



Can emergency cash transfers ‘piggyback’ on existing social protection programmes?

Background Note for the
High Level Panel on Humanitarian Cash Transfers

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This background note focuses on the current discussion among actors in the humanitarian and social protection sectors regarding the use of existing social protection programmes to provide an emergency response. It outlines the overlaps between social protection and humanitarian responses, considers a range of recent examples from low- and middle-income countries and sets out a set of key considerations that humanitarian actors need to take into account to assess whether ‘piggybacking’ on existing systems is feasible or advisable.

Social protection and safety nets – where are the linkages with humanitarian responses?

Definitions of social protection and of social safety nets abound. Here we draw on Norton et al. and refer to social protection as ‘the public actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given polity or society. Social protection thus deals with both the absolute deprivation and vulnerabilities of the poorest, and also with the need of the currently non-poor for security in the face of

shocks and life-cycle events. The ‘public’ character of this response may be governmental or non-governmental, or may involve a combination of institutions from both sectors’ (Norton et al., 2001).

This definition is useful if we are thinking about the extent to which humanitarian responses might piggyback on existing social protection programmes. First, it acknowledges that social protection can be *ex post* and respond to particular shocks faced by households (in which case it has much in common with humanitarian response) or it can be *ex ante* and seek to reduce or prevent deprivation caused by a particular shock in advance (in this case having far less in common with humanitarian response). It also allows us to consider three distinct threats to households: those shocks that are shared among a particular sector of the population and are usually called covariant shocks, for example a drought or earthquake or pandemic disease; those threats that affect individuals or households indiscriminately – such as car accidents – and so are deemed idiosyncratic shocks; and, finally, shocks that affect particular sectors of the population – such as women, the young, the old or ethnically marginalised groups. This final set

comprises stresses resulting from demography, lifecycle, or from social categorisation. On the whole, humanitarian actors tend to work *ex post* on covariant shocks (i.e. they tend to act after a shock event, such as an earthquake or conflict, has occurred).

Social protection is usually divided into two or three elements: social assistance or transfers (which include cash transfers), transfers in kind (including food, inputs for agriculture) and vouchers (sometimes called ‘near cash’); and social insurance, where contributions are made into funds which, when a particular event occurs – such as old age, unemployment, illness or sometimes drought) – are paid out. Social insurance is ‘social’ when public bodies make contributions on someone else’s behalf or where contributions are subsidised by public bodies. For some, labour standards – from minimum wage legislation to health and safety at work – are part of social protection. On the whole, the majority of the linkages between humanitarian actors and the social protection sector relate to social assistance – but to cash and in-kind transfers and vouchers, not just cash transfers.

Though there are a growing number of cases of humanitarian actors engaging with social insurance (for example livestock insurance in the Sahel and the Caribbean Catastrophe Risk Insurance Facility), humanitarians have in some cases failed to engage appropriately in relation to labour standards. For example, a discussion board on the Cash Learning Partnership (CaLP) shows some humanitarian actors suggesting, in response to a question about responsibilities for labourers in cash-for-work schemes, that ‘*CFW (cash for work) is not an employment scheme. It’s a tool under ‘cash-based programming’ to allow people to earn money under humanitarian context. Therefore CFW is not subject to employment related regulation designed by the local government.*’ This perspective provides insight into the challenges we can expect to face trying to use existing social protection programmes for humanitarian response if some humanitarian actors do not view their interventions as subject to existing rules, procedures, standards and regulations.

The outcomes of social protection programmes tend to be focused on four distinct objectives (Devereux and Sabates-Wheeler, 2004): **protection** – to ensure or maintain basic consumption; **prevention** of erosion of assets during a shock; **promotion** of productive activity through asset accumulation; and

transformation of social, political and economic relations that drive or underpin poverty and vulnerability. In many programmes, the priorities are protection and prevention, and far less attention is paid to promotion or transformation. In many low-income countries, particularly where resources for social protection are limited, the promotion element is viewed as important in order to ensure that households don’t become dependent on ‘handouts’. This is in spite of overwhelming evidence that social transfers don’t create dependency but rather are used in a myriad of ways to increase production. Few programmes directly address transformation with the exception of South/Latin America where programmes are borne out of efforts to directly address inequality.

The extent of the difference between safety nets and social protection is contested. It is common for the term ‘safety nets’ to be used to describe shorter-term support (weeks or months or seasonal-but-regular support rather than years) in response to a specific (usually covariant) shock and for the term ‘social protection’ to refer to programmes focused on lifecycle threats (such as child grants, social pensions and disability benefits). In practice, the terminology is frequently used interchangeably – especially by governments and other practitioners – so assuming a strict distinction between the two is unhelpful. What makes social protection different from cash and food transfers in emergency situations is that it supports a caseload that experiences chronic poverty and vulnerability providing a regular and predictable response to a predictable problem. Finally, it’s important to avoid the (common) assumption that social protection responds to the chronic, while humanitarian responds to the acute. Chronic refers to frequency and longevity, whilst acute refers to seriousness, and many social protection programmes are addressing chronic, acute poverty and vulnerability.

Experiences scaling up social protection in response to emergencies

Ethiopia’s Productive Safety Net Programme (PSNP) began in 2005 with 5.1 million beneficiaries as government and donors sought ways to respond to chronic, predictable seasonal food insecurity with a more predictable and effective response than the decades of emergency appeals for food aid that preceded it. Beneficiaries with labour capacity receive six months of either food, cash or a combination of food and cash

support in return for participation in public works, while incapacitated households receive unconditional transfers. The PSNP has drawn on two mechanisms for scaling up during a crisis – contingency funding and the Risk Financing Mechanism (RFM). The former was part of PSNP’s original design, whereas the RFM was introduced in a subsequent re-design in order to better address contingency needs. These two mechanisms have resulted in three specific responses: the increase of transfer levels; the extension of the duration of transfers each year; and the addition of new beneficiaries.

In Phase 1 of the PSNP (2005-2009), the PSNP allocated contingency funds in order to respond to unpredictable increases in caseload. In theory, the contingency budget (about 20% of total transfers) is not programmed on a multi-annual basis but kept available for unplanned increases in caseload and for increasing the size of the transfer to existing beneficiaries. In 2008, the contingency fund allowed additional transfers to be provided to 4.43 million beneficiaries in the context of severe drought in some PSNP *woredas* (districts) and rising food prices. At other times contingency budgets have also been used to extend the period over which households have received transfers (either for a limited period during a particularly difficult year, or in geographical locations where climate differences mean that the hungry months are regularly longer than in other locations) or to increase the value of the transfer in order to make a more meaningful impact on household consumption.

Contingency funds have not been especially useful for scaling up in emergencies in Ethiopia. In practice the regular caseload of food-insecure households frequently exceeds the programming resources available, so contingency funds are usually used to increase the regular caseload, irrespective of whether any particular shock (such as drought, food price inflation etc.) is faced.

Because the use of the contingency was not allowed a flexible scaling of response, the RFM was introduced to the PSNP to provide an improved mechanism for rapid mobilisation of additional resources in the event of an emergency. The RFM was established in 2009 with a fund of \$160 million available and allowing for up to \$80 million to be mobilised for a particular crisis each year. The RFM depends on an established Early Warning System that is in place to monitor the situation and trigger

the RFM when needed, and contingency planning occurs at the *woreda* level to expedite implementation once the funds are released.

In 2011, the RFM was triggered. Support was provided to an additional caseload of 3.1 million additional beneficiaries to receive transfers for three months in PSNP *woredas* (based on an existing PSNP community ranking) and extended the duration of transfers for 6.5 million existing beneficiaries for an additional three months. In cropping areas beneficiaries received cash, whereas in pastoral areas they received food. The critical thing to note is the timeliness of the additional assistance provided under the PSNP, compared to a parallel humanitarian appeal. The RFM was triggered in August 2011, with funds disbursed six weeks after the request was made. In contrast, the humanitarian appeal took far longer from assessment to disbursement.

While the RFM has, thus far, been implemented only in PSNP *woredas*, it shows potential for non-PSNP *woredas* (i.e. those that tend to experience only transitory rather than chronic food shortages) to shorten the lead/response times normally seen in emergency humanitarian appeals. However, the RFM currently depends on the existing PSNP administrative and financial systems and these do not exist outside PSNP *woredas*, nor do community rankings or poverty profiles exist in most non-PSNP *woredas*.

Kenya’s Hunger Safety Net Programme (HSNP) is an unconditional cash transfer in northern Kenya that aims to reduce poverty, food insecurity and promote asset retention and accumulation in poor households. Phase 1 (2007-13) was a pilot that reached 69,000 households (66% women-headed) or 496,800 people (49% women). It used a private sector payment provider (Equity Bank) and a biometric smart card to make regular, electronic cash transfers of up to Kshs 1,750 (approx. £13, per month) to beneficiaries. It was implemented under Ministry of Northern Kenya with NGO and private sector implementing partners. As a pilot, it was 100% donor-funded by DFID and AusAID. Phase 2 is being implemented under the auspices of National Drought Management Authority (NDMA) and, for the first time, the Government of Kenya will also contribute financing. The programme is scaling up to 100,000 households or 600,000 chronically poor people with regular, electronic cash transfers of up to Kshs 2,700 or approx. £19, per month. Beneficiaries are reached through a fully

transactional bank account and bankcard. In order to develop the capacity to act as a scalable safety net in times of crisis up to a further 272,000 households have been given bank accounts and cards as a platform for an earlier crisis response.

So what do we learn from HSNP? First, despite remoteness, thin markets and high levels of mobility among beneficiaries (all of which are often put forward as an argument against using cash transfers) the HSNP has found alternative technologies to overcome the specific economic and geographical implementation challenges. HSNP uses an innovative approach for payments, making cash transfers through the mainstream private sector banking system. It uses standard bank accounts, with international standard two-factor authentication (biometrics and pin) and real-time transactions enabled via handheld Point of Sale devices and low cost satellite modems. Individual households are not restricted to single centres to receive transfers (currently, there are 398 active, paying agents), and the system does not depend on weak and highly dispersed public sector institutions.

Second, in April 2015, the HSNP began emergency weather shock payments for sub-counties badly affected by drought since January. In less than 2 weeks since a trigger, nearly £3 million was transferred electronically into the bank accounts of additional caseload of more than 90,000 temporary beneficiaries. The rapid response payment covered the period of January to March 2015. It was triggered by a decline in the NDMA Early Warning System indicators which are based on the Vegetation Condition Index, based in turn on satellite remote sensed data (personal communication, Drake and Goodman, 8 May 2015 and HSNP website). It is critical to note that it has taken until the second phase of HSNP for its administration, financing and targeting systems to mature to reach the point where they can be scaled up in response to emergencies.

The Pantawid Pamilyang Pilipino Program (4Ps) in Philippines provides money to poor households if they comply with a set of conditions related to their children's wellbeing. Unlike the HSNP and the PSNP, the 4Ps is a conditional cash transfer programme that did not have measures in place to increase assistance in the response to a major shock or crisis. Following typhoon Haiyan, the World Food Programme provided food and cash assistance through the 4Ps, giving \$6m to the Department of Social Welfare and Development (DSWD) to 'top

up' the 4Ps transfer with \$30 for households affected by Haiyan. More than 500,000 people benefited. The World Food Programme (WFP) and the DSWD used a safety net designed for one purpose (eradicating poverty through investing in children) for another (addressing the basic needs of disaster affected people through an emergency grant). Some other aid agencies also used 4Ps beneficiary lists to assist with their own targeting and registration. While other cash interventions were implemented, this approach probably disadvantaged non-4Ps households. WFP and the DSWD also faced teething issues of working together, such as different expectations for reporting.

Working with and through the 4Ps programme likely resulted in efficiency gains by reducing the time and resources required for targeting, registration and setting up systems. While the DSWD played an important and flexible role in the humanitarian response to Haiyan, its systems and programmes were not designed for scaling up for disaster response or for rapidly bringing on board new recipients. This could be addressed through disaster preparedness measures, building on its national household targeting system and community-based monitoring for local social protection. The DSWD is exploring how its systems can be used in future disasters, and is making a distinction between the 4Ps conditional transfers and unconditional transfers that would be delivered in an emergency. However, this interest needs to be paired with investment from donors, which need to walk the talk about supporting preparedness and nationalising responses.

Opportunities and challenges: Lessons from recent experience

An important question is how the use of cash transfers as part of humanitarian responses can be most appropriate, effective and efficient. Related to the potential role of safety nets, four sets of lessons from Ethiopia, Kenya and Philippines are especially important.

First, we can't assume that the **caseload** for social protection and emergency responses are the same. It isn't clear from the examples here that those in need during an emergency will have the same characteristics as those targeted for social protection programmes. A review of responses to the fuel, food and financial crisis of 2007-2009 finds that existing social assistance systems may not

necessarily function well as a basis for crisis response, given the different caseloads and support requirements (McCord, 2013). The type and location of shock are important, for example whether there is a food production shock or a food price increase will influence whether those in need of assistance are primarily in rural or urban settings. Social protection programmes that target specific groups, such as older people and orphans, will not be particularly useful to draw on in terms of reaching the desired caseload in a humanitarian response, where the crisis is felt by all, regardless of age or social category. It is also important to consider the overlap between countries that are large recipients of international humanitarian funding and those where safety nets are in place. The 12 largest recipients of humanitarian aid from 2003-2012 were Sudan, Pakistan, occupied Palestinian Territories, Ethiopia, Iraq, Afghanistan, Haiti, Democratic Republic of Congo, Somalia, Indonesia, Kenya and Syria. Seven of these have strong social protection programmes, though not all with high levels of coverage or targeting mechanisms that will easily help identify an emergency caseload.

Second, there is a set of critical **preconditions** if existing cash transfer programmes are to be built on to provide emergency response. The first is ensuring that a cash response is appropriate when the response switches from developmental to emergency. The changing purchasing power of cash in an emergency needs to be established. Social protection programmes delivering cash are rarely index-linked to food prices and a cash-plus-food response may be more appropriate. Early warning systems, contingency plans within social protection programmes, existing contingency financing (rather than separate streams of humanitarian funding to be added) and institutional set up for scaling programmes are required. Money needs to be sitting in bank accounts earmarked for this purpose, ready to be moved.

Third, for the preconditions to be achieved, **coordination** among a raft of actors is critical. Intra-agency coordination and the consistent administrative separation of humanitarian and development departments in governments in low-income countries, donor agencies and NGOs suggest this could be problematic to achieve in practice. Existing experience shows that it is easier to scale vertically (level of benefit) than to scale horizontally (extending coverage to new

beneficiaries or new geographical locations). Harmonisation of targeting registries, particularly at district level, could go some way to helping, but there is often limited appetite for maintaining up-to-date data on non-beneficiaries. Hobson and Campbell (2012) note that ‘existing cash transfers lack institutional flexibility in intake process and management information to quickly absorb households with different poverty characteristics from the chronically poor whom the programmes conventionally serve’. The PSNP experience does say something about opportunities. It shows what can be achieved where there is a well-functioning donor coordination process and close links with a range of government departments. Similarly, the HSNP experience shows how specific design features such as pre-registration and electronic transfers can support an emergency response.

Finally, underpinning the previous points is a set of issues about the alignment of **objectives, incentives and principles** among humanitarian and development actors. Objectives are often different, with humanitarians focusing on protecting basic consumption and more developmental social protection having broader aims. Furthermore, humanitarians tend to focus on unpredictable covariant shocks rather than lifecycle-based, slow-onset stresses that threaten wellbeing and whilst they respond rapidly to conflict and natural disasters, they do far less in response to systematic financial shocks. Humanitarians may also find it difficult to engage where social protection has transformation elements – i.e. when it seeks to change the structural underpinnings of particular poverty and power regimes, to tackle social exclusion and marginalisation, or to strengthen state-citizen relations. These are highly political objectives. For humanitarian actors, the principles of neutrality and impartiality may make it difficult to operate in a programming environment that is, at least partially, driven by political incentives or has political outcomes. In 2010, Human Rights Watch claimed that the targeting of the PSNP depended on support for political parties. Given the central role of national governments in designing social protection programmes, it is inevitable political motivations influence design features such as selection of beneficiaries (targeting), compromising a truly needs-based agenda. Thus, for humanitarian actors, delivering cash transfers within government programmes and maintaining the principles of good humanitarian donorship is easier said than done.

Looking ahead

For all these reasons, piggy-backing or rapidly expanding existing safety nets is challenging, and it is even more unrealistic when social assistance mechanisms aren't in place, delivery mechanisms for existing assistance are disrupted by the crisis or the objectives are just too different between humanitarian and safety net systems.

As Ethiopia, Kenya and Philippines show, there are opportunities particularly in countries with safety nets and routinely high volumes of humanitarian aid (and in the Philippines there is an evident case for investing in safety nets to better play this role in the future). Where this is not realistic, it may still be possible to aim for more government-led emergency assistance, only not through safety nets. Governments could have contingency plans for providing cash to people affected by a natural disaster through national disaster management agencies. The development of these plans could be supported by international aid actors as part of investments in preparedness and the contingency planning process could include pre-identification of private sector partners, plans to re-establish the necessary infrastructure for payments to be made if this is likely to be disrupted by disaster, and registration information for individuals allowing rapid targeting.

Disasters and crises affect markets and payment systems, and existing social assistance delivery mechanisms might be disrupted by a disaster (telecommunications down, roads damaged, etc.). Re-establishing existing social assistance mechanisms should also be a government priority – for example getting social pension payments re-started in districts of Nepal affected by the 2015 earthquake. However it might also be appropriate to provide one-off emergency cash payments to existing recipients of social assistance (families with old people in them for example) as well as other households.

Solutions will be context specific, but a common theme is that their execution will require more investments in preparedness and contingency planning. Countries need preparedness plans that include:

- Measures to re-establish social assistance payments following disaster
- Measures, systems and contingency funding for existing social assistance (if appropriate) to flex to respond to disasters (reaching more people in

a given area, paying people in new areas or paying existing recipients more)

- Contingency plans to make emergency payments (if appropriate) to people affected by disasters separate from but coordinated with existing social assistance (including private sector partnerships if needed)
- Contingency plans about whether and how international assistance would be needed for any of the above and how it could be provided through government systems or coordinated with them.

Where support is needed, the optimal role for aid agencies would be supporting governments and only planning to substitute for government if there are good reasons why government led plans cannot be put in place. At the same time, it's important to note that, of the four flagship safety nets programmes in Kenya (HSNP, Cash transfers for Orphans and Vulnerable Children, Older Persons' Cash Transfers and Transfers for People with Severe Disabilities), only the HSNP is able to reliably deliver every two months.

As with so many issues raised when discussing humanitarian cash transfers, the potential to use social safety nets and to support government-led responses is not specific to cash, and is symptomatic of broader challenges of disaster settings and the humanitarian system. At the same time, the existence and expansion of safety nets providing cash in countries where disasters strike offers opportunities for improved ways to meet humanitarian needs if strategic investments are made.

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