Optimising the role of development partners for social protection

For more information about the EU Social Protection Systems Programme:
https://oe.cd/social-protection
Lessons from the EU-SPS Programme

Optimising the role of development partners for social protection
The European Union Social Protection Systems (EU-SPS) Programme

The European Union Social Protection Systems Programme (EU-SPS) is a European Union action co-financed by the Organisation for Economic Co-operation and Development (OECD) and the Government of Finland. The OECD Development Centre and the Government of Finland’s National Institute for Health and Welfare (THL) manage its implementation. The EU-SPS supports low- and middle-income countries in building sustainable and inclusive social protection systems. The programme was implemented over the course of four and half years until April 2019 in partnership with national and regional social protection authorities, think-tanks and expert institutions in 10 countries.

The programme has three specific objectives: 1) To develop appropriate methodologies and tools with which to assess the social protection policies, programmes and capacities in ten selected partner countries; 2) To enhance administrative and technical capacity in the partner countries to support the development of affordable, sustainable and inclusive social protection systems; and 3) To generate evidence-based knowledge for future EU cooperation and for use by other development partners on the effectiveness of social protection in reducing poverty and vulnerability, addressing inequality and promoting social cohesion.

Disclaimer

The opinions expressed and arguments employed here are the sole responsibility of the authors and do not necessarily reflect those of the OECD, its Development Centre, or of their member countries.

This document, as well as any data and maps included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

Photo credit: Cover by the OECD Development Centre.
© OECD 2019
Abstract

This paper examines how donors and development partners have supported developing countries in establishing social protection systems. It charts the evolution of social protection across Africa, Asia and Latin America since the 1990s and analyses how donors have both responded to and contributed to this trajectory. The paper focuses on mechanisms through which donors support the development of social protection systems, including not only different forms of financial assistance but also non-financial instruments, such as technical assistance and capacity development. It also examines the important role played by evidence in strengthening social protection systems in developing countries and the emergence of south-south support for systems building. It concludes with recommendations for donors looking to enhance social protection systems globally.
Acknowledgements

The “Optimising the role of development partners for social protection” paper was prepared by the Social Cohesion Unit of the OECD Development Centre as part of the European Union Social Protection Systems Programme.

The team was led by Alexandre Kolev, Head of the Social Cohesion Unit, and Ji-Yeun Rim, Co-ordinator of the European Union Social Protection Systems Programme, under the guidance of Mario Pezzini, Director of the OECD Development Centre and Special Advisor to the OECD Secretary-General on Development. The report was drafted by Alexander Pick, based on background papers prepared by the Economic Policy Research Institute. Justina La assisted with production.

The OECD Development Centre’s publication team, led by Delphine Grandrieux, produced the publication. The cover was designed by Aida Buendía.

The European Union Social Protection Systems Programme is co-financed by the European Union, the OECD and the Government of Finland.

The contents of this publication are the sole responsibility of the OECD and can in no way be taken to reflect the views of the European Union or the Government of Finland.
**Table of contents**

1. **Introduction** ........................................................................................................................................ 6  
   1.1. Background ........................................................................................................................................ 8  
   1.2. Ideological underpinnings ............................................................................................................. 9  
   1.3. The role of donors in shaping social protection systems .......................................................... 11  

2. **Lessons learned from different kinds of donor engagement** ......................................................... 13  
   2.1. Analytical work ..................................................................................................................................... 13  
   2.2. Policy and strategy ........................................................................................................................... 15  
   2.3. Piloting and scaling up sub-national programmes ......................................................................... 16  
   2.4. Financial support ............................................................................................................................. 19  
     2.4.1. Direct budget support .................................................................................................................. 20  
     2.4.2. Programme support ................................................................................................................... 22  
     2.4.3. Structural adjustment finance .................................................................................................. 22  
     2.4.4. Emerging trends .......................................................................................................................... 23  
     2.4.5. Co-financing options ................................................................................................................... 24  
   2.5. Building national capabilities for social protection capacity development .................................. 26  

Notes ......................................................................................................................................................... 31  

3. **Conclusions and recommendations** .............................................................................................. 32  

References .................................................................................................................................................. 34  

**Figures**

Figure 1.1. Social protection contributes to a number of the SDGs ............................................................. 7  
Figure 2.1. Composition of social protection financing ............................................................................. 19  

**Boxes**

Box 1.1. Human rights-based approach in South Africa ........................................................................... 10  
Box 2.1. UNICEF’s support of knowledge-building for Argentina’s Universal Child Allowance .......... 14  
Box 2.2. South Africa’s Policy Discussion on Strategy Alignment with Social Protection .................... 15  
Box 2.3. Cambodia – The power of evidence in supporting policy innovation .................................... 17  
Box 2.4. Financing Mongolia's Child Money Programme ........................................................................ 23  
Box 2.5. Indonesia: A success story for development partners and social protection ........................ 29
1. Introduction

The 2030 Agenda for Sustainable Development has provided a renewed impetus for the development of comprehensive social protection systems. Social protection offers a vital contribution to global development strategy because its main aim—tackling poverty, vulnerability and social exclusion—strengthens the foundations for inclusive social development and equitable economic growth. Providing the most deprived households with income support makes markets work better for the poor. Protecting people against the worst consequences of shocks enables productive risk-taking. Social inclusion opens the door to vital opportunities.

In addition, a global evidence base today demonstrates social protection’s powerful role in supporting inclusive social development and equitable economic growth. A wealth of studies in Africa, Asia and Latin America robustly quantify social protection’s ability to support the achievement of several Sustainable Development Goals (SDGs) (Cluver et al., 2016[1]). Figure 1.I summarises these impacts and their relationships to the SDGs. This expanding global evidence base has encouraged development agencies and national governments to reconsider social policies their contribution to addressing the structural drivers of risk to build long-term resilience.
The increase in aid towards social protection programmes has corresponded with a proliferation of development agencies and other actors. Many multilateral organisations, such as the World Bank, International Monetary Fund (IMF), and United Nations agencies are involved in social protection, while many regional development organisations, such as the Asian Development Bank (ADB) have adopted social protection frameworks. Bilateral aid agreements are also used to support various social protection programmes worldwide, with an increasing contribution from emerging donors.

Donors use aid as an instrument to assist developing countries with reducing poverty, supporting social justice and protecting the rights of most vulnerable populations in society. Aid architecture has evolved from providing not only financial resources but also technical assistance and capacity building. Additionally, donors use different forms of aid and aid instruments to help achieve desired objectives. Although development assistance has contributed to the success of many social protection systems, in some cases, it has led to undesirable outcomes as donors have used aid to push forward their development agenda or have implemented weak programmes. This paper will explore the various forms of aid used by donors, highlighting the mechanisms and cases where development assistance has strengthened social protection systems and the areas where it has not been effective.
1.1. Background

Social protection first emerged as an effective global policy for addressing poverty and inequality in the 1990s. According to the World Bank’s 1990 World Development Report, developing countries secured limited donor support for social protection mainly through social action funds and less for ‘safety nets.’ However, the global financial bubble of the late 1990s and resultant East Asian financial crisis led to a shift in development thinking that prompted the emergence of social protection strategies and policies and an associated expansion of global financing. Development actors increasingly appreciated the negative consequences of unregulated markets on human and social development. During the same period, many developing nations needed assistance as the crisis led to an increase in poverty rates. Development agencies then adopted pro-poor social protection policies as a response, in part because these initiatives could efficiently deliver the scale of resources required to meet donor commitments and deliver effective results.

The global financial crisis of 2008 and the ‘rising powers phenomenon’ of the late 20th and early 21st centuries highlighted the urgency of expanding social protection policies. As the global political economy set the stage for accelerating investments in developing comprehensive social protection systems, development agencies utilised this window of opportunity for country-level advocacy and lead the institutionalisation of social protection as an integral component of comprehensive development strategies. Over the years, this has led to substantial donor influence and involvement in the building of social protection systems across the world (Hickey and Seekings, 2017[2]).

Some of the first social protection systems emerged in East Asia and Latin America. In Indonesia, the 1997 economic and political crisis led to budget reallocations away from expensive supply-driven fuel subsidies and towards the first set of social protection programmes. Similar dynamics influenced the development of social protection systems in Latin America, accelerated by repeated economic crises during the 1990s which required politically sustainable pro-poor policies that strengthened human development objectives (Lloyd-Sherlock and Barrientos, 2009[3]).

In Africa, social protection became an important part of development agencies’ poverty reduction efforts. Led by national commitment and with support (financial or technical) from development partners – bilateral and multilateral donors, international and local NGOs – virtually every country in Africa provides some form of social protection today (Davis et al., 2016[4]).

Historically, social protection programmes were designed and implemented as a response to exogenous shocks such as economic crises or health epidemics. The HIV/AIDS epidemic motivated African governments and their development partners to design and implement appropriate social protection interventions, particularly in the early 2000s when many countries adopted programmes for orphans and other vulnerable children. Agencies including the Department for International Development (DFID) and the United Nations Children’s Fund (UNICEF) provided substantial support to break the cycle of intergenerational HIV transmission (Miller and Samson, 2012[5]) (Nolan, 2009[6]). Today, nations invest in social protection as preventive measures that protect past progress and transformative tools that can accelerate future development.
1. INTRODUCTION

1.2. Ideological underpinnings

In the early to mid-2000s, development partners understood the essential pro-poor character of social protection systems. Many agencies, however, supported initiatives in line with their idiosyncratic definitions and frameworks, creating challenges for donor harmonisation. During the period, the Poverty Network of the OECD’s Development Assistance Committee (DAC) commissioned task teams to coordinate global social protection responses. The first of these – the POVNET Task Team on Risk, Vulnerability and Social Protection – commissioned research aiming to align these disparate viewpoints on underlying frameworks and tools that belied a unifying harmony on fundamental goals. Failing to identify a common definition for social protection, the Task Team managed to “agree to disagree on the concepts, while disagreeing much less on the ultimate objectives” (Voipio, 2007[7]). The successor ‘POVNET Task Team on Social Protection and Social Policy’ produced policy guidance that documented the pro-poor growth potential of social protection and its role in strengthening inclusive social development (OECD, 2009[8]).

The POVNET’s guidance document supported the “human rights-based” approach adopted by the United Nations (UN) agencies – including UNICEF and the International Labour Organisation (ILO). This continuation of the POVNET’s work focused on fulfilling human rights through appropriate policy and programming, anchoring social protection to a system of rights (of citizens) and corresponding obligations (of states) established by international law. In line with the Universal Declaration of Human Rights (UDHR), development partners increasingly viewed social protection as a universal right for all that plays a vital role in tackling poverty, vulnerability and social exclusion (UNRISD, 2016[9]).

To help attain basic human rights for individuals, UN agencies led by the ILO developed the Social Protection Floor framework (outlined in the Sustainable Development Goals, Target 1.3.1). The social protection floor consists of two main elements: (1) providing vital services such as healthcare, education, water, sanitation and family-focused social work and support; and (2) providing a set of essential social transfers, either in cash and/or in kind, to be given to the vulnerable for their basic survival. Adopting a social protection floor enables better food security and provides some form of income security and access to basic and essential services, such as education and healthcare (International Labour Office and World Health Organisation, 2009[10]).

The ILO defines the term social protection floor as “a nationally defined set of basic social security guarantees which secure protection aimed at preventing or alleviating poverty, vulnerability and social exclusion” throughout the life cycle (ILO, 2012[11]). Two main developments in the 21st century led to the SPF Initiative. First, the ILO began in the early 2000s to explore social policy responses that could mitigate the negative effects of recent changes in the global economy, expanding social security to people engaged in informal and vulnerable employment. In doing this, the organisation established working groups to explore alternative policy options. A second development was the financial crisis of 2008/9, which provided a window of opportunity for actors pursuing the extension of social protection on a global basis. The UN adopted nine key joint crisis initiatives, which included the establishment of national social protection floors.
The SPF concept builds on Article 9 of The International Covenant on Economic, Social and Cultural Rights and recasts the Social Security convention of 1952 to address the needs of the highly informal economies of the developing world. Article 9 recognises all humans’ right to social security. Moreover, the Committee on Economic, Social and Cultural Rights published an interpretation of Article 9 where it recognises that “the realization of the right to social security carries significant financial implications for States parties, but notes that the fundamental importance of social security for human dignity and the legal recognition of this right by States parties mean that the right should be given appropriate priority in law and policy.” This interpretation may signal UN intent to shift the focus in the global social protection sector back to the obligations and responsibilities of national governments and to reposition the state as a leading actor in the provision, rather than international aid donors. Simultaneously, it represents a pulling away from earlier top-down and donor-led initiatives. In 2012, at its 101st session of the International Labour Conference, the ILO adopted Recommendation 202 (R202) on national floors of social protection.

Box 1.1. Human rights-based approach in South Africa

South Africa provides an example of the human-rights-based approach to social protection, which is rooted in the country’s 1996 Constitution. Article 27 of the Bill of Rights includes the statement that all women, men and children have the right to enjoy basic social, health and welfare rights. In realising these rights, South Africa adopted a broad social protection framework, creating a social protection floor, which guarantees social transfers and basic social services. One of the country’s most developmental transfers is the Child Support Grant.

In contrast to this rights-based approach, the World Bank (and, to some extent, the International Monetary Fund) adopted an instrumentalist approach to social protection. In the 1990s and early 2000s, both institutions adopted the Social Risk Management (SRM) model to guide their “safety net” strategies. The model understands that “people with low incomes are more exposed to shocks and have less market and state instruments to be able to prevent and mitigate risks” (Holzmann and Jørgensen, 2001[12]). This vulnerability limits poor people’s engagement in productive activities that can help them escape poverty. The resulting economic-centred approach to social protection provides limited risk management instruments focused on consumption smoothing and human capital accumulation.

Prospera (formerly Oportunidades and, before that, Progresa), a Mexican conditional cash transfer programme, exemplifies the social risk management approach. The Government of Mexico designed the programme with World Bank support to target poverty by providing cash transfers to poor households in exchange for compliance with set conditionalities. Conditionalities included regular school attendance, health clinic visits and nutrition support. The transfer aims to protect against shocks by providing income support while simultaneously fostering education and health-related activities - making cash disbursement conditional upon behaviour compliance. The programme also provides participants with incentives for prudent risk-taking for future, sustained, economic growth, with the aim of supporting future poverty reduction. Critics suggest the
conditionalities exploit the work of mothers and the benefits aim to mute social protest, undermining the longer-term developmental impacts associated with rights-based approaches to social protection (Wilson, 2018\textsuperscript{[13]}). Others have lauded conditional cash transfers as programmes “as close as you can come to a magic bullet in development” (De Janvry and Sadoulet, 2004\textsuperscript{[14]}).

1.3. The role of donors in shaping social protection systems

In recent years, the social protection sector has witnessed a growth of international actors taking part in both provision and knowledge production. These include the major United Nations agencies, the Bretton Woods Institutions (led by the World Bank), the main bilateral donors (including the European Member States and the European Commission), and some influential NGOs and INGOs. McCord (2013\textsuperscript{[15]}) discusses this contested arena in greater detail and emphasises that INGOs have been highly influential in mobilising resource flows in favour of the social policy, both internationally and within donor countries.

Significant areas of contestation exist among the key actors in the field, particularly between the UN and World Bank with regard to addressing inequality and redistribution, universal versus residual (targeted) approaches, risk and resilience and the concept of graduation, as well as institutional priorities and design preferences. McCord (2013\textsuperscript{[15]}) emphasises that the dispute affects the global social protection sector in several ways. Most obviously, it affects the generation of knowledge in the sector, “resulting in an unwittingly ideologically-oriented debate”. But beyond this, it also affects the provision of social protection, resulting in a situation where key actors are engaged in supporting a plethora of alternative social protection interventions, rather than complementary ones (McCord, 2013\textsuperscript{[15]}). Greater donor harmonisation has, therefore, become an urgent priority to strengthen the development of systematic provision and increase the coherence of programming.

While development partners operate with different approaches to social protection, they have collectively helped develop social protection systems across the globe. Both the ideological underpinnings and the bilateral or multilateral nature of support play a role in social protection outcomes.

The influence of the World Bank’s support in Latin America demonstrates the impact of a development partnership. Mexico’s Progresa began in 1997, evolving into Oportunidades and then Prospera, and has influenced design in over sixty countries around the world, primarily with World Bank backing (Parker and Todd, 2017\textsuperscript{[16]}). The World Bank, acting as a knowledge broker, organised bi-annual conferences on conditional cash transfers and advanced the model by helping to create the Latin American Community of Practice – an electronic platform allowing practitioners to learn from each other. While the model proved popular among Latin American governments, it encountered resistance from national governments and global development partners in other regions of the world. A prominent critic, assessing their potential in Africa, termed CCTs “superfluous, pernicious, atrocious and abominable” (Freeland, 2007\textsuperscript{[17]}). Nevertheless, many African countries have launched CCT pilots, but most national scale programmes outside of Latin America follow a different model.
European development partners in Kenya demonstrated an alternative approach. In 2004, the Swedish International Development Agency (Sida) provided the Children’s Department in Kenya’s Ministry of Home Affairs (MOHA) with initial support to pilot the Cash Transfer for Orphans and Vulnerable Children (CT-OVC) programme in partnership with UNICEF delivering benefits to 500 households. Initial assessments documented the intervention’s efficacy in tackling poverty and vulnerability, and in subsequent years, additional development partners including the UK government’s Department for International Development (DFID) and the World Bank came on board. The Government of Kenya recognised the extraordinary success of the programme and began to expand its financial commitments to the programme rapidly. From 2004 to 2010, the financing of the programme increased ten-fold (Ha, Chai and Alviar, 2010[18]).

Today, the OVC-CT represents Kenya’s flagship social protection programmes and one of the most successful in Africa. Evaluations have credited the initiative with inspiring the development of the nation’s social cash transfer system reaching older people, people with disabilities, the urban poor and pastoral communities facing chronic poverty in the country’s arid and semi-arid lands (Davis et al., 2016[4]). Investment from a change-oriented development partner helped to catalyse the development of one of Africa’s most successful social protection systems. The Government of Kenya’s initiative stands in contrast to many other programmes across the Continent that still struggle to elicit strong government funding.

The establishment in 2012 of the Social Protection Inter-Agency Cooperation Board (SPIAC-B), at the behest of the G20 Development Working Group, provided a mechanism to convene key international institutions and bilateral development partners to better coordinate policy, advocacy, programming and financial resources supporting the development and expansion of nationally owned social protection systems and country demand-driven actions. SPIAC-B succeeded in aligning both UN and World Bank stakeholders with bilateral development partners. The World Bank in 2013 initiated a short-lived alternative mechanism—the Social Protection Assessment of Results of Country Systems (SPARCS), convened in Washington DC with a World Bank secretariat. SPARCS shortly fell within the overarching SPIAC-B governance process, re-established as the Social Protection Inter-agency Assessment task team (Deacon, 2015[19]). Since then, SPIAC-B has achieved important results, most notably in developing and applying a set of Interagency Social Protection Assessment (ISPA) tools that provide a harmonised framework for analysis regarding various aspects of social protection.
2. Lessons learned from different kinds of donor engagement

There are several areas in which donors have played a significant role in supporting social protection systems globally. These include (1) conducting analytical work, (2) enabling governments to develop social protection strategies and policies, (3) supporting pilot programmes, (4) providing budgetary support and (5) building national capacity within the social protection sphere. Each of these five areas provides specific kinds of support, and together the investments create important synergies that strengthen the development of comprehensive social protection systems.

2.1. Analytical work

Development partners today provide a range of non-financial inputs to the social protection development process, and arguably the most common contribution is knowledge. James Wolfensohn in 1996 first articulated the World Bank’s emerging role as a Knowledge Bank (Kramarz and Momani, 2013[20]), triggering decades of aspiration, and to some, disappointment (Ravallion, 2015[21]). The UK government’s Department for International Development is one of the largest funders of social protection evaluations in the world. Australian Aid and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) have funded the development of a knowledge portal, socialprotection.org, that has evolved into the world’s most popular social protection site for research, webinars and knowledge-sharing. Development partners recognise that knowledge and evidence provides a global public good and represents one of the most appropriate forms of donor investment in better social protection systems.

In addition to the macro mechanisms for facilitating access to information, development partners commission countless social protection studies every year. Box 2.1 reports lessons from UNICEF’s support of analytical work involving data collection, data analysis and evaluations that informed both policy decisions and aid disbursements.
Box 2.1. UNICEF’s support of knowledge-building for Argentina’s Universal Child Allowance

- Anticipating a possible scale-up of the Universal Child Allowance in Argentina, UNICEF and the government conducted an in-depth social protection situation analysis covering human development, demographics, the labour market, and macroeconomic factors. The experience with the analytical work’s influence on the scale-up of the programme offers three important lessons:

- Timing matters. The research team conducted the analysis two years after the initial implementation of the child allowance, providing sufficient data for robust analysis. Attempts to assess the programme earlier might have encountered information gaps that would have compromised prospects for evidence-backed conclusions. If the study had encountered delays, it is possible the government would have made decisions in the absence of the necessary evidence. Policy cycles often affect timing. Governments depend on scheduled windows for budgets and policy reforms and expansions. A study that misses the window to influence policy processes, no matter how credible and well-researched, risks irrelevance.

- Research aligned to national and international policy goals is more likely to influence policy. The leadership of Argentina at the time of the research had committed to strengthening social protection programmes. In addition, the Government had ratified both the UN Convention on the Rights of the Child (CRC) and the UN Convention on the Elimination of Discrimination against Women (CEDAW). The analytical work aligned well with both national and global policy objectives, increasing its relevance.

- Concretely actionable research can make the greatest impact. The analytical work concretely identified administrative issues in the enrolment process that caused the wrongful exclusion of 1.5 million children from the programme. Many families could not provide appropriate identification for their children, such as birth certificates, to confirm their age or provide the required documentation to prove their income. This evidence aligned with World Bank priorities to strengthen social protection information, administration and delivery systems, contributing to the approval of a USD 600 million loan in 2016.

UNICEF’s analytical work enabled the Government of Argentina to make policy decisions to scale up the programme. By 2018, the grant covered an estimated 85% of Argentinian children.

2. LESSONS LEARNED FROM DIFFERENT KINDS OF DONOR ENGAGEMENT

2.2. Policy and strategy

One of the most important roles for development partners over the past two decades has been the provision of technical assistance to develop national social protection strategies and policies. Today, most countries in Africa have published a national policy document that guides (at least nominally) the development of their social protection system (compared to none twenty years ago). Development partners have provided technical assistance for nearly all of these strategy-writing processes, often co-branding them with the respective governments.

A clear statement of national and sectoral social protection objectives provides a guiding strategy for social protection systems. Strategies integrate policies into coherent frameworks for action. The policy documents serve three purposes: (1) Strategies enable the development of inter-sectoral and intra-sectoral synergies, improving the performance of social protection systems. (2) The clear articulation of the strategy enhances government credibility, which helps build the capacity of the state to deliver. (3) Multi-sectoral strategies map multiple inputs to a portfolio of intended results, better enabling more comprehensive evaluation approaches.

Box 2.2. South Africa's Policy Discussion on Strategy Alignment with Social Protection

In 2012, South Africa launched the National Development Plan (NDP), which aims to eliminate poverty and reduce inequality by 2030. The NDP is divided into five-year Medium-Term Strategic Frameworks (MTSFs) that provide specific actions and targets to achieve the overarching aims of the NDP.

The provision of a Social Protection Floor is embedded in the NDP as well as the Constitution. Additionally, while South Africa established its NDP before the SDGs were adopted, the MTSFs provided a prime avenue for the Government of South Africa to align national and sectoral development plans with overarching international objectives, in this case the SDGs. A letter from Minister JT Radebe, former Minister in the Presidency, explicitly stated that “the aspirations articulated in the SDGs resonate with those found in our National Development Plan” and that “accelerating sustainable development to deliver on the United Nations’ Agenda 2030…must be at the centre of all our deliberations and actions” – a clear path guiding South Africa’s development.
2.3. Piloting and scaling up sub-national programmes

Investments in social protection pilots in the form of technical, financial or implementation support are important ways in which development partners are aiding governments to develop, expand or strengthen social protection systems. Pilot programmes provide small-scale investments to test the potential of an intervention at scale. These programmes serve as invaluable tools to test the feasibility of implementation, programme parameters, monitoring and evaluation and programme impacts and outcomes (both positive and negative). Pilots generally tend to be relatively short-term projects, restricted to a specific geographical scope or constituency. Pilots provide specific insights into an institutional and administrative capacity.

Ultimately, pilot programmes enable policymakers and donors to tests a policy’s effectiveness, creating a context-specific evidence base. For governments and development partners, this evidence base is an important instrument for advocacy – governments are more likely to invest in and scale up a programme that has demonstrated the potential for generating intended impacts (Sutcliffe and Court, 2005[23]).

For the success of pilots, donors or development partners must invest in fostering political support for scaling up. Advocacy, political engagements, mobilising stakeholders and government participation in the programme (from inception) are integral to obtaining the necessary government commitment. Often, the evidence base created by a successfully run pilot can play a big role in legitimising the programme and strengthening political commitment.

Development partners play important roles in the social protection sector in Cambodia (see Box 2.3), especially social assistance programmes in the education and health sectors, children and disability-related interventions (i.e. under the Ministry of Social Affairs, Veterans and Youth Rehabilitation), and skills development programmes (TVET). Donors have gone beyond funding and provide extensive technical assistance, operational and implementation support and invest heavily in policy advocacy. The World Food Programme (WFP) is a major donor partner, with over USD 90 million committed to social protection interventions in Cambodia over five years since 2011. They fund and manage scholarships, school feeding and the asset creation and livelihood support programme amongst other emergency relief and disability support programmes and provide management and operational assistance for social protection. ADB partly funds the TVET and GIZ, and other development partners provide support for Health Equity Funds and Community-Based Health Insurance. Coordination gaps in donor support have contributed to a plethora of small-scale pilots in Cambodia and resulted in duplication of efforts.
Box 2.3. Cambodia – The power of evidence in supporting policy innovation

A number of Cambodia’s largest social interventions are funded or managed by development partners. However, these donor-led pilots have had mixed results. While, on the one hand, a weak institutional framework and little coordination of donor support have led to fragmentation in the social protection sector, the resulting duplication of efforts has generated robust evidence influencing the government to implement a cash transfer for pregnant women and young children.

Starting in 2013, UNICEF supported the implementation of a pilot cash transfer to impoverished pregnant women and children up to the age of five along with behaviour change communication to improve feeding and WASH practices. The World Bank implemented a near-identical pilot starting in 2014. The duplication represented a less efficient use of aid resources, indicative of the challenge aid fragmentation in Cambodia represents. However, both pilots focused on evidence-building and the resulting corroboration of the independent impact evaluations along with coordinated policy advocacy from the two development partners has led to the implementation of a national cash transfer programme for pregnant women and children.


Increasingly, more development partners are adopting evidence-building pilots. New instruments aim to help the government to innovate better solutions to complex challenges – to strengthen national social protection systems and enhance developmental outcomes.

Evidence-building pilots involve a dual mechanism: (1) a dynamic feedback loop that channels comprehensive and actionable information from the central authority back to the programme, and (2) a pilot model that empowers implementers to employ these lessons to improve the programme’s delivery rapidly. The evaluation approach provides the flexibility to assess a dynamic treatment, enabling the intervention’s approach to evolve considering new evidence. This approach facilitates a learning-by-doing process to inform the design and implementation of the programme activities on a continual basis, refining the mix of interventions to achieve complex outcomes.

The evaluation approach innovates in three important ways: (1) it provides governments with great flexibility to design the interventions appropriately for their individual social and policy contexts, (2) it measures results in a way that motivates performance without unduly constraining design and implementation choices, and (3) it facilitates a learning-by-doing process that reduces the risk of the more ambitious approaches, better enabling short-term setbacks to give rise to long-term successes.
The CGAP-Ford Foundation Graduation Pilots in Ethiopia, Ghana, Haiti, Honduras, India, Pakistan, Peru and Yemen aim to understand how various forms of support and developmental initiatives, including food consumption, savings plans, skills training, and microfinance, can be sequenced to enable people to “graduate” out of extreme poverty and into sustainable livelihoods. This approach adopts a methodology developed by BRAC in Bangladesh. They represent a new wave of development partner-supported pilots that aim to tackle complex challenges and employ higher-risk but higher return approaches.

South Africa’s government, with support from the Ford Foundation, has implemented a similar pilot in two provinces to address the challenges of high HIV rates, unemployment, an under-resourced education system and the legacy of apartheid. The pilot adopts an evidence-based approach which combines a robust evaluation methodology with a dynamic, flexible design. The pilot mixes financial inclusion, education and career development initiatives with South Africa’s successful social protection programs to strengthen economic opportunities for the country’s youth (EPRI, 2016[26]).

These second-generation social protection programmes tackle the complex drivers of chronic poverty to trigger and accelerate development — creating a virtuous cycle that enables poor people to lift themselves to more sustainable livelihoods, build assets and access economic opportunities. The challenges vary from country to country, however, and to adapt these approaches to each context requires complex evaluation and a better evidence base than single-country studies can provide. Development partners support global networks that share what they have learned and build capacity through exchanges of experience and knowledge among developing countries, with promising initial results.1 More rapid progress demands better-integrated cross-country evaluation frameworks that can effectively identify the strategies with the greatest impact.

Important lessons are emerging from donor experiences with evidence-building pilots as a response to complex development challenges:

(i) Successful pilots create a vision for scaling up. Pilots with high unit costs, high management and human skill intensities can be successful on a small scale, with a large budget, but generally cannot be replicated on a larger scale. At the design phase, funders must consider the scalability and sustainability of the project.

(ii) Evidence-building pilots are successful even if they fail. The main purpose of an evidence-building pilot is to identify the best intervention to tackle a challenge. The failure of a pilot contributes to this goal in many important ways and signals the ambition of the overall policy exercise. The risk of failure is the necessary price for the opportunity to achieve outstanding success in tackling a complex challenge.

(iii) Evidence-building pilots require significant investments and risk appetites. To maximise the impact of investments in pilots, donors must be open to risk, prepared to accept failures and consider longer-term payback periods when designing programmes.

(iv) While funding is critical to enable more and better investments in social protection, providing additional support that enhances the delivery of programmes such as technical expertise, knowledge-sharing opportunities, promoting a more enabling environment, or providing capacity building training, etc. can enhance the value-for-money for donor investments and improve the chances of success for the pilots.
Adaptability is vital for success when investing in pilots. It is critical to balance the trade-off between relinquishing control due to the need for accountability of the funds and being more flexible to enhance the impact of the investment. Considering funding models that clearly articulate the purpose of the grant but are flexible in programme implementation can substantially increase the value of the investment.

2.4. Financial support

Around the developing world, social protection represents one of governments’ most important areas of investment. Although social protection spending has increased across developing countries during the 2000s, it remains low by the standards of industrialised country, and while developing countries finance most of their social protection investments, development partners also provide a significant share. Development partners play a major role in financing social protection, through general budget support provided through the government budget either generally or targeted at specific sectors or as programme funding as earmarked funds for expenditure in specific programmes (government and donor-led and managed). In rare cases, the IMF and World Bank provide structural adjustment finance to support a programme of policy reforms.

As illustrated in Figure 2.1, governments generally finance social protection spending from four sources: (1) development partner support, (2) domestic revenue, (3) borrowing and (4) reprioritising other spending or improving efficiency within the social protection sector.

**Figure 2.1. Composition of social protection financing**

Source: Authors’ elaboration.
Around the developing world, governments finance most social protection spending with either domestic revenue (mainly taxes) or development partner assistance. The reallocation of existing spending often proves politically challenging because of entrenched interests. Even with the commitment to changing public expenditure, the process is at best a medium-term outcome (Barrientos, 2004[27]).

South Africa’s Reconstruction and Development Programme sought to integrate development, redistribution, reconstruction and reconciliation post-apartheid. The programme provided a framework for socio-economic transformation through reforms in land, housing and services, water and sanitation, energy and electrification, telecommunications, nutrition, health care, social security and social welfare. Despite some advancements, the programme received criticism for delivering modest improvements, particularly regarding standards of housing, water and health care services, land reform policies, and inequality.

International development organisations and financial institutions, regional organisations and/or other international bodies provide development assistance for social protection systems, usually through budget support, programme support or structural adjustment finance. International development banks provide developing countries with loans that often have more favourable terms than those provided by the private sector, the terms of which vary based on a country’s income level. As countries move from low to middle-income status, they are more likely to “see a reduction in funding from bilateral donors and a shift from grants to loans” (Prizzon, Rogerson and Jalles d’Orey, 2017[28]).

For instance, the Government of Indonesia transitioned from concessional to less concessional finance as the countries’ income status improved. While borrowing can help expand and strengthen social protection systems, it also represents a financially and politically risky option. Many countries already face significant debt burdens, making additional borrowing risky and difficult, especially in cases where debt repayments can potentially crowd out vital investments in basic human rights, such as the rights to education, social security and an adequate standard of living.

Development partner assistance can provide vital funding for interim support and can finance better systems/information architecture and riskier innovations for which political will is still emerging. However, in the long run, domestic revenue is the only sustainable source of funding to scale up social protection systems.

2.4.1. Direct budget support

Direct budget support involves the direct transfer of funds to a recipient country’s budget while programme support provides funding for specific projects. Direct budget support forms a large part of donor financing for social protection. For such support to be effective, it is imperative for donor and government priorities to be aligned and for the country to have effective institutions to manage the reform. A mismatch in priorities or low capacity to deliver can significantly affect the value for money of the grant. When the environment is conducive, budget support can generate high value-for-money and drive change (Barrientos, 2004[27]).
The key drivers of efficiency for budget support are the ability of such assistance to identify linkages and leverage cross-sectoral interventions. Budget support is also more flexible and responsive to risks than programme support. One of the biggest advantages of this kind of support is its fungibility. It dispenses with conditionality while allowing donors the ability to agree on broader outcomes and purpose for the support. Sometimes, donors allocate budget support for specific sectors. When budget support is sectoral, “boundaries with conditionality become blurred” (Barrientos, 2004[27]).

The EU Consensus on Development (June 2017) reaffirmed the role of budget support in fostering partner countries’ efforts towards achieving the Sustainable Development Goals (SDGs). Recent evaluations have solidified the arguments in favour of the added value of budget support for social protection. In Paraguay, an evaluation of EU’s budget support operations concluded that “there is no doubt that in the education and social protection sectors, EU operations achieved a higher-than-expected impact in relation to their financial weight.”

Only 15% of EU’s aid disbursement is in the form of general budget support, and most of its financing targets the sub-Saharan African region. A majority of its disbursement is in the form of sector reform contracts (68%) (EU, 2017[29]). In recent years, state-building contracts (SBCs) – designed to support countries in fragile situations – have become a significant part of the EU’s portfolio. In Dominica, Fiji, Haiti and Nepal, the EU’s SBCs aim at contributing to post-disaster reconstruction, while in Afghanistan, Burkina Faso, Central African Republic, Côte d’Ivoire Guinea-Bissau and Madagascar the aid supports the ongoing political transition (EU, 2017[29]).

A body of evidence finds that budget support improves on government ownership, accountability and the capacity for public financial management (Addison, Tarp and Nino-Zarazua, 2015[30]). However, the success of budget support depends on the governance and policy environment of recipient countries. In fragile contexts and in countries where governance is poor or corruption high, general budget support is less relevant; donors either partner with NGOs or private organisations or provide ring-fenced sectoral budgets or programme aid.

The one challenge of providing budget support rather than programme support is that budget support shifts control over expenditure from donors to the government. “When problems arise, budget-supporting donors are left with an ‘all-or-nothing’ option” (Dionne, 2014[31]). In the wake of Cashgate, which involved fraud costing the Government of Malawi USD 32 million, donors chose ‘nothing’ by withholding support (The Economist, 2017[32]). In the aftermath of the scandal, the donor withdrawal of budgetary support seriously affected the economy as foreign aid represented 16% of Malawi’s gross national income (GNI).

Budget support to other sectors can also indirectly improve social protection outcomes. Organisations such as the World Bank regularly provide budget support for fiscal reforms, strengthening public finance management and creating a more enabling environment for the expansion and improvement of public service delivery. Although not directly for social protection, these disbursements can help achieve better social outcomes and support the social protection agenda.
2.4.2. Programme support

Programme support provides donors with greater control over how the money is spent and is often considered more appropriate in fragile contexts or countries with poor governance or prevalent corruption. In contexts where donors are moving away from budget support, programme-linked funding to national social protection systems becomes an alternative way of visibly, transparently and directly channelling significant resources to the poorest and most vulnerable.

IrishAid had been providing financial support for programme implementation in some countries through UN agencies and NGOs such as HelpAge. In Malawi, IrishAid is supporting a cash transfer project run by the Ministry of Gender (Irish Aid, 2017[33]). Similarly, in Viet Nam and other countries, through the programme grant, Irish Aid has supported civil society partners to implement pilot and targeted cash transfer programmes.

Programme support provides a more flexible tool for responding to allegations of misuse of funds and does not require the withdrawal of all support, which can have detrimental effects on vulnerable economies. In Malawi, when most donors withdrew all direct budget support in response to the “Cashgate” scandal, the United States was able to continue funding using programme support because the financing instrument provided the development partner with greater control over the spending decisions, allowing better fiduciary risk management in this context.

2.4.3. Structural adjustment finance

Structural adjustment financing is funding provided conditional upon pre-agreed policy reforms. These reforms have received criticism due to the impact they have on the social sector (Lensink, 1995[34]). In recent years, there has been some reform to structural adjustment policies; ‘poverty reduction’ has been added as an element of structural adjustment. The IMF and the World Bank rely more heavily on conditional grants and structural adjustment finance. Social protection was never a core sector for the IMF, but the organisation’s mandate permitted conditionality on social protection in IMF-supported programmes.

The IMF has leveraged its power with finance ministries in low-income countries to advocate for targeted social protection programmes within its broader objective to help governments expand the fiscal space for strengthening social protection systems. A frequent theme of IMF advice was to reduce or abolish energy price subsidies. In many cases, the IMF’s recommendations for targeted transfers became adapted as a structural conditionality in an IMF-supported programme (Klugman et al., 2017[35]). In Georgia and Mongolia, the IMF insisted that the government shift from universal to targeted social transfers. In Mongolia, lending assistance was conditional on redesigning the already successful universal Child Money Programme into a targeted transfer, which resulted in unfavourable outcomes (outlined in Box 2.4).

Similarly, in Malawi, the World Bank provides ample budget support, including for social protection programmes in response to macroeconomic concerns — such as the social impact of the devaluation of the kwacha and increases in energy prices. It coordinates with the
IMF to ensure that the budget support is contingent on “sound macroeconomic policies” (IMF, 2018[36]).

**Box 2.4. Financing Mongolia’s Child Money Programme**

The universal Child Money Programme (CMP) represents one of Mongolia’s flagship programmes and an important component of the social protection system. The programme has had a turbulent history. In 2005, the government of Mongolia introduced the CMP as a conditional cash transfer programme targeted at the poor, but the government quickly reformed the programme to a quasi-universal grant with weaker conditions in 2006 – partly driven by electoral policies and favourable economic climate. In 2007, a UNICEF evaluation concluded that targeting the transfer reduced its efficiency and the programme. In 2010, the government of Mongolia replaced the programme with a universal cash transfer to all citizens but then reintroduced CMP in 2012 as a universal cash transfer for children aged 0-18 years.

The Mongolia Development Fund, which is financed by mining taxes, funds a significant proportion of the CMP. As the economic climate worsened, Mongolia experienced a corresponding budget shortfall. As part of the budget assistance package financed by the International Monetary Fund, Asian Development Bank, World Bank, Japan and other donors, the government of Mongolia has been made to restructure the CMP to carefully target the poor despite the national unpopularity for targeted cash transfers. The IMF’s attempt to move to a targeted programme met with political and cultural resistance and has failed to generate lasting impact due to prevailing cultural norms and preferences. Development partners, such as UNICEF and ILO, global think tanks and social protection experts strongly opposed the IMF’s push for targeting the scheme. As the government continues to balance a national preference for universalisation against donor pressure to target the CMP, the frequent shift in policy choices can undermine the potential impact and effectiveness of a regular and predictable cash transfer.


### 2.4.4. Emerging trends

New global players are emerging in the aid field. These are set to play a significant role in providing both budgetary and programme support to developing nations. Emerging donors are usually countries who have shifted from being aid recipient countries to aid provider countries. “Emerging donors have also until recently, stayed outside OECD DAC-led agreements to improve the quality of aid. This has, in theory, made it more difficult to address issues that rely on coordinated action across all donors, such as reducing aid volatility, agreeing a division of labour and untying aid” (Chandy, 2012[40]). This trend
creates important challenges because leveraging social protection’s potential to strengthen inter-sectoral synergies depends vitally on increased cooperation and coordination.

Emerging donors offer the potential to improve South-South integration in building social protection capacity. Brazil has provided India with technical assistance supporting a social protection programme in Delhi, while India has contributed to management information systems development in eight African countries, both with World Bank support. Brazil has provided substantial technical assistance and knowledge-sharing to many countries, based on its expertise in developing Bolsa Familia (Aboubacar, 2014) In particular, Brazil has supported Mozambique’s social protection system and assisted the development of Ghana’s Livelihoods Empowerment Against Poverty (LEAP) programme.

2.4.5. Co-financing options

Social protection offers national governments and development partners a synergy-building enabler that supports achievement of 14 of the 17 Sustainable Development Goals (SDGs). The financing requirements of the social protection sector are substantial, and for the entire SDG agenda much more so. No development partner, or even consortium of donors, can provide sustainable social protection financing at scale, much less for a nation’s entire SDG agenda. Donor resourcing strategies that complement and enable the strengthening of national financing provide the most sustainable approaches to sustainable expansions of social protection systems. These strategies require guidance for countries to assess financing capabilities and priorities, and to understand linkages within the social protection sector and to build bridges to other sectors, particularly health, education, nutrition, gender, environment and livelihoods, sectors for which social protection has demonstrated particularly significant synergy-enhancing impacts.

Integrated financing strategies support social protection’s enabling role that promises value-for-money by supporting delivery of the broader SDG agenda. Efficient and effective approaches require five components that enable integrated and comprehensive financing for developmental synergy (ADB, 2017):

- National leadership that drives cross-Ministerial and inter-agency coherence;
- A clear vision for results;
- An overarching strategic financing policy;
- Operational financing policies for specific flows; and
- A monitoring, evaluation and learning system with strong processes to promote accountability and multi-stakeholder dialogue.

The OECD suggests that positioning responsibility for integrated development in the “Centre of Government” (usually the Office of the President of Prime Minister, or the main Cabinet Office or other central decision-making institution) can maximise prospects for success. Integrated financing frameworks can prompt governments to take a closer look at their financing frameworks and can initiate thinking around policy or institutional reforms. This new approach underscores the need for an integrated vision of fiscal planning and management that transcends traditional public financial management and considers private resources.
This focus on integrated financing leads development partners to innovate new trends in financing social protection. One of the most promising innovations enables multiple policy stakeholders to “co-finance” complex interventions linking social protection to other developmental sectors. “Co-financing” for social protection moves away from a silo approach to a welfare-enhancing development planning approach, which recognises the complexity of interventions with multi-sectoral outcomes and further encourages inter-sectoral investment decisions that are rooted in an economic evaluation of costs and benefits (Remme, Martinez-Alvarez and Vassall, 2017[43]).

Often an intervention that can yield benefits for multiple sectors goes un-financed because neither sector can individually finance the programme. A co-financing approach allows the multiple beneficiary sectors to finance an intervention collectively; their investments are often proportional to the values of the benefits each sectoral stakeholder estimates. By sharing the cost of an intervention across sectors that benefit from it, the co-financing approach allows multiple sectors to take ownership of the intervention, achieves developmental synergies, optimises resources and prevents welfare losses. Policymakers see robust and credible evidence on cross-sectoral investment returns as essential for scaling up successful programmes.

The United Nations Development Programme and UNICEF have hosted workshops and pilot projects to build capacity and political will for co-financing interventions. The policy innovation remains at a planning stage, with few developing country examples at scale. South Africa’s new Expanded Public Works Programme (EPWP) places this approach at the centre of its financing strategy. While the EPWP includes a modest budget for incentives for the creation of public sector job opportunities, other ministries provide the majority of the programme’s funding. The EPWP represents one of the world’s most successful examples of the coordination of inter-ministerial budgets for the achievement of a major cross-cutting policy objective (employment creation).

The approach relies on the various beneficiary sectors’ “willingness to pay”, which in turn depends on the benefits they will yield from the intervention. The determination of the share of cost per sector is often the most challenging element of this approach, due to several factors:

- uncertainty surrounding the rate of return for each sector,
- low-confidence in the available evidence,
- unequal information access and
- lack of understanding of benefits for other sectors

In addition, stakeholders in different sectors are often reluctant to share accurate cost-benefit information.

Three major barriers stand in the way of widespread adoption of co-financing approaches that support social protection’s integration with other sectoral initiatives to resource comprehensive and integrated approaches tackling complex challenges. First, policymakers remain uncertain about the benefits that developmental synergies generate. Valuing complex interventions requires evidence on the rates of return across sectors and depends on the profile of current investments. Calculating the rates of return on single-sector
investments often poses enormous challenges; these complications multiply exponentially when measuring inter-sectoral synergies.

In most contexts, policy-makers lack the sophisticated evidence that will enable robust benefit-cost analysis and the calculation of appropriate cost shares. Policy stakeholders express low levels of confidence in the limited data that exists. Risk aversion among policy stakeholders (including development partners) creates the second major barrier to more widespread adoption of co-financing approaches. The complex interventions that lend themselves best to co-financing approaches tend to be much riskier than simpler investments. Policy-makers are often reluctant to invest in programmes with a significant likelihood of failure, even when extraordinary upside potential yields expected returns that exceed those associated with conventional interventions. Risk aversion often leads to a heavy discounting of expected returns, so that the risk-adjusted calculation discourages the co-financing investment.

Even when stakeholders are confident of the evidence supporting an initiative, there is a divide over information access. Usually, line ministries have better information about the benefits to their sectors and less understanding of impacts on other sectors. Often the policy stakeholder responsible for the national planning function possesses the least robust evidence regarding sectoral priorities and relies on line ministries for accurate data on the rates of return. Since co-financing approaches often allocate cost shares based on “willingness to pay”, they create incentives for sectoral stakeholders to under-report the expected returns to their sector from complex interventions—creating a “free rider” opportunity. A policy stakeholder that under-reports willingness to pay typically lowers the associated cost share proportionally. If all stakeholders play the game of under-reporting willingness to pay, the co-financing scheme may collapse.

Development partners can play important roles in overcoming all three barriers. Development partners are best positioned to finance global public goods such as robust and credible evidence that can reduce uncertainty and better support policy adoption of co-financing approaches to tackling complex challenges. More transparent evidence can reduce information asymmetry and minimise the risk that free-riders cause the collapse of the co-financing scheme.

More sophisticated evidence can reduce the risk of perverse incentives for a sectoral stakeholder to under-report their willingness to pay for comprehensive and integrated interventions. Economists have developed pricing tools and incentive-compatible mechanisms for reporting accurate valuations that can facilitate more robust benefit-cost analysis and more stable cost recovery allocations for complex multi-sectoral interventions. Development partners are in a better position to value the global public good character of these innovations and are best placed to invest in pilots to innovate their use, particularly given the trending nature of “social protection plus” today².

2.5. **Building national capabilities for social protection capacity development**

Social ministries often do not transform social protection systems on their own—they frequently rely on development partners for the catalyst that global lessons of experience and innovation finance provide. NGOs often fill technical gaps and lend their own support
that enables the risky trials that governments often cannot implement on their own. Ultimately, finance and planning ministries must embrace the agenda to ensure sustainable scale-up. Development partners similarly support social protection capacity development and increasingly pioneer strategies for countries to help countries enhance their ability to deliver social protection more effectively.

Development partners have supported multiple phases of global social protection capacity development. For more than a decade, global research institutes, academic institutions and development agencies have provided short-term intensive courses in social protection, many of these supported by development partners. The United Kingdom’s Department for International Development (DFID) funded the Economic Policy Research Institute (EPRI) to develop the first global social protection short course in 2006, which launched in July 2007. Both the Institute for Development Studies and Maastricht University followed with similar short courses. The World Bank offers other short courses but refers to them as safety nets training rather than social protection courses. In addition to the safety net courses, the organisation also provides a course on pensions.

More recently, the International Labour Organization with funding from the European Union and other development partners developed the Transform programme to train national experts to deliver short courses. In 2015, the European Union launched the Social Protection Systems Programme, which combines analytical support for systems building with capacity building. The four-year programme helps strengthen social protection systems for ten partner countries across Africa and Asia through technical assistance, capacity strengthening and development of analytical tools.

The second emerging trend globally involves the development of academic programmes that focus on social protection policy and programming. While the Institute of Development Studies (Sussex) and Maastricht University have offered master’s degrees with an academic concentration in social protection for more than a decade, increasingly universities around the world are providing additional academic options. However, in the growing and dynamic policy environment, leading policy stakeholders in the global South are often unable to remove themselves from their government responsibilities for one-to-two years to access these programmes. Further, these programmes often adopt an academic focus that does not provide sufficient practical tools compared to the existing short-term courses.

Increasingly today, governments that require comprehensive and country-contextualised social protection training, critical of this dominant model of short-course delivery as providing too basic a training to serve countries as their systems evolve, are transitioning from these short-term global courses to longer-term national capacity development systems. This trend disrupts the existing dominant model for social protection capacity development. In Bangladesh, the UK government’s Department for International Development/UKid funded a consortium to develop a multi-year national social protection training programme that leverages teams of global experts and government practitioners to train hundreds of government officials. The European Union and other development partners have funded UNDP and UNICEF and global and regional research institutions to support a similar long-term capacity development programme in Viet Nam, which has included a regional training short course in social protection. The major disadvantage of
this emerging trend stems from the country-specific focus: national training often lacks the cross-country experience-sharing and global peer-learning that the international short courses provide.

Social protection officials in the Government of Kenya, with extensive experience with many of the short course service providers referenced above, have rejected the global short course model and are developing a longer-term national system of in-service training that better addresses their increasingly complex requirements and goals. With support from the World Food Programme and UNICEF, and technical assistance from the Economic Policy Research Institute, the Government of Kenya is building the capacity of a cadre of experts to train thousands of social protection officials across multiple ministries and agencies. The government will make these training programmes available to government officials from the region and the rest of the world, addressing the conventional limitations of national programmes that reduce exposure to global models.
Indonesia’s transition to middle-income status represents a global success story, both in terms of improved governance and policy driving more equitable economic growth and poverty reduction as well as coordinated development partner supporting following Paris principles aligned with country-driven strategies. The social protection sector offers a lens which illuminates multiple dimensions of this success. AusAID, GIZ, UNICEF, the World Bank and other development partners played important supporting roles reinforcing central national actors who built Indonesia’s social protection system.

After the global economic crisis of 2008, the Australian Government’s AusAID provided technical and financial support to reform social protection institutions and programmes. AusAID supported the design and operationalisation of an inter-ministerial agency (TNP2K) with a mandate to develop, synchronise, harmonise, integrate, monitor and evaluate poverty reduction programmes in the country. TNP2K’s mandate overlapped with several line ministries and caused tension as other departments were sometimes resistant to its role.

At the Vice-President’s request, AusAID created the Poverty Reduction Support Facility (PRSF), an external agency, to strengthen the position of TNP2K through technical, managerial and financial support services. AusAID’s PRSF had two primary objectives: (1) to support TNP2K in increasing effectiveness and efficiency of current social protection programmes, and (2) to support the Government of Indonesia to develop a comprehensive and easily implementable social protection framework. One of the most significant developments from the PRSF was the implementation of the Unified Database (UBD), which is used as both a targeting mechanism and a single registry system for all beneficiaries eligible for social protection programmes, streamlining what would typically cause overlaps and duplicate costs across ministries.

In 2015, the Government of Indonesia transitioned the PRSF into a government-owned agency called MAHKOTA (Menuju Masyarakat Indonesia yang Kokoh Sejahtera) to consolidate and ensure ongoing technical support and integration with the broader social protection system. The strengthening of PRSF from a small offshoot of the TNP2K into a full-fledged government-owned agency exhibits AusAID’s exemplary role in building national capacity in Indonesia. AusAID also funded multiple social protection short courses, commissioning international technical experts and building the capacity of local trainers.

Other development partners have also contributed to building the social protection system of Indonesia. GIZ played a specific role in advancing the country’s social insurance schemes. The organisation provided technical support in shaping both legislation and in building more specific programmes. A notable achievement has been GIZ’s high-level technical support to the legislative reform of the National Social Security System (SJSN). The SJSN legislative reform enabled the creation of several different social security schemes including old-age savings, old-age pensions, work-injury insurance, death benefits for survivors of deceased workers, and national health insurance. This GIZ-
supported legislative reform mandated national coverage of these programmes, reaching the entirety of the Indonesian population. In addition, policy advice GIZ provided to the National Planning Agency to support strategic planning was particularly commendable.

This support led to the creation of a specific directorate on social protection within the Indonesian National Planning Agency. GIZ helped the National Social Security Council (DJSN) to create the National Health Insurance Programme (JKN) in 2010. GIZ provided technical support from design to implementation—also assisting monitoring and evaluating the programme. The agency trained the special directorate to assist the Indonesian National Council on Social Welfare (INCSW) to expand the statutory health coverage to uninsured populations. GIZ has trained the special directorate to directly advise MoSA, conduct pilots, introduce IT to social protection, and to support MoSA organisational reform.

UNICEF has provided ongoing technical assistance to key social ministries in designing and implementing rights-based social protection programmes. In 2018, The government of Indonesia’s Papua province funded a UNICEF-supported universal child grant – the Bangga Papua Program – with an allocation of IDR 26 billion to strengthen nutritional outcomes for 11,083 children in the Asmat District, following a global trend towards universal child benefits. Development partners have supported a series of high-level policy initiatives that have incubated ultra-high-return investments in these initiatives, including a series of pan-Asian Ministerial-level meetings focusing on children’s rights. The most recent meeting – in Kuala Lumpur – focused on the role of these universal child benefit programmes in building cognitive capital and paving the way to Asia’s future prosperity. Indonesia’s leading participation in this UNICEF-organised meeting shared the success of the nation’s social protection system and catalysed the momentum for the universal child benefit as the next generation of global good practice social protection initiatives.

The World Bank and the IMF provided financial and technical support for the expansion of the country’s social protection system, particularly through Rastra (originally Raskin), a programme providing subsidised rice to poor households. The World Bank supported the design and implementation of a conditional cash transfer pilot (PKH) that has slowly scaled up to a near-national programme. In addition, the World Bank and Indonesian Ministry of Social Affairs (MoSA) collaborated on strengthening management information systems, human resources, and inter-sectoral linkages.

Notes

1 For example, the Ford Foundation funded the development and comparison of complex graduation pilots in nine countries. The World Bank supports communities of practice that build and share evidence on social protection design and implementation. UNICEF and FAO have implemented the Transfer Project to develop and disseminate evidence on cash transfers in Africa. Evidence is a global public good—and many development partners make it a priority to support evidence building and sharing. A consortium of development partners led by AustralianAid supported the implementation of the SocialProtection.org portal, which has rapidly evolved into a global tool for evidence sharing. In February 2019, UNICEF hosted a global conference on universal child grants that convened academic experts and policy practitioners to share state-of-the-art evidence.

2 “Social Protection Plus” initiatives combine social protection programmes, such as cash transfers with one or more types of complementary support (such as social and behaviour communication) to more effectively achieve desired outcomes.
3. Conclusions and recommendations

Development partners play a vital role in the dynamic development of national social protection systems around the world. The successful expansion of the sector, with real spending increasing six-fold in Asia over the past three decades and three-fold in Africa and Latin America, owes much to the support of global development partners. The areas of engagement mapped in this paper provide a continuing roadmap for future development partner support:

- Evidence is the hallmark of the social protection sector. Development partners’ support for analytical work acknowledges the global public good character of this evidence.
- Social protection strategies and policies offer dynamic opportunities to build and reinforce developmental synergies, particularly through development partner support for costed sector plans, the next step from strategy to implementation.
- Pilots pose risks of system fragmentation while offering opportunities for productive innovation. Development partners can support government-led initiatives to tackle complex challenges with evidence-building pilots.
- Providing financial resources represents the traditional domain of development partner support. Countries around the world continue to rely on donors to finance the globally under-funded social protection systems. Ensuring progressive expansion of government funding remains an important element of a donor financing strategy.
- Building capacity for social protection policies, strategies, programmes and systems offers extraordinary potential for high value-for-money returns, sharing with evidence-building a global public good character. Development partners today can play a particularly important role in strengthening South-based capacity development initiatives, particularly in terms of building national capabilities for social protection capacity development.

In addition to these five areas, development partners can expand support in new areas. The United Nations Development Programme, in partnership with research partners in both the global North and South, has pioneered the “co-financing approach” to funding social protection’s linkages with other developmental sectors. This approach builds on the expanding evidence base documenting how integrated cross-sectoral responses and comprehensive approaches can effectively achieve complex outcomes while strengthening a range of other developmental outcomes, including tackling poverty, building human capital, supporting livelihoods engagement and broadly contributing to inclusive and pro-poor economic growth.
Development partners can support the acquisition of global public goods including robust and credible evidence on cross-sectoral investment returns that policy-makers see as essential for innovating co-financing mechanisms. Development partners can also assist in developing better budgetary mechanisms to support the associated co-financing requirements.

The unique role of development partners in supporting social protection increasingly focuses on their appreciation of global public goods in strengthening synergies and building value-for-money. This focus encompasses all five of the areas addressed in this paper. Evidence and knowledge is the prototypical global public good; it is non-exhaustive, mostly non-exclusive and capable of strengthening developmental impacts. Social protection strategies, policies and cost sector plans involve tools which are applicable across nations with similar multipliers. Pilots – particularly evidence-building ones – offer powerful opportunities to generate learning-by-doing processes that yield global impacts. Financing mechanisms – while managing an exhaustible resource (development partner funding) – can evolve into catalysts that generate co-financing schemes that fund the achievement of complex outcomes. Capacity development also shares a global public good character, as it represents an effective mechanism for sharing international lessons of experience.

Development partners can enhance their role by expanding support for the global public good, which may require expanding appetite for risk. Complex problems are challenges for which governments and development partners lack clear blueprints for progress. Social protection has proven to be an enabler that strengthens prospects for achieving complex outcomes but with significant risks of programme failure. Development partners can afford this risk more than national governments, in part because even failure generates significant benefits from a global learning perspective. With an appropriate appetite for risk and tolerance for failure, development partners can better support national governments in their efforts to tackle their most challenging social problems, employing social protection as a synergy-building enabler that strengthens the comprehensive and integrated inter-sectoral approaches that can best deliver inclusive social development and equitable economic growth.
References


Barrientos, A. (2004), FINANCING SOCIAL PROTECTION, University of Manchester.


EPRI (2016), *Savings and Investment Linkages Pilot funded by Ford Foundation*, EPRI.


Ha, W., J. Chai and C. Alviar (2010), *Targeting in Kenya’s Cash Transfer Programme for OVC*, UNICEF.


ILO (2012), *Social Protection Floors Recommendation*, ILO.

IMF (2018), *Malawi; First Review Under the Three-Year Extended Credit Facility Arrangement and Requests for Modification and Waivers of Nonobservance of Performance Criteria-Press Release; Staff Report; and Statement by the Executive Director for Malawi*, IMF.


Klugman, J. et al. (2017), *The IMF and Social Protection: Seven low-income country cases.*, IMF.


Remme, M., M. Martinez-Alvarez and A. Vassall (2017), *Cost-Effectiveness Thresholds in Global Health: Taking a Multisectoral Perspective*, London School of Hygiene and Tropical Medicine.


The Economist (2017), *Malawi’s “cashgate” scandal: The $32m heist*.


LESSONS FROM THE EU-SPS PROGRAMME

Optimising the role of development partners for social protection

For more information about the EU Social Protection Systems Programme:
https://oe.cd/social-protection