INTRODUCTION

1. Social protection has become a central concern in the global policy discourse. The global crisis in 2008 triggered job losses and financial turmoil, prompting the Group of Twenty (G-20) to call for actions to "mitigate the social impact," particularly on the poorest and most vulnerable (G-20, 2009). Attention to social protection has also been raised by recurrent commodity price shocks; by concerns about rising inequality and the implications of increasing trade openness and new technologies for displaced workers and their families; by long-running demographic trends such as aging populations; and by regional social and political stresses such as the "Arab Spring" that brought attention to the need for "inclusive growth." In 2011, G-20 member countries recognized the importance of "social protection floors"—i.e., nationally-defined guarantees ensuring that all in need have access to essential healthcare and basic income security—and urged international organizations to enhance cooperation on the social impact of economic policies (G-20, 2011). In 2015, world leaders adopted the United Nations' Sustainable Development Goals (SDGs), pledging to achieve, by 2030, "nationally appropriate social protection systems and measures for all," among other things (UN, 2015).

2. Broadly speaking, social protection aims at preventing or alleviating sharp reductions in well-being, particularly for the most vulnerable groups in society. Social protection policies assume particular importance during recessions or crises when a substantial share of the population may become unemployed and/or fall into poverty, or in the face of sharp movements in the prices of products consumed by lower-income groups. But social protection is also relevant in the face of longer-term trends such as population aging and displacement of workers by new technologies. Different countries have different social protection systems which vary in scope (the contingencies covered by existing schemes), coverage (the percentage of the population or target group included), and the extent of benefits. In all countries, formal public social protection schemes coexist with informal private or community-based schemes, which may also vary quite widely across countries.

3. Social protection is not an explicit part of the IMF's mandate but has received increasing attention from the Fund as an important contributor to macroeconomic stability. With regard to surveillance, Article IV Section 3(b) directs the IMF to "respect the domestic social and political policies of members." With regard to the use of Fund resources, similar language was inserted in the 1979 Guidelines on Conditionality (Decision No. 6056-(79/38)).[1] However, social protection has been increasingly recognized as an important contributor to macroeconomic stability, since maintaining social and political support for sustainable macroeconomic policies can depend crucially on avoiding excessive stress on vulnerable groups. In this sense, social protection policies can be "macro-critical" and relevant to Article I(ii) of the Articles of Agreement, which provides that as one of its purposes, by facilitating the expansion and balanced growth of international trade the IMF should "contribute … to the promotion and maintenance of high levels of employment and

[1] Decision No. 6056-(79/38) states: "In helping members to devise adjustment programs, the Fund will pay due regard to the domestic social and political objectives, the economic priorities, and the circumstances of members, including the causes of their balance of payments problems." This sentence was retained in the 2002 Guidelines on Conditionality, Decision No. 12864-(02/102), which superseded the 1979 Guidelines on Conditionality.

real income and to the development of the productive resources of all members as primary objectives of economic policy." Moreover, as the IMF increasingly focuses on structural reforms that can help boost long-term growth in its member countries, consideration for the social and distributional impact of such reforms is also a crucial element for the relevance and effectiveness of its policy advice.

4. The IMF has developed only a limited capacity to address social protection policies. Social protection has never been regarded as a core part of the IMF's responsibility and the Fund has historically relied on the expertise of other institutions, mainly the World Bank, for work in this area. The increasing recognition that social protection policies can be "macro-critical" in a broad range of circumstances raises issues about the scope, boundaries, and objectives of the IMF's role in this area.

A. EVALUATION FRAMEWORK

5. This evaluation examines the IMF's involvement in social protection in its member countries. It reviews the IMF's involvement in social protection over the past decade (2006–15), in the context of surveillance, programs, and technical assistance (TA). The evaluation period covers the years before and after the global crisis. While the focus is on the period 2006–15, the evaluation goes back further for some questions and looks at the more recent past for others.

6. The evaluation focuses on three areas: (i) the IMF's role in and approach to social protection at the institutional level; (ii) the IMF's operational work on social protection at the country level; and (iii) the IMF's collaboration with other institutions that have a more direct role in designing, financing, and assessing social protection policies, strategies, and programs.

7. Questions examined include the following: Was there clear direction and guidance at the institutional level regarding the IMF's role in social protection? How were views on social protection formed within the IMF? To what extent was the IMF involved in social protection in its country work—across countries, across the evaluation period, and across issues? Were the IMF's public communications on its role in and commitments to social protection consistent with staff's actual efforts or outcomes? To what extent was the IMF's involvement in social protection effective and perceived as such by country authorities? How productive was IMF collaboration with other institutions on social protection?

8. It should be recognized at the outset that there is no official definition of social protection in the IMF.[2] The IMF has used a variety of terms over the years to categorize related policy and operational work. Some of these terms, such as "social safety nets," are included within social protection. Other terms, however, such as "social spending" or "social safeguards" encompass broader areas (such as education and health).

9. For the purposes of this evaluation, and in line with the classification in the 2014 *Government Finance Statistics Manual*, social protection encompasses a variety of policy instruments providing cash or in-kind benefits to vulnerable individuals or households, including: (i) social insurance (such as public pension schemes); (ii) social assistance (such as government transfers to the poor); and (iii) labor market interventions for the unemployed (such as unemployment insurance and active labor market policies). Other policies that have social protection elements, specifically price subsidies for staple foods or energy, are also addressed in this report. Policies for development and long-term poverty reduction, such as government spending on education and health, and programs to boost job creation and labor force participation, are not considered social protection policies in this evaluation.[3] However, broader aggregates of social spending are referred to in this report insofar as they include spending on social protection as defined above.

10. The evaluation is based on information from desk reviews, interviews, a staff survey, and country visits. Desk reviews analyzed policy documents, guidelines issued to staff, Article IV consultation staff reports and Selected Issues Papers (SIPs), other surveillance and program documents, TA reports, and advocacy and outreach items. Interviews were conducted with staff from the IMF and other institutions, current and former government officials, and other stakeholders in countries where the IMF was involved in social protection issues, as well as with

[2] There is no universally accepted definition of social protection. Moreover, while "social protection" is now a commonly used term globally, other terms such as "social security" and "social spending" may also sometimes be used for the same concept. Annex 1 lists some definitions of social protection and related terms and concepts by the IMF and other organizations.

[3] The *Government Finance Statistics Manual (GFSM)* classification of government expenditures for the function of social protection does not include healthcare spending although the 2008 European System of Integrated Social Protection Statistics, on which the *GFSM* classification is based, does.

academics and civil society organizations (CSOs) involved in these issues.[4] The evaluation also drew on previous IEO evaluations, IMF studies, and external studies.

11. This report integrates the findings, lessons, and recommendations of 21 case studies as well as a number of other background papers/documents.[5] The case studies were drawn from advanced, emerging market, and low-income countries where the IMF was involved in social protection over the evaluation period in the context of surveillance, program, and/or TA work. The evaluation also includes background papers on the IMF's involvement with pension issues and advice on social protection in the context of price subsidy reforms.

B. OUTLINE OF REPORT

12. The report is structured as follows. Chapter 2 discusses internal directives and guidance at the institutional level and reviews external perspectives on the IMF's engagement. Chapter 3 addresses the IMF's operational work on social protection at the country level. It takes stock of the motivations, extent, and frequency of the IMF's coverage of social protection issues in bilateral surveillance, lending, and TA. It assesses the IMF's overall effectiveness within these three areas of work with respect to social protection. Chapter 4 assesses the inter-institutional collaboration initiatives on social protection undertaken by the IMF during the evaluation period. Chapter 5 concludes with recommendations for enhancing the IMF's work on social protection going forward.

[4] All member countries were invited to consult with the IEO on this evaluation during the 2016 Spring and Annual Meetings.

[5] Abrams (2017); Feltenstein (2017); Heller (2017); Klugman and others (2017); Tan and Selowsky (2017); Wagner and Zhou (2017); Wojnilower (2017); Wojnilower and Monasterski (2017); and Zhou (2017).