



Australian Government
Department of Foreign Affairs and Trade



Strategy for Australia's aid investments in social protection



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Executive summary

Social protection is identified as one of the six priorities for the Australian aid program, as part of its focus on building resilience. This strategy describes how and why Australia will invest in social protection and provides the analytical framework to guide our decision-making.

Social protection refers to programs that address risk, vulnerability, inequality, and poverty through a system of transfers to people in cash or in kind. It has three core functions:

1) protection of the poor from the worst impacts of poverty, 2) prevention against income shocks and drops in well-being, 3) promotion of opportunities and livelihoods.

There is substantial evidence of the positive impacts of social protection on food security, health, education, access to work, market stimulation, and facilitating macroeconomic reforms. The combination of social protection's impacts make for a compelling story of how it underpins a country's economic development.

Fundamentally, Australia's investment in social protection is about leverage. We rarely fund the actual transfers. Instead, we help improve partner government systems to more effectively distribute their own funds.

Investing in social protection is important for low income countries but it is particularly relevant in middle income countries, where social protection systems are a key part of a country's economic development, and political interest in their effectiveness is high. The results Australian aid has already achieved in social protection, the respect we have gained through our commitment to south-south learning, our willingness to adapt our support as partner's needs change, and the seat at the global policy table our involvement to date has earned, provide our comparative advantage in this area.

Australia's investment in social protection will contribute to the wider aid program's focus on economic growth and poverty reduction. It will do this through the pursuit of three strategic objectives: 1) improve social protection coverage in the Indo-Pacific, 2) improve the quality of social protection systems, and 3) enhance partner governments' ability to make their own informed choices about social protection options. Priority areas of engagement will be in two broad areas: 1) refining and developing social protection systems, and 2) strengthening partner government and other stakeholders' knowledge on social protection.

Purpose and definitions

Social protection is identified as one of the six priorities for the Australian Government as part of its focus on building resilience outlined in the development policy — *Australian aid: promoting prosperity, reducing poverty, enhancing stability*. The overarching purpose of our investment in social protection is:

Australia will invest in improving social protection systems across the Indo-Pacific to reduce poverty and support economic growth.

This strategy describes how and why Australia will invest in social protection and provides the analytical framework to guide decision-making in social protection.

It details: 1) what social protection is, 2) the evidence of social protection's impacts, 3) its relatively recent rapid expansion across the developing world, 4) objectives and priority areas of engagement, 5) the approach to investment, 6) performance management, and 7) resources.

What is social protection?

Social protection refers to programs that address risk, vulnerability, inequality and poverty through a system of transfers to people in cash or in kind. The transfers can be funded by contributions from recipients (social insurance) or by government (social assistance). The Australian Government primarily supports work on social assistance, also known as social safety nets, as the focus of these programs is normally on the poor and vulnerable (as opposed to social insurance which is mainly for the non-poor). The transfers can take a variety of forms such as financial grants, food transfers, cash-for-work, and school-feeding.

Transfer programs generally aim to reach the poor and vulnerable but can be designed in many ways, depending on the objectives. The transfers can be conditional or unconditional. Conditions can include commitments to send children to school, having pre- and post-natal care, or taking part in cash-for-work programs. Conditional programs dominate in Latin America but are becoming more popular in Asia. They are used to promote behavioural change, or for political reasons when only a conditional program is considered acceptable. The transfers can be targeted to the poor or to categories of the population (for example the elderly, families with children, people with disabilities) to ensure that resources reach the intended population.

Social protection contributes to growth and poverty reduction. Social protection goes beyond the provision of basic needs and is a core contributor to economic development by helping to mitigate risk, stimulate the economy, link people to the labour market, strengthen stability and build human capital. It is also a key component of building resilience so people can better withstand and bounce back from shocks.



Beneficiaries of the Philippines conditional cash transfer program (the 4Ps) attending health check-ups.
Photo: Ben Pederick/DFAT 2014

Social protection is widely accepted as having three core functions: 1) protection of the poor from the worst impacts of poverty, 2) prevention against income shocks and drops in well-being, 3) promotion of opportunities and livelihoods¹ (see Figure 1). These functions work together to make people more resilient to stresses and shocks.

Figure 1: Core functions of social protection



1 Guhan (1994); World Bank (2008); Institute for Development Studies (2004); UK Department for International Development (2011)

Evidence of the impacts of social protection

Australia's support for social protection in the region stems from the clear evidence of what it has been able to achieve. It has both short and long term impacts which support the purpose of Australia's aid program: economic growth and poverty reduction. More evidence is available from regions where social protection has had a relatively longer existence, such as Latin America and Africa, but there are some impressive results now coming from the Indo-Pacific.

Transfers assist the poor to purchase basic goods and services. The immediate benefit of enabling households to have adequate food, clothing and shelter has flow on benefits for schooling and workforce participation. By supporting these basic needs it is currently estimated that social protection prevents 150 million people from falling below the US\$1.25 per day poverty line.² Nearly all mainstream discussions of the policies needed to combat poverty now refer to social protection as part of the solution. It is one of the five targets under the UN's Sustainable Development Goal of ending poverty in all its forms. It is also part of the new Sendai Framework for Disaster Risk Reduction which calls for a strengthening of social safety net mechanisms.

There is an immediate local economic impact. Cash injections lift aggregate demand and benefit local markets as poor people spend their transfers. Non-recipients also benefit through the sale of goods and services. Where this was studied in Malawi, Lesotho, Ghana and Ethiopia, every dollar spent on predictable payments to households generated approximately \$2.50 in local communities.³ In India, the national program which guarantees 100 days work per year to those in need has lifted the agricultural wage rate by 4.3 percent per year. This has had a significant impact on poor households.⁴ Social protection can represent an important fiscal lever for our partner governments through the stimulation of the economy, influencing wage rates and facilitating important macroeconomic reforms.

Social protection has clear positive impacts on people's work lives. It helps people to manage risk more effectively which can improve their livelihoods.⁵ In Mexico, recipients had a 40 percent higher rate of productive investment than non-recipients.⁶ Social protection can also assist in linking poor people to the labour market. In the Philippines, 92 percent of households participating in the 4Ps conditional cash transfer program were employed. This was higher than comparable groups not part of the program.⁷ Pakistan's income support program contributed to improving employment by 10 percent among participating households⁸ and those in households receiving South Africa's Child Support Grant were 18 percent more likely to look for work than non-recipients.⁹ Research has found that

2 Kanbur (2015)

3 Davies and Davy (2008), Taylor et al (2014), Davis (2013)

4 Berg et al (2015)

5 World Bank (2008); UK Department for International Development (2011)

6 Molyneux (2014)

7 Orbeta and Paqueo (2013)

8 Naqvi et al (2014)

9 Samson (2009)

the reason for the increased propensity to look for work is the ability to afford transport costs and appropriate clothes.¹⁰ Social protection also improves women's labour force participation¹¹ and can impact positively on the employment of people with disabilities.¹²

Mothers, babies and under-fives are often in better health. Transfer programs often come with an accompanying health focus, providing free access to clinics and pre- and post-natal support. The conditional cash transfer program in Indonesia is responsible for increasing births attended by certified mid-wives by 6.4 percent.¹³ There is ample evidence of social protection lowering stunting rates by focusing transfers to families with children in the first 1,000 days of life.¹⁴

It can also assist girls as they get older. In a comprehensive study on social protection programs in Bangladesh, 76 percent of respondents reported a positive impact on women's status.¹⁵ In South Africa, girls living in households with female recipients of the elderly pension have better nutrition, leading to them being taller and weighing more than girls in other households.¹⁶ There is now clear evidence that social protection has a positive influence on women's employment, access to resources, and improvements in bargaining power and decision making.¹⁷ Women receiving transfers invest as much or more than men in productive assets.¹⁸ See Box 1 for more on social protection and gender.

Box 1: Gender is a critical consideration

Social protection outcomes can differ depending on which household member receives the transfer. Some social protection schemes provide resources directly to women, which can increase their household bargaining power as well as increasing spending on children's health, education and nutrition in some contexts.¹⁹ Women receiving transfers are less likely to experience domestic violence,²⁰ have better health and lower maternal mortality.²¹ Even where a transfer does not aim to improve gender relations, it should be designed with local gender dynamics in mind to ensure men and women have equitable access to the transfer. The impact on gender relations should be monitored.

Education outcomes are improved through social protection. Transfer programs, including cash, vouchers and school feeding, can help keep children in school. In the Philippines, enrolment in preschool in areas with the conditional cash transfer program increased by 10.3 percent more than in areas without the program.²² In Brazil, the *Bolsa Familia* conditional cash transfer program reduced the probability of dropping out of school by 63 percent.²³ These effects are particularly pronounced for girls, with the gender gap in schooling in Mexico disappearing in grades seven to 12 due to social protection measures.²⁴

10 Marcus (2007); Ardington et al (2009)

11 Holmes et al (2010)

12 Schneider (2011)

13 TNP2K (2014)

14 Food and Agriculture Organisation (2012)

15 PPRC and UNDP (2012)

16 World Bank (2014a)

17 World Bank IEG (2014)

18 ibid

19 World Bank (2014a)

20 ibid

21 World Bank IEG (2014)

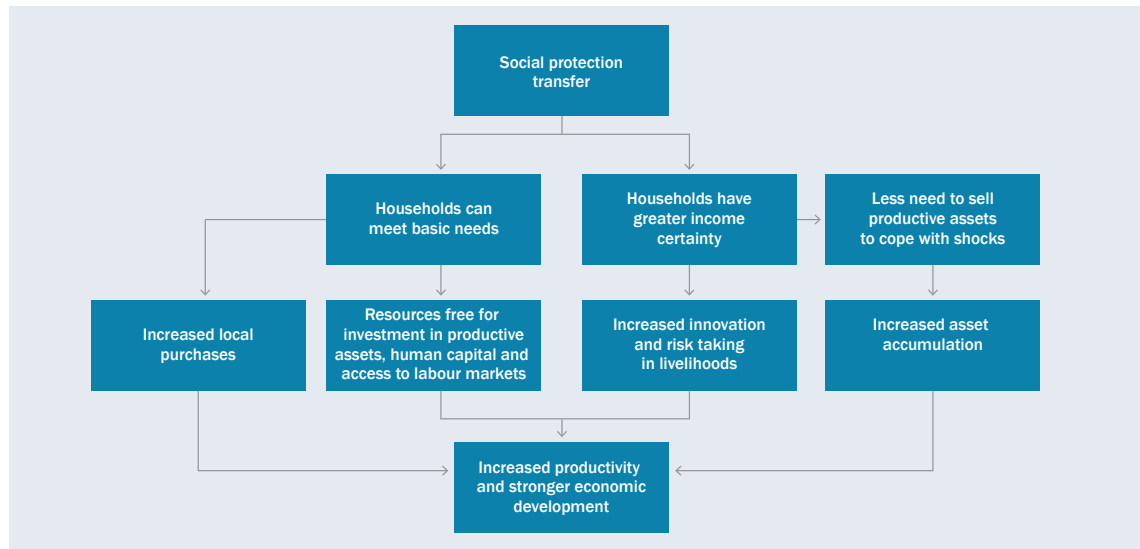
22 World Bank (2014b)

23 Veras et al (2007)

24 Molyneux (2014)

The combination of social protection's impacts make for a compelling story of how it can underpin a country's economic development. Given Australia's focus on poverty reduction through growth, the role of social protection in building economic prosperity is particularly important. It supports economic development in a number of ways as depicted in Figure 2 below.

Figure 2: Growth and productivity effects of social protection



The evidence that social protection (and service delivery in general) can enhance the legitimacy of the state and thereby strengthen the social contract is mixed. While it has been shown that access to services does not necessarily increase state legitimacy,²⁵ providing protection against economic risks has been shown in some circumstances to generate positive attitudes and trust in institutions.²⁶ Social protection's beneficiary registries and direct payment mechanisms when implemented well, can move citizens from viewing assistance as local patronage or 'favours' provided arbitrarily or for political purposes, to a core part of the state's social policies.²⁷ In Brazil, the transfer programs have been credited with significant reductions in crime²⁸ and former Prime Minister and President of Timor-Leste, Xanana Gusmao, has stated that the price tag for stability in Timor-Leste included programs such as pensions for veterans, widows, people with disabilities and the elderly.²⁹ More analysis needs to be done in this area to establish how strong this link is but it is of interest to Australia because of the fragile nature of many of the states in which we work.

There is no evidence from low and middle income countries that social protection leads to dependency, or that it negatively affects labour market participation.³⁰ Concerns over what people spend their transfers on have been largely unfounded; expenditure has generally gone on fulfilling basic needs.³¹ While not a panacea, as part of a suite of interventions, social protection can help governments solve difficult problems by putting funds into the hands of people who know how to maximise their own welfare.³² This is also the case in emergency situations, where quick-disbursing cash transfers not only provide survivors of disasters and conflict-affected populations with choice and the flexibility to prioritise their own needs, but also a confidence-building ability to begin to restore lives and livelihoods.

25 Mallet et al (2015)

26 Vergolini (2011)

27 Sugiyama and Hunter (2013)

28 Chioda et al (2013)

29 The Canberra Times (2015)

30 McCord and Slater (2014)

31 UK Department for International Development (2011)

32 World Bank (2014a)

Context

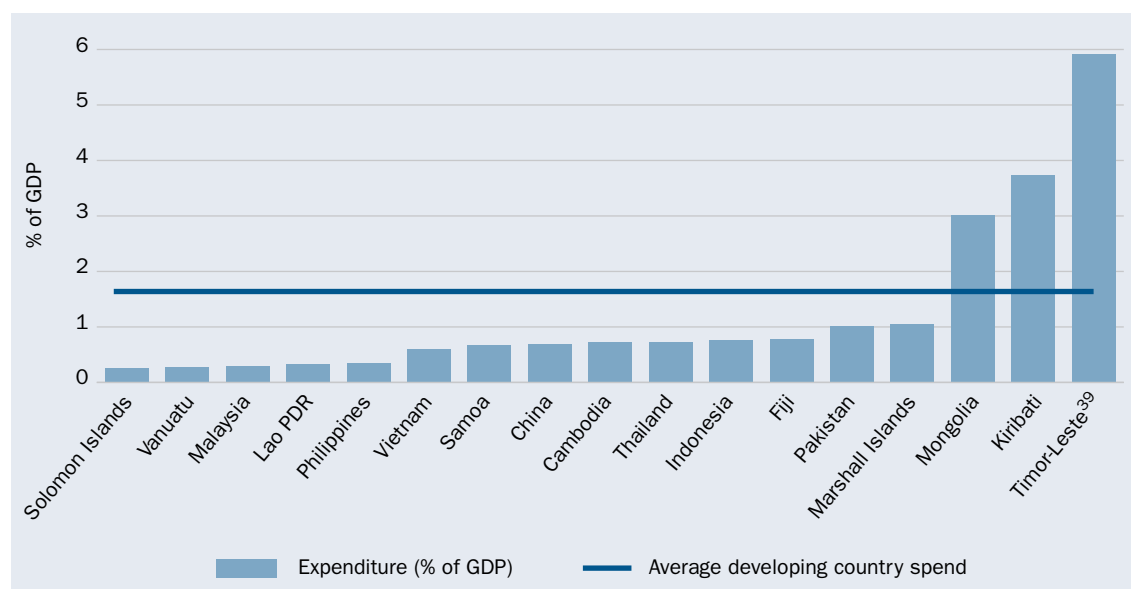
Social protection's expansion in developing countries

Over the past 15 years social protection has expanded rapidly in the developing world.

Currently, more than one billion people in developing countries are covered in some form.³³ The expansion is picking up speed.³⁴ Across the globe, countries with conditional cash transfer programs increased from 27 in 2008 to 52 in 2013.³⁵ Now nearly every developing country has at least one social protection program in place and many are developing more comprehensive and sophisticated systems.

But there is still a very long way to go. Approximately 870 million people living in extreme poverty remain uncovered.³⁶ Developing country governments are spending on average 1.6 per cent of GDP on social assistance programs.³⁷ Figure 3 shows that most countries in Asia and the Pacific are well below this average.

Figure 3: Social assistance expenditure in Asia and the Pacific



Source: World Bank, *State of Social Safety Nets*, 2014.

³³ World Bank (2014a)

³⁴ UK Department for International Development (2011)

³⁵ World Bank (2014a)

³⁶ *ibid*

³⁷ *ibid*

³⁸ Both Timor-Leste and Kiribati's investment's in social protection stand out in this graph as being very high compared to others in the region. For Kiribati this is due to a universal elderly pension and a high copra subsidy, which also acts as an unemployment benefit. For Timor-Leste, expenditure on social protection increased rapidly since it began in 2008 which stems from the government's desire to provide visible support to its citizens, particularly to veterans, after the unrest in 2006.

In our region a number of countries are expanding their social protection systems.

They are at different stages along a trajectory towards developing social protection systems and there are large gaps in the coverage of vulnerable populations. Affordability remains a challenge but countries in our region are beginning to prioritise this expenditure. See Annex 1 for tables on expenditure and coverage/gaps.



Child and her father, beneficiaries of Indonesia's Scholarships for the Poor (BSM) program.
Photo: Arie Ratna Agustien / PRSF 2014

Objectives and priority areas of engagement

The purpose of Australia's aid program is 'to promote Australia's national interests by contributing to sustainable economic growth and poverty reduction'. Investments in social protection directly support this purpose through the pursuit of three overarching strategic objectives.

> Objective 1: Improve social protection coverage in the Indo-Pacific.

Investment in social protection is growing but coverage of the poor and vulnerable in our region is low. It is important that this coverage increases and programs exist to cover risks faced at different points in the lifecycle as well as unexpected shocks.

> Objective 2: Improve the quality of social protection systems.

Coverage is important but having those programs work well, so they reach the poor with meaningful benefits in ways that ensure equality of access between female and male beneficiaries, and can be sustainably financed, is a separate challenge.

> Objective 3: Enhance our partner governments' ability to make their own informed choices.

Social protection is complex with no single path to building a system or reaching the poor. Countries need access to appropriate information to be able to take an evidence based route to determining how they want their system to develop. Australia can then help with appropriate support.

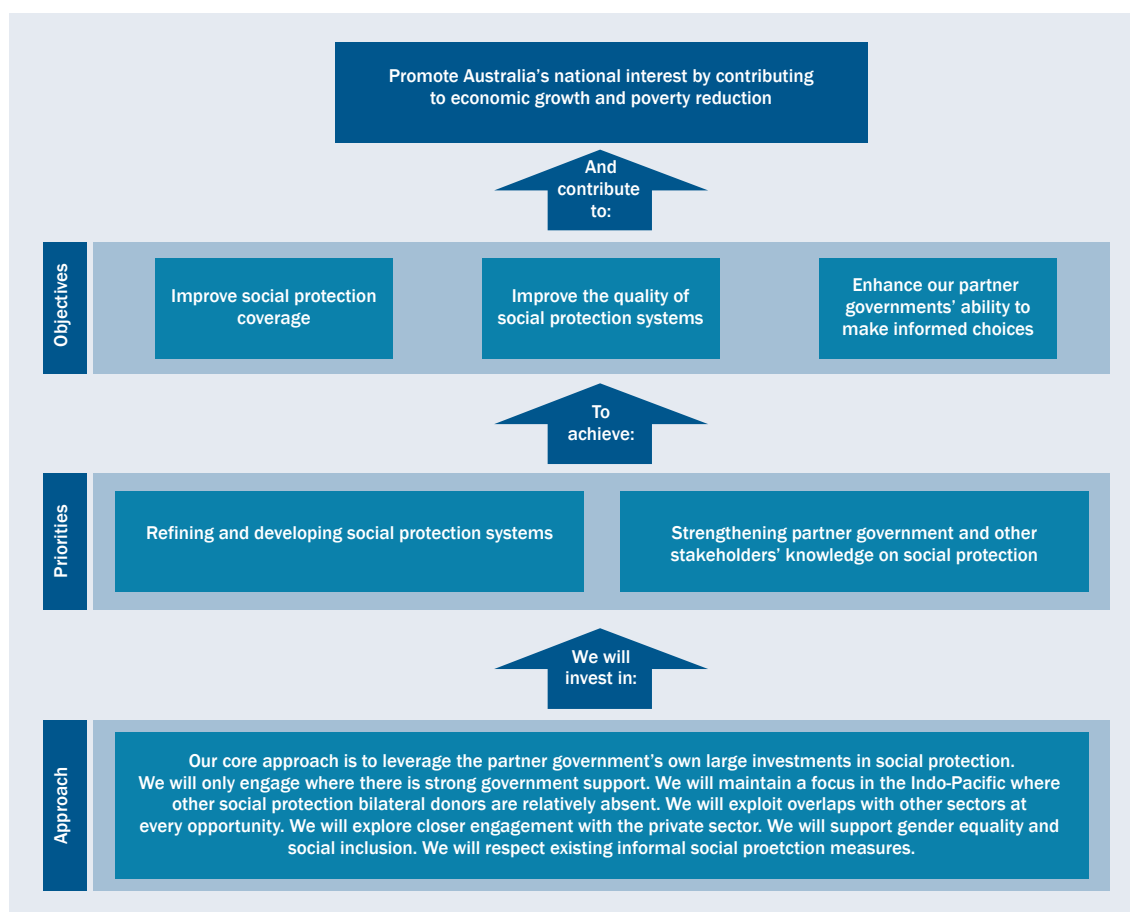
The work we undertake in partner countries to take forward our strategic objectives can differ greatly and depends on their stage of development, their relative priorities and other donor engagement. We will focus on the following two key broad areas of priority:

- > Refining and developing social protection systems** – Australia will continue to work closely with governments to refine their social protection systems and fill gaps in coverage. Occasionally, as is the case with some of our support for the extreme poor in Bangladesh we may support non-government implementers to fill these gaps, but generally we will support government programs. To date, the main investments have been in a number of key areas with an emphasis on increasing coverage and reaching the poor. The main focus will remain on: 1) expanding the coverage of existing programs, 2) developing programs to fill gaps in coverage, including temporary mechanisms to facilitate macroeconomic reforms if necessary, 3) improving efforts to reach the poor to increase the likelihood that intended beneficiaries receive the transfers, 4) improving payment technologies to ensure transfers arrive on time, are easily accessible and reduce fraud, and 5) ensuring the quality of the programs and overarching system by engaging in areas such as conditionalities, program messaging, grievance mechanisms and management information systems.

> **Strengthening partner government and other stakeholders' knowledge on social protection** – To support our work on refining and developing government systems, we will focus on knowledge sharing and triangular cooperation.³⁹ Facilitating developing countries to learn from one another in social protection will remain a priority area for Australia. Social protection is a sector which lends itself to countries sharing lessons as most are grappling with similar issues. Australia has already established a number of mechanisms for this type of knowledge sharing. We have facilitated international knowledge sharing events, brought countries together for more focused, hands-on knowledge transfer and supported a web space (www.socialprotection.org) which, as well as being a repository for relevant documents, facilitates virtual discussions on issues of mutual interest. As the body of literature is thin in a number of social protection areas, we will produce research publications on neglected but important technical issues.

The strategic framework depicted in Figure 4 summarises how our work on social protection contributes to Australia's broader aid purpose.

Figure 4: Strategic framework for Australia's investments in social protection



³⁹ Triangular cooperation, also known as trilateral cooperation, refers to an arrangement whereby a country such as Australia facilitates the sharing of knowledge and experiences between developing countries.

Approach and delivery

Our core approach is to leverage the partner government's own investments in social protection where possible. We assist governments to build their own systems and mainly provide this support through organisations such as the World Bank or managing contractors. An example of this approach is our work in Indonesia. The Indonesian Government invests over \$5 billion in social protection annually. Australia contributed approximately \$30 million per year to social protection in Indonesia between 2010 and 2015. The relatively modest size of Australia's contribution belies its importance, as governments often do not have much flexibility in their funding for system design and improvement. Our funding and policy engagement enable small changes to national social protection programs that have huge impacts. It can also help governments make major macroeconomic reforms (see Box 2). Our investments typically do not involve providing the direct transfer to individuals or households. Australia may occasionally fund the actual transfers in emergency situations or when demonstrating to partner governments that certain types of transfers can work, as we did in partnership with the United Kingdom in the arid regions of Kenya. The Kenyan Government now funds a sizable portion of the program.



Luisa Agustina Mule and Ferdinand Manu are recipients of Indonesia's conditional cash transfer (PKH) and Scholarships for the Poor (BSM) programs. Photo: Josh Estey/MataHati/DFAT

Box 2: Australian support to social protection in Indonesia

Despite its short history, Australian aid to social protection systems has achieved some impressive results. Our funding enabled the Indonesian Vice President's office to establish the National Team for Accelerating Poverty Reduction (TNP2K), a think tank providing strategic policy advice on social protection. Through TNP2K, Australian aid has improved the impact and efficiency of a \$5 billion suite of social protection programs. Our support for the establishment of the world's second largest social protection database has meant numerous programs could be better targeted. A program for poor students was able to use the data to expand coverage from six million students to 21 million in 2015.

The Indonesian social protection system has also been widely credited with facilitating the reduction and eventual removal of the fuel price subsidy while maintaining social stability. This subsidy was consuming more than 15 per cent of Indonesian Government expenditure and disproportionately benefited the rich, but the poor stood to lose significantly from its reduction. There was tremendous social resistance in the past when a reduction was slated. Yet with TNP2K's assistance, recent reductions in the fuel subsidy have been accompanied by a compensation package to soften the economic impact on the poor. TNP2K designed this package and used the unified database to target the 15.5 million poor families deemed as eligible recipients, first in 2013 and again in 2014. The World Bank estimated that this action prevented 6.2 million Indonesians from falling below the poverty line in 2013.

In 2015, the Jokowi government finally dismantled the petroleum subsidy, and continued compensation payments to the poor, including through electronic payments that TNP2K also designed. While a number of factors led to removing the subsidy, TNP2K's compensation program played a key role not only to protect the poor but also smooth political acceptance. Removing the subsidy freed up \$19 billion which the government has directed to infrastructure and expanding social protection programs. The Indonesian Government sees this as an important countercyclical measure to help manage the slowdown in domestic growth.

Our approach will be adapted to the needs of our partners. All of the countries Australia works with on social protection are at different stages of development. In countries like Indonesia and the Philippines, Australia is the biggest bilateral donor providing funding to large government social protection systems. In Bangladesh, Australia is a much smaller player but provides momentum behind the lead donor, the United Kingdom. Through this partnership, Australia works to strengthen the government's social protection system but also works with the country's largest NGO, BRAC, to facilitate access for the extremely poor to the mainstream economy through social protection measures. Box 3 further explains how we will make choices between investments.

Box 3: Making choices — what to do and how to do it?

Australia will invest in social protection in the areas where it has the greatest likelihood of transformational reform. This will normally be in social assistance due to its focus on the poor but could occasionally be in social insurance if this is assessed to be an inhibitor of a country's economic growth (examples here could include investments in health insurance, unemployment insurance and pension systems). Each of the strategy's objectives can be supported by investments in one or more of the priority areas for investment detailed above. Making this investment choice must be informed by:

1) The constraints to the poor in participating in the mainstream economy. Our own assessments here are key to determining if an improved social protection system would likely result in better economic inclusion of the poor.

2) The priorities of the government. Social protection addresses risks people face across their whole lifecycle. This is a huge body of work. Generally we will assist partner governments in areas where our assessment of how social protection can best address key development challenges intersects with what they have identified as their own priority areas of engagement.

3) The involvement of other partners. Social protection is not a crowded donor space in our region but the involvement of other donors will occasionally act to refine our choices. We will work with any other donors in a country to ensure coordination and no overlap.

We will only engage with governments committed to effective, well-managed social protection and where there are viable entry points. All countries should have a social protection system but it does not follow that Australia should be investing in social protection in all countries. Without partner government buy-in, even very impressive pilot projects will not convince a government to either begin building or reforming a system. There must be champions within government for us to establish meaningful engagement. Occasionally, as is the case in Bangladesh, there will be government support for some investment outside the government system if non-government agencies are able to reach target populations. Where governments are at an early stage of learning about social protection, we will engage them in appropriate triangular cooperation to build their understanding of how and why neighbouring countries are engaging on social protection. Entry points to social protection investments may be part of investments in other sectors like the Australian aid program's investments in conditional cash transfers in Burma and the Philippines, which aim to improve education outcomes.

We will exploit overlaps with other development sectors, with a particular focus on the humanitarian sector. Social protection crosses paths with most other key development sectors and Australia will pursue synergies within these areas including in health, nutrition, education, financial inclusion, gender, disability, agriculture, humanitarian response and disaster risk reduction. Complementing and strengthening service delivery through social protection is an important area of work. Less work has been done to date on the intersection with humanitarian action in the suite of emergency response options normally considered by Australia. As a disaster risk reduction tool, social protection can increase resilience to disasters and other shocks by improving individuals' ability to cope and not resort to survival measures, such as selling productive assets, which would entrench poverty.⁴⁰ In emergencies, cash and voucher-based transfers are becoming a more common

40 UK Department for International Development (2011)



Participants of the Chars Livelihood Programme's Milk Market Development Project in Bangladesh. The women receive a stipend while learning how to increase their income through milk production. Photo: Narayan Chandra Debnath/British High Commission Dhaka

tool and work in this area will be prioritised, especially as it intersects with existing social protection measures. The World Food Programme, one of our major partners in humanitarian efforts, expects a third of its assistance to be delivered in cash, vouchers and digital food. In the Philippines, after Typhoon Haiyan, UN organisations made use of the existing social protection system to distribute assistance to the poor which has acted as an example for others in the region. Some countries in the Pacific have indicated an interest in better integrating their social protection systems with their humanitarian response measures. We will investigate the feasibility of Australian support in this area.

We will explore opportunities to promote private sector development when assisting governments to develop and refine social protection systems. Social protection supports private sector development in a number of ways. Firstly, a high proportion of people in the Indo-Pacific work in small, often family-run businesses. They have little ability to tolerate the risk that business expansion can involve. Social protection, by providing predictable support, can promote risk taking and entrepreneurship and should be part of any integrated pro-poor private sector development strategy.⁴¹ Secondly, social protection has the ability to support linkages to the labour market and skills development. This has been identified as a need in a number of our partner countries and should be supported. Thirdly, the private sector often has an important role to play in the delivery of transfers. Where appropriate, we will explore further engagements with the formal private sector through innovative payment technologies. Recent work on electronic transfers in Indonesia has led to one million households gaining access to mobile money. This new technology has tremendous potential to get resources directly from the state to its citizens living in hard to reach areas. Finally, as social protection develops in middle income countries, especially social insurance mechanisms, more private sector opportunities will open up within insurance and financial markets. Innovative new mechanisms, such as weather insurance

41. Chronic Poverty Advisory Network (2015)

for poor farmers, offer an interesting opportunity to link the public and private sectors. Our work in private sector development will align with Australia's focus on growing the size and inclusiveness of the private sector in our partner countries.

We will ensure that Australia's added value is clear before investing in social protection systems. The systems that Australia is investing in are usually very large. The value from our relatively small investment has the potential to be lost unless it is focused on leveraging the partner governments' own funding. Australia's value-add often hinges on the flexibility that a donor has to fund research, pilots, technical assistance and knowledge sharing that a large, cumbersome partner government program is often unable to fund.

When engaging with partners, we will promote gender equality and social inclusion. Social protection measures are often designed without a clear gender equality approach, and can be structured in ways that work against equality of access. Given the significant role that social protection can have in promoting gender equality, Australia will promote dialogue with partners, analysis and technical assistance that improves gender equality access, and assesses the impact of social protection reforms on gender equality.

All investments will seek to 'do no harm' by refraining from undermining informal social protection mechanisms. Across all countries, we will pay particular attention to informal social protection measures already in place. This is especially relevant in the Pacific where formal social protection measures must work alongside informal mechanisms like the Wantok system. When designing new systems, we will endeavour not to undermine pre-existing family, community and informal social protection, while remaining aware that these existing informal systems are not always robust in the face of shocks that affect whole communities.



Officials from developing countries find solutions to common challenges at a social protection workshop held by DFAT. Photo: Irwin Fedriansyah/DFAT 2015

Comparative advantage

Social protection is a relatively new area within the development agenda but Australia already has a clear comparative advantage. Our region is not crowded with other donors — the focus of other bilateral grant donors is on Africa and the Middle East, so Australia has an important role to play in bringing global learning to bear to promote and leverage stakeholder buy-in for social protection in the Indo-Pacific. Australia's strengths stem from our work to date, especially in our region, which has produced strong results. We are a well-recognised donor in social protection and are part of the Social Protection Interagency Cooperation Board which was established as a G20 initiative and which is the only global forum on social protection. We have built up relationships with relevant ministries and become a reliable partner able to source technical resources quickly to assist in reform efforts. We draw this expertise from established partnerships around the globe. We will continue to cement our position in the region as a 'partner of choice' and a leader in social protection through tailored advice, participation in relevant social protection events, facilitation of cross-country learning and the production of publications on key social protection issues of interest to our partners.



A recipient of Indonesia's RASKIN program. The program allows poor people to purchase government subsidised rice. Photo: TNP2K

Performance

The Australian aid program has achieved some impressive results in its relatively short history of supporting social protection programs. Between 2011–14, the aid program has facilitated access to transfers for over 12 million poor and vulnerable people who would not have received them without Australian support. Many more millions have benefited from better managed programs.

The aid program will build the effectiveness of its investments in social protection by identifying lessons learned and examples of good practice. The performance assessment will be guided by key evaluative questions focusing on the extent to which Australia's investments in social protection:

- > have improved maternal and child health outcomes for the poor and vulnerable
- > have improved education outcomes (including more children completing basic education) for poor and vulnerable girls and boys
- > have improved the food and nutrition security for poor and vulnerable men women and children
- > have increased the incomes and improved the livelihoods for poor and vulnerable men and women
- > have impacted gender relations
- > have increased the use of existing social transfer systems to deliver assistance during a disaster or humanitarian crisis, and
- > are being effectively and efficiently implemented and are achieving their intended impacts at the individual program level.



Joygum Begum is a graduate of one of BRAC's programs targeting the ultra-poor, Bangladesh.
Photo: Conor Ashleigh/AusAID 2012

We will review annually the performance of the aid program's overall portfolio investments in social protection. The outcome of this review will be publicly reported in the annual *Performance of Australian Aid* report. To inform this assessment, we will collect and analyse information from a number of sources including:

- > Aggregate Development Result (ADR) on the number of poor women and men able to access social transfers, which will deliver a high-level quantitative analysis across the social protection portfolio
- > Aid Quality Checks (AQC) of country and regional aid investments to understand progress, achievements and trends across the portfolio
- > Annual Program Performance Reports (APPRs) to assess social protection investments in country and regional programs
- > data on social protection indicators collected through investment-level monitoring and evaluation frameworks, and through external, independent assessments
- > case studies on good practice social protection programs
- > relevant experience from pilots and innovative approaches
- > in depth reviews and analysis of emerging trends and opportunities, which will inform future investment decisions and Aid Investment Plans.

A Performance Assessment Note (PAN) will provide a list of indicators and evaluative questions for program areas to draw from in designing social protection investments and associated monitoring and evaluation questions. The PAN will draw on international experience and consultation with DFAT program areas.

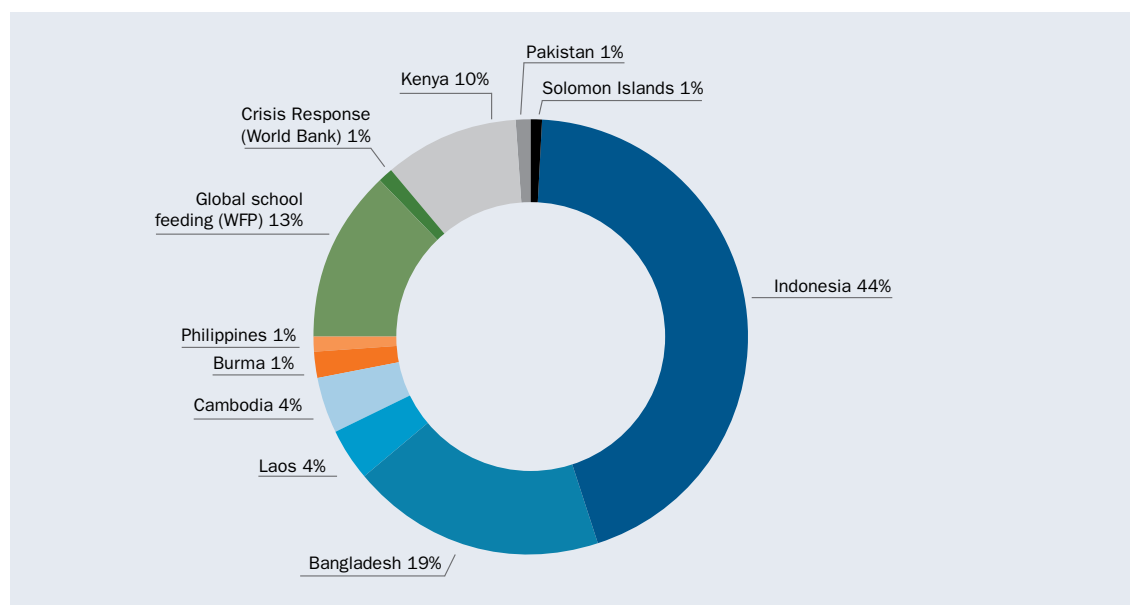
The PAN will highlight that program areas should:

- > pick indicators that suit the context and program, the choice of which will be informed by the nature of the problem the investment is seeking to address, what solutions have been identified, and what data can feasibly be collected
- > combine quantitative and qualitative data
- > disaggregate data where practicable, including by gender and by disability, and
- > make regular use of feedback to inform and, where necessary, adjust investments to help ensure intermediate changes support long-term results.

Resources

DFAT has been building its financial and staff resources in social protection over the last five years. While most spending will continue to take place through bilateral programs, we will also invest in small regional and global initiatives. Because our focus is on leveraging our partner governments' resources, high levels of our own resources are not required to achieve positive impacts.

Figure 5: Australian aid program expenditure on social protection over last five years (09/10–13/14), by country



DFAT staff will continue to play a key role in designing, managing and reviewing initiatives. Resources such as guidance notes and training videos have been developed by DFAT and are available to staff and counterparts managing programs. Regular training programs are offered and a robust social protection community of practice exists to share new papers and lessons from programs. DFAT offers technical advice to country programs and runs a social protection expert panel for staff to easily access top external social protection expertise. DFAT also runs the Social Protection Hub, a group of social protection experts based out of Jakarta and Canberra that focus on triangular cooperation and DFAT staff learning. This learning is for those who just want to develop an awareness of the issues and for those who want to specialise more deeply in social protection.

This document should be read in conjunction with other DFAT aid strategies in related sectoral and thematic areas. Operational guidance notes have been prepared on social protection and nutrition and social protection and disability. More will be prepared as required, including on social protection and humanitarian emergencies, to support country program engagement in social protection.

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Annex 1

Social Protection Expenditure

Country	Expenditure (% of GDP)	Distribution by SP type (%)		
		Social assistance	Social insurance	Labour market programs
Indonesia	1.2	64.4	31.9	3.6
Philippines	2.5	13	80	6
Bangladesh	1.4	45	19	36
Viet Nam	4.7	12.7	84.1	3.2
Laos	0.9	35.3	64.4	0.3
Cambodia	1.0	58	26	17
Timor-Leste	5.9	97.3	0	2.7
Papua New Guinea	0.1	16.1	83.2	0.6

Source: Asian Development Bank (2013)

Social Assistance — Coverage and Gaps*

Country	Focus	Gaps	Key issues
Indonesia	Cash transfers, scholarships, subsidised rice and health insurance for poor families	Vulnerable groups (e.g. elderly, people with disabilities), people just above the poverty line. 'Missing middle'—informal sector workers left out of the national social security system	System rigid – if become poor after selection phase it is difficult to access programs. Grievance system nascent. Benefit levels low and fragmented. Centralised targeting system not yet inclusive of highly decentralised governance (500+ districts)
Philippines	Cash transfers and labour market programs for poor families	People just above the poverty line, families without children, and inadequate coverage of labour market programs	Social protection options lacking for those just above the poverty line
Bangladesh	Food transfers for poor families and vulnerable groups	Many programs but all have inadequate coverage	Need to increase the depth and coverage of existing programs and create a cohesive system
Viet Nam	Cash transfers for some non-working poor families and vulnerable groups	Working poor and their families	Most government funding for non-poor. Benefit levels low. Government has recognised the need for some reform
Laos	Small-scale school feeding and health insurance support	Most poor families and vulnerable groups	Government commitment to implementing a 'social protection floor' but lack resources to build system
Cambodia	School feeding, health insurance and labour market programs for poor families	Most poor families and vulnerable groups (except for health insurance)	Social protection strategy designed but not implemented
Timor-Leste	Veteran payments dominate. Programs for elderly, people with disabilities and poor families	Most poor families	Majority of assistance is directed to non-poor households
Papua New Guinea	Cash transfers to the elderly and people with disability in one province	Rest of country	Government at very early stages in designing and implementing nation-wide social protection programs. None currently exist

* Selection of countries from the Indo-Pacific. Other countries in the region also have social protection programs. Focus is on social assistance as nearly all countries have relatively well developed social insurance schemes for formal sector workers.

