## **EXECUTIVE SUMMARY**

ver the past decade, the IMF has stepped up its attention to social protection as it has dealt with the aftermath of the global financial crisis and addressed concerns from the impact of food and fuel price shocks and broader stresses on low-income groups and the most vulnerable. Thus, the IMF has moved beyond its traditional "fiscal-centric" approach to recognize that social protection can also be "macro-critical" for broader reasons including social and political stability concerns.

Evaluating the IMF's involvement in social protection is complicated by the fact that there is no standard definition of social protection or of broader/overlapping terms such as "social spending" and "social safeguards" in (or outside) the Fund. In this evaluation, social protection is understood to include policies that provide benefits to vulnerable individuals or households. Food and fuel subsidies are also covered to reflect that such policies have social protection elements, but the evaluation does not cover broader policies for long-term poverty reduction such as health and education spending.

This evaluation found widespread IMF involvement in social protection across countries although the extent of engagement varied. In some cases, engagement was relatively deep, spanning different activities (bilateral surveillance, technical assistance, and/or programs) and involving detailed analysis of distributional impacts, discussion of policy options, active design and/or conditionality. In others, it was more limited, emphasizing the relevance of protecting vulnerable groups and increasing fiscal resources for related expenditures, but with little detailed analysis or follow-up.

This cross-country variation to some degree reflected an appropriate response to countryspecific factors, in particular an assessment of whether social protection policy was "macrocritical," and the availability of expertise from development partners or in the country itself. However, idiosyncratic factors also seem to have played a part, particularly in the context of



surveillance, as staff had different views on what kind of work they were expected to do in this area and on the IMF's role in social protection, as well as varying degrees of interest in these issues. In some cases, staff provided high-quality analysis, but at times it seemed that attention to social protection in surveillance devolved into a box-ticking exercise as staff tried to pay due attention to an increasingly broad range of policy issues. Country officials noted that often advice was generic and lacked appreciation of country circumstances.

In the program context, the IMF almost always took account of social protection concerns, albeit with mixed success in implementation. It invariably emphasized the need to mitigate potential adverse effects of program measures on the most vulnerable and generally worked well with development partners to address social protection concerns. However, authorities sometimes found the IMF to be insufficiently attuned to local conditions, and the IMF's efforts to incorporate social protection concerns in program design and conditionality in some cases met with implementation challenges due to local capacity constraints and differences in country commitment.

IMF–World Bank cooperation on social protection generally worked well, allowing the Fund to draw effectively on Bank expertise in this area. However, while the IMF's preferred approach of targeting social protection to the poor and vulnerable was aligned with the World Bank's approach, it meshed less well with the rights-based approach to social protection espoused by the International Labour Organization and UN agencies which emphasizes universal benefits and targeting by category (e.g., demographic group) rather than income. This difference in viewpoints posed a challenge to IMF collaboration with such agencies and it may complicate Bank-Fund collaboration going forward as the World Bank moves to adopt the goal of universal social protection.

This difference also affected how civil society organizations perceived the IMF's commitment to social protection and the UN Sustainable Development Goals. Efforts by the IMF's external communications to emphasize the Fund's "human face" did not always convince stakeholders, especially civil society, despite the IMF's genuine increased attention to social protection, in part because of heightened expectations.

Looking forward, concerns about inequality, social and political stability, the impact of trade, immigration, and new tech-

nologies on vulnerable groups, as well as the consequences of aging populations seem likely to keep social protection issues high on the global policy agenda. This evaluation concludes with a number of recommendations to further enhance the IMF's effectiveness in this area.

- First, it will be important to establish a clear strategic framework setting the scope, objectives, and boundaries of the IMF's involvement in social protection in the face of multiple competing claims on limited staff resources. The Fund does not have the capacity or expertise to be deeply involved in social protection in all members, and such a framework would allow for a more consistent approach to deciding on the priority to be given to social protection country by country, and help to set appropriate expectations—internally and externally—as to what the IMF will and will not be accountable for.
- ▶ Second, for countries where social protection is judged to be a macro-critical strategic priority, the IMF should provide tailored advice based on in-depth analysis of the particular country situation. The advice would draw on work by development partners or country authorities where available, but in its absence, the necessary analysis may need to be undertaken in-house.
- ▶ Third, the IMF needs to find more realistic and effective approaches to program design and conditionality to ensure that adverse impacts of program measures on the most vulnerable are mitigated. This effort could build on the analysis and recommendations in the recent Board paper on social safeguards in low-income country programs but should be extended to cover Fund-supported programs across the membership.
- ▶ Fourth, in external communications the IMF should realistically explain its approach to social protection issues and what it can and cannot do in this area given its mandate and limited resources and expertise. This would help to temper the expectations of stakeholders and avoid reputational risk to the Fund.
- ▶ Fifth, the IMF should engage actively in inter-institutional cooperation on social protection to find ways to work constructively with development partners, particularly institutions with different mandates and policy priorities.