

OPERATIONS MANUAL BANK POLICIES (BP)

These policies were prepared for use by ADB staff and are not necessarily a complete treatment of the subject.

INCORPORATION OF SOCIAL DIMENSIONS INTO ADB OPERATIONS

A. Introduction

1. Social elements such as gender, ethnicity, race, caste, age, and others, influence people's decision making, access to services, resources, opportunities, and ability to cope with risks. These variables affect the character of the institutions (formal and informal rules, norms, and values) that determine the level and nature of people's access and capability.
2. To achieve ADB's overarching goal of poverty reduction,¹ the Millennium Development Goals, and ADB's strategic agenda on inclusive growth,² understanding how social elements influence poverty, inequality, and vulnerability is important. ADB operations can help significantly reduce poverty, inequality, and vulnerability by transforming institutions so they promote inclusiveness, equity, empowerment, and social security.
3. ADB's enhanced poverty reduction strategy (footnote 1) has three pillars: (i) pro-poor, sustainable economic growth; (ii) inclusive social development; and (iii) good governance. Although social development is often best highlighted in the second pillar, social development is a cross-cutting concept that needs to be incorporated into the two other pillars as well.

B. Policies

4. All ADB operations have social dimensions that need to be taken into account from the country strategy formulation, programming, and project processing phases onward.³ The key social dimensions, supported by specific ADB policies or strategies, include (i) participation; (ii) gender and development; (iii) social safeguards; and (iv) management of social risks, especially among vulnerable groups.
5. ADB operations incorporate social dimensions to ensure the following social development outcomes, especially for the poor, vulnerable, and excluded groups:
 - (i) policies and institutions that recognize and promote greater inclusiveness and equity in access to services, resources, and opportunities;

¹ ADB. 2004. *Enhancing the Fight Against Poverty in Asia and the Pacific: The Poverty Reduction Strategy of the Asian Development Bank*. Manila.

² ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008-2020*. Manila.

³ Unless otherwise indicated, references to projects include (i) ADB-funded and/or ADB-administered sovereign and nonsovereign investment projects funded by a loan, and/or a grant, and/or other means (such as equity and/or guarantee), and (ii) programs. It does not include policy and advisory technical assistance, capacity development technical assistance, and/or research and development technical assistance.

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- (ii) greater empowerment to participate in social, economic, and political life; and
 - (iii) a greater sense of security and ability to manage risks.
6. In pursuing these social development outcomes, ADB
- (i) encourages consultation with and participation by stakeholders (including the government, executing and implementing agencies, clients and/or beneficiaries, people affected by ADB-supported projects); provides them with opportunities to engage in key stages of the country strategy formulation, programming, and project cycles; and actively seeks, where appropriate, the cooperation of nongovernment organizations and other civil society groups in formulating, designing, implementing, monitoring, and evaluating projects;
 - (ii) addresses gender considerations in relevant aspects of ADB operations, including macroeconomic, sector strategy, country strategy formulation, and programming work, and in key stages of the project cycle; and proposes strategies to promote social inclusion and gender equality and to empower women;
 - (iii) integrates social analysis in preparing country partnership strategies and regional strategies and programs; identifies potential social issues during project preparation to ensure that the project design maximizes social benefits and avoids or minimizes social risks, particularly for vulnerable and marginalized groups; and
 - (iv) ensures that project design and implementation arrangements include actions to enhance benefits and to monitor and evaluate the distribution of the benefits of the project, with performance targets and indicators for monitoring and evaluating benefits included in the design and monitoring framework of the project performance management system.
7. Social dimensions will be addressed in ADB's public and private sector operations in developing member countries.

Basis: This OM section is based on:

ADB. 2010. *ADB. Safeguard Policy Statement*. Manila.

ADB. 1998. *ADB Policy on Gender and Development*. Manila. Reprinted in 2003.

ADB. 1998. *Cooperation Between Asian Development Bank and Nongovernment Organizations*. Manila.

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

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

ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank (2010-2020)*. Manila.

ADB. 2005. *The Public Communications Policy of the Asian Development Bank*. Manila.

Compliance: This OM section is subject to compliance review.

For inquiries: Questions may be directed to the Director, Poverty Reduction, Gender, and Social Development Division, Regional and Sustainable Development Department.

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INCORPORATION OF SOCIAL DIMENSIONS INTO ADB OPERATIONS

A. Incorporating Social Dimensions at Different Levels of ADB Operations

1. Social dimensions such as participation, gender and development, social safeguards, and management of social risks should be examined from ADB's strategic (regional, subregional, national, and subnational), sector, program, and project operations. Specific situations and priorities of a developing member country (DMC) will determine the approach to incorporating these social dimensions into ADB operations. Social dimensions will be integrated into the process of, and into the documents produced in, the country partnership strategy (CPS), project design, implementation, and monitoring and evaluation phases. Social analyses should explain the contributions of project interventions to sector impacts and the Millennium Development Goal (MDG) results at the country level and ADB's inclusive growth agenda.¹

B. Social Dimensions in the Country Partnership Strategy

2. The social dimensions of ADB's operations in a DMC will be examined and integrated into the country poverty analysis, sector road maps, and/or thematic strategies, as key inputs to the CPS. The analysis will

- (i) examine how the social, institutional, and policy context determines the level and patterns of social exclusion and inequity, and how such exclusion and inequity influence income and non-income dimensions of poverty;
- (ii) identify opportunities for ADB operations to develop or enhance policies, institutions, and capacity to promote greater inclusion and equity and to empower the poor, marginalized, and vulnerable groups;
- (iii) show the DMC's progress in reducing gender disparities and in empowering women and girls, and suggest ways to accelerate progress;²
- (iv) suggest ways to manage social risks and social vulnerabilities at the country and sector levels (e.g., through a risk and/or vulnerability profile); and
- (v) determine results indicators to monitor social inclusion, equity, empowerment, and security relevant to the CPS goals in the DMC.

3. As appropriate, ADB staff will work with key government officials to facilitate the participation of nongovernment organizations, local communities, business associations, workers' organizations, women's organizations, indigenous peoples, and other stakeholders during the CPS preparation. To ensure meaningful consultation and participation, and in

¹ ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008-2020*. Manila.

² See discussion of country gender assessments in OM Section C2 (Gender and Development in ADB Operations).

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accordance with ADB's public communications policy,³ the draft CPS will be made available to in-country stakeholders for comment before consultations.

4. The country strategy final review assesses the validity of the strategy, and progress toward achieving CPS outcomes, including outcomes with social dimensions. This report also provides a basis for policy dialogue with the government on progress in addressing social development issues.

C. Social Dimensions at the Project Level

5. The process of identifying likely social dimensions, including potential beneficiaries and people likely to be adversely affected by an ADB-supported project⁴ will start during project identification and will continue with increasing refinement during project preparation and implementation.

1. Social Dimensions in Project Conceptualization

6. An initial poverty and social analysis (IPSA) is required for all loan and grant-based investment projects and programs⁵ to identify social issues. The IPSA should (i) identify expected poverty and social impacts of the intervention as a contribution to results at the sector and country levels; (ii) identify key social issues (such as participation, gender, involuntary resettlement, indigenous peoples, labor, affordability, and other risks and/or vulnerabilities) that need to be addressed during implementation of the project preparatory technical assistance (PPTA) and the ensuing project; (iii) identify plans and terms of reference to assist in project preparation; and (iv) identify and allocate resources for conducting social analysis during the feasibility study or due diligence (para. 7).

7. For preparation of sovereign projects, the IPSA should be undertaken before or during loan fact-finding. The IPSA is a core appendix to the project concept paper. For nonsovereign projects⁶ and for sovereign projects where no PPTA is undertaken, the IPSA should be conducted as part of due diligence. The IPSA must be posted on ADB's website, upon its completion, in accordance with ADB's Public Communications Policy (see footnote 5).

2. Social Dimensions in Project Design

8. Based on the issues identified and process initiated during the IPSA, a social analysis should be carried out during project design to examine opportunities, constraints, and likely

³ ADB. 2005. *Public Communications Policy of the Asian Development Bank*. Manila.

⁴ Unless otherwise indicated, reference to projects includes (i) ADB-funded and/or ADB-administered sovereign and nonsovereign investment projects funded by a loan, and/or a grant, and/or other means (such as an equity investment and/or guarantee), and (ii) programs, but does not include policy and advisory technical assistance, capacity development technical assistance, and/or research and development technical assistance.

⁵ This excludes policy and advisory technical assistance, capacity development technical assistance, and/or research and development technical assistance, economic, sector, and thematic work.

⁶ For nonsovereign projects, the IPSA will be prepared during the transaction review where conduct of due diligence is required. See OM Section D 10. Nonsovereign Operations.

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social impacts of the project, and to identify and formulate design measures and implementation arrangements to maximize the social benefits and avoid or minimize the social risks of the project in a participatory manner. The social analysis should be organized and sequenced so as to (i) address the key issues identified in the IPSEA; (ii) provide relevant social development inputs to the technical, economic, and other analyses; (iii) formulate and incorporate measures in the project design, including social and gender action plans; and (iv) provide baseline data for monitoring social impacts of the project. Social impacts shall also be assessed in relation to their contribution to inclusive growth and the MDGs. Where significant negative impacts are likely, a separate mitigation plan such as a resettlement plan, indigenous peoples development plan, or labor retrenchment plan should be prepared in consultation with and participation of stakeholders, particularly with those who will be affected.

9. The results of the social analysis, including specific plans such as a gender action plan,⁷ resettlement plan, indigenous peoples development plan, or other measures to address social issues should be summarized in the summary poverty reduction and social strategy (SPRSS). The SPRSS is linked to the report and recommendation of the President (RRP) for sovereign and nonsovereign projects (see footnote 4). The provisions of the social analysis and resulting plans should be reflected fully in the project administration manual (PAM) for sovereign projects.

10. Policy-based loans and grants—because of their size and systemic impact on the country—require a deeper analysis of potential social impacts. For policy-based interventions, a social and poverty impact assessment is carried out to identify key transmission channels through which the proposed policy reforms could affect poor and vulnerable groups. This impact assessment is summarized and is highlighted in the SPRSS.

11. For multitranches financing facilities (MFFs), the SPRSS will be prepared before approval of the MFF. It will set out the broad magnitude of the scope and criteria for carrying out further poverty and social analysis and developing more specific plans or measures in future. The SPRSS will be updated for the second and subsequent tranches, and revisions incorporated into the periodic financing request submitted to the Management.⁸

12. For sector loans, social dimensions will be addressed in the sector analysis, and social indicators and benchmarks will be developed as part of the sector performance. This assessment is summarized and is highlighted in the SPRSS. For subprojects prepared during PPTA stage SPRSS have to be prepared as a linked document to the RRP. For subprojects prepared after the loan was approved, the SPRSS will be prepared by the executing agency in accordance with the agreed social criteria. ADB will review these subprojects on a selective basis to ensure compliance with the agreed upon criteria.⁹

⁷ See discussion of a project-specific gender action plan in OM Section C2 (Gender and Development in ADB Operations).

⁸ See OM Section D14/OP. Multitranches Financing Facility. April 2010.

⁹ See OM Section D3. Sector Lending/ Operational Procedure. October 2003.

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3. Social Dimensions in Project Implementation: The Project Performance Management System

13. ADB's project performance management system (PPMS) is a results-based approach to project planning, performance monitoring, and evaluation of impacts, and is based on a project's design and monitoring framework (DMF) and the PAM¹⁰. To define transparent and participatory mechanisms for monitoring social actions and impacts of the project, appropriate social targets and indicators resulting from the social analysis must be included in the DMF. To monitor implementation of social action plans and measures specified in the SPRSS, each social action plan must be reflected in the PAM, indicating responsible agencies, required resources, and relevant stakeholders. The social analysis ensures that proposed monitoring and evaluation is specified in the PPMS and carefully scheduled, appropriately budgeted, and properly supervised.

14. Project reviews should assess (i) the progress of social actions and delivery of benefits to intended beneficiaries, (ii) achievement of results at the sector level, (iii) inclusion of vulnerable and marginalized groups, (iv) participation of stakeholders (including beneficiaries and adversely affected people), and (v) mitigation of adverse effects. After the project review, project implementation schedules, inputs, and/or outputs may be readjusted.

15. After project completion, the project performance evaluation should assess the actual impact of the project on targeted beneficiaries, affected people, and other stakeholders differentiated by gender, ethnicity, household-income levels and/or other relevant factors in relation to the intended project outcomes and related performance targets and indicators in the PPMS.

D. Implementation Arrangements

16. The responsibility for incorporating social dimensions in ADB's operations and monitoring the social dimensions of individual projects rests with the operational departments. The Regional and Sustainable Development Department has overall responsibility for coordinating and monitoring ADB's social development activities.

¹⁰ For a multitranches financing facility, a facility administration manual (FAM) is developed and is subject to the same general considerations and guidelines as the PAM, subject to particularities of the MFF.

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- Compliance:** This OM section is subject to compliance review.
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