>Outputs</p> <p>Component 1: Preparation</p> <p>Component 2: Field work</p> <p>Component 3: Synthesis</p> <p>Component 4: Dissemination</p>	<p>Local consultants are aware of the methodology developed in the pilot project and are can collect data following a general format.</p> <p>The required information about all countries, and the index are available.</p> <p>An SPI database, cross-country comparisons, an analysis and evaluation of the results, and potential implications for social protection activities and options for sustainability and updating are available.</p> <p>The results have been published in a book and articles. Media events have taken place. An interactive web page with the collected information and the index is online. The extension of the index has been agreed with ILO.</p>	<p>Progress reports</p> <p>Progress reports, individual country reports.</p> <p>Multi-country report</p> <p>Book and website</p> <p>An agreement with ILO</p>	<p>Assumption Availability of data</p> <p>Risk The index is not accepted by all participating countries.</p>

Activities with Milestones	Inputs
<ol style="list-style-type: none"> 1. Recruit local consultants and acquaint them with the SPI methodology using the report formats and the handbook developed in phase 1 (months 1–2). 2.1. Based on the methodology discussed, collect the necessary information. Where appropriate, hold local workshops (months 2–6). 2.2. Calculate the index for the TA countries (months 7–9). 2.3. Give feedback on possible amendments to the methodology (month 10). 2.4. Prepare the country reports and discuss them with stakeholders and ADB (months 11–14). 3. Prepare the multi-country report showing the results of the field work, and compare and analyze the information provided in the country reports. Discuss the results with governments and ADB and develop tools and options for the updating and sustainability of the SPI (months 15–17). 4.1. Share the reports and other outputs with ILO and continue discussions on modalities of cooperation to attain sustainability and scaling up (covering non-Asian countries) of the SPI (month 18). 4.2. Publish the results and disseminate them through media events, a book, articles, and an interactive website (month 18). 	<ul style="list-style-type: none"> ▪ Consultants and government staff ▪ Training ▪ \$900,000 TA grant funds <p>Consultants—\$785,000 Workshops—\$5,000 Miscellaneous—\$10,000 Website—\$20,000 Contingencies—\$80,000</p>

DMC = developing member country, ILO = International Labour Organization, TA = technical assistance, SPI = social protection index.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Costs
Poverty Reduction Cooperation Fund Financing ^a	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	240.0
ii. Domestic Consultants	500.0
b. International and Local Travel	
i. International	10.0
ii. Local	15.0
c. Reports and Communications	20.0
2. Conferences and Workshops	5.0
3. Miscellaneous Administration and Support Costs	10.0
4. Website	20.0
5. Contingencies	80.0
Total	900.0

^a Administered by the Asian Development Bank.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. All consultants will be recruited through a firm in accordance with the Asian Development Bank's (ADB's) *Guidelines on the Use of Consultants*, and with other arrangements satisfactory to ADB for the selection and engagement of domestic consultants. The firm's institutional responsibilities will be to recruit, guide, and monitor the consultants. The specific technical tasks associated with each consultant are outlined here.

A. International Consultants

1. Statistician (specializing in social sector statistics) and Team Leader (6 person-months)

2. The expert will have a university degree in mathematics, statistics, sociology, economics, or related area. She or he will have at least 10 years' experience in research and/or consulting in social protection statistics. The team leader will do the following:

- (i) Coordinate and guide the domestic consultants in data collection and reporting based on the methodology, formats, and handbook developed under TA 6120.
- (ii) Help the domestic consultants present the methodology to line ministries and statistical offices of the countries participating in the technical assistance (TA), through feedback and elaboration of presentation documents.
- (iii) Identify further needs and steps to improve data.
- (iv) Function as a help desk for local consultants.
- (v) Analyze and comment on the country reports elaborated by the local consultants, and suggest ways to improve them.
- (vi) Identify what needs to be improved in the methodology and presentation, suggest ways to improve them, and improve them after consultation with ADB.
- (vii) Ensure that the country reports follow the same methodology and structure and are of the same quality.
- (viii) Based on the country reports, prepare a multi-country report analyzing and comparing the results of the country reports.
- (ix) Prepare a final report following the outline in Appendix 4, including the draft index for all participating countries, social protection statistics, comparison of social protection arrangements, analysis of findings and conclusions, and suggestions for updating the SPI and making it sustainable.

2. Social Protection Specialist (4 person-months)

3. The expert will have a university degree in sociology, economics, or related area. The consultant will have at least 7 years' experience in research and/or administration in social protection. The specialist will do the following:

- (i) Help the team leader coordinate and guide the local consultants.
- (ii) Advise the local consultants and help them identify and validate information on social protection schemes and implement the methodology elaborated under TA 6120.
- (iii) Analyze the country reports prepared by the domestic consultants and suggest ways to improve them, if necessary.
- (iv) Help prepare the multi-country report.
- (v) Contribute to the final report, including an analysis of findings and conclusions.

B. Domestic Researchers or Consultants

1. 31 Social Protection Specialists (1–2 months each)

4. The experts will have a university degree in sociology, economics, statistics, or related area. The specialist will have at least 7 years' experience in research and/or administration in social protection. The consultant will do the following:

- (i) Follow the handbook on elaboration of social protection studies and the social protection index provided by ADB.
- (ii) Visit relevant institutions and stakeholders and collect information on social protection arrangements, legislation, and institutions, and collect data according to the handbook.
- (iii) Assess the country's definition of social protection.
- (iv) If necessary, organize a workshop with stakeholders.
- (v) Liaise with the international coordination firm or institute in charge of combining and monitoring the results of the country studies. Follow their guidance and comments.
- (vi) Write a report following the structure and content of the reports written under TA 6120.

OUTLINE OF THE FINAL REPORT

- I. SUMMARY AND MAIN RESULTS
- II. THE DEFINITION OF SOCIAL PROTECTION
 - A. The ADB's Definition of Social Protection
 - B. Country Definitions of Social Protection
 - C. Key Issues in the Definition of Social Protection
- III. FORMULATION OF THE SOCIAL PROTECTION INDEX - GENERAL APPROACH
 - A. The Methodology Developed under TA 6120
 - B. Experience with the Application of the Methodology in RETA 6120 and this Project
 - C. Proposed Methodological Changes and Their Implementation
- IV. SOCIAL PROTECTION INDICATORS AND CROSS-COUNTRY COMPARISONS
 - A. Social Protection Expenditure
 - B. Social Protection Coverage
 - C. The Poverty Targeting Rate
 - D. Impact of Social Protection Programs on Household Incomes and Expenditures
- V. THE FORMULATION OF THE SOCIAL PROTECTION INDEX
 - A. The Summary Social Protection Indicators
 - B. Scaling of Indicators
 - C. Weighting of Social Protection Index Components
- VI. COMPARISON OF THE QUALITATIVE INFORMATION
 - A. General Approaches of Social Protection
 - B. Main Differences
 - C. Policies
- VII. THE USE OF AND FEEDBACK TO THE INDEX
 - A. Inside ADB
 - B. By Politicians and Stakeholders in Involved ADB Member Countries
 - C. By International Organizations and Development Partners
- VIII. CONCLUSIONS
- IX. ANNEXES