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Social Protection Index Brief: Social Assistance Programs in Asia and the Pacific

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Social Protection Index Brief: Social Assistance Programs in Asia and the Pacific

Abstract
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The report uses the Social Protection Index (SPI) as the focal point for its analysis. The SPI is the ratio of total social protection expenditures to the total number of intended beneficiaries. These “expenditures per potential beneficiary” are then compared to a regional poverty line as a reference point (ADB 2012c).

Keywords
social assistance, Asia, Pacific region, policy, Social Protection Index, SPI

Comments
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Key Points

- Social assistance accounts for only 36% of total expenditures on social protection in Asia and the Pacific but benefits 58% of total target beneficiaries.
- Social transfers and child welfare comprise two-thirds of social assistance spending.
- Although cash transfers are gaining popularity in Asia and the Pacific, they should not be considered the centerpiece of national social protection systems.
- While social assistance programs will remain relevant for the poorest and disadvantaged groups, they cannot address all problems associated with poverty and vulnerability.
- Disaster relief is another form of social assistance that has increased in importance due to rising vulnerabilities brought about by natural shocks, including those associated with climate change.

Social Protection Index Brief: Social Assistance Programs in Asia and the Pacific

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Introduction

The Asian Development Bank (ADB) report The Social Protection Index: Assessing Results for Asia and the Pacific (2013) documents the role of social assistance in social protection systems across the region. This brief examines the six major subcomponents of social assistance and draws out policy lessons based on comprehensive data for 35 countries in the region.

The report uses the Social Protection Index (SPI) as the focal point for its analysis. The SPI is the ratio of total social protection expenditures to the total number of intended beneficiaries. These “expenditures per potential beneficiary” are then compared to a regional poverty line as a reference point (ADB 2012c).

The overall SPI is designed to be disaggregated in various ways that are useful for analysis. One of the major ways is disaggregating the impact of the major categories of social protection (social insurance, social assistance, and labor market programs). When the overall SPI is disaggregated, the SPI for social assistance is 0.032, or only 29% of the overall SPI (0.032/0.110). For social insurance, it is 0.075 (or 68% of the overall SPI). Labor market programs have an SPI of only 0.003.

SPI results show that social assistance does not approach the importance of social insurance in Asia and the Pacific. However, this gulf is explained mainly by expenditures, not by beneficiaries. Figure 1 highlights that social assistance accounts for 36% of all expenditures on social protection in the region. Compared to social insurance, social assistance reaches a greater aggregate number of beneficiaries (58% vs. 37%) but provides them with noticeably smaller aggregate benefits (36% vs. 59%).
Major Social Assistance Programs

Social assistance programs are mainly defined by their target beneficiaries. The SPI study cites six major forms of social protection: social transfers (income support for poorest households or individuals), child welfare (for children 0–18 years old), disaster relief (for victims of natural disasters), social pensions (for the elderly), health assistance (for poor and sick individuals), and disability programs.

Figure 2 shows the share of social assistance expenditures and beneficiaries for each type of program. Social transfers and child welfare together account for roughly two-thirds of total expenditures and beneficiaries of social assistance.

However, it is important to note that these programs sometimes overlap or duplicate efforts. Often, they benefit the same household. Ensuring complementarity among programs, however, depends on coordination across various ministries and departments. This would be greatly aided by an effective national registry of potential beneficiaries, such as India’s Unique Identification Project.

The Rise of Social Transfers

Social transfers are cash or in-kind transfers to poor or vulnerable population groups, such as the elderly, people with disabilities, and households headed by women. Social transfers account for about one-third of total expenditures and beneficiaries of social assistance programs in Asia and the Pacific. Social transfers can be conditional or unconditional, targeted or universal.

Cash transfers are more popular than in-kind transfers. One reason is that cash transfers allow households to make their own consumption choices. In addition, delivering cash can often be easier than delivering an in-kind transfer, such as food. Some recent cash transfer programs have placed conditionalities on recipients. These conditional cash transfers (CCTs) usually entail obliging household members to make use of social services, such as having their children attend primary schools or visit a health clinic. While CCTs address current poverty, conditionality on their receipt is meant to address future poverty by encouraging households to invest in developing the human capabilities of their children (Usui 2011).
The delivery mechanism of social transfers can follow a targeted or universal approach. The targeted approach is more aligned with designing transfers exclusively for the poor or poorest households and individuals. Beneficiary identification is based on income or, as a proxy, on a set of household conditions that correlate with income.

Targeting social transfers, or making them conditional, involves additional administrative costs associated with identifying (and regularly confirming) eligible beneficiaries, including their adherence to conditionality requirements in the case of CCT programs. Though such costs are high at the start of the program, they usually decline to some degree over time as the program expands (Son and Florentino 2008). An efficiency gain in targeting can also outweigh additional administrative cost.

The experiences with CCT programs in other regions of the world, such as Latin America, as well as the initial experiences in Asia and the Pacific suggest that such programs are also reliant on certain crucial external conditions. One such condition is the adequate supply of social services, such as health care and education (ADB 2012a).

Instead of targeting benefits or applying conditionalities, some countries prefer implementing universal programs for particular groups of the population, such as the elderly, children, or women, due to ease in implementation.

In 2009, Nepal expanded its cash transfer programs to cover a broad array of poor and vulnerable groups, such as children, the elderly, single women, and indigenous peoples. Some of these transfers are included under other categories of social assistance, such as child welfare or assistance to the elderly. Overall, these transfers cover about a fourth of all social protection beneficiaries in Nepal.

Since 2007, the Philippines has been implementing a social transfer program known as the Pantawid Pamilyang Pilipino Program. In 2009, this program reached about

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**Figure 2 Social Assistance Expenditures and Beneficiaries by Type of Program, 2009**

![Bar chart showing social assistance expenditures and beneficiaries by type of program for 2009. The chart includes categories such as social transfers, child welfare, disaster relief, social pensions, health assistance, and disability programs. The expenditures and beneficiaries are presented in bars for each category, with data values on the chart.]

3.9 million beneficiaries, which thereafter almost doubled in a span of 3 years to over 7.5 million beneficiaries in 2012. Pantawid Pamilyang Pilipino provides cash grants to extremely poor households that meet certain conditions related to the health, nutrition, and education of family members. The aim is to provide income support in the short run and break the intergenerational cycle of poverty in the long run through human capital development. Proxy means testing is used to identify the poorest households in the poorest municipalities.

The People’s Republic of China’s (PRC) Minimum Living Allowance (MLA) for the poor in both urban and rural areas is one of the most ambitious unconditional social transfer programs in the world. The SPI report indicates that in 2009 it accounted for 47% of all social assistance expenditures in the country and benefited 79 million people.

The MLA follows a complex scheme: the poverty threshold for identifying eligible households is set by the local government based on different standards for urban and rural areas, as well as for regions. The program also provides different levels of cash transfers depending on the location of households. Due to variations in cost of living, rural residents receive about half the benefit received by urban residents.

However, eligible rural households in the PRC can also access in-kind assistance such as food, clothing, and medical care. Gao, Garfinkel, and Zhai (2009) found that the program has experienced some inclusion and exclusion errors (i.e., including some nonpoor households and excluding some poor ones). For example, allegedly only half of the urban residents eligible for transfers have received any benefits. Such income-based targeting is difficult because household income can fluctuate from year to year, or even month to month. The extensive movement of migrant workers from one location to another can also create administrative problems. Having effective social protection programs for migrants is a pervasive problem not only in the PRC but across Asia and the Pacific.

In 2011, the PRC government responded to the problem of rising inflation by launching concerted efforts to adjust upward the real value of MLA transfers. It also adjusted its national poverty line upward by 80%, thereby expanding the potential beneficiaries of the MLA to about 130 million.

Indonesia’s experience with cash transfers, Program Keluarga Harapan (PKH), is particularly informative because of the program’s continuous expansion and coordination with other forms of social assistance. Started in 2007, the PKH reached about 1.5 million households in 2012. It offers cash transfers to very poor households as long as they provide support to pregnant women and to babies, and ensure the education and health of their children up through secondary school. The maximum yearly cash transfer for a family is equivalent to about $220.

The selection of households is based on a list of 25 million households (or about 40% of the population) prepared by the government’s Targeting Unit for Poverty Reduction. Beneficiary households are selected on the basis of proxy means test scores that gauge the extent of their poverty.

As a result of the program, there have been increased visits to health facilities, more weighing of babies, and more births attended by trained health personnel. However, the impacts have been more pronounced in urban areas and, more generally, in areas with better health facilities. School attendance has increased but not enrollment in primary and secondary schools, apparently due to lack of timing of the receipt of cash transfers with school enrollment.

One of the notable successes of the PKH has been its integration with other social assistance programs, such as rice for the poor (Raskin), educational assistance for the poor (BSM), and the community health protection scheme (Jamkesmas). This kind of coordination across different forms of social assistance is unusual and could represent a promising model of social protection for other countries in Asia and the Pacific.

SPI data confirm that social transfers have become a core component of social protection systems in the region. They should not, however, be regarded as the centerpiece of such systems, and they certainly cannot on their own alleviate poverty and vulnerability. They need to be well coordinated with other programs of social assistance. More importantly, they need to fit into a clear general strategy of social protection.

While targeted CCTs confer benefits to poor families, they involve costs in their implementation, such as identifying the poor, monitoring their behavior, and
Social transfers cannot solve all problems of poverty and vulnerability

ensuring that health and education facilities are made available to program households. Thus, before undertaking such programs, policy makers should carefully weigh their benefits and costs against those of universal, unconditional programs. In some circumstances, and for some purposes, the latter type of program might make more sense.

The Contribution of Child Welfare Programs

Along with social transfers, child welfare programs constitute the most important form of social assistance in Asia and the Pacific. These programs encompass a range of social assistance for children, including allowances, feeding programs, fee waivers, or targeted welfare services. They can be universal in their scope, such as school feeding programs, or targeted to particular groups of vulnerable children, such as welfare services for orphans or street children. In 2009, child welfare programs accounted for a third of total social assistance expenditures and beneficiaries, putting them on par with social transfers (Figure 2).

Afghanistan, Armenia, Bhutan, Palau, and the Marshall Islands devote more than 20% of all their social protection spending to child welfare, while Cambodia, Fiji, Tajikistan, Timor-Leste, Uzbekistan, and Vanuatu allocate between 10% and 20%. The rest of the countries covered in the SPI sample allocate an average of 3.5% of their total social protection spending on child welfare.

The two most important child welfare programs in Asia and the Pacific are food- or cash-for-education schemes (which resemble social transfers), and direct school feeding programs. Afghanistan, Bhutan, Cambodia, and Tajikistan implement significant food- or cash-for-education schemes.

Afghanistan’s food-for-education scheme, which is its largest social protection program, aids 2.2 million children, or about a fifth of children 14 years or younger in 2009. The program provides a nutritious daily meal for school children in the poorest areas of the country. The program also has an important gender dimension since it provides a take-home ration of vegetable oil to about 600,000 girls as an incentive for their families to send them to school. On-site meals and take-home rations are the two main forms of school feeding programs. Take-home rations appear to perform as well as school meals in advancing educational objectives (Adelman, Gilligan, and Lehrer 2008). In addition to being used to promote girls’ education, they also have the potential to improve the nutrition of the whole family. They can also be more cost-effective since they avoid the expense of preparing meals at schools.

Bhutan implements both a school meal program and a food-for-education scheme. Despite free access to primary education across the country, a significant number of families still struggle to send their children to school. As a response, the government provides free school meals to school-aged children in poor and remote areas of the country. Among the indicators used to target certain schools for benefits are their distance from roads and the number of walking hours for students. In 2009, this program covered about 440 schools and 72,000 students (or about a third of all children 14 years or younger).

Cambodia implements a school feeding program that reaches about 500,000 children (equivalent to about 10% of all children 14 years or younger). It is targeted at the poorest students between the ages of 6 and 11. The scheme has two major components: an early morning meal for primary school students, and a take-home ration for children 9–11 years of age. An evaluation (Nielsen et al. 2010) of the Cambodian program found that it has contributed to increased enrollment and attendance rates, and has improved children’s nutritional status, particularly that of girls. The evaluation also indicated that take-home rations were deemed more valuable by families than the daily meals received by children at schools.

There are other forms of child welfare that do not fit into the two categories described earlier. For example, Uzbekistan offers a range of unconditional child welfare programs. These benefit over half of all children 14 years or younger and involve expenditures that represent a fifth of the government’s total social protection spending.

For low-income families with children, there are three main types of benefits: (i) monthly payments to families
with children under the age of 2; (ii) monthly grants to families with children younger than 16 years of age; and (iii) allowances for families with children with disabilities or for orphans in government institutions (Huby and Bradshaw 2012).

These payments are provided to households that have per capita incomes lower than the minimum wage and are allocated based on decisions by self-governing Mahalla committees (local community groups) at the local level. Often, decision making on programs by such local committees can be more effective than more centralized directives on how to identify beneficiaries.

The Rising Importance of Disaster Relief

Asia and the Pacific is more affected by natural disasters than any other region of the world. Between 1992 and 2011, the region accounted for half ($950 billion) of the economic losses from natural disasters worldwide (ADB 2012b). Poor countries and poor people tend to bear the brunt of disasters because they lack the capacity to cope with their adverse effects.

In 2009, disaster relief accounted for 14% of all expenditures on social assistance and 15% of all beneficiaries of social assistance. Such relief comprises cash assistance, food, and temporary shelter to victims of natural disasters. Some countries also provide social assistance to victims of conflict or populations displaced due to civil strife. While expenditures on disaster relief are only about half of those on social transfers or child welfare, they are increasing in importance in Asia and the Pacific.

In 2009, disaster relief included as a form of social assistance because it helps people who have been adversely affected by natural shocks, which usually cannot be well predicted in advance or well prepared for because of the uncertainty associated with their timing and impact. Some of the most important disaster relief programs are in Azerbaijan, Bangladesh, Bhutan, the Lao People’s Democratic Republic (Lao PDR), and Solomon Islands.

In Bangladesh, disaster relief has mostly taken the form of temporary food relief (such as rice or wheat rations) for people affected by such natural disasters as cyclones and floods. In 2009, 18 million people (or about 12% of the population) received such assistance. One of the government’s major programs was a Vulnerable Group Feeding program, which utilized a community targeting approach to supply beneficiaries with 10 kilograms of food grains per month over a 3-month period. In addition, the government provided modest cash transfers for housing repairs and reconstruction efforts.

International best practice recommends anticipating and preparing for such disasters rather than simply reacting to their effects (ADB 2011). However, this would require systematic efforts to prevent future losses from disasters and therefore could encompass a potentially large domain of activities, some of which could go well beyond social protection.

Very few disaster relief programs are devoted to prevention, but the increasing magnitude of natural disasters poses challenges for policy makers to better address vulnerability. Such efforts could extend to defining the role (as well as limits) of social protection in responding to natural disasters.

In some countries in the region, disaster relief also encompasses a response to the adverse effects of internal conflicts and the longer-term problems of displaced populations. Conflicts and civil strife have affected many countries in Asia and the Pacific, including Afghanistan, Azerbaijan, Cambodia, Solomon Islands, Sri Lanka, Tajikistan, and Timor-Leste.

Social Pensions for the Vulnerable Elderly

In 2009, assistance to the elderly accounted for 12% of all expenditures on social assistance and 9% of all beneficiaries of social assistance. These are noncontributory in nature and have remained quite small compared to contributory pensions. Contributory pensions accounted for about 38% of all social protection spending, while social assistance targeting the elderly (social pensions) accounted for only 4%.

Even small social pensions boost the livelihoods and dignity of the elderly
Virtually all such assistance for the elderly took the form of social pensions (cash transfers or monthly allowances). In 2009, the beneficiaries of social pensions represented 3.5% of the elderly (those 60 years or older), while the beneficiaries of regular pensions represented 44%.

About half of the countries in Asia and the Pacific (18 out of the 35 in the SPI sample) implemented some form of social pension in 2009. There were, however, only a few countries in which such pensions accounted for more than 4% of all social protection spending. These were Bangladesh, the Lao PDR, the Maldives, Mongolia, Nauru, Nepal, and Thailand (Handayani and Babajanian 2012).

Since recipients of social pensions make no contribution to such programs, financing has to be provided by general revenue sources. This constraint implies that social pensions generally need to be introduced gradually. Expecting social pensions to completely fill the “poverty gap” of all aged persons (i.e., the shortfall of their income from the poverty line) is unrealistic, but even small monthly benefits have proven to be important for both the livelihoods and the dignity of the elderly.

Fiscal constraints often mean that governments limit benefits to those who are older than the standard retirement age, and/or who are poor. For example, Bangladesh’s old age allowance provides benefits for men at least 65 years and women 62 years of age—as long as their monthly income is below $37. SPI data for 2009 indicate that this program accounted for almost 7% of the country’s total social protection expenditures and reached about 2 million beneficiaries (about a quarter of all the elderly). In this program, community committees are also empowered to select those elderly who are perceived to be the most vulnerable within their locality, half of which need to be women.

Although this program paid out a monthly allowance that was the equivalent to only $4.5 per person in 2010, evaluations suggest that it has helped empower older people and improve the nutrition of recipient households (Begum and Wesumperuma 2012).

Nepal’s universal social pension is designed mainly to reach those 70 years or older. In 2009, this program accounted for about 18% of all social protection spending and benefited 643,000 people (or 12% of all social protection beneficiaries). By 2010, the scheme managed to cover almost 80% of the population 70 years or older. Although this age group now represents only about 2% of the total population, its share is projected to expand, reaching 8% by 2050. In 2011, the program’s monthly pension was the equivalent of about $6, yet the impact of this program on poverty appears to have been significant. Many recipients use their allowances to buy food and clothing as well as to cover medical expenses. The universal application of the scheme has also helped lower its administrative costs as well as empower the elderly to claim their entitlements (Samson 2012).

Assessing the Role of Health Assistance

Health assistance is a noncontributory form of social protection that deals specifically with health problems. It is designed to assist poor and vulnerable groups of the population that are unable to make financial contributions to health insurance. SPI data suggest that in 2009, health assistance accounted for only 5% of all expenditures on social assistance, but covered 9% of all social assistance beneficiaries. These figures are equivalent to 1.3% of all social protection spending and 5.2% of all social protection beneficiaries.

The strategic goal for health assistance should be to eventually integrate it with some form of universal health coverage. Health assistance and health insurance combined account for 10% of all social protection expenditures and 18% of all social protection beneficiaries.

In many countries in the region, health assistance is regarded as a first step toward either (i) establishing a formal health insurance system, or (ii) extending the coverage of existing health insurance schemes to vulnerable groups. The former is the case in Tajikistan, where health assistance is focused on providing exemptions from co-payments for health services for the poorest, the vulnerable, and people with disabilities.

The strategic goal for health assistance: eventually integrate it with some form of universal health coverage
Viet Nam provides an example of a country extending coverage of existing health insurance schemes to vulnerable groups. Under the Health Care Fund for the Poor (HCFP), members of poor households and vulnerable ethnic minorities have become entitled to benefits equivalent, for the most part, to those received by formal sector workers who are members of the government’s health insurance program (Wagstaff 2007). The HCFP has been part of the government’s efforts to provide universal access to affordable health care by 2014. As part of this process, the HCFP was incorporated in 2010 into Viet Nam’s general health insurance scheme.

Another promising example of health assistance is the Jamkesmas program in Indonesia, which strives to provide health insurance to the poor and near poor, and to reach the entire population by 2019. According to SPI data for 2009, Jamkesmas accounted for about 7% of all social protection spending in Indonesia. By 2010, the program was reported to be reaching about 76 million people, out of a total population of over 237 million. However, it has apparently been only partially successful in targeting benefits to poor households since many of them have remained confused about their eligibility for the program or have had difficulties in accessing its benefits (World Bank 2012).

**Scarce Resources for People with Disabilities**

An estimated 2%–4% of the adult population across the world have severe disabilities. A broader definition of disability that includes people who have moderate disabilities encompasses 15% of the world’s adult population (WHO and World Bank 2011). Severe disability affects about 3% of the population across Asia and the Pacific. A broader definition of disability affects 15%–16%.

In general, poorer countries tend to report higher disability rates than nonpoor countries. The incidence of disability is also correlated with age. Thus, it is important to recognize that as the world’s population continues to age, the incidence of disability is likely to rise. The increase in chronic health conditions, such as heart disease, will also tend to boost disability rates.

As disability becomes more widespread, it should feature more prominently in social protection programs. In 2009, however, programs for people with disabilities accounted for only about 3.5% of all expenditures on social assistance and only about 2% of all beneficiaries of social assistance. These percentages correspond to 0.9% of all social protection expenditures and 0.7% of all social protection beneficiaries.

The inclusion of disability pensions—which are part of social insurance rather than social assistance—makes only a marginal difference. Disability pensions and social assistance to people with disabilities combined still account for only 2.4% of all expenditures on social protection and only 1.3% of all beneficiaries.

While disability pensions account for relatively more expenditures than disability pensions, they cover fewer beneficiaries, usually because they are tied to formal sector employment. In most developing countries in Asia and the Pacific, the main problem is that all forms of social protection for people with disabilities reach, on average, only about 15% of all potential beneficiaries.

However, there are some countries in Asia and the Pacific, in which social protection for people with disabilities is significant. These countries include, in particular, some high-income countries (e.g., Japan) and some transition economies (e.g., Azerbaijan, Georgia, Mongolia, and Uzbekistan).

In contrast, in about two-thirds of the countries covered by the SPI, there are either no disability programs (assistance or pensions) or only very small ones that represent less than 1% of all social protection expenditures. In contrast, Japan’s welfare program for people with disabilities in 2009 constituted about 13% of all social assistance expenditures and reached 6.6 million beneficiaries, or about 27% of all social assistance beneficiaries. Japan’s disability pensions for employees covered another 2.1 million beneficiaries.

In the same year, Uzbekistan provided social assistance and pensions to about 750,000 people with disabilities. Disability expenditures represented about 18% of its total social protection spending. Most of these expenditures were for disability pensions, which benefited about 530,000 former workers.

**Policy Considerations**

There are divergent views on how the various types of social assistance should be implemented. For example,
should they be universal or targeted? Should they be unconditional or conditional?

If such programs are targeted, administrative costs tend to be higher. If they are universal, the average benefits they can offer are likely to be smaller. If such programs are conditional, people’s behavior will have to be monitored and adequate health and education facilities made available, particularly in poor regions. If such programs are unconditional, there may be widespread concerns that the beneficiaries are not making good use of the cash or in-kind transfers that they receive.

Although cash transfers are gaining popularity in Asia and the Pacific, it is not advisable to regard them as the centerpiece of national social protection systems. As indicated in ADB’s SPI report (2013), many segments of a country’s population could need social protection at some point in their lives, whether this is in response to unemployment, sickness, disability, or the devastation of livelihoods inflicted by natural disasters. The policy response to each of these problems could well be different, and may not involve cash transfers, or only as one element.

Disaster relief is the third most important form of social assistance in Asia and the Pacific, after social transfers and child welfare. Its importance is likely to increase in the future if, as expected, natural disasters grow in number and severity as populations residing in environmentally vulnerable areas continue to increase. Yet, the parameters of disaster relief as a form of social assistance have not yet been clearly delineated. If disaster relief is transformed into disaster mitigation, for example, then additional policies and programs, beyond the remit of social protection, will have to be implemented.

Disability programs are the smallest form of social assistance in Asia and the Pacific. Very few countries have a comprehensive approach to disability. In fact, about two-thirds of the countries in the region have no such programs or only minuscule ones. As a consequence, countries in Asia and the Pacific should give greater priority to substantially expanding the coverage of disability programs, particularly forms of social assistance that can achieve a large coverage of people with disabilities. This should also be viewed as part of the comprehensive social protection system, not limited to social assistance but including social insurance and labor market programs.

Bibliography


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