



Technical Assistance Report

Project Number: 50375-001
Knowledge and Support Technical Assistance (KSTA)
July 2017

Strategies for Financing Social Protection to Achieve Sustainable Development Goals in Developing Member Countries

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
DMC	–	developing member country
GDP	–	gross domestic product
SDG	–	Sustainable Development Goal
TA	–	technical assistance

NOTE

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

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KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 50375-001	
Project Name	Strategies for Financing Social Protection to Achieve Sustainable Development Goals in Developing Member Countries	Department /Division	SDCC/SDTC-SOC
Nature of Activity	Capacity Development	Executing Agency	Asian Development Bank
Modality	Regional		
Country	REG		
2. Sector		ADB Financing (\$ million)	
✓ Public sector management	Subsector(s) Social protection initiatives		0.50
		Total	0.50
3. Strategic Agenda		Climate Change Information	
Inclusive economic growth (IEG)	Subcomponents Pillar 3: Extreme deprivation prevented and effects of shocks reduced (Social Protection)	Climate Change impact on the Project	Low
4. Drivers of Change		Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Components Organizational development Public financial governance	Effective gender mainstreaming (EGM)	✓
Knowledge solutions (KNS)	Knowledge sharing activities		
Partnerships (PAR)	Implementation Regional organizations United Nations organization		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Regional	High
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG1, SDG3, SDG4, SDG5, SDG8, SDG10		
6. Risk Categorization			
	Low		
7. Safeguard Categorization			
	Safeguard Policy Statement does not apply		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.50	
Knowledge and Support technical assistance: Technical Assistance Special Fund		0.50	
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		0.50	

I. INTRODUCTION

1. The proposed knowledge and support technical assistance (TA) will support the achievement of Sustainable Development Goals (SDGs) by assisting selected developing member countries (DMCs) with creating strategic financing plans for social protection. The financing plans will expand the coverage of social protection, help build the capacity of national agencies working on social protection, and support the generation of reliable data for monitoring, evaluating, and reporting to aid planning.¹

2. The TA is included in the Asian Development Bank (ADB) Management-approved 2017 annual work program of the Social Development Thematic Group.²

II. ISSUES

3. The SDGs emphasize the importance of social protection investments to ensure that no one is left behind in the fight against poverty. Social protection has a prominent place as an instrument for poverty reduction strategies and is one of the key pillars of ADB's Strategy 2020.³ Out of the 17 SDGs and 169 targets, 11 goals and 28 targets can be related to social protection.⁴ Achieving the goals and reaching the social protection agenda of the SDGs require concrete policy changes. In turn, substantial social protection policy changes generally need concrete budgetary investments, which require the mobilization of new or the reallocation of existing financial resources.

4. DMCs have recognized social protection as one of the key priorities for achieving growth with equity. At the country level, several governments have already started designing and reforming their social protection systems. However, the coverage provided by social insurance very often remains limited to formal employment; hence, innovative measures to tackle the need to cover or protect vulnerable populations are still needed. One of the key challenges of expanding social protection in DMCs, particularly in low- and middle-income countries, is adequate financing. Financing social protection programs remains a major challenge in ADB's DMCs. Recent expenditure data of the ADB Social Protection Indicator have shown that DMCs spent on average less than 3.6% of gross domestic product (GDP) for social protection programs, which include contributory and noncontributory social protection and active labor market programs.⁵ Initial

¹ The TA first appeared in the business opportunities section of ADB's website on 31 May 2017.

² ADB. 2017. Social Development Thematic Group. Workplan 2017. Unpublished.

³ ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008-2020*. Manila; ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific (R-Paper)*. Manila.

⁴ The 11 SDGs that can be related to social protection are: Goal 1. End poverty in all its forms everywhere; Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture; Goal 3. Ensure healthy lives and promote well-being for all at all ages; Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; Goal 5. Achieve gender equality and empower all women and girls; Goal 6. Ensure availability and sustainable management of water and sanitation for all; Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all; Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; Goal 10. Reduce inequality within and among countries; Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable; Goal 13. Take urgent action to combat climate change and its impacts. Specific targets under these goals link to the four major categories of a social protection system: social cash transfers, health care, education, and other essential services. For Goal 11, for example, target 11.1 (ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums) forms part of "other essential services."

⁵ Recalculated based on Table 2.1 of ADB. 2016. *The Social Protection Indicator: Assessing Results for Asia*. Manila (an output of ADB. 2014. *Technical Assistance for Assessing and Monitoring Social Protection Programs in Asia and the Pacific*. Manila).

estimates in a study on financing social protection supported by ADB also reveal huge financing gaps that will make it difficult to meet the SDGs in Asia.⁶ To meet social protection floors, DMCs must increase their budget requirement on an average of 5% GDP for low-income countries and about 2% GDP for middle-income countries.

5. As highlighted in the same preliminary study on financing social protection, most of the countries studied can mobilize resources to meet lower estimates of the fiscal revenues needed to finance the social protection agenda of the SDGs. Tax revenues are important sources of financing for social protection. DMCs also need to look at other alternatives, such as spending reallocation, prioritization, and optimization. Some countries may seek to create fiscal space to finance social protection by optimizing or reallocating resources from low-priority sectors to cover the gap that could potentially expand social protection coverage.

6. Financing constraints in DMCs are compounded by the low quality of demonstrated capacity to design and implement social protection programs. Three factors contribute to lack of capacity to design and implement social protection programs: (i) lack of financial analyses of the current social protection programs, (ii) lack of strategic frameworks to finance sustainable social protection programs, and (iii) lack of training programs on planning and monitoring public spending on social protection programs. These are the key areas that the TA intends to address as reflected in the expected outputs and outcome.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

7. The TA is aligned with the following impact: investments on social protection programs in DMCs to achieve SDGs 1, 3, 4, 5, 8, and 10 increased. The TA will have the following outcome: capacity to assess and access financing options to expand social protection programs in DMC ministries working on social protection increased.⁷

B. Outputs, Methods, and Activities

8. **Output 1: Financial analyses of the current social protection programs in three selected DMCs prepared.**⁸ A comprehensive financial assessment of expenditure on priority social protection programs related to SDG targets will be conducted in three selected DMCs: Indonesia, Myanmar, and Timor-Leste. National consultants will be hired to collect the information from relevant government agencies. Information collected will be assessed and validated by

⁶ ADB. Preliminary Study on Financing Social Protection for Sustainable Development Goals in Asia. Unpublished. The study was funded by ADB. 2015. *Technical Assistance for Delivering Knowledge Solutions in Asia and the Pacific*. Manila.

⁷ The design and monitoring framework is in Appendix 1.

⁸ ADB's preliminary study on financing social protection in 16 countries in Asia recommended that in-depth studies should be conducted in a number of countries that will face considerable challenges to meet the requirement of social protection targets of SDGs. Preliminary discussions with ADB's resident missions and operations departments were conducted for the selection of participating DMCs. The parameters considered included an established national or development plan supporting social protection programs, significant financial gap to achieve social protection targets for SDGs, willingness to collaborate with ADB and development partners, and ADB opportunities to assist in developing and expanding social protection programs. Myanmar and Timor-Leste were selected for country-level activities, and the inclusion of a middle-income country such as Indonesia was also suggested. A fact-finding mission has been conducted in Indonesia in May, and the commitment from the Ministry of Planning and Development/Bappenas for the inclusion of the country in the proposed TA was secured. If any of the two other countries decline to be involved in the exercise, other countries will be included. For more effective and efficient use of TA resources, country-level activities will be undertaken in the same countries for all three outputs.

international consultants, ADB staff, and government counterparts. This will build on the preliminary study on financing the social protection agenda of the SDGs in Asia and the Pacific undertaken in 2016 (footnote 6). These country studies will be the starting point for developing long-term fiscal planning and social protection policy design.

9. **Output 2: Strategic frameworks to finance the expansion of sustainable social protection programs recommended to governments.** In collaboration with relevant government agencies, the TA will examine the current fiscal space situation in Indonesia, Myanmar, and Timor-Leste to identify the scope for sustainable sources of financing and build a strategic framework to finance and expand social protection programs to achieve SDG targets. Well-established social budgeting simulations and actuarial techniques will be used to estimate costs that are anchored in various assumptions for long-term economic and demographic scenarios.⁹ This work also includes identifying potential investment opportunities.

10. **Output 3: Training programs and policy dialogues delivered.** The TA will help improve the capacity of at least three DMCs through country-level workshops and policy dialogues on relevant topics in social protection financing. The training programs and policy dialogues will highlight the economic case for investing in social protection. The TA will also support cross-country learning through a regional workshop. Gender mainstreaming focal points in the selected DMCs will be involved in the regional workshop and policy dialogues. In conducting policy dialogues, the TA will also cover the potential role of development partners in supporting the social protection agenda in DMCs.

11. The country studies and other knowledge products that will be produced from the regional activities will be made publicly available through ADB's website and knowledge-sharing platforms, such as k-Learn and Development Asia.

C. Cost and Financing

12. The TA is estimated to cost \$500,000, which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). The key expenditure items are listed in Appendix 2.

13. The governments of the three focus countries are expected to provide counterpart support in the form of secretarial assistance, especially assistance in making relevant country data available; participation in consultations, training, and policy dialogues related to this TA; validation of the deliverables of this TA, e.g., country reports; and other in-kind contributions.

D. Implementation Arrangements

14. ADB will administer the TA. Specifically, the Social Development Thematic Group under ADB's Sustainable Development and Climate Change Department will lead the implementation and select, supervise, and evaluate consultants; organize workshops; and provide staff to serve as resource persons in the workshops. Implementation will be coordinated with ADB's regional departments and with relevant resident missions for country-level activities. The TA will also be implemented in collaboration with the International Labour Organization and other development partners working in the country (such as the United Nations Development Programme and the

⁹ For more details about social budgeting, please refer to the International Labor Organization's publication by W. Scholz, M. Cichon, and K. Hagemeyer. 2000. Social budgeting. *Quantitative Methods in Social Protection Series*. International Labour Organization: Geneva.

World Food Programme). These development partners will be tapped to carry out country-level activities to create synergies and reduce duplication by building on work that already exists in each country.

15. The TA will support a cross-sector and thematic approach by working with sector and thematic groups (education, finance, gender, governance, health) during implementation. In conducting policy dialogues, the TA will also cover the potential roles of development partners in supporting social protection agendas in DMCs. The operational departments of selected DMCs will be involved in the implementation of the TA.

Table 1: Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	July 2017–September 2019		
Executing agency	ADB's Sustainable Development and Climate Change Department (Social Development Thematic Group)		
Consultants	To be selected and engaged by ADB		
	Individual consultants selection	28 person-months	\$217,500
Disbursement	The technical assistance resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		

ADB = Asian Development Bank.

Sources: Approved technical assistance concept paper (ADB.2017. *Technical Assistance Concept Paper: Strategies for Financing Social Protection to Achieve Sustainable Development Goals in DMCs*. Manila) and ADB estimates.

16. **Consulting services.** All consultants will be hired through individual consultant selection, either directly or through firms, for a total of 28 person-months for an estimated amount of \$217,500. Four international consultants composed of a social protection expert and team leader, and three social protection and actuarial experts will form the TA's core technical team and will be engaged for 10 person-months intermittent with output-based, partial lump-sum contracts. They will be supported by three national social protection officers based in the selected countries (tentatively Indonesia, Myanmar, and Timor-Leste) with output-based partial lump sum contracts and national research and/or workshop coordinators based in ADB headquarters with time-based contracts for a total of 18 person-months. The consultants will be engaged by ADB in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time).¹⁰

IV. THE PRESIDENT'S DECISION

17. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$500,000 on a grant basis for Strategies for Financing Social Protection to Achieve Sustainable Development Goals in Developing Member Countries, and hereby reports this action to the Board.

¹⁰ Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 3).

DESIGN AND MONITORING FRAMEWORK

Impact the Technical Assistance is Aligned With			
Investments on social protection programs in DMCs to achieve SDGs 1, 3, 4, 5, 8, and 10 increased ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
<p>Outcome Capacity to assess and access financing options to expand social protection programs in DMC ministries working on social protection increased</p>	<p>a. By 2020, social protection expenditures for each participating DMC increased to 5% (Baseline: SPI overall average = 3.1%)</p> <p>b. By 2020, the coverage and size of benefits of social protection programs for poor and vulnerable populations increased by 5% from 2012 estimates for each participating DMC (Baseline: SPI average breadth = 42.4% of the target beneficiaries; SPI average depth = 14.8% of the per capita gross domestic product)</p>	<p>a. TA consultant reports</p> <p>b. ADB SPI data</p>	<p>Participation of DMCs is hindered by weak absorptive capacities.</p>
<p>Outputs</p> <p>1. Financial analyses of the current social protection programs in three selected DMCs prepared</p> <p>2. Strategic frameworks to finance the expansion of sustainable social protection programs recommended to governments</p> <p>3. Training programs and policy dialogues delivered</p>	<p>1. By Q4 2018, three country reports on the financial analysis of social protection programs, taking into account gender issues (Baseline: 0)</p> <p>2. By Q2 2019, strategic frameworks to finance the expansion of sustainable social protection programs is submitted to governments as part of TA recommendations (Baseline: 0)</p> <p>3a. By Q2 2019, at least 15 government officials in three selected DMCs trained on financing options for social protection (at least 40% of total are women) (Baseline: 0)</p>	<p>1. TA consultant reports and government data on social protection programs</p> <p>2. ADB SPI country reports, TA consultant reports</p> <p>3a.–3c. Workshop documents Background notes Completion reports Training evaluation findings</p>	<p>Changes in government personnel may affect the timely delivery of outputs.</p> <p>Declining interest of DMC government counterparts may limit participation.</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	<p>3b. By Q2 2019, at least five policy makers in three selected DMCs consulted during policy dialogues (Baseline: 0)</p> <p>3c. By Q2 2019, at least one regional workshop on fiscal space of SPI for SDGs implemented (at least 40% of total participants are women) (Baseline: 0)</p>		
<p>Key Activities with Milestones</p> <p>Output 1. Financial analyses of the current social protection programs in three selected DMCs prepared</p> <p>1.1 Conduct inception workshops in three DMCs (January 2018–March 2018). 1.2 Prepare three draft country reports on the financial analysis of social protection programs (January 2018–September 2018). 1.3 Finalize and present findings to governments and stakeholders (October 2018–December 2018).</p> <p>Output 2. Strategic frameworks to finance the expansion of sustainable social protection programs recommended to governments</p> <p>2.1 Prepare draft recommendations on the strategic framework (October 2018–March 2019). 2.2 Present draft recommendations on the strategic framework to relevant ministries (January 2019–May 2019). 2.3 Present final recommendations on the strategic framework to relevant ministries (June 2019).</p> <p>Output 3. Training programs and policy dialogues delivered</p> <p>3.1 Organize country-level capacity-building workshops in social protection financing, and policy dialogues in three selected DMCs (June 2018–June 2019). 3.2 Conduct regional workshop (June 2019).</p>			
<p>Inputs</p> <p>ADB: \$500,000</p>			
<p>Assumptions for Partner Financing</p> <p>Not applicable</p>			

ADB = Asian Development Bank, DMC = developing member country, Q = quarter, SDG = Sustainable Development Goal, SPI = social protection indicator, TA = technical assistance.

^a Defined by the project.

Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	140.9
ii. National consultants	76.6
b. Out-of-pocket expenditures	
i. International and local travel	53.7
ii. Reports and communications	2.0
2. Publications ^b	30.0
3. Surveys ^c	10.0
4. Training, seminars, workshops, forum, and conferences ^d	
a. Facilitators and/or resource persons	40.0
b. Travel cost of Asian Development Bank staff acting as resource person	22.7
c. Venue rental and related facilities	6.9
d. Participants	79.2
e. Representation	3.5
5. Miscellaneous administration and support costs ^e	8.0
6. Contingencies	26.5
Total	500.0

Note: The technical assistance (TA) is estimated to cost \$500,000. Contributions from the Asian Development Bank (ADB) are presented in the table above. The government will provide counterpart support in the form of secretarial assistance, especially providing support in making relevant country data available; participation to consultations, training, and policy dialogues related to this technical assistance; validation of the deliverables of this TA, e.g., country reports; and other in-kind contributions.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-other sources).

^b Includes costs for editors, typesetters, proofreaders, peer reviewers, cost of social media tools for knowledge-sharing and dissemination activities, and relevant publishing expenses.

^c Includes costs for field researchers, enumerators, focus groups discussions, survey materials and related costs for field work, and support for the preparation of analytical studies.

^d Includes costs for inception workshops, national workshops, regional workshops, and other capacity-building support. May also include travel costs of ADB staff to provide administrative or secretariat support services for the implementation of regional training activities (workshops, seminars) for the regional TA, as per the ADB memo approved on 26 June 2013 on the Use of Bank Resources: Regional Technical Assistance and Technical Assistance vs. Internal Administrative Expenses Budget.

^e Includes other project administration costs such as travel costs of ADB staff to provide administrative or secretariat support services for the implementation of regional training activities (workshops, seminars) for the TA, as per the ADB memo approved on 26 June 2013 on the Use of Bank Resources: Regional Technical Assistance and Technical Assistance vs. Internal Administrative Expenses Budget, and other directly identifiable TA costs.

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=50375-001-TARreport>

Terms of Reference for Consultants